26 March 2014

DOLPHIN CAPITAL INVESTORS LIMITED
("**DCI**" or "**Dolphin**" or the "**Company**"
and together with its subsidiaries the "**Group**")

Trading Update and Preliminary Annual Results
for the year ended 31 December 2013

Dolphin, a leading global investor in the residential resort sector in emerging markets and one of the largest real estate companies on AIM in terms of net assets, is pleased to announce its preliminary results for the year ended 31 December 2013, and provide an update on operational progress since its last trading update of 5 December 2013.

A. Financial highlights:

- Total Group Net Asset Value ("NAV") as at 31 December 2013 was €604 million and €524 million before and after Deferred Income Tax Liabilities ("DITL") respectively. This represents an increase of €4.6 million (0.78%) and €1.4 million (0.27%), respectively, from the third quarter figures.

- This moderate NAV uplift, the first since Q2 2008, is mainly due to valuation gains in The Porto Heli Collection, Apollo Heights Resort, Lavender Bay Resort and Aristo, counterbalanced by a valuation decrease in Sitia Bay Golf Resort, the effect of regular Dolphin operational and corporate expenses and the depreciation of the Americas properties in Euro terms due to the devaluation of United States Dollar against the Euro.

- Sterling NAV per share as at 31 December 2013 remained stable, compared to the 30 September 2013 figures, and was 78p before DITL and 68p after DITL.

- The Company continues to have a strong asset base coupled with low leverage:

  - Gross Assets of €859 million.

  - Total Debt reduced to €169 million with a Group total debt to total assets value ratio of only 20%.

  - €50 million and US$9.17 million of convertible bonds are held at the Company level. The Company has provided corporate guarantees on the US$31 million outstanding Playa Grande Convertible Bonds, and the US$19 million Playa Grande construction loan.

B. Transaction Highlights since last Trading Update of 5 December 2013:

B.1. €100 million preferred equity investment by Colony Capital in the Dolphin Capital Greek Collection

- On 25 March 2014 Dolphin signed a non-binding preliminary agreement (subject to final due diligence, agreement of definitive documentation, certain other pre-conditions, and conditional on Dolphin shareholders' approval) with Colony Capital, acting on behalf of managed and advised funds

("Colony" or the "Investor"), for the issue of a €100 million preferred equity instrument in Dolphin Capital Greek Collection ("DCGC"), a newly incorporated 100% owned Dolphin holding company, which will own Dolphin's shareholding interests in Amanzoe, The Chedi and the Jack Nicklaus Signature Golf Course ("Kilada Hills Golf Resort"), The Nikki Beach Resort & Spa at Porto Heli ("Nikki Beach") and the Aman at Kea.

- Colony is a renowned global real estate investment firm, established in 1991 and has invested US$52 billion since its inception across product types including hospitality, residential, gaming, office and commercial, and currently has approximately US$20 billion of assets under management. Over the years Colony has invested in emblematic properties and brands such as Costa Smeralda in Sardinia, Raffles and Fairmont hotels, the Savoy hotel group, One & Only, Aman Resorts and the Hilton Waikoloa in Hawaii.

- The basic terms of the DCGC preferred equity investment are set out below:

  - The preferred equity funds could be drawn down in two equal tranches (Tranche A within six months of closing and Tranche B within eighteen months of closing). The proceeds will be partially invested in the development of the DCGC projects and partially distributed to DCI.

  - The preferred equity instrument that would be issued by DCGC would entitle the Investor to a preferred return of 14% per annum on the balance of its investment (i.e. the balance of the amounts actually drawn down, minus any distributions received by the Investor from DCGC) of which a substantial part can be accrued. In addition, the Investor would receive 80% of the free cashflow available for distributions generated by DCGC until the Investor has recouped 100% of its investment (including any accrued and unpaid preferred return). Thereafter the Investor would be entitled to 30% of the free cashflow available for distributions generated by DCGC until the Investor has generated a 2.5x multiple on its investment (including the preferred return received) within six years, at which point the profit sharing will cease.

  - The Investor would be granted security over all of the DCGC common shares, and a put option for an amount, if any, that would be required for the Investor to generate the pre-agreed return by the eighth anniversary from closing. The real estate assets of DCGC will not be encumbered by the Investor and DCGC will have the ability to raise up to €130 million of additional senior bank loans for the development of its projects.

  - If DCGC fails to make any preferred return cash payment or does not generate the pre-agreed return multiple by the sixth anniversary from closing, the Investor will have the ability to convert the outstanding balance into DCI shares at the lower of market price or 20% discount to NAV per share. The Investor would also be awarded with an amount of 4-year warrants giving the right to subscribe to 40 million DCI shares for each of the two Tranches at a price per share of 50p (representing a total maximum potential NAV per share dilution of c. 3%).

  - DCGC has retained an option to repurchase the preferred equity instrument by returning to the Investor an amount equal to a multiple of 1.5x its investment on the second anniversary from closing or an amount linearly adjusted with time to 2.5x until the sixth anniversary.

- The Board of Dolphin and the Investment Manager believe that this is a milestone transaction for Dolphin as its completion would bring the following benefits:

  - Establishing a strategic relationship with Colony, one of the world's leading and most respected real estate investors, with significant experience in large scale luxury integrated resorts; and

- Providing additional capital to commence the development of the Kilada Hills Golf Course, the Aman at Kea, and, through the DCGC distributions to DCI, advance the second phase of Playa Grande, and initiate the Ritz Carlton Reserve Phase of Pearl Island, thus potentially unlocking €508 million of additional profit for the Company and its shareholders, after the preferred return payment to the Investor.

Given that the non-binding preliminary agreement entails the award of warrants and a provisional conversion right of the preferred equity issue into DCI common shares at a price which would represent a discount to the Company's NAV per share on a conversion, if the Company enters into a binding agreement with the Investor, it will convene an Extraordinary General Meeting of its Shareholders in order to approve the proposed DCGC transaction. The final detailed terms and conditions of the DCGC preferred equity issue will be included in a Circular, which will be circulated by the Company to its Shareholders in due course.

B.2. Profit Sharing Agreement for 50% of the net profits from Amanzoe Villas future sales

- On 28 January 2014, Dolphin signed an agreement with Archimedia Holdings Corp. ("Archimedia") – the company chaired by John Hunt, a strategic investor who has already acquired three Villas at the Amanzoe Resort – whereby Archimedia was granted an option to acquire a 50% profit share from future sales of Amanzoe Villas.

- Under the terms of the agreement, by making a refundable deposit of €10 million, Archimedia was given the option to acquire a 50% entitlement in the net profits to be realised from the sales of the unsold and unreserved Amanzoe villas, which will be constructed in the current and future development phases of the project, for a total upfront consideration of €26 million in cash. Archimedia will also be contributing 50% to the expected cost for acquiring further land for the future phase villas.

- Dolphin will retain 100% of the receivables generated from the 10 Amanzoe villa reservations or sales concluded to date.

- On 4 March 2014, Archimedia informed the Company of its intention to exercise its investment option and the respective definitive documentation for the 50% profit sharing agreement is currently under preparation by the parties.

- The latest Dolphin valuation for 100% of the land corresponding to the unsold and unreserved Amanzoe villas plus the land cost of the future phase amounts to €24 million, which compares favourably to the transaction's implied €52 million valuation.

- Under the terms of the profit participation agreement, Archimedia also has a call option to acquire 100% ownership of the Amanzoe leisure facilities, including the Amanzoe hotel and beach club, as well as the project land bank, exercisable within five years after the second anniversary from closing, at an enterprise value, which implies a significant premium to the NAV.

- Dolphin retains a call option to redeem Archimedia's investment during the first two years from closing at a 30% premium p.a.

B.3. Sale of Port Kundu, Turkey

- As reported in the Company's interim results on 24 September 2013, Dolphin signed a preliminary non-binding agreement for the sale of 100% of Pt. Kundu with a local real estate development group on 24 June 2013. After the completion of their due diligence on Pt. Kundu and the renewal of the Pt. Kundu building permits, the parties entered into a final binding agreement on 12 March 2014 for the

sale of 100% of the Pt. Kundu project for a cash consideration equal to €9.82 million, of which €175,000 has been already collected by the Company and the remainder is payable by 26 April 2014. An amount of c. €1.4 million will be used to fully repay the existing debt on this asset.

- Although the purchase price agreed represents a 16% discount to the project's most recent valuation of €11.4 million as at 30 June 2013 and a 37% discount to Dolphin's recorded investment cost of €15.7 million, the Company's Board considered that it was in the Company's best interests to monetise this non-core and relatively small portfolio asset, given that there was no intention to commence its development over the short to medium term and in view of the deteriorating economic and investment environment in Turkey.

B.4. Update on Venus Rock sale

- On 17 May 2013, Aristo (49.8% owned by Dolphin) entered into a binding agreement with China Glory Investment Group ("CGIG") for the sale of the Venus Rock project for €241.5 million fixed consideration, plus €48.5 million in conditional deferred consideration.

- According to CGIG's representations to the Aristo management, its delay in meeting the payment deadlines set out under the Venus Rock sales contract, was related to both the Chinese regulatory framework imposing foreign investment control restrictions, as well as the uncertainty with regard to the Cyprus citizenship programme for foreign investors, which emerged as a cornerstone component of CGIG's sales strategy for Venus Rock.

- Last week's reported reduction in the average minimum investment amount needed for the award of a Cypriot passport to €2 million for foreign investors acquiring collectively a large number of real estate properties within the same project, such as Venus Rock, is expected to accelerate the completion of the transaction.

- Aristo and CGIG are under negotiations to amend the Venus Rock sales contract payment terms in order to award a final extension to the purchaser to complete the transaction within a short time frame against the payment of a significant part of the fixed consideration due on the date when the amendment to the contract is executed.

- In the case where CGIG fails to reach a revised agreement with Aristo and make the first payment thereunder, Aristo intends to terminate the original sales contract with CGIG, retain the deposit payments received from CGIG and market the project to alternative investors.

B.5. Dolphin Capital Americas ("DCA")

DCA is Dolphin's wholly owned subsidiary for investment in the Americas region, which owns 100% of Playa Grande, 60% of Pearl Island and 10% of Itacare. DCA aims to further expand its project platform in the region, which is expected to experience significant growth in the coming years, and to realise increased synergies and economies of scale with the existing projects and the regional Zoniro teams.

- Pursuant to the above strategy, DCA has signed a Letter of Intent to acquire one of the largest privately owned islands in the Bahamas (the "Island") through a corporate merger transaction. The Island is spread over 320 hectares, and is situated less than 30 miles from Nassau and 150 miles from the United States. The island already has basic infrastructure and utilities, a paved airstrip of 4,000 feet, 26 miles of roads and a complex of historical buildings.

- Based on the Letter of Intent, DCA would repay c. US$8 million of outstanding loans which encumber the Island and acquire a stake in the Island at a valuation representing a 30% discount to its current

asset value and then merge it with DCA, on an NAV for NAV basis. The completion of this transaction would mean that the Island's owners would own approximately 15% of DCA and mark the expansion of the DCA asset base to include a premier resort destination with proximity to the United States market.

- DCA is currently engaged in other discussions for the acquisition of, or merger with additional projects that fit the Company's strategy.

C. Operating Highlights since last Trading Update of 5 December 2013:

C.1. ADVANCED PROJECTS

- The Porto Heli Collection ("**PHC**" – *www.portohelicollection.com*), Greece

  Amanzoe (www.amanzoe.com)

  – The Amanzoe hotel completed its first full year of operations, generating a small operating profit as expected.

  – The hotel closed for winter maintenance on 8 January 2014 and will reopen on 5 April 2014. Both occupancy and average daily rate for the upcoming period are expected to be higher than 2013.

  – Two new reservation agreements have been signed for Amanzoe Villas, bringing the total number of villas sold or reserved to 10 with a total sales value of €61 million. In parallel, continuing interest in Aman villas is being witnessed from potential buyers, many of whom have experienced Amanzoe.

  – The construction of the four new hotel beach pavilions adjacent to the Amanzoe Beach Club with direct beach access, is progressing on time and on budget. The pavilions will be operational in time for the 2014 season, further enhancing Amanzoe's luxury offering.

  – In addition to two Amanzoe Villas that were added to Amanzoe's rental programme in July 2013, two more will be added during Q2 2014, whilst three more are currently under construction and due to complete for the 2015 season. The designs for two additional villas have been completed and construction is expected to begin by Q4 2014.

  – As these villas are expected to be included in the hotel rental pool, there will be an additional nineteen rooms for the 2014 summer season, and a further addition of twenty rooms in 2015, bringing the total available rooms at Amanzoe, including the current thirty eight hotel pavilions, and the upcoming four beach front rooms, to eighty one rooms for the 2015 season.

  – Amanzoe continued to receive awards and be profiled in the most prestigious publications of the US, UK, France and Russia. Notably, Amanzoe won the Best European Resort, Best Hotel Spa and Best Small Hotel under 100 Rooms awards of the acclaimed Gallivanter's Guide, and was named as the hotel with the Best Pool in the world by the prestigious Andrew Harper's Hideaway Report. Other publications that featured Amanzoe are the US Travel+Leisure, The Times online and The Sunday Times, Town & Country, Centurion and Asia Wealth magazines, all in articles that showcase the uniqueness of the resort.

The Nikki Beach Resort & Spa at Porto Heli (www.nikkibeachhotels.com)

- Construction is progressing, in line with budget, for the resort to make a soft opening during the 2014 season. A number of marketing and PR activities are planned throughout spring 2014.

- On 4 March 2014, the project company signed final agreements with a local bank for a €2.7 million bridge facility to be used for the financing of the construction cost input VAT until it is refunded from the Greek State and has started drawing down from this facility.

- The same financial institution has provided a €4.6 million Letter of Guarantee, which enabled the Company to draw down the approved €4.2 million government subsidies for the project on 31 December 2013.

- In order to fund the remaining €5.1 million equity funds required for the completion of the project, Dolphin has extended a corresponding one-year loan facility with an 11% interest charge to the respective project company which is collateralised against SDG's 75% shares in the Nikki Beach. Dolphin has already funded €1 million under this facility.

The Chedi & Jack Nicklaus Signature Golf Course

- As reported on 5 December 2013, the project has qualified under the Strategic Investment Incentive legislation which applies to investments in excess of €100 million and entitles the project to formal support from the Greek government for its implementation. This should speed up the approval process for any outstanding entitlements, significantly increase the total residential buildable area for sale and provide certain tax allowances to the project company.

- Since approval, the team has been preparing the respective Strategic Environmental Impact Study in accordance with Strategic Investments approval requirements, and will submit it to the relevant authorities in the next few weeks.

• Playa Grande Club & Reserve ("**Playa Grande**" – www.playagrande.com), Dominican Republic

- Renovation works on the back nine holes of the Robert Trent Jones Sr. Golf Course have been completed as scheduled by Rees Jones, the son of the original designer. The seeding and grassing process is underway and marks the last stage of renovation of the back nine holes, which will be ready for play by the summer of 2014.

- The mock-up pavilion is almost complete and planned to be delivered with all fit-out and furniture, fixtures and equipment in April.

- The construction contract for the Aman pavilions, the main resort lobby and the service buildings has been awarded to local contractors, and vertical construction, has been initiated with a view to completing the Aman Resort by mid-2015.

- The project has to date drawn down c. US$7 million from the US$19 million debt facility for the development of the Aman Golf Resort. An amount of c.US$9 million of Dolphin equity has been deposited with the financing bank which will be drawn down on a 40/60 basis with the debt facility in order to complete the Aman hotel which is currently under construction.

- Reflecting the improved macro and real estate recovery in the United States, two new sales of Aman Villas have been executed. Based on the strong interest received to date from high net worth individuals primarily from the East Coast of the United States, it is expected that the

remaining four Aman Founder villas (out of the seven recently released for sale) will all be sold well before the Aman hotel opening.

- DR Beachfront, the investor group which previously owned the Playa Grande site, has completed all the infrastructure works on its site adjacent to the Aman resort to enable the construction of homes for its owners and is nearing completion of a 15-key luxury boutique hotel which will complement the Aman resort offering. This development was featured in the Vogue April 2014 edition.

- Pearl Island (“**Pearl Island**” - www.pearlisland.com), Panama
  - The design and value-engineering process is advancing for the construction of an 80-room resort in order to reach the target budget. Discussions are ongoing with potential equity joint venture partners for this phase of the Pearl Island project. Execution of final facility agreements with a regional bank is pending finalization of the resort budget, which is planned for the end of April 2014.
  - The regional investor group that acquired the Founders Phase has completed the beach club and is advancing the marina and the final phases of infrastructure of that phase. The first group of lots has been delivered to their purchasers, and construction of the turn-key villas and condos is underway. The sale of lots and turn-key product continues to maintain momentum, demonstrating the ongoing strength of demand for luxury residential product in Panama.

C.2. MAJOR PROJECTS

- Apollo Heights Resort
  - An agreement was signed on 22 January 2014 between the Governments of the Republic of Cyprus and the United Kingdom opening the way for development within land areas in Cyprus which fall under the jurisdiction of the Sovereign British Areas (“SBAs”). This is a very favourable development for Apollo Heights, which is located predominantly within the SBAs, and represents a major step towards the project obtaining residential building zoning in the near future. This would significantly increase the value of the 4.6 million m^2 site which is currently recorded at a very large discount compared to both valuations of other large-sized projects in Cyprus and the agreed sales price for Venus Rock.

- Sitia Bay Resort
  - The Environmental Impact Study and the master plan were approved for the coastal residential zone adjacent to the planned Waldorf Astoria Hotel for the development of up to 20,435 m^2 of buildable area. Final approval from the relevant ministries is pending and is expected within Q2 2014.

- Livka Bay Resort
  - On 10 March 2014, Livka Bay Resort received a permit for a 121-berth marina and auxiliary facilities. The marina is part of the second phase of the project development concept and will complement the hotel and residential development already permitted for the first phase.

- LaVanta
  - One more villa was sold at LaVanta.

D. Aristo Developers (a 49.8% subsidiary of DCI)

The reduction in real estate market activity triggered by the March 2013 banking crisis in Cyprus persisted over the whole of 2013 and significantly affected the appetite of both international (primarily Chinese and Russian) and local buyers. During 2013, Aristo generated €20 million in sales, 61% lower than the corresponding €52 million of sales realised during 2012, with Chinese buyers representing over 74%, Russian buyers 16% and others 10%.

The 2013 sales performance – which was also severely impacted by the fact that Aristo stopped making sales in its best-selling Venus Rock project in view of its sale agreement with CGIG – has been the lowest since 2007 when Dolphin initially acquired a shareholding interest in the company and has significantly impacted Aristo's operating cashflow. However, this is expected to be counterbalanced by the expected collection of payments due under the Venus Rock transaction, as reported under B.4 above.

The recently reported change in policy setting to the average minimum investment amount needed for the award of a Cypriot passport to €2 million for foreign investors acquiring collectively a large number of properties within the same project, such as Venus Rock, also presents a significant opportunity for Aristo to boost its sales performance by promoting its numerous large-sized projects, which are expected to attract affluent non-EU buyers who would like to obtain a European passport.

In a further effort to generate additional liquidity, leveraging its extensive portfolio of readily developed properties, projects under construction and land holdings, Aristo has recently completed a strategic review of its operations and organisational structure and is implementing a specific actions programme in order to:

1. Improve the company's internal and external sales networks, marketing collateral and sales teams, with the target of increasing sales velocity, volume and efficiency.

2. Divest Aristo's larger assets through a formal process undertaken by the Citi EMEA Real Estate group, which was engaged by Dolphin Capital Holdings Two Ltd (the parent company of the Aristo group in which Dolphin owns a 49.8% stake) to run a competitive process to attract investors to invest in a platform that would include Venus Rock (in the case where the sale to CGIG is not completed), Eagle Pine, and other large real estate projects owned by both Aristo and third parties.

E. Strategic Focus

The strategic priorities of the Company are as follows:

1. Complete the preferred equity issue in the DCGC that will enable to draw down funds for the development of Kilada Hills Golf Resort and the Aman at Kea and speed up the development of the next phases of other Advanced Projects.

2. Complete other agreed sales of projects and residential units.

3. Increase the pace of sales of Amanzoe Villas and enhance the operational performance of the resort.

4. Progress the development of the Aman Golf Resort and sell all the remaining Founder Aman Villas at Playa Grande.

5. Launch operations and pursue sales at the Nikki Beach.

6. Assist Aristo's management in increasing retail sales during the current challenging period and complete the Venus Rock transaction using the sales proceeds generated to reduce Aristo's leverage and distribute dividends to Dolphin.

7. Grow DCA and capitalise on the recovery and strong prospects of the North and Latin American markets.

8. Opportunistically pursue add-on acquisitions to existing projects.

9. Continue capitalising on the expertise of Zoniro and Aristo coupled with the new immigration legislation in Greece and Cyprus to expand the Company's portfolio and generate additional income.

10. Advance the zoning and permitting of Dolphin's other Major Projects, enabling the Company to sell them – either partially or wholly – at a profit, or develop them and realise their full cash return potential.

Commenting, Andreas N. Papageorghiou, Chairman of Dolphin Capital Investors, said:

"There are encouraging signs of value stabilisation in our core operating markets which, together with the continuous permitting and development advances achieved in our portfolio, have led to the latest reported NAV uplift. In 2013, we continued to make good progress on our key developments and in 2014 we look forward to capitalising on the additional expected liquidity, the various legislative reforms and our proven track record to deliver the highest quality developments in our regions and crystallise returns for shareholders."

Miltos Kambourides, Founder and Managing Partner of Dolphin Capital Partners, added:

"We are particularly pleased with the performance of Amanzoe, which was cashflow positive for Dolphin in 2013. We remain focused on delivering our other key development projects, such Nikki Beach, Playa Grande, Pearl Island, Kilada Golf Resort and Kea, on budget and on time so that they also become cash generative for the Company. We are confident that, following the completion of a number of strategic transactions, including the €100 million preferred equity investment announced today, we will be better placed than ever before to unlock value for shareholders as we take full advantage of the upturn in the global economy."

F. Conference call for analysts and investors

There will be a conference call at 09:00 a.m. UK time on 26 March 2014, which can be accessed using the following dial-in numbers:

Pin number: **9329871**
London Dial number: **+44 (0)20 3427 1902**
Greece Dial number: **00800 128 801**

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Notes to Editors

Dolphin (www.dolphinci.com) is a leading global investor in the residential resort sector in emerging markets and one of the largest real estate investment companies quoted on AIM in terms of net assets. Dolphin seeks to generate strong capital growth for its shareholders by acquiring large seafront sites of striking natural beauty in the eastern Mediterranean, Caribbean and Latin America and developing sophisticated leisure-integrated residential resorts.

Since its inception in 2005, Dolphin has become one of the largest private seafront landowners in Greece and Cyprus and has partnered with some of the world's most recognised architects, golf course designers and hotel operators.

Dolphin's portfolio is currently spread over approximately 53* million m^2 of prime coastal developable land and comprises 13* large-scale, leisure-integrated residential resorts under development in Greece, Cyprus, Croatia, Turkey, the Dominican Republic and Panama and a 49.8% strategic shareholding in Aristo Developers Ltd, the largest developer and private land owner in Cyprus.

Dolphin is managed by Dolphin Capital Partners, an independent real estate private equity firm.

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** Excluding Venus Rock*

G. Chairman's Statement

I am pleased to report Dolphin's preliminary annual results for the year ended 31 December 2013.

Since the last Annual Report, significant progress has been made in terms of development, operations, and project exits that underpin the value of the portfolio. The value of Amanzoe, Dolphin's flagship project, has been demonstrated once again by the recent Villa sales and the Archimedia profit sharing agreement signed during the period, while the attractiveness of the Company's Greek projects is underpinned by the provisional DCGC preferred equity raise of €100 million sponsored by Colony Capital, a highly-respected international real estate investor.

The completion of the DCGC preferred equity raise would mark the establishment of a strategic relationship with one of the world's leading real estate investors, and will enable the Company to commence the construction of the Jack Nicklaus Signature Golf course in Kilada and the Aman at Kea (subject to the finalization of the resort's design and the issue of the final building permits), as well as making further progress at Playa Grande and initiating the Ritz Carlton Phase of Pearl Island. This development progress will significantly enhance Dolphin's portfolio of completed leisure projects, diversify its residential real estate product offering and result in Dolphin becoming a cashflow positive company.

We are also optimistic that the Venus Rock transaction will be completed soon, boosting Aristo's operational cashflow, significantly deleveraging the company and, together with the organizational changes that are being implemented, paving the way for a new era of sales growth and improved financial performance for the Aristo Group.

During the year, the portfolio has achieved important permitting advances, especially for Scorpio Bay Resort, and Kilada Hills Golf Resort. Kilada Hills Golf Resort has already been inducted under the Strategic Investments scheme and Scorpio Bay is expected to also qualify under such scheme and receive a significant increase in its total residential buildable area for sale.

The Company's NAV before DITL, as at 31 December 2013 is reported at €604 million and the NAV per share before DITL in Euro terms was €0.94, representing a 14.8% decrease from 31 December 2012. This drop was driven principally by the reduction in the value of the Venus Rock project, the fair value of which has been adjusted to reflect the purchase price agreed with CGIG. The Venus Rock valuation adjustment resulted in a decrease in NAV before DITL of €60 million (8.4%) from 31 December 2012.

In addition to the Venus Rock sale impact, underlying real estate values predominantly decreased due to a valuation discount in the Aristo portfolio in the aftermath of the March 2013 Cyprus' banking crisis. Operating and permitting progress led to revaluation gains in Playa Grande Club & Reserve, Pearl Island, The Porto Heli Collection components, Apollo Heights Polo Resort, Lavender Bay Resort and Scorpio Bay resort.

Further to the €339 million of sales and divestments agreed by the Group within 2013, we remain committed to generating value through active management of operations, construction, retail sales and divestments, while leveraging opportunities to expand the Company's portfolio and revenue sources, in order to maximise value for shareholders.

Andreas N. Papageorghiou
Chairman
Dolphin Capital Investors Limited
26 March 2014

H. Investment Manager's Report

The global fundamentals of our sector remained strong during 2013, with both international tourism and wealth continuing to grow, even though economic activity in two of our primary markets, Greece and Cyprus, continued to face significant challenges.

During the year, our team focused on executing divestments, while delivering tangible progress in the permitting, operation and construction of all key portfolio projects. Since the last annual report, €361 million of sales/divestments were signed including:

- Retail sales at Amanzoe, Aristo, Playa Grande and LaVanta;
- The sale of Venus Rock to CGIG; and
- The 50% profit participation agreement with regard to the Amanzoe Villas.

Should the DCGC preferred equity issue to Colony be completed, the Company could have six fully funded projects (including Amanzoe, Kilada Hills Golf Resort, the Aman at Kea, the Nikki Beach, the first two phases of Playa Grande and the second phase of Pearl Island), which are expected to generate returns of €917 million to the Company, after deducting the DCGC Investor's preferred return and the repayment of construction bank loans.

Although the overall economic conditions remain challenging in both Greece and Cyprus, with the most notable effect on the Dolphin Group businesses being the scarcity of senior bank debt to finance the construction of the development portfolio, the business climate is slowly, but steadily improving in both regions, assisted by the legislative reforms implemented during the past year by both the Greek and the Cypriot governments.

In particular, the introduction of the Strategic Investment incentive legislation in Greece, which should be applicable to most of our local projects due to their quality, size and potential impact on the local economy, speeds up and improves zoning entitlements and building permits for Dolphin's residential resort projects in the country. In Cyprus, the decision by the Ministerial Council to reduce the investment amount requirements for the award of Cypriot citizenship to €2 million for buyers of real estate is expected to significantly increase sales momentum and margins at Aristo and increase the value and saleability of its larger projects, such as Venus Rock and Eagle Pine. Significant value will also be unlocked through the expected zoning of the Apollo Heights Resort, following the agreement reached by the Cypriot and UK governments to permit development projects falling within the SBAs.

As already reported, efforts are being made to attract additional income for Dolphin through Zoniro Greece's involvement in external projects, capitalising on its unique know-how in the fields of permitting and mid-market residential sales. To this end, Zoniro has been enriching its pipeline of investment immigration real estate projects in Greece, under the Aristo brand, to maximise synergies and reap the benefits from existing campaigns in international markets. A number of existing home developments are being selected and rebranded, and Zoniro has taken over their promotion, marketing and sales strategy and management on an exclusive basis for non-EU markets, while the company is in discussions for the provision of marketing and/or permitting services in a number of additional projects.

In parallel, Dolphin Capital Americas, Dolphin's wholly owned subsidiary for the Americas region, has made significant progress towards acquiring or merging with some of the top luxury developments in that region to diversify the portfolio, following the continued economic and real estate markets recovery in the North and Latin America.

H.1. Market Dynamics

International tourist arrivals grew by 5% in 2013, reaching a record 1,087 million arrivals, according to the latest UNWTO World Tourism Barometer. Despite global economic challenges, international tourism results were well above expectations, with an additional 52 million international tourists travelling the world in 2013.

According to the same report, Europe led this growth in absolute terms, welcoming an additional 29 million international tourist arrivals in 2013, raising the total tourist arrivals to 563 million. This level of growth significantly exceeded the forecast for 2013 and is double the region's average for the period between 2005 and 2012. By sub-region, Central and Eastern Europe and Southern Mediterranean Europe experienced the best results.

The key points for Dolphin's markets are as follows:

- In Greece, international tourist arrivals, according to Tourism Research Institute, reached 17.9 million in 2013, representing a historical record and an increase of almost 15.4% compared to 2012. 2014 is expected to set a new record.

- In Cyprus, tourist arrivals during 2013 amounted to 2.4 million, representing a slight decrease compared to 2012, as reported by the Statistical Service of the Republic of Cyprus. Nevertheless, it is encouraging to note that, despite the banking crisis that occurred in early 2013, tourist arrivals remained broadly stable. Tourist arrivals and receipts are expected to improve significantly in 2014, according to the Cyprus Tourism Organization (CTO).

- In the Americas region, the Central Bank of the Dominican Republic reported that total tourist arrivals in the country during 2013 recorded a 3.8% increase compared to 2012, reaching a total number of almost 5.6 million.

- In Panama, based on the data provided by the National Institute of Statistic and Census, the total number of visitors for 2013 was approximately 2.1 million, indicating a 2.6% increase compared to 2012.

- The outlook for travel and tourism in the Dominican Republic and Panama in 2014 is very positive with tourist arrivals expected to grow by 3.0% and 4.0% respectively according to the World Travel & Tourism Council.

- In Croatia, foreign tourist arrivals for 2013 reached 12.3 million, representing a 4% increase compared to 2012, according to the Croatian Bureau of Statistics. Due to the fact that the major markets within Europe are experiencing improving domestic economic conditions, particularly Croatia's top four countries for arrivals (Germany, Slovenia, Italy and Austria), annual growth of around 5% is expected in 2014.

- In Turkey, the country's Statistical Institute reported that the number of foreign visitors rose by 9.8% from a year earlier to 34.9 million in 2013. According to World Tourism Organization data, Turkey is ranked as the sixth most visited country in the world. Provided that recent domestic tension fully settles, 2014 expectations are optimistic.

Another relevant metric that has an impact on the purchase of luxury residential real estate is the continued growth of wealth across the globe. The Wealth Report and the Wealth X reports have published the following findings, supporting this trend:

a) In 2013 the growth in the number of high and ultra-high net worth individuals (“UHNWIs”, individuals with US$30 million or more in net assets) across the globe reached all-time highs in terms of their wealth and population. There are now c. 200,000 UHNWIs across the world, an increase of 6.3% since 2012, with a combined wealth of US$27.8 trillion and with a desire to differentiate themselves in terms of lifestyle choices.

b) Property is one of the most popular asset classes in which to invest, accounting for 24% of UHNWIs’ investment portfolios. Over 40% of survey respondents said their clients had increased their allocation to property last year, with 47% expecting it to rise further in 2014. Just over a fifth of UHNWIs, on average, are considering buying a new home in 2014, although the figure rises to almost a third of UHNWIs living in Russia and the CIS. This is a positive indication for Dolphin’s core markets of Greece and Cyprus, where new schemes are being implemented to grant long-term residence visas or citizenship to non-EU real estate buyers or lessees who invest a certain amount of money in the purchase or lease of real estate.

H.2. Updated Portfolio characteristics and cash generation potential

The Portfolio

A summary of Dolphin's current investments is presented below. As of 28 February 2014, the net invested amount is €507* million.

	Project	Land site (hectares)	DCI's stake	Investment Cost * (€ million)	Debt (€ million)	Real Estate Value (€ million)	Loan to real estate asset value (%)
	ADVANCED PROJECTS						
1	The Porto Heli Collection	343		160	35		
	Amanzoe	96	86%	63	35		
	The Nikki Beach Resort & Spa at Porto Heli	1	25%	5	-		
	The Chedi and Jack Nicklaus Signature Golf Course	246	100%	92	-		
2	Playa Grande Club & Reserve	950	100%	77	11		
3	Pearl Island	1,440	60%	27	-		
	TOTAL	**2,733**		**264**	**46**	**377**	**12%**
	MAJOR PROJECTS						
4	Sitia Bay Golf Resort	280	78%	17	-		
5	The Aman at Kea	65	67%	9	-		
6	Scorpio Bay Resort	172	100%	14	-		
7	Lavender Bay Resort	310	100%	24	-		
8	Plaka Bay Resort	440	100%	12	-		
9	Triopetra	11	100%	4	-		
10	Livka Bay Resort	63	100%	25	10		
11	Apollo Heights Polo Resort	461	100%	15	20		
12	Eagle Pine Golf Resort-Aristo	319	50%	18	-		
13	LaVanta - Mediterra Resorts	8	100%	15	2		
14	Zoniro Greece	27	100%	2	11		
	TOTAL	**2,156**		**155**	**43**	**260**	**16%**
	ARISTO CYPRUS*	**392**	**50%**	**86**	**-**	**106**	
	Itacare Investment	n/a	10%	2	-	7	
	DCI Corporate Bonds	n/a	n/a	n/a	79	-	
	GRAND TOTAL	**5,281**		**507**	**168**	**750**	**22%**

**Including amounts paid in shares but excluding the Venus Rock Golf Resort*

	Project	Land size (hectares)	Investment Cost * (€ million)	Debt** (€ million)	Real Estate Value (€ million)	% Loan to real estate asset value	Net Asset Value
1	Greece	1,648	241	46	392	12%	53%
2	Cyprus	1,172	119	20	166	12%	20%
3	Croatia & Turkey	71	41	12	46	25%	7%
4	Americas	2,390	106	11	146	8%	20%
	Grand Total	**5,281**	**507**	**89**	**750**	**12%**	**100%**

**Including amounts paid in shares but excluding the Venus Rock Golf Resort*

***Excluding DCI corporate bonds.*

Exits

	Land site (hectares)	Dolphin stake sold	Dolphin original investment (€m)	Dolphin exit proceeds (€m)	Dolphin return on investment (times)
Tsilivi – Aristo	11	100%	2	7	3.50x
Amanmila	210	100%	2.8	5.4	1.90x
Kea	65	33%	4	4.1	1.00x
Seafront Villas	3.6	100%	9	14	1.52x
Kings' Avenue Mall	4	100%	11	15	1.36x
Aristo Developers Ltd	1,351	50%	208	375.5	1.80x
The Nikki Beach Resort & Spa at Porto Heli	1	75%	4	6.9	1.83x
Pearl Island Founders phase	106	100%	6	10.6	1.73x
Pt. Kundu	4	100%	16	10	0.63x
TOTAL	**1,756**		**262**	**488**	**1.71x**

Cash Generation Potential of the Dolphin portfolio:

The Advanced Projects, excluding Venus Rock due to the ongoing sale process to CGIG, are spread over 2,733 hectares of land, of which 403 hectares represent the current phases of these developments. The total unsold residential capacity of these projects is approximately 470,000 buildable m^2, of which circa 110,000 m^2 are planned for their current phases.

The plans for the current phases of the Advanced Projects include the development of five luxury hotels such as the first Aman residential resort in Europe (Amanzoe), the first Aman golf-integrated resort worldwide (Playa Grande), the first Nikki Beach resort in the eastern Mediterranean, and the first Ritz Carlton Reserve resort in Central America (Pearl Island); as well as a golf course in Playa Grande designed by Robert Trent Jones, Senior and renovated by his son Rees Jones and the Jack Nicklaus Signature Golf Course at Kilada.

Dolphin's remaining portfolio includes:

- 10 major leisure-integrated residential resort projects, spread over 2,156 hectares of land on which it is conservatively expected to build and sell c. 689,000 residential buildable m^2, representing only a c.

3% building coefficient. These projects are expected to further increase in value as they complete their permitting and design phase and reach Advanced Project status.

- Residual developable land as, under the current plans, not all the land of the Major Projects will be developed.

- Aristo Developers, the largest developer and private land owner in Cyprus, which currently has c. 67,000 buildable m^2 of residential product in stock or under construction and c. 314,000 land m^2 in the form of readily available land plots with a total listed sales potential of over €140 million. In addition, Aristo holds an additional vast portfolio of land assets with the potential to sell over 900,000 residential buildable m^2 once fully developed. Dolphin retains a strategic 49.8% shareholding in Aristo.

Based on the above, the Investment Manager estimates Dolphin's total project portfolio cash return potential to be in approximately €3.9 billion, or c. 512p per share. This excludes: (i) any dividends or divestment revenues from Aristo due to its nature as a development company with on-going operations and a diverse portfolio of real estate projects (as opposed to the other single-project Dolphin subsidiaries), as well as (ii) the dividends expected to be received from the Venus Rock transaction upon its completion.

The gross cash returns potential of each project is summarised in the following table:

(€ million)	DCI Stake	Residential Buildable (m^2)	Leisure buildable (m^2)	Land plots (m^2)	Total cash generation potential
Advanced Projects					
The Porto Heli Collection	100%	213,702	24,150	439,190	738
Playa Grande	100%	67,720	28,894	1,377,633	406
Pearl Island	60%	190,680	43,353	1,838,466	309
TOTAL		**472,102**	**96,397**	**3,655,289**	**1,453**
Major Projects & Aristo					
Greece		**406,965**	**125,069**	**-**	**977**
Sitia Bay Resort	78%	133,449	22,000	-	284
The Aman at Kea	67%	27,929	10,063	-	130
Scorpio Bay Resort	100%	50,800	14,600	-	160
Lavender Bay Resort	100%	96,280	24,526	-	194
Plaka Bay Resort	100%	70,087	32,000	-	156
Triopetra	100%	8,870	10,430	-	21
Douneika	100%	15,550	11,450	-	27
Syros	100%	4,000	-	-	5
Cyprus		**238,883**	**11,124**	**-**	**277**
Eagle Pine Golf Resort	50%	141,996	7,924	-	126
Apollo Heights Polo Resort	100%	96,887	3,200	-	151
Turkey		**10,734**	**-**	**-**	**33**
Mediterra	100%	10,734	-	-	33
Croatia		**32,944**	**29,287**	**-**	**48**
Livka	100%	32,944	29,287	-	48
TOTAL		**689,526**	**165,480**	**-**	**1,335**
Residual Land				**21,160,000**	**1,149**
PORTFOLIO GRAND TOTAL		**1,161,628**	**261,877**	**24,815,289**	**3,937**

- *The cash generation potential assumes the full development of each project and its exit through retail sales of the residential portfolio and land plots, as well as the sale of its leisure components at a multiple to their expected terminal NOI and does not include inflation assumptions or interim project exits. Cost assumptions cover future development, marketing, sales, branding and agency expenses and do not include already incurred expenses for land acquisition and development as well as respective financing costs, management and performance fees, or corporate income taxes.*
- *All statements are based on future expectations rather than on historical facts and are forward looking statements that involve a number of assumptions, risks and uncertainties. The Company and the Investment Manager cannot give any assurance that such statements will prove to be correct. Any forward looking statements made by or on behalf of the Company are made only on a best estimate basis as at the date they are made and they do not constitute future earnings, revenues or profits forecasts or guidance. Neither the Company nor the Investment Manager undertake to update forward looking statements to reflect any changes in expectations, events, conditions or circumstances upon which such statements are made.*

Miltos Kambourides
Managing Partner
Dolphin Capital Partners
26 March 2014

Pierre Charalambides
Founding Partner
Dolphin Capital Partners
26 March 2014

I. Finance Director's Report

Net Asset Value ('NAV')

The reported NAV as at 31 December 2013 is presented below:

			Variation since 31 December 2012 (*proforma*)[1]		Variation since 30 June 2013	
	€	£	€	£	€	£
Total NAV before DITL (millions)	604	504	(6.0%)	(4.0%)	(1.5%)	(3.8%)
Total NAV after DITL (millions)	524	437	(9.0%)	(7.1%)	(2.2%)	(4.5%)
NAV per share before DITL	0.94	0.78	(6.0%)	(4.0%)	(1.5%)	(3.8%)
NAV per share after DITL	0.82	0.68	(9.0%)	(7.1%)	(2.2%)	(4.5%)

Notes:

1. *Total NAV variation percentages have been calculated using the proforma consolidated balance sheet as at 31 December 2012 (adjusted to reflect Venus Rock fair value equal to the sales price agreed with CGIG)*
2. *Euro/GBP rate 0.83478 as at 31 December 2013, 0.81737 as at 31 December 2012 and 0.85482 as at 30 June 2013.*
3. *Euro/USD rate 1.3766 as at 31 December 2013, 1.3215 as at 31 December 2012 and 1.3007 as at 30 June 2013.*
4. *NAV per share has been calculated on the basis of 642,440,167 issued shares as at 31 December 2013, 31 December 2012 and as at 30 June 2013.*
5. *NAV before DITL includes the 49.8% DITL of Aristo.*

Consistent with the Company's valuation policy, the entire portfolio was revalued as at 31 December 2013 which resulted in a net increase in the overall portfolio valuation. More specifically there were revaluation gains in The Porto Heli Collection components, Playa Grande Club & Reserve, Pearl Island, Scorpio Bay, Apollo Heights Polo Resort and Lavender Bay Resort. Another factor that contributed to NAV growth was the gain from the acquisition of an additional 31% stake in Plaka Bay Resort. NAV decline during 2013 was broadly driven by a valuation markdown in Sitia Bay Golf resort, a small reduction in the Aristo portfolio, as well as the regular Dolphin operational and corporate expenses and the depreciation of the Americas properties in Euro terms due to devaluation of United States Dollar against the Euro by 4.3%. NAV after DITL further decreased due to the increase of income tax rates in Greece (26% from 20%) and Cyprus (12.5% from 10%).

Sterling NAV per share before DITL as at 31 December 2013 decreased by 4.0% to 78p, compared to the proforma 31 December 2012, as the effect of the above factors was partially counterbalanced by c. 2.1% Sterling devaluation versus the Euro, during the period.

The reduction in the NAV after DITL resulted in an accounting loss of €112 million, for the year ended 31 December 2013, implying a loss per share of €0.17. The proforma loss per share, adjusted to reflect Venus Rock fair value equal to the sales price agreed with CGIG, is reduced to €0.09.

The 31 December 2013 reported NAV is primarily based on new valuations conducted by Colliers International for Playa Grande Club & Reserve, Pearl Island, Port Kundu Resort, La Vanta Resort and Livka Bay Resort. The valuations on the Company's portfolio in Greece and Cyprus were conducted by American Appraisal (www.american-appraisal.com).

Financial position

Pro Forma Condensed consolidated statement of financial position

	31 December 2013 €' 000	Proforma 31 December 2012* €' 000	31 December 2012 €' 000
Assets			
Real estate assets (investment and trading properties)	631,920	579,609	579,609
Equity accounted investees	204,346**	219,392**	285,560**
Other assets	38,908	50,046	50,046
Cash and cash equivalents	7,100	22,181	22,181
Total Assets	**882,274**	**871,228**	**937,396**
Equity			
Equity attributable to Dolphin shareholders before DITL	603,764**	642,432**	708,600**
Non-controlling interest	24,505	32,293	32,293
Total equity	**628,269**	**674,725**	**740,893**
Liabilities			
Interest-bearing loans and finance lease obligations	177,245	140,351	140,351
Other liabilities	76,760	56,152	56,152
Total liabilities	**254,005**	**196,503**	**196,503**
Total equity and liabilities	**882,274**	**871,228**	**937,396**

**Consolidated statement of financial position has been adjusted to reflect Venus Rock sale price*
***Amounts include the 49.8% DITL of Aristo*

The Company's NAV before DITL, after deducting from total consolidated assets, non-controlling interests of €25 million, other liabilities of €77 million and total debt of €177 million, is set at €604 million as at 31 December 2013.

The Company's consolidated assets total €882 million and include €632 million of real estate assets, €204 million of investments in equity accounted investees, €46 million of other assets and cash. The €632 million figure represents the fair market valuation of Dolphin's real estate portfolio (both freehold and leasehold interests) as at 31 December 2013, assuming 100% ownership. The €204 million figure represents the 49.8% investment in Aristo and the 25% stake in Nikki Beach. The €39 million of other assets comprise mainly €8 million of VAT receivable, €4 million of deferred income tax assets, and €4 million other receivables from customers and JV partners.

The Company's consolidated liabilities total at €254 million and comprise €77 million of other liabilities as well as €177 million of interest-bearing loans and finance lease obligations, out of which €50 million and US$9.17 million convertible bonds are held at Company level. The remaining loans are held by Group subsidiaries and are non-recourse to Dolphin (except for the US$31 million Playa Grande convertible Bond and the US$19 million Playa Grande construction loan which are guaranteed by the Company). The €77 million of other payables comprise mainly €24 million of option contracts to acquire land, €7.6 million deferred income from government grants and €5.1 million advances from villa sales.

The consolidated financial statements have been audited by KPMG.

Panos Katsavos
Finance Director
Dolphin Capital Partners
26 March 2014

Consolidated statement of comprehensive income
For the year ended 31 December 2013

	Note	31 December 2013 €'000	31 December 2012 €'000
CONTINUING OPERATIONS			
Valuation gain/(loss) on investment property	12	22,605	(11,751)
Impairment loss on trading properties	14	(970)	(2,684)
Reversal of impairment loss on trading properties	14	778	1,158
Other operating profits	7	12,746	8,303
Total operating profits/(losses)		**35,159**	**(4,974)**
Investment Manager fees	25.2	(13,780)	(15,769)
Personnel expenses	8	(6,974)	(7,903)
Depreciation charge	13	(2,447)	(1,758)
Professional fees		(8,746)	(6,105)
Selling and promotional expenses		(295)	(1,364)
Administrative and other expenses		(9,819)	(11,097)
Total operating and other expenses		**(42,061)**	**(43,996)**
Results from operating activities		**(6,902)**	**(48,970)**
Finance income	9	417	881
Finance costs	9	(17,669)	(21,146)
Net finance costs		**(17,252)**	**(20,265)**
Gain on disposal of investment in subsidiaries	26	-	44,675
Share of losses on equity accounted investees, net of tax	16	(77,239)	(9,484)
Impairment loss on property, plant and equipment	13	(342)	(15,401)
Reversal of impairment loss on property, plant and equipment	13	117	4,794
Total non-operating (losses)/profits		**(77,464)**	**24,584**
Loss before taxation		**(101,618)**	**(44,651)**
Taxation	10	(11,256)	1,936
Loss for the year		**(112,874)**	**(42,715)**
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss:			
Revaluation of property, plant and equipment	13	(4,283)	11,205
Share of revaluation on equity accounted investees	16	205	53
Available-for-sale financial assets – net change in fair value	15	321	-
Tax on items that will never be reclassified to profit or loss	10	1,118	(1,735)
		(2,639)	9,523
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	9	(939)	(443)
Other comprehensive income for the year, net of tax		**(3,578)**	**9,080**
Total comprehensive income for the year		**(116,452)**	**(33,635)**
Loss attributable to:			
Owners of the Company		(111,910)	(41,220)
Non-controlling interests		(964)	(1,495)
Loss for the year		**(112,874)**	**(42,715)**
Total comprehensive income attributable to:			
Owners of the Company		(113,700)	(33,071)
Non-controlling interests		(2,752)	(564)
Total comprehensive income for the year		**(116,452)**	**(33,635)**
LOSS PER SHARE			
Basic and diluted loss per share (€)	11	**(0.17)**	**(0.07)**

Consolidated statement of financial position

As at 31 December 2013

	Note	31 December 2013 €'000	31 December 2012 €'000
ASSETS			
Investment property	12	423,791	422,204
Property, plant and equipment	13	143,604	118,672
Equity accounted investees	16	180,862	257,896
Available-for-sale financial assets	15	2,265	-
Deferred tax assets	21	4,230	3,384
Other non-current assets		3,458	5,161
Total non-current assets		**758,210**	**807,317**
Trading properties	14	64,524	38,732
Receivables and other assets	17	28,956	41,500
Cash and cash equivalents	18	7,100	22,181
Total current assets		**100,580**	**102,413**
Total assets		**858,790**	**909,730**
EQUITY			
Share capital	19	6,424	6,424
Share premium	19	498,933	498,933
Reserves		8,259	10,016
Retained earnings		10,056	120,108
Total equity attributable to owners of the Company		**523,672**	**635,481**
Non-controlling interests		24,504	32,293
Total equity		**548,176**	**667,774**
LIABILITIES			
Loans and borrowings	20	153,044	96,435
Finance lease obligations	22	8,018	8,114
Deferred tax liabilities	21	56,610	45,454
Other non-current liabilities		23,536	16,973
Total non-current liabilities		**241,208**	**166,976**
Loans and borrowings	20	15,760	35,363
Finance lease obligations	22	423	440
Trade and other payables	23	53,115	39,083
Current tax liabilities		108	94
Total current liabilities		**69,406**	**74,980**
Total liabilities		**310,614**	**241,956**
Total equity and liabilities		**858,790**	**909,730**
Net asset value per share (€)	24	**0.82**	**0.99**

Consolidated statement of changes in equity

For the year ended 31 December 2013

	Attributable to owners of the Company								
	Share capital €'000	Share premium €'000	Translation reserve €'000	Fair value reserve €'000	Reserve for own shares €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balance at 1 January 2012	**6,650**	**825,671**	**1,486**	**474**	**-**	**161,414**	**995,695**	**35,955**	**1,031,650**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR									
Loss for the year	-	-	-	-	-	(41,220)	(41,220)	(1,495)	(42,715)
Other comprehensive income									
Foreign currency translation differences	-	-	(3)	-	-	-	(3)	(440)	(443)
Revaluation of property, plant and equipment, net of tax	-	-	-	8,099	-	-	8,099	1,371	9,470
Share of revaluation on equity accounted investees	-	-	-	53	-	-	53	-	53
Transfer of net revaluation gain to retained earnings due to disposal	-	-	-	(93)	-	93	-	-	-
Total other comprehensive income	-	-	(3)	8,059	-	93	8,149	931	9,080
Total comprehensive income for the year	**-**	**-**	**(3)**	**8,059**	**-**	**(41,127)**	**(33,071)**	**(564)**	**(33,635)**
TRANSACTIONS WITH OWNERS OF THE COMPANY, RECOGNISED DIRECTLY IN EQUITY									
Contributions by and distributions to owners of the Company									
Issue of ordinary shares	2,044	47,956	-	-	-	-	50,000	-	50,000
Placement costs	-	(1,661)	-	-	-	-	(1,661)	-	(1,661)
Own shares acquired	-	-	-	-	(375,303)	-	(375,303)	-	(375,303)
Cancellation of own shares	(2,270)	(373,033)	-	-	375,303	-	-	-	-
Non-controlling interests on capital increases of subsidiaries	-	-	-	-	-	-	-	953	953
Total contributions by and distributions to owners of the Company	(226)	(326,738)	-	-	-	-	(326,964)	953	(326,011)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	(179)	(179)	(333)	(512)
Disposal of subsidiary with non-controlling interests	-	-	-	-	-	-	-	(3,718)	(3,718)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	(179)	(179)	(4,051)	(4, 230)
Total transactions with owners of the Company	**(226)**	**(326,738)**	**-**	**-**	**-**	**(179)**	**(327,143)**	**(3,098)**	**(330,241)**
Balance at 31 December 2012	**6,424**	**498,933**	**1,483**	**8,533**	**-**	**120,108**	**635,481**	**32,293**	**667,774**
Balance at 1 January 2013	6,424	498,933	1,483	8,533	-	120,108	635,481	32,293	667,774
TOTAL COMPREHENSIVE INCOME FOR THE YEAR									
Loss for the year	-	-	-	-	-	(111,910)	(111,910)	(964)	(112,874)
Other comprehensive income									
Foreign currency translation differences	-	-	8	-	-	-	8	(947)	(939)
Revaluation of property, plant and equipment, net of tax	-	-	-	(2,324)	-	-	(2,324)	(841)	(3,165)
Available-for-sale financial asset – net change in fair value	-	-	-	321	-	-	321	-	321
Share of revaluation on equity accounted investees	-	-	-	205	-	-	205	-	205
Depreciation transfer	-	-	-	33	-	(33)	-	-	-
Total other comprehensive income	-	-	8	(1,765)	-	(33)	(1,790)	(1,788)	(3,578)
Total comprehensive income for the year	**-**	**-**	**8**	**(1,765)**	**-**	**(111,943)**	**(113,700)**	**(2,752)**	**(116,452)**
TRANSACTIONS WITH OWNERS OF THE COMPANY, RECOGNISED DIRECTLY IN EQUITY									
Contributions by and distributions to owners of the Company									
Non-controlling interests on capital increases of subsidiaries	-	-	-	-	-	-	-	254	254
Total contributions by and distributions to owners of the Company	-	-	-	-	-	-	-	254	254
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	1,891	1,891	(5,291)	(3,400)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	1,891	1,891	(5,291)	(3,400)
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**1,891**	**1,891**	**(5,037)**	**(3,146)**
Balance at 31 December 2013	**6,424**	**498,933**	**1,491**	**6,768**	**-**	**10,056**	**523,672**	**24,504**	**548,176**

Consolidated statement of cash flows
For the year ended 31 December 2013

	31 December 2013 €'000	31 December 2012 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(112,874)	(42,715)
Adjustments for:		
Valuation (gain)/loss on investment property	(22,605)	11,751
Impairment loss on trading properties	970	2,684
Reversal of impairment loss on trading properties	(778)	(1,158)
Share of losses on equity accounted investees, net of tax	77,239	9,484
Depreciation charge	2,447	1,758
Gain on disposal of investment in subsidiaries	-	(44,675)
Impairment loss on property, plant and equipment	342	15,401
Reversal of impairment loss on property, plant and equipment	(117)	(4,794)
Taxation	11,256	(1,936)
Fair value adjustment on investments at fair value through profit or loss	-	(5)
Exchange difference	5,278	298
Interest income	(417)	(700)
Interest expense	12,308	20,661
	(26,951)	(33,946)
Change in:		
Receivables	14,247	(4,552)
Payables	20,595	(2,266)
Cash used in operating activities	7,891	(40,764)
Tax paid	(276)	(166)
Net cash from/(used in) operating activities	**7,615**	**(40,930)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	(3,400)	(512)
Net proceeds from disposal of subsidiaries	-	36,961
Net acquisitions of investment property	(343)	(2,327)
Net acquisitions of property, plant and equipment	(25,598)	(16,726)
Net acquisitions of available-for-sale financial assets	(1,944)	-
Net change in trading properties	(16,869)	3,727
Net change in equity accounted investees	-	(289)
Interest received	417	700
Net cash (used in)/from investing activities	**(47,737)**	**21,534**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	48,339
Funds received from non-controlling interests	254	953
Change in loans and borrowings	36,955	15,043
Change in finance lease obligations	(113)	(543)
Interest paid	(12,308)	(20,661)
Net cash from financing activities	**24,788**	**43,131**
Net (decrease)/increase in cash and cash equivalents	**(15,334)**	**23,735**
Cash and cash equivalents at the beginning of the year	19,993	(3,607)
Effect of exchange rate fluctuations on cash held	202	(135)
Cash and cash equivalents at the end of the year	**4,861**	**19,993**
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of the following:		
Cash in hand and at bank (see note 18)	7,100	22,181
Bank overdrafts (see note 20)	(2,239)	(2,188)
Cash and cash equivalents at the end of the year	**4,861**	**19,993**

1. REPORTING ENTITY

Dolphin Capital Investors Limited (the ‘Company’) was incorporated and registered in the British Virgin Islands (‘BVIs’) on 7 June 2005. The Company is a real estate investment company focused on the early-stage, large-scale leisure-integrated residential resorts in south-east Europe and the Americas, and managed by Dolphin Capital Partners Limited (the ‘Investment Manager’), an independent private equity management firm that specialises in real estate investments, primarily in south-east Europe. The shares of the Company were admitted to trading on the AIM market of the London Stock Exchange (‘AIM’) on 8 December 2005.

The consolidated financial statements of the Company as at 31 December 2013 comprise the financial statements of the Company and its subsidiaries (together referred to as the ‘Group’) and the Group’s interests in associates and jointly controlled entities.

2. BASIS OF PREPARATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (‘IFRS‘) as adopted by the European Union (‘EU’).

The consolidated financial statements were authorised for issue by the Board of Directors on 24 March 2013.

b. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, with the exception of property (trading properties, only on a business combination) and available-for-sale financial assets, which are stated at their fair values and investments in associates and jointly controlled entities, which are accounted for in accordance with the equity method of accounting.

c. Adoption of new and revised Standards and Interpretations

As from 1 January 2013, the Company adopted all changes to IFRS, which are relevant to its operations. This adoption did not have a material effect on the financial statements of the Group.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2013. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these Standards early.

(i) Standards and Interpretations adopted by the EU

- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2014).
- IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2014).
- IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2014).
- Transition Guidance - Amendments to IFRS 10, 11 and 12 (effective for annual periods beginning on or after 1 January 2014).
- Investment Entities - Amendments to IFRS 10, 12 and IAS 27 (effective for annual periods beginning on or after 1 January 2014).
- IAS 28 (Revised) "Investments in Associates and Joint ventures" (effective for annual periods beginning on or after 1 January 2014).
- IAS 32 (Amendments) "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).
- IAS36 (Amendments) “Recoverable Amount Disclosures for Non-Financial Assets” (effective for annual periods beginning on or after 1 January 2014).
- IAS39 (Amendments) “Notation of Derivatives and Continuation of Hedge Accounting” (effective for annual periods beginning on or after 1 January 2014).

(ii) Standards and Interpretations not adopted by the EU

- IFRS 7 (Amendments) "Financial Instruments: Disclosures" – "Disclosures on transition to IFRS 9" (effective for annual periods beginning on or after 1 January 2015).
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).
- IFRS 9 "Financial Instruments: Hedge accounting and Amendments to IFRS 9, IFRS 7 and IAS 39)" (effective for annual periods beginning on or after 1 January 2015).
- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016).

- Improvements to IFRSs 2010-2012 (effective for annual periods beginning on or after 1 July 2014).
- Improvements to IFRSs 2011-2013 (effective for annual periods beginning on or after 1 July 2014).
- IFRIC 21 "Bank Levies" (effective for annual periods beginning on or after 1 January 2014).

d. Use of estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires from Management the exercise of judgement, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described below:

Work in progress

Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of work in progress includes materials, labour and direct expenses plus attributable overheads based on a normal level of activity. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each statement of financial position date.

Revenue recognition

The Group applies the provisions of IAS18 for accounting for revenue from sale of developed property, under which income and cost of sales are recognised upon delivery and when substantially all risks have been transferred to the buyer.

Provision for bad and doubtful debts

The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer’s payment record and the customer’s overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through the consolidated statement of comprehensive income. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

Income taxes

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Fair value of property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group’s investment property every six months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

Impairment of intangible assets

Intangible assets are initially recorded at acquisition cost and are amortised on a straight-line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to

estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash-generating unit in which the asset belongs to.

e. Functional and presentation currency

The consolidated financial statements are presented in euro (€), which is the functional currency of the Group, rounded to the nearest thousand.

3. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of land and buildings classified as property, plant and equipment is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The market value of land and buildings classified as property, plant and equipment is based on the appraisal reports provided by independent property valuers.

Investment property

The fair value of property is determined by using valuation techniques. The Directors have appointed Colliers International and American Appraisal, internationally recognised firms of surveyors to conduct valuations of the Group's acquired properties to determine their fair market value. These valuations are prepared in accordance with generally accepted appraisal standards, as set out by the American Society of Appraisers (the 'ASA'), and in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Principles of Appraisal Practice and Code of Ethics of the ASA and the Royal Institute of Chartered Surveyors ('RICS'). Furthermore, the valuations are conducted on an 'as is condition' and on an open market comparative basis. Property valuations are prepared at the end of June and December of each year. Where necessary, the Group undertakes quarterly valuations on selected projects.

The valuation analysis of properties is based on all the pertinent market factors that relate both to the real estate market and, more specifically, to the subject properties. The valuation analysis of a property typically uses four approaches: the cost approach, the direct sales comparison approach, the income approach and the residual value approach. The cost approach measures value by estimating the Replacement Cost New or the Reproduction Cost New of property and then determining the deductions for accrued depreciation that should be made to reflect the age, condition and situation of the asset during its past and proposed future economic working life. The direct sales comparison approach is based on the premise that persons in the marketplace buy by comparison. It involves acquiring market sales/offerings data on properties similar to the subject property. The prices of the comparables are then adjusted for any dissimilar characteristics as compared to the subject's characteristics. Once the sales prices are adjusted, they can be reconciled to estimate the market value for the subject property. Based on the income approach, an estimate is made of prospective economic benefits of ownership. These amounts are discounted and/or capitalised at appropriate rates of return in order to provide an indication of value. The residual value approach is used for the valuation of the land and depends on two basic factors: the location and the total value of the buildings developed on a site. Under this approach, the residual value of the land is calculated by subtracting from the estimated sales value of the completed development, the development cost.

Each of the above-mentioned techniques results in a separate valuation indication for the subject property. Then a reconciliation process is performed to weigh the merits and limiting conditions of each approach. Once this is accomplished, a value conclusion is reached by placing primary weight on the technique, or techniques, that are considered to be the most reliable, given all factors.

Trading properties

The fair value of trading properties acquired in a business combination is determined based on their estimated selling price in the ordinary course of business less the estimated costs of completion and

sale, and a reasonable profit margin based on the effort required to complete and sell the trading properties.

Available-for-sale financial assets

The fair value of available-for-sale financial assets that are listed on a stock exchange is determined by reference to their quoted bid price at the reporting date. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in process, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

4. SIGNIFICANT SUBSIDIARIES

As at 31 December 2013, the Group's most significant subsidiaries were the following:

Name	Country of incorporation	Shareholding interest
Scorpio Bay Holdings Limited	Cyprus	100%
Scorpio Bay Resorts S.A.	Greece	100%
Latirus Enterprises Limited	Cyprus	80%
Iktinos Techniki Touristiki S.A. ('Iktinos')	Greece	78%
Xscape Limited	Cyprus	100%
Golfing Developments S.A.	Greece	100%
MindCompass Overseas Limited	Cyprus	100%
MindCompass Overseas S.A.	Greece	100%
MindCompass Overseas Two S.A.	Greece	100%
MindCompass Parks S.A.	Greece	100%
Ergotex Services Co. Limited	Cyprus	100%
D.C. Apollo Heights Polo and Country Resort Limited	Cyprus	100%
Symboula Estates Limited	Cyprus	100%
DolphinCI Fourteen Limited	Cyprus	86%
Eidikou Skopou Dekatessera S.A.	Greece	86%
Eidikou Skopou Dekaokto S.A.	Greece	86%
Portoheli Hotel and Marina S.A.	Greece	25%**
DCI Holdings Two Limited ('DCI H2')	BVIs	50%*
Dolphin Capital Atlantis Limited	Cyprus	50%*
Aristo Developers Limited ('Aristo')	Cyprus	50%*
Single Purpose Vehicle Twelve Limited	Cyprus	50%*
Azurna Uvala D.o.o. ('Azurna')	Croatia	100%
Eastern Crete Development Company S.A.	Greece	91%
DolphinLux 1 S.a.r.l.	Luxembourg	100%
DolphinLux 2 S.a.r.l.	Luxembourg	100%
Pasakoy Yapi ve Turizm A.S.	Turkey	100%
Kalkan Yapi ve Turizm A.S.	Turkey	100%
Dolphin Capital Americas Limited	BVIs	100%
DCI Holdings Seven Limited ('DCI H7')	BVIs	100%
Playa Grande Holdings Inc. ('PGH')	Dominican Republic	100%
Single Purpose Vehicle Eight Limited	Cyprus	100%
Eidikou Skopou Dekapente S.A.	Greece	100%
Single Purpose Vehicle Ten Limited ('SPV 10')	Cyprus	67%
Eidikou Skopou Eikosi Tessera S.A.	Greece	67%
Pearl Island Limited S.A.	Panama Republic	60%
Zoniro (Panama) S.A.	Panama Republic	60%

* On 22 June 2012, the Company exchanged 50% of its holding in these companies for the acquisition of 227 million own shares, under the Aristo Exchange agreement (see note 25.4).

** On 24 September 2012, the Company disposed of its 75% holding in Portoheli Hotel and Marina S.A. via the disposal of its 75% holding in Single Purpose Vehicle Five Limited ('SPV5') see note 25.4).

The above shareholding interest percentages are rounded to the nearest integer.

5. SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Subsidiaries

Subsidiaries are those entities, including special purpose entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

5.2 Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

5.3 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred, plus the recognised amount of any non-controlling interests in the acquiree, plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

5.4 Associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

5.5 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of the business, use in the production or supply of goods or services or for administration purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other

costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.
Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.
When the use of property changes such that it is reclassified at property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value. Lease payments are accounted for as described in accounting policy 5.9.

5.6 Property, plant and equipment

Land and buildings are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.
Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to fair value reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the consolidated statement of comprehensive income.
The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and appropriate proportion of production overheads.
Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment, except in the cases where the depreciation charge constitutes part of the cost of other asset and is included in its carrying amount. Freehold land is not depreciated.
The annual rates of depreciation are as follows:

Buildings	3%
Machinery and equipment	10% - 33.33%
Motor vehicles and other	10% - 20%

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as incurred.

5.7 Trading properties

Trading properties (inventory) are shown at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of trading properties is determined on the basis of specific identification of their individual costs and represents the fair value paid at the date that the land was acquired by the Group.

5.8 Work in progress

Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of work in progress includes materials, labour and direct expenses plus attributable overheads based on a normal level of activity.

5.9 Leased assets

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property held under operating leases that would otherwise meet the definition of investment property may be classified as investment property on a property-by-property basis. Such property is accounted for as if it were a finance lease and the fair value model is used for the asset recognised. Minimum lease payments on finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each

period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

5.10 Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy 5.21).

5.11 Available-for-sale financial assets

The Group classifies its investments in equity securities as available-for-sale financial assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available for sale. These are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and then in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss. In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

5.12 Cash and cash equivalents

Cash and cash equivalents comprise cash deposited with banks and bank overdrafts repayable on demand. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

5.13 Share capital and premium

Share capital represents the issued amount of shares outstanding at their par value. Any excess amount of capital raised is included in share premium. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in share premium from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

5.14 Own shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, in net of any tax effects, is recognised as a reduction from equity. Repurchased shares are classified as own shares and are presented as a reduction from total equity. When own shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to share premium.

5.15 Dividends

Dividends are recognised as a liability in the period in which they are declared and approved and are subtracted directly from retained earnings.

5.16 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

5.17 Trade and other payables

Trade and other payables are stated at their cost.

5.18 Prepayments from clients

Payments received in advance on development contracts for which no revenue has been recognised yet, are recorded as prepayments from clients as at the statement of financial position date and carried under creditors. Payments received in advance on development contracts for which revenue has been recognised, are recorded as prepayments from clients to the extent that they exceed revenue that was recognised in profit or loss as at the statement of financial position date.

5.19 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.20 Expenses

Investment manager fees, management incentive fees, professional fees, selling, administration and other expenses are accounted for on an accrual basis. Expenses are charged to the consolidated statement of comprehensive income, except for expenses incurred on the acquisition of an investment property, which are included within the cost of that investment. Expenses arising on the disposal of an investment property are deducted from the disposal proceeds.

5.21 Impairment

The carrying amounts of the Group's assets, other than investment property (see accounting policy 5.5) and deferred tax assets (see accounting policy 5.29), are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. The recoverable amount is the greater of the net selling price and value in use of an asset. In assessing value in use of an asset, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

5.22 Revenue recognition

Revenue comprises the invoiced amount for the sale of goods and services net of value added tax, rebates and discounts. Revenues earned by the Group are recognised on the following bases:

Income from land and buildings under development

The Group applies IAS 18, Revenue, for income from land and buildings under development, according to which revenue and the related costs are recognised in profit or loss when the building has been completed and delivered and all associated risks have been transferred to the buyer.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date, as measured by the proportion that contract costs incurred for work performed to date compared to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

5.23 Finance income and costs

Finance income comprises interest income on funds invested, dividend income and gains on the disposal of and increase in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in the consolidated statement of comprehensive income, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and losses on the disposal of and reduction in the fair value of financial assets at fair value through profit or loss.

The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

5.24 Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the consolidated statement of comprehensive income.

5.25 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to euro at exchange rates at the dates of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to euro at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Foreign currency differences are recognised directly in equity in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the consolidated statement of comprehensive income.

5.26 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment results that are reported to Group's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5.27 Earnings per share

The Group presents basic and diluted (if applicable) earnings per share ('EPS') data for its shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential shares.

5.28 Net asset value ('NAV') per share

The Group presents NAV per share by dividing the total equity attributable to owners of the Company by the number of shares outstanding as at the statement of financial position date.

5.29 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to the tax liabilities will impact tax expense in the period that such a determination is made.

5.30 Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants on non-current assets acquisitions are recorded as deferred income on a systematic and rational basis over the useful life of the asset. Government grants that relate to expenses are recognised in profit or loss as revenue.

5.31 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

6. SEGMENT REPORTING

The Group has one operation, investing in real estate, and three reportable segments as shown below, which represent the geographical regions in which the Group operates.

	Americas1 €'000	South-East Europe2 €'000	Other3 €'000	Reportable segment totals €'000	Adjustments4 €'000	Consolidated totals €'000
31 December 2013						
Investment property	93,120	330,671	-	423,791	-	423,791
Property, plant and equipment	44,728	98,876	-	143,604	-	143,604
Trading properties	1,576	62,948	-	64,524	-	64,524
Equity accounted investees	-	180,862	-	180,862	-	180,862
Available-for-sale financial assets	2,265	-	-	2,265	-	2,265
Cash and cash equivalents	3,953	1,835	1,312	7,100	-	7,100
Intra-group debit balances	14,205	281,246	510,417	805,868	(805,868)	-
Other assets	4,625	22,054	9,965	36,644	-	36,644
Total assets	164,472	978,492	521,694	1,664,658	(805,868)	858,790
Loans and borrowings	10,982	78,629	79,193	168,804	-	168,804
Finance lease obligations	157	8,284	-	8,441	-	8,441
Deferred tax liabilities	1,742	54,868	-	56,610	-	56,610
Intra-group credit balances	103,774	411,823	290,271	805,868	(805,868)	-
Other liabilities	8,000	62,911	5,848	76,759	-	76,759
Total liabilities	124,655	616,515	375,312	1,116,482	(805,868)	310,614
Valuation gain on investment property	5,229	17,376	-	22,605	-	22,605
Impairment losses	-	(1,312)	-	(1,312)	-	(1,312)
Reversal of impairment losses	-	895	-	895	-	895
Share of losses on equity accounted investees, net of tax	-	(77,239)	-	(77,239)	-	(77,239)
Other operating profits	2,594	10,152	-	12,746	-	12,746
Investment Manager fees	-	-	(13,780)	(13,780)	-	(13,780)
Net finance costs	(372)	(8,985)	(7,895)	(17,252)	-	(17,252)
Other expenses	(6,191)	(19,475)	(2,615)	(28,281)	-	(28,281)
Profit/(loss) before taxation	1,260	(78,588)	(24,290)	(101,618)	-	(101,618)
Taxation	(147)	(11,109)	-	(11,256)	-	(11,256)
Profit/(loss) for the year	1,113	(89,697)	(24,290)	(112,874)	-	(112,874)

	Americas1 €'000	South-East Europe2 €'000	Other3 €'000	Reportable segment totals €'000	Adjustments4 €'000	Consolidated totals €'000
31 December 2012						
Investment property	100,780	321,424	-	422,204	-	422,204
Property, plant and equipment	21,654	97,018	-	118,672	-	118,672
Trading properties	-	38,732	-	38,732	-	38,732
Equity accounted investees	-	257,896	-	257,896	-	257,896
Cash and cash equivalents	8,131	3,475	10,575	22,181	-	22,181
Intra-group debit balances	8	282,224	453,352	735,584	(735,584)	-
Other assets	10,082	37,949	2,014	50,045	-	50,045
Total assets	140,655	1,038,718	465,941	1,645,314	(735,584)	909,730
Loans and borrowings	13,686	87,795	30,317	131,798	-	131,798
Finance lease obligations	236	8,318	-	8,554	-	8,554
Deferred tax liabilities	1,673	43,781	-	45,454	-	45,454
Intra-group credit balances	75,560	384,264	275,760	735,584	(735,584)	-
Other liabilities	6,027	48,785	1,338	56,150	-	56,150
Total liabilities	97,182	572,943	307,415	977,540	(735,584)	241,956
Valuation loss on investment property	(3,877)	(7,874)	-	(11,751)	-	(11,751)
Impairment losses	(953)	(17,132)	-	(18,085)	-	(18,085)
Reversal of impairment losses	-	5,952	-	5,952	-	5,952
Share of losses on equity accounted investees, net of tax	-	(9,484)	-	(9,484)	-	(9,484)
Gain on disposal of investment in subsidiaries	3,007	41,668	-	44,675	-	44,675
Other operating profits	2,731	5,572	-	8,303	-	8,303
Investment Manager fees	-	-	(15,769)	(15,769)	-	(15,769)
Net finance costs	(731)	(15,806)	(3,728)	(20,265)	-	(20,265)
Other expenses	(3,683)	(20,369)	(4,175)	(28,227)	-	(28,227)
Loss before taxation	(3,506)	(17,473)	(23,672)	(44,651)	-	(44,651)
Taxation	55	1,881	-	1,936	-	1,936
Loss for the year	(3,451)	(15,592)	(23,672)	(42,715)	-	(42,715)

1 Americas comprises the Group's activities in the Dominican Republic and the Republic of Panama.
2 South-East Europe comprises the Group's activities in Cyprus, Greece, Croatia and Turkey.
3 Other comprises the parent company, Dolphin Capital Investors Limited.
4 Adjustments consist of intra-group eliminations.

Country developments

The general economic environment prevailing in the south-east Europe area and internationally may affect the Group's operations. Concepts such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and variation in these and the economic environment in general might affect the Group to a certain extent.

The global fundamentals of the sector remained strong during 2013, with both international tourism and wealth continuing to grow, even though economic activity in two of our primary markets, Greece and Cyprus, continued to face significant challenges, with the most notable effect on the Dolphin Group businesses being the scarcity of senior bank debt to finance the construction of the development portfolio. However, the business climate is slowly, but steadily improving in both regions, assisted by the legislative reforms implemented during the past year by both the Greek and the Cypriot governments.

After the escalation of the sovereign debt crisis in Greece in mid-2012 and the international media speculation involving scenarios of default and/or Greece's exit from the Eurozone, the country's economic conditions have significantly stabilized. Greek tourism has witnessed impressive growth during 2013 and according to the Tourism Research Institute, reached 17.9 million in 2013, representing a historical record and an increase of almost 15.4% compared to 2012. 2014 is expected to set a new record according to pre-bookings and sentiment expressed by tour operators. The debt crisis has also been a catalyst in adopting a faster entitlement process for development projects in Greece. In particular, the introduction of the Strategic Investment incentive legislation in Greece, which

should be applicable to most of our local projects due to their quality, size and potential impact on the local economy, speeds up and improves zoning entitlements and building permits for Dolphin's residential resort projects in the country.
The crisis of sovereign debt affected the Cypriot economy with a time lag, causing negative effects not only on public finances but also in the banking system. Despite the fact that the Government tried to react promptly and effectively by preparing a fiscal consolidation program, the country captured the world' s attention earlier in 2013 as it fought hard to bounce back from the brink of bankruptcy through intense negotiations with international lenders. The so called "bail in" decision of the Eurozone included imposing losses on depositors with amounts extending the €100,000, a closed banking system for two weeks and extensive capital controls. The decision of the Eurozone was then followed by the resolution of Cyprus Popular Bank and the recapitalization of the Bank of Cyprus. The recent decision by the Ministerial Council to reduce the investment amount requirements and accelerate Cypriot citizenship awards to buyers of real estate is expected to significantly increase sales momentum and margins at Aristo and increase the value and saleability of its larger projects. Significant value will also be unlocked through the expected zoning of the Apollo Heights Resort, following the agreement reached by the Cypriot and UK governments to permit for development such projects falling within the Sovereign British Areas.

7. OTHER OPERATING PROFITS

	From 1 January 2013 to 31 December 2013 €'000	From 1 January 2012 to 31 December 2012 €'000
Sale of trading and investment properties	219	28,003
Income from hotel operation	6,571	1,409
Income from operation of golf courses	112	241
Income from construction contracts	6,474	447
Other profits	2,749	4,059
Cost of sales	(3,379)	(25,856)
Total	**12,746**	**8,303**

8. PERSONNEL EXPENSES

	From 1 January 2013 to 31 December 2013		From 1 January 2012 to 31 December 2012	
	Operating expenses €'000	Construction in progress €'000	Operating expenses €'000	Construction in progress €'000
Wages and salaries	5,204	99	6,295	946
Compulsory social security contributions	1,292	13	565	90
Contributions to defined contribution plans	1	-	173	19
Other personnel costs	477	13	870	39
Total	**6,974**	**125**	**7,903**	**1,094**

Personnel expenses in relation to operating expenses are expensed as incurred in profit or loss. Personnel expenses in relation to construction in progress are capitalised on the specific projects and transferred to profit or loss through cost of sales when the specific property is disposed of.
The average number of employees employed by the Group during the year was 317 (2012: 361 employees).

9. FINANCE INCOME AND FINANCE COSTS

	From 1 January 2013 to 31 December 2013 €'000	From 1 January 2012 to 31 December 2012 €'000
RECOGNISED IN PROFIT OR LOSS		
Interest income	417	700
Fair value adjustment	-	5
Exchange difference	-	176
Finance income	417	881
Interest expense	(12,308)	(20,661)
Bank charges	(461)	(485)
Exchange difference	(4,900)	-
Finance costs	(17,669)	(21,146)
Net finance costs recognised in profit or loss	**(17,252)**	**(20,265)**
RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Foreign currency translation differences	(939)	(443)
Finance costs recognised in other comprehensive income	**(939)**	**(443)**

10. TAXATION

	From 1 January 2013 to 31 December 2013 €'000	From 1 January 2012 to 31 December 2012 €'000
RECOGNISED IN PROFIT OR LOSS		
Income tax	290	217
Net deferred tax (see note 21)	10,966	(2,153)
Taxation recognised in profit or loss	**11,256**	**(1,936)**
RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Revaluation of property, plant and equipment (see note 21)	(1,118)	1,735
Taxation recognised in other comprehensive income	**(1,118)**	**1,735**

Reconciliation of taxation based on tax loss and taxation based on Group's accounting loss

	From 1 January 2013 to 31 December 2013 €'000	From 1 January 2012 to 31 December 2012 €'000
Loss before taxation	(101,618)	(44,651)
Taxation using domestic tax rates	(600)	(983)
Non-deductible expenses and tax-exempt income	(442)	640
Effect of tax losses utilised	155	(48)
Other	12,143	(1,545)
Total	**11,256**	**(1,936)**

As a company incorporated under the BVI International Business Companies Act (Cap. 291), the Company is exempt from taxes on profits, income or dividends. Each company incorporated in BVI's is required to pay an annual government fee, which is determined by reference to the amount of the company's authorised share capital.

The profits of the Cypriot companies of the Group are subject to a corporation tax rate of 12,50% (2012: 10%) on their total taxable profits. Tax losses of Cypriot companies are carried forward to reduce future profits for a period of five years. In addition, the Cypriot companies of the Group are subject to a 3% special contribution on rental income. Under certain conditions, interest income may be subject to

special contribution at the rate of 30% (15% to 28 April 2013). In such cases, this interest is exempt from corporation tax.

In Greece, the corporation tax rate applicable to undistributed profits is 26% (2012: 20%). Tax losses of Greek companies are carried forward to reduce future profits for a period of five years. In Turkey, the corporation tax rate is 20%. Tax losses of Turkish companies are carried forward to reduce future profits for a period of five years. In Croatia, the corporation tax rate is 20%. Tax losses of Croatian companies are carried forward to reduce future profits for a period of five years.

The Group's subsidiary in the Dominican Republic has been granted a 100% exemption on local and municipal taxes by the Dominican Republic's CONFOTUR (Tourism Promotion Council) for a period of ten years, effective from the commencement of the construction of the project. In the Republic of Panama, the corporation tax rate is 25% and the capital gains tax rate is 10%. The Panamanian tax legislation further contemplates a method of taxation which involves a 3% advance on the tax, which is not calculated on the actual gain, but on the total value of the transfer or on the registered value of the property (whichever may be higher). In some instances, this 3% may be considered by the taxpayer as the final tax payable. Tax losses of companies in the Republic of Panama are carried forward to reduce future profits for a period of five years.

11. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of common shares outstanding during the year.

	From 1 January 2013 to 31 December 2013 '000	From 1 January 2012 to 31 December 2012 '000
Loss attributable to owners of the Company (€)	(111,910)	(41,220)
Number of weighted average common shares outstanding	642,440	583,306
Basic loss per share (€)	**(0.17)**	**(0.07)**

Weighted average number of common shares outstanding

	From 1 January 2013 to 31 December 2013 '000	From 1 January 2012 to 31 December 2012 '000
Outstanding common shares at the beginning of the year	642,440	665,048
Effect of acquisition and cancellation of own shares	-	(119,725)
Effect of shares issued during the year	-	37,983
Weighted average number of common shares outstanding	**642,440**	**583,306**

Diluted loss per share

Diluted loss per share is calculated by adjusting the loss attributable to owners and the number of common shares outstanding to assume conversion of all dilutive potential shares. During the year, the Company has one category of dilutive potential common shares: warrants. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the warrants. As at 31 December 2012, the diluted loss per share was the same as the basic loss per share, due to the fact that no dilutive potential ordinary shares were outstanding during the period.

	From 1 January 2013 to 31 December 2013 '000	From 1 January 2012 to 31 December 2012 '000
Loss attributable to owners of the Company (€)	(111,910)	(41,220)
Weighted average number of common shares outstanding	642,440	583,306
Effect of potential conversion of warrants	5,585	-
Weighted average number of common shares outstanding for diluted loss per share	648,025	583,306
Diluted loss per share (€)	(0.17)	(0.07)

12. INVESTMENT PROPERTY

	31 December 2013 €'000	31 December 2012 €'000
At beginning of year	422,204	1,201,933
Direct acquisitions	351	3,257
Transfers to property, plant and equipment (see note 13)	(7,232)	(151,093)
Transfers to trading properties (see note 14)	(9,115)	(2,306)
Transfers to equity accounted investees (see note 16)	-	(691)
Disposals through disposal of subsidiary companies (see note 26)	-	(605,925)
Direct disposals	(8)	(9,289)
Exchange difference	(5,014)	(1,931)
	401,186	433,955
Fair value adjustment	22,605	(11,751)
At end of year	**423,791**	**422,204**

13. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings €'000	Machinery & equipment €'000	Other €'000	Total €'000
2013				
Cost or deemed cost				
At beginning of year	131,564	5,604	2,015	139,183
Direct acquisitions of property, plant and equipment	24,316	1,089	200	25,605
Transfers from investment property (see note 12)	7,232	-	-	7,232
Capitalised depreciation	258	-	-	258
Direct disposal of property, plant and equipment	(7)	-	-	(7)
Revaluation adjustment	(6,911)	-	-	(6,911)
Exchange difference	(932)	(67)	(67)	(1,066)
At end of year	155,520	6,626	2,148	164,294
Depreciation and impairment losses				
At beginning of year	18,085	1,699	727	20,511
Revaluation adjustment	(2,628)	-	-	(2,628)
Depreciation charge for the year	1,591	729	127	2,447
Capitalised depreciation	-	70	188	258
Impairment loss	342	-	-	342
Reversal of impairment loss	(117)	-	-	(117)
Exchange difference	(52)	(46)	(25)	(123)
At end of year	17,221	2,452	1,017	20,690
Carrying amounts	**138,299**	**4,174**	**1,131**	**143,604**
2012				
Cost or deemed cost				
At beginning of year	107,021	11,661	3,482	122,164
Direct acquisitions of property, plant and equipment	13.099	2,591	1,231	16,921
Transfers from investment property (see note 12)	151,093	-	-	151,093
Direct disposal of property, plant and equipment	(177)	(92)	(69)	(338)
Disposals through disposal of subsidiary companies (see note 26)	(150,621)	(8,550)	(2,615)	(161,786)
Revaluation adjustment	11,172	-	-	11,172
Exchange difference	(23)	(6)	(14)	(43)
At end of year	131,564	5,604	2,015	139,183
Depreciation and impairment losses				
At beginning of year	10,072	6,290	2,589	18,951
Direct disposal of property, plant and equipment	-	(75)	(68)	(143)
Disposals through disposal of subsidiary companies (see note 26)	(3,279)	(5,161)	(2,153)	(10,593)
Revaluation adjustment	(33)	-	-	(33)
Depreciation charge for the year	740	649	369	1,758
Impairment loss	15,401	-	-	15,401
Reversal of impairment loss	(4,794)	-	-	(4,794)
Exchange difference	(22)	(4)	(10)	(36)
At end of year	18,085	1,699	727	20,511
Carrying amounts	**113,479**	**3,905**	**1,288**	**118,672**

14. TRADING PROPERTIES

	31 December 2013 €'000	31 December 2012 €'000
At beginning of year	38,732	298,964
Net direct additions/(disposals)	16,869	(3,727)
Net transfers from investment property (see note 12)	9,115	2,306
Disposals through disposal of subsidiary company (see note 26)	-	(258,880)
Impairment loss	(970)	(2,684)
Reversal of impairment loss	778	1,158
Exchange difference	-	1,595
At end of year	**64,524**	**38,732**

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

On 15 July 2013, the Company acquired 9.6 million shares, equivalent to 10% of Itacare Capital Investments Ltd's ('Itacare') share capital, for the amount of €1.9 million. Itacare is a real estate investment company listed on AIM.

	31 December 2013 €'000	31 December 2012 €'000
At beginning of year	-	-
Additions	1,944	-
Net change in fair value	321	-
At end of year	**2,265**	**-**

16. EQUITY ACCOUNTED INVESTEES

	DCI H2	Single Purpose Vehicle Five Limited ('SPV5')	Aristo Accounting S.A.	Joint venture between Aristo and Alea Limassol Star Limited	Joint venture between Aristo and Poseidon	Joint venture between Aristo and Tsada/ Randi Cyprus Golf Resorts	Joint venture between Aristo and Lanitis Limited	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance as at 1 January 2013	256,150	1,722	24	-	-	-	-	257,896
Share of losses	(76,935)	(304)	-	-	-	-	-	(77,239)
Share of revaluation surplus	205	-	-	-	-	-	-	205
Balance as at 31 December 2013	**179,420**	**1,418**	**24**	**-**	**-**	**-**	**-**	**180,862**
Balance as at 1 January 2012	-	-	29	7,703	83	53	-	7,868
Initial cost of investment (see note 26)	265,566	1,670	-	-	-	-	-	267,236
Share of (losses)/profits, net of tax	(9,469)	52	(5)	(62)	-	-	-	(9,484)
Share of revaluation surplus	53	-	-	-	-	-	-	53
Transfer from investment property (see note 12)	-	-	-	-	-	-	691	691
Profits received	-	-	-	-	-	(36)	-	(36)
Contribution from shareholders	-	-	-	317	-	-	8	325
Disposals (see note 26)	-	-	-	(7,958)	(83)	(17)	(699)	(8,757)
Balance as at 31 December 2012	**256,150**	**1,722**	**24**	**-**	**-**	**-**	**-**	**257,896**

The details of the above investments are as follows:

Name	Country of incorporation	Principal activities	Shareholding interest 2013 and 2012
DCI H2	BVIs	Acquisition and holding of investments	50%
SPV5	Cyprus	Construction and management of resort	25%
Progressive Business Advisors S.A. (ex. Aristo Accounting S.A.)	Greece	Provision of professional services	20%

The above shareholding interest percentages are rounded to the nearest integer.

During 2012, the Company reduced its participation in DCI H2 and SPV5 from 100% to 49.8% and 25%, respectively (see note 25.4).

As of 31 December 2013, Aristo, DCI H2's largest subsidiary, had a total of €2.4 million (2012: €6.7 million) contractual capital commitments on property, plant and equipment and a total of €45 million (2012: €51 million) bank guarantees arising in the ordinary course of business. Aristo's management does not anticipate any material liability to arise from these contingent liabilities. In addition, 1.500 shares out of 4.975 shares that the Company holds in DCI H2 are pledged as a security against Group's bank loans (see note 20).

SPV5 had a total of €5.1 million (2012: nil) contractual capital commitments on property, plant and equipment.

Summary of financial information for equity accounted investees as at and for the years ended 31 December 2013 and 31 December 2012, not adjusted for the percentage ownership held by the Group:

	DCI H2 €'000	SPV5 €'000	Progressive Business Advisors S.A. €'000	Total €'000
2013				
Current assets	222,170	10,099	192	232,461
Non-current assets	630,273	11,400	2	641,675
Total assets	**852,443**	**21,499**	**194**	**874,136**
Current liabilities	186,022	10,571	96	196,689
Non-current liabilities	305,076	1,007	-	306,083
Total liabilities	**491,098**	**11,578**	**96**	**502,772**
Revenues	29,786	-	455	30,241
Expenses	(184,429)	(1,217)	(454)	(186,100)
(Loss)/profit	**(154,643)**	**(1,217)**	**1**	**(155,859)**
2012				
Current assets	314,023	227	192	314,442
Non-current assets	676,347	7,890	2	684,239
Total assets	**990,370**	**8,117**	**194**	**998,681**
Current liabilities	167,263	148	96	167,507
Non-current liabilities	307,531	1,081	-	308,612
Total liabilities	**474,794**	**1,229**	**96**	**476,119**
Revenues	29,400	-	466	29,866
Expenses	(85,205)	(550)	(482)	(86,237)
Loss	**(55,805)**	**(550)**	**(16)**	**(56,371)**

17. RECEIVABLES AND OTHER ASSETS

	31 December 2013 €'000	31 December 2012 €'000
Trade receivables	339	748
Amount receivable from Archimedia Holdings Corp. ('Archimedia')(see note 25.4)	1,509	1,541
Receivables in relation to business combinations (see note 26)	-	18,415
VAT receivables	7,676	15,577
Other receivables	11,032	5,083
Total trade and other receivables	20,556	41,364
Prepayments and other assets	8,400	136
Total	**28,956**	**41,500**

18. CASH AND CASH EQUIVALENTS

	31 December 2013 €'000	31 December 2012 €'000
Bank balances	7,077	14,197
One-week deposits	-	6,437
Three-month fixed deposits	-	1,531
Total bank balances	7,077	22,165
Cash at bank	23	16
Total	**7,100**	**22,181**

The average interest rate on the above fixed deposit balances for the year ended 31 December 2013 was 0.495% (2012: 1.863%).

19. CAPITAL AND RESERVES

Capital

Authorised share capital

	31 December 2013		31 December 2012	
	'000 of shares	€'000	'000 of shares	€'000
Common shares of €0.01 each	2,000,000	20,000	2,000,000	20,000

Movement in share capital and premium

	Shares in '000	Share capital €'000	Share premium €'000
Capital at 1 January 2012	665,048	6,650	825,671
Cancellation of own shares	(227,044)	(2,270)	(373,033)
Shares issued on 25 October 2012	204,436	2,044	47,956
Placement costs	-	-	(1,661)
Capital at 31 December 2012	**642,440**	**6,424**	**498,933**
Capital at 1 January 2013 and 31 December 2013	**642,440**	**6,424**	**498,933**

On 25 October 2012, the Company issued 204,435,897 new common shares at GBP 0.195 per share, for a total value of €50 million. The new shares rank pari passu with the existing common shares of the Company.

Warrants

In December 2011, the Company raised €8,500,000 through the issue of new shares at GBP 0.27 per share (with warrants attached to subscribe for additional Company shares equal to 25% of the aggregate value of the new shares at the price of GBP 0.317 per share, subject to anti-dilution adjustments pursuant to the warrant's terms and conditions – initial price of GBP 0.35 per share). The warrant holders can exercise their subscription rights within five years from the admission date. The number of shares to be issued on exercise of their rights will be determined based on the subscription price on the exercise date.

Reserves

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group.

On 22 June 2012, the Company exchanged Mr. Theodoros Aristodemou's ('TA') shareholding of 34.14% in the Company (227,044,080 shares) for a direct 50.25% participation of TA in DCI H2 (see note 25.4). On 6 July 2012, the Company proceeded with the cancellation of 227,044,080 own shares that had been received through the Aristo exchange.

Following the above transaction, the Company does not hold any amount of own shares as at 31 December 2013 and 31 December 2012.

Translation reserve

Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of available-for-sale financial assets until the assets are derecognised or impaired and the revaluation of property, plant and equipment from both subsidiaries and equity accounted investees, net of any deferred tax.

20. LOANS AND BORROWINGS

	Total		Within one year		Within two to five years		More than five years	
	2013	2012	2013	2012	2013	2012	2013	2012
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans in euro	76,390	85,108	11,619	26,873	32,550	23,230	32,221	35,005
Loans in United States dollars	10,982	14,185	1,902	6,302	7,760	5,912	1,320	1,971
Bank overdrafts in euro	2,239	2,188	2,239	2,188	-	-	-	-
Convertible bonds payable	79,193	30,317	-	-	79,193	30,317	-	-
Total	**168,804**	**131,798**	**15,760**	**35,363**	**119,503**	**59,459**	**33,541**	**36,976**

Terms and Conditions

The terms and conditions of outstanding loans were as follows:

Description	Currency	Interest rate	Maturity dates	31 December 2013 €'000	31 December 2012 €'000
Secured loans	Euro	Euribor plus margins ranged from 5% to 6.5%	From 2014 to 2026	52,936	59,363
Secured loans	Euro	Basic rate plus margins ranged from 1.5% to 3.25%	From 2014 to 2022	19,849	21,355
Secured loans	Euro	Fixed rates ranged from 7.5% to 7.9%	From 2015 to 2016	3,605	4,391
Secured loans	United States dollars	Libor plus margins ranged from 2% to 4%	From 2017 to 2020	10,982	14,184
Unsecured bank overdraft	Euro	9.05%		2,239	2,188
Convertible bonds payable	Euro	5.50%	2018	50,000	-
Convertible bonds payable	United States dollars	7%	From 2016 to 2018	29,193	30,317
Total interest-bearing liabilities				168,804	131,798

Securities

As at 31 December 2013, the Group's loans and borrowings were secured as follows:

- Mortgage against immovable property of the subsidiary in Dominican Republic, PGH, with a carrying amount of €27.3 million (2012: €33.9 million).
- Mortgage against the immovable property of the Croatian subsidiary, Azurna, with a carrying amount of €34 million (2012: €35.5 million), two promissory notes and a debenture note.
- Mortgage against the immovable property of the Turkish subsidiary, Pasakoy Yapi ve Turizm A.S., with a carrying amount of €11.4 million (2012: €12.2 million).
- Mortgage against immovable property of the Turkish subsidiary, Kalkan Yapi ve Turizm A.S., with a carrying amount of €9.8 million (2012: €9.6 million).
- Mortgage against the immovable property of the Cypriot subsidiary, Symboula Estates Limited, with a carrying amount of €43.6 million (2012: €37.7 million).
- DCI Holdings One Limited corporate guarantees for the serving of the Cypriot subsidiary, Symboula Estates Limited, bank loans amounting to €21.3 million (2012: €21.3 million).
- Pledge of 1.500 shares of DCI Holdings Two Limited for Symboula Estates Limited bank loans (see note 16).
- Lien up to €41.6m on immovable properties of the Greek subsidiaries of The Porto Heli project with a carrying amount of €176 million (2012: €155 million).
- Mortgage against immovable property of the Cypriot associate, Aristo, amounted to €2.8 million (2012: €2.8 million).

- First and second prenotations of mortgage against immovable property of the Greek subsidiary, Aristo Developers S.A., with a carrying amount of €1.5 million (2012: €1.5 million).
- Prenotation of mortgage against immovable property of the Greek subsidiary, Aristo Developers S.A., with a carrying amount of €7.8 million (2012: €7.8 million).

Convertible bonds payable

On 5 April 2013, the Company issued 5,000 bonds (the 'Euro Bonds') at €10 thousand each, bearing interest of 5.5% per annum, payable semi-annually, and maturing on 5 April 2018.

On 23 April 2013, the Company issued 917 bonds (the 'US$ Bonds') at US$10 thousand each, bearing interest of 7% per annum, payable semi-annually, and maturing on 23 April 2018.

The Euro Bonds and the US$ Bonds may be converted prior to maturity (unless earlier redeemed or repurchased) at the option of the holder into common shares of €0.01 each. The initial conversion price is €0.5737 (representing GBP 0.50 per share converted into euro at the fixed exchange rate of GBP 1.00:€1.1474) and US$0.6717 (representing GBP 0.45 per share converted into United States dollars at the fixed exchange rate of GBP 1.00:US$1.4928) per share for the Euro Bonds and the US$ Bonds, respectively.

The Euro Bonds and the US$ Bonds are not publicly traded.

Part of the bonds, amounting to €41,004 thousand, was subscribed by Third Point LLC, a significant shareholder of the Company (see note 25.5).

On 29 March 2011, DCI H7 issued 4,000 bonds at US$10 thousand each, bearing interest of 7% per annum, payable semi-annually, and maturing on 29 March 2016. The bonds are trading on the Open Market of the Frankfurt Stock Exchange (the freiverkehr market) under the symbol 12DD. On 23 April 2013, the Company purchased 891 bonds at a consideration of US$10 thousand each (representing their par value) plus corresponding accrued interest of approximately US$200 thousand using the funds received from the issue of the US$ Bonds.

Bonds may be converted prior to maturity (unless earlier redeemed or repurchased) at the option of the holder into Company's common shares of €0.01 each for a conversion price of US$0.7239, equivalent of GBP 0.453, subject to anti-dilution adjustments pursuant to the bond's terms and conditions (initial conversion price GBP 0.50). The number of shares to be issued on exercise of a conversion right shall be determined by dividing the principal amount of the bonds to be converted by the conversion price in effect on the relevant conversion date.

At the option of bondholders:

(i) some or all of the principal amount of the bonds held by a bondholder may be repurchased by the issuer; and

(ii) the consideration for such repurchase shall be the transfer by the Company to the bondholder of land plot(s) at the issuer's Playa Grande Aman development in the Dominican Republic.

21. DEFERRED TAX ASSETS AND LIABILITIES

	31 December 2013		31 December 2012	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€'000	€'000	€'000	€'000
Balance at the beginning of the year	3,384	(45,454)	3,659	(104,335)
From disposal of subsidiary (see note 26)	-	-	(509)	59,239
Recognised in profit or loss (see note 10)	1,427	(12,393)	133	2,020
Recognised in other comprehensive income (see note 10)	-	1,118	-	(1,735)
Exchange difference and other	(581)	119	101	(643)
Balance at the end of the year	**4,230**	**(56,610)**	**3,384**	**(45,454)**

Deferred tax assets and liabilities are attributable to the following:

	31 December 2013		31 December 2012	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€'000	€'000	€'000	€'000
Revaluation of investment property	-	(45,452)	-	(34,364)
Revaluation of trading properties	-	(4,723)	-	(1,574)
Revaluation of property, plant and equipment	-	(6,180)	-	(8,867)
Other temporary differences	-	(255)	-	(649)
Tax losses	4,230	-	3,384	-
Total	**4,230**	**(56,610)**	**3,384**	**(45,454)**

22. FINANCE LEASE OBLIGATIONS

	31 December 2013			31 December 2012		
	Future minimum lease payments €'000	Interest €'000	Present value of minimum lease payments €'000	Future minimum lease payments €'000	Interest €'000	Present value of minimum lease payments €'000
Less than one year	502	79	423	516	76	440
Between two and five years	1,773	293	1,480	1,758	288	1,470
More than five years	11,665	5,127	6,538	13,048	6,404	6,644
Total	**13,940**	**5,499**	**8,441**	**15,322**	**6,768**	**8,554**

The major finance lease obligations comprise leases in Greece with 99-year lease terms.

23. TRADE AND OTHER PAYABLES

	31 December 2013 €'000	31 December 2012 €'000
Trade payables	514	539
Land creditors	24,251	23,663
Investment Manager fees payable (see note 25.2)	467	467
Payable to the former controlling shareholder of PGH project (see note 25.4)	498	4,503
Other payables and accrued expenses	27,385	9,911
Total	**53,115**	**39,083**

24. NAV PER SHARE

	31 December 2013 '000	31 December 2012 '000
Total equity attributable to owners of the Company (€)	523,672	635,481
Number of common shares outstanding at end of year	642,440	642,440
NAV per share (€)	**0.82**	**0.99**

25. RELATED PARTY TRANSACTIONS

25.1 Directors of the Company

Miltos Kambourides is the founder and managing partner of the Investment Manager.
The interests of the Directors, all of which are beneficial, in the issued share capital of the Company as at 31 December 2013 were as follows:

	Shares '000
Miltos Kambourides (indirect holding)	65,081
Roger Lane-Smith	60
Andreas Papageorghiou	5

Save as disclosed, none of the Directors had any interest during the period in any material contract for the provision of services which was significant to the business of the Group.

25.2 Investment Manager fees

Annual fees

The Investment Manager is entitled to an annual management fee of 2% of the equity funds defined as follows:

- €890 million; plus
- The gross proceeds of further equity issues, other than the funds raised in respect of the proceeds of the equity issues as at 25 October 2012 and 30 December 2011; plus
- Realised net profits less any amounts distributed to shareholders.

The equity funds as at 31 December 2013 comprised €689 million.
In addition, the Company shall reimburse the Investment Manager for any professional fees or other costs incurred on behalf of the Company at its request for services or advice.
Management fees for the years ended 31 December 2013 and 31 December 2012 amounted to €13,780 thousand and €15,769 thousand, respectively.

Performance fees

The Investment Manager is entitled to a performance fee based on the net profits made by the Company, subject to the Company receiving the 'Relevant Investment Amount' which is defined as an amount equal to:

i The total cost of the investment reduced on a pro rated basis by an amount of €167 million; plus

ii A hurdle amount equal to an annualised percentage return equal to the average one-month Euribor rate applicable in the period commencing from the month when the relevant cost is incurred compounded for each year or fraction of a year during which such investment is held (the 'Hurdle'); plus

iii A sum equal to the amount of any realised losses and/or write-downs in respect of any other investment which has not already been taken into account in determining the Investment Manager's entitlement to a performance fee.

In the event that the Company has received distributions from an investment equal to the Relevant Investment Amount, any subsequent net profits arising shall be distributed in the following order or priority:

i 60% to the Investment Manager and 40% to the Company until the Investment Manager shall have received an amount equal to 20% of such profits; and

ii 80% to the Company and 20% to the Investment Manager, such that the Investment Manager shall receive a total performance fee equivalent to 20% of the net profits.

The performance fee payment is subject to the following escrow and clawback provisions:

Escrow

The following table displays the current escrow arrangements:

Escrow	Terms
Up to €109 million returned	50% of overall performance fee held in escrow
Up to €109 million plus the cumulative hurdle returned	25% of any performance fee held in escrow
After the return of €409 million post-hurdle, plus the return of €225 million post-hurdle	All performance fees released from escrow

Clawback

If on the earlier of (i) disposal of the Company's interest in a relevant investment or (ii) 1 August 2020, the proceeds realised from that investment are less than the Relevant Investment Amount, the Investment Manager shall pay to the Company an amount equivalent to the difference between the proceeds realised and the Relevant Investment Amount. The payment of the clawback is subject to the maximum amount payable by the Investment Manager not exceeding the aggregate performance fees (net of tax) previously received by the Investment Manager in relation to other investments.

No performance fees were charged to the Company for the years ended 31 December 2013 and 31 December 2012. As at 31 December 2013 and 31 December 2012, funds held in escrow, including accrued interest, amounted to €467 thousand.

25.3 DIRECTORS' REMUNERATION

The Directors' remuneration for the years ended 31 December 2013 and 31 December 2012 were as follows:

	From 1 January 2013 to 31 December 2013 €'000	From 1 January 2012 to 31 December 2012 €'000
Andreas Papageorghiou	15.0	15.0
Cem Duna	15.0	15.0
Roger Lane-Smith	45.0	45.0
Antonios Achilleoudis	15.0	15.0
Christopher Pissarides	50.0	50.0
David B.Heller*	14.2	-
Total	**154.2**	**140.0**

* On 14 March 2013, Mr. David B.Heller was appointed as non-executive Director.

Mr. Miltos Kambourides has waived his fees.

25.4 Shareholder and development agreements

Shareholder agreements

DolphinCI Twenty Two Limited, a subsidiary of the Group, had signed a shareholder agreement with the non-controlling shareholder of Eastern Crete Development Company S.A., under which it had acquired 60% of the shares of Plaka Bay project by paying the former majority shareholder a sum upon closing and a conditional amount in the event the non-controlling shareholder was successful in, among others, acquiring additional specific plots and obtaining construction permits. On 23 August 2013, the parties signed a new agreement for the purchase of the remaining 40% stake of the entity. The base consideration for the purchase was €4.4 million payable in three installments: €2.4 million by 10th of September 2013, €1 million by 30th of September 2013 and €1 million by 31st of October 2013. The last installment of €1 million was transferred within February of 2014. Consideration might be increased by the transfer of plots of land in the project, to the seller, of total market value equal to €4 million, subject to the project receiving permits for building 40,000 m2, of freehold residential properties. The conditional deferred consideration will be adjusted pro rata in case the buildable properties are less than 40,000m2 but is also subject to a 5% annual increase commencing from the second anniversary from the signing of the agreement and until implementation from the Company.

DolphinCI Thirteen Limited, a subsidiary of the Group, has signed a shareholder agreement with the non-controlling shareholder of Iktinos. Under its current terms, DolphinCI Thirteen Limited has acquired approximately 80% of the shares of Latirus Enterprises Limited (Sitia Bay project) by paying the non-controlling shareholder an initial sum upon closing and a conditional amount in the event the non-controlling shareholder will be successful in, among others, acquiring additional specific plots and obtaining construction permits.

On 20 September 2010, the Group signed an agreement with Archimedia controlled by John Hunt, for the sale of a 14.29% stake in Amanzoe for a consideration of €11 million. The agreement also granted Archimedia the right to partially or wholly convert this shareholding stake into up to three predefined Aman Villas (the 'Conversion Villas') for a predetermined value and percentage per Villa. The first €1 million of the consideration was received at signing, while the completion of the transaction and the payment of the €10 million balance was subject to customary due diligence on the project and the issuance of the construction permits for the Conversion Villas prior to a longstop date set at 1 April 2011. On 28 March 2011, the Company reached an agreement with Archimedia to vary the original terms of the sale agreement, which was followed by the Company and Archimedia entering into an amended sale agreement on 13 March 2012. The Company has already received US$12,422 thousand and €1,300 thousand, while US$978 thousand and €800 thousand, plus any additional consideration that may be due depending on the exact size and features of the Conversion Villas, will be received upon completion of the Conversion Villas.

The total receivable amount of €1,509 thousand (31 December 2012: €1,541 thousand) is included in receivables and other assets (see note 17). On 3 August 2012, the Company received a Conversion Notice from Archimedia to convert 6.43% of its shares in Amanzoe in exchange for an Aman Villa and on 27 December 2012 a further Notice for the conversion of the remaining 7.86% of its shares for two other Aman Villas. The Company is in the process of finalising the relevant documentation for the completion of the conversions in question. Following the conversions, Archimedia will not hold any shareholding interest in Amanzoe.

On 22 June 2012, the Company and TA agreed to the exchange of TA's 34.14% shareholding in Dolphin for a direct 50.25% participation in DCI H2. The Aristo exchange took place on a NAV-for-NAV basis before deferred income tax liabilities and, as such, was valued at approximately €375 million. Under the same shareholder agreement, neither party may sell or transfer the beneficial ownership of any shares of Aristo to third parties without first making an offer in writing to sell the same to the other party while each party retains tag along rights in the event of a sale of the shares by the other party.

On 6 August 2012, the Company signed an agreement for the sale of eight out of the nine remaining Seafront Villas, part of the Mindcompass Overseas Limited group of entities. The total base net consideration agreed for this sale was €10 million with the Company also entitled to the maximum amount between 35% profit participation on the sales generated by the purchaser from the further sale of four villas or €2 million. It was also agreed that the Company would undertake the construction contract for the completion of the Villas and a €1 million deposit was paid upon signing. On 6 December 2012, the Company and the purchasers agreed an amendment to the Sale of Shares Agreement to provide that an amount of €1 million would be payable in January 2013, the remaining €8 million would become payable in five interest-bearing installments (at 6% per annum) starting from June 2013 (€990 thousand received as of 31 December 2013), and that the Company's profit participation in the sale of five Villas will be set at 50% with no minimum profit participation.

On 5 September 2012, the Company signed a sales agreement with a regional investor group led by Mr. Alberto Vallarino for the sale of its 60% shareholding in Peninsula Resort Holdings Limited, the entity that indirectly holds the land for Pearl Island's Founders' phase of the Pearl Island Project. The consideration for the sale was a cash payment of US$6 million (50% paid at closing on 14 September 2012 and 50% one year from closing, collected on 17 September 2013) and a commitment to invest an additional circa US$35 million of development capital within a maximum period of two years in order to complete the aforementioned phase of the project. Out of those funds, approximately US$13 million shall be incurred on development of components owned by Pearl Island Limited S.A., with US$7,171 thousand already invested by 31 December 2013.

On 24 September 2012, the Company signed an agreement with an affiliate of the Swiss Development Group for the sale of a 75% stake in the Nikki Beach Resort & Spa at Porto Heli together with a contract for the management and construction of the project for a minimum consideration of €3.15 million, that will increase depending on the size of the loan facility obtained, the returns realised and the final construction cost. An amount of €1.23 million had been received by the Company as of 31 December 2012, and the remaining balance of the minimum consideration was received in early 2013.

Development agreements

Eastern Crete Development Company S.A., a subsidiary of the Group, has signed a development management agreement with a company related to the non-controlling shareholder of Plaka Bay Resort under the terms of which this company undertakes to assist Eastern Crete Development Company S.A. to obtain all permits required to enable the development of the project as well as to select advisers, consultants, etc., during the pre-construction phases. The development manager receives an annual fee.

Pursuant to the original Sale and Purchase Agreement of 10 December 2007, DCI H7 was obliged to make payments for the construction of infrastructure on the land retained by DR Beachfront Real Estate LLC ('DRB'), the former majority shareholder of PGH. Pursuant to a restructuring agreement dated 5 November 2012, those obligations have been restructured with the material provisions of that agreement already fulfilled. As at 31 December 2013, following cash payments of US$7.6 million and transfers of land parcels valued at approximately US$11 million, the total provision outstanding is US$0.7 million (€498 thousand) (31 December 2012: US$5.9 million or €4,503 thousand) which is included in trade and other payables (see note 23).

Pedro Gonzalez Holdings II Limited, a subsidiary of the Group, has signed a Development Management agreement with DCI Holdings Twelve Limited ('DCI H12') in which the Group has a stake

of 60%. Under its terms, DCI H12 undertakes, among others, the management of permitting, construction, sale and marketing of the Pearl Island project.

25.5 Other related parties

During the years ended 31 December 2013 and 31 December 2012, the Group incurred the following related party transactions with the following parties:

2013	€'000	Nature of transaction
Iktinos Hellas S.A.	48	Project management services in relation to Sitia Project and rent payment
J&P Development S.A.	60	Project management services in relation to Cape Plaka Project
John Heah, non-controlling shareholder of SPV 10	73	Design fees in relation to Kea Resort project and Playa Grande project
Progressive Business Advisors S.A.	292	Accounting fees
Third Point LLC, shareholder of the Company	41,004	Subscription to bonds (see note 20)
Third Point LLC, shareholder of the Company	1,695	Bond interest for the year

2012	€'000	Nature of transaction
Iktinos Hellas S.A.	49	Project management services in relation to Sitia Project and rent payment
J&P Development S.A.	60	Project management services in relation to Cape Plaka Project
John Heah, non-controlling shareholder of SPV 10	28	Design fees in relation to Kea Resort project and Playa Grande project
Aristo Accounting S.A.	337	Accounting fees

26. BUSINESS COMBINATIONS

During the year ended 31 December 2013, the Group increased its ownership interest without any change in control in Bourne Holdings (Cyprus) Limited (holding company of Eastern Crete Development Company S.A.) by 30.91% to 90.91% as follows:

	Eastern Crete Development Company S.A.	Total
	€'000	€'000
Non-controlling interests acquired	5,291	5,291
Consideration transferred	(3,400)	(3,400)
Acquisition effect recognised in equity	1,891	1,891

During the year ended 31 December 2012, the Group, under the Aristo Exchange agreement (see note 25.4) reduced its participation in DCI H2 from 100% to 49,8%. In addition, the Group also reduced its participation in Nikki Beach Resort & Spa at Porto Heli, through SPV5 from 100% to 25%, as follows:

	DCI H2	SPV5	Total
	€'000	€'000	€'000
Investment property (see note 12)	(594,098)	-	(594,098)
Property, plant and equipment (see note 13)	(143,362)	(7,800)	(151,162)
Equity accounted investees (see note 16)	(8,757)	-	(8,757)
Deferred tax assets (see note 21)	(509)	-	(509)
Trading properties (see note 14)	(247,749)	-	(247,749)
Receivables and other assets	(22,573)	(208)	(22,781)
Cash and cash equivalents	(1,141)	(7)	(1,148)
Loans and borrowings	303,956	317	304,273
Deferred tax liabilities (see note 21)	58,222	1,016	59,238
Bank overdrafts	33,242	-	33,242
Trade and other payables	26,568	-	26,568
Net assets on which control was lost	(596,201)	(6,682)	(602,883)
Equity accounted investees (see note 16)	265,566	1,670	267,236
Net assets disposed of	(330,635)	(5,012)	(335,647)
Own shares exchanged	375,303	-	375,303
Proceeds on disposal	-	3,150	3,150
Gain on exchange/disposal recognised in profit or loss	**44,668**	**(1,862)**	**42,806**
Cash effect on exchange/disposal:			
Proceeds on exchange/disposal	-	3,150	3,150
Consideration to be received	-	(1,925)	(1,925)
Cash and cash equivalents	(1,141)	(7)	(1,148)
Bank overdrafts	33,242	-	33,242
Net cash inflow on exchange/disposal	**32,101**	**1,218**	**33,319**

The consideration to be received in relation to the Group's reduction in its participation to the Nikki Beach Resort & Spa at Porto Heli, will increase depending on the size of the construction loan facility obtained, the returns realised and the final construction cost, as the Group also signed a contract for the management and construction of the project.

During the year ended 31 December 2012, the Group disposed of its entire stake of 60% and 100% in Peninsula Resort S.A. at Pearl Island (Panama) and eight Seafront Villas at the Porto Heli Collection (Greece), respectively, as follows:

	Peninsula Resort S.A. €'000	Eight Seafront Villas entities €'000	Total €'000
Investment property (see note 12)	(11,827)	-	(11,827)
Property, plant and equipment (see note 13)	(31)	-	(31)
Trading properties (see note 14)	-	(11,131)	(11,131)
Cash and cash equivalents	(4)	(1)	(5)
Other net liabilities/(assets)	2,564	(6)	2,558
Deferred tax liabilities (see note 21)	1	-	1
Net assets	(9,297)	(11,138)	(20,435)
Net assets disposed of	(5,578)	(11,138)	(16,716)
Assignment of loan receivable	(1,705)	-	(1,705)
Proceeds on disposals	10,290	10,000	20,290
Gain on disposal recognised in profit or loss	**3,007**	**(1,138)**	**1,869**
Cash effect on disposal:			
Proceeds on disposal	10,290	10,000	20,290
Cash and cash equivalents	(4)	(1)	(5)
Consideration to be received	(7,643)	(9,000)	(16,643)
Net cash inflow on disposal	**2,643**	**999**	**3,642**

As of 31 December 2012, the amount of consideration to be received in relation to Peninsula Resort S.A. disposal was reduced to €7,490 thousand as a result of the US$ exchange rate fluctuation.

The eight Seafront Villas entities are: Infatran Company Limited, Ntekar Company Limited, Normatron Company Limited, Detalex Company Limited, Trekma Company Limited, Myconian Company Limited, Smartrek Company Limited and Leftran Co. Limited.

During the year ended 31 December 2012, the Group increased its ownership interest without any change in control in PGH (holding company of Playa Grande Club &Reserve) by 1.29% to 100% as follows:

	PGH €'000	Total €'000
Non-controlling interests acquired	333	333
Consideration transferred	(512)	(512)
Acquisition effect recognised in equity	(179)	(179)

27. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed to credit risk, liquidity risk and market risk from its use of financial instruments. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group's overall strategy remains unchanged from last year.

(i) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the statement of financial position date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. The Group's trade receivables are secured with the property sold. Cash balances are mainly held with high credit quality financial institutions and the Group has policies to limit the amount of credit exposure to any financial institution.

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The Group, as at the date of financial position, had secured individual financing facilities for its active projects which are monitored on an on-going basis.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States dollar. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Equity prices risk

The Group is exposed to equity price risk, which arises from available-for-sale equity securities acquired primarily for strategic purposes. See also note 15.

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from last year.

28. COMMITMENTS

As of 31 December 2013, the Group had a total of €16,499 thousand contractual capital commitments on property, plant and equipment (2012: €7,131 thousand).

Non-cancellable operating lease rentals are payable as follows:

	31 December 2013 €'000	31 December 2012 €'000
Less than one year	19	19
Between two and five years	50	71
Total	**69**	**90**

29. CONTINGENT LIABILITIES

Companies of the Group are involved in pending litigations. Such litigations principally relate to day-to-day operations as a developer of second-home residences and largely derive from certain clients and suppliers. Based on the Group's legal advisers, the Investment Manager believes that there is sufficient defence against any claim and they do not expect that the Group will suffer any material loss. All provisions in relation to this matter which are considered necessary have been recorded in these consolidated financial statements.

If investment properties, trading properties and property, plant and equipment were sold at their fair market value, this would have given rise to a payable performance fee to the Investment Manager of approximately €48 million (2012: €59 million), subject always to the escrow and clawback provisions mentioned in note 25.2.
In addition to the tax liabilities that have already been provided for in the consolidated financial statements based on existing evidence, there is a possibility that additional tax liabilities may arise after the examination of the tax and other matters of the companies of the Group.
The Group, under its normal course of business, guaranteed the development of properties in line with agreed specifications and time limits in favor of other parties.

30. SUBSEQUENT EVENTS

On 28 January 2014, the Company signed an agreement which granted Archimedia an option to acquire a 50% profit share from future sales of Amanzoe Villas. Under the terms of the agreement, by making a refundable deposit of €10 million, Archimedia was given the option to acquire a 50% entitlement in the net profits to be realised from the sales of the unsold and unreserved Amanzoe villas, which will be constructed in the current and future development phases of the project, for a total upfront consideration of €26 million in cash. Archimedia will also be contributing 50% to the expected cost for acquiring further land for the future phase villas. The Company will retain 100% of the receivables generated from the ten Amanzoe villa reservations or sales concluded to date. On 4 March 2014 Archimedia informed the Company of its intention to exercise its investment option and the respective definitive documentation for the 50% profit sharing agreement is currently under preparation by the parties. Under the terms of the profit participation agreement, Archimedia also has a call option to acquire 100% ownership of the Amanzoe leisure facilities, including the Amanzoe hotel and beach club, as well as the project land bank, exercisable within five years after the second anniversary from closing. The Company retains a call option to redeem Archimedia's investment during the first 2 years from closing at a 30% premium p.a.

On 7 February 2014, Dolphin Capital Holdings Fifty Ltd ('Lender'), a subsidiary of the Company, signed a loan facility agreement for the amount of €5.1 million with SPV5 ("Borrower"), the holding company of the Nikki Beach Resort & Spa at Porto Heli. SPV5 is an affiliate of the Company (25% stake), that is controlled by an affiliate of the Swiss Development Group after the purchase of 75% stake in September of 2012. According to terms of the agreement, the Lender has agreed to advance to the Borrower up to €5.1 million for financing its overall activities in connection with the development of the project. Any advance shall bear interest at a rate of 11% with the accrued interest becoming payable along with any outstanding balance upon maturity of the facility, one year after the signing of the agreement (on 7 February 2015). All shares of the Borrower have been pledged free of any other encumbrance towards the repayment and discharge of the loan facility.