

FINNISH FUR SALES

70 YEARS



ANNUAL REPORT SUMMARY

1.9.2007 - 31.8.2008

FINNISH FUR SALES IN BRIEF



Finnish Fur Sales is an international fur auction company, established 70 years ago and primarily engaged in the collection, grading and sale under commission of fur skins at fur auctions, arranged five times a year at the Fur Center in Vantaa, Finland.

Finnish Fur Sales belongs to the Norwegian-Finnish-Danish Saga Cooperative that is responsible for the SAGA® brand and its marketing. SAGA® is the best known fur trademark in the world and all SAGA® labelled mink, fox and finnraccoon skins are sold exclusively at Finnish Fur Sales.

Finnish Fur Sales is the only publicly listed fur auction company in the world.

We provide services for two main customer groups:

- 1) Skin collection, brokerage and sales services for mainly European fur breeders and other skin suppliers.
- 2) A wide selection of fur skins in our auctions for international fur brokers, fur garment manufacturers and representatives of the fashion and textile industries.

Finnish Fur Sales operates internationally but it has its roots in Finland. In cooperation with its main owner the Finnish Fur Breeders' Association, the company **AIMS TO ENSURE THAT FUR FARMING REMAINS PROFITABLE IN FINLAND** and that at least the present level is maintained.

The **MISSION** of Finnish Fur Sales is to provide its customers – both skin suppliers and buyers – with comprehensive skin brokerage services.

The company's **VISION** is to be the world's leading fur skin provider. The company aspires to be the first choice of its customers.

The company's **CORE VALUE** is **CUSTOMER CONFIDENCE**.

Other values, which support the core value and strengthen confidence, are **HONESTY, RESULT ORIENTATION, CONTINUOUS DEVELOPMENT** and **RESPECT FOR PEOPLE**.

- **HONESTY** means that all stakeholders can rely on the company's performance. Promises made are promises kept.
- **RESULT ORIENTATION** means that we operate a profitable business, distribute dividends according to profits, and maintain sufficient equity. It also means that we aim for the highest possible quality in all our performance, products and services.
- **CONTINUOUS DEVELOPMENT** means that we anticipate customer needs and are open to new ideas. We strive to be a trendsetter in the industry.
- **RESPECT FOR PEOPLE** means that we believe in tolerance. We respect each other and appreciate the diversity of people. It means that we listen to our customers, staff and other stakeholders and encourage them. Respect for people means succeeding together.

MANAGING DIRECTOR'S REVIEW



Dear Shareholders,

In the financial period, Finnish Fur Sales made history again when it sold a record-breaking nearly 9.5 million pelts, of which Saga pelts produced in the EU and Norway accounted for 90 per cent. The weakening US dollar, which reduced prices in euro terms and the company's operating profit, posed a challenge to us. Despite a strong reduction in production volumes, the price level for Blue fox pelts continued to be unsatisfactory. The mink market was dominated by China and the fox market by Russia. The fashion was strongly on our side.

Although the focus of pelt purchases shifted more and more to the East, the foundation for our competitiveness was and still is the fact that we are European. The EU is still the leading fur production area in the world with the strictest animal welfare standards in the world. European couturiers create the latest trends in fashion. The demand from Russia benefits the Greek and Turkish fashion and fur industry, and the Italian haute couture. The international textile industry's, which is an increasingly important user of our products, corporate social responsibility programmes with their codes of ethics are founded on Western values.

In 2008, Finnish Fur Sales celebrated its 70th anniversary and its biggest owner, the Finnish Fur Breeders' Association, its 80th anniversary. Such a long journey has given us a strong position in the entire European economic and cultural history. We are committed, persevering and able to turn threats into opportunities.

The focus of the anniversary year was on responsibility, which is the operating principle of the company, the Finnish Fur Breeders' Association and the Saga Furs of Scandinavia Cooperative. Responsibility means adhering to the best practices of animal husbandry and production conditions, sales and marketing of pelts, tracking changes in the business environment, and listening to customers. We wanted to show that we are on the cutting edge of development in all these areas.

These matters become more and more important as the composition of our buyers changes. Customers from the textile industry, who want added value to their prod-

ucts by using fur, are not as familiar with the industry as the traditional fur trade is. The fur farm certification scheme, which was initiated by the Finnish Fur Breeders' Association and in which FFS encourages its customer producers to join with its bonus system, proved to be a necessary tool for approaching new customer groups. It is the first step towards responsible operations.

Finnish Fur Sales' long-term goal is that only pelts from certified farms would be eligible for the Saga® trademark. In the first phase of the plan, this will apply to the Finn raccoon pelts the company receives for sale in the 2009/2010 sales season. In the next phase, the aim is to apply the system gradually to fox pelts. Also other EU producer countries and Norway have shown interest and willingness to implement a similar system.

In the end, it is the customers who decide whether there is a market for a product or not. In order to ensure consumer confidence, the entire production chain has to be working properly. Therefore, an auction house is not merely a pelt department store but an increasingly important operator that digests and filters diverse market information, a showcase for the entire industry.

Although the 70-year-old company operates internationally, it has its roots in Finland. In order for the company and the industry it represents to be credible in the eyes of the world, they have to be credible on their own ground. This is the capital we need as we approach the new decade.

The foundation for continuous success is personnel committed to the company, customers, shareholders, and other stakeholders, to whom I wish to extend my warmest thanks.



Pirkko Rantanen-Kervinen

RESPONSIBLE BUSINESS AT FINNISH FUR SALES

SAGA FURS



ORIGIN ASSURED
FARMED FUR

THE FUR IN THIS
PRODUCT COMES FROM
A COUNTRY WHERE
NATIONAL OR LOCAL
REGULATIONS OR
STANDARDS GOVERNING
FUR PRODUCTION
ARE IN FORCE

Principles of responsible business

Finnish Fur Sales as part of the Saga Group

Finnish Fur Sales is an international fur auction company, primarily engaged in the sale under commission of fur pelts in auctions, usually arranged five times a year at the Fur Center in Vantaa, Finland. The company is a member of the Saga Furs of Scandinavia marketing cooperative (Saga Furs), which the Saga Design Center is a part of.

The company belongs to the Saga Group, whose principles of corporate social responsibility programme form the basis for its principles of responsible business. All Saga® labelled mink, fox and Finn raccoon skins are sold exclusively at Finnish Fur Sales' auctions. Other companies in the Saga Group are Oslo Fur Auctions Ltd from Norway and Saga Furs, located in Vedbaek, Denmark. Oslo Fur Auctions Ltd is responsible for collecting and grading Norwegian mink and fox pelts and supplying them to Finnish Fur Sales' auctions. Saga Furs is in charge of product development of Saga® mink, fox and Finn raccoon pelts as well as cooperation with international designers and fashion houses.

High pelt quality, good animal husbandry, and traceability of the production chain

The competitiveness of Finnish Fur Sales and of European fur farming is based on, besides high pelt quality, good animal husbandry and the traceability of the production chain. The company's target is that these factors become more clearly visible also in the prices paid for the pelts. It is part of the company's financial and social responsibility to encourage customer producers to adopt modes of operation that improve future competitiveness and are ethically as sustainable as possible. Everything is based on the values of the company: customer confidence, honesty, profitability as well as continuous development and respect for people. Responsible business supports the company's vision to be the world's leading seller of fur pelts, the first choice of its customers.

Global Compact Initiative

In October 2008, Finnish Fur Sales joined the UN's Global Compact Initiative together with the other companies belonging to the Saga Group. Global compact Initiative is the most internationally recognized code of responsible corporate practices. The company has committed itself to complying in its operations with its ten principles and reporting to the UN annually on their implementation. The reporting period is the same as the company's financial period 1 September–31 August.

Monitoring, reporting and providing information

Finnish Fur Sales' Director of Communication and CSR (Corporate Social Responsibility) is responsible for monitoring the performance of the CSR Programme and re-

porting on it to the rest of the management group. The goal for the coming financial period is to make the programme more known among the personnel in Finland, and among the company's overseas representatives and persons responsible for Saga's regional marketing. CSR communications are included in the Saga Group's training programmes aimed at the retail trade sector.

Contributions to society

As an important financier, the company actively participates in the work of IFTF (International Fur Trade Federation) on preserving the justification for and the conditions of the whole industry. The company's representative has a seat in the IFTF Executive Board. The company is also a member of Fur Finland, IFTF's Finnish member association, and its representative is the vice-chairman of the association. The company aims to ensure that the whole chain from primary producers to manufacturers and the retail trade is streamlined as much as possible, especially in the EU and Norway, where most of the customer producers are located, in order to prevent political threats in Europe and maintain the credibility of the industry in the internal market. In order to accomplish these goals, the company also cooperates closely with the Finnish Fur Breeders' Association and the European Fur Breeders' Association, EFBA, and established an Interest Group Unit during the last financial period to coordinate and manage the relationships.

Environmental responsibility at Finnish Fur Sales

Guarantee of origin

In December 2006, the company launched its OA™ (Origin Assured) programme together with IFTF and three other international auction houses. The OA label is included in the Saga trademark, offering the guarantee that Saga fox, mink and Finn raccoon pelts sold at auctions have been produced in countries enforcing national fur animal welfare legislation. The OA pelts in the company's selections originate from the EU or Norway. Professional auctioning guarantees that each pelt can be traced all the way back to its farm of origin (Saga Traceability System). The company trusts the information the customer producers and their organizations provide on the compliance with animal welfare regulations and other soundness of operations, as well as the scope of the monitoring incorporated into EU legislation. On commission from IFTF, an independent Swiss auditing firm, Cotecna Limited, is monitoring the correctness of the OA programme from the auction house to the retail trade.

Finnish Fur Breeders' Association's farm certification

The certification system established in collaboration be-

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tween the Finnish Fur Breeders' Association and its interest groups is based on current animal welfare and environmental legislation, which is complemented with regulations exceeding the requirements of law. The criteria are revised annually. A farm wanting to be certified will first go through an auditing process with an adviser hired by the association. It is examined during the process, both in writing and by means of inspection visits, whether the farm meets the criteria. A farmer, who is awarded a certificate, has committed himself to continuous documentation and external monitoring of his operations. If a farm fails to comply with a criterion, and improvements are not made within a prescribed time, the farmer will have to relinquish the certificate.

In the previous financial period, the company modified its quality bonus system so that it supports more clearly those production units that are already certified or have commenced the certification process. The trend has been further strengthened for the current financial period; the goal of the company and the Finnish Fur Breeders' Association is for the entire Finnish production to be certified by 1 January 2011. With regard to Finn raccoon pelts, the goal is that in the 2009/2010 sales season only pelts originating in certified farms will be eligible for the Saga® trademark. The common goal is to obtain external auditing for the certification system in the coming years.

Because 75 per cent of the company's Saga® mink pelts originate from EU countries other than Finland, and from Norway, the company encourages the implementation of similar quality systems in other countries as well.

The most extensive traceability possible and its documentation have contributed to many department store chains and international fashion companies having chosen Finnish Fur Sales as their raw material supplier and using only pelts eligible for the Saga® trademark. The company organizes excursions to fur farms for the people in charge of CSR for its cooperation partners on a regular basis.

Support for the protection of the Baltic Sea

The protection of the Baltic Sea is a common challenge for Finland, Poland and the Baltic Countries, which are all important market areas for the company. The Baltic Sea relates to fur production also in that, according to studies, fishing of Baltic herring for fur animal feed reduces

the phosphorus and nitrogen loads to the sea. Finnish Fur Sales and the Finnish Fur Breeders' Association donated their joined 70th and 80th anniversary contributions to the John Nurminen Foundation, which was established for the purpose of protecting the Baltic, and a decision was made to support the foundation also in future.

Energy and water consumption

The company aims to save energy in its operations by means of development of production methods, investments in energy-efficient machinery and equipment, and real-time monitoring of energy consumption. During the last financial period, energy savings were generated by optimizing the operating times of the Fur Center's air-conditioning units to correspond to the times of use of the premises. Lighting control has already been adopted in some of the storerooms, and the lights are turned off automatically after the working day. In future renovations, a lighting control system will be installed throughout the facility. The water consumption of the storage humidifiers has been reduced as much as possible considering the functionality of the system.

Waste sorting

The company minimized the generation of unsorted municipal waste by means of recycling. Almost all waste unsuitable for reuse is sorted. The separate collection of biodegradable waste began on 1 December 2008.

The company aims to decrease paper consumption by gradually developing its electronic services.

Social responsibility at Finnish Fur Sales Cultural pluralism and respect for difference

Finnish Fur Sales operates internationally. The personnel of the company and its producer and buyer customers represent a variety of nationalities, religions and cultures. Appreciation of people is the cornerstone of the company's social responsibility and respect for difference forms part of its business ethics.

Personnel

The Fur Center in Vantaa is one of the largest employers of immigrant labour in the Helsinki metropolitan area. In the last financial period, the company employed people of 23 different nationalities. In the last financial period, the company's subsidiary Oy Fur Center Ab participated in the Common Responsibility Campaign promoting respect for difference in the workplace organized by the

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Evangelical Lutheran Church of Finland and employed a person with an intellectual disability to help in the kitchen.

The company applies an annual bonus system to all its permanent employees and, after a certain period of service, also to temporary staff. The system, confirmed effective until further notice by the Board of Directors, the goals of which are reviewed annually, rewards employees on the basis of both the company's profits and the results of the collection of furs essential for the company's success.

Maintaining employment in rural areas

Although Finnish Fur Sales operates internationally and a large part of its turnover comes from outside Finland, a substantial part of the company's social responsibility activities are implemented in Finland. It is essential for the success and credibility of the company that fur farming is preserved in Finland at least to the present extent. A Finnish auction company contributes to the maintenance of rural employment and vitality of the Finnish/EU's countryside. When all indirect effects are taken into account, the industry employs as many as 20,000 people in Finland (MTT Agrifood Research Finland study, 2005). According to a survey conducted by EFBA (European Fur Breeders' Association) this year, fur farming offers employment to 60,000 people in Europe.

Securing the future of the industry

Training for fur farmers

The company has established long-term cooperation relationships with the Kannus Unit of the Central Ostrobothnia Rural Institute and the Swedish Vocational Institute in Korsholm, which both provide further training for fur farmers, to ensure that new professionally skilled producers enter the industry. According to the most recent producer customer survey, the average age of fur producers is 50 years. The survey revealed that fur farms will become larger and fewer in number by the year 2011, but the production volumes are expected to remain at the present level.

Cooperation with the University of Art and Design Helsinki and other institutions

Finnish Fur Sales has a cooperation agreement with the clothing and textile design department at the University of Art and Design Helsinki in order to increase young designers' interest in fur material. Saga Furs and Fur Finland are also involved in the cooperation. In the last finan-

cial period, the company supported one Master's final project and three other final projects for lower year students. The forms of cooperation included introduction to the industry and the company's operations—such as pelt grading—for students and their teachers, support of participation in fairs and Saga Design Center courses, donations of raw materials for final projects, and assistance in finding practical training positions.

The company also supports the Department of Fur Design at the Central Ostrobothnia University of Applied Sciences in Jakobstad by donating raw materials on a regular basis, for example.

Support for youth sports

The company provides annual support for sports clubs and particularly their youth training activities, mainly in the key area of fur farming in Finnish- and Swedish-speaking Ostrobothnia, and in Vantaa.

Donation for the victims of the Sichuan earthquake

The company made its own donation for the victims of the Sichuan earthquake in China through the Finnish Red Cross and also organized a collection among customers at its June auction.

Financial responsibility at Finnish Fur Sales

Responsible management of finances means that the company keeps its finances on a sustainable foundation, delivers solid returns to the shareholders in accordance with the dividend policy and fulfils its responsibilities as a responsible employer. Good financial performance also enhances the implementation of other duties.

Responsible management of finances becomes more important as the unpredictability of the pelt market increases. Demand and prices of pelts can vary greatly even between auctions in the same financial period. Owing to the industry's unusual sensitivity to economic fluctuations, risk management and the management of uncertainty factors in business are important parts of financial responsibility.

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Goals for the financial period running from 1 September 2008 to 31 August 2009

Provision of information on the CRS Programme

The goal is as follows:

- Through provision of information and training, the entire personnel will absorb the goals and meaning of the programme; in the current financial year, the focus is on the personnel in Finland.

Environmental responsibility

The goals are as follows:

- With regard to Finnracon pelts, only pelts originating in certified farms will be eligible for the Saga

trademark in the sales season starting in December 2009

- 60 per cent of Finnish fox and mink pelts will originate in certified farms
- Quality systems similar to the Finnish certification will be introduced in countries where Finnish Fur Sales is the market leader:

Energy and water consumption

The goal is as follows:

- Energy consumption will be reduced by five per cent.

Global Compact Initiative

The United Nations Global Compact Initiative, established in 2000, seeks to promote responsible corporate citizenship and ensure that business is part of the solution to the challenges of globalization. The initiative's mission is to realize a more sustainable and inclusive global economy.

Finnish Fur Sales has been an official participant in the Global Compact Initiative since November 2008. Companies the UN has accepted as participants commit themselves to the Global Compact's ten principles of corporate citizenship and report to the UN annually on their implementation.

The ten principles of Global Compact:

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. make sure that they are not complicit in human rights abuses.

Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour.
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges.
8. undertake initiatives to promote greater environmental responsibility.
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.



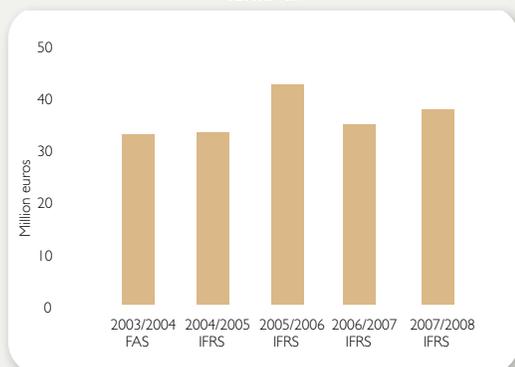
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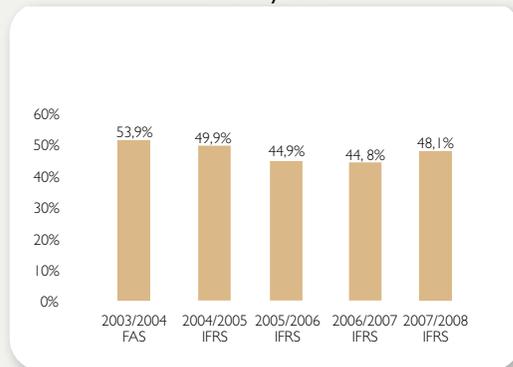
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Key performance indicators

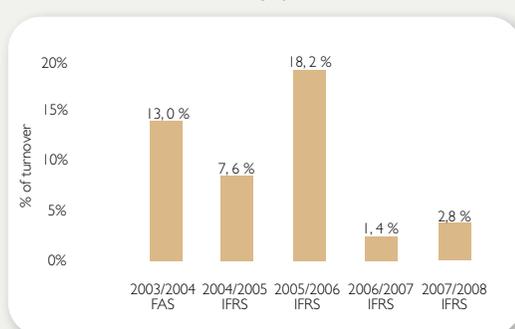
Turnover



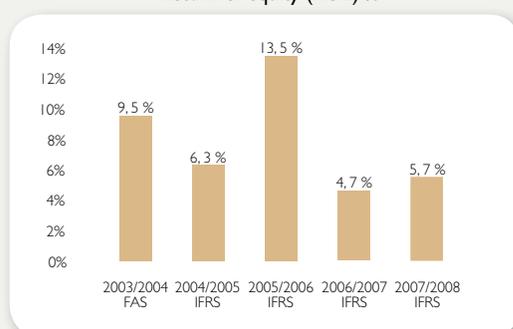
Solvency ratio



Profit



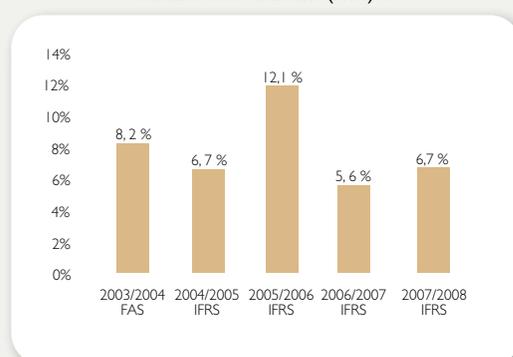
Return of equity (ROE) %



Profit before taxes



Return of investment (ROI) %



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Marked Increase in Pelt Volumes – Weakness of the Dollar a Blight

Finnish Fur Sales sold as many as 9.4 million pelts (8.4 million in the previous financial year) during the financial period 1 September 2007 – 31 August 2008. Sales in US dollar terms increased by 16 per cent, but owing to the weak US dollar, sales in euro terms increased only by one per cent.

Total sales reported by FFS came to EUR 325.7 million (322.9 million in the previous financial year). The US dollar rates were 18 per cent lower during the March auction this year than during the corresponding auction a year earlier. The US dollar remained weak throughout the financial period, which had an effect especially on fox pelt prices in euro terms.

US dollar prices for mink pelts increased by 11 per cent and euro prices by 4 per cent over the previous season's levels. US dollar prices of fox pelts increased by 7 per cent, whereas euro prices decreased by 6 per cent over the previous financial year's levels.

Earnings per share came to EUR 0.89 (EUR 0.75).

Operating profit totalled EUR 1.0 million, representing 2.8 per cent of net turnover (EUR 0.5 million and 1.4 per cent).

Group key figures

	2007/ 2008	2006/ 2007
Total sales, EUR million	325.7	322.9
Net turnover, EUR million	37.3	34.6
Operating profit, EUR million	1.0	0.50
Profit before taxes, EUR million	4.4	3.7
Earnings per share, EUR	0.89	0.75
Return on equity, (ROE) %	5.7	4.7
Return on investment, (ROI) %	6.7	5.6
Dividend proposed by the Board, EUR	0.70	0.70

Market Overview

Finnish Fur Sales collected more fur pelts than ever before in the company's history. The completion of the new mink grading centre enabled FFS to process the in-

creased number of pelts. Fox pelt volumes, in turn, decreased, since, in addition to a general decline in production, farmers stored pelts due to low price levels.

Finnish Fur Sales organised five auctions during the financial year, offering a total of 6.6 million mink pelts (5.6 million in the previous financial year), 2.2 million fox pelts (2.3 million), 510,000 Karakul lamb pelts from Afghanistan (360,000), and 140,000 (110,000) Finn raccoon pelts for sale.

Finnish Fur Sales and Oslo Fur Auctions Ltd extended their Norwegian mink and fox pelt sales cooperation agreement by a year to the end of the 2008/2009 sales season.

At the auctions for the financial year, major acquisitions were made by Hong Kong/China and Russia, as well as by Greece, Turkey and Italy, who manufacture garments for these two markets. At the auctions for the financial year, the demand was highest for pelts of the best Saga Royal and Saga grades. Price differences between quality grades were large.

Fox pelts were mainly sold for the fashion and textile industry as a raw material for gorgeous trimmings, with the demand being highest for Silver fox, its mutations and Blue Frost fox pelts. With respect to mink pelts, the demand was highest for Scanblack mink and various mutation mink pelts. Market conditions for Finn raccoon were weak throughout the financial period.

Net Turnover

Consolidated net turnover, totalling EUR 37.3 million (EUR 34.6 million), went up by 8 per cent year-on-year thanks to the increase in the number of pelts, with the majority of net turnover, 90 per cent, comprising sales commissions collected from fur breeders and buyers. The share of sales commissions from fur breeders was 33 per cent and that from buyers, 57 per cent of Group net turnover, while the remainder was generated from sales of pelting services and breeding animals to fur breeders, sales of restaurant and congress services and the sales proceeds of the company's own pelts. The share of commissions collected from domestic customers, both fur breeders and buyers, was 19 per cent and that from international customers, 71 per cent. Of net

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turnover, 9.6 per cent accumulated during the first quarter of the financial year, 18.7 per cent during the second, 41.7 during the third and 30.0 per cent during the last quarter of the financial year.

Financial Performance

Profit for the period totalled EUR 3.2 million (EUR 2.7 million) and return on equity was 5.7 per cent (4.7 per cent) while equity per share stood at EUR 0.89 (EUR 0.75). Earnings per share came to EUR 15.52 (EUR 15.81).

Operating expenses increased by 6 per cent year-on-year, totalling EUR 36.5 million (EUR 34.4 million). Of the expenses, 20.5 per cent accumulated during the first, 30.1 per cent during the second, 30.6 per cent during the third and 18.8 per cent during the last quarter of the financial year. A total of EUR 4.8 million (EUR 4.5 million) was spent on SAGA marketing during the financial year. Consolidated operating profit totalled EUR 1.0 million, representing 2.8 per cent of net turnover (EUR 500,000 and 1.4 per cent).

Net financial income increased by 5 per cent to EUR 3.3 million (EUR 3.2 million), while profit before tax was EUR 4.4 million (EUR 3.7 million).

The equity-to-assets ratio stood at 48.1 per cent (44.8 per cent).

Capital Expenditure

Consolidated gross capital expenditure totalled EUR 4.2 million (EUR 2.7 million during the previous financial year), accounting for 12 per cent (eight per cent) of net turnover, with 37 per cent of capital expenditure targeted at pelt processing and storage. The extension of the mink grading centre was completed and taken into use in December 2007.

Human Resources

The number of Group employees averaged 326 during the financial year, up by three year-on-year, the majority working on a fixed-term basis in a variety of duties related to pelt processing. Wages and salaries totalled EUR 11.4 million within the Group, and EUR 9.8 million within the parent company (EUR 10.8 million and EUR 9.3 million).

The table below shows the number of Group employees (previous financial year's figures in brackets):

Average number of employees	326	(323)
• permanent staff	134	(119)
• fixed-term staff	192	(204)
Number of staff on 31 Aug. 2008 (31 Aug. 2007)	201	(193)

Based on the volume of pelts collected and the return-on-equity ratio, the company applied an annual bonus system to its employees during the financial year, covering its entire staff after a certain period of service.

Share Performance

The company's series C shares are listed on the NASDAQ OMX Helsinki Ltd list in the Small Cap segment under the Industrials sector. The value of shares traded in the financial year totalled EUR 1.5 million and the volume 160,000, representing 6 per cent of the company's Series C shares. Series C shares closed at EUR 8.50 (EUR 10.55) at the end of the financial year, and the market capitalisation on 31 August 2008 totalled EUR 30.6 million (EUR 37.7 million).

Decisions by the Annual General Meeting

Finnish Fur Sales' Annual General Meeting, held on 14 January 2008, adopted the financial statements, discharged the members of the Board of Directors and the Managing Director from liability and decided, in accordance with the Board's proposal, to distribute a dividend of EUR 0.7 per share and transfer EUR 240,000 to the counter-cyclical budgetary fund.

The Board of Directors has no valid authorisation to make rights issues, or to issue convertible bonds or option rights.

Main Events after the Balance Sheet Date

The auction held between 15 and 19 September 2008, the first for the financial year and the last for the 2007/2008 sales season, was a success despite the rapid deterioration of global economic conditions. The 590,000 fox pelts and 910,000 mink pelts offered at the auction were sold at prices higher than at the June auction. In addition, 44,000 Finn raccoon and 270,000 Karakul lamb pelts were offered for sale. The demand for

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them was selective and part of the pelts was left to be sold at future auctions during the financial year.

In accordance with the new regulations approved at the SAGA Cooperative's Annual General Meeting on 29 October 2008, Finnish Fur Sales and Oslo Fur Auctions Ltd became members of the Saga Cooperative alongside with the Finnish Fur Breeders' Association and Norges Pelsdyrsalag. The companies also have their representatives at the Board of SAGA.

Finnish Fur Sales and Oslo Fur Auctions Ltd continued negotiations on renewing the sales cooperation agreement, in effect until the end of the 2008/2009 sales season.

Business Prospects for 2008/2009

In accordance with the preliminary offering programme, Finnish Fur Sales aims to offer 6.1 million mink pelts, 1.6 million fox pelts, 120,000 Finn raccoon pelts and 500,000 Karakul lamb pelts at the auctions in the coming sales season. Since the September auction, the international financial crisis has deepened and the fragility of the world economy has increased. It is almost impossible to predict, on the threshold of a new sales season, what kind of effect the economic crisis will have on the international fur trade and market prospects for the products. Because of the prevailing uncertainty and tightened financial situation, buyers are cautious and wait for retail sales results before making significant purchase decisions.

The results of the December auction, which opens the sales season, will not yet provide enough information on the development of the whole season, but the situation is expected to become clearer at the round of auctions in the spring. However, the results of the sales season's first auctions affect to what extent fur producers take pelts to be sold and to what extent they decide to store them. With regard to certain pelt types, this might have a significant impact on how many pelts of this type the company will obtain for sale.

The change in the basis of assessments of the Saga marketing fee will lower the Saga costs substantially in the financial period that began on 1 September 2008 when compared with the levels of the two previous financial periods. The part of Fur Center that was built in 1978

will be renovated during the financial year. If the demand for pelts is low and unsold pelts are transferred from one auction to another, space requirements and processing and renting expenses will increase.

Profit for the period is expected to be weaker than in the previous period.

Board of Directors' proposal for distribution of dividend

On 31 August 2008, the Parent Company's profit attributable to shareholders was as follows:

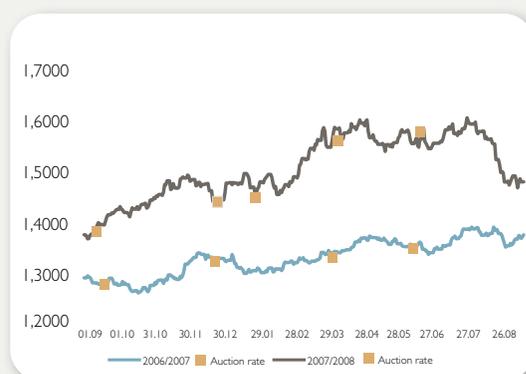
• Retained earnings	28,652,360.78
• Net profit for the financial year	2,604,410.03
• Entry in the counter-cyclical budgetary fund under the Articles of Association	-260,411.00
	<hr/>
	30,996,359.81

The Board of Directors proposes that

- A per-share dividend of EUR 0.70 be paid to shareholders for the financial year 1 September 2007–31 August 2008, using the profit attributable to shareholders, totalling EUR 2,520,000;
- EUR 270,000 be entered in the counter-cyclical budgetary fund and
- the remainder remain in retained earnings.

Data in this Financial Statements Bulletin are based on unaudited figures.

EUR/USD-exchange rate development during financial years 2007/2008 and 2006/2007







CONSOLIDATED BALANCE SHEET

ASSETS	31 Aug. 2008	31 Aug. 2007
EUR 1,000		
Non-current assets		
Property, plant and equipment	25,334	24,227
Intangible assets	927	491
Available-for-sale investments	465	564
Non-current receivables	204	450
Deferred tax assets	13	19
Pension receivables	0	1,413
Total non-current assets	26,943	27,164
Current assets		
Inventories	675	1,231
Customer receivables and other receivables	84,457	96,447
Cash and cash equivalents	5,357	4,266
Total current assets	90,489	101,944
Total assets	117,433	129,107



LIABILITIES AND SHAREHOLDERS' EQUITY

	31 Aug. 2008	31 Aug. 2007
Equity attributable to parent company shareholders		
Share capital	7,200	7,200
Share premium account	254	254
Other funds	13,200	12,960
Translation difference	57	58
Fair value reserve	136	207
Retained earnings	35,016	36,234
Total shareholders' equity	55,862	56,914
Long-term liabilities		
Deferred tax liabilities	3,088	3,511
Interest-bearing liabilities	82	0
	3,170	3,511
Short-term liabilities		
Interest-bearing liabilities	48,295	60,227
Trade and other payables	10,106	8,455
	58,401	68,682
Total liabilities and shareholders' equity	117,433	129,107



CONSOLIDATED INCOME STATEMENT

EUR 1,000	06/2008 -08/2008 3 months	06/2007 -08/2007 3 months	09/2007 -08/2008 12 months	09/2006 -08/2007 12 months
Net Turnover	10,303	8,836	37,295	34,625
Other operating income	56	46	257	273
Materials and supplies	-1,022	-813	-2,346	-1,596
Employee benefits	-1,902	-2,143	-13,901	-13,109
Depreciation and impairment loss	-688	-675	-2,642	-2,586
Other operating expenses	-3,268	-2,725	-17,627	-17,110
Operating profit/loss	3,479	2,526	1,036	497
Financial income	1,512	1,835	6,327	6,091
Financial expenses	-610	-1,004	-2,992	-2,900
Profit before tax	4,382	3,357	4,371	3,688
Income tax	-1,148	-881	-1,172	-991
Net profit for the financial year	3,233	2,476	3,199	2,697
Attributable to:				
Parent company shareholders	3,233	2,476	3,199	2,697
Earnings per share attributable to parent company shareholders, EUR	0.90	0.69	0.89	0.75



CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	2007/2008	2006/2007
Cash flow from operating activities:		
Proceeds from sales and auctions	331,188	357,232
Cash receipts from other operating income	237	289
Cash paid to suppliers and employees	-315,614	-364,457
Cash flow from operating activities before financial items and taxes, EUR	15,811	-6,936
Interest and other financial expenses	-2,934	-2,857
Interest and other financial income	6,552	5,974
Dividend income	47	25
Income tax paid	-936	-811
Net cash flow from operating activities (A)	18,539	-4,605
Cash flow from investing activities:		
Purchase of property, plant and equipment, and intangible assets	-4,213	-2,707
Proceeds from sale of tangible and intangible assets	42	39
Investments in other assets		
Proceeds from investments in other assets	2	0
Net cash used in investing activities (B)	-4,170	-2,668
Cash flow from financing activities		
Proceeds from short-term borrowings	0	5,291
Repayments of short-term borrowings	-10,885	0
Proceeds from long-term borrowings	132	0
Repayments of long-term borrowings	-50	0
Change in translation difference	-2	1
Dividends paid	-2,473	-3,364
Net cash flow used in financing activities (C)	-13,278	1,929
Change in cash flows (A+B+C), increase (+) / decrease (-)	1,091	-5,344
Cash and cash equivalents 31 Aug.	5,357	4,266
Cash and cash equivalents 1 Sept.	-4,266	-9,610
Net change in cash and cash equivalents	1,091	-5,344



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Share premium reserve	Other funds	Translation differences	Fair value reserve	Retained earnings	Shareholders' equity total
Shareholders' equity 1 Sept. 2007	7,200	254	12,960	58	208	36,234	56,914
Pension receivables							
Actuarial losses						-766	-766
Off-balance-sheet receivables under IAS 19.58						-891	-891
Available-for-sale investments							
Profit/loss from valuation at fair value					-72		-72
Net profit/loss recognized directly to shareholders' equity					-72	-1,657	-1,729
Net profit for the financial year						3,199	3,199
Total profits/losses					-72	1,542	1,470
Dividend distribution						-2,520	-2,520
Transfer to counter-cyclical budgetary fund			240			-240	0
Change in translation difference				-1			-1
Shareholders' equity 31 Aug. 2008	7,200	254	13,200	57	136	35,016	55,863



FINNISH FUR SALES 2003/2004 - 2007/2008

Key performance indicators

	2003/2004 FAS	2004/2005 FAS	2004/2005 IFRS	2005/2006 IFRS	2006/2007 IFRS	2007/2008 IFRS
Total sales, EUR 1,000	296,732	297,030	297,030	407,252	322,914	325,676
Net turnover, EUR 1,000	32,619	32,969	32,969	42,066	34,625	37,295
Operating profit/loss, EUR 1,000	4,251	2,132	2,497	7,673	497	1,036
% net turnover	13.0 %	6.5 %	7.6 %	18.2 %	1.4 %	2.8 %
Profit before tax, EUR 1,000	7,040	4,277	4,639	10,389	3,688	4,371
% net turnover	21.6 %	13.0 %	14.1 %	24.7 %	10.7 %	11.7 %
Dividends, EUR 1,000	2,340	2,340	2,340	3,420	2,520	2,520
Return on equity (ROE), %	9.5 %	5.6 %	6.3 %	13.5 %	4.7 %	5.7 %
Return on capital invested (ROI), %	8.2 %	5.3 %	6.7 %	12.1 %	5.6 %	6.7 %
Gearing ratio, %	53.9 %	52.1 %	49.9 %	44.9 %	44.8 %	48.1 %
Gearing	0.83	0.90	0.69	0.87	0.98	0.77
Gross capital expenditure, EUR 1,000	1,300	2,212	2,212	1,789	2,707	4,216
% net turnover	4.0 %	6.7 %	6.7 %	4.3 %	7.8 %	12.2 %
Average number of employees	305	311	311	309	323	326



OTHER NOTES

Pledges, guarantees and other contingent liabilities

EUR 1,000	31 Aug. 2008	31 Aug. 2007
Mortgages given and receivables pledged in security for debt		
Loans from financial institutions	29,606	40,949
Mortgage on property	54,071	54,071
Mortgage on company assets	2,691	2,691
Pledged receivables	17,417	19,568
Other contingent liabilities		
Guarantees on others' behalf	5,854	2,721
Derivative contracts		
Forward contracts	41,330	38,876

The Group's parent company Turkistuottajat Oyj - Finnish Fur Sales' series C shares are listed on the NASDAQ OMX Helsinki Ltd list in the Small Cap segment under the Industrials sector. The Parent Company's registered domicile is Vantaa, Finland, and its official registered address is Martinkyläntie 48, FI-01720 Vantaa.



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