

Minoan Group Plc
Report and Financial Statements
Year ended 30 September 2010

Company registration no: 3770602

Minoan Group Plc

Report and Financial Statements

Year ended 30 September 2010

Contents

Directors and Advisers	1
Chairman's Statement	2-3
Directors' Report	4-7
Independent Auditor's Report	8-9
Consolidated Income Statement	10
Statements of Changes in Equity	11
Consolidated Balance Sheet	12
Company Balance Sheet	13
Consolidated Cash Flow Statement	14
Notes to the Consolidated Cash Flow Statement	15
Company Cash Flow Statement	16
Notes to the Company Cash Flow Statement	17
Notes to the Accounts	18-38

Minoan Group Plc

Directors and Advisers

Directors

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

Company secretary

W C Cole FCA

Registered office

30 Aylesbury Street
London
EC1R 0ER

Administration office

3rd Floor, AMP House
Dingwall Road
Croydon
Surrey
CR0 2LX

Bankers

HSBC Bank plc, London

Legal advisers

Dryllerakis & Associates, Athens
Pinsent Masons, London

Nominated adviser and joint broker

Seymour Pierce Limited, London

Joint broker

Rivington Street Corporate Finance Limited, London

Registrars

Neville Registrars Limited, Halesowen, West Midlands

Independent auditor

Chantrey 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

I am pleased to report that the Company has commenced the implementation of its expansion in the Tourism and Leisure sector while remaining fully committed to bringing its project in Crete to fruition.

The Project

The long awaited decision of the Greek Council of State regarding the Company's Cavo Sidero Project (the "Project") was announced last December. Although annulling the Greek Government's approval of the Project as approved in 2007, the decision indicates the form of development that may be created in the area.

The approval of the new permitting process by the Greek Government regarding planned strategic investments in Greece, the Fast Track Law, is extremely encouraging. The purpose of the law is to expedite the planning process of projects which are considered to be environmentally appropriate, which will strengthen the Greek economy, will create employment and which will introduce new technologies. The Company's legal and professional advisers have opined that the Project, if amended to reflect the factors set out in the Council of State decision, would meet all the published criteria of the Fast Track Law.

Tourism and Leisure

The Company has identified a number of potential acquisitions in the sector and non-binding heads of terms for the first small target have been signed. The due diligence process in respect of this acquisition is reaching its conclusion and legal formalities have commenced.

Assuming the successful completion of this transaction, the Group will be revenue producing for the first time.

Renewable Energy

We remain committed to this sector but, following the restructuring of local government in Greece late in 2010 and the changes to the Renewable Energy legislation, will only take further action when we are confident that the profitability and cash generating properties of the business remain secure.

Financial Results

At 30 September 2010 the book value of the Project was £34,724,932 (30 September 2009: £33,834,082). 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 Group'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 2010 of £1,261,386 (year ended 30 September 2009: £919,690), 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 £535,190 (year ended 30 September 2009: £339,311). The loss per share, including the share based payments charge, was 1.77p (year ended 30 September 2009: 1.68p). The share based payments charge is an accounting charge required by International Financial Reporting Standards and involves no movement of cash. The loss per share excluding this charge is 1.02p (year ended 30 September 2009: 1.06p).

Minoan Group Plc

Chairman's Statement (continued)

Outlook

Although the Council of State's decision was clearly a disappointment, the Board has been advised that the new Fast Track Law provides a route by which the Project, revised to reflect the decision, can be brought to fruition.

The Board's planned expansion in the Tourism and Leisure sector will be fulfilled by means of a carefully controlled programme of acquisitions that are expected to provide strong cash flows and profit growth to the expanded group.

Conclusion

I and my fellow directors are of the opinion that the changes in Greece together with the opportunities for expansion in the Tourism and Leisure sector provide considerable optimism for the months ahead.

We remain fully committed to the success of the Group and to providing long term value for shareholders and expect to make more announcements in due course.

Thank you all for your ongoing patience and support.

Christopher W Egleton

Chairman
21 February 2011

Minoan Group Plc

Directors' Report

The directors present their report and the audited consolidated financial statements for the year ended 30 September 2010.

Principal activities

The Company is a public limited company incorporated in England and Wales and quoted on AIM. The Company's principal activity in the year under review was that of a holding and management company of a Group involved in the design, creation, development and management of environmentally friendly luxury resorts. During the year the Group also commenced the implementation of its policy to expand further in the tourism and leisure sector and is intending to provide a broad range of services including, inter alia, transportation, accommodation and leisure services.

Corporate social responsibility

The Group has demonstrated its social responsibilities through its iterative approach to the evolution of its project in Crete (the "Project"), which has involved a transparent process and extensive consultation with stakeholders. The project design embraces 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

A review of the Group's business 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 Group's key risks currently remain centred round its Project in Crete. The Group has an ongoing requirement to raise capital to finance its working capital. As has been the case for the past several years, the Group is in continual discussions with a variety of individuals and commercial parties regarding the provision of funding to enable the Group's current and future obligations and requirements to be met. These discussions are at varying stages of development and the Board is confident that all necessary funding will be forthcoming within a timescale which will enable the Group to move forward to provide a return to shareholders 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 Group's asset in Crete, 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 its size and nature 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 adopted 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 £1,261,386 (year ended 30 September 2009: £919,690), 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 £535,190 (year ended 30 September 2009: £339,311). This charge does not involve any cash payment.

No dividend is proposed for the year (year ended 30 September 2009: Nil).

Directors and their interests

	Ordinary Shares of 1p each		Deferred Shares of 24p each	
	30.09.10	30.09.09	30.09.10	30.09.09
C W Egleton	217,260	217,260	217,260	217,260
B D Bartman	210,834	103,500	103,500	103,500
G T Brown	N/A	352,095	N/A	352,095
G D Cook	1,087,730	954,396	834,396	834,396
T R C Hill	3,970	3,970	3,970	3,970
D C Wilson	321,429	321,429	321,429	321,429

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 2009: 1,132,000). These shares have not been included in the above table.

Details of the directors' interests in the Company's Long Term Incentive Plan and share options 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 year and of the profit or loss of the Group for that year.

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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and 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
- include in the Chairman's Statement and Directors' Report 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 year.

Insurance

The Company has in place during the year, and remaining in place at the date of this report, Directors and Officers Liability Insurance covering the directors of all group companies.

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 directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

A resolution to re-appoint Chantrey Vellacott DFK LLP as the auditor for the ensuing year will be proposed at the Annual General Meeting of the Company in accordance with section 489 of the Companies Act 2006.

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

C W Egleton

Director

21 February 2011

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 2010 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 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2010 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.

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 to move forward, whether with the Project or with the other opportunities the company is considering.

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.

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.

Ian Staunton (Senior Statutory Auditor)

for and on behalf of **CHANTREY VELLACOTT DFK LLP**

Chartered Accountants and Statutory Auditor

LONDON

21 February 2011

Minoan Group Plc

Consolidated Income Statement Year ended 30 September 2010

	Note to the Accounts	Year ended 30.09.10 £	Year ended 30.09.09 £
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Operating expenses		(726,247)	(582,016)
Charge in respect of share based payments	17	(535,190)	(339,311)
Operating loss	3	(1,261,437)	(921,327)
Finance income	4	51	1,637
Loss before taxation		(1,261,386)	(919,690)
Taxation expense	5	-	-
Loss for year attributable to equity holders of the Company		(1,261,386)	(919,690)
Loss per share attributable to equity holders of the Company	6	(1.77)p	(1.68)p
Loss per share attributable to equity holders of the Company (excluding the charge in respect of share based payments)	6	(1.02)p	(1.06)p

All of the above arises from continuing activities.

Minoan Group Plc

Statements of Changes in Equity Year ended 30 September 2010

Group

Year ended 30 September 2010

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total equity £
Balance at 1 October 2009	13,635,113	20,055,643	9,348,724	(8,395,289)	34,644,191
Loss for the year	-	-	-	(1,261,386)	(1,261,386)
Net proceeds from shares issued	132,808	1,700,156	-	-	1,832,964
Share based payments	-	-	-	535,190	535,190
Balance at 30 September 2010	13,767,921	21,755,799	9,348,724	(9,121,485)	35,750,959

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

Company

Year ended 30 September 2010

	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 October 2009	13,635,113	20,055,643	3,305,240	36,995,996
Loss for the year	-	-	(61,706)	(61,706)
Net proceeds from shares issued	132,808	1,700,156	-	1,832,964
Share based payments	-	-	535,190	535,190
Balance at 30 September 2010	13,767,921	21,755,799	3,778,724	39,302,444

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

Minoan Group Plc

Consolidated Balance Sheet as at 30 September 2010

	Note to the Accounts	30.09.10 £	30.09.09 £
Assets			
Non-current assets			
Intangible assets	7	3,572,776	3,572,776
Property, plant and equipment	8	173,809	183,593
Total non-current assets		3,746,585	3,756,369
Current assets			
Inventories	10	34,724,932	33,834,082
Receivables	11	38,122	36,526
Cash and cash equivalents		71,280	137,869
Total current assets		34,834,334	34,008,477
Total assets		38,580,919	37,764,846
Equity			
Share capital	14	13,767,921	13,635,113
Share premium account		21,755,799	20,055,643
Merger reserve account		9,348,724	9,348,724
Retained earnings		(9,121,485)	(8,395,289)
Total equity		35,750,959	34,644,191
Liabilities			
Current liabilities	12	2,829,960	3,120,655
Total liabilities		2,829,960	3,120,655
Total equity and liabilities		38,580,919	37,764,846

The financial statements on pages 10 to 38 were approved and authorised for issue by the Board of Directors on 21 February 2011.

Signed on behalf of the Board of Directors

C W Egleton
Director

Minoan Group Plc

Company Balance Sheet as at 30 September 2010

	Note to the Accounts	30.09.10 £	30.09.09 £
Assets			
Non-current assets			
Investments	9	21,735,765	11,732,213
Total non-current assets		21,735,765	11,732,213
Current assets			
Inventories	10	-	75,875
Receivables	11	18,081,122	25,623,418
Cash and cash equivalents		137	100,277
Total current assets		18,081,259	25,799,570
Total assets		39,817,024	37,531,783
Equity			
Share capital	14	13,767,921	13,635,113
Share premium account		21,755,799	20,055,643
Retained earnings		3,778,724	3,305,240
Total equity		39,302,444	36,995,996
Liabilities			
Current liabilities	12	514,580	535,787
Total liabilities		514,580	535,787
Total equity and liabilities		39,817,024	37,531,783

Company registration number: 3770602

The financial statements on pages 10 to 38 were approved and authorised for issue by the Board of Directors on 21 February 2011.

Signed on behalf of the Board of Directors

C W Egleton

Director

Minoan Group Plc

Consolidated Cash Flow Statement Year ended 30 September 2010

	Note to the Consolidated Cash Flow Statement	Year ended 30.09.10 £	Year ended 30.09.09 £
Cash flows from operating activities			
Net cash used in continuing operations	1	(1,334,009)	(1,112,041)
Net cash used in operating activities		(1,334,009)	(1,112,041)
Cash flows from investing activities			
Purchase of property, plant and equipment - net		(3,732)	(1,176)
Net cash used in investing activities		(3,732)	(1,176)
Cash flows from financing activities			
Interest received		51	1,637
Net proceeds from the issue of ordinary shares		1,271,101	674,250
Net cash generated from financing activities		1,271,152	675,887
Net decrease in cash		(66,589)	(437,330)
Cash at beginning of year		137,869	575,199
Cash at end of year	2	71,280	137,869

Minoan Group Plc

Notes to the Consolidated Cash Flow Statement Year ended 30 September 2010

1 Cash flows from operating activities

	Year ended 30.09.10	Year ended 30.09.09
	£	£
Operating loss	(1,261,437)	(921,327)
Depreciation	14,506	15,751
Exchange gain relevant to property, plant and equipment	(990)	(22,373)
Increase in inventories	(890,850)	(1,859,519)
Share based payments	535,190	339,311
(Increase)/decrease in receivables	(1,596)	27,385
(Decrease)/increase in current liabilities	(290,695)	1,051,931
Non cash movement in current liabilities	561,863	256,800
Net cash outflow from continuing operations	(1,334,009)	(1,112,041)

2 Reconciliation of net cash flow to net funds

	Year ended 30.09.10	Year ended 30.09.09
	£	£
Decrease in cash in year	(66,589)	(437,330)
Cash at beginning of year	137,869	575,199
Cash at end of year	71,280	137,869

Minoan Group Plc

Company Cash Flow Statement Year ended 30 September 2010

	Note to the Company Cash Flow Statement	Year ended 30.09.10 £	Year ended 30.09.09 £
Cash flows from operating activities			
Net cash used in continuing operations	1	(1,180,825)	(941,959)
Taxation expense		(186,915)	(164,007)
Net cash used in operating activities		(1,367,740)	(1,105,966)
Cash flows from investing activities			
Investment in subsidiary companies		(3,552)	-
Net cash used in investing activities		(3,552)	-
Cash flows from financing activities			
Interest received		51	1,576
Net proceeds from the issue of ordinary shares		1,271,101	674,250
Net cash generated from financing activities		1,271,152	675,826
Net decrease in cash		(100,140)	(430,140)
Cash at beginning of year		100,277	530,417
Cash at end of year	2	137	100,277

Minoan Group Plc

Notes to the Company Cash Flow Statement Year ended 30 September 2010

1 Cash flows from operating activities

	Year ended 30.09.10	Year ended 30.09.09
	£	£
Operating profit	125,158	237,879
Decrease in inventories	75,875	-
Share based payments	535,190	339,311
Decrease/(increase) in receivables	7,542,296	(1,773,769)
Non cash movement in receivables	(10,000,000)	-
Decrease in current liabilities	(21,207)	(2,180)
Non cash movement in current liabilities	561,863	256,800
Net cash outflow from continuing operations	(1,180,825)	(941,959)

2 Reconciliation of net cash flow to net funds

	Year ended 30.09.10	Year ended 30.09.09
	£	£
Decrease in cash in year	(100,140)	(430,140)
Cash at beginning of year	100,277	530,417
Cash at end of year	137	100,277

Minoan Group Plc

Notes to the Accounts Year ended 30 September 2010

1 Accounting policies

These consolidated financial statements are prepared in accordance with EU adopted 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 had no material effect on the financial statements:

IFRS 1 (amendment) ‘Additional exemptions for first time adopters’, effective 1 January 2010.

IFRS 2 (amendment) ‘Group cash-settled share based payment transactions’, effective 1 January 2010.

IAS 32 (amendment) ‘Classification of rights issues’, effective 1 February 2010.

IFRS 1 (amendment) ‘Limited exemption from comparative IFRS 7 disclosures for first time adopters’, effective 1 July 2010.

Going concern

The 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 and, in particular, have reviewed the matters referred to below.

In December 2010 the Greek Council of State reached a decision relating to the Cavo Sidero Project. This decision was enlightening as to the form of tourism development that may be created in this area. In this way, although the decision annulled the Greek Government’s approval of the Cavo Sidero Project as approved in 2007, the directors now believe they will be able to realise their goal of developing a world class tourism project, taking into account the ruling of the Court.

The Company will apply to enter the new permitting process approved by the Greek Government regarding strategic investments planned in the country, known as the Fast Track Law. The purpose of this law is to expedite the planning process for projects which the government considers to be environmentally appropriate and which will, inter alia, strengthen the Greek economy, create employment and introduce novel technologies. The Company has recently been advised by its Athens based legal team and planning consultants that the Project, if amended to reflect the factors set out in the Council of State decision, would meet all the published criteria of the Fast Track Law.

As has been the case in the past, the Group continues to raise capital in order to meet its existing working capital requirements. The Group is currently involved in discussions with its financial advisers and potential providers of finance. In the light of these discussions, the directors consider that the necessary funds will be raised as required.

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

1 Accounting policies (continued)

Going concern (continued)

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 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 2010 was £125,209 (year ended 30 September 2009: £239,456).

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.

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 Project in Crete (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 Group's business 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 the vesting conditions of the awards made under the Company's Long Term Incentive Plan.

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

1 Accounting policies (continued)

Inventories

Inventories represents, in the main, 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 Project was the only activity of the Group during the year and the Group has not therefore earned or recognised any revenue up to 30 September 2010.

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 directors have considered the current value of the land and the progress of the Project and are of the opinion that the project site has longer term value in excess of the value of both goodwill and inventories.

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.

Property, plant and equipment

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

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

1 Accounting policies (continued)

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 respect of the LTIP and options using the Black-Scholes and 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.

Pensions

The Group does not operate any pension schemes on behalf of its employees.

Taxation

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

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

The Group is entitled to a tax deduction for amounts treated as compensation on exercise of certain employee share options 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 2010

2 Information regarding directors and employees

Directors' and key management remuneration

	Costs taken to inventories	Costs taken to the income statement	Total
	£	£	£
Year ended 30 September 2010			
Fees	-	284,000	284,000
Sums charged by third parties for directors' services	432,210	60,000	492,210
Share based payments (note 17)	-	482,661	482,661
	432,210	826,661	1,258,871
Year ended 30 September 2009			
Fees	-	148,000	148,000
Sums charged by 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

Of the total directors' remuneration shown above, £101,500 (year ended 30 September 2009: £Nil) has been settled in shares. These amounts include £100,500* (year ended 30 September 2009: £Nil) in respect of the services of the chairman. These amounts are in addition to the charge in respect of share based payments.

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

	Year ended 30 September 2010		Year ended 30 September 2009	
	Fees/Sums charged by third parties	Share based payments	Fees/Sums charged by third parties	Share based payments
	£	£	£	£
C W Egleton (Chairman)	297,460*	317,859	309,090	262,959
D C Wilson	141,083	12,200	30,500	-
B D Bartman	60,000	36,735	60,000	24,535
G D Cook	25,000	15,250	25,000	-
T R C Hill	38,917	48,969	68,025	30,669
G T Brown	63,000	-	36,000	-
C W Young	-	-	12,500	-
	625,460	431,013	541,115	318,163

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

2 Information regarding directors and employees (continued)

The directors consider only themselves to be key management.

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

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

	Costs taken to inventories £	Costs taken to the income statement £	Total £
Year ended 30 September 2010			
Wages and salaries	39,695	284,000	323,695
Social security cost	11,091	34,649	45,740
Share based payments (note 17)	-	482,661	482,661
	50,786	801,310	852,096
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

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

	Year ended 30.09.10 No.	Year ended 30.09.09 No.
Average number of persons employed		
Administration	11	13

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2010

3 Operating loss

The operating loss is stated after charging:

	Year ended 30.09.10 £	Year ended 30.09.09 £
Auditor's remuneration:		
Audit fees - PricewaterhouseCoopers	-	27,000
- Chantrey Vellacott DFK LLP	20,000	20,000
Tax services - PricewaterhouseCoopers	-	(4,500)
- Chantrey Vellacott DFK LLP	2,250	2,250

Audit fees in respect of the Company were £10,000 (year ended 30 September 2009: £13,500 for PricewaterhouseCoopers and £10,000 for Chantrey Vellacott DFK LLP). Tax services fees in respect of the Company were £1,225 (year ended 30 September 2009: £(2,250) for PricewaterhouseCoopers and £1,225 for Chantrey Vellacott DFK LLP).

4 Finance income

	Year ended 30.09.10 £	Year ended 30.09.09 £
Bank interest receivable	51	1,637

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2010

5 Taxation expense

Consolidated

(a) Analysis of taxation expense for the year

	30.09.10	30.09.09
	£	£
UK Corporation Tax at 28% (2009: 28%)	-	-

(b) Factors affecting taxation expense for the year

	30.09.10	30.09.09
	£	£
Loss before tax	(1,261,386)	(919,690)
Tax on ordinary activities multiplied by the standard rate in the UK of 28% (2009: 28%)	(353,188)	(257,513)
Effect of expenses not deductible for tax purposes	152,058	97,212
Effect of movement on deferred tax not recognised	201,130	160,301
Taxation expense for the year	-	-

Taxation losses carried forward appear in note 13.

Company

(a) Analysis of taxation expense for the year

	30.09.10	30.09.09
	£	£
UK Corporation Tax at 28% (2009: 28%)	-	-
Current period charge	186,915	164,007
Taxation expense for the period	186,915	164,007

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

5 Taxation expense (continued)

Company (continued)

(b) Factors affecting taxation expense for the year

	30.09.10	30.09.09
	£	£
Profit on ordinary activities before tax	125,209	239,456
Tax on ordinary activities multiplied by the standard rate in the UK of 28% (2009: 28%)	35,059	67,048
Effect of expenses not deductible for tax purposes	152,058	97,212
Effect of movement on deferred tax not recognised	(202)	(253)
Taxation expense for the period	186,915	164,007

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 2010 was 71,458,212 (year ended 30 September 2009: 54,858,945).

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

7 Intangible assets

Group	Goodwill
	£
At 30 September 2010	<u>3,572,776</u>
At 30 September 2009	<u>3,572,776</u>

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 Project as being greater than the combined carrying value of the goodwill and inventories at 30 September 2010 (see also note 1 above).

8 Property, plant and equipment

Year ended 30 September 2010

Group	Freehold land and acquisition costs	Plant and equipment	Motor vehicle	Total
	£	£	£	£
Cost				
At 1 October 2009	188,484	59,611	15,772	263,867
Exchange adjustments	(2,165)	2,971	184	990
Additions	7,274	189	-	7,463
Disposals	-	(3,731)	-	(3,731)
At 30 September 2010	193,593	59,040	15,956	268,589
Accumulated depreciation				
At 1 October 2009	30,801	41,466	8,007	80,274
Provided in year	7,766	3,046	3,694	14,506
At 30 September 2010	38,567	44,512	11,701	94,780
Net book value				
At 30 September 2010	155,026	14,528	4,255	173,809

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

8 Property, plant and equipment (continued)

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
Disposals	-	-	-	-
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 year	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

9 Investments

Company	Shares in subsidiaries £	Other investments £	Total £
Cost			
At 1 October 2008 and 1 October 2009	11,732,213	83,396	11,815,609
Additional investment in year (see below)	10,003,552	-	10,003,552
At 30 September 2010	21,735,765	83,396	21,819,161
Impairment			
At 30 September 2009 and 2010	-	83,396	83,396
Net book value			
At 30 September 2010	21,735,765	-	21,735,765
At 30 September 2009	11,732,213	-	11,732,213

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

9 Investments (continued)

During the year Minoan Group Plc agreed that £10,000,000 of the amount due from Loyalward Limited should be converted into equity. Accordingly, on 30 September 2010 Loyalward Limited issued 2,000,000 Ordinary Shares of 25p each to Minoan Group Plc at £5 per share fully paid up. The new Ordinary Shares rank pari-passu with the existing Ordinary Shares.

During the year Minoan Group Plc increased its investment in Loyalward Hellas S.A by £3,552.

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. (8.2% owned by Minoan Group Plc and 91.8% owned by Loyalward Limited) - A company incorporated in Greece engaged in corporate, resort and renewable energy business management in Greece.

10 Inventories

Group

Inventory costs capitalised at 30 September 2010 amount to £34,724,932 (30 September 2009: £33,834,082), the main elements of which were costs associated with securing the development site in Crete and planning and other design costs.

The development site 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 2010 amount to £Nil (30 September 2009: £75,875). Inventory costs at 30 September 2009 were costs associated with the development site in Crete now reimbursed by Loyalward Limited.

Minoan Group Plc

Notes to the Accounts (continued) Year ended 30 September 2010

11 Receivables

Group	30.09.10	30.09.09
	£	£
Other debtors and prepayments	<u>2,310</u>	8,961
Value added tax recoverable	<u>35,812</u>	27,565
	<u>38,122</u>	36,526

Company	30.09.10	30.09.09
	£	£
Amounts owed by subsidiary company (see below)	<u>18,081,122</u>	25,623,418
	<u>18,081,122</u>	25,623,418

Amounts owed by the subsidiary company have no specific repayment terms. Interest is charged thereon at 2.5% above the Bank of England base rate, taken quarterly throughout the year.

12 Current liabilities

Group	30.09.10	30.09.09
	£	£
Trade and other payables	<u>1,014,629</u>	829,093
Social security and other taxes	<u>10,749</u>	10,354
Accruals and deferred charges	<u>1,804,582</u>	2,281,208
	<u>2,829,960</u>	3,120,655

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	30.09.10	30.09.09
	£	£
Trade and other payables	<u>6,924</u>	39,340
Group taxation relief	<u>186,915</u>	164,007
Amounts owed to subsidiary company	<u>37,499</u>	37,499
Accruals and deferred charges	<u>283,242</u>	294,941
	<u>514,580</u>	535,787

Amounts owed to the subsidiary company have no specific repayment terms and are interest free.

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

13 Deferred taxation

Group

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

	Total potential asset		Amount recognised	
	30.09.10 £	30.09.09 £	30.09.10 £	30.09.09 £
Tax effect of timing differences because of:				
Accelerated capital allowances	1,367	1,459	-	-
Short term timing differences	574,064	424,211	-	-
Losses	1,997,042	1,899,676	-	-
	2,572,473	2,325,346	-	-

The above deferred tax asset is based on a corporation tax rate of 28% (2009: 28%).

Company

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

	Total potential asset		Amount recognised	
	30.09.10 £	30.09.09 £	30.09.10 £	30.09.09 £
Tax effect of timing differences because of:				
Accelerated capital allowances	807	1,009	-	-
Short term timing differences	574,064	424,211	-	-
	574,871	425,220	-	-

The above deferred tax asset is based on a corporation tax rate of 28% (2009: 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 2010

14 Share capital

Group and company	30.09.10	30.09.09
	£	£
Called up, allotted and fully paid		
30 September 2010 - 75,227,447 Ordinary Shares of 1p each	752,275	-
54,148,031 Deferred Shares of 24p each	12,995,527	-
30 September 2009 - 63,758,531 Ordinary Shares of 1p each		637,586
54,148,031 Deferred Shares of 24p each	-	12,995,527
	13,747,802	13,633,113
Debt to be settled by the issue of shares (see note 15)		
2,011,905 Ordinary Shares of 1p each (2009: 200,000 Ordinary Shares of 1p each)	20,119	2,000
	13,767,921	13,635,113

The abolishment of the concept of authorised share capital, as set out in the Companies Act 2006, became effective on 1 October 2009. The Company amended its Articles of Association to reflect this by special resolution at the Annual General Meeting, held on 29 March 2010.

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 29 March 2010.

During the year 7,007,339 Ordinary Shares of 1p each were placed at a price of 15 pence per share and 1,375,000 Ordinary Shares of 1p each were placed at 16 pence per share. Also during the year, 395,000 Ordinary Shares of 1p each were issued at 10 pence per share, 1,973,919 Ordinary Shares of 1p each were issued at 15 pence per share and 717,658 Ordinary Shares of 1p each were issued at 16 pence per share.

See also note 19.

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 year 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 2010

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 2010 the Group had no non current liabilities (30 September 2009: Nil).

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 its Project in Crete, 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:

	30.09.10	30.09.09
	£	£
Convertible loans	<u>211,250</u>	<u>20,000</u>

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

During the year £19,500 (year ended 30 September 2009: £50,000) of convertible loans was settled by the issue of shares at 10 pence per share and £5,000 (year ended 30 September 2009: £Nil) of convertible loans was settled by the issue of shares at 15 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 2010 and at 30 September 2009.

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

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.

	Services supplied in year ended		Payable as at	
	30.09.10 £	30.09.09 £	30.09.10 £	30.09.09 £
Simmons International Limited	297,460	309,090	364,360	348,164
Bizwatch Limited	52,750	91,500	45,944	15,771
I.H.M. Industry & Hotel Management Ltd	18,000	18,000	45,147	31,500
B D Bartman & Co	60,000	60,000	115,375	94,450

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

	(Receivable)/Payable as at 30.09.10 £	(Receivable)/Payable as at 30.09.09 £
Loyalward Limited	(18,081,122)	(25,623,418)
Loyalward Leisure Plc	37,499	37,499

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

17 Long term incentive plan and share options

Share based payments charge

	Income statement £
Year ended 30 September 2010	
Share based payments - directors	482,661
Share based payments - other	52,529
	535,190
Year ended 30 September 2009	
Share based payments - directors	339,311

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 with an expiry date of 26 April 2017:

	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
C W Egleton	1,000,000	1,000,000	1,000,000
B D Bartman	120,000	120,000	-
T R C Hill	150,000	150,000	-
W C Cole (director Loyalward Limited)	200,000	-	-
	1,470,000	1,270,000	1,000,000

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

17 Long term incentive plan and share options (continued)

Share based payment charge (continued)

The charge made for the value of the LTIP and options has been calculated using the Black-Scholes and 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:

	LTIP	Options
Grant date	26 April 2007	13 November 2009 to 24 May 2010
Share price at grant date	95p	14.75p to 16.5p
Exercise price	25p	15p
Vesting periods	In accordance with performance conditions	Immediately
Expected volatility	21.3%	45.61%
Option life	1.5 to 4.25 years	2.6 to 3.13 years
Expected life	6 years	n/a
Risk free rate	4.98% to 5.18%	1.26% to 2.04%
Expected dividends expressed as dividend yield	nil	nil
Possibility of employment ceasing prior to vesting	0%	n/a
Fair value of options	43.6p to 76.7p	43.4p to 61.0p

Expected volatility for the LTIP is determined by calculating the historic volatility of the Group's share price over the previous two years. Expected volatility for the options is determined by calculating the historic volatility of the Group's share price over the previous 18 months. The expected life of the LTIP 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.

At a General Meeting of the Company, held on 23 December 2010, the shareholders gave approval to amend the number of shares available to be awarded under the LTIP to a maximum of 8,400,000 Ordinary Shares of 1p each.

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

17 Long term incentive plan and share options (continued)

Directors' interests in share options

	Exercise price	Number of Ordinary Shares		Expiry date
		30.09.10	30.09.09	
Options				
B D Bartman	15p	200,000	-	31/12/12
W C Cole (director Loyalward Limited)	15p	500,000	-	31/12/12
G D Cook	15p	250,000	-	31/12/12
C W Egleton	15p	500,000	-	31/12/12
C W Egleton	15p	400,000	-	31/12/12
T R C Hill	15p	300,000	-	31/12/12
D C Wilson	15p	200,000	-	31/12/12
		2,350,000	-	

Other share options

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

	Number of Ordinary Shares		Expiry date
	30.09.10	30.09.09	
Exercisable at 60 pence per share	3,318,000	3,318,000	See note
Exercisable at 15 pence per share	915,000	-	31/12/12
	4,233,000	3,318,000	

Note:

The expiry date of these options is 90 days after certain valid building licences and permits have been granted.

18 Contingent liabilities and commitments

The directors have identified contingent liabilities and commitments totalling £3,901,558 as at 30 September 2010 (30 September 2009: £4,775,602) comprising the following:

Upon activation of the Contract with the Foundation, 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 the development site.

The Company has no other capital or operating commitments.

Minoan Group Plc

Notes to the Accounts (continued)

Year ended 30 September 2010

19 Events after the balance sheet date

Preference shares

At a General Meeting of the Company, held on 23 December 2010, the directors were authorised to create a new class of shares, being Convertible Redeemable Preference Shares of £1 each, having such rights as the directors may determine, including as to the terms and conditions and manner of redemption and conversion.