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**LANITIS GOLF PUBLIC CO LIMITED**  
**INTERIM CONDENSED UNAUDITED**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 01 JANUARY 2016**  
**TO 30 JUNE 2016**

# LANITIS GOLF PUBLIC CO LIMITED

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## INTERIM CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

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# LANITIS GOLF PUBLIC CO LIMITED

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## BOARD OF DIRECTORS AND OTHER OFFICERS

<b>Board of Directors:</b>	Platon E. Lanitis (Chairman) Costas E. Lanitis Marios E. Lanitis
<b>Company Secretary:</b>	P & D Secretarial Services Limited
<b>Independent Auditors:</b>	Deloitte Limited Certified Public Accountants and Registered Auditors Maximos Plaza, Tower 1, 3 <sup>rd</sup> Floor 213 Arch. Makariou III Avenue 3030 Limassol
<b>Registered office:</b>	10 Georgiou Gennadiou Street Agathangelos Court 3041, Limassol
<b>Bankers:</b>	Bank of Cyprus Public Company Ltd Eurobank EFG Cyprus Ltd
<b>Registration number:</b>	HE196800

# LANITIS GOLF PUBLIC CO LIMITED

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## EXPLANATORY STATEMENT FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

The Board of Directors of Lanitis Golf Public Co Limited (the "Company") presents to the members the explanatory statement and unaudited financial statements of the Company for the period ended 30 June 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**

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 significant risks**

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.

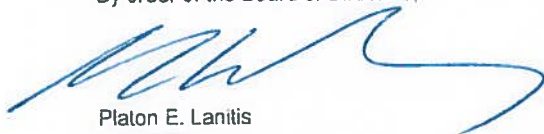
The Company aims to develop a fully integrated golf and real estate development project on the site of its existing citrus plantations. One of the main goals of the master plan is to create a contemporary designed, integrated leisure and residential community project that includes luxurious villas and 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 Company's development to date, financial results and position as presented in the financial statements are considered satisfactory. The loss attributable to the shareholders for the first six months of 2016, dropped to € 62.121 from €151.489 of the corresponding period in 2015. The Company, at present, has no revenues since the project is under development and there is no other type of revenue. The expenses are mainly operational expenses and relate to the maintenance of the immovable property. The consultancy fees, administration operation fees, financing and other expenses related to the development of the project, are capitalized in the Statement of Financial Position, under Investment Property. As a result of the losses during the period the net assets value of the Company as at 30 June 2016, decreased to €57.092.314 from €61.469.426 which was as at 30 June 2015.

Additional details that relate to the operating environment of the Company are described in note 16 of the financial statements.

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.

By order of the Board of Directors,



Platon E. Lanitis  
Chairman

Limassol, 30 August 2016

## LANITIS GOLF PUBLIC CO LIMITED

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### 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 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 drafting of the interim condensed financial statements of Lanitis Golf Public Co Limited (the "Company") for the period ended 30 June 2016, on the basis of our knowledge, declare that:

(a) The financial statements of the Company which are presented on pages 4 to 17:

(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

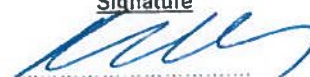
(ii) Provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Company and the entities included in the financial statements as a whole and

b) The Board of Directors' 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

Signature



#### Responsible for drafting the financial statements

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

Signature



Limassol, 30 August 2016

## LANITIS GOLF PUBLIC CO LIMITED

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### UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

	Note	Six months period ended 30/06/2016 €	Six months period ended 30/06/2015 €
Other income	4	70.123	50.021
Administration expenses		(81.323)	(122.469)
<b>Operating loss</b>		<b>(11.200)</b>	<b>(72.448)</b>
Finance costs	6	(50.921)	(79.041)
<b>(Loss) for the period</b>		<b>(62.121)</b>	<b>(151.489)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(62.121)</b>	<b>(151.489)</b>
<b>Loss per share attributable to equity holders of the parent (cent)</b>	7	<b>(2,48)</b>	<b>(6,06)</b>

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The notes on pages 8 to 18 form an integral part of these financial statements.

# LANITIS GOLF PUBLIC CO LIMITED

## UNAUDITED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30/06/2016 €	Audited 31/12/2015 €
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	1.560.381	1.551.478
Investment property	9	63.702.743	63.702.743
Intangible assets	10	127	254
		<u>65.263.251</u>	<u>65.254.475</u>
<b>Current assets</b>			
Receivables	11	27.980	40.310
Cash and bank balances		15.367	22.622
		<u>43.347</u>	<u>62.932</u>
<b>TOTAL ASSETS</b>		<u><u>65.306.598</u></u>	<u><u>65.317.407</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	12	4.275.019	4.275.019
Share premium		19.113.436	19.113.436
Retained earnings		33.703.859	33.765.980
<b>Total equity</b>		<u>57.092.314</u>	<u>57.154.435</u>
<b>Non-current liabilities</b>			
Borrowings	13	2.357.638	2.306.637
Deferred tax liabilities	14	5.087.843	5.087.843
		<u>7.445.481</u>	<u>7.394.480</u>
<b>Current liabilities</b>			
Trade and other payables	15	768.803	768.492
		<u>768.803</u>	<u>768.492</u>
<b>Total liabilities</b>		<u>8.214.284</u>	<u>8.162.972</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>65.306.598</u></u>	<u><u>65.317.407</u></u>

On 30 August 2016 the Board of Directors of Lanitis Golf Public Co Limited authorised these financial statements for issue.



Platon E. Lanitis  
Director



Marios E. Lanitis  
Director

The notes on pages 8 to 18 form an integral part of these financial statements.

## LANITIS GOLF PUBLIC CO LIMITED

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### UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

	Share capital €	Share premium €	Retained earnings €	Total €
<b>Balance at 1 January 2015</b>	<b>4.275.019</b>	<b>19.113.436</b>	<b>38.232.460</b>	<b>61.620.915</b>
<b>Comprehensive income</b>				
Net loss for the year	-	-	(4.466.480)	(4.466.480)
<b>Balance as at 31 December 2015</b>	<b>4.275.019</b>	<b>19.113.436</b>	<b>33.765.980</b>	<b>57.154.435</b>
<b>Balance at 1 January 2015</b>	<b>4.275.019</b>	<b>19.113.436</b>	<b>38.232.460</b>	<b>61.620.915</b>
Net loss for the period ended 30 June 2015	-	-	(151.489)	(151.489)
<b>Balance at 30 June 2015</b>	<b>4.275.019</b>	<b>19.113.436</b>	<b>38.080.971</b>	<b>61.469.426</b>
<b>Balance at 1 January 2016</b>	<b>4.275.019</b>	<b>19.113.436</b>	<b>33.765.980</b>	<b>57.154.435</b>
Net loss for the period ended 30 June 2016	-	-	(62.121)	(62.121)
<b>Balance at 30 June 2016</b>	<b>4.275.019</b>	<b>19.113.436</b>	<b>33.703.859</b>	<b>57.092.314</b>

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The notes on pages 8 to 18 form an integral part of these financial statements.



## LANITIS GOLF PUBLIC CO LIMITED

### UNAUDITED CASH FLOW STATEMENT FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

		<b>Six months period ended 30/06/2016</b>	Six months period ended 30/06/2015
	Note	€	€
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax		(62.121)	(151.489)
Adjustments for:			
Depreciation and amortization expense	8,10	391	391
Proceeds from sale of property, plant and equipment		-	1.331
Interest expense	6	50.921	79.041
		<hr/>	<hr/>
<b>Cash flows used in operations before working capital changes</b>		<b>(10.809)</b>	<b>(70.726)</b>
Decrease in receivables		12.410	33.175
Increase in trade and other payables		311	70.011
		<hr/>	<hr/>
<b>Cash (used in)/generated from operations</b>		<b>1.912</b>	<b>32.460</b>
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of property, plant and equipment	8	(9.167)	(30.817)
		<hr/>	<hr/>
<b>Net cash generated from/(used in) investing activities</b>		<b>(9.167)</b>	<b>(30.817)</b>
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings from parent		-	78.850
Interest paid		-	(79.041)
		<hr/>	<hr/>
<b>Net cash (used in)/generated from financing activities</b>		<b>-</b>	<b>(191)</b>
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		<b>(7.255)</b>	<b>1.452</b>
Cash and cash equivalents at beginning of the period		22.622	8.068
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>		<b>15.367</b>	<b>9.520</b>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 18 form an integral part of these financial statements.

# LANITIS GOLF PUBLIC CO LIMITED

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## NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 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 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.

### 2. Unaudited financial statements

The financial statements for the six months ended on 30 June 2016 and 30 June 2015 respectively, have not been audited by the external auditors of the Company.

#### Principal activities

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.

### 3. Significant accounting policies

The interim condensed financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Financial Reporting Standards (IFRSs), IAS 34 "Interim Financial Reporting", 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 accounting policies adopted for the preparation of the interim condensed financial statements for the six months ended 30 June 2016 are consistent with those followed for the preparation of the annual financial statements for the year ended 31 December 2015. These interim financial statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the audited financial statements for the year ended 31 December 2015. The interim condensed financial statements are presented in Euro.

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.

# LANITIS GOLF PUBLIC CO LIMITED

## NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

	Six months period ended 30/06/2016 €	Six months period ended 30/06/2015 €
<b>4. Other income</b>		
Income from services rendered to related companies (Note 17.1)	70.123	50.021
	<b>70.123</b>	<b>50.021</b>
<b>5. Staff costs</b>		
	Six months period ended 30/06/2016 €	Six months period ended 30/06/2015 €
Wages and salaries	64.615	65.145
Social insurance costs and other funds	3.512	3.511
Social cohesion fund	1.292	1.292
	<b>69.419</b>	<b>69.948</b>
Average number of employees	1	1
<b>6. Finance costs</b>		
	Six months period ended 30/06/2016 €	Six months period ended 30/06/2015 €
Interest expense	50.921	79.041
	<b>50.921</b>	<b>79.041</b>
<b>7. Loss per share attributable to equity holders of the parent</b>		
	Six months period ended 30/06/2016	Six months period ended 30/06/2015
Loss attributable to shareholders (€)	(62.121)	(151.489)
Weighted average number of ordinary shares in issue during the period	2.500.011	2.500.011
Loss per share attributable to equity holders of the parent (cent)	(2,48)	(6,06)

## LANITIS GOLF PUBLIC CO LIMITED

### NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

#### 8. Property, plant and equipment

	Plant and machinery €	Furniture, fixtures and office equipment €	Golf Development expenses €	Total €
<b>Cost</b>				
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)
<b>Balance at 31 December 2015</b>	<b>5.276</b>	<b>-</b>	<b>1.547.257</b>	<b>1.552.533</b>
<b>Balance at 1 January 2016</b>	<b>5.276</b>	<b>-</b>	<b>1.547.257</b>	<b>1.552.533</b>
Additions	-	-	9.167	9.167
<b>Balance at 30 June 2016</b>	<b>5.276</b>	<b>-</b>	<b>1.556.424</b>	<b>1.561.700</b>
<b>Depreciation</b>				
Balance at 1 January 2015	528	639	-	1.167
Charge for the period	527	-	-	527
On disposals	-	(639)	-	(639)
<b>Balance at 31 December 2015</b>	<b>1.055</b>	<b>-</b>	<b>-</b>	<b>1.055</b>
<b>Balance at 1 January 2016</b>	<b>1.055</b>	<b>-</b>	<b>-</b>	<b>1.055</b>
Charge for the period	264	-	-	264
<b>Balance at 30 June 2016</b>	<b>1.319</b>	<b>-</b>	<b>-</b>	<b>1.319</b>
<b>Net book amount</b>				
<b>Balance at 30 June 2016</b>	<b>3.957</b>	<b>-</b>	<b>1.556.424</b>	<b>1.560.381</b>
<b>Balance at 31 December 2015</b>	<b>4.221</b>	<b>-</b>	<b>1.547.257</b>	<b>1.551.478</b>

The golf development expenses represent mainly consultancy, professional and other fees relating to the project referred to in note 9.

## LANITIS GOLF PUBLIC CO LIMITED

### NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

#### 9. Investment property

	<b>Unaudited 30/06/2016</b>	Audited 31/12/2015
	€	€
Balance at 1 January	<b>63.702.743</b>	68.515.631
Loss on property valuation	-	(4.812.888)
<b>Balance at the end of the period</b>	<b>63.702.743</b>	<b>63.702.743</b>

The land owned by the Company was temporarily categorized 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.

The valuation for the fair value of the investment property has taken into consideration the capital commitment of €5 million (Note: 22) that must be paid to the Town Planning and Housing Department for the development of the golf resort.

#### 10. Intangible assets

	<b>Computer software €</b>
<b>Cost</b>	
Balance at 1 January 2015	3.303
<b>Balance at 31 December 2015</b>	<b>3.303</b>
<b>Balance at 30 June 2016</b>	<b>3.303</b>
<b>Amortisation</b>	
Balance at 1 January 2015	2.796
Amortisation for the year	253
<b>Balance at 31 December 2015</b>	<b>3.049</b>
<b>Balance at 1 January 2016</b>	<b>3.049</b>
Amortisation for the period	127
<b>Balance at 30 June 2016</b>	<b>3.176</b>
<b>Net book amount</b>	
<b>Balance at 30 June 2016</b>	<b>127</b>
<b>Balance at 31 December 2015</b>	<b>254</b>

# LANITIS GOLF PUBLIC CO LIMITED

## NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

### 11. Receivables

	Unaudited 30/06/2016 €	Audited 31/12/2015 €
Receivables from related companies (Note 17.2)	10.526	10.526
Deposits and prepayments	1.088	672
Refundable VAT	16.366	29.112
	<u>27.980</u>	<u>40.310</u>

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

### 12. Share capital

	Unaudited 30/06/2016 Number of shares	Unaudited 30/06/2016 €	Audited 31/12/2015 Number of shares	Audited 31/12/2015 €
<b>Authorised</b>				
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>
<b>Issued and fully paid</b>				
Balance at 1 January	<u>2.500.011</u>	<u>4.275.019</u>	<u>2.500.011</u>	<u>4.275.019</u>
<b>Balance at the end of the period</b>	<u>2.500.011</u>	<u>4.275.019</u>	<u>2.500.011</u>	<u>4.275.019</u>

### 13. Borrowings

	Unaudited 30/06/2016 €	Audited 31/12/2015 €
<b>Non-current borrowings</b>		
Bank loans	1.106.790	1.083.466
Loan from parent company (Note 17.4)	1.250.848	1.223.171
	<u>2.357.638</u>	<u>2.306.637</u>

Maturity of non-current borrowings:

	Unaudited 30/06/2016 €	Audited 31/12/2015 €
Within one year	-	-
Between one and five years	1.250.848	1.223.171
More than five years	<u>1.106.790</u>	<u>1.083.466</u>

# LANITIS GOLF PUBLIC CO LIMITED

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## NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

### 13. Borrowings (continued)

On 30 December 2015, the ultimate parent company, Lanitis E.C. Holdings Ltd, together with its subsidiaries, Lanitis Farm Ltd and Lanitis Golf Public Co Ltd, signed an agreement with their key lender to restructure their credit facilities.

The total credit facilities of Lanitis E.C. Holdings Ltd, Lanitis Farm Ltd and Lanitis Golf Public Co Ltd (together the "Obligors") of an amount of €165,8 million are 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 Ltd Group, including real estate assets of the Obligors.

Repayment schedule of senior term facility of €100 million:

- a) Until August 2018 €30 million;
- b) Until December 2020 €40 million;
- c) Until December 2022 €30 million plus all the interest accrued up to that date.

Repayment schedule of subordinated term facility of €65,8 million:

- a) Until December 2023 €10 million;
- b) Until December 2024 €20 million;
- c) Until December 2025 €36 million. From 31 December 2025, the repayment of the accrued interest will be made through the 50% of the proceeds from the sale of assets of the Obligors and the Group and will have no pre-determined repayment date.

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

The bank loan of the Company is part of the senior term facility referred to above. The management expects to repay the Company's bank loan with the last installments of the senior term facility due until December 2022, since the credit facilities of other obligors are more significant in value for the Lanitis E.C. Holdings Ltd Group.

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

	<b>Unaudited 30/06/2016</b>	Audited 31/12/2015
Bank loans	<b>3,5%</b>	6,75%

# LANITIS GOLF PUBLIC CO LIMITED

## NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

### 14. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates. 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 investments property €
Balance at 1 January 2015	5.689.454
Charged/(credited) to: Statement of profit or loss and other comprehensive income	(601.611)
<b>Balance at 31 December 2015</b>	<b>5.087.843</b>
<b>Balance at 1 January 2016</b>	<b>5.087.843</b>
<b>Balance at 30 June 2016</b>	<b>5.087.843</b>

### 15. Trade and other payables

	Unaudited 30/06/2016 €	Audited 31/12/2015 €
Social insurance and other taxes	7.199	10.514
Shareholders' current accounts - credit balances (Note 17.5)	142.652	142.652
Other payables	2.179	35.500
Accruals	7.249	11.888
Payables to related companies (Note 17.3)	609.524	567.938
	<b>768.803</b>	<b>768.492</b>

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



## LANITIS GOLF PUBLIC CO LIMITED

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### NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

#### 16. 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.

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, could potentially affect:

- 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 further provisions or impairment charges are necessary other than those already recognised in the financial statements. 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.

# LANITIS GOLF PUBLIC CO LIMITED

## NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

### 17. Related party transactions

The Company is controlled by Lanitis Farm Ltd, incorporated in Cyprus, which owns 99,99% of the Company's shares. The ultimate shareholder of the Company is Lanitis E.C. Holdings Limited.

The following transactions were carried out with related parties:

#### 17.1 Related parties transactions

		Six months period ended 30/06/2016 Income/ (expense)	Six months period ended 30/06/2015 Income/ (expense)
	<u>Nature of transactions</u>	€	€
Cybarco Limited	Management fees	70.123	50.021
Lanitis Farm Limited	Interest expense	(27.677)	(43.239)
Lanitis E.C. Holdings Limited	Administration services	-	(30.000)
		<b>42.446</b>	<b>(23.218)</b>

#### 17.2 Receivables from related parties (Note 11)

<u>Name</u>	<u>Nature of transactions</u>	Unaudited 30/06/2016 €	Audited 31/12/2015 €
Cybarco Development Limited	Trade	6.041	6.041
Cybarco Limited	Trade	4.485	4.485
		<b>10.526</b>	<b>10.526</b>

#### 17.3 Payables to related parties (Note 15)

<u>Name</u>	<u>Nature of transactions</u>	Unaudited 30/06/2016 €	Audited 31/12/2015 €
Lanitis E.C. Holdings Limited	Financing	609.524	567.938
		<b>609.524</b>	<b>567.938</b>

#### 17.4 Shareholders' loan account (Note 13)

	Unaudited 30/06/2016 €	Audited 31/12/2015 €
Lanitis Farm Limited	1.250.848	1.223.171
	<b>1.250.848</b>	<b>1.223.171</b>

The loan from parent company bears interest at the rate of 4% annually (2015 interest rate: 7,5%).

# LANITIS GOLF PUBLIC CO LIMITED

## NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

### 17. Related party transactions (continued)

#### 17.5 Shareholders' current accounts - credit balances (Note 15)

	Unaudited 30/06/2016 €	Audited 31/12/2015 €
Lanitis Farm Limited	142.652	142.652
	<u>142.652</u>	<u>142.652</u>

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

### 18. 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 31/12/2015 and 30/06/2016 were as follows:

	30 June 2016 %	31 December 2015 %
Platon E. Lanitis	99,99	99,99

### 19. 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 30/06/2016 were as follows:

	30 June 2016 %	31 December 2015 %
Lanitis Farm Limited	99,99	99,99

### 20. Significant agreements with management

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

### 21. Contingent liabilities

As disclosed in note 13, 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 has no further contingent liabilities as at 30 June 2016.

### 22. 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 has 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. The rest of the installments of €0,5 million each will be paid on annual basis from 2017 and onwards until full payment of the above noted €5 million.

The Company has no further capital or other commitments as at 30 June 2016.

## **LANITIS GOLF PUBLIC CO LIMITED**

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### **NOTES TO THE CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016**

#### **23. Events after the reporting period**

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