JSC GEORGIAN STOCK EXCHANGE

Financial Statements
For the year ended December 31, 2019

And

Independent Auditors’ Report

JSC GEORGIAN STOCK EXCHANGE
Financial Statements
For the year ended December 31, 2019
All amounts are indicated in Georgian Lari (GEL)

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management of JSC Georgian Stock Exchange is responsible for the accompanying financial statements.

This responsibility includes:

- preparation of financial statements in accordance with International Financial Reporting Standards;
- selection of suitable accounting policies and their consistent application;
- making judgments and estimates which are reasonable and prudent;
- preparation of the financial statements on a going concern basis, unless circumstances make this inappropriate.

Management is also responsible for:

- creation, implementation and maintaining effective internal control system;
- keeping proper accounting records in compliance with local regulations;
- taking such steps that are reasonably open to them to safeguard the assets of the Company, and
- prevention and detection of fraud and other irregularities.

The financial statements for the year ended December 31, 2019 have been approved by the management and signed on its behalf:

Giorgi Paresishvili
General Director

Nino Kurdiani
Financial Director

JSC Georgian Stock Exchange

Date: April 22, 2020

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INDEPENDENT AUDITORS' REPORT
JSC Georgian Stock Exchange

Qualified opinion

We have audited the financial statements of JSC Georgian Stock Exchange (the "Company") which comprise the statement of financial position as of December 31, 2019 and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects the financial position of the Company as of December 31, 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

In 2003, the Company invested in its subsidiary company, in particular the intangible assets and property, plant and equipment were contributed into the subsidiary's equity. The assets were recognized at estimated value, which comprised GEL 85,000. We were unable to obtain reasonable assurance in order to confirm the value of the investment, therefore our opinion on the financial statements as of December 31, 2019 is modified due to the possible effect of this matter on current year and corresponding figures.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Georgia; and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The audit of the Company's financial statements for the year ended December 31, 2018 was conducted by another auditor who expressed a modified opinion on this financial statements on March 28, 2019.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITORSôREPORT (continued)

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Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and, if any, and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mikheil Abaiadze / Certified Auditor / Partner

Audit firm registration number: SARAS-F-320544
Auditor's registration number: SARAS-A-865011

Date: April 22, 2020
Tbilisi, Georgia

STATEMENT OF FINANCIAL POSITION

	Note	31-Dec-19	31-Dec-18
Cash and cash equivalents	3	265,798	388,118
Trade and other receivables	4	39,975	30,248
Tax assets		16,544	9,958
Total current assets		**322,317**	**428,324**
Property, plant and equipment	5	4,112	11,593
Intangible assets	6	26,935	29,675
Investments in subsidiaries	7	209,134	209,134
Total non-current assets		**240,181**	**250,402**
Total assets		**562,498**	**678,726**
Trade and other payables	8	92,068	125,998
Provision for premium	9	50,000	50,000
Total current liabilities		**142,068**	**175,998**
Share capital	10	30,000	30,000
Share premium		117,452	117,452
Retained earnings		272,978	355,276
Total equity		**420,430**	**502,728**
Total liabilities and equity		**562,498**	**678,726**

Giorgi Paresishvili
General Director

Nino Kurdiani
Financial Director

JSC Georgian Stock Exchange

Date: April 22, 2020

STATEMENT OF COMPREHENSIVE INCOME

	Note	2019	2018
Commission and subscription income	11	367,535	250,709
Other operating income	11	6,501	6,080
Total income		**374,036**	**256,789**
Employees' salary and benefits		(276,613)	(249,580)
Rent and utilities		(97,620)	(75,626)
Consultation expenses		(27,087)	(40,851)
Representation expenses		(17,756)	(12,098)
Communication expenses		(13,267)	(12,278)
Depository service expense		(12,000)	(12,000)
Depreciation and amortization	5; 6	(10,721)	(7,932)
Financial assets impairment reserve (expense) / recovery	15	-	(5,994)
Other operating expenses	12	(32,549)	(32,688)
Finance income	13	19,237	26,714
Non-operating income		10,414	-
Net foreign exchange gain / (loss)	14	1,628	(3,120)
Current year profit / (loss)		**(82,298)**	**(168,664)**
Comprehensive income / (loss) for the year		**(82,298)**	**(168,664)**
Earnings per share			
Basic and diluted		**(2.74)**	**(5.62)**

Giorgi Paresishvili
General Director

Nino Kurdiani
Financial Director

JSC Georgian Stock Exchange

Date: April 22, 2020

STATEMENT OF CASH FLOWS

	Note	2019	2018
Receipts from customers		334,753	263,256
Payments to suppliers and employees		(478,418)	(365,364)
Interest received		19,237	26,803
Cash flows from operating activities		**(124,428)**	**(75,305)**
Disposal / (acquisition) of intangible assets and property, plant and equipment		-	(31,028)
Cash flows from investing activities		**-**	**(31,028)**
Net increase / (decrease) for the year		**(124,428)**	**(106,333)**
Cash and cash equivalents at the beginning of the period		388,118	496,528
Effect of foreign exchange gains / (losses) on cash and cash equivalents		2,108	(2,077)
Cash and cash equivalents at the end of the period	**3**	**265,798**	**388,118**

Giorgi Paresishvili
General Director

Nino Kurdiani
Financial Director

JSC Georgian Stock Exchange

Date: April 22, 2020

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings	Total equity
As at December 31, 2017	**30,000**	**117,452**	**523,940**	**671,392**
Profit / (loss) for the year	-	-	(168,664)	**(168,664)**
As at December 31, 2018	**30,000**	**117,452**	**355,276**	**502,728**
Profit / (loss) for the year	-	-	(82,298)	**(82,298)**
As at December 31, 2019	**30,000**	**117,452**	**272,978**	**420,430**

Giorgi Paresishvili
General Director

Nino Kurdiani
Financial Director

JSC Georgian Stock Exchange

Date: April 22, 2020

1 General information

JSC Georgian Stock Exchange (the "Company") was founded on January 12, 1999 according to the legislation of Georgia. Legal address of the Company is: 71 Vaja-Pshavela, block 10, 7th floor, Tbilisi 0186. The General Director of the Company is Giorgi Paresishvili.

The main activity of the Company is: collecting proposals on buying and selling of securities and other financial instruments, organizing public trades in accordance with the established rules and procedures, transactions and other price-related information dissemination.

Main shareholders

For the years ended December 31, 2019 and 2018 main shareholders are:

JSC Galt & Taggart - 17.33% (including 2% in nominee ownership);
GCF Holdings Georgia LLC - 15.33%;
TBC Capital LLC - 17.33%;
Other shareholders - 50%;

In December, 2016 JSC Galt & Taggart sold part of its shares to TBC Capital LLC and GCF Holdings Georgia LLC, as the result of which 17.33% (including 2% in nominee ownership) remained in its ownership and TBC Capital LLC (17.33%) and GCF Holdings Georgia LLC (15.33%) became the main shareholders as well.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (“IFRS”), being standards and interpretations issued by the International Accounting Standards Board (“IASB”), in force at December 31, 2019. The Company has also issued consolidated financial statements on April 22, 2020.

The financial statements comprise of a statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes.

The Company presents the comprehensive income items using the classification by nature of expenses. The Company believes this method provides more useful information to the readers of the financial statements as it better reflects the way operations are run from a business point of view. The statement of financial position format is based on a current / non-current distinction.

2 Summary of significant accounting policies (continued)

2.2 Measurement basis

The financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company (working closely with external qualified appraisers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.3 New or amended standards adopted

IFRS 16 - Leases

The IASB issued the new standard for accounting for leases − IFRS 16 Leases in January 2016. IFRS 16 is effective for annual periods beginning on or after January 01, 2019. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessee to recognize most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise ‘short-term’ leases and leases of ‘low-value’ assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today’s finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

Impact of implementation of new standards

Implementation of IFRS 16 did not have any material impact on the Company's financial statements.

2 Summary of significant accounting policies (continued)

2.4 New and amended standards in issue but not yet effective

Prior to the date of approval of the Company's financial statements, certain new standards, interpretations and changes were published in the existing standards, which have not yet entered into force for the current reporting period and which the Company has not received in advance. Among them are the following changes:

a) Definition of Material - Amendments to IAS 1 and IAS 8;
b) Business definition - Amendments to IFRS 3;
c) Amendments to the Conceptual Framework for Financial Reporting;
d) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 ;
e) IFRIC 23 — Uncertainty over Income Tax Treatments.

2.5 Financial instruments

Initial recognition and measurement

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, the Group recognises all financial assets and financial liabilities at fair value. The fair value of a financial asset / liability on initial recognition is normally represented by the transaction price. The transaction price for financial assets / liabilities other than those classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition / issue of the financial instrument.

Transaction costs incurred on acquisition of a financial asset and issue of a financial liability classified at fair value through profit or loss are expensed immediately.

The Company recognizes the financial assets on the payment date, the asset is recognized on the day the Company receives it and its recognition is terminated on the day the Company sells it.

Subsequent measurement of financial assets

Subsequent measurement of financial assets depends on their classification on initial recognition.

Financial assets are measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is achieved by selling financial assets at fair value and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2 Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election at initial recognition for investments in equity instruments to present subsequent profit or loss in the statement of other comprehensive income.

Impairment of financial assets

The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

In addition, for trade receivables that are assessed not to be impaired individually, the Company assesses them collectively for impairment, based on the Company's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

The schedule for assessing impairment allowance for trade receivables is presented bellow:

Days past due	Less than 30 days	31 – 60 days	61-90 days	91-180 days	More than 180 days
Percentage of allowance	2%	5%	25%	50%	100%

For financial assets measured at amortized cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortized cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

2 Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

Derecognition of financial assets

Irrespective of the legal form of the transactions, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by IFRS 9. That test comprises two different types of evaluations which are applied strictly in sequence:

- Evaluation of the transfer of risks and rewards of ownership
- Evaluation of the transfer of control

Subsequent measurement of financial liabilities

Subsequent measurement of financial liabilities depends on how they have been categorised on initial recognition. The Company classifies financial liabilities in one of the following two categories:

Liabilities at fair value through profit or loss (FVTPL) . Liabilities are classified in this category when they are held principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivatives that is a designated for effective hedging) or meet the conditions for designation in this category. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as they arise.

Other financial liabilities. All liabilities which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortized cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is removed from the Company's statement of financial position only when the liability is discharged, cancelled or expired (i.e. extinguished). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents includes balances on bank accounts and liquid short-term (up to 90 days) investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2 Summary of significant accounting policies (continued)

2.6 Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and impairment losses.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

Office equipment	20% straight line
Leasehold improvements	20% straight line

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.7 Intangible assets

Recognition

On initial recognition, acquired intangible assets are measured at cost. The cost of acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of preparing the asset for its intended use.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. The estimated useful life and amortisation method are revised at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset - measured as the difference between the net disposal proceeds and the carrying amount of the asset - are recognised in profit or loss when the asset is derecognised.

Amortization

For intangible assets with finite useful lives, amortisation is calculated so as to write off the cost of the asset, less its estimated residual value, over its 5 and 10 years useful economic life, straight line method.

Intangible assets with an indefinite useful life are not amortised, but subject to review for impairment.

2 Summary of significant accounting policies (continued)

2.8 Investments in subsidiaries

Investments in subsidiaries are measured at cost. At the end of each reporting period, the investment is reviewed at each reporting date for indications of impairment. Dividends from subsidiaries and associates are recognized in other comprehensive income when the Company is authorized to receive the dividends.

2.9 Impairment of non-financial assets

Impairment of property, plant and equipment and intangible assets with finite useful life

The carrying amounts of property, plant and equipment with finite useful life and intangible assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs of disposal. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of the asset / unit. Present values are computed using before-tax discount rates that reflect the time value of money and the risks specific to the asset / unit whose impairment is being measured.

Impairment of intangible assets with indefinite useful life

Intangible assets with indefinite useful life irrespective of whether there is any indication of impairment, such assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

2.10 Translation of foreign currencies

The functional currency of the Company is Georgian Lari (“GEL”). Transactions in foreign currencies are initially recorded in the functional currency using the official exchange rates of the National Bank of Georgia at the date of the transaction. All exchange differences arising on settlement are recognised in profit or loss.

Non-monetary assets and liabilities that are presented using historical cost are translated into functional currency using exchange rate prevailing on a date of the transaction.

	USD	EUR
Exchange rate as at December 31, 2019	2.8677	3.2095
Average rate for the year 2019	2.8192	3.1553
Exchange rate as at December 31, 2018	2.6766	3.0701
Average rate for the year 2018	2.5345	2.9913

2 Summary of significant accounting policies (continued)

2.11 Income tax

The Company defines income tax according to the Georgian tax legislation. According to the effective tax legislation, only amount that is distributed among the owners is subject to taxation, while reinvested profit is exempted from applying income tax (except for some cases presented in Article 98^1 of Tax Code of Georgia and 99th and 103rd parts of Article 309). The amount of income tax liability is calculated as 15/85 part from the amount of distributed dividends.

2.12 Provisions and contingencies

Provisions are recognised in the statement of financial position when the Company has current obligation (legal or constructional) at the reporting date as a result of a past event and it is probable that the Company will settle this obligation. Provisions are measured at the present value of the amount expected to be required to settle the obligation using before-tax discount rate that reflects the time value of money and current market assessments of the risks to a specific obligation. Any change in the assessment is recognised in the statement of profit and loss of the respective period.

2.13 Equity

Equity instruments are contracts that give a residual interest of the Company in the net assets of the Company. Ordinary shares are classified as equity. Equity instruments are recognized at the amount of proceeds received net of costs directly attributable to the transaction. To the extent those proceeds exceed the par value of the shares issued they are credited to a share premium account.

Dividend distribution

Dividends are recognised as liabilities when they are declared. Typically, dividends are recognised as liabilities in the period in which their distribution is approved at the Shareholders' Annual General Meeting. Interim dividends are recognised when paid.

Treasury shares

The cost of treasury shares purchased is shown as a deduction from equity in the statement of financial position. When treasury shares are sold or reissued they are credited to equity. As a result, no gain or loss on treasury shares is included in the statement of comprehensive income.

2.14 Recognition of revenues and expenses

Revenues and expenses ar recognized under accrual basis.

The Company recognizes revenues from services rendered when it is possible to assess it reliably; it is possible that future economic benefits will flow to the entity; it is possible to define the completion stage of the transaction at the reporting date; and it is possible to define the costs associated with the settlement of a transaction. The amount of revenue is recognized as the fair value of remuneration received or has to be received from the selling of goods or rendering of services.

2 Summary of significant accounting policies (continued)

2.14 Recognition of revenues and expenses (continued)

For each contract the Company takes the following steps: Identifies the contract existence, identifies the performance obligations, determines the transaction price, which implies the assessment of variable remuneration amount and time value of money; the amount indicated in a contract is allocated among performance obligations on a basis of comparative prices; and recognizes the revenue only when the all performance obligation is fulfilled in a manner of transferring all promised good or service.

Interest income and expense are recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

3 Cash and cash equivalents	31-Dec-19	31-Dec-18
Cash at bank	23,449	154,973
Bank deposits	242,349	233,126
Cash on hand	-	19
Total cash and cash equivalents	**265,798**	**388,118**

Bank deposits consist of short-term deposits which accrue interest rate in range 0.5-6.5%.

During 2019 interest income from deposits is GEL 19,237 (GEL 26,714 in 2018).

At the end of the reporting period there was no material difference between the carrying amount and fair value of cash and cash equivalents.

4 Trade and other receivables	31-Dec-19	31-Dec-18
Trade receivables	44,276	29,745
Prepayments	1,693	6,497
Minus: allowance for doubtful accounts (see Note 15)	(5,994)	(5,994)
Total trade and other receivables	**39,975**	**30,248**

At the end of the reporting period there was no material difference between the carrying amount and fair value of trade and other receivables.

5 Property, plant and equipment

	Office equipment	Leasehold improvements	**Total**
Historical cost			
As at December 31, 2017	**91,786**	**19,617**	**111,403**
Additions	277	-	277
As at December 31, 2018	**92,063**	**19,617**	**111,680**
Additions	-	-	-
As at December 31, 2019	**92,063**	**19,617**	**111,680**
Accumulated depreciation and impairment			
As at December 31, 2017	**(83,770)**	**(11,766)**	**(95,536)**
Depreciation for the year	(628)	(3,923)	(4,551)
As at December 31, 2018	**(84,398)**	**(15,689)**	**(100,087)**
Depreciation for the year	(3,558)	(3,923)	(7,481)
As at December 31, 2019	**(87,956)**	**(19,612)**	**(107,568)**
Net carrying value			
As at December 31, 2017	**8,016**	**7,851**	**15,867**
As at December 31, 2018	**7,665**	**3,928**	**11,593**
As at December 31, 2019	**4,107**	**5**	**4,112**

The cost of property, plant and equipment which are fully depreciated for the reporting period is GEL 96,014 (2018: GEL 73,662)

6 Intangible assets

	Intangible assets	**Total**
Historical cost		
As at December 31, 2017	**4,560**	**4,560**
Additions	30,750	30,750
As at December 31, 2018	**35,310**	**35,310**
Additions	500	500
As at December 31, 2019	**35,810**	**35,810**
Accumulated amortization and impairment		
As at December 31, 2017	**(2,162)**	**(2,162)**
Amortization for the period	(3,473)	(3,473)
As at December 31, 2018	**(5,635)**	**(5,635)**
Amortization for the period	(3,240)	(3,240)
As at December 31, 2019	**(8,875)**	**(8,875)**
Net carrying value		
As at December 31, 2017	**2,398**	**2,398**
As at December 31, 2018	**29,675**	**29,675**
As at December 31, 2019	**26,935**	**26,935**

The cost of intangible assets which are fully amortised for the reporting period is GEL 1,844 (GEL 1,844 in 2018).

7 Investments in subsidiaries	**31-Dec-19**		**31-Dec-18**	
	Share	GEL	Share	GEL
JSC Georgian Central Securities Depository	16.70%	100,000	24.65%	100,000
JSC Tbilisi Stock Exchange	27.87%	100,000	35.22%	100,000
JSC Kavkasreestri	57.86%	9,134	57.86%	9,134
Total investments in subsidiaries		**209,134**		**209,134**

Subsidiaries are registered at the same address as the parent Company (74a Ilia Chavchavadze Avenue), except for JSC Tbilisi Stock Exchange which is registered at the following address: 71 Vaja-Pshavela Avenue, block 8, 2nd floor, Tbilisi.

In December, 2016 JSC Tbilisi Stock Exchange, which is the subsidiary of JSC Georgian Stock Exchange, became 75.06% shareholder of JSC Georgian Central Securities Depository.

As of December 31, 2019 JSC Georgian Stock Exchange holds 27.87% of shares in the JSC Tbilisi Stock Exchange (35.22% in 2018).

Despite the fact that the Company has reduced its shares in JSC Tbilisi Stock Exchange to 27.87%, it still maintains the control over it and reflects its results in its consolidated financial statements.

JSC Tbilisi Stock Exchange ("TSE") was founded on May 7, 2015 by JSC Georgian Stock Exchange. The purpose of founding was to obtain funds for business development through the sales of the shares of TSE (According to the Charter, the Company can not increase its joint stock, without the consent of 75% of the shareholders). The Company's minority shareholders, who own 38% of the Company’s shares, have appealed to the court on the decision of establishing TSE. This dispute in the first and second instances of the court ended in favour of Company. The details of the dispute are given in Note 16. The management of the Company deems that TSE is established in accordance with the acting legislation and in full compliance with the charter.

Before October 1, 2015 JSC Kavkasreestri was an associate, because the Company had significant influence, but not control over it. From October 1, 2015 the Company obtained control over JSC Kavkasreestri.

The schedule below presents audited financial information about subsidiaries for the year 2019:

		31-Dec-19	
	Total assets	Net assets	Net profit / (loss)
JSC Georgian Central Securities Depository	1,744,140	1,506,143	(283,036)
JSC Tbilisi Stock Exchange	3,233,594	2,982,588	(142,065)
JSC Kavkasreestri	350,331	319,485	(1,792)
Total investments in subsidiaries	**5,328,065**	**4,808,216**	**(426,893)**

7 Investments in subsidiaries (continued)

The schedule below presents audited financial information about subsidiaries for the year 2018:

	31-Dec-18		
	Total assets	Net assets	Net profit / (loss)
JSC Georgian Central Securities Depository	1,739,613	1,089,175	(173,652)
JSC Tbilisi Stock Exchange	2,124,727	2,124,645	(302,481)
JSC Kavkasreestri	329,626	321,277	(31,275)
Total investments in subsidiaries	**4,193,966**	**3,535,097**	**(507,408)**

8 Trade and other payables

	31-Dec-19	31-Dec-18
Advances received	81,024	109,057
Trade payables	11,044	16,941
Total trade and other payables	**92,068**	**125,998**

Advances received consists of advance payments for listing fees for the period of 5 years.

9 Provision for premium

At the end of the reporting period the Company's management made provision for premium which is distributed to General Director. As at their expectation there is more than 50% of probability that board will approve premium for General Director.

Provision as at December 31, 2017	**50,000**
Paid	(50,000)
Accrued	50,000
Provision as at December 31, 2018	**50,000**
Paid	(45,000)
Accrued	50,000
Renouncement of benefit expense of year 2018	(5,000)
Provision as at December 31, 2019	**50,000**

10 Share capital

Share capital consists of 3,000,000 common shares with the par value of share GEL 0.01.

During the reporting period no dividends were distributed to the shareholders.

11 Commission, subscription and other operating income	**2019**	**2018**
Income from listing	161,599	84,655
Income from the data supplied	91,660	83,553
Commission income from over-the-counter transactions	75,373	49,663
Income from initial listing	23,000	18,000
Subscription income	13,680	13,680
Commission income from trading on exchange	63	1,128
Other incomes	8,661	6,110
Total commission, subscription and other operating income	**374,036**	**256,789**

12 Other operating expenses	**2019**	**2018**
Personnel training expenses	3,985	4,058
Insurance expenses	3,788	3,713
Office supply expenses	3,477	2,591
Transportation expenses	3,126	4,252
Cleaning expenses	2,648	2,102
Stationery expenses	2,572	1,892
Registration expenses	1,471	1,879
Representative expenses	1,423	1,026
Employee benefits	1,366	1,652
Office expenses	1,186	800
Postal expenses	1,026	728
Bank commissions	842	873
Tax expenses	90	1,228
Reimbursement to individuals	-	2,500
Other expenses	5,549	3,394
Total other operating expenses	**32,549**	**32,688**

13 Finance income

Finance income consists of interest income accrued on bank deposits.

14 Net foreign exchange gain / (loss)

	Cash and cash equivalents	Trade receivables	Trade payables	**Total**
Foreign currency gain	3,646	1,420	-	5,066
Foreign currency loss	(2,822)	(596)	(20)	(3,438)
Net foreign exchange gain/(loss) for the year 2019	**824**	**824**	**(20)**	**1,628**

14 Net foreign exchange gain / (loss) (continued)

	Cash and cash equivalents	Trade receivables	Trade payables	**Total**
Foreign currency gain	11,953	1,773	182	13,908
Foreign currency loss	(16,138)	(805)	(85)	(17,028)
Net foreign exchange gain/(loss) for the year 2018	**(4,185)**	**968**	**97**	**(3,120)**

15 Financial assets impairment reserve (expense) / recovery

	Trade receivables	**Total**
As at December 31, 2017	**(1,613)**	**(1,613)**
Write-offs during the year	1,613	1,613
Impairment expense of financial assets for the year 2018	(5,994)	(5,994)
As at December 31, 2018	**(5,994)**	**(5,994)**
Write-offs during the year	-	-
Impairment expense of financial assets for the year 2019	-	-
As at December 31, 2019	**(5,994)**	**(5,994)**

16 Contingencies and commitments

16.1 Taxation contingencies

The taxation system in Georgia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by the tax authorities after three years have passed since the end of the year in which the breach occurred.

These circumstances may create tax risks in Georgia that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Georgian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

16.2 Legal proceedings

At the end of the reporting period the Company has two lawsuits, where minority shareholders are arguing about the legality of establishing JSC Tbilisi Stock Exchange by the Company.

Both disputes in the city court and court of appeals ended in favour of the Company. One of the decisions made by the court of appeals was appealed by plaintiffs in supreme court, admissibility of which is under consideration as of April 22, 2020.

According to management's assessment the possibility of negative outcome of these lawsuits is 5%, because lawsuits in both instances of court ended in favour of JSC Georgian Stock Exchange and JSC Tbilisi Stock Exchange. The Company is expecting that if supreme court will admit and consider these lawsuits the decisions of the lower instances of the court will remain in force. As a result, there is no expectation about future losses.

17 Information on financial risks

In performing its operating, investing and financing activities, the Company is exposed to the following financial risks:

- Credit risk: the possibility that a debtor will not repay all or a portion of a loan or will not repay in a timely manner and therefore will cause a loss to the Company.
- Liquidity risk: the risk that the Company may not have, or may not be able to raise, cash funds when needed and therefore encounter difficulty in meeting obligations associated with financial liabilities.
- Market risk: the risk that the value of a financial instrument will fluctuate in terms of fair value or future cash flows as a result of a fluctuation in market prices. Basically, the Company is exposed to two market risk components:
    - Interest rate risk
    - Currency risk

Management of the Company manages risks by cooperation with operating units. Because of the simplicity of the Company's operations, there is not a pre-set policy for managing risks.

The following table summarises the carrying amount of financial assets and financial liabilities recorded by category:

Financial assets	**31-Dec-19**	**31-Dec-18**
Cash and cash equivalents	265,798	388,118
Trade receivables	39,975	23,751
Total financial assets	**305,773**	**411,869**
Financial liabilities		
Trade and other payables	92,068	16,941
Total financial liabilities	**92,068**	**16,941**

17.1 Credit risk

The Company manages credit risk by setting limits to individual customers. The Company uses different agencies during the calculation of credit ratings according to the customers' countries of residence. The Company has developed policy for communication with creditworthy clients.

There is no significant concentration of credit risks.

The Company’s maximum exposure to credit risk is reflected in schedule below:

	31-Dec-19	**31-Dec-18**
Cash on bank accounts	265,798	388,099
Trade receivables	39,975	23,751
Total financial assets	**305,773**	**411,850**

Balance of cash and cash equivalents is composed by cash in bank and short-term bank deposits. The Company does not own any collateral for its trade receivables. The Company manages its trade receivables according to the overdue days.

17 Information on financial risks (continued)

17.1 Credit risk (continued)

Expected credit loss measurement

The Company uses a “three-stage” model for impairment based on changes in credit quality since initial recognition summarized bellow:

- A financial instrument that is not credit-impaired on initial recognition is classified in “stage 1” and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to “stage 2” but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, it is then moved to “stage 3”.
- Financial instrument on stage 1 have expected credit loss measured at an amount equal to the portion of lifetime expected credit loss that result from default events possible within next 12 months. Instruments on stages 2 and 3 have their expected credit loss measured based on expected credit losses on a lifetime basis.

The following diagram summarises the impairment approach of the Company:

Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
Expected credit loss for 12 month	Lifetime expected credit losses	Lifetime expected credit losses

All financial assets in the Company's financial statements, other than trade receivables, are classified in stage 1 as at beginning and end of 2019.

As for trade receivables the Company uses the simplified approach is based on days overdue. The Company has five overdue ranges. Expected credit loss percentage is based on Company`s operating sector and previous experience. Expected credit loss table is presented below:

Days overdue	< 30	31 - 60	61 - 90	91 - 180	180 >
Percentage of expected credit loss	2%	5%	25%	50%	100%

For held to maturity financial assets, expected credit loss is based on credit risk change after initial

Loss allowances will be measured on either of the following bases: a) 12-month expected credit loss - If the credit risk on a financial instrument has not increased significantly since initial recognition b) lifetime expected credit loss - If the credit risk on that financial instrument has increased significantly since initial recognition.

17 Information on financial risks (continued)

17.2 Liquidity risk - Financial liabilities maturity analysis

The Company manages liquidity risk according to the expected maturity.

The liquidity risk as at December 31, 2019 is presented as follows:

	Up to 1 year	1-5 years	More than 5 years	Total
Financial assets				
Cash and cash equivalents	265,798	-	-	**265,798**
Trade receivables	39,975	-	-	**39,975**
Total financial assets	**305,773**	**-**	**-**	**305,773**
Financial liabilities				
Trade and other payables	92,068	-	-	**92,068**
Total financial liabilities	**92,068**	**-**	**-**	**92,068**
Liquidity position	**213,705**	**-**	**-**	**213,705**

The liquidity risk as at December 31, 2018 is presented as follows:

	Up to 1 year	1-5 years	More than 5 years	Total
Financial assets				
Cash and cash equivalents	388,118	-	-	**388,118**
Trade receivables	23,751	-	-	**23,751**
Total financial assets	**411,869**	**-**	**-**	**411,869**
Financial liabilities				
Trade and other payables	16,941	-	-	**16,941**
Total financial liabilities	**16,941**	**-**	**-**	**16,941**
Liquidity position	**394,928**	**-**	**-**	**394,928**

17.3 Interest rate risk

The Company is exposure to interest rate risk only within the scope of financial assets with fixed rates. The effect of interest rate changes over financial assets with fixed interest rate was rated as insignificant.

Information associated with interest rate risk is presented below:

	31-Dec-19		31-Dec-18	
Annual %	**GEL**	**USD**	**GEL**	**USD**
Cash and cash equivalents	6.50%	0.50%	3-12.75%	0.25-0.5%

17 Information on financial risks (continued)

17.4 Foreign currency risk

Foreign currency risk arises from assets and liabilities denominated in foreign currencies. The Company does not have formal procedures for managing foreign exchange risk, however, the management considers itself well informed about the current developments in the economy and they have taken some steps to reduce the currency risk. These steps mainly involve the placement of foreign currency deposits.

As at December 31, 2019 the Company had only the following balances in foreign currencies:

As at December 31, 2019	**Cash and cash equivalents**	**Trade receivables**	**Total**
USD	6,317	20,647	**26,964**
EUR	4,491	-	**4,491**
GBP	1,128	-	**1,128**
Total	**11,936**	**20,647**	**32,584**

As at December 31, 2018 the Company had only the following balances in foreign currencies:

As at December 31, 2018	**Cash and cash**	**Trade receivables**	**Total**
USD	66,301	15,569	81,870
EUR	1,739	-	1,739
GBP	1,087	-	1,087
Total	**69,127**	**15,569**	**84,696**

A hypothetical 10% increase / decrease in the exchange rate of the GEL against the US Dollar would decrease / increase profits after tax by GEL 2,696 (2018: by GEL 8,187).

A hypothetical 10% increase / decrease in the exchange rate of the GEL against the EUR would decrease / increase profits after tax by GEL 449 (2018: by GEL 174).

A hypothetical 10% increase / decrease in the exchange rate of the GEL against the GBP would decrease / increase profits after tax by GEL 113 (2018: by GEL 109).

18 Transactions with related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the ‘reporting entity’).

a) A person or a close member of that person’s family is related to a reporting entity if that person:
(i) has control or joint control of the reporting entity; or
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:
(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The Company’s main shareholders are: TBC Capital LLC, GCF Holdings Georgia LLC and JSC Galt & Taggart.

Incomings:	**2019**	**2018**
Income from main shareholders	70,300	79,944
Income from subsidiaries (except for dividends and disposal of PPE)	541	685
Income from other related parties	40,222	21,892

Expenditures:	**2019**	**2018**
Subsidiary	12,279	12,296
Other related parties	6,842	800

Remuneration of management:	**2019**	**2018**
Salaries and benefits	165,230	146,665

Receivables from related parties:	**31-Dec-19**	**31-Dec-18**
Main shareholders	5,652	262
Subsidiary	1,751	1,641
Other related parties	282	3,960

Payables to related parties:	**31-Dec-19**	**31-Dec-18**
Main shareholders	-	84,581
Subsidiary	1,000	1,000

18 Transactions with related parties (continued)

Remuneration payable to management	**31-Dec-19**	**31-Dec-18**
Benefits payable	50,000	50,000

Cash in bank balances	**31-Dec-19**	**31-Dec-18**
Cash in Bank of Georgia JSC	17,648	47,612
Cash in TBC Bank JSC	6,662	103,611

19 Events after the reporting period

On March 26, 2020 National Agency of Public Registry, based to the decision of Tbilisi City Court, restored authority of the former management of one of the Company's subsidiary, JSC Kavkasreestri, which implies replacing the existing management with the former one. However, the decision of National Agency of Public Registry was suspended after a short time (April 2, 2020) until the date of dispute resolution based on the lawsuit of JSC Georgian Stock Exchange. Subsequently, the Company restored its control over JSC Kavkasreestri.

Significant events, which might be presented in these financial statements from the reporting date to the date of authorisation are connected with economic difficulties, that might arise from the spread of new coronavirus (COVID-19). However, in case of the Company, the management assesses risks associated to a minimum, as its operations are adapted to remote operations and its main customers are such powerful financial institutions whose activities will still be closely connected to the Company's operations, in case of wide spread of COVID-19. Also, additional argument for assessing risks to a minimum is the diversification of clients' portfolios.

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