# MINOAN GROUP PLC

**31 July 2014**

## Interim Results Announcement

### Minoan Group Plc
### (the "Group" or the "Company" or "Minoan")
### announces its unaudited interim results for the 6 months ended 30 April 2014

**HIGHLIGHTS**

**Financials (comparisons to the 6 months ending 30 April 2013)**

- Group total transaction value of £24.2m, up 22% (£19.8m)
- Group loss after share based payments charge and before tax £694,000 a 23% decrease from £903,000
- Travel and Leisure ("T&L") division profit before tax £149,000, up 27% ( £117,000)
- Completion of "buy in" of the 20% stake in T&L for £930,000, which the directors believe will be earnings enhancing
- Completion since half-year end of acquisition of Martin Singer Travel
- The Candia Investment Corporation, together with third parties syndicated into its interests, complete a £1 million investment in the Crete project ("the Project") and collectively now have a 5% economic interest in the Project
- Discussions underway with potential partners to move the Project forward and crystallise value for shareholders as soon as possible after the granting of the Presidential Decree

**Operational**

- Strong progress made in the first half and continuing into the third quarter, developing the Group into a successful international travel and leisure business
- Robust performance from the T&L division - building on growth from year end
- T&L profit before tax up. Trading growth from continuing operations in T&L with increased gross margin and gross profit into third quarter 2014
- Strategic Environmental Assessment approved by Greek Ministry of Culture following the unanimous positive opinion of the Central Archaeological Council of Greece

**Christopher Egleton, Minoan Chairman, said:**

"We are pleased with the continuing progress underway in enhancing shareholder value across the Group. The growth during the first half in total transaction value generated by the Travel and Leisure division and, importantly, both gross margin and profits has continued into the second half. We are more than capitalising on the upturn in the overall economy with the division's corporate travel and cruise offerings registering annual sales growth rates of over 25%. With the Project in Fast Track and all the necessary reaffirmations of support in place both from the Local Municipality and the Greek Government, we are progressing talks over the summer with a number of third parties who have expressed an interest in participating in the Project once the Presidential Decree has been granted."

The Company's unaudited interim results for the 6 months ended 30 April 2014 can be viewed on Minoan's website, *www.minoangroup.com*, with effect from 31 July 2014.

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

**Minoan Group Plc**

| | |
|---|---|
| Christopher Egleton | christopher.egleton@minoangroup.com |
| Duncan Wilson | 0141 226 2930 |
| Bill Cole | 020 8253 4305 |
| | |
| **WH Ireland Limited** | 020 7220 1666 |
| Adrian Hadden/Nick Field | |

**Throgmorton Street Capital** 020 7071 0808
Forbes Cutler

**Morgan Rossiter** 020 3195 3240
Richard Morgan Evans/James Rossiter

## Chairman's Statement

### Introduction

In the period since the year end the Group's Travel and Leisure business has performed well and the "buy and build" strategy has been continued successfully.

During the same period, the Group's project in Greece has achieved a number of significant milestones in the procedure which leads to the issue of the Presidential Decree.

### Greece

The confirmation by the relevant Ministerial Committee in November 2013 that the Group's Project will be assessed under the new Article 24 of the amended Fast Track Laws confirmed its Fast Track status. The Fast Track Law and other legislation passed in 2013 signified a number of changes in the Greek Government's policy, the overall intention of which is to make the development process simpler with a clear framework which is easily understandable by both Greek and foreign investors.

Major legislative changes of this nature, although enacted in order to speed up the planning process, can take time to implement into new working practices and require the completion of amendments to a pre-existing, often onerous bureaucratic process. The recent temporary pause in the procedure required to issue the Presidential Decree is a manifestation of how long the implementation of such new processes can take.

Nonetheless, our internal work is now broadly complete. The Greek Council of State, which is responsible for reviewing the Presidential Decree, is now in summer recess until September and we are confident of a positive outcome in the period following the reconvening of the Court.

Having received the support of the local municipality in Sitia, the Strategic Environmental Assessment ("SEA") received the positive vote of the Regional Government of Crete, the Periphery, with the strong support of a large number of professional unions, including various hotel and commercial unions from the Lasithi prefecture. In addition, the SEA was approved by the Greek Ministry of Culture following the unanimous positive opinion of the Central Archaeological Council of Greece.

During the period The Candia Investment Corporation, together with third parties syndicated into its interests, completed the £1 million investment announced previously and collectively now have a 5% economic interest in the Project.

As always the primary objective for the directors is the crystallisation of value for shareholders. To this end, during the recess, we intend to progress ongoing discussions with a number of parties who have expressed an interest in participating in the Project after the Presidential Decree has been granted. This should save us time in moving forward with joint ventures and partnership agreements post such issuance.

**Chairman's Statement (continued)**

**Travel and Leisure**

The Group's travel and leisure division has had another successful period with total transaction value growing to £24.2 million, an increase of 22% over the half year ended 30 April 2013. At the gross profit level a comparison is not relevant owing to the change in the settlement system adopted during the same period in 2013. I am pleased to report, however, that profit before tax has increased by approximately 27% to £149,000 (6 months ended 30 April 2013: £117,000).

The division continues its strategy to move away from traditional retail business towards higher margin business.

In February the Group announced the "buy in" of the 20% stake in its travel and leisure business for a consideration of £930,000. The stake had been sold in the previous year and the directors believe that the acquisition will be earnings enhancing and is in shareholders' best interests.

Since the end of the period the Group has announced the completion of its acquisition of the trade and assets of Martin Singer Travel a successful, long established, profitable independent business within 8 miles of Aberdeen Airport

The Group's management is now examining a number of acquisitions which would give rise to a "step change" in the travel and leisure business and allow it to reach critical mass in terms of both total transaction value and profit before taxation.

The growth in the trading performance of the division has continued since the period end.

In respect of the continuing business streams, gross profit for the three months since the end of April has increased by 21% over the like period in 2013. The division's best performing areas continue to be Corporate Travel and Cruise, both of which are registering annual sales growth rates of over 25%.

**Conclusion**

The Board is pleased that the success of the previous year has been continued in the period under review and my colleagues and I look forward to reporting to shareholders on further significant progress in all areas of the Group's business in the next few months.

*Christopher W Egleton*

Chairman
31 July 2014

# Unaudited Consolidated Statement of Comprehensive Income
# 6 months ended 30 April 2014

| | **6 months ended 30.04.14** | 6 months ended 30.04.13 | Year ended 31.10.13 |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| **Total transaction value** | **24,215** | 19,849 | 51,164 |
| Revenue | **2,496** | 5,457 | 9,217 |
| Cost of sales | **-** | 2,948 | 4,021 |
| **Gross profit** | **2,496** | 2,509 | 5,196 |
| Operating expenses | **(2,665)** | (2,754) | (5,416) |
| Other operating expenses | | | |
| Corporate development costs | **(262)** | (416) | (457) |
| Charge in respect of share-based payments | **(163)** | (193) | (386) |
| **Operating loss** | **(594)** | (854) | (1,063) |
| Finance costs | **(100)** | (49) | (119) |
| **Loss before taxation** | **(694)** | (903) | (1,182) |
| Taxation credit | **-** | - | 32 |
| **Loss after taxation** | **(694)** | (903) | (1,150) |
| **Profit for period attributable to non-controlling interest** | **-** | - | 22 |
| **Loss for period attributable to equity holders of the Company** | **(694)** | (903) | (1,172) |
| **Loss per share attributable to equity holders of the Company: Basic and diluted** | **(0.42)p** | (0.60)p | (0.78)p |

# Unaudited Statement of Changes in Equity
# 6 months ended 30 April 2014

**6 months ended 30 April 2014**

| | **Share capital £'000** | **Share premium £'000** | **Merger reserve £'000** | **Retained earnings £'000** | **Non-controlling interest £'000** | **Total equity £'000** |
|---|---|---|---|---|---|---|
| **Balance at 1 November 2013** | **14,693** | **28,781** | **9,349** | **(11,997)** | **919** | **41,745** |
| **Loss for the period** | **-** | **-** | **-** | **(694)** | **-** | **(694)** |
| **Net proceeds from shares issued** | **56** | **498** | **-** | **-** | | **554** |
| **Acquisition of non-controlling interest** | **-** | **-** | **-** | **-** | **(919)** | **(919)** |
| **Share-based payments:** | | | | | | |
| **Current year charges** | **-** | **-** | **-** | **163** | **-** | **163** |
| **Settlement of liabilities** | **-** | **-** | **-** | **439** | **-** | **439** |
| **Balance at 30 April 2014** | **14,749** | **29,279** | **9,349** | **(12,089)** | **-** | **41,288** |

6 months ended 30 April 2013

| | Share capital £'000 | Share premium £'000 | Merger reserve £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|---|
| Balance at 1 November 2012 | 14,541 | 28,349 | 9,349 | (11,084) | 41,155 |
| Loss for the period | - | - | - | (903) | (903) |
| Net proceeds from shares issued | 17 | 48 | - | - | 65 |
| Share-based payments | - | - | - | 193 | 193 |
| Balance at 30 April 2013 | 14,558 | 28,397 | 9,349 | (11,794) | 40,510 |

Year ended 31 October 2013

| | Share capital £'000 | Share premium £'000 | Merger reserve £'000 | Retained earnings £'000 | Non-controlling interest £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|
| Balance at 1 November 2012 | 14,541 | 28,349 | 9,349 | (11,084) | - | 41,155 |
| (Loss)/ profit for the year | - | - | - | (1,172) | 22 | (1,150) |
| Net proceeds from share issues | 152 | 432 | - | - | - | 584 |
| Disposal of non-controlling interest | - | - | - | (127) | 897 | 770 |
| Share-based payments | - | - | - | 386 | - | 386 |
| Balance at 31 October 2013 | 14,693 | 28,781 | 9,349 | (11,997) | 919 | 41,745 |

# Unaudited Consolidated Balance Sheet as at 30 April 2014

| | **As at 30.04.14 £'000** | As at 30.04.13 £'000 | As at 31.10.13 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | **8,979** | 8,302 | 8,678 |
| Property, plant and equipment | **745** | 20,985 | 719 |
| **Total non-current assets** | **9,724** | 29,287 | 9,397 |
| **Current assets** | | | |
| Inventories | **39,017** | 17,158 | 38,367 |
| Receivables | **922** | 1,193 | 896 |
| Cash and cash equivalents | **73** | 819 | 271 |
| **Total current assets** | **40,012** | 19,170 | 39,534 |
| **Total assets** | **49,736** | 48,457 | 48,931 |
| **Equity** | | | |
| Share capital | **14,749** | 14,558 | 14,693 |
| Share premium account | **29,279** | 28,397 | 28,781 |
| Merger reserve account | **9,349** | 9,349 | 9,349 |
| Retained earnings | **(12,089)** | (11,794) | (11,997) |
| | **41,288** | 40,510 | 40,826 |
| Non-controlling interest | **-** | - | 919 |
| **Total equity** | **41,288** | 40,510 | 41,745 |
| **Liabilities** | | | |
| Non-current liabilities | **2,542** | - | 1,159 |
| Current liabilities | **5,906** | 7,947 | 6,027 |
| **Total liabilities** | **8,448** | 7,947 | 7,186 |
| **Total equity and liabilities** | **49,736** | 48,457 | 48,931 |

# Unaudited Consolidated Cash Flow Statement
# 6 months ended 30 April 2014

| | **6 months ended 30.04.14** | 6 months ended 30.04.13 | Year ended 31.10.13 |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| **Cash flows from operating activities** | | | |
| Net cash (outflow)/inflow from continuing operations (note 1) | **(1,009)** | 592 | (2,066) |
| Finance costs | **(100)** | (49) | (119) |
| **Net cash (used in)/generated from operating activities** | **(1,109)** | 543 | (2,185) |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | **(81)** | (329) | (371) |
| Purchase of intangible assets | **(246)** | (52) | (315) |
| **Net cash used in investing activities** | **(327)** | (381) | (686) |
| **Cash flows from financing activities** | | | |
| Loans received | **1,701** | - | 1,760 |
| Net proceeds from sale of shares in subsidiary company | **-** | - | 770 |
| Acquisition of shares in subsidiary company | **(430)** | - | - |
| Payments of hire purchase liabilities | **(33)** | - | (45) |
| **Net cash generated from financing activities** | **1,238** | - | 2,485 |
| **Net (decrease)/increase in cash** | **(198)** | 162 | (386) |
| Cash at beginning of period | **271** | 657 | 657 |
| **Cash at end of period** | **73** | 819 | 271 |

## Notes to the Unaudited Consolidated Cash Flow Statement
## 6 months ended 30 April 2014

### 1 Cash flows from operating activities

| | **6 months ended 30.04.14** | 6 months ended 30.04.13 | Year ended 31.10.13 |
|---|---|---|---|
| | **£'000** | £'000 | £'000 |
| Loss before taxation | **(694)** | (903) | (1,182) |
| Finance costs | **100** | 49 | 119 |
| Depreciation | **101** | 56 | 124 |
| Amortisation | **5** | - | 45 |
| Loss on disposal of property, plant and equipment | **-** | - | 102 |
| Exchange loss/(gain) relevant to property, plant and equipment | **5** | (6) | (11) |
| Increase in inventories | **(650)** | (395) | (1,291) |
| Share-based payments | **602** | 193 | 386 |
| (Increase)/decrease in receivables | **(26)** | (130) | 175 |
| Decrease in non-current liabilities | **(100)** | - | - |
| (Decrease)/increase in current liabilities | **(636)** | 1,684 | (278) |
| Non cash movement in non-current assets | **-** | - | 20,313 |
| Non cash movement in intangible assets | **(100)** | - | (179) |
| Non cash movement in investments | **-** | (21) | - |
| Non cash movement in inventories | **-** | - | (20,313) |
| Non cash movement in current liabilities | **(39)** | 65 | - |
| Non cash movement in equity | **423** | - | (76) |
| **Net cash (outflow)/inflow from continuing operations** | **(1,009)** | 592 | (2,066) |

## Notes to the unaudited interim results
## 6 months ended 30 April 2014

### 1. General information

The Company is a public limited company incorporated in England and Wales and quoted on AIM. The Company's principal activity in the period 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. Basis of preparation

The interim financial statements are unaudited and do not constitute statutory accounts as defined in Section 434(3) of the Companies Act 2006. A copy of the audited Report and Financial Statements for the year ended 31 October 2013 has been delivered to the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain statements under s498(2) to s498(4) of the Companies Act 2006. The Report and Financial Statements for the year ended 31 October 2013 were approved by the Board on 1 April 2014.

The interim financial statements for the 6 months ended 30 April 2014 comprise an Unaudited Consolidated Statement of Comprehensive Income, Unaudited Statement of Changes in Equity, Unaudited Consolidated Balance Sheet and Unaudited Consolidated Cash Flow statement plus relevant notes.

The interim financial statements are prepared in accordance with EU adopted International Financial Reporting Standards ("IFRS") and the International Financial Reporting Interpretations Committee ("IFRIC") interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies adopted in the preparation of the interim financial statements are consistent with those adopted in the Report and Financial Statements for the year ended 31 October 2013.

**Going concern**

The interim unaudited financial statements have been prepared on the going concern basis.

The directors have considered the financial and commercial position of the Group in relation to its project in Crete (the "Project") and also in respect of its travel and leisure ("T&L") business. In particular, the directors have reviewed the matters referred to below.

Having received approval for the Project to qualify as a strategic investment and to be eligible for inclusion under the provisions of the Fast Track Law, the new process approved by the Greek Government allowing for quicker permitting time for Fast Track projects, the Company is currently awaiting the approval of the Strategic Environmental Assessment ("SEA") in respect of the Project, which was submitted on 23 December 2013**.** Since submission the SEA has been approved by both the Regional Government of Crete and the Greek Ministry of Culture.

The public consultation period for the SEA, which includes the relevant ministries, has been completed and the process of preparing the Presidential Decree approving the SEA has commenced

Accordingly, the directors consider it relevant that having completed a financial joint venture agreement prior to Fast Track and any other consents, they will conclude further Project joint venture agreements in the near term. In addition, the directors are considering a number of other agreements which are likely to have a major beneficial impact on the Group's resources.

## Notes to the unaudited interim results (continued)
## 6 months ended 30 April 2014

### 2. Basis of preparation (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 raise capital in order to meet its existing working capital requirements and the directors consider that any necessary funds will be raised as required.

With the first acquisitions in the planned expansion of its T&L business having been completed, the Group is now generating profits and cash flow within this sector of its activities.

Having taken these matters into account, the directors consider that the going concern basis of preparation of the financial statements is appropriate.

### 3. Segmented information

The Group strategy and growth objectives necessitate the building of an associated infrastructure. The Group considers it appropriate to identify separately the corporate development division together with costs related to acquisitions. Accordingly, the Group is organised into three divisions both by business segment and geographical location:

- the luxury resorts division, currently being the development of a luxury resort in Crete, which includes the central administration costs of the Group;

- the Travel and Leisure division (UK), being the operation and management of the travel businesses; and

- the corporate development division (UK) as described above.

## Notes to the unaudited interim results (continued)
## 6 months ended 30 April 2014

### 3. Segmented information (continued)

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.

| | 6 months ended 30 April 2014 | | | |
|---|---|---|---|---|
| | Luxury Resorts £'000 | Travel and Leisure £'000 | Corporate Development £'000 | Total £'000 |
| **Total transaction value** | - | 24,215 | - | 24,215 |
| Revenue | - | 2,496 | - | 2,496 |
| Cost of sales | - | - | - | - |
| **Gross profit** | - | 2,496 | - | 2,496 |
| Operating expenses | (337) | (2,328) | (262) | (2,927) |
| | (337) | 168 | (262) | (431) |
| Charge in respect of share based payments | (163) | - | - | (163) |
| **Operating (loss)/profit** | (500) | 168 | (262) | (594) |
| Finance costs | (81) | (19) | - | (100) |
| **(Loss)/profit before taxation** | (581) | 149 | (262) | (694) |
| **Operating expenses include:** | | | | |
| Depreciation and amortisation | 3 | 103 | - | 106 |
| Operating leases - plant and equipment | - | 22 | - | 22 |
| **Assets/liabilities** | | | | |
| Non-current assets | 6,286 | 3,438 | - | 9,724 |
| Current assets | 39,151 | 861 | - | 40,012 |
| **Total assets** | 45,437 | 4,299 | - | 49,736 |
| Non-current liabilities | 2,500 | 42 | - | 2,542 |
| Current liabilities | 5,475 | 431 | - | 5,906 |
| **Total liabilities** | 7,975 | 473 | | 8,448 |

## Notes to the unaudited interim results (continued)
## 6 months ended 30 April 2014

### 3. Segmented information (continued)

| | 6 months ended 30 April 2013 | | | |
|---|---|---|---|---|
| | Luxury Resorts £'000 | Travel and Leisure £'000 | Corporate Development £'000 | Total £'000 |
| **Total transaction value** | - | 19,849 | - | 19,849 |
| Revenue | - | 5,457 | - | 5,457 |
| Cost of sales | - | 2,948 | - | 2,948 |
| **Gross profit** | - | 2,509 | - | 2,509 |
| Operating expenses | (362) | (2,392) | (416) | (3,170) |
| | (362) | 117 | (416) | (661) |
| Charge in respect of share-based payments | (193) | - | - | (193) |
| **Operating (loss)/profit** | (555) | 117 | (416) | (854) |
| Finance costs | (49) | - | - | (49) |
| **(Loss)/profit before taxation** | (604) | 117 | (416) | (903) |
| **Operating expenses include:** | | | | |
| Depreciation | 5 | 51 | - | 56 |
| Operating leases - plant and equipment | - | 25 | - | 25 |
| **Assets/liabilities** | | | | |
| Non-current assets | 26,607 | 2,680 | - | 29,287 |
| Current assets | 18,047 | 1,123 | - | 19,170 |
| **Total assets** | 44,654 | 3,803 | - | 48,457 |
| **Current liabilities** | 5,680 | 2,267 | - | 7,947 |

## Notes to the unaudited interim results (continued)
## 6 months ended 30 April 2014

### 3. Segmented information (continued)

| | Year ended 31 October 2013 | | | |
|---|---|---|---|---|
| | Luxury Resorts £'000 | Travel and Leisure £'000 | Corporate Development £'000 | Total £'000 |
| **Total transaction value** | - | 51,164 | - | 51,164 |
| | | | | |
| Revenue | | 9,217 | | 9,217 |
| Cost of sales | - | 4,021 | - | 4,021 |
| Gross profit | - | 5,196 | - | 5,196 |
| | | | | |
| Operating expenses | (569) | (4,592) | (457) | (5,618) |
| | (569) | 604 | (457) | (422) |
| Non-recurring expenses | - | (255) | - | (255) |
| Contribution to central costs, including management | 150 | (150) | - | - |
| Charge in respect of share-based payments | (386) | - | - | (386) |
| **Operating (loss)/profit** | (805) | 199 | (457) | (1,063) |
| Finance costs | (119) | - | - | (119) |
| **(Loss)/profit before taxation** | (924) | 199 | (457) | (1,182) |
| Taxation receipt | - | 32 | - | 32 |
| **(Loss)/profit after taxation** | (924) | 231 | (457) | (1,150) |
| | | | | |
| **Operating expenses include:** | | | | |
| Depreciation and amortisation | 15 | 154 | - | 169 |
| Operating leases - plant and equipment | - | 69 | - | 69 |
| | | | | |
| **Assets/liabilities** | | | | |
| Non-current assets | 6,292 | 3,105 | - | 9,397 |
| Current assets | 38,627 | 907 | - | 39,534 |
| **Total assets** | 44,919 | 4,012 | - | 48,931 |
| | | | | |
| Non-current liabilities | 1,100 | 59 | - | 1,159 |
| Current liabilities | 5,739 | 288 | - | 6,027 |
| **Total liabilities** | 6,839 | 347 | - | 7,186 |

### 4. Goodwill

Goodwill arising on acquisitions represents the difference between the fair value of the net assets acquired and the consideration paid.

Goodwill is tested annually for impairment. 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 non-current assets and inventories. The directors' opinion of the current value also takes into account the estimate dated 27 June 2011 of the development value of the Project site in the order of €100 million, which was included in the Company's AIM readmission document published on 30 September 2011 and which was reaffirmed in March 2012.

## Notes to the unaudited interim results (continued)
## 6 months ended 30 April 2014

### 4. Goodwill (continued)

In addition, the directors are of the opinion that the projected value of the Travel and Leisure business, which is treated as one cash generating unit, is in excess of the value of the amount of goodwill attributable to it. This opinion is arrived at on the basis of the good names of the businesses acquired and the fact that the establishment of business clusters affords the Company the opportunity to realise certain economies of scale thus improving cash flow and profitability.

Goodwill arising from acquisitions has been recognised as an asset.

### 5. Property, plant and equipment

In a prior year, certain costs in respect of the Project were reallocated to non-current assets. Although its long term commitment to the Project remains unchanged, the Group re-assessed the treatment of this asset in the light of changes in the project financing market and its previously stated intention to develop the Project with joint venture partners and other interested parties. In order to provide flexibility in its future plans, and having taken relevant advice, the Group decided that the costs in respect of the Project previously shown in non-current assets should be shown as a current asset as at 31 October 2013. As a result, these costs are now included in inventories. It is envisaged that any joint venture or partnership arrangements will preserve the nature of the Group's long term commitment to the Project.

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

**Revenue**
Depending upon the contractual arrangements with the customer the Group acts either as agent or principal. Where the Group acts as principal, revenue is stated at the contractual value of goods and services provided and is recognised typically when the customer pays the final balance due on the holiday purchased.

Where 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.

**Gross profit**
Gross profit represents the aggregate amount earned on bookings where the Group acts as either agent or principal. In previous periods, when the Group has acted as principal, gross profit is the difference between the sales price to the customer (total transaction value) and the cost of services purchased.

### 6. 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 to purchase Ordinary Shares of 1p each**.** A charge has been made in the consolidated statement of comprehensive income in respect of the LTIP and options using the Black-Scholes and Monte Carlo fair value pricing models as appropriate at the grant date and charged over the vesting periods. This charge does not involve any cash payment. A corresponding entry is recognised in equity.

## Notes to the unaudited interim results (continued)
## 6 months ended 30 April 2014

### 7. Loss per share attributable to equity holders of the Company

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 period. Diluted earnings per share are calculated by adjusting basic earnings per share to assume the conversion of all dilutive potential ordinary shares. There are no dilutive instruments in issue, 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 6 months ended 30 April 2014 was 166,024,704 (6 months ended 30 April 2013: 150,239,962, year ended 31 October 2013: 150,942,792).

### 8. Post Balance Sheet Events

1. On 28 May 2014 the Company announced that it had placed 5,725,000 Ordinary Shares of 1p each at 12 pence per share with institutional and other investors.

2. On 2 June 2014 the Company announced that it had completed the acquisition of the trade and assets of Martin Singer Travel.