

LANITIS GOLF PUBLIC CO LIMITED

REPORT AND INTERIM CONDENCED
UNAUDITED FINANCIAL STATEMENTS
Period from 1 January 2022 to 30 June 2022

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

Company Secretary:

P & D Secretarial Services 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

Registration number:

HE196800

LANITIS GOLF PUBLIC CO LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and condensed unaudited financial statements of the Company for the period from 1 January 2022 to 30 June 2022.

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 construction of its golf development project. Following a change in the group structure on 15 January 2020, the Company has secured sufficient funds to enable it to commence its development plan. During 2021, the Company began the construction of the golf project and entered into agreements with buyers for the reservation and sale of plots and apartments. During the year, the Company has also entered into agreements with buyers for the reservation and sale of villas and townhouses.

Review of current position, 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, townhouses 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 2022 is €831,390 (2021: loss of €947,807). During the year, the Company had no recognised income relating to its business activities since the project is under development. The Company recognized contract liabilities of €11,667,414 from the sale of its units as at 30 June 2022. The consultancy fees, financing and other expenses related to the development of the project, are capitalized in the statement of financial position, under Property, Plant and Equipment and Inventory to the extent that such capitalization is allowed under the Company's accounting policy.

During the period ended 30 June 2022, the Company incurred infrastructure development expenditure amounting to €2,177,358 (2021: €5,243,242), which was financed by the funds received from sales proceeds. As at 30 June 2022, the Company's total assets amounted to €96,190,086 (2021: €94,557,772) and its net assets amounted to €68,461,465 (2021: €69,292,855). 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 note 1 of the condensed unaudited financial statements.

Future developments of the Company

During the third quarter of 2022, the Company continues the sale of apartments villas and townhouses. The Company continues the construction of the project's infrastructure which is expected to be completed over the next 2 years.

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.

LANITIS GOLF PUBLIC CO LIMITED

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 2022 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 2022 to 30 June 2022.

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.

Operating Environment of the Company

Any significant events that relate to the operating environment of the Company are described in note 1 to the condensed unaudited financial statements.

Events after the reporting period

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements, other than the ongoing Russian/Ukrainian situation described in note 1 to the condensed unaudited financial statements.

By order of the Board of Directors

LANITIS GOLF PUBLIC CO LIMITED

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS 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, we the members of the Board of Directors and other officers responsible for the drafting of the interim financial statements of Lanitis Golf Public Co Limited ("the Company") for the period ended 30 June 2022, on the basis of our 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.


Members of the Board of Directors


Chairman


Platon E. Lanitis 

Directors


Marios E. Lanitis 

Costas Charitou 

Demetris Solomonides 

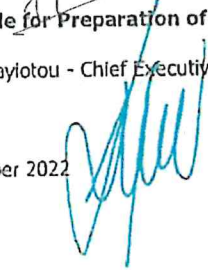
Kevin Valenzia 

Mark Gasan 

Alec Mizzi 

Mathew Portelli 

Responsible for Preparation of Interim Financial Statements

Demos Panayiotou - Chief Executive Officer 

29 September 2022

LANITIS GOLF PUBLIC CO LIMITED

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period from 1 January 2022 to 30 June 2022

		Six months period ended 30/06/2022	Six months period ended 30/06/2021
	Note	€	€
Administration expenses		<u>(828,606)</u>	<u>(944,030)</u>
Operating loss		(828,606)	(944,030)
Finance costs	7	<u>(2,784)</u>	<u>(3,777)</u>
Net loss for the period		(831,390)	(947,807)
Other comprehensive loss for the period		<u>-</u>	<u>-</u>
Total comprehensive loss for the period		<u>(831,390)</u>	<u>(947,807)</u>
Loss per share attributable to equity holders of the parent (cent)	9	<u>(30.10)</u>	<u>(34.32)</u>

The notes on pages 9 to 21 form an integral part of these condensed unaudited financial statements.

LANITIS GOLF PUBLIC CO LIMITED

UNAUDITED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Note	Six months period ended 30/06/2022 €	Audited 31/12/2021 €
ASSETS			
Non-current assets			
Property, plant and equipment	10	4,597,434	4,475,812
Right-of-use assets	11	113,302	135,976
Intangible assets	12	1,545	2,065
Deferred income tax assets	20	460,465	460,465
		<u>5,172,746</u>	<u>5,074,318</u>
Current assets			
Inventories	13	83,207,223	81,163,491
Financial assets at amortised cost	14	177,538	333,907
Other non-financial assets	15	1,124,198	978,868
Cash at bank and in hand	16	6,508,381	7,007,188
		<u>91,017,340</u>	<u>89,483,454</u>
Total assets		<u>96,190,086</u>	<u>94,557,772</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	4,722,462	4,722,462
Share premium	17	25,730,893	25,730,893
Capital contribution		2,556,501	2,556,501
Retained earnings		35,451,609	36,282,999
Total equity		<u>68,461,465</u>	<u>69,292,855</u>
Non-current liabilities			
Borrowings	18	8,246,613	8,246,613
Lease liabilities	19	61,443	85,176
Deferred income tax liabilities	20	5,988,947	5,988,947
		<u>14,297,003</u>	<u>14,320,736</u>
Current liabilities			
Trade and other payables	21	1,023,766	1,271,737
Contract liabilities	22	11,667,414	8,931,541
Borrowings	18	683,666	683,666
Lease liabilities	19	56,772	57,237
		<u>13,431,618</u>	<u>10,944,181</u>
Total liabilities		<u>27,728,621</u>	<u>25,264,917</u>
Total equity and liabilities		<u>96,190,086</u>	<u>94,557,772</u>

On 29 September 2022 the Board of Directors of Lanitis Golf Public Co. Limited authorised these condensed unaudited financial statements for issue.

Platon E. Lanitis
Director

Kevin Valenzia
Director

The notes on pages 9 to 21 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 2022 to 30 June 2022

	Share capital €	Share premium €	Capital contributions €	Retained earnings €	Total €
Balance at 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	-	-	-	(1,626,922)	(1,626,922)
Total comprehensive income for the period	-	-	-	(1,626,922)	(1,626,922)
Balance at 31 December 2021 / 1 January 2022	4,722,462	25,730,893	2,556,501	36,282,999	69,292,855
Comprehensive income					
Net loss for the period	-	-	-	(831,390)	(831,390)
Total comprehensive income for the period	-	-	-	(831,390)	(831,390)
Balance at 30 June 2022	4,722,462	25,730,893	2,556,501	35,451,609	68,461,465

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, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 9 to 21 form an integral part of these condensed unaudited financial statements.

LANITIS GOLF PUBLIC CO LIMITED

UNAUDITED STATEMENT OF CASH FLOWS

Period from 1 January 2022 to 30 June 2022

		Six months period ended 30/06/2022	Six months period ended 30/06/2021
	Note	€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(831,390)	(947,807)
Adjustments for:			
Depreciation of property, plant and equipment	10	11,070	11,861
Depreciation of right-of-use assets	11	27,829	13,902
Amortisation of intangible assets	12	520	520
Interest expense - Lease Liabilities	7	2,627	3,720
Interest expense - Bank borrowings	7	157	-
		(789,187)	(917,804)
Changes in working capital:			
Increase in inventories		(2,043,732)	(2,729,427)
Decrease/(increase) in financial assets at amortised cost		156,369	(16,115)
(Increase)/decrease in other non-financial assets		(17,080)	116,852
Increase in deferred expenses		(128,250)	(145,850)
(Decrease)/increase in trade and other payables		(247,973)	790,415
Increase in contract liabilities		2,735,873	5,113,386
Cash (used in)/generated from operations		(333,980)	2,211,457
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	10	(134,812)	(174,659)
Payment for purchase of right-of-use assets	11	(31,011)	-
Principal elements of lease payments	19	(24,198)	(25,201)
Proceed from disposal of right-of-use assets	11	25,856	-
Proceeds from disposal of property, plant and equipment	10	2,120	-
Net cash used in investing activities		(162,045)	(199,860)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(2,782)	-
Net cash used in financing activities		(2,782)	-
Net (decrease)/increase in cash and cash equivalents		(498,807)	2,011,597
Cash and cash equivalents at beginning of the period		7,007,188	5,656,925
Cash and cash equivalents at end of the period	16	6,508,381	7,668,522

The notes on pages 9 to 21 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 2022 to 30 June 2022

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, 3rd Floor, 3041, Limassol, Cyprus.

Unaudited financial statements

The condensed unaudited financial statements for the six months ended on 30 June 2021 and 2022 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 construction of its golf development project. Following a change in the group structure on 15 January 2020, the Company has secured sufficient funds to enable it to commence its development plan. During 2021, the Company began the construction of the golf project and entered into agreements with buyers for the reservation and sale of plots and apartments. During the year, the Company has also entered into agreements with buyers for the reservation and sale of villas and townhouses.

Operating Environment of the Company

The year 2021 was marked by the continuous effects of the COVID-19 pandemic, the emergence of new variants and the associated measures implemented by various governments globally with a view to delay the spread of the disease, safeguard public health and ensure the economic survival of working people, businesses, vulnerable groups and the economy at large.

To this end, the government of the Republic of Cyprus extended certain of the measures in place since 2020 and, in some cases, introduced new, economically costly, measures with the aim of protecting the population from further spread of the disease.

Some entry regulations continued to apply within 2022, which imposed limitations in the entry of individuals to the Republic of Cyprus. A considerable number of private businesses operating in various sectors of the economy closed for a period of time while a number of lockdown measures, such as prohibition of unnecessary movements and suspension of operations of non-essential businesses, including retail companies (subject to certain exemptions), were applied throughout the year. The measures were continuously revised (lifted or tightened) by the Republic of Cyprus during the year taking into consideration the epidemic status in the country.

Industries such as tourism, hospitality and entertainment have been directly and significantly disrupted by these measures. Other industries, such as manufacturing and financial services, have also been indirectly affected.

These measures have further restricted the economic activity both in Cyprus and globally and have severely impacted and could continue to negatively impact, businesses, market participants as well as the Cyprus and global economies as they persist for an unknown period of time. As a result of the measures imposed by the government, the Company did not face any major implications. The future effects of the COVID-19 pandemic and of the above measures on the Cyprus economy, and consequently on the future financial performance, cash flows and financial position of the Company, are difficult to predict and management's current expectations and estimates could differ from actual results. The Company's management believes that it is taking all the necessary measures to ensure minimum disruption to and sustainability of the Company's future plans in relation to the construction and development of the residential golf course project.

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2022 to 30 June 2022

During 2021, the Russian economy continued to be negatively impacted by the ongoing political tension in the region and international sanctions against certain Russian companies and individuals, with the tension intensifying towards the end of 2021 as a result of further developments of the situation with Ukraine. From late February 2022 the conflict between Russia and Ukraine escalated further and the situation remains highly unstable. In response to the conflict, a number of sanctions have been imposed on Russian entities to restrict them from having access to foreign financial markets, including removing access of several Russian banks to the international SWIFT system. The EU, UK and US (amongst others) have also imposed sanctions against the Russian central bank, restricting the access of the Russian state to foreign currency reserves, and introduced further asset freezes against designated individuals/entities and sectoral sanctions. These measures could negatively impact the construction industry of Cyprus as it depends significantly on the Russian market. A significant portion of the Company's sales have been made to Russians so this situation might affect future sales.

The situation is still evolving and further sanctions and limitations on business activity of companies operating in the region, as well as consequences on the Russian economy in general, may arise but the full nature and possible effects of these are unknown. It is not possible for management to predict with any degree of certainty the impact of this uncertainty on the future operations of the Company and estimate the financial effect on the Company. Whilst these uncertainties may impact the future income there is no material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management's plans include diversifying the customer portfolio in which they intend to attract for the sale of properties. This will avoid significant reliance in buyers from Russia Federation for which there could be uncertainty in the ability to receive the funds following the implementation of sanctions and restrictions on SWIFT systems. Management is closely monitoring the situation and is ready to act depending on the developments.

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.

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.

Significant accounting policies

The accounting policies adopted for the preparation of the condensed unaudited financial statements for the six months period ended 30 June 2022 are consistent with those followed for the preparation of the annual audited financial statements for the year ended 31 December 2021. The 2022 interim financial statements do not include all information and disclosures compared to the 2021 annual financial statements and should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

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 2022. 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 2022 to 30 June 2022

5. Expenses by nature

	Six months period ended 30/06/2022	Six months period ended 30/06/2021
	€	€
Staff costs (Note 6)	322,113	320,761
Depreciation and amortisation expense	39,420	26,283
Auditors' remuneration - current period	10,120	22,109
Auditors' remuneration - prior years	1,247	-
Marketing & Promotion expenses	169,938	209,213
Legal and professional	22,401	138,654
Motor vehicle running costs	9,608	7,235
Commitment fees	153,000	178,200
Other expenses	100,759	41,575
Total expenses	828,606	944,030

6. Staff costs

	Six months period ended 30/06/2022	Six months period ended 30/06/2021
	€	€
Salaries	274,483	277,703
Social security costs	25,290	23,558
GHS contribution	6,728	7,405
Social cohesion fund	4,640	5,107
Provident fund	10,972	6,988
	322,113	320,761

The Company participates in an external provident fund scheme run by an independent party, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service.

7. Finance costs

	Six months period ended 30/06/2022	Six months period ended 30/06/2021
	€	€
Net foreign exchange losses	2	57
Interest expense on lease liabilities	2,627	3,720
Other interest expense	155	-
Finance costs	2,784	3,777

8. Tax

The Company is subject to corporation tax on taxable profits at the rate of 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%.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2022 to 30 June 2022

8. Tax (continued)

Due to tax losses sustained in the period, 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.

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

	Six months period ended 30/06/2022	Six months period ended 30/06/2021
Loss attributable to shareholders (€)	(831,390)	(947,807)
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)	(30.10)	(34.32)

10. Property, plant and equipment

	Prefab house	Land and Golf Development	Plant and machinery	Motor vehicles	Furniture, fixtures and other equipment	Total
	€	€	€	€	€	€
Cost						
Balance at 1 January 2021	-	4,123,327	5,276	-	19,968	4,148,571
Additions	8,800	257,055	713	3,500	65,687	335,755
Interest capitalised during the year	-	20,411	-	-	-	20,411
Balance at 31 December 2021 / 1 January 2022	8,800	4,400,793	5,989	3,500	85,655	4,504,737
Additions	-	133,626	-	-	1,186	134,812
Disposals	-	-	-	-	(2,650)	(2,650)
Balance at 30 June 2022	8,800	4,534,419	5,989	3,500	84,191	4,636,899
Depreciation						
Balance at 1 January 2021	-	-	3,694	-	3,100	6,794
Charge for the period	880	-	599	700	19,952	22,131
Balance at 31 December 2021 / 1 January 2022	880	-	4,293	700	23,052	28,925
Charge for the period	440	-	300	350	9,980	11,070
On disposals	-	-	-	-	(530)	(530)
Balance at 30 June 2022	1,320	-	4,593	1,050	32,502	39,465
Net book amount						
Balance at 30 June 2022	7,480	4,534,419	1,396	2,450	51,689	4,597,434
Balance at 1 January 2022	7,920	4,400,793	1,696	2,800	62,603	4,475,812

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2022 to 30 June 2022

10. Property, plant and equipment (continued)

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	Six months period ended 30/06/2022	Six months period ended 30/06/2021
	€	€
Net book amount	<u>2,120</u>	-
Proceeds from disposal of property, plant and equipment	<u>2,120</u>	-

11. Right-of-use assets

	Buildings	Motor vehicles	Total
	€	€	€
Cost			
Balance at 1 January 2021	89,523	37,269	126,792
Additions	22,436	66,049	88,485
Balance at 31 December 2021	111,959	103,318	215,277
Balance at 1 January 2022	111,959	103,318	215,277
Additions	-	31,011	31,011
Disposals	-	(31,027)	(31,027)
Balance at 30 June 2022	111,959	103,302	215,261
Depreciation			
Balance at 1 January 2021	22,436	7,454	29,890
Charge for the period	27,805	21,606	49,411
Balance at 31 December 2021	50,241	29,060	79,301
Balance at 1 January 2022	50,241	29,060	79,301
Charge for the period	13,902	13,927	27,829
Disposals	-	(5,171)	(5,171)
Balance at 30 June 2022	64,143	37,816	101,959
Net book amount			
Balance at 30 June 2022	47,816	65,486	113,302
Balance at 1 January 2022	61,718	74,258	135,976

Amounts recognised in profit and loss:

	Six months period ended 30/06/2022	Six months period ended 30/06/2021
	€	€
Interest expense on lease liabilities	<u>(2,627)</u>	<u>(3,720)</u>

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2022 to 30 June 2022

12. Intangible assets

	Computer software €
Cost	
Balance at 1 January 2021	3,303
Additions	<u>3,098</u>
Balance at 31 December 2021	<u>6,401</u>
Balance at 1 January 2022	<u>6,401</u>
Balance at 30 June 2022	<u>6,401</u>
Amortisation	
Balance at 1 January 2021	3,303
Charge for the period	<u>1,033</u>
Balance at 31 December 2021	<u>4,336</u>
Balance at 1 January 2022	<u>4,336</u>
Charge for the period	<u>520</u>
Balance at 30 June 2022	<u>4,856</u>
Net book amount	
Balance at 30 June 2022	<u>1,545</u>
Balance at 1 January 2022	<u>2,065</u>

13. Inventories

	Six months period ended 30/06/2022 €	Audited 31/12/2021 €
Property under development	<u>83,207,223</u>	<u>81,163,491</u>
	<u>83,207,223</u>	<u>81,163,491</u>

Analysis of cost of property under development:

	Six months period ended 30/06/2022 €	Audited 31/12/2021 €
Balance brought forward	81,163,491	75,786,364
Interest capitalised during the year	-	390,940
Development costs capitalised during the year	<u>2,043,732</u>	<u>4,986,187</u>
Total	<u>83,207,223</u>	<u>81,163,491</u>

Capitalised costs of €2,043,732 (2021: €4,986,187) includes costs which were incurred in relation to the construction and development of residential premises.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2022 to 30 June 2022

13. Inventories (continued)

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. Financial assets at amortised cost

	Six months period ended 30/06/2022	Audited 31/12/2021
	€	€
Receivables from parent (Note 23.2)	155,809	150,129
Other receivables	21,729	183,778
	<u>177,538</u>	<u>333,907</u>

The fair values of financial assets at amortised cost due within one year approximate to their carrying amounts as presented above.

15. Other non-financial assets

	Six months period ended 30/06/2022	Audited 31/12/2021
	€	€
Prepayments	74,944	57,864
Deferred expenses	1,049,254	921,004
	<u>1,124,198</u>	<u>978,868</u>

Deferred expenses relate to the contract liabilities of €11,667,414 (Note 22) which represents advances from clients for the sale of units within the resort.

16. Cash at bank and in hand

	Six months period ended 30/06/2022	Audited 31/12/2021
	€	€
Cash at bank and in hand	6,508,381	7,007,188
	<u>6,508,381</u>	<u>7,007,188</u>

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

	Six months period ended 30/06/2022	Audited 31/12/2021
	€	€
Cash at bank and in hand	6,508,381	7,007,188
Bank overdrafts and short term loans (Note 18)	(683,666)	(683,666)
	<u>5,824,715</u>	<u>6,323,522</u>

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2022 to 30 June 2022

16. Cash at bank and in hand (continued)

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 30/06/2022 €	Audited 31/12/2021 €
Euro - functional and presentation currency	<u>6,508,381</u>	<u>7,007,188</u>
	<u>6,508,381</u>	<u>7,007,188</u>

17. Share capital and share premium

	2022 Number of shares	2022 €	2021 Number of shares	2021 €
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 2021	<u>2,761,674</u>	<u>4,722,462</u>	<u>25,730,893</u>	<u>30,453,355</u>
Balance at 31 December 2021	<u>2,761,674</u>	<u>4,722,462</u>	<u>25,730,893</u>	<u>30,453,355</u>
Balance at 1 January 2022	<u>2,761,674</u>	<u>4,722,462</u>	<u>25,730,893</u>	<u>30,453,355</u>
Balance at 30 June 2022	<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 (2021: 3,000,000 shares) with a par value of €1.71 per share. All issued shares are fully paid.

18. Borrowings

	Six months period ended 30/06/2022 €	Audited 31/12/2021 €
Current borrowings		
Borrowings from related parties (Note 23.4)	<u>683,666</u>	<u>683,666</u>
	<u>683,666</u>	<u>683,666</u>
Non-current borrowings		
Borrowings from related parties (Note 23.4)	<u>8,246,613</u>	<u>8,246,613</u>
	<u>8,246,613</u>	<u>8,246,613</u>
Total	<u>8,930,279</u>	<u>8,930,279</u>

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2022 to 30 June 2022

18. Borrowings (continued)

Maturity of non-current borrowings:

	Six months period ended 30/06/2022	Audited 31/12/2021
	€	€
Between two and five years	<u>8,246,613</u>	<u>8,246,613</u>

The borrowings from related parties are repayable by 31 December 2025.

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.

The weighted average effective interest rates at the reporting date were as follows:

	Six months period ended 30/06/2022	Audited 31/12/2021
	%	%
Borrowings from related parties	5	5

The Company borrowings are denominated in the following currencies:

	Six months period ended 30/06/2022	Audited 31/12/2021
	€	€
Euro - functional and presentation currency	<u>8,930,279</u>	<u>8,930,279</u>
	<u>8,930,279</u>	<u>8,930,279</u>

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2022 to 30 June 2022

19. 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 30/06/2022 €	Audited 31/12/2021 €
Right-of-use assets		
Motor vehicle	65,486	74,258
Buildings	<u>47,816</u>	<u>61,718</u>
	<u>113,302</u>	<u>135,976</u>
Lease Liabilities		
Non-current	61,443	85,176
Current	<u>56,772</u>	<u>57,237</u>
	<u>118,215</u>	<u>142,413</u>

20. 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 2021	<u>5,988,947</u>
Balance at 31 December 2021	<u>5,988,947</u>
Balance at 1 January 2022	<u>5,988,947</u>
Balance at 30 June 2022	<u>5,988,947</u>

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2022 to 30 June 2022

20. Deferred tax (continued)

Deferred tax assets

	Tax losses €
Balance at 1 January 2021	231,494
Charged/(credited) to:	
Charged to Profit or Loss	<u>228,971</u>
Balance at 31 December 2021	<u>460,465</u>
 Balance at 1 January 2022	 <u>460,465</u>
Balance at 30 June 2022	<u>460,465</u>

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 2021, the Company had tax losses carried forward amounting to €3,683,723 for which a deferred tax asset was recognised. From these losses an amount of €310,148 expires in 2023, €261,328 expires in 2024, €1,280,478 expires in 2025 and €1,831,769 expires in 2026.

21. Trade and other payables

	Six months period ended 30/06/2022	Audited 31/12/2021
	€	€
Social insurance and other taxes	18,150	271,293
VAT	260,196	177,845
Accruals	47,132	24,006
Other creditors	691,530	578,752
Payables to related parties (Note 23.3)	<u>6,758</u>	<u>219,841</u>
	<u>1,023,766</u>	<u>1,271,737</u>

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

22. Contract liabilities

	Six months period ended 30/06/2022	Audited 31/12/2021
	€	€
Client advances	<u>11,667,414</u>	8,931,541
	<u>11,667,414</u>	<u>8,931,541</u>

Client advances represent advances from clients for the sale of plots, apartments, townhouses and villas.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2022 to 30 June 2022

23. 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:

23.1 Related party transactions

		Six months period ended 30/06/2022	Six months period ended 30/06/2021
	<u>Nature of transactions</u>	€	€
Lanitis Farm Limited	Rent expense	15,922	12,174
Lanitis E.C. Holdings Limited	Management fees	9,000	12,000
Cybarco Development Limited	Marketing and promotion	134,288	145,992
Cybarco Contracting Limited	Construction costs	1,730,733	410,075
Cybarco Contracting Limited	IT support fees	2,344	1,137
		<u>1,892,287</u>	<u>581,378</u>

23.2 Receivables from related parties

Name	Relationship	Six months period ended 30/06/2022	Audited 31/12/2021
		€	€
MCY Development Limited	Parent Company	155,809	150,129
Amol Enterprises Limited	Related Party	705	-
		<u>156,514</u>	<u>150,129</u>

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

23.3 Payables to related parties (Note 21)

Name	Six months period ended 30/06/2022	Audited 31/12/2021
	€	€
Amol Enterprises Limited	-	6,454
Lanitis Farm Limited	588	1,383
Cybarco Development Limited	-	202,367
Lanitis E.C. Holdings Limited	5,355	7,140
Cybarco Contracting Limited	815	2,497
	<u>6,758</u>	<u>219,841</u>

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

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2022 to 30 June 2022

23. Related party balances and transactions (continued)

23.4 Borrowing from related parties (Note 18)

	Six months period ended 30/06/2022 €	Audited 31/12/2021 €
At beginning of year	8,930,279	8,518,927
Unwinding of interest expense	-	411,352
	<u>8,930,279</u>	<u>8,930,279</u>

(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.

24. Significant agreements with management

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

25. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2022.

26. 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 2021.

An amount of €961,920 is payable to the Electricity Authority of Cyprus upon the completion of the relevant installation and connection of the electricity supply.

An amount of €820,000 is payable to the Water Development Department for as contribution for the construction of a water pipeline for the provision of potable water to the area of the project.

27. Events after the reporting period

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements, other than the ongoing Russian/Ukrainian situation described in Note 1.