

Special-purpose Financial Statements of Retirement  
Benefit Plan of  
SAKAERONAVIGATSIA LIMITED  
AND  
INDEPENDENT AUDITOR'S REPORT THEREON  
As at and for the year ended 31 December 2017

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## **INDEPENDENT AUDITOR'S REPORT**

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To the shareholder and management of Sakaeronavigatsia LLC:

### **Opinion**

We have audited the accompanying special-purpose financial statements of non-state retirement benefit plan (RBP) of Sakaeronavigatsia LLC (the Company) as at 31 December 2017.

In our opinion, the accompanying special-purpose financial statements present fairly, in all material respects, the financial position of the RBP as at 31 December 2017, and of its financial performance and of its cash flows for the year then ended in accordance with the accounting policies disclosed in note 2 to the financial statements.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements of 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 audit opinion.

### **Emphasis of Matter – Basis of Accounting**

We draw attention to note 2 to the special-purpose financial statements, which describes the basis of accounting. These financial statements have been prepared to present financial position, financial performance and cash flows of a non-state retirement benefit plan founded within and by the Company for the benefit of its voluntarily participating employees in accordance with the applicable Georgian legislation. Therefore, use of these special-purpose financial statements by persons other than those with knowledge of the relevant regulations and the rules of the Company's non-state retirement benefit scheme may not be appropriate. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management for the financial statements**

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the accounting policies disclosed in note 2, and for such internal control as management determines is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibilities for the Audit of financial statements**

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

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



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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The partner in charge of the audit resulting in this independent audit report is Mr. Bessik Bisseishvili.

Bessik Bisseishvili  
Partner  
Baker Tilly Georgia LLC  
25 May 2018  
Tbilisi, Georgia

Non-state Retirement Benefit Plan (RBP) of Sakaeronavigatsia LLC  
As at 31 December 2017  
(All amounts are in Georgian lari - GEL)

Statement of Net Assets Available for Benefits

	2017	2016
Net assets at January 1	-	-
<b>Contributions</b>		
Employer contributions collected	1,457,267	-
Participant (employee) contributions collected	566,715	-
<b>Total contributions collected</b>	<b>2,023,982</b>	-
Employer contributions receivable	165,319	-
Participant (employee) contributions receivable	64,291	-
<b>Total contributions receivable</b>	<b>229,610</b>	-
<b>Total contributions</b>	<b>2,253,592</b>	-
Financial income - interest	79,526	-
<b>Total increase in net assets</b>	<b>2,333,118</b>	-
Administrative expenses	(4,930)	-
<b>Total decrease in net assets</b>	<b>(4,930)</b>	-
<b>Net assets at December 31</b>	<b>2,328,188</b>	-

The Financial Statements were approved on 25 May 2018 and signed by:

Mr. G. Mezvrishvili, General Director

Mr. I. Zakareishvili, Finance Manager

Non-state Retirement Benefit Plan (RBP) of Sakaeronavigatsia LLC

As at 31 December 2017

(All amounts are in Georgian lari - GEL)

**Special-purpose Statement of Financial Position**

	Note	31-12-2017	31-12-2016
<b>Equity</b>			
Paid-in capital		3,014,014	3,014,014
Retained earnings		478,606	170,491
<b>Total Equity</b>		<b>3,492,620</b>	<b>3,184,505</b>
<b>Liabilities</b>			
Retirement benefit scheme gross liability		2,328,188	-
<b>Total liabilities</b>		<b>2,328,188</b>	-
<b>Total equity and liabilities</b>			
		<b>5,820,808</b>	<b>3,184,505</b>
<b>Assets</b>			
Bank balances payable on demand		3,492,620	3,184,505
Net assets available for benefits	3	2,328,188	-
<b>Total assets</b>		<b>5,820,808</b>	<b>3,184,505</b>

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 \_\_\_\_\_ Mr. G. Mezvrishvili, General Director

 \_\_\_\_\_ Mr. A. Zakareishvili, Finance Manager

**Non-state Retirement Benefit Plan (RBP) of Sakaeronavigatsia LLC**  
**For the year ended 31 December 2017**  
**(All amounts are in Georgian lari - GEL)**

**Special-purpose Statement of Cash Flows**

	Year ended 31-Dec-2017	Year ended 31-Dec-2016
<b>Receipts</b>		
Contributions	2,023,982	-
Employer contributions	1,457,267	-
Participant contributions	566,715	-
Interest collected	308,114	170,492
Paid-in capital	-	3,014,014
<b>Total receipts</b>	<b>2,332,097</b>	<b>3,184,505</b>
<b>Payments</b>		
Securities	(110,538)	-
Short-term deposits	(471,444)	-
Long-term deposits	(1,442,000)	-
<b>Total payments</b>	<b>(2,023,982)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>308,114</b>	<b>3,184,505</b>
Cash and cash equivalents – beginning of the year	3,184,505	-
<b>Cash and cash equivalents – end of the year</b>	<b>3,492,620</b>	<b>3,184,505</b>

The Financial Statements were approved on 25 May 2018 and signed by:

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Non-state Retirement Benefit Plan (RBP) of Sakaeronavigatsia LLC

As at 31 December 2017

(All amounts are in Georgian lari - GEL)

Special-purpose Statement of Changes in Equity

	Paid-in Capital	Retained earnings	Total
Balance at 1 January 2016	-	-	-
Interest income		170,492	170,492
Payments into capital	3,014,014	-	3,014,014
<b>Balance at 31 December 2016</b>	<b>3,014,014</b>	<b>170,492</b>	<b>3,184,505</b>
Interest income		308,114	308,114
<b>Balance at 31 December 2017</b>	<b>3,014,014</b>	<b>478,606</b>	<b>3,492,620</b>

The Financial Statements were approved on 25 May 2018 and signed by:

  
Mr. G. Mezvrishvili, General Director

  
Mr. I. Zakareishvili, Finance Manager



**Non-state Retirement Benefit Plan (RBP) of Sakaeronavigatsia LLC**  
**As at 31 December 2017**  
**(All amounts are in Georgian lari - GEL)**

**Notes to special-purpose financial statements**

**1. Retirement Benefit Plan**

Saqaeronavigatsia LLC has established a non-state retirement benefit plan (RBP) on 30 December 2017 for the benefit of its voluntarily participating employees. The RBP is a defined contribution plan.

The RBP is governed by the Rules of the Company's Non-state Retirement Benefit Plan. RBP is not a separate entity for legal or tax purposes. RBP assets are restricted and maybe only used for the benefit of participants and thus cannot be utilized to settle any of the Company's other obligations.

The defined contributions involve the Company as an employer and and participants (the employees) and are determined at 18 and 7 percent of the base salary cost, repectively.

As of the date of these financial statements 522 of the Company's employees participate in the RBP.

**2. Summary of significant accounting policies**

**Basis of preparation.** These special-purpose financial statements have been prepared on accrual basis under the historical cost convention and is based on International Accounting Standard 26 – Accounting and Reporting by Retirement Benefit Plans issued by the International Accounting Standards Board (IASB). These policies have been consistently applied to all the periods presented.

**Presentation currency.** All amounts in these financial statements are in Georgian lari (GEL).

**Assets and liabilities.** Assets and liabilities presented in the special-purpose financial statements are carried at historical cost.

**Financing.** RBP is financed by transferring defined periodic contributions to the plans management company (independent of Saqaeronavigatsia LLC) for subsequent investment into securities, equity and other financial instruments for the purpose of generating financial gains.

**Financial income.** Financial income represents return on investments.

**3. Investment assets**

	31-12-2017	31-12-2016
<b>Securities</b>	<b>112,911</b>	-
<i>Georgian Government bonds (16.07.2020)</i>	61,797	-
<i>Georgian Government bonds (16.08.2027)</i>	51,114	-
<b>Short-term deposits</b>	<b>496,845</b>	-
<i>Balance on current account at bank</i>	287,685	-
<i>12-month bank deposit (17.07.2018, 10%)</i>	209,160	-
<b>Long-term deposits</b>	<b>1,489,992</b>	-
<i>24-month bank deposit (29.05.2019, 11%)</i>	106,510	-
<i>24-month bank deposit (13.06.2019, 11%)</i>	74,242	-
<i>24-month bank deposit (10.08.2019, 11%)</i>	52,155	-
<i>24-month bank deposit (15.09.2019, 11%)</i>	103,220	-
<i>24-month bank deposit (15.10.2019, 11%)</i>	102,380	-
<i>24-month bank deposit (30.05.2019, 12%)</i>	139,191	-
<i>24-month bank deposit (14.06.2019, 12%)</i>	69,277	-
<i>24-month bank deposit (11.08.2019, 12%)</i>	104,670	-
<i>24-month bank deposit (31.05.2019, 11%)</i>	106,450	-
<i>24-month bank deposit (15.06.2019, 10%)</i>	67,295	-
<i>24-month bank deposit (15.09.2019, 10%)</i>	100,440	-
<i>24-month bank deposit (21.10.2019, 11%)</i>	100,330	-

**Non-state Retirement Benefit Plan (RBP) of Sakaeronavigatsia LLC**

**As at 31 December 2017**

**(All amounts are in Georgian lari - GEL)**

	<b>31-12-2017</b>	<b>31-12-2016</b>
<i>24-month bank deposit (16.11.2019, 11%)</i>	222,992	-
<i>24-month bank deposit (11.12.2019, 11%)</i>	140,840	-
<b>Receivables</b>	<b>229,610</b>	-
<i>Employer contributions receivable</i>	165,319	-
<i>Participant (employee) contributions receivable</i>	64,291	-
<b>Payables</b>	<b>(1,170)</b>	-
<i>Investment gain fee</i>	(1,170)	-
<b>Net investment assets</b>	<b>2,328,188</b>	-