GEORGIAN STOCK EXCHANGE JSC

SEPARATE FINANCIAL STATEMENTS AND

INDIVIDUAL AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

TRANSALTED FROM ORIGINAL GEORGIAN

CONTENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Management is responsible for the preparation of the separate financial statements that present fairly the financial position of Georgian Stock Exchange JSC (hereinafter - the "Company") at 31 December 2018 and the results of its operations, cash flows, and changes in equity for the period then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the separate financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the separate financial statements; and
- Preparing the separate financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the separate financial statements of the Company comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Company operates;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

The separate financial statements for the year ended 31 December 2018 were approved on behalf of the management on 28 March 2019 by:

Giorgi Paresishvili	General Director	______________________
Nino Kurdiani	Financial Director	______________________

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Managemente of Georgian Stock Exchange JSC

Opinion

We have audited the accompanying separate financial statements of Georgian Stock Exchange JSC (hereinafter the "Company"), which comprise the separate statement of financial position as at 31 December 2018 and the separate statement of comprehensive income, separate statement of changes in equity and separate cash flow statement for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies (hereinafter - financial statements).

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and 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 at December 31, 2018 separate financial statements is modified due 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 Separate 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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the separate 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.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

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

• Identify and assess the risks of material misstatement of the separate 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, misrepresentations, 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 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 separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the separate financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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.

28 MARCH 2019

RSM GEORGIA

Managing Partner: Giorgi Kvinikadze

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 GEL	2017 GEL
Commission and subscribtion income	3	250,709	254,336
Other operating income	3	6,080	2,279
Total operating income		256,789	256,615
Employees Salary and benefits		(249,580)	(194,344)
Rent and utilities		(75,626)	(73,884)
Consultation expenses		(40,851)	(29,358)
Communication expenses		(12,278)	(12,386)
Depositary Service		(12,000)	(12,000)
Representation Expenses		(12,098)	(1,593)
Depreciation and amortisation	8,9	(7,932)	(7,844)
Impairment expense of financial assets	7	(5,994)	-
Other operating expenses	4	(32,688)	(35,095)
Dividends received from subsidiaries		-	54,490
Finance income	5	26,714	31,325
Net forex gain/(loss)	6	(3,120)	(2,867)
Profit/(loss) before tax		**(168,664)**	**(26,941)**
Income tax expense		-	-
Loss after tax		**(168,664)**	**(26,941)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(168,664)**	**(26,941)**

	GEL	GEL
Earnings Per Share	**(5.62)**	**(0.90)**

Giorgi Paresishvili General Director ______________________________

Nino Kurdiani Financial Director ______________________________

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	31.12.2018 GEL	31.12.2017 GEL
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	11,593	15,867
Intangible assets	9	29,675	2,398
Investment in subsidiaries	10	209,134	209,134
Total non-current assets		**250,402**	**227,399**
CURRENT ASSETS			
Tax assets		9,958	13,346
Other financial assets, trade receivables	11	30,248	34,940
Cash and cash equivalents	12	388,118	496,528
Total current assets		**428,324**	**544,814**
TOTAL ASSETS		**678,726**	**772,213**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	30,000	30,000
Share premium	13	117,452	117,452
Retained earnings		355,276	523,940
TOTAL EQUITY		**502,728**	**671,392**
NON-CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Trade and other payables	14	125,998	50,821
Provision for premium	15	50,000	50,000
Total current liabilities		**175,998**	**100,821**
TOTAL LIABILITIES		**175,998**	**100,821**
TOTAL EQUITY AND LIABILITIES		**678,726**	**772,213**

Giorgi Paresishvili	General Director	________________
Nino Kurdiani	Financial Director	________________

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Share capital	Share premium	Retained earnings	Total equity
		GEL	GEL	GEL	GEL
At 31 December 2016		**30,000**	**117,452**	**550,881**	**698,333**
Loss for the year		-	-	(26,941)	(26,941)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(26,941)	(26,941)
At 31 December 2017		**30,000**	**117,452**	**523,940**	**671,392**
Loss for the year		-	-	(168,664)	(168,664)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(168,664)	(168,664)
At 31 December 2017		**30,000**	**117,452**	**355,276**	**502,728**

Giorgi Paresishvili	General Director	____________________
Nino Kurdiani	Finnacial Director	____________________

SEPARATE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 GEL	2017 GEL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		317,009	254,091
Payments to suppliers and employees		(435,920)	(369,159)
Cash flow generated from operations		**(118,911)**	**(115,068)**
Income taxes paid		-	-
Interest received	5	26,804	31,325
Net cash generated by operating activities		**(92,107)**	**(83,743)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	8,9	(12,118)	(199)
Net cash used in investing activities		**(12,118)**	**(199)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends received from subsidiaries		-	54,490
Net cash generated by (used in) financing activities		**-**	**54,490**
CASH AND CASH EQUIVALENTS			
At 1 January	14	**496,528**	**528,846**
Net increase for the year		(104,225)	(29,452)
Effect of exchange rate changes on cash and cash equivalents held		(4,185)	(2,866)
At 31 December	14	**388,118**	**496,528**

Giorgi Paresishvili General Director ______________________

Nino Kurdiani Financial Director ______________________

NOTES

1 GENERAL INFORMATION

Georgian Stock Exchange JSC (hereinafter - the Company) was founded on January 12, 1999 according to the legislation of Georgia.

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.

Major Shareholders

As of 31 December 2018 the Company's shareholder structure is as follows:

TBC Capital LLC (17.33%), GCF Holdings Georgia LLC (15.33%) and Galt & Taggart JSC (17.33% (including 2% in nominee ownership)), minority shareholders 38% and others 12%- (Cartu Broker 2%; BasisBank 2%, Abbey Asset Management 2%, Fiba 2%, Jo & Shi 2%, Heritage Securities 2%)

In December 2016, JSC Galt & Taggart sold its shares to TBC Capital Ltd and LLC "GCF Holdings Georgia", which resulted in a 17.33% share in the company (2% - including shares in nominal ownership), and the main shareholders became TBC Capital Ltd (17.33%), LLC "GCF Holdings Georgia" (15.33%).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

These separate 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 31 December 2018. In addition, the Company issued consolidated financial statements on 28 March 2019.

The separate financial statements comprise a separate statement of profit or loss and the statement of other comprehensive income, a separate statement of financial position, a separate statement of changes in equity, a separate statement of cash flows, and notes.

The Company presents the profit and loss items using the classification by nature of expenses. The Company believes this method provides more useful information to the readers of the separate 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.

Measurement bases

The separate financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (eg. certain financial instruments that are measured at fair value). 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 valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). 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 (ie as prices) or indirectly (ie 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).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

New or amended Accounting Standards and Interpretation adopted

The following Accounting Standards and Interpretations are most relevant to the company:

IFRS 9 Financial Instruments:

The company has adopted IFRS 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets.

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

IFRS 15 Revenue from Contracts with Customers:

The company has adopted IFRS 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below.

Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

IFRS 9 and IFRS 15 were adopted using the modified retrospective approach. as at 1 January 2018 there was no impact on separate financial statements.

Comparision of financial statements areas for the year ended 31 December 2018 by new and old standards.

	New Standard	**Old Standard**	**Difference**
Fee and commission income	256,789	256,789	-
Allowance for impairment of financial assets expenses/retention (IFRS 9)	(5,994)	-	(5,994)
Financial Income	26,714	26,714	-
Net foreign gain/(loss)	3,120	3,120	-
General and administrative expenses	(443,053)	(443,053)	-
Loss before tax	**(168,664)**	**(162,670)**	**(5,994)**
Lossfor the year	**(168,664)**	**(162,670)**	**(5,994)**
Trade and other receivables	30,248	36,242	(5,994)
Other assets	648,478	648,478	-
Total assets	**678,726**	**684,720**	**(5,994)**
Liabilities	125,998	125,998	-
Provision for Premium	50,000	50,000	-
Total liabilities	**175,998**	**175,998**	**-**
Net assets	**502,728**	**508,722**	**(5,994)**

New and amended standards in issue but not yet effective

The Company has not applied the following new or amended standards that have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2018.

The Management anticipate that the new standards and amendments will be adopted in the Company's separate financial statements when they become effective. The Company has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

IFRS 16 Leases (issued in January 2016) - The Standard, effective for annual periods beginning on or after 1 January 2019 (earlier application permitted only if IFRS 15 also applied), replaces IAS 17 and its Interpretations. The biggest change introduced is that almost all leases will be brought onto lessees' balance sheets under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The Directors anticipate that IFRS 16 will be adopted in the Company's separate financial statements when it becomes mandatory, However, as the Management is still in the process of assessing the full impact of the application of IFRS 16 on the Company's separate financial statements, it is not practicable to provide a reasonable financial estimate of the effect until the Management complete the detailed review.

IFRS 17 Insurance Contracts (issued in May 2017) - The Standard that replaces IFRS 4, effective for annual periods beginning on or after 1 January 2021 (earlier application permitted only if IFRS 9 and IFRS 15 also applied), requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of consistent, principle-based accounting for insurance contracts, giving a basis for users of separate financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. As the Company has neither issued insurance contracts nor held reinsurance contracts, the Standard is not expected to have an effect on its separate financial statements.

(B) Revenue recognition

(a) Revenue is recognized on accrual basis.

Revenue from rendering services is recognised when the amount of revenue can be measured reliably; it is probable that future economic benefits will flow to the entity; the stage of completion of the transaction at the end of the reporting period can be measured reliably; and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value added tax collected on behalf of the government of Georgia. For each contract the Company takes the following steps: Identifies the controcat existence, identifies the performance obligations, determines the transaction price, allocates the transaction price to each performance obligation and recognizes the revenenu only when the all performance obligation is fulfilled in a manner of transferring all promised good or service.

(b) Interest income

Interest income is recognized on accrual basis according to effective interest rate.

(C) PROPERTY, PLANT A-ND 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, with the effect of any changes in estimate being accounted for on a prospective basis.

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.

(D) INTANGIBLE ASSETS

On initial recognition, intangible assets acquired separately are measured at cost. The cost of a separately 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.

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 as described below.

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.

Intangible assets with an 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.

(E) 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 subsidiarues are recognized in other comprehensive income when the company is authorized to receive the dividends

(F) IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of such 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 of the individual asset or the cash-generating unit. 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 pre-tax discount rates that reflect the time value of money and the risks specific to the asset / unit whose impairment is being measured.

(G) 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 Company 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.

Subsequent measurement of financial assets

Subsequent measurement of financial assets depends on their classification on initial recognition. The Company classifies financial assets in one of the following four categories:

A 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.

A 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 both collecting contractual cash flows and selling financial assets 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.

All other financial assets are classified and measured at at fair value through orfit or loss unless the Compnay makes an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

Loans and receivables- are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that the Company intends to sell immediately or in the near term cannot be classified in this category. These assets are carried at amortized cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility.

Typically trade and other receivables, loans issued, bank balances and cash are classified in this category.

Impairment of financial assets

At the end of each reporting period, the Company assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. 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, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

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 imapriment 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
Persentage 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.

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

Whether the assets are recognised / derecognised in full or recognised to the extent of the Company's continuing involvement depends on accurate analysis which is performed on a specific transaction basis.

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 derivative that is a designated and effective hedging instrument) 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. Typically, trade and other payables and borrowings are classified in this category. Items classified within trade and other payables are not usually remeasured, as the obligation is known with a high degree of certainty and settlement is short-term.

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 (ie 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 are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(H) 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. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement are recognised in profit or loss.

The applicable exchange rates used were:

	Official currency rate of the National Bank of Georgia	
	USD	EUR
Exchange rate as at 31 December 2018	2.68	3.07
Exchange rate as at 31 December 2017	2.59	3.10
Average rate for the year ended 31 December 2018	2.59	2.99
Average rate for the year ended 31 December 2017	2.50	2.83

(I) Income tax

In accordance with the effective Georgian Tax Code, corporate income tax is not levied on profit earned but on the profit distributed as dividends. The amount of tax payable on a dividend distribution is calculated as 15/85 of the amount of the net distribution. The income tax payable on dividends is recognised as an expense in the period in which the dividends are declared, irrespective of the period in which the dividends are ultimately distributed. Because of the specific nature of the taxation system, companies registered in Georgia do not acquire deferred tax assets or incur deferred tax liabilities on temporary differences between the carrying amounts and tax bases of their assets and liabilities.

(K) Provisions and contingencies

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event; it is probable that the Company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably. Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks to a specific obligation. The increase in the provision due to the passage of time is recognised as interest expense. Provisions are not recognised for future operating losses. Contingent assets and contingent liabilities are not recognised.

(L) EQUITY

Equity instruments are contracts that give a residual interest 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 (ie the dividends are appropriately authorised and no longer at the discretion of the entity). 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 separate statement of comprehensive income.

3. COMMISSION AND SUBSCRIBTION INCOME

	2018 GEL	2017 GEL
Income from listing	84,655	61,661
Income from the data supplied	83,553	81,234
Commission income from over-the-counter transactions	49,663	81,007
Income from initial listing	18,000	6,500
Subscribtion income	13,680	13,263
საბირჟო ვაჭრობაზე დადებული გარიგების საკომისიო	1,128	5,672
Other	6,110	7,278
TOTAL	**256,789**	**256,615**

4 OTHER OPERATING EXPENSES

	2018 GEL	2017 GEL
Transportation Expenses	4,252	3,221
Training expenses	4,058	-
Insurance expenses	3,713	1,519
Office supply expenses	2,591	2,739
Reimbursement to Individuals	2,500	10,050
Cleaning expenses	2,102	1,932
Stationery Expenses	1,892	1,537
Employee benefits	1,652	1,191
Tax expenses	1,228	715
Representative expenses	1,026	1,173
Bank expenses	874	702
Other office expenses	800	1,028
Postal expenses	728	655
FEAS – membership expense	-	6,985
Registration expenses	1,879	-
Other	3,394	1,648
TOTAL	**32,688**	**35,095**

5 FINANCE INCOME

	2018 GEL	2017 GEL
Income from bank deposits	26,714	28,865
Other finance income	-	2,460
TOTAL	**26,714**	**31,325**

6 FOREIGN CURRENCY GAIN/LOSS

	Cash and Cash Equivalents	Trade and other receivables	Trade and other Payables	Total
	GEL	GEL	GEL	GEL
Foreign currency gain	11,953	1,773	182	13,908
Foreign currency loss	(16,138)	(805)	(86)	(17,028)
Net foreign currency gain/(loss) for the period of 2018	**(4,185)**	**969**	**96**	**(3,120)**

	Cash and Cash Equivalents	Trade and other receivables	Trade and other Payables	Total
	GEL	GEL	GEL	GEL
Foreign currency gain	25,724	983	204	26,911
Foreign currency loss	(28,309)	(1,092)	(377)	(29,778)
Net foreign currency gain/(loss) for the period of 2017	**(2,585)**	**(109)**	**(173)**	**(2,867)**

7 ALLOWANCE FOR IMPAIREMENT OF FINANCIAL ASSETS EXPENSES/RETENTION

	Allowance for trade receivables	Total
	GEL	GEL
At 31 December 2016	**(1,613)**	**(1,613)**
Recovery of impaired assets	-	-
Reserve expense for the year	-	-
At 31 December 2017	**(1,613)**	**(1,613)**
Write-off expense	1,613	1,613
Recovery of impaired assets	-	-
Reserve expense for the year	(5,994)	(5,994)
At 31 December 2018	**(5,994)**	**(5,994)**

8. PROPERTY PLANT AND EQUIPMENT

	Office Equipment	Leasehold Improvements	Total
	GEL	GEL	GEL
COST			
AT 01 January 2017	**91,587**	**19,617**	**111,204**
Additions	199	-	199
Disposals	-	-	-
AT 31 December 2017	**91,786**	**19,617**	**111,403**
Additions	278	-	278
Disposals	-	-	-
AT 31 December 2018	**92,064**	**19,617**	**111,681**
DEPRECIATION AND IMPAIRMENT			
AT 01 January 2017	**(79,979)**	**(7,844)**	**(87,823)**
Depreciation for the year	(3,791)	(3,922)	(7,713)
Accumulated depreciation on disposed assets			-
AT 31 December 2017	**(83,770)**	**(11,766)**	**(95,536)**
Depreciation for the year	(628)	(3,923)	(4,551)
Accumulated depreciation on disposed assets			
AT 31 December 2018	**(84,398)**	**(15,690)**	**(100,088)**
NET CARRYING VALUE			
AT 01 January 2017	**11,608**	**11,773**	**23,381**
AT 31 December 2017	**8,016**	**7,851**	**15,867**
AT 31 December 2018	**7,666**	**3,927**	**11,593**

The cost of property and equipment which are fully depreciated for the reporting period is GEL 73,662.

9 INTANGIBLE ASSETS

	SOFTWARES AND WEBSITES	TOTAL
	GEL	GEL
COST		
AT 1 January 2017	**4,560**	**4,560**
Additions	-	-
Disposals	-	-
AT 31 December 2017	**4,560**	**4,560**
Additions	30,750	30,750
Disposals	-	-
AT 31 December 2018	**35,310**	**35,310**
AMORTIZATION AND IMPAIRMENT		
AT 1 January 2017	**(2,030)**	**(2,030)**
Amortization for the year	(132)	(132)
Accumulated amortization on disposed assets	-	-
AT 31 December 2017	**(2,162)**	**(2,162)**
Amortization for the year	(3,473)	(3,473)
Accumulated amortization on disposed assets	-	-
AT 31 December 2018	**(5,635)**	**(5,635)**
NET CARRYING VALUE		
AT 1 January 2017	**2,530**	**2,530**
AT 31 December 2017	**2,398**	**2,398**
AT 31 December 2018	**29,675**	**29,675**

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

10 INVESTMENTS IN SUBSIDIARIES

	31.12.2018		31.12.2017	
	Share	GEL	Share	GEL
Georgian Central Securities Depository JSC	24.65%	100,000	24.65%	100,000
Tbilisi Stock Exchange JSC	35.22%	100,000	35.22%	100,000
Kavkasreesrti JSC	57.86%	9,134	57.86%	9,134
Total		**209,134**		**209,134**

Subsidiaries are registered on the same address as the registered parent company (74a Chavchavadze Ave, Tbilisi), except for JSC "Tbilisi Stock Exchange", which is the registration address: N71, 8 th - block, 2nd floor, Vaja - Pshavela Ave, Tbilisi.

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

As of 31 December 2018, JSC "Georgian Stock Exchange" holds 35.22% of shares in the Tbilisi Stock Exchange.

Despite the fact that the company has reduced the share in JSC "Tbilisi Stock Exchange" to 35.22%, it still maintains control over it and reflects its results in its separate financial statements.

Tbilisi Stock Exchange JSC (TSE) was founded on May 7, 2015 by Georgian Stock Exchange JSC (the Company). 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. 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, Kavkasreestri JSC was a liaison company, as the Company had a significant impact on the Kavkasreestri JSC and not the control. From October 1, 2015, the Company has obtained control over Kavkasreestri JSC.

The table below presents the 2018 audited financial information about subsidiaries:

	31.12.2018		
	Total Assets	Net assets	Profit (Loss) for the year
Georgian Central Securities Depository JSC	1,091,566	1,089,176	(173,652)
Tbilisi Stock Exchange JSC	2,124,727	2,124,645	(302,481)
Kavkasreesrti JSC	329,626	321,277	(31,275)
Total	**3,545,919**	**3,535,098**	**(507,408)**

The table below presents the 2017 audited financial information about subsidiaries:

	31.12.2017		
	Total Assets	Net assets	Profit (Loss) for the year
Georgian Central Securities Depository JSC	1,271,854	1,269,736	(125,781)
Tbilisi Stock Exchange JSC	2,431,998	2,430,846	(62,810)
Kavkasreesrti JSC	364,990	352,552	(64,835)
TOTAL	**4,068,842**	**4,053,134**	**(253,426)**

11 OTHER FINANCIAL ASSETS, TRADE RECEIVABLES

	31.12.2018 GEL	31.12.2017 GEL
Trade receivables	29,745	32,236
Prepayments, other assets	6,497	4,317
The allowance for doubtful accounts (see note #7)	(5,994)	(1,613)
TOTAL	**30,248**	**34,940**

12 CASH AND CASH EQUIVALENTS

	31.12.2018 GEL	31.12.2017 GEL
Cash at bank	154,973	195,494
Bank deposits	233,126	300,582
Cash on hand	18	452
TOTAL	**388,118**	**496,528**

Bank deposits consists of short-term deposits, which accrue interest 0.25% -12.75%.

Interest income from deposits in 2018 and 2017, see the note 5.

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

13. SHARE CAPITAL, PREMIUM

Share capital consists of 3,000,000 common shares; par value of share is GEL 0.01.
No dividends have been paid to shareholders during the reporting period.

14 TRADE AND OTHER PAYABLES

	31.12.2018 GEL	31.12.2017 GEL
Advances Received	109,057	34,472
Trade payables	16,941	16,349
TOTAL	**125,998**	**50,821**

Advances received consists of 3 large clients’ advance payments for service fees for the period of 5 years.

15. PROVISION FOR PREMIUM

As at 31 December 2018 the Company's management made provision for premium which is distributed annually to General Director. As at their expectation there is more than 50% of probability that board will approve premium for General Director

	GEL
Provision as at 01 January 2017	**-**
Paid	-
Accrued	50,000
Provision as at 31 December 2017	**50,000**
Paid	(50,000)
Accrued	50,000
Provision as at 31 December 2018	**50,000**

16 COMMITMENTS AND CONTINGENCIES

Contingencies regarding to operating lease
The company has signed an Operating Lease Agreement which expires on October 5, 2018, but if none of the parties express their wish to terminate the contract, the validity period of the contract shall be automatically extended for a period of one year.

Minimum lease payments are presented below:

	31.12.2018 GEL	**31.12.2017** GEL
Less than 1 year	62,820	50,234
1-5 year	-	-
TOTAL:	**62,820**	**50,234**

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 separate financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Current lawsuits
The company has current lawsuit which are described below:

1. **Plaintiff:** JSC „Georgian Stock Exchange'' (GSE) 38% minority shareholders
   Defendant: JSC „Georgian Stoack Exchange'' (GSE); JSC „Tbilisi Stock Exchange" (TSE);
2. **Subject of dispute:**

Establishment of a 100% subsidiary company of GSE and transfer of the assets required for the stock exchange activities.

3. Current Status of dispute:

Main issues of dispute:

1. On November 19th, 2018 a judge made decision in favour of defendant (TSE and GSE).
2. Minority shareholders appealed decision to the Court of Appeal.
3. As of March 28th, 2019 there are no sessions appointed at the Court of Appeal.

Assessment of probability of a negative settlement of dispute. Also, assessment of the level and amount that a damage can cause. According to the company estimates, the likelihood of a negative settlement of the dispute is low. There is no expectation for any loss of any kind.

17. INFORAMTION 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 three 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:

	31.12.2018 GEL	**31.12.2017** GEL
Cash and cash equivalents	388,118	496,528
Trade and other receivables	23,751	30,623
Total financial assets	**411,869**	**527,151**
Financial liabilities		
Trade and other payables	16,941	16,349
Total financial liabilities	**16,941**	**16,349**

Credit risk

The Company takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due.

The Company's maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets on the balance sheet.

	31.12.2018	31.12.2017
	GEL	GEL
Cash at bank	388,099	496,076
Trade and other receivables	23,751	30,623
Total financial assets	**411,850**	**526,699**

As note 12. Defines, cash and cash equivalents consists of cash in bank accounts and short-term deposits.

Expected credit loss measurement

The Company uses a "three-stage" model for impairment based on changes in credit qulity since initial recognition sumurised bellow:

- A financial instrument that is not credit-impaired on initial recognition is classified in "stage 1" and has its credit risk continiusly monitored by the Company.
- If a significant increase in credit risk (SICR) 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 in stage 1 have thie ECL measured at an amount equal to the portion of lifetime ECL that result from default events possible within next 12 months. Instruments in stages 2 and 3 have their ECL 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)
12-moth expected credit loss	Liftime expected credit losses	Liftime expected credit losses

The Company's all financial assets in this separate financial statements, other than trade receivables, are classified in stage 1 as at beginning and end of the 2018 year.

As for trade receivables the Company uses the simplified approach is based on days overdue. The company has five overdue ranges: less than 30 days, 31-60 days, 61-90 days, 91-180 days and more than 180 days. ECL 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
ECL Percentage	2%	5%	25%	50%	100%

For investment held-to-maturity, expected credit loss (ECL) is based on credit risk change after initial recognition.

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

Considering the fact, that credit risk is not increased significantly after initial recognition, the company used 12-month ECL for investment held-to-maturity.

Liquidity risk - Financial liabilities maturity analysis

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations arising from its financial obligations. It refers to the availability of sufficient funds to meet financial commitments associated with financial instruments as they actually fall due. Liquidity risk exists when the maturities of assets and liabilities do not match.

Liquidiy risk as at 31 December 2018 can be presented as follows:

	Up to 1 year	1 year to 5 years	Over 5 years	Total
Financial assets				
Cash and cahs qeuivalents	388,118	-	-	388,118
Trade receivables	23,751	-	-	23,751
Total financial assets	**411,869**	**-**	**-**	**411,869**
Financial liabilities				
Trade payables	16,941	-	-	16,941
Total financial liabilities	**16,941**	**-**	**-**	**16,941**
Liquidity Gap	**394,928**	**-**	**-**	**394,928**

Liquidiy risk as at 31 December 2017 can be presented as follows:

	Up to 1 year	1 year to 5 years	Over 5 years	Total
Financial assets				
Cash and cahs qeuivalents	496,528	-	-	496,528
Trade receivables	30,623	-	-	30,623
Total financial assets	**527,151**	**-**	**-**	**527,151**
Financial liabilities				
Trade payables	16,349	-	-	16,349
Total financial liabilities	**16,349**	**-**	**-**	**16,349**
Liquidity Gap	**510,802**	**-**	**-**	**510,802**

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. However, changes in interest rates do not impact any component of the company’s financial assets or liabilities. All borrowings and cash and cash equivalents have fixed interest rates and therefore management do not believe the Company is exposed to the interest rate risk from these financial assets and liabilities

The interest rate exposure is presented bellow:

	31.12.2018		31.12.2017	
In % P.A	**GEL**	**USD**	**GEL**	**USD**
Cash and cash equivalents	3-12.75%	0.25-0.5%	3-12.75%	0.25-0.5%
Invetment held to maturity	-		-	7%

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's financial liabilities denominated in foreign currencies.
The Company does not hedge its exposure to currency risk.

The following table analyses the breakdown of financial assets by currency:

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

As of 31 December 2017:	Cash and cash equivalents GEL	Trade and other receivables GEL	Total GEL
USD	184,675	6,999	191,674
EUR	236	-	236
Total	**184,911**	**6,999**	**191,910**

A hypothetical 10% increase / decrease in the exchange rate of the GEL against the US Dollar would decrese / increase 2018 profits after tax by GEL 8,187 (2017: 2,378).

A hypothetical 10% increase / decrease in the exchange rate of the GEL against the EUR would decrese / increase 2018 profits after tax by GEL 117 (2017: 724).

A hypothetical 10% increase / decrease in the exchange rate of the GEL against the GBP would decrese / increase 2018 profits after tax by GEL.

18. RELATED PARTY TRANSACTIONS

A related party is a person or entity that is related to the entity that is preparing its separate 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;

(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:

(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 (17.33%), GCF Holdings Georgia LLC (15.33%) and Galt & Taggart JSC (17.33%- (including 2% in nominee ownership)). The key perssonel is deemed to be General Directors's and board members of the parent company and subsidiaries as well.

RELATED PARTY TRANSACTIONS

	2018	**2017**
Incomings:	GEL	GEL
Main shareholders	79,944	52,369
Income from subsidiaries	685	34,283
Other related parties	21,892	2,724

	2018	**2017**
Expenditures:	GEL	GEL
Subsidiaries	12,296	12,299
Other related parties	800	570

OUTSTANDING BALANCES

	31.12.2018	**31.12.2017**
Trade receivables:	GEL	GEL
Main shareholders	262	441

Subsidiaries	1,641	1,642
Other related parties	3,960	280

	31.12.2018	**31.12.2017**
Trade and other payables:	GEL	GEL
Main shareholders	84,581	18
Subsidiaries	1,000	1,006

	2018	**2017**
MANAGEMENT COMPENSATION	GEL	GEL
Salary and benefits	146,665	134,847

	31.12.2018	**31.12.2017**
PAYABLE TO MANAGEMENT	GEL	GEL
Bonus payable to management	50,000	50,000

	31.12.2018	**31.12.2017**
CASH ON BANK ACCOUNTS	GEL	GEL
Cash on “Bank of Georgia” Accounts	47,612	92,084
Cash on “TBC Bank” Accounts	103,611	185,037

19. EVENTS AFTER THE REPORTING PERIOD

No significant events happened after the reporting period.