

1st quarter
Interim Report
2010

Beginning of the Interim Report Period:	1.1.2010
End of the Interim Report Period:	31.3.2010
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.

The ultimate controlling party of the Group is TDI Investments KY, registered in the Republic of Finland and belonging to the Scandinavian investors.

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 first quarter 2010 was 49.0 mil. kroons/3.1 mil. euros (53.1 mil. kroons/3.4 mil. euros in same period of 2009) representing a 8% decrease on the first quarter compared to Q1 2009. The Group's gross margin in the first quarter of 2010 was 24.5% compared to 19.5% in the first quarter of 2009. Consolidated operating profit amounted to 3.4 mil. kroons/219 thousand euros (0.3 mil. kroons/17 thousand euros in same period 2009). The consolidated operating margin of net sales was 7.0% (0.5% in Q1 2009).

Consolidated net profit amounted to 3.0 mil. kroons/191 thousand euros, compared to net loss 0.6 mil. kroons/43 thousand euros in Q1 2009), and the net margin was 6.1% (-1.3% in Q1 2009). In Q1 2010, the Group's return on equity was 4.0% (-1.0% in Q1 2009) and return on assets was 2.2% (-0.4% in Q1 2009).

Position of financial statement

As of 31.3.2010 the total assets of Viisnurk amounted to 135.1 mil. kroons/8.6 mil. euros (31.12.2009: 132.8 mil. kroons/8.5 mil. euros). The liabilities of the company accounted for 44.9% (31.12.2009: 46.2%) thereof, i.e. 60.7 mil. kroons/3.9 mil. euros (31.12.2009: 61.3 mil. kroons/3.9 mil. euros).

Receivables and prepayments have increased by 5.0 mil. kroons/0.3 mil. euros i.e. 26% decrease with 3 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 decreased by 2.1 mil. kroons/0.1 mil. euros to reach 44.1 mil. kroons/2.8 mil. euros on 31.3.2010. (31.12.2009: 41.9 mil. kroons/2.7 mil. euros). Property, plant and intangibles decreased by 1.6 mil. kroons/0.1 mil. euros mainly as a result of depreciation.

Short-term loans decreased by 1.5 mil. kroons/0.1 mil. euros and amounted to 6.5 mil. kroons/0.4 mil. euros in 31 March 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 23.9 mil. kroons/1.5 mil. euros (31.12.2009: 22.9 mil. kroons/1.5 mil. euros). Current and non-current liabilities decreased by 0.6 mil. kroons/38 thousand euros to 60.7 mil. kroons/3.9 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>	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Furniture Factory	26,086	27,598	1,667	1,764	53.2%	52.0%
Skano	6,528	8,934	417	571	13.3%	16.8%
Building Materials Division	19,422	20,387	1,242	1,303	39.6%	38.4%
Elimination	(3,034)	(3,833)	(194)	(245)	(6.1)%	(7.2)%
TOTAL	49,012	53,086	3,132	3,393	100.0%	100.0%

Net sales by geographical segments

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Finland	22,692	21,704	1,450	1,387	46.3%	40.9%
Russia	9,722	12,514	622	799	19.8%	23.6%
Estonia	7,110	7,871	454	503	14.5%	14.8%
Ukraine	2,385	2,894	152	185	4.9%	5.5%
Sweden	2,110	559	135	36	4.3%	1.1%
Lithuania	1,442	2,218	92	142	2.9%	4.2%
Latvia	762	2,368	49	151	1.6%	4.5%
Germany	690	743	44	48	1.4%	1.4%
Kazakhstan	639	629	41	40	1.3%	1.2%
India	226	0	14	0	0.5%	0.0%
Belarusian	104	119	7	8	0.2%	0.2%
Portugal	0	1,245	0	79	0.0%	2.3%
Other countries	1,130	222	72	15	2.3%	0.4%
TOTAL	49,012	53,086	3,393	3,393	100.00%	100.00%

Regarding the markets, turnover has increased in Sweden, Finland and Kazakhstan. Turnover has decreased in most in Portugal, Russia and Latvia.

Profit by business segments

	<i>th. EEK</i>		<i>th. EUR</i>	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Furniture Factory	2,330	1,616	149	103
Skano	(68)	(778)	(4)	(50)
Building Materials Division	1,543	(248)	98	(16)
Elimination	(379)	(325)	(24)	(20)
TOTAL	3,426	265	219	17
Net financial costs	(440)	(938)	(28)	(60)
NET PROFIT	2,986	(673)	191	(43)

Furniture Division

The net sales of AS Viisnurk Furniture Division in the first quarter amounted to 29.6 mil. kroons/1.9 mil. euros (2009: 32.7 mil. kroons/2.1 mil. euros). As compared to the Q1 of previous year the turnover of the division has decreased by 3.1 mil. kroons/0.2 mil. euros (9.5%).

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, two in Vilnius, Kaunas, two in Kiev, Donetsk and Kharkiv at the end of the first quarter. There were opened one store in Kiev and decided to close one store in Vilnius.

Retail sales by countries

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>		<i>Number of stores</i>	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	31.03.10	31.03.09
Estonia	2,443	2,200	156	141	37.4%	24.6%	2	2
Latvia	387	1,730	24	110	5.9%	19.4%	1	1
Lithuania	1,427	2,110	91	135	21.9%	23.6%	3	3
Ukraine	2,271	2,894	145	185	34.8%	32.4%	4	4
TOTAL	6,528	8,934	416	571	100.0%	100.0%	10	10

The retail sale drastically decreased in Latvia. The readiness for purchase is very low in Latvia. The sale in Estonia has increased and in Lithuania and Ukraine decreased. Within the first quarter this year the retail sale has decreased by 26.9% as compared to the same period last year.

Furniture Factory

The Furniture Factory's sales in the first quarter in one of the company's basic target market in Finland has increased and on other – In Russia, decreased. Also there is smaller sales to Skano. Our clients does not estimate demands recovering in near future.

The net sales of the Furniture Factory in the first quarter amounted to 26.1 mil. kroons/1.7 mil. euros and profit to 2.3 mil. kroons/149 thousand euros. In the same period last year, the turnover of the factory totalled to 27.6 mil. kroons/1.8 mil. euros and the profit 1.6 mil. kroons/103 thousand euros. As compared to the previous year the turnover of the factory has decreased by 1.5 mil. kroons/97 thousand euros and the profit has increased by 0.7 mil. kroons/46 thousand euros.

Furniture Factory sales by countries

	<i>th EEK</i>		<i>th EUR</i>		<i>% of net sales</i>	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Russia	13,329	10,328	852	660	51.1%	37.4%
Finland	7,977	11,691	510	747	30.6%	42.4%
Kazakhstan	639	629	41	40	2.4%	2.3%
Estonia	494	306	32	20	1.9%	1.1%
Germany	451	620	29	40	1.7%	2.2%
Belarusian	104	119	7	8	0.4%	0.4%
Others	66	72	4	5	0.3%	0.3%
Subsidiaries	3,026	3,833	193	245	11.6%	13.9%
TOTAL	26,086	27,598	1,668	1,765	100.0%	100.0%

Building Materials Division

The net sales of the Building Materials Division in the first quarter amounted to 19.4 mil. kroons/1.2 mil. euros and profit to 1.5 mil. kroons/98 thousand euros. In the same period last year, the turnover of the division totalled to 20.4 mil. kroons/1.3 mil. euros and the loss 0.2 mil. kroons/16 thousand euros. As compared to the previous year the turnover of the division has decreased by 1.0 mil. kroons/62 thousand euros and the profit has increased by 1.8 mil. kroons/114 thousand euros.

Net sales by geographical segments

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Finland	9,363	11,376	598	727	48.2%	55.8%
Estonia	4,173	5,365	267	343	21.5%	26.3%
Sweden	2,110	559	135	36	10.9%	2.7%
Russia	1,745	823	112	53	9.0%	4.0%
Latvia	375	638	24	41	1.9%	3.1%
Germany	239	123	15	8	1.2%	0.6%
India	226	0	14	0	1.2%	0.0%
Ukraine	114	0	7	0	0.6%	0.0%
Lithuania	15	108	1	7	0.1%	0.5%
Portugal	0	1,245	0	80	0.0%	6.1%
Other countries	1,064	150	68	10	5.4%	0.7%
TOTAL	19,424	20,387	1,241	1,305	100.0%	100.0%

The biggest growth has been in sales to Sweden, There were no sales to Portugal. The sales in our biggest market, in Finland has decreased.

Forecast and development

Skano. According to preliminary plans Skano do not plan openings of new stores in 2010. Company needs to minimize risks related to expanding in cool economical situation and keep sufficient liquidity. Management consider about new openings in Ukraine – two stores in Dnipropetrovs’k 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. Based on low demand for building materials in target markets management 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.

In all business segments management looking for new markets and main tension is focused into Near- and Far-East countries.

Investments

During 3 months 2010 investments into technology totalled 292 thousand kroons/19 thousand euros and into buildings 29 thousand kroons/2 thousand euros. At the same period of 2009 investments into technology totalled 70 thousand kroons/4 thousand euros.

People

At 31 March 2010 Concern employed 306 people (342 people in the same time at the last year). The average number of personnel in the first quarter of 2010 was 308 (2009: 345).

In the 3 months of 2009, wages and salaries amounted 12.6 mil. kroons/0.8 mil. euros (12.6 mil. kroons/0.8 mil. euros in the same period of the last year).

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

	<i>th EEK</i> Q1 2010	<i>th EEK</i> Q1 2009	<i>th EUR</i> Q1 2010	<i>th EUR</i> Q1 2009
Board member and other remuneration	420	570	27	36
Social tax and unemployment insurance premiums	138	188	9	12
TOTAL	558	758	36	48

Financial highlights

	<i>th EEK</i> Q1 2010	<i>th EEK</i> Q1 2009	<i>th EUR</i> Q1 2010	<i>th EUR</i> Q1 2009
Income statement				
Revenue	49,012	53,086	3,132	3,393
EBITDA	5,363	2,226	343	142
EBITDA margin	10.9%	4.2%	10.9%	4.2%
Operating profit	3,426	266	219	17
Operating margin	7.0%	0.5%	7.0%	0.5%
Net profit	2,986	(673)	191	(43)
Net margin	6.1	(1.3%)	6.1%	(1.3%)
Balance sheet				
Total assets	135,091	155,905	8,634	9,965
Return on assets	2.2%	(0.4%)	2.2%	(0.4%)
Equity	74,395	70,404	4,755	4,499
Return on equity	4.0%	(1.0%)	4.0%	(1.0%)
Debt-to-equity ratio	44.9%	54.8%	44.9%	54.9%
Share (31 December)				
Closing price (EEK/EUR)	17.84	10.48	1.14	0.67
Earnings per share (EEK/EUR)	0.66	(0.15)	0.04	(0.01)
Price-earnings ratio	27.03	-	27.03	-
Book value of a share (EEK/EUR)	16.54	15.65	1.06	1.00
Market to book ratio	1.08	0.67	1.08	0.67
Market capitalization	80,263	47,150	5,129	3,014

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 2009, 6 months' EURIBOR was 0.994 and at 31 March 2010 0.944.

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

	OÜ Skano	OÜ Visu	OÜ Isotex	SIA Skano	UAB Skano LT	TOV Skano
Country of location	Estonia	Estonia	Estonia	Latvia	Lithuania	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 31.3.2010	1	1	1	1	100	1
Ownership at 31.3.2010 (%)	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 Kaunas and Vilnius. TOV Skano Ukraine started in June 2007 retail of furniture in bigger cities of the Ukraine. It has stores in Kharkiv, Kiev and Donetsk.

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 2009 and 2010.

Declaration of the Management Board

The Management Board of AS Viisnurk is prepared consolidated unaudited Interim Report for the 1st 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

10. May 2010

Consolidated statement of financial position

	<i>Tb EEK</i> 31.3.2010	<i>Tb EEK</i> 31.12.2009	<i>Tb EUR</i> 31.3.2010	<i>Tb EUR</i> 31.12.2009
Cash and bank	2,875	6,091	184	389
Receivables and prepayments (Note 1)	23,784	18,810	1,520	1,202
Inventories (Note 2)	44,058	41,912	2,816	2,680
Total current assets	70,717	66,813	4,520	4,271
Investment property (Note 3)	2,893	2,893	185	185
Tangible fixed assets (Note 4)	61,469	63,083	3,928	4,031
Intangible fixed assets (Note 5)	12	14	1	1
Total fixed assets	64,374	65,990	4,114	4,217
<u>TOTAL ASSETS</u>	<u>135,091</u>	<u>132,803</u>	<u>8,634</u>	<u>8,488</u>
Debt obligations (Note 6)	6,537	8,048	418	514
Payables and prepayments (Note 7)	23,864	22,742	1,525	1,454
Short-term provisions (Note 8)	79	118	5	8
Total current liabilities	30,480	30,908	1,948	1,976
Non-current debt obligations (Note 6)	27,084	27,084	1,731	1,731
Non-current provisions (Note 8)	3,132	3,303	200	211
Total non-current liabilities	30,216	30,387	1,931	1,942
Total liabilities	60,696	61,295	3,879	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 reserve	307	406	20	26
Retained profits	15,914	15,759	1,017	1,007
Net profit for the year (Note 10; 11)	2,986	155	191	10
Total equity	74,395	71,508	4,755	4,570
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>135,091</u>	<u>132,803</u>	<u>8,634</u>	<u>8,488</u>

Consolidated statement of comprehensive income

	<i>Tb EEK</i> 1 st quarter 2010	<i>Tb EEK</i> 1 st quarter 2009	<i>Tb EUR</i> 1 st quarter 2010	<i>Tb EUR</i> 1 st quarter 2009
RETURN ON SALES (Note 11)	49,012	53,086	3,132	3,393
Cost of production sold	(37,027)	(42,728)	(2,366)	(2,731)
Gross profit	11,985	10,358	766	662
Marketing expenses	(7,208)	(8,878)	(460)	(567)
General administrative expenses	(1,482)	(1,516)	(95)	(97)
Other income	501	1,058	32	67
Other expenses	(370)	(756)	(24)	(48)
Operating profit (Note 11)	3,426	266	219	17
Financial income and financial expenses (Note 11)	(440)	(939)	(28)	(60)
Profit (loss) before taxes (Note 11)	2,986	(673)	191	(43)
NET PROFIT (LOSS) FOR THE PERIOD (Note 10; 11)	2,986	(673)	191	(43)
Basic earnings per share (Note 10)	0.66	(0.15)	0.04	(0.01)
Diluted earnings per share (Note 10)	0.66	(0.15)	0.04	(0.01)
Currency translation differences	(99)	(123)	(6)	(6)
TOTAL COMPREHENSIVE INCOME	2,887	(796)	185	(49)

Consolidated cash flow statement

	<i>Tb</i> EEK 1 st quarter 2010	<i>Tb</i> EEK 1 st quarter 2009	<i>Tb</i> EUR 1 st quarter 2010	<i>Tb</i> EUR 1 st quarter 2009
Cash flow from operations				
Net profit before taxes (Note 11)	2,986	(673)	191	(43)
<i>Adjustments for:</i>				
Depreciation of fixed assets (Note 4; 5)	1,937	1,960	124	125
Loss on disposals of fixed assets (Note 4)	0	13	0	0
Interest expense (Note 11)	428	832	27	53
Operating profit before changes in operating capital	5,351	2,132	342	135
Change in operations-related receivables and prepayments	(4,974)	(7,267)	(318)	(464)
Change in inventories (Note 2)	(2,146)	10,200	(136)	652
Change in operations-related liabilities and prepayments	912	(5,055)	57	(323)
Cash generated from operations	(857)	10	(55)	0
Interest paid (Note 11)	(428)	(832)	(27)	(53)
Total cash flow from operations	(1,285)	(822)	(82)	(53)
Cash flow from investments				
Acquisition of fixed assets (Note 4; 5)	(321)	(70)	(21)	(4)
Total cash flow from investments	(321)	(70)	(21)	(4)
Cash flow from financing activities				
Raise a loan (Note 6)	0	159	0	10
Repayment of loans (Note 6)	(1,367)	(2,147)	(87)	(137)
Settlement of finance lease liabilities (Note 6)	(144)	(79)	(9)	(5)
Total cash flow from financing activities	(1,511)	(2,067)	(96)	(132)
TOTAL CASH FLOW	(3,117)	(2,959)	(199)	(189)
Currency translation differences	(99)	(123)	(6)	(8)
CASH AT BEGINNING OF PERIOD	6,091	6,913	389	442
CASH AT END OF PERIOD	2,875	3,831	184	245

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 for 3 months 2009	0	0	0	(123)	(673)	(796)
Balance at 31.03.2009	44,991	5,698	4,499	130	15,086	70,404
Balance at 31.12.2009	44,991	5,698	4,499	406	15,914	71,508
Comprehensive income for 3 months 2010	0	0	0	(99)	2,986	2,887
Balance at 31.03.2010	44,991	5,698	4,499	307	18,900	74,395
<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 for 3 months 2009	0	0	0	(6)	(43)	(49)
Balance at 31.03.2009	2,875	364	288	8	964	4,499
Balance at 31.12.2009	2,875	364	288	26	1,017	4,570
Comprehensive income for 3 months 2010	0	0	0	(6)	191	185
Balance at 31.03.2010	2,875	364	288	20	1,208	4,755

Notes to the consolidated interim report

Accounting Policies And Measurement Bases

The consolidated financial statements prepared for the period ended 31 March 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, AS Viisnurk is a going concern and the Interim Report for the 1st quarter of 2010 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 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>
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Customer receivables	20,073	15,102	1,283	965
Prepaid taxes	2,559	2,253	164	144
Other receivables	618	717	39	46
Prepaid services	534	738	34	47
TOTAL	23,784	18,810	1,520	1,202

Note 2 Inventories

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Raw materials and other materials	10,230	9,099	654	582
Work-in-progress: production	7,913	7,992	506	511
Work-in-progress: real estate development	3,346	3,346	214	214
Finished goods	18,667	17,658	1,193	1,129
Goods purchased for resale	3,534	3,723	226	238
Prepayments to suppliers	368	94	23	6
TOTAL	44,058	41,912	2,816	2,680

Work-in-progress: real estate development

At 31 March 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 3,346 thousand kroons/214 thousand euros (31.03.2009: 3,335 thousand kroons/213 thousand euros).

Note 3 Investment property

	<i>Tb EEK</i>	<i>Tb EUR</i>
Cost at 31.12.2008	7,341	469
Accumulated depreciation at 31.12.2008	(4,448)	(284)
Net book amount at 31.12.2008	2,893	185
Cost at 31.03.2009	7,341	469
Accumulated depreciation at 31.03.2009	(4,448)	(284)
Net book amount at 31.03.2009	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 31.03.2010	7,341	469
Accumulated depreciation at 31.03.2010	(4,448)	(284)
Net book amount at 31.03.2010	2,893	185

Costs of maintenance for three months of 2010 were 49 thousand kroons/3 thousand euros and 46 thousand kroons/3 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>
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Land	1,238	1,238	79	79
Buildings and constructions	38,818	39,317	2,481	2,513
Machinery, plant and equipment	20,070	20,645	1,283	1,319
Other equipment and fixtures	957	999	60	64
Construction in progress	386	884	25	56
TOTAL	61,469	63,083	3,928	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 3 months of 2009	64	4
Disposals in 3 months of 2009	(35)	(2)
Depreciation in 3 months of 2009	(1,935)	(123)
Currency translation	4	0
Cost at 31.03.2009	179,495	11,471
Accumulated depreciation at 31.03.2009	(115,064)	(7,353)
Net book amount at 31.03.2009	64,431	4,118
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 3 months of 2010	321	20
Depreciation in 3 months of 2010	(1,908)	(122)
Currency translation	(27)	(1)

Cost at 31.03.2010	183,294	11,714
Accumulated depreciation at 31.03.2010	(121,825)	(7,786)
Net book amount at 31.03.2010	61,469	3,928

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 3 months of 2009	(2)	(0)
Cost at 31.03.2009	5,193	332
Accumulated depreciation at 31.03.2009	(5,174)	(331)
Net book amount at 31.03.2009	19	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
Depreciation in 3 months of 2010	(2)	(0)
Cost at 31.03.2010	5,193	332
Accumulated depreciation at 31.03.2010	(5,181)	(331)
Net book amount at 31.03.2010	12	1

Intangible assets include computer software not directly linked to the hardware and the customer base acquired in the takeover of the activities of the Swiss company Skano AG in 2004.

Note 6 Debt Obligations

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Current liabilities	6,537	8,048	418	514
incl non-convertible debt	440	585	28	37
Non-current debt obligations	27,084	27,084	1,731	1,731
incl non-convertible debt	3,395	3,395	217	217
TOTAL	33,621	35,132	2,149	2,245

Note 7 Payables and prepayments

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Supplier payables	12,055	11,336	771	725
Payables to employees	5,621	4,749	359	303
Taxes payables	3,211	3,580	205	229
Other payables	2,128	1,605	136	103
Customer prepayments	849	1,472	54	94
TOTAL	23,864	22,742	1,525	1,454

Note 8 Provisions

	<i>th EEK</i>	<i>th EUR</i>
Balance at 31.12.2008	3,536	226
Incl current portion	115	7
non-current portion	3,421	219
Used during the 3 months 2009	(98)	(6)
Interest cost 3 months 2009	69	5
Balance at 31.03.2009	3,507	225
Incl current portion	86	6
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 3 months 2010	(90)	(6)
Decreased during the 3 months 2010	(181)	(12)
Interest cost 3 months 2010	61	4
Balance at 31.03.2010	3,211	205
Incl current portion	79	5
non-current portion	3,132	200

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>th EEK</i>	<i>th EUR</i>
Balance 31.03.2010	4,499,061	44,991	2,875
Balance 31.12.2009	4,499,061	44,991	2,875

The share capital of AS Viisnurk totaled 44,990,610 kroons/2,875,424 euros that were made up of 4,499,061 shares with the nominal value of 10 kroons/0.64 euros each; the maximum share capital outlined in the Articles of Association is 177,480,800 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>
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Basic earnings per share	0.66	(0.15)	0.04	(0.01)
Diluted earnings per share	0.66	(0.15)	0.04	(0.01)
Book value of share	16.54	15.65	1.06	1.00
Price/earnings ratio (P/E)	27.03	-	27.03	-
Closing price of the share of AS Viisnurk on Tallinn Stock Exchange at 31.03*	17.84	10.48	1.14	0.67

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 2010 = 2,986,171 / 4,499,061 = 0.66 kroons/0.04 euros
Basic earnings per share for 3 months of 2009 = (672,676) / 4,499,061 = (0.15) 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 3 months of 2010 = 17.84 / 0.66 = 27.03
Price/earnings ratio (P/E) for 3 months of 2009 –

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

Note 11 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:

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:

<i>th</i> EEK	Furniture factory		Skano		Building materials division		Eliminations		SEGMENTS TOTAL	
	1 st quarter 2010	1 st quarter 2009	1 st quarter 2010	1 st quarter 2009	1 st quarter 2010	1 st quarter 2009	1 st quarter 2010	1 st quarter 2009	1 st quarter 2010	1 st quarter 2009
Revenue from external customers	23,060	23,765	6,528	8,934	19,424	20,387	0	0	49,012	53,086
Inter-segment revenue	3,026	3,833	0	0	8	0	0	0	3,034	3,833
Operating profit/loss	2,330	1,616	(68)	(778)	1,543	(248)	(379)	(325)	3,426	265
Segment assets	62,560	70,436	10,558	15,872	62,591	70,189	(618)	(592)	135,091	155,905
Segment liabilities	26,971	35,213	2,077	3,684	31,648	46,604	0	0	60,696	85,501

<i>th</i> EUR	Furniture factory		Skano		Building materials division		Eliminations		SEGMENTS TOTAL	
	1 st quarter 2010	1 st quarter 2009	1 st quarter 2010	1 st quarter 2009	1 st quarter 2010	1 st quarter 2009	1 st quarter 2010	1 st quarter 2009	1 st quarter 2010	1 st quarter 2009
Revenue from external customers	1,474	1,519	417	571	1,241	1,303	0	0	3,132	3,393
Inter-segment revenue	193	245	0	0	1	0	0	0	194	245
Operating profit/loss	149	103	(4)	(50)	98	(16)	(24)	(20)	219	17
Segment assets	3,998	4,502	675	1,015	4,000	4,486	(39)	(38)	8,634	9,965
Segment liabilities	1,724	2,251	133	236	2,022	2,979	0	0	3,879	5,466

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

<i>th</i> EEK	1 st quarter 2010				1 st quarter 2009			
	FF	SK	BMD	TOTAL	FF	SK	BMD	TOTAL
Finland	13,329	0	9,363	22,692	10,328	0	11,376	21,704
Russia	7,977	0	1,745	9,722	11,691	0	823	12,514
Estonia	494	2,443	4,173	7,110	306	2,200	5,365	7,871
Ukraine	0	2,271	114	2,385	0	2,894	0	2,894
Latvia	0	387	375	762	0	1,730	638	2,368
Lithuania	0	1,427	15	1,442	0	2,110	108	2,218
Portugal	0	0	0	0	0	0	1,245	1,245
Germany	451	0	239	690	620	0	123	743
Kazakhstan	639	0	0	639	629	0	0	629
Sweden	0	0	2,110	2,110	0	0	559	559
Belarusian	104	0	0	104	119	0	0	119
Other countries	66	0	1,290	1,356	72	0	150	222
TOTAL	23,060	6,528	19,424	49,012	23,765	8,934	20,387	53,086

<i>th</i> EUR	1 st quarter 2010				1 st quarter 2009			
	FF	SK	BMD	TOTAL	FF	SK	BMD	TOTAL
Finland	852	0	598	1,450	660	0	727	1,387
Russia	510	0	112	622	747	0	52	799
Estonia	31	156	267	454	19	141	343	503
Ukraine	0	145	7	152	0	185	0	185
Latvia	0	25	24	49	0	110	41	151
Lithuania	0	91	1	92	0	135	7	142
Portugal	0	0	0	0	0	0	79	79
Germany	29	0	15	44	40	0	8	48
Kazakhstan	41	0	0	41	40	0	0	40
Sweden	0	0	135	135	0	0	36	36
Belarusian	7	0	0	7	8	0	0	8
Other countries	4	0	82	86	5	0	10	15
TOTAL	1,474	417	1,241	3,132	1,519	571	1,303	3,393

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</i> EEK	<i>Tb</i> EEK	<i>Tb</i> EUR	<i>Tb</i> EUR
	1 st quarter 2010	1 st quarter 2009	1 st quarter 2010	1 st quarter 2009
Board member and other remuneration	420	570	27	36
Social tax and unemployment insurance premiums	138	188	9	12
TOTAL	558	758	36	48

As at 31.03.2010, pursuant to the contracts entered into, the members of the Management Board will receive severance pay amounting to 6-month remuneration.

In the 1st quarter of 2010, there were no transactions between the related parties.