

4th quarter
Interim Report
2010

Beginning of the Interim Report Period:	1.1.2010
End of the Interim Report Period:	31.12.2010
Beginning of the financial year:	1.1.2010
End of the financial year:	31.12.2010
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Main activity:	Furniture production
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Table of Contents

TABLE OF CONTENTS	2
OUTLINE	3
MANAGEMENT REPORT	4
Divisional review:	4
Furniture Division	5
Building Materials Division	6
Forecast and development	7
Investments	7
People	7
Financial highlights	8
Financial risks	8
Interest rate risk	8
Currency risk	9
Risk of the Economic Environment	9
Fair value	9
Group structure	9
DECLARATION OF THE MANAGEMENT BOARD	10
Consolidated statement of financial position	11
Consolidated statement of comprehensive income	12
Consolidated cash flow statement	13
Consolidated statement of changes in equity	14
Notes to the consolidated interim report	15
Accounting Policies And Measurement Bases	15
Note 1 Receivables and prepayments	15
Note 2 Inventories	15
Note 3 Investment property	16
Note 4 Tangible Fixed Assets	16
Note 5 Intangible Fixed Assets	17
Note 6 Debt Obligations	17
Note 7 Payables and prepayments	17
Note 8 Provisions	18
Note 10 Share Capital	18
Note 10 Earnings per share	19
Note 11 Segments	19
Note 12 Related party transactions	21
Note 13 Events after the reporting period	21

Outline

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

Furniture store chain Skano operating in Ukraine and the Baltics and a plant producing original home furniture made of timber belong into the Furniture Division.

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

The principal markets of the company are Scandinavia, Russia, Ukraine and the Baltics. The long-term customers and co-operation partners of Viisnurk AS are distinguished representatives of their respective fields.

The shares of AS Viisnurk have been listed on Tallinn Stock Exchange since 5 June 1997. On 19 September 2007, the division of AS Viisnurk took place and the shares of separated production enterprise have been listed again in the main list of Tallinn Stock Exchange according to the decision of Tallinn Stock Exchange Listing Committee as of 20 September 2007 and trading with the shares commenced on 25 September 2007. The majority owner of AS Viisnurk is OÜ Trigon Wood.

Largest shareholder of OÜ Trigon Wood and the entities with significant influence over the Group are: AS Trigon Capital, Veikko Laine Oy, BCB Baltic AB, Hermitage Eesti OÜ, Thominvest Oy and Assetman Oy.

Management Report

AS Viisnurk in short

Consolidated net sales of 2010 increased by 5.9% and amounted to 217.9 mil. kroons/13.9 mil. euros. At the same time, consolidated net profit amounted to 12.1 mil. kroons/0.8 mil. euros, compared to 155 thousand kroons/10 thousand euros in 2009.

Consolidated net sales of fourth quarter 2010 was 63.4 mil. kroons/4.1 mil. euros, representing a 17.2% increase on the fourth quarter compared to the same period 2009. Consolidated operating profit amounted to 3.8 mil. kroons/243 thousand euros, which means the growth of 52%. Consolidated net profit increased by 43% and amounted to 3.3 mil. kroons/209 thousand euros.

In the fourth quarter all business segments of the Concern were profitable. AS Viisnurk has overcome well the global economic crisis and is now exiting the crisis. In fourth quarter sales revenue increased in all fields of business. The sales of construction materials showed up the highest growth, namely 37%. Also retail sale made a good 10% growth. The cost saving programme implemented in SKANO retail chain and 10% increase of the sales turned the retail sale into profit in fourth quarter.

Income statement

Consolidated net sales of fourth quarter 2010 was 63.4 mil. kroons/4.1 mil. euros (54.1 mil. kroons/3.5 mil. euros in same period of 2009) representing a 17.2% increase on the fourth quarter compared to fourth quarter 2009. The Group's gross margin in the fourth quarter of 2010 was 22.1% compared to 20.0% in the fourth quarter of 2009. Consolidated operating profit amounted to 3.8 mil. kroons/243 thousand euros (2.5 mil. kroons/161 thousand euros profit in 2009). The consolidated operating margin of net sales was 6.0 (4.7% in Q4 2009).

Consolidated net profit amounted to 3.3 mil. kroons/209 thousand euros, compared to 2.3 mil. kroons/144 thousand euros in Q4 2009), and the net margin was 5.2% (4.2% in Q4 2009). In Q4 2010, the Group's return on equity was 3.9% (3.2% in Q4 2009) and return on assets was 2.3% (1.7% in Q4 2009).

Position of financial statement

As of the end of 2010 the total assets of Viisnurk amounted to 142.6 mil. kroons/9.1 mil. euros (31.12.2009: 132.8 mil. kroons/8.5 mil. euros). The liabilities of the company accounted for 42% (31.12.2009: 46%) thereof, i.e. 59.2 mil. kroons/3.8 mil. euros (31.12.2009: 61.3 mil. kroons/3.9 mil. euros).

Receivables and prepayments are at the same level 18.7 mil. kroons/1.2 mil. euros (31.12.2009: 18.8 mil. kroons/1.2 mil. euros).

Inventories decreased by 3.0 mil. kroons/0.2 mil. euros (7.3%) to reach 38.9 mil. kroons/2.5 mil. euros at 31 December 2010. (31.12.2009: 41.9 mil. kroons/2.7 mil. euros). Property, plant and intangibles increased by 3.2 mil. kroons/0.2 mil. euros.

Short-term loans increased by 13.6 mil. kroons/0.9 mil. euros and amounted in 31 December 2010 21.6 mil. kroons/1.4 mil. euros (31.12.2009: 8.0 mil. kroons/0.5 mil. euros). Short-term bank loan at the amount of 10.1 mil. kroons/649 thousand euros prolonged in January 2011. Supplier payables, tax liabilities, other payables, including payables to employees, and provisions amounted to 23.0 mil. kroons/1.5 mil. euros (31.12.2009: 22.9 mil. kroons/1.5 mil. euros). Current and non-current liabilities decreased by 2.1 mil. kroons/0.1 mil. euros to 59.2 mil. kroons/3.8 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>	
	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009
Furniture Factory	32,780	31,155	2,095	1,991	51.7%	57.6%
Skano	9,611	8,667	614	554	15.2%	16.0%
Building Materials Division	24,995	18,250	1,597	1,166	39.4%	33.7%
Elimination	(3,953)	(3,952)	(252)	(252)	(6.2%)	(7.3%)
TOTAL	63,433	54,120	4,054	3,459	100.0%	100.0%

Net sales by geographical segments

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>			
	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009		
Finland	22,497	21,063	1,438	1,346	35.5%	38.9%		
Russia	17,132	12,959	1,095	828	27.0%	23.9%		
Estonia	11,432	10,129	731	647	18.0%	18.7%		
Ukraine	3,768	3,267	241	209	5.9%	6.0%		
Latvia	2,264	1,552	145	99	3.6%	2.9%		
Sweden	1,647	1,427	105	91	2.6%	2.6%		
Kazakhstan	1,599	607	102	39	2.5%	1.1%		
Lithuania	1,476	1,717	94	110	2.3%	3.2%		
Denmark	697	455	45	29	1.1%	0.8%		
Germany	248	377	16	24	0.4%	0.7%		
Other countries	673	567	42	37	1.1%	1.2%		
TOTAL	63,433	54,120	4,054	3,459	100.0%	100.0%		

Regarding the markets, turnover has increased most in Russia and Kazakhstan. Sale in Lithuania and Germany has decreased.

Profit by business segments

	<i>th. EEK</i>		<i>th. EUR</i>	
	Q4 2010	Q4 2009	Q4 2010	Q4 2009
Furniture Factory	2,538	3,305	162	211
Skano	389	156	25	(10)
Building Materials Division	835	(671)	53	(43)
Elimination	41	51	3	3
TOTAL	3,803	2,529	243	161
Net financial costs	(416)	(206)	(27)	(13)
PROFIT BEFORE TAXES	3,387	2,323	216	148
Income tax	(104)	(69)	(7)	(4)
NET PROFIT	3,283	2,254	209	144

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 12 stores in Tallinn, Pärnu, Riga, Vilnius, Kaunas, Kiev (3), Donetsk, Kharkiv and Dnipropetrovs'k (2) at 31.12.2010. There were two stores opened in third quarter – one in Dnipropetrovs'k and one in Kiev.

Retail sales by countries

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>		<i>Number of stores</i>	
	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009	31.12.09	31.12.09
Estonia	3,445	2,676	220	171	35.8%	30.9%	2	2
Latvia	1,261	1,067	81	68	13.1%	12.3%	1	1
Lithuania	1,336	1,771	87	113	14.2%	20.4%	2	3
Ukraine	3,539	3,153	226	202	36.8%	36.4%	7	3
TOTAL	9,611	8,667	614	554	100.0%	100.0%	12	9

The retail sale of Skano has increased by 10.9% in fourth quarter compared by the same quarter last year. The growth of sales came from Estonia and Ukraine, sales decreased in Lithuania.

Furniture Production

The Furniture Factory's sales in 4th quarter in the company's basic target market in Russia and Finland have decreased and clients does not estimate sales recovering in near future.

The net sales of the Furniture Factory in fourth quarter amounted to 32.8 mil. kroons/2.1 mil. euros and profit to 2.5 mil. kroons/162 thousand euros. In the same period of the last year, the turnover of the division totalled 31.2 mil. kroons/2.0 mil. euros and the profit 3.3 mil. kroons/211 thousand euros. As compared to the previous year the turnover of the factory has increased by 1.6 mil. kroons/0.1 mil. euros and the profit has decreased by 0.8 mil. kroons/49 thousand euros.

Furniture factory sales by countries

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009
Finland	13,082	15,334	836	980	39.9%	49.2%
Russia	14,079	10,727	900	685	42.9%	34.4%
Kazakhstan	1,207	607	77	39	3.7%	1.9%
Germany	0	245	0	15	0.0%	0.8%
Others	459	499	29	32	1.4%	1.6%
Skano	3,953	3,743	253	238	12.1%	12.0%
TOTAL	32,780	31,155	2,095	1,991	100.0%	100.0%

Building Materials Division

The net sales of the Building Materials Division in fourth quarter amounted to 25.0 mil. kroons/1.6 mil. euros and profit to 0.8 mil. kroons/53 thousand euros. In the same period of the last year, the turnover of the division totalled 18.3 mil. kroons/1.2 mil. euros and the loss 0.7 mil. kroons/43 thousand euros. As compared to the previous year the turnover of the division has increased by 37% i.e. 6.7 mil. kroons/431 thousand euros and the profit has increased by 1.5 mil. kroons/96 thousand euros.

Net sales by geographical segments

	<i>th. EEK</i>		<i>th. EUR</i>		<i>% of net sales</i>	
	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009
Finland	9,364	5,729	598	366	37.5%	31.4%
Estonia	7,672	7,045	490	450	30.7%	38.6%
Russia	3,053	2,232	195	143	12.2%	12.2%
Sweden	1,647	1,427	105	91	7.8%	7.8%
Latvia	1,003	455	64	29	2.5%	2.5%
Denmark	697	455	45	29	2.5%	2.5%
Germany	248	132	16	8	0.7%	0.7%
Ukraine	230	114	15	7	0.6%	0.6%
Great Britain	154	0	10	0	0.6%	0.0%
Lithuania	110	(54)	7	(3)	0.4%	(0.3%)
Other countries	817	506	52	33	4.6%	2.0%
Subsidiaries	0	209	0	13	0.0%	1.1%
TOTAL	24,995	18,250	1,597	1,167	100.0%	100.0%

Forecast and development

Skano. We do not expect any growth of retail sale in the first quarter of 2011. Therefore we shall continue to save the costs and do not plan any major extension of the retail chain. We shall open only one store in Rocca al Mare retail centre in Tallinn in February 2011.

Furniture factory. In the first 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 31.03.2011. From April 1, 2011 the business hours will be extended, however for most of the employees the weekly number of business hours will remain below 40.

The 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 high sales numbers also in the future. By the first quarter of 2011 the entire production volume has been sold out.

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.

Investments

During 2010 investments into technology totalled 10.5 mil. kroons/669 thousand euros and into buildings 854 thousand kroons/55 thousand euros. At the same period of 2009 investments into technology totalled 1.1 mil. kroons/71 thousand euros and into buildings 255 thousand kroons/16 thousand euros.

People

At 31 December 2010 Concern employed 316 people (307 people in the same time at the last year). The average number of personnel in the twelve months of 2010 was 308 (2009: 326).

In the 12 months of 2010, wages and salaries amounted 54,0 mil. kroons/3.5 mil. euros (49.8 mil. kroons/3.2 mil. euros in the same period of the last year).

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

	<i>Tb EEK</i> 12 m 2009	<i>Tb EEK</i> 12 m 2008	<i>Tb EUR</i> 12 m 2009	<i>Tb EUR</i> 12 m 2008
Board member and other remuneration	1,680	2,225	107	142
Social tax and unemployment insurance premiums	554	735	35	47
TOTAL	2,234	2,960	142	189

Financial highlights

	<i>Tb EEK</i> 12 m 2009	<i>Tb EEK</i> 12 m 2008	<i>Tb EUR</i> 12 m 2009	<i>Tb EUR</i> 12 m 2008
Income statement				
Revenue	217,948	205,790	13,929	13,152
EBITDA	22,372	10,208	1,430	652
EBITDA margin	10.3%	5.0%	10.3%	5.0%
Operating profit	13,879	2,777	887	177
Operating margin	6.4%	1.3%	6.4%	1.3%
Net profit	12,069	155	771	10
Net margin	5.5%	0.1%	5.5%	0.1%
Balance sheet				
Total assets	142,627	132,803	9,115	8,488
Return on assets	8.5%	0.1%	8.5%	0.1%
Equity	83,421	71,508	5,331	4,570
Return on equity	14.5%	0.2%	14.5%	0.2%
Debt-to-equity ratio	41.5%	46.2%	41.5%	46.2%
Share (31 December)				
Closing price (EEK/EUR)	22.52	11.27	1.44	0.72
Earnings per share (EEK/EUR)	2.68	0.03	0.17	0.00
Price-earnings ratio	8.40	375.67	8.40	375.67
Book value of a share (EEK/EUR)	18.54	15.89	1.19	1.02
Market to book ratio	1.21	0.71	1.21	0.71
Market capitalization	101,319	50,704	6,479	3,239

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 December 2009 0.994.

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

- the loan in starting amount of EUR 830,851 (EEK 13,000,000) 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 445,000 (EEK 6,962,737) every year on 30 June and 31 December.

The interest rate risk also depends on the overall economic situation in Estonia and European Union 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 31.12.2010	1	-	1	1	100	1
Ownership at 31.12.2010 (%)	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 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 and retail of furniture in Kaunas and Vilnius. TOV Skano Ukraine started in June 2007 and retail of furniture in Kharkiv, Kiev, Donetsk and Dnipropetrovs'k.

OÜ Isotex was 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 subsidiary OÜ Isotex did not have any operations in the financial year 2010 and 2009. OÜ Visu was sold on 27.10.2010.

Declaration of the Management Board

The Management Board of AS Viisnurk is prepared consolidated unaudited Interim Report for the 4th 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

22nd February 2011

Consolidated statement of financial position

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	2010	2009	2010	2009
Cash and bank	15,823	6,091	1,011	389
Receivables and prepayments (Note 1)	18,749	18,810	1,198	1,202
Inventories (Note 2)	38,865	41,912	2,484	2,680
Total current assets	73,437	66,813	4,693	4,271
Investment property (Note 3)	2,893	2,893	185	185
Tangible fixed assets (Note 4)	65,982	63,083	4,217	4,031
Intangible fixed assets (Note 5)	315	14	20	1
Total fixed assets	69,190	65,990	4,422	4,217
<u>TOTAL ASSETS</u>	<u>142,627</u>	<u>132,803</u>	<u>9,115</u>	<u>8,488</u>
Debt obligations (Note 6)	21,629	8,048	1,383	514
Payables and prepayments (Note 7)	22,881	22,742	1,462	1,454
Short-term provisions (Note 8)	122	118	8	8
Total current liabilities	44,632	30,908	2,853	1,976
Non-current debt obligations (Note 6)	11,472	27,084	733	1,731
Non-current provisions (Note 8)	3,102	3,303	198	211
Total non-current liabilities	14,574	30,387	931	1,942
Total liabilities	59,206	61,295	3,784	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	250	406	16	26
Retained profits	15,914	15,759	1,017	1,007
Net profit for the year (Note 10)	12,069	155	771	10
Total equity	83,421	71,508	5,331	4,570
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>142,627</u>	<u>132,803</u>	<u>9,115</u>	<u>8,488</u>

Consolidated statement of comprehensive income

	<i>Tb EEK</i> 4 th q 2010	<i>Tb EEK</i> 4 th q 2009	<i>Tb EEK</i> 2010	<i>Tb EEK</i> 2009	<i>Tb EUR</i> 4 th q 2010	<i>Tb EUR</i> 4 th q 2009	<i>Tb EUR</i> 2010	<i>Tb EUR</i> 2009
RETURN ON SALES (Note 11)	63,433	54,120	217,948	205,790	4,054	3,459	13,929	13,152
Cost of production sold	(49,407)	(43,293)	(166,879)	(163,337)	(3,158)	(2,767)	(10,665)	(10,439)
Gross profit	14,026	10,827	51,069	42,453	896	692	3,264	2,713
Marketing expenses	(8,461)	(7,059)	(31,312)	(33,433)	(541)	(452)	(2,001)	(2,137)
General administrative expenses	(2,616)	(1,408)	(6,687)	(5,462)	(167)	(90)	(427)	(349)
Other income	1,225	686	3,101	2,408	78	44	198	154
Other expenses	(371)	(517)	(2,292)	(3,189)	(23)	(33)	(147)	(204)
Operating profit (loss) (Note 11)	3,803	2,529	13,879	2,777	243	161	887	177
Financial income and financial expenses	(416)	(206)	(1,706)	(2,553)	(27)	(13)	(109)	(163)
Profit (loss) before taxes	3,387	2,323	12,173	224	216	148	778	14
Prepaid income tax	(104)	(69)	(104)	(69)	(7)	(4)	(7)	(4)
NET PROFIT (LOSS) FOR THE PERIOD	3,283	2,254	12,069	155	209	144	771	10
Basic earnings per share (Note 10)	0.73	0.50	2.68	0.03	0.04	0.03	0.17	0.00
Diluted earnings per share (Note 10)	0.73	0.50	2.68	0.03	0.04	0.03	0.17	0.00
Currency translation differences	(106)	(329)	(156)	153	(7)	(21)	(10)	12
TOTAL COMPREHENSIVE INCOME	3,177	1,925	11,913	308	202	123	761	22

Consolidated cash flow statement

	<i>Tb EEK</i> 2010	<i>Tb EEK</i> 2009	<i>Tb EUR</i> 2010	<i>Tb EUR</i> 2009
Cash flow from operations				
Net profit before taxes	12,173	224	778	14
<i>Adjustments for:</i>				
Depreciation of fixed assets (Note 4; 5)	8,493	7,431	543	475
Loss on sale of fixed assets (Note 4; 5)	547	221	35	14
Interest expense	1,664	2,512	106	160
Operating profit before changes in operating capital	22,877	10,388	1,462	663
Change in operations-related receivables and prepayments	61	758	4	48
Change in inventories (Note 2)	3,047	26,184	196	1,673
Change in operations-related liabilities and prepayments	(58)	(21,019)	(5)	(1,343)
Cash generated from operations	25,927	16,311	1,657	1,041
Interest paid	(1,664)	(2,512)	(106)	(160)
Income tax (Note 10; 12)	(104)	(69)	(7)	(4)
Total cash flow from operations	24,159	13,730	1,544	877
Cash flow from investments				
Acquisition of fixed assets (Note 4; 5)	(12,240)	(1,361)	(783)	(87)
Total cash flow from investments	(12,240)	(1,361)	(783)	(87)
Cash flow from financing activities				
Raise a loan (Note 6)	6,963	0	445	0
Repayment of loans (Note 6)	(8,409)	(13,022)	(537)	(832)
Settlement of finance lease liabilities (Note 6)	(585)	(322)	(37)	(20)
Total cash flow from financing activities	(2,031)	(13,344)	(129)	(852)
TOTAL CASH FLOW	9,888	(975)	632	(62)
Currency translation differences	(156)	153	(10)	9
CASH AT BEGINNING OF PERIOD	6,091	6,913	389	442
CASH AT END OF PERIOD	15,823	6,091	1,011	389

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 2009	0	0	0	153	155	308
Balance at 31.12.2009	44,991	5,698	4,499	406	15,914	71,508
Comprehensive income 2010	0	0	0	(156)	12 069	11 913
Balance at 31.12.2010	44,991	5,698	4,499	250	27,983	83,421
<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 2009	0	0	0	12	10	22
Balance at 31.12.2009	2,875	364	288	26	1,017	4,570
Comprehensive income 2010	0	0	0	(10)	771	761
Balance at 31.12.2010	2,875	364	288	16	1,788	5,331

Notes to the consolidated interim report

Accounting Policies And Measurement Bases

The consolidated financial statements prepared for the period ended 31 December 2010 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 31.12.2009.

According to the assessment of the Management Board, AS Viisnurk is a going concern and the Interim Report for the 4th 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>
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Customer receivables	14,468	15,102	925	965
Prepaid VAT	3,106	2,253	198	144
Other receivables	648	717	41	46
Prepaid services	527	738	34	47
TOTAL	18,749	18,810	1,198	1,202

Note 2 Inventories

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Raw materials and other materials	9,558	9,099	611	582
Work-in-progress: production	8,248	7,992	527	511
Work-in-progress: real estate development	3,346	3,346	214	214
Finished goods	14,542	17,658	929	1,129
Goods purchased for resale	2,888	3,723	185	238
Prepayments to suppliers	283	94	18	6
TOTAL	38,865	41,912	2,484	2,680

In 2010, materials were written off in the amount of 91 thousand kroons/6 thousand euros (2009: 288 thousand kroons/18 thousand euros).

In 2010, finished goods were written off in the amount of 310 thousand kroons/20 thousand euros (2009: 395 thousand kroons/25 thousand euros). The discount and write-off reserve were made for finished goods in the amount of 200 thousand kroons/13 thousand euros (2009: 500 thousand kroons/32 thousand euros).

In 2010, goods purchased for resale were written off in the amount of 76 thousand kroons/5 thousand euros (2009: 52 thousand kroons/3 thousand euros).

Work-in-progress: real estate development

At 31 December 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 (31.12.2009: 3,346 thousand kroons/214 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 31.12.2009	7,341	469
Accumulated depreciation at 31.12.2009	(4,448)	(284)
Net book amount at 31.12.2009	2,893	185
Cost at 31.12.2010	7,341	469
Accumulated depreciation at 31.12.2010	(4,448)	(284)
Net book amount at 31.12.2010	2,893	185

Costs of maintenance for 2010 were 90 thousand kroons/6 thousand euros (2009: 109 thousand kroons/7 thousand euros).

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>
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Land	1,238	1,238	79	79
Buildings and constructions	37,661	39,317	2,407	2,513
Machinery, plant and equipment	25,863	20,645	1,653	1,319
Other equipment and fixtures	973	999	62	64
Construction in progress	247	884	16	56
TOTAL	65,982	63,083	4,217	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 2009	5,027	321
Disposals in 2009	(214)	(13)
Depreciation in 2009	(8,056)	(515)
Currency translation	(7)	(1)
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 2010	11,911	762
Disposals in 2010	(547)	(35)
Depreciation in 2010	(8,453)	(540)
Currency translation	(12)	(1)
Cost at 31.12.2010	191,518	12,240
Accumulated depreciation at 31.12.2010	(125,536)	(8,023)
Net book amount at 31.12.2010	65,982	4,217

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 2009	(7)	0
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
Acquired in 2010	329	21
Depreciation in 2010	(28)	(2)
Cost at 31.12.2010	1,466	94
Accumulated depreciation at 31.12.2010	(1,151)	(74)
Net book amount at 31.12.2010	315	20

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

Note 6 Debt Obligations

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Current liabilities	21,629	8,048	1,383	514
incl non-convertible debt	3,130	585	200	37
Non-current debt obligations	11,472	27,084	733	1,731
incl non-convertible debt	264	3,395	17	217
TOTAL	33,101	35,132	2,116	2,245

Note 7 Payables and prepayments

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Supplier payables	9,574	11,336	612	725
Payables to employees	5,895	4,749	377	303
Taxes payables	3,893	3,580	249	229
Other payables	2,337	1,605	149	103
Customer prepayments	1,182	1,472	75	94
TOTAL	22,881	22,742	1,462	1,454

Note 8 Provisions

	<i>Tb EEK</i>	<i>Tb EUR</i>
Balance at 31.12.2008	3,536	226
Incl current portion	115	7
non-current portion	3,421	219
Movements in 2009:		
Used during the year	(392)	(25)
Interest cost (Note 12)	277	18
Balance at 31.12.2009	3,421	219
Incl current portion	118	8
non-current portion	3,303	211
Movements in 2010:		
Used during the year	(350)	(22)
Increased during the year	98	6
Decreased during the year	(181)	(12)
Interest cost	236	15
Balance at 31.12.2010	3,224	206
Incl current portion	122	8
non-current portion	3,102	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. The amount of compensations for 2010 were 350 thousand kroons/22 thousand euros, (2009: 392 thousand kroons/25 thousand euros).

Note 10 Share Capital

	Number of shares	Share capital	Share capital
	<i>pcs</i>	<i>Tb EEK</i>	<i>Tb EUR</i>
Balance 31.12.2010	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.

In 2009 and 2010, the dividends were not distributed.

As at 31.12.2010, the Group had 566 shareholders (31.12.2009: 543 shareholders) of which with more than 5% ownership interest were:

- Trigon Wood OÜ with 2,675,752 shares or 59.47% (2009: 59.62%)
- ING Luxembourg S.A. with 400,000 shares or 8.89% (2009: 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 (2009: 0 shares)
 Joakim Johan Helenius: 20,000 shares (2009: 20,000 shares)
 Heiti Rüsberg: 0 shares (2009: 0 shares)
 Andres Kivistik: 0 shares (2009: 0 shares)
 Einar Pähkel: 0 shares (2009: 0 shares)

Note 10 Earnings per share

	<i>EEK</i>	<i>EEK</i>	<i>EUR</i>	<i>EUR</i>
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Basic earnings per share	2.68	0.03	0.17	0.00
Diluted earnings per share	2.68	0.03	0.17	0.00
Book value of share	18.54	15.89	1.19	1.02
Price/earnings ratio (P/E)	8.40	375.67	8.40	375.67
Closing price of the share of AS Viisnurk on Tallinn Stock Exchange at 31.12.*	22.52	11.27	1.44	0.72

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

Basic earnings per share for 2010 = 12,068,345 / 4,499,061 = 2.68 kroons/0.17 euros

Basic earnings per share for 2009 = 154,640 / 4,499,061 = 0.03 kroons/0.00 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 2010 = 22.52 / 2.68 = 8.40

Price/earnings ratio (P/E) for 2009 = 11.27 / 0.03 = 375.67

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

Note 11 Segments

Operating segments have been determined based on the reports reviewed by the management board that are used to make strategic decision. The management board considers the business based on the types of products and services as follows:

Furniture factory (FF) is engaged in the production and wholesales of household furniture. The factory is located in Estonia.

Skano (SK) is engaged in retail sales of furniture in Estonia, Latvia, Lithuania and Ukraine.

Building materials division (BMD) manufactures and sells to wholesale customers general construction boards based on soft woodfibre boards, and interior finishing boards. The fibreboard factory is located in Estonia.

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

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

<i>th EEK</i>	Furniture factory		Skano		Building materials division		Eliminations		SEGMENTS TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	90,416	92,528	28,744	32,895	98,788	80,367	0	0	217,948	205,790
Inter-segment revenue	13,452	14,614	0	0	8	209	0	0	13,460	14,823
Operating profit/loss	8,492	6,870	(1,386)	(5,334)	6,961	1,224	(188)	17	13,879	2,777
Segment assets	71,515	64,463	10,844	11,305	60,965	57,544	(697)	(509)	142,627	132,803
Segment liabilities	30,638	28,330	2,016	2,951	26,552	30,014	0	0	59,206	61,295

th EUR	Furniture factory		Skano		Building materials division		Eliminations		SEGMENTS TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	5,778	5,914	1,837	2,102	6,314	5,136	0	0	13,929	13,152
Inter-segment revenue	860	934	0	0	0	13	0	0	860	947
Operating profit/loss	542	439	(88)	(341)	445	78	(12)	1	887	177
Segment assets	4,570	4,120	693	722	3,896	3,678	(44)	(32)	9,115	8,488
Segment liabilities	1,958	1,811	129	189	1,697	1,918	0	0	3,784	3,918

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

th EEK	2010				2009			
	FF	SK	BMD	TOTAL	FF	SK	BMD	TOTAL
Finland	46,999	51	39,686	86,736	51,787	0	36,866	88,653
Russia	37,451	0	10,727	48,178	34,050	0	5,169	39,219
Estonia	1,571	10,233	28,411	40,215	1,231	9,608	26,961	37,800
Ukraine	0	9,300	501	9,801	0	10,506	244	10,750
Latvia	0	3,191	2,957	6,148	0	4,807	2,123	6,930
Lithuania	0	5,969	289	6,258	0	7,974	334	8,308
Portugal	0	0	0	0	0	0	2,140	2,140
Germany	454	0	1,090	1,544	1,444	0	856	2,300
Kazakhstan	3,515	0	392	3,907	3,476	0	0	3,476
Sweden	0	0	7,142	7,142	0	0	4,047	4,047
Belarusian	360	0	112	472	208	0	0	208
Denmark	24	0	1,806	1,830	81	0	817	898
England	0	0	1,006	1,006	0	0	0	0
India	0	0	987	987	0	0	7	7
China	0	0	1,023	1,023	0	0	0	0
Malaysia	0	0	727	727	0	0	0	0
Other countries	42	0	1,932	1,974	251	0	803	1,054
TOTAL	90,416	28,744	98,788	217,948	92,528	32,895	80,367	205,790

th EUR	2010				2009			
	FF	SK	BMD	TOTAL	FF	SK	BMD	TOTAL
Finland	3,004	3	2,536	5,543	3,310	0	2,356	5,666
Russia	2,394	0	686	3,080	2,176	0	330	2,506
Estonia	99	654	1,819	2,572	80	614	1,723	2,417
Ukraine	0	594	33	627	0	671	15	686
Latvia	0	204	189	393	0	307	136	443
Lithuania	0	382	18	400	0	510	21	531
Portugal	0	0	0	0	0	0	137	137
Germany	29	0	70	99	92	0	55	147
Kazakhstan	225	0	25	250	222	0	0	222
Sweden	0	0	456	456	0	0	259	259
Belarusian	23	0	7	30	13	0	0	13
Denmark	1	0	115	116	5	0	52	57
England	0	0	63	63	0	0	0	0
India	0	0	63	63	0	0	1	1
China	0	0	65	65	0	0	0	0
Malaysia	0	0	46	46	0	0	0	0
Other countries	3	0	123	126	16	0	51	67
TOTAL	5,778	1,837	6,314	13,929	5,914	2,102	5,136	13,152

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.

The ultimate controlling party of the the Group at 31.12.2010 are shareholders of OÜ Trigon Wood: AS Trigon Capital (30,13%), Veikko Laine Oy (15,52%), BCB Baltic AB (14,07%), Hermitage Eesti OÜ (11,94%), Thominvest Oy (11,94%) and Assetman Oy (11,45%).

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

	<i>Tb EEK</i>	<i>Tb EEK</i>	<i>Tb EUR</i>	<i>Tb EUR</i>
	2010	2009	2010	2009
Board member and other remuneration	1,680	2,225	107	142
Social tax	554	735	35	47
TOTAL	2,234	2,960	142	189

According to the contracts, the members of the Management Board will receive severance pay amounting to 6-month remuneration.

In 2010 and 2009, there were no transactions between the related parties.

Note 13 Events after the reporting period

Since the 1st of January 2011 the official currency in Estonia is Euro and due to this the Group's functional and presentation currency changes to Euro too.

After the accounting period one of the loan agreement conditions will be changed and resulting in the changes 10,150 thousand kroons/649 thousand euros debt obligations will be classified as non-current obligations.

AS Fortum Termest has informed the company for ending the operating contract of boilerhouse belonging to AS Viisnurk from the 3rd of February 2011. After the end of the contract AS Viisnurk continues heat production by itself. The investments into technology made by operator have been reflected in balance.