Minoan Group Plc

Report and Financial Statements

Year ended 31 October 2015

Company registration no: 3770602

Minoan Group Plc

Report and Financial Statements

Year ended 31 October 2015

Contents

Minoan Group Plc

Directors and Advisers

Directors
C W Egleton FCA (Chairman)
D C Wilson (Managing Director)
B D Bartman BSc (Econ), FCA
G D Cook MA, ACA
T R C Hill B.Arch

Company secretary
W C Cole FCA

Registered office
30 Crown Place
London
EC2A 4ES

Head office
3rd Floor
Sterling House
20 Renfield Street
Glasgow
G2 5AP

Administration office
3rd Floor
AMP House
Dingwall Road
Croydon
Surrey
CR0 2LX

Bankers
HSBC Bank plc, London
Barclays Bank Plc, Glasgow

Legal advisers
Pinsent Masons LLP, London

Nominated adviser and broker
WH Ireland Limited, London

Registrars
Neville Registrars Limited, Halesowen, West Midlands

Independent auditor
Moore Stephens LLP
Chartered Accountants and Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

Minoan Group Plc

Chairman's Statement

Introduction

The issue of the Presidential Decree in respect of the Group's Itanos Gaia project in Crete (the "Project") in March will, naturally, be the dominant feature of my Statement because of its pivotal nature for the Group's business. Its positive impacts cannot be over emphasised and some of these will be dealt with later in my review.

The year ended 31 October 2015 was extremely busy with the teams in Greece and the UK making very good progress.

In the Travel and Leisure ("T&L") business, total transaction value increased by 20% over the comparable figure in the previous financial year although, as referred to in the announcement of the Group's Interim Results in July last year, the business suffered a number of "one-off" impacts resulting from a dispute with the provider of back office services. This was successfully resolved but its overall impact resulted in a decline in profit before tax. Were it not for this, the T&L profit before tax would have shown a significant increase and the growth in total transaction value would have been even strongr.

Greece

The Presidential Decree granting land use approval for the Project has been issued and published in the Greek Government Gazette. As a result, the planning rules for the Project are now enshrined in law.

The Presidential Decree was unanimously approved by the Plenum of the Greek Council of State and then endorsed by the current Government before being signed by the President of the Hellenic Republic, Mr Prokopios Pavlopoulos. As I said at the time, this is a transformational event and is the result of many years of hard work by the Group, its advisors and our Greek team who have had to cope with five changes of Government in the last five years alone.

In this context, it is also important to note that this approval is the first for a major foreign leisure development in the past 30 years.

Having created substantial value, the Board is now focusing its attention on achieving the best outcome for all stakeholders in the Project, including the local community where we have full support. After so much time and effort the maximisation of value and returns to our investors is the first priority. Shareholders will be aware that the last "opinion of value" as per estimate dated 27 June 2011, which was reaffirmed in March 2012, estimated that the Group's interest in the land was "around €100m" and that there have been numerous discussions with various potential partners including, inter alia, Hotel Operators, Joint Venturers, Financiers and Investors. These and other discussions with the advisors working on the details for the fruition of the development, which will bring a new type of tourism to Crete, are now being accelerated. Crystallising discussions and negotiations such as these is a complex process and it can take some time to arrive at the best conclusion, especially where more than one party is involved. Nevertheless, the Board is confident of achieving a successful outcome in due course.

Due to its location, Crete has not suffered any material adverse effect from the current migration problems being experienced in other parts of Greece and remains the destination of choice for millions of visitors.

Chairman's Statement (continued)

Greece (continued)

The general situation in Greece, however, continues to be difficult with the migrant issue being the latest to exacerbate the Country's overall difficulties. Notwithstanding, the Greek Government continues to re-affirm its support of the tourism industry as a major part of the Greek economy.

I am pleased to confirm that Sitia International airport, which is approximately 30 minutes from Itanos Gaia, is now fully operational and will have a beneficial and growing impact on the local tourist industry.

Travel and Leisure

The T&L Division has continued to show significant volume growth with total transaction value increasing by 20% from £50,757,000 to £60,964,000 and gross profit increasing by 14% from £5,680,000 to £6,493,000. This growth was offset by an increase in operating expenses in order to prepare for further expansion in the current year. The net profit of the division, however, decreased from £454,000 to £233,000 for a number of reasons including the dispute announced in July last year.

This dispute affected numerous parts of the business including total transaction value, the restriction of our expected expansion into foreign exchange and an increase in costs. The total impact of what was a completely unexpected and one off event is estimated to have amounted to approximately £410,000. All these matters have now been successfully resolved.

The current year has started well with gross revenues up 16% despite the current widely reported problems causing a number of popular tourist destinations to suffer major reductions in bookings.

Financial Review

The financial results for the year ended 31 October 2015 reflect what has been, as I noted earlier, a highly encouraging year in advancing our dual strategies to maximise value from the Greek side of our business and to continue the trend of underlying growth in T&L.

Notwithstanding the successes of the year, the Consolidated Statement of Comprehensive Income has been affected by various items that are worthy of explanation. In particular, the accounting treatment afforded to the Charge in respect of share-based payments, by definition a non cash item, has been changed in the results for 2015 and restated in the comparatives (moving the majority of this charge to finance costs). Further, the T&L dispute referred to above adversely impacted the Loss after taxation.

The Consolidated Balance Sheet continues to be dominated by the value attributed to the Project which, as I have noted above, with the granting of the Presidential Decree is now more than ever advancing towards value maximisation for our investors and shareholders. Also worthy of note is that as a result of the delay in receiving the Presidential Decree, and in keeping with normal accounting rules, the loan owed to one of our major investors has moved from non-current liabilities to current liabilities.

Chairman's Statement (continued)

Financial Review (continued)

To summarise, the change in accounting treatment of the Charge in respect of share-based payments has increased Finance costs reported in the Consolidated Statement of Comprehensive Income for the year ended 31 October 2015 by £628,000 (with an associated reduction in the Charge in respect of share-based payments). The impact of this change in accounting treatment is neutral on the net result. However, as stated above, the impact of the T&L dispute served to increase the expected loss in the year by approximately £410,000, which, together with higher interest charge, gave rise to our reported loss of £1,620,000 (2014: £1,036,000). Whilst the quantum of this impact is greater than had been expected it is entirely of a one-off nature.

Outlook

In Greece, the Group is now extremely well-positioned to reap the benefits of the hard work of recent years whilst in the UK the travel business will continue to identify new businesses it wishes to acquire to enhance its performance and create value for shareholders. In this latter context your Board is examining various ways of unlocking value for shareholders both from the Project, as I have described, and from the T&L division where its expansion has, in part, been hampered by not being independent.

It is essential that the "buy and build" process of our T&L division is accelerated and to this end the Board is considering the benefits of separating it in whole, or in part, from the Greek project in whichever is the best way to achieve additional value. Amongst other methods a separate quotation may be sought as soon as the division is of sufficient scale.

Conclusion

In the meantime, I wish to record my own and the Board's thanks to our shareholders and staff for their patience and support in reaching the milestone constituted by the Presidential Decree.

The next year is destined to be the most exciting and fruitful for the Group, its shareholders, Directors and staff and I look forward to making further announcements in the future.

Christopher W Egleton
Chairman
30 March 2016

Strategic Report

The directors present their Strategic Report and the audited consolidated financial statements for the year ended 31 October 2015.

Review of business
A review of the Group's business is given in the Chairman's Statement on page 2.

The key performance indicators used in the travel businesses are total transaction value and gross profit. Total transaction value has increased to £60,964,000 from £50,757,000 and gross profit has increased to £6,493,000 from £5,680,000. This reflects volume growth and the Group's strategy of changing its business mix to concentrate on more profitable products**.**

The directors are of the opinion that analysis using key performance indicators for the Project is not necessary for an understanding of the development, performance or position of that operation.

Principal risks and uncertainties
The Group's key risks currently remain centred round the Project. The Group has an ongoing requirement to raise capital to finance its working capital. As has been the case for the past several years, the Group is in continual discussions with a variety of individuals and commercial parties regarding the provision of funding to enable the Group's current and future obligations and requirements to be met. These discussions are at varying stages of development and the Board is confident that all necessary funding will be forthcoming within a timescale which will enable the Group to move forward to provide a return to shareholders in due course (see also note 1).

As the Project now moves towards its implementation stage, the normal risks associated with a development of its size and nature will apply. These include, inter alia, detailed planning consents, availability of project finance, construction costs and market demand.

The risks relating to the travel businesses are primarily its reliance on supply from tour operators and airlines, and changes in general economic and other business conditions which may adversely affect demand for tourism products. There are no material risks related to currency.

Going concern
The Board is confident that the value of the Group's asset in Crete, combined with its capital raising ability and the future prospects for development in other areas of activity, justifies the conclusion that it is appropriate to prepare the financial statements on the going concern basis (as described in more detail in note 1).

The directors envisage that any joint venture or partnership arrangements will preserve the nature of the Group's long term commitment to the Project.

Strategic Report (continued)

Corporate social responsibility

The Group has demonstrated its social responsibilities through its iterative approach to the evolution of the Project, which has involved a transparent process and extensive consultation with stakeholders. The Project design embraces the principles of the five capitals of sustainable development (i.e. natural, human, social, manufactured and financial) to ensure that all related matters have been taken into account. Thus the more usual concerns related to the protection of the environment, flora, fauna, hydrogeology and the ecology generally have drawn in considerations of wider issues including social, cultural, human and economic matters as well as those related to the extensive use of renewable energy and many other items contributing to a healthy carbon footprint. The Project is strictly focused on the long term restoration and preservation of the environment as a whole and puts in place a sustainable management plan, involving local representatives and experts, to ensure a robust, pro-active management system is implemented aimed at protecting the area for future generations.

In conducting its travel business the Group ensures that it is compliant with all appropriate regulations, including those applicable to the protection of clients' funds. In addition, the Group ensures, as far as possible, that only reputable providers of holiday products are dealt with.

Approved by the Board of Directors and signed by order of the Board.

C W Egleton
Director
30 March 2016

Directors' Report

The directors present their annual report for the year ended 31 October 2015.

Principal activities

The Company is a public limited company incorporated in England and Wales and quoted on AIM. The Company's principal activity in the year under review was that of a holding and management company of a Group involved in the design, creation, development and management of environmentally friendly luxury hotels and resorts and in the operation of independent travel businesses, through which the Group acts as agent in providing a broad range of services including, inter alia, transportation, hotel and other accommodation and leisure services.

Results and dividends

The financial statements are prepared in accordance with EU adopted International Financial Reporting Standards ("IFRS") and IFRIC interpretations and the Companies Act 2006.

The Group made a loss for the year, after taxation, of £1,620,000 (31 October 2014: £1,036,000). The loss also includes a charge in respect of share-based payments (note 17) in the amount of £685,000 (31 October 2014: £639,000). This charge does not involve any cash payment.

No dividend is proposed for the year (31 October 2014: Nil).

The Group's financial instruments and risk management are discussed in note 15.

Statement of directors' responsibilities

The directors are responsible for preparing and reporting the financial statements in accordance with applicable laws and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with IFRS as adopted by the EU. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss of the Group for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state the financial statements comply with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued)

Statement of directors' responsibilities (continued)
The directors are responsible for the maintenance and integrity of the Group website, www.minoangroup.com. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each director as at the date of this report has confirmed that, to the best of his knowledge, the Group financial statements, which have been prepared in accordance with IFRS as adopted by the EU,

- give a true and fair view of the assets, liabilities, financial position and loss of the Group; and

- include in the Chairman's Statement, the Strategic Report and Directors' Report a fair review of the development, performance and position or the Group, together with a description of the principal risks and uncertainties it faces.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year.

The directors in office throughout the period and at the end thereof, as referred to on page 1, remain in office as at the date of signing of the Directors' Report.

Insurance
The Company had in place during the year, and remaining in place at the date of this report, Directors and Officers Liability Insurance covering the directors of all group companies.

Events after the balance sheet date
The directors draw attention to the events disclosed in note 20.

Auditor and disclosure of information to the auditor
Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Group's auditor in connection with preparing their report) of which the Group's auditor is unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Following the merger on 1 May 2015 between Chantrey Vellacott DFK LLP and Moore Stephens LLP, Chantrey Vellacott DFK LLP resigned as auditor of the company and the directors appointed Moore Stephens LLP to fill the casual vacancy. A resolution to appoint Moore Stephens LLP as the auditor for the ensuing year will be proposed at the Annual General Meeting..

Approved by the Board of Directors and signed by order of the Board.

C W Egleton
Director
30 March 2016

Independent Auditor's Report to the members of Minoan Group Plc

We have audited the financial statements of Minoan Group Plc for the year ended 31 October 2015 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company balance sheets, the consolidated and company cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and the auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 October 2015 and of the Group's loss for the year then ended.

Independent Auditor's Report to the members of Minoan Group Plc (continued)

Opinion on financial statements (continued)

- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - project in Crete and going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the Chairman's Statement, the Strategic Report and in note 1 to the financial statements concerning the uncertainty regarding the Group's ability to secure detailed planning consents and project finance in order to bring its project in Crete to fruition and to continue as a going concern. This is, in turn, dependent on the Group's ability to continue to raise capital to finance its working capital requirements to move forward, whether with the Project or with the travel and leisure business.

The financial statements do not include any adjustments that would result if the Group was unsuccessful in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following where under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Neil Tustian (Senior Statutory Auditor)
for and on behalf of **MOORE STEPHENS LLP**
Chartered Accountants and Statutory Auditor
LONDON
30 March 2016

Minoan Group Plc

Consolidated Statement of Comprehensive Income
Year ended 31 October 2015

	Notes to the Financial Statements	2015 £'000	2014 £'000
Total transaction value		**60,964**	50,757
Revenue		**6,816**	5,932
Cost of sales		**(323)**	(252)
Gross profit		**6,493**	5,680
Operating expenses		**(6,523)**	(5,306)
Other operating expenses:			
Corporate development costs		**(511)**	(501)
Charge in respect of share-based payments	17	**(57)**	(326)
Operating loss		**(598)**	(453)
Finance costs	17	**(1,022)**	(583)
Loss before taxation	3	**(1,620)**	(1,036)
Taxation	5	-	-
Loss after taxation		**(1,620)**	(1,036)
Loss for year attributable to equity holders of the Company		**(1,620)**	(1,036)
Loss per share attributable to equity holders of the Company: Basic and diluted	6	**(0.89)p**	(0.61)p

All of the activities of the Group are classed as continuing.

The notes on pages 20 to 48 form part of these financial statements.

Minoan Group Plc

Consolidated Statement of Changes in Equity
Year ended 31 October 2015

Year ended 31 October 2015

	Share capital £'000	**Share premium £'000**	**Merger reserve £'000**	**Warrant Reserve £'000**	**Retained earnings £'000**	**Non-controlling interest £'000**	**Total equity £'000**
Balance at 1 November 2014	**14,843**	**30,261**	**9,349**	**313**	**(12,268)**	**-**	**42,498**
Loss for the year	**-**	**-**	**-**	**-**	**(1,620)**	**-**	**(1,620)**
Issue of ordinary shares at a premium	**132**	**1,174**	**-**	**-**	**-**	**-**	**1,306**
Share based payment charge	**-**	**-**	**-**	**1,591**	**57**	**-**	**1,648**
Balance at 31 October 2015	**14,975**	**31,435**	**9,349**	**1,904**	**(13,831)**	**-**	**43,832**

Year ended 31 October 2014

	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant Reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 November 2013	14,693	28,781	9,349	-	(11,997)	919	41,745
Loss for the year	-	-	-	-	(1,036)		(1,036)
Issue of ordinary shares at a premium	150	1,480	-	-	-	-	1,630
Acquisition of non-controlling interest	-	-	-	-	-	(919)	(919)
Share-based payments:							
Current year charge	-	-	-	313	326	-	639
Settlement of liabilities	-	-	-	-	439	-	439
Balance at 31 October 2014	14,843	30,261	9,349	313	(12,268)	-	42,498

Company Statement of Changes in Equity
Year ended 31 October 2015

Year ended 31 October 2015

	Share capital £'000	**Share premium £'000**	**Warrant Reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 1 November 2014	**14,843**	**30,261**	**313**	**2,364**	**47,781**
Profit for the year	**-**	**-**	**-**	**1,325**	**1,325**
Issue of ordinary shares at a premium	**132**	**1,174**	**-**	**-**	**1,306**
Share-based payments charge:					
Current year charges	**-**	**-**	**1,591**	**57**	**1,648**
Balance at 31 October 2015	**14,975**	**31,435**	**1,904**	**3,746**	**52,060**

Year ended 31 October 2014

	Share capital £'000	Share premium £'000	Warrant Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2013	14,693	28,781	-	2,673	46,147
Loss for the year	-	-	-	(1,074)	(1,074)
Issue of ordinary shares at a premium	150	1,480	-	-	1,630
Share-based payments charge:					
Current year charges	-	-	313	326	639
Settlement of liabilities	-	-	-	439	439
Balance at 31 October 2014	14,843	30,261	313	2,364	47,781

Minoan Group Plc

Consolidated Balance Sheet as at 31 October 2015

	Notes to the Financial Statements	**2015 £'000**	2014 £'000
Assets			
Non-current assets			
Intangible assets	7	**9,835**	9,414
Property, plant and equipment	8	**711**	717
Total non-current assets		**10,546**	10,131
Current assets			
Inventories	10	**41,266**	40,042
Receivables	11	**2,171**	1,592
Cash and cash equivalents		**145**	127
Total current assets		**43,582**	41,761
Total assets		**54,128**	51,892
Equity			
Share capital	14	**14,975**	14,843
Share premium account		**31,435**	30,261
Merger reserve account		**9,349**	9,349
Warrant reserve		**1,904**	313
Retained earnings		**(13,831)**	(12,268)
Total equity		**43,832**	42,498
Liabilities			
Non-current liabilities	12	**-**	3,500
Current liabilities	12	**10,296**	5,894
Total liabilities		**10,296**	9,394
Total equity and liabilities		**54,128**	51,892

The financial statements on pages 11 to 48 were approved and authorised for issue by the Board of Directors on 30 March 2016.

Signed on behalf of the Board of Directors

C W Egleton
Director

Minoan Group Plc

Company Balance Sheet as at 31 October 2015

	Note to the Financial Statements	**2015 £'000**	2014 £'000
Assets			
Non-current assets			
Investments	9	**28,286**	27,366
Total non-current assets		**28,286**	27,366
Current assets			
Receivables	11	**28,756**	26,763
Cash and cash equivalents		**1**	1
Total current assets		**28,757**	26,764
Total assets		**57,043**	54,130
Equity			
Share capital	14	**14,975**	14,843
Share premium account		**31,435**	30,261
Warrant reserve		**1,904**	313
Retained earnings		**3,746**	2,364
Total equity		**52,060**	47,781
Liabilities			
Non-current liabilities	12	**-**	3,500
Current liabilities	12	**4,983**	2,849
Total liabilities		**4,983**	6,349
Total equity and liabilities		**57,043**	54,130

Company registration number: 3770602

The financial statements on pages 11 to 48 were approved and authorised for issue by the Board of Directors on 30 March 2016.

Signed on behalf of the Board of Directors

C W Egleton
Director

Minoan Group Plc

Consolidated Cash Flow Statement
Year ended 31 October 2015

	Note to the Consolidated Cash Flow Statement	**2015** **£'000**	2014 £'000
Cash flows from operating activities			
Net cash outflow from continuing operations	1	**(348)**	(2,138)
Finance costs		**(394)**	(270)
Net cash used in operating activities		**(742)**	(2,408)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(116)**	(122)
Purchase of intangible assets		**(629)**	(713)
Non cash movement in intangible assets		**-**	(153)
Acquisition of shares in subsidiary company		**-**	(430)
Net cash used in investing activities		**(745)**	(1,418)
Cash flows from financing activities			
Net proceeds from the issue of ordinary shares		**70**	667
Loans received		**1,435**	3,081
Payments of hire purchase liabilities		**-**	(66)
Net cash generated from financing activities		**1,505**	3,682
Net increase/(decrease) in cash		**18**	(144)
Cash at beginning of year		**127**	271
Cash at end of year		**145**	127

Note to the Consolidated Cash Flow Statement
Year ended 31 October 2015

1 Cash flows from operating activities

	2015	2014
	£'000	£'000
Loss before taxation	**(1,620)**	(1,036)
Finance costs	**394**	270
Depreciation	**103**	102
Amortisation	**208**	130
Exchange loss relevant to property, plant and equipment	**19**	22
Increase in inventories	**(1,224)**	(1,675)
Share-based payments	**685**	1,078
Increase in receivables	**(579)**	(696)
Increase/(decrease) in current liabilities	**430**	(126)
Non cash movement in equity	**1,236**	(207)
Net cash outflow from continuing operations	**(348)**	(2,138)

Minoan Group Plc

Company Cash Flow Statement
Year ended 31 October 2015

	Note to the Company Cash Flow Statement	**2015** **£'000**	2014 £'000
Cash flows from operating activities			
Net cash outflow from continuing operations	1	**(1,166)**	(3,130)
Finance costs		**(339)**	(222)
Net cash used in operating activities		**(1,505)**	(3,352)
Cash flows from investing activities			
Acquisition of shares in subsidiary company		**-**	(430)
Net cash used in investing activities		**-**	(430)
Cash flows from financing activities			
Net proceeds from the issue of ordinary shares		**70**	667
Loans received		**1,435**	3,081
Net cash generated from financing activities		**1,505**	3,748
Net decrease in cash		**-**	(34)
Cash at beginning of year		**1**	35
Cash at end of year		**1**	1

Note to the Company Cash Flow Statement
Year ended 31 October 2015

1 Cash flows from operating activities

	2015	2014
	£'000	£'000
Profit/Loss before taxation	**1,325**	(1,074)
Finance costs	**339**	222
Share-based payments	**685**	1,078
Increase in receivables	**(1,993)**	(3,347)
(Decrease)/increase in current liabilities	**(1,838)**	209
Non cash movement in investments	**(920)**	-
Non cash movement in equity	**1,236**	(218)
Net cash outflow from continuing operations	**(1,166)**	(3,130)

Notes to the Financial Statements
Year ended 31 October 2015

1 Accounting policies

These consolidated financial statements are prepared in accordance with EU adopted International Financial Reporting Standards ("IFRS") and the International Financial Reporting Interpretations Committee ("IFRIC") interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

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

Basis of accounting
The financial statements are prepared under the historical cost convention except for where financial instruments are stated at fair value.

No statement of comprehensive income is presented by the Company as permitted by Section 408 of the Companies Act 2006. The Company's profit before taxation for the year ended 31 October 2015 was £1,325,000 (31 October 2014: Loss of £1,074,000). This includes a gain on the write off of intercompany balances of £2,543,000 (2014: nil).

Comparative figures
The results for 2014 have been restated to show share based payment charges of £313,000 that relate to the issue of warrants linked to the Group's £5million loan facility as finance costs rather than within administrative expenses. Similarly the fair value of the warrants have been shown as a separate Warrant Reserve within equity and an equal amount netted from the principal of the loan within liabilities to reflect the amortised cost.

Adoption of new and revised Standards
The International Accounting Standards Board and IFRIC have issued the following new and revised standards and interpretations with an effective date after the date of these financial statements, which have not yet been endorsed by the EU:

Standard/Interpretation	Title	Effective date
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018

The directors anticipate that the adoption of these standards in future periods will have no material impact on the financial statements of the Group.

Going concern
The directors have considered the financial and commercial position of the Group in relation to its project in Crete (the "Project") and also in respect of its travel and leisure business. In particular, the directors have reviewed the matters referred to below.

Following the unanimous approval of a Plenum of the Greek Council of State, the highest court in Greece, the Presidential Decree granting land use approval for the Project was issued on 11 March 2016 and has been published in the Government Gazette (see note 20). The planning rules for the Project are now enshrined in law.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

1 Accounting policies (continued)

Going concern (continued)
Accordingly, the directors consider it relevant that having completed financial joint venture agreements (see note 12) prior to the above, and any other consents, they will conclude further Project joint venture agreements in the near term. In addition, the directors are considering other options which would have a major beneficial impact on the Group's resources.

In addition to specific Project related matters as noted above, and as has been the case in the past, the Group continues to raise capital in order to meet its existing working capital requirements and the directors consider that any necessary funds will be raised as required.

With a number of acquisitions in the planned expansion of its Travel and Leisure business having been completed over a period of time, the Group is now generating profits and cash flow within this sector of its activities.

Having taken these matters into account, the directors consider that the going concern basis of preparation of the financial statements is appropriate.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries as at 31 October 2015 using uniform accounting policies. The Group's policy is to consolidate the income of subsidiaries acquired in the year from the date of acquisition to the Group's next accounting reference date. The financial statements of Loyalward Hellas S.A., the Company's Greek subsidiary, are consolidated using the currency exchange rate ruling at the period end. Intra-group balances are eliminated on consolidation.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of the assets given, liabilities incurred and equity instruments issued to the Group in exchange for control of the acquired business. Acquisition related costs are recognised in the consolidated statement of comprehensive income as incurred.

Critical accounting estimates and judgements
The preparation of the financial statements in accordance with generally accepted financial accounting principles requires the directors to make critical accounting estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year are discussed below:

- in capitalising the costs directly attributable to the Project (see inventories below), and continuing to recognise goodwill relating to the Project, the directors are of the opinion that the Project will be brought to fruition and that the carrying value of inventories and goodwill is recoverable.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

1 Accounting policies (continued)

Goodwill
Goodwill arising on acquisitions represents the difference between the fair value of the net assets acquired and the consideration paid and is recognised as an asset (see note 7).

Goodwill arising on acquisition is allocated to cash-generating units. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided in order to write off the cost of each asset, less its estimated residual value, over its estimated useful life on a straight line basis as follows:

Freehold land:	capital cost not depreciated
Leasehold improvements:	over the term of the lease
Plant and equipment:	3 to 5 years
Fixtures and fittings:	3 years
Motor vehicles:	3 to 5 years

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

Intangible assets/Research and development
Research expenditure is recognised as an expense when it is incurred. Development expenditure is recognised as an expense except where the expenditure meets the criteria for capitalisation as set out in IAS 38 paragraph 57. The expenditure is amortised over its useful economic life of five years.

Investments
Investments in subsidiaries are stated at cost less any impairment deemed necessary.

Inventories
Inventories represent costs of goods and services directly attributable to the acquisition and development of the Project and are stated at the lower of cost and net realisable value.

Foreign exchange
Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. Any translation differences arising are dealt with in the consolidated statement of comprehensive income.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and short-term deposits held with banks.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

1 Accounting policies (continued)

Trade and other receivables
Trade and other receivables are recognised initially at fair value and shown less any provision for amounts considered irrecoverable.

Trade and other payables
Trade and other payables are recognised initially at fair value.

Leasing commitments
Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

Revenue
Depending upon the contractual arrangements with the customer the Group acts either as agent or principal.

Where the Group acts as an agent between the service provider and the end customer, revenue is presented on a net basis as the difference between the sales to the customer and the cost of services purchased and not the total transaction value. When acting as an agent, revenue is recognised when it is notified by the principal as having been earned and due for payment.

Where the Group acts as principal, revenue is stated at the contractual value of goods and services provided and is recognised typically when the customer pays the final balance due on the holiday purchased.

Where the Group provides management or consultancy services, the value of such services is included in revenue and is recognised in the period in which these services are provided.

Share-based payments
The Group has a Long Term Incentive Plan ("LTIP") in which any director or employee selected by the remuneration committee may participate. Awards under the LTIP have been granted on the basis that certain performance conditions will be met.

The Company has also granted options and warrants to purchase Ordinary Shares of 1p each. A charge has been made in the consolidated statement of comprehensive income in respect of the LTIP, options and warrants using the Black-Scholes and Monte Carlo fair value pricing models as appropriate at the grant date and charged over the vesting periods. This charge does not involve any cash payment by the Group. A corresponding entry is recognised in equity.

Pensions
Loyalward Limited operates a stakeholder pension scheme for its employees.

Stewart Travel Limited operates a defined contribution pension scheme. Contributions payable to the pension scheme are charged to the consolidated statement of comprehensive income in the period to which they relate.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

1 Accounting policies (continued)

Taxation
Current taxes, where applicable, are based on the results shown in the financial statements and are calculated according to local tax rules using tax rates enacted, or substantially enacted, by the balance sheet date and taking into account deferred taxation. Deferred tax is computed using the liability method. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using enacted rates and laws that will be in effect when the differences are expected to reverse. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will arise against which the temporary differences will be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities arising in the same tax jurisdiction are offset.

The Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employee share options. As explained under “Share-based payments” above, a compensation expense is recorded in the Group’s statement of comprehensive income over the period from the grant date to the vesting date of the relevant options. As there is a temporary difference between the accounting and tax bases a deferred tax asset is recorded. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Company’s share price at the balance sheet date) with the cumulative amount of the compensation expense recorded in the statement of comprehensive income. If the amount of estimated future tax deduction exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity against retained earnings.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

2 Information regarding directors and employees

Directors' and key management remuneration

	Costs taken to inventories	Costs taken to the consolidated statement of comprehensive income	Total
	£'000	£'000	£'000
Year ended 31 October 2015			
Fees	**229**	**423**	**652**
Sums charged by third parties for directors' services	**294**	**45**	**339**
Share-based payments (note 17)	**-**	**57**	**57**
	523	**525**	**1,048**
Year ended 31 October 2014			
Fees	297	353	650
Sums charged by third parties for directors' services	345	36	381
Share-based payments (note 17)	-	108	108
Salaries waived in lieu of grant of options - net of share based payment charge (see below)	-	(24)	(24)
	642	473	1,115

During the year ended 31 October 2014 outstanding fees of £236,000 due to the suppliers of directors' services, were settled by the issue of Ordinary Shares of 1p each in the Company issued at a price of 10 pence per share. The outstanding fees settled in shares include £194,000 in respect of the services of the chairman. These amounts are in addition to the charge in respect of share-based payments.

In addition, during the year ended 31 October 2014 certain directors within the Group waived a total of £463,000 of outstanding fees due in exchange for the granting of options to purchase shares in the Company. The effect of this has been to reduce the remuneration appearing in the consolidated statement of comprehensive income for the year by £24,000 after adjusting for the share based payments charge in respect of these options.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

2 Information regarding directors and employees (continued)

Directors' and key management remuneration (continued)
The total directors' and key management remuneration shown above includes the following amounts in respect of the directors of the Company, adjusted for remuneration waived in exchange for the granting of options as referred to above:

	2015		2014	
	Fees/Sums charged by third parties	**Share-based payments**	Fees/Sums charged by third parties	Share-based payments
	£'000	**£'000**	£'000	£'000
C W Egleton (Chairman)	**264**	**29**	296	60
D C Wilson	**250**	**20**	250	31
B D Bartman	**25**	**3**	37	5
G D Cook	**25**	**-**	25	-
T R C Hill	**31**	**3**	99	6
	595	**55**	707	102

Directors' interests in the Company's LTIP and share options are shown in note 17.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

2 Information regarding directors and employees (continued)

Staff costs during the period (including directors and key management)

	Costs taken to inventories £'000	Costs taken to the consolidated statement of comprehensive income £'000	Total £'000
Year ended 31 October 2015			
Salaries and fees	**349**	**3,784**	**4,133**
Social security cost	**37**	**324**	**361**
Share-based payments (note 17)	**-**	**57**	**57**
	386	**4,165**	**4,551**
Year ended 31 October 2014			
Salaries and fees	343	3,109	3,452
Salaries waived in lieu of grant of options - net of share-based payment charge	-	(24)	(24)
Social security cost	75	305	380
Share-based payments (note 17)	-	108	108
	418	3,498	3,916

Note: Staff costs exclude sums charged by third parties for directors' services.

	2015 No.	2014 No.
Monthly average number of persons employed		
Directors	**5**	5
Sales and administration	**191**	170

Notes to the Financial Statements (continued)
Year ended 31 October 2015

3 Loss before taxation

The loss before taxation is stated after charging:

	2015	2014
	£'000	£'000
Depreciation	**103**	102
Amortisation	**208**	130
Operating leases	**59**	49
Auditor's remuneration:		
Audit fees	**73**	58
Tax services	**5**	5

Audit fees in respect of the Company were £21,250 (31 October 2014: £17,000). Tax services fees in respect of the Company were £750 (31 October 2014: £1,250).

4 Segmented information

The Group strategy and growth objectives necessitate the building of an associated infrastructure. The Group considers it appropriate to identify separately the corporate development division together with costs related to acquisitions. Accordingly, the Group is organised into three divisions both by business segment and geographical location:

- the luxury resorts division, currently being the development of a luxury resort in Crete, which includes the central administration costs of the Group;
- the Travel and Leisure division (UK), being the operation and management of the travel businesses; and
- the corporate development division (UK) as described above.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

4 Segmented information (continued)

The information presented below is consistent with how information is presented to the Board, with the Group's accounting policies and with the geographical location of the relevant divisions.

	2015			
	Luxury Resorts £'000	Travel and Leisure £'000	Corporate Development £'000	Total £'000
Total transaction value	-	60,964	-	60,964
Revenue	-	6,816	-	6,816
Cost of sales	-	(323)	-	(323)
Gross profit	-	6,493	-	6,493
Operating expenses	(417)	(6,106)	(511)	(7,034)
	(417)	387	(511)	(541)
Charge in respect of share-based payments	(57)	-	-	(57)
Operating (loss)/profit	(474)	387	(511)	(598)
Contribution to central costs	100	(100)	-	-
Finance costs	(968)	(54)	-	(1,022)
(Loss)/profit before taxation	(1,342)	233	(511)	(1,620)
Taxation	-	-	-	-
(Loss)/profit after taxation	(1,342)	233	(511)	(1,620)
Operating expenses include:				
Depreciation and amortisation	-	311	-	311
Operating leases - plant and equipment	-	59	-	59
Assets/liabilities				
Goodwill	6,127	2,511	-	8,638
Other non-current assets	134	1,774	-	1,908
Current assets	42,082	1,500	-	43,582
Total assets	48,343	5,785	-	54,128
Total and current liabilities	7,181	3,115	-	10,296

Notes to the Financial Statements (continued)
Year ended 31 October 2015

4 Segmented information (continued)

	2014			
	Luxury Resorts £'000	Travel and Leisure £'000	Corporate Development £'000	Total £'000
Total transaction value	-	50,757	-	50,757
Revenue		5,932		5,932
Cost of sales	-	(252)	-	(252)
Gross profit	-	5,680	-	5,680
Operating expenses	(428)	(4,878)	(501)	(5,807)
	(428)	802	(501)	(127)
Charge in respect of share-based payments	(326)	-	-	(326)
Operating (loss)/profit	(754)	802	(501)	(453)
Contribution to central costs	300	(300)	-	-
Finance costs	(535)	(48)	-	(583)
(Loss)/profit before taxation	(989)	454	(501)	(1,036)
Taxation	-	-	-	-
(Loss)/profit after taxation	(989)	454	(501)	(1,036)
Operating expenses include:				
Depreciation and amortisation	1	231	-	232
Operating leases - plant and equipment	-	49	-	49
Assets/liabilities				
Goodwill	6,127	2,451	-	8,578
Other non-current assets	146	1,407	-	1,553
Current assets	40,457	1,304	-	41,761
Total assets	46,730	5,162	-	51,892
Non-current liabilities	3,500	-	-	3,500
Current liabilities	4,862	1,032	-	5,894
Total liabilities	8,362	1,032	-	9,394

Notes to the Financial Statements (continued)
Year ended 31 October 2015

5 Taxation

Consolidated

(a) Analysis of taxation for the year

	2015 **£'000**	2014 £'000
UK corporation tax	**-**	-

(b) Factors affecting taxation for the year

	2015 **£'000**	2014 £'000
Loss before taxation	**(1,620)**	(1,036)
Tax on ordinary activities multiplied by the UK corporation tax rate of 20.41% (2014: 21.83%)	**(331)**	(226)
Effects of:		
Expenses not deductible for tax purposes	**159**	143
Other timing differences	**(7)**	(61)
Increase in tax losses	**179**	144
Taxation (credit)/charge for the year	**-**	-

Taxation losses carried forward appear in note 13.

6 Loss per share

Earnings per share are calculated by dividing the earnings attributable to the equity holders of a company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share are calculated by adjusting basic earnings per share to assume the conversion of all potential dilutive ordinary shares. As the Group is loss making, there are no dilutive instruments in issue, and therefore the basic loss per share and diluted loss per share are the same. The weighted average number of shares used in calculating basic and diluted loss per share for the year ended 31 October 2015 was 182,214,717 (31 October 2014: 168,636,782).

Notes to the Financial Statements (continued)
Year ended 31 October 2015

7 Intangible assets

Consolidated	2015			2014		
	Goodwill	**IT Projects**	**Total**	Goodwill	IT Projects	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Cost						
At beginning of year	**8,578**	**1,011**	**9,589**	8,175	548	8,723
Additions	**60**	**569**	**629**	403	463	866
At end of year	**8,638**	**1,580**	**10,218**	8,578	1,011	9,589
Accumulated amortisation						
At beginning of year	**-**	**175**	**175**	-	45	45
Provided in year	**-**	**208**	**208**	-	130	130
At end of year	**-**	**383**	**383**	-	175	175
Net book value						
At beginning of year	**8,578**	**836**	**9,414**	8,175	503	8,678
At end of year	**8,638**	**1,197**	**9,835**	8,578	836	9,414

The Group conducts an annual impairment test on the carrying value of goodwill based on the recoverable amount of two cash generating units: the Project and the Travel and Leisure business.

The Project is assessed using fair value less costs to sell. The directors have assessed the recoverable amount of the Project as being greater than the combined carrying value of the goodwill and inventories of £47,393,000 at 31 October 2015 on the basis of valuations previously carried out and the positive progress made in the period since (see also note 10).

The goodwill allocated to the Travel and Leisure business is £2,511,000. The recoverable amount of the Travel and Leisure business has been assessed using a value in use model. The net present value of projected cash flows is compared with the carrying value of the CGU's assets and goodwill. Cashflow forecasts are based upon management approved budgets for a period of one year and a revenue growth rate of 5% for a further four years, this being consistent with recent historical performance. Thereafter growth rates are reduced to zero. Cashflows are discounted using a pre-tax discount rate of 11%.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

8 Property, plant and equipment

Year ended 31 October 2015

Consolidated	Freehold land	Furniture, fittings, plant and equipment	Leasehold improvements	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 November 2014	180	1,067	227	1,474
Exchange adjustments	(14)	(5)	-	(19)
Additions	-	78	38	116
At 31 October 2015	166	1,140	265	1,571
Accumulated depreciation				
At 1 November 2014	47	695	15	757
Provided in year	(3)	81	25	103
At 31 October 2015	44	776	40	860
Net book value				
At 31 October 2015	122	364	225	711

Notes to the Financial Statements (continued)
Year ended 31 October 2014

8 Property, plant and equipment (continued)

Year ended 31 October 2014

Consolidated	Freehold land	Furniture, fittings, plant and equipment	Motor vehicles	Leasehold improvements	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 November 2013	196	1,040	16	143	1,395
Exchange adjustments	(16)	(5)	(1)	-	(22)
Disposals	-	(6)	(15)	-	(21)
Additions	-	38	-	84	122
At 31 October 2014	180	1,067	-	227	1,474
Accumulated depreciation					
At 1 November 2013	49	611	16	-	676
Disposals	-	(5)	(16)	-	(21)
Provided in year	(2)	89	-	15	102
At 31 October 2014	47	695	-	15	757
Net book value					
At 31 October 2014	133	372	-	212	717

Notes to the Financial Statements (continued)
Year ended 31 October 2015

9 Investments

Company
Year ended 31 October 2015

	Shares in subsidiaries £'000
Cost	
At 1 November 2014	**27,366**
Additions	**920**
At 31 October 2015	**28,286**
Impairment	
At 31 October 2015	**-**
	-
Net book value at 31 October 2015	**28,286**

Year ended 31 October 2014

	Shares in subsidiaries £'000
Cost	
At 1 November 2013	26,436
Additions	930
At 31 October 2014	27,366
Impairment	
At 31 October 2014	-
	-
Net book value at 31 October 2014	27,366

Interests in subsidiaries
(Note: The percentages shown in respect of all investments relate to ordinary share capital)

Loyalward Limited (100%) - A company incorporated in England involved in resort design, creation, services and management.

Loyalward Leisure Plc (100%) - A non-trading company incorporated in England.

Loyalward Hellas S.A. (5.61% owned by Minoan Group Plc and 94.39% owned by Loyalward Limited) - A company incorporated in Greece engaged in corporate, resort and renewable energy business management in Greece.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

9 Investments (continued)

Interests in subsidiaries (continued)
Stewart Travel Limited - A company incorporated in Scotland operating as a multi-faceted travel distributor.

During the year ended 31 October 2015, the interests of King World Travel Limited and John Semple Travel Limited in the share capital of Stewart Travel Limited were acquired by Minoan Group Plc at net book value of £920,000. King World Travel Limited and John Semple Travel Limited did not trade in the year ended 31 October 2015.

As a consequence the ownership of Stewart Travel Limited is as follows:

	2015	2014
	%	%
Minoan Group Plc	**100.0**	84.5
King World Travel Limited	**-**	6.4
John Semple Travel Limited	**-**	9.1
	100.0	100.0

10 Inventories

Consolidated
Inventories at 31 October 2015 amounted to £41,266,000 (31 October 2014: £40,042,000), comprising costs associated with acquiring and developing the site in Crete, planning and other design costs.

The development site of the Project is to be leased from the Public Welfare Ecclesiastical Foundation Panagia Akrotiriani ("the Foundation") for an initial 40 year period following contract activation which will follow the relevant authorities approving the land planning and land uses for the Project. The Group has an option over a further 40 years. An amount of £3.9 million is payable to the Foundation on contract activation, plus ongoing royalties earned on revenue generated by the development (see also note 20).

In particular, the directors have considered the current value of the Group's overall interest in the Project and its progress and are of the opinion that the Project site has longer term value in excess of the carrying value of inventories.

The directors' opinion of the current value also takes into account the estimate dated 27 June 2011 of the development value of the Project site in the order of €100 million, which was included in the Company's AIM readmission document published on 30 September 2011 and which was reaffirmed in March 2012.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

11 Receivables

Consolidated	2015 £'000	2014 £'000
Trade receivables	**805**	420
Other receivables and prepayments	**1,296**	1,106
Value added tax recoverable	**70**	66
	2,171	1,592

Trade receivables are due in 30 days. Of the above £91,000 (31 October 2014: £71,000) was outstanding for more than 30 days. No provision is considered necessary in respect of irrecoverable amounts.

Company	2015 £'000	2014 £'000
Amounts owed by subsidiary companies (see note 16)	**28,341**	26,749
Other receivables and prepayments	**400**	-
Value added tax recoverable	**15**	14
	28,756	26,763

Amounts owed by subsidiary companies are repayable on demand.

12 Liabilities

Non-current liabilities (see note 15)

Consolidated	2015 £'000	2014 £'000
Loans repayable after one year	**-**	3,500

Non-current liabilities

Company	2015 £'000	2014 £'000
Loans repayable after one year	**-**	3,500

Notes to the Financial Statements (continued)
Year ended 31 October 2015

12 Liabilities (continued)

Current liabilities

Consolidated	**2015** **£'000**	2014 £'000
Trade and other payables	**1,804**	1,564
Deferred revenue	**1,000**	1,000
Social security and other taxes	**601**	687
Loans (see note 15)	**4,241**	269
Hire purchase	**-**	59
Accruals and deferred charges	**2,650**	2,315
	10,296	5,894

The deferred revenue arises from amounts received under the terms of financial joint venture agreements between the Company and certain third parties by which these third parties will receive an initial 5% economic interest in the Project for a total consideration of £1 million.

Current liabilities

Company	**2015** **£'000**	2014 £'000
Trade and other payables	**399**	431
Amounts owed to subsidiary companies (see note 16)	**38**	1,840
Loans (see note 15)	**4,241**	269
Accruals and deferred charges	**305**	309
	4,983	2,849

Amounts owed to subsidiary companies are interest free and repayable on demand.

£5,000,000 has been drawn down under the terms of the loan facility agreement with Hillside International Holdings Limited ("Hillside") (31 October 2014: £3,500,000). The loan is repayable on or before 16 October 2016 and is subject to interest at 8% per annum. Hillside has also received Warrants to subscribe for ordinary shares in Minoan Group Plc as the facility has been drawn down as stated in note 17. The fair value of the Warrants has been recognised as a finance cost spread over the life of the loan, and the loans are stated in the balance sheet at amortised cost to reflect this.

Under the terms of the loan facility agreement Hillside has a fixed and floating charge on the Company's assets and a floating charge on the assets of Stewart Travel Limited, John Semple Travel Limited and King World Travel Limited.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

13 Deferred taxation

Consolidated
No deferred taxation asset has been recognised in the financial statements. The total potential asset is as follows:

	Total potential asset		Amount recognised	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Tax effect of timing differences because of:				
Accelerated capital allowances	**(66)**	(45)	**-**	-
Other short term timing differences	**474**	604	**-**	-
Losses	**2,144**	2,018	**-**	-
	2,552	2,577	**-**	-

The above potential deferred tax asset is based on a corporation tax rate of 19% (2014: 20%).

Company
No deferred taxation asset has been recognised in the financial statements. The total potential asset is as follows:

	Total potential asset		Amount recognised	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Tax effect of timing differences because of:				
Other short term timing differences	**262**	393	**-**	-
Losses	**410**	328	**-**	-
	672	721	**-**	-

The above potential deferred tax asset is based on a corporation tax rate of 19% (2014: 20%).

Following due consideration of the availability of tax losses in relation to future anticipated taxable profits, and in accordance with IAS 12, the deferred tax asset has not been recognised. The deferred tax asset not recognised will be recoverable should there be appropriate future taxable profits.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

14 Share capital

	2015 £'000	2014 £'000
Called up, allotted and fully paid		
31 October 2015 - 187,671,524 Ordinary Shares of 1p each	**1,876**	-
54,148,031 Deferred Shares of 24p each	**12,996**	-
31 October 2014 - 174,994,836 Ordinary Shares of 1p each	**-**	1,749
54,148,031 Deferred Shares of 24p each	**-**	12,996
	14,872	14,745
Debt to be settled by the issue of shares (see note 15)		
10,271,329 Ordinary Shares of 1p each (2014: 9,785,580 Ordinary Shares of 1p each)	**103**	98
	14,975	14,843

Holders of Ordinary Shares have the right to vote and the right to receive dividends. Holders of Deferred Shares have no right to vote and no right to receive dividends.

During the year, 201,550 Ordinary Shares of 1p each were issued at 5.5 pence per share and 741,875 Ordinary Shares of 1p each were issued at 8 pence per share re the exercise of Options. Also during the year, 11,011,765 Ordinary Shares of 1p each were issued at 8.5 pence per share under the terms of loan agreements. In addition, 101,053 Ordinary Shares of 1p each were issued at 14.25 pence per share and 620,445 Ordinary Shares of 1p each were issued at 9 pence per share to settle liabilities.

15 Financial instruments and risk management

The Group's financial instruments comprise borrowings, cash and liquid resources and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

15 Financial instruments and risk management (continued)

Liquidity risk
The Group maintains sufficient funds in local currency for operational liquidity. The Board considers liquidity risk at Board meetings through the monitoring of cash levels and detailed cash forecasts. Funding to date has been obtained principally through the issue of equity shares as required, either for cash or in settlement of liabilities. The Group has also issued loan agreements which may be settled by the issue of shares. See note 1 for further information relating to current liquidity and funding risk.

In order to complete the development of the Project, the Group will require substantial additional financing. It is the directors' current intention to develop the Project in such a way as to minimise or eliminate the need for further equity financing. It is intended that this will be achieved through utilising joint venture arrangements and debt project finance.

Foreign currency risk
The Group has one overseas trading subsidiary, Loyalward Hellas S.A., which operates in Greece and whose revenues and expenses are denominated almost exclusively in Euros. The Group finances Loyalward Hellas S.A. via Euro transfers from Loyalward Limited as required. The amount transferred ensures that the Euro balance held by Loyalward Hellas S.A. at each period end is not material. No Group company holds cash in currencies other than their functional currency. The Sterling and Euro cash balances attract interest at floating rates.

Short-term receivables and payables
Short-term receivables and payables have been excluded from the following disclosures.

Interest rate risk
The Group finances its operations through a mixture of equity and borrowings. The Group has historically borrowed in Sterling only. At 31 October 2015 the Group had non-current liabilities of £Nil (31 October 2014: £3,500,000).

The Group's liabilities, which are all denominated in sterling, are as follows:

	2015	2014
	£'000	£'000
Loans to be settled by the issue of shares	**1,630**	1,035
Loans repayable in less than one year	**4,241**	269
Loans repayable after one year	**-**	3,500

The loans to be settled by the issue of shares, of which £50,000 are to be settled by the issue of shares at 9 pence per share, £80,000 are to be settled by the issue of shares at 10 pence per share, £650,000 are to be settled by the issue of shares at 15.5 pence per share and £850,000 are to be settled by the issue of shares at 18 pence per share, have been classified as equity in accordance with IAS 32 (note 14).

During the year a total of £585,000 of loans was settled by the issue of shares at 8.5 pence per share (31 October 2014: £207,000 at 8.5 pence per share) (note 14).

Notes to the Financial Statements (continued)
Year ended 31 October 2015

15 Financial instruments and risk management (continued)

The Group has no derivatives or financial instruments other than those disclosed above. There is no material difference between the book value and the fair value of the Group's financial assets and liabilities at 31 October 2015 and at 31 October 2014.

16 Related party transactions

The following are related parties and provided services to the Group:
Simmons International Limited, a company in which C W Egleton is a minority shareholder.
Bizwatch Limited, a company in which J C Watts, a director of Loyalward Limited, owns 50% of the issued share capital and M A Fitch, a director of Loyalward Hellas S.A. owns 50% of the issued share capital.
I.H.M. Industry & Hotel Management Limited, a company in which C Valassakis, a director of Loyalward Limited, is a controlling shareholder.
B D Bartman & Co, a firm in which B D Bartman is a partner.
Keith Day & Partners Ltd, a company in which N J Day, a director of Loyalward Limited, is a director and shareholder.

Transactions undertaken with these related parties in relation to directors' services, all of which were effected on an arm's length basis, are shown below.

	Services of the above persons supplied in year ended		Payable as at	
	31.10.15 £'000	31.10.14 £'000	**31.10.15 £'000**	31.10.14 £'000
Simmons International Limited	**264**	296	**186**	98
Bizwatch Limited	**17**	36	**81**	64
I.H.M. Industry & Hotel Management Limited	**14**	13	**101**	92
B D Bartman & Co	**25**	37	**87**	60
Keith Day & Partners Ltd	**20**	-	**20**	-

During the year Morgan Rossiter Limited, a company of which G D Cook is a director, supplied public relations services to the Company in the amount of £36,000 (31 October 2014: £36,000). The amount payable to Morgan Rossiter Limited as at 31 October 2015 is £14,400 (31 October 2014: £14,000).

There have been no purchases or sales with companies within the Group. The Company's balances outstanding with other Group companies arising from financing transactions are shown below.

	Receivable/(Payable) as at 31.10.15 £'000	Receivable/(Payable) as at 31.10.14 £'000
Loyalward Limited	**27,304**	26,749
Stewart Travel Limited	**1,037**	(1,802)
Loyalward Leisure Plc	**(38)**	(38)

Notes to the Financial Statements (continued)
Year ended 31 October 2015

17 Long term incentive plan, share options and warrants

Share-based payments charge

	£'000
Year ended 31 October 2015	
Share-based payments - directors	**57**
Share-based payments - warrants finance charges(see below)	**628**
	685
Year ended 31 October 2014	
Share-based payments - directors	108
Share-based payments - other	218
Share-based payments - warrants finance charges (see below)	313
	639

In accordance with IAS 32, the share-based payments charge in respect of warrants finance charges shown above has been included in Finance costs in the Consolidated Statement of Comprehensive Income (see note 12).

Note:
Under the terms of the Long Term Incentive Plan ("LTIP") any director or employee selected by the remuneration committee may participate. Awards under the LTIP have been granted on the basis that certain performance conditions will be met.

The performance conditions are as follows:

Performance condition A	Fulfilled during year ended 31 October 2012
Performance condition B	The Group achieves a consolidated profit at EBITDA level (ignoring any charge in respect of share-based payments) for a six month accounting period.
Performance condition C	The price of an ordinary share of Minoan Group Plc remains at an average price of 50 pence or above for ten consecutive trading days on AIM or a recognised stock exchange

Notes to the Financial Statements (continued)
Year ended 31 October 2015

17 Long term incentive plan, share options and warrants (continued)

Share-based payments charge (continued)

The following awards have been granted with an expiry date of 26 April 2017:

	Performance condition A	Performance condition B	Performance condition C
	Maximum number of Ordinary Shares exercisable at 9 pence	Maximum number of Ordinary Shares exercisable at 9pence	Maximum number of Ordinary Shares exercisable at 9pence
C W Egleton	1,400,000	1,400,000	1,400,000
D C Wilson	1,000,000	1,000,000	1,000,000
B D Bartman	130,000	130,000	130,000
T R C Hill	150,000	150,000	150,000
W C Cole (director Loyalward Limited)	120,000	120,000	120,000
	2,800,000	2,800,000	2,800,000

The charge made for the value of the LTIP and options has been calculated using the Black-Scholes and Monte Carlo pricing models as appropriate. As stated previously, the charge does not involve any cash payment.

The inputs into the pricing model are as follows:

	LTIP	**Options/Warrants**
Grant date	4 November 2013	17 October 2013 to 7 August 2014
Share price at grant date	7.38p	6.25p to 12.25p
Exercise price	9p	8p to 13p
Vesting periods	In accordance with performance conditions	Immediately
Expected volatility	46.30%	42.67 to 46.30%
LTIP/Option/Warrant life	3.5 years	1.5 to 4 years
Expected life	2.5 years	n/a
Risk free rate	0.81%	0.46% to 1.19%
Expected dividends expressed as dividend yield	nil	nil
Fair value of options	1.87p	1.82p to 4.26p

Notes to the Financial Statements (continued)
Year ended 31 October 2015

17 Long term incentive plan, share options and warrants (continued)

Share-based payments charge (continued)

Expected volatility for the LTIP and the Options is determined by calculating the historic volatility of the Group's share price over the previous 2 years. The expected life of the LTIP is the average expected period to exercise. The risk free rate is the yield on zero coupon UK government bonds of a term consistent with the assumed option life.

Directors' interests in share options

	31 October 2015			31 October 2014		
	Exercise price	**Ordinary Shares**	**Expiry date**	Exercise price	Ordinary Shares	Expiry date
Options						
B D Bartman	7p	**200,000**	31/12/16	7p	200,000	31/12/16
B D Bartman (see note 2 below)	1p	**1,000,000**	31/12/16	1p	1,000,000	31/12/15
B D Bartman (see note 2 below)	1p	**850,000**	31/12/16	1p	850,000	31/12/16
W C Cole (director Loyalward Limited)	7p	**500,000**	31/12/16	7p	500,000	31/12/16
W C Cole (director Loyalward Limited)	7p	**100,000**	31/12/16	7p	100,000	31/12/16
W C Cole (director Loyalward Limited) (see note 2 below)	1p	**1,000,000**	31/12/16	1p	1,000,000	31/12/15
W C Cole (director Loyalward Limited) (see note 2 below)	1p	**1,711,111**	31/12/16	1p	1,711,111	31/12/16
G D Cook	7p	**250,000**	31/12/16	7p	250,000	31/12/16
G D Cook (see note 2 below)	1p	**384,615**	31/12/16	1p	384,615	31/12/15
G D Cook (see note 2 below)	1p	**377,778**	31/12/16	1p	377,778	31/12/16
Simmons International Limited	7p	**500,000**	31/12/16	7p	500,000	31/12/16
Simmons International Limited	7p	**400,000**	31/12/16	7p	400,000	31/12/16
Carried forward		**7,273,504**			7,273,504	

Notes to the Financial Statements (continued)
Year ended 31 October 2015

17 Long term incentive plan, share options and warrants (continued)

Directors' interests in share options (continued)

	31 October 2015			31 October 2014		
	Exercise price	**Ordinary Shares**	**Expiry date**	Exercise price	Ordinary Shares	Expiry date
Options						
Brought forward		**7,273,504**			7,273,504	
T R C Hill	7p	**300,000**	31/12/16	7p	300,000	31/12/16
T R C Hill (see note 2 below)	1p	**1,233,333**	31/12/16	1p	1,233,333	31/12/16
D C Wilson (see note 2 below)	1p	**1,000,000**	31/12/16	1p	1,000,000	31/12/15
D C Wilson (see note 2 below)	1p	**2,500,000**	31/12/16	1p	2,500,000	31/12/16
D C Wilson (see note 2 below)	1p	**850,000**	31/12/16	1p	850,000	31/12/16
B Cassidy (director of John Semple Travel Limited) (see note 2 below)	1p	**122,222**	31/12/16	1p	122,222	31/12/16
		13,279,059			13,279,059	

Other share options

The following additional options to purchase ordinary shares in the Company have been granted:

	Ordinary Shares		
	31.10.15	31.10.14	Expiry date
Exercisable at 60 pence per share	**3,318,000**	3,318,000	See note 1
Exercisable at 5.5 pence per share (see note 5 below)	-	201,550	16/02/15
Exercisable at 15 pence per share (see note 3 below)	-	1,000,000	30/06/15
Exercisable at 8 pence per share	-	741,875	17/08/15
Exercisable at 1 pence per share (see note 2 below)	**223,077**	223,077	31/12/16
Exercisable at 7 pence per share	**325,000**	325,000	31/12/16
Exercisable at 8 pence per share	**2,500,000**	2,500,000	31/12/16
Exercisable at 10 pence per share	**250,000**	250,000	31/12/16
Exercisable at 8 pence per share (see note 4 below)	-	4,000,000	30/09/15
	6,616,077	12,559,502	

Notes to the Financial Statements (continued)
Year ended 31 October 2015

17 Long term incentive plan, share options and warrants (continued)

Notes re share options:

1. The expiry date of these options is 90 days after certain valid building licences and permits have been granted.

2. Granted in exchange for the waiver of fees etc. by current directors and a former director see also note 20).

3. Granted as part of the consideration for the acquisition of the assets and business of Stewart Travel Centre.

4. Granted to The Candia Investment Corporation, and third parties syndicated to it, in respect of the financial joint venture agreements to acquire an economic interest in the Project (see note 12 above).

5. See also note 20.

Warrants

The following warrants to subscribe for ordinary shares in the Company have been issued in accordance with the terms of the loan facility agreement with Hillside International Holdings Limited:

	Ordinary Shares		
	31.10.15	31.10.14	Expiry date
Exercisable at 8 pence per share	**10,000,000**	10,000,000	17/10/17
Exercisable at 8 pence per share	**5,000,000**	5,000,000	27/11/17
Exercisable at 8 pence per share	**10,000,000**	10,000,000	05/02/18
Exercisable at 13 pence per share	**10,000,000**	10,000,000	07/08/18
Exercisable at 8 pence per share	**5,000,000**	-	30/04/19
Exercisable at 8 pence per share	**5,000,000**	-	28/05/19
Exercisable at 8 pence per share	**5,000,000**	-	23/10/19
	50,000,000	35,000,000	

18 Contingent liabilities and commitments

Other than as stated in notes 10 and 19, the Group has no other capital or operating commitments.

Notes to the Financial Statements (continued)
Year ended 31 October 2015

19 Operating lease commitments

The Group has the following total lease commitments in respect of non-cancellable operating leases:

Year ended 31 October 2015

		Leases expiring in		
	Up to 1 year	**2 to 5 years**	**Over 5 years**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Leasehold property	**7**	**364**	**1,332**	**1,703**
Equipment	**-**	**155**	**-**	**155**
Motor vehicles	**4**	**23**	**-**	**27**
	11	**542**	**1,332**	**1,885**

Year ended 31 October 2014

		Leases expiring in		
	Up to 1 year	2 to 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000
Leasehold property	9	208	788	1,005
Equipment	4	77	-	81
Motor vehicles	4	10	-	14
	17	295	788	1,100

20 Events after the balance sheet date

1. On 18 November 2015 the Company announced the issue of 1,160,000 ordinary Shares of 1p each at 9 pence per share to settle certain existing liabilities.

2. On 30 December 2015 the Company announced that the expiry date on Options granted to certain directors, and a former director, to purchase up to 3,607,692 Ordinary Shares in the Company at 1p per share in exchange for the waiver of outstanding salaries of £469,000, had been extended from 31 December 2015 to 31 December 2016.

3. On 11 March 2016 the Company announced that the Presidential Decree granting land use approval for the Project had been issued and published in the Greek Government Gazette.