

3rd quarter
Interim Report
2011

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End of the Interim Report Period:	30.9.2011
Beginning of the financial year:	1.1.2011
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Business name:	AS Viisnurk
Registry code:	11421437
Address:	Suur-Jõe 48, Pärnu 80042, Estonia
Telephone:	+372 447 8323
Fax	+372 447 8368
E-mail:	mail@viisnurk.ee
Homepage:	www.viisnurk.ee
Main activity:	Furniture production
Auditor:	AS PricewaterhouseCoopers

Table of Contents

TABLE OF CONTENTS	2
OUTLINE	3
MANAGEMENT REPORT	4
Financial highlights	5
Divisional review:	5
Building Materials Division	6
Furniture Division	7
Forecast and development	8
Investments	9
People	9
Financial risks	9
Interest rate risk	9
Currency risk	9
Risk of the Economic Environment	9
Fair value	10
Group structure	10
Declaration of the Management Board	11
Consolidated statement of financial position	12
Consolidated statement of comprehensive income	13
Consolidated cash flow statement	14
Consolidated statement of changes in equity	15
Notes to the consolidated interim report	16
Accounting Policies And Measurement Bases	16
Note 1 Receivables and prepayments	16
Note 2 Inventories	16
Note 3 Investment property	17
Note 4 Tangible Fixed Assets	17
Note 5 Intangible Fixed Assets	18
Note 6 Debt Obligations	18
Note 7 Payables and prepayments	18
Note 8 Provisions	19
Note 9 Share Capital	19
Note 10 Earnings per share	20
Note 11 Segments	20
Note 12 Related party transactions	21

Outline

AS Viisnurk is engaged in the field of environmental friendly building materials and furniture and furnishing goods retail trade and the production of furniture. 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

Income statement

Consolidated net sales of third quarter 2011 was 4.2 mil. euros (3.5 mil. euros in same period of 2010) representing a 19% increase on the third quarter compared to Q3 2010. The Group's gross margin in the third quarter of 2011 was 14.4% compared to 22.8% in the third quarter of 2010. Consolidated operating profit amounted to 2.5 mil. euros (0.2 mil. euros in 2010). The consolidated operating margin of net sales was 59.1% (5.7% in Q3 2010).

EBITDA amounted to 2.6 mil. EUR in third quarter (337 thousand EUR in 2010). Consolidated net profit amounted to 2.4 mil. euros, compared to 172 thousand euros in Q3 2010, and the net margin was 57.5% (4.9% in Q3 2010). In third quarter 2011, the Group's return on equity was 30.3% (3.4% in Q3 2010) and return on assets was 14.5% (1.9% in Q3 2010).

The comparable business units of the company (Pärnu softboard factory, Pärnu furniture factory and retail chain Skano) exhibited the total increase of business revenue of 122%, increasing from 172 thousand euros in 2010 to 381 thousand euros in the third quarter of 2011. Nevertheless, the single start-up costs of recently acquired Püssi softboard factory brought a business loss to the unit in the amount of 364 thousand euros.

According to IFRS interim report must comply the same accounting principles as described in last published annual report. On 25. May 2011 AS Viisnurk acquired bankruptcy assets as Püssi softboard factory, main activity production of softboards, and paid for the business entity 4 mil. euros. The group applied the acquisition method to account for business combinations and compiled acquisition analysis. According to that, identifiable assets acquired (no liabilities were transferred) in a business combination were measured initially at their fair values at the amount of 6.64 mil. euros. The fair value of land and buildings is 0.72 mil. euros and fair value of machinery and equipment is 5.92 mil. euros. During the process of valuation, the help of external experts were used – at bigger subjects the production line was valued by Pöyry Management Consulting Oy and real estate by Uus Maa real estate office. Due to the sales of bankruptcy assets at the situation, where the potential buyers had difficulties to find financing, Viisnurk had opportunity to acquire the assets cheaper than the fair value. The consideration transferred, 4.19 mil. euros, was less than the fair value of the net assets of the unit – 6.64 mil. euros, and the difference was recognized directly in the income statement in the amount of 2.46 mil. euros. The total land plot area is 16.23 ha and buildings area 7684 m².

Due to the given circumstances the Concern's consolidated net profit of the third quarter was 2.4 mil. euros. The management wishes to emphasise once again that the given result has been considerably influenced by single revenues and expenditures and therefore has no significant meaning as a reference base.

Position of financial statement

As of the end of September 2011 the total assets of Viisnurk amounted to 16.5 mil. euros (31.12.2010: 9.1 mil. euros). The liabilities of the company accounted for 52.1% (31.12.2010: 41.5%) thereof, i.e. 8.6 mil. euros (31.12.2010: 3.8 mil. euros).

Receivables and prepayments have increased by 1.1 mil. euros i.e. 89% increase with 9 months. The reason of increase of receivables is very small sales in December 2010, which essentially lowered the amount of receivables at the end of December. There was very good sales in September 2011, which caused the big amount of receivables at the end of third quarter.

Inventories increased by 0.6 mil. euros to reach 3.1 mil euros at 30 September 2011 (31.12.2010: 2.5 mil. euros). Property, plant and intangibles increased by 6.6 mil. euros due to the acquisition of Püssi softboard factory.

Current liabilities decreased by 0.7 mil euros and amounted in 30 September 2011 0.7 mil. euros (31.12.2010: 1.4 mil. euros). Supplier payables, tax liabilities, other payables, including payables to employees, and provisions amounted to 2.7 mil. euros (31.12.2010: 1.5 mil. euros). Current and non-current liabilities increased by 4.8 mil. euros to 8.6 mil. euros (31.12.2010: 3.8 mil euros).

Financial highlights

<i>th. EUR</i>	9 m 2011	9 m 2010	9 m 2009
Income statement			
Revenue	12,513	9,875	9,693
EBITDA	3,334	1,017	364
EBITDA margin	26.6%	10.3%	3.8%
Operating profit	2,893	644	16
Operating margin	23.1%	6.5%	0.2%
Net profit	2,775	562	(134)
Net margin	22.2%	5.7%	(1.4%)
Balance sheet (30.09)			
Total assets	16,538	9,104	9,122
Return on assets	16.8%	6.2%	(1.5%)
Equity	7,921	5,129	4,447
Return on equity	35.0%	11.0%	(3.0%)
Debt-to-equity ratio	52.1%	43.7%	51.2%
Share (30.09)			
Closing price	1.50	1.15	0.93
Earnings per share	0.62	0.12	(0.03)
Price-earnings ratio	2.42	9.21	-
Book value of a share	1.76	1.14	0.99
Market to book ratio	0.85	1.01	0.94
Market capitalization	6,749	5,174	4,184

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

Divisional review:

Net sales by business segments

	<i>th EUR</i>		<i>sales growth</i>	<i>% of net sales</i>	
	Q3 2011	Q3 2010	%	Q3 2011	Q3 2010
Building Materials Division	2.309	2.017	14.5%	55.3%	57.3%
Furniture Factory	1.626	1.317	23.5%	38.9%	37.5%
Retail sales	448	392	14.3%	10.7%	11.2%
Elimination	-206	-211		(4.9)%	(6.0)%
TOTAL	4.177	3.515	18.8%	100.0%	100.0%

After the acquisition of Püssi softboard factory the main activity will change to manufacturing of building materials.

Net sales by geographical segments

	<i>th EUR</i>		<i>% of net sales</i>	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Finland	1,518	1,371	36.3%	39.0%
Russia	1,158	637	27.7%	18.1%
Estonia	734	759	17.6%	21.6%
Great Britain	173	22	4.1%	0.6%
Ukraine	149	155	3.6%	4.4%
Sweden	103	100	2.5%	2.8%
Lithuania	101	72	2.4%	2.0%
Latvia	97	122	2.3%	3.5%
Germany	31	8	0.7%	0.2%
Israel	24	21	0.6%	0.6%
Denmark	23	12	0.6%	0.3%
Kazakhstan	9	69	0.2%	2.0%
Other countries	57	167	1.4%	4.9%
Total	4,177	3,515	100.0%	100.0%

Regarding the markets, turnover has increased into Russia, Finland and Great Britain. The percentage of turnover has decreased most in Estonia, Sweden, Ukraine and Latvia.

Profit by business segments

<i>th. EUR</i>	Q3 2011	Q3 2010
Building Materials Division	2,357	196
Furniture Factory	129	67
Furniture retail – Skano	(1)	(92)
Elimination	(19)	30
TOTAL	2,466	201
Net financial costs	(64)	(29)
NET PROFIT	2,402	172

Building Materials Division

The net sales of the Building Materials Division in third quarter amounted to 2.3 mil. euros and profit to 2,4 mil. euros. In the same period of the last year, the turnover of the division totaled to 2.0 mil. euros and the profit 196 thousand euros. As compared to the previous year the turnover of the division has increased by 236 thousand euros and the profit has increased by 2,161 thousand euros.

Net sales by geographical segments

	<i>th EUR</i>		<i>% of net sales</i>	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Finland	848	788	36.7%	39.1%
Estonia	537	619	23.3%	30.7%
Russia	426	213	18.4%	10.6%
Great Britain	173	54	7.5%	2.7%
Sweden	103	100	4.5%	5.0%
Latvia	43	64	1.9%	3.2%
Germany	31	8	1.3%	0.4%
Ukraine	26	10	1.1%	0.5%
Denamrk	23	12	1.0%	0.6%
India	0	24	0.0%	1.2%
Other countries	99	124	4.3%	6.2%
TOTAL	2,309	2,016	100.0%	100.0%

Regarding the markets, turnover has increased into Finland, Russia and Great Britain and decreased into Estonia and Latvia.

<i>th EUR</i>	<i>Net sales</i>		<i>Profit</i>	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Pärnu softboard factory	1,359	1,464	198	140
Pärnu interior boards factory	551	484	55	61
Püssi softboard factory	323	-	2,091	-
Not allocated	76	68	13	(5)
Total	2,309	2,016	2,357	196

The turnover of Pärnu softboard factory and interior finishing panels' line decreased 2% compared to the third quarter of the previous year and made up 1.9 million euros. Decrease in turnover was caused by the selling out of the stock and by a demand, which was bigger than the production, which last year was covered from the stock. Notwithstanding the small decrease in turnover, the profit of Pärnu factory increased 25% and was 253 thousand euros. In connection with the start-up of Püssi factory, the management expects approximately 15% increase in the maximum production capacity of Pärnu softboard factory starting from the next year. This can be achieved on the account of a shorter standstill which so far was spent on the modification of machinery for different products and the more favourable product portfolio for the factory (transfer of floor panels' production to Püssi factory).

Püssi softboard factory has started the first test production in the beginning of August. Generally the launching has proceeded according to the planned schedule but during the period of launching several standstills have occurred related to adjusting and repair of equipment, which could be considered natural. The company has considerably adjusted the parameters of the Püssi production line as compared to the production before the purchase in order to allow more efficient production process and lower risks. By October the cost price of the product had decreased as compared to August by 48% and in the last week of October the factory achieved the capacity that enables us to produce ca 4,500 m³ a month and the total sales of which would be ca 500 thousand euros. At the same time the launching of the factory on full capacity is continuing step by step and based on the purchase orders received. Currently ca 70% of the full capacity of the factory is used and the factory works in three shifts. Taking into consideration the general cooling down of the economic environment the management prefers to keep the stock low and maintain the liquidity reserve in current situation. At the same time the company concentrates more than ever on dispersing sales volumes outside Europe (primarily in Asia), which in longer perspective would offer better protection against regional economic crises and guarantee higher margins. Presuming that the economic environment in target markets will not sharply deteriorate, the management shall expect the Püssi softboard factory to achieve its full capacity during the second quarter in 2012. In future it is planned to improve the production line and increase the speed of the line and achieve a monthly production capacity of 5,500-6,000 m³. The project related to the increase of production capacity can be processed, if the existing capacity is in use and we see increasing demand.

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 11 stores – two in Tallinn, Pärnu, Riga, Vilnius, two in Kiev, Donetsk, Kharkiv and two in Dnipropetrovs'k at the end of the third quarter. The stores in Kaunas and Kiev were closed on third quarter. The reason for closing in Kaunas was continuously negative result and in Kiev significant rise of rent price, which could cause negative result.

Retail sales by countries

	<i>th EUR</i>		<i>% of net sales</i>		<i>Number of stores</i>	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010	30.9.2011	30.9.2010
Estonia	179	120	40.0%	30.6%	3	2
Latvia	54	58	12.1%	14.8%	1	1
Lithuania	92	69	20.5%	17.6%	1	2
Ukraine	123	145	27.5%	37.0%	6	7
TOTAL	448	392	100.0%	100.0%	11	12

Turnover in Skano retail chain in the third quarter increased 14% compared to the previous year and made 448 thousand euros. As a result, the net loss of Skano in the third quarter was 1 thousand euros compared to the loss of 92 thousand euros in 2010. The results of Skano are also considerably influenced by currency movements which brought exchange gains in the amount of 45 thousand euros in the third quarter of this year compared to the exchange losses of the previous year in the amount of 80 thousand euros. Although as an independent unit Skano is still far from the objectives established by the management then from the standpoint of the enterprise it has yet brought positive receipts to the group throughout the crisis as the furniture factory sells its production to Skano upon market conditions and profitably. With the past 9 months of 2011 the sales of the furniture factory to Skano have made up the total of 663 thousand euros by bringing gross profit to the furniture factory and sales margin for covering the general expenses of the division to a considerably larger extent compared to the net loss of Skano division in the same period. The results of Skano retail chain have remained below the expectations in connection with the extremely low demand for durable goods caused by the economic environment in Ukraine and the Baltic countries.

Furniture Production

The Furniture Factory's sales in the third quarter in the company's basic target markets in Russia and Finland have increased. Our clients do not estimate increase of demand in near future. Rather, a decrease in the consumers' certainty can be expected in the conditions of the European debt crisis and therefore also a decrease in the sales turnover as a result.

The net sales of the Furniture Factory in third quarter amounted to 1.6 mil. euros and profit to 129 thousand euros. In the same period of the last year, the turnover of the division totalled 1.3 mil. euros and the profit 67 thousand euros. As compared to the previous year the turnover of the division has increased by 309 thousand euros (23%) and the profit has increased by 62 thousand euros (93%).

Furniture factory sales by countries

	<i>th EUR</i>		<i>% of net sales</i>	
	Q3 2011	Q3 2010	Q3 2011	Q3 2010
Russia	732	424	45.0%	32.2%
Finland	670	583	41.2%	44.3%
Estonia	18	20	1.1%	1.5%
Kazakhstan	0	69	0.0%	5.2%
Other countries	0	10	0.0%	0.8%
Skano	206	211	12.7%	16.0%
TOTAL	1,626	1,317	100.0%	100.0%

Forecast and development

As the outlook of Europe's economy is unpredictable, our view of the future is cautious. We believe that in connection with cooling of economics, demand may decrease in the nearest future; we contribute to maintaining liquidity and not creating an excess stock reserve. We will continue production only proceeding from orders and according to the forecasts of our reliable partners. If the production volume should decrease there is a danger that the enterprise's profitability will decrease as well.

Building Materials Division. On the main production line the production is performed in four shifts round the clock in Pärnu softboard factory. If the orders should decrease it is possible that that three shifts instead of four shall be applied on the production line in the fourth quarter. In Isotex line are used one or two shifts accordingly the demand of clients. Püssi softboard factory shall operate in three shifts in the fourth quarter and according to the preliminary evaluation this production is covered by orders. At the same time management's priority is raising the effectiveness and profitability primarily in Püssi softboard factory.

In connection with the risk of decreasing sales volumes in Scandinavia we have continued the search of customers from other areas, especially the Asian countries as well as Russia. Despite the fact that Pärnu softboard factory worked with full capacity we were not able to satisfy the demand for fibreboards in the nearest countries in the second quarter of 2011 and therefore could not offer goods to Asia. Presently we are continuing active sales work towards Asia.

Skano. We do not expect significant growth of retail sale in the fourth 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.

Investments

During 9 months 2011 investments into fixed assets totalled 7.1 mil. euros. At the same period of 2010 investments totalled 558 thousand euros.

The biggest investment in second quarter was purchase of Püssi factory as the bankruptcy assets at total amount 4 mil. euros. To take factory into use additional investments and other income includes the gain from a bargain purchase will be added to the acquisition costs.

People

At 30 September 2011 Concern employed 375 people (308 people in the same date of the last year). The average number of personnel in the nine months of 2011 was 341 (2010: 306).

In the 9 months of 2011, wages and salaries amounted 3.2 mil. euros (2.5 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>	9 m 2011	9 m 2010
Board member and other remuneration	123	81
Social tax and unemployment insurance premiums	41	27
TOTAL	164	108

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 2011, 6 months' EURIBOR was 1.753 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 30.9.2011	1	1	1	100	1
Ownership at 30.9.2011 (%)	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 Ukraina.

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 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 its own trademarks and to facilitate its 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.

Declaration of the Management Board

The Management Board of AS Viisnurk is prepared consolidated unaudited Interim Report for the 3rd quarter of 2011, 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

30th November 2011

Consolidated statement of financial position

<i>th</i> EUR	30.9.2011	31.12.2010	30.9.2010
Cash and bank	160	1,011	322
Receivables and prepayments (Note 1)	2,261	1,198	1,592
Inventories (Note 2)	3,100	2,484	2,783
Total current assets	5,521	4,693	4,697
Investment property (Note 3)	185	185	185
Tangible fixed assets (Note 4)	10,815	4,217	4,201
Intangible fixed assets (Note 5)	17	20	21
Total fixed assets	11,017	4,422	4,407
<u>TOTAL ASSETS</u>	<u>16,538</u>	<u>9,115</u>	<u>9,104</u>
Debt obligations (Note 6)	659	1,383	177
Payables and prepayments (Note 7)	2,692	1,462	1,550
Short-term provisions (Note 8)	1	8	2
Total current liabilities	3,352	2,853	1,729
Non-current debt obligations (Note 6)	5,067	733	2,040
Non-current provisions (Note 8)	198	198	206
Total non-current liabilities	5,265	931	2,246
Total liabilities	8,617	3,784	3,975
Share capital at nominal value (Note 9)	2,699	2,875	2,875
Issue premium	5,698	364	364
Statutory capital reserve	288	288	288
Currency translation	7	16	23
Retained profits	1,788	1,017	1,017
Net profit(loss) for the year (Note 10)	2,775	771	562
Total equity	7,921	5,331	5,129
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>16,538</u>	<u>9,115</u>	<u>9,104</u>

Consolidated statement of comprehensive income

<i>th</i> EUR	3 rd q 2011	3 rd q 2010	9 m 2011	9 m 2010
RETURN ON SALES (Note 11)	4,176	3,515	12,513	9,875
Cost of production sold	(3,573)	(2,714)	(10,022)	(7,507)
Gross profit	603	801	2,491	2,368
Marketing expenses	(516)	(520)	(1,700)	(1,461)
General administrative expenses	(102)	(37)	(349)	(260)
Other income*	2,500	42	2,562	120
Other expenses	(19)	(85)	(111)	(123)
Operating profit(loss) (Note 11)	2,466	201	2,893	644
Financial income and financial expenses	(64)	(29)	(114)	(82)
Profit(loss) before taxes	2,402	172	2,779	562
Prepaid income tax	0	0	(4)	0
NET PROFIT(LOSS) FOR THE PERIOD	2,402	172	2,775	562
Basic earnings per share (Note 10)	0.53	0.04	0.62	0.12
Diluted earnings per share (Note 10)	0.53	0.04	0.62	0.12
Currency translation differences	(21)	23	(9)	(3)
TOTAL COMPREHENSIVE INCOME	2,381	195	2,766	559

*The other income includes the gain from a bargain purchase 2,455 th. EUR.

Consolidated cash flow statement

	<i>Tb EUR</i> 9 m 2011	<i>Tb EUR</i> 9 m 2010
Cash flow from operations		
<i>Profit(loss) before taxes</i>	2,779	562
<i>Adjustments for:</i>		
Depreciation of fixed assets (Note 4;5)	441	373
Profit (loss) on disposals of fixed assets (Note 4)	19	0
Acquired through business combinations (Note 4)	(2,455)	0
Interest expense	115	80
<i>Operating profit before changes in operating capital</i>	899	1,015
Change in operations-related receivables and prepayments	(1,063)	(390)
Change in inventories (Note 2)	(616)	(103)
Change in operations-related liabilities and prepayments	1,223	85
<i>Cash generated from operations</i>	443	607
Interest paid	(115)	(80)
Income tax	(4)	0
Total cash flow from operations	324	527
Cash flow from investments		
Acquisition of fixed assets (Note 4; 5)	(4,600)	(563)
Total cash flow from investments	(4,600)	(563)
Cash flow from financing activities		
Raise a loan (Note 6)	5,708	380
Repayment of loans (Note 6)	(1,899)	(380)
Settlement of finance lease liabilities (Note 6)	(199)	(28)
Decrease the share capital (Note 9)	(176)	0
Total cash flow from financing activities	(3,434)	(28)
TOTAL CASH FLOW	(842)	(64)
Currency translation differences	(9)	(3)
CASH AT BEGINNING OF PERIOD	1,011	389
CASH AT END OF PERIOD	160	322

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 9 m 2010	0	0	0	(3)	562	559
Balance at 30.9.2010	2,875	364	288	23	1,579	5,129
Balance at 31.12.2010	2,875	364	288	16	1,788	5,331
Decrease of share capital	(176)	0	0	0	0	(176)
Comprehensive income in 9 m 2011	0	0	0	(9)	2,775	2,766
Balance at 30.9.2011	2,699	364	288	7	4,563	7,921

Notes to the consolidated interim report

Accounting Policies And Measurement Bases

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

To the assets of the Softboard Factory in Püssi bought at the second quarter of this year have been done the acquisition analysis which is corrigible in the period 12 month from the fact of purchase moment. The single-entry arising profit has been written up through the financial statement as the gain from a bargain purchase.

According to the assessment of the Management Board, Vüisnurk AS is a going concern and the Interim Report for the 3rd quarter of 2011 gives a true and fair view of the financial position of Vüisnurk 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>	<i>Tb EUR</i>	<i>Tb EUR</i>
	30.9.2011	31.12.2010	30.9.2010
Customer receivables	1,786	925	1,357
Prepaid VAT	392	198	173
Other receivables	43	41	27
Prepaid services	40	34	35
TOTAL	2,261	1,198	1,592

Note 2 Inventories

	<i>Tb EUR</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	30.9.2011	31.12.2010	30.9.2010
Raw materials and other materials	800	611	627
Work-in-progress: production	562	527	539
Work-in-progress: real estate development	214	214	214
Finished goods	1,316	929	1,192
Goods purchased for resale	159	185	196
Prepayments to suppliers	49	18	15
TOTAL	3,100	2,484	2,783

Work-in-progress: real estate development

At 30 September 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 (30.09.2010: 214 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 30.9.2010	469
Accumulated depreciation at 30.9.2010	(284)
Net book amount at 30.9.2010	185
Cost at 31.12.2010	469
Accumulated depreciation at 31.12.2010	(284)
Net book amount at 31.12.2010	185
Cost at 30.9.2011	469
Accumulated depreciation at 30.9.2011	(284)
Net book amount at 30.9.2011	185

Costs of maintenance for nine months of 2011 were 17 thousand euros (4 thousand euros in the same period of 2010). Rental income from investment properties for nine months of 2011 was 2 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>	30.9.2011	31.12.2010	30.9.2010
Land	226	79	79
Buildings and constructions	2,858	2,407	2,411
Machinery, plant and equipment	7,464	1,653	1,160
Other equipment and fixtures	36	62	67
Construction in progress	231	16	484
TOTAL	10,815	4,217	4,201

	<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 9 months of 2010	600
Disposals in 9 months of 2010	(168)
Depreciation in 9 months of 2010	(262)
Cost at 30.9.2010	12,126
Accumulated depreciation at 30.9.2010	(7,925)
Net book amount at 30.9.2010	4,201
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 9 months of 2011	4,600
Acquired through business combinations in 9 months of 2011	2,455
Disposals in 9 months of 2011	(105)
Depreciation in 9 months of 2011	(438)
Write-off of accumulated amortisation 9 months of 2011	86
Cost at 30.9.2011	19,190
Accumulated depreciation at 30.9.2011	(8,375)
Net book amount at 30.9.2011	10,815

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
Acquired in 9 months of 2010	21
Disposals in 9 months of 2010	(259)
Depreciation in 9 months of 2010	258
Cost at 30.9.2010	94
Accumulated depreciation at 30.9.2010	(73)
Net book amount at 30.9.2010	21
Cost at 31.12.2010	94
Accumulated depreciation at 31.12.2010	(74)
Net book amount at 31.12.2010	20
Depreciation in 9 months of 2011	(3)
Cost at 30.9.2011	94
Accumulated depreciation at 30.9.2011	(77)
Net book amount at 30.9.2011	17

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

Note 6 Debt Obligations

	<i>Tb EUR</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	30.9.2011	31.12.2010	30.9.2010
Current liabilities	659	1,383	177
incl non-convertible debt	31	200	9
Non-current debt obligations	5,067	733	2,040
incl non-convertible debt	100	17	217
TOTAL	5,726	2,116	2,217

Note 7 Payables and prepayments

	<i>Tb EUR</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	30.9.2011	31.12.2010	30.9.2010
Supplier payables	1,515	612	759
Payables to employees	443	377	354
Taxes payables	306	249	221
Other payables	324	149	136
Customer prepayments	104	75	80
TOTAL	2,692	1,462	1,550

Note 8 Provisions

	<i>Tb EUR</i>
Balance at 31.12.2009	219
Incl current portion	8
non-current portion	211
Used during the 9 months 2010	(16)
Increased during the 9 months 2010	6
Decreased during the 9 months 2010	(12)
Interest cost	11
Balance at 30.9.2010	208
Incl current portion	2
non-current portion	206
Balance at 31.12.2010	206
Incl current portion	8
non-current portion	198
Used during the 9 months 2011	(18)
Interest cost	11
Balance at 30.9.2011	199
Incl current portion	1
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 30.9.2010	4,499,061	2,875
Balance 31.12.2010	4,499,061	2,875
Balance 30.9.2011	4,499,061	2,699

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 share capital of AS Viisnurk totalled 2,699,436.60 euros that were made up of 4,499,061 shares with the nominal value of 0.60 euros each; the maximum share capital outlined in the Articles of Association is 10,797,744 euros. Each ordinary share grants its owner one vote in the General Meeting of Shareholders and the right to receive dividends.

As at 30.09.2011, the Group had 637 shareholders (30.09.2010: 530 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	EUR
	30.9.2011	30.9.2010
Basic earnings per share	0.62	0.12
Diluted earnings per share	0.62	0.12
Book value of share	1.76	1.14
Price/earnings ratio (P/E)	2.42	9.58
Closing price of the share of AS Viisnurk on Tallinn Stock Exchange at 30.9.*	1.50	1.15

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 2011 = 2,774,473 / 4,499,061 = 0.62 euros

Basic earnings per share for 9 months of 2010 = 561,559 / 4,499,061 = 0.12 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 2011 = 1.50 / 0.62 = 2.42

Price/earnings ratio (P/E) for 9 months of 2010 = 1.15 / 0.12 = 9.58

* 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:

th EUR	Furniture factory		Skano		Building materials division		Eliminations		SEGMENTS TOTAL	
	9 months 2011	9 months 2010	9 months 2011	9 months 2010	9 months 2011	9 months 2010	9 months 2011	9 months 2010	9 months 2011	9 months 2010
Revenue from external customers	4,647	3,936	1,371	1,223	6,495	4,716	0	0	12,513	9,875
Inter-segment revenue	663	607	0	0	0	1	0	0	663	608
Operating profit/loss	473	380	(152)	(98)	2,573	392	(1)	(30)	2,893	644
Segment assets	4,355	4,386	648	741	11,587	4,024	(52)	(47)	16,538	9,104
Segment liabilities	2,014	1,957	163	159	6,440	1,859	0	0	8,617	3,975

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

<i>t</i> h EUR	9 months 2011				9 months 2010			
	FF	SK	BMD	TOTAL	FF	SK	BMD	TOTAL
Finland	2,202	0	2,876	5,078	2,168	0	1,938	4,106
Russia	2,264	0	1,025	3,289	1,494	0	491	1,985
Estonia	49	486	1,344	1,879	77	437	1,325	1,839
Ukraine	0	463	47	510	0	368	17	385
Latvia	0	144	121	265	0	124	125	249
Lithuania	0	278	26	304	0	294	12	306
Germany	0	0	77	77	29	0	54	83
Kazakhstan	120	0	9	129	147	0	0	147
Belarusian	12	0	14	26	17	0	7	24
Sweden	0	0	347	347	0	0	351	351
Denmark	0	0	114	114	1	0	71	72
England	0	0	194	194	0	0	54	54
India	0	0	79	79	0	0	63	63
China	0	0	32	32	0	0	65	65
Malaysia	0	0	14	14	0	0	46	46
Greece	0	0	11	11	0	0	21	21
Israel	0	0	49	49	0	0	21	21
France	0	0	8	8	0	0	0	0
Japan	0	0	36	36	0	0	0	0
Other countries	0	0	72	72	3	0	55	58
TOTAL	4,647	1,371	6,495	12,513	3,936	1,223	4,716	9,875

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 (11.94%).

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

	<i>T</i> h EUR	<i>T</i> h EUR
	9 months 2011	9 months 2010
Board member and other remuneration	123	81
Social tax	41	27
TOTAL	164	108

As at 30.9.2011, 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 2011, there were no transactions between the related parties.