

4th quarter
Interim Report
2008

Beginning of the Interim Report Period:	1.1.2008
End of the Interim Report Period:	31.12.2008
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

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Outline

AS Viisnurk is engaged in the field of furniture and furnishing goods retail trade and the production of furniture and building materials. The Furniture Division and Building Materials Divisions are the business units of AS Viisnurk.

Furniture store chain Skano operating in Ukraine and the Baltics and a plant producing original home furniture made of timber belong into the Furniture Division.

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.

The principal markets of the company are Scandinavia, Russia, Ukraine and the Baltics. The long-term customers and co-operation partners of Viisnurk AS are distinguished representatives of their respective fields.

The shares of AS Viisnurk have been listed on Tallinn Stock Exchange since 5 June 1997. On 19 September 2007, the division of AS Viisnurk took place and the shares of separated production enterprise have been listed again in the main list of Tallinn Stock Exchange according to the decision of Tallinn Stock Exchange Listing Committee as of 20 September 2007 and trading with the shares commenced 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

Income statement

Consolidated net sales of fourth quarter 2008 was 62.5 mil. kroons/4.0 mil. euros (69.0 mil. kroons/4.4 mil. euros in same period of 2007) representing a 9.4% decrease on the fourth quarter compared to Q4 2007. The Group's gross margin in the fourth quarter of 2008 reached 19.6% compared to 19.3% in the fourth quarter of 2007. Consolidated operating loss amounted to 3.8 mil. kroons/246 thousand euros (2.1 mil. kroons/135 thousand euros profit in 2007). The consolidated operating margin of net sales was -6.2% (3.1% in Q4 2007). Loss before tax amounted to 4.4 mil. kroons/281 thousand euros in Q4 2008 (1.3 mil. kroons/80 thousand euros profit in Q4 2007).

Consolidated net loss amounted to 4.4 mil. kroons/281 thousand euros, compared to 1.3 mil. kroons/80 thousand euros in Q4 2007), and the net margin was -7.0% (1.8% in Q4 2007). In Q4 2008, the Group's return on equity was -6.2% (1.8% in Q4 2007) and return on assets was -2.7% (0.8% in Q4 2007).

The main reason for loss was weakening of Ukrainian hryvnia against euro and it cause loss of currency movement 3.0 mil. kroons/191 thousand euros.

Balance sheet

As of the end of 2008 the total assets of Viisnurk amounted to 163.8 mil. kroons/10.5 mil. euros (31.12.2007: 157.4 mil. kroons/10.1 mil. euros). The liabilities of the company accounted for 57% (31.12.2007: 55%) thereof, i.e. 92.6 mil. kroons/5.9 mil. euros (31.12.2007: 86.2 mil. kroons/5.5 mil. euros).

Receivables and prepayments have decreased by 10.3 mil. kroons/0.7 mil. euros i.e. 34% decrease with 12 months.

Inventories increased by 13.4 mil. kroons/0.9 mil. euros to reach 68.1 mil. kroons/4.4 mil. euros at 31 December 2008. (31.12.2007: 54.7 mil. kroons/3.5 mil. euros). The growth in inventory results primarily from smaller sales at the end of 2008 and the retail expansion. Property, plant and intangibles increased by 2.4 mil. kroons/0.2 mil. euros.

Short-term loans increased by 8.9 mil. kroons/0.6 mil. euros and amounted in 31 December 2008 17.7 mil. kroons/1.1 mil. euros (31.12.2007: 8.8 mil. kroons/0.6 mil. euros). Supplier payables, tax liabilities, other payables, including payables to employees, and provisions amounted to 43.8 mil. kroons/2.8 mil. euros (31.12.2007: 37.7 mil. kroons/2.4 mil. euros). Current and non-current liabilities increased by 6.4 mil. kroons/0.4 mil. euros to 92.6 mil. kroons/5.9 mil. euros (31.12.2007: 86.2 mil. kroons/5.5 mil. euros).

Divisional review:

Net sales by business segments

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q4 2008	Q4 2007	Q4 2008	Q4 2007	Q4 2008	Q4 2007
Furniture Division	43,821	41,806	2,801	2,672	70.1%	60.6%
<i>incl. retail (Skano)</i>	<i>12,127</i>	<i>8,813</i>	<i>776</i>	<i>310</i>	<i>19.4%</i>	<i>12.8%</i>
Building Materials Division	18,684	27,211	1,194	1,739	29.9%	39.4%
TOTAL	62,505	69,017	3,995	4,411	100.0%	100.0%

Net sales by geographical segments

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q4 2008	Q4 2007	Q4 2008	Q4 2007	Q4 2008	Q4 2007
Finland	21,058	25,996	1,346	1,661	33.7%	37.7%
Russia, Ukraine, Belorussian	21,058	25,996	1,346	1,661	33.7%	37.7%
Estonia	21,489	17,898	1,373	1,144	34.4%	25.9%
Latvia, Lithuania	10,465	15,806	669	1,010	16.7%	22.9%
Sweden	5,424	4,435	347	283	8.7%	6.4%
Germany	732	1,483	47	95	1.2%	2.1%
Other countries	522	1,511	33	97	0.8%	2.2%

Total	62,505	69,017	3,995	4,411	100.0%	100.0%
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Regarding the markets, turnover has increased in Russia, Latvia and Lithuania. Sales in Estonia and Finland has decreased. The main reasons of increased turnover in Lithuania were the stores opened in May 2007 which in the IV quarter of 2007 were still in the start-up phase and the store movement to a more attractive location in November 2007 had a positive impact for sales in Latvia.

Gross profit by business segments

	<i>th. EEK</i>		<i>th. EUR</i>		<i>Gross margin</i>	
	Q4 2008	Q4 2007	Q4 2008	Q4 2007	Q4 2008	Q4 2007
Furniture Division	9,420	7,437	925	522	21.5%	17.8%
<i>incl. retail (Skano)</i>	<i>6,342</i>	<i>4,595</i>	<i>405</i>	<i>294</i>	<i>52.3%</i>	<i>52.1%</i>
Building Materials Division	2,858	5,205	183	333	15.3%	19.1%
TOTAL	12,278	12,642	1,108	855	19.6%	18.3%

The reason for decreased gross margin in Building Material Division are changes in product portfolio.

Profit by business segments

	<i>th. EEK</i>		<i>th. EUR</i>	
	Q4 2008	Q4 2007	Q4 2008	Q4 2007
Furniture Division	(2,227)	1,266	(141)	81
<i>incl. retail (Skano)</i>	<i>(3,837)</i>	<i>68</i>	<i>(245)</i>	<i>4</i>
Building Materials Division	(765)	1,612	(49)	103
TOTAL	(2,992)	2,878	(190)	184
Unallocated expenses	(853)	(767)	(55)	(49)
OPERATING PROFIT	(3,845)	2,111	(245)	135
Net financial costs	(544)	(854)	(36)	(55)
PROFIT BEFORE TAXES	(4,389)	1,257	(281)	80
Income tax	0	0	0	0
NET PROFIT	(4,389)	1,257	(281)	80

Furniture Division

The net sales of AS Viisnurk Furniture Division in fourth quarter amounted to 43.8 mil. kroons/2.8 mil. euros (2007: 41.8 mil. kroons/2.7 mil. euros) and the economic result -2.2 mil. kroons/-141 thousand euros as a loss (2007 profit 1.3 mil. kroons/81 thousand euros). As compared to the previous year the turnover of the division has increased by 2.0 mil. kroons/129 thousand euros (4.8%).

Furniture Retail – Skano

AS Viisnurk retail business is operated by a private limited company OÜ Skano and its subsidiaries in Latvia, Lithuania and Ukraine. Skano has totally 10 stores in Tallinn, Pärnu, Riga, Vilnius, Kaunas, Klaipeda, Kiev, Donetsk, Kharkiv and Odessa at the moment of publishing interim report.

As a result of unexpectable economical situation, management decided to stop openings of new stores. At the moment of publishing of the report, one store in Ukraine is closed for moving into new place. Movement will take place after finding suitable premise.

Retail sales by countries

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>		<i>Number of stores</i>	
	Q4 2008	Q4 2007	Q4 2008	Q4 2007	Q4 2008	Q4 2007	31.12.08	31.12.07
Estonia	3,581	4,647	229	297	29.5%	52.7%	2	2
Latvia	1,794	1,330	115	85	14.8%	15.1%	1	1
Lithuania	2,453	1,897	157	121	20.2%	21.5%	3	3
Ukraine	4,299	939	275	60	35.4%	10.7%	4	1

TOTAL	12,127	8,813	776	563	100.0%	100.0%	10	7
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The retail sale of the Furniture Division shows a rising tendency. Within fourth quarter this year the retail sale has increased by 38% as compared to the same period last year. The stores that were opened before 31.12.2007 (Tallinn, Riga, Pärnu, Vilnius, Kaunas, Klaipeda, Kharkiv) have decreased the sales in fourth quarter 6% compared to the same period in 2007.

Furniture Production

The Furniture Division's sales in 4th quarter in the company's basic target market in Russia and Finland have decreased and clients does not estimate sales recovering in near future.

Building Materials Division

The net sales of the Building Materials Division in fourth quarter amounted to 18.7 mil. kroons/1.2 mil. euros and loss to 0.8 mil. kroons/49 thousand euros. In the same period of the last year, the turnover of the division totalled 27.2mil. kroons/1.7 mil. euros and the profit 1.6 mil. kroons/103 thousand euros. As compared to the previous year the turnover of the division has decreased by 8.5 mil. kroons/545 thousand euros and the profit has increased by 2.4 mil. kroons/152 thousand euros.

Net sales by geographical segments

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q4 2008	Q4 2007	Q4 2008	Q4 2008	Q4 2007	Q4 2008
Finland	7,308	11,593	467	741	39.1%	42.6%
Russia, Ukraine, Belorussian	1,794	1,990	115	127	9.6%	7.3%
Estonia	7,069	10,596	452	677	37.8%	38.9%
Latvia, Lithuania	659	1,209	42	77	3.5%	4.4%
Sweden	732	1,483	47	95	3.9%	5.5%
Germany	113	204	7	13	0.6%	0.7%
Other countries	1,009	136	64	9	5.4%	0.5%
TOTAL	18,684	27,211	1,194	1,739	100.0%	100.0%

Building Boards

The product group makes the biggest proportion in general building boards are wind protection boards. Sale of products to companies operating outside the building sector has been increased which should ensure cost-effectiveness and risk spreading in the conditions of recession and decrease in the construction market.

Interior Finishing Boards

The biggest market of Isotex interior finishing boards was Finland in 4th quarter. Regardless of intense competition it has been managed to achieve the level of the last year. Sale in the domestic market of Estonia has decreased marginally and was almost on the level of last year. A considerable growth in sales volumes has been achieved in the markets of Lithuania and Russia. In connection with the increase of production capacity potential, activities have been continued in order to find new markets. Above all, the company sees potential in the eastern markets such as Russia, Ukraine and other former countries of the eastern block.

Investments

Concerning the retail trade of the furniture division, the company stopped its activities in the fourth 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.

During 12 months 2008 investments into technology totalled 8.5 mil. kroons/543 thousand euros and into buildings 2.7 mil. kroons/169 thousand euros. At the same period of 2007 investments into technology totalled 6.6 mil. kroons/422 thousand euros and into buildings 9.7 mil. kroons/618 thousand euros.

Forecast and development

One store was opened in the 1st quarter of 2008, two stores in the 2nd quarter and one store in 3rd quarter in Ukraine. One store will change its location. In Lithuania were changed the locations of stores in Vilnius and Kaunas. AS Viisnurk needs to minimize risks related to expanding in cooling economical situation, keep sufficient liquidity, and will not plan new openings in 2009.

For 2009 management forecasts decreasing of sales in retail market, also in markets not related in Skano retail business, and it will decrease the production volume in furniture factory. Since 12.01.2008 most of employees are engaged in part-time working time.

Based on relatively cold economical situation and low demand for building materials in target markets management plans to decrease production volume of both production groups in 1st quarter 2009. In Building Materials Division is decided not to increase inventories level and most employees are engaged in part-time working time.

People

At 31 December 2008 Concern employed 354 people (327 people in the same time at the last year). The average number of personnel in the twelve months of 2008 was 350 (2007: 326).

In the 12 months of 2008, wages and salaries amounted 69.0 mil. kroons/4.4 mil. euros (58.0 mil. kroons/3.7 mil. euros in the same period of the last year).

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

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	12 m 2008	12 m 2007	12 m 2008	12 m 2007
Board member and other remuneration	2,640	1,785	169	114
Social tax and unemployment insurance premiums	871	589	56	37
TOTAL	3,511	2,374	225	151

Financial highlights

	<i>Tb EEK</i> 12 months 2008	<i>Tb EEK</i> 12 months 2007	<i>Tb EUR</i> 12 months 2008	<i>Tb EUR</i> 12 months 2007
Income statement				
Revenue	280,527	248,522	17,929	15,947
EBITDA*	19,721	24,827	1,261	1,586
EBITDA margin	7.0%	10.0%	7.0%	9.9%
Operating profit	11,170	15,949	714	1,019
Operating margin	4.0%	6.4%	4.0%	6.4%
Net profit	6,042	12,657	386	809
Net margin	2.2%	5.1%	2.2%	5.1%
Balance sheet				
Total assets	163,824	157,447	10,468	10,063
Return on assets	3.7%	8.0%	3.7%	8.0%
Equity	71,200	71,243	4,548	4,553
Return on equity	8.5%	17.8%	8.5%	17.8%
Debt-to-equity ratio	57%	55%	59%	55%
Share (31 December)				
Closing price (EEK/EUR)	12.20	28.95	0.78	1.85
Earnings per share (EEK/EUR)	1.34	2.81	0.09	0.18
Price-earnings ratio	9.09	10.29	9.09	10.29
Book value of a share (EEK/EUR)	15.83	15.84	1.01	1.01
Market to book ratio	0.77	1.83	0.77	1.83
Market capitalization	54,908	130,231	3,509	8,323

*EBITDA includes one-time loss from currency movements (mainly Ukrainian hryvnia) in total amount 3 mil. kroons/190 thousand euros.

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 31 December 2008, 6 months' EURIBOR was 2.971 and at 31 December 2007 4.707.

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. Currency risk increases together with the increase of the number of stores in Ukraine due to the use of hryvnia on the local market. Also retail companies in Latvia and Lithuania are opened for currency risk.

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	SIA Skano	UAB Skano LT	TOV Skano
Country of location	Estonia	Estonia	Estonia	Latvia	Lithuania	Ukraine
Number of shares at 31.12.2007	1	1	1	1	100	1
Ownership at 31.12.2007 (%)	100	100	100	100	100	100
Number of shares at 30.9.2008	1	1	1	1	100	1
Ownership at 30.9.2008 (%)	100	100	100	100	100	100

OÜ Skano 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 since November 2005. UAB Skano LT started in May 2007 retail of furniture in Klaipeda, Kaunas and Vilnius.

TOV Skano Ukraina purpose was to start retail of furniture in bigger cities of the Ukraine. At the end of 2008 it has stores in Kharkiv, Kiev, Donetsk and Odessa.


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

The Management Board of AS Viisnurk is prepared consolidated unaudited Interim Report for the 4th quarter of 2008, 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

27th February 2009

Consolidated balance sheet

	<i>Tb EEK</i> 2008	<i>Tb EEK</i> 2007	<i>Tb EUR</i> 2008	<i>Tb EUR</i> 2007
Cash and bank	6,913	6,006	442	384
Receivables and prepayments (Note 2)	19,568	29,859	1,250	1,908
Inventories (Note 3)	68,096	54,742	4,351	3,499
Total current assets	94,577	90,607	6,043	5,791
Investment property (Note 4)	2,893	2,893	185	185
Tangible fixed assets (Note 5)	66,333	63,727	4,239	4,073
Intangible fixed assets (Note 6)	21	220	1	14
Total fixed assets	69,247	66,840	4,425	4,272
<u>TOTAL ASSETS</u>	<u>163,824</u>	<u>157,447</u>	<u>10,468</u>	<u>10,063</u>
Debt obligations (Note 7)	17,722	8,782	1,132	561
Payables and prepayments (Note 8)	43,646	37,488	2,790	2,396
Short-term provisions (Note 9)	115	264	7	17
Total current liabilities	61,483	46,534	3,929	2,974
Non-current debt obligations (Note 7)	27,720	36,734	1,772	2,348
Non-current provisions (Note 9)	3,421	2,936	219	188
Total non-current liabilities	31,141	39,670	1,991	2,536
Total liabilities	92,624	86,204	5,920	5,510
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	253	39	14	2
Retained profits	9,717	3,359	621	215
Net profit for the year (Note 11; 12)	6,042	12,657	386	809
Total equity	71,200	71,243	4,548	4,553
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>163,824</u>	<u>157,447</u>	<u>10,468</u>	<u>10,063</u>

Consolidated income statement

	<i>Tb EEK</i> 4 th q 2008	<i>Tb EEK</i> 4 th q 2007 adjusted	<i>Tb EEK</i> 2008	<i>Tb EEK</i> 2007 adjusted	<i>Tb EUR</i> 4 th q 2008	<i>Tb EUR</i> 4 th q 2007 adjusted	<i>Tb EUR</i> 2008	<i>Tb EUR</i> 2007 adjusted
RETURN ON SALES (Note 1)	62,505	69,016	280,527	249,522	3,995	4,411	17,929	15,947
Cost of production sold	(50,227)	(55,698)	(219,494)	(196,773)	(3,210)	(3,560)	(14,028)	(12,576)
Gross profit	12,278	13,318	61,033	52,749	785	851	3,901	3,371
Marketing expenses	(11,208)	(8,840)	(42,252)	(30,021)	(716)	(565)	(2,700)	(1,919)
General administrative expenses (Note 1)	(1,326)	(1,522)	(5,113)	(5,489)	(85)	(97)	(327)	(351)
Other income	1,065	81	3,582	206	68	5	229	13
Other expenses	(4,657)	(926)	(6,080)	(1,496)	(298)	(59)	(389)	(95)
Operating profit (Note 12)	(3,848)	2,111	11,170	15,949	(246)	135	714	1,019
Financial income and financial expenses (Note 12)	(541)	(854)	(3,454)	(2,817)	(35)	(55)	(221)	(180)
Profit before taxes (Note 12)	(4,389)	1,257	7,716	13,132	(281)	80	493	839
Prepaid income tax (Note 10; 12)	0	0	(1,674)	(475)	0	0	(107)	(30)
NET PROFIT FOR THE PERIOD (Note 11; 12)	(4,389)	1,257	6,042	12,657	(281)	80	386	809
Basic earnings per share (Note 11)	(0.98)	0.28	1.34	2.81	(0.06)	0.02	0.09	0.18
Diluted earnings per share (Note 11)	(0.98)	0.28	1.34	2.81	(0.06)	0.02	0.09	0.18

Consolidated cash flow statement

	<i>Tb EEK</i> 2008	<i>Tb EEK</i> 2007	<i>Tb EUR</i> 2008	<i>Tb EUR</i> 2007
Cash flow from operations				
Net profit before taxes (Note 11; 12)	7,716	13,132	493	839
<i>Adjustments for:</i>				
Depreciation of fixed assets (Note 5; 6)	8,551	8,878	547	567
Gains on sale of fixed assets (Note 5; 6)	(182)	0	(11)	0
Loss on sale of fixed assets (Note 5; 6)	252	28	16	2
Loss from impairment of trade receivables	0	739	0	47
Interest expense (Note 12)	3,435	2,914	220	186
Operating profit before changes in operating capital	19,772	25,691	1,265	1,641
Change in operations-related receivables and prepayments	10,015	(4,452)	640	(283)
Change in inventories (Note 3)	(13,437)	(6,580)	(859)	(421)
Change in operations-related liabilities and prepayments	5,210	5,350	332	342
Cash generated from operations	21,560	20,009	1,378	1,279
Interest paid	(3,435)	(2,914)	(220)	(186)
Income tax (Note 10; 12)	(1,674)	(475)	(107)	(30)
Total cash flow from operations	16,451	16,620	1,051	1,063
Cash flow from investments				
Acquisition of fixed assets (Note 5; 6)	(11,182)	(17,886)	(714)	(1,143)
Sale of fixed assets (Note 5; 6)	182	66	11	4
Total cash flow from investments	(11,000)	(17,820)	(703)	(1,139)
Cash flow from financing activities				
Raise a loan (Note 7)	9,137	7,500	584	479
Repayment of loans (Note 7)	(8,589)	(7,089)	(549)	(453)
Settlement of finance lease liabilities (Note 7)	(622)	(79)	(39)	(5)
Dividend payment (Note 10)	(6,299)	(5,399)	(403)	(345)
Total cash flow from financing activities	(6,373)	(5,067)	(407)	(324)
TOTAL CASH FLOW	(922)	(6,267)	(59)	(400)
Currency translation differences	1,829	39	117	2
CASH AT BEGINNING OF PERIOD	6,006	12,234	384	782
CASH AT END OF PERIOD	6,913	6,006	442	384

Consolidated statement of changes in equity

<i>Tb EEK</i>	Share capital	Share premium	Statutory capital reserve	Currency translation reserve	Retained earnings	Total
Balance at 31.12.2006	44,991	7,795	4,499	0	8,758	66,043
Currency translation differences for 2007	0	0	0	39	0	39
Amounts did not recognize in the income statement for 2007 (Note 13)*	0	(2,097)	0	0	0	(2,097)
Profit for 2007 (Note 11; 12)	0	0	0	0	12,657	12,657
Payment of dividends for 2007 (Note 10)	0	0	0	0	(5,399)	(5,399)
Balance at 31.12.2007	44,991	5,698	4,499	39	16,016	71,243
Currency translation differences for 2008	0	0	0	214	0	214
Profit for 2008 (Note 11; 12)	0	0	0	0	6,042	6,042
Payment of dividends for 2008 (Note 10)	0	0	0	0	(6,299)	(6,299)
Balance at 31.12.2008	44,991	5,698	4,499	253	15,759	71,200

<i>Tb EUR</i>	Share capital	Share premium	Statutory capital reserve	Currency translation reserve	Retained earnings	Total
Balance at 31.12.2006	2,875	498	288	0	560	4,221
Currency translation differences for 2007	0	0	0	2	0	2
Amounts did not recognize in the income statement for 2007 (Note 13)*	0	(134)	0	0	0	(134)
Profit for 2007 (Note 11; 12)	0	0	0	0	809	809
Payment of dividends for 2007 (Note 10)	0	0	0	0	(345)	(345)
Balance at 31.12.2007	2,875	364	288	2	1,024	4,553
Currency translation differences for 2008	0	0	0	12	0	12
Profit for 2008 (Note 11; 12)	0	0	0	0	386	386
Payment of dividends for 2008 (Note 10)	0	0	0	0	(403)	(403)
Balance at 31.12.2008	2,875	364	288	14	1,007	4,548

* 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 31 December 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 4th 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 croons 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 4th 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>Tb EEK</i> 4 th q 2007 adjusted	<i>Tb EEK</i> 4 th q 2007	<i>Tb EUR</i> 4 th q 2007 adjusted	<i>Tb EUR</i> 4 th q 2007
Cost of production sold	(55,698)	(56,374)	(3,560)	(3,603)
General administrative expenses	(1,522)	(846)	(97)	(54)

Note 2 Receivables and prepayments

	<i>Tb EEK</i> 31.12.2008	<i>Tb EEK</i> 31.12.2007	<i>Tb EUR</i> 31.12.2008	<i>Tb EUR</i> 31.12.2007
Customer receivables	13,867	22,416	886	1,433
Prepaid VAT	2,845	4,232	182	270
Other receivables	399	2,215	25	142
Prepaid services	2,457	996	157	63
TOTAL	19,568	29,859	1,250	1,908

Note 3 Inventories

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Raw materials and other materials	13,150	13,526	840	864
Work-in-progress: production	12,650	10,102	808	646
Work-in-progress: real estate development	3,335	3,191	213	204
Finished goods	32,975	24,221	2,107	1,548
Goods purchased for resale	5,943	3,407	380	218
Prepayments to suppliers	43	295	3	19
TOTAL	68,096	54,742	4,351	3,499

In 2008, materials were written off in the amount of 227 thousand kroons/15 thousand euros (2007: 50 thousand kroons/3 thousand euros). The discount and write-off reserve were made for materials in the amount of 450 thousand kroons/29 thousand euros (2007: 0).

In 2008, work-in-progress: productions were written off in the amount of 72 thousand kroons/5 thousand euros (2007: 0).

In 2008, finished goods were written off in the amount of 260 thousand kroons/17 thousand euros (2007: 57 thousand kroons/4 thousand euros). The discount and write-off reserve were made for finished goods in the amount of 394 thousand kroons/25 thousand euros (2007: 0).

In 2008, goods purchased for resale were written off in the amount of 26 thousand kroons/2 thousand euros (2007: 0).

Work-in-progress: real estate development

At 31 December 2008, work-in-progress: real estate development comprised the old Sports goods division real property (buildings and land ca 20 000 m²) 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 was stated at the costs 3,335 thousand kroons/213 thousand euros (31.12.2007: 3,191 thousand kroons/204 thousand euros).

Note 4 Investment property

	<i>Tb EEK</i>	<i>Tb 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
Reclassification to property, plant and equipment in 2007 (Note 5)	2,868	183
Disposals in 2007	(2,878)	(184)
Net book amount at 31.12.2007	2,893	185
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
Net book amount at 31.12.2008	2,893	185
Cost at 31.12.2008	7,341	469
Accumulated depreciation at 31.12.2008	(4,448)	(284)
Net book amount at 31.12.2008	2,893	185

Costs of maintenance for 2008 were 88 thousand kroons/6 thousand euros (2007: 320 thousand kroons/20 thousand euros).

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>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Land	1,238	1,238	79	79
Buildings and constructions	41,884	41,670	2,677	2,663
Machinery, plant and equipment	20,033	16,815	1,280	1,075
Other equipment and fixtures	1,564	1,186	100	76
Construction in progress	1,614	2,818	103	180
TOTAL	66,333	63,727	4,239	4,073

	<i>Tb EEK</i>	<i>Tb EUR</i>
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 2007 (Note 4)	(2,868)	(183)
Acquired in 2007	18,373	1,174
Disposals in 2007	(94)	(6)
Depreciation in 2007	(8,429)	(539)
Net book amount at 31.12.2007	63,727	4,073
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 2008	11,258	719
Disposals in 2008	(369)	(24)
Depreciation in 2008	(8,317)	(531)
Currency translation	34	2
Net book amount at 31.12.2008	66,333	4,239
Cost at 31.12.2008	179,462	11,469
Accumulated depreciation at 31.12.2008	(113,129)	(7,230)
Net book amount at 31.12.2008	66,333	4,239

Note 6 Intangible Fixed Assets

	<i>Tb EEK</i>	<i>Tb EUR</i>
Cost at 31.12.2006	5,564	356
Accumulated depreciation at 31.12.2006	(4,914)	(314)
Net book amount at 31.12.2006	650	42
Acquired in 2007	19	1
Depreciation in 2007	(449)	(29)
Net book amount at 31.12.2007	220	14
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 2008	(199)	(13)
Net book amount at 31.12.2008	21	1
Cost at 31.12.2008	5,193	332
Accumulated depreciation at 31.12.2008	(5,172)	(331)
Net book amount at 31.12.2008	21	1

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>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Current liabilities	17,722	8,782	1,132	561
incl non-convertible debt	321	193	21	12
Non-current debt obligations	27,720	36,734	1,772	2,348
incl non-convertible debt	945	321	60	21
TOTAL	45,442	45,516	2,904	2,909

Note 8 Payables and prepayments

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Supplier payables (Note 13)	26,488	24,759	1,693	1,582
Payables to employees	5,644	5,658	361	362
Taxes payables	4,174	4,186	267	268
Other payables	2,817	454	180	29
Customer prepayments	4,523	2,431	289	155
TOTAL	43,646	37,488	2,790	2,396

Note 9 Provisions

	<i>Tb EEK</i>	<i>Tb EUR</i>
Balance at 31.12.2006	3,268	210
Incl current portion	221	15
non-current portion	3,047	195
Movements in 2007:		
Reversal	168	11
Used during the year	(480)	(31)
Interest cost (Note 12)	244	15
Balance at 31.12.2007	3,200	205
Incl current portion	264	17
non-current portion	2,936	188
Movements in 2008:		
Reversal	600	38
Used during the year	(414)	(27)
Interest cost (Note 12)	150	10
Balance at 31.12.2008	3,536	226
Incl current portion	115	7
non-current portion	3,421	219

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 2008 were 414 thousand kroons/27 thousand euros, (2007: 480 thousand kroons/31 thousand euros).

Note 10 Share Capital

	Number of shares	Share capital	Share capital
	<i>pcs</i>	<i>Tb EEK</i>	<i>Tb EUR</i>
Balance 31.12.2008	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.

In 2008, the dividends paid out to the shareholders amounted to 6,298,685 kroons/402,559 euros, i.e. 1 kroon 40 cents/8.94 euro cents per share. The income tax on dividends amounted to 1,674,334 kroons/107,009 euros.

In 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.

Note 11 Earnings per share

	<i>EEK</i>	<i>EEK</i>	<i>EUR</i>	<i>EUR</i>
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Basic earnings per share	1.34	2.81	0.09	0.18
Diluted earnings per share	1.34	2.81	0.09	0.18
Book value of share	15.83	15.84	1.01	1.01
Price/earnings ratio (P/E)	9.10	10.30	9.10	10.30
Closing price of the share of AS Viisnurk on Tallinn Stock Exchange at 31.12.*	12.20	28.95	0.78	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 2008 = 6,042,052 / 4,499,061 = 1.34 kroons/0.09 euros

Basic earnings per share for 2007 = 12,656,964 / 4,499,061 = 2.81 kroons/0.18 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 2008 = 12.20 / 1.34 = 9.10

Price/earnings ratio (P/E) for 2007 = 28.95 / 2.81 = 10.30

* 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.

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.

Business segment by area of operations – primary segment:

<i>Tb EEK</i>	Furniture Division		Building Material Division		TOTAL	
	2008	2007	2008	2007	2008	2007
Revenue	164,361	136,626	116,166	112,896	280,527	249,522
Segment's result	4,801	4,207	8,759	14,208	13,560	18,415
Unallocated expenses					(2,390)	(2,466)
Operating profit					11,170	15,949
Net financial expenses (Note 9)					(3,454)	(2,817)
Profit before taxes					7,716	13,132
Prepaid income tax (Note 10)					(1,674)	(475)
Net profit for accounting period					6,042	12,657

<i>Tb EUR</i>	Furniture Division		Building Material Division		TOTAL	
	2008	2007	2008	2007	2008	2007
Revenue	10,505	8,732	7,424	7,215	17,929	15,947
Segment's result	307	269	560	908	867	1,177
Unallocated expenses					(153)	(158)
Operating profit					714	1,019
Net financial expenses (Note 9)					(221)	(180)
Profit before taxes					493	839
Prepaid income tax (Note 10)					(107)	(30)
Net profit for accounting period					386	809

Geographical segment by location of customers – secondary segment:

<i>Tb EEK</i>	2008			2007		
	FD	BMD	TOTAL	FD	BMD	TOTAL
EXPORT						
<i>European countries</i>						
Finland	58,310	58,943	117,253	59,499	55,056	114,555
Russia, Ukraine, Belarusian	65,598	8,492	74,090	43,762	7,727	51,489
Germany	2,775	1,187	3,962	5,346	1,415	6,761
Latvia, Lithuania	17,913	3,414	21,327	7,163	3,900	11,063
Netherlands	21	0	21	51	330	381
Sweden	0	5,044	5,044	0	3,772	3,772
Switzerland	3	0	3	79	0	79
Other European countries	211	1,705	1,916	237	396	633
TOTAL	144,831	78,785	223,616	116,137	72,596	188,733
Other countries	3,999	0	3,999	4,322	0	4,322
TOTAL EXPORT	148,830	78,785	227,615	120,459	72,596	193,055
Domestic Market	15,531	37,381	52,912	16,167	40,300	56,467
TOTAL	164,361	116,166	280,527	136,626	112,896	249,522

Tb EUR	2008			2007		
	FD	BMD	TOTAL	FD	BMD	TOTAL
EXPORT						
<i>European countries</i>						
Finland	3,727	3,767	7,494	3,803	3,519	7,322
Russia, Ukraine, Belarusian	4,193	543	4,736	2,797	494	3,291
Germany	177	76	253	342	90	432
Latvia, Lithuania	1,145	218	1,363	458	249	707
Netherlands	1	0	1	3	21	24
Sweden	0	322	322	0	241	241
Switzerland	0	0	0	5	0	5
Other European countries	13	109	122	15	25	40
TOTAL	9,256	5,035	14,291	7,423	4,639	12,062
Other countries	256	0	256	276	0	276
TOTAL EXPORT	9,512	5,035	14,547	7,699	4,639	12,338
Domestic Market	993	2,389	3,382	1,033	2,576	3,609
TOTAL	10,505	7,424	17,929	8,732	7,215	15,947

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:

	Tb EEK	Tb EEK	Tb EUR	Tb EUR
	2008	2007	2008	2007
Board member and other remuneration	2,640	1,785	169	114
Social tax	871	590	56	37
TOTAL	3,511	2,375	225	151

According to the contracts, the members of the Management Board will receive severance pay amounting to 2-month remuneration.

In the 2008, there were no transactions between the related parties.

Transactions between the related parties in 2007:

	Tb EEK	Tb EUR
	2007	2007
Rääma street development fees (Note 3)	313	20
AS Viisnurk division costs*	110	7
TOTAL	423	27
Balance 31.12.2007	475	30
incl Supplier payables (Note 8)	475	30

* AS Viisnurk division costs is recorded in the statement of changes in equity line *Amounts did not recognize in the income statement.*