



From 1 December 2009, the Group has been applying the following new and amended standards:

- IFRS 8 Operating Segments
- IAS 23 Borrowing Costs
- IAS 1 Presentation of Financial Statements
- IFRS 3 Business Combinations
- IAS 27 Consolidated and Separate Financial Statements.

The amendments to the IAS 1 Presentation of Financial Statements govern the method of presenting the consolidated statement of comprehensive income and the statement of changes in shareholders' equity. The other amendments have no actual impact.

## **Business overview**

In the financial year, furs were more popular with international fashion designers than in many decades. Nearly all top designers included furs in their collections, and long-haired furs were on top of the trend. Compared with previous years, there was a distinct increase in demand for the Finnish main product, blue fox. The price of blue fox pelts began to briskly pick up in the first auction of the financial year in September, doubling by the end of the financial year.

Records were broken during the year: the March auction was the largest single auction in company history with respect to sales (EUR 186.7 million) and number of buyers (670 customers), and sales for the entire financial year rose to an all-time record, EUR 442 million.

The global financial crisis had already begun to ease towards the end of the previous financial year. Economic outlooks and expectations in Russia, the USA and Europe became more optimistic. The fall of the Greek national economy with the ensuing political unrest and speculations spread instability in the EU area and weakened the external value of the euro. The importance of China's economic growth as the locomotive of world economy was accentuated.

In addition to fashion trends, the record-cold winter in the Northern hemisphere encouraged optimism in the fur market. The biting cold weather boosted retail sales, and orders for fur garments, placed in the uncertain economic conditions of the previous year, turned out too low for many markets. During the financial year, Hongkong/China increased their purchasing of furs at auctions, which was partly explained by the growth of the local home markets: demand for furs began to expand outside the large growth centres.

The average exchange rate of the US dollar, weighed with auction sales, rose by five per cent year-on-year. Because of the revival of demand, the general price level for mink and fox pelts rose sharply: the dollar price by 52 per cent and the EUR price by 60 per cent.

## **Sales during the financial year 1 September 2009 – 31 August 2010**

### *Review period 1 June – 31 August 2010*

In the final quarter of the financial year, Finnish Fur Sales held an auction on 6 to 11 June. The result of the auction was even better than expected: 2.4 million mink pelts, 520,000 fox pelts, 31,000 Finnraccoon pelts and 21,000 Karakul lamb pelts were sold at prices that were clearly above the level of the corresponding auction held a year earlier. The auction was attended by 550 customers from all market areas, with the Chinese as the largest group. The value of sales at the six-day auction totalled EUR 163.3 million (MEUR 89.9).

*Financial period 1 September 2009 – 31 August 2010*

Finnish Fur Sales held a total of five auctions in the financial year, selling 6.9 million mink pelts (6.5 million in the previous financial year), 2.2 million fox pelts (1.8 million), 450,000 Afghan Karakul pelts (280,000) and 140,000 Finn raccoon pelts (110,000).

The revival of the world economy, the cold winter and the strong fur trend in fashion were reflected on the Finnish Fur Sales Group's sales in the financial year: the price levels of mink and fox pelts rose clearly year-on-year, the dollar prices by 52 per cent and the EUR prices by 60 per cent. The average exchange rate of the US dollar, weighed with auction sales, rose by five per cent year-on-year. The number of pelts sold, 9.6 million, was 11 per cent higher than in the previous financial year (8.7 million pelts). The value of sales increased by 78 per cent year-on-year, amounting to EUR 442 million (MEUR 248).

Auction	Sales 1,000 pelts 2009/2010	Sales 1,000 pelts 2008/2009	Value EUR 1,000 2009/2010	Value EUR 1,000 2008/2009
September	1,560	1,512	42,633	52,512
December	1,070	397	42,025	12,765
January	92	39	5,996	2,488
March	3,695	3,367	186,675	89,475
June	3,193	3,327	163,301	89,887
Warehouse sales during the financial year	38	47	1,182	1,291
Total	9,648	8,689	441,813	248,418

**Net turnover**

*Review period 1 June – 31 August 2010*

Because of the increase in pelt prices, the Group's net turnover in the final quarter was 45 per cent higher compared with the corresponding quarter in the previous financial year, amounting to EUR 15.6 million (MEUR 10.8).

*Financial period 1 September 2009 – 31 August 2010*

Net turnover for the entire financial year also increased by 45 per cent year-on-year, amounting to EUR 45.0 million (MEUR 31.2). This was due to the increased number of pelts and higher price level. The bulk of net turnover, 92 per cent (92%), consisted of commission fees collected from fur breeders and buyers. The commission fees from producers accounted for 29 per cent (37%) and the commission fees from buyers for 63 per cent (55%) of the Group's net turnover. The remainder was generated from sales of pelting services and breeding animals to producers, offered restaurant and congress services and sales proceeds from the company's own pelts. The share of commission fees collected from Finnish customers, both producers and buyers, was 15 per cent (18%) and the share of commission fees collected from international customers was 78 per cent (74%). Of the net turnover, 12.9 per cent (19.6%) were generated in the first quarter of the financial year, 14.1 per cent (11.0%) in the second quarter, 38.4 per cent (34.9%) in the third quarter and 34.6 per cent (34.6%) in the final quarter of the financial year.

## **Financial performance**

*Review period 1 June – 31 August 2010*

In the final quarter of the financial year, operating expenses amounted to EUR 9.1 million (MEUR 8.9). Net financial income for the final quarter increased by 70 per cent year-on-year, amounting to EUR 840,000 (EUR 490,000). Consolidated profit before taxes for the final quarter stood at EUR 7.3 million (MEUR 3.1).

*Financial period 1 September 2009 – 31 August 2010*

Costs for the financial year were up eight per cent year-on-year, totalling EUR 38.3 million (MEUR 35.4). Of the costs, 18.9 per cent (21.0%) were generated in the first quarter of the financial year, 29.6 per cent (28.4%) in the second quarter, 27.8 per cent (27.5%) in the third quarter and 23.7 per cent (23.2%) in the final quarter of the financial year. Personnel expenses rose by 13 per cent to EUR 15.5 million (MEUR 13.7) and other operating expenses by four per cent to EUR 17.8 million (MEUR 17.1). As a result of the growth in the volume of pelts traded and higher prices, the SAGA marketing fees and representation fees paid to IFTF, included in other operating expenses, rose by a total of 20 per cent year-on-year, amounting to EUR 5.4 million (MEUR 4.5 million). Because of substantial improvement of the market conditions for fur pelts over the financial year, the consolidated operating profit was better than was expected at the beginning of the year. Consolidated operating profit for the entire financial year improved by EUR 11.2 million and showed a profit of EUR 7.3 million (a loss of MEUR 3.9).

Net financial income for the financial year doubled year-on-year, totalling EUR 3.3 million (MEUR 1.7). Net interest income was EUR 3.8 million (MEUR 2.8), exchange rate losses were EUR 0.3 million (exchange rate profit MEUR 0.5) and credit losses on the financing extended to fur breeders were EUR 0.1 million (MEUR 1.6).

Profit before tax for the entire financial year stood at EUR 10.6 million (MEUR -2.2) and profit for the period was EUR 7.8 million (MEUR -1.7). Return on equity for the financial year was 14.4 per cent (-3.1%), and earnings per share were EUR 2.17 (EUR -0.47).

The Group's gearing ratio was 53.1 per cent (46.5 per cent). The solvency remained good throughout the financial year. The consolidated balance sheet totalled EUR 111.3 million (MEUR 114.3). Equity per share was EUR 15.94 (EUR 14.33).

## **Capital expenditure and development**

Consolidated gross capital expenditure totalled EUR 1.5 million (MEUR 2.0), representing 3.4 per cent of net turnover. Of the capital expenditure, 63 per cent were spent on renovation of the Fur Center, 31 per cent on other tangible and intangible assets in the parent company and six per cent in tangible and intangible assets in the subsidiaries.

## **Human resources**

During the financial year, the company employed an average of 307 persons, two less than the previous financial year. The majority of the staff are fixed-term employees, engaging in various jobs relating to the handling of fur pelts.

The number of staff employed by the Group was as follows:

	2009/2010	2008/2009	2007/2008
Average number of staff	307	309	312
- permanent staff	135	134	135
- fixed-term staff	172	175	177
Number of staff at financial year end on 31 August	207	176	201

### Share performance

The company's Series C share is listed on NASDAQ OMX Helsinki Ltd on the Small Cap list under the Industries and Services sector. The value of shares traded in the financial year totalled EUR 10.0 million and the volume came to 1,200,000 shares, representing 45 per cent of the company's Series C shares. The highest price in the financial year was EUR 9.87, the lowest was EUR 6.45 and the average price was EUR 8.17. The Series C share closed at EUR 9.45 (EUR 8.33). The market value of the company's shares totalled EUR 34.0 million on 31 August 2010 (MEUR 30.0).

### Decisions by the Annual General Meeting

Finnish Fur Sales' Annual General Meeting (AMG), held on 21 January 2010, adopted the financial statements for the financial year, discharged the members of the Board of Directors and the Managing Director from liability and resolved to distribute a dividend of EUR 0.42 per share in accordance with the Board's proposal. The dividend was paid on 2 February 2010. Furthermore, based on the proposal of the Finnish Fur Breeders' Association, the AGM decided to authorise Finnish Fur Sales' Board of Directors in accordance with Chapter 13, Section 6, Paragraph 2 of the Companies Act to decide on an additional dividend of a maximum of EUR 0.18 per share. On the basis of this authorisation, on 23 June 2010 the Board of Directors decided on an additional dividend, which was paid out on 17 August 2010.

The AGM elected the following Board members for a term ending upon the next AGM: Jorma Kauppila, fur producer; Markku Koski, fur producer; Pentti Lipsanen, fur producer; Esa Rantakangas, fur producer; Rainer Sjöholm, fur producer; and Helena Walldén, M.Sc. (Tech.). The Board of Directors elected Jorma Kauppila the Board Chairman and Markku Koski the Vice Chairman. Ernst & Young Oy continues as the company's Auditor, with Jan Rönnerberg, Authorised Public Accountant, acting as the chief auditor.

In addition, the AGM approved the Board's proposal for the amendment of Articles 2, 4, 9, 12 and 13 of the Articles of Association.

### Risks and business uncertainties

The risks associated with the business of Finnish Fur Sales include business risks, property and damage risks, financial risks and operational risks. The risks described below include elements from more than one main category. The company aims to manage and limit the possible effects of risks. If, however, these risks were realised, they could considerably hamper Finnish Fur Sales' business, financial position and financial performance.

#### *Economic fluctuation and changes in exchange rates*

Pelt prices can fluctuate strongly. Because fur farming follows an annual cycle, Finnish Fur Sales needs at least six months to adapt to the price changes. These elements involve

considerable risks with respect to the company's financial performance. The bulk of pelts offered during the financial year are sold at the auctions held in March and June, when the demand is highest. At this point, most of the costs have already been incurred.

As a result of the global economic crisis, the government of China initiated massive recovery measures, which encouraged the Chinese to consume. Home market-driven economic growth has continued in China. At the auctions held in the financial year, more than two thirds of the offerings were sold to the Hongkong/China market. This means that the sales of Finnish Fur Sales are increasingly becoming dependent on a single, unpredictable market.

Weakening of the US dollar and other currencies tied to it poses a risk on the company's business. Most of the pelts sold by Finnish Fur Sales go outside the euro zone, and the world market price for pelts is determined in USD even when the company's currency of sale is the Euro. On the other hand, strengthening of the US dollar considerably improves the company's business outlook. Management of currency risks is described in detail in the Notes to consolidated financial statements.

Possible decrease in the use of furs as a result of changing fashion trends is clearly a risk for the company. Sharp increase of pelt price levels increases the risk that the fashion industry will start looking for less expensive alternatives for Saga furs. The company is engaged in active marketing and product development of Saga furs in order to influence the choices of the international world of fashion. The goal is to modernise fur as material and find new uses for fur in order to establish a stable position in the world of fashion.

#### *Image risks and political risks*

The image risks and political risks associated with furs are important for the company, because it would be impossible to stay in business if breeding of fur animals and trading in pelts were not allowed.

#### *Risks associated with fur farming*

The image of fur farming is essentially important for the company. The activities of animal rights organisations aiming to create a negative image of fur farming pose an image risk for the entire international fur trade. On the level of impression, this affects European decision-makers, who are not familiar with the industry. In many countries, there is increasing pressure to enact laws that would make fur farming unprofitable, virtually impossible or illegal in the country in question.

The political risks associated with the justification of fur farming remain considerable. The political climate is favourable for fur farming in countries with the highest production volumes, such as Finland and Poland and, as regards mink farming, Denmark. However, the situation may be changing. The small-scale fox farming in Denmark will be banned after a transition period. In the fourth important fur producer country, the Netherlands, fox farming is illegal, and the Second Chamber of the parliament has decided on banning mink farming. However, the First Chamber has not approved the law.

The company encourages Finnish fur farms to acquire certification. In 2010, more than 60 per cent of Finnish fur production was covered by certification. Finnish fur farm certification is a quality assurance and environmental system that emphasises responsibility, traceability and transparency and covers all parts of the fur farming process. The company is expanding the certification system to other producer countries which are important for the company's business. The company wants to link the use of the Saga brand more closely to certification. The certification system in Finland is based on audits performed by an external, neutral auditor, Inspecta Sertifiointi Oy.

## Risks associated with pelt trade

The markets for pelts are largely located in areas where trading habits, administration and regulations are very different from what we are used to in the EU and the United States. In particular, this applies to China and Russia, where changes are also difficult to predict. Finnish Fur Sales will continue its efforts to get the Chinese government to gradually lift import duties it was allowed to retain when it became a member of the WTO.

In the Netherlands there is an ongoing process aiming to ban fox pelt trade and fox fur products. The company is closely following the process. In the USA, an effort was made to change a trade item name in order to complicate trade of raccoon pelts and products made of them. This, however, is off for the time being.

Finnish Fur Sales aims to reduce trade-related risks in co-operation with the International Fur Trade Federation (IFTF), the Finnish Government and the European Commission.

### *Changes in pelt production*

As a result from the increase of prices, vigorous growth of pelt production in different parts of the world may eventually lead to overproduction. Finland has again become the leading fox pelt producer in the world. However, production in China may increase, in particular if good breeding animals are sold to China. Currently the Chinese are focusing on mink pelt production, which has started to grow again. The Chinese government is supporting domestic production by imposing high import duties.

If the relative competitiveness of European fur production is reduced as a result of increased costs and changes of legislation, this may have a considerable impact on the extent of fur production in Western Europe. This would affect the number of pelts collected by the company.

Concentration of pelt production to larger units means higher financial risks for Finnish Fur Sales. On the other hand, the change of customer base will improve the company's opportunities to increase the number of pelts sold. This will enhance the company's financial position and, consequently, the company's possibilities to survive in the event that risks are realised.

### *Financial Risks*

The business of Finnish Fur Sales involves various financial risks, such as currency risk, risk relating to short-term financing and cash management, interest rate risk, credit risk and other counterparty risk, and commodity risk. A more detailed description of the different financial risks and hedging against them can be found in Notes to the consolidated financial statements, item 26.

## **Main events following the end of the financial year**

Finnish Fur Sales' auction on 20 to 25 September 2010 was the company's largest fox auction in 20 years: more than 830,000 fox pelts were offered for auction, which is 40 per cent more than in the corresponding auction a year earlier. Nearly all the pelts were sold, and the blue fox price level continued to rise despite the ten per cent weakening of the US dollar. In addition, more than 700,000 mink pelts, 40,000 Finnraccoon pelts and 20,000 Karakul lamb pelts were sold. The value of sales was EUR 103 million, a double amount compared with the corresponding auction a year earlier.

## **Estimate on business development in the new financial year**

In addition to the auction held in September 2010, this financial year Finnish Fur Sales will hold an auction on 20 to 22 December 2010, 21 to 25 March 2011 and 8 to 13 June 2011. In these auctions, the company aims to offer 6.0 million mink pelts, 1.4 million fox pelts, 100,000 million Finnraccoon pelts and 250,000 Karakul lamb pelts.

World production of mink pelts has increased by more than five per cent year-on-year. This growth has mainly taken place in China. A slight growth is expected in the number of mink pelts sold through the company. World production of fox pelts will remain unchanged. The number of fox pelts received during the financial year is expected to decrease, because in the previous financial year, in addition to normal production, pelts kept in frozen storage were offered for sale. However, the number of fox pelts sold through the company during the financial year is expected to remain unchanged, because part of the pelts kept in frozen storage were sold at the first auction of the financial year.

Popularity of furs will continue to increase in the Chinese home market, and the quality and quantity of Chinese pelt production do not meet the need. In addition, the revival of the Russian market and the huge popularity of furs in international fashion predict continuation of good market conditions. However, the retail season for fur garments is only just beginning. Acceptance of the current high price level in retail trade requires a stable economic situation and a proper winter. Any problems in retail trade would quickly be reflected on auction prices. This would increase the financial risk relating to receivables from buyers in the current financial year.

Structural problems in economies of the Euro zone and the United States and the continuously growing Chinese current account surplus will make it difficult to foresee development of the Euro in relation to the US dollar. If the dollar is clearly weaker during the auction season compared with the previous financial year, this will weaken the result, unless the international price level of pelts increases accordingly.

## **Board of directors' proposal for the distribution of profit**

On 31 August 2008, the parent company's distributable assets were as follows:

- retained earnings	24,248,483.35
- profit/loss for the financial year	8,428,133.25
- to be transferred to the counter-cyclical budgetary fund in accordance with the Articles of Association	-842,813.33
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	31,833,803.27

## **The Board of Directors proposes to the Annual General Meeting convening in Kokkola on 21 January 2011 that**

- a dividend of EUR 0.90 per share (totalling EUR 3,240,000) be paid to shareholders from the distributable funds for 1 September 2009 – 31 August 2010
- EUR 850,000 be transferred to the counter-cyclical budgetary fund
- and the balance left in Retained earnings.

The proposed date for dividend payment is 2 February 2011.



## Consolidate statement of financial position, IFRS

EUR 1.000

<b>ASSETS</b>	<b>31 Aug 2010</b>	<b>31 Aug 2009</b>
<b>Non-current assets</b>		
Property, plant and equipment	23 212	24 278
Intangible assets	833	1 091
Available-for-sale investments	482	451
Long-term receivables from fur breeders		
	<u>788</u>	<u>654</u>
Non-current assets, total	25 316	26 475
<b>Current assets</b>		
Inventories	697	649
Interest-bearing receivables from buyers	46 029	31 645
Interest-bearing receivables from fur breeders	25 072	35 395
Non-interest-bearing receivables	8 070	16 557
Tax assets based on taxable income for the financial year	0	1
Cash and cash equivalents	6 167	3 579
Current assets, total	<u>86 034</u>	<u>87 827</u>
Total assets	<u>111 350</u>	<u>114 302</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
	<b>31 Aug 2010</b>	<b>31 Aug 2009</b>
<b>Equity attributable to parent company's shareholders</b>		
Share capital	7 200	7 200
Share premium account	254	254
Other funds	13 470	13 470
Translation difference	59	59
Fair value reserve	165	125
Retained earnings	36 234	30 488
Shareholders' equity, total	<u>57 382</u>	<u>51 597</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	2 893	2 469
Interest-bearing liabilities	0	15
Non-current liabilities, total	<u>2 893</u>	<u>2 484</u>
<b>Current liabilities</b>		
Interest-bearing liabilities	35 543	47 604
Trade and other payables	14 079	12 554
Deferred taxes based on the taxable income for the financial year		
	<u>1 452</u>	<u>64</u>
Current liabilities, total	<u>51 074</u>	<u>60 221</u>
Total liabilities	53 967	62 705
Total shareholders' equity and liabilities	<u>111 350</u>	<u>114 302</u>

## Consolidated statement of comprehensive income

EUR 1.000	1 Jun 2010- 31 Aug 2010 3 mo	1 Sep 2009- 31 Aug 2010 12 mo	1 Jun 2009- 31 Aug 2009 3 mo	1 Sep 2008- 31 Aug 2009 12 mo
Net turnover	15 575	45 038	10 771	31 158
Other operating income	-13	551	62	294
Materials and supplies	-1 123	-2 121	-654	-1 631
Employee benefits	-2 952	-15 511	-2 220	-13 697
Depreciation and impairment loss	-716	-2 821	-784	-2 890
Other operating expenses	-4 300	-17 833	-4 531	-17 133
Operating profit/loss	6 472	7 303	2 644	-3 899
Financial income and expenses	839	3 303	493	1 662
Profit/loss before tax	7 311	10 605	3 137	-2 238
Income tax	-1 868	-2 785	-841	553
Net profit/loss for the reporting period	5 443	7 820	2 296	-1 684
<b>Other comprehensive income</b>				
Actuarial losses	0	-481	-297	-297
Off-balance sheet receivables under IAS 19.58	0	597	421	223
Available-for-sale investments	33	53	54	-14
Translation differences	-1	0	-1	3
Taxes included in other items in comprehensive profit/loss	-8	-44	-46	23
Other comprehensive income/expense, net of tax	23	125	131	-62
Total comprehensive income/expense	<b>5 466</b>	<b>7 945</b>	2 427	-1 745
Earnings per share, EUR, basic (EUR) *)	1,51	2,17	0,64	-0,47

\*) There are no factors diluting the key performance indicator

## Consolidated statement of cash flow

EUR 1.000	2009/2010 12 mo	2008/2009 12 mo
<i>Cash flow from operating activities</i>		
Payments received for selling on commission	433 197	253 327
Cash received from other operating income	234	280
Cash paid for other operating expenses	-411 038	-254 960
Cash flow from operating activities before financial items and taxes	22 392	-1 354
Interests, paid	-1 121	-2 776
Other financial expenses	-502	-1 725
Interest, received	4 685	5 622
Other financial income	2	549
Dividend income	0	10
Direct taxes paid	-1 086	-78
Net cash flow from operating activities (A)	24 370	249
<i>Cash flow from investment activities</i>		
Investments in tangible and intangible assets	-1 548	-2 044
Proceeds from sale of tangible and intangible assets	62	59
Investments in other assets	0	0
Proceeds from investments in other assets	22	0
Net cash flow from investments activities (B)	-1 464	-1 984
<i>Cash flow from financing activities</i>		
Withdrawal of short-term borrowings	-18 183	2 499
Re-payments of short-term borrowings		
Re-payments of long-term borrowings	-15	-67
Dividends paid	-2 121	-2 474
Net cash flow from financing activities (C)	-20 319	-42
Change in cash flows (A+B+C) increase (+) / decrease (-)	2 587	-1 778
Cash and cash equivalents, 31 Aug	6 167	3 579
./ Cash and cash equivalents, 1 Sep	3 579	5 357
Net change in cash and cash equivalents	2 587	-1 778

## Consolidated statement of changes in shareholders' equity

	Share capital	Share premium account	Other funds	Translation difference	Fair value reserve	Retained earnings	Before minority interests	Minority interests	Total
Shareholders' equity, 1 Sep 2008	7 200	254	13 200	57	136	35 016	55 863		55 863
Result for the reporting period						-1 684	-1 684		-1 684
Other comprehensive income/expense				2	-10	-54	0		-62
Dividend						-2 520	-2 520		-2 520
Transfer to counter-cyclical budgetary fund			270			-270	0		0
Shareholders' equity, 31 Aug 2009	7 200	254	13 470	59	125	30 488	51 597	0	51 597
Shareholders' equity, 1 Sep 2009	7 200	254	13 470	59	125	30 488	51 597		51 597
Result for the reporting period						7 820	7 820		7 820
Other comprehensive income/expense					39	86	125		125
Dividend						-2 160	-2 160		-2 160
Shareholders' equity, 31 Aug 2010	7 200	254	13 470	59	165	36 234	57 382	0	57 382

## Key performance indicators

	<b>2009/2010</b>	2008/2009
	<b>12 mo</b>	12 mo
Total sales, EUR 1,000	<b>441 813</b>	248 418
Net turnover, EUR 1,000	<b>45 038</b>	31 158
Operating profit/loss, EUR 1,000	<b>7 303</b>	-3 900
% of net turnover	<b>16,2 %</b>	-12,5 %
Profit before taxes, EUR 1,000	<b>10 605</b>	-2 236
% of net turnover	<b>23,5 %</b>	-7,2 %
Earnings per share, EUR	<b>2,17</b>	-0,47
Equity per share, EUR	<b>15,94</b>	14,33
Return on equity (ROE)-%	<b>14,4 %</b>	-3,1 %
Return on investment (ROI)-%	<b>12,6 %</b>	0,5 %
Equity-to-assets ratio, %	<b>53,2 %</b>	46,5 %
Gearing	<b>0,51</b>	0,85
Gross capital expenditure, EUR 1,000	<b>1 548</b>	2 044
% of net turnover	<b>3,4 %</b>	6,6 %
Average number of personnel	<b>307</b>	309

### Principles for calculating key performance indicators:

Return on equity (ROE)-%	= Profit/Loss for the financial period x 100 / shareholders' equity *)
Return on investment (ROI)-%	= (Profit/Loss before taxes + interests and other financial costs - credit losses) x 100 / (balance sheet total - non-interest-bearing short-term liabilities) *)
Equity-to-assets ratio, %	= Shareholders' equity x 100 / (balance sheet total - advances received)
Gearing	= (Interest-bearing borrowed capital - cash and securities and financial securities ) shareholders' equity
Earnings per share, EUR	= Profit/Loss for the financial period / adjusted average number of shares
Equity per share, EUR	= Shareholders' equity / adjusted number of shares on the balance sheet date

\*) The divisor applied to the key performance indicators is calculated as the average of the numbers in the balance sheet of the financial period and of the previous financial period.

## Commitments and contingencies

EUR 1.000

31 Aug 2010

31 Aug 2009

### Mortgages given and receivables pledged in security for debt

Loans from financial institutions	14 370	32 423
Mortgages on property	54 071	54 071
Mortgages on company assets	2 691	2 691
Pledged receivables	1 700	340

### Other contingent liabilities

Guarantees on behalf of others	0	5 302
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### Derivative contracts

Forward exchange agreements	29 495	29 856
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### Property investments

The Group is obliged to check the VAT deductions made on real estate investments completed in 2007 and 2008 if taxable use of the real estate decreases during the inspection period. The maximum amount of liability is EUR 135,000 and the last year of inspection is 2019

## Related Party Transactions

### Transactions with related parties:

	2009/2010 12 mo	2008/2009 12 mo
Net turnover		
- subsidiary	2 965	9 063
- other immediate circle	316 846	309 263
Other operating income		
- parent company	42 636	42 636
- subsidiary	26 384	0
Other operating expenses		
- parent company	-25 078	-48 604
- subsidiary	-3 519 818	-3 055 016
Financial income		
- other immediate circle	20 582	37 652

	<b>2009/2010</b>	2008/2009
Financial expenses		
- parent company	<b>-17 436</b>	-48 604
- other immediate circle	<b>-27 156</b>	-27 055
Related party receivables		
- subsidiary	<b>0</b>	31 795
- other immediate circle	<b>252 026</b>	175 760
Related party liabilities		
- parent company	<b>-1 004 491</b>	-959 574
- subsidiary	<b>-403</b>	0
- other immediate circle	<b>-1 778 806</b>	-1 128 347

### **Management compensation**

Remuneration and other short-term employee benefits	<b>857</b>	840
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Management consists of the Board of Directors, the Managing Director, the Managing Director's Deputy and the rest of the parent company's Management Group.

Vantaa, November 29<sup>th</sup> 2010

FINNISH FUR SALES  
Board of Directors