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11 June, 2018 | News Making Money | http://www.finchannel.com

Female leaders embrace disruption, trust data and are realistic about future growth: KPMG International

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Who will win next elections: Television or Internet?

See on p. 8 **MERAB PACHULIA,** GORBI

Women-Owned Startups Deliver Twice as Much Per Dollar Invested as Those Founded by Men

The FINANCIAL

BOSTON—According to a new publication by The Boston Consulting Group (BCG) and MassChallenge, a global network of startup accelerators, women-owned companies receive far less in startup financing than companies founded by men. Yet startups founded and cofounded by women actually perform better in terms of the revenue they generate.

An article that describes the research, "Why Women-Owned Startups Are a Better Bet," is being published today.

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CURRENCIES

	June 9	June 1
1 USD	2.4538	▲2.4664
1 EUR	2.8815	▼2.8812
100 RUB	3.9029	▲3.9731
1 TRY	0.5426	▲0.5475

What Worries the World

The FINANCIAL -- The What Worries the World study finds the majority of people in the participating 28 nations feel their country is on the wrong track (58% on average), with Italy (86%), Mexico (85%), Brazil (83%) and Spain (80%) citing the greatest levels of concern.

"What Worries the World" is a monthly online survey of adults aged under 65 in Argentina, Australia, Belgium, Brazil, Canada, Chile, China, France, Britain, Germany, Hungary, India, Israel, Italy, Japan, Malaysia, Mexico, Poland, Peru, Russia, Saudi Arabia, Serbia, South Africa, South Korea, Spain, Sweden, Turkey and the United States.

According to Ipsos, it finds that most people across the 28 countries think that their country is on the wrong track (58% on average). But there are very wide-ranging differing scores across the world.

Continued on p. 16

"Italian June"- a Month of Italy Celebrated in Georgia

The Italian Embassy in Georgia and Italian Trade Agency (ICE) held a press conference to present a new project in Georgia. The initiative named "Italian June" aims to promote the popularization of Italian products (Made in Italy). The project is being implemented jointly by the Ministry of Economy of Italy and the Georgian Airways air company.

"Italian June" will be loaded with exhibitions in which more than 40 importers and more than 100 merchants will participate, and in June customers will be offered different discounts by a variety of Italian brands. The initiative involves different sectors related to local merchants: perfumery, cosmetics, fashion, optics, accessories, furniture, design, and food.

The Italian Ambassador in Georgia, Antonio Enrico Bartoli, opened the press conference and declared the meaning and importance of the days of Italy. The conference was attended by Maurizio Ferri, Director of ICE; Stephano Dacvino, representative of the organization Bologna Welcome; and Antonella Bonolisy, representative of Bologna Airport.

"Italian June, which we are launching, is a great initiative, to highlight our products made in Italy and our culture. We have engaged more than 40 Georgian businesses, importers and distributors, who are running this campaign with us, having discounts and promotions.

Continued on p. 2

Macroeconomic Review for Q1 2018

According to Geostat's rapid estimates of GDP growth, Georgia's economy continues expanding at a moderately high pace, reaching 5.2% in the first quarter of 2018. GDP growth was mainly driven by an enhanced external environment, improved business confidence, credit expansion and fiscal stimulus. Geostat's Q1 growth figure is higher than the National Bank of Georgia's (NBG) 4.8% projection for annual growth in 2018, but falls behind ISET PI's annual GDP growth forecast of 5.7%

The beginning of 2018 saw robust growth in the wider region, which benefits the Georgian economy. According to the official data, economic growth in the first three months of 2018 in Armenia was as high as 10.6% YoY, while Russian and Azerbaijani economies advanced on average by 2% (in January-February of 2018) and 2.3% YoY, respectively. Turkey is expected to reach about 5%-6% YoY growth in Q1. These developments in neighboring countries further stimulate the Georgian economy though trade, remittances and tourism channels.

Continued on p. 10

Across Western Europe, public news media are widely used and trusted sources of news

The FINANCIAL

Public news media play a prominent role in Western Europe. In seven Western European countries surveyed, the top main source for news is a public news organization – such as the BBC in the UK, Sveriges Television/Radio (SVT/Radio) in Sweden or ARD in Germany – rather than a private one. This is in strong contrast with the United States.

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financial news

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ISSUE: **23 (607)**

CURRENT PRICES ON GASOLINE AND DIESEL

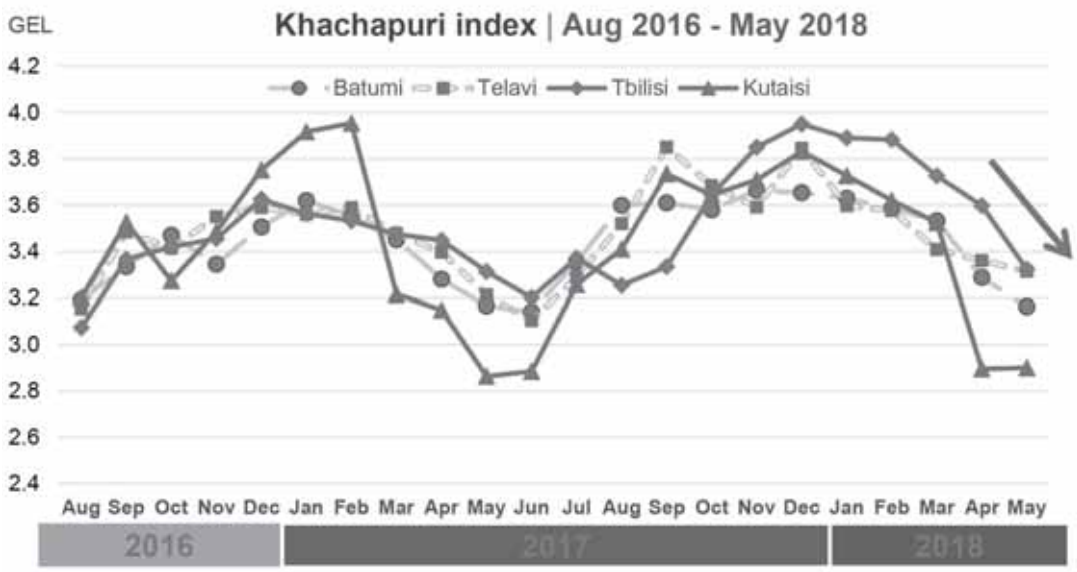
11 JUNE, 2018, GEORGIA

Gulf	Prices in GEL	Wissol	Prices in GEL	ლუკოილი	Prices in GEL	SOCAR	Prices in GEL	ROMPETROL	Prices in GEL
G-Force Super	2.55	**Eko** Super	2.59	Super Ecto 100	2.60	Nano Super	2.58	Efix Euro 98	2.60
G-Force Premium	2.37	**Eko** Premium	2.47	Super Ecto	2.50	Nano Premium	2.45	Efix Euro Premium	2.46
G-Force Euro Regular	2.30	**Eko** Diesel	2.46	Premium Avangard Ecto	2.30	Nano Euro Regular	2.33	Euro Regular	2.38
Euro Regular	2.25	Euro Diesel	2.43	Euro Regular	2.20	Nano Diesel	2.33	Efix Euro Diesel	2.45
G-Force Euro Diesel	2.49	Euro Regular	2.38	Euro Deasel	2.30	Nano Euro Diesel	2.45	Euro Diesel	2.38
Euro Diesel	2.44	Diesel Energy	2.38			GNG	1.45		
CNG	1.46								

LOW PRICES TRANSMITTED FROM KUTAISI

The average cost of cooking one standard Imeretian Khachapuri in May 2018 stood **at 3.17 GEL**, which is 3.4% lower month-on-month (i.e. compared to April 2018). The Khachapuri Index is actually up by 1.1% year-on-year (compared to May 2017), suggesting a slight uptick in annual inflation. The supply of fresh milk is approaching its seasonal peak, and this peak might be earlier than usual this year because of the early spring.

The price of khachapuri has been declining in a continuous manner since January 2018. The cheapest city remains Kutaisi, with an average of 2.90 GEL for one standard Imeretian khachapuri. However, as we predicted in our previous publication, the price decrease in Kutaisi has been transmitted to other cities in Georgia. The largest monthly decrease was observed in Tbilisi, where the Index declined by 7.6% compared to last month. In Telavi, the index went down by 1.4%, and in Batumi, by 3.8%, compared to April 2018.



We assume that prices will go down even further, taking into account an expected increase in fresh milk supply. Furthermore, Lent started on June 5th. Presumably this will push the Khachapuri Index even further down, as the demand on cheese and other milk products is lower during the Lent period.

Macroeconomic Review for Q1 2018

See on p. 4

"Italian June"- a Month of Italy Celebrated in Georgia

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financial news

Quality of customer experience directly linked to revenue growth, finds KPMG International report

The FINANCIAL

Brands that deliver the best customer experiences achieve 54 percent higher revenue growth than brands that are ranked poorly by consumers for their experiences, according to a new report released by KPMG International's Global Customer Center of Excellence. Leading brands are leveraging technology to improve the overall customer experience in a number of ways including: using remote diagnostics and internet-enabled devices to pre-empt customer problems, as well as enabling intelligent interactions harnessing voice commands to simplify customer engagement and complaint resolution.

MAIF in France, Marriott in Mexico, Emirates in the UAE and Navy Federal Credit Union in the US were among the list of brands nominated by consumers as exemplars of customer experience in their national markets.

"Great customer experience significantly fuels growth and underpins strong performance," said Julio Hernandez, Global Head of KPMG's Global Customer Center of Excellence. "Brands that know the most about their customers and use that insight to deliver truly exceptional customer experiences are outperforming those that do not. This isn't just about driving return business. It's also about making smart investments that reduce friction in the customer journey which not only improves the overall customer experience but also reduces costs - a winning combination."

Based on a survey of almost 55,000 consumers across 14 markets, the report identifies which brands consumers ranked highest for customer experience excellence. Brands were ranked across The Six Pillars of Customer Experience Excellence to identify the leaders in each country: Personalization; Integrity; Expectations; Resolution; Time & Effort and Empathy. Approximately the top 5 percent of brands, in each market, broke away from the rest of the index.

Report Highlights

While technology is clearly transforming the customer experience, many organizations continue to struggle to drive value from their investments due to poor internal alignment around customer experience outcomes.

Leading brands are leveraging technology to improve the overall customer experience in a number of ways including: using remote diagnostics and internet-enabled devices to pre-empt customer problems, as well as enabling intelligent interactions harnessing voice commands to simplify customer engagement and complaint resolution.

"Companies are investing significant capital into digital and new technologies so they can deliver a more personalized experience than their competitors. Integrating new technologies into the customer journey is great, particularly if they reduce costs, remove friction and deliver value to the customer. But if the investments aren't focused on executing against targeted customer outcomes, they often come across as impersonal and inauthentic. It's a fine line," notes Tim Knight, Managing Director at KPMG Nunwood.

Hall of Fame Brands

The leading brands in each market were chosen by customers for their performance against The Six Pillars of Customer Experience.

Australia: Singapore Airlines
China: Alipay
Denmark: Topdanmark
France: MAIF
India: Taj Hotels, Resorts and Palaces
Italy: Apple Store
Luxembourg: Ernster
Mexico: Marriott
Netherlands: Lush
New Zealand: Farmlands Co-operative
Norway: KLP
UAE: Emirates
UK: QVC UK
US: Navy Federal Credit Union

"Brands are thinking about how they can move their customers onto the balance sheet," added Hernandez. "Leading brands recognize the power of their customer base and are creating their customer franchise as an asset to be protected, invested in and nurtured. We are seeing investors incorporating customer experience into their valuation approach as a proxy for sustainability. It only makes sense for brands to start regarding their customers as assets, rather than simply as transactions."

Regulatory complexity is the greatest barrier to widespread blockchain adoption,EY poll

The FINANCIAL

Regulatory complexity is having a significant impact on widespread blockchain adoption, according to an EY poll of senior professionals who attended the EY Global Blockchain Summit in New York. Sixty one percent see regulatory complexity as the biggest barrier to widespread adoption, followed by integration with legacy technology (51%) and a lack of general understanding of blockchain's capabilities (49%).

Despite regulatory complexity, respondents cite changes to regulation as the primary driver for the integration of blockchain technology into the broader enterprise ecosystem (37%), followed by adoption of blockchain as a digital currency by top companies (23%) and acceptance of the technology among central banks (18%).

"As blockchain platforms become more mainstream, putting a robust governance model in place will be key. This coupled with establishing best practices for reviewing the integrity of cryptocurrencies and their applications can help build trust in the company's underlying assets, ensuring stakeholder voices are heard and ultimately instilling greater investor confidence. To meet clients' needs, EY recently announced the pilot of the EY Blockchain Analyzer, a suite of blockchain audit technologies that enhances the ability to perform in-depth reviews of cryptocurrency business transactions,"Paul Brody, EY Global Innovation Leader, Blockchain Technology, said.

US to experience greatest surge of blockchain adoption globally

The poll also revealed that the US is expected to see the greatest adoption of blockchain globally within the next two years. Almost one-third of respondents (28%) expect the US to experience the highest surge, far ahead of China which ranked second with 18%. Japan (13%) and the UK (12%) came further behind in third and fourth positions.

Across Western Europe, public news media are widely used and trusted sources of news

The FINANCIAL

Public news media play a prominent role in Western Europe. In seven Western European countries surveyed, the top main source for news is a public news organization – such as the BBC in the UK, Sveriges Television/Radio (SVT/Radio) in Sweden or ARD in Germany – rather than a private one. This is in strong contrast with the United States, where the largest public news outlets, NPR and PBS, rank far lower than many of the country's private news outlets.

In the UK, Sweden and the Netherlands especially, adults are attached to their public broadcasters, according to a Pew Research Center survey conducted across eight Western European nations. About half of British adults (48%) name the BBC as their main source for news, 39% of Swedes name SVT/Radio and 37% of Dutch adults name Nederlandse Publieke Omroep (NPO).

Publicly funded news media also tend to be more trusted than privately funded organizations – both in general and when it comes to specific news outlets. For example, about three-quarters (73%) of Swedes and 71% of British adults say they trust the public media more than private. In Spain and Italy, publics are more divided on the issue.

Beyond general trust, the survey also asked respondents about eight country-specific, individual news sources, including the major publicly funded news organizations in each of the eight countries.

If they had heard of an outlet, they were then asked if they trusted or distrusted it. The data show that at least nine-in-ten in each country are aware of the public news entity or entities. And, the trust levels for each are among the highest for any of the eight outlets asked about in each country. At the higher end, for instance, 90% of Swedes and 89% of Dutch adults say they trust their respective public broadcaster.

Italians (65%) and Spaniards (57%) also trust their public news media more than they distrust them, but to a lesser degree than their European counterparts. In Spain, even though a majority trusts the public broadcaster, Televisión Española (TVE), slightly more people (64%) express trust in the private television outlet Antena 3. For most other countries, trust in the public news entity is higher than for any private outlets asked about.

Populist sympathies in the countries surveyed are a more consistent divider than left-right political identity, when it comes to trust in public news media. This is in line with other findings in the main report on news media attitudes and habits in Western Europe that also reveal sharper divides based on populist views than left-right ideology.

In all eight European countries studied, those who embrace populist views are less likely to trust their public news media than those who do not espouse these views. (Populism is defined in this study as the belief that ordinary people would do a better job solving their country's problems, and that most elected officials are indifferent to "what people like me think.") The trust difference between those who hold populist views and those who do not ranges from a low of 9 percentage points in Denmark to 30 points in Spain.

A left-right ideological divide in trust of public news organizations also shows up in five of the eight countries. In four of these five countries, the differences are about equal to or smaller than those based on populist views, ranging from 8 percentage points in Sweden to 14 points in Italy. Spain is the exception: There, the left-right difference is larger than the divide based on populist leanings – 74% of right-aligned adults in Spain trust TVE compared with 32% of left-aligned adults, a 42-point difference.

SES Reaches 351 Million TV Homes Worldwide

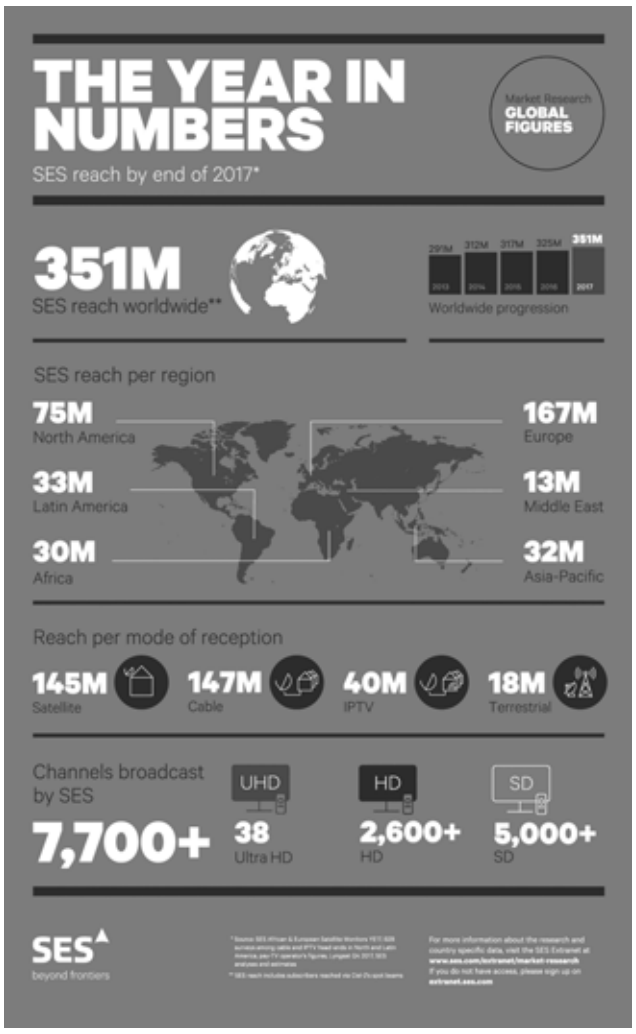
The FINANCIAL

The number of video households served by SES hascontinued to increase, reaching 351 million TV homes in 2017 according to SES's annual market research, Satellite Monitor. This substantial technical reach compared with 325 million households in 2016 means that SES is now delivering video content to more than 1 billion global viewers.

SES's increased technical reach reflects the expansion of the survey with the addition of new countries (Ethiopia, Tanzania, Uganda and Turkey) and the wider reach of Yahlive, namely in the Maghreb countries, together accounting for 17 million more SES TV homes. On a like-for-like basis, the technical reach grew by 9 million SES TV homes, mainly in Nigeria, Ghana and the Middle East.

Out of its 351 million TV homes, SES directly reaches 145 million, and indirectly serves another 147 million cable homes, 40 million IPTV homes, and 18 million terrestrial homes.

The Satellite Monitor shows that Europe continues to be a strong and resilient market where satellite broadcasting is a highly attractive platform for reliable and cost-effective video delivery to large audiences. SES now reaches 167 million TV homes in Europe, up from 156 million in 2016.



This growth is mainly driven by the addition of Turkey and the additional reach

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financial news

Female leaders embrace disruption, trust data and are realistic about future growth: KPMG International

KPMG launches first Global Female Leaders study

The FINANCIAL

Female business executives are well-prepared for the challenges of the digital age, with more than three-quarters (77 percent) seeing technological disruption as more of an opportunity than a threat, KPMG's first Global Female Leaders (GFLs) study shows. Half of GFLs (51 percent) believe their company to be the disruptor of their sector, rather than being disrupted by competitors. This finding, among others, presents a striking contrast to the recently launched KPMG 2018 Global CEO Outlook, where only 15 percent of the respondents were female (reflecting the current under-representation of women in CEO roles). But there are also differences with a majority of GFLs (77 percent) who are very confident about growth potential for their company, down from 90 percent of their largely male counterparts.

"Digital transformation begins with a comprehensive understanding of our clients' current and future needs," said Susan Ferrier, Global Head of People, KPMG International. "The Global Female Leaders interviewed appear strongly positioned to drive growth and profitability for their companies."

77 PERCENT SEE TECHNOLOGICAL DISRUPTION AS MORE OF AN OPPORTUNITY THAN A THREAT.
58 PERCENT HAVE MADE STRATEGIC DECISIONS BASED ON DATA-DRIVEN INSIGHTS -- RATHER THAN OVERLOOKING THE DATA BASED ON INTUITION.
77 PERCENT ARE CONFIDENT ABOUT THE GROWTH POTENTIAL FOR THEIR COMPANY.
BUT ONLY 28 PERCENT SEE THEIR NEXT CAREER STEP WITHIN THEIR EXISTING COMPANY.

Comfortable with digitalization, technology and data

93 percent see the need to improve innovation processes and execution over the next 3 years.

77 percent will increase usage of predictive data models/analytics.

58 percent have made strategic decisions based on data-driven insights -- rather than overlooking the data based on intuition over the last 3 years.

48 percent feel comfortable with new technologies like AI, blockchain, mixed reality and 3-D printing.

Only 21 percent of GFLs think that their board of directors has an unreasonable expectation regarding return on investment related to digital transformation projects. In comparison, 55 percent of respondents to CEO Outlook believe this to be true.

"Digital transformation offers unlimited opportunities for businesses," explains Angelika Huber-Straßer, Head of Corporates at KPMG in Germany. "However, the speed in which decisions have to be made, for example, in response to customer expectations, is constantly increasing. Female leaders possess the skills and the strength to lead their companies through these disruptive and exciting times."

Largely optimistic about growth potential, growth strategies and headcount

73 percent expect top-line revenue growth over 2 percent, while only 17 percent expect less than 2 percent; compared to more than half (55 percent) of their largely male counterparts who do not expect more than 2 percent top-line growth.

As for growth strategies, GFLs have their sights set on organic growth, with 45 percent seeing it as the best growth strategy. In comparison, the CEO Outlook finding is 28 percent for organic growth, second to strategic alliances at 33 percent.

These results are aligned with expectations for headcount growth, with 33 percent of GFLs indicating an increase by 6 percent or more, compared to 37 percent of CEOs.

However, GFLs are more cautious when it comes to the impact of AI on headcount with only 47 percent saying that it will create more jobs than it will eliminate. In comparison, 62 percent of CEOs said the same.

Confident about success factors, quotas and expectations

GFLs are agile and know their strengths; however, they still see the need for cultural changes in order to support gender equality.

Only 28 percent see their next career step within their existing company.

Eight in 10 (83 percent) see enablement programs for women as a good means of bringing more females into leadership positions. This despite the fact that, when asked for their personal success factors, female leadership quotas were cited as being the least relevant (4 percent).

Strong personal networks and good communication skills are the top two most important factors cited for personal success.

Ferrier adds, "Women's voices are essential in bringing a more diverse and inclusive perspective. The Global Female Leaders interviewed understand that leadership in the digital age must embrace diverse workforces to achieve enhanced business performance."

surveys & analysis

MERAB PACHULIA, GORBI

Who will win next elections: Television or Internet?

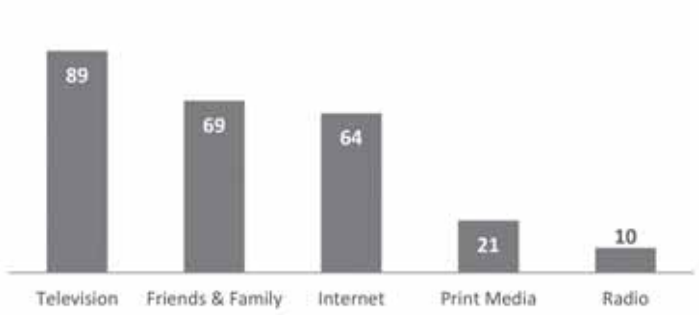
It is said that Franklin D. Roosevelt won the 1932 U.S. presidential election with the help of the radio, John F. Kennedy won the presidency by embracing Television and Barack Obama succeeded by virtue of the Internet. News media, which allows for political socialization, is one of the most potent tools in a politician's hands. As Malcolm X explained: "*The media is the most powerful entity on earth. They have power to make the innocent guilty and make the guilty innocent, and that's the power. They control the minds of masses.*" The question then is: Which kind of media has the capacity to control the "minds of masses" in Georgia? Which media is the most powerful tool in Georgian politicians' hands and finally, who is the audience?

A nationwide study conducted from June-May, 2018 in Georgia found that television is still the most popular medium for receiving news in Georgia, with 89% of those over the age of 18 receiving their news from television. Still, three out of five respondents receive news content from the internet.

Choices of news source vary considerably based on location, education and age.

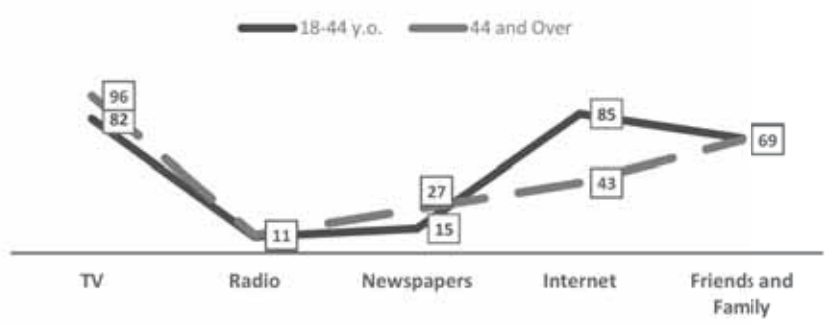
In Georgia, the level of internet access differs markedly depending on whether one lives in an urban and rural area. Overall, 67% of the Georgian population has internet access. However, in rural areas, only 53% of the population has access, and in urban areas -- 79%. It is therefore not surprising that 74% of the urban population relies on internet for their news, while only 52% do in rural areas. In addition, mobile phone penetration in Georgia is now close to universal, with 90% of the population possessing a cell phone. Of these, 58% has access to the internet through their mobile devices.

Graph 1. Which of the following sources do you use at least several times a week to get news and information about what is happening in Georgia? (%)



Source: GORBI, 2018 May, nationwide survey (n=1000)

Graph 2. Which of the following sources do you use at least several times a week to get news and information about what is happening in Georgia? (%)



Source: GORBI, 2018 May, nationwide survey (n=1000

Preference of news sources also varies by education. Only 9% of the Georgian population with less than a secondary education receives news from newspapers or magazines, compared to 32% among those with a university or higher education. In addition, if only 49% of the population with less than a secondary education uses the internet as their source of information, 79% of Georgians with a university or higher education obtain their news from the internet.

Finally, preference of news sources also depends on age. As Graph 2 demonstrates, younger people are twice as likely to source news from the internet than older people. In fact, it is their top source for obtaining news content. This contrasts with older people, who are more likely to get their news from television and newspapers.

Since the internet is an important source for receiving information, especially for youth, it raises the question as to which social media is used most frequently. Overall in Georgia, Facebook is the most widely used social media, used by 86% of those connected to the internet.

Followed is YouTube (70%) and Google (57%). Age is again one of the most important determinants in using social media. Nearly all (95%) of those between the ages of 18 and 44 years use Facebook, while the site is used by 69% of the older population (45+ years).

To summarize, television is a good tool to target the older population. Internet is a good tool to target younger people, urban areas and people with a higher education. Therefore, the internet opens up as a new, alternative platform for politicians to communicate with voters of known demographic characteristics.

Since Television media is quite pricey and not all can afford it, the emergence of internet media is changing the political landscape by bringing more political actors onto the political scene. More and more politicians can now reach out to the electorate while spending less money. As Pew research aptly notes: "In theory, digital technology allows leaders to engage in a new level of "conversation" with voters, transforming campaigning into something more dynamic, more of a dialogue, than it was in the 20th century." This can apply to the Georgian context as well, allowing politicians to get their messages across to a wider audience, especially to younger people, more educated people and people living in urban areas.

However, to win elections, politicians need an in-depth understanding of the electorate and the kind of media they consume. It is obvious that in a few years, the internet will become accessible to nearly everyone. Still, not all those *would be* likely voters will be using the internet, especially those aged 70 years or over, but this segment of society is most important for winning elections, while the internet-addicted youth are rarely casting ballots.

Note: I would like to extend special appreciation to Ani Lortkipanidze who assisted with the analysis and charts featured in this article

GORBI is an exclusive member of the Gallup International research network and has more than two decades of experience in survey research (gorbi.com)

GORBI

Women-Owned Startups Deliver Twice as Much Per Dollar Invested as Those Founded by Men

Research by The Boston Consulting Group and MassChallenge Finds that Women Entrepreneurs Receive Less in Financial Backing Than Their Male Counterparts Yet Generate More Revenue for Every Dollar They Receive

The FINANCIAL

BOSTON—According to a new publication by The Boston Consulting Group (BCG) and MassChallenge, a global network of startup accelerators, women-owned companies receive far less in startup financing than companies founded by men. Yet startups founded and cofounded by women actually perform better in terms of the revenue they generate.

An article that describes the research, "Why Women-Owned Startups Are a Better Bet," is being published today. The researchers analyzed data from 350 alumni companies that had taken part in the MassChallenge program. (MassChallenge provides programming, support, and mentorship for early-stage companies, and its strong programs are designed to support women entrepreneurs.)

The average startup that had been founded or cofounded by women received $935,000, or less than half the $2.12 million that the male-founded companies had received, according to survey.

Despite that funding gap, the women-owned companies had generated more in revenue over a five-year period: $730,000 compared with $662,000.

For every dollar of funding, the women-owned startups had generated 78 cents in revenue, while those founded by men had generated less than half that amount—just 31 cents.

In this sample, if investors had put the same amount of capital into the startups that were founded or cofounded by women as they had into those founded by men, an additional $85 million would have been generated over the five-year period studied.

"It's disappointing but not surprising that women get less in startup capital than men," said Katie Abouzahr, a global research fellow in Women@BCG and a coauthor of the study. "Women-owned companies receive only a small slice of total venture capital funding. But what is surprising is how much more effective women-owned businesses are at turning a dollar of funding into a dollar of revenue: they generate better returns and are ultimately a better bet."

Gender Biases in Pitching and Business Plans

In addition to the quantitative analysis, the authors interviewed compa-

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financial news

Space tourism? Majority of Americans say they wouldn't be interested

The FINANCIAL

It's summertime, which means Americans are embarking on vacation trips to destinations near and far. One getaway in the "far" category would be a trip to space, something a host of private companies are trying to make possible. But it's not an excursion that appeals to everyone – more U.S. adults say they would not want to orbit the Earth than say they would, according to a new Pew Research Center survey.

About four-in-ten Americans (42%) say they would definitely or probably be interested in orbiting the Earth in a spacecraft in the future, while roughly six-in-ten (58%) say they would not be interested.

Once regarded as a topic best suited for science fiction, space tourism is currently under development by private companies such as SpaceX, Blue Origin and Virgin Galactic.

Interest in being a space tourist is higher among younger generations and men. A majority (63%) of Millennials (born 1981 to 1996) say they would definitely or probably be interested in space tourism. Only minorities of Gen Xers (born 1965 to 1980) (39%) and those in the Baby Boomer or older generations (27%) would be interested.

About half of men (51%) say they would be interested in orbiting the Earth in a spacecraft, compared with one-third of women (33%).

Among the 42% of Americans who said they would be interested in traveling into space, the most common reason given (by 45% of those asked) was to "experience something unique." Smaller shares of this group said they would want to be able to view the Earth from space (29%) or "learn more about the world" (20%).

Among the 58% who said they would not want to orbit the Earth aboard a spacecraft, equal shares said the main reason was that such a trip would be either "too expensive" (28% of those asked) or "too scary" (28%) or that their age or health wouldn't allow it (28%).

Men and women and older and younger Americans cited different reasons for why they would not want to travel into space. Millennials and Gen Xers were more likely to say the main reason they would not be interested was that it would be too expensive or too scary. But for Baby Boomers and older generations, the most common reason they would not be interested in orbiting the Earth was that their age or health would not allow it (of those who were asked this question, 45% of those in the Baby Boomer or older generations said this, compared with 6% of Millennials).

Men were more likely than women to say the main reason they would not be interested in orbiting the Earth in a spacecraft was that it would be too expensive (37% vs. 22%), but women were more inclined than men to say they would not want to go because it would be too scary (34% vs. 18%).

Americans were also asked about their expectations for space tourism in the next 50 years. The public is split over whether this will happen, with half saying that people will routinely travel in space as tourists by 2068 and half saying this will not happen. Americans are more skeptical about the possibility of colonies on other planets – an endeavor championed by space entrepreneurs Elon Musk and Jeff Bezos. About one-third of Americans (32%) say people will build colonies on other planets that can be lived in for long periods by 2068.

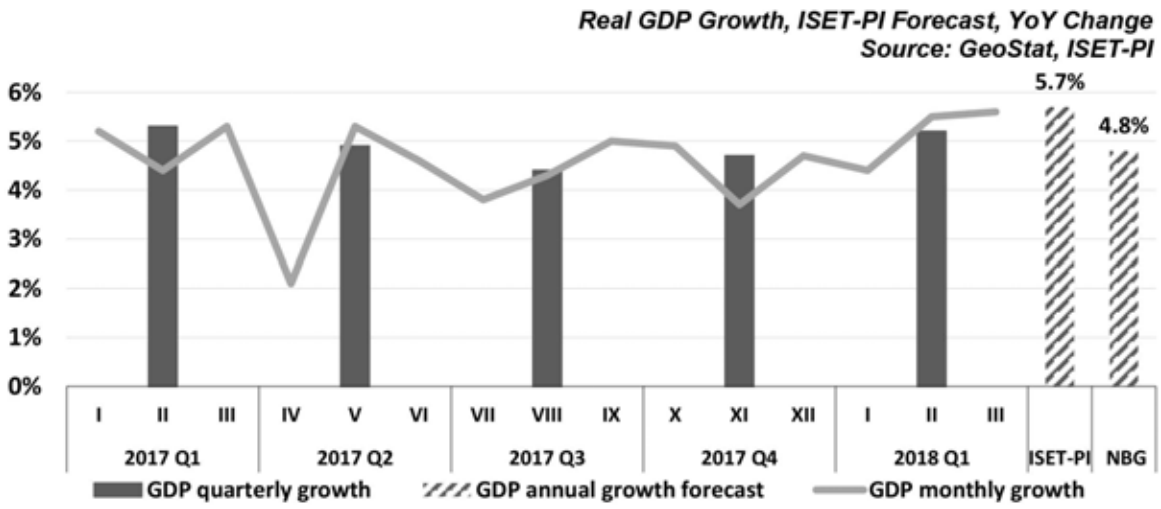
Macroeconomic Review for Q1 2018

Continued from p. 2

Business as Usual: Georgia's Economy Continues to Expand at a Moderately High Rate

According to Geostat's rapid estimates of GDP growth, Georgia's economy continues expanding at a moderately high pace, reaching 5.2% in the first quarter of 2018. GDP growth was mainly driven by an enhanced external environment, improved business confidence, credit expansion and fiscal stimulus. Geostat's Q1 growth figure is higher than the National Bank of Georgia's (NBG) 4.8% projection for annual growth in 2018, but falls behind ISET PI's annual GDP growth forecast of 5.7%

The beginning of 2018 saw robust growth in the wider region, which benefits the Georgian economy. According to the official data, economic growth in the first three months of 2018 in Armenia was as high as 10.6% YoY, while Russian and Azerbaijani economies advanced on average by 2% (in January-February of 2018) and 2.3% YoY, respectively. Turkey is expected to reach about 5%-6% YoY growth in Q1. These developments in neighboring countries further stimulate the Georgian economy though trade, remittances and tourism channels.



External Sector: Trade, Tourism, Remittances

In the first quarter, the external merchandise trade of Georgia increased by 23.3% YoY, driven by both export and import growth. Total exports surged by 28.4% YoY, and amounted to 740.3 million USD. This growth was driven by higher re-exports of cars to Azerbaijan, re-exports of copper and petroleum to Turkey and the EU countries, and increased export of tobacco products (mainly to Azerbaijan). Exports of wine, mineral water and fertilizers also showed high growth in the reported period.

The main destination markets for Georgian export products in Q1 were Russia (13.3% of total), Turkey (12.6%) and Azerbaijan (10.3%). The top ten destination countries for Georgian exports accounted for 71.4% of total exports, underlining the problem of low export diversification.

Imports amounted to 2,083.4 million USD in Q1 2018, a 21.6% annual increase. This figure was mainly driven by the accelerated import of petroleum (+53.3% YoY) and the nearly quadrupled imports of automatic data processing machines (probably being used for crypto currency mining). The main source markets for Georgian imports in Q1 were Turkey (14.9% of total), Russia (10.2%) and Azerbaijan (9.3%). As a result of growing exports, the negative trade balance deepened by 18.1%, compared to the same period of the previous year.

Both tourism and remittance transfers maintained double-digit growth in the first quarter of 2018, and had a significant positive contribution to estimated GDP growth. The number of international visitors increased by 15.5% YoY, while the change in tourist numbers (visitors who spent 24 hours or more in Georgia) was even higher – a 28.2% increase YoY. International tourism receipts reached 561 million USD in Q1, a 29.1% annual increase. According to the NBG, the volume of total remittances to Georgia amounted to 355 million USD in Q1 2018 – a 22.4% annual increase. All primary source countries for money inflows to Georgia showed a positive growth trend, especially Israel (+62% YoY) and Italy (+41.5% YoY).

Credit Growth

Credit activity showed a significant improvement in the first quarter of 2018. Domestic credit

Continued on p. 14

GRASS FACTCHECK

Roman Gotsiridze:

GEORGIAN NATIONAL COMMUNICATIONS COMMISSION (GNCC)

"Salaries in Georgia's regulatory commissions reach GEL 14 000-16 000 and a wage ceiling has not been established."

Valeri KVARATSKHELIA
FactChek

VERDICT:

Roman Gotsiridze's statement is **TRUE**.

RESUME:

There are two regulatory bodies in Georgia: the Georgian National Energy and Water Supply Regulatory Commission (GNERC) and the Georgian National Communications Commission (GNCC).

Of important note is that funds for the expenses of these regulatory bodies are allocated from funds paid directly to the regulatory commissions by private organisations and not from taxes collected in the budget.

Information about the labour remuneration for members of regulatory commissions is given in their annual declarations. In accordance with these documents, the average annual salary for members of the commission (including the chairperson) exceeded GEL 160 000 for the GNERC in 2016-2017 whilst it exceeded GEL 240 000 for the GNCC. Information in the declarations submitted in 2017 (reflecting income received in 2016) indicates that the chairpersons of both the GNERC and the GNCC received an average monthly salary of GEL 13 800 and 20 200, respectively. Of note is that Roman Gotsiridze's figures are accurate only in regard to members (in total, ten members) of the commissions (GNERC and GNCC) and do not apply to staff members.

Following Georgian legislation, no wage ceiling has been established for the aforementioned bodies. These commissions determine the amount of their labour remuneration independently and pay their expenses from their own incomes received from regulation fees. Regulation fees are determined so as to be sufficient for covering the expenses incurred by the regulatory bodies.

ANALYSIS

United National Movement member, Roman Gotsiridze, MP stated: "An ordinary member of a regulatory commission received an annual salary of approximately GEL 240 000 last year which is GEL 19 500 per month. A chairperson of one of the regulatory commissions received GEL 20 000 per month in the same period. There are two regulatory bodies – the salary at the GNERC is approximately GEL 14 000 and the salary at the GNCC is approximately GEL 16 000. However, on top of this, they have bonuses, salary supplements, etc., and we know that the law that we adopted does not cover certain fields which means that no one can forbid a regulatory commission from setting their salaries at GEL 50 000 per month. They are free to do so because no wage ceiling has been imposed."

The establishment of regulatory bodies in a market economy is necessitated by the existence of natural monopolies.[1] As market competition does not apply to natural monopolies, a state acknowledges the need for regulation, stemming from public interest. There are two regulatory bodies in Georgia: the Georgian National Energy and Water Supply Regulatory Commission (GNERC) and the Georgian National Communications Commission (GNCC).

Each commission consists of five members with one of them serving as a commission chairperson. The Parliament of Georgia selects the members of the commissions from among candidates nominated by the President of Georgia after consultations with the Government of Georgia. With the aim of keeping the commissions independent from other state structures, including their financial independence, respective guarantees are envisioned. Specifically, the commissions get funding from their own incomes (funds accumulated from regulation fees imposed upon enterprises subject to regulation) and not from the state budget. Members of the commissions are elected for a six-year term which exceeds the tenures of both the President of Georgia and MPs.

In accordance with the declarations submitted by the members of the commissions, the average annual salary at the GNERC exceeded GEL 160 000 in 2016-2017 whilst the same figure at the GNCC exceeded GEL 240 000. In regard to labour remuneration (salary remuneration without bonuses and supplements), monthly figures for GNCC members and the chairperson amount to GEL 16 338 and GEL 16 537, respectively, whilst the similar figures at the GNERC are within the margins of GEL 11 900 and GEL 12 648, respectively. Of note is that the regulatory commissions independently determine the labour remuneration for each position and a wage ceiling has not been imposed by legislation. The issue of labour remuneration for a person employed in public institutions is governed by the Law of Georgia on Labour Remuneration in the Public Sector. However, Section 4 of Article 1 of the same legislative act decrees that this law does not cover members and staff employees of the national regulatory bodies.

In order to ensure a high degree of independence in regulatory commissions, a decision-maker should naturally be financially compensated which, on the one hand, decreases the risks of corruption. On the other hand, enterprises subject to regulation normally seek to recruit an employee/worker of the regulatory body because this individual possesses a broader spectrum of information (including information about competitors) and comprehensive knowledge about market peculiarities. Taking into account the financial strength of the enterprises which are subject to regulation, labour remuneration in regulatory bodies should be sufficiently high to prevent employee turnover.

At the same time, regulatory bodies do not receive budget funding and cover their expenses from their own incomes. Specifically, they use the funds received from those companies which they regulate. In accordance with the Law of Georgia on National Regulatory Bodies, regulation fees are determined in such a way (with a normative act issued by a regulatory body) as to ensure that they are sufficient for covering expenses envisioned by the national regulatory body's budget. The unused funds of a current year (balance) cannot be transferred to the state budget. These funds are transferred in the next year and are taken into account whilst changing the amount of regulation fees.

Therefore, **FactCheck** distances itself from judgements as to what constitutes an "acceptable" or "unacceptable" level of labour remuneration and limits itself to a data analysis alone.

1 Natural monoplies are commodity market conditions when market demands are more efficiently satisfied in absence of competition in light of the technological characteristics of production (a substantial decrease in the production costs per unit of production as a result of the increased volume of production) whilst commodities produced by natural monopolies cannot be replaced by another commodity. As a result, the demand on production in natural monopolies is less dependent upon a change in commodity price as compared to the demand for other goods.

The 10 best business and leadership books of 2018 by Harvard Business School

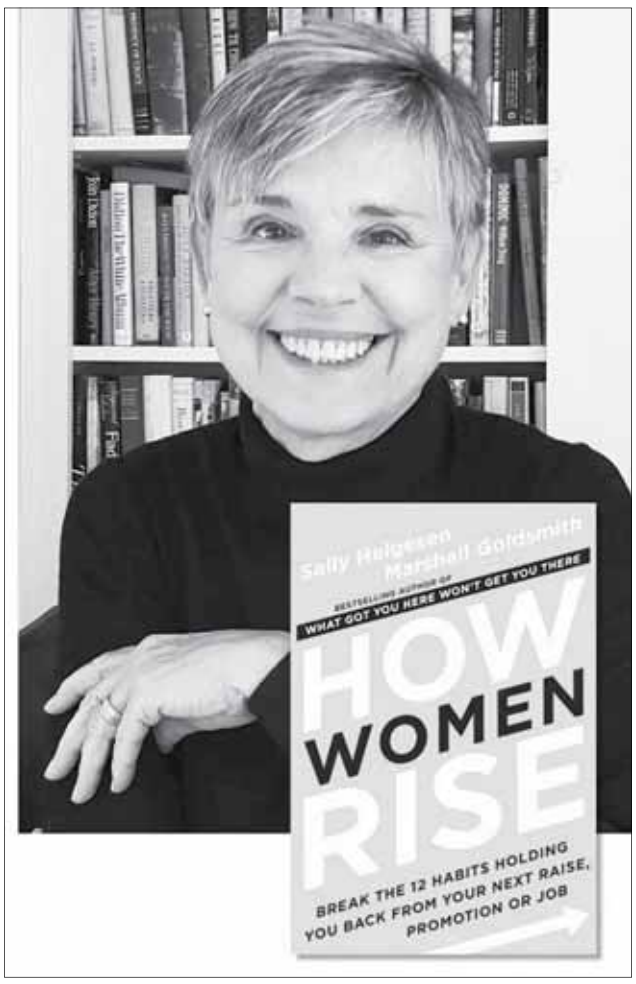
The FINANCIAL -- Thousands of books about business and leadership are published every year, and while people wish they could read them all, they just don't have the time. When you want to ensure that you're about to read useful and enlightening content, Goodreads—the community for sharing what you're currently reading and discovering what you should read next — is a worthy place to start.

We're now halfway through 2018, and these are the new business and leadership books published so far that Goodreads members love. From dissecting business scandals to guiding you through awkward office situations, the 10 books offer interesting, entertaining, and actionable insights about the worlds of business, tech, and leadership.

"The Culture Code: The Secrets of Highly Successful Groups" by Daniel Coyle Code.

"Crushing It!: How Great Entrepreneurs Build Their Business and Influence—and How You Can, Too" by Gary Vaynerchuk

"Bad Blood: Secrets and Lies in a Silicon Valley Startup" by John Carreyrou her lawyers.



"Powerful: Building a Culture of Freedom and Responsibility" by Patty McCord

"Measure What Matters: OKRs: The Simple Idea That Drives 10X Growth" by John Doerr

"The Myth of the Nice Girl: Achieving a Career You Love Without Becoming a Person You Hate" by Fran Hauser

"Ask a Manager: How to Navigate Clueless Colleagues, Lunch-Stealing Bosses, and the Rest of Your Life at Work" by Alison Green have during your career.

"How Women Rise: Break the 12 Habits Holding You Back From Your Next Raise, Promotion or Job" by Sally Helgesen and Marshall Goldsmith

"Lost and Founder: A Painfully Honest Field Guide to the Startup World" by Rand Fishkin

"Rebel Talent: Why It Pays to Break the Rules at Work and in Life" by Francesca Gino

"Italian June"- a Month of Italy Celebrated in Georgia

Continued from p. 2

ganization Bologna Welcome; and Antonella Bonolisy, representative of Bologna Airport.

"Italian June, which we are launching, is a great initiative, to highlight our products made in Italy and our culture. We have engaged more than 40 Georgian businesses, importers and distributors, who are running this campaign with us, having discounts and promotions. We are celebrating our national days with great cultural events, exhibitions and a fashion show, (organized with the Federmoda association composed of 25,000 Italian companies in the fashion industry). We are also highlighting the Bologna-Tbilisi flight connection. We believe that these direct flights are easing our relations between people.

"Italian goods are synonymous with good quality, creativity, beauty and trust, a mix of traditions and innovations and the main component of Italian lifestyle (Vivere ALL'Italiana). Yes, we are preparing and selling clothes, machines and furniture, but our main desire is to share our experience with the world so that others can familiarise themselves with the Italian lifestyle," said Antonio Bartoni, Ambassador of Italy in Georgia.

The press conference also emphasized the possibilities of the Tbilisi-Bologna direct flight by Georgian Airways. Through the new direct flight, visiting Bologna has become more accessible and easy for Georgian tourists. The Georgian Airways flight to Bologna is currently the only direct passage connecting the Georgian capital to Italy.

"Georgian Airways operates direct flights to Bologna twice per week. This is very important for the development of Georgian and Italian relations. Every step taken for developing relations between the two countries is very important. We will create as many flexible products as possible due to tariff rates policy, as well as in terms of passenger and freight transportation policies, to enable Georgian tour operators to create their own products via direct flights and to make Georgia even more attractive to Italians," said Tamuna Tandashvili, Business Development Manager at Georgian Airways.

The website www.italiurivnisi.ge has been launched specially for the campaign "Italian June" where the list of participant companies, their promotions and discounts are listed and described. Details of all the events planned within the initiative can be found on the Facebook page "MadeInITALYinGeorgia".

Domestic red tape worries entrepreneurs more than EU bureaucracy – PwC survey

Talent shortages costing European private businesses €324 billion each year

The FINANCIAL

Private businesses across Europe see regulation and bureaucracy in their domestic economies as more of a threat to the development of their companies than regulation and bureaucracy coming from the European Union (EU). In a PwC survey of 2,450 companies across 31 European countries, 39% said domestic red tape was a concern, compared with about 29% citing EU red tape as a problem.

In Italy, where anti-establishment, eurosceptic parties have very recently scored electoral success, as many as 49% of respondents felt domestic bureaucracy was a problem, compared with 20% singling out EU red tape.

"The most striking finding from our survey is that while it is often perceived that regulatory and bureaucratic intervention by EU authorities is stifling business initiative and ensnaring companies in red tape, most private businesses don't feel that way. Indeed, they tend to feel the opposite: that regulation and bureaucracy in their domestic economies is more of a threat to the development of their companies than any red tape from the EU", Mark Smith, EMEA clients and markets leader at PwC, said.

"We see this as a wake-up call for many national governments. They need to do much more to gain the confidence of private businesses in their jurisdictions, starting with tackling red tape and also the cost of regulatory compliance."

European private businesses also see their biggest challenge as a skills shortage that is preventing them for hiring the right talent for growth. The PwC survey shines a private business spotlight on a wider, ongoing issue across the EU. PwC estimates that the skills shortage is costing the region's private businesses €324 billion annually in lost revenues. That's approximately equivalent to the combined annual GDP of Portugal, Hungary and Croatia.

"The skills shortage in Europe is a structural issue and the employment market is tightening at a time when private businesses want to invest more and recruit more qualified staff to grow their businesses. The availability of qualified staff is dependent on factors such as free movement of labour and educational systems that provide graduates with the right qualifications. A dialogue between educational authorities, employers and employees is key to aligning the demands of private and other businesses with the expectations of society and qualifications of graduates", Mark Smith, EMEA client & markets leader at PwC, said.

"This will only become more urgent as demand for skilled employees rises and as private businesses invest more in skills-intensive digital technologies to make them more competitive."

Nonetheless, private businesses are more optimistic than they have been for some time. They are particularly confident they can grow their companies in their domestic markets by focusing on their customers and embracing digital technologies. Mid-sized companies (defined as those with annual revenues of €50 million to €100 million) are the most positive of those PwC surveyed.

That said, digitalisation was mentioned as a priority by only 31% of private businesses in Europe. This implies that many private businesses still underestimate what a digital future means for their companies and underestimate its potential, as well as the disruptive forces it is unleashing.

SES Reaches 351 Million TV Homes Worldwide

Continued from p. 5

of Yahlive in the Maghreb countries, which together represent an increase of 10 million TV homes. Technical reach across the core markets in Europe was stable.

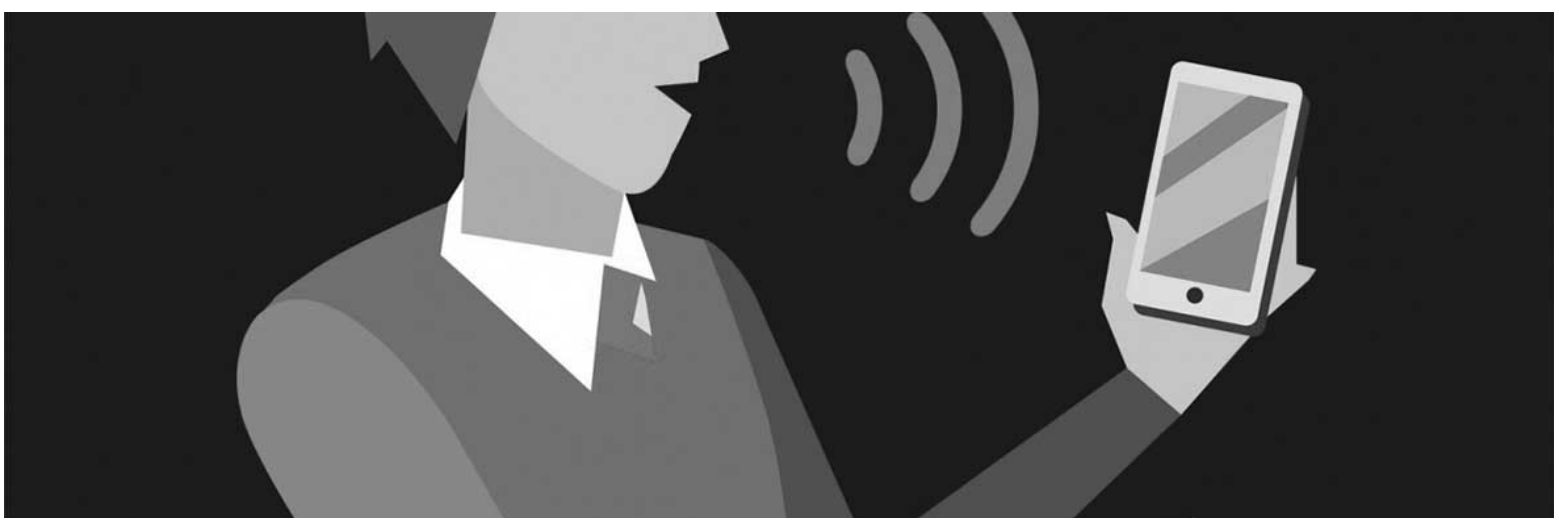
The study also shows the key role of SES to deliver HD content: today, SES delivers HD content to 107 million homes, which represents two thirds of all European TV homesenjoying HD. As the leading HD platform, SES carries 2,602 HD channels worldwide, out of 7,709 channels in total. In Europe, SES delivers 2,670 TV channels, including 798 in HD.

In Africa, SES now reaches 30 million homes. In West Africa, SES has seen a strong growth with an increase from 3 millionhomes to 11 million in Nigeria, and from 2 million to 4 millionin Ghana. Ethiopia, Uganda and Tanzania – which are being included in the Satellite Monitor for the first year – account for 7 million homes. Through Yahlive, a joint venture between SES and Yahsat, SES serves 13 million homes in the Middle East and South West Asia, up from 11 million TV homes in 2016. For the rest of the world, SES reaches 32 million homes in Asia-Pacific, 75 million homes in North America, and 33million in Latin America.

"The Satellite Monitor shows that our strategy to invest in growth markets is successful and results in a significantly larger geographical reach," said Ferdinand Kayser, CEO of SES Video. "We continue to leverage our growing, unique technical reach worldwide to help our customers build their businesses and expand their audiences. In Africa, our infrastructure will continue to play a key role in the digital switchover, while in developed countries, namely Europe, our satellites remain the leading platform to deliver HD and drive Ultra HD to millions of households. We are also stronglysupporting the development and roll-out of HD and Ultra HD in the Americas and Asia Pacific."

Conversational Commerce primed to be the next digital frontier, says Mastercard study

The FINANCIAL



Mastercard today reveals the insights from its research into the opportunities and challenges of Conversational Commerce. In its report – Is anybody there? Giving Conversational Commerce a voice, Mastercard reveals that consumers value convenience above all else and meeting their expectations is key to driving mass adoption of Conversational Commerce.

Continued on p. 17

financial news

ISET ECONOMIC INDICATORS

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MACROECONOMIC REVIEW

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Macroeconomic Review for Q1 2018

Continued from p. 10

to the private sector grew by 19.9% YoY (25.5% after excluding the exchange rate effect). The growth of the loan portfolio was primarily driven by a significant increase in national currency loans (+41.7% YoY), which accounted for 19.2 percentage points (pp) of growth in total domestic credit to the private sector. The stock of loans granted in foreign currency saw relatively moderate growth at 1.4%. The fact that domestic currency loans increased significantly faster than foreign currency loans can be explained by the introduction of new regulations which prohibit issuing loans up to 100,000 GEL in foreign currencies. Not surprisingly, dollarization rates of loans fell by 5 pp YoY to 55%. However, it is worth mentioning, that total non-bank deposits also became less dollarized and reached 62.9%. The latter could be explained by the stabilization of lari nominal interest rate against the dollar, which boosted public trust in the national currency.

Rapidly growing credit to the private sector positively contributes to short-term growth by stimulating private consumption. The worry is that in Georgia's case domestic credit growth significantly exceeds the rate of GDP growth, and borrowed money is quite often spent on purchasing imported goods and services. This might have negative consequences in the long-run by further increasing household indebtedness. To help prevent potential lending disruptions, NBG introduced additional buffers for systemically important banks. Moreover, a capital buffer was introduced to limit excessive credit growth, which leads to the build-up of systemic risks. Starting on May 7th, NBG introduced a new regulation according to which commercial banks cannot grant retail loans without full analysis of customer solvency. In particular, the total amount of such loans shall not exceed 25% of the bank's supervisory capital.

The banking sector remained sound in Q1 2018. Profitability of commercial banks stayed high, with a return on equity (ROE) and return on assets (ROA) at 22.6% (5 pp lower YoY) and 3% (0.8 pp lower YoY), respectively. In addition, the non-performing loans (NPL) indicator was reduced by 1.3 pp YoY, to 2.4 % of the total loan portfolio.

Government Budget

Despite a significantly increased net acquisition of non-financial assets, the consolidated government budget was in surplus in Q1 2018. Tax collection increased by 3.1% YoY, reflecting positive economic development. VAT mobilization (+10.8% YoY) was the main driver of growth, while revenues from excise and profit taxes declined by 9.1% and 7.8% YoY, respectively. Excise tax collection dropped due to low revenues from tobacco products (by 50 million GEL YoY), which could be explained by lower tobacco consumption, substitution of filtered cigarettes by non-filtered ones (which carry lower excise tax rates), and/or possibly an increased volume of contraband. Considering the strong performance of the economy, lower profit tax revenues could suggest that the Corporate Income Tax (CIT) reform gave businesses the incentive to reinvest their profits. As for the expenditure side, current spending was flat in the reporting quarter. A decrease in compensation to employers and other payment categories was balanced by higher spending on purchases of goods/services and interest payments. In addition, the Georgian Government started to accelerate capital spending from the beginning of this year – net acquisition of non-financial assets more than doubled in Q1 2018.

Inflation and Monetary Policy

The inflation rate continued to fluctuate around the targeted level as the exchange rate stabilized. In nominal terms, the lari appreciated for five consecutive months against the US dollar. However, nominal and real effective exchange rates depreciated slightly by 0.6% and 1.8% YoY, respectively. Overall, annual inflation in Q1 2018 was 3.3% - in line with the 3% NBG target. The annual inflation rate was mainly influenced by price changes in food and non-alcoholic beverages (+4% YoY), alcoholic beverages and tobacco (+8.3%), and transport (+3.7%).

The Monetary Policy Committee of NBG met three times this year. Each time, the NBG decided to maintain a moderately tight monetary policy rate of 7.25%. This decision was explained by the fact that "the nominal effective exchange rate still pushes inflation upwards". On other hand, despite higher-than-expected economic growth, the aggregate demand is still remains below its potential level, pulling inflation downwards. Yet, at this moment, the external sector factors are dominant.

Women-Owned Startups Deliver Twice as Much Per Dollar Invested as Those Founded by Men

Continued from p. 8

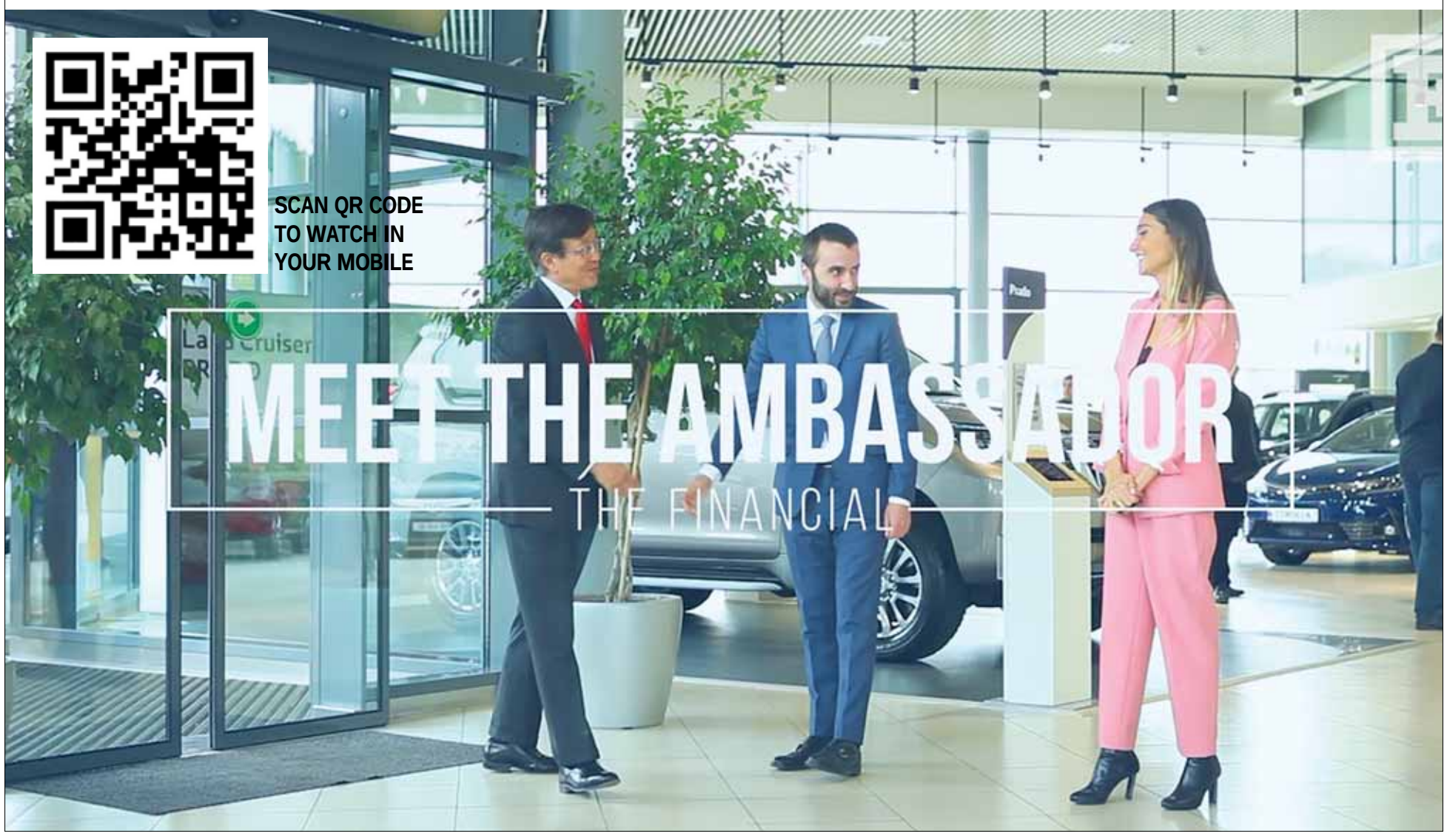
ny founders, mentors, and investors to identify underlying causes of the investment gap. That research revealed that women business founders are subject to more pushback during pitch presentations than men, particularly on technical aspects of their ventures. Women are more likely to make realistic or even conservative assumptions in their business plans than men, who tend to make bold projections.

"That bolder approach can get rewarded because of the mindset of some VC investors to 'swing for the fences,'" said Matt Krentz, a BCG senior partner and another coauthor of the publication. "Firms make the majority of their returns from a small number of highly successful deals. So they're predisposed to look for big, bold numbers in business plans."

The article includes recommendations for actions that three stakeholder groups can take to close the investment gap, "As our study and other recent findings show, the industry needs to change: investors need to make their funding decisions more objectively, and accelerators need to support women-founded startups with better mentorship and resources while advocating for longer-term change across their networks," said John Harthorne, founder and CEO of MassChallenge and another coauthor of the study. "We hope that women founders can use these findings to operate more effectively in the short term within this flawed environment, while we work together to address these systemic issues."

The investment gap is real, and it will take deliberate action by all groups to help close it. The measures recommended in this report represent an important starting point—one that is long overdue.

MR. TADAHARU UEHARA, AMBASSADOR OF JAPAN TO GEORGIA TALKED TO THE FINANCIAL AT TOYOTA CENTER TEGETA ABOUT GEORGIA, JAPAN TECHNOLOGIES AND POTENTIALS FOR FUTURE COOPERATION. IN SECOND PART OF THE VIDEO, IRAKLI PAPIASHVILI, DIRECTOR OF TOYOTA CENTER TEGETA EXPLAINED POPULARITY OF JAPAN BRAND TOYOTA AND INTRODUCED NEW CAR BY TOYOTA.

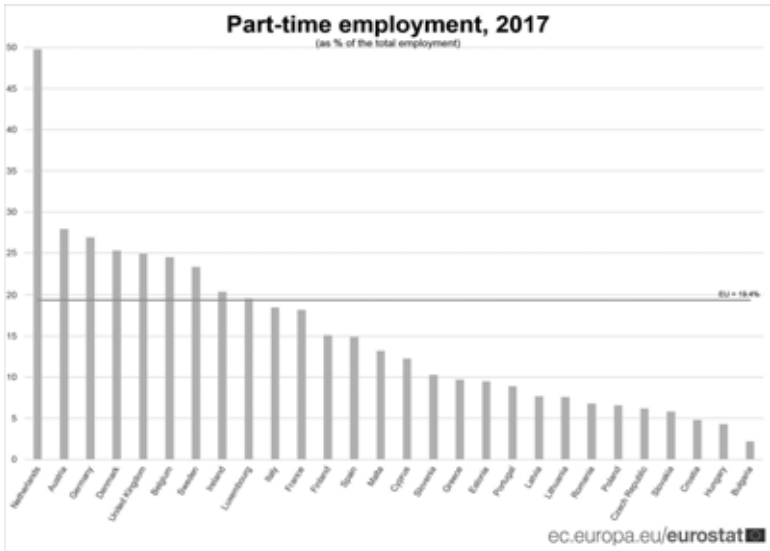


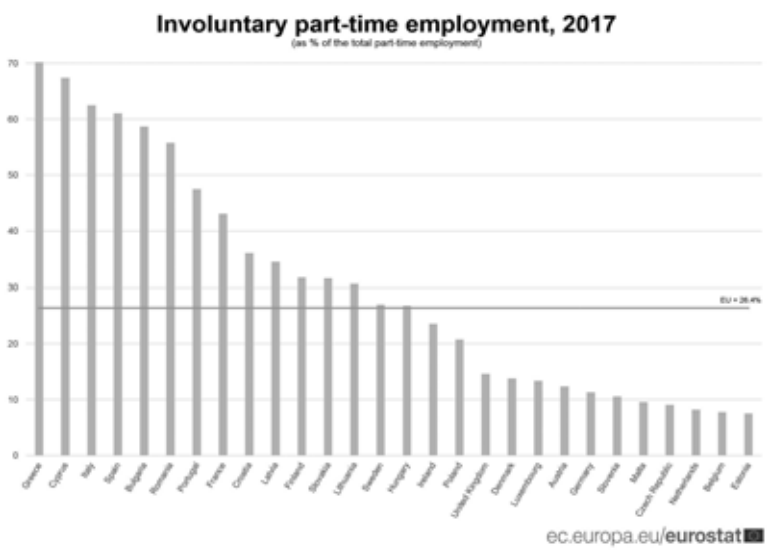
How common - and how voluntary - is part-time employment?

The FINANCIAL

43 million persons aged 15 to 64 in the European Union (EU) worked part-time in 2017. This represents one in five (19.4%) persons having a job in the EU. Part-time employment as a percentage of total employment has fluctuated between 15.6% and 19.6% over the last 15 years in the EU.

In 2017, this proportion was still much higher for women (31.7%) than for men (8.8%). It was also slightly higher in the euro area (21.6%) than in the EU (19.4%).





Highest share of part-time employment in the Netherlands; lowest in Bulgaria

Across the EU Member States, part-time employment was by far the most common in the Netherlands, with half (49.8%) of all employed persons aged 15 to 64 working part-time in 2017. After the Netherlands, about one in four employed persons worked part-time in Austria (27.9%), Germany (26.9%), Denmark (25.3%), the United Kingdom (24.9), Belgium (24.5%) and Sweden (23.3%).

At the opposite end of the scale, part-time employment accounted for less than 5% of all employment in Bulgaria (2.2%), Hungary (4.3%) and Croatia (4.8%). Low shares were also recorded in Slovakia (5.8%), the Czech Republic (6.2%), Poland (6.6%), Romania (6.8%), Lithuania (7.6%) and Latvia (7.7%).

Involuntary part-time work highest in southern Member States

Among those persons in the EU employed part-time in 2017, over a quarter (26.4%) did not actively choose this working pattern.

The highest shares of involuntary part-time work across the EU were recorded in Greece (70.2% of persons employed part-time) and Cyprus (67.4%), followed by Italy (62.5%), Spain (61.1%), Bulgaria (58.7%), Romania (55.8%), Portugal (47.5%) and France (43.1%).

In contrast, involuntary part time represented less than 10% of total part-time employment in Estonia (7.5%), Belgium (7.8%), the Netherlands (8.2%), the Czech Republic (9.1%) and Malta (9.6%).

European private firms face €324bn annual bill as skills shortages bite

The FINANCIAL

EU private businesses struggle to find the right skills - potentially costing €324bn per annum Skills shortages potentially cost UK private businesses £34bn (€39bn) every year Businesses say their national government's bureaucracy is worse than EU red tape UK companies most confident of a positive outcome to Brexit Over 60% of private businesses in Europe can't recruit the skills they need, with more than half (54%) saying a skills shortage has a direct impact on financial performance, costing a potential €324bn annually, according to a new survey from PwC.

In the UK, more than half of private businesses (52%) say the inability to recruit suitably skilled and qualified employees has a direct impact on turnover, equating to approximately £34bn (€39.3bn) in lost revenues annually.

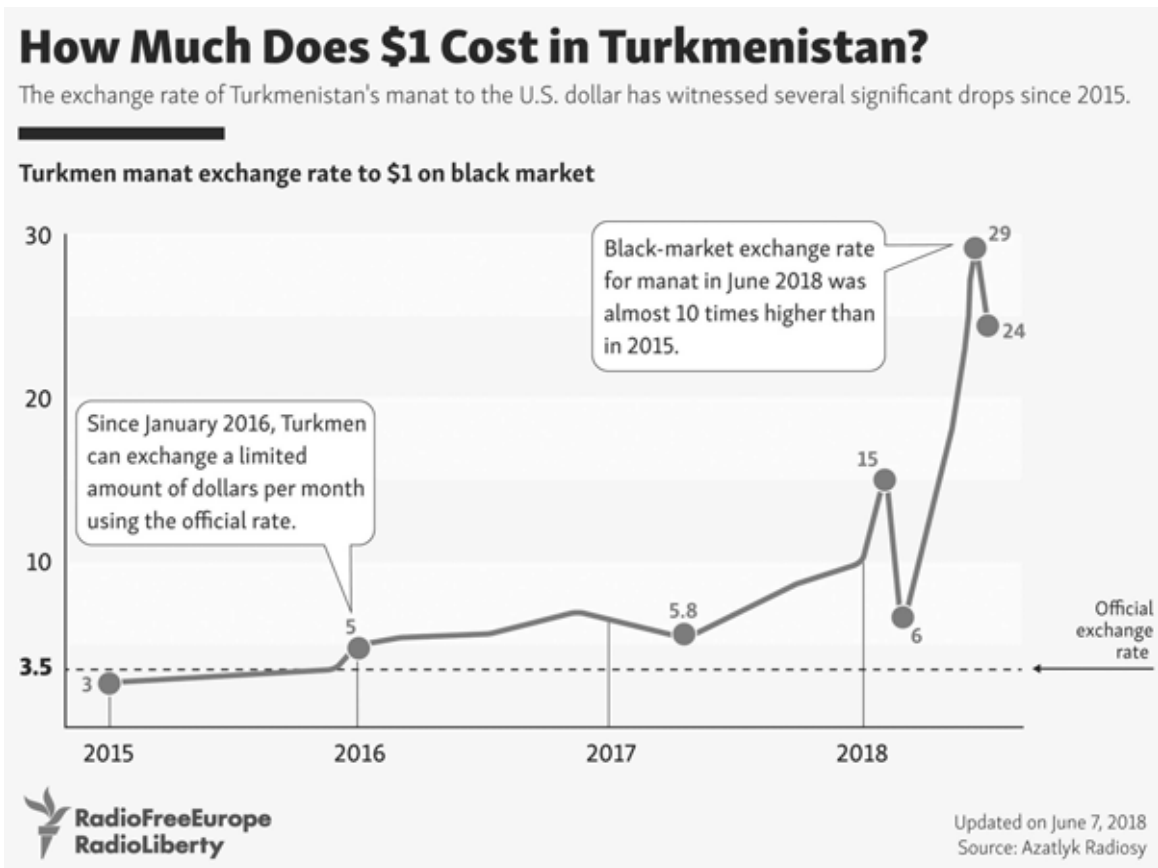
For its European Private Business Survey, PwC surveyed 2,450 companies across 31 European countries, asking private businesses about a range of issues, including skills shortages, the impact of bureaucracy, Brexit and future growth prospects.

Commenting on the headline findings Suzi Woolfson, PwC UK private business market leader, said:

"Private businesses need to invest in equipping current and future employees with skills that keep pace with technological change. Collaborating with governments, schools and universities will be crucial to help identify the skills private businesses will need tomorrow.

"Responsive, flexible and nimble education systems will help provide school leavers and graduates with knowledge and expertise that is relevant to the future world of work. Employers also need to take responsibility for enabling lifelong learning and reskilling existing staff.

"If private businesses want to attract and retain talent in a post-Brexit world they'll also need to think about the appeal of their working environments. Modernising their approach and concentrating on their culture and values as well as just revenues will be key."



Bureaucracy and Brexit

PwC's survey also reveals private businesses across Europe see regulation and bureaucracy in their domestic economies as a greater threat than regulation and bureaucracy from the European Union (EU).

Across the 31 European countries, 39% said domestic red tape was a concern, compared with 29% citing EU red-tape as a problem. In Italy, where eurosceptic parties have recently scored electoral success, 49% of respondents feared domestic bureaucracy, compared with 20% singling out the EU as overly bureaucratic.

In the UK, 35% said Westminster delivered more red tape than Brussels, but in Greece, a staggering 71% of businesses said the Greek government created more bureaucracy than the EU (24%).

The report says the survey is a wake-up call for national governments across Europe. They need to do more to gain the confidence of their private business constituencies, starting with ensuring they deliver the minimum of additional bureaucracy and regulatory compliance.

UK companies are the most upbeat about the potential outcome of Brexit, with 23% expecting the outcome to be positive, well ahead of the next most-positive nations of Turkey and Romania (15%) and Portugal (10%).

Almost seven in ten (68%) private businesses remain broadly neutral about the impact of Brexit on their business. Just over a quarter said Brexit would be bad for their business prospects. In the UK almost half of the private business interviewed (46%) said Brexit would have a neutral impact.

Businesses in Finland (75%), Sweden (59%), Cyprus (46%) and Ireland (41%) showed the greatest concerns to the negative impact of Brexit on their activities.

Paul Terrington, PwC head of regions and UK private business leader, says private businesses believe their national governments are choking growth with red tape:

"There is a widely-held perception that national governments are more prone to introducing regulation and red tape than the EU and that they aren't doing enough to promote the interests of small private businesses.

"Every political decision has potential economic consequences and the smaller the organisation the greater the potential for regulation to add to the cost of doing business. The private business sector needs to become more vocal in articulating its interests and making governments aware of the the constraints domestic legislation can place on growth."

Cyber fears fail

Less than a quarter (22%) of UK private businesses see cyber threats as the greatest risk to their business. This is in stark contrast to the findings of the 2018 Global CEO Survey, where cyber threats remain a top business concern for 87% of UK CEOs.

Despite the surprisingly low UK figure, it is still higher than the European average for private businesses, with less than a fifth (19%) ranking cyber threats as the biggest threat to their growth.

Future growth

The European Private Business Survey found private businesses are more optimistic than they have been for some time. They are particularly confident they can grow their companies in their domestic markets by focusing on their customers and embracing digital technologies. Around 69% of UK companies are confident of future growth, ahead of the 31-country average of 65%, but trailing Ireland (74%), with private companies in Finland (855) and the Netherlands (82%) the most confident of all respondents.amxe

financial news

What Worries the World

The FINANCIAL -- The What Worries the World study finds the majority of people in the participating 28 nations feel their country is on the wrong track (58% on average), with Italy (86%), Mexico (85%), Brazil (83%) and Spain (80%) citing the greatest levels of concern.

"What Worries the World" is a monthly online survey of adults aged under 65 in Argentina, Australia, Belgium, Brazil, Canada, Chile, China, France, Britain, Germany, Hungary, India, Israel, Italy, Japan, Malaysia, Mexico, Poland, Peru, Russia, Saudi Arabia, Serbia, South Africa, South Korea, Spain, Sweden, Turkey and the United States.

According to Ipsos, it finds that most people across the 28 countries think that their country is on the wrong track (58% on average). But there are very wide-ranging differing scores across the world:

Right Track

Once again, China (92%) is the nation which inspires the most confidence about the direction it is taking. Saudi Arabia (76%) also remains in second place with South Korea (74%) in third-place position ahead of India (60%).

Poland has an increase in positivity this month, where optimism in the country's direction rose 11-percentage points to 44%, the highest score in the country since October 2017 when the figure was 45%. South Korea follows with a score of 74% a 9-percentage-point upturn from the previous month.

This surge is a 34-percentage-point increase from the same period last year (40%) and a 62-percentage-point overturn from January 2017 for South Korea.

Optimism in Britain (38%) has risen by 3 percentage points since the April, with 38% now saying the country is heading in the right direction — the highest figure recorded in precisely a year, according to Ipsos.

Wrong Track

At the other end of the spectrum Italian, Mexican, Brazilian and Spanish citizens have the greatest apprehensions about the direction taken by their country. Just 14% of Italians think their country is going in the right direction, followed by 15% in Mexico and 17% in Brazil and 10% in Spain.

In Argentina, we can see some effects of the financial concerns the nation is currently facing. The nation has financed a deal with the International Monetary Fund whilst the nation's central bank also increasing its key borrowing rate to 40 per cent earlier in the month. Pessimism in Argentina has hit a four-month low: this month 64% of its citizens believe things are headed in the wrong direction. This is a 14-percentage-point increase from just the prior month. Italy (86%) has also seen a significant negative swing this month with a drop of 10-percentage-points since April.

Following Argentina and Italy, South Africa has seen the largest drop in national optimism with only 33% believing the nation is on the right track - a fall of 19 points from a recent peak in March (52%) in the wake of Cyril Ramaphosa's appointment as the new ANC party leader, according to Ipsos.

The five major worries for global citizens are

Financial / political corruption (35%), Malaysia and Peru (62%) are the most worried nations about this issue followed by South Africa (60%). Turkey (33%) has seen the largest increase in concern over the past month with a surge of 10 percentage points since April. Sweden (7%) and Germany (10%) are again the two least apprehensive countries – positions they have occupied since July 2017. They are now followed by Britain (13%).

Unemployment (34%), The highest levels of concern are in Italy (68%), South Korea (62%) and Spain (62%). Malaysia is the country with the biggest increase from the previous month, with a rise of ten percentage points. Israel (11%) is now the least worried nation displacing Germany (12%) who had been the least concerned nation about the issue for seven consecutive months.

Poverty / social inequality (33%), The highest levels of worry are in Russia and Serbia (56%) followed by Hungary (49%) and Germany (47%). Concern about this topic is lowest in Saudi Arabia and the US (20%) - with the US been the least anxious nation for the entirety of 2017 and all of 2018 so far.

Crime and Violence (32%), The peak levels of concern are in Peru (67%) and Mexico (65%) followed by South Africa (58%) and Chile (57%). Worry about crime is lowest in Saudi Arabia (8%) and Russia (10%).

Healthcare (24%).

Companies in the Engineering and Construction Industry Must Act Now to Avoid Future Disruption

GENEVA—Significant changes on the horizon indicate an uncertain future for the engineering and construction (E&C) industry and its more than 100 million employees worldwide. Advancing digital technologies that include building information modeling, prefabrication, wireless sensors, automated and robotic equipment, and 3D printing will transform the entire industry. The substantial impact of full-scale digitization could help the industry escape its decades-long lack of productivity progress and generate an estimated $1.0 trillion to $1.7 trillion in annual cost savings.

In parallel, global megatrends should motivate E&C companies to rethink industry practices. Rapid urbanization, with more than 200,000 people per day relocating from rural areas into cities, climate change, resource depletion, and the widening talent gap are but a few of the most powerful of these trends. Shaping the Future of Construction: Future Scenarios and Implications, a new report from the World Economic Forum and The Boston Consulting Group (BCG), is the first to integrate consideration of the new technologies and trends into consistent scenarios of the future for the E&C industry.

Over the past year, the World Economic Forum and BCG worked with more than 30 leading companies and other stakeholders from the E&C industry, conducting workshops in Berlin and London. The result of those workshops was the development of three future scenarios for the E&C industry. Although all three scenarios, outlined in the report, are extreme, they are plausible. In the "building in a virtual world" scenario, which many experts consider highly likely, design and engineering software systems are powered by artificial intelligence, and autonomous construction equipment replace most manual work throughout the E&C value chain.

Although the report indicates that it remains unclear which scenario will unfold, there is little doubt that the real future will include elements of all three. According to Michael Burke, chairman and CEO at AECOM and cochair of the World Economic Forum Future of Construction initiative, "current business models, strategies, and capabilities will not be sufficient in any of these future worlds. This underscores that players along the construction value chain need to prepare strategically to thrive in the face of anticipated disruption." In addition to recommending specific responses to each of the scenarios, the report provides a set of actions that will be relevant in any possible future.

The report states that 74% of the E&C company CEOs who attended this year's annual meeting of the World Economic Forum in Davos reported that they considered attracting new talent and improving the skills of the existing workforce to be among the top three actions for keeping pace with upcoming disruptions. The other two priorities they named were improving integration and collaboration along the value chain (65%) and adopting advanced technologies at scale (61%). For each scenario, the report describes the most important changes that E&C companies must anticipate; explains how customer requirements, segment demand, regulations, processes, and technologies would change; and provides details on how the competitive position of existing industry players would be affected, what new entrants could be expected, and which new business opportunities will arise.

Conversational Commerce primed to be the next digital frontier, says Mastercard study

Continued from p. 13

With Conversational Commerce, consumers engage with human representatives, chatbots or a mix of both to receive a personalised service. Companies then use these chatbots to send order confirmations, shipping and delivery notifications, and resolve customer service issues.

With voice now becoming the dominant means of interaction within this brave new digital frontier, Conversational Commerce is primed for evolution.

Created with partners Future Agenda, the research shows that 87% of US consumers are aware of voice and text agents, and 66% have used them in the past. In the EU, 1 in 5 consumers have already shopped using voice or text agents (21% have shopped, 16% have made payments and 7% have banked).

However, the study also reveals that despite the fact there are already many established voice assistants and smart speakers on the market, voice – and Conversational Commerce – hasn't yet reached its full potential. Many consumers are nervous about the overall security of voice, especially when it comes to e-commerce. Lack of visible security is the number one reason consumers abandon e-commerce transactions, according to a recent study.

However, it's a market opportunity set to grow exponentially over the next few years. According to strategy consultants OC&C, in the US $40bn will be spent through voice commerce by 2022 ($5bn in the UK), representing 6% and 3% of all online spend.

In order to maximise this opportunity for voice – trust, alongside convenience and ease of use, will be key to driving adoption. Partnership is also essential as it's the wider ecosystem that can make or break a platform. Brands and retailers must work in tandem to integrate new products and services, which are underpinned by security, to create an environment that fosters trust in voice as a channel.

Commenting on the study, Ann Cairns, Vice Chairman, Mastercard, said: "The rapid growth and innovation of voice technology has real potential to change the way we live and do business – for the better. Voice offers a unique opportunity for business to deliver faster, easier and more convenient experiences. But it has to be scaled responsibly. The role of voice technology is to drive a secure, trusted experience that delivers tangible benefit."

publicity

Weekly Market Watch

GALT & TAGGART
CREATING OPPORTUNITIES

WEEKLY MARKET WATCH **EXCLUSIVELY** PROVIDED TO THE FINANCIAL BY GALT & TAGGART

ECONOMY

Tourist arrivals up 16.1% y/y in May 2018

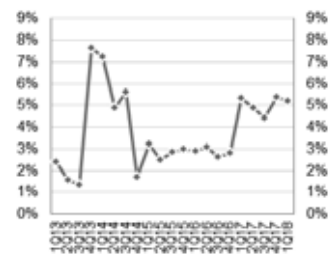
Total international visitors to Georgia increased 9.0% y/y to 0.54mn visitors in May 2018, according to the Ministry of Internal Affairs. A 16.1% y/y growth in tourist arrivals (0.36mn trips, 66.4% of total) drove the international visitors' growth. Out of top countries by visitors, in May 2018, international visitors continued to increase from Russia (+24.5% y/y), Azerbaijan (+7.4% y/y), and Iran (+46.1% y/y), while visitors were down from Armenia (-8.9% y/y) and Turkey (-2.4% y/y).

Key macro indicators

	5M18	2017	2016
GDP (% change)	5.5%[1]	5.0%	2.8%
GDP per capita (ppp)	...	10,644	10,043
GDP per capita (US$)	...	4,079	3,865
Population (mn)	3.7	3.7	3.7
Inflation (eop)	2.5%	6.7%	1.8%
Gross reserves (US$ bn)	3.0	3.0	2.8
CAD (% of GDP)	...	8.7	12.8%
Fiscal deficit (% of GDP)	...	3.9%	4.1%
Total public debt (% of GDP)	...	44.7%	44.4%

Source: Official data, IMF
1) As of 4M18

Real GDP growth, %



Source: GeoStat
Note: Rapid estimate for 4Q17

Georgia sovereign credit ratings

Standard & Poor's	Moody's	FitchRatings
BB- Stable Affirmed May-2017	**Ba2** Stable Affirmed Sep-2017	**BB-** Positive Affirmed Mar-2018

Source: Rating agencies

International ranking, 2017

Ease of Doing Business s# 9(Top 10)

Economic Freedom Index # 16 (mostly free)

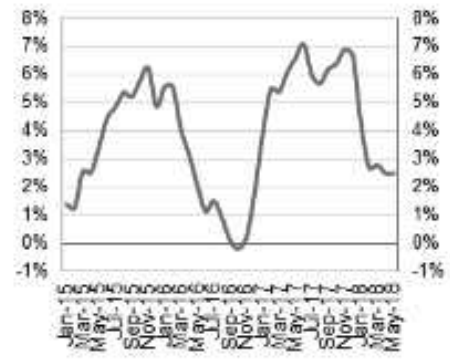
Global Competitiveness Index # 59 (improving trend)

Source: World Bank, Heritage Foundaition and World Economic Forum

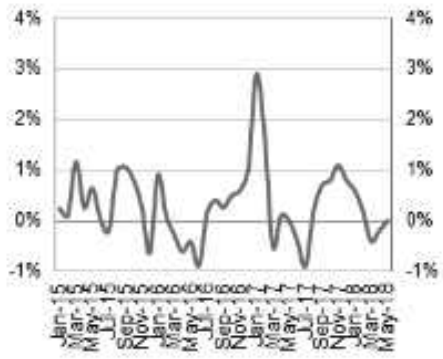
Inflation was 2.5% y/y and flat m/m in May 2018

The annual CPI inflation was 2.5%, below the target level in May 2018, according to GeoStat. Core inflation was 1.8% in May, unchanged from the previous month. Annual price changes were driven by price increases in food and non-alcoholic beverages (+1.8% y/y, +0.56ppts), transport (+3.5% y/y, +0.49ppts) and alcoholic beverages and tobacco (+6.4% y/y, +0.43ppts) categories. On a monthly basis, there was zero inflation in May 2018. Price decrease in food and non-alcoholic beverages (-0.7% m/m, -0.22ppts) and increase in transport (+1.0% m/m, +0.13ppts) categories were the major drivers of monthly price change dynamics.

Annual CPI inflation (% change, y/y)

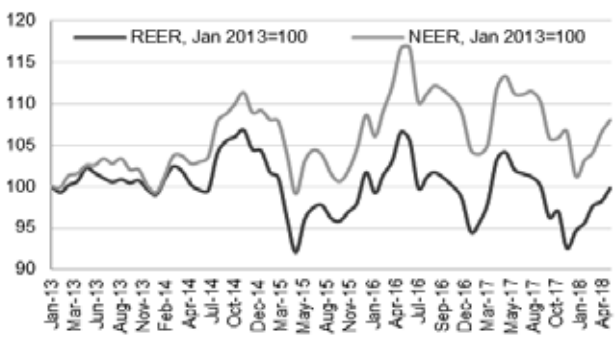


Monthly CPI inflation (% change, m/m)



Source: GeoStat

Nominal Effective Exchange Rate and Real Effective Exchange Rate



Source: NBG
Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate.

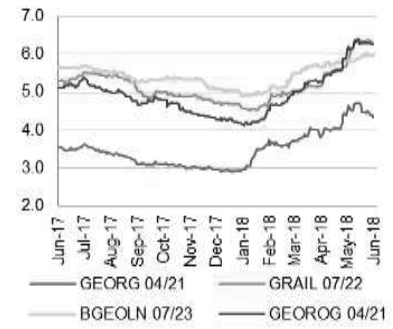
FIXED INCOME

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 6.0% yield, trading at 99.9 (-0.2% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (unchanged w/w), yielding 10.7%. Georgia Capital Eurobonds (GEOCAP) were trading at 94.7 (unchanged w/w), yielding 7.3%.

GOGC Eurobonds (GEOROG) were trading at 101.2 (+0.1% w/w), yielding 6.3%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 104.6 (-0.4% w/w), yielding 6.4%.

Georgian Sovereign Eurobonds (GEORG) closed at 106.4 (+0.2% w/w) at 4.4% yield to maturity.

Georgia Eurobonds, YTM (%)



Source: Bloomberg

	Local bonds				Eurobonds					
	GWP 12/21	M2RE 10/19	Nikora 06/19	GLC 08/20	GEOCAP 03/24	GEBGG 06/20	GEOROG 04/21	BGEOLN 07/23	GEORG 04/21	GRAIL 07/22
Amount, US$ mn	30*	25.0	10.0	10.0	300	500*	250	350	500	500
Issue date	12/16	10/16	08/17	8/17	03-18	06-17	04/16	07/16	04/11	07/12
Maturity date	12/21	10/19	06/19	8/20	03-24	06-20	04/21	07/23	04/21	07/22
Coupon, %	10.50**	7.5	9.0	7.00	6.125%	11.0	6.750	6.000	6.875	7.750
Fitch/S&P/ Moody's	BB-/-/-	-/-/-	-/-/-	n/a	-/B+/B2	BB-/-/Ba2	BB-/B+/-	BB-/-/B2	BB-/BB-/Ba2	B+/B+/-
Mid price, US$	n/a	102.5	101.3	102.05	94.8	100.5	101.2	100.0	106.6	105.2
Mid yield, %	n/a	5.5%	3.8%	6.00%	7.3	10.7	6.3	6.0	4.4	6.3
Z-spread, bps	n/a	n/a	n/a	n/a	434.0	346.1	343.8	308.3	152.9	339.5

** Source: Bloomberg*
**GWP 12/21 bonds and GEBGG 06/20 bonds are in Georgian lari*
***Coupon rate 3.5% over the NBG's refinancing rate*

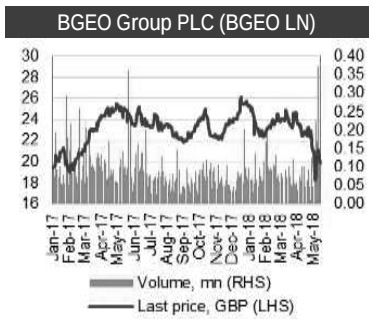
Eastern European sovereign 10-year bond performance

Issuer	Amount, US$ mn	Coupon, %	Maturity date	Ratings (Fitch/S&P/Moody)	Mid yield, %
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba2	4.4
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba2	5.0
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	0.1
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	1.1
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	3.7
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	4.1
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	3.8
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Ba2	5.6

Source: Bloomberg

EQUITIES

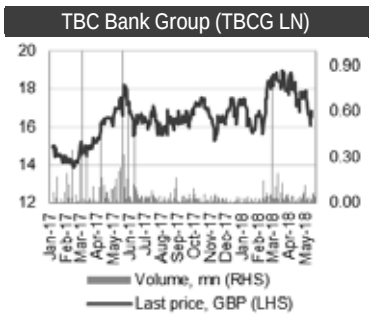
BGEO Group PLC (BGEO LN)



Source: Bloomberg

Bank of Georgia Group (BGEO LN) shares closed at GBP 19.91/share (+0.96% w/w and -12.97% m/m). More than 808k shares traded in the range of GBP 19.75 – 21.11/share. Average daily traded volume was 102k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 0.84% w/w and gained 2.75% m/m. The volume of BGEO shares traded was at 2.05% of its capitalization.

TBC Bank Group (TBCG LN)



Source: Bloomberg

Georgia Capital (CGEO LN) shares closed at GBP 11.12/share (+4.4% w/w). More than 4,211k shares traded in the range of GBP 10.71 – 11.21/share.

TBC Bank Group (TBCG LN) closed the week at GBP 17.04 (+1.43% w/w and +1.31% m/m). More than 211k shares changed hands in the range of GBP 16.72 – 17.52 share. Averaged daily traded volume was 40k in the last 4 weeks.

Georgia Healthcare Group (GHG LN)

Source: Bloomberg

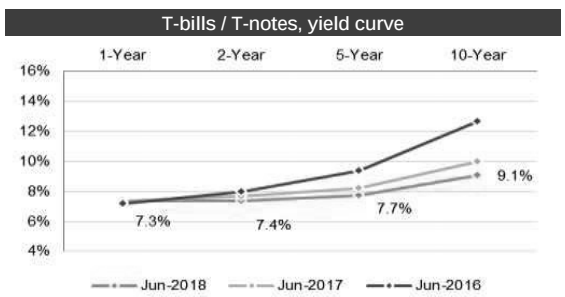
Georgia Healthcare Group (GHG LN) shares closed at GBP 2.80/share (-1.23% w/w and +5.46% m/m). More than 37k shares were traded in the range of GBP 2.68 – 2.80/share. Average daily traded volume was 41k in the last 4 weeks. The volume of GHG shares traded was at 0.03% of its capitalization.

MONEY MARKET

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,000mn (US$ 408.8mn).

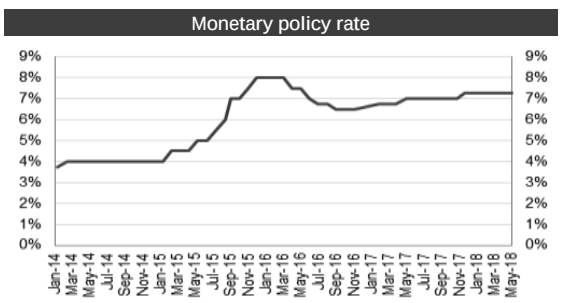
Ministry of Finance Treasury Notes: 1-year GEL 40.0mn (US$ 16.3mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on June 6, 2018. The weighted average yield was fixed at 7.346%. The nearest treasury security auction is scheduled for June 13, 2018, where GEL 40.0mn nominal value 2-year T-Notes and GEL 20.0mn nominal value 182-days T-Bills will be sold.

T-bills / T-notes, yield curve



Source: NBG
**Note: As of latest auction.*

Monetary policy rate



Source: NBG

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info@batumiworldpalace.com


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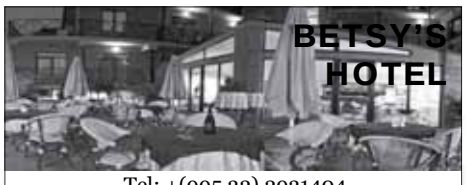
Addr: 20 Metekhi str.
http://www.tbilisiinn.com/
info@tbilisiinn.com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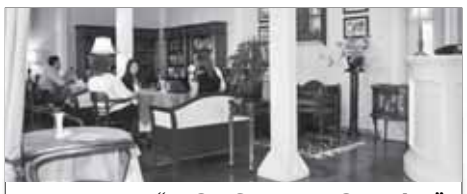
Literary cafe **"MONSIEUR JORDAN"**
V. Gorgasali st.,17
Tel.: 275-02-07

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37 Chavchavadze Ave.
Tel.: 291 30 26; 291 30 76

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 # 71 Vazha-phavela Ave.
Tel: 2201 211
info@redcafe.ge

Respublika Grill Bar

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+995 555 004151
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Tel: 298 90 86

PREGO

84, Barnovi Str.
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15, Erekle II.
Tel: 293 14 11
2, MarjaniSvili Str.
Tel: 2 999 723

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hello@stradacafe.ge Each Day 10:00 – 01:00
2.#5 Marjanishvili Str. **595 99 22 88**

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SIANG-GAN
41, Gamsakhurdia Str.
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BURGERCLASICO BEST BURGER IN TBILISI
24|24
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Book Corner
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Tel: 223 24 30
contact@bookcorner.ge


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Tel.: (+995 595) 33 82 10
7 Pekini Street,
Tel.: (+995 591) 19 39 68
78 Chavchavadze Avenue (Bagebi),
Tel.: (+995 599) 09 56 70;47
Kote Apkhazi Str (Leselidze),
Tel.: (+995 599) 095670
12 Amaghleba street (Sololaki),
Tel.: (+995 599) 08 34 53
1 Ateni Street,
Tel.: (+995 591) 70 90 22
25 Gagarini street,
Tel.: (+995 591) 19 39 68
24A Pekini street,
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7 Mtskheta Str.
Tel.: 599 21 53 83

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info@piazza.ge, www.piazza.ge

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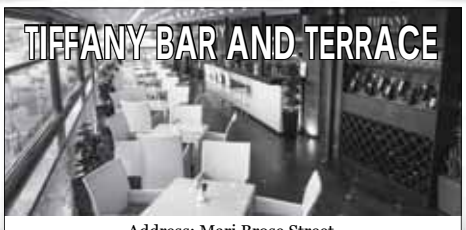
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