

Condensed consolidated interim report for the
first quarter
2008

Beginning of interim period:	1.1.2008
End of interim period:	31.03.2008
Beginning of financial year:	1.1.2008
End of financial year:	31.12.2008
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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 on this area.

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 for the division is 19 September 2007 when the registry department of Pärnu County Court registered the division.

Investments

As at the end of first quarter 2008, 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 on this area.

Staff

The continuing operations of AS Trigon Property Development had no employees as at 31 March 2008 and 31 December 2007.

Financial ratios

	<i>EEK thous</i>		<i>thous EUR</i>	
	First quarter 2008	First quarter 2007	First quarter 2008	First quarter 2007
Balance sheet				
Total assets	137 724	283 991	8 802	18 150
Return on assets	0.00%	4.39%	0.00%	4.39%
Equity	134 320	202 091	8 584	12 916
Return on equity	0.00%	6.16%	0.00%	6.16%
Debt ratio	2.47%	28.84%	2.47%	28.84%
	<i>EEK thous</i>		<i>thous EUR</i>	
Share (31.03)	First quarter 2008	First quarter 2007	First quarter 2008	First quarter 2007
Closing price of the share (EEK/EUR)	20.34	48.04	1.03	3.07
Earnings per share (EEK/EUR)	0.00	2.77	0.00	0.18
Price-to-earnings (PE) ratio	-	17.35	-	17.35
Book value of the share (EEK/EUR)	29.86	33.40	1.91	2.13
Price-to-book ratio	0.68	1.07	0.68	1.07
Market capitalisation	91 511	216 135	5 849	13 814

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 derivatives.

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

	OÜ VN Niidu Kinnisvara (Estonia)
Country of location	
Number of shares 31.12.2007 (pcs)	1
Ownership percentage 31.12.2007	100
Number of shares 31.03.2008 (pcs)	1
Ownership percentage 31.03.2008	100
Shares of subsidiaries	

OÜ VN Niidu Kinnisvara was set up for the development of land 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 first quarter 2008 as set out on pages 6 -14.

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

30 May 2008

Condensed consolidated balance sheet

	<i>EEK thous</i>	<i>EEK thous</i>	<i>EUR thous</i>	<i>EUR thous</i>
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Cash	376	372	24	24
Receivables and prepayments	97	84	6	5
Total current assets	473	456	30	29
Investment property (note 2, 3)	137 251	137 251	8 772	8 772
Total non-current assets	137 251	137 251	8 772	8 772
TOTAL ASSETS	137 724	137 707	8 802	8 801
Borrowings (note 4)	392	392	25	25
Payables and prepayments	466	450	30	29
Total current liabilities	858	842	55	54
Long-term borrowings (note 4)	2 546	2 546	163	163
Total non-current liabilities	2 546	2 546	163	163
Total liabilities	3 404	3 388	218	217
Share capital at nominal value (note 5)	44 991	44 991	2 875	2 875
Share premium	3 537	3 537	226	226
Statutory reserve capital	4 499	4 499	288	288
Retained earnings	81 293	81 292	5 195	5 195
Total equity	134 320	134 319	8 584	8 584
TOTAL LIABILITIES AND EQUITY	137 724	137 707	8 802	8 801

The notes to the condensed consolidated interim report presented on pages 11-14 are an integral part of this report.

Condensed consolidated income statement

	<i>EEK thous</i> First quarter 2008	<i>EEK thous</i> First quarter 2007	<i>EUR thous</i> First quarter 2008	<i>EUR thous</i> First quarter 2007
Continuing operations				
Rental income (note 7)	117	85	7	5
Expenses related to investment property	-45	0	-3	0
Gross profit	72	85	4	5
Administrative and general expenses	-71	0	-4	0
Change in value of investment property (note 3)	0	4 968	0	318
Operating profit	1	5 053	0	323
Profit from continuing operations	1	5 053	0	323
Profit from discontinued operations	0	7 405	0	474
NET PROFIT FOR THE PERIOD	1	12 458	0	797
Basic earnings per share (note 2, 6)	0.00	2.77	0.00	0.18
Diluted earning per share (note 2, 6)	0.00	2.77	0.00	0.18

The notes to the condensed consolidated interim report presented on pages 11-14 are an integral part of this report.

Condensed consolidated cash flow statement

	<i>EEK thous</i>	<i>EEK thous</i>	<i>EUR thous</i>	<i>EUR thous</i>
	First quarter 2008	First quarter 2007	First quarter 2008	First quarter 2007
Cash flows from operating activities				
<i>Profit from continuing operations</i>	1	5 053	0	323
<i>Adjustments for:</i>				
Change in value of investment property (note 3)	0	-4 968	0	-318
<i>Changes in working capital:</i>	1	85	0	5
Change in receivables and prepayments related to operating activities	-13	0	-1	0
Change in liabilities and prepayments related to operating activities	16	0	1	0
<i>Cash generated from operations</i>	4	85	0	5
Cash flows from operating activities related to discontinued operations	0	4 615	0	295
Total cash flows from operating activities	4	4 700	0	300
Cash flows from investing activities				
Cash flows from investing activities related to discontinued operations	0	-3 031	0	-194
Cash flows from investing activities	0	-3 031	0	-194
Cash flows from financing activities				
Cash flows from financing activities related to discontinued operations	0	-1 504	0	-96
Total cash flows from financing activities	0	-1 504	0	-96
NET INCREASE/DECREASE IN CASH BALANCE	4	165	0	10
Total cash flows related to discontinued operations	0	80	0	5
Cash and bank related to discontinued operations at the beginning of the period	0	6 360	0	406
Cash and bank related to discontinued operations at the end of period	0	6 440	0	411
NET INCREASE/DECREASE IN CASH RELATED TO CONTINUING OPERATIONS	4	85	0	5
OPENING BALANCE OF CASH	372	13 138	24	840
CLOSING BALANCE OF CASH	376	13 303	24	850

The notes to the condensed consolidated interim report presented on pages 11-14 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	Retained earnings	Total
Balance 31.12.2006	44 991	11 332	4 499	128 811	189 633
Net profit for 3 months 2007	0	0	0	12 458	12 458
Balance 31.03.2007	44 991	11 332	4 499	141 269	202 091
Balance 31.12.2007	44 991	3 537	4 499	81 292	134 319
Net profit for 3 months 2008	0	0	0	1	1
Balance 31.03.2008	44 991	3 537	4 499	81 293	134 320

<i>EUR thous</i>	Share capital	Share premium	Statutory reserve capital	Retained earnings	Total
Balance 31.12.2006	2 875	724	288	8 233	12 120
Net profit for 3 months 2007	0	0	0	797	797
Balance 31.03.2007	2 875	724	288	9 030	12 917
Balance 31.12.2007	2 875	226	288	5 195	8 584
Net profit for 3 months 2008	0	0	0	0	0
Balance 31.03.2008	2 875	226	288	5 195	8 584

The notes to the consolidated condensed interim financial statements presented on pages 11-14 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 31 March 2008 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 first quarter 2008 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. The 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 2007.

Management estimates that AS Trigon Property Development is a going concern and the Group's consolidated interim report for the first quarter 2008 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.

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>thous EEK</i>	<i>thous EUR</i>
	First quarter 2007	First quarter 2007
Carrying amount of investment property before change in accounting policies	10 294	658
Change in carrying amount of investment property as a result of change in accounting policies	122 804	7 849
Carrying amount of investment property after change in accounting policies	133 098	8 507
Increase of retained earnings (until 2006)	117 836	7 531
Increase of net profit in first quarter 2007	4 968	318

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

	<i>EEK</i>	<i>EUR</i>
	First quarter 2007	First quarter 2007
Basic earnings per share before change in accounting policies	1.66	0.11
Basic earnings per share after change in accounting policies	2.77	0.18
Diluted earnings per share before change in accounting policies	1.66	0.11
Diluted earnings per share after change in accounting policies	2.77	0.18
Book value of the share before change in accounting policies	17.62	1.13
Book value of the share after change in accounting policies	44.92	2.87
Price-to-book ratio before change in accounting policies	28.94	28.94
Price-to-book ratio after change in accounting policies	17.35	17.35

Note 3 Investment property

	<i>EEK thous</i>	<i>EUR thous</i>
Balance as of 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 3 months 2007	4 968	318
Balance as at 31.03.2007	133 098	8 507
Balance as of 31.12.2007	137 251	8 772
Balance as at 31.12.2007	137 251	8 772

Group currently owns one real estate development project involving a 40-hectare area in the City of Pärnu, Estonia.

The costs related to the management of investment property totalled 45 thousand kroons/3 thousand euros in 3 months 2008 and same period last year there were no corresponding expenses .

The property has been rented out until the beginning of construction works under operating lease agreements. Revenue from the leasing of investment property totalled 117 thousand kroons/7 thousand euros in 3 months 2008 and 85 thousand kroons/5 thousand euros in 3 months 2007.

As at 31 March 2008 and 31 December 2007, 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 31 March 2008 and 31 December 2007, the carrying amount of investment properties encumbered with mortgages was 137 251 thousand kroons/8 772 thousand euros.

Note 4 Borrowings

	<i>EEK thous</i>	<i>EEK thous</i>	<i>EUR thous</i>	<i>EUR thous</i>
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Short-term borrowings	392	392	25	25
Long-term borrowings	2 546	2 546	163	163
TOTAL	2 938	2 938	188	188

Borrowings include the instalment payment for land on which interest in the amount of 38 thousand kroons/3 thousand euros per annum is paid. The repayment date of the loan is 2015. Investment property with the carrying amount of 137 251 thousand kroons/8 772 thousand euros as at 31 March 2008 and as at 31 December 2007 has been set as collateral for the borrowings. Using the interest rate of 7% per annum, the fair value of the loan is 2 380 thousand kroons/152 thousand euros.

Note 5 Equity

	Number of shares	Share capital	Share capital
	<i>pcs</i>	<i>EEK</i>	<i>EUR</i>
Balance 31.03.2008	4 499 061	44 990 610	2 875 424
Balance 31.12.2007	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.

Note 6 Earnings per share

	<i>EEK</i>	<i>EEK</i>	<i>EUR</i>	<i>EUR</i>
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
Basic earnings per share (basic EPS)	0.00	2.77	0.00	0.18
Diluted earnings per share	0.00	2.77	0.00	0.18
Book value of the share	29.86	44.92	1.91	2.87
Price to earnings ratio (P/E)	-	17.35	-	17.35
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange as at 31.03.	20.34	48.04	1.30	3.07

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 3 months 2008 = 1 thousand / 4 499 061 = 0.00 kroons/0.00 euros
Basic EPS for 3 months 2007 = 12 458 thousand / 4 499 061 = 2.77 kroons/0.18 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 3 months 2008 = 20.34 / 0.00= -
Price to earnings (P/E) ratio for 3 months 2007 = 48.04 / 2.77 = 17.35

Note 7 Net sales

The net sales of AS Trigon Property Development for the 3 months of 2008 totalled 117 thousand kroons/27 thousand euros which consisted of the rental services relating to the registered immovables. The net sales for the 3 months of 2007 totalled 85 thousand kroons/5 thousand euros which also consisted of the rental service relating to the registered immovables.

Note 8 Related party transactions

The following parties are considered to be related parties:

- Parent company Trigon Wood OÜ and owners of the parent company;
- Subsidiaries;
- Members of the Management board, the Management Board and the Supervisory Board of AS Trigon Property Development 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 Group is TDI Investments KY, registered in republic of Finland and belonging to Scandinavian investors.

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

	<i>thous EEK</i>	<i>thous EEK</i>	<i>thous EUR</i>	<i>thous EUR</i>
	First quarter 2008	First quarter 2007	First quarter 2008	First quarter 2007
Board member and other remuneration	0	258	0	16
Social security and unemployment insurance taxes	0	86	0	5
TOTAL	0	344	0	21

After the spin-off of the construction materials division and furniture division and re-election of the Management and Supervisory Board no remuneration has been paid to the Management or Supervisory board.

There are no potential liabilities to members of the Management Board of Supervisory Board.

In first quarter 2007 and 2008 Trigon Property Development AS no services or goods were bought from related parties.