

3rd quarter
Interim Report
2007

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Outline

AS Viisnurk is a multi-business 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 AS Viisnurk. The Furniture Division focuses on manufacturing and marketing of domestic furniture of unique design. The furniture division also consists furniture retail (Skano). 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 AS Viisnurk are distinguished representatives of their respective fields.

According to the resolution of Tallinn Stock Exchange Listing Committee as of 20.09.2007 the shares of AS Viisnurk are listed on Tallinn Stock Exchange main list and trading with the shares will commence on 25 September 2007. 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

9 months of 2007

The net sales of AS Viisnurk for the 9 months of 2007 were 180.5 mil. kroons/11.5 mil. euros (160.2 mil. kroons/10.2 mil. euros during the same period in 2006) and the net profit amounted to 11.4 mil. kroons/0.7 mil. euros (7.9 mil. kroons/0.5 mil. euros during the same period in 2006).

As of the end of September 2007 the total assets of Viisnurk amounted to 151.4 mil. kroons/9.7 mil. euros (30.9.2006: 142.0 mil. kroons/9.1 mil. euros). The liabilities of the company accounted for 54% (30.6.2006: 57%) thereof, i.e. 81.4 mil. kroons/5.2 mil. euros (30.9.2006: 80.5 mil. kroons/5.1 mil. euros).

The turnover of the Furniture Division in the 9 months of 2007 amounted to 94.8 mil. kroons/6.1 mil. euros (91.8 mil. kroons/5.9 mil. euros during the same period in 2006) and the profit amounted to 2.9 mil. kroons/0.2 mil. euros (3.1 mil. kroons/0.2 mil. euros during the same period in 2006).

The turnover of the Building Materials Division in the 9 months of 2007 amounted to 85.7 mil. kroons/5.5 mil. euros (68.4 mil. kroons/4.4 mil. euros during the same period in 2006) and the profit amounted to 12.6 mil. kroons/0.8 mil. euros (8.6 mil. kroons/0.5 mil. 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 1.7 mil. kroons/0.1 mil. euros (1.4 mil. kroons/90 thousand euros during the same period in 2006) and the financial expenses of 2.0 mil. kroons/0.1 mil. euros (1.9 mil. kroons/0.1 mil. euros during the same period in 2006) that have been recorded in the report of business segments as unallocated expenses.

The division plan of AS Viisnurk was signed on June 29, 2007 as the result of which the part of the previous Viisnurk engaged in production became 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 division was registered in Commercial Register on September 19, 2007. The separated unit engaged in production named to AS Viisnurk and trading with the share of AS Viisnurk started in Tallinn Stock Exchange on September 25, 2007. The division engaged in production 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 was not used in the production activity of Viisnurk, was separated. All assets, liabilities, revenues and costs related to separated unit, are eliminated.

3rd quarter of 2007

The net sales of the 3rd quarter of the accounting year amounted to 51.0 mil. kroons/3.3 mil. euros (51.4 mil. kroons/3.3 mil. euros in 2006) and the net profit amounted to 0.9 mil. kroons/60 thousand euros (3.5 mil. kroons/226 thousand euros in 2006).

The results of the third quarter of the company compared to the third quarter of 2006 have remained more modest both in the Furniture Division and the Building Materials Division. The main factors upon the formation of the result were the following: the sales of the furniture factory in the Furniture Division were smaller than planned in the summer period (effect on the result approx. 0.5 mil. kroons/32 thousand euros), preparations made for the expansion in retail sale and the start of stores created in Lithuania and Ukraine takes time (effect on the result 0.8 mil. kroons/51 thousand euros) and marketing expenditures in the Building Materials Division have increased (effect on the result approx. 0.8 mil. kroons/51 thousand euros). Moreover, the sales of the basic line production of the Building Materials Division were smaller as the summer stock could not have been produced sufficiently in advance.

The turnover of the Furniture Division in the third quarter of 2007 amounted to 27.0 mil. kroons/1.7 mil. euros (27.0 mil. kroons/1.7 mil. euros during the same period in 2006) and the

loss amounted to 0.4 mil. kroons/27 thousand euros (profit 1.7 mil. kroons/106 thousand euros in 2006).

The turnover of the Building Materials Division in the third quarter of 2007 amounted to 24.0 mil. kroons/1.5 mil. euros (24.4 mil. kroons/1.6 mil. euros during the same period in 2006) and the profit amounted to 2.5 mil. kroons/157 thousand euros (3.6 mil. kroons/231 thousand euros in 2006).

The profit of the Divisions does not reflect the general administrative costs of the corporation in the amount of 0.4 mil. kroons/23 thousand euros and the financial expenses of 0.7 mil. kroons/47 thousand euros (the general administrative costs 1.2 mil. kroons/75 thousand euros and the financial expenses of 0.6 mil. kroons/36 thousand euros in 2006) that have been recorded in the report of business segments as unallocated expenses.

Forecast and development

The company 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. The Management Board predicts the increase of furniture production mainly due to the increase of demand in its retail trade.

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 one new store in Ukraine in the 4th quarter. Moreover, the plan is to exchange the present location of the store in Riga for a more favourable location in the 4th quarter 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, AS Viisnurk 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. AS Viisnurk holds 100% of the shares of OÜ Skano.

New Isotex line in Building Material Division works in one shift. The main goal is to sell all production capacity in 2009. Also it means bigger marketing costs in 2008.

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. Three architect's offices participated in the competition and two of them are competing in the second round. The architectural competition encompassed the entire registered immovable of Rääma 31, the first part of which is formed by the present real estate development region with the area of ca 2 ha. The prerequisite for the development of the second part would be the termination of the work of the Building Materials Division on the given territory. According to the works that made it to the second round, the building volume in case of Kavakava OÜ would be 40,000 m² (including 14,000 m² in the first part) and in case of Architect's Office Luhse & Tuhhal, the building volume would be 60,000 m² (including 21,000 m² in the first part).

Divisional review:

Th EEK	Net sales		Profit	
	9 m 2007	9 m 2006	9 m 2007	9 m 2006
Furniture Division	94,820	91,799	2,941	3,073
Incl. retail (Skano)	13,702	7,432	(1,208)	925
Building Materials Division	85,685	68,387	12,596	8,579
TOTAL	180,505	160,186	15,537	11,652
Unallocated expenses			(1,699)	(1,408)
OPERATING PROFIT			13,838	10,244
Net financial costs			(1,963)	(1,857)
PROFIT BEFORE TAXES			11,875	8,387
Prepaid income tax			(475)	(438)
NET PROFIT			11,400	7,949

Th EUR	Net sales		Profit	
	9 m 2007	9 m 2006	9 m 2007	9 m 2006
Furniture Division	6,060	5,867	188	196
Incl. retail (Skano)	876	475	(77)	59
Building Materials Division	5,476	4,371	805	549
TOTAL	11,536	10,238	993	745
Unallocated expenses			(109)	(90)
OPERATING PROFIT			884	655
Net financial costs			(125)	(119)
PROFIT BEFORE TAXES			759	536
Prepaid income tax			(30)	(28)
NET PROFIT			729	508

Furniture Division

The nine-month net sales of AS Viisnurk Furniture Division were 94.8 mil. kroons/6.1 mil. euros (2006: 91.8 mil. kroons/5.9 mil. euros) and the economic result 2.9 mil. kroons/188 thousand euros (2006: 3.1 mil kroons/196 thousand euros) as a profit. As compared to the previous year the turnover of the division has increased by 3.0 mil. kroons/193 thousand euros.

Furniture Production

The Furniture Division's nine-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. Nevertheless, the sales in the 3rd quarter have been smaller than planned. The following increase in sales is basically the result of the increase in retail sale.

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

Furniture Retail - Skano

Concerning the retail trade of the Furniture Division, the company continued its strategic activities in the 3rd 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. Moreover, the company is searching for possibilities to enter the market of Central Europe.

The retail sale of the Furniture Division shows a rising tendency. Within nine months this year the retail sale has increased by 84% as compared to the same period last year. At the same time,

the sales of the stores opened before 30.09.2007 have increased 67% during the first nine months compared to the same period in 2006.

One store was opened in Kharkiv (Ukraine) in August.

Compared to the first 9 months of the previous year, the expansion costs of retail business have been 4 million kroons/0.26 million euros. The aforementioned amount includes the administrative costs of retail business and the losses of the stores opened in Lithuania and Ukraine.

Building Materials Division

The nine-month net sales of the Building Materials Division amounted to 85.7 mil. kroons/5.5 mil. euros and profit to 12.6 mil. kroons/0.8mil. euros. In the same period of the last year, the turnover of the division totalled 68.4 mil. kroons/4.4 mil. euros and the net profit 8.6 mil. kroons/0.5 mil. euros. As compared to the previous year the turnover of the division has increased by 17.3 mil. kroons/1.1 mil. euros and the profit by 4.0 mil. kroons/0.3 mil. euros.

Building Boards

The results of the first nine 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.

In October, the selection of wall panels with textile cover increased by 3 new covers which make the entire product selection more attractive and help to differentiate clearly in tough competition.

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 third 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 the Furniture Division, the possibility to use water-UV varnishes shall be added to the finishing line in the 4th quarter. This will help to improve the quality of finishing and decrease the pollution of environment due to volatile organic compounds. The total cost of the investment shall be approx. 1.7 million kroons / 108 thousand euros.

In order to satisfy the increased demand on the present markets and in order to enter the markets of Russia and Ukraine, Viisnurk AS established an additional line of interior finishing boards (Isotex) in the 3rd quarter this year. The cost of investment at the end of the 3rd quarter was 11.2 million kroons/716 thousand 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 finished and it works in one shift at the moment. 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.

During 9 months 2007 investments into technology totalled 3.4 mil. kroons/215 thousand euros and into buildings 10.6 thousand kroons/678 thousand euros. At the same period of 2006 investments into technology totalled 1.8 mil. kroons/115 thousand euros and into buildings 569 thousand kroons/36 thousand euros.

People

At 30 September 2007 AS Viisnurk employed 323 people (340 people in the same period of the last year). The average number of personnel in the six months of 2007 was 322 (2006: 344).

In the 9 months of 2007, wages and salaries amounted 41.9 mil. kroons/2.7 mil. euros (36.1 mil. kroons/2.3 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> 9 m 2007	<i>Th EEK</i> 9 m 2006	<i>Th EUR</i> 9 m 2007	<i>Th EUR</i> 9 m 2006
Board member and other remuneration	1,293	785	83	50
Social tax and unemployment insurance premiums	445	280	28	18
TOTAL	1,738	1,065	111	68

Financial highlights

	Th EEK 9 m 2007	Th EEK 9 m 2006	Th EUR 9 m 2007	Th EUR 9 m 2006
Income statement				
Revenue	180,505	160,186	11,536	10,238
EBITDA	20,594	18,298	1,316	1,169
EBITDA margin	11.4%	11.4%	11.4%	11.4%
Operating profit	13,838	10,244	884	655
Operating margin	7.7%	6.4%	7.7%	6.4%
Net profit	11,400	7,949	729	508
Net margin	6.3%	5.0%	6.3%	5.0%
Balance sheet				
Total assets	151,425	141,975	9,678	9,074
Return on assets	7.5%	5.6%	7.5%	5.6%
Total liabilities	81,353	80,501	5,199	5,145
Debt-to-equity ratio	53.7%	56.7%	53.7%	56.7%
Equity	70,072	61,474	4,479	3,929
Return on equity	16.3%	12.9%	16.3%	12.9%
Share (30 June)				
Closing price (EEK/EUR)*	59.93	-	3.83	-
Earnings per share (EEK/EUR)	2.53	1.77	0.16	0.11
Price-earnings ratio*	23.69	-	23.69	-
Book value of a share (EEK/EUR)	15.58	13.66	1.0	0.87
Market to book ratio*	3.85	-	3.85	-
Market capitalization*	269,625	-	17,231	-

* No indicators concerning the share of the company have been published with reference to 2006 since there is no comparative data - the share of Viisnurk AS has been listed on Tallinn Stock Exchange starting from 25.09.2007.

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

Debt-to-equity ratio = Liabilities / Total assets

Return on equity = Net profit / Equity

Earnings per share = Net profit / Total shares

Price-earnings ratio = Closing price / Earnings per share in reporting period

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 September 2007, 6 months' EURIBOR was 4.759 (30.9.06: 3.657) 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 estimate, 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	SIA Skano	UAB Skano LT	TOV Skano Ukraine
Country of location	Estonia	Estonia	Estonia	Latvia	Lithuania	Ukraine
Number of shares at 31.12.2005	1	1	1	1	-	-
Number of shares at 30.9.2006	1	1	1	1	-	-
Ownership at 30.9.2006	100	100	100	100	-	-
Number of shares at 31.12.2006	1	1	1	1	-	-
Number of shares at 30.9.2007	1	1	1	1	100	1
Ownership at 30.9.2007	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 AS Viisnurk in Pärnu. OÜ Skano 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 and OÜ Isotex 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 3rd quarter of 2007, which is presented on pages 12 to 24.

- 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

26th November 2007

Consolidated balance sheet

			Pro forma (Note 1)	
			Th EUR	Th EUR
	Th EEK 30.9.2007	Th EEK 31.12.2006	30.9.2007	31.12.2006
Cash and bank	3,997	12,234	255	782
Receivables and prepayments (Note 2)	32,516	26,630	2,079	1,701
Inventories (Note 3)	46,441	44,970	2,968	2,874
Total current assets	82,954	83,834	5,302	5,357
Investment property (Note 4)	5,665	2,903	362	186
Tangible fixed assets (Note 5)	62,514	56,745	3,995	3,627
Intangible fixed assets (Note 6)	292	650	19	42
Total fixed assets	68,471	60,298	4,376	3,855
<u>TOTAL ASSETS</u>	<u>151,425</u>	<u>144,132</u>	<u>9,678</u>	<u>9,212</u>
Debt obligations (Note 7)	2,147	19,017	137	1,215
Payables and prepayments (Note 8)	31,133	30,230	1,990	1,932
Short-term provisions (Note 9)	24	221	1	15
Total current liabilities	33,304	49,468	2,128	3,162
Non-current debt obligations (Note 7)	45,002	25,574	2,876	1,634
Non-current provisions (Note 9)	3,047	3,047	195	195
Total non-current liabilities	48,049	28,621	3,071	1,829
Total liabilities	81,353	78,089	5,199	4,991
Share capital at nominal value (Note 10)	44,991	44,991	2,875	2,875
Issue premium	5,799	7,795	371	498
Statutory capital reserve	4,499	4,499	288	288
Currency translation reserve	24	0	1	0
Retained profits	3,359	(3,759)	215	(240)
Net profit for the year (Note 11; 12)	11,400	12,517	729	800
Total equity	70,072	66,043	4,479	4,221
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>151,425</u>	<u>144,132</u>	<u>9,678</u>	<u>9,212</u>

Consolidated income statement

	Pro forma (Note 1)							
	3 rd q 2007	3 rd q 2006	9 m 2007	9 m 2006	3 rd q 2007	3 rd q 2006	9 m 2007	9 m 2006
	Th EEK	Th EEK	Th EEK	Th EEK	Th EUR	Th EUR	Th EUR	Th EUR
RETURN ON SALES (Note 12)	51,004	51,291	180,505	160,186	3,260	3,278	11,536	10,238
Cost of production sold	(42,350)	(42,394)	(143,348)	(134,162)	(2,707)	(2,709)	(9,162)	(8,574)
Gross profit	8,654	8,897	37,157	26,024	553	569	2,374	1,664
Marketing expenses	(6,501)	(4,486)	(21,175)	(14,404)	(415)	(287)	(1,353)	(921)
General administrative expenses (Note 12)	(439)	(416)	(1,699)	(1,408)	(28)	(27)	(109)	(90)
Other income	7	152	125	451	0	10	8	29
Other expenses	(327)	(120)	(570)	(419)	(21)	(8)	(36)	(27)
Operating profit (Note 12)	1,394	4,027	13,838	10,244	89	257	884	655
Financial income and financial expenses (Note 12)	(726)	(623)	(1,963)	(1,857)	(46)	(40)	(125)	(119)
Profit before taxes (Note 12)	668	3,404	11,875	8,387	43	217	759	536
Prepaid income tax (Note 10; 12)	0	0	(475)	(438)	0	0	(30)	(28)
NET PROFIT FOR THE PERIOD (Note 11; 12)	668	3,404	11,400	7,949	43	217	729	508
Basic earnings per share (Note 11)	0.15	0.76	2.53	1.77	0.01	0.05	0.16	0.11
Diluted earnings per share (Note 11)	0.15	0.76	2.53	1.77	0.01	0.05	0.16	0.11

Consolidated cash flow statement

			Pro forma (Note 1)	
	Th EEK 9 m 2007	Th EEK 9 m 2006	Th EUR 9 m 2007	Th EUR 9 m 2006
Cash flow from operations				
Net profit before taxes (Note 11; 12)	11,875	8,387	759	536
Adjustments for:				
Depreciation of fixed assets (Note 5; 6)	6,756	8,054	432	515
Gains on sale of fixed assets (Note 5; 6)	(5)	(92)	0	(6)
Gains on sale of financial investments	0	(35)	0	(2)
Interest expense (Note 12)	2,097	1,640	134	105
Operating profit before changes in operating capital	20,723	17,954	1,325	1,148
Change in operations-related receivables and prepayments	(6,372)	(2,072)	(407)	(132)
Change in inventories (Note 3)	(1,471)	(5,872)	(94)	(375)
Change in operations-related liabilities and prepayments	(804)	(1,939)	(52)	(124)
Cash generated from operations	12,076	8,071	772	517
Interest paid	(2,097)	(1,468)	(134)	(94)
Income tax (Note 10; 12)	(475)	(438)	(30)	(28)
Total cash flow from operations	9,504	6,165	608	395
Cash flow from investments				
Sale of financial investments	0	6,820	0	436
Acquisition of fixed assets (Note 5; 6)	(14,990)	(2,394)	(958)	(153)
Sale of fixed assets (Note 5; 6)	66	115	4	7
Total cash flow from investments	(14,924)	4,541	(954)	290
Cash flow from financing activities				
Raise a loan (Note 7)	7,500	0	479	0
Repayment of loans (Note 7)	(4,942)	(6,388)	(316)	(408)
Dividend payment (Note 10)	(5,399)	(4,185)	(345)	(267)
Total cash flow from financing activities	(2,841)	(10,573)	(182)	(675)
TOTAL CASH FLOW	(8,261)	133	(528)	9
Currency translation differences	24	0	1	0
CASH AT BEGINNING OF PERIOD	12,234	4,527	782	289
CASH AT END OF PERIOD	3,997	4,660	255	298

Consolidated statement of changes in equity

<i>Th EEK</i>	Pro forma (Note 1)					
	Share capital	Share premium	Statutory capital reserve	Currency translation reserve	Retained earnings	Total
Balance at 31.12.2005	44,991	7,795	4,499	0	425	57,710
Profit in 9 m 2006 (Note 11; 12)	0	0	0	0	7,949	7,949
Distribution of dividend in 9 m 2006 (Note 10)	0	0	0	0	(4,185)	(4,185)
Balance at 30.9.2006	44,991	7,795	4,499	0	4,189	61,474
Balance at 31.12.2006	44,991	7,795	4,499	0	8,758	66,043
Currency translation differences in 9 m 2007	0	0	0	24	0	24
Amounts did not recognize in the income statement 9 m 2007*	0	(1,996)	0	0	0	(1,996)
Profit in 9 m 2007 (Note 11; 12)	0	0	0	0	11,400	11,400
Distribution of dividend in 9 m 2007 (Note 10)	0	0	0	0	(5,399)	(5,399)
Balance at 30.9.2007	44,991	5,799	4,499	24	14,759	70,072

<i>Th EUR</i>	Pro forma (Note 1)					
	Share capital	Share premium	Statutory capital reserve	Currency translation reserve	Retained earnings	Total
Balance at 31.12.2005	2 875	498	288	0	27	3 688
Profit in 9 m 2006 (Note 11; 12)	0	0	0	0	508	508
Distribution of dividend in 9 m 2006 (Note 10)	0	0	0	0	(267)	(267)
Balance at 30.9.2006	2 875	498	288	0	268	3 929
Balance at 31.12.2006	2 875	498	288	0	560	4 221
Currency translation differences in 9 m 2007	0	0	0	1	0	1
Amounts did not recognize in the income statement 9 m 2007*	0	(127)	0	0	0	(127)
Profit in 9 m 2007 (Note 11; 12)	0	0	0	0	729	729
Distribution of dividend in 9 m 2007 (Note 10)	0	0	0	0	(345)	(345)
Balance at 30.9.2007	2 875	371	288	1	944	4 479

* Amounts did not recognize in the income statement are costs of division - juridical advice, auditing costs and listing costs in Tallinn Stock Exchange.

Notes to the consolidated interim report

Accounting Policies And Measurement Bases

The consolidated financial statements prepared for the period ended 30 September 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 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, AS Viisnurk is a going concern and the Interim Report for the 3rd quarter of 2007 gives a true and fair view of the financial position of AS Viisnurk 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 croons and euros is 15.6466.

Note 1 Pro forma reports

All figures in interim report of 3rd quarter 2007 are presented as pro forma figures. The effect of division of AS Viisnurk is eliminated, and all transactions related to the assets and business activity of Niidu Area (left to AS Trigon Property Development), is not stated in this report.

The division plan of AS Viisnurk 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. Following the division, New Viisnurk is named AS Viisnurk while the current AS Viisnurk will be renamed to AS Trigon Property Development.

As a result of the division, all current operational assets and activities of AS Viisnurk will be transferred to a new company formed in the course of the division (New Viisnurk), while the Niidu Area (and liabilities associated with it) will remain in the ownership of current AS Viisnurk (Niidu Area will be owned through a 100% subsidiary of AS Viisnurk, OÜ VN Niidu Kinnisvara). All other properties as well as all current operational assets and activities of the furniture and building materials divisions will be transferred into the ownership of the New Viisnurk, including the property development project currently owned by AS Viisnurk alongside Pärnu river (located at Rääma 31, Pärnu).

Note 2 Receivables and prepayments

	Pro forma (Note 1)			
	<i>Th EEK</i>	<i>Th EEK</i>	<i>Th EUR</i>	<i>Th EUR</i>
	30.9.2007	31.12.2006	30.9.2007	31.12.2006
Customer receivables	27,699	22,829	1,770	1,458
Prepaid VAT	3,114	2,661	199	170
Other receivables	821	363	53	23
Prepaid services	882	777	57	50
TOTAL	32,516	26,630	2,079	1,701

Note 3 Inventories

Pro forma (Note 1)

	Th EEK	Th EEK	Th EUR	Th EUR
	30.9.2007	31.12.2006	30.9.2007	31.12.2006
Raw materials and other materials	10,504	12,135	671	775
Work-in-progress	9,647	8,596	617	549
Finished goods	23,166	23,185	1,481	1,482
Goods purchased for resale	2,742	951	175	61
Prepayments to suppliers	382	103	24	7
TOTAL	46,441	44,970	2,968	2,874

In nine months 2007 pro forma (Note 1), finished goods were written off in the amount of 16 thousand kroons/1 thousand euros (In nine months 2006 pro forma (Note 1): 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 September 2007 pro forma (Note 1), the carrying amount of inventories reported at net realizable value amounted to 301 thousand kroons/19 thousand euros (30.9.2006 pro forma (Note 1): 0). Inventories were written down due to shrinkage in demand and a decline in net realizable value.

Note 4 Investment property

Pro forma (Note 1)

	Th EEK	Th EUR
Cost at 31.12.2005	11,384	728
Accumulated depreciation at 31.12.	(3,255)	(208)
Net book amount at 31.12.2005	8,129	520
Cost at 30.9.2006	11,384	728
Accumulated depreciation at 30.9.2006	(3,255)	(208)
Net book amount at 30.9.2006	8,129	520
Cost at 31.12.2006	3,834	245
Accumulated depreciation at 31.12.2006	(931)	(59)
Net book amount at 31.12.2006	2,903	186
Reclassification to property, plant and equipment in 9 months of 2007 (Note 5)	2,762	176
Net book amount at 30.9.2007	5,665	362
Cost at 30.9.2007	9,825	628
Accumulated depreciation at 30.9.2007	(4,160)	(266)
Net book amount at 30.9.2007	5,665	362

Costs of maintenance for nine months of 2007 pro forma (Note 1) were 10 thousand kroons/0,6 thousand euros (9 m of 2006 pro forma (Note 1): 0).

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

Pro forma (Note 1)

	<i>Th EEK</i>	<i>Th EEK</i>	<i>Th EUR</i>	<i>Th EUR</i>
	30.9.2007	31.12.2006	30.9.2007	31.12.2006
Land	1,238	1,320	79	84
Buildings and constructions	32,749	36,908	2,093	2,359
Machinery, plant and equipment	12,528	16,313	800	1,043
Other equipment and fixtures	795	490	51	31
Construction in progress	15,204	1,714	972	110
TOTAL	62,514	56,745	3,995	3,627

Pro forma (Note 1)

	<i>Th EEK</i>	<i>Th EUR</i>
Cost at 31.12.2005	152,516	9,748
Accumulated depreciation at 31.12.2005	(95,070)	(6,076)
Net book amount at 31.12.2005	57,446	3,672
Acquired in 9 months of 2006	2,394	153
Disposals in 9 months of 2006	(23)	(1)
Depreciation in 9 months of 2006	(7,321)	(468)
Net book amount at 30.9.2006	52,496	3,356
Cost at 30.9.2006	154,870	9,898
Accumulated depreciation at 30.9.2006	(102,374)	(6,542)
Net book amount at 30.9.2006	52,496	3,356
Cost at 31.12.2006	162,680	10,397
Accumulated depreciation at 31.12.2006	(105,935)	(6,770)
Net book amount at 31.12.2006	56,745	3,627
Reclassification from investment property in 9 months of 2007 (Note 4)	(2,762)	(176)
Acquired in 9 months of 2007	14,990	958
Disposals in 9 months of 2007	(61)	(4)
Depreciation in 9 months of 2007	(6,398)	(410)
Net book amount at 30.9.2007	62,514	3,995
Cost at 30.9.2007	171,437	10,957
Accumulated depreciation at 30.9.2007	(108,923)	(6,962)
Net book amount at 30.9.2007	62,514	3,995

Note 6 Intangible Fixed Assets

Pro forma (Note 1)

	<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
Depreciation in 9 months of 2006	(733)	(47)
Net book amount at 30.9.2006	1,085	69
Cost at 30.9.2006	5,771	369
Accumulated depreciation at 30.9.2006	(4,686)	(300)
Net book amount at 30.9.2006	1,085	69
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 9 months of 2007	(358)	(23)
Net book amount at 30.9.2007	292	19
Cost at 30.9.2007	5,771	369
Accumulated depreciation at 30.9.2007	(5,479)	(350)
Net book amount at 30.9.2007	292	19

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

Pro forma (Note 1)

	<i>Th EEK</i>	<i>Th EEK</i>	<i>Th EUR</i>	<i>Th EUR</i>
	30.9.2007	31.12.2006	30.9.2007	31.12.2006
Current liabilities	2,147	19,017	137	1,215
Non-current debt obligations	45,002	25,574	2,876	1,634
TOTAL	47,149	44,591	3,013	2,849

Note 8 Payables and prepayments

Pro forma (Note 1)

	<i>Th EEK</i>	<i>Th EEK</i>	<i>Th EUR</i>	<i>Th EUR</i>
	30.9.2007	31.12.2006	30.9.2007	31.12.2006
Supplier payables	21,869	20,352	1,398	1,301
Payables to employees	5,081	4,617	325	295
Taxes payables	3,561	3,714	227	237
Other payables	55	266	4	17
Customer prepayments	567	1,281	36	82
TOTAL	31,133	30,230	1,990	1,932

Note 9 Provisions

Pro forma (Note 1)

	<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 9 months 2006:		
Used during the year	(134)	(9)
Interest cost (Note 12)	(172)	(11)
Balance at 30.9.2006	3,310	211
Incl current portion	42	2
non-current portion	3,268	209
Balance at 31.12.2006	3,268	210
Incl current portion	221	15
non-current portion	3,047	195
Movements in 9 months 2007:		
Used during the year	(197)	(14)
Interest cost (Note 12)	(160)	(10)
Balance at 30.9.2007	3,071	196
Incl current portion	24	1
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 nine months 2007 pro forma (Note 1) was 357 thousand kroons/24 thousand euros, (for 9 m 2006 pro forma (Note 1): 306 thousand kroons/20 thousand euros).

Note 10 Share Capital

Pro forma (Note 1)

	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 30.9.2006	4,499,061	44,991	2,875
Balance 31.12.2006	4,499,061	44,991	2,875
Balance 30.9.2007	4,499,061	44,991	2,875

At 31.12.2006 pro forma (Note 1), the share capital of AS Viisnurk 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 2007 pro forma (Note 1), 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 2006 pro forma (Note 1), 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

Pro forma (Note 1)

	EEK	EEK	EUR	EUR
	30.9.2007	30.9.2006	30.9.2007	30.9.2006
Basic earnings per share	2.53	1.77	0.16	0.11
Diluted earnings per share	2.53	1.77	0.16	0.11
Book value of share	15.58	13.66	1.00	0.87
Price/earnings ratio (P/E)	23.69	-	23.69	-
Closing price of the share of AS Viisnurk on Tallinn Stock Exchange at 30.9.	59.93	-	3.83	-

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 9 months of 2007 pro forma (Note 1) = 11,400,477 / 4,499,061 = 2.53 kroons/0.16 eurot

Basic earnings per share for 9 months of 2006 pro forma (Note 1) = 7,949,676 / 4,499,061 = 1.77 kroons/0.11 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 9 months of 2007 pro forma (Note 1) = 59.93 / 2.53 = 23.69

Calculation of price/earnings ratio (P/E) for 2006 is not possible. Trading with the shares of AS Viisnurk on Tallinn Stock Exchange started on 25 September 2007.

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 (sheet 21).

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 OÜ Skano (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 (sheet 21; 22).

Business segment by area of operations - primary segment:

Pro forma (Note 1)

Th EEK	Furniture Division		Building Material Division		TOTAL	
	9m 2007	9m 2006	9m 2007	9m 2006	9m 2007	9m 2006
Revenue	94,820	91,799	85,685	68,387	180,505	160,186
Segment's result	2,941	3,073	12,596	8,579	15,537	11,652
Unallocated expenses					(1,699)	(1,408)
Operating profit					13,838	10,244
Net financial expenses (Note 9)					(1,963)	(1,857)
Profit before taxes					11,875	8,387
Prepaid income tax (Note 10)					(475)	(438)
Net profit for accounting period					11,400	7,949

Pro forma (Note 1)

Th EUR	Furniture Division		Building Material Division		TOTAL	
	9m 2007	9m 2006	9m 2007	9m 2006	9m 2007	9m 2006
Revenue	6,060	5,867	5,476	4,371	11,536	10,238
Segment's result	188	196	805	549	993	745
Unallocated expenses					(109)	(90)
Operating profit					884	655
Net financial expenses (Note 9)					(125)	(119)
Profit before taxes					759	536
Prepaid income tax (Note 10)					(30)	(28)
Net profit for accounting period					729	508

Geographical segment by location of customers - secondary segment:

Pro forma (Note 1)

Th EEK	9 months 2007			9 months 2006		
	FD	BMD	TOTAL	FD	BMD	TOTAL
EXPORT						
<i>European countries</i>						
Finland	45,096	43,463	88,559	44,081	24,356	68,437
Russia, Ukraine, Belarusian	27,854	5,737	33,591	26,247	1,122	27,369
Germany	4,039	1,211	5,250	7,014	2,436	9,450
Latvia, Lithuania	3,937	2,691	6,628	4,249	2,279	6,528
Netherlands	51	194	245	22	2,008	2,030
Sweden	0	2,289	2,289	37	1,371	1,408
Switzerland	48	0	48	275	0	275
Other European countries	155	396	551	672	843	1,515
TOTAL	81,180	55,981	137,161	82,597	34,415	117,012
Other countries	2,683	0	2,683	1,155	0	1,155
TOTAL EXPORT	83,863	55,981	139,844	83,752	34,415	118,167
Domestic Market	10,957	29,704	40,661	8,047	33,972	42,019
TOTAL	94,820	85,685	180,505	91,799	68,387	160,186

Th EUR	9 months 2007			9 months 2006		
	FD	BMD	TOTAL	FD	BMD	TOTAL
EXPORT						
<i>European countries</i>						
Finland	2,882	2,778	5,660	2,817	1,557	4,374
Russia, Ukraine, Belarusian	1,781	367	2,148	1,677	72	1,749
Germany	258	77	335	448	156	604
Latvia, Lithuania	252	172	424	272	146	418
Netherlands	3	12	15	1	128	129
Sweden	0	146	146	2	88	90
Switzerland	3	0	3	18	0	18
Other European countries	10	25	35	43	53	96
TOTAL	5,189	3,577	8,766	5,278	2,200	7,478
Other countries	171	0	171	74	0	74
TOTAL EXPORT	5,360	3,577	8,937	5,352	2,200	7,552
Domestic Market	700	1,899	2,599	515	2,171	2,686
TOTAL	6,060	5,476	11,536	5,867	4,371	10,238

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:

	Pro forma (Note 1)			
	Th EEK 9 months 2007	Th EEK 9 months 2006	Th EUR 9 months 2007	Th EUR 9 months 2006
Board member and other remuneration	1,293	785	83	50
Social tax and unemployment insurance premiums	445	280	28	18
TOTAL	1,738	1,065	111	68

As at 30.9.2007, pursuant to the contracts entered into, the members of the Management Board will receive severance pay amounting to 2-month remuneration (30.9.2006: 4-month remuneration).

In the 9 months of 2007 and 2006, there were no transactions between the related parties.