

**Nordecon International AS
REPORT OF THE COUNCIL
ON THE 2009 FINANCIAL YEAR**

At the meeting held on 20 April 2010, the council of Nordecon International AS reviewed the annual report of Nordecon International AS for 2009 comprising of the consolidated financial statements and the review of operations as well as the appended auditor's report and profit allocation proposal and decided unanimously to approve the annual report of Nordecon International AS for 2009 and to submit the reports and the profit allocation proposal prepared by the board for final approval to the annual general meeting of the shareholders as submitted by the board.

The council of Nordecon International AS that was in office in 2009 was elected based on the resolution of an extraordinary general meeting that convened on 9 January 2006 in the following membership: Mr Toomas Luman (chairman), Mr Meelis Milder, Mrs Tiina Mõis, Mr Alar Kroodo, and Mr Ain Tromp. On 15 May 2008, the annual general meeting elected to the council Mr Andri Hõbemägi. The council has been elected and has acted in accordance with the Articles of Association of Nordecon International AS and the legislation of the Republic of Estonia.

In 2009 the council had 10 meetings where, among things, the following important matters were discussed:

At the meeting held on 12 January 2009, the council gave its consent for the acquisition of a 56% stake in OÜ Kalda Kodu and the provision of a long-term loan to the said company.

At the meeting held on 12 March 2009, the board presented to the council the financial performance of the group and the parent company in January 2009 and the council approved the strategy of Nordecon International AS for the period 2009-2013, the agenda of an extraordinary general meeting and the motions of the council on each agenda item.

At the meeting held on 15 April 2009, the council resolved to approve the company's annual report and profit allocation proposal for 2008 and to submit them for final approval to the annual general meeting. The council approved the agenda of the annual general meeting and the motions of the council on each agenda item. In addition, the council approved the acquisition of a 56% stake in SIA Nordecon Infra from AS Nordecon Infra, the disposal of a 52% stake in OÜ Mapri Projekt to AS Nordecon Infra, and the disposal of a 52% stake in AS Eston Ehitus to AS Nordecon Ehitus.

At the meeting held on 18 June 2009, the council gave its consent for the conclusion of a loan agreement with AS Swedbank for obtaining financing for the acquisition of LCB SIA. The council approved the extension of Nordecon International AS' overdraft limit with AS Swedbank and the conclusion of a frame agreement on the sale and leaseback of assets with Green IT OÜ.

At the meeting held on 23 July 2009, the council gave its consent for the extension of Nordecon International AS' overdraft limits and the subsidiaries' guarantee limits with AS SEB Pank. In addition, the council approved the acquisition of an additional stake in AS Eston Ehitus.

At the meeting held on 29 July 2009, the council resolved the extension of Nordecon International AS' overdraft limit and the subsidiaries guarantee limit agreements with AS SEB Pank for the period 30 July – 30 September 2009.

At the meeting held on 25 September 2009, the council resolved that Nordecon International AS would provide a guarantee for securing the overdraft limit agreement of Nordecon Infra AS with Nordea Bank Finland Plc Estonian branch.

At the meeting held on 15 October 2009, the board gave the council an overview of the performance of Nordecon International AS group during the first 8 months of 2009. The council decided to remove from the board early member of the board of Nordecon International AS Sulev Luiga.

At the meeting held on 26 November 2009, the council approved the internal accounting regulations of Nordecon International group and the establishment of a subsidiary of Nordecon International AS in Belarus.

At the meeting held on 29 December 2009, the council resolved to give its consent for the disposal of 97.7% of the shares in AS Eston Ehitus to AS Nordecon Ehitus and for the provision of additional collateral to Danske Pank A/S Estonian branch in connection with the disposal of the shares in AS Eston Ehitus.

Toomas Luman
Chairman of the Council
20 April 2010