Minoan Group Plc

Report and Financial Statements

Year ended 31 October 2017

Company registration no: 3770602

Minoan Group Plc

Report and Financial Statements

Year ended 31 October 2017

Contents

Directors and Advisers	1
Chairman’s Statement	2-5
Strategic Report	6-7
Directors’ Report	8-9
Independent Auditor’s Report	10-15
Consolidated Statement of Comprehensive Income	16
Consolidated Statement of Changes in Equity	17
Company Statement of Changes in Equity	18
Consolidated Balance Sheet	19
Company Balance Sheet	20
Consolidated Cash Flow Statement	21
Note to the Consolidated Cash Flow Statement	22
Company Cash Flow Statement	23
Note to the Company Cash Flow Statement	24
Notes to the Financial Statements	25-52

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

My statement will focus on the status of the Group's project in Greece (the "Project") and the position of and prospects for the Group after the intended disposal of its Travel and Leisure ("T&L") business as announced on 13 March 2018. I remarked in that announcement that following the sale of T&L your Board expected the Group to be substantially debt free in relation to its loan obligations and this continues to be the case.

The results for the year ended 31 October 2017 include the trading results of the travel business for the full year and demonstrate the division's continuing growth. Nevertheless, the decision to sell the division results from a number of other factors including, but not limited to, the view of the Board that all efforts must be concentrated on delivering the value of the Project to shareholders and that this will be much easier to achieve without a major burden of debt.

In view of the proposed sale of T&L (the impact of which has been to present the division as a Discontinued Operation within the accounts), the results themselves cannot give a good guide to the Group's prospects for the coming period, which I and my colleagues believe will begin to repay the faith shown by all stakeholders in the future and value of the Project.

Greece

As announced in 2017, we now have un-appealable outline planning consent for a development set on a 6,000 acre plot within a peninsula site with 28 kilometres of coastline on the island of Crete through the Presidential Decree originally issued on 11 March 2016. The consent is for a "complex resorts" project comprising up to 108,000 square metres of built space split between five main locations which are, and will be, designed in such a manner that the development will be largely invisible to the casual observer.

It is intended that we, together with major partners both financial and operating, will develop one of the most environmentally friendly and "soft" major projects in Europe with a build footprint of less than 0.5% of the site and through this and other criteria create a landmark for tourism in Greece.

The size of site is unusual in a region as crowded as the Eastern Mediterranean. This, combined with the consent and development intentions, makes the whole "package" extremely rare in a region where low cost mass tourism has previously been the main driver for development. The area of Crete in which the Project sits is, however, not just mass tourism as will be seen in some of the well-known "resorts" around the village of Elounda which is also in the Prefecture of Lasithi, the Easternmost in Crete.

The upgrading of the tourist product supply since the inception of the Project idea has been accompanied by a steady improvement in the travel infrastructure of the area. The main road along the North Coast running from the capital, Heraklion to Sitia in the East has been significantly improved and journey times have been reduced by at least 30 minutes in this period. The completely rebuilt Sitia International airport is fully open and taking flights to and from various cities in Scandinavia, Germany and the Netherlands.

During this summer season the airport expects an increase in international traffic of over 200%, albeit from a very low base, with a further major increase looking likely in 2019.

Chairman's Statement (continued)

Greece (continued)

During the past year, one of the major changes that has occurred in Greece has been the increasing activity in the purchase and sale of tourism based assets including hotels. In the last few months there have been a number of tourism asset sales where the prices achieved have seen substantial increases over the levels expected less than six months ago. These sales, which for the most part have been operating assets, have been driven by the Greek banks which are beginning to make inroads into their non-performing loan portfolios. Within Athens, which has the largest property market in Greece, the price of residential property has also risen substantially.

All of the above factors, which have an impact on the value of the Group's interest in the site and the Project, are being considered by the Board in their discussions with prospective financial and other partners. Shareholders will be aware that the last "Opinion of Value" of this interest on a development appraisal basis was circa €100m given by CBRE in 2011 around the time of the "Fast Track" application, which itself resulted in the grant of the Presidential Decree.

In light of the rapid and positive changes taking place in the market for tourism assets in Greece, it is very difficult to be precise as to the sterling value to be placed upon the Group's interest. The increases in values which have been, and are being, seen in Greece over the past year or so are driven by the belief that the tourism industry in Greece will continue its recent expansion. The depreciation of Sterling relative to the Euro has increased the value potential of the Project in Sterling terms.

As shareholders will be aware from the announcement earlier in March, the Company is continuing to progress the Project on the ground and has commissioned a number of studies to ensure the most efficient use of resources pending the conclusion of JV or partnership arrangements with prospective partners and/or investors. In these, and other potential discussions, it is likely that the Company will have more than one "partner". Although, at this stage, it is difficult to predict precisely what kind of relationships will be finalised it is likely that one or more of the "partners" will be making significant financial contributions. The application of those "contributions" insofar as creating the optimum value for shareholders will be foremost in the Board's consideration as to kind of partnership offer(s) to encourage.

All in all the substantial increase in tourism in Greece in the last two years together with the significant increase in tourism asset values augurs well for future of the Project, its timing, potential partnerships and the creation of value for the Company and its shareholders.

Travel and Leisure

As the Board has taken the decision to sell T&L (subject to shareholder approval), as previously stated the division has been classified as a Discontinued Operation under IFRS 5. The impact of this on the Group's income statement is to present revenue and expenses associated with T&L's operations as a net line item. More granular information (as referred to in this section) may be found under note 4 Segmental information.

Total transaction value has increased in the period under review by approximately 18% from £68m to £80m and gross profit shows a year on year increase of £1,302,000 (18%) to £8,346,000 (2016: £7,044,000). Operating expenses have increased to £7,783,000 (2016: £6,772,000) resulting in an increase in operating profit to £563,000 (2016: £272,000).

Chairman's Statement (continued)

Travel and Leisure (continued)

Travel trading in the year achieved the above noted increases in particular via our Lapland business, which once again grew far in excess of the average. Cruise continued its growth as planned, although management believe that the rate of growth was slowed by difficulties in the Caribbean cruise market following the devastation to Puerto Rico and a number of destination islands.

Since the year end, travel has continued on its upward trajectory. In the first quarter of the financial year ending 2018, Total Transaction Value is up 14% and gross profit up close to 9%, the variations in increase once again being due to Caribbean cruise sales which, until recently, have been among our most profitable.

Shareholders will be aware from my previous statements and other announcements that the decision to dispose of the travel business has not been taken lightly.

The two main drivers of this decision have been the fact that we were unable to expand the business as fast as we had intended for fear of diluting the Group's capital unnecessarily and, with the advent of the grant of outline planning consent in Greece, the need to concentrate our efforts on creating value without a significant debt overhang with its concomitant costs.

I very much hope we will be able to report in more detail on this transaction in the near future.

As I have stated previously the Board expects the sale of the division to leave the Group substantially debt free.

Financial Review

In accordance with the relevant Accounting Standard, the Consolidated Statement of Comprehensive Income presents the revenue and associated expenses of the T&L division as one net item under heading "Profit from discontinued operations". This Standard means that once a decision to sell has been reached the business concerned is treated as a discontinued activity and the detailed results are omitted from the Consolidated Statement. The details of the growth in total transaction value and gross profit of T&L referred to above are set out in the Segmental information (Note 4).

Although there has been a reduction in corporate developments costs of £91,000, the operating loss for the year has increased by £860,000 due to an increase in operating expenses of £91,000, an increase in the charge for share based payments of £210,000 and, in particular, a non-cash charge of £650,000 in relation to assets held for sale.

With a reduction in finance costs of £157,000, the reported net loss for the year has increased by £244,000 from £2,272,000 to £2,516,000.

During the year the Group raised a limited amount of new equity (£450,000) and satisfied the bulk of its financing needs through new loans (£895,000). As already stated the Board believes that following the sale of the T&L business the Group will be substantially debt free in relation to its loan obligations. It is the Board's intention that all indebtedness should be cleared as soon as possible after the sale and to this end other discussions with investors and potential JV Partners will be accelerated.

Chairman's Statement (continued)

Outlook

It is clear from my earlier comments that, following the sale of T&L, the Group's sole focus will be on optimising the value of the Project for shareholders. This is likely to result in a number of changes to the management structure of the Group about which I will be writing after the sale.

In anticipation of the sale of what is, currently, its only revenue generating division, the Board is examining the cost structure of the Group in order to keep costs to a minimum during the subsequent period when the Company will be dependent on the support of its shareholders and other stakeholders before any income deriving from the Project is forthcoming. The Board are hopeful, and intend, that this period will be kept to a minimum.

In July last year I said that the next twelve months were likely to be the most rewarding in the Company's history. I remain convinced that we are in the most rewarding period in the Company's history and that 2018 will see major developments.

Conclusion

The past year has been eventful for your Company. We have received the Consent for which we have been striving for so long although the directors believe that the Company's share price performance has not fully reflected this achievement. The decision to dispose of the travel business was a difficult one but both I and the Board believe it will be in best interest of shareholders going forward. I hope to be making further announcements in the near future and wish to thank shareholders and all our stakeholders for their patience pending what I believe will be very welcome news over the coming months.

Christopher W Egleton

Chairman
5 April 2018

Minoan Group Plc

Strategic Report

The directors present their Strategic Report and the audited consolidated financial statements for the year ended 31 October 2017.

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

The Group has announced its intention to sell the travel business and the results have been presented in accordance with IFRS 5. The net profit of the travel business for the year of £488,000 is shown as profit from discontinued operations and the net assets are shown as Non-current assets for sale in the amount of £6,882,000. Total transaction value has increased to £80,320,000 from £67,820,000. This reflects volume growth and the Group's strategy of changing its business mix to concentrate on more profitable products and is regarded by the directors as the key performance indicator for the travel business.

Although not having used key performance indicators for the Project in the past, the Board is of the opinion that the granting of un-appealable outline planning consent, as referred to in the Chairman's Statement may be regarded as an indicator in understanding 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 which includes, if required, the refinancing of the debt of £5 million which is repayable on 30 June 2018 (see note 20). 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.

The sale of the travel business will be subject to the usual financial and commercial risks.

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
5 April 2018

Directors' Report

The directors present their annual report for the year ended 31 October 2017.

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 £2,516,000 (31 October 2016: £2,272,000). The loss also includes a charge in respect of share-based payments of £186,000 (2016: £24,000 credit) and non-cash finance cost in respect of warrants issued in association with the Hillside loan in the amount of £459,000 (31 October 2016: £930,000) (see note 17). These charges do not involve any cash payment.

The loss also includes a non-cash charge in relation to assets held for re-sale in the amount of £650,000 (31 October 2016: £Nil).

No dividend is proposed for the year (31 October 2016: 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.

Directors' Report (continued)

Statement of directors' responsibilities (continued)

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.

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
5 April 2018

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

Our opinion

In our opinion:

- The financial statements give a true and fair view of the state of the group’s and the parent company’s affairs as at 31 October 2017 and of the group’s loss for the year the ended;
- 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 been prepared in accordance with the requirements of the Companies Act 2006.

Financial statements subject to audit

We have audited the consolidated financial statements for the year ended 31 October 2017 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 notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRS as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report below. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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

Material uncertainty relating to going concern

We draw attention to the disclosures made in the Strategic Report and in note 1 to the financial statements concerning the uncertainty regarding the group's need to refinance the £5m loan from Hillside International Holdings Limited which falls due for payment on 30 June 2018, together with ability to secure project finance in order to bring its Crete project to fruition and to continue as a going concern. As stated in these disclosures, these events and conditions indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Key audit matters	➢ Revenue recognition within Stewart Travel Limited ➢ Capitalisation and valuation of inventories, being the Crete project costs.
Materiality	➢ Overall materiality is £440,000 (2016: £1.31 million) which represents 1% of the Crete project costs recognised in the balance sheet. ➢ Overall materiality in the prior year was based on 3% of net assets.

An overview of the scope of our audit

The group consists of the parent company and its subsidiaries. It largely operates through two trading subsidiary undertakings which were considered to be significant components for the purposes of the group financial statements. The financial statements consolidate these entities together with other non-trading subsidiary undertakings. As part of designing our group audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In establishing our overall approach to the group audit, we determined the type of work that needed to be performed in respect of each subsidiary or entity. This consisted of us carrying out a full audit of all significant components of the group.

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 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.

We have designed our audit approach to identify possible fraud in relation to the associated fraud risk of the group. We consider the most likely areas where fraud might arise to be within the valuation of the project costs and in relation to incorrect revenue recognition. Our approach to these areas has been addressed within the Key audit matters section.

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

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our opinion, the key audit matters considered were as follows:

Risk 1: Capitalisation and valuation of Crete Project costs

The group inventories, held in respect of the Crete project, represent the most significant asset on the balance sheet totalling £44.1 million as at 31 October 2017 (2016: £42.6million). There is a risk that inappropriate expenditure may be capitalised that is not in accordance with IAS 2. Furthermore, given that the Presidential Decree has been issued granting planning consent and that the Directors appear to be actively marketing the property, any lack of buyer interest in the property would be an indication of impairment. Therefore, there is a significant risk over the valuation of these inventories.

In this area, our audit procedures included:

- Testing a sample of capitalised costs in the year to ensure accuracy and appropriateness for capitalisation as project costs under IAS 2;
- Reviewing correspondence and other third party documentation in relation to the project to confirm that the expected value of the project is in excess of the costs to date;
- Obtaining and translating the court ruling in July 2017;
- Reviewing and assessing the marketing activities for the site post grant of the Presidential Decree;

From the work performed, we did not identify any transactions which indicated that capitalised costs were incorrectly stated.

Risk 2: Revenue recognition in Stewart Travel Limited

The overall group revenue for the year ended 31 October 2017 totalled £8.7 million (2016: £7.3 million) which is specifically in relation to the Travel and Leisure segment of the group, being Stewart Travel Limited. Given management's intention to dispose of this segment of the business, this has been presented within 'Profit from discontinued operations' in line with IFRS 5. We have identified that there is a risk that revenue could be both materially overstated and understated through incorrect revenue recognition treatment, which could have a material effect on the discontinued profit amount given the significance of revenue within the group.

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

Key audit matters (continued)

In this area, our audit procedures included:

- Sampling transactions from statements and invoices through to the nominal ledger to verify completeness of income;
- Ensuring no material cut off errors were present through review of post year end receipts and sales; and
- Reconciling income from monthly statements through to the trial balance for the company’s main customer.

From the work performed, we did not identify any instances from which to conclude that revenue is materially misstated.

Our application of materiality

We set certain thresholds for materiality. These help us to establish transactions and misstatements that are significant to the financial statements as a whole, to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually on balances and on the financial statements as a whole.

We determined the materiality for the group financial statements as a whole to be £440,000, calculated with reference to a benchmark of the Crete project costs (£44. 1 million), of which it represents approximately 1%. This is the threshold above which missing or incorrect information in the financial statements is considered to have an impact on the decision making of users. We determined the materiality for the company as a whole to be £115,000, calculated with reference to a benchmark of total company expenses, of which it represents 5%.

We reported to the Audit and Risk Committee all potential adjustments in excess of £22,000, being 5% of group materiality for the financial statements as a whole.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, set out on pages 7 and 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Auditor’s responsibility for the audit of the financial statements (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Paul Clark, Senior Statutory Auditor

For and on behalf of **MOORE STEPHENS LLP**

Chartered Accountants and Statutory Auditor

LONDON

EC1A 4AB

5 April 2018

Consolidated Statement of Comprehensive Income
Year ended 31 October 2017

	Notes to the Financial Statements	**2017 £'000**	2016 £'000
Revenue	4	**-**	-
Cost of sales		**-**	-
Gross profit		**-**	-
Operating expenses		**(480)**	(389)
Other operating expenses:			
Corporate development costs		**(504)**	(595)
Charge related to assets held for sale		**(650)**	-
(Charge)/credit in respect of share-based payments	17	**(186)**	24
Operating loss		**(1,820)**	(960)
Finance costs	17	**(1,184)**	(1,341)
Profit from discontinued operations	4	**488**	29
Loss before taxation	3	**(2,516)**	(2,272)
Taxation	5	**-**	-
Loss after taxation		**(2,516)**	(2,272)
Loss for year attributable to equity holders of the Company		**(2,516)**	(2,272)
Loss per share attributable to equity holders of the Company: Basic and diluted	6	**(1.23)p**	(1.19)p

The notes on pages 25 to 52 form part of these financial statements.

Consolidated Statement of Changes in Equity
Year ended 31 October 2017

Year ended 31 October 2017

	Share capital £'000	**Share premium £'000**	**Merger reserve £'000**	**Warrant Reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 1 November 2016	**15,119**	**32,585**	**9,349**	**2,119**	**(16,127)**	**43,045**
Loss for the year	**-**	**-**	**-**	**-**	**(2,516)**	**(2,516)**
Issue of ordinary shares at a premium	**178**	**1,074**	**-**	**-**	**-**	**1,252**
Share based payments	**-**	**-**	**-**	**-**	**186**	**186**
Extension of warrant expiry date (see note 17)	**-**	**-**	**-**	**322**	**-**	**322**
Balance at 31 October 2017	**15,297**	**33,659**	**9,349**	**2,441**	**(18,457)**	**42,289**

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

Company Statement of Changes in Equity
Year ended 31 October 2017

Year ended 31 October 2017

	Share capital £'000	**Share premium £'000**	**Warrant Reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 1 November 2016	**15,119**	**32,585**	**2,119**	**2,203**	**52,026**
Loss for the year	**-**	**-**	**-**	**(2,255)**	**(2,255)**
Issue of ordinary shares at a premium	**178**	**1,074**	**-**	**-**	**1,252**
Share-based payments				**186**	**186**
Extension of warrant expiry date (see note 17)	**-**	**-**	**322**	**-**	**322**
Balance at 31 October 2017	**15,297**	**33,659**	**2,441**	**134**	**51,531**

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

Minoan Group Plc

Consolidated Balance Sheet as at 31 October 2017

	Notes to the Financial Statements	**2017 £'000**	2016 £'000
Assets			
Non-current assets			
Intangible assets	7	**3,583**	9,771
Property, plant and equipment	8	**161**	728
Non-current assets held for sale	4	**6,882**	-
Total non-current assets		**10,626**	10,499
Current assets			
Inventories	10	**44,163**	42,562
Receivables	11	**326**	2,610
Cash and cash equivalents		**21**	104
Total current assets		**44,510**	45,276
Total assets		**55,136**	55,775
Equity			
Share capital	14	**15,297**	15,119
Share premium account		**33,659**	32,585
Merger reserve account		**9,349**	9,349
Warrant reserve		**2,441**	2,119
Retained earnings		**(18,457)**	(16,127)
Total equity		**42,289**	43,045
Liabilities			
Current liabilities	12	**12,847**	12,730
Total equity and liabilities		**55,136**	55,775

The financial statements on pages 16 to 52 were approved and authorised for issue by the Board of Directors on 5 April 2018.

Signed on behalf of the Board of Directors

C W Egleton
Director

Minoan Group Plc

Company Balance Sheet as at 31 October 2017

	Note to the Financial Statements	**2017 £'000**	2016 £'000
Assets			
Non-current assets			
Investments	9	**28,286**	28,286
Total non-current assets		**28,286**	28,286
Current assets			
Receivables	11	**31,223**	29,836
Cash and cash equivalents		**1**	60
Total current assets		**31,224**	29,896
Total assets		**59,510**	58,182
Equity			
Share capital	14	**15,297**	15,119
Share premium account		**33,659**	32,585
Warrant reserve		**2,441**	2,119
Retained earnings		**134**	2,203
Total equity		**51,531**	52,026
Liabilities			
Current liabilities	12	**7,979**	6,156
Total equity and liabilities		**59,510**	58,182

Company registration number: 3770602

As permitted by Section 408 of the Companies act 2006, the income statement is not presented as part of these financial statements, The Company's loss for the year ended 31 October 2017 was £2,255,000 (2016: £1,519,000).

The financial statements on pages 16 to 52 were approved and authorised for issue by the Board of Directors on 5 April 2018.

Signed on behalf of the Board of Directors

C W Egleton
Director

Consolidated Cash Flow Statement
Year ended 31 October 2017

	Note to the Consolidated Cash Flow Statement	**2017** **£'000**	2016 £'000
Cash flows from operating activities			
Net cash (outflow) from continuing operations	1	**(1,041)**	(325)
Net cash inflow from discontinued operations		**518**	783
Finance costs for continuing operations		**(262)**	(255)
Finance costs for discontinued operations		**(75)**	-
Net cash generated from/(used) in operating activities		**(860)**	203
Cash flows from investing activities in discontinued operations			
Purchase of property, plant and equipment		**(128)**	(103)
Purchase of intangible assets:			
Goodwill consideration		**(425)**	(130)
IT project		**(4)**	(140)
Net cash used in investing activities in discontinued operations		**(557)**	(373)
Cash flows from financing activities in continuing operations			
Net proceeds from the issue of ordinary shares		**450**	-
Loans received		**895**	129
Net cash generated from financing activities in continuing operations		**1,345**	129
Net decrease in cash		**(72)**	(41)
Cash transferred to non-current assets held for sale		**(11)**	-
		(83)	(41)
Cash at beginning of year		**104**	145
Cash at end of year		**21**	104

Note to the Consolidated Cash Flow Statement
Year ended 31 October 2017

1 Cash flows from operating activities in continuing operations

	2017	2016
	£'000	£'000
Loss before taxation	**(3,004)**	(2,301)
Finance costs	**1,184**	1,341
Depreciation	**8**	13
Exchange gain relevant to property, plant and equipment	**(11)**	(36)
Increase in inventories	**(1,601)**	(1,296)
Share-based payments	**186**	(24)
Decrease/(Increase) in receivables	**122**	(67)
Increase in current liabilities	**623**	751
Liabilities settled by the issue of ordinary shares	**802**	1,294
Non cash movement in assets held for sale	**650**	-
Net cash (outflow) from continuing operations	**(1,041)**	(325)

Minoan Group Plc

Company Cash Flow Statement
Year ended 31 October 2017

	Note to the Company Cash Flow Statement	2017 £'000	2016 £'000
Cash flows from operating activities			
Net cash inflow/(outflow) from continuing operations	1	**(1,142)**	40
Finance costs		**(262)**	(110)
Net cash used in operating activities		**(1,404)**	(70)
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		**450**	-
Loans received		**895**	129
Net cash generated from financing activities		**1,345**	129
Net (decrease)/increase in cash		**(59)**	59
Cash at beginning of year		**60**	1
Cash at end of year		**1**	60

Minoan Group Plc

Note to the Company Cash Flow Statement
Year ended 31 October 2017

1 Cash flows from operating activities

	2017	2016
	£'000	£'000
Loss before taxation	**(2,255)**	(1,519)
Finance costs	**1,184**	1,339
Share-based payments charge	**186**	(24)
Increase in receivables	**(1,387)**	(1,080)
Increase in current liabilities	**328**	30
Liabilities settled by the issue of ordinary shares	**802**	1,294
Net cash inflow/(outflow) from continuing operations	**(1,142)**	40

Notes to the Financial Statements
Year ended 31 October 2017

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.

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 been endorsed and issued by the EU at 31 October 2017:

Standard/Interpretation	Title	Effective date
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019

The directors anticipate that the adoption of IFRS 9 in future periods will have no material impact on the profit of the financial statements of the Group. The directors have not deemed it necessary to measure the impact of IFRS 15 and 16 in future periods given that Revenue and Leases are only within Stewart Travel Limited, which has been re-classified as Non-current assets held for sale.

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 was published in the Government Gazette. The planning rules for the Project are now enshrined in law. The appeals lodged against the Presidential Decree have now 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, 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.

Notes to the Financial Statements (continued)
Year ended 31 October 2017

1 Accounting policies (continued)

Going concern (continued)
Since the year end the Company has announced the extension of the repayment date of the Hillside International Holdings Limited loan facility from 31 December 2017 to 30 June 2018 (see note 20). Should it be required, the Company is of the view that, following negotiation, the repayment date of the loan facility would be further extended as in the past.

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 2017 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

- 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.

Notes to the Financial Statements (continued)
Year ended 31 October 2017

1 Accounting policies (continued)

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 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.

Notes to the Financial Statements (continued)
Year ended 31 October 2017

1 Accounting policies (continued)

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.

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.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and shown less any provision for amounts considered irrecoverable. They are subsequently measured at an amortised cost using the effective interest rate method, less irrecoverable provision for receivables.

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Loans
Loan borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised as a borrowing cost over the period of the borrowings using the effective interest method

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 (Discontinued operations)
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.

Notes to the Financial Statements (continued)
Year ended 31 October 2017

1 Accounting policies (continued)

Non-current assets held for sale and discontinued operations
Where an asset, or disposal group (an asset together with related liabilities), is to be recovered principally through a sale transaction and not through continuing use, and an active plan has been entered into to dispose of the asset or disposal group, it is reclassified as held for sale. On reclassification, the asset is measured at the lower of its carrying amount or fair value less costs to sell. Any losses on re-measurement are recognised in profit or loss.

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. The fair values of the LTIP awards, options and warrants are calculated using the Black-Scholes and Binomial option 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 2017

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 2017

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 2017			
Fees	**244**	**388**	**632**
Sums charged by third parties for directors' and key management services	**333**	**70**	**403**
Share-based payments (note 17)	**-**	**79**	**79**
	577	**537**	**1,114**
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

The total directors' and key management remuneration shown above includes the following amounts in respect of the directors of the Company.

	2017		2016	
	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)	**320**	**42**	296	(12)
D C Wilson	**250**	**20**	250	(9)
B D Bartman	**35**	**6**	35	(1)
G D Cook	**35**	**4**	35	-
T R C Hill	**46**	**7**	37	(1)
	686	**79**	653	(23)

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 2017

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 2017			
Salaries and fees	**315**	**4,655**	**4,970**
Social security cost	**51**	**432**	**483**
Share-based payments (note 17)	**-**	**96**	**96**
	366	**5,183**	**5,549**
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

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

	2017 No.	2016 No.
Monthly average number of persons employed		
Directors	**5**	5
Sales and administration	**226**	203

3 Loss before taxation

The loss before taxation is stated after charging:

	2017 £'000	2016 £'000
Depreciation	**132**	122
Amortisation	**345**	334
Operating leases	**54**	83
Auditor's remuneration:		
Audit fees	**72**	54
Tax services	**5**	4

Audit fees in respect of the Company were £20,000 (31 October 2016: £17,000). Tax services fees in respect of the Company were £4,000 (31 October 2016: £500).

Notes to the Financial Statements (continued)
Year ended 31 October 2017

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 and which is a continuing operation;
- the Travel and Leisure division (UK), being the operation and management of the travel businesses, which is a discontinued operation (see note below); and
- the corporate development division (UK) as described above, which is a continuing operation.

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.

	2017			
	Luxury Resorts £'000	**Travel and Leisure £'000**	**Corporate Development £'000**	**Total £'000**
Total transaction value	**-**	**80,320**	**-**	**80,320**
Revenue	**-**	**8,700**	**-**	**8,700**
Cost of sales	**-**	**(354)**	**-**	**(354)**
Gross profit	**-**	**8,346**	**-**	**8,346**
Operating expenses	**(480)**	**(7,783)**	**(504)**	**(8,767)**
	(480)	**563**	**(504)**	**(421)**
Charge in respect of share-based payments	**(186)**	**-**	**-**	**(186)**
Charge related to assets held for sale	**(650)**	**-**	**-**	**(650)**
Operating (loss)/profit	**(1,316)**	**563**	**(504)**	**(1,257)**
Finance costs	**(1,184)**	**(75)**	**-**	**(1,259)**
(Loss)/profit before taxation	**(2,500)**	**488**	**(504)**	**(2,516)**
Taxation	**-**	**-**	**-**	**-**
(Loss)/profit after taxation	**(2,500)**	**488**	**(504)**	**(2,516)**
Operating expenses include:				
Depreciation and amortisation	**2**	**468**	**-**	**470**
Operating leases - plant and equipment	**-**	**54**	**-**	**54**
Assets/liabilities				
Goodwill	**3,583**	**5,610**	**-**	**9,193**
Other non-current assets	**161**	**1,237**	**-**	**1,398**
Current assets	**44,510**	**1,889**	**-**	**46,399**
Charge related to asset held for sale	**-**	**(250)**		**(250)**
Total assets	**48,254**	**8,486**	**-**	**56,740**
Total and current liabilities	**12,847**	**1,604**	**-**	**14,451**

Notes to the Financial Statements (continued)
Year ended 31 October 2017

4 Segmental information (continued)

	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	3,583	5,185	-	8,768
Other non-current assets	157	1,574	-	1,731
Current assets	43,491	1,785	-	45,276
Total assets	47,231	8,544	-	55,775
Total and current liabilities	10,561	2,169	-	12,730

As stated in the Strategic Report, the Group has announced its intention to sell the travel business and the results for the year ended 31 October 2017 have been presented in accordance with IFRS 5. As a consequence, the Profit after taxation of the Travel and Leisure business in the amount of £488,000 appears in the Consolidated Statement of Comprehensive Income as Profit from discontinued operations. Similarly, the net assets of the Travel and Leisure business are shown as non-current assets held for sale in the Consolidated Balance Sheet and the lower of its fair value and carrying value.

Notes to the Financial Statements (continued)
Year ended 31 October 2017

5 Taxation

Consolidated

(a) Analysis of taxation for the year

	2017 **£'000**	2016 £'000
UK corporation tax	**-**	-

(b) Factors affecting taxation for the year

	2017 **£'000**	2016 £'000
Loss before taxation	**(2,516)**	(2,272)
Tax on ordinary activities multiplied by the UK corporation tax rate of 19.41% (2016: 20%)	**(488)**	(454)
Effects of:		
Expenses not deductible for tax purposes	**196**	216
Other timing differences	**18**	15
Increase in tax losses	**274**	223
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 2017 was 204,548,735 (31 October 2016: 190,972,389).

Notes to the Financial Statements (continued)
Year ended 31 October 2017

7 Intangible assets

Consolidated		2017			2016	
	Goodwill	**IT Projects**	**Total**	Goodwill	IT Projects	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Cost						
At beginning of year	**8,768**	**1,720**	**10,488**	8,638	1,580	10,218
Additions	**425**	**4**	**429**	130	140	270
Transfer to held for sale asset	**(5,610)**	**(1,724)**	**(7,334)**	-	-	-
At end of year	**3,583**	**-**	**3,583**	8,768	1,720	10,488
Accumulated amortisation						
At beginning of year	**-**	**717**	**717**	-	383	383
Provided in year	**-**	**345**	**345**	-	334	334
Transfer to held for sale asset	**-**	**(1,062)**	**(1,062)**	-	-	-
At end of year	**-**	**-**	**-**	-	717	717
Net book value						
At beginning of year	**8,768**	**1,003**	**9,771**	8,638	1,197	9,835
At end of year	**3,583**	**-**	**3,583**	8,768	1,003	9,771

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. As stated previously the Group has announced its intention to sell the Travel and Leisure business and the results for the year ended 31 October 2017 have been presented in accordance with IFRS 5. As a consequence, the intangible assets of the Travel and Leisure business are treated as Non-current assets held for sale in the Consolidated Balance Sheet.

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 £49,097,000 at 31 October 2017 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 £5,610,000. The addition to goodwill in the amount of £425,000 in year ended 31 October 2017 arose from cash and share considerations in respect of business acquired in the current year.

Notes to the Financial Statements (continued)
Year ended 31 October 2017

8 Property, plant and equipment

Year ended 31 October 2017

Consolidated	Freehold land	Furniture, fittings, plant and equipment	Leasehold improvements	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 November 2016	**192**	**1,212**	**306**	**1,710**
Exchange adjustments	**9**	**2**	**-**	**11**
Additions	**-**	**43**	**85**	**128**
Disposals	**-**	**(199)**	**-**	**(199)**
Transfer to assets held for sale	**-**	**(966)**	**(391)**	**(1,357)**
At 31 October 2017	**201**	**92**	**-**	**293**
Accumulated depreciation				
At 1 November 2016	**48**	**867**	**67**	**982**
Adjustment re disposals	**-**	**(199)**	**-**	**(199)**
Provided in year	**5**	**89**	**36**	**130**
Transfer to assets held for sale	**-**	**(678)**	**(103)**	**(781)**
At 31 October 2017	**53**	**79**	**-**	**132**
Net book value				
At 31 October 2017	**148**	**13**	**-**	**161**

As stated previously the Group has announced its intention to sell the Travel and Leisure business and the results for the year ended 31 October 2017 have been presented in accordance with IFRS 5. As a consequence, the Property, plant and equipment of the Travel and Leisure business is treated as a non-current asset held for sale in the Consolidated Balance Sheet.

Notes to the Financial Statements (continued)
Year ended 31 October 2017

8 Property, plant and equipment (continued)

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 2017

9 Investments

Company
Year ended 31 October 2017

	Shares in subsidiaries £'000
Cost	
At 1 November 2016	**28,286**
Additions	**-**
At 31 October 2017	**28,286**
Impairment	
At 31 October 2017	**-**
	-
Net book value at 31 October 2017	**28,286**

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

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 2017

9 Investments (continued)

Stewart Travel Limited (100%) - A company incorporated on Scotland operating as a multi-faceted distributor.

10 Inventories

Consolidated
Inventories at 31 October 2017 amounted to £44,163,000 (31 October 2016: £42,562,000), 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.

11 Receivables

Consolidated	**2017 £'000**	2016 £'000
Trade receivables	**-**	976
Other receivables and prepayments	**245**	1,562
Value added tax recoverable	**81**	72
	326	2,610

No provision is considered necessary in respect of irrecoverable amounts.

Company	**2017 £'000**	2016 £'000
Amounts owed by subsidiary companies (see note 16)	**31,165**	29,425
Other receivables and prepayments	**50**	400
Value added tax recoverable	**8**	11
	31,223	29,836

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

Notes to the Financial Statements (continued)
Year ended 31 October 2017

12 Liabilities

Current liabilities

Consolidated	**2017 £'000**	2016 £'000
Trade and other payables	**1,011**	1,756
Other creditor (see below)	**1,000**	1,000
Social security and other taxes	**41**	828
Loans (see note 15)	**6,118**	5,086
Accruals and deferred charges	**4,677**	4,060
	12,847	12,730

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.

See Note 4 regarding the treatment of the Travel and Leisure business balances.

Current liabilities

Company	**2017 £'000**	2016 £'000
Trade and other payables	**473**	394
Amounts owed to subsidiary companies (see note 16)	**38**	38
Loans (see note 15)	**6,118**	5,086
Accruals and deferred charges	**1,350**	638
	7,979	6,156

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

Loans include £4,890,000 (2016: £4,753,0000) in respect of the loan facility agreement with Hillside International Holdings Limited ("Hillside") originally drawn down as £5,000,000. Subsequent to the year end, the repayment date was extended to 30 June 2018. The loan is subject to interest at 10% per annum. Hillside has also received Warrants to subscribe for ordinary shares in Minoan Group Plc. The total finance cost of the loan is comprised of the cash interest at 10% 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. All other remaining loans are repayable on demand.

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.

Notes to the Financial Statements (continued)
Year ended 31 October 2017

13 Deferred taxation

Consolidated
No deferred taxation asset has been recognised in the financial statements due to the certainty of its recoverability. The total potential asset is as follows:

	Total potential asset		Amount recognised	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Tax effect of timing differences because of:				
Accelerated capital allowances	**(84)**	(75)	**-**	-
Other short term timing differences	**361**	330	**-**	-
Losses	**2,300**	2,055	**-**	-
	2,577	2,310	**-**	-

The above potential deferred tax asset is based on a corporation tax rate of 17% (2016: 17%).

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

	Total potential asset		Amount recognised	
	2017	2016	**2016**	2015
	£'000	£'000	**£'000**	£'000
Tax effect of timing differences because of:				
Other short term timing differences	**147**	129	**-**	-
Losses	**589**	440	**-**	-
	736	569	**-**	-

The above potential deferred tax asset is based on a corporation tax rate of 17% (2016: 17%).

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 2017

14 Share capital

	2017 £'000	2016 £'000
Called up, allotted and fully paid		
31 October 2017 - 212,223,442 Ordinary Shares of 1p each	**2,122**	-
54,148,031 Deferred Shares of 24p each	**12,996**	-
31 October 2016 - 194,650,968 Ordinary Shares of 1p each	**-**	1,946
54,148,031 Deferred Shares of 24p each	**-**	12,996
	15,118	14,942
Debt to be settled by the issue of shares (see note 15)		
17,967,339 Ordinary Shares of 1p each (2016: 17,703,198 Ordinary Shares of 1p each)	**179**	177
	15,297	15,119

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, 2,700,000 Ordinary Shares of 1p each were issued at 8 pence per share, 4,482,000 Ordinary Shares of 1p each were issued at 10.32 pence per share, 3,424,500 Ordinary Shares of 1p each were issued at 10.59 pence per share and 761,574 Ordinary Shares of 1p each were issued at 10 pence per share to settle certain existing liabilities. In addition, 1,203,502 Ordinary Shares of 1p each were issued at 9.14 pence per share in respect of the acquisition by Stewart Travel Limited of the business and assets of Morningside Travel Limited and 5,000,898 shares were placed at 9 pence per share.

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 2017

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 Group's assets, less than 1% is held in Euros, the remainder being held in Sterling. Of the Group's liabilities, less than 2% 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:

	2017	2016
	£'000	£'000
Loans to be settled by the issue of shares (see note 14)	**2,250**	2,400
Loans repayable in less than one year	**6,118**	5,086

The loans to be settled by the issue of shares, of which £375,000 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, £600,000 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 13.575 pence per share, £200,000 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, £400,000 are to be settled by the issue of shares at 15.5 pence per share and £300,000 are to be settled by the issue of shares at 18 pence per share, have been classified as equity and share premium in accordance with IAS 32 (note 14).

The Board has determined that realistic fluctuations in interest rates will not have a significant impact on financial liabilities

Notes to the Financial Statements (continued)
Year ended 31 October 2017

15 Financial instruments and risk management (continued)

During the year a total of £766,000 of loans was settled by the issue of 10,606,500 shares at prices between 8 pence per share and 10.59 pence per share (31 October 2016: £420,000 was settled by the issue of 5,819,444 shares at prices between 9 pence per share and 10 pence per share) (note 14).

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 2017 and at 31 October 2016.

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	
	31.10.17 £'000	31.10.16 £'000	**31.10.17 £'000**	31.10.16 £'000
Simmons International Limited	**320**	296	**260**	296
Bizwatch Limited	**16**	16	**102**	87
I.H.M. Industry & Hotel Management Limited	**(3)**	30	**113**	127
B D Bartman & Co	**35**	35	**159**	125
Keith Day & Partners Ltd	**35**	35	**90**	55

Notes to the Financial Statements (continued)
Year ended 31 October 2017

16 Related party transactions (continued)

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 31.10.17 £'000	Receivable/(Payable) as at 31.10.16 £'000
Loyalward Limited	**28,372**	28,178
Stewart Travel Limited	**2,793**	1,247
Loyalward Leisure Plc	**(38)**	(38)

17 Long term incentive plan, share options and warrants

Share-based payments charge

	£'000
Year ended 31 October 2017	
Share-based payments - directors	**79**
Share-based payments - other	**107**
	186
Year ended 31 October 2016	
Share-based payments - directors	(24)
	(24)

Long term incentive plan
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 2017

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

Share-based payments charge (continued)

The following awards have been granted with an original expiry date of 26 April 2017, which was extended during the year to 31 October 2018:

	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 9 pence	Maximum number of Ordinary Shares exercisable at 9 pence
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 Binomial option pricing models as appropriate. As stated previously, the charge does not involve any cash payment. The average weighted price of LTIP share options outstanding at the beginning and end of the period is 9 pence.

Notes to the Financial Statements (continued)
Year ended 31 October 2017

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

Share-based payments charge (continued)

Directors' interests in share options

	31 October 2017			31 October 2016		
	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 2017

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

Directors' interests in share options (continued)

	31 October 2017			31 October 2016		
	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 (see note 2)	1p	**122,222**	31/12/17	1p	122,222	31/12/16
B Cassidy	8p	**1,000,000**	9/01/20		-	
		14,279,059			13,279,059	

During the year the expiry date of the above options was extended to 31 December 2017.

The weighted average exercise price of Directors' related share options at the beginning and end of the period is 2 pence. The average weighted exercise price of options granted in the year is 8 pence.

Other share options

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

	Ordinary Shares		
	31.10.17	31.10.16	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
Exercisable at 10 pence per share	**6,000,000**	-	9/07/18
	12,616,077	6,616,077	

The weighted average exercise price of the other share options outstanding at the beginning of the period is 34 pence and outstanding at the end of the period is 43 pence. The weighted average price of other share options granted during the period is 10 pence.

Notes to the Financial Statements (continued)
Year ended 31 October 2017

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

Notes re share options:

1. These options were granted between 24 June 2005 and 31 December 2013. The expiry date of these options is 90 days after certain valid building licences and permits have been granted. These building licences and permits have not yet been granted.

2. Options granted in exchange for the waiver of fees etc. by current directors and a former director. During the year the expiry date of these options was extended to 31 December 2017.

See also Note 20 for events after the balance sheet date.

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 all the warrants was extended to 23 October 2020 and the exercise price of 10,000,000 warrants was amended from 13 pence per share to 8 pence per share in line with the other warrants. These modifications resulted in an increase of £322,000 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		
	31.10.17	31.10.16	Expiry date
Exercisable at 8 pence per share		10,000,000	17/10/18
Exercisable at 8 pence per share		5,000,000	27/11/18
Exercisable at 8 pence per share		10,000,000	05/02/19
Exercisable at 13 pence per share		10,000,000	07/08/19
Exercisable at 8 pence per share		5,000,000	30/04/20
Exercisable at 8 pence per share		5,000,000	28/05/20
Exercisable at 8 pence per share		5,000,000	23/10/20
Exercisable at 8 pence per share	**50,000,000**	-	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.

See also Note 20 for events after the balance sheet date.

Notes to the Financial Statements (continued)
Year ended 31 October 2017

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

Finance costs

	£'000
Year ended 31 October 2017	
Fair value of warrants issued	**459**
Loan interest	**460**
Other interest	**265**
	1,184
Year ended 31 October 2016	
Fair value of warrants issued	930
Loan interest	411
Other interest	143
	1,484

18 Contingent liabilities and commitments

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

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 2017

		Leases expiring in		
	Up to 1 year	**2 to 5 years**	**Over 5 years**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Leasehold property	**378**	**1,158**	**582**	**2,118**
Equipment	**45**	**31**	**-**	**76**
Motor vehicles	**14**	**11**	**-**	**25**
	437	**1,200**	**582**	**2,219**

Year ended 31 October 2016

		Leases expiring in		
	Up to 1 year	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

Notes to the Financial Statements (continued)
Year ended 31 October 2017

20 Events after the balance sheet date

1. It was announced on 14 December 2017 that the loan facility dated 16 October 2013 from Hillside International Holdings Limited had been extended from 31 December 2017 to 30 June 2018 and that interest is now payable at 10% per annum (previously 8% per annum).

2. As a result of the Subscription and Broker Offer announced on 18 December 2017, the exercise price of the Warrants was amended to 7 pence per share.

3. It was announced on 29 December 2017 that the expiry dates of those Options expiring on 31 December 2017 would be extended to 31 December 2018.