11 March 2010

DOLPHIN CAPITAL INVESTORS LIMITED

('**Dolphin**' or the '**Company**' or '**DCI**')

Preliminary results for the year ended 31 December 2009

Dolphin Capital Investors Limited, a leading global investor in the residential resort sector in emerging markets and the largest real estate investment company listed on AIM by Net Asset Value ("**NAV**"), is pleased to announce its preliminary results for the year ended 31 December 2009 and provide an update on operations since its last Trading Update, released on 3 February 2010.

Operating Highlights since last Trading Update on 3 February 2010:

- As announced on 26 February 2010, the board of directors of a major regional bank approved a 13-year asset-backed loan facility of €100 million that will be equally divided between The Porto Heli Collection ("**PHC**") and Venus Rock Golf Resort ("**Venus Rock**"). Legal completion of the loan facility remains conditional on the completion of the customary due diligence. Once this debt facility is finalised, the development of the first phases of PHC and Venus Rock are not expected to require any further equity contribution from Dolphin.

- Rapid progress achieved at Aman at Porto Heli:
  - On 1 March 2010, following the completion of the first guest pavilion structure, site installations, tree relocations and earthworks and the conclusion of a competitive tender process, the main turn-key construction contract was signed with Domotechniki SA (www.domotechniki.gr) which was selected from six competitive bids and mobilised on site to proceed with the remaining construction activities. The construction contract signed is 30% below the Company's cost estimate prior to the tender process. The total construction and fit-out costs are now set at c. €40 million.
  - The long-term construction debt financing arranged last year through a major Greek bank on a project finance basis for c. 65% of the Aman Hotel's overall construction and fit-out costs is now being finalised on the basis of the new construction contract.
  - The Greek National Tourism Organisation Suitability ("**GNTOS**") approval for the Aman Villas was granted on 25 February 2010.
  - The first reservation agreement for the sale of an Aman Villa was signed on 19 February 2010.

- A Letter of Understanding was signed on 5 March 2010 with Waldorf Astoria (www.waldorfastoria.com), the most high-end brand of Hilton Worldwide, for the management and operation of a 150-room hotel at Sitia Bay Golf Resort ("**Sitia Bay**") and the Company is now proceeding with the negotiations of the definitive agreements. The website of Sitia Bay (www.sitiabayresort.com) was launched on 9 March 2010.

- The Company has further deferred the remaining payment for part of the land relating to Lavender Bay Resort ("**Lavender Bay**"). Specifically, the amount of €16.3 million (bearing interest at 5% p.a.) that could be deferred up to 2 November 2011 can now be deferred up to 31 December 2013.

- The 11 hectare beachfront site of Triopetra received GNTOS approval by the Crete Regional Authority on 8 February 2010.

- Athiari Site in Paphos, Cyprus, acquired in 2008 by Aristo Developers ("**Aristo**"), received its planning permit on 9 March 2010. The site, located in the heart of the commercial and tourist area of downtown Paphos, at the crossroad of the two main avenues, will be developed as a c. 32,800 m^2 shopping mall with two basements of 37,450 m^2 including 1,150 parking spaces and is expected to become a landmark for the area.

- Gross sales booked by Aristo for February 2010 were €6.6 million, an increase of 233% relative to the same period last year. This performance is not yet as high as the pre-crisis levels, but it confirms the recent trend of increasing sales.

Financial Highlights:

- Total Dolphin NAV of €1.343 billion and €1.215 billion before and after deferred income tax liabilities ("**DITL**") respectively, representing a decrease of €67 million (4.7%) and €60 million (4.7%) respectively from 30 September 2009 driven mainly by a 2% decrease in the overall portfolio valuation and 2.7% from operating losses and provisions.

- NAV per share as at 31 December 2009 before DITL of 193p and after DITL of 174p. This represents a decrease of 6.5% versus 206p and 186p respectively as at 30 September 2009, driven, in addition to the reasons mentioned above, by the 1.8% appreciation of Sterling versus the Euro.

- Balance sheet remains robust:
    - Gross Assets of €1.87 billion.
    - Net Assets before DITL of €1.343 billion.
    - Group cash balance of €60 million as at 31 December 2009 (current balance c. €57 million).
    - No bank debt at Company level.
    - No or very limited bank debt on 11 out of 13 major projects.
    - Group debt to asset value ratio set to c. 20%.
    - €345 million or c. 90% of all Group debt held within Aristo and serviced by Aristo's operating cashflows.

Advanced Projects

As reported in recent trading updates, four out of the 13 major projects in Dolphin's portfolio are considered to be advanced in the sense that the masterplanning, designing, zoning, and much of the pre-marketing work required to launch the construction works and the sales campaign has been completed. The four Advanced Projects are The Porto Heli Collection, Venus Rock, Playa Grande and Pearl Island.

Due to their current advanced status, the Investment Manager is now in a position to estimate with some more clarity the equity capital requirements from this point onwards for the first phases of each project, as well as their expected profitability using conservative debt and sales assumptions that reflect the current market conditions.

The Porto Heli Collection (www.portohelicollection.com)

- Phase A of the project includes the development of:
  - *The Aman at Porto Heli*, a 38-room hotel and spa, designed by Ed Tutle and currently under construction
  - *The Aman Beach Club*
  - *The Aman Villas* serviced by the Aman hotel
  - *The Beach Hotel* (ex Youli hotel), which will include hotel suites as well as apartments for sale
  - *The Seafront Villas* (ex Kilada Hills Collection villas), the shells of which have already been constructed.
- Based on current market assumptions, the Investment Manager estimates that the project's gross sales from the development of Phase A will exceed €240 million and are expected to generate gross returns of over €120 million, after deducting related infrastructure, development and marketing costs. Subject to the finalisation of the new loan, no additional equity is expected to be required to complete that phase.

Venus Rock Golf Resort (www.venusrock.com)

- Phase A of the project includes the development of:
  - *Two 18-hole Golf Courses* designed by Tony Jacklin
  - *Two Golf Club Houses*
  - *A Nikki Beach Club*
  - *c.1,000 Villas and 264 Plots.*
- The Investment Manager estimates that the project's gross sales from the development of Phase A will exceed €565 million and are expected to generate gross returns of over €230 million, after deducting related infrastructure, development and marketing costs. Subject to the finalisation of the new loan, no additional equity is expected to be required to complete that phase.

Playa Grande Club & Reserve (www.playagrande.com)

- Phase A of the project includes the development of:
  - The renovation of the existing legendary *Robert Trent Jones, Snr. Golf Course* based on the new designs by his son Rees Jones
  - A new *Golf Club House*, fitness, spa and tennis facilities
  - *The Playa Grande Beach Club*
  - *A Village Inn Hotel* adjacent to the golf course of approximately 20 suites with a boutique retail centre
  - *Approximately 100 residential units* (lots, villas, townhouses/condos) around the golf course and the beach village
  - *A 40-room Aman Hotel* designed by Jean-Michel Gathy
  - *The Aman Villas* serviced by the Aman Hotel.

- Based on current market assumptions, the Investment Manager estimates that the project's gross sales from the development of Phase A will exceed €240 million and are expected to generate gross returns of over €145 million, after deducting related infrastructure, development and marketing costs. The additional equity requirement is estimated at c. €30 million, based on conservative project financing assumptions.

Pearl Island (www.pearlisland.com)

- Phase A of the project includes the development of:
  - *A 24-suite Zoniro Lodge Hotel* with beach club, spa and other leisure facilities
  - *A 40 berth and 30 dry dock marina*
  - *c. 100 residential units* (villas and plots).

- Based on current market assumptions, the Investment Manager estimates that the project's gross sales from the development of Phase A will exceed €95 million and are expected to generate gross returns in excess of €35 million, for the 60% of Dolphin's shareholding, after deducting related infrastructure, development and marketing costs. The additional equity requirement for Dolphin is estimated at c. €8 million, based on conservative project financing assumptions.

These four Advanced Projects today represent less than half of the NAV of Dolphin. Their first phases have a collective profitability potential in excess of €530 million or c.77p per share over a five-year period, assuming aggregate equity injection of €38 million in Playa Grande and Pearl Island and no profit from the investment in the leisure components. On average they represent less than 30% of the Advanced Projects' total potential development profitability. In addition, completion of these first phases, which include the bulk of the projects' overall infrastructure investment, is expected to unlock the significant profitability of their remaining phases with little or no requirement for additional Dolphin equity.

Track Record to date

Since its IPO in December 2005, Dolphin has established a track record of rapid capital deployment and significant NAV creation, while adhering to stringent risk management criteria. More specifically:

1. The Company has acquired one of the largest developable land portfolios in the eastern Mediterranean and beyond having invested over €714 million in 13 major and several smaller projects in Greece, Cyprus, Croatia, Turkey, Dominican Republic and Panama totalling c.60 km of unique coastlines.

2. Dolphin acquired Aristo Developers Ltd., the largest development company and largest private land owner in Cyprus, through a public to private transaction, the largest ever in the history of the Cyprus stock market. Since acquisition, Aristo has invested €177 million from its own financial sources to further expand its land bank and project pipeline.

3. The average public capital raising price per share of 115p has today a NAV per share (before DITL) of 193p.

4. Dolphin has generated c. €263 million of sales at a premium to the respective Colliers valuations and significantly above DCI's investment cost:
   - €27 million through the sale of stakes or entire holdings in five projects;
   - €236 million through the sale of 827 homes by Aristo, 31 LaVanta villas and one Aman Villa at PHC.

5. Dolphin has arranged €359 million of new bank debt at various project levels and has restructured €89 million of other debt without any recourse to Dolphin.

6. Although operating in unsophisticated markets with significant bureaucracy and complex procedures, Dolphin has achieved preliminary or final zoning and permits for 9 out of its 13 Major Projects and for 93% of the Aristo land portfolio, creating a unique portfolio of:
   - 19 hotels under planning, out of which 10 permitted and 1 under construction;
   - 8 golf courses under planning, out of which 5 permitted and 2 currently operating;
   - 5 marinas under planning, out of which 1 permitted; and
   - Capacity to build over 10,000 residential units.

7. The Company has grown to become a sought after partner in its region and has to date partnered with world class names such as Aman Resorts, Oberoi, Kempinski, GHM, Nikki Beach, Waldorf Astoria, Gary Player, Tony Jacklin, Jack Nicklaus, Chad Oppenheim, John Heah, Ed Tuttle, Jean-Michel Gathy, Hart Howerton, EDSA, and WATG. Dolphin has introduced almost all of them to these markets for the first time.

8. Navigated through the financial downturn successfully, by taking actions such as:
    - restructuring existing transactions and contracts;
    - value engineering all development plans;
    - reducing project overheads;
    - restructuring but not increasing financial debt at project levels
    - carefully phasing the development of its projects; and
    - strategically slowing-down new land/project acquisitions

    Due to the above actions, Dolphin was able to:
    - Maintain a strong balance sheet, with zero debt at corporate level;
    - Progress the development of all its projects;
    - Ensure that all Dolphin companies met the financial covenants of their respective loans; and most importantly
    - Not seek additional capital from the Company's shareholders or borrow at corporate level.

Innovation

Dolphin aims to generate Shareholder value enhancing opportunities beyond the ongoing operations, by offering programmes that have never been offered before by publicly listed companies in our sector:

<u>Shares-for-Assets</u>

The Shares-for-Assets ("**SfA**") programme provides Shareholders with the opportunity to exchange Dolphin's common shares for certain Dolphin real estate assets at a multiple of the applicable market price of the common shares tendered at the time of the exchange.

For the Shareholders, the SfA programme represents:
- An alternative exit at a real estate value multiple to the applicable market value of the underlying common shares at any given time
- An indirect way for the home-buyers to buy assets at discount
- Accretion to the NAV of the remaining common shares.

For the Company, the SfA programme:
- Allows shares to be bought back at significant discount, as Dolphin's shares have a NAV multiple of the asset exchange price
- Involves no costs in cash terms
- Boosts the demand for the Dolphin shares.

A pilot version of the Programme was introduced for the first time on 4 May 2009, covering a subset of the Aristo home stock and lasted two months. Through the programme, 39 such assets with an aggregate sales price of €8.8 million were exchanged for a total of 9.3 million of the Company's shares. The Colliers' assessed value of these properties amounted to €4.2 million while the underlying NAV of the shares exchanged was €23.4 million. The Board of the Company has decided to re-launch the programme potentially on a larger scale; for which the specifics will be announced in the future.

Show-Villas-to-Shareholders-Programme

The Board of the Company has decided to launch a new programme that will allow the Company to sell Show Villas to Dolphin's Shareholders on an off-plan basis at a price equal to the total cost of the respective property as long as the Shareholders own shares of an equivalent market value throughout the construction period of the Show Villas. This scheme will allow the Company to construct the Show Villas which are needed for the commercial marketing of the projects with no additional capital, while existing or new Shareholders can acquire the respective properties at cost i.e. at a significant discount to market value. Details on the programme's implementation will follow in due course.

Outlook

Dolphin continues to have a very strong capital structure with a net asset position of €1.343 billion (before DITL) and no debt at the Company level.

For 2010, the Company's main priorities are:

- To accelerate the development of the first phases of the four Advanced Projects; and
- To execute medium and large scale joint ventures or exits which will reduce the project funding requirements or increase the Company's cash reserves and demonstrate the underlying value of the Company's portfolio.

The current economic environment, both internationally and locally, makes it attractive for the Company to accelerate the development of its four Advanced Projects as:

- These projects are now in a position to start generating significant returns with a relatively low additional capital investment;
- The construction market is currently soft and Dolphin can negotiate very favourable contracts. Particularly in Greece, the larger construction companies are shifting their focus to private construction contracts given that Government contracts for public works are diminishing due to the decreased public spending measures imposed;
- Progressing these projects will enable the Company to deliver supply to market as the international demand in the luxury residential resort sector begins to recover, while many of its competitors are in distress and there is very limited development of new competing products in our focus regions; and
- The completion of the first phases of the Advanced Projects, which include the bulk of the projects' overall infrastructure investment, is set to unlock significant further profits to be realised from developing and/or selling their ensuing phases with little or no requirement for additional Dolphin equity.

A special note should be made on the current economic environment in Greece. The immediate impact on Dolphin, as stated above, is that construction and operating costs are lower. Sales prices are not expected to be affected as competitive pressure remains limited and because the clientele is primarily the international and not the domestic market. Following the announcement of the austerity measures on 3 March 2010, the Government is under significant internal and external pressure to adopt new policies to facilitate investments in tourism, real estate and renewable energy which are the main sectors in which the country has a competitive advantage. These measures are expected to tie in well with Dolphin's investment plans.

The Company also believes that, subject to the availability of capital, it is in an ideal position to further exploit the current market turmoil by making additional distressed or low priced sea-front land acquisitions that could generate significant return multiples once the resort real estate market recovers. In that regard, the Investment Manager has identified a select number of promising investment opportunities at very attractive valuations in south-eastern Europe, the Caribbean and Latin America.

Andreas N. Papageorghiou, Chairman of Dolphin Capital Investors Limited commented:
"We are very pleased to report significant progress in the permitting, financing and construction of the Dolphin portfolio. We look forward to entering a positive cycle of growth aiming to generate significant returns to our Shareholders and further establish the Company's position as the leading global residential resort investor in emerging markets."

Miltos Kambourides, Managing Partner of Dolphin Capital Partners Limited ('DCP' or the 'Investment Manager'), commented:
"Since its inception, Dolphin has been managed according to a conservative strategy, one that has been exceptionally beneficial to the Company's performance and resilience throughout the downturn. With the signs of an emerging economic recovery and with recent successes in agreeing construction financing, we are now in a position to accelerate the construction of the first phases of our Advanced Projects and start demonstrating the results of our extensive pre-development work which, despite being the most value-added and longest phase in a project's life, is also the least visible and thus not easily appreciated."

Invitation to conference call

A conference call for investors and analysts will take place on Thursday 11 March 2010 at 11:00 am (UK time) and can be accessed by the following dial-in numbers:
UK local rate dial-in: +44 (0)20 7138 0838
Pin code: 6406079#

When prompted for a password by the operator, please state "Dolphin Capital Preliminary Annual Results".

A copy of the presentation relating to the results will be available to download ahead of the call from the Company's website www.dolphinci.com under Dolphin Watch.

For further information, please contact:

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Notes to Editors

Dolphin Capital Investors (www.dolphinci.com)

Dolphin is a leading global investor in the residential resort sector in emerging markets and the largest real estate investment company quoted on AIM in terms of Net Assets.

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

Since its inception in 2005, Dolphin has raised €884 million, has become one of the largest private seafront landowners in Greece and Cyprus and has partnered with some of the world's most recognised architects, golf course designers and hotel operators.

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

Dolphin's portfolio is currently spread over 63 million m² of prime coastal developable land and comprises 13 large-scale, leisure-integrated residential resorts under development in Greece, Cyprus, Croatia, Turkey, Panama and the Dominican Republic and more than 60 smaller holiday home projects through Aristo Developers in Cyprus and Greece.

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

Chairman's Statement

I am pleased to report Dolphin's results for the year ended 31 December 2009, a year in which we made significant progress despite the challenging market conditions.

The global economic crisis continued to affect our industry throughout the last twelve months. However, towards the end of 2009, we saw a few encouraging signs, including renewed levels of interest and activity in the second home market both from retail buyers and institutional investors while banks are exhibiting a more positive attitude towards financing real estate developments.

Throughout the year Dolphin remained focused on its core objectives of:

- Finalising its value engineering process and implementing the revised plans for the Advanced Projects. This important exercise was undertaken to ensure that the design and permitting of the most advanced and readily realisable projects within the portfolio were brought forward in order to enable the Company to effect near term development cashflows, whilst enhancing shareholder value and best positioning the portfolio for the upturn; and
- Engaging in ongoing discussions with regard to the potential full or partial realisation or joint ventures for selected projects.

Our team was proactive and responsive: the plans for the advancement and development of the portfolio were successfully revised, significantly reducing operational overheads and permitting expenses, minimising future construction costs and optimising the phasing and development pace of its projects. These achievements, together with the receipt of several key permits and the conclusion of certain project financing arrangements mean that we are now able to accelerate the development of the first phases of the Advanced Projects.

We were also particularly delighted with the highly innovative initiative of the Shares-for-Assets Programme, and we look forward to implementing other similar initiatives such as the Show Villas to Shareholders, aiming to create NAV enhancement and generate interest for Dolphin's shares.

The Company decided in mid-2008 to halt new investments and preserve cash. Given the encouraging signs of stabilisation in the global economy, but in recognition of the issues that a number of landowners continue to face, Dolphin is now open to considering potential low-priced acquisitions. However, these will only be progressed subject to the availability of capital.

Dolphin remains in a strong financial position with current cash reserves of c. €57 million, no bank debt at the Company level and limited bank debt on 11 out of 13 of the major projects. The NAV of the Company before and after DITL as at 31 December 2009 is reported at €1,343 billion and €1,215 billion, respectively.
The Company's NAV per share before and after DITL in Euro terms was €2.14 and €1.94 respectively, representing a 29% decrease from 31 December 2008. The fall was mainly due to a reduction in the land

portfolio valuation and the issue of 133,113,087 million shares for the €42.7 million partial payment of a €92 million obligation relating to the Aristo acquisition.

On 29 September 2009, Hallmark Investors Ltd. announced a tender offer to purchase 120 million common Dolphin shares, without prior consultation or approach to the Board of the Company. Although the offer was not successful, it attracted attention to the Company as was reflected in the share price which rose from 38.75p at the launch of the offer to 57.25p at the closure of the offer.

I have stated last year that Dolphin's investment strategy to create long term shareholder value by acquiring undervalued seafront sites with no financial leverage and transforming them into fully permitted, high-end, premium-branded development projects, although lengthy by nature, remains resilient in the face of the current global economic crisis. This position continues to be true in 2010 and in my view the current trading levels of Dolphin shares do not match the current value or the profit potential of the Company. The Board, together with the Investment Manager, will make every effort to demonstrate the real value of the portfolio and reduce the share price discount.

Andreas N. Papageorghiou
Chairman

Dolphin Capital Investors
11 March 2010

Investment Manager's Report

Throughout the last 12 months, we experienced the continuation of the adverse global economic conditions which characterised the previous period. Against this backdrop, the Dolphin team achieved several key development milestones across the portfolio while maintaining a strong balance sheet without any financing at the corporate level.

Our approach to investments so far has been underpinned by the following principles:

- No use of bank debt for land acquisitions
- No speculative building of homes
- No borrowings at the corporate level
- Borrowings at the project level for the construction of the infrastructure and leisure components in a ring-fenced manner
- Financing of the residential construction from pre-sales.

The above conservative approach has proven a significant competitive advantage in the current market environment that we plan to capitalise on.

As reported in the first half of 2009, four out of the thirteen major projects in Dolphin's portfolio are considered to be 'advanced' in the sense that the masterplanning, designing, zoning, and much of the pre-marketing work required to launch the construction works and the sales campaign have been completed. The four Advanced Projects are PHC, Venus Rock, Playa Grande and Pearl Island. Due to their advanced status, Dolphin is accelerating the development of the first phases of these projects which include most of the infrastructure and core leisure components of the entire project. The development of the first phases of these projects is only a fraction of their total development capability while they are expected to unlock the profit potential of the remaining phases and provide significant returns to the Company.

The debt facility terms that we have recently obtained for Venus Rock and PHC underline the current value and profitability potential of these two Advanced Projects. They also demonstrate that debt financing for solid investment propositions is available from local banks. This is just one of the many encouraging economic indicators that we have observed in the recent months. Others include:

- The growth of Aristo sales
- The reigniting of sales of luxury villas around the world
- The revived private equity investor interest in some of our projects or land holdings
- The enquiries we have received about the Aman Villas at PHC before we have even started marketing them.

All the above lead us to believe, that as long as Dolphin remains well positioned, the Company stands to reap significant profits from the new market cycle and consolidate its market leadership.

Market overview

2009 saw the continued unfolding of the worst economic recession since the 1930s and, although several key economies in Europe and other parts of the world started to register growth as early as the second quarter, the nascent recovery remains fragile. Travel demand trends in the last three months of 2009 confirmed that the recovery was underway, although positive trends were in large part due to comparisons with the low levels in late 2008.

Against the backdrop of both the upturn in international tourism figures and overall economic indicators in recent months, UNWTO, the global forum for tourism policy issues, forecasts a growth in worldwide international tourist arrivals of between 3% and 4% in 2010, even though, worldwide, international tourist arrivals fell by 4% in 2009.

	Cyprus	Greece	Turkey	Croatia	Dominican Republic	Panama
Tourist arrivals *(2009–million)*	2	15**	32	11	4	2**
Change over 2008	*-11%*	*-7%*	*3%*	*-3%*	*0%*	*13%*
GDP (purchasing power parity - $ million):	22,850	32,100	11,200	17,600	8,200	11,900
Change over 2008	*-1%*	*-1%*	*-7%*	*-5%*	*-1%*	*0%*
Contribution to GDP						
Agriculture	2%	3%	9%	6%	11%	6%
Industry	19%	21%	26%	28%	21%	18%
Services	79%	76%	65%	66%	68%	76%
Travel & Tourism economy						
Contribution to GDP (2009)	18%	16%	9%	24%	16%	11%
Contribution to employment (2009)	23%	20%	6%	26%	14%	11%
Contribution to GDP (2019 - forecast)	20%	17%	8%	28%	15%	13%
Absolute size worldwide ranking *	74	20	15	44	59	88

**(181 countries are estimated by WTTC / OE)*

** Estimates

Sources: CIA factbook, WTTC, Country statistical bureaus, ITEP, Sete

Investment / Divestments Highlights since last annual report

Over the period, Dolphin restructured three significant payment obligations, executed three partial or full exits and continued to progress negotiations for further full or partial realisations and joint ventures relating to a small number of core and non-core assets. Notable transactions include the following:

- Dolphin increased its shareholding in Aristo to 100% following the exercise by Mr. Theodoros Aristodemou, the Founder and Managing Director of Aristo, of his put option relating to his remaining

15% shareholding. In order to preserve cash, the terms of the €92 million put option consideration were renegotiated to allow the payment of €49.3 million in cash, with the remaining €42.7 million being paid through the issue to Mr. Aristodemou of 133,113,087 Dolphin common shares following 97% shareholder approval being secured at the EGM. These shares comprised 78,673,087 newly issued Dolphin common shares and the re-issue of 54,440,000 common shares held by the Company in treasury.

- Dolphin successfully restructured the terms of the additional payment for Pearl Island due to Grupo Eleta, Dolphin's 40% partner in the project, following receipt of masterplan and EIS approval on 20 April 2009 and 30 June 2009 respectively. The renegotiated amount due of US$25.7 million became payable as follows: US$10 million (€6.8 million) in cash; US$6 million (€4.1 million) in the form of 9,061,266 Dolphin treasury shares (issued at 40p); and US$9.7 million (plus interest of Libor plus 400 basis points), which is payable within one calendar year from the execution of the Revised Agreements (28 September 2009) for a combination of cash and Dolphin shares.

- The Company has amended the payment schedule for part of the land relating to Lavender Bay. Specifically, the amount of €16.3 million (bearing interest at 5% p.a.) that could be deferred up to 2 November 2011 can now be deferred up to 31 December 2013. In return, the Company has committed to make land payments of €600,000 in each of the next 3 years.

- In line with the Company's stated policy to conserve cash and pursue investments and acquisitions only on a highly selective basis, Dolphin invested only €0.1 million in purchases of additional land parcels to complement its existing holdings in Sitia Bay Golf Resort and Livka Bay Resort, €0.4 million for a deferred land payment in Lavender Bay, and €0.8 million for a deferred land payment in Playa Grande.

- Dolphin completed the sale of its stake in Amanmila, Milos, Greece to its project partner. The net total consideration agreed was €5.4 million resulting in a profit and valuation multiple of approximately 2x.

- Dolphin agreed the sale of a plot of land owned by Aristo in a suburb of Athens, for a consideration of €5.65 million, net of taxes. The plot's most recent valuation, prior to the sale, was €5.7 million and Dolphin's allocated investment cost at that time was €1.6 million.

- Dolphin has executed an agreement for the sale of a 33% shareholding in the Kea Resort to Exactarea International Limited, a company affiliated with John Heah who will also undertake the design of the Kea Resort. The total net consideration for this transaction was €4.1 million, implying a valuation of €12.3 million. The consideration will be paid to Dolphin in four equal instalments, the first of which was made on 30 December 2009 and the remaining three will follow on end of April, August and December 2010. Dolphin's total cost of investment for 100% of Kea Resort amounted to €12.2 million as at 31 December 2009 while the external (book) valuation for the 65 hectare site, undertaken by Colliers, as at 31 December 2009 was €11 million.

Financing

In the past year the Company has been able to make significant progress in both the arrangement of new loans for the development of its Advanced Projects on a project finance basis, as well as the restructuring of its overall loan portfolio which principally lies within Aristo and is serviced by the latter's operational cashflow.

- Dolphin received approval from the board of directors of a major regional bank for a €100 million loan facility with a 13-year term. An amount equal to €50 million will be invested in the refurbishment of the existing golf course and the construction of a new one, the road works, the desalination plant and other infrastructure works at Venus Rock. The remaining €32.5 million will be invested (on top of the existing local project finance loan) in PHC for the construction of the Aman Hotel, the first Aman Villas, the development of the Beach Hotel and the construction completion of the Seafront Villas. €7.5 million will be used for land acquisitions and the €10 million balance will be used for the refinancing of existing Dolphin equity in this project. The cost of the loans will be 400bps over 6-month Euribor and the arrangement fee is 0.5%. The loans will be serviced through the expected returns of the two above Advanced Projects.

- The Company also arranged a development loan facility with an estimated amortisation period in excess of ten years and an interest-only two year grace period, from a major Greek bank to finance c. 65% of the overall construction and fit-out costs of the Aman at Porto Heli (which are estimated at c. €40 million, excluding VAT).

- Approximately 90% of the total Group debt is held within Aristo and amounts to €345 million as at 31 December 2009 (up 3% from €335 million as at 31 December 2008). Aristo was able to restructure €73 million of its total debt portfolio that was becoming due in 2009 and 2010, by extending its principal repayment schedule. The total scheduled debt service obligations of Aristo for 2010 (capital repayment plus interest) are estimated at €31.4 million and are expected to be covered by Aristo's operational cashflow. The Aristo management is monitoring the maturities of its various loans, and proactively adjusts them, to match the expected Aristo cashflow profile. The Aristo current average interest cost is set at 6%.

- The remaining major Dolphin loans are held within Playa Grande (€19.4 million), Livka Bay Resort (€9.6 million) and Mediterra (€2.6 million).

- Total interest bearing Dolphin loans for all projects remained at €381 million for the end of 2009, which is at the same level as at the end of 2008 and which corresponds to only c. 20% of the Company's total assets.

Aristo

The series of early proactive measures that Aristo and Dolphin took to protect Aristo against the effect of the slowdown in sales following the onset of the economic crises, has delivered results and Aristo remained focused on the achievement of its revised targets and budgets throughout a challenging year. These included implementing cost-cutting measures, debt restructuring, a freeze on new investments and the significant reduction of new non-pre-sold construction activity. On the earnings side, discount schemes were also introduced firstly on readily-available (i.e. completed) properties and, more recently, on properties nearing completion. The discount offerings attracted considerable interest in the Aristo product, resulting in relatively good sales and a constant level of cash inflow, contributing to the company performing in line with its financial targets for the year and remaining self financing.

Aristo's main competitive advantage is its vast stock of plots and fully or partially completed homes which can provide significant cashflow with no or little further investment. This stock currently comprises approximately 79 plots, 82 completed and 764 partially completed homes with an estimated pre-discounted total value of c. €268 million. The current stock of plots is expected to significantly increase in the near term following the lotting which is progressing in a number of Aristo large land sites.

Over the past six months, Aristo sales have exhibited significant growth. The monthly average rate of growth for this period was 57.9%. During this 6-month period Aristo sold 104 units for €18.5 million, which was 108% and 33% higher than the same period last year respectively.

Given the signs of the emerging market recovery, Aristo has recently launched or re-launched a small number of projects, the most notable of which is "Panorama Residences" (www.panorama-residences.com), from the prestigious 'Aristo Signature' line.

To sum up, we remain confident that Aristo's market leading position, strong asset base and experience will lead the company to return to significant cashflow generating mode.

Financial results

For 2009, Aristo reported an operating (i.e. excluding asset revaluations) after tax profit of €1.4 million versus €8.3 million in 2008. The accounting profitability of the company, although it remained positive during one of the most adverse financial years in Aristo's history due to the timely delivery of sold properties, was significantly reduced when compared to previous years. The main reason for this backdrop is the decrease of gross profit margin which is broadly due to the discount schemes offered by the company.

Sales performance

In 2009, Aristo generated €25.5 million of gross sales. This was a disappointing performance, although in line with the rest of the Cyprus market and the adverse economic climate. Approximately 50% of sales were made to Cypriots who reacted positively to the company's various discount schemes.

	Twelve months to 31/12/2009	**Twelve months to 31/12/2008**
SALES RESULTS		
New sales booked	25,545,600	83,506,988
% change	*(69%)*	
Average selling price per m^2 (% change)	*(41%)*	
Units sold	132	268
% change	*(51%)*	
CLIENT ORIGIN		
UK	15%	21%
Russia	28%	43%
Central & North Europe	2%	1%
Other overseas	5%	9%
Cyprus	50%	25%

Note: All figures above do not include sales achieved through the Shares-for-Assets scheme

Strategic Focus

For 2010, Dolphin's main priorities are to:

1. Accelerate the development of the first phases of the four Advanced Projects, aiming to:
   - realise their significant profit potential with relatively low incremental capital investment;
   - unlock even more substantial profit potential from the projects' remaining phases with little or no further equity investment due to the completion of critical infrastructure work; and
   - establish a track record and synergies which will reflect on Dolphin's other land investments.

2. Capitalise on the optimum timing to bring supply onto market as the residential resort sector begins to recover. Many of the Company's competitors are in distress, and the construction of competing products has been substantially reduced while the soft construction market enables Dolphin to negotiate contracts on favourable terms.

3. Strengthen Dolphin's development platforms to conceive and execute high-end projects. To that regard, Dolphin has launched Zoniro, a new luxury lifestyle and residential resort brand, to develop and manage its large luxury residential resorts in the Americas, namely Playa Grande and Pearl Island. Zoniro leverages on the Aristo platform and integrates the projects' current local development teams. Zoniro aims to continue to recruit and partner with the best talent in the industry to become the first truly international luxury leisure-integrated residential resort brand with the ability to successfully combine hotel inventory and shared-ownership product with residential units and lots.

4. Execute medium and large scale exits which will increase the Company's cash reserves and demonstrate the underlying value of the land portfolio.

5. Subject to generating additional cash reserves, consider making additional low priced or distressed acquisitions of unique coastal sites at the bottom of the cycle within the investment regions.

6. Continue introducing innovative schemes like the Shares-for-Assets and the Show–Villas-to-Shareholders programmes, aiming to further realise value for the Company's shareholders and increase their liquidity.

The achievement of the above goals would further establish Dolphin's position as the leading global investor and developer of leisure-integrated residential resorts in emerging markets.

Miltos Kambourides
Managing Partner

Dolphin Capital Partners
11 March 2010

Pierre Charalambides
Partner

Dolphin Capital Partners
11 March 2010

The Portfolio

A summary of Dolphin's current project investments and exits is presented in the tables below. The total net invested amount in the Company's projects is €714 million.

Investments

	Project	Land site (hectares)	Dolphin's stake	Investment Cost (€ million)	Debt (€ million)	Real Estate Value (€ million)	% Loan to real estate asset value
	Advanced Projects						
1	The Porto Heli Collection	347	100%	134	2		
	Kilada	*250*	*100%*	*89*	*2*		
	Seascape Hills	*96*	*100%*	*40*	*-*		
	Rebranded Hotels	*1*	*100%*	*5*	*<1*		
2	Venus Rock - Aristo	1,000	100%	151	-		
3	Playa Grande	950	97%	38	19		
4	Pearl Island	1,440	60%	18	-		
	Total	**3,737**		**341**	**21**	**765**	**3%**
	Major Projects						
5	Lavender Bay	310	100%	20	-		
6	Sitia Bay	280	78%	16	-		
7	Scorpio Bay	172	100%	12	-		
8	Plaka Bay	440	60%	7	-		
9	Kea Resort	65	67%	8	-		
10	Eagle Pine - Aristo	319	100%	31	-		
11	Apollo Heights	469	100%	17	-		
12	Livka Bay	63	100%	21	10		
13	Mediterra Resorts	12	100%	30	3		
	Kundu	*4*	*100%*	*16*	*3*		
	LaVanta	*8*	*95%*	*14*	*-*		
	Total	**2,130**		**162**	**13**	**337**	**4%**
	Other						
	Triopetra	11	100%	4	-		
	Magioko - Aristo	11	100%	6	-		
	Douneika - Aristo	27	100%	3	7		
	Athiari -Aristo	5	50%	11	12		
	Paphos Centre Plot - Aristo	16	100%	17	22		
	Panorama Residences - Aristo	11	100%	5	1		
	Other - Aristo	387	100%	165	295		
	Total	**468**		**211**	**337**	**647**	**52%**
	Grand Total	**6,335**		**714**	**371**	**1,749**	**21%**

** Including amounts paid in shares*

Project Exits

	Land site (hectares)	Dolphin's stake sold	Dolphin cost of investment (€ million)	Return on investment (€ million)	Return on investment (times)
Greece					
Aphrodite Waterpark - Aristo	3	51%	1.0	5.0	5x
Tsilivi - Aristo	11	85%	2.0	7.0	3.5x
Amanmila	210	25%-50%	2.8	5.4	1.9x
Ag. Paraskevi - Aristo	0.5	100 %	1.6	5.7	3.5x
Kea	65	33%	4.0	4.1	1x
TOTAL	**289**		**11.4**	**27.2**	**2.4X**

Project development updates

Advanced Projects

1. The Porto Heli Collection, Peloponnese, Greece

Website: www.portohelicollection.com

Location: Region of Argolida, near Porto Heli (one of the most upmarket, second home residential areas in Greece)

Access: Within two hours driving distance from Athens International Airport and two hours by ferry from Piraeus Port

Special features: Probably the most exclusive development in Greece, to host a range of high-end, master planned, leisure-integrated residential resorts, in a serene environment, with panoramic sea views

Area Size: 347 hectares

Composition:

- Europe's first villa-integrated Aman Hotel, spa, beach club and residences with 38 suites and 35 villas
- 10 seafront residences (Kilada Hills Collection)
- The Beach Hotel (the renovated Yiouli hotel) with a mix of hotel suites and serviced apartments
- The Chedi with 102 hotel rooms, spa, 40 club suites and 40 residences
- Jack Nicklaus Signature Golf Course
- Golf boutique hotel with c.140 suites, golf clubhouse and 225 golf residences
- Equestrian centre, tennis academy, kids' club, beach club

Design:

- Aman facilities masterplanned and designed by Ed Tuttle
- GHM facilities and residences, golf clubhouse and golf villas masterplanned and designed by Jean Michel Gathy (Denniston International)
- Golf course designed by Jack Nicklaus Signature Design

Update since 2008 Annual Report:

Kilada Hills, Seascape Hills and the Yiouli hotel were merged into one project, "The Porto Heli Collection", creating one of the most upscale residential resort destinations in the eastern Mediterranean.

Construction works at the Aman Hotel formally commenced on 3 August 2009, with the construction of the structure of the first guest pavilion, site installations, tree relocations and earthworks. On 1 March 2010, after the completion of a competitive tender process among six major construction companies, Domotechniki (www.domotechniki.gr) was appointed as the main works contractor and immediately mobilised on site to proceed with the remaining construction activities. Debt financing has been arranged with a major Greek bank for c. 65% of the construction and fit-out costs of the Aman Hotel on a project finance basis. The targeted opening of the hotel is scheduled for Q2 2012.

With respect to the Aman residential components of the project, the typical Aman villa design was completed during the year. Four freehold residential units received final construction permits on 1 February 2010, while the remaining units received approval of the preliminary EIS on 27 July 2009, and of the GNTOS approval on 25 February 2010. The EIS for the residential units was submitted for approval on 2 March 2010. A reservation agreement has already been signed on 19 February 2010 for one Aman Villa, launching the residential sales programme.

As previously reported the Company had entered into discussions with a potential JV partner for the development of the Aman hotel and villas. These discussions have been terminated due to the fact that the Aman hotel construction contract was awarded to Domotechniki S.A. which provided the most competitive bid in the tender process, a bid substantially below the initial offer of the JV partner in question. The subsequent arrangement of both the €50 million loan facility for PHC and the c. 65% project-finance loan should ensure that the funding for the construction of the Aman at Porto Heli is fully in place.

For the Chedi Hotel, throughout the year extensive value engineering was undertaken to the building programme and design, decreasing the project cost estimate substantially against the original plan. The schematic design level changes are currently being implemented to the detailed design and the previously approved Environmental Permits have been revised to include them. As such, the Preliminary EIS was approved on 14 September 2009. Subsequently, the GNTOS application, including the revised design and residential units, was approved on 29 January 2010. The final EIS document was submitted on 26 February 2010.

With respect to the Jack Nicklaus Signature Golf Course and the Golf Lodge Hotel, substantial revisions to the Environmental Permit file are necessary to expand the already permitted area (which includes the golf course previously designed) from 80 hectares to 120 hectares in order to include more residential units. The relevant documentation will be submitted in Q2 2010.

The Beach Hotel received its construction permit on 27 January 2010, having received EIS approval on 11 February 2009 and GNTO architectural approval on 22 October 2009. Discussions with local banks are advancing in order to arrange debt financing for the development of the hotel on a project finance basis, together with preparation for commencement of construction within 2010. In addition, preparations are being made for construction, while talks are progressing with potential operators. The finalisation of this project finance loan, together with the €50 million loan facility for the Porto Heli Collection will mean that the funding for the construction of the Beach Hotel is fully in place.

A comprehensive website showcasing PHC has been created, including information on the hotel, residential and leisure components of this development. A discrete PR campaign will be launched this spring, to publicize the villa component of the Aman Resort and a number of international marketing events are planned for the year.

2. Venus Rock Golf Resort, Cyprus

Website:	www.venusrock.com
Location:	Between the towns of Limassol and Paphos, next to Aphrodite Hills
Access:	Cyprus' most significant golf resort area, located 10 minutes from Paphos International airport and one hour from Larnaca International Airport
Special features:	Europe's largest residential beachfront resort development and south-east Europe's first golf-integrated residential resort
Area size:	1,000 hectares with 850m of beachfront
Composition:	• Two 18-hole golf courses designed by Tony Jacklin • Extensive beachfront entertainment, including a Nikki Beach Club • More than 3,000 residential units • Retail and commercial and leisure facilities • A beach-club, a 5-star hotel with spa and branded villas operated by Nikki Beach • Marina and other sport facilities
Design:	A truly integrated residential resort, masterplanned by EDSA. The Golf Club House and Commercial facilities have been designed by Robert A. M. Stern, who also designed the first phase of multifamily residential units and established the architectural guidelines for custom-built units

Update since 2008 Annual Report:

In 2009, the focus on this development remained on gaining approval for the two golf-related zoning applications, which are the final milestones for the zoning of the project. Various comments were issued by the planning authority with respect to portions of the masterplan, which the local development team have addressed.

Subsequent to the announced revisions and reaffirmation of the Government's policy regarding golf resort developments by the Cypriot Council of Ministers on 6 May 2009, an environmental hearing was held to review the applications for the golf developments in July 2009. The first part of the application was reviewed then, while the remainder was reviewed on 19 October 2009. The comments from that hearing were forwarded to the planning authority on 5 March 2010. Site infrastructure works and road upgrades on the beachfront parcel, the project's entrances, as well as the major internal roads progressed, with significant improvements in the access points of the project already having been constructed.

With respect to the commercial development designed by Robert AM Stern, a planning permit application was submitted for approval on 8 May 2009. On 4 February 2010 the public hearing for the environmental study was successfully held. Comments from that hearing are expected to be incorporated into the next phase of the design. With respect to the Nikki Beach Hotel and Residences, the concept design was completed and the local team is working in selecting the design team for the next phase of the project.

The official launch of the project will take place once the final building permit for the golf course related permits are issued and a PR company has been appointed to manage this process. Marketing collateral, including a website, printed material and a flythrough have been produced, ahead of the launch.

3. Playa Grande, Dominican Republic

Website:	www.playagrande.com
Location:	Northern coast of the Dominican Republic, situated between the towns of Cabrera and Rio San Juan, each approximately 8km away from the site
Access:	Approximately an hour's drive from Puerto Plata International Airport and Nagua Airport. The journey-time to Santo Domingo has been reduced to two hours due to the completion of a new highway
Special features:	• The golf course, which is already in operation and is often referred to as the "Pebble Beach of the Caribbean", designed by Robert Trent Jones Snr with 10 of its holes running alongside 20 metre high cliffs bordering the Atlantic Ocean, is considered to be among the most spectacular in the western hemisphere • Playa Grande Beach is generally perceived to be one of the most spectacular beaches in the Caribbean
Area size:	Approximately 11km of seafront, spread over c. 950 hectares of land
Composition:	• A 40-room Aman hotel with 38 Aman villas (the first Aman Resort in the Dominican Republic) • Approximately 450 additional residential units (golf course, beachfront, hill-top and cliff villas) • An 18-hole golf course • Spa, beach club and other leisure activities • Tennis and equestrian clubs
Design:	Project masterplanned by Hart Howerton. The golf course renovation design undertaken by Rees Jones, son of Robert Trent Jones, Sr., Aman Resort designed by Denniston International led by Jean Michel Gathy.

Update since 2008 Annual Report:

The design and permitting of the golf residential phase and the Aman hotel and villas progressed significantly.

The concept designs of the golf course renovation, the golf club house, and the lotting masterplan for this phase have been completed. The construction of the first golf villa, which is expected to act as a model residential unit for the launch of sales for this phase of the project, commenced in September 2009, following the receipt of "no objection" permits to its construction from the Ministry of Tourism and the Ministry of Public Works on September 14 and September 23, 2009 respectively.

The Preliminary designs of the Aman Hotel and Residences phase of the project are being finalised and are undergoing value engineering. In parallel, the next phases of the design of the Aman are underway. GVA, a leading Latin American architecture firm with offices in the Dominican Republic, has been engaged as local architect of record, working alongside Denniston on the Aman phase. In addition to acting as architects or record, GVA are coordinating a group of local specialized engineers (electrical, sanitary, etc.) each of which are leaders in their respective fields.

A branding and marketing firm has been retained to prepare the initial website and other materials for the sales launch of the initial phase of the project which is expected in the second half of 2010. The project team has been advancing discussions with local banks in order to obtain debt financing for both the golf residential and Aman phases.

4. Pearl Island, Archipelago de las Perlas, Panama

Website:	www.pearlisland.com
Location:	In the Archipelago de las Perlas, approximately 45 nautical miles south of Panama City
Access:	45 nautical miles from Panama City, island accessible by boat and project secured environmental permit for international airport
Special features:	• A private island set to become one of the first exclusive integrated ecological island residential resorts in the region • Half of the island is retained as natural reserve park • A unique ecosystem, marine and bird sanctuary • Natural harbour set to become one of the largest marinas in Central America
Area size:	1,440 hectares with a total seafront of 30km
Composition:	• Development potential for over 350,000 m^2 of buildable residential space or approximately 1,100 residential units and lots for sale • At least three luxury 5-star hotels • Marina with up to 500 berths and retail facilities • Recreational and sports facilities, including scuba diving, whale watching, fishing, over 50 kilometres of natural biking and hiking trails, equestrian centre • International airport • 14 private sandy beaches
Design:	Masterplanned by Hart Howerton and Denniston International

Update since 2008 Annual Report:

Following the grant of the masterplan and the EIS approvals on 20 April 2009 and 30 June 2009 respectively, a conditional payment of US$26.4 million to Grupo Eleta (Dolphin's 40% local partner) has been reduced to US$25.7 million and restructured as follows:

- A US$10 million (€6.8 million) cash payment made on 30 September 2009.
- A US$6 million (€4.1 million) paid in Dolphin shares on 5 October 2009 by issuing 9,061,266 Dolphin shares at a price of 40p which led to a small dilution effect on a per share basis to the existing Dolphin shareholders of 2.2p or 1.1% but allowed Dolphin to preserve its cash balances while maintaining its shareholding in a project that is expected to generate significant future returns.
- The remaining US$9.7 million due (plus interest of LIBOR plus 400 basis points) shall be payable within one year from 28 September 2009 through a combination of cash and Dolphin shares at an issue price equal to the average trading price of Dolphin shares during the last two months prior to 28 September 2010. The cash and Dolphin share mix shall be determined at Dolphin's discretion with a minimum of 25% of the outstanding payment made in cash.

Design, lotting and permitting on the first phase of the project, the 'Founder's Phase', is progressing rapidly and construction is expected to start in the second half of 2010. The Founder's Phase will comprise a 20-suite Zoniro Lodge hotel, a 40-berth marina, approximately 100 residential villas and lots for sale and other leisure and recreational amenities. The Founder's Phase represents only approximately 10% of Pearl Island's estimated total development potential.

Construction of a visitor's centre is expected to commence imminently in order to welcome the first buyers of real estate on the island before the Founders' Phase amenities have been put in place. A branding and marketing firm has been retained to prepare the materials for the launch of the Founders' Phase.

Infrastructure works and various other initiatives are already underway:

- Substantial progress has been made with the road network (16 km of roads opened) and the island's irrigation system (geological studies have confirmed that the island has sufficient natural underground water reserves to support a town of 25,000 inhabitants).
- Recent archaeological excavations conducted by the Smithsonian Institute have uncovered an indigenous settlement dating back as far as 5,000 years. The excavation of the artefacts (which will be hosted in the Panama Viejo Archaeological museum) is under way. The second phase of archaeological field work started on 25 January 2010 in line with the original timetable.
- Two nurseries have been put in place and hold a stock of over 100 species of trees. To date approximately 1,500 additional trees have been replanted throughout the island.
- Project continues to invest in social initiatives, co-ordinated by Casa Taller, aimed at improving the sanitation, healthcare, security, education and general standard of living of the local village.

Major projects

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

Dolphin Stake:	100%
Location:	Near the town of Volos, in the region of Thessalia, at the mouth of Pagasitikos Gulf
Access:	Approximately 2.5 hours drive from both Athens and Thessaloniki International Airports. Also 20 minutes drive from New Aghialos International airport
Special features:	Unspoilt, undulating hills fronted by a 2km beach and surrounded by forest.
Area size:	309 hectares with 2km of seafront
Composition:	• A 180 room Kempinski operated hotel • More than 220 branded residential units • More than 390 non-branded residential units • An 18-hole Gary Player Signature golf course • Beach club and other leisure facilities
Design:	Masterplan by EDSA, golf design by Gary Player and hotel and residences design by Chad Oppenheim (Oppenoffice)

Update since 2008 Annual Report:

Design development and coordination between the architect and Kempinski continued in parallel to the progressing of the permit approval process. As part of the EIS approval, the Prefecture of Magnesia issued its positive recommendation, however with comments on 22 July 2009 for the EIS for the Kempinski Hotel and Branded Residences. The comments made were taken into consideration in the design of the project and the Environmental Studies were revised and re-submitted in September 2009. Action is expected from the relevant authorities, with an anticipated approval on the revised EIS is within Q2 2010.

The masterplan for the unbranded residential component of the project has been prepared and will be submitted for planning approval prior to the end of 2010.

As of May 2010, direct flights will be connecting the area to Milan and Frankfurt, through the New Aghialos airport which is located 20 minutes from the project.

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

Dolphin Stake:	78%
Location:	The island of Crete
Access:	A 10 minute drive from Sitia International Airport, a 1.5 hour drive east from Heraklion International Airport and a 15 minute drive from Sitia Harbour
Special features:	A secluded peninsula of unspoiled natural beauty on the largest of the Greek islands and the most popular Greek tourist destination with 2.3 million visitors in 2007
Area size:	262 hectares with 2.5km of seafront
Composition:	• Over 80,000 m² of buildable residential units • A 200 room luxury hotel • A convention centre • An 18-hole championship golf course, designed by Jack Nicklaus • A golf clubhouse • An 80 berth marina • A beach & country club and other leisure facilities
Design:	Masterplan and hotel design by WATG. Nicklaus Design has been appointed as the golf course architect

Update since 2008 Annual Report:

The hotel and spa drawings were approved by the GNTO on 17 March 2009. The final construction permit for this component of the project was issued on 14 October 2009. A Letter of Understanding was signed on 5 March 2010 with Waldorf Astoria for the branding and management of the hotel. Discussions to finalise the definitive hotel management agreements are currently underway and the negotiations are expected to conclude within Q2 2010.

The approval of the application for the first residential zone remains under review with the Ministry of Environment, while an application for a second residential zone was also filed on 21 July 2009, with approval of its Preliminary Environmental Impact Study having been granted on 24 September 2009.

The issuance of the construction permit for the marina component remains imminent with all studies and applications having been filed with the relevant governmental department.

The website of Sitia Bay (www.sitiabayresort.com) was launched on 9 March 2010.

7. Scorpio Bay Resort, Scorponeri, Voiotia, Greece

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

Update since 2008 Annual Report:

The project's revised Preliminary EIS, taking into consideration the concept design for the Oberoi Hotel, was submitted for approval to the relevant authorities on 24 December 2009. In parallel the permitting for a municipal road to bring access to the site is progressing, with approval of its Preliminary EIS on 22 December 2009 having been granted. Authorisation has also been given to the project to progress its permitting with only sea access, which is in line with the project's objective to create a secluded destination.

The final Hotel Management and License agreements with Oberoi Resorts were executed on 7 March 2010. Coordination and further design progress is expected once the Preliminary EIS is approved within Q2 2010.

8. Plaka Bay Resort, Sitia, Crete, Greece

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

Update since 2008 Annual Report:

The Preliminary EIS and GNTOS applications, which had been submitted to the relevant authorities, remain under review. A delay to the approval process was caused by the Archaeological Department which has raised concerns about certain portions of the masterplan as it affects some known archaeological findings in the area. Adjustments to the masterplan were requested and are being made so as to progress the next stages of the planning of the project.

9. Kea Resort, Tzia, Cyclades, Greece

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

Update since 2008 Annual Report:

As announced on 7 January 2010, Dolphin has agreed with Aman Resorts, to develop an Aman villa-integrated resort on the site of Kea. This is expected to become the premier destination resort in the Aegean.

Dolphin also executed an agreement for the sale of a 33% shareholding in the resort to Exactarea International Limited, a company affiliated with John Heah who will also undertake the design of the Kea Resort. The total net consideration for this transaction was €4.1 million, implying a valuation of €12.3 million. The consideration will be paid to Dolphin in four equal quarterly instalments, the first of which was made on 30 December 2009 and the remainder three to be made at the end of April, August and December 2010, while the 33% project company shares will be actually delivered to the purchaser upon receipt of the full purchase price. Dolphin's total cost of investment for 100% of Kea Resort amounted to €12.2 million as at 31 December 2009 while the external (book) valuation at the time of the sale for the 65 hectare site, undertaken by Colliers, as at 31 December 2009 was €11 million.

Throughout 2009 the various permitting prerequisites were collected and the early environmental and master plan studies were undertaken. On 30 December 2009 the Preliminary EIS application was submitted to the authorities. At the same time John Heah advanced the masterplan and architectural design of the project which will proceed in parallel to the project permitting.

10. Eagle Pine Golf Resort, Cyprus

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

Update since 2008 Annual Report:

Changes were made to the master plan of the project in coordination with comments received from the planning authorities. All necessary documentation has been filed and a date for a public hearing for the environmental study of the project is awaited to be announced.

11. Apollo Heights Polo Resort, Cyprus

Dolphin Stake:	100%
Location:	Near the town of Limassol
Access:	Less than an hour's drive from both of the island's international airports
Special features:	With excellent views of the sea, the mountains and neighbouring villages, the site also lies adjacent to a number of polo fields and an 18-hole golf course
Area size:	Approximately 469 hectares, 500m away from the beach
Composition:	• Hotel facilities • Residential units • Polo fields • 18-hole golf course
Design:	Masterplan by EDSA and golf course design by Tony Jacklin Design

Update since 2008 Annual Report:

The zoning discussions with the Cypriot and the British Base authorities continue in an effort to accelerate the permitting process, although no significant progress was achieved within 2009.

12. Livka Bay Resort, Solta, Croatia

Dolphin Stake:	100%
Location:	The bay of Livka on the south end of the island of Solta, off the Dalmatian Coast
Access:	20km boat ride from Split International Airport
Special features:	One of the first luxury residential resorts on the Dalmatian coast
Area size:	62 hectares with 3km of seafront
Composition:	• Luxury hotel with 60 suites • Circa 200 private serviced residences and apartments • 160-berth marina • Other supporting recreational, sports and retail facilities
Design:	WATG

Update since 2008 Annual Report:

The external road location permit was received on 2 April 2009, which opened the way for the submission of permit documents regarding the development itself. The internal road and infrastructure design as part of the hotel location permit was approved on 22 October 2009.

WATG, a leading hospitality design firm, was appointed on 18 November 2009 to produce the concept and schematic designs necessary for the submission of the Location Permits for the hotel and first phase of the residential component. It is expected that the submission will be made within Q3 2010.

13. Mediterra Resorts, Antalya, Turkey

Dolphin Stake:	100%
Location:	The Antalya region of southern Turkey
Access:	A 1.5 hour drive from Dalaman International Airport and 15km from Antalya International Airport respectively
Special features:	• La Vanta development is very close to the well-known beaches of Kaputas and Patara, and within walking distance from Kalkan beach. • Port Kundu's homes will be surrounded by water canals along the banks of the Aksu River, and a private marina will offer home owners direct access to the sea
Area size:	• Lavanta: 12 hectares, 15 minutes drive to the beach • Port Kundu: Situated on the water canals, and in turn only a 10 min walk to the beach
Composition:	• La Vanta is a development of over 25,000 m^2, comprising over 120 villas and townhouses. Phase 1, comprising 49 homes, has been completed in 2009. The delivery of homes to owners commenced in May 2009 • Port Kundu is in its initial phase and is planned to comprise 64 detached, semi-detached and townhouse units
Design:	Cemal Mutlu & Xavier Bohl
Website:	www.mediterraresorts.com

Update since 2008 Annual Report:

29 of the 31 sold units from Phase 1 of La Vanta Resort have been fully constructed and delivered to customers since June 2009, generating total sales of €6.1 million. There are an additional 18 unsold units in the first phase, which have reached substantial completion and works on those units were put on hold until they are sold. The two units which have not yet been delivered to customers are expected to be completed within 2010. Future phases of the project have also been put on hold, and will resume once current market conditions improve, and in the mean time works are continuing in the common area amenities of the project. In Port Kundu, the construction permit for the buildings has been granted while a permit for the lakes and waterways works remains pending.

Corporate Social Responsibility

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

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

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

Dolphin Capital Foundation

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

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

Over the past 2 years DCF funds were used to:

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

Finance Director's Report

Net Asset Value

Consistent with the Company's valuation policy, Colliers International ("**Colliers**") performed a valuation of the entire portfolio as at 31 December 2009. Adverse economic conditions continued to negatively affect portfolio land values in line with regional market.

NAV growth during 2009 was broadly driven by:

- Acquisition of the remaining 15% of Aristo at a discount to the NAV
- Revaluation gains in Pearl Island, The Beach Hotel of PHC (ex Yiouli) and Athiari, driven by the receipt of permits

NAV decline during 2009 was broadly driven by:

- The drop in like-for-like property values averaging 9%.
- The US$25.7 million deferred purchase payment due to the non-controlling interest of Pearl Island, as pending environmental permits were obtained
- Regular fixed Dolphin operational, corporate and management expenses
- The decrease of Sterling NAV is mainly due to the appreciation of Sterling versus the Euro in 2009.

The NAV per share decline is due to all of the above reasons but further accentuated by the issue of 133,113,087 Dolphin shares to settle the exercise of Mr Theodoros Aristodemou's put option for his remaining 15% shareholding in Aristo.

	€	**£**	**Variation since 31 December 2008***	**Variation since 30 June 2009***
Total NAV before DITL (millions)	1,343	1,208	(16.5%)	(0.1%)
Total NAV after DITL (millions)	1,215	1,094	(16.0%)	(0.2%)
NAV per share before DITL	2.14	193p	(34.5%)	(0.2%)
NAV per share after DITL	1.94	174p	(34.1%)	(0.2%)

* Variations calculated on the GBP figures

Notes:

1. *GBP/Euro rate of 0.8999 as at 31 December 2009.*
2. *NAV per share has been calculated on the basis of 627*,402,547 issued shares *(excluding 306,681 treasury shares obtained in 2009 from the shares- for- assets programme) as at 31 December 2009.*

As always, the NAV figures do not take into account the potential payment of the Investment Manager's performance fee, calculated as 20% of the net realised cash profits from each project only after achieving a hurdle of 8% annual compounded return. Based on the 31 December 2009 NAV, the performance fee that would be payable (assuming that the whole portfolio was sold at NAV after DITL) was €86 million. Finally, the reported DITL of €127 million were calculated based on the current fair market value of the land acquired as reported by Colliers, and are applicable only in the event of a direct sale of land or assets. The sale of land is anticipated to take effect through the sale of shares of the holding SPVs and, as such, most of the DITL are not expected to materialize or become payable. The NAV before DITL is therefore considered by Investment Manager as the more representative figure.

A robust balance sheet with a solid real estate asset base

Condensed consolidated Statement of Financial Position

(as at 31 December 2009)

	31.12.2009 €' 000	31.12.2008 €' 000
Assets		
Real estate assets (Investment & Trading properties)	1,749,484	1,956,777
Other assets	53,232	52,861
Cash & cash equivalents	62,917	166,080
Total Assets	**1,865,633**	**2,175,718**
Equity		
Equity attributable to Dolphin shareholders	1,215,456	1,343,772
Minority interest	38,008	165,606
Total equity	1,253,464	1,509,378
Liabilities		
Interest-bearing loans & Financial Lease obligations	380,038	375,725
Other liabilities	105,005	141,045
Deferred tax liability	127,126	149,570
Total liabilities	612,169	666,340
Total equity & liabilities	**1,865,633**	**2,175,718**

The Company's consolidated assets total €1.87 billion and include €1.75 billion of real estate assets and €53 million of other assets. The €1.75 billion figure represents Colliers' fair market valuation of Dolphin's entire real estate portfolio (both freehold and leasehold interests) as at 31 December 2009, assuming 100% ownership. The consolidated current assets are €396 million, made up of €284 million of Trading Properties (which are included in the real estate portfolio), €63 million of cash and €49 million of other receivables.

The Company's consolidated liabilities total €612 million and include €127 million of DITL, €105 million of other liabilities as well as €370 million of interest-bearing loans and €10 million finance lease obligations all of which are held by Group subsidiaries and are non-recourse to Dolphin. The €105 million of other payables comprise €37 million of advances from customers relating to contractual construction works in progress by Aristo and €22 million of deferred land payments, €20 million of which should materialise in 2013. The total Group interest-bearing loans of €370 million are 90% accounted for by Aristo. The total scheduled debt service obligations of Aristo for 2010 (capital repayment plus interest) are estimated at €31.4 million and are expected to be covered by Aristo's operational cashflow. Due to the successful restructuring of the company's loans and innovative discount sale schemes to maintain reasonable sales levels throughout the crisis, Aristo is performing in line with its revised budget expectations and remains a self financing entity.

The Company's NAV before DITL, after deducting from total consolidated assets, minority interests of €38 million, other liabilities of €105 million and total debt of €380 million is set at €1,343 million as at 31 December 2009.

The reduction in the NAV after DITL resulted to an accounting loss of €171 million for the year ended 31 December 2009 implying a loss per share figure of €0.29.

The consolidated financial statements have been audited by KPMG.

Aristo Proforma Financials

Aristo's proforma consolidated statement of comprehensive income (adjusted to exclude gains/losses from revaluation and negative goodwill from acquisitions) for the year ended 31 December 2009 and 31 December 2008 is as follows:

	Twelve months to 31/12/2009 in (€'000)	**Twelve months to 31/12/2008** in (€'000)
Turnover (Units delivered)	102,160	88,962
Cost of Sales	(69,452)	(50,471)
Gross Profit	32,708	38,491
Other Income	4,093	2,755
Administration expenses	(15,668)	(22,560)
Selling expenses	(3,250)	(9,254)
Profit from operating activities	17,883	9,432
Net financing expenses	(17,345)	(14,763)
Profit from investing activities	2,769	15,731
Share of (loss)/Profit from associated companies	(1)	39
Profit before tax	3,306	10,439
Tax	(1,896)	(2,138)
Profit after tax	1,410	8,301

In terms of accounting results, excluding asset revaluations, Aristo reported an operating after tax profit of €1.4 million versus €8.3 million in 2008. The accounting profitability of the company, although remaining positive during one of the most adverse financially years in Aristo's history due to the timely delivery of sold properties, has been significantly reduced as compared to previous years, broadly due to the decreased gross profit margin which has been proportionately driven down by the discount schemes offered by the company.

Panos Katsavos
Finance Director

Dolphin Capital Partners
11 March 2010

Consolidated statement of comprehensive income

For the year ended 31 December 2009

	Note	31 December 2009 €'000	31 December 2008 €'000
Continuing operations			
(Loss)/gain on disposal of investment in subsidiaries	27	(643)	2,921
Gain/(loss) on disposal of investment in equity accounted investees	15	3,125	(1,235)
Valuation loss on investment property	12	(124,731)	(112,621)
Share of profit on equity accounted investees	15	5,735	2,263
Other operating (losses)/profits	7	(3,432)	12,197
Total operating losses		**(119,946)**	**(96,475)**
Investment Manager fees	26.2	(18,154)	(18,212)
Incentive fees	26.4	(18,744)	-
Personnel cost	8	(13,911)	(15,374)
Depreciation charge	13	(1,566)	(2,886)
Professional fees		(5,709)	(9,471)
Selling and promotional expenses		(3,488)	(9,550)
Administrative and other expenses		(16,097)	(15,835)
Total operating and other expenses		**(77,669)**	**(71,328)**
Results from operating activities		**(197,615)**	**(167,803)**
Finance income	9	4,904	15,488
Finance costs	9	(25,015)	(27,367)
Net finance costs		**(20,111)**	**(11,879)**
Goodwill written off	27	(628)	(5,538)
Gain from bargain purchases	27	38,056	37,232
Impairment of trading properties	14	(3,857)	(5,093)
Impairment of property, plant and equipment	13	(2,565)	(3,392)
Total net non-operating profits		**31,006**	**23,209**
Loss before taxation		**(186,720)**	**(156,473)**
Taxation	10	19,518	19,359
Loss for the year		**(167,202)**	**(137,114)**
Other comprehensive income			
Foreign currency translation differences		(433)	1,591
Revaluation of property, plant and equipment		48	315
Other comprehensive income for the year, net of income tax		**(385)**	**1,906**
Total comprehensive income for the year		**(167,587)**	**(135,208)**
Loss attributable to:			
Owners of the Company		(170,608)	(119,535)
Non-controlling interest		3,406	(17,579)
Loss for the year		**(167,202)**	**(137,114)**
Total comprehensive income attributable to:			
Owners of the Company		(170,599)	(118,035)
Non-controlling interest		3,012	(17,173)
Total comprehensive income for the year		**(167,587)**	**(135,208)**
Loss per share			
Basic and diluted loss per share (€)	11	**(0.29)**	**(0.23)**

Consolidated statement of financial position

As at 31 December 2009

	Note	31 December 2009 €'000	31 December 2008 €'000
Assets			
Investment property	12	1,380,457	1,531,398
Property, plant and equipment	13	70,709	72,836
Investments in equity accounted investees	15	14,211	12,727
Goodwill	27	-	628
Deferred tax assets	21	2,185	2,966
Other non-current assets		2,086	685
Total non-current assets		**1,469,648**	**1,621,240**
Trading properties	14	284,107	339,816
Loan receivable	16	-	6,582
Receivables and other assets	17	48,961	42,000
Cash and cash equivalents	18	62,917	166,080
Total current assets		**395,985**	**554,478**
Total assets		**1,865,633**	**2,175,718**
Equity			
Share capital	19	6,277	5,490
Share premium	19	812,520	833,359
Reserves		1,995	(60,349)
Retained earnings		394,664	565,272
Total equity attributable to equity holders of the Company		**1,215,456**	**1,343,772**
Non-controlling interest		38,008	165,606
Total equity		**1,253,464**	**1,509,378**
Liabilities			
Interest-bearing loans	20	289,423	278,780
Finance lease obligations	22	9,116	9,192
Deferred tax liabilities	21	127,126	149,570
Other non-current liabilities	23	22,271	21,483
Total non-current liabilities		**447,936**	**459,025**
Interest-bearing loans	20	81,045	87,438
Finance lease obligations	22	454	315
Trade and other payables	24	81,565	118,368
Tax payable		1,169	1,194
Total current liabilities		**164,233**	**207,315**
Total liabilities		**612,169**	**666,340**
Total equity and liabilities		**1,865,633**	**2,175,718**
Net asset value per share (€)	25	**1.94**	**2.72**

Consolidated statement of changes in equity

For the year ended 31 December 2009

	Attributable to equity holders of the Company								
	Share capital	Share premium	Translation reserve	Revaluation reserve	Reserve for own shares	Retained earnings	Total	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2008	5,175	833,359	630	-	-	684,807	1,523,971	200,112	1,724,083
Total comprehensive income for the year									
Loss for the year	-	-	-	-	-	(119,535)	(119,535)	(17,579)	(137,114)
Other comprehensive income									
Foreign currency translation differences	-	-	1,232	-	-	-	1,232	359	1,591
Revaluation of property, plant and equipment, net of tax	-	-	-	268	-	-	268	47	315
Total other comprehensive income	-	-	1,232	268	-	-	1,500	406	1,906
Total comprehensive income for the year	**-**	**-**	**1,232**	**268**	**-**	**(119,535)**	**(118,035)**	**(17,173)**	**(135,208)**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Issue of ordinary shares	315	-	-	-	-	-	315	-	315
Own shares acquired	-	-	-	-	(62,479)	-	(62,479)	-	(62,479)
Non-controlling interest on capital increase of subsidiaries	-	-	-	-	-	-	-	4,075	4,075
Non-controlling interest decrease on disposal of subsidiary	-	-	-	-	-	-	-	(1,446)	(1,446)
Total contributions by and distributions to owners	315	-	-	-	(62,479)	-	(62,164)	2,629	(59,535)
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(19,962)	(19,962)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	(19,962)	(19,962)
Total transactions with owners	315	-	-	-	(62,479)	-	(62,164)	(17,333)	(79,497)
Balance at 31 December 2008	5,490	833,359	1,862	268	(62,479)	565,272	1,343,772	165,606	1,509,378

Balance at 1 January 2009	5,490	833,359	1,862	268	(62,479)	565,272	1,343,772	165,606	1,509,378
Total comprehensive income for the year									
Loss for the year	-	-	-	-	-	(170,608)	(170,608)	3,406	(167,202)
Other comprehensive income									
Foreign currency translation differences	-	-	(39)	-	-	-	(39)	(394)	(433)
Revaluation of property, plant and equipment, net of tax	-	-	-	48	-	-	48	-	48
Total other comprehensive income	**-**	**-**	**(39)**	**48**	**-**	**-**	**9**	**(394)**	**(385)**
Total comprehensive income for the year	**-**	**-**	**(39)**	**48**	**-**	**(170,608)**	**(170,599)**	**3,012**	**(167,587)**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Issue of ordinary shares related to business combinations	787	24,467	-	-	-	-	25,254	-	25,254
Own shares exchanged in relation to business combinations	-	(45,004)	-	-	62,479	-	17,475	-	17,475
Own shares acquired	-	-	-	-	(4,408)	-	(4,408)	-	(4,408)
Own shares sold	-	(302)	-	-	4,264	-	3,962	-	3,962
Dividends paid	-	-	-	-	-	-	-	(1,305)	(1,305)
Non-controlling interest on capital increases of subsidiaries	-	-	-	-	-	-	-	850	850
Total contributions by and distributions to owners	787	(20,839)	-	-	62,335	-	42,283	(455)	41,828
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(130,155)	(130,155)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	(130,155)	(130,155)
Total transactions with owners	787	(20,839)	-	-	62,335	-	42,283	(130,610)	(88,327)
Balance at 31 December 2009	**6,277**	**812,520**	**1,823**	**316**	**(144)**	**394,664**	**1,215,456**	**38,008**	**1,253,464**

Consolidated statement of cash flows

For the year ended 31 December 2009

	31 December 2009	31 December 2008
	€'000	€'000
Cash flows from operating activities		
Loss for the year	(167,202)	(137,114)
Adjustments for:		
Valuation loss on investment property	124,731	112,621
Fair value adjustment on investments at fair value through profit or loss	4	371
Loss/(gain) on disposal of investment in subsidiaries	643	(2,921)
Share of profits on equity accounted investees	(5,735)	(326)
(Gain)/loss on disposal of investment in equity accounted investee	(3,125)	1,235
Gain from bargain purchases	(38,056)	(37,232)
Goodwill written off	628	5,538
Impairment of property, plant and equipment	2,565	3,392
Impairment of trading properties	3,857	5,093
Depreciation	1,566	2,886
Exchange difference	2,385	(84)
Taxation	(19,518)	(19,359)
Interest income	(4,194)	(12,027)
Interest expense	22,717	21,086
	(78,734)	(56,841)
Change in receivables and other assets	(8,371)	(6,708)
Change in finance lease obligations	63	373
Change in other non-current liabilities	788	1,202
Change in trade and other payables	(32,838)	(75,592)
Cash used in operating activities	(119,092)	(137,566)
Tax paid	(1,147)	(3,295)
Net cash used in operating activities	**(120,239)**	**(140,861)**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(49,370)	(26,602)
Net proceeds from disposal of subsidiaries	6,518	4,052
Proceeds from disposal of investments in equity accounted investees	4,500	8,400
Net change in investments in equity accounted investees	1,961	(12,612)
Change in loans receivable	6,582	(6,032)
Net acquisitions of investment property	19,191	(71,056)
Net acquisitions of property, plant and equipment	(2,541)	(2,842)
Net change in trading properties	45,199	(2,412)
Interest received	4,194	12,027
Net cash from/(used in) investing activities	**36,234**	**(97,077)**
Cash flows from financing activities		
Proceeds from issue of share capital	-	315
Own shares acquired	-	(62,479)
Funds received from non-controlling shareholders	850	4,075
Change in interest-bearing loans	14,576	62,480
Dividends paid	(1,305)	-
Interest paid	(22,717)	(21,086)
Net cash used in financing activities	**(8,596)**	**(16,695)**
Net decrease in cash and cash equivalents	**(92,601)**	**(254,633)**
Cash and cash equivalents at the beginning of the year	119,866	373,505
Effect of exchange rate fluctuations on cash held	(236)	994
Cash and cash equivalents at the end of the year	**27,029**	**119,866**
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of the following:		
Cash in hand and at bank (see note 18)	62,917	166,080
Bank overdrafts (see note 20)	(35,888)	(46,214)
Cash and cash equivalents	**27,029**	**119,866**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Dolphin Capital Investors Limited (the ‘Company’) was incorporated and registered in the British Virgin Islands on 7 June 2005. The Company is a real estate investment company focused on the early-stage, large-scale leisure-integrated residential resorts in south-east Europe, and managed by Dolphin Capital Partners Limited (the ‘Investment Manager’), an independent private equity management firm that specialises in real estate investments, primarily in south-east Europe. The shares of the Company were admitted to trading on the AIM market of the London Stock Exchange (‘AIM’) on 8 December 2005.

The consolidated financial statements of the Company as at 31 December 2009 comprise the financial statements of the Company and its subsidiaries (together referred to as the ‘Group’) and the Group’s interests in associates and jointly controlled entities.

The consolidated financial statements were authorised for issue by the directors on 10 March 2010.

The consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available at www.dolphinci.com.

2. STATEMENT OF COMPLIANCE

a. Statement of compliance

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

b. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, with the exception of property (trading properties, only on a business combination) and investments at fair value through profit or loss, which are stated at their fair values and investments in associates and jointly controlled entities, which are accounted for in accordance with the equity method of accounting.

c. Application of new and revised Standards and Interpretations

During the current year, the Group adopted all the new and revised IFRS and International Accounting Standards (‘IAS’) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2009. This adoption did not have a material effect on the accounting policies of the Group, except from the application of IAS1 (Revised): ‘Presentation of Financial Statements’, which had a significant impact on the presentation of these consolidated financial statements.

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

Standard/Interpretation	Effective for annual periods beginning on or after
Adopted by the EU	
• IFRS1 (Revised): 'First time adoption of IFRS'	1 July 2009
• IFRS3 (Revised): 'Business combinations'	1 July 2009
• IAS27 (Amended): 'Consolidated and separate financial statements'	1 July 2009
• IFRIC 17: 'Distribution of non-cash assets to owners'	1 July 2009
• Amendments to IAS39: 'Eligible hedged items'	1 July 2009
• Improvements to IFRSs 2008 – Amendments to IFRS5: 'Non-current assets held for sale and discontinued operations'	1 July 2009
• Amendments to IAS32: 'Classification of rights issues'	1 February 2010
Not yet adopted by the EU	
• Improvements to IFRSs – 2009	1 July 2009/1 January 2010
• Amendments to IFRS2: 'Group cash-settled share-based payment transactions'	1 January 2010
• Amendments to IFRS1: 'Additional exemptions for first-time adopters'	1 January 2010
• IFRIC19: 'Extinguishing financial liabilities with equity instruments'	1 July 2010
• Amendments to IFRIC14: 'Prepayments of a minimum funding requirement'	1 January 2011
• IAS24 (Revised): 'Related party disclosures'	1 January 2011
• IFRS9: 'Financial instruments'	1 January 2013

The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the consolidated financial statements of the Group.

d. Use of estimates and judgments

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

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

- **Work in progress**

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

- **Revenue recognition**

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

- **Provision for bad and doubtful debts**

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

- **Income taxes**

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

- **Fair value of property**

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

- **Impairment of intangible assets**

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

- **Impairment of goodwill**

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

e. Functional and presentation currency

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

3. DETERMINATION OF FAIR VALUES

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

Property, plant and equipment

The fair value of land and buildings classified as property, plant and equipment is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The market value of land and buildings classified as property, plant and equipment is based on the appraisal reports provided by independent property valuers.

Investment property

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

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

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

Trading properties

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

Financial assets at fair value through profit or loss

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

Trade and other receivables

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

Non-derivative financial liabilities

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

4. SIGNIFICANT COMPANY HOLDINGS

As at 31 December 2009, the Group's most significant company holdings were the following:

Name	Country of incorporation	Shareholding interest
Scorpio Bay Holdings Limited	Cyprus	100.00%
Scorpio Bay Resorts S.A.	Greece	100.00%
Latirus Enterprises Limited	Cyprus	79.66%
Iktinos Techniki Touristiki S.A.	Greece	77.74%
Xscape Limited	Cyprus	100.00%
Golfing Developments S.A.	Greece	100.00%
MindCompass Overseas Limited	Cyprus	100.00%
MindCompass Overseas S.A.	Greece	100.00%
MindCompass Overseas Two S.A.	Greece	100.00%
MindCompass Parks S.A.	Greece	100.00%
Ergotex Services Co. Limited	Cyprus	100.00%
D.C. Apollo Heights Polo and Country Resort Limited	Cyprus	100.00%
Symboula Estates Limited	Cyprus	100.00%
DolphinCI Fourteen Limited	Cyprus	100.00%
Eidikou Skopou Dekatessera S.A.	Greece	100.00%
Eidikou Skopou Dekaokto S.A.	Greece	100.00%
Portoheli Hotel and Marina S.A.	Greece	100.00%
DCI Holdings Two Limited	BVIs	99.74%
Dolphin Capital Atlantis Limited	Cyprus	99.74%
Aristo Developers Limited	Cyprus	99.74%
Single Purpose Vehicle Twelve Limited	Cyprus	99.74%
Single Purpose Vehicle Eighteen Limited	Cyprus	99.74%
Single Purpose Vehicle Nineteen Limited	Cyprus	99.74%
Azurna Uvala D.o.o.	Croatia	100.00%
Eastern Crete Development Company S.A.	Greece	60.00%
DolphinLux 1 S.a.r.l.	Luxemburg	100.00%
DolphinLux 2 S.a.r.l.	Luxemburg	100.00%
Pasakoy Yapi ve Turizm A.S.	Turkey	100.00%
Kalkan Yapi ve Turizm A.S.	Turkey	99.68%
DCI Holdings Five Limited	BVIs	100.00%
DCI Holdings Four Limited	BVIs	97.28%
DCI Holdings Seven Limited	BVIs	97.28%
Playa Grande Holdings Inc.	Dominican Republic	97.28%
Single Purpose Vehicle Eight Limited	Cyprus	100.00%
Eidikou Skopou Dekapente S.A.	Greece	100.00%
Single Purpose Vehicle Ten Limited	Cyprus	100.00%
Eidikou Skopou Eikosi Tessera S.A.	Greece	100.00%
Pearl Island Limited S.A.	Panama Republic	60.00%
Zoniro (Panama) S.A.	Panama Republic	60.00%

5. SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Subsidiaries

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

5.2 Transactions eliminated on consolidation

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

5.3 Gain from bargain purchases arising on acquisition of subsidiaries

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

5.4 Goodwill

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

5.5 Associates and jointly controlled entities

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

5.6 Investment property

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

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

5.7 Property, plant and equipment

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

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

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

Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Freehold land is not depreciated.

The annual rates of depreciation are as follows:

Buildings	3%
Machinery and equipment	10% - 33.33 %
Motor vehicles and other	10% - 20%

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

5.8 Trading properties

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

5.9 Work in progress

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

5.10 Leased assets

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

5.11 Loans, trade and other receivables

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

5.12 Financial assets at fair value through profit or loss

The Group classifies its investments in equity securities as financial assets at fair value through profit or loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every statement of financial position date. This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in the held for trading category if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the statement of financial position date. Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in the consolidated statement of comprehensive income in the period in which they arise.

5.13 Cash and cash equivalents

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

5.14 Share capital and premium

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

5.15 Treasury shares

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

5.16 Dividends

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

5.17 Interest-bearing borrowings

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

5.18 Trade and other payables

Trade and other payables are stated at their cost.

5.19 Prepayments from clients

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

5.20 Provisions

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

5.21 Expenses

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

5.22 Impairment

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

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

5.23 Revenue recognition

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

Income from land and buildings under development

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

Construction contracts

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

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

5.24 Finance income and costs

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

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

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

5.25 Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

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

5.26 Foreign operations

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

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

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

5.27 Segment reporting

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

5.28 Earnings per share

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

5.29 Net asset value per share

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

5.30 Income tax

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

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

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

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

5.31 Comparatives

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

6. SEGMENT REPORTING

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

7. OTHER OPERATING (LOSSES)/PROFITS

	From 1 January 2009 to 31 December 2009 €'000	From 1 January 2008 to 31 December 2008 €'000
Sale of trading and investment properties	55,654	50,923
Income from operation of golf courses	651	1,187
Income from construction contracts	8,630	5,722
Other income	1,637	7,413
Cost of sales	(70,004)	(53,048)
Total	**(3,432)**	**12,197**

8. PERSONNEL COST

	From 1 January 2009 to 31 December 2009		From 1 January 2008 to 31 December 2008	
	Operating expenses €'000	**Construction in progress** €'000	**Operating expenses** €'000	**Construction in progress** €'000
Wages and salaries	10,781	1,839	13,200	2,318
Compulsory social security contributions	2,388	980	1,564	824
Contributions to defined contribution plans	512	94	450	111
Other personnel costs	230	317	160	54
Total	**13,911**	**3,230**	**15,374**	**3,307**

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

The average number of employees employed by the Group during the year was 454 (2008: 538 employees).

9. FINANCE INCOME AND FINANCE COSTS

	From 1 January 2009 to 31 December 2009 €'000	From 1 January 2008 to 31 December 2008 €'000
Recognised in profit or loss		
Interest income	4,194	12,027
Exchange difference	710	3,461
Finance income	4,904	15,488
Interest expense	(22,717)	(21,086)
Fair value adjustment on investments at fair value through profit or loss	(4)	(371)
Bank charges	(632)	(1,564)
Exchange difference	(1,662)	(4,346)
Finance costs	(25,015)	(27,367)
Net finance costs recognised in profit or loss	**(20,111)**	**(11,879)**

Recognised in other comprehensive income		
Foreign currency translation differences	(433)	1,591
Finance (costs)/income recognised in other comprehensive income	**(433)**	**1,591**
Attributable to:		
Equity holders of the Company	(39)	1,232
Non-controlling interest	(394)	359
Finance (costs)/income recognised in other comprehensive income	**(433)**	**1,591**

10. TAXATION

	From 1 January 2009 to 31 December 2009 €'000	From 1 January 2008 to 31 December 2008 €'000
Income tax	1,122	3,043
Net deferred tax	(21,555)	(22,572)
Share of tax on equity accounted investees	915	170
Total	**(19,518)**	**(19,359)**

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

	From 1 January 2009 to 31 December 2009 €'000	From 1 January 2008 to 31 December 2008 €'000
Loss before taxation	(186,720)	(156,473)
Taxation using domestic tax rates	(10,009)	(6,045)
Non-deductible expenses and tax-exempt income	(10,738)	(6,713)
Reduction in tax rate	-	(6,718)
Effect of tax losses utilised	(2)	(184)
Share of tax on equity accounted investees	915	170
Other	316	131
Total	**(19,518)**	(19,359)

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

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

In Greece, the corporation tax rate is 25% (2008: 25%). Tax losses of Greek companies are carried forward to reduce future profits for a period of 5 years. A new Greek tax law has been enacted whereby the Greek corporate tax rates will be progressively reduced annually by 1%, reducing the corporate tax rates from 25% to 20% by 2014. In Turkey, the corporation tax rate is 20%. Tax losses of Turkish companies are carried forward to reduce future profits for a period of 5 years. In Croatia, the corporation tax rate is 20%. Tax losses of Croatian companies are carried forward to reduce future profits for a period of 5 years.

The Group's subsidiary in the Dominican Republic has been granted a 100% exemption on local and municipal taxes by the Dominican Republic's CONFOTUR (Tourism Promotion Council) for a period of 10 years, effective from the commencement of the construction of the project. In the Republic of Panama, the corporation tax rate is 30% and the capital gains tax rate is 10%. Tax losses of companies in the Republic of Panama are carried forward to reduce future profits in the next 5 taxable years.

11. LOSS PER SHARE

Basic loss per share

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

	From 1 January 2009 to 31 December 2009 €'000	**From 1 January 2008 to 31 December 2008 €'000**
Loss attributable to owners of the Company (€)	(170,608)	(119,535)
Number of weighted average common shares outstanding	583,241	520,364
Basic loss per share (€)	**(0.29)**	**(0.23)**

Weighted average number of common shares outstanding

	From 1 January 2009 to 31 December 2009 '000	**From 1 January 2009 to 31 December 2009 '000**
Outstanding common shares at the beginning of the year	494,596	517,501
Effect of shares issued during the year	53,239	24,384
Effect of own shares exchanged during the year	36,840	-
Effect of own shares acquired during the year	(3,619)	(21,521)
Effect of own shares sold during the year	2.185	-
Weighted average number of common shares outstanding	**583,241**	**520,364**

Diluted loss per share

Diluted loss per share is calculated by adjusting the number of common shares outstanding to assume conversion of all dilutive potential shares. As at 31 December 2009, the diluted loss per share is the same as the basic loss per share, due to the fact that neither warrants nor other convertible shares existed. As at 31 December 2008, the Company had warrants which were not exercisable, and as a result, the diluted loss per share was the same as the basic loss per share.

12. INVESTMENT PROPERTY

	31 December 2009 €'000	31 December 2008 €'000
At beginning of year	1,531,398	1,549,034
Additions through:		
Direct acquisitions	4,359	97,155
Acquisition of subsidiary companies	-	42,570
Transfers from/(to) property, plant and equipment	275	(32,962)
Transfers (to)/from trading properties	(3,618)	11,200
Disposals through:		
Direct disposals	(20,329)	(26,099)
Disposal of subsidiary companies (see note 27)	(1.653)	-
Conversion of a subsidiary into an associate	(3,221)	-
Exchange difference	(2,023)	3,121
	1,505,188	1,644,019
Fair value adjustment	(124,731)	(112,621)
At end of year	**1,380,457**	**1,531,398**

13. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings €'000	Machinery & equipment €'000	Other €'000	Total €'000
2009				
Cost or deemed cost				
At beginning of year	70,280	10,599	3,088	83,967
Additions through:				
Direct acquisitions of property, plant and equipment	1,550	1,282	128	2,960
Transfers from investment property	(275)	-	-	(275)
Disposals through:				
Direct disposal of property, plant and equipment	(264)	(1,341)	(48)	(1,653)
Revaluation adjustment	48	-	-	48
Impairment	(2,565)	-	-	(2,565)
Exchange difference	(315)	(8)	(1)	(324)
At end of year	68,459	10,532	3,167	82,158
Depreciation and impairment losses				
At beginning of year	4,697	4,573	1,861	11,131
Disposals through:				
Direct disposal of property, plant and equipment	(198)	(999)	(37)	(1,234)
Exchange difference	(8)	(5)	(1)	(14)
Charge for the year	256	971	339	1,566
At end of year	4,747	4,540	2,162	11,449
Carrying amounts	**63,712**	**5,992**	**1,005**	**70,709**
2008				
Cost or deemed cost				
At beginning of year	51,747	9,756	2,525	64,028
Additions through:				
Direct acquisitions of property, plant and equipment	608	2,349	913	3,870
Transfers from investment property	32,962	-	-	32,962
Disposals through:				
Direct disposal of property, plant and equipment	(1,189)	(894)	(332)	(2,415)
Disposal of subsidiary company (see note 27)	(11,140)	(612)	(18)	(11,770)
Revaluation adjustment	350	-	-	350
Impairment	(3,392)	-	-	(3,392)
Exchange difference	334	-	-	334
At end of year	70,280	10,599	3,088	83,967
Depreciation and impairment losses				
At beginning of year	4,813	5,061	1,921	11,795
Disposals through:				
Direct disposal of property, plant and equipment	-	(1,067)	(320)	(1,387)
Disposal of subsidiary company (see note 27)	(1,763)	(443)	(15)	(2,221)
Exchange difference	58	-	-	58
Charge for the year	1,589	1,022	275	2,886
At end of year	4,697	4,573	1,861	11,131
Carrying amounts	**65,583**	**6,026**	**1,227**	**72,836**

14. TRADING PROPERTIES

	31 December 2009 €'000	**31 December 2008** €'000
At beginning of year	339,816	356,219
Net direct (disposals)/additions	(49,607)	2,412
Net transfers from/(to) investment property	3,618	(11,200)
Disposals through disposal of subsidiary company (see note 27)	(5,700)	-
Impairment	(3,857)	(5,093)
Exchange difference	(163)	(2,522)
At end of year	**284,107**	**339,816**

15. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

	DolphinCI S&B Holdings Limited €'000	Athiari Commercial (Paphos) Limited €'000	Athiari Residential (Paphos) Limited €'000	Aristo Accounting S.A. €'000	Joint venture between Aristo and Alea Limassol Star Ltd €'000	Joint venture between Aristo and St.Chara Developers Ltd €'000	Joint venture between Aristo and Poseidon Ltd €'000	Alexandria Beach Tourist Enterprises S.A. €'000	Total €'000
Balance as at 1 January 2009	-	9,474	3,190	-	-	-	63	-	12,727
Initial cost of investment	-	-	-	29	-	-	-	-	29
Net equity from prior periods	(1,209)	-	-	-	-	-	-	-	(1,209)
Share of profit before tax	675	1,113	586	(1)	3,378	(16)	-	-	5,735
Share of tax	(95)	(582)	(238)	-	-	-	-	-	(915)
Long-term loans	2,004	482	111	-	-	-	-	-	2,597
Profits received	-	-	-	-	(3,378)	-	-	-	(3,378)
Disposals	(1,375)	-	-	-	-	-	-	-	(1,375)
Balance as at 31 December 2009	**-**	**10,487**	**3,649**	**28**	**-**	**(16)**	**63**	**-**	**14,211**
Balance as at 1 January 2008	-	-	-	-	628	134	63	9,594	10,419
Initial cost of investment	-	1	1	-	-	-	-	-	2
Share of profit before tax	-	214	71	-	1,969	(32)	-	41	2,263
Share of tax	-	(126)	(44)	-	-	-	-	-	(170)
Long-term loans	-	9,385	3,162	-	-	-	-	-	12,547
Profits received	-	-	-	-	(2,597)	(102)	-	-	(2,699)
Disposals	-	-	-	-	-	-	-	(9,635)	(9,635)
Balance as at 31 December 2008	**-**	**9,474**	**3,190**	**-**	**-**	**-**	**63**	**-**	**12,727**

As of 31 December 2009, the Group has a payable of €10,572 thousand (2008:€11,855 thousand) to the Aristo Developers Limited ('Aristo') joint ventures with Alea Limassol Star Limited and St. Chara Developers Limited (see note 24).

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

On 19 August 2008, the Group disposed of its investment in Alexandra Beach Tourist Enterprises S.A., a land-owning Greek company with a shareholding interest of 42.50%, for a total consideration of €8.4 million.

The details of the above investments are as follows:

Name	**Country of incorporation**	**Principal activities**	**Shareholding interest**
Athiari Commercial (Paphos) Limited	Cyprus	Ownership and development of land	49.87%
Athiari Residential (Paphos) Limited	Cyprus	Ownership and development of land	49.87%
Aristo Accounting S.A.	Greece	Provision of professional services	48.87%
Joint venture between Aristo and Alea Limassol Star Limited	Cyprus	Ownership and development of land	49.87%(*)
Joint venture between Aristo and St. Chara Developers Limited	Cyprus	Ownership and development of land	49.87%
Joint venture between Aristo and Poseidon Limited	Cyprus	Construction of marina	24.93%

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

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

	Athiari Commercial (Paphos) Limited	**Athiari Residential (Paphos) Limited**	**Aristo Accounting S.A.**	**Joint venture between Aristo and Alea Limassol Star Ltd**	**Joint venture between Aristo and St.Chara Developers Ltd**	**Joint venture between Aristo and Poseidon Ltd**	**Total**
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Current assets	272	-	109	8,031	358	251	9,021
Non-current assets	56,805	19,500	14	-	-	-	76,319
Total assets	57,077	19,500	123	8,031	358	251	85,340
Current liabilities	62	94	65	15,283	40	-	15,544
Non-current liabilities	55,775	18,654	-	-	-	-	74,429
Total liabilities	55,837	18,748	65	15,283	40	-	89,973
Revenues	4,554	1,946	416	10,927	-	-	17,843
Expenses	(3,492)	(1,251)	(418)	(6,471)	(32)	-	(11,664)
Profit/(loss)	1,062	695	(2)	4,456	(32)	-	6,179

16. LOAN RECEIVABLE

In 2008, DCI Holdings Two Limited ('DCI Two') extended two short-term loans to its shareholders, the Company and Mr. Theodoros Aristodemou ('TA'), based on their shareholding interests in DCI Two for the amount of €37,252 thousand (amount eliminated at consolidated level) and €6,582 thousand, respectively. The latter loan was repaid during the year ended 31 December 2009.

17. RECEIVABLES AND OTHER ASSETS

	31 December 2009 €'000	31 December 2008 €'000
Trade receivables	29,203	24,793
Investment Manager fee prepayments	4,459	4,325
Accrued interest receivable	328	754
Investments at fair value through profit or loss	242	246
Other receivables and prepayments	14,729	11,882
Total	**48,961**	**42,000**

18. CASH AND CASH EQUIVALENTS

	31 December 2009 €'000	31 December 2008 €'000
Bank balances	13,523	44,937
One-week deposits	3,511	36,234
One-month fixed deposits	16,605	5,000
Two-month fixed deposits	9,000	21,257
Three-month fixed deposits	15,278	58,652
One-year fixed deposits	5,000	-
Total	**62,917**	**166,080**

The average interest rate on the above bank balances for the year ended 31 December 2009 was 1.648% (2008: 4.085%).

19. CAPITAL AND RESERVES

CAPITAL

Authorised share capital

	31 December 2009		31 December 2008	
	'000 of shares	€'000	'000 of shares	€'000
Common shares of €0.01 each	2,000,000	20,000	2,000,000	20,000

Movement in share capital and premium

	Shares in '000	Share capital €'000	Share premium €'000
Capital at 1 January 2008	517,501	5,175	833,359
Shares issued from exercise of warrants on 24 March 2008	31,535	315	-
Capital at 31 December 2008	**549,036**	**5,490**	**833,359**
Capital at 1 January 2009	549,036	5,490	833,359
Shares issued in relation to business combination on 8 April 2009	78,673	787	24,467
Own shares exchanged in relation to business combination on 8 April 2009	-	-	(45,004)
Own shares sold on 5 October 2009	-	-	(302)
Capital at 31 December 2009	**627,709**	**6,277**	**812,520**

Warrants

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

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

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

Dividends

During 2009, the Group paid dividends of €1,305 thousand to non-controlling shareholders, through its subsidiary, DCI Two.

RESERVES

Reserve for own shares

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

In 2008, the Company acquired 54,440,000 of its common shares through share buyback, thereby reducing its outstanding shares to 494,596,141. The total amount paid for the acquisition of these shares was €62,479 thousand. In 2009, these shares were exchanged as part of the consideration transferred in relation to the acquisition of a 15% non-controlling interest in Aristo.

In 2009, the Company proceeded with a share buyback programme ('Shares-for-Assets Programme'), whereby shareholders had the right to exchange common shares of the Company for certain real estate assets of the Group. In accordance with the relevant terms and conditions of the programme, the applicable market value of these properties was double the applicable market price of the shares tendered at the time of exchange. In total, 39 assets were exchanged through the programme for a total of 9.3 million Company common shares and with an aggregate sales price of €8.8 million. The asset value of the properties exchanged as recorded in the Company's books as at 31 December 2008, amounted to €4.2 million. As mentioned in note 26.4, 9.1 million own shares were given to Grupo Eleta as partial payment of the incentive fee payable.

As at 31 December 2009, the amount of own shares held by the Company was 307 thousand (2008: 54,440 thousand).

Translation reserve

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

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment prior to its reclassification as investment property.

20. INTEREST-BEARING LOANS

	Total		Within one year		Within two to five years		More than five years	
	2009 €'000	**2008 €'000**	**2009 €'000**	**2008 €'000**	**2009 €'000**	**2008 €'000**	**2009 €'000**	**2008 €'000**
Loans in euro	315,141	297,909	43,205	38,303	227,577	217,031	44,359	42,575
Loans in United States dollars	19,439	22,095	1,952	2,921	12,045	10,997	5,442	8,177
Bank overdrafts in euro	35,888	46,214	35,888	46,214	-	-	-	-
Total	**370,468**	**366,218**	**81,045**	**87,438**	**239,622**	**228,028**	**49,801**	**50,752**

Interest rates

As at 31 December 2009, the Group's interest-bearing loans had the following interest rates:

- Loans in euro were based on Euribor and their margins ranged between 0.95% to 4.2% (2008: 0,95% to 3.45%).
- Bank overdrafts in euro bore an average interest rate of 6.10% (2008: 5.50%).

- Loans in United States dollars were based on Libor and their margins ranged between 2% to 3% (2008: 2% to 3%).

Securities

As at 31 December 2009, the Group's interest-bearing loans were secured as follows:

- Mortgages against the immovable property of Aristo amounted to €260.3 million, pledging 941.942 of shares of Aristo subsidiaries and a floating charge on Aristo's inventory in the amount of €1.7 million.
- Pledge over 5.000 shares of the subsidiary Dolphin Capital Atlantis Limited.
- Pledge over 124,836,660 shares of Aristo.
- Guarantee by Dolphin Capital Atlantis Limited for €85 million plus interest.
- Mortgages against the immovable property of the subsidiary in Dominican Republic, Playa Grande Holdings Inc. ('PGH').
- Mortgages against the immovable property of the Croatian subsidiary, Azurna Uvala D.o.o. ('Azurna'), and three debentures of the borrower.
- Mortgages against the immovable property of the Turkish subsidiary, Pasakoy Yapi ve Turizm A.S. amounting to €17.7 million and promissory notes amounting to €5.3 million.
- Mortgages against the immovable trading property of the ten subsidiaries of Ergotex Services Co. Limited amounting to €5.2 million.

21. DEFERRED TAX ASSETS AND LIABILITIES

	31 December 2009		31 December 2008	
	Deferred tax assets €'000	Deferred tax liabilities €'000	Deferred tax assets €'000	Deferred tax liabilities €'000
Balance at the beginning of the year	2,966	(149,570)	2,157	(167,241)
From acquisition of subsidiaries	-	-	-	(4,254)
From disposal of subsidiary	-	194	-	391
(Charge)/credit in the consolidated statement of comprehensive income	(825)	22,380	1,041	21,531
Exchange difference and other	44	(130)	(232)	3
Balance at the end of the year	**2,185**	**(127,126)**	**2,966**	**(149,570)**

Deferred tax assets and liabilities are attributable to the following:

	31 December 2009		31 December 2008	
	Deferred tax assets €'000	Deferred tax liabilities €'000	Deferred tax assets €'000	Deferred tax liabilities €'000
Revaluation of investment property	-	(106,867)	-	(126,561)
Revaluation of trading property (on acquisition of subsidiaries)	-	(14,788)	-	(17,346)
Revaluation of property, plant and equipment	-	(5,142)	-	(5,663)
Other temporary differences	-	(329)	-	-
Tax losses	2,185	-	2,966	-
Total	**2,185**	**(127,126)**	**2,966**	**(149,570)**

22. FINANCE LEASE OBLIGATIONS

	31 December 2009			31 December 2008		
	Future minimum lease payments €'000	Interest €'000	Present value of minimum lease payments €'000	Future minimum lease payments €'000	Interest €'000	Present value of minimum lease payments €'000
Less than one year	459	5	454	735	420	315
Between two and five years	2,276	551	1,725	2,843	1,486	1,357
More than five years	30,144	22,753	7,391	35,313	27,478	7,835
Total	**32,879**	**23,309**	**9,570**	**38,891**	**29,384**	**9,507**

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

23. OTHER NON-CURRENT LIABILITIES

	31 December 2009 €'000	31 December 2008 €'000
Land creditors	20,828	20,986
Amount due to customers for contract work	449	383
Other non-current liabilities	994	114
Total	**22,271**	**21,483**

24. TRADE AND OTHER PAYABLES

	31 December 2009 €'000	31 December 2008 €'000
Trade payables	8,369	9,381
Amount due to customers for contract work	36,645	82,868
Land creditors	1,399	1,309
Investment manager fees payable	787	516
Incentive fees payable to the non-controlling shareholder of Pearl Island project (see note 26.4)	6,868	-
Payable to the former controlling shareholder of PGH project (see note 26.4)	7,675	-
Payables to Aristo joint ventures	10,572	11,855
Other payables and accrued expenses	9,250	12,439
Total	**81,565**	**118,368**

25. NET ASSET VALUE PER SHARE

	31 December 2009 '000	31 December 2008 '000
Total equity attributable to equity holders of the Company (€)	1,215,456	1,343,772
Number of common shares outstanding at end of year	627,402	494,596
Net asset value per share (€)	**1.94**	**2.72**

26. RELATED PARTY TRANSACTIONS

26.1 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 2009 were as follows:

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

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

26.2 Investment Manager fees

Annual fees

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

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

In addition, the Company shall reimburse the Investment Manager for any professional fees or other costs incurred on behalf of the Company at its request for services or advice. Management fees for the year ended 31 December 2009 amounted to €17,618 thousand (2008: €17,180 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 following table displays the current escrow arrangements:

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

Clawback

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

Performance fees for the year ended 31 December 2009 amounted to €536 thousand (2008: €1,032 thousand), out of which 50% are held in escrow in accordance with the above provisions.

26.3 Directors' remuneration

Each Director is paid €15 thousand p.a., except for Mr. Roger Lane-Smith who is paid €45 thousand p.a. Mr. Kambourides has waived his fees and Mr. Achilleoudis waived his fees up to 30 June 2009. Directors were entitled to the following fees and expenses:

	From 1 January 2009 to 31 December 2009 '000	From 1 January 2008 to 31 December 2008 '000
Andreas Papageorghiou	15.0	15.0
Cem Duna	15.0	15.0
Nicholas Moy	15.0	15.0
Roger Lane-Smith	45.0	45.0
Antonios Achilleoudis	7.5	-
Total	**97.5**	**90.0**

26.4 Shareholder and development agreements

Shareholder agreements

DCI Holdings Twenty One Limited ('DCI 21'), a subsidiary of the Group, has signed a shareholder agreement with the non-controlling shareholder of Pedro Gonzalez Holdings I Limited. DCI 21 has acquired 60% of the shares of the project Pearl Island by paying the former majority shareholder a sum upon closing and a conditional payment to be paid in the event the non-controlling shareholder is successful in obtaining full masterplan and environmental permits. Following receipt of the EIS approval, the renegotiated amount due of US$25.7 million (€18,744 thousand) was payable as follows: US$10 million in cash; US$6 million payable in the form of 9,061,266 Company treasury shares (issued at GBP £0.40); and US$9.7 million (plus interest of Libor plus 400 basis points) payable one calendar year from the execution of the Revised Agreements for a combination of cash and Company shares. The cash payment of US$10 million to Grupo Eleta, the Company's local 40% partner, was made on 30 September 2009, and the transfer of 9,061,266 own shares worth US$6 million (€4.1 million) was made on 5 October 2009, pursuant to the renegotiated terms of the transaction. The remaining interest inclusive amount of US$9.8m (€6,868 thousand) due to the non-controlling shareholder is included in trade and other payables (see note 24).

On 24 December 2009, DolphinCi 24 Ltd, a subsidiary of the Group, signed a sale shares agreement with Exactarea International Limited, according to which 33.33% of the shares in Single Purpose Vehicle Ten Limited will be acquired by Exactarea International Limited upon the full payment of the agreed price. The consideration of the sale shares agreement was €4.1 million, payable in four equal installments. The cash payment of the first installment amounting to €1.025 million was made on 30 December 2009 and the remaining three are scheduled for the end of April, August and December 2010.

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

Dolphinci Thirteen Limited, a subsidiary of the Group, has signed a shareholder agreement with the non-controlling shareholder of Iktinos Techniki Touristiki S.A. ('Iktinos'). Under its current terms, Dolphinci Thirteen Limited has acquired approximately 80% of the shares of Latirus Enterprises Limited by paying the non-controlling shareholder an initial sum upon closing and a conditional amount in the event the non-controlling shareholder will be successful in, among others, acquiring additional specific plots and obtaining construction permits.

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

Under its terms:

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

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

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

Development agreements

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

Subject to obtaining the necessary permits, DCI Holdings Seven Limited is obliged to construct the infrastructure on the land retained by DR Beachfront Real Estate LLC (the 'Seller') and to deliver to the Seller four villas designed by Aman Resorts. The total provision for the above is US$ 11 million (€7,675 thousand) and is included in other expenses and in trade and other payables (see note 24).

Pedro Gonzalez Holdings II Limited, a subsidiary of the Group, has signed a Development Management agreement with DCI Holdings 12 Limited (the 'Developer'), in which the Group has a stake of 60%. Under its terms, the Developer undertakes, among others, the management of permitting, construction, sale and marketing of the Pearl Island Project.

26.5 Service agreement

Following the acquisition of Aristo, a service agreement was signed by DCI One, DCI Two and TA (either directly or through a TA-owned legal entity). The latter is entitled to receive annually a net after taxes amount equal to 20% of the NAV Uplift (the 'Management Incentive Fee'), which shall be created from Aristo's four potential golf-integrated residential developments (the 'Relevant Projects') within Venus Rock and Eagle Pine and which shall be calculated during the Pre-development Phase of each Relevant Project, defined to start from 5 April 2007 and end on the day that the Relevant Project receives planning permission for a golf course with integrated freehold residential real-estate of 100,000 m2.

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

The NAV Uplift is the sum of the individual NAV uplifts generated from the Relevant Projects during each project's Pre-development Phase versus their Current Book Value or versus their NAV of the previous year, provided that the latter is higher than the highest NAV of any previous years from 2007 onwards. NAV is defined as the gross asset value less any financial debt allocated or charged to the Relevant Projects less the corresponding deferred tax liabilities, calculated separately for each Relevant Project as at 31 December of each year. Any financial debt allocated or charged on the Relevant Projects whose proceeds were not invested or used for the benefit of the Relevant Projects is not deducted from this calculation.

The current book value of the Relevant Projects has been agreed to be the net book value as included in the audited consolidated financial statements of Aristo as at 31 December 2006.

As of 31 December 2009 and 2008, no Management Incentive Fees were accrued due to the decreases in the NAV of the Relevant Projects in the respective years.

26.6 Other related parties

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

Entity name	€'000	Nature of transaction
Iktinos Hellas S.A.	74	Project management services in relation to Sitia Project
TA	3,422	Payment for construction of private residence
J&P Development S.A.	203	Project management services in relation to Cape Plaka Project

27. BUSINESS COMBINATIONS

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

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

(a) Kalkan Yapi ve Turizm A.S.

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

(b) PGH

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

(c) Aristo

Pursuant to the terms of a shareholders agreement dated 5 April 2007 entered into between the Company and TA relating to TA's shareholding in DCI Two, TA was subject to a two-year lockup period in relation to his shareholding in DCI Two, after which put and call options could be exercised between the parties for TA's shareholding in DCI Two. Upon completion of this lock-up period, TA exercised his put option right for his 15% shareholding in DCI Two with effect from 8 April 2009.

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

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

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

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

During the year ended 31 December 2008, the Group increased its ownership interest in the following entities:

	Pearl Island Limited S.A. (a)	**Pasakoy Yapi ve Turizm A.S. (b)**	**Kalkan Yapi ve Turizm A.S. (c)**	**PGH (d)**	**Azurna (e)**	**Portoheli Hotel and Marina S.A . (f)**	**Iktinos (g)**	**Aristo (h)**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Investment property	42,570	-	-	-	-	-	-	-	42,570
Deferred tax liability	(4,254)	-	-	-	-	-	-	-	(4,254)
Other net liabilities	(10)	-	-	-	-	-	-	-	(10)
Net assets	38,306	-	-	-	-	-	-	-	38,306
Non-controlling interest	(15,324)	446	1,034	12,953	2,257	1,093	386	17,117	19,962
Net assets acquired	22,982	446	1,034	12,953	2,257	1,093	386	17,117	58,268
Purchase consideration	(6,623)	(195)	(1,358)	(4,473)	(7,499)	(677)	-	(5,777)	(26,602)
Gain from bargain purchases	16,359	251	-	8,480	-	416	386	11,340	37,232
Goodwill	**-**	**-**	**(324)**	**-**	**(5,242)**	**-**	**-**	**-**	**(5,566)**
Cash outflow on acquisitions	**(6,623)**	**(195)**	**(1,358)**	**(4,473)**	**(7,499)**	**(677)**	**-**	**(5,777)**	**(26,602)**

(a) Pearl Island Limited S.A.

On 9 July 2008, the Group acquired a 60% stake in Pearl Island Limited S.A., a company based in the Republic of Panama, for the amount of €6.6 million.

(b) Pasakoy Yapi ve Turizm A.S.

The Group has increased its shareholding interest in Pasakoy Yapi ve Turizm A.S. from 80% to 100%.

(c) Kalkan Yapi ve Turizm A.S.

The Group has increased its shareholding interest in Kalkan Yapi ve Turizm A.S. from 60% to 95.3%.

(d) PGH

The Group has increased its shareholding interest in PGH by 26.62% through the acquisition of the whole shareholding interest of one of the two non-controlling shareholders and part of the shareholding interest of the other non-controlling shareholder.

(e) Azurna

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

(f) Portoheli Hotel and Marina S.A.

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

(g) Iktinos

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

(h) Aristo

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

During the year ended 31 December 2008, the Group disposed of its 51% stake in A&A Super Aphrodite Park Limited, an Aristo subsidiary:

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

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

Goodwill

	31 December 2009 €'000	**31 December 2008 €'000**
Balance at the beginning of the year	628	600
From acquisition of subsidiaries	-	5,566
Goodwill written off	(628)	(5,538)
Balance at the end of the year	**-**	**628**

28. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

(i) Credit risk

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

(ii) Liquidity risk

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

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

31 December 2009	Carrying amounts €'000	Contractual cash-flows €'000	Within 1 year €'000	1-2 years €'000	3-5 years €'000	Over 5 years €'000
Interest-bearing loans	370,468	439,904	86,945	46,447	207,005	99,507
Obligations under finance leases	9,570	32,879	459	476	1,800	30,144
Amounts due to customers for contract work	37,094	37,094	36,645	449	-	-
Land creditors	22,227	25,696	1,399	600	23,697	-
Trade and other payables	43,521	43,521	43,521	-	-	-
	482,880	**579,094**	**168,969**	**47,972**	**232,502**	**129,651**
31 December 2008						
Interest-bearing loans	366,218	431,758	99,231	37,859	199,095	95,573
Obligations under finance leases	9,507	38,891	735	722	2,121	35,313
Amounts due to customers for contract work	83,251	83,251	82,868	383	-	-
Land creditors	22,295	25,026	1,309	-	23,717	-
Trade and other payables	34,191	34,191	34,191	-	-	-
	515,462	**613,117**	**218,334**	**38,964**	**224,933**	**130,886**

(iii) Market risk

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

Sensitivity analysis

An increase in equity prices by 5% at 31 December 2009 would have increased equity by €12 thousand and profit or loss by the same amount. For a decrease of 5% there would be an equal and opposite impact on the profit and other equity.

Interest rate risk

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

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2009 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	Equity		Profit or loss	
	2009	2008	2009	2008
	€'000	€'000	€'000	€'000
Floating rate financial instruments	3,683	3,269	3,683	3,269

Currency risk

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

(iv) Litigation risk

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

(v) Other risks

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

Capital management

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

Fair values

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

29. COMMITMENTS

At the end of 2009, the Group's subsidiary, Aristo, had a total of €3,320 thousand contractual capital commitments on property, plant and equipment (2008: €4,550 thousand).

Non-cancellable operating lease rentals are payable as follows:

	31 December 2009 €'000	31 December 2008 €'000
Less than one year	68	65
Between two and five years	116	139
More than five years	0	26
Total	**184**	**230**

30. CONTINGENT LIABILITIES

Aristo had contingent liabilities in respect of bank guarantees arising in the ordinary course of business, from which management does not anticipate any material liability to arise. These guarantees amount to €26.0 million (2008: €20.0 million).

Companies of the Group are involved in pending litigations. Such litigations principally relate to day-to-day operations as a developer of second home residences and largely derive from certain clients and suppliers. Based on the Group's legal advisors, the Investment Manager believes that there is sufficient defence against any claim and they do not expect that the Group will suffer any material loss. As a result, no provision has been recorded in relation to this matter in these consolidated financial statements.
If investment properties, 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 €86 million (2008: €117 million).

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

31. SUBSEQUENT EVENTS

The Group has the following significant subsequent event:

The Board of Directors of a major bank in Cyprus has approved the Company's application for a total of €100 million of bank loan facility. The credit facility will be structured in the form of asset-backed loans secured against certain real estate assets from the respective Company subsidiaries. The term of the loan will be13 years, with a three year grace period. The cost of the loan will be 400bps over 6-month Euribor and the arrangement fee is 0.5%. The loans will be serviced through the expected returns of the projects that are expected to finance. The facility remains conditional on the completion of the due diligence of the project companies, bank's valuation of the underlying assets and legal documentation.