

AS VIISNURK

Interim Financial Statements First Quarter 2001

Financial year 1.1.2001 - 31.12.2001
Reporting period 1.1.2001 - 31.3.2001

Business name: AS Viisnurk

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Core activity: Wood processing

Approval of the financial statements as of 31.3.2001:

Meelis Kukk
Chairman of the
Management Board

Toivo Kuldmäe
Member of the
Management Board

Andrus Aljas
Member of the
Management Board

Toomas Matvere
Member of the
Management Board

Jüri Rokk
Member of the
Management Board

Erik Piile
Member of the
Management Board

INCOME STATEMENT

(In thousands of kroons)

		1st quarter 2001	1st quarter 2000
<u>NET SALES</u>	(Note 6)	<u>66,138</u>	<u>59,061</u>
Cost of goods sold		(50,117)	(44,680)
Gross profit		16,021	14,381
Marketing expenses		(4,594)	(4,572)
General administrative expenses		(2,707)	(3,210)
Other income		935	176
Other expenses		(274)	(273)
Profit from operations	(Note 6)	<u>9,381</u>	<u>6,502</u>
Financial income		28	190
Financial expenses		(842)	(750)
Profit from ordinary activities		8,567	5,942
Income tax		0	0
NET PROFIT FOR THE PERIOD		<u>8,567</u>	<u>5,942</u>
Basic earnings per share	(Note 5)	1.90	1.32
Diluted earnings per share	(Note 5)	1.90	1.32

STATEMENT OF MOVEMENTS IN EQUITY

(In thousands of kroons)

	1st quarter 2001	1st quarter 2000
Distributable profits at beginning of period	84,137	53,829
Transferred to mandatory capital reserve	(1,665)	(1,320)
Net profit for the period	8,567	5,942
Distributable profits at end of period	91,039	58,451

BALANCE SHEET

(In thousands of kroons)

		31.3.2001	31.12.2000
Cash and bank		1,084	4,908
Shares and other securities			
Customer receivables		29,202	51,229
Other receivables		2,137	378
Prepaid expenses		6,434	18,331
Inventories		78,095	58,682
Total current assets		116,952	133,528
Long-term financial investments		606	606
Tangible assets	(Note 2)	207,589	197,121
Intangible assets	(Note 2)	533	623
Total non-current assets		208,728	198,350
<u>TOTAL ASSETS</u>		<u>325,680</u>	<u>331,878</u>
Debt obligations	(Note 3)	8,722	9,929
Customer prepayments		115	111
Supplier payables		27,207	41,278
Taxes payable		4,803	6,574
Accrued expenses		11,658	10,250
Total current liabilities		52,505	68,142
Long-term liabilities	(Note 3)	121,315	120,443
Total non-current liabilities		121,315	120,443
Share capital at par value		44,990	44,990
Share premium		11,332	11,332
Mandatory capital reserve		4,499	2,834
Retained earnings		82,472	52,509
Net profit for the period		8,567	31,628
Total equity	(Note 4)	151,860	143,293
<u>TOTAL LIABILITIES AND EQUITY</u>		<u>325,680</u>	<u>331,878</u>

STATEMENT OF CASH FLOWS
(INDIRECT METHOD)

(In thousands of kroons)

	1st quarter 2001	1st quarter 2000
Operating activities		
<i>Profit before income tax</i>	8,567	5,942
<i>Adjustments for:</i>		
Accumulated depreciation for the period	5,136	2,888
Gain on sale of shares		(185)
Gains and losses on sale of non-current assets	(137)	21
Interest expense	781	669
<i>Operating profit before changes in working capital</i>	14,347	9,335
Change in current assets	12,753	(7,405)
Change in current liabilities	(14,538)	(925)
<i>Cash generated from operations</i>	12,562	1,005
Interest paid	(2,377)	(631)
Net cash from operating activities	10,185	374
Investing activities		
Acquisition of non-current assets	(12,647)	(6,609)
Sale of non-current assets	186	114
Acquisition of shares and other securities		(819)
Sale of shares and other securities		519
Net cash used in investing activities	(12,461)	(6,795)
Financing activities		
Proceeds from borrowing	5,000	
Repayment of loans	(5,762)	(578)
Settlement of finance lease liabilities	(180)	(158)
Change in the overdraft balance	(606)	8,646
Net cash from/used in financing activities	(1,548)	7,910
NET CHANGE IN CASH	(3,824)	1,489
CASH AT BEGINNING OF PERIOD	4,908	2,946
CASH AT END OF PERIOD	1,084	4,435

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Significant accounting policies

The financial statements of AS Viisnurk for the first quarter of 2001 have been prepared in accordance with *Instructions for the preparation and presentation of interim financial statements* by the Estonian Accounting Board. The accounting policies and measurements bases of these financial statements comply with the ones used in the preparation of the annual financial statements for the year ended 31 December 2000.

The management board declares that AS Viisnurk is a going concern and the financial statements for the first quarter of 2001 give a true and fair view of the company's financial position and the results of its operations.

The financial statements have not been audited.

2. Non-current assets

In thousands of kroons

	Tangible assets	Intangible assets	TOTAL
Acquisition cost 1.1.2001	158,491	1,445	159,935
Additions in 1st quarter 2001	90,117		90,117
Disposals in 1st quarter 2001	143		143
Acquisition cost 31.3.2001	248,465	1,445	249,910
Depreciation 1.1.2001	59,493	822	60,315
Depreciation for 1st quarter 2001	5,046	90	5,136
Depreciation on items disposed of in 1st quarter 2001	94		94
Depreciation 31.3.2001	64,445	912	65,357
Net book value 31.3.2001	184,020	533	184,553

At 31 March 2001 the balance of constructions in progress stood at 23.6m kroons.

3. Debt obligations and long-term liabilities

(In thousands of kroons)

	31.3.2001	31.12.2000
Debt obligations	8,722	9,929
Long-term liabilities	121,315	120,443
incl. long-term loans	82,048	82,048
non-convertible debt	39,267	38,395
TOTAL	130,037	130,372

Debt obligations and long-term liabilities did not change considerably in the reporting period.

4. Equity

At 31 March 2001 the share capital of AS Viisnurk amounted to 44,490,610 kroons, being made up of 4,449,061 shares with a par value of 10 kroons each. The maximum share capital outlined in the Articles of Association is 177,480,800 kroons.

In the first quarter of 2001 the company's share capital did not change.

5. Earnings per share

The period's basic earnings per share have been calculated by dividing the period's net profit by the number of shares:

Basic earnings per share = $8,567,069 / 4,499,061 = 1.90$ kroons

Basic earnings per share equal diluted earnings per share because the company does not have any potential ordinary shares whose effect might reduce earnings per share.

6. Information by business segments

(In thousands of kroons)

	Ski Factory		Furniture Factory		Softboard Factory		Wood Panels Factory		Other activities		Eliminations		VIISNURK TOTAL	
	2001 1st q	2000 1st q	2001 1st q	2000 1st q	2001 1st q	2000 1st q	2001 1st q	2000 1st q	2001 1st q	2000 1st q	2001 1st q	2000 1st q	2001 1st q	2000 1st q
External sales	4,626	8,870	34,715	27,312	19,667	20,256	209		6,921	2,623			66,138	59,061
Inter-segment sales		1,141	5						10,385	8,103	(10,390)	(9,244)	0	0
Total sales revenue	4,626	10,011	34,720	27,312	19,667	20,256	209		17,306	10,726	(10,390)	(9,244)	66,138	59,061
Segment result	(1,448)	(1,442)	6,044	4,617	6,619	5,683	(935)		1,808	854			12,088	9,712
Unallocated expenses													(2,707)	(3,210)
Operating profit													9,381	6,502
Net financial expenses													(814)	(560)
Net profit for the period													8,567	5,942

EXPLANATIONS TO THE INTERIM FINANCIAL STATEMENTS

AS Viisnurk ended the first quarter of 2001 with net sales of 66.1m kroons, a ca 12 per cent increase on the 59.1m kroons attained in the first quarter of 2000, and a net profit of 8.6m, a 44 per cent improvement on the 5.9m achieved a year ago.

At 31 March 2001 AS Viisnurk did not have any subsidiary companies. Therefore, the financial statements reflect only the results of the parent company.

The period's most significant accomplishment was the launching of the Wood Panels Factory, a supplement to the previously established Ski, Furniture and Softboard factories. At 31 March 2001 investments in the new business unit totalled 91.3m kroons.

The Ski Factory ended the period with sales of 4.6m kroons. The modest result may be explained by the seasonal nature of the factory's operation, and the impact of the winter's poor snow conditions which reduced ski sales all over Europe. The latter is likely to have an adverse effect on the Ski Factory's annual results. Due to modest sales, the factory incurred a loss of 1.5m kroons.

The Furniture Factory continued manufacturing self-developed products and completing specialised sub-contracting orders. Sales reached 34.7m kroons, a ca 27 per cent increase on the first quarter of 2000, and profit amounted to 6m kroons, a 30 per cent growth on the result of a year ago.

The sales of the Softboard Factory amounted to 19.7m kroons remaining more or less stable compared to the first quarter of 2000. The factory earned a profit of 6.6m kroons, a 16 per cent increase on the first quarter of 2000.

The sales and loss of the Wood Panels Factory, which was launched at the end of the quarter, amounted to ca 210,000 kroons and 935,000 kroons respectively. Owing to high start-up costs, a relatively small production volume and high financial expenses, the factory is going to end the year with a loss.

The activities of the Forestry Centre, production of heat energy and rental operations generated sales of 6.9m kroons and a profit of 1.8m kroons.

The financial ratios of AS Viisnurk at 31 March 2001:

	1st q 2001	1st q 2000
Current ratio (current assets/current liabilities)	2.2	2.1
Debt to total assets ratio	53%	39%
Operating margin (operating profit/net sales)	14.2%	11%
Net profit margin (net profit/net sales)	13%	10,1%
Return on assets (net profit/average total assets)	2.6%	3.2%
Return on equity (net profit/shareholders' equity)	5.6%	5.1%