

2nd quarter
Interim Report
2011

Beginning of the Interim Report Period:	1.1.2011
End of the Interim Report Period:	30.6.2011
Beginning of the financial year:	1.1.2011
End of the financial year:	31.12.2011
Business name:	Viisnurk AS
Registry code:	11421437
Address:	Suur-Jõe 48, Pärnu 80042, Estonia
Telephone:	+372 44 78 323
Fax	+372 44 78 368
E-mail:	mail@viisnurk.ee
Homepage:	www.viisnurk.ee
Main activity:	Furniture production
Auditor:	AS PricewaterhouseCoopers

Table of Contents

OUTLINE	3
MANAGEMENT REPORT	4
Divisional review:	4
Furniture Division	5
Building Materials Division	6
Forecast and development	6
Investments	7
People	7
Financial highlights	8
Financial risks	8
Interest rate risk	8
Currency risk	8
Risk of the Economic Environment	9
Fair value	9
Group structure	9
FINANCIAL STATEMENTS	10
Declaration of the Management Board	10
Consolidated statement of financial position	11
Consolidated statement of comprehensive income	12
Consolidated cash flow statement	13
Consolidated statement of changes in equity	14
Notes to the consolidated interim report	15
Accounting Policies And Measurement Bases	15
Note 1 Receivables and prepayments	15
Note 2 Inventories	15
Note 3 Investment property	16
Note 4 Tangible Fixed Assets	16
Note 5 Intangible Fixed Assets	17
Note 6 Debt Obligations	17
Note 7 Payables and prepayments	17
Note 8 Provisions	18
Note 9 Share Capital	18
Note 10 Earnings per share	19
Note 11 Segments	19
Note 12 Related party transactions	20
Note 13 Events after the reporting period	20

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.

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

Second quarter in short

Consolidated net sales of second quarter 2011 was 4.3 mil. euros, representing a 34% increase on the second quarter compared to the same period 2010. At the same time, consolidated net profit amounted to 271 thousand euros, representing a 38% increase compared to second quarter 2010 (197 thousand euros in Q2 2010). This is the positive trend, compared to Q1 2011 the sales is similar (+0.7%), and profit is 2.6 times better. Increase of profit is excellent, especially for the reason that in June there were additional startup costs of the softboard factory at Püssi in the amount of 38 thousand euros. The first test run of Püssi factory was at the last week of July and management plans to achieve the readiness for capacity operations at late autumn.

According to segments, the sales of construction materials showed up the highest growth, namely 51%. Retail sale made a 20% growth; the result was 38 thousand euros loss caused by change of exchange rate of the Ukrainian hryvnia, and continuously weak demand in Latvia and Ukraine. The sales of Furniture factory increased by 17% compared to Q2 2010. The profit of Furniture factory was 189 thousand euros and Building Materials Division 142 thousand euros.

Income statement

Consolidated net sales of second quarter 2011 was 4.3 mil. euros (3.2 mil. euros in same period of 2011) representing a 34% increase on the second quarter compared to Q2 2010. The Group's gross margin in the second quarter of 2011 was 24.2% compared to 24.8% in the second quarter of 2010. Consolidated operating profit amounted to 298 thousand euros (225 thousand euros in same period 2010). The consolidated operating margin of net sales was 6.9% (7.0% in Q2 2010).

Consolidated net profit amounted to 271 thousand euros, compared to 197 thousand euros in Q2 2010, and the net margin was 6.3% (6.1% in Q2 2010). In Q2 2011, the Group's return on equity was 4.7% (4.0% in Q2 2010) and return on assets was 2.0% (2.2% in Q2 2010).

Position of financial statement

As of 30.6.2011 the total assets of Viisnurk amounted to 13.5 mil. euros (31.12.2010: 9.1 mil. euros). The liabilities of the company accounted for 57.6% (31.12.2010: 41.5%) thereof, i.e. 7.8 mil. euros (31.12.2010: 3.8 mil. euros). The assets increase caused by purchase of softboard factory located in Püssi. Price of factory was 4 mil. euros. Increase of liabilities caused by loan taken for buy the Püssi factory.

Receivables and prepayments have increased by 0.7 mil. euros i.e. 61% increase with 6 months. The reason of increase of receivables is small sales in December 2010, which essentially lowered the amount of receivables at the end of December.

Inventories increased by 0.4 mil. euros to reach 2.9 mil. euros on 30.6.2011. (31.12.2010: 2.5 mil. euros). Property, plant and intangibles increased by 4 mil. euros as a result of acquisition of Püssi factory.

Short-term loans decreased by 0.7 mil. euros and amounted to 0.7 mil. euros in 30 June 2011 (31.12.2010: 1.4 mil. euros). Short-term loan 0.6 mil. euros refinanced and over classified to long term. Supplier payables, tax liabilities, other payables, including payables to employees, and provisions amounted to 1.9 mil. euros (31.12.2010: 1.5 mil. euros). Current and non-current liabilities increased by 4.0 mil. euros to 7.8 mil. euros (31.12.2010: 3.8 mil. euros).

Divisional review:

Net sales by business segments

	<i>th. EUR</i>		<i>% of net sales</i>	
	Q2 2011	Q2 2010	Q2 2011	Q2 2010
Furniture Factory	1,830	1,559	42.4%	48.3%
Skano	497	414	11.5%	12.8%
Building Materials Division	2,206	1,458	51.2%	45.2%
Elimination	(221)	(203)	(5.1)%	(6.3)%
TOTAL	4,312	3,228	100.0%	100.0%

Net sales by geographical segments

	<i>th. EUR</i>		<i>% of net sales</i>	
	Q2 2011	Q2 2010	Q2 2011	Q2 2010
Finland	1,723	1,285	40.0%	39.8%
Russia	1,141	726	26.5%	22.5%
Estonia	708	626	16.4%	19.4%
Ukraine	199	78	4.6%	2.4%
Sweden	128	116	3.0%	3.6%
Lithuania	111	142	2.6%	4.4%
Latvia	91	78	2.1%	2.4%
Kazakhstan	42	37	1.0%	1.1%
Denmark	39	22	0.9%	0.7%
Germany	31	31	0.7%	1.0%
Other countries	99	87	2.2%	2.7%
TOTAL	4,312	3,228	100.00%	100.00%

Regarding the markets, turnover has increased in Russia and Finland. The percentage of turnover has decreased in most in Estonia, Sweden and Lithuania.

Profit by business segments

<i>th. EUR</i>	Q2 2011	Q2 2010
Furniture Factory	189	164
Skano	(39)	(2)
Building Materials Division	142	98
Elimination	6	(35)
TOTAL	298	225
Net financial costs	(25)	(28)
Income tax	(2)	0
NET PROFIT	271	197

Weakening of Ukrainian hryvnia and continuously small sales in Latvia and Ukraina mostly causes loss of Skano.

Furniture Division

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 13 stores in Tallinn (2), Pärnu, Riga, Vilnius, Kaunas, Kiev (3), Donetsk, Kharkiv and Dnipropetrovs'k (2) at the end of the second quarter.

Retail sales by countries

	<i>th. EUR</i>		<i>% of net sales</i>		<i>Number of stores</i>	
	Q2 2011	Q2 2010	Q2 2011	Q2 2010	30.06.11	30.06.10
Estonia	152	161	30.6%	39.0%	3	2
Latvia	55	41	11.1%	9.8%	1	1
Lithuania	100	134	20.1%	32.4%	2	2
Ukraine	190	78	38.2%	18.8%	7	5
TOTAL	497	414	100.0%	100.0%	13	10

Despite of the growth of retail sales, Skano results with loss. The main reasons are weak purchase power in Latvia and Ukraine and loss from currency exchange rate of hryvnia (19 thousand euros).

Furniture Production

The Furniture Factory's sales in the second quarter in the company's basic target market in Russia and Finland have increased. Our clients does not estimate significant increase of demand in near future.

The net sales of the Furniture Factory in the second quarter amounted to 1.8 mil. euros and profit to 189 thousand euros. In the same period last year, the turnover of the factory totalled to 1.6 mil. euros and the profit 164 thousand euros. As compared to the previous year the turnover of the factory has increased by 272 thousand euros and the profit has increased 25 thousand euros.

Furniture factory sales by countries

	<i>th EUR</i>		<i>% of net sales</i>	
	Q2 2011	Q2 2010	Q2 2011	Q2 2010
Russia	798	560	43.6%	35.9%
Finland	740	733	40.4%	47.0%
Kazakhstan	42	37	2.3%	2.4%
Estonia	17	25	0.9%	1.6%
Other countries	12	0	0.7%	0.0%
Subsidiaries	221	203	12.1%	13.1%
TOTAL	1,830	1,558	100.0%	100.0%

Building Materials Division

The net sales of the Building Materials Division in the second quarter amounted to 2.2 mil. euros and profit to 142 thousand euros. In the same period last year, the turnover of the division totalled to 1.5 mil. euros and the profit 98 thousand euros. As compared to the previous year the turnover of the division has increased by 748 thousand euros and the profit has decreased by 44 thousand euros. The costs related to start of Püssi factory were 38 thousand euros.

Net sales by geographical segments

	<i>th. EUR</i>		<i>% of net sales</i>	
	Q2 2011	Q2 2010	Q2 2011	Q2 2010
Finland	983	552	44.6%	37.9%
Estonia	540	439	24.5%	30.1%
Russia	343	166	15.5%	11.4%
Sweden	128	116	5.8%	8.0%
Denmark	39	22	1.8%	1.5%
Latvia	36	37	1.6%	2.5%
Germany	31	31	1.4%	2.1%
Ukraine	8	0	0.4%	0.0%
India	8	9	0.4%	0.6%
Other countries	90	86	4.1%	5.9%
TOTAL	2,206	1,458	100.0%	100.0%

Forecast and development

Skano. We do not expect significant growth of retail sale in the third quarter of 2011. Therefore we shall continue to save the costs and do not plan any extension of the retail chain.

Furniture factory. In the third quarter of 2011 we expect similar turnover as in the preceding quarters in the furniture factory, but the volume will still remain lower than the production capabilities would allow. Therefore the workload is continuously low in the furniture factory. Agreements have been concluded with the employees for application of undertime until 31.03.2012. From April 1, 2011 the business hours were extended, however for most of the employees the weekly number of business hours will remain below 40.

Building Materials Division. At the main production line the production is performed in four shifts round the clock in Pärnu softboard factory. On interior finishing panel lines of Isotex one or two shifts are used as

necessary. Management expects for third quarter comparable sales number as in second quarter. At the same time management's priority is raising the effectiveness and profitability.

AS Viisnurk acquired a softboard factory in Püssi for 4 million euros at the auction on 25.5.2011. The total cost of the construction and equipment of the factory was ca 14.7 million euros. The first test run of Püssi factory was at the end of July and management plans to achieve the readiness for capacity operations at late autumn. We estimate that it will be possible to produce up to 70,000 m³ of softboard a year in new softboard factory and the turnover of the factory could be around 7-8 million euros per year. The estimated production at Püssi factory will 1,500 m³ of softboard in August, and all of that is covered by orders.

After the acquisition of the Püssi factory production of natural softboards will be the biggest segment of the Group. Management plans to prepare the new strategy by autumn, to act more strongly on the ecologically friendly building materials market and offer natural and energy efficient solutions.

Investments

During 6 months 2011 investments into technology totalled 3,253 thousand euros and into buildings 1,046 thousand euros. At the same period of 2010 investments into technology totalled 237 thousand euros and into buildings 26 thousand euros.

The biggest investment in Q2 was purchase of Püssi factory as the bankruptcy assets at total amount 4 mil. euros. To take factory into use additional investments will be added to the acquisition costs.

People

At 30 June 2011 Concern employed 338 people (308 people in the same time at the last year). The average number of personnel in the first half year of 2011 was 333 (2010: 307).

In the 6 months of 2011, wages and salaries amounted 2.1 mil. euros (1.7 mil. euros in the same period of the last year).

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

<i>th EUR</i>	6 m 2011	6 m 2010
Board member and other remuneration	96	54
Social tax and unemployment insurance premiums	32	18
TOTAL	128	72

Financial highlights

<i>th</i> EUR	6 m 2011	6 m 2010	6 m 2009
Income statement			
Revenue	8,336	6,360	6,661
EBITDA	719	680	302
EBITDA margin	8.6%	10.7%	4.5%
Operating profit	427	443	69
Operating margin	5.1%	7.0%	1.0%
Net profit	373	390	-38
Net margin	4.5%	6.1%	-0.6%
Balance sheet (30.6)			
Total assets	13,467	9,115	9,516
Return on assets	2.8%	4.3%	-0.4%
Equity	5,716	5,331	4,527
Return on equity	6.5%	7.3%	-0.8%
Debt-to-equity ratio	57.6%	41.5%	52.4%
Share (30.6)			
Closing price	1.74	0.95	0.50
Earnings per share	0.08	0.09	-0.01
Price-earnings ratio	21.75	10.56	-
Book value of a share	1.27	1.18	1.01
Market to book ratio	1.37	0.81	0.50
Market capitalization	7,828	4,274	2,250

EBITDA = Earnings before interest, taxes, depreciation and amortization

EBITDA margin = EBITDA / Revenue

Operating margin = Operating profit / Revenue

Net margin = Net profit / Revenue

Return on assets = Net profit / Total assets

Return on equity = Net profit / Equity

Debt-to-equity ratio = Liabilities / Total assets

Earnings per share = Net profit / Total shares

Price-earnings ratio = Closing price / Earnings per share

Book value of a share = Equity / Total shares

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

Market capitalization = Closing price * Total shares

Financial risks

Interest rate risk

AS Viisnurk's interest rate risk depends, above all, on changes in EURIBOR (Euro Interbank Offered Rate) because most of its loans are linked to EURIBOR. At 30 June 2011, 6 months' EURIBOR was 1.788 and at 31 December 2010 1.227. Interest rates are reviewed on the basis of changes in EURIBOR every year on 30 November and 30 May.

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 Isotex Estonia	SIA Skano Latvia	UAB Skano LT Lithuania	TOV Skano Ukraina Ukraine
Number of shares at 31.12.2010	1	1	1	100	1
Ownership at 31.12.2010 (%)	100	100	100	100	100
Number of shares at 30.6.2011	1	1	1	100	1
Ownership at 30.6.2011 (%)	100	100	100	100	100

OÜ Skano is engaged with the retail trade of furniture in Estonia. The company owns three furniture stores – one in Järve Keskus in Tallinn, one in Rocca Al Mare Kaubanduskeskus in Tallinn and one 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, Riga since November 2005. UAB Skano LT started in May 2007 and retail of furniture in Kaunas and Vilnius. TOV Skano Ukraina started in June 2007 and retail of furniture in Kharkiv, Kiev, Donetsk and Dnipropetrovs'k.

OÜ Isotex was established to allow former division to operate independently under their own trademarks and to facilitate their development. In connection with restructuring, use of the subsidiary has been abandoned. OÜ Isotex did not have any operations in the financial year 2011 and 2010.

Financial Statements

Declaration of the Management Board

The Management Board of AS Viisnurk is prepared consolidated unaudited Interim Report for the 2nd quarter of 2011, which is presented on pages 4 to 20 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

2nd August 2011

Consolidated statement of financial position

<i>Tb EUR</i>	30.6.2011	31.12.2010	30.6.2010
Cash and bank	276	1,011	134
Receivables and prepayments (Note 1)	1,927	1,198	1,725
Inventories (Note 2)	2,850	2,484	3,011
Total current assets	5,053	4,693	4,870
Investment property (Note 3)	185	185	185
Tangible fixed assets (Note 4)	8,211	4,217	4,044
Intangible fixed assets (Note 5)	18	20	1
Total fixed assets	8,414	4,422	4,230
<u>TOTAL ASSETS</u>	<u>13,467</u>	<u>9,115</u>	<u>9,100</u>
Debt obligations (Note 6)	662	1,383	520
Payables and prepayments (Note 7)	1,904	1,462	1,706
Short-term provisions (Note 8)	3	8	3
Total current liabilities	2,569	2,853	2,229
Non-current debt obligations (Note 6)	4,984	733	1,731
Non-current provisions (Note 8)	198	198	206
Total non-current liabilities	5,182	931	1,937
Total liabilities	7,751	3,784	4,166
Share capital at nominal value (Note 9)	2,875	2,875	2,875
Issue premium	364	364	364
Statutory capital reserve	288	288	288
Currency translation	28	16	0
Retained profits	1,788	1,017	1,017
Net profit for the year (Note 10; 11)	373	771	390
Total equity	5,716	5,331	4,934
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>13,467</u>	<u>9,115</u>	<u>9,100</u>

Consolidated statement of comprehensive income

T/ EUR

	2 nd q 2011	2 nd q 2010	6 m 2011	6 m 2010
RETURN ON SALES (Note 11)	4,313	3,227	8,336	6,360
Cost of production sold	(3,270)	(2,427)	(6,448)	(4,794)
Gross profit	1,043	800	1,888	1,566
Marketing expenses	(603)	(479)	(1,184)	(940)
General administrative expenses	(147)	(128)	(246)	(223)
Other income	58	46	62	78
Other expenses	(53)	(14)	(93)	(38)
Operating profit (Note 11)	298	225	427	443
Financial income and financial expenses	(25)	(28)	(50)	(53)
Profit before taxes	273	197	377	390
Prepaid income tax	(2)	0	(4)	0
NET PROFIT FOR THE PERIOD	271	197	373	390
Basic earnings per share (Note 10)	0.06	0.04	0.08	0.09
Diluted earnings per share (Note 10)	0.06	0.04	0.08	0.09
Currency translation differences	(3)	(20)	12	(26)
TOTAL COMPREHENSIVE INCOME	268	177	385	364

Consolidated cash flow statement

<i>Tb</i> EUR	6 m 2011	6 m 2010
Cash flow from operations		
Net profit before taxes	377	390
<i>Adjustments for:</i>		
Depreciation of fixed assets (Note 4; 5)	292	237
Loss on disposals of fixed assets (Note 4)	15	14
Interest expense	51	52
Operating profit before changes in operating capital	735	693
Change in operations-related receivables and prepayments	(729)	(523)
Change in inventories (Note 2)	(366)	(331)
Change in operations-related liabilities and prepayments	437	242
Cash generated from operations	77	81
Interest paid	(51)	(52)
Income tax	(4)	0
Total cash flow from operations	22	29
Cash flow from investments		
Acquisition of fixed assets (Note 4; 5)	(4,299)	(264)
Total cash flow from investments	(4,299)	(264)
Cash flow from financing activities		
Raise a loan (Note 6)	5,619	164
Repayment of loans (Note 6)	(1,899)	(140)
Settlement of finance lease liabilities (Note 6)	(190)	(18)
Total cash flow from financing activities	3,530	6
TOTAL CASH FLOW	(747)	(229)
Currency translation differences	12	(26)
CASH AT BEGINNING OF PERIOD	1,011	389
CASH AT END OF PERIOD	276	134

Consolidated statement of changes in equity

<i>Tb EUR</i>	Share capital	Share premium	Statutory capital reserve	Currency translation	Retained earnings	Total
Balance at 31.12.2009	2,875	364	288	26	1,017	4,570
Comprehensive income in 6 m 2010	0	0	0	(26)	390	364
Balance at 30.6.2010	2,875	364	288	0	1,407	4,934
Balance at 31.12.2010	2,875	364	288	16	1,788	5,331
Comprehensive income in 6 m 2011	0	0	0	12	373	385
Balance at 30.6.2011	2,875	364	288	28	2,161	5,716

Notes to the consolidated interim report

Accounting Policies And Measurement Bases

The consolidated financial statements prepared for the period ended 30 June 2011 include the financial information of the Company and its subsidiaries (together referred to as the Group): OÜ Skano, 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 31.12.2010. The consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting.

According to the assessment of the Management Board, Viisnurk AS is a going concern and the Interim Report for the 2nd quarter of 2011 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 euros.

Note 1 Receivables and prepayments

<i>Tb EUR</i>	30.6.2011	31.12.2010	30.6.2010
Customer receivables	1,644	925	1,466
Prepaid taxes	217	198	197
Other receivables	39	41	28
Prepaid services	27	34	34
TOTAL	1,927	1,198	1,725

Note 2 Inventories

<i>Tb EUR</i>	30.6.2011	31.12.2010	30.6.2010
Raw materials and other materials	786	611	674
Work-in-progress: production	571	527	564
Work-in-progress: real estate development	214	214	216
Finished goods	1,056	929	1,336
Goods purchased for resale	188	185	213
Prepayments to suppliers	35	18	8
TOTAL	2,850	2,484	3,011

Work-in-progress: real estate development

At 30 June 2011, 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 214 thousand euros (30.06.2010: 216 thousand euros).

Note 3 Investment property

	<i>Tb EUR</i>
Cost at 31.12.2009	469
Accumulated depreciation at 31.12.2009	(284)
Net book amount at 31.12.2009	185
Cost at 30.6.2010	469
Accumulated depreciation at 30.6.2010	(284)
Net book amount at 30.6.2010	185
Cost at 31.12.2010	469
Accumulated depreciation at 31.12.2010	(284)
Net book amount at 31.12.2010	185
Cost at 30.6.2011	469
Accumulated depreciation at 30.6.2011	(284)
Net book amount at 30.6.2011	185

Costs of maintenance for six months of 2011 were 6 thousand euros and 4 thousand euros in the same period of 2010. Rental income from investment properties for six months of 2011 were 1 thousand euros (2010: 0). 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 EUR</i>	30.6.2011	31.12.2010	30.6.2010
Land	79	79	79
Buildings and constructions	2,330	2,407	2,443
Machinery, plant and equipment	1,512	1,653	1,221
Other equipment and fixtures	44	62	62
Construction in progress	4,246	16	239
TOTAL	8,211	4,217	4,044

	<i>Tb EUR</i>
Cost at 31.12.2009	11,694
Accumulated depreciation at 31.12.2009	(7,663)
Net book amount at 31.12.2009	4,031
Acquired in 6 months of 2010	264
Disposals in 6 months of 2010	(14)
Depreciation in 6 months of 2010	(237)
Currency translation	0
Cost at 30.6.2010	11,944
Accumulated depreciation at 30.6.2010	(7,900)
Net book amount at 30.6.2010	4,044
Cost at 31.12.2010	12,240
Accumulated depreciation at 31.12.2010	(8,023)
Net book amount at 31.12.2010	4,217
Acquired in 6 months of 2011*	4,299
Write-off 6 months of 2011	(89)
Depreciation in 6 months of 2011	(290)
Write-off of accumulated amortisation 6 months of 2011	74
Cost at 30.6.2011	16,450
Accumulated depreciation at 30.6.2011	(8,239)
Net book amount at 30.6.2011	8,211

*On the 30th of June the binding liabilities of acquiring the tangible assets are 113 thousand euros.

Note 5 Intangible Fixed Assets

	<i>Tb EUR</i>
Cost at 31.12.2009	332
Accumulated depreciation at 31.12.2009	(331)
Net book amount at 31.12.2009	1
Disposals in 6 months of 2010	(179)
Depreciation in 6 months of 2010	179
Cost at 30.6.2010	153
Accumulated depreciation at 30.6.2010	(152)
Net book amount at 30.6.2010	1
Cost at 31.12.2010	94
Accumulated depreciation at 31.12.2010	(74)
Net book amount at 31.12.2010	20
Depreciation in 6 months of 2011	(2)
Cost at 30.6.2011	94
Accumulated depreciation at 30.6.2011	(76)
Net book amount at 30.6.2011	18

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

Note 6 Debt Obligations

<i>Tb EUR</i>	30.6.2011	31.12.2010	30.6.2010
Current liabilities	662	1,383	520
incl non-convertible debt	10	200	19
Non-current debt obligations	4,984	733	1,731
incl non-convertible debt	17	17	217
TOTAL	5,646	2,116	2,251

Note 7 Payables and prepayments

<i>Tb EUR</i>	30.6.2011	31.12.2010	30.6.2010
Supplier payables	957	612	892
Payables to employees	432	377	388
Taxes payables	318	249	239
Other payables	132	149	134
Customer prepayments	65	75	53
TOTAL	1,904	1,462	1,706

Note 8 Provisions

	<i>Tb EUR</i>
Balance at 31.12.2009	219
Incl current portion	8
non-current portion	211
Used during the 6 months 2010	(12)
Increased during the 6 months 2010	6
Decreased during the 6 months 2010	(12)
Interest cost	8
Balance at 30.6.2010	209
Incl current portion	3
non-current portion	206
Balance at 31.12.2010	206
Incl current portion	8
non-current portion	198
Used during the 6 months 2011	(12)
Interest cost	7
Balance at 30.6.2011	201
Incl current portion	3
non-current portion	198

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
	<i>pcs</i>	<i>Tb EUR</i>
Balance 30.6.2010	4,499,061	2,875
Balance 31.12.2010	4,499,061	2,875
Balance 30.6.2011	4,499,061	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 177,343,090 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.

The General Meeting of Shareholders held on 30th of June 2011 resolved to decrease the share capital of AS Viisnurk by decreasing the nominal value of the share of AS Viisnurk. The new amount of the share capital of AS Viisnurk is 2,699,436.60 euros, which is divided into 4,499,061 ordinary shares with the nominal value of 0.60 euros.

As at 30.06.2011, the Group had 617 shareholders (30.06.2010: 549 shareholders) of which with more than 5% ownership interest were:

- Trigon Wood OÜ with 2,682,192 shares or 59.62% (2010: 59.62%)

The number of shares owned by the members of the Management Board and Supervisory Board of AS Viisnurk was as follows:

Ülo Adamson: 0 shares (2010: 0 shares)
Joakim Johan Helenius: 20,000 shares (2010: 20,000 shares)
Heiti Rüsberg: 50,000 shares (2010: 0 shares)
Andres Kivistik: 0 shares (2010: 0 shares)
Einar Pähkel: 0 shares (2010: 0 shares)

Note 10 Earnings per share

EUR	30.6.2011	30.6.2010
Basic earnings per share	0.08	0.09
Diluted earnings per share	0.08	0.09
Book value of share	1.27	1.10
Price/earnings ratio (P/E)	21.75	10.92
Closing price of the share of AS Viisnurk on Tallinn Stock Exchange at 30.6	1.74	0.95

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 6 months of 2011 = 373,046 / 4,499,061 = 0.08 euros

Basic earnings per share for 6 months of 2010 = 389,780 / 4,499,061 = 0.09 euros

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

Price/earnings ratio (P/E) for 6 months of 2011 = 1.74/0.08 = 21.75

Price/earnings ratio (P/E) for 6 months of 2010 = 0.95/0.09 = 10.92

* The share of Viisnurk 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 factories are 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:

Tb EUR	Furniture factory		Skano		Building materials division		Eliminations		SEGMENTS TOTAL	
	6 m 2011	6 m 2010	6 m 2011	6 m 2010	6 m 2011	6 m 2010	6 m 2011	6 m 2010	6 m 2011	6 m 2010
Revenue from external customers	3,227	2,830	923	831	4,186	2,699	0	0	8,336	6,360
Inter-segment revenue	457	396	0	0	0	1	0	0	457	397
Operating profit/loss	344	313	(151)	(6)	216	196	18	(60)	427	443
Segment assets	4,597	4,329	652	678	8,265	4,143	(47)	(50)	13,467	9,100
Segment liabilities	1,836	1,865	137	127	5,778	2,174	0	0	7,751	4,166

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

<i>Tb</i> EUR	6 months 2011				6 months 2010			
	FF	SK	BMD	TOTAL	FF	SK	BMD	TOTAL
Finland	1,532	0	2,028	3,560	1,585	0	1,150	2,735
Russia	1,532	0	599	2,131	1,070	0	278	1,348
Estonia	31	307	807	1,145	57	317	706	1,080
Ukraine	0	340	21	361	0	223	7	230
Latvia	0	90	78	168	0	66	61	127
Lithuania	0	186	17	203	0	225	9	234
Germany	0	0	46	46	29	0	46	75
Kazakhstan	120	0	0	120	78	0	0	78
Belarusian	12	0	14	26	7	0	0	7
Sweden	0	0	244	244	0	0	251	251
Denmark	1	0	91	91	1	0	59	60
England	0	0	21	21	0	0	32	32
India	0	0	79	79	0	0	39	39
China	0	0	22	22	0	0	14	14
Malaysia	0	0	14	14	0	0	15	15
Greece	0	0	11	11	0	0	10	10
Israel	0	0	25	25	0	0	0	0
France	0	0	8	8	0	0	0	0
Japan	0	0	36	36	0	0	0	0
Other countries	0	0	25	25	3	0	22	25
TOTAL	3,227	923	4,186	8,336	2,830	831	2,699	6,360

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 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.

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 (11.94%).

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

<i>Tb</i> EUR	6 months 2011	6 months 2010
Board member and other remuneration	96	54
Social tax	32	18
TOTAL	128	72

As at 30.6.2011, pursuant to the contracts entered into, the members of the Management Board will receive severance pay amounting to 6-month remuneration.

In the 6 months of 2011, there were no transactions between the related parties.

Note 13 Events after the reporting period

On 28. July 2011, the decrease of share capital and the conversion of share capital into euro were entered into the Commercial Register. Relevant resolutions were adopted by the Ordinary General Meeting of Shareholders of AS Viisnurk held on 30th of June 2011. The new amount of the registered share capital of AS Viisnurk is 2,699,436.60 euros, which is divided into 4,499,061 ordinary shares with the nominal value of 0.60 euros.