

TRIGON NEW EUROPE SMALL CAP FUND

2007 ANNUAL REPORT
(Translation of the Estonian original)

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General information and contact data of the investment fund Trigon New Europe Small Cap Fund

Business name

Investment fund Trigon New Europe Small Cap Fund

Legal address:

Pärnu mnt. 15
10141 Tallinn
Estonia

Phone: + 372 6 679 200

Fax: + 372 6 679 221

Main activities

The Fund offers to the unit-holders the opportunity to invest in small and mid sized companies of the countries that joined the European Union in 2004 and of the countries that are expected to join the European Union in near future. The fund's objective is the long-term growth of assets.

Fund Management Company

AS Trigon Funds

Fund managers

Mehis Raud

Depositary

AS Hansapank

Auditor

AS PricewaterhouseCoopers
Pärnu mnt. 15
10141 Tallinn
Estonia

Tel.: + 372 6 141 800

Fax: + 372 6 141 900

Beginning and end of financial year:

1 January 2007 – 31 December 2007

Management report

Trigon New Europe Small Cap Fund (hereinafter: the Fund) was launched on May 16th, 2005. The Fund is a contractual investment funds that invests into equity securities of small and mid sized companies of the new European Union countries, the European Union accession countries and of companies that own substantial business interests in these countries. The Fund is aimed at investors with a medium to long investment perspective since equity markets are volatile and the value of the fund unit can change significantly during a short period.

During 2007, the Fund's net asset value increased to 762.5 million kroons (31.12.2006: 1 111.2 million kroons). The Fund has three types of units. The net asset value of the Fund's Type 1 Unit increased by 2.6% during the year to 139.3751 kroons (31.12.2006: 135.8407 kroons). The net asset value of the Fund's Type 2 Unit (eQ Itä-Euroopan Pienyhtiöt) gained 2.3% and reached 219.4953 kroons (14.0293 euros) (31.12.2006: 214.5604 kroons). During 2007 Type 3(Trigon New Europe Small Cap B unit) Units increased by 4.4% and reached 116.7334 kroons (31.12.2006: 111.7752 kroons) at the year-end.

The Fund's objective is to keep approximately 90% of its assets invested. As at the end of December 2007, the equities, bonds, structured deposits and derivatives made up 90.9%(31.12.2006: 89.9%) of the market value of the Fund's investments, the remaining portion was made up of cash in bank accounts, uncollected dividends and uncollected amounts for subscribed Units and for unsettled trades. As at 31 December 2007, the largest equity investments were Farmacol 7.9%, Ambra 4.6% and Duda 4.5%. The Fund's investments were diversified between the issuers of thirteen countries – Poland, Hungary, Bulgaria, Estonia, Latvia, Lithuania, Austria, Slovenia and Romania.

Mehis Raud
AS Trigon Funds
Member of the Management Board and the Fund Manager

Jouni Nissinen
AS Trigon Funds
Member of the Management Board

Riku Wiitala
AS Trigon Funds
Member of the Management Board

FINANCIAL STATEMENTS

Confirmation of the Management Board of the Fund Management Company's to the financial statements

The Management Board of the Fund Management Company's confirms the correctness and completeness of the financial statements of Trigon New Europe Small Cap Fund for 2007 as presented on pages 5 - 19.

The Management Board confirms that:

1. the accounting policies, accounting methods and measurement bases used in preparing the financial statements are in compliance with the Accounting Act, the Investment Funds Act and the generally accepted accounting principles of Estonia;
2. the financial statements present a true and fair view of the financial position and the results of operations of the Fund;
3. Trigon New Europe Small Cap Fund is a going concern.

/signed/

Mehis Raud

AS Trigon Funds

Member of the Management Board and the Fund Manager

/signed/

Jouni Nissinen

AS Trigon Funds

Member of the Management Board

/signed/

Riku Wiitala

AS Trigon Funds

Member of the Management Board

Tallinn 31 January 2008

Balance sheet

In EEK

ASSETS	Note	31.12.2007	31.12.2006
Securities			
Shares and units		642 459 776	779 938 522
Bonds		54 343 946	198 670 588
Derivatives	Note 5	593 529	4 653 186
Total securities		697 397 251	983 262 296
Deposits			
Cash and bank		68 025 201	109 108 285
Structured deposits		0	25 773 253
Total deposits		68 025 201	134 881 538
Other assets			
Miscellaneous receivables	Note 2	534	373 368
Accrued income	Note 3	1 753 750	4 052 072
Total other assets		1 754 284	4 425 440
TOTAL ASSETS		767 176 737	1 122 569 274

LIABILITIES AND EQUITY

Liabilities			
Payable to fund management company		1 342 489	6 063 638
Payable to depositary		124 642	145 470
Other payables		97 978	255 537
Unsettled securities transactions		2 884 704	4 905 653
Payable for redeemed fund units		222 129	0
Total liabilities		4 671 942	11 370 298
Fund's net asset value		762 504 794	1 111 198 976
TOTAL LIABILITIES AND EQUITY		767 176 737	1 122 569 274

Statement of investments

In EEK as at 31 December 2007

Name/Issuer	Country code	Maturity	Nominal value	Currency	Quantity	Average acquisition cost per item	Average acquisition cost total	Market value per item	Market value total	Interest	Share in market value of the net assets of the Fund
Shares											
AB PIENO ZVAIGZDES	LT		1	LTL	28,567	20.44	583,956	26.25	749,757		0.10%
ADVANCE TERRAFUND SHARE	BG		1	BGN	650,000	10.08	6,551,669	16.24	10,554,853		1.38%
ALUMIL ROM INDUSTRY	RO		0	RON	19,446	21.19	411,986	30.45	592,109		0.08%
AMBRA SA	PL		1	PLN	797,503	60.76	48,452,314	44.03	35,115,744		4.58%
ARTMAN SA	PL		0	PLN	24,037	194.62	4,678,094	260.29	6,256,551		0.82%
AS EESTI TELEKOM LIHTAKTSLA	EE		10	EEK	146,140	125.89	18,398,214	122.04	17,834,926		2.32%
AUTOMOTIVE COMPONENTS EUROPE	PL		0	PLN	227,523	79.45	18,076,517	51.19	11,646,913		1.52%
BETACOM SA	PL		1	PLN	100,684	85.46	8,604,064	72.01	7,250,568		0.95%
BLAGOEVGRAD-BT	BG		1	BGN	4,150	838.52	3,479,873	719.92	2,987,675		0.39%
BULGARIA REAL ESTATE FUND	BG		1	BGN	382,000	10.36	3,958,121	17.04	6,508,573		0.85%
CASH FLOW SH	PL		1	PLN	156,907	38.70	6,072,930	36.87	5,785,818		0.75%
COMP SAFE SUPPORT SA	PL		3	PLN	25,370	465.26	11,803,676	329.70	8,364,453		1.09%
COMP SA COMMON SHARE	RO		0	RON	2,501,200	7.20	18,013,160	7.18	17,951,697		2.34%
EGIS GYOGYS.NA	HU		1,000	HUF	12,337	1,459.69	18,008,183	1,158.50	14,292,444		1.86%
EMC INSTYTUT MEDYCZNY SA SHARE	PL		4	PLN	98,977	54.01	5,345,867	75.27	7,449,674		0.97%
FARMACOL SHARE	PL		1	PLN	328,412	166.13	54,557,974	183.07	60,122,216		7.84%
FIRMA HANDLOWA JAGO S.A	PL		1	PLN	1,124,400	14.10	15,850,950	13.93	15,657,751		2.04%
FLAMINGO	RO		0	RON	10,000,000	1.74	17,370,990	1.50	15,006,944		1.96%
GORENJE SHARE	SI		1	EUR	1,100	375.12	412,630	657.11	722,822		0.09%
GRAAL S.A.	PL		10	PLN	140,605	121.68	17,108,779	153.05	21,519,533		2.81%
GRUPA KAPITALOWA FASING S.A.	PL		3	PLN	5,304	103.16	547,177	89.80	476,296		0.06%
GRUPA LOTOS SA	PL		1	PLN	108,196	191.53	20,722,630	193.05	20,886,936		2.72%
HYDROTOR SA	PL		2	PLN	53,572	200.45	10,738,642	207.71	11,127,446		1.45%
IMPACT(RO)	RO		0	RON	890,040	3.01	2,680,809	2.17	1,935,765		0.25%
INDYKPOL SA COMMON STOCK	PL		5	PLN	25,701	560.21	14,397,923	496.72	12,766,123		1.66%
KOGENERACJA S.A.	PL		5	PLN	52,817	192.54	10,169,577	260.29	13,747,651		1.79%
LATVIJAS BALZAMS	LV		1	LVL	9,268	94.42	875,083	74.73	692,568		0.09%
LC SOFIA PROPERTY FUND	GB		1	GBP	680,000	18.91	12,857,219	17.77	12,081,484		1.57%
LIEPAJAS METALURGS	LV		1	LVL	40,000	55.15	2,205,855	84.83	3,393,000		0.44%
MIESZKO	PL		1	PLN	152,521	10.80	1,647,759	10.85	1,654,143		0.22%
MULTIMEDIA POLSKA SA	PL		1	PLN	419,384	49.50	20,761,551	45.12	18,921,201		2.47%
NORMA	EE		10	EEK	330,200	83.79	27,669,079	78.23	25,831,546		3.37%
PAGED SA	PL		2	PLN	150,000	120.94	18,141,623	130.14	19,521,628		2.54%
PANEVEZIO STATYBOS TRESTAS	LT		1	LTL	97,997	63.75	6,247,259	70.43	6,901,532		0.90%
PEMUG SA	PL		0	PLN	752,744	14.36	10,810,307	11.50	8,653,597		1.13%
PEMUG SUBSCRIPTION RIGHT	PL		1	PLN	752,744	0.87	652,346	0.76	571,464		0.07%
POLSKY KONCERN MIESNY DUDA	PL		1	PLN	1,052,698	40.67	42,815,348	32.54	34,250,631		4.46%
PROSPER SA	PL		1	PLN	321,200	84.38	27,103,283	71.58	22,991,272		3.00%
RABA	HU		1,000	HUF	50,000	124.82	6,241,188	116.81	5,840,410		0.76%
RICHTER GEDEFON (DEMAT)	HU		1,000	HUF	3,360	2,339.63	7,861,150	2,564.84	8,617,849		1.12%
ROKISHKIO SHURIS	LT		1	LTL	719,392	20.95	15,069,807	35.80	25,755,489		3.36%
SAP TEHNIKA	LV		1	LVL	59,400	241.98	14,373,630	25.81	1,532,909		0.20%
SIF MOLDOVA (RON)	RO		0	RON	493,100	15.91	7,847,146	15.14	7,464,271		0.97%
SIF MUNTENIA (RON)	RO		0	RON	497,300	11.33	5,635,707	10.48	5,213,251		0.68%
SIF TRANSILVANIA (RON)	RO		0	RON	250,000	6.45	1,611,976	10.09	2,522,906		0.33%
SPARKASSEN IMMOBILIEN AG	AT		0	EUR	222,865	137.90	30,733,109	120.94	26,953,230		3.51%
TELL S.A ORD SH	PL		1	PLN	22,762	309.18	7,037,515	503.22	11,454,389		1.49%
TEO LT AB	LT		1	LTL	350,000	9.85	3,448,375	10.76	3,764,731		0.49%
TORFARM SA	PL		1	PLN	33,513	295.61	9,906,910	294.99	9,886,117		1.29%
UKIO BANK COMMON SHARE	LT		12	LTL	930,910	20.40	18,990,129	16.73	15,578,458		2.03%
UNIMA 2000 SA	PL		1	PLN	78,977	57.73	4,559,736	31.89	2,518,207		0.33%
VARIANT S.A.	PL		1	PLN	2,797	4.16	11,642	59.22	165,626		0.02%
VILKYSKIU PIENINE AB	LT		1	LTL	215,000	23.84	5,124,889	28.87	6,207,561		0.81%
WANDALEX SA	PL		1	PLN	440,820	22.04	9,716,605	25.16	11,091,564		1.45%
ZAKLADY CHEMICZNE POLICE S.A.	PL		10	PLN	175,317	35.93	6,298,725	73.10	12,815,261		1.67%
ZEMAITIJOS PIENAS	LT		10	LTL	22,364	111.19	2,486,648	102.94	2,302,243		0.30%
Total shares							665,738,304		642,459,776		83.74%

Name/Issuer	Country code	Maturity	Nominal value	Currency	Quantity	Average acquisition cost per item	Average acquisition cost total	Market value per item	Market value total	Interest	Share in market value of the net assets of the Fund
Bonds											
ALLAMI PRIVATIZACIOS 28.09.09	HU	28/09/2009	100,000	EUR	1,500,000	1,979.29	29,689,292	1,951.31	29,329,875	1.00%	3.82%
HP STR BOND LOTOS 28.03.2008	EE	28/03/2008	1,000	EUR	1,595,000	1,564.55	24,954,573	1,568.28	25,014,071		3.26%
Total Bonds							54,643,865		54,343,946		7.08%
Derivatives											
FX OPTION EUR/PLN@3.65 06MAR08	EE	06/03/2008		EUR			727,516		498,777		0.07%
FX OPTION EUR/PLN@3.75 01FEB08	EE	01/02/2008		EUR			868,325		5,132		0.00%
FX OPTION EUR/PLN@3.75 15FEB08	EE	15/02/2008		EUR			1,016,958		50,319		0.01%
Eesti Telekom 110 Apr 08 Put	EE	19/04/2008		EEK			336,000		39,301		0.01%
Total derivatives							2,948,799		593,529		0.08%
Total securities							723,330,968		697,397,251		90.90%
Deposits											
DEMAND DEPOSIT	EE			EEK					60,513,200		7.89%
OVERNIGHT DEPOSIT-HANSAPANK(EEK)	EE	01/01/2008		EEK			1,011,454		1,011,602	5.25%	0.13%
OVERNIGHT DEPOSIT-HANSAPANK(LTL)	EE	01/01/2008		LTL			6,500,547		6,500,934	2.14%	0.85%
Total deposits							7,512,001		68,025,736		8.87%
<i>* Accrued interest on deposits has been added in amount of 534.1 kroons, which is recognised in the balance sheet on line "Accrued income".</i>											
Total investments							730,842,969		765,422,987		99.77%
Other Assets											
Miscellaneous receivables (uncollected amounts for unsettled trades)									1,753,750		0.23%
Total other assets									1,753,750		0.23%
Total assets of the Fund									767,176,737		100.00%

Distribution of investments, 31.12.2007

	Amount	Share
Securities entered into the stock exchange lists	671 729 378	87.6%
Other securities	25 607 600	3.3%
Structured deposits	0	0.0%
Cash, deposits, miscellaneous receivables and accrued income	69 839 759	9.1%
<i>Total</i>	<i>767 176 737</i>	<i>100.0%</i>

In EEK as at 31 December 2006

Name	Country code	Maturity	Nominal value	Currency	Quantity	Average acquisition cost per item	Average acquisition cost total	Market value per item	Market value total	Interest	Share in market value of the net assets of the Fund
Shares and units											
AB PIENO ZVAIGZDES	LT		1	LTL	640,000	20.00	12,801,988	24.46	15,652,224		1.39%
AB SA	PL		1	PLN	69,623	57.47	4,001,326	69.73	4,855,155		0.43%
ADVANCE TERRAFUND SHARE	BG		1	BGN	650,000	10.08	6,551,669	10.04	6,525,291		0.58%
ALLAMI NYOMDA NYRT COM STOCK	HU		980	HUF	38,689	373.55	14,452,425	411.58	15,923,480		1.42%
ALUMIL ROM INDUSTRY	RO		0	RON	47,546	21.19	1,007,316	21.27	1,011,186		0.09%
AMBRA SA	PL		1	PLN	196,400	55.16	10,832,537	63.21	12,414,449		1.11%
AMICA WRONKI SA	PL		2	PLN	72,357	84.81	6,136,492	118.26	8,557,222		0.76%
ARTMAN SA	PL		0	PLN	64,917	134.62	8,739,390	150.48	9,768,751		0.87%
AS EESTI TELEKOM LIHTAKTSIA	EE		10	EEK	615,240	120.93	74,403,174	131.43	80,860,993		7.20%
BANINI AD	CS		4,240	RSD	535	8,733.64	4,672,497	8,484.87	4,539,403		0.40%
BLAGOEVGRAD-BT	BG		1	BGN	4,150	838.52	3,479,873	647.93	2,688,908		0.24%
BULGARIA REAL ESTATE FUND	BG		1	BGN	782,000	10.36	8,102,751	11.20	8,757,499		0.78%
CERAMIKA NOWA GALA	PL		1	PLN	72,534	19.36	1,404,436	19.82	1,437,580		0.13%
COMPUTER SERVICE SUPPORT SA	PL		1	PLN	151,738	83.08	12,606,788	108.07	16,398,136		1.46%
DALEKOVOD	HR		100	HRK	792	834.65	661,045	1,706.26	1,351,359		0.12%
DEBICA	PL		8	PLN	80,621	283.74	22,875,738	315.64	25,447,398		2.27%
EMC INSTYTUT MEDYCZNY SA SHARE	PL		4	PLN	266,732	51.11	13,632,009	63.98	17,066,808		1.52%
ERICSSON NIKOLA TESLA	HR		100	HRK	6,240	4,950.44	30,890,761	5,233.60	32,657,694		2.91%
ESZAK-MAGYAR COMMON STOCK	HU		10,000	HUF	1,760	692.12	1,218,139	1,225.40	2,156,710		0.19%
FABRYKA MASZYN FAMUR SA	PL		1	PLN	830	1,337.05	1,109,749	1,640.61	1,361,703		0.12%
FABRYKI MEBLI FORTE SA	PL		1	PLN	115,000	46.55	5,353,810	47.10	5,416,691		0.48%
FARMACOL SHARE	PL		1	PLN	195,653	155.20	30,364,466	177.40	34,708,034		3.09%
FIRMA HANDLOWA JAGO S.A.	PL		1	PLN	689,836	10.88	7,503,684	10.48	7,229,916		0.64%
GORENJE SHARE	SI		1,000	SIT	60,622	352.59	21,374,661	410.66	24,895,087		2.22%
GRAAL S.A.	PL		10	PLN	25,795	72.11	1,860,178	154.15	3,976,322		0.35%
GRAPHISOFT	HU		1	HUF	11,244	88.31	992,989	136.84	1,538,627		0.14%
GRAPHISOFT PARK	HU		0	HUF	378,095	29.76	11,251,077	63.42	23,976,932		2.14%
GROCLIN SHARE	PL		1	PLN	35,557	341.43	11,969,367	193.71	6,790,826		0.60%
GRUPA LOTOS SA	PL		1	PLN	125,000	190.37	23,795,812	201.05	25,131,081		2.24%
HYDROTOR SA	PL		2	PLN	81,550	121.44	9,903,499	189.63	15,464,332		1.38%
INDUSTRIAL HOLDING BULGARIA	BG		1	BGN	216,000	29.17	6,301,590	48.07	10,384,152		0.93%
JADROPLOV D.D	HR		360	HRK	9,820	429.04	4,213,130	619.10	6,079,534		0.54%
JC AUTO S.A.	PL		2	PLN	117,088	118.21	13,841,470	83.60	9,788,598		0.87%
KOGENERACJA S.A.	PL		5	PLN	82,100	186.12	15,280,258	227.56	18,682,354		1.66%
L.C. SOFIA PROPERTY FUND	GB		1	GBP	680,000	18.91	12,857,219	20.02	13,610,332		1.21%
LPP	PL		1	PLN	1,720	1,879.58	3,232,880	3,017.77	5,190,562		0.46%
MENNICA PANSTWOWA SA	PL		10	PLN	48,868	313.14	15,302,295	326.25	15,942,954		1.42%
MEZOGEP	HU		100	HUF	88,393	92.57	8,182,327	162.21	14,337,864		1.28%
MONBAT AD ORD SHARE	BG		1	BGN	30,666	56.01	1,717,631	55.59	1,704,844		0.15%
MULTIMEDIA POLSKA SA	PL		1	PLN	554,384	49.41	27,391,907	50.04	27,740,194		2.47%
NORMA	EE		10	EEK	430,200	88.18	37,933,721	79.95	34,394,490		3.06%
OPOCZNO SA	PL		10	PLN	25,626	182.53	4,677,569	163.94	4,201,082		0.37%
PAGED SA	PL		2	PLN	110,860	85.38	9,465,404	103.99	11,528,407		1.03%
PANEVEZIO STATYBOS TRESTAS	LT		1	LTL	87,000	63.72	5,543,351	68.39	5,949,747		0.53%
PROSPER SA	PL		1	PLN	26,316	59.80	1,573,707	77.03	2,027,244		0.18%
PROVIMI-ROLIMPEX SA	PL		2	PLN	88,610	48.05	4,257,570	92.12	8,163,064		0.73%
PULAWY ORDINARY SHARE	PL		10	PLN	45,389	225.36	10,228,654	234.90	10,661,722		0.95%
ROKISHKIO SHURIS	LT		10	LTL	94,938	211.41	20,070,796	249.10	23,648,581		2.11%
SAF TEHNIKA	LV		1	LVL	54,400	249.46	13,570,778	269.17	14,642,842		1.30%
SIF MOLDOVA (RON)	RO		0	RON	165,200	9.70	1,602,232	15.16	2,505,203		0.22%
SIF TRANSILVANIA (RON)	RO		0	RON	250,000	12.90	3,223,952	13.75	3,438,635		0.31%
SPARKASSEN IMMOBILIEN AG	AT		0	EUR	355,000	139.79	49,626,744	153.48	54,486,236		4.85%
TALLINK GRUPP	EE		10	EEK	64,000	76.03	4,865,811	79.95	5,116,800		0.46%
TELL S.A. ORD SH	PL		1	PLN	17,007	185.66	3,157,473	298.51	5,076,835		0.45%
TFO LT AB	LT		1	LTL	47,723	10.40	496,440	12.50	596,540		0.05%
TIM S.A.	PL		1	PLN	16,630	41.65	692,691	98.20	1,633,063		0.15%
TORFARM SA	PL		1	PLN	39,849	215.63	8,592,605	273.23	10,887,959		0.97%
VARIANT S.A.	PL		1	PLN	41,270	61.54	2,539,666	66.06	2,726,489		0.24%
WANDALEX SA	PL		1	PLN	388,890	19.74	7,676,256	35.97	13,987,806		1.25%
WAWEL SA	PL		5	PLN	5,647	901.21	5,089,136	1,072.94	6,058,887		0.54%
ZAGREBACKA PIVOVARA D.D	HR		300	HRK	580	7,287.44	4,226,716	7,512.07	4,357,003		0.39%
ZAKLADY CHEMICZNE POLICE S.A.	PL		10	PLN	427,814	31.47	13,461,375	27.65	11,828,752		1.05%
Total shares and units							684,843,000		779,938,522		69.48%

Name	Country code	Maturity	Nominal value	Currency	Quantity	Average acquisition cost per item	Average acquisition cost total	Market value per item	Market value total	Interest	Share in market value of the net assets of the Fund
Bonds*											
MAGNOLIA EUR 4% 20.03.16	HU	20/03/2016	100,000	EUR	5,800,000	1,684,093.48	97,677,422	1,754,251.69	101,746,598	4.00	9.06%
OTP CONVRT 3.95% 31.10.49-16	LU	29/10/2049	1,000	EUR	5,400,000	16,809.63	90,772,024	17,948.89	96,923,990	3.95	8.63%
Total bonds							188,449,446		198,670,588		17.70%
Derivatives											
FX OPTION EUR/HUF@261 29MAR07	EE	29/03/2007		1 EUR			535,076		473,270		0.04%
FX OPTION EUR/HUF@265 12MAR07	EE	13/03/2007		1 EUR			1,539,517		810,244		0.07%
FX OPTION EUR/HUF@266 01MAR07	EE	01/03/2007		1 EUR			432,989		150,220		0.01%
FX OPTION EUR/PLN@3.87 13MAR07	EE	14/03/2007		1 EUR			503,785		563,754		0.05%
FX OPTION EUR/PLN@3.87 16MAR07	EE	16/03/2007		1 EUR			722,822		884,428		0.08%
FX OPTION EUR/PLN@3.87 23MAR07	EE	23/03/2007		1 EUR			513,173		630,996		0.06%
FX OPTION EUR/PLN@3.89 26FEB07	EE	27/02/2007		1 EUR			807,308		567,101		0.05%
FX OPTION EUR/PLN@3.9 5MAR07	EE	05/03/2007		1 EUR			694,660		573,173		0.05%
Total derivatives							5,749,330		4,653,186		0.41%
Total securities							879,041,776.00		983,262,296.00		87.59%
Deposits*											
DEMAND DEPOSIT	EE			EEK					90,512,022		8.06%
HP DEPOSIT LOTOS 13.08.07	EE	13/08/2007		EEK			27,000,000		25,773,253		2.30%
OVERNIGHT DEPOSIT-HANSAPANK(EEK)	EE	01/01/2007		EEK			2,327,045		2,327,246	3.12	0.21%
OVERNIGHT DEPOSIT-HANSAPANK(EUR)	EE	01/01/2007		EUR			16,269,218		16,270,698	3.27	1.45%
Total deposits							45,596,263		134,883,219		12.02%
<i>* Accrued interest on deposits has been added in amount of 1 681.53 kroons, which is recognised in the balance sheet on line "Accrued income".</i>											
Total investments							924,638,039		1,118,145,515		99.61%
Other assets											
Miscellaneous receivables (uncollected amounts for unsettled trades)									3,939,000		0.35%
Miscellaneous receivables (uncollected amounts for subscribed units)									113,072		0.01%
Accrued income (uncollected dividend)									361,692		0.03%
Accrued income (uncollected interest on deposits)									9,995		0.00%
Total other assets									4,423,759		0.39%
Total assets of the Fund									1,122,569,274		100.00%

Distribution of investments, 31.12.2006

	Amount	Share
Securities entered into the stock exchange lists	976 904 266	87,0%
Other securities	6 358 030	0,6%
Structured deposits	25 773 253	2,3%
Cash, deposits, miscellaneous receivables and accrued income	113 533 725	10,1%
<i>Total</i>	<i>1 122 569 274</i>	<i>100,0%</i>

Income and expense statement

in EEK

	2007	2006
I. Net gain on investments		
1.1. On equities and units		
1.1.1. Sales profit	197 839 586	172 500 439
1.1.2. Unrealised gains	(118 373 695)	40 515 143
1.1.3. Dividends	12 195 504	9 439 191
1.2. Bonds		
1.2.1 Sales profit	30 027 500	5 716 359
1.2.2 Unrealised gain/(loss)	(10 471 662)	8 617 116
1.2.3. Interest income	6 703 478	4 255 401
1.3. On deposits		
1.3.1 Interest income on deposits	334 039	1 171 091
1.3.2 Change in fair value of structured deposits	1 226 747	(1 226 747)
1.4. On derivatives		
1.4.1 Sales loss	(6 544 009)	(5 667 395)
1.4.2 Unrealised loss	(1 259 125)	(1 096 145)
Total net gain on investments	111 678 363	234 224 455
II. Other income		
2.1. Foreign exchange gains	6 141 623	7 911 858
Total other income	6 141 623	7 911 858
TOTAL INCOME	117 819 986	242 136 314
EXPENSES		
III. Operating expenses		
3.1. Management fees	21 766 240	17 095 730
3.2. Performance fees	39 305 467	30 832 436
3.3. Depositary charges	1 996 735	1 332 623
3.4. Transaction costs	Note 4	3 317 275
3.5. Other expenses	0	150
Total operating expenses	64 600 489	52 578 213
TOTAL EXPENSES	64 600 489	52 578 213
NET RESULT OF THE FUND	53 219 497	189 558 101

Statement of changes in net assets

in EEK

	<u>2007</u>	<u>2006</u>
Net asset value of the Fund at the beginning of the reporting period	1 111 198 976	696 180 519
Cash received for units	404 939 329	511 165 903
Cash paid for units	805 715 269	284 844 880
Subscription and redemption fees (total) paid to the Fund Management Company	1 137 738	860 667
Net result of the Fund	53 219 497	189 558 101
Net asset value of the Fund at the end of the period	762 504 794	1 111 198 976
Number of units in circulation at end of the reporting period	5 355 875.862	8 044 072.590
incl. Type 1	4 746 450.216	6 826 249.977
Type 2 (eQ Itä-Euroopan Pienyhtiöt)	290 257.545	466 261.018
Type 3	319 168.101	751 561.595
Unit's net asset value at end of the period		
Type 1	139.3751	135.8407
Type 2 (eQ Itä-Euroopan Pienyhtiöt)	219.4953	214.5603
Type 3	116.7334	111.7752

Notes to the financial statements

NOTE 1 Accounting policies

The financial statements of the investment fund Trigon New Europe Small Cap Fund have been prepared in Estonian kroons and pursuant to the Accounting Act, the Investment Fund Act and the accounting principles generally accepted in Estonia.

Cash and bank

The balance sheet item cash and bank includes cash in demand deposit, overnight deposits and term deposits.

Accounting for securities transactions

Securities transactions are recorded at the settlement date. The coupon interest on fixed rate securities is calculated on an accrual basis. Realised profits and losses from the sales of securities are calculated under the FIFO method.

Issue of Units

Units shall only be issued publicly. The issue of Units is executed by the Fund Management Company pursuant to the rules set out in legislation. The issue of Units is restricted neither by time nor by volume.

The Fund has three types of Units (hereinafter: "Type 1", "Type 2" and "Type 3").

A Unit shall be issued only upon the collection of an amount equalling the Unit's net asset value. Upon the issue of a fractional unit, cash shall be collected equalling that fraction of the Unit's net asset value.

The Unit's issue price is the net asset value of the Unit of the respective type calculated at the banking day following the purchase order and may also include an issue fee or intermediary's transaction cost.

The Unit's issue fee is:

- a) In case of Type 1 Units, a maximum of 2.0% of the net asset value of the Unit of the respective type;
- b) In case of Type 2 Units, there is no issue fee. The unit holder bears the intermediary's transaction cost, which is a maximum of 3.0% of the net asset value of the Unit of the respective type;
- c) In case of Type 3 Units, a maximum of 6.0% of the net asset value of the Unit of the respective type

A Unit is deemed to be issued at the time of making the respective entry in the registry of Units.

Redemption of Units

At the request of the Unit holder, the Fund Management Company shall redeem the Unit.

The Unit's redemption price is the net asset value of the Unit of the respective type calculated at the banking day following the day of the redemption order and may also include a redemption fee or intermediary's transaction cost.

The Unit's redemption fee is:

- a) In case of Type 1 Units, a maximum of 1.5% of the net asset value of the Unit of the respective type;
- b) In case of Type 2 Units, there is no redemption fee. The fund holder shall bear the intermediary's transaction cost which at a maximum is 0.5% of the net asset value of the Unit of the respective type but not less than 20 euros per transaction;
- c) In case of Type 3 Units, there is no redemption fee.

Upon the redemption of a Unit, a monetary payment from the Fund's assets is made to the Unit holder's bank account related to the securities account. The payments shall be made in the order of the applications submitted. The payment may be halted pursuant to the procedure prescribed in the rules and regulations of the Fund.

The Unit shall be considered as redeemed from the time of making a respective entry in the registry of Units.

Issue and redemption fees

Upon the issue and redemption of a Unit, the Management Company has the right to charge issue and redemption fees which are collected in the Fund's bank account. Issue and redemption fees are transferred to the Fund Management Company in the month following the month of the calculation.

Exchange of Units

The Unit holder has the right to exchange the Units held by him for the Units of another Fund managed by the Fund Management Company. Units shall not be exchanged for the Units of another type of the Fund.

To exchange Units, the Unit holder shall give an order through its account operator to exchange Units in the form prescribed by the account operator. Upon the exchange of Units, no payments are made to the Unit holder. According to the number and net asset value of exchangeable Units, the Units are redeemed and the Units of another Fund are issued according to the net asset value of the Units of another Fund. The basis for the exchange of Units is the net asset value of the Unit calculated on the banking day following the day of receiving an exchange order. No redemption and issue fees are charged upon exchanging Units.

Calculation of the net asset value of the investment fund

The net asset value of the Fund is determined pursuant to the Investment Funds Act, established by the Ministry of Finance "Regulation for determining the net asset value of investment funds", internal rules and regulations of AS Trigon Funds (Fund Management Company) as well as the Fund's rules.

The Fund's assets and liabilities are accounted for in Estonian kroons. The Fund's net asset value is determined on the basis of the market value of the Fund's asset less the Fund's liabilities. The total net asset value of the Units of a particular type is derived by subtracting the liabilities of the Fund unit of a particular type from the market value of securities and other rights of the Fund unit of a particular type.

The net asset value of a Unit is derived by dividing the total net asset value of the Units of a particular type into the number of Units of the same type issued and not redeemed by the time of the calculation.

The net asset value of Type 1 Unit and Type 3 Unit is expressed in Estonian kroons and the net asset value of Type 2 Unit in euros.

The determination of the Fund's assets by types of assets is performed as follows:

1. Valuation of cash and deposits
 - 1.1. The value of cash and deposits shall be determined on the basis of their book value, which is their fair value.
 - 1.2. Interest on deposits calculated on an accrual basis but not collected is accounted for as accrued income as of valuation day. Valuation day is day, as of fund's net asset value is calculated.
2. Valuation of assets denominated in foreign currencies and principles used for choosing exchange rates
 - 2.1. Foreign currencies and assets denominated in a foreign currency shall be restated in Estonian kroons on the basis of the latest ask price of the valuation date as established by the depository of the fund, AS Hansapank. Should the Hansabank not determine the ask price for the respective foreign currency for the valuation date, Hansabank may use the exchange rate of the following morning of valuation date.
3. Valuation of listed equity securities with valid quotation
 - 3.1. The value of a listed security with a valid quotation shall be determined on the basis of the closing price of the valuation date. If there is no closing price of the valuation date, the value shall be determined on the basis of the average price (mid price) of the valuation date. If the average price is also not available, the last official selling price (bid price) will be used.
 - 3.2. If fund units owners justified interests require making an exemption, the fund manager may take closing, average or bid price from any of the last 20 business days preceding to the valuation date, if it is necessary to give fair value to listed security.
 - 3.3. The quotation of the security is deemed not valid, if there has been no transaction with that security on any stock exchange on which the security has been listed within the last 20 business days.
4. The principles of choosing the stock exchanges based on which the quotes of the value of securities shall be determined.
 - 4.1. If a security is listed on several stock exchanges, the value of the security shall be determined on the basis of the closing price of the country of location of the issuer of such security.
 - 4.2. If a security is not traded on the stock exchange of the country of location of the issuer, or it is not sufficiently active or the necessary price is not available, the value of the security shall be determined on the basis of the latest known closing price on other stock exchanges on which the security is listed.
 - 4.3. Main criteria in choosing stock exchange are the liquidity of the particular security on that stock exchange.
5. Valuation of fund units and shares
 - 5.1. Fund units and shares that are listed on the regulated market shall be determined according to point 3.
 - 5.2. Mutual fund shares that are unlisted on the regulated market shall be determined according to last known redemption price or if this price is not available then according to fund's NAV.
6. Valuation of derivative instruments

- 6.1. Derivative instruments that are listed on the regulated market shall be determined according to point 3.
 - 6.2. Value of currency forward shall be determined by the valuation date spot rate and forward points, interpolated to maturity of currency forward.
 - 6.3. Derivative instruments that are listed on the regulated market shall be determined on the basis of Black & Scholes model and all necessary inputs for the calculation are determined by the Fund Management Company.
7. Valuation of repurchase transactions
 - 7.1. The value of a repurchase transaction is the value of the securities constituting the underlying assets of such transaction, minus the accrued difference between the buyback and sale price of such securities.
 8. Valuation of structured securities and deposits.
 - 8.1. To calculate the value of a structured bond or deposit, the bond or the deposit is divided into components (e.g. deposit plus option). The value of each component is determined in accordance with the established rules. Different components are combined to calculate the total value of the structured security or deposit.
 9. Valuation of other assets
 - 9.1. Added up under accrued income and prepaid expenses is income that has been recorded on accrual basis, but has not yet been received e.g. dividends receivable, interests receivable and other receivables, as well as prepaid expenses.
 - 9.2. To determine the market value of other receivables, these receivables have to be valued on the amounts that are likely to be received.

Recognition of income and expenses

Income and expenses are reported on the accrual basis.

1. Recognition of management and performance fees

Management fee rates paid to the Fund Management Company are:

- a. Type 1 Units: a maximum of 2.0% per annum of the market value of the Fund's assets.
- b. Type 2 Units: a maximum of 2.0% per annum of the market value of the Fund's assets.
- c. Type 3 Units: a maximum of 1.25% per annum of the market value of the Fund's assets

The management fee is deducted daily from the market value of the Fund's assets and is paid in the month following the calculation.

In addition, the Fund Management Company is paid a performance fee Type 1, Type 2 as well as Type 3 Units based on their rate of return. The Management Company has the right to receive the performance fee when the Unit's net asset value exceeds the highest ever month-end level plus the minimum required rate of return of 3.5% in case of Type 1 and Type 2 Units and 8% of Type 3 Units on an annual basis. The rate of the performance fee is 15% of the growth of the Unit's net asset value over the highest ever month-end level plus the required minimum rate of return of 3.5% or 8% on an annualised basis. The performance fee is recalculated daily on the basis of the 365-day year and is paid out based on the month-end during the following month.

The Management Board of the Fund Management Company may decide to use a lower rate of management and performance fees.

2. The annual rate of the depositary charge is 0,2124% of the market value of the Fund's assets but not less than 2 360 Estonian kroons per month. When the Fund's market value exceeds 150 million Estonian kroons, the rate of the fee above this level is 0,1888%. When the Fund's market value exceeds 500 million Estonian kroons, the rate of the fee above this level is 0,1652%. Depositary fee includes VAT.

The depositary charges are deducted daily from the market value of the Fund's assets and are paid out in the month following the month of the calculation.

3. Recognition of transactions costs

3.1. Commission fees and transaction costs which arose in acquiring and disposing of securities but not yet paid are calculated on an accrual basis, are paid in the month following the calculation, are reported in the income statement line "Transaction costs" and are not included within the cost of securities.

3.2. Commissions which arose and were paid in the acquisition of securities, but are not clearly identifiable are included within the cost of securities.

3.3. Transaction costs are calculated on an accrual basis.

4. Recognition of income and expenses relating to the main operations.

The net proceeds from the revaluation of investments is reported in the income and expense statement items "Unrealised gains/losses" grouped by types of investments (equities and units, bonds, etc.). The sales revenue/loss from investments is included in the income and expense statement item "Sales profit/loss" grouped by types of investments (equities and units, bonds, etc.). Foreign exchange rate changes between the purchase and sales dates are deducted from the sales profit/loss and are reported in the income and expense statement items "Foreign exchange gains" or "Foreign exchange losses".

NOTE 2 Miscellaneous receivables

In EEK

	31.12.2007	31.12.2006
Uncollected amounts for subscribed units	0	113 072
Unsettled securities transactions	1 753 750	3 939 000
<i>Total</i>	<i>1 753 750</i>	<i>4 052 072</i>

NOTE 3 Accrued income

In EEK

	31.12.2007	31.12.2006
Uncollected interest on deposits	534	11 677
Uncollected interest on bonds	60 274	0
Uncollected dividends	0	361 692
<i>Total</i>	<i>60 808</i>	<i>373 369</i>

NOTE 4 Statement of commissions

In EEK

	01.01-31.12.2007	01.01-31.12.2006
Fees paid upon purchasing and selling securities tradable in Tallinn Stock Exchange		
- AS Trigon Securities	72 031	44 582
Fees paid upon purchasing and selling other securities tradable in Estonia		
- AS Trigon Securities	114 175	0
Fees paid upon purchasing or selling securities tradable in the stock exchanges or over the counter in other countries		
- AS Trigon Securities	2 476 656	1 418 866
- Bank Handlowy	243 477	126 316
Total commissions paid	2 906 339	1 589 764

In 2007, transaction fees totalled 1 532 048 (2006: 3 317 275) kroons. Of this amount, 380 343 (2006: 410 935) kroons was made up of the fees charged by the depositary for making transactions, transaction fees for buying and selling structured bonds, transaction fees for sub-depositaries and correspondence banks as well as fees charged for executing payment orders.

During 2007, a total of 858 (2006: 957) transactions were performed at Trigon New Europe Small Cap Fund, the volume of transactions was 2 205 081 208 (2006: 2 189 083 900) kroons and the weighted average commission was 0.05% (2006: 0.13%)..

NOTE 5 Derivatives

In EEK as at 31 December 2007

Type of Instrument	Issuer of Instrument	Underlying asset name and quantity	Exercise date	Premium / price of Instrument	Exercise price		Market value		Equity of the issuer of derivative instrument
					Per item	Total	Per item	Total	
Put option	AS Hansapank	PLN PUT 37 500 000	1.02.2008	55,500.00 EUR	3.75	10,000,000.00 EUR	0.00	5,131.72 EEK	22,073,300,000 EEK
Put option	AS Hansapank	PLN PUT 37 500 000	15/02/2008	65,000.00 EUR	3.75	10,000,000.00 EUR	0.01	50,319.06 EEK	22,073,300,000 EEK
Put option	AS Hansapank	PLN PUT 21 000 000	06/03/2008	46,500.00 EUR	3.65	6,000,000.00 EUR	0.08	498,777.29 EEK	22,073,300,000 EEK
Put option	AS Hansapank	AS EESTI TELEKOM COMMON SHS 100 000	18/04/2008	336,000.00 EEK	110	11,000,000.00 EEK	0.39	39,301.00 EEK	22,073,300,000 EEK
Total	X	X	X	X	X	X	X	593,529.07 EEK	X

In EEK as at 31 December 2006

Type of Instrument	Issuer of Instrument	Underlying asset name and quantity	Exercise date	Premium / price of Instrument	Exercise price		Market value		Equity of the issuer of derivative instrument
					Per item	Total	Per item	Total	
Put option	AS Hansapank	HUF PUT 798 000 000	3/1/2007	27,675.00 EUR	266.00	3,000,000.00 EUR	0.05	150,219.80 EEK	17,102,000,000 EEK
Put option	AS Hansapank	PLN PUT 23 340 000	2/26/2007	51,600.00 EUR	3.89	6,000,000.00 EUR	0.09	567,100.87 EEK	17,102,000,000 EEK
Put option	AS Hansapank	PLN PUT 23 400 000	3/5/2007	44,400.00 EUR	3.90	6,000,000.00 EUR	0.10	573,172.58 EEK	17,102,000,000 EEK
Put option	AS Hansapank	HUF PUT 3 180 000 000	3/12/2007	98,400.00 EUR	265.00	12,000,000.00 EUR	0.07	810,244.15 EEK	17,102,000,000 EEK
Put option	AS Hansapank	PLN PUT 15 480 000	3/13/2007	32,200.01 EUR	3.87	4,000,000.00 EUR	0.14	563,754.30 EEK	17,102,000,000 EEK
Put option	AS Hansapank	PLN PUT 23 220 000	3/16/2007	46,200.00 EUR	3.87	6,000,000.00 EUR	0.15	884,428.22 EEK	17,102,000,000 EEK
Put option	AS Hansapank	PLN PUT 15 480 000	3/23/2007	32,800.00 EUR	3.87	4,000,000.00 EUR	0.16	630,996.16 EEK	17,102,000,000 EEK
Put option	AS Hansapank	HUF PUT 1 044 000 000	3/29/2007	34,200.00 EUR	261.00	4,000,000.00 EUR	0.12	473,269.49 EEK	17,102,000,000 EEK
Total	X	X	X	367,475.01 EUR	X	45,000,000.00 EUR	X	4,653,185.57 EEK	X

NOTE 6 Comparative analysis of the net asset value

In EEK

Year	Fund's net asset value	Fund unit's net asset value		
		Type 1	Type 2 (eQ Itä-Euroopan Pienyhtiöt)	Type 3
31.12.2005	696 180 519	109.05	170.77	
31.12.2006	1 111 198 976	135.8407	214.5604	111.7752
31.12.2007	762 504 794	139.3751	219.4953	116.7334

NOTE 7 Related parties

For the purpose of these financial statements, the following entities are considered as related parties: AS Trigon Funds (Fund Management Company), AS Trigon Securities (parent company of the Fund Management Company) and other funds managed by AS Trigon Funds: Trigon Second Wave Fund, Trigon Central and Eastern European Fund and Trigon New Europe Top Picks Fund.

Trigon New Europe Small Cap Fund paid transactions fees to AS Trigon Securities totalling 619 495 (2006: 2 662 863) kroons (Note 4). As at 31 December 2007, there were no payables to AS Trigon Securities for transactions fees (31.12.2006: 239 437 kroons). The Fund Management Company was paid management and performance fees totalling 61 071 707 (2006: 47 928 166) and issue and redemption fees totalling 1 137 738 (2006: 860 667) kroons. As at 31 December 2007, the payable to the Fund Management Company totalled 1 342 489 (31.12.2006: 6 063 638) kroons. In the financial year, Trigon New Europe Small Cap Fund performed transactions with the other Funds managed by AS Trigon Funds in the total amount of 74 899 448 (2006: 461 044 771).

NOTE 8 Contingent liabilities

Trigon New Europe Small Cap Fund invests in listed securities on various Central and Eastern European countries. The tax legislations in these countries have different approaches to the taxation of the capital gain in respective country and the Tax Authorities may attempt to tax the capital gain or to force the beneficiary to declare it. If such attempt would occur, it may influence the NAV or the fund or the fund investor's income depending on the double tax treaties and the respective country's tax legislation. AS Trigon Funds management is not aware of any occasions of taxing the fund's investors by any Central and Eastern European country's Tax Authority.

INDEPENDENT AUDITOR'S REPORT