

FINNISH FUR SALES

INTERIM REPORT FOR 1 SEPTEMBER 2007–31 MAY 2008

This Interim Report has been prepared in accordance with IFRS standards. The same accounting policies have been applied to this as in the financial statements for 1 September 2006–31 August 2007. Data in this Interim Report are based on unaudited figures.

Group Performance

During the reporting period of 1 September 2007–31 May 2008, Finnish Fur Sales held four auctions; in September, December, January and March. Unlike in the corresponding period of the previous year, the company held a one-day auction in January where it sold fox and Finnracon pelts. On the other hand, in the reporting period that ended on 31 May 2007, the first sales day of the May-June auction occurred within the reporting period that ended on 31 May 2007. However, in 2008, the sales of the corresponding auction occurred entirely outside the reporting period that ended on 31 May 2008. The sales volumes at the auctions and through the period's private treaty sales totalled 4,300,000 mink pelts (4,100,000 a year ago), 1,700,000 fox pelts (1,600,000), 430,000 Karakul lamb pelts (330,000) and 100,000 raccoon pelts (62,000). USD prices for mink pelts were seven per cent higher than a year ago. Due to the weakening of the US dollar, the euro prices for mink pelts remained seven per cent lower year-on-year. Fox pelt prices in US dollar terms went down by one per cent and in euro terms by 12 per cent. Due to a marked increase in the volume of pelts sold, the value of sales in USD terms went up by eight per cent, totalling USD 348.9 million. However, due to the weakening of the US dollar, the value of sales in euro terms decreased by five per cent, totalling 233.4 million (EUR 245.2 million).

Auction	Sales 1,000 pelts 2007/2008	Sales 1,000 pelts 2006/2007	Value EUR 1,000 2007/2008	Value EUR 1,000 2006/2007
September	1,584	1,072	52,140	56,493
December	1,241	1,497	38,969	70,153
January	117		7,474	
March	3,485	2,857	134,034	99,363
May-June sales on 31 May		630		18,367
Private treaty	46	25	770	774
Total	6,474	6,081	233,386	245,150

Consolidated net turnover increased by five per cent, to EUR 27.0 million (EUR 25.8 million). Operating expenses rose by six per cent, to EUR 29.6 million (EUR 28.0 million a year ago). Two thirds of the increase of nearly EUR 1 million in staff expense was due to a rise in pension expense. Operating loss for the period amounted to EUR 2.4 million (EUR -2.0 million).

Net financial income came to EUR 2.4 million (EUR 2.4 million). Loss before appropriations and taxes amounted to EUR 11,000 (EUR +330,000). Earnings per share showed a loss of EUR 0.01 (EUR +0.06).

On 31 May 2008, the equity-to-assets ratio stood at 52.1 per cent (46.4 per cent on 31 May 2007 and 45.4 per cent on the balance sheet day 31 August 2007). Consolidated balance sheet total amounted to EUR 110.3 million (EUR 124.5 million on 31 May 2007 and EUR 131.7 million on 31 August 2007) and equity per share was EUR 15.62 (EUR 15.66 on 31 May 2007 and EUR 16.35 on 31 August 2007).

Capital Expenditure and Development

Group gross capital expenditure totalled EUR 3.8 million (EUR 1.9 million in the same period a year earlier) accounting for 14 per cent (7 per cent) of net turnover, with 35 per cent of capital expenditure targeted at the expansion of the Group's mink grading centre, and 35 per cent at other pelt processing operations and storage. The expansion of the mink grading centre was inaugurated in the beginning of the grading season 2007/2008 at the November-December turn of the month.

Shares and Share Performance

Finnish Fur Sales' share capital totalled EUR 7,200,000 at the end of the period and number of shares 3,600,000, of which 900,000 were Series A shares and 2,700,000 Series C shares.

The value of shares traded in the review period totalled EUR 1,400,000 and the volume came to 140,000, accounting for five per cent of the company's Series C shares. The period high was EUR 11.23, its low EUR 8.20 and its average EUR 9.87. The share closed at EUR 8.71. The market capitalisation totalled EUR 31.4 million on 31 May 2008.

Personnel

The number of permanent Group staff averaged 133 (117 a year ago) and fixed-term employees 237 (252). The rise in the number of permanent staff relates to a change in the company's operating rhythm and an increase in the length of the grading season, and consequently to a reduction in seasonality. At the end of the period, the Group employed 340 staff (484).

Annual General Meeting

The Annual General Meeting (AGM) of Finnish Fur Sales on 14 January 2008 decided to distribute a per-share dividend of EUR 0.70, totalling EUR 2,520,000, and enter EUR 240,000 in the counter-cyclical budgetary fund, as proposed by the Board of Directors. The dividend payment date was 24 January 2008.

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, director. At its first meeting following the AGM, the Board of Directors elected Jorma Kauppila Board Chairman and Markku Koski Vice Chairman. The AGM re-elected Ernst & Young Oy, Authorised Public Accountants, the company's auditor, with Jan Rönnerberg, Authorised Public Accountant, acting as the chief auditor.

Seasonal Variations

Finnish Fur Sales holds 4 to 6 auctions during the 12-month auction period. The auction schedules and supply vary each financial year, and there may be quarters when no auctions are held. Seasonal variations may also cause differences between financial periods in such a way that during the comparison period an equal number of auctions have or have not been held. Therefore, differences in the value of sales, net turnover and costs between the review and comparison period do not necessarily give a true picture of the entire financial period's performance.

Risk Management and the Most Significant Risks

The most significant business risks have been reported in the company's Annual Report for the financial period 1 September 2006–31 August 2007. There have not been any substantial changes in the risks during the review period.

Prospects for the Rest of the Financial Year

Finnish Fur Sales' last auction of the financial year running from 1 September 2007 to 31 August 2008 was held between 4 and 9 June 2008 (the corresponding auction in the previous financial year was held between 31 May and 5 June 2007). At the auction, 2.4 million mink pelts (2.1 million at the previous year's corresponding auction), 490,000 fox pelts (740,000), 77,000 Karakul lamb pelts (21,000) and 37,000 Finn raccoon pelts (50,000) were sold. The US dollar had weakened by 17 per cent over the corresponding auction in the previous financial year. Total sales generated by the auction were 4 per cent lower over the previous year's corresponding auction, at EUR 92.0 million (EUR 95.4 million).

Total volume of pelts sold during the entire financial year is expected to total 9.4 million pelts (8.4 million in previous financial year) and value of sales EUR 326 million (EUR 323 million). Due to the increase in the volume of pelts sold, net turnover will become higher than in the previous financial year. The result for the financial year is expected to remain at the same level as in the previous financial year.

Consolidated balance sheet IFRS

EUR 1,000

ASSETS	31 May 2008	31 May 2007	31 Aug. 2007
Non-current assets			
Property, plant and equipment	25,660	24,090	24,227
Intangible assets	855	533	491
Available-for-sale investments	461	582	564
Non-current receivables	472	929	450
Deferred tax assets	15	21	19
Pension receivables	4,325	4,047	4,035
Total non-current assets	31,788	30,201	29,786
Current assets			
Inventories	885	1,008	1,231
Deferred tax assets	23	17	0
Customer receivables and other receivables	73,016	88,232	96,447
Cash and cash equivalents	4,556	5,069	4,266
Total current assets	78,480	94,325	101,944
Total assets	110,268	124,527	131,729

LIABILITIES AND SHAREHOLDERS' EQUITY	31 May 2008	31 May 2007	31 Aug. 2007
Equity attributable to parent company shareholders			
Share capital	7,200	7,200	7,200
Share premium account	254	254	254
Other funds	13,200	12,960	12,960
Translation difference	57	58	58
Fair value reserve	132	220	207
Retained earnings	35,380	35,698	38,174
Total shareholders' equity	56,223	56,390	58,854
Long-term liabilities			
Deferred tax liabilities	4,206	4,205	4,193
Interest-bearing liabilities	98		0
Total long-term liabilities	4,304	4,205	4,193
Short-term liabilities			
Interest-bearing liabilities	36,408	40,621	60,227
Trade and other payables	13,333	23,311	8,455
Total short-term liabilities	49,741	63,932	68,682
Total liabilities	54,045	68,136	72,875
Total liabilities and shareholders' equity	110,268	124,527	131,729

Consolidated income statement

EUR 1,000	1 March 2008– 31 May 2008 3 mths	1 Sept. 2007– 31 May 2008 9 mths	1 March 2007– 31 May 2007 3 mths	1 Sept. 2006– 31 May 2007 9 mths	1 Sept. 2006– 31 Aug. 2007 12 mths
Net turnover	14,295	26,992	12,336	25,788	34,625
Other operating income	70	201	70	227	273
Materials and supplies	-564	-1,324	-209	-783	-1,596
Employee benefits	-4,189	-11,999	-3,973	-10,966	-13,109
Depreciation and impairment loss	-698	-1,954	-639	-1,911	-2,586
Other operating expenses	-5,716	-14,359	-4,788	-14,385	-17,110
Operating profit/loss	3,198	-2,443	2,797	-2,030	497
Financial income and expenses	1,160	2,433	785	2,359	3,191
Profit/loss before tax	4,358	-11	3,582	330	3,688
Income tax	-1,146	-23	-947	-109	-991
Net profit/loss	3,212	-34	2,635	220	2,697
Earnings per share, EUR	0.89	-0.01	0.73	0.06	0.75

Statement of changes in shareholders' equity

EUR 1,000	Share capital	Share premium fund	Other funds	Translation differences	Fair value reserve	Retained earnings	Shareholders' equity total
Shareholders' equity 1 Sept. 2007	7,200	254	12,960	58	207	38,174	58,854
Net profit/loss						-34	-34
Dividend distribution						-2,520	-2,520
Other funds			240			-240	0
Change in translation difference				-1			-1
Fair value reserve					-75		-75
Shareholders' equity 31 May 2008	7,200	254	13,200	57	132	35,380	56,223
Shareholders' equity 1 Sept. 2006	7,200	254	12,230	57	151	39,627	59,519
Net profit/loss						220	220
Dividend distribution						-3,420	-3,420
Other funds			730			-730	0
Change in translation difference				1			1
Fair value reserve					69		69
Shareholders' equity 31 May 2007	7,200	254	12,960	58	220	35,698	56,390

Consolidated cash flow statement

EUR 1,000

	2007/2008 9 mths	2006/2007 9 mths	2006/2007 12 mths
<i>Cash flow from operating activities</i>			
Proceeds from auctions and sales	247,082	253,033	357,232
Cash receipts from other operating income	177	241	289
Cash paid to suppliers and employees	-218,953	-240,764	-364,457
Cash flow from operating activities before financial items and taxes	28,305	12,510	-6,936
Interest and other financial expenses paid	-2,362	-1,887	-2,857
Interest and other financial income received	5,324	4,645	5,974
Dividend income	47	25	25
Income tax paid	-2,040	-1,419	-811
Net cash flow from operating activities (A)	29,273	13,874	-4,605
<i>Cash flow from investing activities</i>			
Purchase of property, plant and equipment, and intangible assets	-3,780	-1,928	-2,707
Proceeds from sale of property, plant and equipment, and intangible assets	42	29	39
Investments in other assets	54	-20	0
Net cash used in investing activities (B)	-3,684	-1,919	-2,668
<i>Cash flow from financing activities</i>			
Proceeds from short-term borrowings	0	0	5,291
Repayments of short-term borrowings	-22,923	-13,141	0
Proceeds from long-term borrowings	135	0	0
Repayments of long-term borrowings	-37	0	0
Change in translation difference	-2	2	1
Dividends paid	-2,473	-3,357	-3,364
Net cash flow used in financing activities (C)	-25,299	-16,497	1,929
Change in cash flows (A+B+C), increase (+) / decrease (-)	290	-4,541	-5,344
Cash and cash equivalents 31 May/31 Aug.	4,556	5,069	4,266
Cash and cash equivalents 1 Sept.	-4,266	-9,610	-9,610
Net change in cash and cash equivalents	290	-4,541	-5,344

Key figures and ratios

	2007/2008	2006/2007	2006/2007
	8	7	7
	9 mths	9 mths	12 mths
Total sales, EUR 1,000	233,386	245,150	322,914
Net turnover, EUR 1,000	26,992	25,788	34,625
Operating profit/loss, EUR 1,000	-2,443	-2,030	497
Profit/loss before tax, EUR 1,000	-11	330	3,688
Earnings per share, EUR	-0.01	0.06	0.75
Equity per share, EUR	15.62	15.66	16.35
Return on equity (ROE), %	-0.1 %	0.4 %	4.6 %
Return on investment (ROI), %	1.9 %	1.6 %	5.5 %
Equity-to-assets ratio, %	52.1 %	46.4 %	45.4 %
Gearing	0.57	0.63	0.95
Gross capital expenditure, EUR 1,000	3,780	1,928	2,707
% net turnover	14.0 %	7.5 %	7.8 %
Average personnel	370	369	323

Pledges, guarantees and other contingent liabilities

EUR 1,000 **31 May 2008** 31 May 2007 31 Aug. 2007

Mortgages given and receivables pledged in security for debt

Loans from financial institutions	17,814	21,964	40,949
Mortgage on property	54,071	54,071	54,071
Mortgage on company assets	2,691	2,691	2,691
Pledged receivables	14,027	17,880	19,568

Other contingent liabilities

Guarantees on other's behalf	1,753	1,092	2,720
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Derivative contracts

Forward contracts	33,596	27,763	38,876
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Vantaa, 10 July 2008
Board of Directors