

**APHRODITE SPRINGS PUBLIC LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**For the year ended 31 December 2019**

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**APHRODITE SPRINGS PUBLIC LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISORS**

Board of Directors	George Misirlis, Cypriot Elias Neocleous, Cypriot Demetris Rotis, Cypriot Aristotelis Karytinis, Greek
Company Secretary	P & D Secretarial Services Limited
Independent Auditors	KPMG Limited
Banker	Bank of Cyprus Public Company Ltd
Registered Office	Office 303, 3 <sup>rd</sup> Floor, Agathaggelos Court 10 Georgiou Gennadiou Street 3041 Limassol Cyprus
Registration Number	HE174743

## **APHRODITE SPRINGS PUBLIC LIMITED**

### **MANAGEMENT REPORT**

The Board of Directors of **Aphrodite Springs Public Limited** (the "Company") presents to the members its Annual Report together with the audited financial statements of the Company for the year ended 31 December 2019.

#### **CHANGE OF COMPANY NAME AND LEGAL FORM**

On 13 December 2017, the Company changed its legal form from a private limited liability company to that of a public company and on 2 January 2018 was subsequently renamed from Aphrodite Hills (Lakkos tou Frangou) Limited to Aphrodite Springs Public Limited.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company continues to be the development and operation of a golf course and real estate (including the separation of land into building plots) and related amenities.

#### **FINANCIAL RESULTS AND POSITION**

The Company's financial results for the year ended 31 December 2019 and its financial position as at that date are set out in the statement of profit or loss and other comprehensive income and the statement of financial position on pages 7 and 8 respectively. The loss for the year amounted to €88.834 (2018: loss of €52.101).

#### **EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE COMPANY**

The Company continues to be reliant on the financial support of related parties (refer to note 2(c)) at these early stages of its operation where it is planning the development and financing of its golf development and real estate project in the Aphrodite Hills area of Pafos. In addition, the Company is in the process of obtaining building permits for a) plot & road separations, and b) the clubhouse and maintenance building.

#### **DIVIDENDS**

The Board of Directors does not recommend the payment of a dividend and the loss for the year is transferred to reserves.

#### **MAIN RISKS AND UNCERTAINTIES**

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 12 to the financial statements.

#### **FORSEEABLE FUTURE DEVELOPMENTS**

The Board of Directors is now in the process of preparing detailed studies for the project and preparing the Company for a listing on the Cyprus Stock Exchange Emerging Companies Market in order to attract investors to invest in the Company.

#### **SHARE CAPITAL**

There were no changes to the share capital of the Company during the year under review and up to the date of signing of these financial statements.

**APHRODITE SPRINGS PUBLIC LIMITED****MANAGEMENT REPORT** *(continued)***BRANCHES**

During the year ended 31 December 2019 the Company did not operate any branches.

**BOARD OF DIRECTORS**

The members of the Company's Board of Directors as at 31 December 2019 and at the date of this report are presented on page 1.

In accordance with the Company's Articles of Association, all directors presently members of the Board continue in office until their resignation or removal.

There were no significant changes to the assignment of responsibilities and remuneration of the Board of Directors during the year.

**SUBSEQUENT EVENTS**

The material events that occurred after the reporting date and which affect the financial statements as at 31 December 2019 are described in note 15 to the financial statements.

**INDEPENDENT AUDITORS**

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the next Annual General Meeting.

By order of the Board of Directors,



George Misirlis  
Director

Limassol, 2 July 2020



KPMG Limited  
 Chartered Accountants  
 11, June 16th 1943 Street, 3022 Limassol, Cyprus  
 P.O.Box 50161, 3601 Limassol, Cyprus  
 T: +357 25 869000, F: +357 25 363842

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF**  
**APHRODITE SPRINGS PUBLIC LIMITED**

**Report on the audit of the financial statements**

*Opinion*

We have audited the accompanying financial statements of **Aphrodite Springs Public Limited** (the "Company"), which are presented on pages 7 to 22 and comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "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 "Auditors' responsibilities for the audit of the financial statements" section of our report. We remained independent of the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF APHRODITE SPRINGS PUBLIC LIMITED *(continued)*

#### *Other information*

The Board of Directors is responsible for the other information. The other information comprises the management report, but does not include the financial statements and our auditors' 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, except as required by the Companies Law, Cap.113.

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.

With regards to the management report, our report in this regard is presented in the "Report on other legal requirements" section.

#### *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 IFRS-EU and the requirements of the 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 there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

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

#### *Auditors' 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 auditors' 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.

**INDEPENDENT AUDITORS' REPORT****TO THE MEMBERS OF APHRODITE SPRINGS PUBLIC LIMITED** *(continued)**Auditors' responsibilities for the audit of the financial statements (continued)*

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the 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.

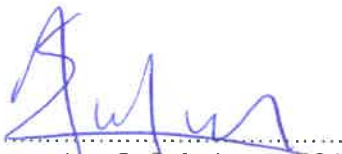
**Report on other legal requirements**

Pursuant to the additional requirements of the Auditors' Law of 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of the audit, we have not identified material misstatements in the management report.

**Other matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Alexandros S. Sofocleous, FCA  
Certified Public Accountant and Registered Auditor  
for and on behalf of

KPMG Limited  
Certified Public Accountants and Registered Auditors  
11, June 16th 1943 Street  
3022 Limassol  
Cyprus

2 July 2020



**APHRODITE SPRINGS PUBLIC LIMITED**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 €	2018 €
Administrative expenses		<u>(88.828)</u>	<u>(52.020)</u>
<b>Operating loss before financing expenses</b>		<b>(88.828)</b>	<b>(52.020)</b>
Net financing expenses	4	<u>(6)</u>	<u>(81)</u>
<b>Loss before tax</b>		<b>(88.834)</b>	<b>(52.101)</b>
Taxation	5	<u>-</u>	<u>-</u>
<b>Loss for the year</b>		<b>(88.834)</b>	<b>(52.101)</b>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the year</b>		<u><b>(88.834)</b></u>	<u><b>(52.101)</b></u>

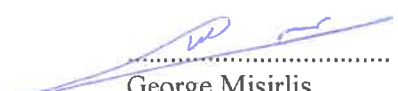
**APHRODITE SPRINGS PUBLIC LIMITED**

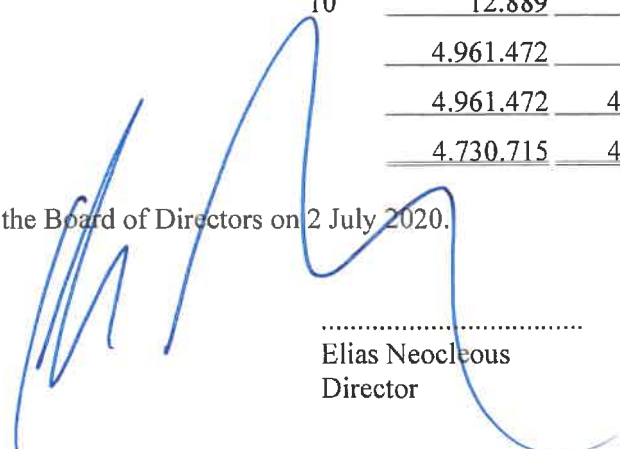
**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2019

	Note	2019 €	2018 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	4.486.989	3.964.493
Other receivables and prepayments	7	160.442	154.355
Restricted bank balances	8	<u>83.284</u>	<u>57.540</u>
<b>Total non-current assets</b>		<u>4.730.715</u>	<u>4.176.388</u>
<b>Current assets</b>			
Receivables from shareholders	7	-	22.245
Other receivables and prepayments	7	<u>-</u>	<u>2.738</u>
<b>Total current assets</b>		<u>-</u>	<u>24.983</u>
<b>Total assets</b>		<u>4.730.715</u>	<u>4.201.371</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	9	34.200	34.200
Share premium		2.385.201	2.385.201
Accumulated losses		<u>(2.650.158)</u>	<u>(3.043.724)</u>
<b>Total equity</b>		<u>(230.757)</u>	<u>(624.323)</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Payables to related companies	11(i)	<u>-</u>	<u>4.333.075</u>
<b>Total non-current liabilities</b>		<u>-</u>	<u>4.333.075</u>
<b>Current liabilities</b>			
Payable to shareholder	11(ii)	-	478.996
Payables to related companies	11(i)	4.948.583	2.910
Other payables and accruals	10	<u>12.889</u>	<u>10.713</u>
<b>Total current liabilities</b>		<u>4.961.472</u>	<u>492.619</u>
<b>Total liabilities</b>		<u>4.961.472</u>	<u>4.825.694</u>
<b>Total equity and liabilities</b>		<u>4.730.715</u>	<u>4.201.371</u>

The financial statements were approved by the Board of Directors on 2 July 2020.

  
.....  
George Misirlis  
Director

  
.....  
Elias Neocleous  
Director

The notes on pages 11 to 22 are an integral part of these financial statements.

**APHRODITE SPRINGS PUBLIC LIMITED**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

Note	Share capital €	Share premium €	Accumulated losses €	Total €
<b>Balance at 1 January 2018</b>	34.200	2.385.201	(2.991.623)	(572.222)
<i>Total comprehensive loss for the year</i>				
Loss for the year	-	-	(52.101)	(52.101)
Other comprehensive income for the year	-	-	-	-
<b>Balance at 31 December 2018</b>	<u>34.200</u>	<u>2.385.201</u>	<u>(3.043.724)</u>	<u>(624.323)</u>
<b>Balance at 1 January 2019</b>	34.200	2.385.201	(3.043.724)	(624.323)
<i>Total comprehensive loss for the year</i>				
Loss for the year	-	-	(88.834)	(88.834)
Other comprehensive income for the year	-	-	-	-
<i>Transactions with owners of the Company</i>				
Waiver of shareholder's liability	-	-	482.400	482.400
	11(ii)			
<b>Balance at 31 December 2019</b>	<u>34.200</u>	<u>2.385.201</u>	<u>(2.650.158)</u>	<u>(230.757)</u>

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the ultimate shareholders at the end of the period of two years from the end of the year of assessment to which the profits refer are both Cyprus tax residents and Cyprus domiciled. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the company for the account of the shareholders.

**APHRODITE SPRINGS PUBLIC LIMITED**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 €	2018 €
<b>Cash flows from operating activities</b>			
Loss for the year		<u>(88.834)</u>	<u>(52.101)</u>
<b>Cash flows used in operations before working capital changes</b>		(88.834)	(52.101)
Increase in other receivables and prepayments		18.896	(7.360)
Increase in other payables		5.580	4.321
Increase in payable to related parties (management fees)		50.000	-
(Increase)/decrease in restricted bank balances		<u>(25.744)</u>	<u>75</u>
<b>Cash used in operations</b>		<u>(40.102)</u>	<u>(55.065)</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	6	<u>(522.496)</u>	<u>(563.408)</u>
<b>Net cash used in investing activities</b>		<u>(522.496)</u>	<u>(563.408)</u>
<b>Cash flows from financing activities</b>			
Proceeds from financing provided by related parties		<u>562.598</u>	<u>618.473</u>
<b>Net cash generated from financing activities</b>		<u>562.598</u>	<u>618.473</u>
<b>Net increase in cash and cash equivalents</b>		-	-
Cash and cash equivalents at beginning of the year		<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at end of the year</b>		<u><u>-</u></u>	<u><u>-</u></u>

During the year ended 31 December 2019, the balance due to the non-controlling shareholder was not settled in cash but was instead waived by the same.

## **APHRODITE SPRINGS PUBLIC LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

#### **1. INCORPORATION AND PRINCIPAL ACTIVITIES**

Aphrodite Springs Public Limited (the "Company") was incorporated in Cyprus on 7 April 2006 as a private limited liability company under the Cyprus Companies Law, Cap. 113. On 13 December 2017, the Company changed its legal form from a private limited liability company to that of a public company. Its registered office is at Office 303, 3<sup>rd</sup> Floor, Agathaggelos Court, 10 Georgiou Gennadiou Street, 3041 Limassol, Cyprus.

The principal activity of the Company continues to be the development and operation of a golf course and real estate (including the separation of land into building plots) and related amenities.

The Board of Directors is now in the process of preparing detailed studies for the project and preparing the Company for a listing on the Cyprus Stock Exchange Emerging Companies Market in order to attract investors to invest in the Company.

#### **2. BASIS OF PREPARATION**

##### **(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements were approved by the Board of Directors on 2 July 2020.

##### **(b) Basis of measurement**

The financial statements are for the year ended 31 December 2019 and have been prepared under the historical cost convention.

##### **(c) Going concern**

The Company incurred a loss of €88.834 during the year ended 31 December 2019 and, as of that date, the Company's total liabilities exceeded its total assets by €230.757. Furthermore, following the granting of the planning permit for the development of its golf and real estate project, the Company is due to make annual payments of €500.000 to the authorities and will continue to incur other expenses in the foreseeable future as the strategy for execution of this project develops and progresses.

Notwithstanding the above, these financial statements have been prepared on a going concern basis as the Board of Directors considers that no material uncertainty exists in relation to the Company's ability to continue as a going concern. The following factors were considered when making this determination:

- Prodea Real Estate Investment Company S.A. ("Prodea"), the Company's controlling shareholder, confirmed to the Company in writing on 30 June 2020 that it has the intention and the ability to provide the necessary financial support to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.
- As at 31 December 2019 out of total liabilities of €4,961.472 the amount of €4,945.673 was due to AHRL. On 26 July 2019 AHRL issued a support letter to the Company stating, amongst other things, that, should the Company not be able to meet its liabilities as they fall due, AHRL will not call the balance for repayment until the Board of Directors of the Company itself determines that it has sufficient and available financial resources to repay, over and above its current and anticipated future obligations.
- Aphrodite Hills Resort Ltd ('AHRL'), an entity related by virtue of common control, will settle the next installment due to the authorities in 2020 for the planning permit amounting to €500k. AHRL also paid the previous 2 installments and has historically provided financial support to the Company as necessary.
- The fair value of the land owned by the Company has been estimated by an independent valuer at €34,6 million which far exceeds its carrying value. This provides additional comfort as the fair value of the Company's assets exceed its liabilities (the land is currently accounted for at cost).

**APHRODITE SPRINGS PUBLIC LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**2. BASIS OF PREPARATION** *(continued)*

**(d) Adoption of new and revised IFRS and Interpretations as adopted by the EU**

During the current year, the Company adopted all changes to IFRS as adopted by the EU which are relevant to its operations and are effective for accounting periods beginning on 1 January 2019. This adoption did not have a material effect on the financial statements of the Company. The transition impact of the adoption of IFRS 16 “Leases” is explained in note 2(g).

At the date of approval of these financial statements, Standards, Amendments to Standards and Interpretations were issued by International Accounting Standards Board (“IASB”) which were not yet effective for annual periods beginning on 1 January 2019. Some of them were adopted by the EU and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the financial statements of the Company.

**(e) Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may deviate from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments concerning the application of accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Value added tax (VAT)

Significant judgment is required in determining the recoverability of VAT refundable and/or the provision for claims by the VAT authorities. The Company accounts for anticipated issues based on estimates of whether taxes are refundable or additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the VAT receivables/provisions in the period in which such determination is made.

Management records a provision for uncertain VAT matters based on the information available, its judgment and on the likelihood that such uncertain matters will lead to additional liabilities.

**(f) Functional and presentation currency**

The financial statements are presented in Euro (€) which is the Company's functional currency.

**(g) Changes in significant accounting policies**

The Company has initially applied IFRS 16 from 1 January 2019.

The application of IFRS 16 did not had any impact on the financial statements of the Company as the Company does not have any leases for which it is either a lessee or a lessor.



**APHRODITE SPRINGS PUBLIC LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**3. SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies have been applied consistently for all the years presented in these financial statements, except if mentioned otherwise.

**Finance/income expenses**

Finance income/expenses comprises bank charges, interest expense, interest income and foreign exchange losses and gains. Interest income/expense is recognised in the income statement as it accrues, using the effective interest method.

**Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised in the statement of profit or loss on the straight line basis over the useful lives of each part of an item of property, plant and equipment. Since the golf development project is still under construction and consequently the assets are not yet in use there is no provision for depreciation.

No depreciation is provided on land.

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

Property, plant and equipment consists of golf buildings and infrastructure which are currently under construction. These are stated at historical cost. Cost comprises direct construction costs as well as other expenses related to the construction.

The capitalisation of expenses is terminated once all necessary work relating to the construction of the fixed asset for its predetermined use is effectively completed.

**Tax**

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the statement of financial position date. Current tax includes any adjustments to tax payable in respect of previous periods.

**Financial instruments*****Recognition and initial measurement***

The Company initially recognises trade receivables when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Subsequent to initial recognition they are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

***Financial assets - classification and subsequent measurement***

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI-debt investment; FVOCI-equity investment; or FVTPL.

**APHRODITE SPRINGS PUBLIC LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Financial instruments *(continued)*

*Financial assets - classification and subsequent measurement (continued)*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost comprise of other receivables, receivables from related parties and restricted bank balances.

All remaining financial assets of the Company that are not classified as measured at amortised cost as described above are measured are FVTPL.

All financial assets are classified as current assets unless the Company has an unconditional responsibility to accept deferral of receipt for at least twelve months after the balance sheet date, in which case they are classified as non-current assets.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are re-classified accordingly on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss.

Financial assets at FVTPL are subsequently measured at fair value and changes therein are generally recognised in profit or loss.

*Financial liabilities*

On initial recognition, the Company classifies financial liabilities as other financial liabilities. Other financial liabilities are liabilities that are either designated in this category or not classified at FVTPL.

Other financial liabilities comprise of other payables and amounts payable to related parties.

They are classified as current liabilities unless there is an unconditional right to defer settlement for at least twelve months after the balance sheet date, in which case they are classified as long term liabilities.

*Impairment of financial assets*

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. The loss allowances are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.



**APHRODITE SPRINGS PUBLIC LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Financial instruments** *(continued)****Financial instruments – classification and subsequent measurement*** *(continued)****Impairment of financial assets*** *(continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Impairment losses are recognised in profit or loss.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from gross carrying amounts of the assets.

***Write-off***

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**APHRODITE SPRINGS PUBLIC LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial instruments (continued)*****Derecognition of financial assets and liabilities******Financial assets***

The Company derecognises a financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) when:

- the contractual rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company transfers the rights to receive the contractual cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

***Financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

**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. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

**Comparatives**

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

**APHRODITE SPRINGS PUBLIC LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**4. NET FINANCING EXPENSES**

	2019	2018
	€	€
Bank charges	6	81

**5. TAXATION**

*Reconciliation of tax based on the taxable income and tax based on accounting losses:*

	2019	2018
	€	€
Accounting loss before tax	(88.834)	(52.101)
Tax calculated at the applicable corporation tax rates	(11.104)	(6.513)
Tax effect of expenses not deductible for tax purposes	44	61
Current year tax loss for which no deferred tax asset is recognised	11.061	6.452
	-	-

The corporation tax rate is 12,5% (2018: 12,5%).

*Unrecognised deferred tax assets*

As at the reporting date, a deferred tax asset has not been recognised in respect of accumulated tax losses amounting to €173 thousand (2018: €94 thousand), as it is not probable that future taxable profit will be generated against which the Company can utilise benefits therefrom. An amount of tax losses expires each year, and these tax losses fully expire by 31 December 2024. Tax losses for which no deferred tax asset was recognised expire as follows:

Tax year	Expiration year	2019	2018
		€	€
2014	2019	-	9.607
2015	2020	6.656	6.656
2016	2021	19.597	19.597
2017	2022	6.831	6.831
2018	2023	51.611	51.611
2019	2024	88.484	-
		173.179	94.302

**APHRODITE SPRINGS PUBLIC LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**6. PROPERTY, PLANT AND EQUIPMENT**

<b>2019</b>	Land	Golf development project under construction	Total
	€	€	€
Balance at 1 January 2019	2.468.786	1.495.707	3.964.493
Additions	<u>-</u>	<u>522.496</u>	<u>522.496</u>
Balance at 31 December 2019	<u>2.468.786</u>	<u>2.018.203</u>	<u>4.486.989</u>

**2018**

Balance at 1 January 2018	2.468.786	932.299	3.401.085
Additions	<u>-</u>	<u>563.408</u>	<u>563.408</u>
Balance at 31 December 2018	<u>2.468.786</u>	<u>1.495.707</u>	<u>3.964.493</u>

The Company's property is charged with a mortgage to a bank for a facility provided to a company that is related by virtue of common control.

During 2019, a payment in the amount of €500.000 was made to the authorities (on behalf of the Company by an entity related by virtue of common control) for the second installment of the planning permit (2018: €500.000 for the first installment) (note 14). This amount has been capitalised to the golf development project.

**7. OTHER RECEIVABLES AND PREPAYMENTS**

	2019 €	2018 €
Receivables from shareholders (Note 11 (iii))	-	22.245
Other receivables and prepayments	-	2.738
VAT refundable	<u>160.442</u>	<u>154.355</u>
	<u>160.442</u>	<u>179.338</u>
Non-current portion	160.442	154.355
Current portion	<u>-</u>	<u>24.983</u>
	<u>160.442</u>	<u>179.338</u>

VAT refundable was recognised on the basis that it will be offset with future output VAT, following the commencement of the Company's operations and for this reason is accounted for as a non-current asset.

**APHRODITE SPRINGS PUBLIC LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**8. RESTRICTED BANK BALANCES**

	2019 €	2018 €
Restricted bank balances	<u>83.284</u>	<u>57.540</u>

As at 31 December 2019, the Company held €83.284 (2018: €57.540) with the Bank of Cyprus. This balance is restricted in use by, and also is pledged to, the aforementioned bank for a facility it provided to a company related by virtue of common control. The Company has the right to request use of these funds when required, subject to approval from the bank. Restricted bank balances do not constitute cash and cash equivalents for the purposes of the cash flow statement.

**9. SHARE CAPITAL**

	2019 Number of shares	2019 €	2018 Number of shares	2018 €
<b>Authorised</b>				
Shares of €1,71 each	<u>20.000</u>	<u>34.200</u>	<u>20.000</u>	<u>34.200</u>
<b>Issued and fully paid</b>				
Ordinary shares of €1,71 each	<u>20.000</u>	<u>34.200</u>	<u>20.000</u>	<u>34.200</u>

**10. OTHER PAYABLES AND ACCRUALS**

	2019 €	2018 €
Accruals	<u>12.889</u>	<u>10.713</u>

The exposure of the Company to liquidity risk in relation to financial instruments is reported in note 13 to the financial statements.

**APHRODITE SPRINGS PUBLIC LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**11. RELATED PARTY BALANCES AND TRANSACTIONS**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Company's immediate and ultimate controlling shareholder is Prodea Real Estate Investment Company SA.

The transactions and balances with related parties are as follows:

**(i) Payables to companies related by virtue of common control**

<u>Name</u>	<u>Nature of transactions</u>	2019 €	2018 €
Aphrodite Hills Resort Limited	Financing	4.895.673	4.333.075
Aphrodite Hills Resort Limited	Management fees	50.000	-
Aphrodite Hotels Limited	Trading	<u>2.910</u>	<u>2.910</u>
		<u>4.948.583</u>	<u>4.335.985</u>

The above balances are interest free and have no specified repayment date. On this basis, the balances are considered to be payable on demand and have therefore been classified as short-term.

**(ii) Shareholders' current account - credit balance**

	<u>Nature of transactions</u>	2019 €	2018 €
Non-controlling shareholder	Financing	<u>-</u>	<u>478.996</u>

During 2019, the balance due to the non-controlling shareholder was waived. The waived amount was recognised as a gain directly in the statement of changes in equity.

**(iii) Shareholders' current account - debit balance (Note 7)**

	2019 €	2018 €
Controlling shareholder	-	22.232
Non controlling shareholders	<u>-</u>	<u>13</u>
	<u>-</u>	<u>22.245</u>

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

**(iv) Management fees**

	2019 €	2018 €
Aphrodite Hills Resort Limited	<u>50.000</u>	<u>-</u>

**APHRODITE SPRINGS PUBLIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2019

**12. FINANCIAL RISK MANAGEMENT**

**Financial risk factors**

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

*(i) 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 carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019 €	2018 €
Other receivables and prepayments	-	2,738
Restricted bank balances	83,284	57,540
Shareholders' current account – debit balance	-	22,245
	83,284	82,253

The Company's restricted bank balances are held with Bank of Cyprus Public Company Limited. As at the reporting date, Moody's long-term credit rating for Bank of Cyprus was B3 (2018: Caa1). The generic rating B indicates that the bank's financial obligations are considered speculative and are subject to high credit risk. The numeric modifier 3 indicates a ranking in the lower end of the generic rating category.

Impairment on restricted bank balances is measured on a 12 month expected loss basis and reflects the short maturities of the exposures, due to which no impairment allowance has been recognised by the Company as at 31 December 2019 and 2018.

*(ii) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. It 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 relies on the support of related parties when managing liquidity (see note 2(c)).

The following are the contractual maturities of financial liabilities:

31 December 2019	Carrying amounts €	Contractual cash flows €	Between 1-12 months €	Between 1-2 years €	Between 2-5 years €	More than 5 years €
Other payables and accruals	12,889	12,889	12,889	-	-	-
Payables to related companies	4,948,583	4,948,583	4,948,583	-	-	-
	4,961,472	4,961,472	4,961,472	-	-	-

**APHRODITE SPRINGS PUBLIC LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**12. FINANCIAL RISK MANAGEMENT** *(continued)*

*(ii) Liquidity risk (continued)*

31 December 2018	Carrying amounts	Contractual cash flows	Between 1-12 months	Between 1-2 years	Between 2-5 years	More than 5 years
	€	€	€	€	€	€
Other payables and accruals	10.713	10.713	10.713	-	-	-
Payables to shareholders	478.996	478.996	478.996	-	-	-
Payables to related companies	<u>4.335.985</u>	<u>4.335.985</u>	<u>2.910</u>	<u>4.333.075</u>	-	-
	<u>4.825.694</u>	<u>4.825.694</u>	<u>492.619</u>	<u>4.333.075</u>	-	-

**13. CONTINGENT LIABILITIES**

The Company's assets are subject to a fixed and floating charge in favour of a bank for a facility provided to a company related by virtue of common control.

**14. CAPITAL COMMITMENTS**

- The Company has obtained the necessary town planning permit for the golf development and plot separation. The planning permit was granted subject to certain conditions being met. Amongst other things, the Company must pay €5 million in 10 equal yearly installments, the first of which was settled during 2018 and the second of which was settled in July 2019. Both the aforementioned payments were made to the authorities by Aphrodite Hills Resort Limited on behalf of the Company.
- The Company signed a contract with Cabel B. Robinson S.L. (golf course architects) for the design and overall supervision of the golf development project. The total value of the contract is €340.000 of which work amounting to €30.000 has been undertaken to date. As the permit has now been granted, the Board of Directors expects that the remaining work under this contract to be executed once investors and the necessary financing are secured.
- The Company during the previous year, entered into an agreement with A.S.D Hyperstatic Engineering Design for the design of infrastructure which is required to be submitted for the Building Permit for an amount of €70.000 plus applicable VAT. As at 31 December 2019, the Company has paid €50.000 of this amount.

**15. SUBSEQUENT EVENTS**

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Most governments around the world took increasingly stringent steps to stem the spread of the virus, including: requiring self-isolation/ quarantine, social distancing and controlling or closing borders and "locking-down" cities/regions and entire countries. These measures are gradually being lifted in many jurisdictions including Cyprus but the uncertainties over the broader economies remain as the pandemic still evolves. The impact that this pandemic will have on the Company is being assessed on an ongoing basis, however it is not expected to be significant given that the Company has yet to commence any operations.

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



**APHRODITE SPRINGS PUBLIC LIMITED**

TAX COMPUTATION

For the year ended 31 December 2019

	Schedule
Administation expenses	1
Computation of wear and tear allowances	2
Computation of corporate tax	3

## APHRODITE SPRINGS PUBLIC LIMITED

ADMINISTRATIVE EXPENSESFor the year ended 31 December 2019

	2019	2018
	€	€
Insurances	-	614
Licenses and taxes	2.021	22.466
Electricity and water	861	-
Legal and professional fees	34.734	27.978
Annual levy	350	350
Sundry expenses	-	472
Entertaining	862	-
Management fees	50.000	-
Penalties on annual levy	-	140
	<u>(88.828)</u>	<u>(52.020)</u>



## APHRODITE SPRINGS PUBLIC LIMITED

COMPUTATION OF CORPORATE TAXFor the year ended 31 December 2019

	Schedule	€	€
Loss before tax			(88.828)
<u>Add:</u>			
Annual levy		350	
Fines on annual levy			
			<u>350</u>
Tax loss			(88.484)
Tax losses brought forward			(94.302)
Tax losses not utilised			<u>9.607</u>
			<u>(173.179)</u>

**CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD**

\*Analysis of tax losses to be carried forward:

Tax year	Expiration year	Tax losses €
2015	2020	6.656
2016	2021	19.597
2018	2023	6.831
2019	2024	51.611
2020	2025	<u>88.484</u>
		<u>173.179</u>

