

**3<sup>rd</sup> quarter**  
**Interim Report**  
**2010**

Beginning of the Interim Report Period:	1.1.2010
End of the Interim Report Period:	30.9.2010
Beginning of the financial year:	1.1.2010
End of the financial year:	31.12.2010
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Main activity:	Furniture production
Auditor:	AS PricewaterhouseCoopers

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## Outline

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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.

Largest shareholder of OÜ Trigon Wood and the entities with significant influence over the Group are: AS Trigon Capital, Veikko Laine Oy, BCB Baltic AB, Hermitage Eesti OÜ, Thominvest Oy and Assetman Oy.

## Management Report

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### Profits

Consolidated net sales of third quarter 2010 was 55.0 mil. kroons/3.5 mil. euros (47.4 mil. kroons/3.0 mil. euros in same period of 2009) representing a 15.9% increase on the third quarter compared to Q3 2009. The Group's gross margin in the third quarter of 2010 was 22.8% compared to 19.9% in the third quarter of 2009. Consolidated operating profit amounted to 3.1 mil. kroons/201 thousand euros (operating loss 0.8 mil. kroons/53 thousand euros in 2009). The consolidated operating margin of net sales was 5.7% (-1.7% in Q3 2009).

Consolidated net profit amounted to 2.7 mil. kroons/172 thousand euros, compared to net loss 1.5 mil. kroons/96 thousand euros in Q3 2009), and the net margin was 4.9% (-3.2% in Q3 2009). In Q3 2010, the Group's return on equity was 3.3% (-2.2% in Q3 2009) and return on assets was 1.9% (-1.1% in Q3 2009).

### Position of financial statement

As of the end of September 2010 the total assets of Väisnurk amounted to 142.5 mil. kroons/9.1 mil. euros (31.12.2009: 132.8 mil. kroons/8.5 mil. euros). The liabilities of the company accounted for 44% (31.12.2009: 46%) thereof, i.e. 62.2 mil. kroons/4.0 mil. euros (31.12.2009: 61.3 mil. kroons/3.9 mil. euros).

Receivables and prepayments have increased by 6.1 mil. kroons/0.4 mil. euros i.e. 32% increase with 9 months. The reason of increase of receivables is very small sales in December 2009, which essentially lowered the amount of receivables at the end of December.

Inventories increased by 1.6 mil. kroons/0.1 mil. euros to reach 43.6 mil. kroons/2.8 mil. euros at 30 September 2010 (31.12.2009: 41.9 mil. kroons/2.7 mil. euros). Property, plant and intangibles increased by 3.0 mil. kroons/0.2 mil. euros.

Current liabilities decreased by 5.3 mil. kroons/0.3 mil. euros and amounted in 30 September 2010 2.8 mil. kroons/0.2 mil. euros (31.12.2009: 8.0 mil. kroons/0.5 mil. euros). Supplier payables, tax liabilities, other payables, including payables to employees, and provisions amounted to 24.3 mil. kroons/1.6 mil. euros (31.12.2009: 22.9 mil. kroons/1.5 mil. euros). Current and non-current liabilities increased by 0.9 mil. kroons/0.1 mil. euros to 62.2 mil. kroons/4.0 mil. euros (31.12.2009: 62.3 mil. euros/3.9 mil. kroons).

## Divisional review:

### Net sales by business segments

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Furniture Factory	20,605	22,232	1,317	1,422	37.5%	46.9%
Skano	6,137	5,898	392	376	11.2%	12.4%
Building Materials Division	31,559	22,218	2,017	1,420	57.4%	46.8%
Elimination	(3,297)	(2,901)	(211)	(186)	(6.0%)	(6.1%)
<b>TOTAL</b>	<b>55,004</b>	<b>47,447</b>	<b>3,515</b>	<b>3,032</b>	<b>100.0%</b>	<b>100.0%</b>

**Net sales by geographical segments**

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Finland	21,430	21,661	1,370	1,384	39.0%	45.7%
Estonia	11,891	10,379	760	663	21.6%	21.9%
Russia	9,956	7,417	636	474	18.1%	15.6%
Ukraine	2,431	1,801	155	115	4.4%	3.8%
Latvia	1,913	1,382	122	88	3.5%	2.9%
Sweden	1,565	1,184	100	76	2.8%	2.5%
Lithuania	1,122	1,610	72	103	2.0%	3.4%
Kazakhstan	1,087	1,115	69	71	2.0%	2.3%
China	804	0	51	0	1.5%	0.0%
Malaysia	491	0	31	0	0.9%	0.0%
India	383	0	24	0	0.7%	0.0%
Great Britain	342	0	22	0	0.6%	0.0%
Denmark	186	277	12	18	0.3%	0.6%
Germany	119	308	8	20	0.2%	0.6%
Other countries	272	89	17	6	0.5%	0.2%
<b>Total</b>	<b>55,004</b>	<b>47,447</b>	<b>3,515</b>	<b>3,032</b>	<b>100.0%</b>	<b>100.0%</b>

Concerning the markets, turnover has been increased into Russia, Ukraine, Latvia and Sweden. Sales into Asia has been initiated. Sales into Finland and Kazakhstan has been the same and sales into Lithuania, Denmark and Germany has been decreased.

**Profit by business segments**

	<i>th. EEK</i>		<i>th. EUR</i>	
	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Furniture Factory	1,054	371	67	24
Skano	(1,449)	(3,046)	(92)	(194)
Building Materials Division	3,054	1,508	196	96
Elimination	478	342	30	21
<b>TOTAL</b>	<b>3,137</b>	<b>(825)</b>	<b>201</b>	<b>(53)</b>
Net financial costs	(449)	(683)	(29)	(43)
<b>NET PROFIT</b>	<b>2,688</b>	<b>(1,508)</b>	<b>172</b>	<b>(96)</b>

Weakening of Ukrainian hryvnia has influenced result of Skano. Loss of change of exchange rate was 813 thousand kroons/52 thousand euros.

## Furniture Division

### Furniture Retail – Skano

AS Vüisnurk retail business is operated by a private limited company OÜ Skano and its subsidiaries in Latvia, Lithuania and Ukraine. Skano has totally 12 stores – in Tallinn, Pärnu, Riga, Vilnius, Kaunas, three in Kiev, Donetsk, Kharkiv and Dnipropetrovs'k at the end of the third quarter.

As a result of opening of two stores in Ukraine the loss is additionally caused by costs of new stores, which have not good sales at start. According to our prognosis, stores will achieve the normal sales 3 to 6 months after opening.

**Retail sales by countries**

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>		<i>Number of stores</i>	
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	30.9.09	30.9.08
Estonia	1,874	1,884	120	120	30.5%	31.9%	2	2
Latvia	907	831	58	53	14.8%	14.1%	1	1
Lithuania	1,080	1,508	69	96	17.6%	25.6%	3	2
Ukraine	2,276	1,675	146	107	37.1%	28.4%	4	7
<b>TOTAL</b>	<b>6,137</b>	<b>5,898</b>	<b>393</b>	<b>376</b>	<b>100.0%</b>	<b>100.0%</b>	<b>10</b>	<b>12</b>

The retail sale of Skano increased most in Ukraine and decreased in Lithuania. Within the third quarter this year the retail sale has increased by 4.1% as compared to the same period last year.

**Furniture Production**

The Furniture Factory's sales in the third quarter in the company's basic target market in Russia have increased and in Finland have decreased. Sales to Skano have increased, too.

The net sales of the Furniture Factory in third quarter amounted to 20.6 mil. kroons/1.3 mil. euros and profit to 1.1 mil. kroons/0.07 mil. euros. In the same period of the last year, the turnover of the division totalled 22.2 mil. kroons/1.4 mil. euros and the profit 0.4 mil. kroons/0.02 mil. euros. As compared to the previous year the turnover of the division has decreased by 1.6 mil. kroons/0.1 mil. euros and the profit has increased by 0.7 mil. kroons/0.05 mil. euros.

**Furniture factory sales by countries**

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Finland	9,109	11,257	582	719	44.2%	50.6%
Russia	6,625	6,336	423	405	32.2%	28.5%
Kazakhstan	1,087	1,115	69	71	5.3%	5.0%
Estonia	326	216	21	14	1.6%	1.0%
Byelorussia	162	89	10	6	0.8%	0.4%
Germany	0	197	0	13	0.0%	0.9%
Others	0	121	0	8	0.0%	0.5%
Skano	3,296	2,901	211	185	16.0%	13.0%
<b>TOTAL</b>	<b>20,605</b>	<b>22,232</b>	<b>1,316</b>	<b>1,421</b>	<b>100.0%</b>	<b>100.0%</b>

**Building Materials Division**

The net sales of the Building Materials Division in third quarter amounted to 31.6 mil. kroons/2.0 mil. euros and profit to 3.1 mil. kroons/196 thousand euros. In the same period of the last year, the turnover of the division totalled 28.7 mil. kroons/1.8 mil. euros and the net profit 1.7 mil. kroons/108 thousand euros. As compared to the previous year the turnover of the division has increased by 42% *i.e.* 9.3 mil. kroons/0.6 mil. euros and the profit has increased by 1.6 mil. kroons/100 thousand euros.

**Net sales by geographical segments**

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Finland	12,321	10,404	787	665	39.1%	46.8%
Estonia	9,691	8,280	619	529	30.7%	37.3%
Russia	3,331	1,081	213	69	10.6%	4.9%
Sweden	1,565	1,184	100	76	5.0%	5.3%
Latvia	1,005	551	64	35	3.2%	2.5%
China	804	0	51	0	2.5%	0.0%
Malaysia	491	0	31	0	1.6%	0.0%
India	383	0	24	0	1.2%	0.0%
Great Britain	342	0	22	0	1.1%	0.0%
Denamrk	185	241	12	15	0.6%	1.1%
Ukraine	148	126	9	8	0.5%	0.6%
Germany	119	111	8	7	0.4%	0.5%
Lithuania	42	101	3	6	0.1%	0.5%
Portugal	0	0	0	0	0.0%	0.0%
Other countries	1,124	139	72	9	3.6%	0.6%
<b>TOTAL</b>	<b>31,551</b>	<b>22,218</b>	<b>2,015</b>	<b>1,419</b>	<b>100.0%</b>	<b>100.0%</b>

## Forecast and development

**Skano.** Management believes that Ukraine has gained political stability and it improves its economical conditions. We have found suitable premises with good price and quality and opened in third quarter one store in Dnipropetrovs'k and one store in Kiev. There are no plans for openings at current year.

**Furniture Factory.** For Q4 2010 management forecasts small increase of sales, but sales is continuously smaller than facilities. It means continuously small production volume in furniture factory. Agreements with employees to use shortened working time are effective until 31.03.2011.

**Building Materials Division.** In fourth quarter of 2010 factory continues with decreased production volume. In main production line factory continues with three shifts instead of four. In Isotex line are used one or two shifts accordingly the demand of clients. The sale of Isoplaat is recovered and management estimates bigger sales for future, too. According to estimates, management plans to open fourth swift for main line in Q1 2011 and continue full production capability.

AS Fortum Termest informed the company for ending the operating contract of boiler-house belonging to AS Viisnurk at 3.2.2011. After the end of contract AS Viisnurk continues heat production by itself.

## Investments

During 9 months 2010 investments into technology totalled 8.3 mil. kroons/532 thousand euros and into buildings 403 thousand kroons/26 thousand euros. At the same period of 2009 investments into technology totalled 0.7 mil. kroons/43 thousand euros and into buildings 0.1 mil. kroons/7 thousand euros.

In furniture factory the equipment of finishing section renewed, including new lacquer cabin and dryer of stain in 3<sup>rd</sup> quarter. It adds flexibility into production process and affords better usage of water based environment friendly finishing materials. Also it enables to save on workforce, materials and energy. The investment is not finished completely and the total amount will be ca 7,5 mil. kroons/0,5 mil. euros. For financing of investment, the Company made loan agreement with total amount of 7 mil. kroons/445 thousand euros, used amount of loan is at the end of quarter 6 mil. kroons/385 thousand euros.

## People

At 30 September 2010 Viisnurk AS employed 308 people (319 people in the same date of the last year). The average number of personnel in the nine months of 2010 was 306 (2009: 332).

In the 9 months of 2010, wages and salaries amounted 38.4 mil. kroons/2.5 mil. euros (37.2 mil. kroons/2.4 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>		<i>th. EUR</i>	
	9 m 2010	9 m 2009	9 m 2010	9 m 2009
Board member and other remuneration	1,260	1,806	81	115
Social tax and unemployment insurance premiums	416	596	27	38
<b>TOTAL</b>	<b>1,675</b>	<b>2,401</b>	<b>108</b>	<b>153</b>

## Financial highlights

	<i>th. EEK</i>		<i>th. EUR</i>	
	9 m 2010	9 m 2009	9 m 2010	9 m 2009
<b>Income statement</b>				
Revenue	154,515	151,670	9,875	9,693
EBITDA	15,916	5,701	1,017	364
EBITDA margin	10.3%	3.8%	10.3%	3.8%
Operating profit	10,076	254	644	16
Operating margin	6.5%	0.2%	6.5%	0.2%
Net profit	8,786	(2,099)	562	(134)
Net margin	5.7%	(1.4%)	5.7%	(1.4%)
<b>Balance sheet</b>				
Total assets	142,451	142,725	9,100	9,122
Return on assets	6.2%	(1.5%)	6.2%	(1.5%)
Equity	80,244	69,583	4,934	4,447
Return on equity	10.9%	-3.0%	11.4%	-3.0%
Debt-to-equity ratio	43.7%	51.2%	45.8%	51.2%
<b>Share (30 September)</b>				
Closing price (EEK/EUR)	17.99	14.55	1.15	0.93
Earnings per share (EEK/EUR)	1.95	(0.47)	0.12	(0.03)
Price-earnings ratio	9.21	-	9.21	-
Book value of a share (EEK/EUR)	17.84	15.47	1.10	0.99
Market to book ratio	1.01	0.94	1.05	0.94
Market capitalization	80,938	65,461	5,174	4,184

EBITDA = Earnings before interest, taxes, depreciation and amortisation

EBITDA margin = EBITDA / Revenue

Operating margin = Operating profit / Revenue

Net margin = Net profit / Revenue

Return on assets = Net profit / Total assets

Return on equity = Net profit / Equity

Debt-to-equity ratio = Liabilities / Total assets

Earnings per share = Net profit / Total shares

Price-earnings ratio = Closing price / Earnings per share

Book value of a share = Equity / Total shares

Market to book ratio = Closing price / Book value of a share

Market capitalization = Closing price \* Total shares

## Financial risks

### Interest rate risk

AS Viisnurk's interest rate risk depends, above all, on changes in EURIBOR (Euro Interbank Offered Rate) because most of its loans are linked to EURIBOR. At 30 September 2010, 6 months' EURIBOR was 1.146 and at 31 December 2009 0.994.

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 445,000 (EEK 6,962,737) every year on 30 June and 31 December.

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. Currency risk increases with the increase of the number of stores of Skano due to the use of local currencies in the market. Subsidiaries assets and liabilities outside Estonia are subject to currency risk. AS Viisnurk's foreign currency risk from other operations 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. According recent process of world economy the risk of economic environment has increased significantly.

#### **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

Country of location	OÜ Skano Estonia	OÜ Visu* Estonia	OÜ Isotex Estonia	SIA Skano Latvia	UAB Skano LT Lithuania	TOV Skano Ukraina Ukraine
Number of shares at 31.12.2009	1	1	1	1	100	1
Ownership at 31.12.2009 (%)	100	100	100	100	100	100
Number of shares at 30.9.2010	1	1	1	1	100	1
Ownership at 30.9.2010 (%)	100	100	100	100	100	100

\* OÜ Visu was sold on 27.10.2010

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 Ukraine started in June 2007 and retail of furniture in Kharkiv, Kiev, Donetsk and Dnipropetrovs'k.

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 2010 and 2009. OÜ Visu was sold on 27.10.2010.

## Declaration of the Management Board

The Management Board of AS Viisnurk is prepared consolidated unaudited Interim Report for the 3rd quarter of 2010, which is presented on pages 4 to 21 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

11<sup>th</sup> November 2010

## Consolidated statement of financial position

	<i>Tb EEK</i> <b>30.9.2010</b>	<i>Tb EEK</i> <b>31.12.2009</b>	<i>Tb EUR</i> <b>30.9.2010</b>	<i>Tb EUR</i> <b>31.12.2009</b>
Cash and bank	5,043	6,091	322	389
Receivables and prepayments (Note 1)	24,905	18,810	1,592	1,202
Inventories (Note 2)	43,551	41,912	2,783	2,680
<b>Total current assets</b>	<b>73,499</b>	<b>66,813</b>	<b>4,697</b>	<b>4,271</b>
Investment property (Note 3)	2,893	2,893	185	185
Tangible fixed assets (Note 4)	65,726	63,083	4,201	4,031
Intangible fixed assets (Note 5)	333	14	21	1
<b>Total fixed assets</b>	<b>68,952</b>	<b>65,990</b>	<b>4,407</b>	<b>4,217</b>
<b><u>TOTAL ASSETS</u></b>	<b><u>142,451</u></b>	<b><u>132,803</u></b>	<b><u>9,104</u></b>	<b><u>8,488</u></b>
Debt obligations (Note 6)	2,768	8,048	177	514
Payables and prepayments (Note 7)	24,261	22,742	1,550	1,454
Short-term provisions (Note 8)	27	118	2	8
<b>Total current liabilities</b>	<b>27,056</b>	<b>30,908</b>	<b>1,729</b>	<b>1,976</b>
Non-current debt obligations (Note 6)	31,926	27,084	2,040	1,731
Non-current provisions (Note 8)	3,225	3,303	206	211
<b>Total non-current liabilities</b>	<b>35,151</b>	<b>30,387</b>	<b>2,246</b>	<b>1,942</b>
<b>Total liabilities</b>	<b>62,207</b>	<b>61,295</b>	<b>3,975</b>	<b>3,918</b>
Share capital at nominal value (Note 9)	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	356	406	23	26
Retained profits	15,914	15,759	1,017	1,007
Net profit(loss) for the year (Note 10)	8,786	155	562	10
<b>Total equity</b>	<b>80,244</b>	<b>71,508</b>	<b>5,129</b>	<b>4,570</b>
<b><u>TOTAL LIABILITIES AND EQUITY</u></b>	<b><u>142,451</u></b>	<b><u>132,803</u></b>	<b><u>9,104</u></b>	<b><u>8,488</u></b>

## Consolidated statement of comprehensive income

	<i>Tb EEK</i> 3 <sup>rd</sup> q 2010	<i>Tb EEK</i> 3 <sup>rd</sup> q 2009	<i>Tb EEK</i> 9 m 2010	<i>Tb EEK</i> 9 m 2009	<i>Tb EUR</i> 3 <sup>rd</sup> q 2010	<i>Tb EUR</i> 3 <sup>rd</sup> q 2009	<i>Tb EUR</i> 9 m 2010	<i>Tb EUR</i> 9 m 2009
RETURN ON SALES (Note 11)	55,004	47,447	154,515	151,670	3,515	3,032	9,875	9,693
<b>Cost of production sold</b>	<b>(42,463)</b>	<b>(37,992)</b>	<b>(117,472)</b>	<b>(120,044)</b>	<b>(2,714)</b>	<b>(2,428)</b>	<b>(7,507)</b>	<b>(7,672)</b>
<b>Gross profit</b>	<b>12,541</b>	<b>9,455</b>	<b>37,043</b>	<b>31,626</b>	<b>801</b>	<b>604</b>	<b>2,368</b>	<b>2,021</b>
Marketing expenses	(8,144)	(8,559)	(22,851)	(26,374)	(520)	(547)	(1,461)	(1,686)
General administrative expenses	(587)	(1,021)	(4,072)	(4,054)	(37)	(65)	(260)	(259)
Other income	659	390	1,877	1,722	42	25	120	110
Other expenses	(1,332)	(1,090)	(1,921)	(2,666)	(85)	(70)	(123)	(170)
<b>Operating profit (Note 11)</b>	<b>3,137</b>	<b>(825)</b>	<b>10,076</b>	<b>254</b>	<b>201</b>	<b>(53)</b>	<b>644</b>	<b>16</b>
Financial income and financial expenses	(449)	(683)	(1,290)	(2,353)	(29)	(43)	(82)	(150)
<b>Profit(loss) before taxes</b>	<b>2,688</b>	<b>(1,508)</b>	<b>8,786</b>	<b>(2,099)</b>	<b>172</b>	<b>(96)</b>	<b>562</b>	<b>(134)</b>
<b>NET PROFIT(LOSS) FOR THE PERIOD</b>	<b>2,688</b>	<b>(1,508)</b>	<b>8,786</b>	<b>(2,099)</b>	<b>172</b>	<b>(96)</b>	<b>562</b>	<b>(134)</b>
<b>Basic earnings per share (Note 10)</b>	<b>0.60</b>	<b>(0.34)</b>	<b>1.95</b>	<b>(0.47)</b>	<b>0.04</b>	<b>(0.02)</b>	<b>0.12</b>	<b>(0.03)</b>
<b>Diluted earnings per share (Note 10)</b>	<b>0.60</b>	<b>(0.34)</b>	<b>1.95</b>	<b>(0.47)</b>	<b>0.04</b>	<b>(0.02)</b>	<b>0.12</b>	<b>(0.03)</b>
Currency translation differences	361	259	(50)	482	23	17	(3)	33
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>3,049</b>	<b>(1,249)</b>	<b>8,736</b>	<b>(1,617)</b>	<b>195</b>	<b>(79)</b>	<b>559</b>	<b>(101)</b>

## Consolidated cash flow statement

	<i>Tb EEK</i> 9 m 2010	<i>Tb EEK</i> 9 m 2009	<i>Tb EUR</i> 9 m 2010	<i>Tb EUR</i> 9 m 2009
<b>Cash flow from operations</b>				
<b><i>Profit(loss) before taxes</i></b>	<b>8,786</b>	<b>(2,099)</b>	<b>562</b>	<b>(134)</b>
<i>Adjustments for:</i>				
Depreciation of fixed assets (Note 4;5)	5,840	5,447	373	348
Profit (loss) on disposals of fixed assets (Note 4)	8	261	0	17
Interest expense	1,253	2,316	80	148
<b><i>Operating profit before changes in operating capital</i></b>	<b>15,887</b>	<b>5,925</b>	<b>1,015</b>	<b>379</b>
Change in operations-related receivables and prepayments	(6,095)	(6,756)	(390)	(432)
Change in inventories (Note 2)	(1,639)	19,459	(103)	1,242
Change in operations-related liabilities and prepayments	1,350	(12,873)	85	(824)
<b><i>Cash generated from operations</i></b>	<b>9,503</b>	<b>5,755</b>	<b>607</b>	<b>365</b>
Interest paid	(1,253)	(2,316)	(80)	(148)
<b>Total cash flow from operations</b>	<b>8,250</b>	<b>3,439</b>	<b>527</b>	<b>217</b>
<b>Cash flow from investments</b>				
Acquisition of fixed assets (Note 4; 5)	(8,810)	(786)	(563)	(51)
<b>Total cash flow from investments</b>	<b>(8,810)</b>	<b>(786)</b>	<b>(563)</b>	<b>(51)</b>
<b>Cash flow from financing activities</b>				
Raise a loan (Note 6)	5,946	0	380	0
Repayment of loans (Note 6)	(5,947)	(6,370)	(380)	(405)
Settlement of finance lease liabilities (Note 6)	(437)	(239)	(28)	(16)
<b>Total cash flow from financing activities</b>	<b>(438)</b>	<b>(6,609)</b>	<b>(28)</b>	<b>(421)</b>
<b>TOTAL CASH FLOW</b>	<b>(998)</b>	<b>(3,956)</b>	<b>(64)</b>	<b>(255)</b>
Currency translation differences	(50)	482	(3)	33
<b>CASH AT BEGINNING OF PERIOD</b>	<b>6,091</b>	<b>6,913</b>	<b>389</b>	<b>442</b>
<b>CASH AT END OF PERIOD</b>	<b>5,043</b>	<b>3,439</b>	<b>322</b>	<b>220</b>

## Consolidated statement of changes in equity

<i>Tb EEK</i>	Share capital	Share premium	Statutory capital reserve	Currency translation	Retained earnings	Total
Balance at 31.12.2008	44,991	5,698	4,499	253	15,759	71,200
Comprehensive income in 9 m 2009	0	0	0	482	(2,099)	(1,617)
<b>Balance at 30.9.2009</b>	<b>44,991</b>	<b>5,698</b>	<b>4,499</b>	<b>735</b>	<b>13,660</b>	<b>69,583</b>
<b>Balance at 31.12.2009</b>	<b>44,991</b>	<b>5,698</b>	<b>4,499</b>	<b>406</b>	<b>15,914</b>	<b>71,508</b>
Comprehensive income in 9 m 2010	0	0	0	(50)	8,786	8,736
<b>Balance at 30.9.2010</b>	<b>44,991</b>	<b>5,698</b>	<b>4,499</b>	<b>356</b>	<b>24,700</b>	<b>80,244</b>

  

<i>Tb EUR</i>	Share capital	Share premium	Statutory capital reserve	Currency translation	Retained earnings	Total
Balance at 31.12.2008	2,875	364	288	14	1,007	4,548
Comprehensive income in 9 m 2009	0	0	0	33	(134)	(101)
<b>Balance at 30.9.2009</b>	<b>2,875</b>	<b>364</b>	<b>288</b>	<b>47</b>	<b>873</b>	<b>4,447</b>
<b>Balance at 31.12.2009</b>	<b>2,875</b>	<b>364</b>	<b>288</b>	<b>26</b>	<b>1,017</b>	<b>4,570</b>
Comprehensive income in 9 m 2010	0	0	0	(3)	562	559
<b>Balance at 30.9.2010</b>	<b>2,875</b>	<b>364</b>	<b>288</b>	<b>23</b>	<b>1,579</b>	<b>5,129</b>

## Notes to the consolidated interim report

### Accounting Policies And Measurement Bases

The consolidated financial statements prepared for the period ended 30 September 2010 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 31.12.2009.

According to the assessment of the Management Board, Viisnurk AS is a going concern and the Interim Report for the 3<sup>rd</sup> quarter of 2010 gives a true and fair view of the financial position of Viisnurk AS and the results of its operations. The present Interim Report has not been audited.

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

### Note 1 Receivables and prepayments

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	<b>30.9.2010</b>	<b>31.12.2009</b>	<b>30.9.2010</b>	<b>31.12.2009</b>
Customer receivables	21,235	15,102	1,357	965
Prepaid VAT	2,706	2,253	173	144
Other receivables	425	717	27	46
Prepaid services	539	738	35	47
<b>TOTAL</b>	<b>24,905</b>	<b>18,810</b>	<b>1,592</b>	<b>1,202</b>

### Note 2 Inventories

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	<b>30.9.2010</b>	<b>31.12.2009</b>	<b>30.9.2010</b>	<b>31.12.2009</b>
Raw materials and other materials	9,804	9,099	627	582
Work-in-progress: production	8,442	7,992	539	511
Work-in-progress: real estate development	3,346	3,346	214	214
Finished goods	18,654	17,658	1,192	1,129
Goods purchased for resale	3,069	3,723	196	238
Prepayments to suppliers	236	94	15	6
<b>TOTAL</b>	<b>43,551</b>	<b>41,912</b>	<b>2,783</b>	<b>2,680</b>

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

At 30 September 2010, 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 was stated at the costs 3 346 thousand kroons/214 thousand euros (30.09.2009: 3 346 thousand kroons/214 thousand euros).

**Note 3 Investment property**

	<i>Tb EEK</i>	<i>Tb EUR</i>
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
<b>Cost at 30.9.2009</b>	<b>7,341</b>	<b>469</b>
<b>Accumulated depreciation at 30.9.2009</b>	<b>(4,448)</b>	<b>(284)</b>
<b>Net book amount at 30.9.2009</b>	<b>2,893</b>	<b>185</b>
Cost at 31.12.2009	7,341	469
Accumulated depreciation at 31.12.2009	(4,448)	(284)
Net book amount at 31.12.2009	2,893	185
<b>Cost at 30.9.2010</b>	<b>7,341</b>	<b>469</b>
<b>Accumulated depreciation at 30.9.2010</b>	<b>(4,448)</b>	<b>(284)</b>
<b>Net book amount at 30.9.2010</b>	<b>2,893</b>	<b>185</b>

Costs of maintenance for nine months of 2010 were 64 thousand kroons/4 thousand euros (72 thousand kroons/5 thousand euros in the same period of 2009).

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

**Note 4 Tangible Fixed Assets**

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	<b>30.9.2010</b>	<b>31.12.2009</b>	<b>30.9.2010</b>	<b>31.12.2009</b>
Land	1,238	1,238	79	79
Buildings and constructions	37,720	39,317	2,411	2,513
Machinery, plant and equipment	18,146	20,645	1,160	1,319
Other equipment and fixtures	1,043	999	67	64
Construction in progress	7,579	884	484	56
<b>TOTAL</b>	<b>65,726</b>	<b>63,083</b>	<b>4,201</b>	<b>4,031</b>

	<i>Tb EEK</i>	<i>Tb EUR</i>
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
Acquired in 9 months of 2009	786	51
Disposals in 9 months of 2009	(261)	(17)
Depreciation in 9 months of 2009	(5,447)	(348)
Currency translation	4	0
<b>Cost at 30.9.2009</b>	<b>179,991</b>	<b>11,503</b>
<b>Accumulated depreciation at 30.9.2009</b>	<b>(118,576)</b>	<b>(7,578)</b>
<b>Net book amount at 30.9.2009</b>	<b>61,415</b>	<b>3,925</b>
Cost at 31.12.2009	182,973	11,694
Accumulated depreciation at 31.12.2009	(119,890)	(7,663)
Net book amount at 31.12.2009	63,083	4,031
Acquired in 9 months of 2010*	9,395	600
Disposals in 9 months of 2010	(2,631)	(168)



Depreciation in 9 months of 2010	(4,121)	(262)
<b>Cost at 30.9.2010</b>	<b>189,737</b>	<b>12,126</b>
<b>Accumulated depreciation at 30.9.2010</b>	<b>(124,011)</b>	<b>(7,925)</b>
<b>Net book amount at 30.9.2010</b>	<b>65,726</b>	<b>4,201</b>

\* On the 30-th of September the binding liabilities of acquiring the tangible fixed assets are 0.7 mil. kroons/45 thousand euros.

#### Note 5 Intangible Fixed Assets

	<i>Tb EEK</i>	<i>Tb EUR</i>
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
Depreciation in 9 months of 2009	(5)	(0)
<b>Cost at 30.9.2009</b>	<b>5,193</b>	<b>332</b>
<b>Accumulated depreciation at 30.9.2009</b>	<b>(5,177)</b>	<b>(331)</b>
<b>Net book amount at 30.9.2009</b>	<b>16</b>	<b>1</b>
Cost at 31.12.2009	5,193	332
Accumulated depreciation at 31.12.2009	(5,179)	(331)
Net book amount at 31.12.2009	14	1
Acquired in 9 months of 2010	329	21
Disposals in 9 months of 2010	(4,056)	(259)
Depreciation in 9 months of 2010	4,046	258
<b>Cost at 30.9.2010</b>	<b>1,466</b>	<b>94</b>
<b>Accumulated depreciation at 30.9.2010</b>	<b>(1,133)</b>	<b>(73)</b>
<b>Net book amount at 30.9.2010</b>	<b>333</b>	<b>21</b>

Intangible assets include computer software not directly linked to the hardware.

#### Note 6 Debt Obligations

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	<b>30.9.2010</b>	<b>31.12.2009</b>	<b>30.9.2010</b>	<b>31.12.2009</b>
Current liabilities	2,768	8,048	177	514
incl non-convertible debt	148	585	9	37
Non-current debt obligations	31,926	27,084	2,040	1,731
incl non-convertible debt	3,395	3,395	217	217
<b>TOTAL</b>	<b>34,694</b>	<b>35,132</b>	<b>2,217</b>	<b>2,245</b>

#### Note 7 Payables and prepayments

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	<b>30.9.2010</b>	<b>31.12.2009</b>	<b>30.9.2010</b>	<b>31.12.2009</b>
Supplier payables	11,869	11,336	759	725
Payables to employees	5,548	4,749	354	303
Taxes payables	3,457	3,580	221	229
Other payables	2,132	1,605	136	103
Customer prepayments	1,255	1,472	80	94
<b>TOTAL</b>	<b>24,261</b>	<b>22,742</b>	<b>1,550</b>	<b>1,454</b>

**Note 8 Provisions**

	<i>Tb EEK</i>	<i>Tb EUR</i>
<b>Balance at 31.12.2008</b>	<b>3,536</b>	<b>226</b>
Incl current portion	115	7
non-current portion	3,421	219
Used during the 9 months 2009	(90)	(6)
Interest cost	(70)	(4)
<b>Balance at 30.9.2009</b>	<b>3,446</b>	<b>220</b>
Incl current portion	25	1
non-current portion	3,421	219
<b>Balance at 31.12.2009</b>	<b>3,421</b>	<b>219</b>
Incl current portion	118	8
non-current portion	3,303	211
Used during the 9 months 2010	(264)	(16)
Increased during the 9 months 2010	98	6
Decreased during the 9 months 2010	(181)	(12)
Interest cost	178	11
<b>Balance at 30.9.2010</b>	<b>3,252</b>	<b>208</b>
Incl current portion	27	2
non-current portion	3,225	206

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 9 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 30.9.2009	4,499,061	44,991	2,875
Balance 31.12.2009	4,499,061	44,991	2,875
Balance 30.9.2010	4,499,061	44,991	2,875

The share capital of Viisnurk AS totaled 44,990,610 kroons/2,875,424 euros that were made up of 4,499,061 shares with the nominal value of 10 kroons/0.64 euros each; the maximum share capital outlined in the Articles of Association is 177,480,800 kroons/11,343,090 euros. Each ordinary share grants its owner one vote in the General Meeting of Shareholders and the right to receive dividends.

**Note 10 Earnings per share**

	<i>EEK</i>	<i>EEK</i>	<i>EUR</i>	<i>EUR</i>
	<b>30.9.2010</b>	<b>30.9.2009</b>	<b>30.9.2010</b>	<b>30.9.2009</b>
Basic earnings per share	1.95	(0.47)	0.12	(0.03)
Diluted earnings per share	1.95	(0.47)	0.12	(0.03)
Book value of share	17.84	15.47	1.14	0.99
Price/earnings ratio (P/E)	9.23	-	9.23	-
Closing price of the share of AS Viisnurk on Tallinn Stock Exchange at 30.9.*	17.99	14.55	1.15	0.93

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

Basic earnings per share for 9 months of 2010 = 8,786,483 / 4,499,061 = 1.95 kroons/0.12 euros

Basic earnings per share for 9 months of 2009 = (2,099,207) / 4,499,061 = (0.47) kroons/(0.03) 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 2010 = 17.99 / 1.95 = 9.23

Price/earnings ratio (P/E) for 9 months of 2009 -

\* The share of Vüisnurk AS has been listed on Tallinn Stock Exchange starting from 25.09.2007.

### Note 11 Segments

Operating segments have been determined based on the reports reviewed by the management board that are used to make strategic decision. The management board considers the business based on the types of products and services as follows:

*Furniture factory (FF)* is engaged in the production and wholesales of household furniture. The factory is located in Estonia.

*Skano (SK)* is engaged in retail sales of furniture in Estonia, Latvia, Lithuania and Ukraine.

*Building materials division (BMD)* manufactures and sells to wholesale customers general construction boards based on soft woodfibre boards, and interior finishing boards. The fibreboard factory is located in Estonia.

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

#### Business segment by the types of product/service – primary segment:

th EEK	Furniture factory		Skano		Building materials division		Eliminations		SEGMENTS TOTAL	
	9 months 2010	9 months 2009	9 months 2010	9 months 2009	9 months 2010	9 months 2009	9 months 2010	9 months 2009	9 months 2010	9 months 2009
Revenue from external customers	61,589	65,116	19,133	24,228	73,793	62,326	0	0	154,515	151,670
Inter-segment revenue	9,499	10,871	0	0	8	0	0	0	9,507	10,871
Operating profit/loss	5,954	3,567	(1,537)	(5,436)	6,126	1,897	(467)	226	10,076	254
Segment assets	68,631	66,050	11,598	11,629	62,959	65,607	(737)	(561)	142,451	142,725
Segment liabilities	30,624	30,402	2,485	3,092	29,098	39,648	0	0	62,207	73,142

th EUR	Furniture factory		Skano		Building materials division		Eliminations		SEGMENTS TOTAL	
	9 months 2010	9 months 2009	9 months 2010	9 months 2009	9 months 2010	9 months 2009	9 months 2010	9 months 2009	9 months 2010	9 months 2009
Revenue from external customers	3,936	4,162	1,223	1,548	4,716	3,983	0	0	9,875	9,693
Inter-segment revenue	607	695	0	0	1	0	0	0	608	695
Operating profit/loss	380	228	(98)	(347)	392	121	(30)	14	644	16
Segment assets	4,386	4,221	741	743	4,024	4,193	(47)	(35)	9,104	9,122
Segment liabilities	1,957	1,943	159	198	1,859	2,534	0	0	3,975	4,675

**Business segment by the geographical location of customers – secondary segment:**

<i>th</i> EEK	9 months 2010				9 months 2009			
	FF	SK	BMD	TOTAL	FF	SK	BMD	TOTAL
Finland	33,917	0	30,322	64,239	36,453	0	31,137	67,590
Russia	23,372	0	7,674	31,046	23,323	0	2,937	26,260
Estonia	1,206	6,838	20,739	28,783	793	6,962	19,916	27,671
Ukraine	0	5,762	271	6,033	0	7,353	130	7,483
Latvia	0	1,930	1,954	3,884	0	3,710	1,668	5,378
Lithuania	0	4,603	179	4,782	0	6,203	388	6,591
Portugal	0	0	0	0	0	0	2,026	2,026
Germany	454	0	842	1,296	1,199	0	724	1,923
Kazakhstan	2,308	0	0	2,308	2,869	0	0	2,869
Sweden	0	0	5,495	5,495	0	0	2,620	2,620
Belarusian	266	0	110	376	208	0	0	208
Denmark	24	0	1,109	1,133	81	0	362	443
England	0	0	852	852	0	0	0	0
India	0	0	987	987	0	0	7	7
China	0	0	1,023	1,023	0	0	0	0
Malaysia	0	0	727	727	0	0	0	0
Other countries	42	0	1,509	1,551	190	0	411	601
<b>TOTAL</b>	<b>61,589</b>	<b>19,133</b>	<b>73,793</b>	<b>154,515</b>	<b>65,116</b>	<b>24,228</b>	<b>62,326</b>	<b>151,670</b>

<i>th</i> EUR	9 months 2010				9 months 2009			
	FF	SK	BMD	TOTAL	FF	SK	BMD	TOTAL
Finland	2,168	0	1,938	4,106	2,330	0	1,990	4,320
Russia	1,494	0	491	1,985	1,491	0	188	1,679
Estonia	77	437	1,325	1,839	50	445	1,273	1,768
Ukraine	0	368	17	385	0	470	8	478
Latvia	0	124	125	249	0	237	107	344
Lithuania	0	294	12	306	0	396	25	421
Portugal	0	0	0	0	0	0	129	129
Germany	29	0	54	83	77	0	46	123
Kazakhstan	147	0	0	147	183	0	0	183
Sweden	0	0	351	351	0	0	167	167
Belarusian	17	0	7	24	13	0	0	13
Denmark	1	0	71	72	5	0	23	28
England	0	0	54	54	0	0	0	0
India	0	0	63	63	0	0	0	0
China	0	0	65	65	0	0	0	0
Malaysia	0	0	46	46	0	0	0	0
Other countries	3	0	97	100	13	0	27	40
<b>TOTAL</b>	<b>3,936</b>	<b>1,223</b>	<b>4,716</b>	<b>9,875</b>	<b>4,162</b>	<b>1,548</b>	<b>3,983</b>	<b>9,693</b>

**Note 12 Related party transactions**

The following parties are considered to be related parties:

- Parent company OÜ Trigon Wood and owners of the parent company;
- Other entities in the same consolidation group;
- Members of the Management, the Management Board and the Supervisory Board of AS Vüisnurk 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.

Largest shareholder of OÜ Trigon Wood and the entities with significant influence over the Group are: AS Trigon Capital (30.13%), Veikko Laine Oy (15.52%), BCB Baltic AB (14.07%), Hermitage Eesti OÜ (11.94%), Thominvest Oy (11.94%) and Assetman Oy (11.45%).

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

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	<b>9 months 2010</b>	<b>9 months 2009</b>	<b>9 months 2010</b>	<b>9 months 2009</b>
Board member and other remuneration	1,260	1,805	81	115
Social tax	415	596	27	38
<b>TOTAL</b>	<b>1,675</b>	<b>2,401</b>	<b>108</b>	<b>153</b>

As at 30.9.2010, pursuant to the contracts entered into, the members of the Management Board will receive severance pay amounting to 6-month remuneration.

In the 9 months of 2010, there were no transactions between the related parties.

**Note 13 Events after the reporting period**

Viisnurk AS has notified of the alienation of the share of it subsidiary OÜ Visu.