

TURKISTUOTTAJAT OYJ

FINANCIAL REPORT FOR THE PERIOD 01.09.2003-31.05.2004

Development of the group

During the preview period 01.09.2003-31.05.2004 Finnish Fur Sales organized four auctions. Over 3.2 million mink skins (2.9 million during the previous corresponding period), over 1.8 million fox skins (1.5 million during the previous period), and 430 000 Karakul lamb skins (440 000 during the previous period) were sold at the auctions and through the private treaty sales. The USD price level for mink skins was 33 percent higher than during previous corresponding period. Because of the weakened dollar level, the euro price level went up only by 14 percent. Prices for fox skins in USD rose by 15 percent, but the prices in EUR remained 1 percent lower compared to prices during the previous corresponding period. The consolidated sales rose by 23 percent, to EUR 23.5 million.

Auction	Sales 1.000 pcs 2003/2004	Sales 1.000 pcs 2002/2003	Value EUR 1.000 2003/2004	Value EUR 1.000 2002/2003
September	649	333	27 518	17 064
December	1 413	934	46 225	29 413
January-February	1 233	1 308	52 994	47 984
March	2 169	2 195	84 643	74 654
Warehouse sale	54	169	1 169	6 663
Total	5 518	4 939	212 549	175 777

Operating expenses of the group increased by 4 percent to EUR 23.6 million. The operating profit of the group during the period under review was EUR 150 000, when a year before the operating loss was EUR 3.5 million.

The net financial income of the group was EUR 2.0 million, which is 8 percent of the consolidated sales and a percent higher than during the previous corresponding period under review. Profit before appropriations and taxes was EUR 2.1 million, which is EUR 3.6 million higher than the year before. Profit per share was EUR 0.40.

The equity to assets ratio of the group weakened during the review period from 61.8 percent to 55.5 percent at the end of this period (at the end of May 2003, 58.6 percent).

Finnish Fur Sales and the Norwegian auction company, Oslo Fur Auction Ltd., and the Norwegian Fur Breeders Association made a sales agreement in May 2004. Norway produces about 350 000 mink and 350 000 fox skins annually. The sales co-operation, that will start on November 1, 2004, is estimated to have an affect on the company result during the financial period 2004/2005 mainly by diversifying Finnish Fur Sales skin collections.

Seasonal variation

During the 12 month long selling season Finnish Fur Sales organizes 4-6 auctions. Auction dates and offering amounts vary from year to year. During the financial period there may be quarters when no auctions are arranged. Due to the seasonal variation differences may also occur between financial periods, so that during the comparison period an equal number of auctions have/have not been organized. Due to this, the changes in sales value and net turnover in comparison with previous periods do not necessarily give a correct picture of the development of the whole accounting period.

Investments and development

Gross investments of the group during the period under review were EUR 990 000 (EUR 2.2 million during the previous corresponding period). Over 60 percent of the investments were tangible assets and about 40 percent intangible assets used for development of the main IT-software applications. An optical machine for measuring the size of mink skins was taken into use during the financial period.

Items in foreign currencies

The receivables and liabilities in foreign currencies indicated in the parent company's balance sheet have been converted into euros at the rate quoted by the European Central Bank on the closing date of the interim report. The exchange rate differences for unmatured forward contracts are calculated based on the exchange rate noted by the European Central Bank on the date of the interim report. The exchange rate differences are entered in the profit and loss account.

Personnel

The amount of permanent staff during the period under review was in average 112 (during the previous period 115) and seasonal staff was 236 (236 respectively).

Summary of all stock exchange notices issued during the period under review

On **15 September** Finnish Fur Sales announced that the first auction for the new financial period, that started September 1, 2003, will be arranged September 16-17, 2003. Almost a half million fox skins and 130 000 mink skins will be offered. About 200 buyers from all market areas were expected participate the auction.

On **16 September** the company announced that the auction gave marks of the recovering of the fur markets. The price of Blue foxes of normal quality was EUR 49.22, which is 13 percent higher than on the June auction. Skins

were sold at 100 percent. The amount sold skins include also the 100 000 Blue Fox skins that the company decided to move from the spring 2003 to September auction due to the marketing problems caused by SARS. The main buyers came from China and Russia.

On **17 September** the company announced that total sales value of the two-day long auction was EUR 27.3 million. On the last auction day the company offered 36 000 Blue Shadow fox skins and small amount of Blue Frost and Silver foxes as well as mutation foxes. All skins were sold at advancing prices to Chinese, Russian and Turkish buyers. The company referred to the information given by Finnish Fur Breeders' Association, that the annual production of Blue foxes in 2003 will decrease slightly, whereas the production of Blue Frost and mutation foxes will increase.

On **19 November** the company officially published the financial statement for the financial period 1 September, 2002 - 31 August, 2003. A drop of the price of Blue fox and the weak dollar cast a shadow over the operating result. The profit of the company remained to EUR 120 000.

On **19 December** the company announced that the first auction for the sales season 2003/2004 and the second auction for the financial period, that started 1 September 2003, will be held on the 20-22 December. More than 900 000 mink skins and about 300 000 will be offered at the auction. About 250 international buyers were expected to the auction.

On **20 December** the company announced that the average price for Blue Frost foxes was EUR 73.11, which increased the price level received in Copenhagen auction one week ago. Almost the whole offering were sold to Russia, Greece, Turkey and Italy. Small amount of unusual mutation foxes were sold to high average prices EUR 106-117, mainly to international fashion houses and Finn raccoon were sold to Italy for an average price of EUR 87.53. According to the company the world market price is almost at the same level as one year ago, but the prices in euro has decreased due to the weakening of the dollar.

On **21 December** the company announced that 700 000 West-European mink skins were sold almost for 100 percent to Russia, Greece, Italy and to Hong Kong/China almost for the same price and sometimes even higher prices than at the Copenhagen auction one week ago. The prices of male mink skins rose about 20 percent and the price increase for female skins was 35-40 percent compared with the auction one year ago. Also the euro prices of female skins rose.

On **22 December** the company announce that 230 000 Blue foxes and 18 000 Silver foxes were sold at 100 percent to Russia and China. The average price of Blue foxes was EUR 55.95, which is 10 percent higher than at the September auction. There was a 20 percent increase at the international price level, because the dollar has decreased by 9 percent from September. The most significant buyers, of total 300, at three day long

auction came from Russia, China, Greece, Italy and Turkey. The average basis price for the West-European minks was EUR 26.67 and for foxes EUR 58.76. The total sales valued to EUR 46.2 million.

On **23 January** the company informed that the ordinary Annual General Meeting in Vasa, Finland verified the company's Financial Statements for the Financial Period September 1, 2002 - August 31, 2003 and in accordance with the proposal of the Board of Directors the meeting decided that EUR 0.60 per share will be divided as dividend. The following persons were elected to the Board of Directors; Mr. Jorma Kauppila (deputy Martti Ollila), Markku Koski (deputy Ulf Enroth), Pentti Rantakangas (deputy Leena Pitkänen) and Pirkko Rantanen-Kervinen (deputy Pertti Fallenius). Ernst & Young Oy were chosen for the auditor.

On **30 January** the company published its interim report for the period 1.9-30.11.2003. The operating loss was a half smaller than during the previous corresponding period, amounted to EUR 1.9 million. Loss before appropriations and taxes was EUR 1.2 million

On **30 January** the company announced that the third auction for the financial period will be held 1-3 February, 2004. About 800 000 mink skins and almost 480 000 fox skins, of which 350 000 are Blue foxes, will be offered. Only male mink skins were offered at the auction. The company expected 300 buyers from all market areas to attend the auction.

On **1 February** the company informed that all 130 000 mutation mink skins were sold mainly to Russia, Hong Kong/China and Greece. The price level strengthened slightly compared to the December auction.

On **2 February** the company announced that it had sold almost 100 percent of all offered mink skins belonging to the brown color types as well as Black to December price level. The main buyers came from Russia, Hong Kong/China, Greece and Italy. The average price of all sold minks was EUR 32.60. The increased production of Finnraccoons and Blue Frost foxes hold down the interest. The first offering of Silver foxes were sold 60 percent. The offering of Blue Shadow foxes were sold 100 percent, for higher price than at the December auction.

On **3 February** the company announced that the whole offering of 350 000 Blue foxes were sold for 100 percent to China, Russia, Japan and Italy. The average price of was EUR 56.37. The average price of all fox skins was EUR 59.93. There was hard competition of the skins, but the margin was nonexistent. The sales value of the three-day auction was EUR 53 million and over 300 buyers from all market areas attended the auction.

On **24 March** the company announced that the most important auction for the sales season 2003/2004 will be held from March 26-29. Over 1.5 million mink skins and well over 570 000 fox skins will be offered during the

auction. Over 300 buyers from all market areas are expected to attend the auction.

On **26 March** the company announced that over one million mink skins belonging to the brown and black colour types were sold to customers from Hong Kong/ China, Russia, Greece and Italy. The skins were sold to 100 percent and prices of male skins increased 10-15 percent. The price of female skins, which wasn't on sale in February, increased 6-20 percent from the December auction, depending on the type.

On **27 March** the company announced that all 460 000 mutation mink skins were sold in hard competition to Hong Kong/ China, Russia, Greece and Italy. The price level strengthened about 15 percent compared with the international auctions in February. During two days the company informed they had sold about 1.5 million West-European mink skins. The average price for male mink skins was EUR 38.02 and EUR 22.85 for female skins.

On **28 March** the company announced that almost 100 percent of about 170 000 fox skins, most containing Blue Shadow-, Blue Frost-, and Silver foxes, were sold at the same price level than during the last auction to customers from Hong Kong/ China, Russia and Italy. The average price for Finnish Silverfox skins, which contained a half from the 36 000 offering, was EUR 115, when the average price of the whole offering was EUR 93. The price of the rare mutation fox skins is still high. The production increase of Finn raccoon and the Chinese raccoons that have entered the markets have pressed the prices down. 73 percent of the offering were sold and the average price was EUR 68.

On **29 March** the company announced that on the last day of the auction all offered 400 000 Blue fox skins were sold for an average price of EUR 56.56 to customers from Hong Kong/China, Russia and Turkey. The price did strengthen slightly from February auction. The average price of all sold Finnish fox skins was EUR 62.78. The sales value of the four-day auction was EUR 85 million and 350 buyers from all market areas attended the auction.

On **27 April** the company published its second Interim Review for the financial period 01.09.2003-31.08.2004. Profit before appropriations and taxes for the period that ended on 29.02.2004, was EUR 118 000, which is EUR 3.3 million better than last year.

On **13 May** the company announced that The Norwegian auction company, Oslo Fur Auction Ltd., and the Norwegian Fur Breeders Association decided in their annual meeting, to make a sales agreement with Finnish Fur Sales, beginning November 1, 2004.

Review of the remainder of the financial period

During the last quarter of the financial period, Finnish Fur Sales has organized one auction in June 2004. During the auction over 1.4 million mink skins and over 670 000 fox skins were sold. Both mink and fox skins were sold clearly for higher prices from the corresponding auction last year. Because of the increased price level the sales value of the auction increased 44 percent to EUR 84.1 million, compared with the corresponding auction last year.

The number of sold skins will increase to 7.6 million skins and the value of sales will increase to almost EUR 300 million. Turnover is expected to rise from the previous year because the amount skins has increased as well as the price level. The Danish Breeders' Association's decision to resign from the Saga co-operation (30.9.2004) will have no affect on the result of the company. It is estimated that the operating income will be profitable and the financial period's results will be considerably better than last year.

FINANCIAL REPORT FOR THE PERIOD 1.9.2003-31.05.2004

FINNISH FUR SALES

Profit and loss account 1.9.2003-31.05.2004

(EUR 1.000)	1.9.2003- 31.05.2004 9 months	1.9.2002- 31.05.2003 9 months	1.9.2002- 31.8.2003 12 months
Net turnover 1)	23 495	19 128	26 226
Other operating income	236	183	240
Operating expenses			
Materials and services	-516	-487	-1 202
Personnel expenses	-9 906	-9 377	-11 325
Depreciations and reduction in value	-2 833	-2 937	-3 975
Other operating expenses	-10 326	-9 968	-12 246
Operating Profit/loss	150	-3 458	-2 282
Financial income and expenses	1 965	1 941	2 513
Profit/loss before appropriations and taxes	2 116	-1 516	232
Income taxes 2)	-680	442	-111
Profit/loss for the financial period	1 436	-1 074	121

1) There has been an amendment in Finnish Fur Sales' Commission structure from beginning of December 2003. The part of the commission which is paid to International Fur Trade Federation is not separately collected from the customer, the commission is included in Finnish Fur Sales' buyercommissions. Information of last year has been made comparable.

2) Income taxes in the interim report include a change in deferred tax receivables connected to the loss in the interim report 1.9.2002-31.5.2003. Income taxes in the annual report (1.9.2002-31.8.2003) include a change in deferred tax liability connected to depreciation difference.

Balance Sheet 31.05.2004

(EUR 1.000)

Assets	31.05.2004	31.05.2003	31.8.2003
Fixed assets			
Intangible assets	3 007	4 611	4 175
Tangible assets 3)	28 048	29 200	28 808
Investments	284	284	284
Current assets			
Current stocks	442	534	446
Deferred tax receivables	0	454	0
Receivables	69 382	61 914	54 741
Bank and cash	5 942	2 612	2 851
Total assets	107 104	99 607	91 303

3) A revaluation of 8 million euro of the real estate in Varisto is included in the tangible assets

Liabilities	31.05.2004	31.05.2003	31.8.2003
Shareholders' equity	52 167	51 697	52 892
Liabilities			
Deferred tax liability	2 130	2 120	2 130
Short-term liabilities	52 806	45 790	36 282
Total liabilities	107 104	99 607	91 303

Cash flow statement

	1.9.2003- 31.05.2004	1.9.2002- 31.05.2003	1.9.2002- 31.8.2003
<i>Cash flow from operating activities:</i>			
Income from sales	20 030	30 614	41 043
Cash receipts from other operating income	194	181	235
Cash paid to suppliers and employees	-21 830	-22 545	-36 090
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Cash generated from operations	- 1 606	8 249	5 188
Interest paid	-640	-1 077	-1 334
Interest received	2 452	3 628	4 384
Dividends received	3	0	0
Income taxes paid	-1 357	-2 050	-54
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Net cash from operating activities (A)	- 1 148	8 750	8 184
<i>Cash flow from investing activities:</i>			
Gross investments	-986	-2 206	-2 430
Transfer income from fixed assets	80	23	24
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Cash flow from investing activities (B)	-905	-2 183	-2 407
<i>Cash flow from financing activities:</i>			
Proceeds from short-term borrowings	7 262	0	0
Payments of short-term borrowings	0	-6 671	-5 641
Dividends paid	-2 117	-2 292	-2 292
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Cash flow from financing activities (C)	5 144	-8 963	-7 933
Change in cash flows (A+B+C)	3 091	-2 395	-2 156
Financial resources 31.05/31.8	5 942	2 612	2 851
Financial resources 1.9	-2 851	-5 007	-5 007
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	3 091	-2 395	-2 156

	1.9.2003- 31.05.2004	1.9.2002- 31.05.2003	1.9.2002- 31.8.2003
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Average number of employees

permanent employees	112	115	116
fixed-term employees	236	236	189
	348	351	305

Gross investments in fixed assets

(EUR 1.000)	986	2 206	2 430
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Assurances, guarantee engagements and other liabilities

(EUR 1.000)	31.5.2004	31.5.2003	31.8.2003
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Debts with mortgages and impawned receivables as collateral security

Loans from credit institutions	11 325	3 208	4 802
Mortgaged buildings	54 072	55 318	54 072
Mortgaged businesses	2 691	2 691	2 691
Impawned receivables	7 997	8 549	11 931
Total mortgages used as collaterals	56 763	58 009	56 763
Total impawned receivables	7 997	8 549	11 931

Other guarantees

Guarantee liabilities	538	539	539
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Amount to be paid for leasing agreements

During under the financial period 2003/2004	32	0	130
During consequent financial periods	238	0	238

Option contracts

Forward contracts	32 054	20 639	22 238
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PARAMETERS DESCRIBING FINANCIAL DEVELOPMENT

	2003/2004 9 months	2002/2003 9 months	2002/2003 12 months
Earnings per share	0,40	-0,30	0,03
Shareholders' equity per share	14,49	14,36	14,69

Vantaa, July 15, 2004
the Board of Directors