



M-O-M CPI IN MAY 2008 ROSE BY 0.7%, Y-O-Y PERIOD AVERAGE CPI AT 9.9%

GEL/US\$: 1.4200 GEL/EUR: 2.2102
Galt & Taggart Index: 825

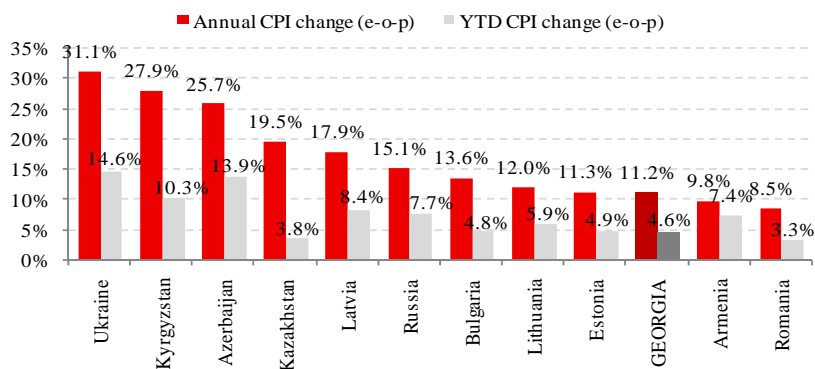
CPI	May 2008	April 2008	May 2007	2007	2006
Month-on-month	0.7%	0.3%	1.6%	-	-
Year-on-year (e-o-p)	11.2%	12.2%	7.3%	11.0%	8.8%
Year-on-year (period average)	9.9%	9.7%	10.2%	9.2%	9.2%

The Department of Statistics of the Ministry of Economic Development of Georgia reported that the consumer price index (CPI) rose by 0.7% m-o-m in May 2008, up from a 0.3% m-o-m increase in April 2008. The end-of-period CPI for the twelve months ended 30 April 2008 increased by 11.2% from 12.2% at the end of the previous month. The annual period-average CPI in May 2008 rose by 9.9% from 9.7% in April 2008.

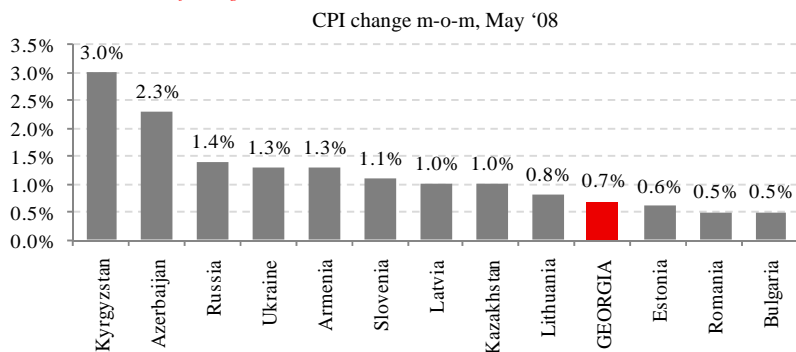
The e-o-p CPI change by 11.2% in Georgia compares favorably to 31.1% in Ukraine, 27.9% in Kyrgyzstan, 25.7% in Azerbaijan, 19.5% in Kazakhstan, 17.9% in Latvia, 15.1% in Russia and 13.6% in Bulgaria and is broadly in line with Georgia's other regional peers.

In May 2008, annual growth rate of Broad Money (M3) declined to 39.6% (its lowest level since June 2007) from 49.4% annual growth in April and 51.6% in March.

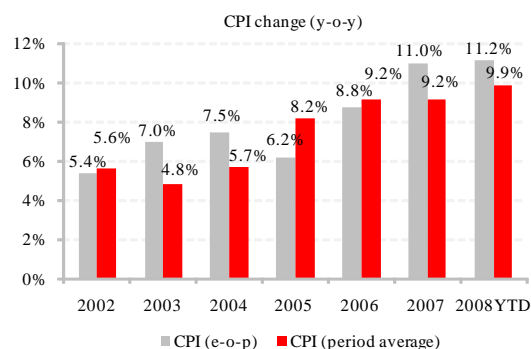
"We continue to be pleased with our ability to contain inflation. The decrease in the rate of growth of Broad Money is a cause for cautious optimism, given its very high rate of correlation (0.89) to CPI change with a three-month lag. We will endeavor to keep the Broad Money annual growth rate below 40%", commented **Nika Gilauri**, Minister of Finance.



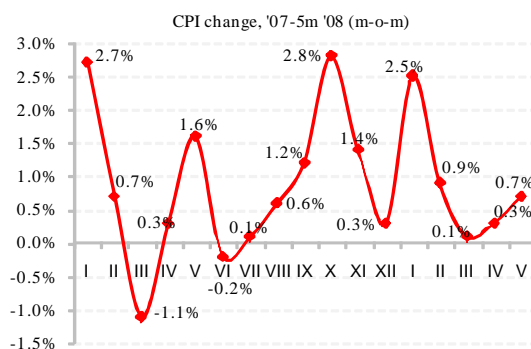
Source: National Bank of Georgia



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Source: Department of Statistics of Georgia



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Sectors and Commodity Groups	Y-o-y CPI change (e-o-p) May, '08
Cooking oil	45.90%
Bread products	30.60%
Transportation	18.20%
Fast food products	15.10%
Food and non-alcoholic beverages	14.80%
Furnishings and household equipment	12.80%
Healthcare	12.20%
Dairy products	11.90%
Other foodstuffs	9.50%
Meat and meat products	9.10%
Housing, water, electricity and gas	8.80%
Miscellaneous goods and services	7.30%
Recreation and entertainment	5.60%
Communications	5.50%
Fruits	5.10%
Other non-alcoholic beverages	5.00%
Hotels, cafes and restaurants	2.70%
Education	1.60%
Alcoholic beverages and tobacco	0.30%
Vegetables	-0.70%
Confectionery	-1.70%
Fish products	-2.80%
Clothing and footwear	-3.60%

Source: Department of Statistics of Georgia

Georgia: Key Economic Data	2004A	2005A	2006A	2007A
Nominal GDP (GEL mln)	9,824.3	11,621.0	13,783.9	16,998.6
Real GDP Growth (y-o-y; %)	5.9%	9.6%	9.4%	12.4%
GDP per Capita (US\$)	1,187.2	1,478.4	1,758.7	2,315.2
CPI (e-o-p; %)	7.5%	6.2%	8.8%	11.0%
Net FDI (US\$ mln)	483	542	1,076	1,682
Current Account Deficit as % of GDP	-6.6%	-10.7%	-14.9%	-18.9%
GEL/US\$ (e-o-p)	1.83	1.79	1.71	1.59
GEL/EUR (e-o-p)	2.49	2.12	2.26	2.33
Galt & Taggart Index (e-o-p)	194	320	790	1,041

Source: Department of Statistics, Ministry of Economic Development, Ministry of Finance, National Bank of Georgia

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

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

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