

LANITIS GOLF PUBLIC CO LIMITED

REPORT AND INTERIM CONDENCED
UNAUDITED FINANCIAL STATEMENTS
Period from 1 January 2021 to 30 June 2021

LANITIS GOLF PUBLIC CO LIMITED

REPORT AND INTERIM CONDENCED UNAUDITED FINANCIAL STATEMENTS

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LANITIS GOLF PUBLIC CO LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Platon E. Lanitis - Chairman
Marios E. Lanitis
Costas Charitou
Demetris Solomonides
Kevin Valenzia
Mark Gasan
Alec Mizzi
Mathew Portelli
Costas E. Lanitis
Valentina Panagi Pappou

Company Secretary:

P & D Secretarial Service Limited
10 Georgiou Gennadiou Street
Agathangelos Court, 3rd Floor,
3041, Limassol, Cyprus

Legal Advisers:

Charalambous, Kountouris & Co LLC

Registered office:

10 Georgiou Gennadiou Street
Agathangelos Court, 3rd Floor
3041, Limassol, Cyprus

Bankers:

Bank of Cyprus Public Company Ltd
Hellenic Bank Public Company Ltd
Eurobank Cyprus Ltd

Registration number:

HE196800

LANITIS GOLF PUBLIC CO LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and unaudited condensed unaudited financial statements of the Company for the period from 1 January 2021 to 30 June 2021.

Incorporation

The Company Lanitis Golf Public Co Limited was incorporated in Cyprus on 18 April 2007 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 28 February 2014, the Company was converted from a private limited liability company to a public liability company under the Cyprus Companies Law, Cap.113 and is listed on the Emerging Companies Market of the Cyprus Stock Exchange ("CSE").

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, are the development of a special leisure and residential golf course project. The application of the town planning permit with terms and conditions, was approved on 14 November 2012. On 26 July 2019, the Company has also obtained a building permit for the construction of its golf development project. Following a change in group structure on 15 January 2020, the Company has secured sufficient funds to enable it to commence its development plan. During the period the Company had released a limited number of plots to the market, by the end of June 2021 all plots have either being sold and the relevant contracts have been submitted to the land registry office, all have been reserved by potential buyers.

Review of current position, future developments and performance of the Company's business

The Company is the owner of land of about 1,400 declares near villages of Tserkezoi and Asomatos, in Limassol. The land is located next to the shopping center, My Mall Limassol, the Fasouri Waterpark and the forthcoming development of Casino.

The Company aims to develop a fully integrated golf and real estate development project on its land. 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, an 18 hole championship golf course, a golf club, spa and sports center and commercial and retail facilities, such as restaurants and shops.

The loss attributable to the shareholders for the period ended 30 June 2021 is €1,093,657 (2020: loss of €331,755). During the same period, the Company released a limited number of plots to the market all of which have been reserved from potential buyers and the first sales contracts have been signed and submitted to the land registry. The Company recognized deferred income of €5,113,386 from the sale of these plots.

The consultancy fees, financing and other expenses related to the development of the project, are capitalized in the Balance Sheet, under Property, Plant and Equipment and Inventory to the extend that such capitalization is allowed under the Company's accounting policy.

The Company has officially appointed a contractor for the construction of the first phase of infrastructure on 25 February 2021, the contractor has officially mobilised and started works on 5 April 2021. During the period ended 30 June 2021, the Company incurred golfdevelopment expenditure amounting to €2,871,931, which was financed by borrowings from related parties. As at 30 June 2021, the Company's total assets amounted to €91,034,516 (2020: €86,218,285) and its net assets amounted to €69,826,130 (2020: €70,919,777). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in of the condensed unaudited financial statements.

Use of financial instruments by the Company

The Company is exposed to credit risk and liquidity risk from the financial instruments it holds.

The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company to financial risks such as credit risk and liquidity risk is monitored as part of its daily management of the business.

MANAGEMENT REPORT

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 and cash equivalents, contractual cash flows of debt investments carried at amortised cost and deposits with banks and financial institutions.

Credit risk is managed on a group basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of 'C'. The utilisation of credit limits is regularly monitored. The company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

Liquidity risk

Management monitors the current liquidity position of the Company based on expected cash flows and expected revenue receipts. On a long-term basis, liquidity risk is defined based on the expected future cash flows at the time of entering into new credit facilities or leases and based on budgeted forecasts. Management believes that it is successful in managing the Company's liquidity risk.

Dividends

The Board of Directors does not recommend the payment of a dividend.

Share capital

There were no changes in the share capital of the Company during the period under review.

Board of Directors

The members of the Company's Board of Directors as at 30 June 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 period from 1 January 2021 to 30 June 2021.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

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

Events after the reporting period

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

LANITIS GOLF PUBLIC CO LIMITED

Declaration By The Person Responsible For The Preparation Of The Interim Unaudited Financial Statements Of The Company on the unaudited financial statements

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 Lanitis Golf Public Co Limited ("the Company") for the period ended 30 June 2021, on the basis of my knowledge, declare the following:

- 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.
- 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.
- 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.



Demos Panayiotou
Chief Financial Officer

21 September 2021

LANITIS GOLF PUBLIC CO LIMITED

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period from 1 January 2021 to 30 June 2021

		Six months period ended 30/06/2021	Six months period ended 30/06/2020
	Note	€	€
Administration expenses		<u>(944,030)</u>	<u>(329,824)</u>
Operating loss		<u>(944,030)</u>	<u>(329,824)</u>
Net finance costs	7	<u>(3,777)</u>	<u>(1,931)</u>
Net loss for the period		<u>(947,807)</u>	<u>(331,755)</u>
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive loss for the period		<u>(947,807)</u>	<u>(331,755)</u>
Loss per share attributable to equity holders of the parent (cent)	8	(34.32)	(12.01)

The notes on pages 9 to 20 form an integral part of these condensed unaudited financial statements.

LANITIS GOLF PUBLIC CO LIMITED

UNAUDITED STATEMENT OF FINANCIAL POSITION 30 June 2021

	Note	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
ASSETS			
Non-current assets			
Property, plant and equipment	9	4,312,381	4,141,776
Right-of-use assets	10	132,131	126,792
Receivables	14	145,850	-
Deferred tax assets	19	231,494	231,494
		<u>4,821,856</u>	<u>4,500,062</u>
Current assets			
Inventories	13	78,515,791	75,786,364
Receivables	14	174,197	274,934
Cash and cash equivalents	15	7,668,522	5,656,925
		<u>86,358,510</u>	<u>81,718,223</u>
Total assets		<u>91,180,366</u>	<u>86,218,285</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	4,722,462	4,722,462
Share premium	16	25,730,893	25,730,893
Capital contribution		2,556,501	2,556,501
Retained earnings		36,962,124	37,909,921
Total equity		<u>69,971,980</u>	<u>70,919,777</u>
Non-current liabilities			
Borrowings	17	8,518,927	8,518,927
Lease liabilities	18	58,505	90,542
Deferred tax liabilities	19	5,988,947	5,988,947
Deferred income	21	5,113,386	-
		<u>19,679,765</u>	<u>14,598,416</u>
Current liabilities			
Trade and other payables	20	1,450,266	659,861
Lease liabilities	18	78,355	40,231
		<u>1,528,621</u>	<u>700,092</u>
Total liabilities		<u>21,208,386</u>	<u>15,298,508</u>
Total equity and liabilities		<u>91,180,366</u>	<u>86,218,285</u>

The notes on pages 9 to 20 form an integral part of these condensed unaudited financial statements.

LANITIS GOLF PUBLIC CO LIMITED

UNAUDITED STATEMENT OF CHANGES IN EQUITY

Period from 1 January 2021 to 30 June 2021

	Note	Share capital €	Share premium €	Capital Contributions €	Retained earnings €	Total €
Balance at 1 January 2020		4,275,019	19,113,436	-	39,083,510	62,471,965
Comprehensive income						
Net loss for the period		-	-	-	(1,173,589)	(1,173,589)
Total comprehensive income for the period		-	-	-	(1,173,589)	(1,173,589)
Transactions with owners						
Issue of share capital	16	447,443	6,617,457	-	-	7,064,900
Capital contribution		-	-	2,556,501	-	2,556,501
Total transactions with owners		447,443	6,617,457	2,556,501	-	9,621,401
Balance at 31 December 2020 / 1 January 2021		4,722,462	25,730,893	2,556,501	37,909,921	70,919,777
Comprehensive income						
Net loss for the period		-	-	-	(947,807)	(947,807)
Total comprehensive income for the period		-	-	-	(947,807)	(947,807)
Balance at 30 June 2021		4,722,462	25,730,893	2,556,501	36,962,124	69,971,980

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% (31.12.2019: 1,70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 9 to 20 form an integral part of these condensed unaudited financial statements.

LANITIS GOLF PUBLIC CO LIMITED

UNAUDITED STATEMENT OF CASH FLOWS

Period from 1 January 2021 to 30 June 2021

		Six months period ended 30/06/2021	Six months period ended 30/06/2020
	Note	€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(947,807)	(331,755)
Adjustments for:			
Depreciation of property, plant and equipment	9	4,054	1,098
Depreciation of right-of-use assets	10	22,229	-
Interest expense	7	-	3,242
Interest expense - Lease Liabilities		3,720	-
		(917,804)	(327,415)
Changes in working capital:			
Increase in inventories		(2,729,427)	-
Decrease/(increase) in receivables		100,737	(68,338)
Increase in deferred expenses		(145,850)	-
Increase/(Decrease) in trade and other payables		790,415	(4,679,700)
Increase in deferred income		5,113,386	-
Cash generated from/(used in) operations		2,211,457	(5,075,453)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	9	(174,659)	(805,754)
Net cash used in investing activities		(174,659)	(805,754)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	7,064,901
Payments of leases liabilities		(25,201)	-
Proceeds from borrowings		-	(1,010,052)
Interest paid		-	(3,242)
Net cash (used in)/generated from financing activities		(25,201)	6,051,607
Net increase in cash and cash equivalents		2,011,597	170,400
Cash and cash equivalents at beginning of the period		5,656,925	65,352
Cash and cash equivalents at end of the period	15	7,668,522	204,057

The notes on pages 9 to 20 form an integral part of these condensed unaudited financial statements.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

1. Incorporation and principal activities

Country of incorporation

The Company Lanitis Golf Public Co Limited (the "Company") was incorporated in Cyprus on 18 April 2007 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 28 February 2014, the Company was converted from a private limited liability company to a public limited liability company under the Cyprus Companies Law, Cap. 113 and is listed on the Emerging Companies Market of the Cyprus Stock Exchange ("CSE"). Its registered office is at 10 Georgiou Gennadiou Street, Agathangelos Court, 3041, Limassol, Cyprus. Its registered office is at 10 Georgiou Gennadiou Street, Agathangelos Court, 3rd Floor, 3041, Limassol, Cyprus.

Unaudited financial statements

The condensed unaudited financial statements for the six months ended on 30 June 2020 and 2021 respectively, have not been audited by the external auditors of the Company.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the development of a special leisure and residential golf course project. The application of the town planning permit with terms and conditions, was approved on 14 November 2012. On 26 July 2019, the Company has also obtained a building permit for the construction of its golf development project. Following a change in group structure on 15 January 2020, the Company has secured sufficient funds to enable it to commence its development plan. During the period the Company had released a limited number of plots to the market, by the end of June 2021 all plots have either being sold and the relevant contracts have been submitted to the land registry office, all have been reserved by potential buyers.

2. Basis of preparation

The condensed unaudited 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 condensed unaudited financial statements have been prepared under the historical cost convention as modified by the revaluation of and investment property.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. Adoption of new or revised standards and interpretations

During the current period 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. This adoption did not have a material effect on the accounting policies of the Company.

4. New accounting pronouncements

At the date of approval of these condensed unaudited financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the condensed unaudited financial statements of the Company.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

5. Expenses by nature

	Six months period ended 30/06/2021 €	Six months period ended 30/06/2020 €
Staff costs (Note 6)	317,561	204,258
Depreciation and amortisation expense	26,283	1,098
Auditors' remuneration	22,109	4,624
Marketing & Promotion expenses	209,213	34,755
Other professional fees	138,654	27,937
Motor vehicle running costs	6,785	4,642
Commitment fees	178,200	-
Other expenses	45,225	52,510
Total expenses	944,030	329,824

6. Staff costs

	Six months period ended 30/06/2021 €	Six months period ended 30/06/2020 €
Salaries	277,703	184,022
Social security costs	27,346	13,500
GHS contribution	7,405	3,417
Social cohesion fund	5,107	3,319
	317,561	204,258

7. Finance costs

	Six months period ended 30/06/2021 €	Six months period ended 30/06/2020 €
Net foreign exchange losses	57	(19)
Interest expense on lease liabilities	3,720	-
Other interest expense	-	1,950
Finance costs	3,777	1,931

8. Loss per share attributable to equity holders of the parent

	Six months period ended 30/06/2021	Six months period ended 30/06/2020
Loss attributable to shareholders (€)	(947,807)	(331,755)
Weighted average number of ordinary shares in issue during the period	2,761,674	2,761,674
Loss per share attributable to equity holders of the parent (cent)	(34.32)	(12.01)

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

9. Property, plant and equipment

	Land and Golf Development	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Total
	€	€	€	€	€
Cost					
Balance at 1 January 2020	6,286,319	5,276	-	1,254	6,292,849
Additions	273,372	-	-	18,713	292,085
Interest capitalised during the year	19,439	-	-	-	19,439
Transfer from investment property	3,518,592	-	-	-	3,518,592
Transfer to inventories	(5,974,395)	-	-	-	(5,974,395)
Balance at 31 December 2020 / 1 January 2021	4,123,327	5,276	-	19,967	4,148,570
Additions	142,504	-	3,500	28,655	174,659
Balance at 30 June 2021	4,265,831	5,276	3,500	48,622	4,323,229
Depreciation					
Balance at 1 January 2020	-	3,166	-	251	3,417
Charge for the period	-	528	-	2,849	3,377
Balance at 31 December 2020 / 1 January 2021	-	3,694	-	3,100	6,794
Charge for the period	-	264	350	3,440	4,054
Balance at 30 June 2021	-	3,958	350	6,540	10,848
Net book amount					
Balance at 30 June 2021	4,265,831	1,318	3,150	42,082	4,312,381
Balance at 1 January 2021	4,123,327	1,582	-	16,867	4,141,776

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

10. Right-of-use assets

	Buildings	Motor vehicles	Total
	€	€	€
Cost			
Additions	111,959	44,723	156,682
Balance at 30 June 2020	111,959	44,723	156,682
Balance at 1 January 2021	111,959	44,723	156,682
Additions	-	27,568	27,568
Balance at 30 June 2021	111,959	72,291	184,250
Depreciation			
Charge for the period	22,436	7,454	29,890
Balance at 30 June 2020	22,436	7,454	29,890
Balance at 1 January 2021	22,436	7,454	29,890
Charge for the period	13,903	8,326	22,229
Balance at 30 June 2021	36,339	15,780	52,119
Net book amount			
Balance at 30 June 2021	75,620	56,511	132,131
Balance at 1 January 2021	89,523	37,269	126,792

11. Investment properties

	2021	2020
	€	€
Balance at 1 January	-	70,911,576
Transfer from property, plant and equipment (Note 10)	-	(67,392,984)
Transfer to inventories (Note 14)	-	(3,518,592)
Balance at 30 June	-	-

The Company is the owner of land of about 1,400 declares near the villages of Tserkezoi and Asomatos, in Limassol. The land is located next to the shopping center, My Mall Limassol, and the Fasouri Waterpark and the forthcoming development of casino. The Company aims to develop a fully integrated golf and real estate development project on its land. 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, an 18 hole championship golf course, a golf club, spa and sports center and commercial and retail facilities, such as restaurants and shops.

On 15 January 2020, the Board of Directors decided to proceed with the development of the Company's land with the construction of a golf resort, including the development of golf course club house and other commercial areas as well as engage in building development activities for residential premises. The Company has already obtained the required permits for the construction of the golf course and residential premises. Following this decision an amount of €67,392,984 representing the carrying value of the land at 15 January 2020, that will be used for the construction and development of residential premises, was transferred from Investment Property to Inventory and an amount of €3,518,592 which was included as Investment Property has been transferred to Property, Plant and Equipment within Land and Golf development category. Additionally, an amount of €5,974,395 which was included in the Land and Golf development category within Property, Plant and Equipment was transferred to Inventory. The carrying value of the land transferred under Property, Plant and Equipment and Inventory from Investment Property and the Land and Golf development costs incurred up to the date of the transfer have been allocated on the basis of their respective estimated buildable square meters.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

12. Intangible assets

	Computer software €
Cost	
Balance at 1 January 2020	3,303
Balance at 31 December 2020 / 1 January 2021	3,303
Balance at 30 June 2021	3,303
Amortisation	
Balance at 1 January 2020	3,303
Balance at 31 December 2020 / 1 January 2021	3,303
Balance at 30 June 2021	3,303
Net book amount	
Balance at 30 June 2021	-

13. Inventories

	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
Property under development	78,515,791	75,786,364
	78,515,791	75,786,364

Analysis of cost of property under development:

	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
Balance brought forward	75,786,364	-
Transfer from investment property	-	67,392,984
Transfer from property, plant and equipment	-	5,974,395
Interest capitalised during the year	-	372,324
Development costs capitalised during the year	2,729,427	2,046,661
Total	78,515,791	75,786,364

On 15 January 2020, the Board of Directors decided to proceed with the development of the Company's land with the construction of a golf resort, including the development of golf course clubhouse and other commercial areas as well as engage in building development activities for residential premises. The Company has already obtained the required permits for the construction of the golf course and residential premises. Following this decision an amount of €67,392,984 representing the carrying value of the land at 15 January 2020, that will be used for the construction and development of residential premises, was transferred from Investment Property (Note 14) to Inventory and an amount of €3,518,592 which was included as Investment Property has been transferred to Property, Plant and Equipment (Note 12) within Land and Golf development category. Additionally, an amount of €5,974,395 which was included in the Land and Golf Development category within Property, Plant and Equipment was also transferred to Inventory. The carrying value of the land transferred under Property, Plant and Equipment and Inventory from Investment Property and the Land and Golf Development costs incurred up to the date of transfer have been allocated on the basis of the irrespective estimated buildable square meters.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

13. Inventories (continued)

During the period, an amount of €2,729,427 (2020: €2,046,661) were incurred in relation to the construction and development of residential premises infrastructure.

All inventories items are stated at cost with the exception of inventory that was transferred on 15 January 2020 from investment property which is presented at its fair value at the date of transfer.

14. Receivables

	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
Receivables from parent (Note 22.2)	150,029	146,949
Deposits and prepayments	9,872	4,079
VAT refundable	-	122,645
Deferred expenses	145,850	-
Other receivables	14,296	1,261
	<u>320,047</u>	<u>274,934</u>
Less non-current receivables	<u>(145,850)</u>	<u>-</u>
Current portion	<u>174,197</u>	<u>274,934</u>

Deferred expenses relate to the deferred income of €5,133,386 (Note 21) which represents advances from clients for the sale of a limited number of plots.

The fair values of receivables due within one year approximate to their carrying amounts as presented above.

15. Cash and cash equivalents

Cash balances are analysed as follows:

	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
Cash at bank and in hand	<u>7,668,522</u>	<u>5,656,925</u>
	<u>7,668,522</u>	<u>5,656,925</u>

Non-cash transactions

The principal non-cash transactions during the current and prior year were the acquisition of right-of-use assets using leases.

Cash and cash equivalents by currency:

	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
Euro - functional and presentation currency	<u>7,168,522</u>	<u>5,656,925</u>
	<u>7,168,522</u>	<u>5,656,925</u>

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

16. Share capital and share premium

	2021 Number of shares	2021 €	2020 Number of shares	2020 €
Authorised				
Ordinary shares of €1.71 each	<u>3,000,000</u>	<u>5,130,000</u>	<u>3,000,000</u>	<u>5,130,000</u>
Issued and fully paid	Number of shares	Share capital €	Share premium €	Total €
Balance at 1 January 2020	2,500,011	4,275,019	19,113,436	23,388,455
Issue of additional shares ...	<u>261,663</u>	<u>447,443</u>	<u>6,617,457</u>	<u>7,064,900</u>
Balance at 31 December 2020	<u>2,761,674</u>	<u>4,722,462</u>	<u>25,730,893</u>	<u>30,453,355</u>
Balance at 1 January 2021	<u>2,761,674</u>	<u>4,722,462</u>	<u>25,730,893</u>	<u>30,453,355</u>
Balance at 30 June 2021	<u>2,761,674</u>	<u>4,722,462</u>	<u>25,730,893</u>	<u>30,453,355</u>

The total authorized number of ordinary shares is 3,000,000 shares (2020: 3,000,000 shares) with a par value of €1.71 per share. All issued shares are fully paid.

At the board of directors meeting held on 28 May 2020 the Company's directors approved the issuance of 261,663 shares of nominal value €1.71 per share at the price of €27 per share. As a result of this transaction an amount of €447,443 and €6,617,457 was credited to the share capital and share premium accounts respectively in equity. These shares were issued to MCY Development Limited, in accordance with the share purchase agreement.

As part of the share purchase agreement concluded on 15 January 2020, the Company received an interest free loan from a related party amounting €10,000,000 which is repayable during 2025. The interest free loan was fair valued at initial recognition using the market interest rate (5%) for bank borrowings available to the Company. The fair value gain recognised at initial recognition of €2,556,501, was credited in the statement of changes in equity as Capital Contribution.

17. Borrowings

	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
Non-current borrowings		
Borrowings from related parties (Note 22.4)	<u>8,518,927</u>	<u>8,518,927</u>
	<u>8,518,927</u>	<u>8,518,927</u>

Maturity of non-current borrowings:

	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
Between one to two years	683,666	683,666
Between two and five years	<u>7,835,261</u>	<u>7,835,261</u>
	<u>8,518,927</u>	<u>8,518,927</u>

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

17. Borrowings (continued)

On 24 September 2020, the Company has signed an agreement with Hellenic Bank for a €34m loan term facility related to the construction of the infrastructure of the resort and €3.15m ancillary facilities in the form of bank guarantees and overdraft facility. The loan term facility will be available to the Company for utilisation once the Company has reached €30m of confirmed sales.

The fair value of non-current borrowings between 1-2 years, equals their carrying amounts, as the impact of discounting is not significant.

As part of the share purchase agreement concluded on 15 January 2020, the Company received an interest free loan from a related party amounting €10,000,000 which is repayable during 2025. The interest free loan was fair valued at initial recognition using the market interest rate (5%) for bank borrowings available to the Company. The fair value gain recognised at initial recognition of €2,556,501, was credited in the statement of changes in equity as Capital Contribution. The unwinding of interest expense following the initial recognition, is capitalised against inventories and property, plant and equipment as apportioned by the building coefficient of the project. During the year total interest expense of €19,439 and €372,324 was capitalised as part of property, plant and equipment and inventories respectively.

The Company borrowings are denominated in the following currencies:

	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
Euro - functional and presentation currency	<u>8,518,927</u>	<u>8,518,927</u>
	<u>8,518,927</u>	<u>8,518,927</u>

18. Lease liabilities

This note provides information for leases where the Company is a lessee.

(i) The Company's leasing arrangements

The Company leases buildings and motor vehicles. Rental contracts are typically made for fixed periods of 1 year to 4 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
Right-of-use assets		
Motor vehicle	56,511	37,269
Buildings	<u>75,620</u>	<u>89,523</u>
	<u>132,131</u>	<u>126,792</u>
 Lease Liabilities		
Non-current	58,505	90,542
Current	<u>78,355</u>	<u>40,231</u>
	<u>136,860</u>	<u>130,773</u>

LANITIS GOLF PUBLIC CO LIMITED

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Period from 1 January 2021 to 30 June 2021

19. Deferred tax

The movement on the deferred taxation account is as follows:

Deferred tax liability

	Fair value gains on investment property €
Balance at 1 January 2020	5,988,947
Balance at 31 December 2020	5,988,947
Balance at 1 January 2021	5,988,947
Balance at 30 June 2021	5,988,947

Deferred tax assets

	Tax losses €
Balance at 1 January 2020	-
Charged/(credited) to:	
Profit and Loss	(231,494)
Balance at 31 December 2020	(231,494)
Balance at 1 January 2021	231,494
Balance at 30 June 2021	231,494

Deferred income tax assets are recognised for the tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

As at 31 December 2020, the Company had tax losses carried forward amounting to €1,893,931 for which a deferred tax asset was recognised. From these losses an amount of €310,148 expires in 2023, €261,328 expires in 2024 and €1,280,478 expires in 2025.

20. Trade and other payables

	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
Social insurance and other taxes	42,508	26,505
VAT	676,292	-
Accruals	16,277	95,557
Other creditors	671,767	532,494
Payables to related parties (Note 22.3)	43,422	5,305
	1,450,266	659,861

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

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

21. Deferred income

	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
Client advances	5,113,386	-
	5,113,386	-
Deferred income after more than one year	(5,113,386)	-

Client advances represent advances from clients for the sale of a limited number of plots.

22. Related party balances and transactions

Up to 15 January 2020, the Company was controlled by Lanitis Farm Limited, incorporated in Cyprus, which owned 99.99% of the Company's shares. The ultimate shareholder of the company was Lanitis E.C. Holdings Limited.

On 15 January 2020, MCY Development Limited has purchased all the shares of the Company owned by Lanitis Farm Limited. As a result MCY Development Limited now owns the 99.99% of the issued share capital of the Company. The share capital of MCY Development Limited is equally owned by Lanitis Farm Limited and AMOL Enterprises Limited.

The related party balances and transactions are as follows:

22.1 Related party transactions

	<u>Nature of transactions</u>	Six months period ended 30/06/2021 €	Six months period ended 30/06/2020 €
Lanitis Farm Limited	Rent expense	12,174	12,174
Lanitis E.C. Holdings	Management fees	12,000	12,000
Cybarco Development Limited	Marketing and promotion	145,992	-
Cybarco Contracting Limited	Construction costs	410,075	-
Cybarco Contracting Limited	IT support fees	1,137	-
		581,378	24,174

22.2 Receivables from related parties

<u>Name</u>	<u>Relationship</u>	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
MCY Development Limited	Parent Company	150,029	145,621
Lanitis Farm Limited	Parent Company	-	1,328
		150,029	146,949

LANITIS GOLF PUBLIC CO LIMITED

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Period from 1 January 2021 to 30 June 2021

22. Related party balances and transactions (continued)

22.3 Payables to related parties (Note 20)

Name	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
Amol Enterprises Limited	5,305	5,305
Lanitis Farm Limited	1,660	-
Carobmill restaurants Ltd	559	-
Cybarco Development Limited	26,528	-
Lanitis E.C. Holdings Ltd	8,017	-
Cybarco Contracting Limited	1,353	-
	43,422	5,305

The above balances bear no interest and are repayable on demand.

22.4 Borrowing from related parties (Note 17)

	Six months period ended 30/06/2021 €	Audited 31/12/2020 €
At beginning of year	8,518,927	2,234,133
Borrowings advanced during year	-	11,253,909
Borrowings capitalised during the year	-	(2,971,657)
Fair value gain at initial recognition (2)	-	(2,556,501)
Transfer from payable balance	-	167,282
Unwinding of interest expense	-	391,761
	8,518,927	8,518,927

(1) As per the shareholder purchase agreement concluded on 15 January 2020, the loan balance outstanding as of that effective date from Lanitis Farm Limited, being €2,971,658 was capitalised instead of cash settled.

(2) As part of the share purchase agreement concluded on 15 January 2020, the Company received an interest free loan from a related party amounting €10,000,000 which is repayable during 2025. The interest free loan was fair valued at initial recognition using the market interest rate (5%) for bank borrowings available to the Company. The fair value gain recognised at initial recognition of €2,556,501, was credited in the statement of changes in equity as Capital Contribution.

23. Significant agreements with management

At the end of the year, no significant agreements existed between the Company and its Management.

24. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2021.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2021 to 30 June 2021

25. Commitments

An amount of €5 million is payable to the Town Planning and housing Department of the Ministry of interior in the period of 10 years for the permit to develop the gold resort project for the Company.

In accordance with the resolution taken by the Ministry Cabinet of the Republic of Cyprus on 22 June 2016, the Company needs to pay annual instalments of €0.5 million each, until full repayment of the above noted €5 million.

The Company has already settled the liabilities for the years 2013 to 2019.

26. Events after the reporting period

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