

# FINNISH FUR SALES



## ANNUAL REPORT SUMMARY

1.9.2006 - 31.8.2007

# FINNISH FUR SALES IN BRIEF





MANAGING DIRECTOR'S REVIEW



The operating environment of Finnish Fur Sales and the fur industry as a whole has changed dramatically. China has become the world's biggest producer of pelts. In the last financial period, the impact of Chinese competition and the continued decline in the value of the US dollar started to show in the company's profits. The global production of mink pelts increased heavily and is now at its highest level in over 20 years, which is inevitably reflected in the pelt markets. Blue fox production, on the other hand, entered a decline after a long period of unsatisfactory price development. After all, reduced production is the necessary condition for revival of demand and rises in the price level.

It is indicative of how the world has changed that neither reduced production nor fashion popularity could necessarily fix raw material prices, especially in the short run. Unpredictability is increasing. Western consumers in particular expect the products to be traceable, yet, at the same time, their price-awareness has increased. Words and actions must match, and there are punishments for greenwashing.

The latest news stories from the business world confirm this. Whether it is a question of raw materials for food, clothes, or energy, the consumers demand to get to the root of matters and ask where and under what kind of conditions the products on the shop shelves have been given their final form.

Finnish Fur Sales relies on Finnish and European expertise, building its strategy upon this. The best fur farming know-how can be found in Northern Europe, and the latest trends in international fashion are still being formed in the traditional haute couture countries in the EU. These are strengths we must hold on to extremely tightly. It is both our mission and one for the whole EU. Ethical animal husbandry, transparency of production chains, and good corporate citizenship (i.e., social and economic responsibility as well as responsibility for the environment) are the sharpest spearheads of our competitiveness.

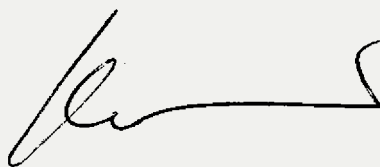
In autumn 2007, the country of origin label Origin Assured (OA™), launched in December 2006, arrived at the most challenging phase of its development, the retail sector: Finnish producers are playing a key role in

this project, demanding much from the whole production chain. The certification of fur farms launched by the Finnish Fur Breeders' Association has advanced to a level where almost half of Finland's fur production has already been certified or entered the auditing process aiming at certification. Some of the certification criteria even go beyond the stipulations of the legislation in force, and regular monitoring of already-certified farms gives more weight to the programme. The first farms certified three years ago are currently being re-inspected in order to verify that they still meet the certification criteria.

Finnish Fur Sales is encouraging producers to join the project by means of a more extensive bonus system. The target for the next few years is for all SAGA Finnaccoon pelts to be the first product group to originate entirely from certified farms. The company considers it important that, as time goes by, the certification be directly reflected in the prices paid for the pelts.

This year, Finnish Fur Sales celebrates its 70th anniversary and its biggest owner, the Finnish Fur Breeders' Association, its 80th anniversary. History cannot be made without professional pride and faith in one's product. Keeping up with the times is not enough; we must be able to look ahead. The competition in the global markets is tougher than ever. Successful history carries us forward and helps us face future challenges.

Finnish Fur Sales would not be able to succeed in collecting, grading, marketing, and selling pelts without personnel committed to the company, customers with high confidence in it, shareholders, and other interest groups. Now, at the beginning of our anniversary year, I want to extend my warmest thanks to you all.



Pirkko Rantanen-Kervinen  
managing director

FINANCIAL YEAR 2006/2007 IN BRIEF



# FINANCIAL YEAR 2006/2007 IN BRIEF

## WEAKENING OF THE US DOLLAR CAST A SHADOW OVER THE FINANCIAL PERIOD

Finnish Fur Sales' financial period 1 September 2006 - 31 August 2007 was overshadowed by the weakening of the US dollar and pelt price levels lower than in the previous financial period, particularly at the company's main auction in March 2007.

Total sales reported by FFS came to EUR 322.9 million, 21 per cent lower than in the previous financial year. The volume of pelts sold came to 8.4 million (8.8 million) while the auction-weighted average of the US dollar against the euro was 8 per cent lower than a year ago.

US dollar prices for mink pelts decreased by 13 per cent and euro prices by 21 per cent over the previous season's levels, whereas US dollar prices and euro prices of fox pelts were five per cent and 11 per cent lower than in the previous financial year, respectively.

Earnings per share came to EUR 0.75 (EUR 2.12).

Operating profit totalled EUR 500,000, representing 1.4 per cent of net turnover (MEUR 7.7 and 18 per cent).

Group key figures	2005/2006	2006/2007
Total sales, EUR million	322.9	407.3
Net turnover, EUR million	34.6	42.1
Operating profit, EUR million	0.50	7.6
Profit before taxes, EUR million	3.7	10.4
Earnings per share, EUR	0.75	2.12
Return on equity, (ROE) %	4.6	13.4
Return on investment, (ROI) %	5.5	11.9
Dividend proposed by the Board, EUR	0.70	0.95

## Market Overview

Finnish Fur Sales maintained its market share in selling pelts originating in the European Economic Area. The vol-

ume of mink pelts acquired by FFS for sale increased markedly, mainly as the result of higher mink production in Poland. The cooperation agreement concluded by FFS in the previous financial year with Skinpolex, a company owned by Polish producers, further consolidated FFS's position in selling Polish pelts. In turn, fox pelt volumes declined, since production decreased and producers decided not to sell a portion of their production at all due to low price levels.

Finnish Fur Sales organised four auctions during the financial year, offering a total of 5.6 million mink pelts (5.5 million in the previous financial year), 2.3 million fox pelts (2.7 million), 360,000 Karakul lamb pelts from Afghanistan (440,000), and 110,000 (120,000) Finn raccoon pelts for sale.

At the auctions for the financial year, Hong Kong/China, Greece and Russia were responsible for major acquisitions of mink. The significance of quality in terms of price formation increased further. Major differences occurred within grade and size categories in favour of pelts with good underlying wool and short guard hair, while demand for male pelts was higher than that for female pelts throughout the financial year. Mink pelt prices in US dollar terms were 13 per cent and in euro terms 21 per cent lower than in the previous financial year.

With respect to fox pelts, Russia was the major buyer, with Turkey and Italy increasing their purchases. Demand for light pelts, suitable as collar material and for jackets, increased whereas fox pelt purchases by Hong Kong/China decreased as a consequence of both increased fox and raccoon production volumes in China and import regulations strongly in favour of domestic production. Inexpensive Chinese raccoon was used as trimming material, replacing Finnish blue fox. Throughout the winter, a legislative initiative in the United States cast a shadow over the markets for Finn raccoon pelts. If implemented, the initiative would classify Finn raccoon, of the species *nyctereutes procyonoides*, as a canine, thus preventing trading in this raw material and any products made thereof. US dollar prices of fox pelts declined by five and euro prices by 11 per cent year-on-year, while the price levels of blue and shadow fox pelts remained unsatisfactory throughout the financial year.

# FINANCIAL YEAR 2006/2007 IN BRIEF

## Net Turnover

Consolidated net turnover totalled EUR 34.6 million (EUR 42.1 million), down by 18 per cent year-on-year, with the majority of net turnover, 93 per cent, comprising sales commissions collected from fur breeders and buyers. The share of sales commissions from fur breeders was 34 per cent and that from buyers, 59 per cent of Group net turnover, while the remainder was generated from sales of pelting services to fur breeders, sales of restaurant and congress services and the sales proceeds of the company's own pelts. The share of commissions collected from domestic customers, both fur breeders and buyers, was 25 per cent and that from international customers, 75 per cent.

## Financial Performance

Profit for the period after taxes declined by 65 per cent, totalling EUR 2.7 million (EUR 7.6 million) and return on equity was 4.6 per cent (13.4 per cent) while equity per share stood at EUR 0.75 (EUR 2.12). Earnings per share came to EUR 16.34 (EUR 16.53).

A total of EUR 4.5 million (EUR 3.7 million) was spent on SAGA marketing during the financial year. Other operating expenses came to EUR 29.9 million (EUR 31.0 million), i.e. four per cent lower year-on-year. Consolidated operating profit totalled EUR 500,000, representing 1.4 per cent of net turnover (EUR 7.7 million and 18 per cent).

Net financial income increased by 18 per cent to EUR

3.2 million (EUR 2.7 million), while profit before tax was EUR 3.7 million (EUR 10.4 million).

The equity-to-assets ratio stood at 45 per cent (45 per cent) and the Group's liquidity remained at a healthy level throughout the financial year.

## Capital Expenditure

Consolidated gross capital expenditure totalled EUR 2.7 million (EUR 1.8 million during the previous financial year), accounting for eight per cent (four per cent) of net turnover, with three fourths of capital expenditure targeted at pelt processing and storage. Measures taken as a consequence of the arrival of an increasing number of pelts for sorting included the upgrading of the mink pelt storage system and extension of the mink sorting centre. The extension will be taken into use at the beginning of the sorting season 2007/2008.

## Human Resources

The number of Group employees averaged 323 during the financial year, up by 14 year-on-year, the majority working on a fixed-term basis in a variety of duties related to pelt processing. Wages and salaries totalled EUR 10.8 million within the Group, and EUR 9.3 million within the parent company (EUR 10.4 million and EUR 9.1 million).

The table below shows the number of parent-company and Group employees (previous financial year's figures in brackets):

### The distribution of sales according to auctions is as follows:

Auction	Sales	Sales	Value	Value
	1.000 items 2006/2007	1.000 items 2005/2006	EUR 1.000 2006/2007	EUR 1.000 2005/2006
September	1.072	968	56.493	42.398
December	1.497	1.394	70.157	65.994
March	2.857	3.320	99.366	176.062
May- June	2.937	3.030	95.424	121.138
Private treaty	42	40	1.475	1.659
Total	8.405	8.752	322.914	407.252



# FINANCIAL YEAR 2006/2007 IN BRIEF

	Parent company	Group
Average number of employees	275 (263)	323 (309)
- permanent staff	98 (95)	119 (115)
- fixed-term staff	177 (168)	204 (194)
Number of staff on 31 Aug. 2007 (31 Aug. 2006)	171 (161)	193 (183)

Based on the volume of pelts collected and the return-on-equity ratio, the company applied an annual bonus system to its employees during the financial year, covering its entire staff after a certain period of service.

## Share Performance

The company's series C shares are listed on the OMX Nordic Exchange list in the Small Cap segment. The value of shares traded in the financial year totalled EUR 9.0 million and the volume 750,000, representing 28 per cent of the company's Series C shares. Series C shares closed at EUR 10.55 (EUR 10.80) at the end of the financial year, and the market capitalisation on 31 August 2007 totalled EUR 37.7 million (EUR 38.9 million).

## Decisions by the Annual General Meeting

Finnish Fur Sales' Annual General Meeting, held on 11 January 2007, adopted the financial statements, discharged the members of the Board of Directors and the Managing Director from liability and decided, in accordance with the Board's proposal, to distribute a dividend of EUR 0.95 per share and transfer EUR 730,000 to the counter-cyclical budgetary fund.

The Board of Directors has no valid authorisation to issue shares, convertible bonds or bonds with warrants, or to buy back treasury shares.

Board of Directors' proposal for distribution of dividend

On 31 August 2007, the Parent Company's profit attributable to shareholders was as follows:

- Retained earnings	29,022,775.90
- Net profit for the financial year	2,260,881.06
- Entry in the counter-cyclical	

budgetary fund under the Articles of Association	-226,088.11
	<u>31,057,568.85</u>

The Board of Directors proposes that

- A per-share dividend of EUR 0.70 be paid to shareholders for the financial year 1 September 2006–31 August 2007, using the profit attributable to shareholders, totalling EUR 2,520,000;
- EUR 230,000 be entered in the counter-cyclical budgetary fund and
- the remainder remain in retained earnings.

## Business Prospects

Global production of mink pelts has doubled during the current decade, with the majority of growth attributable to the intensive increase in mink production in China. Therefore, China has already overtaken Denmark as the world's major mink producer. Such intense growth may cause uncertainty in the market and exert pressure on the stable mink price levels.

Global production of fox pelts, however, is decreasing significantly, with the production of blue and shadow fox pelts shrinking by approximately one third in Finland. Blue fox production is declining considerably in China, too. The attractiveness of blue fox as trimming material has increased as a result of its inexpensive prices, creating a basis for higher fox prices. However, such a revival will not happen in an instant. As the production of blue and shadow foxes declines, that of other fox types is growing and, simultaneously, it is becoming more diverse. In January 2008, FFS will arrange an auction in order to secure the use of these pelts in the fashion and textile industry.

As competition with Chinese production has intensified, breeding in accordance with European values has become a strong asset in the face of such competition. In the financial year under review, the Origin Assured (OA™) programme, jointly launched by IFTF, Finnish Fur Sales and three other international auction houses, has proceeded into the retail sector as of this autumn. The OA guarantee of origin consolidates Finnish Fur Sales' SAGA brand, resulting in the company winning new customer segments. Finnish Fur Sales supports the certifica-

## FINANCIAL YEAR 2006/2007 IN BRIEF

tion scheme of Finnish fur farms, initiated by the Finnish Fur Breeders' Association, by expanding its bonus system to cover all pelt types in the 2007/2008 sales season. The aim is to be able to link the SAGA brand to certification in the future so that only pelts originating in certified farms would be eligible for the SAGA label. Finnraccoon will probably be the first fur type conforming to this procedure. Such a distinction is also vital due to the legislative initiative pending in the United States, targeted primarily against Chinese raccoon, which would, if implemented, make market entry difficult even for Finnish pelts.

Finnish Fur Sales has initiated negotiations with Oslo Fur Auctions Ltd and Norges Pelsdyrsalsslag on extending their sales cooperation agreement, effective from 2004 on, after November 2008.

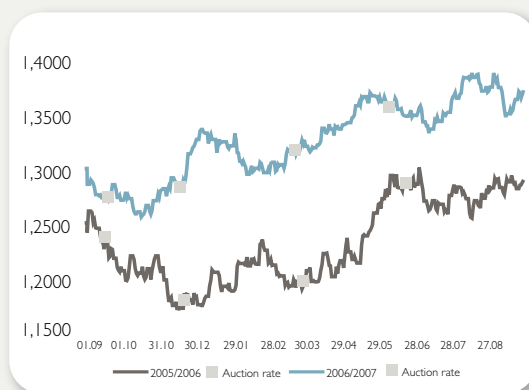
At its September auction, the first for the financial year and the last for the 2006/2007 sales season, FFS offered more mink and fox pelts (940,000 mink and 790,000 fox pelts) than in the previous year; and included blue and shadow fox pelts offered but unsold in the previous sea-

son. International price levels largely complied with those of June, taking quality differences into account. In spite of the fact that almost all pelts offered were sold, the prices of blue and shadow fox again remained low.

FFS trusts that the volumes of mink pelts it sells will continue to increase, and the extension of the mink sorting centre will facilitate the processing of higher quantities than before. Although the quantities of fox pelts sorted in the season will decline, the number of fox pelts sold in the financial year will probably increase as a result of the September auction already arranged. The volumes of Karakul lamb pelts will rise and FFS will be the only auction house selling them in the coming sales season.

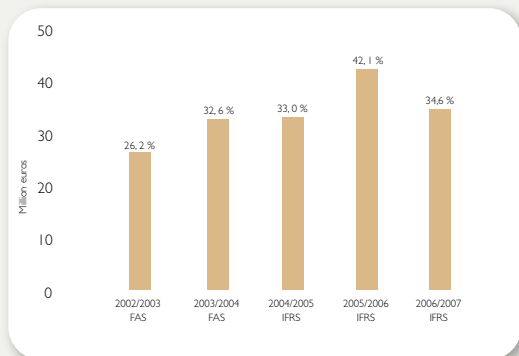
The weak rates of the US dollar will undermine the profitability of FFS and its European producer customers alike. Marketing of current global fur pelt production volumes requires a brisk start to the retail season and its favourable continuation in the main markets of China and Russia throughout the important winter months.

EUR/USD -exchange rate development during financial years 2006/2007 and 2005/2006

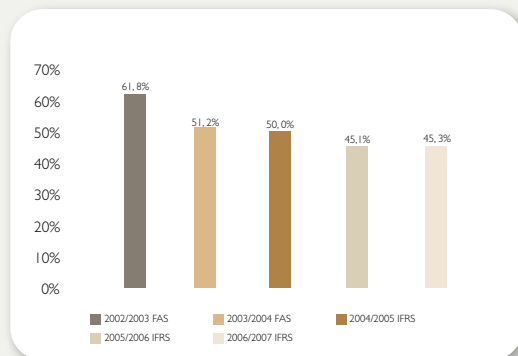


# KEY PERFORMANCE INDICATORS

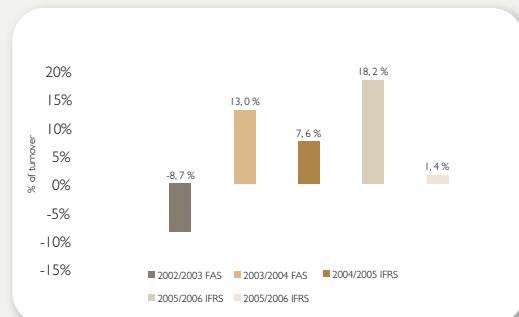
## Turnover



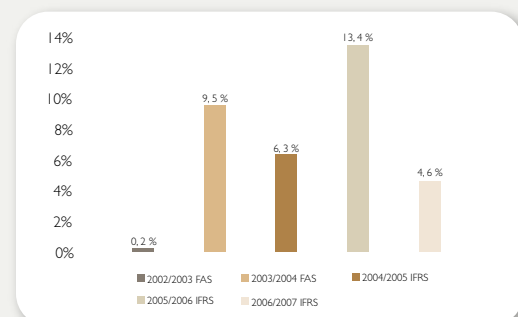
## Solvency ratio



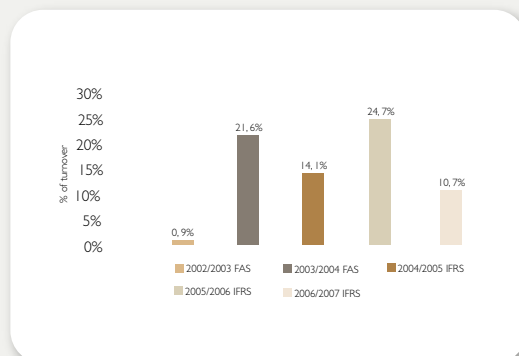
## Profit



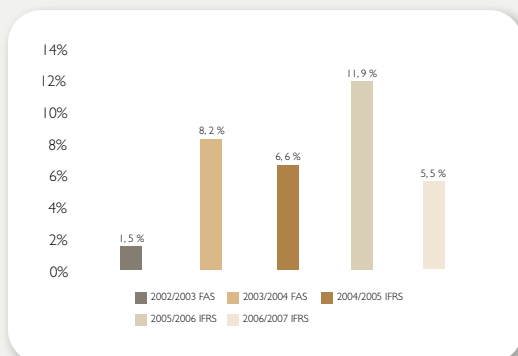
## Return on equity (ROE) %



## Profit before provisions and taxes



## Return on investment (ROI) %



# CORPORATE SOCIAL RESPONSIBILITY

The foundations of the social responsibility of Finnish Fur Sales lie in the basic values of the company, this year celebrating its 70th anniversary. These values include customer confidence, honesty, profitability, continuous development, and respect for people.

At the end of the last fiscal year, the SAGA Group – Finnish Fur Sales, SAGA Furs, and Oslo Fur Auctions Ltd. – also drafted, for the first time, a joint corporate social responsibility programme. The content of the programme will be communicated to all interest groups individually during the 2007/2008 sales season.

## **Responsible management of finances**

The company's financial responsibility manifests itself in how the company keeps its finances on a sustainable foundation, delivers solid returns to the shareholders in accordance with the dividend distribution policy, and fulfils its responsibilities as a responsible employer: Good financial performance also helps the company achieve its goals in other areas of responsibility.

The importance of responsible management of finances increases as unpredictability grows in the fur market. The industry is exceptionally sensitive to economic fluctuations, and both demand and the price of furs can vary greatly even within the same financial year. Risk management and the management of uncertainty factors in business have become increasingly important parts of financial responsibility.

## **Traceability of the production chain**

The competitiveness of Finnish Fur Sales and of European fur animal farming is based on, besides high pelt quality, good animal husbandry and the traceability of the production chain. The company's goal is for these factors to become more clearly visible also in the prices paid for the pelts. It is part of the company's financial and social responsibility to encourage customer producers to adopt modes of operation that enhance future competitiveness and are ethically as sustainable as possible.

At the end of the previous fiscal year, in December 2006, the company launched its OA™ (Origin Assured) programme in collaboration with the International Fur Trade Federation IFTF and three other international auction houses. The OA label is included with the SAGA trade-

mark, offering assurance that all SAGA fox, mink, and Finn raccoon pelts sold at auctions have been produced in countries enforcing legislation on the welfare of fur farmed animals. Professional auctioning makes it possible for each pelt sold to be traced all the way back to the fur farm where it was produced. On commission from the IFTF, the soundness of the OA programme from the auction house to the retail sector is monitored by independent Swiss auditing firm Cotecna Limited.

In some respects, the certification system established in collaboration between the Finnish Fur Breeders' Association and its various interest groups goes beyond the stipulations of the current legislation. Farm-specific documentation and constant monitoring of adherence to the criteria give more weight to the system.

The previous financial period saw the company introduce a certification bonus system that rewards producers who have already completed the fur farm certification process or are about to commence it. Therefore, their number has doubled in the course of a year: Almost half of the Finnish producers of fox, mink, and raccoon skins have already joined the certification system or begun the auditing process aiming at certification. In the new fiscal year, the bonus system is being expanded to cover all pelt types.

The certification process has advanced furthest in the production of Finn raccoon pelts. In the last fiscal period, more than 60% of the Finn raccoon pelts auctioned by the company originated from certified farms. The goal is to reach 100% within the next few years.

The company's use of the most advanced traceability of products possible and its solid documentation have contributed to many department store chains having selected Finnish Fur Sales as their raw material supplier and thus using only pelts eligible for the SAGA trademark.

## **Multiculturalism and acceptance of difference**

Finnish Fur Sales is an international operator. The company's personnel, as well as its producer and consumer customers, represent various nationalities, religions, and cultures. The Fur Center in Vantaa is one of the biggest employers of immigrant workers in Finland. In the last fi-

# CORPORATE SOCIAL RESPONSIBILITY

nancial period, the company had people of 22 different nationalities on its payroll. Respect for people is the cornerstone of the company's social responsibility, and acceptance of difference is part of its business ethics.

The success of a company depends on how its customers succeed. A socially responsible and customer-oriented mode of operation improves a company's chances of success in the long run.

Most Finnish Fur Sales employees work on fixed-term contracts in various roles related to grading and auctioning of fur pelts. The company uses an annual bonus system covering all regular employees and, after a certain time in service, also those working on a fixed term basis. The system, confirmed annually by the Board of Directors, rewards employees on the basis of both annual profits and the results of the collection of furs essential for the company's success.

## The future of the industry

Passing fur-related expertise from one generation to the next and the entry of new actors from outside the industry are the foundations of the industry's future. Finnish Fur Sales has established a healthy co-operation relationship with the Kannus Unit of the Central Ostrobothnia Rural Institute and Yrkesinstitut in Korsnäs, which both offer professional and further education to fur farmers. According to an autumn 2007 study conducted by Otantutkimus Oy study, commissioned by the Finnish Fur Breeders' Association and Finnish Fur Sales, the average age of Finnish pelt producers is 50 years, which is slightly lower than that of other agricultural entrepreneurs, on average. According to the study, the size of fur farms will increase and their number will decrease by 2011. The study shows that those who continue fur farming are becoming more clearly full-time producers who want to specialise and make investments.

As concerns product development of the raw material and recruitment of young designers, the co-operation of Finnish Fur Sales and the SAGA Design Centre holds a key position. When it comes to design of final products, the main co-operation partners of Finnish Fur Sales include the University of Art and Design Helsinki and the Fur Design Unit of the Central Ostrobothnia University

of Applied Sciences, in Pietarsaari. The forms of co-operation include introduction to the industry and the company's activities – such as pelt grading – for students and teachers, support of school participation in fairs, donations of raw materials for final projects, and assistance in finding practical training positions.

The company provides annual support for sports societies and particularly their youth training activities, mainly in the key area of domestic fur farming in Finnish- and Swedish speaking Ostrobothnia.



## Maintaining employment in rural areas

Even though Finnish Fur Sales operates internationally, most of its social responsibility activities are implemented in Finland. A Finnish auction house contributes to the maintenance of rural employment and vitality of the Finnish countryside. When full indirect impact is taken into account, the fur industry as a whole offers employment to as many as 20,000 people in Finland (MTT Agrifood Research Finland study, 2005). Even though a substantial part of the company's turnover comes from outside Finland, the preservation and enhancement of the conditions of Finnish fur production still form the foundation on which also the company's success is built.



## CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	06/2007- 08/2007 3 months	06/2006- 08/2006 3 months	09/2006- 08/2007 12 months	09/2005- 08/2006 12 months
Net Turnover	8.836	12.721	34.625	42.066
Other operating income	46	144	273	338
Materials and supplies	-813	-730	-1.596	-1.849
Employee benefits	-2.143	-3.113	-13.109	-12.757
Depreciation and impairment loss	-675	-765	-2.586	-3.017
Other operating expenses	-2.725	-3.210	-17.110	-17.109
Operating profit/loss	2.527	5.047	497	7.673
Financial income	1.835	1.872	6.091	5.301
Financial expenses	-1.004	-993	-2.900	-2.585
Profit before tax	3.358	5.925	3.688	10.389
Income tax	-881	-1.562	-991	-2.757
Net profit for the financial year	2.477	4.363	2.697	7.632
Attributable to:				
Parent company shareholders	2.477	4.363	2.697	7.632
Earnings per share attributable to parent company shareholders, EUR	0,69	1,21	0,75	2,12



## CONSOLIDATED BALANCE SHEET

<b>ASSETS</b>	31.8.2007	31.8.2006
EUR 1,000		
<b>Non-current assets</b>		
Property, plant and equipment	24.227	23.837
Intangible assets	491	783
Available-for-sale investments	564	488
Non-current receivables	450	872
Deferred tax assets	19	27
Pension receivables	4.035	3.482
Total non-current assets	29.786	29.489
<b>Current assets</b>		
Inventories	1.231	524
Customer receivables and other receivables	96.447	93.713
Cash and cash equivalents	4.266	9.610
Total current assets	101.944	103.847
<b>Total assets</b>	<u>131.729</u>	<u>133.335</u>



## LIABILITIES AND SHAREHOLDERS' EQUITY

	31.8.2007	31.8.2006
<b>Equity attributable to parent company shareholders</b>		
Share capital	7.200	7.200
Share premium account	254	254
Other funds	12.960	12.230
Translation difference	58	57
Fair value reserve	207	151
Retained earnings	38.174	39.627
Total shareholders' equity	58.854	59.519
<b>Long-term liabilities</b>		
Deferred tax liabilities	4.193	4.069
	4.193	4.069
<b>Short-term liabilities</b>		
Interest-bearing liabilities	60.227	60.904
Trade and other payables	8.455	8.843
	68.682	69.747
<b>Total liabilities and shareholders' equity</b>	131.729	133.335





## CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	2006/2007	2005/2006
Cash flow from operating activities:		
Proceeds from sales and auctions	357.232	390.172
Cash receipts from other operating income	289	255
Cash paid to suppliers and employees	-364.457	-391.468
Cash flow from operating activities before financial items and taxes, EUR	-6.936	-1.041
Interest and other financial expenses	-2.857	-2.553
Interest and other financial income	5.974	4.988
Dividend income	25	19
Income tax paid	-811	-2.477
Net cash flow from operating activities (A)	-4.605	-1.065
Cash flow from investing activities:		
Purchase of property, plant and equipment, and intangible assets	-2.707	-1.793
Proceeds from sale of tangible and intangible assets	39	105
Investments in other assets	0	0
Proceeds from investments in other assets	0	0
Net cash used in investing activities (B)	-2.668	-1.688
Cash flow from financing activities:		
Proceeds from short-term borrowings	5.291	10.619
Repayments of long-term borrowings	0	0
Change in translation difference	1	0
Dividends paid	-3.364	-2.297
Net cash flow used in financing activities (C)	1.929	8.322
Change in cash flows (A+B+C), increase (+) / decrease (-)	-5.344	5.569
Cash and cash equivalents 31 Aug.	4.266	9.610
Cash and cash equivalents 1 Sept.	-9.610	-4.041
Net change in cash and cash equivalents	-5.344	5.569



## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Share premium reserve	Other funds	Translation differences	Fair value reserve	Retained earnings xx	Shareholders' equity total
Shareholders' equity 31 Aug. 2005	7.200	254	11.905	57	137	34.660	54.214
Net profit for the financial year						7.632	7.632
Dividend distribution						-2.340	-2.340
Transfer to contingency fund			325			-325	0
Change in translation difference						0	0
Fair value reserve					13		13
Shareholders' equity 31 Aug. 2006	7.200	254	12.230	57	151	39.627	59.519
Net profit for the financial year						2.697	2.697
Dividend distribution						-3.420	-3.420
Transfer to counter-cyclical budgetary fund			730			-730	0
Change in translation difference				1			1
Fair value reserve					57		57
Shareholders' equity 31 Aug. 2007	7.200	254	12.960	58	208	38.174	58.854



## FINNISH FUR SALES 2002/2003 - 2006/2007

### Key performance indicators

	2002/2003 FAS	2003/2004 FAS	2004/2005 FAS	2004/2005 IFRS	2005/2006 IFRS	2006/2007 IFRS
Total sales, EUR 1,000	234.327	296.732	297.030	297.030	407.252	322.914
Net turnover, EUR 1,000	26.226	32.619	32.969	32.969	42.066	34.625
Operating profit/loss, EUR 1,000	-2.281	4.251	2.132	2.497	7.673	497
% net turnover	-8,7 %	13,0 %	6,5 %	7,6 %	18,2 %	1,4 %
Profit before tax, EUR 1,000	232	7.040	4.277	4.639	10.389	3.688
% net turnover	0,9 %	21,6 %	13,0 %	14,1 %	24,7 %	10,7 %
Dividends, EUR 1,000	2.160	2.340	2.340	2.340	3.420	2.520
Return on equity (ROE), %	0,2 %	9,5 %	5,6 %	6,3 %	13,4 %	4,6 %
Return on capital invested (ROI), %	1,5 %	8,2 %	5,3 %	6,6 %	11,9 %	5,5 %
Gearing ratio, %	61,8 %	53,9 %	52,1 %	50,0 %	45,1 %	45,3 %
Gearing	0,54	0,83	0,90	0,74	0,86	0,95
Gross capital expenditure, EUR 1,000	2.430	1.300	2.212	2.212	1.789	2.707
% net turnover	9,3 %	4,0 %	6,7 %	6,7 %	4,3 %	7,8 %
Average number of employees	305	305	311	311	309	323



## PLEDGES, GUARANTEES AND OTHER CONTINGENT LIABILITIES

EUR 1,000	31.8.2007	31.8.2006
<b>Mortgages given and receivables pledged in security for debt</b>		
Loans from financial institutions	40.949	35.705
Mortgage on property	54.071	54.071
Mortgage on company assets	2.691	2.691
Pledged receivables	19.568	13.574
<b>Other contingent liabilities</b>		
Guarantees on others' behalf	2.721	2.597
<b>Derivative contracts</b>		
Forward contracts	38.876	57.186

Finnish Fur Sales is an international fur auction company, primarily engaged in the sale under commission of raw material pelts in fur auctions, usually arranged four to six times a year.

The Group's parent company Turkistuottajat Oyj - Finnish Fur Sales' series C shares are listed on the OMX Nordic Exchange list in the Small Cap segment. The Parent Company's registered domicile is Vantaa, Finland, and its official registered address is Martinkyläntie 48, FI-01720 Vantaa.

Copies of the consolidated Financial Statements are also available on the Internet at [www.ffi.fi](http://www.ffi.fi) or from the Group Parent Company HQ at P.O. Box 4, FI-01601 Vantaa.



**Finnish Fur Sales**  
P.O. BOX 4  
01601 Vantaa  
Finland  
Tel: +358 9 849 81  
Fax: +358 9 849 8319  
E-mail: [ffs@ffs.fi](mailto:ffs@ffs.fi)  
[www.ffi.fi](http://www.ffi.fi)