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20 March 2013

DOLPHIN CAPITAL INVESTORS LIMITED

(“**DCI**” or “**Dolphin**” or the “**Company**”

and together with its subsidiaries the “**Group**”)

Trading Update and Preliminary Annual Results

for the year ended 31 December 2012

Dolphin, a leading global investor in the residential resort sector in emerging markets and one of the largest real estate companies on AIM in terms of net assets, is pleased to announce its preliminary results for the year ended 31 December 2012, and provide an update on operational progress since its last trading update, released on 4 December 2012.

A. Operating Highlights since last Trading Update of 4 December 2012:

FIRST PHASES OF ADVANCED PROJECTS

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

  Amanzoe (www.amanzoe.com)

  - The planned additional enhancements and improvements identified during the first period of Amanzoe operations, following its launch in August 2012, are progressing on schedule. The hotel will open as planned on 26 March 2013 to commence its first full year of operations.
  - Amanzoe has been reported on positively by almost all major travel commentators in Europe, Asia and the Americas. The reviews of the resort in the international press and from industry experts and guests continue to be exceptional, resulting in strong reservations momentum for the 2013 season.
  - The first Amanzoe Villa will be available to rent to coincide with the reopening of the hotel for the 2013 season and a second will become available in mid-April 2013.
  - Construction works on three additional Villas are progressing, while three more are being designed by Ed Tuttle, in consultation with their purchasers.

- The final inspection of Amanzoe by the subsidies approval committee has been completed, and the Company expects to receive the remaining €3.9 million balance payment during the second quarter of 2013.

*The Nikki Beach Resort & Spa at Porto Heli (“**Nikki Beach**” - www.nikkibeachhotels.com)*

- A €13.7 million turn-key construction contract was signed on 13 February 2013 between the project owning company and Aristo Greece, while works on site commenced in December 2012, with a view to completing the project in time for the 2014 season.

• Venus Rock Golf Resort (“**Venus Rock**” – www.venusrock.com), Cyprus

- Works at the golf course are progressing on schedule and are expected to complete prior to summer 2013 and open for play in September, to allow time for the grass to grow fully.
- The launch of sales of the Golf Phase residential units is planned for the third quarter of 2013, coinciding with opening of the new golf course.
- An additional 17 units from the old phases have been sold since the last trading update, mainly to Chinese buyers.
- The tender documents for the second golf course will be completed in April and issued to potential contractors for bidding.
- To date, €24.3 million has been drawn from the €50 million construction loan for the project.

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

- Renovations on the back nine holes of the Robert Trent Jones Sr Golf Course have commenced based on the designs and under the supervision of Rees Jones.
- Simultaneously, the Aman hotel infrastructure works have been initiated.
- A ground breaking ceremony took place on 11 March 2013 and was attended by the President of the Dominican Republic, Lic. Danilo Medina; the Minister of Tourism; the Minister of Public Works; the Minister of the Presidency; Rees Jones, designer of the golf course renovation; and Adrian Zecha, Founder of Aman Resorts, to celebrate the start of construction of the Aman Golf Resort phase.
- The public beach access and related facilities have been completed and became available to the public in January 2013.
- Final terms have been agreed with the Banco Leon/BHD syndicate for the debt financing of the Aman Hotel and the documentation of the facility agreements is in its final stages.
- Marketing collateral was completed to facilitate the marketing and sales of a limited number of Founder Aman villas, which are being launched this year.
- Infrastructure works were also initiated on the Founders’ Phase, which comprises circa 70 lots owned by a number of high net worth individuals (“HNWI’s”) from the investor group which previously owned the Playa Grande site. The progress made on the area’s infrastructure will enable them to start building their homes next to the Aman hotel site and will add value to the project.

- Pearl Island ("**Pearl Island**" - www.pearlisland.com), Panama
  - The concept design for the Ritz Carlton Reserve hotel with branded residences, on one of the island's 14 private sandy beaches and spread over a land parcel of approximately 50 hectares located next to the Founders' Phase, was completed by Hart Howerton and approved by the Ritz-Carlton organisation.
  - The negotiations following the Memorandum of Understanding signed regarding the joint development of a Ritz Carlton Reserve hotel have not yet reached a binding agreement and discussions continue with other regional investors.
  - The construction of the Founders' Phase beach club and other facilities, together with the island's airport, infrastructure and roads, is progressing according to plan. The paving of the first 500 metres runway phase of the airport was completed and it is now being expanded to 1,000 metres.
  - The sales of villas and condominiums in the Founders' Phase of the project – which Dolphin recently sold and which is contiguous to the Ritz Carlton Reserve phase – continued at an accelerated pace and has now surpassed 70 units. The success of the Founders' Phase adds significant momentum and value to the remainder of the island development, which is retained by Dolphin.

MAJOR PROJECTS

- Kea Resort obtained its Environmental Impact Study ("**EIS**") approval on 24 December 2012. Following this milestone, and according to the latest legislation, Kea Resort is the only development of this magnitude and calibre that can be developed on the Cycladic island of Kea, accessible by a one-hour ferry transfer from Athens. The project is planned to include an Aman hotel and Aman branded villas.

B. Financial highlights:

- Total Group Net Asset Value ("**NAV**") as at 31 December 2012 was €709 million and €635 million before and after DITL respectively. This represents a decrease of €12 million (1.6%) and €15 million (2.3%), respectively, from the respective pro forma 2012 third quarter figures. The decrease is mainly due to regular operating expenses and the depreciation in value of the Group's properties in the Americas in Euro terms (due to the devaluation of the US dollar against the Euro), although these were partially offset by a small overall valuation gain in other DCI properties. Due to currency fluctuations, however, Sterling NAV per share as at 31 December 2012 before DITL increased to 90p from 89p as at 30 September 2012, while NAV after DITL remained stable at 81p.
- The Company balance sheet continues to have a strong asset base coupled with low leverage:
  - Gross Assets of €910 million.
  - Total Debt reduced to €132 million with a Group total debt to asset value ratio of only 14%.
  - No bank debt at the Company level. The Company has only provided corporate guarantees on the $40 million Playa Grande Convertible Bonds, and the servicing of Banco Leon loan interest at Playa Grande. The Company is expected to increase its direct debt in the near future through the issue of the Euro Bonds discussed below, under section D.

– The effects of a potential tax on deposits in Cyprus Banks on the cash balances and operations of the Dolphin Group would be negligible.

C. Divestments since last Trading Update of 4 December, 2012:

- 45 homes and plots were sold by Aristo in the three month period ending 28 February 2013, representing a 298% increase in sales value (from circa €4.9 million to circa €19.7 million) and a 115% increase in sales price per m^2 compared to the corresponding period in the previous year.
- An additional villa was sold at LaVanta for circa €0.2 million.

The Company is currently progressing discussions relating to a number of other joint venture arrangements and sales transactions that involve the following projects:

- The Ritz Carlton Reserve phase of Pearl Island
- Port Kundu project in Turkey
- Amanzoe Villas
- The Jack Nicklaus Signature golf course and The Chedi Hotel of the Porto Heli Collection
- Aman Villas and other components of Playa Grande
- Livka Bay

D. Proposed Issuance of Convertible Bonds

As announced on 14 March 2013, the Company is proposing to issue €50 million of new 5-year, 5.5% coupon unsecured Euro Convertible Bonds (the "**Euro Bond Issue**") convertible into DCI common shares at an initial conversion price of €0.5737 per Share (representing £0.50 per Share converted into Euros assuming an illustrative fixed exchange rate of £1.00: €1.1474), and up to US$30 million of new 5-year, 7% coupon unsecured US$ Convertible Bonds (the "**US$ Bond Issue**") convertible into DCI common shares at an initial conversion price of US$0.6717 per Share (representing £0.45 per Share converted into US$ assuming an illustrative fixed exchange rate of £1.00:US$1.4928) (together the "**Issue**"). The Euro Bond Issue and up to US$28 million of the US$ Bond Issue are being backstopped in agreed proportions by, (i) funds (the "**Third Point Funds**") under the discretionary management of Third Point LLC, ("**Third Point**"), and (ii) funds (the "**Monarch Funds**") under the discretionary management of Monarch Alternative Capital LP ("**Monarch**"). The Board of Directors has the discretion to allocate up to €23 million of the Euro Bond Issue and US$14 million of the US$ Bond Issue to existing shareholders and new investors (other than the Third Point Funds and the Monarch Funds).

Use of Proceeds

The proceeds of the Euro Bond Issue will be principally used; (i) to provide the Company with further funds to make opportunistic investments in attractive distressed assets or other projects that may be NAV accretive for the Company, and which are intended to generate a significant return multiple on investment, and (ii) to establish and seed a new investment platform to become the holding entity for

the Company's existing Americas projects – Playa Grande Club & Reserve and Pearl Island Resort – and to enable the Company to grow in the Americas.

Given the current economic environment, particularly in Greece and Cyprus, there are several opportunities available to acquire land and resort assets in prime locations at a significant discount to both their replacement costs and fair values, at a time when there are currently almost no local or international institutional investors active in the market.

In addition, the Company intends to transfer its Americas projects, Playa Grande and Pearl Island, into a wholly-owned common holding platform ("**Dolphin Capital Americas**"). Dolphin Capital Americas will be funded; (i) to continue the development of Playa Grande and Pearl Island with the aim of realising significant returns for shareholders, and (ii) to pursue further NAV accretive, attractively-priced or distressed acquisitions in the Americas. Following the formation of Dolphin Capital Americas, the Company will look at optimum alternatives to further capitalise, grow and realise value from the platform.

Given that the proposed initial conversion prices of the Euro Convertible Bonds and US$ Convertible Bonds are less than the prevailing net asset value per share, the Company will convene an extraordinary general meeting of Shareholders to approve the proposed Issue (the "**EGM**"). The Company has already received non-binding expressions of support for the Issue from existing Shareholders with a combined shareholding in the Company of over 50%. Further details of the Issue have been included in the EGM circular (the "**Circular**") sent to Shareholders on 15 March 2013.

Basic Terms of the Issue

The basic terms of the Euro Bond Issue are:

- Coupon – 5.50% per annum, payable semi-annually in arrears in equal instalments on 30 June and 31 December in each year, beginning 30 June 2013 with a short first and final coupon.
- Maturity date – fifth anniversary of the issue date.
- Initial conversion price - €0.5737 per Share (representing £0.50 per Share converted into Euros at the fixed exchange rate of £1.00: €1.1474).

The basic terms of the US$ Bond Issue are:

- Coupon – 7.00% per annum, payable semi-annually in arrears in equal instalments on 30 June and 31 December in each year, beginning 30 June 2013 with a short first and final coupon.
- Maturity date – fifth anniversary of the issue date.
- Initial conversion price – US$0.6717 per Share (representing £0.45 per Share converted into US$ at the fixed exchange rate of £1.00:US$1.4928).

Backstop Arrangements

On 14 March 2013, the Company entered into conditional subscription agreements with, (i) the Third Point Funds, and (ii) the Monarch Funds, to backstop the Euro Bond Issue and up to US$28 million of the US$ Bond Issue in agreed proportions. Completion of these subscriptions is subject to the satisfaction of a number of material pre-conditions including, amongst others, the approval of the Issue and the amendment of the Company's investing policy (described further below) at the EGM.

Third Point is an SEC-registered investment adviser based in New York, with over US$11.8 billion in assets under management. Pursuant to the Company's share issuance in October 2012, funds under the discretionary management of Third Point currently hold approximately 20.08% of the Company's issued share capital.

Monarch is an SEC-registered private investment firm with nearly US$5.5 billion in assets under management.

Pursuant to these backstopping arrangements, the Company has the discretion to accept; (i) up to €23 million of subscriptions in relation to the Euro Bond Issue, and (ii) up to US$14 million of subscriptions in relation to the US$ Bond Issue from certain, limited categories of existing DCI shareholders and new investors by scaling down the allocations of the Third Point Funds and the Monarch Funds. The Circular sets out the terms on which eligible DCI shareholders and new investors may participate in the Issue.

E. Amendment to the Company’s Investing Policy

As also announced on 14 March 2013, the Company’s AIM admission document dated 5 December 2005 provided that Greece, Cyprus, Turkey and Croatia, together with their neighbouring countries, would comprise the Company’s "Primary Investment Region". As announced by the Company on 14 June 2008, this policy was varied to enable the Company to invest capital into other geographies outside the Primary Investment Region that demonstrate similar value upside characteristics provided, however, that such investments would not exceed 5% of the Company's last reported NAV at the time of investment.

Given that the proposed formation and further seeding of the Dolphin Capital Americas platform is expected to significantly add to the future growth and returns of the Company, the Board has, subject to Shareholder approval, resolved that the Americas should constitute the Company’s "Secondary Investment Region" and that, provided that investments in the Secondary Investment Region will not exceed one third of the Company's last reported NAV at the time an investment is made, there should be no further restrictions on the funds invested in the Secondary Investment Region. A resolution will be proposed at the Company’s EGM to approve this proposed amendment to the Investing Policy.

F. Directorate Appointment

Mr David B. Heller was appointed on 14 March 2013 to the Board of DCI as a non-executive director. Mr Heller was nominated for appointment by Third Point LLC pursuant to the terms of clause 8 of the

subscription agreement dated 25 September 2012 entered into between the Company and various funds managed by Third Point LLC.

Mr Heller is a private investor whose holdings include stakes in the Philadelphia 76ers and the Standard East Village hotel. He is a former Co-Head of the Goldman Sachs Global Securities Division where he sat on the firm's Management Committee, Risk Committee, Business Practices Committee and Finance Committee. David joined Goldman in 1989 in New York as an equity derivatives trader. He worked for Goldman in Japan from 1993-1998, initially as an equity derivatives trader and latterly as the co-head of Goldman's Japanese equity business. David transferred to London in 1999 to become the global head of equity derivatives trading and returned to New York in 2002. In 2006 he was named global head of equity trading. He retired from Goldman in March 2012.

Following the appointment of David B. Heller, the number of members of the Board increased to seven.

G. Strategic Focus

The main strategic priorities of the Company for 2013 are summarised as follows:

1) Conclude the issue of the new Convertible Bonds.
2) Continue the sale of Amanzoe Villas.
3) Progress the development of the Aman Golf Resort at Playa Grande.
4) Promote and sell the Founder Aman Villas at Playa Grande.
5) Follow up on the completion of the Founders' phase infrastructure works and leisure facilities at Pearl Island and complete a JV agreement to develop the Ritz Carlton Reserve phase of the project.
6) Assist Aristo's management in increasing retail sales to China, Russia and the UK allowing it to return to net cash generation, reducing leverage and distributing dividends to Dolphin.
7) Implement agreed sales and collect the future proceeds.
8) Successfully complete the additional divestment negotiations currently underway and initiate new ones to further demonstrate the true value of the portfolio.
9) Pursue further NAV accretive, attractively-priced or distressed acquisitions in eastern Mediterranean and the Americas.
10) Advance construction of Nikki Beach.
11) Continue the construction of the infrastructure and leisure works at Venus Rock allowing for the successful launch of sales of the residential component of the new phases in autumn 2013.
12) Advance the zoning and permitting of Dolphin's other Major Projects, enabling the Company to sell them – either partially or wholly – at a profit, or develop them and realise their full cash return potential.

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

"2012 was a transformational year for Dolphin, with the successful launch of our flagship resort, Amanzoe, and good progress on our other Advanced Projects. The equity placing last year and the proposed convertible bonds issue demonstrate the Company's ability to attract blue chip strategic

investors to support the execution of its development programme and be able to take advantage of attractive investment opportunities in our target regions."

Miltos Kambourides, Founder and Managing Partner of Dolphin Capital Partners, added:
"While the launch of Amanzoe was the highlight of the year, 2012 also saw a number of successful sales across our portfolio, which both generated strong returns on investment and underlined the valuations of our properties. We are happy to start 2013 with a strong balance sheet to complete the first phases of our Advanced Projects and turn them into cash generating assets, and to selectively take advantage of attractive new investment opportunities that can add significant potential value to the Company."

H. Analyst Meeting and Conference Call

Dolphin is today, 20 March 2013, hosting an investor and analyst meeting at:

FTI Consulting
Holborn Gate
26 Southampton Buildings
London
WC2A 1PB

The presentation will commence at **11:00** with tea and coffee served from **10:45**.

There will also be a conference call facility, which can be accessed using the following details:

Pin number:	**4556153**
London Dial-in number:	**+44 (0)20 7136 2056**
Greece Dial-in number:	**00800 3315 3071**

There will be a recording of the conference call for anyone who is unable to attend the call. Please contact Kirsty Allan at FTI if you would like to be sent this.

For further information, please contact:

Dolphin Capital Partners

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Notes to Editors

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

Since its inception in 2005, Dolphin has raised €948 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.

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, the Dominican Republic and Panama and a 49.8% strategic participation in Aristo Developers Ltd, which is one of the largest holiday home developers in south east Europe with more than 60 smaller holiday home projects in Cyprus.

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

I. Chairman's Statement

I am pleased to report Dolphin's preliminary annual results for the year ended 31 December 2012.

2012 was a very active year for Dolphin, marked by significant operational progress at our Advanced Projects. The highlight for the year was the successful launch and first period of operation of our flagship resort project, Amanzoe, which has set a new benchmark for leisure-integrated resorts in Europe. Amanzoe, the first villa-integrated Aman resort in Europe and one of the most exclusive destinations in the Mediterranean, is set to reopen on 26 March for the 2013 season, following the completion of certain improvements identified during its first operational period, and we anticipate a profitable first full year of operations.

During the period, the Company also achieved important permitting advances for Kea Resort, where the second Aman in Greece is planned to be developed. Relevant permits were also achieved at Plaka Bay Resort and Sitia Bay Resort, where the zoning of the projects' beach front land area was increased. This has propelled the three projects closer to the advanced stages of development. In parallel, and in addition to the €98 million of sales and divestments recorded by the Group within the year, Dolphin continues to advance discussions for project exits or joint ventures at project levels, in order to further add to its cash reserves and underpin its asset valuations.

2012 was a pivotal year due to two further major events:

(1) The Aristo exchange, by which Dolphin and Mr. Theodore Aristodemou, CEO of Aristo and previously Dolphin's largest shareholder with a 34.89% holding, agreed to the exchange of 34.14% of Mr Aristodemou's shareholding in Dolphin for a direct 50.2% participation in Aristo on a NAV for NAV basis, previously 100% owned by Dolphin; and

(2) An equity raise of €50 million in October 2012, with the addition of Third Point, a highly regarded international investor, into Dolphin's notable shareholding base.

We remain committed, as a top priority, to ensuring that Dolphin has adequate cash balances to fully execute its development programme and to take advantage of any opportunities presented by the current economic climate to add additional NAV accretive assets to its portfolio with the potential to generate significant cash returns. In order to facilitate this, we announced on 14 March 2013 the issue, subject to shareholder approval, of €50 million of Euro Bonds whose proceeds will be primarily directed to new acquisitions and up to US$28 million of US$ Convertible Bonds to seek to partially refinance the existing Playa Grande Bonds that the Company issued in 2011.

The Company's NAV, before and after DITL, as at 31 December 2012 is reported at €709 million and €635 million, respectively, and the NAV per share before and after DITL in Euro terms was €1.10 and €0.99 respectively.

In conclusion, 2012 was a transformational year for Dolphin and I am confident that we will see further positive growth in 2013.

Andreas N. Papageorghiou
Chairman
Dolphin Capital Investors Limited
20 March 2013

J. Investment Manager's Report

While global equity markets improved in 2012, economic activity in our core markets, particularly in Greece and Cyprus, continued to struggle. Against this macroeconomic backdrop, our team focused on delivering tangible progress through the successful completion and opening of its first resort, Amanzoe, and executing sales, divestments and agreeing joint ventures to demonstrate the value within the portfolio.

The opening of Amanzoe this summer was, as expected, a very gratifying and important stage in the Company's development, representing the first of our luxury resorts to come to market. The resort has been very well received by guests and is already serving as a showcase of Dolphin's development capabilities, profit potential and vision.

As further described below, sales activity has gained significant momentum during the year, with a number of transactions executed, each at a premium to both respective investment cost and NAV, which further strengthens our confidence in the value of our portfolio.

The placement of shares in October 2012 and the proposed issue of the Euro and US$ Bonds ensure that the Company has adequate cash balances to execute its development programme and make selective acquisitions which we would expect to be complementary and to create synergies with Dolphin's existing portfolio.

J.1. Market Dynamics

According to the UNWTO World Tourism Barometer, international tourist arrivals (overnight visitors) grew by 4% in 2012 surpassing a record 1 billion tourists globally for the first time in history (with international arrivals reaching 1.035 billion, up from 996 million in 2011) and are anticipated to continue to grow further in 2013.

International tourist arrivals to Europe, the most visited region in the world, were up by 3% – a very positive result in view of the economic situation. Accounting for slightly over half of all international arrivals worldwide, Europe reached 535 million tourist arrivals in 2012, some 17 million more than in 2011.

International tourist arrivals in Greece, according to the Hellenic Statistics Authority, reached 16.4 million in 2012, which represents a 9.5% increase from 2011. Regardless of the economic crisis, the tourism sector remains relatively unharmed, with international tourist arrivals steadily increasing since 2009. Close to 17 million tourist arrivals are forecast for 2013 which, if achieved, will set a new record for the sector.

The Greek parliament will soon ratify new legislation regarding strategic investments, providing – amongst others – long term residency for non-EU citizens who proceed with a property purchase of a

minimum of €300,000, subject to specific conditions. The respective draft bill has been submitted before the parliament earlier this month and is expected to be enacted shortly and will have a significant impact on international second home sales in the country, as was experienced in Cyprus last year when a similar legislation was passed.

In Cyprus, tourist arrivals for the year 2012, totalled circa 2.5 million compared to 2.4 million in the corresponding period of 2011, recording an increase of 3%, as reported by the Statistical Service of the Republic of Cyprus.

These figures are likely to grow further and translate into further international home sales, following the new legislation which, subject to certain requirements, grants permanent residence to non-EU citizens making a minimum investment of €300,000 in property on the island. In addition, the new Cypriot President, Mr Anastasiades, is focused on implementing other initiatives to grow the real estate sector and has established a new National Financial Council headed by Nobel Laureate in economics and DCI Board Director Mr Christopher Pissarides.

In Croatia, foreign tourist arrivals for 2012 amounted to 11.8 million, representing a 19% increase compared to 2011, according to the Croatian Ministry of Tourism

In Turkey, foreign tourist arrivals for 2012 amounted to 31.8 million, representing a 1% increase compared to 2011, according to the Turkish Ministry of Tourism.

Moving on to the Americas, six years on from the first signs of the financial crisis, the Caribbean looks to have weathered the storm. Both sales volumes and prices in the region were negatively affected by the downturn, but a spike in enquiries at the end of 2012 may indicate that 2013 will see strengthening activity in the region.

Long-favoured by US, Canadian and northern European buyers, the Caribbean is increasingly popular with the rising number of HNWIs from Russia, the Commonwealth of Independent States and Latin America.

More specifically, the US Central Intelligence Agency (CIA) reported that in Dominican Republic total tourist arrivals in 2012 recorded a 6% increase compared to 2011, reaching a total number of 4.6 million.

In Panama, the total number of visitors was 2 million, indicating a 4.1% increase in comparison to 2011.

Further related to Dolphin's sector, the prime global residential market has seen a strong return to growth over the past three years following the downturn experienced in 2008 and early 2009 and, as reported by Knight Frank, branded residences have been at the forefront of this process. The demand

for prime property, especially through cross-border transactions which tend to favour branded residences, has benefited from the recovery in the fortunes of the world's wealthy since 2009.

J.2. Divestments, Investments and Capital Events

During 2012, the Group executed circa €98 million of asset sales and divestments, each at a premium to NAV.

Excluding the Aristo and LaVanta sales, the value of these transactions to Dolphin totalled circa€46 million, representing a 56% premium over the corresponding NAV of €29.5 million and a 110% premium over the corresponding cost basis of €22 million.

The aggregate consideration will likely be higher than the above reported figures, as these do not include incentive fees, profit sharing potentially payable to the Company and further involvement of the Company into construction and management as per the agreements signed.

In summary, the following transactions have been executed:

- The sale of Dolphin's entire 60% shareholding in Pearl Island's Founders Phase, including a commitment from the buyer to invest in completing the key infrastructure of the island (such as the airstrip, service pier, arterial roads and utilities) and all Founders Phase facilities (such as beach club and marina) within two years.
- The sale of a 75% stake in the Nikki Beach Resort & Spa at Porto Heli, with Dolphin being awarded the contract for the management and construction of the project, providing further future profit potential for the Company.
- The sale of all eight remaining Seafront Villas shell structures in the Porto Heli Collection, including an agreement for the completion of their construction by the Company.
- Two reservations for large Amanzoe Villas, one of which will occupy two adjacent lots that were originally intended for smaller villas in the masterplan.
- 186 home and plot sales by Aristo representing an 89% increase in sales value compared to 2011.
- Two villa sales at LaVanta, Turkey.

The aggregate consideration will likely be higher than the above reported figures, as these do not include incentive fees, profit shares potentially payable to the Company and further involvement of the Company into construction and management as per the agreements signed.

In addition, the Company is currently in discussions relating to a number of other transactions that include:

- Potential divestments of phases of the Advanced Projects or whole projects.
- Potential investments in distressed opportunities both in Cyprus and Greece where due to economic circumstances, there are many NAV accretive assets available for sale, from distressed sellers as well as the Americas, where Dolphin Capital Americas is well positioned to capitalize on the available opportunities.

On 25 October 2012, 204,435,897 new common shares of €0.01 each in the capital of the Company were admitted to trading on AIM in connection with the Company's €50 million fundraising. Although the fundraising was fully underwritten by funds managed by Third Point and the Manager, the Company had the discretion to accept up to €15 million worth of subscriptions from certain existing shareholders, by scaling down Third Point's allocation. Following significant demand by existing shareholders, which resulted in the issue being oversubscribed by more than four times, €15 million worth of shares were issued to certain existing shareholders of the Company.

J.3. Updated Portfolio characteristics and cash generation potential

Cash Generation Potential of the Dolphin portfolio:

Following the exits achieved during the period, the forecast cash generation potential of Dolphin's real estate portfolio has been updated accordingly.

The Advanced Projects are spread over 3,737 hectares of land, of which 582 hectares represent the first phases of these developments. The total unsold residential capacity of these projects is approximately 720,000 buildable m^2, of which circa 310,000 m^2 are planned for their first phases. In addition to the built product and leisure facilities, the four Advanced Projects have the potential to sell over 3.4 million m^2 of land in the form of land plots.

The Advanced Projects are planned to include up to 11 luxury hotels and four 18-hole championship golf courses and one marina, of which the following are included in their first phases:

- The first Aman residential resort in Europe (Amanzoe), the first Aman golf-integrated resort worldwide (Playa Grande), the first Nikki Beach resort in the eastern Mediterranean, and the first Ritz Carlton Reserve resort in Central America (Pearl Island); and,
- Two golf courses in Venus Rock designed by Tony Jacklin and one in Playa Grande designed by Robert Trent Jones, Senior and renovated by his son Rees Jones.

As summarised in the table below, the Investment Manager estimates that the Advanced Projects alone have the potential to generate for Dolphin the following returns:

- More than €550 million of net cash returns or circa 70p per share, from the development and sale of first phases alone (which represents circa 37% of their estimated total profitability) over an average period of approximately six years.

- Over €1.5 billion of cash, or circa 189p per share, through the development and sale of all their planned residential units and retail land plots and the sales and operational profits of their leisure components (hotels, golf courses, marinas etc.) over an estimated period of 12 years (2013-2024).

Dolphin's remaining portfolio includes:

- 10 major leisure-integrated residential resort projects, spread over 2,160 hectares of land and conservatively expected to build and sell circa 662,000 residential buildable m^2, representing only a circa 3% building coefficient. These projects are expected to further increase in book value as they complete their permitting and design phase and reach Advanced Project status. The Investment Manager estimates their cash generation potential to be in excess of €1.23 billion, or circa 157p per share, spread over the next 12 years.

- Residual developable land, as under the current plans not all the land of the Major Projects will be developed in the next 12 years. Such land is estimated to have a residual building coefficient of circa 1.45 million buildable m^2 and a future value of circa €1.16 billion (based on an estimated average value of €800 per buildable m^2).

- Aristo Developers, the largest developer and private land owner in Cyprus, with currently circa 72,000 buildable m^2 of residential product in stock or under construction and circa 318,000 m^2 in the form of readily available land plots with a total listed sales potential of circa €95 million. Aristo also holds an additional vast portfolio of land assets with the potential to sell over 676,000 residential buildable m^2 once fully developed. Dolphin retains a strategic 49.8% participation in Aristo. The Investment Manager estimates that, upon market recovery, Aristo will have a dividend capacity in excess of €30 million per year.

Based on the above, the Investment Manager estimates Dolphin's total portfolio cash generation potential to be in approximately €4.2 billion, or circa 529p per share, over the next 12 years. This cash generation estimate is summarised in the following table.

	Residential Units		Land Plots	Leisure			
(€ million)	Sales	Costs	Sales	Leisure Net Operating Income	Leisure Terminal Values	Leisure Construction Costs	Estimated Cash Returns
ADVANCED PROJECTS							
The Porto Heli Collection	**100%**						
First phase	202	85	23	31	70	42	199
Other phases	536	193	-				342
	738	**279**	**23**	**31**	**70**	**42**	**541**
Venus Rock Golf Resort	**49.8%**						
First phase	384	199	-	1	21	21	186
Other phases	211	101	-				110
	595	**300**	**-**	**1**	**21**	**21**	**296**
Playa Grande Club & Reserve	**100%**						
First phase	159	73	2	11	56	30	124
Other phases	268	143	161				286
	426	**216**	**162**	**11**	**56**	**30**	**409**
Pearl Island	**60%**						
First phase	45	14	-	5	12	6	42
Other phases	356	236	76				196
	401	**250**	**76**	**5**	**12**	**6**	**238**
TOTAL	**2,160**	**1,045**	**261**	**48**	**159**	**99**	**1,484**
MAJOR PROJECTS & ARISTO							
Greece	**1,828**	**928**	**-**	**-**	**-**	**-**	**900**
Triopetra	44	23	-	-	-	-	21
Kea Resort	187	76	-	-	-	-	111
Plaka Bay Resort	189	95	-	-	-	-	94
Scorpio Bay Resort	306	146	-	-	-	-	160
Sitia Bay Golf Resort	560	276	-	-	-	-	284
Lavender Bay Resort	454	260	-	-	-	-	194
Douneika	78	47	-	-	-	-	31
Syros	10	5	-	-	-	-	5
Cyprus	**495**	**258**	**-**	**-**	**-**	**-**	**237**
Eagle Pine Golf Resort	164	78	-	-	-	-	86
Apollo Heights Polo Resort	330	180	-	-	-	-	150
Turkey	**81**	**31**	**-**	**-**	**-**	**-**	**50**
Mediterra Resorts	81	31	-	-	-	-	50
Croatia	**143**	**96**	**-**	**-**	**-**	**-**	**47**
Livka Bay Resort	143	96	-	-	-	-	47
TOTAL	**2,546**	**1,312**	**-**	**-**	**-**	**-**	**1,234**
Residual Land Value	**1,163**	**-**	**-**	**-**	**-**	**-**	**1,163**
Aristo Developers (49.8%) Dividends and Terminal Value	**-**	**-**	**-**	**-**	**-**	**-**	**269**
PORTFOLIO GRAND TOTAL	**5,869**	**2,357**	**261**	**48**	**159**	**99**	**4,150**

Basic Assumptions

- *All cost assumptions cover future development, marketing, sales, branding and agency costs and do not include already incurred expenses for land acquisition and development.*
- *The above cash returns do not include DCI overhead costs.*
- *For the Other Phases of the Advanced Projects and for the Major Projects, the above cash returns do not include financial costs.*
- *Following the sale of the Founders Phase of Pearl Island, the First Phase of Pearl Island is the Ritz Carlton Reserve phase.*
- *No inflation adjustments have been made.*
- *Cash returns are calculated on a before corporate income tax basis. Actual taxes would depend on the jurisdiction of each project and the structure of each specific sale transaction.*
- *Residential units are assumed to be developed on a "sell and build basis", apart from minor investments in "show" units.*
- *No interim project exits have been assumed.*
- *Dividends are assumed to be distributed upon Aristo achieving significant positive cashflows from 2015 onwards and are assumed to stabilize at €30 million (for 100%). The Aristo Terminal Value is*

calculated at 8_X on its estimated annual dividends. These dividends exclude the financial returns of Venus Rock and Eagle Pine.

- *Net Operating Income is calculated over a period ranging from 6 to 10 years depending on the project. The sale of the Leisure components assumes that the hotels, golf courses and other leisure components are sold in years 6 to 10 at a multiple to their NOI ranging from 8_X to 10_X.*
- *All statements are based on future expectations rather than on historical facts and are forward looking statements that involve a number of assumptions, risks and uncertainties. The Company and the Investment Manager cannot give any assurance that such statements will prove to be correct. Any forward looking statements made by or on behalf of the Company are made only on a best estimate basis as of the date they are made and they do not constitute future earnings, revenues or profits forecasts or guidance. Neither the Company nor the Investment Manager undertake to update forward looking statements to reflect any changes in expectations, events, conditions or circumstances upon which such statements are made.*

J.4. Advanced Projects development update

1. The Porto Heli Collection, Greece

Website: www.portohelicollection.com

Area Size: 347 hectares

Composition: First Phase

- Amanzoe, a 38-pavilion hotel and spa designed by Ed Tuttle, opened on 1 August 2012
- The Aman Beach Club, opened on 1 August 2012
- The Aman Villas, serviced by the Aman hotel
- The Nikki Beach Resort & Spa at Porto Heli, which will include hotel suites as well as apartments for sale
- The Seafront Villas

Other Phases (including, but not limited to)

- The Chedi with 102 hotel rooms, spa, 40 club suites and a 40 residence Jack Nicklaus Signature Golf Course
- Golf boutique hotel, golf clubhouse and circa225 golf residences
- Equestrian centre, tennis academy, kids' club, beach club.

Progress since last annual report:

Construction of Amanzoe was completed on budget at the end of June 2012 and the resort welcomed its first guests on 1 August 2012. The feedback to date has been overwhelmingly positive, both for the facilities and the level of the services provided, and the reviews of the resort in the international press and from industry experts and guests continue to be exceptional.

Since opening, many prestigious guests have enjoyed the facilities and services of Amanzoe and the hotel has served as the perfect platform to showcase the potential of the Company's portfolio to the public, real estate investors, potential purchasers of villas and the press.

As planned, the hotel will reopen to guests for its first full year of operations on 26 March 2013, with rates ranging reopen to between €1,100 to €1,400 per room per night (excluding taxes), representing a circa 40% increase compared to the introductory rates in 2012. The operations team in high season comprises over 190 people, mostly from the local community.

After receiving the first 50% subsidy payment in early March 2012, the Company filed an application for the remaining 50% of the total approved subsidy of €7.8 million on 30 March 2012. The final inspection of the Amanzoe by the subsidies approval committee has been completed, and the Company expects to receive the remaining €3.9 million balance within the second quarter of 2013.

On 3 August 2012 Dolphin received a Conversion Notice from Archimedia to convert 6.43% of its shares in Amanzoe in exchange for an Aman Villa and on 27 December 2012 a further Notice for the conversion of the remaining 7.86% of its shares for two other Aman Villas. Following the conversions,

Archimedia's shareholding in Amanzoe will be reduced from 14.29% to 0% and Dolphin's shareholding will increase to 100% of the project.

To date, seven Aman Villas have been sold or reserved, two of which were reserved after the opening of Amanzoe. Construction of three villas is on-going and construction for the remaining villas sold will be initiated as soon as the final designs are dispatched by Ed Tuttle, the project's architect, following consultation with the future owners. One of the villas newly reserved will be constructed on two adjacent lots planned for smaller villas so, in effect, eight out of the total 36 lots have been sold.

A €13.7 million turn-key construction contract was signed on 13 February 2013, between the owners of the Nikki Beach company (75% Swiss Development Group, 25% DCI) and Aristo Greece, and works on site have commenced in December 2012, with a view to completing the project in time for the 2014 season. The Company is in on-going discussions with two local banks for the conclusion of a €6 - 8 million long term construction loan to partly finance the development of the project; the respective discussions are expected to conclude within the second quarter of 2013.

On 6 August 2012, the Company signed an agreement for the sale of eight out of the nine remaining Seafront Villas to part of the Mindcompass Overseas Limited group of entities. The total base net consideration agreed for this sale was €12 million with the Company also entitled to a 35% profit participation on the sales generated by the purchaser from the further sale of four villas above a purchase price of €2 million. It was also agreed that the Company will undertake the construction contract for the completion of the villas and €1.5 million has been paid to date. The Company and the purchasers agreed an amendment to the Sale of Shares Agreement to provide that an amount of €8 million would become payable in five interest-bearing instalments (at 6% per annum) starting from June 2013 and that the Company's profit participation in the sale of five villas will be set at 50%.

Aristo Greece's in-house design team is working with the buyers on new designs, while works for their construction are set to start later in the year.

2. Venus Rock Golf Resort, Cyprus

Website: www.venusrock.com

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 261 Plots

Other Phases (including, but not limited to)

- 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.

Progress since last annual report:

Venus Rock's new golf course construction is set to be completed in summer 2013, allowing time for the grass to grow fully and to be open for play in September 2013. The official launch of the project is planned during the same period, aiming to take advantage of the strong momentum around the course completion of the course.

The design of the new golf course, which also has integrated night play areas, has paid special attention to the protection of the existing flora and fauna. In addition to the large amount of transplanted trees, the course has a limited amount of grassy areas and a 13,000 m^2 lake which is used both for irrigation purposes and as a habitat for local birds.

During 2012 the construction works were executed by a well-known international golf contractor in cooperation with Aristo's construction teams, and were mainly focused on tree transplanting, bulk earthworks, fine-shaping of the course and also on the reconstruction of the 3km access road to the club houses. As per the approved design, pedestrian and bicycle lanes have been included in the construction.

Today most of the construction activity is focused finalising various buildings related to the maintenance facilities, golf academy and driving ranges.

During 2012, 31 units have been sold at Venus Rock for a total consideration of circa €16 million, 25 of which were bought by Chinese clients.

To date, €24.3 million has been drawn from the €50 million construction loan for the project.

3. Playa Grande Club & Reserve, Dominican Republic

Website: www.playagrande.com

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

Composition: First Phase

- 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 Golf Club House, fitness, spa and tennis facilities
- 38 Aman Villas serviced by the Aman Hotel
- The renovation of the existing, legendary Robert Trent Jones, Snr. Golf Course based on new designs by his son Rees Jones

Other Phases (including, but not limited to)

- Approximately 400 additional residential units (beachfront, hill-top and cliff villas)
- Tennis, spa, beach and equestrian clubs.

Progress since last annual report:

Renovations on the back nine holes of the Robert Trent Jones Sr Golf Course have commenced, based on the designs and under the supervision of his son Rees Jones. Simultaneously the project has started the construction infrastructure works for the Aman Hotel.

To celebrate the start of construction of the Aman Golf Resort phase, a ground breaking ceremony took place on 11 March 2013 and was attended by the President of the Dominican Republic, Lic. Danilo Medina; the Minister of Tourism; the Minister of Public Works; the Minister of the Presidency; Rees Jones, golf course renovation designer; and Adrian Zecha, the Founder of Aman, Resorts, to celebrate the start of construction of the Aman Golf Resort.

The public beach access and related facilities have been completed and became available to the public in February 2013.

The project has already secured debt financing for $16 million out of a $19 million targeted debt facility for the construction of the Aman Hotel from a local bank syndicate, with the remaining $3 million expected to be provided in the near future by regional financial institutions. Terms have been agreed with the syndicate headed by Banco Leon and BHD and the documentation of the facility agreements is in its final stages.

Marketing material was completed to facilitate the marketing and sales of a limited number of Founder Aman Villas, which are being launched this year.

Infrastructure works were also initiated on the Founders' Phase, which comprises circa 70 lots where a number of high net worth individuals from the investor group which previously owned the Playa Grande site. The infrastructure progress will enable them to start building their homes next to the Aman Hotel site and will add value to the project.

Playa Grande is one of the few luxury resorts currently under construction in the Caribbean and the opening of the Aman Golf Resort is expected to coincide with a recovery in the residential resort sector following the global economic downturn that began in 2008.

4. Pearl Island, Panama

Website: www.pearlisland.com

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

Composition: Founders' Phase (7% of the island) – sold

- Beach club, spa and other leisure facilities
- A 40-berth and 30 dry-dock marina
- Approximately 200 residential units (villas and plots)
- Private landing strip

First Phase - Ritz Calrton Reserve (3% of the island)

- 80-key Ritz Carlton Reserve hotel with beach club and related amenities
- Approximately 80 branded residential units

Other Phases (90% of the island)

- Development potential for over 425,000m^2 of buildable residential space or approximately 945 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 40 kilometres of natural biking, hiking and equestrian trails
- International airport.

Progress since last annual report:

On 5 September 2012 Dolphin sold its 60% shareholding in Pearl Island's Founders Phase, to a regional investor group for a consideration of $6 million and a commitment to invest an additional circa $35 million of development capital within a maximum period of two years in order to complete some of the island's key infrastructure and the Founders' Phase.

The Founders' Phase, spread over 105.5 hectares of land, represents only 7% of the Pearl Island land area and only circa 10% of the project's potential profitability generation, and involves the development

of a beach club, recreation centre, 40-berth marina, approximately 200 residential units for sale and associated infrastructure and utilities.

Approximately $13 million capital from the $35 million Founders' Phase budget is committed to be invested in common facilities and infrastructure such as an airstrip, service pier, roads and utilities on the remaining 93% of the island that Dolphin continues to own and control.

The $6 million cash payment for 60% of the Founders' Phase and the purchaser's commitment to invest circa $13 million capital into the area of the island remaining under Dolphin ownership, imply an exit valuation of $23 million for the Founders' Phase, which represents a premium of 46% to its pro rata NAV of circa$16 million and a premium of 87% to its allocated cost basis of circa $12 million.

Following the transaction, Dolphin retained its 60% ownership in Zoniro, the project's development company, thus continuing to manage the overall development both for the Founders Phase and the remainder of the island.

The construction of the Founders' Phase, comprising the airport, infrastructure, roads, beach club and other facilities, is progressing according to plan. The paving of the first 500 metre runway phase of the airport was completed and is now being extended to 1,000 metres.

The sales of villas and condos in the Founders' Phase of the project – which Dolphin recently sold and which is contiguous to the Ritz Carlton Reserve – continued at an accelerated pace. The success of the Founders' Phase is expected to add significant momentum and value to the remainder of the island development, which is retained by Dolphin.

The project continues discussions with regional investor groups for the joint development of a Ritz Carlton Reserve hotel with branded residences on one of island's 14 private sandy beaches over a land parcel of approximately 50 hectares, located next to the Founders' Phase and representing circa3.5% of the island.

The concept design for the Ritz Carlton Reserve hotel was completed by Hart Howerton and approved by the Ritz Carlton organisation.

J.5. Aristo (www.aristodevelopers.com)

2012 was a significantly improved year for Aristo Developers, with the company's total sales exceeding its budget and reaching €51.8 million. Sales accelerated at the end of the year, reaching levels not seen since June 2008 and resulting in the company selling most of its stock of completed units, allowing Aristo to bring new projects to the market.

The three month period ending 28 February 2013 was even more encouraging with 45 homes and plots sold, representing a 298% increase in sales value (from circa €4.9 million to circa €19.7 million) and 115% increase in sales price per m^2 compared to the corresponding period in the previous year.

The main reason for this success is growing demand from Chinese consumers and the successful implementation of the marketing strategy to capitalise on legislation entitling any person acquiring property at prices over €300,000 to a Cypriot permanent residence visa.

Throughout the year, Aristo's sales and marketing team focused its efforts on building and maintaining sales momentum in the Chinese market. In additionally, the company's employees in its Chinese offices increased its activities in targeting this promising clientele base by extending cooperation agreements with new agents and re-packaging the Aristo product to suit the Chinese audience, all of which resulted in €28.2 million of sales to Chinese clients during 2012.

Aristo has also been working to leverage this abovementioned legislation to unlock the significant potential of buyers coming from countries currently in political unrest in the region, such us Iran, Syria and Egypt, where there is an increasing demand for this residence-permit related real estate product.

Sales performance

In 2012, Aristo generated €51.8 million of sales, 89% higher than 2011, with Chinese buyers representing 54%, Russians 23%, Cypriots 9%, UK 3% and others 10% of sales.

The direct sales realised by the in-house sales team represented 29%, whilst indirect sales coming through agents accounted for 71%. It is worth noting the increasing numbers of enquiries coming through the new Aristo website, which is operating in five different languages and resulted in 12 sales representing 6% of the total.

	12 months to 31/12/2012	**12 months to 31/12/2011**
RETAIL SALES RESULTS		
New sales booked	51,846,317	27,399,346
% change	89%	
Average selling price per m^2 (% change)	17%	
Units sold	186	137
% change	36%	
CLIENT ORIGIN		
Russia	23.5%	44.5%
China	54.4%	0.0%
Other overseas	10.0%	14.5%
Cyprus	9.0%	31.4%
UK	3.2%	9.5%

The Aristo budget for 2013 aims to build on the positive momentum and the target is for sales to grow by an additional 50% over the 2012 results.

J.6. The Portfolio

A summary of Dolphin's current investments is presented below. As of 31 December 2012, the net invested amount is €554 million.

	Project	Land site (hectares)	DCI's stake	Investment Cost * (€ million)	Debt (€ million)	Real Estate Value (€ million)	Loan to real estate asset value (%)
	ADVANCED PROJECTS						
1	The Porto Heli Collection	343		163	40		
	Amanzoe	96	86%	67	40		
	The Nikki Beach Resort & Spa at Porto Heli	1	25%	4			
	The Chedi and Jack Nicklaus Signature Golf Course	246	100%	92			
2	*Venus Rock Golf Resort – Aristo*	1,000	50%	83			
3	Playa Grande Club & Reserve	950	100%	35	44		
4	Pearl Island	1,440	60%	28			
	TOTAL	**3,733**		**309**	**84**	**444**	**19%**
	MAJOR PROJECTS						
5	Sitia Bay Golf Resort	280	78%	17			
6	Kea Resort	65	67%	9			
7	Scorpio Bay Resort	172	100%	14			
8	Lavender Bay Resort	310	100%	24			
9	Plaka Bay Resort	440	60%	7			
10	Triopetra	11	100%	4			
11	Livka Bay Resort	63	100%	24	10		
12	Apollo Heights Polo Resort	461	100%	12	21		
13	Eagle Pine Golf Resort-Aristo	319	50%	18			
14	Mediterra Resorts	12	100%	30	6		
	Port Kundu	*4*	*100%*	*15*	*2*		
	La Vanta	*8*	*100%*	*15*	*4*		
15	Aristo Hellas	27	100%	-	11		
	TOTAL	**2,160**		**159**	**48**	**268**	**18%**
	ARISTO CYPRUS**	**392**	**50%**	**86**	**n/a**	**126**	
	GRAND TOTAL	**6,285**		**554**	**132**	**838**	**16%**

	Project	Land size (hectares)	Investment Cost * (€ million)	Debt (€ million)	Real Estate Value (€ million)	Loan to real estate value (%)	Net Asset Value
1	Greece	1,648	238	51	363	14%	40.7%
2	Cyprus***	2,172	199	21	294	7%	42.3%
3	Croatia & Turkey	75	54	16	59	27%	7.2%
4	Americas	2,390	63	44	122	36%	9.8%
	Grand Total	**6,285**	**554**	**132**	**838**	**16%**	**100%**

**Including amounts paid in shares.*

***Excluding Venus Rock and Eagle Pine*

****Includes DCI's 49.8% ownership of Aristo*

Exits

	Land site (hectares)	Dolphin stake sold	Dolphin original investment (€m)	Dolphin exit proceeds (€m)	Dolphin return on investment (times)
Tsilivi – Aristo	11	100%	2	7	3.50x
Amanmila	210	100%	2.8	5.4	1.90x
Kea Resort	65	33%	4	4.1	1.00x
Seafront Villas	3.6	100%	9	14	1.52x
Kings' Avenue Mall	4	100%	11	15	1.36x
Aristo Developers Ltd	1,351	50%	208	375.5	1.80x
The Nikki Beach Resort & Spa at Porto Heli	1	75%	4	6.9	1.83x
Pearl Island Founder's Phase	106	100%	6	10.6	1.73x
TOTAL	1,751		247	438.7	1.78x

Miltos Kambourides
Managing Partner
Dolphin Capital Partners
20 March 2013

Pierre Charalambides
Founding Partner
Dolphin Capital Partners
20 March 2013

J.7. Finance Director's Report

Net Asset Value

Consistent with the Company's valuation policy, Colliers International ("**Colliers**") performed a valuation of the entire portfolio as at 31 December 2012 which resulted to a small net increase in the overall portfolio valuation. Namely, there were revaluation gains in the Porto Heli Collection components, Kea Resort, Plaka Bay which were partly counterbalanced by reductions in the valuation of assets in Greece and Cyprus, where development is less advanced, reflecting local market conditions.

The factors that contributed to a net reduction in NAV compared to 2011 are mainly Dolphin's regular fixed operational, corporate and management expenses and the depreciation of the Americas properties in Euro terms due to the devaluation of the dollar against the Euro by 1.9%.

Sterling NAV per share decreased by 35% mainly driven by the issuance of 204,435,897 new common shares from the Company's last €50 million capital raise at GBP0.195 per share in October 2012.

The reported NAV as at 31 December 2012 is presented below:

			Variation since 31 December 2011		**Variation since 30 June 2012**	
	€	**£**	**€**	**£**	**€**	**£**
Total NAV before DITL (millions)	709	579	(2.2)%	(4.6)%	3.8%	5.4%
Total NAV after DITL (millions)	635	519	(2.2)%	(4.6)%	3.7%	5.2%
NAV per share before DITL	1.10	0.90	(33.3)%	(34.9)%	(29.2)%	(28.2)%
NAV per share after DITL	0.99	0.81	(33.4)%	(35.0)%	(29.3)%	(28.2)%

Notes:
1. *Euro/GBP rate 0.83783 as at 31 December 2011 and 0.81737 as at 31 December 2012.*
2. *Euro/USD rate at 1.295 as at 31 December 2011 and 1.321* and *31 December 2012*.
3. *NAV per share has been calculated on the basis of 438,004,270 issued shares as at 31 December 2011 and 642,440,167 issued shares as at 31 December 2012.*
4. *NAV before DITL amounts include the 49.8% of Aristo*
5. *Total NAV variation percentages have been calculated using the pro forma consolidated balance sheet as at 31 December 2011(adjusted to include Aristo Exchange transaction)*

The Aristo Exchange was completed on 22 June 2012 and took place on a NAV for NAV basis. The respective DCI NAV per share remained unchanged after the completion of the transaction.

Financial Position

Condensed consolidated statement of financial position

	31 December 2012 €' 000	31 December 2011 €' 000
Assets		
Real estate assets (investment and trading properties)	579,609	598,733
Equity accounted investees	285,560*	306,750*
Other assets	50,046	13,075
Cash and cash equivalents	22,181	25,058
Total Assets	**937,396**	**943,616**
Equity		
Equity attributable to Dolphin shareholders before DITL	708,600*	724,485*
Non-controlling interests	32,293	35,955
Total equity	740,893	760,440
Liabilities		
Interest bearing loans and finance lease obligations	140,351	133,544
Other liabilities	56,152	49,632
Total liabilities	196,503	183,176
Total equity and liabilities	**937,396**	**943,616**

NOTE: Consolidated statement of financial position as at 31 December 2011 has been adjusted to include Aristo Exchange transaction

**Amounts include the 49.8% DITL of Aristo*

The Company's NAV before DITL but after, non-controlling interests of €32 million, other liabilities of €56 million and total debt of €140 million are deducted is set at €709 million as at 31 December 2012.

The Company's NAV after DITL, is set at €635 million as at 31 December 2012 down from a pro forma NAV after DITL of €650 million as at 31 December 2011. This reduction, together with the Company's fixed operating expenses, resulted in an accounting loss of €41 million, for the year ended 31 December 2012 implying a loss per share of €0.07.

The Company's consolidated assets total €937 million and include €580 million of real estate assets €285 million of investments in equity accounted investees (mainly Aristo) and €72 million of other assets and cash. The €580 million figure represents Colliers' fair market valuation of Dolphin's real estate portfolio (both freehold and leasehold interests) as at 31 December 2012, assuming 100% ownership. The €285 million figure represents the 49.8% investment in Aristo and the 25% investment in Nikki beach. The €50 million of other assets comprise mainly €18 million of VAT receivable, €4 million of grants receivable and €3 million of deferred income tax assets.

The Company's consolidated liabilities total €196 million and comprise €56 million of other liabilities as well as €140 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 Playa Grande convertible Bond and the servicing of Banco Leon loan interest at Playa Grande which are guaranteed by the Company). The

€56 million of other payables comprise mainly €4.5 million payable to the former majority shareholder of Playa Grande Holdings and €23 million of deferred land payments.

The consolidated financial statements have been audited by KPMG.

Following the Eurogroup statement issued on the subject of Cyprus on March 16, a provisional agreement was reached involving a 6.75% one off levy on all deposits under €100,000 and a 9.9% levy on deposits in excess of €100,000. These measures were not ratified by the Cypriot Parliament in its plenary session on March 19. However, even if these had been enacted, the potential effect on the cash balances and operations of the Dolphin Group would be negligible.

Panos Katsavos
Finance Director
Dolphin Capital Partners
20 March 2013

Consolidated statement of comprehensive income

For the year ended 31 December 2012

	Note	31 December 2012 €'000	31 December 2011 €'000
CONTINUING OPERATIONS			
Valuation loss on investment property	12	(11,751)	(80,289)
Impairment loss on trading properties	14	(2,684)	(26,022)
Reversal of impairment loss on trading properties	14	1,158	-
Share of (loss)/profit on equity accounted investees, net of tax	15	(9,484)	208
Other operating profits	7	8,303	4,923
Total operating losses		**(14,458)**	**(101,180)**
Investment Manager fees	25.2	(15,769)	(17,915)
Personnel expenses	8	(7,903)	(10,268)
Depreciation charge	13	(1,758)	(1,841)
Professional fees		(6,105)	(6,190)
Selling and promotional expenses		(1,364)	(2,101)
Administrative and other expenses		(11,097)	(16,758)
Total operating and other expenses		**(43,996)**	**(55,073)**
Results from operating activities		**(58,454)**	**(156,253)**
Finance income	9	881	1,457
Finance costs	9	(21,146)	(29,608)
Net finance costs		**(20,265)**	**(28,151)**
Gain on disposal of investment in subsidiaries	26	44,675	1,958
Impairment loss on property, plant and equipment	13	(15,401)	(490)
Reversal of impairment loss on property, plant and equipment	13	4,794	604
Total non-operating profits		**34,068**	**2,072**
Loss before taxation		**(44,651)**	**(182,332)**
Taxation	10	1,936	16,238
Loss for the year		**(42,715)**	**(166,094)**
OTHER COMPREHENSIVE INCOME			
Foreign currency translation differences		(443)	(405)
Revaluation of property, plant and equipment		9,470	96
Share of revaluation on equity accounted investees		53	-
Other comprehensive income for the year, net of tax		**9,080**	**(309)**
Total comprehensive income for the year		**(33,635)**	**(166,403)**
Loss attributable to:			
Owners of the Company		(41,220)	(161,126)
Non-controlling interests		(1,495)	(4,968)
Loss for the year		**(42,715)**	**(166,094)**
Total comprehensive income attributable to:			
Owners of the Company		**(33,071)**	**(161,970)**
Non-controlling interests		**(564)**	**(4,433)**
Total comprehensive income for the year		**(33,635)**	**(166,403)**
LOSS PER SHARE			
Basic and diluted loss per share (€)	11	**(0.07)**	**(0.25)**

Consolidated statement of financial position

As at 31 December 2012

	Note	31 December 2012 €'000	31 December 2011 €'000
ASSETS			
Investment property	12	422,204	1,201,933
Property, plant and equipment	13	118,672	103,213
Equity accounted investees	15	257,896	7,868
Deferred tax assets	20	3,384	3,659
Other non-current assets		5,161	4,717
Total non-current assets		**807,317**	**1,321,390**
Trading properties	14	38,732	298,964
Receivables and other assets	16	41,500	43,311
Cash and cash equivalents	17	22,181	31,068
Total current assets		**102,413**	**373,343**
Total assets		**909,730**	**1,694,733**
EQUITY			
Share capital	18	6,424	6,650
Share premium	18	498,933	825,671
Reserves		10,016	1,960
Retained earnings		120,108	161,414
Total equity attributable to owners of the Company		**635,481**	**995,695**
Non-controlling interests		32,293	35,955
Total equity		**667,774**	**1,031,650**
LIABILITIES			
Loans and borrowings	19	96,435	274,548
Finance lease obligations	21	8,114	8,682
Deferred tax liabilities	20	45,454	104,335
Other non-current liabilities	22	16,973	41,362
Total non-current liabilities		**166,976**	**428,927**
Loans and borrowings	19	35,363	178,967
Finance lease obligations	21	440	415
Trade and other payables	23	39,083	54,731
Current tax liabilities		94	43
Total current liabilities		**74,980**	**234,156**
Total liabilities		**241,956**	**663,083**
Total equity and liabilities		**909,730**	**1,694,733**
Net asset value per share (€)	24	**0.99**	**1.50**

Consolidated statement of changes in equity

For the year ended 31 December 2012

	Attributable to owners of the Company								
	Share capital	Share premium	Translation reserve	Revaluation reserve	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2011	**6,277**	**812,520**	**2,426**	**378**	**(144)**	**322,067**	**1,143,524**	**40,853**	**1,184,377**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR									
Loss for the year	-	-	-	-	-	(161,126)	(161,126)	(4,968)	(166,094)
Other comprehensive income									
Foreign currency translation differences	-	-	(940)	-	-	-	(940)	535	(405)
Revaluation of property, plant and equipment, net of tax	-	-	-	96	-	-	96	-	96
Total other comprehensive income	-	-	(940)	96	-	-	(844)	535	(309)
Total comprehensive income for the year	**-**	**-**	**(940)**	**96**	**-**	**(161,126)**	**(161,970)**	**(4,433)**	**(166,403)**
TRANSACTIONS WITH OWNERS OF THE COMPANY, RECOGNISED DIRECTLY IN EQUITY									
Contributions by and distributions to owners of the Company									
Issue of ordinary shares related to business combinations	111	4,918	-	-	-	-	5,029	-	5,029
Issue of ordinary shares	262	8,238	-	-	-	-	8,500	-	8,500
Own shares exchanged in relation to business combinations	-	(5)	-	-	144	-	139	-	139
Non-controlling interests on capital increases of subsidiaries	-	-	-	-	-	-	-	**1,652**	**1,652**
Total contributions by and distributions to owners of the Company	373	13,151	-	-	144	-	13,668	1,652	15,320
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	(2,081)	(2,081)	(2,096)	(4,177)
Disposal of interests without a change in control	-	-	-	-	-	2,554	2,554	(21)	2,533
Total changes in ownership interests in subsidiaries	-	-	-	-	-	473	473	(2,117)	(1,644)
Total transactions with owners of the Company	**373**	**13,151**	**-**	**-**	**144**	**473**	**14,141**	**(465)**	**13,676**
Balance at 31 December 2011	**6,650**	**825,671**	**1,486**	**474**	**-**	**161,414**	**995,695**	**35,955**	**1,031,650**

	Attributable to owners of the Company								
	Share capital	Share premium	Translation reserve	Revaluation reserve	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2012	**6,650**	**825,671**	**1,486**	**474**	**-**	**161,414**	**995,695**	**35,955**	**1,031,650**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR									
Loss for the year	-	-	-	-	-	(41,220)	(41,220)	(1,495)	(42,715)
Other comprehensive income									
Foreign currency translation differences	-	-	(3)	-	-	-	(3)	(440)	(443)
Revaluation of property, plant and equipment, net of tax	-	-	-	8,099	-	-	8,099	1,371	9,470
Share of revaluation on equity accounted investees	**-**	**-**	-	53	-	-	53	-	53
Transfer of revaluation to retained earnings due to disposal	**-**	**-**	-	(93)	-	93	-	-	-
Total other comprehensive income	**-**	**-**	**(3)**	**8,059**	**-**	**93**	**8,149**	**931**	**9,080**
Total comprehensive income for the year	**-**	**-**	**(3)**	**8,059**	**-**	**(41,127)**	**(33,071)**	**(564)**	**(33,635)**
TRANSACTIONS WITH OWNERS OF THE COMPANY, RECOGNISED DIRECTLY IN EQUITY									
Contributions by and distributions to owners of the Company									
Issue of ordinary shares	2,044	47,956	-	-	-	-	50,000	-	50,000
Placing costs	-	(1,661)	-	-	-	-	(1,661)	-	(1,661)
Own shares acquired	-	-	-	-	(375,303)	-	(375,303)	-	(375,303)
Cancellation of own shares	(2,270)	(373,033)	-	-	375,303	-	-	-	-
Non-controlling interests on capital increases of subsidiaries	-	-	-	-	-	-	-	953	953
Total contributions by and distributions to owners of the Company	(226)	(326,738)	-	-	-	-	(326,964)	953	(326,011)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	(179)	(179)	(333)	(512)
Disposal of interests without change in control	-	-	-	-	-	-	-	-	-
Disposal of subsidiary with non-controlling interests	-	-	-	-	-	-	-	(3,718)	(3,718)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	(179)	(179)	(4,051)	(4, 230)
Total transactions with owners of the Company	**(226)**	**(326,738)**	**-**	**-**	**-**	**(179)**	**(327,143)**	**(3,098)**	**(330,241)**
Balance at 31 December 2012	**6,424**	**498,933**	**1,483**	**8,533**	**-**	**120,108**	**635,481**	**32,293**	**667,774**

	31 December 2012	31 December 2011
	€'000	€'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(42,715)	(166,094)
Adjustments for:		
Valuation loss on investment property	11,751	80,289
Impairment loss on trading properties	2,684	26,022
Reversal of impairment loss on trading properties	(1,158)	-
Share of (loss)/profit on equity accounted investees, net of tax	9,484	(208)
Depreciation charge	1,758	1,841
Gain on disposal of investment in subsidiaries	(44,675)	(1,958)
Impairment loss on property, plant and equipment	15,401	490
Reversal of impairment loss on property, plant and equipment	(4,794)	(604)
Taxation	(1,936)	(16,238)
Fair value adjustment on investments at fair value through profit or loss	(5)	61
Exchange difference	298	664
Interest income	(700)	(1,457)
Interest expense	20,661	26,505
	(33,946)	(50,687)
Change in:		
Receivables	(4,552)	(7,632)
Payables	(2,266)	13,643
Cash used in operating activities	(40,764)	(44,676)
Tax paid	(166)	(1,130)
Net cash used in operating activities	**(40,930)**	**(45,806)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	(512)	(4,177)
Net proceeds from disposal of subsidiaries	36,961	17,533
Net acquisitions of investment property	(2,327)	(6,997)
Net acquisitions of property, plant and equipment	(16,726)	(24,347)
Net change in trading properties	3,727	14,490
Net change in equity accounted investees	(289)	140
Interest received	700	1,457
Net cash from/(used in) investing activities	**21,534**	**(1,901)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	48,339	8,500
Funds received from non-controlling interests	953	1,652
Change in loans and borrowings	15,043	62,321
Change in finance lease obligations	(543)	(228)
Interest paid	(20,661)	(26,505)
Net cash from financing activities	**43,131**	**45,740**
Net decrease in cash and cash equivalents	**23,735**	**(1,967)**
Cash and cash equivalents at the beginning of the year	(3,607)	(1,078)
Effect of exchange rate fluctuations on cash held	(135)	(562)
Cash and cash equivalents at the end of the year	**19,993**	**(3,607)**

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)	22,181	31,068
Bank overdrafts (see note 19)	(2,188)	(34,675)
Cash and cash equivalents at the end of the year	**19,993**	**(3,607)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Dolphin Capital Investors Limited (the 'Company') was incorporated and registered in the British Virgin Islands ('BVIs') on 7 June 2005. The Company is a real estate investment company focused on the early-stage, large-scale leisure-integrated residential resorts in south-east Europe, and 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 2012 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 2012 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 18 March 2013.

b. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, with the exception of property (trading properties, only on a business combination) and 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. Adoption of new and revised Standards and Interpretations

As from 1 January 2012, the Company adopted all changes to IFRS, which are relevant to its operations. This adoption did not have a material effect on the financial statements of the Group.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2012. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these Standards early.

(i) Standards and Interpretations adopted by the EU

- IFRS 7 (Amendments) "Financial Instruments Disclosures"–Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013).
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).
- IAS 1 (Amendments) "Presentation of items of other Comprehensive Income" (effective for annual periods beginning on or after 1 July 2012).
- IAS 19 (Amendments) "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013).
- IAS 28 (Revised) "Investments in Associates and Joint ventures" (effective for annual periods beginning on or after 1 January 2013).
- IAS 32 (Amendments) "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).

(ii) Standards and Interpretations not adopted by the EU

- Improvements to IFRSs 2009-2011 (effective for annual periods beginning on or after 1 January 2013).
- IFRS 1 (Amendments): "Government Loans" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 7 (Amendments) "Financial Instruments: Disclosures" – "Disclosures on transition to IFRS 9" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).
- Transition Guidance - Amendments to IFRS 10, 11 and 12 (effective for annual periods beginning on or after 1 January 2013).
- Investment Entities - Amendments to IFRS 10, 12 and IAS 27 (effective for annual periods beginning on or after 1 January 2014).

d. Use of estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires from Management the exercise of judgement, to make estimates and assumptions that influence the application of accounting principles

and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

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

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

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

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

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

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

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

e. Functional and presentation currency

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

3. DETERMINATION OF FAIR VALUES

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

Property, plant and equipment
The fair value of land and buildings classified as property, plant and equipment is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein

the parties had each acted knowledgeably and willingly. The market value of land and buildings classified as property, plant and equipment is based on the appraisal reports provided by independent property valuers.

Investment property
The fair value of property is determined by using valuation techniques. The Directors have appointed Colliers International, 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 SUBSIDIARIES

As at 31 December 2012, the Group's most significant subsidiaries were the following:

Name	Country of incorporation	Shareholding interest
Scorpio Bay Holdings Limited	Cyprus	100%
Scorpio Bay Resorts S.A.	Greece	100%
Latirus Enterprises Limited	Cyprus	80%
Iktinos Techniki Touristiki S.A. ('Iktinos')	Greece	78%
Xscape Limited	Cyprus	100%
Golfing Developments S.A.	Greece	100%
MindCompass Overseas Limited	Cyprus	100%
MindCompass Overseas S.A.	Greece	100%
MindCompass Overseas Two S.A.	Greece	100%
MindCompass Parks S.A.	Greece	100%
Ergotex Services Co. Limited	Cyprus	100%
D.C. Apollo Heights Polo and Country Resort Limited	Cyprus	100%
Symboula Estates Limited	Cyprus	100%
DolphinCI Fourteen Limited	Cyprus	86%
Eidikou Skopou Dekatessera S.A.	Greece	86%
Eidikou Skopou Dekaokto S.A.	Greece	86%
Portoheli Hotel and Marina S.A.	Greece	25%**
DCI Holdings Two Limited ('DCI H2')	BVIs	50%*
Dolphin Capital Atlantis Limited	Cyprus	50%*
Aristo Developers Limited ('Aristo')	Cyprus	50%*
Single Purpose Vehicle Twelve Limited	Cyprus	50%*
Azurna Uvala D.o.o. ('Azurna')	Croatia	100%
Eastern Crete Development Company S.A.	Greece	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 ('DCI H4')	BVIs	100%
DCI Holdings Seven Limited ('DCI H7')	BVIs	100%
Playa Grande Holdings Inc. ('PGH')	Dominican Republic	100%
Single Purpose Vehicle Eight Limited	Cyprus	100%
Eidikou Skopou Dekapente S.A.	Greece	100%
Single Purpose Vehicle Ten Limited ('SPV 10')	Cyprus	67%
Eidikou Skopou Eikosi Tessera S.A.	Greece	67%
Pearl Island Limited S.A.	Panama Republic	60%
Zoniro (Panama) S.A.	Panama Republic	60%

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Subsidiaries

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

5.2 Transactions eliminated on consolidation

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

5.3 Business combinations

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

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of 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 property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of the business, use in the production or supply of goods or services or for administration purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of property changes such that it is reclassified at property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

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

5.6 Property, plant and equipment

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

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

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

Depreciation is charged to 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 twelve 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 compared to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

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

5.23 Finance income and costs

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

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

The interest expense component of finance lease payments is recognised in 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. Segment results that are reported to Group's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5.27 Earnings per share

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

5.28 Net asset value ('NAV') per share

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

5.29 Income tax

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

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

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

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

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

5.30 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received. Government grants related to assets are presented in the statement of financial position as a deduction in arriving at the carrying amount of the asset. Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised.

5.31 Comparatives

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

6. SEGMENT REPORTING

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

7. OTHER OPERATING PROFITS

	From 1 January 2012 to 31 December 2012 €'000	From 1 January 2011 to 31 December 2011 €'000
Sale of trading and investment properties	28,003	28,486
Income from operation of golf courses	241	1,029
Income from construction contracts	447	172
Other profits	5,468	3,095
Cost of sales	(25,856)	(27,859)
Total	**8,303**	**4,923**

8. PERSONNEL EXPENSES

	From 1 January 2012 to 31 December 2012		From 1 January 2011 to 31 December 2011	
	Operating expenses €'000	Construction in progress €'000	Operating expenses €'000	Construction in progress €'000
Wages and salaries	6,295	834	8,649	1,877
Compulsory social security contributions	565	196	997	178
Contributions to defined contribution plans	173	46	118	37
Other personnel costs	870	18	504	78
Total	**7,903**	**1,094**	**10,268**	**2,170**

Personnel expenses in relation to operating expenses are expensed as incurred in the consolidated statement of comprehensive income. Personnel expenses in relation to construction in progress are 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 361 (2011: 413 employees).

9. FINANCE INCOME AND FINANCE COSTS

	From 1 January 2012 to 31 December 2012 €'000	From 1 January 2011 to 31 December 2011 €'000
RECOGNISED IN PROFIT OR LOSS		
Interest income	700	1,457
Fair value adjustment	5	-
Exchange difference	176	-
Finance income	881	1,457
Interest expense	(20,661)	(26,505)
Fair value adjustment	-	(61)
Bank charges	(485)	(1,568)
Exchange difference	-	(1,474)
Finance costs	(21,146)	(29,608)
Net finance costs recognised in profit or loss	**(20,265)**	**(28,151)**
RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Foreign currency translation differences	(443)	(405)
Finance costs recognised in other comprehensive income	**(443)**	**(405)**

10. TAXATION

	From 1 January 2012 to 31 December 2012 €'000	From 1 January 2011 to 31 December 2011 €'000
Income tax	217	429
Net deferred tax	(2,153)	(16,667)
Total	**(1,936)**	**(16,238)**

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

	From 1 January 2012 to 31 December 2012 €'000	From 1 January 2011 to 31 December 2011 €'000
Loss before taxation	(44,651)	(182,332)
Taxation using domestic tax rates	(983)	(8,814)
Non-deductible expenses and tax-exempt income	640	(4,505)
Effect of tax losses utilised	(48)	(259)
Other	(1,545)	(2,660)
Total	**(1,936)**	**(16,238)**

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. Until 2012, losses of Cypriot companies were carried forward to reduce future profits without limits and without being subject to any tax rate. From 2012 onwards, a restriction of five years is imposed. In addition, the Cypriot companies of the Group are subject to a 3% special contribution on rental income. Under certain conditions, interest income may be subject to special contribution at the rate of 15% (10% up to 30 August 2011). In such cases, this interest is exempt from corporation tax.

In Greece, the corporation tax rate applicable to undistributed profits is 20%. Tax losses of Greek companies are carried forward to reduce future profits for a period of five years. As of 1 January 2013, the tax rate applicable to undistributed profits will be 26%. In Turkey, the corporation tax rate is 20%. Tax losses of Turkish companies are carried forward to reduce future profits for a period of five years. In Croatia, the corporation tax rate is 20%. Tax losses of Croatian companies are carried forward to reduce future profits for a period of five years.

The Group's subsidiary in the Dominican Republic has been granted a 100% exemption on local and municipal taxes by the Dominican Republic's CONFOTUR (Tourism Promotion Council) for a period of ten years, effective from the commencement of the construction of the project. In the Republic of Panama, the corporation tax rate is 25% and the capital gains tax rate is 10% (2011:10%). The Panamanian tax legislation further contemplates a method of taxation which involves a 3% advance on the tax, which is not calculated on the actual gain, but on the total value of the transfer or on the registered value of the property (whichever may be higher). In some instances, this 3% may be considered by the taxpayer as the final tax payable.Tax losses of companies in the Republic of Panama are carried forward to reduce future profits 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 2012 to 31 December 2012 '000	From 1 January 2011 to 31 December 2011 '000
Loss attributable to owners of the Company (€)	(41,220)	(161,126)
Number of weighted average common shares outstanding	583,306	636,090
Basic loss per share (€)	**(0.07)**	(0.25)

Weighted average number of common shares outstanding

	From 1 January 2012 to 31 December 2012 '000	From 1 January 2011 to 31 December 2011 '000
Outstanding common shares at the beginning of the year	665,048	627,403
Effect of own shares acquired	(119,725)	-
Effect of shares issued during the year in relation to business combination	-	8,384
Effect of re-issuance of own shares during the year in relation to business combination	-	231
Effect of shares issued during the year	37,983	72
Weighted average number of common shares outstanding	**583,306**	**636,090**

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 2012 and 31 December 2011, the diluted loss per share is the same as the basic loss per share, due to the fact that no dilutive potential ordinary shares were outstanding during these years.

12. INVESTMENT PROPERTY

	31 December 2012 €'000	31 December 2011 €'000
At beginning of year	1,201,933	1,277,760
Direct acquisitions	3,257	6,254
Transfers to property, plant and equipment (see note 13)	(151,093)	-
Transfers to trading properties (see note 14)	(2,306)	(2,661)
Transfers to equity accounted investees (see note 15)	(691)	-
Disposals through disposal of subsidiary companies (see note 26)	(605,925)	-
Direct disposals	(9,289)	(1,043)
Exchange difference	(1,931)	1,912
	433,955	1,282,222
Fair value adjustment	(11,751)	(80,289)
At end of year	**422,204**	**1,201,933**

13. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings €'000	Machinery & equipment €'000	Other €'000	Total €'000
2012				
Cost or deemed cost				
At beginning of year	107,021	11,661	3,482	122,164
Additions through:				
Direct acquisitions of property, plant and equipment	13.099	2,591	1,231	16,921
Transfers from investment property (see note 12)	151,093	-	-	151,093
Disposals through:				
Direct disposal of property, plant and equipment	(177)	(92)	(69)	(338)
Disposals through disposal of subsidiary companies (see note 26)	(150,621)	(8,550)	(2,615)	(161,786)
Revaluation adjustment	11,172	-	-	11,172
Exchange difference	(23)	(6)	(14)	(43)
At end of year	131,564	5,604	2,015	139,183
Depreciation and impairment losses				
At beginning of year	10,072	6,290	2,589	18,951
Disposals through:				
Direct disposal of property, plant and equipment	-	(75)	(68)	(143)
Disposals through disposal of subsidiary companies (see note 26)	(3,279)	(5,161)	(2,153)	(10,593)
Revaluation adjustment	(33)	-	-	(33)
Depreciation charge for the year	740	649	369	1,758
Impairment loss	15,401	-	-	15,401
Reversal of impairment loss	(4,794)	-	-	(4,794)
Exchange difference	(22)	(4)	(10)	(36)
At end of year	18,085	1,699	727	20,511
Carrying amounts	**113,479**	**3,905**	**1,288**	**118,672**
2011				
Cost or deemed cost				
At beginning of year	83,371	10,872	3,183	97,426
Direct acquisitions of property, plant and equipment	23,128	861	391	24,380
Direct disposal of property, plant and equipment	-	(55)	(100)	(155)
Revaluation adjustment	37	-	-	37
Exchange difference	485	(17)	8	476
At end of year	107,021	11,661	3,482	122,164
Depreciation and impairment losses				
At beginning of year	9,589	5,500	2,283	17,372
Direct disposal of property, plant and equipment	-	(29)	(93)	(122)
Revaluation adjustment	(69)	-	-	(69)
Depreciation charge for the year	634	820	387	1,841
Impairment loss	490	-	-	490
Reversal of impairment loss	(604)	-	-	(604)
Exchange difference	32	(1)	12	43
At end of year	10,072	6,290	2,589	18,951
Carrying amounts	**96,949**	**5,371**	**893**	**103,213**

14. TRADING PROPERTIES

	31 December 2012 €'000	31 December 2011 €'000
At beginning of year	298,964	339,461
Net direct disposals	(3,727)	(14,490)
Net transfers from investment property (see note 12)	2,306	2,661
Disposals through disposal of subsidiary company (see note 26)	(258,880)	-
Impairment loss	(2,684)	(26,022)
Reversal of impairment loss	1,158	-
Exchange difference	1,595	(2,646)
At end of year	**38,732**	**298,964**

15. EQUITY ACCOUNTED INVESTEES

	DCI H2	Single Purpose Vehicle Five 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	Joint venture between Aristo and Lanitis Limited	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance as at 1 January 2012	-	-	-	-	29	7,703	-	83	53	-	7,868
Initial cost of investment (see note 26)	265,566	1,670	-	-	-	-	-	-	-	-	267,236
Share of (losses)/profits	(9,469)	52	-	-	(5)	(62)	-	-	-	-	(9,484)
Share of revaluation surplus	53	-	-	-	-	-	-	-	-	-	53
Transfer from investment property (see note 12)	-		-	-		-	-	-	-	691	691
Profits received	-		-	-		-	-	-	(36)	-	(36)
Contribution from shareholders	-		-	-		317	-	-	-	8	325
Disposals (see note 26)	-		-	-		(7,958)	-	(83)	(17)	(699)	(8,757)
Balance as at 31 December 2012	**256,150**	**1,722**	**-**	**-**	**24**	**-**	**-**	**-**	**-**	**-**	**257,896**
Balance as at 1 January 2011	**-**	**-**	**9,659**	**3,849**	**29**	**7,016**	**-**	**63**	**117**	**-**	**20,733**
Share of (losses)/profits	-	-	(753)	(248)	-	1,209	(1)	-	1	-	208
Long-term loans	-	-	322	104	-	-	-	-	-	-	426
Disposals (see note 26)	-	-	(9,228)	(3,705)	-	-	-	-	-	-	(12,933)
Profits received	-	-	-	-	-	(522)	-	-	(65)	-	(587)
Contribution from shareholders	-	-	-	-	-	-	1	20	-	-	21
Balance as at 31 December 2011	**-**	**-**	**-**	**-**	**29**	**7,703**	**-**	**83**	**53**	**-**	**7,868**

As of 31 December 2011, the Group's records show an amount payable of €10,597 thousand to Aristo joint ventures with Alea Limassol Star Limited and St. Chara Developers Limited (see note 23).

The details of the above investments are as follows:

Name	Country of incorporation	Principal activities	Shareholding interest 2012	Shareholding interest 2011
DCI H2	BVIs	Acquisition and holding of investments	50%	-
Single Purpose Vehicle Five Limited	Cyprus	Construction and management of resort	25%	-
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%*
Joint venture between Aristo and St. Chara Developers Limited	Cyprus	Ownership and development of land	-	50%
Joint venture between Aristo and Poseidon	Cyprus	Construction of marina	-	25%
Joint venture between Aristo and Tsada/Randi Cyprus Golf Resorts	Cyprus	Management and operation of golf resort	-	50%

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

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

As of 31 December 2012, Aristo, DCI H2's largest subsidiary, had a total of €6.7 million contractual capital commitments on property, plant and equipment and a total of €51 million contingent liabilities in respect to bank guarantees arising in the ordinary course of business. Aristo's management does not anticipate any material liability to arise from these contingent liabilities.

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

	DCI H2 €'000	Single Purpose Vehicle Five 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
2012								
Current assets	314,023	227	192	-	-	-	-	314,442
Non-current assets	676,347	7,890	2	-	-	-	-	684,239
Total assets	**990,370**	**8,117**	**194**	**-**	**-**	**-**	**-**	**998,681**
Current liabilities	167,263	148	96	-	-	-	-	167,507
Non-current liabilities	307,531	1,081	-	-	-	-	-	308,612
Total liabilities	**474,794**	**1,229**	**96**	**-**	**-**	**-**	**-**	**476,119**
Revenues	3,976	285	466	-	-	-	-	4,727
Expenses	(59,781)	(835)	(482)	-	-	-	-	(61,098)
Loss	**(55,805)**	**(550)**	**(16)**	**-**	**-**	**-**	**-**	**(56,371)**
2011								
Current assets	-	-	112	1,718	314	333	196	2,673
Non-current assets	-	-	5	-	-	-	13	18
Total assets	**-**	**-**	**117**	**1,718**	**314**	**333**	**209**	**2,691**
Current liabilities	-	-	70	642	5	-	56	773
Non-current liabilities	-	-	-	-	-	-	-	-
Total liabilities	**-**	**-**	**70**	**642**	**5**	**-**	**56**	**773**
Revenues	-	-	376	5,493	-	-	1,031	6,900
Expenses	-	-	(375)	(4,010)	(2)	-	(1,029)	(5,416)
Profit/(loss)	**-**	**-**	**1**	**1,483**	**(2)**	**-**	**2**	**1,484**

16. RECEIVABLES AND OTHER ASSETS

	31 December 2012 €'000	31 December 2011 €'000
Trade receivables	748	18,607
Accrued interest receivable	2	11
Amount receivable from Archimedia Holdings Corp. ('Archimedia')(see note 25.4)	1,541	8,747
Investments at fair value through profit or loss	-	129
Receivables in relation to business combinations	18,415	-
Other receivables and prepayments	20,794	15,817
Total	**41,500**	**43,311**

17. CASH AND CASH EQUIVALENTS

	31 December 2012 €'000	31 December 2011 €'000
Bank balances	14,213	22,714
One-week deposits	6,437	46
One-month fixed deposits	-	1,756
Two-month fixed deposits	-	4,842
Three-month fixed deposits	1,531	1,710
Total	**22,181**	**31,068**

The average interest rate on the above fixed deposit balances for the year ended 31 December 2012 was 1.863% (2011: 2.279%).

18. CAPITAL AND RESERVES

CAPITAL

Authorised share capital

	31 December 2012		31 December 2011	
	'000 of shares	€'000	'000 of shares	€'000
Common shares of €0.01 each	2,000,000	20,000	2,000,000	20,000

Movement in share capital and premium

	Shares in '000	Share capital €'000	Share premium €'000
Capital at 1 January 2011	627,709	6,277	812,520
Shares issued in relation to business combination on 31 March 2011 (see note 25.4)	11,129	111	4,918
Re-issuance of own shares in relation to business combination on 31 March 2011 (see note 25.4)	-	-	(5)
Shares issued on 30 December 2011	26,210	262	8,238
Capital at 31 December 2011	**665,048**	**6,650**	**825,671**
Capital at 1 January 2012	665,048	6,650	825,671
Cancellation of own shares	(227,044)	(2,270)	(373,033)
Shares issued on 25 October 2012	204,436	2,044	47,956
Placement costs	-	-	(1,661)
Capital at 31 December 2012	**642,440**	**6,424**	**498,933**

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

Warrants

In December 2011, the Company raised €8,500,000 through the issue of new shares at GBP 0.27 per share (with warrants attached to subscribe for additional Company's shares equal to 25% of the aggregate value of the new shares at a price of GBP 0.317 per share). The Company issued 26,210,536 new shares and 5,054,889 warrants. The warrant holders can exercise their subscription rights within five years from the admission date.

RESERVES

Reserve for own shares

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

On 31 March 2011, the Company re-issued all of its 307 thousand common shares to Grupo Eleta as part of the deferred consideration for the Group's Pearl Island transaction (see note 25.4).

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

Following the above transactions, the Company does not hold any amount of own shares as at 31 December 2012 and 31 December 2011.

Translation reserve

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

Revaluation reserve

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

19. LOANS AND BORROWINGS

	Total		Within one year		Within two to five years		More than five years	
	2012	2011	2012	2011	2012	2011	2012	2011
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans in euro	85,108	370,052	26,873	139,504	23,230	191,686	35,005	38,862
Loans in United States dollars	14,185	17,900	6,302	4,788	5,912	13,112	1,971	-
Bank overdrafts in euro	2,188	34,675	2,188	34,675	-	-	-	-
Convertible bonds payable	30,317	30,888	-	-	30,317	30,888	-	-
Total	**131,798**	**453,515**	**35,363**	**178,967**	**59,459**	**235,686**	**36,976**	**38,862**

Convertible bonds payable

On 29 March 2011, DCI H7 issued 4,000 bonds at US$10 thousand each, bearing an interest of 7% per annum, payable semi-annually, and maturing on 29 March 2016. The bonds are trading on the Open Market of the Frankfurt Stock Exchange (the freiverkehr market) under the symbol 12DD.

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

At the option of bondholders, some or all of the principal amount of the bonds held by a bondholder may:

(i) be repurchased by the issuer; and

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

Interest rates

As at 31 December 2012, the Group's loans and borrowings had the following interest rates:

- Loans in euro were based on Euribor and their margins ranged between 2% to 6.50% (2011: 2% to 6.50%).
- Loans in United States dollars were based on Libor and their margins ranged between 2% to 3% (2011: 2% to 3%).
- Bank overdrafts in euro bore an average interest rate of 6.25% (2011: 6.98%).

Securities

As at 31 December 2012, the Group's loans and borrowings were secured as follows:

- Mortgages against the immovable property of the subsidiary in Dominican Republic, PGH.
- Mortgages against the immovable property of the Croatian subsidiary, Azurna.
- Mortgages against the immovable property of the Turkish subsidiary, Pasakoy Yapi ve Turizm A.S. amounting to €1.8 million.
- Mortgages against part of the immovable property of the Turkish subsidiary Kalkan Yapi ve Turizm A.S.
- Mortgages against the immovable properties of Symboula Estates Limited.
- Mortgages against part of the immovable properties of Aristo Developers Limited and Aristo Developers S.A.
- Notes received amounting to US$2.3 million were granted as security for bank borrowings of Kalkan Yapi ve Turizm A.S.
- Company's corporate guarantee for the PGH convertible bond.
- Company's corporate guarantee for the servicing of the interest in relation to PGH bank loan.
- DCI Holdings One Limited corporate guarantee for the servicing of Symboula Estates Limited bank loan.
- Mortgages against part of the immovable properties of the Greek subsidiaries of the Porto Heli Collection.

20. DEFERRED TAX ASSETS AND LIABILITIES

	31 December 2012		31 December 2011	
	Deferred tax assets €'000	Deferred tax liabilities €'000	Deferred tax assets €'000	Deferred tax liabilities €'000
Balance at the beginning of the year	3,659	(104,335)	3,066	(120,193)
From disposal of subsidiary (see note 26)	(509)	59,239	-	-
Credit in the consolidated statement of comprehensive income	133	2,020	871	15,796
Exchange difference and other	101	(2,378)	(278)	62
Balance at the end of the year	**3,384**	**(45,454)**	**3,659**	**(104,335)**

Deferred tax assets and liabilities are attributable to the following:

	31 December 2012		31 December 2011	
	Deferred tax assets €'000	Deferred tax liabilities €'000	Deferred tax assets €'000	Deferred tax liabilities €'000
Revaluation of investment property	-	(34,364)	-	(90,398)
Revaluation of trading properties (on acquisition of subsidiaries)	-	(1,574)	-	(10,728)
Revaluation of property, plant and equipment	-	(8,867)	-	(5,355)
Other temporary differences	-	(649)	-	2,146
Tax losses	3,384	-	3,659	-
Total	**3,384**	**(45,454)**	**3,659**	**(104,335)**

21. FINANCE LEASE OBLIGATIONS

	31 December 2012			31 December 2011		
	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	516	76	440	573	158	415
Between two and five years	1,758	288	1,470	1,933	588	1,345
More than five years	13,048	6,404	6,644	29,191	21,854	7,337
Total	**15,322**	**6,768**	**8,554**	**31,697**	**22,600**	**9,097**

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

22. OTHER NON-CURRENT LIABILITIES

	31 December 2012 €'000	31 December 2011 €'000
Land creditors	-	22,078
Payable to the former controlling shareholder of PGH project (see note 25.4)	-	4,633
Other non-current liabilities	16,973	14,651
Total	**16,973**	**41,362**

23. TRADE AND OTHER PAYABLES

	31 December 2012 €'000	31 December 2011 €'000
Trade payables	539	5,047
Amount due to customers for contract work	-	13,823
Land creditors	23,663	705
Investment Manager fees payable	467	930
Payable to the former controlling shareholder of PGH project (see note 25.4)	4,503	10,425
Payables to Aristo joint ventures (see note 15)	-	10,597
Other payables and accrued expenses	9,911	13,204
Total	**39,083**	**54,731**

24. NAV PER SHARE

	31 December 2012 '000	31 December 2011 '000
Total equity attributable to owners of the Company (€)	635,481	995,695
Number of common shares outstanding at end of year	642,440	665,048
NAV per share (€)	**0.99**	**1.50**

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 2012 were as follows:

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

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

25.2 Investment Manager fees

Annual fees

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

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

The equity funds as at 31 December 2012 comprised €689 million.
In addition, the Company shall reimburse the Investment Manager for any professional fees or other costs incurred on behalf of the Company at its request for services or advice.
Management fees for the year ended 31 December 2012 amounted to €15,769 thousand (2011: €17,915 thousand).

Performance fees

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

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

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

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

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

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

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

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

Escrow

The following table displays the current escrow arrangements:

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

Clawback

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

No performance fees were charged to the Company for the years ended 31 December 2012 and 31 December 2011. As at 31 December 2012 and 31 December 2011, funds held in escrow, including accrued interest, amounted to €467 thousand and €930 thousand, respectively.

25.3 Directors' remuneration

The Directors' remuneration for the years ended 31 December 2012 and 31 December 2011 was as follows:

	From 1 January 2012 to 31 December 2012 €'000	From 1 January 2011 to 31 December 2011 €'000
Andreas Papageorghiou	15.0	15.0
Cem Duna	15.0	15.0
Nicholas Moy*	-	7.5
Roger Lane-Smith	45.0	45.0
Antonios Achilleoudis	15.0	15.0
Christopher Pissarides*	50.0	28.4
Total	**140.0**	**125.9**

* On 6 June 2011, Mr. Nicholas Moy resigned from the Board and Mr. Christopher Pissarides was appointed as non-executive Director.

Mr. Miltos Kambourides has waived his fees.

25.4 Shareholder and development agreements

Shareholder agreements

DCI Holdings Twenty One Limited ('DCI H21'), 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 H21 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 was successful in obtaining full masterplan and environmental permits. Following receipt of the Environmental Impact Study approval, the renegotiated amount due of US$25.7 million 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. 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 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 H21 made a payment of US$2.5 million, with the remaining amount of US$7.6 million to be transferred six months later including interest accruing from the date of the renegotiation, either in the form of cash or Company shares according to the sole discretion of DCI H21. On 30 March 2011, the Company paid US$389 thousand in cash, and on 31 March 2011 issued 11,128,586 new common shares (issued at GBP 0.40) and transferred 306,681 own shares (issued at GBP 0.40) to Grupo Eleta as a full settlement of the deferred consideration.

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

On 24 December 2009, the Group signed an agreement with Exactarea International Limited ('Exactarea') for the sale of a 33.33% stake in SPV 10 (Kea Resort project) for a consideration of €4.1 million. The transfer of the shares was completed in February 2011, following the full payment of the agreed price and in accordance with the shares sale agreement.

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

completion of the Conversion Villas. The total receivable amount of €1,541 thousand (2011: €8,747 thousand) is included in receivables and other assets (see note 16).

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

On 3 August 2012, Dolphin received a Conversion Notice from Archimedia to convert 6.43% of its shares in Amanzoe in exchange for an Aman Villa and on 27 December 2012 a further Notice for the conversion of the remaining 7.86% of its shares for two other Aman Villas. The Company is in the process of finalizing the relevant documentation for the completion of the conversions in question. Following the conversions, Archimedia will not hold any shareholding interest in Amanzoe.

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

On 5 September 2012, the Company signed a sales agreement with a regional investor group led by Mr. Alberto Vallarino for the sale of its 60% shareholding in Peninsula Resort Holdings Limited, the entity that indirectly holds the land for Pearl Island's Founders' phase of the Pearl Island Project. The consideration for the sale was a cash payment of US$6 million (50% paid at closing on 14 September 2012 and 50% one year from closing) and a commitment to invest an additional c. US$35 million of development capital within a maximum period of 2 years in order to complete the aforementioned Phase of the project. Out of those funds, approximately US$13 million shall be incurred on development of components owned by Pearl Island Limited S.A., with US$641 thousand already invested by 31 December 2012.

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

Development agreements

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

Pursuant to the original Sale and Purchase Agreement of 10 December 2007, DCI H7 was obliged to make payments for the construction of infrastructure on the land retained by DR Beachfront Real Estate LLC ('DRB'), the former majority shareholder of PGH. Pursuant to a restructuring agreement dated 5 November 2012, those obligations have been restructured with the material provisions of that agreement already fulfilled. As at 31 December 2012, following cash payments of US$2.5 million and transfers of land parcels valued at US$11 million, the total provision outstanding is US$5.9 million (€4,503 thousand) which is included in trade and other payables (see note 23). As at 31 December 2011, the total provision amounted to €15,058 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 ('DCI H12') in which the Group has a stake of 60%. Under its terms, DCI H12 undertakes, among others, the management of permitting, construction, sale and marketing of the Pearl Island Project.

25.5 Other related parties

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

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

During the year 31 December 2011, the Group incurred the following related party transactions with the following parties:

Related party name	€'000	Nature of transaction
Iktinos Hellas S.A.	78	Project management services in relation to Sitia Project and rent payment
Theodoros Aristodemou ('TA')	7,500	Disposal of 50% shareholding in Kings Avenue Mall project in central Paphos, Cyprus
J&P Development S.A.	60	Project management services in relation to Cape Plaka Project
John Heah, non-controlling shareholder of SPV 10	366	Design fees in relation to Kea Resort project and Playa Grande project
Aristo Accounting S.A.	373	Accounting fees

During the year ended 31 December 2011, the Group disposed of its 50% shareholding in Kings Avenue Mall project in central Paphos, Cyprus, through its disposal of Athiari Commercial (Paphos) Limited and Athiari Residential (Paphos) Limited via the disposal of its 100% stake in Single Purpose Vehicle Eighteen Limited and Single Purpose Vehicle Ninenteen Limited to Houari Investments Limited ('Houari') (see also note 26). TA, the Company's most significant shareholder as at 31 December 2011, is a 50% shareholder of Houari.

26. BUSINESS COMBINATIONS

During the year ended 31 December 2012, the Group, under the Aristo Exchange agreement (see note 25.4) reduced its participation in DCI H2 from 100% to 49,8% and its participation in Nikki Beach Resort & Spa at Porto Heli, through Single Purpose Vehicle Five Limited from 100% to 25%, as follows:

	DCI H2	Single Purpose Vehicle Five Limted	Total
	€'000	€'000	€'000
Investment property (see note 12)	(594,098)	-	(594,098)
Property, plant and equipment (see note 13)	(143,362)	(7,800)	(151,162)
Equity accounted investees (see note 15)	(8,757)	-	(8,757)
Deferred tax assets (see note 20)	(509)	-	(509)
Trading properties (see note 14)	(247,749)	-	(247,749)
Receivables and other assets	(22,573)	-	(22,573)
Cash and cash equivalents	(1,141)	(7)	(1,148)
Loans and borrowings	303,956	317	304,273
Deferred tax liabilities (see note 20)	58,222	1,016	59,238
Bank overdrafts	33,242	-	33,242
Trade and other payables	26,568	(208)	26,360
Net assets on which control was lost	(596,201)	(6,682)	(602,883)
Equity accounted investees (see note 15)	265,566	1,670	267,236
Net assets disposed of	(330,635)	(5,012)	(335,647)
Own shares exchanged	375,303	-	375,303
Proceeds on disposal	-	3,150	3,150
Net gain on disposal recognised in profit or loss	**44,668**	**(1,862)**	**42,806**
Cash effect on exchange:			
Proceeds on disposal	-	3,150	3,150
Consideration to be received	-	(1,925)	(1,925)
Cash and cash equivalents	(1,141)	(7)	(1,148)
Bank overdrafts	33,242	-	33,242
Net cash inflow on exchange	**32,101**	**1,218**	**33,319**

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

During the year ended 31 December 2012, the Group disposed of its entire stake in the following entities:

	Peninsula Resort S.A. €'000	Eight Seafront Villas entities €'000	Total €'000
Investment property (see note 12)	(11,827)	-	(11,827)
Property, plant and equipment (see note 13)	(31)	-	(31)
Trading properties (see note 14)	-	(11,131)	(11,131)
Cash and cash equivalents	(5)	(1)	(6)
Other net liabilities/(assets)	2,565	(6)	2,559
Deferred tax liabilities (see note 20)	1	-	1
Net assets	(9,297)	(11,138)	(20,435)
Net assets disposed of	(5,578)	(11,138)	(16,716)
Loan assignment	(1,705)	-	(1,705)
Proceeds on disposals	10,290	10,000	20,290
Gain on disposal recognised in profit or loss	**3,007**	**(1,138)**	**1,869**
Cash effect on disposal:			
Proceeds on disposal	10,290	10,000	20,290
Cash and cash equivalents	(4)	(1)	(5)
Consideration to be received	(7,643)	(9,000)	(16,643)
Net cash inflow on disposal of subsidiaries	**2,643**	**999**	**3,642**

The Group disposed of its entire stake of 60% and 100% in Peninsula Resort S.A. at Pearl Island (Panama) and eight Seafront Villas at the Porto Heli Collection (Greece), respectively.

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

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

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

During the year ended 31 December 2011, the Group increased its ownership interest without any change in control in Ionian Hills Development Limited, DCI H2 and PGH by 5%, 0.26% and 1.04%, respectively as follows:

	Ionian Hills Development Limited €'000	DCI H2 €'000	PGH €'000	Total €'000
Non-controlling interests acquired	(8)	1,667	437	2,096
Consideration transferred	-	(3,800)	(377)	(4,177)
(Loss)/gain on acquisition recognised in equity	(8)	(2,133)	60	(2,081)

During the year ended 31 December 2011, the Group disposed of its 100% stake in the following Cyprus subsidiary:

	Single Purpose Vehicle Eighteen Limited €'000	Single Purpose Vehicle Ninenteen Limited €'000	Total €'000
Equity accounting investees (see note 15)	(9,228)	(3,705)	(12,933)
Other net (assets)/liabilities	(130)	21	(109)
Net assets disposed of	(9,358)	(3,684)	(13,042)
Proceeds on disposals	11,250	3,750	15,000
Gain on disposal recognised in profit or loss	**1,892**	**66**	**1,958**
Cash effect on disposal:			
Proceeds on disposal	11,250	3,750	15,000
Cash and cash equivalents	-	-	-
Net cash inflow on disposal of subsidiaries	**11,250**	**3,750**	**15,000**

During year ended 31 December 2011, the Group reduced its ownership interest without losing control in the following Cyprus subsidiaries:

	DolphinCI Fourteen Limited €'000	SPV 10 €'000	Total €'000
Non-controlling interest disposed of	(958)	979	21
Proceeds on disposal	11,328	4,139	15,467
Less: receivables assignment to new shareholders	(8,020)	(4,914)	(12,934)
Net proceeds on disposal	3,308	(775)	2,533
Gain on disposal recognised in equity	**2,350**	**204**	**2,554**
Cash effect on disposal:			
Net proceeds on disposal	3,308	(775)	2,533
Cash and cash equivalents	-	-	-
Net cash inflow on disposal of subsidiaries	**3,308**	**(775)**	**2,533**

27. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed to credit risk, liquidity risk, market 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 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.

	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
31 DECEMBER 2012						
Loans and borrowings	131,798	(170,470)	(42,684)	(14,498)	(63,575)	(49,713)
Finance lease obligations	8,554	(15,322)	(516)	(439)	(1,318)	(13,049)
Land creditors	23,663	(23,663)	(23,663)	-	-	-
Trade and other payables	32,393	(32,393)	(15,420)	(2,958)	-	(14,015)
	196,408	**(241,848)**	**(82,283)**	**(17,895)**	**(64,893)**	**(76,777)**
31 DECEMBER 2011						
Loans and borrowings	453,515	(545,574)	(187,904)	(61,279)	(189,673)	(106,718)
Finance lease obligations	9,097	(31,697)	(573)	(630)	(1,303)	(29,191)
Amounts due to customers for contract work	13,823	(13,823)	(13,823)	-	-	-
Land creditors	22,783	(24,518)	(705)	(23,813)	-	-
Trade and other payables	59,487	(59,487)	(40,203)	(5,624)	-	(13,660)
	558,705	**(675,099)**	**(243,208)**	**(91,346)**	**(190,976)**	**(149,569)**

(iii) Market risk

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

Interest rate risk

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

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2012 would have 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	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Floating rate financial instruments	**2,927**	**4,204**	**2,927**	**4,204**

Currency risk

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

(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

After the escalation of the sovereign debt crisis in Greece in mid 2012 and the international media speculation involving scenarios of default and/or Greece's exit from the Eurozone, the country's economic conditions have significantly stabilized. In particular, the Group's business model, like all export-driven sectors, relies on external (and not domestic) demand which has returned to the market on the second half of 2012 and is expected to further increase in 2013. Namely, both the Greek and Cypriot tourism has witnessed growth in 2012 whilst the debt crisis has reduced construction costs for the projects that the Group has under development and is expected to lower the operational expenses for the Group's resorts in both countries. Also, it has been a catalyst in adopting a faster entitlement process for development projects in Greece.

The Cyprus economy has been adversely affected over the last few years by the international credit crisis and the instability in the financial markets. During 2012, there was a considerable tightening of financial availability from Cypriot financial institutions, mainly resulting from financial instability in relation to the Greek sovereign debt crisis, including the impairment of Greek Government bonds, and its impact on the Cyprus economy. In addition, following its credit downgrades, the ability of Cyprus to borrow from international markets has been significantly affected. The Cyprus government is in negotiations with the European Commission, the European Central Bank and the International Monetary Fund, in order to obtain financing. As a result of the ongoing negotiations, there are uncertainties prevailing the economic environment of Cyprus.

The general economic environment prevailing in the south-east Europe area and internationally may affect the Group's operations to a significant 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 2012, the Group had a total of €7,131 thousand contractual capital commitments on property, plant and equipment (2011: €7,876 thousand).
Non-cancellable operating lease rentals are payable as follows:

	31 December 2012 €'000	31 December 2011 €'000
Less than one year	19	19
Between two and five years	71	81
More than five years	-	13
Total	**90**	**113**

29. CONTINGENT LIABILITIES

Companies of the Group are involved in pending litigations. Such litigations principally relate to day-to-day operations as a developer of second home residences and largely derive from certain clients and suppliers. Based on the Group's legal 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 €59 million (2011: €63 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

On 14 March 2013, the Company issued a circular to its shareholders informing them on the proposed issue of €50 million of new 5-year, 5.5% coupon unsecured Euro Convertible Bonds (the "Euro Bond Issue") convertible into Company's common shares at €0.5737 per share, and up to US$30 million of new 5-year, 7% coupon unsecured US$ Convertible Bonds (the "US$ Bond Issue") convertible into Company's common shares at US$ 0.6717 per share (together the "Issue"). Given that the proposed conversion price of the Euro Convertible Bonds and US$ Convertible Bonds are less than the prevailing NAV per share, the Company has convened an extraordinary general meeting of the shareholders on 2 April 2013 to approve the proposed Issue.

On 14 March 2013 Mr. David B. Heller has been appointed as a non-executive and non-independent Director to the Board of the Company.