18 September 2007

Dolphin Capital Investors Limited (DCI.L)

Interim results for the period ended 30 June 2007

DOLPHIN RECORDS 52% RISE IN NAV DURING H1 2007

Dolphin Capital Investors ("Dolphin" or the "Company"), the leading investor in the residential resort sector in south-east Europe, announces its results for the period ended 30 June 2007.

Highlights

- Total Net Asset Value ("NAV") of the Company of €1,295 million before deferred income tax liabilities (€1,161 million after DITL)
- NAV per share of 167p and 150p before and after DITL, up 52% and 48% respectively over NAV per share figures of 110p and 101p as of 31 December 2006
- Profit before tax of €211.3 million (30 June 2006: €60.9 million), resulting in a fully diluted earnings per share of €0.61
- NAV uplift driven primarily by the inclusion of all assets of Cyprus' largest holiday home developer, Aristo Developers Plc ("Aristo"), following the successful acquisition via a public offer in April 2007
- Healthy growth in Aristo's financial performance during H1 2007, with a reported 15% and 19% increase in revenues (€69 million) and net profit after tax (€13 million) respectively compared to H1 2006
- Aristo integration advancing strongly and existing projects progressing in line with their development plans
- Successful completion of third fundraising of €450 million in June 2007
- In final stage of negotiations relating to a number of pipeline investments in core markets of Greece and Cyprus as well as other regional emerging markets.

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

> *"It gives me great pleasure to report yet another successful half-yearly period for Dolphin Capital Investors. During this period, the Company maintained its strong investment performance, raised €450 million of additional equity capital and became the largest real estate investment fund listed on AIM. In addition, the acquisition of Aristo, Cyprus' largest landowner and holiday home developer, underpinned Dolphin's market-leading position by combining Dolphin's real estate expertise with one of the most successful residential developers in the region."*

Miltos Kambourides, founder and Managing Partner of Dolphin Capital Partners, commented:

> *"Dolphin has had a very productive first half of the year, marked by a significant capital raise amidst challenging market conditions. With a number of exciting pipeline opportunities already at an advanced negotiation stage, we remain confident in our ability to deploy the new capital over the coming months and further grow the Company."*

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Notes to editors

Dolphin Capital Investors Limited ("Dolphin" or the "Company") is the leading investor in the residential resort sector in south-east Europe and currently the largest real estate investment company listed on AIM.

Dolphin seeks to generate strong capital growth for its shareholders by acquiring large seafront sites of striking natural beauty in the eastern Mediterranean and establishing sophisticated leisure-integrated residential resorts.

Since inception in 2005, Dolphin has raised €859 million, 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.

In April 2007, Dolphin acquired Aristo, one of the largest holiday home developers in south-east Europe. This enabled the enlarged Company to combine real estate private equity investment expertise with leading development experience and local market knowledge.

Dolphin is managed by Dolphin Capital Partners ("DCP" or the "Investment Manager"), an independent private equity management firm that specialises in real estate investments in south-east Europe.

Dolphin's evolution

H2 2005

- Dolphin is formed and funded with €5 million of seed capital.
- Dolphin is admitted to trading on AIM, raising €104 million via a placing with institutional investors. The issue price at admission is **68p**. Panmure Gordon acted as sole bookrunner.

H1 2006

- Dolphin executes its first investment by committing €23 million to Kilada Hills Golf Resort.
- €49 million committed to Apollo Heights Polo Resort, Scorpio Bay Resort and the expansion of Kilada Hills Golf Resort.

H2 2006

- €21 million committed to Amanmila Resort and Lavender Bay Golf Resort.
- Secondary AIM fundraising of an additional €300 million (£202.7 million) completed via a placing of 217,959,896 new common shares at **93p** per share. Panmure Gordon acted as sole bookrunner.
- €54 million committed to Sitia Bay Golf Resort and Seascape Hills Resort and €54 million committed to the expansion and/or increase of shareholding in Kilada Hills Golf Resort, Lavender Bay Golf Resort and Apollo Heights Polo Resort.

H1 2007

- €65 million allocated/committed to Livka Bay Resort and Rebranded Hotels and an additional €6.5 million invested for the minority buy-out of Scorpio Bay Resort.
- €245 million committed to the acquisition of an 85% shareholding in Aristo, the largest holiday home developer in Cyprus and listed on the Cyprus Stock Exchange.
- Third fundraising of an additional €450 million (£303 million) via a placing of 178,041,096 new common shares at **170p** per share. Goldman Sachs and Morgan Stanley acted as joint bookrunners and Panmure Gordon acted as co-lead manager.

CHAIRMAN'S STATEMENT

It gives me great pleasure to report yet another successful half-yearly period for Dolphin Capital Investors.

During this period, the Company maintained its strong investment performance, raised €450 million of additional equity capital and became the largest real estate investment fund listed on AIM. In addition, the acquisition of Aristo, Cyprus' largest landowner and holiday home developer, underpinned Dolphin's market-leading position by combining Dolphin's real estate investment expertise with one of the most successful residential developers in the region.

Dolphin's track record of significant value creation for shareholders continued in the first six months of 2007. As of 30 June 2007, the total NAV of the Company was €1,295 million before DITL and €1,161 million after DITL, equivalent to a NAV per share of 167p (€2.48) and 150p (€2.22) respectively, which represents a 52% and 48% uplift over the respective NAV per share figures of 110p and 101p as of 31 December 2006.

With increasing regional governmental support, legislative improvements, a continuing compelling supply/demand imbalance and a healthy flow of new attractive investment opportunities, Dolphin is strongly positioned to create further growth both in its existing and new target markets.

With an exciting portfolio of projects and a promising pipeline in unrivalled locations, we look forward with confidence to creating further value for shareholders.

Andreas N Papageorghiou
Chairman
Dolphin Capital Investors

INVESTMENT MANAGER'S REPORT

Dolphin Capital Investors is managed by Dolphin Capital Partners ("DCP") and focused exclusively on the residential resort sector predominantly in the eastern Mediterranean. The Company's investment model is predicated on the acquisition of large-scale sites in prime locations that can be developed into sophisticated leisure-integrated residential resorts to be marketed to affluent international and domestic buyers. Since admission to trading on AIM, Dolphin has established a strong track record of rapid capital deployment and NAV uplift creation. Capitalising on its first mover advantage in the target region, its access to exclusive deal flow and its network of world acclaimed project partners, Dolphin intends to continue to deliver significant capital appreciation to its shareholders.

The first half of 2007 has been particularly successful for Dolphin. During this period, we made a highly strategic move which has taken the Company to its next phase of evolution: the acquisition in April 2007 of Aristo, Cyprus' largest private landowner and holiday home developer. The transaction, Dolphin's largest equity commitment to date and Cyprus' largest public-to-private takeover with an enterprise value of €442 million, served both to double the Company's landbank and significantly enhance its competitive position in the holiday home development market. Dolphin now combines real estate private equity investment expertise with extensive development experience.

Following the Aristo acquisition, Dolphin returned to the public markets in June 2007 to raise an additional €450 million, thus becoming the largest real estate investment company listed on AIM.

Dolphin has continued to generate NAV uplift in the first half of 2007. The total NAV of the Company as of 30 June 2007 was €1,295 million before Deferred Income Tax Liabilities ("DITL") and €1,161 million after DITL, equivalent to a NAV per share of 167p (€2.48) and 150p (€2.22) respectively. This represents a 52% and 48% uplift over the respective NAV per share figures of 110p and 101p as of 31 December 2006.

As of 31 August 2007, Dolphin has committed a total of €538 million out of €839 million of net equity funds raised. This figure does not include €57 million that has been committed since May through Aristo for new land acquisitions in Cyprus and which will be funded through the €85 million bank facility that was secured in August.

As the recently raised funds are invested and as the ongoing design, planning and permitting application processes of existing projects are progressed, the Company expects to be able to sustain robust NAV growth and continue to generate strong returns for shareholders.

We are confident that the remaining capital will be deployed in a timely manner over the coming months as negotiations relating to a number of advanced investment pipeline projects are concluded.

Sector Dynamics

Despite the recent debt market turmoil that has negatively affected the yield performance of traditional real estate companies, the structural growth story of Dolphin's investments in strategic seafront land sites and the prospects for the leisure-integrated residential real estate sector remain strong. Foreign property ownership continues to be well supported by positive fundamentals such as demographic trends (including, amongst others, the quest for a place in the sun by the growing Northern European ageing population as well as increased mobility) and continuing favourable developments in the hospitality/leisure and tourism industries.

The global market for holiday homes and timeshare apartments represents one of the fastest-growing segments in the hospitality industry, with a 15-year compound annual growth rate of nearly 10% (source: "American Resort Development Association", Collins Stewart, June 2007). Cap Cana's recent aggressive sales record of $300 million in the Dominican Republic, with more than 95% of inventory being sold out in only the first few hours of the Trump Farallon Estates sales launch, represents another formidable example of the sector's increasing popularity and success.

2006 also saw 36 million more tourists than 2005 worldwide (source: UNWTO World Tourist Barometer, January 2007), with golf tourism growing at impressive rates. The sport's popularity continues to attain an impressive scale and is fast spreading into new geographic markets, with Stephen Proctor of Sports Marketing Surveys projecting the need for a new golf course to open every working day for the next 10-15 years across Europe and particularly along the Mediterranean coast to satisfy the increasing demand (source: "The Business of Golf", Financial Times, July 2007).

Dolphin's target region continues to present an enticing investment story. Macroeconomic data has been particularly encouraging for the Company's target markets, with strong GDP growth over the first half of

2007. Cyprus in particular is enjoying strong economic stability as it prepares for its entry into the eurozone during this transitional period of set rate conversions. Tourist statistics have also been positive for Greece, Cyprus and Croatia, all of which rank high in the Travel and Tourism Competitiveness Index: Human, Cultural and Natural Resources (source: the latest World Investment Report of UNCTAD). Greek tourist bookings were at a 10-year high for H1 2007, with foreign arrivals forecast to rise 6% in 2007, bringing the total increase since 2004 to more than 24% (source: "Tourism Results 2000–2006", Kathimerini Newspaper, July 2007). The story is very similar for Croatia and Cyprus, the former having completed another successful tourist season over the past six months with two million arrivals (source: Croatian Tourism Board satisfied with course of tourist season", Croatian Ministry of the Sea, Tourism, Transport, and Development, July 2007) whilst the latter aims for 3.5 million tourists by 2010 (source: "Strategic Plan for Tourism Development 2003-2010", Cyprus Tourism Ministry).

Local governments continue to share the Company's desire to revitalise the tourist industry and modernise their countries' infrastructure. The draft "Special National Tourism Zoning Plan", unveiled by the Greek Government in the spring, and the recently published "Golf Investment Guide" by Croatia's state investment proposition agency APIU, both aim to delineate a national zoning plan that will allow for the orderly development of golf residential resorts. The scale of the proposed reforms are set to be far-reaching, recognising the undisputed success of the golf industry in boosting tourism revenue. Cyprus is also pressing ahead with its "Strategic Plan for Tourism Development", which places particular emphasis on sports tourism, as can be demonstrated by the 12 preliminary licences for golf-integrated residential resorts that are being granted by the Cypriot authorities, three of which have been awarded to Dolphin's recently acquired Aristo.

In Turkey, the recent electoral success of the AKP party has strengthened our resolve to tap the country's real estate potential. The Government appears poised to maintain the positive foreign investment climate nurtured since 2002, remaining openly supportive of Foreign Direct Investment ("FDI"), with an estimated $25 billion of FDI this year compared with less than $1 billion a year six years ago (source: "FT Report – Investing in Turkey: Polls unlikely to deter investors", Financial Times, July 2007) and continuing to focus on structural reforms and privatisations. GDP growth over the past three years has consistently exceeded 5% (source: Turkish Statistical Institute), whilst average international arrivals and income receipts growth has been recorded at 11.1% and 13.9% respectively during 1995-2005 (source: "The Travel & Tourism Report 2007 – Part II", UNWTO). The Government is also keen to reinvigorate the country's bid to join the EU. Dolphin is expected to be able to announce the closing of its first investment in Turkey in the near future.

Sicily, as one of Italy's few remaining virgin and underdeveloped regions, also presents a number of attractive opportunities on which the Company is currently completing extensive due diligence. Dolphin expects to be able to capitalise on the market potential as the island's business environment becomes more and more transparent.

A final note on the recent fire outbursts in Greece: these were indeed particularly unfortunate for the country, with the tragic loss of many innocent lives and the natural beauty of large parts of the Peloponnese and the island of Evia severely damaged. The Dolphin sites have not been affected by this tragedy but the events do reinforce the need for extra protective measures going forward. We are committed to working with the municipalities in which all of our projects are located and ensuring that adequate fire prevention mitigates any possible future damage.

Current Investments

Dolphin's investment activity over the first half of 2007 has been focused on continued land aggregation, the integration of Aristo and the progression of the planning applications across the Company's current projects.

The existing project portfolio includes investments in 12 major leisure-integrated residential resorts in Greece, Cyprus and Croatia and several small ones from the Aristo portfolio amounting to c.35 million m^2 of acquired/contracted land and c.17km of direct coastline. From the 12 major developments, four were recently added from the Aristo acquisition, namely Venus Rock Golf Resort, Eagle Pine Golf Resort, Douneika and Tsilivi.

Acquisitions of sizeable land parcels have also been negotiated over the past two months and are expected to be completed soon, with the purpose of adding new major projects to the portfolio, accumulating more land in the greater areas surrounding existing projects and creating critical mass in locations deemed as strategic to Dolphin's investment plans. Notable examples of completed acquisitions post 30 June 2007 include the purchase of a 13-hectare beachfront site near Seascape Hills that will accommodate an Aman beachclub and villas and an 84-hectare site contiguous to Eagle Pine Golf Resort that will enable the project to be significantly expanded. Aristo has also actively been expanding its land portfolio, with the cumulative acquisition of approximately 71 hectares of land in Cyprus since May 2007.

Kilada Hills Golf Resort, Greece

- Golf-integrated development spread over a 180-hectare site designed by Jean-Michel Gathy of Denniston International
- 70 hectares of adjacent landbank
- Situated in the upmarket residential area of Porto Heli, 175km from Athens
- To comprise more than 80,000 residential buildable m^2, a 117-room and suite luxury GHM-operated hotel and an 18-hole championship Jack Nicklaus Signature Golf Course
- The golf, hotel and residential building permits received in Q3 2006 for the original 80-hectare masterplan made Kilada Hills probably the most mature project in terms of permits in Greece
- Based on the original permits, a €13 million subsidy package was received in March 2007 for the hotel and golf construction
- Permits for the new design and expanded masterplan are progressing

Seascape Hills Resort, Greece

- Aman resort and villa community masterplanned by Ed Tuttle
- Nestled within the greenest area of the wider Porto Heli peninsula, only a 10-minute drive from Kilada Hills Golf Resort
- Hill-top site of 40 hectares to accommodate a luxury 40-room Aman hotel, 40 Aman villas and a spa
- Recent acquisition of a 13-hectare beachfront site that will accommodate an Aman beach-club and additional villas
- Additional 33 hectares of adjacent landbank already acquired
- Expected to benefit from the extended range of facilities to be offered by the neighbouring Kilada Hills Golf Resort
- Pending Environmental Impact Study ("EIS") approval

Lavender Bay Golf Resort, Greece

- Seafront leisure-integrated residential resort spread over a 294-hectare site and masterplanned by EDSA
- 10-minute drive from Nea Achialos International Airport
- To comprise more than 100,000m^2 of residential accommodation, a 250-room luxury hotel, an 18-hole Gary Player Signature Golf Course and a 100-berth marina
- Hotel operator selection process in final stages
- Preliminary EIS and suitability by the Greek National Tourism Organisation ("GNTO") for hotel component already obtained; final EIS for the hotel submitted and under review
- Progressing in parallel the site eligibility for special out of town zoning on the eastern zone

Scorpio Bay Resort, Greece

- 172-hectare site, situated only an hour's drive from Athens International Airport in the region of Skorponeri, featuring 2km of coastline and dramatic views of the bay and the island of Evia
- To comprise a luxury hotel, with at least 80,000 m^2 of buildable residential area
- Hotel operator and architect selection process in final stage
- Preliminary EIS pending approval
- Expected to be the closest high-end seaside residential resort to Athens

Amanmila Resort, Greece

- The first villa-integrated Aman Resort to be signed up in Europe
- Situated on an unspoilt secluded peninsula on the island of Milos
- To comprise a 40-room Aman hotel with 40 villas over 65 hectares
- Design by John Heah already completed
- 135 hectares of adjacent landbank
- Preliminary EIS pending submission
- Land transfer procedure has progressed and is expected to be completed in the near future

Sitia Bay Golf Resort, Greece

- Golf-integrated residential resort, to be developed on a 250-hectare seafront site
- Situated in Sitia region in eastern Crete, only a 10-minute drive from Sitia International Airport
- To comprise an 85-berth marina, an 18-hole Nicklaus Design Championship Golf Course, a 250-room luxury hotel and residential units totalling more than 110,000m^2

- One of the most advanced projects in Crete in terms of permits (EIS and tourist suitability for leisure component obtained, special out of town zoning eligibility of the wider Sitia area for residential development)
- WATG commissioned to prepare masterplan and architectural design for the hotel, spa, and conference facilities
- Luxury hotel operator to be appointed shortly

Tsilivi Resort, Greece

- Holiday home community to be developed on a 11-hectare beachfront site on the island of Zakynthos, Greece
- Located in the small village of Tsilivi, only 4km from the town of Zakynthos and a 20-minute drive from the island's airport
- To comprise more than 56,000 buildable m^2 of residential real estate
- One of the largest sites remaining that falls within urban building zoning and can benefit from high building coefficients
- Permits in place for the first phase, remaining permits expected shortly

Douneika Resort, Greece

- 26.5-hectare beachfront site located in the region of Ilia, on the north-west coast of the Peloponnese
- Only a 30-minute drive from Andravida Airport and approximately two hours from Athens International Airport upon completion of upgrades on the existing highway, currently under construction
- Less than 1km away from an existing marina
- In early stages of design and permit process

Apollo Heights Polo Resort, Cyprus

- Polo and golf-integrated residential resort to be developed on a 460-hectare site, masterplanned by EDSA
- Located between Paphos and Limassol and accessible in less than an hour from both Cyprus International Airports and in close proximity to Eagle Pine and Venus Rock Golf Resorts
- Multi-phased development with capacity to accommodate more than 200,000m^2 of residential real estate, a five-star luxury hotel and an 18-hole Tony Jacklin Signature Golf Course
- Resort expected to benefit from the proximity to the existing 18-hole golf course and polo fields of the neighbouring British Military Bases
- Staged permit process expected to span over next few years

Eagle Pine Golf Resort, Cyprus

- Premier masterplanned leisure-integrated residential community spread over a c.300 hectare site
- Located only a few kilometres from Apollo Heights Polo Resort and a 15-minute drive from Venus Rock Golf Resort
- Holds preliminary approval for the development of a golf-integrated resort, with a residential development component of up to 100,000m^2 on 140 hectares
- 160-hectare landbank can accommodate more development
- Masterplanned by EDSA
- Golf design by Graham Marsh in association with Hans-Georg Erhardt
- Final permits expected in 2008

Venus Rock Golf Resort, Cyprus

- One of the largest seafront residential resort development sites in Europe, spread over 1,000 hectares
- Adjacent to Aphrodite Hills
- Operating golf course (Secret Valley Golf Club)
- A small portion of the site has already been developed, with 187 more plots permitted for residential development
- Holds preliminary approval for the development of two golf-integrated resorts, with a residential development component of up to 100,000m^2 each
- Masterplan and landscape design have been revised by EDSA
- Expected to comprise three golf courses, c. 3,000 residential units, a five-star hotel with spa, marina, beachfront and commercial facilities
- British golf legend Tony Jacklin recently appointed to lead golf course designs
- Final permits expected in 2008

Livka Bay Resort, Croatia

- Dolphin's first investment in Croatia and one of the first leisure-integrated residential resorts in the country, masterplanned by Jean-Michael Gathy
- Situated on the island of Solta, spread over 56 hectares of natural cove, some 15km from Split International Airport
- To comprise a GHM-operated 80-room luxury hotel, a 160-berth marina, over 250 residential units, beach and club house as well as a retail village
- Zoning consent for Phase I received; EIS pending approval; final permits for both phases expected within 2008

Aristo

Over the past few months, we have taken significant steps to retain and further improve the efficiency of Aristo's existing key management and operations. We have focused on restructuring the company into functional business segments and creating a new brand designed to elevate the Aristo profile and allow the company to tap more effectively the more upscale market segments. More specifically, and in line with Dolphin's press release on 5 April 2007, Aristo's largest and more reputable assets have been integrated within Dolphin's core luxury development division. Discussions with renowned master-planners, architects, golf designers, operators and marketers have already been initiated with a view to progressing what are eventually to become world-class holiday home destinations integrated with championship golf courses and other leisure/retail components. Venus Rock Golf Resort, Aristo's flagship asset spread over a 1,000 hectare site, has already secured Tony Jacklin's participation in the project, through the design of two new 18-hole golf courses, one of which is to replace the single existing 18-hole course, and is to apply for a third golf licence over the coming months.

We have also sought to extract synergies at the operational level through the integration of Aristo's in-house development and sales teams with those of Dolphin's other projects in Greece, in effect laying the foundation for a stronger Aristo development platform dedicated to overseeing the planning and permit progression of Dolphin's projects both in Greece and Cyprus. A new CEO has been appointed for Aristo in Greece and further recruitment is under way. By consolidating the Greece and Cyprus development functions in Aristo, Dolphin benefits significantly from savings on development fees previously budgeted for external developers and from the synergies and economies of scale that are clearly created.

The performance of Aristo for the first half of the year exhibited healthy growth compared to the same period for 2006. The company achieved a 15% increase in revenue and reported a strong net profit after tax position of €13 million, representing a 19% uplift which, together with the recently secured loan facility, are expected to be efficiently allocated to further grow the company. It should be noted that these reported profits are generated from the operations only and do not include any property revaluations.

Aristo also boasts a consistently strengthening marketing force, having sold 401 units during the first half of 2007 compared to 300 in the first half of 2006, recording a 34% volume uplift. Aristo has also made substantial inroads into the Russian purchasers' market, with the percentage of sales to Russian second home buyers of Aristo's total sales increasing from 15% to 29% over H1 2007.

Dolphin Capital Atlantis ("DCA"), a Dolphin subsidiary and holding company of Aristo, currently holds 98.74% of the share capital of Aristo. DCA recently activated its right to squeeze out the remaining shareholders, further to the completion of the public offer process during the summer.

Investment Pipeline

We are in the process of closing on a number of attractive investment opportunities which come from the pipeline identified before the last fundraising and which are expected to be announced in the near term. In addition, we continue to expand the Company's pipeline through the addition of new attractive investment opportunities.

With close to 75% of the investment pipeline dedicated to projects in Greece and Cyprus, our focus remains on our primary target markets to date. We have nonetheless actively sought to replicate our success in other regional emerging markets. We aim to expand our position in Croatia and execute our first investments in Turkey. For Turkey in particular, Dolphin has partnered with Kemer Group, a pioneer in creating leisure integrated residential communities in the country, having sold over 2,000 homes to date. The Kemer Group's flagship development, the Kemer Golf & Country Club outside of Istanbul, is Turkey's premier, social, sports and golf club, offering a vast range of facilities including an 18-hole internationally accredited golf course, restaurants, sports facilities, equestrian competition courses, spas, social and cultural event facilities, and personal development programmes in a unique natural setting.

Further to amendments in Dolphin's investment policy following the latest fundraising, enabling the Company to invest up to 5% of its last reported NAV to new geographies outside its primary investment region of the eastern Mediterranean, we are evaluating some very compelling investment opportunities introduced by our operating partners. We believe that such opportunities will offer significant capital returns, generate positive synergies with Dolphin's existing portfolio, enhance existing relationships and create the potential for new strategic partnerships with international service providers and operators that should benefit the Company's investments in the primary investment region.

With approximately €301 million of uncommitted funds as of 31 August 2007, we are confident in our ability to commit the remaining capital efficiently and profitably before the end of H1 2008.

Looking Ahead

Our goals over the coming months are to:

- commit or invest all remaining capital by the end of the first half of 2008;
- progress the design and permit process of all existing and new projects;
- continue the integration of Aristo;
- upgrade Aristo's large land sites into upscale residential resorts;
- expand Aristo's development leadership into Greece and continue to export the team's development management expertise and experience to other Dolphin projects;
- continue to expand Dolphin's network of world class strategic partnerships and brands;
- expand in other regional markets such as Turkey and Sicily and, to a limited extent, outside the eastern Mediterranean; and
- prepare for a transition to the main market of the LSE during the course of 2008 to establish Dolphin as one of the largest and most profitable real estate investment companies in south-east Europe and beyond.

In addition to creating wealth for Dolphin's shareholders, we remain committed to creating a long-lasting economic and social benefit for the regions, environments and societies where we invest. To facilitate that, we have recently established a wholly-owned subsidiary, Dolphin Capital Foundation ("DCF"), a non-profit charitable entity dedicated to assisting the surrounding regional communities and environments where Dolphin invests and to contributing to their well-being. Dolphin's Board of Directors has approved for the progressive donation of up to €2 million to be contributed towards DCF charitable projects. The first donations planned are for the purchase of fire-fighting vehicles for municipalities in Greece where some of Dolphin's major projects are located.

Miltos Kambourides
Managing Partner
Dolphin Capital Partners

Pierre Charalambides
Partner
Dolphin Capital Partners

FINANCE DIRECTOR'S REPORT

During the first half of its second year of trading, Dolphin has maintained a solid financial performance. As at 30 June 2007, the Company had invested €378 million and committed €518 million out of the €839 million net equity funds raised.

Consistent with the Company's valuation policy, Colliers International ("Colliers") proceeded with the appraisal of:

(i) eight major pre-Aristo investments, namely Kilada Hills Golf Resort, Scorpio Bay Resort, Seascape Hills Resort, Lavender Bay Golf Resort, Sitia Bay Golf Resort, Apollo Heights Polo Resort, Livka Bay Resort and the hotel property acquisition in Porto Heli (part of the Rebranded Hotels initiative).

(ii) all the assets of Dolphin's largest subsidiary, Aristo which include, amongst others, the flagship projects of Venus Rock Golf Resort and Eagle Pine Golf Resort.

Based on this valuation, the Company's NAV per share before and after DITL as of 30 June 2007 is 167p (€2.48) and 150p (€2.22) respectively, representing an uplift of 52% and 48% over the reported NAV figures of 110p and 101p as of 31 December 2006. The major driver of the NAV uplift has been the inclusion of the Aristo assets in the Company's portfolio, following the successful acquisition via a public offer which contributed into the Dolphin portfolio over 13 million m^2 of prime development land.

	€	£	Uplift since 31 Dec 06
Total NAV before DITL (millions)	1,295	871	na
Total NAV after DITL (millions)	1,161	781	na
NAV per share before DITL	2.48	167p	52%
NAV per share after DITL	2.22	150p	48%

Note: –NAV is fully diluted for warrants granted to the Investment Manager (pro-forma number of shares: 4.5 million).
–GBP/Euro rate of 0.6726 as of 30 June 2007.

The NAV figures shown in the table above are reported on a diluted basis, taking into account (on a pro-forma basis) the exercise of the over-performance warrants by the Investment Manager structured into the over-performance incentive scheme in conjunction with the October 2006 placing and amended in the third fundraising in June 2007. As of the latest NAV calculation, the accrued over-performance warrants amount to 4.5 million shares, a number that could grow substantially if the Company's NAV continues to grow at a high pace for the remainder of 2007. The actual number of over-performance warrants granted to DCP will be calculated based on the NAV as at 31 December 2007. The NAV figures do not take into account, however, the potential payment of the performance fee which is payable only when cash profits above the 8% return hurdle are realised.

It should also be noted that the reported DITL of €134 million, were calculated based on the current fair market value of the land acquired as reported by Colliers, and are applicable only in the event of direct sale of land or assets. The sale of land is anticipated to take effect through the sale of shares of the holding SPVs and, as such, most of the DITL are not expected to become payable. The NAV before DITL is therefore considered by the Investment Manager as the more representative figure.

Dolphin expects a significant NAV uplift over the coming months, driven primarily by:

- completion of minority buy-outs as in the case of Venus Rock Golf Resort where the 14% not currently owned by Aristo is expected to come under DCA's control by the end of 2007;
- completion of the Aristo squeeze-out process;
- conversion of signed land pre-contracts into final contracts, as in the case of Amanmila Resort which is currently not reflected in the Company's NAV;
- profits generated by the Aristo operations;
- progress with the planning and permitting process of existing projects; and most importantly,
- closing of additional investments from the pipeline.

<u>Financial Overview</u>

Dolphin's Total Assets as at 30 June 2007 are reported at €1,782 million and Total Liabilities at €472 million, based on the interim consolidated financial statements of the Company.

The fair market value of Dolphin's investments (both freehold and leasehold interests) as at 30 June 2007 was reported by Colliers at €1,270 million, assuming 100% ownership. After deducting minority interests of €149 million and other net liabilities of €308 million, the fair market value of Dolphin's assets amounts to

€813 million versus €378 million of invested funds, which represents an uplift of €435 million or a 2.2x multiple.

Current assets are €507 million (after deducting Trading Properties of €351 million which are included in Investment Property), made up of a cash balance of €482 million and €25 million of other receivables.

Liabilities total €472 million, including €134 million DITL (as already explained, DITL are unlikely to materialise), €179 million of Interest-bearing loans and Finance lease obligations and €158 million of other payables.

The net profit for the first half of 2007 was reported at €212 million resulting in a fully diluted earnings per share of €0.61.

KPMG performed the review of the interim consolidated financial statements.

Finance and Capital Structure
The Investment Manager continues to optimise the Company's capital structure by reviewing all options for cautiously gearing up the balance sheet.

During August, Dolphin secured an €85 million debt facility from Bank of Cyprus to refinance Aristo. The interest-only loan has a cost of 95bps over one-month Euribor with bullet repayment in five years and is secured against DCA's shares in Aristo.

As the Company's projects start to enter into the construction phase, the Company anticipates further increasing their individual gearing levels.

Cash Management
Cash is held in overnight deposits and short-term fixed accounts at our custodian bank, Anglo Irish Bank Corporation. Approximately 10% of the recently raised €450 million has been re-invested in a AAA-rated money market fund, managed by Goldman Sachs Asset Management, pending investment in Dolphin projects.

Tracking of Performance
Following the acquisition of Aristo, the Company has undertaken a cost allocation exercise, in effect assigning its cost of acquiring Aristo across the main assets of the company according to their pro-rata net equity value, in order to accurately track the performance of each project or business unit. By drawing down the €85 million facility, which is secured against the shares of the holding company of Aristo, the cost basis of the individual assets of Aristo (shown in the table below) will be reduced pro-rata.

Investments/Commitments
The following table summarises Dolphin's investment activity to date:

Development	Country	Land site (hectares)	Dolphin shareholding %	Investment 30/06/2007 €m	Commitment 30/06/2007 €m
Kilada Hills	Greece	250	89	59.4	65.0
Scorpio Bay	Greece	172	100	9.7	16.0
Apollo Heights	Cyprus	460	100	16.4	21.4
Amanmila	Greece	200	25-50	0.5	5.0
Lavender Bay	Greece	294	96	9.6	46.0
Sitia Bay	Greece	250	77	11.4	24.0
Seascape Hills	Greece	86	99	15.4	30.0
Livka Bay	Croatia	59	90	8.7	35.0
Rebranded Hotels	Greece	1	100	1.3	30.
Aristo					
Venus Rock Golf Resort	Cyprus	1,000	85	84.1	84.1
Eagle Pine Golf Resort	Cyprus	301	85	15.8	15.8
Magioko	Cyprus	11	85	6.7	6.7

Aristo Other	Cyprus	397	85	134.6	134.6
Tsilivi	Greece	11	85	2.7	2.7
Douneika	Greece	26.5	85	0.9	0.9
Aristo Other	Greece	2.7	85	0.6	0.6
Subtotal Aristo		1,748		245.4	245.4
Total		**3,520**		**377.6**	**517.8**

Panos Katsavos
Finance Director
Dolphin Capital Partners

INDEPENDENT REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of Dolphin Capital Investors Limited

Introduction

We have reviewed the accompanying consolidated balance sheet of Dolphin Capital Investors Limited (the "Company") as at 30 June 2007 and the related consolidated statements of income, changes in equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes (the interim financial information). This interim financial information is the responsibility of the Company's Board of Directors. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Company as at 30 June 2007, and of its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34, "Interim Financial Reporting".

KPMG

Chartered Accountants

17 September 2007

Nicosia, Cyprus

Interim Consolidated Income Statement
For the six-month period ended 30 June 2007

	Note	From 1 January 2007 to 30 June 2007 €'000	From 7 June 2005 to 30 June 2006 €'000
Gain on disposal of investment in subsidiary		-	7,955
Valuation (loss)/gain on property		(2,472)	4,175
Other operating profits		60	-
Total operating (losses)/profits		(2,412)	12,130
Investment manager fees	16.2	(4,312)	(1,263)
Management incentive fees	16.4	(28,753)	-
Professional fees		(4,231)	(22)
Other expenses		(3,461)	(425)
Total operating and other expenses		(40,757)	(1,710)
Net operating (loss)/profit before net financial income		(43,169)	10,420
Financial income		2,429	2,083
Financial expense		(1,239)	(9)
Net financial income		1,190	2,074
Excess of fair value over cost arising on acquisitions	17	253,245	48,386
Profit before taxation		211,266	60,880
Taxation	5	740	(1,070)
Profit for the period		212,006	59,810
Attributable to:			
Equity holders of the Company		212,176	58,296
Minority interest		(170)	1,514
Profit for the period		212,006	59,810
Basic earnings per share (€)	6	**0.62**	**0.53**
Fully diluted earnings per share (€)	6	**0.61**	**0.48**

The notes below are an integral part of these interim consolidated financial statements.

Interim Consolidated Balance Sheet
As at 30 June 2007

	Note	30 June 2007 €'000	31 December 2006 €'000
Assets			
Investment property	7	855,350	278,017
Property, plant & equipment	8	59,842	165
Investment in associate		9,147	-
Intangible assets		250	-
Total non-current assets		**924,589**	**278,182**
Trading properties	9	350,519	19,900
Loans receivable	10	253	6,500
Receivables and other assets		23,279	7,570
Deferred tax asset	14	1,033	520
Cash and cash equivalents	11	482,237	292,929
Total current assets		**857,321**	**327,419**
Total assets		**1,781,910**	**605,601**
Equity			
Share capital	12	5,175	3,395
Share premium	12	833,061	395,335
Reserves		540	-
Retained earnings		322,500	110,324
Total equity attributable to equity holders of the Company		1,161,276	509,054
Minority interest		148,950	31,898
Total equity		**1,310,226**	**540,952**
Liabilities			
Interest-bearing loans	13	110,058	2,500
Finance lease obligation		525	4,532
Deferred tax liability	14	134,198	43,372
Total non-current liabilities		**244,781**	**50,404**
Interest – bearing loans	13	68,592	1,029
Finance lease obligation		29	122
Amount due to customers for contract work		53,228	-
Trade and other payables		101,122	12,951
Tax payable		3,932	143
Total current liabilities		**226,903**	**14,245**
Total liabilities		**471,684**	**64,649**
Total equity & liabilities		**1,781,910**	**605,601**
Net asset value per share (€ per share)	15	**2.24**	**1.50**
Diluted net asset value per share (€ per share)	15	**2.22**	**1.50**

The notes below are an integral part of these interim consolidated financial statements.

Interim Consolidated Statement of Changes in Equity
For the six-month period ended 30 June 2007

	Share capital €'000	Share premium €'000	Translation reserve €'000	Revaluation reserve €'000	Retained earnings €'000	Total €'000	Minority interest €'000	Total equity €'000
Balance at 7 June 2005	50	4,950	-	-	-	5,000	-	5,000
Shares issued	1,040	102,960	-	-	-	104,000	-	104,000
Placing costs	-	(4,304)	-	-	-	(4,304)	-	(4,304)
Profit for the period	-	-	-	-	58,296	58,296	1,514	59,810
Minority interest on acquisitions	-	-	-	-	-	-	44,169	44,169
Balance at 30 June 2006	**1,090**	**103,606**	**-**	**-**	**58,296**	**162,992**	**45,683**	**208,675**
Balance at 1 January 2007	3,395	395,335	-	-	110,324	509,054	31,898	540,952
Shares issued	1,780	448,220	-	-	-	450,000	-	450,000
Placing costs	-	(10,494)	-	-	-	(10,494)	-	(10,494)
Profit for the period	-	-	-	-	212,176	212,176	(170)	212,006
Minority interest on acquisitions	-	-	-	-	-	-	117,197	117,197
Foreign currency translation difference	-	-	234	-	-	234	25	259
Revaluation of property, plant and equipment, net of tax	-	-	-	306	-	306	-	306
Balance at 30 June 2007	**5,175**	**833,061**	**234**	**306**	**322,500**	**1.161,276**	**148,950**	**1,310,226**

The notes below are an integral part of these interim consolidated financial statements.

Interim Consolidated Cash Flow Statement
For the six-month period ended 30 June 2007

	From 1 January 2007 to 30 June 2007 €'000	From 7 June 2005 to 30 June 2006 €'000
Operating activities		
Profit before taxation	211,266	60,880
Adjustments for:		
Excess of fair value over cost arising on acquisitions	(253,245)	(48,386)
Depreciation charge	15	-
Foreign currency exchange difference	259	892
Gain on disposal of investment in subsidiary	-	(7,955)
Valuation loss/(gain) on property	2,472	(4,175)
Net financial income	(1,279)	(2,074)
Operating loss before changes in working capital	**(40,512)**	**(818)**
Increase in receivables and prepayments	(15,709)	(3,151)
Increase in trade and other payables	87,935	2,215
Increase in loans receivable	(253)	(6,500)
Cash used in operations	**31,461**	**(8,254)**
Interest paid	(1,150)	(9)
Taxes paid	(135)	-
Cash flows generated from/(used) in operating activities	**30,176**	**(8,263)**
Investing activities		
Acquisition of subsidiaries, net of cash acquired	(247,769)	(48,883)
Acquisition of property, plant and equipment	(4,939)	-
Acquisition of trading properties	(325)	-
Acquisition of investment property	(21,458)	(20,825)
Proceeds from disposal of investment in subsidiary	-	18,000
Interest received	2,429	1,191
Cash flows used in investing activities	**(272,062)**	**(50,517)**
Financing activities		
Proceeds from the issue of share capital	450,000	109,000
Payment of placing costs	(10,494)	(4,304)
Finance lease obligation	(4,100)	-
Net repayment of interest-bearing loans	(4,212)	-
Cash flows from financing activities	**431,194**	**104,696**
Net increase in cash and cash equivalents	189,308	45,916
Cash and cash equivalents at the beginning of the period	292,929	-
Cash and cash equivalents at the end of the period	**482,237**	**45,916**

The notes below are an integral part of these interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Dolphin Capital Investors Limited (the "Company") was incorporated and registered in the British Virgin Islands on 7 June 2005. The Company is a real estate investment company focused on the early-stage, large scale leisure-integrated residential resorts in Southeast Europe, and managed by Dolphin Capital Partners Limited (the "Investment Manager"), an independent private equity management firm that specialises in real estate investments in Southeast 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 interim consolidated financial statements were authorised for issue by the directors on 17 September 2007.

2. Accounting policies

The interim consolidated financial statements comprise the Company and its subsidiaries, together referred to as the "Group".

The interim consolidated financial statements of the Group have been prepared in accordance with all International Financial Reporting Standards (IFRSs) that have been adopted for application in the European Union, including International Accounting Standard No. 34 "Interim Financial Reporting" and must be read in conjunction with the audited consolidated financial statements of the period from 7 June 2005 to 31 December 2006. The accounting policies applied are the same as those used in the audited consolidated financial statements referred to above.

The interim consolidated financial statements are presented in Euro (€), rounded to the nearest thousand.

3. Significant company holdings

The Company's most significant company holdings are the following:

Name	Country of incorporation	Shareholding Interest
Scorpio Bay Holdings Limited	Cyprus	100.00%
Scorpio Bay Resorts S.A.	Greece	100.00%
Latirus Enterprises Limited	Cyprus	80.00%
Iktinos Techniki Touristiki S.A.	Greece	76.50%
Xscape Limited	Cyprus	96.30%
Golfing Developments S.A.	Greece	96.30%
MindCompass Overseas Limited	Cyprus	88.70%
MindCompass Overseas S.A.	Greece	88.70%
Mindcompass Overseas Two S.A.	Greece	88.70%
Ergotex Services Limited	Cyprus	88.70%
D.C. Apollo Heights Polo and Country Resort Ltd (ex. Alasia Polo and Country Resort Limited)	Cyprus	100.00%
Symboula Estates Ltd	Cyprus	100.00%
DolphinCI Fourteen Limited	Cyprus	100.00%
Eidikou Skopou Dekatessera S.A.	Greece	99.00%
Portoheli Hotel and Marina S.A.	Greece	80.00%
Aristo Developers plc	Cyprus	84.04%
Azurna Uvala D.o.o.	Croatia	90.00%
Alexandra Beach Tourist Enterprises S.A.	Greece	42,02%

4. Segment reporting

The Company has one business and geographical segment focusing on achieving capital growth through investing in residential resort developments in Southeast Europe.

5. Taxation

	From 1 January 2007 to 30 June 2007 €'000	From 7 June 2005 to 30 June 2006 €'000
Corporate income tax	(23)	-
Defence tax	20	-
Deferred tax	(737)	1,070
Total	(740)	1,070

6. Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares in issue during the period.

	From 1 January 2007 to 30 June 2007 €'000	From 7 June 2005 to 30 June 2006 €'000
Profit attributable to equity holders of the Company (€)	212,176	58,296
Number of weighted average common shares in issue	343,395	109,000
Basic earnings per share (€ per share)	**0.62**	**0.53**

Weighted average number of common shares

	30 June 2007 '000	30 June 2006 '000
Issued common shares at the beginning of the period	339,460	5,000
Effect of shares issued during the period	3,935	104,000
Weighted average number of common shares at the end of the period	**343,395**	**109,000**

Diluted earnings per share
Diluted earnings per share is calculated by adjusting the number of common shares outstanding to assume conversion of all dilutive potential shares. 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.

	From 1 January 2007 to 30 June 2007 €'000	From 7 June 2005 to 30 June 2006 €'000
Profit attributable to equity holders of the Company (€'000)	212,176	58,296
Weighted average number of common shares in issue ('000)	343,395	109,000
Effect of potential conversion of warrants ('000)	4,468	12,500
Weighted average number of common shares for diluted earnings per share ('000)	347,863	121,500
Fully diluted earnings per shares (€ per share)	**0.61**	**0.48**

7. Investment property

	30 June 2007 €'000	31 December 2006 €'000
At beginning of period	278,017	-
Additions through:		
direct acquisitions	21,458	57,565
acquisition of subsidiary companies (see note 17)	556,696	175,936
	856,171	233,501
Fair value adjustment	(821)	44,516
At end of period	**855,350**	**278,017**

8. Property, plant and equipment

	30 June 2007 €'000	31 December 2006 €'000
Cost or revaluation		
At beginning of period	268	-
Additions through:		
Direct acquisition of property, plant and equipment	4,939	53
Acquisition of subsidiary companies (see note 17)	65,779	215
Revaluation	(1,244)	-
At end of period	69,742	268
Accumulated depreciation		
At beginning of period	103	-
Additions through:		
Acquisition of subsidiary companies (see note 17)	9,782	100
Charge for the period	15	3
At end of period	9,900	103
Carrying amount	**59,842**	**165**

9. Trading properties

	30 June 2007 €'000	31 December 2006 €'000
At beginning of period	19,900	-
Additions	325	-
Additions through acquisition of subsidiaries (see note 17)	330,294	19,900
At end of period	**350,519**	**19,900**

10. Loans receivable

On 30 June 2006, the Company entered into a loan agreement with Egnatia Anonimi Asfalistiki Etaireia (Egnatia) and Le Monde Asfalistiki S.A. (Le Monde) regarding Scorpio Bay Resort, to provide Egnatia and Le Monde with a €6.5 million loan at an 8% interest cost for a maximum period of one year. The loan was secured against Egnatia's and Le Monde's 49% shareholding of Scorpio Bay Holdings Ltd and, in the event that it would have not been repaid within 12 months, the Company would have the right to obtain 100% of Scorpio Bay Holdings Ltd.

On 22 February 2007, the Company activated the above-mentioned security provisions of the loan agreement and acquired the remaining 49% shareholding interest in Scorpio Bay Holdings Ltd (see also note 17), because Egnatia and Le Monde had entered into liquidation proceedings and were unable to repay the loan.

In February 2007, the Company entered into a loan agreement with Virtus Investments B.V. (Virtus), the minority shareholder of Azurna Uvala D.o.o. (Azurna) of Livka Bay project, to provide Virtus with a €250 thousand loan at an annual interest rate of 8%. The purpose of the loan was the acquisition by Virtus of the 10% of the new share capital of Azurna. The loan is repayable in full not later than 5 February 2010 and was secured against Virtus's 10% shareholding interest in Azurna. In the event that it would have not been repaid by the due date, the Company would have the right to withhold the amount of the loan against the purchase price of the consideration of Azurna's share capital.

11. Cash and cash equivalents

	30 June 2007 €'000	31 December 2006 €'000
Bank balances	82,233	53,193
One-week deposit	400,000	-
One-month fixed deposits	-	14,927
Two-month fixed deposits	-	61,149
Three-month fixed deposits	4	163,660
Cash and cash equivalents in the statement of cash flows	**482,237**	**292,929**

The average interest rate on the above bank balances for the six-month period ended 30 June 2007 was 3.68% (as at 31 December 2006: 3.21%).

12. Share capital and premium

Authorised share capital

	'000 of shares	30 June 2007 €'000	'000 of shares	31 December 2006 €'000
Common shares of €0.01 each	2,000,000	20,000	500,000	5,000

Movement in share capital and premium

	'000 of shares	Share capital €'000	Share premium €'000
Capital at 7 June 2005	5,000	50	4,950
Shares issued from AIM primary placement on 8 December 2005	104,000	1,040	102,960
Placement costs on AIM primary placement	-	-	(3,411)
Shares issued from exercise of warrants on 9 October 2006	12,500	125	-
Shares issued from AIM secondary placement on 9 October 2006	217,960	2,180	297,831
Placement costs on AIM secondary placement	-	-	(6,995)
Capital at 31 December 2006	**339,460**	**3,395**	**395,335**

Capital at 1 January 2007	339,460	3,395	395,335
Shares issued from AIM third placement on 27 June 2007	178,041	1,780	448,220
Placement costs on AIM third placement	-	-	(10,494)
Capital at 30 June 2007	**517,501**	**5,175**	**833,061**

Warrants
In conjunction with the secondary placing on 7 October 2006, the Investment Manager was granted an additional over performance incentive designed to reward the Investment Manager if the Company achieves exceptional growth in its net asset value during the period from the date of the Placing to 31 December 2007. The achievement of this additional incentive is predicated upon the Company's net asset value growth over this period out-performing a hurdle rate of 30% (the 'Super Hurdle'). In the event of this over performance, the Investment Manager will be granted the right to subscribe (at par value of €0,01) for such number of further common shares as equals 10% of the value of the net asset value growth over the Super Hurdle divided by €1.34. The Investment Manager has agreed that any common shares subscribed for pursuant to the Warrant Proposal will be subject to a lock-up requirement for a period of two years from the date of subscription.

The Company and the Investment Manager have agreed to vary the Over-performance Warrant Deed by increasing the Super Hurdle to include the gross proceeds of the third fund raising multiplied by 1.11, which results in the equivalent of the 30% original Super Hurdle for the remaining period.

In addition, the Company and the Investment Manager have agreed a further variation to the Over Performance Warrant Deed under which, for the period from 1 January 2008 to 31 December 2008, the Investment Manager is to be granted a further one-off over-performance warrant entitlement to reward exceptional growth. The hurdle for the 2008 Warrant Deed is the net asset value per common share on 31 December 2007 multiplied by 1.3 (the "Second Super Hurdle"). In the event that this Second Super Hurdle is met, the Investment Manager would be granted the right to subscribe (at par value of €0.01) for such number of further common shares as equals 10% of the excess net asset value achieved by the Company by the end of 2008 divided by net asset value per common share on 31 December 2007 multiplied by 1.3. These new common shares subscribed for would be subject to the same lock-up requirement as for the common shares subscribed for under the initial Warrant Grant.

13. Interest-bearing loans

	30 June 2007 €'000	31 December 2006 €'000
Current portion	68,592	1,029
Non current portion	110,058	2,500
Total	**178,650**	**3,529**

14. Deferred tax assets and liabilities

	30 June 2007		31 December 2006	
	Deferred tax asset €'000	Deferred tax liability €'000	Deferred tax asset €'000	Deferred tax liability €'000
Balance at the beginning of the period	520	(43,372)	-	-
From acquisition of subsidiaries (see note 17)	3	(90,952)	491	(32,828)
From revaluation of property, plant and equipment	-	(101)	-	-
Charge/(credit) in the interim consolidated income statement	510	227	29	(10,544)
Balance at the end of the period	**1,033**	**(134,198)**	**520**	**(43,372)**

Deferred tax assets and liabilities are attributable to the following:

	30 June 2007		31 December 2006	
	Deferred tax asset €'000	Deferred tax liability €'000	Deferred tax asset €'000	Deferred tax liability €'000
Revaluation of investment property	-	(108,452)	-	(42,219)
Revaluation of trading property	-	(23,350)	-	(1,153)
Revaluation of property, plant and equipment	-	(2,396)	-	-
Tax losses	1,033	-	520	-
Total	**1,033**	**(134,198)**	**520**	**(43,372)**

The deferred tax provision for the Cyprus subsidiaries is based on the capital gains tax rate and the corporate tax rate, which are 20% and 10%, respectively. The deferred tax provision for the Greek subsidiaries is based on a 25% tax rate, which is the rate applicable for the year 2007 and thereafter. The deferred tax provision for the Croatian subsidiary is based on a 20% tax rate.

15. Net asset value per share

	30 June 2007 '000	31 December 2006 '000
Total equity attributable to equity holders of the Company (€)	1,161,276	509,054
Number of common shares in issue at end of period	517,501	339,460
Net asset value per share (€ per share)	**2.24**	**1.50**
Number of common shares in issue at end of period	517,501	339,460
Effect of potential conversion of warrants	4,468	-
	521,969	339,460
Diluted net asset value per share (€ per share)	**2.22**	**1. 50**

16. Related party transactions

16.1 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 are as follows:

	Shares '000
Miltos Kambourides (indirect holding)	2,339*
Nicholas Moy	50
Roger Lane-Smith	45
Andreas Papageorghiou	5

*****The number of shares indirectly held by Miltos Kambourides might increase due to the right of potential conversion of warrants (see also note 12).*

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.

16.2 Investment Manager fees

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

- €109 million; plus
- The gross proceeds of further equity issues; plus
- Realised net profits less any amounts distributed to shareholders.

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. Annual management fees paid during the six-month period ended 30 June 2007 amounted to €4,312 thousand.

Performance fees
The Investment Manager is entitled to a performance fee based on the net realised cash 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; plus
(ii) a hurdle amount equal to an annualised percentage return of 8% 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 realised cash profits arising shall be distributed in the following order or priority:

(i) first, 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) second, 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 realised cash profits.

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

Escrow
The escrow arrangements for the payment of performance fees payable to the Investment Manager have been amended to take into account the proceeds of the AIM third placement. The following table displays the current escrow arrangements.

Escrow	**Amended 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 50% of €450 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 2015, 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.

16.3 Shareholder and development agreements

Shareholder agreements

Dolphinci Three Limited, a subsidiary of the Group, has signed a shareholder agreement with the minority shareholder of Kilada Hills. Under its current terms, the shareholding of the parties is diluted at any capital increase in case it fails to participate at a valuation equal to €60 million, plus any further cash invested into the project.

Dolphinci Nine Limited, a subsidiary of the Group, has signed a shareholder agreement with the minority shareholder of Lavender Bay. Under its current terms, the shareholding of the parties is diluted at any capital increase in case it fails to participate at a valuation equal to €1.3 million, plus any further cash invested into the project.

Dolphinci Twelve Limited, a subsidiary of the Group, has signed a shareholder agreement with the minority shareholder of Livka Bay. Under its current terms, Dolphinci Twelve Limited has acquired 90% of the shares of the project Livka Bay (Single Purpose Vehicle Four Limited) by paying the minority shareholder the purchase price proportionally, given that the minority shareholder will be successful in obtaining, among others, certain agreed zoning approvals and location and construction permits. The shares of the company are held in an escrow account.

Dolphinci Thirteen Limited, a subsidiary of the Group, has signed a shareholder agreement with the minority shareholder of Iktinos. Under its current terms, Dolphinci Thirteen Limited has acquired 80% of the shares of Latirus Enterprises Limited by paying the minority shareholder the purchase price proportionally, given that the minority shareholder will be successful in, among others, acquiring additional specific plots and obtaining construction permits.

Dolphinci One Limited (DCI One), a subsidiary of the Group, has signed a shareholders agreement with the minority shareholder of Dolphinci Two Limited (DCI Two), Mr. Theodoros Aristodemou (TA), CEO of Aristo Developers plc (Aristo).

Under its current terms:
a) DCI Two will not issue any new shares without first offering to each of the other parties hereto pro rata and in the event a party fails to participate its shareholding will be diluted accordingly based on a valuation at least equal to the latest annually reported NAV per Aristo share as reported in the consolidated accounts.
b) DCI One retains first refusal rights should the minority shareholder decide to sell his shares.
c) DCI Two has drag along rights into a partial or full sale, while TA has tag along rights in the event of a sale by DCI One.
d) After the two-year period from the execution of the agreement, the minority shareholder has the right to sell its shares to DCI One (put option) while DCI One retains the right to buy the shares (call option), at prices specified in the agreement.

Development agreements

MindCompass Overseas Ltd, a subsidiary of the Group, has signed a development management agreement with companies owned by or related to the minority shareholder of Kilada Hills under the terms of which these companies undertake to assist MindCompass Overseas Ltd to obtain all permits required to enable the development of the project, as well as to select advisors, consultants, etc., during the construction phase. The development manager receives an annual fee plus an incentive and success fee.

XScape Ltd, a subsidiary of the Group, has signed a development management agreement with the companies owned by or related to the minority shareholder of Lavender Bay under the terms of which these companies undertake to assist XScape Ltd to obtain all permits required to enable the development of the project, as well as to select advisors, consultants, etc., during the construction phase. The development manager receives an annual fee plus an incentive and success fee.

Azurna, a subsidiary of the Group, has signed a development management agreement with the minority shareholder of Livka Bay under the terms of which the minority shareholder undertakes to assist Azurna to obtain all permits required to enable the development of the project, to negotiate on acquisition of plots, to conduct technical due diligence, administer any financing put in place as well as to select advisors, consultants and contractor(s) for the project. According to the aforementioned agreement, the development manager is entitled to an annual fee of €1.0 million.

16.4 Service agreement

TA is entitled to receive annually a net after taxes amount equal to 20% of the NAV Uplift (the "Management Incentive Fee"), which shall be created following Completion from Aristo's four potential golf-integrated residential developments (the "Relevant Projects").

The Management Incentive Fee shall be calculated annually starting from the 31st of December 2007 and shall be based on the Relevant Projects' valuation as at the 31st day of December of each year which shall be determined, each year, by an independent third party valuer and shall be payable to TA at the latest by the 30th of April of the following year. The Management Incentive Fee shall be payable for each Relevant Project as long as the project is within its Pre-development Phase and the last relevant valuation for the NAV Uplift will be the one following the end of the projects' Pre-development Phase. The Management Incentive Fee shall be provided for a maximum period of four years, unless an extension applies for a Relevant Project.

The NAV Uplift shall be the sum of the individual NAV uplifts generated from the Relevant Projects during each project's Pre-development Phase versus their Current Book Value or versus their NAV of the previous year. NAV is defined as the gross asset value less any financial debt allocated or charged to the Relevant Projects less the corresponding deferred tax liabilities, calculated separately for each Relevant Project as at the 31st day of December of each year. Any financial debt allocated or charged on the Relevant Projects whose proceeds were not invested or used for the benefit of the Relevant Projects will not be deducted from this calculation.

The Current Book Value of the Relevant Projects is agreed to be the net book value as included in the audited consolidated financial statements of Aristo as at 31 December 2006.

The Pre-development Phase is defined to start from 5 April 2007 and to end on the day that the Relevant Project receives planning permission for a golf course.

As of 30 June 2007, the Management Incentive Fee is estimated to be €28,753 thousand.

16.5 Other related parties

During the period, the Group incurred the following related party transactions with the following entities:

Company or related party	€'000	Nature of transaction
Roots Development S.A.	200	Project management services in relation to the Kilada Hills project
Roots Development S.A.	200	Project management services in relation to the Seascape Hills project
Roots Development S.A.	250	Project management services in relation to the Lavender Bay project
Ergotex Parks Limited	310	Project management services in relation to the Kilada Hills project
Ergotex Parks Limited	50	Project management services in relation to the Seascape Hills project
Virtus Finance S.A.	250	Project management services in relation to the Livka Bay project
Elemata B.V.	1,120	Financing from the minority shareholder of Livka Bay project
Virtus Investments B.V.	253	Provision of financing to the minority shareholder of Livka Bay project

The above transactions are based on written agreements that were entered into on an arm's length basis.

17. Business combinations

During the six-month period ended 30 June 2007, the Group acquired ownership interest in the following entities:

	Portoheli Hotel and Marina S.A.	Azurna Uvala D.o.o.	Aristo Developers plc	Total	Acquisitions of Minority Interests: Additional acquisition in Scorpio Bay Holdings Limited	Additional acquisition In Mind-compass Limited	Additional acquisition in Iktinos Techniki Touristiki S.A.	Additional acquisition In Xscape Limited	Total acquisitions
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
	(a)	(b)	(c)		(d)	(e)	(f)	(g)	
Investment property	7,500	39,200	509,996	556,696	-	-	-	-	556,696
Property, plant and equipment	-	-	55,997	55,997	-	-	-	-	55,997
Trading properties	-	-	330,294	330,294	-	-	-	-	330,294
Investment in associate	-	-	9,147	9,147	-	-	-	-	9,147
Intangible assets	-	-	250	250	-	-	-	-	250
Deferred tax asset	3	-	-	3	-	-	-	-	3
Cash and cash equivalents	45	345	8,764	9,154	-	-	-	-	9,154
Deferred tax liability	(1,432)	(5,643)	(83,877)	(90,952)	-	-	-	-	(90,952)
Interest-bearing loans	(510)	(13,238)	(165,585)	(179,333)	-	-	-	-	(179,333)
Other net current liabilities	(33)	(573)	(63,285)	(63,891)	-	-	-	-	(63,891)
Net assets	5,573	20,091	601,701	627,365	-	-	-	-	627,365
Minority interest	(1,115)	(2,009)	(126,890)	(130,014)	11,583	760	307	167	(117,197)
Net assets acquired	4,458	18,082	474,811	497,351	11,583	760	307	167	510,168
Purchase consideration	(2,707)	(5,160)	(242,556)	(250,423)	(6,500)	-	-	-	(256,923)
Excess of fair value over cost arising on acquisitions	1,751	12,922	232,255	246,928	5,083	760	307	167	253,245
Analysis of net cash flow and cash equivalents:									
Purchase consideration	(2,707)	(5,160)	(242,556)	(250,423)	(6,500)	-	-	-	(256,923)
Cash and cash equivalents of acquired companies	45	345	8,764	9,154	-	-	-	-	9,154
Cash outflow on acquisitions	(2,662)	(4,815)	(233,792)	(241,269)	(6,500)	-	-	-	(247,769)

17. Business combinations (cont.)

(a) Portoheli Hotel and Marina S.A.

On 14 February 2007, the Group entered into an agreement to acquire from Mr. George Vernikos, a Greek citizen, the 80% of the share capital of the Greek company, Portoheli Hotel and Marina S.A., the owner of Yiouli Hotel at Portoheli, for the amount of €2.7 million. Mr. George Vernikos is the father-in-law of Mr. Miltos Kambourides, a non-executive and non-independent director of the Company. Mr. Kambourides abstained from voting in the Investment Committee meeting where the final decision to acquire the above company was taken.

(b) Azurna Uvala D.o.o.

The Group acquired a 90% shareholding interest in Livka Bay Resort, situated in the island of Solta, Croatia. Livka Bay Resort is intended to become one of the first exclusive residential resorts on the Dalmatian coast with a luxury hotel, a 160-berth marina and other supporting recreational, sports and retail facilities. The Group is committing a total of €35 million in the project company to fund the resort's initial development expenses. The remaining shares are owned by Virtus Investments BV, a developer of high-end resorts.

(c) Aristo Developers plc

On 5 April 2007, the Company announced the acquisition of an 80% shareholding in Aristo, the largest holiday home development company in Cyprus and listed on the Cyprus Stock Exchange. The Company has secured a 60% shareholding from TA, in exchange for €128.7 million and a 15% interest in the Dolphin vehicle acquiring Aristo, and 20% from Aristo's second largest shareholder for €57.9 million in cash. The purchase price equates to €2.15 per share.

Aristo owns a number of strategic assets that are complementary to the Company's strategy of acquiring large land sites and establishing premium branded residential resorts. Aristo is today believed to be the largest private land owner in Cyprus and the largest holiday home developer, both in terms of annual turnover and number of units sold. Aristo owns three out of the twelve new preliminary licences for golf-integrated residential resorts granted by the Cypriot government. Aristo's flagship asset is Venus Rock, a 1,000 hectare site that is one of the largest sea-front residential resort development sites in Europe, and which is expected to comprise up to 3 golf courses, more than 3,000 residential units, a 5-star hotel with spa, extensive beach-front entertainment, retail and commercial facilities, marina and other sport facilities. Aristo also owns Eagle Pine, a 220 hectare site (increased to 300+ hectares in August 2007) expected to become a golf integrated resort, situated a few kilometres away from the Company's Apollo Heights Polo Resort.

Subsequent to the announcement, the Company launched a public tender offer to acquire the outstanding 20% of shares in Aristo also at a price of €2.15 per share which implies a total cash consideration of €57.9 million. As at 30 June 2007, the effective shareholding interest of the Company in Aristo was 84.04%.

(d) Scorpio Bay Holdings Limited

Le Monde and Egnatia, the two minority shareholders of Scorpio Bay Holdings Ltd, have entered into liquidation proceedings, and, as a result, the loan that Egnatia received from the Group of €6,5 million remained unpaid. The Group activated the security provisions of the loan agreement and acquired their shareholding interest of 49% on Scorpio Bay Holdings Ltd. As from 22 February 2007, the Group owns 100% of Scorpio Bay Holdings Ltd (also see note 10).

(e) MindCompass Overseas Limited

The Company has increased its shareholding interest in Mindcompass Overseas Ltd from 87.00% to 88.70%, increasing its share on this company's net assets by €760 thousand.

(f) Iktinos Techniki Touristiki S.A.

The Company has increased its shareholding interest in Iktinos Techniki Touristiki S.A. from 75.00% to 76.50%, increasing its share on this company's net assets by €307 thousand.

(g) Xscape Limited

The Company has increased its shareholding interest in Xscape Ltd from 95.00% to 96.30%, increasing its share on this company's net assets by €167 thousand.

18. Commitments

On 30 June 2007, the Group had commitments on the following projects:

In million of euro	Country	Commitment	Investment as at 30 June 2007	Remaining commitments as at 30 June 2007
Kilada Hills	Greece	65.0	59.4	5.6
Scorpio Bay	Greece	16.0	9.7	6.3
Apollo Heights	Cyprus	21.4	16.4	5.0
Amanmila	Greece	5.0	0.5	4.5
Lavender Bay	Greece	46.0	9.6	36.4
Sitia Bay	Greece	24.0	11.4	12.6
Seascape Hills	Greece	30.0	15.3	14.7
Livka Bay	Croatia	35.0	8.7	26.3
Rebranded Hotels	Greece	30.0	1.3	28.7
Atlantis	Cyprus	245.4	221.5	23.9*
Total		**517.8**	**353.8**	**164.0**

**The greatest part of the amount has already been paid after June 30, in the course of the public tender offer. The remaining will be paid upon the completion of the squeeze-out process*

19. Contingent liabilities

In addition to the tax liabilities that have already been provided for in the interim 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.

If investment properties, inventories 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 €71 million.

20. Post balance sheet events

The Group had the following post balance sheet events:

DCI Two has secured an €85 million debt facility from Bank of Cyprus. The interest-only loan has a cost of 95 bps over one-month Euribor with bullet repayment in five years. The loan is secured against Dolphin Capital Atlantis Ltd's (DCA), which owns Aristo, shares in Aristo and will be drawn down as required. The Company will use the proceeds of the refinancing to fund Aristo's ongoing acquisition programme.

On 17 August 2007, DCA announced that its shareholding interest in the share capital of Aristo has increased to 98.74%. DCA will exercise its right for squeeze out, which is provided by Article 36 of Cyprus Public Offers Law of 2007, in order to acquire 100% of the shares of Aristo and apply for the delisting of this company from the Cyprus Stock Exchange.