

**Approval of Annual Financial Statements for the year ended 31
December 2016**

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 2016, along with the annual financial statements for the year ended 31 December 2016.

Attachments:

1. **Announcement for the approval of financial statements**
2. **Annual Financial Statements for the year ended 31 December 2016**

Non Regulated

Publication Date: 28/04/2017



Lanitis Golf Public Co. Ltd
Γραφείο Γραμματέα

Γεωργίου Γενναδίου αρ. 10
Αγαθάγγελος Κωρτ, 3^{ος} οροφος
Γραφείο 303
3041 Λεμεσός – Κύπρος

Τηλ.: +357 25871600
Φαξ: +357 25362001

Announcement

Mr. Nontas Metaxas
General Manager
CSE
Nicosia

28 April, 2017

Dear Mr. Metaxas,

Subject: Approval and Publication of the Audited Financial Statements of Lanitis Golf Public Co Limited, for the year ended December 31, 2016

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") at its meeting held on 28 April 2017, considered and approved the Annual Financial Statements for the year ended 31st December 2016 (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 2016**

LANITIS GOLF PUBLIC CO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

| CONTENTS | PAGE |
|--|---------|
| Board of Directors and other officers | 1 |
| Management Report | 2 - 3 |
| Declaration of the members of the Board of Directors and the company officials responsible for the preparation of the financial statements | 4 |
| Independent auditor's report | 5 - 8 |
| Statement of profit or loss and other comprehensive income | 9 |
| Statement of financial position | 10 |
| Statement of changes in equity | 11 |
| Cash flow statement | 12 |
| Notes to the financial statements | 13 - 29 |

LANITIS GOLF PUBLIC CO LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

| | |
|-----------------------------|---|
| Board of Directors | Platon E. Lanitis (Chairman) Costas E. Lanitis Marios E. Lanitis Valentina Panagi Pappou (Appointed on 7 March 2017) |
| 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 2016.

Incorporation

The Company Lanitis Golf Public Co Limited was incorporated in Cyprus on 18 April 2007 as a limited liability company under 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").

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 Company carried out no trading activities, pending the issuance of the building permit. The application of the town planning permit with terms and conditions, was approved on 14 November 2012.

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

The Company is the owner of land of about 1.600 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 is mainly covered by citrus plantations.

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 profit attributable to the shareholders for the year ended 31 December 2016, is €6.148.138 (2015: loss of €4.466.480) which is mainly due to changes in the fair value of the Company's investment property net of deferred tax of €6.307.729 (2015: €4.211.277). 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 profit during the period, the net assets value of the Company as at 31 December 2016, increased to €63.302.573 from €57.154.435 which was as at 31 December 2015.

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 note 3 and note 20 of the financial statements.

Existence of branches

The Company does not maintain any branches.

Results and Dividends

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 and the net profit for the year is retained.

Share capital

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

LANITIS GOLF PUBLIC CO LIMITED

MANAGEMENT REPORT

Board of Directors

The members of the Company's Board of Directors as at 31 December 2016 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2016, except for Mrs. Valentina Panagi Pappou who was appointed on 7 March 2017.

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 20 to the financial statements.

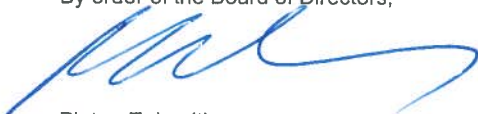
Significant events after the end of the financial year

There were no material events after the reporting period, which have a bearing on the understanding of 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, 28 April 2017

LANITIS GOLF PUBLIC CO LIMITED

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

In accordance with Article 140 (1) of the Laws and Regulations of the Cyprus Stock Exchange 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 2016, on the basis of our knowledge, declare that:

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

(i) Have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the Requirements of the Cyprus Companies Law, Cap.113, 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 Lanitis Golf Public Co Limited, together with a description of the main risks and uncertainties which the Company faces.


Members of the Board of Directors:

| <u>Name</u> | <u>Position</u> |
|-------------------------|-----------------|
| Platon E. Lanitis | Director |
| Costas E. Lanitis | Director |
| Marios E. Lanitis | Director |
| Valentina Panagi Pappou | Director |

Signature

.....
Signature

.....
Signature

.....
Signature

.....

Responsible for drafting the financial statements

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

Signature

.....

Limassol, 28 April 2017

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 29 and comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement 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 2016, 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' Code of Ethics for Professional Accountants (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 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

How the matter was addressed in our audit

Valuation of investment properties

The carrying value of the Company's investment properties as at 31 December 2016 amounted to €70.911.576 and the fair value gain adjustment recorded in net profit for the same year end was €7.208.833. Significant judgment is required by management in determining the fair value of investment properties and for the purposes of our audit.

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.

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 judgment associated with determining the fair value.

We have assessed the valuation methodology 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.

The management determines the fair value of its portfolio of properties using independent property valuers. Such valuations are prepared at the instruction of the management.

We have assessed the adequacy of the disclosures in the financial statements in relation to investment properties.

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

Board Members: Christis M. Christoforou (Chief Executive Officer), Eleftherios N. Philippou, Nicos S. Kyriakides, Nicos D. Papakyriacou, Athos Chrysanthou, Costas Georghadjis, Antonis Taliotis, Panos Papadopoulos, Pieris M. Markou, Nicos Charalambous, Nicos Spanoudis, Maria Paschalis, Alexis Agathocleous, Alkis Christodoulides, Christakis Ioannou, Panicos Papamichael, Christos Papamarkides, George Martides, Kerry Whyte, Andreas Georgiou, Christos Neocleous, Demetris Papapericleous, Andreas Andreou, Alecos Papalexandrou, George Pantelides, Panayiota Vayianou, Agis Agathocleous, Gaston Hadjianastassiou, Kypros Ioannides, Yiannis Sophianos, Kyriakos Vlachos, Michael Christoforou (Chairman Emeritus).

Deloitte Limited is the Cyprus member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.com/about for a detailed description of the legal structure of DTTL.

Deloitte Limited is a private company, registered in Cyprus (Reg. No. 162812). Offices: Nicosia, Limassol, Larnaca.

Member of Deloitte Touche Tohmatsu Limited

Independent Auditor's Report (continued)

To the Members of Lanitis Golf Public Co Limited

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 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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.

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)

We communicate with the Board of Directors 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.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- 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.

Independent Auditor's Report (continued)

To the Members of Lanitis Golf Public Co Limited

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 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016 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. Demetris Papapericleous.



Demetris Papapericleous
Certified Public Accountant and Registered Auditor
for and on behalf of
Deloitte Limited
Certified Public Accountants and Registered Auditors

Limassol, 28 April 2017

LANITIS GOLF PUBLIC CO LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

| | Note | 2016 € | 2015 € |
|---|------|-------------------------|---------------------------|
| Other income | 5 | 100.955 | 131.297 |
| Gain/(loss) arising on changes in the fair value of investment property | 6 | 7.208.833 | (4.812.888) |
| Administration expenses | | <u>(161.213)</u> | <u>(234.006)</u> |
| Operating profit/(loss) | 7 | 7.148.575 | (4.915.597) |
| Finance income | 9 | 221 | 194 |
| Finance costs | 9 | <u>(99.554)</u> | <u>(152.688)</u> |
| Profit/(loss) before tax | | 7.049.242 | (5.068.091) |
| Taxation | 10 | <u>(901.104)</u> | 601.611 |
| Net profit/(loss) for the year | | 6.148.138 | (4.466.480) |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income/(loss) for the year | | <u>6.148.138</u> | <u>(4.466.480)</u> |
| Earnings/(loss) per share (cent) | 11 | <u>245.92</u> | <u>(178.66)</u> |

See accompanying notes on pages 13 to 29 to these financial statements.

LANITIS GOLF PUBLIC CO LIMITED

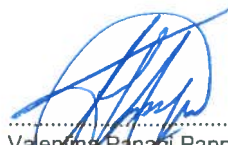
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

| | Note | 2016 € | 2015 € |
|-------------------------------------|------|-------------------|-------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 3.592.117 | 1.551.478 |
| Investment property | 13 | 70.911.576 | 63.702.743 |
| Intangible assets | 14 | - | 254 |
| | | <u>74.503.693</u> | <u>65.254.475</u> |
| Current assets | | | |
| Receivables | 15 | 19.933 | 40.310 |
| Cash and bank balances | | 1.353 | 22.622 |
| | | <u>21.286</u> | <u>62.932</u> |
| Total assets | | <u>74.524.979</u> | <u>65.317.407</u> |
| Equity and Liabilities | | | |
| Equity and reserves | | | |
| Share capital | 16 | 4.275.019 | 4.275.019 |
| Share premium | | 19.113.436 | 19.113.436 |
| Retained earnings | | 39.914.118 | 33.765.980 |
| Total equity | | <u>63.302.573</u> | <u>57.154.435</u> |
| Non-current liabilities | | | |
| Borrowings | 17 | 2.548.638 | 2.306.637 |
| Trade and other payables | 19 | 2.661.213 | - |
| Deferred tax liabilities | 18 | 5.988.947 | 5.087.843 |
| | | <u>11.198.798</u> | <u>7.394.480</u> |
| Current liabilities | | | |
| Trade and other payables | 19 | 23.608 | 768.492 |
| | | <u>23.608</u> | <u>768.492</u> |
| Total liabilities | | <u>11.222.406</u> | <u>8.162.972</u> |
| Total equity and liabilities | | <u>74.524.979</u> | <u>65.317.407</u> |

On 28 April 2017 the Board of Directors of Lanitis Golf Public Co Limited authorised these financial statements for issue.



.....
Platon E. Lanitis
Director



.....
Valerina Panagi Pappou
Director

See accompanying notes on pages 13 to 29 to these financial statements.

LANITIS GOLF PUBLIC CO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

| | Share capital € | Share premium € | Retained earnings € | Total € |
|------------------------------------|-----------------------|-----------------------|---------------------------|-------------------|
| Balance at 1 January 2015 | 4.275.019 | 19.113.436 | 38.232.460 | 61.620.915 |
| Comprehensive income | | | | |
| Net loss for the year | - | - | (4.466.480) | (4.466.480) |
| Balance at 31 December 2015 | 4.275.019 | 19.113.436 | 33.765.980 | 57.154.435 |
| Comprehensive income | | | | |
| Net profit for the year | - | - | 6.148.138 | 6.148.138 |
| Balance at 31 December 2016 | 4.275.019 | 19.113.436 | 39.914.118 | 63.302.573 |

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.

See accompanying notes on pages 13 to 29 to these financial statements.

LANITIS GOLF PUBLIC CO LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

| | Note | 2016 € | 2015 € |
|---|------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit/(loss) before tax | | 7.049.242 | (5.068.091) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 12 | 528 | 528 |
| Amortisation of computer software | 14 | 254 | 253 |
| Fair value (gains)/losses on investment property | | (7.208.833) | 4.812.888 |
| Interest expense | 9 | 99.350 | 152.088 |
| | | (59.459) | (102.334) |
| Changes in working capital: | | | |
| Receivables | | 20.377 | 49.025 |
| Trade and other payables | | (34.296) | 130.515 |
| Cash (used in)/generated from operations | | (73.378) | 77.206 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment for purchase of property, plant and equipment | 12 | (2.041.167) | (62.888) |
| Net cash used in investing activities | | (2.041.167) | (62.888) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | | 2.093.276 | - |
| Net cash generated from financing activities | | 2.093.276 | - |
| Net (decrease)/increase in cash and cash equivalents | | (21.269) | 14.318 |
| Cash and cash equivalents at beginning of the year | | 22.622 | 8.304 |
| Cash and cash equivalents at end of the year | | 1.353 | 22.622 |

See accompanying notes on pages 13 to 29 to these financial statements.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

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 Company carried out no trading activities, pending the issuance of the building permit. The application of the town planning permit with terms and conditions, was approved on 14 November 2012.

2. Significant accounting policies

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

Going concern basis

During the year ended 31 December 2016, the Company had profit of €6.148.138 (2015: loss of €4.466.480) which is mainly due to the changes in the fair value of the Company's investment property, net of deferred tax, of €6.307.729 (2015: €4.211.277). The Company is not currently carrying out any trading activities and is reliant on the financial support of its parent company, Lanitis Farm Limited and its ultimate parent, Lanitis E.C. Holdings Limited. The majority of the Company's liabilities amounting to €4.083.260 (2015: €1.933.761) relate to financing balances with both of these entities. Both Lanitis Farm Limited and Lanitis E.C. Holdings Limited have confirmed their intention to provide the Company all the necessary financial support to realize its assets and meet its obligations as they fall due.

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 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.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2016. This adoption did not have a material effect on the accounting policies of the Company.

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

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Significant accounting policies (continued)

Revenue recognition

Revenues of the Company are recognized on an accrual basis.

Finance income

Finance income includes interest income which is recognized on an accrual basis.

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.

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.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Significant accounting policies (continued)

Tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

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 software | 33,33 |
| Computer hardware | 20 |
| Furniture, fixtures and office equipment | 10 |
| 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.

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 use.

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the reporting date. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Significant accounting policies (continued)

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 is 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.

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 instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents 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.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Significant accounting policies (continued)

Financial instruments (continued)

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).

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.

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.

3. 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:

3.1 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:

| | 2016 | 2015 |
|----------------------------------|--------------------|--------------------|
| | € | € |
| Variable rate instruments | | |
| Financial liabilities | <u>(2.548.638)</u> | <u>(2.306.637)</u> |
| | <u>(2.548.638)</u> | <u>(2.306.637)</u> |

3.2 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 2016

3. Financial risk management (continued)

3.3 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 is reliant on the financial support of its parent company.

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 2016 | Carrying amounts | Contractual cash flows | 3 months or less | 3-12 months | 1-2 years | 2-5 years | More than 5 years |
|---------------------------------|------------------|------------------------|------------------|----------------|------------------|----------------|-------------------|
| | € | € | € | € | € | € | € |
| Bank loans | 1.126.591 | 1.126.591 | - | - | - | - | 1.126.591 |
| Trade and other payables | 14.655 | 14.655 | 14.655 | - | - | - | - |
| Payables to related parties (i) | 2.661.213 | 2.661.213 | - | - | - | - | - |
| Loan from parent company | 1.422.047 | 1.739.089 | - | 150.000 | 400.000 | 600.000 | 589.089 |
| | 5.224.506 | 5.541.548 | 14.655 | 150.000 | 400.000 | 600.000 | 1.715.680 |
| 31 December 2015 | Carrying amounts | Contractual cash flows | 3 months or less | 3-12 months | 1-2 years | 2-5 years | More than 5 years |
| | € | € | € | € | € | € | € |
| Bank loans | 1.083.466 | 1.083.466 | - | - | 1.083.466 | - | - |
| Trade and other payables | 35.500 | 35.500 | 35.500 | - | - | - | - |
| Payables to related parties (i) | 710.590 | 710.590 | - | - | - | - | - |
| Loan from parent company | 1.223.171 | 1.649.159 | 50.000 | 150.000 | 400.000 | 600.000 | 449.159 |
| | 3.052.727 | 3.478.715 | 85.500 | 150.000 | 1.483.466 | 600.000 | 449.159 |

(i) The payables to related parties relates to financing balances with the ultimate parent company, Lanitis E.C. Holdings Limited, who has confirmed that they will not request repayment of the balance due to them until the Company has the financial ability to repay this balance.

4. Critical accounting estimates and judgements

Estimates and judgements 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.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

4. Critical accounting estimates and judgements (continued)

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:

- **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

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of intangible asset**

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

5. Other income

| | 2016 | 2015 |
|--|----------------|----------------|
| | € | € |
| Income from services rendered to related companies (Note 21.1) | <u>100.955</u> | <u>131.297</u> |
| | <u>100.955</u> | <u>131.297</u> |

6. Gain/(loss) arising on changes in the fair value of investment property

| | 2016 | 2015 |
|---|------------------|--------------------|
| | € | € |
| Fair value gain/(losses) on investment property (Note 13) | <u>7.208.833</u> | <u>(4.812.888)</u> |
| | <u>7.208.833</u> | <u>(4.812.888)</u> |

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

7. Operating profit/(loss)

| | 2016 | 2015 |
|---|---------|---------|
| | € | € |
| Operating profit/(loss) is stated after charging the following items: | | |
| Amortisation of computer software (Note 14) | 254 | 253 |
| Depreciation of property, plant and equipment (Note 12) | 528 | 528 |
| Staff costs (Note 8) | 100.009 | 149.979 |
| Auditors' remuneration - current year | 6.750 | 5.500 |
| Auditors' remuneration - prior year | 1.250 | - |

8. Staff costs

| | 2016 | 2015 |
|-----------------------------|----------------|----------------|
| | € | € |
| Salaries | 93.333 | 140.000 |
| Social security costs | 4.809 | 7.179 |
| Social cohesion fund | 1.867 | 2.800 |
| | <u>100.009</u> | <u>149.979</u> |
| Average number of employees | <u>1</u> | <u>1</u> |

9. Finance income/cost

| | 2016 | 2015 |
|--------------------------|-----------------|------------------|
| | € | € |
| Foreign exchange gains | 221 | 194 |
| Finance income | <u>221</u> | <u>194</u> |
| Interest expense | (99.350) | (152.088) |
| Sundry finance expenses | (204) | (600) |
| Finance costs | <u>(99.554)</u> | <u>(152.688)</u> |
| Net finance costs | <u>(99.333)</u> | <u>(152.494)</u> |

10. Tax

10.1 Tax recognised in profit or loss

| | 2016 | 2015 |
|--|----------------|------------------|
| | € | € |
| Deferred tax - charge/(credit) (Note 18) | 901.104 | (601.611) |
| Charge/(credit) for the year | <u>901.104</u> | <u>(601.611)</u> |

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. Tax (continued)

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

| | 2016 | 2015 |
|--|-----------------------|-------------------------|
| | € | € |
| Profit/(loss) before tax | <u>7.049.242</u> | <u>(5.068.091)</u> |
| Tax calculated at the applicable tax rates | 881.155 | (633.511) |
| Tax effect of expenses not deductible for tax purposes | 3.968 | 610.309 |
| Tax effect of allowances and income not subject to tax | (913.515) | (4.620) |
| Tax effect of tax loss for the year | 28.392 | 27.822 |
| Deferred tax | <u>901.104</u> | <u>(601.611)</u> |
| Tax charge | <u>901.104</u> | <u>(601.611)</u> |

The corporation tax rate is 12,5%.

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

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.

11. Earnings/(loss) per share

| | 2016 | 2015 |
|---|-------------------------|---------------------------|
| Earnings/(loss) attributable to shareholders (€) | <u>6.148.138</u> | <u>(4.466.480)</u> |
| Weighted average number of ordinary shares in issue during the year | <u>2.500.011</u> | <u>2.500.011</u> |
| Earnings/(loss) per share (cent) | <u>245,92</u> | <u>(178,66)</u> |

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

12. Property, plant and equipment

| | Plant and machinery | Furniture, fixtures and office equipment | Golf Development expenses | Total |
|--|------------------------|---|---------------------------------|------------------|
| | € | € | € | € |
| Cost | | | | |
| Balance at 1 January 2015 | 5.276 | 1.970 | 1.484.369 | 1.491.615 |
| Additions | - | - | 62.888 | 62.888 |
| Disposals | - | (1.970) | - | (1.970) |
| Balance at 31 December 2015/ 1 January 2016 | 5.276 | - | 1.547.257 | 1.552.533 |
| Additions | - | - | 2.041.167 | 2.041.167 |
| Balance at 31 December 2016 | 5.276 | - | 3.588.424 | 3.593.700 |
| Depreciation | | | | |
| Balance at 1 January 2015 | 528 | 639 | - | 1.167 |
| Charge for the year | 527 | - | - | 527 |
| On disposals | - | (639) | - | (639) |
| Balance at 31 December 2015/ 1 January 2016 | 1.055 | - | - | 1.055 |
| Charge for the year | 528 | - | - | 528 |
| Balance at 31 December 2016 | 1.583 | - | - | 1.583 |
| Net book amount | | | | |
| Balance at 31 December 2016 | 3.693 | - | 3.588.424 | 3.592.117 |
| Balance at 31 December 2015 | 4.221 | - | 1.547.257 | 1.551.478 |

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13. Investment property

| | 2016 | 2015 |
|--|--------------------------|--------------------------|
| | € | € |
| Balance at 1 January | 63.702.743 | 68.515.631 |
| Fair value gain/(loss) on property revaluation | <u>7.208.833</u> | <u>(4.812.888)</u> |
| Balance at 31 December | <u>70.911.576</u> | <u>63.702.743</u> |

The Company is the owner of land of about 1.600 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 is mainly covered by citrus plantations. 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 2016 has been arrived at on the basis of a valuation carried out 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. 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 €74.500.000. This amount includes the up to date "Golf Development Expenses" of €3.588.424, which are presented under property, plant and equipment (note 12). As a result of the change in the fair value, the Company has recognized a fair value gain in the value of the investment property of €7.208.833 for the year ended 31 December 2016 (2015: Fair value loss €4.812.888).

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 the part to be separated in building plots, 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:

| 31 December 2016 | Level 3 | Total |
|------------------|--------------------------|--------------------------|
| | € | € |
| Land | <u>70.911.576</u> | <u>70.911.576</u> |
| Total | <u>70.911.576</u> | <u>70.911.576</u> |
| 31 December 2015 | Level 3 | Total |
| | € | € |
| Land | <u>63.702.743</u> | <u>63.702.743</u> |
| Total | <u>63.702.743</u> | <u>63.702.743</u> |

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13. Investment property (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) | Fair value of plots for development at a range of €325 - €360 per square meter Fair value of buildable area for mixed developments at an average of €650 per square meter Growth rate in sale prices of 4% - 5% Promotional expenses and developers profit of 25% Discount rate of 5% |

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 growth rate, discount rate and the promotional expenses and developers profit would affect the fair value of the investment property accordingly.

The fair value of the investment property as at 31 December 2015 has been arrived at by reference to market evidence of transaction prices for similar properties at €435 per square meter of buildable area.

14. Intangible assets

| | Computer software € |
|--|-------------------------------|
| Cost | |
| Balance at 1 January 2015 | <u>3.303</u> |
| Balance at 31 December 2015/ 1 January 2016 | <u>3.303</u> |
| Balance at 31 December 2016 | <u>3.303</u> |
| Amortisation | |
| Balance at 1 January 2015 | 2.796 |
| Amortisation for the year (Note 7) | <u>253</u> |
| Balance at 31 December 2015/ 1 January 2016 | <u>3.049</u> |
| Amortisation for the year (Note 7) | <u>254</u> |
| Balance at 31 December 2016 | <u>3.303</u> |
| Net book amount | |
| Balance at 31 December 2016 | <u><u>-</u></u> |
| Balance at 31 December 2015 | <u><u>254</u></u> |

15. Receivables

| | 2016 | 2015 |
|--|----------------------|----------------------|
| | € | € |
| Receivables from related companies (Note 21.2) | 4.485 | 10.526 |
| Deposits and prepayments | - | 672 |
| Refundable VAT | <u>15.448</u> | <u>29.112</u> |
| | <u>19.933</u> | <u>40.310</u> |

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

15. Receivables (continued)

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 3 of the financial statements.

16. Share capital

| | 2016 Number of shares | 2016 € | 2015 Number of shares | 2015 € |
|-------------------------------|-----------------------------|------------------|-----------------------------|-----------|
| Authorised | | | | |
| Ordinary shares of €1,71 each | <u>3.000.000</u> | <u>5.130.000</u> | 3.000.000 | 5.130.000 |
| Issued and fully paid | | | | |
| Balance at 1 January | <u>2.500.011</u> | <u>4.275.019</u> | 2.500.011 | 4.275.019 |
| Balance at 31 December | <u>2.500.011</u> | <u>4.275.019</u> | 2.500.011 | 4.275.019 |

17. Borrowings

| | 2016 € | 2015 € |
|--------------------------------------|------------------|------------------|
| Non-current borrowings | | |
| Bank loans | 1.126.591 | 1.083.466 |
| Loan from parent company (Note 21.4) | <u>1.422.047</u> | <u>1.223.171</u> |
| | <u>2.548.638</u> | <u>2.306.637</u> |
| Total | <u>2.548.638</u> | <u>2.306.637</u> |

Maturity of non-current borrowings:

| | 2016 € | 2015 € |
|----------------------------|------------------|------------------|
| Between one and five years | <u>2.548.638</u> | <u>2.306.637</u> |

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 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 "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. The main source of repayment of both of these loans will be the sale of assets of the Lanitis E.C. Holdings Limited Group, including real estate assets of the Obligors.

The above credit facilities are secured through corporate guarantees, pledges and mortgages of assets and floating charges over the net assets of the Obligors.

As at the date of signing these financial statements, Lanitis E.C. Holdings made loan repayments amounting to €75,5 million towards the senior term facility, which covers the repayment obligations of the Obligors, including the bank loan of the Company which is part of the senior term facility, referred to above, up to December 2022.

The first scheduled repayment for the subordinated term facility is due by December 2023.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

17. Borrowings (continued)

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

| | 2016 | 2015 |
|--------------------------|------|-------|
| Bank loans | 3,5% | 6,75% |
| Loan from parent company | 4,5% | 7,5% |

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 movement on the deferred taxation account is as follows:

Deferred tax liability

| | Fair value gains on investment property € |
|--|--|
| Balance at 1 January 2015 | 5.689.454 |
| Charged/(credited) to: | |
| Statement of profit or loss and other comprehensive income (Note 10) | <u>(601.611)</u> |
| Balance at 31 December 2015/ 1 January 2016 | 5.087.843 |
| Charged/(credited) to: | |
| Statement of profit or loss and other comprehensive income (Note 10) | <u>901.104</u> |
| Balance at 31 December 2016 | <u>5.988.947</u> |

19. Trade and other payables

| | 2016 € | 2015 € |
|--|----------------------|----------------|
| Social insurance and other taxes | - | 10.514 |
| Shareholders' current accounts - credit balances (Note 21.5) | - | 142.652 |
| Other payables | 14.655 | 35.500 |
| Accruals | 8.953 | 11.888 |
| Payables to related companies (Note 21.3) | <u>2.661.213</u> | <u>567.938</u> |
| | 2.684.821 | 768.492 |
| Less non-current payables | <u>(2.661.213)</u> | - |
| Current portion | <u>23.608</u> | 768.492 |

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

20. Operating Environment of the Company

During the last years, the Cyprus economy has been adversely affected by the crisis in the Cyprus banking system and the inability of the Republic of Cyprus to secure financing from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support of € 10 billion, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in", safeguarding deposits below €100.000.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

20. Operating Environment of the Company (continued)

Since March 2013, Troika performed several reviews of the Cyprus' economic program with very positive outcomes which resulted in the disbursement of all scheduled tranches of financial assistance to Cyprus.

Despite the adverse external economic environment in several European and international economies, the Cyprus economy shows signs of stabilization, evident by the upgrade of the credit rating and the future prospects of the Republic of Cyprus by all major international credit rating agencies. This assisted largely the efforts of the Republic of Cyprus to raise significant capital from international financial markets in the past few months. In addition, the Cypriot banks have been recapitalized and have reorganized their operations, leading to the full abolishment of all restrictive measures on deposits and transactions imposed during 2013.

However, the uncertain economic conditions in Cyprus, the unavailability of financing and the high percentage of non performing bank loans in combination with the high unemployment rates, have affected:

- The ability of the Company to obtain new borrowings or refinance its existing borrowings at terms and conditions similar to those applied to earlier transactions
- The ability of the Company to develop its immovable property
- The fair value of the Company's real estate assets
- The cash flow forecasts of the Company's management in relation to the realization of the Company's real estate assets

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

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

21. Related party balances and transactions

The Company is controlled by Lanitis Farm Limited, incorporated in Cyprus, which owns 100% of the Company's shares. The ultimate shareholder of the company is Lanitis E.C. Holdings Limited.

The related party balances and transactions are as follows:

21.1 Related parties transactions

| | <u>Nature of transactions</u> | 2016 € | 2015 € |
|----------------------|-------------------------------|---------------|---------------|
| Cybarco Limited | Management fees | 100.955 | 131.297 |
| Lanitis Farm Limited | Interest Expense | (56.225) | (70.128) |
| | | <u>44.730</u> | <u>61.169</u> |

21.2 Receivables from related parties (Note 15)

| <u>Name</u> | <u>Nature of transactions</u> | 2016 € | 2015 € |
|-----------------------------|-------------------------------|--------------|---------------|
| Cybarco Development Limited | Trade | - | 6.041 |
| Cybarco Limited | Trade | 4.485 | 4.485 |
| | | <u>4.485</u> | <u>10.526</u> |

21.3 Payables to related parties (Note 19)

| <u>Name</u> | <u>Nature of transactions</u> | 2016 € | 2015 € |
|-------------------------------|-------------------------------|------------------|----------------|
| Lanitis E.C. Holdings Limited | Financing | 2.661.213 | 567.938 |
| | | <u>2.661.213</u> | <u>567.938</u> |

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

21. Related party balances and transactions (continued)

21.4 Shareholders' loan account (Note 17)

| | 2016 | 2015 |
|----------------------|------------------|------------------|
| | € | € |
| Lanitis Farm Limited | <u>1.422.047</u> | <u>1.223.171</u> |
| | <u>1.422.047</u> | <u>1.223.171</u> |

The loan from parent company bears interest at the rate of 4,5 % annually. As per the loan agreement, a quarterly instalment €50.000 will be payable, starting from 30 June 2017 and until the repayment of the loan.

21.5 Shareholders' current accounts - credit balances (Note 19)

| | 2016 | 2015 |
|----------------------|----------|----------------|
| | € | € |
| Lanitis Farm Limited | <u>-</u> | <u>142.652</u> |
| | <u>-</u> | <u>142.652</u> |

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

22. Participation of Directors in the Company's share capital

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors, their spouses and their minor children, as at 31 December 2016 and 31 December 2015 were as follows:

| | 31 December 2016 | 31 December 2015 |
|-------------------|---------------------|---------------------|
| | % | % |
| Platon E. Lanitis | 99,99 | 99,99 |

23. Shareholders holding more than 5% of share capital

The shareholders holding more than 5% of the share capital of the Company as at 31/12/2015 and 31/12/2016 were as follows:

| | 31 December 2016 | 31 December 2015 |
|----------------------|---------------------|---------------------|
| | % | % |
| Lanitis Farm Limited | 99,99 | 99,99 |

24. Significant agreements with management

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

25. Contingent liabilities

As disclosed in note 17, the Company together with its parent company, Lanitis Farm Limited and its ultimate parent company, Lanitis E.C. Holdings Limited are joint obligors to the credit facilities that these entities hold with a certain bank. As per agreements, these credit facilities are secured through corporate guarantees, pledges and mortgages of assets and floating charges over the net assets of the obligors.

The Company had no contingent liabilities as at 31 December 2016.

LANITIS GOLF PUBLIC CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

26. Commitments

An amount of €5 million is payable to the Town Planning and housing Department of the Ministry of interior in the period of 10 years for the permit to develop the 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 had to pay an amount of €1.5 million to the Town Planning and Housing Department by 22 December 2016 relating to the annual installments for the years 2013, 2014 and 2015, as well as €0.5 million by 28 November 2016 for the year 2016. On 21 December 2016, the company settled the amounts due of €2 million for the years 2013 to 2016 to the Town Planning and Housing Department. The rest of the installments of €0.5 million each will be paid on an annual basis from 2017 and onwards until full payment of the above noted €5 million.

The Company had no capital or other commitments as at 31 December 2016.

27. Significant events after the end of the financial year

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

Independent auditor's report on pages 5 and 8