Minoan Group Plc

Preliminary Results Announcement

Minoan Group Plc (or "the Group") announces its Preliminary Results for the year ended 31 October 2018

Highlights

- Travel & Leisure division sold during the year partly in order to pay-down group debt. The division has been treated as a non-current asset held for sale in the Financial Statements.

- The Group made a loss after taxation of £3,022,000 (2017: £2,516,000)

- Loans classified as current liabilities decreased to £1,443,000 from £6,118,000.

- Total equity at 31 October of £40,596,000 (2017: £42,289,000).

- The Group has appointed a team of internationally recognised planners, architects and designers, which includes the Chicago Consultants Studio Inc., renowned experts in master planning, Vassily Laffineur an Associate at the award winning Renzi Piano Building Workshop and leading designers Desani. The Group has recently received an approach and is in discussions to create a joint venture on one of the five hotel and villa sites.

Minoan Chairman, Christopher Egleton commented:

"From the Company's perspective, 2018 was notable for the sale of Stewart Travel Limited and a marked reduction in Group indebtedness. There is now clear evidence of price increases in the Greek property market and increased activity and confidence. We are hopeful that 2019 will finally witness the commencement of the realisation of the value of our Crete project."

Minoan Group Plc's Preliminary Results Announcement for the year ended 31 October 2018 can be viewed on the Company's website, www.minoangroup.com, with effect from 8 April 2018.

For further information please visit www.minoangroup.com or contact:

Minoan Group Plc	
Christopher Egleton	christopher.egleton@minoangroup.com
Bill Cole	william.cole@minoangroup.com
WH Ireland Limited	020 7220 1666
Adrian Hadden/Chris Viggor	
Cornhill Capital Limited	020 7710 9610
Daniel Gee	
Sapience Communications Limited	020 3195 3240
Richard Morgan Evans	

Minoan Group Plc

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 sheet 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 it 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.

Chairman's Statement (continued)

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.

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.

Chairman's Statement (continued)

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.

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

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

	2018	2017
	£'000	£'000
Revenue	**-**	-
Cost of sales	**-**	-
Gross profit	**-**	-
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	**(63)**	(186)
Operating loss	**(3,317)**	(1,820)
Finance costs	**(648)**	(1,184)
Profit from discontinued operations	**943**	488
Loss before taxation	**(3,022)**	(2,516)
Taxation	**-**	-
Loss after taxation	**(3,022)**	(2,516)
Other Comprehensive Income for the year	**-**	-
Total Comprehensive Income for the year	**(3,022)**	(2,516)
Loss for year attributable to equity holders of the Company	**(3,022)**	(2,516)
Loss per share attributable to equity holders of the Company: Basic and diluted	**(1.36)p**	(1.23)p

Minoan Group Plc

Consolidated Statement of Changes in Equity
Year ended 31 October 2018

Year ended 31 October 2018

	Share capital £'000	**Share premium £'000**	**Merger reserve £'000**	**Warrant Reserve £'000**	**Retained earnings £'000**	**Total equity £'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**
Balance at 31 October 2018	**15,460**	**34,373**	**9,349**	**2,830**	**(21,416)**	**40,596**

Year ended 31 October 2017

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

Minoan Group Plc

Consolidated Statement of Financial Position as at 31 October 2018

	2018	2017
	£'000	£'000
Assets		
Non-current assets		
Intangible assets	**3,583**	3,583
Property, plant and equipment	**161**	161
Non-current assets held for sale	**-**	6,882
Total non-current assets	**3,744**	10,626
Current assets		
Inventories	**45,381**	44,163
Receivables	**215**	326
Cash and cash equivalents	**20**	21
Total current assets	**45,616**	44,510
Total assets	**49,360**	55,136
Equity		
Share capital	**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)
Total equity	**40,596**	42,289
Liabilities		
Current liabilities	**8,764**	12,847
Total equity and liabilities	**49,360**	55,136

Minoan Group Plc

Consolidated Cash Flow Statement
Year ended 31 October 2018

	2018	2017
	£'000	£'000
Cash flows from operating activities		
Net cash (outflow) from continuing operations	**(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)
Net cash used in operating activities	**(2,782)**	(860)
Cash flows from divesting/(investing) activities in discontinued operations		
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**	-
Net cash generated from/(used in) investing activities in discontinued operations	**6,075**	(557)
Cash flows from financing activities in continuing operations		
Net proceeds from the issue of ordinary shares	**550**	450
Loans (repaid) / received	**(3,844)**	895
Net cash (used in)/generated from financing activities in continuing operations	**(3,294)**	1,345
Net decrease in cash	**(1)**	(72)
Cash transferred to non-current assets held for sale	**(-)**	(11)
	(1)	(83)
Cash at beginning of year	**21**	104
Cash at end of year	**20**	21

Minoan Group Plc

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

1 Cash flows from operating activities in continuing operations

	2018	2017
	£'000	£'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
Net cash outflow from continuing operations	**(2,175)**	(1,041)

Notes to the Financial Statements
Year ended 31 October 2018

1 General information

The financial information set out in this announcement does not constitute statutory financial statements for the year ended 31 October 2018 or 31 October 2017. The report of the auditors on the statutory financial statements for the year ended 31 October 2018 and 31 October 2017 was not qualified.

The report of the auditor on the statutory financial statements for each of the years ended 31 October 2018 and 31 October 2017 did not contain statements under section 498(2) or (3) of the Companies Act 2006. The statutory financial statements for the year ended 31 October 2017 have been delivered to the Registrar of Companies. The financial statements for the year ended 31 October 2018 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

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

2 Accounting policies

Basis of preparation

While the financial information included in this preliminary announcement has been prepared in accordance with the EU adopted International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements for the year ended 31 October 2018 on 8 April 2019.

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:

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

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

2 Accounting policies (continued)

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.

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

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

2 Accounting policies (continued)

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.

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

Property, plant and equipment

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

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

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

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

2 Accounting policies (continued)

Intangible assets/Research and development

Research expenditure is recognised as an expense when it is incurred. Development expenditure is recognised as an expense except where the expenditure meets the following criteria:

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

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

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

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

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

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

The expenditure is amortised over its useful economic life of five years.

Investments

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

Inventories

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

2 Accounting policies (continued)

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.

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.

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

2 Accounting policies (continued)

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.

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

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

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

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

3 Information regarding directors and employees

Directors' and key management remuneration

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

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 by third parties	**Share-based payments**	Fees/Sums charged by third parties	Share-based payments
	£'000	**£'000**	£'000	£'000
C W Egleton (Chairman)	**297**	**30**	320	42
D C Wilson (see Note)	**-**	**22**	250	20
B D Bartman	**35**	**3**	35	6
G D Cook	**35**	**2**	35	4
T R C Hill	**53**	**3**	46	7
	420	**60**	686	79

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

3 Information regarding directors and employees (continued)

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

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

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

	2018	2017
	No.	No.
Monthly average number of persons employed		
Directors	**8**	5
Management, administration and sales	**4**	226

4 Loss before taxation

The loss before taxation is stated after charging:

	2018	2017
	£'000	£'000
Depreciation	**1**	132
Amortisation	**-**	345
Operating leases	**-**	54
Auditor's remuneration:		
Audit fees	**20**	72
Tax services	**2**	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 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.

Minoan Group Plc

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

5 Segmental information (continued)

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

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

5 Segmental information (continued)

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

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.