

Condensed consolidated interim report for the
third quarter
2007

Beginning of interim period:	1.1.2007
End of interim period:	30.9.2007
Beginning of financial year:	1.1.2007
End of financial year:	31.12.2007
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Brief description

AS Trigon Property Development is a real estate development company which was set up after the division of AS Viisnurk.

AS Trigon Property Development currently owns one real estate development project involving a 40-hectare area in the City of Pärnu, Estonia. Commercial real estate for the logistics, warehousing and light industries will be developed in this area. AS Trigon Property Development intends to expand its portfolio of real estate investments in Estonia as well as Central and Eastern Europe and currently is holding active negotiations for the acquisition of new projects.

The Group's shares are listed in the Main List of Tallinn Stock Exchange. The majority owner of AS Trigon Property Development is OÜ Trigon Wood. The entity with the ultimate control over the Company is TDI Investments KY that is registered in Finland and is owned by Scandinavian private investors.

Management report

Overview of business areas

At 29 June 2007, the division plan of AS Trigon Property Development was signed pursuant to which the manufacturing unit, i.e. the construction materials division and furniture division were spun off from AS Trigon Property Development. This resolution was adopted at the General Meeting of Shareholders at 6 August 2007. After the division, the main activity of AS Trigon Property Development will continue to be real estate development. The balance sheet date is 19 September 2007 when the registry department of Pärnu County Court registered the Company's division.

The financial statements for the third quarter 2007 of Trigon Property Development have been prepared after the division of AS Viisnurk, showing the results of continuing operations (real estate development) during the first 9 months of 2007. The manufacturing and sales activities of AS Viisnurk will continue in the entity AS Viisnurk that is registered on Tallinn Stock Exchange.

Investments

As at the end of the first 9 months of 2007, AS Trigon Property Development owned one development project involving a 40 hectare area in the City of Pärnu, Estonia. Commercial real estate for the logistics, warehousing and light industries will be developed in this area. In the foreseeable future, AS Trigon Property Development plans to significantly expand its portfolio of real estate investments and is currently holding active negotiations for the acquisition of new projects.

Staff

The continuing operations of AS Trigon Property Development had no employees as at 30 September 2007 and 30 September 2006.

Financial ratios

	<i>EEK thous</i> 9 months 2007	<i>EEK thous</i> 9 months 2006	<i>EUR thous</i> 9 months 2007	<i>EUR thous</i> 9 months 2006
Balance sheet				
Total assets	131 599	240 908	8 411	15 397
Return on assets	23.80%	24.36%	23.80%	24.36%
Equity	128 414	69 975	8 207	4 472
Return on equity	24.39%	83.86%	24.39%	83.86%
Debt ratio	2.42%	20.86%	2.42%	20.86%
Share (30.9)				
Closing price of the share (EEK/EUR)	37.2390	31.7630	2.3800	2.0300
Earnings per share(EEEK/EUR)	6.9615	13.0425	0.4449	0.8336
Price-to-earnings (PE) ratio	5.3492	2.4354	5.3492	2.4354
Book value of the share (EEK/EUR)	28.5424	36.4394	1.8242	2.3289
Price-to-book ratio	1.3047	0.8717	1.3047	0.8717
Market capitalisation	167 541	142 904	10 708	9 133

Return on assets = net profit / total assets

Return on equity = net profit/ equity

Debt ratio = liabilities / total assets

Earnings per share = net profit/ number of shares

Price-to-earnings (PE) ratio = closing price of the share / earnings per share

Book value of the share = equity / number of shares

Price-to-book ratio = closing price of the share / book value of the share

Market capitalisation = closing price of the share * number of shares

Risks

Interest rate risk

Interest rate risk is the risk that the interest rates of the Company's liabilities differ significantly from the market interest rates. The interest rate risk of AS Trigon Property Development is limited to the difference between the fixed interest rates of the Company's long-term borrowings and the market interest rates. At the time of preparing these financial statements, the market interest rates were higher than the interest rates of the Company's borrowings; therefore the fair value of the loan assumed by the Company is lower than its carrying amount.

Foreign exchange risk

Foreign exchange risk is the Company's risk of incurring major losses due to exchange rate fluctuations. At the time of preparing the interim report, AS Trigon Property Development does not have any foreign exchange risk as all assets and liabilities of the Company are denominated in Estonian kroons.

Operating environment risk

The Company is exposed to the risk of real estate prices and real estate rental prices. The Company is not exposed to the market risk arising from financial instruments, because it does not hold any securities or derivative agreements.

Fair value

The fair values of cash, accounts receivable, short-term loans and borrowings do not materially differ from their book values. The fair value of long-term loans and borrowings is presented in Note 4.

Group structure

Shares of subsidiaries

Country of location	OÜ Skano (Estonia)	OÜ Visu (Estonia)	OÜ Isotex (Estonia)	OÜ VN Niidu Kinnisvara (Estonia)	SIA Skano (Latvia)
Number of shares 31.12.2005 (pcs)	1	1	1	-	1
Number of shares 30.9.2006 (pcs)	1	1	1	1	1
Ownership percentage 30.9.2006	100	100	100	100	100
Number of shares 31.12.2006 (pcs)	1	1	1	1	1
Number of shares 30.9.2007 (pcs)	-	-	-	1	-
Ownership percentage 30.9.2007	-	-	-	100	-

OÜ VN Niidu Kinnisvara was set up for the development of registered immovables located in the area of Niidu Street, Pärnu. At the time of preparing the financial statements, it is the only subsidiary of AS Trigon Property Development which was retained post-division by Trigon Property Development AS.

Condensed consolidated interim report

Management Board's declaration

The Management Board confirms the correctness and completeness of the consolidated condensed unaudited interim report of AS Trigon Property Development for the third quarter 2007 as set out on pages 6 -18.

The Management Board confirms that:

1. the accounting policies used in the preparation of the condensed consolidated interim report are in compliance with International Financial Reporting Standards (IFRS) as adopted in the European Union. The presentation of the condensed interim report is in compliance with the requirements of IAS 34 *Interim Financial Reporting*;
2. the interim report presents a true and fair view of the financial position, the results of operations and cash flows of the Group;
3. group entities are going concerns.

Member of the Management Board



Aivar Kemp

29 November 2007

Condensed consolidated balance sheet

	<i>EEK thous</i> 30.9.2007	<i>EEK thous</i> 31.12.2006 restated	<i>EUR thous</i> 30.9.2007	<i>EUR thous</i> 31.12.2006 restated
Cash	807	13 138	52	840
Receivables and prepayments	3	26 628	0	1 702
Inventories	0	44 971	0	2 874
Total current assets	810	84 737	52	5 416
Investment property (Notes 2, 3)	130 000	128 130	8 309	8 189
Property, plant and equipment	789	57 535	50	3 677
Intangible assets	0	650	0	42
Total non-current assets	130 789	186 315	8 359	11 908
<u>TOTAL ASSETS</u>	<u>131 599</u>	<u>271 052</u>	<u>8 411</u>	<u>17 324</u>
Borrowings (Note 4)	196	19 409	12	1 241
Payables and prepayments	52	30 231	3	1 932
Short-term provisions	0	221	0	14
Total current liabilities	248	49 861	15	3 187
Long-term provisions	0	3 047	0	195
Long-term borrowings (Note 4)	2 937	28 511	188	1 822
Total non-current liabilities	2 937	31 558	188	2 017
Total liabilities	3 185	81 419	203	5 204
Share capital at nominal value (Note 5)	44 991	44 991	2 875	2 875
Share premium (Note 5)	3 537	11 332	226	724
Statutory reserve capital (Note 5)	4 499	4 499	288	288
Retained earnings (Note 2)	44 067	65 259	2 816	4 171
Net profit for financial year	31 320	63 552	2 003	4 062
Total equity	128 414	189 633	8 208	12 120
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>131 599</u>	<u>271 052</u>	<u>8 411</u>	<u>17 324</u>

The notes to the condensed consolidated interim report presented on pages 12-18 are an integral part of this report.

Condensed consolidated income statement

	<i>EEK thous</i> Third quarter 2007	<i>EEK thous</i> Third quarter 2006 restated	<i>EEK thous</i> 9 months 2007	<i>EEK thous</i> 9 months 2006 restated	<i>EUR thous</i> Third quarter 2007	<i>EUR thous</i> Third quarter 2006 restated	<i>EUR thous</i> 9 months 2007	<i>EUR thous</i> 9 months 2006 restated
Continuing operations								
Net sales (Note 8)	86	137	257	451	5	9	16	29
Cost of goods sold	-60	-70	-120	-167	-3	-5	-7	-11
Gross profit	26	67	137	284	2	4	9	18
Administrative and general expenses	-68	0	-68	0	-4	0	-4	0
Gain from revaluation of investment property to fair value (Note 3)	6 623	13 083	19 870	39 248	423	836	1 270	2 508
Operating profit	6 581	13 150	19 939	39 532	421	840	1 275	2 526
Net financial income	0	0	-19	-20	0	0	-1	-1
Profit from continuing operations before tax	6 581	13 150	19 920	39 512	421	840	1274	2 525
Profit from discontinued operations (Note 6)	668	7 142	11 875	19 604	43	456	759	1 253
Corporate income tax (Note 5)	0	0	(475)	(438)	0	0	(30)	(28)
NET PROFIT FOR THE PERIOD	7 249	20 292	31 320	58 678	464	1 296	2 003	3 750
Basic earnings per share (Note 2, 7)	1.61	4.51	6.96	13.04	0.10	0.29	0.45	0.83
Diluted earnings per share (Note 2, 7)	1.61	4.51	6.96	13.04	0.10	0.29	0.45	0.83

The notes to the condensed consolidated interim report presented on pages 12-18 are an integral part of this report.

Condensed consolidated cash flow statement

	<i>EEK thous</i> 9 months 2007	<i>EEK thous</i> 9 months 2006 restated	<i>EUR thous</i> 9 months 2007	<i>EUR thous</i> 9 months 2006 restated
Cash flows from operating activities				
Profit before tax	19 920	39 512	1 274	2 525
Gain from change in fair value of investment property (Note 3)	-19 870	-39 248	-1 270	-2 508
Interest charge	19	20	1	1
Operating profit before changes in working capital	69	284	5	18
Change in receivables and prepayments related to operating activities	-3	0	0	0
Change in liabilities and prepayments related to operating activities	52	0	3	0
Cash generated from main operations	118	284	8	18
Interest payments	-19	-20	-1	-1
Cash flows from operating activities related to discontinued operations	5 531	6 165	353	394
Total cash flows from operating activities	5 630	6 429	360	411
Cash flows from investing activities				
Cash flows from investing activities related to discontinued operations	-14 924	4 541	-954	290
Total cash flows from investing activities	-14 924	4 541	-954	290
Cash flows from financing activities				
Repayment of loans	-196	-196	-12	-13
Payment of dividends (Note 5)	-5 399	-4 184	-345	-267
Cash flows from financing activities related to discontinued operations	2 558	-6 388	163	-408
Total cash flows from financing activities	-3 037	-10 768	-194	-688
NET INCREASE/DECREASE IN CASH BALANCE	-12 331	202	-788	13
Total cash flows related to discontinued operations	(6 835)	4 318	(438)	276
Cash and bank related to discontinued operations at beginning of the period	6 835	342	438	22
Cash and bank related to discontinued operations at end of period	0	4 660	0	298
NET INCREASE/DECREASE IN CASH RELATED TO CONTINUING OPERATIONS	-12 331	-4 458	-788	-285
OPENING BALANCE OF CASH	13 138	5 552	840	355
CLOSING BALANCE OF CASH	807	1 094	52	70

The notes to the condensed consolidated interim report presented on pages 12-18 are an integral part of this report.

Condensed consolidated statement of changes in equity

<i>EEK thous</i>	Share capital	Share premium	Statutory reserve capital	Currency translation reserve	Retained earnings	Total
Balance 31.12.2005	44 991	11 332	4 499	0	4 958	65 780
Restatement (Note 2)	0	0	0	0	47 967	47 967
Restated balance 31.12.2005	44 991	11 332	4 499	0	52 925	113 747
Net profit for 9 months 2006 related to continuing operations	0	0	0	0	39 512	39 512
Net profit for 9 months 2006 related to discontinued operations (Note 6)	0	0	0	0	19 604	19 604
Dividends paid (Note 5)	0	0	0	0	-4 184	-4 184
Corporate income tax paid (Note 5)	0	0	0	0	-438	-438
Balance 30.9.2006	44 991	11 332	4 499	0	107 419	168 241
Balance 31.12.2006	44 991	11 332	4 499	0	61 384	122 206
Restatement (Note 2)	0	0	0	0	67 427	67 427
Restated balance 31.12.2006	44 991	11 332	4 499	0	128 811	189 633
Currency translation differences in 9 months 2007	0	0	0	24	0	24
Net profit for 9 months 2007 related to continuing operations	0	0	0	0	19 920	19 920
Net profit for 9 months 2007 related to discontinued operations (Note 6)	0	0	0	0	11 875	11 875
Costs of division	0	-1 996	0	0	0	-1 996
Dividends paid (Note 5)	0	0	0	0	-5 399	-5 399
Corporate income tax paid (Note 5)	0	0	0	0	-475	-475
Division of the company	0	-5 799	0	-24	-79 345	-85 168
Balance 30.9.2007	44 991	3 537	4 499	0	75 387	128 414

The notes to the condensed consolidated interim report presented on pages 12-18 are an integral part of this report.

AS Trigon Property Development
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<i>EUR thous</i>	Share capital	Share premium	Statutory reserve capital	Currency translation reserve	Retained earnings	Total
Balance 31.12.2005	2 875	724	288	0	317	4 204
Restatement (Note 2)	0	0	0	0	3 065	3 065
Restated balance 31.12.2005	2 875	724	288	0	3 382	7 269
Net profit for 9 months 2006 related to continuing operations	0	0	0	0	2 525	2 525
Net profit for 9 months 2006 related to discontinued operations (Note 6)	0	0	0	0	1 253	1 253
Dividends paid (Note 5)	0	0	0	0	-267	-267
Corporate income tax paid (Note 5)	0	0	0	0	-28	-28
Balance 30.9.2006	2 875	724	288	0	6 865	10 752
Balance 31.12.2006	2 875	724	288	0	3 923	7 810
Restatement (Note 2)	0	0	0	0	4 310	4 310
Restated balance 31.12.2006	2 875	724	288	0	8 233	12 120
Currency translation differences in 9 months 2007	0	0	0	2	0	2
Net profit for 9 months 2007 related to continuing operations	0	0	0	0	1 274	1 274
Net profit for 9 months 2007 related to discontinued operations (Note 6)	0	0	0	0	759	759
Costs of division	0	-128	0	0	0	-128
Dividends paid (Note 5)	0	0	0	0	-345	-345
Corporate income tax paid (Note 5)	0	0	0	0	-30	-30
Division of the company	0	-370	0	-2	-5 072	-5 444
Balance 30.9.2007	2 875	226	288	0	4 819	8 208

The notes to the consolidated condensed interim financial statements presented on pages 12-18 on are an integral part of these financial statements.

Notes to condensed consolidated interim report

Note 1 Accounting methods and evaluation bases used in the preparation of the condensed consolidated interim report

The condensed interim report prepared as at 30 September 2007 include the consolidated results of AS Trigon Property Development and its wholly-owned subsidiary OÜ VN Niidu Kinnisvara (together referred to as the Group). The Group's main area of operations is real estate development.

The accounting policies used for preparing the condensed consolidated interim report of AS Trigon Property Development for the third quarter 2007 are in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union. The presentation of the consolidated financial statements complies with the requirements of IAS 34 "Interim Financial Reporting". Condensed consolidated interim financial statements should be read together with the consolidated annual report of last year.

New International Financial Reporting Standards, amendments to issued standards and interpretations of the International Financial Reporting Standards Committee (IFRIC)

(a) Standards, amendment and interpretations effective in 2007

- IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements - Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the group's financial instruments, or the disclosures relating to taxation and trade and other payables.
- IFRIC 8, 'Scope of IFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2. This standard does not have any impact on the group's financial statements.
- IFRIC 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the group's financial statements.

(b) Interpretation early adopted by the group

- IFRIC 11, 'IFRS 2 - Group and treasury share transactions', was early adopted in 2007. IFRIC 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the group's financial statements.

As the Group has prepared the condensed interim report, the amendments to IFRS that became effective at 11 July 2007 have not been applied. Respective notes will be prepared in full in the annual report of the Group.

AS Trigon Property Development amended the accounting policies for the recognition of investment property and therefore the comparative information of earlier reporting periods has also been restated retrospectively. The other accounting policies that have been used in the preparation of the condensed interim report are the same as those used in the consolidated annual report for the year ended 31 December 2006.

Management estimates that AS Trigon Property Development is a going concern and the Group's consolidated interim report for the third quarter 2007 presents a true and fair view of the financial position, the results of operations and the cash flows of AS Trigon Property Development. This interim report has not been audited.

The interim report has been prepared in thousands of Estonian kroons. For the benefit of the reader, the financial information has also been presented in thousands of euros as supplementary information. The official exchange rate of the Bank of Estonia (EUR 1 = EEK 15.6466) has been used to translate the Estonian kroons to euros.

Investment property - amended accounting policy

Real estate property that is held for earning long-term rental income or for capital appreciation or for both and that is not used in the Group's own operations is classified as investment property.

Investment property includes land and buildings in the possession of the Group and land and buildings leased under the finance lease terms.

Land that the Group leases as the lessee under the operating lease terms has been classified and is accounted for as investment property as it meets the definition of investment property in other aspects. In this case, operating lease agreements are recognised as finance leases for reporting purposes.

Investment property is initially recognised at historical cost, including all related transaction fees.

After initial recognition, investment property is recognised at fair value. Fair value is based on discounted cash flow estimates. Until the end of year 2006 the fair value evaluations were based on prices in the active market that was adjusted, if necessary, to account for differences in the nature, location or condition of a specific asset. At least once a year, investments are evaluated by an independent expert whose opinion is used by management to derive the fair value of investment property and recognise the changes in the fair value in the financial statements.

Subsequent expenditure is added to the carrying amount of the asset when it is probable that future expected benefits associated with the asset will flow to the Group and the cost of the asset can be determined reliably. Other repair and maintenance costs are reported at the time they are incurred in the income statement of the accounting period.

All changes in the fair value of investment property are included in the income statement line of the change in the value of investment property.

Investment property that is redeveloped to be continued to be used as investment property (i.e. to be leased out) is reported at fair value within the component of land. When the interim development meets the criteria for recognition of property, plant and equipment, it is recognised according to IAS 16 as an item of independent property, plant and equipment asset apart from land under development during its construction/development period. When the item has been completed, the asset is reclassified as investment property in accordance with IAS 40.65 and is revalued to fair value. The difference between the carrying amount and the fair value is reported as income or expense in the income statement.

If an investment property becomes owner-occupied, it is reclassified as an item of property, plant and equipment and the fair value of the real estate property is considered as its cost at the date of reclassification.

When an item of property, plant and equipment becomes investment property because its intended use has changed, the changes between the carrying amount and the fair value of the investment property are disclosed as a revaluation reserve in equity at the date of reclassification according to IAS 16. When the gains from the growth of fair value cover the previous impairment loss, that portion of revaluation gain is recognised in the income statement and the portion exceeding the previous loss is recognised as a revaluation reserve in equity.

Investment property that was held for sale without any development is classified as a non-current asset held for sale pursuant to IFRS 5.

Note 2 Restatement of opening balances

Pursuant to the division plan signed at 29.06.2007, the furniture division and the construction materials division were spun off from AS Trigon Property Development into the newly established entity AS Viisnurk. Due to the change in the Group's area of operations, the accounting policies relating to the recognition of investment property were changed from the cost principle to the fair value principle and the comparative information of previous periods was also adjusted accordingly:

	<i>EEK thous</i>	<i>EEK thous</i>	<i>EUR thous</i>	<i>EUR thous</i>
	Third quarter 2006	9 months 2006	Third quarter 2006	9 months 2006
Carrying amount of investment property before restatement	15 521	15 521	992	992
Change in carrying amount of investment property as a result of restatement	101 015	101 015	6 456	6 456
Carrying amount of investment property after restatement	116 536	116 536	7 448	7 448
Increase of retained earnings (until 2005)	50 551	50 551	3 231	3 231
Increase of net profit in Q3 2006	16 821	16 821	1 075	1 075
Increase of net profit 6 months 2006		33 643		2 150

Management has discovered an error in calculating a long-term provision to compensate for the damages due to work-related accidents. The error has been restated retrospectively and comparative information has also been restated accordingly. The effect of the correction of the error on the comparative information of the financial statements is the following:

	<i>EEK thous</i>	<i>EEK thous</i>	<i>EUR thous</i>	<i>EUR thous</i>
	Third quarter 2006	9 months 2006	Third quarter 2006	9 months 2006
Decrease of equity	2 584	2 584	165	165
Increase of equity (related to discontinued operations)	57	172	4	11
Decrease of net profit	57	172	4	11

The effect of the restatement on the financial ratios is the following:

	<i>EEK</i>	<i>EEK</i>	<i>EUR</i>	<i>EUR</i>
	Third quarter 2006	9 months 2006	Third quarter 2006	9 months 2006
Basic earnings per share before restatement	0,7843	1,8639	0,0501	0,1191
Basic earnings per share after restatement	4,5103	13,0425	0,2881	0,8335
Diluted earnings per share before restatement	0,7843	1,8639	0,0501	0,1191
Diluted earnings per share after restatement	4,5103	13,0425	0,2881	0,8335
Book value of the share before restatement	15,5532	15,5532	0,9940	0,9940
Book value of the share after restatement	37,3947	37,3947	2,3900	2,3900
Price-to-book ratio before restatement	40,4972	17,0410	2,5882	1,0891
Price-to-book ratio after restatement	7,0423	2,4354	0,4501	0,1556

Note 3 Investment property

	<i>EEK thous</i>	<i>EUR thous</i>
Balance as at 31.12.2005	15 521	992
Restatement	50 551	3 231
Restated balance as at 31.12.2005	66 072	4 223
Gains from change in fair value	39 248	2 508
Gains from change in fair value related to discontinued operations	11 216	717
Restated balance as at 30.9.2006	116 536	7 448
Balance as at 31.12.2006	128 130	8 189
Incl. continued operations	110 130	7 039
Incl. discontinued operations	18 000	1 150
Gains from change in fair value	19 870	1 270
Reclassification from property, plant and equipment	2 762	176
Division of the Group	-20 762	-1 326
Balance as at 30.9.2007	130 000	8 309

The costs related to the management of investment property totalled 120 thousand kroons/7 thousand euros over the first 9 months of 2007 and 167 thousand kroons/11 thousand euros over the same period last year.

Revenue from the leasing of investment property totalled 257 thousand kroons/16 thousand euros over the first 9 months of 2007 and 451 thousand kroons/29 thousand euros over the first 9 months of 2006.

The investment property of the continuing operations of Trigon Property Development AS was evaluated by independent qualified appraisers of Uus Maa Kinnisvarakonsultantide OÜ as at 4 December 2006 and the investment property of discontinued operations was evaluated by independent qualified appraisers of OÜ Kinnisvaraekspert Pärnu as at 12 March 2007. The estimate was based on the prevailing prices of undeveloped real estate properties in the active market and located in the same region. The estimated fair price of the registered immovable is 128 million kroons/8 million euros. Management used this expert opinion to determine the fair value of investment property.

The investment property of Trigon Property Development AS was evaluated by independent qualified appraisers of Colliers International as at 10 September 2007. The evaluation was based on discounted cash flow estimates. The estimated fair price of the registered immovable is 130 million kroons/8 million euros. Management used this expert opinion to determine the fair value of investment property.

The real estate estimate is based on estimates, assumptions and historical experience adjusted with prevailing market conditions and other factors which management assesses to the best of its ability on an on-going basis. Therefore, based on the definition, it represents a major risk which could lead to a significant change in the carrying amount of investment property in future periods.

As at 30 September 2007 and 31 December 2006, investment properties were encumbered with mortgages for the benefit of AS Hansapank in the amount of 6 186 thousand kroons/395 thousand euros. Mortgages were set as collateral for long-term bank loans (Note 4). As at 30 September 2007, the carrying amount of investment properties encumbered with mortgages was

130 000 thousand kroons/8 309 thousand euros and as at 31 December 2006, 110 130 thousand kroons/7 039 thousand euros.

Note 4 Borrowings

	<i>EEK thous</i>	<i>EEK thous</i>	<i>EUR thous</i>	<i>EUR thous</i>
	30.09.2007	31.12.2006	30.09.2007	31.12.2006
Short-term borrowings	196	19 409	12	1 241
Long-term borrowings	2 937	28 511	188	1 822
TOTAL	3 133	47 920	200	3 063

Borrowings include the instalment payment for land on which interest in the amount of 39 thousand kroons/3 thousand euros per annum is paid. The repayment date of the loan is 2015. Investment property with the carrying amount of 130 000 thousand kroons/8 309 thousand euros as at 30 September 2007 and 110 130 thousand kroons/7 039 thousand euros as at 31 December 2006 has been set as collateral for the borrowings. Using the interest rate of 7% per annum, the fair value of the loan is 2 421 thousand kroons/155 thousand euros.

Note 5 Equity

	Number of shares	Share capital	Share capital
	<i>pcs</i>	<i>EEK</i>	<i>EUR</i>
Balance 31.12.2005	4 499 061	44 990 610	2 875 424
Balance 30.9.2006	4 499 061	44 990 610	2 875 424
Balance 31.12.2006	4 499 061	44 990 610	2 875 424
Balance 30.9.2007	4 499 061	44 990 610	2 875 424

The share capital of AS Trigon Property Development is 44 990 610 kroons/2 875 424 euros. The share capital consists of 4 499 061 ordinary shares with the nominal value of 10 kroons/0.64 euros which have been approved by the shareholders, issued and fully paid for. The maximum share capital stipulated in the articles of association is 177 480 800 kroons/11 343 090 euros. Each ordinary share grants one vote to its owner at the General Meeting of Shareholders and the right to receive dividends.

In the first half of 2007, the Group paid dividends to the shareholders in the amount of 5 398 873 kroons/345 051 euros, i.e. 1 kroon 20 cents/7.67 euro cents per share. The income tax on dividends amounted to 475 378 kroons/30 382 euros.

In 2006, the Group paid dividends to the shareholders in the amount of 4 184 127 kroons/267 414 euros, i.e. 93 cents/5.94 euro cents per share. The income tax on dividends totalled 438 083 kroons/27 999 euros.

Note 6 Discontinued operations

At 29.06.2007, the division plan of AS Trigon Property Development was signed as a result of which the manufacturing unit - the construction materials division and the furniture division - was spun off from AS Trigon Property Development. This resolution was also approved at the General Meeting of Shareholders at 06.08.2007. The main operation of AS Trigon Property Development will continue to be real estate development. The balance sheet date of the

division was 19.09.2007 when the registration department of Pärnu County Court registered the Company's division.

In this condensed interim report, the discontinued operations include the assets and liabilities, income and expenses as well as cash flows related to the transferred operations which according to the division plan of AS Trigon Property Development were spun off into the new entity AS Viisnurk. The results from continuing operations and discontinued operations are shown separately in the income statement and the cash flow statement.

The balances and income and expenses related to the discontinued operations according to the restatement (Note 2) for the first 9 months of 2006 and the third quarter are the following:

	<i>EEK thous</i> 30.09.2007	<i>EEK thous</i> 31.12.2006	<i>EUR thous</i> 30.09.2007	<i>EUR thous</i> 31.12.2006
Cash	3 997	12 234	255	782
Receivables and prepayments	32 516	26 630	2 079	1 701
Inventories	46 441	44 970	2 968	2 874
Total current assets	82 954	83 834	5 302	5 357
Investment property	20 762	18 000	1 327	1 150
Property, plant and equipment	62 514	56 745	3 995	3 627
Intangible assets	292	650	19	42
Total non-current assets	83 568	75 395	5 341	4 819
Total assets	166 522	159 229	10 643	10 176
Borrowings	2 147	19 017	137	1 215
Payables and prepayments	31 134	30 230	1 990	1 932
Short-term provisions	24	221	1	15
Total short-term provisions	33 305	49 468	2 128	3 162
Long-term borrowings	45 002	25 574	2 876	1 634
Long-term provisions	3 047	3 047	195	195
Total non-current liabilities	48 049	28 621	3 071	1 829
Total liabilities	81 354	78 089	5 199	4 991
	<i>EEK thous</i> 9 months 2007	<i>EEK thous</i> 9 months 2006	<i>EUR thous</i> 9 months 2007	<i>EUR thous</i> 9 months 2006
Income	180 630	171 854	11 544	10 983
Expenses	-168 755	-152 250	-10 785	-9 730
Profit before tax	11 875	19 604	759	1 253

Assets and liabilities transferred in the division	<i>EEK thous</i> 30.09.2007	<i>EUR thous</i> 30.09.2007
Cash	3 997	255
Receivables and prepayments	32 516	2 079
Inventories	46 441	2 968
Investment property	20 762	1 327
Property, plant and equipment	62 514	3 995
Intangible assets	292	19
Current liabilities	33 305	2 128
Non-current liabilities	48 049	3 071
Net assets transferred in the division	85 168	5 444
Share premium	5 799	371
Retained earnings	79 345	5 071
Currency translation reserve	24	2
Total assets transferred in the division	85 168	5 444

Note 7 Earnings per share

	<i>EEK</i>	<i>EEK</i>	<i>EUR</i>	<i>EUR</i>
	30.9.2007	30.9.2006	30.9.2007	30.9.2006
Basic earnings per share (basic EPS)	6.96	13.04	0.45	0.83
Diluted earnings per share	6.96	13.04	0.45	0.83
Book value of the share	28.54	34.87	1.82	2.23
Price to earnings ratio (P/E)	5.35	2.44	5.35	2.44
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange as at 30.9.	37.239	31.763	2.38	2.03

Basic earnings per share have been calculated on the basis of the net profit for the interim period and the number of shares.

Basic EPS for 9 months 2007 = 31 320 thousand / 4 499 061 = 6.96 kroons/0.45 euros
Basic EPS for 9 months 2006 = 58 678 thousand / 4 499 061 = 13.04 kroons/0.83 euros

Diluted earnings per share equal the basic earnings per share because the Company does not have any potential ordinary shares with the dilutive effect on the earnings per share.

Price to earnings (P/E) ratio for 9 months 2007 = 37.239 / 6.96 = 5.35
Price to earnings (P/E) ratio for 9 months 2006 = 31.763 / 13.04 = 2.44

Note 8 Net sales

The net sales of AS Trigon Property Development for the first 9 months of 2007 totalled 257 thousand kroons/16 thousand euros which consisted of the rental services relating to the registered immovables. The net sales for the first 9 months of 2006 totalled 451 thousand kroons/29 thousand euros which also consisted of the rental service relating to the registered immovables.