

1st quarter
Interim Report
2011

Beginning of the Interim Report Period:	1.1.2011
End of the Interim Report Period:	31.3.2011
Beginning of the financial year:	1.1.2011
End of the financial year:	31.12.2011
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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 shareholders 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

First quarter in short

Consolidated net sales of first quarter 2011 was 4.0 mil. euros, representing a 28% increase on the first quarter compared to the same period 2010. At the same time, consolidated net profit amounted to 101 thousand euros, compared to 191 thousand euros in Q1 2010.

In first quarter, sales revenue increased in all fields of business. The sales of construction materials showed up the highest growth, namely 59%. Company started to sell into Japan and sales into Finland is remarkably higher. The reasons of decrease of profitability are higher costs to technological heat due to cold weather and very thick snow in winter. Transport costs into Finland and price of electricity are higher than Q1 2010.

Retail sale made a 2% growth, the result was 112 thousand euros loss caused by change of exchange rate of Ukrainian hryvnia, costumes problems in Ukraine at the beginning of year and continuously bad economical situation in Latvia.

The sales of Furniture factory increased by 11% compared to Q1 2010. The biggest growth was sales into Russia.

Income statement

Consolidated net sales of first quarter 2011 was 4.0 mil. euros (3.1 mil. euros in same period of 2010) representing a 28% increase on the first quarter compared to Q1 2010. The Group's gross margin in the first quarter of 2011 was 21.0% compared to 24.5% in the first quarter of 2010. Consolidated operating profit amounted to 129 thousand euros (219 thousand euros in same period 2010). The consolidated operating margin of net sales was 3.2% (7.0% in Q1 2010).

Consolidated net profit amounted to 102 thousand euros, compared to 191 thousand euros in Q1 2010, and the net margin was 2.5% (6.1% in Q1 2010). In Q1 2011, the Group's return on equity was 1.9% (4.0% in Q1 2010) and return on assets was 1.1% (2.2% in Q1 2010).

Position of financial statement

As of 31.3.2011 the total assets of Viisnurk amounted to 9.6 mil. euros (31.12.2010: 9.1 mil. euros). The liabilities of the company accounted for 43.1% (31.12.2010: 41.5%) thereof, i.e. 4.1 mil. euros (31.12.2010: 3.8 mil. euros).

Receivables and prepayments have increased by 0.8 mil. euros i.e. 66% increase with 3 months. The reason of increase of receivables is small sales in December 2010, which essentially lowered the amount of receivables at the end of December.

Inventories increased by 0.2 mil. euros to reach 2.7 mil. euros on 31.3.2011. (31.12.2010: 2.5 mil. euros). Property, plant and intangibles decreased by 0.05 mil. euros mainly as a result of depreciation.

Short-term loans decreased by 0.8 mil. euros and amounted to 0.6 mil. euros in 31 March 2011 (31.12.2010: 1.4 mil. euros). Short-term loan 0.6 mil. euros refinanced and over classified to long term. Supplier payables, tax liabilities, other payables, including payables to employees, and provisions amounted to 2.0 mil. euros (31.12.2010: 1.5 mil. euros). Current and non-current liabilities increased by 0.3 mil. euros to 4.1 mil. euros (31.12.2010: 3.8 mil. euros).

Divisional review:

Net sales by business segments

	<i>th. EUR</i>		<i>% of net sales</i>	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Furniture Factory	1,854	1,667	46.1%	53.2%
Skano	426	417	10.6%	13.3%
Building Materials Division	1,980	1,242	49.2%	39.6%
Elimination	(236)	(194)	(5.9)%	(6.1)%
TOTAL	4,024	3,132	100.0%	100.0%

Net sales by geographical segments

	<i>th. EUR</i>		<i>% of net sales</i>	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Finland	1,837	1,450	45.7%	46.3%
Russia	990	622	24.6%	19.9%
Estonia	437	454	10.9%	14.5%
Ukraine	162	152	4.0%	4.9%
Sweden	116	135	2.9%	4.3%
Lithuania	92	92	2.3%	2.9%
Kazakhstan	78	41	1.9%	1.3%
Latvia	77	49	1.9%	1.6%
India	71	30	1.8%	1.0%
Denmark	52	38	1.3%	1.2%
Japan	36	0	0.9%	0.0%
Israel	19	0	0.5%	0.0%
Germany	15	44	0.4%	1.4%
Malaysia	14	0	0.3%	0.0%
Greece	11	10	0.3%	0.3%
Other countries	17	15	0.4%	0.5%
TOTAL	3,393	3,132	100.00%	100.00%

Regarding the markets, turnover has increased in Finland and Russia. The percentage of turnover has decreased in most in Estonia, Sweden and Germany.

Profit by business segments

	<i>th. EUR</i>	
	Q1 2011	Q1 2010
Furniture Factory	155	149
Skano	(112)	(4)
Building Materials Division	74	98
Elimination	12	(24)
TOTAL	129	219
Net financial costs	(25)	(28)
Income tax	(2)	0
NET PROFIT	102	191

Furniture Division

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 13 stores: two in Tallinn, Pärnu, Riga, Vilnius, Kaunas, three in Kiev, Donetsk, Kharkiv and Dnipropetrovs'k. There were opened one store in Tallinn at Rocca al Mare shopping mall.

Retail sales by countries

	<i>th. EUR</i>		<i>% of net sales</i>		<i>Number of stores</i>	
	Q1 2011	Q1 2010	Q1 2010	Q1 2010	31.03.10	31.03.10
Estonia	156	156	36.6%	37.4%	3	2
Latvia	35	24	8.2%	5.9%	1	1
Lithuania	86	91	20.2%	21.9%	2	3
Ukraine	149	145	35.0%	34.8%	7	4
TOTAL	426	416	100.0%	100.0%	13	10

The retail sale increased, but the loss of Skano was remarkably big. The main reasons for weak result are small purchase power in Latvia, loss from exchange rate of hryvnia (30 thousand euros) and problems with costumes

in Ukraine. Ukrainian Republic fighting against VAT cheating and at the beginning of the year there was total costumes control on the borders. Most of the cargo delivered into Ukraine stopped for weeks in costumes area. This caused canceling of deliveries at January and February and Skano paid compensations for clients for late deliveries. The situation is normalized for now and our business model works as planned.

Furniture Factory

The Furniture Factory's sales in the first quarter in one of the company's basic target market in Russia has increased and on other – in Finland, decreased. Our clients does not estimate significant increase of demand in near future.

The net sales of the Furniture Factory in the first quarter amounted to 1.9 mil. euros and profit to 155 thousand euros. In the same period last year, the turnover of the factory totalled to 1.7 mil. euros and the profit 149 thousand euros. As compared to the previous year the turnover of the factory has increased by 187 thousand euros and the profit has increased 6 thousand euros.

Furniture Factory sales by countries

	<i>th EUR</i>		<i>% of net sales</i>	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Finland	792	852	42.7%	51.1%
Russia	734	510	39.6%	30.6%
Kazakhstan	78	41	4.2%	2.4%
Estonia	14	32	0.8%	1.9%
Other countries	0	40	-	2.4%
Subsidiaries	236	193	12.7%	11.6%
TOTAL	1,854	1,668	100.0%	100.0%

Building Materials Division

The net sales of the Building Materials Division in the first quarter amounted to 2.0 mil. euros and profit to 74 thousand euros. In the same period last year, the turnover of the division totalled to 1.2 mil. euros and the profit 98 thousand euros. As compared to the previous year the turnover of the division has increased by 738 thousand euros and the profit has decreased by 24 thousand euros.

Net sales by geographical segments

	<i>th. EUR</i>		<i>% of net sales</i>	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Finland	1,045	598	52.8%	48.2%
Estonia	267	267	13.5%	21.5%
Russia	256	112	12.9%	9.0%
Sweden	116	135	5.9%	10.9%
India	71	30	3.6%	2.4%
Denmark	52	37	2.6%	3.0%
Latvia	42	24	2.1%	1.9%
Japan	36	0	1.8%	-
Isreal	19	0	1.0%	-
Germany	15	15	0.8%	1.2%
Malaysia	14	0	0.7%	-
Ukraine	13	7	0.7%	0.6%
Greece	11	10	0.5%	0.7%
Other countries	23	7	1.1%	0.6%
TOTAL	1,980	1,242	100.0%	100.0%

The biggest growth has been in sales to Finland and Russia. There is also sales growth into Asia, we started to sale into Japan. The percentage of sales into Estonia and Sweden decreased. Despite of the remarkable growth of sales the profit of the segment has decreased. The main reason for that is high price of technological heat caused by cold weather and big amount of snow. There are significantly increased transport costs into Finland and compared to the same period of last year, increase of the price of electricity.

AS Fortum Termest and AS Viisnurk terminated the operator agreement of the boiler plant belonging to AS Viisnurk from 01.02.2011 and AS Viisnurk will continue to produce heat in the boiler plant. As AS Viisnurk has no main heat lines, heat is produced only for the company itself.

Forecast and development

Skano. We do not expect significant growth of retail sale in the second quarter of 2011. Therefore we shall continue to save the costs and do not plan any extension of the retail chain.

Furniture factory. In the second quarter of 2011 we expect similar turnover as in the preceding quarters in the furniture factory, but the volume will still remain lower than the production capabilities would allow. Therefore the workload is continuously low in the furniture factory. Agreements have been concluded with the employees for application of undertime until 31.03.2012. From April 1, 2011 the business hours were extended, however for most of the employees the weekly number of business hours will remain below 40.

Building Materials Division. Work was started with full load at the end of 2010. At the main production line the production is performed in four shifts round the clock. On Isotex lines one or two shifts are used as necessary. At the same time turnover has increased and we expect for second quarter comparable sales number as in first quarter. At the same time managements priority is rising the effectiveness and profitability.

Investments

During 3 months 2011 investments into technology totalled 87 euros and into buildings 19 thousand euros. At the same period of 2010 investments into technology totalled 19 thousand euros and into buildings 2 thousand euros.

People

At 31 March 2011 Concern employed 336 people (306 people in the same time at the last year). The average number of personnel in the first quarter of 2011 was 330 (2010: 308).

In the 3 months of 2011, wages and salaries amounted 985 thousand euros (803 thousand euros in the same period of the last year).

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

	<i>th EUR</i>	<i>th EUR</i>
	Q1 2011	Q1 2010
Board member and other remuneration	27	27
Social tax and unemployment insurance premiums	9	9
TOTAL	36	36

Financial highlights

	<i>th EUR</i> Q1 2011	<i>th EUR</i> Q1 2010	<i>th EUR</i> Q1 2009
Income statement			
Revenue	4,024	3,132	3,393
EBITDA	275	343	142
EBITDA margin	6.8%	10.9%	4.2%
Operating profit	129	219	17
Operating margin	3.2%	7.0%	0.5%
Net profit	102	191	(43)
Net margin	2.5%	6.1%	(1.3%)
Balance sheet			
Total assets	9,568	8,634	9,965
Return on assets	1.1%	2.2%	(0.4%)
Equity	5,448	4,755	4,499
Return on equity	1.9%	4.0%	(1.0%)
Debt-to-equity ratio	43.1%	44.9%	54.9%
Share (31 December)			
Closing price (EEK/EUR)	1.50	1.14	0.67
Earnings per share (EEK/EUR)	0.02	0.04	(0.01)
Price-earnings ratio	75.00	28.50	-
Book value of a share (EEK/EUR)	1.21	1.06	1.00
Market to book ratio	1.24	1.08	0.67
Market capitalization	6,749	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 2010, 6 months' EURIBOR was 1.227 and at 31 March 2011 1,546.

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

- ✓ the loan in starting amount of 831 thousand euros every year on 30 November and 30 May;
- ✓ the loan in starting amount of 2,660 thousand euros every year on 30 September and 31 March.
- ✓ the loan in starting amount of 445 thousand euros every year on 30 June and 31 December.

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 Isotex	SIA Skano	UAB Skano LT	TOV Skano Ukraina
Country of location	Estonia	Estonia	Latvia	Lithuania	Ukraine
Number of shares at 31.12.2009	1	1	1	100	1
Ownership at 31.12.2009 (%)	100	100	100	100	100
Number of shares at 31.3.2010	1	1	1	100	1
Ownership at 31.3.2010 (%)	100	100	100	100	100

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

SIA Skano is engaged in the retail sale of furniture in Latvia since November 2005. UAB Skano LT started in May 2007 and retail of furniture in Kaunas and Vilnius. TOV Skano Ukraine started in June 2007 and retail of furniture in bigger cities of the Ukraine. It has stores in Kharkiv, Kiev, Donetsk and Dnipropetrovs'k.

OÜ Isotex was established to allow former division to operate independently under its own trademarks and to facilitate its development. In connection with restructuring, use of the subsidiary has been abandoned. OÜ Isotex did not have any operations in the financial year 2010 and 2011.

Declaration of the Management Board

The Management Board of AS Viisnurk is prepared consolidated unaudited Interim Report for the 1st quarter of 2011, which is presented on pages 4 to 20 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

29 April 2011

Consolidated statement of financial position

	<i>Tb EUR</i> 31.3.2011	<i>Tb EUR</i> 31.12.2010	<i>Tb EUR</i> 31.03.2010
Cash and bank	478	1,011	184
Receivables and prepayments (Note 1)	1,990	1,198	1,520
Inventories (Note 2)	2,723	2,484	2,816
Total current assets	5,191	4,693	4,520
Investment property (Note 3)	185	185	185
Tangible fixed assets (Note 4)	4,173	4,217	3,928
Intangible fixed assets (Note 5)	19	20	1
Total fixed assets	4,377	4,422	4,114
<u>TOTAL ASSETS</u>	<u>9,568</u>	<u>9,115</u>	<u>8,634</u>
Debt obligations (Note 6)	556	1,383	418
Payables and prepayments (Note 7)	1,978	1,462	1,525
Short-term provisions (Note 8)	6	8	5
Total current liabilities	2,540	2,853	1,948
Non-current debt obligations (Note 6)	1,382	733	1,731
Non-current provisions (Note 8)	198	198	200
Total non-current liabilities	1,580	931	1,931
Total liabilities	4,120	3,784	3,879
Share capital at nominal value (Note 9)	2,875	2,875	2,875
Issue premium	364	364	364
Statutory capital reserve	288	288	288
Currency translation reserve	31	16	20
Retained profits	1,788	1,017	1,017
Net profit for the year (Note 10; 11)	102	771	191
Total equity	5,448	5,331	4,755
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>9,568</u>	<u>9,115</u>	<u>8,634</u>

Consolidated statement of comprehensive income

	<i>Tb EUR</i> 1st quarter 2011	<i>Tb EUR</i> 1st quarter 2010
RETURN ON SALES (Note 11)	4,024	3,132
Cost of production sold	(3,179)	(2,366)
Gross profit	845	766
Marketing expenses	(581)	(460)
General administrative expenses	(99)	(95)
Other income	3	32
Other expenses	(39)	(24)
Operating profit (Note 11)	129	219
Financial income and financial expenses	(25)	(28)
Profit before taxes	104	191
Prepaid income tax	(2)	0
NET PROFIT FOR THE PERIOD	102	191
Basic earnings per share (Note 10)	0.02	0.04
Diluted earnings per share (Note 10)	0.02	0.04
Currency translation differences	15	(6)
TOTAL COMPREHENSIVE INCOME	117	185

Consolidated cash flow statement

	Tb EUR 1 st quarter 2011	Tb EUR 1 st quarter 2010
Cash flow from operations		
Net profit before taxes	104	191
<i>Adjustments for:</i>		
Depreciation of fixed assets (Note 4; 5)	146	124
Loss from write-down of fixed assets (Note 4; 5)	5	0
Interest expense	25	27
Operating profit before changes in operating capital	280	342
Change in operations-related receivables and prepayments	(792)	(318)
Change in inventories (Note 2)	(239)	(136)
Change in operations-related liabilities and prepayments	514	57
Cash generated from operations	(237)	(55)
Interest paid	(25)	(27)
Income tax	(2)	0
Total cash flow from operations	(264)	(82)
Cash flow from investments		
Acquisition of fixed assets (Note 4; 5)	(106)	(21)
Total cash flow from investments	(106)	(21)
Cash flow from financing activities		
Raise a loan (Note 6)	139	0
Repayment of loans (Note 6)	(133)	(87)
Settlement of finance lease liabilities (Note 6)	(184)	(9)
Total cash flow from financing activities	(178)	(96)
TOTAL CASH FLOW	(548)	(199)
Currency translation differences	15	(6)
CASH AT BEGINNING OF PERIOD	1 011	389
CASH AT END OF PERIOD	478	184

Consolidated statement of changes in equity

<i>Tb EUR</i>	Share capital	Share premium	Statutory capital reserve	Currency translation	Retained earnings	Total
Balance at 31.12.2009	2,875	364	288	26	1,017	4,570
Comprehensive income (loss) for 3 months 2010	0	0	0	(6)	191	185
Balance at 31.03.2010	2,875	364	288	20	1,208	4,755
Balance at 31.12.2010	2,875	364	288	16	1,788	5,331
Comprehensive income (loss) for 3 months 2011	0	0	0	15	102	117
Balance at 31.03.2011	2,875	364	288	31	1,890	5,448

Notes to the consolidated interim report

Accounting Policies And Measurement Bases

The consolidated financial statements prepared for the period ended 31 March 2011 include the financial information of the Company and its subsidiaries (together referred to as the Group): OÜ Skano, OÜ Isotex and OÜ Skano's wholly-owned subsidiaries SIA Skano, UAB Skano LT and TOV Skano Ukraina. The Group manufactures and distributes furniture and softboard made of wood.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The same accounting policies were applied for both the Interim Report and the Annual Report for the financial year that ended on 31.12.2010. The consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting.

According to the assessment of the Management Board, AS Viisnurk is a going concern and the Interim Report for the 1st quarter of 2011 gives a true and fair view of the financial position of AS Viisnurk and the results of its operations. The present Interim Report has not been audited.

The Interim Report has been presented in thousands of euros.

Note 1 Receivables and prepayments

	<i>Tb EUR</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.03.2011	31.12.2010	31.03.2010
Customer receivables	1,569	925	1,283
Prepaid taxes	342	198	164
Other receivables	41	41	39
Prepaid services	38	34	34
TOTAL	1,990	1,198	1,520

Note 2 Inventories

	<i>Tb EUR</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.03.2011	31.12.2010	31.03.2010
Raw materials and other materials	712	611	654
Work-in-progress: production	539	527	506
Work-in-progress: real estate development	214	214	214
Finished goods	1,033	929	1,193
Goods purchased for resale	196	185	226
Prepayments to suppliers	29	18	23
TOTAL	2,723	2,484	2,816

Work-in-progress: real estate development

At 31 March 2011, work-in-progress: real estate development comprised the old Sports goods division real property (buildings and land ca 20 000 m²) located at Rääma street 31, what is covered whit development contract.

Work-in-progress: real estate development was stated at the lower of cost and fair value less costs to sell. Work-in-progress: real estate development was stated at the costs 214 thousand euros (31.03.2010: 214 thousand euros).

Note 3 Investment property

	<i>Tb EUR</i>
Cost at 31.12.2009	469
Accumulated depreciation at 31.12.2009	(284)
Net book amount at 31.12.2009	185
Cost at 31.03.2010	469
Accumulated depreciation at 31.03.2010	(284)
Net book amount at 31.03.2010	185
Cost at 31.12.2010	469
Accumulated depreciation at 31.12.2010	(284)
Net book amount at 31.12.2010	185
Cost at 31.03.2011	469
Accumulated depreciation at 31.03.2011	(284)
Net book amount at 31.03.2011	185

Costs of maintenance for three months of 2011 were 5 thousand euros and 3 thousand euros in the same period of 2010. Rental income from investment properties for three months of 2011 were 1 thousand euros (2010: 0). Depreciation of investment property has been ceased because the estimated residual values of the investment properties exceed their carrying amounts.

Note 4 Tangible Fixed Assets

	<i>Tb EUR</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.03.2011	31.12.2010	31.03.2010
Land	79	79	79
Buildings and constructions	2,376	2,407	2,481
Machinery, plant and equipment	1,578	1,653	1,283
Other equipment and fixtures	52	62	60
Construction in progress	88	16	25
TOTAL	4,173	4,217	3,928

	<i>Tb EUR</i>
Cost at 31.12.2009	11,694
Accumulated depreciation at 31.12.2009	(7,663)
Net book amount at 31.12.2009	4,031
Acquired in 3 months of 2010	20
Depreciation in 3 months of 2010	(122)
Currency translation	(1)
Cost at 31.03.2010	11,714
Accumulated depreciation at 31.03.2010	(7,786)
Net book amount at 31.03.2010	3,928
Cost at 31.12.2010	12,240
Accumulated depreciation at 31.12.2010	(8,023)
Net book amount at 31.12.2010	4,217
Acquired in 3 months of 2011*	106
Write-off 3 months of 2011	(62)
Depreciation in 3 months of 2011	(145)
Write-off of accumulated amortisation 3 months of 2011	57
Cost at 31.03.2011	12,284
Accumulated depreciation at 31.03.2011	(8,111)
Net book amount at 31.03.2011	4,173

*On the 31st of March the binding liabilities of acquiring the tangible assets are 113 thousand euros.

Note 5 Intangible Fixed Assets

	<i>Tb EUR</i>
Cost at 31.12.2009	332
Accumulated depreciation at 31.12.2009	(331)
Net book amount at 31.12.2009	1
Depreciation in 3 months of 2010	(0)
Cost at 31.03.2010	332
Accumulated depreciation at 31.03.2010	(331)
Net book amount at 31.03.2010	1
Cost at 31.12.2010	94
Accumulated depreciation at 31.12.2010	(74)
Net book amount at 31.12.2010	20
Depreciation in 3 months of 2011	(1)
Cost at 31.03.2011	94
Accumulated depreciation at 31.03.2011	(75)
Net book amount at 31.03.2011	19

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

Note 6 Debt Obligations

	<i>Tb EUR</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.03.2011	31.12.2010	31.03.2010
Current liabilities	556	1,383	418
incl non-convertible debt	16	200	28
Non-current debt obligations	1,382	733	1,731
incl non-convertible debt	17	17	217
TOTAL	1,938	2,116	2,149

Note 7 Payables and prepayments

	<i>Tb EUR</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.03.2011	31.12.2010	31.03.2010
Supplier payables	980	612	771
Payables to employees	488	377	359
Taxes payables	241	249	205
Other payables	132	149	136
Customer prepayments	137	75	54
TOTAL	1,978	1,462	1,525

Note 8 Provisions

	<i>th EUR</i>
Balance at 31.12.2009	219
Incl current portion	8
non-current portion	211
Used during the 3 months 2010	(6)
Decreased during the 3 months 2010	(12)
Interest cost 3 months 2010	4
Balance at 31.03.2010	205
Incl current portion	5
non-current portion	200
Balance at 31.12.2010	206
Incl current portion	8
non-current portion	198
Used during the 3 months 2011	(6)
Interest cost 3 months 2011	4
Balance at 31.03.2011	204
Incl current portion	6
non-current portion	198

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

Note 9 Share Capital

	Number of shares	Share capital
	<i>pcs</i>	<i>th EUR</i>
Balance 31.03.2011	4,499,061	2,875
Balance 31.12.2010	4,499,061	2,875
Balance 31.03.2010	4,499,061	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 177,343,090 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.

As at 31.03.2011, the Group had 594 shareholders (31.03.2010: 543 shareholders) of which with more than 5% ownership interest were:

- Trigon Wood OÜ with 2,675,752 shares or 59.62% (2010: 59.62%)
- ING Luxembourg S.A. with 329,337 shares or 7.32% (2010: 11.11%)

The number of shares owned by the members of the Management Board and Supervisory Board of AS Viisnurk was as follows:

Ülo Adamson: 0 shares (2010: 0 shares)
 Joakim Johan Helenius: 20,000 shares (2010: 20,000 shares)
 Heiti Rüsberg: 0 shares (2010: 0 shares)
 Andres Kivistik: 0 shares (2010: 0 shares)
 Einar Pähkel: 0 shares (2010: 0 shares)

Note 10 Earnings per share

	EUR	EUR
	31.03.2011	31.03.2010
Basic earnings per share	0.02	0.04
Diluted earnings per share	0.02	0.04
Book value of share	1.21	1.06
Price/earnings ratio (P/E)	75.00	28.50
Closing price of the share of AS Viisnurk on Tallinn Stock Exchange at 31.03*	1.50	1.14

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 2011 = 101,836 / 4,499,061 = 0.02 euros

Basic earnings per share for 3 months of 2010 = 190,852 / 4,499,061 = 0.04 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 2011 = 1.50 / 0.02 = 75.00

Price/earnings ratio (P/E) for 3 months of 2010 = 1.14 / 0.04 = 28.50

* 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:

th EUR	Furniture factory		Skano		Building materials division		Eliminations		SEGMENTS TOTAL	
	1 st quarter 2011	1 st quarter 2010	1 st quarter 2011	1 st quarter 2010	1 st quarter 2011	1 st quarter 2010	1 st quarter 2011	1 st quarter 2010	1 st quarter 2011	1 st quarter 2010
Revenue from external customers	1,618	1,474	426	417	1,980	1,241	0	0	4,024	3,132
Inter-segment revenue	236	193	0	0	0	1	0	0	236	194
Operating profit/loss	155	149	(112)	(4)	74	98	12	(24)	129	219
Segment assets	4,381	3,998	777	675	4,457	4,000	(47)	(39)	9,568	8,634
Segment liabilities	2,136	1,724	210	133	1,774	2,022	0	0	4,120	3,879

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

<i>th</i> EUR	1 st quarter 2011				1 st quarter 2010			
	FF	SK	BMD	TOTAL	FF	SK	BMD	TOTAL
Finland	792	0	1,045	1,837	852	0	598	1,450
Russia	734	0	256	990	510	0	112	622
Estonia	14	156	267	437	31	156	267	454
Ukraine	0	149	13	162	0	145	7	152
Latvia	0	35	42	77	0	25	24	49
Lithuania	0	86	6	92	0	91	1	92
Germany	0	0	15	15	29	0	15	44
Kazakhstan	78	0	0	78	41	0	0	41
Belarusian	0	0	0	0	7	0	0	7
Sweden	0	0	116	116	0	0	135	135
Denmark	0	0	52	52	1	0	37	38
England	0	0	8	8	0	0	1	1
India	0	0	71	71	0	0	30	30
Malaysia	0	0	14	14	0	0	0	0
Greece	0	0	11	11	0	0	10	10
Israel	0	0	19	19	0	0	0	0
France	0	0	8	8	0	0	0	0
Japan	0	0	36	36	0	0	0	0
Other countries	0	0	1	1	3	0	4	7
TOTAL	1,618	426	1,980	4,024	1,474	417	1,241	3,132

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 (11.94%).

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

	<i>Tb</i> EUR	<i>Tb</i> EUR
	1 st quarter 2011	1 st quarter 2010
Board member and other remuneration	27	27
Social tax and unemployment insurance premiums	9	9
TOTAL	36	36

As at 31.03.2011, 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 2011, there were no transactions between the related parties.