

**2<sup>nd</sup> quarter**  
**Interim Report**  
**2008**

Beginning of the Interim Report Period:	1.1.2008
End of the Interim Report Period:	30.6.2008
Beginning of the financial year:	1.1.2008
End of the financial year:	31.12.2008
Business name:	Viisnurk AS
Registry code:	11421437
Address:	Suur-Jõe 48, Pärnu 80042, Estonia
Telephone:	+372 44 78 323
Fax	+372 44 78 368
E-mail:	<a href="mailto:mail@viisnurk.ee">mail@viisnurk.ee</a>
Homepage:	<a href="http://www.viisnurk.ee">www.viisnurk.ee</a>
Main activity:	Furniture production
Auditor:	AS PricewaterhouseCoopers

## Table of Contents

---

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

## Outline

---

Viisnurk AS is engaged in the field of furniture and furnishing goods retail trade and the production of furniture and building materials. The Furniture and Building Materials Divisions are the business units of Viisnurk AS.

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 Viisnurk AS have been listed on Tallinn Stock Exchange since 5 June 1997. On 19 September 2007, the division of Viisnurk AS 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.

## Management Report

### Profits

Consolidated net sales of second quarter 2008 was 78.2 mil. kroons/5.0 mil. euros (62.8 mil. kroons/4.0 mil. euros in same period of 2007) representing a 24.4% increase on the second quarter compared to Q2 2007. The Group's gross margin in the second quarter of 2008 reached 22.2% compared to 21.3% in the second quarter of 2007. Consolidated operating profit amounted to 5.6 mil. kroons/358 thousand euros (4.5 mil. kroons/285 thousand euros in 2007), representing a 25.8% progress compared to Q2 2007. The consolidated operating margin of net sales reached 7.2% (up from 7.1% in Q2 2007). Profit before tax amounted to 4.7 mil. kroons/299 thousand euros in Q2 2008 (3.8 mil. kroons/243 thousand euros in Q2 2007).

In second quarter 2008 dividends were distributed in the amount of 6.3 mil. kroons/0.4 mil. euros, i.e. 1 kroon 40 cents/8.95 euro cents per share. Corresponding income tax expense amounted to 1.7 mil. kroons/107 thousand euros. The same period in 2007, dividends were distributed in the amount of 5.4 mil. kroons/0.3 mil. euros, i.e. 1 kroon 20 cents/7.67 euro cents per share. Corresponding income tax expense in 2007 amounted to 475 thousand kroons/30 thousand euros.

Consolidated net profit amounted to 3.0 mil. kroons/192 thousand euros, compared to 3.3 mil. kroons/213 thousand euros in Q2 2007), and the net margin was 3.8% (down from 5.3% in Q2 2007). In Q2 2008, the Group's return on equity was 4.0% (down from 4.7% in Q2 2007) and return on assets was 1.6% (down from 2.2% in Q2 2007).

The substantial increase of turnover has helped to increase margins in comparison with the previous year and the decrease of net profit in comparison with the II quarter of 2007 is connected with bigger income tax expense paid from dividends in 2008 – 1.7 mil. kroons/107 thousand euros compared to 0.5 mil. kroons/30 thousand euros in 2007.

### Balance sheet

As of the end of June 2008 the total assets of Viisnurk amounted to 189.2 mil. kroons/12.1 mil. euros (31.12.2007: 157.4 mil. kroons/10.1 mil. euros). The liabilities of the company accounted for 61% (31.12.2007: 55%) thereof, i.e. 115.1 mil. kroons/7.4 mil. euros (31.12.2007: 86.2 mil. kroons/5.5 mil. euros).

Receivables and prepayments have increased by 18.2 mil. kroons/1.2 mil. euros i.e. 61% increase with 6 months. Long-term invoices of the Building Material Division which were received in the beginning of July made up 10 mil. kroons/640 thousand euros of the aforementioned amount.

Inventories increased by 13.4 mil. kroons/0.9 mil. euros to reach 68.1 mil. kroons/4.4 mil. euros at 30 June 2008. The growth in inventory results primarily from the retail expansion and preparation for autumn season in furniture factory. Property, plant and intangibles increased by 1.4 mil. kroons/0.1 mil. euros.

Current liabilities increased by 5.3 mil. kroons/0.3 mil. euros and amounted in 30 June 2008 14.1 mil. kroons/0.9 mil. euros. Supplier payables, tax liabilities, other payables, including payables to employees, and provisions amounted to 61.3 mil. kroons/3.9 mil. euros. Current and non-current liabilities increased by 28.9 mil. kroons/1.8 mil. euros to 115.1 mil. kroons/7.4 mil. euros. AS Viisnurk took overdraft in the amount of 10 mil. kroons/639 thousand euros to cover current liabilities

## Divisional review:

### Net sales by business segments

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q2 2008	Q2 2007	Q2 2008	Q2 2007	Q2 2008	Q2 2007
Furniture Division	43,165	34,150	2,758	2,183	55.2%	54.3%
<i>incl. retail (Skano)</i>	<i>8,597</i>	<i>4,692</i>	<i>549</i>	<i>300</i>	<i>11.0%</i>	<i>7.5%</i>
Building Materials Division	34,996	28,694	2,237	1,833	44.8%	45.7%
<b>TOTAL</b>	<b>78,161</b>	<b>62,844</b>	<b>4,995</b>	<b>4,016</b>	<b>100.0%</b>	<b>100.0%</b>

**Net sales by geographical segments**

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q2 2008	Q2 2007	Q2 2008	Q2 2007	Q2 2008	Q2 2007
Finland	34,372	29,174	2,197	1,864	44.0%	46.4%
Russia, Ukraine, Belorussian	18,825	13,979	1,203	894	24.1%	22.2%
Estonia	15,187	14,438	970	921	19.4%	23.0%
Latvia, Lithuania	5,265	1,814	337	117	6.7%	2.9%
Sweden	2,147	1,069	137	69	2.7%	1.7%
Germany	1,700	1,588	109	102	2.2%	2.5%
Other countries	665	782	42	49	0.9%	1.2%
<b>Total</b>	<b>78,161</b>	<b>62,844</b>	<b>4,995</b>	<b>4,016</b>	<b>100.0%</b>	<b>100.0%</b>

Concerning the markets, turnover has been increased in all areas. Relatively smaller share of the turnover goes to Estonia whereas the share of Russia, Ukraine, Byelorussia, Latvia and Lithuania has increased the most. The management forecasts increase in turnover in the direction of Russia and Ukraine. The chief reasons in Latvia and Lithuania were the stores opened in Lithuania in May 2007 which in the II quarter of 2007 were still in the start-up phase. Moreover, the store in Latvia moved to a more attractive location in November 2007.

**Gross profit by business segments**

	<i>th. EEK</i>		<i>th. EUR</i>		<i>Gross margin</i>	
	Q2 2008	Q2 2007	Q2 2008	Q2 2007	Q2 2008	Q2 2007
Furniture Division	9,876	5,868	630	374	22.9%	17.2%
<i>incl. retail (Skano)</i>	<i>4,334</i>	<i>2,088</i>	<i>277</i>	<i>133</i>	<i>50.4%</i>	<i>44.5%</i>
Building Materials Division	7,474	7,522	478	481	21.4%	26.2%
<b>TOTAL</b>	<b>17,350</b>	<b>13,390</b>	<b>1,108</b>	<b>855</b>	<b>22.2%</b>	<b>21.3%</b>

The reason for decreased gross margin in Building Material Division is cost for energy (electricity and steam), which increased 24% compared to Q2 2007.

**Profit by business segments**

	<i>th. EEK</i>		<i>th. EUR</i>	
	Q2 2008	Q2 2007	Q2 2008	Q2 2007
Furniture Division	2,638	(339)	169	(21)
<i>incl. retail (Skano)</i>	<i>(1,096)</i>	<i>(1,048)</i>	<i>(71)</i>	<i>(67)</i>
Building Materials Division	3,531	5,547	225	354
<b>TOTAL</b>	<b>6,169</b>	<b>5,208</b>	<b>394</b>	<b>333</b>
Unallocated expenses	(565)	(752)	(36)	(48)
<b>OPERATING PROFIT</b>	<b>5,604</b>	<b>4,456</b>	<b>358</b>	<b>285</b>
Net financial costs	(931)	(653)	(59)	(42)
<b>PROFIT BEFORE TAXES</b>	<b>4,673</b>	<b>3,803</b>	<b>299</b>	<b>243</b>
Income tax	(1,674)	(475)	(107)	(30)
<b>NET PROFIT</b>	<b>2,999</b>	<b>3,328</b>	<b>192</b>	<b>213</b>

**Furniture Division**

The net sales of AS Viisnurk Furniture Division in second quarter amounted to 43.2 mil. kroons/2.8 mil. euros (2007: 34.2 mil. kroons/2.2 mil. euros) and the economic result 2.6 mil. kroons/169 thousand euros as a profit (2007 loss 0.3 mil. kroons/21 thousand euros). As compared to the previous year the turnover of the division has increased by 9.0 mil. kroons/576 thousand euros (26.4%).

**Furniture Retail – Skano**

Concerning the retail trade of the Furniture Division, the company continued its strategic activities in the 2nd quarter of 2008 in order to expand the retail trade to the neighbouring markets. The expansion of retail business includes opening new stores offering home furniture and furnishing goods in various Eastern European markets. Moreover, the company is searching for possibilities to enter the market of Central Europe.

**Retail sales by countries**

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>		<i>Number of stores</i>	
	Q2 2008	Q2 2007	Q2 2008	Q2 2008	Q2 2007	Q2 2008	Q2 2008	Q2 2007
Estonia	3,248	3,896	208	249	37.8%	83.0%	2	2
Latvia	2,634	519	168	33	30.6%	11.1%	1	1
Lithuania	1,697	277	108	18	19.7%	5.9%	3	3
Ukraine	1,018	-	65	-	11.8%	-	4	-
<b>TOTAL</b>	<b>8,597</b>	<b>4,692</b>	<b>549</b>	<b>300</b>	<b>100.0%</b>	<b>100.0%</b>	<b>10</b>	<b>6</b>

The retail sale of the Furniture Division shows a rising tendency. Within second quarter this year the retail sale has increased by 83% as compared to the same period last year. At the same time, the sales of the stores opened before 30.6.2008 (Tallinn, Riga, Pärnu, Vilnius, Kaunas, Klaipeda) have increased 62% compared to the same period in 2007.

The opening of new stores in Ukraine is slightly behind the initial schedule. It has been caused by the small number of suitable locations and excessively high rent prices. Regardless of the previous, a store was opened in Donetsk in June and one in Odessa in July. At the time of the report, there are altogether eleven furniture stores in Skano chain, five of them in Ukraine and six in the Baltic states. At the end of this year and the next year, a great number of spaces shall become available in the market of retail sale spaces in Ukraine and in connection with this, we forecast a decrease in rent prices which enables to expand the network of stores in a profitable manner.

**Furniture Production**

The Furniture Division's sales in 2nd quarter in the company's basic target market in Russia and Finland have proceeded good and compared to same period in 2007 sales has increased. The following increase in sales is basically the result of the increase in retail sale, but in Russian market increase of sales is also possible.

**Building Materials Division**

The net sales of the Building Materials Division in second quarter amounted to 35 mil. kroons/2.2 mil. euros and profit to 3.5 mil. kroons/225 thousand euros. In the same period of the last year, the turnover of the division totalled 28.7 mil. kroons/1.8 mil. euros and the net profit 5.5 mil. kroons/354 thousand euros. As compared to the previous year the turnover of the division has increased by 6.3 mil. kroons/404 thousand euros and the profit has decreased by 2.0 mil. kroons/129 thousand euros.

**Net sales by geographical segments**

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q2 2008	Q2 2007	Q2 2008	Q2 2008	Q2 2007	Q2 2008
Finland	16,880	13,350	1,079	852	48.2%	46.5%
Estonia	11,409	10,160	729	648	32.6%	35.4%
Russia, Ukraine, Belorussian	2,975	2,703	190	173	8.5%	9.4%
Sweden	2,147	1,069	137	69	6.1%	3.7%
Latvia, Lithuania	911	1,020	59	66	2.6%	3.6%
Germany	609	198	39	13	1.7%	0.7%
Other countries	65	194	4	12	0.2%	0.7%
<b>TOTAL</b>	<b>34,996</b>	<b>28,694</b>	<b>2,237</b>	<b>1,833</b>	<b>100.0%</b>	<b>100.0%</b>

**Building Boards**

On the basis of the results of first six months we can say that a notable increase in foreign markets has been established. In the domestic market, the result has stayed on the same level with the previous year which witnesses the existence of stable demand in the domestic market, considering the general low in the construction market. Eastern markets also exhibit a stable increase tendency.

The product group making up the biggest proportion in general building boards are windbreak boards. Sale of products to companies operating outside the building sector has been increased which should ensure cost-effectiveness and risk spreading in the conditions of recession and decrease in the construction market.

**Interior Finishing Boards**

The biggest market of Isotex interior finishing boards is Finland where regardless of intense competition and aggressive competition by MDF-based boards it has been managed to achieve the level of the last year. Sale in

the domestic market of Estonia has decreased but the tendency in the II quarter shows the upturn in sale once again. A considerable growth in sales volumes has been achieved in the markets of Lithuania and Russia. In connection with the increase of production capacity potential, activities have been started in order to find new markets. Above all, the company sees potential in the eastern markets such as Russia, Ukraine and other former countries of the eastern block.

The sales volume of ceiling boards makes up 70% of the sale of Isotex plates (respectively 80% in 2007). Tendency towards the increase in the sale of wall boards is positive and deliberate and as the production process supports it, there are more opportunities to be innovative and flexible in this sector.

## Forecast and development

The openings of new stores are being prepared and one store opened in the 1st quarter of 2008 and two stores in the 2nd quarter of 2008 in Ukraine and the plan is to open one more shop in Ukraine in the 3rd quarter. It is planned to open 16 stores in Ukraine and Central Europe in 2008–2009. Upon creating the retail unit, AS Viisnurk entered the business area of the retail of furniture and furnishing goods that is operated by a private limited company Skano, registered on September 1, 2003 and its subsidiaries in Latvia, Lithuania and Ukraine. AS Viisnurk holds 100% of the shares of OÜ Skano.

At the end of the 2nd quarter of 2008, new Isotex production line of interior finishing boards operated in Building Materials Division in one shift. This has created an opportunity for the increase of profitability and margins within the following periods. The main goal for 2009 is to utilize the entire production capacity of the new line and considerably larger marketing costs are planned for 2008 in order to sell the entire production volume.

Although the result of 6 months of 2008 is weaker compared to the same period of 2007, the results at the beginning of 2008 are again on the rise and surpass the initial expectations. The profit before income tax is 23% higher than in the 2nd quarter of 2007. The result in Building Materials Division was very good in 2007. This was caused by a great demand and the sale of all warehouse stock in the 6 months of 2007 (in the level of the entire group, 85% of the net profit of 2007 was achieved in the 1st half year). The management board plans a 20 mil. kroons (1.3 mil. euros) profit for 2008 whereas a considerable profit growth has been planned in the second half of 2008 due to the 6 months opening period of Skano stores.

## Investments

Concerning the retail trade of the furniture division, the company continued its strategic activities in the second quarter of 2008 in order to expand the retail trade to the neighbouring markets. The expansion of retail business includes opening new stores offering home furniture and furnishing goods in various Eastern European markets.

During 6 months 2008 investments into technology totalled 4.8 mil. kroons/304 thou. euros and into buildings 1.2 mil. kroons/76 thou. euros. At the same period of 2007 investments into technology totalled 2.6 mil. kroons/169 thou. euros and into buildings 7.0 mil. kroons/443 thou. euros.

## People

At 30 June 2008 Viisnurk AS employed 360 people (324 people in the same period of the last year). The average number of personnel in the six months of 2008 was 344 (2007: 326).

In the 6 months of 2008, wages and salaries amounted 36.0 mil. kroons/2.3 mil. euros (29.7 mil. kroons/1.9 mil. euros in the same period of the last year).

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

	<i>Tb</i> EEK <b>6 months</b> <b>2008</b>	<i>Tb</i> EEK <b>6 months</b> <b>2007</b>	<i>Tb</i> EUR <b>6 months</b> <b>2008</b>	<i>Tb</i> EUR <b>6 months</b> <b>2007</b>
Board member and other remuneration	1,120	771	72	49
Social tax and unemployment insurance premiums	370	257	24	16
<b>TOTAL</b>	<b>1,490</b>	<b>1,028</b>	<b>96</b>	<b>65</b>

## Financial highlights

	<i>Tb EEK</i> 6 months 2008	<i>Tb EEK</i> 6 months 2007	<i>Tb EUR</i> 6 months 2008	<i>Tb EUR</i> 6 months 2007
<b>Income statement</b>				
Revenue	152,028	129,501	9,716	8,276
EBITDA	17,834	18,437	1,140	1,178
EBITDA margin	11.7%	14.2%	11.7%	14.2%
Operating profit	11,524	12,444	736	795
Operating margin	7.6%	9.6%	7.6%	9.6%
Net profit	8,132	10,732	520	686
Net margin	5.3%	8.3%	5.3%	8.3%
<b>Balance sheet</b>				
Total assets	189,238	151,169	12,096	9,661
Return on assets	4.3%	7.1%	4.3%	7.1%
Equity	74,152	71,387	4,739	4,562
Return on equity	11.0%	15.0%	11.0%	15.0%
Debt-to-equity ratio	61%	53%	61%	53%
<b>Share (30 June)</b>				
Closing price (EEK/EUR)*	25.03	-	1.60	-
Earnings per share (EEK/EUR)	1.81	2.39	0.12	0.15
Price-earnings ratio*	13.83	-	0.88	-
Book value of a share (EEK/EUR)	16.48	15.87	1.05	1.01
Market to book ratio*	1.52	-	1.52	-
Market capitalization*	112,611	-	7,198	-

\* No indicators concerning the share of the company have been published with reference to 2007 since there is no comparative data – the share of Viisnurk AS has been listed on Tallinn Stock Exchange starting from 25.09.2007.

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 30 June 2008, 6 months' EURIBOR was 5.130 and at 31 December 2007 4.707.

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. AS Viisnurk's foreign exchange risk is low because most export-import contracts are nominated in euros. Currency risk increases together with the increase of the number of stores in Ukraine due to the use of grivna on the local market. Also retail companies in Latvia and Lithuania are opened for currency risk.

#### **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.

#### **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 Ukraine Ukraine
Number of shares at 31.12.2007	1	1	1	1	100	1
Ownership at 31.12.2007 (%)	100	100	100	100	100	100
Number of shares at 30.6.2008	1	1	1	1	100	1
Ownership at 30.6.2008 (%)	100	100	100	100	100	100

Skano OÜ 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 Viisnurk AS in Pärnu. Skano OÜ 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. It has one store which was opened in November 2005. UAB Skano LT started in May 2007 retail of furniture in Klaipeda, Kaunas and Vilnius. TOV Skano Ukraina purpose was to start retail of furniture in bigger cities of the Ukraine. In August 2007 opened the furniture store in Kharkyv, in March 2008 one store in Kiyv, In April 2008 second store in Kiyv, and in May 2008 one store in 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 2008 and 2007.

## Financial Statements

---

### Declaration of the Management Board

The Management Board of AS Viisnurk is prepared consolidated unaudited Interim Report for the 2nd quarter of 2008, 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



Member of Management board

Erik Püile

26<sup>th</sup> August 2008

## Consolidated balance sheet

	<i>Tb EEK</i> <b>30.6.2008</b>	<i>Tb EEK</i> <b>31.12.2007</b>	<i>Tb EUR</i> <b>30.6.2008</b>	<i>Tb EUR</i> <b>31.12.2007</b>
Cash and bank	4,787	6,006	306	384
Receivables and prepayments (Note 2)	48,081	29,859	3,073	1,908
Inventories (Note 3)	68,145	54,742	4,357	3,499
<b>Total current assets</b>	<b>121,013</b>	<b>90,607</b>	<b>7,736</b>	<b>5,791</b>
Investment property (Note 4)	2,893	2,893	185	185
Tangible fixed assets (Note 5)	62,295	63,727	4,173	4,073
Intangible fixed assets (Note 6)	37	220	2	14
<b>Total fixed assets</b>	<b>68,225</b>	<b>66,840</b>	<b>4,360</b>	<b>4,272</b>
<b><u>TOTAL ASSETS</u></b>	<b><u>189,238</u></b>	<b><u>157,447</u></b>	<b><u>12,096</u></b>	<b><u>10,063</u></b>
Debt obligations (Note 7)	14,127	8,782	903	561
Payables and prepayments (Note 8)	61,140	37,488	3,908	2,396
Short-term provisions (Note 9)	149	264	10	16
<b>Total current liabilities</b>	<b>75,416</b>	<b>46,534</b>	<b>4,821</b>	<b>2,973</b>
Non-current debt obligations (Note 7)	36,734	36,734	2,348	2,348
Non-current provisions (Note 9)	2,936	2,936	188	188
<b>Total non-current liabilities</b>	<b>39,670</b>	<b>39,670</b>	<b>2,536</b>	<b>2,536</b>
<b>Total liabilities</b>	<b>115,086</b>	<b>86,204</b>	<b>7,357</b>	<b>5,509</b>
Share capital at nominal value (Note 10)	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	1,115	39	71	3
Retained profits	9,717	3,359	621	215
Net profit for the year (Note 11; 12)	8,132	12,657	520	809
<b>Total equity</b>	<b>74,152</b>	<b>71,243</b>	<b>4,739</b>	<b>4,554</b>
<b><u>TOTAL LIABILITIES AND EQUITY</u></b>	<b><u>189,238</u></b>	<b><u>157,447</u></b>	<b><u>12,096</u></b>	<b><u>10,063</u></b>

## Consolidated income statement

	<i>Tb EEK</i> 2 <sup>nd</sup> q 2008	<i>Tb EEK</i> 2 <sup>nd</sup> q 2007 Adjusted	<i>Tb EEK</i> 6 m 2008	<i>Tb EEK</i> 6 m 2007 Adjusted	<i>Tb EUR</i> 2 <sup>nd</sup> q 2008	<i>Tb EUR</i> 2 <sup>nd</sup> q 2007 Adjusted	<i>Tb EUR</i> 6 m 2008	<i>Tb EUR</i> 6 m 2007 Adjusted
RETURN ON SALES (Note 12)	78,161	62,844	152,028	129,501	4,995	4,016	9,716	8,276
<b>Cost of production sold</b>	<b>(60,811)</b>	<b>(49,454)</b>	<b>(117,401)</b>	<b>(99,563)</b>	<b>(3,887)</b>	<b>(3,161)</b>	<b>(7,504)</b>	<b>(6,364)</b>
<b>Gross profit</b>	<b>17,350</b>	<b>13,390</b>	<b>34,627</b>	<b>29,938</b>	<b>1,108</b>	<b>855</b>	<b>2,212</b>	<b>1,912</b>
Marketing expenses (Note 1)	(11,025)	(7,493)	(20,947)	(14,601)	(704)	(479)	(1,338)	(933)
General administrative expenses (Note 1)	(1,299)	(1,386)	(2,478)	(2,768)	(83)	(88)	(158)	(176)
Other income	1,079	73	1,258	118	69	5	80	7
Other expenses	(501)	(128)	(936)	(243)	(32)	(8)	(60)	(15)
<b>Operating profit (Note 12)</b>	<b>5,604</b>	<b>4,456</b>	<b>11,524</b>	<b>12,444</b>	<b>358</b>	<b>285</b>	<b>736</b>	<b>795</b>
Financial income and financial expenses (Note 12)	(931)	(653)	(1,718)	(1,237)	(59)	(42)	(109)	(79)
<b>Profit before taxes (Note 12)</b>	<b>4,673</b>	<b>3,803</b>	<b>9,806</b>	<b>11,207</b>	<b>299</b>	<b>243</b>	<b>627</b>	<b>716</b>
Prepaid income tax (Note 10)	(1,674)	(475)	(1,674)	(475)	(107)	(30)	(107)	(30)
<b>NET PROFIT FOR THE PERIOD (Note 11; 12)</b>	<b>2,999</b>	<b>3,328</b>	<b>8,132</b>	<b>10,732</b>	<b>192</b>	<b>213</b>	<b>520</b>	<b>686</b>
<b>Basic earnings per share (Note 11)</b>	<b>0.67</b>	<b>0.74</b>	<b>1.81</b>	<b>2.39</b>	<b>0.04</b>	<b>0.05</b>	<b>0.12</b>	<b>0.15</b>
<b>Diluted earnings per share (Note 11)</b>	<b>0.67</b>	<b>0.74</b>	<b>1.81</b>	<b>2.39</b>	<b>0.04</b>	<b>0.05</b>	<b>0.12</b>	<b>0.15</b>

## Consolidated cash flow statement

	<i>Tb EEK</i> 6 m 2008	<i>Tb EEK</i> 6 m 2007 Adjusted	<i>Tb EUR</i> 6 m 2008	<i>Tb EUR</i> 6 m 2007 Adjusted
<b>Cash flow from operations</b>				
<b>Net profit before taxes (Note 11; 12)</b>	<b>8,132</b>	<b>10,732</b>	<b>520</b>	<b>686</b>
<i>Adjustments for:</i>				
Depreciation of fixed assets (Note 5; 6)	4,592	4,756	293	304
Gains on sale of fixed assets (Note 5; 6)	(86)	(5)	(5)	(0)
Interest expense (Note 12)	1,563	1,324	100	85
<b>Operating profit before changes in operating capital</b>	<b>14,201</b>	<b>16,807</b>	<b>908</b>	<b>1,075</b>
Change in operations-related receivables and prepayments	(17,077)	(3,546)	(1,092)	(228)
Change in inventories (Note 3)	(13,404)	(1,037)	(857)	(66)
Change in operations-related liabilities and prepayments	25,231	(2,800)	(1,613)	(179)
<b>Cash generated from operations</b>	<b>8,951</b>	<b>9,424</b>	<b>572</b>	<b>602</b>
Interest paid	(1,563)	(1,324)	(100)	(84)
Income tax (Note 10; 12)	(1,674)	0	(107)	0
<b>Total cash flow from operations</b>	<b>5,714</b>	<b>8,100</b>	<b>365</b>	<b>518</b>
<b>Cash flow from investments</b>				
Acquisition of fixed assets (Note 5; 6)	(5,925)	(9,572)	(378)	(612)
Sale of fixed assets (Note 5; 6)	86	66	5	4
<b>Total cash flow from investments</b>	<b>(5,839)</b>	<b>(9,506)</b>	<b>(373)</b>	<b>(608)</b>
<b>Cash flow from financing activities</b>				
Raise a loan (Note 7)	9,781	7,500	625	479
Repayment of loans (Note 7)	(4,294)	(3,009)	(274)	(192)
Settlement of finance lease liabilities (Note 7)	(142)	0	(9)	0
Dividend payment (Note 10; 12)	(6,299)	(5,399)	(403)	(345)
<b>Total cash flow from financing activities</b>	<b>(954)</b>	<b>(908)</b>	<b>(61)</b>	<b>(58)</b>
<b>TOTAL CASH FLOW</b>	<b>(1079)</b>	<b>(2,314)</b>	<b>(69)</b>	<b>(148)</b>
Currency translation differences	(140)	0	(9)	0
<b>CASH AT BEGINNING OF PERIOD</b>	<b>6,006</b>	<b>12,234</b>	<b>384</b>	<b>782</b>
<b>CASH AT END OF PERIOD</b>	<b>4,787</b>	<b>9,920</b>	<b>306</b>	<b>634</b>

## Consolidated statement of changes in equity

<i>Tb EEK</i>	Share capital	Share premium	Statutory capital reserve	Currency translation reserve	Retained earnings	Total
Balance at 31.12.2006	44,991	7,795	4,499	0	8,758	66,043
Adjusted profit in 6 m 2007 (Note 11; 12)	0	0	0	6	10,732	10,738
Distribution of dividend in 6 m 2007 (Note 10; 12)	0	0	0	0	(5,394)	(5,394)
<b>Balance at 30.6.2007</b>	<b>44,991</b>	<b>7,795</b>	<b>4,499</b>	<b>6</b>	<b>14,096</b>	<b>71,387</b>
<b>Balance at 31.12.2007</b>	<b>44,991</b>	<b>5,698</b>	<b>4,499</b>	<b>39</b>	<b>16,016</b>	<b>71,243</b>
Profit in 6 m 2008 (Note 11; 12)	0	0	0	1,076	8,132	9,208
Distribution of dividend in 6 m 2008 (Note 10; 12)	0	0	0	0	(6,299)	(6,299)
<b>Balance at 30.6.2008</b>	<b>44,991</b>	<b>5,698</b>	<b>4,499</b>	<b>1,115</b>	<b>17,849</b>	<b>74,152</b>
<i>Tb EUR</i>	Share capital	Share premium	Statutory capital reserve	Currency translation reserve	Retained earnings	Total
Balance at 31.12.2006	2,875	498	288	0	560	4,221
Adjusted profit in 6 m 2007 (Note 11; 12)	0	0	0	0	686	686
Distribution of dividend in 6 m 2007 (Note 10; 12)	0	0	0	0	(345)	(345)
<b>Balance at 30.6.2007</b>	<b>2,875</b>	<b>498</b>	<b>288</b>	<b>0</b>	<b>901</b>	<b>4,562</b>
<b>Balance at 31.12.2007</b>	<b>2,875</b>	<b>364</b>	<b>288</b>	<b>3</b>	<b>1,024</b>	<b>4,554</b>
Profit in 6 m 2008 (Note 11; 12)	0	0	0	68	520	588
Distribution of dividend in 6 m 2008 (Note 10; 12)	0	0	0	0	(403)	(403)
<b>Balance at 30.6.2008</b>	<b>2,875</b>	<b>364</b>	<b>288</b>	<b>71</b>	<b>1,141</b>	<b>4,739</b>

## Notes to the consolidated interim report

### Accounting Policies And Measurement Bases

The consolidated financial statements prepared for the period ended 30 June 2008 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 31.12.2007.

According to the assessment of the Management Board, Viisnurk AS is a going concern and the Interim Report for the 2<sup>nd</sup> quarter of 2008 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 Correction of prior period

The division plan of AS Viisnurk was signed on June 29, 2007 as the result of which the part of the present Viisnurk engaged in production shall become separate, namely the Furniture and Building Materials Division. The aforementioned decision was also approved by the general meeting of shareholders on August 6, 2007. Following the division, New Viisnurk is named AS Viisnurk while the current AS Viisnurk will be renamed to AS Trigon Property Development.

All figures in interim report of 2nd quarter 2008 have been presented like AS Viisnurk separation has happened in the previous period and the comparing data have been accordingly corrected.

The cost of production sold and the general administrative expenses entries representations in the income statement have been changed and in relative to this the comparable indicators of previous period have been corrected:

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	<b>2<sup>nd</sup> q 2007</b>	<b>2<sup>nd</sup> q 2007</b>	<b>2<sup>nd</sup> q 2007</b>	<b>2<sup>nd</sup> q 2007</b>
	<b>Adjusted</b>		<b>Adjusted</b>	
Cost of production sold	(49,454)	(50,133)	(3,161)	(3,204)
General administrative expenses	(1,386)	(707)	(88)	(45)

### Note 2 Receivables and prepayments

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	<b>30.6.2008</b>	<b>31.12.2007</b>	<b>30.6.2008</b>	<b>31.12.2007</b>
Customer receivables	40,110	22,416	2,564	1,433
Prepaid VAT	5,225	4,232	334	270
Other receivables	1,930	466	123	30
Prepaid services	816	2,745	52	175
<b>TOTAL</b>	<b>48,081</b>	<b>29,859</b>	<b>3,073</b>	<b>1,908</b>

### Note 3 Inventories

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	<b>30.6.2008</b>	<b>31.12.2007</b>	<b>30.6.2008</b>	<b>31.12.2007</b>
Raw materials and other materials	15,033	13,525	961	864
Work-in-progress: production	15,158	10,102	969	646
Work-in-progress: real estate development	3,325	3,191	213	204
Finished goods	28,663	24,221	1,832	1,548
Goods purchased for resale	5,218	3,408	334	218
Prepayments to suppliers	748	295	48	19
<b>TOTAL</b>	<b>68,145</b>	<b>54,742</b>	<b>4,357</b>	<b>3,499</b>

#### Work-in-progress: real estate development

At 30 June 2008, work-in-progress: real estate development comprised the old Sports goods division real property (buildings and land ca 20,000 m<sup>2</sup>) 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 3,325 thousand kroons/213 thousand euros (30.06.2007: 0).

### Note 4 Investment property

	<i>Tb EEK</i>	<i>Tb EUR</i>
Cost at 31.12.2006	3,834	245
Accumulated depreciation at 31.12.2006	(931)	(59)
Net book amount at 31.12.2006	2,903	186
Reclassification to property, plant and equipment (Note 5)	(25)	(2)
<b>Cost at 30.6.2007</b>	<b>3,808</b>	<b>243</b>
<b>Accumulated depreciation at 30.6.2007</b>	<b>(931)</b>	<b>(59)</b>
<b>Net book amount at 30.6.2007</b>	<b>2,877</b>	<b>184</b>
Cost at 31.12.2007	7,341	469
Accumulated depreciation at 31.12.2007	(4,448)	(284)
Net book amount at 31.12.2007	2,893	185
<b>Cost at 30.6.2008</b>	<b>7,341</b>	<b>469</b>
<b>Accumulated depreciation at 30.6.2008</b>	<b>(4,448)</b>	<b>(284)</b>
<b>Net book amount at 30.6.2008</b>	<b>2,893</b>	<b>185</b>

Costs of maintenance for six months of 2008 were 59 thousand kroons/4 thousand euros (65 thousand kroons/4 thousand euros in the same period of 2006).

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 EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	<b>30.6.2008</b>	<b>31.12.2007</b>	<b>30.6.2008</b>	<b>31.12.2007</b>
Land	1,238	1,238	79	79
Buildings and constructions	40,634	41,670	2,597	2,663
Machinery, plant and equipment	17,227	16,815	1,101	1,075
Other equipment and fixtures	1,934	1,186	124	76
Construction in progress	4,262	2,818	272	180
<b>TOTAL</b>	<b>65,295</b>	<b>63,727</b>	<b>4,173</b>	<b>4,073</b>



	<i>Tb EEK</i>	<i>Tb EUR</i>
Cost at 31.12.2006	162,680	10,397
Accumulated depreciation at 31.12.2006	(105,934)	(6,770)
Net book amount at 31.12.2006	56,746	3,627
Reclassification from investment property (Note 4)	25	2
Acquired in 6 months of 2007	9,572	612
Disposals in 6 months of 2007	(243)	(16)
Depreciation in 6 months of 2007	(4,307)	(275)
<b>Cost at 30.6.2007</b>	<b>172,033</b>	<b>10,996</b>
<b>Accumulated depreciation at 30.6.2007</b>	<b>(110,240)</b>	<b>(7,046)</b>
<b>Net book amount at 30.6.2007</b>	<b>61,793</b>	<b>3,950</b>
Cost at 31.12.2007	171,963	10,990
Accumulated depreciation at 31.12.2007	(108,236)	(6,917)
Net book amount at 31.12.2007	63,727	4,073
Acquired in 6 months of 2008	5,954	381
Disposals in 6 months of 2008	(1,911)	(122)
Depreciation in 6 months of 2008	(2,515)	(161)
Currency translation	40	2
<b>Cost at 30.6.2008</b>	<b>176,047</b>	<b>11,252</b>
<b>Accumulated depreciation at 30.6.2008</b>	<b>(110,752)</b>	<b>(7,079)</b>
<b>Net book amount at 30.6.2008</b>	<b>65,295</b>	<b>4,173</b>

#### Note 6 Intangible Fixed Assets

	<i>Tb EEK</i>	<i>Tb EUR</i>
Cost at 31.12.2006	5,564	356
Accumulated depreciation at 31.12.2006	(4,914)	(314)
Net book amount at 31.12.2006	650	42
Depreciation in 6 months of 2007	(268)	(17)
<b>Cost at 30.6.2007</b>	<b>5,564</b>	<b>356</b>
<b>Accumulated depreciation at 30.6.2007</b>	<b>(5,182)</b>	<b>(331)</b>
<b>Net book amount at 30.6.2007</b>	<b>382</b>	<b>25</b>
Cost at 31.12.2007	5,193	332
Accumulated depreciation at 31.12.2007	(4,973)	(318)
Net book amount at 31.12.2007	220	14
Depreciation in 6 months of 2008	(183)	(12)
<b>Cost at 30.6.2008</b>	<b>5,193</b>	<b>332</b>
<b>Accumulated depreciation at 30.6.2008</b>	<b>(5,156)</b>	<b>(330)</b>
<b>Net book amount at 30.6.2008</b>	<b>37</b>	<b>2</b>

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 7 Debt Obligations**

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	<b>30.6.2008</b>	<b>31.12.2007</b>	<b>30.6.2008</b>	<b>31.12.2007</b>
Current liabilities	14,127	8,782	903	561
incl non-convertible debt	51	193	3	12
Non-current debt obligations	36,734	36,734	2,348	2,348
incl non-convertible debt	321	321	21	21
<b>TOTAL</b>	<b>50,861</b>	<b>45,516</b>	<b>3,251</b>	<b>2,909</b>

**Note 8 Payables and prepayments**

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	<b>30.6.2008</b>	<b>31.12.2007</b>	<b>30.6.2008</b>	<b>31.12.2007</b>
Supplier payables	39,954	24,759	2,554	1,582
Payables to employees	7,560	5,658	483	362
Taxes payables	5,661	4,186	362	268
Other payables	5,748	454	367	29
Customer prepayments	2,217	2,431	142	155
<b>TOTAL</b>	<b>61,140</b>	<b>37,488</b>	<b>3,908</b>	<b>2,396</b>

**Note 9 Provisions**

	<i>Tb EEK</i>	<i>Tb EUR</i>
<b>Balance at 31.12.2006</b>	<b>3,268</b>	<b>209</b>
Incl current portion	221	14
non-current portion	3,047	195
Movements in 6 months 2007:		
Used during the 6 months 2007	(127)	(8)
Interest cost	(107)	(7)
<b>Balance at 30.6.2007</b>	<b>3,141</b>	<b>201</b>
Incl current portion	94	6
non-current portion	3,047	195
<b>Balance at 31.12.2007</b>	<b>3,200</b>	<b>204</b>
Incl current portion	264	16
non-current portion	2,936	188
Movements in 6 months 2008:		
Used during the 6 months 2008	(115)	(7)
Interest cost	(102)	(6)
<b>Balance at 30.6.2008</b>	<b>3,085</b>	<b>198</b>
Incl current portion	149	10
non-current portion	2,936	188

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	Share capital
	<i>pcs</i>	<i>Tb EEK</i>	<i>Tb EUR</i>
Balance 31.12.2006	4,499,061	44,991	2,875
Balance 30.6.2007	4,499,061	44,991	2,875
Balance 31.12.2007	4,499,061	44,991	2,875
Balance 30.6.2008	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.

In the 2nd quarter of 2008, dividends were distributed in the amount of 6,298,685 kroons/402,559 euros, i.e. 1 kroon 40 cents/8.94 euro cents per share. Corresponding income tax expense amounted to 1,674,334 kroons/107,009 euros.

In the 2nd quarter of 2007, the dividends paid out to the shareholders amounted to 5,398,873 kroons/345,051 euros, i.e. 1 kroon 20 cents/7.67 euro cents per share. The income tax on dividends amounted to 475,378 kroons/30,382 euros.

### Note 11 Earnings per share

	<i>EEK</i>	<i>EEK</i>	<i>EUR</i>	<i>EUR</i>
	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>30.6.2008</b>	<b>30.6.2007</b>
Basic earnings per share	1.81	2.39	0.12	0.15
Diluted earnings per share	1.81	2.39	0.12	0.15
Book value of share	16.48	15.87	1.05	1.01
Price/earnings ratio (P/E)	13.83	-	0.88	-
Closing price of the share of AS Viisnurk on Tallinn Stock Exchange at 30.6.*	25.03	-	1.60	-

Basic earnings per share have been calculated by dividing the net profit for the reporting period with the number of shares:

Basic earnings per share for 6 months of 2008 = 8,132,097 / 4,499,061 = 1.81 kroons/0.12 euros

Basic earnings per share for 6 months of 2007 = 10,732,111 / 4,499,061 = 2.39 kroons/0.15 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 2008 = 25.03 / 1.81 = 13.83 kroons/0.88 euros

\* No indicators concerning the share of the company have been published with reference to 2007 since there is no comparative data – the share of Viisnurk AS has been listed on Tallinn Stock Exchange starting from 25.09.2007.

### Note 12 Segments

**Segment** reporting includes reporting by business segments. The results of business segments are derived from management accounting. Inter-segmental sales are recognized at market process. Business segments by the areas of operations are considered as the primary segment of the Group.

**Management has identified the following business segments:**

*The Furniture Division (FD)* is engaged in the production and retail sale of household furniture. The Furniture Division includes the furniture factory of AS Viisnurk and Skano OÜ (including SIA Skano, UAB Skano LT and TOV Skano Ukraina).

The Building Materials Division (BMD) produced softboard and interior finishing boards.

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

**Business segment by area of operations – primary segment:**

<i>Tb EEK</i>	Furniture Division		Building Material Division		TOTAL	
	6 m 2008	6 m 2007	6 m 2008	6 m 2007	6 m 2008	6 m 2007
Revenue	83,247	67,769	68,781	61,732	152,028	129,501
Segment's result	4,767	2,299	7,832	11,465	12,599	13,764
Unallocated expenses					(1,075)	(1,320)
Operating profit					11,524	12,444
Net financial expenses (Note 9)					(1,718)	(1,237)
Profit before taxes					9,806	11,207
Prepaid income tax (Note 10)					(1,674)	(475)
Net profit for accounting period					8,132	10,732

<i>Tb EUR</i>	Furniture Division		Building Material Division		TOTAL	
	6 m 2008	6 m 2007	6 m 2008	6 m 2007	6 m 2008	6 m 2007
Revenue	5,320	4,331	4,396	3,945	9,716	8,276
Segment's result	305	147	500	732	805	879
Unallocated expenses					(69)	(84)
Operating profit					736	795
Net financial expenses (Note 9)					(109)	(79)
Profit before taxes					627	716
Prepaid income tax (Note 10)					(107)	(30)
Net profit for accounting period					520	686

**Geographical segment by location of customers – secondary segment:**

<i>Tb EEK</i>	6 months 2008			6 months 2007		
	FD	BMD	TOTAL	FD	BMD	TOTAL
<b>EXPORT</b>						
<i>European countries</i>						
Finland	31,145	38,662	69,807	31,986	31,311	63,297
Russia, Ukraine, Belarusian	30,803	4,846	35,649	20,529	4,414	24,943
Latvia, Lithuania	9,190	1,809	10,999	2,236	1,731	3,967
Sweden	0	3,164	3,164	0	1,906	1,906
Germany	2,051	845	2,896	3,180	952	4,132
Other European countries	172	226	408	169	590	759
<b>TOTAL</b>	<b>73,371</b>	<b>49,552</b>	<b>122,923</b>	<b>58,100</b>	<b>40,904</b>	<b>99,004</b>
Other countries	1,105	0	1,105	2,146	0	2,146
<b>TOTAL EXPORT</b>	<b>74,476</b>	<b>49,552</b>	<b>124,028</b>	<b>60,246</b>	<b>40,904</b>	<b>101,150</b>
<b>Domestic Market</b>	<b>8,771</b>	<b>19,229</b>	<b>28,000</b>	<b>7,523</b>	<b>20,828</b>	<b>28,351</b>
<b>TOTAL</b>	<b>83,247</b>	<b>68,781</b>	<b>152,028</b>	<b>67,769</b>	<b>61,732</b>	<b>129,501</b>

<i>Tb</i> EUR	6 months 2008			6 months 2007		
	FD	BMD	TOTAL	MD	BMD	TOTAL
<b>EXPORT</b>						
<i>European countries</i>						
Finland	1,991	2,471	4,462	2,045	2,001	4,046
Russia, Ukraine, Belarusian	1,969	310	2,279	1,312	282	1,594
Latvia, Lithuania	587	116	703	143	111	254
Sweden	0	202	202	0	122	122
Germany	131	54	185	203	61	264
Other European countries	11	14	25	11	37	48
<b>TOTAL</b>	<b>4,689</b>	<b>3,167</b>	<b>7,856</b>	<b>3,714</b>	<b>2,614</b>	<b>6,328</b>
Other countries	71	0	71	137	0	137
<b>TOTAL EXPORT</b>	<b>4,760</b>	<b>3,167</b>	<b>7,927</b>	<b>3,851</b>	<b>2,614</b>	<b>6,465</b>
<b>Domestic Market</b>	<b>560</b>	<b>1,229</b>	<b>1,789</b>	<b>480</b>	<b>1,331</b>	<b>1,811</b>
<b>TOTAL</b>	<b>5,320</b>	<b>4,396</b>	<b>9,716</b>	<b>4,331</b>	<b>3,945</b>	<b>8,276</b>

### 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;
- 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.

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

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
	6 months 2008	6 months 2007	6 months 2008	6 months 2007
Board member and other remuneration	1,120	771	72	49
Social tax	370	257	24	16
<b>TOTAL</b>	<b>1,490</b>	<b>1,028</b>	<b>96</b>	<b>65</b>

As at 30.6.2008, pursuant to the contracts entered into, the members of the Management Board will receive severance pay amounting to 2-month remuneration.

In the 6 months of 2008 and 2007, there were no transactions between the related parties.