18 March 2008

Dolphin Capital Investors Limited (DCI.L)
Preliminary results for the year to 31 December 2007

DOLPHIN RECORDS 107% RISE IN 2007 NAV AND EXCELLENT PROGRESS ACROSS ITS OPERATIONS

Dolphin Capital Investors Limited ("Dolphin" or the "Company"), the leading investor in the residential resort sector in south-east Europe and the largest real estate investment company currently listed on AIM, announces its results for the year to 31 December 2007.

Highlights of the year include:

- Total Net Asset Value ("NAV") of the Company of €1,691 million before deferred income tax liabilities ("DITL") (31 December 2006: €552 million; 30 June 2007: €1,295 million); total NAV of €1,524 million after DITL (31 December 2006: €509 million; 30 June 2007: €1,161 million)

- NAV per share of 227p and 205p before and after DITL, up 107% and 103% respectively (31 December 2006: 110p and 101p; 30 June 2007: 167p and 150p). Cash adjusted NAV per share before DITL of 239p, up 74% (31 December 2006: 137p)

- Profit before tax of €574 million (31 December 2006: €110 million; 30 June 2007: €212 million), resulting in fully diluted earnings per share of €1.24 (91p)

- NAV uplift driven primarily by the inclusion of all assets of Cyprus' largest holiday home developer, Aristo Developers Plc ("Aristo"), following the successful acquisition via a public offer in April 2007, and a strong uplift in the valuations of existing projects due to operational and zoning advances

- Healthy growth in Aristo's financial performance during 2007, with a 3% increase in home sales at €167 million (€162 million in 2006) corresponding to a 6% increase in holiday home units at 646 (610 in 2006) and a 7% increase in profit after tax at €26 million (€24 million in 2006)

- Successful completion of third fundraising of €450 million in June 2007

- Robust balance sheet of €2.4 billion of total assets with only €297 million of financial debt and a pro-forma cash balance of €318 million

- Active investment programme, consolidating the Company's track record of rapid capital deployment, establishing the Company as what is believed to be the largest seafront development landowner in Greece and Cyprus and bringing the total land portfolio to circa 48 million m^2 (2006: 16 million m^2) and the number of large-scale resorts within the portfolio to 14 (2006: 8), with more than 60 smaller projects within Aristo:
    - Two acquisitions in Greece
    - Completion of first investments in Croatia and Turkey
    - First investment outside core investment region through the acquisition of Playa Grande Golf Resort in the Dominican Republic
    - Purchase of minority stakes in Venus Rock, Kilada Hills, Lavender Bay, Seascape Hills and Scorpio Bay
    - Additional adjacent plots acquired in Kilada Hills, Seascape Hills, Sitia Bay, Lavender Bay and Eagle Pine

- Significant progress with the design, branding and permitting of most of the Company's major projects during the year

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

"I am pleased to report significant achievements in Dolphin's second full year of operations. The key acquisitions executed in 2007, along with record Aristo sales and profit numbers, the continued progress in the design, planning and permitting of the core residential resort projects and the attractive investment pipeline pave the way for an exciting and successful 2008. I am confident that the team at Dolphin Capital Partners will continue to meet the market challenges and create significant NAV growth in the coming year."

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

"Over the past year Dolphin has maintained its rapid pace of growth and generated substantial shareholder value. Since admission to trading on AIM only two years ago, the Company has recorded a 3.5x increase in NAV per share before DITL, buoyed in large part by strategic investments and permitting advances across the entire portfolio.

Dolphin continues to sustain a significant competitive advantage in its target region. In late 2008, we expect to commence construction of the Company's first large-scale, master-planned residential resort developments in Greece and Cyprus. We look forward to the future with considerable excitement and confidence."

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Notes to editors

Overview

Dolphin Capital Investors is the leading investor in the residential resort sector in the eastern Mediterranean and the largest real estate investment company listed on AIM by market capitalisation.

Dolphin's investment model is focused on generating strong capital growth through investing in early-stage, large-scale, leisure-integrated residential resorts primarily in south-east Europe, targeting holiday and retirement home buyers from northern Europe, Russia and the Middle East. The Company partners with some of the world's most recognised architects, golf course designers and hotel operators for the creation of sophisticated projects and, since April 2007, benefits from the development expertise of Dolphin's largest investment, Aristo, one of south-east Europe's most experienced holiday home developers.

Since inception in 2005, Dolphin has raised €859 million of equity funds, has established a track record of rapid capital deployment and significant NAV creation, while adhering to stringent risk management and acquisition criteria, and has grown to become one of the largest private seafront landowners in Greece and Cyprus.

The Company's portfolio currently comprises 14 large-scale, leisure-integrated residential resorts under development in Greece, Cyprus, Croatia, Turkey and the Dominican Republic and more than 60 smaller holiday home projects through Aristo in Greece and Cyprus.

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

Key highlights in Dolphin's evolution

Q3 2005 – Dolphin founded with €5 million of seed capital

Q4 2005 – Dolphin admitted to trading on AIM, raising €104 million

Q1 2006 – Dolphin executes first investment in Greece (Kilada Hills Golf Resort)

Q2 2006 – Dolphin follows on with first investment in Cyprus (Apollo Heights Polo Resort) and an additional acquisition in Greece (Scorpio Bay Resort)

Q3 2006 – Continued investment activity in Greece (Amanmila Resort, Lavender Bay Golf Resort)

Q4 2006 – Secondary AIM fundraise of an additional €300 million

– Dolphin completes first acquisition in Crete (Sitia Bay Golf Resort) and partners for a second time in Greece with Aman Resorts in its newly executed Seascape Hills Resort

Q1 2007 – Dolphin makes first investment in Croatia (Livka Bay Resort)

Q2 2007 – Dolphin purchases 85% stake in Aristo

– Third AIM fundraise of an additional €450 million

Q3 2007 – Dolphin purchases a 60% stake in Plaka Bay Resort

Q4 2007 – Dolphin acquires site on the island of Tzia

– Dolphin makes first investment in Turkey (LaVanta and Port Kundu Resorts)

– Dolphin makes first investment outside south-east Mediterranean, with acquisition of Playa Grande Golf Resort in the Dominican Republic

– Minority buy-out and significant zoning improvements for Venus Rock Golf Resort

Typical project characteristics

- Coastal land sites typically more than 100 hectares (1 million m^2) in size with visible development potential
- Surrounded by unspoilt natural environment and in close proximity to areas of historical and cultural significance
- Easily accessible for both local and international travelers alike
- Master-planned as sophisticated residential resorts integrated with leisure components such as golf, hotel, spa, marina and other leisure activities
- Branded and managed by world-renowned, luxury operators
- Targeting affluent holiday/retirement home buyers from northern Europe, Russia and the Middle East

Investment proposition

Create strong NAV growth by acquiring undervalued seafront sites and transforming them into fully permitted, high-end, premium-branded development projects

- Acquisitions:
    - Identify and acquire undervalued large developable sites with strong value appreciation potential
    - Use tax efficient holding structures to minimise capital gains tax

- Design and branding:
    - Employ internationally acclaimed master-planners, architects, and designers to create world-class products
    - Partner with luxury operators and marketers to create highest quality branding

- Development capability:
    - Leverage on the expertise of Aristo and other local developers
    - Obtain construction permits through a well-planned process
    - Appoint the most credible construction firms on a turn-key basis through tender offers

Competitive advantages

- First-mover advantage in the region allows for optimal selection of sites, often off-market, under limited competitive pricing pressure
- Portfolio synergies through economies of scale and expertise transfer in design, management, operations, marketing and financing
- Solid business fundamentals, gross assets over €2.4 billion, with financial debt only representing 12% of gross assets
- Multiple options for exit at various stages of each project; key driver is to create and crystallise shareholder value
- Dedicated investment manager with extensive local knowledge, international network and ability to overcome the high barriers to entry in the targeted markets

Chairman's Statement

2007 was a year of extraordinary growth for the Company. After successfully raising an additional €450 million of equity funds in June 2007, Dolphin became the largest real estate investment company listed on AIM. A strong run of investment activity also saw continued expansion in the Company's land portfolio, which grew from 16 million m^2 in December 2006 to 48 million m^2 as at 31 December 2007. Most importantly, the Company's total NAV over the same reporting period grew from €552 million to €1,691 million before DITL and from €509 million to €1,524 million after DITL.*

Accordingly, the NAV per share figures at 31 December 2007 stand at 227p (€3.08) and 205p (€2.78) before and after DITL respectively**, implying a 107% and 103% annual increase over the 31 December 2006 reported figures. When adjusting for the uninvested cash, the NAV per share before DITL is 239p (€3.25) corresponding to an uplift of 74% over 2006.

Dolphin made a strong start to the year with the Company's first investment in Croatia. The most significant investment of the year was the acquisition in April 2007 of an 85% stake in Aristo. This transaction allowed Dolphin to acquire one of the region's largest private landowners and leading residential developers, markedly strengthening the Company's portfolio and development capabilities.

Shortly thereafter, Dolphin made its first foray in the growing Turkish holiday home market, with investments in two holiday home projects near Antalya. In Greece, two major sites were acquired in Crete and on the island of Tzia, alongside the ongoing expansion of the majority of the Company's core residential resort projects.

Finally, the year closed with Dolphin's first venture outside south-east Europe: a landmark transaction in the Dominican Republic which is expected to become the island's first Aman-branded resort.

The key acquisitions executed in 2007, along with record Aristo sales and profit numbers, the continued progress in the design, planning and permitting of the core residential resort projects and an attractive investment pipeline pave the way for an exciting and successful 2008. I am confident that the team at Dolphin Capital Partners will continue to meet the market challenges and create significant NAV growth in the coming year.

Andreas N Papageorghiou
Chairman
18 March 2008

* The NAV figures include the €439 million net placing proceeds of the June 2007 fundraise.
** Number of shares (inclusive of shares issued from exercise of warrants) – 549,036,141.

Investment Manager's Report

Another year of strong growth

We are very pleased to report that in its second full year of operations Dolphin has continued to maintain its rapid pace of growth and generate shareholder value. Since admission to trading on AIM only two years ago, the Company has recorded an increase of 3.5x in its NAV per share before DITL, buoyed in large part by strategic investments and permitting advances across the entire portfolio. Over the past six months alone, NAV before DITL increased by €396 million (or 31%) from €1,295 million as at 30 June 2007 to €1,691 million as at 31 December 2007, driven primarily by:

- The rezoning of 123 hectares of Venus Rock Golf Resort ("Venus Rock") that added 111,000 m^2 of buildable potential;

- The receipt of water permits for the two golf course developments within Venus Rock and for one in Eagle Pine Golf Resort ("Eagle Pine"), in total representing close to 300,000 m^2 of residential real estate;

- The Company's acquisition of the remaining minority stakes in Venus Rock, Kilada Hills Golf Resort ("Kilada Hills"), Lavender Bay Golf Resort ("Lavender Bay") and Seascape Hills Resort ("Seascape Hills");

- The increase in the freehold development potential for Lavender Bay through the award of a government certification relating to a 38-hectare area of the site;

- New site acquisitions such as Kea Resort ("Kea") on the island of Tzia, Playa Grande Golf Resort ("Playa Grande"), Plaka Bay Resort ("Plaka Bay") and various others in Cyprus as well as land expansion for Kilada Hills, Seascape Hills, Lavender Bay and Sitia Bay Golf Resort ("Sitia Bay");

- Strong sales and operating profit by Aristo; and

- Land value appreciation in several locations across Greece and Cyprus.

As the NAV per share is quoted in Pounds Sterling, it should also be noted that c. 10% of the absolute increase in the quoted NAV per share figures is attributable to the depreciation of the Pound Sterling against the Euro over the second half of 2007.

Central to the Company's success are the solid business fundamentals that include:

- total assets of approximately €2.4 billion as at 31 December 2007;
- low gearing, with debt of approximately €297 million;
- a strong pro-forma cash balance of €318 million as at 31 December 2007*; and
- a strong home sales performance by Aristo throughout 2007, which generated €26 million of operating profit after tax, excluding revaluation gains and DITL.

As an example of our confidence in the future growth potential of Dolphin, we purchased 33.7 million shares in the Company through Silver Capital Holdings, an investment vehicle 50% owned by ourselves. When added to the 3.2 million shares already owned and the 31.5 million shares to be awarded from the 2007 warrant scheme (for further details, please refer to the Finance Director's Report), the Investment Manager will control a total of 68 million shares (12%), of which 52 million shares (9%) are indirectly owned, representing one of the largest shareholders in the Company and firmly aligning our interests to those of the Company's remaining shareholders.

Key personnel additions have also been undertaken to ensure that the DCP team is best placed to continue to deliver on its strategic objectives and thereby enhance shareholder value. The number of professionals at DCP has grown to more than 25, including the notable recent appointment of Michael Tsirikos, previously Tax Managing Partner at Deloitte Greece, to become DCP's Chief Operating Officer. Team expansion has occurred across the acquisitions, asset management and accounting departments, all functions that support Dolphin's investment and development strategy through the next phase of its growth and evolution.

*Adjusted for the payable Aristo management incentive fee of €73 million for 2007.

A growing market

Underpinned by solid business fundamentals and a strengthened team of industry professionals, Dolphin is strongly positioned to capitalise on a continually growing global tourism industry. In 2007, world tourism statistics exceeded all expectations, with a record 898 million arrivals, a 6% increase over 2006 according to the latest UNWTO World Tourism Barometer. Of the additional 52 million international tourist arrivals, Europe claims by far the strongest market, totalling 480 million tourists in 2007, with destinations such as Turkey and Greece recording double digit growth rates of 18% and 12% respectively, proof of the increasing popularity of the region.

Along with the dramatic increase in global tourism, the luxury goods and services industry (*Source: Barclays Wealth, December 2007*) is expected to continue to evolve with increasing numbers of aspirational and wealthy consumers. In spite of the recent credit market difficulties, the global luxury market is forecasted to grow by 5.8% during 2008 (*Source: Sanford Bernstein*) with future expansion expected to come from a growing network of high net worth individuals ("HNWIs"), in particular from emerging markets. According to research, HNWIs in the top income brackets grew almost 11% over the last five years, whilst the wealth of emerging markets' billionaires has increased from 11% of global billionaires' wealth to 28% over the past six years. Global travel volumes remain on an upward track, with the highest 3% tourist spend accounting for 20% of all tourism expenditure, according to a survey by ILTM, and expected to rise by up to 9% per annum until 2009 in the UK alone.

Through the Company's ownership of what the Investment Manager believes to be some of the most pristine coastal land sites in south-east Europe and beyond, as well as its partnerships with some of the world's most recognised luxury operating brands in the sector, we believe Dolphin is well positioned to capture the increasing demand for luxury holiday home products which appears particularly popular amongst traditional and new emerging markets such as Russian and Middle-Eastern customers who are not currently affected by the recent credit crisis. Since the year end, Dolphin has made continued strides in expanding its network of operating partners. In addition to having concluded three agreements with Aman Resorts and three agreements with GHM Hotels, term sheets have recently been signed with Oberoi Hotels and Resorts and Kempinski Hotels, whilst negotiations are advancing with numerous other luxury brands for Dolphin's remaining major residential resort projects.

New investments

Dolphin's investment activity has been brisk, continuing a track-record of rapid capital deployment and successful geographical expansion. Invested and committed funds as at 31 December 2007 amounted to €539 million and €693 million respectively. A notable €437 million and €492 million was invested and committed in new project acquisitions during 2007 respectively, which enabled the Company to:

- Consolidate its presence in Greece through:
    - the acquisitions of Plaka Bay and Kea;
    - land expansion in its largest developments such as Kilada Hills, Seascape Hills, Lavender Bay and Sitia Bay; and
    - the execution of minority buy-outs with respect to Scorpio Bay, Kilada Hills, Seascape Hills and Lavender Bay where the Company is now the sole owner.

- Become the largest private landowner and holiday home developer in Cyprus, through the acquisition of an 85% stake in Aristo, the leading Cypriot developer. This was a transformational event for the Company, serving to double its land holdings and integrating leading development expertise, local market knowledge and significant operational synergies into Dolphin as the Company continues to build upon its in-house sales and development platform for its Greek and Cypriot projects alike. Aristo's securing of an €85 million debt facility in August 2007 has further boosted the Company's acquisition activities in Cyprus, with the purchase of prime land in strategic locations in the districts of Paphos and Limassol, most notably an 87-hectare site adjacent to the existing Eagle Pine development, and the purchase of the 13% minority stake in Venus Rock, Aristo's flagship asset and currently Dolphin's largest and most valuable project.

- Complete the first acquisitions in Croatia and Turkey through the investments in Livka Bay Resort ("Livka Bay"), on the island of Solta, Croatia and Port Kundu Resort ("Port Kundu") and LaVanta Resort ("LaVanta"), in Antalya, Turkey.

- Execute the first landmark transaction outside south-east Europe through the acquisition of what is set to become the Dominican Republic's first Aman Resort. Playa Grande is the first acquisition within the 5% investment allocation for projects outside of Dolphin's core investment region, following the amendment in the Company's investment policy at the latest fundraise in June 2007.

In the first two months of 2008, the Company has continued its positive run of investment activity with:

- The divestment of one of Aristo's non-core assets through the sale of Aristo's 60% stake in A&A Super Aphrodite Waterpark (the "Waterpark') at an 11x profit multiple.

- The buy-out of Dolphin's 10% minority partners in Livka Bay.

<u>Development progress</u>

Dolphin made significant strides through 2007 in the design, planning and permitting of its existing projects, all of which contributed to considerable value uplifts in Dolphin's year end numbers.

Particular highlights included:

- Kilada Hills and Seascape Hills received the approval of the preliminary environmental impact study for their latest designs and their respective tourist suitability permits from the Greek National Tourist Organisation for the GHM and Aman hotel components respectively.

- Lavender Bay expanded its potential for the project's freehold residential buildable m^2, based on a government certificate relating to a 38-hectare portion of the site. The awards of the 2013 Mediterranean Games to the nearby cities of Volos and Larissa, whose golfing events are expected to be hosted at Lavender Bay, are also expected to fast-track the project's permitting process, with award of the final environmental permit in relation to the project's hotel, desalination and wastewater treatment plants expected imminently.

- Approvals of the water applications for Venus Rock and Eagle Pine, typically the penultimate planning milestone before construction permits are granted.

- Favourable amendments to the zoning status of Venus Rock, allowing for the conversion of 56 hectares of land from agricultural to residential for holiday home use with a 25% building coefficient and the conversion of 43 hectares from forest to agricultural land. The project also benefits from the change in use and increase in building coefficient on 7 and 17 hectares that allow for the development of commercial facilities and hotel/residential units with a 25% building coefficient respectively.

- Significant permitting milestones for Port Kundu, with final zoning permits for Phase I achieved in October and final construction permits expected in the near term. Meanwhile, Dolphin's second Turkish project, LaVanta Resort, is already in the construction phase, having already completed the first phase shell works and half of the first phase pre-sales.

So far in 2008, the Company has also seen further development progress that is to be noted and which is expected to favourably impact future NAV:

- The approval of the Urban Plan for Livka Bay's first phase hotel, residential and marina components by the Ministry of Environmental Protection, Planning and Construction.

- Approval of the final Environmental Impact Study for the GHM Hotel of Kilada Hills.

Aristo

2007 marked a successful and evolutionary year for Aristo. Since the acquisition in April 2007 and under Dolphin's direction, Aristo has focused on restructuring and product-upgrading initiatives, set to maximise efficiency and profitability. The company has also been working hard on integrating the cross-functional sales and development teams in Aristo's Cyprus and Greece operations.

As highlighted in previous announcements, a considerable emphasis continues to be placed on re-branding and re-positioning efforts aimed at facilitating the upgrade of some of Aristo's larger and more valuable development projects. The services of experienced branding consultancy firms have been sought over the recent months, with an immediate focus on the corporate Aristo profile and the Venus Rock development. Residential sales in the latter were put on hold while EDSA was appointed to make significant improvements to the project's master-plan, which has now been finalised and submitted for permitting approval. Architectural concepts for Venus Rock are currently being formulated by leading design firm Robert A.M. Stern Architects who have also been commissioned to design the beachfront commercial area of the development as well as the new club house. Furthermore, the profile of the project's golf component has been substantially elevated with the appointment of British golf legend Tony Jacklin to lead the design of the two new 18-hole golf courses.

Cutting-edge design development efforts also continue for some of Aristo's smaller scale developments. Porphyrios Associates and Scott Brownrigg are only a few of the award-wining firms that are currently engaged in such projects, namely Pissouri Panorama and St. George's development at the company's Paphos central plot respectively.

The effort to strengthen the Athens-based Aristo team is ongoing with the recruitment of a number of key professionals and the upgrading of its systems and facilities. The strategic aim is to replicate the success in Cyprus and create the leading holiday home development company in Greece. In addition to managing the development of a range of Dolphin's major residential resort projects, Aristo is making progress on a number of medium-scale, holiday home projects such as a 27-hectare site in Douneika, Western Peloponnesus, for which the permitting process has commenced, and the Remvi project in Syros, a development of 44 seafront villas. The approval of final construction permits for 20 of the residential units in this project has already been obtained and sales will be launched shortly.

In addition to a wide selection of 60+ holiday home projects currently on sale, Aristo has in its pipeline of new releases a number of attractive projects which will allow the company to maintain its leading position in the market. Apart from the very exciting and large-scale golf developments at Venus Rock and Eagle Pine, the following table presents a selection of holiday home projects currently under planning by Aristo in Greece and Cyprus:

	Land site (hectares)	**Residential buildable (m^2)**
Aristo Hellas		
Tsilivi*	11	56,000
Douneika	27	42,000
Syros	1	4,798
Aristo Cyprus		
Pissouri Panorama	11	21,000
Magioko - Paphos	11	21,000
St. George - Paphos	15	85,000
Paphorama - Paphos	2	9,000
GTR – Paphos	14	30,000
Beachfront - Polis	6	10,600
Agnades - Polis	3	5,200
Residential - Polis	2	19,300
Riviera Beach Villas - Polis	2	3,462
Melanda Plot - Pissouri	6	12,400
Total	**111**	**319,760**

* 50% owned.

Aristo's financial performance in 2007 was also very positive. Total holiday home sales were reported at €167 million, up by 3% over 2006 with 646 corresponding units sold versus 610 over the course of 2006. The company's operating cash position also remains strong, with higher reported operating profit after tax up by 7% (over 2006) at €26 million. In the first two months of 2008, the company also recorded a 14% increase in total unit sales over the corresponding period in 2007, driven by higher selling prices of the order of 26% albeit with lower unit sales volume. Aristo is further expected to drive organic growth through attractive bank financing. It should be noted that the cost of bank debt for Aristo was decreased by 10bps in 2007 to 5.9%.

These results are particularly encouraging when one considers (i) the withdrawal from pre-sales of Aristo's major projects, namely Venus Rock as well as the smaller Aristo projects such as Pissouri Panorama and St. George, in order to redesign them and maximise future selling prices and (ii) the relative slowdown of holiday home sales to the UK market. The decrease in sales to UK purchasers was largely offset by winning new clients from the rapidly expanding Russian market. In particular, Aristo's sales to Russian home purchasers increased from 15% of total turnover in 2006 to 27% in 2007, while those to the British decreased from 70% to 49%. In an effort to diversify its potential client-base and secure sales against potential future market difficulties, Aristo is in the process of strengthening its presence in these new target markets with plans to open additional regional offices in Russia as well as new offices in the Ukraine over the coming months, while its network of associates in central and northern Europe is continuously being expanded.

In early 2008, Dolphin divested one of Aristo's non-core assets, through the sale of its 60% stake in the Waterpark, for a net cash consideration of €5 million. The transaction was executed on the basis of an enterprise value for the Waterpark of €14 million. This compares favourably with the last reported enterprise value based on Colliers' valuation of €2.8 million and the allocated acquisition value of €1.3 million, in turn representing profit multiples of 5x and 11x respectively. This transaction is consistent with Dolphin's restructuring initiatives set out for Aristo following the acquisition.

Finally, Aristo's delisting process is expected to be finalised during the course of Q2 2008, following the activation of Dolphin Capital Atlantis' ("DCA") right to squeeze out the remaining shareholders. DCA, an 85%-owned Dolphin subsidiary and the holding company of Aristo, currently holds a 99.1% stake in Aristo and upon completion of the squeeze-out process will become the sole owner of Aristo.

Dolphin Capital Foundation

The Company envisions further progress in charitable activities over the coming year through the Dolphin Capital Foundation ("DCF"), a non-profit charitable entity dedicated to assisting the surrounding regional communities and environments where Dolphin invests. Part of the progressive donation of up to €2 million for DCF charitable projects, approved by the Board of Directors in 2007, was put to good use over the past 12 months. Amongst DCF's key contributions was the donation of environmental maintenance equipment to the areas of Kilada Hills and Sitia Bay, with delivery of the equipment to occur by early summer 2008. Planned contributions are further set to materialise in Dolphin's Lavender Bay over the coming months. It must also be noted that Aristo made very significant donations to the aid effort for the regions of Greece which were devastated by forest fires in the summer of 2007.

Investment Portfolio

	Land site (hectares)	**Dolphin (% stake)**	**Dolphin investment 29 Feb 2008 (€m)**	**Dolphin commitment 29 Feb 2008 (€m)**
Greece	**1,812**		**176**	**275**
Kilada	250	100	78	85
Seascape Hills	89	100	33	50
Lavender Bay	306	100	15	46
Scorpio Bay	172	100	11	16
Amanmila	200	25 - 50	2	5
Sitia Bay	250	77	13	24
Branded Hotels	1	80	3	5
Plaka Bay	440	60	7	26
Tsilivi - *Aristo*	11	85	2	2
Douneika - *Aristo*	27	85	1	1
Other - *Aristo*	2	85	<1	<1
Kea	65	100	11	15
Cyprus	**2,192**		**333**	**337**
Apollo Heights	469	100	17	21
Venus Rock - *Aristo*	1,000	85	138	138
Eagle Pine - *Aristo*	303	85	35	35
Magioko - *Aristo*	11	85	5	5
Other - *Aristo*	410	85	137	137
Croatia				
Livka Bay	62	100	18	30
Turkey	**12**		**12**	**29**
Kundu	4	80	8	23
LaVanta	8	60	4	5
Americas				
Playa Grande	720	70	12	22
TOTAL	**4,797**		**550**	**693**

Portfolio Review by Country

South-east Europe, Dolphin's core target region, continues to present an enticing investment story. All four targeted countries, Greece, Cyprus, Croatia and Turkey remain supported by strong supply/demand fundamentals, limited competition and high barriers to entry. The continuing favourable macroeconomic and demographic trends combined with increasing regional governmental support for an emerging residential resort sector add further strength to Dolphin's investment case. The recent portfolio extension in the Dominican Republic, set within the 5% allocation limitations beyond the Company's core investment region, represents an opportunity to create significant value in markets which we believe exhibit similar growth opportunities to those in south-east Europe. All countries where Dolphin holds investments and/or is looking to invest, share the common characteristics of offering unspoilt landscapes, unique natural settings, a wide range of sightseeing and other leisure activities and some of the most attractive coastlines in the world.

Greece

Market overview

Greece's economy maintains its strong footing. GDP growth continued to be solid with a rate of 3.6% reported over 2007 (*Source: National Statistical Service of Greece*). Not surprisingly, tourism, one of the main sources of Greece's national wealth with an annual contribution of more than 18% to GNP, maintained its record performance (*Source: Greek National Tourist Organization*). The past year saw tourist arrivals grow to over 16 million representing a 12% increase and providing a 3% rise in tourism-related foreign exchange revenues. This was one of the best performances by a European country in this year's overall 6% increase in global tourist arrivals (*Source: Association of Greek Tourist Enterprises*).

In addition to the tourist industry, the property market is also emerging as a significant driver of GDP growth, spurred on by the government's ongoing commitment to creating an investment friendly legislative environment that is expected to maintain stability in the economy and continue to favour the ongoing development of Dolphin's projects.

Having been re-elected in the parliamentary elections held in September 2007, the governing New Democracy party recently announced a series of tax reforms that should serve to simplify and liberalise the Greek property market and result in significant property value uplifts. Amongst others, the new reforms include the abolishment of the 7-11% property transfer tax on first homes up to 200 m^2, the abolishment of a complex annual progressive ownership tax on high value properties and the introduction of an annual uniform property ownership tax. The latter changes work to the advantage of prospective wealthy property buyers in Greece, as they would now face a uniform 0.1% tax on the objective value of the property versus a previous minimum rate of 0.3% which went as high as 0.8%. Furthermore, another positive change that should be noted is the reduction of inheritance tax from progressive rates as high as 20% down to 1%, which again should be of benefit to prospective property buyers (both Greek and foreign) since their successors would be faced with a much lower tax burden.

Finally the commitment made by the government regarding the introduction of a new zoning plan in 2007 aimed at facilitating the creation of integrated residential resorts is partially fulfilled. After many years of anticipation, the national zoning plan was approved by the Ministerial Council in February 2008 and is paving the way for the introduction of a tailored tourist zoning plan that would facilitate the development of large-scale integrated resorts. We welcome these initiatives and continue to monitor their progress closely.

Kilada Hills Golf Resort:

Kilada Hills was Dolphin's first investment. Land acquisitions began in early 2006 and, in September of the same year, the project obtained full construction permits for an 18-hole golf course and a resort of 47,000 buildable m^2 over 80 hectares, based on plans that were first conceived by Mark Potiriadis, the project's original development partner.

Just a two-hour drive from Athens International Airport, the project is located in the vicinity of Porto Heli, and across from the island of Spetses, two of Greece's most popular locations for luxurious second homes. To upgrade the original design and enhance the market positioning, an agreement was reached with GHM Hotels (www.ghmhotels.com) to operate their first hotel in Greece on the site that has now been extended to just over 250 hectares. Furthermore, world-renowned architect Jean-Michel Gathy of Denniston International (www.denniston.com.my) and legendary golfer Jack Nicklaus (www.nicklaus.com) were appointed to design the resort and the golf course respectively. The final master-plan coordination has now been completed and DCP is confident that Kilada Hills will become a world-class destination which will boast Greece's first signature golf course. Jack Nicklaus stated about the development: "*We have a wonderful canvas on which to create the golf course at Kilada Hills which will be one of the finest in Southeast Europe and set a high bar for golf throughout Greece*."

Significant permitting progress has also been made during the year, notably with the approval of the Environmental Impact Study for the GHM hotel in March 2008, which now opens the way for submission for final construction permits. A revision of the existing construction permit and environmental approval for the golf course is also being undertaken to accommodate for the new golf course routing and master-plan.

Finally, in December 2007 Dolphin acquired the 10% stake held by its single minority partner in Kilada Hills to raise its holding to 100%.

<u>Seascape Hills Golf Resort:</u>

Seascape Hills is a site of striking natural beauty, offering hilltop 360-degree panoramic sea views and an unspoilt beachfront. It also benefits from its proximity to Kilada Hills. Ed Tuttle was appointed as designer, armed with the experience gained from designing multiple Aman resorts (www.amanresorts.com), including Amapury, Amanjena, Amanbagh and Amangani. His vision is to merge the Aman concept with the rich culture and natural beauty of Greece.

In its first stage, the project is expected to comprise a hilltop Aman hotel with 38 guest pavilions, restaurants, spa and library. Furthermore, at least 40 Aman Villas are planned around the hotel site.

Throughout 2007, project expansion continued with over 32 hectares of additional land acquired, brining the total area to 89 hectares, including the acquisition of a stunning beachfront site which is planned for an exclusive Aman beach club and seafront villas.

The project was granted environmental pre-approval and tourism board suitability approval in December and is in the closing stages of final environmental approval, the penultimate milestone before construction permits are received.

In December 2007 Dolphin acquired the 1% stake held by its single minority partner in Seascape Hills to raise its holding to 100%.

In reference to the Seascape Hills development, architect Ed Tuttle said: "*The design principles of this resort are based on combining elements of classical Greek architecture with a modern touch and technology. Having spent many years in this region of Greece makes me particularly enthusiastic about bringing this resort to life*."

<u>Lavender Bay Golf Resort:</u>

Lavender Bay is situated inside a magnificent bay within the Pagasetic Gulf, nestled within a deep forest which guarantees a natural buffer for what is set to become an exclusive development. The site is also conveniently located 10 minutes from Nea Achialos International Airport.

Dolphin acquired the site in July 2006. Since then, the project has been expanded, with the acquisition of an additional 12 hectares, bringing the total land held to 306 hectares as at end of February 2008. Progress on the site continues with regards to design and permitting. The Preliminary Environmental Impact Study for the hotel and spa has been approved, along with Tourist Suitability permits. The final Environmental Impact Study has also been submitted and is presently in the final stages of review, paving the way for final construction permit approval in the near term. Of paramount importance has also been the recent added potential for the development of freehold residential space totalling approximately 90,000 buildable m^2, following a recent government certificate relating to a 38-hectare area of the site. The project's permitting process is also set to be expedited following the recent announcement of the nearby cities of Volos and Larissa hosting the 2013 Mediterranean Games.

In addition to the appointment of renowned golfer and golf course designer Gary Player (www.garyplayer.com) to create an 18-hole Gary Player Signature Golf Course, a memorandum of understanding has recently been signed with Kempinski Hotels (www.kempinski.com) to operate a circa 250 room hotel and approximately 40,000 m^2 of branded residential units.

Legendary golfer and golf course designer Gary Player commented on the Lavender Bay development: "*Lavender Bay represents a tremendous opportunity to build a world class facility in Greece. I am honoured and excited with the prospect of designing the venue that could house the golf event of the 2013 Mediterranean Games*."

In December 2007, Dolphin acquired the 3% stake held by its single minority partner in Lavender Bay to raise its present holding to 100%.

Scorpio Bay Resort:

Scorpio Bay Resort is located on a stunning peninsula looking into the bay of Scorponeri and across the island of Evoia. The site benefits greatly from the close proximity to Athens, as it is a mere one-hour drive from Athens International Airport and the ski slopes of Mount Parnassos.

John Heah, the appointed award-winning architect, who is also the designer of Amanmila, has created his first concept plans for the 172-hectare site.

The initial plan is for the development of 60 resort suites along with branded and unbranded villas. The first phase of development is expected to total approximately 80,000 buildable m^2.

Throughout the year discussions have taken place with various hotel operators in order to appoint the most suitable brand for the site. This resulted in the Company signing a memorandum of understanding with luxury operator Oberoi Hotels and Resorts (www.oberoihotels.com) to operate the resort and the branded residences. Following these discussions, the initial design brief was altered and a revised environmental application is currently being drafted.

P.R.S. Oberoi, founder and president of The Oberoi Group said of Scorpio Bay: "*Oberoi Hotels & Resorts is thrilled to be working with Dolphin to create our first resort in Greece set within the stunning topography of Scorpio Bay. We look forward to bringing our characteristic attention to detail and emphasis on service to create a distinctive and ideal resort only an hour's drive from Athens*."

Sitia Bay Golf Resort:

Conveniently located only 10 minutes from Sitia International Airport, Sitia Bay's natural landscape combines a sea-level peninsula with a stunning hilltop plateau. WATG (www.watg.com), the famed resort architectural firm has been appointed to master-plan the entire project as well as to design the hotel. Nicklaus Design has also been selected to design an 18-hole golf course.

The project itself is expected to include a hotel of up to 250 rooms, a spa, an 85-berth marina and multiple freehold residential units divided between seafront and golf-front, a portion of which are expected to be branded by the hotel operator.

To date the Environmental Impact Study for the hotel, marina, and spa has been approved, while WATG and the local design team are finalising the architectural plans to progress to the final stages of permitting. The master-plan for the seafront community has been submitted to the relevant authorities, with preliminary approval expected imminently, while the golf course has received preliminary environmental approval.

Additional progress over the year includes the acquisition of adjacent land parcels, bringing the total land owned by the company to just under 250 hectares, and significant advances in the discussions with some of the world's leading hotel operators. A final decision on the operator is expected to be made in the coming months.

Plaka Bay Resort:

Located on the eastern most tip of Crete, Plaka Bay spans over a 440- hectare peninsula which reaches out to sea level in the north west side overlooking a closed gulf. Furthermore the eastern and southern areas meet the sea with dramatic cliffs, providing magnificent views.

The project is situated only 45 minutes from Sitia International Airport and Sitia Bay Golf Resort. The project is also only 15 minutes from a large golf resort community planned in the area which, together with Sitia Bay, will make this region of Crete a very attractive golf destination.

Hart Howerton (www.harthowerton.com) has provided preliminary master-plans for the project and the local design team has been appointed to progress the permitting process of the project. The project is being developed jointly with J&P Development (www.jpdevelopment.gr), a subsidiary of one of the region's largest construction groups, the principal owners of which are 40% shareholders in the project.

Several world-class hotel operators have toured the site and an appointment is expected within 2008 with HVS International (www.hvs.com) commissioned to assist in the selection process.

The project is expected to comprise over 120,000 m^2 of residential development, including potentially two five-star hotels and an 18-hole golf course along with other leisure facilities.

Amanmila Resort:

Amanmila Resort is located on a secluded peninsula on the northern tip of the island of Milos, only a short drive away from the island's main port and airport. The project is being jointly developed with Aman Resorts (www.amanresorts.com), S&B, and John Heah, who has progressed work on the master-plan and hotel design.

The two-phased development will, in its first phase, include a 40-room Aman Hotel and 40 residential villas spread over a 65-hectare portion of the site, while an additional hotel and residential units are planned for the second phase.

The project land transfer procedure has been partially completed and should be finalised as soon as pending administrative steps related to state rights have been undertaken. All environmental permitting documents are in place to be submitted once all final land contracts have been completed.

Aman Resorts' founder and chairman Adrian Zecha said of the Amanmila development: "*We are excited to be working with Dolphin on the first Aman Resort in the Aegean Sea. We look forward to setting the standard for resorts in the region*."

Kea Resort:

In Q4 2007, the Company acquired a site on the island of Tzia (or Kea as it is also known) which is located 25 nautical miles from Lavrion harbour which is in turn a 25-minute drive from Athens International Airport. The popular island is one of the closest islands to Athens and an established location for second homes with many Athenians.

The site spans 65 hectares and, once fully developed, is expected to have a low density mix of a hotel and residential units, overlooking a bay situated in the western side of the island.

The development concept is currently being finalised and the preliminary documents have been collated for impending submission for environmental pre-approval. The selection process for the operator has also commenced.

Cyprus

Market overview

2007 represented another prosperous year for Cyprus' growing economy. The island's GDP grew at a rate of 4.4% over the past year, buoyed by a 5.9% increase in tourism revenue which totalled c. €1.9 billion for 2007 (*Source: Financial Times, November 2007).* Furthermore, tourist arrivals remained steady as the country surpassed the 2.4 million mark for the third consecutive year (*Source: Cyprus Ministry of Tourism*), with further strengthening expected over the coming years as the government's strategic promotion of golf tourism, through the development of up to 14 golf courses each with up to 100,000 m^2 of buildable freehold real estate, continues.

The property market in Cyprus also continues to contribute to the strengthening of the economy. The island has seen increased demand for property by foreign investors as a result of its accession to the European Union, which has seen all restrictions for Europeans living and working on the island lifted. The transition to the Euro as the main currency on 1 January 2008 and the transition into the Schengen treaty of nations later in the year are also expected to boost demand for property as greater numbers of investors are expected to take advantage of the subsequent lower interest rates over the long run. We note however that, alongside the dependence of the island's property market to UK buyers, the decision by the Cypriot Central Bank to strictly monitor housing loans whereby customers are forced to make an equity contribution of 40% also has the potential to negatively affect future holiday home demand.

The recent elections of February 2008 nonetheless provide great hope for the long sought after reunification of the island. Left-wing leader Demetris Christofias won Cyprus' presidential election earning 53.4% of the vote on the promise of unifying the island which has been divided since 1974. These positive political developments, combined with the increasing integration with the EU, provide a strong platform for further economic prosperity.

Venus Rock Golf Resort

Venus Rock Golf Resort is Dolphin's most valuable asset and represents probably Europe's largest seafront golf-integrated residential resort. It is the direct neighbour of Aphrodite Hills, the region's first golf-integrated resort, which was recently acquired by RREEF. The full development potential of the site is expected to include over 3,000 residential units, at least two golf courses, a commercial centre, a resort hotel and marina.

Significant advances were made with regards to the project's design over the past year. Tony Jacklin (www.jacklindesigngroup.com) has worked together with Austrian golf architect Hans-Georg Erhardt to design the two government licensed 18-hole golf courses which can operate as a spectacular 36-hole signature golf course in the valley that currently houses the island's first golf course, the Secret Valley Golf Course. In addition, EDSA (www.edsaplan.com) has completed the master-plan for the project and elements of the landscaping and hardscaping work are now underway. New York based architect, Robert AM Stern (www.ramsa.com) has also been appointed and has made significant progress with the design of the 24,000m^2 seafront commercial centre and the apartments and town homes within the residential portions of the project.

The project has also made continued strides with regards to permitting over the past year. Recent favourable amendments to its zoning status announced by the Cyprus government resulted in the conversion of approximately 56 hectares of land from agricultural to residential for holiday-home use with a 25% building coefficient. At the same time, 43 hectares were converted from forest to agricultural land and 24 hectares received an increased building coefficient that should allow for the development of extended hotel and residential units as well as commercial facilities on the beachfront area.

All master-plans have been submitted and final approvals are expected, subsequent to the recent receipt of the project's water permits for the two golf courses that are currently envisioned for the site.

In December 2007, DCA acquired a 13% minority stake in Venus Rock. This transaction, which generated considerable NAV uplift, brings DCA's total shareholding in the project to 99%.

Eagle Pine Golf Resort

Eagle Pine Golf Resort is located only 3 km from Apollo Heights and approximately 25 km from Venus Rock. The project is expected to be a master-planned, golf-integrated residential development with up to 100,000 m^2 of buildable residential development area and a landbank of 48 hectares, destined for future expansion of the resort. The site has secured a licence for one golf course from the Cyprus government, in addition to the recent approval of its water permits, with final construction permits expected in the very short term.

The master-plan, which was prepared by EDSA and which includes designs for the golf course from Graham Marsh and Hans-Georg Erhardt, has been submitted and is awaiting final approval. In addition, famed architect Porphyrios and Associates has been appointed as architect for the project.

Apollo Heights Polo Resort

Situated between Limassol and Paphos, Apollo Heights covers a 469-hectare area of unique natural beauty with pleasant sea views. The site also contains a gorge and an ancient Roman road which runs through the property.

Master-planners EDSA and Tony Jacklin have worked together to create a master-plan which is intended to include a premier residential resort integrated with polo, equestrian facilities, and an 18-hole Tony Jacklin Signature Golf Course. Furthermore, they have also worked to integrate within the master-plan some of the contiguous surrounding areas which are controlled by the British Sovereign base with already existing golf and polo courses.

As the project is located next to the British Sovereign Base of Episkopi, consent of both the British Base administration and the Cyprus government are required to permit development. Positive news has recently been given from the British side indicating that development may be permitted soon.

Croatia

Market Overview

Croatia's macro-economic situation continues to be positive, supported by GDP growth at 5.7% in 2007, political stability, low inflation figures and strong central bank policies regarding the regulation of credit growth *(Source: Croatian Bureau of Statistics)*.

The country's tourist industry also remains in a period of growth, with an increase in tourist arrivals of 6% over the past year to a total of 10.8 million, and a c. €7 billion contribution to the Croatian economy, a 10% increase year over year *(Source: Croatian Tourist Board)*.

Despite this generally positive investment environment and Dolphin's continued steady progress of its single investment in the country, we are taking a moderately cautious stance towards further investments in the Croatian market in the short term. While the development of the nation's golf industry continues to be a priority for the government, land ownership and zoning issues have hindered progress on the 52 golf courses foreseen for development, with few courses currently under construction *(Source: Website - Region of Istriana)*.

Furthermore, Croatia's property market is providing fewer low-priced, early stage investment opportunities for Dolphin. Land prices increased significantly in 2007 with few signs of decline, all the more as the country expects to see increased foreign investment as it continues to work towards EU membership.

Finally, Croatia's political situation is expected to be more tenuous in the immediate future. Following elections in November 2007, the Croatian Democratic Union (HDZ) government remains in power. However in its second mandate, it is expected to face stronger opposition and to have to fulfil expensive promises it has made to its coalition partners. In addition to these challenges, Croatia still grapples with the complex laws and regulations which have historically caused developments to stall and which may serve to derail the government's aspirations for encouraging foreign investment into the country.

Livka Bay Resort

The Livka Bay project spans 62 hectares within a bay in the south-eastern tip of the island of Solta, Croatia and is less than 30 minutes from Split International Airport by boat.

GHM Hotels will operate the resort which is being designed by Denniston International. The master-plan is set to include a luxury hotel, apartments, free standing villas, a spa, a 160-berth marina, a beach club and other supporting recreational, sports and retail facilities.

Very recently, both the project's Zoning and Urban Plan were approved. Final Environmental Impact Study approval is expected shortly, which should enable the submission of location and building permits.

It is important to note that, in addition to the zoning progress made, the water and power requirements for the project have also been addressed and relevant permits have been approved.

Hans Jenni of GHM Hotels recently commented on Livka Bay: "*GHM Hotels is very excited by the prospect of working with Dolphin to operate what will be one of the first luxury resorts in Croatia in an island setting of striking natural beauty."*

Turkey

Market Overview

Turkey is in the midst of the single longest period of uninterrupted growth in its history. Its surging economic growth is in part driven by the desire of its governing party, AKP, to increase GDP per capita by 75% by the year 2013. GDP has increased by 122% in the last four years, representing a real value of $400 billion USD. In 2007 alone, Turkey's GDP grew at a rate of 5.2% and is forecast to remain solid through 2008 (*Source: Financial Times, November, 2007*).

Tourism is one key component contributing to the country's economic surge. In 2007, tourist arrivals increased by 18% with 23.3 million travellers choosing to make Turkey their destination of choice. Turkey benefits from a steady influx of German and Russian tourists, with 3.97 million and 2.4 million tourists visiting the country in 2007 respectively and a growing trend of US arrivals through cruises (*Source: Turkish Statistical Institute*).

We note however that Turkey's coastal areas have seen a significant increase in land prices, which like in Croatia makes the entry point for Dolphin less attractive. Furthermore, Turkey has been known for inconsistency in its law making procedures as was witnessed in the recent decision by the country's high court to cancel a law allowing the sale of property to international companies. The ruling may cost the country up to $4 billion, undermining years of effort to create a more attractive environment for foreign investors and signaling the country's vulnerability to and dependence on the western economy. Nonetheless, the Turkish market remains strategic and we continue to review a number of additional investment opportunities with a variety of large-scale developers.

Antalya Projects

Dolphin is currently developing two projects in Turkey in partnership with Kemer (www.kemergroup.com), who remains one of the most experienced developers in Turkey, having developed the first and most upscale golf resort community near Istanbul, the Kemer Golf and Country Club. The two projects, Port Kundu Resort and LaVanta Resort, are both situated in the region of Antalya, the Turkish coast's most popular destination with foreigners.

Port Kundu Resort represents a riverfront residential community surrounded by water canals along the banks of the Aksu River near the city of Antalya. The multi-phased development could ultimately be spread over a 23-hectare site, with a residential development of up to 120,000 m^2. The first phase is expected to comprise 80 detached, semi-detached and townhouse units spread over 40,000m^2. Zoning approval for that phase has been granted and all documents have been filed for final construction permits.

Meanwhile, LaVanta Resort is a development of over 25,000 buildable m^2 hilltop residential real estate in the outskirts of the seaside town of Kalkan and will comprise 200 villas and townhouses. The fully permitted LaVanta has already achieved more than 30 units of pre-sales, only five months into construction.

Dominican Republic

Market overview

The Dominican Republic represents an emerging market with significant prospects for further economic progress. Since the recession in 2003-04, the economy has experienced a solid turnaround, with GDP for 2006 and 2007 growing at a rate of 10.7% and 7.2% respectively (*Source: CIA website*).

Tourism has been a key contributor to the country's economic rebound, with three million travelers received in 2007, by far surpassing all other Caribbean islands. In addition, the number of visitors to the Dominican Republic from the US remains steady, with more than one million for the second consecutive year. There are presently 19 golf courses with oceanfront fairways designed by renowned golfers and golf course architects such as Pete Dye, P.B. Dye, Jack Nicklaus, Arnold Palmer, Robert Trent Jones, Gary Player, Tom Fazio and Nick Faldo (*Source: Dominican Republic Ministry of Tourism*).

Furthermore, the government has also been heavily investing in the country's infrastructure. The Tourism Ministry is rebuilding the Dominican Republic's most important public beaches in Puerto Plata, Cabarete, Boca Chica and Juan Dolio, with the funds from the $5 tax increase on tourists entering the country (*Source: Euromonitor website*).

The recent success of existing residential resorts in the country such as Casa de Campo, Punta Cana, Cap Cana and Roco Ki Beach & Golf Resort, which have witnessed record high selling prices of $7,000-15,000 per buildable m^2 and $750-1,500 per m^2 of land, is also contributing to a growing tourist sector.

With the Dollar at historic lows against the Euro and the credit markets in the US in disarray, we continue to review and take advantage of very attractive entry opportunities in the Dominican Republic and the central American region, as the medium term prospects appear very strong.

Playa Grande Golf Resort

Playa Grande Resort (www.playagrande.com) represents a spectacular 720-hectare site situated between the towns of Cabrera and Rio San Juan, each approximately 8 km away. It has more than 8 km of coastline and possesses two of the most extraordinary beaches of the north coast of the Dominican Republic, Playa Grande and Playa Navio. Puerto Plata, the closest international airport, is just over an hour away by car.

The project is already revered in the golf community due to its spectacular golf course, which is one of the last courses designed by Robert Trent Jones Sr. and which received accolades for its masterful design and the unparalleled interplay between the high cliff-lines and Atlantic Ocean to the north and the beautiful green mountains that frame it to the South. Rees Jones, son of the original architect, (www.reesjonesinc.com) has been appointed to upgrade and redesign portions of the golf course at Playa Grande, with the goal of bringing it into the lists of the top 50 international courses.

The master-plan is expected to comprise a luxury seafront residential resort with a 40-room Aman hotel, 40 Aman villas, a five-star golf hotel with up to 200 rooms most likely to be operated by GHM Hotels, approximately 350 hilltop and golf and seafront residential units as well as approximately 74 villas to be master-planned and developed as an integral part of the resort by the existing investor group. To date a governmental umbrella permit for the entire development has been secured, in essence securing the project's environmental impact approval and land use. As a result, only individual construction permits remain to be issued for each portion of the project once the detailed designs have been completed. Hart Howerton has been appointed to prepare the master-plan, while world-renowned architect Jean-Michel Gathy of Denniston International has been appointed to design the two hotels.

Renowned architect Jean-Michel Gathy recently noted the following regarding Playa Grande: "*This peaceful parcel of land promises to house architecture that will stand integrated into the wealth of the local, social, cultural and physical environment. It will provide all the ingredients for an amazing holiday destination*."

Outlook

Dolphin continues to maintain a significant competitive advantage in its target region at a time when challenging financial market conditions have made it increasingly difficult for competitors to raise funds and/or overcome the region's high barriers to entry.

We look forward to commencing construction of Dolphin's first luxury master-planned residential resort developments in Greece and Cyprus in late 2008, only two years after the Company's first land acquisition.

To continue our growth, we remain focused on achieving the following goals during 2008:

- commit the remaining funds before the end of the first half of 2008 in carefully selected pipeline investment opportunities, consistent with previous announcements;
- re-evaluate the prospects for further penetration in Croatia and Turkey and explore a possible investment in the Sicilian market;
- apply the Company's investment allocation to markets outside south-east Europe in attractive opportunities with renowned operating partners;
- expand Dolphin's network of partners (developers, master-planners, architects, golf designers, operators, marketers, debt capital providers);
- continue to support the communities and environments where Dolphin invests through Dolphin Capital Foundation; and
- continue to enhance the Company's NAV and create shareholder value.

We look forward to the future with considerable excitement and confidence.

Miltos Kambourides
Managing Partner
Dolphin Capital Partners

Pierre Charalambides
Partner
Dolphin Capital Partners

Finance Director's Report

Exceptional NAV growth

As at 31 December 2007, Dolphin invested a total €539 million which generated a total NAV before DITL excluding cash of €1,407 million, implying a return on capital of 2.6x over a weighted period of 15 months. Earnings per share ("EPS") for 2007 was 91p compared to 68p in 2006. The cash adjusted NAV per share figure was reported at 239p, recording an uplift of 74% over 2006. The NAV uplift during 2007 was driven primarily by:

- The valuation of new investments executed during the course of 2007. These include the Aristo portfolio, which claims the highest valuation uplift for Dolphin since the acquisition in April 2007, Kea and Plaka Bay in Greece, the two Antalya projects in Turkey, Livka Bay in Croatia and Playa Grande in the Dominican Republic.

- The revaluation of all real estate assets of the company since their latest valuation within 2007, buoyed by:
    - a series of new land acquisitions during the course of 2007 in Kilada Hills, Seascape Hills, Sitia Bay, Lavender Bay and Amanmila;
    - zoning and permitting progress for a number of projects with notable milestones achieved during 2007 at Lavender Bay, Kilada Hills, Seascape Hills, Venus Rock and Eagle Pine (as detailed further within the Investment Manager's Report);
    - minority purchases in Kilada Hills, Lavender Bay, Seacape Hills, Scorpio Bay and Venus Rock; and
    - an increased availability of favourable market comparables evidenced across the portfolio in both Greece and Cyprus.

	€	£	Uplift Since 31-Dec-06	Uplift Since 30-Jun-07
Total NAV before DITL (millions)	1,691	1,246	na	43%
Total NAV after DITL (millions)	1,524	1,123	na	44%
NAV per diluted share before DITL	3.08	227p	107%	36%
NAV per diluted share after DITL	2.78	205p	103%	36%
Cash adjusted NAV per diluted share before DITL	3.25	239p	74%	na

Note: 1. NAV is fully diluted for warrant shares of 31.5 million granted to the Investment Manager. The undiluted NAV per share figures before and after DITL correspond to 241p (€3.27) and 217p (€2.94) respectively.
2. GBP/Euro rate of 0.73688 as at 31 December 2007.
3. Cash adjusted NAV is calculated by subtracting (i) Dolphin's uninvested cash as at 31 December 2007 (including the payable Aristo management incentive fee for 2007 on a pro-forma basis) and (ii) the corresponding number of shares based on the latest issue price of 170p in June 2007.

The NAV figures shown in the table above are reported on a diluted basis, taking into account the exercise of the 31.5 million over-performance warrant shares by the Investment Manager structured into the over-performance incentive scheme in conjunction with the October 2006 placing and amended in the third fundraising in June 2007. More specifically, DCP had been granted a performance incentive designed to reward the Investment Manager if the Company achieved exceptional growth in its NAV during the period from 7 October 2006 (being the date of the October 2006 placing) to 31 December 2007. The achievement of this additional incentive was predicated upon the NAV growth over this period outperforming a simple hurdle rate of 30% (the "Super Hurdle"). In the event of this performance, DCP was granted the right to subscribe (at par value of €0.01) for such number of further common Shares as equals 10% of the value of the NAV growth over the Super Hurdle divided by €1.34 (the "Warrant Grant"). Under the terms of the over-performance warrant deed, DCP had also agreed that any common shares subscribed for pursuant to the Warrant Grant would be subject to a lock-up requirement for a period of two years from the date of subscription. Further to the latest fundraise, the Company and DCP agreed to vary the over-performance warrant deed by increasing the Super Hurdle to include the gross proceeds of €450 million of the June 2007 placing multiplied by 1.11, which results in the equivalent of the 30% original Super Hurdle for the remaining period. Based on the above, and taking the NAV after DITL figure for 2007 of €1,524 million, the NAV growth recorded during the period from 7 October 2006 and until 31 December 2007 amounted to €423 million over and above the Super Hurdle of €1,101 million. The Investment Manager is in turn entitled to subscribe for 10% of this NAV growth divided by the strike price of €1.34, amounting to the reported 31.5 million over-performance warrant shares which are expected to be issued on 24 March 2008 and admitted to AIM by the end of March 2008.

It should be noted however that the NAV figures do not take into account the potential payment of the Investment Manager's performance fee, calculated as 20% of the net realised cash profits from each project only after achieving a hurdle of 8% annual compounded return and 50% of which can only be released from the escrow account upon the date that cumulative distributions by the Company first exceed the aggregate of €109 million (being the funds raised as at admission to AIM in December 2005) plus €300 million (being the proceeds of the October 2006 placing) plus an amount equal to 50% of the gross proceeds of the June 2007 placing, each amount being increased by the applicable 8% annual compounding hurdle rate as from the date the relevant funds were raised.

Furthermore, the reported DITL of €167 million was calculated based on the current fair market value of the land acquired as reported by Colliers, and are applicable only in the event of a direct sale of land or assets. The sale of land is anticipated to take effect through the sale of shares of the holding SPVs and, as such, most of the DITL are not expected to materialise or become payable. The NAV before DITL is therefore considered by the Investment Manager as the more representative figure.

<u>A very robust balance sheet</u>

Dolphin's financial performance in its second full year of operations has been particularly strong. The Company's total asset base has grown to approximately €2.5 billion with minimal gearing of only €297 million.

The fair market value of Dolphin's real estate portfolio (both freehold and leasehold interests) as at 31 December 2007 was reported by Colliers at €1.967 million, assuming 100% ownership. After deducting minority interests of €200 million and other net liabilities of €438 million, the fair market value of Dolphin's real estate assets amounts to €1,329 million.

Current assets are €438 million (after deducting Trading Properties of €356 million which are included in Investments), made up of a cash balance of €397 million and €36 million of other receivables.

Liabilities total €680 million, including €167 million DITL (which as already explained above the Investment Manager believes are unlikely to materialise), €297 million of Interest-bearing loans and Finance lease obligations and €216 million of other payables, comprising of the Aristo management incentive fee (as detailed in the Aristo financials section below), advances from customers relating to Aristo's contractual construction works in progress and deferred Dolphin land payments.

The net profit for the year was reported at €574 million resulting in a fully diluted earnings per share figure of €1.24.

<u>Aristo financials</u>

2007 was yet another strong financial year for Aristo. Gross reported turnover (under IFRS) reported a 2% decrease on 2006 figures, attributable to a lower rate of delivery of units sold within the year. The company nonetheless recorded an increased profit after tax figure reported at c. €26 million versus €24 million in 2006, excluding gains from revaluation and related deferred income tax liabilities. This corresponds to a c. 7% gain that is mainly to be attributed to increased gross profit margins (from 43% in 2006 to 48% in 2007), which more than offset increases in:

- administrative expenses (25% from €14 million to €17 million); and

- higher interest expense on the back of increased bank leverage from €153 million to €196 million (at the operational Aristo Cyprus level), although the average interest rate charged by banks fell by 10 basis points from 6% to 5.9%.

Aristo's post tax profit performance was as a result of significant value creation within the company over the past year, generated by its larger integrated developments in Cyprus. In particular, the more mature golf assets of Venus Rock and Eagle Pine achieved value enhancing permitting milestones over the second half of 2007, notably with the zoning amendments at Venus Rock and the approval of water permits for both projects. Pursuant to the note 16.4 of the Consolidated Financial Statements within the Company's interim report, Theodoros Aristodemou, Dolphin's 15% minority partner in Aristo, is entitled to a management incentive fee equal to 20% of the value uplift created post the company acquisition for most of the areas within the Venus Rock and Eagle Pine sites. As at 31 December 2007, the performance fee payable is €73 million, which has already been deducted in the calculation of Dolphin's reported NAV figures.

Dolphin continues to track the performance of each Aristo business unit through its cost allocation exercise of assigning the company acquisition cost across the company's main assets according to their pro-rate net equity value. Since the acquisition in April 2007, Aristo and related entities have drawn down c. €50 million of the €85 million refinancing facility obtained from Bank of Cyprus in August 2007. Aristo has furthermore completed the divestment of the Waterpark, both of which have resulted in a proportional decrease in the cost basis of the individual assets.

Cash management

Cash is held in overnight deposits and short-term fixed accounts at our custodian bank, Anglo Irish Bank Corporation pending investment in Dolphin projects. Approximately 10% of the €450 million equity funds raised in June 2007 has been re-invested in a AAA-rated money market fund, managed by Goldman Sachs Asset Management.

Panos Katsavos
Finance Director
Dolphin Capital Partners

Consolidated Income Statement

For the year ended 31 December 2007

	31 December 2007 €'000	From 7 June 2005 to 31 December 2006 €'000
Gain on disposal of investment in subsidiary	-	7,955
Valuation gain on investment property	446,875	44,516
Other operating profits	20,443	-
Total operating profits	467,318	52,471
Investment manager fees	(12,902)	(3,816)
Management incentive fees	(73,468)	-
Professional fees	(10,390)	(1,909)
Other expenses	(20,682)	(2,586)
Total operating and other expenses	(117,442)	(8,311)
Net operating profit before net financial income	349,876	44,160
Financial income	12,090	4,058
Financial expense	(9,366)	(377)
Net financial income	2,724	3,681
Excess of fair value over cost arising on acquisitions	358,341	78,179
Profit before taxation	710,941	126,020
Taxation	(31,284)	(10,525)
Profit for the period	679,657	115,495
Attributable to:		
Equity holders of the Company	574,483	110,324
Minority interest	105,174	5,171
Profit for the period	679,657	115,495
Basic earnings per share (€)	**1.33**	**1.01**
Fully diluted earnings per share (€)	**1.24**	**1.01**

Consolidated Balance Sheet
As at 31 December 2007

	31 December 2007	31 December 2006
	€'000	€'000
Assets		
Investment property	1,549,034	278,017
Property, plant & equipment	52,233	165
Investment in associate	9,594	-
Goodwill	600	-
Deferred tax asset	2,157	520
Other non-current assets	1,255	
Total non-current assets	**1,614,873**	**278,702**
Trading properties	356,219	19,900
Loans receivable	550	6,500
Receivables and other assets	35,164	7,570
Cash and cash equivalents	396,910	292,929
Total current assets	**788,843**	**326,899**
Total assets	**2,403,716**	**605,601**
Equity		
Share capital	5,175	3,395
Share premium	833,359	395,335
Translation reserve	630	-
Retained earnings	684,807	110,324
Total equity attributable to equity holders of the Company	1,523,971	509,054
Minority interest	200,112	31,898
Total equity	**1,724,083**	**540,952**
Liabilities		
Interest-bearing loans	224,553	2,500
Finance lease obligation	8,875	4,532
Deferred tax liability	167,241	43,372
Other non-current liabilities	12,318	-
Total non-current liabilities	**412,987**	**50,404**
Interest – bearing loans	63,028	1,029
Finance lease obligation	259	122
Trade and other payables	201,913	12,951
Tax payable	1,446	143
Total current liabilities	**266,646**	**14,245**
Total liabilities	**679,633**	**64,649**
Total equity & liabilities	**2,403,716**	**605,601**
Net asset value per share (€ per share)	**2.94**	**1.50**
Diluted net asset value per share (€ per share)	**2.78**	**1.50**

Consolidated Statement of Changes in Equity
For the year ended 31 December 2007

	Share capital €'000	Share premium €'000	Translation reserve €'000	Retained earnings €'000	Total €'000	Minority interest €'000	Total equity €'000
Balance at 7 June 2005	50	4,950	-		5,000	-	5,000
Shares issued	3,345	400,791	-		404,136	-	404,136
Placing costs	-	(10,406)	-		(10,406)	-	(10,406)
Profit for the period	-		-	110,324	110,324	5,171	115,495
Minority interest on acquisitions	-		-		-	26,727	26,727
Balance at 31 December 2006	**3,395**	**395,335**	**-**	**110,324**	**509,054**	**31,898**	**540,952**
Balance at 1 January 2007	3,395	395,335	-	110,324	509,054	31,898	540,952
Shares issued	1,780	448,220	-		450,000	-	450,000
Placing costs	--	(10,196)	-		(10,196)	-	(10,196)
Profit for the period	-		-	574,483	574,483	105,174	679,657
Minority interest on acquisitions	-		-		-	57,841	57,841
Minority interest on capital increases of							
subsidiaries	-		-		-	5,127	5,127
Foreign currency translation difference	-		630		630	72	702
Balance at 31 December 2007	**5,175**	**833,359**	**630**	**684,807**	**1.523,971**	**200,112**	**1,724,083**

Consolidated Cash Flow Statement
For the year ended 31 December 2007

	From 1 January 2007 31 December 2007 €'000	From 7 June 2005 to 31 December 2006 €'000
Operating activities		
Profit before taxation	710,941	126,020
Adjustments for:		
Excess of fair value over cost arising on acquisitions	(358,341)	(78,179)
Depreciation charge	1,014	3
Foreign currency exchange difference	702	-
Gain on disposal of investment in subsidiary	-	(7,955)
Valuation gain on investment property	(446,875)	(44,516)
Share of results of associate	(447)	-
Interest income	(11,921)	(4,058)
Interest expense	8,068	290
Operating loss before changes in working capital	**(96,859)**	**(8,395)**
Increase in receivables and other assets	(28,849)	(1,553)
Increase in other current liabilities	21,877	-
Increase in trade and other payables	114,161	12,949
Decrease/(Increase) in loans receivable	5,950	(6,500)
Cash flows generated from operations	**16,280**	**(3,499)**
Interest paid	(8,068)	(261)
Interest received	11,921	2,801
Cash flows generated from/(used) in operating activities	**20,133**	**(959)**
Investing activities		
Acquisition of subsidiaries, net of cash acquired	(278,204)	(65,278)
Acquisition of property, plant and equipment	15,085	(53)
Increase in trading properties	14,718	-
Acquisition of investment property	(189,351)	(57,011)
Proceeds from disposal of investment in subsidiary	-	18,000
Cash flows generated from/(used) in investing activities	**(437,752)**	**(104,342)**
Financing activities		
Proceeds from the issue of share capital	450,000	409,136
Payment of placing costs	(10,196)	(10,406)
Net repayment of interest-bearing loans	58,391	(500)
Cash flows from financing activities	**498,195**	**398,230**
Net increase in cash and cash equivalents	80,576	292,929
Cash and cash equivalents at the beginning of the period	292,929	**-**
Cash and cash equivalents at the end of the year/period	**373,505**	**292,929**

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

Cash in hand and at bank	396,910	292,929
Bank overdrafts	(23,405)	**-**
Cash and cash equivalents	**373,505**	**292,929**

Financial Review

The accounting policies applied are the same as those used last year.

1. Basis of preparation

a. Statement of compliance

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

b. Basis of measurement

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

c. Adoption of new and revised IFRSs

As from 1 January 2007, the Company adopted all the IFRSs and International Accounting Standards (IAS), which are relevant to its operations. The adoption of these Standards did not have a material effect on the financial statements.

The following Standards, Amendments to Standards and Interpretations had been issued but are not yet effective for the year ended 31 December 2007:

(i) Standards and Interpretations adopted by the EU

- IFRS 8: "Operating Segments" (effective for annual periods beginning on or after 1 January 2009). The application of the standard is not expected to have an impact on the consolidated financial statements of the Company.
- IFRIC 11: "IFRS 2: Group and Treasury Share Transactions" (effective for annual periods beginning on or after 1 March 2007). The application of the interpretation is not expected to have an impact on the consolidated financial statements of the Company.

(ii) Standards and Interpretations not adopted by the EU

- IAS 1 (revised): "Presentation of Financial Statements: A Revised Presentation" (effective for annual periods beginning on or after 1 January 2009). The application of the standard is not expected to have an impact on the consolidated financial statements of the Company.
- IAS 23 (revised): "Borrowing Costs" (effective for annual periods beginning on or after 1 January 2009). The application of the standard is not expected to have an impact on the financial statements of the Company.
- IFRIC 12: "Service Concession Arrangements" (effective for annual periods beginning on or after 1 January 2008). The application of the interpretation is not expected to have an impact on the consolidated financial statements of the Company.
- IFRIC 13: "Customer Loyalty Programmes" (effective for annual periods beginning on or after 1 July 2008). The application of the interpretation is not expected to have an impact on the consolidated financial statements of the Company.
- IFRIC 14 IAS 19: "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction" (effective for annual periods on or after 1 January 2008). The application of the interpretation is not expected to have an impact on the consolidated financial statements of the Company.

d. Use of estimates and judgements

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

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the 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 Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

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

- **Income taxes**
  Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company 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**
  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 Company's acquired properties to determine their fair market value. These valuations are prepared in accordance with generally accepted appraisal standards, as set out by the American Society of Appraisers (the "ASA"), and in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Principles of Appraisal Practice and Code of Ethics of the ASA and RICS (the "Royal Institute of Chartered Surveyors"). Furthermore, the valuations are conducted on an "as is condition" and on an open market comparative basis. Property valuations are prepared at the end of June and December of each year. The Company reserves the right to undertake quarterly valuations on selected projects, where it seems necessary.

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

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

e. Functional and presentation currency

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

2. Determination of fair values

A number of the Company'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

Property, plant and equipment

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

Investment property

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

Trading properties
The fair value of trading properties acquired in a business combination is determined based on its 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 inventories.

Investment in equity securities
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 Company 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.

3. Significant company holdings

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

Name	Country of incorporation	Shareholding Interest
Scorpio Bay Holdings Limited	Cyprus	100.00%
Scorpio Bay Resorts S.A.	Greece	100.00%
Latirus Enterprises Limited	Cyprus	80.00%
Iktinos Techniki Touristiki S.A.	Greece	77.30%
Xscape Limited	Cyprus	100.00%
Golfing Developments S.A.	Greece	100.00%
MindCompass Overseas Limited	Cyprus	100.00%
MindCompass Overseas S.A.	Greece	100.00%
Mindcompass Overseas Two S.A.	Greece	100.00%
Ergotex Services Limited	Cyprus	100.00%
D.C. Apollo Heights Polo and Country Resort Ltd	Cyprus	100.00%
Symboula Estates Ltd	Cyprus	100.00%
DolphinCI Fourteen Limited	Cyprus	100.00%
Eidikou Skopou Dekatessera S.A.	Greece	100.00%
Portoheli Hotel and Marina S.A.	Greece	80.00%
Dolphin Capital Atlantis Limited	Cyprus	85.00%
Aristo Developers plc	Cyprus	84.23%
Azurna Uvala D.o.o.	Croatia	90.00%
Eastern Crete Development Company (Greece) S.A.	Greece	60.00%
Alexandra Beach Tourist Enterprises S.A.	Greece	42,12%
DolphinLux 1 Sarl	Luxemburg	100.00%
DolphinLux 2 Sarl	Luxemburg	100.00%
Pasakoy Yapi ve Turizm AS	Turkey	80.00%
Kalkan Yapi ve Turizm AS	Turkey	60.00%
DCI Holdings Five Limited	BVIs	100.00%
DCI Holdings Seven Limited	BVIs	70.00%
Playa Grande Holdings Inc.	Dominican Republic	70.00%

4. Earnings per share

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

	From 1 January 2007 to 31 December 2007 '000	From 7 June 2005 to 31 December 2006 '000
Profit attributable to equity holders of the Company (€)	574,483	110,324
Number of weighted average common shares in issue	431,163	109,096
Basic earnings per share (€ per share)	**1.33**	**1.01**

Weighted average number of common shares

	31 December 2007 '000	31 December 2006 '000
Issued common shares at the beginning of the year/period	339,460	5,000
Effect of shares issued during the year/period	91,703	104,096
Weighted average number of common shares at the end of the year/period	**431,163**	**109,096**

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

	From 1 January 2007 to 31 December 2007	From 7 June 2005 to 31 December 2006
Profit attributable to equity holders of the Company (€'000)	574,483	110,324
Weighted average number of common shares in issue ('000)	431,163	109,096
Effect of potential conversion of warrants ('000)	31,535	-
Weighted average number of common shares for diluted earnings per share ('000)	462,698	109,096
Fully diluted earnings per shares (€ per share)	**1.24**	**1.01**

5. Investment property

	31 December 2007 €'000	31 December 2006 €'000
At beginning of year/period	278,017	-
Additions through:		
Direct acquisitions	189,918	57,565
acquisition of subsidiary companies	634,791	175,936
Disposals	(567)	-
	1,102,159	233,501
Fair value adjustment	446,875	44,516
At end of year/period	**1,549,034**	**278,017**

6. Trading properties

	31 December 2007 €'000	31 December 2006 €'000
At beginning of year/period	19,900	-
Additions	381	-
Disposals and other movement	(15,098)	
Additions through acquisition of subsidiaries	351,036	19,900
At end of year/period	**356,219**	**19,900**

7. Receivables and other assets

	31 December 2007	31 December 2006
Accrued interest receivable	189	1,257
Pre-contract advances for land acquisitions	-	1,951
Investments at fair value through profit or loss	617	-
Investment manager fee prepayments	4,295	2,045
Other current assets	4,158	-
Other receivables and prepayments	25,905	2,317
Total	**35,164**	**7,570**

8. Cash and cash equivalents

	31 December 2007 €'000	31 December 2006 €'000
Bank balances	191,156	53,193
Money market funds	45,746	-
One-week deposit	96,642	-
One-month fixed deposits	33,236	14,927
Two-month fixed deposits	30,113	61,149
Three-month fixed deposits	17	163,660
Cash and cash equivalents	**396,910**	**292,929**

The average interest rate on the above bank balances for the year ended 31 December 2007 was 4.00% (as at 31 December 2006: 3.21%).

9. Share capital and premium

Authorised share capital

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

Movement in share capital and premium

	'000 of shares	Share capital €'000	Share premium €'000
Capital at 7 June 2005	5,000	50	4,950
Shares issued from AIM primary placement on 8 December 2005	104,000	1,040	102,960
Placement costs on AIM primary placement	-	-	(3,411)
Shares issued from exercise of warrants on 9 October 2006	12,500	125	-
Shares issued from AIM secondary placement on 9 October 2006	217,960	2,180	297,831
Placement costs on AIM secondary placement	-	-	(6,995)
Capital at 31 December 2006	**339,460**	**3,395**	**395,335**
Capital at 1 January 2007	339,460	3,395	395,335
Shares issued from AIM third placement on 27 June 2007	178,041	1,780	448,220
Placement costs on AIM third placement	-	-	(10,196)
Capital at 31 December 2007	**517,501**	**5,175**	**833,359**

Warrants

The number of shares will increase due to the right of potential conversion of warrants, granted to the Investment Manager by the Warrant Deed.

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

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

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

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currency was other than the euro.

Dividends

A Cypriot subsidiary of the Company, Aristo Developers plc, has declared total dividends during the year in the amount of €13,847 thousand. Out of this amount, only €438 thousand were paid to the minority shareholders of the Company.

10. Interest-bearing loans

	Total		Within one year		Within two to five years		More than five years	
	2007	2006	2007	2006	2007	2006	2007	2006
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans in euro	115,062	3,529	14,806	1,029	6,657	2,500	93,599	-
Loans in Cyprus pounds	126,191	-	24,817	-	75,155	-	26,219	-
Loans in United States dollars	22,923	-	-	-	-	-	22,923	-
Bank overdrafts in Cyprus pounds	23,405	-	23,405	-	-	-	-	-
Total	**287,581**	**3,529**	**63,028**	**1,029**	**81,812**	**2,500**	**142,741**	**-**

Interest rates

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

- Loans in euro were based on Euribor and their margins ranged between 0.95% to 2.25%.
- Loans in Cyprus pounds ranged between 5.75% to 6.17%.
- Bank overdrafts in Cyprus pounds ranged between 5.5% to 6.57%.
- Loans in United States dollars had interest rates between 6.00% to 8.46%.

As at 31 December 2006, the Company had only one loan in euro whose interest rate was based on Euribor plus margin of 2.20%.

Securities

As at 31 December 2007, the Company's interest-bearing loans were secured as follows:

- Mortgages against the immovable property of Aristo Developers plc, pledging of shares of Aristo subsidiaries and a floating charge on Aristo's inventory in the amount of €1.7 million.
- Pledging of all the shares of DCI Holdings Two Ltd who owns the shares in Aristo.
- Mortgages against the immovable property of the Dominican Republic's subsidiary, Playa Grande Holdings Inc.
- Mortgages against the immovable property of the Croatian subsidiary, Azurna Uvala D.o.o.

11. Trade and other payables

	31 December 2007 €'000	31 December 2006 €'000
Trade payables	30,583	11,040
Land creditors	15,032	-
Incentive fee payable	73,468	-
Other payables and accrued expenses	82,830	1,911
Total	**201,913**	**12,951**

12. Net asset value per share

	31 December 2007 '000	31 December 2006 '000
Total equity attributable to equity holders of the Company (€)	1,523,971	509,054
Number of common shares in issue at end of year/period	517,501	339,460
Net asset value per share (€ per share)	**2.94**	**1.50**
Number of common shares in issue at end of year/period	517,501	339,460
Effect of potential conversion of warrants	31,535	-
	549,036	339,460
Diluted net asset value per share (€ per share)	**2.78**	**1.50**

13. Related party transactions

13.1 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 2007 were as follows:

	Shares '000
Miltos Kambourides (indirect holding)	8,924*
Nicholas Moy	50
Roger Lane - Smith	45
Andreas Papageorghiou	5

**As at 17 January 2008, the number of shares indirectly held by Mr. Miltos Kambourides increased to 15,039 thousand and will further increase due to the right of potential conversion of warrants.*

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

13.2 Investment Manager fees

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

- €109 million; plus

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

In addition, the Company shall reimburse the Investment Manager for any professional fees or other costs incurred on behalf of the Company at its request for services or advice. Annual management fees paid during the twelve-month period ended 31 December 2007 amounted to €12,902 thousand.

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

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

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

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

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

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

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

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

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

13.3 Directors' remuneration

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

	From 1 January 2007 to 31 December 2007 €’000	From 7 June 2005 to 31 December 2006 €’000
Andreas Papageorghiou	15.0	20.5
Cem Duna	15.0	20.5
Nicholas Moy	15.0	20.5
Roger Lane - Smith	45.0	13.1
Total	**90.0**	**74.6**

13.4 Shareholder and development agreements

Shareholder agreements

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

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

DolphinCI 22 Limited, a subsidiary of the Company, has signed a shareholder agreement with the minority shareholder of Eastern Crete Development Company SA. DolphinCI 22 Limited has acquired 60% of the shares of project Plaka Bay by paying the former majority shareholder the part of the purchase price upon closing and the remainder will be paid in the event the minority shareholder is successful in, among others, acquiring additional specific plots and obtaining construction permits.

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

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

DCI Holdings One Limited (DCI One), a subsidiary of the Company, has signed a shareholders agreement with the minority shareholder of DCI Holdings Two Limited (DCI Two), Mr. Theodoros Aristodemou (TA), CEO of Aristo Developers plc (Aristo).
Under its current terms:

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

Development agreements

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

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

Subject to obtaining the necessary permits, DCI Holdings Seven Ltd is obliged to construct the infrastructure on the land retained by DR Beachfront Real Estate LLC (the “Seller”) and to deliver to the Seller four villas designed by Aman Resorts, one of the minority shareholders of the Playa Grande project.

13.5 Service agreement

Following the acquisition of Aristo Developers plc, a Service agreement was signed by DCI One, DCI Two and TA. The latter is entitled to receive annually a net after taxes amount equal to 20% of the NAV Uplift (the "Management Incentive Fee"), which shall be created from Aristo Developers plc's four potential golf-integrated residential developments (the "Relevant Projects"), within Venus Rock and Eagle Pine and which shall be calculated during the Pre-development Phase of each Relevant Project, defined to start from 5 April 2007 and end on the day that the Relevant Project receives planning permission for a golf course with integrated freehold residential real-estate of 100,00 m^2.

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

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

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

As of 31 December 2007, the Management Incentive Fee is estimated to be € 73,468 thousand.

13.6 Other related parties

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

Company or related party	€'000	Nature of transaction
Roots Development S.A.	283	Project management services in relation to the Kilada Hills project
Roots Development S.A.	307	Project management services in relation to the Lavender Bay project
Roots Development S.A.	257	Project management services in relation to the Seascape Hills project
Roots Development Limited	30	Project management services in relation to the Kilada Hills project
Ergotex Parks Limited	318	Project management services in relation to the Kilada Hills project
Ergotex Parks Limited	50	Project management services in relation to the Seascape Hills project
Virtus Finance S.A.	750	Project management services in relation to the Livka Bay project
Elemata B.V.	1,111	Financing from the minority shareholder of Livka Bay project
Virtus Investments B.V.	33	Provision of financing from the minority shareholder of Livka Bay project
Virtus Investments B.V.	550	Provision of financing to the minority shareholder of Livka Bay project
Kemer Yapi ve Turizm A.S.	2,038	Provision of financing to the minority shareholder of LaVanta & Kundu projects
Kemer Yapi ve Turizm A.S.	7,323	Amount payable for purchase of land from minority shareholder for Kundu project
Gordion Investment Limited	1,153	Provision of financing from minority shareholder of LaVanta project
Fonton Limited	3,692	Provision of financing to the minority shareholder of Playa Grande project
Blue Capital Holdings Limited	738	Provision of financing to the minority shareholder of Playa Grande project

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

14. Business combinations

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

									Acquisitions of minority interest				
	Portoheli Hotel and Marina S.A.	Azurna Uvala D.o.o.	Aristo Developers plc	Pasakoy Yapi ve Turizm A.S.	Kalkan Yapi ve Turizm A.S	Playa Grande Holdings Inc.	Eastern Crete Dev. S.A.	Scorpio Bay Holdings Limited	MindCompass Overseas Limited	Iktinos Techniki Touristiki S.A.	Xscape Limited	Single Purpose Vehicle One Limited	Total acquisition
	€`000	€`000	€`000	€`000	€`000	€`000	€`000	€`000	€`000	€`000	€`000	€`000	€`000
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
Investment property	7,500	39,200	509,996	-	-	54,395	23,700	-	-	-	-	-	634,791
Property, plant and Equipment	-	-	55,997	-	85	12,085	-	-	-	-	-	-	68,167
Investment in associate Companies	-	-	9,147	-	-	-	-	-	-	-	-	-	9,147
Deferred tax asset	3	-	-	10	535	-	20	-	-	-	-	-	568
Trading properties	-	-	330,294	12,816	7,927	-	-	-	-	-	-	-	351,037
Loans receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	45	345	8,764	1	3	18,189	11	-	-	-	-	-	27,358
Interest-bearing loans	(510)	(13,238)	(165,585)	-	-	(22,923)	-	-	-	-	-	-	(202,256)
Finance lease obligation	-	-	-	-	(48)	-	-	-	-	-	-	-	(48)
Deferred tax liability	(1,432)	(5,643)	(58,555)	(893)	(756)	-	(4,323)	-	-	-	-	-	(71,602)
Other current liabilities	(33)	(571)	(63,035)	(8,259)	(4,513)	(19,607)							(96,018)
Net assets	5,573	20,093	627,023	3,675	3,233	42,139	19,408	-	-	-	-	-	721,144
Minority interest	(1,115)	(2,010)	(59,731)	(736)	(1,293)	(12,644)	(7,762)	11,583	12,967	670	1,779	451	(57,841)
Net assets acquired	4,458	18,083	567,292	2,939	1,940	29,495	11,646	11,583	12,967	670	1,779	451	663,303
Purchase consideration	(2,707)	(5,160)	(257,538)	(3,159)	(2,320)	(10,349)	(6,388)	(6,500)	(10,120)	(441)	(440)	(440)	(305,562)
Excess of fair value over cost arising on acquisitions	1,751	12,923	309,754			19,146	5,258	5,083	2,847	229	1,339	11	358,341
Goodwill	-	-	-	(220)	(380)	-	-	-	-	-		-	(600)
Analysis of net cash flow and cash equivalents:													
Purchase consideration	(2,707)	(5,160)	(242,556)	(3,159)	(2,320)	(10,349)	(6,388)	(6,500)	(10,120)	(441)	(440)	(440)	(290,580)
Cash and cash equivalents of acquired companies	45	345	8,764	1	3	18,189	11	-	-	-	-	-	27,358
Cash outflow on acquisitions	(2,662)	(4,815)	(233,792)	(3,158)	(2,317)	7,840	(6,377)	(6,500)	(10,120)	(441)	(440)	(440)	(263,222)

During the period from 7 June 2005 to 31 December 2006, the Company acquired ownership interest in the following entities:

2006

In thousands of euro	Alasia Polo and Country Resort Limited (m)	MindCompass Overseas Limited (n)	XScape Limited (o)	Latirus Enterprises Limited (p)	Total	Acquisitions of Minority Interests: Additional Acquisition in Alasia Polo and Country Resort Limited (q)	Acquisitions of Minority Interests: Additional acquisition in XScape Limited (r)	Total acquisitions
Investment property	63,307	76,238	4,100	32,291	175,936	-	-	175,936
Property, plant and equipment	36	4	12	63	115	-	-	115
Trading properties	-	19,900	-	-	19,900	-	-	19,900
Deferred tax asset	-	399	86	6	491	-	-	491
Cash and cash equivalents	355	8,534	-	109	8,998	-	-	8,998
Deferred tax liability	(12,573)	(11,493)	(1,515)	(7,247)	(32,828)	-	-	(32,828)
Interest bearing loans	-	(4,000)	-	-	(4,000)	-	-	(4,000)
Finance lease obligation	-	-	(4,100)	-	(4,100)	-	-	(4,100)
Net current assets/(liabilities)	247	2,617	1,780	(17)	4,627	-	-	4,627
Net assets	51,372	92,199	363	25,205	169,139	-	-	169,139
Minority interest	(21,053)	(12,450)	(54)	(6,301)	(39,858)	21,053	2,121	(16,684)
Net assets acquired	30,319	79,749	309	18,904	129,281	21,053	2,121	152,455
Purchase consideration	(12,674)	(45,233)	(72)	(10,724)	(68,703)	(4,000)	(1,573)	(74,276)
Excess of fair value over cost arising on acquisitions	17,645	34,516	237	8,180	60,578	17,053	548	78,179
Analysis of net cash flow and cash equivalents:								
Purchase consideration	(12,674)	(45,233)	(72)	(10,724)	(68,703)	(4,000)	(1,573)	(74,276)
Cash and cash equivalents of acquired companies	355	8,534	-	109	8,998	-	-	8,998
Cash outflow on acquisitions	(12,319)	(36,699)	(72)	(10,615)	(59,705)	(4,000)	(1,573)	(65,278)

(a) Portoheli Hotel and Marina S.A.

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

(b) Azurna Uvala D.o.o.

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

(c) Aristo Developers plc

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

Aristo owns a number of strategic assets that are complementary to the Company's strategy of acquiring large land sites and establishing premium branded residential resorts. Aristo is today believed to be the largest private land owner in Cyprus and the largest holiday home developer, both in terms of annual turnover and number of units sold. Aristo owns three out of the twelve new preliminary licences for golf-integrated residential resorts granted by the Cypriot government. Aristo's flagship asset is Venus Rock, a 1,000 hectare site that is one of the largest sea-front residential resort development sites in Europe, and which is expected to comprise up to 3 golf courses, more than 3,000 residential units, a 5-star hotel with spa, extensive beach-front entertainment, retail and commercial facilities, marina and other sport facilities. Subsequent to the announcement, the Company launched a public tender offer to acquire the outstanding 20% of shares in Aristo also at a price of €2.15 per share which implies a total cash consideration of €57.9 million. As at 31 December 2007, the effective shareholding interest of the Company in Aristo was 84.23%.

During the year, Aristo increased its shareholding interest in Magioko Limited, a subsidiary owning a seaside tourist land in Cyprus, to 100%. Aristo also increased its shareholding interest in Venus Rock Estates Limited, a subsidiary owning and developing land in Cyprus, to 98.61%.

(d) Pasakoy Yapi ve Turizm A.S.

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

(e) Kalkan Yapi ve Turizm A.S.

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

(f) Playa Grande Holdings Inc.

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

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

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

(h) Scorpio Bay Holdings Limited

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

(i) MindCompass Overseas Limited
The Company has completed the minority buy-out and increased its shareholding interest in Mindcompass Overseas Ltd from 88.7% to 100%.

(j) Iktinos Techniki Touristiki S.A.
The Company has increased its shareholding interest in Iktinos Techniki Touristiki S.A. from 75.00% to 77.3%.

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

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

(m) Alasia Polo and Country Resort Limited
The Company acquired 59.02% of Alasia Polo and Country Resort Limited, a development of a polo integrated residential community near Limassol, Cyprus.

(n) MindCompass Overseas Limited
During the period, the Company acquired 85.3% of MindCompass Overseas Limited, a development of a golf integrated resort at Kilada Hills, Pelloponissos, Greece. As a result of the Company's additional cash invested into the Killada Hills project and in accordance with the shareholder agreement between the Company and the minority shareholder, the minority shareholder's ownership interest in MindCompass Overseas Limited was diluted by 1.6%.

(o) XScape Limited
During the period, the Company acquired 85.13% of Xscape Limited, a development of a golf integrated residential resort near Volos, Greece.

(p) Latirus Enterprises Limited
The Company acquired 79.66% of Latirus Enterprises Limited, the Cypriot company that owns 94.16% of Iktinos Techniki Touristiki S.A., the Greek company that owns the Sitia Bay Golf Resort project in the island of Crete, Greece.

(q) Alasia Polo and Country Resort Limited
The Company acquired the remaining 40.98% of Alasia Polo and Country Resort Limited for the amount of €4.0 million.

(r) XScape Limited
As a result of the Company's additional cash invested into the Lavender Bay project and in accordance with the shareholder agreement between the Company and the minority shareholder, the minority shareholder's ownership interest in XScape Limited was diluted by 10.4%.

15. Commitments

On 31 December 2007, the Company had commitments on the following projects:

	Country	Commitment	Investment as at 31 December 2007	Remaining commitments as at 31 December 2007
		€'000.000	€'000.000	€'000.000
Kilada Hills	Greece	85.0	77.1	7.9
Scorpio Bay	Greece	16.0	10.4	5.6
Apollo Heights	Cyprus	21.4	16.7	4.7
Amanmila	Greece	5.0	1.7	3.3
Lavender Hills	Greece	46.0	13.8	32.2
Sitia Bay	Greece	24.0	12.5	11.5
Plaka Bay	Greece	26.0	6.5	19.5
Tzia	Greece	14.5	11.2	3.3
Seascape Hills	Greece	50.0	33.1	16.9
Livka Bay	Croatia	30.0	10.6	19.4
Rebranded Hotels	Greece	5.0	2.9	2.1
Kundu	Turkey	23.2	7.9	15.3
LaVanta	Turkey	5.4	4.0	1.4
Playa Grande	Dominican Republic	22.2	11.5	10.7
Atlantis	Cyprus	319.1	319.1	0.0
Total		**692.8**	**539.0**	**153.8**

16. Contingent liabilities

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

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

Aristo Developers plc had contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which management does not anticipate that material liability will arise. These guarantees amount to €18.9 million.

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

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

17. Post balance sheet events

The Company had the following post balance sheet events:

On 25 February 2008, the minority shareholder of Kalkan Yapi ve Turizm exercised his put option to sell his stake in the entity, 19%, to the remaining two shareholders, DolphinLux One S.a.r.l. and Kemer Yapi ve Turism. Each of the latter, will acquire 50% of the shares by paying the purchase price within sixty days of notification of the exercise of the put option.

On 28 February 2008, the minority shareholder of Kundu Yapi ve Turizm exercised his put option to sell his stake in the entity, 4%, to the remaining two shareholders, DolphinLux One S.a.r.l. and Kemer Yapi ve Turism. Each of the latter, will acquire 50% of the shares by paying the purchase price within sixty days of notification of the exercise of the put option.

On 1 March 2008, Eastern Crete Development Company SA, a subsidiary of the Company, signed a development management agreement with a company related to minority shareholder of Plaka Bay under the terms of which this company undertakes to assist Eastern Crete Development Company SA to obtain all permits required to enable the development of the project as well as to select advisors, consultants, etc., during the pre-construction phases. The development manager will receive an annual fee.

On 3 March 2008, the Company acquired the remaining 10% in Azurna Uvala D.o.o. for the amount of €1.123 thousand, increasing its shareholding from 90% to 100%. The Company has also agreed with Virtus Investments B.V. and Elemata B.V. to pay them an amount of €6.521 thousand in full settlement of all future payments for the first phase of the Livka project in accordance with their Shareholders Agreement and an amount of €170 thousand in full settlement of a shareholder loan relating to the first phase of the Livka project.

Under the Shareholders Agreement between DCI Holdings Five Limited (the DCI holding entity) and Fonton Limited (the Aman resorts holding entity), Fonton Limited is entitled to a stake of up to 25% in the joint venture which has acquired Playa Grande Holdings. Fonton Limited has been granted an option, which will expire on 31 March 2008, to acquire 25% in the joint venture by contributing its proportionate share of the consideration ($5.8 million). Fonton Limited has expressed its intention to exercise this option and has already contributed an amount of $1m towards this end. Unless the remaining $4.8m, granted to Fonton Limited in the form of a loan facility with DCI Holdings Five Limited, are repaid by 31March 2008, the shareholding of Fonton Limited in the joint venture will be marked down accordingly.

Under the Shareholders Agreement between DCI Holdings Five Limited (the DCI holding entity) and Blue Capital Limited, Blue Capital Limited is entitled to a stake of up to 5% in the joint venture which has acquired Playa Grande Holdings Inc. Blue Capital Limited had been granted an option, which would expire on 31 March 2008, to acquire 5% in the joint venture by contributing its proportionate share of the consideration (US$1.1 million). Blue Capital Limited exercised the aforementioned option by contributing the aforementioned amount on January 11, 2008.

On 17 January 2008, the Company disposed its 60% shareholding interest in its Cypriot subsidiary, A & A Super Aphrodite Park Limited, for the amount of €5.2 million. The shareholding interest of the Company in A & A Super Aphrodite Park Limited, whose principal activity was the ownership and operation of a waterpark, was sold to the other two shareholders of this company.