

## **A drop of the price of Bluefox turned the operating result into loss**

Finnish Fur Sales groups turnover was at the end of the financial period (1.9.2002-31.8.2003) EUR 25 million, which is 13 percent less than the previous financial period (EUR 27,9 million). Even though the amount sold skins rose to 7,2 million (6,9 million the previous period), the 33 percent drop of the world market price of fox could be seen as drop of the total sales value. The value of total sales was EUR 234 million (EUR 346 million). Other operating income amounted to EUR 240.000.

The company organised during the financial period five international auctions. The company sold a total of 3,3 million skins originated from Finland (3,4 million the previous period) and their sales value amounted **EUR 145 million** (EUR 244 million). The company strengthened its market share further in other Western-European production countries. A total of 3,1 (2,7 million the previous period) million skins originating mainly from Central Europe were sold and their value amounted to **EUR 76 million**.

The operating expenses increased with 5 percent to **EUR 27,6 million**. The operating loss was **EUR 2,3 million**.

The net financial income of the group was **EUR 2,5 million**, i.e. 10 percent of the turnover (EUR 3,2 million i.e. 11 percent). The groups profit before appropriations and taxes was **EUR 230.000** (EUR 2,8 million).

A rise in buyers accounts receivables, which decreased the need for liabilities, lead to that the groups equity strengthened to **62 percent** (53 percent). The liquidity of the group remained good throughout the financial period.

The groups total investments were **EUR 2,4 million** (EUR 5,4 million during the previous period). Of the above figure the tangible assets part was three fifths and intangible assets part was two fifths. The main investments, 45 percent of tangible assets, were equipment to Kaustinen pelting centre (the companys subsidiary) to increase the production capacity, to the companys warehousing system, to automates sorting and updating of some parts of the computer network. .

During the financial period, the number of employees at Finnish Fur Sales group was 305 persons (298). The number of permanent staff in the group was 118 persons (115). Majority of the employees are temporary, working in different work phases in the sorting process. In the financial period that started 1.9.2003, the company have organised one auction in September, where 600.000 Bluefox skins transferred from last financial period, were offered. The better situation of the world market could be seen as an 8 percent price rose of skins of normal quality. Finnish Fur Sales have good preconditions to increase their market share of selling European skins during the financial period. The group is aiming to make its operations more effective and to get cost savings, for instance by developing the pelting process in Furfix Oy and to stock fox skins in Fur Center. The Danish auction house CFCs decision to resign from SAGA co-operation, will cause extra costs during the financial period. The US dollar has already been 15 percent lower than during previous financial period. The company is partially protected for the lowering of the dollar. The company

estimated the results from the current financial period to be stronger than during the previous period.

Earnings per share were during the financial period **EUR 0,03** (EUR 1,13 during previous period) and shareholders equity per share **EUR 14,69** (EUR 15,31 during previous period). Finnish Fur Sales Board of Directors proposes to the Annual General Meeting, which will be held 23.1.2004, that

- From the profit of the financial period 1.9.2002-31.8.2003, **Eur 0,60** per share will be divided as dividend to share holders, a total of EUR 2.160.000
- Eur 20.000 will be transferred the legal fund
- The rest will stay in the profit reserve account

Finnish Fur Sales  
Board of Directors

**CONSOLIDATED PROFIT AND LOSS ACCOUNT SEPTEMBER 1, 2002 -  
AUGUST 31, 2003**

(EUR)	<b>1.9.2002- 31.8.2003 12 months</b>	1.9.2001- 31.8.2002 12 months
NET TURNOVER	<b>25.041.209,88</b>	28.675.034,08
Other operating income	<b>240.241,86</b>	242.885,84
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	<b>-1.084.780,04</b>	-1.499.823,16
Variations in stocks	<b>-65.868,04</b>	77.280,66
External services	<b>-51.404,96</b>	-81.095,89
Personnel expenses		
Wages and salaries	<b>-9.022.579,85</b>	-8.593.123,65
Social security expenses		
Pension expenses	<b>-1.433.879,06</b>	-1.298.852,18
Other social security expenses	<b>-868.112,75</b>	-836.926,29
Depreciation and reduction in value		
Depreciations according to plan	<b>-3.974.780,04</b>	-3.729.452,68
Exceptional value write-backs		
on current assets	<b>0,00</b>	43.122,27
Other operating expenses	<b>-11.060.730,13</b>	-10.393.687,72
<b>OPERATING RESULT</b>	<b>-2.280.683,13</b>	2.605.361,28
Financial income and expenses		
Other interest and financial income	<b>3.722.678,02</b>	4.703.968,81
Other interest and financial expenses	<b>-1.209.909,74</b>	-1.507.171,77

PROFIT BEFORE APPROPRIATIONS AND TAXES	<b>232.085,15</b>	5.802.158,32
--	-------------------	--------------

Change in deferred tax liability	<b>-9.414,37</b>	-8.695,40
----------------------------------	------------------	-----------

Income taxes	<b>-102.012,32</b>	-1.714.452,9
--------------	--------------------	--------------

PROFIT FOR THE FINANCIAL YEAR	<b>120.658,46</b>	4.079.010,02
-------------------------------	-------------------	--------------

**Balance sheet 31.8.2003**  
(EUR)

ASSETS	<b>31.8.2003</b>	31.8.2002
--------	------------------	-----------

**Fixed assets**

Intangible assets

Other long-term expenses	<b>4.174.618,67</b>	5.355.820,52
--------------------------	---------------------	--------------

Advance payments	<b>0,00</b>	57.078,08
------------------	-------------	-----------

	<b>4.174.618,67</b>	5.412.898,60
--	---------------------	--------------

Tangible assets

Land and water areas	<b>1.595.871,98</b>	1.595.871,98
----------------------	---------------------	--------------

Buildings and constructions	<b>22.410.119,19</b>	23.070.964,24
-----------------------------	----------------------	---------------

Machinery and equipment	<b>4.609.719,03</b>	3.548.640,2
-------------------------	---------------------	-------------

Advance payments and fixed assets		
-----------------------------------	--	--

under construction	<b>191.837,20</b>	935.835,36
--------------------	-------------------	------------

	<b>28.807.547,40</b>	29.151.311,78
--	----------------------	---------------

Investments

Investments and shares	<b>283.602,94</b>	283.602,99
------------------------	-------------------	------------

**Current assets**

Current stocks		
Raw materials and consumables	<b>384.489,72</b>	397.116,76
Fur skins	<b>61.279,00</b>	114.520
	<b>445.768,72</b>	511.636,76
Receivables		
Trade debtors	<b>31.350.768,49</b>	56.948.543,93
Consignor receivables	<b>22.043.012,09</b>	18.309.711,96
Loan receivables	<b>51.974,45</b>	49.655,44
Other receivables	<b>494.519,71</b>	316.400,02
Prepayments and accrued income	<b>800.420,54</b>	1.557.637,13
	<b>54.740.695,28</b>	77.181.948,48
Cash and bank	<b>2.851.208,52</b>	5.007.305,24
<b>TOTAL ASSETS</b>	<b>91.303.441,53</b>	117.548.703,85
<b>LIABILITIES</b>	<b>31.8.2003</b>	31.8.2002
<b>Shareholders equity</b>		
Share capital	<b>7.200.000,00</b>	7.200.000,00
Share premium account	<b>254.264,40</b>	254.264,40
Revaluation reserve	<b>3.128.295,43</b>	3.128.295,43
Legal reserve	<b>11.355.000,00</b>	10.940.000,00
Conversion difference	<b>59.857,46</b>	59.906,20
Retained earnings	<b>30.773.949,00</b>	29.449.953,25
Net profit for the year	<b>120.658,46</b>	4.079.010,02
	<b>52.892.024,75</b>	55.111.429,30

## Liabilities

Deferred tax liability	<b>2 129 901,98</b>	2 120 487,61
Short-term liabilities		
Loans from credit institutions	<b>4 801 996,86</b>	10.324.980,38
Advance payments	<b>5 671 627,65</b>	13.379.469,70
Trade creditors	<b>419 704,81</b>	548.287,66
Consignor creditors	<b>17 889 594,04</b>	26.346.731,42
Other short-time liabilities	<b>5 294 597,75</b>	6.865.870,24
Accrued expenses and prepaid income	<b>2 203 993,69</b>	2.851.447,54
	<b>36 281 514,80</b>	60.316.786,94
<b>TOTAL LIABILITIES</b>	<b>91.303.441,53</b>	117.548.703,85