

**APHRODITE SPRINGS PUBLIC
LIMITED**

FINANCIAL STATEMENTS
31 December 2021

APHRODITE SPRINGS PUBLIC LIMITED

FINANCIAL STATEMENTS Year ended 31 December 2021

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APHRODITE SPRINGS PUBLIC LIMITED

BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors

George Misirlis, Cypriot
Elias Neocleous, Cypriot
Demetris Rotis, Cypriot
Aristotelis Karytinis, Greek

Company Secretary

P & D Secretarial Services Limited

Independent Auditors

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors
27 Spyrou Kyprianou Ave.,
4003 Mesa Yitonia
Limassol
Cyprus

Registered office

10 Georgiou Gennadiou Street
Office 303, 3rd Floor, Agathaggelos Court
3041 Limassol
Cyprus

Banker

Bank of Cyprus Public Company Ltd

Registration number

174743

APHRODITE SPRINGS PUBLIC LIMITED

MANAGEMENT REPORT

The Board of Directors of Aphrodite Springs Public Limited (the "Company") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 December 2021.

Principal activities and nature of operations of the Company

The principal activities of the Company continue 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, and performance of the Company's business

The net loss for the year attributable to the shareholders of the Company amounted to €91.919 (2020: €143.198). On 31 December 2021 the total assets of the Company were €5.729.301 (2020: €5.263.768) the net assets of the Company were €4.684.126 (2020: net liabilities of €373.955) while the current liabilities exceeded its current assets by €1.013.016. The Company ultimately relies on the continued support of the controlling shareholder to continue as a going concern and to meet its obligations as they fall due (note 4).

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 6, 7 and 19 of the financial statements.

Future developments of the Company

The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future. (note 4 and note 19)

Existence of branches

The Company does not maintain any branches.

Use of financial instruments by the Company

The Company is exposed to credit risk, liquidity risk and capital risk from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed in note 6.

Results

The Company's results for the year are set out on page 9.

Dividends

The Company did not have any distributable profits as at 31 December 2021, thus the Board of Directors cannot recommend the payment of a dividend.

Research and development activities

The Company did not carry out any research and development activities during the year.

Share capital

There were no changes in the share capital of the Company during the year under review. During 2021, a shareholders' contribution of €5.150.000 was made as disclosed in note 17.

Corporate Governance Code

The Board of Directors, as at the date of this report has decided not to adopt the Corporate Governance Code as it is not mandatory for companies listed on the Cyprus Stock Exchange (Emerging Companies Market). The main reason for the non-adoption is that the cost of possible implementation as per the provisions of the Corporate Governance Code would be disproportionate to the identified benefits from its implementation. The Board of Directors ensures adequate internal control and risk management procedures for the preparation of the periodic information required for listed companies.

The participation of directors in the Company's share capital is disclosed in note 21 to the financial statements.

The shareholders holding more than 5% of the Company's share capital is disclosed in note 22 to the financial statements.

APHRODITE SPRINGS PUBLIC LIMITED

MANAGEMENT REPORT

Board of Directors

The members of the Company's Board of Directors as at 31 December 2021 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2021.

In accordance with the Company's Articles of Association, all directors presently members of the Board continue in office until their resignation or removal.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Operating Environment of the Company

Any significant events that relate to the operating environment of the Company are described in note 19 to the financial statements.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 25 to the financial statements.

Independent Auditors

The independent auditors, Ernst & Young Cyprus Limited, were appointed in replacement of the previous auditors KPMG Limited and have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



George Misirlis
Director

Limassol, 29 April 2022

APHRODITE SPRINGS PUBLIC LIMITED

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the financial statements of Aphrodite Springs Public Limited (the "Company") for the year ended 31 December 2021, on the basis of our knowledge, declare that:

(a) The annual financial statements of the Company which are presented on pages 9 to 29:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Company and the entities included in the financial statements as a whole and

b) The management report provides a fair view of the developments and the performance as well as the financial position of the Company as a whole, together with a description of the main risks and uncertainties which they face.

Members of the Board of Directors:

George Misirlis, Cypriot

Elias Neocleous, Cypriot

Demetris Rotis, Cypriot

Aristotelis Karytinis, Greek

Responsible for drafting the financial statements

George Misirlis, Director

Limassol, 29 April 2022



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Independent Auditor's Report

To the Members of Aphrodite Springs Public Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aphrodite Springs Public Limited (the "Company"), which are presented in pages 9 to 31 and comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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The key audit matter	How the matter was addressed in our audit
Going Concern basis of preparation (Note 4)	
<p>As part of the financial statements preparation process, the Board of Directors must assess the ability of the Company to continue as a going concern and appropriately disclose the results of its assessment in the financial statements. Going concern disclosures are provided in Note 4 to the financial statements.</p> <p>The Company incurred a loss of €91.919 for the year ended 31 December 2021, and, as of that date the Company's current liabilities exceeded its current assets by €1.013.016 and the Company does not have any revenue and operating cash flows generating activity.</p> <p>The Company ultimately relies on the continued financial support of the controlling shareholder to enable the Company to continue as a going concern and to meet its obligations as they fall due.</p> <p>We consider this as a Key Audit Matter as it was the matter of most significance in our audit, given also the status of the Company which is still at early stages of its proposed land development as per its business plan with no revenue and operating cash flows generating activity itself, and thus reliant on key shareholder support for its Going Concern basis.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Reviewing and assessing the reasonableness of management's estimated cash flow requirements for the period from 1 January 2022 until 30 April 2023. • Critically assessing the reasonableness of relying on the controlling shareholder support, including consideration of: <ul style="list-style-type: none"> • The written intent of the controlling shareholder to provide such support; and • The ability of the controlling shareholder to provide such support, should it be required, including analysing the controlling shareholder's audited separate and consolidated financial statements for the year ended 31 December 2021 and inspecting relevant evidence of the shareholder's contribution given during the year to settle the balances due to an affiliated company and also to cover other liabilities that may arise in the Company's ordinary course of business. • Assessing the adequacy of relevant disclosures in the Company's financial statements.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Board of Directors and those charged with governance for the Financial Statements (continued)

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Management Report.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Andreas Avraam.

Comparative figures

The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 April 2021.



Andreas Avraam
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Limassol, 29 April 2022

APHRODITE SPRINGS PUBLIC LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	Note	2021 €	2020 €
Administration expenses	8	<u>(90.293)</u>	(143.156)
Operating loss		(90.293)	(143.156)
Finance expenses	9	<u>(513)</u>	(42)
Loss before tax		(90.806)	(143.198)
Tax	10	<u>(1.113)</u>	-
Net loss for the year		(91.919)	(143.198)
Other comprehensive income		<u>-</u>	-
Total comprehensive loss for the year		<u>(91.919)</u>	<u>(143.198)</u>
Basic and diluted loss per share attributable to equity holders of the Company (€)	11	<u>(4,60)</u>	<u>(7,16)</u>

The notes on pages 13 to 31 form an integral part of these financial statements.

APHRODITE SPRINGS PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2021

	Note	2021 €	2020 €
ASSETS			
Non-current assets			
Property, plant and equipment	12	5.488.989	4.988.989
Restricted bank balances	14	-	83.284
Other receivables	13	208.153	191.495
		<u>5.697.142</u>	<u>5.263.768</u>
Current assets			
Cash at bank	15	32.159	-
		<u>32.159</u>	-
Total assets		<u>5.729.301</u>	<u>5.263.768</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	34.200	34.200
Share premium		2.385.201	2.385.201
Shareholders' contribution	17	5.150.000	-
Accumulated losses		(2.885.275)	(2.793.356)
Total equity		<u>4.684.126</u>	<u>(373.955)</u>
Current liabilities			
Payables to related parties	20	31.356	5.115.652
Other payables and accruals	18	1.013.819	522.071
Total liabilities		<u>1.045.175</u>	<u>5.637.723</u>
Total equity and liabilities		<u>5.729.301</u>	<u>5.263.768</u>

On 29 April 2022 the Board of Directors of Aphrodite Springs Public Limited authorised these financial statements for issue.


.....
George Misirlis
Director


.....
Demetris Rotis
Director

The notes on pages 13 to 30 form an integral part of these financial statements.

APHRODITE SPRINGS PUBLIC LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Share capital €	Share premium €	Shareholders' contribution €	Accumulated losses €	Total €
Balance at 1 January 2020	34.200	2.385.201	-	(2.650.158)	(230.757)
Comprehensive loss					
Net loss for the year / Total comprehensive loss for the year	-	-	-	(143.198)	(143.198)
Balance at 31 December 2020/ 1 January 2021	34.200	2.385.201	-	(2.793.356)	(373.955)
Comprehensive loss					
Net loss for the year / Total comprehensive loss for the year	-	-	-	(91.919)	(91.919)
Transactions with owners					
Shareholders' contribution (Note 17)	-	-	5.150.000	-	5.150.000
Balance at 31 December 2021	34.200	2.385.201	5.150.000	(2.885.275)	4.684.126

Share premium is not available for distribution.

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65% (1,70% up to 31 May 2020), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 13 to 31 form an integral part of these financial statements.

APHRODITE SPRINGS PUBLIC LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Note	2021 €	2020 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(90.806)	(143.198)
		(90.806)	(143.198)
Changes in working capital:			
Increase in other receivables		(16.658)	(31.053)
(Decrease)/increase in other payables and accruals		(8.252)	7.182
(Decrease)/increase in payables to related parties (trading)		(73.275)	50.000
Decrease in restricted bank balances		83.284	-
Cash used in operations		(105.707)	(117.069)
Tax paid		(1.113)	-
Net cash used in operating activities		(106.820)	(117.069)
CASH FLOWS FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/increase in payables to related parties- financing		(5.011.021)	117.069
Shareholders contribution	17	5.150.000	-
Net cash generated from financing activities		138.979	117.069
Net increase in cash and cash equivalents		32.159	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year	15	32.159	-

The notes on pages 13 to 31 form an integral part of these financial statements.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

1. Corporate information

Country of incorporation

Aphrodite Springs Public Limited (the "Company") was incorporated in Cyprus on 7 April 2006 as a private limited liability company under the provisions of 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 10 Georgiou Gennadiou Street, Office 303, 3rd Floor, Agathaggelos Court, 3041 Limassol, Cyprus.

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

Principal activities

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

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention. The financial statements were authorised for issue by the Board of Directors on 29 April 2022.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

This adoption did not have an effect on the accounting policies of the Company.

4. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Going concern basis

The Company incurred a loss of €91.919 for the year ended 31 December 2021, and, as of that date the Company's current liabilities exceeded its current assets by €1.013.016. 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 (Note 24) 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 and 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 estimated cash flow requirements for the period from 1 January 2022 until 30 April 2023. On the basis of the cash flow projections, the estimated operating expenses for that period are in the range of €40.000 excluding any levy payments should the Company decide to make. The Company will rely on the financial support of the shareholder to finance the expenses and any levy payments that the Company may decide to make.

- The Company is dependent upon the continuing financial support of its direct and major shareholder; Prodea Real Estate Investment Company SA; without which there would be significant doubt about its ability to continue as a going concern as well as its ability to realise its assets and discharge its liabilities in the ordinary course of business. Prodea Real Estate Investment Company SA has indicated its intention to continue providing such financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

- On 1 April 2021, the Company entered into two agreements with two of its shareholders which provided the capital injection of a total €5.150.000 contributed and paid in cash by the two shareholders (pro rata to their shareholding), in order for the Company to repay the balances due to Aphrodite Hills Resort Limited and also to cover other liabilities that may arise in the Company's ordinary course of business. The Company will proceed in due course with the increase of its share capital and issue of shares to its shareholders in order to transfer the shareholder's contribution to issued share capital. The Company expects to implement the capitalisation during 2022 (Note 17).

- The estimated fair value of the land owned by the Company significantly exceed its carrying value on the basis of external valuations obtained. This provides additional comfort as the fair value of the Company's assets exceed its liabilities (the land and golf development project under construction is currently accounted for at cost).

Finance expenses

Finance expenses comprises bank charges, which are charged to statement of comprehensive income as they incur.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Tax

Current tax liabilities and assets 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 reporting date.

Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and approved by the Company's Directors.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

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

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Land is not depreciated.

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.

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

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.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment at the end of each reporting period on whether there is any indication that they may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

Financial assets - initial recognition and subsequent measurement

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

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets - initial recognition and subsequent measurement (continued)

The classification and subsequent measurement of financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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 assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash at bank.

Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments measured at amortised cost. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "net impairment losses on financial assets". Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL.

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For all financial instruments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets - modification (continued)

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer).

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

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

Financial liabilities - Modifications

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Financial liabilities - Modifications (continued)

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the 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 has transferred its rights to receive 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.

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 on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

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.

Comparatives

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

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

5. New accounting pronouncements

Standards issued but not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union

- *Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (All issued 14 May 2020) (effective for annual periods beginning on or after 1 January 2022).*
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (effective for annual periods beginning on or after 1 January 2023).*

(ii) Issued by the IASB but not yet adopted by the European Union

- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively) (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 12 - "Income Taxes": Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) (effective for annual periods beginning on or after 1 January 2023).*

The above are expected to have no significant impact on the Company's financial statements when they become effective.

6. Financial risk management

Financial risk factors

The Company is exposed to credit risk, liquidity risk and capital risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash at bank.

(i) Risk management

Credit risk is managed on an individual basis. Management estimates ECL, in accordance with IFRS 9, by taking into account reasonable and supportable information that is available without undue cost or effort at the balance sheet date about past events, current conditions and forecasts of future economic conditions, including the impact of the COVID-19 coronavirus outbreak and the widespread reduction in economic activity across the globe and cash flow difficulties experienced by their counterparties.

(ii) Impairment of financial assets

The Company has one type of financial assets that are subject to the expected credit loss model:

- cash at bank

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

6. Financial risk management (continued)

6.1 Credit risk (continued)

(ii) Impairment of financial assets (continued)

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For the financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Default

A default on a financial asset is 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.

The Company's exposure to credit risk for each class of (asset/instrument) subject to the expected credit loss model is set out below:

Cash at bank

The Company assesses, on an individual basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2021 and 31 December 2020:

Name of Counterparty	External credit rating	2021	2020
Bank of Cyprus	B2	€ 32.159	€ -
Total		32.159	-

The ECL on current accounts is considered to be approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

The Company does not hold any collateral as security for any cash at bank balances.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

6. Financial risk management (continued)

6.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted payments:

31 December 2021

	Contractual cash flows €	1-12 months €	Total €
Other payables and accruals	1.013.819	1.013.819	1.013.819
Payables to related parties	<u>31.356</u>	<u>31.356</u>	<u>31.356</u>
	<u>1.045.175</u>	<u>1.045.175</u>	<u>1.045.175</u>

31 December 2020

	Contractual cash flows €	1-12 months €	Total €
Other payables and accruals	522.071	522.071	522.071
Payables to related parties	<u>5.115.652</u>	<u>5.115.652</u>	<u>5.115.652</u>
	<u>5.637.723</u>	<u>5.637.723</u>	<u>5.637.723</u>

6.3 Capital risk management

Capital includes equity shares, share premium, shareholders' contribution and accumulated losses.

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders 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 paid to shareholders, return capital to shareholders or issue new shares.

7. Critical accounting estimates, judgments and assumptions

The preparation of the Company's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Company's accounting policies, Management has made the following judgments, apart from those involving estimations, which had the most significant effect on the amounts recognised in the financial statements:

- **Going concern basis**

The assessment of the Company for the appropriateness of the use of the going concern basis is disclosed in note 4.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

7. Critical accounting estimates, judgments and assumptions (continued)

- **Additions to the property, plant and equipment (Note 12)**

The Company is progressively recognising the levies due for maintaining its golf planning permit in the property, plant and equipment additions as the development activity progresses. The total outstanding commitment as at 31 December 2021 is disclosed in Note 24.

8. Administrative expenses

	2021	2020
	€	€
Legal fees	12.079	15.889
Auditor's remuneration - current year	8.500	6.173
Auditor's remuneration - prior year (underprovision)	1.840	-
Management and professional fees	60.927	117.970
Other expenses	6.947	3.124
Total administrative expenses	90.293	143.156

9. Finance expenses

	2021	2020
	€	€
Bank charges	513	42
Finance expenses	513	42

10. Tax

	2021	2020
	€	€
Defence contribution - prior years	1.113	-
Charge for the year	1.113	-

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2021	2020
	€	€
Loss before tax	(90.806)	(143.198)
Tax calculated at the applicable tax rates	(11.351)	(17.900)
Tax effect of notional interest allowable for tax purposes	-	(12.386)
Tax effect of expenses not deductible for tax purposes	110	1.713
Tax effect of allowances and income not subject to tax	(191)	-
Tax effect of tax loss for the year	11.432	28.573
Prior year tax	1.113	-
Tax charge	1.113	-

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

10. Tax (continued)

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2021, the balance of tax losses which is available for offset against future taxable profits amounts to €466.964(2020: €395.103) for which no deferred tax asset is recognised in the statement of financial position.

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

Tax losses for which no deferred tax asset was recognised expire as follows:

Tax year	2021 €	2020 €	Expiry date
2016	-	19.597	2021
2017	6.831	6.831	2022
2018	51.611	51.611	2023
2019	88.484	88.484	2024
2020	228.580	228.580	2025
2021	91.458	-	2026
	<u>466.964</u>	<u>395.103</u>	

11. Basic and diluted loss per share attributable to equity holders of the Company

The basic and diluted earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

	2021	2020
Loss attributable to shareholders (€)	<u>(91.919)</u>	<u>(143.198)</u>
Weighted average number of ordinary shares in issue during the year	<u>20.000</u>	<u>20.000</u>
Basic and diluted loss per share attributable to equity holders of the Company (€)	<u>(4,60)</u>	<u>(7,16)</u>

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

12. Property, plant and equipment

	Land €	Golf development project under construction €	Total €
Cost			
Balance at 1 January 2020	2.468.786	2.018.203	4.486.989
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>
Balance at 31 December 2020/ 1 January 2021	2.468.786	2.520.203	4.988.989
Additions	-	500.000	500.000
Balance at 31 December 2021	<u>2.468.786</u>	<u>3.020.203</u>	<u>5.488.989</u>
Net book amount			
Balance at 31 December 2021	<u>2.468.786</u>	<u>3.020.203</u>	<u>5.488.989</u>
Balance at 31 December 2020	<u>2.468.786</u>	<u>2.520.203</u>	<u>4.988.989</u>

The additions of €500.000 (2020: €500.000) relate to the fourth (2020: third) instalment of the levy due by the Company for maintaining the golf planning permit. The settlement of the two instalments remained outstanding as at year end (Note 18). Please also refer to Note 24.

During 2020, the Company's property was charged with a mortgage to a bank for a facility provided to a related party. The mortgage was released during 2021, following the repayment by the related party of the bank loan tranche linked to the respective property.

13. Other receivables

	2021 €	2020 €
VAT refundable	206.364	191.495
Other receivables and prepayments	<u>1.789</u>	-
	208.153	191.495
Less non-current receivables	<u>(208.153)</u>	(191.495)
Current portion	<u>-</u>	<u>-</u>

VAT refundable is 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.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

14. Restricted bank balances

	2021	2020
	€	€
Balance at 1 January	83.284	83.284
Release of restriction	(83.284)	-
Balance at 31 December	-	83.284

As at 31 December 2020, the Company held €83.284 with the Bank of Cyprus. This balance, as at 31 December 2020 was restricted in use by, and also was pledged to, a bank for a facility it provided to a company related by virtue of common control. The Company had the right to request use of these funds when required, subject to approval from the bank. Restricted bank balances did not constitute cash and cash equivalents for the purposes of the cash flow statement. On 2 April 2021 the payable to the related company was repaid and the company's properties were released from all mortgages and fixed and floating charges were also released.

15. Cash at bank

	2021	2020
	€	€
Cash at bank	32.159	-
	32.159	-

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	2021	2020
	€	€
Cash at bank	32.159	-
	32.159	-

All cash at bank is held and denominated in Euros.

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

16. Share capital

	2021	2021	2020	2020
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1,71 each	20.000	34.200	20.000	34.200
Issued and fully paid				
Balance at 1 January	20.000	34.200	20.000	34.200
Balance at 31 December	20.000	34.200	20.000	34.200

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

17. Other reserves

	Shareholders' contribution €	Total €
Balance at 1 January 2020	-	-
Balance at 31 December 2020/ 1 January 2021	-	-
Shareholders' contribution	5.150.000	5.150.000
Balance at 31 December 2021	5.150.000	5.150.000

On 1 April 2021 the Company entered into two agreements with two of its shareholders which provided the following:

- The capital injection of a total €5.150.000 contributed and paid in cash by the two shareholders (pro rata to their shareholding), in order for the Company to repay the balances due to Aphrodite Hills Resort Limited and also to cover other liabilities that may arise in the Company's ordinary course of business. (Note 20.2).

As per the above mentioned agreements, the amount received is considered to be an advance payment for the issue and allotment of new shares to the aforementioned shareholders pro rata to their contribution shareholding. The Company will proceed in due course with the increase of its share capital and issue of shares to its shareholders in order to capitalise this contribution. The Company expects to implement the capitalisation during 2022.

18. Other payables and accruals

	2021 €	2020 €
Accruals	<u>1.013.819</u>	522.071
	<u>1.013.819</u>	<u>522.071</u>

The €1.000.000 included in the accruals relates to the outstanding fourth and third annual instalment of the total levy due by the Company for obtaining the golf planning permit (Note 12). Please also refer to Note 24.

The fair values of other payables and accruals due within one year approximate to their carrying amounts as presented above.

19. Operating Environment of the Company

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time.

The recent events in Ukraine from February 24, 2022, may have consequences for the Cypriot Economy, which cannot yet be predicted, but the main concern at the moment is the uncertainty mainly for tourism and other sectors of the economy, rising prices for fuel and other raw materials and rising inflation, which may affect household incomes and business operating costs. The financial effect of the current crisis on the Cyprus and Global economy and overall business activities cannot be estimated with reasonable certainty at this stage.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

19. Operating Environment of the Company (continued)

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

The Company's Management has assessed:

- (1) The ability of the Company to continue as a going concern (Note 4).
- (2) That no material impairment allowances were identified over the Company's financial assets (cash at bank) and non-financial assets by considering the economic situation and outlook at the end of the reporting period.
- (3) That following the impact which Covid-19 had on the Cyprus and the global economy and, consequently, on the business plan of the Company, it is expected that the timeframe of the business plan will be moved forward as the investors' interest in the development of the integrated golf resort has not been as initially expected and the anticipated funding was not yet secured.

The Company's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

20. Related party transactions

The Company's immediate and ultimate controlling shareholder is Prodea Real Estate Investment Company SA, a company incorporated in Greece. On 9 April 2021, Prodea Real Estate Investment Company SA, via relevant subscription prepayment agreement signed, acquired economic control of an additional 36,2% of the Company's share capital, making its total economic shareholding to be 96,22%.

The ultimate parent entity which prepares the consolidated financial statements of the largest group of companies of which the Company forms part as a subsidiary, is Prodea Real Estate Investment Company SA, incorporated in Greece and its consolidated financial statements are available at the website <https://prodea.gr/>.

The following balances and transactions were carried out with related parties:

20.1 Purchases of services

	<u>Nature of transactions</u>	2021 €	2020 €
Aphrodite Hills Resort Limited (affiliated company)	Management fees	<u>50.000</u>	<u>50.000</u>

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

20. Related party transactions (continued)

20.2 Payables to related parties

<u>Name</u>	<u>Nature of transactions</u>	2021 €	2020 €
Aphrodite Hills Resort Limited (affiliated company)	Financing	1.721	5.012.742
Aphrodite Hills Resort Limited (affiliated company)	Management fees	29.635	100.000
Aphrodite Hotels Limited (affiliated company)	Trade	-	2.910
		<u>31.356</u>	<u>5.115.652</u>

The above balances are interest free, unsecured 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. An amount of €5.122.190 due to Aphrodite Hills Resort Limited was settled in April 2021 following shareholders contributions as disclosed in Note 17.

21. Participation of Directors in the company's share capital

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors (in accordance with Article (4) (b) of the Directive DI 190-2007-04), as at 31 December 2021 and 24 April 2022 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December	
	2021	24 April 2022
	%	%
Elias Neocleous	0,005	0,005

22. Shareholders holding more than 5% of share capital

The persons holding more than 5% of the share capital as at 31 December 2021 and 24 April 2022 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December	
	2021	24 April 2022
	%	%
Prodea Real Estate Investment Company SA (Note 20)	96,22	96,22

23. Contingent liabilities

The Company had no significant contingent liabilities as at 31 December 2021.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

24. Commitments

Capital commitments

- The Company 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 instalments, the first of which was settled during 2018 and the second of which was settled in July 2019. The 2020 and 2021 annual instalments remain unpaid as at 31 December 2021 and hence total outstanding commitment as at 31 December 2021 is €4.000.000 (2020: €4.000.000). Both the aforementioned payments were made to the authorities by Aphrodite Hills Resort Limited back then on behalf of the Company.
- The Company signed a contract with Cabel B. Robinsol S.L. (golf course architects) for the design and overall supervision of the golf development project. The total value of the contract is €325.000 of which work amounting to €15.000 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 previously 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 2021, the Company has paid €50.000 of this amount.

25. Events after the reporting period

Following the impact that COVID-19 had on the Cyprus and the global economy and, consequently, on the business plan of the Company, the planned earthworks for the golf course and the road network as well as the commencement of the golf course construction have been put on hold and it is expected that the timeframe of the business plan will be moved forward as the investors' interest in the development of the integrated golf resort has not been as initially expected and the anticipated funding was not yet secured. The exact impact on the Company's activities in 2022 and thereafter cannot be predicted and quantified.

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The United Nations, European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

APHRODITE SPRINGS PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

25. Events after the reporting period (continued)

The event did not exist in the reporting period and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2021 as it is considered as a non-adjusting event.

Depending on the duration of the Coronavirus disease (COVID-19) pandemic and the Ukrainian war, and their continued negative impact on economic activity, the Company might experience negative results, and liquidity restraints and incur impairments on its assets in 2022 and after.

Management is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current uncertain business and economic environment and will continue to monitor the situation closely.

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

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