

FINNISH FUR SALES

INTERIM REPORT FOR 1 SEPTEMBER–30 NOVEMBER 2006

This Interim Report's financial statements are based on IFRS-compliant recognition and measurement principles, applying the same accounting policies as in the financial statements for 1 September 2005–31 August 2006. Data in this Interim Report are based on unaudited figures.

Group Performance

The first quarter of the Finnish Fur Sales Group's financial year is characterised by heavier costs resulting from arrangements for the auction period starting in December. During the reporting period 1 September–30 November 2006, Finnish Fur Sales held one auction in September 2006. The sales volume at this auction and through the period's private treaty sales totalled 380,000 mink pelts (314,000 in the same period a year ago), 671,000 fox pelts (582,000), 12,000 Karakul lamb pelts (53,000) and 12,000 raccoon pelts (23,000), graded in the previous financial period. Pelt prices were on average 21 per cent higher than in the same financial period a year ago. Due to the larger volume of pelts and higher prices, year-on-year sales rose by 33 per cent, to EUR 56.7 million (EUR 42.6 million).

Auction	Sales 1,000 pelts 2006/2007	Sales 1,000 pelts 2005/2006	Value EUR 1,000 2006/2007	Value EUR 1,000 2005/2006
September	1,072	968	56,493	42,398
Private treaty	4	10	226	217
Total	1,076	978	56,719	42,616

Consolidated net turnover improved by 19 per cent, to EUR 5.5 million (EUR 4.6 million). Operating expenses increased by eight per cent on a year earlier, to EUR 7.5 million (EUR 6.9 million). Operating loss for the period amounted to EUR 1.9 million, representing 35 per cent of net turnover (a loss of EUR 2.1 million and 45 per cent).

Net financial income rose by two per cent from the previous year, to EUR 620,000 (EUR 609,000). Loss before appropriations and taxes came to EUR 1.3 million (a loss of EUR 1.5 million). Earnings per share showed a loss of EUR 0.27 (a loss of EUR 0.31).

On 30 November 2006, the equity-to-assets ratio stood at 56.8 per cent (56.2 per cent on 30 November 2005 and 45.1 per cent on the balance sheet date of 31 August 2006). Consolidated balance sheet total amounted to EUR 106.0 million (EUR 96.9 million on 30 November 2005 and EUR 133.3 million on 31 August 2006).

Capital Expenditure and Development

Group gross capital expenditure totalled EUR 901,000 (EUR 650,000), accounting for 19 per cent (14 per cent) of net turnover, EUR 807,000 and EUR 94,000 allocated to the parent company's and subsidiaries' PPE (property, plant and equipment) and intangible assets, respectively.

Shares and Share Performance

On the balance sheet date, Finnish Fur Sales' share capital totalled EUR 7,200,000 and the number of shares 3,600,000, 700,000 of which represented Series A shares and 2,900,000 Series C shares.

The value of shares traded in the review period totalled EUR 1,9 million and the volume came to 160,000, accounting for six per cent of the company's Series C shares. The period high was EUR 14.10, its low EUR 10.82 and its average EUR 11.85. The share closed at EUR 13.64. The market capitalisation totalled EUR 39.3 million on 30 November 2006.

Personnel

The number of permanent Group staff averaged 116 (115 a year ago) and fixed-term employees numbered 85 (74). At the end of the period, the Group employed 485 staff (490).

Seasonal Variations

Finnish Fur Sales holds 4 to 6 auctions during the 12-month auction period, auction schedules and supply varying each financial year. 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. For this reason, 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.

Prospects for the Rest of the Financial Year

Following the review period, Finnish Fur Sales held one auction between 18 and 21 December 2006, auctioning a total of 930,000 mink pelts (780,000 at the previous year's corresponding auction), 310,000 fox pelts (340,000), 230,000 Karakul lamb pelts (250,000) and 23,000 Finnraccoon pelts (18,000). The auction generated sales of EUR 70.2 million (EUR 66.0 million).

However, the majority of the pelts offered at the financial year's auctions are sold at March and June auctions during 25–30 March and 31 May–5 June. Due to the warm weather in the autumn and early winter, retail sales of fur garments and fur trim have slowed down in all market areas, with the result that the retailing sector will probably not meet its sales targets. This is likely to be reflected in the financial year's remaining auctions, and mink pelt prices in particular are anticipated to fall from levels recorded in the December auction. As a result of falling prices, full-year results are expected to be weaker than a year ago.

Consolidated balance sheet (IFRS) EUR
1,000

ASSETS	30 Nov. 2006	30 Nov. 2005	31 Aug. 2006
Non-current assets			
Property, plant and equipment	24,207	24,320	23,837
Intangible assets	678	1,472	783
Available-for-sale investments	551	494	488
Non-current receivables	872	1,069	872
Deferred tax assets	25	54	27
Pension receivables	3,670	3,234	3,482
Total non-current assets	30,004	30,644	29,488
Current assets			
Inventories	345	284	524
Deferred tax assets	374	441	0
Customer receivables and other receivables	71,363	61,517	93,713
Cash and cash equivalents	3,923	3,977	9,610
Total current assets	76,005	66,219	103,847
Total assets	106,010	96,863	133,335
LIABILITIES AND SHAREHOLDERS' EQUITY			
	30 Nov. 2006	30 Nov. 2005	31 Aug. 2006
Equity attributable to parent company shareholders			
Share capital	7,200	7,200	7,200
Share premium fund	254	254	254
Other funds	12,230	11,905	12,230
Translation difference	57	58	57
Fair value reserve	198	156	151
Retained earnings	38,662	33,553	39,627
Total shareholders' equity	58,602	53,125	59,519
Long-term liabilities			
Deferred tax liabilities	4,121	4,014	4,069
Short-term liabilities			
Interest-bearing liabilities	33,355	31,708	60,904
Trade and other payables	9,931	8,015	8,843
	43,286	39,723	69,747
Total liabilities	47,408	43,738	73,816

Total liabilities and shareholders' equity	106,010	96,863	133,335
Consolidated income statement	2006/2007	2005/2006	2005/2006
EUR 1,000	3 months	3 months	12 months
Net turnover	5,499	4,635	42,066
Other operating income	68	60	338
Materials and supplies	-582	-381	-1,849
Employee benefits	-1,946	-1,625	-12,757
Depreciation and impairment loss	-627	-736	-3,017
Other operating expenses	-4,333	-4,057	-17,109
Operating profit/loss	-1,920	-2,104	7,673
Financial income and expenses	620	609	2,716
Profit/loss before tax	-1,300	-1,495	10,389
Income tax	335	388	-2,757
Net profit/loss	-965	-1,107	7,632
Earnings per share, EUR	-0.27	-0.31	2.12

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. 2005	7,200	254	11,905	57	137	34,660	54,213
Net profit/loss						-1,107	-1,107
Change in translation difference				1			1
Fair value reserve					18		18
Shareholders' equity 30 Nov. 2005	7,200	254	11,905	58	156	33,553	53,125
Shareholders' equity 1 Sept. 2006	7,200	254	12,230	57	151	39,627	59,519
Net profit/loss						-965	-965

Change in translation difference				1			1
Fair value reserve					47		47
Nov. 2006	7,200	254	12,230	58	198	38,662	58,602

Consolidated cash flow statement

EUR 1,000	2006/2007 3 months	2005/2006 3 months	2005/2006 12 months
Cash flow from operating activities:			
Proceeds from auctions and sales	95,607	71,505	390,144
Cash receipts from other operating income	68	59	285
Cash paid to suppliers and employees	-78,484	-62,146	-391,430
Cash flow from operating activities before financial items			
and taxes	17,192	9,419	-1,001
Interest and other financial expenses	-689	-438	-2,553
Interest and other financial income	1,918	1,818	4,988
Dividend income	0	0	19
Income tax paid	-340	-537	-2,524
Net cash flow from operating activities (A)	18,081	10,262	-1,072
Cash flow from investing activities:			
Purchase of property, plant and equipment, and intangible assets	-901	-650	-1,789
Proceeds from sale of property, plant and equipment, and intangible assets	8	19	103
Net cash used in investing activities (B)	-893	-631	-1,686
Cash flow from financing activities:			
Proceeds from short-term borrowings	0	0	10,624
Repayments of short-term borrowings	-22,874	-9,695	0
Change in translation difference	0	0	0
Dividends paid	0	0	-2,297
Net cash flow used in financing activities (C)	-22,874	-9,695	8,327
Change in cash flows (A+B+C), increase (+) / decrease (-)	-5,687	-64	5,569
Cash and cash equivalents 31 Aug.	9,610	-3,977	4,041
Cash and cash equivalents, 1 Sept.	-3,923	4,041	-9,610
Net change in cash and cash equivalents	5,687	64	-5,569

Key figures and ratios

	2006/2007	2005/2006	2005/2006
	3 months	3 months	12 months
Total sales, EUR 1,000	56,719	42,616	407,252
Net turnover, EUR 1,000	5,499	4,635	42,066
Operating profit/loss, EUR 1,000	-1,920	-2,104	7,673
Profit/loss before tax, EUR 1,000	-1,300	-1,495	10,389
Earnings per share, EUR	-0.27	-0.31	2.12
Equity per share	16.28	14.76	16.53
Return on equity (ROE), %	-1.6%	-2.0%	13.4%
Return on capital invested (ROI), %	-0.6%	-1.2%	11.9%
Equity-to-assets ratio, %	56.8%	56.2%	45.1%
Gearing	0.50	0.52	0.86
Gross capital expenditure, EUR 1,000	901	650	1,789
% net turnover	16.4%	14.3%	4.3%
Average personnel	201	189	309

Pledges, guarantees and other contingent liabilities

Mortgages given and receivables pledged in security for debt

	30 Nov. 2006	30 Nov. 2005	31 Aug. 2006
EUR 1,000			
Loans from financial institutions	13,268	16,245	35,705
Mortgage on property	54,071	50,072	54,071
Mortgage on company assets	2,691	2,691	2,691
Pledged receivables	15,191	21,086	13,574
Other contingent liabilities			
Guarantees on others' behalf			2,597
Derivative contracts			
Forward contracts	21,091	15,975	57,186

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