**29 September 2017**

# DOLPHIN CAPITAL INVESTORS LIMITED

("**DCI**" or "**Dolphin**" or the "**Company**"
and together with its subsidiaries the "**Group**")

## Half Year Results for the six months ended 30 June 2017 and Trading Update

**Financial Highlights:**

- Gross Assets of €424 million (31 December 2016: €466 million).
- Total Group Net Asset Value ("NAV") of €251 million and €219 million before and after Deferred Tax Liabilities ("DTL") respectively. This represents a decrease of €14 million and €15 million (5.3% and 6.5%) respectively, against the 2016 year end figures.
- NAV reduction principally due to regular operational, corporate, finance and management expenses. No portfolio revaluation was undertaken during this period; the next full portfolio valuation will be conducted as at 31 December 2017.
- Sterling NAV per share as at 30 June 2017 stood at 24p before DTL and 21p after DTL, versus 25p and 22p respectively as at 31 December 2016.
- Total Debt of €97 million with a Group total debt to gross asset ratio of 23%. DCI itself does not have any further recourse loans or guarantees and the remaining Group debt is at project level on a non-recourse basis.

**Portfolio:**

- The disposal of DCI's 60% interest in Pearl Island to Grivalia Hospitality S.A. was completed on 13 March 2017. Dolphin received cash of €27 million of which €2 million will remain in escrow for a period of 12 months post completion to cover any potential breach of DCI's warranties or undisclosed indebtedness.
- The Company in line with the stated strategic objective of disposing of all assets by 31 December 2019 has engaged advisors and agents for the sale of several other assets and has received expressions of interest. In parallel the Group is in advanced discussions with investors for joint venture transactions for two projects which should facilitate their disposal.
- On 3 May 2017 the Company terminated the agreement it had signed on 29 September 2016 to sell its 49.75% stake in Aristo Developers Ltd ("Aristo") to Mr. Theodore Aristodemou. Under the payment terms the Company had only received €1.8 million of the total cash consideration up to the date of termination which it retained together with its remaining Aristo shares which amount to a 47.9% shareholding in Aristo. Following the termination of this transaction the Company is reviewing its strategy regarding the realization of its investment in Aristo.

**Operations:**

- Amanzoe' s performance improved by increasing occupancy to c.72% for the period through August 2017 versus 65% for the same period in 2016 generating an Average Daily Rate ("ADR") of €1,452 and a Revenue per Available Room ("RevPAR") of €1,050 over the same period (2016: €1,319 and €852 respectively). The continued operational improvement is expected to generate a Net Operating Income ("NOI") increase in excess of 35% for 2017 compared to 2016.
- Aristo sold 91 homes up to August 2017 representing total sales of €47.1 million up 44% compared to the same period in 2016. In parallel Aristo was successful in restructuring €44 million of loan liabilities with Hellenic Bank through debt to asset swaps during the period and together with other loan principal repayments achieved a reduction in overall bank debt as at 30 June 2017 to €68 million (€127 million as at 31 December 2016) with total assets as at 30 June 2017 of €364 million (€433 million as at 31 December 2016).

**Commenting, Andrew Coppel, Chairman of Dolphin's Board of Directors said:**
"*The Company remains focussed on achieving its objective to dispose of all its assets by 31 December 2019, following the New Asset Strategy which was adopted by the Company's shareholders in December 2016. We have prioritized our divestment activity, targeting initially specific projects which are more mature in terms of development and/or permitting, and we expect to have tangible results on certain of our ongoing initiatives prior to the year end."*

**Miltos Kambourides, Founder of Dolphin and Managing Partner of Dolphin Capital Partners said:**
*"The continuing improvement in the operations of certain key Group assets - Amanzoe, Aristo and Nikki Beach - coincides with the improvement in the investment climate in Greece and Cyprus and should assist our divestment initiatives. We continue to work on sourcing, structuring and executing sales and joint venture transactions and expect to be able to report additional completed deals by the end of the financial year."*

**For further information, please contact:**


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## A. Chairman's Statement

I am pleased to report Dolphin's interim financial results for the six months ended 30 June 2017 and to provide a trading update.

Loss after tax for the period ended 30 June 2017 attributable to owners of the Company amounted to €3 million compared to €162 million for the period ended 30 June 2016. The variation in Loss after tax was mainly due to the fact that in 2016 the carrying value of Aristo was significantly reduced.

Following the New Asset Strategy which was approved by the Company's shareholders in December 2016, the Board and the Investment Manager have continued their efforts to achieve the orderly and controlled disposal of the Group's assets by the end of 2019. In this regard, the Company completed the disposal of its interest in Pearl Island (Panama) and received €27 million cash consideration (of which €2 million remain in escrow) as well as advancing a number of other discussions with international and local investors for either sales or joint venture agreements relating to other projects within its diverse portfolio.

We were disappointed to terminate our agreement to sell our 49.75% shareholding in Aristo. As the deferred payments were not settled in accordance with the agreed terms, the Board considered that this was the only available option to safeguard the value of the Company's investment in Aristo. The significantly improved operating performance of Aristo during the period, coupled with its significant debt reduction, should support our renewed efforts to realise value from the Aristo shareholding.

Amanzoe continued to improve its trading performance in the current year and justifies the high ratings received in the market.

The Board and the Investment Manager will continue their efforts to increase working capital and accelerate shareholders' returns through the monetisation of assets. We believe that further tangible results can be achieved in the short term.

**Andrew M. Coppel CBE**
**Chairman**
**Dolphin Capital Investors**
**29 September 2017**

**Investment Manager's Report**

## B.1. Business Overview

During the first nine months of 2017 we have continued to manage the Group's overall portfolio and achieved performance improvement across all operating projects. In parallel we were able to complete the Pearl Island sale and are progressing a number of discussions to monetise the Group's portfolio assets and explore joint venture options. Our actions can be summarised as follows:

- Executed the divestment of the 60% interest in Pearl Island to Grivalia Hospitality S.A. for a €27 million cash consideration (implying a €63 million enterprise value).
- Realised continuously improving revenue and NOI in Amanzoe which is expected to exceed 2016 by more than 35%.
- Engaged advisors (including Deloitte, Ernst & Young and CBRE) to assist us in sourcing interest for the divestment of certain portfolio assets and currently have a number of ongoing discussions with potential acquirers.

## B.2. Portfolio Review

- **Amanzoe, Greece (www.amanzoe.com)**
  - Amanzoe initiated operations for the 2017 season on 1 April 2017, as scheduled, with eight villas in the rental programme. Hotel performance for the period to end August 2017 is currently ahead of last year for the same period, with occupancy reaching c.72% versus 65% in 2016, an ADR of €1,452 and a RevPAR €1,050 versus €1,319 and €852 for the same period in 2016.
  - The Villa rental daily rates during the highest season ranged from €3,177 to €25,000 and generated revenues that represent a year-on-year 30% increase.
  - No Villa sales were concluded during the period. Several site visits took place in the summer season with potential villa buyers, a small number of whom are currently in negotiations which are expected to be concluded by the end of the year. We have also identified demand for 2-bedroom Amanzoe Villas and we have made this purchase option available to buyers for the first time in 2017.
  - One additional villa was added to the rental pool in July 2017. This one bedroom villa features the first James Turrell Skyspace in a private home in Europe and was inaugurated in the presence of the artist himself. Since the completion of the villa it has enjoyed very strong demand. Works to build other villas were suspended during the summer period so as not to impact operations of the hotel and recommenced in the third week of September.
  - Amanzoe and Amanzoe Villas received extensive coverage in the international press and in September 2017 Amanzoe was voted in the Conde Nast Traveller (UK) Readers' Awards as the 4th best hotel in Europe, Turkey and Russia and 26th in the World's Top 100 (which includes destinations, cities, hotels, airlines, cruise lines etc.).

- **Kilada Hills Golf Resort Greece**
  - The master plan and construction permit for the infrastructure for the individual neighbourhoods of the Kilada Hills Golf Resort remain under review with the relevant authorities. During July 2017 the detailed Environmental Impact Study was approved by the Regional Government and the Ministry of Culture with respect to potential antiquity issues. The remaining action is the official authorization which is expected to be issued by the relevant ministry prior to the end of 2017.
  - The Project's development financing will be primarily sourced through a combination of senior secured bank financing at the project level as well as third party equity investment, as residential lot pre-sales proceeds received under the Founders Program will remain in escrow until the completion of the development. The Company remains in discussions with both investors and local banks with a view to securing the development funds required.

- **Pearl Island, Panama**

- Following the advances achieved in the project's permitting and financing, on 17 January 2017 the Company entered into a sale agreement for the disposal of its 60% interest in Pearl Island to Grivalia Hospitality S.A. The proceeds were received on 13 March as previously announced by the Company.

- **Kea Resort, Greece**
  - The Company has continued to make progress in its negotiations with a high-end international resort and real estate investor for a joint venture relating to Kea Resort.
  - The joint venture transaction envisages the contribution of the additional equity investment required for the development of the resort from the investor group in return for a 50% shareholding in the project. The investor group will also undertake management and branding of Kea Resort and Villas.
  - The Company has received a term-sheet from a local bank for a €30 million senior construction loan (as well as a VAT bridge facility) that will complete the financing sources for the construction of Kea Resort in accordance with the existing development budget. The loan will be structured as a ring-fenced project financing facility and there will be no recourse to DCI.

- **Aristo (a 47.9% affiliate)**

*Operating Performance*

- Strong sales momentum has continued in 2017, with 61 homes and plots sold during the first six months of 2017 and 91 homes and plots sold during the period through August 2017, representing total sales of €33.2 million during the first six months and €47.1 million for the period through August 2017 (an increase of c.49% and c.44% respectively on a year-on year basis).

| | **Six months to 30 June 2017** | **Six months to 30 June 2016** | **Eight months to 31 August 2017** | **Eight months to 31 August 2016** | **Twelve months to 31 December 2016** |
|---|---|---|---|---|---|
| RETAIL SALES | | | | | |
| New sales booked | €33,265,616 | €22,265,122 | €47,139,731 | €32,696,818 | €42,349,273 |
| *% change* | *49%* | | *44%* | | |
| Units sold | 61 | 58 | 91 | 84 | 104 |
| *% change* | *5%* | | *8%* | | |
| CLIENT ORIGIN | | | | | |
| China & Other Asia | *78.2%* | *47.8%* | *81.7%* | *53.5%* | *56.3%* |
| MENA | *9.8%* | *24.9%* | *9.2%* | *20.2%* | *17%* |
| Russia | *6.9%* | *5.6%* | *5.5%* | *3.8%* | *8.3%* |
| UK | - | - | - | *2.1%* | *1.6%* |
| Cyprus & Other EU | *5%* | *21.7%* | *3.6%* | *20.4%* | *16.6%* |

*Termination of Agreement for the disposal of DCI's stake in Aristo*

- On 29 September 2016 the Company signed a binding agreement to sell its 49.75% stake in Aristo Developers Ltd ("Aristo") to Mr. Theodoros Aristodemou for a €45 million cash consideration. The Company has received to date €1.8 million of the cash consideration out of the €45 million due under the sale agreement. However the instalments due under the agreement have not been met. Mr. Aristodemou had indicated to the Company that payment of the instalments due under the sale agreement would be uncertain whilst he remains involved in on-going litigation in Cyprus relating to his tenure as the Bank of Cyprus Chairman and until there is more clarity and certainty on the expected outcome of the respective court proceedings. In that regard, the Company decided on 3 May 2017 to terminate the existing agreement and retain the unpaid portion of its Aristo shares which corresponds to a 47.9% shareholding.

- The Company is encouraged by the significant improvement in Aristo operations, the increase in sales velocity and the substantial reduction of Aristo's bank debt burden achieved during 2017. On the back of this operational momentum, we are reviewing the Company's strategic options regarding the realization of our holding in Aristo.

- **Nikki Beach, Porto Heli (a 25% DCI affiliate)**
  - The operations improved during 2017 compared to 2016. The expected occupancy for the 2017 operational period is 59% (168 days) compared to 50% for 2016 (166 days), with a net expected ADR of €223 and a RevPAR of €131 versus €253 and €126 respectively in 2016.
  - On 23 February 2017 we signed a commercial co-operation agreement with a local white-label operator, regarding the commercial exploitation of the Nikki Beach Resort and Spa at Porto Heli, and the Company now has no financial exposure to the day-to-day operational performance of the hotel as it receives monthly revenue-linked payments without incurring any hotel operating costs.

- **Apollo Heights**
  - The zoning and entitlement processes have been extremely slow and cumbersome for all land owners in the Sovereign Bases Area, resulting in a delay in receiving the planning approvals. We remain in close contact and co-operation with the relevant local and government authorities' representatives who have indicated that the zoning process shall progress in a timely manner and by not later than Q2 2018.

**C. Market Dynamics**

- **Greece**
  - For the first time since 2014 Greece returned to the bond markets for the first time since 2014, during the summer of 2017, pricing €3bn of new five-year bonds at a yield of 4.625%. Greece's successful return to the capital markets sent a strong signal that the country's public finances and economy are finally recovering following its recent bailout program. In parallel, the country realized a 0.8% year-on-year GDP increase in the second quarter of 2017 after several years of GDP reduction or stagnation. Greece's tourism sector is largely responsible for this Q2 GDP increase and is expected to further assist the sustained recovery of the country's economy and the curbing of its substantial external trade deficit. Tourist arrivals for 2017 are expected to surpass 28.5 million, setting a new record.

- **Cyprus**
  - The emerging economic recovery has been reinforced since the country exited the bail-out program 15 months ago. The economy expanded by 3.5% year-on-year in the second quarter of 2017, driven mainly by improved levels of private consumption and a record year for the tourism industry. For the period of January to July 2017, arrivals of tourists totalled 1,994,236 compared to 1,737,372 in the corresponding period of 2016, recording an increase of 14.8% and exceeding the total arrivals ever recorded in Cyprus during the first seven months of the year, as reported by the country's Statistical Service. During the first eight months of 2017, the real estate market activity kept accelerating on the back of naturalisation incentives offered to third country nationals (Cyprus passport and "golden visa" incentives) as well as debt to asset swaps undertaken by major banks.

- **Croatia**
  - The first six months of 2017 saw 5.7 million tourists and 22.9 million overnight stays. This was a rise of 22% and 23% respectively compared to last year. The city of Split is currently experiencing its busiest tourist season to date with tourism up close to 30% in the first 7 months of 2017.

- **Turkey**

- During this year's second quarter, there were signs that Turkey's economy is recovering in comparison to last year. The GDP growth for Q2 was 5.1% year-on-year with positive contributions from both domestic and foreign demand. The Turkish Lira continues to recover against the USD and especially so after the economic Q2 GDP growth. According to the Turkish Statistical Institute there is a continued pick-up in demand. In the second quarter of 2017 tourism income increased by 8.7% and for the first six months of the year foreign visitor numbers are up by 14%. However, the political situation in Turkey remains challenging as it keeps shifting further from a potential EU integration. This creates uncertainty which suppresses the country's foreign direct investment potential in the short term.

**D. Group Assets**

A summary of Dolphin's current investments is presented below. As at 30 June 2017, the net investment amount stood at €490 million.

| | PROJECT | Land site (hectares) | DCI's stake | Investment cost* (€m) | Debt (€m) ** | Real estate value (€m) | Loan to real estate asset value (%) |
|---|---|---|---|---|---|---|---|
| 1 | Amanzoe | 93 | 100% | 40 | 73 | | |
| 2 | Kilada Hills Golf Resort | 235 | 100% | 95 | - | | |
| 3 | Kea Resort | 65 | 67% | 9 | - | | |
| 4 | The Nikki Beach Resort & Spa | 1 | 25% | 6 | - | | |
| 5 | Sitia Bay Golf Resort | 270 | 78% | 17 | - | | |
| 6 | Scorpio Bay Resort | 172 | 100% | 15 | - | | |
| 7 | Lavender Bay Resort | 310 | 100% | 26 | - | | |
| 8 | Plaka Bay Resort | 442 | 100% | 13 | - | | |
| 9 | Triopetra | 11 | 100% | 4 | - | | |
| 10 | Apollo Heights Polo Resort | 461 | 100% | 23 | 16 | | |
| 11 | Livka Bay Resort | 63 | 100% | 29 | 8 | | |
| 12 | La Vanta – Mediterra Resorts | 8 | 100% | 18 | - | | |
| | **TOTAL** | **2,131** | | **295** | **97** | **356** | **27%** |
| | ARISTO CYPRUS* | 1,448 | 47.9% | 193 | - | 43 | |
| | Itacaré Investment | n/a | 13% | 2 | - | 1 | |
| | **GRAND TOTAL** | **3,579** | | **490** | **97** | **400** | **24%** |

**Residual investment cost, including amounts paid in shares.*

***Further details on debt maturities are set out under note 22 of the financial statements.*

A breakdown of Dolphin's portfolio, as at 30 June 2017, for certain key metrics is provided below:

| | COUNTRY | Land size (hectares) | Investment Cost * (€ million) | Debt (€ million) | Real Estate Value (€ million) | % Loan to real estate asset value | Net Asset Value |
|---|---|---|---|---|---|---|---|
| 1 | Greece | 1,599 | 225 | 73 | 286 | 26% | 63% |
| 2 | Cyprus** | 1,909 | 216 | 16 | 73 | 22% | 23% |
| 3 | Other | 71 | 49 | 8 | 41 | 20% | 14% |
| | **Grand Total** | **3,579** | **490** | **97** | **400** | **24%** | **100%** |

**Residual investment cost, including amounts paid in shares.*

***DCI's portfolio in Cyprus includes its equity investment in Aristo Developers Ltd, which owns assets in Cyprus that are subject to Aristo's debt and other obligations.*

**E. Future Objectives**

The Company's main objectives for the remainder of 2017 are to:

1. Generate additional liquidity through the monetisation of assets;
2. Secure third party funding for the development of Kea and Kilada Hills so that they become more attractive to potential investors and acquirers;
3. Increase the sales velocity of villas at Amanzoe; and
4. Where appropriate, advance the zoning, permitting, design and branding of certain assets to improve their sales potential and value.

**Miltos Kambourides**
**Managing Partner**
**Dolphin Capital Partners**
**29 September 2017**

**Pierre Charalambides**
**Founding Partner**
**Dolphin Capital Partners**
**29 September 2017**

**F. Financial Position for the first half of 2017**

**Financial Results**
Loss after tax for the period ended 30 June 2017 attributable to owners of the Company amounted to €3 million compared to €162 million for the period ended 30 June 2016. Loss per share was €0.003 compared to €0.18 in the same period last year.

**Condensed consolidated interim statement of profit or loss and other comprehensive income**
**For the six-month period ended 30 June 2017**

| | 1 January 2017<br>30 June 2017<br><br>€'000 | 1 January 2016<br>30 June 2016<br>(Restated)<br>€'000 |
|---|---|---|
| **CONTINUING OPERATIONS** | | |
| Revenue | 5,468 | 6,543 |
| Cost of sales | (5,002) | (6,842) |
| **Gross profit** | **466** | **(299)** |
| Disposal of investments | 4 | 1,197 |
| Change in valuations | - | (109,470) |
| Investment Manager remuneration | (4,606) | (4,511) |
| Directors' remuneration | (422) | (1,071) |
| Depreciation charge | (1,175) | (1,103) |
| Professional fees | (2,311) | (2,817) |
| Administrative and other expenses | (807) | (1,521) |
| **Total operating and other expenses** | **(9,317)** | **(119,296)** |
| **Results from operating activities** | **(8,851)** | **(119,595)** |
| Finance income | 3,968 | 22 |
| Finance costs | (4,166) | (7,015) |
| **Net finance costs** | **(198)** | **(6,993)** |
| Share of losses on equity-accounted investees, net of tax | - | (34,389) |
| **Loss before taxation** | **(9,049)** | **(160,977)** |
| Taxation | (1,090) | 319 |
| **Loss from continuing operations** | **(10,139)** | **(160,658)** |
| **DISCONTINUED OPERATION** | | |
| Profit/(loss) from discontinued operation, net of tax | 12,331 | (2,333) |
| **Profit/(loss)** | **2,192** | **(162,991)** |
| **OTHER COMPREHENSIVE INCOME** | | |
| **Items that will not be reclassified to profit or loss** | | |
| Share of revaluation on equity-accounted investees | - | 17 |
| **Items that are or may be reclassified subsequently to profit or loss** | | |
| Foreign currency translation differences | (13,193) | (2,769) |
| **Other comprehensive income, net of tax** | **(13,193)** | **(2,752)** |
| **Total comprehensive income** | **(11,001)** | **(165,743)** |
| **Profit/(loss) attributable to:** | | |
| Owners of the Company | (2,682) | (162,417) |
| Non-controlling interests | 4,874 | (574) |
| | **2,192** | **(162,991)** |
| **Total comprehensive income attributable to:** | | |
| Owners of the Company | (15,290) | (164,589) |
| Non-controlling interests | 4,289 | (1,154) |
| | **(11,001)** | **(165,743)** |
| **(LOSS)/EARNINGS PER SHARE** | | |
| **Basic and diluted loss per share (€)** | **(0.003)** | **(0.180)** |
| **Basic and diluted loss per share – Continuing(€) Operations (€)** | **(0.011)** | **(0.178)** |
| **Basic and diluted earnings/(loss)per share – Discontinued(€) operation (€)(€)** | **0.008** | **(0.002)** |

The variation in Loss after tax was mainly due to the fact that in 2016 the carrying value of Aristo was reduced by €35 million as a result of the debt restructuring agreement reached with Bank of Cyprus and by another €109 million as a write-down in value to reflect the €45 million sales price agreed with Mr. Aristodemou in a transaction that did not complete as further discussed above under section B.2.. Further analysis of individual revenue and expense items is provided below.

**Revenue**
Revenues from continuing operations of €5.5 million (H1 2016: €6.5 million), were derived from the following sources:

| | H1 2017<br>€ million | H1 2016<br>€ million |
|---|---|---|
| Income from hotel operations | 4.8 | 3.6 |
| Sale of trading & investment properties | 0.0 | 2.5 |
| Other income | 0.7 | 0.4 |
| **TOTAL** | **5.5** | **6.5** |

The reduction in the sale of trading and investment properties relates to the fact that no new Villas were delivered in the first half of 2017 in the Amanzoe project, whereas in 2016 the sale of one Villa plot was recognized in the financial statements. The improved Amanzoe performance during the period resulted in the 32% increase on income from hotel operations.

**Cost of sales**
Cost of sales from continuing operations comprises the following basic categories:

| | H1 2017<br>€ million | H1 2016<br>€ million |
|---|---|---|
| Cost of sales related to: | | |
| Hotel operations | 2.3 | 1.6 |
| Sales of trading and investment properties | 0.0 | 1.4 |
| Commission to agents and others | 0.0 | 0.1 |
| Personnel expenses | 2.3 | 2.1 |
| Branding fees | 0.3 | 1.2 |
| Other operating expenses | 0.1 | 0.5 |
| **TOTAL** | **5.0** | **6.9** |

The charge of cost of sales from continuing operations for the period amounted to €5.0 million (H1 2016: €6.9 million). The decrease is attributable to cost of Villas sold as well as to the decrease in Villa branding fees. These reductions were counterbalanced by an increase in hotel operations costs reflecting the increased occupancy of Amanzoe.

**Professional Fees**
The charge for the period from continuing operations was €2.3 million (H1 2016: €2.8 million) and comprises the following:

| | H1 2017<br>€ million | H1 2016<br>€ million |
|---|---|---|
| Legal fees | 0.6 | 0.5 |
| Auditors' remuneration | 0.2 | 0.2 |
| Accounting expenses | 0.1 | 0.1 |
| Project design and development fees | 1.0 | 1.1 |
| Consultancy fees | 0.2 | 0.4 |
| Administrator fees | 0.0 | 0.1 |
| Other professional fees | 0.2 | 0.4 |
| **TOTAL** | **2.3** | **2.8** |

**Administrative and other expenses**

The administrative and other expenses from continuing operations amounted to €0.8 million (H1 2016: €1.5 million) and are analysed as follows:

| | H1 2017<br>€ million | H1 2016<br>€ million |
|---|---|---|
| Travelling and accommodation | 0.1 | 0.2 |
| Repairs and maintenance | 0.1 | 0.1 |
| Marketing and advertising expenses | 0.1 | 0.2 |
| Rents | 0.1 | 0.1 |
| Other | 0.4 | 0.9 |
| **TOTAL** | **0.8** | **1.5** |

**Net Finance costs**

The charge for the period from continuing operations was €0.2 million (H1 2016: €7 million) and comprises the following:

| | H1 2017<br>€ million | H1 2016<br>€ million |
|---|---|---|
| Finance income | 4.0 | 0 |
| Finance costs | (4.2) | (7.0) |
| **TOTAL** | **(0.2)** | **(7.0)** |

During the period, the Company entered into new contracts in connection with the deferred purchase of land at Lavender Bay. The revised interest rate agreed on the outstanding consideration is lower than that specified in the previous contracts. As the new contracts have a retrospective effect, the interest previously accrued in prior years of approx. €4 million has been reversed during the six-month period ended 30 June 2017 and included in finance income.

Decrease in Finance costs is mainly due to the retirement of all of the DCI's €50 million and USD9.17 million Convertible bonds. These bonds were cancelled upon the completion of the Playa Grande sale at the end of 2016.

## Condensed consolidated interim statement of financial position
## As at 30 June 2017

| | 30 June 2017 €'000 | 31 December 2016 €'000 |
|---|---|---|
| **Assets** | | |
| Property, plant and equipment | 86,607 | 87,647 |
| Investment property | 176,553 | 176,548 |
| Deferred tax assets | 995 | 996 |
| **Non-current assets** | **264,155** | **265,191** |
| Trading properties | 30,214 | 29,763 |
| Trade and other receivables | 7,787 | 4,001 |
| Cash and cash equivalents | 14,653 | 4,698 |
| Assets held for sale | 106,708 | 162,435 |
| **Current assets** | **159,362** | **200,897** |
| **Total assets** | **423,517** | **466,088** |
| **Equity** | | |
| Share capital | 9,046 | 9,046 |
| Share premium | 569,847 | 569,847 |
| Retained deficit | (368,337) | (365,689) |
| Other reserves | 8,075 | 20,683 |
| **Equity attributable to owners of the Company** | **218,631** | **233,887** |
| Non-controlling interests | 4,925 | 17,993 |
| **Total equity** | **223,556** | **251,880** |
| **Liabilities** | | |
| Loans and borrowings | 78,114 | 79,521 |
| Finance lease liabilities | 2,912 | 2,934 |
| Deferred tax liabilities | 25,379 | 24,255 |
| Trade and other payables | 27,764 | 6,479 |
| Deferred revenue | 7,108 | 7,230 |
| **Non-current liabilities** | **141,277** | **120,419** |
| Loans and borrowings | 11,126 | 12,749 |
| Finance lease liabilities | 84 | 48 |
| Trade and other payables | 13,535 | 43,112 |
| Deferred revenue | 17,687 | 10,683 |
| Liabilities held for sale | 16,252 | 27,197 |
| **Current liabilities** | **58,684** | **93,789** |
| **Total liabilities** | **199,961** | **214,208** |
| **Total equity and liabilities** | **423,517** | **466,088** |
| **Net asset value ('NAV') per share (€)** | **0.24** | **0.26** |

The reported NAV as at 30 June 2017 is presented below:

| | **As at 30 June 2017** | | **As at 30 June 2016** | | **Variation since 30 June 2016** | | **Variation since 31 December 2016** | |
|---|---|---|---|---|---|---|---|---|
| | **€** | **£** | **€** | **£** | **€** | **£** | **€** | **£** |
| Total NAV before DTL (million) | 251 | 221 | 355 | 294 | (29.4%) | (24.9%) | (5.3%) | (2.7%) |
| Total NAV after DTL (million) | 219 | 192 | 317 | 262 | (31.1%) | (26.7%) | (6.5%) | (4.0%) |
| NAV per share before DTL | 0.28 | 0.24 | 0.39 | 0.32 | (29.4%) | (24.9%) | (5.3%) | (2.7%) |
| NAV per share after DTL | 0.24 | 0.21 | 0.35 | 0.29 | (31.1%) | ((26.7%) | (6.5%) | (4.0%) |

*Notes:*

1. *Euro/GBP rate 0.87966 as at 30 June 2017 and 0.85637 as at 31 December 2016.*

2. *NAV per share has been calculated on the basis of 904,626,856 issued shares as at 30 June 2017 and as at 31 December 2016.*

Total Group NAV as at 30 June 2017 was €251 million and €219 million before and after Deferred Tax Liabilities ("DTL") respectively. This represents a decrease of €14 million (5.3%) and €15 million (6.5%), respectively, from the 31 December 2016 figures. Given that no valuation of the Company's portfolio took place as at 30 June 2017, the NAV reduction is mainly due to Dolphin's regular operational, corporate, finance and management expenses.

Sterling NAV per share as at 30 June 2017 was 24p before DTL and 21p after DTL and decreased by 2.7% and 4.0%, before and after DTL respectively compared to the 31 December 2016 figures. In addition to the factors mentioned above, the NAV per share was affected by a 2.7% appreciation of the Euro versus Sterling.

The Company's consolidated assets include €293 million of real estate assets, €107 million of assets held for sale, €9 million of other assets (trade and other receivables as well as deferred tax assets) and €15 million in cash.

The balance of €293 million of real estate assets (property, plant and equipment, investment property and trading properties) represents the fair market valuation for both freehold and long leasehold interests.

The €107 million of assets held for sale includes €61 million of real estate assets, €44 million of investment in equity accounted investees (the Company's 47.9% interest in Aristo and its 25% interest in Nikki Beach as at 30 June 2017), €1 million of available-for-sale financial assets which represents the Company's investment in Itacaré and €1 million of other assets. The €61 million figure comprises the aggregate total appraised value of the Company's Sitia Bay, Livka Bay and La Vanta projects.

The Company's consolidated liabilities (excluding DTL) total €168 million and mainly comprise €100 million of interest bearing loans and finance lease obligations (of which €8 million are classified as liabilities held for sale). All loans are held by Group subsidiaries and are non-recourse to Dolphin.

The €67 million of trade and other payables and deferred revenue (including €1 million of trade and other payables held for sale) comprise mainly €21 million of option contracts to acquire land in the Company's Lavender Bay project, €7 million deferred income from government grants received and €14 million of client advances from villa sales.

## Condensed consolidated interim statement of profit or loss and other comprehensive income

For the six-month period ended 30 June 2017

| | Note | From 1 January 2017 to 30 June 2017 €'000 | From 1 January 2016 to 30 June 2016 (Restated) €'000 |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| Revenue | 6 | 5,468 | 6,543 |
| Cost of sales | 7 | (5,002) | (6,842) |
| **Gross profit/(loss)** | | **466** | **(299)** |
| Disposal of investments | 8A | 4 | 1,197 |
| Change in valuations | 8B | - | (109,470) |
| Investment Manager remuneration | 28.2 | (4,606) | (4,511) |
| Directors' remuneration | 28.1 | (422) | (1,071) |
| Depreciation charge | 15 | (1,175) | (1,103) |
| Professional fees | 11 | (2,311) | (2,817) |
| Administrative and other expenses | 12 | (807) | (1,521) |
| **Total operating and other expenses** | | **(9,317)** | **(119,296)** |
| **Results from operating activities** | | **(8,851)** | **(119,595)** |
| Finance income | 26 | 3,968 | 22 |
| Finance costs | | (4,166) | (7,015) |
| **Net finance costs** | | **(198)** | **(6,993)** |
| Share of losses on equity-accounted investees, net of tax | 17 | - | (34,389) |
| **Loss before taxation** | | **(9,049)** | **(160,977)** |
| Taxation | 13 | (1,090) | 319 |
| **Loss from continuing operations** | | **(10,139)** | **(160,658)** |
| **DISCONTINUED OPERATION** | | | |
| Profit/(loss) from discontinued operation, net of tax | 10 | 12,331 | (2,333) |
| **Profit/(loss)** | | **2,192** | **(162,991)** |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Share of revaluation on equity-accounted investees | | - | 17 |
| **Items that are or may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation differences | | (13,193) | (2,769) |
| **Other comprehensive income, net of tax** | | **(13,193)** | **(2,752)** |
| **Total comprehensive income** | | **(11,001)** | **(165,743)** |
| **Profit/(loss) attributable to:** | | | |
| Owners of the Company | | (2,682) | (162,417) |
| Non-controlling interests | | 4,874 | (574) |
| | | **2,192** | **(162,991)** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | (15,290) | (164,589) |
| Non-controlling interests | | 4,289 | (1,154) |
| | | **(11,001)** | **(165,743)** |
| **(LOSS)/EARNINGS PER SHARE** | | | |
| **Basic and diluted loss per share (€)** | 14 | **(0.003)** | **(0.180)** |
| **Basic and diluted loss per share – Continuing operations (€)** | 14 | **(0.011)** | **(0.178)** |
| **Basic and diluted earnings/(loss) per share – Discontinued operation (€)** | 14 | **0.008** | **(0.002)** |

## Condensed consolidated interim statement of financial position

As at 30 June 2017

| | Note | 30 June 2017 €'000 | 31 December 2016 €'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Property, plant and equipment | 15 | 86,607 | 87,647 |
| Investment property | 16 | 176,553 | 176,548 |
| Deferred tax assets | 24 | 995 | 996 |
| **Non-current assets** | | **264,155** | **265,191** |
| Trading properties | 18 | 30,214 | 29,763 |
| Trade and other receivables | 19 | 7,787 | 4,001 |
| Cash and cash equivalents | 20 | 14,653 | 4,698 |
| Assets held for sale | 17 | 106,708 | 162,435 |
| **Current assets** | | **159,362** | **200,897** |
| **Total assets** | | **423,517** | **466,088** |
| **EQUITY** | | | |
| Share capital | 21 | 9,046 | 9,046 |
| Share premium | 21 | 569,847 | 569,847 |
| Retained deficit | | (368,337) | (365,689) |
| Other reserves | | 8,075 | 20,683 |
| **Equity attributable to owners of the Company** | | **218,631** | **233,887** |
| Non-controlling interests | | 4,925 | 17,993 |
| **Total equity** | | **223,556** | **251,880** |
| **LIABILITIES** | | | |
| Loans and borrowings | 22 | 78,114 | 79,521 |
| Finance lease liabilities | 23 | 2,912 | 2,934 |
| Deferred tax liabilities | 24 | 25,379 | 24,255 |
| Trade and other payables | 26 | 27,764 | 6,479 |
| Deferred revenue | 25 | 7,108 | 7,230 |
| **Non-current liabilities** | | **141,277** | **120,419** |
| Loans and borrowings | 22 | 11,126 | 12,749 |
| Finance lease liabilities | 23 | 84 | 48 |
| Trade and other payables | 26 | 13,535 | 43,112 |
| Deferred revenue | 25 | 17,687 | 10,683 |
| Liabilities held for sale | 17 | 16,252 | 27,197 |
| **Current liabilities** | | **58,684** | **93,789** |
| **Total liabilities** | | **199,961** | **214,208** |
| **Total equity and liabilities** | | **423,517** | **466,088** |
| **Net asset value ('NAV') per share (€)** | 27 | **0.24** | **0.26** |

## Condensed consolidated interim statement of changes in equity

For the six-month period ended 30 June 2017

| | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital €'000 | Share premium €'000 | Translation reserve €'000 | Revaluation reserve €'000 | Retained deficit €'000 | Total €'000 | Non-controlling interests €'000 | Total equity €'000 |
| Balance at 1 January 2016 | **9,046** | **569,847** | **23,939** | **463** | **(121,706)** | **481,589** | **34,939** | **516,528** |
| **TOTAL COMPREHENSIVE INCOME** | | | | | | | | |
| Loss | - | - | - | - | (162,417) | (162,417) | (574) | (162,991) |
| **Other comprehensive income** | | | | | | | | |
| Foreign currency translation differences | - | - | (2,189) | - | - | (2,189) | (580) | (2,769) |
| Share of revaluation on equity-accounted investees | - | - | - | 17 | - | 17 | - | 17 |
| Total other comprehensive income | - | - | (2,189) | 17 | - | (2,172) | (580) | (2,752) |
| **Total comprehensive income** | - | - | **(2,189)** | **17** | **(162,417)** | **(164,589)** | **(1,154)** | **(165,743)** |
| **TRANSACTIONS WITH OWNERS OF THE COMPANY** | | | | | | | | |
| **Contributions and distributions** | | | | | | | | |
| Equity-settled share-based payment arrangements | - | - | - | - | 310 | 310 | - | 310 |
| Total contributions and distributions | - | - | - | - | 310 | 310 | - | 310 |
| **Changes in ownership interests** | | | | | | | | |
| Movement in non-controlling interests | - | - | - | - | - | - | 146 | 146 |
| Total changes in ownership interests | - | - | - | - | - | - | 146 | 146 |
| **Total transactions with owners of the Company** | **-** | **-** | **-** | **-** | **310** | **310** | **146** | **456** |
| **Balance at 30 June 2016** | **9,046** | **569,847** | **21,750** | **480** | **(283,813)** | **317,310** | **33,931** | **351,241** |
| Balance at 1 January 2017 | **9,046** | **569,847** | **16,345** | **4,338** | **(365,689)** | **233,887** | **17,993** | **251,880** |
| **TOTAL COMPREHENSIVE INCOME** | | | | | | | | |
| (Loss)/profit | **-** | - | - | - | (2,682) | (2,682) | 4,874 | 2,192 |
| **Other comprehensive income** | | | | | | | | |
| Foreign currency translation differences | - | - | (12,608) | - | - | (12,608) | (585) | (13,193) |
| Total other comprehensive income | - | - | (12,608) | - | - | (12,608) | (585) | (13,193) |
| **Total comprehensive income** | - | - | **(12,608)** | **-** | **(2,682)** | **(15,290)** | **4,289** | **(11,001)** |
| **TRANSACTIONS WITH OWNERS OF THE COMPANY** | | | | | | | | |
| **Contributions and distributions** | | | | | | | | |
| Non-controlling interests on capital increases of subsidiaries | - | - | - | - | - | - | 95 | 95 |
| Equity-settled share-based payment arrangements | - | - | - | - | 34 | 34 | - | 34 |
| Total contributions and distributions | - | - | - | - | 34 | 34 | 95 | 129 |
| **Changes in ownership interests** | | | | | | | | |
| Disposal of subsidiary with non-controlling interests | - | - | - | - | - | - | (17,452) | (17,452) |
| Total changes in ownerships interests | - | - | - | - | - | - | (17,452) | (17,452) |
| **Total transactions with owners of the Company** | **-** | **-** | **-** | **-** | **34** | **34** | **(17,357)** | **(17,323)** |
| **Balance at 30 June 2017** | **9,046** | **569,847** | **3,737** | **4,338** | **(368,337)** | **218,631** | **4,925** | **223,556** |

## Condensed consolidated interim statement of cash flows

For the six-month period ended 30 June 2017

| | From 1 January 2017 to 30 June 2017 €'000 | From 1 January 2016 to 30 June 2016 €'000 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit/(loss) | 2,192 | (162,991) |
| Share of losses on equity-accounted investees, net of tax | - | 34,389 |
| Impairment loss on equity-accounted investees | - | 109,265 |
| Net change in fair value of investment property | - | 11 |
| Impairment loss on re-measurement of disposal groups | - | 205 |
| Gain on disposal of investment in subsidiaries | (299) | (1,197) |
| Gain on disposal of equity-accounted investees held for sale | (4) | - |
| Other adjustments | (11,504) | 11,390 |
| | (9,615) | (8,928) |
| Changes in: | | |
| Receivables | (4,563) | 1,533 |
| Payables | 3,785 | (30) |
| Cash used in operating activities | (10,393) | (7,425) |
| Tax received | 9 | 66 |
| **Net cash used in operating activities** | **(10,384)** | **(7,359)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from disposal of subsidiaries, net of cash disposed of | 26,293 | - |
| Proceeds from disposal of equity-accounted investees held for sale | 700 | - |
| Net acquisitions of investment property | (5) | (11) |
| Net acquisitions of property, plant and equipment | (135) | (1,684) |
| Net change in trading properties | (258) | 2,707 |
| Net change in net assets held for sale | 641 | 29 |
| Interest received | - | 22 |
| **Net cash from investing activities** | **27,236** | **1,063** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Funds received from non-controlling interests | 95 | - |
| Change in loans and borrowings | (1,922) | (18,273) |
| Change in finance lease obligations | 14 | (10) |
| Interest paid | (5,084) | (5,693) |
| **Net cash used in financing activities** | **(6,897)** | **(23,976)** |
| **Net increase/(decrease) in cash and cash equivalents** | **9,955** | **(30,272)** |
| Cash and cash equivalents at the beginning of the period | 4,698 | 41,990 |
| Effect of exchange rate fluctuations on cash held | - | (480) |
| **Cash and cash equivalents at the end of the period** | **14,653** | **11,238** |
| For the purpose of the condensed consolidated interim statement of cash flows, cash and cash equivalents consist of the following: | | |
| Cash in hand and at bank (see note 20) | 14,653 | 11,238 |
| **Cash and cash equivalents at the end of the period** | **14,653** | **11,238** |

## Notes to the condensed consolidated interim financial statements

For the six-month period ended 30 June 2017

### 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 condensed consolidated interim financial statements of the Company as at and for the six-month period ended 30 June 2017 comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2016. They are presented in euro (€), rounded to the nearest thousand.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 28 September 2017.

#### (b) Basis of preparation

The condensed consolidated interim financial statements of the Company for the six-month period ended 30 June 2017 have been prepared taking into account the Company's intention to dispose of all of its assets by 31 December 2019, as further explained below. The basis of preparation used continues to be in accordance with IAS 34.

Based on the Company's new asset strategy approved by its shareholders in December 2016, the Company's objective is to dispose of all of the Company's assets by 31 December 2019. The allocation of any additional capital investment into any of the Company's projects will be substantially sourced from third party capital providers and with the sole objective of enhancing the respective asset's realisation potential until 31 December 2019. The Board expects to return the proceeds from asset disposals to shareholders, as the orderly realisation of the Company's assets progresses and taking into account the Company's liquidity position and working capital requirements. In the event that any assets are still held by the Company shortly before 31 December 2019, the Board will convene a shareholders' meeting at which appropriate resolutions for the future of the Company will be proposed.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016.

### 4. ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2016.

#### Going concern assumptions

The Group's cash flow forecasts for the foreseeable future involve uncertainties related primarily to the exact disposal proceeds and timing of disposals of the assets expected to be disposed of. Management believes that the proceeds from forecasted asset sales will be sufficient to maintain the Group's cash flow forecasts at a positive level. Should the need arise, management is confident that it can secure additional banking facilities and/or obtain waivers on existing ones, until planned asset sales are realised and proceeds received. If for any reason the Group is unable to continue as a going concern, then this could have an impact on the Group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

**5. PRINCIPAL SUBSIDIARIES**

As at 30 June 2017, the Group's most significant subsidiaries were the following:

| Name | Project | Country of incorporation | Shareholding interest |
|---|---|---|---|
| Scorpio Bay Holdings Limited | Scorpio Bay Resort | Cyprus | 100% |
| Scorpio Bay Resorts S.A. | Scorpio Bay Resort | Greece | 100% |
| Latirus Enterprises Limited | Sitia Bay Golf Resort | Cyprus | 80% |
| Iktinos Techniki Touristiki S.A. ('Iktinos') | Sitia Bay Golf Resort | Greece | 78% |
| Xscape Limited | Lavender Bay Resort | Cyprus | 100% |
| Golfing Developments S.A. | Lavender Bay Resort | Greece | 100% |
| MindCompass Overseas Limited | Kilada Hills Golf Resort | Cyprus | 100% |
| MindCompass Overseas S.A. | Kilada Hills Golf Resort | Greece | 100% |
| MindCompass Overseas Two S.A. | Kilada Hills Golf Resort | Greece | 100% |
| MindCompass Parks S.A. | Kilada Hills Golf Resort | Greece | 100% |
| Dolphin Capital Greek Collection Limited | Kilada Hills Golf Resort | Cyprus | 100% |
| DCI Holdings One Limited ('DCI H1') | Aristo Developers | BVIs | 100% |
| D.C. Apollo Heights Polo and Country Resort | Apollo Heights Resort | Cyprus | 100% |
| Symboula Estates Limited | Apollo Heights Resort | Cyprus | 100% |
| DolphinCI Fourteen Limited ('DCI 14') | Amanzoe | Cyprus | 100% |
| Eidikou Skopou Dekatessera S.A. ('ES 14') | Amanzoe | Greece | 100% |
| Eidikou Skopou Dekaokto S.A. ('ES 18') | Amanzoe | Greece | 100% |
| Single Purpose Vehicle Two Limited ('SPV 2') | Amanzoe | Cyprus | 64% |
| Eidikou Skopou Eikosi Ena S.A. | Amanzoe | Greece | 64% |
| Azurna Uvala D.o.o. ('Azurna') | Livka Bay Resort | Croatia | 100% |
| Eastern Crete Development Company S.A. | Plaka Bay Resort | Greece | 100% |
| DolphinLux 2 S.a.r.l. | La Vanta- Mediterra Resorts | Luxembourg | 100% |
| Kalkan Yapi ve Turizm A.S. ('Kalkan') | La Vanta- Mediterra Resorts | Turkey | 100% |
| Single Purpose Vehicle Eight Limited | Triopetra | Cyprus | 100% |
| Eidikou Skopou Dekapente S.A. | Triopetra | Greece | 100% |
| Single Purpose Vehicle Ten Limited ('SPV 10') | Kea Resort | Cyprus | 67% |
| Eidikou Skopou Eikosi Tessera S.A. | Kea Resort | Greece | 67% |

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

**6. REVENUE**

| | From 1 January 2017 to 30 June 2017 | | | From 1 January 2016 to 30 June 2016 | | |
|---|---|---|---|---|---|---|
| | Continuing operations €'000 | Discontinued operation €'000 | Total €'000 | Continuing operations (Restated) €'000 | Discontinued operation (Restated) €'000 | Total (Restated) €'000 |
| Income from hotel operations | 4,747 | - | 4,747 | 3,582 | 4,319 | 7,901 |
| Income from operation of golf courses | - | - | - | - | 125 | 125 |
| Sale of trading and investment properties | - | - | - | 2,510 | 3,585 | 6,095 |
| Rental income | 12 | - | 12 | 52 | - | 52 |
| Other income | 709 | - | 709 | 399 | 1,305 | 1,704 |
| **Total** | **5,468** | **-** | **5,468** | **6,543** | **9,334** | **15,877** |

## 7. COST OF SALES

| | From 1 January 2017 to 30 June 2017 | | | From 1 January 2016 to 30 June 2016 | | |
|---|---|---|---|---|---|---|
| | Continuing operations €'000 | Discontinued operation €'000 | Total €'000 | Continuing operations (Restated) €'000 | Discontinued operation (Restated) €'000 | Total (Restated) €'000 |
| Cost of sales related to: | | | | | | |
| Hotel operations | 2,308 | - | 2,308 | 1,615 | 2,128 | 3,743 |
| Golf course operations | - | - | - | - | 143 | 143 |
| Sales of trading and investment properties | - | - | - | 1,378 | 2,377 | 3,755 |
| Commission to agents and other | - | - | - | 57 | - | 57 |
| Personnel expenses (see below) | 2,295 | 254 | 2,549 | 2,118 | 2,620 | 4,738 |
| Branding management fees | 326 | - | 326 | 1,189 | - | 1,189 |
| Other operating expenses | 73 | 114 | 187 | 485 | 12 | 497 |
| **Total** | **5,002** | **368** | **5,370** | **6,842** | **7,280** | **14,122** |

## Personnel expenses

### Continuing operations

| | From 1 January 2017 to 30 June 2017 | | |
|---|---|---|---|
| | Hotel & leisure operations | Project maintenance & development | Total |
| | €'000 | €'000 | €'000 |
| Wages and salaries | 1,682 | 97 | 1,779 |
| Compulsory social security contributions | 419 | 15 | 434 |
| Other personnel costs | 74 | 8 | 82 |
| **Total** | **2,175** | **120** | **2,295** |
| The average number of employees employed by the Group during the period was | **149** | **22** | **171** |

### Discontinued operation

| | From 1 January 2017 to 30 June 2017 | | |
|---|---|---|---|
| | Hotel & leisure operations | Project maintenance & development | Total |
| | €'000 | €'000 | €'000 |
| Wages and salaries | - | 174 | 174 |
| Compulsory social security contributions | - | 37 | 37 |
| Other personnel costs | - | 43 | 43 |
| **Total** | **-** | **254** | **254** |
| The average number of employees employed by the Group during the period was | **-** | **33** | **33** |

**Continuing operations**

| | From 1 January 2016 to 30 June 2016 | | |
|---|---|---|---|
| | Hotel & leisure operations | Project maintenance & development | Total |
| | €'000 | €'000 | €'000 |
| Wages and salaries | 1,407 | 233 | 1,640 |
| Compulsory social security contributions | 343 | 50 | 393 |
| Other personnel costs | 73 | 12 | 85 |
| **Total** | **1,823** | **295** | **2,118** |
| The average number of employees employed by the Group during the period was | **128** | **30** | **158** |

**Discontinued operation**

| | From 1 January 2016 to 30 June 2016 | | |
|---|---|---|---|
| | Hotel & leisure operations | Project maintenance & development | Total |
| | €'000 | €'000 | €'000 |
| Wages and salaries | 836 | 1,079 | 1,915 |
| Compulsory social security contributions | 93 | 166 | 259 |
| Other personnel costs | 364 | 82 | 446 |
| **Total** | **1,293** | **1,327** | **2,620** |
| The average number of employees employed by the Group during the period was | **269** | **110** | **379** |

**8. INCOME AND EXPENSES**

**A. DISPOSAL OF INVESTMENTS**

| | | From 1 January 2017 to 30 June 2017 | | | From 1 January 2016 to 30 June 2016 | | |
|---|---|---|---|---|---|---|---|
| | Note | Continuing operations | Discontinued operation | Total | Continuing operations (Restated) | Discontinued operation (Restated) | Total (Restated) |
| | | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Gain on disposal of investment in subsidiaries | 29 | - | 299 | 299 | 1,197 | - | 1,197 |
| Gain on disposal of equity-accounted investees held for sale | 17 | 4 | - | 4 | - | - | - |
| **Total** | | **4** | **299** | **303** | **1,197** | **-** | **1,197** |

**B. CHANGE IN VALUATIONS**

| | Note | From 1 January 2017 to 30 June 2017 Continuing operations €'000 | Discontinued operation €'000 | Total €'000 | From 1 January 2016 to 30 June 2016 Continuing operations (Restated) €'000 | Discontinued operation (Restated) €'000 | Total (Restated) €'000 |
|---|---|---|---|---|---|---|---|
| Net change in fair value of investment property | 10 | - | - | - | - | (11) | (11) |
| Impairment loss on re-measurement of disposal groups | 17 | - | - | - | (205) | - | (205) |
| Impairment loss on equity-accounted investees | 17 | - | - | - | (109,265) | - | (109,265) |
| **Total** | | **-** | **-** | **-** | **(109,470)** | **(11)** | **(109,481)** |

## 9. SEGMENT REPORTING

### *Operating segments*

The Group has two reportable operating segments, the 'Hotel & leisure operations' and 'Construction & development' segments. Information related to each operational reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance as management believes such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

| | Hotel & leisure operations | | Construction & development | | Other | | Reportable segments' totals | |
|---|---|---|---|---|---|---|---|---|
| | Continuing operations €'000 | Discontinued operation €'000 | Continuing operations €'000 | Discontinued operation €'000 | Continuing operations €'000 | Discontinued operation €'000 | Continuing operations €'000 | Discontinued operation €'000 |
| **30 June 2017** | | | | | | | | |
| Revenue | 4,747 | - | 8 | - | 713 | - | 5,468 | - |
| Cost of sales | (4,838) | - | (119) | (368) | (45) | - | (5,002) | (368) |
| Investment Manager remuneration | - | - | - | - | (4,606) | - | (4,606) | - |
| Directors' remuneration | - | - | - | - | (422) | - | (422) | - |
| Depreciation charge | (1,171) | - | (4) | - | - | - | (1,175) | - |
| Professional fees | - | - | (88) | (29) | (2,223) | (53) | (2,311) | (82) |
| Administrative and other expenses | - | - | (62) | (80) | (745) | (853) | (807) | (933) |
| Gain on disposal of investment in subsidiaries | - | - | - | - | - | 299 | - | 299 |
| Gain on disposal of equity-accounted investees held for sale | - | - | 4 | - | - | - | 4 | - |
| **Results from operating activities** | **(1,262)** | - | **(261)** | **(477)** | **(7,328)** | **(607)** | **(8,851)** | **(1,084)** |
| Finance income | - | - | 85 | - | 3,883 | 13,415 | 3,968 | 13,415 |
| Finance costs | (1,761) | - | (770) | - | (1,635) | - | (4,166) | - |
| **Net finance (costs)/income** | **(1,761)** | - | **(685)** | **-** | **2,248** | **13,415** | **(198)** | **13,415** |
| **(Loss)/profit before taxation** | **(3,023)** | - | **(946)** | **(477)** | **(5,080)** | **12,808** | **(9,049)** | **12,331** |
| Taxation | - | - | (8) | - | (1,082) | - | (1,090) | - |
| **(Loss/profit** | **(3,023)** | - | **(954)** | **(477)** | **(6,162)** | **12,808** | **(10,139)** | **12,331** |

| | Hotel & leisure operations | | Construction & development | | Other | | Reportable segments' totals | |
|---|---|---|---|---|---|---|---|---|
| | Continuing operations €'000 | Discontinued operation €'000 | Continuing operations €'000 | Discontinued operation €'000 | Continuing operations €'000 | Discontinued operation €'000 | Continuing operations €'000 | Discontinued operation €'000 |
| **30 June 2016 (Restated)** | | | | | | | | |
| Revenue | 3,582 | 4,444 | 2,517 | 3,585 | 444 | 1,305 | 6,543 | 9,334 |
| Cost of sales | (4,213) | (4,220) | (2,268) | (3,030) | (361) | (30) | (6,842) | (7,280) |
| Investment Manager remuneration | - | - | - | - | (4,511) | - | (4,511) | - |
| Directors' remuneration | - | - | - | - | (1,071) | - | (1,071) | - |
| Depreciation charge | (1,103) | (116) | - | (182) | - | - | (1,103) | (298) |
| Professional fees | - | - | (97) | (1,139) | (2,720) | (98) | (2,817) | (1,237) |
| Administrative and other expenses | - | - | (117) | (168) | (1,404) | (276) | (1,521) | (444) |
| Gain on disposal of investment in subsidiaries | - | - | - | - | 1,197 | - | 1,197 | - |
| Net change in fair value of investment property | - | - | - | - | - | (11) | - | (11) |
| Impairment loss on equity-accounted investees | - | - | (109,265) | - | - | - | (109,265) | - |
| Impairment loss on re-measurement of disposal groups | (205) | - | - | - | - | - | (205) | - |
| **Results from operating activities** | **(1,939)** | **108** | **(109,230)** | **(934)** | **(8,426)** | **890** | **(119,595)** | **64** |
| Finance income | - | - | - | - | 22 | - | 22 | - |
| Finance costs | (2,129) | - | (237) | (1,553) | (4,649) | (844) | (7,015) | (2,397) |
| **Net finance costs** | **(2,129)** | **-** | **(237)** | **(1,553)** | **(4,627)** | **(844)** | **(6,993)** | **(2,397)** |
| Share of profit on equity-accounted investees, net of tax | - | - | (34,389) | - | - | - | (34,389) | - |
| **(Loss)/profit before taxation** | **(4,068)** | **108** | **(143,856)** | **(2,487)** | **(13,053)** | **46** | **(160,977)** | **(2,333)** |
| Taxation | - | - | 46 | - | 273 | - | 319 | - |
| **(Loss)/profit** | **(4,068)** | **108** | **(143,810)** | **(2,487)** | **(12,780)** | **46** | **(160,658)** | **(2,333)** |

**Geographical segments**

Information in relation to the geographical regions in which the Group operates, is set below:

| | Americas1 (Discontinued) €'000 | South-East Europe[2] €'000 | Other[3] €'000 | Reportable segment totals €'000 | Adjustments[4] €'000 | Consolidated totals €'000 |
|---|---|---|---|---|---|---|
| | | | | | | **30 June 2017** |
| Property, plant and equipment | - | 86,607 | - | 86,607 | - | 86,607 |
| Investment property | - | 176,553 | - | 176,553 | - | 176,553 |
| Trading properties | - | 30,214 | - | 30,214 | - | 30,214 |
| Cash and cash equivalents | - | 5,088 | 9,565 | 14,653 | - | 14,653 |
| Assets held for sale | 893 | 105,815 | - | 106,708 | - | 106,708 |
| Intra-group debit balances | - | 50,767 | 581,489 | 632,256 | (632,256) | - |
| Other assets | - | 6,825 | 2,734 | 9,559 | - | 9,559 |
| **Total assets** | **893** | **461,869** | **593,788** | **1,056,550** | **(632,256)** | **424,294** |
| Loans and borrowings | - | 89,240 | - | 89,240 | - | 89,240 |
| Finance lease liabilities | - | 2,996 | - | 2,996 | - | 2,996 |
| Deferred tax liabilities | - | 25,379 | - | 25,379 | - | 25,379 |
| Liabilities held for sale | - | 16,252 | - | 16,252 | - | 16,252 |
| Intra-group credit balances | - | 428,509 | 203,747 | 632,256 | (632,256) | - |
| Other liabilities | - | 63,308 | 3,563 | 66,871 | - | 66,871 |
| **Total liabilities** | **-** | **625,684** | **207,310** | **832,994** | **(632,256)** | **200,738** |
| Revenue | - | 5,468 | - | 5,468 | - | 5,468 |
| Cost of sales | - | (5,002) | - | (5,002) | - | (5,002) |
| Investment Manager remuneration | - | (700) | (3,906) | (4,606) | - | (4,606) |
| Other operating expenses | - | (2,851) | (1,860) | (4,711) | - | (4,711) |
| Net finance cost | - | (143) | (55) | (198) | - | (198) |
| **Loss before taxation** | **-** | **(3,228)** | **(5,821)** | **(9,049)** | **-** | **(9,049)** |
| Taxation | - | (1,090) | - | (1,090) | - | (1,090) |
| **Loss from continuing operations** | **-** | **(4,318)** | **(5,821)** | **(10,139)** | **-** | **(10,139)** |
| **Profit from discontinued operation, net of tax** | 12,331 | - | - | 12,331 | - | 12,331 |
| **Profit/(loss)** | **12,331** | **(4,318)** | **(5,821)** | **2,192** | **-** | **2,192** |

| | Americas1 (Discontinued) €'000 | South-East Europe[2] €'000 | Other[3] €'000 | Reportable segment totals €'000 | Adjustments[4] €'000 | Consolidated totals €'000 |
|---|---|---|---|---|---|---|
| | | | | | | **31 December 2016** |
| Property, plant and equipment | - | 87,647 | - | 87,647 | - | 87,647 |
| Investment property | - | 176,548 | - | 176,548 | - | 176,548 |
| Trading properties | - | 29,763 | - | 29,763 | - | 29,763 |
| Cash and cash equivalents | - | 3,415 | 1,283 | 4,698 | - | 4,698 |
| Assets held for sale | 55,909 | 106,526 | - | 162,435 | - | 162,435 |
| Intra-group debit balances | 15,277 | 51,899 | 589,489 | 656,665 | (656,665) | - |
| Other assets | - | 4,112 | 885 | 4,997 | - | 4,997 |
| **Total assets** | **71,186** | **459,910** | **591,657** | **1,122,753** | **(656,665)** | **466,088** |
| Loans and borrowings | - | 92,270 | - | 92,270 | - | 92,270 |
| Finance lease liabilities | - | 2,982 | - | 2,982 | - | 2,982 |
| Deferred tax liabilities | - | 24,255 | - | 24,255 | - | 24,255 |
| Liabilities held for sale | 10,800 | 16,397 | - | 27,197 | - | 27,197 |
| Intra-group credit balances | 170,031 | 425,771 | 60,863 | 656,665 | (656,665) | - |
| Other liabilities | - | 64,678 | 2,826 | 67,504 | - | 67,504 |
| **Total liabilities** | **180,831** | **626,353** | **63,689** | **870,873** | **(656,665)** | **214,208** |
| **30 June 2016 (Restated)** | | | | | | |
| Revenue | - | 6,543 | - | 6,543 | - | 6,543 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Cost of sales | - | (6,842) | - | (6,842) | - | (6,842) |
| Disposal of investments | - | 1,197 | - | 1,197 | - | 1,197 |
| Change in valuations | - | (109,470) | - | (109,470) | - | (109,470) |
| Share of losses on equity-accounted investees, net of tax | - | (34,389) | - | (34,389) | - | (34,389) |
| Investment Manager remuneration | - | (640) | (3,871) | (4,511) | - | (4,511) |
| Other operating expenses | - | (3,491) | (3,021) | (6,512) | - | (6,512) |
| Net finance cost | - | (5,006) | (1,987) | (6,993) | - | (6,993) |
| **Loss before taxation** | **-** | **(152,098)** | **(8,879)** | **(160,977)** | **-** | **(160,977)** |
| Taxation | - | 319 | - | 319 | - | 319 |
| **Loss from continuing operations** | **-** | **(151,779)** | **(8,879)** | **(160,658)** | **-** | **(160,658)** |
| **Loss from discontinued operation, net of tax** | (2,333) | - | - | (2,333) | - | (2,333) |
| **Loss** | **(2,333)** | **(151,779)** | **(8,879)** | **(162,991)** | **-** | **(162,991)** |

1. Americas comprises the Group's activities in the Dominican Republic and the Republic of Panama. Also, includes the investment in Itacare Capital Investments Ltd ('Itacare') (see note 17).
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 risk developments

The general economic environment prevailing in the south-east Europe area and internationally may affect the Group's operations. Factors such as inflation, unemployment, public health crises, international trade and development of the gross domestic product directly impact the economy of each country and variation in these and the economic environment in general affect the Group's performance to a certain extent.

The global fundamentals of the hospitality sector remained strong during 2016 and the first half of 2017, with both international tourism and wealth continuing to grow, even though economic activity in two of the Group's primary markets, Greece and Cyprus, continued to face significant challenges. The business climate is steadily improving in Cyprus assisted by the legislative reforms implemented during the last two years by the Cypriot government.

### Greece

While throughout 2016 Greek economic growth was essentially flat,Greece's successful return to the capital markets sent a clear sign that the country is finally recovering following its recent bailout program. Greece returned to the bond markets for the first time since 2014, pricing €3 billion of new five-year bonds at a yield of 4.625%. According to Hellenic Financial Council (the 'Council'), the 0.8% year-on-year increase in GDP for the second quarter of 2017 is a positive development. In respect of the State Budget execution, the Council notes that for the January-July 2017 period primary surplus stands at 1.7% of GDP higher versus the 1.5% achieved in the same period in 2016 and the targeted 1.2% for the period.

Greece's tourism sector is expected to have a significant impact on the recovery of the country's economy and on curbing the external trade deficit. Official data released by the Greek Tourism Confederation confirmed that 2016 was an all-time record year for Greek tourism as the number of tourism arrivals in Greece increased 9% compared to 2015. In 2017 air, road and sea arrival indicators show significant increases. According to data of the Greek Tourism Confederation, in the first half of 2017, tourism arrivals reached 11 million, incoming travellers were up by 6.6% and travel receipts rose by 7.1%. Summer holiday-makers from the Eurozone, Russia and the USA are leading the increase in arrivals and revenues. In addition, high levels of consumer confidence in most Greek tourism markets indicate potential for high demand for the Greek tourism product.

### Cyprus

Cyprus successfully concluded its three-year European Stability Mechanism ('ESM') financial assistance programme on 31 March 2016. The ESM disbursed €6.3 billion, in addition to around €1 billion in loans from the IMF, out of a loan package of up to €10 billion. The Cypriot authorities did not need the remaining €2.7 billion. The emerging economic recovery has been reinforced since then with the economy expanding by 3.5% year-on-year in real terms in the second quarter of of 2017, driven mainly by improved levels of private consumption and a record year for the tourism industry.

The available data for the tourism industry highlighted, once again, that tourism was amongst one of the key catalysts for the country's 2016 economic performance, as revenues reached €2.4 billion at the end of the year surpassing the total tourism revenues recorded throughout 2015 (€2.1 million) by 11.9%. Total arrivals amounted to 3.2 million in 2016 versus 2.7 million in the previous year. For the period of January – July 2017 arrivals of tourists totalled 2 million compared to 1.7 million in the corresponding period of 2016, recording an increase of 14.8% and outnumbering the total arrivals ever recorded in Cyprus during the first seven months of the year, as reported by the country's Statistical Service. During the first eight months of 2017, real estate market activity accelerated on the back of incentives and debt-asset swaps by 20% year-on-year. Recognising the growing interest, Cyprus has focused on modernising legislation, introducing tax incentives and speeding up licensing procedures.

## 10. DISCONTINUED OPERATION

During the second half of 2016, the Group sold Playa Grande (owner of 'Amanera, Dominican Republic') and also committed to a plan to sell Pearl (owner of 'Pearl Island, Republic of Panama'). Playa and Pearl constituted the operations of the Group in the geographical area of Americas, which as at 31 December 2016, is presented as a discontinued operation. Pearl is also classified as a disposal group held for sale as at 31 December 2016. During the period ended 30 June 2017, Pearl was disposed of.

As at 30 June 2016, Americas segment was not classified as a discontinued operation. The comparative condensed consolidated interim statement of profit or loss and other comprehensive income has been restated to show the discontinued operation separately from continuing operations.

### Results of discontinued operation

| | Note | From 1 January 2017 to 30 June 2017 €'000 | From 1 January 2016 to 30 June 2016 (Restated) €'000 |
|---|---|---|---|
| Revenue | 6 | - | 9,334 |
| Expenses | | | |
| Cost of sales | 7 | (368) | (7,280) |
| Change in valuations | 8B | - | (11) |
| Depreciation charge | | - | (298) |
| Professional fees | 11 | (82) | (1,237) |
| Administrative and other expenses | 12 | (933) | (444) |
| Net finance income/(costs) | | 13,415 | (2,397) |
| **Results from operating activities** | | **12,032** | **(2,333)** |
| Taxation | 13 | - | - |
| **Results from operating activities, net of tax** | | **12,032** | **(2,333)** |
| **Gain on disposal of discontinued operation** | 8A | **299** | **-** |
| **Profit/(loss) from discontinued operation, net of tax** | | **12,331** | **(2,333)** |

### Cash flows used in discontinued operation

| | From 1 January 2017 to 30 June 2017 €'000 | From 1 January 2016 to 30 June 2016 €'000 |
|---|---|---|
| Net cash (used in)/from operating activities | (26,474) | 3,439 |
| Net cash from investing activities | 26,293 | 453 |
| Net cash used in financing activities | - | (3,663) |
| **Net cash flows for the period** | **(181)** | **229** |

## 11. PROFESSIONAL FEES

| | From 1 January 2017 to 30 June 2017 | | | From 1 January 2016 to 30 June 2016 | | |
|---|---|---|---|---|---|---|
| | Continuing operations €'000 | Discontinued operation €'000 | Total €'000 | Continuing operations (Restated) €'000 | Discontinued operation (Restated) €'000 | Total (Restated) €'000 |
| Legal fees | 555 | 19 | 574 | 445 | 51 | 496 |
| Auditors' remuneration (see below) | 166 | 28 | 194 | 182 | 30 | 212 |
| Accounting expenses | 140 | - | 140 | 142 | - | 142 |
| Project design and development fees | 1,011 | 21 | 1,032 | 1,146 | 1,124 | 2,270 |
| Consultancy fees | 169 | - | 169 | 400 | - | 400 |
| Administrator fees | 35 | - | 35 | 120 | - | 120 |
| Other professional fees | 235 | 14 | 249 | 382 | 32 | 414 |
| **Total** | **2,311** | **82** | **2,393** | **2,817** | **1,237** | **4,054** |

| | From 1 January 2017 to 30 June 2017 | | | From 1 January 2016 to 30 June 2016 | | |
|---|---|---|---|---|---|---|
| | Continuing operations €'000 | Discontinued operation €'000 | Total €'000 | Continuing operations (Restated) €'000 | Discontinued operation (Restated) €'000 | Total (Restated) €'000 |
| Auditors' remuneration comprises the following fees: | | | | | | |
| Audit and other audit related services | 134 | 28 | 162 | 150 | 30 | 180 |
| Tax and advisory | 32 | - | 32 | 32 | - | 32 |
| **Total** | **166** | **28** | **194** | **182** | **30** | **212** |

## 12. ADMINISTRATIVE AND OTHER EXPENSES

| | From 1 January 2017 to 30 June 2017 | | | From 1 January 2016 to 30 June 2016 | | |
|---|---|---|---|---|---|---|
| | Continuing operations €'000 | Discontinued operation €'000 | Total €'000 | Continuing operations (Restated) €'000 | Discontinued operation (Restated) €'000 | Total (Restated) €'000 |
| Travelling and accommodation | 139 | - | 139 | 205 | 69 | 274 |
| Insurance | 31 | - | 31 | 29 | 29 | 58 |
| Repairs and maintenance | 61 | 5 | 66 | 74 | 54 | 128 |
| Marketing and advertising expenses | 76 | 14 | 90 | 220 | 161 | 381 |
| Rents | 68 | 23 | 91 | 84 | 91 | 175 |
| Other | 432 | 891 | 1,323 | 909 | 40 | 949 |
| **Total** | **807** | **933** | **1,740** | **1,521** | **444** | **1,965** |

## 13. TAXATION

| | From 1 January 2017 to 30 June 2017 €'000 | From 1 January 2016 to 30 June 2016 (Restated) €'000 |
|---|---|---|
| Income tax | 35 | (43) |
| Net deferred tax | (1,125) | (276) |
| Taxation recognised in profit or loss – continuing operations | 1,090 | (319) |
| Taxation recognised in profit or loss – discontinued operations | - | - |
| **Total** | **1,090** | **(319)** |

## 14. (LOSS)/EARNINGS PER SHARE

### Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of common shares outstanding during the period.

| | From 1 January 2017 to 30 June 2017 | | | From 1 January 2016 to 30 June 2016 | | |
|---|---|---|---|---|---|---|
| | Continuing operations '000 | Discontinued operation '000 | Total '000 | Continuing operations (Restated) '000 | Discontinued operation (Restated) '000 | Total (Restated) '000 |
| (Loss)/profit attributable to owners of the Company (€) | (10,051) | 7,369 | (2,682) | (160,585) | (1,832) | (162,417) |
| Number of weighted average common shares outstanding | 904,627 | 904,627 | 904,627 | 904,627 | 904,627 | 904,627 |
| **Basic (loss)/earnings per share (€)** | **(0.011)** | **0.008** | **(0.003)** | **(0.178)** | **(0.002)** | **(0.180)** |

### (Loss)/profit attributable to owners of the Company

| | From 1 January 2017 to 30 June 2017 | | | From 1 January 2016 to 30 June 2016 | | |
|---|---|---|---|---|---|---|
| | Continuing operations €'000 | Discontinued operation €'000 | Total €'000 | Continuing operations (Restated) €'000 | Discontinued operation (Restated) €'000 | Total (Restated) €'000 |
| (Loss)/profit attributable to owners of the Company | (10,051) | 7,369 | (2,682) | (160,585) | (1,832) | (162,417) |
| (Loss)/profit attributable to non-controlling interests | (88) | 4,962 | 4,874 | (73) | (501) | (574) |
| **Total** | **(10,139)** | **12,331** | **2,192** | **(160,658)** | **(2,333)** | **(162,991)** |

### Weighted average number of common shares outstanding

| | From 1 January 2017 to 30 June 2017 '000 | From 1 January 2016 to 30 June 2016 (Restated) '000 |
|---|---|---|
| **Outstanding common shares at the beginning and end of the period** | **904,627** | **904,627** |

### Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the (loss)/profit attributable to owners and the number of common shares outstanding to assume conversion of all dilutive potential shares. As of 30 June 2017 and 31 December 2016, the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share, due to the fact that no dilutive potential ordinary shares were outstanding during these periods.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of warrants and Convertible Bonds was based on quoted market prices. The Convertible Bonds were repaid on the scheduled maturing date in March 2016 and all warrants expired on 3 January 2017.

## 15. PROPERTY, PLANT AND EQUIPMENT

| | Land and buildings €'000 | Other €'000 | Total €'000 |
|---|---|---|---|
| **30 June 2017** | | | |
| **Cost or revalued amount** | | | |
| At beginning of period | 99,561 | 5,409 | 104,970 |
| Direct acquisitions | 67 | 87 | 154 |
| Direct disposals | - | (27) | (27) |
| At end of period | 99,628 | 5,469 | 105,097 |
| | | | |
| **Depreciation and impairment losses** | | | |
| At beginning of period | 14,381 | 2,942 | 17,323 |
| Direct disposals | - | (8) | (8) |
| Depreciation charge for the period | 923 | 252 | 1,175 |
| At end of period | 15,304 | 3,186 | 18,490 |
| | | | |
| **Carrying amounts** | **84,324** | **2,283** | **86,607** |

| | Under construction €'000 | Land and buildings €'000 | Other €'000 | Total €'000 |
|---|---|---|---|---|
| **31 December 2016** | | | | |
| **Cost or revalued amount** | | | | |
| At beginning of year | 12,227 | 176,426 | 30,509 | 219,162 |
| Direct acquisitions | 1,041 | 153 | 1,875 | 3,069 |
| Direct disposals | - | (576) | (926) | (1,502) |
| Disposals through disposal of subsidiary companies | - | (69,101) | (24,220) | (93,321) |
| Reclassification to assets held for sale | (2,294) | (20,291) | (5,179) | (27,764) |
| Transfers to trading property (see note 18) | - | (2,266) | (252) | (2,518) |
| Transfer (to)/from other assets | (11,311) | 8,078 | 3,233 | - |
| Revaluation adjustment | - | 5,796 | - | 5,796 |
| Exchange difference | 337 | 1,342 | 369 | 2,048 |
| At end of year | - | 99,561 | 5,409 | 104,970 |
| **Depreciation and impairment losses** | | | | |
| At beginning of year | - | 26,126 | 6,021 | 32,147 |
| Direct disposals | - | - | (849) | (849) |
| Disposals through disposal of subsidiary companies | - | (12,363) | (2,658) | (15,021) |
| Reclassification to assets held for sale | - | (1,420) | (330) | (1,750 ) |
| Transfer to trading property (see note 18) | - | - | (103) | (103) |
| Depreciation charge for the year-continuing operations | - | 1,614 | 670 | 2,284 |
| Depreciation charge for the year – discontinued operation | - | 358 | 138 | 496 |
| Impairment loss | - | 780 | - | 780 |
| Reversal of impairment loss | - | (872) | - | (872) |
| Exchange difference | - | 158 | 53 | 211 |
| At end of year | - | 14,381 | 2,942 | 17,323 |
| **Carrying amounts** | **-** | **85,180** | **2,467** | **87,647** |

### Fair value hierarchy
The fair value of land and buildings, has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

### Valuation techniques and significant unobservable inputs
The valuation techniques used in measuring the fair value of land and buildings, as well as the significant unobservable inputs used are the same as those used as at 31 December 2016.

## 16. INVESTMENT PROPERTY

| | Note | 30 June 2017 | 31 December 2016 |
|---|---|---|---|
| | | €'000 | €'000 |
| At beginning of period/year | | 176,548 | 340,853 |
| Direct acquisitions | | 5 | 11 |
| Disposals through disposal of subsidiary companies | | - | (74,644) |
| Transfers to trading properties | 18 | - | (273) |
| Reclassification to assets held for sale | | - | (28,135) |
| Exchange difference | | - | 3,320 |
| Fair value adjustment – continuing operations | | - | (22,126) |
| Fair value adjustment – discontinued operation | | - | (42,458) |
| **At end of period/year** | | **176,553** | **176,548** |

### Fair value hierarchy

The fair value of investment property, has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

### Valuation techniques and significant unobservable inputs

The valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used, are the same as those used as at 31 December 2016.

## 17. DISPOSAL GROUPS HELD FOR SALE

As at 30 June 2017, the Company remains committed to its plan to sell five disposal groups which are presented as held for sale. These disposal groups are: Iktinos (owner of 'Sitia Bay') and Porto Heli (owner of 'Nikki Beach') in Greece, Azurna (owner of 'Livka Bay') in Croatia, Kalkan (owner of 'La Vanta') in Turkey and DCI Holdings Two Limited ('DCI H2') (owner of Aristo Developers Limited ('Aristo') in Cyprus. All of the disposal groups are included in the geographical segment of 'South-East Europe' and in the operating segments of 'Hotel & Leisure operations' (Porto Heli), 'Construction & Development' (Kalkan and DCI H2) and 'Other' (Iktinos and Azurna) operating segments.

As at 31 December 2016, Pearl was also presented as held for sale with its disposal being completed during the period ended 30 June 2017. Pearl was part of the discontinued geographical operation of Americas and was also included in the operating segments of 'Construction & development' and 'Other'.

### Impairment losses relating to the disposal group

No impairment losses have been recognised during the period ended 30 June 2017 for write-downs of the disposal groups to the lower of their carrying amount and their fair value less costs to sell (30 June 2016: €205 thousand). The impairment losses have been recognised and included in 'Change in valuations' (see note 8B).

### Assets and liabilities of disposal groups held for sale

As at 30 June 2017, the disposal groups comprised the following assets and liabilities:

| | Iktinos disposal group €'000 | Azurna disposal group €'000 | Kalkan disposal group €'000 | Porto Heli disposal group €'000 | DCI H2 disposal group €'000 | Total €'000 |
|---|---|---|---|---|---|---|
| Property, plant and equipment | 6,699 | - | 9 | - | - | 6,708 |
| Investment property | 14,537 | 32,969 | - | - | - | 47,506 |
| Equity-accounted investees | - | - | - | 783 | 42,694 | 43,477 |
| Trading properties | - | - | 6,901 | - | - | 6,901 |
| Trade and other receivables | - | 6 | 1,153 | - | - | 1,159 |
| Cash and cash equivalents | 50 | 14 | - | - | - | 64 |
| | **21,286** | **32,989** | **8,063** | **783** | **42,694** | **105,815** |
| Available-for-sale financial assets | - | - | - | - | - | 893 |
| **Assets held for sale** | | | | | | **106,708** |
| Loans and borrowings | - | 8,163 | - | - | - | 8,163 |
| Deferred tax liabilities | 3,062 | 3,707 | - | - | - | 6,769 |
| Trade and other payables | 184 | 959 | 177 | - | - | 1,320 |
| **Liabilities held for sale** | **3,246** | **12,829** | **177** | **-** | **-** | **16,252** |

### Available-for-sale financial assets

On 15 July 2013, the Company acquired 9.6 million shares, equivalent to 10% of Itacare's share capital, for the amount of €1.9 million. Itacare is a real estate investment company that was listed on AIM until 16 May 2014, when the admission of its ordinary shares to trading on AIM was cancelled following a decision of its shareholders at the Extraordinary General Meeting that took place on 6 May 2014. Itacare's shareholders have decided to dispose of all assets and after a series of asset sales/swaps Itacare now owns two development sites with the Company's shareholding being 13%. The Company is currently in advanced discussions for the sale of its shareholding in Itacare, for a US$1 million payment in cash, with the transaction expected to close by the end of 2017.

### DCI H2 disposal group

During 2016, the Company's investment in DCI H2, owner of Aristo, decreased significantly, as a result of a share of loss and an impairment loss amounting to €34,389 thousand and €109,265 thousand, respectively. The share of losses comprised the result of the loan restructuring arrangement between Aristo and Bank of Cyprus, whereby a loss from the redemption of such bank loans emerged through their settlement with property swapped. The impairment loss has been recognised to bring the DCI H2 investment to its recoverable amount of €45 million, which represented the originally agreed proceeds to the Company from the disposal of its investment, as further described below.

On 29 September 2016, the Company reached an agreement to dispose of its 49.75% shareholding in DCI H2 to an entity controlled by Theodoros Aristodemou ('TA'), DCI H2' s current controlling shareholder. The disposal would have been effected by way of a sale to TA of 49.75% of the shares in DCI H2 held by DCI Holdings One Ltd, a wholly-owned subsidiary of the Company, for a total cash consideration of €45 million, payable in quarterly instalments over three years and bearing annual interest of 4% in the first year, increasing to 5% and 6%, respectively, for each of the subsequent years. The Company was also be entitled to a 25% share of any gross proceeds in excess of an implied company equity valuation of €100 million from the sale of any shares of DCI H2 (or of its subsidiaries) sold by the acquirer until the earlier of six months from the settlement of the full consideration (to the extent such settlement occurred by 29 December 2016 and the second anniversary from the transaction). The acquisition shares would have been kept in escrow and transferred to the acquirer in line with the collection of the consideration by the Company, apart from a percentage which would have been remained escrowed until the final settlement of the consideration. In the event that any payment became overdue for more than three months either party would have the right to terminate the sales agreement, in which case all the shares kept in escrow together with any corresponding dividend distributions would have been retained by the Company. On 6 September 2016, the Company received €1.1 million in exchange for 105 DCI H2 shares, resulting in a gain on disposal of €151 thousand and to a reduction in the Company's holding in DCI H2 to 48.7%.

On 13 February 2017, the Company signed a supplementary agreement amending the date of execution of the agreement to the earlier of a) 30 April 2017 and b) the 'Stay Period', the date falling 5 Business days after the issuance of the Court verdict for the current trial between the Attorney General and the Bank of Cyprus Public Company Ltd (in which TA is a defendant). Completion was to take place upon the expiration of the Stay Period, subject to the full receipt by the Company of any outstanding amount from the consideration. Upon execution of this agreement an amount of €700 thousand was paid to the Company (received on 14 February 2017) in exchange for 77 shares in DCI H2, resulting in a gain on disposal of €4 thousand and to a reduction in the Company's holding in DCI H2 to 47.9%. In the event that by 30 April 2017 a court verdict had not been issued, then the Stay Period would have been extended until 30 June of 2017, provided that TA made by the 30 April 2017 a payment of €300 thousand in exchange for 33 DCIH2 shares.

On 3 May 2017, the Company decided to terminate the agreement with TA to dispose its Aristo shares, as a result of TA's failure to settle deferred payments by 30 April 2017. The Company will retain the unpaid portion of its Aristo shares, which corresponds on 3 May 2017 to 47.9%. The Board remains committed to dispose Aristo and realise value from the remaining shareholding.

As at 30 June 2017 and as at 31 December 2016, the Company's holding of 47.9% and 48.7%, respectively has been classified as asset held for sale.

As at 31 December 2016, the disposal groups comprised the following assets and liabilities:

| | Iktinos disposal group €'000 | Azurna disposal group €'000 | Kalkan disposal group €'000 | Porto Heli disposal group €'000 | DCI H2 disposal group €'000 | Pearl disposal group €'000 | Total €'000 |
|---|---|---|---|---|---|---|---|
| Property, plant and equipment | 6,699 | - | 23 | - | - | 26,014 | 32,736 |
| Investment property | 14,541 | 32,937 | - | - | - | 28,135 | 75,613 |
| Equity-accounted investees | - | - | - | 783 | 43,391 | - | 44,174 |
| Trading properties | - | - | 6,850 | - | - | - | 6,850 |
| Trade and other receivables | - | 7 | 1,269 | - | - | 627 | 1,903 |
| Cash and cash equivalents | 11 | 8 | 7 | - | - | 183 | 209 |
| | **21,251** | **32,952** | **8,149** | **783** | **43,391** | **54,959** | **161,485** |
| Available-for-sale financial assets | - | - | - | - | - | - | 950 |
| **Assets held for sale** | | | | | | | **162,435** |
| Loans and borrowings | - | 8,165 | 94 | - | - | - | 8,259 |
| Deferred tax liabilities | 3,062 | 3,633 | - | - | - | 1,239 | 7,934 |
| Trade and other payables | 274 | 959 | 210 | - | - | 9,561 | 11,004 |
| **Liabilities held for sale** | **3,336** | **12,757** | **304** | **-** | **-** | **10,800** | **27,197** |

### Cumulative income or expenses included in other comprehensive income

An amount of €10,270 thousand loss (30.6.2016: Nil) relating to the disposal groups is included in other comprehensive income.

### Measurement of fair values

i. Fair value hierarchy

The fair value measurement for the disposal groups before costs to sell has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

ii. Valuation techniques and significant unobservable inputs

The fair value of each disposal group is significantly based on the valuation of the immovable property in each group. The valuation techniques and significant unobservable inputs used in measuring the fair values of these properties are the same as those used as at 31 December 2016.

## 18. TRADING PROPERTIES

| | 30 June 2017 | 31 December 2016 |
|---|---|---|
| | €'000 | €'000 |
| At beginning of period/year | 29,763 | 37,387 |
| Net direct acquisitions/(disposals) | 258 | (3,200) |
| Reversal of/(concession/write off) of land | 193 | (193) |
| Net transfers from investment property (see note 16) | - | 273 |
| Net transfers from property, plant and equipment (see note 15) | - | 2,415 |
| Disposals through disposal of subsidiary companies | - | (6,205) |
| Impairment loss | - | (724) |
| Exchange difference | - | 10 |
| **At end of period/year** | **30,214** | **29,763** |

## 19. TRADE AND OTHER RECEIVABLES

| | 30 June 2017<br>€'000 | 31 December 2016<br>€'000 |
|---|---|---|
| Trade receivables | 935 | 863 |
| VAT receivables | 428 | 370 |
| Other receivables | 4,241 | 1,998 |
| Total trade and other receivables | 5,604 | 3,231 |
| Prepayments and other assets | 2,183 | 770 |
| **Total** | **7,787** | **4,001** |

## 20. CASH AND CASH EQUIVALENTS

| | 30 June 2017 | 31 December 2016 |
|---|---|---|
| | €'000 | €'000 |
| Bank balances | 14,628 | 4,669 |
| Cash in hand | 25 | 29 |
| **Total** | **14,653** | **4,698** |

During the period, the Group had no fixed deposits.

As at 30 June 2017, the amount of €3.2 million (2016: €3.2 million) received through the Colony Luxembourg S.a.r.l loan facility is restricted for use only towards the development of Amanzoe project.

## 21. CAPITAL AND RESERVES

### Capital
### Authorised share capital

| | 30 June 2017 | | 31 December 2016 | |
|---|---|---|---|---|
| | '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<br>'000 | Share capital<br>€'000 | Share premium<br>€'000 |
|---|---|---|---|
| **Capital at 1 January 2016 and 30 June 2017** | **904,627** | **9,046** | **569,847** |

### Warrants
In December 2011, the Company raised €8.5 million 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 0.3105 per share, subject to anti-dilution adjustments pursuant to the warrant's terms and conditions - initial price of GBP 0.35 per share). The warrants were exercisable within five years from the admission date. The number of shares to be issued on exercise of their rights would have been determined based on the subscription price on the exercise date. All warrants expired on 3 January 2017.

## Reserves

### Translation reserve

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

### Fair value reserve

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.

## 22. LOANS AND BORROWINGS

| | Total | | Within one year | | Within two to five years | | More than five years | |
|---|---|---|---|---|---|---|---|---|
| | 30 June 2017 €'000 | 31 December 2016 €'000 | 30 June 2017 €'000 | 31 December 2016 €'000 | 30 June 2017 €'000 | 31 December 2016 €'000 | 30 June 2017 €'000 | 31 December 2016 €'000 |
| Loans in Euro | 89,240 | 92,270 | 11,126 | 12,749 | 67,114 | 67,146 | 11,000 | 12,375 |
| | **89,240** | **92,270** | **11,126** | **12,749** | **67,114** | **67,146** | **11,000** | **12,375** |
| Loans in Euro within disposal groups held for sale | 8,163 | 8,259 | 8,163 | 765 | - | 7,494 | - | - |
| **Total** | **97,403** | **100,529** | **19,289** | **13,514** | **67,114** | **74,640** | **11,000** | **12,375** |

As of 30 June 2017, there were no significant changes in terms and conditions of the outstanding loans, compared to 31 December 2016.

| | 1 January 2017 €'000 | New issues €'000 | Capital repayments €'000 | Interest paid €'000 | Other movements €'000 | 30 June 2017 €'000 |
|---|---|---|---|---|---|---|
| Loans in Euro | 92,270 | - | (1,375) | (5,084) | 3,429 | 89,240 |
| Loans in Euro within disposal groups held for sale | 8,259 | 89 | (169) | (174) | 158 | 8,163 |
| **Total** | **100,529** | **89** | **(1,544)** | **(5,258)** | **3,587** | **97,403** |

### Securities

As of 30 June 2017, there were no significant changes in the Group's loan securities compared to 31 December 2016. The securities include mortgages against immovable property, pledge of shares, fixed and floating charges over assets and corporate guarantees.

### 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 could be converted prior to maturity (unless earlier redeemed or repurchased) at the option of the holder into common shares of €0.01 each. The conversion price was €0.5623, equivalent of GBP0.49 (initial conversion price GBP0.50) and US$0.6583, equivalent of GPB0.4410 (initial conversion price GBP0.45) per share for the Euro Bonds and the US$ Bonds, respectively. The Euro Bonds and the US$ Bonds were not publicly traded.

Part of the Bonds, amounting to €41,004 thousand, was subscribed for by Third Point LLC, a significant shareholder of the Company at that time. On 8 December 2016, both Euro Bonds and US Bonds were cancelled and all accrued interest was waived as a result of the Share Purchase Agreement entered into for the sale of Playa Grande.

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 were 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. On 10 June 2015, certain bondholders, including the Investment Manager, opted to convert Bonds of total value US$14,420 thousand into 42,930,080 shares that were admitted on AIM on 11 June 2015. The Investment Manager converted Bonds of total value US$420 thousand into 1,250,390 shares. The remaining amount of DCI H7 Bonds including any accrued interest was repaid on the scheduled maturing date in March 2016.

## 23. FINANCE LEASE LIABILITIES

| | 30 June 2017 | | | 31 December 2016 | | |
|---|---|---|---|---|---|---|
| | 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 | 86 | 2 | 84 | 49 | 1 | 48 |
| Between two and five years | 197 | 10 | 187 | 195 | 8 | 187 |
| More than five years | 4,167 | 1,442 | 2,725 | 4,162 | 1,415 | 2,747 |
| **Total** | **4,450** | **1,454** | **2,996** | **4,406** | **1,424** | **2,982** |

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

## 24. DEFERRED TAX ASSETS AND LIABILITIES

| | 30 June 2017 | | 31 December 2016 | |
|---|---|---|---|---|
| | Deferred tax assets €'000 | Deferred tax liabilities €'000 | Deferred tax assets €'000 | Deferred tax liabilities €'000 |
| Balance at the beginning of the period/year | 996 | (24,255) | 997 | (30,129) |
| Recognised in profit or loss – continuing operations | (1) | (1,124) | (1,549) | 5,107 |
| Recognised in profit or loss – discontinued operation | - | - | - | 1,273 |
| Recognised in other comprehensive income | - | - | - | (1,682) |
| Reclassification to liabilities held for sale | - | - | 1,548 | 1,239 |
| Exchange difference and other | **-** | **-** | - | (63) |
| **Balance at the end of the period/year** | **995** | **(25,379)** | **996** | **(24,255)** |

Deferred tax assets and liabilities are attributable to the following:

| | 30 June 2017 | | 31 December 2016 | |
|---|---|---|---|---|
| | Deferred tax assets €'000 | Deferred tax liabilities €'000 | Deferred tax assets €'000 | Deferred tax liabilities €'000 |
| Revaluation of investment property | - | (15,268) | - | (15,268) |
| Revaluation of trading properties | - | (2,022) | - | (1,905) |
| Revaluation of property, plant and equipment | - | (6,472) | - | (6,449) |
| Other temporary differences | - | (1,617) | - | (633) |
| Tax losses | 995 | - | 996 | - |
| **Total** | **995** | **(25,379)** | **996** | **(24,255)** |

## 25. DEFERRED REVENUE

| | 30 June 2017 | 31 December 2016 |
|---|---|---|
| | €'000 | €'000 |
| Prepayment from clients | 17,687 | 10,683 |
| Government grant | 7,108 | 7,230 |
| **Total** | **24,795** | **17,913** |

| | 30 June 2017 | 31 December 2016 |
|---|---|---|
| | €'000 | €'000 |
| Non-current | 7,108 | 7,230 |
| Current | 17,687 | 10,683 |
| **Total** | **24,795** | **17,913** |

## 26. TRADE AND OTHER PAYABLES

| | 30 June 2017 | 31 December 2016 |
|---|---|---|
| | €'000 | €'000 |
| Trade payables | 760 | 660 |
| Land creditors | 21,205 | 25,354 |
| Investment Manager fees payable | 3,188 | 4,221 |
| Professional fees accrual | - | 1,952 |
| Deposit relating to Pearl disposal | - | 1,000 |
| Branding fees accrual | 2,684 | 2,444 |
| Other payables and accrued expenses | 13,462 | 13,960 |
| **Total** | **41,299** | **49,591** |

| | 30 June 2017 | 31 December 2016 |
|---|---|---|
| | €'000 | €'000 |
| Non-current | 27,764 | 6,479 |
| Current | 13,535 | 43,112 |
| **Total** | **41,299** | **49,591** |

During the period, the Company entered into new contracts in connection with the deferred purchase of land at Lavender Bay. The amount outstanding as at 30 June 2017 was €21,205 thousand and payment will be made on 31 December 2025. As a result of a retroactive change in the interest rate charged on the outstanding consideration, an accrued interest payable amount of approximately €4 million has been reversed during the six-month period ended 30 June 2017 and included in finance income in profit or loss.

## 27. NAV PER SHARE

| | 30 June 2017 | 31 December 2016 |
|---|---|---|
| | '000 | '000 |
| Total equity attributable to owners of the Company (€) | 218,631 | 233,887 |
| Number of common shares outstanding at end of period/year | 904,627 | 904,627 |
| **NAV per share (€)** | **0.24** | **0.26** |

## 28. RELATED PARTY TRANSACTIONS

### 28.1 Directors' interest and remuneration

**Directors' interest**
Miltos Kambourides is the founder and managing partner of the Investment Manager.

The interests of the Directors as at 30 June 2017, all of which are beneficial, in the issued share capital of the Company as at this date were as follows:

| | Shares '000 |
|---|---|
| Miltos Kambourides (indirect holding) | 66,019 |
| Mark Townsend | 282 |
| Andrew Coppel | 150 |

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.

| | From 1 January 2017 to 30 June 2017 €'000 | From 1 January 2016 to 30 June 2016 €'000 |
|---|---|---|
| Remuneration | 388 | 1,022 |
| Equity-settled share-based payment arrangements | 34 | 49 |
| **Total remuneration** | **422** | **1,071** |

The Directors' remuneration details for the six-month periods ended 30 June 2017 and 30 June 2016 were as follows:

| | From 1 January 2017 to 30 June 2017 €'000 | From 1 January 2016 to 30 June 2016 €'000 |
|---|---|---|
| Andrew Coppel | 115 | 112 |
| Graham Warner | 86 | 93 |
| Robert Heller | 101 | 103 |
| Mark Townsend | 28 | 31 |
| Sue Farr | 58 | - |
| Laurence Geller | - | *678 |
| David B. Heller | - | 3 |
| Justin Rimel | - | 2 |
| **Total** | **388** | **1,022** |

*Comprises €636 thousand compensation for loss of office and €42 thousand compensation for expenses.

Mr. Miltos Kambourides has waived his fees.

On 1 March 2016, Laurence Geller, David B. Heller and Justin Rimel resigned from the Company's Board with Andrew Coppel being appointed as the Independent Chairman.

Laurence Geller no longer retains an interest in the stock options issued pursuant to the Company's Stock Option Programme whilst Andrew Coppel does not participate in the Stock Option Programme.

On 19 July 2016, Sue Farr joined the Board as a non-executive Director.

### 28.2 Investment Manager remuneration

| | From 1 January 2017 to 30 June 2017 €'000 | From 1 January 2016 to 30 June 2016 €'000 |
|---|---|---|
| Fixed management fee/Annual fee | 3,000 | 4,250 |
| Variable management fees/Performance fee | 1,606 | - |
| Equity-settled share-based payment arrangements – Investment Management Awards | - | 261 |
| **Total remuneration** | **4,606** | **4,511** |

In 2016, the Investment Manager, fully waived any rights under the Investment Manager Awards it was entitled to under the terms of the previous Investment Management Agreement ('IMA') and the Company's share incentive plan.

In line with the Amended and Restated IMA, signed in December 2016, with retroactive effect from 1 July 2016, the following arrangements came into effect:

**i. Fixed management fee**

The annual management fees for the second half of 2016 were retrospectively reduced from €8.5 million to €6.5 million per annum and have been set to a fixed declining annual amount equal to €6 million for 2017, €5 million for 2018 and €4 million for 2019.

Additionally, the term of the IMA has been reduced and will expire at the earlier of the end of the Divestment Period or 31 December 2019 rather than August 2020 as under the terms of the previous IMA. There will be no fixed management fee due for 2020.

**ii. Variable management fee**

Variable management fee has been introduced which will become payable solely upon the execution of each asset divestment by the Company. The variable management fee will be equal to a percentage of the enterprise value (i.e. the equity value of the asset plus any loans or other liabilities assumed by its purchaser) of any asset disposed by the Company during the Divestment Period at a valuation at or in excess of 50% of its latest reported NAV.

The variable management fee percentage will be equal to 3% for divestments executed within the second half 2016 and will be reduced to 2.5%, 2.0% and 1.3% for those concluded in 2017, 2018 and 2019 respectively for disposals completed at 50%. The variable management fee will increase in respect of transactions executed at sales prices exceeding 50% of their NAV.

The variable management fee will become payable to the Investment Manager three months from the completion of the respective disposal. Specifically in relation to the Playa Grande disposal, €1 million of the variable management fee has been paid upon the completion of the disposal and the balance will become payable at the earlier of the date when the Company makes a distribution of proceeds from asset sales to shareholders or nine months from the completion of the Playa Grande disposal.

With regard to the disposal of Aristo Developers Ltd and Pearl Island, the Manager will be entitled to a Variable management fee equal to 3%, 2.5%, 2% and 1.3% on the portion of their corresponding Total Disposal Prices received by the Company within 2016, 2017, 2018 and 2019, respectively.

The Investment Manager was entitled to a performance fee payable under the terms of the previous IMA. There is no change to this entitlement. However, any performance fees earned under this arrangement will be fully deducted from any future annual management fees and variable management fees payable over the term of the IMA.

**Previous arrangements, in force until 30 June 2016**

**Annual fee**

The Investment Manager is entitled to an annual management fee defined as follows:

- for the period from 1 July 2015 to and including 31 December 2016, the annual management fee shall be €1 million per calendar month payable quarterly in advance; and
- with effect from and including 1 January 2016, the annual management fee shall be €8.5 million payable quarterly in advance.
- commencing on and with effect from 1 January 2017, the annual management fee payable for the following annual periods will be permanently reduced on 1 January in each year to an amount equal to the lower of:

(i) 1.25% of the gross asset value of the Company calculated as at the last preceding 31 December calculation date; and

(ii) €8.5 million.

In addition, the Company shall reimburse the Investment Manager for any professional fees or other costs incurred on behalf of the Company for the provision of services or advice.

**Performance fee**

**i. Core asset incentive fee**

The Investment Manager will be entitled to the core asset incentive fee based on the net profits received by the Company from the core assets or the disposal thereof.

Core assets comprise of the following projects: Amanzoe, Kilada Hills, Kea, Pearl Island and Playa Grande. All other assets of the company are characterized as non-core for the purpose of incentive fee calculations.

The net proceeds will be divided between the Investment Manager and the Company on the following basis:

- first, 100% to the Company until the Company has received an amount equal to €169.6 million (the 'Aggregate Core Asset Base Value');
- second, 100% to the Company until the Company has received an amount equal to the core asset capital and costs;
- third, 100% to the Company until the Company has received an amount equal to the base cost compounded quarterly at the average one-month Euribor rate plus 500 basis points (but capped at a maximum interest rate of 6% per annum);
- fourth, 60% to the Investment Manager and 40% to the Company until the Investment Manager has received an amount equal to 20% of the Net Profits then distributed; and
- thereafter, 20% to the Investment Manager and 80% to the Company such that the Investment Manager shall receive a total core asset incentive fee equivalent to 20% of the Net Profits.
- On the disposal of a core asset, the Investment Manager shall be entitled to receive an advance of the core asset incentive fee on the following basis:
- where the disposal takes place prior to the date on which the Company shall have first received an amount of net profits from the disposal of core assets equal to, or in excess of, €113,055,360 (the 'Trigger Date'), an amount equal to 6.666% of the net profits received by the Company on the disposal of such core asset; or
- where the disposal takes place after the Trigger Date, an amount equal to 10% of the net profits received by the Company on the disposal of such core asset, (in each case a 'Core Asset Incentive Fee Advance Payment').
- The aggregate value of any Core Asset Incentive Fee Advance Payments will at any time be set off against, and thereby reduce to not less than zero, any liability of the Company to pay core asset incentive fees.

**ii. Non-core asset incentive fee**

The Investment Manager will be entitled to the non-core asset incentive fee based on the net profits received by the Company from the disposal of any non-core assets. No non-core asset incentive fee will be payable in respect of a non-core asset unless the aggregate disposal proceeds actually received by the Company in respect of such non-core asset exceeds the base value (the 'Payment Condition'). The base value is defined as 65% of the non-core asset value as at 31 December 2014. Subject to satisfaction of the Payment Condition in respect of any non-core asset, the net proceeds actually received by the Company from the disposal of such non-core asset will be divided between the Investment Manager and the Company on the following basis:

- first, 100% to the Company until the Company has received an amount equal to the base value;
- second, 12.5% to the Investment Manager and 87.5% to the Company until the net proceeds equal 80% of the base value;
- third, 17.5% to the Investment Manager and 82.5% to the Company until the net proceeds equal 100% of the base value; and

- thereafter, 25% to the Investment Manager and 75% to the Company.
- 50% of each non-core asset incentive fee will be placed in an interest bearing escrow account to be operated by the Company's administrator. Any funds held in this escrow account will be dealt with as follows; commencing on 31 December 2016, in the event that, as at 31 December in each year, the aggregate net proceeds received by the Company in relation to all non-core assets disposed of during the previous 12 month period (the 'Look-back Period'):
- do not equal or exceed the aggregate of the base values of any non-core assets disposed of during an applicable Look-back Period (the 'Aggregate Base Value') then the Company's administrator will be authorised to repay any escrowed funds to the Company until such time as the Company has received an amount equal to the Aggregate Base Value and thereafter any remaining escrowed funds (if any) will be paid to the Investment Manager; or
- equal or exceed the Aggregate Base Value then the Company's administrator will be authorised to pay to the Investment Manager the escrowed funds.

A clawback provision is in place with regard to incentive (performance) fee payments in the event the aggregate proceeds from the disposal of assets do not exceed certain threshold.

### 28.3 Shareholder and development agreements

**Shareholder agreements**

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 50% profit participation in the sale of five Villas. 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. During 2013, the Company received an additional amount of €990 thousand. The construction of the two Villas is currently underway.

**Development agreements**

Pedro Gonzalez Holdings II Limited, a subsidiary of the Group in which the Company held a 60% stake, signed a Development Management agreement with DCI Holdings Twelve Limited ('DCI H12') in which the Group had a stake of 60%. Under its terms, DCI H12 undertook, among others, the management of permitting, construction, sale and marketing of the Pearl Island project. As stated in note 29, the Company entered into a share purchase agreement for the sale of its shareholding in the project on 17 January 2017 and completion took place on 13 March 2017.

### 28.4 Other related parties

During the period ended 30 June 2017, the Group did not entered into any related party transactions.

During the period ended 30 June 2016, the Group entered into related party transactions with the following parties:

**30 June 2016**

| Related party name | €'000 | Nature of transaction |
|---|---|---|
| Iktinos Hellas S.A. | 24 | Project management services in relation to Sitia project and rent payment |
| Third Point LLC, shareholder of the Company | 1,200 | Bond interest for the period |

## 29. BUSINESS COMBINATIONS

On 17 January 2017, the Company signed a share purchase agreement with Grivalia Hospitality S.A. for the sale of its 60% shareholding in all entities related with the Pearl Island Project. Completion of the disposal was subject to a corporate restructuring and to the consent of the appointed hotel operator to modifications of certain terms of the hotel management agreement. The consideration for the sale comprised of a cash payment of €27 million, payable in the form of a €1 million non-returnable deposit, €24 million upon completion of the sale and the remaining €2 million to be retained in an escrow account for a period of 12 months post completion to cover any tax liabilities, potential breach of the Company's warranties or undisclosed indebtedness. Completion took place on 13 March 2017 with €24 million received by the Company on the same date.

| | €'000 |
|---|---|
| Investment property | (28,108) |
| Property, plant and equipment | (25,990) |
| Receivables and other assets | (2,237) |
| Cash and cash equivalents | (183) |
| Deferred tax liabilities | 1,238 |
| Trade and other payables | 11,652 |
| **Net assets** | **(43,628)** |
| Net assets disposed of – 60% shareholding | (26,177) |
| Net proceeds on disposal | 26,476 |
| **Gain on disposal recognised in profit or loss** | **299** |
| Cash effect on disposal: | |
| Net proceeds on disposal | 26,476 |
| Cash and cash equivalents | (183) |
| **Net cash inflow on disposal** | **26,293** |

During the six-month period ended 30 June 2016, the group disposed of its entire holding in DolphinCI Eleven Limited ('DCI 11'), as follows:

| | €'000 |
|---|---|
| Trading properties | (1,599) |
| Trade and other payables | 16 |
| Net assets disposed of | (1,583) |
| Disposal consideration via settlement of liability | 2,780 |
| **Gain on disposal recognised in profit or loss** | **1,197** |
| **Net cash inflow on disposal** | **-** |

## 30. FINANCIAL RISK MANAGEMENT

The Group's financial risks and risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2016.

### Fair values

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the statement of financial position date.

## 31. COMMITMENTS

As of 30 June 2017, the Group had a total of €11,679 thousand contractual capital commitments on property, plant and equipment (31 December 2016: €1,330 thousand).

Non-cancellable operating lease rentals are payable as follows:

| | 30 June 2017<br>€'000 | 31 December 2016<br>€'000 |
|---|---|---|
| Less than one year | 19 | 11 |
| Between one and two years | 21 | - |
| **Total** | **40** | **11** |

## 32. CONTINGENT LIABILITIES

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

A Company of the Group received a lawsuit to settle an amount of €3.97 million to a lending institution which related to claims assigned by one of the relevant Group company's partners. The Company's position is that there are no existing obligations towards this lending institution by the relevant Group company thus no provision has been recorded in these consolidated interim 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 variable management fee to the Investment Manager, which would be based on the relevant IMA provisions.

In addition to the tax liabilities that have already been provided for in the condensed consolidated interim 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 in the relevant tax jurisdictions.

The Group, under its normal course of business, guaranteed the development of properties in line with agreed specifications and time limits in favour of other parties.

## 33. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period which have a bearing on the understanding of the condensed consolidated interim financial statements as at 30 June 2017.