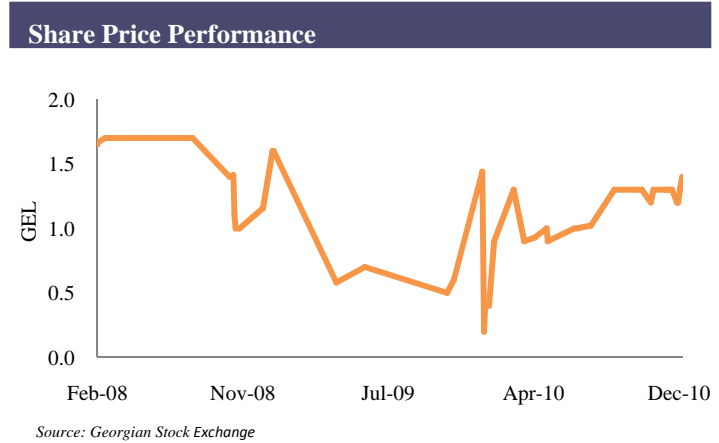




Share Data	31-Dec-10
Outstanding shares, mln	25.4
Price per share, GEL	1.40
GSE ticker	NRGY
Price change, since the IPO	-12.5%
MCap, GEL mln	35.5
MCap, US\$ mln	20.0
GEL/US\$ exchange rate	1.77



This report provides CEI’s investors with an overview of the significant developments in the company, its operating and financial activities in Q4 2010.

News

The CEI share price continued to rise during the reporting period, increasing 7.6% to GEL 1.40 on a Q-O-Q basis. With just 12.5% to the IPO price, the most of the share price recovery is probably already behind us. A lack of trading at this price level supports this view in our opinion.

The Mtkvari HPP project development entered another important phase with the launch of infrastructural development and cofferdam construction on the upper part of the HPP, running in parallel to the surge shaft drilling works on the lower part of the site. CEI has also engaged with Herrenknecht, the world market leader in mechanized tunneling, regarding a possible acquisition of a Herrenknecht tunnel boring machine (TBM) as well as a potential contract for the headrace tunnel excavation works.

Below are the quarterly developments in more detail:

- In Q4 2010, CHC, CEI’s contractor company engaged in the Mtkvari HPP construction, commenced infrastructural works on the upper part of the site. During the reporting period, the company completed the construction of a 15 km transmission line from the nearby town of Aspindza and installed an electric substation on the site. The transmission line will provide electricity needed for the building process in the upper works area of the HPP. CHC has also put up nine geodetic ground control points (topographical benchmarks) on the upper and lower parts of the site. The construction of inner roads, workers dwellings, water wells and a temporary bridge on the Mtkvari River were in the closing stages of completion at the end of the reporting period, expected to be completed in the first quarter of 2011.
- CHC commenced building of a cofferdam on the upper part of the site. Cofferdam is a watertight enclosure within the river, which together with the diversion canal ensures dry working environment for the main dam building works. The construction of the diversion canal and the spillway is scheduled to begin in the first half of 2011.
- CEI signed a Memorandum of Understanding with the leading German tunnel boring machine (TBM) manufacturer Herrenknecht regarding a possible acquisition of a Herrenknecht hard rock double shield TBM. Herrenknecht specialists are also expected to supervise the actual drilling works of the 9.4 km headrace tunnel. CEI management have made a strategic decision to temporarily suspend the headrace tunnel excavation until the new TBM arrives. The DOSCO MK4 roadheader, which was used to drill 450 meters inside the tunnel, will be used for the main dam construction works.



- The construction of a surge shaft on the lower part of the HPP site has continued throughout the reporting period. The surge shaft, which is 20 meters wide and 87 meters deep, will protect the penstock and the turbines from high water pressure in case of an emergency shutdown at the end of the tunnel.
- CEI management has continued negotiations on supply of electric equipment (turbines, generators and balance of plant) for the HPP. The contract is expected to be signed subject to successful completion of negotiations.



SUMMARY OF FINANCIAL HIGHLIGHTS

As at and for the twelve months ended 31 December 2010

(Amounts in thousands of Georgian Lari, except financial ratios and per share data)

	Q4-2010 (Unaudited)	Q3-2010 (Unaudited)	Q2-2010 (Unaudited)	Q1-2010 (Unaudited)	Q4-2009 (Unaudited)	Change, %		YEAR-TO-DATE		Change, %
						Q-O-Q	Y-O-Y	2010 (Unaudited)	2009 (Unaudited)	
SELECTED INCOME STATEMENT DATA										
Revenue	61	333	7	49	6	-81.8%	954.2%	450	19	2,228.0%
Operating costs	(663)	(353)	(488)	(356)	(718)	87.8%	-7.7%	(1,860)	(2,014)	-7.7%
Net foreign currency gains/(losses)	(984)	955	436	246	(44)	n/a	2,124%	653	1,175	-44.4%
Net gains from investment securities available-for-sale	-	-	-	533	2,500	n/a	-100.0%	533	2,500	-78.7%
EBITDA	(1,586)	935	(45)	473	1,743	n/a	n/a	(223)	1,680	n/a
Depreciation and amortization charges	(14)	(9)	(9)	(8)	(5)	58.1%	173.3%	(40)	(25)	60.8%
EBIT	(1,600)	926	(54)	465	1,738	n/a	n/a	(264)	1,655	n/a
Share-bases compensation	-	-	-	(2,044)	-	n/a	n/a	(2,044)	-	n/a
Net finance income	445	742	1,029	1,168	600	-40.1%	-25.9%	3,384	4,926	-31.3%
EBT	(1,156)	1,668	976	(412)	2,338	n/a	n/a	1,076	6,581	-83.8%
Profit/(loss) for the period	(1,474)	1,668	976	(412)	2,143	n/a	n/a	757	6,202	-87.8%
SELECTED BALANCE SHEET DATA (Period-end)										
Cash and cash equivalents	28,036	30,980	32,970	35,715	40,440	-9.5%	-30.7%	28,036	40,440	-30.7%
Trade and other receivables	4,150	7,239	5,794	9,021	2,349	-42.7%	76.6%	4,150	2,349	76.6%
Other assets	30,785	27,145	24,489	18,178	17,033	13.4%	80.7%	30,785	17,033	80.7%
Total assets	62,971	65,364	63,253	62,913	59,822	-3.7%	5.3%	62,971	59,822	5.3%
Other liabilities	1,006	1,335	948	1,586	563	-24.6%	78.7.0%	1,006	563	78.7%
Total liabilities	1,006	1,335	948	1,586	563	-24.6%	78.7.0%	1,006	563	78.7%
Minority interests	-	69	69	69	69	-100.0%	-100.0%	-	69	-100.0%
Total shareholders' equity	61,964	64,029	62,305	61,328	59,259	-3.2%	4.6%	61,964	59,259	4.6%
PER SHARE VALUES										
Share price, GEL	1.40	1.30	1.00	0.90	0.60	7.7%	133.3%	1.40	0.60	133.3%
Market capitalization	35,539	33,001	25,385	22,847	12,778	7.7%	178.1%	35,539	12,778	178.1%
Price earnings (P/E) ratio, annualized	46.56	11.02	22.46	n/a	2.06	322.5%	2,161%	46.65	2.06	2,166%
Basic earnings/(loss) per share for the period	(0.06)	0.07	0.04	(0.02)	0.10	n/a	n/a	0.03	0.29	-89.7%
Diluted earnings/(loss) per share for the period	(0.06)	0.07	0.04	(0.02)	0.10	n/a	n/a	0.03	0.29	-89.7%
Book value per share, GEL	2.44	2.52	2.45	2.42	2.78	-3.2%	-12.3%	2.44	2.78	-12.3%
ORDINARY SHARES OUTSTANDING										
Weighted-average ordinary shares outstanding, basic	25,239	25,190	25,090	24,788	21,281	0.2%	18.6%	25,239	21,281	18.6%
Weighted-average ordinary shares outstanding, diluted	25,239	25,190	25,090	24,788	21,281	0.2%	18.6%	25,239	21,281	18.6%
Ordinary shares outstanding at period end	25,385	25,385	25,385	25,385	21,297	0.0%	19.2%	25,385	21,297	19.2%
Ordinary shares outstanding diluted at period end	25,385	25,385	25,385	25,385	21,297	0.0%	19.2%	25,385	21,297	19.2%
FINANCIAL RATIOS										
ROA, Annualized	-9.4%	10.2%	6.2%	-2.6%	14.3%			1.2%	10.4%	
ROE, Annualized	-7.5%	10.4%	6.3%	-2.7%	15.8%			1.2%	10.5%	



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