Minoan Group Plc

Preliminary Results Announcement

Minoan Group Plc (or "the Company" or "the Group") announces its Preliminary Results for the year ended 31 October 2020

Highlights

- Overall Group loss reduced by circa £1,201,000 to £876,000 (2020: £2,077,000).
- Finance costs reduced by £1,266,000
- Total equity at 31 October 2020 of £41,942,000 (2019: £42,257,000)
- Group has continued to progress the Crete project
- Refinanced its only secured indebtedness
- Reduced its overall cost base in Greece and the UK
- Appointed Deloitte to assist board and review plans
- Progressed with discussions re adjustments to its contract
- In a strong position to move towards commercialisation

Minoan Chairman, Christopher Egleton commented:

I am pleased that we have been able to make progress in what has been a very difficult period for any business associated with the tourism industry. The Crete project's inherent flexibility allows it to meet the changing demands in the post Covid world.

Minoan Group Plc's Preliminary Results Announcement for the year ended 31 October 2020 can be viewed on the Company's website, www.minoangroup.com, with effect from 30 April 2021.

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/Lydia Zychowska	
Pello Capital Limited	020 7710 9610
Mark Treharne	
Sapience Communications Limited	020 3195 3240
Richard Morgan Evans	

Minoan Group Plc

Chairman's Statement

Introduction

The period under review, the year ended 31 October 2020, was dominated by the effects of the Covid pandemic. Nevertheless I am pleased to report that, as forecast, the loss for the year was substantially reduced.

During the year, the Group continued to progress the Crete project (the "Project") and refinanced its only secured indebtedness, whilst successfully reducing its overall cost base in Greece and the UK. Notwithstanding the pandemic, we have made steady progress and are well placed to progress the Project as we move into the post-pandemic environment, embracing the vacation environments most applicable to the post-pandemic world.

Financial Review

The reduction in the loss before taxation to £876,000 from £2,077,000 was largely due to the cancellation of warrants, which led to a credit rather than a charge for share based payments. This credit will not be repeated in the current year but neither will some of the other finance costs and, therefore, I expect that the costs going forward will remain at much lower levels than has been the case in recent years.

Operating costs rose to £864,000 from £799,000 wholly as a result of increases in legal and professional fees.

I am also pleased to report that discussions with our debt provider regarding a rearrangement of the existing terms have commenced.

The Project and Greece

Covid-19 has undoubtedly led to delays in the timetable we set ourselves in my Chairman's Statement last year. It has, however, been fortuitous in other ways. The true potential of the Project is being highlighted by the very changes in the market that have been driven by Covid-19, with the advantages of space, privacy and luxury already proving to be highly valued.

In order to ensure that the Company's business plan is robust we appointed Deloitte in Athens to conduct a review. This review, which involved all the key hotel financial and commercial assumptions as well as the legal and planning background alongside current and predicted conditions in the tourism market and the experience and expertise of the Group's team, is largely complete. I am pleased to be able to confirm that both Deloitte and we are satisfied that the current plan is both robust and practical in the current market.

Chairman's Statement (continued)

The Project and Greece (Continued)

As I reported last year, at the top end of the market the early indications of the effects of the Covid pandemic seemed to revolve around providing the space for enhanced social distancing. It now appears to have started to increase the attractiveness of "villas", partly because this style of accommodation and holiday allows guests a range of choices between complete privacy (isolation) whilst retaining the ability to be part of a wider hotel community.

The size, location, and topography of the Site allow for variations in design and therefore future product and mean that the Project is ideally suited to provide the flexibility necessary to meet changing market demands.

All of these factors have an impact on overall value, and shareholders will be pleased to know that, following discussions with its valuers, the Company is of the view that the value of the Project has not been impaired by the effects of the pandemic.

Further, as shareholders are aware from the updates already provided, discussions with The Public Welfare Ecclesiastical Foundation Panagia Akrotiriani regarding desirable adjustments to its contract and long lease are in progress.

Once these have been agreed we will accelerate commercial discussions with new and existing parties and bring them to conclusion.

Outlook

Whilst the pandemic has undoubtedly slowed progress over the last year, it has presented us with the opportunity to work on refining the master contract and highlighted the continuing value of the Project as the sector adapts to the changing needs of a post pandemic world. This puts us in a very strong position as we move towards commercialisation.

We have launched a new website in recent months, which I hope highlights to both shareholders and potential partners the scale of the opportunity in front of us. This can be found at www.minoangroup.com and we encourage investors to visit it.

I am pleased to be able to say that I believe that I will be able to update shareholders on progress on all the major issues more frequently over the coming weeks and months.

Christopher W Egleton
Chairman
29 April 2021

Minoan Group Plc

Consolidated Statement of Profit and Loss and Other Comprehensive Income
Year ended 31 October 2020

	2020	2019
	£'000	£'000
Revenue	**-**	-
Cost of sales	**-**	-
Gross profit	**-**	-
Operating expenses	**(864)**	(799)
Other operating expenses:		
Corporate development costs	**-**	-
Operating loss	**(864)**	(799)
Finance costs	**(12)**	(1,278)
Loss before taxation	**(876)**	(2,077)
Taxation	**-**	-
Loss after taxation	**(876)**	(2,077)
Other Comprehensive Income for the year	**-**	-
Total Comprehensive Income for the year	**(876)**	(2,077)
Loss for year attributable to equity holders of the Company	**(876)**	(2,077)
Loss per share attributable to equity holders of the Company: Basic and diluted	**(0.20)p**	(0.61)p

Minoan Group Plc

Consolidated Statement of Changes in Equity
Year ended 31 October 2020

Year ended 31 October 2020

	Share capital £'000	**Share premium £'000**	**Merger reserve £'000**	**Warrant Reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 1 November 2019	**17,188**	**36,119**	**9,349**	**3,094**	**(23,493)**	**42,257**
Loss for the year	**-**	**-**	**-**	**-**	**(876)**	**(876)**
Issue of ordinary shares at a premium	**771**	**357**	**-**	**-**	**-**	**1,128**
Share based payments reduction in Warrant reserve	**-**	**-**	**-**	**(567)**	**-**	**(567)**
Balance at 31 October 2020	**17,959**	**36,476**	**9,349**	**2,527**	**(24,369)**	**41,942**

Year ended 31 October 2019

	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 November 2018	15,460	34,373	9,349	2,830	(21,416)	40,596
Loss for the year	-	-	-	-	(2,077)	(2,077)
Issue of ordinary shares at a premium	1,728	1,746	-	-	-	3,474
Share based payments	-	-	-	-	-	-
Extension of warrant expiry date (see note 17)	-	-	-	264	-	264
Balance at 31 October 2019	17,188	36,119	9,349	3,094	(23,493)	42,257

Consolidated Statement of Financial Position as at 31 October 2020

	2020 £'000	2019 £'000
Assets		
Non-current assets		
Intangible assets	**3,583**	3,583
Property, plant and equipment	**157**	157
Total non-current assets	**3,740**	3,740
Current assets		
Inventories	**46,431**	45,848
Receivables	**225**	211
Cash and cash equivalents	**6**	24
Total current assets	**46,662**	46,083
Total assets	**50,402**	49,823
Equity		
Share capital	**17,959**	17,188
Share premium account	**36,476**	36,119
Merger reserve account	**9,349**	9,349
Warrant reserve	**2,527**	3,094
Retained earnings	**(24,369)**	(23,493)
Total equity	**41,942**	42,257
Liabilities		
Current liabilities	**8,460**	7,566
Total equity and liabilities	**50,402**	49,823

Minoan Group Plc

Consolidated Cash Flow Statement
Year ended 31 October 2020

	Note to the Consolidated Cash Flow Statement	**2020** **£'000**	2019 £'000
Cash flows from operating activities			
Net cash (outflow) from continuing operations	1	**(567)**	(1,909)
Finance costs for continuing operations		**(12)**	(1,278)
Net cash generated from/(used) in operating activities		**(579)**	(3,187)
Cash flows from (investing) / divesting activities in discontinued operations			
Purchase of property, plant and equipment		**-**	-
Net cash used in investing activities in discontinued operations		**-**	-
Cash flows from financing activities in continuing operations			
Net proceeds from the issue of ordinary shares		**1,128**	3,738
Loans (repaid) / received		**(567)**	(547)
Net cash generated from financing activities in continuing operations		**561**	3,191
Net increase/(decrease) in cash		**(18)**	4
Cash transferred to non-current assets held for sale		**-**	-
		(18)	4
Cash at beginning of year		**24**	20
Cash at end of year		**6**	24

Note to the Consolidated Cash Flow Statement
Year ended 31 October 2020

1 Cash flows from operating activities in continuing operations

	2020	2019
	£'000	£'000
Loss before taxation	(876)	(2,077)
Finance costs	12	1,278
Depreciation	-	-
Exchange gain relevant to property, plant and equipment	-	4
Increase in inventories	(583)	(467)
(Decrease)/Increase in receivables	(14)	4
Increase/(Decrease) in current liabilities	894	(651)
Net cash (outflow) from continuing operations	(567)	(1,909)

Notes to the Financial Statements
Year ended 31 October 2020

1 General information

The financial information set out in this announcement does not constitute statutory financial statements for the year ended 31 October 2020 or 31 October 2019. The report of the auditors on the statutory financial statements for the year ended 31 October 2020 and 31 October 2019 was not qualified.

The report of the auditor on the statutory financial statements for each of the years ended 31 October 2020 and 31 October 2019 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 2019 have been delivered to the Registrar of Companies. The financial statements for the year ended 31 October 2020 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. 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 plus the provision of general management services.

2 Accounting policies

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:

Standard		Details of amendment	Effective date
IFRS 3	Business Combinations	Amendments updating a reference to the Conceptual Framework	1 January 2022
IAS 1	Presentation of Financial Statements	Amendments regarding the definition of material	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors		
IAS 1	Presentation of Financial Statements	Amendments regarding the classification of liabilities	1 January 2023
		Amendments regarding the disclosure of accounting policies	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Amendments regarding the definition of accounting estimates	1 January 2023

Notes to the Financial Statements (continued)
Year ended 31 October 2020

2 Accounting policies (continued)

Adoption of new and revised Standards (continued)

Standard	Details of amendment	Effective date
IAS 16 Property, Plant and Equipment	Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022

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 been rejected by the Greek Supreme Court.

Accordingly, the directors consider that 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 2020 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.

Notes to the Financial Statements (continued)
Year ended 31 October 2020

2 Accounting policies (continued)

Basis of consolidation (continued)
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.

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:

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)

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.

2 Accounting policies (continued)

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

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

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

Loans

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

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)

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.

Notes to the Financial Statements (continued)
Year ended 31 October 2020

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 2020			
Fees	**35**	**144**	**179**
Sums charged by third parties for directors' and key management services	**134**	**70**	**204**
Share-based payments (note 17)	**-**	**-**	**-**
	169	**214**	**383**
Year ended 31 October 2019			
Fees	(85)	274	189
Sums charged by third parties for directors' and key management services	111	70	181
Share-based payments (note 17)	-	-	
	26	344	370

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

	2020		2019	
	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)	**134**	**-**	162	-
B D Bartman	**35**	**-**	35	-
G D Cook	**35**	**-**	35	-
T R C Hill	**35**	**-**	48	-
	239	**-**	280	-

Notes to the Financial Statements (continued)
Year ended 31 October 2020

3 Information regarding directors and employees (continued)

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

	Costs taken to inventories £'000	Costs taken to profit or loss £'000	Total £'000
Year ended 31 October 2020			
Salaries and fees	**35**	**145**	**180**
Social security cost	**6**	**13**	**19**
	41	**158**	**199**
Year ended 31 October 2019			
Salaries and fees	-	250	250
Social security cost	-	30	30
	-	280	280

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

	2020 **No.**	2019 No.
Group monthly average number of persons employed		
Directors	**7**	7
Management, administration and sales	**-**	2

4 Loss before taxation

The loss before taxation is stated after charging:

	2020 **£'000**	2019 £'000
Auditor's remuneration:		
Group audit fees	**20**	21

Notes to the Financial Statements (continued)
Year ended 31 October 2020

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 two 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 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.

	2020		
	Luxury Resorts £'000	**Corporate Development £'000**	**Total £'000**
Operating expenses	**(864)**	**-**	**(864)**
	(864)	**-**	**(864)**
Charge in respect of share-based payments	**-**	**-**	**-**
Charge related to assets held for sale	**-**	**-**	**-**
Operating (loss)/profit	**(864)**	**-**	**(864)**
Finance costs	**(12)**	**-**	**(12)**
(Loss)/profit before taxation	**(876)**	**-**	**(876)**
Taxation	**-**	**-**	**-**
(Loss)/profit after taxation	**(876)**	**-**	**(876)**
Operating expenses include:			
Depreciation and amortisation	**-**	**-**	**-**
Assets/liabilities			
Goodwill	**3,583**	**-**	**3,583**
Other non-current assets	**157**	**-**	**157**
Current assets	**46,662**	**-**	**46,662**
Total assets	**50,402**	**-**	**50,402**
Total and current liabilities	**8,460**	**-**	**8,460**

Notes to the Financial Statements (continued)
Year ended 31 October 2020

5 Segmental information (continued)

	2019		
	Luxury Resorts	Corporate Development	Total
	£'000	£'000	£'000
Operating expenses	(799)	-	(799)
	(799)	-	(799)
Charge in respect of share-based payments	-	-	-
Charge related to assets held for sale	-	-	-
Operating (loss)/profit	(799)	-	(799)
Finance costs	(1,278)	-	(1,278)
(Loss)/profit before taxation	(2,077)	-	(2,077)
(Loss)/profit after taxation	(2,077)	-	(2,077)
Operating expenses include:			
Depreciation and amortisation	-	-	-
Assets/liabilities			
Goodwill	3,583	-	3,583
Other non-current assets	157	-	157
Current assets	46,083	-	46,083
Total assets	49,823	-	49,823
Total and current liabilities	7,566	-	7,566