Georgia Healthcare Group PLC

4th quarter and full year 2015 preliminary results

GEORGIA HEALTHCARE GROUP

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FORWARD LOOKING STATEMENTS

This document contains statements that constitute "forward-looking statements", including, but not limited to, statements concerning expectations, projections , objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development.

While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to the following: (1) general market, macroeconomic, governmental, legislative and regulatory trends; (2) movements in local and international currency exchange rates; interest rates and securities markets; (3) competitive pressures; (4) technological developments; (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties and developments in the market in which they operate; (6) management changes and changes to our group structure; and (7) other key factors that we have indicated could adversely affect our business and financial performance, which are contained elsewhere in this document and in our past and future filings and reports, including those filed with the respective authorities.

When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events. Accordingly, we are under no obligations (and expressly disclaim such obligations) to update or alter our forward-looking statements whether as a result of new information, future events, or otherwise.

Georgia Healthcare Group PLC ("**GHG**" or the "**Group**" – LSE: GHG LN), announces the Group's fourth quarter 2015 and full year 2015 preliminary consolidated financial results. Unless otherwise mentioned, figures are for full year 2015 and comparatives are for the full year 2014. The results are based on International Financial Reporting Standards ("IFRS") as adopted in the European Union ("EU"), are unaudited and extracted from management accounts.

The information in the preliminary results announcement for the year ended 31 December 2015, which was approved by the Board of Directors on 12 February 2016, does not constitute statutory accounts as defined in Section 435 of the UK Companies Act 2006.

HIGHLIGHTS

GHG announces today the Group's full-year 2015 and 4Q 2015 consolidated results reporting a record full-year profit for 2015 of GEL 23.6 million (US$ 9.9 million/GBP 6.7 million) and earnings per share ("**EPS**") of GEL 0.15 (US$ 0.06 per share/GBP 0.04 per share). The Group also reported 4Q 2015 profit of GEL 5.1 million (US$ 2.1 million/GBP 1.4 million), or GEL 0.03 per share (US$ 0.01 per share/GBP 0.01 per share). A glossary of terms is provided on page 24.

GHG Highlights

4Q15 performance

- Net profit was GEL 5.1 million (US$ 2.1 million / GBP 1.4 million), up 435.2% y-o-y and down 3.7% q-o-q
- Net-profit, adjusted[1] was GEL 9.5 million
- EPS was GEL 0.03 (US$ 0.01 / GBP 0.01 per share)
- Revenue was GEL 68.7 million (up 26.6% y-o-y, up 8.5% q-o-q)
- EBITDA was GEL 16.5 million (up 131.6% y-o-y, up 3.1% q-o-q)
- Operating leverage was positive at 45.2 percentage points y-o-y and positive at 6.6 percentage points q-o-q
- Return on Average Equity ("**ROAE**"), adjusted[2], was 7.8%

2015 performance

- Net profit was GEL 23.6 million (US$ 9.9 million/GBP 6.7 million), up 78.1% year-on-year (y-o-y)
- Net-profit, adjusted was GEL 28.0 million
- EPS was GEL 0.15 (US$ 0.06 / GBP 0.04 per share)
- Revenue was GEL 242.7 million (up 22.5% y-o-y)
- Gross profit was GEL 93.1 million (up 32.5% y-o-y)
- EBITDA was GEL 56.1 million (up 52.3% y-o-y)
- Operating leverage was positive at 14.8 percentage points y-o-y
- Net debt to EBITDA was zero, as cash and bank deposits exceeded borrowings
- ROAE, adjusted, was 11.4%

Healthcare services business highlights

4Q15 performance

- Revenue was GEL 55.5 million (up 25.7% y-o-y, up 8.5% q-o-q)
- Gross profit was GEL 24.4 million (up 24.1% y-o-y, up 12.7% q-o-q)
- EBITDA was GEL 16.5 million (up 77.9% y-o-y, up 13.0% q-o-q)

[1] We show adjusted net profit, to exclude the effect of the IPO. The adjusted profit includes add back for a non-recurring one-off FX loss as well as an add back of one quarter interest expense released through prepayment of debt at the end of 2015 and in January 2016.

[2] We show Adjusted Return on average total equity ("**Adjusted ROAE**") to exclude the effect of the IPO, which was completed at year end 2015. Adjusted ROAE equals Profit for the period attributable to shareholders of the Group divided by average equity attributable to shareholders of the Group for the same period net of IPO proceeds.

- EBITDA margin was 29.8% (up 870 basis points (bps) y-o-y, up 120 bps q-o-q)
- Operating leverage was positive at 35.3 percentage points y-o-y and positive at 13.9 percentage points q-o-q
- Net profit was GEL 5.7 million (up 117.0% y-o-y, up 51.6% q-o-q)

2015 performance

- Revenue was GEL 195.0 million (up 32.5% y-o-y)
- Organic revenue growth was 17.3% y-o-y
- Gross profit was GEL 84.1 million (up 35.6% y-o-y)
- EBITDA was GEL 53.5 million (up 49.6% y-o-y)
- EBITDA margin was 27.4% (up 310 basis points y-o-y)
- Operating leverage was positive at 10.3 percentage points y-o-y
- Net profit was GEL 21.9 million (up 78.2% y-o-y)

Medical insurance business highlights

4Q15 performance

- Net insurance premiums earned were GEL 14.5 million (up 37.3% y-o-y, up 1.2% q-o-q)
- Gross profit was GEL 1.6 million (down 47.5% q-o-q)
- Loss ratio was 88.9% (down 14.6 percentage points y-o-y, up 10.3 percentage points q-o-q)
- Expense ratio was 13.8% (down 0.9 percentage points y-o-y, up 1.0 percentage points q-o-q)
- Combined ratio was 102.7% (down 15.6 percentage points y-o-y, up 11.3 percentage points q-o-q)
- EBITDA was GEL (0.02) million (up 99.2% y-o-y)
- Net profit was GEL (0.6) million (up 64.0% y-o-y)

2015 performance

- Net insurance premiums earned were GEL 55.3 million (down 20.8% y-o-y)
- Gross profit was GEL 9.2 million (up 7.7% y-o-y)
- Loss ratio was 83.4% (down 4.3 percentage points y-o-y)
- Expense ratio was 13.4% (up 1.6 percentage points y-o-y)
- Combined ratio was 96.7% (down 2.8 percentage points y-o-y)
- EBITDA was GEL 2.6 million (up 144.0% y-o-y)
- Net profit was GEL 1.8 million (up 76.4% y-o-y)

Strong growth supported by all business lines and primarily driven organically

- Healthcare services operated 45 healthcare facilities, of which 16 referral hospitals, 19 community hospitals, and 10 ambulatory clinics, as of 31 December 2015
- Total beds operated were 2,670, of which 2,209 beds were at referral hospitals and 461 beds were at community hospitals, as of 31 December 2015
- Healthcare services market share by number of beds was 26.6% as of 31 December 2015
- Hospital bed occupancy rate was 51.9% in 4Q15 and 51.7% in 2015
- Referral hospital bed occupancy rate was 59.9% in 4Q15 and 59.3% in 2015
- Average length of stay was 4.7 days in 4Q15 and 4.6 days in 2015

- Number of insured clients was 234,000 as at 31 December 2015
- Medical insurance market share was 38.4% based on net insurance premium revenue, as at 30 September 2015
- Insurance renewal rate was 92% in 2015

- Total number of employees was 9,709, of which 9,295 were at the healthcare services business and 414 at the medical insurance business, as of 31 December 2015
- Number of physicians was 2,705 and number of nurses was 2,738, as of 31 December 2015

CHIEF EXECUTIVE OFFICER STATEMENT

2015 capped an extraordinary two-year growth period for Georgia Healthcare Group. At the beginning of 2014, the Group had 28 hospitals with 1,329 hospital beds. During the course of 2014 and 2015, the Group grew its operations substantially further improving its clear market leadership position among healthcare services and medical insurance providers in Georgia. At the end of 2015, we had 35 hospitals with 2,670 hospital beds representing a substantially increased market share of 26.6% of Georgia’s total hospital beds. In addition, in 2015 we began to implement our ambulatory clinic strategy to develop a nationwide chain of ambulatory clinics, and have already opened 4 clusters of ambulatory clinics by the end of 2015.

In November 2015, we also became the first non-financial Georgian company with shares trading on an international stock market following our listing on the Premium Segment of the London Stock Exchange. As part of this process, we raised c.US$ 100 million for further investment in the development of the business over the next 2-3 years. We also expect to become a member of the FTSE All-Share Index this year.

The 2015 results clearly reflect these significant developments, and I am pleased to report a net profit of GEL 23.6 million, a 78.1% increase year-on-year. This profit was achieved despite the impact of a currency exchange adjustment relating to the proceeds received from the capital raise and before the positive impact of utilising some of the proceeds to reduce the Group’s existing indebtedness. Adjusting for these 2 issues, our run-rate net profit for the fourth quarter of 2015 was GEL 9.5 million, or GEL 28.0 million for full year 2015. We expect significant improvement in our earnings from the first quarter of 2016 onwards, due to reduced interest expense as we pre-paid GEL 104.4 million borrowings at year end 2015/beginning of 2016 from IPO proceeds, reducing total borrowings to GEL 105.6 million as at 31 January 2016. As a result of prepaying the borrowings, our net debt to EBITDA was zero at the end of 2015, due to cash and bank deposits exceeding borrowings.

Revenues, at GEL 242.7 million for the year, increased by 22.5% supported in particular by strong 17.3% organic growth in the Healthcare Services business where revenue increased by 32.5% to GEL 195.0 million. Margins in the Healthcare Services business also improved significantly with an EBITDA margin for the year of 27.4%, compared to 24.3% in 2014. This improvement reflects the increasing utilisation and scale of our business as well as the capturing of ongoing efficiency savings and procurement benefits from the integration of recently acquired hospitals. In the fourth quarter of 2015, this margin increased further to 29.8%, achieving our target of c.30% EBITDA margin ahead of time. We benefit significantly from our economies of scale, and this was reflected in 14.8 percentage points of positive operating leverage during the year. We expect to continue to deliver positive operating leverage over the next few years.

The increased focus on the Universal Healthcare Programme in Georgia has seen a substantial shift in revenues towards the healthcare services market, leading to an industry wide significant reduction in medical insurance revenues from the previously in-force State Insurance Program. As a result, our medical insurance business, experienced a 20.8% reduction in revenues during the year. Against this backdrop, it delivered an extremely resilient performance by refocusing on the private medical insurance market, where we grew our revenues by 32.0% as a result of introducing a differentiated product suite and improved pricing. Costs remained well managed and the combined ratio improved by 2.8 percentage points during the year to 96.7%. EBITDA from the business more than doubled to GEL 2.6 million and net profit increased by 76.4% to GEL 1.8 million. Price increases to a number of insurance products, in response to the impact of the Lari devaluation in 2015, leave the business in good shape for 2016.

We have made significant progress in each of our strategic priorities during the year. At our healthcare services business, we have continued to expand significantly in the higher revenue hospital segments in Tbilisi with the acquisition, in August 2015, of the High Technology Medical Center University Clinic (HTMC). This acquisition of the single largest hospital and competitor across the country increased our market share measured by hospital beds to 26.6%, as well as enabling us to be represented in the higher margin diagnostics and oncology segments in Tbilisi. Furthermore, we have already started the renovation work on both our, Deka and Sunstone hospital facilities, and these 2 newly modernised multi-profile hospitals are expected to be fully completed and operational in 2017. Our strategy to increase our share of healthcare revenues through the roll-out of a national network of ambulatory clinics has begun and by the end of January 2016 we had opened 4 ambulatory clusters in a number of high population density areas of Tbilisi and one in Kutaisi, the second largest city in Georgia. We plan to open at least a further 6 ambulatory clusters in Tbilisi and other major cities in Georgia during 2016. This is an extremely significant growth opportunity for the Group over the next few years, as we plan to build significant market share in what is a highly fragmented and high margin segment of a market in which we currently have only approximately 1% share of the market.

The breadth and depth of the expertise, and persistent efforts of our senior and middle management team have been instrumental in delivering our growth strategy and we remain firmly on track to deliver a more than doubling of 2015 healthcare services revenues by 2018. Healthcare services revenue increased by 32.5% year-on-year in 2015 with organic revenue growth of more than 17%, supplemented by the impact of acquisitions completed over the last few years. In addition to the significant business opportunities available over the next few years, we continue to expect the overall Georgian healthcare services market revenues to grow at a compound rate in excess of 13% per annum during the 2014-18 period.

There are still many service gaps in Georgia which, as the largest provider of healthcare services in the country, GHG is focused on covering. In 2015 we successfully launched unique services in the country such as liver transplant surgery, childrens cardiosurgery, oncologic radiotherapy in western Georgia and many other services. There is still a significant pipeline of similar services to explore, and our team is constantly working to close these service gaps so as to enable us to fulfill our mission to provide Georgian citizens with access to high quality healthcare services without leaving the country.

Having highly skilled personnel is one of our top priorities and, considering current gaps in certain fields in Georgia, we particularly focus on training and education of our staff, as well as sourcing of new generation of medical personnel. We remain the only healthcare institution in Georgia to have in-house training of our own personnel. Since the beginning of 2014, we have invested over GEL 3.0 million in training and have a dedicated staff of 45 trainers, largely focusing on the areas of nursing and critical care. Developing a new generation of nurses and doctors is high on our agenda and to address this, we facilitated the opening of a nursing college at the leading medical university in Georgia and have launched residency programs in over ten fields.

In the medical insurance business, we plan to leverage opportunities from the reform of the Georgian healthcare sector to increase our private medical insurance customer base and, during 2015, we increased our market share in this market from 36.0% to 38.4%, whilst growing our revenues from private medical insurance products by 32%. There are significant synergies between our healthcare services and medical insurance businesses and the insurance business is playing a significant role in our ambulatory business expansion strategy. During 2015, for example only GEL 3.5 million or 33.7% of total ambulatory claims was paid to ambulatories within the Group. There is opportunity to increase this level over the next few years.

From a macroeconomic perspective, Georgia's performance has been remarkably resilient against the challenging backdrop in which many of Georgia's regional trading partners have suffered economically as a result of falling oil prices. During 2015, Georgia delivered real GDP growth of 2.8%, whilst inflation was maintained below the 5% target range. Foreign Direct Investment continued to be strong, tourist numbers – a significant driver of US$ inflows for the country – continue to rise and, as a result, the Georgian Government's fiscal position continues to be strong. The Universal Healthcare Programme remains a significant priority for the Government and Government expenditure on healthcare will increase by 81.4% from GEL 487.9 million in 2013 to GEL 885.0 million according to the approved government budget for 2016. This ongoing increase in expected Government healthcare spending underpins the substantial organic growth opportunities for the Group. The Government's budgeted spend on healthcare however still remains low, compared to many other countries, at just over 2% of GDP and approximately 7% of annual tax revenues.

So, Georgia Healthcare Group is in extremely good shape to benefit over the next few years from the combination of its position as the largest healthcare services and medical insurance provider in the fast-growing, predominantly privately-owned, Georgian healthcare services market. We have grown rapidly in recent years, driven by the significant organic expansion of existing facilities, and by selectively acquiring and integrating a number of complementary businesses and assets. We expect the Government to continue prioritising healthcare services and this, combined with both organic and further acquisition opportunities, leaves the Group well positioned to deliver strong growth in 2016 and beyond.

Nikoloz Gamkrelidze,

CEO of Georgia Healthcare Group PLC

FINANCIAL SUMMARY

Income Statement, *full year*	Healthcare services			Medical insurance			Total GHG		
GEL thousands; unless otherwise noted	**FY15**	**FY14**	**Change, Y-o-Y**	**FY15**	**FY14**	**Change, Y-o-Y**	**FY15**	**FY14**	**Change, Y-o-Y**
Revenue, gross	**195,032**	**147,165**	**32.5%**	**55,256**	**69,759**	**-20.8%**	**242,673**	**198,148**	**22.5%**
Corrections & rebates	(3,608)	(1,816)	98.7%	-	-	-	(3,608)	(1,816)	98.7%
Revenue, net	**191,424**	**145,349**	**31.7%**	**55,256**	**69,759**	**-20.8%**	**239,065**	**196,332**	**21.8%**
Cost of services	**(107,291)**	**(83,298)**	**28.8%**	**(46,076)**	**(61,233)**	**-24.8%**	**(145,936)**	**(126,066)**	**15.8%**
Gross profit	**84,133**	**62,051**	**35.6%**	**9,180**	**8,526**	**7.7%**	**93,129**	**70,266**	**32.5%**
Total operating expenses	(34,075)	(27,197)	25.3%	(6,610)	(7,501)	-11.9%	(40,480)	(34,387)	17.7%
Other operating income	3,468	937	270.2%	43	46	-5.5%	3,490	983	255.0%
EBITDA	**53,526**	**35,791**	**49.6%**	**2,613**	**1,071**	**144.0%**	**56,139**	**36,862**	**52.3%**
EBITDA margin	***27.4%***	***24.3%***					***23.1%***	***18.6%***	
Depreciation and amortisation	(11,973)	(6,998)	71.1%	(692)	(632)	9.6%	(12,665)	(7,630)	66.0%
Net interest (expense) / income	(20,352)	(13,138)	54.9%	71	332	-78.7%	(20,281)	(12,806)	58.4%
Net (losses) / gains from foreign currencies	1,312	(2,820)	NMF	785	326	141.3%	2,097	(2,494)	NMF
Net non-recurring (expense) / income	(960)	578	NMF	(722)	-	NMF	(1,682)	578	NMF
Profit before income tax expense	**21,553**	**13,413**	**60.7%**	**2,055**	**1,097**	**87.3%**	**23,608**	**14,510**	**62.7%**
Income tax (expense) / benefit	307	(1,145)	NMF	(298)	(101)	NMF	9	(1,246)	NMF
Profit for the period	**21,860**	**12,268**	**78.2%**	**1,757**	**996**	**76.4%**	**23,617**	**13,264**	**78.1%**
Attributable to:									
- shareholders of the Company	17,894	9,211	94.3%	1,757	996	76.4%	19,651	10,207	92.5%
- non-controlling interests	3,966	3,057	29.7%	-	-	-	3,966	3,057	29.7%

Income Statement, *quarterly*	Healthcare services					Medical insurance					Total GHG				
GEL thousands; unless otherwise noted	**4Q15**	**4Q14**	**Chang, Y-o-Y**	**3Q15**	**Change, Q-o-Q**	**4Q15**	**4Q14**	**Change, Y-o-Y**	**3Q15**	**Change, Q-o-Q**	**4Q15**	**4Q14**	**Change, Y-o-Y**	**3Q15**	**Change, Q-o-Q**
Revenue, gross	**55,481**	**44,143**	**25.7%**	**51,131**	**8.5%**	**14,532**	**10,588**	**37.3%**	**14,359**	**1.2%**	**68,720**	**54,264**	**26.6%**	**63,355**	**8.5%**
Corrections & rebates	(1,086)	(643)	68.9%	(680)	59.7%	-	-	-	-	-	(1,086)	(643)	68.9%	(680)	59.7%
Revenue, net	**54,395**	**43,500**	**25.0%**	**50,451**	**7.8%**	**14,532**	**10,588**	**37.3%**	**14,359**	**1.2%**	**67,634**	**53,621**	**26.1%**	**62,675**	**7.9%**
Cost of services	**(30,007)**	**(23,854)**	**25.8%**	**(28,821)**	**4.1%**	**(12,917)**	**(10,962)**	**17.8%**	**(11,286)**	**14.4%**	**(41,618)**	**(34,441)**	**20.8%**	**(38,006)**	**9.5%**
Gross profit	**24,388**	**19,646**	**24.1%**	**21,630**	**12.7%**	**1,615**	**(374)**	**NMF**	**3,073**	**-47.5%**	**26,016**	**19,180**	**35.6%**	**24,669**	**5.5%**
Total operating expenses	(8,856)	(9,968)	-11.2%	(8,958)	-1.1%	(1,627)	(1,717)	-5.2%	(1,683)	-3.3%	(10,480)	(11,594)	-9.6%	(10,604)	-1.2%
Other operating income	1,008	(381)	NMF	1,969	-48.8%	(5)	(70)	-92.9%	(3)	97.3%	986	(451)	NMF	1,964	-49.8%
EBITDA	**16,539**	**9,297**	**77.9%**	**14,642**	**13.0%**	**(17)**	**(2,162)**	**-99.2%**	**1,387**	**NMF**	**16,522**	**7,135**	**131.6%**	**16,029**	**3.1%**
EBITDA margin	***29.8%***	***21.1%***		***28.6%***							***24.0%***	***13.1%***		***25.3%***	
Depreciation and amortisation	(4,046)	(1,813)	123.2%	(3,327)	21.6%	(249)	(157)	58.5%	(155)	60.9%	(4,295)	(1,970)	118.0%	(3,482)	23.3%
Net interest (expense) / income	(5,535)	(3,633)	52.4%	(4,733)	16.9%	158	71	121.1%	(53)	NMF	(5,377)	(3,562)	51.0%	(4,786)	12.3%
Net (losses) / gains from foreign currencies	(1,586)	(166)	NMF	(1,982)	-20.0%	(6)	176	NMF	223	NMF	(1,592)	10	NMF	(1,759)	-9.5%
Net non-recurring (expense) / income	484	(791)	NMF	(677)	NMF	(676)	31	NMF	(46)	NMF	(192)	(760)	-74.7%	(723)	-73.4%
Profit before income tax expense	**5,856**	**2,894**	**102.3%**	**3,923**	**49.3%**	**(790)**	**(2,041)**	**-61.3%**	**1,356**	**NMF**	**5,066**	**853**	**493.9%**	**5,279**	**-4.0%**
Income tax (expense) / benefit	(206)	(290)	-28.9%	(195)	6.0%	192	381	-49.7%	164	16.6%	(14)	91	NMF	(31)	-54.8%
Profit for the period	**5,650**	**2,604**	**117.0%**	**3,728**	**51.6%**	**(598)**	**(1,660)**	**-64.0%**	**1,520**	**NMF**	**5,052**	**944**	**435.2%**	**5,248**	**-3.7%**
Attributable to:															
- shareholders of the Company	4,421	1,767	150.2%	2,453	80.3%	(598)	(1,660)	-64.0%	1,520	NMF	3,823	107	NMF	3,973	-3.8%
- non-controlling interests	1,229	837	46.9%	1,275	-3.6%	-	-	-	-	-	1,229	837	46.8%	1,275	-3.6%

Note: healthcare services business and medical insurance business financials do not include interbusiness eliminations. Detailed financials, including interbusiness eliminations, are provided in annexes

Balance Sheet

GEL thousands; unless otherwise noted

	Healthcare services					Medical insurance					Total				
	Dec-15	**Dec-14**	**Change, Y-o-Y**	**Sep-15**	**Change, Q-o-Q**	**Dec-15**	**Dec-14**	**Change, Y-o-Y**	**Sep-15**	**Change, Q-o-Q**	**Dec-15**	**Dec-14**	**Change, Y-o-Y**	**Sep-15**	**Change, Q-o-Q**
Total assets, of which:	**703,309**	**355,043**	**98.1%**	**557,601**	**26.1%**	**67,372**	**62,910**	**7.1%**	**73,730**	**-8.6%**	**758,280**	**409,277**	**85.3%**	**622,021**	**21.9%**
Cash and bank deposits	139,085	25,586	443.6%	7,550	1742.1%	18,313	21,152	-13.4%	19,421	-5.7%	157,398	46,738	236.8%	26,971	483.6%
Receivables from healthcare services	71,348	46,018	55.0%	67,831	5.2%	-	-	-	-	-	65,863	43,265	52.2%	62,695	5.1%
Insurance premiums receivable	-	-	-	-	-	20,948	18,794	11.5%	29,128	-28.1%	20,663	17,673	16.9%	28,971	-28.7%
Property and equipment	439,131	259,205	69.4%	420,518	4.4%	5,587	3,733	49.7%	3,786	47.6%	444,718	262,938	69.1%	424,304	4.8%
Goodwill and other intangible assets	19,708	6,146	220.7%	16,576	18.9%	6,079	3,977	52.9%	6,012	1.1%	25,787	10,123	154.7%	22,588	14.2%
Other assets	34,037	18,088	88.2%	45,126	-24.6%	16,445	15,254	7.8%	15,383	6.9%	43,851	28,540	53.6%	56,492	-22.4%
Total liabilities, of which:	**247,762**	**200,414**	**23.6%**	**328,465**	**-24.6%**	**47,937**	**45,228**	**6.0%**	**53,636**	**-10.6%**	**283,299**	**236,966**	**19.6%**	**372,791**	**-24.0%**
Borrowings	140,439	151,155	-7.1%	208,785	-32.7%	16,497	16,307	1.2%	18,571	-11.2%	152,762	162,860	-6.2%	223,339	-31.6%
Accounts payable	29,160	8,591	239.4%	27,224	7.1%	1,016	-	NMF	1,010	0.6%	30,176	8,591	251.3%	24,689	22.2%
Insurance contract liabilities	-	-	-	-	-	22,463	20,367	10.3%	27,997	-19.8%	21,351	17,583	21.4%	26,290	-18.8%
Other liabilities	78,163	40,668	92.2%	92,456	-15.5%	7,961	8,554	-6.9%	6,058	31.4%	79,010	47,932	64.8%	98,473	-19.8%
Total shareholders' equity	**455,547**	**154,629**	**194.6%**	**229,136**	**98.8%**	**19,435**	**17,682**	**9.9%**	**20,094**	**-3.3%**	**474,981**	**172,311**	**175.7%**	**249,230**	**90.6%**

Selected ratios and KPIs

	FY15	**FY14**	**4Q15**	**4Q14**	**3Q15**
GHG					
EPS, GEL	0.15	0.36	0.03	0.004	0.03
ROAE	6.9%	9.2%	5.0%	0.3%	8.3%
Adjusted ROAE	11.4%	9.2%	7.8%	0.3%	8.3%
Operating leverage	14.8%	-22.7%	6.6%	10.2%	5.5%
Healthcare services					
EBITDA margin of healthcare services	27.4%	24.3%	29.8%	21.1%	28.6%
Bed occupancy rate	51.7%	49.1%	51.9%	50.3%	47.0%
Bed occupancy rate, referral hospitals	*59.3%*	*55.4%*	*59.9%*	*57.1%*	53.9%
Bed occupancy rate, community hospitals	*19.3%*	*22.3%*	*18.4%*	*21.5%*	18.9%
Average length of stay (days)	4.6	4.6	4.7	4.7	4.6
Average length of stay (days), referral hospitals	*4.9*	*4.9*	*5.0*	*4.9*	*4.9*
Average length of stay (days), community hospitals	*2.8*	*3.1*	*2.7*	*3.0*	*2.8*
Medical insurance					
Loss ratio	83.4%	87.7%	88.9%	103.5%	78.6%
Expense ratio	13.4%	11.8%	13.8%	14.7%	12.8%
Combined ratio	96.7%	99.5%	102.7%	118.3%	91.4%
Renewal rate	92.0%	91.9%	92.0%	91.6%	91.9%

Note: healthcare services business and medical insurance business financials do not include interbusiness eliminations. Detailed financials, including interbusiness eliminations, are provided in annexes

BACKGROUND TO RESULTS

We have two main sources of revenues: 1) healthcare services revenue, which is revenue from our hospital and ambulatory operations; and 2) Net insurance premiums earned, which is revenue from our medical insurance operations.

*In 2014, the structure of both the healthcare services market and the medical insurance markets were fundamentally changed by the introduction of the Universal Healthcare Program ("**UHC**") in Georgia – a government funded healthcare program that finances basic healthcare needs for the entire population, with co-payment elements required for certain services, making healthcare services, both outpatient and inpatient, more accessible and affordable for the population of Georgia.*

This system replaced an earlier system that relied on private medical insurance companies (such as us) to administer the State Insurance Programs that were superseded by the UHC. The UHC facilitates direct payments to healthcare facilities by the government, compared to the previous programmes under which the government purchased private medical insurance for targeted groups of the population.

Full details on UHC and other state financed healthcare programs (together, "the government financed healthcare programs") and the shift from the previous system are included in the GHG IPO prospectus and can currently be found on the GHG web site at the following link: http://ghg.com.ge/page/id/65/prospectuses-and-documentation.

DISCUSSION OF QUARTERLY RESULTS

Revenue by business lines

(GEL thousands, unless otherwise noted)	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q
Healthcare service revenue, *gross*	**55,481**	**44,143**	**25.7%**	**51,131**	**8.5%**
Corrections & rebates	(1,086)	(643)	68.9%	(680)	59.7%
Healthcare services revenue, *net*	**54,395**	**43,500**	**25.0%**	**50,451**	**7.8%**
Referral and specialty hospitals	48,565	37,676	28.9%	44,564	9.0%
Community hospitals	4,291	4,327	-0.8%	4,672	-8.2%
Ambulatory clinics	1,539	1,497	2.8%	1,215	26.6%
Net insurance premiums earned	**14,532**	**10,588**	**37.2%**	**14,359**	**1.2%**
Private medical insurance products sold to retail clients	1,540	951	61.9%	1,657	-7.1%
Private medical insurance products sold to corporate clients	12,992	9,637	34.8%	12,702	2.3%
Eliminations	**(1,293)**	**(467)**	**176.8%**	**(2,135)**	**-39.4%**
Total revenue, *gross*	**68,720**	**54,264**	**26.6%**	**63,355**	**8.5%**

We delivered record quarterly revenue of GEL 68.7 million, up 26.6% y-o-y and up 8.5% q-o-q. Growth was primarily driven by healthcare services revenue, which grew 25.7% y-o-y. The revenue growth of our healthcare services business was mainly sourced from referral hospitals as a result of organic growth as well as acquisitions during 2015.

Revenue by sources of payment

(GEL thousands, unless otherwise noted)	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q
Healthcare service revenue, *gross*	**55,481**	**44,143**	**25.7%**	**51,131**	**8.5%**
Corrections & rebates	(1,086)	(643)	68.9%	(680)	59.7%
Healthcare services revenue, *net*	**54,395**	**43,500**	**25.0%**	**50,451**	**7.8%**
Government-funded healthcare programs	43,130	32,776	31.6%	38,656	11.6%
Out-of-pocket payments by patients	8,811	8,866	-0.6%	8,894	-0.9%
Private medical insurance companies	2,454	1,858	32.1%	2,901	-15.4%
Net insurance premiums earned	**14,532**	**10,588**	**37.3%**	**14,359**	**1.2%**
Private medical insurance products	14,532	10,588	37.3%	14,359	1.2%
Eliminations	**(1,293)**	**(467)**	**176.8%**	**(2,135)**	**-39.4%**
Total revenue, *gross*	**68,720**	**54,264**	**26.6%**	**63,355**	**8.5%**

The UHC continued to be the main driver of our healthcare services revenues in 4Q15, resulting in revenue from government-funded healthcare programs of GEL 43.1 million, up 31.6% y-o-y and up 11.6% q-o-q. Our healthcare services revenues from private medical insurance companies also recorded strong y-o-y performance reaching GEL 2.5 million, up 32.1%; q-o-q reduction was because our healthcare services business dropped one large client contract which it managed on a capitation basis but had unfavorable pricing.

Our medical insurance business also had strong quarter, reporting GEL 14.5 million Net insurance premiums earned in 4Q15, up 37.3% y-o-y and up 1.2% q-o-q.

Cost of services and Gross profit

(GEL thousands, unless otherwise noted)	**4Q15**	**4Q14**	**Change, Y-o-Y**	**3Q15**	**Change, Q-o-Q**
Cost of healthcare services	**(30,007)**	**(23,854)**	**25.8%**	**(28,821)**	**4.1%**
Cost of salaries and other employee benefits	(18,256)	(15,529)	17.6%	(18,736)	-2.6%
Cost of materials and supplies	(8,871)	(5,557)	59.6%	(7,503)	18.2%
Cost of medical service providers	(593)	(888)	-33.2%	(848)	-30.1%
Cost of utilities and other	(2,287)	(1,880)	21.7%	(1,734)	31.9%
Net insurance claims incurred	**(12,917)**	**(10,962)**	**17.8%**	**(11,286)**	**14.4%**
Eliminations	1,306	375	248.2%	2,101	-37.8%
Total cost of services	**(41,618)**	**(34,441)**	**20.8%**	**(38,006)**	**9.5%**
Gross profit	**26,016**	**19,180**	**35.6%**	**24,669**	**5.5%**
Gross margin	*37.9%*	*35.9%*		*38.9%*	
Cost of healthcare services as % of revenue					
Direct salary rate	32.9%	35.2%		36.6%	
Materials rate	16.0%	12.6%		14.7%	

Costs continued to be well contained in 4Q15, with a 20.8% y-o-y growth in the cost of services favorably lagging behind a 26.6% growth in our revenues. The share of the cost of salaries and other employee benefits in the cost of healthcare services decreased to 61% in 4Q15, down from 65% a year ago and 65% in 3Q15. The absolute growth of 17.6% y-o-y and decrease of 2.6% q-o-q is also favourably below the respective 26.6% and 8.5% growth in our revenues. Direct salary rate of healthcare services business (expense on direct salaries as a percentage of gross revenue) was 32.9% in 4Q15, down from 35.2% a year ago and from 36.6% in 3Q15.

Cost of materials and supplies was GEL 8.9 million, up 59.6% y-o-y and up 18.2% q-o-q, which was primarily a result of the acquisition of HTMC and its consolidation for full 4Q15. Consequently, materials rate (expense on direct materials as a percentage of gross revenue) was 16.0% in 4Q15, up from 12.6% a year ago and 14.7% in 3Q15. HTMC is a large referral hospital with a broad service mix that incurs greater expenditure on higher usage of materials as compared to the rest of the Group's hospitals, which drives the total increase in the cost of materials. We expect this to come down, as we are currently transferring HTMC procurement to our group-wide procurement contracts.

Medical insurance loss ratio improved to 88.9% in 4Q15, compared to 103.5% since last year. However, 4Q15 claims grew more than revenue q-o-q, which is also reflected in loss ratio which increased q-o-q from 78.6% in 3Q15. Higher loss ratio in 4Q15 is due to two main factors: 1). Seasonality effect, as 4th quarter is characterized by higher claims levels compared to 3rd quarter; 2). GEL devaluation against US$ drove the retail prices of drugs up, which represent c. 20% of our medical insurance claims. To address the second driver, we have adjusted the pricing and underwriting criteria (copayments) of our medical insurance products and it is expected to affect loss ratio gradually, with the renewal of existing contracts or new sales at adjusted prices. Additionally, we are renegotiating prices for drugs with pharmaceutical distributors, leveraging our combined scale from claims on drugs in our medical insurance business and purchases of drugs and other medical disposables for our healthcare services business.

Operating expenses and EBITDA

(GEL thousands, unless otherwise noted)	**4Q15**	**4Q14**	**Change, Y-o-Y**	**3Q15**	**Change, Q-o-Q**
Operating expense of healthcare service business	**(7,849)**	**(10,349)**	**-24.2%**	**(6,988)**	**12.3%**
Salaries and other employee benefits	(6,178)	(4,933)	25.2%	(6,060)	1.9%
General and administrative expenses	(2,219)	(2,147)	3.3%	(1,954)	13.5%
Impairment of healthcare services, insurance premiums and other receivables	(460)	(2,888)	-84.1%	(943)	-51.3%
Other operating income	1,008	(381)	NMF	1,969	-48.8%
Operating expense of medical insurance business	**(1,632)**	**(1,788)**	**-8.7%**	**(1,686)**	**-3.1%**
Eliminations	(13)	92	NMF	34	NMF
Total operating expense	**(9,494)**	**(12,045)**	**-21.2%**	**(8,640)**	**9.9%**
EBITDA, *Of which:*	**16,522**	**7,135**	**131.6%**	**16,029**	**3.1%**
EBITDA of healthcare services business	16,539	9,297	77.9%	14,642	**13.0%**
EBITDA margin of healthcare service business	29.8%	21.1%		28.6%	

Operating expenses decreased by 21.2% in 4Q15, compared to the same period last year and increased by 9.9% over 3Q15. The salaries and other employee benefits grew in 4Q15 primarily due to the costs of the new governance structure that was put in place at the end of 2014 in preparation for the IPO in 2015. Despite this increase, the administrative salary rate remained flat, at 11.1%, compared to 11.2% a year ago. The impairment of healthcare services, insurance premiums and other receivables decreased in 4Q15 due to a high base in 4Q14. The increase in other operating income is mainly a result of a gain from PPE sold and increased revenues from rental income. Consequently, SG&A rate was 4.0% in 4Q15, down from 4.9% a year ago.

As a result, we reported record quarterly EBITDA of GEL 16.5 million, which more than doubled compared to the same period last year, increasing by 131.6%. This increase was primarily driven by our healthcare services business. The healthcare services business recorded outstanding EBITDA growth of 77.9% y-o-y and 13.0% q-o-q, reaching GEL 16.5 million in 4Q15. The medical insurance business recorded EBITDA at close to breakeven, which was an improvement from last year and reflects the seasonality of the business.

We delivered on our EBITDA margin target 3 years ahead of time (we targeted c.30% healthcare services business EBITDA margin by 2018). Our continued focus on efficiency, integrations of newly acquired facilities, resulted in outstanding EBITDA margin of our healthcare services business in 4Q15, which increased to 29.8%, up 870 bps since 4Q14 and up 120 bps since 3Q15.

Depreciation; net-interest expense and profit for the period

(GEL thousands, unless otherwise noted)	**4Q15**	**4Q14**	**Change, Y-o-Y**	**3Q15**	**Change, Q-o-Q**
Depreciation and amortisation	(4,295)	(1,970)	118.0%	(3,482)	23.3%
Net interest income (expense)	(5,377)	(3,562)	51.0%	(4,786)	12.3%
Net gains/(losses) from foreign currencies	(1,592)	10	NMF	(1,759)	-9.5%
Net non-recurring income/(expense)	(192)	(760)	-74.7%	(723)	-73.4%
Profit before income tax expense	**5,066**	**853**	**493.9%**	**5,279**	**-4.0%**
Income tax (expense) / benefit	(14)	91	NMF	(31)	-54.8%
Profit for the period	**5,052**	**944**	**435.2%**	**5,248**	**-3.7%**
Of which:					
Profit from healthcare services business	5,650	2,604	117.0%	3,728	51.6%
Profit from medical insurance business	(598)	(1,660)	-64.0%	1,520	NMF
Attributable to:					
- shareholders of the Group	3,823	107	NMF	3,973	-3.8%
- non-controlling interests	1,229	837	46.8%	1,275	-3.6%

Our strong EBITDA performance in 4Q15 was further translated into a strong profit for the period, which increased more than four-times to GEL 5.1 million, up 435.2% y-o-y. **The adjusted profit was GEL 9.5 million**, which reflects currency exchange adjustment relating to the proceeds received from the capital raise and the positive impact of utilising some of the proceeds to reduce the Group's existing indebtedness by GEL 104.4 million to GEL 105.6 million as at 31 January 2016.

The healthcare services business contributed strongly to the Group's bottom line, growing at 117.0% y-o-y and 51.6% q-o-q to GEL 5.7 million in 4Q15. Although the medical insurance business recorded a loss in 4Q15, this represented an overall improvement since the same period last year and the q-o-q dynamics reflect the seasonality of the business.

This strong profit performance was despite an increase in depreciation and amortisation expenses, which was primarily driven by acquisitions and sizeable development projects that completed in 2015. The increase in net interest expense to GEL 5.4 million, up 51.0% y-o-y is mainly attributable to increased borrowings during 2015 to fund development projects and some of the acquisitions, as well as an increase in the reference rate for local currency borrowings. As noted above in the full year results discussion, borrowing levels have decreased toward the end of 2015 and most notably at the beginning of 2016, which is expected to significantly reduce interest expense going forward. The loss from foreign currencies is due to the long position in GBP in the end of 2015, the currency of IPO proceeds, which was affected by the appreciation of GEL against GBP.

Selected balance sheet items

(GEL thousands, unless otherwise noted)	**Dec-15**	**Dec-14**	**Change, Y-o-Y**
Total assets, of which:	**758,280**	**409,277**	**85.3%**
Cash and bank deposits	157,398	46,738	236.8%
Property and equipment	444,718	262,938	69.1%
Total liabilities, of which:	**283,299**	**236,966**	**19.6%**
Borrowings	152,762	162,860	-6.2%
Total shareholders' equity	**474,981**	**172,311**	**175.7%**

Our balance sheet increased substantially over the last year with assets growing to GEL 758.3 million as of 31 December 2015. The growth of total assets by GEL 349.0 million y-o-y was largely driven by the 69.1% (GEL 181.8 million) increase in GHG's property and equipment, reflecting the acquisition of new hospitals during 2015. Cash and bank deposits have also significantly increased, reflecting the receipt of the funds raised in the IPO during the end of 2015. The increase in shareholders' equity largely reflects the primary placement of equity shares in the IPO.

<u>Update on operating performance, project and development highlights:</u>

The information below is intended to update information already available to the public through our November 2015 IPO prospectus and does not restate information from earlier in the year. Our annual report will reflect a more complete summary of 2015 operational developments.

We operated 2,670 hospital beds in 45 facilities by the end of 2015, up from 2,140 beds in 39 facilities a year ago, a net increase of 530 beds resulting in a year-end market share of 26.6%. The increase in the number of hospital beds was primarily in Tbilisi, the capital city of Georgia, where revenue per bed is significantly higher compared to the other regions. This reflected the implementation of GHG's expansion strategy that resulted in the acquisition of nine hospitals with the total of 1,380 beds since the end of 2013.

Our footprint increased in Tbilisi, where our market share in beds grew from 14.1% as of 31 December 2014 to 24.0% as of 31 December 2015. Together with acquisition of operating beds, we acquired additional development capacity of c.500 beds that will become operational following renovations planned in 2016 and 2017, increasing our national and Tbilisi market share in beds up to c.30%. We have commenced renovation of Deka and Sunstone hospitals, which are expected to be completed in 2017.

As a result, our market share by number of beds should soon approach our target of 1/3. However, we have significant room to catch up in terms of market share by hospital revenue, which currently stands at c.18%.

We accelerated the launch of ambulatory clinics in the second half of 2015, in line with our strategic goal to open 10-12 ambulatory clusters, with 20-30 ambulatory clinics within 2-3 years. Currently we are predominantly a hospital provider, with under 3% of our healthcare services revenue derived from ambulatory clinics. We aim to tap the highly fragmented and under-penetrated outpatient segment that represents c.40% of national spending on healthcare services (excluding pharmaceuticals), where no single player has more than 3% of the market. There is currently very low utilisation of outpatient services in the country (Georgia has the lowest average number of outpatient encounters per capita in the region – Georgia: 3.5, CIS: 8.9, EU: 7.7) and this, combined with higher margins make this sector even more attractive.

We organise our ambulatory clinics in geographic clusters. Each ambulatory cluster consists of one District Ambulatory Clinic (a large multi-profile ambulatory clinic that provides complex out-patient services; total area of 1800-2500 sq/m) and several (3-5) Express Ambulatory Clinics (smaller ambulatory clinics providing basic out-patient services; total area of 120-200 sq/m) that refer patients to District Ambulatory Clinics. Development of ambulatory cluster requires approximately US$ 0.8 million capex, with up to three years of payback period. Ambulatory clinics cater to all age groups and provide a wide range of outpatient services, including general practitioner and specialist physician consultations, imaging and functional diagnostics, as well as clinical, biochemical and serological laboratory tests. Currently we operate a total of four ambulatory clusters with a total of 10 ambulatory clinics, of which three clusters and four ambulatory clinics were launched in 2015. We aim to launch additional at least six ambulatory clusters during 2016.

Notable ambulatory developments in the second half of 2015:

- In September 2015, we launched our largest multiprofile ambulatory clinic in the Tbilisi district of Gldani, that covers a population of c.245,000. The clinic will serve as a referral point for the Gldani district ambulatory cluster; In December 2015, we enhanced the Gldani neighbourhood cluster by adding an Express Clinic.

- In November-December 2015, we launched two new ambulatory clusters, one in Tbilisi, and one in Kutaisi, the second largest city in Georgia. The Tbilisi ambulatory cluster is located in the Varketili neighbourhood, which covers a population of c.300,000 and the Kutaisi ambulatory cluster covers a population of c.200,000.

We invest in medical technology, on the back of renovated infrastructure, enhancing our service mix and introducing new services to cater to unfulfilled demand, as indicated by low incidence levels that lag far behind peer benchmarks.

Despite our heavy commitment to acquisitions in 2015, we did not neglect investment in organic development. We define development capex as additions to GHG's property, plant and equipment, excluding acquisitions. During 2015, we spent a total of GEL 71.2 million on capital expenditures, an increase of 75.1% y-o-y. Of this, maintenance capex was GEL 7.2 million, up 72.2% y-o-y, which represented 3.7% of total healthcare business revenues, the same level as in 2014. We also spent GEL 63.9 million on development projects, which included the launch of Kutaisi Oncology Center (capex of GEL 12.0 million), the development of critical care services at Sunstone hospital (capex of GEL 2.0 million), the renovation of our hospitals in Samtskhe region (capex of GEL 7.9 million), which become fully operational in January 2016, launch of paediatric cardiology department in Tbilisi (capex of GEL 3.7 million) and the roll-out of the ambulatory clinics (capex of GEL 7.9 million).

Notable service developments in the second half of 2015:

- In November 2015, we launched a paediatric cardiology department at the children's referral hospital in Tbilisi, which is now the second healthcare facility in Georgia to provide full scale cardiac services, including cardiac surgery for children in Georgia. During the first month of operations, we performed ten surgeries.

- We expanded service offerings in a number of our hospitals:

    - launched ophthalmology, emergency care, cardiology departments and expanded the imaging diagnostics department in Zugdidi referral hospital, west Georgia;
    - launched an emergency department and neurosurgery unit at Traumatology referral hospital in Tbilisi;

- launched an emergency department and expanded an imaging department at Telavi referral hospital, east Georgia;
- expanded the intensive care department at Batumi referral hospital, west Georgia;
- launched a hemodialysis department at Kutaisi Referral Hospital, west Georgia;
- launched a cardio-intensive care unit at Kutaisi referral hospital, west Georgia;
- launched the obstetrics and gynecology department at Batumi referral hospital, west Georgia

In spite of these investments, there are still significant shortages in the supply of equipment and service gaps, which leaves significant room for further growth. We expect to launch a number of such services in the beginning of 2016, including adding and expanding neurosurgery, cardiosurgery, and intensive care units in our regional hospitals; and IVF (In Vitro Fertilization) and pediatric kidney transplantation.

Other notable developments in the second half of 2015:

- We initiated and facilitated the opening of a mutual Nurse College at David Tvildiani Medical University, a leading medical institution in Georgia. The curriculum was developed in line with standards set by the National Council of State Boards of Nursing in the US. More than 200 nurses are expected to graduate from the college every year. We will be funding the education of the top performers in the class. This cooperation is critical for us to address the country's shortage of nurses and we expect to recruit our nurses from this newly opened college.

- In line with our strategy to develop a new generation of doctors, we launched residency programs in a number of fields, including pediatrics, neonatology, children's emergency care, children's neurology, anesthesiology and intensive care, laboratory medicine, obstetrics and gynecology, children's cardio and rheumatology. These programs are particularly important to source specialists in the fields where we have a shortage of doctors. Since the launch of the program in December 2015, we have received 120 applications from prospective residents, reflecting a high interest in such programs.

- In September 2015, experts from the Mayo Clinic conducted training for our staff in Pediatric Fundamental Critical Care Support (PFCCS) and Fundamental Critical Care Support (FCCS) – the two most critical fields in the country with supply gaps. In addition to training physicians, the training also covered developing trainers to provide further training and continuous development for our doctors. Our collaboration with Mayo Clinic in respect of training and quality development has been highly productive. This has been operational since 2013 and we will continue this partnership to improve our staff qualifications and operations.

DISCUSSION OF FULL YEAR RESULTS

For the full year 2015, we report record results and strong growth, supported both organically and as a result of a number of acquisitions completed in 2014 and 2015. Our revenue reached GEL 242.7 million, growing at 22.5% y-o-y.

GHG's revenue growth of 22.5% was primarily driven by our healthcare services business, which reported revenue of GEL 195.0 million, up 32.5% y-o-y with strong organic growth of 17.3%, with and the remaining 15.2% growth coming from recent acquisitions. Our medical insurance business contributed GEL 55.3 million to total revenue, recording a decrease of 20.8% y-o-y, which was primarily driven by the shift to the UHC, partially offset by a strong 32.0% y-o-y growth in revenue from private medical insurance products.

Revenue by business lines

(GEL thousands, unless otherwise noted)	FY15	FY14	Change, Y-o-Y
Revenue from healthcare service, *gross*	**195,032**	**147,165**	**32.5%**
Corrections & rebates	(3,608)	(1,816)	98.7%
Healthcare services revenue, *net*	**191,424**	**145,349**	**31.7%**
Referral and specialty hospitals	168,527	123,402	36.6%
Community hospitals	17,623	14,124	24.8%
Ambulatory clinics	5,274	4,961	6.3%
Ambulance and rural primary care	-	2,862	-100.0%
Net insurance premiums earned	**55,256**	**69,759**	**-20.8%**
State funded medical insurance products	-	27,910	-100.0%
Private medical insurance products sold to retail clients	5,406	3,607	49.9%
Private medical insurance products sold to corporate clients	49,850	38,242	30.4%
Eliminations	**(7,615)**	**(18,776)**	**-59.4%**
Total revenue, *gross*	**242,673**	**198,148**	**22.5%**

Healthcare services revenue growth of 32.5% was primarily driven by referral hospitals, which posted revenue of GEL 168.5 million in 2015, up 36.6% y-o-y, driven by strong organic growth and acquisitions. Referral hospitals contributed 88% to total revenue from healthcare services. We expect a significant portion of the future growth of our hospital revenue to come from referral hospitals, in line with our strategy to increase our market share to 1/3 across Georgia through further investments in renovation and expansion of existing referral hospital facilities. Our organic healthcare services revenue growth of 17.3% was largely sourced from referral hospitals.

Community hospitals, contributing 9% to total revenue from healthcare services, also posted strong 24.8% growth in revenue to GEL 17.6 million, attributable solely to organic growth driven by the introduction of the UHC.

Ambulatory clinics, contributing only 3% to total revenue from healthcare services, posted revenue of GEL 5.3 million, also up y-o-y as a result of organic growth alone that was mainly driven by our ambulatory clinics in Tbilisi. Currently, we operate 10 ambulatory clinics organized in 4 ambulatory clusters, of which 3 ambulatory clusters were opened towards the end of 2015, thus their impact on 2015 financial results was not material. We expect ambulatory clinic revenue to grow significantly faster over the next few years, in line with our strategy of launching an additional 10-12 ambulatory clusters with a total of 20 to 30 ambulatory clinics in the next 2-3 years.

Revenue from ambulance and rural primary care services was discontinued in the end of 2014 due to the full handover of the administration function related to these services to the government as part of the UHC. The handover contributed to the improvement of our operating margins as our ambulance and rural primary care services line had very low profitability.

Our organic revenue growth of 17.3% was largely sourced from government-funded healthcare programs, especially the UHC. Since the full roll-out of the UHC in mid-2014, government expenditure on healthcare has grown considerably, increasing 81.4% from GEL 487.9 million in 2013 to GEL 885.0 million, according to the approved government budget for 2016. Out of GEL 885.0 million, addressable market for GHG is GEL 668.1 million, including GEL 570 million for the UHC and GEL 98.1 million for other healthcare programs financed by the state, in addition to UHC. As of 2015, GHG 's market share was 22.9% and 12.2%, for the UHC and other healthcare programs financed by the state, respectively.

Revenue by sources of payment

(GEL thousands, unless otherwise noted)	FY15	FY14	Change, Y-o-Y
Revenue from healthcare service, *gross*	**195,032**	**147,165**	**32.5%**
Corrections & rebates	(3,608)	(1,816)	98.7%
Healthcare services revenue, *net*	**191,424**	**145,349**	**31.7%**
Government-funded healthcare programs	145,732	80,913	80.1%
Out-of-pocket payments by patients	*34,802*	*32,623*	6.7%
Private medical insurance companies, *of which:*	10,890	31,813	-65.8%
GHG medical insurance	*7,431*	*18,465*	*-59.8%*
Net insurance premiums earned	**55,256**	**69,759**	**-20.8%**
State funded medical insurance products	-	27,910	-100.0%
Private medical insurance products	55,256	41,850	32.0%
Eliminations	**(7,615)**	**(18,776)**	**-59.4%**
Total revenue, *gross*	**242,673**	**198,148**	**22.5%**

Our revenue from government-funded healthcare programs was GEL 145.7 million, up 80.1% y-o-y. The dramatic growth was primarily driven by the UHC and more than offset the anticipated decline in revenues from private medical insurance companies under the previous system, which slid in 2015 to GEL 10.9 million.

Out-of-pocket payments by patients increased to GEL 34.8 million. The UHC places coverage limits on medical treatments, co-payments and has certain exclusions (i.e. charges that are not covered by the UHC). Any charges in excess of the limit and co-payments are covered by patients on an out-of-pocket basis.

As a result, in 2015 our healthcare services revenue was sourced as follows:

- 76% from the government (up from 56% a year ago, when the UHC implementation was in progress prior to full implementation in September 2014)
- 18% was sourced from out-of-pocket payments (down from 22% a year ago) and
- 6% was sourced from private medical insurance companies (down from 22% a year ago).

We expect the share of out-of-pocket payments and revenue from private medical insurance companies to increase over the next few years, as a result of the roll out of our ambulatory expansion strategy, as the larger proportion of elective out-patient services are still financed by patients themselves.

High double-digit growth in our healthcare service revenues was **partially offset by the anticipated decline in medical insurance revenues**. As government spending on healthcare was consolidated under the UHC, the revenue from our medical insurance business decreased to GEL 55.3 million. Medical insurance business revenue from the state declined steadily in 2014 and reduced to zero by the end of 2015. Our private medical insurance, on the other hand, has shown resilience and revenue from private medical insurance products grew by 32.0%, with approximately 234,000 people holding our medical insurance policies as at 31 December 2015. This growth reflected improved pricing and the introduction of differentiated products, as well as more targeted sales efforts and an increase in our sales-force, which has led to an increase in the number of people insured. Within the changed private insurance landscape that resulted from the introduction of the UHC, our medical insurance business has strengthened its market share and now accounts for 38.4% of the total medical insurance sector of Georgia based on net insurance premium revenue as of 30 September 2015, up from 36.0% as of 31 December 2014.

Despite the decline in the relative size of our medical insurance business due to the introduction of the UHC, our medical insurance business plays a crucial role in our business model. Our medical insurance business is an important feeder for our medical services business, and that role will, we believe, be significantly enhanced in the future as we roll-out our ambulatory growth strategy. In 2015, our medical insurance claims expense was GEL 46.1 million, of which GEL 24.1 million (52% of total) was inpatient, GEL 12.2 million (27% of total) was outpatient and GEL 9.8 million (21% of total) was drugs. Only GEL 7.4 million, or 16.1% of total our own medical insurance claims were retained within GHG. The feeder role of our medical insurance business is particularly important for our ambulatory services. In 2015, GEL 3.5 million, or 33.7% of our ambulatory medical insurance claims were retained within GHG. With our recently launched ambulatory clinics and the ambitious ambulatory expansion strategy, the retention rate should improve in the future on a larger base, providing a significant revenue boost. In addition, following expansion of our healthcare services business in referral and specialty hospitals in the capital, where our medical insurance business has the highest concentration of its insured clients, more of our medical insurance customers will be utilising more of our hospitals, our facilities are increasingly favoured by these customers over competitor facilities due to the better quality of service received, access to a one-stop-shop style of service for ambulatory services and ease of claim reimbursement procedures.

Our margins improved as a result of the increasing utilisation and scale of our business, as well as our continued focus on efficiency and the on-going integration of recently acquired healthcare facilities, with a 15.8% increase in total cost of service (COGS) lagging behind 22.5% growth in revenues.

Cost of services and Gross profit

(GEL thousands, unless otherwise noted)	**FY15**	**FY14**	**Change, Y-o-Y**
Cost of healthcare services	**(107,291)**	**(83,298)**	**28.8%**
Cost of salaries and other employee benefits	(68,014)	(53,949)	26.1%
Cost of materials and supplies	(29,097)	(18,139)	60.4%
Cost of medical service providers	(2,423)	(4,517)	-46.3%
Cost of utilities and other	(7,757)	(6,693)	15.9%
Net insurance claims incurred	**(46,076)**	**(61,233)**	**-24.8%**
Eliminations	7,431	18,465	-59.8%
Total cost of services	**(145,936)**	**(126,066)**	**15.8%**
Gross profit	**93,129**	**70,266**	**32.5%**
Gross margin	*38.4%*	*35.5%*	
Cost of healthcare services as % of revenue			
Direct salary rate	34.9%	36.7%	
Materials rate	14.9%	12.3%	

More than half of the growth in COGS in 2015 came from an increase in payroll costs, primarily attributed to recent acquisitions, but growth was also driven organically. Since 31 December 2014, our headcount has increased by 1,659 employees, of which 1,165 were added through acquisitions completed in 2015, and reached 9,709 full-time employees as of 31 December 2015. As at 31 December 2015, we employed 2,705 doctors and 2,738 nurses, up from 2,394 doctors and 2,264 nurses a year ago. The disproportionate increase in the cost of materials and supplies is due to the impact of recent hospital acquisitions. We acquired DEKA and HTMC this year, and Traumatology and Sunstone in the second half of 2014. Both, HTMC and Traumatology have higher levels of cost of materials and supplies versus revenue, compared to our other hospitals, as both are large referral hospitals with varied service mixes.

Management follows the relationship between healthcare services business costs and revenues closely. Our direct salary rate (expense on direct salaries as a percentage of gross revenue) improved to 34.9%, from 36.7% a year ago, reflecting the integration efforts of acquisitions completed in 2014 and 2015. The materials rate (expense on direct materials as a percentage of gross revenue) was 14.9%, up from 12.3% a year ago, reflecting the addition of referral hospitals, which, due to the service mix, have a higher rate of expenditure on materials compared to the average of our hospitals.

The increase in gross profit to GEL 93.1 million in 2015 was supported by the 22.5% growth in revenues, which outpaced the 15.8% growth in cost of services during the period. This drove an increase in gross margin (defined as gross profit divided by revenue) to 38.4%.

Operating expenses and EBITDA

(GEL thousands, unless otherwise noted)	FY15	FY14	Change, Y-o-Y
Operating expenses of healthcare services business	**(30,607)**	**(26,260)**	**16.6%**
Salaries and other employee benefits	(23,075)	(16,055)	43.7%
General and administrative expenses	(7,860)	(6,933)	13.4%
Impairment of healthcare services, insurance premiums and other receivables	(3,140)	(4,209)	-25.4%
Other operating income	3,468	937	270.2%
Operating expenses of medical insurance business	**(6,567)**	**(7,455)**	**-11.9%**
Eliminations	184	311	-40.7%
Total operating expenses	**(36,990)**	**(33,404)**	**10.7%**
EBITDA	**56,139**	**36,862**	**52.3%**
Of which:			
EBITDA of healthcare services business	*53,526*	*35,791*	*49.6%*
EBITDA margin of healthcare service business	*27.4%*	*24.3%*	

As our business grew significantly in 2015, we were particularly focused on realizing synergies from recent acquisitions, which is reflected in operating expenses that were well contained in 2015. Primarily driven by recent acquisitions, operating expenses increased 10.7% y-o-y, with salaries and other employee benefits in our healthcare services business constituting a major driver of this growth, which results primarily from increased headcount and governance costs. Notably, administrative salary rate of our healthcare services business (administrative salary expenses as a percentage of gross revenue) was 11.8%, up from 10.9% a year ago and SG&A rate (selling, general and administrative expenses as a percentage of gross revenue) improved to 4.0%, down from 4.7% in 2014.

With revenue growth outpacing this increase in expenses, our operating leverage was positive at 14.8 percentage points. Strong operating leverage was mainly driven by our healthcare services business which posted a positive operating leverage at 10.3 percentage points y-o-y. This resulted from the realisation of post-acquisition synergies, as well as the increasing benefits of the scale of our business. These improvements more than offset the costs of the new governance structure put in place since the end of 2014 in preparation for the IPO in 2015.

Furthermore, post-acquisition synergies in our healthcare services business are not yet fully reflected in the current financial results, as the integration process for a number of recent acquisitions is still ongoing. We are continuing our work on realizing synergies, mainly administrative inefficiencies in recently acquired hospitals, as benchmarked against our existing healthcare facilities in the areas of procurement, process standardisation and payroll.

The business delivered a significant increase in our EBITDA to GEL 56.1 million in 2015, driven by healthcare services EBITDA, which reached GEL 53.5 million. The EBITDA margin for our healthcare services increased by more than 3 percentage points to 27.4% in 2015 toward our longer-term target of at least 30%. The improvement is mostly a result of removing inefficiencies brought in through the acquisition of new hospitals in 2014 and 2015 as well as the increased scale of the business, more than offsetting the costs of the new governance structure, as mentioned above.

We expect continued improvement in our EBIDTA margin as a result of:

- The ongoing integration of recently acquired healthcare facilities, including the centralisation of some back-office functions
- The increased contribution of ambulatory clinics to our revenues, which have an EBITDA margin of over 30% and currently represent only 3% of our healthcare services revenue (our target is to increase ambulatory clinic revenue contribution to 15% in 2018)
- Recently launched services, and department expansions, described under "Update on operating performance, project and development highlights" below, picking-up and reaching annual run-rates

Depreciation; net-interest income and profit for the period

(GEL thousands, unless otherwise noted)	FY15	FY14	Change, Y-o-Y
Depreciation and amortisation	(12,665)	(7,630)	66.0%
Net interest income (expense)	(20,281)	(12,806)	58.4%
Net gains/(losses) from foreign currencies	2,097	(2,494)	NMF
Net non-recurring income/(expense)	(1,682)	578	NMF
Profit before income tax expense	**23,608**	**14,510**	**62.7%**
Income tax (expense) / benefit	9	(1,246)	NMF
Profit for the period	**23,617**	**13,264**	**78.1%**
Of which:			
Profit from healthcare services business	21,860	12,268	78.2%
Profit from medical insurance business	1,757	996	76.4%
Attributable to:			
- shareholders of the Group	19,651	10,207	92.5%
- non-controlling interests	3,966	3,057	29.7%

The increase in 2015 of depreciation and amortisation costs to GEL 12.7 million was primarily driven by the completion of acquisitions during the past year, but also the completion of large development projects in 2015, which are described below under "Update on operating performance, project and development highlights".

The rise in net interest expense to GEL 20.3 million resulted from the higher level of borrowings throughout the year, which were incurred for financing acquisitions and growth projects, as well as an increase in the reference rate for local currency borrowings – a primary currency for GHG borrowings. In-line with our previously announced intention to deleverage the Group, the majority of the Group's borrowings was repaid in advance at year end 2015/beginning of 2016 from IPO proceeds. Accordingly, net interest expense is expected to decrease significantly in 2016. Borrowings amounted to GEL 152.8 million as at 31 December 2015, a 6.2% reduction compared to GEL 162.9 million a year ago. Following the advanced repayment of our loans from local banks in the beginning of 2016, the borrowings further decreased to GEL 105.6 million as at 31 January 2016, which also includes GEL 35.5 million of U.S. dollar denominated bonds outstanding. Overall, we have repaid a total of GEL 104.4 million. As a result of prepayments, our net debt to EBITDA was zero as of the end of 2015, due to cash and bank deposits exceeded the borrowings. In connection with the advance repayments to local banks, we have secured committed credit-lines in local currency which will be drawn as needed for future capex spending. On the back of this exercise in reducing interest expense, we have freed-up cash flow to finance development capex, which should result in lower leverage levels than we initially anticipated.

The reversal in our net gains from foreign currencies from a loss in 2014 to a GEL 2.1 million gain in 2015 was primarily a result of GHG's efforts during the end of 2014 to decrease foreign currency risk exposure on foreign currency borrowings, compared to previous reporting periods. The company has converted most of its borrowings into local currency and the rest was hedged so the short position was closed.

As a result, our profit for the period rose to GEL 23.6 million, up 78.1% on 2014. **The adjusted profit was GEL 28.0 million**, which reflects currency exchange adjustment relating to the proceeds received from the capital raise and the positive impact of utilising some of the proceeds to reduce the Group's existing indebtedness by GEL 104.4 million to GEL 105.6 million as at 31 January 2016.

SELECTED FINANCIAL INFORMATION

Income Statement, *full year*	**Healthcare services**			**Medical insurance**			**Eliminations**		**Total GHG**		
GEL thousands; unless otherwise noted	**FY15**	**FY14**	**Change, Y-o-Y**	**FY15**	**FY14**	**Change, Y-o-Y**	**FY15**	**FY14**	**FY15**	**FY14**	**Change, Y-o-Y**
Revenue, gross	**195,032**	**147,165**	**32.5%**	**55,256**	**69,759**	**-20.8%**	**(7,615)**	**(18,776)**	**242,673**	**198,148**	**22.5%**
Corrections & rebates	(3,608)	(1,816)	98.7%	-	-	-	-	-	(3,608)	(1,816)	98.7%
Revenue, net	**191,424**	**145,349**	**31.7%**	**55,256**	**69,759**	**-20.8%**	**(7,615)**	**(18,776)**	**239,065**	**196,332**	**21.8%**
Cost of services	**(107,291)**	**(83,298)**	**28.8%**	**(46,076)**	**(61,233)**	**-24.8%**	**7,431**	**18,465**	**(145,936)**	**(126,066)**	**15.8%**
Cost of salaries and other employee benefits	(68,014)	(53,949)	26.1%	-	-		2,685	7,445	(65,329)	(46,504)	40.5%
Cost of materials and supplies	(29,097)	(18,139)	60.4%	-	-		1,149	2,503	(27,948)	(15,636)	78.7%
Cost of medical service providers	(2,423)	(4,517)	-46.3%	-	-		96	623	(2,327)	(3,894)	-40.2%
Cost of utilities and other	(7,757)	(6,693)	15.9%	-	-		306	924	(7,451)	(5,769)	29.2%
Net insurance claims incurred	-	-		(46,076)	(61,233)	-24.8%	3,195	6,970	(42,881)	(54,263)	-21.0%
Gross profit	**84,133**	**62,051**	**35.6%**	**9,180**	**8,526**	**7.7%**	**(184)**	**(311)**	**93,129**	**70,266**	**32.5%**
Salaries and other employee benefits	(23,075)	(16,055)	43.7%	(3,642)	(4,060)	-10.3%	202	311	(26,515)	(19,804)	33.9%
General and administrative expenses	(7,860)	(6,933)	13.4%	(2,660)	(2,516)	5.7%	3	-	(10,517)	(9,449)	11.3%
Impairment of healthcare services, insurance premiums and other receivables	(3,140)	(4,209)	-25.4%	(308)	(925)	-66.7%	-	-	(3,448)	(5,134)	-32.8%
Other operating income	3,468	937	270.2%	43	46	-5.5%	(21)	-	3,490	983	255.0%
EBITDA	**53,526**	**35,791**	**49.6%**	**2,613**	**1,071**	**144.0%**	**-**	**-**	**56,139**	**36,862**	**52.3%**
EBITDA margin	***27.4%***	***24.3%***		***4.7%***	***1.5%***				***23.1%***	***18.6%***	
Depreciation and amortisation	(11,973)	(6,998)	71.1%	(692)	(632)	9.6%	-	-	(12,665)	(7,630)	66.0%
Net interest (expense) / income	(20,352)	(13,138)	54.9%	71	332	-78.7%	-	-	(20,281)	(12,806)	58.4%
Net (losses) / gains from foreign currencies	1,312	(2,820)	NMF	785	326	141.3%	-	-	2,097	(2,494)	NMF
Net non-recurring (expense) / income	(960)	578	NMF	(722)	-	NMF	-	-	(1,682)	578	NMF
Profit before income tax expense	**21,553**	**13,413**	**60.7%**	**2,055**	**1,097**	**87.3%**	**-**	**-**	**23,608**	**14,510**	**62.7%**
Income tax (expense) / benefit	307	(1,145)	NMF	(298)	(101)	195.1%	-	-	9	(1,246)	NMF
Profit for the period	**21,860**	**12,268**	**78.2%**	**1,757**	**996**	**76.4%**	**-**	**-**	**23,617**	**13,264**	**78.1%**
Attributable to:											
- *shareholders of the Company*	17,894	9,211	94.3%	1,757	996	76.4%	-	-	19,651	10,207	92.5%
- *non-controlling interests*	3,966	3,057	29.7%	-	-	-	-	-	3,966	3,057	29.7%

Income Statement, *quarterly*

GEL thousands; unless otherwise noted	Healthcare services					Medical insurance					Eliminations			Total				
	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q	4Q15	4Q14	3Q15	4Q15	4Q14	Change, Y-o-Y	3Q15	Change, Q-o-Q
Revenue, gross	**55,481**	**44,143**	**25.7%**	**51,131**	**8.5%**	**14,532**	**10,588**	**37.3%**	**14,359**	**1.2%**	**(1,293)**	**(467)**	**(2,135)**	**68,720**	**54,264**	**26.6%**	**63,355**	**8.5%**
Corrections & rebates	(1,086)	(643)	68.9%	(680)	59.7%	-	-	-	-	-	-	-	-	(1,086)	(643)	68.9%	(680)	59.7%
Revenue, net	**54,395**	**43,500**	**25.0%**	**50,451**	**7.8%**	**14,532**	**10,588**	**37.3%**	**14,359**	**1.2%**	**(1,293)**	**(467)**	**(2,135)**	**67,634**	**53,621**	**26.1%**	**62,675**	**7.9%**
Cost of services	**(30,007)**	**(23,854)**	**25.8%**	**(28,821)**	**4.1%**	**(12,917)**	**(10,962)**	**17.8%**	**(11,286)**	**14.4%**	**1,306**	**375**	**2,101**	**(41,618)**	**(34,441)**	**20.8%**	**(38,006)**	**9.5%**
Cost of salaries and other employee benefits	(18,256)	(15,529)	17.6%	(18,736)	-2.6%	-	-	-	-	-	449	33	794	(17,807)	(15,496)	14.9%	(17,942)	-0.8%
Cost of materials and supplies	(8,871)	(5,557)	59.6%	(7,503)	18.2%	-	-	-	-	-	240	76	318	(8,631)	(5,481)	57.5%	(7,185)	20.1%
Cost of medical service providers	(593)	(888)	-33.2%	(848)	-30.1%	-	-	-	-	-	13	(205)	37	(580)	(1,093)	-46.9%	(811)	-28.5%
Cost of utilities and other	(2,287)	(1,880)	21.7%	(1,734)	31.9%	-	-	-	-	-	60	-	72	(2,227)	(1,880)	18.5%	(1,662)	34.0%
Net insurance claims incurred	-	-	-	-	-	(12,917)	(10,962)	17.8%	(11,286)	14.4%	544	471	880	(12,373)	(10,491)	17.9%	(10,406)	18.9%
Gross profit	**24,388**	**19,646**	**24.1%**	**21,630**	**12.7%**	**1,615**	**(374)**	**NMF**	**3,073**	**-47.5%**	**13**	**(92)**	**(34)**	**26,016**	**19,180**	**35.6%**	**24,669**	**5.5%**
Salaries and other employee benefits	(6,178)	(4,933)	25.2%	(6,060)	1.9%	(636)	(485)	31.2%	(1,078)	-41.0%	4	92	34	(6,810)	(5,326)	27.9%	(7,104)	-4.1%
General and administrative expenses	(2,219)	(2,147)	3.3%	(1,954)	13.5%	(839)	(660)	27.2%	(558)	50.3%	-	-	2	(3,058)	(2,807)	8.9%	(2,510)	21.8%
Impairment of healthcare services, insurance premiums and other receivables	(460)	(2,888)	-84.1%	(943)	-51.3%	(152)	(573)	-73.4%	(47)	225.5%	-	-	-	(612)	(3,461)	-82.3%	(990)	-38.2%
Other operating income	1,008	(381)	NMF	1,969	-48.8%	(5)	(70)	-92.9%	(3)	97.3%	(17)	-	(2)	986	(451)	NMF	1,964	-49.8%
EBITDA	**16,539**	**9,297**	**77.9%**	**14,642**	**13.0%**	**(17)**	**(2,162)**	**-99.2%**	**1,387**	**NMF**	**-**	**-**	**-**	**16,522**	**7,135**	**131.6%**	**16,029**	**3.1%**
EBITDA margin	***29.8%***	***21.1%***		***28.6%***		***-0.1%***	***-20.4%***		***9.7%***					***24.0%***	***13.1%***		***25.3%***	
Depreciation and amortisation	(4,046)	(1,813)	123.2%	(3,327)	21.6%	(249)	(157)	58.5%	(155)	60.9%	-	-	-	(4,295)	(1,970)	118.0%	(3,482)	23.3%
Net interest (expense) / income	(5,535)	(3,633)	52.4%	(4,733)	16.9%	158	71	121.1%	(53)	NMF	-	-	-	(5,377)	(3,562)	51.0%	(4,786)	12.3%
Net (losses) / gains from foreign currencies	(1,586)	(166)	NMF	(1,982)	-20.0%	(6)	176	NMF	223	NMF	-	-	-	(1,592)	10	NMF	(1,759)	-9.5%
Net non-recurring (expense) / income	484	(791)	NMF	(677)	NMF	(676)	31	NMF	(46)	NMF	-	-	-	(192)	(760)	-74.7%	(723)	-73.4%
Profit before income tax expense	**5,856**	**2,894**	**102.3%**	**3,923**	**49.3%**	**(790)**	**(2,041)**	**-61.3%**	**1,356**	**NMF**	**-**	**-**	**-**	**5,066**	**853**	**493.9%**	**5,279**	**-4.0%**
Income tax (expense) / benefit	(206)	(290)	-28.9%	(195)	6.0%	192	381	-49.7%	164	16.6%	-	-	-	(14)	91	NMF	(31)	-54.8%
Profit for the period	**5,650**	**2,604**	**117.0%**	**3,728**	**51.6%**	**(598)**	**(1,660)**	**-64.0%**	**1,520**	**NMF**	**-**	**-**	**-**	**5,052**	**944**	**435.2%**	**5,248**	**-3.7%**
Attributable to:																		
- shareholders of the Company	4,421	1,767	150.2%	2,453	80.3%	(598)	(1,660)	-64.0%	1,520	NMF	-	-	-	3,823	107	NMF	3,973	-3.8%
- non-controlling interests	1,229	837	46.9%	1,275	-3.6%	-	-	-	-	-	-	-	-	1,229	837	46.8%	1,275	-3.6%

Balance Sheet	**Healthcare services**					**Medical insurance**					**Total**				
GEL thousands; unless otherwise noted	**Dec-15**	**Dec-14**	**Change, Y-o-Y**	**Sep-15**	**Change, Q-o-Q**	**Dec-15**	**Dec-14**	**Change, Y-o-Y**	**Sep-15**	**Change, Q-o-Q**	**Dec-15**	**Dec-14**	**Change, Y-o-Y**	**Sep-15**	**Change, Q-o-Q**
Total assets, of which:	**703,309**	**355,043**	**98.1%**	**557,601**	**26.1%**	**67,372**	**62,910**	**7.1%**	**73,730**	**-8.6%**	**758,280**	**409,277**	**85.3%**	**622,021**	**21.9%**
Cash and bank deposits	139,085	25,586	443.6%	7,550	1742.1%	18,313	21,152	-13.4%	19,421	-5.7%	157,398	46,738	236.8%	26,971	483.6%
Receivables from healthcare services	71,348	46,018	55.0%	67,831	5.2%	-	-	-	-	-	65,863	43,265	52.2%	62,695	5.1%
Insurance premiums receivable	-	-	-	-	-	20,948	18,794	11.5%	29,128	-28.1%	20,663	17,673	16.9%	28,971	-28.7%
Property and equipment	439,131	259,205	69.4%	420,518	4.4%	5,587	3,733	49.7%	3,786	47.6%	444,718	262,938	69.1%	424,304	4.8%
Goodwill and other intangible assets	19,708	6,146	220.7%	16,576	18.9%	6,079	3,977	52.9%	6,012	1.1%	25,787	10,123	154.7%	22,588	14.2%
Other assets	34,037	18,088	88.2%	45,126	-24.6%	16,445	15,254	7.8%	15,383	6.9%	43,851	28,540	53.6%	56,492	-22.4%
Total liabilities, of which:	**247,762**	**200,414**	**23.6%**	**328,465**	**-24.6%**	**47,937**	**45,228**	**6.0%**	**53,636**	**-10.6%**	**283,299**	**236,966**	**19.6%**	**372,791**	**-24.0%**
Borrowings	140,439	151,155	-7.1%	208,785	-32.7%	16,497	16,307	1.2%	18,571	-11.2%	152,762	162,860	-6.2%	223,339	-31.6%
Accounts payable	29,160	8,591	239.4%	27,224	7.1%	1,016	-	NMF	1,010	0.6%	30,176	8,591	251.3%	24,689	22.2%
Insurance contract liabilities	-	-	-	-	-	22,463	20,367	10.3%	27,997	-19.8%	21,351	17,583	21.4%	26,290	-18.8%
Other liabilities	78,163	40,668	92.2%	92,456	-15.5%	7,961	8,554	-6.9%	6,058	31.4%	79,010	47,932	64.8%	98,473	-19.8%
Total shareholders' equity	**455,547**	**154,629**	**194.6%**	**229,136**	**98.8%**	**19,435**	**17,682**	**9.9%**	**20,094**	**-3.3%**	**474,981**	**172,311**	**175.7%**	**249,230**	**90.6%**

Selected ratios and KPIs	FY15	FY14	4Q15	4Q14	3Q15
GHG					
EPS, GEL	0.15	0.36	0.03	0.004	0.03
ROAE	6.9%	9.2%	5.0%	0.3%	8.3%
Adjusted ROAE	11.4%	9.2%	7.8%	0.3%	8.3%
Operating leverage	14.8%	-22.7%	6.6%	10.2%	5.5%
Group rent expenditure	(1,672)	(2,353)	(527)	(736)	(455)
Group capex (maintenance)	(7,214)	(4,190)	(3,767	(927)	(778)
Group capex (growth)	(63,941)	(36,451)	(30,489)	(19,038)	(10,542)
Total number of shares	131,181,820				
Less: Treasury shares	(3,500,000)				
Shares outstanding	128,181,820	28,334,829			
Of which:					
Total free float	42,550,000				
Primary shares issued in IPO	*38,681,820*				
Secondary shares sold to the market	*3,868,180*				
Shares held by BGEO GROUP PLC	85,631,820				
Healthcare services					
EBITDA margin of healthcare services	27.4%	24.3%	29.8%	21.1%	28.6%
Direct salary rate (direct salary as % of revenue)	34.9%	36.7%	32.9%	35.2%	36.6%
Materials rate (direct materials as % of revenue)	14.9%	12.3%	16.0%	12.6%	14.7%
Administrative salary rate (administrative salaries as % of revenue)	11.8%	10.9%	11.1%	11.2%	11.9%
SG&A rate (SG&A expenses as % of revenue)	4.0%	4.7%	4.0%	4.9%	3.8%
Number of hospitals	45	39	45	39	42
Number of beds	2,670	2,140	2,670	2,140	2,670
Average number of referral hospital beds	2,209	1,679	2,209	1,679	2,209
Bed occupancy rate	51.7%	49.1%	51.9%	50.3%	47.0%
Bed occupancy rate, referral hospitals	*59.3%*	*55.4%*	*59.9%*	*57.1%*	53.9%
Bed occupancy rate, community hospitals	*19.3%*	*22.3%*	*18.4%*	*21.5%*	18.9%
Average length of stay (days)	4.6	4.6	4.7	4.7	4.6
Average length of stay (days), referral hospitals	*4.9*	*4.9*	*5.0*	*4.9*	*4.9*
Average length of stay (days), community hospitals	*2.8*	*3.1*	*2.7*	*3.0*	*2.8*
Medical insurance					
Loss ratio	83.4%	87.7%	88.9%	103.5%	78.6%
Expense ratio	13.4%	11.8%	13.8%	14.7%	12.8%
Combined ratio	96.7%	99.5%	102.7%	118.3%	91.4%
Renewal rate	92.0%	91.9%	92.0%	91.6%	91.9%
Number of employees	9,709	8,050			
Number of physicians	2,705	2,394			
Number of nurses	2,738	2,264			
Nurse to doctor ratio	1.01 : 1	0.95 : 1			

Glossary:

- Corrections and rebates are corrections of invoices due to errors or faults by third parties
- Eliminations are intercompany transactions between medical insurance and healthcare services Gross margin – Gross margin equals gross profit divided by gross revenue excluding corrections and rebates
- Materials rate equals cost of materials and supplies divided by gross revenue excluding corrections and rebates
- Direct salary rate equals cost of salaries and other employee benefits divided by gross revenue excluding corrections and rebates
- Admin salary rate equals administrative Salaries and other employee benefits divided by gross revenue excluding corrections and rebates
- Selling, general and administrative expenses rate (SG&A rate) equals General and administrative expenses divided by gross revenue excluding corrections and rebates
- Other operating expenses are operating expenses which are not included in cost of sales and administrative expenses, which primarily include the cost of medicines sold, any losses from the sale of property and equipment, expenses on factoring, write-offs of fixed assets and other
- Operating leverage is calculated as difference between percentage increase in gross profit and percentage increase in total operating costs
- EBITDA is defined as earnings before interest, taxes, depreciation and amortisation and is derived as the Group’s Profit before income tax expense but excluding the following line items: depreciation and amortisation, interest income, interest expense, net losses from foreign currencies and net non-recurring (expense)/income
- EBITDA margin equals EBITDA divided by gross revenue excluding corrections and rebates
- The Group's rent expense comprises of operating lease contracts
- The Group's maintenance capital expenditure are short-term expenditures
- The Group's expansion capital expenditure are longer term by nature and include acquisition of properties with longer useful lives
- Net Debt to EBITDA equals Borrowings less Cash and bank deposits divided by EBITDA
- Return on average total equity (ROAE) equals Profit for the period attributable to shareholders of the Group divided by average equity attributable to shareholders of the Group for the same period
- Adjusted Return on average total equity (Adjusted ROAE) equals Profit for the period attributable to shareholders of the Group divided by average equity attributable to shareholders of the Group for the same period net of IPO proceeds
- Earnings per share (EPS) equals Profit for the period attributable to shareholders of the Group divided by weighted average number of shares outstanding during the same period
- FTE represent full time employees
- Bed occupancy rate is calculated by dividing the number of total inpatient nights by the number of bed days (number of days multiplied by number of beds) available during the year
- Average length of stay is calculated as number of inpatient days divided by number of patients
- Renewal rate is calculated by dividing number of clients who renewed insurance contracts during given period by total number of clients
- Loss ratio is defined as net insurance claims divided by net insurance revenue
- Expense ratio is defined as operating expenses excluding interest expense divided by net insurance revenue
- Combined ratio is the sum of loss ratio and expense ratio

Note:

On 29 April 2015, GHG was incorporated in the United Kingdom and became the holding company for JSC Medical Corporation EVEX ("EVEX") and JSC Insurance Company Imedi L ("Imedi L"). Both Imedi L and EVEX were previously ultimately owned by BGEO Group PLC (formerly Bank of Georgia Holdings plc) ("BGEO") but did not represent a group of entities until GHG's incorporation when BGEO transferred its shares in Imedi L and EVEX to GHG.

These preliminary results comprise the results of GHG consolidated with those of its subsidiaries, including EVEX and Imedi L. Financial information related to pre 29 April 2015 period has been prepared for GHG from the financial statements of the combined entities as if GHG had been established and the transfer of BGEO's shares in EVEX and Imedi L had been completed as at 31 December 2013. No statutory accounts have yet been prepared for GHG and filed with the Registar of Companies. The first set of financial statements for GHG will be for the year ended 31 December 2015 and will be filed with the Registar of Companies in due course.

These preliminary results have been prepared in accordance with the UK Listing Rules, the UK Companies Act 2006 and with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The accounting policies adopted by the Group are consistent with those applied by BGEO in its financial statements for the year ended 31 December 2014

In accordance with the Listing Rules of the UK Listing Authority, these preliminary results have been agreed with the Company's auditors, Ernst & Young LLP, and the Directors have not been made aware of any likely modification to the auditor's report to be included with the Annual Report and Accounts for the year ended 31 December 2015.

COMPANY INFORMATION

Georgia Healthcare Group PLC

Registered Address
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Registered under number 09752452 in England and Wales
Incorporation date: 27 August 2015

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Share price information
GHG shareholders can access both the latest and historical prices via our website, www.GHG.com.ge