

1st quarter
Interim Report
2012

Beginning of the Interim Report Period:	1.1.2012
End of the Interim Report Period:	31.3.2012
Beginning of the financial year:	1.1.2012
End of the financial year:	31.12.2012
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Main activity:	Production of fibreboards
Auditor:	AS PricewaterhouseCoopers

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Outline

AS Viisnurk is engaged in the manufacture of building materials, retail trade of furniture and furnishing as well as manufacture of furniture. The Furniture Division and Building Materials Divisions are the business units of AS Viisnurk.

The Building Materials Division produces and distributes two independent softboard-based product categories: fibre-boards for insulation and soundproofing, and interior finishing panels for walls and ceilings.

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 principal markets of the company are Scandinavia, Russia, Ukraine and the Baltics. The long-term customers and co-operation partners of AS Viisnurk 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, Hermitage Eesti OÜ, Thominvest Oy and SEB's Finnish costumers.

Management Report

First quarter in short

Consolidated net sales of the first quarter 2012 increased 13% compared to the same period 2011, and was 4.6 mil. euros. At the same time, consolidated EBITDA decreased from 275 thousand euros in first quarter 2011 to 147 thousand euros in first quarter 2012.

Relatively weak result of the first quarter was expected and the management estimated that in the report of the fourth quarter. The sales growth came basically from the sales of natural softboards products of Püssi factory and from Skano retail chain, which grew 30% compared to the same period last year.

At the same time, net sales of the comparable business units of the company (Pärnu softboard factory and Isotex unit, furniture factory and retail chain Skano), decreased 8% compared to the first quarter of 2011. Sales into Finland was 46% of total sales of the company in the first quarter of 2011, but at the beginning of this year an unexpectedly big decrease of demand occurred and sales into Finland dropped to 29% in the first quarter of this year. At the same time sales into other markets has not decreased, but has moderate growth and operating profit of comparable business units increased 7% and amounted to 138 thousand euros.

Despite of the decrease of sales, the profit of furniture factory increased by 2.6% and reached to 159 thousand euros. Factory works effectively and makes profit; the profit margin of factory was 9% in the first quarter.

Retail sale made a 30% growth and was 553 thousand euros in the first quarter of 2012, the result was 5 thousand euros loss caused by the change of exchange rate of Ukrainian hryvnia in the amount of 24 thousand euros. The relevant revenue of the sales of Skano is continuously furniture produced in Pärnu furniture factory and it allows to operate the furniture factory more profitable as without Skano retail sales.

The net sales of the Püssi factory in first quarter amounted to 733 thousand euros and loss to 237 thousand euros. The sales of Püssi factory was operated at half capacity due to the low sales volume.

As a positive trend it is possible to report the monthly sales of building materials division during the first quarter of 2012: 674 thousand euros in January, 761 thousand euros in February and 1,049 thousand euros in March. That trend influenced positively the result of the group and it reached the profit side in March. The monthly growth of sales was caused by increasing demand, seasonality and better sales of Püssi factory.

Income statement

Consolidated net sales of first quarter 2012 was 4.6 mil. euros (4.0 mil. euros in same period of 2011) representing a 13% increase on the first quarter compared to Q1 2011. The Group's gross margin in the first quarter of 2012 was 13.7% compared to 21.0% in the first quarter of 2011. Consolidated operating loss amounted to 0.1 mil. euros (0.1 mil. euros profit in same period 2011). The consolidated operating margin of net sales was -2.2% (3.2% in Q1 2011).

Consolidated EBITDA amounted to 147 thousand euros, compared to 275 thousand euros in Q1 2011. Consolidated net loss amounted to 173 thousand euros, compared to net profit of 102 thousand euros in Q1 2011, and the net margin was -3.8% (2.5% in Q1 2011).

Position of financial statement

As of 31.3.2012 the total assets of Viisnurk amounted to 16.3 mil. euros (31.12.2011: 16.0 mil. euros). The liabilities of the company accounted for 53.9% (31.12.2011: 51.8%) thereof, i.e. 8.8 mil. euros (31.12.2011: 8.3 mil. euros).

Receivables and prepayments have increased by 0.5 mil. euros i.e. 27% increase with 3 months. The reason of increase of receivables is small sales in December 2011, which essentially lowered the amount of receivables at the end of December.

Inventories increased by 0.1 mil. euros to reach 3.3 mil. euros on 31.3.2012. (31.12.2011: 3.2 mil. euros). Property, plant and intangibles decreased by 0.2 mil. euros mainly as a result of depreciation.

Short-term loans decreased by 0.1 mil. euros and amounted to 1.5 mil. euros in 31.3.2012 (31.12.2011: 1.4 mil. euros). Supplier payables, tax liabilities, other payables, including payables to employees, and provisions amounted to 2.6 mil. euros (31.12.2011: 2.1 mil. euros). Current and non-current liabilities increased by 0.5 mil. euros to 8.8 mil. euros (31.12.2011: 8.3 mil. euros).

Divisional review:

Net sales by business segments

	<i>th. EUR</i>		<i>% of net sales</i>	
	Q1 2012	Q1 2011	Q1 2012	Q1 2011
Building Materials Division	2,485	1,980	54.5%	49.2%
Furniture Factory	1,757	1,854	38.5%	46.1%
Retail sales	553	426	12.1%	10.6%
Elimination	(236)	(236)	(5.2)%	(5.9)%
TOTAL	4,559	4,024	100.0%	100.0%

Net sales by geographical segments

	<i>th. EUR</i>		<i>% of net sales</i>	
	Q1 2012	Q1 2011	Q1 2012	Q1 2011
Finland	1,342	1,837	29.4%	45.7%
Russia	1,267	990	27.8%	24.6%
Estonia	564	437	12.4%	10.9%
Great Britain	455	8	10.0%	0.2%
Ukraine	204	162	4.5%	4.0%
Latvia	141	77	3.1%	1.9%
Lithuania	133	92	2.9%	2.3%
Nederland	133	0	2.9%	0.0%
Sweden	126	116	2.8%	2.9%
Denmark	48	52	1.1%	1.3%
Germany	32	15	0.7%	0.4%
China	21	0	0.5%	0.0%
India	18	71	0.4%	1.8%
Other countries	75	167	1.6%	4.2%
TOTAL	4,559	4,024	100.0%	100.0%

Regarding the markets, turnover has increased in Russia, Great Britain and Nederland. The percentage of turnover has decreased in most in Finland and India.

Profit by business segments

	<i>th. EUR</i>	
	Q1 2012	Q1 2012
Furniture Factory	159	155
Skano	(5)	(112)
Building Materials Division	(264)	74
Elimination	11	12
TOTAL	(99)	129
Net financial costs	(67)	(25)
Income tax	(7)	(2)
NET PROFIT	(173)	102

Building Materials Division

The net sales of the Building Materials Division in the first quarter of 2012 amounted to 2.5 mil. euros and loss to 264 thousand euros. In the same period last year, the turnover of the division totalled to 2.0 mil. euros and the profit 74 thousand euros. As compared to the previous year the turnover of the division has increased by 505 thousand euros (26%). The growth of sales came from production of Püssi softboard factory.

Net sales by geographical segments

	<i>th. EUR</i>		<i>% of net sales</i>	
	Q1 2012	Q1 2012	Q1 2012	Q1 2012
Finland	680	1,045	27.4%	52.8%
Great Britain	455	8	18.3%	0.4%
Russia	427	256	17.2%	12.9%
Estonia	362	267	14.6%	13.5%
Nederland	133	0	5.4%	0.0%
Sweden	126	116	5.1%	5.9%
Latvia	68	42	2.7%	2.1%
Denmark	48	52	1.9%	2.6%
Germany	32	15	1.3%	0.8%
Ukraine	27	13	1.1%	0.7%
Lithuania	21	6	0.8%	0.3%
China	21	0	0.8%	0.0%
India	18	71	0.7%	3.6%
Other countries	67	89	2.7%	4.5%
TOTAL	2,485	1,980	100.0%	100.0%

The biggest growth has been in sales to Great Britain and Russia. The percentage of sales into Finland decreased remarkably. Despite of the growth of sales the profit of the segment has decreased. Despite of the remarkable growth of sales, profit of division decreased. Instead of one softboard production unit the company operates now with two.

<i>th EUR</i>	<i>Net sales</i>		<i>Profit</i>	
	Q1 2012	Q1 2011	Q1 2012	Q1 2011
Pärnu softboard factory	1,142	1,388	(88)	42
Pärnu interior boards factory	521	549	49	71
Püssi softboard factory	733	0	(237)	0
Not allocated	89	43	14	(39)
TOTAL	2,485	1,980	(264)	74

The net sales of the Pärnu softboard factory and interiors boards line decreased 16% in the first quarter of 2012 compared to the same quarter of 2011 and amounted to 1.7 mil. euros. As the result of decrease of sales and stoppages, loss of these units amounted to 39 thousand euros. The loss is connected with the decreasing sales volumes in Finland, where the activity of construction sector was remarkably smaller in the first months of the year. As for the weak demand, the factory did not work at full load. The production at lowered capacity caused additional costs. Due to weak demand, the factory did not work at full capacity during the first quarter.

The net sales of the Püssi factory in the first quarter amounted to 733 thousand euros and loss to 237 thousand euros. The sales of Püssi factory were much smaller than expected. Company succeeded to conclude sales contracts with several big costumers, but sales volumes are not sufficient to run the factory at full load. The company continues with several negotiations, but unfortunately the sales activity is inert and the conclusion of bigger contracts takes time.

Although Püssi factory has reached, in the fourth quarter of the previous year, a position to guarantee a sufficient volume, security of supply and quality for corporate clients, without taking disproportionate risks, the attainment of actual greater amounts of supplies have been taken longer than expected due to the decreased demand in Finland, general uncertainty in the economic environment in Europe, as well as a relatively lengthy procurement processes of bigger retail chains. Whereas the existing customer base of Viisnurk prefers keeping of low level reserves in the today's environment and in the today's environment we do not expect an increase in the number of orders from the same clients, then practically a total production volume of the Püssi factory shall be sold to new clients. We are also continuously and substantially contributing in dispersion of the customer base outside of Europe, especially to Asia.

Today the Püssi factory is operating at approximately of 50% of its capacity, but we hope to significantly increase this percentage by the end of the second quarter. It is also important to note that due to high fixed costs, the factory shall, for a profitable outcome, be operated at as high capacity as possible, which shall ensure a lower average cost price of the product. We are still confident that purchasing of the Püssi was a very good decision in the medium term and after introducing of significant technological and procedural changes we have succeeded to reduce the cost price more than we had expected before the purchase of the factory.

Furniture Division

Furniture Retail – Skano

AS Viisnurk retail business is operated by a private limited company OÜ Skano Furniture and its subsidiaries in Latvia, Lithuania and Ukraine. Skano has totally 10 stores: two in Tallinn, Pärnu, Riga, Vilnius, two in Kiev, Donetsk, Kharkiv and Dnipropetrovs'k. There was closed one store in Dnipropetrovs'k.

Retail sales by countries

	<i>th. EUR</i>		<i>% of net sales</i>		<i>Number of stores</i>	
	Q1 2012	Q1 2011	Q1 2012	Q1 2011	31.03.12	31.03.11
Estonia	191	156	34.5%	36.6%	3	3
Latvia	73	35	13.2%	8.2%	1	1
Lithuania	112	86	20.3%	20.2%	1	2
Ukraine	177	149	32.0%	35.0%	5	7
TOTAL	553	426	100.0%	100.0%	10	13

The retail sale increased, but the Skano ended with small loss. The main reasons for the result was loss from exchange rate of hryvnia (24 thousand euros).

Furniture Factory

The Furniture Factory's sales in the first quarter in one of the company's basic target market in Russia has increased and on other – in Finland, decreased. Our clients estimate small increase of sales on second quarter (5-8% compared to the last year).

The net sales of the Furniture Factory in the first quarter amounted to 1.8 mil. euros and profit to 159 thousand euros. In the same period last year, the turnover of the factory totalled to 1.9 mil. euros and the profit 155 thousand euros. As compared to the previous year the turnover of the factory has decreased by 97 thousand euros and the profit has increased by 7 thousand euros.

Furniture Factory sales by countries

	<i>th EUR</i>		<i>% of net sales</i>	
	Q1 2012	Q1 2011	Q1 2012	Q1 2011
Finland	662	792	37.7%	42.7%
Russia	840	734	47.8%	39.6%
Kazakhstan	0	78	0.0%	4.2%
Estonia	11	14	0.6%	0.8%
Other countries	8	0	0.5%	0.0%
Subsidiaries	236	236	13.4%	12.7%
TOTAL	1,757	1,854	100.0%	100.0%

Forecast and development

Building Materials Division. On the main production line the production is performed in full capacity at Pärnu softboard factory. According to orders list, factory fill produce in full capacity again in second quarter. Isotex lines are used one or two shifts accordingly the demand of clients.

Due to the low demand Püssi softboard factory shall operate about 50% of capacity in the second quarter 2012. The growth of production we estimate to the end of second quarter 2012.

In connection with the decreasing sales volumes in Finland we have continued the search of customers from other areas, especially the Asian countries.

Skano. We do not expect growth of retail sale in the first quarter of 2012. Therefore we shall continue to save the costs and do not plan any extension of the retail chain.

Furniture Factory. In the second quarter of 2012 we expect 10% sales growth compared to first quarter 2012 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.

Investments

During 3 months 2012 investments into technology totalled 15 euros and into buildings 9 thousand euros. At the same period of 2011 investments into technology totalled 87 thousand euros and into buildings 19 thousand euros.

People

At 31 March 2012 Concern employed 368 people (336 people in the same time at the last year). The average number of personnel in the first quarter of 2012 was 368 (2011: 330).

In the 3 months of 2012, wages and salaries amounted 1152 thousand euros (985 thousand euros in the same period of the last year).

Payments made to management and supervisory board members of all companies of Concern with relevant taxes:

<i>th EUR</i>	Q1 2012	Q1 2011
Board member and other remuneration	51	50
Social tax and unemployment insurance premiums	17	16
TOTAL	68	66

Financial highlights

<i>th</i> EUR	Q1 2012	Q1 2011	Q1 2010
Income statement			
Revenue	4,559	4,024	3,132
EBITDA	147	275	343
EBITDA margin	3.2%	6.8%	10.9%
Operating profit	(99)	129	219
Operating margin	(2.2%)	3.2%	7.0%
Net profit	(173)	102	191
Net margin	(3.8%)	2.5%	6.1%
Balance sheet (31.3)			
Total assets	16,337	9,568	8,634
Return on assets	(1.1%)	1.1%	2.2%
Equity	7,529	5,448	4,755
Return on equity	(2.3%)	1.9%	4.0%
Debt-to-equity ratio	53.9%	43.1%	44.9%
Share (31.3)			
Closing price (EUR)	1.57	1.50	1.14
Earnings per share (EUR)	(0.04)	0.02	0.04
Price-earnings ratio	-	75.00	28.50
Book value of a share (EUR)	1.67	1.21	1.06
Market to book ratio	0.94	1.24	1.08
Market capitalization	7,064	6,749	5,129

EBITDA = Earnings before interest, taxes, depreciation and amortisation

EBITDA margin = EBITDA / Revenue

Operating margin = Operating profit / Revenue

Net margin = Net profit / Revenue

Return on assets = Net profit / Total assets

Return on equity = Net profit / Equity

Debt-to-equity ratio = Liabilities / Total assets

Earnings per share = Net profit / Total shares

Price-earnings ratio = Closing price / Earnings per share

Book value of a share = Equity / Total shares

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

Market capitalization = Closing price * Total shares

Financial risks

Interest rate risk

AS Viisnurk's interest rate risk depends, above all, on changes in EURIBOR (Euro Interbank Offered Rate) because most of its loans are linked to EURIBOR. At 31 December 2011, 6 months' EURIBOR was 1.617 and at 31 March 2012 1,078. According to loan agreement, interest rate is 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 31.12.2011	1	1	1	100	1
Ownership at 31.12.2011 (%)	100	100	100	100	100
Number of shares at 31.3.2012	1	1	1	100	1
Ownership at 31.3.2012 (%)	100	100	100	100	100

OÜ Skano is engaged with the retail trade of furniture in Estonia. The company owns two furniture stores – one in Järve Keskus in Tallinn, 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. OÜ Skano was renamed to Skano Furniture OÜ on 11.04.2012.

SIA Skano is engaged in the retail sale of furniture in Latvia since November 2005. UAB Skano LT started in May 2007 and retail of furniture in Kaunas and Vilnius. TOV Skano Ukraine started in June 2007 and retail of furniture in bigger cities of the Ukraine. It has stores 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 2012.

Declaration of the Management Board

The Management Board of AS Viisnurk is prepared consolidated unaudited Interim Report for the 1st quarter of 2012, which is presented on pages 4 to 22 have been correctly prepared, and represents and warrants that to the best of their knowledge:

- the accounting policies applied in the preparation of the consolidated financial statements comply with International Financial Reporting Standards as adopted by the European Union;
- the consolidated financial statements give a true and fair view of the financial positions of the Group and AS Viisnurk and the results of their operations and their cash flows;
- the management report presents true and fair view of significant events that took place during the accounting period and their impact to financial statements and includes the description of major risks and doubts;
- AS Viisnurk and its subsidiaries are going concerns.



Chairman of Management board

Andres Kivistik



Member of Management board

Einar Pähkel

18 May 2012

Consolidated statement of financial position

<i>Tb EUR</i>	31.3.2012	31.12.2011	31.03.2011
Cash and bank	204	206	478
Receivables and prepayments (Note 2)	2,126	1,674	1,990
Inventories (Note 3)	3,336	3,177	2,723
Total current assets	5,666	5,057	5,191
Investment property (Note 4)	185	185	185
Tangible fixed assets (Note 5)	10,471	10,692	4,173
Intangible fixed assets (Note 6)	15	16	19
Total fixed assets	10,671	10,893	4,377
<u>TOTAL ASSETS</u>	<u>16,337</u>	<u>15,950</u>	<u>9,568</u>
Debt obligations (Note 7)	1,519	1,380	556
Payables and prepayments (Note 8)	2,552	2,137	1,978
Short-term provisions (Note 9)	8	11	6
Total current liabilities	4,079	3,528	2,540
Non-current debt obligations (Note 7)	4,490	4,490	1,382
Non-current provisions (Note 9)	239	239	198
Total non-current liabilities	4,729	4,729	1,580
Total liabilities	8,808	8,257	4,120
Share capital at nominal value (Note 10)	2,699	2,699	2,875
Issue premium	364	364	364
Statutory capital reserve	288	288	288
Currency translation reserve	(2)	(11)	31
Retained profits	4,353	1,788	1,788
Net profit for the year (Note 11)	(173)	2,565	102
Total equity	7,529	7,693	5,448
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>16,337</u>	<u>15,950</u>	<u>9,568</u>

Consolidated statement of comprehensive income

<i>T/</i> EUR	1 st quarter 2012	1 st quarter 2011
RETURN ON SALES (Note 12)	4,559	4,024
Cost of production sold	(3,934)	(3,179)
Gross profit	625	845
Marketing expenses	(600)	(581)
General administrative expenses	(110)	(99)
Other income	36	3
Other expenses	(50)	(39)
Operating profit (loss) (Note 12)	(99)	129
Financial income and financial expenses	(67)	(25)
Profit (loss) before taxes	(166)	104
Prepaid income tax	(7)	(2)
NET PROFIT (LOSS) FOR THE PERIOD	(173)	102
Basic earnings per share (Note 11)	(0.04)	0.02
Diluted earnings per share (Note 11)	(0.04)	0.02
Currency translation differences	9	15
TOTAL COMPREHENSIVE INCOME (LOSS)	(164)	117

Consolidated cash flow statement

<i>Tb EUR</i>	1 st quarter 2012	1 st quarter 2011
Cash flow from operations		
Net profit (loss) before taxes	(166)	104
<i>Adjustments for:</i>		
Depreciation of fixed assets (Note 5; 6)	244	146
Loss from write-down of fixed assets (Note 5)	2	5
Interest expense	67	25
Operating profit before changes in operating capital	147	280
Change in operations-related receivables and prepayments	(452)	(792)
Change in inventories (Note 3)	(159)	(239)
Change in operations-related liabilities and prepayments	412	514
Cash generated from operations	(52)	(237)
Interest paid	(67)	(25)
Income tax	(7)	(2)
Total cash flow from operations	(126)	(264)
Cash flow from investments		
Acquisition of fixed assets (Note 5; 6)	(24)	(106)
Total cash flow from investments	(24)	(106)
Cash flow from financing activities		
Raise a loan (Note 7)	148	139
Repayment of loans (Note 7)	0	(133)
Settlement of finance lease liabilities (Note 7)	(9)	(184)
Total cash flow from financing activities	139	(178)
TOTAL CASH FLOW	(11)	(548)
Currency translation differences	9	15
CASH AT BEGINNING OF PERIOD	206	1 011
CASH AT END OF PERIOD	204	478

Consolidated statement of changes in equity

<i>Tb EUR</i>	Share capital	Share premium	Statutory capital reserve	Currency translation	Retained earnings	Total
Balance at 31.12.2010	2,875	364	288	16	1,788	5,331
Comprehensive income (loss) for 3 months 2011	0	0	0	15	102	117
Balance at 31.03.2011	2,875	364	288	31	1,890	5,448
Balance at 31.12.2011	2,699	364	288	(11)	4,353	7,693
Comprehensive income (loss) for 3 months 2012	0	0	0	9	(173)	(164)
Balance at 31.03.2012	2,699	364	288	(2)	4,180	7,529

Notes to the consolidated interim report

Accounting Policies And Measurement Bases

The consolidated financial statements prepared for the period ended 31 March 2012 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 31.12.2011. 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, AS Viisnurk is a going concern and the Interim Report for the 1st quarter of 2012 gives a true and fair view of the financial position of AS Viisnurk and the results of its operations. The present Interim Report has not been audited.

The Interim Report has been presented in thousands of euros.

Note 1 Correction of prior period

The benefits paid to the members of the Management and Supervisory Board including taxes have been expanded to the members of the Management and Supervisory Board all entities in the same consolidation group and in relative to this the comparable indicators of previous period have been corrected.

<i>Tb EUR</i>	31.03.2011 adjusted	31.03.2011
Short-term benefits	50	27
Social tax	16	9
TOTAL	66	36

Note 2 Receivables and prepayments

<i>Tb EUR</i>	31.03.2012	31.12.2011	31.03.2011
Customer receivables	1,740	1,257	1,569
Prepaid taxes	335	327	342
Other receivables	26	33	41
Prepaid services	25	57	38
TOTAL	2,126	1,674	1,990

Note 3 Inventories

<i>Tb EUR</i>	31.03.2012	31.12.2011	31.03.2011
Raw materials and other materials	816	918	712
Work-in-progress: production	555	508	539
Work-in-progress: real estate development	214	214	214
Finished goods	1,460	1,293	1,033
Goods purchased for resale	187	167	196
Goods in transit	76	74	0
Prepayments to suppliers	28	3	29
TOTAL	3,336	3,177	2,723

Work-in-progress: real estate development

At 31 March 2012, 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 (31.03.2011: 214 thousand euros).

Note 4 Investment property

	<i>Tb EUR</i>
Cost at 31.12.2010	469
Accumulated depreciation at 31.12.2010	(284)
Net book amount at 31.12.2010	185
Cost at 31.03.2011	469
Accumulated depreciation at 31.03.2011	(284)
Net book amount at 31.03.2011	185
Cost at 31.12.2011	469
Accumulated depreciation at 31.12.2011	(284)
Net book amount at 31.12.2011	185
Cost at 31.03.2012	469
Accumulated depreciation at 31.03.2012	(284)
Net book amount at 31.03.2012	185

Costs of maintenance for three months of 2012 were 3 thousand euros and 5 thousand euros in the same period of 2011. Rental income from investment properties for three months of 2012 were 1 thousand euros (2011: 1 thousand euros).

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

Note 5 Tangible Fixed Assets

<i>Tb EUR</i>	31.03.2012	31.12.2011	31.03.2011
Land	226	226	79
Buildings and constructions	2,833	2,886	2,376
Machinery, plant and equipment	7,297	7,481	1,578
Other equipment and fixtures	35	40	52
Construction in progress	80	59	88
TOTAL	10,471	10,692	4,173

	<i>Tb EUR</i>
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 3 months of 2011	106
Write-off 3 months of 2011	(62)
Depreciation in 3 months of 2011	(145)
Write-off of accumulated amortisation 3 months of 2011	57
Cost at 31.03.2011	12,284
Accumulated depreciation at 31.03.2011	(8,111)
Net book amount at 31.03.2011	4,173
Cost at 31.12.2011	19,219
Accumulated depreciation at 31.12.2011	(8,527)
Net book amount at 31.12.2011	10,692
Acquired in 3 months of 2012*	24
Write-off 3 months of 2012	(7)
Depreciation in 3 months of 2012	(243)
Write-off of accumulated amortisation 3 months of 2012	5
Cost at 31.03.2012	19,236
Accumulated depreciation at 31.03.2012	(8,765)
Net book amount at 31.03.2012	10,471

*On the 31st of March the binding liabilities of acquiring the tangible assets are 70 thousand euros.

Note 6 Intangible Fixed Assets

	<i>Tb EUR</i>
Cost at 31.12.2010	94
Accumulated depreciation at 31.12.2010	(74)
Net book amount at 31.12.2010	20
Depreciation in 3 months of 2011	(1)
Cost at 31.03.2011	94
Accumulated depreciation at 31.03.2011	(75)
Net book amount at 31.03.2011	19
Cost at 31.12.2011	94
Accumulated depreciation at 31.12.2011	(78)
Net book amount at 31.12.2011	16
Depreciation in 3 months of 2012	(1)
Cost at 31.03.2012	94
Accumulated depreciation at 31.03.2012	(79)
Net book amount at 31.03.2012	15

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

Note 7 Debt Obligations

<i>Tb EUR</i>	31.03.2012	31.12.2011	31.03.2011
Current liabilities	1,519	1,380	556
incl non-convertible debt	24	33	16
Non-current debt obligations	4,490	4,490	1,382
incl non-convertible debt	67	67	17
TOTAL	6,009	5,870	1,938

Note 8 Payables and prepayments

<i>Tb EUR</i>	31.03.2012	31.12.2011	31.03.2011
Supplier payables	1,452	1,116	980
Payables to employees	489	389	488
Taxes payables	302	303	241
Other payables	124	138	132
Customer prepayments	185	191	137
TOTAL	2,552	2,137	1,978

Note 9 Provisions

	<i>tb EUR</i>
Balance at 31.12.2010	206
Incl current portion	8
non-current portion	198
Used during the 3 months 2011	(6)
Interest cost 3 months 2011	4
Balance at 31.03.2011	204
Incl current portion	6
non-current portion	198
Balance at 31.12.2011	250
Incl current portion	11
non-current portion	239
Used during the 3 months 2012	(6)
Interest cost 3 months 2012	3
Balance at 31.03.2012	247
Incl current portion	8
non-current portion	239

Provisions relate to the compensations for loss of working capacity of former employees after work accidents. The total amount of the provision has been estimated considering the number of persons receiving the compensation, extent of their disability, their former level of salary, level of pension payments, and estimations of the remaining period of payments.

Note 10 Share Capital

	Number of shares	Share capital
	<i>pcs</i>	<i>th EUR</i>
Balance 31.03.2012	4,499,061	2,699
Balance 31.12.2011	4,499,061	2,699
Balance 31.03.2011	4,499,061	2,875

The share capital of AS Viisnurk totaled 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 31.03.2012, the Group had 634 shareholders (31.03.2011: 594 shareholders) of which with more than 5% ownership interest were:

- Trigon Wood OÜ with 2,682,192 shares or 59.62% (31.03.2011: 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 (2011: 0 shares)

Joakim Johan Helenius: 20,000 shares (2011: 20,000 shares)

Heiti Rüsberg (OÜ Vilgan Konsultatsioonid): 50,000 shares (2011: 0 shares)

Andres Kivistik: 0 shares (2011: 0 shares)

Einar Pähkel: 0 shares (2011: 0 shares)

Note 11 Earnings per share

<i>EUR</i>	31.03.2012	31.03.2011
Basic earnings per share	(0.04)	0.02
Diluted earnings per share	(0.04)	0.02
Book value of share	1.67	1.21
Price/earnings ratio (P/E)	(39.25)	75.00
Closing price of the share of AS Viisnurk on Tallinn Stock Exchange at 31.03*	1.57	1.50

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 3 months of 2012 = (173,541) / 4,499,061 = (0.04) euros

Basic earnings per share for 3 months of 2011 = 101,836 / 4,499,061 = 0.02 euros

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

Price/earnings ratio (P/E) for 3 months of 2012 = 1.57 / (0.04) = (39.25)

Price/earnings ratio (P/E) for 3 months of 2011 = 1.50 / 0.02 = 75.00

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

Note 12 Segment reporting

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:

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.

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.

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	
	1 st quarter 2012	1 st quarter 2011	1 st quarter 2012	1 st quarter 2011	1 st quarter 2012	1 st quarter 2011	1 st quarter 2012	1 st quarter 2011	1 st quarter 2012	1 st quarter 2011
Revenue from external customers	1,521	1,618	553	426	2,485	1,980	0	0	4,559	4,024
Inter-segment revenue	236	236	0	0	0	0	0	0	236	236
Operating profit/loss	159	155	(5)	(112)	(264)	74	11	12	(99)	129
Segment assets	4,083	4,381	693	777	11,612	4,457	(51)	(47)	16,337	9,568
Segment liabilities	2,120	2,136	238	210	6,450	1,774	0	0	8,808	4,120

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

th EUR	1 st quarter 2012				1 st quarter 2011			
	FF	SK	BMD	TOTAL	FF	SK	BMD	TOTAL
Finland	662	0	680	1,342	792	0	1,045	1,837
Russia	840	0	427	1,267	734	0	256	990
Estonia	11	191	362	564	14	156	267	437
England	0	0	455	455	0	0	8	8
Ukraine	0	177	27	204	0	149	13	162
Latvia	0	73	68	141	0	35	42	77
Lithuania	0	112	21	133	0	86	6	92
Netherlands	0	0	133	133	0	0	0	0
Sweden	0	0	126	126	0	0	116	116
Denmark	0	0	48	48	0	0	52	52
Germany	0	0	32	32	0	0	15	15
China	0	0	21	21	0	0	0	0
India	0	0	18	18	0	0	71	71
Greece	0	0	14	14	0	0	11	11
Israel	0	0	12	12	0	0	19	19
Bulgaria	0	0	12	12	0	0	0	0
Ireland	0	0	11	11	0	0	0	0
Japan	0	0	2	2	0	0	36	36
Kazakhstan	0	0	0	0	78	0	0	78
Other countries	8	0	16	24	0	0	23	23
TOTAL	1,521	553	2,485	4,559	1,618	426	1,980	4,024

Note 13 Related party transactions

The following parties are considered to be related parties:

- Parent company OÜ Trigon Wood and owners of the parent company;
- 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 (26.49%), Hermitage Eesti OÜ (12.64%), Thominvest Oy (11.94%) and SEB's Finnish costumers (10.96%).

The benefits paid to the members of the Management and Supervisory Board of all entities in the same consolidation group including taxes:

<i>Tb</i> EUR	1 st quarter 2012	1 st quarter 2011 adjusted
Board member and other remuneration	51	50
Social tax and unemployment insurance premiums	17	16
TOTAL	68	66

As at 31.03.2011, pursuant to the contracts entered into, the members of the Management Board of AS Viisnurk will receive severance pay amounting to 6-month remuneration.

In the 1st quarter of 2012, there were no transactions between the related parties.

Note 14 Events after the reporting period

On 11. April 2012, AS Viisnurk changed the business name and the management board of OÜ Skano. The new business name of OÜ Skano is Skano Furniture OÜ.