



sagafurs.

Interim Report
1.11.2014 – 30.4.2015

SAGA FURS OYJ

INTERIM REPORT FOR 1 November 2014 to 30 April 2015

Vantaa, 24 June 2015 at 2:45 p.m.

Saga Furs Oyj's result showing clear profit

- The value of sales for Saga Furs Oyj for the review period 1 February to 30 April 2015 grew by 30 per cent, totalling EUR 310.5 million (MEUR 238.5 in the corresponding period last year), thanks to the increase in the number of pelts and the rise in the price level of mink pelts. The value of sales from November to April was EUR 360.4 million (MEUR 272.3).
- The company auctioned a total of 4.6 million pelts in the review period (4.0 million). Between November and April, the company auctioned a total of 5.4 million pelts (4.5 million pelts).
- The price level of mink pelts in EUR increased by 22 per cent from the corresponding period last year. The price level of fox pelts remained at the same level as in the previous corresponding period.
- Consolidated net turnover rose by 22 per cent year-on-year, amounting to EUR 25.5 million (MEUR 20.9). Net turnover for November to April was EUR 32.9 million (MEUR 26.3).
- Operating expenses declined by 12 per cent year-on-year, totalling EUR 15.0 million (MEUR 17.1). The decrease in the expenses is first and foremost due to the fact that there were no buyer credit losses in the review period as there were in the corresponding period last year. Operating expenses for November to April totalled EUR 30.2 million (MEUR 31.4).
- Consolidated operating profit for the review period was EUR 11.0 million (MEUR 4.0) and for November to April EUR 3.3 million (MEUR -4.9).
- Consolidated net financial income for the review period was EUR 1.7 million (MEUR 1.0) and for November to April EUR 3.3 million (MEUR 1.9).
- Consolidated profit before taxes for the review period was EUR 12.7 million (MEUR 5.0) and for November to April EUR 6.6 million (MEUR -3.0).
- Consolidated profit for the review period was EUR 10.1 million (MEUR 4.0) and for November to April EUR 5.1 million (MEUR -2.5).
- Earnings per share amounted to EUR 2.80 (1.10) for the review period and EUR 1.41 (-0.69) for November to April.
- During the March auction, Saga Furs Oyj issued a positive profit warning: The company expects to see a significant increase in its full-year earnings compared to the 2013–2014 financial year.

| Consolidated key figures | 2/15–4/15 3 mo | 11/14–4/15 6 mo | 2/14–4/14 3 mo | 11/13–4/14 6 mo | 11/13–10/14 12 mo |
|---------------------------------------|-------------------|--------------------|-------------------|--------------------|----------------------|
| Total sales, MEUR | 310.5 | 360.4 | 238.5 | 272.3 | 505.4 |
| Total amount of skins sold, 1,000 pcs | 4,560 | 5,359 | 3,963 | 4,459 | 9,797 |
| Net turnover, MEUR | 25.5 | 32.9 | 20.9 | 26.3 | 49.8 |
| Operating profit/loss, MEUR | 11.0 | 3.3 | 4.0 | -4.9 | -1.1 |
| Profit before taxes, MEUR | 12.7 | 6.6 | 5.0 | -3.0 | 2.1 |
| Earnings per share, EUR | 2.80 | 1.41 | 1.10 | -0.69 | 0.41 |
| Return on equity (ROE), % | 11.4% | 5.6% | 4.5% | -2.8% | 1.6% |
| Return on investment (ROI), % | 6.6% | 3.8% | 3.0% | -1.6% | 1.7% |

Accounting principles

This interim report was prepared in accordance with the IAS 34 Interim Financial Reporting.

The accounting principles for this interim report were the same as those for the financial statements dated 31 October 2014, apart from certain new and amended IFRSs adopted at the beginning of the financial year, as specified in the said financial statements. The adoption of the new and amended standards has had no impact on the figures presented.

The Securities Market Act no longer includes a requirement to present future prospects in interim reports. Future prospects are presented in the annual report in accordance with the Accounting Act. However, the company has decided to continue to present future prospects in its interim reports for the time being. Any changes to this practice will be communicated separately.

The information presented in this interim report is unaudited.

Sales for the period 1 November 2014 to 30 April 2015

Saga Furs Oyj held one auction in the second quarter of the financial year (1 February–30 April 2015) from 10 to 20 March 2015, in cooperation with the North American auction houses American Legend and Fur Harvesters. The cold winter weather in China, small pelt stocks and the fact that fur is in fashion had a positive impact on the demand for the main pelt types, which completely sold out under fierce competition. However, uncertainty in the Russian market was reflected in the demand for Blue Frost and silver fox pelts and their sales percentages remained low. A total of 3.6 million mink pelts (3.1 million at the corresponding auction in the previous year), 780,000 fox pelts (730,000), 97,000 Karakul lamb pelts (110,000) and 45,000 Finn raccoon pelts (48,000) were sold at the auction by Saga Furs Oyj. The value of sales was EUR 308 million (MEUR 238).

Between November and April, a total of 4.1 million mink pelts (3.3 million), 1.0 million fox pelts (800,000), 190,000 Karakul lamb pelts (300,000) and 63,000 Finn raccoon pelts (71,000) were sold. Thanks to the increase in the number of pelts and the rise in the price level of mink pelts, the value of sales increased by 32 per cent, totalling EUR 360 million (MEUR 272).

| Auction | Sales 1,000 pelts 2014/2015 | Value EUR 1,000 2014/2015 | Sales 1,000 pelts 2013/2014 | Value EUR 1,000 2013/2014 |
|-----------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| December | 795 | 49,480 | 494 | 33,779 |
| March | 4,540 | 307,985 | 3,959 | 238,071 |
| Warehouse sales | 24 | 2,896 | 7 | 493 |
| Total | 5,359 | 360,361 | 4,459 | 272,344 |

Financial performance

Consolidated net turnover in the second quarter of the financial year amounted to EUR 25.5 million (MEUR 20.9). Net turnover rose by 22 per cent year-on-year, thanks to the increase in the number of pelts traded and the rise in the price level of mink pelts. Net turnover for November to April grew by 25 per cent year-on-year, totalling EUR 32.9 million (MEUR 26.3). Of the net turnover, 64 per cent was made up of commission fees collected from buyers, 17 per cent from those collected from producers and 17 per cent from sales of pelting services and animals. Other operating income tripled in the second quarter, amounting to EUR 530,000. Other operating income for November to April was EUR 630,000. Other operating income includes recovered buyer credit losses: EUR 450,000 for the review period and EUR 470,000 for November to April.

Operating expenses decreased by 12 per cent during the second quarter compared to the previous corresponding period, amounting to EUR 15.0 million (MEUR 17.1). Personnel expenses rose by EUR 510,000 and depreciation by EUR 200,000 year-on-year. Other operating expenses decreased by EUR 2.2 million. The decrease in the expenses is first and foremost due to the fact that there were no buyer credit losses in the review period as there were in the corresponding period last year. The use of materials and supplies decreased by EUR 620,000, mainly due to a decrease in trade of breeding animals. Operating expenses for November to April declined by 4 per cent, totalling EUR 30.2 million (MEUR 31.4).

Consolidated operating profit for the second quarter was EUR 11.0 million (MEUR 4.0) and for November to April EUR 3.3 million (MEUR -4.9).

Consolidated net financial income for the second quarter grew by 66 per cent, totalling EUR 1.7 million (MEUR 1.0). Growth was mainly due to an increase in net interest income. Net financial income for November to April was EUR 3.3 million (MEUR 1.9).

Profit before taxes for the second quarter was EUR 12.7 million (MEUR 5.0) and profit for the review period was EUR 10.1 million (MEUR 4.0). Return on equity for the second quarter was 11.4 per cent (4.5 per cent), with earnings per share amounting to EUR 2.80 (1.10). Profit before taxes for November to April was EUR 6.6 million (MEUR -3.0) and profit after taxes EUR 5.1 million (MEUR -2.5). Return on equity for November to April was 5.6 per cent (-2.8 per cent), with earnings per share amounting to EUR 1.41 (EUR -0.69).

The Group's equity ratio at the end of the review period was 42.7 per cent (40.0 per cent at the end of April 2014, 43.6 per cent on the closing date of 31 October 2014).

The Group's liquidity remained at a healthy level throughout the review period. The consolidated balance sheet total was EUR 234.3 million (MEUR 235.2 on 30 April 2014, MEUR 219.0 on 31 October 2014). Equity per share was EUR 25.71 (EUR 23.77 on 30 April 2014, EUR 24.98 on 31 October 2014).

During the March auction, Saga Furs Oyj issued a positive profit warning, according to which the company expects to see a significant increase in its full-year earnings compared to the 2013-2014 financial year. According to the profit warning, the cold winter weather in China and the resulting good retail sales season as well as the strong international fur fashion had a positive impact on the results of the March auction, although uncertainty in the Russian market and the weakening of the rouble were reflected in the demand for some mink and fox pelt types. The clear strengthening of the US dollar in January to March also had a positive impact on the price level and the company's net turnover.

Capital expenditure and development

Consolidated gross capital expenditure for November to April totalled EUR 5.2 million (MEUR 4.3), or 16 per cent (17 per cent) of net turnover. Of the capital expenditure, 51 per cent was spent on the parent company's buildings and structures and 30 per cent on the parent company's equipment. Saga Congress Center's renovated auction and restaurant facilities were taken into use before the March auction.

Shares and share performance

Saga Furs Oyj's share capital totalled EUR 7,200,000 at the end of the review period and the number of shares stood at 3,600,000, of which 900,000 were Series A shares and 2,700,000 Series C shares.

The value of shares traded in November to April totalled EUR 11.5 million and the volume was 460,000 shares, representing 17 per cent of the company's Series C shares. The highest price of the share during the period was EUR 28.98 and the lowest price was EUR 20.40, with the average price being EUR 25.20. The shares closed at EUR 26.50. The company's market capitalisation stood at EUR 95.4 million on 30 April 2015.

A list of the company's largest shareholders as of 30 April 2015 is available for viewing on the company's website.

Personnel

The number of permanent Group staff in the review period averaged 161 (155 in the previous corresponding period) and fixed-term employees 339 (312). At the end of the period, the Group employed 406 individuals (379).

General Meetings

The Annual General Meeting of Saga Furs Oyj held on 22 April 2015 approved the financial statements for the financial year ending on 31 October 2014 and decided to distribute a dividend of EUR 0.70/share, totalling EUR 2,520,000, and to transfer EUR 150,000 to the counter-cyclical budgetary fund. In addition, the Annual General Meeting made a decision to authorise the Board of Directors to decide on an additional

dividend of EUR 0.30 per share at the maximum. The authorisation is valid until the beginning of the next Annual General Meeting.

Fur breeders Kenneth Ingman, Lasse Joensuu, Jorma Kauppila, Pentti Lipsanen, Christer Nordmyr, Hannu Sillanpää and Rainer Sjöholm as well as Mirkku Kullberg, Head of Home Department at Vitra AG, were elected to the Board of Directors. Following the AGM, Jorma Kauppila was elected Chair and Kenneth Ingman Deputy Chair of the Board of Directors at the first meeting of the Board. Ernst & Young Oy will continue as the company's auditor.

Seasonal variation

Saga Furs Oyj holds four auctions over the course of the 12-month sales period. The timing and volumes on sale at auctions vary from year to year. Due to this variation, significant differences may also occur from one financial year to the next, since the number of auctions arranged during the comparative period may not be the same. Consequently, fluctuations in the value of sales, net turnover and costs relative to the comparative period may not provide an accurate picture of the development over an entire financial year.

Business risks and uncertainties

The most significant business risks and uncertainties are described in the Board of Directors' report for the financial year 1 November 2013 to 31 October 2014. Financial risk management is explained in Note 25 to the consolidated financial statements.

Significant events after the review period

Saga Furs Oyj arranged an auction in cooperation with the North American auction houses American Legend and Fur Harvesters Auction Inc. on 3–12 June 2015. The auction was mainly driven by buying from Hong Kong/China, and, thanks to the rise in the price level and the strengthening of the US dollar, the value of sales grew to nearly EUR 220 million (MEUR 157 at the corresponding auction in the previous year). Nearly 800 buyers attended the auction, and a total of 3.3 million mink pelts (3.5 million), 650,000 fox pelts (620,000), 33,000 Karakul lamb pelts (12,000) and 31,000 Finnraccoon pelts (16,000) were sold at the auction.

Prospects for the rest of the financial year

Saga Furs Oyj will arrange the final auction of the financial year between 15 and 21 September. In this auction, approximately 620,000 fox pelts and 1.8 million mink pelts, most of which representing a lower quality, will be offered. The development of the market conditions depends, first and foremost, on the start of raw material and garment trade in China during the summer and the autumn. The Russian and European markets are not expected to pick up significantly in the short term.

The costs for the financial year are estimated to grow as a result of the increased pelt handling and storage costs, the weakening of the euro and the increase in pelt prices. However, expenses per pelt are expected to remain virtually unchanged from the previous financial year.

Duty-free temporary imports of undressed fur pelts to China ends in the end of June 2015, which may slow down pelt imports and create uncertainty. For this reason, in the June auction the company sought to promote the sales of mink and fox pelts by, for instance, offering the customers longer payment terms, as it did last year. Fur producers are expected to use the advance financing offered by the Group as actively during this summer and autumn as they did last year. During the rest of the financial year, the total consolidated net financial income is expected to remain at the previous financial year's level. The consolidated profit for the financial year is expected to increase and be considerably higher than that of the previous financial year.

Consolidated statement of financial position, IFRS

EUR 1.000

| ASSETS | 30 Apr 2015 | 30 Apr 2014 | 31 Oct 2014 |
|---|-----------------------|-----------------------|-----------------------|
| Non-current assets | | | |
| Property, plant and equipment | 40 524 | 31 018 | 37 463 |
| Intangible assets | 4 202 | 4 229 | 4 314 |
| Available-for-sale investments | 782 | 678 | 684 |
| Long-term receivables from fur breeders | 3 653 | 6 965 | 4 405 |
| Non-current assets, total | <u>49 160</u> | <u>42 890</u> | <u>46 866</u> |
| Current assets | | | |
| Inventories | 2 653 | 2 203 | 2 547 |
| Interest-bearing receivables from buyers | 57 684 | 57 960 | 58 256 |
| Interest-bearing receivables from fur breeders | 46 262 | 51 935 | 85 371 |
| Non-interest-bearing receivables | 46 361 | 69 497 | 21 930 |
| Tax assets based on taxable income for the period | 1 167 | 3 369 | 0 |
| Cash and cash equivalents | 30 970 | 7 337 | 4 059 |
| Current assets, total | <u>185 098</u> | <u>192 301</u> | <u>172 162</u> |
| Total assets | <u><u>234 258</u></u> | <u><u>235 190</u></u> | <u><u>219 028</u></u> |
| 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 | 19 740 | 19 590 | 19 590 |
| Translation difference | 55 | 56 | 60 |
| Fair value reserve | 333 | 245 | 262 |
| Retained earnings | 64 967 | 58 226 | 62 565 |
| Shareholders' equity, total | <u>92 550</u> | <u>85 570</u> | <u>89 931</u> |
| Provisions for liabilities and charges | 266 | 0 | 266 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 2 181 | 2 037 | 2 168 |
| Current liabilities | | | |
| Interest-bearing liabilities | 103 218 | 101 067 | 99 367 |
| Trade and other payables | 35 931 | 46 494 | 26 751 |
| Deferred taxes based on the taxable income | 113 | 22 | 546 |
| Current liabilities, total | <u>139 262</u> | <u>147 583</u> | <u>126 664</u> |
| Total liabilities | <u>141 443</u> | <u>149 620</u> | <u>128 832</u> |
| Total shareholders' equity and liabilities | <u><u>234 258</u></u> | <u><u>235 190</u></u> | <u><u>219 028</u></u> |

Consolidated statement of comprehensive income

| EUR 1.000 | 1 Feb 2015- 30 Apr 2015 3 mo | 1 Nov 2014- 30 Apr 2015 6 mo | 1 Feb 2014- 30 Apr 2014 3 mo | 1 Nov 2013- 30 Apr 2014 6 mo | 1 Nov 2013- 31 Oct 2014 12 mo |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-------------------------------------|
| Continuous operations | | | | | |
| Net turnover | 25 460 | 32 893 | 20 916 | 26 293 | 49 783 |
| Other operating income | 534 | 626 | 174 | 246 | 416 |
| Materials and supplies | -980 | -2 517 | -1 602 | -2 898 | -4 525 |
| Employee benefits | -6 221 | -12 885 | -5 715 | -12 063 | -19 239 |
| Depreciation and impairment loss | -1 157 | -2 217 | -961 | -1 847 | -3 893 |
| Other operating expenses | -6 593 | -12 602 | -8 789 | -14 641 | -23 596 |
| Operating profit/loss | 11 042 | 3 298 | 4 023 | -4 909 | -1 054 |
| Financial income | 2 064 | 4 015 | 1 256 | 2 288 | 4 821 |
| Financial expenses | -366 | -702 | -234 | -421 | -1 682 |
| Profit/loss before tax | 12 739 | 6 611 | 5 045 | -3 042 | 2 085 |
| Income tax | -2 652 | -1 536 | -1 076 | 541 | -612 |
| Net profit/loss for the reporting period | 10 087 | 5 075 | 3 969 | -2 501 | 1 473 |
| Other comprehensive income | | | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | | | | | |
| Available-for-sale investments | 62 | 90 | 42 | 52 | 70 |
| Translation differences | -8 | -9 | -2 | -1 | 5 |
| Income tax effect | -12 | -18 | -8 | -10 | -12 |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | 41 | 63 | 31 | 40 | 64 |
| Total comprehensive income/expense | 10 129 | 5 139 | 4 001 | -2 461 | 1 536 |
| Earnings per share, EUR, basic (EUR) *) | 2,80 | 1,41 | 1,10 | -0,69 | 0,41 |
| *) There are no factors diluting the key performance indicator | | | | | |

Consolidated statement of cash flows

| EUR 1.000 | 1.11.2014- 30.4.2015 6 mo | 1.11.2013- 30.4.2014 6 mo | 1.11.2013- 31.10.2014 12 mo |
|--|--|---------------------------------|-----------------------------------|
| <i>Cash flow from operating activities</i> | | | |
| Payments received for selling on commission | 337 359 | 227 411 | 487 583 |
| Cash received from other operating income | 157 | 215 | 337 |
| Cash paid for other operating expenses | -306 813 | -290 693 | -545 324 |
| Cash flow from operating activities before financial items and taxes | 30 703 | -63 066 | -57 404 |
| Interests, paid | -541 | -276 | -731 |
| Other financial expenses | -91 | -96 | -970 |
| Interest, received | 3 768 | 2 865 | 4 535 |
| Other financial income | 412 | 74 | 285 |
| Dividend income | 22 | 21 | 21 |
| Direct taxes paid | -3 059 | -4 446 | -1 890 |
| Net cash flow from operating activities (A) | 31 215 | -64 924 | -56 154 |
| <i>Cash flow from investment activities</i> | | | |
| Investments in tangible and intangible assets | -5 191 | -4 265 | -12 859 |
| Proceeds from sale of tangible and intangible assets | 27 | 50 | 88 |
| Investments in other assets | -8 | -88 | -87 |
| Net cash flow from investments activities (B) | -5 171 | -4 303 | -12 858 |
| <i>Cash flow from financing activities</i> | | | |
| Proceeds from short-term borrowings | 3 140 | 51 495 | 55 250 |
| Dividends paid | -2 273 | -3 | -7 250 |
| Net cash flow from financing activities (C) | 867 | 51 492 | 48 000 |
| Change in cash flows (A+B+C) increase (+) / decrease (-) | 26 911 | -17 734 | -21 012 |
| Cash and cash equivalents, 30 Apr / 31 Oct | 30 970 | 7 337 | 4 059 |
| ./. Cash and cash equivalents, 1 Nov | 4 059 | 25 071 | 25 071 |
| Net change in cash and cash equivalents | 26 911 | -17 734 | -21 012 |

Consolidated statement of changes in shareholders' equity 1.11.2013-30.4.2014

| | Share capital | Share premium account | Other funds | Translation difference | Fair value reserve | Retained earnings | Before minority interests | Minority interests | Total |
|---|---------------|-----------------------|-------------|------------------------|--------------------|-------------------|---------------------------|--------------------|---------------|
| Shareholders' equity, 1 Nov 2013 | 7 200 | 254 | 17 370 | 57 | 204 | 70 327 | 95 411 | 0 | 95 411 |
| Result for the reporting period | | | | | | -2 501 | -2 501 | | -2 501 |
| Other comprehensive income/expense | | | | -1 | 41 | -1 | 40 | | 40 |
| Dividend | | | | | | -7 380 | -7 380 | | -7 380 |
| Transfer to counter-cyclical budgetary fund | | | 2 220 | | | -2 220 | 0 | | 0 |
| Shareholders' equity, 30 Apr 2014 | 7 200 | 254 | 19 590 | 56 | 246 | 58 226 | 85 570 | 0 | 85 570 |

Consolidated statement of changes in shareholders' equity 1.11.2014-30.4.2015

| | | | | | | | | | |
|---|-------|-----|--------|----|-----|--------|---------------|---|---------------|
| Shareholders' equity, 1 Nov 2014 | 7 200 | 254 | 19 590 | 60 | 262 | 62 565 | 89 931 | 0 | 89 931 |
| Result for the reporting period | | | | | | 5 075 | 5 075 | | 5 075 |
| Other comprehensive income/expense | | | | -5 | 72 | -4 | 63 | | 63 |
| Dividend | | | | | | -2 520 | -2 520 | | -2 520 |
| Transfer to counter-cyclical budgetary fund | | | 150 | | | -150 | 0 | | 0 |
| Shareholders' equity, 30 Apr 2015 | 7 200 | 254 | 19 740 | 55 | 333 | 64 967 | 92 550 | 0 | 92 550 |

Key performance indicators

| | 2014/2015 | 2013/2014 | 2013/2014 |
|--------------------------------------|------------------|-----------|-----------|
| | 6 mo | 6 mo | 12 mo |
| Total sales, EUR 1,000 | 360 361 | 272 344 | 505 418 |
| Net turnover, EUR 1,000 | 32 893 | 26 293 | 49 783 |
| Operating profit/loss, EUR 1,000 | 3 298 | -4 909 | -1 054 |
| % of net turnover | 10,0% | -18,7 % | -2,1 % |
| Profit before taxes, EUR 1,000 | 6 611 | -3 042 | 2 085 |
| % of net turnover | 20,1 % | -11,6 % | 4,2 % |
| Earnings per share, EUR | 1,41 | -0,69 | 0,41 |
| Equity per share, EUR | 25,71 | 23,77 | 24,98 |
| Return on equity (ROE)-% | 5,6 % | -2,8 % | 1,6 % |
| Return on investment (ROI)-% | 3,8 % | -1,6 % | 1,7 % |
| Equity-to-assets ratio, % | 42,7 % | 40,0 % | 43,5 % |
| Gearing | 0,78 | 1,10 | 1,06 |
| Gross capital expenditure, EUR 1,000 | 5 198 | 4 352 | 12 946 |
| % of net turnover | 15,8 % | 16,6 % | 26,0 % |
| Average number of personnel | 500 | 467 | 353 |

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 | 30 Apr 2015 | 30 Apr 2014 | 31 Oct 2014 |
|---|-------------|-------------|-------------|
| Mortgages given and receivables pledged in security for dept | | | |
| Loans from financial institutions | 66 512 | 61 196 | 63 021 |
| Mortgages on property | 50 875 | 54 071 | 54 071 |
| Mortgages on company assets | 2 691 | 2 691 | 2 691 |
| Pledges given | 791 | 791 | 791 |
| Derivative contracts | | | |
| Forward exchange agreements | 34 119 | 48 434 | 29 268 |

Property investments

The group is obliged to check the VAT deductions made on real estate investments if taxable use of the real estate decreases during the inspection period. The maximum amount of liability is EUR 348.000 and the last year of inspection is 2023.

Related Party Transactions

| EUR 1.000 | 2014/2015 6 mo | 2013/2014 6 mo | 2013/2014 12 mo |
|---|-------------------|-------------------|--------------------|
| Transactions with related parties: | | | |
| <i>Net turnover</i> | | | |
| - other related party | 340 | 229 | 317 |
| <i>Other operating income</i> | | | |
| - parent company | 24 | 24 | 32 |
| <i>Other operating expenses</i> | | | |
| - parent company | -9 | -14 | -13 |
| <i>Financial income</i> | | | |
| - other related party | 32 | 24 | 40 |
| <i>Financial expenses</i> | | | |
| - parent company | -5 | -5 | -29 |
| - other related party | -7 | -1 | -13 |
| <i>Related party receivables</i> | | | |
| - other related party | 867 | 1 366 | 988 |
| <i>Related party liabilities</i> | | | |
| - parent company | -4 277 | -3 921 | -4 222 |
| - other related party | -1 541 | -1 960 | -1 633 |

| Management compensation | 2014/2015 6 mo | 2013/2014 6 mo | 2013/2014 12 mo |
|---|---------------------------|-------------------|--------------------|
| Remuneration and other short-term employee benefits | 749 | 693 | 1 316 |

Management consists of the Board of Directors, the Managing Director, the Managing Director's Deputy and the rest of the groups Management Group.

Vantaa, 24 June 2015

Board of Directors