17 March 2009

Dolphin Capital Investors Limited
("**Dolphin**" or the "**Company**"
and together with its subsidiaries the "**Group**")

Preliminary annual results for the period ended 31 December 2008

DOLPHIN REPORTS CONTINUED RISE IN NAV PER SHARE AND ROBUST BALANCE SHEET

Dolphin Capital Investors, the largest real estate company on AIM and the leading investor in the residential resort sector in south-east Europe, is pleased to announce its results for the year ended 31 December 2008 and provide an update on operational progress.

Financial Highlights:

- NAV per share as at 31 December 2008 before and after deferred income tax liabilities ("**DITL**") of 294p and 265p respectively. This represents an uplift of 30% and 29% respectively versus 227p and 205p reported as at 31 December 2007.
- 32% NAV per share increase owing to the depreciation of the Pound Sterling versus the Euro and a 6% increase due to effect of share buybacks, offset by an 8% decrease in the Company's property values.
- In Euro terms, NAV after DITL decrease of €180 million (driven mainly by land devaluation and share buyback invested amounts) resulting to a loss per share of €0.23 (versus earnings of €1.24 per share in 2007).
- Balance sheet remains robust:
    - NAV before DITL of €1.5 billion.
    - Group cash balance of €166 million as at 31 December 2008 (c. €161 million as at 6 March 2009).
    - Total amounts invested of €594 million.
    - No bank debt at Company level.
    - No or very limited bank debt on 12 out of 15 major projects.
    - Group loan to asset value ratio set at only 19%.
    - Aristo bank loans account for 89% of total Group debt and comprise primarily long term asset-backed loans with low principal repayment obligations in 2009 and 2010.
- In parallel with asset realisation opportunities being explored with potential strategic investors, the Company is launching the "Shares-for-Assets" programme whereby shareholders will, subject to the terms and conditions of the programme, have the right to exchange common shares in the Company for certain real estate assets of the Group that are valued as at 31 December 2008 at double the applicable market price of the shares tendered, while the Company receives its own shares that have a multiple NAV to the value of the exchanged assets (see separate announcement for further details).

Operational Highlights:

- Design and permitting progress across the portfolio, most notably in the approval of construction permits for the hotel and spa components of the new design of Kilada Hills Golf Resort ("**Kilada Hills**") and Seascape Hills Resort ("**Seascape Hills**") on 18 June and 21 July 2008 respectively.
- Value engineering and other cost reduction measures initiated for the abovementioned projects and others that are maturing into their construction

phase; potential cost savings of more than 20% from the original budget have already been achieved.

- Rationalisation of the ongoing permitting and design process with a view to maintaining the current permitting momentum in the projects while deferring expensive detailed designs until after permits have been granted.
- No new project acquisitions since the investment in Pearl Island Resort ("**Pearl Island**") in July 2008.
- Exploring joint venture opportunities for the development of the most advanced projects so as to minimize further equity deployment by the Company and preserve cash.
- Continuing efforts to conclude a number of asset realisation opportunities for both non-core and core assets.
- Total annual gross home sales booked by Aristo for the year ended 31 December 2008 of €86.7 million (31 December 2007: €166.9 million), a 48% decline which reflects the current adverse market conditions.

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

"Dolphin's investment strategy to create long term shareholder value by acquiring undervalued seafront sites with no or very limited financial leverage and transforming them into fully permitted, high-end, premium-branded development projects remains resilient under the current global economic crisis. The Company's financial position, with cash reserves of over €160 million and no debt at the Company level, allows it to set its own investment and development pace, preserve its strong cash base and exploit all opportunities to enhance and realise that value for shareholders."

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

"Since events in global markets took hold last September, we have adjusted the execution and prioritisation of our maturing projects in order to preserve adequate cash balances, enabling the Company to operate successfully and add further value by exploiting possible opportunities as they emerge throughout a potentially long-lasting period of economic turmoil.

To this end, and until market conditions improve, we have ceased new investment activities and have concentrated our efforts on the staged advancement of our current project portfolio. We have also temporarily delayed the commencement of construction originally planned for the end of 2008 in order to perform a thorough value engineering process and sought to reduce future construction costs. We continue to progress joint venture opportunities and potential asset sales to strategic investors, with the aim to enter into construction with a minimal need for additional equity financing from the Company's current cash balance.

We are confident that Dolphin's leading position in markets that remain undersupplied, its financial strength, low gearing and pragmatic management approach should ensure that the Company continues to progress successfully through this downturn and be in a position to realise significant returns once the markets stabilise."

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Notes to editors

Dolphin is the leading investor in the residential resort sector in south-east Europe and the largest real estate investment company quoted on AIM.

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

Since its inception in 2005, Dolphin has raised €859 million, has become one of the largest private seafront landowners in Greece and Cyprus and has partnered with some of the world's most recognised architects, golf course designers and hotel operators.

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

Dolphin's portfolio is currently spread over 65 million m² of prime coastal developable land and comprises 15 large-scale, leisure-integrated residential resorts under development in Greece, Cyprus, Croatia, Turkey, Panama and the Dominican Republic and more than 60 smaller holiday home projects through Aristo Developers in Cyprus.

Dolphin is managed by Dolphin Capital Partners ("**DCP**" or the "**Investment Manager**"), an independent real estate private equity management firm.

Chairman's Statement

I am pleased to report a successful 2008.

Over the past year, in addition to its regular operations, Dolphin has focused on adjusting to the deteriorating market conditions, and as a result the Company has:

(i) significantly decelerated its investment activity;

(ii) concentrated on enhancing shareholder value by advancing the design and permitting of its existing projects and by executing share buybacks; and

(iii) embarked on an ongoing process of reducing operational and permitting expenses, minimising future construction costs and optimising the phasing and development pace of its projects.

Dolphin remains in a strong financial position with cash reserves of c. €161 million as at 6 March 2009 and no bank debt at the Company level. The NAV of the Company before and after DITL as at 31 December 2008 was €1.5 billion and €1.3 billion respectively.

During 2008, the Company repurchased 54.44 million of its common shares to take advantage of opportunities to increase NAV per share, underpinning the Board's continued confidence in Dolphin's fundamentals. The Investment Manager also acquired a significant number of shares during 2008, and is currently one of the largest shareholders in the Company with an 11.88% stake, thus further aligning its interests with those of shareholders and clearly demonstrating its belief in the Company's underlying asset value and future prospects.

While the value of the real estate portfolio was enhanced by permitting advances, its overall valuation was reduced at the end of 2008 as a reflection of the market conditions. Due to the conservative valuation methodology used by Dolphin's external valuers, which, for the majority of the land portfolio is not based on project development expectations or future cashflow forecasts, the impact of the fall in valuation was limited.

In Euro terms the Company's NAV per share before and after DITL was 3.02 and 2.72, representing a 2% decrease from 31 December 2007. However, due to the 32% depreciation of the sterling against the euro during 2008, the Company's NAV per share in sterling terms before and after DITL grew by 30% and 29%, from 227p/205p at 31 December 2007 to 294p/265p respectively at 31 December 2008.

We expect further NAV enhancement through the Company's latest share buyback initiative, an innovative "Shares-for-Assets" exchange programme whereby participants in the programme have an indirect way of accessing some of Dolphin's trading assets (non-core building plots, home inventory and land held for development predominately held within the Aristo portfolio) at half their market value, in exchange for the Company receiving back its own shares that have a current NAV which is a multiple of the asset exchange price.

Dolphin's investment strategy to create long term shareholder value by acquiring undervalued seafront sites with no financial leverage and transforming them into fully permitted, high-end, premium-branded development projects remains resilient under the current global economic crisis. The Company's financial position, with cash reserves of over €160 million and no bank debt at the Company level, allows it to set its own investment and development pace, preserve its strong cash basis and exploit all opportunities to enhance and realise that value for all shareholders.

Andreas N Papageorghiou
Chairman
Dolphin Capital Investors
17 March 2009

Investment Manager's Report

Throughout the year and against a backdrop of rapidly deteriorating global economic conditions, the Dolphin team achieved several key milestones across the portfolio.

At the same time we have adapted both our business focus and the development strategy of each project to the new market conditions.

The Company's net assets as at 31 December 2008 before DITL were €1.5 billion, including cash of €166 million, while DCI continues to have no debt at the corporate level and very limited or no debt on 12 out of its 15 major projects. Total Group bank loans as at 31 December 2008 were €366 million, 17% of total Group assets. €327 million (89%) of these loans are within Aristo and are serviced by the cash generation of Aristo's operations.

Following the ongoing restructuring of Aristo's various loan agreements, currently from the €281 million of the company's long-term asset-backed debt, only €27 million of principal repayments are scheduled over the next two years. The other €46 million of Aristo debt relates to revolving overdraft facilities. Finally, the remaining Group debt of €39 million is held within non-Aristo project companies secured against a part of the specific projects' real estate assets with no recourse to the Company. Our conservative approach to debt has been consistent since the Company's IPO in December 2005 and it has proven a significant competitive advantage in the current market environment.

Since last September, and in light of market conditions, we have also been adjusting the execution and prioritisation of our mature projects. To this end, and until market conditions improve, we have ceased new investment activities and concentrated our efforts on the staged advancement of our current project portfolio. We have also temporarily delayed the commencement of construction of our first major projects originally planned for the end of 2008 (namely Seascape Hills, Kilada Hills, and Venus Rock Golf Resort - "**Venus Rock**") in order to perform a thorough value engineering process, reduce construction costs and explore joint venture opportunities which will enable us to enter into construction with a minimal need for additional equity financing from the Company's existing cash balance.

Notwithstanding the current market conditions, we have continued to progress discussions with asset investors regarding realisations of both core and non-core assets.

Investment Highlights

In 2008, only two new investments were made by the Company:

- Acquisition of a 60% stake in Pearl Island, a 1,440-hectare private island located off the coast of Panama, partnering with one of the most established families in Panama. Plans are ongoing for designing and permitting the development of at least 160,000 buildable m^2 of residential real estate, three luxury 5-star hotels, an up to 500-berth marina and other supporting recreational, sports and retail facilities. The site is located in the Archipelago de las Perlas, approximately 45 nautical miles south of Panama City. Dolphin initially invested $8.8 million (€5.5 million) for its 60% stake in the project, with a conditional deferred consideration due after obtaining full master-plan and environmental permits.

- Acquisition of a 134,315 m^2 site along one of southern Crete's most spectacular sandy beaches in Triopetra. The €3.5 million site acquisition, Dolphin's third investment in Crete, adds to the Company's exceptional seafront landbank in Greece.

The Company also invested €16.4 million to expand its land holdings in Kilada Hills, Lavender Bay Golf Resort ("**Lavender Bay**"), Seascape Hills, Sitia Bay Golf Resort ("**Sitia Bay**"), Livka Bay Resort ("**Livka**") and Playa Grande Golf Resort ("**Playa Grande**"). It should be further noted that after long bureaucratic delays, the transfer of the Amanmila Resort ("**Amanmila**") land to the Company and its partners was completed in October 2008.

Finally, during 2008 Aristo invested a total of €83.5 million to acquire future development sites in Cyprus including the 873,049 m^2 site next to Eagle Pine and the "Athiaris site", a joint venture with the reputed commercial real estate developer Athienitis Developers Plc that is located in the heart of the tourist and commercial part of downtown Paphos for which planning permission was given in February 2009.

Importantly, Dolphin did not inject any further capital into Aristo during 2008 and all new acquisitions were primarily funded with long term bank debt and cash from Aristo's operations.

Development highlights

The most notable development achievements over 2008 are summarised as follows:

Greece

- Kilada Hills received construction permits for the leisure component, which includes the new designs and location of the main GHM hotel buildings, restaurants, club suites and spa on 18 June 2008.

- Seascape Hills received construction permits for the Aman hotel on 21 July 2008.

- In Sitia Bay, the hotel design was completed, and the issuance of the final construction permit is pending, whilst negotiations with a major hotel operator are in final stages.

- At Lavender Bay, Kempinski Hotels and Resorts was selected as the hotel operator, and Chad Oppenheim was appointed as the architect for the project. Conceptual design is in progress.

- After final acquisition of the project site, the preliminary Environmental Impact Study ("**EIS**") for Amanmila is being finalized to be submitted to the authorities. On 3 March 2009, a 33% shareholding stake in the first phase of the resort which consists of c.64 hectares was transferred to a company affiliated with the project's designer, John Heah, for a €2 million consideration according to the terms of the original Shareholders' Agreement. Dolphin and S&B Minerals share the other 66% stake in the Aman part of the project and own together 100% of the remaining landbank.

- The EIS for Youli Hotel (a Rebranded Hotels' investment) was received on 11 February 2009.

- The Preliminary EIS for Plaka Bay Golf Resort ("**Plaka Bay**") was submitted on 5 December 2008 and the final EIS for Lavender Bay was submitted on 10 March 2009.

Cyprus

- Regarding the Aristo golf permits in Cyprus, the Council of Ministers has agreed to direct the Planning Department of Nicosia to recommence the processing of the submitted golf master-plan permits. The contents of the decision, including changes to the existing May 2005 decision on golf courses, are to be published soon in the Government Gazette, paving the way for granting the final permits. Three of the six preliminary new golf licences with associated residential buildable potential of 100,000 m^2 each, have been awarded to Aristo, two for Venus Rock and one for Eagle Pine Golf Resort ("**Eagle Pine**").

- Project design and planning approvals continue throughout the Aristo portfolio of projects. Significant examples include the St. George project in Paphos which is currently in advanced schematic design, the completion of the architectural design for the Panorama project at Pissouri along with the application for the building permit for the first 20 villas and the Aristo Athiaris project which received planning permits for commercial real estate in one of the most central plots of Paphos in February 2009.

Croatia

- On 18 September 2008, Livka Bay received final approval of the EIS for 36.8 hectares of the 62 hectare site, paving the way for the approval of the Location Permit and representing a major milestone in the permitting process.

Turkey

- The construction permits for Port Kundu Resort ("**Port Kundu**") were obtained on 8 April 2008 and final approval for canal and waterways are expected in mid summer 2009. Meanwhile Dolphin's second project in Turkey, LaVanta Resort ("**LaVanta**"), is in the final construction stages, the show room has been fully operational since February 2009 and the 29 presold units of the project's first phase are expected to be delivered in the middle of summer 2009.

Americas

- The master-plan for Playa Grande was finalised by Hart Howerton in coordination with Jean-Michel Gathy of Denniston and a draft of the concept design for the Aman resort phase was produced by Denniston. The draft concept design is undergoing a process of value engineering in order to optimize costs.

- The EIS for Pearl Island was submitted on 26 November 2008.

Value engineering and cash preservation

In the second half of 2008, the Company has limited its capital expenditure, has reduced operational overheads in the project companies and has worked to minimise both permit and design project costs, as well as optimise future construction costs. All these initiatives were undertaken while continuing to make operational progress across the portfolio and without compromising on project quality.

In 2008, we reviewed our development programme and resolved to shift to later in 2009 the commencement of construction of our advanced projects, originally planned for the end of 2008. This review programme was undertaken in order to adjust to the current demand slowdown, implement reductions in future construction costs and explore potential joint venture options for the construction of the projects so as to minimise further equity commitments by the Company.

While this approach will mean a delay to both the start and final completion date of some developments, it enables Dolphin to mitigate significant capital expenditure in the short term, bring projects on stream in a more progressive manner and plan for marketing to coincide with a recovery in economic conditions.

To date and for the planned construction of Seascape Hills alone, we estimate that the value engineering programme has saved approximately €15 million. We are also in the process of reducing the Kilada Hills first phase budget by a targeted €40 million. Similar initiatives are being undertaken for all other major projects with the aim to reduce future construction budgets by over 20%.

Additional progress has also been made in controlling project overheads and managing working capital at all levels of our corporate structure, enabling us to streamline business practices and preserve capital.

Aristo

Throughout 2008, Aristo worked towards improving its product offering. These efforts, which included a re-design of certain major projects, the creation of a brand new Aristo logo, and the creation of two distinct lines of developments, namely Aristo Classic and Aristo Signature, have shown positive results as can be evidenced from the rise in the company's average selling price per m^2.

The international financial crisis and its impact on consumer confidence and demand for real estate, has inevitably impacted on Aristo's trading figures for 2008 and provides a challenging outlook for 2009. Demand for Aristo's products in the second half of the year was also affected by the significant swing in the exchange rate between the Euro Sterling and Rouble, making Eurozone destinations significantly more expensive for both Russian and UK buyers.

Total Aristo sales for 2008 were reported at €86.7 million, down from €166.9 million in 2007, as depicted in the table below:

	Twelve months to 31/12/2008	Twelve months to 31/12/2007
SALES RESULTS		
New sales booked	€86,677,039	€166,931,484
% change	*-48.1%*	3%
Units delivered	336	524
% change	*-36%*	*-1%*
Average selling price per m^2 - % change	*22%*	*6%*
CLIENT ORIGIN		
UK	20.7%	49.1%
Russia	43.2%	27.5%
Central & North Europe	1.5%	3.0%
Other overseas	9.6%	6.9%
Cyprus	25.0%	13.6%

In terms of accounting results, excluding asset revaluations, Aristo reported an operating profit after tax of €8 million versus €26 million in 2007.

In line with the market, the drop in sales has been quite severe since October 2008; in the last five months (October 2008 – February 2009), Aristo has booked only €11.7 million of new sales, representing a 77% decrease over the same period last year.

Since the middle of 2008, Aristo has taken additional actions in response to the difficult trading conditions, implementing wide-ranging cost cutting measures including overhead reduction by 30%, restructuring of debt, freezing new investments and halting non pre-sold construction activity.

These measures were aimed to ensure that Aristo remains a self-financed subsidiary even against a very conservative scenario that assumes that the current new home sales levels persist in 2009 and 2010 and that Aristo will not generate any cash from any sale of any land assets.

However, we do expect that during 2009 and 2010 Aristo's vast landbank should be able to generate cash over and above home sales that will provide useful reserves for debt reduction, dividend distribution and expansion. We also believe that Aristo, with its strong balance sheet, market share and experience should emerge stronger when market conditions improve than most of its smaller competitors. When consumer credit and confidence eventually return, the compelling product range that Aristo is developing should position it well to capitalise as the markets recover.

4 April 2009 marks the two year anniversary of Dolphin's acquisition of Aristo. Looking back over these two years, Aristo has made significant progress as summarised below:

- sold 741 homes for c. €210 million and delivered 731 homes;
- invested €140 million of its own funds to purchase additional land;
- bought out the minority stakeholders of Venus Rock and almost doubled the size of Eagle Pine;

- continued to progress the permitting of the previously awarded three out of the six preliminary golf integrated real estate licenses granted by the Cyprus Government and secured the rezoning of large land parcels, including 56 hectares of land at Venus Rock, significantly increasing the buildable potential of the project; and

- created a fresh corporate identity, indicating the change towards offering a more high-end product compared to the previous range.

Most importantly, due to zoning improvements and add-on acquisitions, Aristo has seen a significant increase in NAV, up from €565 million in H1 2007 to €876 million as at 31 December 2008. Dolphin's total net investment in Aristo for its 85% stake is €291 million.

Under the current structure, Dolphin owns 85% of Aristo, and Aristo's founder, current Managing Director and former majority owner Mr. Theodoros Aristodemou, owns the other 15% stake. As per the share purchase agreements, with effect from April 2009 onwards, Dolphin has a call option on Mr. Aristodemou's shares in Aristo with an exercise price at the prevailing NAV and Mr. Aristodemou has a put option which he can exercise with a strike price at an approximately 30% discount to prevailing NAV. Dolphin does not currently intend to exercise its option in the near future, but it is likely that Mr Aristodemou will do so for a portion of his shares. In addition, it is important to note that Mr. Aristodemou has reinvested a large portion of the proceeds from the sale of Aristo to Dolphin into purchasing Dolphin shares and has so far acquired a shareholding of 12.81% in the Company, further aligning his interests with Dolphin shareholders.

Exits

As previously reported, Dolphin has to date executed two exits of non-core assets, namely the Aphrodite Waterpark and Tsilivi, both at a significant multiple of the respective allocated Dolphin acquisition price.

The Company continues to explore potential disposals with third parties to achieve early or partial exits from projects or land assets to build up its cash balance. While these negotiations are progressing, the challenging economic conditions, the scarcity of debt financing and the stagnation of the market, have caused inevitable delays to completion of such transactions.

Share Buybacks

During the year, Dolphin undertook share buybacks aimed at creating value for the Company's shareholders by acquiring shares below the last reported NAV per share and thus increasing NAV per share. A total of €62.5 million (including transaction costs) was deployed to acquire 54.44 million treasury shares at an average price of 91p that are currently held as treasury shares.

The Board of Directors has decided to retain these shares in treasury in order to maintain the flexibility to use them in the context of potential future corporate or investment transactions or as an alternative to cash payments. While in treasury, the shares do not carry any dividend or voting rights.

The Investment Manager has also strongly aligned its interests with shareholders. DCP has increased its stake in the Company over the year and is now one of its largest shareholders. Currently, the Investment Manager owns an 11.88% stake in the Company, having invested approximately €43 million at an average price of 131p for the acquisition of 24 million shares with the remainder having been obtained mainly through the exercise of the 2007 performance-related warrants.

The Company also announced today an innovative Shares-for-Assets share buyback scheme, aimed at offering both existing and potential investors the opportunity of directly accessing a small proportion of Aristo's non-core building plots, home inventory and land held for development at half their appraised market value, in exchange for the Company receiving back its own shares that have a current NAV which is a multiple of the asset exchange price.

Outlook

The current adverse market conditions call for conservatism on our part. Consequently, in adjusting our business plan for these conditions, we have assumed that the effects of the economic turmoil will persist through the next two years and have thus decided on the following strategic initiatives:

Permitting/Value Engineering:

- Continue to make progress with the planning, zoning, designing and permitting of our portfolio of projects, which represents probably the best value enhancement activity in the current market and comes at a relatively low cost.

- Complete the thorough cost reduction exercise we have embarked on and take advantage of falling costs in the softening construction sector.

Construction Activities:

- Commence construction of the leisure component of major projects only when sufficient development debt financing is in place, secured and ring-fenced solely on that component of the individual projects, and when low levels of additional equity is required by Dolphin. Every effort will be made to minimise additional Dolphin equity requirements by securing government subsidies, where applicable, and by entering into joint ventures with other parties.

- Start construction of the residential components only subject to pre-selling of units at the appropriate sales prices.

- Freeze non pre-sold project construction activities of Aristo projects.

In all the above instances, we emphasize that construction will be phased in the most financially responsible way possible.

Investments/Exit Opportunities:

- Delay making new investments until: a) we see clear signs of market recovery; and/or b) Dolphin generates additional liquidity; and/or c) the opportunity is an exceptionally compelling investment, such as a distressed or heavily discounted asset that meets our stringent acquisition criteria.

- Continue to advance discussions for partial or full realisations of certain Dolphin assets.

Dolphin's conservative stance towards capital expenditure and gearing levels since its IPO coupled with its low-risk 'pre-sell and build' approach ensures that it can phase construction commencement dates to bring projects on stream when the market conditions are conducive. The strength of the Company's financial position with no debt financing at the Company level means that there are no external pressures forcing the Company to construct or sell sites unless such actions are actually accretive to the Company's value and its shareholders' returns.

Dolphin's core expertise lies in adding value to sites throughout the horizontal development process – meaning taking unique raw and low cost seafront land sites through master-planning, designing, permitting and branding, and converting them into projects worth significantly more than their original acquisition cost.

With all the above in mind, we only expect to start construction for no more than four of the Company's major projects in 2009. The projects whose first phases are currently permitted for construction are Seascape Hills, Kilada Hills and Venus Rock and the ones expected to follow suit are Sitia Bay, Lavender Bay, Yiouli Hotel and Playa Grande.

It seems almost certain that the financial turmoil is going to continue throughout 2009. We, the Investment Manager, and the Dolphin Board are confident that our leading position in markets which remain undersupplied with high quality developments, our financial strength, our low gearing and our pragmatic management approach should ensure that the Company continues to progress successfully through these challenging market conditions and position the Company to realise significant returns once the markets stabilise.

The Portfolio

A summary of Dolphin's current project investments and exits is presented in the tables below. To date, a total of €594 million has been invested. Committed funds over and above these amounts are subject to review by the Company on an on-going basis, particularly under the current market conditions, so they are less relevant at this stage.

Investments

	Project	Land site (hectares)	Dolphin (% stake)	Investment Cost (€ million)	Debt (€ million)	Real estate value (€ million)	% Debt to asset value
	Non-Aristo						
1	Kilada	250	100%	87	1.5		
2	Seascape Hills	96	100%	38	0.0		
3	Lavender Bay	310	100%	19	0.0		
4	Scorpio Bay	172	100%	12	0.0		
5	Amanmila	210	33%-50%	4	0.0		
6	Sitia Bay	276	78%	15	0.0		
7	Rebranded Hotels	1	100%	4	0.5		
8	Plaka Bay	440	60%	7	0.0		
9	Kea Resort	65	100%	12	0.0		
10	Triopetra	13	100%	4	0.0		
11	Apollo Heights	469	100%	17	0.0		
12	Livka Bay	62	100%	20	10.6		
13	Kundu	4	100%	14	4.4		
14	LaVanta	8	95%	12	0.0		
15	Playa Grande	950	97%	31	22.0		
16	Pearl Island	1,440	60%	7	0.0		
	Total	**4,766**		**303**	**39**	**635**	**6%**
	Aristo						
17	Douneika - Aristo	27	85%	2	8.0		
18	Athiari - Aristo	5	42%	7	12.1		
19	Venus Rock - Aristo	1,000	85%	125	0.0		
20	Eagle Pine - Aristo	319	85%	24	0.0		
21	Aristo other	435	85%	133	307.0		
	Total	**1,786**		**291**	**327**	**1,322**	**25%**
	Grand Total	**6,552**		**594**	**366**	**1,957**	**19%**

Project Exits

	Land site (hectares)	Dolphin (% stake)	Dolphin original investment (€ million)	Dolphin return on investment (€ million/times)
Greece				
Tsilivi - Aristo	11	85	2	7/3.5x
TOTAL	**11**		**2**	**7/3.5x**

Project development updates by country since 2008 Interim Report

Greece

Market overview

Transportation and tourism services are increasingly vulnerable to the adverse international outlook and are expected to contract in 2009, implying a neutral contribution to GDP growth from net exports. GDP growth for 2008 was reported at 2.9%, while it is estimated at 0.2% for 2009 by the European Commission. Tourist numbers in particular are set to shrink by 5-10% this year, led by a sharp fall in US bookings. In addition, the country's budget deficit is projected to reach 3.75% and 4% of GDP in 2009 and 2010 respectively, up from 3% of GDP in 2008. The debt-to-GDP ratio is projected to increase to 98.5% of GDP by 2010.[1]

The Tourism Area Plan legislation, which is set to facilitate the development of large-scale leisure integrated developments in Greece, was expected to be voted within 2008, but has been delayed and is expected to be enacted within 2009.

The Greek government has taken certain measures during 2008 which are expected to prove beneficial to Dolphin over the longer term, including the large property tax overhaul which is currently being supplemented and the progressive reduction of corporate tax rates from the current 25% to 20% by 2014.

Kilada Hills Golf Resort, Argolida, Peloponnese
Dolphin stake: 100%
Location: Peloponnesus, Porto Heli area (one of the most up-market, second home residential areas in Greece)
Special features: Easy slopes, overlooking the traditional fishing village of Kilada
Access: Within a two hour drive from Athens and two hours by ferry from Piraeus Port
Type of resort: High-end, master-planned, golf-integrated residential resort
Area size: 250 hectares
Composition:

- GHM-operated (www.ghmhotels.com) Chedi luxury hotel (71 rooms and 40 Club Suites)
- 45 Chedi Signature Villas
- More than 250 additional residential units
- 18-hole championship Jack Nicklaus Signature (www.nicklaus.com) golf course
- Beach club and other leisure activities

Design: Master-planned and designed by Jean-Michel Gathy (Denniston International, www.denniston.com.my)
Update since 2007 Annual Report:
Construction permits for the first phase, which is to include a GHM hotel along with club suites and spa, were received on 18 June 2008. During the second half of 2008, the development and design team has been focusing on extensive value engineering efforts to reduce the project's construction costs and adjust the original budget to reflect the current market conditions, along with the finalization of the tender documents. Site installations, clearing, earth and landscaping works have also already commenced on the permitted areas. With respect to the remaining areas of the master-plan, the complete site plan has been finalized and a new phasing strategy is being implemented to adjust the timing of development of key elements of the project, which will now start after the construction of the main building and club suites have begun. Our target is to be ready for construction of the first elements of the development which include the main hotel building, hotel rooms, spa, and club suites during 2009, subject to completing the value engineering exercise and securing bank financing.

Seascape Hills Resort, Argolida, Peloponnese
Dolphin stake: 100%
Location: The region of Argolida, near Porto Heli (one of the most up-market second home residential areas in Greece)

[1] *Interim forecast, January 2009, European Commission - Directorate-General for Economic and Financial Affairs*

Special features:

- One of Europe's first villa-integrated Aman Resort (www.amanresorts.com)
- Almost 360 degrees panoramic sea views
- A 10-minute drive from Kilada Hills Golf Resort, one of the first golf-integrated residential resorts expected to come to market in Greece

Access: Within two hours driving distance from Athens and two hours by ferry from Pireaus Port

Type of resort: Top-end Aman resort development integrating boutique Aman hotel with exclusive residences

Area size: Nearly 96 hectares, of which approximately 50 hectares will be taken up by the Aman Resort and the remaining will serve as land bank for additional phases

Composition: A luxury 38-pavillion Aman hotel integrated with 40 Aman villas and spa

Design: Hotel and Villa design by Ed Tuttle

Update since 2007 Annual Report:

Final construction permits for the first phase of the project, which is to comprise a hilltop Aman hotel with 38 guest pavilions and spa were received on 21 July 2008. The concept and schematic design of the hotel and spa portion of the project are complete. During the second half of 2008 multiple areas of value engineering were identified and elements of the project were redesigned. To reflect that, the final construction drawings are being refined in consultation with the operator and cost engineers to reduce the original budgeted hotel construction costs and finalize the tender documents. The Company has received an offer for the construction and development facility from a major local bank at favourable terms and an application for subsidies under the Greek Investment Incentive legislation is being filed with the Greek Finance Ministry. With respect to Phase II of the project, which is to include approximately 40 hillfront and up to six beachfront Aman villas, the project's architect produced the first master-plans and concept designs of the individual elements.

Lavender Bay Golf Resort, Nies, Magnesia

Dolphin stake: 100%

Location: Near the town of Volos, in the region of Thessalia, at the mouth of Pagasitikos Gulf

Special features: Unspoilt, undulating hills fronted by a 2 km beach and surrounded by forest

Access: Approximately 2.5 hours' drive from both Athens and Thessaloniki International Airports

Type of resort: A golf-integrated residential resort

Area size: 310 hectares

Composition:

- An 180 room Kempinski operated hotel (www.kempinski.com)
- More than 220 branded residential units
- More than 390 non-branded residential units
- An 18-hole Gary Player Design (www.garyplayerdesign.com) golf course, beach club and other leisure activities

Design: Master-plan by EDSA (www.edsaplan.com) and design by Oppenheim (www.oppenoffice.com)

Update since 2007 Annual Report:

Advances have been made with regards to the first and second phase of the project, which include a c.180-room hotel, approximately 40,000 m^2 of branded residential units as well as 55,620 m^2 unbranded residential units and 2,933 m^2 of retail area. The EIS for the project's hotel component and majority of the branded residences has been filed with the relevant authorities and currently remains under review. Throughout 2008 there was extensive coordination with the public authorities with regard to the filed study, resulting to various changes mainly related to building sizes and locations, and a revised EIS has been submitted. A management agreement with Kempinski Hotels was also signed during the year. Since then, the hotel operator has been coordinating the particular requirements within the projects design. Gary Player Design has further refined the golf integrated master-plan to balance the golf course areas with the hotel and residential components and Miami-based Chad Oppenheim has completed the first phase of the concept design for the Kempinski hotel and residences. The development of the golf course shall follow the construction of the first phases of the project, which includes the leisure component and residences.

Scorpio Bay Resort, Scorponeri, Voiotia

Dolphin stake: 100%
Location: Scorponeri, expected to be the closest luxury seaside residential resort to Athens
Special Features: A mountainous peninsula of unspoilt natural beauty overlooking a secluded bay and the island of Evoia, a one hour drive to the ski resort of Mount Parnassus
Access: One hour's drive from Athens International Airport
Type of resort: A master-planned, leisure-integrated residential development
Area size: 172 hectares with approximately 2 km of sea frontage
Composition: Luxury Oberoi-operated (www.oberoihotels.com) hotel integrated with a residential development and sea-related leisure activities
Design: Hotel and villa design by John Heah
Update since 2007 Annual Report:
John Heah has created the first concept plans for Scorpio Bay, which are being used for the permitting of the project. The initial plan envisages the development of an 80-suite boutique resort hotel along with 40 branded villas and additional resort residences. The first phase of the development is expected to total approximately 80,000 buildable m^2. A Memorandum of Understanding was also signed with luxury operator Oberoi Hotels and Resorts to manage the resort and the branded villas and the final agreements are currently in the last phases of discussions between the parties. The project remains in early planning stages with the initial design brief having been slightly altered to accommodate Oberoi's suggestions and a revised EIS application has been prepared.

Amanmila Resort, Milos, Cyclades

Dolphin stake: 33% of Aman hotel site, 50% of landbank
Location: The island of Milos, in the Cyclades
Special features: The site is located on an unspoilt peninsula of approximately 210 hectares and has 5 km of shoreline and with its own natural harbour
Type of resort: Top-end Aman resort development integrating boutique Aman hotel with exclusive residences
Area size: 210 hectares; the Aman Resort to be developed over approximately 64 hectares
Composition: A 40-room Aman hotel together with 40 Aman villas
Design: Hotel and Villa design by John Heah
Update since 2007 Annual Report:
Transfer of the land was finalised within H2 2008 between the previous land owners, the project company and project partners. Having overcome the administrative hurdles, the Preliminary Environmental Impact Study ("PEIS") is being finalized pending submission, whilst the master-plan and architectural designs for the project though completed, are being revised as part of the value engineering process.

On 3 March 2009, a 33% shareholding stake in the first phase of the resort which consists of c. 64 hectares was transferred to a company affiliated with the project's designer, John Heah, for a consideration of €2 million according to the terms of the original Shareholders' Agreement. Dolphin and S&B Minerals share the other 66% stake in the Aman part of the project and together own 100% of the remaining landbank.

Despite the fact that the project is at its initial development phase, and that marketing has therefore not yet begun, Dolphin has already received expressions of interest in the future Aman villas, which is a strong indication of the interest generated by Aman branded resort developments, even under current market conditions.

Kea Resort, Tzia, Cyclades

Dolphin stake: 100%
Location: The island of Tzia (Kea)
Special features: Dramatic sea views and a spectacular sandy beach offering a natural harbour
Access: 25 nautical miles from Lavrio Harbour, in turn only a 15 minute drive from Athens International Airport. Regular year round ferry service from Lavrio
Area size: 65 hectares
Composition:

- Boutique hotel of up to 80 rooms
- More than 100 residential units
- Beach club

Update since 2007 Annual Report:
The development concept was finalised and the preliminary documents have been collated ahead of submission for EIS pre-approval. Dolphin continues to have ongoing discussions with potential hotel operators to manage the resort.

Sitia Bay Golf Resort, Sitia, Crete
Dolphin stake: 78%
Location: The island of Crete
Special features: A secluded peninsula of unspoilt natural beauty on the largest of the Greek islands and one of the most popular Greek tourist destinations.
Access: A 10 minute-drive from Sitia Airport, a 1.5 hour drive east from Heraklion International Airport and a 15 minute drive from Sitia Harbour
Type of resort: A master-planned, leisure-integrated, sea-front residential development
Area size: 276 hectares
Composition:

- Over 80,000 m^2 of buildable residential units
- A circa 200-room luxury hotel
- A convention centre
- An 18-hole Nicklaus Design championship golf course
- A golf clubhouse
- A beach & country club and other leisure facilities

Design: Master-plan by WATG (www.watg.com)
Update since 2007 Annual Report:
The hotel design has been completed and has been submitted to the Greek National Tourism Organization and final approval remains imminent. The Building Permit documentation is also complete. Similarly, the marina design is in the final stages of approval of its building permit. At the same time, advanced negotiations with a leading hotel operator are taking place. The leisure component, which includes the hotel, spa, and marina is expected to hold final permits within the year.

The permitting for the first residential zone which encompasses a land area of about 30 hectares is also progressing, whilst Nicklaus Design is seeing the golf course routing through to completion. The project has received a PEIS for the golf course, however no other significant progress has yet been made for the advancement of the golf permits.

Plaka Bay Resort, Sitia, Crete
Dolphin stake: 60%
Location: The island of Crete
Special features: Eastern most point of Crete
Access: A 30 minute drive east from Sitia International Airport, a 2.5 hour drive east from Heraklion International Airport, and in close proximity to Sitia Harbour
Type of resort: A master-planned, leisure-integrated, seafront residential development
Area size: 440 hectares
Composition:

- A residential development of over 90,000 m^2
- Two five-star hotels
- Other supporting recreational facilities and potentially an 18-hole golf course

Update since 2007 Annual Report:
The PEIS was submitted to the Ministry for the Environmental, Physical Planning and Public Works in December 2008. The project will be developed jointly with J&P Development (www.jpdevelopment.gr), the development subsidiary of one of the largest construction groups in the region.

Cyprus

Market overview

Despite the worsening global financial outlook, economic activity in Cyprus remained strong in the first three quarters of 2008 albeit with a more pronounced deceleration in GDP growth in the last quarter of the year. Inevitably, given the current economic situation, GDP growth is expected to slow down significantly in 2009. The tourist industry has also clearly been affected but to date has actually witnessed only a modest decrease in tourist arrivals by 0.5% (2.4 million total tourist arrivals for 2008). This is primarily attributable to the significant increase in arrivals from Russia (24.0%) and other northern European countries (an average increase of 12.3%), despite the decrease in tourist arrivals from the traditional tourist markets of Great Britain (3.1%), Germany (4.6%) and Greece (4.9%).[2]

The number of properties being sold to both domestic and foreign buyers in Cyprus is falling steeply. The latest figures available from the Cyprus Land Registry show that the number of property sale contracts transacted between January and November 2008 showed a 27.9% year-on-year reduction, while contracts transacted in November showed a 60.5% year-on-year decline. Analysts say that the decline is unlikely to change during 2009. The deepening recession in the British economy and the weakening pound are behind the marked slowdown in the Cyprus property market, as more and more UK nationals, the key driving force behind the island's property market, have almost stopped purchases, focusing instead on selling their property and bringing the proceeds back to the UK.

There are nonetheless some positive steps being taken to rejuvenate the holiday home market in Cyprus by the government, including the acquisition of developer's stock for social housing and the long-awaited finalisation of the new golf integrated residential resorts permits will undoubtedly help the island achieve its aim to increase tourism numbers, and provide a product that has virtually no current supply in the country. Three of the country's preliminary first six new golf-residential resort licences were awarded to Aristo.

<u>Venus Rock Golf Resort</u>

Dolphin stake: 85%

Location: Next to Aphrodite Hills, south-east Europe's first golf-integrated residential resort, between the towns of Limassol and Paphos

Special features: Dolphin's most valuable asset and probably the largest seafront residential resort development site in Europe

Type of resort: A truly leisure-integrated residential resort community

Area size: 1,000-hectares

Composition:

- At least two golf courses
- More than 3,000 residential units
- A 5-star hotel with spa to be operated by Nikki Beach (www.nikkibeach.com)
- Extensive beachfront entertainment
- Retail and commercial facilities
- Marina and other sport facilities

Design: A premier resort, master-planned by EDSA (www.edsaplan.com), with the first phase of the residential design assured by Robert A. Stern (www.ramsa.com).

Update since 2007 Annual Report:

The project has current tourist and residential zoning on 269 hectares and has a preliminary license for the development of two golf-integrated resorts, each with a residential development component of up to 100,000 m^2, bringing the total buildable capacity potential to more than 600,000 m^2. The submitted plans for the development of the two golf-integrated resorts, have not received the final permits, despite positive indications from the government of an imminent approval, which would allow commencement of construction and sales of the relevant portion of the project.

Within H2 2008, the infrastructure and landscape construction works progressed for areas of the project which previously had been permitted. In addition, works have also commenced in the entrance ways of the project to upgrade the projects' image ahead of a full project launch. Branding initiatives to ensure the project's high-end positioning are completed, and a new project website is being finalized.

An agreement has been signed with Nikki Beach Hotels for the management of the hotel and beach club and the branding of approximately 20,000 m^2 of residential real estate. Gatsarelia

[2] *Cyprus Hoteliers Association --- 2009 Summer tourist reservations are much lower than 2008/ Statistical Service, Sapienta Economics calculations*

and Nawar Associates, who have created the architecture of multiple Nikki Beach resorts, have been appointed to develop the concept design of the hotel. The preliminary concept designs of the hotel, residences and beach club have been completed.

The previously planned soft launch of the project by the end of 2008 was postponed, and a complete re-launch of the project is expected with final approval of the golf master-plans.

Eagle Pine Golf Resort

Dolphin stake: 85%
Location: On the highlands, overlooking the sea around the Episkopi and Acrotiri areas near Limassol
Special features: A few kilometres from Apollo Heights, Dolphin's first investment in Cyprus, and a 15-minute drive from Venus Rock
Resort type: A golf-integrated resort
Area size: 319 hectares
Composition: Golf-integrated residential resort with a residential development component of up to 100,000 m^2
Design: A premier resort master-planned and designed by Porphyrios Associates
Update since 2007 Annual Report:
The project has a preliminary license for the development of a golf-integrated resort, with a residential development component of up to 100,000 m^2 and has a 120-hectare land bank destined for future expansion of the resort. Issuance of final approval of the master-plan is pending, and we have received positive indications from the government of an imminent approval. During the second half of 2008, Porphyrios and Associates advanced the concept design of the project residences significantly, which would allow an immediate commencement of unit sales upon final approval of the project's master-plan.

Apollo Heights Polo Resort

Dolphin stake: 100%
Location: Near the town of Limassol
Special features: With excellent views of the sea, the mountains and neighbouring villages, the site also lies adjacent to a number of polo fields and an 18-hole golf course
Access: Less than an hour's drive from both of the island's international airports
Resort type: The first polo-integrated residential resort in Cyprus
Area size: Approximately 469 hectares
Composition:

- Hotel facilities
- Residential units
- Polo fields
- 18-hole golf course

Design: Master-plan by EDSA (www.edsaplan.com) and golf course design by Tony Jacklin Design (www.jacklindesigngroup.com)
Update since 2007 Annual Report:
The zoning discussions with the Cypriot and the British Base authorities continue in an effort to accelerate the permitting process, although no significant progress was achieved within H2 2008.

Croatia

Market overview

The country is facing a difficult year ahead in its tourism and property markets. Despite opening up to buyers from the European Union, allowing EU citizens to buy land and homes under the same terms as Croatian nationals, real estate agents have reported little activity. Tourist numbers totalled 11.3 million in 2008, a slight increase over 2007 (11.2 million), while the country ranked 34th in the latest World Economic Forum's Travel & Tourism Competitiveness Report.

Like its other European counterparts, the Croatian government has stepped up its efforts to wade through the current global economic turmoil which is beginning to take its toll on the country. Specifically, and with regards to the property market, the recently approved anti-recession package includes an amended budget, more support for the Croatian Bank for

Reconstruction and Development (HBOR), lower taxes to boost the economy and strengthened support for tourism and the housing market. Further plans aimed at boosting the property industry include subsidies on interest rates for first home purchases, as well as government calls to banks to reduce interest rates on home loans and to construction companies to reduce the prices of flats, given the current inventory overhang, which is estimated at c. 13,000 unsold flats.

Livka Bay Resort, Solta
Dolphin stake: 100%
Location: The bay of Livka on the south end of the island of Solta, off the Dalmatian Coast
Special features: Dolphin's first investment in Croatia, intended to become one of the first exclusive residential resorts on the Dalmatian coast
Access: Only 20 km away from Split International Airport
Resort type: An exclusive beachfront residential resort
Area size: 62 hectares
Composition: An expected Chedi hotel (GHM), a 160-berth marina and other supporting recreational, sports and retail facilities
Design: Master-planned and designed by Jean-Michel Gathy (Denniston International)
Update since 2007 Annual Report:
The EIS of the project was approved on 15 September 2008. The design effort continues and one of the final level of permits is expected to be granted in the second half of 2009, with preparation currently being made for the applications for location permits for the hotel and first phase residences.

Turkey

Market overview

Pressure continues to intensify for Turkey to strike an agreement with the IMF and the country continues to fight high inflation and borrowing costs. Public debt set to rise this year and GDP set to contract by 1.5%, leading to an estimated financing gap of $15-30 billion in 2009 which, without IMF help, would serve to bring about a deeper recession and Lira slide.

Despite the current global economic outlook, Turkish tourism officials are expecting a good year in 2009, buoyed by the continuing slide of the Lira against the Dollar and the Euro. Whilst clearly not expecting a repeat of last year's growth (18.5% increase in tourism revenues, reaching $22 billion), and with a 4% drop in the number of foreign visitors in January, a modest 10% increase in the tourist numbers is projected.

Sales of holiday homes have decelerated significantly across the country, affecting directly the sales of our own La Vanta Resort (www.mediterraresorts.com).

LaVanta Resort, Antalya
Dolphin stake: 95%
Location: 2 km from the town centre of Kalkan, overlooking the Aegean Sea and the Greek island of Kastelorizo (Megisti)
Special features: Very close to the well-known beaches of Kaputas and Patara, and within walking distance from Kalkan beach
Resort type: Residential development
Access: A 1.5-hour drive from Dalaman International Airport
Area size: 8 hectares
Composition: A development of over 25,000 m^2, it will comprise close to 200 villas and townhouses
Update since 2007 Annual Report:
The first pre-sold units are expected to be delivered to owners in the summer of this year. No new sales were achieved within H2 2008. The show house was recently completed and a press conference was organised in Istanbul in February 2009 to lead our sales efforts in what is undoubtedly set to be a difficult year to sell the remaining 20 units of the first phase of the project. The Company has also over the past few months stepped up efforts to streamline its operations in the country, with significant downsizing and cost cutting at the local level in line with its value engineering strategy.

Port Kundu Resort, Antalya
Dolphin stake: 100%
Location: The Antalya region of southern Turkey, next to the renowned Belek golf area
Special features: Properties to be surrounded by water canals along the banks of the Aksu River and private marina for home owners with direct access to the sea
Resort type: A master-planned water-front residential resort
Access: 20 km away from Antalya city centre and 15 km from Antalya International Airport
Area size: 4 hectares with zoning and building permit already obtained
Composition: 64 detached, semi-detached and townhouse units
Update since 2007 Annual Report:
The project is fully permitted for the construction of 64 units spread over 40,000 m^2. Nevertheless, works have not commenced in anticipation of water canal permits along the banks of the river Aksu, which are expected during 2009 and which should ensure a quality product with a private marina for home-owners and direct access to the sea. Pre-sales activity should commence as soon as the canal permit is secured.

Dominican Republic

Market overview

Against a backdrop of deteriorating global financial conditions, higher oil and imported commodity prices, the Dominican Republic economy experienced a deceleration in GDP growth during the third quarter of 2008 sharply contrasting with the growth rates that had characterized its performance since 2005. Real GDP grew by 5.4% during the January-September 2008 period, a slower rate of growth than that registered during the same prior year period. Economic performance during this nine-month period showed a real growth rate for final consumption of 6.6%, primarily driven by public consumption, which rose by 15.1%.

Despite a worsening economic outlook, tourist arrivals increased by 1.5% during 2008 (3.4 million visitors). Tourist arrivals originated mainly from the USA (24.8%) and Europe (30.8%), with France, Spain and the UK taking the largest shares of 6.6%, 5.4% and 4.9% respectively).

Playa Grande Resort, Playa Grande (www.playagrande.com)
Dolphin stake: 97%
Location: The northern coast of the Dominican Republic, situated between the towns of Cabrera and Rio San Juan, each approximately 8 km away from the site
Special features:

- Playa Grande golf course, known as the "Pebble Beach of the Caribbean", which is already in operation, designed by Robert Trent Jones Senior and, with ten of its holes running alongside twenty-metre high cliffs bordering the Atlantic Ocean, considered to be among the most spectacular in the western hemisphere.
- One of the Caribbean's most attractive coastlines spread over 11 km

Resort type: A high-end, master-planned, low density, residential resort, including hotels (the first Aman in the Dominican Republic), golf course & villas, as well as beachfront, hill-top and cliff villas
Access: Approximately an hour's drive from Puerto Plata International Airport
Area size: 950 hectares of land with 11 km of seafront
Composition:

- A 40 room Aman hotel with 40 Aman villas (www.amanresorts.com)
- Potentially a golf hotel with about 100 rooms and club suites
- Potentially a hill-top eco-friendly boutique hotel
- Approximately 400 additional residential units
- An 18-hole golf course
- Spa, beach club and other leisure activities

Design: Master-plan and designs by Denniston (www.denniston.com.my) and Hart Howerton (www.harthowerton.com)
Update since 2007 Annual Report:
The master-plan prepared by Hart Howerton and Jean-Michel Gathy of Denniston has been finalised as of H1 2008, and within H2 2008 sub-areas of the project were further refined in

preparation for permitting of individual phases. Early concept design work for the Aman site has commenced, along with design works for a new golf clubhouse and golf cottages, with a view to commencing construction towards the end of 2009.

Panama

Market overview

As per International Monetary Fund (IMF) official reports, "Panama was one of the fastest growing economies in the world in 2007 with real growth rising to 11.2%, following an average growth rate of nearly 8% in 2004-06. Growth in 2008-09 is projected to slow somewhat, to about 8%, with the Canal expansion and related investment activities partially offsetting the effects of higher oil prices and the slowdown in the U.S. and the global economy." Analysts at Deloitte also estimate an increase of circa 9% growth for Panama in 2008, in their Economic Perspectives 2008 report, "marking the sixth consecutive year of strong growth".

According to figures of the Panama Tourism Authority ATP (“Autoridad de Turismo de Panamá”), more than 1.5 million visitors came to Panama during 2008. Of these, 308,991 were from the U.S., with Colombia following on closely as the second source of tourism for the country.

Pearl Island Resort, Isla Pedro Gonzalez

Dolphin stake: 60%

Location: In the Archipelago de las Perlas, approximately 45 nautical miles south of Panama City

Special features:

- A private island set to become one of the first exclusive integrated ecological island residential resorts in the region
- Dolphin's first investment in Panama, and the Company's second investment in the Central America / Caribbean region

Area size: 1,440 hectares with approximately 30 km of coastline

Composition: Development potential for at least 160,000 m^2 of buildable residential space, at least three luxury 5-star hotels, an up to 500-berth marina and other supporting recreational, sports and retail facilities.

Update since 2007 Annual Report:

The master-plan which was been prepared in coordination between Denniston and Hart Howerton, along with the EIS applications were filed on 26 November 2008 for approval. Discussions are underway for the appointment of luxury hotel and spa operators.

Corporate Social Responsibility

Corporate Social Responsibility is a cornerstone of Dolphin's culture. As such Dolphin and its Investment Manager consider it their responsibility to mindfully co-exist with and support the societies and environments where we invest.

Since the developments in which we are involved touch the lives and environments of many people, we always strive to be open in our business approach and continuously welcome interaction with all our stakeholders and the local communities.

Our aim is to provide excellent returns to our shareholders while in parallel to contribute in meaningful ways to the local economies, societies and environments, with the aim of bringing long lasting prosperity to the regions where we invest.

Dolphin Capital Foundation

Dolphin Capital Foundation ("DCF") is a non-profit charitable entity set up on 12 December 2007 and dedicated to helping the surrounding regional communities and the natural environments where Dolphin invests by donating to various charitable endeavours.

DCF has already proceeded with key contributions such as environmental equipment provision, sponsorships, scholarships and other educational and health support to the local communities. Further progress in charitable activities is planned over the coming months as Dolphin seeks to balance shareholder returns with corporate social responsibility.

Over the past 12 months DCF funds were used to:

- Provide environmental maintenance equipment to the areas of Kilada Hills, Sitia Bay and Lavender Bay Golf Resorts
- Provide scholarships to local students with exceptional academic performance
- Finance an awareness campaign on environmental issues (such as initiatives to protect the sea turtles in the Mediterranean)
- Finance research activities of the Harvard School of Public Health in Cyprus
- Renovate a church destroyed by earthquakes
- Provide IT equipment to local schools
- Finance the construction of a day care unit for less privileged children in Cyprus

Dolphin and Miltos Kambourides, the Managing Partner of the Investment Manager, became members of the World Travel & Tourism Council ("WTTC") in January 2009. WTTC is the forum for business leaders in the Travel & Tourism industry. With 100 of the world's leading Travel & Tourism companies as its Members, WTTC has a unique mandate and overview on all matters related to Travel & Tourism.

WTTC works to raise awareness of Travel & Tourism as one of the world's largest industries, employing approximately 231 million people and generating over 10.4% of world GDP. On 11 February 2009, WTTC members launched their "Leading the Challenge on Climate Change" initiative, aiming towards grasping opportunities presented by the new low climate risk economy, and offering leadership and vision for the collective efforts of governments, business and civil society around the world, on such a delicate issue. (www.wttc.org).

Miltos Kambourides
Managing Partner
Dolphin Capital Partners
17 March 2009

Pierre Charalambides
Partner
Dolphin Capital Partners
17 March 2009

Finance Director's Report

Net Asset Value

Over the past year, the Company has been highly selective in pursuing additional investment opportunities and has largely focused on advancing its existing projects. As at 31 December 2008, the Company had invested €594 million in projects and €62.5 million in purchasing 54.4 million treasury shares.

Consistent with the Company's valuation policy, Colliers International ("Colliers") performed a valuation of the entire portfolio. Current economic conditions negatively affected portfolio land values but due to the conservative valuation methodology for the majority of the land portfolio, which is not based for the majority of the land portfolio on project development expectations or future cashflow forecasts, the impact of the fall in valuation was limited. The Company's reported NAV position, also taking into account the effect of €62.5 million invested in share buybacks, has seen a 12% decrease since the 2007 year end (€1,493 million before DITL versus €1,691 million).

NAV growth during 2008 was broadly driven by:

- Revaluation gains from zoning and permitting process for Kilada Hills, Seascape Hills, Lavender Bay and Livka Bay;
- Acquisition of a 60% shareholding in Pearl Island in Panama;
- A series of new land acquisitions in Sitia Bay, Kilada Hills, Lavender Bay, Seascape Hills, Eagle Pine, Livka Bay and Playa Grande;
- The acquisition of an additional 27% stake in Playa Grande; and
- Interest income.

NAV decline during 2008 was broadly driven by:

- A 9% devaluation of the Aristo land and 7% devaluation of the non-Aristo land;
- Project permitting and pre-development expenses;
- Share buyback invested amounts; and
- Regular fixed Dolphin corporate and management fees.

NAV growth per share was driven by:

- A 32% depreciation of Pound Sterling versus Euro; and
- A reduction in shares outstanding due to the share buybacks.

	€	**£**	**Uplift since 31 December 2007**	**Uplift since 30 June 2008**
Total NAV before DITL (millions)	1,493	1,454	17%	9%
Total NAV after DITL (millions)	1,344	1,309	17%	9%
NAV per share before DITL	3.02	294p	30%	20%
NAV per share after DITL	2.72	265p	29%	21%

Notes:

1. *GBP/Euro rate of 0.97404 as at 31 December 2008.*
2. *NAV per share has been calculated on the basis of* 494,596,141 issued shares *(excluding treasury shares purchased in 2008) as at 31 December 2008.*
3. *Increase in Total NAV before/after DITL has been adversely affected by the €62.5 million share buyback invested amounts.*

The over-performance warrants granted to DCP and relating to NAV growth during 2008 did not result in any shares being issued given that the hurdle rate of 30% growth in Euro terms was not met. There are no further over-performance warrants for 2009.

As always, the NAV figures do not take into account the potential payment of the Investment Manager's performance fee, calculated as 20% of the net realised cash profits from each project only after achieving a hurdle of 8% annual compounded return. Based on the 31 December 2008 NAV, the performance fee that would be payable (assuming that the whole portfolio was sold at NAV) was €117 million. Finally, the reported DITL of €150 million were calculated based on the current fair market value of the land acquired as reported by Colliers, and are applicable only in the event of a direct sale of land or assets. The sale of land is anticipated to take effect through the sale of shares of the holding SPVs and, as such, most of the DITL are not expected to materialize or become payable. The NAV before DITL is therefore considered by Investment Manager as the more representative figure.

Aristo Proforma Financials

Aristo's proforma consolidated income statement (adjusted to exclude gains/losses from revaluation and negative goodwill from acquisitions) for the twelve-month periods ending 31/12/2008 and 31/12/2007 is as follows:

	Twelve months to 31/12/2008	**Twelve months to 31/12/2007**
	In €	In €
Turnover (Units delivered)	84,922,933	132,230,577
Cost of Sales	(50,470,663)	(68,658,481)
Gross Profit	34,452,270	63,572,096
Other Income	2,754,692	2,760,376
Administration expenses	(22,559,435)	(17,214,548)
Selling expenses	(9,253,559)	(11,195,696)
Profit from operating activities	5,393,968	37,922,228
Net financing expenses	(14,763,031)	(8,494,822)
Profit from investing activities	19,769,809	215,718
Share of loss from associated companies	38,900	(11,864)
Profit before tax	10,439,646	29,631,260
Tax	(2,138,310)	(3,983,288)
Profit after tax	8,301,336	25,647,972

Operating profits for the year ended 31 December of 2008 was reduced as compared to 31 December 2007 due to reduced unit deliveries and higher administrative expenses incurred as a consequence of restructuring efforts.

Operating profit for 2008 is not reflected in Dolphin's current NAV since it principally results from a disposal of land already accounted for in fair value upon the Company's acquisition of Aristo.

A solid asset base despite tough trading conditions

The Company's total asset base amounts to approximately €2.18 billion with minimal gearing of only €376 million (including €10 million finance lease obligations), all of which is non-recourse at the Company level.

The fair market value of Dolphin's entire real estate portfolio (both freehold and leasehold interests) as at 31 December 2008 was valued by Colliers at €1,957 million, assuming 100% ownership. After deducting minority interests of €166 million and other net liabilities of €464 million, the fair market value of Dolphin's real estate assets amounts to €1,327 million.

Current assets are €554 million. Excluding Trading Properties of €340 million which are included in the real estate portfolio, the balance is made up of €166 million of cash and €48 million of other receivables.

Company's liabilities total €667 million, including €150 million of DITL (which as already explained above the Investment Manager believes are unlikely to materialise) as well as €376 million of interest-bearing loans and finance lease obligations. From the total Group debt, and taking into account the loan restructuring that has already been achieved in 2009, €46 million comprises revolving overdraft facilities, €36 million principal repayment obligations scheduled for 2009 and 2010 and the remaining €294 comprises long term debt obligations. There are also €141 million of other payables, comprising €83 million advances from customers relating to contractual construction works in progress and €24 million of deferred land payments.

The reduction in the NAV after DITL resulted to an accounting loss of €120 million for the year ended 31 December 2008 implying a loss per share figure of €0.23.

The consolidated financial statements have been audited by KPMG.

Cash management
The Company has placed the majority of the cash reserves into short-term fixed deposit accounts across a large number of financial institutions in order to proactively diversify the bank credit risk, and at the same time to expand its banking relationships whilst taking advantage of high deposit rate packages.

Panos Katsavos
Finance Director
Dolphin Capital Partners
17 March 2009

Consolidated Income Statement
For the year ended 31 December 2008

	Note	31 December 2008 €'000	31 December 2007 €'000
Gain on disposal of investment in subsidiary	26	2,921	-
Valuation (loss)/gain on investment property	11	(112,621)	446,875
Gain on disposal of investment property		1,574	-
Result from investment in equity accounted investees		(909)	447
Other net operating profits		12,560	19,780
Total operating (losses)/profits		(96,475)	467,102
Investment manager fees	25.2	(18,212)	(12,902)
Management incentive fees	25.5	-	(73,468)
Personnel cost	7	(15,374)	(3,313)
Depreciation charge	12	(2,886)	(1,014)
Professional fees		(9,471)	(10,390)
Selling and promotional expenses		(9,550)	(5,633)
Administrative and other expenses		(15,835)	(10,722)
Total operating and other expenses		(71,328)	(117,442)
Results from operating activities		(167,803)	349,660
Financial income	8	15,488	12,306
Financial expense	8	(27,367)	(9,366)
Net financial (cost)/income		(11,879)	2,940
Goodwill written off	26	(5,538)	-
Excess of fair value over cost arising on acquisitions	26	37,232	358,341
Impairment of trading properties	13	(5,093)	-
Impairment of property, plant and equipment	12	(3,392)	-
Total net non-operating profits		23,209	358,341
(Loss)/profit before taxation		(156,473)	710,941
Taxation	9	19,359	(31,284)
(Loss)/profit for the year		(137,114)	679,657
Attributable to:			
Equity holders of the Company		(119,535)	574,483
Minority interest		(17,579)	105,174
(Loss)/profit for the year		(137,114)	679,657
Basic earnings per share (€)	10	**(0.23)**	**1.33**
Fully diluted earnings per share (€)	10	**(0.23)**	**1.24**

Consolidated Balance Sheet
As at 31 December 2008

	Note	31 December 2008 €'000	31 December 2007 €'000
Assets			
Investment property	11	1,531,398	1,549,034
Property, plant & equipment	12	72,836	52,233
Investments in equity accounted investees	14	12,664	9,594
Goodwill	26	628	600
Deferred tax asset	20	2,966	2,157
Other non-current assets		1,108	1,255
Total non-current assets		**1,621,600**	**1,614,873**
Trading properties	13	339,816	356,219
Loans receivable	15	5,322	550
Receivables and other assets	16	43,260	35,164
Cash and cash equivalents	17	166,080	396,910
Total current assets		**554,478**	**788,843**
Total assets		**2,176,078**	**2,403,716**
Equity			
Share capital	18	5,490	5,175
Share premium	18	833,359	833,359
Other reserves		(60,349)	630
Retained earnings		565,272	684,807
Total equity attributable to equity holders of the Company		1,343,772	1,523,971
Minority interest		165,606	200,112
Total equity		**1,509,378**	**1,724,083**
Liabilities			
Interest-bearing loans	19	278,780	222,624
Finance lease obligations	21	9,192	8,875
Deferred tax liability	20	149,570	167,241
Other non-current liabilities	22	21,483	20,271
Total non-current liabilities		**459,025**	**419,011**
Interest-bearing loans	19	87,438	64,957
Finance lease obligations	21	315	259
Trade and other payables	23	118,728	193,960
Tax payable		1,194	1,446
Total current liabilities		**207,675**	**260,622**
Total liabilities		**666,700**	**679,633**
Total equity & liabilities		**2,176,078**	**2,403,716**
Net asset value per share (€ per share)	24	**2.72**	**2.94**
Diluted net asset value per share (€ per share)	24	**2.72**	**2.78**

Consolidated Statement of Changes in Equity
For the year ended 31 December 2008

	Share capital €'000	Share premium €'000	Reserve for own shares €'000	Revaluation reserve €'000	Translation reserve €'000	Retained earnings €'000	Total €'000	Minority interest €'000	Total equity €'000
Balance at 1 January 2007	3,395	395,335	-	-	-	110,324	509,054	31,898	540,952
Shares issued	1,780	448,220	-	-	-	-	450,000	-	450,000
Placing costs	-	(10,196)	-	-	-	-	(10,196)	-	(10,196)
Profit for the year	-	-	-	-	-	574,483	574,483	105,174	679,657
Minority interest on acquisitions	-	-	-	-	-	-	-	57,841	57,841
Minority interest on capital increases of subsidiaries	-	-	-	-	-	-	-	5,565	5,565
Dividends declared	-	-	-	-	-	-	-	(438)	(438)
Foreign currency translation difference	-	-	-	-	630	-	630	72	702
Balance at 31 December 2007	**5,175**	**833,359**	**-**	**-**	**630**	**684,807**	**1.523,971**	**200,112**	**1,724,083**
Balance at 1 January 2008	5,175	833,359	-	-	630	684,807	1.523,971	200,112	1,724,083
Shares issued	315	-	-	-	-	-	315	-	315
Own shares acquired	-	-	(62,479)	-	-	-	(62,479)	-	(62,479)
Loss for the year	-	-	-	-	-	(119,535)	(119,535)	(17,579)	(137,114)
Minority interest on acquisitions	-	-	-	-	-	-	-	(19,962)	(19,962)
Minority interest on capital increases of subsidiaries	-	-	-	-	-	-	-	4,075	4,075
Minority interest on disposals of subsidiary	-	-	-	-	-	-	-	(1,446)	(1,446)
Revaluation of property, plant and equipment, net of tax	-	-	-	268	-	-	268	47	315
Foreign currency translation difference	-	-	-	-	1,232	-	1,232	359	1,591
Balance at 31 December 2008	**5,490**	**833,359**	**(62,479)**	**268**	**1,862**	**565,272**	**1,343,772**	**165,606**	**1,509,378**

Consolidated Statement of Cash Flows
For the year ended 31 December 2008

	31 December 2008 €'000	31 December 2007 €'000
Operating activities		
(Loss)/profit for the year	(137,114)	679,657
Adjustments for:		
Valuation loss/(gain) on investment property	112,621	(446,875)
Loss/(gain) on revaluation of investments at fair value through profit or loss	371	(216)
Gain on disposal of investment in subsidiary	(2,921)	-
Result from investment in equity accounted investee	909	(447)
Excess of fair value over cost arising on acquisitions	(37,232)	(358,341)
Goodwill written off	5,538	-
Impairment of property, plant and equipment	3,392	-
Impairment of trading properties	5,093	-
Depreciation charge	2,886	1,014
Exchange difference	1,055	702
Taxation	(19,359)	31,284
Interest income	(12,027)	(11,921)
Interest expense	21,086	8,068
Operating loss before changes in working capital	**(55,702)**	**(97,075)**
Increase in receivables and other assets	(8,391)	(28,633)
Increase in finance lease obligations	373	4,432
Increase in other non-current liabilities	1,202	12,318
Decrease/(increase) in trade and other payables	(75,232)	115,233
Cash (used in)/generated from operations	**(137,750)**	**6,275**
Interest paid	(21,086)	(8,068)
Interest received	12,027	11,921
Tax paid	(3,295)	(1,072)
Cash (used in)/generated from operating activities	**(150,104)**	**9,056**
Investing activities		
Acquisition of subsidiaries net of cash acquired	(26,602)	(278,204)
Net proceeds from disposal of subsidiary	4,052	-
Proceeds from disposal of investment in equity accounted investee	8,400	-
Investments in equity accounted investees	(12,549)	-
(Increase)/decrease in loans receivable	(4,772)	5,950
Net acquisitions in investment property	(71,056)	(159,181)
Net acquisitions in property, plant and equipment	(2,987)	(15,085)
Net (increase)/decrease in trading properties	(2,412)	14,718
Cash flows used in investing activities	**(107,926)**	**(431,802)**
Financing activities		
Proceeds from the issue of share capital	315	450,000
Payment of placing costs	-	(10,196)
Own shares acquired	(62,479)	-
Funds received from minority shareholders	4,075	5,565
Increase in interest-bearing loans	62,480	58,391
Dividends paid	-	(438)
Cash flows from financing activities	**4,391**	**503,322**
Net (decrease)/increase in cash and cash equivalents	(253,639)	80,576
Cash and cash equivalents at the beginning of the year	373,505	292,929
Cash and cash equivalents at the end of the year	**119,866**	**373,505**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of the following:

Cash in hand and at bank (see note 17)	166,080	396,910
Bank overdrafts (see note 19)	(46,214)	(23,405)
Cash and cash equivalents	**119,866**	**373,505**

Notes to the Consolidated Financial Statements

1. General information

Dolphin Capital Investors Limited (the "Company") was incorporated and registered in the British Virgin Islands on 7 June 2005. The Company is a real estate investment company focused on the early-stage, large scale leisure-integrated residential resorts in south-east Europe, and managed by Dolphin Capital Partners Limited (the "Investment Manager"), an independent private equity management firm that specialises in real estate investments primarily in south-east Europe.

The shares of the Company were admitted to trading on the AIM market of the London Stock Exchange ("AIM") on 8 December 2005. The consolidated financial statements of the Company for the year ended 31 December 2008 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group").

The average number of employees employed by the Group during the year was 538 (2007: 529 employees).

The consolidated financial statements were authorised for issue by the directors on 16 March 2009.

2. Basis of preparation

a. Statement of compliance

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

b. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, with the exception of property (trading properties, only on a business combination) and investments at fair value through profit or loss, which are stated at their fair values.

c. Adoption of new and revised IFRSs

During the current year, the Group adopted all the new and revised IFRSs that are relevant to its operations and are effective for accounting periods beginning on 1 January 2008. This adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these consolidated financial statements, the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

<u>(i) Standards and Interpretations adopted by the EU</u>

- Improvements to IFRSs – 2008 (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IFRS 1: "First Time Adoption of IFRSs", and International Accounting Standard ("IAS") 27 "Consolidated and Separate Financial Statements", on the "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate" (effective for annual periods beginning on or after 1 January 2009).
- Amendment to IFRS 2: "Share Based Payments: Vesting Conditions and Cancellations" (effective for annual periods beginning on or after 1 January 2009).
- IFRS 8: "Operating Segments" (effective for annual periods beginning on or after 1 January 2009).
- IAS 1 (revised): "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2009).
- IAS 23 (revised): "Borrowing Costs" (effective for annual periods beginning on or after 1 January 2009).
- Amendments to IAS32: "Financial Instruments – Presentation" and to IAS1: "Presentation of Financial Statements" on the "Puttable Financial Instruments and Obligations Arising on Liquidation" (effective for annual periods beginning on or after 1 January 2009).
- International Financial Reporting Interpretation Committee (IFRIC)13: "Customer Loyalty Programmes" (effective for annual periods beginning on or after 1 July 2008).

<u>(ii) Standards and Interpretations not adopted by the EU</u>

- IFRS 1 (revised): "First Time Adoption of IFRSs" (effective for annual periods beginning on or after 1 January 2009).
- IFRS 3 (revised): "Business Combinations" (effective for annual periods beginning on or after 1 July 2009).
- IAS 27 (revised): "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2009).
- Amendment to IAS39: "Financial Instruments: Recognition and Measurement", on the "Eligible Hedged Items" (effective for annual periods beginning on or after 1 July 2009).
- Amendment to IAS39: "Financial Instruments: Recognition and Measurement", on the "Reclassification of Financial Assets" (effective for annual periods beginning on or after 1 July 2008).

<u>(ii) Standards and Interpretations not adopted by the EU</u> (cont.)

- IFRIC 15: “Agreements for the Construction of Real Estate” (effective for annual periods beginning on or after 1 January 2009).
- IFRIC 16: “Hedges of a Net Investment in a Foreign Operation” (effective for annual periods beginning on or after 1 October 2008).
- IFRIC 17: “Distributions of Non-Cash Assets to Owners” (effective for annual periods beginning on or after 1 July 2009).
- IFRIC 18: “Transfers of Assets from Customers” (effective for annual periods beginning on or after 1 July 2009).

The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the consolidated financial statements of the Group, except from the application of IAS1 (revised): “Presentation of Financial Statements”, which will have a material effect on the presentation of the consolidated financial statements.

d. Use of estimates and judgments

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

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

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

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

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

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

- **Fair value of property**
  An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group’s investment property every six months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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

- **Impairment of goodwill**
  Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

e. Functional and presentation currency

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

3. Determination of fair values

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

Property, plant and equipment
The fair value of land and buildings classified as property, plant and equipment is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of land and buildings classified as property, plant and equipment is based on the appraisal reports provided by independent property valuers.

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

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

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

Trading properties
The fair value of trading properties acquired in a business combination is determined based on their estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the trading properties.

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

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

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

4. Significant company holdings

As at 31 December 2008, the Group's most significant company holdings were the following:

Name	Country of incorporation	Shareholding Interest
Scorpio Bay Holdings Limited	Cyprus	100.00%
Scorpio Bay Resorts S.A.	Greece	100.00%
Latirus Enterprises Limited	Cyprus	79.66%
Iktinos Techniki Touristiki S.A.	Greece	77.74%
Xscape Limited	Cyprus	100.00%
Golfing Developments S.A.	Greece	100.00%
MindCompass Overseas Limited	Cyprus	100.00%
MindCompass Overseas S.A.	Greece	100.00%
MindCompass Overseas Two S.A.	Greece	100.00%
MindCompass Parks S.A.	Greece	100.00%
Ergotex Services Company Limited	Cyprus	100.00%
D.C. Apollo Heights Polo and Country Resort Limited	Cyprus	100.00%
Symboula Estates Limited	Cyprus	100.00%
DolphinCI Fourteen Limited	Cyprus	100.00%
Eidikou Skopou Dekatessera S.A.	Greece	100.00%
Eidikou Skopou Dekaokto S.A.	Greece	100.00%
Portoheli Hotel and Marina S.A.	Greece	100.00%
DCI Holdings Two Limited	BVIs	84.74%
Dolphin Capital Atlantis Limited	Cyprus	84.74%
Aristo Developers plc	Cyprus	84.74%
Single Purpose Vehicle Twelve Limited	Cyprus	84.74%
Single Purpose Vehicle Eighteen Limited	Cyprus	84.74%
Single Purpose Vehicle Nineteen Limited	Cyprus	84.74%
Athiari Commercial (Paphos) Limited	Cyprus	42.37%
Athiari Residential (Paphos) Limited	Cyprus	42.37%
Azurna Uvala D.o.o.	Croatia	100.00%
Eastern Crete Development Company (Greece) S.A.	Greece	60.00%
DolphinLux 1 S.a.r.l.	Luxemburg	100.00%
DolphinLux 2 S.a.r.l.	Luxemburg	100.00%
Pasakoy Yapi ve Turizm A.S.	Turkey	100.00%
Kalkan Yapi ve Turizm A.S.	Turkey	95.30%
DCI Holdings Five Limited	BVIs	100.00%
DCI Holdings Four Limited	BVIs	96.62%
DCI Holdings Seven Limited	BVIs	96.62%
Playa Grande Holdings Inc.	Dominican Republic	96.62%
Single Purpose Vehicle Eight Limited	Cyprus	100.00%
Eidikou Skopou Dekapente S.A.	Greece	100.00%

Single Purpose Vehicle Ten Limited	Cyprus	100.00%
Eidikou Skopou Eikosi Tessera S.A.	Greece	100.00%
Pearl Island Limited S.A.	Panama Republic	60.00%
Zoniro (Panama) S.A.	Panama Republic	60.00%

5. Significant accounting policies

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

5.1 Subsidiaries

Subsidiaries are those entities, including special purpose entities, controlled by the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

5.2 Transactions eliminated on consolidation

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

5.3 Excess of fair value over cost arising on acquisition of subsidiaries

If the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of a business combination, the Group reassesses the identification and measurement of the Group’s identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination, and recognises immediately in the consolidated income statement any excess remaining after the reassessment.

5.4 Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the fair value of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisitions of associates is included in "investments in equity accounted investees". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

5.5 Associates and jointly controlled entities

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

5.6 Investment property

Investment properties are those which are held either to earn rental income or for capital appreciation or both. Investment properties are stated at fair value. Any gain or loss arising from a change in fair value is recognised in the consolidated income statement.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value. Lease payments are accounted for as described in accounting policy 5.10.

5.7 Property, plant and equipment

Land and buildings are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to fair value reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the consolidated income statement.

The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and appropriate proportion of production overheads.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Freehold land is not depreciated. The annual rates of depreciation are as follows:

Buildings	3%
Machinery and equipment	10% - 33 1/3 %
Motor vehicles and other	10% - 20%

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

5.8 Trading properties

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

5.9 Work in progress

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

5.10 Leased assets

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

5.11 Loans, trade and other receivables

Loans, trade and other receivables are stated at their cost less impairment losses (see accounting policy 5.22).

5.12 Financial assets at fair value through profit or loss

The Group classifies its investments in equity securities as financial assets at fair value through profit or loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every balance sheet date. This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in the held for trading category if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date. Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in the consolidated income statement in the period in which they arise.

5.13 Cash and cash equivalents

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

5.14 Share capital and premium

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

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

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

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

5.18 Trade and other payables
Trade and other payables are stated at their cost.

5.19 Prepayments from clients
Payments received in advance on development contracts for which no revenue has been recognised yet, are recorded as prepayments from clients as at the balance sheet date and carried under creditors. Payments received in advance on development contracts for which revenue has been recognised, are recorded as prepayments from clients to the extent that they exceed revenue that was recognised in the consolidated income statement as at the balance sheet date.

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

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

5.22 Impairment
The carrying amounts of the Group's assets, other than investment property (see accounting policy 5.6) and deferred tax assets (see accounting policy 5.30), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. The recoverable amount is the greater of the net selling price and value in use of an asset. In assessing value in use of an asset, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

5.23 Revenue recognition
Revenue comprises the invoiced amount for the sale of goods and services net of Value Added Tax, rebates and discounts. Revenues earned by the Group are recognised on the following bases:

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

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

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

5.24 Finance income and expenses

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

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets.

The interest expense component of finance lease payments is recognised in the consolidated income statement using the effective interest method.

5.25 Foreign currency translation

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

5.26 Foreign operations

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

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

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

5.27 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

5.28 Earnings per share

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

5.29 Net asset value per share

The Group presents net asset value per share by dividing the total equity attributable to equity holders of the Company by the number of shares outstanding as at the balance sheet date.

5.30 Income tax

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

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

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

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

5.31 Comparatives

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

6. Segment reporting

The Group has one business and geographical segment focusing on achieving capital growth through investing in residential resort developments primarily in south-east Europe.

7. Personnel cost

	From 1 January 2008 to 31 December 2008		From 1 January 2007 to 31 December 2007	
	Operating expenses €'000	Construction in progress €'000	Operating expenses €'000	Construction in progress €'000
Wages and salaries	13,200	2,318	2,850	828
Compulsory social security contributions	1,564	824	302	194
Contributions to defined contribution plans	450	111	119	30
Other personnel costs	160	54	42	14
Total	**15,374**	**3,307**	**3,313**	**1,066**

Personnel cost in relation to operating expenses is expensed in the consolidated income statement and the personnel cost in relation to construction in progress is capitalised on the specific projects and transferred to the consolidated income statement when the specific property is disposed off.

8. Net financial (cost)/income

	From 1 January 2008 to 31 December 2008 €'000	From 1 January 2007 to 31 December 2007 €'000
Interest income	12,027	11,921
Fair value adjustment on investments at fair value through profit or loss	-	216
Exchange difference	3,461	169
Financial income	15,488	12,306
Interest expense	(21,086)	(8,068)
Fair value adjustment on investments at fair value through profit or loss	(372)	-
Bank charges	(1,563)	(498)
Exchange difference	(4,346)	(800)
Financial expenses	(27,367)	(9,366)
Net financial (cost)/income	**(11,879)**	**2,940**

9. Taxation

	From 1 January 2008 to 31 December 2008 €'000	From 1 January 2007 to 31 December 2007 €'000
Corporate income tax	2,912	2,375
Deferred tax income	(22,572)	(1,100)
Defence tax expense	131	77
Share of tax on equity accounted investees	170	-
Total	(19,359)	31,284

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

The profits of the Cypriot companies of the Group are subject to a corporation tax rate of 10% on their total taxable profits. Losses of Cypriot companies are carried forward to reduce future profits without limits and without being subject to any tax rate. In addition, the Cypriot companies of the Group are subject to a special contribution of 10% on their interest income and a 3% special contribution on rental income.

In Greece, the corporation tax rate is 25% (2007: 25%). Tax losses of Greek companies are carried forward to reduce future profits for a period of five years. A new Greek tax law has been enacted whereby the Greek corporate tax rates will be progressively reduced annually by 1%, reducing the corporate tax rates from 25% to 20% by 2014. In Turkey, the corporation tax rate is 20%. Tax losses of Turkish companies are carried forward to reduce future profits for a period of five years. In Croatia, the corporation tax rate is 20%. Tax losses of Croatian companies are carried forward to reduce future profits for a period of five years.

The Group's subsidiary in the Dominican Republic expects to be granted a 100% exemption on local and municipal taxes for a period of 10 years by the Dominican Republic's CONFOTUR (Tourism Promotion Council). In the Republic of Panama, the corporation tax rate is 30% and the capital gains tax rate is 10%. Tax losses of companies in the Republic of Panama are carried forward to reduce future profits in the next five taxable years.

10. Earnings per share

Basic earnings per share

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

	From 1 January 2008 to 31 December 2008 '000	From 1 January 2007 to 31 December 2007 '000
(Loss)/profit attributable to equity holders of the Company (€)	(119,535)	574,483
Number of weighted average common shares outstanding	520,364	431,163
Basic (loss)/earnings per share (€ per share)	**(0.23)**	**1.33**

Weighted average number of common shares outstanding

	31 December 2008 '000	31 December 2007 '000
Outstanding common shares at the beginning of the year	517,501	339,460
Effect of shares issued during the year	24,384	91,703
Effect of own shares acquired	(21,521)	-
Weighted average number of common shares at the end of the year	**520,364**	**431,163**

Diluted earnings per share
Diluted earnings per share is calculated by adjusting the number of common shares outstanding to assume conversion of all dilutive potential shares. The Company has one category of dilutive potential common shares: warrants. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the warrants.

	From 1 January 2008 to 31 December 2008 ’000	From 1 January 2007 to 31 December 2007 ’000
(Loss)/profit attributable to equity holders of the Company (€)	(119,535)	574,483
Weighted average number of common shares outstanding	520,364	431,163
Effect of potential conversion of warrants	-	31,535
Weighted average number of common shares for diluted earnings per share	520,364	462,698
Fully diluted (loss)/earnings per shares (€ per share)	**(0.23)**	**1.24**

11. Investment property

	31 December 2008 €’000	31 December 2007 €’000
At beginning of year	1,549,034	278,017
Additions through:		
direct acquisitions	97,155	159,748
acquisition of subsidiary companies (see note 26)	42,570	634,791
Transfer (to)/from property, plant and equipment	(32,962)	30,170
Net transfers from trading property	11,200	-
Disposals	(26,099)	(567)
Exchange difference	3,121	-
	1,644,019	1,102,159
Fair value adjustment	(112,621)	446,875
At end of year	**1,531,398**	**1,549,034**

12. Property, plant and equipment

2008	Land & buildings €’000	Machinery & equipment €’000	Other €’000	Total €’000
Cost at beginning of year	51,747	9,756	2,525	64,028
Additions through:				
Direct acquisitions	608	2,349	913	3,870
Transfers from investment property	32,962	-	-	32,962
Disposals through:				
Direct disposal of property, plant and equipment	(1,189)	(894)	(332)	(2,415)
Disposal of subsidiary company (see note 26)	(11,140)	(612)	(18)	(11,770)
Revaluation adjustment	350	-	-	350
Impairment	(3,392)	-	-	(3,392)
Exchange difference	334	-	-	334
Cost at end of year	70,280	10,599	3,088	83,967
Depreciation at beginning of year	4,813	5,061	1,921	11,795
Disposals through:				

Direct disposal of property, plant and equipment	-	(1,067)	(320)	(1,387)
Disposal of subsidiary company (see note 26)	(1,763)	(443)	(15)	(2,221)
Exchange difference	58	-	-	58
Charge for the year	1,589	1,022	275	2,886
Depreciation at end of year	4,697	4,573	1,861	11,131
Carrying amount	**65,583**	**6,026**	**1,227**	**72,836**

2007				
Cost at beginning of year	-	265	3	268
Additions through:				
Direct acquisitions	13,554	1,398	133	15,085
Acquisition of subsidiary companies (see note 26)	68,363	8,093	2,389	78,845
Transfer to investment property	(30,170)	-	-	(30,170)
Cost at end of year	51,747	9,756	2,525	64,028
Depreciation at beginning of year	-	103	-	103
Additions through:				
Acquisition of subsidiary companies (see note 26)	4,424	4,463	1,791	10,678
Charge for the year	389	495	130	1,014
Depreciation at end of year	4,813	5,061	1,921	11,795
Carrying amount	**46,934**	**4,695**	**604**	**52,233**

13. Trading properties

	31 December 2008 €'000	31 December 2007 €'000
At beginning of year	356,219	19,900
Net additions/(disposals)	2,412	(14,718)
Additions through acquisition of subsidiaries (see note 26)	-	351,037
Net transfers to investment properties	(11,200)	-
Impairment	(5,093)	-
Exchange difference	(2,522)	-
At end of year	**339,816**	**356,219**

14. Investments in equity accounted investees

	Alexandra Beach Tourist Enterprises S.A. €'000	Athiari Commercial (Paphos) Limited €'000	Athiari Residential (Paphos) Limited €'000	Total €'000
Balance as at 1 January 2008	9,594	-	-	9,594
Initial cost of investment	-	1	1	2
Share of profit before tax	41	214	71	326
Share of tax	-	(126)	(44)	(170)
Long-term loans	-	9,385	3,162	12,547
Disposals	(9,635)	-	-	(9,635)
Balance as at 31 December 2008	-	9,474	3,190	12,664
Balance as at 1 January 2007	-	-	-	-
Additions through acquisition of subsidiary (see note 26)	9,147	-	-	9,147
Share of profit	447	-	-	447
Balance as at 31 December 2007	9,594	-	-	9,594

On 19 August 2008, the Group disposed of its investment in Alexandra Beach Tourist Enterprises S.A., a land-owning Greek company with a shareholding interest of 42.5%, for a consideration of €8.4 million.

The details of the remaining investments are as follows:

Name	Country of incorporation	Principal activities	Shareholding interest
Athiari Commercial (Paphos) Limited	Cyprus	Ownership and development of land	42.50%
Athiari Residential (Paphos) Limited	Cyprus	Ownership and development of land	42.50%

15. Loans receivable

In 2008, the Group entered into a loan agreement with Kemer Yapi ve Turizm A.S. ("Kemer"), the minority shareholder of Kalkan Yapi ve Turizm A.S., to provide Kemer with a US$1.2 million loan. The purpose of the loan was to provide financing to Kemer until the deal to dispose of its 100% ownership in Kemer Golf ve Turizm A.S. is completed. The loan carried interest at 5% p.a. and was secured against Kemer's 20% shareholding interest in Kemer Golf ve Turizm A.S. By the end of 2008, the loan amounting to €780 thousand was written off.

In 2008, DCI Holdings Two Limited ("DCI Two") extended two short-term loans to its shareholders, DCI and Mr. Theodoros Aristodemou ("TA"), for the amount of €30,156 (amount eliminated at the consolidated level) and €5,322 thousand, respectively, pro rata their shareholding interests in the company. The loans are expected to be repaid in 2009 by way of declaration and payment of dividends out of the retained profits of DCI Two and its subsidiaries.

In 2007, the Group entered into a loan agreement with Virtus Investments B.V. ("Virtus"), the minority shareholder of Azurna Uvala D.o.o. ("Azurna") of Livka Bay project, to provide Virtus with a €550 thousand loan at an annual interest rate of 8%. The purpose of the loan was the acquisition by Virtus of the 10% of the new share capital of Azurna. The loan was repayable in full not later than 5 February 2010 and was secured against Virtus' 10% shareholding interest in Azurna. In the event that it would have not been repaid by the due date, the Group would have the right to withhold the amount of the loan against the purchase price of the consideration of Azurna's share capital. In February 2008, the Group acquired the remaining 10% stake of Virtus in Azurna and the loan receivable was fully repaid.

16. Receivables and other assets

	31 December 2008	31 December 2007
	€'000	€'000
Trade receivables	24,793	12,994
Investment manager fee prepayments	4,325	4,295
Accrued interest receivable	754	189
Investments at fair value through profit or loss	246	617
Other prepayments	486	698
Other receivables	12,656	16,371
Total	**43,260**	**35,164**

17. Cash and cash equivalents

	31 December 2008 €'000	31 December 2007 €'000
Bank balances	44,937	191,173
Money market funds	-	45,746
Eight-days notice account	17,073	-
One-week deposit	19,161	96,642
One-month fixed deposits	5,000	33,236
Two-month fixed deposits	21,257	30,113
Three-month fixed deposits	58,652	-
Cash and cash equivalents	**166,080**	**396,910**

The average interest rate on the above bank balances for the year ended 31 December 2008 was 4,085% (as at 31 December 2007: 4.00%).

18. Share capital and premium

Authorised share capital

	'000 of shares	31 December 2008 €'000	'000 of shares	31 December 2007 €'000
Common shares of €0.01 each	2,000,000	20,000	2,000,000	20,000

Movement in share capital and premium

	'000 of shares	Share capital €'000	Share premium €'000
Capital at 1 January 2007	339,460	3,395	395,335
Shares issued from AIM third placement on 27 June 2007	178,041	1,780	448,220
Placement costs on AIM third placement	-	-	(10,196)
Capital at 31 December 2007	**517,501**	**5,175**	**833,359**

	'000 of shares	Share capital €'000	Share premium €'000
Capital at 1 January 2008	517,501	5,175	833,359
Shares issued from exercise of warrants on 24 March 2008	31,535	315	-
Capital at 31 December 2008	**549,036**	**5,490**	**833,359**

Treasury shares
During the year, the Company acquired 54,440,000 of its common shares through share buyback, thereby reducing its outstanding shares to 494,596,141. the total amount paid for the acquisition of these shares was €62,479 thousand.

Dividends

A Cypriot subsidiary of the Group, Aristo Developers plc ("Aristo"), has declared total dividends during 2007 in the amount of €13,847 thousand. Out of this amount, €438 thousand were paid to the minority shareholders of the Group.

Warrants

In conjunction with the secondary placing on 7 October 2006, the Investment Manager was granted an additional over performance incentive designed to reward the Investment Manager if the Group achieves exceptional growth in its net asset value during the period from the date of the Placing to 31 December 2007. The achievement of this additional incentive is predicated upon the Group's net asset value growth over this period out-performing a hurdle rate of 30% (the 'Super Hurdle'). In the event of this over performance, the Investment Manager will be granted the right to subscribe (at par value of €0,01) for such number of further common shares as equals 10% of the value of the net asset value growth over the Super Hurdle divided by €1.34. The Investment Manager has agreed that any common shares subscribed for pursuant to the Warrant Proposal will be subject to a lock-up requirement for a period of two years from the date of subscription. The Company and the Investment Manager have agreed to vary the Over-performance Warrant Deed by increasing the Super Hurdle to include the gross proceeds of the third fund raising multiplied by 1.11, which results in the equivalent of the 30% original Super Hurdle for the remaining period.

Pursuant to the above-mentioned Warrant-Deed, the Investment Manager has exercised its rights to 31,535,149 new common shares of €0.01 each in the capital of the Company with effect from 24 March 2008. The new common shares rank pari passu with the existing common shares of the Company.

In addition, the Company and the Investment Manager have agreed a further variation to the Over-Performance Warrant Deed under which, for the period from 1 January 2008 to 31 December 2008, the Investment Manager is to be granted a further one-off over-performance warrant entitlement to reward exceptional growth. The hurdle for the 2008 Warrant Deed is the net asset value per common share on 31 December 2007 multiplied by 1.3 (the "Second Super Hurdle"). In the event that this Second Super Hurdle is met, the Investment Manager would be granted the right to subscribe (at par value of €0.01) for such number of further common shares as equals 10% of the excess net asset value achieved by the Group by the end of 2008 divided by net asset value per common share on 31 December 2007 multiplied by 1.3. These new common shares subscribed for would be subject to the same lock-up requirement as for the common shares subscribed for under the initial Warrant Grant. The Investment Manager is not entitled to new warrants as the Second Super Hurdle was not met.

19. Interest-bearing loans

	Total		Bank overdrafts		Within one year		Within two to five years		More than five years	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans in euro	297,909	115,062			38,303	14,806	217,031	6,657	42,575	93,599
Loans in Cyprus pounds	-	126,191			-	24,817	-	75,155	-	26,219
Loans in United States dollars	22,095	22,923			2,921	1,929	10,997	11,397	8,177	9,597
Bank overdrafts in Cyprus pounds	-	23,405	-	23,405	-	-	-	-	-	-
Bank overdrafts in euro	46,214	-	46,214	-	-	-	-	-	-	-
Total	**366,218**	**287,581**	**46,214**	**23,405**	**41,224**	**41,552**	**228,028**	**93,209**	**50,752**	**129,415**

Interest rates

As at 31 December 2008, the Group's interest-bearing loans had the following interest rates:

- Loans in euro were based on Euribor and their margins ranged between 0.95% to 3.45%.
- Bank overdrafts in euro bore an average interest rate of 5.50%.
- Loans in United States dollars were based on Libor and their margins ranged between 2% to 3%.

As at 31 December 2007, the Group's interest-bearing loans had the following interest rates:

- Loans in euro were based on Euribor and their margins ranged between 0.95% to 2.25%.
- Loans in Cyprus pounds bore average interest rates that ranged between 5.75% to 6.17%.
- Bank overdrafts in Cyprus pounds bore average interest rates that ranged between 5.50% to 6.57%.
- Loans in United States dollars bore interest rates between 6.00% to 8.46%.

Securities

As at 31 December 2008, the Group's interest-bearing loans were secured as follows:

- Mortgages against the immovable property of Aristo, pledging of shares of Aristo subsidiaries and a floating charge on Aristo's inventory in the amount of €1.7 million.
- Pledging of all the shares of DCI Two, which owns the shares in Aristo.
- Mortgages against the immovable property of the Dominican Republic's subsidiary, Playa Grande Holdings Inc. ("PGH").
- Mortgages against the immovable property of the Croatian subsidiary, Azurna and the Turkish subsidiary, Pasakoy Yapi ve Turizm A.S.

20. Deferred tax asset and liability

	31 December 2008 Deferred tax asset €'000	31 December 2008 Deferred tax liability €'000	31 December 2007 Deferred tax asset €'000	31 December 2007 Deferred tax liability €'000
Balance at the beginning of the year	2,157	(167,241)	520	(43,372)
From acquisition of subsidiaries (see note 26)	-	(4,254)	568	(93,937)
From disposal of subsidiary (see note 26)	-	391	-	-
Credit/(charge) in the consolidated income statement	1,041	21,531	1,100	(29,932)
Exchange difference and other	(232)	3	(31)	-
Balance at the end of the year	**2,966**	**(149,570)**	**2,157**	**(167,241)**

Deferred tax assets and liabilities are attributable to the following:

	31 December 2008 Deferred tax asset €'000	31 December 2008 Deferred tax liability €'000	31 December 2007 Deferred tax asset €'000	31 December 2007 Deferred tax liability €'000
Revaluation of investment property	-	(121,443)	-	(137,475)
Revaluation of trading property (on acquisition of subsidiaries)	-	(17,346)	-	(22,830)
Revaluation of property, plant and equipment	-	(10,574)	-	(6,936)
Tax losses	2,966	(207)	2,157	-
Total	**2,966**	**(149,570)**	**2,157**	**(167,241)**

21. Finance lease obligations

	31 December 2008			31 December 2007		
	Principal €'000	Interest €'000	Future minimum lease payments €'000	Principal €'000	Interest €'000	Future minimum lease payments €'000
Less than one year	315	471	786	259	523	782
Between two and five years	1,357	1,786	3,143	1,094	2,257	3,351
More than five years	7,835	5,246	13,081	7,781	5,318	13,099
Total	**9,507**	**7,503**	**17,010**	**9,134**	**8,098**	**17,232**

22. Other non-current liabilities

	31 December 2008 €'000	31 December 2007 €'000
Land creditors	20,986	20,035
Other non-current liabilities	497	236
Total	**21,483**	**20,271**

23. Trade and other payables

	31 December 2008 €'000	31 December 2007 €'000
Trade payables	9,381	11,860
Amount due to customers for contract work	82,868	67,386
Land creditors	1,309	14,308
Investment manager fee payable	516	-
Incentive fee payable	-	73,468
Other payables and accrued expenses	24,654	26,938
Total	**118,728**	**193,960**

24. Net asset value per share

	31 December 2008 '000	31 December 2007 '000
Total equity attributable to equity holders of the Company (€)	1,343,772	1,523,971
Number of common shares outstanding at end of year	494,596	517,501
Net asset value per share (€ per share)	**2.72**	**2.94**
Number of common shares outstanding at end of year	494,596	517,501
Effect of potential conversion of warrants	-	31,535
	494,596	549,036
Diluted net asset value per share (€ per share)	**2.72**	**2.78**

25. Related party transactions

25.1 Directors of the Company

Miltos Kambourides is the founder and managing partner of the Investment Manager.

The interests of the Directors, all of which are beneficial, in the issued share capital of the Company as at 31 December 2008 were as follows:

	Shares '000
Miltos Kambourides (indirect holding)	44,073
Nicholas Moy	50
Roger Lane - Smith	60
Andreas Papageorghiou	5

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

25.2 Investment Manager fees

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

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

In addition, the Company shall reimburse the Investment Manager for any professional fees or other costs incurred on behalf of the Company at its request for services or advice. Management fees for the year ended 31 December 2008 amounted to €17,180 thousand (2007: €12,902 thousand).

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

(i) the total cost of the investment; plus
(ii) a hurdle amount equal to an annualised percentage return of 8% compounded for each year or fraction of a year during which such investment is held (the "Hurdle"); plus
(iii) a sum equal to the amount of any realised losses and/or write-downs in respect of any other investment which has not already been taken into account in determining the Investment Manager's entitlement to a performance fee.

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

(i) first, 60% to the Investment Manager and 40% to the Company until the Investment Manager shall have received an amount equal to 20% of such profits; and
(ii) second, 80% to the Company and 20% to the Investment Manager,

such that the Investment Manager shall receive a total performance fee equivalent to 20% of the net realised cash profits.

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

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

Escrow	**Terms**
Up to €109 million returned	50% of overall performance fee held in escrow
Up to €109 million plus the cumulative hurdle returned	25% of any performance fee held in escrow
After the return of €409 million post-hurdle, plus the return of 50% of €450 million post-hurdle	All performance fees released from escrow

Clawback
If on the earlier of (i) disposal of the Company's interest in a relevant investment or (ii) 1 August 2015, the proceeds realised from that investment are less than the Relevant Investment Amount, the Investment Manager shall pay to the Company an amount equivalent to the difference between the proceeds realised and the Relevant Investment Amount. The payment of the clawback is subject to the maximum amount payable by the Investment Manager not exceeding the aggregate performance fees (net of tax) previously received by the Investment Manager in relation to other investments.

Performance fees for the year ended 31 December 2008 amounted to €1.032 thousand, out of which 50% are held in escrow in accordance with the above provisions.

25.3 Directors' remuneration

Each director is paid €15 thousand p.a., except for Mr. Roger Lane-Smith who is paid €45 thousand p.a. and Messrs Achilleoudis and Kambourides who have waived their fees. Total fees and expenses paid to the Directors for the year ended 31 December 2008 and 2007 were as follows:

	From 1 January 2008 to 31 December 2008 €'000	From 1 January 2007 to 31 December 2007 €'000
Andreas Papageorghiou	15.0	15.0
Cem Duna	15.0	15.0
Nicholas Moy	15.0	15.0
Roger Lane - Smith	45.0	45.0
Total	**90.0**	**90.0**

25.4 Shareholder and development agreements

Shareholder agreements

DolphinLux One S.a.r.l., a subsidiary of the Group, has signed a shareholder agreement with the minority shareholders of Pasakoy Yapi ve Turizm A.S. Under its current terms, DolphinLux One S.a.r.l. has acquired 80% of the shares of the project Port Kundu, by paying the former majority shareholder the purchase price proportionally, given that the minority shareholder will be successful in, among others, acquiring additional specific plots. The agreement assumes drag along rights for the DolphinLux entity and tag along rights for the minority shareholder in the event of an offer for acquisition of the shares of the company. The agreement also included a put option for the other minority shareholder, under which he could exercise the right to sell his stake at a predefined price until the end of February 2008. This option was exercised during 2008.

DolphinLux Two S.a.r.l., a subsidiary of the Group, has signed a shareholder agreement with the minority shareholders of Kalkan Yapi ve Turizm A.S. Under its current terms, DolphinLux Two S.a.r.l. has acquired 60% of the shares of the project LaVanta, through participating in a share capital increase. The agreement assumes drag along rights for the DolphinLux entity and tag along rights for the minority shareholder in the event of an offer for acquisition of the shares of the company. The agreement also included a put option for one of the minority shareholders, under which he could exercise the right to sell his stake at a predefined price until the end of February 2008. This option was exercised during 2008.

DolphinCI Twenty Two Limited, a subsidiary of the Group, has signed a shareholder agreement with the minority shareholder of Eastern Crete Development Company S.A. DolphinCI Twenty Two Limited has acquired 60% of the shares of project Plaka Bay by paying the former majority shareholder the part of the purchase price upon closing and the remainder will be paid in the event the minority shareholder is successful in, among others, acquiring additional specific plots and obtaining construction permits.

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

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

Under its current terms:

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

DCI Holdings Twenty One Ltd ("DCI 21"), a subsidiary of the Group, has signed a shareholder agreement with the minority shareholder of Pedro Gonzalez Holdings I Limited. DCI 21 has acquired 60% of the shares of the project Pearl Island by paying the former majority shareholder a part of the purchase price upon closing and the remainder having been deferred to be paid in the event the minority shareholder is successful in obtaining full master plan and environmental permits.

Development agreements

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

Subject to obtaining the necessary permits, DCI Holdings Seven Limited is obliged to construct the infrastructure on the land retained by DR Beachfront Real Estate LLC (the "Seller") and to deliver to the Seller four villas designed by Aman Resorts.

Isla Pedro Gonzales S.A., a subsidiary of the Group, has signed a Development Management agreement with Zoniro Panama S.A., a subsidiary of DCI Holdings Eleven Limited ("Developer") in which the Group has a stake of 60%. Under its terms, the Developer undertakes, among others the management of permitting, construction, sale and marketing of the Pearl Island Project.

25.5 Service agreement

Following the acquisition of Aristo, a service agreement was signed by DCI One, DCI Two and TA (either directly or through a TA-owned legal entity). The latter is entitled to receive annually a net after taxes amount equal to 20% of the NAV Uplift (the "Management Incentive Fee"), which shall be created from Aristo's four potential golf-integrated residential developments (the "Relevant Projects") within Venus Rock and Eagle Pine and which shall be calculated during the Pre-development Phase of each Relevant Project, defined to start from 5 April 2007 and end on the day that the Relevant Project receives planning permission for a golf course with integrated freehold residential real-estate of 100,000 m^2.

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

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

The Current Book Value of the Relevant Projects is agreed to be the net book value as included in the audited consolidated financial statements of Aristo as at 31 December 2007.

As of 31 December 2008, no Management Incentive Fee was accrued due to the decrease in the NAV of the Relevant Projects. As of 31 December 2007, the Management Incentive Fee was €73,468 thousand.

25.6 Other related parties

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

Company or related party	€'000	Nature of transaction
Kemer Yapi ve Turism A.S.	86	Project Management Services in relation to Port Kundu Project
Kemer Yapi ve Turism A.S.	89	Financing from the former minority shareholder of LaVanta Project
Kaytas Kemer Akdeniz Yapi ve Turism A.S.	3	Project Management Services in relation to LaVanta Project
Iktinos S.A.	72	Project Management Services in relation to Sitia Project
Sunflower Invest. Corp.	18	Financing to the minority shareholder of Pearl Island Project
J&P Development S.A.	238	Project Management Services in relation to Cape Plaka Project
Blue Capital Limited	181	Financing to the minority shareholder of Playa Grande Project
Kemer Golf ve Turizm Isletmeciligi A.S.	44	Project Management Services in relation to LaVanta Project

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

26. Business combinations

During the year ended 31 December 2008, the Group acquired ownership interests in the following entities:

	Pearl Island Limited S.A. €`000 (a)	Pasakoy Yapi ve Turizm A.S. €`000 (b)	Kalkan Yapi ve Turizm A.S. €`000 (c)	Playa Grande Holdings Inc. €`000 (d)	Azurna Uvala D.o.o. €`000 (e)	Portoheli Hotel and Marina S.A. €`000 (f)	Iktinos S.A. €`000 (g)	Aristo Developers plc €`000 (h)	Total acquisitions €`000
Investment property	42,570	-	-	-	-	-	-	-	42,570
Deferred tax liability	(4,254)	-	-	-	-	-	-	-	(4,254)
Other net liabilities	(10)	-	-	-	-	-	-	-	(10)
Net assets	38,306	-	-	-	-	-	-	-	38,306
Minority interest	(15,324)	446	1,034	12,953	2,257	1,093	386	17,117	19,962
Net assets acquired	22,982	446	1,034	12,953	2,257	1,093	386	17,117	58,268
Purchase consideration	(6,623)	(195)	(1,358)	(4,473)	(7,499)	(677)	-	(5,777)	(26,602)
Excess of fair value over cost arising on acquisitions	16,359	251	-	8,480	-	416	386	11,340	37,232
Goodwill	-	-	(324)	-	(5,242)	-	-	-	(5,566)
Cash outflow on acquisitions	(6,623)	(195)	(1,358)	(4,473)	(7,499)	(677)	-	(5,777)	(26,602)

(a) Pearl Island Limited S.A.

On 9 July 2008, the Group acquired a 60% stake in Pearl Island Limited S.A., a company based in the Republic of Panama, for the amount of €6,6 million.

(b) Pasakoy Yapi ve Turizm A.S.

The Group has increased its shareholding interest in Pasakoy Yapi ve Turizm A.S. from 80.0% to 100.0%.

(c) Kalkan Yapi ve Turizm A.S.

The Group has increased its shareholding interest in Kalkan Yapi ve Turizm A.S. from 60.0% to 95.3%.

(d) PGH

The Group has increased its shareholding interest in PGH by 26,62% through the acquisition of the whole shareholding interest of one of the two minority shareholders and part of the shareholding interest of the other minority shareholder.

(e) Azurna Uvala D.o.o.

The remaining 10% in Azurna Uvala D.o.o. was acquired, increasing the Group's shareholding interest from 90% to 100%.

(f) Portoheli Hotel and Marina S.A.

The Group has increased its shareholding interest in Portoheli Hotel and Marina S.A. to 100%.

(g) Iktinos S.A.

The Group has increased its shareholding interest in Iktinos S.A., as a result of an increase in the share capital of the company.

(h) Aristo Developers plc

The Group acquired the remaining outstanding shares of its subsidiary, Aristo, and Aristo's subsidiary, Venus Rock Estates Limited.

During 2008, the Group disposed of its 51% stake in A&A Super Aphrodite Park Limited, an Aristo subsidiary:

	€000
Property, plant and equipment	(9,549)
Cash and cash equivalents	(1,124)
Interest-bearing loans	6,652
Deferred tax liability	391
Other net current assets	(71)
Net assets	(3,701)
Minority interest	1,446
Net assets disposed off	(2,255)
Proceeds on disposal	5,176
Gain on disposal	**2,921**

Cash effect on disposal:	
Proceeds on disposal	5,176
Cash and cash equivalents	(1,124)
Net cash inflow on disposal of subsidiary	**4,052**

During the year ended 31 December 2007, the Group acquired ownership interest in the following entities:

	Portoheli Hotel and Marina S.A.	Azurna Uvala D.o.o.	Aristo Developers plc	Pasakoy Yapi ve Turizm A.S.	Kalkan Yapi ve Turizm A.S.	Playa Grande Holdings Inc.	Eastern Crete Dev. S.A.	Scorpio Bay Holdings Limited	MindCompass Overseas Limited	Iktinos Techniki Touristiki S.A.	Xscape Limited	Single Purpose Vehicle One Limited	Total acquisitions
	€`000	€`000	€`000	€`000	€`000	€`000	€`000	€`000	€`000	€`000	€`000	€`000	€`000
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
Investment property	7,500	39,200	509,996	-	-	54,395	23,700	-	-	-	-	-	634,791
Property, plant and equipment	-	-	55,997	-	85	12,085	-	-	-	-	-	-	68,167
Investment in equity accounted investees	-	-	9,147	-	-	-	-	-	-	-	-	-	9,147
Deferred tax asset	3	-	-	10	535	-	20	-	-	-	-	-	568
Trading properties	-	-	330,294	12,816	7,927	-	-	-	-	-	-	-	351,037
Cash and cash equivalents	45	345	8,764	1	3	18,189	11	-	-	-	-	-	27,358
Interest-bearing loans	(510)	(13,238)	(165,585)	-	-	(22,923)	-	-	-	-	-	-	(202,256)
Finance lease obligation	-	-	-	-	(48)	-	-	-	-	-	-	-	(48)
Deferred tax liability	(1,432)	(5,643)	(80,890)	(893)	(756)	-	(4,323)	-	-	-	-	-	(93,937)
Other net liabilities	(33)	(571)	(40,700)	(8,259)	(4,513)	(19,607)							(73,683)
Net assets	5,573	20,093	627,023	3,675	3,233	42,139	19,408	-	-	-	-	-	721,144
Minority interest	(1,115)	(2,010)	(59,731)	(736)	(1,293)	(12,644)	(7,762)	11,583	12,967	670	1,779	451	(57,841)
Net assets acquired	4,458	18,083	567,292	2,939	1,940	29,495	11,646	11,583	12,967	670	1,779	451	663,303
Purchase consideration	(2,707)	(5,160)	(257,538)	(3,159)	(2,320)	(10,349)	(6,388)	(6,500)	(10,120)	(441)	(440)	(440)	(305,562)
Excess of fair value over cost arising on acquisitions	1,751	12,923	309,754			19,146	5,258	5,083	2,847	229	1,339	11	358,341
Goodwill	-	-	-	(220)	(380)	-	-	-	-	-		-	(600)
Analysis of net cash flow and cash equivalents:													
Purchase consideration	(2,707)	(5,160)	(257,538)	(3,159)	(2,320)	(10,349)	(6,388)	(6,500)	(10,120)	(441)	(440)	(440)	(305,562)
Cash and cash equivalents of acquired companies	45	345	8,764	1	3	18,189	11	-	-	-	-	-	27,358
Cash outflow on acquisitions	(2,662)	(4,815)	(248,774)	(3,158)	(2,317)	7,840	(6,377)	(6,500)	(10,120)	(441)	(440)	(440)	(278,204)

(a) Portoheli Hotel and Marina S.A.

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

(b) Azurna

The Group acquired a 90% shareholding interest in Livka Bay Resort, situated in the island of Solta, Croatia. Livka Bay Resort is intended to become one of the first exclusive residential resorts on the Dalmatian coast with a luxury hotel, a 160-berth marina and other supporting recreational, sports and retail facilities. The Group is committing a total of €30 million in the project company to fund the resort's initial development expenses. The remaining shares are owned by Virtus Investments BV, a developer of high-end resorts.

(c) Aristo

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

During the year, Aristo increased its shareholding interest in Magioko Limited, a subsidiary owning a seaside tourist land in Cyprus, to 100%. Aristo also increased its shareholding interest in Venus Rock Estates Limited, a subsidiary owning and developing land in Cyprus, to 98,61%.

(d) Pasakoy Yapi ve Turizm A.S.

The Group has invested €3.2 million to acquire 80% of Pasakoy Yapi ve Turizm A.S., the Turkish company that owns Phase I of the Port Kundu water villas project from Kemer Yapi ve Turizm A.S. and is expected to invest a further €20 million in additional phase land acquisitions and the funding of early development expenses. Upon completion of all phases, Port Kundu is expected to become a residential resort, comprising more than 450 villas surrounded by water canals along the banks of Aksu River.

(e) Kalkan Yapi ve Turizm A.S.

The Group has invested €2.4 million to acquire 60% of Kalkan Yapi ve Turizm A.S., the Turkish holding company of the LaVanta villa complex project, with a further €3 million to be invested to fund early development expenses. LaVanta is being developed as a residential resort comprising close to 200 villas and townhouses overlooking the Aegean Sea.

(f) PGH

The Group has entered into a joint venture with Aman Resorts and Blue Capital Holdings Limited for the acquisition of 100% of PGH, the entity owning a 720-hectare site in the Dominican Republic. The Playa Grande project is to comprise a 40-room Aman hotel and 40 Aman villas, a 200-room five-star golf hotel and approximately 350 cliff, golf and seafront residential units. The Group has invested €10.348 million for a shareholding interest of 70%.

(g) Eastern Crete Development Company (Greece) S.A.

The Group has invested €6,4 million to acquire 60% of Eastern Crete Development Company S.A., the entity owning a site in the island of Crete, Greece.

(h) Scorpio Bay Holdings Limited

Le Monde and Egnatia, the two minority shareholders of Scorpio Bay Holdings Limited, have entered into liquidation proceedings, and, as a result, the loan that Egnatia received from the Group of €6.5 million remained unpaid. The Group activated the security provisions of the loan agreement and acquired their shareholding interest of 49% on Scorpio Bay Holdings Limited. As from 22 February 2007, the Group owns 100% of Scorpio Bay Holdings Limited.

(i) MindCompass Overseas Limited

The Group has completed the minority buy-out and increased its shareholding interest in Mindcompass Overseas Limited from 88.7% to 100%.

(j) Iktinos Techniki Touristiki S.A.

The Group has increased its shareholding interest in Iktinos Techniki Touristiki S.A. from 75.00% to 77.3%.

(k) Xscape Limited
The Group has completed the minority buy-out and increased its shareholding interest in Xscape Limited from 95.0% to 100%.

(l) Single Purpose Vehicle One Limited
The Group has increased its shareholding interest in Single Purpose Vehicle One Limited from 99% to 100%.

Goodwill

	31 December 2008 €'000	31 December 2007 €'000
Balance at the beginning of the year	600	-
From acquisition of subsidiaries	5,566	600
Goodwill written off	(5,538)	-
Balance at the end of the year	**628**	**600**

27. Financial risk management

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

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

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

The following tables present the contractual maturities of financial liabilities. The tables have been prepared on the basis of contractual undiscounted cash flows of financial liabilities, and on the basis of the earliest date on which the Group might be forced to pay.

(ii) Liquidity risk (cont.)

31 December 2008	Carrying amounts €'000	Contractual cash-flows €'000	Within 1 year €'000	1-2 years €'000	3-5 years €'000	Over 5 years €'000
Interest-bearing loans	366,218	431,758	99,231	37,859	199,095	95,573
Obligations under finance leases	9,507	17,010	786	786	2,357	13,081
Amounts due to customers for contract work	82,868	82,868	82,868	-	-	-
Land creditors	22,295	24,355	2,358	21,997	-	-
Trade and other payables	34,551	34,551	34,551	-	-	-
	515,439	590,542	219,794	60,642	201,452	108,654

31 December 2007

Interest-bearing loans	287,581	354,197	77,021	39,607	176,804	60,765
Obligations under finance leases	9,134	17,232	782	782	2,569	13,099
Amounts due to customers for contract work	67,386	67,386	67,386	-	-	-
Land creditors	34,343	37,409	15,310	1,052	21,047	-
Trade and other payables	112,266	112,266	112,266	-	-	-
	510,710	588,490	272,765	41,441	200,420	73,864

(iii) Market risk

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

Sensitivity analysis

An increase in equity prices by 5% at 31 December 2008 would have increased equity by €12 thousand and profit or loss by €12 thousand. For a decrease of 5% there would be an equal and opposite impact on the profit and other equity.

Interest rate risk

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

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2008 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	Equity		Profit or Loss	
	2008	2007	2008	2007
	€'000	€'000	€'000	€'000
Floating rate financial instruments	3,269	1,455	3,269	1,455

Currency risk

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

(iv) Litigation risk

Litigation risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group to execute its operations.

(v) Other risks

The general economic environment prevailing in the south-east Europe area and internationally may affect the Group's operations to a great extent. Concepts such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Group.

Capital management

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

Fair values

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

28. Commitments

At the end of 2008, the Group's subsidiary, Aristo, had a total of €4,550 thousand contractual capital commitments on property, plant and equipment (2007: €1,239 thousand). In addition, Greek subsidiaries of the Group had commitments to acquire land in Greece totalling €18,7 million and other commitments totalling €10,5 million.

Non-cancellable operating lease rentals are payable as follows:

	31 December 2008	31 December 2007
	€'000	€'000

Less than one year	65	35
Between one and five years	139	75
More than five years	26	47
	230	157

29. Contingent liabilities

In connection with the acquisition of PGH, US$1 million has been withheld from the cash consideration, and will not be paid to the Sellers (DR Beachfront Real Estate LLC) unless a US$2 million discount to the repayment of a loan with the local Central Bank is obtained. If the discount is lower, the amount will be adjusted downwards based on a set formula defined in the relevant Sale and Purchase Agreement.

Pasakoy Yapi ve Turizm A.S. purchased the land for project Port Kundu from the minority shareholder Kemer Yapi ve Turizm A.S. There is a pledge amounting to €17,7 million for the land purchased from Kemer Yapı Turizm A.Ş ("Kemer") by Tekfenbank in exchange for the loan granted to Kemer for the acquisition of the land for project Port Kundu.

Aristo had contingent liabilities in respect of bank guarantees arising in the ordinary course of business, from which management does not anticipate that material liability will arise. These guarantees amount to €20.0 million (2007: €33.3 million).

If investment properties, inventories and property, plant and equipment were sold at their fair market value, this would have given rise to a payable performance fee to the Investment Manager of approximately €117 million (2007: €142 million).

In addition to the tax liabilities that have already been provided for in the consolidated financial statements based on existing evidence, there is a possibility that additional tax liabilities may arise after the examination of the tax and other matters of the companies of the Group.

30. Events after the balance sheet date

The Group had the following significant events after the balance sheet date:

On 3 March 2009, Dolphin CI S&B Holdings Limited, a subsidiary of the Group controlled jointly with SIBIMIN Overseas Limited, finalized a share purchase agreement and a shareholders' agreement with Exactarea International Limited. Under the terms of these agreements 33,33% of the shares in Milos Island Resort Limited, the company holding the Aman development part of the total Amanmila project (i.e. a site of c. 63 hectares of the total project's 210 hectares), have been acquired by Exactarea International Limited.