The most essential feature of last year was that our result has almost moved into the black. We continued to develop our normal day-to-day business and to cut costs and managed to improve our result by hundreds of millions of markka.

I thank the personnel in all Eka companies; although they had to work in extremely trying conditions they had the capacity to excel.

(A. Remes)

Annual Report 1994

Cooperative Eka Corporation

Mandatory restructuring program in brief

The Circuit Court of Helsinki approved Eka's mandatory restructuring program on 20 October 1994.

FIM 1.9 billion was reduced of the total loans and liabilities of FIM 5.6 billion.

Of the remaining sum of FIM 3.7 billion, FIM 1.1 billion was converted into stabilized loans.

The corporate structure was renewed. Tradeka Group Oy was established as a subsidiary of the Cooperative, and another subsidiary, Eka Real Estate Development Oy was established in 1995.

The operating companies are Tradeka Oy and Restel Oy, both wholly owned subsidiaries of Tradeka Group Oy.

The real properties serving Eka's retail trade will be transferred to Tradeka Oy. Other real properties and assets will transfer to Eka Real Estate Development Oy.

The debt repayment program will be completed by 31 December 2003. The Cooperative is responsible for servicing the debts which will be paid from Tradeka's operational cash flow and from the revenues accrued from sales of Eka Real Estate Development Oy's real properties.

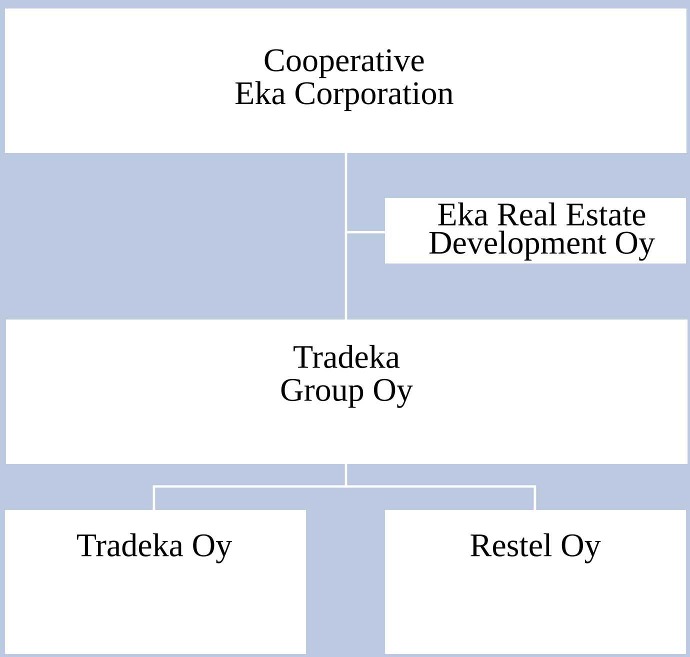
The implementation of the restructuring program depends on the ability of the companies which continue Eka's business operations to fulfil their objectives. The program determines annual targets for Tradeka's and Restel's operating profit before depreciation, cash flow and investments.

Contents

Eka's corporate structure	4
Eka Corporation's financial key indicators	4
President's review	5
Tradeka	6
Restel Oy	10
Report by the Board of Directors	12
Eka Corporation – consolidated financial statements	16
Cooperative Eka Corporation – financial statements	30
Board's proposal	39
Statement by the Supervisory Board	39
Auditors' report	40
Loyal Customer Scheme	41
Ownership structure and shareholders' equity	41
Administration	42
Business organization January 1, 1995	43

Determined work turns plans into reality

Eka's corporate structure



Eka Corporation – consolidated key indicators

	1994	1993
Net turnover, FIM million	5 364	7 770
Operating profit before depreciation, FIM million	254	-113
Operating profit, FIM million	103	-312
Profit/loss before extraordinary items, appropriations and taxes	-21	- 621
Investments, FIM million	111	340
Balance sheet total, FIM million	3 230	8 582
Personnel	4 860	7 144

Approval of Eka's mandatory restructuring program in October 1994 was a turning point for the Cooperative Society which is returning to its roots. The previous diversified corporation now concentrates on its core business for which it was originally founded by its members: retail trade, hotel and restaurant operations.

Tradeka had introduced a comprehensive program already in 1991 to renew its operations, including a modernization of its chains. Restel Oy started its development programs one year later. Tradeka and Restel are modern, highly competitive and efficient service companies based on chain concept.

The success of the development programs has been illustrated by the annual result improvements in Tradeka and Restel according to budget. Last year, both companies showed a positive operative result. This combined with the positive effect of the measures under the restructuring program contributed to Eka's result which almost moved into the black, although the result had still been a loss of FIM 621 million only one year earlier. It is good to continue along these lines.

Certain competitors claim that the mandatory restructuring gives Tradeka unfair competitive advantage. Let the truth come out also in this respect: the only competitive advantage gained by Tradeka from the restructuring is that it has been able to close its unprofitable operations earlier than originally planned. Tradeka Oy, established at the year-end 1994–1995, had to assume liabilities of FIM 900 million in its opening balance and must service them on normal market terms.

Eka's Supervisory Board opened an internal discussion in the fall of 1994 to clarify the fundamental management principles for Eka's ongoing business from now on. The following principles were adopted as the common charter guiding all activities:

Profitability

We have learned the importance of good financial results the hard way. Only a profitable cooperative society can cope with its commitments and ensure that its business units can steadily improve their services. For this reason, every retail outlet, hotel and restaurant is expected to operate profitably.

Competitive services

The shops, hotels and restaurants must find ways to constantly improve their services to make them attractive to customers. Being pioneers of the chain concept, Tradeka and Restel must keep abreast of the developments also in the future and enhance their service offerings. Our competitive ability is the sum of our success factors; customer-oriented service, efficient logistics, effective organization and clear division of responsibilities.

Members' financial benefits

Our new nation-wide Loyal Customer Scheme rewards loyal customers in direct proportion to their patronage. To ensure that members as loyal customers can have maximal benefits from a highly versatile service offering, the system is being developed together with external cooperation partners.

Cooperation and interaction

We wish to cooperate and maintain a very open interrelationship with all our constituent groups. The duty of the Council of Representatives and the Supervisory Board is to ensure that the members' interests guide all business activities of our companies. The buying behavior and opinions of our members as customers are critical for the direction of our future commercial development.

Competent personnel

We invest in enhancing the skills of our personnel. Good cooperation and mutual respect form the basis for the work of our people who can be justifiably proud of their professional competence. Responsibility towards customers and cooperation partners are the essential elements of outstanding service.

"Principles are just words, anyone could coin such phrases", we were told in the early years of this decade when we formulated the development objectives for Tradeka and Restel. Credibility was established then, as it is today and will be established and strengthened from now on by practical implementation and better results. New operating methods, tools and measures for translating ideas into actions are already becoming a part of our day-to-day operations.

The most essential feature of last year was that our result has almost moved into the black. We continued to develop our normal day-to-day business and to cut costs and managed to improve our result by hundreds of millions of markka. Our performance trend exceeded targets, providing a good basis for the years to come and ensuring Eka's survival in the long term. I thank the personnel in all Eka companies; although they had to work in extremely trying conditions they had the capacity to excel.

I also wish to thank our suppliers and creditors for their good cooperation for the benefit of all parties concerned. The members deserve a special acknowledgement for their determination at a very critical moment and their faith in the continued existence of Eka companies. The overwhelming success of the Loyal Customer Scheme introduced nation-wide in May 1994 is a powerful proof of this.

Helsinki, 10 May 1995

Antti Remes
President

Chain reform in Tradeka continued

Retail trade

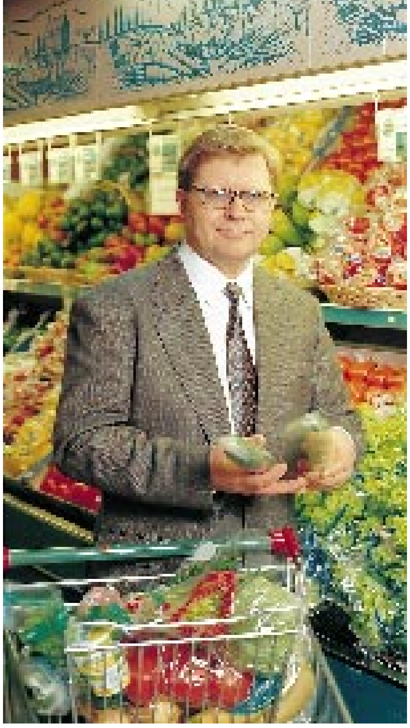
President Aarno Mäntynen

For Tradeka's operations past year was exceptional. Juridically speaking, retail trade was still part of the Cooperative Eka Corporation. The preparations for Eka's mandatory restructuring program started in October 1993 continued throughout the year; the approval of the program in October 1994 had a significant impact also on Tradeka's activities. Unprofitable businesses were closed, support activities streamlined and united with the previous corporate administrative functions.

The most essential aspect, however, was that Tradeka's business progressed as normal in spite of the restructuring. Development of the chain concept continued according to the program introduced in 1991. Follow-

TRADEKA CONSOLIDATED

	1994	*1993*	*93/94*
NET TURNOVER, FIM million			
Siwa	1 868	1 862	+0,3 %
Valintatalo	1 298	1 585	-18,1 %
EKA/Euromarket	1 183	1 319	-10,3 %
International operations	101	49	+106,1 %
TOTAL, FIM million	4 441	4 816	-7,8 %
OPERATING PROFIT, FIM million	49	-80	+129
INVESTMENTS IN FIXED ASSETS, FIM million	48	65	-17
NUMBER OF OUTLETS			
Siwa	435	465	-30
Valintatalo	121	152	-31
EKA/Euromarket	20	25	-5
International operations	8	7	+1
Other	1	1	–
TOTAL	585	650	-65
PERSONNEL (average)	3 168	3 849	-681
PERSONNEL (international)	245	187	+58



ing the reforms, Tradeka's retail shops improved their competitive capabilities, which showed as a positive sales and result trend in the entire retail network.

The new Valintatalo chain concept developed in 1991 – 1992 was completed towards the end of the year. Also the conversion of EKA-markets into Euromarkets which required significant investments proceeded according to plan. Siwa continued to renew its offerings and the display concept of its shops, started in 1992.

Net turnover down, result up

Tradeka Group's net turnover decreased by 7.8% to FIM 4,441 million in 1994. The daily consumer goods market grew slightly in 1994; the growth was 2.5%. Tradeka's market share decreased by 0.8%. According to the Nielsen retail statistics, Tradeka's share of the daily consumer goods market was 9.4%.

The decline in net turnover and market share was attributable to the closings of unprofitable retail shops as required by the restructuring program. Altogether 66 outlets were closed in 1994, the total number of closings in 1993 - 1994 was 148.

Tradeka improved its result clearly as a result of the divestiture of unprofitable operations. Operating profit before depreciation improved by FIM 89 million to FIM 108 million, and operating profit by 129 million to FIM 49 million. Result before extraordinary items, appropriations and taxes remained unprofitable. While the result is still weakened by the non-recurring costs relating to closed retail outlets under the restructuring program, also the performance trend met the objectives determined in the development program introduced in 1991.

Three key areas of development

In addition to the chain concept, all Tradeka chains have been focusing on three core areas of development: customer-orientation, personnel development and Loyal Customer Scheme.

To improve service to customers, Tradeka continued to modernize its information system, including automated order, product management and sales management systems. These are a part of the integrated corporate management system which will permit Tradeka to have full benefit of its chain concept.

Various training programs are the top priority in personnel development. The development initiatives known as "Quality for Customer" tailored to the requirements of each chain continued. The future focus of training will be increasingly on improving the employees' interactive skills. This will be achieved by enhancing the work content of supervisors and through teamwork training.

Development of the Loyal Customer Scheme, introduced nation-wide in May 1994, continued. Tradeka aims to improve its versatile services to loyal customers based on a bonus system.

Year 1995 has started strongly

Tradeka Oy became operative on 1 January 1995 in accordance with Eka's restructuring program which requires that the new company must show improved results already in its first year of operations.

Competition in the retail industry continued to be ruthless. All estimates indicate that efficient businesses based on chain concept capable of responding to customers' expectations will increase their share of the Finnish daily goods retail market.

Tradeka is determined to achieve the sales growth and especially the profitability level required by the restructuring program, while retaining its pioneering role as a chain operator.

The profitability targets for the first quarter were exceeded. Operating profit for January - March improved by FIM 26 million from the previous year to FIM 10 million. As the first months of the year are generally the most problematic ones for the result expectations of the retail sector, the early trend of this year gives cause to be confident that the targets for 1995 will be met.

Siwa chain invested in daily perishables trade

Siwa's net turnover grew by 0.3% to FIM 1,868 million. Like in previous years, the chain's operating profit was excellent. The efficiency of operations remained good, and the average size of the chain's shops increased.

Five new shops were opened, and 19 shops of the other chains were converted into Siwa shops. As 54 shops were closed, the net reduction was 30. The number of the Siwa retail outlets at the year-end was 435.

The product range and space management in 90 Siwa shops were modernized during the year and are now based on an electronic information system. The chain started an energetic program in 1994 to shift its focus towards daily perishables trade based on centralized pricing of its offerings.

Two hundred persons were trained under the retail personnel training program "Quality for Customer". AVA Institute gave management training to 70 supervising personnel.

Siwa introduced its new shop concept, "Siwa 2000" in February. It offers a wider product range and more advantageous prices than the basic Siwa shops to respond to increasingly tough competition. The number of Siwa 2000 shops was 20 at the year-end.

Siwa developed its sales district activities and reduced the number of districts from 16 to 14. The chain also entered the Helsinki metropolitan market area where the new shops were positively received and quickly gained a steady customer base. The number of Siwa shops operating in Helsinki and its environs was 13 at the year-end.

Also in 1995, Siwa will focus on developing the Siwa 2000 concept, its daily perishables operations and advertising activities. The result of the first quarter indicate that the chain will meet its targets also this year.

Conversion project of Valintatalo chain completed

Valintatalo's net turnover decreased by 18.1% from the previous corresponding period and totalled FIM 1,298 million. The decline is attributable to the reduction of 31 shops in the chain network. The comparable net turnover of ongoing operations was clearly positive.

The chain showed a positive operating profit and its result was significantly improved from the previous year. The good performance was based on efficient operations and cost management.

Valintatalo completed its reform project which had lasted for 3.5 years. During the year, 52 renewed Valintatalos were opened and the total number at the end of the year was 121. A new Valintatalo was inaugurated in the city center of Rovaniemi in December.

After the completion of the renewal program, the shops' offerings are now uniform. Valintatalo specializes in daily consumer goods. Management of space allocation was extended to cover the entire product range and is now an integral part of the chain's product management.

Valintatalo improved its processes by means of the extensive personnel development program "Quality for Customer". 750 personnel participated in the training.

The positive result trend boosted by the renewed concept continues in Valintatalo also 1995. The chain's pioneering role in the Finnish retail business brings clear competitive advantages which are based on the development of space management and shop logistics and supported by determined training initiatives.

Euromarket reform continued

EKA/Euromarket's net turnover declined by 10.3% to FIM 1,183 million. The comparable net turnover of ongoing operations grew by 3.4%, and the growth in the daily consumer goods trade was 5.6%. The chain's operating profit was clearly positive, its result trend was excellent, and the set targets were clearly exceeded.

As required by the restructuring program, five EKA-markets were closed during the year. The markets in Jyväskylä, Kokkola and Rovaniemi were closed at the beginning of the year, and the EKA-markets in Joensuu and Kouvola in June. All the closed outlets were unprofitable units operating in city centers, and their premises could not be converted into Euromarkets.

The specialty chain Maurizio closed its last six shops at the year-end 1993–1994.

The program to convert EKA-markets into Euromarkets continued in the fall. Euromarket Lappeenranta was opened in September, Turku in October and Forssa in November. All the three have been commercial successes. Construction of a new 10,000 m2 hypermarket in Kuopio started in the fall. The project is expected to be ready in the fall of 1995 when the new Euromarket will become operative.

Tradeka was one of the Nordic consumer cooperatives to establish a new international company Intergroup A.m.b.a. in Copenhagen for sourcing of specialty products. The purpose of the new company is to enhance its shareholders' cooperation in the specialty goods sector.

The priority development areas in the EKA/Euromarket chain are more efficient utilization of the benefits of chain operation, especially in space and product management. Supervisors' management skills were enhanced by special training programs. The key theme of development in 1994 was "Chain is Power".

The EKA/Euromarket reform will be accelerated in 1995. A Euromarket, opened in Oulu in February, has almost a double of its previous effective space. New Euromarkets will open also in Iisalmi, Rauma, Vaasa and Kemi.

The competitive chain strategy will be strengthened and deepened in 1995. Offerings matched to demand combined with customer-oriented service and supported by the efficient chain concept bring sustainable competitive advantage on which EKA/Euromarket can build its future success.

Tradeka International

Tradeka International which manages Tradeka's Russian and Baltic retail operations was in an important phase of expansion in 1994. International

operations' net turnover grew from FIM 49 million in the previous year to FIM 101 million.

A new Super-Siwa was opened in Moscow. The 1994 net turnover growth is partly attributable to the four shops in St. Petersburg which did not become operative until late in 1993. New hardware and construction materials dealerships were opened in Kiev and Rakvere.

All the retail organizations were revised and personnel was given training in Finland, in cooperation with AVA Institute.

The subsidiaries in St. Petersburg, Moscow and Tallinn would have showed profitable results without the accelerating inflation in Russia and the exchange rate losses resulting from the devaluation of the Ruble. The total result was unprofitable.

One of the most significant projects of the year was the development of the electronic information system for the shops. Tradeka's efficient systems will also be exploited by the subsidiaries to manage their operations and functions. Efficient integrated systems which support effective risk management are a prerequisite for expanding operations.

These new Russian and Baltic activities will be developed also in 1995. An urgent priority is to find an external cooperation partner to share the risks relating to the market uncertainties.

Restel renewed its restaurants

HOTEL AND RESTAURANT OPERATIONS

President Ralf Sandström

The declining trend in the hotel and restaurant sector which had persisted for several years, turned to moderate growth in 1994, and the overall sales volume increased by 2% from the previous year.

The nominal value of licensed restaurants' sales grew by 2.0%. As the number of licenced customer places at the same time increased by 2.7%, the total volume of sales per customer declined slightly.

Hotel accommodation sales increased 10.5%. This was mainly attributable to a recovery of international demand, while domestic customer demand remained virtually unchanged.

RESTEL'S NET TURNOVER DECREASED, RESULT IMPROVED

Restel Group's net turnover decreased by 12.7% from the previous year to FIM 911 million. The comparable decrease in net turnover adjusted by the effect of smaller capacity is 5%.

The Group's gross margin declined by FIM 62 million to FIM 652 million. Operating profit before depreciation totalled FIM 63 million which is FIM 29 million improved from the previous year.

Restel's result before extraordinary items, appropriations and taxes improved by FIM 88 million from the previous year but remained unprofitable and was a loss of FIM 35 million.

HOTEL OPERATIONS FLAT

Restel Hotels' net turnover decreased by 1.8% from the previous year to FIM 404 million in 1994. Two thirds of net turnover was generated by Cumulus and one third by Rantasipi hotels. The result remained unprofitable, although significantly improved from the previous year.

There were no changes in the num-

ber of hotels and hotel restaurants, which were 28 and 59, respectively, at the year-end. The most important maintenance investment was the renovation of guest rooms at Cumulus Lappeenranta.

20 Restaurants renewed

The net turnover of Restel's restaurant operations declined by 10.3% from 1993 to FIM 507 million. The restaurants showed a positive, clearly improved result.

Five restaurants were sold or let. The minority interest in the personnel catering company Lounasrengas Oy was sold. Twenty restaurants changed their entire business concept or introduced other major changes. The total number of restaurants at the year-end was 198.

Financial position remained good

The Group's capital expenditure of FIM 13 million was directed towards renovation and alteration of existing units.

Restel's financial position remained satisfactory throughout the year and improved to good towards the end of the year. FIM 100 million of long-term loans granted by Eka Corporation were converted into equity.

In conjunction with the financial arrangements required by the restructuring program, the general meeting of shareholders resolved to decrease Restel Oy's share capital from FIM 165 million to FIM 3.3 million and issue FIM 10 million convertible bonds. The implementation of the share capital decrease and the issuance of bonds were postponed until 1995.

Restel consolidated

	1994	*1993*	*93/94*
Net turnover, FIM million			
hotels	404	412	-1,8 %
restaurants	507	567	-10,3 %
personnel restaurants	–	64	–
TOTAL	911	1043	–12,7 %
Profit/loss before extraordinary items, appropriations and taxes	-35	-123	+88
Investments in fixed assets, FIM million	13	19	-6
Number of outlets			
restaurants	257	268	-11
hotels	28	28	0
TOTAL	285	296	-11
Number of licenced customer places	38 925	39 623	-698
Number of guest rooms	4 551	4 556	-5
Personnel	1 665	2 250	-585

1995 A year of growth and development

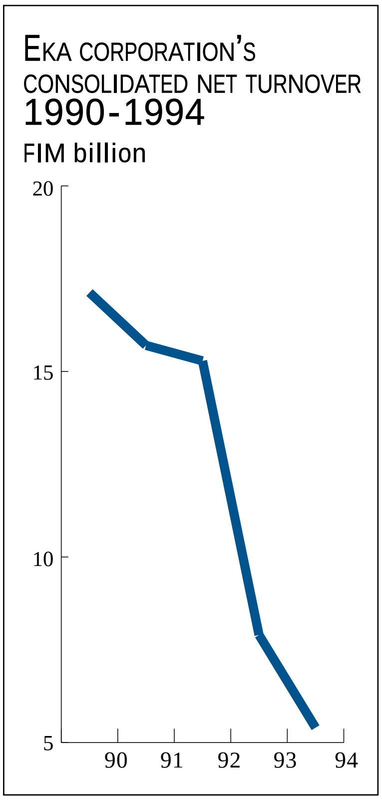
Based on Eka's restructuring program, Restel Group in its present form will continue as a part of Tradeka Group Oy. Restel is not in mandatory restructuring.

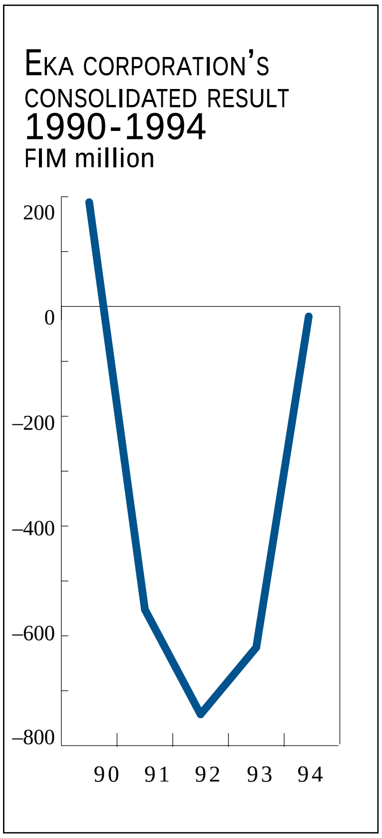
Instead of reducing operations, several new units were opened in 1995: new restaurants were opened in Kemi, Rovaniemi and Vaasa. The rationalization phase has been replaced by a period of growth and development.

Restel Group's legal structure was streamlined by corporatizing the Cumulus Hotels in Cumulus Oy, and Restel's restaurants in Restel Ravintolat Oy. The Rantasipi Hotels belong to Rantasipi Oy. All these companies are Restel Oy's wholly owned subsidiaries. Restel Oy remains the parent company of the Group.

Restel Group's result for the first quarter before extraordinary items, appropriations and taxes was a profit of FIM 3 million and FIM 18 million improved from the previous year.

Report by the Board of Directors





Year 1994 was for Eka Corporation the first year of implementation of its restructuring program. Preparation of the program, safeguarding and development of Tradeka's operation in the long term and introduction of the new corporate structure as required by the program were the essential goals for the year.

Operational highlights

The draft restructuring program was prepared jointly by the administrators, principal creditors and Eka. The proposal was submitted to the Circuit Court of Helsinki on 25 February 1994 and approved after revision on 20 October 1994.

At the beginning of the restructuring Eka's debts and liabilities totalled FIM 5.6 billion. FIM 1.9 billion of the debts were reduced according to the program. The remaining debt will be paid with Tradeka's operational cash flow and with capital released from the sale of Eka's real estate properties not used by its business operations.

The restructuring program includes an agreement between Eka and its creditors, which determines the details for the administration of Eka companies, its information obligation towards creditors, other implementation details and arrangements until the end of the program 31 December 2003. Processing of certain recovery actions and actions contesting the reduction of debts continues.

The restructuring program is quite severe and gives no extra advantage over competitors. By implementing the program the Cooperative will be able to continue in business and develop its operations as the owner of its retail, hotel and restaurant companies.

Eka's Supervisory Board approved the program at its meeting in May and the Council of Representatives in

June. In its statement on the draft program, the Council emphasized Eka's importance for its members and the meaning of good business profitability as a prerequisite for the implementation of the program.

The restructuring objectives were integrated as the development criteria of business. The Cooperative's commercial operations and administration were reorganized at the year-end 1993-1994. Unprofitable units were closed, support and administrative functions were reduced.

Tradeka continued to modernize its retail chains in accordance with the Euromarket, Valintatalo and Siwa concepts. The entire Valintatalo chain was completed in December. The Loyal Customer Scheme was extended to cover the whole country in May 1994.

Restel focused on revamping its restaurant concepts and adapted its cost structure to the revenue potential of the industry. The mandatory restructuring of the parent Cooperative had an adverse impact on marketing, although Restel is excluded from the restructuring program. The balance sheet was strengthened by converting FIM 100 million of the loans from Cooperative Eka Corporation into a stabilized equity loan. Restel's equity loans from Cooperative Eka Corporation totalled FIM 300 million.

Of Cooperative Eka Corporation's subsidiaries, Haka Oy and Kansa International Corporation Ltd (KIC) were declared bankrupt. Haka's efforts to find a suitable alliance partner, as well as all negotiations to ensure its continued financing were grounded in early 1994. The company was petitioned in bankruptcy in March.

Also in the Kansa Group, the financial problems were aggravated during the year. The divestiture of Vahinko-Kansa (general insurance) failed to give a sufficient booster to the operating conditions of other Kansa companies. The initiatives to sell Kansa Life failed. On October 7, 1994, Kansa Pension's Board of Directors resolved to petition the company in liquidation, and KIC and its international insurance operations as well as Kansa Corporation Ltd and Kansa Life Insurance Company were adjudicated in bankruptcy.

The companies of the US based CG America Corporation transferred to the possession of Eka's subsidiary Kontio-yhtymä Oy under an agreement with KIC's creditors. The objective of the deal is to ensure the controlled sale of the Clarendon insurance group and to safeguard the interests of KIC's creditors.

The events around the Kansa companies had no direct effect on Cooperative Eka Corporation's restructuring program, since the KIC shares have no collateral value in the program. The loan receivable of FIM 88 million granted to KIC in conjunction with the sale of Vahinko-Kansa was written off in the financial statements. The interest income on the loan included in the restructuring program was written off as a loss. As KIC's creditors exercise control in Kontio-yhtymä and the CGAC shareholding is meant to be short-term, the company is not consolidated in Eka's consolidated financial statements.

The corporate structure was changed in December in accordance with the restructuring program by establishing Tradeka Oy and Tradeka Group Oy. The retail operations with relating assets and liabilities were sold to Tradeka Oy on 30 December 1994 with the exception of real properties and shares; a pre-agreement was signed of their transfer. A part of the assets relating to the Tradeka deal were converted into equity, after which the company's shareholders' equity increased to FIM 285 million.

Tradeka Group Oy is the holding company of the Cooperative's retail, hotel and restaurant operations. The centralized finance and administration services transferred to Tradeka Group Oy at the year-end 1994-1995. The company's equity will be increased to FIM 100 million under the arrangement between the different companies concerning the transfer of real properties and shares, as required by the restructuring program.

Also Restel corporatized its operations at the end of 1994. In addition to the previous subsidiary Rantasipi Oy also the Cumulus Hotels were organized as a subsidiary Cumulus Oy, and the restaurants belong to Restel Ravintolat Oy. The purpose of the new structure is to improve the efficiency of business and cost management.

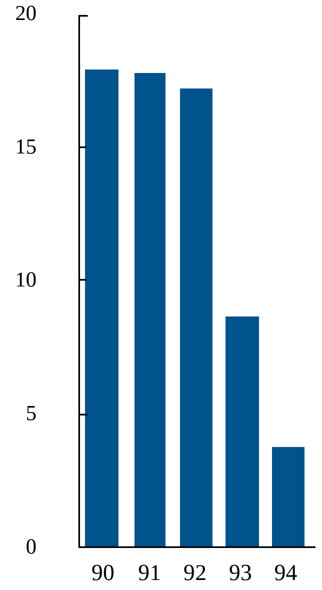
Eka's occupational healthcare services were sold in August 1994 in an MBO. The clerical and real estate service companies Tietorengas Oy and Lintulahden Kiinteistöpalvelu Oy were sold to Tradeka Group Oy at the end of the year.

Financial statements

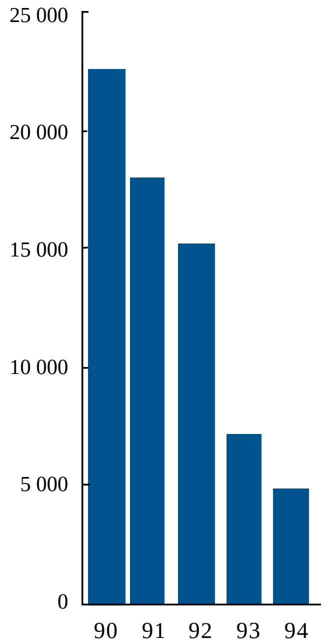
Due to the mandatory restructuring and the structural changes discussed above, the composition of Cooperative Eka Corporation's financial statements is exceptional and they are not directly comparable with the previous year's figures. Extraordinary costs of FIM 2,590 million relating to the restructuring were booked already in the 1993 financial statements. The major part of these related to the write-off of bankrupted subsidiaries' shares. The depreciation on receivables and shares and other extraordinary items booked in the 1994 financial statements totals FIM 1,300 million. The reduction of debts by FIM 1,924 million under the restructuring program is stated as extraordinary income in the income statement.

Eka Consolidated Balance Sheet Total 1990-1994

FIM billion



Eka Consolidated Personnel 1990-1994



The consolidated financial statements include the balance sheets of Cooperative Eka Corporation, Restel Group, the newly established Tradeka Oy and Tradeka Group Oy as well as 51 real estate subsidiaries and eight other operating companies. According to the provisions of the new Accounting Act, also the shares corresponding to Cooperative Eka Corporation's shareholdings in Inex Partners Oy (50%), Kantava Oy (36.7%), Kirjakanava Oy (34.46%), Finn-Match Oy (33.33%), Suomen Yrityskehitys Oy Syke (25%) and 49 real estate companies have been consolidated in the financial statements.

Net turnover

The Cooperative's net turnover decreased by FIM 0.4 billion from the previous year to FIM 4.4 billion. The consolidated net turnover decreased by FIM 2.4 billion to FIM 5.4 billion as a result of the structural changes.

Of the operating groups Tradeka's consolidated net turnover declined by 7.8% to FIM 4.441 million. The decrease was attributable to closings of retail outlets. Restel Group's net turnover decreased by 12.7% to FIM 911 million.

Result

The Cooperative's profit before depreciation was FIM 75 million. It exceeded budget and improved by FIM 177 million from the previous year. Result before extraordinary items was a loss of FIM 12 million. The improvement of FIM 389 million was primarily attributable to cost reductions.

The values of the Cooperative's real estate properties were adjusted to correspond to the values in the restructuring program. The total effect of the value depreciations was FIM 472 million. FIM 159 million of this amount was booked as cancellations of earlier value appreciations, FIM 101 million of this related to shares, FIM 186 million to stabilization items or the write-off of real estate companies' receivables, and as extraordinary depreciation of FIM 26 million on land and buildings. On the other hand, FIM 222 million were booked as value appreciation on real properties and real property holdings will be transferred to Tradeka Oy. The appreciation potential of FIM 233 million of the real properties to be corporatized in Eka Real Estate Development Oy is expected to be realized this year. As a whole, the difference between the real property values in the restructuring program and previous book values is insignificant.

In addition to depreciation on real properties, other significant expense items include the write-off of the remaining historical acquisition cost of KIC shares and receivables (FIM 369 million), cost bookings relating to a deficit in pension liabilities - primarily those of Eläkekassa Tuki - (FIM 365 million) and the guarantee costs for bankrupted companies (FIM 132 million).

Other realized extraordinary income totalled FIM 1,960 million, mainly consisting of reductions of restructuring debts.

The Cooperative's surplus for the year was FIM 647 million (FIM -2,924 million in 1993).

The consolidated result before extraordinary items improved by FIM 600 million from the previous year and was a loss of FIM 21 million. The profit for the year was FIM 701 million (a loss of FIM 1,514 million in 1993).

Tradeka's (retail trade) consolidated operating profit before depreciation was within budget and totalled FIM 108 million; the improvement from the previous year was FIM 89 million. Operating profit improved by FIM 129 million to FIM 49 million.

The Cooperative's real estate operations fell short of budget. The capacity utilization of the premises decreased as a result of the restructuring and organizational changes. Credit losses increased and operating costs exceeded budget. The operating loss was FIM 28 million.

Restel Group improved its performance, and its operating profit before depreciation was FIM 63 million (FIM 34 million in 1993). Operating profit improved by FIM 55 million and was FIM 1 million. Result before extraordinary items improved by FIM 88 million from the previous year and was a loss of FIM 35 million.

Balance sheet structure

The Cooperative's surplus was not sufficient to cover for the losses of previous years. As required by the restructuring program, the creditors stabilized FIM 845 million of their loans. The quota of the creditors of the total loan amount has not yet been assessed. Also the deficit of the pension liability of Eläkekassa Tuki was stabilized. Including the respective regressive liability, the pension liability totals FIM 244 million.

This means that the total amount of loans stabilized under the restructuring program is FIM 1,089 million. All other loans take precedence before these liabilities. Other restructuring debts total FIM 2,484 million and long-term loans from financial institutions FIM 88 million.

The Cooperative's balance sheet total decreased by FIM 1,084 million to FIM 3,227 million.

The shareholders' equity in the consolidated balance sheet was negative, FIM -1,282 million, and stabilized equity loans totalled FIM 1,109 million. The consolidated balance sheet total was FIM 3,230 million (FIM 8,582 in 1993).

Financing

The Cooperative's liquidity was within the target set in the restructuring program throughout the year. Both Tradeka's and Restel's operational cash flow exceeded budgets especially in the latter part of the year.

Interest and other financial costs relating to secured loans and other interest-bearing liabilities totalled FIM 155 million. Financial costs decreased by FIM 407 million and financial income by FIM 221 million compared to the previous year.

Personnel

The number of Cooperative Eka Corporation's personnel expressed in full-time employments was 3,183; 3,168 of these were employed in Tradeka. Restel's personnel numbered 1,665. As a result of the structural changes implemented during the year, the total number of personnel in the Cooperative and its subsidiaries decreased to 4,860 at the year-end (7,144 in 1993).

The Supervisory Board appointed Tradeka's President Antti Remes President of Cooperative Eka Corporation and also President of Tradeka Group Oy from 1 July 1994. Tradeka's previous Executive Vice President Aarno Mäntynen was appointed President of Tradeka Oy.

Operational highlights 1995

The primary objective is to finalize the implementation of the new structure and the arrangements for external and internal debt/receivable relationships as required by the restructuring program. The real properties and holdings still remaining in the possession of the Cooperative, serving the retail operations, will transfer to Tradeka Oy, other assets will be transferred to Eka Real Estate Development Oy. After the structural changes are completed, all the organizational resources can be focused on business, improved results and development programs.

Tradeka and Restel have achieved their operational targets. Tradeka's operating profit for January-March improved by FIM 26 million from the previous year to FIM 10 million. All the retail chains; Euro- and EKA-markets, Valintatalo and Siwa have achieved their result targets.

The most successful sector in Restel in the first part of the year has been the hotel operation. Restel's result for January-March before extraordinary items, appropriations and taxes was FIM 3 million, FIM 18 million improved from the previous year.

Excellent development continues in the number of loyal customers and the value of their average purchases. The number of households in the Loyal Customer Scheme was 180,647 at the end of April 1995; the number of Loyal Customer Cards in circulation was 311,622.

The priority areas of development this year are information systems, Loyal Customer Service and personnel management. After the closings of retail outlets required by the restructuring program, also a determined development of Tradeka's retail network was restarted.

The trend of the first part of 1995 gives reason to expect that the targets for the year and the obligations imposed by the restructuring program will be fulfilled.

Eka Corporation Consolidated Financial Statements

31 December 1994

EKA CORPORATION

Consolidated Statement of Income 1 January to 31 December 1994

	FIM MILLION			% OF BALANCE SHEET	
	1994	**1993**	**94/93**	**1994**	**1993**
Net turnover	**5 364**	**7 770**	**-2 406**	**100,00**	**100,00**
Other income from operations	**140**	**128**	**12**	**2,61**	**1,65**
Variable costs:					
Materials and supplies:					
Purchases during the year	-3 796	-5 805	2 009		
Reduction in inventories	-29	-82	53		
Total	-3 825	-5 887	2 062	-71,31	-75,77
Gross margin	**1 679**	**2 011**	**-332**	**31,30**	**25,88**
Fixed costs:					
Personnel costs	-779	-1 162	383		
Rents	-226	-317	91		
Other costs	-420	-645	225		
Total	-1 425	-2 124	699	-26,56	-27,34
Operating profit before depreciation	**254**	**-113**	**367**	**4,74**	**-1,45**
Depreciation on fixed assets and other long-term costs	-138	-194	56		
Depreciation on goodwill	-13	-5	-8		
Total	-151	-199	48	-2,82	-2,56
Operating profit	**103**	**-312**	**415**	**1,92**	**-4,02**
Financial income and costs:					
Financial income	31	248	-217		
Financial costs	-155	-557	402		
Total	-124	-309	185	-2,30	-3,98
Profit/loss before extraordinary items, appropriations and taxes	**-21**	**-621**	**600**	**-0,38**	**-8,00**
Extraordinary income and costs					
Extraordinary income	1 987	503	1 484		
Extraordinary costs	-1 259	-1 454	195		
Total	728	-951	1 679	13,57	-12,24
Profit/loss before appropriations and taxes	**707**	**-1 572**	**2 279**	**13,18**	**-20,24**
Decrease in valuation difference	0	-15	15	0,00	-0,19
Increase in voluntary provisions	-2	65	-67	-0,04	0,84
Direct taxes	-2	0	-2	-0,04	0,00
Profit/loss before minority interest	**703**	**-1 522**	**2 225**	**13,10**	**-19,59**
Minority interest	-2	8	-10	-0,03	0,10
PROFIT FOR THE YEAR	701	-1 514	2 215	13,07	-19,49

EKA CORPORATION

Consolidated Balance Sheet at 31 December 1994

ASSETS	FIM MILLION			% OF BALANCE SHEET	
	1994	1993	94/93	1994	1993
Fixed assets and other long-term investments					
Intangible assets					
Establishment and structural costs	0	3	-3		
Research and development costs	0	15	-15		
Immaterial rights	12	13	-1		
Goodwill	2	613	-611		
Other long-term costs	131	216	-85		
Total	145	860	-715	4,48	10,02
Tangible assets					
Land and water	352	385	-33		
Buildings and plants	1 133	925	208		
Machinery and equipment	245	366	-121		
Other tangible assets	19	23	-4		
Advance payments and work in progress	10	8	2		
Total	1 759	1 707	52	54,45	19,89
Fixed assets and other long-term investments					
Shares and holdings in subsidiaries	0	748	-748		
Shares in associated companies	194	199	-5		
Other shares and holdings	27	121	-94		
Investments in insurance corporation	0	2 599	-2 599		
Total	221	3 667	-3 446	6,85	42,73
Total fixed assets	**2 125**	**6 234**	**-4 109**	**65,78**	**72,64**
Valuation items	**0**	**0**	**0**	**0,01**	**0,00**
Current and liquid assets					
Current assets					
Finished goods	295	327	-32		
Other current assets	2	3	-1		
Advance payments	6	31	-25		
Total	303	361	-58	9,38	4,21
Receivables					
Accounts receivable	230	260	-30		
Loans receivable	54	728	-674		
Prepaid liabilities and accrued income	87	242	-155		
Other receivables	6	126	-120		
Total	377	1 356	-979	11,66	15,80
Cash at hand and in banks	425	631	-206	13,17	7,35
Total current and liquid assets	**1 105**	**2 348**	**-1 243**	**34,21**	**27,36**
Total assets	**3 230**	**8 582**	**-5 352**	**100,00**	**100,00**

EKA CORPORATION

Consolidated Balance Sheet at 31 December 1994

SHAREHOLDERS' EQUITY AND LIABLITIES	FIM MILLION			% OF BALANCE SHEET	
	1994	1993	94/93	1994	1993
Shareholders' equity					
Restricted equity					
Share capital	53	53	0		
Reserve fund	146	96	50		
Valuation fund	474	571	-97		
Total	673	720	-47	20,84	8,39
Non-restricted equity					
Loss from previous years	-2 656	-1 092	-1 564		
Profit for the year	701	-1 514	2 215		
Total	-1 955	-2 606	651	-60,53	-30,37
Total shareholders' equity	**-1 282**	**-1 886**	**604**	**-39,69**	**-21,98**
Stabilized liabilities					
Stabilized pension loans	244	0	244		
Equity loan	234	0	234		
Interest-free equity loan	611	0	611		
Other stabilized loans	20	20	0		
Total stabilized liabilities	**1 109**	**20**	**1 089**	**34,35**	**0,23**
Minority interest	**30**	**187**	**-157**	**0,91**	**2,19**
Reserves					
Accumulated depreciation difference	**1**	**0**	**1**	**0,03**	**0,00**
Investment reserve	**0**	**0**	**0**	**0,00**	**0,00**
Other reserves	**13**	**73**	**-60**	**0,40**	**0,85**
Statutory reserves	**20**	**0**	**20**	**0,61**	**0,00**
Liabilities					
Other restructuring debt					
Secured debt	1 683	0	1 683		
Long-term partitioning debt	581	0	581		
Short-term partitioning debt	173	0	173		
Other restructuring debt	46	0	46		
Total	2483	0	2 483	76,89	0,00
Underwriting reserves	0	1 962	-1 962	0,00	22,86
Long-term					
Loans from financial institutions	141	629	- 488		
Pension loans	131	1 437	-1 306		
Other long-term liabilities	1	1 945	-1 944		
Total	273	4 011	-3 738	8,45	46,74
Short-term					
Loans from financial institutions	0	0	0		
Trade payables	2	4	-2		
Advances received	145	463	-318		
Accrued liabilities and prepaid income	384	873	-489		
Other current liabilities	52	2 875	-2 823		
Total	583	4 215	-3 632	18,05	49,11
Total liabilities	**3 339**	**10 188**	**-6 849**	**103,39**	**118,71**
Total shareholders' equity and liabilities	**3 230**	**8 582**	**-5 352**	**100,00**	**100,00**

EKA CORPORATION

Consolidated Statement of Sources and Application of Funds 1 January to 31 December 1994

FIM MILLION

SOURCES OF FUNDS	1994	1993
Funds from operations		
Operating profit before depreciation	254	-113
Net financial costs	-107	-309
Other income and costs	-141	-384
Taxes	-2	0
Total funds from operations	4	-806
Sales of fixed assets	845	436
Long-term debt	-166	-2 375
Underwriting reserves	-1 962	-1 587
Minority interest	-159	-207
Shareholders' equity	0	0
Total sources of funds	**-1 438**	**-4 539**

APPLICATION OF FUNDS	1994	1993
Investment assets	-2 599	-996
Fixed assets	111	340
* Change in net working capital	1 050	-3 883
Total application of funds	**-1 438**	**-4 539**

*** Change in net working capital**	1994	1993
Liquid assets	-1 097	-2 493
Current assets	-58	-3 302
./. Current liabilities	2 205	1 912
Change in net working capital	**1 050**	**-3 883**

Notes to the consolidated Statement of Income

NET TURNOVER

FIM million	1994	1993	94/93
Retail trade	4 441	4 815	-374
Restaurant operations	699	767	-68
Hotel operations	179	170	9
Insurance	0	1 168	-1 168
Investment	0	743	-743
Other net turnover	45	107	-62
Total	5 364	7 770	-2 406

The share of international operations of total net turnover was insignificant (FIM 118 million).

Other income from operations totalled FIM 140 million (FIM 128 million in 1993) mainly comprised of rental income. Other income from operations in 1994 also includes FIM 13 million representing the 50 % participation in Inex Partners Group.

PERSONNEL COSTS

FIM million	1994	1993	94/93
Wages and salaries	573	839	-266
Pension costs	116	168	-52
Other personnel costs	90	155	-65
Total	779	1 162	-383

The total value of fringe benefits comparable to remuneration was FIM 4 million in 1994.

The retirement age of Cooperative Eka Corporation's, Tradeka Oy's and Restel Oy's management under the corporate pension scheme is 60 years.

Monthly remuneration and meeting fees to members of the parent Cooperative's Supervisory Board and to members of the subsidiaries' Boards of Directors, as well as remuneration and benefits paid to the Corporation's and subsidiaries' Presidents totalled FIM 3 million.

Other salaries and wages subject to withholding of advance tax totalled FIM 576 million.

The total corporate average workforce expressed in full-time employments was 4,860 in 1994 (7,144 in 1993).

DEPRECIATION

Planned depreciation is calculated on a straight line basis over the expected useful lives of fixed assets using the historical cost method. The periods of depreciation are basically identical with those of the parent Cooperative, although individual companies are permitted to make the necessary adjustments.

Planned depreciation

FIM million	1994	1993	94/93
Intangible assets	32	74	-42
Buildings and plants	30	28	2
Machinery and equipment	73	88	-15
Other tangible assets	3	4	-1
Goodwill	13	5	8
Total	151	199	-48

The reduced total depreciation was attributable to the non-recurring depreciation on equipment and long-term costs booked for the parent Cooperative and Restel Oy in the previous year.

Depreciation stated under other extraordinary costs as well as value depreciation, totalling FIM 460 million (FIM 1,176 million), was booked in 1994 in excess of planned depreciation.

The entire remaining acquisition cost of FIM 281 million relating to Kansa International Corporation Ltd's shares was written off and a depreciation of FIM 50 million was booked on real property shares.

Value depreciation of FIM 42 million in excess of planned depreciation was booked on the acquisition cost of real properties. Also the entire non-allocated goodwill of FIM 40 million relating to real estate subsidiaries was depreciated.

Half of the remaining FIM 47 million depreciation booked under extraordinary costs related to furniture and equipment of closed outlets and half to depreciation on intangible assets.

Booked depreciation

FIM million	1994	1993	94/93
Intangible assets	56	249	-193
Land	19	0	19
Buildings and plants	53	28	25
Machinery and equipment	96	170	-74
Other tangible assets	3	4	-1
Shares and holdings	331	919	-588
Goodwill	53	5	48
Total	611	1 375	-764

FINANCIAL INCOME AND COSTS

Financial income (FIM million)	1994	1993	94/93
Dividends and reimbursements under avoir fiscal	0	1	-1
Interest income	29	142	-113
Exchange rate gains	1	105	-104
Other financial income	1	0	1
Total financial income	31	248	-217
Financial costs			
Interest costs	-124	-427	303
Exchange rate losses	-12	-105	93
Other financial costs	-15	-25	10
Share of associated companies' results	-4		-4
Financial costs	-155	-557	402
Net financial income and costs	-124	-309	185

Consolidated financial income and especially financing costs relate to the parent Cooperative (See notes to Cooperative Eka Corporation's financial statements, page 35).

The net costs relating to exchange rate differences and forward agreements were FIM -14 million (0 in 1993). These items had a significant separate impact on the changes in financial income and financial costs, respectively.

The consolidated share of the associated company Inex Partners' result is stated under other income from operations. The impact of other associated companies' results on the result was negative, FIM -4 million.

Extraordinary income and costs

Extraordinary income			**FIM million**
	1994	1993	94/93
Reduction of restructuring debt	1 924		1 924
Profit on acquisitions and sales	20	441	-421
Other extraordinary income	43	62	-19
Total	1 987	503	1 484
Extraordinary costs			
Depreciation on fixed assets	-179	-242	63
- Reversion of internal margins	-317		-317
Depreciation on receivables	0	-208	208
Booked costs of pension liabilities	-367		-367
Guarantee costs	-132	-30	-102
Other restructuring costs	-69	-22	-47
Losses on bankruptcies	-196	-1 195	999
+ Realized margins	73	438	-365
Other change in corporate structure	-62	-49	-13
Trade losses	-8	-5	-3
Other extraordinary costs	-2	-141	139
Total	-1 259	-1 454	195
Net extraordinary income and costs	**728**	**-951**	**1 679**

Other extraordinary costs included depreciation on fixed assets as well as value depreciation totalling FIM 460 million; FIM 281 million of this sum related to the write-off of the value of KIC shares.

The remerger of RK Reaktia Group into the Corporation created a need to eliminate FIM 317 million internal profits on previous sales.

Most of the pension liability, guarantee and other restructuring costs related to the parent Cooperative.

As the result of KIC's bankruptcy the parent Cooperative had to depreciate FIM 281 million on shares and FIM 88 million on receivables. The consolidated loss was, however, reduced by FIM 173 million relating to old KIC losses which were excluded from the consolidated accounts.

The above net loss of FIM 196 million was further reduced by the realized margins of FIM 73 million relating to internal operations with KIC.

The extraordinary change of FIM 62 million in the corporate structure mainly related to the associated companies which were included in the consolidation.

EKA Corporation

Notes to the consolidated Balance Sheet

Consolidated goodwill

	1994	1993	94/93
			FIM million
Acquisition cost 1 Jan	625	649	-24
Increases 1 Jan to 31 Dec	0	0	0
Decreases 1 Jan to 31 Dec	-601	-24	-577
Acquisition cost 31 Dec	24	625	-601
Accumulated planned depreciation	-22	-12	-10
Book value 31 Dec	2	613	-611

Intangible assets

Establishment and structural costs, research and development costs	1994	1993	94/93
			FIM million
Acquisition cost 1 Jan	33	32	1
Increases 1 Jan to 31 Dec	0	2	-2
Decreases 1 Jan to 31 Dec	-11	-1	-10
Acquisition cost 31 Dec	22	33	-11
Accumulated planned depreciation	-22	-15	-7
Book value 31 Dec	0	18	-18

Immaterial rights

Acquisition cost 1 Jan	14	14	0
Increases 1 Jan to 31 Dec	0	0	0
Decreases 1 Jan to 31 Dec	0	0	0
Acquisition cost 31 Dec	14	14	0
Accumulated planned depreciation	-2	-1	-1
Book value 31 Dec	12	13	-1

Intangible assets mainly include association fees in various real estate companies.

Other long-term costs

Acquisition cost 1 Jan	534	698	-164
Increases 1 Jan to 31 Dec	16	23	-7
Decreases 1 Jan to 31 Dec	-53	-12	-41
Depreciation in extraordinary costs	-24	-175	151
Acquisition cost 31 Dec	473	534	-61
Accumulated planned depreciation	-342	-318	-24
Book value 31 Dec	131	216	-85

Tangible assets

Land	1994	1993	94/93
			FIM million
Acquisition cost 1 Jan	136	268	-132
Increases 1 Jan to 31 Dec	74	6	68
Decreases 1 Jan to 31 Dec	-19	-138	119
Acquisition cost 31 Dec	191	136	55
Value appreciation 1 Jan	249	249	0
Increases 1 Jan to 31 Dec.	33	0	33
Decreases 1 Jan to 31 Dec	-121	0	-121
Value appreciation 31 Dec	161	249	-88
Book value 31 Dec	352	385	-33

Buildings and plants	1994	1993	94/93
			FIM million
Acquisition cost 1 Jan	840	1 149	-309
Increases 1 Jan to 31 Dec	166	22	144
Decreases 1 Jan to 31 Dec	-25	-331	306
Acquisition cost 31 Dec	981	840	141
Accumulated planned depreciation	-100	-70	30
Residual acquisition cost 31 Dec	881	770	111
Value appreciation 1 Jan	155	155	0
Increases 1 Jan to 31 Dec	135	0	135
Decreases 1 Jan to 31 Dec	-38	0	-38
Value appreciations 31 Dec	252	155	97
Book value 31 Dec	1 133	925	208

Equipment

Acquisition cost 1 Jan	559	871	-312
Increases 1 Jan to 31 Dec	39	44	-5
Decreases 1 Jan to 31 Dec	-87	-356	269
Acquisition cost 31 Dec	511	559	-48
Accumulated planned depreciation	-266	-193	-73
Book value 31 Dec	245	366	-121
Not depreciated portion of acquisition cost relating to machinery and equipment in fixed assets	269	389	

Other tangible assets

Acquisition cost 1 Jan	37	32	5
Increases 1 Jan to 31 Dec	0	5	-5
Decreases 1 Jan to 31 Dec	-1	0	-1
Acquisition cost 31 Dec	36	37	-1
Accumulated planned depreciation	-17	-14	-3
Book value 31 Dec	19	23	-4

INVESTMENT IN FIXED ASSETS

FIM million

	1994	1993	94/93
Intangible assets	16	25	-9
Land	13	6	7
Buildings	6	22	-16
Equipment	39	44	-5
Other tangible assets	0	5	-5
Work in progress	1	0	1
Shares in subsidiaries	0	0	0
Other shares and holdings	36	238	-202
Total	111	340	-229

The parent Cooperative's investment in fixed assets, exclduing subsidiaries' shares, totalled FIM 84 million and Restel's FIM 14 million. The remaining investments were mainly in real estate companies.

FIM 35 million of the increase in other shares related to the establishment of Kiinteistö Oy Hotelli Turku. The policies used to prepare Vahinko-Kansa's 1993 financial statements contributed to the net volume increase in share values.

TAXABLE VALUES

FIM million

	1994	1993	94/93
Real properties	853	734	119
Shares and holdings	212	321	-109
Total	1 065	1 055	10

When no approved taxable value has been available, the book value has been used.

CHANGES IN SHAREHOLDERS' EQUITY

FIM million

	1 Jan 94	+	–	31 Dec 94
Restricted equity				
Share capital	53			53
Reserve fund	96	62	-12	146
Valuation fund	571	199	-296	474
Non-restricted equity				
Loss from previous years	-2 606		-50	-2 656
Profit for the year		701		701
Total	-1 886	962	-358	-1 282

Real estate companies appropriated FIM 12 million during the year to construction funds and a capital item of FIM 50 million previously stated under non-restricted equity was transferred to restricted equity. The transfer is stated in the loss from previous years.

The reduction of FIM 12 million in the reserve funds was due to KIC's bankruptcy.

VALUATION ITEMS UNDER FIXED ASSETS

FIM million

	1 Jan 94	+	–	31 Dec 94
Land	249	33	-121	161
Buildings	155	135	-38	252
Shares and holdings	167	31	-137	61
Total	571	199	-296	474

The changes in the value appreciations on land and buildings are due to the parent Cooperative.

The parent Cooperative booked value appreciation on shares totalling FIM 54 million. However, a value appreciation of FIM 19 million made in 1994 as well as earlier appreciation items totalling FIM 4 million were eliminated from the sum, resulting in a net increase of FIM 31 million. The released value appreciation item of FIM 137 million on shares and holdings was a result of KIC's bankruptcy.

PROVISIONS

The parent Cooperative booked a statutory interest provision of FIM 16 million in the financial statements to provide for the potential improvement of the creditors' position. The remaining mandatory reservations relate to guarantee costs which may be incurred after the initiation of the restructuring.

Voluntary provisions included reservations in the housing assets of real estate subsidiaries, a credit loss reserve in Suomen Tilirahoitus Oy and transition reserves. The tax liability corresponding to voluntary reserves was FIM 3 million.

The amounts of investment reserves and accumulated depreciation differences are insignificant.

LONG-TERM LIABILITIES AND AMORTIZATIONS FIM million

	Loan 31 Dec 1994	amortizations 1995	1996-1999	2000–
Stabilized debt:				
Stabilized restructuring debt	1089			1 089
Other stanbilized debt	20			20
Total stabilized debt	1 109	0	0	1 109
Other restructuring debt	2 483	-104	-620	1 759
Loans from financial institutions	141	-6	-105	30
Pension loans	131	-13	-53	65
Other long-term liabilities	1	-46		-45
Total	3 865	-169	-778	2 918

The Corporation's long-term liabilities are mainly to the parent Cooperative (FIM 3,661 million; see respective commentary in the parent Cooperative Eka Corporation's notes, p. 38)

In addition to the parent Cooperative's liabilities, the liabilities also include stabilized external liabilities to the Restel Group (FIM 20 million).

CONTINGENT LIABILITIES 31 DEC FIM million

	1994	1993	94/93
Mortgages pledged in security for debt:			
for own debt	1 401	1 517	-116
on behalf of others	899	243	656
Total	2 300	1 760	540
Pledges:			
securities for own debt	280	1 515	-1 235
on behalf of others	30	40	-10
Total	310	1 555	-1 245
Guarantees:			
on behalf of others	188	278	-90
Total	188	278	-90
Other liabilities			
parent's liabilities for interest on stabilized loans	6	0	6
leasing liabilities	8	279	-271
Total	14	279	-265
Total contingent liabilities	2 812	3 872	-1 060

The identified contingent liabilities of FIM 162 million on behalf of bankrupted companies were stated under restructuring debts in 1994, as required by the restructuring program. At the same time a non-periodized general reservation of FIM 30 million in the 1993 financial statements was released.

The interest liability for 1994 relating to the sabilized equity loan under the restructuring program was FIM 5.7 million.

PENSION LIABILITY FIM million

	1994	1993	94/93
Share of Eka Corporation's group companies of the non-covered pension liability of Eläkekassa Tuki	1	293	-292
Liability for current voluntary pensions granted by group companies	1	36	-35
Total	2	329	-327

As required by the restructuring program, the parent company booked the non-covered pension liability of Eläkekassa Tuki as costs and debt; FIM 88 million corresponds to the short-term partitioning debt and FIM 244 million to stabilized pension loans.

Also the voluntary pension liabilities granted by Eka Corporation were credited to 1994 as costs and restructuring debt.

Based on their shareholder and guarantee undertakings, Eka Corporation's group companies have a partly contested adhesion liability of FIM 7 million for Eläkekassa Tuki's uncovered pension liability and for contribution receivables (FIM 6 million in 1993).

Principles of consolidation

SCOPE OF CONSOLIDATION

A list of the consolidated subsidiaries is presented in the notes, pages 27-28.

All the subsidiaries and associated companies are included in the consolidated financial statements, except those marked with * in the respective notes.

The US based CG America Corporation group transferred to Kontio-yhtymä Oy towards the end of the year. CGAC was previously owned by Kansa International Corporation Ltd. Under the agreements made in conjunction with the sale, KIC's bankruptcy estate retained control in Kontio-yhtymä. Eka Corporation as the sole shareholder of Kontio-yhtymä has also agreed to exercise its vote in Kontio-yhtymä's decision-making bodies according to the will of KIC and/or its bankruptcy estate. The purpose of this is to ensure the controlled sale of CGAC and to safeguard the interests of KIC's creditors. For these reasons and as the real control is lacking, Kontio-yhtymä and its subsidiary CG America Corporation have been excluded from Cooperative Eka Corporation's consolidated financial statements.

The other subsidiaries and associated companies excluded from the consolidation are non-operative, or established in 1994, or housing and real estate companies, and have no significant effect on the consolidated non-restricted equity.

The consolidated financial statements differ significantly from the previous year's statements because of the bankruptcies of Kansa companies. Also the reassessment of assets and debt arrangements relating to the parent Cooperative Eka Corporation's mandatory restructuring make comparison even more difficult. The remerger of RK Reaktia and Lintulahti Groups as wholly owned subsidiaries of the Corporation is another essential obstacle for comparison with 1993/1994. The changes in corporate structure are presented in a separate note (page 26).

CALCULATION PRINCIPLES OF CONDOLIDATION

MUTUAL SHAREHOLDINGS

The consolidation is based on historical cost method. Most of the subsidiaries have been established by the Corporation. The prices paid for shares of acquired subsidiaries are primarily stated under fixed assets or as consolidated goodwill. Items credited or charged to income at 31 December 1994 included FIM 31 million relating to land and FIM 74 million to buildings. The latter will be depreciated according as planned depreciation on the respective fixed asset item, and items stated as goodwill on a straight line basis at annual rates of 10%. An excess depreciation of FIM 40 million on consolidated goodwill relating to real estate subsidiaries was booked in the 1994 financial statements under other extraordinary costs.

INTERNAL BUSINESS TRANSACTIONS AND MARGINS

The internal business transactions between the group companies, internal receivables and payables as well as internal distribution of profits, non-realized margins and sales profits have been eliminated.

The internal margins eliminated in the 1994 consolidated financial statements totalled FIM 323 million, FIM 142 million of this related to the corporatization of Restel Oy in late 1990. In 1988, a significant internal corporatization arrangement was made concerning the companies of the RK Reaktia group. Although RK Reaktia Oy was remerged into the Corporation towards the end of 1994, the margin of FIM 167 million remaining from the 1988 transaction was eliminated from the 1994 figures. Other internal margins on real estate deals totalled FIM 14 million.

CONVERSION DIFFERENCES

The financial statements of foreign subsidiaries have been translated into Finnish markka using the official average exchange rates of the balance sheet date. The exchange rate differences resulting from the consolidation of foreign subsidiaries are credited or charged to the income statement.

ASSOCIATED COMPANIES

The associated companies have been consolidated under the equity method. The share of their results corresponding to the Corporation's holding is stated under financial items, except for the share of Inex Partners' consolidated result which is presented in other income from operations. The FIM 50 million adjustment to the acquisition cost of shares in associated companies at the beginning of the year is included in other extraordinary costs.

Changes in corporate structure

Mandatory restructuring

The parent company, Cooperative Eka Corporation was petitioned in mandatory restructuring on 20 October 1993 and on 22 October 1993 the Circuit Court of Helsinki ordered the initiation of the mandatory restructuring. The draft program was submitted for approval to the Circuit Court of Helsinki on 25 February 1994, and the Court approved it after revision on 20 October 1994.

Bankruptcies

The Board of Directors of Kansa Pension Insurance Company resolved on 7 October 1994 to enter the company in liquidation. Kansa International Corporation Ltd including its international insurance companies, as well as Kansa Corporation Ltd and Kansa Life Insurance Company were placed in liquidation towards the end of the year.

Oy Sotkia's bankruptcy proceeding was initiated on 8 April 1994. Due to the bankruptcy also its subsidiary Kauttuan Liikekiinteistöt Oy was eliminated. Altogether 75 bankrupted companies were eliminated.

Acquisitions

The parent Cooperative redeemed the share capitals of RK Reaktia Oy and Lintulahti Oy towards the end of the year, as required by the restructuring program. These companies own altogether 20 real estate companies.

Lintulahden Kiinteistöpalvelu Oy became a wholly owned subsidiary of Tietorengas Oy on 18 August 1994 after Tietorengas had redeemed the outstanding 50% of its share capital.

Establishments of new companies

Tradeka Oy was established towards the end of the year as required by the restructuring program to continue the retail operation (the constituent meeting was held on 28 December 1994), and Tradeka Group Oy (constituent meeting on 28 December 1994) as a management and administrative service company. The two companies were entered in the Trade Register on 30 December 1994.

Also Restel corporatized its operations at the end of the year and established Cumulus Oy which includes the Cumulus Hotels, and Restel Ravintolat Oy which operates its restaurants.

A/O Tradeka M established in Moscow became operative in the fall of 1994.

Divestitures

Vahinkovakuutusosakeyhtiö Kansa, the domestic insurance company of the Kansa International Corporation was sold. The pre-agreement was signed on 23 December 1993 and the deal was finalized on 31 January 1994.

Mergers

The operations of Oy Vita which produced occupational healthcare services was sold in an MBO and it changed its name to Työterveyspalvelu Avit Oy. Avit Oy's merger into Cooperative Eka Corporation is pending.

Tietorengas Oy and Lintulahden Kiinteistöpalvelu Oy sold their assets to Tradeka Oy and Tradeka Group Oy shortly before the year-end; their mergers are also being prepared. Also the non-operative company Autopieli Oy will be merged into the parent Cooperative.

Dissolutions

The liquidation of the following dormant companies expired during the year and they were declared as dissolved: Kiinteistöpakka Oy (dissolution entered in the Trade Register on 19 December 1994), Stamec Oy (14 December 1994), Tilaintensiivi Oy (18 January 1995), Tilavisio Oy (18 January 1995), Kiinteistö Oy Koitto (14 September 1994). The dissolution of Osuuskunta Fuel is pending (liquidation decision registered on 1 March 1995).

Subsidiaries at 31 December 1994

	Corporation's share		Shares owned by Cooperative Eka Corporation				Subsidiary's
			shareholding		nominal	book	result for
		of s.e.**		no. of	value	value	the year***
	%	FIM '000	%	shares	FIM '000	FIM '000	FIM '000
Operative companies							
Tradeka Oy	100	285 449	100	3 334	3 334	285 449	0
Tradeka Group Oy	100	15	100	15	15	15	0
Restel Oy	100	-243 908	100	8 250 000	165 000	105 000	-95 534
- Ahjola Oy	100	148					-2 963
- Cumulus Oy	100	506					-0
- Juhlakokit Oy	100	234					-13
- Middle Beers Oy	100	21					-12
- Rantasipi Oy	100	679					-1 275
- Restel Ravintolat Oy	100	502					-0
- Ki Oy Koppelokuja 9 A	100	1 961					-5
- Ki Oy Keskusväylä Oy	54	4 051					-1
- Nastolan Liikekeskus Oy	58	332					15
Suomen Tilirahoitus Oy	70	15 688	70	1 120	11 200	11 200	4 535
Lintulahti-konserni	100	-202 748	100	5 000	5 000	2 244	-370
RK Reaktia -konserni	100	-143 524	100	2 000	2 000	2 024	-145 770
Tietorengas Oy	100	1 792	100	40 000	4 000	1 785	-861
Työterveyspalvelu Oy Avit	100	195	100	40	200	200	-2
* Kontio-yhtymä ko-yh Oy	100	0	100	3	15	15	0
A/O Renlund-Moskova	70	403	70	2 800	0	285	689
A/S Renlund-Tallinn	100	-287	100	150	0	7	-252
A/O Renlund Spb	100	925	100	100	0	1	882
* A/O Tradeka M	100	0	100		15	75	0
*** 52 real estate subsidiaries**	72	60 915	60	518 176	16 023	210 374	-32 421
Other companies, non-operative							
Autopieli Oy	100	-21	100	25	25	0	-2
* E-myymälät ja tavaratalot Oy	100	0	67	4	0	0	0
Osuuskunta Fuel	60	2	60	3	3	3	0
* Paraisten Centrum	100	0	100	5	5	0	0
Savonjuoma Oy	100	16	100	100	10	5	0
Tirkkosen Seuraajat Oy	100	42	100	8 371	42	29	0
* Vähittäiskauppaketjut Oy	100	0	100	30	15	15	0
* Yhteistukku Oy	67	0	67	2	0	0	0
		-216 614		8 831 278	264 478	618 727	-273 359

* not included in consolidated financial statements ** of shareholder's equity *** result = profit/loss

Real estate subsidiaries at 31 December 1994

	Corporation's share		Shares owned by Cooperative Eka Corporation				Subsidiary's
		share of s.e.**	shareholding		nominal value	book value	result for the year***
	%	FIM '000	%	no. of shares	FIM '000	FIM '000	FIM '000
Real estate subsidiaries							
Espoon Alokastie 5 As Oy	100	-807	100	604	15	15	-821
Hakatornit Oy	58	699	58	629	629	3 329	1
Hämeenlinnan Brahenkatu 33 Ki Oy	100	830	100	996	100	1 214	20
Haminan Kiinteistö Oy	100	5	100	10	5	10	-1
Helsingin Hämeentie 17 As Oy	100	-13 029	100	10 000	1 220	1 220	-14 265
Huoltotammi Oy	98	139	98	5 894	59	60	0
H:linnan Hämeensaarentie 5 Ki Oy	100	1 543	100	996	100	3 717	-75
Iisalmen Satamakatu 8 Ki Oy	100	1 224	100	50	50	6 026	-0
Joensuun Tavaratalo Ki Oy	100	1 467	100	200	2 000	2 514	1
Joensuun Teollisuus-Kansa Ki Oy	100	1 051	100	96	96	900	-207
Jokitammi Ki Oy	100	1 917	100	390 000	1 950	1 950	-0
Kangasalan Palvelukeskus Ki Oy	83	827	83	825	248	436	14
Kansankulma Oy	97	661	97	253	255	250	126
Karkkilan Koulukatu 10	88	1 527	59	5 920	178	203	91
Kemin Keskuspuistok.	100	5 364	100	50	50	16 548	0
Kempeleen Ostoskeskus Oy	67	197	67	448	90	454	-12
Keuruun Pihlajavedentie 2	100	-449	100	1 000	20	20	-470
Kolmenkeikka Ki Oy	55	132	55	235	141	300	2
Kolmisopentie 3 Ki Oy	100	200	100	10 000	200	200	-0
Kotkan Kirkkokatu Ki Oy	100	9 181	100	50	50	24 915	-40
Kuopion Kiwikartano Ki Oy	61	13 278	23	12 257	1 839	1 870	-0
Kvarnbacka Ki Oy	100	-2 181	100	100	200	216	-2 405
Lahden Hämeenkatu 24 As Oy	100	105	100	5 087	102	102	0
Mäntän Seppälänpuistotie 7 Ki Oy	100	3 539	100	50	50	7 896	-0
Mäntyharjun Torinkulma Oy	71	1 153	56	920	828	1 900	32
Merihaan Rantakuja Ki Oy	100	-84	100	2 000	2	3	-0
Metsäkummuntie 24 Ki Oy	65	61	65	30	30	60	-0
Muotialantie As Oy	58	64	58	236	5	323	0
Oulun Eka Ki Oy	100	7 878	100	96	102	37 862	-0
Outokummun Kiisukatu 17	100	3 291	100	50	50	2 908	-956
Peimarin Puoti Oy	84	42	84	84	8	698	-12
Peltosaaren Liikekeskus	86	347	60	722	144	887	-1
Pihlavan Palvelukeskus Ki Oy	87	394	87	540	81	1 400	-3
Piispankylän Mestaritie Ki Oy	100	-3 056	100	15 000	15	44	-3 071
Porokoan Lomakylä Oy	100	-486	100	15 200	15	15	-499
Pykälikkö Ki Oy	56	1 640	56	1 727	1 727	2 600	0
Raahen Kauppaporvari	100	-258	100	15	15	27	-304
Sallan Kauppakeskus Oy	60	1 242	60	16 894	1 402	3 600	0
Salon Vanamopolku Ki Oy	100	2 199	100	50	50	11 965	-0
Savonlinnan Palvelupiste Oy	100	93	100	40	40	112	-7
Skutnäsinkatu 18 Ki Oy	53	64	53	185	4	112	8
* Sodankylän Sompiontie 6 Ki Oy	100	0	100	1 105	553	553	0
Somertammi Ki Oy	83	91	83	50	25	25	25
Suolahden Asemakatu 7 Ki Oy	100	-8 270	81	8 144	163	163	-8 540
Tampereen Eka Ki Oy	100	16 800	100	96	96	64 082	5
Tenavan Ostoskeskus Oy	92	115	46	35	0	678	27
Tesomankeskus Ki Oy	57	79	38	283	28	457	17
Torkkelinkulma Oy	100	109	100	100	100	100	1
Tourulan Liikekeskus Ki Oy	50	5 797	50	7 508	676	1 438	9
Turun Kärsämäentie 8 Ki Oy	100	3 266	100	996	100	3 092	-1 110
Voima Ki Oy	65	590	62	195	20	823	0
Ylä-Voima Talo Oy	100	335	80	125	100	81	0
	72	60 915	60	518 176	16 023	210 374	-32 421

* not included in consolidated financial statements ** of shareholders' equity *** result = profit/loss

Associated companies at 31 December 1994

	Corporation's share		Shares owned by Cooperative Eka Corporation				Subsidiary's result for the year***
	%	of s.e.** FIM ’000	shareholding %	no. of shares	nominal value FIM ’000	book value FIM ’000	FIM ’000
Inex-Partners	50	30 980	50	40 000	40 000	67 000	17 471
Suomen Yrityskehitys Syke	25	1 134	25	5 250	5 250	1 068	-83
Kirjakanava Oy	34	1 080	34	193	1 930	1 938	-752
Finn-Match Oy	33	614	33	5	500	500	121
Kantava Oy	37	2 115	37	146 997	14 700	2 227	-1 976
Tradeka’s associated real estate companies							
Ahonportti As Oy	34	326	34	384	230	1 100	-1
Aittokulma Ki Oy	45	380	45	226	164	777	-27
Amurin Liikekeskus Ki Oy	36	834	36	530	53	2 100	-2
Edelfeltinkatu 3 As Oy	21	145	21	12 000	120	700	14
Euran Palvelukeskus	28	418	28	317	32	230	-14
Hyvinkään Uudenmaankatu As Oy	23	823	23	11 594	116	1 893	-0
Iittalan Keskuskulma Ki Oy	36	1 441	36	3 000	30	1 400	0
Jukolantie 6 Ki Oy	28	282	28	342	342	1 068	0
Jurvalankatu 2 As Oy	24	858	24	675	7	220	-0
Karkkilan Linja-autoasema Oy	31	8 745	31	11 467	115	6 000	47
Keskushervanta Ki Oy	33	3 056	33	3 286	164	4 600	-13
Kommila Ki Oy	43	714	43	702	70	1 877	-14
Kortepohjan Liikekeskus	24	145	24	375	0	1 000	-0
Koskelan Ostoskeskus Oy	29	417	29	446	120	487	23
Koskenpää Ki Oy	21	139	21	203	2	400	5
Kuopion Saarijärven Liike Ki Oy	42	-44	42	312	47	303	2
Kärpäsen Ostoskeskus Oy	26	219	26	496	5	1 728	109
Lohikosken Liikekeskus Oy	26	92	26	1 148	115	900	-2
Länsi-Tesoman Liikekeskus Ki Oy	47	552	27	767	77	2 000	-6
Mukkulan Ostoskeskus Oy	29	258	29	489	342	2 700	-8
Niinivaarantie 19 As Oy	31	218	31	17 950	180	300	22
Ojamonpatruuna Ki Oy	29	2 409	29	62	6	3 700	-21
* Pertuntie As Oy	39		39	7 400	740	600	0
Porin Santojantie 15 As Oy	21	107	21	500	150	395	5
* Puistonuotta As Oy	29		29	52 334	523	1 700	0
Punkalaitumen Pankkitalo As Oy	34	206	34	21 204	212	600	-5
Raksilan Paikoitus Oy	33	23	33	4	40	40	18
Reisjärven Liiketalo Ki Oy	27	936	27	4 059	4	900	-1
Saunakallion Ostoskeskus	40	1 412	40	630	13	3 400	23
Suvilahden Palvelukeskus Oy	29	134	29	450	90	937	49
Säynätsalon Palvelukeskus	31	1 175	31	550	550	684	-2
Säästötähkä Ki Oy	50	129	50	15	75	210	33
Tapionkatu 25 As Oy	25	24	25	125	3	300	0
Tietola As Oy	30	378	30	1 429	14	3 000	-12
Tikkakosken Liikekeskus	28	802	28	783	392	1 265	-0
Vaskikallas Ki Oy	27	106	27	665	3	600	33
Voisalmen Ostoskeskus Oy	50	138	50	300	150	700	5
Real estate company’s associated real estate companies							
* Hotelli Turku Ki Oy	50		50	2 967	297	35 000	0
Jahtihansa Ki Oy	33	364	33	35 565	356	477	-2
Juankosken Pankkitalo Oy	35	1 153	35	3 536	18	700	6
Kasperin Liiketalo Oy	50	51	50	50	25	20	0
Kauppalantie 22 As Oy	21	142	21	28	1	900	-11
Kevätkatu 1 Ki Oy	49	194	49	2 450	245	245	0
Lapinmaan Ki Oy	50	2 167	50	30	750	868	-1
Mandinkulma Ki Oy	24	319	24	1 454	291	1 968	1
Munkkiniemenranta 31 Ki Oy	30	6 450	30	417	0	313	-32
Orimatti Oy	29	321	29	735	7	8	230
Salaistentie 4 As Oy	29	180	29	1 848	185	185	-0
SiilinjärvenTorikalla Ki Oy	21	1 405	21	39 315	39	1 307	-15
Sompasaaren Tukoeka Ki Oy	34	4 110	34	38	570	1 642	4
Sompasaaren Tuoretuotevar. Ki Oy	33	6	33	546	5	5	-1
Untuvaisentie As Oy	30	4 544	30	1 088	1 088	5 500	11
Restel Oy’s associated real estate companies							
Ivalon Linja-autoasema Oy	35						-75
Forssan Kauppakatu 6 Ki Oy	38						3
Harjavallan Palvelutalo Ki Oy	33						16
Järvenpään liiketalo Ki Oy	28						-0
Korkalovaaran Palvelu Ki Oy	33						-7
Lahden Centrum Ki Oy	37						40
Liipolanmäen ostoskeskus Ki Oy	36						1
Nummen Ostoskeskus Ki Oy	26						47
Tampereen Tammipuisto Ki Oy	23						0
Total associated companies				**439 731**	**71 552**	**172 685**	**15 257**

* not included in consolidated financial statements ** of shareholders' equity *** result = profit/loss

Cooperative Eka Corporation
Financial Statements
31 December 1994

Cooperative Eka Corporation

Statement of Income 1 January to 31 December 1994

	FIM million			% of net turnover	
	1994	1993	94/93	1994	1993
Net turnover	**4 403**	**4 796**	**-393**	**100,00**	**100,00**
Other income from operations	**105**	**115**	**-10**	**2,38**	**2,39**
Variable costs:					
Materials and supplies:					
Purchases during the year	-3 513	-3794	281		
Reduction in inventories	-30	-84	54		
Total	-3 543	-3 878	335	-80,46	-80,84
Gross margin	**965**	**1 033**	**-68**	**21,92**	**21,55**
Fixed costs:					
Personnel costs	-474	-613	139		
Rents	-176	-260	84		
Other costs	-240	-262	22		
Total	-890	-1 135	245	-20,22	-23,68
Operating profit before depreciation	**75**	**-102**	**177**	**1,70**	**-2,13**
Depreciation on fixed assets and other long-term costs	-70	-96	26	-1,58	-2,00
Operational surplus	**5**	**-198**	**203**	**0,12**	**-4,13**
Financial income and costs:					
Financial income	117	338	-221		
Financial costs	-134	-541	407		
Total	-17	-203	186	-0,40	-4,23
Deficit before extraordinary items, appropriations and taxes	**-12**	**-401**	**389**	**-0,28**	**-8,36**
Extraordinary income and costs:					
Extraordinary income	1 960	19	1 941		
Extraordinary costs	-1 300	-2 592	1 292		
Total	660	-2 573	3 233	14,99	-53,63
Surplus before appropriations and taxes	**648**	**-2 974**	**3 622**	**14,71**	**-61,99**
Decrease in voluntary provisions		50	-50		1,04
Direct taxes	-1	0	-1	-0,02	0,00
SURPLUS FOR THE YEAR	**647**	**-2 924**	**3 571**	**14,69**	**-60,95**

COOPERATIVE EKA CORPORATION

Balance Sheet at 31 December 1994

ASSETS	FIM MILLION 1994	1993	94/93	% OF BALANCE SHEET 1994	1993
Fixed assets and other long-term investments					
Intangible assets					
Establishment and structural costs		3	-3		
Research and development costs		15	-15		
Immaterial rights	6	6	0		
Goodwill		0	0		
Other long-term costs	0	28	-28		
Total	6	52	-46	0,18	1,20
Tangible assets					
Land and water	199	298	-99		
Buildings and plants	657	593	64		
Machinery and equipment	147	161	-14		
Other tangible assets	3	7	-4		
Advance payments and work in progress	9	7	2		
Total	1 015	1 066	-51	31,46	24,74
Fixed assets and other long-term costs					
Shares in subsidiaries	619	672	-53		
Shares in associated companies	173	129	44		
Other shares and holdings	48	85	-37		
Loans receivable	1 064	1 324	-260		
Total	1 904	2 210	-306	59,01	51,25
Total fixed assets	**2 925**	**3 328**	**-403**	**90,65**	**77,19**
Current and liquid assets					
Current assets					
Finished goods		293	-293		
Other current assets	3	9	-6		
Advance payments		24	-24		
Total	3	326	-323	0,08	7,56
Receivables					
Accounts receivable	5	111	-106		
Loans receivable	6	16	-10		
Prepaid liabilities and accrued income	62	113	-51		
Other receivables		2	-2		
Total	73	242	-169	2,25	5,63
Cash at hand and in bank	226	415	-189	7,02	9,62
Total current and liquid assets	**302**	**983**	**-681**	**9,35**	**22,81**
Total assets	3 227	4 311	-1 084	100,00	100,00

Cooperative Eka Corporation

Balance Sheet at 31 December 1994

Shareholders' equity and liabilities	FIM million 1994	1993	94/93	% of balance sheet 1994	1993
Shareholders' equity					
Restricted equity					
Share capital	53	53	0		
Reserve fund	79	79			
Revaluation fund	496	433	63		
Total	628	565	63	19,48	13,11
Non-restricted equity					
Loss from previous years	-1 954	970	-2 924		
Profit for the year	647	-2 924	3 571		
Total	-1 307	-1 954	647	-40,51	-45,32
Total shareholders' equity	**-679**	**-1 389**	**710**	**-21,03**	**-32,21**
Stabilized liabilities					
Stabilized pension loans	244		244		
Equity loan	234		234		
Interest-free equity loan	611		611		
Total stabilized liabilities	**1 089**		**1 089**	**33,76**	
Reserves					
Statutory reserves	**17**		**17**	**0,51**	
Liabilities					
Other restructuring debt					
Secured debt	1 683		1 683		
Long-term partitioning debt	581		581		
Short-term partitioning debt	174		174		
Other restructuring debt	46		46		
Total	2 484		2 484	76,96	
Long-term					
Loans from financial institutions	88	585	-497		
Pension loans		1 315	-1 315		
Other long-term liabilities		1 186	-1 186		
Total	88	3 086	-2 998	2,73	71,58
Short-term					
Advances received	0	1	-1		
Accounts payable	6	419	-413		
Prepaid income and accrued liabilities	148	423	-275		
Other current liabilities	74	1 771	-1 697		
Total	228	2 614	-2 386	7,07	60,63
Total liabilities	**2 800**	**5 700**	**-2 900**	**86,76**	**132,21**
Total shareholders' equity and liabilities	3 227	4 311	-1 084	100,00	100,00

Cooperative Eka Corporation

Statement of Sources and Application of Funds

1 January to 31 December 1994

FIM million

Sources of funds	1994	1993
Funds from operations		
Operating profit before depreciation	75	-102
Net financial costs	-7	-203
Other income and costs	24	-79
Taxes	-1	-0
Total funds from operations	91	-384
Sales of fixed assets	66	80
Increase in long-term debt	88	81
Change in members' capital	0	179
Change in share capital	0	-0
Total sources of funds	**245**	**-44**

Application of funds	1994	1993
Investments in fixed assets	377	100
Increase in loans receivables	15	48
Amortization of long-term loans		
(restructuring debts paid in 1994)	145	112
** Change in net working capital	-292	-304
Total application of funds	**245**	**-44**

**** Change in net working capital**	1994	1993
Short-term receivables	-358	201
Current assets	-323	-78
./. Current liabilities	389	-427
Change in net working capital	**-292**	**-304**

Cooperative Eka Corporation

Notes to the Statement of Income

Net turnover

Net turnover totalled FIM 4,403 million (FIM 4,796 million in 1993). The share of retail trade (Tradeka) of net turnover stated in the figures of the Cooperative in 1994 was FIM 4,387 million (FIM 4,802 million). The impact of export operations on net turnover was insignificant (FIM 50 million).

Sales adjustment items included credit losses of FIM 5 million (FIM 9 million) on divestitures.

Other income from operations includes rental income of FIM 96 million (FIM 115 million) and profits of FIM 9 million on acquisitions and sales of assets.

Personnel costs

FIM million	1994	1993	94/93
Wages and salaries	350	431	-81
Pension costs	72	115	-43
Other personnel costs	52	67	-15
Total	474	613	-139

The total value of fringe benefits comparable to remuneration was FIM 2 million in 1994.

Monthly remuneration and meeting fees to members of the Supervisory Board and the Board of Directors, as well as remuneration and benefits paid to the Corporation's and subsidiaries Presidents totalled FIM 2 million (FIM 2 million).

Other salaries and wages subject to withholding of advance tax totalled FIM 353 million (FIM 434 million).

Cooperative Eka Corporation's total average workforce expressed in full-time employments was 3,183 in 1994 (3,909 in 1993).

Depreciation

Planned depreciation is calculated on a straight line basis over the expected useful lives of fixed assets using the historical cost method. The periods of planned depreciation are:

Intangible assets	5-10 yrs
Buildings and plants	40/30/20 yrs
Machinery and equipment	7 yrs

Planned depreciation

FIM million	1994	1993	94/93
Intangible assets	13	32	-19
Buildings and plants	17	17	0
Machinery and equipment	39	45	-6
Other tangible assets	1	2	-1
Total	70	96	-26

The reduced total depreciation was attributable to closings of retail outlets and to the once-only depreciation on capitalized long-term costs booked under other extraordinary costs in 1993.

Depreciation in excess of planned depreciation booked under other extraordinary costs totalled FIM 458 million in 1994 (FIM 1,940 million).

The entire remaining acquisition cost of FIM 281 million relating to Kansa International Corporation Ltd's shares was written off, and a depreciation of FIM 10 million was booked on Restel Oy's share values and FIM 2 million on Tietorengas Oy's shares as required by the restructuring program. Depreciation of FIM 69 million was booked on shares of real estate subsidiaries and FIM 50 million on other shares.

Value depreciation of FIM 26 million was booked on the acquisition costs of real properties and FIM 20 million on establishment costs and furniture of closed shops.

Booked depreciation

FIM million	1994	1993	94/93
Intangible assets	25	153	-128
Land	3		3
Buildings and plants	39	18	21
Machinery and equipment	48	114	-66
Other tangible assets	1	2	-1
Shares and holdings	412	1 749	-1 337
Total	528	2 036	-1 508

The excess depreciation in the 1993 financial statements is in the comparison data stated as other extraordinary costs for 1993.

Financial income and costs

FIM million Financial income	1994	1993	94/93
Dividends and reimbursements under avoir fiscal	0	1	-1
Interest income from subsidiaries	85	92	-7
Interest income from others	31	141	-110
Exchange and forward rate gains	1	104	-103
Other financial income from others		0	0
Total financial income	117	338	-221
Financial costs			
Interest on secured debt	-157		-157
Interest on other restructuring debt	52	-359	411
Other interest costs payable to subsidiaries		-7	7
Other financial costs to others	-8	-52	44
Total financial costs	-113	-418	305
Exchange rate losses and forwarding costs	-9	-101	92
Other financial costs to subsidiaries		-1	1
Other financial costs to others	-12	-21	9
Financial costs	-134	-541	407
Net financial income and costs	-17	-203	186

The net costs relating to exchange rate differences and forward agreements were FIM -8 million (FIM +3 million). These items had a significant impact on the changes calculated separately for financial income and financial costs, respectively.

Interest on secured debts has been calculated until the approval date of the restruction program October 20, 1994 in accordance with the original loan terms, and at 3% p.a. until the end of the year in accordance with the restructuring program. The interest amount includes a mandatory provision of FIM 16 million for the eventuality of an improvement in the position of secured creditors.

Also other interests on restructuring debts in the 1993 financial statements were treated in the same way as secured debt; FIM 52 million of this was periodized to 1994.

Extraordinary income and costs

FIM million

Extraordinary income	1994	1993	94/93
Reduction of restructuring debt	1 924		1 924
Advance partitioning quota received	30		30
Profit on acquisitions and sales		19	-19
Other extraordinary income	6		6
Total	1 960	19	1 941
Extraordinary costs			
Depreciation on fixed assets	-458	-1 940	1 482
Depreciation on receivables	-274	-554	280
Booked costs of pension liabilities	-365		-365
Guarantee costs	-132	-30	-102
Other restructuring costs	-69	-24	-45
Total restructuring costs	-1 298	-2 548	1 250
Losses on mergers and dissolutions	0	-38	38
Losses on acquisitions and sales		-3	3
Other extraordinary costs	-2	-3	1
Total	-1 300	-2 592	1 292
Net extraordinary income and costs	660	-2 573	3 233

The restructuring debt was reduced by FIM 1,924 million.

A FIM 30 million advance payment of the partitioning quota was received from Oy Renlund Ab's bankruptcy estate.

Future corporatizations were anticipated by stating assets in the 1994 financial statements -taking into account the changed circumstances- at a maximum of their values determined in the restructuring program. Depreciation on fixed assets stated as extraordinary costs have been specified in conjunction with depreciation.

Depreciation includes a write-off of FIM 88 million receivable from Kansa International Corporation Ltd, and FIM 186 million from real estate companies, FIM 154 million of this from RK Reaktia Oy's real estate subsidiaries. Virtually all the real estate companies' receivables were stabilized before write-off.

Pension liabilities and pledges and other liabilities for bankrupted subsidiaries were booked as costs and restructuring debts for 1994.

Other restructuring costs (FIM 68 million) include adjustments of interest and forward rates, compensations for terminated rental agreements, costs relating to discontinued savings bank and pay assignment services, and experts' fees and other remuneration relating to the program, as well as other relating or identified restructuring costs.

Profits and losses on acquisitions and sales are stated under other income from operations.

Cooperative Eka Corporation

Notes to the Balance Sheet

Intangible assets

FIM million

Establishment and structural cost	1994	1993	94/93
Acquisition cost 1 Jan	6	7	-1
Increases 1 Jan to 31 Dec	0	0	0
Decreases 1 Jan to 31 Dec	-2	-1	-1
Acquisition cost 31 Dec	4	6	-2
Accumulated planned depreciation	-4	-3	-1
Book value 31 Dec	0	3	-3
Research and development costs			
Acquisition cost 1 Jan	27	25	2
Increases 1 Jan to 31 Dec	0	2	-2
Decreases 1 Jan to 31 Dec	-9	0	-9
Acquisition cost 31 Dec	18	27	-9
Accumulated planned depreciation	-18	-12	-6
Book value 31 Dec	0	15	-15
Immaterial rights			
Acquisition cost 1 Jan	6	6	0
Increases 1 Jan to 31 Dec.	0	0	0
Decreases 1 Jan to 31 Dec	0	0	0
Acquisition cost 31 Dec	6	6	0
Accumulated planned depreciation	0	0	0
Book value 31 Dec	6	6	0

Intangible assets mainly include association fees in various real estate companies.

Other long-term costs	1994	1993	94/93
Acquisition cost 1 Jan	163	284	-121
Increases 1 Jan to 31 Dec	6	4	2
Decreases 1 Jan to 31 Dec.	-16	-5	-11
Depreciation in extraordinary costs	-12	-120	108
Acquisition cost 31 Dec	141	163	-22
Accumulated planned depreciation	-141	-135	-6
Book value 31 Dec	0	28	-50

Foundation, development and other long-term costs transferred to Tradeka Oy and Tradeka Group Oy in conjunction with their corporatization on 31 December 1994.

Tangible assets

FIM million

Land	1994	1993	94/93
Acquisition cost 1 Jan	52	62	-10
Increases 1 Jan to 31 Dec	1	4	-3
Decreases 1 Jan to 31 Dec	-13	-14	1
Acquisition cost 31 Dec	40	52	-12
Value appreciation 1 Jan	246	246	0
Increases 1 Jan to 31 Dec	34	0	34
Decreases 1 Jan to 31 Dec	-121	0	-121
Value appreciation 31 Dec	159	246	-87
Book value 31 Dec	199	298	-99

Buildings and plants

Acquisition cost 1 Jan	478	468	10
Increases 1 Jan to 31 Dec	9	14	-5
Decreases 1 Jan to 31 Dec	-25	-4	-21
Acquisition cost 31 Dec	462	478	-16
Accumulated planned depreciation	-57	-40	-17
Residual acquisition cost 31 Dec	405	438	-33
Value appreciation 1 Jan	155	155	0
Increases 1 Jan to 31 Dec	135	0	135
Decreases 1 Jan to 31 Dec	-38	0	-38
Value appreciations 31 Dec	252	155	97
Book value 31 Dec	657	593	64

Equipment

Acquisition cost 1 Jan	248	240	8
Increases 1 Jan to 31 Dec	34	38	-4
Decreases 1 Jan to 31 Dec	-9	-30	21
Acquisition cost 31 Dec	273	248	25
Accumulated planned depreciation	-126	-87	-39
Book value 31 Dec	147	161	-14
Not depreciated portion of acquisition cost relating to machinery and equipment in fixed assets	171	184	

Other tangible assets

Acquisition cost 1 Jan	17	13	4
Increases 1 Jan to 31 Dec	-3	4	-7
Decreases 1 Jan to 31 Dec	0	0	0
Acquisition cost 31 Dec	14	17	-3
Accumulated planned depreciation	-11	-10	-1
Book value 31 Dec	3	7	-7

INVESTMENT IN FIXED ASSETS

FIM million

	1994	1993	94/93
Intangible assets	6	6	0
Land	1	4	-3
Buildings	6	14	-8
Equipment	34	38	-4
Other tangible assets	0	4	-4
Work in progress	2	0	2
Shares in subsidiaries	293	16	277
Other shares and holdings	35	18	17
Total	377	100	277

In conjunction with the corporatization of Tradeka Oy, assets of FIM 285 million were invested in the company. The Cooperative redeemed the remaining outstanding shares in RK Reaktia Oy and Lintulahti Oy for FIM 3 million towards the end of the year. The remaining investments were mainly in real estate companies.

The increase in other shares related to the establishment of Kiinteistö Oy Hotelli Turku. Other capital expenditure were investments in fixed assets and normal replacement investments.

TAXABLE VALUES

FIM million

	1994	1993	94/93
Real properties	461	474	-13
Shares and holdings	392	1 364	-972
Total	853	1 838	-985

When no approved taxable value has been available, the book value has been used.

Loan receivables under long-term investment are retained in force until further notice. Loan receivables under current assets and financial assets relate to loans from the pay assignment office, falling due in accordance with previously made amortization agreements.

Current assets consist exclusively of shares whose book values do not essentially differ from their market values.

Receivables and payables in subsidiaries and associated companies

FIM million

	1994	1993	94/93
Receivables			
Accounts receivable	0	8	-8
Loans receivable	1 008	727	281
Prepaid liabilities and accrued income	56	11	45
Receivables from subsidiaries	1 064	746	318
Liabilities			
Accounts payable	0	-4	4
Accrued liabilities and prepaid income	0	-3	3
Other current liabilities	-67	-63	-4
Liabilities to subsidiaries	-67	-70	3
Loans			
Pension loans	0	-1 285	1 285
Other loans	0	-113	113
Loans to subsidiaries	0	-1 398	1 398
Net liabilities to subsidiaries	997	-722	1 719

There are no receivables or liabilities in associated companies.

The increase in loans receivable (FIM +281 million) was attributable to the remerger of RK Reaktia Oy and Lintulahti Oy into the Cooperative as subsidiaries. Loans from subsidiaries in 1993 were mainly from Kansa Corporation.

CHANGES IN SHAREHOLDERS' EQUITY

FIM million

	1 Jan 94	+	–	31 Dec 94
Restricted equity				
Share capital	53			53
Reserve fund	79			79
Revaluation fund	433	222	-159	496
Non-restricted equity				
Contingency reserve	970		-970	0
Deficit from previous years	-2 924	970		-1 954
Surplus for the year		647		647
Total	-1 389	1 839	-1 129	-679

Membership fees paid in 1994 totalled FIM 54 million. The non-paid cooperative share capital excluding resigned members' fees was FIM 52 million (FIM 52 million).

In 1993, FIM 970 million of the deficit was covered from the contingency fund, and the remainder (FIM 1,954 million) was retained on the profit and loss account.

Shareholders' equity and stabilized restructuring debts totalled FIM 410 million.

VALUATION ITEMS UNDER FIXED ASSETS

FIM million

	1 Jan 94	+	–	31 Dec 94
Land	247	33	-121	159
Buildings	155	135	-38	252
Shares in subsidiaries	4	19		23
Shares in associated companies	27	25		52
Other shares	0	10		10
Total	433	222	-159	496

The values of the Cooperative's fixed assets were revised to correspond at a maximum to the values determined in the restructuring program in anticipation for future corporatizations.

As a result of the adjustments, previous value appreciations of FIM 159 million were eliminated. In addition to these, a depreciation of FIM 26 million was booked on the acquisition cost of real properties, FIM 101 million on real estate holdings and FIM 186 on receivables from real estate companies.

The total value depreciation on real properties was FIM 472 million.

Pre-agreements on properties and shares were signed in conjunction with Tradeka Oy's corporatization on 30 December 1994. Under these agreements, the values of real properties and real estate holdings transferring to Tradeka Oy were increased by FIM 222 million to correspond to the values of the pre-agreements.

The respective potential value appreciation of FIM 233 million relating to the established real estate management company will be realized during 1995 as sales profit in conjunction with its corporatization.

STATUTORY RESERVES

An interest provision of FIM 16 million was booked in the financial statements to provide for the potential improvement of the creditors' position. The remaining mandatory reservations relate to guarantee costs which may be incurred after the initiation of the restructuring.

LONG-TERM LIABILITIES AND AMORTIZATIONS

FIM million

	Loan 31 Dec 1994	amortizations 1995	1996-1999	2000-
Restructuring debt				
Stabilized pension loans	244			244
Equity loan	234			234
Interest-free equity loan	611			611
Total stabilized debt	1 089			1 089
Secured debt	1 683		-309	1 374
Long-term partitioning debt	581		-195	386
Short-term partitioning debt	174	-58	-116	0
Other restructuring debt	46	-46		0
Total	3 573	-104	-620	2 849
Loan from financial institution	88		-88	0
Total	3 661	-104	-708	2 849

All other loans take precedence over the stabilized loans.

Interest-free loan comparable to equity loan under the approved restructuring program amounts to FIM 611 million.

The equity loan totals FIM 234 million. Under the loan terms, the equity loan may only be repaid in case of dissolution or bankruptcy, whereby all other loans take precedence over the equity loan. Otherwise the loan capital can be paid back only provided that the company can cover fully for the share capital calculated on the basis of the approved balance sheet for the most recent financial year and provided that the cooperative share capital is fully covered according to the approved consolidated balance sheet for the most recent financial year. Annual interest on the loan is capitalized under the restructuring program at the 5-year market rate +2% until repayment date. Amortization of the loan principal takes precedence over interest payment. Interest for the period from the approval of the restructuring program until the balance sheet date calculated a rate of 12.5% p.a. (FIM 5.7 million) is treated as an interest liability excluded from the balance sheet.

According to a promissory note, Eläkekassa Tuki has lent FIM 181.9 million to Cooperative Eka Corporation under the terms that the loan principal can be amortized and the interest paid on the basis of the approved financial statements of Cooperative Eka Corporation and the consolidated financial statements from their non-restricted equity. The loan repayment may not imperil the performances under the payment program. According to the loan terms, other stabilized loans take precedence over this loan.

The loan from Eläkekassa Tuki includes a recessive liability for the payment of pensions during 1994-2003 at a rate of 8% p.a. The maximum calculational capitalized value of the regressive liability is FIM 61.6 million, booked in the financial statements as a stabilized guarantee loan relating to stabilized debt. No interest liability for the loan was realized in 1994.

Secured loans of FIM 1,683 million include loans of FIM 617 million to be amortized in 1996-2003 and FIM 1,066 million repayable in conjunction with sales of real properties. The interest rate of the loan will increase from the 4.5% level by 0.5% annually. From 1998 the rate will stay at 6% p.a. The interest is tied to the consumer price index.

The long-term partitioning debt of FIM 581 million will be amortized on a straight line basis over the years 1998-2003. The loan is interest-free.

The remaining amount of the short-term partitioning debt is FIM 174 million. Under the program, the loan will be paid on a straight line basis during 1994-1997. The debt is interest-free.

The other restructuring debts consist of the preferential debt of FIM 16 million paid before 20 January 1995 and convertible bonds in the new real estate management company, as well as in Tradeka Oy and Restel, to be converted into liabilities of the respective companies in 1995.

After the adjustments, the restructuring loans totalled FIM 5,642 million. They were amortized by FIM 145 million and reduced by FIM 1,924 million in 1994. Some of the creditors have been provided excessive collaterals whose possible impact has in the financial statements been provided for by stating FIM 70 million of the loans otherwise subject to reduction as secured debt entitled to full recovery. The diminishing impact of the reservation on the reduction is FIM 36 million.

CONTINGENT LIABILITIES 31 DEC FIM million

	1994	1993	94/93
Mortgages pledged in security for debt:			
for own debt	1 334	1 371	-37
on behalf of subsidiaries	0	0	0
on behalf of associated companies	5	5	0
on behalf of bankrupted companies	0	79	-79
on behalf of others	6	7	-1
Total	1 345	1 462	-117
Pledges:			
securities for own debt	390	672	-282
receivables for own debt	834	1 022	-188
on behalf of bankrupted companies	1	0	1
Total	1 225	1 694	–469
Guarantees given:			
on behalf of subsidiaries	3	3	0
on behalf of associated companies	110	107	3
on behalf of bankrupted companies	14	93	-79
on behalf of others	63	78	-15
Total	190	281	-91
Other liabilities			
Interest liabilities for stabilized loans	6	0	6
Total	6	0	6
Total contingent liabilities	2 766	3 437	-671

The specified contingent liabilities of FIM 162 million on behalf of bankrupted companies were booked on 1994 as restructuring debts, as required by the restructuring program. At the same time, a non-allocated general reservation of FIM 30 million in the 1993 financial statements was released in 1994.

The interest liability relating to the stabilized equity loan under the restructuring program was FIM 5.7 million in 1994.

PENSION LIABILITY FIM million

	1994	1993	94/93
Cooperative Eka Corporation's share of the non-covered pension liability of Eläkekassa Tuki	0	292	-292
Liability for current voluntary pensions granted by Cooperative Eka Corporation	0	35	-35
Total	0	327	-327

As required by the restructuring program, the non-covered pension liability of Eläkekassa Tuki was booked as costs and debt; FIM 88 million corresponds to the short-term partitioning debt and FIM 244 million to stabilized pension loan.

Also the voluntary pension liabilities granted by Cooperative Eka Corporation were booked on 1994 as costs and restructuring debt.

Based on its shareholder and guarantee undertakings, Cooperative Eka Corporation has a partly contested adhesion liability of FIM 8 million for Eläkekassa Tuki's uncovered pension liability and contribution receivable (FIM 7 million in 1993).

BOARD’S PROPOSAL FOR DISTRIBUTION OF EARNINGS

The Board of Directors proposes that the surplus of FIM 646,872,842.28 for 1994 be used in accordance with Article 10:1 of the Cooperative's rules and regulations to cover for losses brought forward.

Helsinki, 28 April 1995

Olavi Syrjänen, Chairman
Margit Eteläniemi
Jukka Simula

Maunu Ihalainen
Aarno Aitamurto
Kari Pöyhönen

Antti Remes, President

AUDITORS' REPORT

to the Representative Council of Cooperative Eka Corporation

We have audited the accounts, the accounting records and the administration of Cooperative Eka Corporation for the financial year 1 January to 31 December 1994. The accounts prepared by the Board of Directors and the President include a report on operations and both the consolidated and the Cooperative's statement of income, balance sheets and notes to the financial statements, including the statements of sources and application of funds. We give our opinion on the accounts and the administration based on our audit.

We have examined the accounts and the accounting records, the accounting policies, contents and disclosures and the presentation of the information in accordance with the Finnish accounting standards, to obtain assurance that the accounts do not contain essential errors or shortcomings. The administration was audited to obtain assurance that the actions of the Supervisory Board, the Board of Directors and the President have been in conformity with the regulations of the Cooperatives Act.

The parent Cooperative's financial statements show a surplus of FIM 646,872,842.28. The reduction of debt by FIM 1,924 million in conjunction with the approval of Eka's mandatory restructuring program had an essential impact on the result. The extraordinary costs totalling FIM 1,300 million mainly consist of depreciation on subsidiaries' shares and receivables from subsidiaries, and of provisions for the realization of guarantees given on behalf of subsidiaries.

Based on the assessments in conjunction with the restructuring, value appreciations of FIM 159 million relating to previous years have been cancelled. The book value of real properties and real estate holdings transferring from the parent Cooperative to Tradeka Oy after the corporatization of the retail operations on 30 December 1994 has been increased by FIM 222 million based on the assessment reports and the respective pre-agreements.

The structural changes which impact the parent Cooperative and the financial statements, as well as the essential items in the statement of income and balance sheet are accounted for in the notes to the financial statements. They also disclose the composition of stabilized loans and other restructuring debt. The shareholders' equity in the consolidated balance sheet was negative, FIM -1,282 million, and the stabilized loans totalled FIM 1,109 million.

The accounts have been prepared in accordance with the regulations of the Accounting Act and other relevant legislation and regulations, and give a true and fair picture of the consolidated and the Cooperative's result from operations and financial position.

The accounts, including the consolidated financial statements, may be approved, and the members of the Cooperative's Supervisory Board and Board of Directors as well as the President may be discharged from liability for the financial year audited by us. The Board's proposal to use the surplus to cover for the losses of previous years is in conformity with the Cooperatives Act.

Helsinki, 5 May 1995

Heikki Koskelainen
Chartered Public
Accountant

Tapio Luoma
Approved Public
Accountant

Eira Roiha
Approved Public
Accountant

STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board has examined Cooperative Eka Corporation's financial statements and the consolidated financial statements, reviewed the report of the Board of Directors, and the Board's proposal for distribution of the surplus, and submits them, together with the auditors' report, to the meeting of the Council of Representatives. The Supervisory Board proposes that the financial statements and the consolidated financial statements be adopted.

As its opinion in accordance with Article 21:1 of the Cooperative's rules, the Supervisory Board states that the proposal by the Board of Directors for distribution of the surplus is in conformity with Article 10 of the rules.

Helsinki, 10 May 1995

Matti Luttinen

Raimo K. Mäkelä

Success of Loyal Customer scheme exceeded all expectations

Tradeka launched its nationwide Loyal Customer Scheme in May 1994. Marketing started in the midst of the mandatory restructuring, and the target for the first year was modest: 70,000 loyal customer accounts.

Tradeka's and Restel's customers proved that competitive services are the most appreciated feature of retail, hotel and restaurant operations. The set targets were overwhelmingly exceeded. The number of Loyal Customer accounts was 152,000 at the year-end. The number of Loyal Customer Cards totalled 260,000 including parallel cards. By the end of April 1995, the number of accounts had already increased to 181,000 and cards to 312,000.

Under the Loyal Customer Scheme, customers are rewarded for concentrating their purchases by a bonus which increases in proportion to their patronage. The period for accumulating the balance entitling to bonus is 12 months. The minimum balance of annual purchases entitling to bonus is FIM 6,000.

Bonus can be accumulated by using the services of Tradeka, Restel, Sotka furniture stores and Sampo's Flexi insurance services. The Loyal Customer Scheme is continuously improved with the objective of providing a comprehensive range of services entitling to bonus.

Cooperative membership is not a prerequisite for enrolling as Loyal Customer. Only half of the present Loyal Customers are members. Loyal Customers accounted for 30 per cent of Tradeka's sales at the year-end. For instance Christmas sales statistics show that Loyal Customers are active buyers who use considerable buying power.

A vehicle for marketing the Loyal Customer concept is Tradeka Oy's publication 'Me' which appeared 12 times in 1994. The magazine is delivered monthly free of charge to all Loyal Customers together with the bonus statement.

Member owners and owners' capital

The Cooperative's register of active members included 371,675 members at the end of the year. 476 new members enrolled and 3,867 members opted out. The uncertainty relating to the restructuring proceeding resulted in an exceptionally low enrolment. In the early months of 1995, the number of new enrolments has been restored to the previous normal level.

The number of active members decreased by 5,166. This was due to resignations, and because members whose address and other identification data was lacking were transferred to passive register.

The cooperative share capital, i.e. the total sum of cooperative contributions paid by members was FIM 53 million at the year-end. All members have not paid their entire fees. The non-paid share capital totalled FIM 52 million; FIM 32.3 million of this was attributable to active members.

Membership fees cannot be returned to resigned members or the legal successors of deceased members during the restructuring program.

The principles of membership registration and payment of cooperative membership contributions were determined in conjunction with the restructuring program (active/passive members). The objective is to encourage all members to pay the entire membership fee of FIM 200. This will be achieved through the Loyal Customer Scheme; Loyal Customers who have paid the entire fee are granted special benefits from April 1995.

Membership by district, 31 Dec 1994

District	*Membership*
Uusimaa	40 477
Häme South	32 548
Tampere	40 072
Turku	35 383
Pori	31 125
Jyväskylä	24 822
Seinäjoki	21 079
Kuopio	27 927
Kymi	31 562
Mikkeli	17 519
Joensuu	14 498
Oulu	35 136
Lapland	19 527
Total	371 675

Cooperative Eka Corporation, Council of Representatives

The ordinary general meeting of Cooperative Eka Corporation's Council of Representatives was held on 22 June 1994.

Supervisory Board

Mr. Matti Luttinen,
Lahti; Chairman

Ms. Sinikka Mönkäre,
MP, Imatra; Vice Chairman

Mr. Juhani Vähäkangas
Raahe; Vice Chairman

Ms. Margit Eteläniemi,
Mänttä;
until 20 October 1994

Mr. Seppo Grönqvist,
Eräjärvi

Mr. Jukka Gustafsson,
MP, Tampere

Ms. Iiris Hacklin,
Jämsä

Mr. Markku Harju,
Kemijärvi

Mr. Harri Helminen,
Anjalankoski

Ms. Anne Huotari,
MP, Kajaani

Mr. Reijo Jeskanen,
Joensuu

Ms. Minna Karhunen,
MP; Hyvinkää

Ms. Ritva Kitinoja,
Oulu

Mr. Matti Kivikoski,
Salo

Ms. Marketta Korrensalo,
Kemi

Ms. Leila Koski, Rauma

Mr. Johannes Koskinen,
MP, Rauma

Mr. Jorma Kukkonen,
MP, Kuopio

Mr. Jukka Laakso,
Mynämäki

Mr. Pekka Leppänen,
MP, Suolahti

Mr. Antti Leskinen,
Savonlinna

Mr. Veikko Nurmi,
Kauttua

Mr. Matti Pajuoja,
Lohja

Mr. Markku Pohjola,
MP, Vihti

Mr. Iivo Polvi,
MP, Iisalmi

Ms. Terhi Päivärinta,
Pietarsaari

Mr. Matti Saarinen,
MP, Lohja

Ms. Marketta Semi,
Vaasa

Mr. Ilkka Sepponen,
Turku

Personnel representatives:
Ms. Sinikka Koro, Vilppula;
until 19 October 1994

Mr. Antero Ylikokkare,
Kemi

Ms. Ritva Vartia,
Mikkeli

Mr. Matti Koskenmäki,
Turku

Deputy representatives:
Ms. Pirjo Thilman,
Kouvola

Mr. Kari Pöyhönen,
Jyväskylä;
until 21 March 1995

Ms. Sirkka-Liisa Rosenlund,
Helsinki

Board of directors

Mr. Eero Rantala,
Chairman and CEO;
CEO until 30 June 1994
and Chairman
until 20 October 1994

Mr. Olavi Syrjänen, Chairman
from 21 October 1994

Mr. Matti Paasila,
Vice Chairman
until 20 September 1994

Mr. Maunu Ihalainen,
Vice Chairman
from 21 September 1994

Mr. Aarno Aitamurto

Ms. Margit Eteläniemi,
from 21 October 1994

Mr. Lauri Ihalainen;
until 20 October 1994

Ms. Salme Kandolin;
until 20 October 1994

Mr. Kosti Kyhälä;
until 20 October 1994

Mr. Jermu Laine;
until 20 October 1994

Mr. Jukka Simula

Mr. Ulf Sundqvist;
until 20 October 1994

Personnel representatives:
Ordinary members:
Ms. Pirkko Behm;
until 21 March 1995

Mr. Kari Pöyhönen;
from 22 March 1995

Deputy member:
Mr. Martti Kesseli

Auditors

Ordinary:
Mr. Heikki Koskelainen,
Chartered Public Accountant

Ms. Eira Roiha,
Approved Public Accountant

Mr. Tapio Luoma,
Approved Public Accountant

Deputy:
Auditor appointed
by KPMG Wideri

Mr. Roy Wenman

Appointed by the Circuit Court of Helsinki to supervise the mandatory restructuring:
Mr. Jyrki Tähtinen,
Attorney-at-Law

Business organisation 1 January 1995

Cooperative Eka Corporation

President
Mr. Antti Remes
(President from 1 July 1994)

Legal Affairs
Mr. Juha Laisaari

Membership Administration
Mr. Raimo K. Mäkelä

Eka Real Estate Development
Mr. Heikki Venho

Tradeka Group Oy

President
Mr. Antti Remes

Administration
Mr. Olli Suominen

EDP and Development
Mr. Olli Suominen

Controller
Mr. Risto Nokireki

Personnel
Ms. Pirkko Virtanen

Accounts and Taxation
Mr. Uolevi Lahti

Operational Accounting
Mr. Mikko Harjunen

Financial Administration
Mr. Ossi Hynninen

Legal Affairs
Mr. Juha Laisaari

Internal Auditing
Mr. Risto Salminen

Communications
Ms. Riitta Raasakka-Niklander

Tradeka Oy

President
Mr. Aarno Mäntynen

Retail Outlets
Mr. Reijo Kiukkonen

Loyal Customer Service
Mr. Tapio Lehikoinen

Retail chains: Siwa

Senior Vice President
Mr. Harri Finér

Marketing
Mr. Ilpo Virtanen

Controller
Ms. Jaana Lehto
Mr. Pekka Huhtanen

Valintatalo

Senior Vice President
Mr. Leo Järvensivu

Marketing
Mr. Unto Virtanen

Controller
Mr. Toivo Hakonen

EKA/Euromarket

Senior Vice President
Mr. Pekka Kosonen

Marketing
Mr. Jyrki Aalto (apparel)
Mr. Pertti Palanen
(daily consumer goods)
Ms. Marja Renvall
(home & leisure)

Controller
Mr. Hannu Harju

Field operations
Mr. Juhani Mast

Development
Mr. Heikki Välimäki

Tradeka International

President
Mr. Waldemar Tuutti

Development
Mr. Eero Erola

Operational Accounting
Mr. Martti Huovilainen

SUBSIDIARIES:

A/O Tradeka M

President
Mr.Waldemar Tuutti

Executive Vice Presidents
Mr. Pekka Leskinen
Ms. Leena Paju

A/O Renlund SPb

President
Ms. Seija Soini

AS Renlund Tallinn

President
Mr. Waldemar Tuutti

Executive Vice President
Mr. Aki Mäkinen

Restel Oy

President
Mr. Ralf Sandström

Finance and Administration
Mr. Mats Rosengård

Administration
Mr. Kari Lalu

Hotel Division
Mr. Jari Laine

Restaurant Division
Mr. Ralf Sandström

Addresses

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Restel Oy
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POB 72
FIN-00501 Helsinki Finland
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Telefax intl +358 0 733 5302