

**Approval of Annual Financial Statements for the year ended 31
December 2019**

Please find attached the announcement concerning the approval of the annual financial statements for Lanitis Golf Public Co Limited, for the year ended 31 December 2019, along with the annual financial statements for the year ended 31 December 2019.

Attachments:

1. **Announcement for approval of financial statements**
2. **Annual Financial Statements for the year ended 31 December 2019**

Non Regulated

Publication Date: 29/06/2020



Lanitis Golf Public Co. Ltd
Γραφείο Γραμματέα

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Announcement

Mr. Nicos Trypatsas
Deputy General Manager
CSE
Nicosia

29 June, 2020

Dear Mr. Trypatsas,

Subject: Approval and Publication of the Audited Financial Statements of Lanitis Golf Public Co Limited, for the year ended December 31, 2019

Based on the regulations of the Emerging Companies Market of the Cyprus Stock Exchange (the "CSE"), we hereby would like to inform you that the Board of Directors of Lanitis Golf Public Co Limited (the "Company"), on 29 June 2020 considered and approved the Annual Financial Statements for the year ended 31st December 2019 (the "Report") which were prepared in accordance with the International Accounting Standards and International Financial Reporting Standards, which are attached to this announcement.

The full Report will be available at the Company's offices, 21 Archbishop Kyprianou Street, 3036 Limassol and at the Cyprus Stock Exchange website (www.cse.com.cy).

Sincerely,
On behalf of the Company

Panayiotis M. Charalambous for
P&D Secretarial Services Ltd
Secretary

LANITIS GOLF PUBLIC CO LIMITED

**ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019**

LANITIS GOLF PUBLIC CO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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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 (appointed on 15 January 2020) Demetris Solomonides (appointed on 15 January 2020) Kevin Valenzia (appointed on 15 January 2020) Mark Gasan (appointed on 15 January 2020) Alec Mizzi (appointed on 15 January 2020) Matthew Portelli (appointed on 15 January 2020) Costas E. Lanitis (resigned on 15 January 2020) Valentina Panagi Pappou (resigned on 30 August 2019)
Company Secretary:	P & D Secretarial Services Limited
Independent Auditors:	Deloitte Limited Certified Public Accountants and Registered Auditors Maximos Plaza, Tower 1, 3rd Floor 213 Arch. Makariou III Avenue 3030 Limassol
Legal Advisers:	Charalambous, Kountouris & Co LLC
Registered office:	10 Georgiou Gennadiou Street Agathangelos Court 3041, Limassol
Bankers:	Bank of Cyprus Public Company Ltd Eurobank EFG Cyprus Ltd
Registration number:	HE196800

LANITIS GOLF PUBLIC CO LIMITED

MANAGEMENT REPORT

The Board of Directors of Lanitis Golf Public Co Limited (the "Company") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 December 2019.

Incorporation

The Company Lanitis Golf Public Co Limited (the "Company") was incorporated in Cyprus on 18 April 2007 as a 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 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. During the year, the Company carried out no trading activities.

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

The Company is the owner of land of about 1.400 decares near the 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 the 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 year ended 31 December 2019, is €288.668 (2018: loss of €353.376). The Company, at present, has no income relating to its business activities since the project is under development. 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. As a result of the loss during the period, the net assets value of the Company as at 31 December 2019, decreased to €62.471.965 from €62.760.633 which was as at 31 December 2018.

On 15 January 2015, the Company obtained the approval from the CSE to trade its shares on the Emerging Companies Market. The trading of the shares commenced on 20 January 2015 and the CSE will undertake the observance of the above Registry in the Central Depository/ Registry of CSE.

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 Notes 5, 6 and 25(ii) of the financial statements.

Existence of branches

The Company does not maintain any branches.

Results

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

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 year under review.

Implementation and compliance to the Code of Corporate Governance

The Company recognises the importance of implementing sound corporate governance policies, practices and procedures. As a company listed on the Cyprus Stock Exchange (CSE), Lanitis Golf Public Co Limited has adopted CSE's Corporate Governance Code and applies its principles.

In March 2006 the CSE issued a revised Code of Corporate Governance. The Company complies with all the provisions of the revised Code.

LANITIS GOLF PUBLIC CO LIMITED

MANAGEMENT REPORT

Board of Directors

The members of the Company's Board of Directors as at 31 December 2019 and at the date of this report are presented on page 1. On 30 August 2019 Mrs. Valentina Panagi Pappou resigned from the Board of Directors. On 15 January 2020 Mr. Costas E. Lanitis resigned from the Board of Directors and at the same date Mr. Costas Charitou, Mr. Demetris Solomonides, Mr. Kevin Valenzia, Mr. Mark Gasan, Mr. Alec Mizzi and Mr. Matthew Portelli assigned to the Board of Directors.

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 25 of the financial statements.

Events after the reporting period

Details regarding the recent and rapid development of the Corona Virus disease (Covid-19) through the world and other significant events after the reporting period are described in Note 25 to the financial statements.

Independent Auditors

The independent auditors, Deloitte Limited, have expressed their willingness to continue in office and a resolution authorising the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,



Platon E. Lanitis
Chairman

Limassol, 29 June 2020

LANITIS GOLF PUBLIC CO LIMITED

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

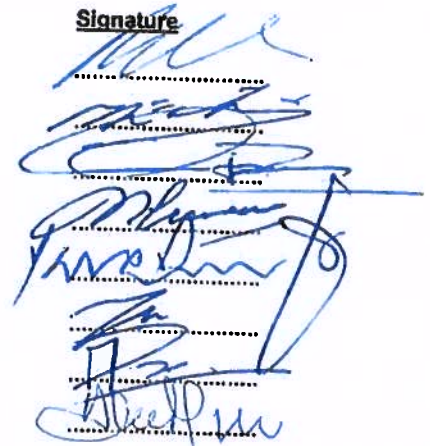
In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the financial statements of Lanitis Golf Public Co Limited (the "Company") for the year ended 31 December 2019, on the basis of our knowledge, declare that:

- (a) The annual financial statements of the Company which are presented on pages 9 to 33:
- (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:

<u>Name</u>	<u>Position</u>
Platon E. Lanitis (Chairman)	Director
Marios E. Lanitis	Director
Costas Charitou	Director
Demetris Solomonides	Director
Kevin Valenzia	Director
Mark Gasan	Director
Matthew Portelli	Director
Alec Mizzi	Director

Signature



Responsible for drafting the financial statements

<u>Name</u>	<u>Position</u>
Adonis Soteriou	Chief Financial Officer

Signature



Limassol, 29 June 2020

Independent Auditor's Report

To the Members of Lanitis Golf Public Co Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lanitis Golf Public Co Limited (the "Company"), which are presented in pages 9 to 33 and comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and 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 2019, 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.

Description of key Audit Matters

Valuation of investment property.

The carrying value of the Company's investment property amounted to €70.911.576. Significant judgment is required by management in determining the fair value of investment property.

Accordingly, the valuation of investment properties is considered to be a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the significant judgment and subjectivity associated with determining the fair value.

How the matter was addressed in our audit

We have performed, amongst others the following audit procedures, in order to address the risks of material misstatement associated with this key audit matter:

Obtained an understanding of the internal controls surrounding the valuation process for investment property and assessed their design and implementation.

We have reviewed the report prepared by property valuer on which the management based its assessment.

We assessed the competence, capabilities and objectivity of management's third party valuer, as well as his independence, and verified his qualifications.

Independent Auditor's Report (continued)

To the Members of Lanitis Golf Public Co Limited

Description of key Audit Matters

The management determines the fair value of its investment property using independent property valuers. Such valuations are prepared once a year at the instruction of the management.

The inputs with the most significant impact on these valuations are disclosed in Note 13.

How the matter was addressed in our audit

We have assessed whether the valuation methodology is appropriate and main assumptions as well as the mathematical accuracy of the calculations, by making comparisons to market data and economic expectations, in order to assess whether these judgments are within reasonably acceptable levels.

We have assessed the completeness and accuracy of the disclosures in the financial statements in relation to investment properties.

The above procedures were completed in a satisfactory manner.

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.

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.

Independent Auditor's Report (continued)

To the Members of Lanitis Golf Public Co Limited

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 the 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 the Board of Directors 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, related safeguards.

From the matters communicated with the Board of Directors, 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.

Independent Auditor's Report (continued)

To the Members of Lanitis Golf Public Co Limited

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 material misstatements in the Management Report.

Other Matter

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 Mr. Andreas Georgiou.



Mr. Andreas Georgiou
Certified Public Accountant and Registered Auditor
for and on behalf of
Deloitte Limited
Certified Public Accountants and Registered Auditors

Limassol, 29 June 2020

LANITIS GOLF PUBLIC CO LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 €	2018 €
Administration expenses		<u>(158.900)</u>	<u>(249.886)</u>
Operating loss	7	(158.900)	(249.886)
Net finance costs	9	<u>(129.768)</u>	<u>(103.490)</u>
Loss before tax		(288.668)	(353.376)
Tax	10	<u>-</u>	<u>-</u>
Loss for the year		(288.668)	(353.376)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(288.668)</u>	<u>(353.376)</u>
Basic and diluted loss per share attributable to equity holders of the parent (cent)	11	<u>(11.55)</u>	<u>(14.13)</u>


The notes on pages 13 to 33 form an integral part of these financial statements.


LANITIS GOLF PUBLIC CO LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

ASSETS	Note	2019 €	2018 €
Non-current assets			
Property, plant and equipment	12	6.289.431	5.249.324
Investment property	13	<u>70.911.576</u>	<u>70.911.576</u>
		<u>77.201.007</u>	<u>76.160.900</u>
Current assets			
Receivables		182.365	43.568
Cash and cash equivalents	15	<u>65.352</u>	<u>373.304</u>
		<u>247.717</u>	<u>416.872</u>
TOTAL ASSETS		<u><u>77.448.724</u></u>	<u><u>76.577.772</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		4.275.019	4.275.019
Share premium	16	19.113.436	19.113.436
Retained earnings		<u>39.083.510</u>	<u>39.372.178</u>
Total equity		<u>62.471.965</u>	<u>62.760.633</u>
Non-current liabilities			
Borrowings	17	-	2.856.490
Trade and other payables	19	405.572	4.405.784
Deferred tax liabilities	18	<u>5.988.947</u>	<u>5.988.947</u>
		<u>6.394.519</u>	<u>13.251.221</u>
Current liabilities			
Trade and other payables	19	5.096.146	565.918
Borrowings	17	<u>3.486.094</u>	<u>-</u>
		<u>8.582.240</u>	<u>565.918</u>
Total liabilities		<u>14.976.759</u>	<u>13.817.139</u>
TOTAL EQUITY AND LIABILITIES		<u><u>77.448.724</u></u>	<u><u>76.577.772</u></u>

On 29 June 2020 the Board of Directors of Lanitis Golf Public Co Limited authorised these financial statements for issue.


.....
Director


.....
Director

The notes on pages 13 to 33 form an integral part of these financial statements.

LANITIS GOLF PUBLIC CO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2018	4.275.019	19.113.436	39.725.554	63.114.009
Comprehensive income				
Net loss for the year	-	-	(353.376)	(353.376)
Balance at 31 December 2018/ 1 January 2019	4.275.019	19.113.436	39.372.178	62.760.633
Comprehensive income				
Net loss for the year	-	-	(288.668)	(288.668)
Balance at 31 December 2019	<u>4.275.019</u>	<u>19.113.436</u>	<u>39.083.510</u>	<u>62.471.965</u>

Share premium is not available for distribution.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 13 to 33 form an integral part of these financial statements.

LANITIS GOLF PUBLIC CO LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 €	2018 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(288.668)	(353.376)
Adjustments for:			
Depreciation of property, plant and equipment	12	779	528
Interest expense	9	129.114	102.846
		(158.775)	(250.002)
Changes in working capital:			
Increase in receivables		(138.797)	(14.808)
Increase/ (decrease) in trade and other payables		30.016	(223.674)
Cash used in operations		(267.556)	(488.484)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	12	(540.886)	(536.152)
Net cash used in investing activities		(540.886)	(536.152)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		500.490	1.500.000
Interest paid		-	(102.846)
Net cash generated from financing activities		500.490	1.397.154
Net (decrease)/increase in cash and cash equivalents		(307.952)	372.518
Cash and cash equivalents at beginning of the year		373.304	786
Cash and cash equivalents at end of the year		65.352	373.304

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

Changes in liabilities arising from financing activities

	1 January 2019 Euro	Cash flow from proceeds/(repayments) Euro	Non-cash Items Interest expense/ other non-cash transactions Euro	31 December 2019 Euro
Loans payables	2.856.490	500.490	129.114	3.486.094
Payable from related party	1.500.000	-	-	1.500.000
Total	4.356.490	500.490	129.114	4.986.094

	1 January 2018 Euro	Cash flow from proceeds/(repayments) Euro	Non-cash Items Interest expense/ other non-cash transactions Euro	31 December 2018 Euro
Loans payables	2.680.010	(102.846)	279.326	2.856.490
Payable from related party	-	1.500.000	-	1.500.000
Total	2.680.010	1.397.154	279.326	4.356.490

The notes on pages 13 to 33 form an integral part of these financial statements.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 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. Its registered office is at 10 Georgiou Gennadiou Street, Agathangelos Court, 3041, Limassol.

Principal activities

The principal activities of the Company 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. During the year, the Company carried out no trading activities.

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 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. Critical accounting estimates and assumptions are disclosed in Note 6.

Going concern basis

The Company incurred a loss of €288.668 for the year ended 31 December 2019 (2018: loss of €353.376) and as of that date the Company's current liabilities exceeded its current assets by €8.334.523. The Company is currently not carrying out any trading activities and it is at the early stages of the development of its special leisure and residential golf course project (the "Project"). The management has assessed that the going concern assumption for preparation of the financial statements is appropriate by considering the business plan, repayment plans and sources of funding and ability of settlement of liabilities including bank loans

As stated in Note 17, as at the date of issuance of these financial statements, Lanitis E.C. Holdings Limited and the Co-Obligors (Lanitis Farm Limited and the Company) made significant loan repayments towards the senior and the subordinated term facility. Furthermore as a result of the latest payment towards the key lender, on 15 January 2020, the Company and its Co-Obligors have settled bank borrowings of the Co-Obligors towards the key lender, including full settlement of the bank facilities (€1,2 million as of 31 December 2019) of the Company. On the same date, the key lender has released the Company from being a Co-Obligor and all pledges and guarantees relating to the Company's shares and immovable property assets have been released. In addition, as part of the major shareholders agreement concluded on 15 January 2020 (see Note 25i), the Company through its shareholders has secured shareholders funding to be used for the development of its Project. Further, in accordance with the said shareholders agreement (finalised 15 January 2020) the majority of related party amounts due at year end (approximately €7.1 million as of 31 December 2019) will not be cash settled in 2020 and be capitalised through the issue of shares. In addition, as explained in more detail in Note 25ii)- Corona Virus, the management has evaluated the risks and uncertainties relating to the outbreak of COVID -19 and its possible impact on the operations and financial affairs of the company and as of today has assessed that no liquidity needs would be experienced in the following twelve months.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Basis of preparation (continued)

Based on the above transactions and events, the management has concluded that the Company will be able to realise its assets and satisfy its liabilities in the normal course of business and the going concern basis of preparation of financial statements is appropriate.

3. Adoption of new or revised standards and Interpretations

During the year, the Company adopted on new and amended International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and as adopted by the EU, and that are effective for periods beginning on or after 1 January 2019. This adoption did not have a material impact in the Accounting policies of the Company.

The most significant change in 2019 in IFRSs was the issuance of IFRS 16 Leases, which fundamentally changed the accounting for lessees. As the company is neither the lessee, nor lessor in any lease arrangement, there was no impact from the application of the standard

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. The adoption of new accounting pronouncements did not have a material impact to these accounting policies compared to prior year.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Significant accounting policies (continued)

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Cost of an item of PPE includes its purchase price and any directly attributable costs. Subsequent costs, including borrowing costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Computer Hardware	20
Plant and machinery	10

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Significant accounting policies (continued)

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

The land owned by the Company was temporarily categorised as investment property, as it is held for a currently undetermined future use and is regarded as held for capital appreciation, and when the final decision will be taken as to the part of the land to be used for development and the part to be separated in building plots, it will be transferred to the relevant categories according to their intended use.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs (see above accounting policy on borrowing cost). After initial recognition, investment property is carried at fair value. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Changes in fair value are recognised in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and included within administrative expenses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial assets – Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt 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 at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis. The Company does not hold any investments in equity instruments.

All other financial assets are classified as measured at FVTPL.

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

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.

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. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. There are three measurement categories into which the Company classifies its debt instruments:

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Significant accounting policies (continued)

Financial assets – Measurement (continued)

Debt instruments (continued)

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 profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, and receivables from related parties.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and certain foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses).

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/ (losses)" in the period in which it arises.

Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (cash and cash equivalents, bank deposits with original maturity of over 3 months and receivables from related parties) measured at AC and FVOCI and the ECL arising from the exposure to loan commitments and financial guarantee contracts. 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.

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 profit or loss and other comprehensive income.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of: the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Debt instruments measured at amortized cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognised and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset 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.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Significant accounting policies (continued)

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

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 5, 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 5, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term;

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort:

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread,
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Default and impaired

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Significant accounting policies (continued)

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.

Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value..

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs (see above).

Modification of financial liabilities

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that 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 rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

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.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Significant accounting policies (continued)

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.

Segmental analysis

The Company considers that there are no separate operating segments under IFRS 8 "Operating Segments" for which there is discrete financial information for making decisions on allocating resources and evaluating their performance. The Management of the Company (Board of Directors) (upper body for making operational decisions) take decisions for resource allocation and assessing their performance based on internal reports at Company level. These reports are in accordance with IFRS used for the preparation of the financial statements. There is no additional information on the performance of individual segments.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

Comparatives

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

5. Financial risk management

Financial risk factors

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

5.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2019 €	2018 €
Variable rate instruments		
Financial liabilities	<u>3.486.094</u>	<u>4.411.066</u>
	<u>3.486.094</u>	<u>4.411.066</u>

5.2 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has no trading activities and trading transactions with counterparties. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. Financial risk management (continued)

5.2 Credit risk (continued)

(i) Risk management

Credit risk is managed on an individual basis.

For banks and financial institutions, only independently rated parties with a minimum rating of high credit quality financial institutions ' are accepted. If customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

(ii) Impairment of financial assets

Credit risk is managed on an individual basis.

The Company's loan receivables, cash and cash equivalents and financial guarantee contracts are subject to the expected credit loss model.

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

	Maximum credit exposure	
	2019	2018
	Euro	Euro
Receivables from related parties	104.911	-
Cash at bank	65.352	373.304
	<u>170.263</u>	<u>373.304</u>

As far as the Company's exposure to credit risk associated to financial guarantee contracts refer to Note 17 (Borrowings) where disclosures are provided regarding the facts and conditions that the Company during the year and at year end had issued a corporate guarantee together with other affiliated companies belonging to Lanitis E.C. Holdings Limited Group (the Group) as security for bank borrowings provided the Group. It is worth mentioning that at 15 January 2020, the bank has released the company from the said corporate guarantee.

Cash and cash equivalents

The Company measures its expected credit loss for its cash and bank deposits by reference to the banks' external credit ratings and relevant published default and loss rates. The Company monitors changes in external credit ratings and default rates and compares these to credit risk at initial recognition. Cash held at banks with investment grade are assessed as low credit risk and belong to Stage 1. As the Company's deposits are held in banks with high credit quality ratings with investment grade, the probability of default is low and the expected credit loss is minimal. Thus, no loss has been recognized in the financial statements.

Receivable from related companies

The Company measures the ECL for related parties' balances by performing an individual credit risk assessment in each case. The Company takes into account forward looking information and various recovery strategies and the probability weighted outcome of the ECL, being the product of probability of default, loss given default rates and exposure at default. The Company estimates the projected cash inflow from maintainable income on probability weighted basis and calculates the probability weighted cash flows to be generated to repay the balances. Based on the expected cash flows to be generated by the related parties that borrowed the funds, the ECL is calculated on the difference between the carrying amount and the present of the estimated cash flow of the borrower. No Credit loss has been recognised in the financial statements.

Financial guarantees

With regards to the financial guarantee contracts (see Note 17), the expected loss allowance is estimated based on individual assessment per guarantee, considering the related party's liquidity position and ability to pay its obligations. The management has also considered the business plans and the ability of the debtors to generate future cash flows and the fair values of related real estate properties of the Group on which the borrowings are secured, in order to assess the probability of default and the ability of the affiliated debtors to repay their bank obligations. Taking into consideration these factors, the management assessed that the resulting loss allowance is insignificant and no loss has been booked during the year with regards to the financial guarantee contracts.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. Financial risk management (continued)

5.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2019	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Bank loans (i)	1.251.961	1.253.787	1.253.787	-	-	-	-
Other payables	601.709	601.709	601.709	-	-	-	-
Payables to related parties (i)	4.470.456	4.470.456	4.470.456	-	-	-	-
Payables to parent company	405.572	405.572	-	-	-	-	405.572
Loans from related companies (i)	516.384	521.547	521.547	-	-	-	-
Loan from parent company (i)	1.717.749	1.734.927	1.734.927	-	-	-	-
	8.963.831	8.987.998	8.582.426	-	-	-	405.572

31 December 2018	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Bank loans	1.208.693	1.401.518	-	-	-	-	1.401.518
Other payables	502.998	502.998	502.998	-	-	-	-
Payables to related parties	4.459.319	4.459.319	-	53.535	-	-	4.405.784
Loan from parent company	1.647.797	2.177.220	-	-	-	-	2.177.220
	7.818.807	8.541.055	502.998	53.535	-	-	7.984.522

The above tables excludes the impact in liquidity from the financial guarantees issued. The impact is included in Note 17.

6. Critical accounting estimates, judgments and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

Critical judgements in applying the Company's accounting policies

- **Fair value of investment property**

The Company's investment property is measured at fair value for financial reporting purposes. The fair value of investment property is determined on the basis of a valuation carried out by an independent valuer and judgment is used to select a variety of valuation techniques and make assumptions that are mainly based on market conditions existing at each reporting date. Furthermore, in estimating the fair value of the investment property, the valuer uses market observable data to the extent it is available. The uncertain economic conditions in Cyprus together with the limited number of sale transactions and availability of data for similar development projects, makes it difficult to predict all developments which could have an impact on the real estate property prices. In performing the valuations, in addition to the available historical data, the independent valuers use their professional judgment, as well as their recent experience in the valuation of properties in the relevant locations and similar projects and transactions. The management of the Company works closely with the qualified independent valuer to establish the appropriate valuation technique and inputs to the model, as well as assesses whether these model and inputs are applicable for the determination of the fair value of the investment property. (Refer to Note 13).

7. Operating loss

	2019 €	2018 €
Operating loss is stated after charging the following items:		
Depreciation of property, plant and equipment (Note 12)	779	528
Staff costs (Note 8)	19,950	-
Auditors' remuneration	6,750	6,750

8. Staff costs

	2019 €	2018 €
Salaries	18,333	-
Social security costs	1,250	-
Social cohesion fund	367	-
	<u>19,950</u>	<u>-</u>

9. Finance costs

	2019 €	2018 €
Interest expense	129,114	102,846
Sundry finance expenses	654	644
Finance costs	<u>129,768</u>	<u>103,490</u>

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Tax

The total charge for the year can be reconciled to the accounting results as follows:

	2019 €	2018 €
Loss before tax	<u>(288.668)</u>	<u>(353.376)</u>
Tax calculated at the applicable tax rates	(36.084)	(44.172)
Tax effect of expenses not deductible for tax purposes	3.449	5.597
Tax effect of allowances and income not subject to tax	(31)	(132)
Tax effect of tax loss for the year	<u>32.666</u>	<u>38.707</u>
Tax charge	<u>-</u>	<u>-</u>

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%.

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.

The Company has tax losses carry forward of €352.125 for which no deferred tax asset has been recognised, because it is not probable that the entity will have sufficient taxable profits against which such losses can be utilised.

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

	2019	2018
Loss attributable to shareholders (€)	<u>(288.668)</u>	<u>(353.376)</u>
Weighted average number of ordinary shares in issue during the year	<u>2.500.011</u>	<u>2.500.011</u>
Basic and diluted loss per share attributable to equity holders of the parent (cent)	<u>(11,55)</u>	<u>(14,13)</u>

12. Property, plant and equipment

	Plant and machinery €	Computer Hardware €	Golf Development expenses €	Total €
Cost				
Balance at 1 January 2018	5.276	-	4.210.535	4.215.811
Additions	-	-	1.036.152	1.036.152
Balance at 31 December 2018/ 1 January 2019	5.276	-	5.246.687	5.251.963
Additions	-	1.254	1.039.632	1.040.886
Balance at 31 December 2019	5.276	1.254	6.286.319	6.292.849
Depreciation				
Balance at 1 January 2018	2.111	-	-	2.111
Charge for the year	528	-	-	528
Balance at 31 December 2018/ 1 January 2019	2.639	-	-	2.639
Charge for the year	528	251	-	779
Balance at 31 December 2019	3.167	251	-	3.418
Net book amount				
Balance at 31 December 2019	<u>2.109</u>	<u>1.003</u>	<u>6.286.319</u>	<u>6.289.431</u>
Balance at 31 December 2018	<u>2.637</u>	<u>-</u>	<u>5.246.687</u>	<u>5.249.324</u>

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. Investment property

	2019	2018
	€	€
Balance at 1 January	<u>70.911.576</u>	<u>70.911.576</u>
Balance at 31 December	<u><u>70.911.576</u></u>	<u><u>70.911.576</u></u>

Fair value hierarchy

The Company is the owner of land of about 1.400 decares 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 the casino. The Company aims to develop a fully integrated golf and real estate development project on the site of its existing citrus plantations. 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 fair value of the Company's investment property as at 31 December 2019 has been arrived at on the basis of a valuation carried out during the year by an independent valuer not connected with the Company. The independent valuer, who is a member of the Royal Institution of Chartered Surveyors (R.I.C.S.) and the Technical Chamber of Cyprus (ETEK), has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to the Income Approach (Discounted Cashflow), on the basis that potential real estate development entrepreneur will acquire the whole project with the purpose of developing, selling and gaining profits (residual value approach). Considering the said valuation as well as other factors, the management of the Company determined the value of the land on which a fully integrated golf and real estate development will be developed, to be €77.197.895. This amount includes the up to date "Golf Development Expenses" of €6.286.319, which are presented under property, plant and equipment (Note 12).

The land owned by the Company was temporarily categorised as investment property and when the final decision will be taken as to the part of the land to be used for development and sale (inventory), which part to be held for own use/owner occupied (property, plant and equipment) and which part to be held for lease out for rental income (investment property), it will be transferred to the relevant categories according to their use.

Details of the Company's investment property and information about the fair value hierarchy as at the end of the reporting period are as follows:

	2019	2018
	€	€
Level 3		
Land	<u>70.911.576</u>	<u>70.911.576</u>
	<u><u>70.911.576</u></u>	<u><u>70.911.576</u></u>

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. Investment property (continued)

Fair value hierarchy (continued)

For the investment property categorized into Level 3 of the fair value hierarchy, the following information is relevant:

<u>Investment property</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>
Land	Income Approach (Discounted cashflow)	Phase I: Gross Development Value (GDV) €159.310.000 (from March 2022 to December 2029) Phase II: GDV €239.845.000 (from November 2023 to December 2033) Phase III: GDV €247.005.000 (from March 2025 to August 2039) Phase IV: GDV €216.840.000 (from January 2026 to July 2046) Cost to complete 26% -42% Selling and marketing costs of 10% Developers profit and other expenses of 34% Funding costs of 5% Discount rate of 20% Period of development: Golf and Commercial shops: Construction phase up to last quarter of 2023 Realisation phase: during 10 th year of operations

Sensitivity analysis:

Any increase/decrease in the fair value per square meter for plots for development and/or the buildable area for mixed developments or any increase/decrease of the sales prices & growth rate, discount rate and the promotional expenses and developers profit would affect the fair value of the investment property accordingly.

+/- of 5% in sale prices would have an impact of +/- €8,9 million to the Fair value
 +/- of 5% in construction cost would have an impact of +/- €3,6 million to Fair value

14. Intangible assets

	Computer software €
Cost	
Balance at 1 January 2018	<u>3.303</u>
Balance at 31 December 2018/ 1 January 2019	<u>3.303</u>
Balance at 31 December 2019	<u>3.303</u>
Amortisation	
Balance at 1 January 2018	<u>3.303</u>
Balance at 31 December 2018/ 1 January 2019	<u>3.303</u>
Balance at 31 December 2019	<u>3.303</u>
Net book amount	
Balance at 31 December 2019	<u><u>-</u></u>

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

15. Receivables

	2019	2018
	€	€
Receivables from related parties (Note 20.2)	104.911	-
Refundable VAT	77.454	43.568
	<u>182.365</u>	<u>43.568</u>

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

The exposure of the Company to credit risk and impairment losses in relation to receivables is reported in Note 5 of the financial statements.

16. Share capital

	2019	2019	2018	2018
	Number of shares	€	Number of shares	€
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				
Balance at 1 January	<u>2.500.011</u>	<u>4.275.019</u>	<u>2.500.011</u>	<u>4.275.019</u>
Balance at 31 December	<u>2.500.011</u>	<u>4.275.019</u>	<u>2.500.011</u>	<u>4.275.019</u>

17. Borrowings

	2019	2018
	€	€
Current borrowings		
Bank loans	1.251.961	-
Loans from related companies (Note 20.3)	516.384	-
Loan from parent company (Note 20.4)	1.717.749	-
	<u>3.486.094</u>	<u>-</u>
Non-current borrowings		
Bank loans	-	1.208.693
Loan from parent company (Note 20.4)	-	1.647.797
	<u>-</u>	<u>2.856.490</u>
Total	<u>3.486.094</u>	<u>2.856.490</u>

Maturity of non-current borrowings:

	2019	2018
	€	€
Within one year	3.486.094	-
Between one and five years	-	2.856.490
	<u>3.486.094</u>	<u>2.856.490</u>

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17. Borrowings (continued)

On 30 December 2015, the ultimate parent company, Lanitis E.C. Holdings Limited, together with its subsidiaries, Lanitis Farm Limited and Lanitis Golf Public Co Limited, signed an agreement with their key lender, a bank, to restructure their credit facilities. The total credit facilities of Lanitis E.C. Holdings Limited, Lanitis Farm Limited and Lanitis Golf Public Co Limited (together the "Co-Obligors") of an amount of €165,8 million were restructured in accordance to two loan agreements. The first loan agreement, the senior term facility, covers credit facilities of an amount of €100 million and the second loan agreement, the subordinated term facility, covers credit facilities of an amount of €65, 8 million. Lanitis E.C. Holdings Group Limited (the company and its subsidiaries) effected repayments of the bank loan and the remaining group bank loan at year end amounted to €58.221.000. The bank borrowing of €1.251.961(2018:€1.208.693) included in the financial position of the company forms part of the loans referred above.

The above credit facilities are secured through corporate guarantees, pledges and mortgages of assets and floating charges over the net assets of the Obligors, including the immovable property of the Company (Note 12 and Note 13).The repayment of bank loans comprises schedule repayments of the total senior and subordinated loan amounts referred to above. The main source of repayment of these loans will be the sale of assets of the Lanitis E.C. Holdings Limited Group, including real estate assets of the Co-Obligors. In accordance to the schedule repayment of Lanitis Group as of year-end the bank's repayment of the loan of €1.251.961 would be effected in 2020(2018: during 2023).

Subsequent to year end and as at the date of issuing these financial statements, Lanitis E.C. Holdings Limited and the Co-Obligors made significant loan repayments towards the senior and the subordinated term facility. Furthermore as a result of the latest payment towards the key lender (as stated in Note 25), on 15 January 2020, the Company and its Co-Obligors have settled bank borrowings of the Co-Obligors towards the key lender, including full settlement of the bank facilities of the Company. On the same date, the key lender has released the Company from being a Co-Obligor and or guarantor and further all pledges and guarantees relating to the Company's shares and immovable property assets have been released.

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

	2019	2018
	%	%
Bank loans	3,50	3,50
Loan from parent company	4,00	4,00

18. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 10). The applicable corporation tax rate in the case of tax losses is 12,5%.The deferred tax relating to the fair value gain of the investment property arising from measuring and recognising the respective asset at fair value.

Deferred tax liability

	2019	2018
	€	€
Balance at 1 January	5.988.947	5.988.947
Balance at 31 December	5.988.947	5.988.947

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19. Trade and other payables

	2019	2018
	€	€
Social insurance and other taxes	6.728	-
Payables to parent (Note 20.5)	405.572	-
Other payables	601.709	502.998
Accruals	17.253	9.385
Payables to related companies (Note 20.5)	<u>4.470.456</u>	<u>4.459.319</u>
Less non-current payables	5.501.718	4.971.702
Current portion	<u>(405.572)</u>	<u>(4.405.784)</u>
	<u>5.096.146</u>	<u>565.918</u>

Other payables include an amount of €500.000 relating to the annual instalments payable as at the year end to the Town Planning and housing Department of the Ministry of Interior with respect to the permit for the development of the golf resort (Note 25).

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

20. Related party balances and transactions

The Company was controlled by Lanitis Farm Limited, incorporated in Cyprus, which owns 99,99% of the Company's shares. The ultimate shareholder of the company is 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 owned by Lanitis Farm Limited at 50% and by AMOL Enterprises Limited also at 50%.

The related party balances and transactions are as follows:

20.1 Related parties transactions

	<u>Nature of transactions</u>	2019	2018
		€	€
Lanitis E.C. Holdings Limited	Management fees	(20.000)	(186.000)
Lanitis Farm Limited	Interest Expense	<u>(69.463)</u>	<u>(115.650)</u>
		<u>(89.463)</u>	<u>(301.650)</u>

20.2 Receivables from related parties

<u>Name</u>	2019	2018
	€	€
MCY Development Limited	<u>104.911</u>	-
	<u>104.911</u>	<u>-</u>

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

20. Related party balances and transactions (continued)

20.3 Loans from Related Parties (Note 17)

	2019	2018
	€	€
Cybarco Development Limited	<u>516.384</u>	-
	<u>516.384</u>	-

The loan bears interest at the rate of 4,0% annually. As per the agreement concluded on 15 January 2020 (Note 25(i)), the loan payable is expected to be capitalised (not expected to be cash settled during 2020) during the Q2 of 2020.

20.4 Shareholders' loan account (Note 17)

	2019	2018
	€	€
Lanitis Farm Limited	<u>1.717.749</u>	1.647.797
	<u>1.717.749</u>	<u>1.647.797</u>

The loan from parent company bears interest at the rate of 4,0% annually. As per the agreement concluded on 15 January 2020 (Note 25(i)), the loan payable is expected to be capitalised (not expected to be cash settled during 2020) during the Q2 of 2020.

20.5 Payables to related parties (Note 19)

<u>Name</u>	<u>Nature of transactions</u>	2019	2018
		€	€
Lanitis E.C. Holdings Limited (i)	Loan	2.905.784	2.905.784
Cybarco Limited	Current account	30.000	53.535
Cybarco Development Limited (ii)	Loan	1.500.000	1.500.000
Carobmill Restaurants Limited	Current account	876	-
Heaven's Garden Waterpark Limited	Current account	143	-
Lanitis E.C. Holdings Limited	Current account	33.653	-
Lanitis Farm Limited	Current account	<u>405.572</u>	-
		<u>4.876.028</u>	<u>4.459.319</u>

(i) The loan payable to Lanitis E.C. Holdings Limited is interest free. As per the agreement concluded on 15 January 2020 (Note 25(i)), the loan payable is expected to be capitalised (not expected to be cash settled during 2020) during the Q2 of 2020.

(ii) The loan payable to Cybarco Development Ltd is interest free. As per the agreement concluded on 15 January 2020 (Note 25(i)), the loan payable amount of €671.090 is expected to be capitalised (not expected to be cash settled during 2020) during the Q2 of 2020.

The shareholders' current accounts are interest free, and have no specified repayment date.

The credit facilities of the Company, Lanitis Farm Limited and Lanitis E.C Holding Limited are secured through corporate guarantees, pledges and mortgages of assets and floating charges over the net assets of the Companies, including the immovable property of the Company as disclosed in Note 17.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21. Shareholders holding more than 5% of share capital

The persons holding more than 5% of the share capital as at 31 December 2019 and 31 December 2018 were as follows:

	31 December 2019 %	31 December 2018 %
Lanitis Farm Limited	99,99	99,99

22. Significant agreements with management

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

23. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2019.

24. 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 golf resort project for the Company.

In accordance with the resolution taken by the Ministry Cabinet of the Republic on 22 June 2016, the Company need 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 2018. The commitment for the year 2019 was settled post year end, in February 2020.

25. Events after the reporting period

i) Shareholders transaction & bank borrowings

On 15 January 2020 the Company announced important changes to its shareholding. These changes are the result of the completion of the Share Purchase Agreement dated on 05 July 2019, under which MCY Development Ltd has purchased all the shares of the Company owned by Lanitis Farm Ltd for the total consideration of €75 million. As a result of the this transaction, MCY Development Ltd now owns the 99,99% of the issued share capital of the Company. The share capital of MCY Development Ltd is owned by Lanitis Farm Ltd at 50% and by AMOL Enterprises Ltd also at 50%.

As a result of the above transaction and the cash inflow in the Company and its Co-Obligors, as stated in the borrowings note (Note 17), on 15 January 2020, the Company and its Co-Obligors have settled bank borrowings of the Co-Obligors towards the key lender, including full settlement of the bank facilities of the Company. On the same date, the key lender has released the Company from being a Co-Obligor and all pledges and guarantees relating to the Company's shares and immovable property assets have been released.

In addition, as per the terms of the above shareholders transaction the vast majority of the amounts due to related parties as disclosed in Note 17, Note 19 and 20.3-20.5 (aggregate Euro 7.1m) above would not be cash settled and instead be capitalized in 2020.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

25. Events after the reporting period (continued)

ii) The Corona Virus

With the recent and rapid development of the Corona Virus disease (COVID-19) throughout the world, many entities have reduced or suspended business operations and many countries have implemented travel restrictions and quarantine measures. These measures and policies have significantly disrupted (and are expected to further disrupt) the activities of many entities in Cyprus.

Disruptions are more immediate and pronounced in certain industries such as tourism, hospitality, transportation, retail and entertainment, while there are also anticipated knock on effects on other sectors such as the real estate and the financial services sector.

The Board of Directors is closely monitoring the developments in relation to the COVID-19 outbreak on a continuous basis. In Cyprus, following the extraordinary meeting of the Council of Ministers of the Republic that took place on 15 March 2020 and considering the fluid situation as it unfolds daily given the growing spread of the Coronavirus (COVID-19) and based on the World Health Organization's data on the situation, the Council of Ministers announced that it considers that Cyprus is entering a state of emergency. To this end, certain measures have been taken with a view to safeguarding public health and ensuring the economic survival of working people, businesses, economically vulnerable groups and the economy at large. More specifically, new entry regulations have been announced with regard to protecting the population from a further spread of the disease tightening the entry of individuals in Cyprus. Additionally, a considerable number of private businesses of different types was decided to remain closed from Monday, 16th of March 2020 and for a period of four weeks whereas hotels will suspend their operations until the 30th of April 2020. The lockdown was extended up 30 April 2020 for most of the organisations. The Government announced on 29 April 2020 a gradual phase out of the lockdown to be implemented during the period from beginning of May 2020 to 13 July 2020.

Management has assessed and continues to assess the unique circumstances and the risk exposures of the Company. The management has assessed at this stage that from operational point of view there might be some delays in the progress of pre-construction and part of construction phases that were originally planned to take place during 2020. The management has also assessed how COVID-19 and the business disruption could have an impact on the liquidity, profitability and fair values of the real estate property of the Company. Having considered the company's and the group it belongs sources of funding and business plans as well as recent developments with regards to new shareholders structure (see Note 25i above) the management has concluded that no liquidity risk would arise as a result of COVID-19 in 2020 with no potential financing needs.

However the financial effect of the current crisis on the global economy and overall business activities of the Company including effect on fair values of real estate property of the company cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Therefore the Board cannot reliably predict the outcome of this disease and the financial effect it could have on the operations of the Company and the real estate market and the fair value of the company's real estate asset. The Company monitors the developments in Cyprus and around the world in connection with Covid-19 and other guidelines published by regulatory agencies.

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

Independent auditor's report on pages 5 to 8

