NEW MOTORS LLC

SEPARATE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS

These separate financial statements are presented in GEL.

Decimal symbol is dot (".") and digit-companying symbol is comma (",")

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Management is responsible for the preparation of the separate financial statements that present fairly the financial position of New Motors LLC (hereinafter - the Company) at 31 December 2017 and the results of its operations, cash flows, and changes in equity for the period then ended, in accordance with International Financial Reporting Standards (IFRS).

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

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

Management is also responsible for:

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

The separate financial statements for the year ended 31 December 2017 were approved on behalf of the management on 25 December 2018 by:

Director	Giorgi Abramishvili	____________________
Chief Accountant	Nino Morchiladze	____________________

NEW-MOTORS LTD 425357501 GEORGIA

RSM Georgia
85, Z.Paliashvili str
Tbilisi 0162, Georgia
T +995 (32) 255 88 99
F +995 (32) 255 88 99
www.rsm.ge

INDEPENDENT AUDITOR'S REPORT

TO THE MANAGEMENT AND SHAREHOLDERS OF NEW MOTORS LLC

Qualified Opinion

We have audited the accompanying separate financial statements of New Motors LLC (the first time adopter of IFRS) which comprise the separate statement of financial position as at 31 December 2017 and the separate statement of profit and loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter – separate financial statements).

In our opinion, except the fact described in *Basis of Qualified Opinion* the accompanying separate financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis of Qualified Opinion

We were appointed as the auditors of the Company after 31 December 2017, therefore we could not observe physically the cash on hand and inventories at the end of the year 31 December 2017, therefore the amount of inventories GEL 36,073(2016: GEL 3,604) and of cash on hand GEL 247,860 (2016: GEL 279,283) remained unverified. Further, we also remained unable to satisfy ourselves by alternate procedures performed concerning the quantities and amount of inventories and cash on hand held at the beginning and end of the year 31 December 2017, thus we were unable to determine whether any adjustment might have been necessary in respect of the profits, cash flows or in other corresponding figures reported in the financial statements. As the effect of the same is material to the Company's Separate financial statements therefore our opinion at December 31, 2017 Separate financial statements is modified due to the possible effect of this matter on current year figures and corresponding figures.

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

Other Matter Paragraph

The separate financial statements for the year ended 31 December 2017 are prepared first time in accordance with International Financial Reporting Standards (IFRS), moreover the opening balances and comparative figures were not audited previously. However, we have performed required audit procedure in accordance with the requirements of International Auditing Standard on initial Audit Engagements.

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

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

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

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

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

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

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

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

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

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or,

if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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.

25 December 2018

RSM Georgia

Managing Partner: Giorgi Kvinikadze

RSM Georgia

RSM GEORGIA
202449207
RSM GEORGIA

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
Revenue from operations	12	3,698,630	2,060,651
Cost of operations	13	(2,200,559)	(1,040,336)
Gross Profit		**1,498,071**	**1,020,315**
General and administration expense	14	(231,851)	(228,605)
Operating Profit/(Loss)		**1,266,220**	**791,710**
Interest Income		-	4,228
Other non-operating income	15	61,065	207,774
Other non-operating expenses	16	(10,122)	(8,951)
Finance Cost	10	(66,673)	(33,719)
Foreign currency exchange gain/(loss)	17	3,157	(36,915)
PROFIT FOR THE YEAR		**1,253,647**	**924,127**
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME YEAR		**1,253,647**	**924,127**

Director	Giorgi Abramishvili	
Chief Accountant	Nino Morchiladze	

NEW-MOTORS LTD GEORGIA 425357501

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	31 December 2017	31 December 2016	1 January 2016
ASSETS				
Non-Current Assets				
Property and equipment, net	6	2,424,787	2,357,604	1,865,686
Investment in subsidiaries	8	29,000	29,000	29,000
Intangible assets, net	7	1,124	1,189	1,094
Total non-current assets		**2,454,911**	**2,387,793**	**1,895,780**
Current Assets				
Cash and cash equivalents	3	481,835	288,520	431,308
Trade and other receivables	5	1,972,295	769,840	296,316
Loan issued		-	-	104,611
Inventory	4	36,073	3,604	16,451
Total current assets		**2,490,203**	**1,061,964**	**848,686**
TOTAL ASSETS		**4,945,114**	**3,449,757**	**2,744,466**
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Owner's Capital		50	50	50
Retained earnings		3,892,757	2,639,110	1,978,141
TOTAL EQUITY		**3,892,807**	**2,639,160**	**1,978,191**
Current liabilities				
Borrowings	10	479,026	493,599	346,758
Trade and other payables	11	573,281	316,998	419,517
Total current liabilities		**1,052,307**	**810,597**	**766,275**
TOTAL LIABILITIES		**1,052,307**	**810,597**	**766,275**
TOTAL EQUITY AND LIABILITIES		**4,945,114**	**3,449,757**	**2,744,466**

Director Giorgi Abramishvili

Chief Accountant Nino Morchiladze

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Owner's capital	Retained earning	Total equity
At 1 January 2016 before transition to IFRS		**50**	**1,978,141**	**1,978,191**
Corrections		-	-	-
At 1 January after transition to IFRS		**50**	**1,978,141**	**1,978,191**
Profit for the year		-	924,127	**924,127**
Dividend		-	(263,158)	**(263,158)**
At 31 December 2016		**50**	**2,639,110**	**2,639,160**
Profit for the year		-	1,253,647	**1,253,647**
Dividend		-	-	-
At 31 December 2017		**50**	**3,892,757**	**3,892,807**

Director | Giorgi Abramishvili

Chief Accountant | Nino Morchiladze

SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year:		1,253,647	924,127
Adjustments for:			
Depreciation and amortization	6,7	162,283	87,184
Foreign exchange gain	17	(3,157)	36,915
Gain on sale of PPE	6	(55,918)	(79,266)
Bad debt expense	5	17,344	-
Interest expense	10	66,673	33,719
Change in operating assets and liabilities:		-	-
(Increase)/Decrease in inventories	4	(32,468)	155,874
(Increase)/Decrease Loans issued		-	104,611
(Increase)/Decrease in trade and other receivables	5	(1,219,754)	(489,393)
(Decrease)/Increase in trade and other payables	11	252,042	(105,880)
Cash used in operations		**440,693**	**667,891**
Interest paid	10	(66,673)	(33,719)
Net cash generated by (used in) operating activities		**374,020**	**634,172**
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of property and equipment	6	1,402,077	501,085
Purchase of property and equipment	6	(1,575,562)	(1,143,882)
Purchase of intangible assets	7	-	(160)
Net cash used in investing activities		**(173,485)**	**(642,957)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Withdrawals by the founder		-	(263,158)
(Decrease)/ Increase borrowings	10	(3,482)	129,107
Net cash generated by (used in) financing activities		**3,482**	**(134,051)**
CASH AND CASH EQUIVALENTS			
At 1 January	3	**288,520**	**431,308**
Effect of exchange rate changes on cash and cash equivalents	17	(10,702)	48
Net increase in the year		204,017	(142,836)
At 31 December	3	**481,835**	**288,520**

Director Giorgi Abramishvili

Chief Accountant Nino Morchiladze

NEW-MOTORS LTD
GEORGIA
425337501

NOTES

1 General Information

New Motors LLC (the "Company"), identification number 425357507 was registered on 8 June 2011 in Tbilisi, Georgia. The Company's legal address is 3 Vaja-Pshavela Street in Bolnisi, Tbilisi Georgia. The main activities of the Company is rent of heavy equipment.

Company has office in Tbilisi, Beliashvili str.105. Company is operating in East and West of Georgia. The company does not have subsidiaries.

For the year, ended 31 December 2017 number of employees equals to 52 (2016: 25; 2015: 23).

As of 31 December 2017 the Company's shareholder structure is as follows:

Name	**Ownership, % 31 December 2017**	**Ownership, % 31 December 2016**
Giorgi Abramishvili	100 %	100 %

2 Summary of significant accounting policies

Accounting principles and Basis of preparation
These separate financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS"), being standards and interpretations issued by the International Accounting Standards Board ("IASB"), in force at 31 December 2017. This statements for the year ended 31 December 2017 are for the first time the company has prepared the full set of financial statements in accordance with IFRS. As of the date issuing the separate financial statements, the consolidated financial statements was not issued.

These separate financial statements, for the year ended 31 December 2017, are for the first time the company has prepared the full set of financial statements in accordance with IFRS. Accordingly, the company has prepared financial statements which comply with IFRS applicable for periods beginning on or after 1 January 2017 as described herein. While preparing these financial statements, the company has prepared the initial financial statements as of January 1, 2016, which is the date of transition to the International Financial Reporting Standards. Note 20 provides the key corrections used to calculate the financial position prepared by the International Financial Reporting Standards as of January 1, 2016.

In preparing this financial statements management has used its best knowledge of the expected standards and interpretations, facts and circumstances, and accounting policies to prepare its first IFRS financial statement as of 31 December 2017. The principal accounting policies adopted in the preparation of the financial information are set in bellow.

The financial statements presents a statement of profit or loss and other comprehensive income, a statement of financial position, a statement of changes in equity, a statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of profit or loss. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the statement of profit or loss, as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Company in their capacity as owners are recognised in the statement of changes in equity.

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

NOTES

Measurement bases

Accounting period contains the year beginning at January 1 2017 and ending at December 31, 2017. The financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Investment in subsidiaries

The company uses cost model for accounting investment in subsidiaries, After initial recognition, investment is equipment are carried at cost less any impairment losses.

Application of new IFRS requirements

For the preparation of these financial statements, the following amendments to Standards are mandatory for the first time for the financial year beginning 1 January 2017.

- Amendments to IAS 7 titled Disclosure Initiative (issued in January 2016) – The amendments require entities to provide information that enables users of financial statements to evaluate changes in liabilities arising from the entity's financing activities. The amendments had no effect on the Company's financial statements.

- Amendments to IAS 12 titled Recognition of Deferred Tax Assets for Unrealised Losses (issued in January 2016) – The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base (eg deferred tax asset related to unrealised losses on debt instruments measured at fair value), as well as certain other aspects of accounting for deferred tax assets. The amendments had no effect on the Company's financial statements.

Application of new and amended standards

For the preparation of these financial statements, the following new or amended standards are mandatory for the first time for the financial year beginning 1 January 2017:

Amendments to existing Standards

- Amendments to IAS 28 (Annual Improvements to IFRS Standards 2014–2016 Cycle, issued in December 2016) - The amendments, applicable to annual periods beginning on or after 1 January 2018 (earlier application permitted), clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, mutual fund, unit trust or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendments are not expected to have an effect on the Company's financial statements.

NOTES

- Amendments to IAS 40 titled Transfers of Investment Property (issued in December 2016) - The amendments, applicable to annual periods beginning on or after 1 January 2018 (earlier application permitted), clarify that transfers to, or from, investment property (including assets under construction and development) should be made when, and only when, there is evidence that a change in use of a property has occurred. The amendments are not expected to have a material effect on the Company's financial statements.

- Amendments to IFRS 2 titled Classification and Measurement of Share-based Payment Transactions (issued in June 2016) - The amendments, applicable to annual periods beginning on or after 1 January 2018 (earlier application permitted), clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payment (SBP) transactions, the accounting for SBP transactions with a net settlement feature for withholding tax obligations, and the effect of a modification to the terms and conditions of a SBP that changes the classification of the transaction from cash-settled to equity-settled. The amendments are not expected to have a material effect on the Company's financial statements.

- Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued in September 2016) - The amendments, applicable to annual periods beginning on or after 1 January 2018, give all insurers the option to recognise in other comprehensive income, rather than in profit or loss, the volatility that could arise when IFRS 9 is applied before implementing IFRS 17 ('the overlay approach'). Also, entities whose activities are predominantly connected with insurance are given an optional temporary exemption (until 2021) from applying IFRS 9, thus continuing to apply IAS 39 instead ('the deferral approach'). As the Company has not issued insurance contracts, the amendments are not expected to have an effect on its financial statements.

- Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014) – The amendments address a current conflict between the two Standards and clarify that a gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after 1 January 2016, was deferred indefinitely in December 2015 but earlier application is still permitted. This is not expected to have an effect on the Company's financial statements.

New Standards

- IFRS 9 Financial Instruments (issued in July 2014) – The Standard will replace IAS 39 (and all the previous versions of IFRS 9) effective for annual periods beginning on or after 1 January 2018 (earlier application permitted). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting, recognition and derecognition.
  - IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.
  - For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.
  - For the impairment of financial assets, IFRS 9 introduces an "expected credit loss (ECL)" model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.
  - For hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.
  - The recognition and derecognition provisions are carried over almost unchanged from IAS 39.

  The Management anticipate that IFRS 9 will be adopted in the Company's financial statements when it becomes mandatory. The Company is in the process of quantifying the effect of adoption if IFRS 9, however no reasonable estimate of this effect is yet available. The standard is valid after 1 January 2018.
- IFRS 15 Revenue from Contracts with Customers (issued in May 2014 and amended for effective date and clarifications in September 2015 and April 2016 respectively) - The Standard, effective for annual periods beginning on or after 1 January 2018 (earlier application permitted), replaces IAS 11, IAS 18 and their Interpretations. It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied

NOTES

to all contracts with customers), enhanced disclosures, and new or improved guidance (eg the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract, etc.). The management anticipate that IFRS 15 will be adopted in the Company's financial statements when it becomes mandatory, and they intend to use the modified retrospective approach method by recognizing the cumulative transition effect in opening retained earnings on 1 of January 2018 - the date transition to the new Standard.

However, as the Management is still in the process of assessing the impact of the application of IFRS 15 on the Company's financial statements, it is not practicable to provide a reasonable financial estimate of the effect until the Management complete the detailed review.

- IFRS 16 Leases (issued in January 2016) - The Standard, effective for annual periods beginning on or after 1 January 2019 (earlier application permitted only if IFRS 15 also applied), replaces IAS 17 and its Interpretations. The biggest change introduced is that almost all leases will be brought onto lessees' balance sheets under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The Directors anticipate that IFRS 16 will be adopted in the Company's financial statements when it becomes mandatory, However, as the Management is still in the process of assessing the full impact of the application of IFRS 16 on the Company's financial statements, it is not practicable to provide a reasonable financial estimate of the effect until the Management complete the detailed review.
- IFRS 17 Insurance Contracts (issued in May 2017) - The Standard that replaces IFRS 4, effective for annual periods beginning on or after 1 January 2021 (earlier application permitted only if IFRS 9 and IFRS 15 also applied), requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of consistent, principle-based accounting for insurance contracts, giving a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. As the Company has neither issued insurance contracts nor held reinsurance contracts, the Standard is not expected to have an effect on its financial statements.

Revenue and Expense recognition

Revenue and expenses are recognized on accrual bases.

Revenue from the sale of goods is recognized when: the entity has transferred to the buyer the significant risks and rewards of the ownerships of the goods; the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably, it is probable that the economic benefits associated with transaction will flow to the entity and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the rendering of service is recognized when: the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow the entity; the stage of completion of the transaction at the end of the reporting period can be measured reliably and the costs incurred for the transaction and the costs to the complete the transaction can be measured reliably.

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

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

When loans and other debt instruments become doubtful of collection, they are written down to the present value of expected cash inflows and interest income is thereafter recorded for the unwinding of the present value discount based on the asset's effective interest rate which was used to measure the impairment loss.

All other fees, commissions and other income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

NOTES

Property Plant and Equipment. On initial recognition, items of property and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After initial recognition, items of property and equipment are carried at cost less any accumulated depreciation and impairment losses. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

Building	5 %;
Equipment	20 %;
Vehicles	5 %
Office equipment	5 %
Vehicles Under Finance Lease	5 %

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Intangible Assets

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

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

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

Amortisation
For intangible assets with finite useful lives, amortisation is calculated so as to write off the cost of the asset, less its estimated residual value, over its useful economic life of 20 years using straight line method.

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

Inventories. Inventories are recorded at the lower of cost and net realisable value. Cost is determined with the FIFO method and does not include expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition. The Goods comprises chocolate and animal foods, also shelves are targeted specifically for advertising purposes.

Leased Assets. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

NOTES

Assets and liabilities arising from finance lease contracts are initially recognised in the statement of financial position at their fair value at the inception of the lease or, if lower, at the present value of the minimum future lease rentals.

After initial recognition, the depreciation policy applied is consistent with that for depreciable assets that are owned. As a result, the depreciation recognised is calculated in accordance with the useful life stated for property, plant and equipment. In cases where there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

The interest element of rental obligations is charged to profit or loss over the period of the lease at a constant rate on the balance of finance lease obligations outstanding.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Incentives to take out operating leases are credited to profit or loss, as a reduction of rental expense, on a straight-line basis over the lease term.

Provision is made in the statement of financial position for the present value of the onerous element of operating leases. This typically arises when the Company ceases to use premises and they are left vacant to the end of the lease or are sub-let at rentals, which fall short of the amount payable by the Company under the lease.

Loans and advances to customers. Loans and advances to customers are recorded when the company advances money to purchase or originate an unquoted non-derivative receivable from a customer due on fixed or determinable dates and has no intention of trading the receivable. Loans and advances to customers are carried at amortized cost.

Impairment of financial assets carried at amortized cost. Impairment losses are recognised in profit or loss when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated. If the company determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. The primary factors that the company considers whether a financial asset is impaired is its overdue status and realisability of related collateral, if any. The following other principal criteria are also used to determine that there is objective evidence that an impairment loss has occurred:

- Any instalment is overdue and the late payment cannot be attributed to a delay caused by the settlement systems;

- The borrower experiences a significant financial difficulty as evidenced by the borrower's financial information that the company obtains;

- The borrower considers bankruptcy or a financial reorganization;

- There is an adverse change in the payment status of the borrower as a result of changes in the national or local economic conditions that impact the borrower; or

- The value of collateral significantly decreases as a result of deteriorating market conditions.

For the purposes of a collective evaluation of impairment, financial assets are companied on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for company's of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a company of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and the experience of management in respect of the extent to which amounts will become overdue as a result of past loss events and the success of recovery of overdue amounts. Past experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect past periods and to remove the effects of past conditions that do not exist currently.

If the terms of an impaired financial asset held at amortized cost are renegotiated or otherwise modified because of financial difficulties of the borrower or issuer, impairment is measured using the original effective interest rate before the modification of terms.

NOTES

Impairment losses are always recognized through an allowance account to write down the asset's carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account through profit or loss.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined.

Derecognition of financial assets. The company derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all the risks and rewards of ownership of the assets or ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Subsequent measurement of financial liabilities. Subsequent measurement of financial liabilities depends on how they have been categorized on initial recognition. The Company classifies financial liabilities in one of the following two categories:
Liabilities at fair value through profit or loss (FVTPL) Liabilities are classified in this category when they are held principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or meet the conditions for designation in this category. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as they arise.

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

Typically, accounts payable and borrowings are classified in this category. Items classified within accounts payable are not usually re-measured, as the obligation is known with a high degree of certainty and settlement is short-term.

Borrowing Costs. Borrowings are carried at amortised cost using the effective interest method. All borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

Cash and cash equivalents. Cash and cash equivalents comprise bank balances and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows only, cash and cash equivalents include bank overdrafts repayable on demand. Since the characteristics of such banking arrangements are that the bank balance often fluctuates from being positive to overdrawn, they are considered an integral part of the Company's cash management.

Foreign Currency Transactions. The functional currency of the Company is GEL. Foreign currency monetary assets and liabilities are translated into the functional currency of the concerned entity of the Company using the exchange rates at the reporting date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss (except when deferred in other comprehensive income as qualifying cash flow hedges).

Official currency rate of the National Bank of Georgia

NOTES

	USD	EUR	GBP
Exchange rate as at 31 December 2017	2.5922	3.1044	3.5005
Exchange rate as at 31 December 2016	2.6468	2.7940	3.2579
Exchange rate as at 31 December 2015	2.3949	2.6169	3.5492

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency (eg available-for-sale equity instruments) are translated using the exchange rates at the date when the fair value is determined.

Income Tax. Income taxes have been provided for in the financial statements in accordance with Georgian legislation enacted or substantively enacted by the end of the reporting period.

In accordance with the effective Georgian Tax Code, corporate income tax is not levied on profit earned but on the profit distributed as dividends (other than is described in Georgian tax code article -98(1); 309; 99; 103). The amount of tax payable on a dividend distribution is calculated as 15/85 of the amount of the distribution.

Because of the specific nature of the taxation system, companies registered in Georgia do not acquire deferred tax assets or incur deferred tax liabilities on temporary differences between the carrying amounts and tax bases of their assets and liabilities.

Contingent income tax liability that is generated through profit distribution will not be recognised in statement of financial position.

Equity. Owner's capital is determined by the decision of the company's founders, which is recognized as owner's contribution at fair value for the at the moment of contribution.

Dividend distribution. Dividends are recognised as liabilities when they are declared (ie the dividends are appropriately authorised and no longer at the discretion of the entity). Typically, dividends are recognised as liabilities in the period in which their distribution is approved. Interim dividends are recognised when paid.

NOTES

3 Cash and cash equivalent

	31-Dec-17	31-Dec-16	1-Jan-16
Cash on hand in national currency	247,860	279,283	267,129
Cash on bank account in national currency	233,389	9,237	164,180
Cash on bank account in foreign currency	586	-	-
Total Cash and cash equivalent	**481,835**	**288,520**	**431,309**

There is no material difference between the fair value of cash and cash equivalents and their carrying amount. Foreign currency changes effect see in note 17.

4 Inventory

	31-Dec-17	31-Dec-16	1-Jan-16
Goods	32,645	-	15,234
Other inventory	3,428	3,604	1,217
Total Inventory	**36,073**	**3,604**	**16,451**

Goods contains Car spare parts in 2017 GEL 32,645. Other inventory represents fuel balance in 2017 amounted GEL 3,428 (2016: GEL 3,604)

5 Trade and other receivables

	31-Dec-17	31-Dec-16	1-Jan-16
Accounts receivables	1,240,591	755,263	279,675
Prepayment	748,791	14,551	14,550
Allowance for receivables	(17,344)	-	-
Receivables from employees	257	26	2,091
Total Trade and other receivables	**1,972,295**	**769,840**	**296,316**

There is no material difference between carrying and fair value of trade and other receivables.

Accounts receivables represent miscellaneous receivables that relate respectively to revenue that were accrued but not received for at the year-end. Information about aging see in note 18.

Foreign currency changes effect see in note 17.

6 Property plant and equipment

	Land	Building	Equipment	Office Equipment	Vehicles	Vehicles under Finance Lease	Construction in progress	TOTAL
COST								
AT 1 January 2016	**449,765**	**10,000**	**22,596**	**7,903**	**1,316,641**	-	**143,027**	**1,949,932**
Acquisitions	50	52,994	17,499	26,024	904,288	-	-	1,000,855
Disposals	-	-	(15,236)	-	(445,843)	-	-	(461,079)
Transfer	-	143,027	-	-	-	-	(143,027)	-
AT 31 DECEMBER 2016	**449,815**	**206,021**	**24,859**	**33,927**	**1,775,086**	-	-	**2,489,708**
Acquisitions	99,725	-	454,504	12,599	1,008,732	-	-	1,575,560
Disposals	-	(10,000)	(16,780)	-	(1,414,528)	-	-	(1,441,308)
AT 31 DECEMBER 2017	**549,540**	**196,021**	**462,583**	**46,526**	**1,369,290**	-	-	**2,623,960**
DEPRECIATION AND								
AT 1 January 2016	-	**(1,903)**	**(2,437)**	**(2,449)**	**(77,457)**	-	-	**(84,246)**
Depreciation for the year	-	(9,621)	(2,352)	(3,940)	(71,214)	-	-	(87,127)
Disposals	-	-	1,020	-	38,249	-	-	39,269
AT 31 DECEMBER 2016	-	**(11,524)**	**(3,769)**	**(6,389)**	**(110,422)**	-	-	**(132,104)**
Depreciation for the year	-	(9,894)	(57,117)	(8,317)	(86,889)	-	-	(162,217)
Disposals	-	2,496	1,665	-	90,987	-	-	95,148
AT 31 DECEMBER 2017	-	**(18,922)**	**(59,221)**	**(14,706)**	**(106,324)**	-	-	**(199,173)**
NET CARRYING AMOUNT								
At 1 January 2016	**449,765**	**8,097**	**20,159**	**5,454**	**1,239,184**	-	**143,027**	**1,865,686**
At 31 December 2016	**449,815**	**194,497**	**21,090**	**27,538**	**1,664,664**	-	-	**2,357,604**
AT 31 DECEMBER 2017	**549,540**	**177,099**	**403,362**	**31,820**	**1,262,966**	-	-	**2,424,787**

There were no property and equipment items pledged as security for liabilities as at 31 December 2017.

Depreciation is classified as administrative expense with the amount GEL 23,477 and cost of sales with the amount GEL 138,805 for the year ended December 31, 2017.

7 Intangible assets

	Accounting software and other	TOTAL
COST		
AT 1 JANUARY 2015	**1,136**	**1,136**
Acquisitions	-	-
Disposals	-	-
Write-offs	-	-
AT 31 DECEMBER 2015	**1,136**	**1,136**
Acquisitions	160	**160**
Disposals	-	-
Write-offs	-	-
AT 31 DECEMBER 2016	**1,296**	**1,296**
Acquisitions	-	-
Disposals	-	-
Write-offs	-	-
AT 31 DECEMBER 2017	**1,296**	**1,296**
AMORTIZATION AND IMPAIRMENT		
AT 1 JANUARY 2015	-	-
Amortization for the year	43	**43**
Disposals	-	-
AT 31 DECEMBER 2015	**43**	**43**
Amortization for the year	**65**	**65**
Disposals	-	-
AT 31 DECEMBER 2016	**108**	**108**
Amortization for the year	65	**65**
Disposals	-	-
AT 31 DECEMBER 2017	**173**	**173**
NET CARRYING AMOUNT		
At 1 JANUARY 2015	**1,136**	**1,136**
At 1 January 2016	1,094	**1,093**
At 31 December 2016	1,189	**1,189**
AT 31 DECEMBER 2017	**1,124**	**1,124**

The Company owns the licenses of accounting software Oris.

NOTES

8 Investment in subsidiaries

Company brought Subsidiary Bolnisi Central Pharmacy LLC in 12th march 2012 at auction and paid GEL 29,000. The main asset at the acquisition date of the purchased subsidiary was land and building. As at 31 December 2017 the Subsidiary is not operating actively and holds only mentioned land and building.

9 Tax

On 13 May 2016 the Parliament of Georgia approved significant changes in Georgian Tax code related to the bill on corporate income tax reform (also known as the Estonian Model of Corporate Taxation) which mainly moves the moment of taxation from the moment when taxable profit are earned to the moment when they are distributed. The law is effective from tax periods starting after 1 January 2017. Considering that the change in the Georgian Tax Code was enacted before the reporting date, deferred tax assets and liabilities will not be recognized after the law is valid. Contingent income tax liability that is generated through profit distribution will not be recognized in statement of financial position.

As the company is First time adopter the management decided to use exception of IFRS 1 which allows to use retrospective policy to the opening balances on deferred taxes.

10 Borrowings

	31-Dec-17	31-Dec-16	1-Jan-16
Short-term Borrowing	479,026	493,599	346,758
Total Borrowings	**479,026**	**493,599**	**346,758**

As at 31 December 2017:

Short Term	Staring Date	Duration	Interest Rate	Currency	GEL
BOG #3477288	18-Apr-16	8-Apr-18	14.5%	GEL	60,000
BOG # 3953999	18-Nov-16	18-Nov-19	10.6%	GEL	201,984
BOG #4382977	21-Apr-17	21-Dec-19	11.9%	GEL	217,042
Total borrowings					**479,026**
Loan principal					479,026
Interest payable					-
Total borrowings					**479,026**

NOTES

As at 31 December 2016:

Short Term	Staring Date	Duration	Interest Rate	Currency	GEL
BOG # 2824579	21-May-15	21-may-17	10%	USD	201,102
BOG # 3953999	18-Nov-16	18-Nov-19	10.6%	GEL	292,497
Total borrowings					**493,599**
Loan principal					493,599
Interest payable					-
Total borrowings					**493,599**

As at 1 January 2016:

Short Term	Staring Date	Duration	Interest Rate	Currency	GEL
BOG # 2824579	21-May-15	21-may-17	10%	USD	221,895
VTB Bank	31-Oct-14	31-Oct-16	16%	USD	26,863
BOG # 2502272	30-Mar-15	30-Mar-16	12.5%	GEL	98,000
Total borrowings					**346,758**
Loan principal					**346,758**
Interest payable					-
Total borrowings					**346,758**

Borrowing from JSC BOG Bank N 3477288 represents credit line, principle is payable at maturity date amounted GEL 60,000. Interest accrued on the loan during the 2017 amounted GEL 13,783 have been paid during the period. Credit limit for this borrowing is GEL 100,000.

Borrowing from JSC BOG Bank N 3953999 represents credit line, credit line is active until the November 18, 2019, principle payable for the year ended December 31, 2017 amounted GEL 201,984 and Interest accrued on the loan during the 2017 amounted GEL 26,718 have been paid during the period. Credit limit for this borrowing is GEL 300,000.

Borrowing from JSC BOG Bank N 4382977 represents credit line, credit line is active until the December 21, 2019, principle payable for the year ended December 31, 2017 amounted GEL 217,042,. Interest accrued on the loan during the 2017 amounted GEL 18,198 have been paid during the period. Credit limit for this borrowing is GEL 270,000

Borrowing for the year ended December 31, 2017 are not collateralized.

See the information about the payments of above mentioned borrowing in note N21.

Foreign currency changes effect see in note 17.

There is no material difference between carrying and fair value of borrowings.

NOTES

11 Trade and other payables

	31-Dec-17	31-Dec-16	1-Jan-16
Tax Payable	125,872	118,603	52,853
Trade payable	298,846	189,993	214,155
Advances received	148,563	8,400	152,509
Total Trade and other payables	**573,281**	**316,997**	**419,517**

Trade and other payables represent miscellaneous liabilities that relate respectively to expenses that were accrued but not paid for at the year-end.

The carrying amount of trade and other payable is considered to be in line with their fair value at the reporting date.

Trade and other payables by currency see in note N18

Foreign currency changes effect see in note 17.

12 Revenue from operations

	2017	2016
Rent income	3,422,422	2,016,007
Revenue from Transit	276,208	44,644
Total revenue from operations	**3,698,630**	**2,060,651**

Rent income is generated from renting vehicles.

13 Cost of operations

	2017	2016
Salary Direct	639,379	432,380
Fuel Direct	627,412	130,624
Car Repair costs Direct	373,873	226,271
Rent Direct	295,083	56,527
Depreciation Direct	138,805	67,712
Materials	114,377	102,867
Insurance Direct	11,630	23,955
Total cost of operations	**2,200,559**	**1,040,336**

Cost of sales contains all direct cost which company uses to generate Revenue.

Materials contains cement and other materials which are used to prepare supporting works,

Car repair costs are all direct costs which are needed for Equipment to work smoothly.

Fuel costs are the costs that are used by machinery for main works.

Salary Direct contains salaries directly attributable to workers and drivers of machinery, which are used for service.

NOTES

Depreciation costs are depreciation expenses of all machinery and equipment which are used directly in service process.

14 General and administrative expenses

	2017	2016
Salary expenses	112,150	97,419
Depreciation expenses	23,477	19,479
Fuel expenses	22,760	5,172
Allowance for doubtful debts	17,344	-
Professional fee	16,400	-
Bank service expenses	13,634	5,413
Utilities fee	9,111	5,869
Communication expenses	5,779	4,041
Car repair cost	2,122	6,024
Tax expense	-	72,823
Other administrative expenses	9,074	12,365
Total General and administrative expenses	**231,851**	**228,605**

15 Non-operating income

	2017	2016
Gain/loss from disposal of Property plant and equipment	55,918	79,266
Sales of goods	5,147	128,509
Total Revenue	**61,065**	**207,774**

16 Other expenses

	2017	2016
Service expense	1,519	299
Other expenses	8,603	8,652
Total other expenses	**10,122**	**8,951**

Other expense contains penalties. Penalties are charged for delaying customs clearance.

17 Foreign currency exchange gain/(loss)

2016	**Cash and Cash Equivalents**	**Trade Receivables**	**Trade and Other Payables**	**Borrowings**	**Total**
Foreign Exchange Translation Gain	3 051	-	299	720	4 070
Foreign Exchange Translation Loss	(3 003)	(15 869)	(3 660)	(18 453)	(40 985)
Net Foreign Exchange Translation Gain/(Loss)	**48**	**(15 869)**	**(3 361)**	**(17 733)**	**(36 915)**

2017	**Cash and Cash Equivalents**	**Trade Receivables**	**Trade and Other Payables**	**Borrowings**	**Total**
Foreign Exchange Translation Gain	194	105	2 793	18 055	21 147
Foreign Exchange Translation Loss	(10 896)	(60)	(7 034)	-	(17 990)
Net Foreign Exchange Translation Gain/(Loss)	**(10 702)**	**45**	**(4 241)**	**18 055**	**3 157**

18 Information on financial risk

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

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

Risk management is carried out by the Company's management in cooperation with the Company's operating units. Due to the relative simplicity of the Company's operations, there are no written policies on overall risk management.

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

	31-Dec-17	**31-Dec-16**	**1-Jan-16**
FINANCIAL ASSETS			
Cash and cash equivalents	481,835	288,520	431,308
Accounts receivable	1,240,848	755,289	281,766
TOTAL FINANCIAL ASSETS	**1,722,683**	**1,043,809**	**713,074**
FINANCIAL LIABILITIES			
Accounts payable	298,846	189,993	214,155
Borrowings	479,026	493,599	346,758
TOTAL FINANCIAL LIABILITIES	**777,872**	**683,592**	**560,913**

NOTES

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, companied into Levels 1 to 3 based on the degree to which the fair value is observable:

	FAIR VALUE MEASUREMENT AT END OF THE REPORTING PERIOD USING:		
	LEVEL 1	**LEVEL 2**	**LEVEL 3**
ASSETS MEASURED AT FAIR VALUE AT 31 DECEMBER 2017			
Cash and cash equivalent	481,835	-	-
Accounts Receivable	-	-	1,240,848
Borrowings	479,026	-	-
Trade payable	-	-	298,846
TOTAL	**960,861**		**1,539,694**
ASSETS MEASURED AT FAIR VALUE AT 31 DECEMBER 2016			
Cash and Cash equivalent	288,520	-	-
Accounts Receivable	-	-	755,289
Borrowings	493,599	-	-
Trade payable	-	-	189,993
TOTAL	**782,119**	-	**945,282**
ASSETS MEASURED AT FAIR VALUE AT 1 January 2016			
Cash and Cash equivalent	431,308	-	-
Accounts Receivable	-	-	281,766
Borrowings	346,758	-	-
Trade payable	-	-	214,155
TOTAL	**778,066**	-	**953,044**

Credit risk
The Company controls its exposure to credit risk by settling limits of its exposure to individual customers and these are disseminated to operating companies. As part of the process of setting customer credit limits, different external reference agencies are used, according to the country of the customer. The Company has adopted a policy of dealing with creditworthy counterparties.

There are no significant concentrations of credit risk.

The maximum credit risk to which the Company is exposed is summarised in the following table:

	31-Dec-17	**31-Dec-16**	**1-Jan-16**
Cash and cash equivalents	233,975	9,237	164,180
Accounts receivable	1,240,848	755,289	281,766

NOTES

Liquidity risk - Financial liabilities maturity analysis

The Company manages liquidity risk on the basis of expected maturity dates.
The following table provides an analysis of the remaining contractual maturities (contractual and undiscounted cash flows) of the Company's financial assets and liabilities as at 31 December 2017:

	Less than 1 year	1 - 3 years	3 - 5 years	TOTAL
FINANCIAL ASSETS				
Cash and cash equivalents	481,835	-	-	**481,835**
Accounts receivable	1,156,631	70,371	13,846	**1240,848**
TOTAL FINANCIAL ASSETS	**1,638,466**	**70,371**	**13,846**	**1,722,683**
FINANCIAL LIABILITIES				
Accounts payable	298,846	-	-	**298,846**
Borrowings	479,026	-	-	**479,026**
TOTAL FINANCIAL LIABILITIES	**777,872**	**-**	**-**	**777,872**
LIQUIDITY POSITION	**860,594**	**70,371**	**13,846**	**944,811**

The table below provides an analysis of the remaining contractual maturities (contractual and undiscounted cash flows) of the Company's financial assets and liabilities as at 31 December 2016:

	Less than 1 year	1 - 3 years	3 - 5 years	TOTAL
FINANCIAL ASSETS				
Cash and cash equivalents	288,520	-	-	**288,520**
Accounts receivable	685,542	77,748	-	**755,289**
TOTAL FINANCIAL ASSETS	**974,062**	**77,748**	**-**	**1,043,809**
FINANCIAL LIABILITIES				
Accounts payable	189,993	-	-	**189,993**
Borrowing	493,599	-	-	**493,599**
TOTAL FINANCIAL LIABILITIES	**683,593**	**-**	**-**	**683,593**
LIQUIDITY POSITION	**290,469**	**77,748**	**-**	**368,217**

The table below provides an analysis of the remaining contractual maturities (contractual and undiscounted cash flows) of the Company's financial assets and liabilities as at 1 January 2016:

	Less than 1 year	1 - 3 years	3 - 5 years	TOTAL
FINANCIAL ASSETS				
Cash and cash equivalents	431,308	-	-	**431,308**
Accounts receivable	245,587	36,179	-	**281,766**
TOTAL FINANCIAL ASSETS	**676,895**	**36,179**	**-**	**713,074**
FINANCIAL LIABILITIES				
Accounts payable	214,155	-	-	**214,155**
Borrowing	346,758	-	-	**346,758**
TOTAL FINANCIAL LIABILITIES	**560,913**	**-**	**-**	**560,913**
LIQUIDITY POSITION	**115,982**	**36,179**	**-**	**152,161**

NOTES

Borrowings contains credit lines received from credit institutions.

Interest rate risk

The Company's exposure to interest rate risk only concerns financial assets which are fixed rate. The impact of a change in interest rates on fixed interest rate financial assets on their fair value was assessed to be insignificant.

Foreign currency risk

Foreign currency denominated assets (bank balances, deposits, securities and receivables) and liabilities (payables) give rise to foreign exchange exposure. The Company does not have any formal procedures on managing currency risk, however, management considers themselves to be well informed on the tendencies in the economy and has undertaken several steps to minimize its currency risks. These steps mainly include placing currency deposits and holding financial instruments.

Financial assets by currency
Financial assets as at 31 December 2017 are analysed by currency as follows:

	Cash and cash equivalents	Accounts receivable	TOTAL
Euros	586	-	**586**
US Dollars	-	-	-
AT 31 DECEMBER 2017	**586**	-	**586**

As at 31 December 2016 the company did not hold financial assets in foreign currency.

Financial assets as at 1 January 2016 are analysed by currency as follows:

	Cash and cash equivalents	Accounts receivable	TOTAL
Euros	-	2,091	2,091
US Dollars	-	-	-
AT 1 JANUARY 2016	-	**2,091**	**2,091**

Financial liabilities by currency

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

	31-Dec-17	31-Dec-16	1-Jan-16
Euros	-	5,978	-
US Dollars	35,356	-	-
AT 31 DECEMBER	**35,356**	**5,978**	-

NOTES

19 Related party transactions

AMOUNT OF TRANSACTIONS	2017	2016
Transactions:		
Rent income	414,746	152,957
Revenue from Sale of PPE	733,481	90,042
Other Revenue	10,339	-
Interest Income	-	10,839
Operating Lease Expense	44,110	18,178
Repair and Maintenance Expense	-	1,790

OUTSTANDING BALANCES	31-Dec-17	31-Dec-16
Balances:		
Accounts receivable	511,558	156,100
Trade Payables	175,937	-

The following table illustrates key management compensation during the period concerned:

KEY MANAGEMENT COMPENSATION	2017	2016
Wages, salaries and short-term benefits	67,525	61,150

20 Transfer to IFRS

The company's financial statements for the year ended 31 December 2017 are its first full set of financial statements in accordance with IFRS. The company's transition date is 1 January 2016 and its opening IFRS statement of financial position was prepared at that date.

There was no material reconciliation of the equity as at 1 January 2016 date of transition to IFRS.

21 Commitments and contingencies

The Company does not have any commitments and contingencies as at 31 December 2017.

22 Events after reporting period

Borrowing from JSC BOG Bank N 3953999 Company paid 91,787 during 2018 year.

Borrowing from JSC BOG Bank N 4382977 Company paid 101,483 during 2018 year.

Company issued and paid dividends in October 2018-338,232 Gel and in November- GEL 105,263.