

**Condensed consolidated interim report for the
second quarter
2009**

Beginning of interim period:	1.1.2009
End of interim period:	30.06.2009
Beginning of financial year:	1.1.2009
End of financial year:	31.12.2009
Business name:	AS Trigon Property Development
Commercial Registry no.:	10106774
Address:	Viru väljak 2 Tallinn 10111
Phone:	+372 6679 200
Fax:	+372 6679 201
E-mail:	info@trigonproperty.com
Internet homepage:	www.trigonproperty.com
Auditor:	PricewaterhouseCoopers AS



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Brief description

AS Trigon Property Development is a real estate development.

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 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 investors.

Management report

Overview of business areas

The main business activity of Trigon Property Development AS is real estate development.

Investments

As at the end of second quarter 2009 AS Trigon Property Development owned one development project involving a 40 hectare area in the City of Pärnu, Estonia. Commercial real estate will be developed on this area. The property has been rented out to third parties until the beginning of construction works under operating lease agreements. To finance the development the Group is planning to sell partly the investment property.

Staff

AS Trigon Property Development had no employees as at 30 June 2009 and 31 December 2008.

Financial ratios

Statement of financial position	EEK thous		thous EUR	
	6 months 2009	6 months 2008	6 months 2009	6 months 2008
Total assets	124 531	131 287	7 959	8 390
Return on assets	-0.35%	-4.75%	-0.35%	-4.75%
Equity	120 704	128 083	7 714	8 184
Return on equity	-0.36%	-4.87%	-0.36%	-4.87%
Debt ratio	3.07%	2.44%	3.07%	2.44%
	EEK thous		thous EUR	
Share (30.06)	6 months 2009	6 months 2008	6 months 2009	6 months 2008
Closing price of the share (EEK/EUR)	5.32	16.43	0.34	1.05
Earnings per share (EEK/EUR)	-0.10	-1.39	-0.01	-0.09
Price-to-earnings (PE) ratio	-	-	-	-
Book value of the share (EEK/EUR)	26.83	28.47	1.71	1.82
Price-to-book ratio	0.20	0.58	0.20	0.58
Market capitalisation	23 935	73 920	1 530	4 724

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

Description of main 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 Group's risk of incurring major losses due to exchange rate fluctuations. Group's monetary assets are nominated in Estonian kroons. The Group's liabilities are nominated in Estonian kroons and in euros. In consequence the Group faces the foreign exchange risk regarding possible revaluation/devaluation of Euro against Estonian kroon.

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 3.

Group structure

Shares of subsidiaries

Country of location	OÜ VN Niidu Kinnisvara (Estonia)
Number of shares 31.12.2008 (pcs)	1
Ownership percentage 31.12.2008	100
Number of shares 30.06.2009 (pcs)	1
Ownership percentage 30.06.2009	100

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.

Management and Supervisory Boards and auditor

Management board of AS Trigon Property Development has one member - Aivar Kempil.

Supervisory Board of AS Trigon Property Development has three members: Ülo Adamson, Joakim Helenius and Gleb Ognianikov.

Audits are carried out by PricewaterhouseCoopers AS.

Transactions with related parties

During the first half year 2009 AS Trigon Property Development had no significant transactions with related parties.

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 second quarter 2009 as set out on pages 4-14.

The Management Board confirms that to the best of their knowledge:

1. the accounting policies and presentation of information applied 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. the management report presents true and fair view of significant events that took place during the accounting period and their impact to financial statements and includes the description of major risks and doubts;
4. group entities are going concerns.

Member of the Management Board



Aivar Kemp

26 August 2009

Condensed consolidated statement of financial position

	<i>EEK thous</i> 30.06.2009	<i>EEK thous</i> 31.12.2008	<i>EUR thous</i> 30.06.2009	<i>EUR thous</i> 31.12.2008
Cash	31	69	2	4
Receivables and prepayments	220	125	14	8
Total current assets	251	194	16	12
Investment property (note 2)	124 280	124 280	7 943	7 943
Total non-current assets	124 280	124 280	7 943	7 943
TOTAL ASSETS	124 531	124 474	7 959	7 955
Borrowings (note 3)	1 030	1 026	66	66
Payables and prepayments	643	155	41	10
Total current liabilities	1 673	1 181	107	76
Long-term borrowings (note 3)	2 154	2 154	138	138
Total non-current liabilities	2 154	2 154	138	138
Total liabilities	3 827	3 335	245	214
Share capital at nominal value (note 4)	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	67 677	68 112	4 325	4 352
Total equity	120 704	121 139	7 714	7 741
TOTAL LIABILITIES AND EQUITY	124 531	124 474	7 959	7 955

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

Condensed consolidated statement of comprehensive income

	<i>EEK thous</i>	<i>EEK thous</i>	<i>EEK thous</i>	<i>EEK thous</i>	<i>EUR thous</i>	<i>EUR thous</i>	<i>EUR thous</i>	<i>EUR thous</i>
	Second	Second	6 months	6 months	Second	Second	6 months	6 months
	quarter 2009	quarter 2008	2009	2008	quarter 2009	quarter 2008	2009	2008
Rental income (note 6)	155	117	310	234	10	7	20	15
Expenses related to investment property	-574	-45	-619	-90	-37	-3	-39	-6
Gross loss (profit)	-419	72	-309	144	-27	4	-19	9
Administrative and general expenses	-53	-53	-86	-124	-3	-3	-5	-8
Change in value of investment property (note 2)	0	-6 462	0	-6 462	0	-413	0	-413
Other income	0	226	0	226	0	14	0	14
Operating loss	-472	-6 217	-395	-6 216	-30	-398	-24	-398
Net financial income	-31	-20	-40	-20	-2	-1	-3	-1
NET LOSS FOR THE PERIOD	-503	-6 237	-435	-6 236	-32	-399	-27	-399
TOTAL COMPREHENSIVE INCOME	-503	-6 237	-435	-6 236	-32	-399	-27	-399
Basic earnings per share (note 5)	0.11	-1.39	-0.10	-1.39	-0.01	-0.09	-0.01	-0.09
Diluted earning per share (note 5)	0.11	-1.39	-0.10	-1.39	-0.01	-0.09	-0.01	-0.09

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

	EEK thous 6 months 2009	EEK thous 6 months 2008	EUR thous 6 months 2009	EUR thous 6 months 2008
Cash flows from operating activities				
<i>Net loss for the period</i>	-435	-6 236	-27	-399
<i>Adjustments for:</i>				
Change in value of investment property (note 2)	0	6462	0	413
Interest expenses	40	20	3	1
Changes in working capital:	-395	246	-24	15
Change in receivables and prepayments related to operating activities	-95	-33	-6	-2
Change in liabilities and prepayments related to operating activities	467	12	29	1
Cash generated from operations	-23	225	-1	14
Interest payments	-19	-20	-1	-1
Total cash flows from operating activities	-42	205	-2	13
Cash flows from investing activities				
Capital expenditure on investment property (note 2)	0	-288	0	-18
Cash flows from investing activities	0	-288	0	-18
Cash flows from financing activities				
Proceeds from borrowings (note 3)	200	0	13	0
Repayment of loans (note 3)	-196	-196	-13	-13
Total cash flows from financing activities	4	-196	0	-13
NET INCREASE IN CASH BALANCE	-38	-279	-2	-18
OPENING BALANCE OF CASH	69	372	4	24
CLOSING BALANCE OF CASH	31	93	2	6

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 31.12.2007	44 991	3 537	4 499	81 292	134 319
Comprehensive income for 6 months 2008	0	0	0	-6 236	-6 236
Balance 30.06.2008	44 991	3 537	4 499	75 056	128 083
Balance 31.12.2008	44 991	3 537	4 499	68 112	121 139
Comprehensive income for 6 months 2009	0	0	0	-435	-435
Balance 30.06.2009	44 991	3 537	4 499	67 677	120 704

<i>EUR thous</i>	Share capital	Share premium	Statutory reserve capital	Retained earnings	Total
Balance 31.12.2007	2 875	724	288	8 233	12 120
Comprehensive income for 6 months 2008	0	0	0	-399	-399
Balance 30.06.2008	2 875	724	288	7 834	11 721
Balance 31.12.2008	2 875	226	288	4 352	7 741
Comprehensive income for 6 months 2009	0	0	0	-27	-27
Balance 30.06.2009	2 875	226	288	4 325	7 714

The notes to the consolidated condensed interim financial statements presented on pages 11-14 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 June 2009 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 second quarter 2009 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 2008.

In connection with changes in IAS 1 "Presentation of Financial Statements", which came into force from 1 January 2009, the term "Balance sheet" is replaced by the term "Statement of financial position" in the interim report for the second quarter 2009. Income statement is replaced by statement of comprehensive income, which in addition includes non-owner changes previously recognised in equity.

Management estimates that AS Trigon Property Development is a going concern and the Group's consolidated interim report for the second quarter 2009 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 Investment property

	<i>EEK thous</i>	<i>EUR thous</i>
Balance as of 31.12.2007	137 251	8 772
Loss from change in fair value 6 months 2008	-6 462	-413
Additional subsequent expenditure	288	18
Balance as at 30.06.2008	131 077	8 377
Balance as of 31.12.2008	124 280	7 943
Balance as at 30.06.2009	124 280	7 943

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 619 thousand kroons/39 thousand euros in 6 months 2009 and 90 thousand kroons/6 thousand euros in 6 months 2008.

The property has been rented out until the beginning of construction works under operating lease agreements. Revenue from the leasing of investment property totalled 310 thousand kroons/20 thousand euros in 6 months 2009 and 234 thousand kroons/15 thousand euros in 6 months 2008.

The investment property was evaluated by independent qualified appraisers of Colliers International at the end of financial year 2008. The evaluation was based on discounted cash flow estimates due to the fact that there were no transactions with similar properties done recently as the real estate market has been very illiquid in comparison with the previous period.

Management of the Company has tested the value of the evaluation that based on discounted cash flow estimates comparing the transactions with the similar properties done in Pärnu (which have been done in very limited quantity) and came to conclusion that value of the property investment measured in this annual report is rather conservative in comparison with the prices of transactions done.

According to the Group's investment strategy with similar investment property items, the Management Board assessed that the developed investment property will be rented out and therefore the Group will continue to record the immovable as investment property after the development stage. Thus, the Group has not reclassified the investment property as an item of property, plant and equipment in the development stage and will continue to record it as 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, these assessments represent a risk which could lead to a significant change in the carrying amount of investment property in future periods.

As at 30 June 2009 and 31 December 2008, investment properties were encumbered with mortgages for the benefit of Estonian Republic in the amount of 6 186 thousand kroons/395 thousand euros. Mortgages were set as collateral for long-term borrowings (note 3). As at 30 June 2009 and 31 December 2008 the carrying amount of investment properties encumbered with mortgages was 124 280 thousand kroons/7 943 thousand euros.

Note 3 Borrowings

	<i>EEK thous</i>	<i>EEK thous</i>	<i>EUR thous</i>	<i>EUR thous</i>
	30.06.2009	31.12.2008	30.06.2009	31.12.2008
Short-term borrowings	1 030	1 026	66	66
Long-term borrowings	2 154	2 154	138	138
TOTAL	3 184	3 180	204	204

Borrowings include the instalment payment for land on which interest in the amount of 39 thousand kroons/2 thousand euros per annum is paid. The repayment date of the loan is 2015. Investment property with the carrying amount of 124 280 thousand kroons/7 943 thousand euros as at 30 June 2009 and 31 December 2008 has been set as collateral for the borrowings. Using the interest rate of 7% per annum, the fair value of the loan is 1 806 thousand kroons/115 thousand euros.

Loans in the amount of 485 thousand kroons/31 thousand euros and 350 thousand kroons/22 thousand euros and with the maturity dates accordingly 31 December 2009 and 20 November

2009 are considered as current liability. These borrowings are denominated in euros and the interest rate of these borrowing are 6 % per year.

Borrowings terms have not been breached during the accounting period nor as at the balance sheet date.

Note 4 Equity

	Number of shares <i>pcs</i>	Share capital <i>EEK</i>	Share capital <i>EUR</i>
Balance 30.06.2009	4 499 061	44 990 610	2 875 424
Balance 31.12.2008	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 5 Earnings per share

	<i>EEK</i> 30.06.2009	<i>EEK</i> 30.06.2008	<i>EUR</i> 30.06.2009	<i>EUR</i> 30.06.2008
Basic earnings per share (basic EPS)	-0.10	-1.39	-0.01	-0.09
Diluted earnings per share	-0.10	-1.39	-0.01	-0.09
Book value of the share	26.83	28.47	1.71	1.82
Price to earnings ratio (P/E)	-	-	-	-
Closing price of the share of AS Trigon Property Development on Tallinn Stock Exchange	5.32	16.43	0.34	1.05

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 6 months 2009 = -435 thousand / 4 499 061 = -0.10 kroons / -0.01 euros
 Basic EPS for 6 months 2008 = -6 236 thousand / 4 499 061 = -1.39 kroons / -0.09 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 6 months 2009 = 5.32 / -0.10 = -
 Price to earnings (P/E) ratio for 6 months 2008 = 16.43 / -1.39 = -

Note 6 Net sales

The net sales of AS Trigon Property Development for the 6 months of 2009 totalled 310 thousand kroons/20 thousand euros and for the 6 months of 2008 totalled 234 thousand kroons/15 thousand euros which consisted of the rental services relating to the registered immovables.

Note 7 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.

In first 6 months 2009 and 2008 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 6 months 2009 and 2008 no goods and services were bought from related parties. In first 6 months 2009 the companies that are controlled by members of the Management Board or Supervisory Board of Trigon Property Development AS issued invoices for re-charged costs in the amount of 570 thousand kroons/36 thousand euros. As at 30 June 2009 these invoices were outstanding.

In first 6 months 2009 the Group received loans from companies that are controlled by members of the Management Board or Supervisory Board of Trigon Property Development AS in the amount of 200 thousand kroons/13 thousand euros. Together with the loans received in 2008 total loan balance with related parties totalled 834 thousand kroons/53 thousand euros as at 30 June 2009. The loans are payable in second half of year 2009 (note 3). As at 30 June 2009 the accrued interest is 39 thousand kroons/2 thousand euros.