

**18 June 2010**

**Interim Financial Statements**

**Minoan Group Plc (“Minoan or “the Company”) presents its Unaudited Interim Financial Statements for the six months ended 31 March 2010**

**Chairman’s Statement**

Since I last wrote to you the economic situation in Greece has received further adverse publicity. The rescue package, put in place by the IMF, the EU and the ECB and approved by the Greek Parliament, will entail considerable hardship for parts of Greek society. Although there have been a number of demonstrations against the economic measures being taken, there appears to be a consensus among the majority of the population that these actions, although painful, are necessary.

As I have stated previously, the importance of increasing foreign investment continues to be acknowledged by numerous Greek ministers and by the main opposition party.

In my last statement I referred to your Board’s intention to diversify the Company’s business with a view to providing strong cash flows and profit growth. As stated, we identified renewable energy and tourism and leisure - areas in which individual Board and management team members have considerable expertise and which are complementary to the Cavo Sidero Project.

The expansion of the Company into complementary businesses ensures that the Board remains focussed on future growth and increasing shareholder value whilst waiting for the court’s decision regarding the Cavo Sidero Project and its later implementation.

**The Cavo Sidero Project**

Earlier in the year the Company announced that the local infrastructure was being upgraded and that the road linking the Project to Sitia was almost complete. The majority of the new road is now in use.

We continue to 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.

In the meantime, we are continuing to examine further improvements to the Project’s already excellent environmental credentials.

**Financial Results**

The unaudited interim results for the six months ended 31 March 2010 are set out below and are in line with the Board’s expectations.

The Unaudited Consolidated Statement of Comprehensive Income includes a charge in respect of share based payments as required under IFRS 2. The share based payments charge is an accounting entry required by International Financial Reporting Standards and involves no movement of cash (see Note 4).

In order to better reflect the changes in Minoan’s business, the remuneration committee is currently reviewing the Group’s Long Term Incentive Plan.

**Outlook**

Following the Company’s announcements regarding the agreements to acquire solar energy licences in Greece, the new Government has revised and now enacted new legislation for all renewable energy projects. We are currently examining the detailed terms of this legislation. We will resume our programme of licence acquisition when we are satisfied that the new law continues to allow strong cash generation from the relevant developments.

**Chairman's Statement (continued)**

**Outlook (continued)**

Separately, the substantive discussions involving businesses in the tourism and leisure sector continue to make good progress. It is our intention that any acquisition will be made via a special purpose vehicle, almost certainly with external partners with whom parallel discussions are ongoing.

With the skills available, both at Board level and within the management team, I believe that the remainder of the current year will see significant progress in all the areas of Company's business and I look forward to being able to inform you accordingly.

**Conclusion**

I and my fellow Directors remain fully committed to the success of the Company and to providing growing long term value for shareholders through the Cavo Sidero Project and other businesses.

Finally, I would like to take this opportunity to thank you, our shareholders, for your continued support throughout the period.

*Christopher W Egleton*

Chairman  
18 June 2010

# MINOAN GROUP PLC

## Unaudited Consolidated Statement of Comprehensive Income 6 months ended 31 March 2010

	6 months ended 31 March 2010	6 months ended 31 March 2009	Year ended 30 September 2009
	£	£	£
Revenue	-	-	-
Cost of sales	-	-	-
<b>Gross profit</b>	-	-	-
Operating expenses	<b>(290,053)</b>	(301,240)	(582,016)
Charge in respect of share based payments	<b>(272,840)</b>	(373,916)	(339,311)
<b>Operating loss</b>	<b>(562,893)</b>	(675,156)	(921,327)
Finance income	<b>29</b>	1,637	1,637
<b>Loss before taxation</b>	<b>(562,864)</b>	(673,519)	(919,690)
Taxation expense	-	-	-
<b>Loss for period attributable to equity holders of the Company</b>	<b>(562,864)</b>	(673,519)	(919,690)
<b>Loss per share attributable to equity holders of the Company</b>	<b>(0.83)p</b>	(1.24)p	(1.68)p
<b>Loss per share attributable to equity holders of the Company (excluding the charge in respect of share based payments)</b>	<b>(0.43)p</b>	(0.55)p	(1.06)p

All of the above arises from continuing activities.

# MINOAN GROUP PLC

## Unaudited Consolidated Statement of Changes in Equity

### 6 months ended 31 March 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 period	-	-	-	(562,864)	(562,864)
Net proceeds from shares issued	91,762	1,210,977	-	-	1,302,739
Share based payments	-	-	-	272,840	272,840
<b>Balance at 31 March 2010</b>	<b>13,726,875</b>	<b>21,266,620</b>	<b>9,348,724</b>	<b>(8,685,313)</b>	<b>35,656,906</b>

### 6 months ended 31 March 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 period	-	-	-	(673,519)	(673,519)
Net proceeds from shares issued (see note below)	(30,303)	105,303	-	-	75,000
Share based payments	-	-	-	373,916	373,916
Balance at 31 March 2009	13,548,371	19,286,335	9,348,724	(8,114,513)	34,068,917

Note: Share Capital in the 6 months ended 31 March 2009 has been adjusted to reflect changes in loans to be settled by the issue of shares, which have been treated as equity in accordance with IAS 32.

### 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

# MINOAN GROUP PLC

## Unaudited Consolidated Balance Sheet as at 31 March 2010

	31 March 2010 £	31 March 2009 £	30 September 2009 £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	3,572,776	3,572,776	3,572,776
Property, plant and equipment	180,527	195,610	183,593
<b>Total non-current assets</b>	<b>3,753,303</b>	<b>3,768,386</b>	<b>3,756,369</b>
<b>Current assets</b>			
Inventories	34,407,661	32,872,302	33,834,082
Receivables	41,834	24,689	36,526
Cash and cash equivalents	270,984	44,972	137,869
<b>Total current assets</b>	<b>34,720,479</b>	<b>32,941,963</b>	<b>34,008,477</b>
<b>Total assets</b>	<b>38,473,782</b>	<b>36,710,349</b>	<b>37,764,846</b>
<b>Equity</b>			
Share capital	13,726,875	13,548,371	13,635,113
Share premium account	21,266,620	19,286,335	20,055,643
Merger reserve account	9,348,724	9,348,724	9,348,724
Retained earnings	(8,685,313)	(8,114,513)	(8,395,289)
<b>Total equity</b>	<b>35,656,906</b>	<b>34,068,917</b>	<b>34,644,191</b>
<b>Liabilities</b>			
Current liabilities	2,816,876	2,641,432	3,120,655
<b>Total liabilities</b>	<b>2,816,876</b>	<b>2,641,432</b>	<b>3,120,655</b>
<b>Total equity and liabilities</b>	<b>38,473,782</b>	<b>36,710,349</b>	<b>37,764,846</b>

# MINOAN GROUP PLC

## Unaudited Consolidated Cash Flow Statement 6 months ended 31 March 2010

	<b>6 months ended 31 March 2010</b>	6 months ended 31 March 2009	Year ended 30 September 2009
	£	£	£
<b>Cash flows from operating activities</b>			
Net cash used in continuing operations	<b>(848,636)</b>	<b>(606,864)</b>	(1,112,041)
<b>Net cash used in operating activities</b>	<b>(848,636)</b>	<b>(606,864)</b>	(1,112,041)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	<b>(3,478)</b>	-	(1,176)
<b>Net cash used in investing activities</b>	<b>(3,478)</b>	-	(1,176)
<b>Cash flows from financing activities</b>			
Interest received	<b>29</b>	<b>1,637</b>	1,637
Net proceeds from the issue of ordinary shares	<b>985,200</b>	<b>75,000</b>	674,250
<b>Net cash generated from financing activities</b>	<b>985,229</b>	<b>76,637</b>	675,887
<b>Net increase/(decrease) cash</b>	<b>133,115</b>	<b>(530,227)</b>	(437,330)
Cash at beginning of period	<b>137,869</b>	<b>575,199</b>	575,199
<b>Cash at end of period</b>	<b>270,984</b>	<b>44,972</b>	137,869

# MINOAN GROUP PLC

## Note to the Unaudited Consolidated Cash Flow Statement 6 months ended 31 March 2010

### Cash flows from operating activities

	<b>6 months ended 31 March 2010</b>	6 months ended 31 March 2009	Year ended 30 September 200
	<b>£</b>	<b>£</b>	<b>£</b>
Operating loss	<b>(562,893)</b>	(675,156)	(921,327)
Depreciation	<b>2,225</b>	1,943	15,751
Exchange Loss/(Gain) relevant to property, plant and equipment	<b>4,319</b>	(21,758)	(22,373)
Increase in inventories	<b>(573,579)</b>	(897,738)	(1,859,519)
Share based payments	<b>272,840</b>	373,916	339,311
(Increase)/Decrease in receivables	<b>(5,308)</b>	39,221	27,385
(Decrease)/Increase in current liabilities	<b>(303,779)</b>	572,708	1,051,931
Non cash movement in current liabilities	<b>317,539</b>	-	256,800
<b>Net cash outflow from continuing operations</b>	<b>(848,636)</b>	(606,864)	(1,112,041)

## **Notes to the Unaudited Interim Financial Statements 6 months ended 31 March 2010**

### **1. General information**

The Company is a public limited company incorporated in the UK and quoted on AIM. Whilst the Company is expanding into renewable energy and is considering opportunities in the tourism and leisure sector, its principal activity remains the design, creation, development and management of its luxury resort development at Cavo Sidero in North East Crete.

### **2. Basis of preparation**

The interim financial statements are unaudited and do not constitute statutory accounts as defined in Section 434(3) of the Companies Act 2006. A copy of the audited Report and Financial Statements for the year ended 30 September 2009 has been delivered to the Registrar of Companies. The Report and Financial Statements for the year ended 30 September 2009 were approved by the Board on 22 February 2010.

The interim financial statements for the 6 months ended 31 March 2010 comprise an Unaudited Consolidated Statement of Comprehensive Income, Unaudited Consolidated Statement of Changes in Equity, Unaudited Consolidated Balance Sheet and Unaudited Consolidated Cash Flow statement plus relevant notes.

The interim financial statements are prepared in accordance with EU 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 the interim financial statements are set out below. These policies have been consistently applied to all the periods represented, unless otherwise stated.

#### **Going concern**

The interim 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.

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.

**Notes to the Unaudited Interim Financial Statements (continued)  
6 months ended 31 March 2010**

**2. Basis of preparation (continued)**

**Going concern (continued)**

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

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

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

**3. 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. 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 £145 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.

**4. 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.

The Company has also granted Options to purchase Ordinary Shares of 1 pence each.

As required under IFRS 2, a charge has been made for the value of the LTIP and Options 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 Unaudited Consolidated Income Statement, does not involve any cash payment.

**5. Loss per share attributable to equity holders of the Company**

Earnings per share are calculated by dividing the earnings attributable to the equity holders of a company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share are calculated by adjusting basic earnings per share to assume the conversion of all dilutive potential ordinary shares. 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 6 months ended 31 March 2010 was 68,208,678 (6 months ended 31 March 2009: 54,148,031; year ended 30 September 2009: 54,858,945).

# **MINOAN GROUP PLC**

## **Notes to the Unaudited Interim Financial Statements (continued) 6 months ended 31 March 2010**

### **6. Events after the balance sheet date**

#### **Share issues**

Since 31 March 2010 1,375,000 Ordinary Shares of 1 pence each have been placed at a price of 16 pence per share and 717,658 Ordinary Shares of 1 pence each have been issued at 16 pence per share to satisfy certain existing commitments.

Minoan Group Plc's unaudited interim financial statements for the 6 months ended 31 March 2010 can be viewed on the Company's website, [www.minoangroup.com](http://www.minoangroup.com), with effect from close of business on 18 June 2010.

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