SAKAERONAVIGATSIA LLC

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT THEREON

As at and for the year ended 31 December 2020

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INDEPENDENT AUDITOR'S REPORT

To the Owners and management of Sakaeronavigatsia LLC:

Opinion

We have audited the accompanying financial statements of Sakaeronavigatsia LLC (the Company), which comprise the statement of financial position as at 31 December 2020, and the statements of comprehensive income changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2020, and of its financial performance and of its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

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

We draw attention to the Note 2.2 – restatement and reclassification, which describes that prior period financial statements have not been amended and auditor's report has not been reissued, but the corresponding figures have been properly restated in the current period financial statements. Our opinion is not modified in respect of this matter.

Other Matter

The financial statement of the Company for the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those statement on 15 May 2020.

Responsibilities of Management and Those Charged with Governance for the financial statements

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

In preparing the financial statements the 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 Group 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.

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Baker Tilly Georgia Ltd. trading as bakertilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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:

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.

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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Ivan jelia.

Ivan Jelia (Auditor's registration number SARAS -A-954810)
Managing Partner
Baker Tilly Georgia LLC
27 May 2021
Tbilisi, Georgia

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(All amounts are in thousands of Georgian Lari unless stated otherwise)

STATEMENT OF FINANCIAL POSITION

	Notes	31-Dec-20	31-Dec-19 (Restated)	1-Jan-19 (Restated)
Assets				
Non-current assets				
Property and equipment	6	143,666	155,458	142,949
Intangible Assets	7	2,329	3,348	2,236
Prepayments for non-current assets		5	520	1,865
Restricted cash	8	2,000	2,000	2,000
Total non-current assets		**148,000**	**161,326**	**149,050**
Current assets				
Inventories	9	5,596	5,451	4,454
Trade and other receivables	10	15,028	13,812	13,313
Restricted cash under the loan	11	816	-	-
Cash and cash equivalents	12	35,215	6,604	18,401
Total current assets		**56,655**	**25,867**	**36,168**
Total assets		**204,655**	**187,193**	**185,218**
Equity				
Charter capital		37,184	37,184	37,231
Retained earnings		108,005	136,665	135,273
Total equity		**145,189**	**173,849**	**172,504**
Liabilities				
Non-current liabilities				
Long term borrowings	13	41,058	5,183	5,398
Total non-current liabilities		**41,058**	**5,183**	**5,398**
Current liabilities				
Trade and other payables	*14*	11,844	6,749	6,012
Current portion of long-term borrowings	13	5,766	456	382
Advances received		798	956	922
Total current liabilities		**18,408**	**8,161**	**7,316**
Total Liabilities		**59,466**	**13,344**	**12,714**
Total equity and liabilities		**204,655**	**187,193**	**185,218**

The Financial Statements were approved by the Management of the Company on 27 May 2021 and signed by:

_______________________ _______________________ _______________________

Gocha Mezvrishvili, Director general

Irakli Zakareishvili, Finance manager

Karina Kazaryan, Chief accountant

(All amounts are in thousands of Georgian Lari unless stated otherwise)

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31-Dec-20	Year ended 31-Dec-19 (Restated)
Revenue	15	49,311	74,195
Other gain (net)	16	593	1,760
Staff costs	17	(43,001)	(39,897)
Depreciation and amortization		(16,500)	(14,419)
Other operating expenses	18	(19,677)	(20,032)
Financial gain/(loss) (net)	19	614	(215)
Profit/(loss) for the year		**(28,660)**	**1,392**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(28,660)**	**1,392**

The Financial Statements were approved by the Management of the Company on 27 May 2021 and signed by:

Gocha Mezvrishvili, Director general	Irakli Zakareishvili, Finance manager	Karina Kazaryan, Chief accountant

(All amounts are in thousands of Georgian Lari unless stated otherwise)

STATEMENT OF CASH FLOWS

	Year ended 31-Dec-20	Year ended 31-Dec-19
Cash flows from operating activities		
Cash receipts from customers	48,748	78,864
Cash paid to suppliers and employees, including related taxes	(55,075)	(62,442)
Cash generated from operating activities	**(6,327)**	**16,422**
Interest paid	(834)	(113)
Interest received	661	637
Net cash provided by/(used in) operating activities	**(6,500)**	**16,946**
Cash flows from investing activities		
Proceeds from disposal of property and equipment	-	27
Acquisition of property and equipment and intangible assets	(2,751)	(27,869)
Net cash used by investing activities	**(2,751)**	**(27,842)**
Cash flows from financing activities		
Proceeds from loans and borrowings	38,057	-
Repayment of loans and borrowings	(1,459)	(1,236)
Net cash provided by/(used in) financing activities	**36,598**	**(1,236)**
Net increase/(decrease) in cash and cash equivalents	**27,347**	**(12,132)**
Cash, cash equivalents at beginning of year	8,604	20,401
Exchange gains (losses) on cash and cash equivalents	2,080	335
Cash and cash equivalents at end of year	**38,031**	**8,604**

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Gocha Mezvrishvili, Director general	Irakli Zakareishvili, Finance manager	Karina Kazaryan, Chief accountant

(All amounts are in thousands of Georgian Lari unless stated otherwise)

STATEMENT OF CHANGES IN EQUITY

	Charter capital	Retained earnings	Total
Balance at 1 January 2019	**37,231**	**135,273**	**172,504**
Total comprehensive income	-	1,392	**1,392**
Net decrease in share capital	(47)	-	**(47)**
Balance at 31 December 2019	**37,184**	**136,665**	**173,849**
Balance at 1 January 2020	**37,184**	**136,665**	**173,849**
Total comprehensive loss	-	(28,660)	**(28,660)**
Balance at 31 December 2018	**37,184**	**108,005**	**145,189**

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Auditor's responsibilities for the Audit of financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
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The partner in charge of the audit resulting in this independent audit report is Ivan jelia.

Ivan Jelia (Auditor's registration number SARAS -A-954810)
Managing Partner
Baker Tilly Georgia LLC
27 May 2021
Tbilisi, Georgia

BAKER TILLY GEORGIA
MEMBER OF BAKER TILLY INTERNATIONAL
AN INDEPENDENT
211325056

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Total non-current assets		**148,000**	**161,326**	**149,050**
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Profit/(loss) for the year		**(28,660)**	**1,392**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(28,660)**	**1,392**

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Net increase/(decrease) in cash and cash equivalents	**27,347**	**(12,132)**
Cash, cash equivalents at beginning of year	8,604	20,401
Exchange gains (losses) on cash and cash equivalents	2,080	335
Cash and cash equivalents at end of year	**38,031**	**8,604**

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STATEMENT OF CHANGES IN EQUITY

	Charter capital	Retained earnings	Total
Balance at 1 January 2019	**37,231**	**135,273**	**172,504**
Total comprehensive income	-	1,392	**1,392**
Net decrease in share capital	(47)	-	**(47)**
Balance at 31 December 2019	**37,184**	**136,665**	**173,849**
Balance at 1 January 2020	**37,184**	**136,665**	**173,849**
Total comprehensive loss	-	(28,660)	**(28,660)**
Balance at 31 December 2018	**37,184**	**108,005**	**145,189**

The Financial Statements were approved by the Management of the Company on 27 May 2021 and signed by:

Gocha Mezvrishvili,
Director general

Irakli Zakareishvili,
Finance manager

Karina Kazaryan,
Chief accountant

NOTES TO FINANCIAL STATEMENTS

1. General information

These financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2020 for Sakaeronavigatsia LLC (the "Company").

The Company was established as a state-owned company on 19 December 1995 and registered as a limited liability company on 6 December 1999 (court registration number N714-1327). The Company's principal activity is to provide air-traffic control and navigation services within the airspace of Georgia, as well as air-traffic control for landing and take-offs and related airport services in Tbilisi, Batumi, Kutaisi and Mestia.

Since January 1, 2014 Georgia became 40th member of EUROCONTROL, the European Organization for the Safety of Air Navigation. EUROCONTROL is a civil-military organization committed to building, together with its partners, a Single European Sky that will deliver the air traffic management (ATM) performance required for the twenty-first century and beyond.

The Company's registered address is Tbilisi Airport 0158, Georgia.

The average number of employees during 2020 was 822 (2019: 832).

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1. Basis of preparation – statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.2. Restatement and reclassification

In the process of preparation of current period financial statement, the corresponding figures have been restated, but the prior period financial statements have not been amended and auditor’s report has not been reissued. The reasons for amended are as follows:

(All amounts are in thousands of Georgian Lari unless stated otherwise)

Statement of financial position

	31.12.2019 (Previous period)	Adjustments	31.12.2019 (Restated)
Assets			
Non-current assets			
Property and equipment (note 1)	144,462	10,996	155,458
Intangible Assets	3,348	-	3,348
Prepayments for non-current assets	520	-	520
Restricted cash	2,000	-	2,000
Total non-current assets	**150,330**	**10,996**	**161,326**
Current assets			
Inventories (note 2)	4,572	879	5,451
Trade and other receivables	13,812	-	13,812
Cash and cash equivalents	6,604	-	6,604
Total current assets	**24,988**	**879**	**25,867**
Total assets	**175,318**	**11,875**	**187,193**
Equity			
Charter capital (note 3)	61,308	(24,124)	37,184
Retained earnings (notes 1,2,3)	100,666	35,999	136,665
Total equity	**161,974**	**11,875**	**173,849**
Liabilities			
Non-current liabilities			
Long term borrowings	5,183	-	5,183
Total non-current liabilities	**5,183**	**-**	**5,183**
Current liabilities			
Trade and other payables	6,749	-	6,749
Current portion of long-term borrowings	456	-	456
Advances received	956	-	956
Total current liabilities	**8,161**	**-**	**8,161**
Total Liabilities	**13,344**	**-**	**13,344**
Total equity and liabilities	**175,318**	**11,875**	**187,193**

(All amounts are in thousands of Georgian Lari unless stated otherwise)

Statement of financial position

	01.01.2019 (Previous period)	Adjustments	01.01.2019 (Restated)
Assets			
Non-current assets			
Property and equipment (note 1)	130,565	12,384	142,949
Intangible Assets	2,236	-	2,236
Prepayments for non-current assets	1,865	-	1,865
Restricted cash	2,000	-	2,000
Total non-current assets	**136,666**	**12,384**	**149,050**
Current assets			
Inventories (note 2)	3,575	879	4,454
Trade and other receivables	13,313	-	13,313
Cash and cash equivalents	18,401	-	18,401
Total current assets	**35,289**	**879**	**36,168**
Total assets	**171,955**	**13,263**	**185,218**
Equity			
Charter capital (note 3)	61,355	(24,124)	37,231
Retained earnings (notes 1,2,3)	97,885	37,387	135,272
Total equity	**159,240**	**13,263**	**172,503**
Liabilities			
Non-current liabilities			
Long term borrowings	5,398	-	5,398
Total non-current liabilities	**5,398**	**-**	**5,398**
Current liabilities			
Trade and other payables	6,012	-	6,012
Current portion of long-term borrowings	382	-	382
Advances received	923	-	923
Total current liabilities	**7,317**	**-**	**7,317**
Total Liabilities	**12,715**	**-**	**12,715**
Total equity and liabilities	**171,955**	**13,263**	**185,218**

(All amounts are in thousands of Georgian Lari unless stated otherwise)

Statement of comprehensive income

	For the year ended 31.12.2019 (Previous period)	Adjustments	For the year ended 31.12.2019 (Restated)
Revenue	74,195	-	74,195
Other operating income	1,760	-	1,760
Staff costs	(39,897)	-	(39,897)
Depreciation and amortization (note 1)	(13,041)	(1,383)	(14,424)
Other operating expenses (note 1)	(20,021)	(6)	(20,027)
Result before finance and other benefits (charges)	**2,996**	**(1,389)**	**1,607**
Finance Income	1,932	-	1,932
Finance expenses	(2,147)	-	(2,147)
Profit for the year	**2,781**	**(1,389)**	**1,392**
Other comprehensive income	-	-	-
Total comprehensive income for the year	**2,781**	**(1,389)**	**1,392**

Note 1 – correction of an error – Property, plant, and equipment were impaired based on impairment testing which was conducted based on erroneous assumptions. The adjustment has been made from 1 January 2019 by way of respective correction of the retained earning and year 2019 depreciation.

Note 2 – correction of an error – Inventory was impaired based on an erroneous assumption. The adjustment was made on 1 January 2019 by way of the respective correction of the retained earnings.

Note 3 – correction of an error – Charter capital was wrongly reported. The adjustment was made on 1 January 2019 by way of the respective correction of the retained earnings.

2.3. Presentation currency

All amounts in these financial statements are in Georgian lari (GEL), unless otherwise stated.

2.4. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments - Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

2.5. Financial assets at amortised cost

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

2.6. Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Financial risk management - note 21;
- Trade receivables - note 10;

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For balances held at credit institutions ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). However, for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.7. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; Or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through'arrangement; and either (a) the Company

has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.8. Financial liabilities - Initial recognition and measurement

Financial liabilities that the Company has, including loans received, trade and other payables, are initially recognized at fair value plus directly attributable transaction costs.

After initial recognition, these are measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.9. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.10. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price including import duties and non-refundable purchase taxes and other directly attributable costs. When an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes directly attributable expenditures, site preparation, installation and assembly costs, professional fees and for qualifying asset, borrowing costs capitalized in accordance with Company's accounting policy.

Property and equipment transferred from the Ministry of Economy and Sustainable Development of Georgia for the purpose of replenishment of the Company's charter capital are recognized at the value determined by the independent appraiser for individual assets transferred. Subsequent to recognition, these assets are measured at cost less accumulated depreciation and impairment losses.

The 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 recognized in profit or loss.

Expenditure to replace a component of an item of property and equipment that is accounted for separately is capitalized with the carrying amount of the component being written off. Other subsequent expenditure is capitalized if future economicbenefits will arise from the expenditure. All other expenditure, including repair and maintanance, is recognized in profit or loss.

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. The estimated useful lives are as follows:

	Estimated useful life (years)
Buildings	20
Machinery and equipment	10
Fixtures and fittings	8; 10
Office equipment	5; 8; 10
Vehicles an helicopter	9 - 59
Other	5

2.11. Intangible assets

Intangible assets, which are acquired by the Company and which have finite useful lives, are stated at cost less accumulated amortization and impairment losses.

Amortization is charged to profit or loss on a straight line basis over the estimated useful lives of the intangible assets, which is estimated at 5 years.

2.12. Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

2.13. Trade and other receivables

Trade and other receivables are carried at amortised cost using the effective interest method.

2.14. Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

2.15. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other shod-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets.

2.16. Charter capital

The amount of Company's authorised charter capital is defined by the Company's Charter. The changes in the Company’s Charter (including changes in Charter capital. ownership, etc.) shall be made only based on the decision of the Company's shareholders. The authorised capital IS recognised as charter capital in the equity of the Company upon shareholder's resolution.

2.17. Borrowings

Borrowings are earned at amortised cost using the effective interest method.

2.18. Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale. The Company capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Company's average funding cost (the weighted average interest costs applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs. actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

2.19. Provisions for liabilities and charges

Provisions for liabilities and charges are nonfinancial liabilities of unchain liming or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events. it is probable that an outflow of resources embodying economic benefits will be required to settle the oblation. and a reliable estimate of the amount of the obligation can be made.

2.20. Trade and other payables

Trade payables arc accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest method.

2.21. Foreign currency translation

The functional currency of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the Company, and the Company's presentation currency, is the national currency of Georgia (“GEL").

Monetary assets and liabilities are translated into the entity's functional currency at the official exchange rate of the Central Bank of Georgia ('NBC') at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the entity's functional currency at year-end official exchange rates of the NBG are recognised in profit or loss as finance income or costs. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity Investments, are translated using the exchange rates at the date when the lair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

At 31 December 2020 the principal rate of exchange used for translating foreign currency balances was USD 1 = GEL 3.2766 and EUR 1 = GEL 4.0233 (2019: USD 1 = GEL 2.8677 and EUR 1 = GEL 3.2095).

2.22. Revenue recognition

Sales of services are recognised in the accounting period in which the services are rendered, by using immediate recognition method. Sales are shown net of VAT (where applicable).

2.23. Employee benefits

Wages, salaries, annual leave and sick leave, bonuses and other benefits (meals, accommodation, transportation, etc.) are accrued in the period in which the associated services are rendered by the employees of the Company. The Company has no legal or constructive obligation to make pension or similar benefit payments.

2.24. Amendment of the financial statements after issue

Any changes to these financial statements after issue require approval of the Company's management who authorised these financial statements for issue.

3. Critical accounting estimates, and judgments in applying accounting policies

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next

Useful lives of property and equipment. The estimation of the useful lives of items of property and equipment is a matter of judgement based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

Allowance for doubtful debts. The Company regularly reviews its receivables to assess impairment. The Company uses its judgment to estimate the amount of any impairment loss. Management believes that allowance for uncollectable amounts of 4,435 (6,542 - 2019). See details in notes 21.

Going concern. Management prepared these financial statements on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business.

4. New and amended standards which became effective from 1 January 2020

The following amended standards became effective from 1 January 2020, but did not have any material impact on the Company:

Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).

The amendments revise definition of a business. A business must have inputs and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early stage companies that have not generated outputs. An organised workforce should be present as a condition for classification as a business if are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a 'concentration test'. The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets).

Definition of material – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020). The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020). The amendments were triggered by replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs'). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform.

COVID-19-Related Rent Concessions Amendment to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020). The amendment provides lessees with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease.

The application of the amendment did not have any impact on the right-of-use asset and no material effect on lease liabilities and income statement.

5. New accounting pronouncement which are effective after 31 December 2020

The Company has not early adopted any of the amendments effective after 31 December 2020 and it expects they will have an insignificant effect, when adopted, on the financial statement of the Company.

IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023). The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

- *Effective date:* The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.
- *Expected recovery of insurance acquisition cash flows:* An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.
- *Contractual service margin attributable to investment services:* Coverage units should be identified, con- sidering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts

under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.

- *Reinsurance contracts held – recovery of losses:* When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.
- *Other amendments:* Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022). These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance.

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Con- ceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

- Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform: For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.

- End date for Phase 1 relief for non contractually specified risk components in hedging relationships: The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non-contractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.

- Additional temporary exceptions from applying specific hedge accounting requirements: The Phase 2 amendments provide some additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

- Additional IFRS 7 disclosures related to IBOR reform: The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

(All amounts are in thousands of Georgian Lari unless stated otherwise)

6. Property and equipment

	Land and buildings	Machinery and equipment	Fixtures and fittings	Office equipment	Vehicles	Construction in progress	Total
Historic value at 01.01.2019	**68,371**	**149,171**	**6,748**	**10,332**	**14,844**	**27,793**	**277,259**
Accumulated depreciation	(15,860)	(104,655)	(5,029)	(6,500)	(2,266)	-	**(134,310)**
Carrying amount at 01.01.2019	**52,511**	**44,516**	**1,719**	**3,832**	**12,578**	**27,793**	**142,949**
Additions	238	1,935	447	2,436	650	20,736	**26,442**
Transfers of cost	168	36,718	545	19	-	(37,450)	**-**
Disposals	(11)	(112)	-	(56)	(301)	-	**(480)**
Elimination of depreciation on disposals	5	90	-	54	80	-	**229**
Depreciation charge	(2,728)	(8,828)	(389)	(1,112)	(625)	-	**(13,682)**
Carrying amount at 31.12.2019	**50,183**	**74,319**	**2,322**	**5,173**	**12,382**	**11,079**	**155,458**
Historic value at 31.12.2019	**68,766**	**187,712**	**7,740**	**12,731**	**15,193**	**11,079**	**303,221**
Accumulated depreciation	(18,583)	(113,393)	(5,418)	(7,558)	(2,811)	-	**(147,763)**
Carrying amount at 31.12.2019	**50,183**	**74,319**	**2,322**	**5,173**	**12,382**	**11,079**	**155,458**
Historic value at 01.01.2020	**68,766**	**187,712**	**7,740**	**12,731**	**15,193**	**11,079**	**303,221**
Accumulated depreciation	(18,583)	(113,393)	(5,418)	(7,558)	(2,811)	-	**(147,763)**
Carrying amount at 01.01.2020	**50,183**	**74,319**	**2,322**	**5,173**	**12,382**	**11,079**	**155,458**
Additions	12	1,379	-	179	286	1,874	**3,730**
Transfers of cost	284	1,370	-	-	-	(1,654)	**-**
Disposals	(97)	(1,870)	(8)	(303)	-	-	**(2,278)**
Elimination of depreciation on disposals	59	1,869	7	302	-	-	**2,237**
Depreciation charge	(2,703)	(10,508)	(369)	(1,232)	(669)	-	**(15,481)**
Carrying amount at 31.12.2020	**47,738**	**66,559**	**1,952**	**4,119**	**11,999**	**11,299**	**143,666**
Historic value at 31.12.2020	**68,965**	**188,591**	**7,732**	**12,607**	**15,479**	**11,299**	**304,673**
Accumulated depreciation	(21,227)	(122,032)	(5,780)	(8,488)	(3,480)	-	**(161,007)**
Carrying amount at 31.12.2020	**47,738**	**66,559**	**1,952**	**4,119**	**11,999**	**11,299**	**143,666**

(All amounts are in thousands of Georgian Lari unless stated otherwise)

7. Intangible assets

	Licenses	Software	Total
Historic value at 01.01.2019	**1,752**	**3,295**	**5,047**
Accumulated amortization	(868)	(1,943)	**(2,811)**
Carrying amount at 01.01.2019	**884**	**1,352**	**2,236**
Additions	1,649	200	**1,849**
Amortization charge	(394)	(343)	**(737)**
Carrying amount at 31.12.2019	**2,139**	**1,209**	**3,348**
Historic value at 31.12.2019	**3,401**	**3,495**	**6,896**
Accumulated amortization	(1,262)	(2,286)	**(3,548)**
Carrying amount at 31.12.2019	**2,139**	**1,209**	**3,348**
Historic value at 01.01.2020	**3,401**	**3,495**	**6,896**
Accumulated amortization	(1,262)	(2,286)	**(3,548)**
Carrying amount at 01.01.2020	**2,139**	**1,209**	**3,348**
Disposals	-	(48)	**(48)**
Elimination of amortization on disposals	-	48	**48**
Amortization charge	(667)	(352)	**(1,019)**
Carrying amount at 31.12.2020	**1,472**	**857**	**2,329**
Historic value at 31.12.2020	**3,401**	**3,447**	**6,848**
Accumulated amortization	(1,929)	(2,590)	**(4,519)**
Carrying amount at 31.12.2020	**1,472**	**857**	**2,329**

8. Restricted cash

In 2015 the Company has registered a non-state retirement benefit scheme. The arrangement is a defined contribution plan in which contributions are shared between the Company and voluntarily participating employees at 18% and 7% of base salary cost, respectively.

The legislation requires the founder of a non-state retirement benefit scheme to set-up and maintain at all times pension fund equity of at least 2 million GEL. The Company deposited 3,000 GEL on a special account in bank as the fund's equity. This guarantee asset is reported as a long-term asset – restricted cash in the statement of financial position. Cash in excess of 2,000 GEL is voluntarily restricted to pension fund by the Company but can be withdrawn for its needs as and if required.

The contributions to the scheme commenced in 2017, the Company's share in 2020 amounted to 4,119 (2019: 3,520). The Company's accrued contribution payable at 31 December 2020 is 269 GEL (2019: 223 GEL).

(All amounts are in thousands of Georgian Lari unless stated otherwise)

The overview of the Company's Retirement Benefit Scheme for year 2020 is:

	Balance 31.12. 2019	Interest income	Social Contributions	Invest-ment Profit	Transac-tion Cost	Transfer	Balance 31.12. 2019	Balance 31.12. 2020
Pension Fund Assets:								
Special Account (Bank)	**3,266**	**271**	**-**	**-**	**-**	**(1,400)**	**-**	**2,137**
Cash & short term deposits	3,266	152	-	-	-	(1,400)	-	**2,018**
Receivables	-	119	-	-	-	-	-	**119**
Net assets available for benefits	**9,604**	**-**	**4,119**	**1,268**	**(77)**	**-**	**(130)**	**14,784**
Securities	712	-	-	59	-	(121)	-	**650**
Cash & short term deposits	1,083	-	2	556	(77)	3,695	(130)	**5,129**
Long term deposits	7,499	-	4,054	653	-	(3,574)	-	**8,632**
Receivables	310	-	63	-	-	-	-	**373**
Total Assets	**12,870**	**271**	**4,119**	**1,268**	**(77)**	**(1,400)**	**(130)**	**16,921**
Net Worth:								
Pension Fund Equity	3,001	-	-	-	-	(1,000)	-	**2,001**
Retained Earnings	265	-	-	-	-	(265)	-	**-**
Total Net Worth	**3,266**	**-**	**-**	**-**	**-**	**(1,265)**	**-**	**2,001**
Liabilities:								
Insurance technical reserves	9,604	-	4,119	1,268	(77)	-	(130)	**14,784**
Accounts payable	-	271	-	-	-	(135)	-	**136**
Total Liabilities	**9,604**	**271**	**4,119**	**1,268**	**(77)**	**(135)**	**(130)**	**14,920**
Total Liabilities and Net Worth	**12,870**	**271**	**4,119**	**1,268**	**(77)**	**(1,400)**	**(130)**	**16,921**

(All amounts are in thousands of Georgian Lari unless stated otherwise)

The overview of the Company's Retirement Benefit Scheme for year 2019 is:

	Balance 01.01. 2019	Interest income	Social Contributions	Invest-ment Profit	Transac-tion Cost	Transfer	Balance 31.12. 2019	Balance 31.12. 2019
Pension Fund Assets:								
Special Account (Bank)	**3,401**	**265**	**-**	**-**	**-**	**(400)**	**-**	**3,266**
Net assets available for benefits	**5,571**	**-**	**3,520**	**737**	**(66)**	**-**	**(158)**	**9,604**
Securities	113	-	432	23		144	-	**712**
Cash & short term deposits	539	-	2	361	(84)	423	(158)	**1,083**
Long term deposits	4,680	-	3,033	353	-	(567)	-	**7,499**
Receivables	257	-	53	-	-	-	-	**310**
Payables	(18)	-	-	-	18	-	-	**-**
Total assets	**8,972**	**265**	**3,520**	**737**	**(66)**	**(400)**	**(158)**	**12,870**
Net Worth:								
Pension Fund Equity	3,014	-	-	-	-	(13)	-	**3,001**
Retained Earnings	387	265	-	-	-	(387)	-	**265**
Total Net Worth	**3,401**	**265**	**-**	**-**	**-**	**(400)**	**-**	**3,266**
Liabilities:								
Insurance technical reserves	5,571		3,520	737	(66)	-	(158)	**9,604**
Liabilities:	**5,571**	**-**	**3,520**	**737**	**(66)**	**-**	**(158)**	**9,604**
Total Liabilities and Net Worth	**8,972**	**265**	**3,520**	**737**	**(66)**	**(400)**	**(158)**	**12,870**

9. Inventories

	31.12.2020	31.12.2019	01.01.2019
Spare parts	5,505	5,320	4,295
Other	91	131	159
Total inventories	**5,596**	**5,451**	**4,454**

10. Trade and other receivables

	31.12.2020	31.12.2019	01.01.2019
Trade receivables	19,454	19,831	19,070
Provision for impairment	(4,435)	(6,542)	(6,081)
Net trade receivables	**15,019**	**13,289**	**12,989**
Prepayments for goods and services	4	503	705
Provision for irrecoverable prepayments	-	-	(391)
Total trade and other receivables	**4**	**503**	**314**
Other financial receivables	5	20	783
Provision for impairment	-	-	(773)
Net financial assets at amortized cost	**5**	**20**	**10**
Total financial assets in trade and other receivables	**15,028**	**13,812**	**13,313**

(All amounts are in thousands of Georgian Lari unless stated otherwise)

Increase/(decrease) of provision for impairment

	31.12.2020	31.12.2019
As at January 1	**6,542**	**7,245**
Charge for the year	3,053	440
Amounts written off	(5,160)	(1,143)
As at December 31	**4,435**	**6,542**

11. Restricted cash under the loan

Under the loan agreement, the Company opens a special bank account (Debt Service Reserve Account) and shall at all times maintain with the minimum amount standing to the credit of this account being at all times equal to the aggregate amount of principal and interest due to EBRD under the agreement during the next 6 months period. The Company is entitled to withdraw amounts standing to the credit of the account only to pay any amount owing in connection with the loan. DSR account is pledged under the loan agreement. The details of the loan are provided in notes 13.

12. Cash and cash equivalents

	31.12.2020	31.12.2019	01.01.2019
Bank balances payable on demand – Local currency	1,420	4,309	3,996
Bank balances payable on demand – Foreign currency (EUR)	33,657	1,490	8,181
Bank balances payable on demand – Foreign currency (USD)	138	805	6,224
Total cash and cash equivalents	**35,215**	**6,604**	**18,401**

13. Borrowings

	31.12.2020	31.12.2019	01.01.2019
Long term loan – EBRD	35,204	-	-
Long term loan – Ministry of finance of Georgia (MOF)	5,855	5,183	5,398
Current portion of long-term loan – EBRD	5,122	-	-
Current portion of long-term loan – Ministry of finance of Georgia	643	456	382
Total borrowings	**46,824**	**5,639**	**5,780**

As at 31.12.2020:

	Grant Date	Maturity Date	Effective interest rate per annum	Outstanding amount in original currency (EUR)	Outstanding amount in GEL
loan – Ministry of finance of Georgia (MOF)					
Tranche 1 of MoF loan	19/02/2009	31/03/2027	24.00%	230	926
Tranche 2 of MoF loan	23/05/2009	30/06/2027	16.76%	1,120	4,507
Tranche 3 of MoF loan	29/09/2009	30/09/2027	9.54%	264	1,063
EBRD Loan	14/08/2020	30/06/2025	4% + Euro LIBOR	10,023	40,328
Total borrowings				**11,637**	**46,824**

(All amounts are in thousands of Georgian Lari unless stated otherwise)

As at 31.12.2019:

	Grant Date	Maturity Date	Effective interest rate per annum	Outstanding amount in original currency (EUR)	Outstanding amount in GEL
Tranche 1 of MoF loan	19/02/2009	31/03/2027	24.00%	246	790
Tranche 2 of MoF loan	23/05/2009	30/06/2027	16.76%	1,219	3,912
Tranche 3 of MoF loan	29/09/2009	30/09/2027	9.54%	292	937
Total borrowings				**1,757**	**5,639**

As at 01.01.2019:

	Grant Date	Maturity Date	Effective interest rate per annum	Outstanding amount in original currency (EUR)	Outstanding amount in GEL
Tranche 1 of MoF loan	19/02/2009	31/03/2027	24.00%	259	795
Tranche 2 of MoF loan	23/05/2009	30/06/2027	16.76%	1,306	4,010
Tranche 3 of MoF loan	29/09/2009	30/09/2027	9.54%	318	975
Total borrowings				**1,883**	**5,780**

Linking of represented Borrowings with Cash flows from financing activities in statement of Cash flow is given bellow:

	2020	2019
Borrowings at January 1	5,639	5,780
Borrowings received	38,057	-
Interest expense	1,806	947
Repayment of borrowings and interest	(2,293)	(1,349)
Exchange gains (losses)	3,615	261
Borrowings at December 31	**46,824**	**5,639**

The company's borrowings are denominated in EUR.

The Company does not apply hedge accounting and has not entered into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures.

In accordance with loan with EBRD the Company is obliged to perform a certain transaction with written consent from EBRD and maintain certain financial ratios, the descriptions of the main restriction are provided below:

- not declare or pay any dividend, or make any distribution on its share capital, or purchase, redeem or otherwise acquire any shares of the capital of the Borrower or any option over the same or pay any management, advisory or other fee to or to the order of any shareholder.
- Starting from the financial year 2021 shall not incur expenditures or commitments for expenditures for fixed and other non-current assets over of certaine limits.
- Shall not enter into any agreement or arrangement to acquire by lease the use of any property or equipment of any kind. The Company shall not incur, assume or permit to exist any financial debt. The Company shall not enter into any agreement or arrangement to guarantee or, in any way or under any condition, to become obligated for all or any part of any financial or other obligation of another person. The Company shall not create or permit to exist any Lien on any it's asset and revenues;
- Starting from the financial year 2021 maintain certain financial ratios;

As of 31 December 2020, the Company complies with the above requirements.

(All amounts are in thousands of Georgian Lari unless stated otherwise)

Under the loan agreement, the Company opens a special bank account and shall at all times maintain with the minimum amount standing to the credit of this account being at all times equal to the aggregate amount of principal and interest due to EBRD under the agreement during the next 6 months period. The Company is entitled to withdraw amounts standing to the credit of the account only to pay any amount owing in connection with the loan. The details of special bank account are provided in note 9.

14. Trade and other payables

	31.12.2020	31.12.2019	01.01.2019
Salaries payable	5,326	4,022	3,340
Trade payables	5,271	2,111	1,544
Taxes other than income tax	1,243	610	1,124
Other payables	4	6	4
Total trade and other payables	**11,844**	**6,749**	**6,012**

15. Analysis of revenue by categories

	2020	2019
Revenue from air navigation services to transit flights	38,687	45,366
Revenue from take-off and landing services	10,546	28,500
Other income	78	329
Total revenues	**49,311**	**74,195**

Revenue is generated on a short- term contracts and recognized at the point of time.

16. Other gain net

	2020	2019
Income from insurance loss	-	1,612
fines	139	95
Written off advances received	404	-
Other	50	53
Total other operating income	**593**	**1,760**

17. Staff costs

	2020	2019
Salary expense	30,855	27,282
Supplement for the years of service	3,940	3,331
Supplement for the years of service	3,747	3,207
Bonuses	1,918	3,610
Employee health insurance	1,680	1,603
State pension fund	523	501
Other benefits	338	363
Other benefits	**43,001**	**39,897**

(All amounts are in thousands of Georgian Lari unless stated otherwise)

18. Other operating expenses

	2020	2019
Repair and maintenance expenses	5,488	3,605
Provision for doubtful receivables	3,053	440
Eurocontrol contribution	2,617	2,594
Insurance expenses	1,511	1,504
Taxes other than income tax	1,376	1,739
Utility expenses	846	940
Georgian Civil Aviation Agency Fee	785	725
Communication expenses	624	677
Business trips	577	2,465
Materials and spare parts	446	689
Test flights	431	929
Training of technical staff	351	1,577
Transportation and fuel	211	329
Eurocontrol administration cost	188	289
Auditor service fee	53	79
Representative expenses	25	140
Banking service	21	70
Advertising	20	102
Land and building rent	7	15
Other expenses	1,047	1,124
Total other operating expenses	**19,677**	**20,032**

19. Finance gain/(loss) (net)

	2020	2019
Foreign exchange gain/(loss)	1,640	(92)
Interest income	509	559
Interest income (pension fund)	271	265
Interest expense	(1,806)	(947)
Total finance gain/(loss) (net)	**614**	**(215)**

20. Contingencies and commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these financial statements.

Tax legislation. Georgian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant authorities. The Georgian tax authorities may be taking a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed.

Environmental matters. The enforcement of environmental regulation in Georgia is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognized immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

(All amounts are in thousands of Georgian Lari unless stated otherwise)

21. Financial risk management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk, credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimize operational and legal risks.

Credit risk. The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets. The Company's maximum exposure to credit risk by class of assets is as follows:

	31.12.2020	31.12.2019	01.01.2019
Trade and other receivables			
Trade receivables	15,019	13,289	12,989
Restricted cash	2,000	2,000	2,000
Restricted cash under the loan	816	-	-
Cash and cash equivalents			
Bank balances payable on demand	35,215	6,604	18,401
Total maximum credit risk of the company by asset groups	**53,050**	**21,893**	**33,390**

Cash on current account and short-term deposits - The Company manages the credit risk by depositing the majority of available cash with well-known banks in Georgia. Management of the Company continually monitors the status of the banks.

Trade receivables – The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss (ECL) allowance for all trade receivables. The Company calculate the individual lifetime ECLs for each receivable. The expected loss amounts are based on the payment profiles of sales over a past period of and the corresponding historical credit losses experienced within this period. Considering the nature of operation and trade receivable portfolio the historical loss rates are not adjusted to reflect current and forward- looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowances are stated below:

31 December 2020 is as follows:

	On demand	Up to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	More than 1 year	Total
Trade and other receivables	119	4,940	201	3,558	4,787	5,849	**19,454**
Bank balances payable on demand	35,215	-	-	-	-	-	**35,215**
Restricted cash	2,000	-	-	-	-	-	**2,000**
Restricted cash under the loan	816	-	-	-	-	-	**816**
Total financial assets	**38,150**	**4,940**	**201**	**3,558**	**4,787**	**5,849**	**57,485**
Impairment of trade and other receivables	-	-	-	-	-	(4,435)	**(4,435)**
Net financial assets	**38,150**	**4,940**	**201**	**3,558**	**4,787**	**1,414**	**53,050**

(All amounts are in thousands of Georgian Lari unless stated otherwise)

31 December 2019 is as follows:

	On demand	Up to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	More than 1 year	Total
Trade and other receivables	-	9,916	1,456	547	870	7,042	**19,831**
Bank balances payable on demand	6,604	-	-	-	-	-	**6,604**
Restricted cash	2,000	-	-	-	-	-	**2,000**
Total financial assets	**8,604**	**9,916**	**1,456**	**547**	**870**	**7,042**	**28,435**
Impairment of trade and other receivables	-	-	-	-	-	(6,542)	**(6,542)**
Net financial assets	**8,604**	**9,916**	**1,456**	**547**	**870**	**500**	**21,893**

1 January 2019 is as follows:

	On demand	Up to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	More than 1 year	Total
Trade and other receivables	-	7,312	763	73	56	10,866	**19,070**
Bank balances payable on demand	18,401	-	-	-	-	-	**18,401**
Restricted cash	2,000	-	-	-	-	-	**2,000**
Total financial assets	**20,401**	**7,312**	**763**	**73**	**56**	**10,866**	**39,471**
Impairment of trade and other receivables	-	-	-	-	-	(6,081)	**(6,081)**
Net financial assets	**20,401**	**7,312**	**763**	**73**	**56**	**4,785**	**33,390**

Market risk. The Company takes on exposure to market risks. Market risks arise from open positions in (a foreign currencies, (b interest bearing assets and liabilities and (c equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated for example, changes in interest rate and changes in foreign currency rates.

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total. The positions are monitored monthly. The table below summarizes the Company's exposure to foreign currency exchange rate risk at the end of the reporting period.

	31.12.2020			31.12.2019		
	Monetary financial assets	**Monetary financial liabilities**	**Net balance sheet position**	**Monetary financial assets**	**Monetary financial liabilities**	**Net balance sheet position**
Georgian Lari	2,241	2,949	(708)	8,676	1,140	7,536
US Dollars	138	-	138	805	349	456
Euros	48,676	49,146	(470)	10,432	6,211	4,221
Other	-	4	(4)	-	56	(56)
Total	**51,055**	**52,099**		**19,913**	**7,756**	

(All amounts are in thousands of Georgian Lari unless stated otherwise)

01.01.2019

	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
Georgian Lari	7,289	916	6,373
US Dollars	6,224	326	5,898
Euros	17,887	6,032	11,855
Other	-	54	(54)
Total	**31,400**	**7,328**	

The above analysis includes only monetary assets and liabilities. Investments in equities and non-monetary assets are not considered to give rise to any material currency risk.

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Company entities, with all other variables held constant:

	31.12.2020		31.12.2019		01.01.2019	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
US Dollar strengthening by 10%	14	-	46	-	590	-
US Dollar weakening by 10%	(14)	-	(46)	-	(590)	-
Euro strengthening by 10%	(47)	-	422	-	1,186	-
Euro weakening by 10%	47	-	(422)	-	(1,186)	-
Other strengthening by 10%	(0.40)	-	(6)	-	(5)	-
Other weakening by 10%	0.40	-	6	-	5	-

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Company.

Interest rate risk. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Company's interest-bearing assets include bank term deposits when available.

The Company's interest rate risk arises mainly from borrowings. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company does not have formal policies and procedures in place for management of interest rate risks as management considers this risk as insignificant to the Company's business. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favorable to the Company over the expected period until maturity.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Management monitors monthly rolling forecasts of the Company's cash flows. The Company seeks to maintain a stable funding base primarily consisting of operating cash flows, and customer prepayments.

The table below shows liabilities at 31 December 2020 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows.

Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

(All amounts are in thousands of Georgian Lari unless stated otherwise)

The maturity analysis of financial liabilities at 31 December 2020 is as follows:

	Less than 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities					
Borrowings	1,648	6,672	44,574	2,486	**55,380**
Trade and other payables	5,275	-	-	-	**5,275**
Total unamortized contractual cash flows	**6,923**	**6,672**	**44,574**	**2,486**	**60,655**

The maturity analysis of financial liabilities at 31 December 2019 is as follows:

	Less than 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities					
Borrowings	678	678	5,283	3,269	**9,908**
Trade and other payables	2,117	-	-	-	**2,117**
Total unamortized contractual cash flows	**2,795**	**678**	**5,283**	**3,269**	**12,025**

The maturity analysis of financial liabilities at 1 January 2019 is as follows:

	Less than 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
Liabilities					
Borrowings	655	655	5,106	4,371	**10,787**
Trade and other payables	1,548	-	-	-	**1,548**
Total unamortized contractual cash flows	**2,203**	**655**	**5,106**	**4,371**	**12,335**

Management of capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends, return or increase owners eqyity or sell assets to reduce debt.

There have been no changes in the Company's approach to management of capital during the year.

Other than a restriction imposed by the loan with European Bank for Reconstruction and Development, the company is not subject to externally imposed capital requirements. Under the loan with EBRD the Company is obliged to perform a certain transaction with written consent from EBRD and maintain certain financial ratios, the descriptions of the main restriction are provided below:

- not declare or pay any dividend, or make any distribution on its share capital, or purchase, redeem or otherwise acquire any shares of the capital of the Borrower or any option over the same or pay any management, advisory or other fee to or to the order of any shareholder.
- Starting from the financial year 2021 shall not incur expenditures or commitments for expenditures for fixed and other non-current assets over of certaine limits.
- Shall not enter into any agreement or arrangement to acquire by lease the use of any property or equipment of any kind. The Company shall not incur, assume or permit to exist any financial debt. The Company shall not enter into any agreement or arrangement to guarantee or, in any way or under any condition, to become obligated for all or any part of any financial or other obligation of another person. The Company shall not create or permit to exist any Lien on any it's asset and revenues;
- Starting from the financial year 2021 maintain certain financial ratios;

(All amounts are in thousands of Georgian Lari unless stated otherwise)

As of 31 December 2020, the Company complies with the above requirements.

Under the loan agreement, the Company opens a special bank account and shall at all times maintain with the minimum amount standing to the credit of this account being at all times equal to the aggregate amount of principal and interest due to EBRD under the agreement during the next 6 months period. The Company is entitled to withdraw amounts standing to the credit of the account only to pay any amount owing in connection with the loan. The details of the loan and special bank account are provided in notes 13 and 9 respectively.

22. Fair value of financial assets and liabilities

Assets for which fair value approximates carrying value - For financial assets (Bank balances, short term trade receivable) and financial liabilities (short term trade payables) that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value.

Financial liabilities carried at amortized cost - The fair value of interest bearing loans and borrowings is estimated by discounting future cash flows using rates currently available for loans on similar terms, credit risk and remaining maturities. (level 3 fair value hierarchy in accordance with IFRS 13 – fair values measurement). Management believes that the fair values of financial liabilities of the Company are approximate to their carrying amounts.

23. Presentation of financial instruments by measurement category

In accordance with IFRS 9 For purposes of subsequent measurement, financial assets are classified in four categories: financial assets at amortised cost; financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments); financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); financial assets at fair value through profit or loss.

All the company financial assets are classified as the financial assets at amortised cost category. The following table provides a breakdown of this category of financial asset by balance sheet items:

	31.12.2020	31.12.2019	01.01.2019
Financial assets at amortized cost			
- Bank balances payable on demand	15,019	13,289	12,989
- Trade receivables	38,031	8,604	20,401
- Other financial receivables	4	503	314
Total Financial assets	**53,054**	**22,396**	**33,704**
Financial liabilities at amortized cost			
- Trade payables	5,275	2,117	1,548
- Borrowings	46,824	5,639	5,780
Total Financial liabilities	**52,099**	**7,756**	**7,328**

All of the Company's financial liabilities are carried at amortized cost.

24. Retaled Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

As of December 31, 2020, December 31, 2019 and January 1, 2019 the Company's immediate and ultimate parent and controlling party was the Government of Georgia represented by the Ministry of Economy and Sustainable Development of Georgia (the "MoESD"). In the normal course of business, the Company provides air navigation services to certain parties for which the MoESD assumes the payment liability to the Company.

All state entities represent the related party for the Company. Other than transactions and balances with persons mentioned in the previous paragraph, Company uses exemption provided in IAS-24 par 25 and does not provide related party information related to that state entities.

(All amounts are in thousands of Georgian Lari unless stated otherwise)

As at and for the year ended 31.12.2020 the Company had the following transactions and outstanding balances with the related parties:

	Government of Georgia	Key management
Transactions:		
Interest expenses	995	-
reimbursement of revenues from exempting flights	753	-
short-term benefits	-	1,168
contributions to retirement fund	-	217
Other expenses	-	-
Balances:		
Borrowings	6,498	-

As at and for the year ended 31.12.2019 the Company had the following transactions and outstanding balances with the related parties:

	Government of Georgia	Key management
Transactions:		
Interest expenses	947	-
reimbursement of revenues from exempting flights	835	-
short-term benefits	-	1,317
contributions to retirement fund	-	120
Other expenses	-	271
Balances:		
Borrowings	5,639	-

As at 01.01.2019 the Company had the following outstanding balances with the related parties:

	Government of Georgia	Key management
Balances:		
Borrowings	5,780	-

25. Events after the reporting period

Head of the supervisory body of the Company has been changed in 2021.

There have been no other after reporting date events that require additional adjustments or disclosure in the financial statements.

Approval of financial statement. The management on 27 May 2021 has approved financial statement, Company's owners have the power to amend the financial statements after issue.

About Baker Tilly
Baker Tilly is a full-service accounting and advisory firm that offers industry specialised services in assurance, tax and advisory.

Baker Tilly Georgia LLC trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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