

AS JÄRVEVANA

Consolidated interim report 3M 2010 (unaudited)

Commercial Registry No: 10068022

| | |
|-------------------|--|
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| E-mail: | merko@merko.ee |
| Primary activity: | General contracting in construction sector |
| Financial year: | 01.01.2010 – 31.12.2010 |
| Reporting period: | 01.01.2010 – 31.03.2010 |
| Auditor: | AS PricewaterhouseCoopers |

TABLE OF CONTENTS

MANAGEMENT REPORT 3

STATEMENT OF COMPREHENSIVE INCOME 5

STATEMENT OF COMPREHENSIVE INCOME 6

STATEMENT OF CHANGES IN EQUITY 7

CASH FLOW STATEMENT 8

NOTES 9

 Note 1 Earnings per share 9

 Note 2 Cash and cash equivalents 9

 Note 3 Short-term deposits 9

 Note 4 Trade and other receivables 10

 Note 5 Property, plant and equipment 10

 Note 6 Trade and other payables 10

 Note 7 Short-term provisions 11

 Note 8 Related party transactions 11

MANAGEMENT DECLARATION 12

MANAGEMENT REPORT

General information

The company was formed after the 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 the 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 01.01.2010 and 31.03.2010, AS Järvevana earned finance income in the amount of EEK 1.0 million. The most significant cost item was the legal expenses related to the "land swap" criminal case; these expenses constitute 46% of the general administrative costs in 2010 3 months. EEK 209 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 31 March 2010, the sole member of AS Järvevana's Management Board is Toomas Annus. The company's operation does not have a seasonal and cyclic nature.

At 3 April 2009, the Public Prosecutor's Office submitted a statement of charges (dated 31.03.2009) against AS Järvevana and Toomas Annus in criminal case no. 05913000055 concerning the land swap (http://www.nasdaqomxbaltic.com/market/?pg=news&news_id=232810).

The trial over the land swap charges started on 12 November 2009, at the Harju County Court. For an overview of the trial, please visit: http://www.nasdaqomxbaltic.com/market/?pg=details&instrument=EE3100003559&list=3&tab=news&news_id=238437. In the statement of charges, AS Järvevana has been accused of five counts of bribery. The proceedings are conducted at the Harju County Court. The evidence required to substantiate the charges of bribery consists of three elements and the absence of even one element invalidates the charges of criminal offence. The three elements to be proved are: (i) giving, or promising to give, a tangible asset or benefit to a public official; (ii) an illegal act by a public official for the benefit of the bribing party; (iii) a correlation between the first and second elements, i.e. providing a benefit to a public official for a favourable act. In case of AS Järvevana, it also needs to be proved that (i) the offence was committed by a senior official of the legal entity, and that (ii) the offence was committed in the interests of the legal entity. AS Järvevana has not conducted any of the land swap transactions described in the statement of charges. Instead, these transactions were made – and the hypothetical benefits were gained – by the company's subsidiaries, who are independent legal entities and who are not being prosecuted. It is also clearly obvious that the activities cannot have been illegal since they are allowed under section 19 of the Nature Conservation Act – this calls the bribery charges into question. By 8 April 2010, the court had heard nearly 80 prosecution witnesses, and none of the witnesses have testified about a promise to give or the giving of a bribe, or about illegal activities. The presentation of documentary evidence has now started at the request of the prosecutor's office. The trial schedule has been fixed until 14 October 2010. The decision of the court of first instance is expected in 2011.

The company considers the brought charges to be groundless. The Supervisory Board and Management Board of AS Järvevana are convinced that the activities of the company and its governing bodies have been conducted properly and in conformity with the laws of the Republic of Estonia, and are also able to supply relevant proof in the court.

Shares and shareholders

The main shareholders of AS Järvevana as at 31.03.2010

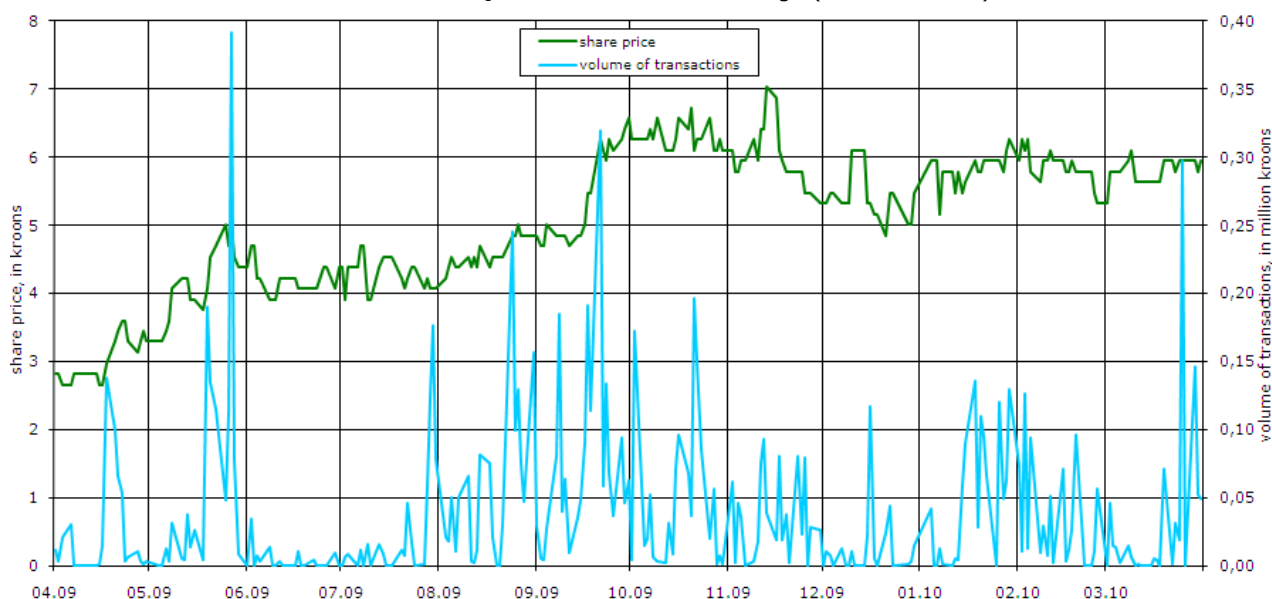
| | Number of shares | Proportion |
|---|------------------|------------|
| AS Riverito | 12 742 686 | 71,99% |
| ING Luxembourg S.A., clients | 963 376 | 5,44% |
| Skandinaviska Enskilda Banken Ab, clients | 656 914 | 3,71% |

Structure of shareholders as at 31.03.2010

| No. of shares | No. of shareholders | % of shareholders | No. of shares | % of shares |
|---------------------|---------------------|-------------------|---------------|-------------|
| 1-100 | 277 | 30,84% | 13 528 | 0,08% |
| 101-1000 | 358 | 39,87% | 157 672 | 0,89% |
| 1001-10 000 | 182 | 20,27% | 683 573 | 3,86% |
| 10 001 – 100 000 | 74 | 8,24% | 1 972 814 | 11,15% |
| 100 001 – 1 000 000 | 6 | 0,67% | 2 129 727 | 12,03% |
| 1 000 001 - ... | 1 | 0,11% | 12 742 686 | 71,99% |
| Total | 898 | 100% | 17 700 000 | 100% |

The shares of AS Järvevana have been quoted in the Baltic Secondary List of the NASDAQ OMX Tallinn Stock Exchange since September 15th 2009. 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 2010 3 months 250 transactions with the shares of Järvevana was performed in the course of which 0.4 million shares were traded and the total monetary value of transactions was EEK 2.5 million. The lowest share price was EEK 5.16 and the highest price was EEK 6.26 per share. The closing price of the shares as at 31.03.2010 was EEK 5.95.

Performance of Järvevana' share at NASDAQ OMX Tallinn Stock Exchange (last 12 months)



STATEMENT OF COMPREHENSIVE INCOME

unaudited

| | note | EEK | | EUR | |
|--|------|------------------|------------------|------------------|------------------|
| | | 2010 3 months | 2009 3 months | 2010 3 months | 2009 3 months |
| Administrative and general expenses | | (1 076) | (443) | (69) | (28) |
| Operating profit | | (1 076) | (443) | (69) | (28) |
| Financial income and expenses | | 1 009 | 2 045 | 65 | 131 |
| incl. other financial income | | 1 010 | 2 046 | 65 | 131 |
| other financial expenses | | (1) | (1) | (0) | (0) |
| Net profit for current period | | (67) | 1 602 | (4) | 103 |
| incl. equity holders of the parent | | (67) | 1 602 | (4) | 103 |
| Comprehensive income | | (67) | 1 602 | (4) | 103 |
| incl. equity holders of the parent | | (67) | 1 602 | (4) | 103 |
| Earnings per share for profit attributable to the equity holders of the parent (basic and diluted, in EEK and EUR) | 1 | (0,00) | 0,09 | (0,00) | 0,01 |

in thousand kroons and euros

STATEMENT OF COMPREHENSIVE INCOME

unaudited

| | | EEK | | EUR | |
|-------------------------------------|------------|----------------|----------------|---------------|---------------|
| note | 31.03.2010 | 31.12.2009 | 31.03.2010 | 31.12.2009 | |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 2 | 40 423 | 30 425 | 2 584 | 1 944 |
| Short-term deposits | 3 | - | 10 000 | - | 639 |
| Trade and other receivables | 4 | 209 635 | 209 890 | 13 398 | 13 415 |
| Total current assets | | <u>250 058</u> | <u>250 315</u> | <u>15 982</u> | <u>15 998</u> |
| Non-current assets | | | | | |
| Property, plant and equipment | 5 | 36 | 40 | 2 | 2 |
| Total non-current assets | | <u>36</u> | <u>40</u> | <u>2</u> | <u>2</u> |
| TOTAL ASSETS | | <u>250 094</u> | <u>250 355</u> | <u>15 984</u> | <u>16 000</u> |
| LIABILITIES AND EQUITY | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 6 | 336 | 530 | 22 | 34 |
| Short-term provisions | 7 | 17 500 | 17 500 | 1 118 | 1 118 |
| Total current liabilities | | <u>17 836</u> | <u>18 030</u> | <u>1 140</u> | <u>1 152</u> |
| Total liabilities | | <u>17 836</u> | <u>18 030</u> | <u>1 140</u> | <u>1 152</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 | | 37 558 | 37 625 | 2 401 | 2 405 |
| Total equity | | <u>232 258</u> | <u>232 325</u> | <u>14 844</u> | <u>14 848</u> |
| TOTAL LIABILITIES AND EQUITY | | <u>250 094</u> | <u>250 355</u> | <u>15 984</u> | <u>16 000</u> |

STATEMENT OF CHANGES IN EQUITY

unaudited

EEK

| | Equity attributable to equity holders of the parent | | | Total |
|---------------------------------|--|---------------------------------|----------------------|---------|
| | Share capital | Statutory reserve capital | Retained earnings | |
| Balance as at 31.12.2008 | 177 000 | 17 700 | 39 727 | 234 427 |
| Comprehensive income | - | - | 1 602 | 1 602 |
| Balance as at 31.03.2009 | 177 000 | 17 700 | 41 329 | 236 029 |
| Balance as at 31.12.2009 | 177 000 | 17 700 | 37 625 | 232 325 |
| Comprehensive income | - | - | (67) | (67) |
| Balance as at 31.03.2010 | 177 000 | 17 700 | 37 558 | 232 258 |

EUR

| | Equity attributable to equity holders of the parent | | | Total |
|---------------------------------|--|---------------------------------|----------------------|--------|
| | Share capital | Statutory reserve capital | Retained earnings | |
| Balance as at 31.12.2008 | 11 312 | 1 131 | 2 539 | 14 982 |
| Comprehensive income | - | - | 103 | 103 |
| Balance as at 31.03.2009 | 11 312 | 1 131 | 2 642 | 15 085 |
| Balance as at 31.12.2009 | 11 312 | 1 131 | 2 405 | 14 848 |
| Comprehensive income | - | - | (4) | (4) |
| Balance as at 31.03.2010 | 11 312 | 1 131 | 2 401 | 14 844 |

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

unaudited

| | EEK | | EUR | |
|---|----------------|---------------|--------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| | 3 months | 3 months | 3 months | 3 months |
| Cash flows from operating activities | | | | |
| Operating profit | (1 076) | (443) | (69) | (28) |
| Adjustments: | | | | |
| depreciation and impairment charge | 4 | 1 | - | - |
| change in government grants and other provisions | 17 | 5 | 1 | - |
| Change in trade and other receivables related to operating activities | 245 | (31) | 16 | (2) |
| Change in trade and other payables related to operating activities | (211) | 77 | (13) | 5 |
| Other financial expenses (income) | (1) | (1) | - | - |
| Total cash flows from operating activities | (1 022) | (392) | (65) | (25) |
| Cash flows from investing activities | | | | |
| Proceeds from sale of financial investments | 10 000 | - | 639 | - |
| Purchase of property, plant and equipment | - | (31) | - | (2) |
| Interest received | 1 020 | 2 046 | 65 | 131 |
| Total cash flows from investing activities | 11 020 | 2 015 | 704 | 129 |
| Net increase/decrease in cash and cash equivalents | 9 998 | 1 623 | 639 | 104 |
| Cash and cash equivalents at the beginning of the period | 30 425 | 26 242 | 1 944 | 1 677 |
| Cash and cash equivalents at the end of the period | 40 423 | 27 865 | 2 583 | 1 781 |

NOTES

Note 1 Earnings per share

Basic earnings per share have been derived by dividing the net profit attributable to shareholders by the weighted average number of shares.

| | 2010 3 months | 2009 3 months |
|---|---------------|---------------|
| Net profit attributable to shareholders (<i>in thousand kroons</i>) | (67) | 1 602 |
| Weighted average number of ordinary shares (<i>thousand pcs</i>) | 17 700 | 17 700 |
| Earnings per share (<i>in kroons</i>) | <u>(0,00)</u> | <u>0,09</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 2 Cash and cash equivalents

in thousand kroons

| | 31.03.2010 | 31.12.2009 |
|---|---------------|---------------|
| Short-term deposits (maturity 1-3 months) | 40 423 | 30 425 |
| Total cash and cash equivalents | <u>40 423</u> | <u>30 425</u> |

Note 3 Short-term deposits

in thousand kroons

| | 31.03.2010 | 31.12.2009 |
|---|------------|---------------|
| Short-term bank deposits (maturity 3-12 months) | - | 10 000 |
| Total short-term deposits | <u>-</u> | <u>10 000</u> |

Note 4 Trade and other receivables*in thousand kroons*

| | 31.03.2009 | 31.12.2009 |
|--|-------------------|-------------------|
| Tax prepayments excluding corporate income tax value added tax | 37 | 162 |
| | <u>37</u> | <u>162</u> |
| Other short-term receivables | | |
| short-term loans * | 109 354 | 109 354 |
| interest receivables | 222 | 343 |
| other short-term receivables ** | 100 007 | 100 007 |
| | <u>209 583</u> | <u>209 704</u> |
| Prepayments for services | | |
| prepaid insurance | 15 | 24 |
| | <u>15</u> | <u>24</u> |
| Total trade and other receivables | <u>209 635</u> | <u>209 890</u> |

* According to the demerger agreement between AS Järvevana and AS Merko Ehitus, the company granted a loan to AS Merko Ehitus in amount of EUR 7989 thousand, balance as at 31.03.2010 is EUR 6989 thousand. From 1.08.2009 the loan interest is 2.355% pa.

** In the demerger agreement AS Järvevana and AS Merko Ehitus agreed that AS Järvevana has the right to sell and AS Merko Ehitus the obligation to purchase 5 registered immovables with total transaction price of 100 000 thousand kroons. The respective right is recognised in the statement of financial position of AS Järvevana as a short-term receivable.

Note 5 Property, plant and equipment*in thousand kroons*

| | 31.03.2010 | 31.12.2009 |
|--|-------------------|-------------------|
| Other fixtures at carrying amount | | |
| cost | 53 | 53 |
| accumulated depreciation | (17) | (13) |
| Total property, plant and equipment | <u>36</u> | <u>40</u> |

Note 6 Trade and other payables*in thousand kroons*

| | 31.03.2010 | 31.12.2009 |
|--|-------------------|-------------------|
| Trade payables | 205 | 422 |
| Payables to employees | 77 | 60 |
| Tax liabilities, except for corporate income tax | | |
| personal income tax | 12 | 10 |
| social security tax | 41 | 37 |
| other taxes | 1 | 1 |
| | <u>54</u> | <u>48</u> |
| Total trade and other payables | <u>336</u> | <u>530</u> |

Note 7 Short-term provisions

in thousand kroons

| | 31.03.2010 | 31.12.2009 |
|--|---------------|---------------|
| Provision for legal costs and claims filed | 17 500 | 17 500 |
| Total short-term provisions | <u>17 500</u> | <u>17 500</u> |

Note 8 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 31.03.2010 and 31.12.2009, 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

| | 2010 3 months | 2009 3 months |
|---------------------------------|---------------|---------------|
| Purchased services | | |
| Entities under common control | 572 | 7 019 |
| Total purchased services | <u>572</u> | <u>31 372</u> |

Granted loans interest income

in thousand kroons

| | 2010 3 months | 2009 3 months |
|---------------------------------------|---------------|---------------|
| Absorbed interest income | | |
| Entities under common control | 644 | 1 875 |
| Total absorbed interest income | <u>644</u> | <u>1 875</u> |

Balances with the related parties

in thousand kroons

| | 31.03.2010 | 31.12.2009 |
|------------------------------------|------------|------------|
| Trade and other receivables | | |
| Short-term loans | | |
| Entities under common control | 109 354 | 109 354 |
| Interest receivables | | |
| Entities under common control | 222 | 233 |
| Other short-term receivables | | |
| Entities under common control | 100 007 | 100 000 |
| Trade and other payables | | |
| Trade payables | | |
| Entities under common control | 6 | 41 |

MANAGEMENT DECLARATION

The Management Board of AS Järvevana has prepared the 3 months interim report 2010 as presented on pages 3 to 11.

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 business.

The interim financial statements of AS Järvevana for the 3 months period ending 31.03.2010 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 2009.

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 Management Board



28.05.2010