

1<sup>st</sup> quarter  
Interim Report  
**2008**

Beginning of the Interim Report Period:	1.1.2008
End of the Interim Report Period:	31.3.2008
Beginning of the financial year:	1.1.2008
End of the financial year:	31.12.2008
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Main activity:	Furniture production
Auditor:	AS PricewaterhouseCoopers

## Table of Contents

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<b>TABLE OF CONTENTS</b>	<b>2</b>
<b>OUTLINE</b>	<b>3</b>
<b>MANAGEMENT REPORT</b>	<b>4</b>
<b>Divisional review:</b>	<b>5</b>
Furniture Division	6
Building Materials Division	6
<b>Investments</b>	<b>6</b>
<b>People</b>	<b>7</b>
<b>Financial highlights</b>	<b>8</b>
<b>Financial risks</b>	<b>8</b>
Interest rate risk	8
Currency risk	9
Risk of the Economic Environment	9
Fair value	9
<b>Group structure</b>	<b>9</b>
<b>DECLARATION OF THE MANAGEMENT BOARD</b>	<b>11</b>
<b>Consolidated balance sheet</b>	<b>12</b>
<b>Consolidated income statement</b>	<b>13</b>
<b>Consolidated cash flow statement</b>	<b>14</b>
<b>Consolidated statement of changes in equity</b>	<b>15</b>
<b>Notes to the consolidated interim report</b>	<b>16</b>
Accounting Policies And Measurement Bases	16
Note 1 Pro forma reports	16
Note 2 Receivables and prepayments	16
Note 3 Inventories	17
Note 4 Investment property	17
Note 5 Tangible Fixed Assets	17
Note 6 Intangible Fixed Assets	18
Note 7 Debt Obligations	19
Note 8 Payables and prepayments	19
Note 9 Provisions	19
Note 10 Share Capital	20
Note 11 Earnings per share	20
Note 12 Segments	20
Note 13 Related party transactions	22

## Outline

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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

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### 3 months 2008

The net sales of AS Viisnurk for the 3 months of 2008 were 73.9 mil. kroons/4.7 mil. euros (66.7 mil. kroons/4.3 mil. euros during the same period in 2007) and the net profit amounted to 5.1 mil. kroons/0.3 mil. euros (7.4 mil. kroons/0.5 mil. euros during the same period in 2007).

As of the end of March 2008 the total assets of Viisnurk amounted to 172.7 mil. kroons/11.0 mil. euros (31.3.2007: 152.0 mil. kroons/9.7 mil. euros). The liabilities of the company accounted for 56% (31.3.2007: 52%) thereof, i.e. 96.2 mil. kroons/6.1 mil. euros (31.3.2007: 78.6 mil. kroons/5.0 mil. euros).

The turnover of the Furniture Division in the 3 months of 2008 amounted to 40.1 mil. kroons/2.6 mil. euros (33.6 mil. kroons/2.1 mil. euros during the same period in 2007) and the profit amounted to 2.1 mil. kroons/0.1 mil. euros (2.6 mil. kroons/0.2 mil. euros during the same period in 2007).

The turnover of the Building Materials Division in the 3 months of 2008 amounted to 33.8 mil. kroons/2.2 mil. euros (33.0 mil. kroons/2.1 mil. euros during the same period in 2007) and the profit amounted to 4.3 mil. kroons/0.3 mil. euros (5.9 mil. kroons/0.4 mil. euros during the same period in 2007).

The profit of the Divisions does not reflect the general administrative costs of the corporation in the amount of 0.5 mil. kroons/0.03 mil. euros (0.6 mil. kroons/0.04 mil. euros during the same period in 2007) and the financial expenses of 0.8 mil. kroons/0.05 mil. euros (0.6 mil. kroons/0.04 mil. euros during the same period in 2007) 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 from comparison basis of the report.

### Forecast and development

Increase of furniture retail trade and the expansion of our network of stores have gone according to the plan. In the end of 1st quarter 2008, Skano operated six stores in the Baltic states and two in Ukraine. Retail sale increased 132% in 1st quarter 2008 compared to same period 2007 and the sale in stores existing as of 31.3.2007 has increased 64% in 2008. The openings of new stores are being prepared and one store opened in the 1st quarter of 2008 in Ukraine and the plan is to open three more shops in Ukraine in the 2nd quarter. It is planned to open 16 stores in Ukraine and Central Europe in 2008-2009. 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 and its subsidiaries in Latvia, Lithuania and Ukraine. AS Viisnurk holds 100% of the shares of OÜ Skano.

The furniture factory has considerably narrowed its product portfolio. The production of pine furniture has basically been terminated and the most profitable production lines have been put into focus. Searching for new out-sourced lines has been terminated and preparations are being made in order to satisfy the demands related to the increase in retail business. The company has made a decision to focus on the profitable production of two basic product lines, namely

Björkkvist/Boknäs 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 and 90% of the production is exported outside the Baltic states. 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. Besides the increase of demand in its retail trade, the management board predicts the increase of furniture production due to the changes in the sales strategy of Scandinavian and Russian customers and increase of the sales network.

At the end of 1st quarter 2008, new Isotex production line of interior finishing boards operated in Building Materials Division in one shift. This has created an opportunity for the increase of profitability and margins within the following periods. The main goal for 2009 is to utilize the entire production capacity of the new line and considerably larger marketing costs are planned for 2008 in order to sell the entire production volume.

Although the result of 1st quarter of 2008 is weaker than same period of 2007, the results at the beginning of 2008 are again on the rise and surpass the initial expectations. The result in Building Materials Division was very good in 2007. This was caused by a great demand and the sale of all warehouse stock in the 1st quarter of 2007 (in the level of the entire group, 58% of the net profit of 2007 was achieved in the 1st quarter of the previous year). The management board plans a 20 mil. kroons (1.3 mil. euros) profit for 2008 whereas a considerable profit growth has been planned in the second half of 2008 due to the 6 months opening period of Skano stores.

### Divisional review:

Th EEK	Net sales		Profit	
	3 m 2008	3 m 2007	3 m 2008	3 m 2007
Furniture Division	40,082	33,619	2,129	2,638
Incl. retail (Skano)	9,686	4,166	(164)	275
Building Materials Division	33,785	33,038	4,301	5,918
<b>TOTAL</b>	<b>73,867</b>	<b>66,657</b>	<b>6,430</b>	<b>8,556</b>
Unallocated expenses			(510)	(568)
<b>OPERATING PROFIT</b>			<b>5,920</b>	<b>7,988</b>
Net financial costs			(787)	(584)
<b>PROFIT BEFORE TAXES</b>			<b>5,133</b>	<b>7,404</b>
Prepaid income tax			0	0
<b>NET PROFIT</b>			<b>5,133</b>	<b>7,404</b>

Th EUR	Net sales		Profit	
	3 m 2008	3 m 2007	3 m 2008	3 m 2007
Furniture Division	2,562	2,148	136	168
Incl. retail (Skano)	619	266	(10)	18
Building Materials Division	2,159	2,112	275	378
<b>TOTAL</b>	<b>4,721</b>	<b>4,260</b>	<b>411</b>	<b>546</b>
Unallocated expenses			(33)	(36)
<b>OPERATING PROFIT</b>			<b>378</b>	<b>510</b>
Net financial costs			(50)	(37)
<b>PROFIT BEFORE TAXES</b>			<b>328</b>	<b>473</b>
Prepaid income tax			0	0
<b>NET PROFIT</b>			<b>328</b>	<b>473</b>

## **Furniture Division**

The three-month net sales of AS Viisnurk Furniture Division were 40.1 mil. kroons/2.6 mil. euros (2007: 33.6 mil. kroons/2.1 mil. euros) and the economic result 2.1 mil. kroons/136 thousand euros (2007: 2.6 mil. kroons/168 thousand euros) as a profit. As compared to the previous year the turnover of the division has increased by 6.5 mil. kroons/414 thousand euros.

### **Furniture Production**

The Furniture Division's three-month sales in the company's basic target market in Russia and Finland have proceeded better than the plans and compared to same period in 2007 sales has increased. The following increase in sales is basically the result of the increase in retail sale, but in Russian market increase of sales is also possible.

### **Furniture Retail - Skano**

Concerning the retail trade of the Furniture Division, the company continued its strategic activities in the 1st quarter of 2008 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 three months this year the retail sale has increased by 132% as compared to the same period last year. At the same time, the sales of the stores opened before 31.3.2008 (Tallinn, Riga, Pärnu) have increased 64% compared to the same period in 2007.

In the Ukraine in Kiev were opened two stores in March and April. One store will open in Donetsk in the May 2008. After these openings Skano has four stores in Ukraine.

## **Building Materials Division**

The three-month net sales of the Building Materials Division amounted to 33.8 mil. kroons/2.2 mil. euros and profit to 4.3 mil. kroons/0.3 mil. euros. In the same period of the last year, the turnover of the division totalled 33.0 mil. kroons/2.1 mil. euros and the net profit 5.9 mil. kroons/0.4 mil. euros. As compared to the previous year the turnover of the division has increased by 0.7 mil. kroons/0,05 mil. euros and the profit has decreased by 1.60 mil. kroons/0.1 mil. euros. Production volume in current prices has increased by 21.5% compared to 1st quarter 2007.

### **Building Boards**

The results of the first three months of 2008 have most been influenced by the sale of Isoplaat wind protection boards in domestic and foreign markets. In 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**

Biggest markets for Isotex interior finishing boards are Finland and Estonia and the best selling products ceiling panels. 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. In 1st quarter were participated and in near future is plan to participate with full Isotex product range in different building fairs (Riga, Tallinn, St. Petersburg).

Ceiling panels comprised 75% (80% in 2007) and wall panels 25% (20% in 2007) of the sales of interior finishing boards.

Interior finishing boards are being produced since 1996 and they are sold under the company's own trademark Isotex.

## Investments

In the retail business of the Furniture division activities were initiated in the first quarter of 2008 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.

During 3 months 2008 investments into technology totalled 484 thousand kroons/31 thousand euros and into buildings 642 thousand kroons/41 thousand euros. At the same period of 2007 investments into technology totalled 31 thousand kroons/2 thousand euros and into buildings 3 mil. kroons/192 thousand euros.

## People

At 31 March 2008 AS Viisnurk employed 339 people (325 people in the same period of the last year). The average number of personnel in 3 months 2008 was 336 (2007: 327).

In the 3 months of 2008, wages and salaries amounted 17.4 mil. kroons/1.1 mil. euros (14.4 mil. kroons/0.9 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> 1 <sup>st</sup> quarter 2008	<i>Th EEK</i> 1 <sup>st</sup> quarter 2007	<i>Th EUR</i> 1 <sup>st</sup> quarter 2008	<i>Th EUR</i> 1 <sup>st</sup> quarter 2007
Board member and other remuneration	485	258	31	16
Social tax and unemployment insurance premiums	160	86	10	5
<b>TOTAL</b>	<b>645</b>	<b>344</b>	<b>41</b>	<b>21</b>

## Financial highlights

	Th EEK 1 <sup>st</sup> quarter 2008	Th EEK 1 <sup>st</sup> quarter 2007	Th EUR 1 <sup>st</sup> quarter 2008	Th EUR 1 <sup>st</sup> quarter 2007
<b>Income statement</b>				
Revenue	73,867	66,657	4,721	4,260
EBITDA	8,184	10,401	523	665
EBITDA margin	11.1%	15.6%	11.1%	15.6%
Operating profit	5,920	7,988	378	510
Operating margin	8.0%	12.0%	8.0%	12.0%
Net profit	5,133	7,404	328	473
Net margin	6.9%	11.1%	6.9%	11.1%
<b>Balance sheet</b>				
Total assets	172,678	152,016	11,035	9,715
Return on assets	3.0%	4.9%	3.0%	4.9%
Total liabilities	96,214	78,573	6,148	5,021
Debt-to-equity ratio	55.7%	51.7%	55.7%	51.7%
Equity	76,464	73,443	4,887	4,694
Return on equity	6.7%	10.1%	6.7%	10.1%
<b>Share (31 December)</b>				
Closing price (EEK/EUR)*	28.95	-	1.85	-
Earnings per share (EEK/EUR)	1.14	1.65	0.07	0.11
Price-earnings ratio*	25.39	-	25.39	-
Book value of a share (EEK/EUR)	17.00	16.32	1.09	1.04
Market to book ratio*	1.49	-	1.49	-
Market capitalization*	130,249	-	8,323	-

\* No indicators concerning the share of the company have been published with reference to 2007 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 31 December 2007, 6 months' EURIBOR was 4.707 and at 31 March 2008 4.725.

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



- the loan in starting amount of EUR 830,851 (EEK 13,000,000) 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. Currency risk increases together with the increase of the number of stores in Ukraine due to the use of grivna on the local market.

### 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 31.12.2006	1	1	1	1	-	-
Ownership at 31.12.2006	100	100	100	100	-	-
Number of shares at 30.12.2007	1	1	1	1	100	1
Ownership at 30.12.2007	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 2008 and 2007.

## Declaration of the Management Board

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The Management Board of AS Viisnurk is prepared consolidated unaudited Interim Report for the 1<sup>st</sup> quarter of 2007, which is presented on pages 4 to 22 have been correctly prepared, and represents and warrants that to the best of their knowledge:

- 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;
- the management report presents true and fair view of significant events that took place during the accounting period and their impact to financial statements and includes the description of major risks and doubts;
- 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

30<sup>th</sup> May 2008

## Consolidated balance sheet

	<i>Th EEK</i> 31.3.2008	<i>Th EEK</i> 31.12.2007	<i>Th EUR</i> 31.3.2008	<i>Th EUR</i> 31.12.2007
Cash and bank	3,773	6,006	241	384
Receivables and prepayments (Note 2)	41,092	29,859	2,626	1,908
Inventories (Note 3)	62,112	54,742	3,969	3,499
<b>Total current assets</b>	<b>106,977</b>	<b>90,607</b>	<b>6,836</b>	<b>5,791</b>
Investment property (Note 4)	2,893	2,893	185	185
Tangible fixed assets (Note 5)	62,680	63,727	4,006	4,073
Intangible fixed assets (Note 6)	128	220	8	14
<b>Total fixed assets</b>	<b>65,701</b>	<b>66,840</b>	<b>4,199</b>	<b>4,272</b>
<b><u>TOTAL ASSETS</u></b>	<b><u>172,678</u></b>	<b><u>157,447</u></b>	<b><u>11,035</u></b>	<b><u>10,063</u></b>
Debt obligations (Note 7)	6,518	8,782	416	561
Payables and prepayments (Note 8)	49,834	37,488	3,185	2,396
Short-term provisions (Note 9)	192	264	12	17
<b>Total current liabilities</b>	<b>56,544</b>	<b>46,534</b>	<b>3,613</b>	<b>2,974</b>
Non-current debt obligations (Note 7)	36,734	36,734	2,348	2,348
Non-current provisions (Note 9)	2,936	2,936	187	187
<b>Total non-current liabilities</b>	<b>39,670</b>	<b>39,670</b>	<b>2,535</b>	<b>2,535</b>
<b>Total liabilities</b>	<b>96,214</b>	<b>86,204</b>	<b>6,148</b>	<b>5,509</b>
Share capital at nominal value (Note 10)	44,991	44,991	2,875	2,875
Issue premium	5,698	5,698	364	364
Statutory capital reserve	4,499	4,499	288	288
Currency translation reserve	127	39	8	3
Retained profits	16,016	3,359	1,024	215
Net profit for the year (Note 11; 12)	5,133	12,657	328	809
<b>Total equity</b>	<b>76,464</b>	<b>71,243</b>	<b>4,887</b>	<b>4,554</b>
<b><u>TOTAL LIABILITIES AND EQUITY</u></b>	<b><u>172,678</u></b>	<b><u>157,447</u></b>	<b><u>11,035</u></b>	<b><u>10,063</u></b>

## Consolidated income statement

	<i>Th EEK</i> 1 <sup>st</sup> quarter 2008	<i>Th EEK</i> 1 <sup>st</sup> quarter 2007 (adjusted)	<i>Th EUR</i> 1 <sup>st</sup> quarter 2008	<i>Th EUR</i> 1 <sup>st</sup> quarter 2007 (adjusted)
RETURN ON SALES (Note 12)	73,867	66,657	4,721	4,260
Cost of production sold	(56,590)	(50,109)	(3,617)	(3,203)
<b>Gross profit</b>	<b>17,277</b>	<b>16,548</b>	<b>1,104</b>	<b>1,057</b>
Marketing expenses	(9,922)	(7,108)	(634)	(454)
General administrative expenses (Note 12)	(1,179)	(1,382)	(75)	(88)
Other income	179	45	11	2
Other expenses	(435)	(115)	(28)	(7)
<b>Operating profit (Note 12)</b>	<b>5,920</b>	<b>7,988</b>	<b>378</b>	<b>510</b>
Financial income and financial expenses (Note 12)	(787)	(584)	(50)	(37)
<b>Profit before taxes (Note 12)</b>	<b>5,133</b>	<b>7,404</b>	<b>328</b>	<b>473</b>
Prepaid income tax (Note 10; 12)	0	0	0	0
<b>NET PROFIT FOR THE PERIOD (Note 11; 12)</b>	<b>5,133</b>	<b>7,404</b>	<b>328</b>	<b>473</b>
<b>Basic earnings per share (Note 11)</b>	<b>1.14</b>	<b>1.65</b>	<b>0.07</b>	<b>0.11</b>
<b>Diluted earnings per share (Note 11)</b>	<b>1.14</b>	<b>1.65</b>	<b>0.07</b>	<b>0.11</b>

## Consolidated cash flow statement

	<i>Th EEK</i> 1 <sup>st</sup> quarter 2008	<i>Th EEK</i> 1 <sup>st</sup> quarter 2007 (adjusted)	<i>Th EUR</i> 1 <sup>st</sup> quarter 2008	<i>Th EUR</i> 1 <sup>st</sup> quarter 2007 (adjusted)
<b>Cash flow from operations</b>				
<b>Net profit before taxes (Note 11; 12)</b>	<b>5,133</b>	<b>7,404</b>	<b>328</b>	<b>473</b>
Adjustments for:				
Depreciation of fixed assets (Note 5; 6)	2,264	2,413	145	154
Interest expense (Note 12)	763	633	49	40
<b>Operating profit before changes in operating capital</b>	<b>8,160</b>	<b>10,450</b>	<b>522</b>	<b>667</b>
Change in operations-related receivables and prepayments	(11,194)	(6,037)	(716)	(386)
Change in inventories (Note 3)	(7,371)	(1,614)	(471)	(103)
Change in operations-related liabilities and prepayments	12,277	2,448	785	157
<b>Cash generated from operations</b>	<b>1,872</b>	<b>5,247</b>	<b>120</b>	<b>335</b>
Interest paid	(763)	(633)	(49)	(40)
<b>Total cash flow from operations</b>	<b>1,109</b>	<b>4,614</b>	<b>71</b>	<b>295</b>
<b>Cash flow from investments</b>				
Acquisition of fixed assets (Note 5; 6)	(1,126)	(3,031)	(72)	(194)
<b>Total cash flow from investments</b>	<b>(1,126)</b>	<b>(3,031)</b>	<b>(72)</b>	<b>(194)</b>
<b>Cash flow from financing activities</b>				
Raise a loan (Note 7)	0	0	0	0
Repayment of loans (Note 7)	(2,147)	(1,504)	(137)	(96)
Settlement of finance lease liabilities (Note 7)	(117)	0	(8)	0
<b>Total cash flow from financing activities</b>	<b>(2,264)</b>	<b>(1,504)</b>	<b>(145)</b>	<b>(96)</b>
<b>TOTAL CASH FLOW</b>	<b>(2,281)</b>	<b>79</b>	<b>(146)</b>	<b>5</b>
Currency translation differences	48	0	3	0
<b>CASH AT BEGINNING OF PERIOD</b>	<b>6,006</b>	<b>12,234</b>	<b>384</b>	<b>782</b>
<b>CASH AT END OF PERIOD</b>	<b>3,773</b>	<b>12,313</b>	<b>241</b>	<b>787</b>

## Consolidated statement of changes in equity

<i>Th EEK</i>	Share capital	Share premium	Statutory capital reserve	Currency translation reserve	Retained earnings	Total
<b>Balance at 31.12.2006</b>	<b>44,991</b>	<b>7,795</b>	<b>4,499</b>	<b>0</b>	<b>8,758</b>	<b>66,043</b>
Adjusted profit for 3 months 2007	0	0	0	-3	7,404	7,401
<b>Balance at 31.03.2007</b>	<b>44,991</b>	<b>7,795</b>	<b>4,499</b>	<b>-3</b>	<b>16,162</b>	<b>73,444</b>
<b>Balance at 31.12.2007</b>	<b>44,991</b>	<b>5,698</b>	<b>4,499</b>	<b>39</b>	<b>16,016</b>	<b>71,243</b>
Profit for 3 months 2008	0	0	0	88	5,133	5,221
<b>Balance at 31.03.2008</b>	<b>44,991</b>	<b>5,698</b>	<b>4,499</b>	<b>127</b>	<b>21,149</b>	<b>76,464</b>

  

<i>Th EUR</i>	Share capital	Share premium	Statutory capital reserve	Currency translation reserve	Retained earnings	Total
<b>Balance at 31.12.2006</b>	<b>2,875</b>	<b>498</b>	<b>288</b>	<b>0</b>	<b>560</b>	<b>4,221</b>
Adjusted profit for 3 months 2007	0	0	0	0	473	473
<b>Balance at 31.03.2007</b>	<b>2,875</b>	<b>498</b>	<b>288</b>	<b>0</b>	<b>1,033</b>	<b>4,694</b>
<b>Balance at 31.12.2007</b>	<b>2,875</b>	<b>364</b>	<b>288</b>	<b>3</b>	<b>1,024</b>	<b>4,554</b>
Profit for 3 months 2008	0	0	0	5	328	333
<b>Balance at 31.03.2008</b>	<b>2,875</b>	<b>364</b>	<b>288</b>	<b>8</b>	<b>1,352</b>	<b>4,887</b>

## Notes to the consolidated interim report

### Accounting Policies And Measurement Bases

The consolidated financial statements prepared for the period ended 31 March 2008 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 31.12.2007.

According to the assessment of the Management Board, AS Viisnurk is a going concern and the Interim Report for the 1<sup>st</sup> quarter of 2008 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 kroons and euros is 15.6466.

### Note 1 Correction of prior period

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.

All figures in interim report of 1<sup>st</sup> quarter 2008 have been presented like AS Viisnurk separation has happened in the previous period and the comparing data have been accordingly corrected.

The cost of production sold and the general administrative expenses entries representations in the income statement have been changed and in relative to this the comparable indicators of previous period have been corrected:

	<i>Th EEK</i> 31.03.2007 adjusted	<i>Th EEK</i> 31.03.2007	<i>Th EUR</i> 31.03.2007 adjusted	<i>Th EUR</i> 31.03.2007
Cost of production sold	(50,109)	(50,979)	(3,203)	(3,258)
General administrative expenses	(1,382)	(512)	(88)	(33)

### Note 2 Receivables and prepayments

	<i>Th EEK</i> 31.03.2008	<i>Th EEK</i> 31.12.2007	<i>Th EUR</i> 31.03.2008	<i>Th EUR</i> 31.12.2007
Customer receivables	33,265	22,416	2,126	1,433
Prepaid VAT	4,900	4,232	313	270
Other receivables	2,098	466	134	30
Prepaid services	829	2,745	53	175
<b>TOTAL</b>	<b>41,092</b>	<b>29,859</b>	<b>2,626</b>	<b>1,908</b>



### Note 3 Inventories

	<i>Th EEK</i>	<i>Th EEK</i>	<i>Th EUR</i>	<i>Th EUR</i>
	<b>31.03.2008</b>	<b>31.12.2007</b>	<b>31.03.2008</b>	<b>31.12.2007</b>
Raw materials and other materials	13,337	13,525	852	864
Work-in-progress: production	13,808	10,102	882	646
Work-in-progress: real estate development	3,289	3,191	210	204
Finished goods	27,329	24,221	1,747	1,548
Goods purchased for resale	3,928	3,408	251	218
Prepayments to suppliers	421	295	27	19
<b>TOTAL</b>	<b>62,112</b>	<b>54,742</b>	<b>3,969</b>	<b>3,499</b>

#### Work-in-progress: real estate development

At 31 March 2008, work-in-progress: real estate development comprised the old Sports goods division real property (buildings and land ca 20 000 m<sup>2</sup>) located at Rääma street 31, what is covered whit development contract.

Work-in-progress: real estate development was stated at the lower of cost and fair value less costs to sell. Work-in-progress: real estate development (Note 13) was stated at the costs 3 289 thousand kroons/210 thousand euros (31.03.2007: 0).

### Note 4 Investment property

	<i>Th EEK</i>	<i>Th EUR</i>
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
<b>Cost at 31.03.2007</b>	<b>3,834</b>	<b>245</b>
<b>Accumulated depreciation at 31.03.2007</b>	<b>(931)</b>	<b>(59)</b>
<b>Net book amount at 31.03.2007</b>	<b>2,903</b>	<b>186</b>
Cost at 31.12.2007	7,341	469
Accumulated depreciation at 31.12.2007	(4,448)	(284)
Net book amount at 31.12.2007	2,893	185
<b>Cost at 31.03.2008</b>	<b>7,341</b>	<b>469</b>
<b>Accumulated depreciation at 31.03.2008</b>	<b>(4,448)</b>	<b>(284)</b>
<b>Net book amount at 31.03.2007</b>	<b>2,893</b>	<b>185</b>

Costs of maintenance for three months of 2008 were 40 thousand kroons/3 thousand euros and 3 thousand kroons/0,2 thousand euros in the same period of 2007.

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>
	<b>31.03.2008</b>	<b>31.12.2007</b>	<b>31.03.2008</b>	<b>31.12.2007</b>
Land	1,238	1,238	79	79
Buildings and constructions	41,052	41,670	2,624	2,663
Machinery, plant and equipment	15,621	16,815	998	1,075

Other equipment and fixtures	1,536	1,186	98	76
Construction in progress	3,233	2,818	207	180
<b>TOTAL</b>	<b>62,680</b>	<b>63,727</b>	<b>4,006</b>	<b>4,073</b>

	<i>Th EEK</i>	<i>Th EUR</i>
Cost at 31.12.2006	162,680	10,397
Accumulated depreciation at 31.12.2006	(105,934)	(6,770)
Net book amount at 31.12.2006	56,746	3,627
Acquired in 3 months of 2007	3,032	194
Depreciation in 3 months of 2007	(2,264)	(145)
Net book amount at 31.03.2007	57,514	3,676
<b>Cost at 31.03.2007</b>	<b>165,712</b>	<b>10,591</b>
<b>Accumulated depreciation at 31.03.2007</b>	<b>(108,198)</b>	<b>(6,915)</b>
<b>Net book amount at 31.03.2007</b>	<b>57,514</b>	<b>3,676</b>
Cost at 31.12.2007	171,963	10,990
Accumulated depreciation at 31.12.2007	(108,236)	(6,917)
Net book amount at 31.12.2007	63,727	4,073
Acquired in 3 months of 2008	1,142	73
Depreciation in 3 months of 2008	(2,189)	(140)
Net book amount at 31.03.2008	62,680	4,006
<b>Cost at 31.03.2008</b>	<b>173,105</b>	<b>11,063</b>
<b>Accumulated depreciation at 31.03.2008</b>	<b>(110,425)</b>	<b>(7,057)</b>
<b>Net book amount at 31.03.2008</b>	<b>62,680</b>	<b>4,006</b>

#### Note 6 Intangible Fixed Assets

	<i>Th EEK</i>	<i>Th EUR</i>
Cost at 31.12.2006	5,564	3,56
Accumulated depreciation at 31.12.2006	(4,914)	(314)
Net book amount at 31.12.2006	650	42
Depreciation in 3 months of 2007	(150)	(10)
Net book amount at 31.03.2007	500	32
<b>Cost at 31.03.2007</b>	<b>5,564</b>	<b>356</b>
<b>Accumulated depreciation at 31.03.2007</b>	<b>(5,064)</b>	<b>(324)</b>
<b>Net book amount at 31.03.2007</b>	<b>500</b>	<b>32</b>
Cost at 31.12.2007	5,193	332
Accumulated depreciation at 31.12.2007	(4,973)	(318)
Net book amount at 31.12.2007	220	14
Depreciation in 3 months of 2008	(92)	(6)
Net book amount at 31.03.2008	128	8
<b>Cost at 31.03.2008</b>	<b>5,193</b>	<b>332</b>
<b>Accumulated depreciation at 31.03.2008</b>	<b>(4,973)</b>	<b>(318)</b>
<b>Net book amount at 31.03.2008</b>	<b>128</b>	<b>8</b>

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>
	<b>31.03.2008</b>	<b>31.12.2007</b>	<b>31.03.2008</b>	<b>31.12.2007</b>
Current liabilities	6,518	8,782	416	561
incl non-convertible debt	76	193	5	12
Non-current debt obligations	36,734	36,734	2,348	2,348
incl non-convertible debt	321	321	21	21
<b>TOTAL</b>	<b>43,252</b>	<b>43,087</b>	<b>2,764</b>	<b>2,753</b>

### Note 8 Payables and prepayments

	<i>Th EEK</i>	<i>Th EEK</i>	<i>Th EUR</i>	<i>Th EUR</i>
	<b>31.03.2008</b>	<b>31.12.2007</b>	<b>31.03.2008</b>	<b>31.12.2007</b>
Supplier payables (Note 13)	33,057	24,759	2,113	1,582
Payables to employees	7,599	5,658	485	362
Taxes payables	4,300	4,186	275	268
Other payables	2,970	454	190	29
Customer prepayments	1,908	2,431	122	155
<b>TOTAL</b>	<b>49,834</b>	<b>37,488</b>	<b>3,185</b>	<b>2,396</b>

### Note 9 Provisions

	<i>Th EEK</i>	<i>Th EUR</i>
<b>Balance at 31.12.2006</b>	<b>3,268</b>	<b>209</b>
Incl current portion	221	14
non-current portion	3,047	195
Used during the 3 months 2007	(45)	(3)
Interest cost 3 months 2007	(53)	(3)
<b>Balance at 31.03.2007</b>	<b>3,223</b>	<b>206</b>
Incl current portion	176	11
non-current portion	3,047	195
<b>Balance at 31.12.2007</b>	<b>3,200</b>	<b>204</b>
Incl current portion	264	17
non-current portion	2,936	187
Used during the 3 months 2008	(72)	(5)
Interest cost 3 months 2008	(51)	(3)
<b>Balance at 31.03.2008</b>	<b>3,128</b>	<b>199</b>
Incl current portion	192	12
non-current portion	2,936	187

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.

### Note 10 Share Capital

	Number of shares	Share capital	Share capital
	<i>pcs</i>	<i>Th EEK</i>	<i>Th EUR</i>
Balance 31.03.2008	4,499,061	44,991	2,875
Balance 31.12.2007	4,499,061	44,991	2,875

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.

### Note 11 Earnings per share

	<i>EEK</i>	<i>EEK</i>	<i>EUR</i>	<i>EUR</i>
	<b>31.03.2008</b>	<b>31.03.2007</b>	<b>31.03.2008</b>	<b>31.03.2007</b>
Basic earnings per share	1.14	1.65	0.07	0.11
Diluted earnings per share	1.14	1.65	0.07	0.11
Book value of share	17.00	16.32	1.09	1.04
Price/earnings ratio (P/E)*	25.39	-	25.39	-
Closing price of the share of AS Viisnurk on Tallinn Stock Exchange at 31.03.*	28.95	-	1.85	-

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 3 months of 2008 = 5,133,258 / 4,499,061 = 1.14 kroons/0.07 euros  
Basic earnings per share for 3 months of 2007 = 7,404,012 / 4,499,061 = 1.65 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 3 months of 2008 = 28.95 / 1.14 = 25.39

\* No indicators concerning the share of the company have been published with reference to 2007 since there is no comparative data - the share of Viisnurk AS has been listed on Tallinn Stock Exchange starting from 25.09.2007.

### 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 22).

**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 22, 23).

Business segment by area of operations - primary segment:

Th EEK	Furniture Division		Building Material Division		TOTAL	
	1 <sup>st</sup> quarter 2008	1 <sup>st</sup> quarter 2007	1 <sup>st</sup> quarter 2008	1 <sup>st</sup> quarter 2007	1 <sup>st</sup> quarter 2008	1 <sup>st</sup> quarter 2007
Revenue	40,082	33,619	33,785	33,038	73,867	66,657
Segment's result	2,129	2,638	4,301	5,918	6,430	8,556
Unallocated expenses					(510)	(568)
Operating profit					5,920	7,988
Net financial expenses (Note 9)					(787)	(584)
Net profit for accounting period					5,133	7,404

Th EUR	Furniture Division		Building Material Division		TOTAL	
	1 <sup>st</sup> quarter 2008	1 <sup>st</sup> quarter 2007	1 <sup>st</sup> quarter 2008	1 <sup>st</sup> quarter 2007	1 <sup>st</sup> quarter 2008	1 <sup>st</sup> quarter 2007
Revenue	2,562	2,148	2,159	2,112	4,721	4,260
Segment's result	136	168	275	378	411	546
Unallocated expenses					(33)	(36)
Operating profit					378	510
Net financial expenses (Note 9)					(50)	(37)
Net profit for accounting period					328	473

Geographical segment by location of customers - secondary segment:

Th EEK	1 <sup>st</sup> quarter 2008			1 <sup>st</sup> quarter 2007		
	FD	BMD	TOTAL	FD	BMD	TOTAL
EXPORT						
European countries						
Finland	13,653	21,782	35,435	16,162	17,961	34,123
Russia, Ukraine, Belarusian	14,953	1,871	16,824	9,253	1,711	10,964
Germany	960	236	1,196	1,790	754	2,544
Latvia, Lithuania	4,836	898	5,734	1,442	711	2,153
Netherlands	11	0	11	0	0	0
Sweden	0	1,017	1,017	0	837	837
Switzerland	2	0	2	45	0	45
Other European countries	644	0	644	55	396	451
TOTAL	35,059	25,804	60,863	28,747	22,370	51,117
Other countries	30	161	191	1,627	0	1,627
TOTAL EXPORT	35,089	25,965	61,054	30,374	22,370	52,744
Domestic Market	4,993	7,820	12,813	3,245	10,668	13,913
TOTAL	40,082	33,785	73,867	33,619	33,038	66,657

<i>Th EUR</i>	<b>1<sup>st</sup> quarter 2008</b>			<b>1<sup>st</sup> quarter 2007</b>		
	FD	BMD	TOTAL	FD	BMD	TOTAL
<b>EXPORT</b>						
<i>European countries</i>						
Finland	873	1,392	2,265	1,033	1,149	2,182
Russia, Ukraine, Belarusian	956	120	1,076	591	109	700
Germany	61	15	76	114	48	162
Latvia, Lithuania	309	57	366	92	45	137
Netherlands	1	0	1	0	0	0
Sweden	0	65	65	0	53	53
Switzerland	0	0	0	3	0	3
Other European countries	41	0	41	4	25	29
<b>TOTAL</b>	<b>2,241</b>	<b>1,649</b>	<b>3,890</b>	<b>1,837</b>	<b>1,429</b>	<b>3,266</b>
Other countries	2	10	12	104	0	104
<b>TOTAL EXPORT</b>	<b>2,243</b>	<b>1,659</b>	<b>3,902</b>	<b>1,941</b>	<b>1,429</b>	<b>3,370</b>
<b>Domestic Market</b>	<b>319</b>	<b>500</b>	<b>819</b>	<b>207</b>	<b>683</b>	<b>890</b>
<b>TOTAL</b>	<b>2,562</b>	<b>2,159</b>	<b>4,721</b>	<b>2,148</b>	<b>2,112</b>	<b>4,260</b>

### 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)

	<i>Th EEK</i>	<i>Th EEK</i>	<i>Th EUR</i>	<i>Th EUR</i>
	<b>1<sup>st</sup> quarter 2008</b>	<b>1<sup>st</sup> quarter 2007</b>	<b>1<sup>st</sup> quarter 2008</b>	<b>1<sup>st</sup> quarter 2007</b>
Board member and other remuneration	485	258	31	16
Social tax and unemployment insurance premiums	160	86	10	5
<b>TOTAL</b>	<b>645</b>	<b>344</b>	<b>41</b>	<b>21</b>

As at 31.03.2008, pursuant to the contracts entered into, the members of the Management Board will receive severance pay amounting to 2-month remuneration.

In the 1<sup>st</sup> quarter of 2008, there were no transactions between the related parties.