

Report of the Supervisory Board of AS Viisnurk to be submitted to the annual general meeting of shareholders

27.04.2010

Chairman of the Supervisory Board of AS Viisnurk Ülo Adamson and members Joakim Johan Helenius and Heiti Riisberg discussed the following items:

1. Activities in the financial year 2009

In 2009, the return on sales of AS Viisnurk was 205.8 million Estonian kroons (280.5 million kroons in 2008). The net profit for the financial year 2009 was 0.2 million kroons (6.0 million kroons in 2008). Thus, the net profit per one share for the financial year 2009 was 0.03 kroons (1.34 kroons in 2008).

The financial year 2009 was a complicated one for AS Viisnurk. Due to the global economic crisis and relative uncertainty about the future, the main focuses at the end of 2008 and in 2009 were savings on expenditure and liquidity guarantee. The production volumes and stocks of the Furniture Division decreased and the staff was working at 80% capacity. Savings on expenditure in furniture retail sale were achieved by decreasing the prices of retail rental spaces. The Building Materials Division was also working at reduced capacity (in 3 shifts instead of 4 shifts) and sales dropped approximately by 30%.

Nevertheless, with its conservative expenditure policy and careful strategy, AS Viisnurk was able to maintain low profitability in the performance of the group. The Supervisory Board of AS Viisnurk believes that by continuing with a similar strategy, the company will be able to increase profitability in the following years as the markets pick up.

On the whole, the Supervisory Board of AS Viisnurk is satisfied with the management and economic activities of 2009.

2. Annual Report for 2009

The Supervisory Board inspected the AS Viisnurk Annual Report for 2009 drawn up by the Management Board as well as the auditor's report on the Annual Report. According to the Supervisory Board, the Annual Report has been prepared in concordance with generally accepted accounting principles, international standards and other legislation regulating reporting. The auditor's report was also approved by the Supervisory Board.

3. Calling an annual general meeting and submission of proposals on the agenda items of the general meeting

The Supervisory Board proposes to call an annual general meeting of AS Viisnurk on 17 June 2010 with the following agenda items and draft resolutions:

1) Approval of the Annual Report for 2009

The Supervisory Board makes a proposal for the shareholders to approve the Annual Report for 2009 prepared by the Management Board and authorised by the Supervisory Board, according to which the consolidated balance sheet total as of 31.12.2009 is 132,803 thousand kroons (8,488 thousand euros) and the net profit for the accounting year is 155 thousand kroons (10 thousand euros).

2) Profit allocation of the financial year 2009

The Supervisory Board makes a proposal for the shareholders to approve AS Viisnurk profit allocation proposal as follows:

retained profits as of 31.12.2008 15,759 thousand kroons (1,007 thousand euros)
Profit for 2009 155 thousand kroons (10 thousand euros)
retained profits as of 31.12.2009 15,914 thousand kroons (1,017 thousand euros)
not to allocate the retained profits.

3) Appointment of an auditor for the financial year 2010 and procedure for remuneration
The Supervisory Board proposes to appoint AS PricewaterhouseCoopers (registry code: 10142876; address: Pärnu mnt 15, 10141 Tallinn) as the auditor for the financial year 2010. Public accounting services will be paid for in accordance with the contract to be drawn up with the company of auditors.

Supervisory Board of AS Viisnurk