

2nd quarter
Interim Report
2010

Beginning of the Interim Report Period:	1.1.2010
End of the Interim Report Period:	30.6.2010
Beginning of the financial year:	1.1.2010
End of the financial year:	31.12.2010
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Main activity:	Furniture production
Auditor:	AS PricewaterhouseCoopers

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Outline

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

Income statement

Consolidated net sales of second quarter 2010 was 50.5 mil. kroons/3.2 mil. euros (51.1 mil. kroons/3.3 mil. euros in same period of 2009) representing a 1% decrease on the second quarter compared to Q2 2009. The Group's gross margin in the second quarter of 2010 was 24.8% compared to 23.1% in the second quarter of 2009. Consolidated operating profit amounted to 3.5 mil. kroons/225 thousand euros (0.8 mil. kroons/52 thousand euros in 2009). The consolidated operating margin of net sales was 7.0% (up from 1.6% in Q2 2009).

Consolidated net profit amounted to 3.1 mil. kroons/197 thousand euros in Q2 2010 (0.1 mil. kroons/5 thousand euros in Q2 2009), and the net margin was 6.1% (0.2% in Q2 2009). In Q2 2010, the Group's return on equity was 4.0% (0.0% in Q2 2009) and return on assets was 2.2% (0.0% in Q2 2009).

Position of financial statement

As of 30.6.2010 the total assets of Viisnurk amounted to 142.4 mil. kroons/9.1 mil. euros (31.12.2009: 132.8 mil. kroons/8.5 mil. euros). The liabilities of the company accounted for 46% (31.12.2009: 46.2%) thereof, i.e. 65.2 mil. kroons/4.2 mil. euros (31.12.2009: 61.3 mil. kroons/3.9 mil. euros).

Receivables and prepayments have increased by 8.2 mil. kroons/0.5 mil. euros i.e. 44% decrease with 6 months. The reason of increase of receivables is small sales in December 2009, which essentially lowered the amount of receivables at the end of December.

Inventories increased by 5.2 mil. kroons/0.3 mil. euros to reach 47.1 mil. kroons/3.0 mil. euros on 30.6.2010. (31.12.2009: 41.9 mil. kroons/2.7 mil. euros). Property, plant and intangibles increased by 0.2 mil. kroons/0.01 mil. euros.

Short-term loans decreased by 0.1 mil. kroons/0.01 mil. euros and amounted to 8.1 mil. kroons/0.5 mil. euros in 30.6.2010 (31.12.2009: 8.0 mil. kroons/0.5 mil. euros). Supplier payables, tax liabilities, other payables, including payables to employees, and provisions amounted to 26.8 mil. kroons/1.7 mil. euros (31.12.2009: 22.9 mil. kroons/1.5 mil. euros). Current and non-current liabilities increased by 3.9 mil. kroons/0.2 mil. euros to 65.2 mil. kroons/4.2 mil. euros (31.12.2009: 61.3 mil. kroons/3.9 mil. euros).

Divisional review:

Net sales by business segments

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009
Furniture Factory	24,397	26,157	1,559	1,671	48.3%	51.2%
Skano	6,468	9,396	414	601	12.8%	18.4%
Building Materials Division	22,820	19,721	1,458	1,260	45.2%	38.6%
Elimination	(3,177)	(4,137)	(203)	(264)	(6.3%)	(8.1%)
TOTAL	50,508	51,137	3,228	3,268	100.0%	100.0%

Net sales by geographical segments

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009
Finland	20,117	24,225	1,285	1,548	39.8%	47.4%
Russia	11,368	6,329	728	406	22.5%	12.4%
Estonia	9,782	9,421	626	602	19.4%	18.4%
Lithuania	2,218	2,763	142	176	4.4%	5.4%
Sweden	1,820	877	116	56	3.6%	1.7%
Ukraine	1,217	2,788	78	178	2.4%	5.5%
Latvia	1,209	1,628	78	104	2.4%	3.2%
Kazakhstan	582	1,125	37	72	1.2%	2.2%
Great Britain	501	0	32	0	1.0%	0.0%
Germany	487	872	30	56	1.0%	1.7%
Denmark	348	142	22	9	0.7%	0.3%
Malaysia	236	0	15	0	0.5%	0.0%
China	219	0	14	0	0.4%	0.0%
India	128	7	8	0	0.3%	0.0%
Portugal	0	781	0	49	0.0%	1.5%
Other countries	276	179	17	12	0.4%	0.3%
Total	50,508	51,137	3,228	3,268	100.00%	100.00%

Concerning the markets, turnover has been decreased in Finland and retail stores related markets. There are increased sales into Russia and Sweden. Sales into Asia has initiated.

Profit by business segments

	<i>th. EEK</i>		<i>th. EUR</i>	
	Q2 2010	Q2 2009	Q2 2010	Q2 2009
Furniture Factory	2,570	1,579	164	101
Skano	(20)	(1,609)	(2)	(103)
Building Materials Division	1,529	637	98	41
Elimination	(566)	208	(35)	13
TOTAL	3,513	813	225	52
Net financial costs	(428)	(731)	(28)	(47)
PROFIT BEFORE TAXES	3,085	82	197	5
Income tax	0	0	0	0
NET PROFIT	3,085	82	197	5

Smaller loss of Skano is partially caused by strengthening of Ukrainian hryvnia.

Furniture Division

The net sales of AS Viisnurk Furniture Division in second quarter amounted to 27.7 mil. kroons/1.8 mil. euros (2009: 31.4 mil. kroons/2.0 mil. euros). As compared to the Q2 of previous year the turnover of the division has decreased by 3.7 mil. kroons/238 thousand euros (11.9%).

Furniture Retail – Skano

AS Viisnurk retail business is operated by a private limited company OÜ Skano and its subsidiaries in Latvia, Lithuania and Ukraine. Skano has totally 10 stores in Tallinn, Pärnu, Riga, Vilnius, Kaunas, Kiev (2), Donetsk, Kharkiv and Dnipropetrovs'k at the end of the second quarter. There were closed one store in Vilnius and opened one store in Dnipropetrovs'k in second quarter.

Retail sales by countries

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>		<i>Number of stores</i>	
	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	30.6.10	30.6.09
Estonia	2,521	2,878	161	184	39.0%	30.6%	2	2
Latvia	636	1,149	41	73	9.8%	12.2%	1	1
Lithuania	2,096	2,585	134	165	32.4%	27.5%	2	3
Ukraine	1,215	2,784	78	178	18.8%	29.6%	5	4
TOTAL	6,468	9,396	414	600	100.0%	100.0%	10	10

The retail sale of the Furniture Division decreased most in Latvia and Ukraine. Within the second quarter this year the retail sale has decreased by 31.2% as compared to the same period last year.

Furniture Production

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

The net sales of the Furniture Factory in second quarter amounted to 24.4 mil. kroons/1.6 mil. euros and profit to 2.6 mil. kroons/0.2 mil. euros. In the same period of the last year, the turnover of the division totalled 26.2 mil. kroons/1.8 mil. euros and the net profit 1.6 mil. kroons/0.1 thousand euros. As compared to the previous year the turnover of the division has decreased by 1.8 mil. kroons/0.1 mil. euros and the profit has increased by 1.0 mil. kroons/0.1 mil. euros.

Furniture factory sales by countries

	<i>th EEK</i>		<i>th EUR</i>		<i>% käibest</i>	
	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009
Finland	11,479	14,868	734	950	47.1%	56.8%
Russia	8,770	5,296	561	338	35.9%	20.2%
Kazakhstan	582	1,125	37	72	2.4%	4.3%
Germany	3	382	0	24	0.0%	1.5%
Others	386	349	25	22	1.6%	1.3%
Skano	3,177	4,137	203	264	13.0%	15.8%
KOKKU	24,397	26,157	1,560	1,670	100.0%	100.0%

Building Materials Division

The net sales of the Building Materials Division in second quarter amounted to 22.8 mil. kroons/1.5 mil. euros and profit to 1.5 mil. kroons/0.1 mil. euros. In the same period of the last year, the turnover of the division totalled 19.7 mil. kroons/1.3 mil. euros and the net profit 0.6 mil. kroons/41 thousand euros. As compared to the previous year the turnover of the division has increased by 3.1 mil. kroons/0.2 mil. euros and the profit has increased by 0.9 mil. kroons/57 thousand euros.

Net sales by geographical segments

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009
Finland	8,638	9,357	552	598	37.9%	47.4%
Estonia	6,875	6,271	439	401	30.1%	31.8%
Russia	2,598	1,033	166	66	11.4%	5.2%
Sweden	1,820	877	116	56	8.0%	4.4%
Latvia	574	479	37	31	2.5%	2.4%
Great Britain	501	0	32	0	2.2%	0.0%
Germany	484	490	31	31	2.1%	2.5%
Denmark	349	121	22	8	1.5%	0.6%
Malaysia	236	0	15	0	1.0%	0.0%
China	219	0	14	0	1.0%	0.0%
India	128	7	8	0	0.6%	0.0%
Lithuania	122	179	8	11	0.5%	0.9%
Ukraine	1	4	0	0	0.0%	0.0%
Portugal	0	781	0	50	0.0%	4.0%
Other countries	276	122	18	8	1.2%	0.6%
TOTAL	22,820	19,721	1,458	1,260	100.0%	100.0%

Forecast and development

Skano. Management believes that Ukraine has gained political stability and it improves its economical conditions. We have found suitable premises with good price and quality and will plan to open in third quarter one store in Dnipropetrov'sk and one store in Kiev.

Furniture Factory. For 2010 management forecasts continuously small sales in retail market, also in markets not related in Skano retail business, and it means continuously small production volume in furniture factory. Agreements with employees to use shortened working time are effective until 31.03.2011.

Building Materials Division. In third quarter of 2010 factory continues with decreased production volume. In main production line factory continues with three shifts instead of four. In Isotex line are used one or two shifts accordingly the demand of clients. Management believes into small recovery of markets and forecasts growth of sales and production in third quarter.

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

Investments

During 6 months 2010 investments into technology totalled 3.7 mil. kroons/237 thousand euros and into buildings 412 thousand kroons/26 thousand euros. At the same period of 2009 investments into technology totalled 187 thousand kroons/12 thousand euros and into buildings 56 thousand kroons/4 thousand euros.

In furniture factory the equipment of finishing section will renew, including new lacquer cabin and dryer of stain in 3rd quarter. It adds flexibility into production process and affords better usage of water based environment friendly finishing materials. Also it enables to save on workforce, materials and energy. Total investment will be ca 7,5 mil. kroons/0,5 mil. euros. For financing of investment, the Company made loan agreement with total amount of 7 mil. kroons/445 thousand euros, and it will be paid out in 3rd quarter.

People

At 30 June 2010 Viisnurk AS employed 308 people (325 people in the same period of the last year). The average number of personnel in the six months of 2010 was 307 (2009: 340).

In the 6 months of 2010, wages and salaries amounted 26.2 mil. kroons/1.7 mil. euros (25.5 mil. kroons/1.6 mil. euros in the same period of the last year).

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

	<i>Tb EEK</i> 6 months 2010	<i>Tb EEK</i> 6 months 2009	<i>Tb EUR</i> 6 months 2010	<i>Tb EUR</i> 6 months 2009
Board member and other remuneration	840	1,385	54	89
Social tax and unemployment insurance premiums	277	457	18	29
TOTAL	1,117	1,842	72	118

Financial highlights

	<i>Tb EEK</i> 6 months 2010	<i>Tb EEK</i> 6 months 2009	<i>Tb EUR</i> 6 months 2010	<i>Tb EUR</i> 6 months 2009
Income statement				
Revenue	99,510	104,223	6,360	6,661
EBITDA	10,646	4,737	680	303
EBITDA margin	10.7%	4.5%	10.7%	4.5%
Operating profit	6,939	1,079	443	69
Operating margin	7.0%	1.0%	7.0%	1.0%
Net profit	6,098	(591)	390	(38)
Net margin	6.1%	-	6.1%	-
Balance sheet				
Total assets	142,390	148,890	9,100	9,516
Return on assets	4.3%	-	4.3%	-
Equity	77,195	70,832	4,934	4,527
Return on equity	7.9%	-	7.9%	-
Debt-to-equity ratio	45.8%	52%	45.8%	52%
Share (30 June)				
Closing price (EEK/EUR)	14.86	7.82	0.95	0.50
Earnings per share (EEK/EUR)	1.36	(0.13)	0.09	(0.01)
Price-earnings ratio	10.96	-	10.96	-
Book value of a share (EEK/EUR)	17.16	15.74	1.10	1.00
Market to book ratio	0.87	0.50	0.87	0.50
Market capitalization	66,856	35,198	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 2010, 6 months' EURIBOR was 1.041 and at 31 December 2009 0.994.

According to loan agreements, interest rates are reviewed on the basis of changes in EURIBOR as follows:

- the loan in starting amount of EEK 13,000,000 (EUR 830,851) every year on 30 November and 30 May;
- the loan in starting amount of EUR 2,660,000 (EEK 41,619,956) every year on 30 September and 31 March.
- the loan in starting amount of EUR 479,337 (EEK 7,500,000) every year on 30 April and 31 October.

The interest rate risk also depends on the overall economic situation in Estonia and on changes in the banks' average interest rates. AS Viisnurk has a cash flow risk arising from the interest rate risk because most loans have a floating interest rate. Management believes that the cash flow risk is not significant. Therefore, no hedging instruments are used.

Currency risk

The foreign exchange risk is the risk that the company may have significant loss as a result of fluctuating foreign exchange rates. Currency risk increases with the increase of the number of stores of Skano due to the use of local currencies in the market. Subsidiaries assets and liabilities outside Estonia are subject to currency risk. AS Viisnurk's foreign currency risk from other operations is low because most export-import contracts are nominated in euros.

Risk of the Economic Environment

The risk of the economic environment for the Building Materials Division depends on general developments in the construction market; the risk for Furniture Division depends on the expectations of the customers towards economic welfare in future. According recent process of world economy the risk of economic environment has increased significantly.

Fair value

The management estimates, that the fair values of cash, accounts payable, short-term loans and borrowings do not materially differ from their carrying amounts. The fair values of long-term loans do not materially differ from their carrying amounts because their interest rates correspond to the interest rate risks prevailing on the market.

Group structure

Shares in subsidiaries

Country of location	OÜ Skano Estonia	OÜ Visu Estonia	OÜ Isotex Estonia	SIA Skano Latvia	UAB Skano LT Lithuania	TOV Skano Ukraina Ukraine
Number of shares at 31.12.2009	1	1	1	1	100	1
Ownership at 31.12.2009 (%)	100	100	100	100	100	100
Number of shares at 30.6.2010	1	1	1	1	100	1
Ownership at 30.6.2010 (%)	100	100	100	100	100	100

OÜ Skano is engaged with the retail trade of furniture in Estonia. The company owns two furniture stores – one in Järve Keskus in Tallinn and the other on the first floor of the headquarters of AS Viisnurk in Pärnu. OÜ Skano holds 100% of the shares in enterprises SIA Skano, UAB Skano LT and TOV Skano Ukraine.

SIA Skano is engaged in the retail sale of furniture in Latvia since November 2005. UAB Skano LT started in May 2007 retail of furniture in Klaipeda, Kaunas and Vilnius. TOV Skano Ukraine started in June 2007 and retail of furniture in Kharkiv, Kiev, Donetsk and Odessa.

OÜ Visu and OÜ Isotex were established to allow former divisions to operate independently under their own trademarks and to facilitate their development. In connection with restructuring, use of the subsidiaries has been abandoned. The subsidiaries OÜ Visu and OÜ Isotex did not have any operations in the financial year 2010 and 2009.

Financial Statements

Declaration of the Management Board

The Management Board of AS Viisnurk is prepared consolidated unaudited Interim Report for the 2nd quarter of 2010, which is presented on pages 4 to 21 have been correctly prepared, and represents and warrants that to the best of their knowledge:

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



Chairman of Management board

Andres Kivistik



Member of Management board

Einar Pähkel

10th August 2010

Consolidated statement of financial position

	<i>Tb EEK</i> 30.6.2010	<i>Tb EEK</i> 31.12.2009	<i>Tb EUR</i> 30.6.2010	<i>Tb EUR</i> 31.12.2009
Cash and bank	2,100	6,091	134	389
Receivables and prepayments (Note 1)	27,001	18,810	1,725	1,202
Inventories (Note 2)	47,115	41,912	3,011	2,680
Total current assets	76,216	66,813	4,870	4,271
Investment property (Note 3)	2,893	2,893	185	185
Tangible fixed assets (Note 4)	63,270	63,083	4,044	4,031
Intangible fixed assets (Note 5)	11	14	1	1
Total fixed assets	66,174	65,990	4,230	4,217
<u>TOTAL ASSETS</u>	<u>142,390</u>	<u>132,803</u>	<u>9,100</u>	<u>8,488</u>
Debt obligations (Note 6)	8,130	8,048	520	514
Payables and prepayments (Note 7)	26,702	22,742	1,706	1,454
Short-term provisions (Note 8)	54	118	3	8
Total current liabilities	34,886	30,908	2,229	1,976
Non-current debt obligations (Note 6)	27,084	27,084	1,731	1,731
Non-current provisions (Note 8)	3,225	3,303	206	211
Total non-current liabilities	30,309	30,387	1,937	1,942
Total liabilities	65,195	61,295	4,166	3,918
Share capital at nominal value (Note 9)	44,991	44,991	2,875	2,875
Issue premium	5,698	5,698	364	364
Statutory capital reserve	4,499	4,499	288	288
Currency translation	(5)	406	0	26
Retained profits	15,914	15,759	1,017	1,007
Net profit(loss) for the year (Note 10; 11)	6,098	155	390	10
Total equity	77,195	71,508	4,934	4,570
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>142,390</u>	<u>132,803</u>	<u>9,100</u>	<u>8,488</u>

Consolidated statement of comprehensive income

	<i>Tb EEK</i> 2 nd q 2010	<i>Tb EEK</i> 2 nd q 2009	<i>Tb EEK</i> 6 m 2010	<i>Tb EEK</i> 6 m 2009	<i>Tb EUR</i> 2 nd q 2010	<i>Tb EUR</i> 2 nd q 2009	<i>Tb EUR</i> 6 m 2010	<i>Tb EUR</i> 6 m 2009
RETURN ON SALES (Note 11)	50,498	51,137	99,510	104,223	3,227	3,268	6,360	6,661
Cost of production sold	(37,981)	(39,325)	(75,008)	(82,052)	(2,427)	(2,513)	(4,794)	(5,244)
Gross profit	12,517	11,812	24,502	22,171	800	755	1,566	1,417
Marketing expenses	(7,499)	(8,937)	(14,707)	(17,816)	(479)	(571)	(940)	(1,138)
General administrative expenses	(2,002)	(1,517)	(3,484)	(3,032)	(128)	(97)	(223)	(194)
Other income	716	275	1,217	1,332	46	17	78	85
Other expenses	(219)	(820)	(589)	(1,576)	(14)	(52)	(38)	(101)
Operating profit (Note 11)	3,513	813	6,939	1,079	225	52	443	69
Financial income and financial expenses (Note 11)	(428)	(731)	(841)	(1,670)	(28)	(47)	(53)	(107)
Profit(loss) before taxes (Note 11)	3,085	82	6,098	(591)	197	5	390	(38)
NET PROFIT(LOSS) FOR THE PERIOD (Note 10; 11)	3,085	82	6,098	(591)	197	5	390	(38)
Basic earnings per share (Note 10)	0.68	0.02	1.36	(0.13)	0.04	0.00	0.09	(0.01)
Diluted earnings per share (Note 10)	0.68	0.02	1.36	(0.13)	0.04	0.00	0.09	(0.01)
Currency translation differences	(312)	346	(411)	223	(20)	22	(26)	16
TOTAL COMPREHENSIVE INCOME	2,773	428	5,687	(368)	177	27	364	(22)

Consolidated cash flow statement

	<i>Tb EEK</i> 6 m 2010	<i>Tb EEK</i> 6 m 2009	<i>Tb EUR</i> 6 m 2010	<i>Tb EUR</i> 6 m 2009
Cash flow from operations				
Net profit before taxes (Note 11)	6,098	(591)	390	(38)
<i>Adjustments for:</i>				
Depreciation of fixed assets (Note 4; 5)	3,707	3,658	237	233
Loss on disposals of fixed assets (Note 4)	230	245	14	16
Interest expense	814	1,644	52	105
Operating profit before changes in operating capital	10,849	4,956	693	316
Change in operations-related receivables and prepayments	(8,191)	(6,254)	(523)	(400)
Change in inventories	(5,203)	13,630	(331)	870
Change in operations-related liabilities and prepayments	3,818	(9,644)	242	(616)
Cash generated from operations	1,273	2,688	81	170
Interest paid	(814)	(1,644)	(52)	(105)
Total cash flow from operations	459	1,044	29	65
Cash flow from investments				
Acquisition of fixed assets (Note 4; 5)	(4,121)	(243)	(264)	(16)
Total cash flow from investments	(4,121)	(243)	(264)	(16)
Cash flow from financing activities				
Raise a loan (Note 6)	2,558	0	164	0
Repayment of loans (Note 6)	(2,186)	(4,764)	(140)	(304)
Settlement of finance lease liabilities (Note 6)	(290)	(159)	(18)	(10)
Total cash flow from financing activities	82	(4,923)	6	(314)
TOTAL CASH FLOW	(3,580)	(4,122)	(229)	(265)
Currency translation differences	(411)	223	(26)	(16)
CASH AT BEGINNING OF PERIOD	6,091	6,913	389	442
CASH AT END OF PERIOD	2,100	3,014	134	193

Consolidated statement of changes in equity

<i>Tb EEK</i>	Share capital	Share premium	Statutory capital reserve	Currency translation	Retained earnings	Total
Balance at 31.12.2008	44,991	5,698	4,499	253	15,759	71,200
Comprehensive income in 6 m 2009	0	0	0	223	(591)	(368)
Balance at 30.6.2009	44,991	5,698	4,499	476	15,168	70,832
Balance at 31.12.2009	44,991	5,698	4,499	406	15,914	71,508
Comprehensive income in 6 m 2010	0	0	0	(411)	6,098	5,687
Balance at 30.6.2010	44,991	5,698	4,499	(5)	22,012	77,195

<i>Tb EUR</i>	Share capital	Share premium	Statutory capital reserve	Currency translation	Retained earnings	Total
Balance at 31.12.2008	2,875	364	288	14	1,007	4,548
Comprehensive income in 6 m 2009	0	0	0	16	(38)	(22)
Balance at 30.6.2009	2,875	364	288	30	969	4,526
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

Notes to the consolidated interim report

Accounting Policies And Measurement Bases

The consolidated financial statements prepared for the period ended 30 June 2010 include the financial information of the Company and its subsidiaries (together referred to as the Group): OÜ Skano, OÜ Visu, OÜ Isotex and OÜ Skano's wholly-owned subsidiaries SIA Skano, UAB Skano LT and TOV Skano Ukraina. The Group manufactures and distributes furniture and softboard made of wood.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The same accounting policies were applied for both the Interim Report and the Annual Report for the financial year that ended on 31.12.2009.

According to the assessment of the Management Board, Viisnurk AS is a going concern and the Interim Report for the 2nd quarter of 2010 gives a true and fair view of the financial position of Viisnurk AS and the results of its operations. The present Interim Report has not been audited.

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

Note 1 Receivables and prepayments

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
Customer receivables	22,942	15,102	1,466	965
Prepaid taxes	3,089	2,253	197	144
Other receivables	444	717	28	46
Prepaid services	526	738	34	47
TOTAL	27,001	18,810	1,725	1,202

Note 2 Inventories

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
Raw materials and other materials	10,542	9,099	674	582
Work-in-progress: production	8,826	7,992	564	511
Work-in-progress: real estate development	3,383	3,346	216	214
Finished goods	20,900	17,658	1,336	1,129
Goods purchased for resale	3,337	3,723	213	238
Prepayments to suppliers	127	94	8	6
TOTAL	47,115	41,912	3,011	2,680

Work-in-progress: real estate development

At 30 June 2010, work-in-progress: real estate development comprised the old Sports goods division real property (buildings and land ca 20,000 m²) located at Rääma street 31, what is covered whit development contract.

Work-in-progress: real estate development was stated at the lower of cost and fair value less costs to sell. Work-in-progress: real estate development was stated at the costs 3,383 thousand kroons/216 thousand euros (30.06.2009: 3,335 thousand kroons/213 thousand euros).

Note 4 Investment property

	<i>Tb EEK</i>	<i>Tb EUR</i>
Cost at 31.12.2008	7,341	469
Accumulated depreciation at 31.12.2008	(4,448)	(284)
Net book amount at 31.12.2008	2,893	185
Cost at 30.6.2009	7,341	469
Accumulated depreciation at 30.6.2009	(4,448)	(284)
Net book amount at 30.6.2009	2,893	185
Cost at 31.12.2009	7,341	469
Accumulated depreciation at 31.12.2009	(4,448)	(284)
Net book amount at 31.12.2009	2,893	185
Cost at 30.6.2010	7,341	469
Accumulated depreciation at 30.6.2010	(4,448)	(284)
Net book amount at 30.6.2010	2,893	185

Costs of maintenance for six months of 2010 were 57 thousand kroons/4 thousand euros (60 thousand kroons/4 thousand euros in the same period of 2009).

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

Note 4 Tangible Fixed Assets

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
Land	1,238	1,238	79	79
Buildings and constructions	38,222	39,317	2,443	2,513
Machinery, plant and equipment	19,101	20,645	1,221	1,319
Other equipment and fixtures	963	999	62	64
Construction in progress	3,746	884	239	56
TOTAL	63,270	63,083	4,044	4,031

	<i>Tb EEK</i>	<i>Tb EUR</i>
Cost at 31.12.2008	179,462	11,469
Accumulated depreciation at 31.12.2008	(113,129)	(7,230)
Net book amount at 31.12.2008	66,333	4,239
Acquired in 6 months of 2009	243	16
Disposals in 6 months of 2009	(245)	(16)
Depreciation in 6 months of 2009	(3,658)	(233)
Currency translation	7	0
Cost at 30.6.2009	179,464	11,469
Accumulated depreciation at 30.6.2009	(116,784)	(7,463)
Net book amount at 30.6.2009	62,680	4,006
Cost at 31.12.2009	182,973	11,694
Accumulated depreciation at 31.12.2009	(119,890)	(7,663)
Net book amount at 31.12.2009	63,083	4,031
Acquired in 6 months of 2010	4,121	264
Disposals in 6 months of 2010	(230)	(14)
Depreciation in 6 months of 2010	(3,702)	(237)

Currency translation	(2)	0
Cost at 30.6.2010	186,864	11,944
Accumulated depreciation at 30.6.2010	(123,594)	(7,900)
Net book amount at 30.6.2010	63,270	4,044

Note 5 Intangible Fixed Assets

	<i>Tb EEK</i>	<i>Tb EUR</i>
Cost at 31.12.2008	5,193	332
Accumulated depreciation at 31.12.2008	(5,172)	(331)
Net book amount at 31.12.2008	21	1
Depreciation in 6 months of 2009	(4)	0
Cost at 30.6.2009	5,193	332
Accumulated depreciation at 30.6.2009	(5,176)	(331)
Net book amount at 30.6.2009	17	1
Cost at 31.12.2009	5,193	332
Accumulated depreciation at 31.12.2009	(5,179)	(331)
Net book amount at 31.12.2009	14	1
Disposals in 6 months of 2010	(2,803)	(179)
Depreciation in 6 months of 2010	2,800	179
Cost at 30.6.2010	2,390	153
Accumulated depreciation at 30.6.2010	(2,379)	(152)
Net book amount at 30.6.2010	11	1

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

Note 6 Debt Obligations

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
Current liabilities	8,130	8,048	520	514
incl non-convertible debt	295	585	19	37
Non-current debt obligations	27,084	27,084	1,731	1,731
incl non-convertible debt	3,395	3,395	217	217
TOTAL	35,214	35,132	2,251	2,245

Note 7 Payables and prepayments

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
Supplier payables	13,965	11,336	892	725
Payables to employees	6,070	4,749	388	303
Taxes payables	3,746	3,580	239	229
Other payables	2,099	1,605	134	103
Customer prepayments	822	1,472	53	94
TOTAL	26,702	22,742	1,706	1,454

Note 8 Provisions

	<i>Tb EEK</i>	<i>Tb EUR</i>
Balance at 31.12.2008	3,536	226
Incl current portion	115	7
non-current portion	3,421	219
Used during the 6 months 2009	(67)	(4)
Interest cost	(139)	(9)
Balance at 30.6.2009	3,469	222
Incl current portion	48	3
non-current portion	3,421	219
Balance at 31.12.2009	3,421	219
Incl current portion	118	8
non-current portion	3,303	211
Used during the 6 months 2010	(182)	(12)
Increased during the 6 months 2010	98	6
Decreased during the 6 months 2010	(181)	(12)
Interest cost	123	8
Balance at 30.6.2010	3,279	209
Incl current portion	54	3
non-current portion	3,225	206

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

Note 9 Share Capital

	Number of shares	Share capital	Share capital
	<i>pcs</i>	<i>Tb EEK</i>	<i>Tb EUR</i>
Balance 31.12.2008	4,499,061	44,991	2,875
Balance 30.6.2009	4,499,061	44,991	2,875
Balance 31.12.2009	4,499,061	44,991	2,875
Balance 30.6.2010	4,499,061	44,991	2,875

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

Note 10 Earnings per share

	<i>EEK</i>	<i>EEK</i>	<i>EUR</i>	<i>EUR</i>
	30.6.2010	30.6.2009	30.6.2010	30.6.2009
Basic earnings per share	1.36	(0.13)	0.09	(0.01)
Diluted earnings per share	1.36	(0.13)	0.09	(0.01)
Book value of share	17.16	15.74	1.10	1.00
Price/earnings ratio (P/E)	10.92	-	10.92	-
Closing price of the share of AS Viisnurk on Tallinn Stock Exchange at 30.6.*	14.86	7.82	0.95	0.50

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 6 months of 2010 = 6,098,735 / 4,499,061 = 1.36 kroons/0.09 euros

Basic earnings per share for 6 months of 2009 = (591,252) / 4,499,061 = (0.13) kroons/(0.01) 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 2010 = 14.86/1.36 = 10.92

Price/earnings ratio (P/E) for 6 months of 2009 -

* 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 factory is located in Estonia.

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

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

th EEK	Furniture factory		Skano		Building materials division		Eliminations		SEGMENTS TOTAL	
	6 months 2010	6 months 2009	6 months 2010	6 months 2009	6 months 2010	6 months 2009	6 months 2010	6 months 2009	6 months 2010	6 months 2009
Revenue from external customers	44,280	45,785	12,996	18,330	42,234	40,108	0	0	99,510	104,223
Inter-segment revenue	6,203	7,970	0	0	8	0	0	0	6,211	7,970
Operating profit/loss	4,900	3,196	(88)	(2,390)	3,072	389	(945)	(116)	6,939	1,079
Segment assets	67,742	67,374	10,613	14,025	64,820	68,093	(785)	(602)	142,390	148,890
Segment liabilities	29,179	32,771	1,990	2,783	34,026	42,504	0	0	65,195	78,058

th EUR	Furniture factory		Skano		Building materials division		Eliminations		SEGMENTS TOTAL	
	6 months 2010	6 months 2009	6 months 2010	6 months 2009	6 months 2010	6 months 2009	6 months 2010	6 months 2009	6 months 2010	6 months 2009
Revenue from external customers	2,830	2,926	831	1,172	2,699	2,563	0	0	6,360	6,661
Inter-segment revenue	396	509	0	0	1	0	0	0	397	509
Operating profit/loss	313	204	(6)	(153)	196	25	(60)	(7)	443	69
Segment assets	4,329	4,306	678	896	4,143	4,352	(50)	(38)	9,100	9,516
Segment liabilities	1,865	2,095	127	178	2,174	2,717	0	0	4,166	4,990

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

<i>th</i> EEK	6 months 2010				6 months 2009			
	FF	SK	BMD	TOTAL	FF	SK	BMD	TOTAL
Finland	24,808	0	18,001	42,809	25,196	0	20,733	45,929
Russia	16,747	0	4,343	21,090	16,987	0	1,856	18,843
Estonia	880	4,964	11,048	16,892	577	5,079	11,636	17,292
Ukraine	0	3,487	115	3,602	0	5,678	4	5,682
Latvia	0	1,022	949	1,971	0	2,879	1,117	3,996
Lithuania	0	3,523	137	3,660	0	4,694	287	4,981
Portugal	0	0	0	0	0	0	2,026	2,026
Germany	454	0	723	1,177	1,002	0	613	1,615
Kazakhstan	1,221	0	0	1,221	1,754	0	0	1,754
Sweden	0	0	3,930	3,930	0	0	1,436	1,436
Belarusian	104	0	0	104	118	0	0	118
Denmark	24	0	924	948	44	0	121	165
England	0	0	510	510	0	0	0	0
India	0	0	604	604	0	0	7	7
China	0	0	219	219	0	0	0	0
Malaysia	0	0	236	236	0	0	0	0
Other countries	42	0	495	537	107	0	272	379
TOTAL	44,280	12,996	42,234	99,510	45,785	18,330	40,108	104,223

<i>th</i> EUR	6 months 2010				6 months 2009			
	FF	SK	BMD	TOTAL	FF	SK	BMD	TOTAL
Finland	1,585	0	1,150	2,735	1,610	0	1,325	2,935
Russia	1,070	0	278	1,348	1,086	0	119	1,205
Estonia	57	317	706	1,080	36	325	744	1,105
Ukraine	0	223	7	230	0	363	0	363
Latvia	0	66	61	127	0	184	71	255
Lithuania	0	225	9	234	0	300	18	318
Portugal	0	0	0	0	0	0	129	129
Germany	29	0	46	75	64	0	39	103
Kazakhstan	78	0	0	78	112	0	0	112
Sweden	0	0	251	251	0	0	92	92
Belarusian	7	0	0	7	8	0	0	8
Denmark	1	0	59	60	3	0	8	11
England	0	0	32	32	0	0	0	0
India	0	0	39	39	0	0	0	0
China	0	0	14	14	0	0	0	0
Malaysia	0	0	15	15	0	0	0	0
Other countries	3	0	32	35	7	0	18	25
TOTAL	2,830	831	2,699	6,360	2,926	1,172	2,563	6,661

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 (11.45%).

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

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	6 months 2010	6 months 2009	6 months 2010	6 months 2009
Board member and other remuneration	840	1,385	54	89
Social tax	277	457	18	29
TOTAL	1,117	1,842	72	118

As at 30.6.2010, 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 2010, there were no transactions between the related parties.