

Hardman & Co

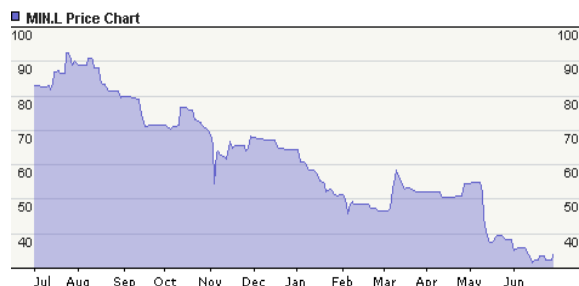
Leaders in Corporate Research

Tel: 020 7929 3399
Fax: 020 7929 3377

www.hardmanandco.com
email: research@hardmanandco.com

4 -5 Castle Court
London EC3V 9DL

Minoan Group Plc Change of Accounting Reference Date 36p



7 July 2008

Minoan Group Plc has announced that it is extending its accounting reference date to 30 September 2008. The purpose of this is to align the company's reporting with that of other leisure related companies and to enable the Board of Minoan to present to shareholders, as a part of its next audited financial statements, the most up to date position on the company.

This will include an update on progress being made at Cavo Sidero in Crete, Minoan's development site, and an update on the position regarding the Appeal against Minoan's Environment Impact Assessment (EIA) which is scheduled to be heard on 7 November.

While the appeal against the approval of Minoan's EIA is outstanding actual building on the Cavo Sidero site has been put on hold. This is a prudent decision taken by management who prefer to wait until all legal issues have been resolved before commencing construction.

Progress has meanwhile been made on the design front, with the Greece based Alexandros Tombazis and the Spanish based Baldrich Tobal architectural practices being awarded joint winners of an international architectural competition for the design of Grandes Bay - the first of five individually designed villages planned for Cavo Sidero.

Share Price: 36p

12m High: 92.5p

12m Low: 31.5p

Market Cap: £17.7m

Shares in Issue: 49.3m

Interest Cover: N/A

EPIC Code: MIN

Sector: Travel & Leisure

Market: AIM

PR: Westport Communications
Bishopsgate Communications

Nominated Advisor and Broker:
Seymour Pierce Limited

Joint Broker:
JM Finn Capital Markets Limited

Website: www.minoangroup.com

Previous Research Note:
"Minoan Group Plc – 3rd Appeal Postponement" – 15 May 2008 – 37.5p

Analyst: Rae Ellingham

| Y/E | Sales £m | Declared Profit £m | Adjusted Profit £m | Adjusted Eps p. | P/e ratio | Divi p. | Yield % |
|---------|--------------|-----------------------|-----------------------|--------------------|-----------|------------|------------|
| 2006A* | - | (0.9) | (0.9) | (3.2) | - | - | - |
| 2007A* | - | (0.8) | (0.8) | (2.1) | - | - | - |
| 2008A** | - | (1.7) | (1.7) | (3.6) | - | - | - |
| 2008E | No forecasts | | | | | | |

*March Year end **12 months to March 2008

Financial Snapshot

| £000 | 12 mths to 31.03.07 | 12 mths to 31.03.08 | % change |
|------------------------|------------------------|------------------------|----------|
| Turnover | - | - | - |
| EBIT | (822) | (1,839) | 2.2x |
| PBT | (803) | (1,741) | 2.2x |
| EPS | (2.11) | (3.55) | 1.7x |
| Operating Cash flow | (3,891) | (3,208) | -18% |
| Cash at Bank | 3,811 | 682 | n/a |
| Retained Earnings | (6,497) | (7,503) | +15% |
| Net Assets | 32,584 | 33,132 | +1.7% |

Minoan has put out a set of unaudited interim financial statements for the 12 months ended 31 March 2008. This follows a decision by the company to change its accounting reference date to a 30 September year end rather than the current 31 March financial year end.

During the 12 month period to 31 March 2008 the company recorded an operating loss of circa £1.8m. £1.1m of this reflected operating expenses incurred during the year while a further £735,120 was recorded as a non-cash charge in respect of share based payments. These payments relate to a Long Term Incentive Plan for Minoan employees and are contingent on the meeting of certain performance conditions. An overall loss of 3.55p per share was reported versus a loss of 2.11p per share in the prior 12 month period.

An operating cash outflow of £3.2m was recorded versus an operating cash outflow of £3.9m in the previous 12 months and Minoan has ended the 12 month period to 31 March 2008 with cash at bank of £682,314. The company's retained loss carried forward is £7.5m (£6.5m end March 2007).

At the current level of outgoings we consider it likely that Minoan will need to raise additional working capital funds in the not too distant future.

Shareholder Incentive Scheme

In order to reward its investor base for its continuing loyalty Minoan offers attractive discounts on the purchase of properties at Cavo Sidero to shareholders holding a minimum parcel of 5,000 shares. Shareholders must have held their shares for a minimum of 12 months in order to qualify for the

incentive scheme and must be a shareholder at the time that they acquire a property. Discounts can range from £7,500 on a 2 bedroom apartment to as much as £175,000 on a 4-5 bedroom villa.

Greece's National Land Plan

Minoan's financial expenditure to date can be regarded as a sunk cost and investors in this development company must necessarily look to the future.

The most important development pertaining to the Minoan Group and Cavo Sidero has to be the passing last week, by the Greek Parliament, of Greece's first National Land Plan. Passed by a 152-136 vote, this, in combination with the creation of a nationwide land registry, is expected to better regulate Greece's system of land development, provide the guidelines by which property development can be undertaken in Greece, and ease the ability with which prospective buyers are able to enter the Greek property market.

The National Land Plan is expected to be extremely positive for both the Greek economy in general and for Greece's tourism industry. The 15 year plan clearly designates what land can be used for residential, commercial and agricultural development. A special land plan following this legislation specifically allows for designated areas to be set aside for integrated tourism developments, and the site at Cavo Sidero is almost certain to lie in one of these designated areas.

The lack of a National Land Plan and a central land registry have been a long term impediment to investment in Greece costing the country billions in lost investment opportunities.

The Greek Minister of the Environment, Land Planning and Public Works has gone so far as to say "The completion of the National Land Plan is one of the most important structural changes to happen in the country in recent decades".

Following the passing of Greece's National Land Plan we see little reason as to why this development should not now proceed. The shares are currently trading at less than 20% of our 186p discounted cash flow valuation.

The information in this document has been obtained from sources believed to be reliable, but cannot be guaranteed. Hardman & Co. can accept no liability for its contents. In the UK, this information is provided for the use of ordinary business investors, market counterparties and sophisticated investors, as defined in the rules of the Regulator, and is not intended to be made available to unsophisticated individuals. Hardman & Co. does not undertake investment business in the UK and therefore does not buy or sell shares, although it and individuals associated with it may own shares as long term investments. Hardman & Co. is commissioned by companies to produce research material, but estimates and content are, in all cases, those of Hardman & Co., not the companies concerned. Past performance cannot be relied upon as a guide to future performance.