Imereti Greenery LLC

Financial Statements
and
Independent Auditor's Report

As at 31 December 2019

Imereti Greenery LLC
Table of Content

Independent Auditors' Report	1-5
Statements of financial position	6
Statements of Profit and loss	7
Statement of cash flows	8
Statement of changes in equity	9
Notes to the financial statements	10
Independent Auditors' Report	**30**

INDEPENDENT AUDITORS' REPORT

To the shareholders of Imereti Greenery LLC
Report on the Audit of the Financial Statements

Modified Opinion

We have audited the financial statements of Imereti Greenery LLC (the Company) which comprise the statement of financial position as at 31, December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,except for the effects of the matter described in the basis for modified opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for modified Opinion

At the end of the reporting period there were some indications that property, plant and equipment and intangible assets may be impaired. The company had not estimated the recoverable amount of the property, plant and equipment and intangible assets. We were unable to obtain sufficient and appropriate audit evidence about the recoverable amounts of property, plant and equipment and intangible assets as at 31 December 2019 and 31 Decemebr, 2018. As presented in the financial statement 9,692 Thousand GEL and 231 thousand GEL; 10,635 GEL and 246 thousand GEL. As a result, we were unable to determine whether any adjustments might have been found neccesarry to record.

At the end of the reporting period we have not attended the counting process of the property, plant and equipment. We were unable to obtain sufficient and appropriate audit evidence about the recoverable amounts of property, plant and equipment as at 31 December 2019 and 31 Decemeber, 2018 . As presented in the financial statement 9,692 Thousand GEL and 231 thousand GEL; 10,635 GEL and 246 thousand GEL. As a result, we were unable to determine whether any adjustments might have been found neccesarry to record related to the Fixed asset balances and Depreciation expenses.

At the end of the reporting period we have not attended the counting process of the inventory. We were unable to obtain sufficient and appropriate audit evidence about the recoverable amounts of inventory and related cost of sale as at 31 December 2019 and 31 Decemeber, 2018. As presented in the financial statement 400 thousand GEL and 233 thousand GEL. As a result, we were unable to determine whether any adjustments might have been found neccesarry to record.

At the end of the reporting period we have not attended the counting process of cash on hand. We were unable to obtain sufficient and appropriate audit evidence about the recoverable amounts of cash on hand as at 31 December 2019 and 31 Decemeber, 2018. As presented in the financial statement 12 thousand GEL and 3 thousand GEL. As a result, we were unable to determine whether any adjustments might have been found neccesarry to record.

The company provided the invoices of management fee which were not recorded in the respective financial statement line items. During the audit process we did not receive the respective acceptances and informationa. Respecitvelly, we could not identified to which financial period the invoices and service provided was related to. The total amount of service provided is EUR 96,000. As a result, we were unable to determine whether any adjustments might have been found neccesarry to record.

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 modified opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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 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 skepticism 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, 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 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 statements, including the disclosures whether the financial statements represent 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.

The engagement partner on the audit resulting in this independent auditor's modified report is David Gvetadze.

September 11, 2020
Tbilisi, Georgia

Imereti Greenery LLC
Statement of financial position
as at 31 December 2019

	Note	31/12/2019	31/12/2018
Assets			
Cash and cash equivalents	5	1,535,842	1,343,166
Trade and other receivables	6	266,103	332,843
Inventories	7	400,241	233,148
Biological assets	8	265,627	335,731
Tax assets		7,406	48,826
Property, plant and equipment	9	9,692,590	10,635,989
Intangible Assets	10	231,333	246,690
Other assets	11	321,720	321,720
Total Assets		**12,720,862**	**13,498,113**
Equity and liabilities			
Trade and other payables	12	2,048,311	2,081,262
Borrowings	13	11,819,501	10,038,503
Total Liabilities		**13,867,812**	**12,119,765**
Charter capital	14	8,295,005	7,799,160
Retained earnings		(9,441,955)	(6,420,812)
Total Equity		**(1,146,950)**	**1,378,348**
Total Liabilities and equity		**12,720,862**	**13,498,113**

On behalf of the Management:

Chief Executive officer

Chief Financial officer

September 11, 2020
Tbilisi, Georgia

The notes on pages 10-30 form an integral part of these financial statements. The Independent Auditors' Report is on pages 1-5.

Imereti Greenery LLC
Statement of profit and loss
as at 31 December 2019

	Note	2019	2018
Revenue	15	1,591,402	1,784 ,35
Other operating income		7,776	224,957
Cost of sale	16	(1,461,066)	(1,963,559)
Total Revenue		**138,112**	**46,233**
Depreciation and amortization		(823,457)	(794,657)
Employee benefits	17	(236,937)	(272,235)
Operating expenses	18	(759,219)	(540,511)
Financial expense, net	19	(734,199)	(668,917)
Foreign exchange translation loss, net	20	(605,442)	(361,506)
Proft before tax		**(3,021,142)**	**(2,591,593)**
Income tax		-	-
Period Result		**(3,021,142)**	**(2,591,593)**

On behalf of the Management:

Chief Executive officer

Chief Financial officer

September 11, 2020
Tbilisi, Georgia

The notes on pages 10-30 form an integral part of these financial statements. The Independent Auditors' Report is on pages 1-5.

	Charter capital	Retained earnings	Total
Balance as at 31.12.2017	**8,115,462**	**(3,829,219)**	**4,286,243**
Decrease in capital	(316,302)	-	(316,302)
Period result	-	(2,591,593)	(2,591,593)
Balance as at 31.12.2018	**7,799,160**	**(6,420,812)**	**1,378,348**
Increase in capital	495,845	-	495,845
Period result	-	(3,021,142)	(3,021,142)
Balance as at 31.12.2019	**8,295,005**	**(9,441,954)**	**(1,146,949)**

On behalf of the Management:

Chief Executive officer

Chief Financial officer

September 11, 2020
Tbilisi, Georgia

The notes on pages 10-30 form an integral part of these financial statements. The Independent Auditors' Report is on pages 1-5.

Imereti Greenery LLC
Statement of cash flows
as at 31 December 2019

	2019	2018
Cash flows from operating activities		
Loss before taxation	(3,021,142)	(2,591,593)
Adjustments:		
Depreciation and amortization	823,457	794,657
Finance expense	734,199	666,814
Finance income	-	2,103
bad and doubtful expense	103,402	74,226
Foreign exchange loss, net	(605,442)	361,506
Revenue from grants	-	(106,326)
Gain arising from initial recognition of agricultural produce at fair value	70,104	236,498
Cash otflow from operating activities before changes in operating assets and liabilities	**(1,965,916)**	**(562,115)**
Inventories	(167,093)	33,130
accounts receivables	29,950	201,303
accounts payables	(91,173)	1,470,561
tax assets	41,420	6,142
Cash outflow from operating activities	**(2,152,813)**	**1,149,021**
Interest paid	(748,810)	(704,460)
Net cash used in operating activities	**(2,901,623)**	**444,561**
Cash flows from investing activities		
purchase of PPE and intangible assets	135,296	(1,724,880)
Interest received	-	(2,103)
Net cash used in investing activities	**135,296**	**(1,726,983)**
Cash flows from financial activities		
Repayment of borrowings	(1,662,094)	(1,935,766)
Proceed from borrowings	4,058,189	2,632,263
Contribution in charter capital	495,845	(316,302)
Net cash flow from financing activities	**2,891,940**	**380,195**
Net increase in cash and cash equivalents	**125,613**	**(902,227)**
cash and cash equivalents at the beginning of the year	**1,343,166**	**2,250,730**
effect of foreign exchange rate on cash and cash equivalents	67,063	(5,337)
cash and cash equivalents at the end of the year	**1,535,842**	**1,343,166**

On behalf of the Management:

Chief Executive officer

Chief Financial officer

September 11, 2020
Tbilisi, Georgia

The notes on pages 10-30 form an integral part of these financial statements. The Independent Auditors' Report is on pages 1-5.

1. Introduction

Organisation and operations

The Company was established in Novemeber 2010, in Georgia as a limited liability company as defined by in the Law on Entrepreneurs of Georgia. On November 15, 2010 the company obtained the license for mineral extraction. The Company has been registered by LEPL National agency of public registry and the registration number is # 404389666.

The Company's principal activity is the produce of lettuce, cucumber and tomato. The company owns and operates the a greenhouse in Samtredia. The produced greenhouse are sold to the supermarkets and other different retailers

The Company's registered Adress is Kopaleishvilis street, Samtredia, Georgia.

The owners of the company are :

Name	Share %
JSC Partnership fund	37.65
Georgian Fresh Holding Netherlands B.V.	62.35

The supervisory board members of the company are: Natia Khelaia, Diederik Theodorik Aleven, Rati Mekhrishvili.

The director of the company is Diederik Theodorik Aleven.

Presentation currency

The financial statements are presented in Georgian Lari ("GEL"), which is the Company's functional and presentation currency. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies on the statement of financial position date are recognized in the income statement.

The exchange courses used for converting foreign currency monetary balances are as follows:

	31-Dec-2019	31-Dec-2018
1 USD/GEL	2.8677	2.6766
1 EUR/GEL	3.2095	3.0701

2. Basis of preparation

Statement of compliance

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 31 December 2019.

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

Basis of measurement

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

Fair value is the price that would receive 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 Bank uses market observable data to the extent possible. If fair value of an asset or a liability has not been directly observable, the Bank would estimate it. Working closely with external qualified valuer, using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. 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.

Going Concern

The management of Imereti Greenery LLC has prepared these financial statements on a going concern basis. In making this judgement the management considered the company's financial position, current intentions, profitability of operations and access to financial resources as required for the following minimum 12 months after reporting period. The management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern.

3. Significant accounting policies, assumptions and judgments

Financial instruments

Financial instruments at fair value through profit or loss are financial assets or liabilities that are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
- derivative financial instruments (except for a derivative that is a financial guarantee contract or a designated and effective hedging instruments) or,
- upon initial recognition, designated as at fair value through profit or loss.

The Company may designate financial assets and liabilities at fair value through profit or loss where either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or,
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as assets. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as liabilities.

Management determines the appropriate classification of financial instruments in this category at the time of the initial recognition. Derivative financial instruments and financial instruments designated as at fair value through profit or loss upon initial recognition are not reclassified out of at fair value through profit or loss category. Financial assets that would have met the definition of loans and receivables may be reclassified out of the fair value through profit or loss or availablefor- sale category if the Company as an intention and ability to hold them for the foreseeable future or until maturity. Other financial instruments may be reclassified out of at fair value through profit or loss category only in rare circumstances. Rare circumstances arise from a single event that is unusual and highly unlikely to recur in the near term.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial instruments at fair value through profit or loss

Recognition of financial instruments

Financial assets and liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

Measurement of financial instruments

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on their sale or other disposal, except for:

- loans and receivables which are measured at amortized cost using the effective interest method
- held-to-maturity investments that are measured at amortized cost using the effective interest method
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortised cost.

Amortised cost of financial instruments

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Fair value measurement principles of financial instruments

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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in these circumstances.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument, but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Gains and losses on subsequent measurement of financial instruments

A gain or loss arising from a change in the fair value of a financial asset or liability is recognized as follows:

- a gain or loss on a financial instrument classified as at fair value through profit or loss is recognised in profit or loss

- a gain or loss on an available-for-sale financial asset is recognised as other comprehensive income in equity (except for impairment losses and foreign exchange gains and losses on debt financial instruments available-for-sale) until the asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. Interest in relation to an available-for-sale financial asset is recognised in profit or loss using the effective interest method.

For financial assets and liabilities carried at amortized cost, a gain or loss is recognised in profit or loss when the financial asset or liability is derecognised or impaired, and through the amortization process.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability in the statement of financial position. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised.

In transactions where the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred assets.

The Company writes off assets deemed to be uncollectible.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company currently has a legally enforceable right to set off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Company and all counterparties.

Property, plant and equipment

All property and equipment assets have stated at cost less accumulated depreciation and impairment losses.

Land and construction in progress are not depreciated. Depreciation of property and equipment has provided to write off the cost, less residual value, on a reduced balance method over the estimated useful life.

Name	Useful life (Years)
Equipment	3-5
Other	3

Residual values, remaining useful lives and depreciation methods has reviewed annually and adjusted if these are appropriate.

Gains or losses on disposal are included in profit or loss

Intangible assets

Intangible assets acquired separately have shown at historical cost less accumulated amortization and impairment losses. Amortization has charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. Intangible assets with an indefinite useful life have tested for impairment annually. Intangible assets are amortized from the date they are available for use. The useful life is 3 to 5 years. Amortization periods and methods have been reviewed annually and adjusted, if appropriate.

Biological assets

A biological asset is measured on initial recognition and at each reporting date at its fair value less costs to sell, except for the cases where the fair value cannot be measured reliable. Agricultural produced harvested from the biological asset is measured at its fair value less estimated costs to sell at the point of harvest.

Such measurement is the cost at that date when applying IAS 2 inventories or another applicable standard. Selling costs include transport and other costs necessary to get assets to a market.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and fro a change in fair value less costs to sell of a biological asset is included in profit or loss for the period in which it arises.

Impairment of financial assets

A financial asset or a group of financial assets, other than those categorized at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Impairment exists only when the Bank ascertains that a "loss event" affecting the estimated future cash flows of the financial asset has occurred. It may not be possible to identify a single, discrete event that caused the impairment, and moreover to determine when a loss event has occurred might involve the exercise of significant judgement.

In assessing collective impairment, the Company uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Specific impairment testing is not undertaken since the loan portfolio consists of a large number of small exposure loans that would make individual impairment testing impractical.

The amount of impairment loss recognized for financial assets carried at amortized cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Objective evidence of impairment could include:

- Non-performing of contractual payments on principal or interest
- Financial difficulties of debtor
- Breach of clauses or provisions of the contract.

Impairment of non-financial assets

The company assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to it carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it's carrying amount an impairment loss is recognized immediately in profit or loss. unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and current accounts with banks with original maturities of less than three months.

Charter capital

Charter capital investment is recognized at par value and classified as owner's capital in equity. Dividends are recognized as a liability in the year in which they are declared.

Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorized for issue are disclosed in the subsequent events note.

Government Grants

Government grants, including non-monetary grants at fair value is recognized when there is a reasonable assurance that:

- The entity will comply with the conditions attaching to them
- When the grants be received

Government grants is recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis

A government grant is not recognized until there is a reasonable assurance that the entity will comply with the conditions attaching to it and the grant will be received

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activity. Revenue is shown net of value-added tax, returns, rebates, discounts and after eliminating sales within the company.

The company recognizes revenue when specific recognition criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods

Sales of goods are recognized upon delivery when the significant risks and rewards of ownership of goods have transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The revenue of the company consists of sale of lettuce, cucumber and tomato.

Taxation

Current income tax

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

On 13 May 2016 the Parliament of Georgia passed the bill on corporate income tax reform (also known as the Estonian model of corporate taxation), which mainly moves the moment of taxation from when taxable profits are earned to when they are distributed. The law has entered into force in 2016 and is effective for tax periods starting after 1 January 2017 for all entities except for financial institutions (such as banks, insurance companies, microfinance organizations,
pawnshops), for which the law will become effective from 1 January 2019.According to recent changes to the tax legislation of Georgia the financial institutions transition to the new taxation legislation system will be effective from 1 January 2023, instead of 1 January 2019.

The new system of corporate income taxation does not imply exemption from Corporate Income Tax (CIT), rather CIT taxation is shifted from the moment of earning the profits to the moment of their distribution; i.e. the main tax object is distributed earnings. The Tax Code of Georgia defines Distributed Earnings (DE) to mean profit distributed to shareholders as a dividend. However some other transactions are also considered as DE, for example non-arm's length cross-border transactions with related parties and/or with persons exempted from tax are also considered as DE for CIT purposes. In addition, the tax object includes expenses or other payments not related to the entity's economic activities, free of charge supply and over-limit representative expenses.

Tax reimbursement is available for the current tax paid on the undistributed earnings in the years 2008-2016, if those earnings are distributed in 2019 or further years. The corporate income tax arising from the payment of dividends is accounted for as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which the dividends are paid.

Deferred tax

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences are not provided for if the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities until 1 January 2019, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available until 1 January 2019 against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Due to the nature of the new taxation system described above, the financial institutions registered in Georgia will not have any differences between the tax bases of assets and their carrying amounts from 1 January 2017 and hence, no deferred income tax assets and liabilities will arise, there on.

Staff costs and related contributions

Wages, salaries, contributions to the Georgian Republic state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Company.

Related party transactions

In the normal course of business, the Company enters into transactions with its related parties. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgment is applied in determining if transactions are priced at market or non-market prices, where there is no active market for such transactions. The basis for judgment is pricing for similar types of transactions with unrelated parties.

Income and expense recognition

Interest income and expense are recognised in profit or loss using the effective interest method. Other fees, commissions and other income and expense items are recognised in profit or loss when the corresponding service is provided. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

4. New standards and interpretations

IFRS 9 "Financial Instruments

Financial assets are required to be classified into three measurement categories: (i) those to be measured subsequently at amortized cost, (ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI) and (iii) those to be measured subsequently at fair value through profit or loss (FVPL).

The classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortized cost if it also meets the SPPI requirement. Debt instruments in line with the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Investments in equity instruments are always measured at fair value. However, the management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key difference is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stages' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12- month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). In case of a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

Hedge accounting requirements were amended to align more closely the accounting with the risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

IFRS 9 is effective for annual periods starting from January 1, 2018 and is also permitted earlier. Retrospective use is obligatory, but no comparable information is required; On the date of transition (January 1, 2018) the effect shall be recorded in the retained earnings. Acceptance of IFR 9 is expected to affect the classification and evaluation of the financial assets of the company but will not affect the classification and evaluation of the financial liabilities of the company. The company expects a significant impact on its equity due to the introduction of IFR 9 requirements for impairment, but it will require additional detailed analysis to determine the scale of impact, including all reasonable and supporting information, including forecast elements.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018)

The new standard introduces the core principle that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognized, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognized if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalized and amortized over the period when the benefits of the contract are consumed. No material effect is expected on the Company due to introduction of the new standard.

IFRS 16, Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019)

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company is currently assessing the impact of the new standard on its financial statements.

IFRIC 22 "Foreign currency transactions and advance consideration" (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018)

This interpretation considers how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or received consideration in advance for foreign currency-denominated contracts. The interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration. No material effect is expected on the Company due to introduction of the new standard

IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).

IAS 12 specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. An entity should determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. An entity should assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the effect of uncertainty will be reflected in determining the related taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates, by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty. An entity will reflect the effect of a change in facts and circumstances or of new information that affects the judgments or estimates required by the interpretation as a change in accounting estimate. Examples of changes in facts and circumstances or new information that can result in the reassessment of a judgment or estimate include, but are not limited to, examinations or actions by a taxation authority, changes in rules established by a taxation authority or the expiry of a taxation authority's right to examine or re-examine a tax treatment. The absence of agreement or disagreement by a taxation authority with a tax treatment, in isolation, is unlikely to constitute a change in facts and circumstances or new information that affects the judgments and estimates required by the Interpretation. The Company is currently assessing the impact of the interpretation on its financial statements.

5. Cash and cash equivalents

Cash and cash equivalents	31.12.2019	31.12.2018
Deposits in USD	1,433,850	1,338,300
Cash on hand	12,661	3,142
Cash on bank in GEL	5,683	1,724
Cash on bank in EUR	83,447	-
Cash on bank in USD	201	-
Total Cash and cash equivalents	**1,535,842**	**1,343,166**

Balances on bank accounts can be classified as risk free, considering the fact that the banks where the Company has current accounts are reliable and well-known Georgian credit institutions.

No cash and cash equivalents are impaired or past due.

6. Trade and other receivables

Trade and other receivables	31.12.2019	31.12.2018
Trade receivables	500,656	407,979
Grant receivable	48,053	104,287
Receivables towards personnel	234	15
Total Trade and other receivables less allowances	**548,943**	**512,281**
allowances	(282,840)	(179,438)
Total Trade and other receivables	**266,103**	**332,843**

Aged schedule of receivables:

	<31	31-61	61-91	91-181	181-360	>360	Total
Amount less reserves	(123,088)	(9,926)	(4,377)	(13,119)	(16,693)	(270,797)	(437,999)
Reserve percentage	0%	2%	5%	25%	50%	100%	
Total reserves	-	**(199)**	**(219)**	**(3,280)**	**(8,346)**	**(270,797)**	**(282,840)**

2018

	<31	31-61	61-91	91-181	181-360	>360	Total
Amount less reserves	162,424	32,447	1,101	34,457	14,862	162,689	407,979
Reserve percentage	0%	2%	5%	25%	50%	100%	
Total reserves	-	**(649)**	**(55)**	**(8,614)**	**(7,431)**	**(162,689)**	**(179,438)**

7. Inventories

Inventories	31.12.2019	31.12.2018
Raw materials	249,132	146,255
Other inventory	151,109	86,893
Total Inventories	**400,241**	**233,148**

Raw materials mostly consist of chemical cleanings as at 31 December, 2019

8. Biological assets

Biological assets	31.12.2019	31.12.2018
Tomato and cucumber	265,627	335,731
Total biological assets	**265,627**	**335,731**

9. Property, plant and equipment

	Land	Construction in progress	Buildings and construction	Vehicles	Machinery and equipment	Furniture and Office equipment	Total
Cost							
Balance as at 31.12.2017	73,173	-	10,501,552	142,255	435,103	37,190	11,189,273
Additions	-	1,700,601	-	-	-	8,318	1,708,919
Disposals	-	-	-	-	-	-	-
Balance as at 31.12.2018	73,173	1,700,601	10,501,552	142,255	435,103	45,508	12,898,192
Additions	-	79,315	48,246	-	3,941	2,321	133,823
Disposals	-	(333,200)	-	-	-	-	(333,200)
Balance as at 31.12.2019	73,173	1,446,716	10,549,798	142,255	439,044	47,829	12,698,815
Depreciation							
Balance as at 31.12.2017	-	-	(1,262,497)	(77,483)	(128,174)	(27,626)	(1,495,780)
Depreciation	-	-	(663,961)	(34,415)	(57,546)	(10,924)	(766,846)
Disposal	-	-	-	-	413	10	423
Balance as at 31.12.2018	-	-	(1,926,458)	(111,898)	(185,307)	(10,914)	(2,262,203)
Depreciation	-	-	(663,961)	(21,421)	(48,742)	(9,895)	(744,019)
Disposal	-	-	-	-	-	-	-
Balance as at 31.12.2019	-	-	(2,590,419)	(133,319)	(234,049)	(20,809)	(3,006,222)
Balance as at 31.12.2017	73,173	-	9,239,055	64,772	306,929	9,564	9,693,493
Balance as at 31.12.2018	73,173	1,700,601	8,575,094	30,357	249,796	34,594	10,635,989
Balance as at 31.12.2019	73,173	1,446,716	7,959,379	8,936	204,995	27,020	9,692,590

Following items of PPE are pledged as a collateral for credit products received from JSC Procredit Bank as for 31 December, 2018 and 31 December, 2017:

- Land of 53,211 m with the greenhouse- Kopaleishvili street, Samtredia, Georgia
- Land of 36,743 m with the greenhouse- 56 Egrisi str, Samtredia, Georgia

Following items of PPE are pledged as a collateral for credit products received from JSC TBC Bank as for 31 December, 2018 and 31 December, 2017:

- Land of 53,211 m with the greenhouse- Kopaleishvili street, Samtredia, Georgia
- Land of 36,743 m with the greenhouse- 56 Egrisi str, Samtredia, Georgia

10. Intangible assets

The company owns two types of intangible assets. The license for mineral extraction with the amount of 258,963 GEL as for 31 December 2018. As for 31 December, 2018 the amount is 231,333 GEL

11. Other assets

Other assets	31.12.2019	31.12.2018
Prepayements for long-term assets	321,720	321,720
Total other assets	**321,720**	**321,720**

12. Trade and other payables

Trade and other payables	31.12.2019	31.12.2018
Non-residents service	1,593,991	1,440,683
Trade payables	453,803	553,998
Grant	-	56,234
Salary payables	517	30,347
Total trade and other payables	**2,048,311**	**2,081,262**

13. Borrowings

Borrowings	31.12.2019	31.12.2018
Long term borrowings	11,721,866	9,955,824
Interest payables	97,635	82,679
Total borrowings	**11,819,501**	**10,038,503**

Borrowings are non-current and repayable at maturity.

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

Name	Currency	Nominal interest rate	Year of maturity	Amount in GEL as at 31.12.2019	Amount in GEL as at 31.12.2018
Procredit bank	GEL	11.00%	5/8/2021	534,053	810,818
Procredit bank	USD	36.00%	-	177,536	240,443
I fund	EUR	6-8%	30/09/2020	1,604,750	1,535,050
TBC Bank	USD	4.50%	17/11/2020	1,433,850	1,338,300
TBC Capital Bonds	USD	-	30/04/2020	5,735,400	5,366,189
Foodventures BV	EUR	8.00%	23/11/2020	649,519	429,524
Foodventures Georgia BV	EUR	8.00%	23/11/2020	47,788	-
Badri Japaridze	USD	8.00%	-	129,047	120,447
Georgian Fresh Holding Netherlands B.V.	EUR	8.00%	04/09/2019	1,409,924	115,053
				11,721,866	**9,955,824**

Name	Currency	Nominal interest rate	Year of maturity	Interest payable GEL as at 31.12.2019
Procredit bank	GEL/USD	11.00-36.00%	5/8/2021	-
I fund	EUR	6-8%	30/09/2020	-
TBC Bank	USD	4.50%	17/11/2020	-
TBC Capital Bonds	USD	-	30/04/2020	-
Foodventures BV	EUR	8.00%	23/11/2020	52,532
Foodventures Georgia BV	EUR	8.00%	23/11/2020	890
Badri Japaridze	USD	8.00%	-	14,679
Georgian Fresh Holding Netherlands B.V.	EUR	8.00%	04/09/2019	29,534
				97,635

14. Charter capital

Charter capital represents the nominal amount of capital in the founding documentation of the Company.

The owners of charter capital are entitled to receive dividends as declared from time to time and are entitled to the number of votes corresponding to the percentage of the ownership at founders' meetings of the Company.

At 31 December 2017, the Company's charter capital was GEL8,115,462. In 2018 year the company decreased the capital with the amount of GEL 316,302. Thus, the capital as at 31 December 2018 is GEL 7,799,160. In 2019 Company increased the capital with the amount of GEL 495,845. As the date of 31 December 2019 Company's Charter capital is GEL 8,295,005.

No dividends were declared in 2019 year.

15. Revenue

Revenue	2019	2018
Revenue from sale of harvest crops	1,591,402	1,784,835
Total Revenue	**1,591,402**	**1,784,835**

Table below shows the revenue stream of the company:

	2019	2018
Revenue from lettuce	612,058	716,837
Revenue from cucumber	5,846	428,036
Revenue from tomatmo	973,499	639,962
Total Revenue	**1,591,402**	**1,784,835**

16. Cost of sale

Cost of sale	2019	2018
Cost of sale	1,461,066	1,963,559
Total cost of sale	**1,461,066**	**1,963,559**

the cost of sale account consists of direct salaries, utilities, raw materials and services. The table below shows the cost of sale stream as for 2019 and 2018 years:

	2019	2018
tomato	838,836	828,132
cucumber	-	421,806
letuce	394,680	398,525
Packing	135,743	137,494
fuel	89,594	96,407
Other	-	79,507
Service	2,213	1,688
Total cost of sale	**1,461,066**	**1,963,559**

17. Employee benefits

Employee benefits	2019	2018
Employee salary	221,973	245,372
Other benefits	14,964	26,863
Total employee benefits	**236,937**	**272,235**

18. Operating expenses

Operating expenses	2019	2018
Consulting and other proffesional expenses	14,370	34,622
Tax expenses	118,088	177,647
Bad Dept expenses	103,402	74,226
Business trips	31,677	50,431
Rent	27,250	40,040
Vehicle repair expense	22,886	25,532
Licenses for mineral extraction Expense	-	22,529
Insurance	10,148	17,819
Maintenance Expenses	59,134	16,958
Transportation and Fuel expenses	25,325	14,096
Communication & Utility expenses	6,220	8,407
Office expenses	297	2,126
Marketing Expenses	-	1,811
Representative expenses	530	880
Other expenses	339,891	53,387
Total operating expenses	**759,219**	**540,511**

Other expenses includes the management fee expenses of FoodVentures BV. The total amount of management fee expense is 308K GEL in 2019 year

19. Financial expenses, net

Financial expense, net	2019	2018
Financial income	-	2,103
Financial expense	734,199	666,814
Financial expense, net	**734,199**	**668,917**

20. Foreign exchange translation loss, net

Foreign exchange translation loss, net	2019	2018

Foreign exchange loss from conversion	27,713	19,039
Foreign exchange from other operations	577,729	342,467
Total Foreign exchange translation loss, net	**605,442**	**361,506**

21. Risk management, corporate governance and internal control

Corporate governance framework

The Company is established as a limited liability company in accordance with Georgian law. Thesupreme governing body of the Company is the shareholders board. The shareholder's board appoints the supervisory board members and general director. The general director is responsible for overall management of the Company's activities. Georgian legislation and the charter of the Company establish lists of decisions that are exclusively approved by the sole shareholder.

Internal control policies and procedures

General Director has responsibility for the development, implementation and maintaining of internal controls in the Company that are commensurate with the scale and nature of operations.

Management is responsible for identifying and assessing risks, designing controls and monitoring their effectiveness. Management monitors the effectiveness of the Company's internal controls and periodically implements additional controls or modifies existing controls as considered necessary.

Risk management policies and procedures

Management of risk is fundamental to the business of financial institutions and forms an essential element of the Company's operations.

Key financial and non-financial risks related to the Company's financial instruments and operating activities are:

Market risk, including:
- Interest rate risk;
- Currency risk;
- Price risk.
- Credit risk
- Liquidity risk
- Operational risk
- Capital management risk

Management has implemented procedures to control the key risks.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk mainly arises from open positions in interest rate financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 31 December 2019, 31 December 2018 the Company is not materially exposed to the interest rate risk as does not have balances of financial assets or liabilities, bearing variable interest rates.

Currency risk

The Company has assets and liabilities denominated in several foreign currencies. Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

The following tables show the foreign currency exposure structure of financial assets and liabilities as at 31 December 2019, 31 December 2018:

31.12.2019	**GEL**	**EUR**	**USD**	**Total**
Assets				
Cash and cash equivalents	18,344	83,447	1,434,051	**1,535,842**
Trade and other receivables	266,103	-	-	**266,103**
Total assets	**284,447**	**83,447**	**1,434,051**	**1,801,945**
Liabilities				
Borrowings	605,995	3,737,673	7,475,833	**11,819,501**
Trade and other payables	454,320	1,593,991	-	**2,048,311**
Total liabilities	**1,060,315**	**5,331,664**	**7,475,833**	**13,867,812**
Net statement of financial position exposure	**(775,868)**	**(5,248,217)**	**(6,041,782)**	**(12,065,867)**

31.12.2018	**GEL**	**EUR**	**USD**	**Total**
Assets				
Cash and cash equivalents	4,866	-	1,338,300	1,343,166
Trade and other receivables	332,843	-	-	332,843
Total assets	**337,709**	**-**	**1,338,300**	**1,676,009**
Liabilities				
Borrowings	893,497	2,079,627	7,065,379	10,038,503
Trade and other payables	640,579	1,440,683		2,081,262
Total liabilities	**1,534,076**	**3,520,310**	**7,065,379**	**12,119,765**
Net statement of financial position exposure	**(1,196,367)**	**(3,520,310)**	**(5,727,079)**	**(10,443,756)**

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at 31 December 2019, 31 December 2018 the Company is not significantly exposed to other price risk.

Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Company's loans due from customers. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a borrower.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position. Exposures are based on net carrying amounts as reported in the Statement of Financial Position. The Company's maximum credit exposures are shown gross, i.e. without taking into account any credit enhancement.

The maximum exposure to credit risk from financial assets at the reporting dates are as follows:

	31.12.2019	31.12.2018
Trade and other receivables	266,103	332,843
Cash and cash equivalents	1,535,842	1,343,166
	1,801,945	**1,676,009**

Liquidity risk

Liquidity risk is the risk that the Company does not have difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets when due.

In order to manage liquidity risk, the company performs regular monitoring of future expected cash flows, which is a part of assets/liabilities management process.

The tables below summarize the maturity profile of the Company's financial liabilities at 31 December 2019, 31 December 2018 based on contractual undiscounted repayment obligations.

31.12.2019	Up to 1 Year	1 yea rto 5 year	Over 5 year	Total
Financial assets				
Cash and cash equivalents	-	1,535,842	-	1,535,842
Trade and other receivables	266,103	-		266,103
Total Financial Assets	**266,103**	**1,535,842**	**-**	**1,801,945**
Financial liabilities				
Borrowings	-	11,819,501	-	11,819,501
Trade and other payable	-	2,048,311	-	2,048,311
Total financial liabilities	**-**	**13,867,812**	**-**	**13,867,812**
Liquidity gap	**266,103**	**(12,331,970)**	**-**	**(12,065,867)**

31.12.2018	Up to 1 Year	1 yea rto 5 year	Over 5 year	Total
Financial assets				
Cash and cash equivalents	-	1,343,166	-	1,343,166
Trade and other receivables	332,843	-	-	332,843
Total Financial Assets	**332,843**	**1,343,166**	**-**	**1,676,009**
Financial liabilities				
Borrowings		(10,038,503)		(10,038,503)
Trade and other payable		2,081,262		2,081,262
Total financial liabilities	**-**	**(7,957,241)**	**-**	**(7,957,241)**
Liquidity gap	**332,843**	**9,300,407**	**-**	**9,633,250**

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls should include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

22. Capital management

The Company has no formal policy for capital management but management seeks to maintain a sufficient capital base for meeting the Company's operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of Company's revenues and profit, and long-term investment plans mainly financed by the Company's operating cash flows. With these measures the Company aims for steady profits growth.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders or return capital to shareholders or increase charter capital.

23. Contingencies

Litigation

In the ordinary course of business, the Company is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.

Taxation contingencie

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.

24. Related party transactions

Related parties or transactions with related parties, as defined by IAS 24 "Related party disclosures", represent:

(a) Parties that directly, or indirectly through one or more intermediaries: control, or are controlled by, or are under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries); have an interest in the Company that gives then significant influence over the Company; and that have joint control over the Company;

(b) Associates – enterprises on which the Company has significant influence, and which is neither a subsidiary nor a joint venture of the investor;

(c) Joint ventures in which the Company is a venture;

(d) Members of key management personnel of the Company or its parent;

(e) Close members of the family of any individuals referred to in (a) or (d)

(f) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) Post-employment benefit plans for the benefit of employees of the Company, or of any entity that is a related party of the Company.

Transactions with key management

Total remuneration included in personnel expenses for the year ended 31 December 2019 and 31 December 2018 is as follows:

Name	**2019**	**2018**
Management salaries	74,378	74,250

Transactions with other related parties

Company has received the loan from the related party. The table below shows the detailes of loan:

Name	**Currency**	**Nominal interest rate**	**Amount in GEL as at 31.12.2019**	**Amount in GEL as at 31.12.2018**
Georgian Fresh Holding Netherlands B.V.	EUR	8.00%	1,409,923	115,053
			1,409,923	**115,053**

25. Financial assets and liabilities: fair values and accounting Classifications

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company estimates the fair value of financial assets and liabilities to be not materially different from their carrying values. The fair value estimate for financial assets and liabilities at fair value through profit or loss are categorized into Level 2 of the fair value hierarchy, because of the use of valuation models where all significant inputs are observable.

26. Going Concer

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet repayment terms of banking facilities and other liabilities.

27. Events after the statement of financial position date

This report was ready to issue at September 11th ,2020.
No significant transactions have been identified for disclosure after the reporting date.