

4th quarter
Interim Report
2006

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Outline and Contact Details

AS Viisnurk is a multibusiness wood processing company, with over half a century of experience in adding value to wood.

The Furniture and Building Materials Divisions are the business units of Viisnurk AS. The Furniture Division focuses on manufacturing and marketing of domestic furniture of unique design. The Building Materials Division produces and markets two independent softboard-based product categories: fibre-boards for insulation and soundproofing, and interior finishing panels for walls and ceilings.

AS Viisnurk has concentrated on export markets. Apart from the domestic market, the main markets of the company are in the neighboring regions: the Nordic countries, Western and Central Europe and Russia. The long-term customers and co-operation partners of Viisnurk AS are distinguished representatives of their respective fields.

The company has been listed on the Tallinn Stock Exchange.

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Beginning of the financial year:	1.1.2006
End of the financial year:	31.12.2006
Beginning of the Interim Report Period:	1.1.2006
End of the Interim Report Period:	31.12.2006

Management Report

12 months of 2006

The twelve-month net sales of Viisnurk AS in 2006 were 227.4 mil. kroons/14.5 mil. euros (218.7 mil. kroons/14.0 mil. euros during the same period in 2005) and the net profit amounted to 12.8 mil. kroons/817 thou. euros (9.5 mil. kroons/608 thou. euros in 2005). The total assets of Viisnurk amounted to 153.2 mil. kroons (9.8 mil euros) at the end of December 2006. The liabilities of the company accounted for 53% thereof, i.e. 81.4 mil. kroons (5.2 mil. euros).

The turnover of the Furniture Division in 2006 amounted to 132.8 mil. kroons/8.5 mil. euros (122.1 mil. kroons/7.8 mil. euros during the same period in 2005) and the profit amounted to 9.5 mil. kroons/610 thou. euros (4.8 mil. kroons/308 thou. euros in 2005).

The turnover of the Building Materials Division in 2006 amounted to 94.6 mil. kroons/6.0 mil. euros (96.4 mil. kroons/6.2 mil. euros during the same period in 2005) and the profit amounted to 11.7 mil. kroons/746 thou. euros (13.9 mil. kroons/889 thou. euros in 2005).

The profit of the Divisions does not reflect the general administrative costs of the corporation in the amount of 5.4 mil. kroons/346 thou. euros and the financial expenses of 2.6 thou. kroons/165 thou. euros that have been recorded in the report of business segments as unallocated expenses.

4th quarter of 2006

The net sales of the 4th quarter of the accounting year amounted to 66.8 mil. kroons/4.3 mil. euros (52.8 mil. kroons/3.4 mil. euros in 2005) and the net profit amounted to 4.4 mil. kroons/281 thousand euros (2.3 mil. kroons/148 thousand euros in 2005).

The results of the fourth quarter of the company compared to the fourth quarter of 2005 have improved both in the Furniture Division and the Building Materials Division.

The turnover of the Furniture Division in the 4th quarter of 2006 amounted to 40.6 mil. kroons/2.6 mil. euros (32.5 mil. kroons/2.1 mil. euros during the same period in 2005) and the profit amounted to 3.3 mil. kroons/209 thou. euros (342 thou. kroons/22 thou. euros in 2005).

The turnover of the Building Materials Division in the 4th quarter of 2006 amounted to 26.2 mil. kroons/1.7 mil. euros (20.3 mil. kroons/1.3 mil. euros during the same period in 2005) and the profit amounted to 3.1 mil. kroons/198 thou. euros (2.8 mil. kroons/178 thou. euros in 2005).

According to the valuation report issued on 04 December 2006 of an independent real estate company the estimated market value of the properties located in Niidu street, Pärnu, as at 04 December 2006 amounted to 110,130,000 kroons/7,038,590 euros (estimated market value of properties on 31 December 2005 amounted to 57,800,000 kroons/3,694,093 euros). At 31 December 2006, the carrying amount of the same properties was EEK 7,664,368 (€489,842) and it is not changed during the year. The valuation of property does not affect company's profit - real estate investments are in balance on original value.

Forecast and development

In 4th quarter AS Viisnurk signed the contract of property development of land plot in Pärnu Rääma street.

According to the strategy of developing the retail sale of the Furniture Division an international retail chain of furniture stores in our neighbouring markets operating under the trademark Skano shall be created. The company will plan to open on 2nd quarter of 2007 three stores in Lithuania and prepares to enter into Russian and Ukrainian market. Upon creating the retail unit Viisnurk AS entered the business area of the retail of furniture and

furnishing materials that is operated by a private limited company Skano, registered on 1 September 2003. Viisnurk AS holds 100% of the shares of Skano OÜ.

The production unit of the Furniture Division has concentrated on producing wooden home furniture. The trademark of the Division's own products is Skano.

The Building Materials Division increased the production capacity of Isotex interior finishing boards as products of higher level of refinement and higher margin by installing a new production line to satisfy the increased demand in existing markets and to enter new markets. On 4th quarter of 2006 company started renovation of building necessary for new Isotex line. Increasing the production capacity of Isotex products helps the company to improve sales margins and give the existing production a higher value.

The Building Materials Division produces two categories of products: softboard-based building boards for insulation and soundproofing, and interior finishing boards for walls and ceilings. The trademarks of the Division's products are Isoplaat (building board) and Isotex (interior finishing boards).

Divisional review:

(Th EEK)	Net sales		Profit	
	2006	2005	2006	2005
Furniture Division	132,823	122,105	9,540	4,817
Building Materials Division	94,581	96,443	11,674	13,910
Terminated business activities	0	162	0	345
TOTAL	227,404	218,710	21,214	19,072
Unallocated expenses			(5,414)	(6,232)
OPERATING PROFIT			15,800	12,840
Net financial costs			(2,575)	(3,322)
PROFIT BEFORE TAXES			13,225	9,518
Prepaid income tax			(438)	0
NET PROFIT			12,787	9,518

(Th EUR)	Net sales		Profit	
	2006	2005	2006	2005
Furniture Division	8,489	7,804	610	308
Building Materials Division	6,045	6,164	746	889
Terminated business activities	0	10	0	22
TOTAL	14,534	13,978	1,356	1,219
Unallocated expenses			(346)	(398)
OPERATING PROFIT			1,010	821
Net financial costs			(165)	(213)
PROFIT BEFORE TAXES			845	608
Prepaid income tax			(28)	0
NET PROFIT			817	608

Furniture Division

The twelve-month net sales of Viisnurk AS Furniture Division were 132.8 mil. kroons (8.5 mil. euros) and the economic result 9.5 mil. kroons (610 thousand euros) as a profit. As compared to the previous year the turnover of the division has increased by 10.7 mil. kroons (685 thou. euros) and the profit by 4.7 mil. kroons (302 thou. euros).

The Furniture Division's twelve-month sales in the company's basic target markets in Finland and Russia have proceeded according to the plans and as compared to 2005 the sales have increased considerably. The Division has increased the sales of higher margin furniture that is based on the birch timber up to 91% (79% in 2005) in the accounting period. Thus, the share of pine furniture was 9% (21% in 2005) and the market demand in the

respective sector is decreasing. The company intends to further increase the share of birch furniture.

The range of products of furniture lines with higher profitability was expanded within the product portfolio of the Furniture Division in the fourth quarter. At the same time, developing new product lines continued both among the division's own brands and for new subcontractors. The new furniture lines were introduced in various markets in fourth quarter in 2006 and it will continue in the beginning of 2007. Additional opportunities for increasing sales in the existing markets are created through the above activities as well as the preconditions for entering new markets. Among potential markets the division sees an opportunity to increase sales in Great Britain and Eastern and Central Europe.

The retail sale of the Furniture Division shows a rising tendency. Within twelve months this year the retail sale has increased by 56% as compared to the same period last year; the increase in the fourth quarter was 68% as compared to the respective period in 2005.

Building Materials Division

The twelve-month net sales of the Building Materials Division amounted to 94.6 mil. kroons (6.0 mil. euros) and profit to 11.7 mil. kroons (746 thou. euros). In the same period of the last year, the turnover of the division totalled 94.5 mil. kroons (6.2 mil. euros) and the net profit 13.9 mil. kroons (889 thou. euros). The results of the twelve months were influenced by extreme weather conditions in the beginning of the year and the fire in May. These negative facts had a one-time affect on the results of the division.

Since the beginning of the third quarter production volumes, sales and profitability of the division have improved rapidly and the factory is working on full capacity in order to satisfy the increased demand. In addition, active selling has been initiated in the eastern market - Russia and the Ukraine as well as Latvia and Lithuania.

Building Boards

Among Isoplaat building boards the demand of wind protection board in the internal market has leaped ahead. The commencement of direct marketing in Finland (as one of the principal markets), which was planned for the first quarter of this year, achieved success in the third and fourth quarter by selling under our trademark in all of the most significant retail chains. The sales of flooring boards have also increased, especially in our neighbouring markets. Wind protection boards were the product group with the largest share in the sales of building boards.

Within the nine months of 2006 the division has increased the share of products sold under its own trademark Isoplaat up to 90% (64% in 2005) of the total sales of building boards; in addition, it has increased the share of direct marketing as compared to sales through intermediaries. It allows for better margins and increases sustainability in the long-term perspective.

This year the division took its building boards to new eastern markets with large potential - Russia and the Ukraine.

Interior Finishing Boards

Sales volumes and results of Isotex interior finishing boards were on planned levels both on the internal and external markets. At the end of the third quarter an updated and larger choice of wall panels was introduced to the market helping further strengthen its leading position in the markets and creating better opportunities for entering new markets. At the same time development activities for introducing new ceiling panels to the market in the 2007 continued. Ceiling panels comprised 73% and wall panels 27% of the sales of interior finishing boards.

Within nine months this year the division has increased the share of Isotex interior finishing boards as products of higher level of refinement and higher margin up to 37% of the sales of the division (35% in 2005). Interior finishing boards are being produced since 1996 and they are sold 100% under the company's own trademark Isotex.

Together with building boards interior finishing boards have also been taken to eastern markets where both product groups have a good perspective. Offering larger volume more actively is limited by the present production capacity.

Investments

In the retail business of the division activities were initiated in the fourth quarter to expand the retail business to our neighbouring markets according to the strategy. The expansion of retail business includes opening new stores offering home furniture and furnishing materials in various Eastern European markets.

In order to satisfy the increased demand in the existing markets and to enter the markets of Russia and the Ukraine, the Supervisory Board of Viisnurk AS has approved the decision to increase the production capacity of interior finishing boards via opening the second production line. The estimated total cost of the investment shall be 10 mil. Kroons (639 thou. euros) and the planned deadline for implementing the line is the beginning of the third quarter in 2007. The new production line enables to increase the volume of products from 39% to 55% of the net sales of the Building Materials Division. Increasing the production capacity of Isotex products helps the company to improve sales margins and give the existing production a higher value.

During 12 months 2006 investments into technology totalled 2.4 mil. kroons (154 thou. euros) and into buildings 2.6 mil. kroons (166 thou. euros). At the same period of 2005 investments into technology totalled 2.2 mil. kroons (144 thou. euros) and into buildings 244 thou. kroons (16 thou. euros)

People

At 31 December 2006 Viisnurk AS employed 337 people (330 people in the same period of the last year). The average number of personnel in the twelve months of 2006 was 343 (347 in 2005). In the 12 months of 2006, wages and salaries amounted 48.8 mil. kroons/3.1 mil. euros (43.0 mil. kroons/2.7 mil. euros in the same period of the last year).

Payments made to management and supervisory board members with relevant taxes:

	Th EEK 2006	Th EEK 2005	Th EUR 2006	Th EUR 2005
Board member and other remuneration	905	1,927	58	123
Social tax and unemployment insurance premiums	315	641	20	41
TOTAL	1,220	2,568	78	164

On 31 December 2006 Management board members are entitled to severance compensation equal to their four months' remuneration.

On 26 February 2007 Supervisory Board recalled Toivo Kuldmäe from Management Board and elected Einar Pähkel, Andres Kivistik and Erik Piile as the new Members of the Management Board. In Supervisory board meeting on 27 February 2007 Andres Kivistik appointed the Chairman of Management Board until 31 December 2007, when Supervisory Board acts according to the situation.

Financial highlights

	Th EEK 2006	Th EEK 2005	Th EUR 2006	Th EUR 2005
Income statement				
Revenue	227,404	218,710	14,534	13,978
Operating profit	15,800	12,840	1,010	821
Operating margin	6.9%	5.9%	6.9%	5.9%
Net profit	12,787	9,518	817	608
Balance sheet				
Total assets	153,217	155,822	9,793	9,959
Return on assets	8.3%	6.1%	8.3%	6.1%
Equity	71,799	63,196	4,589	4,038
Return on equity	17.8%	15.1%	17.8%	15.1%
Debt-to-equity ratio	53.1%	59.4%	53.1%	59.4%
Share (31 December)				
Closing price (EEK/EUR)	47.10	41.15	3.01	2.63
Earnings per share (EEK/EUR)	2.84	2.12	0.18	0.14
Price-earnings ratio	16.6	19.4	16.6	19.4
Book value of a share (EEK/EUR)	15.96	14.05	1.02	0.90
Market to book ratio	3.0	2.9	3.0	2.9
Market capitalisation	211,906	185,134	13,543	11,832

Operating margin = Operating profit / Revenue
 Return on assets = Net profit / Total assets
 Return on equity = Net profit / Equity
 Debt-to-equity ratio = Liabilities / Total assets
 Earnings per share = Net profit / Total shares
 Price-earnings ratio = Closing price / Earnings per share
 Book value of a share = Equity / Total shares
 Market to book ratio = Closing price / Book value of a share
 Market capitalization = Closing price * Total shares

Financial risks

Interest rate risk

AS Viisnurk's interest rate risk depends, above all, on changes in EURIBOR (Euro Interbank Offered Rate) because most of its loans are linked to EURIBOR. At 1 January 2006, 6 months' EURIBOR was 2.637 and at 31 December 2006 3,807.

According to loan agreements, interest rates are reviewed on the basis of changes in EURIBOR as follows:

- the loan in starting amount of EEK 13,000,000 (EUR 830,851) every year on 30 November and 30 May;
- the loan in starting amount of EUR 2,660,000 (EEK 41,619,956) every year on 30 September and 31 March.

The interest rate risk also depends on the overall economic situation in Estonia and on changes in the banks' average interest rates. AS Viisnurk has a cash flow risk arising from the interest rate risk because most loans have a floating interest rate. Management believes that the cash flow risk is not significant. Therefore, no hedging instruments are used.

Currency risk

The currency risk of AS Viisnurk is low because most export-import agreements are concluded in euro.

Group structure

Shares in subsidiaries

	Skano OÜ (Estonia)	Visu OÜ (Estonia)	Isotex OÜ (Estonia)	VN Niidu Kinnisvara OÜ (Estonia)	SIA Skano OÜ (Latvia)
Number of shares at 31 December 2005	1	1	1	0	1
Ownership at 31 December 2005	100	100	100	0	100
Number of shares at 31 December 2006	1	1	1	1	1
Ownership at 31 December 2006	100	100	100	100	100

Skano OÜ is engaged in the retail sale of furniture in Estonia. It has two stores: one in Järve Keskus, Tallinn, and the other on the ground floor of the head office of AS Viisnurk in Pärnu. SIA Skano is engaged in the retail sale of furniture in Latvia. It has one store which was opened in November 2005.

OÜ Visu and OÜ Isotex were established to allow former divisions to operate independently under their own trademarks and to facilitate their development. In connection with restructuring, use of the subsidiaries has been abandoned.

OÜ Visu, OÜ Isotex and OÜ VN Niidu Kinnisvara did not perform any business operations.

Declaration of the Management Board

The Management Board of AS Viisnurk is prepared consolidated unaudited Interim Report for the 4th quarter of 2006, which is presented on pages 10 to 20.

- the accounting policies applied in the preparation of the consolidated financial statements comply with International Financial Reporting Standards as adopted by the European Union;
- the consolidated financial statements give a true and fair view of the financial positions of the Group and AS Viisnurk and the results of their operations and their cash flows;
- AS Viisnurk and its subsidiaries are going concerns.

Chairman of Management board



Andres Kivistik

Member of Management board



Einar Pähkel

Member of Management board



Erik piile

28th February 2007

Consolidated Balance Sheet

	Th EEK	Th EEK	Th EUR	Th EUR
	31.12.2006	31.12.2005 (adjusted)	31.12.2006	31.12.2005, (adjusted)
Cash and bank	13,138	5,552	840	355
Short-term financial investments (Note 1)	0	6,785	0	434
Receivables and prepayments (Note 2)	26,628	25,749	1,702	1,645
Inventories	44,971	42,161	2,874	2,695,
Total current assets	84,737	80,247	5,416	5,129
Long-term financial investments (Note 1)	1	1	0	0
Investment property (Note 3)	10,294	15,521	658	992
Tangible fixed assets (Note 4)	57,535	58,235	3,677	3,722
Intangible fixed assets (Note 5)	650	1,818	42	116
Total fixed assets	68,480	75,575	4,377	4,830
<u>TOTAL ASSETS</u>	<u>153,217</u>	<u>155,822</u>	<u>9,793</u>	<u>9,959</u>
Debt obligations (Note 6)	19,409	8,909	1,240	569
Payables and prepayments (Note 7)	29,974	32,353	1,916	2,069
Short-term provisions (Note 8)	478	176	31	11
Total current liabilities	49,861	41,438	3,187	2,649
Non-current debt obligations (Note 6)	28,511	47,920	1,822	3,063
Non-current provisions (Note 8)	3,046	3,268	195	209
Total non-current liabilities	31,557	51,188	2,017	3,272
Total liabilities	81,418	92,626	5,204	5,921
Share capital (nominal value) (Note 9)	44,991	44,991	2,875	2,875
Issue premium	11,332	11,332	724	724
Statutory capital reserve	4,499	4,499	288	288
Retained profits	(1,810)	(7,144)	(115)	(457)
Net profit for the year	12,787	9,518	817	608
Total equity	71,799	63,196	4,589	4,038
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>153,217</u>	<u>155,822</u>	<u>9,793</u>	<u>9,959</u>

Consolidated Income Statement

		Th EEK 4 th quarter 2006	Th EEK 4 th quarter 2005 (adjusted)	Th EEK 12 months 2006	Th EEK 12 months 2005 (adjusted)	Th EUR 4 th quarter 2006	Th EUR 4 th quarter 2005 (adjusted)	Th EUR 12 months 2006	Th EUR 12 months 2005 (adjusted)
RETURN ON SALES	(Note 11)	66,768	52,842	227,404	218,710	4,267	3,377	14,534	13,978
Cost of production sold		(53,123)	(43,287)	(184,526)	(180,840)	(3,395)	(2,767)	(11,793)	(11,558)
Gross profit		13,645	9,555	42,878	37,870	872	610	2,741	2,420
Marketing expenses		(6,853)	(5,689)	(21,258)	(20,473)	(438)	(364)	(1,359)	(1,308)
General administrative expenses		(1,082)	(1,646)	(5,414)	(6,232)	(69)	(104)	(346)	(398)
Other income		74	298	526	2,722	5	19	34	174
Other expenses		(513)	566	(932)	(1,047)	(33)	36	(60)	(67)
Operating profit	(Note 11)	5,271	3,084	15,800	12,840	337	197	1,010	821
Financial income and financial expenses		(870)	(759)	(2,575)	(3,322)	(56)	(49)	(165)	(213)
Profit before taxes		4,401	2,325	13,225	9,518	281	148	845	608
Prepaid income tax		0	0	(438)	0	0	0	(28)	0
NET PROFIT FOR THE PERIOD		4,401	2,325	12,787	9,518	281	148	817	608
Basic earnings per share	(Note 10)	0.98	0.52	2.84	2.12	0.06	0.03	0.18	0.14
Diluted earnings per share	(Note 10)	0.98	0.52	2.84	2.12	0.06	0.03	0.18	0.14

Consolidated Cash Flow Statement

		Th EEK 2006	Th EEK 2005 (adjusted)	Th EUR 2006	Th EUR 2005 (adjusted)
Cash flow from operations					
Profit before taxes	(Note 11)	13,225	9,518	845	608
<i>Adjustments for:</i>					
Depreciation of fixed assets	(Note 4;5)	10,597	11,562	677	739
Gains on sale of fixed assets		(105)	(134)	(7)	(9)
Gains on sale of investment property		0	(1,236)	0	(79)
Gains on sale of financial investments	(Note 1)	(35)	0	(2)	0
Gains on sale of property, plant and equipment and discontinued operations		0	(411)	0	(26)
Losses from write-down of receivables		274	153	18	10
Provisions	(Note 8)	81	(680)	5	(43)
Interest expense		2,366	3,381	151	216
Operating profit before changes in operating capital		26,403	21,153	1,687	1,416
Change in operations-related receivables and prepayments		(921)	4,405	(59)	282
Change in inventories		(2,810)	(1,742)	(180)	(111)
Change in operations-related liabilities and prepayments		(3,049)	(1,030)	(195)	(66)
Cash generated from operations		19,623	23,786	1,253	1,521
Interest paid		(2,366)	(3,381)	(151)	(216)
Total cash flow from operations		17,257	20,405	1,102	1,305
Cash flow from investments					
Acquisition of financial investments		0	(6,785)	0	(434)
Sale of financial investments	(Note 1)	6,820	0	436	
Acquisition of fixed assets	(Note 4;5)	(3,525)	(4,340)	(225)	(277)
Sale of fixed assets	(Note 4;5)	127	210	8	14
Acquisition of real estate investments		0	(150)	0	(10)
Sale of real estate investments	(Note 3)	0	1,500	0	96
Proceeds from disposal of discontinued operations		0	40,354	0	2,579
Total cash flow from investments		3,422	30,789	219	1,968
Cash flow from financing activities					
Repayment of loans	(Note 6)	(8,909)	(43,118)	(569)	(2,756)
Settlement of finance lease liabilities		0	(587)	0	(38)
Change in the overdraft balance		0	(5,806)	0	(371)
Dividend payment		(4,184)	0	(267)	0
Total cash flow from financing activities		(13,093)	(49,511)	(836)	(3,165)
TOTAL CASH FLOW		7,586	1,683	485	108
CASH AT BEGINNING OF PERIOD		5,552	3,869	355	247
CASH AT END OF PERIOD		13,138	5,552	840	355

Statement of Movements in Equity

Th EEK	Share capital	Share premium	Statutory capital reserve	Retained earnings	Total
Balance at 31.12.2004	44,991	11,332	4,499	(4,818)	56,004
Restatement (note 28)	0	0	0	(2,326)	(2,326)
Restated balance at 31.12.2004	44,991	11,332	4,499	(7,144)	53,678
Profit for 2005	0	0	0	9,776	9,776
Restatement (note 28)	0	0	0	(258)	(258)
Restated balance at 31.12.2005	44,991	11,332	4,499	2,374	63,196
Profit for 2006	0	0	0	12,787	12,787
Distribution of dividend	0	0	0	(4,184)	(4,184)
Balance at 31.12.2006	44,991	11,332	4,499	10,977	71,799

Th EUR	Share capital	Share premium	Statutory capital reserve	Retained earnings	Total
Balance at 31.12.2004	2,875	724	288	(308)	3,579
Restatement (note 28)	0	0	0	(149)	(149)
Restated balance at 31.12.2004	2,875	724	288	(457)	3,430
Profit for 2005	0	0	0	625	625
Restatement (note 28)	0	0	0	(16)	(16)
Restated balance at 31.12.2005	2,875	724	288	152	4,039
Profit for 2006	0	0	0	817	817
Distribution of dividend	0	0	0	(267)	(267)
Balance at 31.12.2006	2,875	724	288	702	4,589

Notes to Interim Report

Accounting Policies And Measurement Bases

The consolidated financial statements of AS Viisnurk for the period ended 30 December 2006 comprise AS Viisnurk (the "Company") and its subsidiaries (together referred to as the "Group").

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The same accounting policies were applied for both the Interim Report and the Annual Report for the financial year that ended on 31.12.2005.

According to the assessment of the Management Board, Viisnurk AS is a going concern and the Interim Report for the 4th quarter of 2006 gives a true and fair view of the financial position of Viisnurk AS and the results of its operations. The present Interim Report has not been audited.

The Interim Report has been presented in thousands of Estonian kroons and in thousands of euros. The exchange rate between kroons and euros is 15.6466.

1. Financial investments

	Th EEK	Th EEK	Th EUR	Th EUR
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Kesko CP 13.03.2006	0	6,784	0	434
Other shares and issues	1	1	0	0
TOTAL	1	6,785	0	434

In 2006 Viisnurk earned 35 thousand kroons (2 thousand euros) profit (financial income) from sales of Kesko CP 13.03.2006.

2. Receivables and prepayments

	Th EEK	Th EEK	Th EUR	Th EUR
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Customer receivables	22,829	21,937	1,459	1,402
Prepaid VAT	2,661	3,088	170	197
Other receivables	362	522	23	33
Prepaid services	776	202	50	13
TOTAL	26,628	25,749	1,702	1,645

3. Investment property

2006 12 months	Th EEK	Th EUR
Acquisition cost at 1.1.2006	18,949	1,211
Reclassification to fixed assets	(7,551)	(483)
Acquisition cost at 31.12.2006	11,398	728
Accumulated depreciation at 1.1.2006	(3,428)	(219)
Reclassification to fixed assets	2,324	149
Accumulated depreciation at 31.12.2006	(1,104)	70
Net book value at 1.1.2006	15,521	992
Net book value at 31.12.2006	10,294	658

2005 12 months	Th EEK	Th EUR
Acquisition cost at 1.1.2005	19,215	1,228
Acquisitions	150	10
Disposals	(416)	(27)
Acquisition cost at 31.12.2005	18,949	1,211
Accumulated depreciation at 1.1.2005	(3,579)	(229)
Depreciation of the period	(1)	(0)
Depreciation of items disposed of	152	10
Accumulated depreciation at 31.12.2005	(3,428)	(219)
Net book value at 1.1.2005	15,636	999
Net book value at 31.12.2005	15,521	992

Costs of maintenance for twelve months of 2006 were 227 thousand kroons (15 thousand euros) and 305 thousand kroons (19 thousand euros) in the same period of 2005.

4. Tangible Fixed Assets

	Th EEK	Th EEK	Th EUR	Th EUR
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Land	1,320	1,087	84	69
Buildings and constructions	37,698	32,120	2,409	2,053
Machinery, plant and equipment	16,313	21,258	1,043	1,359
Other equipment and fixtures	490	501	31	32
Construction in progress	1,714	3,269	110	209
TOTAL	57,535	58,235	3,677	3,722

2006 12 months	Th EEK	Th EUR
Acquisition cost at 1.1.2006	150,299	9,606
Reclassification from investment property	7,551	483
Acquisitions	5,287	338
Disposals	(1,119)	(72)
Acquisition cost at 31.12.2006	162,018	10,355
Depreciation at 1.1.2006	(95,333)	(6,093)
Reclassification from investment property	(2,325)	(149)
Depreciation of the period	(9,636)	(616)
Depreciation of items disposed of	1,097	70
Depreciation at 31.12.2006	(106,197)	(6,788)
Net book value at 1.1.2006	54,966	3,513
Net book value at 31.12.2006	55,821	3,567

2005 12 months	Th EEK	Th EUR
Acquisition cost at 1.1.2005	146,119	9,339
Reclassification to held for sale	2,897	185
Acquisitions	2,716	174
Disposals	(1,433)	(92)
Acquisition cost at 31.12.2005	150,299	9,606
Depreciation at 1.1.2005	(83,300)	(5,324)
Reclassification to held for sale	(10,493)	(671)
Depreciation of the period	(2,897)	(185)
Depreciation of items disposed of	1,357	87
Depreciation at 31.12.2005	(95,333)	(6,093)
Net book value at 1.1.2005	62,819	4,015
Net book value at 31.12.2005	54,966	3,513

5. Intangible Fixed Assets

2006 12 months	Th EEK	Th EUR
Acquisition cost at 1.1.2006	5,771	369
Revaluation	(220)	(14)
Acquisitions	13	1
Acquisition cost at 31.12.2006	5,564	356
Depreciation at 1.1.2006	(3,953)	(253)
Depreciation of the period	(961)	(61)
Depreciation at 31.12.2006	(4,914)	(314)
Net book value at 1.1.2006	1,818	116
Net book value at 31.12.2006	650	42

2005 12 months	Th EEK	Th EUR
Acquisition cost at 1.1.2005	5,769	369
Acquisitions	2	0
Acquisition cost at 31.12.2005	5,771	369
Depreciation at 1.1.2005	(2,885)	(184)
Depreciation of the period	(1,068)	(69)
Depreciation at 31.12.2005	(3,953)	(253)
Net book value at 1.1.2005	2,884	185
Net book value at 31.12.2005	1,818	116

Revaluation of intangible fixed assets is 10% discount of acquired client network from Switzerland company Skano AG.

6. Debt Obligations

	Th EEK	Th EEK	Th EUR	Th EUR
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Current liabilities	19,409	8,909	1,240	569
Non-current debt obligations	28,511	47,920	1,822	3,063
Incl. long-term loans	25,574	44,591	1,634	2,850
Non-convertible debt	2,937	3,329	188	213
TOTAL	47,920	56,829	3,062	3,632

7. Payables and prepayments

	Th EEK	Th EEK	Th EUR	Th EUR
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Supplier payables	20,352	23,649	,1,301	1,511
Payables to employees	4,590	4,466	293	286
Taxes payables	3,714	2,980	237	191
Other payables	10	766	1	49
Customer prepayments	1,281	492	82	32
TOTAL	29,947	32,353	1,914	2,069

8. Provisions

	Th EEK	Th EEK	Th EUR	Th EUR
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Short-term provision	478	179	31	11
Incl provision for compensation for loss of capacity for work	221	179	15	11
Incl provision for invoices cash-discounts	257	0	16	0
Long-term provision	3,046	3,268	195	209
Incl provision for compensation for loss of capacity for work	3,046	3,268	195	209
TOTAL	3,524	3,447	226	220

AS Viisnurk is required by the law to compensate former employees for damages incurred in connection with accidents at work. The Group has established for such damages a provision, which has been calculated on the basis of the estimated number of people entitled to such compensation and the period in which the compensation should be paid. The amount of compensations for 2006 was 405 thousand kroons (26 thousand euros), 483 thousand kroons (31 thousand euros) in the same period of 2005.

Provision for invoices cash-discounts is created for optional cash-discounts for invoices written on 2006 and not paid on balance date.

9. Share Capital

	Number of shares	Share capital	Share capital
		Th EEK	Th EUR
Balance 31.12.2005	4,499,061	44,991	2,875
Balance 31.12.2006	4,499,061	44,991	2,875

At 31.12.2006, the share capital of Viisnurk AS totaled 44,990,610 kroons (2,875,424 euros) that was made up of 4,499,061 shares with the nominal value of 10 kroons (0.64 euros) each; the maximum share capital outlined in the Articles of Association is 177,480,800 kroons (11,343,090 euros). The share capital did not change in the 12 months of the year 2006.

10. Earnings per share

Basic earnings per share have been calculated by dividing the net profit for the period 12,786,847 kroons (817,228 euros) by the number of shares 4,499,061.

- Basic earnings per share for 2006 = 12,786,847/4,499,061 = 2.84 kroons (0.18 euros)
- Basic earnings per share for 2005 = 9,518,035/4,499,061 = 2.12 kroons (0.14 euros)

Basic earnings per share are equal with diluted earnings per share because the company does not have any potential ordinary shares, which might reduce earnings per share.

11. Segments (consolidated)

Segment reporting includes reporting by business segments. The results of business segments are derived from management accounting. Inter-segmental sales are recognized at market process. Reporting by business segments is presented on page 15.

The geographical segments report is based on the geographical location of division's clients (on page 16).

Management has identified the following business segments:

The Furniture Division (FD) is engaged in the production and retail sale of household furniture. The Furniture Division includes the furniture factory of AS Viisnurk and Skano OÜ (including SIA Skano).

The Building Materials Division (BMD) produced softboard and interior finishing boards.

Discontinued operations comprise the Sports Goods Division and Wood Division, which were closed in 2004.

Net sales by divisions and clients location:

Th EEK	2006			2005		
	FD	BMD	TOTAL	FD	BMD	TOTAL
EXPORT						
<i>European countries</i>						
Finland	63,277	34,905	98,182	56,460	32,733	89,193
Russia, Ukraine, Belarusian	39,673	2,301	41,974	27,152	896	28,048
Germany	9,109	3,650	12,759	9,346	800	10,146
Latvia, Lithuania	5,841	3,698	9,539	2,908	1,296	4,204
Netherlands	36	2,420	2,456	103	5,180	5,283
Sweden	37	2,262	2,299	8,017	2,066	10,083
Portugal	0	774	774	0	8,371	8,371
Switzerland	318	0	318	5,297	0	5,297
Other European countries	864	644	1,508	1,473	0	1,473
TOTAL	119,155	50,654	169,809	110,756	51,342	162,098
Other countries	1,722	0	1,722	1,869	0	1,869
TOTAL EXPORT	120,877	50,654	171,531	112,625	51,342	163,967
Domestic Market	11,946	43,927	55,873	9,642	45,101	54,743
TOTAL	132,823	94,581	227,404	122,267	96,443	218,710

Th EUR	2006			2005		
	FD	BMD	TOTAL	MD	BMD	TOTAL
EXPORT						
<i>European countries</i>						
Finland	4,044	2,232	6,276	3,608	2,093	5,701
Russia, Ukraine, Belarusian	2,536	147	2,683	1,736	57	1,793
Germany	582	233	815	597	51	648
Latvia, Lithuania	373	236	609	186	83	269
Netherlands	2	155	157	7	331	338
Sweden	2	145	147	512	132	644
Portugal	0	49	49	0	535	535
Switzerland	20	0	20	339	0	339
Other European countries	55	41	96	94	0	94
TOTAL	7,614	3,238	10,852	7,079	3,282	10,361
Other countries	110	0	110	119	0	119
TOTAL EXPORT	7,724	3,238	10,962	7,198	3,282	10,480
Domestic Market	765	2,807	3,572	616	2,882	3,498
TOTAL	8,489	6,045	14,534	7,814	6,164	13,978

Business Segments (consolidated):

Th EEK	Furniture Division		Building Material Division		Discontinued operations		Eliminations		TOTAL OF VIISNURK	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
External sales	132,823	122,105	94,581	96,443	0	162	0	0	227,404	218,710
Inter-segmental sales	0	0	0	86	0	0	0	(86)	0	0
Total sales revenue	132,823	122,105	94,581	96,529	0	162	0	(86)	227,404	218,710
Segment's result	9,540	4,817	11,674	13,910	0	345	0	0	21,214	19,072
Unallocated expenses									(5,414)	(6,232)
Operating profit									15,800	12,840
Net financial expenses									(2,575)	(3,322)
Profit before taxes									13,225	9,518
Prepaid income tax									(438)	0
Net profit for accounting period									12,787	9,518

Th EUR	Furniture Division		Building Material Division		Discontinued operations		Eliminations		TOTAL OF VIISNURK	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
External sales	8,489	7,804	6,045	6,164	0	10	0	0	14,534	13,978
Inter-segmental sales	0	0	0	5	0	0	0	(5)	0	0
Total sales revenue	8,489	7,804	6,045	6,169	0	10	0	(5)	14,534	13,978
Segment's result	610	308	746	889	0	22	0	0	1,356	1,219
Unallocated expenses									(346)	(398)
Operating profit									1,010	821
Net financial expenses									(165)	(213)
Profit before taxes									845	608
Prepaid income tax									(28)	0
Net profit for accounting period									817	608

12. Adjustment of opening balances

Under the law, the employer has to indemnify the employees for damages incurred in accidents at work. AS Viisnurk has established a provision to cover the expenditure which may arise from the fulfilment of this obligation. On the recognition of the provision, the results of preceding periods were adjusted retrospectively because the events underlying the establishment of the provision occurred in the preceding periods.

The effect of the adjustment of the opening balances on the financial statements:

Increase in financial expenses for 2005	257,494 kroons
Decrease in profit for 2005	257,494 kroons
Decrease in short-term provisions	253,994 kroons
Increase in long-term provisions	2,838,276 kroons
Decrease in equity	2,584,282 kroons
Including decrease in retained earnings	2,326,788 kroons
decrease in loss for 2005	257,494 kroons
Basic earnings per share for 2005 before adjustments	2.17 kroons
Basic earnings per share for 2005 after adjustments	2.12 kroons
Diluted earnings per share for 2005 before adjustments	2.17 kroons
Diluted earnings per share for 2005 before adjustments	2.12 kroons
<hr/>	
Increase in financial expenses for 2005	16,457 euros
Decrease in profit for 2005	16,457 euros
Decrease in short-term provisions	16,233 euros
Increase in long-term provisions	181,399 euros
Decrease in equity	165,166 euros
Including decrease in retained earnings	148,709 euros
decrease in loss for 2005	16,457 euros
Basic earnings per share for 2005 before adjustments	0.14 euros
Basic earnings per share for 2005 after adjustments	0.14 euros
Diluted earnings per share for 2005 before adjustments	0.14 euros
Diluted earnings per share for 2005 before adjustments	0.14 euros