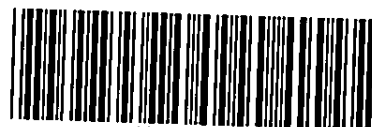


Minoan Group Plc
Report and Financial Statements
Year ended 30 September 2009

Company registration no. 3770602

TUESDAY



AP1E9IQV

A14

30/03/2010

405

COMPANIES HOUSE

Minoan Group Plc

Report and Financial Statements

Year ended 30 September 2009

Contents

Directors and Advisers	1
Chairman's Statement	2-3
Directors' Report	4-7
Independent Auditor's Report	8-9
Consolidated Income Statement	10
Statement of Changes in Equity - Group	11
Statement of Changes in Equity - Company	12
Consolidated Balance Sheet	13
Company Balance Sheet	14
Consolidated Cash Flow Statement	15
Notes to the Consolidated Cash Flow Statement	16
Company Cash Flow Statement	17
Notes to the Company Cash Flow Statement	18
Notes to the Accounts	19-42

Minoan Group Plc

Directors and Advisers

Directors

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

Company secretary

W C Cole FCA

Registered office

30 Aylesbury Street
London
EC1R 0ER

Administration office

PO Box 288
Orpington
BR5 1XB

Bankers

HSBC Bank plc, London

Legal advisers

Pinsent Masons, London
Dryllerakis & Associates, Athens

Nominated adviser and joint broker

Seymour Pierce Limited, London

Joint brokers

FinnCap, London
Rivington Street Corporate Finance Limited, London

Registrars

Neville Registrars Limited, Halesowen, West Midlands

Independent auditor

Chartered Vellacott DFK LLP
Chartered Accountants and Statutory Auditor
Russell Square House
10-12 Russell Square
London
WC1B 5LF

Minoan Group Plc

Chairman's Statement

Introduction

Shareholders will have seen a considerable amount of publicity about the seriousness of the financial situation in Greece. The new PASOK government, led by Mr George Papandreou, has announced major plans to reduce government expenditure and borrowing whilst at the same time increasing taxation. Although, as I write, there is a certain amount of public opposition to these plans opinion polls show that a majority of the population supports the Prime Minister.

The importance of increasing foreign investment has been acknowledged by a number of Greek ministers and commentators. We believe that such investment will be a major factor in assisting the Government to resolve some of the long standing issues its plans are designed to address. We therefore remain optimistic as we continue to work towards the development of the Cavo Sidero Project whilst awaiting the court judgement.

In order to sustain the growth of the Company and to provide income we have previously highlighted plans to add a compatible activity to our operations. As such, after the year end, we announced that we have agreed terms for the acquisition of a number of solar energy licences. The Company remains focused on developing its Cavo Sidero Project whilst, in addition to its plans in renewable energy, exploring growth opportunities in the tourism and leisure sector.

The Cavo Sidero Project

Discussions are ongoing in respect of joint venture and partnership arrangements to enhance the Cavo Sidero development. We remain focused on our environmental credentials and continue to examine ways of reducing the Project's carbon footprint. With regard to commencing activity at Cavo Sidero, we await the court's judgement. As soon as the decision is published we will update shareholders as to the main points of the judgement and how they might affect the development.

Financial Results

At 30 September 2009 the book value of the Cavo Sidero Project was £33,834,082 (30 September 2008 £31,974,563). Expenditure capitalised in the year, while adversely affected by the appreciation of the value of the Euro against Sterling, is in line with the Board's expectations. The nature of the Company's business means that certain expenses, although attributable to the Project in overall terms, have to be written off as incurred. These costs give rise to a loss for the year ended 30 September 2009 of £919,690 (period ended 30 September 2008 £2,493,581), which is also in line with the Board's expectations. The costs include a charge in respect of share based payments in the amount of £339,311 (period ended 30 September 2008 £1,175,730). The loss per share, including the share based payments charge, was 1.68p (period ended 30 September 2008 5.00p). The share based payments charge is an accounting entry required by International Financial Reporting Standards and involves no movement of cash. The loss per share excluding this charge is 1.06p (period ended 30 September 2008 2.64p).

Outlook

Until November 2009, when the Company announced its agreement to acquire its first two solar energy licences in Greece, Minoan was a single project company. The licence acquisitions represent the initial stages of the Company's planned expansion into the Greek renewable energy sector, a market with compelling cash-generation characteristics which also strengthens Minoan's environmental credentials.

Minoan Group Plc

Chairman's Statement (continued)

Outlook (Continued)

In addition, the Company is in substantive discussions regarding potential transactions in the tourism and leisure sector. The businesses being investigated are expected to provide strong cashflows and profit growth. It is our intention that any such businesses will be acquired through separate subsidiaries, possibly with other partners, so as not to dilute the underlying value of the Cavo Sidero Project for existing shareholders.

After the year end, in order to help develop its projects, the Company restructured its executive management team naming Duncan Wilson Managing Director. Duncan is a travel professional with over 25 years experience and an in-depth knowledge of the tourism and leisure industry. Additionally, Operations Director Tim Hill has become a Non-Executive Director and Geoffrey Brown, the Company's Project Director, has left the Board. Geoffrey left in order to concentrate on his private interests although his considerable expertise will remain available to the Company when required. The restructured Board will drive Minoan forward, looking for further opportunities to create additional value and cashflow for the Company whilst retaining the underlying value of Cavo Sidero.

To help underpin these plans the Company has raised £1,001,100 since the year end. The funds raised have been earmarked to enable the Company to bring the Cavo Sidero Project nearer to fruition and to help progress the Company's development.

Conclusion

The addition of a potential new income stream in the Greek renewable energy market, taken together with potential opportunities in the tourism and leisure sector, provide scope for optimism moving forward.

I and my fellow directors remain fully committed to the success of the Company and to providing long term value for shareholders. We expect to update shareholders with further developments in the coming months.

Thank you all for your ongoing patience and support.

Christopher W Egleton

Chairman
22 February 2010

Minoan Group Plc

Directors' Report

The directors present their report and the audited consolidated financial statements for the year ended 30 September 2009

Principal activities

The Company is a public limited company incorporated in England and Wales and quoted on AIM. The Company's principal activity in the period under review was that of a holding and management company of a Group involved in the design, creation, development and management of a luxury resort development at Cavo Sidero in North East Crete.

Corporate social responsibility

The Group has demonstrated its social responsibilities through its iterative approach to the evolution of the Cavo Sidero Project, which has involved a transparent process and extensive consultation with stakeholders. The Environmental Impact Assessment has embraced the principles of the five capitals of sustainability and developed solutions to ensure that all related matters have been taken into account and related one to the other. Thus the more usual concerns related to the protection of the environment, flora, fauna, hydrogeology and the ecology generally have drawn in considerations of wider issues including social, cultural, human and economic matters as well as those related to the extensive use of renewable energy and many other items contributing to a healthy carbon footprint. The Project is strictly focused on the long term restoration and preservation of the environment as a whole and puts in place a sustainable management plan, involving local representatives and experts, to ensure a robust, pro-active management system is implemented aimed at protecting the area for future generations.

Review of business

The Group's key risks are currently all centred round the Cavo Sidero Project (see below). A review of the strategy concerning the Project and its current status is given in the Chairman's Statement on page 2. The directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business. The Group's financial instruments are discussed in note 15.

Principal risks and uncertainties

The Company has an ongoing requirement to raise capital to finance its working capital. As has been the case for the past several years, the Company is in continual discussions with a variety of individuals and commercial parties regarding the provision of funding to enable the Company's current and future obligations and requirements to be met. These discussions are at varying stages of development and the Board is confident that all necessary funding will be forthcoming within a timescale which will enable the Company to move forward to provide a return to shareholders in due course.

Notwithstanding the current turmoil in financial markets and the global economy as a whole, the Board is confident that the value of the Company's asset at Cavo Sidero, combined with the future prospect for development in other areas of activity, justifies the conclusion that it is appropriate to prepare the accounts on the going concern basis.

As the Project progresses and moves towards its implementation stage, the normal risks associated with a development of the size and nature of Cavo Sidero will apply. These include, inter alia, detailed planning consents, availability of project finance, construction costs and market demand.

Minoan Group Plc

Directors' Report (continued)

Results and dividends

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

The Group made a loss for the year of £919,690 (period ended 30 September 2008 £2,493,581), which has been transferred to reserves. As required under IFRS 2, the loss also includes a charge in respect of share based payments (note 17) in the amount of £339,311 (period ended 30 September 2008 £1,175,730). This charge does not involve any cash payment.

No dividend is proposed for the year (period ended 30 September 2008 Nil)

Directors and their interests

	Ordinary Shares of 1p each		Deferred Shares of 24p each	
	30 09 09	30 09 08	30.09.09	30 09 08
C W Egleton	217,260	177,260	217,260	N/A
B D Bartman	103,500	53,500	103,500	N/A
G T Brown	352,095	352,095	352,095	N/A
G D Cook	954,396	834,396	834,396	N/A
T R C Hill	3,970	3,970	3,970	N/A
D C Wilson	321,429	321,429	321,429	N/A
C W Young (resigned 27 March 2009)	N/A	413,482	N/A	N/A

Note: The Ordinary Shares held as at 30 September 2008 were shares of 25 pence each (see note 14 re sub-division of share capital)

Mr C W Egleton is also a minority shareholder in Simmons International Limited which has an interest in 1,132,000 ordinary shares as at the date of this report (30 September 2008 1,132,000). These shares have not been included in the above table.

Details of the directors' interests in share options, warrants and the Company's Long Term Incentive Plan appear in note 17.

Mr G T Brown resigned on 17 November 2009. The other directors in office at the end of the period remain in office as at the date of signing of the Directors' Report.

Statement of directors' responsibilities

The directors are responsible for preparing and reporting the financial statements in accordance with applicable laws and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Parent Company financial statements in accordance with IFRS as adopted by the EU. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss of the Group for that period.

Minoan Group Plc

Directors' Report (continued)

Statement of directors' responsibilities (continued)

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state the financial statements comply with IFRS as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Group web site, www.minoangroup.com. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each director as at the date of this report has confirmed that, to the best of his knowledge, the Group financial statements, which have been prepared in accordance with IFRS as adopted by the EU,

- give a true and fair view of the assets, liabilities, financial position and loss of the Group, and
- the Chairman's Statement and Directors' Report include a fair review of the development, performance and position of the Group, together with a description of the risk and uncertainties it faces

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

Insurance

The Company has Directors and Officers Liability Insurance in place covering the directors of all group companies.

Payment of suppliers

The Company's policy is to agree terms with individual suppliers and payment is made on these terms, provided that the supplier performs according to the terms of the agreement.

Events after the balance sheet date

The directors draw attention to the events disclosed in note 19.

Minoan Group Plc

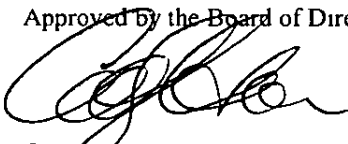
Directors' Report (continued)

Auditor and disclosure of information to the auditor

The directors, as at the date of this report, have confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Chantrey Vellacott DFK LLP were appointed as auditor in November 2009 and have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the next Annual General Meeting of the Company

Approved by the Board of Directors and signed by order of the Board



C W Egleton

Director

22 February 2010

Chantrey Vellacott DFK LLP

Minoan Group Plc

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

We have audited the group and parent company financial statements ("the financial statements") of Minoan Group Plc for the year ended 30 September 2009 which comprise the consolidated income statement, the group and company statements of changes in equity, the consolidated and company balance sheets, the consolidated and company cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and the auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2009 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006,

Minoan Group Plc

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

Opinion on financial statements (continued)

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following where under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the Directors' Report and in note 1 to the financial statements concerning the group's ability to continue as a going concern, which is dependent on the company's ability to continue to raise capital to finance its working capital requirement for the period up to the Court decision regarding the development of the Cavo Sidero Project. In the period after the Court decision, the company will also need to raise further funds to enable it to move forward, whether with the Cavo Sidero Project or with the other opportunities the company is considering. These matters are also referred to in the Chairman's Statement.

The financial statements do not include any adjustments that would result if the company was unable to raise the required capital and finance in order to continue as a going concern.



Ian Staunton (Senior Statutory Auditor)

for and on behalf of CHANTREY VELLACOTT DFK LLP

Chartered Accountants and Statutory Auditor

LONDON

22 February 2010

Minoan Group Plc

Consolidated Income Statement Year ended 30 September 2009

	Note to the Accounts	Year ended 30 09.09 £	18 months ended 30 09 08 £
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Operating expenses		(582,016)	(1,422,176)
Charge in respect of share based payments	17	(339,311)	(1,175,730)
Operating loss	3	(921,327)	(2,597,906)
Finance income	4	1,637	104,325
Loss before taxation		(919,690)	(2,493,581)
Taxation expense	5	-	-
Loss for period attributable to equity holders of the Company		(919,690)	(2,493,581)
Loss per share attributable to equity holders of the Company	6	(1 68)p	(5 00)p
Loss per share attributable to equity holders of the Company (excluding the charge in respect of share based payments)	6	(1 06)p	(2 64)p
All of the above arises from continuing activities			

Minoan Group Plc

Statement of Changes in Equity Year ended 30 September 2009

Group

Year ended 30 September 2009

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total equity £
Balance at 1 October 2008	13,578,674	19,181,032	9,348,724	(7,814,910)	34,293,520
Loss for the year	-	-	-	(919,690)	(919,690)
Net proceeds from shares issued	56,439	874,611	-	-	931,050
Share based payments	-	-	-	339,311	339,311
Balance at 30 September 2009	13,635,113	20,055,643	9,348,724	(8,395,289)	34,644,191

18 months ended 30 September 2008

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total equity £
Balance at 1 April 2007	11,937,653	17,794,904	9,348,724	(6,497,059)	32,584,222
Loss for the period	-	-	-	(2,493,581)	(2,493,581)
Net proceeds from shares issued	1,641,021	1,386,128	-	-	3,027,149
Share based payments	-	-	-	1,175,730	1,175,730
Balance at 30 September 2008	13,578,674	19,181,032	9,348,724	(7,814,910)	34,293,520

Minoan Group Plc

Statement of Changes in Equity Year ended 30 September 2009

Company

Year ended 30 September 2009

	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 October 2008	13,578,674	19,181,032	2,890,481	35,650,187
Profit for the year	-	-	75,448	75,448
Net proceeds from shares issued	56,439	874,611	-	931,050
Share based payments	-	-	339,311	339,311
Balance at 30 September 2009	13,635,113	20,055,643	3,305,240	36,995,996

18 months ended 30 September 2008

	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 April 2007	11,937,653	17,794,904	1,298,733	31,031,290
Profit for the period	-	-	416,018	416,018
Net proceeds from shares issued	1,641,021	1,386,128	-	3,027,149
Share based payments	-	-	1,175,730	1,175,730
Balance at 30 September 2008	13,578,674	19,181,032	2,890,481	35,650,187

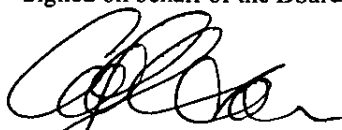
Minoan Group Plc

Consolidated Balance Sheet as at 30 September 2009

	Note to the Accounts	30.09.09 £	30 09 08 £
Assets			
Non-current assets			
Intangible assets	7	3,572,776	3,572,776
Property, plant and equipment	8	183,593	175,795
Total non-current assets		3,756,369	3,748,571
Current assets			
Inventories	10	33,834,082	31,974,563
Receivables	11	36,526	63,911
Cash and cash equivalents		137,869	575,199
Total current assets		34,008,477	32,613,673
Total assets		37,764,846	36,362,244
Equity			
Share capital	14	13,635,113	13,578,674
Share premium account		20,055,643	19,181,032
Merger reserve account		9,348,724	9,348,724
Retained earnings		(8,395,289)	(7,814,910)
Total equity		34,644,191	34,293,520
Liabilities			
Current liabilities	12	3,120,655	2,068,724
Total liabilities		3,120,655	2 068,724
Total equity and liabilities		37,764,846	36,362,244

The financial statements on pages 10 to 42 were approved and authorised for issue by the Board of Directors on 22 February 2010

Signed on behalf of the Board of Directors


C W Egleton
Director

Minoan Group Plc

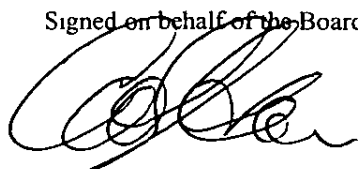
Company Balance Sheet as at 30 September 2009

	Note to the Accounts	30 09.09 £	30 09 08 £
Assets			
Non-current assets			
Investments	9	11,732,213	11,732,213
Total non-current assets		11,732,213	11,732,213
Current assets			
Inventories	10	75,875	75,875
Receivables	11	25,623,418	23,849,649
Cash and cash equivalents		100,277	530,417
Total current assets		25,799,570	24,455,941
Total assets		37,531,783	36,188,154
Equity			
Share capital	14	13,635,113	13,578,674
Share premium account		20,055,643	19,181,032
Retained earnings		3,305,240	2,890,481
Total equity		36,995,996	35,650,187
Liabilities			
Current liabilities	12	535,787	537,967
Total liabilities		535,787	537,967
Total equity and liabilities		37,531,783	36,188,154

Company registration number: 3770602

The financial statements on pages 10 to 42 were approved and authorised for issue by the Board of Directors on 22 February 2010

Signed on behalf of the Board of Directors



C W Egleton
Director

Minoan Group Plc

Consolidated Cash Flow Statement Year ended 30 September 2009

	Note to the Consolidated Cash Flow Statement	Year ended 30.09 09 £	18 months ended 30 09 08 £
Cash flows from operating activities			
Net cash used in continuing operations	1	(1,112,041)	(4,460,148)
Net cash used in operating activities		(1,112,041)	(4,460,148)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,176)	(26,005)
Net cash used in investing activities		(1,176)	(26,005)
Cash flows from financing activities			
Interest received		1,637	104,325
Net proceeds from the issue of ordinary shares		674,250	1,145,910
Net cash generated from financing activities		675,887	1,250,235
Net decrease in cash		(437,330)	(3,235,918)
Cash at beginning of period		575,199	3,811,117
Cash at end of period	2	137,869	575,199

Minoan Group Plc

Notes to the Consolidated Cash Flow Statement Year ended 30 September 2009

1 Cash flows from operating activities

	Year ended 30 09.09	18 months ended 30 09 08
	£	£
Operating loss	(921,327)	(2,597,906)
Depreciation	15,751	29,044
Exchange gain relevant to property, plant and equipment	(22,373)	(27,543)
Increase in inventories	(1,859,519)	(4,167,317)
Share based payments	339,311	1,175,730
Decrease in receivables	27,385	255,965
Increase/(decrease) in current liabilities	1,051,931	(1,009,360)
Non cash movement in current liabilities	256,800	1,881,239
Net cash outflow from continuing operations	(1,112,041)	(4,460,148)

2 Reconciliation of net cash flow to net funds

	Year ended 30 09.09	18 months ended 30 09 08
	£	£
Decrease in cash in the period	(437,330)	(3,235,918)
Cash at beginning of period	575,199	3,811,117
Cash at end of period	137,869	575,199

Minoan Group Plc

Company Cash Flow Statement Year ended 30 September 2009

	Note to the Company Cash Flow Statement	Year ended 30 09 09 £	18 months ended 30 09 08 £
Cash flows from operating activities			
Net cash (used in)/generated from continuing operations	1	(941,959)	5,744,376
Taxation expense		(164,007)	(215,143)
Net cash (used in)/generated from operating activities		(1,105,966)	5,529,233
Cash flows from investing activities			
Investment in subsidiary company		-	(10,000,000)
Net cash used in investing activities		-	(10,000,000)
Cash flows from financing activities			
Interest received		1,576	103,405
Net proceeds from the issue of ordinary shares		674,250	1,145,910
Net cash generated from financing activities		675,826	1,249,315
Net decrease in cash		(430,140)	(3,221,452)
Cash at beginning of period		530,417	3,751,869
Cash at end of period	2	100,277	530,417

Minoan Group Plc

Notes to the Company Cash Flow Statement Year ended 30 September 2009

1 Cash flows from operating activities

	Year ended 30.09.09	18 months ended 30 09 08
	£	£
Operating profit	237,879	527,756
Share based payments	339,311	1,175,730
(Increase)/decrease in receivables	(1,773,769)	2,487,266
Decrease in current liabilities	(2,180)	(327,615)
Non cash movement in current liabilities	256,800	1,881,239
Net cash (outflow)/inflow from continuing operations	(941,959)	5,744,376

2 Reconciliation of net cash flow to net funds

	Year ended 30.09.09	18 months ended 30 09 08
	£	£
Decrease in cash in the period	(430,140)	(3,221,452)
Cash at beginning of period	530,417	3,751,869
Cash at end of period	100,277	530,417

Minoan Group Plc

Notes to the Accounts Year ended 30 September 2009

1 Accounting policies

These consolidated financial statements are prepared in accordance with EU Endorsed International Financial Reporting Standards ("IFRS") and IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods represented, unless otherwise stated.

The following new standards, amendments to standards and interpretations, which have become effective during the year, have not been adopted:

IAS 1 (amendment) 'Presentation of financial statements', effective 1 January 2009

IAS 16 (amendment) 'Property, plant and equipment', effective 1 January 2009

IAS 23 (revised) 'Borrowing costs', effective 1 January 2009

IAS 28 (amendment) 'Investments in associates', effective 1 January 2009

IAS 31 (amendment) 'Interests in joint ventures', effective 1 January 2009

IAS 32 (amendment) 'Financial instruments presentation' and consequential amendments to IAS 1 'Presentation of financial statements', effective 1 January 2009

IAS 38 (amendment) 'Intangible assets', effective 1 January 2009

IAS 40 (amendment) 'Investment property', effective 1 January 2009

IFRS 2 (amendment) 'Share based payments', effective 1 January 2009

IFRS 8 'Operating segments', effective 1 January 2009

IFRIC 15 'Agreements for construction of real estates', effective 1 January 2009

IAS 27 (Revised) 'Consolidated and separate financial statements', effective 1 July 2009

IFRS 3 (revised) 'Business combinations', effective 1 July 2009

IFRS 5 (amendment) 'Non-current assets held-for-sale and discontinued operations', effective 1 July 2009

The directors anticipate that the future adoption of these standards, amendments and interpretations (where relevant) will have no material financial impact on the financial statements of the Group or Company.

Going concern

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

The directors have considered the financial and commercial position of the Company in relation to its Project at Cavo Sidero and, in particular, have reviewed the matters referred to below.

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2009

1 Accounting policies (continued)

Going concern (continued)

The decision of the Greek Conseil d'Etat on the appeal lodged against the Greek Government's approval of the Company's Environmental Impact Assessment in respect of the Cavo Sidero Project is still awaited. Should the appeal be dismissed, the Project will move to the next stage. Should the appeal be upheld, the directors have been advised and remain confident that, subject to receiving the detailed judgement of the Court, the Company will continue to be in a position to move forward, whether with the Project or with the other opportunities that it is considering, including those announced recently.

As has been the case in the past, in order to meet ongoing working capital requirements, the Group is currently involved in discussions with its financial advisers and potential sources of finance. The Board has considered the cash resources required in the period up to the court decision referred to above, and for the period thereafter, having made appropriate assumptions as to the time scale. While recognising that there remains some uncertainty, in the light of discussions with potential funders, the directors consider that the Group will have sufficient resources for the period up to the appeal decision. Following the removal of the uncertainty regarding the outcome of the court decision, the directors also consider that the funds required for the period after the decision will be determined and successfully raised as required.

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

Further comment on the above matters appears in the Chairman's Statement and in the Directors' Report.

The financial statements do not include any adjustment that would be required if the Company was unable to continue as a going concern.

Basis of accounting

The financial statements are prepared under the historical cost convention.

No income statement is presented by the Company as permitted by Section 408 of the Companies Act 2006. The Company's profit before taxation for the year ended 30 September 2009 was £239,456 (period ended 30 September 2008: £631,161).

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. The financial statements of Loyalward Hellas S.A., the Company's Greek subsidiary, are consolidated using the currency exchange rate ruling at the period end.

Any exchange differences on consolidation are taken to equity.

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

1 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 period are discussed below.

- in capitalising the costs directly attributable to the Cavo Sidero development project (see Inventories below), and continuing to recognise Goodwill, the directors are of the opinion that the project will be brought to fruition and that the carrying value of Inventories and Goodwill is reasonable. An update of the current status of the development appears in the Chairman's Statement on Page 2,
- in calculating the charge in respect of share based payments (see below) at each grant date and balance sheet date the directors are required to consider both the initial assumptions and whether there has been a subsequent change in the fair value of the awards made under the Company's Long Term Incentive Plan.

Inventories

Inventories represents costs of goods and services directly attributable to the development project of the Company and is stated at the lower of cost and net realisable value.

The Cavo Sidero development project is currently the only activity of the Group and the Group has not therefore earned or recognised any revenue to date.

Goodwill

IFRS require that goodwill be tested annually for impairment and not amortised. In the Group's case, the requirement to amortise goodwill ceased with effect from 31 March 2006 (note 7). The most recent independent valuation of the land at Cavo Sidero, by AXIES S.A. on 27 April 2007, indicates a value of €170 million (approximately £150 million) with all relevant approvals in place. This valuation, plus the current progress of the Cavo Sidero Project, means that the directors are of the opinion that the project site has longer term value in excess of the value of both goodwill and inventories.

The directors consider that, at present, the business consists of one cash generating unit.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. Any translation differences arising are dealt with in the income statement.

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

1 Accounting policies (continued)

Property, plant and equipment

Tangible non-current assets are stated at historical cost less depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, as follows

Freehold land	capital cost not depreciated
Acquisition costs of land	3 years
Plant and equipment	5 years
Motor vehicles	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The directors consider that the book values of non-current assets do not differ materially from the market values.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held with banks.

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.

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 are met.

As required under IFRS 2, a charge has been made for the value of the LTIP using the Black-Scholes or Monte Carlo pricing models as appropriate and charged over the vesting periods. This charge, shown as a charge in respect of share based payments in the Consolidated Income Statement, does not involve any cash payment. Further details appear in note 17.

Pensions

The Group does not operate any pension schemes on behalf of its employees but, in earlier periods, has made a number of bonus payments to directors in the form of pension annuities. These payments have been made when bonus criteria have been met.

Taxation

The taxation expense is based on the loss for the year and takes into account deferred taxation. Taxation 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.

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

1 Accounting policies (continued)

Taxation (continued)

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 deferred tax is computed using the 'liability method'.

The Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employee share options under each jurisdiction's tax rules. As explained under "Share-based payments" above, a compensation expense is recorded in the Group's income statement 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 income statement. If the amount of estimated future tax deduction exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity against retained earnings.

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

2 Information regarding directors and employees

Directors' remuneration

	Costs taken to inventories £	Costs taken to the income statement £	Total £
Year ended 30 September 2009			
Fees	-	148,000	148,000
Sums paid to third parties for directors' services	522,615	60,000	582,615
Share based payments (note 17)	-	339,311	339,311
	522,615	547,311	1,069,926
18 months ended 30 September 2008			
Fees	68,030	232,500	300,530
Compensation for loss of office	100,000	-	100,000
Sums paid to third parties for directors' services	771,062	90,000	861,062
Amounts provided re annuities due to directors (see below)	129,322	-	129,322
Share based payments (note 17)	-	1,175,730	1,175,730
	1,068,414	1,498,230	2,566,644

Payments in respect of the services of the chairman, who was also the highest paid director, were £309,090 (period ended 30 September 2008 £510,705), including £Nil (period ended 30 September 2008 £101,910) in respect of the lump sums required to provide the retirement annuity due to the chairman after the occurrence of the trigger events referred to below. In addition, the charge in respect of share based payments includes £262,959 in respect of the chairman (period ended 30 September 2008 £748,484).

Of the total directors' remuneration shown above, £Nil (period ended 30 September 2008 £129,322) has been settled in shares. These amounts include £Nil (period ended 30 September 2008 £101,910) in respect of the services of the chairman. These amounts are in addition to the charge in respect of share based payments.

Contracts have been entered into for the provision of the services of the directors. Under the terms of certain of the contracts, provision had been made by the Company to provide retirement annuities for C W Egleton, T R C Hill and C Valassakis, a director of Loyalward Limited, on the occurrence of certain trigger events. The final trigger event was the admission of the Company to AIM on 2 May 2007. As a consequence, the final provisions in respect of these retirement annuities were settled in shares in the period ended 30 September 2008.

The Group has adopted a scheme for senior management (including the directors) under which, subject to a minimum period of service with the Group, an eligible person is entitled to acquire a property on a cost plus basis, which will be at a discount to the market rate.

The directors consider only themselves to be key management.

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

2 Information regarding directors and employees (continued)

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

Staff costs during the year (including directors)

	Costs taken to inventories £	Costs taken to the income statement £	Total £
Year ended 30 September 2009			
Wages and salaries	56,476	148,000	204,476
Social security cost	15,847	18,248	34,095
Share based payments (note 17)	-	339,311	339,311
	72,323	505,559	577,882
18 months ended 30 September 2008			
Wages and salaries	148,732	232,500	381,232
Compensation for loss of office	100,000	-	100,000
Social security cost	27,138	26,745	53,883
Share based payments (note 17)	-	1,175,730	1,175,730
	275,870	1,434,975	1,710,845

Note As required by Companies Act disclosure, staff costs exclude payments to third parties for directors' services

Note Only the charge in respect of share based payments is reflected in the Company's income statement

	Year ended 30.09.09 No	18 months ended 30 09 08 No
Average number of persons employed		
Administration	13	12

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

3 Operating loss

The operating loss is stated after charging:

	Year ended 30 09 09	18 months ended 30 09 08
	£	£
Fees in respect of the Company's admission to AIM	-	441,068
Auditor's remuneration		
Audit fees - PricewaterhouseCoopers	27,000	57,000
- Chantrey Vellacott DFK	20,000	-
Tax services - PricewaterhouseCoopers	(4,500)	25,050
- Chantrey Vellacott DFK	2,250	-

Audit fees in respect of the Company were £13,500 for PricewaterhouseCoopers and £10,000 for Chantrey Vellacott DFK (period ended 30 September 2008 £27,500, PricewaterhouseCoopers) Tax services fees in respect of the Company were £(2,250) for PricewaterhouseCoopers and £1,225 for Chantrey Vellacott DFK (period ended 30 September 2008 £12,525, PricewaterhouseCoopers)

Included in fees in respect of the Company's admission to AIM in the period ended 30 September 2008 is £201,928 paid to the auditors, PricewaterhouseCoopers, in respect of non-audit fees

4 Finance income

	Year ended 30 09.09	18 months ended 30 09 08
	£	£
Bank interest receivable	1,637	104,325

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

5 Taxation expense

Consolidated

(a) Analysis of taxation expense for the year

	30.09 09 £	30 09 08 £
UK Corporation Tax at 28% (2008 29 33%)	-	-

(b) Factors affecting taxation expense for the year

	30.09 09 £	30 09 08 £
Loss before tax	(919,690)	(2,493,581)
Tax on ordinary activities multiplied by the standard rate in the UK of 28% (2008 29 33%)	(257,513)	(731,368)
Effect of expenses not deductible for tax purposes	97,212	7,799
Effect of movement on deferred tax not recognised	160,301	723,569
Taxation expense for the period	-	-

(c) Factors that may affect future tax charges

From 1 April 2008 the rate of corporation tax decreased from 30% to 28%

Taxation losses carried forward appear in note 13

Company

(a) Analysis of taxation expense for the year

	30.09 09 £	30 09 08 £
UK Corporation Tax at 28% (2008 29 33%)	-	-
Current period charge	164,007	125,996
Prior year adjustment	-	89,147
Taxation expense for the period	164,007	215,143

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

5 Taxation expense (continued)

Company (continued)

(b) Factors affecting taxation expense for the year

	30.09.09 £	30 09 08 £
Profit on ordinary activities before tax	239,456	631,161
Tax on ordinary activities multiplied by the standard rate in the UK of 28% (2008 29 33%)	67,048	185,119
Effect of expenses not deductible for tax purposes	97,212	7,799
Effect of movement on deferred tax not recognised	(253)	(66,922)
Prior year adjustment	-	89,147
Taxation expense for the period	164,007	215,143

(c) Factors that may affect future tax charges

From 1 April 2008 the rate of corporation tax decreased from 30% to 28%

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

6 Loss per share

Earnings per share are calculated by dividing the earnings attributable to the equity holders of a company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share are calculated by adjusting basic earnings per share to assume the conversion of all dilutive potential ordinary shares. In the case of losses however, these shares are antidilutive and as such they are ignored in calculating diluted loss per share. Therefore the basic loss per share and diluted loss per share are the same. The weighted average number of shares used in calculating basic and diluted loss per share for the year ended 30 September 2009 was 54,858,945 (period ended 30 September 2008 49,825,571).

7 Intangible assets

Group	Goodwill £
At 30 September 2009	3,572,776
At 30 September 2008	3,572,776

On 15 September 1999 the holding company, Loyalward Group Plc, was created. Loyalward Group Plc (now Minoan Group Plc) acquired the share capital of Loyalward Limited in a share for share exchange. Acquisition accounting was used to account for this transaction, which gave rise to goodwill of £5,295,276. In accordance with IFRS, with effect from 31 March 2006 goodwill has not been amortised.

The consideration for the acquisition was the issue of 5,342,128 ordinary shares of Loyalward Group Plc at a price of £2 per share. The investment in Loyalward Limited was included in the entity balance sheet of Minoan Group Plc at the nominal value of the shares issued of £1,335,532. The difference between the price at which the shares were issued and the nominal value was transferred to a merger reserve account. The directors have assessed the recoverable amount of the Cavo Sidero development as being greater than the combined carrying value of the goodwill and work in progress at 30 September 2009 (see also note 1 above).

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

8 Property, plant and equipment

Year ended 30 September 2009

Group	Freehold land and acquisition costs £	Plant and equipment £	Motor vehicle £	Total £
Cost				
At 1 October 2008	169,790	55,988	14,540	240,318
Exchange adjustments	18,694	2,447	1,232	22,373
Additions	-	1,176	-	1,176
At 30 September 2009	188,484	59,611	15,772	263,867
Accumulated depreciation				
At 1 October 2008	22,916	36,761	4,846	64,523
Provided in period	7,885	4,705	3,161	15,751
At 30 September 2009	30,801	41,466	8,007	80,274
Net book value				
At 30 September 2009	157,683	18,145	7,765	183,593

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

8 Property, plant and equipment (continued)

18 months ended 30 September 2008

Group	Freehold land and acquisition costs £	Plant and equipment £	Motor vehicle £	Total £
Cost				
At 1 April 2007	146,209	28,040	12,521	186,770
Exchange adjustments	23,174	2,350	2,019	27,543
Additions	407	25,598	-	26,005
At 30 September 2008	169,790	55,988	14,540	240,318
Accumulated depreciation				
At 1 April 2007	10,175	25,165	139	35,479
Provided in period	12,741	11,596	4,707	29,044
At 30 September 2008	22,916	36,761	4,846	64,523
Net book value				
At 30 September 2008	146,874	19,227	9,694	175,795

9 Investments

Company	Shares in subsidiaries £	Other investments £	Total £
Cost			
At 1 April 2007, at 1 October 2008 and at 30 September 2009	11,732,213	83,396	11,815,609
Impairment			
At 30 September 2009 and 2008	-	83,396	83,396
Net book value			
At 30 September 2009 and 2008	11,732,213	-	11,732,213

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

9 Investments (continued)

Interests in subsidiaries

Loyalward Limited 100% - A company incorporated in England involved in resort design, creation, services and management

Loyalward Leisure Plc 100% - A non-trading company incorporated in England

Loyalward Hellas S A 100% - A company incorporated in Greece engaged in corporate and resort management in Greece

10 Inventories

Group

Inventory costs capitalised at 30 September 2009 amount to £33,834,082 (30 September 2008 £31,974,563), the main elements of which were costs associated with securing the development site at Cavo Sidero in Crete and planning and other design costs

The development site at Cavo Sidero is to be leased from the Public Welfare Ecclesiastical Foundation Panagia Akrotiriani ("the Foundation") for an initial 40 year period following contract activation. The Group has an option over a further 40 years. An amount of £3.9 million is payable to the Foundation on contract activation, plus ongoing royalties earned on revenue generated by the development.

Company

Inventory costs capitalised at 30 September 2009 amount to £75,875 (30 September 2008 £75,875), which were costs associated with the development site at Cavo Sidero in Crete.

11 Receivables

	30 09 09 £	30 09 08 £
Group		
Other debtors and prepayments	8,961	19,720
Value added tax recoverable	27,565	44,191
	36,526	63,911

	30.09 09 £	30 09 08 £
Company		
Amounts owed by subsidiary company	25,623,418	23,849,649
	25,623,418	23,849,649

Amounts owed by the subsidiary company have no specific repayment terms

Interest is charged on amounts owed by the subsidiary at 2.5% above the Bank of England base rate, taken quarterly throughout the year.

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

12 Current liabilities

Group	30.09.09 £	30 09 08 £
Trade and other payables	829,093	644,242
Social security and other taxes	10,354	31,899
Accruals and deferred charges	2,281,208	1,392,583
	<u>3,120,655</u>	<u>2,068,724</u>

During the period fees of certain Group suppliers were settled by the issue of ordinary shares. These shares were issued at the market price at the time of issue.

Company	30.09.09 £	30 09 08 £
Trade and other payables	39,340	3,193
Group taxation relief	164,007	215,143
Amounts owed to subsidiary company	37,499	37,499
Accruals and deferred charges	294,941	282,132
	<u>535,787</u>	<u>537,967</u>

Amounts owed to the subsidiary company have no specific repayment terms.

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

13 Deferred taxation

Group

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

	Total potential asset		Amount recognised	
	30.09.09 £	30.09.08 £	30.09.09 £	30.09.08 £
Tax effect of timing differences because of				
Accelerated capital allowances	1,459	1,824	-	-
Short term timing differences	424,211	329,204	-	-
Losses	1,899,676	1,739,010	-	-
	2,325,346	2,070,038	-	-

The above deferred tax asset is based on a corporation tax rate of 28% (2008: 28%).

Company

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

	Total potential asset		Amount recognised	
	30.09.09 £	30.09.08 £	30.09.09 £	30.09.08 £
Tax effect of timing differences because of				
Accelerated capital allowances	1,009	1,261	-	-
Short term timing differences	424,211	329,204	-	-
	425,220	330,465	-	-

The above deferred tax asset is based on a corporation tax rate of 28% (2008: 28%).

Following due consideration of the availability of tax losses in relation to future anticipated taxable profits, and in accordance with IAS 12, the deferred tax asset has not been recognised. The deferred tax asset not recognised will be recoverable should there be appropriate future taxable profits.

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

14 Share capital

Group and company	30 09 09 £	30 09 08 £
Authorised (see below)		
30 September 2009 - 450,447,256 Ordinary Shares of 1p each	4,504,473	-
54,148,031 Deferred Shares of 24p each	12,995,527	-
30 September 2008 - 70,000,000 ordinary shares of 25p each	-	17,500,000
	17,500,000	17,500,000
Called up, allotted and fully paid		
30 September 2009 - 63,758,531 Ordinary Shares of 1p each	637,586	-
54,148,031 Deferred Shares of 24p each	12,995,527	-
30 September 2008 - 54,148,031 ordinary shares of 25p each	-	13,537,007
	13,633,113	13,537,007
Debt to be settled by the issue of shares (see note 15)		
200,000 ordinary shares of 1p each (2008: 166,667 ordinary shares of 25p each)	2,000	41,667
	13,635,113	13,578,674

At the Company's Annual General Meeting, held on the 27 March 2009, the authorised share capital was sub-divided into 450,447,256 Ordinary Shares of 1 pence each and 54,148,031 Deferred Shares of 24 pence each. The issued share capital at that time, 54,148,031 Ordinary Shares of 25 pence each, was sub-divided into 54,148,031 Ordinary Shares of 1 pence each and 54,148,031 Deferred Shares of 24 pence each.

The rights attaching to the Ordinary Shares and the Deferred Shares are set out in the Company's Articles of Association, which were approved at the Annual General Meeting held on 27 March 2009.

During the year 6,742,500 Ordinary Shares of 1 pence each were placed at a price of 10 pence per share and 2,868,000 Ordinary Shares of 1 pence each were issued at 10 pence per share to satisfy liabilities.

15 Financial instruments and risk management

The Group's financial instruments comprise borrowings, cash and liquid resources and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2009

15 Financial instruments and risk management (continued)

Interest rate risk

The Group finances its operations through a mixture of equity and borrowings. The Group has historically borrowed in Sterling only. At 30 September 2009 (30 September 2008 Nil) the Group had no borrowings.

Liquidity risk

The Group maintains sufficient funds in local currency for operational liquidity. The Board considers liquidity risk at Board meetings through the monitoring of cash levels and detailed cash forecasts. Funding to date has been obtained principally through the issue of equity shares as required, either for cash or in settlement of liabilities. The Group has also issued convertible loans. See note 1 for further information relating to current liquidity and funding risk.

In order to complete the development of the Cavo Sidero Project, the Group will require substantial additional financing. It is the directors' current intention to develop the Project in such a way as to minimise or eliminate the need for further equity financing. It is intended that this will be achieved through utilising joint venture arrangements and debt project finance.

Foreign currency risk

The Group has one overseas trading subsidiary, Loyalward Hellas S A, which operates in Greece and whose revenues and expenses are denominated almost exclusively in Euros. The Group finances Loyalward Hellas S A via Euro transfers from Loyalward Limited as required. The amount transferred ensures that the Euro balance held by Loyalward Hellas S A at each period end is not material. No Group company holds cash in currencies other than their functional currency. The Sterling and Euro cash balances attract interest at floating rates.

Short-term receivables and payables

Short-term receivables and payables have been excluded from the following disclosures.

Interest rate profile

The Group's liabilities, which are all denominated in sterling, are interest free and due in less than one year are as follows:

	30.09.09	30.09.08
	£	£
Convertible loans	20,000	50,000

Loans to be settled by the issue of shares have been classified as equity in accordance with IAS 32 (note 14).

During the year £50,000 of convertible loans was settled by the issue of shares at 10 pence per share (note 14).

The Group has no derivatives or financial instruments other than those disclosed above. There is no material difference between the book value and the fair value of the Group's financial assets and liabilities at 30 September 2009 and at 30 September 2008.

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2009

16 Related party transactions

The following are related parties and provided services to the Group

Simmons International Limited, a company in which C W Egleton is a minority shareholder

Bizwatch Limited, a company in which J C Watts, a director of Loyalward Limited, owns 50% of the issued share capital and M A Fitch, a director of Loyalward Hellas S A owns 50% of the issued share capital

I H M Industry & Hotel Management Ltd, a company in which C Valassakis, a director of Loyalward Limited, is a controlling shareholder

B D Bartman & Co, a firm in which B D Bartman is a partner

Transactions undertaken with these related parties, all of which were done on an arm's length basis, are shown below. The amounts shown for the 18 months ended 30 September 2008 for Simmons International Limited include the amounts in respect of the retirement annuities due to C W Egleton after the occurrence of the trigger events referred to in note 2 above.

	Services supplied in period ended		Payable as at	
	30.09.09 £	30 09 08 £	30.09.09 £	30 09 08
Simmons International Limited	309,090	408,795	348,164	148,548
Bizwatch Limited	91,500	85,700	15,771	35,710
I H M Industry & Hotel Management Ltd	18,000	21,900	31,500	13,500
B D Bartman & Co	60,000	90,000	94,450	48,750

There have been no purchases, sales etc with companies within the Group. The balances outstanding with other Group companies are shown below.

	(Receivable)/Payable as at 30 09.09 £	(Receivable)/Payable as at 30 09 08 £
Loyalward Limited	(25,623,418)	(23,849,649)
Loyalward Leisure Plc	37,499	37,499

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

17 Long term incentive plan, share options and warrants

Share based payments charge

	Income statement £
Year ended 30 September 2009	
Share based payments - directors	<u>339,311</u>
 18 months ended 30 September 2008	
Share based payments - directors	<u>1,175,730</u>

Note The charge for the year ended 30 September 2009 has been amended to reflect the fact that awards in respect of 600,000 ordinary shares were forfeited

Under the terms of the Group's Long Term Incentive Plan ("LTIP") any director or employee selected by the remuneration committee may participate Awards under the LTIP have been granted on the basis that certain performance conditions will be met

The performance conditions are as follows

Performance condition A	The receipt by Loyalward Limited of the first building licence for all or part of the first village
Performance condition B	Sales revenues of €30,000,000 having been received in cash by Loyalward Limited in respect of fully completed residential units
Performance condition C	The price of an ordinary share having remained at an average of 250 pence or above for 10 consecutive trading days on AIM or a recognised stock exchange

The following awards have been granted and remain current

Performance condition A	Performance condition B	Performance condition C
Maximum number of ordinary shares exercisable at 25 pence	Maximum number of ordinary shares exercisable at 25 pence	Maximum number of ordinary shares exercisable at 25 pence
1,470,000	1,270,000	1,000,000

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

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

Share based payment charge (continued)

The charge made for the value of the LTIP has been calculated using the Black-Scholes or Monte Carlo pricing models as appropriate. As stated previously, the charge does not involve any cash payment.

The inputs into the option pricing model are as follows:

Grant date	26 April 2007
Share price at grant date	95p
Vesting periods	in accordance with performance conditions
Expected volatility	21.3%
Option life	1.5 to 4.25 years
Expected life	6 years
Risk free rate	4.98% to 5.18%
Expected dividends expressed as dividend yield	nil
Possibility of ceasing employment prior to vesting	0%
Fair value per option	43.6p to 76.7p

Expected volatility is determined by calculating the historic volatility of the Group's share price over the previous two years. The expected life is the average expected period to exercise. The risk free rate is the yield on zero coupon UK government bonds of a term consistent with the assumed option life.

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

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

Directors' interests in share options and warrants

		Number of ordinary shares			
	Exercise price	30 09 09	30 09 08	Notes	Expiry date
Options					
B D Bartman	75p	-	35,000	Note 1	1/07/09
B D Bartman	75p	-	100,000	Note 1	1/07/09
W C Cole (director Loyalward Limited)	75p	-	200,000	Note 1	1/07/09
G D Cook	75p	-	125,000	Note 1	1/07/09
C W Egleton	75p	-	200,000	Note 1	1/07/09
D C Wilson	75p	-	100,000	Note 1	1/07/09
C W Young	75p	-	88,889	Note 1	1/07/09
C W Young	75p	-	100,000	Note 1	1/07/09
		-	948,889		

Notes

- 1 These options had an expiry date of 31 December 2007. However, the directors in office on AIM Admission, and W C Cole, entered into a Lock-In Agreement in accordance with AIM Rules. As a result they would not be able to trade in any ordinary shares acquired under these options during the first year from Admission or, save with the consent of the Company's nominated adviser, during the second year from Admission. It had been agreed, therefore, that the period during which the options may be exercised be extended to the earlier of
 - i 60 days following the second anniversary of the date of Admission, and
 - ii 60 days following the date upon which the Company's nominated adviser gives its consent to the grantee dealing in the ordinary shares acquired, or to be acquired, under the relevant option

In accordance with i above, the options expired on 1 July 2009

The directors had no interest in warrants as at 30 September 2009 and 30 September 2008

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

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

Other share options

The following additional options to purchase shares in the Company have been granted as at 30 September 2009

Name	Number	Exercise price	Notes	Expiry date
A Vassiliades	100,000	75p	Expired	31/12/08
B M J P Choulman	100,000	100p	Expired	31/12/08
Phoenix International Invest Limited	100,000	75p	Expired	31/12/08
B & Co (Crete) Limited	2,200,000	60p		Note 1
N Taylor	1,118,000	60p		Note 2

Notes

- 1 This option has been granted to B & Co (Crete) Limited in connection with the original bank facility arrangement with Singer & Friedlander Limited. The expiry date of this option is 90 days after a valid building licence and permit ("oikodmiki adeia") has been granted for the first phase of 2,600 beds or more (i.e. the commencement and execution of building and construction works to either the Golf and Conference Centre and/or Grandes Bay Hotel at Cavo Sidero).
- 2 This option has been granted in connection with the consultancy services rendered in relation to Loyalward Limited's Environmental Impact Study. The expiry date of this option is 90 days after a valid building licence and permit ("oikodmiki adeia") has been granted for the first phase of 2,600 beds or more (i.e. the commencement and execution of building and construction works to either the Golf and Conference Centre and/or Grandes Bay Hotel at Cavo Sidero).

Warrants

Warrants for the subscription of 224,535 ordinary shares in the Company at a price of 75 pence share expired at 31 December 2008. Warrants for the subscription of 255,300 ordinary shares in the Company at a price of 93 pence share expired at 31 December 2008.

No warrants were granted in the year.

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2009

18 Contingent liabilities and commitments

The directors have identified contingent liabilities and commitments totalling £4,775,602 as at 30 September 2009 (30 September 2008 £4,680,647) comprising the following items

- (i) Upon activation of the Contract for the site at Cavo Sidero, when certain planning and other requirements have been achieved, £3,901,558 will become due to meet the balance of the initial consideration payable in respect of Cavo Sidero once building permits have been issued, not subject to appeal, for the Golf and/or Grandes Bay hotel complexes for a minimum of 2,600 beds capacity
- (ii) Upon irrevocable approval of the Environmental Impact Assessment by the Greek Government, legal and professional fees of c£819,499 (30 September 2008 c£722,702) become payable in respect of accumulated advisory work in the UK and Greece
- (iii) An amount of €60,000, c£54,545 (30 September 2008 €60,000, c£48,387) will become due upon receipt of building licenses

Of the contingent liabilities, £127,273 (30 September 2008 £112,904) may be settled, at the Company's discretion, by the issue of Ordinary Shares

The Company has no other capital or operating commitments

19 Events after the balance sheet date

Share issues

Since 30 September 2009 6,674,005 Ordinary Shares of 1 pence each have been placed at a price of 15 pence per share, 395,000 Ordinary Shares of 1 pence each have been issued at 10 pence per share to satisfy certain existing commitments and 2,307,253 Ordinary Shares of 1 pence each have been issued at 15 pence per share to satisfy certain existing commitments

Options

Since 30 September 2009 the Company has granted Options to purchase up to 2,940,000 Ordinary Shares of 1 pence each. The exercise price thereof is 15 pence per share and the expiry date is 31 December 2012