Globalink Logistics LLC

Financial Statements
and
Independent Auditor's Report

As at 31 December 2019

Globalink logistics LLC
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INDEPENDENT AUDITORS' REPORT

To the shareholders of Globalink logistics LLC
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Globalink logistics 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, 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 Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 opinion report is David Gvetadze.

July 1st, 2020
Tbilisi, Georgia

Financial statements

Globalink logistics LLC
Statement of financial position
as at, 31 December 2019

	Note	2019 GEL	2019 USD	2018 GEL	2018 USD
Non-current assets					
Property, plant and equipment	**5**	17,522	6,110	20,464	7,646
Right-of-use assets	**7**	29,542	10,302	-	-
Intangible Assets	**6**	12,761	4,450	13,854	5,176
Total non-current assets		**59,825**	**20,862**	**34,318**	**12,822**
Current Assets					
Inventories	**8**	115,189	40,167	82,442	30,801
Trade and other receivables	**9**	876,329	305,586	390,202	145,782
Due from related parties	**21**	1,590,557	554,645	1,383,460	516,872
Bank balances and cash	**10**	160,052	55,812	7,566	2,827
Total current assets		**2,742,127**	**956,210**	**1,863,670**	**696,282**
Current Liabilities					
Trade and Other Payables	**11**	274,019	95,553	417,234	155,882
Due to related parties	**21**	35,939	12,532	2,689	1,005
Lease liabilities	**7**	29,370	10,242	-	-
Taxes Payables	**12**	324,968	113,320	158,824	59,338
Total current liabilities		**664,296**	**231,647**	**578,747**	**216,225**
Net current assets		**2,077,831**	**724,563**	**1,284,923**	**480,057**
Net assets		**2,137,656**	**745,425**	**1,319,241**	**492,879**
Equity					
Share Capital	**13**	386,109	149,980	386,109	149,980
Retained Earnings		1,751,547	659,583	933,132	371,227
Translation reserve		-	(64,138)	-	(28,328)
Total equity		**2,137,656**	**745,425**	**1,319,241**	**492,879**

On behalf of the Management:

Director | **Branch finance manager** | **Chief Accountant**

July 1st, 2020
Tbilisi, Georgia

"GLOBALINK LOGISTICS" LLC 405070747

The notes on pages 9-33 form an integral part of these financial statements. The Independent Auditors' Report is on pages 1-4.

Globalink logistics LLC
Statement of comprehensive income
For the year ended, 31 December 2019

	Note	2019 GEL	2019 USD	2018 GEL	2018 USD
Revenue	14	9,698,453	3,417,112	6,613,010	2,605,087
Direct Cost	15	(8,418,902)	(2,966,281)	(6,022,796)	(2,372,583)
Gross profit		**1,279,551**	**450,831**	**590,214**	**232,504**
Administration, selling and general expenses	16	(460,153)	(162,128)	(328,675)	(129,476)
Operating profit		**819,398**	**288,703**	**261,539**	**103,028**
Other income / (expense)	17	143,453	50,543	(65,860)	(25,944)
Profit before tax		**962,851**	**339,246**	**195,679**	**77,084**
Income Tax Expense	18	(144,436)	(50,890)	(16,976)	(6,687)
Profit for the year		**818,415**	**288,356**	**178,703**	**70,397**
Other comprehensive loss					
Exchange differences on translation of foreign operations			(35,810)	-	(17,506)
Total comprehensive income or the year		**818,415**	**252,546**	**178,703**	**52,891**

On behalf of the Management:

Director | **Branch finance manager** | **Chief Accountant**

July 1st, 2020
Tbilisi, Georgia

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Globalink logistics LLC
Statement of changes in Equity
For the year ended 31 December 2019

In GEL	Charter Capital	Foreign currency translation reserve	Retained Earnings	Total Equity
Notes				
At December 31, 2017	**386,109**	**-**	**754,429**	**1,140,538**
Profit for the period			178,703	178,703
At December 31, 2018	**386,109**	**-**	**933,132**	**1,319,241**
Profit for the period			818,415	818,415
At December 31, 2019	**386,109**	**-**	**1,751,547**	**2,137,656**

In USD	Charter Capital	Foreign currency translation reserve	Retained Earnings	Total Equity
Notes				
At December 31, 2017	**149,980**	**(10,822)**	**300,830**	**439,988**
Profit for the period	-	-	70,397	70,397
Foreign currency translation reserve	-	(17,506)	-	(17,506)
At December 31, 2018	**149,980**	**(28,328)**	**371,227**	**492,879**
Profit for the period	-	-	288,356	288,356
Foreign currency translation reserve	-	(35,810)	-	(35,810)
At December 31, 2019	**149,980**	**(64,138)**	**659,583**	**745,425**

On behalf of the Management:

Director **Branch finance manager** **Chief Accountant**

July 1st, 2020
Tbilisi, Georgia

The notes on pages 9-33 form an integral part of these financial statements. The Independent Auditors' Report is on pages 1-4.

Globalink logistics LLC
Statement of Cash Flows
For the year ended, 31 December 2019

	Notes	2019	2019	2018	2018
		GEL	USD	GEL	USD
Operating activities					
Profit Before Tax		**962,851**	**339,246**	**195,679**	**77,084**
Adjustments for:					
Depreciation of property and equipment	5	7,090	2,498	10,995	4,332
Depreciation of Right-of-use assets	7	32,135	11,322	-	-
Amortization of intangible assets	6	4,206	1,482	3,867	1,445
Provision for doubtful debts	9	(12,612)	(4,444)	11,273	4,135
Unused vacation reserve	11	17,023	5,998	20,572	7,476
Bonus Provision	11	14,581	3,529	62,444	23,330
Work in process	9	(160,972)	(61,724)	(224,570)	(83,901)
Working capital adjustments					
Change in trade accounts receivable		(519,640)	(131,016)	(198,227)	(60,144)
Change in inventories		(32,747)	(9,366)	(17,602)	(5,787)
Change in trade accounts payable		(141,569)	(58,329)	(141,779)	(55,852)
Cash generated from/(used in) operations		**170,346**	**98,803**	**(277,348)**	**(87,882)**
Income Taxes paid		21,708	3,092	(36,528)	(16,162)
Net cash flows from/(used in) operating activities		**21,708**	**3,092**	**(36,528)**	**(16,162)**
Investing activities					
Purchase of property, plant and equipment	5	(7,291)	(2,543)	(1,618)	(918)
Purchase of Intangible assets	6	(3,113)	(1,086)	(3,535)	(1,393)
Proceeds from disposal of property and equipment	5	3,143	1,096	-	-
Net cash used in investing activities		**(7,261)**	**(2,533)**	**(5,153)**	**(2,311)**
Financing activites					
Proceeds from Borrowings					
Repayment for principal portion of lease liabilities	7	(33,653)	(11,857)	-	-
Interest paid on lease liabilities	7	1,346	474	-	-
Effects of exchange rate changes on Bank balances and cash		-	(34,994)	-	(16,809)
Net cash flows (used in)/ financing activities		**(32,307)**	**(46,377)**	**-**	**(16,809)**
Net increase/(decrease) in Bank balances and cash		**152,486**	**52,985**	**(319,029)**	**(123,164)**
Bank balances and cash at 1 January		**7,566**	**2,827**	**326,595**	**125,991**
Bank balances and cash at 31 December		**160,052**	**55,812**	**7,566**	**2,827**

On behalf of the Management:

Director **Branch finance manager** **Chief Accountant**

July 13, 2020
Tbilisi, Georgia

The notes on pages 9-33 form an integral part of these financial statements. The Independent Auditors' Report is on pages 1-4.

1. INTRODUCTION

Corporate information

Globalink logistics LLC was founded in 11/11/2014 by the LEPL National Agency of Public Registry. The legal address of the company is Georgia, Tbilisi, Saburtalo district, Zhiuli Shartava str.№14a, floor 2, Apt. №7. The company operates in Georgia, according to the Georgian legislation.

The 100% owner of the company is GLOBALINK LOGISTICS DWC LLC, 3423 /United Arab Emirates/, founded on 13.07.2015

The director of the company is Manzoor Ahmed Shah, K2356502, 01008049605 /India/

Principal activity of the company is logistics, removal and relocation services.

Globalink is a premier transportation and logistics service provider, offering end-to-end mobility solution across the globe. Employ a far-reaching global network that stretches across six continents and includes the largest logistics and distribution centers in 55 countries. Globalink Logistics provides many of transportation and logistics services as: Air Freight, Rail Freight, Sea Freight, Road Freight, Project Logistics, Air/Sea Charters, LCL/LTL Services, Customs Brokerage, Module Movements, Removals & Relocation, Live Stock Transportation, Warehousing & Distribution, Dangerous Goods Management, Dry Bulk and Liquid Transportation, Pit moving.

Company have implemented many of policies: Human Resources, QHSE Policy, Trading Terms and Conditions, Business Ethics Policy, Privacy policy etc.

Presentation currency

The financial statements are presented in Georgian Lari ("GEL") and USD, GEL is the Company's functional currency and USD is 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 rates 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 AND SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the assets. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

	Useful life (year)
Office equipment&Computers equipment	1-5
Furniture and fixtures	3-10
Computer equipment	3-10
Vehicle	5-10

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

Credit-impaired financial asset

"Under IFRS 9 a financial asset is credit-impaired when one or more events that have occurred and have a significant impact on the expected future cash flows of the financial asset. It includes observable data that has come to the attention of the holder of a financial asset about the following events:

- significant financial difficulty of the issuer or borrower;
- a breach of contract, such as a default or past-due event;
- the lenders for economic or contractual reasons relating to the borrower's financial difficulty granted the borrower a concession that would not otherwise be considered;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for the financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects incurred credit losses

Basis for estimating expected credit losses

Any measurement of expected credit losses under IFRS 9 shall reflect an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. Also, the entity should consider reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring expected credit losses.

The Standard defines expected credit losses as the weighted average of credit losses with the respective risks of a default occurring as the weightings. [IFRS 9 Appendix A] Whilst an entity does not need to consider every possible scenario, it must consider the risk or probability that a credit loss occurs by considering the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the probability of a credit loss occurring is low.

In particular, for lifetime expected losses, an entity is required to estimate the risk of a default occurring on the financial instrument during its expected life. 12-month expected credit losses represent the lifetime cash shortfalls that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

An entity is required to incorporate reasonable and supportable information (i.e., that which is reasonably available at the reporting date). Information is reasonably available if obtaining it does not involve undue cost or effort (with information available for financial reporting purposes qualifying as such).

For applying the model to a loan commitment an entity will consider the risk of a default occurring under the loan to be advanced, whilst application of the model for financial guarantee contracts an entity considers the risk of a default occurring of the specified debtor.

An entity may use practical expedients when estimating expected credit losses if they are consistent with the principles in the Standard (for example, expected credit losses on trade receivables may be calculated using a provision matrix where a fixed provision rate applies depending on the number of days that a trade receivable is outstanding).

Expected credit losses of undrawn loan commitments should be discounted by using the effective interest rate (or an approximation thereof) that will be applied when recognising the financial asset resulting from the commitment. If the effective interest rate of a loan commitment cannot be determined, the discount rate should reflect the current market assessment of time value of money and the risks that are specific to the cash flows but only if, and to the extent that, such risks are not taken into account by adjusting the discount rate. This approach shall also be used to discount expected credit losses of financial guarantee contracts.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that effect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the separate financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Property, plant and equipment

Property, plant and equipment is depreciated over its estimated useful life, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Impairment of property, plant and equipment

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets.

The determination of impairment of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of impairment. Impairment is based on a large number of factors, such as changes in restructuring process, expectations of growth in the industry, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances that indicate impairment exists. The determination of the recoverable amount of a cash-generating unit involves the use of estimates by management. Methods used to determine the value in use include discounted cash flow-based methods, which require the Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. These estimates, including the methodologies used, may have a material impact on the fair value and ultimately the amount of any property, plant and equipment impairment.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Amortization is calculated on a straight-line basis over the estimated useful lives as follows:

	Years
Licences and trademarks	5
Software	5

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.
Impairment losses of continuing operations are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

Inventories

Inventories are valued at the lower of cost or net realisable value.

Costs comprise charges incurred in bringing inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. The same cost formula is used for all inventories having a similar nature and use.

All inventories are valued on the weighted-average cost basis.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include Bank balances and cash and trade and other receivables.

Subsequent measurement

Trade and other receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment. The Company's loans and receivables comprise trade and other receivables and due from related parties in the statement of financial position.

Bank Balances and cash

Cash includes cash on hand, cash with banks and cash equivalents. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value. For the purpose of the separate statement of cash flows, Bank balances and cash consist of cash and short-term deposits as defined above.

De recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of Financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial restructuring. Besides, such evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows on a financial instrument such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Company at first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of comprehensive income. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, as appropriate.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

Trade and other payables

Liabilities for trade and other amounts payable are recognized and subsequently measured at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

De recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in statement of comprehensive income.

Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Any exchange gains and losses arising from assets and liabilities denominated in foreign currencies subsequent to the date of the underlying transaction are credited or charged to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets measured at the fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Exchange rates

Weighted average currency exchange rates established by the National Bank of Georgia are used as official currency exchange rates in the Republic of Georgia.

The following foreign exchange rates against the US dollar have been used in the preparation of these financial statements:

	Average 2018	December 31 2018	Average 2019	December 31 2019
USD/GEL	2.5385	2.6766	2.8382	2.8677

Provisions

Provisions for warranties and product liability are recognized when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provision for warranty is recognized after considering the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Other provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Changes in the estimated timing or amount of the expenditure or discount rate are recognized in profit or loss when the changes arise.

Revenue recognition

Revenue from logistics services is recognized as and when services are rendered and it is probable that the economic benefits will flow to the Company. Costs and Revenue pertaining to jobs-in-progress at the date of statement of financial position have been deferred to the next year. Revenue and costs for jobs which are completed at the date of statement of financial position but not invoiced are recognized as accrued income and costs, respectively.

Revenue from sale of containers is recognized when the significant risks and rewards of ownership of the container has transferred to the buyer and the amount is measured reliably.

Dividend revenue from investments in subsidiaries is recognized when the right to receive payment has been established. Interest revenue is accrued on a time basis.

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability

- The principal or the most advantageous market must be accessible by the Company.
- The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

From 2017 year in Georgian Taxation there are changes regarding profit tax payables, as it won't be payable on reinvested amounts, but only when dividends are paid. Additionnally, dividends will be payable from Profit and Loss statement prepared under IFRS. So there isn't any permanent differences and deffered tax any more and it was written down prior period deffered tax resulted from permanent differences.

Taxes other than income taxes

Georgia has various operating taxes, which are assessed on the Company's activities. These taxes are included as a component of general and administrative expenses and in cost of revenue in the statement of comprehensive income.

Value added tax

The tax authorities permit the settlement of sales and purchases value added tax (VAT) on a net basis. Value added tax recoverable represents VAT on purchases net of VAT on sales.

Value added tax payable

VAT is payable to the tax authorities upon collection of accounts receivable from customers. VAT on purchases, which have been settled at the reporting date, is deducted from the amount payable. In addition, VAT related to sales which have not been collected at the reporting date is also included in the balance of VAT payable. Where provision has been made for impairment of receivables, an impairment loss is recorded for the gross amount of the debtor, including VAT.

The related deferred VAT liability is maintained until the debtor is written off for tax purposes.

Value added tax recoverable

VAT recoverable is recorded in accounts related to purchased goods, work and services, which were purchased with VAT and if the purchases were made in order to generate revenue.

At each reporting date, the VAT recoverable amount is subject to offsetting against the VAT payable.

Current versus non-current classification

The Company presents assets and liabilities in the separate statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realized or intended to sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

1. it is expected to be settled in normal operating cycle;
2. it is held primarily for the purpose of trading;
3. it is due to be settled within twelve months after the reporting period or
4. there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of receivables, continuing credit evaluation of the customers' financial conditions and collateral requirements from customers in certain circumstances.

Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use and asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

a) There is an identified asset;
b) The Company obtains substantially all the economic benefits from use of the asset;
c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive subscription rights. If the supplier does have those rights the contract is not identified as giving rise to a lease

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise of the asset, not those incidental to legal ownership or other potential benefits. In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16. All leases are accounted for by recognising a right-of-use asset and a lease liability. Leases of low value assets; and Leases with a duration of 12 months or less Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes:

a) amounts expected to be payable under any residual value guarantee;
b) the exercise price of any purchase option granted in favour of the company if it is reasonable certain to assess that option;
c) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised
Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
a) lease payments made at or before commencement of the lease;
b) initial direct costs incurred;
c) the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).
Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term

When the Company revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

a) if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
b) in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
c) if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.
For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Standards effective from the January 01, 2019:

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

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

The company adopted IFRS 16 using modified retrospective approach with the cumulative effect of initially applying IFRS 16 recognised at the date of initial application contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

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.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the financial statements of the company.

5. Property, plant and equipment

In GEL	Computer Equipment	Office equipment	Furniture and fixture	Motor Vehicles	Total
Cost	**GEL**	**GEL**	**GEL**	**GEL**	**GEL**
At 31 December, 2017	**18,352**	**1,347**	**14,712**	**7,841**	**42,252**
Additions	1,228	-	1,229	-	2,457
Internal Transfer	-	-	-839	-	-839
Disposals	-	-	-	-	-
At 31 December, 2018	**19,580**	**1,347**	**15,102**	**7,841**	**43,870**
Additions	5,385		1,906		7,291
Internal Transfer	230		(230)		-
Disposals	(779)		(2,364)		-3,143
At 31 December, 2019	**24,416**	**1,347**	**14,414**	**7,841**	**48,018**
Accumulated depreciation					
At 31 December, 2017	**6,613**	**490**	**3,609**	**1,699**	**12,411**
Depreciation expense	5,470	454	3,503	1,568	10,995
Transfer to assets for sale	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 December, 2018	**12,083**	**944**	**7,112**	**3,267**	**23,406**
Depreciation expense	5,060	264	2,496	1,568	9,388
Transfer to assets for sale					-
Disposals	-778		-1,520		-2,298
At 31 December, 2019	**16,365**	**1,208**	**8,088**	**4,835**	**30,496**
Net book value					
At 31 December, 2018	**7,497**	**403**	**7,990**	**4,574**	**20,464**
At 31 December, 2019	**8,051**	**139**	**6,326**	**3,006**	**17,522**

In USD	Computer Equipment	Office equipment	Furniture and fixture	Motor Vehicles	Total
Cost	**USD**	**USD**	**USD**	**USD**	**USD**
At 31 December, 2017	**7,080**	**520**	**5,675**	**3,024**	**16,299**
Additions	459	-	459	-	918
Internal Transfer	-	-	-	-	-
Disposals	-	-	-	-	-
Translation reserve	(224)	(17)	(492)	(95)	(827)
At 31 December, 2018	**7,315**	**503**	**5,642**	**2,929**	**16,390**
Additions	1,878	-	665	-	2,543
Internal Transfer	80	-	(80)	-	-
Disposals	(272)	-	(824)	-	(1,096)
Translation reserve	(487)	(33)	(377)	(195)	(1,092)
At 31 December, 2019	**8,514**	**470**	**5,026**	**2,734**	**16,745**

Accumulated depreciation					
At 31 December, 2017	**2,550**	**189**	**1,394**	**655**	**4,788**
Depreciation Expense	2,155	179	1,380	618	4,332
Transfer to assets for sale	-	-	-	-	-
Translation reserve	(191)	(15)	(117)	(52)	(375)
At 31 December, 2018	**4,514**	**353**	**2,657**	**1,221**	**8,745**
Depreciation Expense	1,783	93	879	552	3,307
Transfer to assets for sale					-
Disposals	(274)	-	(536)	-	(810)
Translation reserve	(316)	(25)	(180)	(87)	(608)
At 31 December, 2019	**5,707**	**421**	**2,820**	**1,686**	**10,634**
Net book value					
At 31 December, 2018	**2,801**	**150**	**2,985**	**1,710**	**7,646**
At 31 December, 2019	**2,807**	**49**	**2,206**	**1,048**	**6,110**

6. Intangible asstes

Cost	**GEL**	**USD**
At 31 December, 2017	**16,825**	**6,491**
Software Additions	3,535	1,393
Internal Transfer		
Disposals		
Translation reserve		-277
At 31 December, 2018	**20,360**	**7,607**
Software Additions	3,113	1,086
Internal Transfer		
Disposals		
Translation reserve		-508
At 31 December, 2019	**23,473**	**8,185**
Amortization		
At 31 December, 2017	**2,639**	**1,018**
Amortization Expense	3,867	1,445
Transfer to assets for sale	-	-
Disposals	-	-
Translation reserve		-32
At 31 December, 2018	**6,506**	**2,431**
Amortization Expense	4,206	1,482
Transfer to assets for sale		
Disposals		
Translation reserve		-178
At 31 December, 2019	**10,712**	**3,735**
Net book value		
At 31 December, 2018	**13,854**	**5,176**
At 31 December, 2019	**12,761**	**4,450**

7. Leases

Lease liabilities

	2019 GEL	2019 USD
At January 1, 2019	-	-
Additions	61,677	21,507
Interest expense	1,346	474
Lease payments made during the year	(33,653)	(11,857)
Translation reserve	-	118
Ending Balance	**29,370**	**10,242**

No lease liabilities as at December 31, 2018

Right-of-use assets

	2019 GEL	2019 USD
At January 1, 2019	-	-
Additions	61,677	21,507
Depreciation on right-of-use assets	(32,135)	(11,322)
Translation reserve	-	117
Ending Balance	**29,542**	**10,302**

No Right-of-use assets as at December 31, 2018

8. Inventories

Inventories comprise packing materials. Inventories are stated at lower of cost and the net realisable value.

	2019 GEL	2019 USD	2018 GEL	2018 USD
Packing Materials	78,427	27,348	77,353	28,900
Other Inventory	36,762	12,819	5,089	1,901
	115,189	**40,167**	**82,442**	**30,801**

9. Trade and other receivables

	2019 GEL	2019 USD	2018 GEL	2018 USD
Trade debts other	814,499	284,025	174,806	65,309
Work in Progress Provision	63,598	22,177	224,570	83,901
Advances to suppliers	-	-	3,250	1,214
Prepaid Expenses	3,234	1,128	3,234	1,208
Due from Employees	-	-	1,956	731
Provision for doubtful debts	(5,002)	(1,744)	(17,614)	(6,581)
	876,329	**305,586**	**390,202**	**145,782**

No interest is charged on trade receivables due after credit period. The trade receivables of 5,002 GEL or 1,744 USD are past due and impaired. The company does not hold any collateral over these balances nor does it have a legal right offset against any amounts owed by the company to the counterparty.

Included in trade recaivables are debtors with carrying amounts of 814,499 GEL (2018: 174,806 GEL) which are past due at the reporting date for which the company, based on its past default experience has partly provided as it still considers these amounts as recoverable.

	2019	**2019**	**2018**	**2018**
Amounts past due but not impared:	**GEL**	**USD**	**GEL**	**USD**
1-30 days	771,267	268,949	60,367	22,554
31-60 days	28,051	9,782	37,503	14,011
More than 60 days	15,181	5,294	76,936	28,744
Total receivables past due	**814,499**	**284,025**	**174,806**	**65,309**
	-	-	-	-
Provision for doubtful debts	(5,002)	(1,744)	(17,614)	(6,581)
Total net receivables past due	**809,497**	**282,281**	**157,192**	**58,728**

Movement in allowance for doubtful debts is as under:

Beginning balance	17,614	6,581	6,341	2,446
Accrual	22,616	7,968	25,058	9,871
Reversal	(35,228)	(12,412)	(13,785)	(5,430)
Foreign exchange differences		(393)		(306)
Closing balance	**5,002**	**1,744**	**17,614**	**6,581**

10. Bank balances and cash

	2019	**2019**	**2018**	**2018**
	GEL	**USD**	**GEL**	**USD**
Bank USD	157,175	54,809	1,325	495
Bank GEL	2,877	1,003	6,198	2,316
Bank EUR	-	-	43	16
	160,052	**55,812**	**7,566**	**2,827**

11. Trade and other payables

	2019	2019	2018	2018
	GEL	USD	GEL	USD
Bonus Provision	77,025	26,859	62,444	23,330
Unused vacation reserve	54,878	19,137	37,854	14,143
Trade payables	44,549	15,535	317,048	118,451
Advances Received	36,804	12,834	1	-
Accruals and other payables	35,988	12,549	-	-
Payables to Employees	24,775	8,639	(113)	(42)
	274,019	**95,553**	**417,234**	**155,882**

The company has financial risk management policices in place to ensure that payable are paid within the credit time frame. The trade and other payables which are classified as finanacial liabilities measure at amortised cost approximate fair value.

12. Taxes payables

	2019	2019	2018	2018
	GEL	USD	GEL	USD
Payable to Budget	-	-	82,011	30,640
Profit Tax	324,968	113,320	47,774	17,849
VAT Payables	-	-	29,102	10,873
Property tax	-	-	(63)	(24)
	324,968	**113,320**	**158,824**	**59,338**

13. Share capital

	2019	2019	2018	2018
	GEL	USD	GEL	USD
Globalink Logistics DWC LLC	386,109	149,980	386,109	149,980

14. Revenue

	2019	2019	2018	2018
	GEL	USD	GEL	USD
Project	3,019,284	1,063,802	1,762,923	694,475
Road Transport	2,363,469	832,735	1,351,612	532,445
Customs Transit&Distribution	1,833,010	645,835	1,527,967	601,918
Air Freight	1,295,384	456,410	1,047,603	412,686
Removals&Relocation Services	1,187,306	418,330	922,905	363,563
	9,698,453	**3,417,112**	**6,613,010**	**2,605,087**

15. Direct cost

	2019	2019	2018	2018
	GEL	USD	GEL	USD
Transportation	5,067,310	1,785,393	3,160,441	1,245,005
Terminal Handling Charges	1,279,920	450,962	939,516	370,107
Salary, overtime and insurance	870,671	306,769	860,402	338,941
Sea Freight	290,640	102,403	230,372	90,751
Demurrage	206,299	72,687	183,058	72,113
Air Freight	189,887	66,904	217	85
Custom Fees, Duty & VAT	150,785	53,127	160,992	63,420
Packing & Delivery Charges	87,521	30,837	49,558	19,523
Insurance	71,980	25,361	65,975	25,990
Storage	55,197	19,448	39,466	15,547
Unused vacation reserve	14,363	5,061	17,490	6,890
Warehouse Rent	242	85	130,422	51,378
Mobile and Fuel	-	-	20,746	8,173
Other	134,087	47,244	164,141	64,660
	8,418,902	**2,966,281**	**6,022,796**	**2,372,583**

16. Administration, selling and general expenses

	2019	2019	2018	2018
	GEL	USD	GEL	USD
Gross Salary and insurance	214,460	75,562	129,644	51,073
Office Rent	108,016	38,058	112,266	44,225
Depreciation on right-of-use assets	32,135	11,322	-	-
Travelling expenses	16,841	5,934	2,710	1,068
Depreciation and Amortization	11,296	3,980	14,861	5,854
Professional Services	10,721	3,777	21,855	8,609
Utilities	9,497	3,346	5,197	2,047
Audit Fee	8,603	3,031	4,800	1,891
Marketing Expenses	6,300	2,220	-	-
Training and Development	5,851	2,062	-	-
Communication cost	5,708	2,011	3,432	1,352
Fuel Expense	4,048	1,426	2,509	988
Unused vacation reserve	2,660	937	3,082	1,214
Bank Commission	2,352	829	1,654	652
Printing and stationary	21	7	500	197
Bad Debt Expense	(12,612)	(4,444)	12,311	4,850
Office supplies	-	-	41	16
Taxi	-	-	38	15
Property Tax Expense	-	-	26	10
Other	34,256	12,070	13,749	5,415
	460,153	**162,128**	**328,675**	**129,476**

17. Other income/(expenses)

	2019	2019	2018	2018
	GEL	USD	GEL	USD
Foreign exchange gain	407,372	143,532	98,493	38,800
Other non-operating expense	(21,905)	(7,718)	563	222
Other non-operational income	51,106	18,006	(104)	(41)
Foreign exchange loss	(293,120)	(103,277)	(164,812)	(64,925)
	143,453	**50,543**	**(65,860)**	**(25,944)**

18. Income tax

Profit tax percentage according of Georgian Taxation is 15%. From 2017 year in Georgian Taxation there is changes regarding profit tax payables, as it won't be payable on reinvested amounts, but only when dividends are paid. Additionnally, dividends will be payable from Profit and Loss statement prepared under IFRS. So there is not any permanent differences and deffered tax any more and it was written down prior period deffered tax resulted from permanent differences

	2019	2019	2018	2018
Income Tax Expense	GEL	USD	GEL	USD
Income Tax Expense	144,436	50,890	16,976	6,687
	144,436	**50,890**	**16,976**	**6,687**

19. CONTINGENCIES AND COMMITMENTS

Legal proceedings

From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates and internal professional advice, management is of the opinion that no material losses will be incurred in respect of claims, and accordingly no provision has been made in these financial statements.

Tax contingencies

Georgian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Company. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances tax year may remain open longer.

20. Risk management, corporate governance and internal control

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Market risk

The Company takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Currency risk

Currency risk is the risk that the financial results of the Company will be adversely impacted by changes in exchange rates to which the Company is exposed. The Company undertakes certain transactions denominated in foreign currencies. The Company does not use any derivatives to manage foreign currency risk exposure, at the same time the management of the Company is trying to mitigate such risk by managing monetary assets and liabilities in foreign currency on Company level.

For USD

	2019			2018		
	EUR	GEL	GBP	EUR	GEL	GBP
Assets						
Cash	-	1,003	-	16	2,316	-
Trade receivable	27,391	13,686	-	440	-	-
Total assets	**27,391**	**14,689**	**-**	**456**	**2,316**	**-**
Liability						
Trade payable	(9,192)	(15,796)	(19,242)	(22,511)	(29,437)	(9,623)
Other Payables	(1,564)	(6,544)	-	-	-	
Total liabilities	**(10,756)**	**(22,340)**	**(19,242)**	**(22,511)**	**(29,437)**	**(9,623)**
Net currency effect	**16,635**	**(7,651)**	**(19,242)**	**(22,055)**	**(27,121)**	**(9,623)**

	Sensisitivity	**Effect Net income effect**
2019		
EUR	**+10%**	1,664
EUR	**-10%**	(1,664)
GEL	**+10%**	(765)
GEL	**-10%**	765
GPB	**+10%**	(1,924)
GPB	**-10%**	1,924
2018		
EUR	**+10%**	(2,206)
EUR	**-10%**	2,206
GEL	**+10%**	(2,712)
GEL	**-10%**	2,712
GPB	**+10%**	(962)
GPB	**-10%**	962

For GEL

	2019			2018		
	EUR	**USD**	**GBP**	**EUR**	**USD**	**GBP**
Assets						
Cash	-	157,175	-	43	1,325	-
Trade receivable	78,551	2,287,257	-	1,177	1,557,089	-
Total assets	**78,551**	**2,444,432**	**-**	**1,220**	**1,558,414**	**-**
Liability						
Trade payable	(26,359)	(61,081)	(55,181)	(60,254)	(154,936)	(25,756)
Other Payables	(4,485)	(13,554)	-	-	-	-
Total liabilities	**(30,844)**	**(74,635)**	**(55,181)**	**(60,254)**	**(154,936)**	**(25,756)**
Net currency effect	**47,707**	**2,369,797**	**(55,181)**	**(59,035)**	**1,403,478**	**(25,756)**

	Sensisitivity	**Effect Net income effect**
2019		
EUR	**+10%**	4,771
EUR	**-10%**	(4,771)
GEL	**+10%**	236,980
GEL	**-10%**	(236,980)
GPB	**+10%**	(5,518)
GPB	**-10%**	5,518
2018		
EUR	**+10%**	(5,903)
EUR	**-10%**	5,903
GEL	**+10%**	140,348
GEL	**-10%**	(140,348)
GPB	**+10%**	(2,576)
GPB	**-10%**	2,576

Credit risk

Credit risk is the risk that the Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept, and by monitoring exposures in relation to such limits.

The Company does business only with recognised, creditworthy parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents and cash on deposits, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecast and actual cash flows.

Financials Assets	**2019**	**2019**	**2018**	**2018**
Receivables	**GEL**	**USD**	**GEL**	**USD**
- Trade and other receivables	817,733	285,153	183,246	68,462
- Due from related parties	1,590,557	554,645	1,383,460	516,872
	2,408,290	**839,798**	**1,566,706**	**585,334**
Bank balances and cash	160,052	55,812	7,566	2,827
Finanacial liabilities				
- Trade and other payables	274,019	95,553	417,234	155,882
- Due to related parties	35,939	12,532	2,689	1,005

The analysis shows that the company has higher financial assets than financial liabilities, it means that the company is able to fulfill its obligations on a timely basis.

21. 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.

The following table provides the total amount of transactions, which have been entered into with related parties during 2019 and 2018 and the related balances as at December 31, 2019 and 2018, respectively:

Sales to related parties	2019 GEL	2019 USD	2018 GEL	2018 USD
Shareholder - Globalink Logistics DWC LLC	3,918,055	1,380,471	3,029,090	1,193,261
Globalink Logistics DWC LLC Armenian Branch	589,296	207,630	279,898	110,261
Globalink Transportation & Logistics Worldwide'	360,104	126,878	20,166	7,944
	4,867,455	**1,714,979**	**3,329,154**	**1,311,466**

Purchases from related parties				
-Shareholder - Globalink Logistics DWC LLC	30,963	10,909	8,634	3,401
Globalink Transportation & Logistics Worldwide'	103,855	36,592	63,546	25,033
	134,818	**47,501**	**72,180**	**28,434**

Related party balances

	-	-	-	-
Due from Related parties	**2019 GEL**	**2019 USD**	**2018 GEL**	**2018 USD**
Shareholder - Globalink Logistics DWC LLC	801,465	279,480	1,203,592	449,672
Globalink Lojistics DWC LLC Armenian Branch	485,098	169,159	177,464	66,302
Globalink Transportation & Lojistics Worldwide'	303,994	106,006	2,404	898
	1,590,557	**554,645**	**1,383,460**	**516,872**

Due to Related parties	2019 GEL	2019 USD	2018 GEL	2018 USD
Globalink Transportation & Lojistics Worldwide'	35,939	12,532	1,989	743
Shareholder - Globalink Logistics DWC LLC	-	-	700	262
	35,939	**12,532**	**2,689**	**1,005**

Compensation of key management personnel

Compensation of key management personnel consists of remuneration paid to the Director of the Company. Compensation comprises salaries and other benefits(insurance):

	2019 GEL	2019 USD	2018 GEL	2018 USD
-Salaries	88,782	31,281	88,754	34,963
-Other benefits	660	233	528	208
	89,442	**31,514**	**89,282**	**35,171**

22. Going Concern

Company has positive retained earnings and profit for the year. Based on all above-mentioned information there is no risk of going concern for the following 12 months' period of reporting period.

23. Events after the statement of financial position date

This report was ready to issue at July 1st , 2020.

No significant transactions have been identified for disclosure after the reporting date.