

**Minoan Group Plc**  
**Report and Financial Statements**  
**Year ended 31 October 2018**

**Company registration no: 3770602**

# **Minoan Group Plc (Registered number:3770602)**

## **Report and Financial Statements**

### **Year ended 31 October 2018**

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# **Minoan Group Plc (Registered number: 3770602)**

## **Directors and Advisers**

### **Directors**

C W Egleton FCA (Chairman)  
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

### **Administration office**

3<sup>rd</sup> Floor  
AMP House  
Dingwall Road  
Croydon  
Surrey  
CR0 2LX

### **Bankers**

HSBC Bank plc, London

### **Legal advisers**

Pinsent Masons LLP, London

### **Nominated adviser and broker**

WH Ireland Limited, London

### **Broker**

Cornhill Capital Limited, London

### **Registrars**

Neville Registrars Limited, Halesowen, West Midlands

### **Independent auditor**

Anstey Bond LLP  
Chartered Accountants and Statutory Auditor  
1 Charterhouse Mews  
London  
EC1M 6BB

# **Minoan Group Plc (Registered number: 3770602)**

## **Chairman's Statement**

### **Introduction**

As shareholders will be aware from the Company's announcements in March, September and October 2018, the year under review was marked by the decision to dispose of its Travel and Leisure division ("Stewart Travel") and the completion of the sale during the year. The sale was completed after some costly delays as a result of aborted negotiations with two private equity counterparties. Stewart Travel was sold to Zachary Asset Holdings Ltd (a company associated with Hillside, the Group's principal lender) on 9 October 2018, just prior to our year-end, for the sum of £6,564,520 plus the repayment of inter-company debt of £781,749. The overall effect of the transaction was to reduce our indebtedness to Hillside to £942,000 at 31 October 2018.

The delays in the sale meant that more management time was devoted to it but following its completion, and the concomitant reduction in debt, the Board's focus is on the realisation of the value inherent in the Group's project in Crete as well as on those matters outlined in my previous Statements and Updates including, inter alia, reducing the Group's cost base.

### **Financial Review**

The sale of Stewart Travel during the year to 31 October 2018 means that the results themselves are not strictly comparable to those of the previous year. Nevertheless it is worth noting that Consolidated Statement of Profit and Loss and Other Comprehensive Income showed a loss for the year of £3,022,000 (2017: £2,516,000). The loss primarily reflects the net loss on the sale of Stewart Travel in the amount of £1,617,000, which itself arose largely as a result of increases in finance and other costs attributable to the Hillside Loan and the delayed sale. Also worthy of note is that corporate development costs fell in the period to £92,000 (2017: £504,000). The Consolidated Statement of Financial Position shows that the Group had total equity at 31 October of £40,596,000 (2017: £42,289,000).

### **Post balance financing**

Following the sale of Stewart Travel, the Group has no current sources of operating revenue with which to meet its working capital requirements. Accordingly, it has continued to be reliant on equity and debt fundraisings in order to meet its corporate overheads and associated expenses whilst implementing the declared strategy of monetising the Group's project through the use of Joint Ventures and Partnerships where appropriate.

The Group successfully raised £525,000 in December 2018 by the issue of 21m new shares and also announced a reduction of liabilities of £408,000 by the issue of 14.8m new shares in January 2019.

The Group's current cash resources are low and it is managing its working capital position carefully in order to meet its short-term liabilities. Accordingly the Group is in advanced discussions with funding partners to provide additional financing and expects to make a further announcement very shortly.

### **Greece**

#### **The Greek Property Market**

I said in my Statement of a year ago that the Greek property market was showing clear signs of improvement and this has been borne out by the evidence from the rest of the year. According to the Bank of Greece, overall Greek residential property values fell by 43% from 2008 to 2017. The year 2018 finally witnessed a clear reversal in trend with, for example, residential prices in Athens increasing at an annualised rate of nearly 3% and offices (January - June 2018) by over 8%. Perhaps of greater note was the increase in market confidence as indicated by the volume of transactions and property transfers recorded at the Athens land registry, which increased by nearly 60% in the first eight months of the year compared with the same period in 2017.

The Hellenic Statistical Authority also reported that the number of construction permits rose by 9% year on year in the first nine months of 2018 and, according to the Bank of Greece, private construction activity increased by 30% during 2018.

# **Minoan Group Plc (Registered number: 3770602)**

## **Chairman's Statement (continued)**

### **The Project**

This improvement in prices and market confidence augurs well for the Group's project in Crete. As shareholders will be aware any such market trends should impact favourably on our 6,000 acre plot, with 28 kilometres of coastline and consent for a "complex resort" project comprising up to 108,000 square metres of built space. In my 2018 Interim Statement I also highlighted the steady improvement in the travel infrastructure of the area with an enlarged Sitia International Airport showing flights up 36% during 2018 and passenger numbers a remarkable 95% increase year on year (source: HCAA).

It is as well to remind shareholders that sites of this size in this kind of location are rare and, as such, have major pluses, but they also require more care than normal in their master planning in order to maximise value whilst maintaining integrity and quality. To this end, and at the same time to attract the most valued partners, it is extremely important to have a design team to whom the right kind of partners can relate. As a result of this requirement, I am pleased to inform shareholders that we have been able to recruit a team who will not only produce the best possible designs but also attract the kind of partners who will help us to maximise value for the Company, the Foundation Panagia Akrotiriani, and the local community.

### **New Design Team**

After lengthy discussions, which started in the summer of 2018, we have been able to appoint an internationally recognised team of designers, architects, and planners (the "Team") to provide designs and plans, which themselves will enhance the site's natural attractions to partners. The Team includes, inter alia, Desani, an internationally known design consultancy with offices in Los Angeles, Chicago, London and Athens, Vassily Laffineur an Associate at the award winning architects, Renzo Piano Building Workshop (the Workshop), plus the renowned group of master planners at Chicago Consultants Studio (CCS).

Both Desani and the Workshop are experienced in Greece, where the Workshop were the architects for the Stavros Niarchos Foundation Cultural Centre in Athens, a €566m project completed in 2016 and gifted to the Greek state in 2017.

For Itanos Gaia the task has been to create an updated master plan plus contemporary and high-end plans for the villas and hotels within the Project. These designs, under the new title the 'Cloisters of Toplou' (a name derived from the beautiful cloisters within the Holy Monastery of Toplou whose donation of land made the Project possible), have been released to selected international clients of the Team who have expressed an interest in partnering with Minoan for hotel and or villa development. The reaction has been very positive and discussions continue.

Desani's task was to work on how the interiors of high-end villas and the public spaces of the hotels at Itanos Gaia will look. During 2016 Desani sponsored an exhibition of the celebrated artist Philip Tsiaris at the Westin Hotel, Astir Palace, Athens, and are the designers for the luxury villas at the newly developed Astir Peninsula, which also includes a new Four Seasons hotel. In addition, Desani have worked with numerous hospitality companies, for example, including Ritz Carlton.

The main task for CCS has been to re-examine all aspects of the site in order to make the best use of its natural attributes within the rules laid down in the Presidential Decree and to ensure that the best aspects are preserved and, where possible, enhanced for international visitors and the local population alike.

The Team's initial work is now largely complete and some of the designs will be incorporated into the Minoan Group website in the near future so that shareholders have a better view of their Company's Project.

Shareholders should also be aware that we are already beginning to see the benefits of the appointment of such a Team and the substantial increase in credibility which it brings to the Project.

# **Minoan Group Plc (Registered number: 3770602)**

## **Chairman's Statement (continued)**

### **Shareholder Loyalty Scheme**

A shareholder loyalty scheme (the "Scheme") was established in 2003 with the intention of recognising the support of shareholders holding at least 5,000 shares in Minoan for a period of twelve months or more was suspended in 2011. The Scheme benefit was that qualifying shareholders would benefit from a right to buy a completed villa or apartment in the Project at a discount to its end value. With the impending involvement of joint venture partners during 2019 the Board have been advised that the quantum of this small reduction in the Project's gross development value ("GDV") needs to be determined. The Board believe this sum is not material within the context of the site's GDV and will not involve any depletion of cash resources.

### **Negotiations**

The Directors and management of the Group continue to progress Joint Venture and Partnership discussions in respect of the Project. A number of principals, or prequalified intermediaries, have executed non-disclosure agreements and, as a result, numerous meetings have taken place in Crete, Athens, and London.

In that respect the Group can disclose that it has recently received an early stage written approach that, if it were to progress, would result in the formation of a joint venture ("JV") with the objective of developing one of the five hotel and villa areas within the Project. The proposal would see the Group contributing land with an ascribed value to the JV and its JV partner providing equity, project finance, development expertise, and established links with an international hotel group that is a proven operator at the luxury end of the resort and villa rental market. Any transaction would include the right for the Group to monetise a large part of its JV interest. The discussions around value indicate that, if completed in line with those discussions, a figure would be realised at an indicative value which the Board believe that shareholders would find attractive.

At the current time, because due diligence is being carried out on the proposal and the counterparty and various conditions precedent and details are being either satisfied or determined, there can be no certainty that the approach will progress to an agreed transaction.

### **Outlook**

During the current year it is hoped that the absence of the non-recurring losses the Group experienced in the year to 31 October 2018 together with the continued control of overheads and corporate development costs, the benefit of lower levels of debt and further financing will lead to an improvement in the Group's performance at the net before taxation level.

I and my colleagues believe that 2019 will finally witness the beginning of monetisation of the Group's interest in the Project and hope that the market value of the Group begins to reflect that of its assets as further news of JVs and other transactions materialises.

*Christopher W Egleton*

Chairman  
8 April 2019

# **Minoan Group Plc (Registered number: 3770602)**

## **Strategic Report**

The directors present their Strategic Report and the audited consolidated financial statements for the year ended 31 October 2018.

### **Review of business**

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

The sale of the travel business was completed on 9 October 2018 and the results have been presented in accordance with IFRS 5. The net profit of the travel business for the year of £942,458 (2017: 488,000) is shown as profit from discontinued operations.

Total equity as at 31 October 2018 was £40,596,000 (2017: £42,289,000)

Since a major part of the Company's expenditure is in Euros the outcome of the ongoing negotiations re Brexit may have an effect on future foreign expenditure (see also note 1)

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. 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. (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 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.

# **Minoan Group Plc (Registered number: 3770602)**

## **Strategic Report (continued)**

### **Corporate Governance**

As an AIM company Minoan Group Plc is not required to comply with the UK Corporate Governance Code, which applies only to premium listed UK companies and adherence to which requires commitment of significant resources and cost. However, the Board of Minoan Group Plc has chosen to commit to the adoption of the Quoted Companies Alliance Corporate Governance Code.

### **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 ensured that it was compliant with all appropriate regulations, including those applicable to the protection of clients' funds.

Approved by the Board of Directors and signed on behalf of the Board.

**C W Egleton**

Director

8 April 2019

# Minoan Group Plc (Registered number: 3770602)

## Directors' Report

The directors present their annual report for the year ended 31 October 2018.

### Directors

The directors shown below have held office during the whole of the period from 01 November 2017 to the date of this report:

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

Other changes in directors holding office are as follows:

D C Wilson – resigned 09 October 2018

### 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, until 9 October 2018, in the operation of independent travel businesses, through which the Group acted 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 £3,022,000 (31 October 2017: £2,516,000). The loss includes a charge in respect of share-based payments of £63,000 (2017: £186,000) and non-cash finance cost in respect of warrants issued in association with the Hillside loan in the amount of £500,000 (31 October 2017: £459,000) (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 £2,560,000 (31 October 2017: £650,000).

The Group's loss per share was 1.36p (2017: 1.23)

No dividend is proposed for the year (31 October 2017: 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.

# **Minoan Group Plc (Registered number: 3770602)**

## **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](http://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 of 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 statement of financial position 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 Anstey Bond LLP as the auditor for the ensuing year will be proposed at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board by:

**C W Egleton**  
Director  
8 April 2019

# **Minoan Group Plc (Registered number: 3770602)**

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

### **Our opinion**

We have audited the financial statements of Minoan Group PLC ("the Group") for the year ended 31 October 2018 which comprise; the consolidated statement of profit or loss and other comprehensive income, the consolidated and parent company's statement of financial position, the consolidated and parent company's statement of changes in equity, the consolidated and company's statement of cash flows and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union;
- 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;
- been prepared in accordance with the requirements of the Companies Act 2006.

### **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.

### **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 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.

# Minoan Group Plc (Registered number: 3770602)

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

### Overview of our audit approach

|                          |                                                                                                                                                                                                                                                                                                                           |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Key audit matters</b> | <ul style="list-style-type: none"><li>➤ Capitalisation and valuation of inventories, being the Crete project costs.</li><li>➤ Sale of Stewart Travel Limited</li><li>➤ Going concern</li></ul>                                                                                                                            |
| <b>Materiality</b>       | <ul style="list-style-type: none"><li>➤ Overall materiality is £397,500 (2017: £440,000) being the average of 10% of the result before tax and 1% of gross assets</li><li>➤ Overall materiality in the prior year was based on 1% of the Crete project costs recognised in the statement of financial position.</li></ul> |

### 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.

### 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:

## **Minoan Group Plc (Registered number: 3770602)**

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

#### ***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 statement of financial position totalling £45.4 million as at 31 October 2018 (2017: £44.1million). 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;
- 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 – Sale of Stewart Travel Limited***

Several risks were identified surrounding the company's disposal of its' former subsidiary, Stewart Travel Limited. We identified that it was possible that the consideration agreed did not reflect the fair value of the subsidiary due to it being sold to a related party. In addition to this, there was a risk that the disclosures within the financial statements were not sufficient.

#### **Key audit matters**

In this area, our audit procedures included:

- We obtained the signed sale and purchase agreement, the board minutes for the disposal, and relevant correspondence and reconciled these to the accounting treatment within the accounting ledger.;
- We assessed the disposal of the subsidiary to ensure that accounting treatment was in line with IFRS 5; as adopted by the European Union.
- We reviewed the disclosures included within note 3 and agreed these statements to the accounting treatment identified.

From the work performed, we did not identify any instances from which to conclude that the disclosure or accounting treatment was incorrectly stated.

# **Minoan Group Plc (Registered number: 3770602)**

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

### **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 £397,500, calculated with reference to a benchmark of the Crete project costs (£45.4 million) included within the gross assets, the overall materiality calculation was the average of 10% of the result before tax and 1% of gross assets. 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 £171,000, 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 £20,000, 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.

### **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.

## **Minoan Group Plc (Registered number: 3770602)**

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

#### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, set out on pages 6 and 7, 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.

#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Colin Ellis FCCA CF (Senior Statutory Auditor)

Anstey Bond LLP

Chartered Accountants and Statutory Auditor

1 Charterhouse Mews

London

EC1M 6BB

8 April 2019

## Minoan Group Plc (Registered number: 3770602)

### Consolidated Statement of Profit and Loss and Other Comprehensive Income Year ended 31 October 2018

|                                                                                        | Notes to<br>the<br>Financial<br>Statements | 2018<br>£'000 | 2017<br>£'000 |
|----------------------------------------------------------------------------------------|--------------------------------------------|---------------|---------------|
| <b>Revenue</b>                                                                         | 3                                          | -             | -             |
| Cost of sales                                                                          |                                            | -             | -             |
| <b>Gross profit</b>                                                                    |                                            | -             | -             |
| Operating expenses                                                                     |                                            | (602)         | (480)         |
| Other operating expenses:                                                              |                                            |               |               |
| Corporate development costs                                                            |                                            | (92)          | (504)         |
| Charge related to assets held for sale                                                 |                                            | (2,560)       | (650)         |
| Charge in respect of share-based payments                                              | 17                                         | (63)          | (186)         |
| <b>Operating loss</b>                                                                  |                                            | (3,317)       | (1,820)       |
| Finance costs                                                                          | 17                                         | (648)         | (1,184)       |
| Profit from discontinued operations                                                    | 3                                          | 943           | 488           |
| <b>Loss before taxation</b>                                                            | 4                                          | (3,022)       | (2,516)       |
| Taxation                                                                               | 5                                          | -             | -             |
| <b>Loss after taxation</b>                                                             |                                            | (3,022)       | (2,516)       |
| Other Comprehensive Income for the year                                                |                                            | -             | -             |
| <b>Total Comprehensive Income for the year</b>                                         |                                            | (3,022)       | (2,516)       |
| <b>Loss for year attributable to equity holders of the Company</b>                     |                                            | (3,022)       | (2,516)       |
| <b>Loss per share attributable to equity holders of the Company: Basic and diluted</b> | 6                                          | (1.36)p       | (1.23)p       |

The notes on pages 23 to 51 form part of these financial statements.

## Minoan Group Plc (Registered number: 3770602)

### Consolidated Statement of Changes in Equity Year ended 31 October 2018

#### Year ended 31 October 2018

|                                                | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Merger<br>reserve<br>£'000 | Warrant<br>Reserve<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>equity<br>£'000 |
|------------------------------------------------|---------------------------|---------------------------|----------------------------|-----------------------------|-------------------------------|--------------------------|
| Balance at 1 November 2017                     | 15,297                    | 33,659                    | 9,349                      | 2,441                       | (18,457)                      | 42,289                   |
| Loss for the year                              | -                         | -                         | -                          | -                           | (3,022)                       | (3,022)                  |
| Issue of ordinary shares at a premium          | 163                       | 714                       | -                          | -                           | -                             | 877                      |
| Share based payments                           | -                         | -                         | -                          | -                           | 63                            | 63                       |
| Extension of warrant expiry date (see note 17) | -                         | -                         | -                          | 389                         | -                             | 389                      |
| <b>Balance at 31 October 2018</b>              | <b>15,460</b>             | <b>34,373</b>             | <b>9,349</b>               | <b>2,830</b>                | <b>(21,416)</b>               | <b>40,596</b>            |

#### Year ended 31 October 2017

|                                                | Share capital<br>£'000 | Share<br>premium<br>£'000 | Merger<br>reserve<br>£'000 | Warrant<br>Reserve<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>equity<br>£'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                   |

## Minoan Group Plc (Registered number: 3770602)

### Company Statement of Changes in Equity Year ended 31 October 2018

#### Year ended 31 October 2018

|                                                   | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Warrant<br>Reserve<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>equity<br>£'000 |
|---------------------------------------------------|---------------------------|---------------------------|-----------------------------|-------------------------------|--------------------------|
| Balance at 1 November 2017                        | 15,297                    | 33,659                    | 2,441                       | 134                           | 51,531                   |
| Loss for the year                                 | -                         | -                         | -                           | (3,430)                       | (3,430)                  |
| Issue of ordinary shares at a<br>premium          | 163                       | 714                       | -                           | -                             | 877                      |
| Share-based payments                              | -                         | -                         | -                           | 63                            | 63                       |
| Extension of warrant expiry date<br>(see note 17) | -                         | -                         | 389                         | -                             | 389                      |
| <b>Balance at 31 October 2018</b>                 | <b>15,460</b>             | <b>34,373</b>             | <b>2,830</b>                | <b>(3,233)</b>                | <b>49,430</b>            |

#### Year ended 31 October 2017

|                                                   | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Warrant<br>Reserve<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>equity<br>£'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<br>premium          | 178                       | 1,074                     | -                           | -                             | 1,252                    |
| Share-based payments                              | -                         | -                         | -                           | 186                           | 186                      |
| Extension of warrant expiry date<br>(see note 17) | -                         | -                         | 322                         | -                             | 322                      |
| Balance at 31 October 2017                        | 15,297                    | 33,659                    | 2,441                       | 134                           | 51,531                   |

# Minoan Group Plc (Registered number: 3770602)

## Consolidated Statement of Financial Position as at 31 October 2018

|                                     | Notes to<br>the<br>Financial<br>Statements | 2018<br>£'000 | 2017<br>£'000 |
|-------------------------------------|--------------------------------------------|---------------|---------------|
| <b>Assets</b>                       |                                            |               |               |
| <b>Non-current assets</b>           |                                            |               |               |
| Intangible assets                   | 7                                          | 3,583         | 3,583         |
| Property, plant and equipment       | 8                                          | 161           | 161           |
| Non-current assets held for sale    | 3                                          | -             | 6,882         |
| <b>Total non-current assets</b>     |                                            | <b>3,744</b>  | <b>10,626</b> |
| <b>Current assets</b>               |                                            |               |               |
| Inventories                         | 10                                         | 45,381        | 44,163        |
| Receivables                         | 11                                         | 215           | 326           |
| Cash and cash equivalents           |                                            | 20            | 21            |
| <b>Total current assets</b>         |                                            | <b>45,616</b> | <b>44,510</b> |
| <b>Total assets</b>                 |                                            | <b>49,360</b> | <b>55,136</b> |
| <b>Equity</b>                       |                                            |               |               |
| Share capital                       | 14                                         | 15,460        | 15,297        |
| Share premium account               |                                            | 34,373        | 33,659        |
| Merger reserve account              |                                            | 9,349         | 9,349         |
| Warrant reserve                     |                                            | 2,830         | 2,441         |
| Retained earnings                   |                                            | (21,416)      | (18,457)      |
| <b>Total equity</b>                 |                                            | <b>40,596</b> | <b>42,289</b> |
| <b>Liabilities</b>                  |                                            |               |               |
| Current liabilities                 | 12                                         | 8,764         | 12,847        |
| <b>Total equity and liabilities</b> |                                            | <b>49,360</b> | <b>55,136</b> |

The financial statements on pages 14 to 51 were approved by the Board of Directors and authorised for issue on 8 April 2019.

Signed on behalf of the Board of Directors

**C W Egleton**  
Director

## Minoan Group Plc (Registered number: 3770602)

### Company Statement of Financial Position as at 31 October 2018

|                                     | Note to the<br>Financial<br>Statements | 2018<br>£'000 | 2017<br>£'000 |
|-------------------------------------|----------------------------------------|---------------|---------------|
| <b>Assets</b>                       |                                        |               |               |
| <b>Non-current assets</b>           |                                        |               |               |
| Investments                         | 9                                      | 21,736        | 28,286        |
| <b>Total non-current assets</b>     |                                        | <b>21,736</b> | 28,286        |
| <b>Current assets</b>               |                                        |               |               |
| Receivables                         | 11                                     | 30,934        | 31,223        |
| Cash and cash equivalents           |                                        | 1             | 1             |
| <b>Total current assets</b>         |                                        | <b>30,935</b> | 31,224        |
| <b>Total assets</b>                 |                                        | <b>52,671</b> | 59,510        |
| <b>Equity</b>                       |                                        |               |               |
| Share capital                       | 14                                     | 15,460        | 15,297        |
| Share premium account               |                                        | 34,373        | 33,659        |
| Warrant reserve                     |                                        | 2,830         | 2,441         |
| Retained earnings                   |                                        | (3,233)       | 134           |
| <b>Total equity</b>                 |                                        | <b>49,430</b> | 51,531        |
| <b>Liabilities</b>                  |                                        |               |               |
| Current liabilities                 | 12                                     | 3,241         | 7,979         |
| <b>Total equity and liabilities</b> |                                        | <b>52,671</b> | 59,510        |

#### 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 2018 was £3,430,000 (2017: £2,255,000).

The financial statements on pages 14 to 51 were approved by the Board of Directors and authorised for issue on 8 April 2019.

Signed on behalf of the Board of Directors

**C W Egleton**

Director

# Minoan Group Plc (Registered number: 3770602)

## Consolidated Cash Flow Statement Year ended 31 October 2018

|                                                                                      | Note to the<br>Consolidated<br>Cash Flow<br>Statement | 2018<br>£'000  | 2017<br>£'000 |
|--------------------------------------------------------------------------------------|-------------------------------------------------------|----------------|---------------|
| <b>Cash flows from operating activities</b>                                          |                                                       |                |               |
| Net cash (outflow) from continuing operations                                        | 1                                                     | (2,175)        | (1,041)       |
| Net cash inflow from discontinued operations                                         |                                                       | 901            | 518           |
| Finance costs for continuing operations                                              |                                                       | (1,508)        | (262)         |
| Finance costs for discontinued operations                                            |                                                       | (-)            | (75)          |
| <b>Net cash generated from/(used) in operating activities</b>                        |                                                       | <b>(2,782)</b> | <b>(860)</b>  |
| <b>Cash flows from (investing) / divesting activities in discontinued operations</b> |                                                       |                |               |
| Purchase of property, plant and equipment                                            |                                                       | -              | (128)         |
| Purchase of intangible assets:                                                       |                                                       |                |               |
| Goodwill consideration                                                               |                                                       | -              | (425)         |
| IT project                                                                           |                                                       | -              | (4)           |
| Proceeds from sale of discontinued business                                          |                                                       | 6,075          | -             |
| <b>Net cash used in investing activities in discontinued operations</b>              |                                                       | <b>6,075</b>   | <b>(557)</b>  |
| <b>Cash flows from financing activities in continuing operations</b>                 |                                                       |                |               |
| Net proceeds from the issue of ordinary shares                                       |                                                       | 550            | 450           |
| Loans (repaid) / received                                                            |                                                       | (3,844)        | 895           |
| <b>Net cash generated from financing activities in continuing operations</b>         |                                                       | <b>(3,294)</b> | <b>1,345</b>  |
| <b>Net decrease in cash</b>                                                          |                                                       | <b>(1)</b>     | <b>(72)</b>   |
| <b>Cash transferred to non-current assets held for sale</b>                          |                                                       | <b>-</b>       | <b>(11)</b>   |
|                                                                                      |                                                       | <b>(1)</b>     | <b>(83)</b>   |
| Cash at beginning of year                                                            |                                                       | 21             | 104           |
| <b>Cash at end of year</b>                                                           |                                                       | <b>20</b>      | <b>21</b>     |

## Minoan Group Plc (Registered number: 3770602)

### Note to the Consolidated Cash Flow Statement Year ended 31 October 2018

#### 1 Cash flows from operating activities in continuing operations

|                                                         | 2018<br>£'000  | 2017<br>£'000  |
|---------------------------------------------------------|----------------|----------------|
| Loss before taxation                                    | (3,022)        | (3,004)        |
| Finance costs                                           | 1,148          | 1,184          |
| Depreciation                                            | 1              | 8              |
| Exchange gain relevant to property, plant and equipment | -              | (11)           |
| Increase in inventories                                 | (1,218)        | (1,601)        |
| Share-based payments                                    | 63             | 186            |
| Decrease/(Increase) in receivables                      | 111            | 122            |
| Increase in current liabilities                         | 415            | 623            |
| Liabilities settled by the issue of ordinary shares     | 327            | 802            |
| Non cash movement in assets held for sale               | -              | 650            |
| <b>Net cash (outflow) from continuing operations</b>    | <b>(2,175)</b> | <b>(1,041)</b> |

# Minoan Group Plc (Registered number: 3770602)

## Company Cash Flow Statement Year ended 31 October 2018

|                                                        | Note to the<br>Company<br>Cash Flow<br>Statement | 2018<br>£'000  | 2017<br>£'000  |
|--------------------------------------------------------|--------------------------------------------------|----------------|----------------|
| <b>Cash flows from operating activities</b>            |                                                  |                |                |
| Net cash inflow/(outflow) from continuing operations   | 1                                                | (2,343)        | (1,142)        |
| Net cash inflow in relation to discontinued operations |                                                  | 943            | -              |
| Finance costs                                          |                                                  | (1,381)        | (262)          |
| <b>Net cash used in operating activities</b>           |                                                  | <b>(2,781)</b> | <b>(1,404)</b> |
| <b>Cash flows from divesting activities</b>            |                                                  |                |                |
| Proceeds from disposal of discontinued business        |                                                  | 6,075          | -              |
| <b>Net cash generated in divesting activities</b>      |                                                  | <b>6,075</b>   | <b>-</b>       |
| <b>Cash flows from financing activities</b>            |                                                  |                |                |
| Net proceeds from the issue of ordinary shares         |                                                  | 550            | 450            |
| Loans (repaid) / received                              |                                                  | (3,844)        | 895            |
| <b>Net cash generated from financing activities</b>    |                                                  | <b>(3,294)</b> | <b>1,345</b>   |
| <b>Net (decrease)/increase in cash</b>                 |                                                  | <b>-</b>       | <b>(59)</b>    |
| Cash at beginning of year                              |                                                  | 1              | 60             |
| <b>Cash at end of year</b>                             |                                                  | <b>1</b>       | <b>1</b>       |

## Minoan Group Plc (Registered number: 3770602)

### Note to the Company Cash Flow Statement Year ended 31 October 2018

#### 1 Cash flows from operating activities

|                                                             | 2018<br>£'000  | 2017<br>£'000  |
|-------------------------------------------------------------|----------------|----------------|
| Loss before taxation                                        | (3,430)        | (2,255)        |
| Finance costs                                               | 648            | 1,184          |
| Share-based payments charge                                 | 63             | 186            |
| Decrease / (Increase) in receivables                        | 289            | (1,387)        |
| (Decrease) / Increase in current liabilities                | (240)          | 328            |
| Liabilities settled by the issue of ordinary shares         | 327            | 802            |
| <b>Net cash inflow/(outflow) from continuing operations</b> | <b>(2,343)</b> | <b>(1,142)</b> |

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements Year ended 31 October 2018

### 1 Accounting policies

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations (collectively IFRS), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, as adopted by the European Union. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest thousand, unless stated otherwise.

#### **Basis of preparation**

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:

| <b>Standard/Interpretation</b> | <b>Title</b>                          | <b>Effective date</b> |
|--------------------------------|---------------------------------------|-----------------------|
| IFRS 9                         | Financial instruments                 | 1 January 2018        |
| IFRS 15                        | Revenue from contracts with customers | 1 January 2018        |
| IFRS 16                        | Leases                                | 1 January 2019        |
| IFRIC 23                       | Uncertainty over income tax position  | 1 January 2019        |

The directors anticipate that the adoption of IFRS 9 and IFRIC 23 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 were only within Stewart Travel Limited, which was sold on 9 October 2018.

#### **Going concern**

The directors have considered the financial and commercial position of the Group in relation to its project in Crete (the "Project"). 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.

# **Minoan Group Plc (Registered number:3770602)**

## **Notes to the Financial Statements (continued) Year ended 31 October 2018**

### **1 Accounting policies (continued)**

#### **Going concern (continued)**

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.

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 2018 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.

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued) Year ended 31 October 2018

### 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                      |

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.

# **Minoan Group Plc (Registered number:3770602)**

## **Notes to the Financial Statements (continued)**

### **Year ended 31 October 2018**

#### **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 currency**

A foreign currency transaction is recorded, on initial recognition in Euros, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Euros by applying to the foreign currency amount the exchange rate between the Euros and the foreign currency at the date of the cash flow.

##### **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.

# **Minoan Group Plc (Registered number:3770602)**

## **Notes to the Financial Statements (continued) Year ended 31 October 2018**

### **1 Accounting policies (continued)**

#### **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.

#### **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.

**Notes to the Financial Statements (continued)**  
**Year ended 31 October 2018**

**1 Accounting policies (continued)**

**Pensions**

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

**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 statement of financial position 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 statement of financial position 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.

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

#### 2 Information regarding directors and employees

##### Directors' and key management remuneration

|                                                                             | Costs taken to<br>inventories<br>£'000 | Costs taken to<br>profit or loss<br>£'000 | Total<br>£'000 |
|-----------------------------------------------------------------------------|----------------------------------------|-------------------------------------------|----------------|
| <b>Year ended 31 October 2018</b>                                           |                                        |                                           |                |
| Fees                                                                        | 93                                     | 280                                       | 373            |
| Sums charged by third parties for<br>directors' and key management services | 331                                    | 70                                        | 401            |
| Share-based payments (note 17)                                              | -                                      | 63                                        | 63             |
|                                                                             | <b>424</b>                             | <b>413</b>                                | <b>837</b>     |
| <b>Year ended 31 October 2017</b>                                           |                                        |                                           |                |
| Fees                                                                        | 244                                    | 388                                       | 632            |
| Sums charged by third parties for<br>directors' and key management services | 333                                    | 70                                        | 403            |
| Share-based payments (note 17)                                              | -                                      | 79                                        | 79             |
|                                                                             | <b>577</b>                             | <b>537</b>                                | <b>1,114</b>   |

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

|                        | 2018                                           |                                  | 2017                                              |                                  |
|------------------------|------------------------------------------------|----------------------------------|---------------------------------------------------|----------------------------------|
|                        | Fees/Sums charged<br>by third parties<br>£'000 | Share-based<br>payments<br>£'000 | Fees/Sums<br>charged by third<br>parties<br>£'000 | Share-based<br>payments<br>£'000 |
| C W Egleton (Chairman) | 297                                            | 32                               | 320                                               | 42                               |
| D C Wilson             | -                                              | 23                               | 250                                               | 20                               |
| B D Bartman            | 35                                             | 3                                | 35                                                | 6                                |
| G D Cook               | 35                                             | 2                                | 35                                                | 4                                |
| T R C Hill             | 53                                             | 3                                | 46                                                | 7                                |
|                        | <b>420</b>                                     | <b>63</b>                        | <b>686</b>                                        | <b>79</b>                        |

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

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

#### 2 Information regarding directors and employees (continued)

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

|                                   | Costs taken to<br>inventories<br>£'000 | Costs taken to<br>profit or loss<br>£'000 | Total<br>£'000 |
|-----------------------------------|----------------------------------------|-------------------------------------------|----------------|
| <b>Year ended 31 October 2018</b> |                                        |                                           |                |
| Salaries and fees                 | 347                                    | 124                                       | 471            |
| Social security cost              | 53                                     | 33                                        | 86             |
| Share-based payments (note 17)    | -                                      | 63                                        | 63             |
|                                   | <b>400</b>                             | <b>220</b>                                | <b>620</b>     |
| <b>Year ended 31 October 2017</b> |                                        |                                           |                |
| Salaries and fees                 | 315                                    | 4,655                                     | 4,970          |
| Social security cost              | 51                                     | 432                                       | 483            |
| Share-based payments (note 17)    | -                                      | 96                                        | 96             |
|                                   | <b>366</b>                             | <b>5,183</b>                              | <b>5,549</b>   |

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

|                                                   | 2018<br>No. | 2017<br>No. |
|---------------------------------------------------|-------------|-------------|
| <b>Monthly average number of persons employed</b> |             |             |
| Directors                                         | 8           | 5           |
| Management, administration and sales              | 4           | 226         |

Note: D C Wilson and B Cassidy left on 9 October 2018 following the sale of Stewart Travel Limited

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued) Year ended 31 October 2018

### 3. 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 re sale); 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.

|                                           | 2018                       |                                |                                   |                |
|-------------------------------------------|----------------------------|--------------------------------|-----------------------------------|----------------|
|                                           | Luxury<br>Resorts<br>£'000 | Travel and<br>Leisure<br>£'000 | Corporate<br>Development<br>£'000 | Total<br>£'000 |
| <b>Total transaction value</b>            | -                          | -                              | -                                 |                |
| Revenue                                   | -                          | -                              | -                                 | -              |
| Cost of sales                             | -                          | -                              | -                                 | -              |
| <b>Gross profit</b>                       | -                          | -                              | -                                 | -              |
| Operating expenses                        | <b>(602)</b>               | -                              | <b>(92)</b>                       | <b>(694)</b>   |
|                                           | <b>(602)</b>               | -                              | <b>(92)</b>                       | <b>(694)</b>   |
| Charge in respect of share-based payments | <b>(63)</b>                | -                              | -                                 | <b>(63)</b>    |
| Charge related to assets held for sale    | <b>(2,560)</b>             | -                              | -                                 | <b>(2,560)</b> |
| <b>Operating (loss)/profit</b>            | <b>(3,225)</b>             | -                              | <b>(92)</b>                       | <b>(3,317)</b> |
| Finance costs                             | <b>(648)</b>               | -                              | -                                 | <b>(648)</b>   |
| (Loss)/Profit from Discontinued Operation | -                          | <b>943</b>                     | -                                 | <b>943</b>     |
| <b>(Loss)/profit before taxation</b>      | <b>(3,873)</b>             | <b>943</b>                     | <b>(92)</b>                       | <b>(3,022)</b> |
| Taxation                                  | -                          | -                              | -                                 | -              |
| <b>(Loss)/profit after taxation</b>       | <b>(3,873)</b>             | <b>943</b>                     | <b>(92)</b>                       | <b>(3,022)</b> |
| <b>Operating expenses include:</b>        |                            |                                |                                   |                |
| Depreciation and amortisation             | <b>1</b>                   | -                              | -                                 | <b>1</b>       |
| Operating leases - plant and equipment    | -                          | -                              | -                                 | -              |
| <b>Assets/liabilities</b>                 |                            |                                |                                   |                |
| Goodwill                                  | <b>3,583</b>               | -                              | -                                 | <b>3,583</b>   |
| Other non-current assets                  | <b>161</b>                 | -                              | -                                 | <b>161</b>     |
| Current assets                            | <b>45,616</b>              | -                              | -                                 | <b>45,616</b>  |
| <b>Total assets</b>                       | <b>49,360</b>              | -                              | -                                 | <b>49,360</b>  |
| <b>Total and current liabilities</b>      | <b>8,764</b>               | -                              | -                                 | <b>8,764</b>   |

## Minoan Group Plc (Registered number:3770602)

### Notes to the Financial Statements (continued) Year ended 31 October 2018

#### 3 Segmental information (continued)

|                                           | 2017                       |                                |                                   | Total<br>£'000 |
|-------------------------------------------|----------------------------|--------------------------------|-----------------------------------|----------------|
|                                           | Luxury<br>Resorts<br>£'000 | Travel and<br>Leisure<br>£'000 | Corporate<br>Development<br>£'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         |
| Total assets less total liabilities       | 35,407                     | 6,882                          | -                                 | 42,289         |

As stated in the Strategic Report, the Group completed the sale of its travel business on 9 October 2018 and the results for the year ended 31 October 2018 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 £943,000 (31 October 2017: £488,000) appears in the Consolidated Statement of Comprehensive Income for the year ended 31 October 2018 as Profit from discontinued operation.

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

#### 4 Loss before taxation

The loss before taxation is stated after charging:

|                         | <b>2018</b>  | 2017  |
|-------------------------|--------------|-------|
|                         | <b>£'000</b> | £'000 |
| Depreciation            | <b>1</b>     | 132   |
| Amortisation            | -            | 345   |
| Operating leases        | -            | 54    |
| Auditor's remuneration: |              |       |
| Audit fees              | <b>20</b>    | 72    |
| Tax services            | <b>2</b>     | 5     |

Audit fees in respect of the Company were £20,000 (31 October 2017: £20,000). Tax services fees in respect of the Company were £2,500 (31 October 2017: £4,000).

#### 5 Taxation

##### Consolidated

##### (a) Analysis of taxation for the year

|                    | <b>2018</b>  | 2017  |
|--------------------|--------------|-------|
|                    | <b>£'000</b> | £'000 |
| UK corporation tax | -            | -     |

##### (b) Factors affecting taxation for the year

|                                                                                            | <b>2018</b>    | 2017    |
|--------------------------------------------------------------------------------------------|----------------|---------|
|                                                                                            | <b>£'000</b>   | £'000   |
| Loss before taxation                                                                       | <b>(3,022)</b> | (2,516) |
| Tax on ordinary activities multiplied by the UK corporation tax rate of 19% (2017: 19.41%) | <b>(574)</b>   | (488)   |
| Effects of:                                                                                |                |         |
| Expenses not deductible for tax purposes                                                   | <b>73</b>      | 196     |
| Other timing differences                                                                   | <b>14</b>      | 18      |
| Increase in tax losses                                                                     | <b>487</b>     | 274     |
| Taxation (credit)/charge for the year                                                      | -              | -       |

Taxation losses carried forward appear in note 13.

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

#### 5 Taxation (continued)

The UK Finance bill 2015 (Enacted November 2015) reduced the standard corporation tax rate from 20% to 19% effective 1 April 2017 and the UK Finance bill 2016 (Enacted 2016) reduced the corporation tax rate to 17% effective from 1 April 2020.

#### 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 2018 was 222,467,332 (31 October 2017: 204,548,735).

|                                                | Earnings    | 2018 Weighted average number of shares | Per-share amount (pence) |
|------------------------------------------------|-------------|----------------------------------------|--------------------------|
| <b>Basic EPS</b>                               |             |                                        |                          |
| Earnings attributable to ordinary shareholders | (3,022,331) | 222,467,332                            | (1.36)                   |
| Effect of dilutive securities                  | -           | -                                      | -                        |
| <b>Diluted EPS</b>                             |             |                                        |                          |
| Adjusted earnings                              | (3,022,331) | 222,467,332                            | (1.36)                   |
|                                                | (3,022,331) | 222,467,332                            | (1.36)                   |

|                                                | Earnings    | 2017 Weighted average number of shares | Per-share amount (pence) |
|------------------------------------------------|-------------|----------------------------------------|--------------------------|
| <b>Basic EPS</b>                               |             |                                        |                          |
| Earnings attributable to ordinary shareholders | (2,516,000) | 204,548,735                            | (1.23)                   |
| Effect of dilutive securities                  | -           | -                                      | -                        |
| <b>Diluted EPS</b>                             |             |                                        |                          |
| Adjusted earnings                              | (2,516,000) | 204,548,735                            | (1.23)                   |
|                                                | (2,516,000) | 204,548,735                            | (1.23)                   |

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

#### 7 Intangible assets

| Consolidated                    | 2018     |             |       | 2017     |             |         |
|---------------------------------|----------|-------------|-------|----------|-------------|---------|
|                                 | Goodwill | IT Projects | Total | Goodwill | IT Projects | Total   |
|                                 | £'000    | £'000       | £'000 | £'000    | £'000       | £'000   |
| <b>Cost</b>                     |          |             |       |          |             |         |
| At beginning of year            | 3,583    | -           | 3,583 | 8,768    | 1,720       | 10,488  |
| Additions                       | -        | -           | -     | 425      | 4           | 429     |
| Transfer to held for sale asset | -        | -           | -     | (5,610)  | (1,724)     | (7,334) |
| At end of year                  | 3,583    | -           | 3,583 | 3,583    | -           | 3,583   |
| <b>Accumulated amortisation</b> |          |             |       |          |             |         |
| At beginning of year            | -        | -           | -     | -        | 717         | 717     |
| Provided in year                | -        | -           | -     | -        | 345         | 345     |
| Transfer to held for sale asset | -        | -           | -     | -        | (1,062)     | (1,062) |
| At end of year                  | -        | -           | -     | -        | -           | -       |
| <b>Net book value</b>           |          |             |       |          |             |         |
| At beginning of year            | 3,583    | -           | 3,583 | 8,768    | 1,003       | 9771    |
| At end of year                  | 3,583    | -           | 3,583 | 3,583    | -           | 3,583   |

The Group conducts an annual impairment test on the carrying value of goodwill based on the recoverable amount of the Project. As stated previously, the Group sold the Travel and Leisure business on 9 October 2018 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 Statement of Financial Position for the year ended 31 October 2017.

The Project is assessed using fair value less costs to sell. The directors have assessed the recoverable amount of the Project as being greater than the combined carrying value of the goodwill and inventories of £48,964,000 at 31 October 2018 (31 October 2017: £47,746,000) 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 at 31 October 2018 was £Nil (31 October 2017: £5,610,000).

## Minoan Group Plc (Registered number:3770602)

### Notes to the Financial Statements (continued)

#### Year ended 31 October 2018

#### 8 Property, plant and equipment

Year ended 31 October 2018

| Consolidated                     | Freehold land | Furniture,<br>fittings, plant<br>and<br>equipment | Leasehold<br>improvements | Total      |
|----------------------------------|---------------|---------------------------------------------------|---------------------------|------------|
|                                  | £'000         | £'000                                             | £'000                     | £'000      |
| <b>Cost</b>                      |               |                                                   |                           |            |
| At 1 November 2017               | 201           | 92                                                | -                         | 293        |
| Exchange adjustments             | 1             | -                                                 | -                         | 1          |
| Additions                        | -             | -                                                 | -                         | -          |
| Disposals                        | -             | -                                                 | -                         | -          |
| Transfer to assets held for sale | -             | -                                                 | -                         | -          |
| <b>At 31 October 2018</b>        | <b>202</b>    | <b>92</b>                                         | <b>-</b>                  | <b>294</b> |
| <b>Accumulated depreciation</b>  |               |                                                   |                           |            |
| At 1 November 2017               | 53            | 79                                                | -                         | 132        |
| Adjustment re disposals          | -             | -                                                 | -                         | -          |
| Provided in year                 | -             | 1                                                 | -                         | 1          |
| Transfer to assets held for sale | -             | -                                                 | -                         | -          |
| <b>At 31 October 2018</b>        | <b>53</b>     | <b>80</b>                                         | <b>-</b>                  | <b>133</b> |
| <b>Net book value</b>            |               |                                                   |                           |            |
| <b>At 31 October 2018</b>        | <b>149</b>    | <b>12</b>                                         | <b>-</b>                  | <b>161</b> |

As stated previously the Group has now sold the Travel and Leisure business and the results for the years ended 31 October 2017 and 31 October 2018 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 Statement of Financial Position as at 31 October 2017.

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

#### 8 Property, plant and equipment (continued)

Year ended 31 October 2017

| Consolidated                     | Freehold land<br>£'000 | Furniture,<br>fittings, plant<br>and<br>equipment<br>£'000 | Leasehold<br>improvements<br>£'000 | Total<br>£'000 |
|----------------------------------|------------------------|------------------------------------------------------------|------------------------------------|----------------|
| <b>Cost</b>                      |                        |                                                            |                                    |                |
| 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            |
| <b>Accumulated depreciation</b>  |                        |                                                            |                                    |                |
| 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            |
| <b>Net book value</b>            |                        |                                                            |                                    |                |
| At 31 October 2017               | 148                    | 13                                                         | -                                  | 161            |

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued) Year ended 31 October 2018

### 9 Investments

#### Company

Year ended 31 October 2018

|                                          | Shares in<br>subsidiaries<br>£'000 |
|------------------------------------------|------------------------------------|
| <b>Cost</b>                              |                                    |
| At 1 November 2017                       | 28,286                             |
| Disposals                                | 6,550                              |
| <b>At 31 October 2018</b>                | <b>21,736</b>                      |
| <b>Impairment</b>                        |                                    |
| At 31 October 2018                       | -                                  |
|                                          | -                                  |
| <b>Net book value at 31 October 2018</b> | <b>21,736</b>                      |

#### Company

Year ended 31 October 2017

|                                          | Shares in<br>subsidiaries<br>£'000 |
|------------------------------------------|------------------------------------|
| <b>Cost</b>                              |                                    |
| At 1 November 2016                       | 28,286                             |
| Additions                                | -                                  |
| At 31 October 2017                       | 28,286                             |
| <b>Impairment</b>                        |                                    |
| At 31 October 2017                       | -                                  |
|                                          | -                                  |
| <b>Net book value at 31 October 2017</b> | <b>28,286</b>                      |

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

#### 9 Investments (continued)

##### Interests in subsidiaries

| Name                   | Country of incorporation and principal place of business | Proportion of ownership interest at 31 October 2018 | Non-Controlling interests ownership/voting interest as at 31 October 2018 |
|------------------------|----------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------|
| Loyalward Limited      | United Kingdom                                           | 100%                                                | -                                                                         |
| Loyalward Leisure PLC  | United Kingdom                                           | 100%                                                | -                                                                         |
| Loyalward Hellas S.A.  | Greece                                                   | 100%                                                | -                                                                         |
| Stewart Travel Limited | United Kingdom                                           | -                                                   | -                                                                         |

#### 10 Inventories

##### Consolidated

Inventories at 31 October 2018 amounted to £45,381,000 (31 October 2017: £44,163,000), 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.

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

#### 11 Receivables

| <b>Consolidated</b>               | <b>2018</b><br><b>£'000</b> | <b>2017</b><br><b>£'000</b> |
|-----------------------------------|-----------------------------|-----------------------------|
| Other receivables and prepayments | <b>126</b>                  | 245                         |
| Value added tax recoverable       | <b>89</b>                   | 81                          |
|                                   | <b>215</b>                  | 326                         |

No provision is considered necessary in respect of irrecoverable amounts.

| <b>Company</b>                                     | <b>2018</b><br><b>£'000</b> | <b>2017</b><br><b>£'000</b> |
|----------------------------------------------------|-----------------------------|-----------------------------|
| Amounts owed by subsidiary companies (see note 16) | <b>30,874</b>               | 31,165                      |
| Other receivables and prepayments                  | <b>50</b>                   | 50                          |
| Value added tax recoverable                        | <b>10</b>                   | 8                           |
|                                                    | <b>30,934</b>               | 31,223                      |

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

#### 12 Liabilities

##### Current liabilities

| <b>Consolidated</b>             | <b>2018</b><br><b>£'000</b> | <b>2017</b><br><b>£'000</b> |
|---------------------------------|-----------------------------|-----------------------------|
| Trade and other payables        | <b>1,065</b>                | 1,011                       |
| Other creditor (see below)      | <b>1,000</b>                | 1,000                       |
| Social security and other taxes | <b>66</b>                   | 41                          |
| Loans (see note 15)             | <b>2,385</b>                | 6,118                       |
| Accruals and deferred charges   | <b>4,248</b>                | 4,677                       |
|                                 | <b>8,764</b>                | 12,847                      |

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.

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

Year ended 31 October 2018

### 12 Liabilities (continued)

See Note 3 regarding the treatment of the Travel and Leisure business balances.

#### Current liabilities

| Company                                            | 2018<br>£'000 | 2017<br>£'000 |
|----------------------------------------------------|---------------|---------------|
| Trade and other payables                           | 497           | 473           |
| Amounts owed to subsidiary companies (see note 16) | 38            | 38            |
| Loans (see note 15)                                | 2,385         | 6,118         |
| Accruals and deferred charges                      | 321           | 1,350         |
|                                                    | <b>3,241</b>  | <b>7,979</b>  |

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

Loans include £942,000 (2017: £4,890,000) in respect of the balance of the revised loan facility agreement with Hillside International Holdings Limited (“Hillside”) originally drawn down as £5,000,000. 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.

### 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 |               |
|----------------------------------------------|-----------------------|---------------|-------------------|---------------|
|                                              | 2018<br>£'000         | 2017<br>£'000 | 2018<br>£'000     | 2017<br>£'000 |
| Tax effect of timing differences because of: |                       |               |                   |               |
| Accelerated capital allowances               | -                     | (84)          | -                 | -             |
| Other short term timing differences          | 215                   | 361           | -                 | -             |
| Losses                                       | 3,014                 | 2,300         | -                 | -             |
|                                              | <b>3,229</b>          | <b>2,577</b>  | <b>-</b>          | <b>-</b>      |

The above potential deferred tax asset is based on a corporation tax rate of 17% (2017: 17%).

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

#### 13 Deferred taxation (continued)

##### Company

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

|                                              | Total potential asset |               | Amount recognised |               |
|----------------------------------------------|-----------------------|---------------|-------------------|---------------|
|                                              | 2018<br>£'000         | 2017<br>£'000 | 2018<br>£'000     | 2017<br>£'000 |
| Tax effect of timing differences because of: |                       |               |                   |               |
| Other short term timing differences          | -                     | 147           | -                 | -             |
| Losses                                       | <b>1,173</b>          | 589           | -                 | -             |
|                                              | <b>1,173</b>          | 736           | -                 | -             |

The above potential deferred tax asset is based on a corporation tax rate of 17% (2017: 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 profit

#### 14 Share capital

|                                                                                            | 2018<br>£'000 | 2017<br>£'000 |
|--------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Called up, allotted and fully paid</b>                                                  |               |               |
| <b>31 October 2018 - 228,903,442 Ordinary Shares of 1p each</b>                            | <b>2,289</b>  | -             |
| <b>54,148,031 Deferred Shares of 24p each</b>                                              | <b>12,996</b> | -             |
| 31 October 2017 - 212,223,442 Ordinary Shares of 1p each                                   | -             | 2,122         |
| 54,148,031 Deferred Shares of 24p each                                                     | -             | 12,996        |
|                                                                                            | <b>15,285</b> | 15,118        |
| <b>Debt to be settled by the issue of shares (see note 15)</b>                             |               |               |
| <b>17,493,201 Ordinary Shares of 1p each (2017: 17,967,339 Ordinary Shares of 1p each)</b> | <b>175</b>    | 179           |
|                                                                                            | <b>15,460</b> | 15,297        |

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, 14,166,667 Ordinary Shares of 1p each were subscribed for at 6 pence per share. A further 2,513,333 Ordinary Shares of 1p each were issued at 6 pence per share to settle certain existing liabilities.

**Notes to the Financial Statements (continued)**

**Year ended 31 October 2018**

**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. There have been no substantive changes in the group exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure from previous periods

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.

**Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the financial charges and principal repayments on its debt instruments. It is the risks that the Group will encounter difficulty in meeting its financial obligations as they fall due.

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**

Foreign currency risks arise when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency, cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

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.

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

#### 15 Financial instruments and risk management (continued)

##### 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:

|                                                          | <b>2018</b>  | 2017  |
|----------------------------------------------------------|--------------|-------|
|                                                          | <b>£'000</b> | £'000 |
| Loans to be settled by the issue of shares (see note 14) | <b>2,125</b> | 2,250 |
| Loans repayable in less than one year                    | <b>1,443</b> | 6,118 |
| Loans repayable in more than one year                    | <b>942</b>   | -     |

The loans to be settled by the issue of shares, of which £75,000 are to be settled by the issue of shares at 6 pence per share, £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, £400,000 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

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 2018 and at 31 October 2017.

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

#### 16 Related party transactions

During the year the Group companies entered into the following transactions with related parties who are not members of the Group:

|                                               | Services of the above persons<br>supplied in year ended |                   | Payable as at     |                   |
|-----------------------------------------------|---------------------------------------------------------|-------------------|-------------------|-------------------|
|                                               | 31.10.18<br>£'000                                       | 31.10.17<br>£'000 | 31.10.18<br>£'000 | 31.10.17<br>£'000 |
| Simmons International Limited                 | 297                                                     | 320               | 328               | 260               |
| Bizwatch Limited                              | 16                                                      | 16                | 118               | 102               |
| I.H.M. Industry & Hotel<br>Management Limited | 18                                                      | (3)               | 129               | 113               |
| B D Bartman & Co                              | 35                                                      | 35                | 194               | 159               |
| Keith Day & Partners Ltd                      | 35                                                      | 35                | 125               | 90                |

The nature of the related parties is as follows:

- 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.

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

|                        | Receivable/(Payable) as at 31.10.18<br>£'000 | Receivable/(Payable) as at 31.10.17<br>£'000 |
|------------------------|----------------------------------------------|----------------------------------------------|
| Loyalward Limited      | 28,386                                       | 28,372                                       |
| Stewart Travel Limited | -                                            | 2,793                                        |
| Loyalward Leisure Plc  | (38)                                         | (38)                                         |

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

#### 17 Long term incentive plan, share options and warrants

##### Share-based payments charge

|                                   | <u>£'000</u>     |
|-----------------------------------|------------------|
| <b>Year ended 31 October 2018</b> |                  |
| Share-based payments - directors  | <b>40</b>        |
| Share-based payments - other      | <b>23</b>        |
|                                   | <u><b>63</b></u> |
| <b>Year ended 31 October 2017</b> |                  |
| Share-based payments - directors  | 79               |
| Share-based payments - other      | 107              |
|                                   | <u>186</u>       |

##### 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 |

## Minoan Group Plc (Registered number:3770602)

### Notes to the Financial Statements (continued)

#### Year ended 31 October 2018

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

##### Share-based payments charge (continued)

|                                       | 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.

The Long Term Incentive Plan was extended to December 2019.

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

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

##### Share-based payments charge (continued)

##### Directors' and former directors' interests in share options

|                                                          | 31 October 2018 |                  |             | 31 October 2017 |                  |             |
|----------------------------------------------------------|-----------------|------------------|-------------|-----------------|------------------|-------------|
|                                                          | Exercise price  | Ordinary Shares  | Expiry date | Exercise price  | Ordinary Shares  | Expiry date |
| <b>Options</b>                                           |                 |                  |             |                 |                  |             |
| B D Bartman                                              | 7p              | 200,000          | 31/12/18    | 7p              | 200,000          | 31/12/17    |
| B D Bartman (see note 2 below)                           | 1p              | 1,000,000        | 31/12/18    | 1p              | 1,000,000        | 31/12/17    |
| B D Bartman (see note 2 below)                           | 1p              | 850,000          | 31/12/18    | 1p              | 850,000          | 31/12/17    |
| W C Cole (director Loyalward Limited)                    | 7p              | 500,000          | 31/12/18    | 7p              | 500,000          | 31/12/17    |
| W C Cole (director Loyalward Limited)                    | 7p              | 100,000          | 31/12/18    | 7p              | 100,000          | 31/12/17    |
| W C Cole (director Loyalward Limited) (see note 2 below) | 1p              | 1,000,000        | 31/12/18    | 1p              | 1,000,000        | 31/12/17    |
| W C Cole (director Loyalward Limited) (see note 2 below) | 1p              | 1,711,111        | 31/12/18    | 1p              | 1,711,111        | 31/12/17    |
| G D Cook                                                 | 7p              | 250,000          | 31/12/18    | 7p              | 250,000          | 31/12/17    |
| G D Cook (see note 2 below)                              | 1p              | 384,615          | 31/12/18    | 1p              | 384,615          | 31/12/17    |
| G D Cook (see note 2 below)                              | 1p              | 377,778          | 31/12/18    | 1p              | 377,778          | 31/12/17    |
| Simmons International Limited                            | 7p              | 500,000          | 31/12/18    | 7p              | 500,000          | 31/12/17    |
| Simmons International Limited                            | 7p              | 400,000          | 31/12/18    | 7p              | 400,000          | 31/12/17    |
| Carried forward                                          |                 | <b>7,273,504</b> |             |                 | <b>7,273,504</b> |             |

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

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

##### Directors' and former directors' interests in share options (continued)

|                               | 31 October 2018 |                   |             | 31 October 2017 |                   |             |
|-------------------------------|-----------------|-------------------|-------------|-----------------|-------------------|-------------|
|                               | Exercise price  | Ordinary Shares   | Expiry date | Exercise price  | Ordinary Shares   | Expiry date |
| <b>Options</b>                |                 |                   |             |                 |                   |             |
| Brought forward               |                 | <b>7,273,504</b>  |             |                 | <b>7,273,504</b>  |             |
| T R C Hill                    | 7p              | <b>300,000</b>    | 31/12/18    | 7p              | <b>300,000</b>    | 31/12/17    |
| T R C Hill (see note 2 below) | 1p              | <b>1,233,333</b>  | 31/12/18    | 1p              | <b>1,233,333</b>  | 31/12/17    |
| D C Wilson (see note 2 below) | 1p              | <b>1,000,000</b>  | 31/12/18    | 1p              | <b>1,000,000</b>  | 31/12/17    |
| D C Wilson (see note 2 below) | 1p              | <b>2,500,000</b>  | 31/12/18    | 1p              | <b>2,500,000</b>  | 31/12/17    |
| D C Wilson (see note 2 below) | 1p              | <b>850,000</b>    | 31/12/18    | 1p              | <b>850,000</b>    | 31/12/17    |
| B Cassidy (see note 2)        | 1p              | <b>122,222</b>    | 31/12/18    | 1p              | <b>122,222</b>    | 31/12/17    |
| B Cassidy                     | 8p              | <b>1,000,000</b>  | 9/01/20     |                 | -                 |             |
|                               |                 | <b>14,279,059</b> |             |                 | <b>13,279,059</b> |             |

During the year the expiry date of the above was extended to 31 December 2019.

##### Other share options

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

|                                                     | Ordinary Shares  |            | Expiry date |
|-----------------------------------------------------|------------------|------------|-------------|
|                                                     | 31.10.18         | 31.10.17   |             |
| Exercisable at 60 pence per share                   | <b>3,318,000</b> | 3,318,000  | See note 1  |
| Exercisable at 1 pence per share (see note 2 below) | <b>223,077</b>   | 223,077    | 31/12/18    |
| Exercisable at 7 pence per share                    | <b>325,000</b>   | 325,000    | 31/12/18    |
| Exercisable at 8 pence per share                    | <b>2,500,000</b> | 2,500,000  | 31/12/18    |
| Exercisable at 8 pence per share                    | <b>2,500,000</b> | -          | 5/06/20     |
| Exercisable at 10 pence per share                   | <b>250,000</b>   | 250,000    | 31/12/18    |
| Exercisable at 10 pence per share                   | -                | 6,000,000  | 9/07/18     |
|                                                     | <b>9,116,077</b> | 12,616,077 |             |

The weighted average exercise price of the other share options outstanding at the beginning of the period is 43 pence and outstanding at the end of the period is 27 pence.

**Notes to the Financial Statements (continued)**

**Year ended 31 October 2018**

**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 dates of these options are 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 former directors. During the year the expiry date of these options was extended to 31 December 2019.
3. As stated previously Stewart Travel Limited was sold on 9 October 2018. As a result, Mr Wilson and Mr Cassidy are no longer directors within the Group from that date.

See also Note 20 for events after the statement of financial position 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 the existing warrants was extended to 9 October 2023 and the exercise price of these warrants was amended from 8 pence per share to 3.5 pence per share following a Broker Offer. In addition, following a Placing, 458,333 warrants were issued with an exercise price of 6 pence per share and an expiry date of 26 April 2021. Also, as a result of the Loan Facility Extension, a further 1,765,733 warrants were issued with an exercise price of 3.5 pence per share and an expiry date of 9 October 2023. These modifications resulted in an increase of £500,000 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.

|                                    | <b>Ordinary Shares</b> |            |             |
|------------------------------------|------------------------|------------|-------------|
|                                    | <b>31.10.18</b>        | 31.10.17   | Expiry date |
| Exercisable at 3.5 pence per share | <b>50,000,000</b>      | 50,000,000 | 9/10/23     |
| Exercisable at 3.5 pence per share | <b>1,765,733</b>       | -          | 9/10/23     |
| Exercisable at 6.0 pence per share | <b>458,333</b>         | -          | 26/04/21    |
|                                    | <b>52,224,066</b>      | 50,000,000 |             |

See also Note 20 for events after the statement of financial position date.

# Minoan Group Plc (Registered number:3770602)

## Notes to the Financial Statements (continued)

### Year ended 31 October 2018

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

##### Finance costs

|                                   | £'000      |
|-----------------------------------|------------|
| <b>Year ended 31 October 2018</b> |            |
| Fair value of warrants issued     | <b>500</b> |
| Loan interest                     | <b>103</b> |
| Other interest/fees               | <b>45</b>  |
|                                   | <b>648</b> |
| <b>Year ended 31 October 2017</b> |            |
| Fair value of warrants issued     | 459        |
| Loan interest                     | 460        |
| Other interest                    | 265        |
|                                   | 1,184      |

#### 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 no future minimum lease commitments in respect of non-cancellable operating leases.

#### 20 Events after the reporting date

It was announced on 7 December 2018 that the Group had raised £525,000 by the issue of 21 million New Ordinary Shares.

It was announced on 31 December 2018 that the expiry dates of Options to subscribe for a total of 11,252,136 Ordinary Shares in the Company at 1p per share that the directors and others have been granted in lieu of their remuneration, will be extended to 31 December 2019.