



**FINNISH FUR SALES
INTERIM REPORT
FOR
1 September 2009 – 31 May 2010**

FINNISH FUR SALES

INTERIM REPORT FOR 1 SEPTEMBER 2009–31 MAY 2010

This Interim Report has been prepared in accordance with the IFRS recognition and valuation principles, but, in preparing it, not all presentation requirements referred to in IAS 34 Interim Financial Reporting have been complied with.

As of 1 September 2009, the Group has applied 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 IAS 1 Presentation of Financial Statements govern the method of presenting the Consolidated statement of comprehensive income and the Consolidated statement of changes in shareholders' equity. In practice, other changes do not have an impact on the reporting period.

In other respects, the same accounting policies have been applied to this report as in the financial statements for 1 September 2008–31 August 2009. The data in this Interim Report are based on unaudited figures.

Sales during the Review Period 1 September 2009–31 May 2010

During the third quarter (1 March–31 May 2010) of its financial year, Finnish Fur Sales held one auction in March. This auction was the largest in the Company's history measured in terms of both value of total sales and number of buyers. The value of sales of the auction amounted to EUR 186.7 million. A total of 670 buyers representing all market areas, e.g. Hong Kong/China, Russia and Western Europe, attended the auction, which is 200 buyers more than a year ago. During the auction, 2.8 million mink pelts were sold, at prices exceeding those of the international auctions held in February and March by 10 to 20 per cent, as well as 650,000 fox pelts, at prices exceeding those of the December auction by more than 20 per cent.

The sales volumes during September–May totalled 4,400,000 mink pelts (3,900,000 in the same period a year earlier), 1,500,000 fox pelts (1,200,000), 430,000 Karakul lamb pelts (220,000) and 110,000 Finnraccoon pelts (81,000). Pelt prices were on average 46 per cent higher than in the same period a year ago. Due to the increase in the volume of pelts traded as well as higher prices, the total value of auction sales, at EUR 278.4 million, was 76 per cent higher year-on-year (EUR 158.4 million).

Auction	Sales	Sales	Value	Value
	1,000 pelts 2009/2010	1,000 pelts 2008/2009	EUR 1,000 2009/2010	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	89.474
Private treaty	35	42	1.025	1.154
Total	6.452	5.357	278.355	158.394

The consolidated net turnover for the third quarter of the financial year increased markedly, by 59 per cent, compared with the corresponding period a year ago, mainly due to the higher prices in the March auction than in the previous year. Net turnover during March–May totalled EUR 17.3 million (EUR 10.9 million). Net turnover for September–May increased by 45 per cent, to EUR 29.5 million (EUR 20.4 million). Of net turnover, 60 per cent consists of sales commissions from buyers, 30 per cent of sales commissions from fur breeders and nine per cent of the sale of pelting services and breeding animals.

Operating expenses during the third quarter of the financial year were EUR 10.6 million (EUR 9.7 million). Expenses for September–May increased by seven per cent on a year earlier, to EUR 29.2 million (EUR 27.2 million). Personnel expenses rose by nine per cent and other operating expenses by seven per cent. Due to growth in the volume of pelts traded and higher prices, the SAGA marketing fees and representation fees paid to IFTF and included in other operating expenses increased, by a total of 23 per cent year-on-year, amounting to EUR 3.4 million (EUR 2.8 million).

The consolidated operating result during the third quarter of the financial year totalled EUR 6.8 million (EUR 1.2 million), and shows, for September–May, a profit of EUR 830,000 (EUR -6.5 million).

As a result of a decrease of credit losses, net financial income during the financial year's third quarter totalled EUR 1.0 million (EUR -180,000 million). For September–May, net financial income more than doubled year-on-year, attaining EUR 2.5 million (EUR 1.2 million).

Profit before tax for the third quarter improved, mainly due to growth in net turnover, to EUR 7.8 million (EUR 1.1 million). For September–May, the total was EUR 3.3 million (EUR -5.4 million). Return on equity for September–May stood at 4.6 per cent (-7.6 per cent) and earnings per share at EUR 0.66 (EUR -1.11).

On 31 May 2010, the equity-to-assets ratio stood at 53.7 per cent (45.4 per cent on 31 May 2009 and 46.5 per cent on the balance sheet day 31 August 2009). The consolidated statement of financial position total amounted to EUR 102.9 million (EUR 113.0 million on 31 May 2008 and EUR 114.8 million on 31 August 2009). Equity per share was EUR 14.60 (EUR 13.66 on 31 May 2009 and EUR 14.33 on 31 August 2009).

Receivables from buyers related to the Group's sales on 31 May totalled EUR 46.4 million, accounting for 16.7 per cent of the value of sales (EUR 36.4 million and 23.0 per cent). Receivables from fur breeders on 31 May amounted to EUR 22.8 million (EUR 41.4 million). Loans from banks drawn in order to finance the receivables from buyers and fur breeders totalled EUR 13.0 million (EUR 31.5 million) on 31 May. The Group's liquidity remained at a healthy level throughout the reporting period.

Capital Expenditure and Development

Group gross capital expenditure during September–May totalled EUR 710,000 (EUR 1.7 million), accounting for 2 per cent (8%) of net turnover.

Shares and Share Performance

Finnish Fur Sales' share capital totalled EUR 7,200,000 at the end of the period and the 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 during September–May totalled EUR 8.9 million and the volume came to 1.1 million, accounting for 41 per cent of the Company's Series C shares. The period high was EUR 9.12, its low EUR 6.45 and its average EUR 8.05. The share closed at EUR 8.69. The market capitalisation totalled EUR 31.3 million on 31 May 2010.

The Company's second largest shareholder, Odin Finland, sold its holding in Finnish Fur Sales during the reporting period. A list of the Company's largest shareholders on 14 May 2010 is available on the Company's website.

Personnel

The number of permanent Group staff during September–May averaged 136 (133 a year ago) and fixed-term employees 209 (222). At the end of the period, the Group employed 290 staff (323).

In accordance with the agreement approved in September, effective 31 December 2009, the statutory pension security of Finnish Fur Sales' domestic personnel was transferred from the Finnish Fur Breeders' Pension Fund to Ilmarinen Mutual Pension Insurance Company. In this respect, as of 1 January 2010, the classification of the old-age, unemployment, and disability pensions transferred to reserves changed from defined benefit plans to defined contribution plans.

Annual General Meeting

Finnish Fur Sales' Annual General Meeting (AGM), held on 21 January 2010, adopted the financial statements for the financial year that ended on 31 August 2009 and approved the Board of Directors' proposal for dividend distribution. The AGM decided to distribute a per-share dividend of EUR 0.42, totalling EUR 1,512,000. The dividend payment date was 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 to decide on an additional dividend of a maximum of EUR 0.18 per share. The authorisation is in force until the commencement of the next Annual General Meeting.

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.).

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.

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.

Risk Management and Key Risks

The most significant business risks and uncertainties have been described in the Board of Directors' report for the financial year 1 September 2008–31 August 2009. Management of financial risks has been explained in the notes to the consolidated financial statements, in section 25. There have been no substantial changes in the risks during the review period.

Significant Events Following the End of the Reporting Period

Finnish Fur Sales' final auction during the financial year 1 September 2009 to 31 August 2010 was organised on 6–11 June 2010 and exceeded expectations. The value of sales totalled EUR 163.3 million (EUR 89.9 million at the previous year's corresponding auction). A total of 2.4 million mink pelts (2.7 million) and 710,000 fox pelts (580,000) were sold during the auction, which was attended by 550 buyers from all market areas, the Chinese forming the largest customer group.

On 23 June 2010, Finnish Fur Sales' Board of Directors decided to exercise the authorisation granted to it by the AGM held on 21 January 2010 to pay additional dividend. The Company will distribute an

additional dividend of EUR 0.18 per share to each shareholder listed on the dividend record date 10 August 2010 in the shareholders' register maintained by Euroclear Finland Oy (EFI). The dividend payment date will be 17 August 2010, the aggregate amount of additional dividends paid totalling EUR 648,000.

Prospects for the Rest of the Financial Year

The auctioned pelt volume during the full financial year is expected to exceed 9.6 million pelts (8.7 million a year ago), and the auction sales are anticipated to attain EUR 442 million (EUR 248 million). Consolidated net turnover will be higher than during the financial year 1 September 2005–31 August 2006, which has been the best year of the decade both in terms of net turnover and profitability.

In recent years, Finnish producers have stored part of the Blue fox pelts produced by them because of their low price level. As a result of a stronger price level, these pelts have been delivered to the Company for sale in addition to normal production. The volume of pelts graded for the September auction will clearly exceed those seen last year.

Higher pelt prices have distinctly improved the Group's profitability from the previous reporting period. Full-year results will be affected by the net financial income accruing during the year's last quarter. As a result of sales growth, receivables from purchasers during the remainder of the financial year are higher than in the previous year. Full-year results are estimated to attain those recorded in the financial year 1 September 2005–31 August 2006.

Consolidate statement of financial position, IFRS

EUR 1.000

ASSETS	31 May 2010	31 May 2009	31 Aug 2009
Non-current assets			
Property, plant and equipment	23 016	24 583	24 278
Intangible assets	913	1 179	1 091
Available-for-sale investments	450	397	451
Non-current receivables	959	564	654
Deferred tax assets	0	9	7
Non-current assets, total	<u>25 339</u>	26 732	26 482
Current assets			
Inventories	1 015	584	649
Deferred tax assets	0	1 401	522
Customer receivables and other receivables	72 134	80 706	83 599
Cash and cash equivalents	4 405	3 546	3 579
Current assets, total	<u>77 554</u>	86 237	88 349
Total assets	<u><u>102 893</u></u>	112 969	114 831
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to parent company's shareholders			
Share capital	7 200	7 200	7 200
Share premium account	254	254	254
Other funds	13 470	13 470	13 470
Translation difference	59	58	59
Fair value reserve	141	85	125
Retained earnings	31 439	28 101	30 488
Shareholders' equity, total	<u>52 563</u>	49 169	51 597
Non-current liabilities			
Deferred tax liabilities	2 966	3 034	2 999
Interest-bearing liabilities	0	39	15
Non-current liabilities, total	<u>2 966</u>	3 073	3 013
Current liabilities			
Interest-bearing liabilities	31 844	45 972	47 600
Trade and other payables	15 519	14 755	12 621
Current liabilities, total	<u>47 363</u>	60 727	60 221
Total liabilities	<u>50 329</u>	63 800	63 234
Total shareholders' equity and liabilities	<u><u>102 893</u></u>	112 969	114 831

Consolidated statement of comprehensive income

EUR 1.000	1 Mar 2009- 31 May 2010 3 mo	1 Sep 2009- 31 May 2010 9 mo	1 Mar 2009- 31 May 2009 3 mo	1 Sep 2008- 31 May 2009 9 mo	1 Sep 2008- 31 Aug 2009 12 mo
Continuous operations					
Net turnover	17 287	29 463	10 864	20 387	31 158
Other operating income	153	563	82	232	294
Materials and supplies	-83	-998	-212	-977	-1 631
Employee benefits	-4 378	-12 560	-4 166	-11 478	-13 697
Depreciation and impairment loss	-710	-2 105	-749	-2 106	-2 890
Other operating expenses	-5 454	-13 534	-4 581	-12 601	-17 133
Operating profit/loss	6 816	831	1 236	-6 543	-3 899
Financial income and expenses	1 001	2 464	-184	1 170	1 662
Profit/loss before tax	7 817	3 294	1 053	-5 373	-2 238
Income tax	-2 078	-918	-279	1 394	553
Net profit/loss for the reporting period	5 739	2 377	774	-3 980	-1 684
Other comprehensive income					
Actuarial losses	-481	-481	0	0	-297
Off-balance sheet receivables under IAS 19.58	564	597	-66	-198	223
Available-for-sale investments	-5	21	6	-68	-14
Translation differences	1	1	1	3	-1
Taxes included in other items in comprehensive profit/loss	-20	-35	16	69	23
Other comprehensive income/expense, net of tax	59	102	-44	-194	-66
Total comprehensive income/expense	5 798	2 479	730	-4 173	-1 749
Earnings per share, EUR, basic (EUR) *)	1,59	0,66	0,22	-1,11	-0,47

*) There are no factors diluting the key performance indicator

Consolidated statement of cash flow

EUR 1.000	2009/2010 9 mo	2008/2009 9 mo	2008/2009 12 mo
<i>Cash flow from operating activities</i>			
Proceeds from sales	276 029	170 330	253 324
Cash received from other operating income	194	220	280
Cash paid for other operating expenses	-255 102	-170 540	-254 960
Cash flow from operating activities before financial items and taxes	21 120	9	-1 356
Interest and other financial expenses	-1 380	-4 245	-4 501
Interest and other financial income	3 573	5 720	6 171
Dividend income	0	10	10
Direct taxes paid	-805	-724	-78
Net cash flow from operating activities (A)	22 509	771	246
<i>Cash flow from investment activities</i>			
Investments in tangible and intangible assets	-713	-1 654	-2 044
Proceeds from sale of tangible and intangible assets	56	59	59
Investments in other assets	0	0	0
Proceeds from investments in other assets	22	0	0
Net cash flow from investments activities (B)	-635	-1 595	-1 984
<i>Cash flow from financing activities</i>			
Withdrawal of short-term borrowings	0	1 524	2 499
Re-payments of short-term borrowings	-19 549	0	0
Re-payments of long-term borrowings	-15	-42	-67
Change in translation difference	1	3	3
Dividends paid	-1 485	-2 473	-2 474
Net cash flow from financing activities (C)	-21 048	-988	-39
Change in cash flows (A+B+C) increase (+) / decrease (-)	826	-1 811	-1 778
Cash and cash equivalents, 31 May / 31 Aug	4 405	3 546	3 579
./ Cash and cash equivalents, 1 Sep	-3 579	-5 357	5 357
Net change in cash and cash equivalents	826	-1 811	-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	55 862		55 862
Result for the reporting period						-3 980	-3 980		-3 980
Other comprehensive income/expense				1	-50	-145	-194		-194
Dividend						-2 520	-2 520		-2 520
Transfer to counter-cyclical budgetary fund			270			-270	0		0
Shareholders' equity, 31 May 2009	7 200	254	13 470	58	85	28 101	49 169	0	49 169
Shareholders' equity, 1 Sep 2009	7 200	254	13 470	59	125	30 488	51 597		51 597
Result for the reporting period						2 377	2 377		2 377
Other comprehensive income/expense					15	86	102		102
Dividend						-1 512	-1 512		-1 512
Shareholders' equity, 31 May 2010	7 200	254	13 470	59	140	31 439	52 563	0	52 563

Key performance indicators

	2009/2010 9 mo	2008/2009 9 mo	2008/2009 12 mo
Total sales, EUR 1,000	278 355	158 394	248 418
Net turnover, EUR 1,000	29 463	20 387	31 158
Operating profit/loss, EUR 1,000	831	-6 543	-3 900
% of net turnover	2,8 %	-32,1 %	-12,5 %
Profit before taxes, EUR 1,000	3 294	-5 373	-2 236
% of net turnover	11,2 %	-26,4 %	-7,2 %
Earnings per share, EUR	0,66	-1,11	-0,47
Equity per share, EUR	14,60	13,66	14,33
Return on equity (ROE)-%	4,6 %	-7,6 %	-3,1 %
Return on investment (ROI)-%	4,6 %	-1,2 %	0,5 %
Equity-to-assets ratio, %	53,7 %	45,4 %	46,5 %
Gearing	0,52	0,86	0,85
Gross capital expenditure, EUR 1,000	713	1 654	2 044
% of net turnover	2,4 %	8,1 %	6,6 %
Average number of personnel	345	355	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 May 2010

31 May 2009

31 Aug 2009

Mortgages given and receivables pledged in security for dept

Loans from financial institutions	12 952	31 542	32 423
Mortgages on property	54 071	54 071	54 071
Mortgages on company assets	2 691	2 691	2 691

Other contingent liabilities

Guarantees on behalf of others	1 299	4 171	5 302
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Derivative contracts

Forward exchange agreements	36 565	31 522	29 856
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Vantaa, 8 July 2010

FINNISH FUR SALES

Board of Directors