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JUPITER ADRIA LIMITED

Annual report and consolidated financial statements

31 December 2009

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Advisors and corporate information

Directors
The Rt. Hon. The Lord Lamont of Lerwick (Chairman)
Donald Lines (Deputy Chairman)
Goranko Fizulic
Reef Hogg
Bernard Lambert
Garth Lorimer Turner
J. Andrew Smith
Bruce Weatherill

Company secretary
Tracy Packwood

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CHAIRMAN'S REVIEW

I am pleased to report that in July, 2009, the Company successfully opened its first major project at Sun Gardens, just to the north of Dubrovnik. The first phase of development, which comprises a 201 key Radisson hotel and 207 apartments, enjoyed very good levels of occupancy during the first few months of trading, which were higher than our expectations. Preparations are underway for the launch, ahead of the summer, 2010, of the first phases of apartment sales. Good progress has also been made over the period in advancing two of the Company's other projects towards receipt of building permits.

As a result of the difficult conditions in the global financial markets, the Company has not made significant progress in raising new funds. However, it is positive to report that a number of opportunities are currently under review which, if and when sufficiently progressed will be presented to shareholders at the appropriate time. I previously reported to shareholders that it was imperative the Company retained sufficient cash resources for the foreseeable future. To this end and following various actions taken during 2009 to reduce overheads and cash burn, further cost reductions have been implemented and, as a result, the Company has retained sufficient cash to take it into the first quarter of 2012 absent of any additional sources of capital.

At 31 December 2009 the Group held cash balances of €7.8 million. Total equity was €121.8 million and the Group incurred a loss of €14.4million for the year. Net assets per share, unadjusted, were €0.81 (2008: €0.90). Colliers have valued the Group's seven main project sites at €259.4 million, in aggregate, which includes a 50% interest in Sun Gardens. Taking account of these valuations, the Group's adjusted net assets per share was €1.75 (2008: €1.85).

The Board, together with the management team remain committed both to protecting and enhancing shareholder value and to seek opportunities for growth and added value in what continue to be very challenging conditions.

Norman Lamont

Chairman

MANAGER'S REPORT

We are pleased to present the financial results of Jupiter Adria Limited for the year ended 31 December, 2009.

Investment projects

The Group's first major project to be completed and become operational is the first phase of Sun Gardens, a waterfront site which comprises 20 hectares located 20 minutes to the north of Dubrovnik and in which the Group owns a 50% interest. This initial phase, which opened on 3 July 2009, comprises a sea facing 201-key Radisson Blu hotel plus 207 apartments, the majority of which have sea views, plus extensive conference and banqueting facilities, varied food and beverage outlets, a 2000m^2 spa, sports centre, tennis courts, pools, beach and water sports facilities. The resort, including the apartments which were released into room inventory through the 2009 season, achieved above expected levels of occupancy for its first few months of trading. This was achieved partly through the quality of the product and the use of introductory rates, but also reflected a good summer season for Dubrovnik itself, where both the number of foreign tourist arrivals and overnight stays was up year-on-year. The resort closed on 31 October, 2009, during low season, and re-opened again on 1 March, 2010. We expect that the growing awareness of this new, high end product, the first internationally-flagged high end integrated resort in the Dubrovnik region, coupled with the sales and distribution channels of the Radisson brand and the position of Dubrovnik as the pre-eminent destination in the Adriatic bodes well for 2010 and we intend that the resort will now remain operational year round. Preparation for the launch of the sale of the apartments is advanced, with good indications that the product will find ready demand in the target markets. The sales programme is supported by a residential mortgage product of up to 70% of the sales price. During July, 2009, the Company increased its investment in the Sun Gardens project by €10 million, funded by a €12 million loan facility as summarised in note 21 on page 35. The building permit has also been issued for phase two of the project, a 120-room five star hotel, which will share some of the infrastructure and amenities completed in the first phase.

We are at an advanced stage in finalising our development plans and permitting for two further projects, at Markocija and Preko. Markocija is likely to be the first into construction of the Group's three integrated golf resorts in Istria. This project, a 90 hectare site located close to the Slovenian border, comprises an 83 key boutique hotel, an 18 hole golf course, conference and spa facilities and 158 residential units which comprise a mix of villas, townhouses and apartments. CMLA, who prepared the master plan for the site have worked with Urbis (a Croatian, multi-discipline planning and design consultancy) to complete the detailed designs and drawings required for final building permit applications. HBA have worked with us on the interior design. It is intended that PGA will manage the golf course designed by Jeremy Pern.

Preko is situated on the island of Ugljan, in northern Dalmatia and in close proximity to Zadar. The Company already owns and operates a 95 berth marina in Preko which opened in spring, 2008, and owns development land on an adjacent site. The existing hotel, which closed a few years ago has been demolished and the site cleared. We are now in the final stages of completing plans for a new 50 key property with small spa and conference facilities plus 60 residential units, to be built in at least two phases, and expect permitting for the first phase (hotel only) to be in place by late summer this year.

In view of the difficult economic environment and the financial constraints under which the Company is currently operating, we decided at the end of 2008 to slow down work on our other projects, all mixed use resorts which include a substantial residential component. Of the two further golf projects we have in Istria, at Motovun and Novigrad, both located within a 30 minutes drive from Markocija, Novigrad is the most advanced and therefore most likely to be our second Istrian project under development. Each of these projects incorporates around 120 residential units. At Nauta Lamjana, an operating shipyard on Ugljan, near Zadar and located in an adjacent bay to the Company's site at Preko, our planned redevelopment envisages an international standard marina with in excess of 250 wet berths, substantial dry stack and marine service facilities, 150 residential units, a boutique hotel and related amenities. There are also interesting possibilities to extend marine related services further at Nauta Lamjana. In particular, since we acquired the yard, it has attracted a number of contracts for the maintenance and repair of oil and gas drilling rigs and we are exploring opportunities which, if realised, would enable the yard to operate at a substantial profit pending future development. Our site on Sipan, the largest of the Elaphite islands, situated 12 miles North of Dubrovnik, is still at the master planning stage and will comprise an integrated mixed use high end resort, again with a significant residential component.

Current and Future Priorities

Our prime areas of focus for the coming months are driven by the key objective of demonstrating value creation that is realisable in the share price. These areas include ensuring maximum operational performance and the successful launch of apartment sales at Sun Gardens, bringing the Group’s projects at Preko and Markocija into construction and the selective divestment of existing assets. We also continue to explore value consolidation opportunities within the Croatian leisure and tourism sector.

Jupiter Adria Management Limited

DIRECTORS' REPORT

The directors present their report together with the audited financial statements for the year ended 31 December 2009. The financial statements were approved and authorised for issue by the board on 7 June 2010.

Objective

The Company's objective is to deliver superior returns on investment to its shareholders by becoming one of the pre-eminent providers of high end leisure services, primarily in Croatia and neighbouring countries, by acquiring, developing and operating businesses that may benefit from the expected rapid and sustained growth in travel and tourism in Croatia and the surrounding region.

Principal activities and business review

A review of the activities and progress made by the Company since incorporation and the strategy for future growth and development is set out in the Chairman's review and Managers' report on pages 4 to 6.

Manager

The Company is managed by Jupiter Adria Management Limited (the "Manager"), a member of Jupiter Investment Management Group Limited (the "Jupiter Group"). The Manager provides advisory services to the Company and manages the investment and reinvestment of the Company's assets, in accordance with a management agreement dated 16 June 2006 as amended, which expires on 31 December 2014. The Manager is entitled to management and performance fees as set out in Note 3 to the consolidated financial statements.

Directors

The directors who held office in the year ended 31 December 2009 and to the date of this report were:

Name		**Position**
The Rt. Hon. The Lord Lamont of Lerwick		Non-executive chairman
Donald Lines		Non-executive deputy chairman
Garth Lorimer Turner		Non-executive director
Reef Hogg		Non-executive director
Goranko Fizulic		Non-executive director
Bernard Lambert		Non-executive director
J. Andrew Smith		Non-executive director
Bruce Weatherill	Appointed 9 November 2009	Non-executive director

Each non-executive director has entered into a letter of appointment with the Company, which entitles them to receive an annual fee of €25,000, except the Chairman who is entitled to receive an annual fee of €50,000. The directors are re-elected annually, and their appointments may be terminated by not less than three months' notice, or by the members of the Company in accordance with the Company's bye-laws. The directors are entitled to claim reasonable out of pocket expenses and to participate in the share option plan. The biographies of the directors at the date of this report are set out below:

The Rt. Hon. The Lord Lamont of Lerwick (Chairman)
Norman Lamont served as member of parliament for Kingston upon Thames in the U.K. from 1972 to 1993 and, during successive Conservative governments, held a number of senior ministerial posts, serving as Minister of Industry, of Energy, of Defence Procurement and, latterly, as Chancellor of the Exchequer from 1990 to 1993, during which time he was Chairman of the G7 group of Finance Ministers (1991) and Chairman of EU Finance Ministers (1992).

During his career, he has held a wide range of directorships. He was a director of NM Rothschild and Sons and of Rothschild Asset Management, having begun his business career in asset management with the bank in 1968. In the 1990s he was an advisor to the Romanian Government on privatisation and is currently President of the British Romanian Chamber of Commerce. He has chaired and sat on the board of a number of Jupiter managed funds since 1993 and was Chairman of the East European Food Fund from 1995 to 2005. His current directorships include RAB Capital and Balli Group plc and he is also a consultant for Consensus.

Donald Lines
Donald Lines has been President of Millpoint Limited since February 1993 and is a chairman or a director of a number of investment funds. He is a former President and Chief Executive Officer of The Bank of Bermuda Limited, a position he held between 1979 and 1994. He is a British citizen and Bermuda resident, a member of the Quebec and Bermuda institutes of chartered accountants and is a director of a number of investment trusts and investment funds listed on international exchanges.

Goranko Fizulic
Goranko Fizulic is a Croatian national, a successful entrepreneur and Chief Executive Officer of Magma d.d., one of Croatia's largest non-food retailing companies which he founded with his wife in 1989. Mr Fizulic served as a deputy in the Croatian parliament throughout the 1990s, a founder and senior member of the Croatian Social Liberal Party. He served as Minister of the Economy in the coalition government headed by Ivica Racan from 2000 to 2001. Among other interests and commitments, Mr Fizulic is President of the Croatian Yachting Association.

Reef Hogg
Reef Hogg qualified as a solicitor in 1980 and was a partner in private practice in London, latterly with the firm of Nabarro Nathanson, specialising in corporate finance and fund work. In 1998 he joined Jupiter as general counsel. He was appointed as a director of Jupiter Investment Management Group Limited in 2000. He is a director of Jupiter Dividend & Growth Trust PLC, an investment trust listed on the London Stock Exchange, and of several other investment funds listed on other international stock exchanges. He has advised investment funds investing in Eastern Europe and other emerging markets.

Bernard Lambert
Bernard Lambert has a deep understanding and experience of the hotel and leisure sector. Currently he is the CEO of Société des Bains de Mer which owns and operates a number of prestigious luxury hotel and resort properties in Monte Carlo that offer gambling at four casinos, including the famous Monte-Carlo Casino. He previously had a distinguished 27 year career with Le Meridien Group. From 1997-2001 he was President and Managing Director of Le Meridien Group, responsible for every aspect of finance, strategy and development, sales and marketing for a portfolio that grew to 130 hotels under his leadership. In 2000, Mr. Lambert was recognised as "Corporate Hotelier of the World".

Garth Lorimer Turner
Garth Lorimer Turner is a solicitor qualified in England & Wales and Hong Kong and a qualified Bermuda barrister and attorney. Mr. Lorimer Turner has extensive experience in cross-border international transactions having specialised in the area of corporate law in Hong Kong and London. He is the managing director of Jupiter Asset Management (Bermuda) Limited, a position he has held since 2001. Mr. Lorimer Turner serves on a number of boards and is a director of the Manager.

J. Andrew Smith

J. Andrew Smith has over 35 years of senior executive and marketing experience in the beverage alcohol industry. Immediately prior to his retirement at the end of May 2006, he was President of Brown-Forman Spirits for Europe, Africa and Eurasia, managing nearly 300 people and such brands as Jack Daniel's Tennessee Whiskey, Southern Comfort and Finlandia Vodka. His previous positions at Brown-Forman included International Beverage Marketing Director, responsible for all countries outside the USA and Marketing Director for Europe, Middle East and Africa. He was also General Manager of J. & F. Martell Inc. in New York, the North American marketing affiliate of Martell, the fine French cognac producer.

Bruce Weatherill

Bruce Weatherill is a Chartered Accountant with experience gained from over 30 years in London and 3 years in Southern Africa, including 20 years as a partner in PwC. He was Global Leader of the PwC Private Banking / Wealth Management Practice for over 10 years and provided a wide range of audit and consulting advice to Financial Services Institutions both in the UK and globally. From July 2008, upon leaving PwC Mr Weatherill has formed his own consultancy to provide executive consulting services to Wealth Managers around the world and is a Non Executive Director of an international investment management company in Asia.

Corporate governance

The board, which is currently wholly constituted of non-executive directors, has a high regard for and recognises the value of good corporate governance. The board is of the opinion that it has taken the appropriate measures to comply with standards of good corporate governance, having regard for the current stage of development of the Company and its business.

Remuneration Committee

The board has constituted a Remuneration Committee comprised of Mr J. Andrew Smith as chairman, Mr Reef Hogg and Mr Bernard Lambert. The Remuneration Committee has responsibility for determining and agreeing with the board of directors the framework and policy for the remuneration of the Chairman, other directors and key management involved in the business and affairs of the Group.

Audit Committee

The board has constituted an Audit Committee comprised of Mr Donald Lines as chairman, Mr Goranko Fizulic, Mr Garth Lorimer Turner and Mr Bruce Weatherill. The Audit Committee has responsibility for reviewing the operation and effectiveness of the Company’s procedures for financial reporting, internal control and risk management and external audit.

Nominations Committee

The board has constituted a Nominations Committee comprised of all non executive board members of the main board. It is responsible for the appointment and composition of the Board.

Dividends

No dividends are proposed for the period.

Going concern

Having made appropriate enquiries the directors consider that the Company and its subsidiaries have sufficient resources to continue its business for the foreseeable future and accordingly the accounts have been prepared on a going concern basis.

Annual General Meeting (“AGM”)

The AGM will be held on 20 July 2010. Notice of the AGM and a form of proxy are included with this Annual Report.

Auditors

A resolution to reappoint KPMG LLP as auditors will be proposed at the next AGM.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Bermudan law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU.

The financial statements are required by law to give a true and fair view of the state of the consolidated affairs of the company and of the consolidated profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRS's as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUPITER ADRIA LIMITED

We have audited the consolidated financial statements of Jupiter Adria Limited for the year ended 31 December 2009 which comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flow and the related notes. These consolidated financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 10, the directors are responsible for the preparation of the accounts in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Our responsibility under the terms of our engagement letter dated 11 December 2009 is to audit the consolidated financial statements having regard to International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view. In addition we report to you if, in our opinion, the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider whether it is consistent with the consolidated financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the consolidated financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements.

Opinion

In our opinion the consolidated financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2009 and of its loss for the year then ended.

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 16 to the financial statements concerning the feasibility of the Group's Pasman Rivijera development which is dependent on the successful resolution of title issues relating to the development land in question. The legal ownership of the development property is currently under litigation and the ultimate outcome of the matter cannot presently be determined, and no provision for any effects on the Group that may result has been made in the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants

London

7 June 2010

Consolidated balance sheet

	Note	31 December 2009 €'000	31 December 2008 €'000
Assets			
Property, plant and equipment	11	95,312	94,701
Intangibles	12	15	17
Investment in jointly controlled entities	13	26,663	21,152
Investment in associates	10, 14	-	-
Goodwill	15, 24	185	185
Total non-current assets		**122,175**	**116,055**
Inventories		46	95
Work in progress	16	4,878	4,878
Trade and other receivables	17	2,873	4,488
Cash and cash equivalents	18	7,825	16,739
Total current assets		**15,622**	**26,200**
Total assets		**137,797**	**142,255**
Equity attributable to owners of the parent			
Ordinary shares	23	1,501	1,501
Share premium		172,373	172,373
Translation reserve		(337)	(326)
Retained losses		(51,701)	(37,987)
		121,836	**135,561**
Minority interest		-	148
Total equity		**121,836**	**135,709**
Liabilities			
Loans and borrowings	21	10,309	-
Finance lease liabilities	20	131	291
Total non current liabilities		**10,440**	**291**
Trade and other payables	19	5,096	5,916
Provisions	22	375	275
Finance lease liabilities	20	50	64
Total current liabilities		**5,521**	**6,255**
Total liabilities		**15,961**	**6,546**
Total equity and liabilities		**137,797**	**142,255**

The notes on pages 17 to 43 form an integral part of these consolidated financial statements.

Approved by the board of directors on 7 June 2010 and signed on its behalf by:

Donald Lines
Director

Garth Lorimer Turner
Director

Consolidated income statement

	Note	Year ended 31 December 2009 €'000	Year ended 31 December 2008 €'000
Revenue		4,322	1,839
Cost of sales		(1,081)	(248)
Gross profit/(loss)		**3,241**	**1,591**
Management fees	3	(2,448)	(3,030)
Professional fees		(670)	(3,202)
Share based payments	4	(500)	(549)
Other administrative expenses		(8,987)	(9,582)
Directors' fees and expenses	6	(301)	(267)
Total administrative expenses		**(12,906)**	**(16,630)**
Operating loss		**(9,665)**	**(15,039)**
Loss on sale of subsidiary		-	(348)
Goodwill impairment loss	24	-	(488)
Impairment provision – property, plant and equipment	11	-	(4,566)
Loss before net finance income		**-**	**(5,402)**
Finance expense	7	(411)	(1,581)
Finance income	7	228	2,289
Loan impairment loss	17	-	(484)
Net finance income		**(183)**	**224**
Share of losses of jointly controlled entities	13	(4,489)	(2,431)
Impairment provision – associates	14	-	(172)
Loss before tax		**(14,337)**	**(22,820)**
Income tax expense	26	(25)	(4)
Loss for the year	8	**(14,362)**	**(22,824)**
Allocated to:			
Owners of the parent		(14,214)	(22,519)
Minority interest		(148)	(305)
Loss for the year		**(14,362)**	**(22,824)**
Earnings per share from continuing operations attributable to the equity holders of the company			
Basic loss per share (€)	9	(0.10)	(0.16)
Diluted loss per share (€)	9	(0.10)	(0.16)

All results relate to continuing operations.

The notes on pages 17 to 43 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive loss

	Year ended 31 December 2009 €'000	Year ended 31 December 2008 €'000
Loss for the year	(14,362)	(22,824)
Translation difference	(11)	(176)
Total comprehensive loss for the year	**(14,373)**	**(23,000)**
Allocated to:		
Owners of the parent	(14,225)	(22,695)
Minority interest	(148)	(305)
Loss for the year	**(14,373)**	**(23,000)**

Consolidated statement of changes in shareholders' equity

		Attributable to owners of the parent						
	Note	Share capital €'000	Share premium €'000	Accumulated Losses €'000	Translation reserve €'000	Total €'000	Minority interest €'000	Total equity €'000
At 1 January 2008		1,501	172,373	(16,017)	(150)	**157,707**	468	**158,175**
Loss for the year		-	-	(22,519)	-	**(22,519)**	(305)	**(22,824)**
Share based payments	4	-	-	549	-	**549**	-	**549**
Translation difference		-	-	-	(176)	**(176)**	-	**(176)**
Minority interest		-	-	-	-	**-**	(15)	**(15)**
At 31 December 2008		**1,501**	**172,373**	**(37,987)**	**(326)**	**135,561**	**148**	**135,709**
Loss for the year		-	-	(14,214)	-	**(14,214)**	(148)	**(14,362)**
Share based payments	4	-	-	500	-	**500**	-	**500**
Translation difference		-	-	-	(11)	**(11)**	-	**(11)**
At 31 December 2009		**1,501**	**172,373**	**(51,701)**	**(337)**	**121,836**	**-**	**121,836**

The notes on pages 17 to 43 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	Year ended 31 December 2009 €'000	Year ended 31 December 2008 €'000
Loss for the period		**(14,362)**	**(22,824)**
Adjustments for:			
Interest expense	7	387	793
Interest income	7	(73)	(1,888)
Depreciation and amortisation	11,12,24	513	960
Share based payments	4	500	549
Loss on sale of subsidiary		-	348
Loan impairment loss	17	-	648
Share of losses of jointly controlled entities	13	4,489	2,431
Impairment provision – property, plant and equipment		-	4,566
Impairment provision – associates	14	-	172
Operating cash flow before changes in working capital		**(8,546)**	**(14,245)**
Change in inventories		50	5
Change in trade and other receivables		1,141	349
Change in trade and other payables and provisions		527	(3,360)
Cash flow from operations		**(6,828)**	**(17,251)**
Interest paid		(375)	(603)
Interest received		74	1,888
Net cash used in operating activities		**(7,129)**	**(15,966)**
Cash flow from investing activities			
Loans issued to associates	25	-	(421)
Purchase of property, plant and equipment	11	(2,174)	(11,424)
Disposal of property, plant and equipment	11	77	652
Acquisition of jointly controlled entities	13	-	(23,583)
Capital contribution to jointly controlled entities	13	(10,000)	-
Acquisition of subsidiaries, net of cash		-	(4,812)
Disposal of subsidiaries		-	152
Net cash used in investing activities		**(12,097)**	**(39,436)**
Cash flow from financing activities			
Proceeds from borrowings	21	10,309	12,610
Repayment of borrowings	21	-	(13,634)
Net cash from financing activities		**10,309**	**(1,024)**
Net decrease in cash and cash equivalents		**(8,917)**	**(56,426)**
Opening cash and cash equivalents		16,739	73,172
Effect of exchange rate fluctuations on cash held		3	(7)
Closing cash and cash equivalents		**7,825**	**16,739**

The notes on pages 17 to 43 form an integral part of these consolidated financial statements.

1. General information

Jupiter Adria Limited (the "Company"), formerly Illyria Holdings Limited, was incorporated in Bermuda as an exempt limited liability company on 24 October 2005. The Company's name was changed to Jupiter Adria Limited on 10 May 2006. The principal activity of the Company is to invest in leisure and tourism related opportunities in Croatia.

The consolidated financial statements of the Company comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group").

2. Accounting policies

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were approved by the board of directors on 7 June 2010.

Basis of preparation

The consolidated financial statements have been presented in euros, which is the Company's functional and presentation currency and all values are rounded to the nearest thousand unless otherwise indicated. The consolidated financial statements have been prepared under the historical cost convention. The accounting policies are set out below and have been consistently applied.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

The Group is dependent for its working capital requirements on existing cash resources of €7,825,000 as at 31 December 2009. The only debt within the Group at 31 December 2009 is a €12.0 million facility of which €10.3 million was drawn at 31 December 2009 and which is repayable in July 2012. There is also debt held within jointly controlled entities, as detailed in note 13 to the financial statements, which is non-recourse to the Group.

As described in the Chairman's review and Manager's report on pages 4 to 6, the current economic environment is challenging and the Group has reported a loss of €14,362,000 for the year ended 31 December 2009. At 31 December 2009, the Group had net assets of €121,836,000 and net current assets of €10,101,000. The Directors have prepared cash flow projections for the period to 31 December 2011 which are based on certain assumptions and show that the Group is capable of operating within the cash resources currently available given recently implemented reductions in overheads and the significant slowdown of development activity.

In evaluating the going concern assumption, the Directors have taken into account various risks and uncertainties including the following:

- the contingent liabilities set out in note 27
- various sensitivities which might adversely impact on its cash projections to 31 December 2011

After making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors consider it appropriate to prepare the financial statements on a going concern basis.

2. Accounting policies (continued)

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, there are significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements as disclosed in the following notes:

Note 3 – management and performance fees

Note 4 – measurement of share based payments

Note 11 – property, plant and equipment

Note 15 – goodwill

Note 22 – measurement of provisions

Note 26 – utilisation of tax losses

Notes 27 and 28 – contingent liabilities and commitments

Note 30 – risk factors

Basis of consolidation

Subsidiaries are those entities, including special purpose entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions are eliminated on consolidation.

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. Jointly controlled entities are those entities over whose activities the Group has joint control based on contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method and are initially recognised at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of joint controlled entities.

2. Accounting policies (continued)

Acquisitions

Acquisitions of companies that have no significant assets or liabilities other than land and property are considered to be asset acquisitions. Acquisitions of subsidiaries where management intends to operate the existing business as a going concern are treated as business combinations.

Asset purchase acquisitions are accounted for on consolidation as if the Group had acquired the underlying assets directly. Accordingly, no goodwill arises on such acquisition as any difference between the fair value of assets acquired and the acquisition consideration is allocated as appropriate to the property, plant and equipment which have been acquired.

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures where management intends to operate the existing business as a going concern.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired on the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses and is the subject of an annual impairment review. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

Foreign currencies

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. Foreign currency differences arising on retranslation are recognised in the income statement.

The assets and liabilities of foreign operations are translated to euros at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euros at average monthly exchange rates.

Foreign exchange adjustments on the translation of foreign operations are recorded in equity as a 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 income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method, less impairment losses.

Loans receivable

Loans are measured at amortised cost using the effective interest method less impairment losses.

Trade and other payables

Trade and other payables are measured at amortised cost using the effective interest method.

2. Accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent expenditures are capitalised as these costs relate to the development of land. Repairs and maintenance costs are expensed as incurred. Land acquired for development is classified initially as property, plant and equipment pending completion of planning and obtaining the necessary building consents. The land will be subsequently reallocated as appropriate in accordance with its intended use.

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their estimated useful lives. Land and property under development are not depreciated.

The estimated useful life for the current period is as follows:

- Plant and equipment: 5-12 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Intangible assets

Intangible assets, which principally comprise software licences, are measured at cost. Amortisation is recognised in the income statement on a straight line basis over the estimated useful life which is four years. Intangible assets are the subject of an annual impairment review with any impairment amounts expensed in the income statement.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses necessary to make the sale.

Work in progress

Work in progress represents costs incurred in connection with planning and consulting services performed by the Group. It is measured at cost less expected losses.

Cost of equity transactions

Costs directly related to the issue of new Ordinary Shares are recognised in equity as a reduction of share premium.

Revenue recognition

Revenue is comprised of marine services including the provision of temporary marine repair facilities to third parties, the repair and maintenance of marine vessels and the sale of related supplies, turnover from the operation of a restaurant and bar (excluding VAT and similar taxes) and the sublet of a property to a third party. Revenue is recognised in the accounting period in which the services are rendered.

Cost of goods sold is comprised of supplies directly used in the provision of these marine, restaurant and bar services and is recognised in the accounting period in which the expense is incurred.

Finance leases

Leases of assets where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, finance leases are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and are depreciated over the shorter of the useful life of the asset in accordance with the accounting policy applicable to that class of asset and the lease term.

2. Accounting policies (continued)

Finance leases (continued)

Minimum lease payments made under finance leases are allocated between the liability and interest expense so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Share based payments

The Company has established a Share Option Plan (the "Plan") permitting the directors to grant Eligible Participants options to acquire Ordinary Shares. The fair value of the services received in exchange for the grant of options under the Plan is recognised as an expense in profit and loss, with a corresponding increase in equity, over the vesting period with reference to the fair value of the options granted.

Loss per share

The basic loss per share is calculated by dividing the loss attributable to the shareholders of the Company by the weighted average number of Ordinary Shares in issue during the period. The diluted loss per share is equivalent to the basic loss per share as the effect of dilutive potential Ordinary Shares would decrease the net loss per share and so the potential Ordinary Shares are not treated as dilutive.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Impairment reviews are carried out on an annual basis.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

Tax

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

Deferred tax is recognised using the balance sheet method, providing for the 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 and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

2. Accounting policies (continued)

Tax (continued)

A deferred tax asset is recognised to the extent that it is virtually certain that future taxable profits will be available against which the asset 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 benefit will be realised.

Segment reporting

Segment information is presented in respect of the Group's geographical segments. The Group's primary format for segment reporting is based on geographical segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly common expenses of the Group.

New and amended standards adopted by the Group

The Group has adopted the following new and amended IFRS's as of 1 January 2009

IFRS 7 Financial instruments: Disclosures – requires additional disclosures about fair value measurement and liquidity risk.

IAS 1 (revised) Presentation of financial statements – has resulted in the introduction of a consolidated statement of changes in equity as a primary financial statement and a Group statement of changes in comprehensive income.

IFRS 2 (amendment) Share based payment – clarifies the definition of vesting conditions and sets out the treatment for cancelled awards.

IFRS 8 Operating segments – replaces IAS 14 Segment Reporting, although the Group has concluded that the reportable segments required by IRFS 8 are the same as the business segments reported under IAS 14.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these consolidated financial statements.

(i) IFRS 2 Share based payments (Amendment), effective from 1 January 2010

(ii) IFRS 3R Business Combinations, effective from 1 July 2009

(iii) IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Amendment), effective from 1 July 2009.

(iv) IAS27R Consolidated and Separate Financial Statements, effective from 1 July 2009.

(v) IAS 39 Financial Instruments: Recognition and Measurement (Amendment), effective from 1 July 2009

(vi) IFRIC 17 Distribution of Non-cash Assets to Owners, effective from 1 July 2009

3. Management and performance fees

As defined in the Investment Management Agreement dated 16 June 2006 and as amended by the Supplemental Management Agreement dated 27 November 2006 (together the "Investment Management Agreement") Jupiter Adria Management Limited (the "Manager") is paid a fee each quarter in arrears equal to 2% per annum of the Company's consolidated net asset value, subject to a minimum quarterly fee of €400,000. For the purpose of calculating management fees, the Manager and the Company have agreed that assets will be valued using the purchase price plus capitalised expenses including acquisition costs and development costs. In February 2009, the terms of the Investment Management Agreement were amended again, such that management fees are capped at €2,500,000 per annum and the payment of €1,000,000 per annum of management fees is deferred until 31 December 2011, with effect from 1 January 2009. On 7 April 2010 the Investment Management Agreement was further amended, to increase from €1,000,000 to €1,250,000 the amount of annual fee deferred for payment until 31 December 2011. The term of the management agreement has been extended to terminate on 31 December 2014. Management fees for the year ended 31 December 2009 were €2,448,000 (2008: €3,030,000). Management fees payable as at 31 December 2009 were €1,323,000 (2008: €792,000). The management fee will revert back to 2% per annum of the Company's consolidated net asset value payable quarterly in arrears, in the event of unconditional new equity or debt funding of at least €25 million being made available to the Company.

The Manager is also entitled to receive a Performance Fee (the "Fee"). The Fee is determined by reference to increases in the Company's annual share price above a watermark price, the related annualized rates of return achieved and whether such returns exceed specified thresholds. If a minimum annualized return of 10% is achieved, a Fee of 20% of the increase in annual share price is payable. The Fee is increased to 30% if the annualized return exceeds 20%.

The Fee is to be calculated for the following periods:

1. The first period of calculation will be from the date of the first closing of the private placement of Ordinary Shares to the admission of all or substantially all of the Company's share capital on the Alternative Investment Market of the London Stock Exchange plc or another equivalent or similar share market excluding the Bermuda Stock Exchange ("Listing").
2. The second period of calculation will be from the day after the date of Listing to the end of the financial year of the Company in which the Listing takes place.
3. In subsequent periods the period of calculation will be defined as the annual period from the end of one financial year to the end of the following financial year until the date of termination of the Investment Management Agreement.

With the exception of the first period of calculation, the annual price is determined as the average mid-market price of the Company's Ordinary Shares in the three month period following the end of the financial year. For the first Period of calculation the annual price is defined as the listing price of the Company's share capital upon Listing. The watermark price for each period of calculation is normally the annual price calculated immediately following the end of the period of calculation for which a Fee was last paid. However for the first period calculation only the watermark price is determined to be €1.00 corresponding to the issue price of the first closing of the private placement of Ordinary Shares.

Due to the uncertainty as to the timing of any future listing and the listing price that may be achieved, no performance fee has been accrued to date.

4. Share based payments

On 13 September 2006 the Company established a Share Option Plan that entitles Eligible Participants to purchase Ordinary Shares subject to the terms of the Plan. Eligible Participants include any person who is either a director of a Participating Company or is an employee of or consultant to a Participating Company. A Participating Company includes members of the Group and the Manager. In accordance with the Plan, share options are exercisable at the option exercise price of the Ordinary Shares following the third anniversary of the grant date.

The terms and conditions of the grants are set out below. All options are to be settled by physical delivery of Ordinary Shares.

Grant date	Number of options ('000)	Vesting conditions	Contractual life of options
13 September 2006 to Directors	525	Options may only be exercised following the third anniversary of the grant date at an exercise price of €1.00.	10 years
16 October 2006 to Directors	200	Options may only be exercised following the third anniversary of the grant date at an exercise price of €1.00.	10 years
5 June 2007 to Employees	200	Options may only be exercised following the third anniversary of the grant date at an exercise price of €1.00.	10 years
5 June 2007 to Employees	950	Options may only be exercised following the third anniversary of the grant date at an exercise price of €1.15.	10 years
12 March 2008 to Employees	176	Options may only be exercised following the third anniversary of the grant date at an exercise price of €1.80.	10 years
Total share options	**2,051**		

The number of weighted average exercise prices of share options is as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	€'000	'000	€'000	'000
	31 December 2009	31 December 2009	31 December 2008	31 December 2008
Outstanding at 1 January	1.18	2,251	1.09	2,375
Granted during the period	-	-	1.80	426
Lapsed during the period	1.64	(200)	1.27	(550)
Outstanding at end of period	1.14	2,051	1.18	2,251

The options outstanding at 31 December 2009 have a weighted average exercise price of €1.14 (2008: €1.18) and a weighted average contractual life of 6 years (2008: 7 years).

4. Share based payments (continued)

The fair value of services received in return for share options granted is based on the fair value of share options granted measured using the Black-Scholes formula with the following inputs:

Grant Date	**12 March 2008 to Employees**	**5 June 2007 to Employees**	**5 June 2007 to Employees**	**13 September 2006 and 16 October 2006 to Directors**
Fair value of option at grant date	€0.85	€1.07	€1.16	€0.55
Ordinary Share price as at grant date	€1.80	€1.15	€1.15	€1.15
Exercise price	€1.80	€1.15	€1.00	€1.00
Expected volatility	24.57%	20.68%	20.68%	23.44%
Option life	10 years	10 years	10 years	10 years
Risk-free interest rate	4.60%	4.18%	4.18%	3.75%

The expected volatility was computed using the volatility of the shares of a publicly quoted company engaged in comparable business activities to the Group.

An expense of €500,000 (2008: €549,000) for outstanding share options was recognised for the period.

5. Staff numbers and costs

Staff	**Year ended 31 December 2009**	**Year ended 31 December 2008**
Average numbers (including part time employees)	137	139
	€'000	**€'000**
Payroll costs:		
Wages and salaries	2,373	2,789
Social security	956	959
Pensions	416	455
Total payroll costs	**3,745**	**4,203**

Pension costs represent contributions paid on behalf of the Group to defined contribution pension schemes which are not operated or managed by the Group. All costs related to such pension schemes have been fully paid or accrued. The Group has no further liabilities with respect to these pension schemes for the period under review.

6. Directors' remuneration and interests

Directors' remuneration

Directors' remuneration for the year ended 31 December 2009 is set out below. Bruce Weatherill was appointed to the board on 9 November 2009.

Name	Year ended 31 December 2009 €'000	Year ended 31 December 2008 €'000
The Rt. Hon. The Lord Lamont of Lerwick	50	35
Donald Lines	25	25
Goranko Fizulic	25	25
Reef Hogg	25	25
Bernard Lambert	25	25
Garth Lorimer Turner	25	25
J. Andrew Smith	25	25
Bruce Weatherill	3	-
	203	**185**
Travel and other expenses	98	82
Total	**301**	**267**

Directors' interests

Directors' interests in the share capital of the Company at 31 December 2009 are set out below:

Name	Number of Ordinary Shares in which the director has an interest	Number of options over Ordinary Shares in which the director has an interest	Exercise price
The Rt. Hon. The Lord Lamont of Lerwick	147,467	125,000 [1]	€1
Donald Lines	250,000	100,000 [1]	€1
Goranko Fizulic	-	100,000 [1]	€1
Reef Hogg	60,000	100,000 [2]	€1
Bernard Lambert	-	100,000 [1]	€1
Garth Lorimer Turner	180,000	100,000 [2]	€1
J. Andrew Smith	48,000	100,000 [1]	€1
Bruce Weatherill	-	-	-

[1] Granted 13 September 2006 [2] Granted 16 October 2006

The options may only be exercised following the third anniversary and before the tenth anniversary of the date granted. Accordingly, no options were exercised during the year ended 31 December 2009.

For the year ended 31 December 2009 an expense with respect to options issued to the Directors of €96,000 (2008: €132,000) was recognised and is disclosed as a share based payment in the consolidated income statement.

7. Finance expense and income

	Year ended 31 December 2009 €'000	Year ended 31 December 2008 €'000
Finance expense		
Interest expense	387	793
Foreign exchange losses	24	788
	411	**1,581**
Finance income		
Interest income	73	1,888
Foreign exchange gains	155	401
	228	**2,289**

Finance expense comprises interest due on third party loans, foreign exchange losses and bank charges.

Finance income comprises interest on short term cash deposits and foreign exchange gains.

8. Net loss

	Year ended 31 December 2009 €'000	Year ended 31 December 2008 €'000
The following items have been included in arriving at the loss for the period:		
Staff costs (note 5)	3,745	4,203
Depreciation and amortisation	513	472
Repairs and maintenance on property, plant and equipment	314	182
Auditors' remuneration charged in the income statement comprises:		
Audit of the Company	78	100
Audit of subsidiaries	138	129
	216	**229**

9. Loss per share

Basic loss per share

	Year ended 31 December 2009 €'000	Year ended 31 December 2008 €'000
Loss attributable to ordinary shareholders (€'000)	(14,214)	(22,519)
Weighted average number of Ordinary Shares	139,126,868	139,126,868
Basic loss per share (€)	(0.10)	(0.16)

Diluted loss per share

Loss attributable to ordinary shareholders (€'000)	(14,214)	(22,519)
Weighted average number of Ordinary Shares	139,126,868	139,126,868
Diluted loss per share (€)	(0.10)	(0.16)

Diluted loss per share is equivalent to basic loss per share as the effect of diluting potential Ordinary Shares would decrease the net loss per share and so the potential Ordinary Shares cannot be treated as dilutive in accordance with IAS 33 Earnings per Share.

10. Principal subsidiaries and associates

Subsidiaries	2009 Interest in ordinary share capital	2009 Indirect interest in ordinary share capital	2008 Interest in ordinary share capital	2008 Indirect interest in ordinary share capital	Country of incorporation/ formation
EG Jupiter Jadran [1]	99.9%	-	99.9%	-	Switzerland
Jupiter Jadran AG	100%	-	100%	-	Switzerland
Sinseg AG	85%	-	85%	-	Switzerland
Stancija Markocija d.o.o.	100%	-	100%	-	Croatia
Jupiter Adria d.o.o.	100%	-	100%	-	Croatia
Nauta Lamjana d.d.	95.23%	-	87.15%	-	Croatia
Stancija Dolzani d.o.o	100%	-	100%	-	Croatia
Cepljesi d.o.o.	100%	-	100%	-	Croatia
Vila Tartuf d.o.o.	100%	-	100%	-	Croatia
Vile Livade d.o.o.	100%	-	100%	-	Croatia
Ledina d.o.o.	100%	-	100%	-	Croatia
Vila Žužiči d.o.o.	100%	-	100%	-	Croatia
Vila Motovun d.o.o.	100%	-	100%	-	Croatia
Vila Zumesk d.o.o.	100%	-	100%	-	Croatia
Casalinus d.o.o.	100%	-	100%	-	Croatia
Stancija Dajla d.o.o.	100%	-	100%	-	Croatia
Hosting International d.o.o.[2]	-	85%	-	85%	Croatia
Pašman Rivijera d.o.o.[2]	-	68%	-	68%	Croatia
Marina Preko d.o.o.	100%	-	100%	-	Croatia
Prečanka d.o.o.	100%	-	100%	-	Croatia
Preko d.o.o.	100%	-	100%	-	Croatia
Tertius d.o.o. [3]	100%	-	100%	-	Croatia
Decimus d.o.o. [3]	-	-	100%	-	Croatia
Undecimus d.o.o. [3]	-	-	100%	-	Croatia
Sextus d.o.o. [3]	-	-	100%	-	Croatia
Jupiter Adria London Limited	100%	-	100%	-	UK
Septimus d.o.o. [3]	-	-	100%	-	Croatia
Zmorac Nekretnine d.o.o.	100%	-	100%	-	Croatia
Nova Dubrovnik d.o.o.[4]	85%	-	85%	-	Croatia
Harpun d.o.o.	100%	-	100%	-	Croatia
Adria Spas Limited	100%	-	100%	-	UK

1. EG Jupiter Jadran is a partnership constituted by and between the Company, Jupiter Adria AG and Jupiter Jadran AG.

2. Sinseg AG owns 100% of Hosting International d.o.o. which in turn owns 80% of Pašman Rivijera d.o.o.

3. These companies were merged into Tertius d.o.o. on 9 September 2009

4. In liquidation

10. Principal subsidiaries and associates (continued)

Subsidiaries	2009 Interest in ordinary share capital	2009 Indirect interest in ordinary share capital	2008 Interest in ordinary share capital	2008 Indirect interest in ordinary share capital	Country of incorporation/ formation
Jointly controlled entities					
Vrtovi Sunca Orasac d.o.o.	50%	-	50%	-	Croatia
Suncani Vrtovi d.o.o.	50%	-	50%	-	Croatia
Dubrovacki Vrtovi Sunca d.o.o.	-	50%	-	50%	Croatia
Dvorac Soderini d.o.o.	-	-	-	50%	Croatia
Associates					
Croatiansun Limited [1]	47%	-	47%	-	Croatia

[1] In liquidation

11. Property, plant and equipment

At 31 December 2009	Land €'000	Plant & equipment €'000	Property under development €'000	Total €'000
Cost				
At 1 January 2009	80,360	4,947	10,086	**95,393**
Additions at cost	881	149	96	**1,126**
Disposals	-	(450)	-	**(450)**
Exchange differences	64	25	34	**123**
At 31 December 2009	**81,305**	**4,671**	**10,216**	**96,192**
Accumulated depreciation				
At 1 January 2009	-	692	-	**692**
Charge for the period	-	498	-	**498**
Disposals	-	(336)	-	**(336)**
Exchange differences	-	26		**26**
At 31 December 2009	**-**	**880**	**-**	**880**
Net book value at 31 December 2009	**81,305**	**3,791**	**10,216**	**95,312**
Assets held under finance leases have the following net book value:				
Cost		270	-	**270**
Accumulated depreciation		(194)	-	**(194)**
Net book value as at 31 December 2009		**76**	**-**	**76**

Certain land owned by the Group is secured against loans and borrowings, as disclosed in more detail in note 21. Property under development relates to assets in the course of construction.

11. Property, plant and equipment (continued)

At 31 December 2008	**Land €'000**	**Plant & equipment €'000**	**Property under development €'000**	**Total €'000**
Cost				
At 1 January 2008	75,555	4,630	8,189	**88,374**
Acquisition of subsidiaries	5,396	-	95	**5,491**
Additions at cost	4,325	447	7,121	**11,893**
Disposals	-	(121)	(597)	**(718)**
Reclassified as work in progress	(249)	-	(4,629)	**(4,878)**
Impairment	(4,566)	-	-	**(4,566)**
Exchange differences	(101)	(9)	(93)	**(203)**
At 31 December 2008	**80,360**	**4,947**	**10,086**	**95,393**
Accumulated depreciation				
At 1 January 2008	-	312	-	**312**
Charge for the period	-	444	-	**444**
Disposals	-	(60)	-	**(60)**
Exchange differences	-	(4)	-	**(4)**
At 31 December 2008	**-**	**692**	**-**	**692**
Net book value at 31 December 2008	**80,360**	**4,255**	**10,086**	**94,701**
Assets held under finance leases have the following net book value:				
Cost		374	-	**374**
Accumulated depreciation		(86)	-	**(86)**
Net book value as at 31 December 2008		**288**	**-**	**288**

During 2008, land and property under development with a carrying value of €4,878,000 was reclassified as work in progress.

12. Intangibles

	31 December 2009 €'000	**31 December 2008 €'000**
Cost		
Opening balance	55	43
Additions at cost	13	
Acquisition of subsidiaries	-	22
Disposals	(10)	(10)
Closing balance	**58**	**55**
Accumulated amortisation		
Opening balance	38	10
Amortisation for the year	15	28
Disposals	(10)	-
Closing balance	**43**	**38**
Carrying amount	**15**	**17**

Intangible assets comprise software licenses which are amortised over 4 years.

13. Investment in jointly controlled entities

The investment in and summary financial information for jointly controlled entities is shown below.

	31 December 2009 €'000	31 December 2008 €'000
Cost		
Opening balance	21,152	-
Acquired during the year	-	23,583
Capital contribution	10,000	-
Group share of losses	(4,489)	(2,431)
Closing balance	**26,663**	**21,152**

	31 December 2009 €'000	31 December 2008 €'000
Assets		
Non-current	133,934	133,525
Current	46,041	46,091
	179,975	**179,616**
Liabilities		
Non-current	120,072	118,683
Current	17,684	19,821
	137,756	**138,504**
Revenue	3,573	-
Loss for the year	8,978	4,862

The jointly controlled entities are listed in note 10. Assets primarily comprise the hotels and related facilities which represent the first phase of the Sun Gardens development, completed during 2009. Liabilities at 31 December 2009 and 31 December 2008 primarily include a number of loan facilities for which further information is given below.

Erste Bank der oesterreichischen Sparkassen AG ("Erste") has provided a senior loan facility (the "facility") of €108,054,000 for the construction and redevelopment of Sun Gardens. The borrower under the facility is Dubrovacki Vrtovi Sunca d.o.o ("DVS"). The facility is secured primarily by a mortgage and floating charge over buildings and other moveable property of DVS. Interest is charged at 3 month EURIBOR plus a margin starting at 200 basis points on Tranches A and B and at 18% on Tranche C. Tranche A of the facility, which amounts to €78,054,000 is repayable in instalments by September 2025. These instalments include a 37.3% balloon payment at the end of the term. Tranche B of the facility, which amounts to €25,000,000, is repayable by June 2013. Tranche C of the facility, which amounts to €5,000,000, is repayable by June 2012. On 27 November 2008 a nil premium interest rate hedging arrangement was put in place covering €62,290,500 of Tranche A, capping 3 month EURIBOR at 5.75% with a floor at 2.145%, for the period ending 31 December 2011.

Erste has provided three further loans to the jointly controlled entities, details of which are summarised below. Revised repayments terms of these loans are currently under renegotiation with Erste:

Borrower	**Amount '000**	**Interest**	**Due date**
Suncani Vrtovi d.o.o	€12,000 [1]	3 month euribor + 550 bps	31 December 2015
Suncani Vrtovi d.o.o	SwFr 5,222 [2]	3 month SwFr libor + 600 bps	17 January 2010
Vrtovi Sunca Orasac d.o.o	€9,200 [2]	3 month euribor + 600 bps	17 January 2010

[1] Secured by a mortgage over land owned by Vrtovi Sunca Orasac d.o.o, €9,250,000 drawn at 31 December 2009

[2] Unsecured

14. Investment in associates

Associates, which are disclosed in note 10, are the subject of an annual impairment review. A review performed for the year ended 31 December 2008 concluded there was a requirement to recognise an impairment provision against the carrying value of each of the associates, as disclosed in the table below. During 2008 the Group disposed of its investment in Vile Forum d.o.o. and has placed Croatian Sun Limited and Nova Dubrovnik d.o.o. into liquidation. Investments in Vile Forum d.o.o. and Croatian Sun Limited were fully provided against in 2007. All remaining known liabilities relating to these investments have been provided for. There has been no further investment in associates during 2009.

	Nova Dubrovnik d.o.o.	**Total**
	€'000	**€'000**
At 1 January 2008	172	**172**
Impairment provision	(172)	**(172)**
At 31 December 2008 and 31 December 2009	**-**	**-**

15. Goodwill

	31 December 2009 €'000	**31 December 2008 €'000**
Cost		
Opening balance	185	185
Acquired during the period	-	488
Impairment	-	(488)
Carrying amount	**185**	**185**

The carrying amount of goodwill at 31 December 2009 arose on the acquisition of Hosting International d.o.o. in June 2007.

16. Work in progress

Work in progress of €4,878,000 is being recognised by the Group in connection with certain planning and consulting services for the Pasman Rivijera development project. As the sole consulting company for the project, the Company is required under the services agreement to have an 80% ownership stake in Pasman Rivijera d.o.o with the remaining shareholding held by the Pasman Municipality.

The feasibility of the project is initially dependent on the successful resolution of title issues relating to the development land in question. This is currently under litigation and, if the outcome is in favour of the Municipality, will result in the contribution of the development land to Pasman Rivijera d.o.o. The Company is also required under the services agreement to conduct a public tender for investors to fund the project. Management is of the opinion that the litigation proceedings will be concluded in the favour of the Municipality. On the basis that Management believes that it is most probable that the proceedings will be concluded with positive outcome for the Group, management has not provided for any amounts related to the legal claim nor impairment of the underlying assets. In the event that the Municipality is not eventually successful in acquiring title to the development land, the Company may be required to write down this asset, resulting in a charge to profit and loss of up to €4,878,000.

17. Trade and other receivables

	31 December 2009 €'000	31 December 2008 €'000
Amounts falling due within one year:		
Trade receivables	1,041	901
Other receivables	121	749
Impairment provision	-	(484)
Other receivables net of impairment	121	265
Receivable from related parties (note 25)	475	642
VAT	772	2,036
Prepayments and accrued income	464	644
	2,873	**4,488**

The carrying values of trade and other receivables are not materially different to their fair values.

18. Cash and cash equivalents

Cash and cash equivalents held by the Group at 31 December 2009 and 31 December 2008 comprise cash held at bank as well as cash held by two related parties, Jupiter Adria AG and Jupiter Asset Management Limited on behalf of the Group (see note 25). Cash is placed on short term money market deposits. At 31 December 2009 cash deposits of €1.0 million were held on a pledged deposit account and consequently not freely available for use (note 21).

The carrying values of cash and cash equivalents are not materially different to their fair values.

19. Trade and other payables – current

	31 December 2009 €'000	31 December 2008 €'000
Amounts falling due within one year:		
Trade payables	1,283	1,758
Amounts due to related parties (note 25)	274	976
Other payables and accruals	3,539	3,182
	5,096	**5,916**

Amounts due to related parties comprise management fees payable to Jupiter Adria Management Limited and accounting services fees payable to Jupiter Adria AG.

The carrying values of trade and other payables are not materially different to their fair values.

20. Finance lease liabilities

	Principal € '000	Interest € '000	Minimum lease payments € '000
Less than one year	50	13	63
Between one and five years	131	14	145
At 31 December 2009	**181**	**27**	**208**
Less than one year	64	20	84
Between one and five years	291	29	320
At 31 December 2008	**355**	**49**	**404**

Finance lease obligations comprise leases for motor vehicles.

21. Loans and borrowings

	31 December 2009 €'000	31 December 2008 €'000
Non-current:		
Bank borrowings	10,309	-
	10,309	**-**

On 30 July 2009 the Group signed a three year €12 million loan facility agreement, the purpose of which is to fund further investment by the Group in Suncani Vrtovi d.o.o. (see note 13). The facility, which is repayable in July 2012, is secured by a mortgage against certain land owned by the Group connected with the Motovun and Sipan projects and a pledge over a €1 million cash deposit account. The pledge over the cash deposit account expires in July 2010. The facility bears interest at Euribor plus 6.40%. €10 million of the facility was drawn down on 17 August 2009 and a further €309,000 million was drawn down during the remainder of 2009 to cover interest payments and certain other fees related to the facility. The balance of the facility remains available to cover future related interest and fees.

The carrying value of loans and borrowings is not significantly different to their fair value.

22. Provisions

	31 December 2009 €'000	31 December 2008 €'000
Opening balance	275	50
Made during the period	100	245
Utilised during the period	-	(20)
Carrying amount	**375**	**275**

Provisions held at 31 December 2009 comprise the following: €100,000 (2008:nil) in respect of a claim being made by suppliers to the Group which is under dispute; €30,000 (2008: €30,000) in respect of a number of court cases with former employees of the Group's subsidiary, Nauta Lamjana d.d. who are contesting certain payments in respect of the cessation of their employment by Lamjana; €245,000 (2008: €245,000) in respect of liabilities that may arise during the course of liquidating Nova Dubrovnik d.o.o. These provisions represent the Group's estimate of the most likely liability that may arise in order to settle these claims in full.

23. Called up share capital

The Company was incorporated with an authorised share capital of US$12,000 divided into 12,000 shares par value US$1.00 each (the "US dollar shares"). By a resolution of the members of the Company passed on 9 May 2006 it was resolved to change the currency of denomination of the Company's share capital from US dollars to euros and the authorised share capital of the Company was increased to €2,500,000 by the creation of 250 million Ordinary Shares par value €0.01 each and the cancellation of the US dollar shares.

The holders of Ordinary Shares are entitled to receive notice of, and to attend and vote at, general meetings of the Company. Each Ordinary Share carries one vote. Although the Ordinary Shares carry rights to dividends it is not currently expected that any dividends will be declared.

Authorised	
Equity share capital	
250 million Ordinary Shares of €0.01 each	**€2,500,000**
Allotted and called up	
Equity share capital	
150,052,287 fully paid Ordinary Shares of €0.01 each	**€1,500,523**
Issued shares at 31 December 2009 and 31 December 2008	**150,052,287**

The Group also has issued share options (see note 4).

24. Business combinations

On 10 August 2009 the Group completed a capital reorganisation of Nauta Lamjana d.d., which increased the Group's shareholding to 95.23%.

On 25 February 2008 the Group acquired an additional 45% of the issued shares in Nova Dubrovnik d.o.o ("Nova") taking the Group's total holding to 85%. Details of the purchase consideration paid, the fair value of net assets acquired and goodwill arising were as follows:

	31 December 2008 € '000
Purchase consideration:	
- Cash paid	250
- Direct costs relating to the acquisition	327
Total purchase consideration	**577**
Fair value of net assets acquired:	
Property, plant and equipment	350
Cash	30
Net current liabilities	(275)
	105
Minority interest	(16)
Fair value of net assets acquired	**89**
Goodwill on acquisition	488
Impairment of goodwill	(488)
Carrying amount	**-**

25. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or if both parties are under the control of a common entity or entities.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Investment Manager

The Manager provides management services to the Company pursuant to an Investment Management Agreement dated 16 June 2006, as amended (note 3). The Manager has retained the services of certain consultants ("Consultants") to assist it in the discharge of its duties. Certain individuals employed by Jupiter Asset Management Limited provide the Manager with advice and assistance and, together with the Consultants, they form the Group's management team (the "Management Team"). Fees paid to the Manager are disclosed in note 3.

Members of the Management Team have acquired an interest in the Company totalling 3,217,391 Ordinary Shares: 1,000,000 Ordinary Shares were issued as part consideration for the acquisition of Cepljesi d.o.o. (an additional 1,000,000 Ordinary Shares were also issued to an individual who was but no longer is a member of the Management Team, in connection with this acquisition) and 1,000,000 Ordinary Shares were issued to members of the Management team in consideration for services provided during the start up phase of the Company. The balance of Ordinary Shares equalling 1,217,391, were acquired by the Management Team at market price during the second and third private placements.

Jupiter Adria AG

Jupiter Adria AG is a limited liability company incorporated in Lucerne, Switzerland, which is a partner of EG Jupiter Jadran and which makes acquisitions on behalf of EG Jupiter Jadran. Service fees of €135,000 (2008: €130,000) were accrued for accounting services provided by Jupiter Adria AG to the Group.

Loans to associates

No loans to associates were made during 2009.

At 31 December 2008 loans totalling €650,000 plus accrued interest of €103,000 was due to the Group from Keppler Saunders d.o.o, ("KS"), then a wholly owned subsidiary of Croatiansun Limited ("CS"), which was 47% owned by the Group. The loans were unsecured and due either on demand or on dates ranging between 27 July 2007 and 24 April 2008, with interest charged at either euribor plus 250bps or 8%. At 31 December 2008, an impairment provision was recognized against the full amount of loans and interest due, as a result of KS being unable to fulfill its obligations under the loan facilities. The amount of the provision in aggregate was €753,000, of which €99,000 has been provided for in 2008.

At 31 December 2008 loans totalling €225,000 plus accrued interest of €14,000 were due to the Group from CS. The loans were unsecured and due on 8 February 2011, with interest charged at 8%. At 31 December 2008, an impairment provision was recognized against the full amount of loans and interest due, as a result of CS being unable to fulfill its obligations under the loan facilities. The amount of the provision in aggregate is €239,000, all of which was provided for in 2008.

At 31 December 2008 loans totalling €310,000 plus accrued interest of €1,000 were due to the Group from Vile Forum d.o.o ("VF"). The loans were unsecured and due on dates ranging between 19 November 2009 and 14 October 2010, with interest charged at 4.5%. At 31 December 2008, an impairment provision was recognized against the full amount of loans and interest due, as a result of VF being unable to fulfill its obligations under the loan facilities. The amount of the provision in aggregate is €311,000, of which €146,000 was provided for in 2008.

At 31 December 2009 amounts totalling €324,000 (2008: €425,000) from Jupiter Adria AG and €151,000 (2008: €217,000) from jointly controlled entities, which are all related parties, were due to the Group. These amounts are unsecured, interest free and have no fixed repayment date.

26. Taxation and deferred tax

	31 December 2009 €'000	31 December 2008 €'000
Loss before tax	(14,337)	(22,820)
Tax expenses / (benefits) calculated at domestic rates applicable to the respective countries	(1,005)	(1,476)
Expenses not deductible for tax purposes	564	264
Tax losses not recognised	466	1,216
Income tax expense	**25**	**4**
Effective tax rate	**nil%**	**nil%**

The principal charge to current tax arises in respect of the Group's UK subsidiary which is subject to a tax rate of 28%. Domestic tax rates in Croatia and Switzerland are 20% and 8.5% respectively. There are no applicable taxes in Bermuda. The aggregated tax losses of the Group's subsidiaries are summarised below.

Tax losses arising in the year	**Expiry date:**	**2009 total €'000**	**2008 total €'000**
2004	31 December 2009	-	412
2005	31 December 2010	471	471
2006	31 December 2011	537	537
2007	31 December 2012 – 14	672	672
2008	31 December 2013 – 15	1,216	1,216
2009	31 December 2013 – 15	466	-
Total		**3,362**	**3,308**

	31 December 2009	**31 December 2008**
Deferred tax asset not recognised		
Opening balance	3,308	2,101
Tax loss for the current period	466	1,216
Tax loss expired	(412)	(9)
Closing balance	**3,362**	**3,308**

Depending on the circumstances, there are a variety of taxes that may arise in each jurisdiction in which the Group operates. The disclosure below details the principal taxes relevant to the Group; however, it is not a comprehensive summary of the tax system in each country.

a) Bermuda

At the date of this report, there is no Bermuda income tax, corporation tax, profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or its shareholders other than shareholders ordinarily resident in Bermuda. The Company is not subject to stamp duty on the issuance or transfer of its Ordinary Shares. The Company is liable to pay in Bermuda a registration fee based upon its assessable share capital at a rate currently not exceeding US$31,000 (2008: US$ 29,000) per annum. The Company has received from the Minister of Finance of Bermuda under the Exempted Undertaking Tax Protection Act 1966 an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not until 28 March 2016 be applicable to the Company except in so far as such tax applies to persons ordinarily resident in Bermuda and holding such Ordinary Shares of the Company.

26. Taxation and deferred tax (continued)

b) Croatia and Switzerland

Tax losses may only be utilised by the company in which they arise and may be carried forward for between five and seven years subsequent to the year in which the loss was incurred, depending on the tax jurisdiction of the company. No deferred tax asset has been recognised at 31 December 2009 (2008: €nil), due to the uncertainty that future taxable income will be available to utilise and benefit from the tax losses. The future availability of these tax losses is subject to review by the local tax authorities.

27. Contingent liabilities

(a) At 31 December 2009 the book value of land included a parcel of land owned by Nauta Lamjana d.d. which is being used for marine related activities. Due to its current usage and given that a part of this land is on waterfront locations which the Croatian government determines to be public land, it is considered land held under concession for which an annual fixed concession fee of €10,000 is paid to the Croatian government, plus a variable fee of 1% of profit after tax. The current concession right is valid to 2031. Nauta Lamjana d.d. is negotiating with the government to reduce the area of land deemed to be held under concession and ultimately, to reduce the annual concession fee payable.

(b) Land owned by Cepljesi d.o.o. is situated near the waterfront and may form public land as determined by the Croatian government. The area of public land and possible financial effect (such as the payment of concession fees) and any other financial consequences cannot be reasonably determined at the date of this report.

(c) In connection with the acquisition of Hosting International d.o.o ("Hosting"), the Group has issued a guarantee to Sinseg AG ("Sinseg") for an amount up to €1,526,000. The guarantee may be invoked in the event that it becomes evident that the minimum value of the shares in Hosting at the date Hosting was acquired by Sinseg is less than €1,526,000. The amount payable by the Group under the terms of the guarantee is the difference between €1,526,000 and the determined minimum value of the shares in Hosting.

(d) In connection with the investments in Suncani Vrtovi d.o.o. and Vrtovi Sunca Orasac d.o.o (see note 13), the Group had issued a guarantee to Erste Bank der oesterreichischen Sparkassen AG ("Erste") for an amount of up to €5,000,000. This is payable in the event that project development costs exceed a specified amount. The guarantee was called by Erste and all related liabilities were settled in full by the Group during July 2009.

28. Commitments

As noted in both the Chairman's statement and the Manager's report, in view of the current economic environment the Group has significantly slowed down activity on its investment projects. At 31 December 2009 the Group had commitments of €370,000 which are payable to consultants engaged by the Group in connection with its development at Markocija.

29. Post balance sheet events

There are no post balance sheet events to report.

30. Financial risk

The Group's activities expose it to a number of financial risks: market risk (which includes currency risk, and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimise potential adverse effects of financial risk on the Group's performance. The Group does not currently use derivative financial instruments to hedge its exposure to risk, except for the interest rate swap in the jointly controlled entities (note 13).

(a) Market risk

(i) Currency risk
The Group is exposed to foreign currency risk as certain of its current financial assets and liabilities are dominated in Croatian Kunas ("HRK"), Sterling ("GBP") and Swiss Francs ("CHF") but accounted for in Euros. These are summarised below.

At 31 December 2009

	HRK	CHF	USD	GBP
	€'000	€'000	€'000	€'000
Trade and other receivables	2,195	-	-	16
Cash	484	8	1	176
Trade and other payables and provisions	(3,247)	-	-	(92)
Loans and borrowings	-	-	-	-
Finance lease liabilities	(181)	-	-	-
Net exposure	**(749)**	**8**	**1**	**100**

At 31 December 2008

	HRK	CHF	USD	GBP
	€'000	€'000	€'000	€'000
Trade and other receivables	3,582	-	-	40
Cash	1,214	46	66	84
Trade and other payables and provisions	(4,335)	-	-	(65)
Loans and borrowings	-	-	-	-
Finance lease liabilities	(355)	-	-	-
Net exposure	**106**	**46**	**66**	**59**

The Group's current financial assets and liabilities do not have significant exposure to foreign currency risk. As a result, a sensitivity analysis has not been presented.

(ii) Interest rate risk
The Group's only significant interest bearing asset is cash, the majority of which is placed on short term money market deposit and the returns generated by these cash deposits fluctuate depending on market rates of interest.

The Group has not put in place any hedging arrangements in connection with the €12 million loan facility, given its relatively short dated maturity period and prevailing forward rate yield curves (note 21). An interest rate swap arrangement is in place in connection with loans taken out by a jointly controlled entity, further details of which are disclosed in note 13.

30. Financial risk (continued)

(b) Credit risk

The majority of the Group's credit exposure relates to surplus cash held on short-term deposits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 December 2009 €'000	31 December 2008 €'000
Trade and other receivables (note 17)	2,873	4,488
Cash and cash equivalents	7,825	16,739
	10,698	**21,227**

Trade and other receivables fall due within one year and are stated net of impairments. There are no significant provisions for doubtful debts. The majority of trade and other receivables are due from Croatian entities.

At 31 December 2009, cash and cash equivalents of €5,388,000 (2008: €14,360,000) were held in the name of Jupiter Asset Management Limited on behalf of the Group.

(c) Liquidity risk

The Group currently maintains sufficient cash balances to mitigate liquidity risk. The Group monitors forecast liquidity based on expected cash flows. At 31 December 2009, the Group's trade and other receivables, trade and other payables, loans and borrowings and finance lease liabilities have due dates which are less than one year, except for finance lease liabilities which fall due between one and five years (note 20).

Capital raised from the three private placements to date has been used to acquire the Group's property portfolio and to pay management fees and other costs incurred by the Group. The Group intends that the majority of costs associated with the development of its property portfolio will be funded by debt.

31. Other risk factors

The Group's performance partly depends on political stability and the regulatory environment in Croatia. If the political and/or regulatory climate alters or stability deteriorates, this could have a material impact on the value of the Group's assets that are situated in Croatia. Changes in the institution and enforcement of regulations relating to taxation, land use and zoning restrictions, planning regulations, environmental protection and safety and other matters represent risks that may adversely affect the Group's assets and results of operations.

32. Segment information

The Group is currently at the early stages of developing a number of sites into high end hospitality, leisure and related businesses located in Croatia, which is the Group's primary business segment. The Group is also currently engaged in marine services, including the temporary provision of marine repair facilities to third parties. The table below shows the revenue, results, assets, liabilities and other information for the Group's geographic segments. The Group has concluded that the reportable segments now required following the adoption of IFRS 8 are consistent with those reported previously under IAS 14.

For the year ended 31 December 2009

	Croatia	**Other***	**Total**
Geographic segments	**€'000**	**€'000**	**€'000**
Revenue from external customers	4,322	-	**4,322**
Depreciation and amortisation	513	-	**513**
Operating loss	(2,762)	(6,903)	**(9,665)**
Share of losses of jointly controlled entities	(4,489)	-	**(4,489)**
Assets	129,778	8,019	**137,797**
- investment in jointly controlled entities	26,663	-	**26,663**
- other non current assets	95,512	-	**95,512**
- current assets (excluding cash)	7,119	678	**7,797**
- cash	484	7,341	**7,825**
Liabilities	3,428	12,533	**15,961**
- non-current loans and finance leases	131	10,309	**10,440**
- current loans and finance leases	50	-	**50**
- current liabilities	2,872	2,224	**5,096**
- provisions	375	-	**375**

* Bermuda, Switzerland and United Kingdom. Other assets consist mainly of cash raised in private placements to be utilised for future investments.

For the year ended 31 December 2008

	Croatia	**Other***	**Total**
Geographic segments	**€'000**	**€'000**	**€'000**
Revenue from external customers	1,839	-	**1,839**
Depreciation	472	-	**472**
Operating loss	(4,637)	(10,238)	**(14,875)**
Share of losses of jointly controlled entities	(2,431)	-	**(2,431)**
Assets	125,824	16,431	**142,255**
- investment in jointly controlled entities	21,152	-	**21,152**
- other non current	94,903	-	**94,903**
- current assets (excluding cash)	8,555	906	**9,461**
- cash	1,214	15,525	**16,739**
Liabilities	4,690	1,856	**6,546**
- non-current loans and finance leases	291	-	**291**
- current loans and finance leases	64	-	**64**
- current liabilities	4,060	1,856	**5,916**
- provisions	275	-	**275**

* Bermuda, Switzerland and United Kingdom. Other assets consist mainly of cash raised in private placements to be utilised for future investments.

33. Capital management

The Group's capital includes share capital, share premium, reserves and accumulated losses. The Group's policy is to maintain its ability to continue as a going concern, so it can provide returns to shareholders and benefits for other stakeholders. To date, the Group's acquisition of property investments has been funded from equity. Any significant future development of the Group's existing property investments, or future acquisitions by the Group, will require further equity or alternative sources of finance. If appropriate, the group may seek to fund future development and acquisitions by bank debt, or seek co-investors or joint venture partners.

NOTICE OF MEETING

NOTICE is HEREBY GIVEN of the Annual General Meeting of the Members of JUPITER ADRIA LIMITED (the "Company") to be held at Cumberland House, 1 Victoria Street, 3rd Floor, Hamilton HM 11, Bermuda on 20 July 2010 at 10:00 am (Bermuda time).

AGENDA

1. To appoint a Chairman of the Meeting.

2. To receive and adopt the Chairman's Review and the audited Financial Statements of the Company for the year ended 31 December 2009*,* together with the Auditors' Report thereon.

3. To determine the number of Directors

4. To re-elect the Board of Directors.

   It is proposed that the following persons, having indicated their willingness to stand, and being eligible, be separately re-elected Directors: The Rt. Hon. The Lord Lamont of Lerwick, Mr. Goranko Fizulic, Mr. Reef Hogg, Mr. Bernard Lambert, Mr. J. Andrew Smith, Mr. Garth Lorimer Turner and Mr. Bruce Weatherill.

5. To appoint Auditors.

   It is proposed that KPMG be reappointed Auditors of the Company for the year ending 31st December 2010, at a fee to be approved by the Directors.

BY ORDER OF THE BOARD

TRACY PACKWOOD
COMPANY SECRETARY

Dated: 7 June 2010

Note: Members unable to attend are entitled to appoint one or more proxies to attend and vote instead of that Member at the meeting and any proxy so appointed need not also be a Member. To appoint a proxy, Members are requested to complete the enclosed form of proxy and return it for the attention of Mrs. Tracy Packwood at Jupiter Adria Limited, Cumberland House, 1 Victoria St, 3rd Floor, Hamilton HM11, Bermuda by airmail and on facsimile # +1 441-295-8690.

JUPITER ADRIA LIMITED

To be used for the Annual General Meeting of the above-named Company to be held at Cumberland House, 1 Victoria Street, 3rd Floor, Hamilton HMI1, Bermuda on 20 July 2010 commencing at 10:00 am (Bermuda time).

I/We ____

of____

__________being (a) shareholder(s) of Jupiter Adria Limited hereby appoint the Chairman of the Meeting, and grant authority to him, to appoint any such person to act in his stead whom he deems fit, failing whom

____

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on 20 July 2010 and at any adjournment thereof. I/We direct my/our proxy to vote on the resolutions set out in the Notice convening the Annual General Meeting as follows:-

ORDINARY RESOLUTIONS	***FOR**	***AGAINST**
THAT the Chairman's Review and the audited Financial Statements of The Company for the year ended 31 December 2009, together with the Auditors' Report thereon, be received and adopted.	☐	☐
THAT the number of Directors be set at eight, and that any vacancy on the Board be filled at the discretion of the Directors.	☐	☐
• THAT Lord Lamont be elected as Director.	☐	☐
• THAT Mr. Goranko Fizulic be elected as Director.	☐	☐
• THAT Mr. Bernard Lambert be elected as Director.	☐	☐
• THAT Mr. Reef Hogg be elected as Director.	☐	☐
• THAT Mr. J. Andrew Smith be elected as Director.	☐	☐
• THAT Mr. Garth Lorimer Turner be elected as Director.	☐	☐
• THAT Mr. Bruce Weatherill be elected as Director.	☐	☐
THAT KPMG be reappointed Auditors of the Company for the year ending 31st December 2010 at a fee to be approved by the Directors.	☐	☐

Dated this ____________day of__________________2010 Signature_____________________________________

* Please indicate how you wish your proxy to vote by placing a tick in the appropriate box. If you do not do so, your proxy will abstain or vote for or against the resolution at his/her discretion.

NOTES:

1. If you wish to appoint as your proxy some person other than the Chairman of the Meeting, please insert in BLOCK CAPITALS the full name of the person of your choice, delete the words "the Chairman of the Meeting, failing whom" and initial the amendment.

2. This proxy must be deposited with the Company's Secretary at Cumberland House, 1 Victoria Street, Hamilton, Bermuda HM11, Attention: Tracy Packwood, Company Secretary (Fax: + 1 441 295 8690), not less than 36 hours before the time appointed for the holding of the Meeting.

3. If the appointer is a Corporation, this proxy must be executed under its Common Seal or under the hand of some Officer or Attorney duly authorised on its behalf.

4. In the case of joint holders, any one such person may sign.