

FINNISH FUR SALES

INTERIM REVIEW FOR 1 SEPTEMBER 2008–28 FEBRUARY 2009

This Interim Report has been prepared in accordance with IFRS compliant recognition and measurement principles and the same accounting policies have been applied to this as in the financial statements for 1 September 2007–31 August 2008. Data in this Interim Report are based on unaudited figures.

Sales during the Review Period 1 September 2008–28 February 2009

During the second quarter of the financial year (1 December 2008–28 February 2009), Finnish Fur Sales held two auctions, the first in December and the second in January. The international financial crisis and the uncertainty following it were reflected to the sales results of the auctions: only part of the pelts offered for sale at the auctions were sold. In the second quarter of the financial year, the total value of sales came to EUR 15.3 million, which is 67 per cent lower year-on-year (EUR 46.5 million).

The sales volumes during September to February totalled 1,100,000 mink pelts (1,600,000 in the same period a year earlier), 660,000 fox pelts (1,000,000), 110,000 Karakul lamb pelts (250,000) and 50,000 Finn raccoon pelts (63,000). Pelt prices were, on average, 5 per cent higher than for the same reporting period a year ago. Due to the decrease in the volume of pelts traded, the total value of sales, at EUR 67.9 million, was 31 per cent lower year-on-year (EUR 98.8 million).

| Auction | Sales 1,000 pelts 2008/2009 | Sales 1,000 pelts 2007/2008 | Value EUR 1,000 2008/2009 | Value EUR 1,000 2007/2008 |
|----------------|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| September | 1,512 | 1,584 | 52,512 | 52,140 |
| December | 397 | 1,241 | 12,765 | 38,969 |
| January | 39 | 117 | 2,488 | 7,474 |
| Private treaty | 5 | 29 | 153 | 237 |
| Total | 1,954 | 2,971 | 67,918 | 98,820 |

Financial Position and Performance

Consolidated net turnover for the second quarter of the financial year was 47 per cent lower than in the same reporting period a year ago because of the low sales percentages at the December and January auctions. The net turnover totalled EUR 3.4 million (EUR 6.4 million). Net turnover for September-February declined by 25 per cent, to EUR 9.5 million (EUR 12.7 million). Of the net turnover, 54 per cent consists of sales commissions from buyers, 31 per cent of sales commissions from fur breeders and 13 per cent of the sale of pelting services and breeding animals.

Operating expenses during the second quarter of the financial year were EUR 10.0 million (EUR 11.0 million). Expenses for September-February decreased by five per cent on a year earlier, to EUR 17.5 million (EUR 18.4 million). Staff expenses decreased by six and other operating expenses by seven per cent. The SAGA marketing fees included in other operating expenses declined on a year earlier, to EUR 780,000 (EUR 2.1 million), thanks to the change in the basis of assessments of the marketing fee. Group depreciation and amortisation grew by eight per cent.

Operating loss for the second quarter of the financial year amounted to EUR 6.5 million (EUR -4.5 million) and for September-February to EUR 7.8 million (EUR -5.6 million).

Net financial income for the second quarter of the financial year declined by 41 per cent from the previous year. The decline results from a decrease in net interest income and from credit losses. However, net financial income for September-February was six per cent higher than for the same reporting period a year ago, at EUR 1.4 million (EUR 1.3 million). The growth results from an increase in net interest income and exchange rate gains.

Loss before taxes for the second quarter of the financial year amounted to EUR 6.0 million (EUR -3.6 million). Loss before taxes for September-February amounted to EUR 6.4 million (EUR -4.3 million). Return on equity for September-February stood at -9.1 per cent (-5.9 per cent) and earnings per share showed a loss of EUR 1.32 (EUR -0.89).

On 28 February 2009, the equity-to-assets ratio stood at 37.1 per cent (44.5 per cent on 29 February 2008 and 48.1 per cent on the balance sheet day 31 August 2008). The consolidated balance sheet total amounted to EUR 135.5 million (EUR 118.4 million on 29 February 2008 and EUR 117.4 million on 31 August 2008). Equity per share was EUR 13.46 (EUR 14.22 on 29 February 2008 and EUR 15.52 on 31 August 2008).

Sales receivables turnover weakened since November, compared with the previous year, and sales receivables amounted to EUR 27.2 million (EUR 20.3 million) on 28 February 2009. Because the sales volumes at the December and January auctions were substantially lower than a year earlier, working capital financing granted by the Group to producers increased and receivables from fur breeders amounted to EUR 74.0 million (EUR 58.0 million) on 28 February 2009. Bank loans taken out to finance sales and fur breeder receivables amounted to EUR 54.8 million (EUR 34.7 million) on 28 February 2009. The Group's liquidity remained at a healthy level throughout the reporting period.

Capital Expenditure and Development

Group gross capital expenditure totalled EUR 1.5 million (EUR 3.3 million) accounting for 15 per cent (26 per cent) of net turnover, with 26 per cent of capital expenditure targeted at property owned by the Group, and 33 per cent at other pelt processing operations and storage.

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 440,000 and the volume came to 56,000, accounting for two per cent of the company's Series C shares. The period high was EUR 8.99, its low EUR 6.91 and its average EUR 7.89. The share closed at EUR 6.91. The market capitalisation totalled EUR 25.0 million on 28 February 2009.

Personnel

The number of permanent Group staff averaged 134 (134 a year ago) and fixed-term employees 224 (225). At the end of the period, the Group employed 450 staff (449).

Annual General Meeting

The Annual General Meeting (AGM) of Finnish Fur Sales on 20 January 2009 decided to distribute a per-share dividend of EUR 0.70, totalling EUR 2,520,000, and enter EUR 270,000 in the counter-cyclical budgetary fund, as proposed by the Board of Directors. The dividend payment date was 30 January 2009.

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.

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 2007–31 August 2008. Management of financial risks is explained in the notes to the consolidated financial statements, in the section 25. The economic recession that followed the global financial crisis raises uncertainty in the international fur trade, which increases the credit risk related to buyer and fur breeder receivables. The weakening of the external value of the Russian and Ukrainian currencies might further decrease the consumer demand for furs in these significant market areas.

Significant events following the end of the reporting period

At the Finnish Fur Sales auction held between 21 and 27 March 2009, 2.7 million mink pelts (2.6 million at the previous year's corresponding auction), 500,000 fox pelts (630,000), 100,000 Karakul lamb pelts (170,000) and 30,000 Finnraccoon pelts (40,000) were sold. The US dollar weakened suddenly by five per cent right before the auction. The caution of Russian buyers was evident especially in the sales results of fox pelts, whereas the uncertainty that prevailed in the mink market seemed to have passed and mink pelts seemed to have found the price level at which they sell. However, prices were clearly lower than at the corresponding auction a year ago. Total sales generated by the auction were 33 per cent lower over the previous year's corresponding auction, at EUR 89.5 million (EUR 134.0 million).

At a meeting held on 27 March, Finnish Fur Sales' Board of Directors defined that the company pursues an active dividend policy, which aims at paying out at least 50 per cent of the distributable net profits for the financial year in dividends. However, the company's future prospects and the maintenance of the equity-to-assets ratio at a good level are taken into account in the distribution.

According to her contract, Finnish Fur Sales' Managing Director has the right to retire at the age of 60. Managing Director Pirkko Rantanen-Kervinen turned 60 on 18 April 2009. However, she will continue to serve as Managing Director until the end of the current financial year on 31 August 2009. After that she will be responsible for special tasks assigned to her by the company's Board

of Directors and Managing Director until April 2010. Pertti Fallenius has been appointed as Finnish Fur Sales' new Managing Director with effect from 1 September 2009 and Juha Huttunen has been appointed as Deputy Managing Director.

Prospects for the Rest of the Financial Year

Finnish Fur Sales will hold the last auction of the current financial year between 3 and 8 June 2009, offering a total of 2.7 million mink pelts (2.4 million at the previous year's corresponding auction) and 660,000 fox pelts (510,000). Total volume of pelts sold during the entire financial year, value of sales and net turnover will remain lower than in the previous financial year. Prices that are lower than last financial year weaken the company's profitability. In addition, rescheduling unsold pelts from one auction to another increases space requirement which increases both renting and pelt processing expenses. On the other hand, the change in the basis of assessments of the SAGA marketing fee will lower the SAGA costs substantially in the current financial period when compared with the levels of the two previous financial periods.

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. Profit for the period is expected to be substantially weaker than in the previous period.

Consolidated balance sheet IFRS

EUR 1,000

| ASSETS | 28.2.2009 | 29.2.2008 | 31.8.2008 |
|---|-----------------------|-----------------------|-----------------------|
| Non-current assets | | | |
| Property, plant and equipment | 25,129 | 26,025 | 25,334 |
| Intangible assets | 1,194 | 736 | 927 |
| Available-for-sale investments | 391 | 560 | 465 |
| Non-current receivables | 414 | 450 | 204 |
| Deferred tax assets | 11 | 16 | 13 |
| Pension receivables | 0 | 1,659 | 0 |
| Total non-current assets | <u>27,138</u> | <u>29,446</u> | 26,943 |
| Current assets | | | |
| Inventories | 589 | 1,205 | 675 |
| Deferred tax assets | 1,674 | 1,152 | 0 |
| Customer receivables and other receivables | 104,821 | 82,299 | 84,457 |
| Cash and cash equivalents | 1,310 | 4,269 | 5,357 |
| Total current assets | <u>108,395</u> | <u>88,925</u> | 90,490 |
| Total assets | <u><u>135,533</u></u> | <u><u>118,371</u></u> | <u><u>117,433</u></u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Equity attributable to parent company shareholders | | | |
| Share capital | 7,200 | 7,200 | 7,200 |
| Share premium account | 254 | 254 | 254 |
| Other funds | 13,470 | 13,200 | 13,200 |
| Translation difference | 58 | 57 | 57 |
| Fair value reserve | 81 | 205 | 136 |
| Retained earnings | 27,376 | 30,267 | 35,016 |
| Shareholders' equity total | <u>48,439</u> | <u>51,183</u> | 55,862 |
| Long-term liabilities | | | |
| Deferred tax liabilities | 3,046 | 3,551 | 3,088 |
| Interest-bearing liabilities | 60 | 116 | 82 |
| Total long-term liabilities | <u>3,105</u> | <u>3,667</u> | 3,170 |
| Short-term liabilities | | | |
| Interest-bearing liabilities | 68,278 | 50,182 | 48,295 |
| Trade and other payables | 15,710 | 13,339 | 10,106 |
| Total short-term liabilities | <u>83,988</u> | <u>63,521</u> | 58,401 |
| Total liabilities | <u>87,093</u> | <u>67,188</u> | 61,571 |
| Total liabilities and shareholders' equity | <u><u>135,533</u></u> | <u><u>118,371</u></u> | <u><u>117,433</u></u> |

Consolidated income statement

| EUR 1,000 | 1.12.2008- 28.2.2009 3 mths | 1.9.2008- 28.2.2009 6 mths | 1.12.2007- 29.2.2008 3 mths | 1.9.2007- 29.2.2008 6 mths | 1.9.2007- 31.8.2008 12 mths |
|----------------------------------|--|---|-----------------------------------|----------------------------------|-----------------------------------|
| Net turnover | 3,420 | 9,523 | 6,421 | 12,697 | 37,295 |
| Other operating income | 91 | 150 | 62 | 131 | 257 |
| Materials and supplies | -299 | -764 | -137 | -759 | -2,346 |
| Employee benefits | -5,018 | -7,312 | -5,578 | -7,758 | -13,901 |
| Depreciation and impairment loss | -677 | -1,356 | -666 | -1,256 | -2,642 |
| Other operating expenses | -4,039 | -8,020 | -4,579 | -8,643 | -17,627 |
| Operating profit/loss | -6,521 | -7,780 | -4,477 | -5,589 | 1,036 |
| Financial income and expenses | 512 | 1,354 | 863 | 1,272 | 3,335 |
| Profit/loss before tax | -6,009 | -6,426 | -3,614 | -4,317 | 4,371 |
| Income tax | 1,570 | 1,673 | 935 | 1,109 | -1,172 |
| Net profit/loss | -4,439 | -4,754 | -2,678 | -3,208 | 3,199 |
| Earnings per share, EUR | -1.23 | -1.32 | -0.74 | -0.89 | 0.89 |

Consolidated cash flow statement

EUR 1,000

| | 2008/2009 6 mths | 2007/2008 6 mths | 2007/2008 12 mths |
|---|---------------------|---------------------|----------------------|
| <i>Cash flow from operating activities</i> | | | |
| Proceeds from auctions and sales | 89,512 | 129,968 | 331 188 |
| Cash receipts from other operating income | 130 | 116 | 237 |
| Cash paid to suppliers and employees | -115,289 | -118,646 | -315 614 |
| cash flow from operating activities before financial items and taxes | -25,647 | 11,438 | 15 811 |
| Interest and other financial expenses paid rahoituskuluista | -2,255 | -1,792 | -2 934 |
| Interest and other financial income received toiminnasta | 3,537 | 3,350 | 6 552 |
| Dividend income | 0 | 17 | 47 |
| Income tax paid | 1,134 | -1,340 | -936 |
| Net cash flow from operating activities (A) | -23,230 | 11,673 | 18 539 |
| <i>Cash flow from investing activities</i> | | | |
| Purchase of property, plant and equipment, and intangible assets | -1,464 | -3,328 | -4 213 |
| Proceeds from sale of property, plant and equipment, and intangible assets | 59 | 40 | 42 |
| Proceeds from other assets | 0 | 0 | 2 |
| Net cash used in investing activities (B) | -1,405 | -3,288 | -4 170 |
| <i>Cash flow from financing activities</i> | | | |
| Proceeds from short-term borrowings | 23,179 | 0 | 0 |
| Repayments of short-term borrowings | 0 | -6,026 | -10 885 |
| Proceeds from long-term borrowings | 0 | 137 | 132 |
| Repayments of long-term borrowings | -22 | -21 | -50 |
| Change in translation difference | 1 | -1 | -2 |
| Dividends paid | -2,569 | -2,472 | -2 473 |
| Net cash flow used in financing activities (C) | 20,589 | -8,383 | -13 278 |
| Change in cash flows (A+B+C), increase (+) / decrease (-) | -4,047 | 2 | 1 091 |
| Cash and cash equivalents 31 Aug. / 28/29 Feb | 1,310 | 4,268 | 5 357 |
| Cash and cash equivalents 1 Sep. | -5,357 | -4,266 | -4 266 |
| Net change in cash and cash equivalents | -4,047 | 2 | 1 091 |

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. 2007 | 7 200 | 254 | 12 960 | 58 | 207 | 36 234 | 56 914 |
| Pension receivables | | | | | | | |
| Actuarial losses | | | | | | | 0 |
| Off-balance-sheet receivables under IAS 19.58 | | | | | | | 0 |
| Available-for-sale investments | | | | | | | |
| Profit/loss from valuation at fair value | | | | | -2 | | -2 |
| Net profit/loss recognized directly to shareholders' equity | | | | | -2 | 0 | -2 |
| Net loss for the reporting period | | | | | | -3 208 | -3 208 |
| Total profits/losses | | | | | -2 | -3 208 | -3 210 |
| Dividend distribution | | | | | | -2 520 | -2 520 |
| Transfer to counter-cyclical budgetary fund | | | 240 | | | -240 | 0 |
| Change in translation difference | | | | -1 | | | -1 |
| Shareholders' equity 29 February 2008 | 7 200 | 254 | 13 200 | 57 | 205 | 30 267 | 51 183 |

| EUR 1,000 | Share capital | Share premium fund | Other funds | Translation differences | Fair value reserve | Retained earnings | Shareholders' equity total |
|---|---------------|--------------------|-------------|-------------------------|--------------------|-------------------|----------------------------|
| Shareholders' equity 1 September 2008 | 7 200 | 254 | 13 200 | 57 | 136 | 35 016 | 55 862 |
| Pension receivables | | | | | | | |
| Actuarial losses | | | | | | | 0 |
| Off-balance-sheet receivables under IAS 19.58 | | | | | | -98 | -98 |
| Available-for-sale investments | | | | | | | |
| Profit/loss from valuation at fair value | | | | | -55 | | -55 |
| Net profit/loss recognized directly to shareholders' equity | | | | | -55 | -98 | -153 |
| Net loss for the reporting period | | | | | | -4 754 | -4 754 |
| Total profits/losses | | | | | -55 | -4 852 | -4 907 |
| Dividend distribution | | | | | | -2 520 | -2 520 |
| Transfer to counter-cyclical budgetary fund | | | 270 | | | -270 | 0 |
| Change in translation difference | | | | 1 | | 2 | 3 |
| Shareholders' equity 28 February 2009 | 7 200 | 254 | 13 470 | 58 | 81 | 27 376 | 48 439 |

Key figures and ratios

| | 2008/2009 | 2007/2008 | 2007/2008 |
|--------------------------------------|------------------|-----------|-----------|
| | 6 mths | 6 mths | 12 mths |
| Total sales, EUR 1,000 | 67 918 | 98 820 | 325 676 |
| Net turnover, EUR 1,000 | 9 523 | 12 697 | 37 295 |
| Operating profit/loss, EUR 1,000 | -7 780 | -5 589 | 1 036 |
| % net turnover | -81.7 % | -44.0 % | 2.8 % |
| Profit/loss before tax, EUR 1,000 | -6 426 | -4 317 | 4 371 |
| % net turnover | -67.5 % | -34.0 % | 11.7 % |
| Earnings per share, EUR | -1.32 | -0.89 | 0.89 |
| Equity per share, EUR | 13.46 | 14.22 | 15.52 |
| Return on equity (ROE), % | -9.1 % | -5.9 % | 5.7 % |
| Return on investment (ROI),% | -3.7 % | -2.4 % | 6.7 % |
| Equity-to-assets ratio, % | 37.2 % | 44.5 % | 48.1 % |
| Gearing | 1.38 | 0.90 | 0.77 |
| Gross capital expenditure, EUR 1,000 | 1 464 | 3 328 | 4 216 |
| % net turnover | 15.4 % | 26.2 % | 11.3 % |
| Average personnel | 358 | 359 | 326 |

Principles for calculating key figures and ratios:

| | | |
|------------------------------|---|--|
| Return on equity (ROE), % | = | profit/loss for the financial period x 100 / shareholders' equity *) |
| Return on investment (ROI),% | = | (profit/loss before tax + interest and other financing costs) 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) / 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 |

Pledges, guarantees and other contingent liabilities

EUR 1,000 28.2.2009 29.2.2008 31.8.2008

Mortgages given and receivables pledged in security for debt

| | | | |
|-----------------------------------|---------------|---------------|--------|
| Loans from financial institutions | 54,809 | 34,689 | 29,606 |
| Mortgage on property | 54,071 | 54,071 | 54,071 |
| Mortgage on company assets | 2,691 | 2,691 | 2,691 |
| Pledged receivables | 29,740 | 27,916 | 17,417 |

Other contingent liabilities

| | | | |
|------------------------------|--------------|--------------|-------|
| Guarantees on other's behalf | 4,946 | 4,208 | 5,854 |
|------------------------------|--------------|--------------|-------|

Derivative contracts

| | | | |
|-------------------|---------------|---------------|--------|
| Forward contracts | 29,654 | 15,850 | 41,330 |
|-------------------|---------------|---------------|--------|

Vantaa, 29 April 2009
FINNISH FUR SALES
Board of Directors