GALT & TAGGART JSC

SEPARATE FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS

Statement of management's responsibilities i
Independent auditor's report ..... ii-iv

Financial Statements

Statement of Profit or loss and other comprehensive Income 4
Statement of Financial Position 5
Statement of Changes in Equity 6
Statement of Cash Flows 7

Notes to the Financial Statements

1 General information 8
2 Summary of significant accounting polices 8
3 Fee and commission income, net 17
4 Interest income and expense 17
5 Other operating income 17
6 Net gain from trading securities 18
7 General and administrative expenses 18
8 Income tax expense 18
9 Earnings per share 19
10 Property and equipment 19
11 Intangible assets 20
12 Investment property 20
13 Investments in non-consolidated subsidiaries 21
14 Investments in associates 21
15 Available-for-sale financial assets 22
16 Loans issued 22
17 Deferred tax 23
18 Trading securities 23
19 Accounts receivable 23
20 Cash and cash equivalents 24
21 Issued and additional paid-in capital 24
22 Borrowings 24
23 Accounts payable 26
24 Deferred revenue 26
25 Related party transactions 27
26 Commitments and contingencies 28
27 Information on financial risk 28
28 Events after the reporting period 32
29 Significant judgements and key sources of estimation uncertainty 32

These separate financial statements are presented in GEL.

Decimal symbol is dot (".") and digit-grouping 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

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report set out on page ii, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the separate (non-consolidated) financial statements of Galt & Taggart JSC (hereinafter - the "Company").

Management is responsible for the preparation of the separate financial statements that present fairly the financial position of 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 separate 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 financial position of the Company, and which enable them to ensure that the separate 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 and signed on behalf of the management on 22 March 2018 by:

General Director	Irakli Kirtava	________________________
Managing Director	Otar Sharikadze	________________________
Chief Accountant	Ketevan Vanishvili	________________________

INDEPENDENT AUDITOR'S REPORT

TO THE MANAGEMENT AND SHAREHOLDERS OF GALT & TAGGART JSC

Opinion

We have audited the accompanying separate financial statements of Galt & Taggart JSC (hereinafter the "Company"), which comprise the separate statement of financial position as at 31 December 2017 and the separate statement of comprehensive income, separate statement of changes in equity and separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), 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 opinion.

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards, 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.

22 March 2018

RSM Georgia

Managing Partner: Giorgi Kvinikadze

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2017	2016
Fee and commission income	3	1,812,662	1,050,715
Fee and commission expense	3	(2,582,518)	(1,581,567)
Net fee and commission income		**(769,856)**	**(530,852)**
Interest income	4	1,890,072	1,549,329
Interest expense	4	(274,249)	(121,992)
Net interest income		**1,615,823**	**1,427,337**
Net gain from fair value adjustment on investment property	12	412,469	-
Other operating income	5	3,699,636	2,332,990
Net gain from trading securities	6	159,272	294,967
Net foreign exchange gain		(221,420)	826,537
General and administrative expenses	7	(3,841,748)	(3,382,131)
Other non-operating income		-	2,180
Other expenses		(34,091)	(9,161)
PROFIT (LOSS) BEFORE TAX		**1,020,085**	**961,867**
Income tax expense	8	-	(146,680)
Deferred income tax expense/benefit	17	-	(58,014)
PROFIT (LOSS) FOR THE YEAR		**1,020,085**	**757,173**
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,020,085**	**757,173**
EARNINGS PER SHARE			
BASIC & DILUTED	9	0.09	0.07

General Director Irakli Kirtava ____________________________

Managing Director Otar Sharikadze ____________________________

Chief Accountant Ketevan Vanishvili ____________________________

STATEMENT OF FINANCIAL POSITION

	Note	31-Dec-2017	31-Dec-2016
ASSETS			
NON-CURRENT ASSETS			
Property and equipment, net	10	308,507	277,766
Investment properties	12	1,362,000	949,531
Intangible assets, net	11	147,638	175,283
Investments in non-consolidated subsidiaries	13	2,623,611	2,623,611
Investments in associates	14	928,592	928,592
Available-for-sale financial assets	15	126,475	339,207
Loans issued	16	6,655,552	5,572,218
Deferred tax assets	17	-	-
Total non-current assets		**12,152,375**	**10,866,208**
CURRENT ASSETS			
Trading securities	18	5,835,213	7,520,092
Loan issued	16	225,000	-
Accounts receivables	19	2,393,377	978,093
Cash and cash equivalents	20	28,940,478	15,243,905
Total current assets		**37,394,068**	**23,742,090**
TOTAL ASSETS		**49,546,443**	**34,608,298**
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Issued Capital	21	10,764,236	10,764,236
Additional paid-in capital	21	24,959,537	24,959,537
Retained earnings/(Accumulated loss)		(19,549,284)	(20,569,369)
TOTAL EQUITY		**16,174,489**	**15,154,404**
NON-CURRENT LIABILITIES			
Long-term borrowings	22	1,733,811	2,668,019
Total non-current liabilities		**1,733,811**	**2,668,019**
CURRENT LIABILITIES			
Accounts payable	23	28,228,401	16,163,963
Deferred Revenue	24	2,110,524	-
Short-term borrowings	22	1,299,218	475,232
Current income tax payable		-	146,680
Total current liabilities		**31,638,143**	**16,785,875**
TOTAL LIABILITIES		**33,371,954**	**19,453,894**
TOTAL EQUITY AND LIABILITIES		**49,546,443**	**34,608,298**

General Director	Irakli Kirtava	______________________________
Managing Director	Otar Sharikadze	______________________________
Chief Accountant	Ketevan Vanishvili	______________________________

STATEMENT OF CHANGES IN EQUITY

	Note	ISSUED CAPITAL	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
31 December 2015		**10,764,236**	**24,959,537**	**(21,326,542)**	**14,397,231**
Profit (loss) for the year		-	-	757,173	757,173
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	757,173	757,173
At 31 December 2016		**10,764,236**	**24,959,537**	**(20,569,369)**	**15,154,404**
Profit (loss) for the year		-	-	1,020,085	1,020,085
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	1,020,085	1,020,085
At 31 December 2017		**10,764,236**	**24,959,537**	**(19,949,284)**	**16,174,489**

General Director — Irakli Kirtava — ____________________________

Managing Director — Otar Sharikadze — ____________________________

Chief Accountant — Ketevan Vanishvili — ____________________________

STATEMENT OF CASH FLOWS

	Note	31-Dec-2017	31-Dec-2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year:		1,020,085	961,867
Adjustments for:			
Depreciation and amortization	10,11	151,227	130,634
Gain from revaluation of investment property	12	(412,469)	-
Foreign exchange gain		221,420	(826,537)
Gain on sale of PPE		(9,615)	(2,180)
Gain on sale of investments in associates		-	(176,580)
Write-off of PPE	10	818	1,393
Interest income	4	(1,890,072)	(1,549,329)
Interest expense	4	274,249	121,992
Change in operating assets and liabilities:			
Increase in trading securities	18	1,959,587	(1,530,054)
Decrease (increase) in accounts receivable	19	(1,509,228)	119,562
Increase in accounts payable	23	14,635,072	8,087,574
Cash generated from operations		**14,441,074**	**5,338,342**
Interest paid		(184,472)	(108,823)
Income taxes paid		(155,514)	(90,000)
Net cash generated by (used in) operating activities		**14,101,088**	**5,139,519**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in associates	14	-	(818,342)
Sale (purchase) of Available-for-sale financial assets	15	(35,113)	(13,998)
Sale of property and equipment		14,769	26,594
Sale of investment in associates	14	-	382,700
Purchase of property and equipment	10	(140,095)	(44,703)
Purchase of intangible assets	11	(20,198)	(135)
Loans issued	16	(225,000)	-
Interest received		451,951	263,673
Net cash used in investing activities		**46,314**	**(204,211)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan from subsidiaries	13	-	450,000
Proceeds from bank loans	22	1,564,571	2,569,930
Repayment from bank loans		(1,659,631)	(1,728,947)
Net cash generated by (used in) financing activities		**(95,060)**	**1,290,983**
CASH AND CASH EQUIVALENTS			
At 1 January	20	**15,243,905**	**8,750,656**
Net increase in the year		14,052,342	6,226,291
Effect of exchange rate changes on cash and cash equivalents held		(355,770)	266,958
At 31 December	20	**28,940,478**	**15,243,905**

General Director	Irakli Kirtava	____________________________
Managing Director	Otar Sharikadze	____________________________
Chief Accountant	Ketevan Vanishvili	____________________________

NOTES

1 GENERAL INFORMATION

Joint Stock Company Galt and Taggart (hereinafter referred to as the "Company"), identification number 211359206, was registered on 19 December 1995 in Tbilisi, Georgia. The Company's legal address is 79 David Agmashenebeli Avenue, Tbilisi, Georgia. In 2000-2009 and 2009-2014 the Company operated under the name of "Galt and Taggart Securities" and "BG Capital", respectively and as "Galt and Taggart" since. The Company was a wholly owned subsidiary of Bank of Georgia since 2005. In November 2015 Galt and Taggart JSC was registered as a wholly owned subsidiary of BG Financial (Identification Number 402018918) according to the legislation of Georgia in 2015. The 100% (which is 96.326% is registered and issued shares) shareowner with voting rights of BG Financial JSC is BGEO Group JSC (Identification number: 405103034). On the other hand, BGEO Group JSC is fully (100% with voting rights registered and issued shares is 99.538%) owned by BGEO Group PLC ("BGEO") (Registration number: 7811410), a public limited liability company incorporated in England and Wales, whose shares are admitted to London Stock Exchange Premium Listing (ticker - BGEO:LN). BGEO Group PLC represents the Ultimate Beneficial Owner of JSC Galt and Taggart.

The Company, which is registered by National Bank of Georgia, is brokerage company (investment bank) operating on securities market. It provides brokerage, investment banking, corporate advisory, private equity and wealth management services to its clients. It operates as an agent for deals on both equity and debt capital markets, provides consultation services during mergers & acquisitions and corporate restructuring.

It also provides macroeconomic and industry sector research as well as fixed income corporate research. The company has been providing indicated licensed services since 2000. It has trading execution capabilities on all major international exchanges and in regional frontier markets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

These separate (non-consolidated) 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.

The separate financial statements comprise 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 separate 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.

Management decided not to prepare consolidated financial statements under provisions of IFRS 10 Consolidated Financial Statements as the Company meets all the conditions prescribed therein for non-consolidation:

- It is a wholly-owned subsidiary of a parent which prepares 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;
- It did not file and is not in the process of filing its financial statements with a securities commission for the purpose of issuance any class of instruments in a public market.

Accordingly, the Company does not consolidate its subsidiaries in its separate financial statements, nor it accounts for its associates under the equity method.

Measurement bases
The separate financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (eg certain financial instruments that are measured at fair value). 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.

Application of new IFRS requirements

For the preparation of these separate 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 separate 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 separate financial statements.

Application of new and amended standards

For the preparation of these separate 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 separate financial statements.

- 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 separate 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 separate 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 separate 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 separate 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 separate 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 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 separate 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 separate 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

NOTES (CONTINUED)

Directors anticipate that IFRS 16 will be adopted in the Company's separate 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 separate 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 separate financial statements.

(B) INCOME AND EXPENSE RECOGNITION

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.

(C) PROPERTY 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:

Office and Computer Equipment	20-25% straight line;
Motor Vehicles	20% straight line;
Leasehold Improvement	25% straight line.

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

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.

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.

(D) INVESTMENT PROPERTIES

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existent investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

(E) 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.

Internally generated intangible assets
Development costs represent typical internally generated intangible assets of relevance for the Company. Costs incurred in relation to individual projects are capitalised only when the future economic benefit of the project is probable and the following main conditions are met: (i) the development costs can be measured reliably, (ii) the technical feasibility of the product has been ascertained and (iii) management has the intention and ability to complete the intangible asset and use or sell it.

Given the type of businesses managed by the Company and the cumulative experience gained by the Company, usually the fact that the intangible asset will generate probable future economic benefits is reasonably certain only shortly before a product is launched into the market. Costs incurred before that point in time are not reinstated.

Internally generated intangible assets primarily relate to internally developed software and internally developed patented technology as well as processes or recipes.

Research costs are expensed as incurred.

After initial recognition, internally generated intangible assets follow the accounting policies of separately acquired intangible assets as stated above.

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 ten years using straight line method.

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

(F) INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

Investments in non-consolidated subsidiaries and associates are accounted at cost. At the end of every reporting period investments are tested on impairment. Dividends from non-consolidated subsidiaries and associates are recognised in the statement of comprehensive income when the right to receive the dividend is established.

(G) IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment of property, plant and equipment and of intangible assets with finite useful lives
The carrying amounts of such 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 of the individual asset or the cash-generating unit. 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.

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

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

Impairment of intangible assets with indefinite useful lives
Irrespective of whether there is any indication of impairment, such assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

(H) FINANCIAL INSTRUMENTS

Initial recognition and measurement
The Company recognizes 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 recognizes 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 financial assets using settlement date accounting, thus an asset is recognized on the day it is received by the Company and derecognized on the day that it is delivered by the Company.

Subsequent measurement of financial assets
Subsequent measurement of financial assets depends on their classification on initial recognition. The Company classifies financial assets in one of the following categories:

Financial assets at fair value through profit or loss (FVTPL) Assets are classified in this category when they are held principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or meet the conditions for designation in this category at initial recognition.

Gains or losses arising on remeasurement of financial assets at FVTPL incorporate any dividend or interest earned and are recognised in profit or loss.

Loans and Receivables Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that the Company intends to sell immediately or in the near term cannot be classified in this category. These assets are carried at amortized cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility.

Typically accounts receivable, bank balances and cash are classified in this category.

Held-to-maturity financial assets These are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Financial assets that upon initial recognition the Company designates as at fair value through profit or loss or available-for-sale and those that meet the definition of loans and receivables cannot be classified in this category. Similar to Loans and Receivables, these assets are carried at amortized cost using the effective interest method minus any reduction for impairment or uncollectibility.

Available-for-sale (AFS) financial assets These are non-derivative financial assets that are designated as available for sale on initial recognition or are not classified in one of the previous categories. They are carried at their fair value. However, unquoted equity instruments are carried at cost, where it is not possible to reliably measure their fair value.

Except for foreign exchange gains and losses, interest income and dividends that are recognized in profit or loss, changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated in revaluation reserve, until the investment is disposed of or is determined to be impaired. At that time, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss.

Impairment of financial assets
At the end of each reporting period, the Company assesses whether its financial assets (other than those at FVTPL) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected. Objective evidence of impairment could include significant financial difficulty of the counterparty, breach of contract, probability that the borrower will enter bankruptcy, disappearance of an active market for that financial asset because of financial difficulties, etc.

For AFS equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

In addition, for accounts receivable 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.
Only for accounts receivable, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

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 recognized, the previously recognized impairment loss is reversed (either directly or by adjusting the allowance account for accounts receivable) 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 recognized at the date the impairment is reversed.

For AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss. In respect of AFS equity securities, an increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in revaluation reserve; impairment losses are not reversed through profit or loss.

NOTES (CONTINUED)

Derecognition of financial assets
Irrespective of the legal form of the transactions, financial assets are derecognized when they pass the "substance over form" based derecognition test prescribed by IAS 39. 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 recognized / derecognised in full or recognized to the extent of the Company's continuing involvement depends on accurate analysis which is performed on a specific transaction basis.

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 remeasured, as the obligation is known with a high degree of certainty and settlement is short-term.

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.

(I) DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations
These are either separate major lines of business or geographical operations that have been sold or classified as held for sale. When held for use, discontinued operations were a cash-generating unit or a group of cash-generating units. They comprise operations and cash flows that can be clearly distinguished - operationally and for financial reporting purposes - from the rest of the entity. Their results are shown separately in the statement of profit or loss and comparative figures are restated to reclassify them from continuing to discontinued operations.

(J) BORROWING COSTS

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(K) DEFERRED REVENUE

Deferred revenue is an amount that was received by a company in advance of earning it. Company is recognizing the deferred revenue as generated income proportional bases.

(L) 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		
	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
Average rate for the year ended 31 December 2017	2.5086	2.8322	3.2315
Average rate for the year ended 31 December 2016	2.3667	2.6172	3.2051

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.

(M) RETIREMENT BENEFITS

The Company operates a defined contribution scheme for all its employees. The annual contributions payable in respect of defined contribution schemes are charged to profit or loss in the period to which they relate. Any cumulative difference between amounts payable and amounts paid are shown in the statement of financial position as receivables or payables, but otherwise the assets and liabilities of those schemes are not included in the separate financial statements as the employer is not exposed to their risks and rewards, which instead lie with the members of those schemes.

(N) INCOME TAX

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.

(O) PROVISIONS

Where, at the reporting date, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Company will settle the obligation, a provision is made in the statement o financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise. Warranty provisions are measured using probability models based on past experience. Restructuring provisions are only recognised once the formal plan has been communicated to affected parties.

(P) 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.

NOTES (CONTINUED)

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.
Treasury shares
The cost of treasury shares purchased is shown as a deduction from equity in the statement of financial position. When treasury shares are sold or reissued they are credited to equity. As a result, no gain or loss on treasury shares is included in the statement of comprehensive income.

3 FEE AND COMMISSION INCOME, NET

	2017	2016
Brokerage	961,861	676,329
Commission income from storage of securities	327,927	213,310
Income from trading platform	519,953	158,333
Other commission income	2,921	2,743
Total fee and commission income	**1,812,662**	**1,050,715**
Commission expenses	(2,582,518)	(1,581,567)
FEE AND COMMISSION EXPENSE, NET	**(769,856)**	**(530,852)**

The Company has ability to use international trading platform for financial instrument transactions. For this service the Company pays fixed fees.

In 2017 fees for using trading platform amounted to GEL 2,087,112 (2016: GEL 1,140,114).

4 INTEREST INCOME AND EXPENSES

	2017	2016
Commercial loans	1,164,340	905,525
Interest-bearing securities	516,438	503,642
Bank deposits	209,294	140,162
Total interest income	**1,890,072**	**1,549,329**
Interest expense	(274,249)	(121,992)
Total Interest expense	**(274,249)**	**(121,992)**
INTEREST INCOME, NET	**1,615,823**	**1,427,337**

Interest expenses contains the amount accrued on borrowings received from credit institutions see note 22 for detail.

5 OTHER OPERATING INCOME

	2017	2016
Investment banking	**3,558,109**	**2,260,253**
Placement fee	1,623,734	1,776,169
Financial service other than placement fee	1,934,375	484,084
Income from researches	**50,080**	**21,581**
Other income	**91,447**	**51,156**
TOTAL OTHER OPERATING INCOME	**3,699,636**	**2,332,990**

Financial service other than placement fee consists income generated from loan refinancing service amounted GEL 985,276 (see note 24).

6 NET GAIN FROM TRADING SECURITIES

	2017	2016
Net realized gain from trading securities	71,923	294,967
Net Gain/(loss) from revaluation trading securities	87,349	-
NET GAIN FROM TRADING SECURITIES	**159,272**	**294,967**

Company's net realized loss from trading securities includes net gain generated from trading securities of 25 companies

7 GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
Salaries (excluding annual bonus)	1,481,719	1,398,557
Annual bonus	1,662,577	1,189,840
Rent and utilities	182,770	250,636
Sales and marketing	68,876	175,931
Depreciation and amortization	151,228	130,634
Consultation and other professional fees	79,930	93,298
Doubtful receivables	19,266	-
Business trips	32,473	76,552
Representative expenses	21,002	34,964
Taxes other than income	16,309	12,772
Other administrative expenses	125,598	18,947
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	**3,841,748**	**3,382,131**

Above mentioned consultation and professional fees include auditor compensations amounting to GEL 22,000 for the year ended 31 December 2017 (2016: GEL 19,000).

Annual bonus contains the bonuses issued during the 2017. Main part of bonus issued includes the trading shares of other companies amounted GEL 819,714. Mentioned trading shares for employees are initiated by General Director and Authorized by Board of Directors. Second part of the annual bonuses accrued contains the bonuses amounted GEL 842,863.

8 INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	2017	2016
Current income tax charge	-	146,680
Deferred tax relating to origination and reversal of temporary differences	-	58,014
TOTAL INCOME TAX EXPENSE	-	**204,694**

In May 2016 the Parliament of Georgia approved the amendments to Tax Code of Georgia. According to these amendments, corporate income tax, (also known as the Estonian model of corporate taxation), will only apply to distributed profits; reinvested profits will not be subject to income taxation. The amendments are effective from 1 January 2017. Income tax before 1 of January 2017 was calculated at 15 per cent of the estimated assessable profit for the year.

9 EARNINGS PER SHARE

	31-Dec-17	31-Dec-16
NUMERATOR: EARNINGS ATTRIBUTABLE TO EQUITY		
Profit (loss) for the year	1,020,085	757,173
Earnings - basic and diluted	**1,020,085**	**757,173**
DENOMINATOR: WEIGHTED AVERAGE NUMBER OF EQUITY SHARES	**10,764,236**	**10,764,236**
Basic and diluted	**0.09**	**0.07**

The weighted average number of equity shares refers to shares in circulation during the period.

10 PROPERTY AND EQUIPMENT

	Computer equipment	Office equipment	Vehicles	Leasehold improvement	TOTAL
COST					
AT 31 DECEMBER 2015	**158,505**	**95,666**	**28,900**	**137,687**	**420,758**
Acquisitions	21,668	21,278	-	1,757	44,703
Disposals	-	-	(28,900)	-	(28,900)
Write-offs	(1,393)	-	-	-	(1,393)
AT 31 DECEMBER 2016	**178,780**	**116,944**	**-**	**139,444**	**435,168**
Acquisitions	52,117	81,135	-	6,843	140,095
Disposals	(14,769)	-	-	-	(14,769)
Write-offs	-	(818)	-	-	(818)
AT 31 DECEMBER 2017	**216,128**	**197,261**	**-**	**146,287**	**559,676**
DEPRECIATION AND IMPAIRMENT					
AT 31 DECEMBER 2015	**31,493**	**32,542**	**4,486**	**9,314**	**77,835**
Depreciation for the year	29,468	16,910	-	37,675	84,053
Disposals	-	-	(4,486)	-	(4,486)
AT 31 DECEMBER 2016	**60,961**	**49,452**	**-**	**46,989**	**157,402**
Depreciation for the year	37,671	30,404	-	35,309	103,384
Disposals	(8,800)	(817)			(9,617)
AT 31 DECEMBER 2017	**89,832**	**79,039**	**-**	**82,298**	**251,169**
NET CARRYING AMOUNT					
At 31 December 2015	127,012	63,124	24,414	128,373	342,923
At 31 December 2016	117,819	67,492	-	92,455	277,766
AT 31 DECEMBER 2017	**126,296**	**118,222**	**-**	**63,989**	**308,507**

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

11 INTANGIBLE ASSETS

	License& patents	Software	TOTAL
COST			
AT 31 DECEMBER 2015	**237,183**	**29,517**	**266,700**
Acquisitions	-	135	135
Disposals	-	-	-
Write-offs	-	-	-
AT 31 DECEMBER 2016	**237,183**	**29,652**	**266,835**
Acquisitions	2,194	18,005	20,199
Disposals	-	-	-
Write-offs	-	-	-
AT 31 DECEMBER 2017	**239,377**	**47,657**	**287,034**
AMORTIZATION			
AT 31 DECEMBER 2015	**22,498**	**22,473**	**44,971**
Amortization for the year	45,802	779	46,581
Disposals	-	-	-
AT 31 DECEMBER 2016	**68,300**	**23,252**	**91,552**
Amortization for the year	45,809	2,035	47,844
Disposals	-	-	-
AT 31 DECEMBER 2017	**114,109**	**25,287**	**139,396**
NET CARRYING AMOUNT			
At 31 December 2015	214,685	7,044	221,729
At 31 December 2016	168,883	6,400	175,283
AT 31 DECEMBER 2017	**125,268**	**22,370**	**147,638**

Additions to intangible assets during 2017 resemble the amount paid for acquiring license for MS Office and trading platform.

12 INVESTMENT PROPERTY

	31-Dec-17	31-Dec-16
As of January 1	949,531	949,531
Addition	-	-
Disposal	-	-
Gain from a fair value adjustment	412,469	-
AT 31 DECEMBER	**1,362,000**	**949,531**

The address of the Investment property owned by the company is Chavchavadze Ave N7, Tbilisi, Georgia.

Investment properties are stated at fair value, which has been determined based on valuation performed by LLC “Georgian Valuation Company”, a certified independent professionally qualified valuer (Certificate N: A-0189). To determine fair value company used market comparable approach, which provides the level 3 market comparable approach.

NOTES (CONTINUED)

According to the lease agreement signed on November 4, 2016, investment property rights are assigned to JSC Bank of Georgia. For the period of 6 months. Lease fee equates to USD 4,500, which was established according to LEPL Levan Samkharauli National Forensics Bureau report as of November 3, 2016. All direct operation expenses are rendered by lease. There is no restrictions identified related to investment property.

13 INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES

	31-Dec-17	**31-Dec-16**
Balance before impairment		
Galt & Taggart Holdings Limited (99.23% equity share)	2,623,611	2,623,611
Total investments in non-consolidated subsidiaries	**2,623,611**	**2,623,611**
Impairment during the year		
Impairment loss of Investment in non-consolidated subsidiaries	-	-
AT 31 DECEMBER	**2,623,611**	**2,623,611**

LTD “Galt and Taggart Holding Limited” identification number ID 179498 has been registered on July 3, 2006 in Cyprus, Greece. Legal address is Arch. Makariou III 58, IRIS TOWER, 7-th floor, Flat/Office 702 P.C. 1075, Nicosia, Cyprus.

Investing in LTD Galt & Taggart Holdings does not represent the Company’s main business activity. Moreover, this investment Is connected to the strategical business operations of the parent company. The financial statement of JSC Galt & Taggart is consolidated to the financial statement of the parent company.

The parent company has invested in LTD Galt & Taggart Holdings with the help of JSC Galt & Taggart. The latest investment in LTD Galt & Taggart Holdings was made in April 2015 and amounted to GEL 22.3 mln.

Based on impairment test of the investment made in the subsidiary, conducted by the Company’s management at the end of the year 2016 and 2017, impairment indications were not discovered.
Following are the non-audited financial information of non-consolidated subsidiary:

31 December 2017	
Total assets	3,126,000
Total equity and liabilities	3,126,000
Profit (loss) for the year 2017	
Profit (loss) for the year	89,000

14 INVESTMENTS IN ASSOCIATES

	31-Dec-17	**31-Dec-16**
Georgian Stock Exchange (17.33% equity share [2016: 17.33%])	110,250	110,250
Tbilisi Stock Exchange (21.59% equity share)	818,342	818,342
TOTAL INVESTMENTS IN ASSOCIATES	**928,592**	**928,592**

During the year 2016 the Company sold the portion of JSC Georgian Stock Exchange shares and purchased 21.59% of shares of JSC Tbilisi Stock Exchange (subsidiary of JSC Georgian Stock Exchange).

The Company does not account for investments made in associates according to capital method, due to the fact that they are being accounted in the consolidated financial statements of the parent company.

NOTES (CONTINUED)

Following are the audited financial information of associates:

Georgian stock exchange JSC:

31 December 2017	
Total assets	772,213
Total equity and liabilities	772,213
Profit (loss) for the year 2017	
Profit (loss) for the year	(26,941)

Tbilisi Stock Exchange JSC:

31 December 2017	
Total assets	2,431,998
Total equity and liabilities	2,431,998
Profit (loss) for the year 2017	
Profit (loss) for the year	(62,810)

15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31-Dec-17	**31-Dec-16**
As of January 1	**339,207**	**77,364**
Additions	35,113	261,843
Disposals	(247,845)	-
Changes in fair value	-	-
AT 31 DECEMBER	**126,475**	**339,207**

16 LOANS ISSUED

The tables below illustrate the loan issued balance components at the end of respective periods:

	31-Dec-17	**31-Dec-16**
Short Term Loan issued	225,000	-
Long Term Loan issued	6,655,552	5,572,218
Total loan issued	**6,880,552**	**5,72,218**

In 2014 the Company signed USD 1,300,000 worth loan agreement (subordinated loan) with Georgian chain of retail stores LTD “Two Steps” (borrower). The loan was issued for 5 years period with annual interest of 20% (no significant difference between annual and effective interest rate) that is capitalised on principal. According to the agreement, the loan is subordinated to the demands of the other creditors, who have higher priority of loan payment.

Loans issued are carried at amortised cost and equal to GEL 6,655,552 as of 31 December 2017 (2016: GEL 5,572,218).

The loan agreement imposes the following terms and liabilities on the borrower:

- JSC Galt & Taggart has right to introduce a representative candidate with the attendant status to the board of directors;
- To primarily pledge 100% of the borrower's shares and guarantee of the founder;
- To apply mortgage to borrower's present and future assets. This mortgage will always be secondary if the borrower has higher priority loan which does not exceed USD 650,000.
- To provide loan issuer with financial information, next year budgets, business plans, interim financial statements reviews and annual audit reports within the suitable time frame.

The company, alongside with the borrower's management, reviews the borrower's financial performance and compliance with loan terms during board meetings. This meeting was last held in November 2017, during which the borrower's Q3 2017 results were discussed. The borrower had not violated any of the agreement terms for the above mentioned period. According to the assessment, made by the Company's management, the same can be told about the last quarter of 2017.

At December 28, 2017 the Company signed GEL 225,000 short term loan agreement with individual. The maturity date of the loan has been determined as January 5, 2018, with annual interest rate of 20%.

17 DEFERRED TAX

On 13 May 2016 the Parliament of Georgia passed with its third and final reading the bill on corporate income tax reform (also known as the Estonian model of corporate taxation), which mainly moves the moment of taxation from when taxable profits are earned to when they are distributed. The law is effective for tax periods starting after 1 January 2017.

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.

18 TRADING SECURITIES

	31-Dec-17	**31-Dec-16**
Interest-bearing debt instruments	5,473,895	7,506,774
Equity instruments	378,818	13,318
TOTAL TRADING SECURITIES	**5,852,713**	**7,520,092**

All trading securities are stated at fair value.

Interest-bearing debt instruments balance includes accrued coupon on these instruments.

19 ACCOUNTS RECEIVABLE

	31-Dec-17	**31-Dec-16**
Prepaid bonus expenses	501,731	521,292
Amounts due from clients and other counterparties	1,880,201	420,898
Taxes receivable	1,583	9,847
Prepaid salaries	6,684	8,153
Other prepayments	3,178	17,903
TOTAL ACCOUNTS RECEIVABLE	**2,393,377**	**978,093**

There is no material difference between the fair value of receivables and their carrying amount.

Main part of the other prepayments includes bonds of BGEO transferred to employees which is refundable in case of leaving job. Issuing share bonuses is recognizing bonuses payable and prepayments of bonuses, asset is amortized and recorded as expenses proportionally during the predefined period.

NOTES (CONTINUED)

20 CASH AND CASH EQUIVALENTS

	31-Dec-17	31-Dec-16
Cash at bank:		
Client's funds	24,946,862	14,785,975
Cash at bank	3,993,616	422,862
Short-term deposits	-	35,068
TOTAL CASH AND CASH EQUIVALENTS	**28,940,478**	**15,243,905**

Bank balances earn interest at floating rates (1%-4%) based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and three months and earn interest at respective short-term deposit rate. Interest income from short-term deposits is presented in note 4.

Cash and cash equivalents amounted GEL 24,946,862 include clients' bank deposits that are used to perform trading operations on various financial instruments on behalf of their instructions. These funds are recognised as liabilities and are presented as Client's Funds (see note 23). Other part of Client's Fund's includes payables generated by the clients during the trading process.

There is no material difference between the fair value and the carrying amount of cash and cash equivalents.

21 ISSUED AND ADDITIONAL PAID-IN CAPITAL

	31-Dec-17	31-Dec-16
Authorised:		
20,000,000 ordinary shares of GEL 1 each	-	-
Issued and fully paid:		
10,764,236/10,764,236 ordinary shares of GEL 1 each	10,764,236	10,764,236

Additional paid-in capital

Additional paid-in capital includes amounts contributed to the Company's equity by its shareholders in excess of par value of the Company's shares that amounted to GEL 24,959,537 as of 31 December 2017 (2016: 24,959,537), decreased by the amounts of distributions made by the Company to its shareholders.

22 BORROWINGS

The tables below illustrate the Company's debt balance components at the end of respective periods:

	31-Dec-17	31-Dec-16
Short Term Borrowings	1,299,218	475,232
Long Term Borrowings	1,733,811	2,668,019
Total Borrowings	**3,033,029**	**3,143,251**

NOTES (CONTINUED)

Short-term borrowing as at 31 December 2017:

	Starting Date	Duration	Interest Rate	Currency	GEL
JSC “Bazisbank”	17.08.2017	16.08.2018	8.25%	GEL	460,225
JSC “Bank Of Georgia”	16.06.2017	19.03.2018	8.5%	GEL	333,661
JSC “Galt and Taggart Holding Limited”	22.12.2016	11.01.2018	12%	GEL	505,332
Total current borrowings					**1,299,218**
Loan principal					1,229,000
Interest payable					70,218
Total current borrowings					**1,299,218**

Short term borrowing as at 31 December 2016:

	Starting Date	Duration	Interest Rate	Currency	GEL
JSC “Galt and Taggart Holding Limited”	22.12.2016	11.01.2018	12%	GEL	475,232
Total current borrowings					**475,232**
Loan principal					450,000
Interest payable					25,232
Total current borrowings					**475,232**

Long term borrowing as at 31 December 2017:

	Starting Date	Duration	Interest Rate	Currency	GEL
JSC “Pasha Bank”	07.10.2016	07.10.2019	7%	USD	1,733,811
Total long-term borrowings					**1,733,811**
Loan principal					1,709,549
Interest payable					24,262
Total non-current borrowings					**1,733,811**

NOTES (CONTINUED)

Long term borrowing as at 31 December 2016:

	Starting Date	Duration	Interest Rate	Currency	GEL
JSC “Pasha Bank”	07.10.2016	07.10.2019	7%	USD	2,668,019
Total current borrowings					**2,668,019**
Loan principal					2,643,971
Interest payable					24,048
Total non-current borrowings					**2,668,019**

Long-term bank loan is denominated in USD with 7% interest rate (effective: 7.11%) and maturity date until 7 October 2019. Loan interest is paid quarterly, whereas principal is payable on loan maturity date.

Long-term bank loan is secured by JSC m² Real Estate and Treasury (government) bonds. According to loan agreement market value coverage ratio of these bonds should not be below 1, the Bank has a right to request provision of additional securities to bring the coverage ratio back to the initial level defined the Borrower is obliges to provide such additional collateral within 5 business days after the receipt of the banks such demand. Covenant is not violated for the year ended 31 December 2017.

23 ACCOUNTS PAYABLE

	31-Dec-17	31-Dec-16
Client funds	24,946,862	14,785,975
Bonuses payable	842,863	840,750
Trade payables and accrued liabilities	2,417,411	524,271
Other payables	21,265	12,967
TOTAL ACCOUNTS PAYABLE	**28,228,401**	**16,163,963**

Accrued liabilities represent miscellaneous contractual liabilities that relate respectively to expenses that were accrued but not paid for at the year-end.

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

Main part of the trade payables and accrued liabilities consist liabilities to the clients which will have be generated during the trading process and will paid during the next accounting year.

24 DEFERRED REVENUE

During the 2017 the Company has signed GEL 3,095,800 agreement with client for rendering financial intermediation service Company is recognizing revenue proportionally during the two years.

	31-Dec-17	31-Dec-16
Contractual value	3,095,800	-
Revenue generated during the year	(985,276)	-
TOTAL DEFFERED REVENUE	**2,110,524**	**-**

25 RELATED PARTY TRANSACTIONS

BG Financial, member of BGEO Group, holds 100% of the ordinary shares of the Company with voting rights. Bank of Georgia is the ultimate controlling party of the BGEO Group. BGEO Group produces and publishes consolidated financial statements available for public use.

AMOUNT OF TRANSACTIONS	31-Dec-17	31-Dec-16
Transactions with Bank of Georgia:		
Trade & service income	-	75,000
Fee and commission income	5,237	2,032
Fee and commission expenses	197,075	178,503
Rent and other operating expenses	158,892	152,566
Trade & service expenses	63,656	149,174
Interest income	128,379	44,157
Rent income	44,496	19,425
Transactions with entities controlled by Bank of Georgia:	**2017**	**2016**
Fee and commission income	92,055	36,828
Fee and commission expenses	1,398	2,337
Rent income	5,962	23,320
Net gain from trading securities	-	-
Disposal of assets	-	26,593
Insurance expenses	24,017	21,594
Trade & service income	1,362,370	1,155,645
Interest expenses	54,148	1,184

The above transactions were made on the same terms as equivalent transactions with unrelated parties.

OUTSTANDING BALANCES	31-Dec-17	31-Dec-16
Balances with Bank of Georgia:		
Cash and cash equivalents	24,679,100	10,622,540
Short term borrowing	333,661	-
Accounts receivable	-	810
Accounts payable	47,741	98,572
Balances with entities controlled by Bank of Georgia:	**2017**	**2016**
Trading securities	2,706,177	6,402,100
Accounts receivable	9,688	45,939
Short-term borrowings	505,332	451,184
Accounts payable	350,832	20,951

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

KEY MANAGEMENT COMPENSATION	31-Dec-17	31-Dec-16
Wages, salaries and short-term benefits	565,548	433,782

NOTES (CONTINUED)

26 COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Company as lessee
In January 2016 the Company signed operational lease agreement with JSC Bank of Georgia, for one year period, in which the Company is presented as a lessee. According to the agreement period of the contract will continue indefinitely. According to the agreement, the company received the office space, where it currently operates. This agreement is not cancellable, however, it can be renewed in the future. The annual payment equals to USD 5,258 equivalent in GEL.

As of December 31 year 2017 future minimal lease payments that must be covered in one year equals to GEL 163,557.

The operational lease expenses are recognised in profit and loss and equal to GEL 158,892 (2016: 152,566).

Operating lease commitments - Company as lessor
In November 2016 the Company signed 6-months non-cancellable operational lease agreement with JSC Bank of Georgia on the Company's investment property. The monthly lease payment amounts to USD 4,500 equivalent in GEL.

In next year, the Company will receive GEL 139,979 as a minimal operational lease income (2016: GEL 142,927).

27 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**
FINANCIAL ASSETS		
Cash and cash equivalents	28,940,478	15,243,905
Trading securities	5,835,213	7,520,092
Loans issued	6,880,552	5,572,218
Accounts receivable	2,393,377	978,093
Available-for-sale financial assets	126,475	339,207
TOTAL FINANCIAL ASSETS	**44,176,095**	**29,653,515**
FINANCIAL LIABILITIES		
Accounts payable	28,228,401	16,163,963
Short-term borrowings	1,299,218	475,232
Current income tax payable	-	146,680
Long-term borrowings	1,733,811	2,668,019
TOTAL FINANCIAL LIABILITIES	**31,261,430**	**19,453,894**

NOTES (CONTINUED)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped 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	28,940,478		
Trading securities	5,835,213	-	-
Loan issued	-	-	6,880,552
Available-for-sale financial assets	126,475	-	-
Accounts Receivable	-	-	2,393,377
TOTAL	**34,902,166**	**-**	**9,273,969**
ASSETS MEASURED AT FAIR VALUE AT 31 DECEMBER 2016			
Cash and Cash equivalent	15,243,905	-	-
Trading securities	7,520,092	-	-
Loan issued	-	-	5,572,218
Available-for-sale financial assets	339,207	-	-
Accounts Receivable	978,093	-	-
TOTAL	**24,081,297**	**-**	**5,572,218**

The Company does not carry any financial liability classified in the category “at fair value through profit or loss”. Cash and cash equivalents presented above contains the client’s funds see note. 20.

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**
Cash and cash equivalents	3,993,616	457,930
Loans issued	6,880,552	5,572,218
Accounts receivable	2,393,377	978,093

As explained in Note 20, cash and cash equivalents balances represent bank balances and short-term deposits with a less than three months maturity. The Company does not hold collateral for any of its receivables. All the receivables and prepayments that are past due at reporting date are impaired as appropriate. All of the available-for-sale financial assets are in the form of investments in equity securities and therefore they have no exposure to credit risk.

Liquidity risk - Financial liabilities maturity analysis

The Company manages liquidity risk on the basis of expected maturity dates.

NOTES (CONTINUED)

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 - 5 years	Over 5 years	TOTAL
FINANCIAL ASSETS				
Cash and cash equivalents	28,940,478	-	-	28,940,478
Accounts receivable	2,373,731	19,646	-	2,393,377
Trading securities	5,835,213	-	-	5,835,213
Loans issued	-	6,880,552	-	6,880,552
Available-for-sale financial assets	-	126,475	-	126,475
TOTAL FINANCIAL ASSETS	**37,149,422**	**7,026,673**	**-**	**44,176,095**
FINANCIAL LIABILITIES				
Short-term borrowings	1,299,218	-	-	1,299,218
Accounts payable	28,228,401	-	-	28,228,401
Long-term borrowings	-	1,733,811	-	1,733,811
TOTAL FINANCIAL LIABILITIES	**29,527,619**	**1,733,811**	**-**	**31,261,430**
LIQUIDITY POSITION	**7,621,803**	**5,292,862**	**-**	**12,914,665**

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 - 5 years	Over 5 years	TOTAL
FINANCIAL ASSETS				
Cash and cash equivalents	15,243,905	-	-	15,243,905
Accounts receivable	630,565	347,528	-	978,093
Trading securities	7,520,092	-	-	7,520,092
Loans issued	-	5,572,218	-	5,572,218
Available-for-sale financial assets	-	339,207	-	339,207
TOTAL FINANCIAL ASSETS	**23,394,562**	**6,258,953**	**-**	**29,653,515**
FINANCIAL LIABILITIES				
Current income tax payable	146,680	-	-	146,680
Short-term borrowings	475,232	-	-	475,232
Accounts payable	16,163,963	-	-	16,163,963
Long-term borrowing	-	2,668,019	-	2,668,019
TOTAL FINANCIAL LIABILITIES	**16,785,875**	**2,668,019**	**-**	**19,453,894**
LIQUIDITY POSITION	**6,608,687**	**3,590,934**	**-**	**10,199,621**

Cash and cash equivalents presented above contains the client's funds see note. 20. Accounts payables presented above contains the client's funds see note 23.

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.

NOTES (CONTINUED)

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	Trading securities	Loans issued	Accounts receivable	Available-for-sale financial assets	TOTAL
Georgian Lari	5,656,550	2,144,171	225,000	1,117,703	126,475	9,269,899
Euros	4,396,085	341,339	-	645,690	-	5,383,114
US Dollars	13,170,959	3,338,555	6,655,552	430,867	-	23,595,933
GB Pounds	5,056,060	11,148	-	199,117	-	5,266,325
Swiss Franks	494,785	-	-	-	-	494,785
Others	166,039	-	-	-	-	166,039
AT 31 DECEMBER 2017	**28,940,478**	**5,835,213**	**6,880,552**	**2,393,377**	**126,475**	**44,176,095**

Financial assets as at 31 December 2016 are analysed by currency as follows:

	Cash and cash equivalents	Trading securities	Loans issued	Accounts receivable	Available-for-sale financial assets	TOTAL
Georgian Laris	1,264,251	825,915	-	775,316	94,253	2,959,735
Euros	297,187	-	-	295	-	297,482
US Dollars	8,959,880	6,686,134	5,572,218	193,450	244,954	21,656,636
GB Pounds	3,912,330	8,043	-	7,589	-	3,927,962
Swiss Franks	646,541	-	-	-	-	646,541
Others	163,716	-	-	1,443	-	165,159
AT 31 DECEMBER 2016	**15,243,905**	**7,520,092**	**5,572,218**	**978,093**	**339,207**	**29,653,515**

Financial liabilities by currency

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

	31-Dec-17	31-Dec-16
Georgian Laris	5,377,732	2,908,539
Euros	5,751,897	579,475
US Dollars	14,202,034	11,393,953
GB Pounds	5,221,934	3,768,748
Others	707,833	803,179
AT 31 DECEMBER 2017	**31,261,430**	**19,453,894**

Cash and cash equivalents presented above contains the client's funds see note. 20. Accounts payables presented above contains the client's funds see note 23.
A hypothetical 10% increase / decrease in the exchange rate of the GEL against the Euro would cut / increase 2017 profits after tax by GEL 316,675 (2016: GEL 211,554).

A hypothetical 10% increase / decrease in the exchange rate of the GEL against the US Dollar would cut / increase 2017 profits after tax by GEL 264,426 (2016: GEL 200,409).

A hypothetical 10% increase / decrease in the exchange rate of the GEL against GB Pound would cut / increase 2017 profits after tax by GEL 357,081 (2016: GEL 246,679).

28 EVENTS AFTER THE REPORTING PERIOD

No significant events happened after the reporting period.

29 SIGNIFICANT JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing its separate financial statements, the Company has made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Company periodically monitors such estimates and assumptions and makes sure they incorporate all relevant information available at the date when separate financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the separate financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of doubtful receivables
The determination of the recoverability of the amount due from contragents involves the identification of whether there is any objective evidence of impairment. Bad debts are written off when identified, to the extent that it is feasible that impairment and uncollectibility are determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. As a consequence, the way individual and collective evaluations are carried out and the timing relating to the identification of objective evidence of impairment require significant judgement and may materially affect the carrying amount of receivables at the reporting date.

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

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

With regard to equity investments categorised as available-for-sale, the Company considers those assets to be impaired when there has been a significant or prolonged decline in the fair value below cost. The determination of what is "significant" or "prolonged" requires significant judgement.

The impairment analysis of tangible and other intangible assets requires an estimation of the value in use of the asset or the cash-generating unit to which the assets are allocated. Estimation of the value in use is primarily based on discounted cash flow models which require the Company to make an estimate of the expected future cash flows from the asset or the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of the cash flows.

Fair value measurements
Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available (eg for unquoted investments), the Company works closely with external qualified valuers who perform the valuation, based on agreed appropriate valuation techniques and inputs to the model (eg use of the market comparable approach that reflects recent transaction prices for similar instruments, discounted cash flow analysis, option pricing models refined to reflect the issuer's specific circumstances). Prices determined then by the valuers are used by the Company without adjustment. Changes in the fair value of assets and liabilities and their causes are quarterly analysed by the Company's valuation sub-committee of the Board of Directors. Such valuations require the Company to select among a range of different valuation methodologies and to make estimates about expected future cash flows and discount rates.