Minoan Group Plc

Report and Financial Statements

Year ended 31 October 2016

Company registration no: 3770602

Minoan Group Plc

Report and Financial Statements

Year ended 31 October 2016

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

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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 status of the Itanos Gaia project in Crete (the "Project") and of the Appeals against the issue of the Presidential Decree ("PD") and the positive outlook for the future will be the focus of my Statement.

The dismissal of the Appeals against the PD would be transformational for the Group and the status of our Travel and Leisure business ("T&L") is equally encouraging albeit on a less significant scale.

Once again T&L reports strong year on year growth of 11% in total transaction value. This was achieved despite the Brexit referendum which caused an immediate and significant short term drop in business, exacerbated by a 50% drop in Turkish travel following terrorist activity.

Greece

In the Group's Interim Results Announcement in July last year, I reported that Appeals against the issue of the PD had been lodged and that we awaited a Court Hearing at which we anticipated a decision to dismiss the appeals and confirm the granting of the equivalent of outline planning permission for the Project.

On 24 March 2017 we announced on AIM that we noted Greek media reports stating that the Appeals had indeed been rejected by the Greek Supreme Court (the "Court"). The timing of this Chairman's Statement is such that an official announcement has not yet been made by the Court and, therefore, it is difficult to expand more on the Greek media reports other than, once again, to note them.

Your Board has remained confident in the Greek justice system throughout the long process of seeking the appropriate planning consent for the Project and, of course, the turn of events noted above gives every reason for this confidence to be sustained. The Greek Supreme Court, like most others, does not work to a published timetable and whilst it is possible that a decision is published in a few weeks, shareholders should not be concerned if it takes longer.

The confirmation of the Appeals being dismissed will, of itself, be a transformational event on many levels for the Group. It will necessitate considerable effort in a relatively short timeframe in order to pursue more vigorously various ongoing discussions and negotiations with potential partners and others in readiness for, and to continue after, the official notification from the Court.

It should be noted however, that joint ventures and other complex real estate transactions are not, by their nature, quick or easy to bring to a conclusion. In our case, the fact that the Project is in a country where there is economic uncertainty will also have an impact. Nevertheless, your Board is confident in its ability to achieve a satisfactory solution for all shareholders.

I will report in due course when notification is received from the Court.

Chairman's Statement (continued)

Travel and Leisure

T&L has again reported a solid set of financial results that reflect a continued growth in revenue and gross profit despite the Brexit impact. This growth has funded a continued investment in operating costs in order to take the business into the next phase of organic growth.

Total transaction value has increased in the period under review by 11% from £61m to £68m and gross profit shows a year on year increase of £551,000 (8%) to £7,044,000 (2015: £6,493,000). The investment in operating costs referred to above has increased the overhead cost to £6,772,000 (2015: £6,106,000). EBITDA increased to £715,000 (2015: £698,000) whilst the effect of an increase in depreciation charge sees operating profit decrease to £272,000 (2015: £387,000).

Having made the investment to secure continued growth the bounce back from the Brexit dip has continued and I regard it as encouraging that gross profit in the current year is running at a year on year growth rate of 16% and I expect a significantly better result in the current year.

Financial Review

The growth in revenue and gross profit is attributable to T&L as set out above.

In respect of Operating Expenses, a year on year increase in costs associated with the Project and in Corporate Development, together with the investment in the T&L cost base noted above, has resulted in an increase of £247,000 in the current year's operating loss to £788,000 (2015: £541,000). The cost increase and consequent decrease in operating profit is in line with the Group's plan and is, in the main, a function of investing for growth in T&L.

An increase in finance costs of £462,000 (which includes an increase in the warrants charge of £282,000) sees the reported net loss move to £2,272,000 (2015: £1,620,000).

In respect of the balance sheet, and as noted above subject to receipt of formal notifications from the Greek Supreme Court, we will be working hard on crystallisation of the value of the Project (which I have previously reported to shareholders has been valued at "around €100m"). The value of the Project in the Consolidated Balance Sheet is £43m. We reported to shareholders in October 2016 the extension of the Loan Facility with Hillside International Holdings Limited to 30 June 2017. Settlement of this loan will form part of our considerations in securing shareholder value for the Project.

Outlook

In respect of the Project, we await confirmation and the publication of the decision from the Greek Supreme Court. Once confirmation is received, the Group will be in a good position to negotiate maximum value from partners and developers and, jointly, plan the next steps.

Chairman's Statement (continued)

Outlook (continued)

In respect of T&L, I have noted above that the levels of organic growth remain healthy. However, in order to achieve major stepped growth in this division through acquisition, the Board will continue to work with advisors in considering the possibility of a separation of T&L from the rest of the Group as well as other solutions.

Conclusion

It is difficult to fully express my own and the Board's gratitude for the patience of our shareholders, and the whole team's efforts in bringing the Project to this stage. The delays suffered in Greece have also adversely affected the growth of T&L where, for the past few years we have not been able to acquire a number of businesses, for fear of creating unnecessary dilution in the value per share expected from the Project.

On the presumption that the dismissal of the Appeals is confirmed in the not too distant future I believe that 2017 will bring much better news for shareholders.

The next year is destined to be the most value enhancing in the Group's history and I look forward to making further announcements in the future.

Christopher W Egleton
Chairman
31 March 2017

Strategic Report

The directors present their Strategic Report and the audited consolidated financial statements for the year ended 31 October 2016.

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 £67,820,000 from £60,964,000 and gross profit has increased to £7,044,000 from £6,493,000. 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
31 March 2017

Directors' Report

The directors present their annual report for the year ended 31 October 2016.

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 the Companies Act 2006.

The Group made a loss for the year, after taxation, of £2,272,000 (31 October 2015: £1,620,000). The loss also includes a credit in respect of share-based payments of £24,000 (2015: charge of £57,000) and non-cash finance cost in respect of warrants issued in association with the Hillside loan in the amount of £930,000 (31 October 2015: £628,000) (see note 17). These charges do not involve any cash payment.

No dividend is proposed for the year (31 October 2015: 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.

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
31 March 2017

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 2016 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 2016 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 - 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 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 in order to meet its finance and 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
31 March 2017

Minoan Group Plc

Consolidated Statement of Comprehensive Income
Year ended 31 October 2016

	Notes to the Financial Statements	2016 £'000	2015 £'000
Total transaction value		**67,820**	60,964
Revenue		**7,317**	6,816
Cost of sales		**(273)**	(323)
Gross profit		**7,044**	6,493
Operating expenses		**(7,261)**	(6,523)
Other operating expenses:			
Corporate development costs		**(595)**	(511)
Credit/(charge) in respect of share-based payments	17	**24**	(57)
Operating loss		**(788)**	(598)
Finance costs	17	**(1,484)**	(1,022)
Loss before taxation	3	**(2,272)**	(1,620)
Taxation	5	**-**	-
Loss after taxation		**(2,272)**	(1,620)
Loss for year attributable to equity holders of the Company		**(2,272)**	(1,620)
Loss per share attributable to equity holders of the Company: Basic and diluted	6	**(1.19)p**	(0.89)p

The notes on pages 20 to 47 form part of these financial statements.

Consolidated Statement of Changes in Equity
Year ended 31 October 2016

Year ended 31 October 2016

	Share capital £'000	**Share premium £'000**	**Merger reserve £'000**	**Warrant Reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 1 November 2015	**14,975**	**31,435**	**9,349**	**1,904**	**(13,831)**	**43,832**
Loss for the year	**-**	**-**	**-**	**-**	**(2,272)**	**(2,272)**
Issue of ordinary shares at a premium	**144**	**1,150**	**-**	**-**	**-**	**1,294**
Share based payments	**-**	**-**	**-**	**-**	**(24)**	**(24)**
Extension of warrant expiry date (see note 17)	**-**	**-**	**-**	**215**	**-**	**215**
Balance at 31 October 2016	**15,119**	**32,585**	**9,349**	**2,119**	**(16,127)**	**43,045**

Year ended 31 October 2015

	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant Reserve £'000	Retained earnings £'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 payments	-	-	-	1,591	57	1,648
Balance at 31 October 2015	14,975	31,435	9,349	1,904	(13,831)	43,832

Minoan Group Plc

Company Statement of Changes in Equity
Year ended 31 October 2016

Year ended 31 October 2016

	Share capital £'000	**Share premium £'000**	**Warrant Reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 1 November 2015	**14,975**	**31,435**	**1,904**	**3,746**	**52,060**
Loss for the year	**-**	**-**	**-**	**(1,519)**	**(1,519)**
Issue of ordinary shares at a premium	**144**	**1,150**	**-**	**-**	**1,294**
Share-based payments				**(24)**	**(24)**
Extension of warrant expiry date (see note 17)	**-**	**-**	**215**	**-**	**215**
Balance at 31 October 2016	**15,119**	**32,585**	**2,119**	**2,203**	**52,026**

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	-	-	1,591	57	1,648
Balance at 31 October 2015	14,975	31,435	1,904	3,746	52,060

Minoan Group Plc

Consolidated Balance Sheet as at 31 October 2016

	Notes to the Financial Statements	**2016 £’000**	2015 £’000
Assets			
Non-current assets			
Intangible assets	7	**9,771**	9,835
Property, plant and equipment	8	**728**	711
Total non-current assets		**10,499**	10,546
Current assets			
Inventories	10	**42,562**	41,266
Receivables	11	**2,610**	2,171
Cash and cash equivalents		**104**	145
Total current assets		**45,276**	43,582
Total assets		**55,775**	54,128
Equity			
Share capital	14	**15,119**	14,975
Share premium account		**32,585**	31,435
Merger reserve account		**9,349**	9,349
Warrant reserve		**2,119**	1,904
Retained earnings		**(16,127)**	(13,831)
Total equity		**43,045**	43,832
Liabilities			
Current liabilities	12	**12,730**	10,296
Total liabilities		**12,730**	10,296
Total equity and liabilities		**55,775**	54,128

The financial statements on pages 11 to 47 were approved and authorised for issue by the Board of Directors on 31 March 2017.

Signed on behalf of the Board of Directors

C W Egleton
Director

Minoan Group Plc

Company Balance Sheet as at 31 October 2016

	Note to the Financial Statements	**2016 £'000**	2015 £'000
Assets			
Non-current assets			
Investments	9	**28,286**	28,286
Total non-current assets		**28,286**	28,286
Current assets			
Receivables	11	**29,836**	28,756
Cash and cash equivalents		**60**	1
Total current assets		**29,896**	28,757
Total assets		**58,182**	57,043
Equity			
Share capital	14	**15,119**	14,975
Share premium account		**32,585**	31,435
Warrant reserve		**2,119**	1,904
Retained earnings		**2,203**	3,746
Total equity		**52,026**	52,060
Liabilities			
Current liabilities	12	**6,156**	4,983
Total liabilities		**6,156**	4,983
Total equity and liabilities		**58,182**	57,043

Company registration number: 3770602

The financial statements on pages 11 to 47 were approved and authorised for issue by the Board of Directors on 31 March 2017.

Signed on behalf of the Board of Directors

C W Egleton
Director

Minoan Group Plc

Consolidated Cash Flow Statement
Year ended 31 October 2016

	Note to the Consolidated Cash Flow Statement	2016 £'000	2015 £'000
Cash flows from operating activities			
Net cash inflow/(outflow) from continuing operations	1	**458**	(348)
Finance costs		**(255)**	(394)
Net cash generated from/(used) in operating activities		**203**	(742)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(103)**	(116)
Purchase of intangible assets:			
Goodwill - deferred consideration		**(130)**	-
IT project		**(140)**	(629)
Net cash used in investing activities		**(373)**	(745)
Cash flows from financing activities			
Net proceeds from the issue of ordinary shares		**-**	70
Loans received		**129**	1,435
Net cash generated from financing activities		**129**	1,505
Net (decrease)/increase in cash		**(41)**	18
Cash at beginning of year		**145**	127
Cash at end of year		**104**	145

Note to the Consolidated Cash Flow Statement
Year ended 31 October 2016

1 Cash flows from operating activities

	2016	2015
	£'000	£'000
Loss before taxation	**(2,272)**	(1,620)
Finance costs	**1,484**	1,022
Depreciation	**122**	103
Amortisation	**334**	208
Exchange (gain)/loss relevant to property, plant and equipment	**(36)**	19
Increase in inventories	**(1,296)**	(1,224)
Share-based payments	**(24)**	57
Increase in receivables	**(439)**	(579)
Increase/(decrease) in current liabilities	**1,291**	430
Non cash movement in equity	**1,294**	1,236
Net cash inflow/(outflow) from continuing operations	**458**	(348)

Minoan Group Plc

Company Cash Flow Statement
Year ended 31 October 2016

	Note to the Company Cash Flow Statement	2016 £'000	2015 £'000
Cash flows from operating activities			
Net cash inflow/(outflow) from continuing operations	1	**40**	(1,166)
Finance costs		**(110)**	(339)
Net cash used in operating activities		**(70)**	(1,505)
Cash flows from investing activities			
Acquisition of shares in subsidiary company		**-**	-
Net cash used in investing activities		**-**	-
Cash flows from financing activities			
Net proceeds from the issue of ordinary shares		**-**	70
Loans received		**129**	1,435
Net cash generated from financing activities		**129**	1,505
Net increase in cash		**59**	-
Cash at beginning of year		**1**	1
Cash at end of year		**60**	1

Note to the Company Cash Flow Statement
Year ended 31 October 2016

1 Cash flows from operating activities

	2016	2015
	£'000	£'000
(Loss)/profit before taxation	(1,519)	1,325
Finance costs	1,339	339
Share-based payments charge	(24)	685
Increase in receivables	(1,080)	(1,993)
Increase/(decrease) in current liabilities	30	(1,838)
Non cash movement in investments	-	(920)
Non cash movement in equity	1,294	1,236
Net cash inflow/(outflow) from continuing operations	40	(1,166)

Notes to the Financial Statements
Year ended 31 October 2016

1 Accounting policies

These consolidated financial statements are prepared in accordance with EU adopted International Financial Reporting Standards ("IFRS") 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 loss before taxation for the year ended 31 October 2016 was £1,519,000 (31 October 2015: Profit £1,325,000). The profit before taxation in the year ended 31 October 2015 includes a gain on the write off of intercompany balances of £2,543,000.

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 had not been endorsed by the EU at 31 October 2016:

Standard/Interpretation	Title	Effective date
IFRS 9	Financial instruments	1 January 2018
IFRS 16	Leases	1 January 2019

The following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective.

Standard/Interpretation	Title	Effective date
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 profit of the financial statements of the Group. IFRS 16: Leases will have the impact of increasing both creditors and fixed assets on the balance sheet by similar amounts that will depend on the operating leases that the Group is party to during the year ended 31 October 2019. It is not practicable to estimate the number or nature of leases that the Group may be party to in 2019/20 at this stage.

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.

Notes to the Financial Statements (continued)
Year ended 31 October 2016

1 Accounting policies (continued)

Going concern (continued)
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 was published in the Government Gazette. The planning rules for the Project are now enshrined in law. Reports in the Greek media have stated that the appeals lodged against the Presidential Decree have been rejected by the Greek Supreme Court.

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 need to raise capital in order to meet its existing finance and working capital requirements. While the directors consider that any necessary funds will be raised as required, the ability of the Company to raise these funds is, by its nature, uncertain.

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 continues to generate 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 2016 using uniform accounting policies. The Group's policy is to consolidate the result of subsidiaries acquired in the year from the date of acquisition to the Group's next accounting reference date. 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 by 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; and

Notes to the Financial Statements (continued)
Year ended 31 October 2016

1 Accounting policies (continued)

Critical accounting estimates and judgements (continued)

- as set out above, the directors have exercised judgement in concluding that the company and group is a going concern.

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.

Notes to the Financial Statements (continued)
Year ended 31 October 2016

1 Accounting policies (continued)

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 following criteria:

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.

b) its intention to complete the intangible asset and use or sell it.

c) its ability to use or sell the intangible asset.

d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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 the actual 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.

The directors consider UK pounds sterling to be the functional currency of the Group, as this is the currency of the majority of revenue and expenditure.

The financial statements of Loyalward Hellas S.A., the Company's Greek subsidiary, are retranslated using the closing rate method and foreign exchange gains and losses on translation are taken directly to equity through other comprehensive income. The exchange differences are held in a separate reserve and will be recycled to the statement of comprehensive income should the Group dispose of the subsidiary.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and short-term deposits, with a maturity of less than three months, held with banks.

Notes to the Financial Statements (continued)
Year ended 31 October 2016

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 profit or loss on a straight line basis over the period of the lease.

Revenue
As 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 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. The fair values of the LTIP awards, options and warrants are calculated using the Black-Scholes and Monte Carlo fair value pricing models as appropriate at the grant date. The fair value of LTIP awards and options are charged to profit or loss over their vesting periods, with a corresponding entry recognised in equity. This charge does not involve any cash payment by the Group.

Where warrants are issued in conjunction with a loan instrument, the fair value of the warrants forms part of the total finance cost associated with that instrument and is released to profit or loss through finance costs over the term of that instrument using the effective interest method.

Pensions
Loyalward Limited operates a stakeholder pension scheme for its employees and Stewart Travel Limited operates a defined contribution pension scheme. Contributions payable to the pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Financial Statements (continued)
Year ended 31 October 2016

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 2016

2 Information regarding directors and employees

Directors' and key management remuneration

	Costs taken to inventories	Costs taken to profit or loss	Total
	£'000	£'000	£'000
Year ended 31 October 2016			
Fees	**236**	**431**	**667**
Sums charged by third parties for directors' services	**342**	**70**	**412**
Share-based payments (note 17)	**-**	**(24)**	**(24)**
	578	**477**	**1,055**
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

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:

	2016		2015	
	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)	**296**	**(12)**	264	29
D C Wilson	**250**	**(9)**	250	20
B D Bartman	**35**	**(1)**	25	3
G D Cook	**35**	**-**	25	-
T R C Hill	**37**	**(1)**	31	3
	653	**(23)**	595	55

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 2016

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 profit or loss £'000	Total £'000
Year ended 31 October 2016			
Salaries and fees	**363**	**4,063**	**4,426**
Social security cost	**34**	**352**	**386**
Share-based payments (note 17)	**-**	**(24)**	**(24)**
	397	**4,391**	**4,788**
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

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

	2016 No.	2015 No.
Monthly average number of persons employed		
Directors	**5**	5
Sales and administration	**203**	191

3 Loss before taxation

The loss before taxation is stated after charging:

	2016 £'000	2015 £'000
Depreciation	**110**	103
Amortisation	**334**	208
Operating leases	**83**	59
Auditor's remuneration:		
Audit fees	**54**	73
Tax services	**4**	5

Audit fees in respect of the Company were £17,000 (31 October 2015: £21,250). Tax services fees in respect of the Company were £500 (31 October 2015: £750).

Notes to the Financial Statements (continued)
Year ended 31 October 2016

4 Segmental 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.

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.

	2016			
	Luxury Resorts £'000	**Travel and Leisure £'000**	**Corporate Development £'000**	**Total £'000**
Total transaction value	**-**	**67,820**	**-**	**67,820**
Revenue	**-**	**7,317**	**-**	**7,317**
Cost of sales	**-**	**(273)**	**-**	**(273)**
Gross profit	**-**	**7,044**	**-**	**7,044**
Operating expenses	**(489)**	**(6,772)**	**(595)**	**(7,856)**
	(489)	**272**	**(595)**	**(812)**
Credit in respect of share-based payments	**24**	**-**	**-**	**24**
Operating (loss)/profit	**(465)**	**272**	**(595)**	**(788)**
Contribution to central costs	**100**	**(100)**	-	-
Finance costs	**(1,341)**	**(143)**	**-**	**(1,484)**
(Loss)/profit before taxation	**(1,706)**	**29**	**(595)**	**(2,272)**
Taxation	**-**	**-**	**-**	**-**
(Loss)/profit after taxation	**(1,706)**	**29**	**(595)**	**(2,272)**
Operating expenses include:				
Depreciation and amortisation	**13**	**443**	**-**	**456**
Operating leases - plant and equipment	**-**	**83**	**-**	**83**
Assets/liabilities				
Goodwill	**6,127**	**2,641**	**-**	**8,768**
Other non-current assets	**157**	**1,574**	**-**	**1,731**
Current assets	**43,491**	**1,785**	**-**	**45,276**
Total assets	**49,775**	**6,000**	**-**	**55,775**
Total and current liabilities	**10,561**	**2,169**	**-**	**12,730**

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

4 Segmental information (continued)

	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 2016

5 Taxation

Consolidated

(a) Analysis of taxation for the year

	2016 £'000	2015 £'000
UK corporation tax	**-**	-

(b) Factors affecting taxation for the year

	2016 £'000	2015 £'000
Loss before taxation	**(2,272)**	**(1,620)**
Tax on ordinary activities multiplied by the UK corporation tax rate of 20% (2015: 20.41%)	**(454)**	**(331)**
Effects of:		
Expenses not deductible for tax purposes	**216**	**159**
Other timing differences	**15**	**(7)**
Increase in tax losses	**223**	**179**
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 2016 was 190,972,389 (31 October 2015: 182,214,717). See note 20 for potentially dilutive share options issued after the balance sheet date.

Notes to the Financial Statements (continued)
Year ended 31 October 2016

7 Intangible assets

Consolidated	2016			2015		
	Goodwill	**IT Projects**	**Total**	Goodwill	IT Projects	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Cost						
At beginning of year	**8,638**	**1,580**	**10,218**	8,578	1,011	9,589
Additions	**130**	**140**	**270**	60	569	629
At end of year	**8,768**	**1,720**	**10,488**	8,638	1,580	10,218
Accumulated amortisation						
At beginning of year	**-**	**383**	**383**	-	175	175
Provided in year	**-**	**334**	**334**	-	208	208
At end of year	**-**	**717**	**717**	-	383	383
Net book value						
At beginning of year	**8,638**	**1,197**	**9,835**	8,578	836	9,414
At end of year	**8,768**	**1,003**	**9,771**	8,638	1,197	9,835

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 £48,689,000 at 31 October 2016 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 £2,641,000. 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. Cash flow 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. Cash flows are discounted using a pre-tax discount rate of 11%. The addition to goodwill in the amount of £130,000 arose from a deferred consideration that is not material but that should have been recognised in the previous year.

Notes to the Financial Statements (continued)
Year ended 31 October 2016

8 Property, plant and equipment

Year ended 31 October 2016

Consolidated	Freehold land	Furniture, fittings, plant and equipment	Leasehold improvements	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 November 2015	166	1,140	265	1,571
Exchange adjustments	26	10	-	36
Additions	-	62	41	103
At 31 October 2016	192	1,212	306	1,710
Accumulated depreciation				
At 1 November 2015	44	776	40	860
Provided in year	4	91	27	122
At 31 October 2016	48	867	67	982
Net book value				
At 31 October 2016	144	345	239	728

Notes to the Financial Statements (continued)
Year ended 31 October 2016

8 Property, plant and equipment (continued)

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 2016

9 Investments

Company
Year ended 31 October 2016

	Shares in subsidiaries £'000
Cost	
At 1 November 2015	**28,286**
Additions	**-**
At 31 October 2016	**28,286**
Impairment	
At 31 October 2016	**-**
	-
Net book value at 31 October 2016	**28,286**

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

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. (3.78% owned by Minoan Group Plc and 96.22% 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 2016

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 2016.

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

	2016	2015
	%	%
Minoan Group Plc	**100.0**	100.0
King World Travel Limited	**-**	-
John Semple Travel Limited	**-**	-
	100.0	100.0

10 Inventories

Consolidated
Inventories at 31 October 2016 amounted to £42,562,000 (31 October 2015: £41,266,000), 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 18).

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 2016

11 Receivables

Consolidated	**2016 £'000**	2015 £'000
Trade receivables	**976**	805
Other receivables and prepayments	**1,562**	1,296
Value added tax recoverable	**72**	70
	2,610	2,171

Trade receivables are due in 30 days. Of the above £105,000 (31 October 2015: £91,000) was outstanding for more than 30 days. No provision is considered necessary in respect of irrecoverable amounts.

Company	**2016 £'000**	2015 £'000
Amounts owed by subsidiary companies (see note 16)	**29,425**	28,341
Other receivables and prepayments	**400**	400
Value added tax recoverable	**11**	15
	29,836	28,756

Amounts owed by subsidiary companies are repayable on demand, but are not expected to be received until the realisation of the project.

12 Liabilities

Current liabilities

Consolidated	**2016 £'000**	2015 £'000
Trade and other payables	**1,756**	1,804
Other creditor (see below)	**1,000**	1,000
Social security and other taxes	**828**	601
Loans (see note 15)	**5,086**	4,241
Accruals and deferred charges	**4,060**	2,650
	12,730	10,296

The other creditor 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.

Notes to the Financial Statements (continued)
Year ended 31 October 2016

12 Liabilities (continued)

Current liabilities

Company	**2016 £'000**	2015 £'000
Trade and other payables	**394**	399
Amounts owed to subsidiary companies (see note 16)	**38**	38
Loans (see note 15)	**5,086**	4,241
Accruals and deferred charges	**638**	305
	6,156	4,983

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 2015: £5,000,000). During the year, the repayment date was extended to 30 June 2017. The loan 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 total finance cost of the loan is comprised of the cash interest at 8% per annum and the fair value of the Warrants issued in association with loan and has been recognised as a finance cost spread over the life of the loan using the effective interest method.

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 2016

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	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Tax effect of timing differences because of:				
Accelerated capital allowances	**(75)**	(66)	**-**	-
Other short term timing differences	**330**	474	**-**	-
Losses	**2,055**	2,144	**-**	-
	2,310	2,552	**-**	-

The above potential deferred tax asset is based on a corporation tax rate of 17% (2015: 19%).

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

	Total potential asset		Amount recognised	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Tax effect of timing differences because of:				
Other short term timing differences	**200**	262	**-**	-
Losses	**1,615**	410	**-**	-
	1,815	672	**-**	-

The above potential deferred tax asset is based on a corporation tax rate of 17% (2015: 19%).

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 2016

14 Share capital

	2016 **£'000**	2015 £'000
Called up, allotted and fully paid		
31 October 2016 - 194,650,968 Ordinary Shares of 1p each	**1,946**	-
54,148,031 Deferred Shares of 24p each	**12,996**	-
31 October 2015 - 187,671,524 Ordinary Shares of 1p each	**-**	1,876
54,148,031 Deferred Shares of 24p each	**-**	12,996
	14,942	14,872
Debt to be settled by the issue of shares (see note 15)		
17,703,198 Ordinary Shares of 1p each (2015: 10,271,239 Ordinary Shares of 1p each)	**177**	103
	15,119	14,975

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, 3,000,000 Ordinary Shares of 1p each were issued at 8 pence per share, 1,444,444 Ordinary Shares of 1p each were issued at 9 pence per share and 1,375,000 Ordinary Shares of 1p each were issued at 10 pence per share under the terms of loan agreements. In addition, 1,160,000 Ordinary Shares of 1p each were issued at 9 pence per share to settle certain existing liabilities.

15 Financial instruments and risk management

The Group's financial instruments comprise borrowings, cash and various items such as trade receivables and trade payables that arise directly from its 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 2016

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.

All financial liabilities are non-derivative and fall due within one year (see note 12).

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. All UK companies hold cash in UK pounds Sterling only. The Sterling and Euro cash balances attract interest at floating rates.

Of the Groups assets, less than 1% is held in Euros, the remainder being held in Sterling. Of the Group's liabilities, 11% is held in Euros, with the remainder held in Sterling.

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.

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

	2016	2015
	£'000	£'000
Loans to be settled by the issue of shares	**2,400**	**1,630**
Loans repayable in less than one year	**5,086**	**4,241**

The loans to be settled by the issue of shares, of which £325,000 are to be settled by the issue of shares at 9 pence per share, £75,000 are to be settled by the issue of shares at 10 pence per share, £200,000 are to be settled by the issue of shares at 11.6 pence per share, £150,000 are to be settled by the issue of shares at 12 pence per share, £300,000 are to be settled by the issue of shares at 13.75 pence per share, £150,000 are to be settled by the issue of shares at 14 pence per share, £500,000 are to be settled by the issue of shares at 15.5 pence per share and £700,000 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 £180,000 of loans was settled by the issue of shares at prices between 9 pence per share and 10 pence per share (31 October 2015: £585,000 at 8.5 pence per share) (note 14).

Notes to the Financial Statements (continued)
Year ended 31 October 2016

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 2016 and at 31 October 2015.

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 are shown below.

	Services of the above persons supplied in year ended		Payable as at	
	31.10.16 £'000	31.10.15 £'000	**31.10.16 £'000**	31.10.15 £'000
Simmons International Limited	**296**	264	**296**	186
Bizwatch Limited	**16**	17	**87**	81
I.H.M. Industry & Hotel Management Limited	**30**	14	**127**	101
B D Bartman & Co	**35**	25	**125**	87
Keith Day & Partners Ltd	**35**	20	**55**	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 2015: £36,000). The amount payable to Morgan Rossiter Limited as at 31 October 2016 is £7,200 (31 October 2015: £14,400).

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 31.10.16 £'000	Receivable/(Payable) as at 31.10.15 £'000
Loyalward Limited	**28,178**	27,304
Stewart Travel Limited	**1,247**	1,037
Loyalward Leisure Plc	**(38)**	(38)

Notes to the Financial Statements (continued)
Year ended 31 October 2016

17 Long term incentive plan, share options and warrants

Share-based payments charge

	£'000
Year ended 31 October 2016	
Share-based payments - directors	**(24)**
	(24)
Year ended 31 October 2015	
Share-based payments - directors	57
	57

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 certain level of 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 2016

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.

Notes to the Financial Statements (continued)
Year ended 31 October 2016

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

Share-based payments charge (continued)

Directors' interests in share options

	31 October 2016			31 October 2015		
	Exercise price	**Ordinary Shares**	**Expiry date**	Exercise price	Ordinary Shares	Expiry date
Options						
B D Bartman	7p	**200,000**	31/12/17	7p	200,000	31/12/16
B D Bartman (see note 2 below)	1p	**1,000,000**	31/12/17	1p	1,000,000	31/12/16
B D Bartman (see note 2 below)	1p	**850,000**	31/12/17	1p	850,000	31/12/16
W C Cole (director Loyalward Limited)	7p	**500,000**	31/12/17	7p	500,000	31/12/16
W C Cole (director Loyalward Limited)	7p	**100,000**	31/12/17	7p	100,000	31/12/16
W C Cole (director Loyalward Limited) (see note 2 below)	1p	**1,000,000**	31/12/17	1p	1,000,000	31/12/16
W C Cole (director Loyalward Limited) (see note 2 below)	1p	**1,711,111**	31/12/17	1p	1,711,111	31/12/16
G D Cook	7p	**250,000**	31/12/17	7p	250,000	31/12/16
G D Cook (see note 2 below)	1p	**384,615**	31/12/17	1p	384,615	31/12/16
G D Cook (see note 2 below)	1p	**377,778**	31/12/17	1p	377,778	31/12/16
Simmons International Limited	7p	**500,000**	31/12/17	7p	500,000	31/12/16
Simmons International Limited	7p	**400,000**	31/12/17	7p	400,000	31/12/16
Carried forward		**7,273,504**			7,273,504	

Notes to the Financial Statements (continued)
Year ended 31 October 2016

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

Directors' interests in share options (continued)

	31 October 2016			31 October 2015		
	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**	31/12/17	7p	300,000	31/12/16
T R C Hill (see note 2 below)	1p	**1,233,333**	31/12/17	1p	1,233,333	31/12/16
D C Wilson (see note 2 below)	1p	**1,000,000**	31/12/17	1p	1,000,000	31/12/16
D C Wilson (see note 2 below)	1p	**2,500,000**	31/12/17	1p	2,500,000	31/12/16
D C Wilson (see note 2 below)	1p	**850,000**	31/12/17	1p	850,000	31/12/16
B Cassidy (director of John Semple Travel Limited) (see note 2 below)	1p	**122,222**	31/12/17	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		
	31.10.16	31.10.15	Expiry date
Exercisable at 60 pence per share	**3,318,000**	3,318,000	See note 1
Exercisable at 1 pence per share (see note 2 below)	**223,077**	223,077	31/12/17
Exercisable at 7 pence per share	**325,000**	325,000	31/12/17
Exercisable at 8 pence per share	**2,500,000**	2,500,000	31/12/17
Exercisable at 10 pence per share	**250,000**	250,000	31/12/17
	6,616,077	6,616,077	

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)

Notes to the Financial Statements (continued)
Year ended 31 October 2016

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

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:

During the year the expiry date of the warrants was extended by one year. This modification resulted in an increase of £215,000 in the fair value of the warrants. This has been spread, along with the existing fair value, across the life of the loan on an amortised cost basis. The modification was valued using Black-Scholes method.

	Ordinary Shares		
	31.10.16	31.10.15	Expiry date
Exercisable at 8 pence per share	**10,000,000**	10,000,000	17/10/18
Exercisable at 8 pence per share	**5,000,000**	5,000,000	27/11/18
Exercisable at 8 pence per share	**10,000,000**	10,000,000	05/02/19
Exercisable at 13 pence per share	**10,000,000**	10,000,000	07/08/19
Exercisable at 8 pence per share	**5,000,000**	5,000,000	30/04/20
Exercisable at 8 pence per share	**5,000,000**	5,000,000	28/05/20
Exercisable at 8 pence per share	**5,000,000**	5,000,000	23/10/20
	50,000,000	50,000,000	

As part of the loan facility agreement, £125,000 will be payable to the warrant holder for each 10 million warrants exercised.

Finance costs

	£'000
Year ended 31 October 2016	
Fair value of warrants issued	**930**
Loan interest	**411**
Other interest	**143**
	1,484
Year ended 31 October 2015	
Fair value of warrants issued	628
Loan interest	340
Other interest	54
	1,022

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 2016

19 Operating lease commitments

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

Year ended 31 October 2016

	Up to 1 year	Leases expiring in 2 to 5 years	Over 5 years	Total
	£'000	**£'000**	**£'000**	**£'000**
Leasehold property	**354**	**1,239**	**738**	**2,331**
Equipment	**46**	**77**	**-**	**123**
Motor vehicles	**16**	**25**	**-**	**41**
	416	**1,341**	**738**	**2,495**

Year ended 31 October 2015

	Up to 1 year	Leases expiring in 2 to 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000
Leasehold property	307	969	427	1,703
Equipment	44	111	-	155
Motor vehicles	12	15	-	27
	363	1,095	427	1,885

20 Events after the balance sheet date

1. On 22 December 2016 the Company announced the issue of 2,700,000 Ordinary Shares of 1p each at 8p per share to settle certain existing liabilities.

2. Also on 22 December 2016 the Company announced that the expiry dates of certain Options granted to certain directors and executives be extended from 31 December 2016 to 31 December 2017 (see note 17).

3. On 10 January 2017 the Company announced that, in order to satisfy certain existing commitments, it has granted Options to subscribe for 6,000,000 Ordinary Shares of 1p each at 10p per share. The Options to expire on 9 July 2018.

4. On 11 January 2017 the Company announced that, as part of his employment arrangements, it has granted an Option to subscribe for 1,000,000 Ordinary Shares of 1p each at 8p per share to Brian Cassidy, a Person Discharging Managerial Responsibilities. The Option to expire on 9 January 2020.

5. On 24 March 2017 the Company announced that it has noted reports in the Greek Media stating that the appeals against the Presidential Decree granting land use approval for its Project in Crete have been rejected by the Greek Supreme Court.