

# AS JÄRVEVANA

## 2014 9 months and III quarter unaudited interim report

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Financial year: 01.01.2014 – 31.12.2014  
Reporting period: 01.01.2014 – 30.09.2014

Auditor: AS PricewaterhouseCoopers

Supervisory Board: Tõnu Toomik, Teet Roopalu, Jaan Mäe  
Mihkel Mugur, Lauri Mõisja

Management Board: Toomas Annus

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## 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 EUR 16.0 million. The company does not have normal economic activity, and its sole purpose of activity has been to protect the interests of the company and its shareholders in criminal case of the land exchange that culminated on 30 June 2014 with a criminal conviction by the Supreme Court. Järvevana AS has decided to turn to the European Court of Human Rights because a number of provisions of the European Convention for the Protection of Human Rights and Fundamental Freedom, and the fundamental rights established with the judgments of the European Court of Human Rights (ECtHR) mandatory for Estonia have been violated against Järvevana AS, who continues to be convinced in its innocence. An appeal that shall be submitted by 30.12.2014 is being currently prepared.

As at 30 September 2014, one person was employed by AS Järvevana, its Director Toomas Annus. The company's activities do not have a seasonal or cyclical nature.

On 18 August 2014, Riverito AS, in accordance with the Rules of takeover bids and other regulations of the Republic of Estonia, made an offer on acquiring all Järvevana AS's shares, which are not already owned by Riverito AS <https://newsclient.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=620705&messageId=769829>.

On 16 September 2014, Riverito AS made an announcement on the results of voluntary exchange and also informed the minority shareholders of the additional sales law with the price of takeover bids on the basis of § 182-2 ("Sell-out right") of the Securities Market Act ("SMA") <https://newsclient.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=624656&messageId=775028>.

On 25 September 2014, at the request of Riverito AS, the management board of Järvevana AS called an extraordinary general meeting on 30 October 2014 for a decision on the acquisition of shares belonging to minority shareholders <https://newsclient.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=625641&messageId=776325>.

The extraordinary general meeting held on 30 October 2014 decided to approve the acquisition by Riverito AS of Järvevana AS's shares belonging to the rest of the shareholders in accordance with § 182-1 of the Securities Market Act for the compensation in the amount of 0.84 EUR per share (provided that the share is not encumbered by pledge or other rights of third parties) <https://newsclient.omxgroup.com/cdsPublic/viewDisclosure.action?disclosureId=630447&messageId=782439>.

As the extraordinary general meeting approved the takeover, according to § 182-2 of the SMA, the Sell-out right ended on 30 October 2014, and Riverito AS gains the shares from the minority shareholders during the transposition process, which estimated completion date is 5 December 2014.

## Share and shareholders

The main shareholders of AS Järvevana as at 30.09.2014

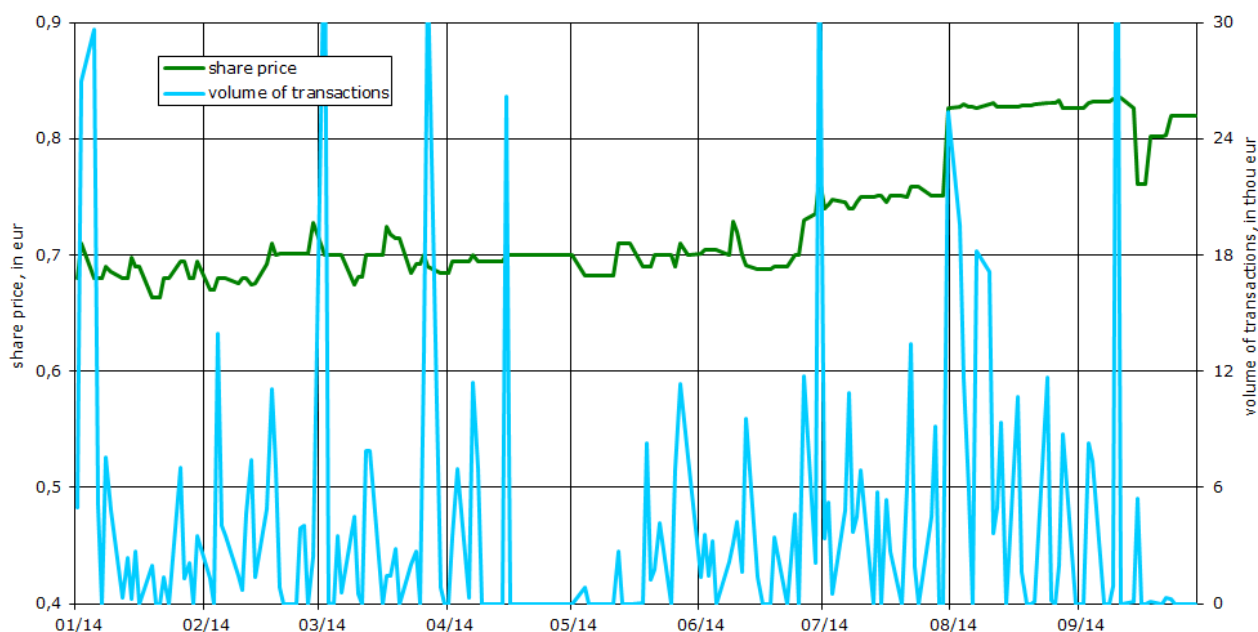
	Number of shares	% of shares
AS Riverito	17,259,586	97.51%
Minor shareholders	440,414	2.49%

From 15 September 2009, the shares of AS Järvevana are included in the secondary list of NASDAQ OMX Tallinn Stock Exchange. During the demerger of AS Merko Ehitus, the company's business name was changed to AS Järvevana and from 4 August 2008, the shares of AS Järvevana are traded under the symbol of JRV1T. In 2014 9 months, 458 transactions were performed with the shares of AS Järvevana in the course of which 1,073,145 shares were traded and the total monetary value of transactions was EUR 788,655. The lowest transaction price was EUR 0.60 and the highest transaction price was EUR 0.84 per share. The closing price of the shares as at 30.09.2014 was EUR 0.82.

Structure of shareholders as at 30.09.2014

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1-100	216	45.86%	9,832	0.05%
101-1,000	185	39.28%	75,813	0.43%
1,001-10,000	63	13.38%	160,525	0.91%
10,001 – 100,000	6	1.27%	194,244	1.10%
100,001 – 1,000,000	0	0.00%	0	0.00%
1,000,001 - ...	1	0.21%	17,259,586	97.51%
Total	471	100%	17,700,000	100%

Dynamics of the price and trading volume of the shares of Järvevana on NASDAQ OMX Tallinn Stock Exchange in 2014



*in thousand euros*

**STATEMENT OF COMPREHENSIVE INCOME**

unaudited

	<i>note</i>	<b>2014 9 months</b>	<b>2013 9 months</b>
General and administrative expenses	2	(139)	(159)
Other operating income	3	<u>134</u>	<u>-</u>
<b>Operating profit (loss)</b>		(5)	(159)
Finance income and costs		<u>95</u>	<u>115</u>
incl. interest income		95	115
<b>Net profit (loss) for the period</b>		<u>90</u>	<u>(44)</u>
<b>Comprehensive profit (loss) for the period</b>		<u>90</u>	<u>(44)</u>
Earnings per share (basic and diluted, in EUR)	4	0.01	(0.00)

*in thousand euros*

**STATEMENT OF COMPREHENSIVE INCOME**

unaudited

	<i>note</i>	<b>2014 III quarter</b>	<b>2013 III quarter</b>
General and administrative expenses	2	(56)	(54)
Other operating income	3	<u>12</u>	<u>-</u>
<b>Operating profit (loss)</b>		(44)	(54)
Finance income and costs		<u>32</u>	<u>35</u>
incl. interest income		32	35
<b>Net profit (loss) for the period</b>		<u>(12)</u>	<u>(19)</u>
<b>Comprehensive profit (loss) for the period</b>		<u>(12)</u>	<u>(19)</u>
Earnings per share (basic and diluted, in EUR)	4	(0.00)	(0.00)

in thousand euros

**STATEMENT OF FINANCIAL POSITION**

unaudited

	note	30.09.2014	31.12.2013
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	2,661	2,392
Trade and other receivables	6	12,213	13,490
<b>Total current assets</b>		<u>14,874</u>	<u>15,882</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	0	14
<b>Total non-current assets</b>		<u>0</u>	<u>14</u>
<b>TOTAL ASSETS</b>		<u>14,874</u>	<u>15,896</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	8	27	21
Short-term provisions	9	0	1,118
<b>Total current liabilities</b>		<u>27</u>	<u>1,139</u>
<b>Total liabilities</b>		<u>27</u>	<u>1,139</u>
<b>Equity</b>			
Share capital		12,000	12,000
Statutory reserve capital		1,200	1,200
Retained earnings		1,647	1,557
<b>Total equity</b>		<u>14,847</u>	<u>14,757</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>14,874</u>	<u>15,896</u>

**STATEMENT OF CHANGES IN EQUITY**

unaudited

**Equity attributable to equity holders of the parent**

	<b>Share capital</b>	<b>Statutory reserve capital</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance as at 31.12.2012</b>	12,000	1,200	1,601	14,801
Comprehensive loss for the period	-	-	(44)	(44)
<b>Balance as at 30.09.2013</b>	12,000	1,200	1,557	14,757
<b>Balance as at 31.12.2013</b>	12,000	1,200	1,557	14,757
Comprehensive profit for the period	-	-	90	90
<b>Balance as at 30.09.2014</b>	12,000	1,200	1,647	14,847

The share capital of AS Järvevana consists of 17,000,000 shares with non-par value.



*in thousand euros*

## **CASH FLOW STATEMENT**

unaudited

	<b>2014</b>	<b>2013</b>
	<b>9 months</b>	<b>9 months</b>
<b>Cash flows used in operating activities</b>		
Operating profit (loss)	(5)	(159)
Adjustments:		
depreciation and impairment charge	7	8
profit from sale of property, plant and equipment	(12)	-
change in accrued holiday pay accrual	3	3
change in reserve of judicial proceedings costs	(1,118)	-
Change in trade and other receivables related to operating activities	1,277	92
Change in trade and other payables related to operating activities	3	(205)
<b>Total cash flows used in operating activities</b>	<u>155</u>	<u>(261)</u>
<b>Cash flows from (used in) investing activities</b>		
Proceeds from sale of property, plant and equipment	19	-
Loans granted	(1,200)	-
Granted loan repayments	1,200	-
Interest received	95	117
<b>Total cash flows from (used in) investing activities</b>	<u>114</u>	<u>117</u>
<b>Net increase/decrease in cash and cash equivalents</b>	269	(144)
Cash and cash equivalents at the beginning of the period	2,392	2,532
<b>Cash and cash equivalents at the end of the period</b>	<u>2,661</u>	<u>2,388</u>

## NOTES

### Note 1 Accounting policies used

The interim financial report of AS Järvevana for the 2014 9 months and III quarter has been prepared in accordance with the requirements for condensed interim financial statements, as stipulated in the international financial reporting standard IAS 34 "Interim Financial Reporting". The interim financial statement uses the same accounting principles and methods that were used for the company's financial statements for the year 2013. The accounting methods used in the interim financial statement comply with the international financial reporting standards as adopted by the European Union.

AS Järvevana has no on-going economic activities and the company's business does not have a seasonal or cyclical nature.

### Note 2 General and administrative expenses

*in thousand euros*

	2014 9 months	2013 9 months
Staff costs	53	51
Legal advisory	44	58
Office expenses, communication- and information services	11	24
Transportation expenses	7	4
Other expenses	24	22
<b>Total general and administrative expenses</b>	<b>139</b>	<b>159</b>

### Note 3 Other operating income

*in thousand euros*

	2014 9 months	2013 9 months
Profit from sale of property, plant and equipment	12	-
Change in provision (Note 9)	107	-
Other income (Note 6)	15	-
<b>Total other operating income</b>	<b>134</b>	<b>-</b>

### Note 4 Earnings per share

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

	2014 9 months	2013 9 months
Net profit (loss) attributable to shareholders ( <i>in thousands of euros</i> )	90	(44)
Weighted average number of ordinary shares ( <i>thousand pcs</i> )	17,700	17,700
<b>Basic earnings (-loss) per share (<i>in euros</i>)</b>	<b>0.01</b>	<b>(0.00)</b>

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 euros*

	<b>30.09.2014</b>	<b>31.12.2013</b>
Bank account	2,661	-
Short-term bank deposits (with a term of 1-3 months)	-	2,392
<b>Total cash and cash equivalents</b>	<u>2,661</u>	<u>2,392</u>

**Note 6 Trade and other receivables***in thousand euros*

	<b>30.09.2014</b>	<b>31.12.2013</b>
Tax prepayments excluding corporate income tax value added tax	1	1
	<u>1</u>	<u>1</u>
Other short-term receivables		
short-term loans *	8,145	8,145
interest receivables	10	10
other short-term receivables **	4,027	5,288
	<u>12,182</u>	<u>13,443</u>
Prepayments for services		
prepaid insurance	-	2
prepaid legal advisory services	30	44
	<u>30</u>	<u>46</u>
<b>Total trade and other receivables</b>	<u>12,213</u>	<u>13,490</u>

The company does not have active business operations and its only income is finance income earned on the investment of the company's liquid funds.

\* 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 7,989 thousand. The loan balance as at 30.09.2014 was EUR 6,945 thousand and the interest rate from 1 August 2014 is 1.489% per annum. In 2012 AS Järvevana and AS Merko Ehitus signed another loan contract in the amount of EUR 1,200 thousand which was repaid in June 2014. In 2014 AS Järvevana and AS Merko Ehitus signed another loan contract in the amount of EUR 1,200 thousand (loan balance as at 30.09.2014 EUR 1,200 thousand) and interest rate from 1 August 2014 is 1.489% per annum.

\*\* 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 EUR 6,391 thousand. The respective right is recognised in the statement of financial position of AS Järvevana as a short-term receivable. As a result of the partial exercise of options in 2012, the short-term claim was reduced by EUR 1,011 thousand, in 2013 by EUR 92 thousand and in 2014 by EUR 1,261 thousand. As at 30 September 2014, the residual of the short-term claim is EUR 4,027 thousand.

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

	<b>30.09.2014</b>	<b>31.12.2013</b>
Property, plant and equipment at carrying amount		
acquisition	-	41
depreciation	-	(27)
<b>Total property, plant and equipment</b>	<u>-</u>	<u>14</u>

**Note 8 Trade and other payables**  
*in thousand euros*

	<b>30.09.2014</b>	<b>31.12.2013</b>
Trade payables	5	2
Payables to employees		
wages and salaries payable	4	4
holiday pay liability	14	11
	<u>18</u>	<u>15</u>
Tax liabilities, except for corporate income tax		
personal income tax	1	1
social security tax	3	3
	<u>4</u>	<u>4</u>
<b>Total trade and other payables</b>	<u>27</u>	<u>21</u>

**Note 9 Short-term provisions**  
*in thousand euros*

	<b>30.09.2014</b>	<b>31.12.2013</b>
Provision for costs associated with judicial proceedings	-	1,118
<b>Total short-term provisions</b>	<u>-</u>	<u>1,118</u>

On 30 July 2014, Järvevana AS paid the financial penalty for EUR 798 thousand and the procedure expenses for EUR 1 thousand according to the Case number 1-09-4486 of the criminal case. Income tax on the financial penalty for EUR 212 thousand was paid on 10 August 2014.

**Note 10 Related party transactions**

In the financial statements, the following entities have been considered as related parties:

- parent 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, entities of parent's consolidation group;
- associates and joint ventures;
- key members of management (supervisory and management board) and their close relatives;
- entities sharing key management personnel with AS Järvevana.

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

The parent of AS Järvevana is AS Riverito. As at 31.12.2013 AS Riverito owned 72.0% and as at 30.09.2014 97.5% of the shares of AS Järvevana. The ultimate controlling party of the group is Mr Toomas Annus.

**Goods and services**  
*in thousand euros*

	<b>2014 9 months</b>	<b>2013 9 months</b>
<b>Purchased services</b>		
Parent's consolidation group entities	14	10
<b>Total purchased services</b>	<u>14</u>	<u>10</u>

**Loans granted***in thousand euros*

	<b>2014 9 months</b>	<b>2013 9 months</b>
<b>Loans granted</b>		
Parent's consolidation group entities	1,200	-
<b>Total loans granted</b>	<u>1,200</u>	<u>-</u>

**Granted loan repayments***in thousand euros*

	<b>2014 9 months</b>	<b>2013 9 months</b>
<b>Granted loan repayments</b>		
Parent's consolidation group entities	1,200	-
<b>Total granted loan repayments</b>	<u>1,200</u>	<u>-</u>

**Interest income from loans granted***in thousand euros*

	<b>2014 9 months</b>	<b>2013 9 months</b>
<b>Calculated interest income</b>		
Parent's consolidation group entities	94	114
<b>Total calculated interest income</b>	<u>94</u>	<u>114</u>

**Balances with related parties***in thousand euros*

	<b>30.09.2014</b>	<b>31.12.2013</b>
<b>Trade and other receivables</b>		
Short-term loans		
Parent's consolidation group entities	8,145	8,145
Interest receivables		
Parent's consolidation group entities	10	10
Other short-term receivables		
Parent's consolidation group entities	4,027	5,288
Trade payables		
Parent's consolidation group entities	-	-

No allowances for impairment losses have been set up for receivables from related parties in 2014 9 months. Related party transactions have been concluded on an arm's length basis.

In 2014 9 months, the members of the Supervisory Board of AS Järvevana were paid remuneration totalling EUR 7 thousand (2013 9 months: EUR 6 thousand) and Management Board of AS Järvevana were paid remuneration totalling EUR 29 thousand (2013 9 months: EUR 29 thousand). No other compensation was paid to management in 2014 9 months.

## MANAGEMENT DECLARATION

The Management Board of AS Järvevana has prepared the 2014 9 months and III quarter interim report 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 business.

The Management Board of AS Järvevana declares and confirms that to the best of knowledge of the management, the interim activity report provides an accurate and fair overview of the development, results and financial situation of the company and that it includes the description of principal risks and uncertainties and describes transactions with related parties.

Toomas Annus

Member of the Management Board



27.11.2014