

შპს აუდიტორული ფირმა „ირმა“

Auditing Firm "IRMA" Ltd.



Audit Report issued on

Globalink Logistics LLC Financial Statements

Period 01/01/2018-31/12/2018

Tbilisi
2018



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Globalink Logistics LLC Director

Mr. Manzoor Ahmed Shah

Auditor's Independence Declaration

I Jambul Gagoshvili, as deal partner/auditor of Ltd Auditing Firm "Irma", certify my responsibility on procedures agreed according of signed contract between us, regarding review Globalink Logistics LLC Financial Statements for the year 2018.

We acknowledge requirements of International Federation of Accountants (IFAC) Code of Ethics and certify that our auditing firm and employees follow settled rules by IFAC Code of Ethics.

Regards,

Director/Deal Partner
LTD Auditing Firm "Irma"
J.Gagoshvili





შპს აუდიტორული ფირმა „ირმა“

Auditing Firm "IRMA" Ltd.

სერტიფიკატი №6/007 თბილისი, ვ. ფშაველას №16 ტელ/ Tel.: 233 44 60; 555 208 737

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№ 09/6-019

25.03. 2019 წ.

Independent Auditor's Report

To the Shareholders and Board of Directors of Globalink Logistics LLC

We have audited the accompanying standalone financial statements of Globalink Logistics LLC, which comprise the standalone statement of Financial Position as at 31 December 2018 and the standalone Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the standalone Financial Statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these standalone Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the standalone Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the standalone financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the standalone financial statements.

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

Opinion

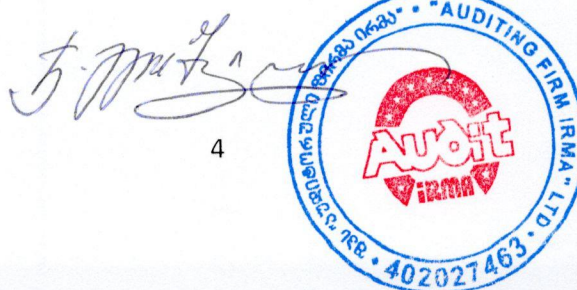
In our opinion, the standalone Financial Statements present fairly, in all material respects, the financial position of Globalink Logistics LLC as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

March 25, 2019

Director/Deal Partner

LTD Auditing Firm "Irma"

J.Gagoshvili



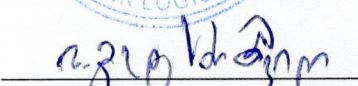
GLOBALINK LOGISTICS LLC
Separate statement of financial position
For the year ended 31 December 2018

		2018	2018	2017	2017
	Note	GEL	USD	GEL	USD
Non-current assets					
Property, plant and equipment	21	20,464	7,646	29,841	11,512
Intangible Assets	22	13,854	5,176	14,186	5,473
Total non-current assets		<u>34,318</u>	<u>12,822</u>	<u>44,027</u>	<u>16,985</u>
Current Assets					
Inventories	23	82,442	30,801	64,840	25,014
Trade and other receivables	24	177,117	66,172	317,609	122,525
Due from related parties	34	1,371,975	512,581	819,959	316,318
Bank balances and cash	25	7,566	2,827	326,595	125,991
Total current assets		<u>1,639,100</u>	<u>612,381</u>	<u>1,529,003</u>	<u>589,848</u>
Current Liabilities					
Trade and Other Payables	26	192,664	71,981	201,889	77,884
Due to related parties	34	2,689	1,005	52,227	20,148
Tax Payables	27	158,824	59,338	178,376	68,813
Total current liabilities		<u>354,177</u>	<u>132,324</u>	<u>432,492</u>	<u>166,845</u>
Net current assets		<u>1,284,923</u>	<u>480,057</u>	<u>1,096,511</u>	<u>423,003</u>
Net assets		<u>1,319,241</u>	<u>492,879</u>	<u>1,140,538</u>	<u>439,988</u>
Equity					
Share Capital		386,109	149,980	386,109	149,980
Accumulated deficit/earning		933,132	371,227	754,429	300,830
Translation reserve		-	(28,328)	-	(10,822)
Total equity		<u>1,319,241</u>	<u>492,879</u>	<u>1,140,538</u>	<u>439,988</u>

Director


Manzoor Ahmed Shah
 0507074
 GLOBALINK LOGISTICS

Branch Finance Manager


Irakli Goderdzishvili

GLOBALINK LOGISTICS LLC
Statement of comprehensive
income
For the year ended 31 December
2018

		2018	2018	2017	2017
	Note	GEL	USD	GEL	USD
Revenue	29	6,613,010	2,605,087	5,812,130	2,316,883
Direct Cost	30	(6,005,307)	(2,365,693)	(4,446,852)	(1,772,642)
Gross profit		607,703	239,394	1,365,278	544,241
Administration, selling and general expenses	31	(346,164)	(136,366)	(433,685)	(172,878)
Operating profit/(loss)		261,539	103,028	931,593	371,363
Other (expense)/income	32	(65,860)	(25,944)	(8,981)	(3,579)
Profit/(loss) before tax		195,679	(77,084)	922,612	367,784
Income Tax Expense	33	(16,976)	(6,687)	(164,019)	(164,019)
Profit/(loss) for the year		178,703	70,397	758,593	302,401
Other comprehensive loss					
Exchange differences on translation of foreign operations		-	(17,506)	-	(6,717)
Total comprehensive income/(loss) for the year		178,703	52,891	758,593	295,684

Director

Branch Finance Manager


Manzoor Ahmed Shah

Irakli Goderdzishvili

GLOBALINK LOGISTICS LLC
Statement of Changes in Equity
For the year ended 31 December 2018

	Charter Capital	Retained Earnings	Total Equity
<i>In GEL</i>			
At January 1, 2017	386,109	(4,164)	381,945
Profit for the period		758,593	758,593
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

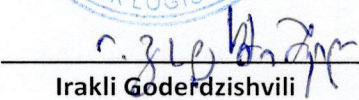
	Charter Capital	Foreign currency translation reserve	Retained Earnings	Total Equity
<i>In USD</i>				
At January 1, 2017	149,980	(4,105)	(1,571)	144,304
Profit for the period			302,401	302,401
Foreign currency translation reserve		(6,717)		(6,717)
At December 31, 2017	149,980	(10,822)	300,830	439,988
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

Director



 Manzoor Ahmed Shah

Branch Finance Manager



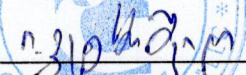
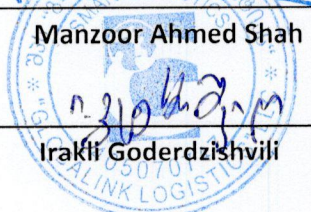
 Irakli Goderdzishvili

GLOBALINK LOGISTICS LLC
Statement of Cash Flows
For the year ended 31 December 2018

	Notes	2018 GEL	2018 USD	2017 GEL	2017 USD
Operating activities					
Profit/(loss) before tax		195,679	77,084	922,612	367,784
Adjustments for:					
Depreciation of property and equipment	21	10,995	4,332	11,485	3,748
Amortization of intangible assets	22	3,867	1,445	2,628	1,014
Provision for doubtful debts	24	11,273	4,135	6,341	2,446
Unused vacation reserve	26	20,572	7,476	13,100	5,087
Bonus Provision	26	62,444	23,330	-	-
Work in process	26	(224,570)	(83,901)	-	-
Working capital adjustments					
Change in trade accounts receivable		(422,797)	(144,045)	(1,019,526)	(394,297)
Change in inventories		(17,602)	(5,786)	(10,808)	(4,598)
Change in trade accounts payable		82,791	28,048	195,020	75,567
Cash generated from operations		(277,348)	(87,882)	120,852	56,751
Income Taxes paid		(36,528)	(16,162)	10,497	1,971
Cash flows from operating activities		(36,528)	(16,162)	10,497	1,971
Investing activities					
Purchase of property, plant and equipment		(1,618)	(918)	(4,787)	(1,908)
Purchase of Intangible assets		(3,535)	(1,393)	(16,690)	(6,653)
Net cash used in investing activities		(5,153)	(2,311)	(21,477)	(8,561)
Repayment of borrowings					
Share Capital				-	-
Effects of exchange rate changes on cash			(16,809)	-	(6,051)
Net cash flows (used in)/from financing activities			(16,809)	-	(6,051)
Net (decrease)/ increase in cash and cash equivalents		(319,029)	(123,164)	109,872	44,110
Cash and cash equivalents at 1 January		326,595	125,991	216,723	81,881
Cash and cash equivalents at 31 December		7,566	2,827	326,595	125,991

Director

Branch Finance Manager


Manzoor Ahmed Shah

Irakli Goderdzishvili


GLOBALINK LOGISTICS LLC

Notes to the Financial Statements

For the year ended December 31, 2018

1. Corporate Information

Globalink Logistics is a limited liability company incorporated on 2014 in accordance with the regulations of Republic of Georgia. Office of the Company is located at 60 Nutsubidze Str. Tbilisi, Georgia. The principal activities of the Company include logistic services (air, road, rail and sea transportation) and removals & relocation services. Globalink Logistics DWC LLC is 100 % shareholder of Globalink Logistics LLC.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the notes to these financial statements. These financial statements are presented in Georgian Lari (GEL) and in USD. All values are rounded, except when otherwise indicated.

These financial statements have been prepared under the going concern assumption that involves the realisation of assets and settlement of liabilities in the normal course of business. The Company has sufficient resources to continue its operating activities in foreseeable future.

The assets and liabilities are translated into USD at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at the average exchange rates for the year.

3. Summary of 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:

Office equipment & Computers equipment	1-5 years
Furniture and fixture	3-10 years
Computer Equipment	3-10 years
Vehicle	5-10 years

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:

[IFRS 9 Appendix A]

- 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. [IFRS 9 paragraph 5.5.17]

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. [IFRS 9 paragraph 5.5.18]

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. [IFRS 9 paragraphs B5.5.31 and B5.5.32]

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). [IFRS 9 paragraph B5.5.35]

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. [IFRS 9 paragraphs B5.5.47]

4. Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the 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.

5. 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

6. 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.

7. 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.

8. 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 cash and cash equivalents 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.

Cash and cash equivalents

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, cash and cash equivalents 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.

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.

9. 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.

10. 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.

11. 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:

	January 1 2017	Average 2017	December 31 2017	Average 2018	December 31 2018
USD/GEL	2.6468	2.5086	2.5922	2.5385	2.6766

12. 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.

13. 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 have been 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.

14. 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.

15. 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.

16. 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. Additionally, dividends will be payable from Profit and Loss statement prepared under IFRS. So there isn't any permanent differences and deferred tax anymore and it was written down prior period deferred tax resulted from permanent differences.

17. 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.

18. 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.

19. 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:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- 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.

20. Allowance for doubtful debt

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.

21. Property, Plant and Equipment

	Office equipment	Computer Equipment	Furniture and fixture	Motor Vehicles	Total
Cost	GEL	GEL	GEL	GEL	GEL
At 31 December, 2016	13,921	1,317	14,386	7,841	37,465
Additions	4,431	30	326	-	4,787
Internal Transfer	-	-	-	-	-
Disposals	-	-	-	-	-
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
Accumulated depreciation					
At 31 December, 2016	488	37	270	131	926
Depreciation Expense	6,125	453	3,339	1,568	11,485
Internal Transfer	-	-	-	-	-
Disposals	-	-	-	-	-
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
Net book value					
At 31 December, 2016	13,433	1,280	14,116	7,710	36,539
At 31 December, 2017	11,739	857	11,103	6,142	29,841
At 31 December, 2018	7,497	403	7,990	4,574	20,464

	Office equipment USD	Computer Equipment USD	Furniture and fixture USD	Motor Vehicles USD	Total USD
Cost					
At 31 December, 2016	5,260	498	5,435	2,962	14,155
Additions	1,766	12	130	-	1,908
Internal Transfer	-	-	-	-	-
Disposals	-	-	-	-	-
Translation reserve	54	10	110	62	236
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
Accumulated depreciation					
At 31 December, 2016	184	14	102	49	349
Depreciation Expense	2,363	175	605	605	3,748
Internal Transfer	-	-	-	-	-
Disposals	-	-	-	-	-
Translation reserve	3	-	687	1	691
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
Net book value					
At 31 December, 2016	5,076	484	5,333	2,913	13,806
At 31 December, 2017	4,530	331	4,281	2,369	11,511
At 31 December, 2018	2,801	151	2,985	1,709	7,646

As at December 31, 2018 property, plant and equipment balances contain fully depreciated fixed assets with a total cost of 43,870 GEL comparing 42,252 GEL in 2017.

22. Intangible assets

	GEL	USD
Cost		
At 31 December, 2016	135	51
Software Additions	16,690	6 653
Internal Transfer	-	-
Disposals	-	-
Translation reserve	-	(213)
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
Amortization		
At 31 December, 2016	11	4
Amortization Expense	2,628	1,014
Internal Transfer	-	-
Disposals	-	-
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
Net book value		
At 31 December, 2016	124	47
At 31 December, 2017	14,186	5,473
At 31 December, 2018	13,854	5,176

23. Inventories

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

	2018 GEL	2018 USD	2017 GEL	2016 USD
Packing Materials	77,353	28,900	63,094	24,340
Other Inventory	5,089	1,901	1,746	674
	82,442	30,801	64,840	25,014

24. Trade and other receivables

	2018 GEL	2018 USD	2017 GEL	2017 USD
Trade debts other	186,291	69,600	318,039	122,691
Advances to suppliers	3,250	1,214	1,008	388
Prepaid Expenses	3,234	1,208	3,234	1,248
Due from Employees	1,956	731	1,669	644
Provision for doubtful debts	(17,614)	(6,581)	(6,341)	(2,446)
	177,117	66,172	317,609	122,525

No interest is charged on trade receivables due after credit period. The trade receivables of 17,614 GEL 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 receivables are debtors with carrying amounts of 186,291 GEL (2017: 318,039 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.

	2018 GEL	2018 USD	2017 GEL	2017 USD
Amounts past due but not impaired:				
1-30 days	71,852	26,845	107,598	41,508
31-60 days	37,503	14,011	129,459	49,942
More than 60 days	76,936	28,744	80,982	31,241
Total receivables past due	186,291	69,600	318,039	122,691
Provision for doubtful debts	(17,614)	(6,581)	(6,341)	(2,446)
Total net receivables past due	168,677	63,019	311,698	120,245

Movement in allowance for doubtful debts is as under:

	GEL		USD	
	2018	2017	2018	2017
Beginning balance	6,341	-	2,446	-
Accrual	25,058	6,341	9,871	2,446
Reversal	(13,785)	-	(5,430)	-
Foreign exchange differences	-	-	(306)	-
Closing balance	17,614	6,341	6,581	2,446

25. Bank balances and cash

	2018 GEL	2018 USD	2017 GEL	2017 USD
Bank GEL	6 198	2 316	106 879	41 231
Bank USD	1 325	495	203 662	78 567
Bank EUR	43	16	16 054	6 193
	7,566	2,827	326,595	125,991

26. Trade and other payables

	2018 GEL	2018 USD	2017 GEL	2017 USD
Trade payables	317,048	118,451	179 918	69 408
Bonus Provision	62,444	23,330		
UVR	37,854	14,143	17 282	6 667
Advances Received	1	-	-	-
Accruals and other payables	-	-	1 408	543
Payables to Employees	(113)	(42)	3 281	1 266
Work in Progress Provision	(224,570)	(83,901)	-	-
	192,664	71,981	201 889	77 884

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

27. Taxes payable

	2018 GEL	2018 USD	2017 GEL	2017 USD
Payable to Budget	82,011	30,640	163,756	63,173
Profit Tax	47,774	17,849	4	2
VAT Payables	29,102	10,873	14,302	5,517
Property tax	(63)	(24)	314	121
	158,824	59,338	178,376	68,813

28. Share capital

	2018 GEL	2018 USD	2017 GEL	2017 USD
Globalink Logistics DWC LLC	386,109	149,980	386,109	149,980

29. Revenue

	2018 GEL	2018 USD	2017 GEL	2017 USD
Project	1,762,923	694,475	1,234,243	492,005
Customs Transit&Distribution	1,527,967	601,918	1,981,520	789,891
Road Transport	1,351,612	532,445	1,020,282	406,714
Air Freight	1,047,603	412,686	708,859	282,572
Removals&Relocation Services	922,905	363,563	867,226	345,701
	6,613,010	2,605,087	5,812,130	2,316,883

30. Direct cost

	2018 GEL	2018 USD	2017 GEL	2017 USD
Transportation	3,160,442	1,245,005	1,684,975	671,679
Terminal Handling Charges	939,516	370,107	943,901	376,266
Salary, overtime and insurance	860,402	338,941	686,819	273,786
Sea Freight	230,372	90,751	391,908	156,226
Demurrage	183,058	72,113	45,566	18,164
Custom Fees, Duty & VAT	160,992	63,420	170,370	67,914
Warehouse Rent	130,422	51,378	24,957	9,949
Insurance	65,975	25,990	23,781	9,480
Packing & Delivery Charges	49,558	19,523	148,356	59,139
Storage	39,466	15,547	90,075	35,906
Mobile and Fuel	20,746	8,173	6,525	2,601
Air Freight	217	85	189,434	75,514
Other	164,141	64,660	40,185	16,018
	6,005,307	2,365,693	4,446,852	1,772,642

31. Administration, selling and general expenses

	2018	2018	2017	2017
	GEL	USD	GEL	USD
G&A Gross Salary and insurance	129,644	51,073	225,225	89,781
Office Rent	112,266	44,225	93,940	37,447
Professional Services	21,855	8,609	2,146	855
Unused vacation reserve	20,571	8,104	13,099	5,222
Depreciation And Amortization	14,861	5,854	14,116	5,627
Bad Debt Expense	12,311	4,850	6,341	2,528
Utilities	5,197	2,047	7,919	3,157
Audit Fee	4,800	1,891	4,800	1,913
Communication cost	3,432	1,352	3,393	1,353
Travelling expenses	2,710	1,068	7,636	3,044
Fuel Expense	2,509	988	11,179	4,456
Bank Commission	1,654	652	3,051	1,216
Printing and stationary	500	197	4,017	1,601
Office supplies	41	16	9,162	3,652
Taxi	38	15	11,510	4,588
Property Tax Expense	26	10	314	125
Marketing Expenses	-	-	8,532	3,401
Training and Development	-	-	986	393
Other	13,749	5,415	6,319	2,519
	346,164	136,366	433,685	172,878

32. Other income expense

	2018	2018	2017	2017
	GEL	USD	GEL	USD
Foreign exchange Gain	98,493	38,800	62,162	24,780
Other non-operating expense	563	222	-	-
Other Non-operational income	(104)	(41)	3,632	1,448
Foreign exchange Loss	(164,812)	(64,925)	(74,775)	(29,807)
	(65,860)	(25,944)	(8,981)	(3,579)

33. 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. Additionally, dividends will be payable from Profit and Loss statement prepared under IFRS. So there is not any permanent differences and deferred tax anymore and it was written down prior period deferred tax resulted from permanent differences

	2018	2018	2017	2017
	GEL	USD	GEL	USD
Income Tax Expense	16,976	6,687	164,019	65,383

34. Related party disclosures

Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates. For the years ended December 31, 2017 and 2016, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.

The following table provides the total amount of transactions, which have been entered into with related parties during 2018 and 2017 and the related balances as at December 31, 2018 and 2017, respectively:

	2018 GEL	2018 USD	2017 GEL	2017 USD
Sales to related parties				
Globalink Logistics DWC	3,029,090	1,193,261	2,189,495	874,148
Globalink Logistics DWC Armenian Branch	279,898	110,261	290,932	115,168
Globalink Multimodal Logistics		-	2,610	1,080
Globalink Trans&Logistics Worldwide	20,166	7,944	29,222	11,757
	3,329,154	1,311,466	2,512,259	1,002,153
 Purchases from related parties				
Shareholder - Globalink Logistics DWC LLC	8,634	3,401	1,244	470
Globalink Transportation & Logistics Worldwide'	63,546	25,033	-	-
	72,180	28,434	1,244	470
 Related party balances				
Due from Related parties				
Shareholder - Globalink Logistics DWC	1,172,678	438,122	682,399	263,251
Globalink Logistics DWC Armenian Branch	198,882	74,304	118,564	45,739
Globalink Trans&Logistics Worldwide	415	155	16,197	6,248
Globalink Baku	-	-	2,799	1,080
	1,371,975	512,581	819,959	316,318
 Due to Related parties				
Globalink Trans&Logistics Worldwide	1 989	743	45,570	17,580
Shareholder - Globalink Logistics DWC LLC	700	262	6,657	2,568
	2,689	1,005	52,227	20,148

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, mobile, fuel):

	2018	2018	2017	2017
	GEL	USD	GEL	USD
Salaries	88,754	34,963	88,125	35,129
Other benefits	528	208	551	220
	89,282	35,171	88,676	35,349

Financial risk management

The Company is exposed through its operations to the following financial risks:

35. Capital risk management

The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to shareholders.

The capital structure of the Company consists of borrowings, cash and cash equivalents and equity attributable to equity holders, comprising of share capital, shareholder's current account and accumulated deficit.

As a risk management policy, the Company reviews its cost of capital and risks associated with each class of capital. The Company balances its capital structure based on the above review.

36. Market risk management

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all financial assets traded in the market.

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk), interest rates (interest rate risk) and market prices (other price risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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.

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 whether those changes are caused by factors specific to the individual financial instrument or the Company, or factors affecting all similar financial instruments traded in the market.

37. Foreign currency risk management

Foreign exchange risk is the risk that the value of the financial instrument will fluctuate due to changes in foreign exchange rates.

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to Euros for sale and purchases. The following table details the Company's sensitivity to a 10 percent increase or decrease in the USD against the relevant foreign currency:

	Sensitivity	Net income effect
2018		
	+10%	(2,712)
GEL	(10%)	2,712
	+10%	(2,206)
EUR	(10%)	2,206
2017		
	+10%	30,613
GEL	(10%)	(30,613)
	+10%	323
EUR	(10%)	(323)

The following table details the Company's sensitivity to a 10 percent increase or decrease in the GEL against the relevant foreign currency:

	Sensitivity	Net income effect
2018		
	+10%	(5,903)
EUR	(10%)	5,903
	+10%	171,335
USD	(10%)	(171,335)
2017		
	+10%	(461)
EUR	(10%)	461
	+10%	36,000
USD	(10%)	(36,000)

38. Credit risk management

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.

39. 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.

Financial instruments per category

	2018	2018
Financials Assets	GEL	USD
Trade and other receivables	194,731	72,753
Due from related parties	1,371,975	512,581
	1,566,706	585,334
Bank balances and cash	7,566	2,827
Financial liabilities		
Trade and other payables	192,664	71,981
Due to related parties	2,689	1,004

40. Events after the Reporting period

No any significant subsequent events took place after the reporting date.