TRIGON Agri

Strategic and Operational Update

December 2, 2008

Whilst facing some of the most turbulent and challenging market conditions in recent history, Trigon Agri (the 'Company') is well positioned to continue benefiting significantly in a shareholder value enhancing way from the medium to long-term trends it believes will prevail in the global market for soft commodities. In doing so it is helped by a strong balance sheet, which allows the Company to continue expansion in a market environment where several agricultural production firms are facing severe financial strains largely due to the leverage they carry. The recent volatility in the global markets for soft commodities and changes in the CIS agricultural landscape in Ukraine and Russia has given management additional confidence in the value of its chosen strategy, which is to build an integrated production, storage and trading company with a clear focus on operations (as opposed to land-banking). This strategy and its implementation have remained unchanged since the Company was launched.

The current statement will give a summarised strategic and operational update prior to the publication of the Company's full year audited report on March 31, 2009. As explained in previous announcements, the Company is currently reporting on a semi-annual basis and will move to quarterly reporting in 2009.

Global Market Outlook

Despite recent fall in soft commodities prices, in longer term, the Company continues to believe in a gradual, albeit volatile, upwards trend in soft commodity prices driven by rising demand especially from the rapidly urbanizing emerging markets. The supply side will continue to struggle with meeting this demand constrained by a combination of global warming related weather patterns, environmental considerations, and shortage of new land available for agriculture. In the last ten years the supply of wheat and coarse grains has significantly exceeded the demand in only two years: in trade-year 2004/2005 and the current 2008/2009 trade-year (Source: USDA).

In the short-term covering next year, the Company believes that the likelihood of a significant upwards correction in soft commodity prices from their current lows is high regardless of the weather conditions that will apply in the main agricultural regions globally. This belief is based on the severe impact that the current financial crisis is having on the agricultural sector world-wide. The lack of debt financing available to the farming sector combined with low produce prices and high input costs is likely to lead to a significant drop in the amount of planting for the next harvest season. Combined with the fact that the current soft commodity price drops have been exacerbated by the forced selling of speculative positions which would appear to have been completed to a significant extent, the Company believes that next year could well see a price recovery. Should the weather conditions turn out to more closely reflect the average conditions over the last ten years the price recovery could be very significant indeed as has recently been pointed out by institutions such as Food and Agriculture Organization of the United Nations (FAO).

Market Environment in Ukraine and Russia

The financial crisis combined with the drop in commodities prices has significantly affected the local market environment in Ukraine and Russia. Several local smaller companies which significantly expanded their production last year with the support of short-term bank funding are currently facing financial distress and are seeking solutions to overcome the current situation. These solutions mostly imply significant reductions in planted areas for next season or search for majority equity partners. The situation for several firms is further complicated by the depreciation of the local currencies, which is making foreign equipment purchases significantly more expensive. As a result, the market has recently gone into a state where there is a clear oversupply of offers for companies looking for investors, which has pushed deal valuations into a clearly a falling trend. Furthermore, the difficulties faced by several local farmers are reducing the demand for key inputs such as fertilizers and the CIS markets are, therefore, witnessing a decline in key input prices.

Trigon Agri

Trigon Agri is fortunate in entering the current highly challenging times with a strong balance sheet which will allow it to continue its rapid development without being forced to access debt. This will allow the Company to position itself not only to benefit from (but not be dependent upon) any soft commodity price recovery that might occur in 2009, but will also allow the Company to take advantage of exceptional situations that might arise from the financial distress experienced by many agricultural land owners and operators in the former Soviet Union.

As of the end of November 2008, the cash position of Trigon Agri stood at EUR 54 million. The Company currently controls a total of 144,000 hectares and is not expanding its land area for the time being. In accordance with its revised 2009 expansion strategy, from the total land area under control, ca 105,000 hectares will be used for cereals farming in 2009. Additionally, around 20,000 hectares will be used for preparation of silage for dairy animals and the remainder will be cultivated as black fallow (in preparation for the 2010 growing season). In preparing for the 105,000 hectares cereals harvest in 2009, the Company has carried out 2008 autumn seeding works on a total of 44,073 hectares out of which 32,353 hectares has been planted under winter wheat. The revised 2009 expansion strategy allows the Company to finance all the required field-works from its own cash and it will not have to resort to bank lending, which was the assumption in the original expansion plans. In the view of the management, the revision of the strategy is appropriate given the recent dramatic changes in the global market environment.

As of the date of this brief, the Company had completed harvesting in all of its production clusters. The total gross harvest collected by the Company in 2008 (excluding silage for dairy production) stood at ca 185 thousand tonnes, which is a 3.3 fold increase from the total harvest collected in 2007 (2007 gross harvest stood at 56,607 tonnes). With an increase in the harvested area in 2009 and further improvement of the productivity results in the existing fields, the Company is targeting a total harvest in 2009 which is significantly more than double of the total production volume achieved in 2008.

The final gross yields achieved in the Company's Harkov cluster in Ukraine (which was the only cluster in 2008 where the Company fully controlled the complete cycle of field preparation and field-works for the 2008 crop) in tonnes per hectare were the following: 5.66 for wheat, 2.74 for sunflower, 6.24 for corn and 4.10 for barley. The total area harvested in the Harkov cluster stood at 23,000 hectares. As referred to in the 2H 2008 Interim Report, the results in the three new clusters of the Company (Kirovograd in Ukraine, Samara in Russia and Penza in Russia), were substantially below their potential as the Company acquired the fields with seeding and field preparation which had been carried out by the previous land operators. Given the work done to date, the Company expects 2009 results also in these three clusters in accordance with its respective three-year ramp-up schedules (which have been laid out in previous releases of the Company).

As explained in previous reports Trigon Agri has always endeavoured to secure the storage capacity necessary to avoid becoming dependent on short-term market moves. In the current market conditions this policy has served the Company well in that it is able to ride out the short-term turbulence in the market and wait for signs of stability before needing to effect the sale of its crop. The Company currently owns a total of five rail-road connected elevators in Ukraine having a total storage capacity of 322,000 tonnes. As of the date of the current brief, the Company had sold less than 15% of its 2008 crop, with the remainder being stored in owned elevator storage in Ukraine and rented elevator storage in Russia. During the challenging times facing the farming sector in Russia and Ukraine in the near future the Company will look to take full advantage of its strong position. In particular it will endeavour to acquire full ownership of more storage capacity near its farming clusters at attractive prices.

As has repeatedly been stressed by the Company since its formation in early 2006, it is an agricultural operating company and not a land banker. Accordingly the Company has continued to develop its management team as it develops new operational farming clusters near Penza and Samara in Russia, and near Kirovograd in Ukraine. It is the belief of the Company that the results of this work will be shown in 2009 which will be the first full year that the Company will have been able to fully operate the lands in its new Russian and Ukrainian clusters.

The start of the Company's trading and storage management joint venture Ramburs Trigon (51% owned by Trigon Agri) has proceeded successfully. The total volume of third-party grains which will be handled by the joint venture in the 2008/2009 trade year will reach over 125 thousand tonnes. The total volume of goods already delivered to clients to date has been 83 thousand tonnes. The average gross margin achieved in the transactions to date has been 6.5%. The main counterparties with whom transaction have been closed to date have been the following companies: Toepfer, Allseeds, Nidera, Louis Dreyfus and Bunge. As announced previously, the detailed business plan of the joint venture as well as its strategic aims going forward will be reviewed following the completion of the first full trade-year.

Trigon Agri is committed to use the challenging times currently prevailing to further strengthen the base from which to build a world class integrated commercial farming business (production, storage and physical trading). It is the firm belief of the Company's management that the solid operational work currently being carried out will in due course reap its rewards in terms of the share price performance. What is already clear in the opinion of the Company's management is that Trigon Agri will emerge from the current crisis in far stronger shape versus most of its peers, both local and foreign, than it entered the crisis.

Future Reporting Dates

Annual report 2008	31 March 2009

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