

AS JÄRVEVANA

Consolidated interim report 6M 2009

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Primary activity: General contracting in construction sector
Auditor: AS PricewaterhouseCoopers
Beginning of financial year: 01.01.2009
End of financial year: 31.12.2009

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MANAGEMENT REPORT

General information

The Company was formed after demerger from AS Järvevana, as a result of which the complete set of assets related to the business activities of the construction company was separated and transferred to AS Merko Ehitus, including all concluded construction contracts, subcontracts and supply contracts, machinery, equipment and employees, all professional know-how and cash flows from uninterrupted, continuous economic activities, except for liabilities arising from the criminal case no. 05913000055, including compensations for damage, penalties and other payables, legal expenses and liquid assets to cover potential liabilities arising from the criminal proceedings in the amount of EEK 250 million. The Company does not have ordinary economic activities and the only objective of its activities is to protect the interests of the Company and shareholders in the long-lasting criminal proceedings related to land swap.

Operating activities

The public limited company does not have active business operations. The Company's only income is generated from finance income earned on the investment of the Company's liquid funds. Between 01.01.2009 and 30.06.2009, AS Järvevana earned finance income in the amount of EEK 4.6 million. EEK 225 million of the assets constitutes the claim against AS Merko Ehitus from cooperation agreement (<http://www.merko.ee/upload/File/Restruktureerimise%20dokumendid/Koost%F6%F6leping%20ENG.pdf>). As of 30 June 2009, the sole member of AS Järvevana's Management Board is Toomas Annus. The company's operation does not have a seasonal and cyclic nature.

On 3 April 2009, the Public Prosecutor's Office presented the statement of charges (dated 31 March 2009) against AS Järvevana and Toomas Annus in the criminal matter No 05913000055 concerning the land-swap (http://www.nasdaqomxbaltic.com/market/?pg=news&news_id=232810). In the statement of charges, the Public Prosecutor's Office has withdrawn the initially included criminal episodes (http://www.nasdaqomxbaltic.com/market/?pg=news&news_id=218499) whereby Toomas Annus abused the trust in the company, by not purchasing the property under protection, and the suspicion that the property received as a result of the swap deal was transferred to the person chosen by Villu Reiljan. The Prosecutor's Office has added a criminal episode to the charges stating that AS Järvevana allegedly brokered the swap of two properties with the state at the request of Kalev Kangur. Based on the statement of charges, five episodes in total will be presented at the court hearing. The contents of the statement of charges have been included in the 2008 annual report of AS Järvevana. The first hearing in the land-swap case has been scheduled for 12 November 2009.

On 3 April 2009, the Prosecutor's Office declared AS Järvevana a suspect in the criminal case on a bribery related to Ivo Parbus. According to the suspicion, a representative of the Company gave Ivo Parbus a gift coupon of EEK 15 thousand for accelerated proceedings with two detailed plans and one construction project. The suspicion was submitted against AS Järvevana because the Company owns properties in the interests of which the bribe suspected was allegedly given.

On 26 May 2009 the Prosecutor's Office terminated the proceedings in Ivo Parbus criminal case regarding the suspected AS Järvevana on the basis of § 203, sub-section 6 of the Code of Criminal Procedure on the ground of the lack of purposefulness of the punishment. AS Järvevana has agreed to the termination of the criminal proceedings for the purposes of procedural efficiency, in order to save time and expenses. No conditions or obligations were stipulated for AS Järvevana upon the termination of the criminal proceedings. (http://www.nasdaqomxbaltic.com/market/?pg=news&news_id=234331).

The Company considers the submitted suspicion to be groundless. The Supervisory Board and Management Board of AS Järvevana are convinced that the activities of the Company and its directing bodies have been correct and in compliance with the laws of the Republic of Estonia and are able to provide relevant evidence in court.

Shares and shareholders

The main shareholders of AS Järvevana as at 30.06.2009

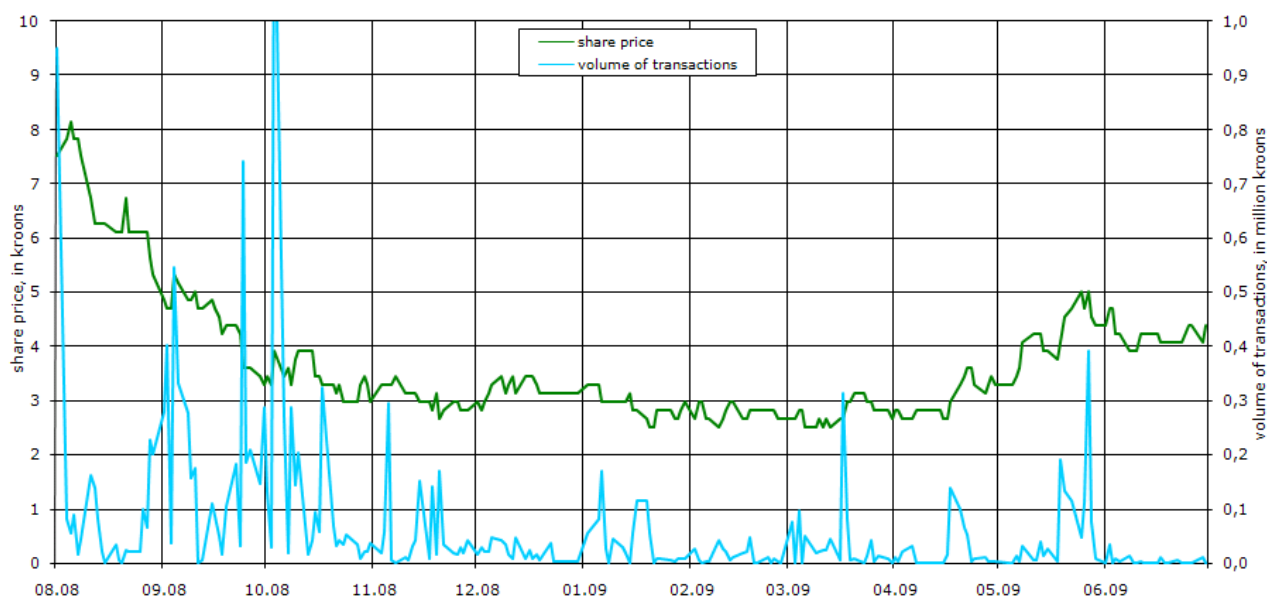
	Number of shares	Proportion
AS Riverito	12 742 686	71,99%
ING Luxembourg S.A., clients	963 376	5,44%
Skandinaviska Enskilda Banken Ab, clients	704 634	3,98%

Structure of shareholders as at 30.06.2009

No. of shares	No. of shareholders	% of shareholders	No. of shares	% of shares
1-100	301	31,75%	14 897	0,08%
101-1000	371	39,14%	162 182	0,92%
1001-10 000	199	20,99%	737 802	4,17%
10 001 – 100 000	68	7,17%	1 613 971	9,12%
100 001 – 1 000 000	8	0,84%	2 428 462	13,72%
1 000 001 - ...	1	0,11%	12 742 686	71,99%
Total	948	100%	17 700 000	100%

The shares of AS Järvevana have been quoted in the main list of the NASDAQ OMX Tallinn Stock Exchange. In the course of the division of AS Merko Ehitus the name of the company was changed to AS Järvevana and since 04.08.2008, the shares of AS Järvevana are bought and sold under the name JRV1T. In 2009 6 months 503 transactions with the shares of Järvevana was performed in the course of which 1.1 million shares were traded and the total monetary value of transactions was EEK 3.7 million. The lowest share price was EEK 2.35 and the highest price was EEK 5.32 per share. The closing price of the shares as at 30.06.2009 was EEK 4.38.

Performance of Järvevana' share at NASDAQ OMX Tallinn Stock Exchange (as from 1st August 2008)



STATEMENT OF COMPREHENSIVE INCOME
consolidated, unaudited

	note	EEK		EUR	
		2009 6 months	2008 6 months	2009 6 months	2008 6 months
Revenue	1,2	-	2 372 305	-	151 618
Cost of goods sold	3	-	(1 913 248)	-	(122 279)
Gross profit		-	459 057	-	29 339
Marketing expenses		-	(17 491)	-	(1 118)
Administrative and general expenses		(1 017)	(101 020)	(65)	(6 456)
Other operating income		-	5 929	-	379
Other operating expenses		-	(7 601)	-	(486)
Operating profit		(1 017)	338 874	(65)	21 658
Financial income and expenses		4 625	(5 120)	296	(327)
incl. investments into associate companies and joint ventures		-	1 202	-	77
interest expense		-	(7 678)	-	(491)
foreign exchange gain		-	(5 870)	-	(375)
other financial income and expenses		4 625	7 226	296	462
Profit before tax		3 608	333 754	231	21 331
Corporate income tax expense		-	(40 623)	-	(2 596)
Net profit for current period		3 608	293 131	231	18 735
incl. equity holders of the parent		3 608	290 178	231	18 546
minority interest		-	2 953	-	189
Other comprehensive income					
Exchange differences on translating foreign subsidiaries		-	(6 142)	-	(393)
Comprehensive income		-	286 989	-	18 342
incl. equity holders of the parent		3 608	284 036	231	18 153
minority interest		-	2 953	-	189
Earnings per share for profit attributable to the equity holders of the parent (basic and diluted, in EEK and EUR)	4	0,20	16,39	0,01	1,05

STATEMENT OF COMPREHENSIVE INCOME
consolidated, unaudited

	EEK		EUR	
	2009 II quarter	2008 II quarter	2009 II quarter	2008 II quarter
Revenue	-	1 252 733	-	80 064
Cost of goods sold	-	(1 028 871)	-	(65 757)
Gross profit	-	223 862	-	14 307
Marketing expenses	-	(9 603)	-	(614)
Administrative and general expenses	(574)	(51 647)	(37)	(3 301)
Other operating income	-	4 236	-	271
Other operating expenses	-	(5 874)	-	(375)
Operating profit	(574)	160 974	(37)	10 288
Financial income and expenses	2 580	(3 359)	165	(215)
incl. investments into associate companies and joint ventures	-	(1 078)	-	(69)
interest expense	-	(2 095)	-	(134)
foreign exchange gain	-	(4 178)	-	(267)
other financial income and expenses	2 580	3 992	165	255
Profit before tax	2 006	157 615	128	10 073
Corporate income tax expense	-	(20 485)	-	(1 309)
Net profit for current period	2 006	137 130	128	8 764
incl. equity holders of the parent	2 006	135 296	128	8 647
minority interest	-	1 834	-	117
Other comprehensive income				
Exchange differences on translating foreign subsidiaries	-	(5 251)	-	(336)
Comprehensive income	-	131 879	-	8 428
incl. equity holders of the parent	2 006	130 045	128	8 311
minority interest	-	1 834	-	117
Earnings per share for profit attributable to the equity holders of the parent (basic and diluted, in EEK and EUR)	0,11	7,64	0,01	0,49

in thousand kroons and euros

STATEMENT OF FINANCIAL POSITION

consolidated, unaudited

		EEK		EUR	
note	30.06.2009	31.12.2008	30.06.2009	31.12.2008	
ASSETS					
Current assets					
Cash and cash equivalents	5	30 026	26 242	1 919	1 677
Trade and other receivables	6	225 724	225 927	14 427	14 439
		<u>255 750</u>	<u>252 169</u>	<u>16 346</u>	<u>16 116</u>
Non-current assets					
Property, plant and equipment	7	48	-	3	-
		<u>48</u>	<u>-</u>	<u>3</u>	<u>-</u>
TOTAL ASSETS		<u>255 798</u>	<u>252 169</u>	<u>16 349</u>	<u>16 116</u>
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	8	263	242	18	16
Short-term provisions	9	17 500	17 500	1 118	1 118
		<u>17 763</u>	<u>17 742</u>	<u>1 136</u>	<u>1 134</u>
Total liabilities		<u>17 763</u>	<u>17 742</u>	<u>1 136</u>	<u>1 134</u>
Equity					
Share capital		177 000	177 000	11 312	11 312
Statutory reserve capital		17 700	17 700	1 131	1 131
Retained earnings		43 335	39 727	2 770	2 539
Total equity		<u>238 035</u>	<u>234 427</u>	<u>15 213</u>	<u>14 982</u>
TOTAL LIABILITIES AND EQUITY		<u>255 798</u>	<u>252 169</u>	<u>16 349</u>	<u>16 116</u>

STATEMENT OF CHANGES IN EQUITY

unaudited

EEK	Equity attributable to equity holders of the parent						Minority interest	Total
	Share capital	Statutory reserve capital	Currency translation adjustment	Retained earnings	Total			
Balance as at 31.12.07	177 000	17 700	(5 085)	1 826 142	2 015 757	33 939	2 049 696	
Comprehensive income	-	-	(6 142)	290 178	284 036	2 953	286 989	
Dividends	-	-	-	-	-	(6 528)	(6 528)	
Business combinations	-	-	-	-	-	(9)	(9)	
Balance as at 30.06.08	177 000	17 700	(11 227)	2 116 320	2 299 793	30 355	2 330 148	
Balance as at 31.12.08	177 000	17 700	-	39 727	234 427	-	234 427	
Comprehensive income	-	-	-	3 608	3 608	-	3 608	
Balance as at 30.06.09	177 000	17 700	-	43 335	238 035	-	238 035	
EUR	Equity attributable to equity holders of the parent						Minority interest	Total
	Share capital	Statutory reserve capital	Currency translation adjustment	Retained earnings	Total			
Balance as at 31.12.07	11 312	1 131	(325)	116 712	128 830	2 169	130 999	
Comprehensive income	-	-	(393)	18 546	18 153	189	18 342	
Dividends	-	-	-	-	-	(417)	(417)	
Business combinations	-	-	-	-	-	(1)	(1)	
Balance as at 30.06.08	11 312	1 131	(718)	135 258	146 983	1 940	148 923	
Balance as at 31.12.08	11 312	1 131	-	2 539	14 982	-	14 982	
Comprehensive income	-	-	-	231	231	-	231	
Balance as at 30.06.09	11 312	1 131	-	2 770	15 213	-	15 213	

The share capital of AS Järvevana consists of 17 700 000 common shares with a nominal value of EEK 10 i.e. EUR 0.64.

CASH FLOW STATEMENT

consolidated, unaudited

	EEK		EUR	
	2009 6 months	2008 6 months	2009 6 months	2008 6 months
Cash flows from operating activities				
Operating profit	(1 016)	338 874	(65)	21 658
Adjustments:				
depreciation and impairment charge	5	14 116	-	902
(profit) loss from sale of non-current assets	-	(386)	-	(25)
adjustments of revenue from construction contracts under stage of completion method	-	158 283	-	10 116
interest income from business activities	-	(1 823)	-	(117)
change in government grants and other provisions	20	(17 654)	2	(1 128)
Change in trade and other receivables related to operating activities	203	216 314	12	13 825
Change in inventories	-	30 261	-	1 934
Change in trade and other payables related to operating activities	1	(143 276)	-	(9 157)
Interests paid	-	(13 359)	-	(854)
Other financial expenses (income)	(1)	(8)	-	(1)
Corporate income tax paid	-	(29 361)	-	(1 876)
	(788)	551 981	(51)	35 277
Cash flows from investing activities				
Proceeds from sale of subsidiary	-	1 000	-	64
Purchase of associates and joint ventures	-	(1 000)	-	(64)
Proceeds from sale of associates and joint ventures	-	58 000	-	3 707
Purchase of investment property	-	(112)	-	(7)
Purchase of property, plant and equipment	(53)	(13 725)	(3)	(877)
Proceeds from sale of property, plant and equipment	-	1 052	-	67
Purchase of intangible assets	-	(1 112)	-	(71)
Loans granted	-	(19 372)	-	(1 238)
Loan repayments received	-	4 190	-	268
Interest received	4 625	10 876	296	695
	4 572	39 797	293	2 544
Cash flows from financing activities				
Proceeds from borrowings	-	87 455	-	5 589
Repayments of borrowings	-	(162 795)	-	(10 404)
Finance lease principal payments	-	(7 443)	-	(476)
Dividends paid	-	(6 528)	-	(417)
	-	(89 311)	-	(5 708)
Net increase/decrease in cash and cash equivalents	3 784	502 467	242	32 113
Cash and cash equivalent at beginning of the period	26 242	205 564	1 677	13 138
Exchange losses on cash and cash equivalents	-	(3 417)	-	(218)
Cash and cash equivalent at end of the period	30 026	704 614	1 919	45 033

NOTES

Note 1 Business and geographical segments

in thousand kroons

Business segments

2008 6 months	General construction	Road construction	Concrete elements	Group
Consolidated revenue	2 195 698	176 607	-	2 372 305
Inter-segmental revenue	-	2 075	-	2 075
Segment revenue	2 195 698	178 682	-	2 374 380
Segment operating profit	320 696	18 178	-	338 874
Financial income/expenses				(5 120)
incl. profit/loss from associates and joint ventures	367	-	835	1 202
Profit before tax				333 754
Corporate income tax				(40 623)
Net profit of the Group				293 131
incl. attributable to equity owners of the parent				290 178
minority interest				2 953
Segment assets	3 604 937	222 375	-	3 827 312
Associates and joint ventures	157 201	-	58 310	215 511
Unallocated assets				50 598
Total consolidated assets				4 093 421
Segment liabilities	(1 024 837)	(114 941)	-	(1 139 778)
Unallocated liabilities				(623 495)
Total consolidated liabilities				(1 763 273)
Purchase of investment property	112	-	-	112
Purchase of property, plant and equipment and intangible assets	12 035	2 802	-	14 837
Depreciation and impairment	(8 939)	(5 177)	-	(14 116)

Costs, assets and liabilities that cannot be related to a specific asset or it is not practical to do so are considered as unallocated.

Geographical segments

	Revenue		Purchase of investment property		Purchase of property, plant and equipment and intangible assets	
	2009 6 months	2008 6 months	2009. 6 months	2008 6 months	2009 6 months	2008 6 months
Estonia	-	1 447 491	-	-	53	11 641
Latvia	-	548 491	-	112	-	2 869
Lithuania	-	376 323	-	-	-	327
Total	-	2 372 305	-	112	53	14 837
	Total assets		Purchase of investment property		Purchase of property, plant and equipment and intangible assets	
	30.06.2009	30.06.2008	2009. 6 months	2008 6 months	2009 6 months	2008 6 months
Estonia	255 798	2 109 178	-	-	53	11 641
Latvia	-	1 559 387	-	112	-	2 869
Lithuania	-	424 856	-	-	-	327
Total	255 798	4 093 421	-	112	53	14 837

Revenue is based on the country in which the customer is located; the assets are reported basing on the geographic location of the assets.

Note 2 Revenue*in thousand kroons*

	2009 6 months	2008 6 months
Rendering of services	-	1 611 074
Sale of real estate and real estate development projects	-	759 609
Rental income	-	1 196
Sale of goods	-	426
Total revenue	<u>-</u>	<u>2 372 305</u>

Note 3 Cost of goods sold*in thousand kroons*

	2009 6 months	2008 6 months
Construction services	-	1 164 632
Materials	-	190 733
Properties purchased for resale	-	224 827
Staff costs	-	173 848
Construction mechanisms and transport	-	58 472
Design	-	37 329
Depreciation and impairment charge	-	9 289
Other expenses	-	54 118
Total cost of goods sold	<u>-</u>	<u>1 913 248</u>

Note 4 Earnings per share

Basic earnings per share for profit attributable to equity holders of the parent has been derived by dividing the net profit attributable to shareholders by the weighted average number of shares.

	2009 6 months	2008 6 months
Net profit attributable to shareholders <i>(in thousand kroons)</i>	3 608	290 178
Weighted average number of ordinary shares <i>(thousand pcs)</i>	17 700	17 700
Earnings per share <i>(in kroons)</i>	<u>0,20</u>	<u>16,39</u>

The company did not have any potential ordinary shares to be issued; therefore the diluted earnings per share equal the basic earnings per share.

Note 5 Cash and cash equivalents*in thousand kroons*

	30.06.2009	31.12.2008
Short-term deposits	30 026	26 242
Total cash and cash equivalents	<u>30 026</u>	<u>26 242</u>

Note 6 Trade and other receivables*in thousand kroons*

	30.06.2009	31.12.2008
Tax prepayments excluding corporate income tax value added tax	33	261
	<u>33</u>	<u>261</u>
Other short-term receivables		
short-term loans *	125 001	125 001
interest receivables	625	646
other short-term receivables **	100 007	100 000
	<u>225 633</u>	<u>225 647</u>
Prepayments for services		
prepaid insurance	58	19
	<u>58</u>	<u>19</u>
Total trade and other receivables	<u>225 724</u>	<u>225 927</u>

* according to the contract of division concluded between AS Järvevana and AS Merko Ehitus, the company granted AS Merko Ehitus a loan in the amount of 7.989 million euros with an interest rate of 12 euribor + 1%. The final interest rate for the first loan period of 12 months is 6% pa.

** in the contract of division, AS Järvevana and AS Merko Ehitus agreed that AS Järvevana would have the right and AS Merko Ehitus would be obliged to buy 5 real estates from AS Järvevana for the price of 100 million kroons. This right is given on the balance sheet of AS Järvevana as a short-term claim.

Note 7 Property, plant and equipment*in thousand kroons*

	30.06.2009	31.12.2008
Other fixtures at carrying amount		
cost	53	-
accumulated depreciation	(5)	-
	<u>48</u>	<u>-</u>
Total property, plant and equipment	<u>48</u>	<u>-</u>

Note 8 Trade and other payables*in thousand kroons*

	30.06.2009	31.12.2008
Trade payables	86	204
Payables to employees	116	27
Tax liabilities, except for corporate income tax		
personal income tax	12	2
social security tax	48	8
other taxes	1	1
	<u>61</u>	<u>11</u>
Total trade and other payables	<u>263</u>	<u>242</u>

Note 9 Short-term provisions
in thousand kroons

	30.06.2009	31.12.2008
Provision for legal costs and claims filed	17 500	17 500
Total short-term provisions	17 500	17 500

Note 10 Related party transactions

In compiling the report, the following entities have been considered as related parties:

- parent company AS Riverito;
- shareholders of AS Riverito with significant influence over AS Järvevana through AS Riverito;
- other shareholders with significant influence;
- other subsidiaries of AS Riverito, so-called 'entities controlled by the parent company';
- associates and joint ventures;
- key managers and their close relatives;
- entities sharing key personnel with AS Järvevana.

Significant influence is presumed to exist when the person has more than 20% of the voting power.

The parent of AS Järvevana is AS Riverito. As of 30.06.2009 and 31.12.2008, AS Riverito owned 72% of the shares of AS Järvevana. The ultimate controlling party of the company is Mr Toomas Annus.

Goods and services
in thousand kroons

	2009 6 months	2008 6 months
Purchased services		
Associates and joint ventures	-	14 256
Entities under joint control	212	2 308
Total purchased services	212	16 564
Rendered construction services		
Associates and joint ventures	-	197
Entities under joint control	-	424 548
Management members	-	3 094
Total construction services rendered	-	427 839
Construction materials purchased		
Other related parties	-	159
Real estate sold		
Entities under joint control	-	143 324

Balances with the related parties
in thousand kroons

	30.06.2009	31.12.2008
Trade and other receivables		
Short-term loans		
Entities under joint control	125 001	125 001
Interest receivables		
Entities under joint control	625	646
Other short-term receivables		
Entities under joint control	100 007	100 000
Trade and other payables		
Trade payables		
Entities under joint control	1	72

MANAGEMENT DECLARATION

The Management Board of AS Järvevana has prepared the consolidated 6 months interim report 2009 as presented on pages 3 to 13.

The Management Board confirms to the best of its knowledge:

- the accounting methods used for preparing the interim financial statements are in compliance with International Financial Reporting Standards as adopted by the European Union;
- the interim financial statements give a true and fair view of the financial position, the results of operations and the cash flows of the company;
- the company is going concern.

The consolidated interim financial statements of AS Järvevana for the 6 months period ending 30.06.2009 have been prepared in accordance with IAS 34 "Interim Financial Reporting" for condensed interim financial statements. Company applies the same accounting policies in its interim financial statements as applied in its annual financial statement of 2008.

Further, the Board of AS Järvevana declares and confirms that to the best knowledge of the Management, the Management Report of the Interim Report gives a true and fair view of the business development and performance and financial state of the company and includes a description of risks and suspicions.

Toomas Annus

Member of the Board



07.08.2009