

2nd quarter
Interim Report
2007

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Outline

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 Group is listed in List I of Tallinn Stock Exchange. The majority owner of AS Viisnurk is OÜ Trigon Wood. The ultimate controlling party of the Group is TDI Investments KY, registered in the Republic of Finland and belonging to the Scandinavian investors.

Management Report

6 months of 2007

The net sales of Viisnurk AS for the 6 months of 2007 were 129.7 mil. kroons/8.3 mil. euros (109.2 mil. kroons/7.0 mil. euros during the same period in 2006) and the net profit amounted to 10.8 mil. kroons/0.7 mil. euros (4.7 mil. kroons/0.3 mil. euros during the same period in 2006).

As of the end of June 2007 the total assets of Viisnurk amounted to 160.2 mil. kroons/10.2 mil. euros (30.6.2006: 153.5 mil. kroons/9.8 mil. euros). The liabilities of the company accounted for 52% (30.6.2006: 58%) thereof, i.e. 82.9 mil. kroons/5.3 mil. euros (30.6.2006: 89.7 mil. kroons/5.7 mil. euros).

The turnover of the Furniture Division in the 6 months of 2007 amounted to 67.9 mil. kroons/4.3 mil. euros (65.2 mil. kroons/4.2 mil. euros during the same period in 2006) and the profit amounted to 3.7 mil. kroons/238 thou. euros (2.3 mil. kroons/147 thou. euros during the same period in 2006).

The turnover of the Building Materials Division in the 6 months of 2007 amounted to 61.7 mil. kroons/3.9 mil. euros (44.0 mil. kroons/2.8 mil. euros during the same period in 2006) and the profit amounted to 10.1 mil. kroons/648 thou. euros (5.0 mil. kroons/317 thou. euros during the same period in 2006).

The profit of the Divisions does not reflect the general administrative costs of the corporation in the amount of 1.3 mil. kroons/84 thou. euros (833 thou. kroons/53 thou. euros during the same period in 2006) and the financial expenses of 1.3 mil. kroons/80 thou. euros (1.3 mil. kroons/80 thou. euros during the same period in 2006) that have been recorded in the report of business segments as unallocated expenses.

In the first half of 2007 dividends were distributed in the amount of 5.4 mil. kroons/0.3 mil. euros, i.e. 1 kroon 20 cents/7.67 euro cents per share. Corresponding income tax expense amounted to 475 thou. kroons/30 thou. euros. The same period in 2006, dividends were distributed in the amount of 4.2 mil. kroons/0.3 mil. euros, i.e. 93 cents/5,94 euro cents per share. Corresponding income tax expense amounted to 438 thou. kroons/28 thou. euros.

Forecast and development

The division plan of Viisnurk AS was signed on June 29, 2007 as the result of which the part of the present Viisnurk engaged in production shall become separate, namely the Furniture and Building Materials Division. The aforementioned decision was also approved by the general meeting of shareholders on August 6, 2007. The principal activity of the present Viisnurk AS shall be the development of real estate and after the separation of the production activity, the assets of the company shall only include the registered immovables located at Niidu street with the area of approximately 40 ha and the book residual value of which is 7,392 thou. kroons/472 thou. euros. The estimated value of the given registered immovables on December 4, 2006 was 110,130 thou. kroons/7,039 thou. euros (57,800 thou. kroons/3,964 thou. euros on February 3, 2006). The present Viisnurk shall be renamed Trigon Property Development and it shall remain quoted on Tallinn Stock Exchange. The separated unit engaged in production shall be called Viisnurk AS and its quotation application shall be presented to Tallinn Stock Exchange immediately. The division engaged in production shall maintain the real estate necessary for its principal activity also in the future as well as the Rääma street real estate development project. Real estate located at Niidu street which is not used in the production activity of Viisnurk shall not be separated.

The enterprise has made a strategic decision to focus on the profitable production of two basic product lines, namely Björkkvist and Villinki in order to improve the efficiency. Already today, the aforementioned product lines make more than 90% of the production of Viisnurk Furniture Division. Above all, the management board foresees that there are some reserves concerning the improvement of quality due to specialization and minimizing the time lost due to re-adjustments made for different product lines. The market has shown an increasing demand for both product

lines and because of their classical design, there is little risk that the demand would decrease due to trends.

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 plan is to open two new stores in Ukraine in the 3rd quarter. Moreover, the plan is to exchange the present location of the store in Riga for a more favourable location in the 2nd half of 2007. According to the plans, Skano shall operate no less than eight stores in the Baltics and Ukraine by the end of 2007. Upon creating the retail unit, Viisnurk AS entered the business area of the retail of furniture and furnishing goods that is operated by a private limited company Skano, registered on September 1, 2003. Viisnurk AS holds 100% of the shares of Skano OÜ.

The Building Materials Division will increase 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. In the 4th quarter of 2006 renovation works of the building for Isotex lines were started and the works are being carried out according to the plans. 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).

The results of the third quarter are also affected by collective vacations, which have mainly been planned in July, but this is similar to previous year.

Divisional review:

<i>Th EEK</i>	Net sales		Profit	
	6 m 2007	6 m 2006	6 m 2007	6 m 2006
Furniture Division	67,941	65,231	3,730	2,309
Building Materials Division	61,732	43,978	10,145	4,959
TOTAL	129,673	109,209	13,875	7,268
Unallocated expenses			(1,320)	(833)
OPERATING PROFIT			12,555	6,435
Net financial costs			(1,256)	(1,254)
PROFIT BEFORE TAXES			11,299	5,181
Prepaid income tax			(475)	(438)
NET PROFIT			10,824	4,743

<i>Th EUR</i>	Net sales		Profit	
	6 m 2007	6 m 2006	6 m 2007	6 m 2006
Furniture Division	4,343	4,169	238	147
Building Materials Division	3,945	2,811	648	317
TOTAL	8,288	6,980	886	464
Unallocated expenses			(84)	(53)
OPERATING PROFIT			802	411
Net financial costs			(80)	(80)
PROFIT BEFORE TAXES			722	331
Prepaid income tax			(30)	(28)
NET PROFIT			692	303

Furniture Division

The six-month net sales of Viisnurk AS Furniture Division were 67.9 mil. kroons/4.3 mil. euros (2006: 65.2 mil. kroons/4.2 mil. euros) and the economic result 3.7 mil. kroons/238 thou. euros

(2006: 2.3 mil kroons/147 thou. euros) as a profit. As compared to the previous year the turnover of the division has increased by 2.7 mil. kroons/174 thou. euros and the profit by 1.4 mil. kroons/91 thou. euros.

The Furniture Division's six-month sales in the company's basic target markets in Finland and Russia have proceeded according to the plans and as compared to 2006 the sales have increased considerably. The Division has increased the sales of higher margin furniture that is based on the birch timber up to 94% in the accounting period (2006: 90%). Thus, the share of pine furniture was 6% (2006: 10%) and the market demand in the respective sector is decreasing. The company intends to further increase the share of birch furniture.

Among potential markets the division sees an opportunity to increase sales in Eastern and Central Europe.

The retail sale of the Furniture Division shows a rising tendency. Within six months this year the retail sale has increased by 85% as compared to the same period last year. At the same time, the sales of the present stores have increased 80% during the first six months compared to the same period in 2006.

In May were opened three new stores in Lithuania - in Vilnius, in Kaunas and in Klaipeda.

Building Materials Division

The six-month net sales of the Building Materials Division amounted to 61.7 mil. kroons/3.9 mil. euros and profit to 10.1 mil. kroons/0.6 mil. euros. In the same period of the last year, the turnover of the division totalled 44.0 mil. kroons/2.8 mil. euros and the net profit 5.0 mil. kroons/0.3 mil. euros. As compared to the previous year the turnover of the division has increased by 17.8 mil. kroons/1.1 mil. euros and the profit by 5.2 mil. kroons/0.3 mil. euros.

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

The results of the first six months of 2007 have most been influenced by the sale success of Isoplaat wind protection boards in Northern Europe. The demand for wind protection boards is increasing in the domestic market as well. In other neighbouring markets, especially in Latvia and Russia, the sale of floor boards has increased. Wind protection boards were the product group with the largest share in the sale of building boards.

Interior Finishing Boards

Sales volumes and results of Isotex interior finishing boards have increased due to the new range of products and changes in the image of the trademark. The new logo and image were launched in the 4th quarter of the previous year in order to mark the broader product range.

In March ceiling panels with new patterns were introduced in Finland and Estonia helping to strengthen our leading positions in the above markets even more.

Ceiling panels comprised 78% (80% in 2006) and wall panels 22% (20% in 2006) of the sales of interior finishing boards.

Sales of Isotex interior finishing boards comprised 35% (2006: 42%) of the total sales of the division in 2007. Interior finishing boards are being produced since 1996 and they are sold 100% under the company's own trademark Isotex.

Investments

Concerning the retail trade of the furniture division, the company continued its strategic activities in the second quarter of 2007 in order to expand the retail trade to the neighbouring markets. The expansion of retail business includes opening new stores offering home furniture and furnishing goods in various Eastern European markets.

In order to satisfy the increased demand on the present markets and in order to enter the markets of Russia and Ukraine, Viisnurk AS is establishing an additional line of interior finishing

boards (Isotex) in the 3rd quarter this year. The total cost of investment is approximately 10 mil. kroons/639 thou. euros which includes the acquisition of production equipment as well as the total renovation of the present production buildings. The works related to building the line are being carried out according to the plans. The new production line enables to increase the volume of Isotex products 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.

On April 9, 2007 Pärnu City Government decided to initiate the detailed plan of Rääma street real estate development area. Presently, an architectural competition is in progress, the aim of which is to find the best solution for housing. According to the initial plans, the competition shall terminate by the end of the third quarter this year.

During 6 months 2007 investments into technology totalled 2.6 mil. kroons/169 thou. euros and into buildings 8.3 thou. kroons/532 thou. euros. At the same period of 2006 investments into technology totalled 1.9 mil. kroons/122 thou. euros and into buildings 2.0 mil. kroons/126 thou. euros.

People

At 30 June 2007 Viisnurk AS employed 319 people (350 people in the same period of the last year). The average number of personnel in the six months of 2007 was 321 (2006: 347). In the 6 months of 2007, wages and salaries amounted 29.7 mil. kroons/1.9 mil. euros (24.9 mil. kroons/1.6 mil. euros in the same period of the last year).

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

	<i>Th EEK</i> 6 months 2007	<i>Th EEK</i> 6 months 2006	<i>Th EUR</i> 6 months 2007	<i>Th EUR</i> 6 months 2006
Board member and other remuneration	771	628	49	40
Social tax and unemployment insurance premiums	257	210	16	13
TOTAL	1,028	838	65	53

Financial highlights

	<i>Th EEK</i> 6 months 2007	<i>Th EEK</i> 6 months 2006	<i>Th EUR</i> 6 months 2007	<i>Th EUR</i> 6 months 2006
Income statement				
Revenue	129,673	109,209	8,288	6,980
EBITDA	17,311	11,842	1,106	757
EBITDA margin	13.3%	10.8%	13.3%	10.8%
Operating profit	12,555	6,435	802	411
Operating margin	9.7%	5.9%	9.7%	5.9%
Net profit	10,824	4,743	692	303
Net margin	8.4%	4.3%	8.4%	4.3%
Balance sheet				
Total assets	160,150	153,493	10,235	9,810
Return on assets	6.8%	3.1%	6.8%	3.1%
Equity	77,236	63,755	4,936	4,074
Return on equity	14.0%	7.4%	14.0%	7.4%
Debt-to-equity ratio	52%	58%	52%	58%
Share (30 June)				
Closing price (EEK/EUR)	80.89	32.39	5.17	2.07
Earnings per share (EEK/EUR)	2.41	1.05	0.15	0.07
Price-earnings ratio	33.6	30.8	33.6	30.8
Book value of a share (EEK/EUR)	17.17	14.17	1.10	0.91
Market to book ratio	4.7	2.3	4.7	2.3
Market capitalization	363,929	145,723	23,260	9,313

EBITDA = Earnings before interest, taxes, depreciation and amortisation

EBITDA margin = EBITDA / Revenue

Operating margin = Operating profit / Revenue

Net margin = Net 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 30 June 2007, 6 months' EURIBOR was 4.315 (30.6.06: 3.245) and at 31 December 2006 3.807 (31.12.05: 2.637).

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 loan in starting amount of EUR 479,337 (EEK 7,500,000) every year on 30 April and 31 October.

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 foreign exchange risk is the risk that the company may have significant loss as a result of fluctuating foreign exchange rates. AS Viisnurk's foreign exchange risk is low because most export-import contracts are nominated in euros.

Risk of the Economic Environment

The risk of the economic environment for the Building Materials Division depends on general developments in the construction market; the risk for Furniture Division depends on the expectations of the customers towards economic welfare in future.

Fair value

The management estimates, that the fair values of cash, accounts payable, short-term loans and borrowings do not materially differ from their carrying amounts. The fair values of long-term loans do not materially differ from their carrying amounts because their interest rates correspond to the interest rate risks prevailing on the market.

Group structure

Shares in subsidiaries

	OÜ Skano	OÜ Visu	OÜ Isotex	OÜ VN Niidu Kinnisv ara	SIA Skano	UAB Skano LT	TOV Skano Ukraina
Country of location	Estonia	Estonia	Estonia	Estonia	Latvia	Lithuania	Ukraine
Number of shares at 31.12.2005	1	1	1	-	1	-	-
Number of shares at 30.6.2006	1	1	1	1	1	-	-
Ownership at 30.6.2006	100	100	100	100	100	-	-
Number of shares at 31.12.2006	1	1	1	1	1	-	-
Number of shares at 30.6.2007	1	1	1	1	1	100	1
Ownership at 30.6.2007	100	100	100	100	100	100	100

Skano OÜ is engaged with the retail trade of furniture in Estonia. The company owns two furniture stores - one in Järve Keskus in Tallinn and the other on the first floor of the headquarters of Viisnurk AS in Pärnu. Skano OÜ holds 100% of the shares in enterprises SIA Skano, UAB Skano LT and TOV Skano Ukraine.

SIA Skano is engaged in the retail sale of furniture in Latvia. It has one store which was opened in November 2005.

The foundation of a subsidiary UAB Skano LT with share capital of 10,000 lit (45,315 kroons / 2,896 euros) was completed on April 27, 2007. The shares of the company are 100% hold by OÜ Skano, a subsidiary of AS Viisnurk. The purpose of establishing UAB Skano LT was to start retail of furniture in Klaipeda, Kaunas and Vilnius.

On June 19, 2007 OÜ Skano registered in the Ukraine subsidiary TOV Skano Ukraina with share capital of 50,500 hryvnia (117,020 kroons / 7,479 euros). The shares of the company are 100% hold by OÜ Skano, a subsidiary of AS Viisnurk. The purpose of establishing TOV Skano Ukraina was to start retail of furniture in bigger cities of the Ukraine.


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.

The subsidiaries OÜ Visu, OÜ Isotex and OÜ VN Niidu Kinnisvara did not have any operations in the financial year 2007 and 2006.

Declaration of the Management Board

The Management Board of AS Viisnurk is prepared consolidated unaudited Interim Report for the 2nd quarter of 2007, which is presented on pages 9 to 23.

- 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

16th August 2007

Consolidated balance sheet

	<i>Th EEK</i> 30.6.2007	<i>Th EEK</i> 31.12.2006	<i>Th EUR</i> 30.6.2007	<i>Th EUR</i> 31.12.2006
Cash and bank	10,720	13,138	685	840
Receivables and prepayments (Note 2)	30,187	26,630	1,930	1,702
Inventories (Note 3)	46,008	44,970	2,940	2,874
Total current assets	86,915	84,738	5,555	5,416
Investment property (Note 4)	10,270	10,295	656	658
Tangible fixed assets (Note 5)	62,583	57,534	4,000	3,677
Intangible fixed assets (Note 6)	382	650	24	42
Total fixed assets	73,235	68,479	4,680	4,377
<u>TOTAL ASSETS</u>	<u>160,150</u>	<u>153,217</u>	<u>10,235</u>	<u>9,793</u>
Debt obligations (Note 7)	4,276	19,409	274	1,241
Payables and prepayments (Note 8)	27,558	30,230	1,760	1,932
Short-term provisions (Note 9)	94	221	6	15
Total current liabilities	31,928	49,860	2,040	3,188
Non-current debt obligations (Note 7)	47,939	28,511	3,064	1,822
Non-current provisions (Note 9)	3,047	3,047	195	195
Total non-current liabilities	50,986	31,558	3,259	2,017
Total liabilities	82,914	81,418	5,299	5,205
Share capital at nominal value (Note 10)	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
Currency translation reserve	12	0	1	0
Retained profits (Note 1)	5,578	(1,810)	356	(116)
Net profit for the year (Note 1; 11; 12)	10,824	12,787	692	817
Total equity	77,236	71,799	4,936	4,588
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>160,150</u>	<u>153,217</u>	<u>10,235</u>	<u>9,793</u>

Consolidated income statement

	<i>Th EEK</i> 2 nd q 2007	<i>Th EEK</i> 2 nd q 2006 Adjusted	<i>Th EEK</i> 6 m 2007	<i>Th EEK</i> 6 m 2006 Adjusted	<i>Th EUR</i> 2 nd q 2007	<i>Th EUR</i> 2 nd q 2006 Adjusted	<i>Th EUR</i> 6 m 2007	<i>Th EUR</i> 6 m 2006 Adjusted
RETURN ON SALES (Note 12)	62,930	56,174	129,673	109,209	4,022	3,590	8,288	6,980
Cost of production sold	(50,060)	(46,619)	(100,999)	(92,023)	(3,199)	(2,979)	(6,455)	(5,882)
Gross profit	12,870	9,555	28,674	17,186	823	611	1,833	1,098
Marketing expenses	(7,567)	(5,086)	(14,674)	(9,918)	(484)	(325)	(938)	(634)
General administrative expenses	(767)	(418)	(1,320)	(833)	(49)	(27)	(84)	(53)
Other income	73	226	118	299	4	14	7	19
Other expenses	(128)	(228)	(243)	(299)	(8)	(15)	(16)	(19)
Operating profit (Note 12)	4,481	4,049	12,555	6,435	286	258	802	411
Financial income and financial expenses (Note 1; 12)	(672)	(713)	(1,256)	(1,254)	(43)	(45)	(80)	(80)
Profit before taxes (Note 1; 12)	3,809	3,336	11,299	5,181	243	213	722	331
Prepaid income tax (Note 10)	(475)	(438)	(475)	(438)	(30)	(28)	(30)	(28)
NET PROFIT FOR THE PERIOD (Note 1; 11; 12)	3,334	2,898	10,824	4,743	213	185	692	303
Basic earnings per share (Note 1; 11)	0.74	0.64	2.41	1.05	0.05	0.04	0.15	0.07
Diluted earnings per share (Note 1; 11)	0.74	0.64	2.41	1.05	0.05	0.04	0.15	0.07

Consolidated cash flow statement

	<i>Th EEK</i> 6 m 2007	<i>Th EEK</i> 6 m 2006 Adjusted	<i>Th EUR</i> 6 m 2007	<i>Th EUR</i> 6 m 2006 Adjusted
Cash flow from operations				
Net profit before taxes (Note 1; 11; 12)	11,299	5,181	722	331
<i>Adjustments for:</i>				
Depreciation of fixed assets (Note 5; 6)	4,756	5,407	304	346
Gains on sale of fixed assets (Note 5; 6)	(5)	(30)	0	(2)
Gains on sale of financial investments	0	(35)	0	(2)
Interest expense (Note 1; 12)	1,344	1,131	86	72
Operating profit before changes in operating capital	17,394	11,654	1,112	745
Change in operations-related receivables and prepayments	(4,007)	(3,479)	(257)	(223)
Change in inventories (Note 3)	(1,038)	(6,371)	(66)	(407)
Change in operations-related liabilities and prepayments	(2,825)	1,395	(180)	89
Cash generated from operations	9,524	3,199	609	204
Interest paid	(1,344)	(1,131)	(86)	(72)
Total cash flow from operations	8,180	2,068	523	132
Cash flow from investments				
Sale of financial investments	0	6,820	0	436
Acquisition of fixed assets (Note 5; 6)	(9,573)	(1,829)	(612)	(117)
Sale of fixed assets (Note 5; 6)	66	30	4	2
Total cash flow from investments	(9,507)	5,021	(608)	321
Cash flow from financing activities				
Raise a loan (Note 7)	7,500	0	479	0
Repayment of loans (Note 7)	(3,204)	(4,455)	(205)	(285)
Dividend payment (Note 10; 12)	(5,399)	(4,184)	(345)	(267)
Total cash flow from financing activities	(1,103)	(8,639)	(71)	(552)
TOTAL CASH FLOW	(2,430)	(1,550)	(156)	(99)
Currency translation differences	12	0	1	0
CASH AT BEGINNING OF PERIOD	13,138	5,552	840	355
CASH AT END OF PERIOD	10,720	4,002	685	256

Consolidated statement of changes in equity

<i>Th EEK</i>	Share capital	Share premium	Statutory capital reserve	Currency translation reserve	Retained earnings	Total
Balance at 31.12.2005	44,991	11,332	4,499	0	4,958	65,780
Restatement (Note 1)	0	0	0	0	(2,327)	(2,327)
Restated balance at 31.12.2005	44,991	11,332	4,499	0	2,631	63,453
Profit in 6 m 2006 (Note 1; 11; 12)	0	0	0	0	4,743	4,743
Distribution of dividend in 6 m 2006 (Note 10; 12)	0	0	0	0	(4,191)	(4,191)
Balance at 30.6.2006	44,991	11,332	4,499	0	3,183	64,005
Balance at 31.12.2006	44,991	11,332	4,499	0	10,977	71,799
Currency translation differences in 6 m 2007	0	0	0	12	0	12
Profit in 6 m 2007 (Note 11; 12)	0	0	0	0	10,824	10,824
Distribution of dividend in 6 m 2007 (Note 10; 12)	0	0	0	0	(5,399)	(5,399)
Balance at 30.6.2007	44,991	11,332	4,499	12	16,402	77,236

<i>Th EUR</i>	Share capital	Share premium	Statutory capital reserve	Currency translation reserve	Retained earnings	Total
Balance at 31.12.2005	2,875	724	288	0	317	4,204
Restatement (Note 1)	0	0	0	0	(149)	(149)
Restated balance at 31.12.2005	2,875	724	288	0	168	4,055
Profit in 6 m 2006 (Note 1; 11; 12)	0	0	0	0	303	303
Distribution of dividend in 6 m 2006 (Note 10; 12)	0	0	0	0	(268)	(268)
Balance at 30.6.2006	2,875	724	288	0	203	4,090
Balance at 31.12.2006	2,875	724	288	0	701	4,588
Currency translation differences in 6 m 2007	0	0	0	1	0	1
Profit in 6 m 2007 (Note 11; 12)	0	0	0	0	692	692
Distribution of dividend in 6 m 2007 (Note 10; 12)	0	0	0	0	(345)	(345)
Balance at 30.6.2007	2,875	724	288	1	1,048	4,936

Notes to the consolidated interim report

Accounting Policies And Measurement Bases

The consolidated financial statements prepared for the period ended 31 March 2007 include the financial information of the Company and its subsidiaries (together referred to as the Group): OÜ Skano, OÜ Visu, OÜ Isotex and OÜ VN Niidu Kinnisvara and OÜ Skano's wholly-owned subsidiaries SIA Skano, UAB Skano LT and TOV Skano Ukraina. The Group manufactures and distributes furniture and softboard made of wood.

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 31.12.2006.

According to the assessment of the Management Board, Viisnurk AS is a going concern and the Interim Report for the 2nd quarter of 2007 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 croons and in thousands of euros. The exchange rate between croons and euros is 15.6466.

Note 1 Correction of prior period errors

The management has discovered an error in calculation of provision for long-term disability compensations. The error has been corrected retrospectively and comparatives have been adjusted respectively.

The effect of the correction of error on opening balances of the consolidated financial statements is as follows:

	<i>EEK</i>	<i>EEK</i>	<i>EUR</i>	<i>EUR</i>
	2nd q 2006	6 m 2006	2nd q 2006	6 m 2006
<i>Decrease of retained profit (until 31.12.2005)</i>	2,326,788	2,326,788	148,709	148,709
<i>Increase of financial expense (Note 11; 12)</i>	57,195	114,390	3,655	7,310
Decrease of net profit (Note 11; 12)	57,195	114,390	3,655	7,310
Basic earnings per share before adjustment (Note 11)	0.66	1.08	0.04	0.07
Basic earnings per share after adjustment (Note 11)	0.64	1.05	0.04	0.07
Diluted earnings per share before adjustment (Note 11)	0.66	1.08	0.04	0.07
Diluted earnings per share after adjustment (Note 11)	0.64	1.05	0.04	0.07
Book value of share before adjustment (Note 11)	14.77	14.77	0.94	0.94
Book value of share after adjustment (Note 11)	14.17	14.17	0.91	0.91
Price/earnings ratio (P/E) before adjustment (Note 11)	49.08	30.0	49.08	30.0
Price/earnings ratio (P/E) after adjustment (Note 11)	50.61	30.8	50.61	30.8

Note 2 Receivables and prepayments

	<i>Th EEK</i>	<i>Th EEK</i>	<i>Th EUR</i>	<i>Th EUR</i>
	30.6.2007	31.12.2006	30.6.2007	31.12.2006
Customer receivables	25,790	22,829	1,648	1,459
Prepaid VAT	2,467	2,661	158	170
Other receivables	936	363	60	23
Prepaid services	994	777	64	50
TOTAL	30,187	26,630	1,930	1,702

Note 3 Inventories

	<i>Th EEK</i>	<i>Th EEK</i>	<i>Th EUR</i>	<i>Th EUR</i>
	30.6.2007	31.12.2006	30.6.2007	31.12.2006
Raw materials and other materials	11,164	12,135	713	775
Work-in-progress	8,468	8,596	542	549
Finished goods	25,052	23,185	1,601	1,482
Goods purchased for resale	912	951	58	61
Prepayments to suppliers	412	103	26	7
TOTAL	46,008	44,970	2,940	2,874

In six months 2007, finished goods were written off in the amount of 16 thousand kroons/1 thousand euros (In six months 2006: were written off finished goods destroyed in the fire of the finished goods warehouse of the building materials division with cost of 2 932 thousand kroons/187 thousand euros of which insurance compensation amounted to 2 775 thousand kroons/177 thousand euros).

At 30 June 2007, the carrying amount of inventories reported at net realisable value amounted to 354 thousand kroons/23 thousand euros (30.6.2006: 0). Inventories were written down due to shrinkage in demand and a decline in net realisable value.

Note 4 Investment property

	<i>Th EEK</i>	<i>Th EUR</i>
Cost at 31.12.2005	18,949	1,211
Accumulated depreciation at 31.12.2005	(3,428)	(219)
Net book amount at 31.12.2005	15,521	992
Cost at 30.6.2006	18,949	1,211
Accumulated depreciation at 30.6.2006	(3,428)	(219)
Net book amount at 30.6.2006	15,521	992
Cost at 31.12.2006	11,398	729
Accumulated depreciation at 31.12.2006	(1,103)	(71)
Net book amount at 31.12.2006	10,295	658
Reclassification to property, plant and equipment in 6 months of 2007 (Note 5)	(25)	(2)
Net book amount at 30.6.2007	10,270	656
Cost at 30.6.2007	11,373	727
Accumulated depreciation at 30.6.2007	(1,103)	(71)
Net book amount at 30.6.2007	10,270	656

Costs of maintenance for six months of 2007 were 65 thousand kroons/4 thousand euros (87 thousand kroons/6 thousand euros in the same period of 2006) and rental income for six months

of 2007 was 175 thousand kroons/11 thousand euros (314 thousand kroons/20 thousand euros in the same period of 2006).

Depreciation of investment property has been ceased because the estimated residual values of the investment properties exceed their carrying amounts.

Note 5 Tangible Fixed Assets

	<i>Th EEK</i>	<i>Th EEK</i>	<i>Th EUR</i>	<i>Th EUR</i>
	30.6.2007	31.12.2006	30.6.2007	31.12.2006
Land	1,345	1,320	86	84
Buildings and constructions	36,687	37,697	2,345	2,409
Machinery, plant and equipment	13,318	16,313	851	1,043
Other equipment and fixtures	705	490	45	31
Construction in progress	10,528	1,714	673	110
TOTAL	62,583	57,534	4,000	3,677

	<i>Th EEK</i>	<i>Th EUR</i>
Cost at 31.12.2005	150,299	9,606
Accumulated depreciation at 31.12.2005	(95,333)	(6,093)
Net book amount at 31.12.2005	54,966	3,513
Acquired in 6 months of 2006	3,892	249
Depreciation in 6 months of 2006	(4,919)	(314)
Net book amount at 30.6.2006	53,939	3,448
Cost at 30.6.2006	154,191	9,855
Accumulated depreciation at 30.6.2006	(100,252)	(6,407)
Net book amount at 30.6.2006	53,939	3,448
Cost at 31.12.2006	163,732	10,464
Accumulated depreciation at 31.12.2006	(106,198)	(6,787)
Net book amount at 31.12.2006	57,534	3,677
Reclassification from investment property in 6 months of 2007 (Note 4)	25	2
Acquired in 6 months of 2007	9,573	612
Disposals in 6 months of 2007	(61)	(4)
Depreciation in 6 months of 2007	(4,488)	(287)
Net book amount at 30.6.2007	62,583	4,000
Cost at 30.6.2007	173,087	11,062
Accumulated depreciation at 30.6.2007	(110,504)	(7,062)
Net book amount at 30.6.2007	62,583	4,000

Note 6 Intangible Fixed Assets

	<i>Th EEK</i>	<i>Th EUR</i>
Cost at 31.12.2005	5,771	369
Accumulated depreciation at 31.12.2005	(3,953)	(253)
Net book amount at 31.12.2005	1,818	116
Acquired in 6 months of 2006	13	1
Depreciation in 6 months of 2006	(489)	(31)
Net book amount at 30.6.2006	1,342	86
Cost at 30.6.2006	5,784	370
Accumulated depreciation at 30.6.2006	(4,442)	(284)

Net book amount at 30.6.2006	1,342	86
Cost at 31.12.2006	5,771	369
Accumulated depreciation at 31.12.2006	(5,121)	(327)
Net book amount at 31.12.2006	650	42
Depreciation in 6 months of 2007	(268)	(18)
Net book amount at 30.6.2007	382	24
Cost at 30.6.2007	5,771	369
Accumulated depreciation at 30.6.2007	(5,389)	(345)
Net book amount at 30.6.2007	382	24

Intangible assets include computer software not directly linked to the hardware and the customer base acquired in the takeover of the activities of the Swiss company Skano AG in 2004.

Note 7 Debt Obligations

	<i>Th EEK</i>	<i>Th EEK</i>	<i>Th EUR</i>	<i>Th EUR</i>
	30.6.2007	31.12.2006	30.6.2007	31.12.2006
Current liabilities	4,276	19,409	273	1,241
Non-current debt obligations	47,940	28,511	3,064	1,822
TOTAL	52,216	47,920	3,337	3,062

Note 8 Payables and prepayments

	<i>Th EEK</i>	<i>Th EEK</i>	<i>Th EUR</i>	<i>Th EUR</i>
	30.6.2007	31.12.2006	30.6.2007	31.12.2006
Supplier payables	17,256	20,352	1,103	1,301
Payables to employees	4,691	4,617	300	295
Taxes payables	5,294	3,714	337	237
Other payables	41	266	2	17
Customer prepayments	276	1,281	18	82
TOTAL	27,558	30,230	1,760	1,932

Note 9 Provisions

	<i>Th EEK</i>	<i>Th EUR</i>
Balance at 31.12.2005	3,444	220
Incl current portion	176	11
non-current portion	3,268	209
Movements in 6 months 2006:		
Used during the year	(93)	(6)
Interest cost (Note 12)	(114)	(7)
Balance at 30.6.2006	3,351	214
Incl current portion	83	5
non-current portion	3,268	209
Balance at 31.12.2006	3,268	209
Incl current portion	221	14
non-current portion	3,047	195
Movements in 6 months 2007:		
Used during the year	(127)	(8)
Interest cost (Note 12)	(107)	(7)

Balance at 30.6.2007	3,141	201
Incl current portion	94	6
non-current portion	3,047	195

Provisions relate to the compensations for loss of working capacity of former employees after work accidents. The total amount of the provision has been estimated considering the number of persons receiving the compensation, extent of their disability, their former level of salary, level of pension payments, and estimations of the remaining period of payments. The amount of compensations for six months 2007 was 234 thousand kroons/15 thousand euros, (for 6 m 2006: 208 thousand kroons/13 thousand euros).

Note 10 Share Capital

	Number of shares	Share capital	Share capital
	<i>pcs</i>	<i>Th EEK</i>	<i>Th EUR</i>
Balance 31.12.2005	4,499,061	44,991	2,875
Balance 30.6.2006	4,499,061	44,991	2,875
Balance 31.12.2006	4,499,061	44,991	2,875
Balance 30.6.2007	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 were 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. Each ordinary share grants its owner one vote in the General Meeting of Shareholders and the right to receive dividends.

In the 2nd quarter of 2007, the dividends paid out to the shareholders amounted to 5,398,873 kroons/345,051 euros, i.e. 1 kroon 20 cents/7.67 euro cents per share. The income tax on dividends amounted to 475,378 kroons/30,382 euros.

In the 2nd quarter of 2006, dividends were distributed in the amount of 4,184,127 kroons/267,414 euros, i.e. 93 cents/5.94 euro cents per share. Corresponding income tax expense amounted to 438,083 kroons/27,999 euros.

Note 11 Earnings per share

	<i>EEK</i>	<i>EEK</i>	<i>EUR</i>	<i>EUR</i>
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
Basic earnings per share (Note 1)	2.41	1.05	0.15	0.07
Diluted earnings per share (Note 1)	2.41	1.05	0.15	0.07
Book value of share (Note 1)	17.17	14.17	1.10	0.91
Price/earnings ratio (P/E) (Note 1)	33.56	30.85	33.56	30.85
Closing price of the share of AS Viisnurk on Tallinn Stock Exchange at 30.6.	80.89	32.39	5.17	2.07

Basic earnings per share have been calculated by dividing the net profit for the reporting period with the number of shares:

Basic earnings per share for 6 months of 2007 = 10,823,903 / 4,499,061 = 2.41 krooni/0.15 euro
Basic earnings per share for 6 months of 2006 = 4,742,745 / 4,499,061 = 1.05 kroons/0.07 euros

Diluted earnings per share equal the basic earnings per share because the Group does not have any potential ordinary shares with a dilutive effect on the earnings per share.

Price/earnings ratio (P/E) for 6 months of 2007 = 80.89 / 2.41 = 33.56

Price/earnings ratio (P/E) for 6 months of 2006 = 32.39 / 1.05 = 30.85

Note 12 Segments

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. Business segments by the areas of operations are considered as the primary segment of the Group.

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, UAB Skano LT and TOV Skano Ukraina).

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

The secondary segment of the Group is defined according to the **geographical** location of customers.

Business segment by area of operations - primary segment:

Th EEK	Furniture Division		Building Material Division		TOTAL	
	6 m 2007	6 m 2006	6 m 2007	6 m 2006	6 m 2007	6 m 2006
Revenue	67,941	65,231	61,732	43,978	129,673	109,209
Segment's result	3,730	2,309	10,145	4,959	13,875	7,268
Unallocated expenses					(1,320)	(833)
Operating profit					12,555	6,435
Net financial expenses (Note 1; 9)					(1,256)	(1,254)
Profit before taxes (Note 1)					11,299	5,181
Prepaid income tax (Note 10)					(475)	(438)
Net profit for accounting period (Note 1)					10,824	4,743

Th EUR	Furniture Division		Building Material Division		TOTAL	
	6 m 2007	6 m 2006	6 m 2007	6 m 2006	6 m 2007	6 m 2006
Revenue	4,343	4,169	3,945	2,811	8,288	6,980
Segment's result	238	147	648	317	886	464
Unallocated expenses					(84)	(53)
Operating profit					802	411
Net financial expenses (Note 1; 9)					(80)	(80)
Profit before taxes (Note 1)					722	331
Prepaid income tax (Note 10)					(30)	(28)
Net profit for accounting period (Note 1)					692	303

Geographical segment by location of customers - secondary segment:

<i>Th EEK</i>	6 months 2007			6 months 2006		
	FD	BMD	TOTAL	FD	BMD	TOTAL
EXPORT						
<i>European countries</i>						
Finland	31,986	31,311	63,297	30,041	15,547	45,588
Russia, Ukraine, Belarusian	20,529	4,414	24,943	19,190	544	19,734
Germany	3,180	952	4,132	5,191	2,177	7,368
Latvia, Lithuania	2,236	1,731	3,967	3,776	1,400	5,176
Netherlands	42	194	236	0	2,008	2,008
Sweden	0	1,906	1,906	37	970	1,007
Switzerland	49	,0	49	220	0	220
Other European countries	78,	396	474	591	489	1,080
TOTAL	58,100	40,904	99,004	59,046	23,135	82,181
Other countries	2,146	0	2,146	631	0	631
TOTAL EXPORT	60,246	40,904	101,150	59,677	23,135	82,812
Domestic Market	7,695	20,828	28,523	5,554	20,843	26,397
TOTAL	67,941	61,732	129,673	65,231	43,978	109,209

<i>Th EUR</i>	6 months 2007			6 months 2006		
	FD	BMD	TOTAL	MD	BMD	TOTAL
EXPORT						
<i>European countries</i>						
Finland	2,045	2,001	4,046	1,921	994	2,915
Russia, Ukraine, Belarusian	1,312	282	1,594	1,226	35	1,261
Germany	203	61	264	332	140	472
Latvia, Lithuania	143	111	254	241	89	330
Netherlands	3	12	15	0	128	128
Sweden	0	122	122	2	62	64
Switzerland	3	0	3	14	0	14
Other European countries	5	25	30	38	31	69
TOTAL	3,714	2,614	6,328	3,774	1,479	5,253
Other countries	137	0	137	40	0	40
TOTAL EXPORT	3,851	2,614	6,465	3,814	1,479	5,293
Domestic Market	492	1,331	1,823	355	1,332	1,687
TOTAL	4,343	3,945	8,288	4,169	2,811	6,980

Note 13 Related party transactions

The following parties are considered to be related parties:

- Parent company OÜ Trigon Wood and owners of the parent company;
- Members of the Management, the Management Board and the Supervisory Board of AS Viisnurk Group and their close relatives;
- Entities under the control of the members of the Management Board and Supervisory Board;
- Individuals with significant ownership unless these individuals lack the opportunity to exert significant influence over the business decisions of the Group.

The ultimate controlling party of the Group is TDI Investments KY, registered in the Republic of Finland and belonging to Scandinavian investors.

The remuneration paid to the members of the Management and Supervisory Board including taxes:

	<i>Th EEK</i>	<i>Th EEK</i>	<i>Th EUR</i>	<i>Th EUR</i>
	6 months 2007	6 months 2006	6 months 2007	6 months 2006
Board member and other remuneration	771	628	49	40
Social tax and unemployment insurance premiums	257	210	16	13
TOTAL	1,028	838	65	53

As at 30.6.2007, pursuant to the contracts entered into, the members of the Management Board will receive severance pay amounting to 2-month remuneration (30.6.2006: 4-month remuneration).

In the 6 months of 2007 and 2006, there were no transactions between the related parties.

Note 14 Events after the balance sheet date

The division plan of Viisnurk AS was signed on June 29, 2007 as the result of which the part of the present Viisnurk engaged in production shall become separate, namely the Furniture and Building Materials Division. The aforementioned decision was also approved by the general meeting of shareholders on August 6, 2007.

The principal activity of the present Viisnurk AS shall be the development of real estate and after the separation of the production activity, the assets of the company shall only include the registered immovables located at Niidu street with the area of approximately 40 ha and the book residual value of which is 7,392 thou. kroons/472 thou. euros. The estimated value of the given registered immovables on December 4, 2006 was 110,130 thou. kroons/7,039 thou. euros (57,800 thou. kroons/3,964 thou. euros on February 3, 2006).

The present Viisnurk shall be renamed Trigon Property Development and it shall remain quoted on Tallinn Stock Exchange. The separated unit engaged in production shall be called Viisnurk AS and its quotation application shall be presented to Tallinn Stock Exchange immediately. The division engaged in production shall maintain the real estate necessary for its principal activity also in the future as well as the Rääma street real estate development project. Real estate located at Niidu street which is not used in the production activity of Viisnurk shall not be separated.