JSC TBILISI STOCK EXCHANGE

Financial Statements
For the year ended December 31, 2019

And

Independent Auditors' Report

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management of JSC Tbilisi Stock Exchange is responsible for the accompanying financial statements.

This responsibility includes:

- preparation of financial statements in accordance with International Financial Reporting Standards;
- selection of suitable accounting policies and their consistent application;
- making judgments and estimates which are reasonable and prudent;
- preparation of the financial statements on a going concern basis, unless circumstances make this inappropriate.

Management is also responsible for:

- creation, implementation and maintaining effective internal control system;
- keeping proper accounting records in compliance with local regulations;
- taking such steps that are reasonably open to them to safeguard the assets of the Company, and
- prevention and detection of fraud and other irregularities.

The financial statements for the year ended December 31, 2019 have been approved by the management and signed on its behalf:

Giorgi Paresishvili
General Director

Nino Kurdiani
Financial Director

JSC Tbilisi Stock Exchange

Date: April 22, 2020

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INDEPENDENT AUDITORS' REPORT
JSC Tbilisi Stock Exchange

Opinion

We have audited the financial statements of JSC Tbilisi Stock Exchange (the "Company") which comprise the statement of financial position as of December 31, 2019 and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for our Opinion

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

Other Matter

The audit of the Company's financial statements for the year ended December 31, 2018 was conducted by another auditor who expressed an unqualified opinion on this financial statements on March 28, 2019.

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

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

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

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

Moore Abc is a limited liability company -registered in Georgia with identification number 206331691. Registered in the State Registry of Audit Firms with the registration number: SARAS-F-320544. An independent member firm of Moore Global Network Limited - a network of independent audit and consulting firms.

INDEPENDENT AUDITORS' REPORT (continued)

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

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

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents 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.

Mikheil Abaiadze / Certified Auditor / Partner

Audit Firm Registration Number: SARAS-F-320544
Auditor Registration Number: SARAS-A-865011

Date: April 22, 2020
Tbilisi, Georgia

STATEMENT OF FINANCIAL POSITION

	Notes	31-Dec-19	31-Dec-18
Cash and cash equivalents	3	489,512	116,800
Advances paid		738	2,408
Held to maturity financial assets	7	406,915	363,902
Total current assets		**897,165**	**483,110**
Property, plant and equipment	4	17,753	20,526
Intangible assets	5	1,014,992	-
Investment in subsidiaries	6	1,279,190	817,535
Held to maturity financial assets	7	-	379,799
Prepayments for purchase of intangible asset	8	24,494	423,757
Total non-current assets		**2,336,429**	**1,641,617**
Total assets		**3,233,594**	**2,124,727**
Tax liability		48,909	-
Trade and other liabilities		82	82
Total current liabilities		**48,991**	**82**
Long-term liability to purchase intangible assets		202,015	-
Total liabilities		**251,006**	**82**
Share capital	9	358,804	283,897
Share premium		3,196,229	2,271,128
Retained earnings		(572,445)	(430,380)
Total equity		**2,982,588**	**2,124,645**
Total equity and liabilities		**3,233,594**	**2,124,727**

Giorgi Paresishvili
General Director

Nino Kurdiani
Financial Director

JSC Tbilisi Stock Exchange

Date: April 22, 2020

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2019	2018
Depreciation and amortization		(10,756)	(9,524)
Finance Income	11	41,124	39,474
Impairment of investment in subsidiary		(238,348)	(285,665)
Net foreign exchange gain / (loss)	13	68,907	15,001
Financial assets impairment reserve (expense) / recovery		3,402	(3,792)
Other expenses	12	(6,394)	(57,975)
Current year profit / (loss)		**(142,065)**	**(302,481)**
Comprehensive income / (loss) for the year		**(142,065)**	**(302,481)**
Earnings per share			
Basic and diluted	10	**(0.49)**	**(1.08)**

Giorgi Paresishvili
General Director

Nino Kurdiani
Financial Director

JSC Tbilisi Stock Exchange

Date: April 22, 2020

STATEMENT OF CASH FLOWS

	Notes	2019	2018
Payments to suppliers		(3,716)	(26,701)
Interest received		37,579	38,585
Cash flows from operating activities		**33,863**	**11,883**
Cash receipts from bonds		410,780	-
Cash payments to acquire bonds		-	(349,137)
Disposal / (acquisition) of intangible assets and property, plant and equipment		(364,125)	(230,066)
Cash flows from investing activities		**46,655**	**(579,203)**
Cash receipts from capital increase of JSC Tbilisi Stock Exchange		1,000,008	-
Cash payments for capital increase of JSC Georgian Central Securities Depository		(700,003)	-
Cash flow from financing activities		**300,005**	**-**
Net increase/(decrease) for the year		**380,523**	**(567,320)**
Cash and cash equivalents at the beginning of the period		116,800	698,592
Effect of foreign exchange gains / (losses) on cash and cash equivalents		(7,811)	(14,472)
Cash and cash equivalents at the end of the period	**3**	**489,512**	**116,800**

Giorgi Paresishvili
General Director

Nino Kurdiani
Financial Director

JSC Tbilisi Stock Exchange

Date: April 22, 2020

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share Premium	Retained earnings	Total Equity
Balance as at 1-Jan-2018	**283,897**	**2,271,128**	**(127,899)**	**2,427,126**
Loss for the year	-	-	(302,481)	**(302,481)**
Balance as at 31-Dec-2018	**283,897**	**2,271,128**	**(430,380)**	**2,124,645**
Issue of shares	74,907	925,101	-	**1,000,008**
Loss for the year	-	-	(142,065)	**(142,065)**
Balance as at 31-Dec-2019	**358,804**	**3,196,229**	**(572,445)**	**2,982,588**

Giorgi Paresishvili
General Director

Nino Kurdiani
Financial Director

JSC Tbilisi Stock Exchange

Date: April 22, 2020

1 General Information

JSC Tbilisi Stock Exchange (hereinafter - “Company”), was established on May 7, 2015 according to the legislation of Georgia. The legal address of the company is: Vazha-Pshavela N71, 10th block, 7th floor, Tbilisi 0186. General Director of the company: Giorgi Paresishvili.

The main activity of the Company is: collecting proposals on buying and selling of securities and other financial instruments, organizing public trades in accordance with the established rules and procedures, transactions and other price-related information dissemination.

Until December, 2016, the founder and 100% shareholder of the Company was JSC Georgian Stock Exchange (hereinafter - "Founder"). The purpose of founding was to obtain funds for business development through the sales of the shares of the Company (According to the Charter, the Founder can not increase its joint stock, without the consent of 75% of the shareholders). The Founder's minority shareholders, who own 38% of the Founder's shares, have appealed to the court on the decision of establishing the Company. This dispute in the first and second instances of the court ended in favour of Company (the details of the dispute are given in Note 15). The management of the Founder deems that the Company is established in accordance with the acting legislation and in full compliance with the charter. The Company has not started operating activities for the date of preparation of these financial statements.

As of December 31, 2019 and 2018 the Company’s shareholder structure is as follows:

	31-Dec-19	31-Dec-18
JSC Georgian Stock Exchange	27.87%	35.22%
JSC Galt & Taggart	24.04%	21.59%
TBC Capital LLC	24.04%	21.59%
GCF Holdings Georgia LLC	24.04%	21.59%
	100.00%	**100.00%**

Despite the fact that the Founder’s share in the Company has reduced to 27.87%, it still maintains the control over it and reflects its results in its consolidated financial statements.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (“IFRS”), being standards and interpretations issued by the International Accounting Standards Board (“IASB”), in force at December 31, 2019.

The Company has not issued a consolidated financial statement as it is consolidated by its parent company JSC Georgian Stock Exchange, as explained in note 1, for more information see below:

The management decided not to prepare a consolidated financial statement in accordance with the IFRS 10 "Consolidated Financial Statement", as the Company meets all the necessary conditions for this:

- It represents a subsidiary owned by a parent company, which produces financial statements available for public use that comply with IFRS, in which subsidiaries are consolidated.
- Its debt or equity instruments are not traded in a public market;
- The Company does not submit financial statements to the National Bank of Georgia, nor is it included in the process of submitting its financial statements for the purposes of issuing any class of instruments in the open market.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Consequently, the Company does not consolidate subsidiaries into individual financial statements and does not record them by capital method.

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

The Company presents the comprehensive income items using the classification by nature of expenses. The Company believes this method provides more useful information to the readers of the 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.

2.2 Measurement bases

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 appraisers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

2.3 New or amended Accounting Standards and Interpretation adopted

IFRS 16 Leases

The IASB issued the new standard for accounting for leases − IFRS 16 Leases in January, 2016. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessee to recognize most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise ‘short-term’ leases and leases of ‘low-value’ assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today’s finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

Impact of implementation of new standards

Implementation of IFRS 16 did not have any material impact on the Company's financial statements.

2 Summary of significant accounting policies (continued)

2.4 Standards and interpretations that have been issued but are not yet effective

Prior to the date of approval of the Company's financial statements, certain new standards, interpretations and changes were published in the existing standards, which have not yet entered into force for the current reporting period and which the Company has not received in advance. Among them are the following changes:

a) Definition of Material - Amendments to IAS 1 and IAS 8
b) Business definition - Amendments to IFRS 3;
c) Amendments to the Conceptual Framework for Financial Reporting;
d) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 ;
e) IFRIC 23 — Uncertainty over Income Tax Treatments

2.5 Financial instruments

Initial recognition and measurement

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, the Company recognises all financial assets and financial liabilities at fair value. The fair value of a financial asset / liability on initial recognition is normally represented by the transaction price. The transaction price for financial assets / liabilities other than those classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition / issue of the financial instrument.

Transaction costs incurred on acquisition of a financial asset and issue of a financial liability classified at fair value through profit or loss are expensed immediately.

The Company recognizes the financial assets on the payment date, the asset is recognized on the day the Company receives it and its recognition is terminated on the day the Company sells it.

Subsequent measurement of financial assets

Subsequent measurement of financial assets depends on their classification on initial recognition.

Financial assets are measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is achieved by selling financial assets at fair value and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2 Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

In addition, for trade receivables that are assessed not to be impaired individually, the Company assesses them collectively for impairment, based on the Company's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

The schedule for assessing impairment allowance for trade receivables is presented bellow:

Days past due	Less than 30 days	31 – 60 days	61-90 days	91-180 days	More than 180 days
Percentage of allowance	2%	5%	25%	50%	100%

For financial assets measured at amortized cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortized cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

Derecognition of financial assets

Irrespective of the legal form of the transactions, financial assets are derecognised when they pass the “substance over form” based derecognition test prescribed by IFRS 9. That test comprises two different types of evaluations which are applied strictly in sequence:

- Evaluation of the transfer of risks and rewards of ownership
- Evaluation of the transfer of control

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

2 Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

Subsequent measurement of financial liabilities

Subsequent measurement of financial liabilities depends on how they have been categorised on initial recognition. The Company classifies financial liabilities in one of the following two categories:

Liabilities at fair value through profit or loss (FVTPL) Liabilities are classified in this category when they are held principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or meet the conditions for designation in this category. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as they arise.

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

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 (i.e. extinguished). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in banks and other current (up to 90 days) liquid investments, are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.6 Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and impairment losses.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over 5 years of its useful life.

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.

Termination of recognition of property, plant and equipment occurs when it is sold, or when it is no longer expected to receive economic benefits in the future through using the asset. On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in profit or loss, and included in 'other income' or other operating expenses'.

The carrying amounts of property, plant and equipment with finite useful life and intangible assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs of disposal. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

2 Summary of significant accounting policies (continued)

2.7 Transactions in foreign currency

Value in use is the present value of the estimated future cash flows of the asset / unit. Present values are computed using before-tax discount rates that reflect the time value of money and the risks specific to the asset / unit whose impairment is being measured.

The functional currency of the Company is Georgian Lari ("GEL"). Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the official exchange rates of the National Bank of Georgia at the reporting date. All exchange differences arising on settlement are recognised in profit or loss.

Non-monetary assets and liabilities that are presented using historical cost are translated into functional currency using exchange rate prevailing on a date of the transaction. Non-cash items denominated in foreign currency and presented at fair value (e.g., equity instruments held for sale) are converted using the exchange rate on the day the fair value was determined.

	Official exchange rate of the National Bank of Georgia		
	USD	**EUR**	**GBP**
Exchange rate as at 31 December 2019	2.8677	3.2095	3.7593
Exchange rate as at 31 December 2018	2.6766	3.0701	3.3955
Average rate for the year 2019	2.8192	3.1553	3.5964
Average rate for the year 2018	2.5345	2.9913	3.3812

2.8 Investment in subsidiaries

Investments in subsidiaries are measured at cost. At the end of each reporting period, the investment is reviewed for indications of impairment. Dividends from subsidiaries are recognized in other comprehensive income when the company is authorized to receive the dividends

2.9 Income tax

The Company defines income tax according to the Georgian tax legislation. According to the effective tax legislation, only amount that is distributed among the owners is subject to taxation, while reinvested profit is exempted from applying income tax (except for some cases presented in Article 98[1] of Tax Code of Georgia and 99th and 103rd parts of Article 309). The amount of income tax liability is calculated as 15/85 part from the amount of distributed dividends.

2.10 Provisions and contingencies

Provisions are recognised in the statement of financial position when the Company has current obligation (legal or constructional) at the reporting date as a result of a past event and it is probable that the Company will settle this obligation. Provisions are measured at the present value of the amount expected to be required to settle the obligation using before-tax discount rate that reflects the time value of money and current market assessments of the risks to a specific obligation. Any change in the assessment is recognised in the statement of profit and loss of the respective period.

2 Summary of significant accounting policies (continued)

2.11 Equity

Equity instruments are contracts that give a residual interest in the net assets of the company. Ordinary shares are classified as equity. Equity instruments are recognized at the amount of proceeds received net of costs directly attributable to the transaction. To the extent those proceeds exceed the par value of the shares issued they are credited to a share premium account.

2.12 Recognition of revenue and expenditures

Revenue is recognized on accrual basis.

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

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.

3 Cash and cash equivalents

	31-Dec-19	31-Dec-18
Cash at bank	402,885	19,077
Short-term bank deposits	86,627	97,723
Total cash and cash equivalents	**489,512**	**116,800**

Bank deposits consists of short-term deposits, which accrue interest 0.25-6.5%.

For details about interest income from deposits in 2019 and 2018, see the note 11.

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

4 Property, plant and equipment

	Office equipment	TOTAL
Cost		
As at 31-Dec-2017	**45,695**	**45,695**
Additions	5,629	5,629
Disposals	(1,141)	(1,141)
As at 31-Dec-2018	**50,183**	**50,183**
Additions	8,205	8,205
Disposals	(606)	(606)
As at 31-Dec-2019	**57,782**	**57,782**
Accumulated depreciation		
As at 31-Dec-2017	**(20,201)**	**(20,201)**
Depreciation for the year	(9,524)	(9,524)
Disposals	68	68
As at 31-Dec-2018	**(29,657)**	**(29,657)**
Depreciation for the year	(10,756)	(10,756)
Disposals	384	384
As at 31-Dec-2019	**(40,029)**	**(40,029)**
Net carrying amount		
As at 31-Dec-2017	**25,494**	**25,494**
As at 31-Dec-2018	**20,526**	**20,526**
As at 31-Dec-2019	**17,753**	**17,753**

5 Intangible assets

	Trade system license	Total
Cost		
As at 31-Dec-2018	**-**	**-**
Additions	1,014,992	1,014,992
Disposals	-	-
As at 31-Dec-2019	**1,014,992**	**1,014,992**
Accumulated amortization		
As at 31-Dec-2018	**-**	**-**
Depreciation for the year	-	-
Disposals	-	-
As at 31-Dec-2019	**-**	**-**
Net carrying amount		
As at 31-Dec-2018	**-**	**-**
As at 31-Dec-2019	**1,014,992**	**1,014,992**

Intangible assets include a license for a trading system purchased from MONTRAN CORPORATION. In November, 2019, the contracted asset was delivered by MONTRAN CORPORATION to the company, after which the classification criteria as intangible assets was satisfied and the Company recognized an intangible asset. Currently, the asset is in the process of being tested by the Company.

6 Investment in subsidiaries

On December 23, 2016, the Company purchased 304,499 ordinary shares of JSC Georgian Central Securities Depository. The selling price of each share was GEL 3.623 and the Company paid a total of GEL 1,103,200. On December 2, 2019, JSC Tbilisi Stock Exchange purchased 193,211 ordinary shares of JSC Georgian Central Securities Depository. The selling price of each share was 3.623 GEL, consequently the Company paid a total of 700,003 GEL. With this investment, JSC Tbilisi Stock Exchange became 83.10% shareholder of JSC Georgian Central Securities Depository.

Accumulated impairment loss for the year ended December 31, 2019 is GEL 524,014 (2018: GEL 285,665), while the carrying amount is GEL 1,279,190 (2018: GEL 817,535).

The table below presents the audited financial information about subsidiaries for the years 2019 and 2018:

As at 31-Dec-2019

	Total Assets	Net assets	Profit (Loss) for the year
JSC Georgian Central Securities Depository	1,744,140	1,506,143	(283,036)

	Investment in subsidiary	Net carrying value (83.10%) in net assets	Impairment loss
JSC Georgian Central Securities Depository	1,803,203	1,279,190	524,014

As at 31-Dec-2018

	Total Assets	Net assets	Profit (Loss) for the year
JSC Georgian Central Securities Depository	1,739,613	1,089,176	(173,652)

	Investment in subsidiary	Net carrying value (75.06%) in net assets	Impairment loss
JSC Georgian Central Securities Depository	1,103,200	817,535	285,665

7 Held to maturity financial assets

	Currency	Amount in HC	Maturity Date	Rate	31-Dec-19	31-Dec-18
"GLC" bonds	USD	140,000	August, 2020	7.00%	411,025	383,635
"BGEO" bonds	USD	135,000	September, 2019	5.00%	-	367,578
Total before allowance for held to maturity financial assets					**411,025**	**751,213**
Allowance for Held to maturity financial assets					(4,110)	(7,512)
Net held to maturity financial assets					**406,915**	**743,701**

For details about interest income from held to maturity financial assets see Note 11. There is no significant difference between coupon and effective interest rate of the held to maturity financial assets.

There is no material difference between the fair value and the carrying amount of held to maturity financial assets.

8 Prepayments for purchase of intangible asset

	31-Dec-19	31-Dec-18
Prepayment for purchase of intangible asset	24,494	359,010
Non-refundable tax costs for purchase of intangible assets	-	64,747
Total prepayments for purchase of intangible asset	**24,494**	**423,757**

On January 31, 2017, the Company signed an agreement with MONTRAN CORPORATION for establishing and licensing a trading system. As a result, in July, 2017, a prepayment in the amount of USD 70,445 was made in accordance with the agreement. In July 2018, an additional USD 70,445 was paid to MONTRAN CORPORATION in connection with the start of the trading system development stage. In 2019, the Company paid USD 90,445 for the delivery of the product and addition of specific agreed-upon module.

On December 6, 2019, the company signed an agreement with Green Systems, Ltd. for the creation, installation / configuration of intangible asset, for which the Company paid 50% of the total amount stipulated in the contract (GEL 24,495) on December 9, 2019.

In November, 2019, the contracted asset was delivered by MONTRAN CORPORATION to the Company. Accordingly, all advance payment for the purchase of intangible assets was reclassified as intangible assets. Above-mentioned amount includes the amounts paid to MONTRAN CORPORATION as well as non-refundable payments made on intangible assets.

	2019	2018
Opening balance at January 1	**423,757**	**230,850**
Payments during the year	355,391	216,450
Amounts deducted during the year	-	(23,543)
Reclassification as an intangible asset during the year	(754,654)	-
Closing balance at December 31	**24,494**	**423,757**

9 Share capital

During 2019, the Company issued 74,907 new shares with a par value of GEL 1 per share and a selling price of GEL 13.35. As a result, the Company's share capital and share premium have increased by GEL 74,907 and GEL 925,101, respectively.

10 Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The company owns only ordinary shares.

	31-Dec-19	31-Dec-18
Net income attributable to common stockholders	(142,065)	(306,201)
Profit/(loss) for the year	(142,065)	(306,201)
Weighted average number of shares	290,139	283,897
Basic	**(0.49)**	**(1.08)**

11 Finance income

	2019	2018
Finance income from held to maturity financial assets	40,838	30,547
Interest received from bank deposits	286	8,927
Total finance income	**41,124**	**39,474**

12 Other operating expenses

	2019	2018
Bank commissions	902	1,339
Accounting service fees	750	1,219
Computer expenses	509	491
Property tax expenses	191	478
Registrar (JSC Kavkasreestri) service fees	335	293
Communication expenses	174	174
Domain subscription expense	134	124
Postal expenses	20	14
Lawyer services fees	-	41,710
Non-residential reverse charge VAT	-	7,886
Other expenses	3,379	4,247
Total other operating expenses	**6,394**	**57,975**

13 Net foreign exchange gain / (loss)

	Cash and cash equivalents	Trade receivables	L.T. liability to purchase intangible assets	Conversion	Total
Foreign exchange gain	16,033	89,816	9,415	-	115,264
Foreign exchange loss	(22,676)	(22,768)	-	(913)	(46,357)
Net foreign exchange gain/ (loss) for 2019	**(6,643)**	**67,048**	**9,415**	**(913)**	**68,907**

	Cash and cash equivalents	Held to maturity financial assets	Trade Payable	Conversion	Total
Foreign exchange gain	36,412	61,023	13	-	97,448
Foreign exchange loss	(45,129)	(36,946)	(56)	(316)	(82,447)
Net foreign exchange gain/ (loss) for 2018	**(8,717)**	**24,077**	**(43)**	**(316)**	**15,001**

14 Related party transactions

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:
(i) has control or joint control of the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:
(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

14 Related party transactions (continued)

Balances with related parties	31-Dec-19	31-Dec-18
Investment in subsidiaries	1,279,190	817,535
Balances at JSC TBC Bank	6,919	19,010
Balances at JSC Bank of Georgia	481,590	96,806
(Held to maturity financial assets) "Georgian Leasing Company"	406,916	379,799
(Held to maturity financial assets) "BGEO Group"	-	363,902

Expenses	2019	2018
Subsidiaries	335	293
Other related parties	932	-

Income	2019	2018
(Held to maturity financial assets) "Georgian Leasing Company"	27,809	24,896
(Held to maturity financial assets) "BGEO Group"	13,029	6,217

15 Contingencies and commitments

15.1 Legal proceedings

At the end of the reporting period the Company has two lawsuits, where minority shareholders are arguing about the legality of establishing JSC Tbilisi Stock Exchange by the Company.

Both disputes in the city court and court of appeals ended in favour of the Company. One of the decisions made by the court of appeals was appealed by plaintiffs in supreme court, admissibility of which is under consideration as of April 22, 2020.

According to management's assessment the possibility of negative outcome of these lawsuits is 5%, because lawsuits in both instances of court ended in favour of JSC Georgian Stock Exchange and JSC Tbilisi Stock Exchange. The Company is expecting that if supreme court will admit and consider these lawsuits, the decisions of the lower instances of the court will remain in force. As a result, there is no expectation about future losses.

16 Information on financial risks

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

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

16 Information on financial risks (continued)

Management of the company manages risks by cooperation with operating units. Because of the simplicity of the company's operations, there is not a pre-set policy for managing risks.

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

	31-Dec-19	31-Dec-18
Financial assets		
Cash and cash equivalents	489,512	116,800
Held to maturity financial assets	406,915	743,701
Total financial assets	**896,427**	**860,501**
Financial liabilities		
Trade payables	82	82
Long-term liability to purchase intangible assets	202,015	-
Total financial liabilities	**202,097**	**82**

16.1 Credit risk

The Company manages credit risk by setting limits to individual customers. The Company uses different agencies during the calculation of credit ratings according to the customers' countries of residence. The Company has developed policy for communication with creditworthy clients.

No significant concentration of credit risks was observed.

The maximum credit risk of the company is given in the following table:

	31-Dec-19	31-Dec-18
Cash and cash equivalents	489,512	116,800
Held to maturity financial assets	406,915	743,701

Cash and cash equivalents consists of cash in bank accounts and short-term deposits. company does not have any collateral for its receivables and held to maturity financial assets. The company manages receivables according to the days of overdue.

Expected credit loss measurement

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

- A financial instrument that is not credit-impaired on initial recognition is classified in "stage 1" and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "stage 2" but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, it is then moved to "stage 3".
- Financial instrument on stage 1 have expected credit loss measured at an amount equal to the portion of lifetime expected credit loss that result from default events possible within next 12 months. Instruments on stages 2 and 3 have their expected credit loss measured based on expected credit losses on a lifetime basis.

16 Information on financial risks (continued)

16.1 Credit risk (continued)

The following diagram summarises the impairment approach of the Company:

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
Expected credit loss for 12 month	Lifetime expected credit losses	Lifetime expected credit losses

All financial assets in the Company's financial statements, other than trade receivables, are classified in stage 1 as at beginning and end of 2019.

As for trade receivables the Company uses the simplified approach is based on days overdue. The Company has five overdue ranges. Expected credit loss percentage is based on Company`s operating sector and previous experience. Expected credit loss table is presented below:

Days overdue	< 30	31 - 60	61 - 90	91 - 180	180 >
Percentage of expected credit loss	2%	5%	25%	50%	100%

For held to maturity financial assets, expected credit loss is based on credit risk change after initial recognition.

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

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

16.2 Liquidity risk - financial liabilities maturity analysis

The Company manages liquidity risk according to the expected maturity.

As of December 31, 2019 and 2018, the term of the Company's remaining financial obligations (contractual and undiscounted cash flows) was one year.

Currently, the company plans to fulfil all obligations within the contract term. The company expects sufficient enough cash inflows through operating activities to cover these obligations.

16 Information on financial risks (continued)

16.2 Liquidity risk - financial liabilities maturity analysis (continued)

The liquidity risk as at December 31, 2019 is presented as follows:

	Up to 1 year	1 year to 5 years	3 year to 5 years	Over 5 years	**Total**
Financial assets					
Cash and cash equivalents	489,512	-	-	-	**489,512**
Held to maturity financial assets	406,915	-	-	-	**406,915**
Total financial assets	**896,427**	**-**	**-**	**-**	**896,427**
Financial liabilities					
Trade payables	82	-	-	-	**82**
Long-term liability to purchase intangible assets	202,015	-	-	-	**202,015**
Total financial liabilities	**202,097**	**-**	**-**	**-**	**202,097**
Liquidity gap	**694,330**	**-**	**-**	**-**	**694,330**

The liquidity risk as at December 31, 2018 is presented as follows:

	Up to 1 year	1 year to 5 years	3 year to 5 years	Over 5 years	**Total**
Financial assets					
Cash and cash equivalents	116,800	-	-	-	**116,800**
Held to maturity financial assets	363,902	379,799	-	-	**743,701**
Total financial assets	**480,702**	**379,799**	**-**	**-**	**860,501**
Financial liabilities					
Trade payables	82	-	-	-	**82**
Total financial liabilities	**82**	**-**	**-**	**-**	**82**
Liquidity gap	**480,620**	**379,799**	**-**	**-**	**860,419**

16.3 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The impact of interest rate changes on the fair value of financial assets with a fixed interest rate was assessed as unimportant.

The interest rate exposure is presented bellow:

	31-Dec-19		**31-Dec-18**	
In % P.A	GEL	USD	GEL	USD
Cash and cash equivalents	6.50%	0.25%	2%	2.70%
Held to maturity financial assets	-	5%-7%	-	5%-7%

16 Information on financial risks (continued)

16.4 Foreign currency risk

Foreign currency risk arises from assets and liabilities denominated in foreign currencies. The Company does not have formal procedures for managing foreign exchange risk, however, the management considers itself well informed about the current developments in the economy and they have taken some steps to reduce the currency risk. These steps mainly involve the placement of foreign currency deposits.

At 31 December 2019

	Held to maturity financial assets	Cash and cash equivalents	L.T. liability to purchase intangible assets	Total
USD	406,916	481,485	(202,015)	**686,386**
EUR	-	4,231	-	**4,231**
At 31 December 2019	**406,916**	**485,716**	**(202,015)**	**690,617**

At 31 December 2018

	Held to maturity financial	Cash and cash equivalents	Total
USD	751,213	92,713	**843,926**
EUR	-	4,053	**4,053**
At 31 December 2018	**751,213**	**96,766**	**847,979**

A hypothetical 10% increase / decrease in the exchange rate of the GEL against the US Dollar would decrease / increase profits before taxes by in 2019 GEL 68,639 (2018: 84,393 GEL).

A hypothetical 10% increase / decrease in the exchange rate of the GEL against the Euro would decrease / increase profits before taxes by in 2019 GEL 423 (2018: 405 GEL).

17 Events after the reporting period

Significant events, which might be presented in these financial statements from the reporting date to the date of authorisation are connected with economic difficulties, that might arise from the spread of new coronavirus (COVID-19). However, in case of the Company, the management assesses risks associated to a minimum, as its operations are adapted to remote operations and its main customers are such powerful financial institutions whose activities will still be closely connected to the Company's operations, in case of wide spread of COVID-19. Also, additional argument for assessing risks to a minimum is the diversification of clients' portfolios.

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