



**FINNISH FUR SALES
INTERIM REPORT
FOR
1 SEPTEMBER 2009–28 FEBRUARY 2010**

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This Interim Report has been prepared in accordance with the IAS 34 Interim Financial Reporting Standard.

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 Income statement and the Statement of changes to 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 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 2009–28 February 2010

During the second quarter of the financial year (1 December 2009–28 February 2010), Finnish Fur Sales held two auctions, the first in December and the second in February. The popularity of international fashion, cold winter weather in primary market areas and a limited stock of raw materials contributed to a clear rise in pelt prices compared with the level of the September 2009 auction. The mink and fox pelts offered for sale at the auctions were over 90 per cent sold. The Company's first 100 per cent certified selection, comprised of Finnraccoon pelts, was offered for sale at the December auction. In the second quarter of the financial year, the total value of sales more than tripled year-on-year to EUR 48.5 million, (EUR 15.3 million).

The sales volumes during September to February totalled 1,600,000 mink pelts (1,100,000 in the same period a year earlier), 820,000 fox pelts (660,000), 280,000 Karakul lamb pelts (110,000) and 60,000 Finnraccoon pelts (50,000). Due to the increase in the volume of pelts traded, the total value of sales, at EUR 91.3 million, was 34 per cent higher year-on-year (EUR 67.9 million).

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/February	92	39	5,996	2,488
Private treaty	28	5	692	153
Total	2,750	1,954	91,347	67,918

Financial Position and Performance

The consolidated net turnover for the second quarter of the financial year was 86 per cent higher than in the same reporting period a year ago because of the increase in the volume of pelts traded at the December and February auctions. The net turnover totalled EUR 6.4 million (EUR 3.4 million). The net turnover for September-February increased by 28 per cent, to EUR 12.2 million (EUR 9.5 million). Of the net turnover, 52 per cent consists of sales commissions from buyers, 34

per cent of sales commissions from fur breeders and 11 per cent of the sale of pelting services and breeding animals.

The operating expenses during the second quarter of the financial year were EUR 11.3 million (EUR 10.0 million). The expenses for September-February increased by six per cent on a year earlier, to EUR 18.6 million (EUR 17.5 million). The staff expense increased by 12 per cent as a result of a rise in pension expense.

The operating loss for the second quarter of the financial year amounted to EUR -4.6 million (EUR -6.5 million) and for September-February to EUR -6.0 million (EUR -7.8 million).

The net financial income for the second quarter of the financial year declined by seven per cent from the previous year. However, the net financial income for September-February was eight per cent higher than for the same reporting period a year ago, at EUR 1.5 million (EUR 1.4 million).

The result before taxes for the second quarter of the financial year amounted to EUR -4.1 million (EUR -6.0 million). The result before taxes for September-February amounted to EUR -4.5 million (EUR -6.4 million). The return on equity for September-February stood at -6.8 per cent (-9.1 per cent) and the earnings per share showed a loss of EUR -0.93 (EUR -1.32).

On 28 February 2010, the equity-to-assets ratio stood at 41.1 per cent (37.2 per cent on 28 February 2009 and 46.5 per cent on the balance sheet day 31 August 2009). The Group's liquidity remained at a healthy level throughout the reporting period. The consolidated balance sheet total amounted to EUR 119.8 million (EUR 135.5 million on 28 February 2009 and EUR 114.8 million on 31 August 2009). Equity per share was EUR 12.99 (EUR 13.46 on 28 February 2009 and EUR 14.33 on 31 August 2009).

Capital Expenditure and Development

The Group's gross capital expenditure totalled EUR 530,000 (EUR 1.5 million), accounting for four per cent (15 per cent) of the net turnover, 91 per cent and nine per cent allocated to the parent company's and subsidiaries' PPE (property, plant and equipment) and intangible assets, respectively.

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 7.1 million and the volume came to 890,000, accounting for 32 per cent of the Company's Series C shares. The period high was EUR 8.78, its low EUR 7.49 and its average EUR 7.98. The share closed at EUR 7.67. The market capitalisation totalled EUR 27.6 million on 28 February 2010.

During December 2009 and January 2010, Odin Finland, the Company's second largest shareholder sold most of the shares owned by it. A list of the Company's largest shareholders on 28 February 2010 and the distribution of share ownership by sectors is available on the Company's web pages.

Personnel

The number of permanent Group staff averaged 137 (134 a year ago) and fixed-term employees 197 (213). At the end of the period, the Group employed 433 staff (450).

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. The final calculations related to the transfer of the pension responsibility were not available for the preparation of this interim report.

Annual General Meeting

Finnish Fur Sales' Annual General Meeting (AGM), held on 21 January 2010, adopted the financial statements for the financial period 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 sections 2, 4, 9, 12 and 13 of the Articles of Association.

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.

Risks and Business Uncertainties

The most significant business risks and uncertainties have been reported in the Board of Directors' Annual Report for the financial period 1 September 2008–31 August 2009. Management of financial risks has been explained in the notes to the consolidated financial statements, in the section 25. There have not been any substantial changes in the risks during the review period.

Significant events following the end of the reporting period

At the Finnish Fur Sales auction held between 22 and 26 March 2010, 2.8 million mink pelts (2.7 million at the previous year's corresponding auction), 650,000 fox pelts (500,000), 150,000 Karakul lamb pelts (100,000) and 46,000 Finnraccoon pelts (30,000) were sold. There was a strong rise in both mink and fox pelt prices. The auction was in fact the largest in the Company's history measured in terms of both value of auction sales and number of buyers. The value of sales of the five-day auction amounted to EUR 186 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.

Prospects for the Rest of the Financial Year

Finnish Fur Sales will hold the last auction of the current financial year between 6 and 11 June 2010, offering a total of 2.5 million mink pelts (2.7 million at the previous year's corresponding auction) and 700,000 fox pelts (660,000). Total volume of pelts sold during the entire financial year, value of sales and net turnover will become clearly higher than in the previous financial year.

In recent years, the Finnish producers have stored part of the Blue fox pelts produced by them because of their low price level. As a result of the stronger price level, these pelts have been delivered to the Company for sale in addition to normal production. The offering at the September auction is anticipated to be clearly larger than last year.

The market conditions for fur are expected to remain good, even if the rapid rise of prices to a high level also increases market risk. Prices higher than in the last financial period clearly improve the Company's profitability. Sales results of the June auction and net financial income accrued during the last half of the financial year will have a fundamental impact on the development of the result for the current financial year. The result for the entire financial year is estimated to be clearly profitable.

Consolidate statement of financial position, IFRS

EUR 1.000

ASSETS	28 Feb 2010	28 Feb 2009	31 Aug 2009
Non-current assets			
Property, plant and equipment	23 469	25 129	24 278
Intangible assets	1 001	1 194	1 091
Available-for-sale investments	477	391	451
Non-current receivables	990	414	654
Deferred tax assets	4	11	7
Non-current assets, total	<u>25 941</u>	27 138	26 482
Current assets			
Inventories	619	589	649
Deferred tax assets	1 678	1 674	522
Customer receivables and other receivables	88 170	104 821	83 599
Cash and cash equivalents	3 410	1 310	3 579
Current assets, total	<u>93 878</u>	108 395	88 349
Total assets	<u><u>119 818</u></u>	135 533	114 831
SHAREHOLDERS' EQUITY AND LIABILITIES			
	28 Feb 2010	28 Feb 2009	31 Aug 2009
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	144	81	125
Retained earnings	25 639	27 376	30 488
Shareholders' equity, total	<u>46 766</u>	48 439	51 597
Non-current liabilities			
Deferred tax liabilities	2 979	3 046	2 999
Interest-bearing liabilities	0	60	15
Non-current liabilities, total	<u>2 979</u>	3 105	3 013
Current liabilities			
Interest-bearing liabilities	55 646	68 278	47 600
Trade and other payables	14 427	15 710	12 621
Current liabilities, total	<u>70 072</u>	83 988	60 221
Total liabilities	<u>73 052</u>	87 093	63 234
Total shareholders' equity and liabilities	<u><u>119 818</u></u>	135 533	114 831

Consolidated statement of comprehensive income

EUR 1.000	1 Dec 2009- 28 Feb 2010 3 mo	1 Sep 2009- 28 Feb 2010 6 mo	1 Dec 2008- 28 Feb 2009 3 mo	1 Sep 2008- 28 Feb 2009 6 mo	1 Sep 2008- 31 Aug 2009 12 mo
Continuous operations					
Net turnover	6 361	12 176	3 420	9 523	31 158
Other operating income	342	410	91	150	294
Materials and supplies	-416	-914	-299	-764	-1 631
Employee benefits	-5 741	-8 181	-5 018	-7 312	-13 697
Depreciation and impairment loss	-703	-1 395	-677	-1 356	-2 890
Other operating expenses	-4 472	-8 080	-4 039	-8 020	-17 133
Operating profit/loss	-4 629	-5 985	-6 522	-7 779	-3 899
Financial income and expenses	479	1 463	512	1 354	1 662
Profit/loss before tax	-4 150	-4 522	-6 008	-6 425	-2 238
Income tax	1 069	1 160	1 570	1 673	553
Net profit/loss for the reporting period	-3 081	-3 362	-4 438	-4 753	-1 684
Other comprehensive income					
Actuarial losses	0	0	0	0	-297
Off-balance sheet receivables under IAS 19.58	8	33	-66	-132	223
Available-for-sale investments	15	25	-19	-74	-14
Translation differences	0	0	0	3	-1
Taxes included in other items in comprehensive profit/loss	-6	-15	22	53	23
Other comprehensive income/expense, net of tax	17	43	-63	-150	-66
Total comprehensive income/expense	-3 063	-3 319	-4 501	-4 903	-1 749
Earnings per share, EUR, basic (EUR) *)	-0,86	-0,93	-1,23	-1,32	-0,47
*) There are no factors diluting the key performance indicator					

Consolidated statement of cash flow

EUR 1.000	2009/2010 6 mo	2008/2009 6 mo	2008/2009 12 mo
<i>Cash flow from operating activities</i>			
Proceeds from sales	107 548	89 150	253 324
Cash received from other operating income	134	130	280
Cash paid for other operating expenses	-117 203	-115 059	-254 960
Cash flow from operating activities before financial items and taxes	-9 521	-25 779	-1 356
Interest and other financial expenses	-627	-2 255	-4 501
Interest and other financial income	2 249	3 537	6 171
Dividend income	7	0	10
Direct taxes paid	-534	-506	-78
Net cash flow from operating activities (A)	-8 427	-25 002	246
<i>Cash flow from investment activities</i>			
Investments in tangible and intangible assets	-529	-1 464	-2 044
Proceeds from sale of tangible and intangible assets	37	59	59
Investments in other assets	0	0	0
Proceeds from investments in other assets	0	0	0
Net cash flow from investments activities (B)	-492	-1 405	-1 984
<i>Cash flow from financing activities</i>			
Withdrawal of short-term borrowings	10 249	24 853	2 499
Re-payments of short-term borrowings			
Re-payments of long-term borrowings	-15	-22	-67
Change in translation difference	0	1	3
Dividends paid	-1 485	-2 471	-2 474
Net cash flow from financing activities (C)	8 750	22 361	-39
Change in cash flows (A+B+C) increase (+) / decrease (-)	-169	-4 047	-1 777
Cash and cash equivalents, 28 Feb / 31 Aug	3 410	1 310	3 579
./ Cash and cash equivalents, 1 Sep	3 579	5 357	5 357
Net change in cash and cash equivalents	-169	-4 047	-1 778

Consolidated statement of changes in shareholders' equity

	Share capital	Share premium fund	Other funds	Translation differences	Fair value reserve	Retained earnings	Share of parent company's owners	Share of minority interest	Shareholders' equity total
Shareholders' equity, 1 Sep 2008	7 200	254	13 200	57	136	35 016	55 862		55 862
Result for the reporting period						-4 754	-4 754		-4 754
Other comprehensive income/expense				1	-55	-96	-150		-150
Dividend distribution						-2 520	-2 520		-2 520
Transfer to counter-cyclical budgetary fund			270			-270	0		0
Shareholders' equity, 28 Feb 2009	7 200	254	13 470	58	81	27 376	48 439	0	48 439
Shareholders' equity, 1 Sep 2009	7 200	254	13 470	59	125	30 488	51 597		51 597
Result for the reporting period						-3 362	-3 362		-3 362
Other comprehensive income/expense					19	24	43		43
Dividend distribution						-1 512	-1 512		-1 512
Shareholders' equity, 28 Feb 2010	7 200	254	13 470	59	144	25 639	46 766	0	46 766

Key performance indicators

	2009/2010	2008/2009	2008/2009
	6 mo	6 mo	12 mo
Total sales, EUR 1,000	91 347	67 918	248 418
Net turnover, EUR 1,000	12 176	9 523	31 158
Operating profit/loss, EUR 1,000	-5 981	-7 780	-3 900
% of net turnover	-49,1 %	-81,7 %	-12,5 %
Profit before taxes, EUR 1,000	-4 522	-6 426	-2 236
% of net turnover	-37,1 %	-67,5 %	-7,2 %
Earnings per share, EUR	-0,93	-1,32	-0,47
Equity per share, EUR	12,99	13,46	14,33
Return on equity (ROE)-%	-6,8 %	-9,1 %	-3,1 %
Return on investment (ROI)-%	-3,8 %	-4,2 %	0,5 %
Equity-to-assets ratio, %	41,1 %	37,2 %	46,5 %
Gearing	1,12	1,38	0,85
Gross capital expenditure, EUR 1,000	529	1 464	2 044
% of net turnover	4,3 %	15,4 %	6,6 %
Average number of personnel	334	347	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 **28 Feb 2010** 28 Feb 2009 31 Aug 2009

Mortgages given and receivables pledged in security for dept

Loans from financial institutions	42 874	54 809	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	6 700	4 946	5 302
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Derivative contracts

Forward exchange agreements	18 305	29 654	29 856
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Related Party Transactions

Transactions with related parties:

	2009/2010	2008/2009	2008/2009
	6 mo	6 mo	12 mo
Net turnover	78	67	309
Financial income	11	19	38
Financial expenses	-19	-26	-27
Related party receivables	875	988	176
Related party liabilities	-753	-562	-1 128

Management compensation

Remuneration and other short-term employee benefits	418	457	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, 28 April 2010

FINNISH FUR SALES
Board of Directors