

A woman with long brown hair, wearing a white and black fur coat, stands in a snowy landscape under a clear blue sky. She is looking down and to the left. The background shows rolling white hills and a clear sky.

HALF YEAR FINANCIAL REPORT

FOR
1 NOVEMBER 2017 TO 30 APRIL 2018

sagafurs.

SAGA FURS OYJ
HALF YEAR FINANCIAL REPORT FOR 1 November 2017 to 30 April 2018

Vantaa, 27 June 2018 at 5:00 p.m.

SAGA FURS OYJ REPORTS LOSSES FOR FIRST HALF OF THE YEAR

- The total value of sales in the financial period ending on 30 April 2018 decreased by 29 per cent compared to the previous corresponding half-year period and amounted to EUR 159 million (MEUR 224 for the previous corresponding period).
- The company auctioned a total of 4.0 million pelts in the six-month period (4.6 million for the previous corresponding period). The number of mink pelts sold decreased by 11 per cent and the number of fox pelts by 19 per cent.
- The price level of both mink and fox pelts decreased by almost 20 per cent compared to the previous corresponding period, mainly due to the strengthening of the euro.
- Consolidated net turnover fell by 17 per cent year-on-year, standing at EUR 23.0 million (MEUR 27.7).
- Operating expenses increased by 4 per cent year-on-year, totalling EUR 27.9 million (MEUR 26.8), due to increased expenses related to pelt acquisition and personnel.
- Consolidated operating profit/loss showed a loss of EUR 4.6 million (profit of MEUR 1.3).
- Consolidated net financial income declined by 20 per cent year-on-year, totalling EUR 1.7 million (MEUR 2.1).
- Consolidated loss before taxes stood at EUR 2.9 million (a profit of MEUR 3.4).
- Consolidated loss for the first six months of the financial year was EUR 2.9 million (a profit of MEUR 2.7).
- Earnings per share for the six-month period amounted to EUR -0.82 (EUR 0.74).

On 27 March 2018, Saga Furs Oyj issued a negative profit warning: the consolidated result is expected to remain clearly lower than that of the previous financial year.

Consolidated key figures	11/17-4/18 6 mo	11/16-4/17 6 mo	11/16-10/17 12 mo
Total sales, MEUR	158,5	224,5	437,1
Total amount of skins sold, 1.000 pcs	3 977	4 600	10 178
Net turnover, MEUR	23,0	27,7	52,7
Operating profit/loss, MEUR	-4,6	1,3	5,8
Profit before taxes, MEUR	-2,9	3,4	9,2
Earnings per share, EUR	-0,82	0,74	2,05
Return on equity, (ROE) %	-3,2 %	3,0 %	8,0 %
Return on investment, (ROI) %	-1,6 %	2,4 %	6,4 %

Accounting principles

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

This report has been prepared in accordance with the same accounting principles as the financial statements dated 31 October 2017.

The standards or their amendments listed below have been published, but they are not yet in effect and the Group has not applied these regulations before their mandatory effective date:

IFRS 9 Financial Instruments standard (the amendment will be effective for the financial year beginning on 1 November 2018)

The IFRS 9 standard will replace the current IAS 39 standard in full. In accordance with IFRS 9, the future classification of a debt instrument included in financial assets will be based on the nature of the contractual cash flows of the instrument and the business model to which the instrument belongs. The standard presents a new impairment accounting practice that is based on determining expected credit losses. In the future, an entity must recognise an expected credit loss, the amount of which is influenced by the probability of a loss-making event during the period under review, covering either the following 12 months or the entire remainder of the exercise period of the receivable. The purpose of the new hedge accounting model is that the risk management strategy and objectives of the management will be reflected in financial statements more clearly. In order to reach the objective, the criteria for applying hedge accounting have been eased.

IFRS 15 Revenue from Contracts with Customers standard (the amendment will be effective for the financial year beginning on 1 November 2018)

The IFRS 15 standard includes a five-step model for recognising revenue from contracts with customers and it replaces the current IAS 18 and IAS 11 standards and the related interpretations. In accordance with the standard, revenue is recognised when the customer obtains control of goods or a service. The customer is considered to obtain control when the customer has the ability to direct the use and obtain the benefits from the goods or service. In accordance with the new standard, an entity shall recognise revenue at an amount reflecting the consideration to which the entity expects itself to be entitled against said goods or services. The Group will apply the standard as of the financial year beginning on 1 November 2018. The Group has not yet decided on the transition method to be applied.

According to the current practice, revenue from services is recognised once the service has been performed and it is probable that receiving economic benefit from the service output is probable. Sales-related service is considered to have been performed once the pelts have been sold at an auction or through warehouse sales and the related risks and benefits have been transferred to the buyer. Revenue from the sales of goods is recognised when the significant risks associated with the purchase of goods have been transferred to the buyer and it is probable that the Group will receive the associated economic benefit.

The Group has begun an analysis of its customer contracts during the financial year that ended on 31 October 2017 to identify the impacts of the new standard and will continue this work during the current financial year. Based on preliminary estimates, the Group does not expect the standard to have significant effects on the consolidated net turnover. However, the standard will increase the amount of notes disclosed in financial statements.

The Group estimates that it will continue to act as an agent in sales and thus record the amount of the commission fee as turnover. With regard to other revenues, the Group acts as a principal. Revenue from the sales of goods is recognised when control has been transferred to the buyer. Revenue from services is recognised during the financial year during which the services are provided. The Group is investigating the impact of the standard on reviewing the costs of fulfilling the contract.

IFRS 16 Leases standard (the amendment will be effective for the financial year beginning on 1 November 2019)

The IFRS 16 standard replaces the current IAS 17 Leases standard. In accordance with the new standard, almost all lease liabilities will be recognised as liabilities on the lessee's balance sheet. The amendments to the lessor's accounting are not significant.

The Group is currently estimating the possible impact of the amendments on the consolidated financial statements.

The Securities Markets 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 2017 – 30 April 2018

Saga Furs Oyj held the first auction of the financial year from 20 to 21 December 2017. Auctioned items included almost 300,000 Saga® fox pelts and approximately 30,000 Saga® Finn raccoon pelts. Pelts of silver, mutation and Blue Shadow foxes and Finn raccoon pelts were sold 85% at a stable price. The price of blue fox pelts dropped around 10 per cent and only slightly more than half were sold. The purchases at the auction were mainly for the European fashion industry and Korea, Turkey and Russia. In addition, approximately 90,000 Karakul lamb pelts were sold at the auction. More than 250 buyers from key market areas attended the auction and the value of sales came to EUR 18 million (MEUR 33 in December 2016).

Saga Furs Oyj held the second auction of the financial year from 7 to 13 March 2018. Eighty-five per cent of the 3.3 million Saga® mink pelts on offer were sold. The prices of mink pelts mainly followed the price level of the latest European auction, taking into consideration the differences in the quality of the collections. More than 90 per cent of the nearly 800,000 fox pelts and almost 100 per cent of the more than 50,000 Finn raccoon pelts offered for sale at the auction were sold. Most of the mink and fox pelts were sold to China, while significant amounts were also sold for the Korean and Russian markets and the European fashion industry. A total of 2.8 million mink pelts

(3.1 million at the corresponding auction in the previous year), 750,000 fox pelts (780,000), 83,000 Karakul lamb pelts (120,000) and 53,000 Finnraccoon pelts (54,000) were sold at the auction by Saga Furs Oyj. Approximately 600 buyers from all market areas attended the auction, and the value of sales was EUR 140 million (MEUR 189).

Between November and April, a total of 2.8 million mink pelts (3.1 million in the previous corresponding period), 920,000 fox pelts (1.1 million), 170,000 Karakul lamb pelts (240,000) and 82,000 Finnraccoon pelts (85,000) were sold by the company. Due to the strengthening of the euro, the lower number of pelts sold during the period, and the decreased international price level, the value of sales fell by 29 per cent, totalling EUR 159 million (MEUR 224).

Auction	Sales 1,000 pelts 2017/2018	Value EUR 1,000 2017/2018	Sales 1,000 pelts 2016/2017	Value EUR 1,000 2016/2017
December	294	18 333	483	32 622
March	3 676	139 930	4 077	188 941
Warehouse sales	7	284	40	2 924
Total	3 977	158 547	4 600	224 487

Financial performance

The strengthening of the euro and the decrease in the number of pelts sold during the period were reflected in the consolidated net turnover, which decreased by 17 per cent during the first half of the financial year, amounting to EUR 23.0 million (MEUR 27.7). Of the net turnover, 52 per cent (59 per cent) was made up of commission fees collected from buyers, 28 per cent (24 per cent) of those collected from producers, and 17 per cent (13 per cent) of pelting services and sales of animals. Other operating income amounted to EUR 320,000 (EUR 450,000).

During the six-month period under review, operating expenses increased by 4 per cent year-on-year, totalling EUR 27.9 million (MEUR 26.8). In the early season, producers sent pelts more slowly than in previous years and, as a result, the Group had to use more fixed-term employees than in the previous year and grading also required more overtime work. Furfix Oy's pelting volume grew significantly from the previous financial year, which is reflected in the higher personnel expenses. Correspondingly, expenses incurred by employee benefits increased by 5 per cent year-on-year, totalling EUR 11.9 million (MEUR 11.3). Other operating expenses increased by 7 per cent year-on-year, totalling EUR 12.7 million (MEUR 11.8). The increase in other operating expenses reflects the expansion of the Group's business to North America and Norway.

Due to the sharp decline in turnover, consolidated operating profit/loss showed a loss of EUR 4.6 million (profit of MEUR 1.3).

Consolidated net financial income declined by 20 per cent, totalling EUR 1.7 million (MEUR 2.1). The decline was mainly due to an increase in credit losses recorded for receivables from producers and the decrease in exchange rate gains.

Consolidated loss before taxes stood at EUR 2.9 million (a profit of MEUR 3.4). Direct taxes amounted to EUR 20,000 (EUR 760,000). Consolidated loss stood at EUR 2.9 million (a profit of MEUR 2.7). Return on equity was -3.2 per cent (3.0 per cent), with earnings per share amounting to EUR -0.82 (0.74).

The Group's equity ratio at the end of the six-month period was 49.8 per cent (51.6 per cent at the end of April 2017 and 58.0 per cent on the closing date of 31 October 2017). The Group's liquidity remained at a healthy level throughout the review period. The consolidated balance sheet total was EUR 191.3 million (MEUR 199.7 on 30 April 2017 and MEUR 185.0 on 31 October 2017). Equity per share was EUR 24.75 (EUR 25.13 on 30 April 2017 and EUR 26.57 on 31 October 2017).

On 27 March 2018, Saga Furs Oyj issued a negative profit warning: the consolidated result is expected to remain clearly lower than that of the previous financial year. It was noted that oversupply was still pressing prices down, China was facing large inventories of unsold garments and pelts, and the uncertain market situation was impairing customers' access to financing. It was estimated that the auction prices of both mink and fox pelts would remain below the previous year's level for the remainder of the financial year. However, offerings at the international auctions between May and September were estimated to exceed those of the previous year, as the global production of pelts was nearly unchanged.

Capital expenditure and development

Consolidated gross capital expenditure for November to April totalled EUR 1.0 million (MEUR 1.1), or 4 per cent (4 per cent) of net turnover. The most significant investments were related to IT systems and the pelting equipment purchased in the United States.

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. These include a total of 63,088 Series A and C shares held by the company.

The value of shares traded in November to April totalled EUR 4.2 million and the volume was 290,000 shares, representing 11 per cent of the company's Series C shares. The highest price of the share during the period was EUR 15.99 and the lowest price was EUR 13.10, with the average price being EUR 14.55. The shares closed at EUR 13.45. The company's market capitalisation stood at EUR 48.4 million on 30 April 2018.

A list of the company's largest shareholders as of 30 April 2018 is available for viewing on the company's website.

Personnel

The number of permanent Group staff in the review period averaged 156 (161 in the previous corresponding period) and fixed-term employees 309 (296). At the end of the period, the Group employed 407 individuals.

General Meeting

The Annual General Meeting of Saga Furs Oyj held on 19 April 2018 approved the financial statements for the financial year ending on 31 October 2017 and decided to distribute a dividend of EUR 1.00/share. The record date for dividend payment was 23 April 2018 and the payment date was 30 April 2018. In addition, the AGM decided that EUR 720,000 of the profit for the 2016/2017 financial year be transferred to the counter-cyclical budgetary fund under unrestricted shareholders' equity.

The General Meeting authorised the Board of Directors to decide on a share issue based on the disposal of treasury shares. The authorisation concerned a maximum total of 1,630 Series A shares and 61,458 Series C shares. Based on the authorisation, the Board of Directors may decide on a directed share issue, and the authorisation can be used in one or more rounds.

Kenneth Ingman, Lasse Joensuu, Jorma Kauppila, Anders Kulp, Virve Kuusela, Isto Kärkäinen, Hannu Sillanpää and Rainer Sjöholm 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. 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 2016 to 31 October 2017. Financial risk management is explained in Note 25 to the consolidated financial statements.

Significant events after the review period

On 8–15 June 2018, Saga Furs Oyj held an auction that was attended by approximately 450 buyers from all major market areas. A total of 2.9 million mink pelts (2.7 million), 640,000 fox pelts (540,000), 28,000 Finnraccoon pelts (30,000) and 27,000 Karakul lamb pelts (31,000) were sold at the auction. The value of sales at the auction grew to EUR 106 million (MEUR 120 at a corresponding auction in the previous year).

In order to stabilise the market situation, it was decided at the June auction that fox volumes would be restricted at the September auction, and therefore the sales of more than 200,000 fox pelts graded during the current financial year will be carried over to the financial year 2018–2019. Similarly, almost 290,000 graded fox pelts were carried over from the financial year 2016–2017. The 500,000 female mink pelts that remained unsold in June are supposed to be auctioned in the upcoming sales period.

So far, 1.6 million fox pelts (1.7 million by the corresponding time in the previous financial year) have been sold during the current financial year. The average price of fox pelts is EUR 67, which is approximately 15 per cent lower than at the corresponding time in the previous financial year. So far, 5.7 million mink pelts (5.8 million by the corresponding time in the previous financial year) have been sold. The average price of mink pelts is currently EUR 22, which is approximately 20 per cent lower than at the corresponding time in the previous financial year. In the present financial year, the value of sales after the first three auctions is EUR 265 million, which is 23 per cent lower than in the previous corresponding period.

Saga Furs Oyj's subsidiary Furfix Oy has been actively establishing a pelting centre in the United States with some significant U.S. producers. The project has proceeded substantially after the end of the review period, and the goal is to start pelting in the autumn of 2018. Saga Furs Group's share of ownership in the new company will remain below 20 per cent.

Prospects for the rest of the financial year

Saga Furs Oyj will arrange the final auction of the financial year in September. In this auction, approximately 600,000 fox and Finn raccoon pelts and 1.6 million mink pelts 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.

Personnel expenses for the entire financial year are estimated to increase from the previous financial year. The expansion of operations in North America and the development programmes associated with the company's revised strategy are expected to increase other operating expenses for the entire financial year. Consolidated results for the financial year are estimated to show a loss.

Consolidated statement of financial position, IFRS

EUR 1.000

ASSETS	30 Apr 2018	30 Apr 2017	31 Oct 2017
Non-current assets			
Property, plant and equipment	34 253	36 132	35 162
Intangible assets	3 631	4 324	3 838
Available-for-sale investments	357	352	352
Long-term receivables	13 647	5 602	15 135
Non-current assets, total	51 888	46 410	54 487
Current assets			
Inventories	1 968	1 940	2 038
Interest-bearing receivables from buyers	30 660	57 727	25 493
Interest-bearing receivables from fur breeders	63 274	46 109	65 857
Non-interest-bearing receivables	27 893	43 188	33 415
Tax assets based on taxable income for the period	484	740	468
Cash and cash equivalents	15 139	3 622	3 223
Current assets, total	139 418	153 327	130 495
Total assets	191 306	199 737	184 982
SHAREHOLDERS' EQUITY AND LIABILITIES	30 Apr 2018	30 Apr 2017	31 Oct 2017
Equity attributable to parent company's shareholders			
Share capital	7 200	7 200	7 200
Share premium account	254	254	254
Other funds	21 105	20 385	20 385
Translation difference	55	58	57
Retained earnings	58 922	62 578	66 093
Shareholders' equity, total	87 537	90 475	93 990
Non-current liabilities			
Deferred tax liabilities	2 326	2 270	2 329
Current liabilities			
Interest-bearing liabilities	68 122	68 305	49 356
Trade and other payables	33 269	38 636	39 221
Deferred taxes based on the taxable income	52	51	85
Current liabilities, total	101 443	106 992	88 662
Total liabilities	103 769	109 262	90 991
Total shareholders' equity and liabilities	191 306	199 737	184 982

Consolidated statement of comprehensive income

EUR 1.000	1 Nov 2016- 30 Apr 2017 6 mo	1 Nov 2015- 30 Apr 2016 6 mo	1 Nov 2015- 31 Oct 2016 12 mo
Continuous operations			
Net turnover	22 963	27 721	52 730
Other operating income	321	449	794
Materials and supplies	-1 251	-1 351	-2 216
Employee benefits	-11 883	-11 333	-18 916
Depreciation and impairment loss	-2 061	-2 323	-4 569
Other operating expenses	-12 671	-11 828	-22 050
Operating profit/loss	-4 583	1 335	5 774
Financial income	2 487	2 802	5 132
Financial expenses	-797	-701	-1 728
Profit/loss before tax	-2 892	3 435	9 178
Income tax	-20	-757	-1 922
Net profit/loss for the reporting period	-2 912	2 678	7 256
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Available-for-sale investments	0	0	0
Translation differences	-4	1	0
Income tax effect	0	0	0
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-4	1	0
Total comprehensive income/expense	<u>-2 917</u>	<u>2 679</u>	<u>7 255</u>
Earnings per share, EUR, basic (EUR) *)	-0,82	0,74	2,05

*) There are no factors diluting the key performance indicator

Consolidated statement of cash flows

EUR 1.000	1.11.2017- 30.4.2018 6 mo	1.11.2016- 30.4.2017 6 mo	1.11.2016- 31.10.2017 12 mo
<i>Cash flow from operating activities</i>			
Payments received for selling on commission	154 892	233 315	470 175
Cash received from other operating income	233	197	415
Cash paid for other operating expenses	-163 672	-211 038	-431 729
Cash flow from operating activities before financial items and taxes	-8 547	22 474	38 860
Interests, paid	-75	-598	-914
Other financial expenses	-351	-61	-535
Interest, received	2 375	2 263	4 384
Other financial income	55	261	275
Direct taxes paid	-28	-831	-1 674
Net cash flow from operating activities (A)	-6 572	23 508	40 396
<i>Cash flow from investment activities</i>			
Investments in tangible and intangible assets	-962	-1 077	-1 931
Proceeds from sale of tangible and intangible assets	27	77	167
Investments in other assets	-5	0	0
Proceeds from other investments	0	0	0
Net cash flow from investments activities (B)	-939	-1 000	-1 764
<i>Cash flow from financing activities</i>			
Proceeds from short-term borrowings	23 059	0	0
Re-payments of short-term borrowings	0	-30 704	-45 547
Dividends paid	-3 632	2	-1 678
Net cash flow from financing activities (C)	19 427	-30 702	-47 225
Change in cash flows (A+B+C) increase (+) / decrease (-)	11 916	-8 194	-8 592
Cash and cash equivalents, 30 Apr / 31 Oct	15 139	3 621	3 223
./. Cash and cash equivalents, 1 Nov	3 223	11 815	11 815
Net change in cash and cash equivalents	11 916	-8 194	-8 592

Consolidated statement of changes in shareholders' equity 1.11.2016-30.4.2017

	Share capital	Share premium account	Other funds	Translation difference	Fair value reserve	Retained earnings	Before minority interests	Minority interests	Total
Shareholders' equity, 1 Nov 2016	7 200	254	20 385	61	0	60 616	88 516	0	88 516
Result for the reporting period						2 678	2 678		2 678
Other comprehensive income/expense				-3		4	1		1
Dividend						-720	-720		-720
Shareholders' equity, 30 Apr 2017	7 200	254	20 385	58	0	62 578	90 475	0	90 475

Consolidated statement of changes in shareholders' equity 1.11.2017-30.4.2018

Shareholders' equity, 1 Nov 2017	7 200	254	20 385	57	0	66 093	93 990	0	93 990
Result for the reporting period						-2 912	-2 912		-2 912
Other comprehensive income/expense				-2		-2	-4		-4
Dividend						-3 537	-3 537		-3 537
Shareholders' equity, 30 Apr 2018	7 200	254	21 105	55	0	58 922	87 537	0	87 537

Key performance indicators

	2017/2018	2016/2017	2016/2017
	6 mo	6 mo	12 mo
Total sales, EUR 1,000	158 547	224 487	437 143
Net turnover, EUR 1,000	22 963	27 721	52 730
Operating profit/loss, EUR 1,000	-4 583	1 335	5 774
% of net turnover	-20,0%	4,8 %	11,0 %
Profit before taxes, EUR 1,000	-2 892	3 435	9 178
% of net turnover	-12,6 %	12,4 %	17,4 %
Earnings per share, EUR	-0,82	0,74	2,05
Equity per share, EUR	24,75	25,13	26,57
Return on equity (ROE)-%	-3,2 %	3,0 %	8,0 %
Return on investment (ROI)-%	-1,6 %	2,4 %	6,4 %
Equity-to-assets ratio, %	49,8 %	51,6 %	58,0 %
Gearing	0,61	0,71	0,49
Gross capital expenditure, EUR 1,000	967	1 077	1 931
% of net turnover	4,2 %	3,9 %	3,7 %
Average number of personnel	465	457	351

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 / average number of outstanding shares
Equity per share, EUR	= Shareholders' equity / number of outstanding 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 2018 30 Apr 2017 31 Oct 2017

Mortgages given and receivables pledged in security for debt

Loans from financial institutions	44 317	35 260	20 842
Mortgages on property	54 071	54 071	54 071
Mortgages on company assets	2 691	2 691	2 691
Pledges given	791	791	791

Derivative contracts

Forward exchange agreements	9 429	17 017	7 602
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Forward exchange agreements are not classified as hedging instruments because the Group does not apply hedge accounting.

The position of the parent company's forward exchange agreements which were effective at the end of the interim period was -754 266 euro.

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 2.1 million and the last year of inspection is 2026.

Related Party Transactions

EUR 1.000 2017/2018 2016/2017 2016/2017
6 mo 6 mo 12 mo

Transactions with related parties:

Net turnover

- parent company	1	2	5
- other related party	257	322	489

Other operating income

- parent company	22	23	46
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Purchase of materials and supplies

- other related party	0	-6	-6
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	2017/2018	2016/2017	2016/2017
	6 mo	6 mo	12 mo
- parent company	-3	-10	-18
<i>Financial income</i>			
- other related party	29	12	27
<i>Financial expenses</i>			
- parent company	-1	-1	-5
- other related party	-2	-1	-2
<i>Related party receivables</i>			
- other related party	1 218	616	987
<i>Related party liabilities</i>			
- parent company	-465	-1 097	-1 691
- other related party	-1 202	-1 079	-944

Management compensation

Remuneration and other short-term employee benefits	802	691	1 476
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Management consists of the Board of Directors, the Managing Director, the Managing Director's Deputy and the rest of the group's Management Group.

Vantaa, 27 June 2018

Board of Directors