22 March 2011

Dolphin Capital Investors Limited

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

Trading Update and Preliminary Annual Results for the period ended 31 December 2010

Dolphin, a leading global investor in the residential resort sector in emerging markets and the largest real estate company on AIM in terms of net assets, is pleased to announce its preliminary results for the year ended 31 December 2010 and provide an update on operational progress since its last trading update, released on 7 December 2010.

Trading highlights since last trading update of 7 December 2010:

The Porto Heli Collection (www.portohelicollection.com)

- Construction works are progressing on schedule at the Aman at Porto Heli resort, with the completion of the Aman hotel expected by the end of 2011. The first two fully furnished showcase pavilions are already complete.
- To date, the Company has drawn down €7 million from the interim facility linked to the €33 million construction loan for the Aman hotel. Moreover the Company has arranged a further €8 million three-year VAT facility to finance the temporary cash outflow for construction cost input VAT, which would be recoverable once the Aman hotel commences its operations.

Venus Rock Golf Resort (www.venusrock.com)

- The subcontractors for the works of the golf course have been appointed, and works are expected to commence shortly.
- The applications for the lotting and building permit of the residential developments, related to the already granted golf permits, were submitted in February after a lengthy process of design and consultation with the authorities.

Playa Grande (www.playagrande.com)

- John Heah has been appointed as new lead architect of the Playa Grande Aman Golf Resort, being the first Aman golf-integrated resort in the world. The masterplan and the concept architectural design for the key project components have already been prepared and approved by Aman Resorts.
- Preparations for the first phase's infrastructure works and the golf course renovation have been advancing.
- In order to minimise cash outflows during the development period, an existing project loan with Banco Leon bank has been restructured resulting in a US$1.3 million cash outflow saving for 2011. As part of the restructuring, DCI has agreed to guarantee the interest payments of the US$6 million outstanding loan.

Pearl Island (www.pearlisland.com)

- The project has received an "anteproyecto" permit for the development of the Founders' Phase, the first phase of the project to be developed. In addition to commencement of the development process, this permit allows the project to formally launch sales in accordance with the local legislation.
- The first 34 lots released for sale have been cleared of vegetation, staked and released for sale. Eight sale reservation agreements have already been signed for a total consideration of US$5 million. This implies a sales value of US$176 per land m^2 or US$1,226 per buildable m^2.

Other

- Livka Bay Resort, received location permits for the first phase of the project on December 2010. With these permits in place, the first phase of the project is permitted for 77,659m^2, which include a 5-star hotel and 40,923m^2 of residential real estate.
- Kea Resort, the site of the second Aman Resort in Greece, received Preliminary Environmental Impact Study ("**PEIS**") on 27 December 2010. Greek National Tourism Organisation Suitability ("**GNTOS**") approval was also received on 21 March 2011 and the Environmental Impact Study ("**EIS**") was submitted on 14 March 2011.
- 45 homes and plots were sold by Aristo in December, January and February, and first half of March for €8.1 million, representing an 18% decrease in value compared to the same period last year.
- The first lease agreement was signed with an anchor tenant for 1,900m^2 at the Kings Avenue Mall in Central Paphos (fka Athiari) and the leasing of most of the remaining space is in advanced stages of negotiations.
- A 17.7 hectare land parcel that was not required for the project's development plans within the 461-hectare site of Apollo Heights in Cyprus was sold for €1 million.
- Two additional units were sold for €0.4 million at LaVanta (Mediterra Resorts).

Placement of Playa Grande Convertible Bonds:

- The holding company of Dolphin's Playa Grande project has successfully placed US$40 million of convertible bonds with a 5-year term and a coupon of 7% per annum (the "**Bonds**"). The Bonds are guaranteed by Dolphin and are convertible either into Dolphin shares at US$0.7998 per share (50p using a US$1.5995 / GBP 1 fixed exchange rate) or into pre-defined Aman Lots (from the first Golf Aman Resort phase to be developed at Playa Grande) at approximately 40% discount to retail prices. The Bonds will be listed on the Open Market of the Frankfurt Stock Exchange (the *freiverkehr* market) on or about 28 March 2011. The Bonds have been subscribed by both existing Dolphin shareholders and a number of high quality new investors.

- The proceeds of the Bonds will be mainly allocated to progress the first phase of Playa Grande and to speed up the Founders' (first) phase of Pearl Island.

Financial highlights:

- Total Dolphin NAV as at 31 December 2010 was €1.26 billion and €1.14 billion before and after deferred income tax liabilities ("**DITL**") respectively, representing a decrease of €54 million (4.10%) and €49 million (4.12%), respectively, from 30 September 2010 driven mainly by a decrease in the end of year full valuation of Aristo.

- Sterling NAV per share as at 31 December 2010 before DITL of 173p and after DITL of 156p. This represents a decrease of 4.57% and 4.60% versus 181p and 164p respectively as at 30 September 2010.

- Balance sheet remains robust:
    - Gross Assets of €1.79 billion.
    - Group cash balance of approximately €46 million as at 21 March 2011, including the proceeds from the Bonds but excluding the payment of €10 million to be received from Archimedia for the Aman at Porto Heli transaction.
    - No bank debt at the Company level and Group debt to total asset value ratio remains low at 22%. The Company has agreed to give corporate guarantees for the servicing of the following loans: €33 million for the Aman at Porto Heli construction facility, US$40 million for the Playa Grande Bonds and the interest on the US$6 million Banco Leon loan at Playa Grande.
    - €345 million or approximately 89% of all Group debt held within Aristo and comprising primarily long-term asset-backed loans.

Track Record to date

- Raised a total of €884 million. Average capital raising price per share of €1.41 vs 31 December 2010 NAV per share of €2.01 (before DITL).
- Invested approximately €735 million to acquire one of largest seafront developable land portfolios in eastern Mediterranean, Caribbean and Central America.
- Acquired 100% ownership of Aristo, the largest development company and private real estate owner in Cyprus, which was listed on the Cyprus Stock Exchange, in a pioneering Public-to-Private transaction.
- Generated over €325 million of sales, which have been executed at a premium to NAV.
- Arranged approximately €399 million of new bank debt at various project levels and restructured €173 million of other debt.
- Placed 5-year $40 million of convertible bonds to progress the development of Playa Grande and Pearl Island.
- Achieved preliminary or final zoning for 12 out of 14 major projects and for almost the entire Aristo land portfolio.
- Created a unique coastal land portfolio with 59 km beachfront in six countries with current plans for 21 hotels, eight golf courses, five marinas and over 10,000 residential units.

Outlook

In the past year, Dolphin has made considerable progress in advancing its portfolio, securing funding for the first phases of all four of its Advanced Projects while maintaining a very strong capital structure with a net asset position of €1.26 billion (before DITL).

For 2011, the Company's main priorities are:

- To continue with the development of the first phases of the four Advanced Projects;
- To achieve more presales of high-end units;
- To execute medium and large scale joint ventures or exits which increase the Company's cash reserves and demonstrate the underlying value of the Company's portfolio.

While construction of the Advanced Projects is progressing, Dolphin will increasingly invest in the production of attractive marketing material (including brochures, 3D renderings and films, websites, online campaigns) and the setup of the appropriate luxury media and sales channels in key international and regional markets. The Company website (www.dolphinci.com) has also been redesigned and went live on 18 March 2011.

Dolphin will also actively continue to advance the design, permitting and branding process across its remaining Major Projects portfolio with a view to developing or exiting them at the opportune time. Depending on market and funding conditions, the Company may decide to progress the construction of more resorts such as the Nikki Beach Resort at Porto Heli, the Waldorf Astoria at Sitia Bay and the Aman Resort at Kea.

Although the holiday home market is currently far from having fully recovered, the trend is certainly positive and Dolphin is well positioned to offer a range of world class luxury residences to returning buyers and a unique portfolio of coastal projects and land sites to returning investors. Recording more sales and divestments is expected to demonstrate the Company's real estate asset value.

The gross Dolphin portfolio comprises of approximately 63 million m^2 of land which has a potential maximum buildable capacity in excess of 6 million m^2, representing a building coefficient of less than 10%. The Company's current business plans comprise the development of approximately 2.8 million buildable m^2 until 2020. The portfolio value when fully permitted, or the profit potential when developed, amounts to figures that are significantly higher that the current asset valuation which only reflects the portion of the planned buildable m^2 that has final construction permits or zoning already and does not reflect any profits from development.

The Investment Manager estimates that the first phases of Dolphin's four Advanced Projects should have a collective profitability potential in excess of €550 million or approximately 77p per share.

Commenting, Andreas N. Papageorghiou, Chairman of Dolphin Capital Investors, said:
"The Company successfully navigated through the third consecutive year of adverse market conditions, paving the way for solid growth in 2011 and beyond. With its strong balance sheet, an outstanding portfolio of assets, the largest development company in Cyprus and four Advanced Projects well-funded, we feel that Dolphin is

competitively positioned to take full advantage of the anticipated market recovery and crystallise strong returns for its shareholders."

Miltos Kambourides, founder and Managing Partner of Dolphin Capital Partners, added:
"The emphasis of 2010 was to secure the funding and progress the development of the Advanced Projects. The focus in 2011 is to generate a sales momentum for these projects and establish their value, demonstrating the significant profit potential of the entire Dolphin portfolio."

Conference call for analysts and investors

There will be a conference call at **9.30 a.m. (UK time)** on 22 March 2011, which can be accessed using the following dial-in numbers:

International dial-in: **+44 (0) 1452 569 393**
Password: **Dolphin Capital Investors**

For further information, please contact:

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Notes to Editors

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

Since its inception in 2005, Dolphin has raised €884 million of equity, 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 Developers Plc, one of the largest holiday home developers in south-east Europe. This enabled Dolphin to combine its real estate investment expertise with Aristo's leading development experience and local market knowledge.

Dolphin's portfolio is currently spread over approximately 63 million m^2 of prime coastal developable land and comprises 14 large-scale, leisure-integrated residential resorts under development in Greece, Cyprus, Croatia, Turkey, Dominican Republic and Panama and more than 60 smaller holiday home projects through Aristo in Cyprus and Greece.

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

Chairman's Statement

I am pleased to report Dolphin's preliminary results for the year ended 31 December 2010.

During 2010, the Company achieved a significant milestone with the start of construction works for the first high-end resort of the Dolphin portfolio, the Aman at Porto Heli in Greece. This flagship component of the first phase of The Porto Heli Collection is set to become the first villa-integrated Aman resort in Europe and probably one of the most exclusive destinations in the Mediterranean.

In addition, Dolphin achieved a number of significant planning and development milestones for its other Advanced and Major Projects.

The Company has also met its goal to secure most of the funding required for the first phases of its four Advanced Projects in order to proceed with their construction and release their significant profit potential.

The NAV of the Company, before and after DITL, as at 31 December 2010 is reported at €1.26 billion and €1.14 billion, respectively.

The Company's NAV per share before and after DITL in Euro terms was €2.01 and €1.82 respectively, representing a 5.9% decrease from 31 December 2009. The change was mainly due to a net decrease in the overall portfolio valuation during the year and regular operating expenses.

Real estate values of the Dolphin portfolio had a net decrease of 1.4% in 2010, a rate that is lower than 6.7% in 2009 and 6.2% in 2008, demonstrating signs for stabilisation and eventually growth.

The Investment Manager has successfully navigated the Company through the third consecutive year of adverse market conditions, paving the way for solid growth in 2011 and beyond. Today, Dolphin has a strong balance sheet, an outstanding portfolio of assets, owns the largest development company in Cyprus and has four Advanced Projects that have the majority of their funding requirements in place to complete the first phase of their development and sales. We therefore feel that Dolphin is well positioned to take full advantage of the anticipated market recovery and crystallise strong returns for its shareholders.

Andreas N. Papageorghiou
Chairman
Dolphin Capital Investors Limited
22 March 2011

Investment Manager's Report

Over the last year, we have continued to experience the ripple effects of the severe global financial crisis, making it difficult for Dolphin to sell large assets or stakes in projects as real estate investment activity was concentrated on distressed or commercial assets with stable income that could be acquired often below replacement cost.

Against this backdrop, Dolphin's team worked on maintaining a strong balance sheet, adding value by progressing the design and permitting of the entire portfolio, and financing the first phases of its four Advanced Projects.

With the start of 2011 we have begun to feel a renewed wave of optimism in the markets, including a continued recovery of the US market, a global growth of wealthy individuals looking to purchase luxury products again and increased interest from investors in the hotel and development sector. We look forward to capitalising on the expected return of investor confidence in 2011 and beyond.

We are particularly pleased with the progress achieved with the Aman at Porto Heli. The Aman hotel construction is well under way, fully financed and expected to be completed by the end of 2011. The Aman at Porto Heli is expected to become not only the most exclusive resort in Greece, but a landmark for the next generation of luxury resorts in the Mediterranean and will serve as a showcase of the Dolphin business model.

We look forward to completing the infrastructure work and commencing the construction of the leisure components in the other three Advanced Projects which will assist in generating increased interest at both a retail and investment level. We should note that we are very encouraged by the sales momentum that has been built for Pearl Island: over the past months we have recorded eight reservations for lots and a high level of further interest.

DCI Portfolio potential

The gross Dolphin portfolio comprises of approximately 63 million m^2 of land which has a potential maximum buildable capacity in excess of 6 million m^2, representing a building coefficient of less than 10%. The Company's current business plans comprise the development of approximately 2.8 million buildable m^2 through 2020. Of the total planned buildable, approximately 83% has already been "entitled". For this analysis, we define as "entitled", those buildable m^2 which have received either zoning, or anything from a preliminary approval to final construction permits.

The portfolio value when fully permitted, or the profit potential when developed, amounts to figures that are significantly higher that the current Asset Valuation which only reflects the portion of the planned buildable m^2 that has final construction permits or zoning already and does not reflect any profits from development.

The Investment Manager updated estimates for the first phases of Dolphin's four Advanced Projects are that they should have a collective profitability potential in excess of €550 million or circa 77p per share. The execution of the first phases is expected to unlock significant further profits to be realised from developing and/or selling their further phases with little or no requirement for additional Dolphin equity.

Development update

Advanced Projects

<u>1. The Porto Heli Collection ("PHC"), Greece</u>

Website:	www.portohelicollection.com
Location:	Region of Argolida, near Porto Heli (one of the most upmarket, second home residential areas in Greece)
Access:	Within two hours driving distance from Athens International Airport and two hours by ferry from Piraeus Port
Special features:	Probably the most exclusive development in Greece, to host a range of high-end, master planned, leisure-integrated residential resorts, in a serene environment, with panoramic sea views
Area Size:	347 hectares
Composition:	<u>First Phase</u> • The Aman at Porto Heli a 38-pavilion hotel and spa designed by Ed Tuttle and currently under construction • The Aman Beach Club • The Aman Villas serviced by the Aman hotel, currently four under construction • The Nikki Beach Hotel which will include hotel suites as well as apartments for sale • The Seafront Villas the shells of which have already been constructed and one is currently nearing completion <u>Other Phases</u> • The Chedi with 102 hotel rooms, spa, 40 club suites and 40 residences • Jack Nicklaus Signature Golf Course • Golf boutique hotel with approximately 140 suites, golf clubhouse and 225 golf residences • Equestrian centre, tennis academy, kids' club, beach club
Design:	• Aman facilities masterplanned and designed by Ed Tuttle • Chedi hotel and residences, golf clubhouse and golf villas masterplanned and designed by Jean Michel Gathy (Denniston International) • Golf course designed by Jack Nicklaus Signature Design

Progress since 2009 Annual Report:

Following the appointment of the general contractor in March 2010, the construction works at the Aman hotel, part of the first phase of the Porto Heli Collection, are progressing on schedule, with the completion of the Aman hotel expected by December 2011.

Two pavilions, which were inspected and approved by Aman Resorts and Ed Tuttle, the project's architect, are fully completed including furnishings. These pavilions are used as showcase for the 36 remainder pavilions that are currently under construction.

To date approximately 30 of the 38 pavilions have passed the concrete shell phase, with significant electromechanical and stone cladding works having been installed, while the common buildings are also being advanced, revealing the project's final architectural form. Latest pictures of the construction works at the Aman hotel may be viewed under: http://www.dolphinci.com/#construction-update.

The Aman Beach Club has also been designed and shall be submitted for permitting within Q2 2011 with a target of opening at the same time as the Aman hotel.

Final Environmental and Greek National Tourism Organisation Architectural Approval for 27 Aman Villas were granted on 20 July 2010 and 28 July 2010, respectively. Construction permits were issued for a further four Aman Villas on 1 December 2010, bringing the total number of villas with final building permits in place to eight out of 36 in total, while the construction of the first group of four Aman villas began in February 2011.

These construction permits include the three predefined Aman Villas linked to the Archimedia Holdings Ltd ("**Archimedia**") agreement executed on 20 September 2010 for the sale of a 14.29% stake in the Aman at Porto Heli for a consideration of €11 million. The agreement grants Archimedia the right to partially or wholly convert its shareholding stake into those three predefined villas and the issuance of the construction permits was a major condition to the transaction.

An amount of €7 million from an interim facility linked to the €33 million construction loan relating to the development of the Aman at Porto Heli has been drawn down. The 13-year term construction facility has a grace period on principal for the first three years, a margin of 550 basis points over the six-month Euribor and is secured with mortgages against the project land. The facility does not include any financial or performance covenants and, as such, its debt service will be initially guaranteed by Dolphin, a position that will be reviewed annually based on the progress in executing the business plan. Moreover, the Company has arranged a further €8 million three-year VAT facility to finance the temporary cash outflow for construction cost input VAT, which would be recoverable once the Aman hotel commences its operations.

The process for receiving Greek government subsidies for the Aman hotel, has significantly advanced and the final approval is imminent.

With respect to the Chedi Resort, the extension of the Chedi Hotel to include the Chedi Residences, was granted final Environmental Approval on 3 August 2010. As this is part of the second phase of PHC, applications for construction permits will follow on a later stage.

A Hotel Management Agreement was signed on 7 June 2010 with Nikki Beach (www.nikkibeach.com) to operate the Beach Hotel at PHC, a luxury lifestyle hotel and beach club intended for a younger clientele, which will comprise a mix of hotel suites and apartments. A new architectural concept has been prepared in conjunction with the Operator and the interior design of the project will be further adapted. Following this agreement, Dolphin's exclusivity in using the Nikki brand in Cyprus has been extended to Greece.

The process for receiving Greek government subsidies for the Nikki Beach Resort at Porto Heli has significantly advanced and the final approval is imminent. The Company is also in advanced discussions for a long-term construction debt facility.

The Seafront Villas sales programme was launched in 2010 along with its new website (www.theseafrontvillas.com). One of the ten available villas has been sold and transferred to its new owner and the infrastructure improvement works and final utilities connections for all the project villas are progressing.

2. Venus Rock Golf Resort, Cyprus

Website:	www.venusrock.com
Location:	Between the towns of Limassol and Paphos, next to Aphrodite Hills
Access:	Cyprus' most significant golf resort area, located 10 minutes from Paphos International airport and one hour from Larnaca International Airport
Special features:	Europe's largest residential beachfront resort development
Area size:	1,000 hectares with 850m of beachfront
Composition:	First Phase • Two 18-hole Golf Courses designed by Tony Jacklin • Two Golf Club Houses • A Nikki Beach Club • approximately 1,000 Villas and 264 Plots Other Phases • More than 2,000 residential units • Retail, commercial and leisure facilities • A 5-star hotel with spa and branded villas operated by Nikki Beach • Marina and other sport facilities
Design:	A truly integrated residential resort, masterplanned by EDSA. The Golf Club House and Commercial facilities have been designed by Robert A. M. Stern, who also designed the first phase of multifamily residential units and established the architectural guidelines for custom-built units

Progress since 2009 Annual Report:

Venus Rock Golf Resort obtained final planning permits for its two Tony Jacklin designed golf courses on 27 May 2010. This represents a major milestone for the project, as it creates an area zoned for an additional 711 single unit and 6 apartment building lots (a total of 200,000m^2 buildable freehold residential space). With these additional permits, the first phases of the project are now fully zoned and have a total building capacity of 266,303m^2, which brings the currently zoned capacity of the project to 445,534m^2, not including the future potential of its 335 hectare land bank.

Infrastructure works at Venus Rock, which began on Q2 2010, are progressing on schedule and preparations are advancing for the commencement of the construction of the second golf course and the renovation of the existing one. The subcontractors for the works of the golf course have been appointed, and works are expected to commence in April 2011. A phasing plan has been developed so that 18 holes of the golf course remain open during the entire construction period.

The final designs for the issuance of the construction permit for the project's desalination plant, which is expected to have a production capacity of 15,000 tons of potable water per day, have been submitted and are under review. Once the desalination construction permit is issued, Venus Rock will proceed with obtaining the required authorisations for the delineation and separation of the project's 711 new golf lots, which will clear the way for the commencement of marketing and sales.

To date, €7.1 million has been drawn from the €50 million construction loan facility which has been obtained for the project. The 13-year term facility has a grace period on principal for the first three years, a margin of 550 basis points over the six-month Euribor and is secured with mortgages against the project land.

3. Playa Grande Club & Reserve, Dominican Republic (www.playagrande.com)

Website: www.playagrande.com

Location: Northern coast of the Dominican Republic, situated between the towns of Cabrera and Rio San Juan, each approximately 8km away from the site

Access: Approximately an hour's drive from Puerto Plata International Airport and Nagua Airport. The journey-time to Santo Domingo has been reduced to two hours due to the completion of a new highway.

Special features:

- The golf course, which is already in operation and is often referred to as the "Pebble Beach of the Caribbean", designed by Robert Trent Jones Snr with 10 of its holes running alongside 20 metre high cliffs bordering the Atlantic Ocean, is considered to be among the most spectacular in the western hemisphere
- Playa Grande Beach is generally perceived to be one of the most spectacular beaches in the Caribbean

Area size: Approximately 11km of seafront, spread over approximately 950 hectares of land

Composition: First Phase

- The renovation of the existing, legendary Robert Trent Jones, Sr. Golf Course based on new designs by his son Rees Jones
- A 30-room Aman Hotel designed by John Heah (the first Aman Resort in the Dominican Republic and the first Aman golf-integrated resort in the world)
- The Playa Grande Aman Beach Club

- A new Aman Golf Club House, fitness, spa and tennis facilities
- 38 Aman Villas serviced by the Aman Hotel

Other Phases

- Approximately 450 additional residential units (beachfront, hill-top and cliff villas)
- Tennis, spa, beach and equestrian clubs

Design: Project masterplanned by Hart Howerton. Golf course renovation design undertaken by Rees Jones, son of Robert Trent Jones, Sr., Aman Resort designed by Heah&Co led by John Heah.

Progress since 2009 Annual Report:

In Q3 2010, Dolphin has reached an agreement with Aman Resorts to consolidate the Aman and golf phases of the project by relocating the Aman hotel and villas into the golf course area to develop the first Aman golf-integrated resort in the world. In addition to creating a unique concept and differentiated product for the Caribbean market, this change has improved the potential profitability, financing and launch of the project by focusing sales on one phase, reducing infrastructure and construction costs through the consolidation of the leisure components in one location, and allowing Dolphin to benefit from the upside on the additional freed-up seafront area.

John Heah who is also the architect for the Aman at Kea was appointed to design the Resort at the new location. The masterplan and the concept architectural design for the key project components has already been designed and has been approved by Aman Resorts as of 3 March 2011.

The cost of fully developing the above mentioned phase is approximately US$50 million over a period of three years. As a first step to financing the development, Dolphin Capital Holdings Seven Ltd., the project's BVI holding company, issued US$40 million of Convertible Bonds with a 7% coupon payable semi-annually. The Bonds are guaranteed by DCI and can be converted into:

- DCI shares at a price of US$0.7998 per share (50p using a US$1.5995 / GBP 1 fixed exchange rate); Or
- Aman lots at conversion prices ranging between US$1.7 million to US$3 million per lot, which would constitute an estimated 40% discount to their retail sales values.

In order to minimise cash outflows during the development period, the Banco Leon $6 million loan has been restructured resulting to a combined $1.3 million cash outflow saving for 2011. As part of the restructuring, DCI has agreed to guarantee the interest payments of the loan.

With the Bonds in place, the project shall soon start the renovation of the golf course and finalise the designs and permits for the 30-room Aman hotel, Aman beach club and Aman villas. Renovation of the golf course by Rees Jones is expected to start in the summer of 2011 and construction of the Aman hotel in early 2012.

In addition to utilising Bonds proceeds, the funding of the project should be enhanced by additional debt from a syndicate of local banks and the launch of an initial round of Aman Founder Sales. To that end, a limited number of Aman villas will be released prior to the commencement of construction of the Aman hotel.

Construction of the model golf villa has advanced and completion is expected during Q2 2011.

Infrastructure plans and permitting for the adjacent Founders Phase on the Playa Grande beach are progressing and infrastructure construction is expected to commence in 2011 enabling the existing 30 lot owners to build their homes. This will benefit the whole project through captive demand generated by the presence of prominent New York based families at the heart of Playa Grande.

On March 16, 2011, Playa Grande was publicly recognized by the Ministry of Tourism of the Dominican Republic for its social responsibility and its compliance with legal and technical requirements (Certificate awarded to Playa Grande project by the Ministry of Tourism).

4. Pearl Island, Panama (www.pearlisland.com)

Website: www.pearlisland.com

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

Access: Accessible by boat in 1.5 hours and by air in 20 minutes. Project permitted for its own airport

Special features:

- A private island set to become one of the first exclusive integrated ecological island residential resorts in the region
- 70% of the island is retained as natural reserve park
- A unique ecosystem, marine and bird sanctuary
- Natural harbour set to become one of the largest marinas in Central America

Area size: 1,440 hectares with a total seafront of 30km and 14 private sandy beaches

Composition: First Phase

- A Zoniro Lodge with beach club, spa and other leisure facilities
- A 40-berth and 30 dry-dock marina
- Approximately 120 residential units (villas and plots)

Other Phases

- Development potential for over 350,000m^2 of buildable residential space or approximately 1,100 residential units and lots for sale
- Up to four additional luxury 5-star hotels
- Marina with up to 500 berths and retail facilities
- Recreational and sports facilities, including scuba diving, whale watching, fishing, over 50 kilometres of natural biking and hiking trails, equestrian centre
- International airport

Design: Masterplanned by Hart Howerton and Denniston International

Progress since 2009 Annual Report:

Designing and permitting of the first (“**Founders’**”) phase has been completed including major infrastructure works, the hotel lodge, lotting separation and initial designs for the first built residential units to be sold. The project has received “anteproyecto” permit for the development of the Founders’ Phase. In addition to commencement of the development process, this permit allows the project to formally launch sales in accordance with the local legislation.

A range of infrastructure works have been completed on site including opening 26 kilometres of roads, setting up a drainage/erosion control system, installing water tanks and starting a plant and tree nursery alongside an agro-farm.

The Project pursued further initiatives for the preservation of the environment, the rescue of archaeological sites on the island and providing further support to the local community.

The Founders’ phase, is planned to include the main facilities needed to establish the island as a destination – such as main infrastructure, beach club, recreation centre, 40-berth marina, private airstrip, and a limited number of Founder lots and villas for sale – and has an estimated aggregate upfront development cost of US$40 million. These development costs are planned to be funded through a combination of equity from Dolphin and its 40% joint venture partner, Grupo Eleta, Founder Lot pre-sales and local debt from regional banks. To that end, the project has already signed eight reservations for a total consideration of US$5 million out of the first 34 Founder lots released for sale and has agreed a term sheet for a US$15 million loan facility with a regional bank subject to the commensurate Founders’ Sales being achieved.

Additional works, currently underway on the island, include the construction of the first phase of the airport runway, as well as the development of a showcase villa and part of the Founders’ beach club, to establish the first facilities to host visitors on the island.

The project is also advancing joint venture discussions with reputable regional developers interested in constructing luxury hotels on the island which would establish it as a premium resort destination, add significant value to the remaining project land and further facilitate retail sales.

Major projects

We feel that following the EIS approval received by Triopetra on 24 November 2010, the project now also meets the requirements to be considered as a Major Project, bringing the total number of major projects to 14.

5. Sitia Bay Golf Resort, Sitia, Crete, Greece

Website:	www.sitiabayresort.com
Dolphin Stake:	78%
Location:	The island of Crete
Access:	A 10 minute drive from Sitia International Airport, a 1.5 hour drive east from Heraklion International Airport and a 15 minute drive from Sitia Harbour
Special features:	A secluded peninsula of unspoiled natural beauty on the largest of the Greek islands and the most popular Greek tourist destination with 2.3 million visitors in 2007
Area size:	280 hectares with 2.5km of seafront
Composition:	• Over 80,000 m² of buildable residential units • A 200-room Waldorf Astoria resort • A convention centre • An 18-hole championship golf course • A golf clubhouse • An 32-berth marina • A beach & country club and other leisure facilities
Design:	Masterplan and hotel design by WATG. Nicklaus Design has been appointed as the golf course architect

Progress since 2009 Annual Report:

A construction Permit for the marina at the Sitia Bay Golf Resort was granted on 1 June 2010, allowing the development of a 32-berth marina alongside the already permitted Waldorf Astoria Hotel and the planned first phase of the residential development. The final agreements for the management and operation of the "Waldorf Astoria at Sitia Bay" were signed on 4 August 2010.

The permit application for the coastal residential area remains under review in the Ministry of Environment, while the application for a hilltop residential area was submitted on 11 March 2011. In addition documentation is being prepared to extend the hotel permit for an additional buildable of approximately 5,000m^2 of Branded Villas.

6. Kea Resort, Tzia, Cyclades, Greece

Dolphin Stake:	67%
Location:	The island of Tzia (Kea)
Access:	One hour ferry ride from Lavrio Harbour and a 15 minute drive from Athens International Airport. Regular ferry services from Lavrio all year round
Special features:	Dramatic sea views and a spectacular sandy beach offering a natural harbour and a safe shelter from the Aegean winds
Area size:	65 hectares with private beach
Composition:	• Aman hotel and residences • Beach club
Design:	Designed by Heah&Co led by John Heah

Progress since 2009 Annual Report:

The project concept and schematic design has been signed off by Aman resorts, and the design teams are working on the final detailed design of the project, together with the local quantity surveyors to ensure that the project is designed within the project budget.

Kea Resort received approval of its PEIS on 28 December 2010, and approval of its yacht pier on 6 July 2010. GNTOS approval was also received on 21 March 2011. The EIS was submitted on 14 March 2011.

7. Scorpio Bay Resort, Scorponeri, Voiotia, Greece

Dolphin Stake:	100%
Location:	Skorponeri, Voiotia region, making this probably the closest luxury seaside residential resort to Athens
Access:	One hour's drive from Athens International Airport
Special features:	A mountainous peninsula of unspoilt natural beauty overlooking a secluded bay and the island of Evoia, and within a one hour drive from the ski resort of Mount Parnassus
Area size:	172 hectares with approximately 2km of sea frontage
Composition:	Luxury Oberoi operated hotel and full service spa, integrated with a residential development and sea-related leisure facilities
Design:	Hotel and Villa designed by Heah&Co led by John Heah

Progress since 2009 Annual Report:

The PEIS for Scorpio Bay Resort has been reviewed by the relevant authority and its final approval is imminent, for the development of an 80-room Oberoi hotel and 25,800m^2 residential real estate.

8. Lavender Bay Golf Resort, Nies, Magnesia, Greece

Dolphin Stake:	100%
Location:	Near the town of Volos, in the region of Thessalia, at the mouth of Pagasitikos Gulf
Access:	Approximately 2.5 hours drive from both Athens and Thessaloniki International Airports. Also 20 minutes drive from New Aghialos International airport
Special features:	Unspoilt, undulating hills fronted by a 2 km beach and surrounded by forest.
Area size:	310 hectares with 2 km of seafront
Composition:	• A 180-room Kempinski operated hotel • More than 220 branded residential units • More than 390 non-branded residential units • An 18-hole Gary Player Signature golf course • Beach club and other leisure facilities
Design:	Masterplan by EDSA, golf design by Gary Player and hotel and residences design by Chad Oppenheim (Oppenoffice)

Progress since 2009 Annual Report:

The efforts to advance the permitting process continue, although no significant milestone was achieved within 2010.

9. Plaka Bay Resort, Sitia, Crete, Greece

Dolphin Stake:	60%
Location:	The island of Crete
Access:	A 40-minute drive east from Sitia International Airport, a two hour drive east from Heraklion International Airport and in close proximity to Sitia Harbour
Special features:	Easternmost point of Crete
Area size:	440 hectares with 7km of seafront
Composition:	• A residential development of over 100,000m^2 • One or more five-star hotels • Other supporting recreational facilities and potentially an 18-hole golf course
Design:	Masterplan prepared by Hart Howerton

Progress since 2009 Annual Report:

The efforts to advance the permitting process continue, although no significant milestone was achieved within 2010.

10. Triopetra, Crete, Greece

Dolphin Stake:	100%
Location:	On the southern side of Rethymno Prefecture, Crete
Access:	Approximately 54 km from Rethymno, the Prefecture's capital and main port. The International Airports of Heraklion and Chania fall within a distance of approximately 104 km and 124 km respectively.
Special features:	Dramatic sea views and a spectacular sandy beach
Area size:	11 hectares with a 280m façade along a marvellous, scenic sandy and pebbly beach, with crystal clear waters
Composition:	• A 60-room luxury five-star hotel with restaurant, retail, spa & fitness, water-sports, outdoor activities and nature treks • approximately 8,870 residential buildable m^2 of non-branded villas
Design:	Permit design prepared by Aristo Developers Architectural team

Progress since 2009 Annual Report:

Triopetra Resort received EIS approval on 24 November 2010. Triopetra is planned to include a 60-room luxury five-star hotel with restaurant, retail, spa & fitness, water-sports, outdoor activities and nature treks and approximately 8,870 residential buildable m^2.

11. Eagle Pine Golf Resort, Cyprus

Dolphin Stake:	100%
Location:	Inland, with stunning sea views, overlooking the Episkopi and Akrotiri regions near Limassol
Access:	Less than an hour's drive from both of the island's international airports
Special features:	A few kilometres from Apollo Heights Polo Resort and a 15-minute drive from Venus Rock
Area size:	319 hectares
Composition:	Golf facilities and a residential development component of up to 100,000m^2 of residential units
Design:	Masterplanning by EDSA, golf design by Graham Marsh in association with Hans-Georg Erhardt, resort design by Porphyrios & Associates

Progress since 2009 Annual Report:

All documentation for the issuance of the relevant golf and planning permit submitted to the authorities and the date for the announcement for the necessary Public Hearing is awaited.

12. Apollo Heights Polo Resort, Cyprus

Dolphin Stake:	100%
Location:	Near the town of Limassol
Access:	Less than an hour's drive from both of the island's international airports
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
Area size:	Approximately 461 hectares, 500m away from the beach
Composition:	• Hotel facilities • Residential units • Polo fields • 18-hole golf course
Design:	Masterplan by EDSA and golf course design by Tony Jacklin Design

Progress since 2009 Annual Report:

The efforts to advance the permitting process continue, although no significant milestone was achieved within 2010.

13. Livka Bay Resort, Solta, Croatia

Dolphin Stake:	100%
Location:	The bay of Livka on the south end of the island of Solta, off the Dalmatian Coast
Access:	20km boat ride from Split International Airport
Special features:	One of the first luxury residential resorts on the Dalmatian coast
Area size:	63 hectares with 3km of seafront
Composition:	• Luxury hotel with 60 suites • Approximately 200 private serviced residences and apartments • 160-berth marina • Other supporting recreational, sports and retail facilities
Design:	WATG

Progress since 2009 Annual Report:

The location permits for the first phase of the development were approved on December 2010. This was a major milestone in the procedure to secure the final permit approval relating to the leisure and residential components of the first phase of the project.

The preparation of the documentation for the location permit application for the Marina has commenced and shall be submitted within Q3 2011.

14. Mediterra Resorts, Antalya, Turkey

Website:	www.mediterraresorts.com
Dolphin Stake:	100%
Location:	The Antalya region of southern Turkey
Access:	A 1.5 hour drive from Dalaman International Airport to LaVanta and 15km from Antalya International Airport to Port Kundu
Special features:	• LaVanta development is very close to the well-known beaches of Kaputas and Patara, and within walking distance from Kalkan beach. • Port Kundu's homes will be surrounded by water canals along the banks of the Aksu River, and a private marina will offer home owners direct access to the sea
Area size:	• LaVanta: 8 hectares, 5 minutes drive to the sea • Port Kundu: 4 hectares, situated on the water canals, and in turn only a 10-minutes walk to the beach
Composition:	• La Vanta is a development of over 25,000m^2, comprising over 120 villas and townhouses. Phase 1, comprising 49 homes, has been completed in 2009. The delivery of homes to owners commenced in May 2009 • Port Kundu is in its initial phase and is planned to comprise 64 detached, semi-detached and townhouse units
Design:	Cemal Mutlu & Xavier Bohl

Progress since 2009 Annual Report:

The construction permits for Mediterra Resorts (www.mediterraresorts.com) at Port Kundu in Turkey were extended for three more years on 8 April 2010 and 26 May 2010.

During 2010, seven villas were sold in LaVanta for an aggregate of €1.4 million Euros, five of which were delivered within the summer months. In addition a pool club was built which serves as a focal point of the project.

The Portfolio

A summary of Dolphin's current investments is presented below. As of 11 March 2011, the net invested amount is €735 million.

	Project	Land site (hectares)	DCI's stake	Investment Cost * (€million)	Debt (€million)	Real Estate Value (€million)	% Loan to real estate asset value
	Advanced Projects						
1	The Porto Heli Collection	347	100%	139	8		
	The Aman at Porto Heli	*96*	*100%*	*45*	*5*		
	The Nikki Beach Resort at Porto Heli	*1*	*100%*	*5*	*<1*		
	The Seafront Villas	*4*	*100%*	*8*	*<2*		
	The Chedi and Jack Nicklaus Signature Golf Course	*246*	*100%*	*81*			
2	Venus Rock – Aristo	1,000	100%	151	7		
3	Playa Grande	950	98%	44	21		
4	Pearl Island	1,440	60%	21	-		
	Total	**3,737**		**355**	**36**	**807**	**4%**
	Major Projects						
5	Sitia Bay	280	78%	16	-		
6	Kea Resort	65	67%	9	-		
7	Scorpio Bay	172	100%	13	-		
8	Lavender Bay	310	100%	22	-		
9	Plaka Bay	440	60%	7	-		
10	Triopetra	11	100%	4	-		
11	Eagle Pine – Aristo	319	100%	31	-		
12	Apollo Heights	461	100%	17	-		
13	Livka Bay	63	100%	22	10		
14	Mediterra Resorts	12	100%	29	4		
	Kundu	*4*	*100%*	*14*	*3*		
	LaVanta	*8*	*100%*	*14*	*1*		
	Total	**2,133**		**170**	**14**	**327**	**4%**
	Other Aristo						
	Magioko	*11*	*100%*	*6*	*-*		
	Douneika	*26*	*100%*	*3*	*6*		
	King's Mall (ex Athiari)	*4*	*50%*	*11*	*-*		
	Paphos Centre Plot	*10*	*100%*	*17*	*-*		
	Panorama Residences	*11*	*100%*	*5*	*-*		
	Other	*365*	*100%*	*168*	*331*		
	Total	**427**		**210**	**337**	**582**	**58%**
	Grand Total	**6,297**		**735**	**387**	**1,716**	**23%**

*Including amounts paid in shares.

Exits

	Land site (hectares)	Dolphin stake sold	Dolphin original investment (€m)	Dolphin return on investment (€m)	Dolphin return on investment (times)
Tsilivi - Aristo	11	100%	2.0	7.0	3.5x
Amanmila	210	100%	2.8	5.4	1.9x
Kea	65	33%	4.0	4.1	1x
Seafront Villas	0.4	10%	1.0	2.3	2.3x
TOTAL	**286**		**9.8**	**18.8**	**1.91x**

Aristo (www.aristodevelopers.com)

The measures that the Company took to protect Aristo against the effects of the slowdown in sales following the onset of the economic crisis proved effective, with Aristo meeting its target to be cashflow positive in 2010.

During 2010, Aristo made most of its sales from its vast stock of plots and fully or partially completed homes. The remaining stock currently comprises approximately 244 plots and 100 completed and 477 partially completed homes, with an estimated pre-discounted total sales value of approximately €240 million.

The sales growth momentum exhibited in 2010 was fragmented and does not currently provide assurances of short term recovery so Aristo is continuing with discount sales schemes to attract buyers. In 2011, Aristo aims to improve its sales network in its traditional markets of UK and Russia and continue its efforts to unlock new markets such as the Middle East, Scandinavia and China.

Aristo has also invested in preparing the launch of a small number of new projects in 2011 such as the Kings Avenue Mall.

Aristo's market leading position, vast stock and strong asset base are expected to enable the company to return to significant cashflow generating mode upon market recovery.

Sales performance

In 2010, Aristo generated €45 million of gross retail sales, which was 75% higher than 2009. This figure corresponds to 195 units (homes and lots), a 48% increase from 2009.

	Twelve months to 31/12/2010	**Twelve months to 31/12/2009**
SALES RESULTS		
New sales booked	€44,646,058	€25,545,600
% change	*75%*	
Average selling price per m^2 (% change)	*16%*	
Units sold	195	132
% change	*48%*	
CLIENT ORIGIN		
UK	12%	15%
Russia	30%	28%
Central & North Europe	4%	2%
Other overseas	9%	5%
Cyprus	44%	50%

Kings Avenue Mall

Previously known as Athiari project, the Kings Avenue Mall is located in the heart of the Tourist Area of Paphos, and is envisioned to become the premier shopping mall of the town. It has a total of 24,400m^2 of retail and entertainment areas and 1,150 parking spaces. One anchor tenant has already signed for 1,900m^2. Discussions with major anchor tenants such as an international retailer for over 3,500m^2, a multiplex for 2,250m^2 and a multimedia store for 1,250m^2 are in final stages. Additionally, floor plans have been agreed with franchisees of international food chains, completing almost the entire food courts floor allocation. While discussions with potential tenants for the smaller shops will only be initiated upon completion with all anchors, recorded demand has been very strong and required floor space is expected to considerably exceed availability. In terms of construction, consultants have been appointed for the execution of the technical studies and the commencement of the excavation works on the site will initiate shortly. Finally, financing negotiations are advancing with a major Cypriot bank to fully finance the construction of the mall. Aristo owns 50% of the project.

Market Dynamics

The most important observations for our industry are as follows:

- Significant private equity capital is returning to the real estate market with a focus on luxury residential properties in core cities and beyond. According to DTZ Research, USUS$329 billion of capital is now evenly targeting the EMEA (35%), the Americas (34%) and Asia Pacific (32%).

- Over the past three years, real estate investment capital has been competing for distressed transactions. As such transactions are being absorbed by the market, capital providers are beginning to allocate more capital to healthy assets and development opportunities.

- The peripheral European countries (Greece, Spain, Portugal) are showing signs of stability, as systematic economic and financial meltdown was avoided, in part by the huge fiscal adjustment and EU/IMF backed rescue packages. Greece has been the main beneficiary, achieving substantial improvements on the repayment terms of the EU financial support package (reduced interest by 100 bps and extension of maturity by more than 3 years).

- Emerging markets (China, Russia, India, Brazil) are demonstrating increased appetite for expensive European luxury goods spurred by freshly-created wealth. Analysts, estimate global luxury sales to have increased by an average of approximately 10% over 2010, indicating a revival in demand for luxury goods.

- The tourism and hotel industry is forecast to increasingly attract demand from emerging markets like China and Russia. According to Market Probe of the Travel & Tourism Group, affluent Chinese luxury tourists are currently estimated at one million, and this is expected to grow significantly over the coming years. Dolphin's key markets are well positioned to capture some of that demand.

- The number of international tourists is estimated to have reached a new all-time high in 2010, according to IPK and UNWTO. International arrivals are estimated to have increased by 6-7% to a new record of 935 million trips during 2010, according to the World Travel Monitor, representing a 2% increase on the previous record year of 2008, which demonstrates that international tourism has recovered from the 2009 slump and is already growing again in real terms in the first post-crisis year.

- Tourist arrivals in all four Dolphin Mediterranean markets (Greece, Cyprus, Croatia and Turkey) totalled 62.1m for 2010 representing almost a 1 million increase over 2009, while tourism has contributed an augmented share of their respective GDPs ranging from 10% to 28%.

- Panama has experienced remarkable GDP growth in recent years making it among the highest growth countries in the Americas, driven by the expansion of the Canal as well as the surge of foreign direct investment from North and South America. Average GDP growth was 6.8% between 2004 and 2010 and is forecast at 6.2% for 2011. Tourist arrivals in 2010 grew by 9.8% primarily due to increased demand from the United States and Europe.

- The Dominican Republic has witnessed resilient economic growth in the past 5 years, being one of the fastest growing economies in the Caribbean region with an average GDP growth of 6.5%. Tourist arrivals increased by 3.3% during 2010 primarily due to further arrivals from the US and certain European markets such as Russia.

- Given their high degree of dependence and correlation with the US economy, both Panama and the Dominican Republic are expected to experience positive spill over effects from a healthy US economy recovery.

Strategic Focus

The strategic priorities of the Company for 2011 and beyond are the following:

1. Advance and complete the construction of the first phases of Dolphin's four Advanced Projects: the Porto Heli Collection, Venus Rock Golf Resort, Playa Grande Club and Reserve and Pearl Island. The first phases of these projects, which include the completion of their first hotels, golf courses or other leisure facilities, as well as their main infrastructure, will establish them as luxury resort destinations and act as a catalyst for both retail home sales and project joint ventures or exits. The development of the key components of the first phases is estimated to be completed within the next one to two years, in time for an expected significant market recovery after a prolonged slowdown.

2. Invest in the production of effective marketing material (including brochures, 3D renderings and films, websites, online campaigns) and the setup of the appropriate luxury media and sales channels in key international and regional markets to realise high-end retail sales and attract investment partners.

3. Complete the zoning and permitting of Dolphin's Major Projects to upgrade them to Advanced Project status. This shall enable Dolphin to either exit those projects at a significant return multiple to cost or to develop them and capture their full cash return potential.

4. Expand the retail and land sales of Aristo by increasing the Company’s market share in existing and new markets. The short to medium term objective is for the Company to start generating cash profits again, reduce leverage and provide dividends to Dolphin.

5. Realise project joint ventures and exits to increase the liquidity of the Company and further demonstrate the true value of the real estate portfolio.

6. Subject to having the appropriate cash liquidity from project exits, opportunistically acquire back DCI shares or other key resort land assets in strategic emerging markets in the Mediterranean, Caribbean and Latin America, in order to solidify Dolphin’s position as the leading investor and developer in the sector.

Miltos Kambourides
Managing Partner

Dolphin Capital Partners
22 March 2011

Pierre Charalambides
Partner

Dolphin Capital Partners
22 March 2011

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 respectfully 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 of our stakeholders and the local communities where we are active.

Our aim is to provide excellent returns to our shareholders, while in parallel contributing in meaningful ways to 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, dedicated to helping the surrounding regional communities and the natural environments where Dolphin invests by donating to various charitable endeavours.

To date, DCF has already made 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.

More specifically, DCF funds were used to:

- Provide environmental maintenance equipment to the areas of The Porto Heli Collection, Sitia Bay and Lavender Bay
- 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 initiatives for less privileged children in Greece and Cyprus
- Provide emergency relief to the wider areas of Lavender Bay and Playa Grande which suffered from floods, earthquakes and other calamities.

Finance Director's Report

Net Asset Value ('NAV')

Consistent with the Company's valuation policy, Colliers International ("**Colliers**") performed a valuation of the entire portfolio as at 31 December 2010. Specifically, the following factors contributed to a decrease in NAV compared to the previous year:

- a 1.4% net decrease in the overall portfolio valuation (revaluation gains in Venus Rock Golf resort, Lavender Bay, Seascape Hills, Livka Bay, Rebranded Hotel driven by the receipt of permits was counterbalanced by reductions in Aristo and other asset valuations reflecting market conditions)
- Regular fixed Dolphin operational, corporate and management expenses.

The fall in NAV was partly offset by the appreciation of the Americas properties in Euro terms due to devaluation of the dollar against the Euro.

Sterling NAV per share decreased by 10.4% driven in addition to the reasons mentioned above, by the 4.8% appreciation of the Sterling versus the Euro.

The reported NAV as at 31 December 2010 is presented below:

	€	**£**	**Variation since 31 December 2009**		**Variation since 30 June 2010**	
			€	**£**	**€**	**£**
Total NAV before DITL (millions)	1,264	1,082	(5.9%)	(10.4%)	(5.2%)	0.3%
Total NAV after DITL (millions)	1,144	979	(5.9%)	(10.4%)	(5.5%)	0.0%
NAV per share before DITL	2.01	173p	(5.9%)	(10.4%)	(5.2%)	0.3%
NAV per share after DITL	1.82	156p	(5.9%)	(10.4%)	(5.5%)	0.0%

Notes:

1. *GBP/Euro rate 0.85656 as at 31 December 2010.*
2. *NAV per share has been calculated on the basis of 627,402,547 issued shares (excluding 306,681 treasury shares obtained in 2009 from the Shares-for-Assets programme) as at 31 December 2010.*

Consistent with prior years, 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 2010 NAV, the performance fee that would be payable (assuming that the whole portfolio was sold at NAV after DITL) was approximately €70 million.

Finally, the reported DITL of €120 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.

A solid financial position

Condensed consolidated statement of financial position

(as at 31 December 2010)

	31 December 2010 €' 000	31 December 2009 €' 000
Assets		
Real estate assets (investment and trading properties)	1,716,222	1,749,484
Other assets	43,653	53,232
Cash and cash equivalents	29,782	62,917
Total Assets	**1,789,657**	**1,865,633**
Equity		
Equity attributable to Dolphin shareholders	1,143,524	1,215,456
Non-controlling interest	40,853	38,008
Total equity	1,184,377	1,253,464
Liabilities		
Interest-bearing loans and finance lease obligations	396,704	380,038
Other liabilities	88,383	105,005
Deferred tax liability	120,193	127,126
Total liabilities	605,280	612,169
Total equity and liabilities	**1,789,657**	**1,865,633**

The Company's NAV before DITL, after deducting from total consolidated assets, non-controlling interests of €41 million, other liabilities of €88 million and total debt of €397 million is set at €1,264 million as at 31 December 2010.

The reduction in the NAV after DITL resulted to an accounting loss of €73 million for the year ended 31 December 2010 implying a loss per share of €0.12.

The consolidated financial statements have been audited by KPMG.

The Company's consolidated assets total €1.79 billion and include €1.72 billion of real estate assets and €44 million of other assets. The €1.72 billion figure represents Colliers' fair market valuation of Dolphin's entire real estate portfolio (both freehold and leasehold interests) as at 31 December 2010, assuming 100% ownership. The €44 million of other assets comprise mainly €22 million of Aristo trade receivables, €8.5 million of VAT receivable and €3 million of deferred tax asset.

The Company's consolidated liabilities total €605 million and include €120 million of DITL, €88 million of other liabilities as well as €397 million of interest-bearing loans and finance lease obligations all of which are held by Group subsidiaries and are non-recourse to Dolphin (except for the debt servicing of the Aman at Porto Heli construction facility and the interest servicing of Banco Leon loan at Playa Grande). Of the total Group debt of €387 million, 89% is accounted by Aristo. The total expected debt service obligations of Aristo for 2011 are estimated at €19 million and are expected to be covered by Aristo's operational cash flow.

The €88 million of other payables comprise mainly €20 million of advances from customers relating to contractual construction works in progress by Aristo and €27 million of deferred land payments, €21 million of which should materialise in 2013.

Aristo pro forma financials

Aristo's proforma consolidated statement of comprehensive income (adjusted to exclude gains/losses from revaluation and negative goodwill from acquisitions) for the year ended 31 December 2010 and 31 December 2009 is as follows:

	Twelve months to 31/12/2010 in (€'000)	**Twelve months to 31/12/2009** in (€'000)
Turnover (based on units delivered)	70,304	102,160
Cost of sales	(49,362)	(69,452)
Gross profit	20,942	32,708
Other income	6,436	4,093
Administrative expenses	(16,591)	(15,668)
Selling expenses	(2,930)	(3,250)
Profit from operating activities	7,857	17,883
Net financing expenses	(20,940)	(17,345)
Profit from investing activities	1,930	2,769
Share of profit from associated companies	1	(1)
(Loss)/profit before taxation	(11,152)	3,306
Taxation	(722)	(1,896)
(Loss)/profit after taxation	(11,874)	1,410

In terms of accounting results, excluding asset revaluations, Aristo reported an operating after tax loss of €11.8 million versus a profit of €1.4 million in 2009. Operating results for the year ended 31 December 2010 have been affected by the significant drop in sales in 2009 which resulted in a decrease in units delivered in 2010.

Panos Katsavos
Finance Director
Dolphin Capital Partners
22 March 2011

Consolidated statement of comprehensive income

For the year ended 31 December 2010

	Note	31 December 2010 €'000	31 December 2009 €'000
Continuing operations			
Gain/(loss) on disposal of investment in subsidiaries	26	339	(643)
Gain on disposal of investment in equity accounted investees	15	-	3,125
Valuation loss on investment property	12	(17,390)	(124,731)
Share of profit on equity accounted investees	15	3,110	5,736
Other operating profits/(losses)	7	9,894	(3,433)
Total operating losses		**(4,047)**	**(119,946)**
Investment Manager fees	25.2	(18,083)	(18,154)
Incentive fees	25.4	-	(18,744)
Personnel cost	8	(12,405)	(13,911)
Depreciation charge	13	(1,944)	(1,566)
Professional fees		(5,707)	(5,709)
Selling and promotional expenses		(2,953)	(3,488)
Administrative and other expenses		(11,303)	(16,097)
Total operating and other expenses		**(52,395)**	**(77,669)**
Result from operating activities		**(56,442)**	**(197,615)**
Finance income	9	8,191	4,194
Finance costs	9	(22,609)	(24,305)
Net finance costs		**(14,418)**	**(20,111)**
Goodwill written off	26	-	(628)
Gain from bargain purchases	26	181	38,056
Impairment of trading properties	14	(3,290)	(3,857)
Impairment of property, plant and equipment	13	(4,238)	(2,565)
Total net non-operating (losses)/profits		**(7,347)**	**31,006**
Loss before taxation		**(78,207)**	**(186,720)**
Taxation	10	5,940	19,518
Loss for the year		**(72,267)**	**(167,202)**
Other comprehensive income			
Foreign currency translation differences		2,214	(433)
Revaluation of property, plant and equipment		61	48
Other comprehensive income for the year, net of income tax		**2,275**	**(385)**
Total comprehensive income for the year		**(69,992)**	**(167,587)**
Loss attributable to:			
Owners of the Company		(72,597)	(170,608)
Non-controlling interest		330	3,406
Loss for the year		**(72,267)**	**(167,202)**
Total comprehensive income attributable to:			
Owners of the Company		**(71,932)**	(170,599)
Non-controlling interest		**1,940**	3,012
Total comprehensive income for the year		**(69,992)**	**(167,587)**
Loss per share			
Basic and diluted loss per share (€)	11	**(0.12)**	**(0.29)**

Consolidated statement of financial position

As at 31 December 2010

	Note	31 December 2010 €'000	31 December 2009 €'000
Assets			
Investment property	12	1,275,974	1,380,457
Property, plant and equipment	13	80,054	70,709
Investments in equity accounted investees	15	20,733	14,312
Deferred tax assets	20	3,066	2,185
Other non-current assets		7,175	2,086
Total non-current assets		**1,387,002**	**1,469,749**
Trading properties	14	339,461	284,107
Receivables and other assets	16	33,412	48,860
Cash and cash equivalents	17	29,782	62,917
Total current assets		**402,655**	**395,884**
Total assets		**1,789,657**	**1,865,633**
Equity			
Share capital	18	6,277	6,277
Share premium	18	812,520	812,520
Reserves		2,660	1,995
Retained earnings		322,067	394,664
Total equity attributable to equity holders of the Company		**1,143,524**	**1,215,456**
Non-controlling interest		40,853	38,008
Total equity		**1,184,377**	**1,253,464**
Liabilities			
Interest-bearing loans	19	293,444	289,423
Finance lease obligations	21	8,924	9,116
Deferred tax liabilities	20	120,193	127,126
Other non-current liabilities	22	25,306	22,271
Total non-current liabilities		**447,867**	**447,936**
Interest-bearing loans	19	93,935	81,045
Finance lease obligations	21	401	454
Trade and other payables	23	62,333	81,565
Tax payable		744	1,169
Total current liabilities		**157,413**	**164,233**
Total liabilities		**605,280**	**612,169**
Total equity and liabilities		**1,789,657**	**1,865,633**
Net asset value per share (€)	24	**1.82**	**1.94**

Consolidated statement of changes in equity

For the year ended 31 December 2010

	Attributable to equity holders of the Company								
	Share capital €'000	Share premium €'000	Translation reserve €'000	Revaluation reserve €'000	Reserve for own shares €'000	Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 January 2009	5,490	833,359	1,862	268	(62,479)	565,272	1,343,772	165,606	1,509,378
Total comprehensive income for the year									
Loss for the year	-	-	-	-	-	(170,608)	(170,608)	3,406	(167,202)
Other comprehensive income									
Foreign currency translation differences	-	-	(39)	-	-	-	(39)	(394)	(433)
Revaluation of property, plant and equipment, net of tax	-	-	-	48	-	-	48	-	48
Total other comprehensive income	**-**	**-**	**(39)**	**48**	**-**	**-**	**9**	**(394)**	**(385)**
Total comprehensive income for the year	**-**	**-**	**(39)**	**48**	**-**	**(170,608)**	**(170,599)**	**3,012**	**(167,587)**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Issue of ordinary shares related to business combinations	787	24,467	-	-	-	-	25,254	-	25,254
Own shares exchanged in relation to business combinations	-	(45,004)	-	-	62,479	-	17,475	-	17,475
Own shares acquired	-	-	-	-	(4,408)	-	(4,408)	-	(4,408)
Own shares exchanged	-	(302)	-	-	4,264	-	3,962	-	3,962
Dividends paid	-	-	-	-	-	-	-	(1,305)	(1,305)
Non-controlling interest on capital increases of subsidiaries	-	-	-	-	-	-	-	850	850
Total contributions by and distributions to owners	787	(20,839)	-	-	62,335	-	42,283	(455)	41,828
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(130,155)	(130,155)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	(130,155)	(130,155)
Total transactions with owners	787	(20,839)	-	-	62,335	-	42,283	(130,610)	(88,327)
Balance at 31 December 2009	**6,277**	**812,520**	**1,823**	**316**	**(144)**	**394,664**	**1,215,456**	**38,008**	**1,253,464**
Balance at 1 January 2010	6,277	812,520	1,823	316	(144)	394,664	1,215,456	38,008	1,253,464
Total comprehensive income for the year									
Loss for the year	-	-	-	-	-	(72,597)	(72,597)	330	(72,267)
Other comprehensive income									
Foreign currency translation differences	-	-	603	-	-	-	603	1,611	2,214
Revaluation of property, plant and equipment, net of tax	-	-	-	62	-	-	62	(1)	61
Total other comprehensive income	**-**	**-**	**603**	**62**	**-**	**-**	**665**	**1,610**	**2,275**
Total comprehensive income for the year	**-**	**-**	**603**	**62**	**-**	**(72,597)**	**(71,932)**	**1,940**	**(69,992)**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Non-controlling interest on capital increases of subsidiaries	-	-	-	-	-	-	-	1,086	1,086
Total contributions by and distributions to owners	-	-	-	-	-	-	-	1,086	1,086
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(181)	(181)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	(181)	(181)
Total transactions with owners	-	-	-	-	-	-	-	905	905
Balance at 31 December 2010	**6,277**	**812,520**	**2,426**	**378**	**(144)**	**322,067**	**1,143,524**	**40,853**	**1,184,377**

Consolidated statement of cash flows

For the year ended 31 December 2010

	31 December 2010 €'000	31 December 2009 €'000
Cash flows from operating activities		
Loss for the year	(72,267)	(167,202)
Adjustments for:		
Valuation loss on investment property	17,390	124,731
Fair value adjustment on investments at fair value through profit or loss	97	4
Loss/(gain) on disposal of investment in subsidiaries	(339)	643
Share of profits on equity accounted investees	(3,110)	(5,735)
Gain on disposal of investment in equity accounted investee	-	(3,125)
Gain from bargain purchases	(181)	(38,056)
Goodwill written off	-	628
Impairment of property, plant and equipment	4,238	2,565
Impairment of trading properties	3,290	3,857
Depreciation	1,944	1,566
Exchange difference	(7,560)	2,385
Taxation	(5,940)	(19,518)
Interest income	(2,019)	(4,194)
Interest expense	20,415	22,717
	(44,042)	(78,734)
Change in receivables and other assets	10,242	(8,371)
Change in finance lease obligations	(245)	63
Change in other non-current liabilities	3,035	788
Change in trade and other payables	(19,232)	(32,838)
Cash used in operating activities	(50,242)	(119,092)
Tax paid	(2,558)	(1,147)
Net cash used in operating activities	**(52,800)**	**(120,239)**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	-	(49,370)
Net proceeds from disposal of subsidiaries	2,265	6,518
Proceeds from disposal of investments in equity accounted investees	-	4,500
Net change in investments in equity accounted investees	(3,246)	1,961
Change in loans receivable	-	6,582
Net acquisitions/(disposals) of investment property	(384)	19,191
Net acquisitions of property, plant and equipment	(7,651)	(2,541)
Net change in trading properties	29,578	45,199
Interest received	2,019	4,194
Net cash from investing activities	**22,581**	**36,234**
Cash flows from financing activities		
Funds received from non-controlling shareholders	1,086	850
Change in interest-bearing loans	21,939	14,576
Dividends paid	-	(1,305)
Interest paid	(20,415)	(22,717)
Net cash from/(used in) financing activities	**2,610**	**(8,596)**
Net decrease in cash and cash equivalents	**(27,609)**	**(92,601)**
Cash and cash equivalents at the beginning of the year	27,029	119,866
Effect of exchange rate fluctuations on cash held	(498)	(236)
Cash and cash equivalents at the end of the year	**(1,078)**	**27,029**
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)	29,782	62,917
Bank overdrafts (see note 19)	(30,860)	(35,888)
Cash and cash equivalents	**(1,078)**	**27,029**

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 as at 31 December 2010 comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and jointly controlled entities.

The consolidated financial statements of the Group as at and for the year ended 31 December 2010 are available at www.dolphinci.com.

2. BASIS OF PREPARATION

a. Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 21 March 2011.

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 and investments in associates and jointly controlled entities, which are accounted for in accordance with the equity method of accounting.

c. Application of new and revised Standards and Interpretations

As from 1 January 2010, the Company adopted all of the IFRS and International Accounting Standards ('IAS'), which are relevant to its operations. The adoption of these Standards did not have a significant effect on the financial statements of the Company, except for the adoption of IFRS3 "Business Combinations". Under the provisions of the revised IFRS 3, entities have a choice to measure non-controlling interest in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. In addition, contingent consideration is measured at fair value at the date of acquisition with subsequent changes in the fair value being recognised in profit or loss. Also, acquisition-related costs are expensed through profit or loss at the time the services are received. The Group has applied the revised IFRS 3 in its financial statements prospectively.

The following Standards, Amendments to Standards and Interpretations had been issued but are not yet effective for the year ended 31 December 2010:

(i) Standards and Interpretations adopted by the EU

- Improvements to IFRS issued in May 2010 (Effective for annual periods beginning on or after 1 July 2010 and 1 January 2010 as applicable).
- IFRS1 (amendment): Limited exemption from comparative IFRS7 disclosures for first time adopters (effective for annual periods beginning on or after 1 July 2010)
- IAS 24 "Related Party Disclosures" (revised)(effective for annual periods beginning on or after 1 January 2011).
- IAS 32 "Classification of rights issues" (amendments) (effective for annual periods beginning on or after 1 February 2010).
- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendments) (effective for annual periods beginning on or after 1 January 2011).
- IFRIC 19: "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010).

(ii) Standards and Interpretations not adopted by the EU

- IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (amendments) (effective for annual periods beginning on or after 1 July 2011).
- IFRS 7 Financial Instruments (amendments): Disclosures - Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011).
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2013).
- IAS 12 - "Deferred tax: Recovery of Underlying Assets" (amendments)(effective for annual periods beginning on or after 1 January 2012).

The Board of Directors expects that the adoption of the above financial reporting standards in future periods will not have a significant effect on the financial statements of the Company.

d. Use of estimates and judgments

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

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

- **Work in progress**

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

- **Revenue recognition**

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

- **Provision for bad and doubtful debts**

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

- **Income taxes**

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

- **Fair value of property**

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

- **Impairment of intangible assets**

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

- **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 and willingly. The market value of land and buildings classified as property, plant and equipment is based on the appraisal reports provided by independent property valuers.

Investment property

The fair value of property is determined by using valuation techniques. The Directors have appointed Colliers International, 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 the Royal Institute of Chartered Surveyors ('RICS'). Furthermore, the valuations are conducted on an 'as is condition' and on an open market comparative basis. Property valuations are prepared at the end of June and December of each year. Where necessary, the Group undertakes quarterly valuations on selected projects.

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

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

Trading properties

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

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 2010, the Group's most significant company holdings were the following:

Name	Country of incorporation	Shareholding interest
Scorpio Bay Holdings Limited	Cyprus	100%
Scorpio Bay Resorts S.A.	Greece	100%
Latirus Enterprises Limited	Cyprus	80%
Iktinos Techniki Touristiki S.A.	Greece	78%
Xscape Limited	Cyprus	100%
Golfing Developments S.A.	Greece	100%
MindCompass Overseas Limited	Cyprus	100%
MindCompass Overseas S.A.	Greece	100%
MindCompass Overseas Two S.A.	Greece	100%
MindCompass Parks S.A.	Greece	100%
Ergotex Services Co. Limited	Cyprus	100%
D.C. Apollo Heights Polo and Country Resort Limited	Cyprus	100%
Symboula Estates Limited	Cyprus	100%
DolphinCI Fourteen Limited	Cyprus	100%
Eidikou Skopou Dekatessera S.A.	Greece	100%
Eidikou Skopou Dekaokto S.A.	Greece	100%
Portoheli Hotel and Marina S.A.	Greece	100%
DCI Holdings Two Limited	BVIs	100%
Dolphin Capital Atlantis Limited	Cyprus	100%
Aristo Developers Limited ('Aristo')	Cyprus	100%
Single Purpose Vehicle Twelve Limited	Cyprus	100%
Single Purpose Vehicle Eighteen Limited	Cyprus	100%
Single Purpose Vehicle Ninenteen Limited	Cyprus	100%
Azurna Uvala D.o.o.	Croatia	100%
Eastern Crete Development Company S.A.	Greece	60%
DolphinLux 1 S.a.r.l.	Luxemburg	100%
DolphinLux 2 S.a.r.l.	Luxemburg	100%
Pasakoy Yapi ve Turizm A.S.	Turkey	100%
Kalkan Yapi ve Turizm A.S.	Turkey	100%
DCI Holdings Five Limited	BVIs	100%
DCI Holdings Four Limited	BVIs	98%
DCI Holdings Seven Limited	BVIs	98%
Playa Grande Holdings Inc.	Dominican Republic	98%
Single Purpose Vehicle Eight Limited	Cyprus	100%
Eidikou Skopou Dekapente S.A.	Greece	100%
Single Purpose Vehicle Ten Limited	Cyprus	100%
Eidikou Skopou Eikosi Tessera S.A.	Greece	100%
Pearl Island Limited S.A.	Panama Republic	60%
Zoniro (Panama) S.A.	Panama Republic	60%

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

5. SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Subsidiaries

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

5.2 Transactions eliminated on consolidation

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

5.3 Business combinations

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

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

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

5.4 Associates and jointly controlled entities

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

5.5 Investment property

Investment 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 statement of comprehensive income.

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

5.6 Property, plant and equipment

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

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

The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and appropriate proportion of production overheads.
Depreciation is charged to the consolidated statement of comprehensive income 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% - 33.33 %
Motor vehicles and other	10% - 20%

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

5.7 Trading properties

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

5.8 Work in progress

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

5.9 Leased assets

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

5.10 Trade and other receivables

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

5.11 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 statement of financial position 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 12 months of the statement of financial position 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 statement of comprehensive income in the period in which they arise.

5.12 Cash and cash equivalents

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

5.13 Share capital and premium

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

5.14 Own shares

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

5.15 Dividends

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

5.16 Interest-bearing borrowings

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

5.17 Trade and other payables

Trade and other payables are stated at their cost.

5.18 Prepayments from clients

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

5.19 Provisions

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

5.20 Expenses

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

5.21 Impairment

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

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

5.22 Revenue recognition

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

Income from land and buildings under development

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

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date, as measured by the proportion that contract costs incurred for work performed to date 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.

5.23 Finance income and costs

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 statement of comprehensive income, using the effective interest method.

Finance costs 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 statement of comprehensive income using the effective interest method.

5.24 Foreign currency translation

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

5.25 Foreign operations

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

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

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

5.26 Segment reporting

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

5.27 Earnings per share

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

5.28 Net asset value ('NAV') per share

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

5.29 Income tax

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

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

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised 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.

5.30 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. OTHER OPERATING PROFITS/(LOSSES)

	From 1 January 2010 to 31 December 2010 €'000	From 1 January 2009 to 31 December 2009 €'000
Sale of trading and investment properties	59,180	79,926
Income from operation of golf courses	1,101	651
Income from construction contracts	5,919	8,630
Other (losses)/profits	(6,517)	1,636
Cost of sales	(49,789)	(94,276)
Total	**9,894**	**(3,433)**

8. PERSONNEL COST

	From 1 January 2010 to 31 December 2010		From 1 January 2009 to 31 December 2009	
	Operating expenses €'000	Construction in progress €'000	Operating expenses €'000	Construction in progress €'000
Wages and salaries	10,769	1,620	10,781	1,839
Compulsory social security contributions	1,017	179	2,388	980
Contributions to defined contribution plans	376	77	512	94
Other personnel costs	243	244	230	317
Total	**12,405**	**2,120**	**13,911**	**3,230**

Personnel cost in relation to operating expenses is expensed as incurred in the consolidated statement of comprehensive income. Personnel cost in relation to construction in progress is capitalised on the specific projects and transferred to the consolidated statement of comprehensive income through cost of sales when the specific property is disposed of.

The average number of employees employed by the Group during the year was 419 (2009: 454 employees).

9. FINANCE INCOME AND FINANCE COSTS

	From 1 January 2010 to 31 December 2010	From 1 January 2009 to 31 December 2009
	€'000	€'000
Recognised in profit or loss		
Interest income	2,019	4,194
Exchange difference	6,172	-
Finance income	8,191	4,194
Interest expense	(20,415)	(22,717)
Fair value adjustment on investments at fair value through profit or loss	(97)	(4)
Bank charges	(2,097)	(632)
Exchange difference	-	(952)
Finance costs	(22,609)	(24,305)
Net finance costs recognised in profit or loss	**(14,418)**	**(20,111)**

Recognised in other comprehensive income		
Foreign currency translation differences	2,214	(433)
Finance income/(costs) recognised in other comprehensive income	**2,214**	**(433)**

10. TAXATION

	From 1 January 2010 to 31 December 2010	From 1 January 2009 to 31 December 2009
	€'000	€'000
Income tax	2,133	1,122
Net deferred tax	(8,008)	(21,555)
Share of tax on equity accounted investees (see note 15)	(65)	915
Total	**(5,940)**	**(19,518)**

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

	From 1 January 2010 to 31 December 2010	From 1 January 2009 to 31 December 2009
	€'000	€'000
Loss before taxation	(78,207)	(186,720)
Taxation using domestic tax rates	(786)	(10,009)
Non-deductible expenses and tax-exempt income	(4,291)	(10,738)
Effect of tax losses utilised	(15)	(2)
Share of tax on equity accounted investees (see note 15)	(65)	915
Other	(783)	316
Total	**(5,940)**	**(19,518)**

As a company incorporated under the BVI International Business Companies Act (Cap. 291), the Company is exempt from taxes on profits, income or dividends. Each company incorporated in BVI 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 3% special contribution on rental income and, under certain circumstances, a 10% special contribution on interest income.

In Greece, the corporation tax rate applicable to undistributed profits is 24% (2009: 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 after the reporting period, whereby the Greek corporate tax rates applicable to undistributed profits for 2011 onwards will be 20%. In Turkey, the corporation tax rate is 20%. Tax losses of Turkish companies are carried forward to reduce future profits for a period of five years. In Croatia, the corporation tax rate is 20%. Tax losses of Croatian companies are carried forward to reduce future profits for a period of five years.

The Group's subsidiary in the Dominican Republic has been granted a 100% exemption on local and municipal taxes by the Dominican Republic's CONFOTUR (Tourism Promotion Council) for a period of ten years, effective from the commencement of the construction of the project. In the Republic of Panama, the corporation tax rate is 27,5% (2009: 30%) and the capital gains tax rate is 3%. Tax losses of companies in the Republic of Panama are carried forward to reduce future profits in the next five taxable years.

11. LOSS PER SHARE

Basic loss per share

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

	From 1 January 2010 to 31 December 2010	From 1 January 2009 to 31 December 2009
	’000	’000
Loss attributable to owners of the Company (€)	(72,597)	(170,608)
Number of weighted average common shares outstanding	627,403	583,241
Basic loss per share (€)	**(0.12)**	**(0.29)**

Weighted average number of common shares outstanding

	From 1 January 2010 to 31 December 2010	From 1 January 2009 to 31 December 2009
	‘000	‘000
Outstanding common shares at the beginning of the year	627,403	494,596
Effect of shares issued during the year	-	53,239
Effect of own shares exchanged during the year (8 April 2009)	-	36,840
Effect of own shares acquired during the year	-	(3,619)
Effect of own shares exchanged during the year (5 October 2009)	-	2.185
Weighted average number of common shares outstanding	**627,403**	**583,241**

Diluted loss per share

Diluted loss per share is calculated by adjusting the number of common shares outstanding to assume conversion of all dilutive potential shares. As at 31 December 2010, the diluted loss per share is the same as the basic loss per share, due to the fact that neither warrants nor other convertible shares existed.

12. INVESTMENT PROPERTY

	31 December 2010	31 December 2009
	€'000	€'000
At beginning of year	1,380,457	1,531,398
Additions through:		
Direct acquisitions	8,756	4,359
Transfers (to)/from property, plant and equipment	(7,923)	275
Transfers to trading properties	(87,843)	(3,618)
Transfers from other non-current assets	17	-
Disposals through:		
Direct disposals	(8,372)	(20,329)
Disposal of subsidiary companies (see note 26)	-	(1,653)
Conversion of a subsidiary into an associate	-	(3,221)
Exchange difference	8,272	(2,023)
	1,293,364	1,505,188
Fair value adjustment	(17,390)	(124,731)
At end of year	**1,275,974**	**1,380,457**

13. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings €'000	Machinery & equipment €'000	Other €'000	Total €'000
2010				
Cost or deemed cost				
At beginning of year	68,459	10,532	3,167	82,158
Additions through:				
Direct acquisitions of property, plant and equipment	7,136	587	220	7,943
Transfers from investment property	7,923	-	-	7,923
Disposals through:				
Direct disposal of property, plant and equipment	(51)	(290)	(222)	(563)
Transfers to trading property	(1,668)	-	-	(1,668)
Revaluation adjustment	36	-	-	36
Impairment	(4,238)	-	-	(4,238)
Exchange difference	1,536	43	18	1,597
At end of year	79,133	10,872	3,183	93,188
Depreciation and impairment losses				
At beginning of year	4,747	4,540	2,162	11,449
Disposals through:				
Direct disposal of property, plant and equipment	(51)	(1)	(219)	(271)
Revaluation adjustment	(69)	-	-	(69)
Charge for the year	668	941	335	1,944
Exchange difference	56	20	5	81
At end of year	5,351	5,500	2,283	13,134
Carrying amounts	**73,782**	**5,372**	**900**	**80,054**
2009				
Cost or deemed cost				
At beginning of year	70,280	10,599	3,088	83,967
Additions through:				
Direct acquisitions of property, plant and equipment	1,550	1,282	128	2,960
Transfers from investment property	(275)	-	-	(275)
Disposals through:				
Direct disposal of property, plant and equipment	(264)	(1,341)	(48)	(1,653)
Revaluation adjustment	48	-	-	48
Impairment	(2,565)	-	-	(2,565)
Exchange difference	(315)	(8)	(1)	(324)
At end of year	68,459	10,532	3,167	82,158
Depreciation and impairment losses				
At beginning of year	4,697	4,573	1,861	11,131
Disposals through:				
Direct disposal of property, plant and equipment	(198)	(999)	(37)	(1,234)
Charge for the year	256	971	339	1,566
Exchange difference	(8)	(5)	(1)	(14)
At end of year	4,747	4,540	2,162	11,449
Carrying amounts	**63,712**	**5,992**	**1,005**	**70,709**

14. TRADING PROPERTIES

	31 December 2010	31 December 2009
	€'000	€'000
At beginning of year	284,107	339,816
Net direct disposals	(29,578)	(49,607)
Net transfers from investment property	87,843	3,618
Net transfers from property, plant and equipment	1,668	-
Disposals through disposal of subsidiary company (see note 26)	(2,033)	(5,700)
Impairment	(3,290)	(3,857)
Exchange difference	744	(163)
At end of year	**339,461**	**284,107**

15. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

	DolphinCI S&B Holdings Limited	Athiari Commercial (Paphos) Limited	Athiari Residential (Paphos) Limited	Aristo Accounting S.A.	Joint venture between Aristo and Alea Limassol Star Limited	Joint venture between Aristo and St.Chara Developers Limited	Joint venture between Aristo and Poseidon	Joint venture between Aristo and Tsada/ Randi Cyprus Golf Resorts	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance as at 1 January 2010	-	10,487	3,649	28	-	(16)	63	101	14,312
Share of (loss)/profit before tax	-	(2,305)	(82)	1	5,505	(9)	-	-	3,110
Share of tax	-	150	(85)	-	-	-	-	-	65
Long-term loans	-	1,327	367	-	-	-	-	-	1,694
Contribution from shareholders	-	-	-	-	1,511	25	-	16	1,552
Balance as at 31 December 2010	**-**	**9,659**	**3,849**	**29**	**7,016**	**-**	**63**	**117**	**20,733**
Balance as at 1 January 2009	-	9,474	3,190	-	-	-	63	28	12,755
Initial cost of investment	-	-	-	29	-	-	-	-	29
Net equity from prior periods	(1,209)	-	-	-	-	-	-	-	(1,209)
Share of profit/(loss) before tax	675	1,113	586	(1)	3,378	(16)	-	1	5,736
Share of tax	(95)	(582)	(238)	-	-	-	-	-	(915)
Long-term loans	2,004	482	111	-	-	-	-	-	2,597
Contribution from shareholders	-	-	-	-	-	-	-	73	73
Profits received	-	-	-	-	(3,378)	-	-	(1)	(3,379)
Disposals	(1,375)	-	-	-	-	-	-	-	(1,375)
Balance as at 31 December 2009	**-**	**10,487**	**3,649**	**28**	**-**	**(16)**	**63**	101	**14,312**

As of 31 December 2010, the Group has a payable of €10,590 thousand (2009: €10,572 thousand) to Aristo joint ventures with Alea Limassol Star Limited and St. Chara Developers Limited (see note 23).

During the first half of 2009, the Group changed its accounting treatment for its investment in DolphinCI S&B Holdings Limited from one of a subsidiary to one of an equity investee, due to the fact that the Group was considered during 2009 to exercise significant influence over the investee and not control. During the second half of 2009, in two separate transactions, the Group disposed of its investment in DolphinCI S&B Holdings Limited, for a total consideration of €4,5 million.

The details of the above investments are as follows:

Name	Country of incorporation	Principal activities	Shareholding interest 2010	Shareholding interest 2009
Athiari Commercial (Paphos) Limited	Cyprus	Ownership and development of land	50%	50%
Athiari Residential (Paphos) Limited	Cyprus	Ownership and development of land	50%	50%
Aristo Accounting S.A.	Greece	Provision of professional services	49%	49%
Joint venture between Aristo and Alea Limassol Star Limited	Cyprus	Ownership and development of land	50%(*)	50%(*)
Joint venture between Aristo and St. Chara Developers Limited	Cyprus	Ownership and development of land	50%	50%
Joint venture between Aristo and Poseidon	Cyprus	Construction of marina	25%	25%
Joint venture between Aristo and Tsada/Randi Cyprus Golf Resorts	Cyprus	Management and operation of golf resort	50%	50%

The above shareholding percentages are rounded to the nearest integer.

(*) Profit sharing fluctuates and is based on the actual contributions of the venturers.

Summary of financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

2010	Athiari Commercial (Paphos) Limited €'000	Athiari Residential (Paphos) Limited €'000	Aristo Accounting S.A. €'000	Joint venture between Aristo and Alea Limassol Star Limited €'000	Joint venture between Aristo and St.Chara Developers Limited €'000	Joint venture between Aristo and Poseidon €'000	Joint venture between Aristo and Tsada/ Randi Cyprus Golf Resorts €'000	Total
Current assets	286	-	113	3,330	317	251	324	4,621
Non-current assets	55,330	20,371	11	-	-	-	13	75,725
Total assets	55,616	20,371	124	3,330	317	251	337	80,346
Current liabilities	68	100	70	3,037	1	-	56	3,332
Non-current liabilities	58,615	19,853	-	-	-	-	-	78,468
Total liabilities	58,683	19,953	70	3,037	1	-	56	81,800
Revenues	-	853	476,613	15,197	13	-	1,029	493,705
Expenses	(4,307)	(1,188)	(478,447)	(7,489)	(66)	-	(1,029)	(492,526)
Profit/(loss)	(4,307)	(335)	(1,834)	7,708	(53)	-	-	1,179

2009	Athiari Commercial (Paphos) Limited €'000	Athiari Residential (Paphos) Limited €'000	Aristo Accounting S.A. €'000	Joint venture between Aristo and Alea Limassol Star Limited €'000	Joint venture between Aristo and St.Chara Developers Limited €'000	Joint venture between Aristo and Poseidon €'000	Joint venture between Aristo and Tsada/ Randi Cyprus Golf Resorts €'000	Total €'000
Current assets	272	-	109	8,031	358	251	292	9,313
Non-current assets	56,805	19,500	14	-	-	-	13	76,332
Total assets	57,077	19,500	123	8,031	358	251	305	85,645
Current liabilities	62	94	65	15,283	40	-	56	15,600
Non-current liabilities	55,775	18,654	-	-	-	-	-	74,429
Total liabilities	55,837	18,748	65	15,283	40	-	56	90,029
Revenues	4,554	1,946	416	10,927	-	-	1,031	18,874
Expenses	(3,492)	(1,251)	(418)	(6,471)	(32)	-	(1,029)	(12,693)
Profit/(loss)	1,062	695	(2)	4,456	(32)	-	2	6,181

16. RECEIVABLES AND OTHER ASSETS

	31 December 2010 €'000	31 December 2009 €'000
Trade receivables	21,465	29,203
Investment Manager fee prepayments	-	4,459
Accrued interest receivable	45	328
Investments at fair value through profit or loss	190	242
Other receivables and prepayments	11,712	14,628
Total	**33,412**	**48,860**

17. CASH AND CASH EQUIVALENTS

	31 December 2010	31 December 2009
	€'000	€'000
Bank balances	18,773	13,523
One-week deposits	1,017	3,511
One-month fixed deposits	4,345	16,605
Two-month fixed deposits	-	9,000
Three-month fixed deposits	5,647	15,278
One-year fixed deposits	-	5,000
Total	**29,782**	**62,917**

The average interest rate on the above bank balances for the year ended 31 December 2010 was 1.384% (2009: 1.648%).

18. CAPITAL AND RESERVES

CAPITAL

Authorised share capital

	31 December 2010		31 December 2009	
	'000 of shares	€'000	'000 of shares	€'000
Common shares of €0.01 each	2,000,000	20,000	2,000,000	20,000

Movement in share capital and premium

	Shares in	Share capital	Share premium
	'000	€'000	€'000
Capital at 1 January 2009	549,036	5,490	833,359
Shares issued in relation to business combination on 8 April 2009	78,673	787	24,467
Own shares exchanged in relation to business combination on 8 April 2009	-	-	(45,004)
Own shares exchanged on 5 October 2009	-	-	(302)
Capital at 31 December 2009	**627,709**	**6,277**	**812,520**
Capital at 1 January 2010 and 31 December 2010	**627,709**	**6,277**	**812,520**

Dividends

During 2009, the Group paid dividends of €1,305 thousand to non-controlling shareholders, through its subsidiary, DCI Holdings Two Limited (‘DCI Two’).

RESERVES

Reserve for own shares

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

In 2009, the Company exchanged as part of the consideration transferred in relation to the acquisition of a 15% non-controlling interest in Aristo, 54,440,000 own shares acquired through a share buyback in 2008.

In 2009, the Company also proceeded with a share buyback programme (‘Shares-for-Assets Programme’), whereby shareholders had the right to exchange common shares of the Company for certain real estate assets of the Group. In accordance with the relevant terms and conditions of the programme, the applicable market value of these properties was double the applicable market price of the shares tendered at the time of exchange. In total, 39 assets were exchanged through the programme for a total of 9,368 thousand Company common shares and with an aggregate sales price of €8.8 million. 9,061 thousand of these own shares were given to Grupo Eleta as partial payment of the incentive fee payable (see note 25.4).

As at 31 December 2010, the amount of own shares held by the Company was 307 thousand (2009: 307 thousand).

Translation reserve

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

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment net of any deferred tax.

19. INTEREST-BEARING LOANS

	Total		Within one year		Within two to five years		More than five years	
	2010	2009	2010	2009	2010	2009	2010	2009
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans in euro	333,641	315,141	56,821	43,205	244,304	227,577	32,516	44,359
Loans in United States dollars	22,878	19,439	6,254	1,952	12,700	12,045	3,924	5,442
Bank overdrafts in euro	30,860	35,888	30,860	35,888	-	-	-	-
Total	**387,379**	**370,468**	**93,935**	**81,045**	**257,004**	**239,622**	**36,440**	**49,801**

Interest rates

As at 31 December 2010, the Group's interest-bearing loans had the following interest rates:

- Loans in euro were based on Euribor and their margins ranged between 2% to 5,50% (2009: 0.95% to 4.2%).
- Loans in United States dollars were based on Libor and their margins ranged between 2% to 3% (2009: 2% to 3%).
- Bank overdrafts in euro bore an average interest rate of 6,36% (2009: 6,10%).

Securities

As at 31 December 2010, the Group's interest-bearing loans were secured as follows:

- Mortgages against the immovable property of Aristo amounted to €262.4 million, pledge of 941,942 of shares of Aristo subsidiaries and a floating charge on Aristo's inventory in the amount of €1.7 million.
- Pledge over 5,000 shares of the subsidiary Dolphin Capital Atlantis Limited.
- Pledge over 124,836,660 shares of Aristo.
- Pledge over shares of the subsidiary,T&R Aristodemou Limited.
- Guarantee by Dolphin Capital Atlantis Limited for €85 million plus interest.
- Mortgages against the immovable property of the subsidiary in Dominican Republic, Playa Grande Holdings Inc. ('PGH').
- Mortgages against the immovable property of the Croatian subsidiary, Azurna Uvala D.o.o. ('Azurna'), and three debentures of the borrower.
- Mortgages against the immovable property of the Turkish subsidiary, Pasakoy Yapi ve Turizm A.S. amounting to €17.7 million and promissory notes amounting to €5.3 million.
- Mortgages against the immovable trading property of the nine subsidiaries of Ergotex Services Co. Limited amounting to €5.2 million.
- Mortgages against the immovable properties of the subsidiaries, Symboula Estates Limited and Single Purpose Vehicle Twelve Limited.

- Notes received amounting to $2.3 million were granted as security for bank borrowings of Kalkan Yapi ve Turizm Anonim Sirketi.
- Company's corporate guarantee for Eidikou Skopou Dekatessera S.A. construction facility.

20. DEFERRED TAX ASSETS AND LIABILITIES

	31 December 2010		31 December 2009	
	Deferred tax assets €'000	Deferred tax liabilities €'000	Deferred tax assets €'000	Deferred tax liabilities €'000
Balance at the beginning of the year	2,185	(127,126)	2,966	(149,570)
From disposal of subsidiary (see note 26)	-	110	-	194
(Charge)/credit in the consolidated statement of comprehensive income	804	7,204	(825)	22,380
Exchange difference and other	77	(381)	44	(130)
Balance at the end of the year	**3,066**	**(120,193)**	**2,185**	**(127,126)**

Deferred tax assets and liabilities are attributable to the following:

	31 December 2010		31 December 2009	
	Deferred tax assets €'000	Deferred tax liabilities €'000	Deferred tax assets €'000	Deferred tax liabilities €'000
Revaluation of investment property	-	(101,136)	-	(106,867)
Revaluation of trading property (on acquisition of subsidiaries)	-	(13,428)	-	(14,788)
Revaluation of property, plant and equipment	-	(5,185)	-	(5,142)
Other temporary differences	-	(444)	-	(329)
Tax losses	3,066	-	2,185	-
Total	**3,066**	**(120,193)**	**2,185**	**(127,126)**

21. FINANCE LEASE OBLIGATIONS

	31 December 2010			31 December 2009		
	Future minimum lease payments €'000	Interest €'000	Present value of minimum lease payments €'000	Future minimum lease payments €'000	Interest €'000	Present value of minimum lease payments €'000
Less than one year	537	136	401	459	5	454
Between two and five years	1,913	505	1,408	2,276	551	1,725
More than five years	29,942	22,426	7,516	30,144	22,753	7,391
Total	**32,392**	**23,067**	**9,325**	**32,879**	**23,309**	**9,570**

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

22. OTHER NON-CURRENT LIABILITIES

	31 December 2010 €'000	31 December 2009 €'000
Land creditors	21,214	20,828
Amount due to customers for contract work	80	449
Payable to the former controlling shareholder of PGH project (see note 25.4)	3,018	-
Other non-current liabilities	994	994
Total	**25,306**	**22,271**

23. TRADE AND OTHER PAYABLES

	31 December 2010 €'000	31 December 2009 €'000
Trade payables	7,282	8,369
Amount due to customers for contract work	20,540	36,645
Land creditors	1,035	1,399
Investment Manager fees payable	921	787
Incentive fees payable to the non-controlling shareholder of Pearl Island project (see note 25.4)	5,810	6,868
Payable to the former controlling shareholder of PGH project (see note 25.4)	5,282	7,675
Payables to Aristo joint ventures	10,590	10,572
Other payables and accrued expenses	10,873	9,250
Total	**62,333**	**81,565**

24. NET ASSET VALUE PER SHARE

	31 December 2010 '000	31 December 2009 '000
Total equity attributable to equity holders of the Company (€)	1,143,524	1,215,456
Number of common shares outstanding at end of year	627,403	627,403
Net asset value per share (€)	**1.82**	**1.94**

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 2010 were as follows:

	Shares '000
Miltos Kambourides (indirect holding)	49,749
Nicholas Moy	50
Roger Lane-Smith	60
Andreas Papageorghiou	5

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

25.2 Investment Manager fees

Annual fees

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

- €884 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 2010 amounted to €17,832 thousand (2009: €17,618 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 60% to the Investment Manager and 40% to the Company until the Investment Manager shall have received an amount equal to 20% of such profits; and

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

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

Escrow

The following table displays the current escrow arrangements:

Escrow	Terms
Up to €109 million returned	50% of overall performance fee held in escrow
Up to €109 million plus the cumulative hurdle returned	25% of any performance fee held in escrow
After the return of €409 million post-hurdle, plus the return of 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 2020, the proceeds realised from that investment are less than the Relevant Investment Amount, the Investment Manager shall pay to the Company an amount equivalent to the difference between the proceeds realised and the Relevant Investment Amount. The payment of the clawback is subject to the maximum amount payable by the Investment Manager not exceeding the aggregate performance fees (net of tax) previously received by the Investment Manager in relation to other investments.

Performance fees for the year ended 31 December 2010 amounted to €251 thousand (2009: €536 thousand), out of which 50% are held in escrow in accordance with the above provisions.

25.3 Directors' remuneration

Total fees paid to the Directors for the years ended 31 December 2010 and 2009 were as follows:

	From 1 January 2010 to 31 December 2010	From 1 January 2009 to 31 December 2009
	€'000	€'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
Antonios Achilleoudis	15.0	7.5
Total	**105.0**	**97.5**

Mr. Kambourides has waived his fees and Mr. Achilleoudis had waived his fees up to 30 June 2009.

25.4 Shareholder and development agreements

Shareholder agreements

DCI Holdings Twenty One Limited ('DCI 21'), a subsidiary of the Group, has signed a shareholder agreement with the non-controlling shareholder of Pedro Gonzalez Holdings I Limited, Grupo Eleta, the company's local 40% partner. DCI 21 has acquired 60% of the shares of Pearl Island project by paying Grupo Eleta a sum upon closing and a conditional payment to be paid in the event Grupo Eleta is successful in obtaining full master-plan and environmental permits.

Following receipt of the EIS approval, the renegotiated amount due of US$25.7 million (€18,744 thousand) was payable as follows: US$10 million in cash; US$6 million payable in the form of 9,061,266 Company own shares (issued at GBP £0.40); and US$9.7 million (plus Libor-based interest plus 400 basis points) payable one calendar year from the execution of the Revised Agreements for a combination of cash and Company shares. The cash payment of US$10 million to Grupo Eleta, was made on 30 September 2009, and the transfer of 9,061,266 own shares worth US$6 million (€4.1 million) was made on 5 October 2009, pursuant to the renegotiated terms of the transaction. On 28 September 2010 the parties signed a second amended and restated agreement, under which DCI 21 made a payment of US$ 2.5 million on the following day, with the remaining amount of US$ 7.6m to be transferred six months later including interest accruing from the date of the renegotiation. The form of the payment, which can be either cash or Company's shares is at the sole discretion of DCI 21. In case the Company raises a convertible bond or new equity share capital equal to or more than €25 million, at least 25% of the aforementioned payment shall be in the form of cash and this cash portion will be paid within ten (10) business days following completion of such fund raising process. The interest inclusive amount of US$7.7 million (€5,810 thousand) (2009: US$9.8 million or €6,868 thousand) due to the non-controlling shareholder is included in trade and other payables (see note 23).

On 24 December 2009, DolphinCI 24 Limited, a subsidiary of the Group, signed a shares sale agreement with Exactarea International Limited, according to which 33.33% of the shares in Single Purpose Vehicle Ten Limited (Tzia project) will be acquired by Exactarea International Limited upon the full payment of the agreed price. The consideration of the shares sale agreement was €4.1 million, payable in four equal installments. The cash payment of the first installment amounting to €1.025 million was made on 30 December 2009 and the last installment was received in January 2011.

DolphinCI Twenty Two Limited, a subsidiary of the Group, has signed a shareholder agreement with the non-controlling shareholder of Eastern Crete Development Company S.A. DolphinCI Twenty Two Limited has acquired 60% of the shares of Plaka Bay project by paying the former majority shareholder a sum upon closing and a conditional amount in the event the non-controlling shareholder 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 non-controlling 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 (Sitia Bay project) by paying the non-controlling shareholder an initial sum upon closing and a conditional amount in the event the non-controlling shareholder will be successful in, among others, acquiring additional specific plots and obtaining construction permits.

DCI Holdings One Limited ('DCI One'), a subsidiary of the Group, had signed a shareholder agreement with the non-controlling shareholder of DCI Two, Mr. Theodoros Aristodemou ('TA'), CEO of Aristo.

Under its terms:

a) DCI Two would 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 retained first refusal rights should the non-controlling shareholder decide to sell his shares.
c) DCI One had drag along rights into a partial or full sale, while TA had 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 non-controlling shareholder had the right to sell its shares to DCI One (put option) while DCI One retained the right to buy the shares (call option), at prices specified in the agreement.

In April 2009, TA exercised the put option pursuant to the terms mentioned above. The Company reached an agreement with TA to vary the original terms of the Put Option Right and following shareholders' approval, the amount of €92.1 million payable was satisfied, (i) by a €49.4 million cash payment and (ii) by the issue to TA (or companies controlled by him) of 133,113,087 Company's common shares (the 'Consideration Shares').

The Company had also entered into a call option agreement so as to have the ability to repurchase some or all of the Consideration Shares from TA until 24 October 2009. In addition, a further put option had been entered into between these parties which could be exercised by TA in case the Company had decided to exercise the call option. The call option was not exercised so there was no effect from the above agreements.

On 20 September 2010, the Group signed an agreement with a Special Purpose Vehicle ('SPV') controlled by John Hunt, for the sale of a 14.29% stake in the Aman at Porto Heli for a consideration of €11 million. The agreement also grants the SPV the right to partially or wholly convert this shareholding stake into up to three predefined Aman Villas (the 'Conversion Villas') for a predetermined value and percentage per Villa. The first €1 million of the consideration was received at signing, while the completion of the transaction and the payment of the €10 million balance is subject to customary due diligence on the project and the issuance of the construction permits for the Conversion Villas prior to a longstop date set at April 1st 2011.

Development agreements

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

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 ('DRB'), the former majority shareholder of PGH and to deliver to DRB four villas designed by Aman Resorts. The total provision for the above, which was formed in 2009, is US$ 11 million (€8,300 thousand) (2009: €7,675 thousand) with the long-term portion included in other non-current liabilities (see note 22) and the short-term included in trade and other payables (see note 23).

Pedro Gonzalez Holdings II Limited, a subsidiary of the Group, has signed a Development Management agreement with DCI Holdings Twelve Limited ('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, provided that the latter is higher than the highest NAV of any previous years from 2007 onwards. 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 has been agreed to be the net book value as included in the audited consolidated financial statements of Aristo as at 31 December 2006.

As at 31 December 2010 and 2009, no Management Incentive Fees were accrued due to the net decreases in the NAV of the Relevant Projects in the respective years.

25.6 Other related parties

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

Entity name	€'000	Nature of transaction
Iktinos Hellas S.A.	87	Project management services in relation to Sitia Project
TA	4,464	Payment for construction of private residence
J&P Development S.A.	64	Project management services in relation to Cape Plaka Project
John Heah	201	Design fees in relation to Tzia project
Aristo Accounting S.A.	477	Accounting fees

26. BUSINESS COMBINATIONS

During the year ended 31 December 2010, the Group increased its ownership interest in the following entity:

	Playa Grande Holdings Inc.	Total
	€'000	€'000
Non-controlling interests acquired	181	181
Consideration transferred	-	-
Gain from bargain purchases	181	181

The Group has increased its shareholding interest in PGH to 98%.

During the year ended 31 December 2010, the Group disposed of its 100% stake in the following Cyprus subsidiary:

	Inmetron Company Limited	Total
	€'000	€'000
Trading properties	(2.033)	(2.033)
Deferred tax liabilities	110	110
Other net assets	(3)	(3)
Net assets disposed of	(1.926)	(1.926)
Proceeds on disposals	2.265	2.265
Gain on disposal	**339**	**339**
Cash effect on disposal:		
Proceeds on disposal	2.265	2.265
Cash and cash equivalents	-	-
Net cash inflow on disposal of subsidiary	**2.265**	**2.265**

During the year ended 31 December 2009, the Group increased its ownership interest in the following entities:

	Kalkan Yapi ve Turizm A.S. (a)	PGH (b)	Aristo (c)	Total
	€'000	€'000	€'000	€'000
Non-controlling interests acquired	51	177	129,927	130,155
Consideration transferred	-	-	(92,099)	(92,099)
Gain from bargain purchases	51	177	37,828	38,056
Cash outflow on acquisitions	**-**	**-**	**(49,370)**	**(49,370)**

(a) Kalkan Yapi ve Turizm A.S.

The Group had increased its shareholding interest in Kalkan Yapi ve Turizm A.S. by 4.38% as a result of an increase in the share capital of the company.

(b) PGH

The Group had indirectly increased its shareholding interest in PGH by 0.66% as a result of an increase in the share capital of DCI Holdings Four Limited.

c) Aristo

Pursuant to the terms of a shareholders agreement dated 5 April 2007 entered into between the Company and TA relating to TA's shareholding in DCI Two, TA was subject to a two-year lock-up period in relation to his shareholding in DCI Two, after which put and call options could be exercised between the parties for TA's shareholding in DCI Two.

Upon completion of this lock-up period, TA exercised his put option right for his 15% shareholding in DCI Two with effect from 8 April 2009.

The exercise of TA's put option right resulted in the Company increasing its holding in DCI Two and thereby indirectly in Aristo from 84.74% to 99.74%. The consideration transferred in relation to the above is summarised below:

	€'000
Consideration transferred	
Cash	49,370
Issue of 78,673,087 ordinary shares at €0.321	25,254
54,440,000 own shares exchanged at €0.321	17,475
	92,099

During the year ended 31 December 2009, the Group disposed of its 100% stake in the following Greek subsidiaries:

	Eidikou Skopou Eikosi Eksi S.A €'000	Eidikou Skopou Eikosi S.A €'000	Total €'000
Investment property	(1,653)	-	(1,653)
Trading properties	-	(5,700)	(5,700)
Cash and cash equivalents	(4)	(28)	(32)
Deferred tax liabilities	174	20	194
Other net (assets)/liabilities	(5)	3	(2)
Net assets disposed of	(1,488)	(5,705)	(7,193)
Proceeds on disposals	900	5,650	6,550
Loss on disposal	**(588)**	**(55)**	**(643)**
Cash effect on disposal:			
Proceeds on disposal	900	5,650	6,550
Cash and cash equivalents	(4)	(28)	(32)
Net cash inflow on disposal of subsidiary	**896**	**5,622**	**6,518**

Goodwill

	31 December 2010 €'000	31 December 2009 €'000
Balance at the beginning of the year	-	628
Goodwill written off	-	(628)
Balance at the end of the year	**-**	**-**

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 statement of financial position 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. The Group's trade receivables are secured with the property sold. 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.

31 December 2010	Carrying amounts €'000	Contractual cash-flows €'000	Within one year €'000	One to two years €'000	Three to five years €'000	Over five years €'000
Interest-bearing loans	387,379	(451,012)	(97,704)	(140,916)	(133,987)	(78,405)
Obligations under finance leases	9,325	(32,392)	(537)	(515)	(1,398)	(29,942)
Amounts due to customers for contract work	20,620	(20,620)	(20,620)	-	-	-
Land creditors	22,249	(24,834)	(1,035)	(600)	(23,199)	-
Trade and other payables	44,770	(44,770)	(44,770)	-	-	-
	484,343	**(573,628)**	**(164,666)**	**(142,031)**	**(158,584)**	**(108,347)**
31 December 2009						
Interest-bearing loans	370,468	(439,904)	(86,945)	(46,447)	(207,005)	(99,507)
Obligations under finance leases	9,570	(32,879)	(459)	(476)	(1,800)	(30,144)
Amounts due to customers for contract work	37,094	(37,094)	(36,645)	(449)	-	-
Land creditors	22,227	(25,696)	(1,399)	(600)	(23,697)	-
Trade and other payables	43,521	(43,521)	(43,521)	-	-	-
	482,880	**(579,094)**	**(168,969)**	**(47,972)**	**(232,502)**	**(129,651)**

(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 2010 would have increased equity by €10 thousand and profit or loss by the same amount. 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 2010 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	
	2010	2009	2010	2009
	€'000	€'000	€'000	€'000
Floating rate financial instruments	**3,789**	**3,683**	**3,789**	**3,683**

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 statement of financial position date.

28. COMMITMENTS

As of 31 December 2010, the Group had a total of €31,474 thousand contractual capital commitments on property, plant and equipment (31.12.2009: €3,320 thousand).
Non-cancellable operating lease rentals are payable as follows:

	31 December 2010	31 December 2009
	€'000	€'000
Less than one year	75	68
Between two and five years	47	116
Total	**122**	**184**

29. CONTINGENT LIABILITIES

Aristo had contingent liabilities in respect of bank guarantees arising in the ordinary course of business, from which management does not anticipate any material liability to arise. These guarantees amount to €39.6 million (2009: €26 million).

Companies of the Group are involved in pending litigations. Such litigations principally relate to day-to-day operations as a developer of second home residences and largely derive from certain clients and suppliers. Based on the Group's legal advisors, the Investment Manager believes that there is sufficient defence against any claim and they do not expect that the Group will suffer any material loss. As a result, no provision has been recorded in relation to this matter in these consolidated financial statements.

If investment properties, trading properties and property, plant and equipment were sold at their fair market value, this would have given rise to a payable performance fee to the Investment Manager of approximately €70 million (2009: €86 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. SUBSEQUENT EVENTS

In February of 2011, following the full payment of the agreed price and in accordance with the shares sale agreement, DolphinCI Twenty Four Limited transferred 33.33% of the shares in Single Purpose Vehicle Ten Limited (Tzia Project) to Exactarea International Limited for a consideration of €4.1 million.