

FINNISH FUR SALES

FINANCIAL REPORT FOR THE PERIOD 1.9.2004-30.11.2004

Development of the group

The first quartal of Finnish Fur Sales' financial period is expense oriented preparing for the sales period that begins in December. Finnish Fur Sales' last auction for the selling season 2003/2004 was organized in September. At the auction and in the private treaty sales during the fall company sold, in previous season sorted, 224,000 mink skins (respectively 85,000 skins during the previous corresponding period), 443,000 fox skins (519,000), 27.000 raccoon skins (0) and 10,000 karakul lamb skins (65,000). The value of sales rose by 27 percent to EUR 36 million, due to the increased amount of skins offered, and by the increased price level. At the September auction the US dollar was almost 10 percent weaker than in the previous corresponding period. The net turnover of the group increased by 14 per cent to EUR 4.0 million.

Auction	Sales 1.000 pcs 2004/2005	Sales 1.000 pcs 2003/2004	Value EUR 1.000 2003/2004	Value EUR 1.000 2003/2004
September	702	649	35.430	27.518
Private treaty	9	26	193	589
Total	711	675	35.624	28.107

Operating expenses of the group were EUR 5.5 million. The change in SAGA's ownership took effect on October 1, and the main emphasize of the co-operation was to specify the concept of collaboration. The operating loss of the group during the period under review was EUR 1.4 million, 27 percent lower than in the previous corresponding period.

The net financial income of the group increased by 5 percent from the previous corresponding period to EUR 750.000. During the whole review period the sales receivables and the consignors receivables were clearly at a higher level than a year ago. Loss before appropriations and taxes was EUR 670,000, which is 45 percent less than a year ago.

The assets equity ratio of the group was 57,1 percent at the end of this period, whereas it was 63.3 percent at the end of November 2003 and 53,9 percent at the end of August 2004.

Seasonal variation

During the 12 month long selling season Finnish Fur Sales organizes 4-6 auctions. Auction dates and offering amounts vary from year to year. During the financial period there may be quarters when no auctions are

arranged. Due to the seasonal variation and also variations between financial periods, differences in number of auctions organized/ not organized, in the comparison period, may vary. Due to this the changes in sales value and net turnover in comparison with previous periods do not necessarily give a correct picture of the development of the whole accounting period.

Investments and development

Gross investments of the group during the period under review were EUR 1.2 million (EUR 325.000 during the previous corresponding period). Half of the investments were used for renewing the warehouse system. The first stage of the project has been taken into use.

Items in foreign currencies

The receivables and liabilities in foreign currencies indicated in the parent company's balance sheet have been converted into euros at the rate quoted by the European Central Bank on the closing date of the interim report. The exchange rate differences for unmatured forward contracts are calculated at the exchange rate noted by the European Central Bank on the date of the interim report. The exchange rate differences are entered in the profit and loss account.

Personnel

The amount of permanent staff during the period under review was on average 116 (during the previous period 112) and seasonal staff was 72 (64 respectively).

Summary of all stock exchange notices issued during the period under review

On **September 10** Finnish Fur Sales announced that the first auction for the new financial period, started September 1, 2004, would be arranged September 12-14, 2004. Almost a half million fox skins and 240.000 male mink skins would be offered, of which the majority was breeders. The majority of fox skins was Blue fox. About 200 buyers from all market areas were expected to participate in the auction.

On **September 13** the company announced that the whole offering of 380.000 Blue foxes had been sold at the same price level as in June auction, mainly to buyers from China, Turkey and Russia. The average price for skins of normal quality was EUR 59,65. Prices of higher quality skins: SAGA Royal and other SAGA qualities, increased compared with lower qualities' prices. All mink skins were sold already the day before for high prices.

On **September 14** the company announced that all offered 70.000 Blue Shadow and Blue Frost fox skins were sold at the same price level as in June to Chinese, Turkish and Russian buyers. A half of Silver foxes, of which only a small part was Finnish normal quality, was sold. The total sales value of the three-day long auction was 36 million euros, and 200 buyers attended the auction.

On **October 05** the company gave a stock exchange release, where the Board of Directors had verified the dates for results giving, board meeting and interim reviews for the financial period 1.9.2004-31.8.2005. The result for the last financial period would be published on November 17, 2004 and the board meeting would be held in Vaasa on December 16, 2004. The first Interim Review for the new period would be published on January 28, 2005 the second on April 28, 2005 and the third on July 14, 2005.

The company published on **November 17, 2004** its result for the financial period September 1, 2003 - August 31, 2004.

Review of the remainder of the financial period

After the end of the review period, Finnish Fur Sales has organized two auctions, first in December 2004 and the second on January 26-28, 2005.

The total sales value for December auction was EUR 30,2 million. The amount of sold skins was 19 percent lower than during the corresponding auction last year. Due to the decreased price level and the amount of sold skins, the sales value of the auction was 34 percent lower than at corresponding auction last year.

The total sales value for January auction was EUR 42,7 million. The amount of sold skins remained 15 percent smaller in comparison with corresponding auction last year. Due to the decreased price level, and the amount of sold skins, the sales value of the auction was 19 percent lower than at the corresponding auction last year.

During the current financial period Finnish Fur Sales organizes auctions in the middle of April and in the beginning of June. Even though fur seems to bloom in the fashion industry, China's increased fur production will weaken the market situation, and the company expects the amount of offered skins, the sales value and the turnover to be smaller than a year ago. The weakening of the USD will also affect the situation in a negative way. The company will considerable increase the SAGA-marketing. The Group estimated, that the result of the current financial period will be considerable lower than last year and possibly it will show loss.

FINANCIAL REPORT FOR THE PERIOD 1.9.-30.11.2004

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Profit and loss account 1.9-30.11.2004

(EUR 1.000)	1.9.2004- 30.11.2004 3 months	1.9.2003- 30.11.2003 3 months	1.9.2003- 31.8.2004 12 months
Net turnover	3.999	3.511	32.619
Other operating income	54	55	350
Operating expenses			
Materials and services	-260	-309	-1.161
Personnel expenses	-1.803	-1.561	-11.931
Depreciation according to plan	-758	-947	-3.783
Other operating expenses	-2.652	-2.685	-11.843
Operating loss	-1.420	-1.936	4.251
Financial income and expenses	750	717	2.789
Profit/loss before appropriations and taxes	-670	-1.219	7.040
Income taxes 1)	164	364	-1.861
Profit/loss for the financial period	-506	-855	5.179

1) Income taxes in the interim report include a change in deferred tax receivables connected to the loss in the interim report. Income taxes in the annual report include a change in deferred tax liability connected to depreciation difference.

Balance Sheet 30.11.2004

(EUR 1.000)

Assets	30.11.2004	30.11.2003	31.8.2004
Fixed assets			
Intangible assets	2.522	3.836	2.647
Tangible assets 2)	28.247	28.524	27.731
Investments	284	284	284
Current assets			
Current stocks	383	241	441
Deferred tax receivables	171	366	0
Receivables	69.517	44.621	79.874
Bank and cash	2.258	7.843	3.470
Total assets	103.381	85.715	114.446

2) A revaluation of 8 million euro of the real estate in Varisto is included in the tangible assets

Liabilities	30.11.2004	30.11.2003	31.8.2004
Shareholders' equity	55.347	52.036	55.852
Liabilities			
Deferred tax liability	1.894	2.130	1.894
Short-term liabilities	46.140	31.549	56.700
Total liabilities	103.381	85.715	114.446

Financial statements	1.9.2004- 30.11.2004	1.9.2003- 30.11.2003	1.9.2003- 31.8.2004
<i>Cash flow from operating activities:</i>			
Income from sales	26.219	23.661	18.024
Payments from other operating income	54	55	259
Payments from operating expenses	-27.556	-20.235	-29.197
Cash flow from operating activities before financing items and taxes	-1.283	3.481	-10.914
Interests and payments disbursed of financing costs of operation	-256	-61	-897
Accrued interests and other financing income from operation	1.733	1.366	3.153
Dividends received	0	0	1
Disbursed direct taxes	-338	-424	-1.316
Cash flow from operating activities (A)	-144	4.362	-9.973
<i>Cash flow from investing activities:</i>			
Gross investments	-1.168	-325	-1.300
Transfer income form fixed assets	18	0	85
Cash flow from investing activities (B)	-1.150	-325	-1.215
<i>Cash flow from financing activities:</i>			
Taking out of short-term loans	81	956	13.926
Change in conversion difference	1	-1	-1
Disbursed dividends	-1	0	-2.117
Cash flow from financing activities (C)	81	955	11.808
Change in cash flows (A+B+C)	-1.213	4.992	619
Financial resources 30.11/31.8	2.256	7.843	3.470
Financial resources 1.9	-3.470	-2.851	-2.851
	-1.213	4.992	619

	2004/2005 3 months	2003/2004 3 months	2003/2004 12 months
Average number of employees			
Permanent employees	116	112	112
seasonal employees	72	64	193
	188	176	305
Gross investments in fixed assets			
(EUR 1.000)	1.168	325	1.300
Assurances, guarantee engagements and other liabilities			
(EUR 1.000)	30.11.2004	30.11.2003	31.8.2004
<i>Debts with mortgages and impawned receivables as collateral security</i>			
Loans from credit institutions	18.979	6.272	18.198
Mortgaged buildings	54.072	54.072	54.072
Mortgaged businesses	2.691	2.691	2.691
Impawned receivables	21.992	25.911	13.015
Total mortgages used as collaterals	56.763	56.763	56.763
Total impawned receivables	21.992	25.911	13.015
<i>Other guarantees</i>			
Guarantee liabilities	538	538	538
<i>Amount to be paid for leasing agreements</i>			
During under the financial period 2004/2005	97	97	130
During consequent financial periods	108	238	108
<i>Option contracts</i>			
Forward contracts	7.779	7.670	24.442

	2004/2005 3 months	2003/2004 3 months	2003/2004 12 months
Earnings per share	-0,14	-0,24	1,44
Shareholders' equity per share	15,37	14,45	15,51

Vantaa, January 28, 2005
the Board of Directors