



Q1'10 TAX REVENUES DEMONSTRATE SIGNIFICANT Y-O-Y GROWTH

GEL/US\$: 1.752

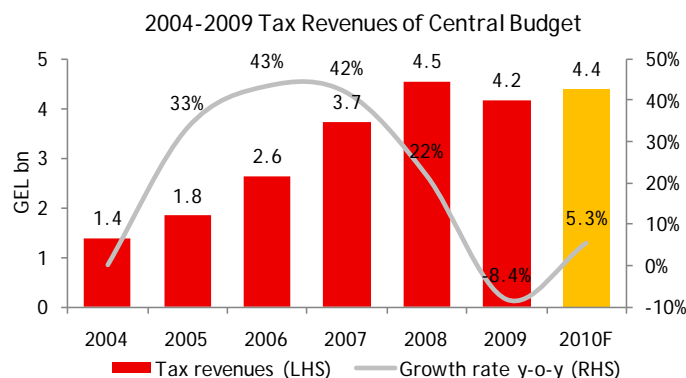
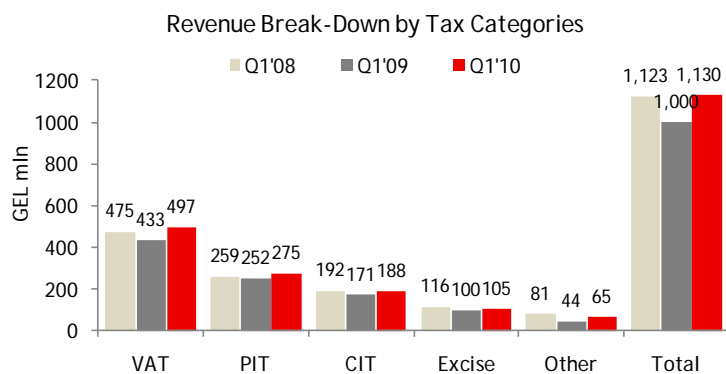
GEL/EUR: 2.3706

The first quarter tax revenue statistics demonstrate significant y-o-y growth as well as slight growth compared to Q1 2008. The trend is expected to continue throughout the year and Government of Georgia forecasts 5.3% y-o-y increase in 2010 tax revenues.

Total state tax revenues in Q1'10 are up 13% y-o-y and even 1% higher than in Q1 2008. VAT contributed 44% of the total, followed by Personal Income Tax (PIT) 24% and Corporate Income Tax (CIT) 17%. All six taxes grew y-o-y in Q1 2010 - VAT is up 15%, PIT - 9%, CIT - 10%, excise tax is up 5%, property and customs taxes are up 48%.

In 2009, tax revenues reached GEL4.2 bn, down 8.4% y-o-y and 11.5% higher than in 2007. Ministry of Finance expects 2010 tax revenues to increase by GEL220.5 mln, up 5.3% y-o-y.

From 2004 to 2009 annual tax revenues have increased by 202%, with 5 year CAGR of 24.7%.



Georgia: Key Economic Data	2004A	2005A	2006A	2007A	2008A
Nominal GDP (GEL mln)	9,824.3	11,620.9	13,789.9	16,993.8	19,074.9
Real GDP Growth (y-o-y; %)	5.9%	9.6%	9.4%	12.3%	2.3%
GDP per Capita (US\$)	1,187.6	1,483.5	1,763.5	2,314.6	2,921.1
CPI (e-o-p; %)	7.5%	6.2%	8.8%	11.0%	5.5%
Net FDI (US\$ mln)	483	542	1,076	2,014.8	1,564.0
Current Account Deficit as % of GDP	-6.6%	-10.7%	-14.9%	-18.9%	-22.3%
GEL/US\$ (e-o-p)	1.83	1.79	1.71	1.59	1.66
GEL/EUR (e-o-p)	2.49	2.12	2.26	2.33	2.34
Galt & Taggart Index (e-o-p)	194	320	790	1,041	197

Source: National Statistics Office of Georgia - GeoStat, Ministry of Economic Development, Ministry of Finance, National Bank of Georgia

Georgia has, as of the date hereof, the following sovereign credit ratings:

Standard & Poor's	Sovereign Credit Rating	'B+/ Stable/B/BB'
FitchRatings	Long Term Issuer Default Rating/Short Term Issuer Default Rating/Country Ceiling	'B+/ Stable /B/BB-'

Contacts:

Aleksandre Kacharava

Expert – Advisory Group on Economic Affairs
+995 32 921156
akacharava@geo.gov.ge

Vakhtang Lejava

Chief Advisor to the Prime Minister
+995 32 921 391
vlejava@geo.gov.ge