

APHRODITE SPRINGS PUBLIC LIMITED

UNAUDITED FINANCIAL STATEMENTS

For the period ended 30 June 2021

APHRODITE SPRINGS PUBLIC LIMITED

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For the period ended 30 June 2021

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APHERODITE SPRINGS PUBLIC LIMITED
OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	George Misirlis, Cypriot Elias Neocleous, Cypriot Demetris Rotis, Cypriot Aristotelis Karytinis, Greek
Company Secretary	P & D Secretarial Services Limited
Independent Auditors	KPMG Limited
Banker	Bank of Cyprus Public Company Ltd
Registered Office	Office 303, 3 rd Floor, Agathaggelos Court 10 Georgiou Gennadiou Street 3041 Limassol Cyprus
Registration Number	HE174743

APHRODITE SPRINGS PUBLIC CO LIMITED

Declaration by the person responsible for the preparation of the unaudited financial statements of the Company.

In accordance with the relative legislation and the regulations of the Cyprus Stock Exchange, being the person responsible for the drafting of the interim financial statements of Aphrodite Springs Public Co Limited ("the Company") for the period ended 30 June 2021, on the basis of my knowledge, declare the following:

- A. The interim unaudited financial statements of the Company have been prepared in accordance with the applicable International Financial Reporting Standards, as adopted by the European Union and the provisions of the Law.
- B. The interim unaudited financial statements of the Company provide a true and fair view of the assets and liabilities, the financial position and profit and loss of the Company.
- C. The interim unaudited financial statements of the Company provide a fair view of the developments and the performance as well as the financial position of the Company, together with a description of the main risks and uncertainties, faced by the Company.

Andreas Chrysostomou Chief Financial Officer



APHRODITE SPRINGS PUBLIC LIMITED

EXPLANATORY STATEMENT

The Board of Directors of **Aphrodite Springs Public Limited** (the "Company") presents to the members its explanatory statement together with the unaudited financial statements of the Company for the period ended 30 June 2021.

INCORPORATION

Aphrodite Springs Public Limited (the "Company") was incorporated in Cyprus on 7 April 2006 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Office 303, Agathaggelos Court, 10 Georgiou Genadiou Street, 3041, Limassol, Cyprus.

PRINCIPAL ACTIVITY

The principal activity of the Company continues to be the development and operation of a golf course and real estate (including the separation of land into building plots) and related amenities.

REVIEW OF CURRENT POSITION, FUTURE DEVELOPEMTNS AND SIGNIFICANT RISKS

The Company is the owner of land near the village of Kouklia and within Aphrodite Hills, in Pafos. One of the main goals of the master plan is to create a contemporary designed, integrated leisure and residential community project that includes luxurious villas and apartments, a championship golf course, a golf club, spa and sports center and commercial and retail facilities, such as restaurants and shops. In addition, the Company is in the process of obtaining building permits for a) plot & road separations, and b) the clubhouse and maintenance building.

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory. The loss attributable to the shareholders for the first six months of 2021 amounts to €35.253 (2020 loss: €96.804). The Company, at present, has no revenue since the project is under development and there is no other type of trading revenue. The expenses are mainly administrative.

The Company's shares were successfully listed in the Cyprus Stock Exchange (Emerging Companies Market) on 23 July 2020.

APHRODITE SPRINGS PUBLIC LIMITED

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2021

	Note	2021 €	2020 €
Administrative expenses	4	<u>(35.000)</u>	<u>(143.156)</u>
Operating loss before financing expenses		(35.000)	(143.156)
Net financing expenses	5	<u>(253)</u>	<u>(42)</u>
Loss before tax		(35.253)	(143.198)
Taxation	6	<u>-</u>	<u>-</u>
Loss for the year		(35.253)	(143.198)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(35.253)</u>	<u>(143.198)</u>

The notes on pages 8 to 19 are an integral part of these financial statements.

APHRODITE SPRINGS PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITIONAs at 30 June 2021

	Note	2021 €	2020 €
ASSETS			
Non-current assets			
Property, plant and equipment	7	4.988.989	4.988.989
Other receivables and prepayments	8	198.213	191.495
Restricted bank balances	9	<u>83.266</u>	<u>83.284</u>
Total non-current assets		<u>5.270.468</u>	<u>5.263.768</u>
Total assets		<u>5.270.468</u>	<u>5.263.768</u>
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	10	34.200	34.200
Share premium		2.385.201	2.385.201
Accumulated losses		<u>(2.828.609)</u>	<u>(2.793.356)</u>
Total equity		<u>(409.208)</u>	<u>(373.955)</u>
Liabilities			
Current liabilities			
Payables to related companies	12(i&iii)	5.172.695	5.115.652
Other payables and accruals	11	<u>506.981</u>	<u>522.071</u>
Total current liabilities		<u>5.679.676</u>	<u>5.637.723</u>
Total liabilities		<u>5.679.676</u>	<u>5.637.723</u>
Total equity and liabilities		<u>5.270.468</u>	<u>5.263.768</u>

The notes on pages 8 to 19 are an integral part of these financial statements.

APHRODITE SPRINGS PUBLIC LIMITED

STATEMENT OF CHANGES IN EQUITYFor the period ended 30 June 2021

	Share capital €	Share premium €	Accumulated losses €	Total €
Balance at 1 January 2020	34.200	2.385.201	(2.650.158)	(230.757)
<i>Total comprehensive loss for the period</i>				
Loss for the period	-	-	(96.804)	(96.804)
Balance at 30 June 2020	<u>34.200</u>	<u>2.385.201</u>	<u>(2.746.962)</u>	<u>(327.561)</u>
<i>Total comprehensive loss for the year</i>				
Loss from 1/7/2020 to 31/12/2020	-	-	(46.394)	(46.394)
Other comprehensive income for the year	-	-	-	-
Balance at 31 December 2020	<u>34.200</u>	<u>2.385.201</u>	<u>(2.793.356)</u>	<u>(373.955)</u>
Balance at 1 January 2021	34.200	2.385.201	(2.793.356)	(373.955)
<i>Total comprehensive loss for the year</i>				
Loss for the period	-	-	(35.253)	(35.253)
Other comprehensive income for the year	-	-	-	-
Balance at 30 June 2021	<u>34.200</u>	<u>2.385.201</u>	<u>(2.828.609)</u>	<u>(409.208)</u>

The notes on pages 8 to 19 are an integral part of these financial statements.

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STATEMENT OF CASH FLOWS

For the period ended 30 June 2021

	Note	2021 €	2020 €
Cash flows from operating activities			
Loss for the period		<u>(35.253)</u>	<u>(143.198)</u>
Cash flows used in operations before working capital changes		(35.253)	(143.198)
Increase in other receivables and prepayments		(6.718)	(31.053)
(Decrease)/increase in other payables		(15.090)	509.182
Increase in payable to related parties		57.043	50.000
Decrease in restricted bank balances		<u>18</u>	<u>-</u>
Cash used in operations		<u>-</u>	<u>384.931</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	<u>-</u>	<u>(502.000)</u>
Net cash used in investing activities		<u>-</u>	<u>(502.000)</u>
Cash flows from financing activities			
Proceeds from financing provided by related parties		<u>-</u>	<u>117.069</u>
Net cash generated from financing activities		<u>-</u>	<u>117.069</u>
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		<u>-</u>	<u>-</u>
Cash and cash equivalents at end of the year		<u>-</u>	<u>-</u>

The notes on pages 8 to 19 are an integral part of these financial statements.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period ended 30 June 2021

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Aphrodite Springs Public Limited (the "Company") was incorporated in Cyprus on 7 April 2006 as a private limited liability company under the Cyprus Companies Law, Cap. 113. On 13 December 2017, the Company changed its legal form from a private limited liability company to that of a public company. Its registered office is at Office 303, 3rd Floor, Agathaggelos Court, 10 Georgiou Gennadiou Street, 3041 Limassol, Cyprus.

The principal activity of the Company continues to be the development and operation of a golf course and real estate (including the separation of land into building plots) and related amenities.

On 23 July 2020, the Company obtained the approval from the CSE to trade its shares on the Emerging Companies Market. The trading of shares commenced on 23 July 2020 and the CSE will undertake the observance of the above Registry in the Central Depository/Registry of CSE.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements were approved by the Board of Directors on 20 September 2021.

(b) Basis of measurement

The financial statements are for the period ended 30 June 2021 and have been prepared under the historical cost convention.

(c) Going concern

The Company incurred a loss of €35.253 during the period ended 30 June 2021 and, as of that date, the Company's total liabilities exceeded its total assets by €409.208. Furthermore, following the granting of the planning permit for the development of its golf and real estate project, the Company is due to make annual payments of €500.000 to the authorities and will continue to incur other expenses in the foreseeable future as the strategy for execution of this project develops and progresses.

Notwithstanding the above, these financial statements have been prepared on a going concern basis as the Board of Directors considers that no material uncertainty exists in relation to the Company's ability to continue as a going concern. The following factors were considered when making this determination:

- The Company's shareholders will provide the necessary financial support to the Company, prorata to their shareholding, to enable it to continue as a going concern and to meet its obligations as they fall due.
- The fair value of the land owned by the Company has been estimated by an independent valuer at €34,6 million which far exceeds its carrying value. This provides additional comfort as the fair value of the Company's assets exceed its liabilities (the land is currently accounted for at cost).

(d) Adoption of new and revised IFRS and Interpretations as adopted by the EU

At the date of approval of these financial statements, Standards, Amendments to Standards and Interpretations were issued by International Accounting Standards Board ("IASB") which were not yet effective for annual periods beginning on 1 January 2021. Some of them were adopted by the EU and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the financial statements of the Company.

APHRODITE SPRINGS PUBLIC LIMITED**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

For the period ended 30 June 2021

2. BASIS OF PREPARATION (continued)**(e) Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may deviate from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments concerning the application of accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Value added tax (VAT)

Significant judgment is required in determining the recoverability of VAT refundable and/or the provision for claims by the VAT authorities. The Company accounts for anticipated issues based on estimates of whether taxes are refundable or additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the VAT receivables/provisions in the period in which such determination is made.

Management records a provision for uncertain VAT matters based on the information available, its judgment and on the likelihood that such uncertain matters will lead to additional liabilities.

(f) Functional and presentation currency

The financial statements are presented in Euro (€) which is the Company's functional currency.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently for all the years presented in these financial statements, except if mentioned otherwise.

Finance/income expenses

Finance income/expenses comprises bank charges, interest expense, interest income and foreign exchange losses and gains. Interest income/expense is recognised in the statement of profit or loss as it accrues, using the effective interest method.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised in the statement of profit or loss on the straight-line basis over the useful lives of each part of an item of property, plant and equipment. Since the golf development project is still under construction and consequently the assets are not yet in use there is no provision for depreciation.

No depreciation is provided on land.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Property, plant and equipment consists of golf buildings and infrastructure which are currently under construction. These are stated at historical cost. Cost comprises direct construction costs as well as other expenses related to the construction.

The capitalisation of expenses is terminated once all necessary work relating to the construction of the fixed asset for its predetermined use is effectively completed.

Tax

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the statement of financial position date. Current tax includes any adjustments to tax payable in respect of previous periods.

Financial instruments

Recognition and initial measurement

The Company initially recognises trade receivables when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Subsequent to initial recognition they are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI-debt investment; FVOCI-equity investment; or FVTPL.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period ended 30 June 2021

3. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Financial instruments *(continued)*

Financial assets - classification and subsequent measurement (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms 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 comprise of other receivables, receivables from related parties and restricted bank balances.

All remaining financial assets of the Company that are not classified as measured at amortised cost as described above are measured are FVTPL.

All financial assets are classified as current assets unless the Company has an unconditional responsibility to accept deferral of receipt for at least twelve months after the balance sheet date, in which case they are classified as non-current assets.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are re-classified accordingly on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss.

Financial assets at FVTPL are subsequently measured at fair value and changes therein are generally recognised in profit or loss.

Financial liabilities

On initial recognition, the Company classifies financial liabilities as other financial liabilities. Other financial liabilities are liabilities that are either designated in this category or not classified at FVTPL.

Other financial liabilities comprise of other payables and amounts payable to related parties.

They are classified as current liabilities unless there is an unconditional right to defer settlement for at least twelve months after the balance sheet date, in which case they are classified as long term liabilities.

Impairment of financial assets

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. The loss allowances are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial instruments – classification and subsequent measurement *(continued)*

Impairment of financial assets *(continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Impairment losses are recognised in profit or loss.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from gross carrying amounts of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets and liabilities

Financial assets

The Company derecognises a financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) when:

- the contractual rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company transfers the rights to receive the contractual cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

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

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit or loss statement whenever the carrying amount is the of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the assets belongs.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. ADMINISTRATIVE EXPENSES

	2021 €	2020 €
Licenses and taxes	1.350	1.094
Legal and professional fees	7.946	90.773
Electricity and water supply	-	734
Subscriptions	1.344	-
Write-off differences	(1.530)	-
Printing and stationery	42	-
Insurance	498	205
Annual levy	350	350
Management fees (note 12 (ii))	25.000	50.000
	<u>(35.000)</u>	<u>(143.156)</u>

5. NET FINANCING EXPENSES

	2021 €	2020 €
Bank charges	<u>253</u>	<u>42</u>

6. TAXATION

Reconciliation of tax based on the taxable income and tax based on accounting losses:

	2021 €	2020 €
Accounting loss before tax	<u>(35.253)</u>	<u>(143.198)</u>
Tax calculated at the applicable corporation tax rates	(4.407)	(17.900)
Tax effect of expenses not deductible for tax purposes	44	44
Current year tax loss for which no deferred tax asset is recognised	<u>4.363</u>	<u>17.856</u>
	<u>-</u>	<u>-</u>

The corporation tax rate is 12,5% (2020: 12,5%).

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period ended 30 June 2021

6. TAXATION (Continued)

Unrecognised deferred tax assets

As at the reporting date, a deferred tax asset has not been recognised in respect of accumulated tax losses amounting to €395 thousand (2020: €395 thousand), as it is not probable that future taxable profit will be generated against which the Company can utilise benefits therefrom. An amount of tax losses expires each year, and these tax losses fully expire by 31 December 2025. Tax losses for which no deferred tax asset was recognised expire as follows:

Tax year	Expiration year	2021	2020
		€	€
2016	2021	19.597	19.597
2017	2022	6.831	6.831
2018	2023	51.611	51.611
2019	2024	88.484	88.484
2020	2025	228.580	228.580
		<u>395.103</u>	<u>395.103</u>

7. PROPERTY, PLANT AND EQUIPMENT

2021

	Land	Golf development project under construction	Total
	€	€	€
Balance at 1 January 2021	2.468.786	2.520.203	4.988.989
Additions	-	-	-
Balance at 30 June 2021	<u>2.468.786</u>	<u>2.520.203</u>	<u>4.988.989</u>

2020

Balance at 1 January 2020	2.468.786	2.018.203	4.486.989
Additions	-	-	-
Balance at 30 June 2020	<u>2.468.786</u>	<u>2.018.203</u>	<u>4.486.989</u>
Additions	-	502.000	502.000
Balance at 31 December 2020	<u>2.468.786</u>	<u>2.520.203</u>	<u>4.988.989</u>

The Company's property is charged with a mortgage to a bank for a facility provided to a company that is related by virtue of common control.

During 2020, the payment of €500.000 was extended to the authorities for the third installment of the planning permit, as the government has given an extension of 6 months to the Company due to COVID-19 pandemic outbreak. (up to 2019 €1.000.000 was paid) (note 14). This amount has been capitalised to the golf development project.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTSFor the period ended 30 June 2021**8. OTHER RECEIVABLES AND PREPAYMENTS**

	2021	2020
	€	€
VAT refundable	<u>198.213</u>	<u>191.495</u>
	<u>198.213</u>	<u>191.495</u>
Non-current portion	198.213	191.495
Current portion	-	-
	<u>198.213</u>	<u>191.495</u>

VAT refundable was recognised on the basis that it will be offset with future output VAT, following the commencement of the Company's operations and for this reason is accounted for as a non-current asset.

9. RESTRICTED BANK BALANCES

	2021	2020
	€	€
Restricted bank balances	<u>83.266</u>	<u>83.284</u>

As at 30 June 2021, the Company held €83.266 (2020: €83.284) with the Bank of Cyprus. This balance is restricted in use by, and also is pledged to, the aforementioned bank for a facility it provided to a company related by virtue of common control. The Company has the right to request use of these funds when required, subject to approval from the bank. Restricted bank balances do not constitute cash and cash equivalents for the purposes of the cash flow statement.

10. SHARE CAPITAL

	2021 Number of shares	2021 €	2020 Number of shares	2020 €
Authorised				
Shares of €1,71 each	<u>20.000</u>	<u>34.200</u>	<u>20.000</u>	<u>34.200</u>
Issued and fully paid				
Ordinary shares of €1,71 each	<u>20.000</u>	<u>34.200</u>	<u>20.000</u>	<u>34.200</u>

11. OTHER PAYABLES AND ACCRUALS

	2021	2020
	€	€
Accruals	<u>506.981</u>	<u>522.071</u>

The exposure of the Company to liquidity risk in relation to financial instruments is reported in note 13 to the financial statements.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTSFor the period ended 30 June 2021**12. RELATED PARTY BALANCES AND TRANSACTIONS**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Company's immediate and ultimate controlling shareholder is Prodea Real Estate Investment Company SA.

The transactions and balances with related parties are as follows:

(i) Payables to companies related by virtue of common control

		2021 €	2020 €
<u>Name</u>	<u>Nature of transactions</u>		
Aphrodite Hills Resort Limited	Financing	22.695	5.112.742
Aphrodite Hotels Limited	Trading	-	2.910
		<u>22.695</u>	<u>5.115.652</u>

The above balances are interest free and have no specified repayment date. On this basis, the balances are considered to be payable on demand and have therefore been classified as short-term.

(ii) Management fees expense

	2021 €	2020 €
Aphrodite Hills Resort Limited	<u>25.000</u>	<u>50.000</u>

(iii) Shareholder's current account – credit balance

		2021 €	2020 €
	<u>Nature of transactions</u>		
Non-controlling shareholder	Financing	192.429	-
Controlling shareholder	Financing	<u>4.957.571</u>	-
		<u>5.150.000</u>	-

During April 2021, 2 of the shareholders of the Company have injected c.€5.1m into the Company, pro rata to their current shareholding. The funds were used to repay a payable to a related company. The funds are to be repaid to the shareholders within 3 months after the agreement either through cash or from an increase in the authorised share capital and issuance of shares to the two shareholders who injected cash pro rata to their contribution/shareholding.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period ended 30 June 2021

13. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(i) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2021	2020
	€	€
Restricted bank balances	<u>83.266</u>	<u>83.284</u>
	<u>83.266</u>	<u>83.284</u>

The Company's restricted bank balances are held with Bank of Cyprus Public Company Limited. As at the reporting date, Moody's long-term credit rating for Bank of Cyprus was B3 (2020: B3). The generic rating B indicates that the bank's financial obligations are considered speculative and are subject to high credit risk. The numeric modifier 3 indicates a ranking in the lower end of the generic rating category.

Impairment on restricted bank balances is measured on a 12-month expected loss basis and reflects the short maturities of the exposures, due to which no impairment allowance has been recognised by the Company as at 31 December 2021 and 2020.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. It arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company relies on the support of related parties when managing liquidity (see note 2(c)).

The following are the contractual maturities of financial liabilities:

31 December 2021	Carrying amounts €	Contractual cash flows €	Between 1-12 months €	Between 1-2 years €	Between 2-5 years €	More than 5 years €
Other payables and accruals	506.981	506.981	506.981	-	-	-
Payable to shareholders	5.150.000	5.150.000	5.150.000	-	-	-
Payables to related companies	<u>22.695</u>	<u>22.695</u>	<u>22.695</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5.679.676</u>	<u>5.679.676</u>	<u>5.679.676</u>	<u>-</u>	<u>-</u>	<u>-</u>

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For the period ended 30 June 2021

13. FINANCIAL RISK MANAGEMENT *(continued)*

(ii) Liquidity risk (continued)

31 December 2020	Carrying amounts €	Contractual cash flows €	Between 1-12 months €	Between 1-2 years €	Between 2-5 years €	More than 5 years €
Other payables and accruals	522.071	522.071	522.071	-	-	-
Payables to related companies	<u>5.115.652</u>	<u>5.115.652</u>	<u>5.115.652</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5.637.723</u>	<u>5.637.723</u>	<u>5.637.723</u>	<u>-</u>	<u>-</u>	<u>-</u>

14. CONTINGENT LIABILITIES

The Company's assets are subject to a fixed and floating charge in favour of a bank for a facility provided to a company related by virtue of common control.

15. CAPITAL COMMITMENTS

- The Company has obtained the necessary town planning permit for the golf development and plot separation. The planning permit was granted subject to certain conditions being met. Amongst other things, the Company must pay €5 million in 10 equal yearly installments, the first of which was settled during 2018 and the second of which was settled in July 2019. Both the aforementioned payments were made to the authorities by Aphrodite Hills Resort Limited on behalf of the Company.
- The Company signed a contract with Cabel B. Robinson S.L. (golf course architects) for the design and overall supervision of the golf development project. The total value of the contract is €340.000 of which work amounting to €30.000 has been undertaken to date. As the permit has now been granted, the Board of Directors expects that the remaining work under this contract to be executed once investors and the necessary financing are secured.
- The Company during the previous year, entered into an agreement with A.S.D Hyperstatic Engineering Design for the design of infrastructure which is required to be submitted for the Building Permit for an amount of €70.000 plus applicable VAT. As at 31 December 2020, the Company has paid €50.000 of this amount.

16. OPERATING ENVIROMENT

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year.

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NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period ended 30 June 2021

16. OPERATING ENVIROMENT *(continued)*

In Cyprus, on 15 March 2020, the Council of Ministers, following an extraordinary meeting, announced that it considers that Cyprus is entering a state of emergency considering the uncertain situation as it unfolds daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus within the year. Additionally, a considerable number of private businesses operating in various sectors of the economy had closed for a period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied throughout the year. The measures had been continuously revised (lifted or tightened) by the Republic of Cyprus during the year taking into consideration the epidemic status in the country.

The objective of these public policy measures was to contain the spread of COVID-19 outbreak and have resulted in significant operational disruption for the Company. The event is reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2020. The Company's management has assessed:

- whether any impairment allowances are deemed necessary for the Company's financial and non — financial assets by considering the economic situation and outlook at the end of the reporting period.
- the ability of the Company to continue as a going concern

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual results.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact to the Company's financial performance and position.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

Management will continue to monitor the situation closely and assess/seek additional measures/committed facilities as a fall back plan in case the period of disruption becomes prolonged.

17. SUBSEQUENT EVENTS

The outbreak of COVID-19 did not have a significant impact on the operations of the Company's.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.