

KAUKOMARKKINAT 1994



KAUKO
MARKKINAT

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Kaukomarkkinat Oy has its head office in Espoo near Helsinki. Established in 1947, Kaukomarkkinat is Finland's leading trading house and knows the world market well. We specialize in international trade, exports, imports and wholesaling.

PRESIDENT'S REVIEW

There was a positive trend in most of the Group's divisions. The greatest growth was achieved in the Panasonic Division, which more than doubled its exports to Russia compared with the previous year. Sales of Panasonic and Technics products in Finland also grew better than anticipated. Growth was particularly strong in sales of Panasonic's industrial electronics.

Kaukomarkkinat's other leading brands, such as adidas sporting goods and Citizen watches also sold well. This success was supported with long-term marketing efforts that continued even through the years of recession. Sales promotion work was increased during the past year, and this well-targeted and correctly timed action brought about a substantial improvement in sales and profitability. An increased marketing drive in our optical business also yielded good results.

A special mention goes to the Leipurien Tukku Division, whose business was taken over by Kaukomarkkinat as of the start of 1993. The trend over two years has now exceeded all expectations. The solid professionalism and experience of Leipurien Tukku's personnel have been successfully combined with Kaukomarkkinat's expertise and strengths in importing and wholesaling.

The Kaukomarkkinat Group's overall sales grew by 19 per cent in 1994, reaching FIM 3 billion. Growth was boosted by an improvement in the conditions for business, increased competitiveness on the part of Finland's exporting industries, and an increase in domestic consumer demand after four consecutive years of decline. However, the recovery of the domestic market was slowed down by the weakness of retailing, by the erosion of profitability during the prolonged recession, which resulted in some regrettable bankruptcies and closing-down sales. On the other hand, Finland suffered from a clear overcapacity in the trade, a reduction of which will hopefully improve the prospects for profitability and the general recovery of trade.

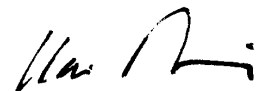
In the Group's East-West trade the traditional business with Russia developed satisfactorily, although an increased demand for financing raised the interest costs of this field of business as well as increasing risks. Trading in oil products was the biggest setback, since the demand for Russian pygas - for many years the main product - unexpectedly dried up altogether during the second half of the year. The unsold consignments had first to be stored and then distilled, after which the product could be sold, though at very low prices. This loss considerably weakened the otherwise good profit for the Group. In the future, oil trading will be done mainly on a back-to-back basis by which the risks and losses entailed in sudden changes on the oil market can be avoided.

Trade with China proceeded well within imports of textiles and the value of exports to China also increased substantially. Metex, our subsidiary engaged in technical exports, continued to do its best business in Poland. The offices in Argentina and South Africa, however, were closed as they were unprofitable. A new office was opened in Singapore with the aim of expanding our steel products business in Southeast Asia.

To sum up, all the Group's core businesses made a profit with the exception of trading in oil products. The heavy loss in this sector brought the 1994 income before extraordinary items down to FIM 15.8 million.

It is anticipated that the growth in sales will continue in 1995 and that there will be a substantial improvement in profits. The Group's core businesses will be shifted towards more energetic expansion than in recent years, by increasing both personnel resources and marketing efforts.

Finally I would like to offer my warmest thanks to all our principals, customers and employees for their long-term efforts, valuable support and continued, good cooperation. We will unceasingly strive to develop these strengths to the benefit of all involved.

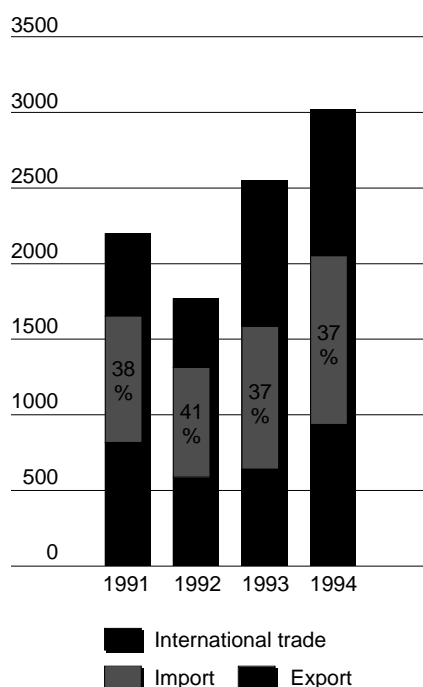


Kari Ansio
President, CEO

KAUKOMARKKINAT

The Group
1 January 1995

Total sales, million FIM



Supervisory Board

Matti Suutarinen, Chairman
Pekka Pystynen, Vice Chairman
Matti Lainema
Antti Lehtinen
Jorma Routti

President, CEO

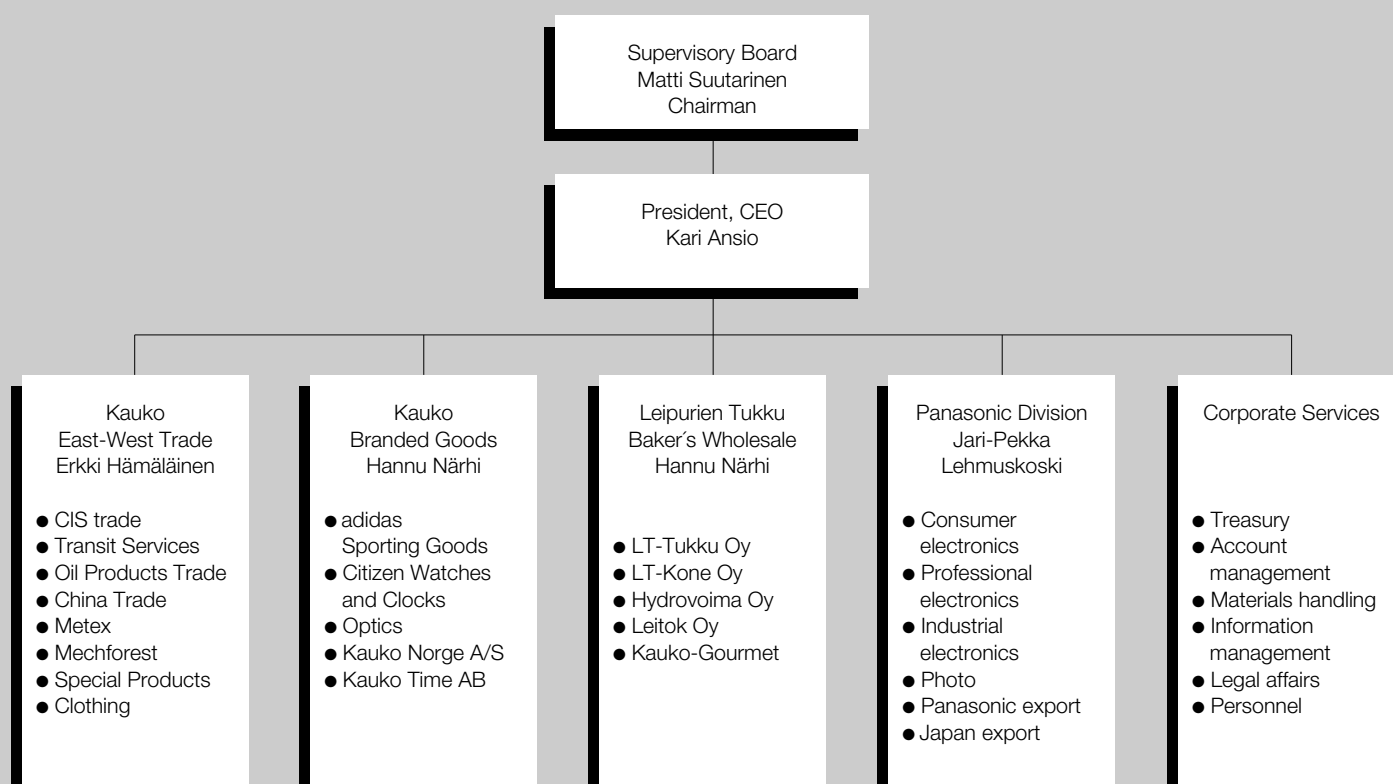
Kari Ansio

Management Board

Kari Ansio, President, CEO.
Erkki Hämäläinen,
Senior Executive Vice President.
Hannu Närhi,
Senior Executive Vice President.
Jari-Pekka Lehmuskoski,
Senior Vice President.
Sakari Laine, Senior Vice President,
Logistics and Finance.
Markku Keinonen,
Senior Vice President, Legal Affairs.
Juha Koskenseppä,
Senior Vice President, Personnel.

Group financial highlights	1991	1992	1993	1994
Total sales, million FIM	2,202.6	1,769.3	2,545.3	3,022.0
Net sales, million FIM	1,501.7	1,233.5	1,745.6	1,921.7
Profit before extraordinary items, million FIM	26.2	19.2	32.0	15.8
Balance sheet total, million FIM	864.9	777.5	814.1	958.7
Solvency ratio %	30.7	35.7	36.4	31.7
Personnel at year's end	661	617	712	716

Organizational structure



OVER 40 YEARS OF EXPERIENCE IN EASTERN TRADE

Trade with Russia is one of the strongest areas of Kaukomarkkinat's expertise, and our experience in this important business area goes back more than four decades. As a professionally skilled trading house, Kaukomarkkinat's flexible mode of operations has gained the complete confidence of both principals and customers.

Skilled professional in Eastern trade

The broad experience and solid business contacts of our company's Eastern trade professionals are a guarantee of successful cooperation. We employ some 40 Russian-speaking trade specialists. Kaukomarkkinat has made a special commitment to establishing direct contacts with product manufacturers and end users.

A broad spectrum of exports

We are a major exporter in Eastern trade. Our export activities are carried out on both barter and direct trade basis. Our main export products are various kinds of machinery and equipment for the forest and wood-processing industry as well as for the oil industry. Within construction and project exports development has been steady and the agreements concluded have usually been on a turnkey basis.

Our rapidly expanding range of export products also includes furnishings, textiles, clothing and leisure products, consumer electronics and various consumer goods as well as foodstuffs.

Imports for industry

The experience which Kaukomarkkinat has built up over years of Eastern trade is also clearly reflected in the present structure of our business. Not only are we a major exporter to the East, but our imports from there have constantly grown.

From Russia and the Baltic countries we import timber as a raw material for the forest industries in both Finland and the other Nordic countries. Our wood trade is built on

a solid foundation of deliveries of pulpwood. We are strongly committed to a high level of customer service. We have excellent suppliers of timber whose reliable deliveries have made us a significant importer of timber in Scandinavia. We are constantly on the lookout for new openings for imports, particularly of high-volume products.

Local offices growing in importance

In business today, you have to keep an eye on the markets and changes in them every second of the day. We have our own representative offices in Moscow, St Petersburg, Ufa and Petrozavodsk. Acting as our local sensors, the local offices are effective in assisting the development of trade, serving our many customers and principals in their areas.

Trade with third countries

We are continuing to develop our trade between Russia and third countries. Besides normal transactions we handle also financing arrangements and counter-purchase obligations. Our company is known as a trustworthy partner in both the East and the West.

Reliable transit services for chemicals and oil products

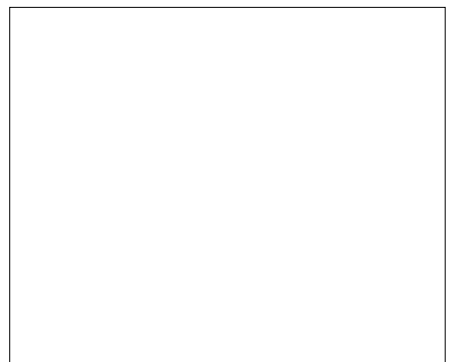
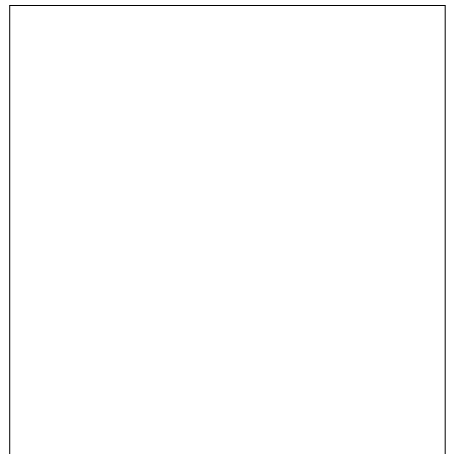
Transit services through Finland form an important export channel for the

petrochemical and chemical industries of the CIS, especially Russia. We have a tank terminal with a capacity of some 100,000 cubic metres at Hamina for the transshipment of these products. The first stage in the products' further handling takes place at our Hamina tank farm, where they are stored and shipped according to the customers' special requirements. The facility's built-in steam and inert gas system facilitates economical and safe product handling. Heated systems are available for products needing heating.

In addition to products that arrive by rail from the East and are shipped onward by sea, the facility is capable of handling chemicals in the reverse direction. All tanks in our chemical storage have segregated pipes.

Oil and petrochemical products from East to West

Oil and petrochemical products play an important role in our international commerce. We trade oil products mainly of Russian origin for the Western Europe markets, professionally and with many years of experience.



WORLDWIDE TRADE

Kaukomarkkinat is a pioneer of international trade in Finland. Our strong points are our extensive networks of outlets and overseas offices, our expert personnel and our ability to handle counter-trade and financing arrangements.

Expertise in machinery and equipment for eastern Central Europe

We have subsidiaries operating under the name of Metex in Poland, Hungary, Germany, and the Czech and Slovak Republics. They specialize in importing, marketing and international trading in machinery and equipment. We also do business through local offices in Bulgaria and Romania.

Our Polish subsidiary imports machinery and equipment for the paper industry and forest industry, along with electrotechnical equipment and instruments and feedstock for the ceramics and plastics industries. Our principals include Ahlstrom, ABB, Grace, Idman, Neles, Nokia, Partek, Raute, Tamfelt and Valmet. Environmental technology and effluent treatment are among our strong fields, and we have leading manufacturers as our partners - Hans Huber, Sarlin, Nopon and Uponor.

We have achieved good results in exporting Polish berries, vegetables and fruit produce to the discerning markets of continental Europe and Scandinavia. Our subsidiary Metex Food has become one of the biggest Polish exporters in its field.

Our German subsidiary specializes in importing complete production lines for surface treatment processes as well as plate forming and moulding technology. The company has also marketed German metalworking machinery, both new and reconditioned, to third countries. Our principals include Rautaruukki, APT Lagan, Aliko Automation, Krapf & Lex, and Aquamec.

In the Czech and Slovak Republics, projects related to basic electricity generation and metallurgy industry processes are an important part of the operations. In addition to machinery and equipment for the

mechanical and chemical forest industries, we represent the raw materials required for the chemical forest industries within this region. Among our business partners are Larox, Tampella Power, Kallion Konepaja, Outokumpu and Dynoresin.

In Hungary, we market products from Teknos Winter, Nokia Cables, Outokumpu, Finn-Power and APT Lagan.

In the Balkan countries, we market fire-fighting gear and the mobile platform products made by Bronto Skylift. The mechanical forest industry and Nokia cables are also areas of emphasis.

Southeast Asia and Africa

In Southeast Asia, Metex Singapore office markets metal and technology products to shipyards and engineering plants. Our regular suppliers are Fundia, Lukens, Nokia Cables, Savcor and Aquamec.

In Africa, our efforts are concentrated on Harare, Zimbabwe, where we are a major marketer of electrotechnical products and sawmills.

Chinese trade rising

Kaukomarkkinat is a Finnish pioneer in trading with China. Our trade has grown from year to year and we are the leading commercial firm in Sino-Finnish trade. We have our own offices in Beijing, Shanghai and Guangzhou.

Our exports consist of wood processing industry machinery and equipment, industrial filters, and technology and equipment for the electrical power industry and for environmental protection. Our imports comprise textiles, leather goods and various products manufactured by light industry. Textile raw materials are also sold to third countries.

Our Clothing Department specializes in agency trade in clothing and accessories, principally for industry and wholesalers. The sources are mainly China, the Far East and Bulgaria.

The challenge of Japan

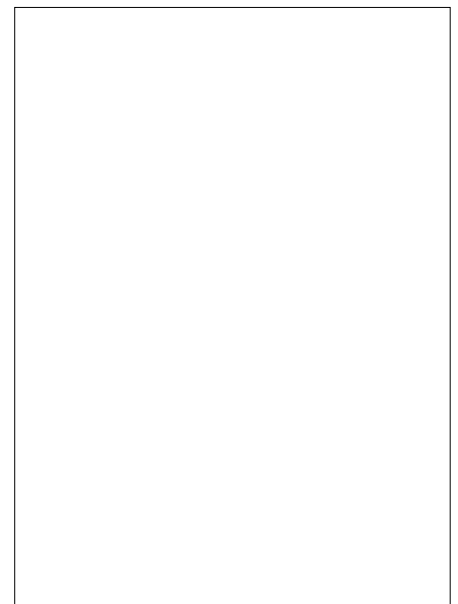
Japan is one of our most challenging market areas. Our exports include granite stone for the monument and construction industries and log houses. Exports of sawn goods have also developed favourably.

Mechforest - international trade in wood products

In its international trade in mechanical forest industry products, Kaukomarkkinat is backed by decades of experience. In addition to our main products - sawn timber and plywood - we do an increasing volume of trade in special products involving a higher degree of upgrading. Our main market area is in North Africa and the Middle East, although our market share in Europe has grown with the expansion of our procurement area to include areas bordering on Finland.

Raw materials and lubricants for industry

Through our extensive supplier network, we obtain various plastic raw materials and chemicals for industry, and export industrial products in the form of counter-trade and direct exports. We provide industry and transport with high-performance lubricants which achieve an economical, efficient and environmentally friendly result.



LEADING INTERNATIONAL BRANDED GOODS

In the import trade, Kaukomarkkinat specializes in the import and marketing in Finland of leading international branded goods. The branded products we represent are the best in their field. They are products of the highest quality, in which consumers can place their trust when selecting sporting and leisure goods, watches and home electronics as well as optical and photo products. Our best known branded goods are adidas, Bauer, Cooper, Citizen, Panasonic, Polaroid, Rodenstock, Silhouette, Technics and Yashica.

Through our long-term, systematic work, we have created a solid foundation for our cooperation with international producers of branded products. An important link that complements this cooperation is our dealer network in Finland. They are the leaders in their respective fields, as are the branded goods Kaukomarkkinat represents. Absolute trust and long-term cooperation with the different parties involved in the trade are the foundation upon which we build our operations. We shall continue to do so in the future.

adidas - three famous stripes

On the sporting goods market, adidas and its symbol - the three stripes - are a concept. The importing and marketing of adidas products is handled by our subsidiary Virsu Oy, which specializes in the sporting goods trade.

The adidas pioneering tradition in the sporting goods field goes back to 1920, when the German shoemaker Adi Dassler made his first training shoes, thus actually creating the entire sporting goods trade. This was the beginning of the adidas success story as the world's best-known brand of sporting goods.

Today adidas and its three stripes are a combination that is known, recognized and respected everywhere people are involved in sports, exercise, competition or general fitness.

The top names go with adidas

Top athletes place their trust in adidas because they know that the company's product development

people work tirelessly to manufacture better and better products. Since equipment plays a decisive role in today's competitive athletics, a great deal of attention is paid to selecting just the right equipment. All the selections are made after careful evaluation and testing. It's no wonder that adidas is a leading brand name among top athletes.

The success achieved by adidas is based in large measure on its guiding principle of offering those who keep fit for their own satisfaction the same quality equipment as top athletes have opted for. Lifestyle and fashion are also important parts of the adidas philosophy. But when all is said and done, the important thing is to produce, for all sports lovers - from the fitness enthusiast to the most demanding competitive athlete - the same uncompromisingly developed and crafted sports equipment.

adidas and Jari Litmanen - shooting for the same goal

A million-class sponsorship contract was signed in Amsterdam at the end of 1994 by which Ajax football star Jari Litmanen will continue to score the ball into the opponents' goal with adidas boots.

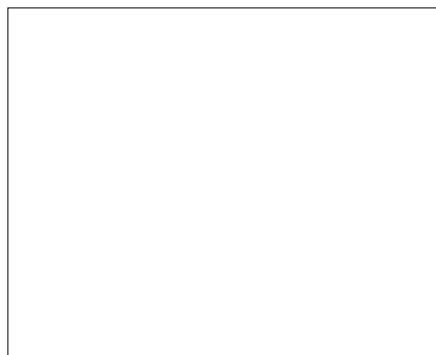
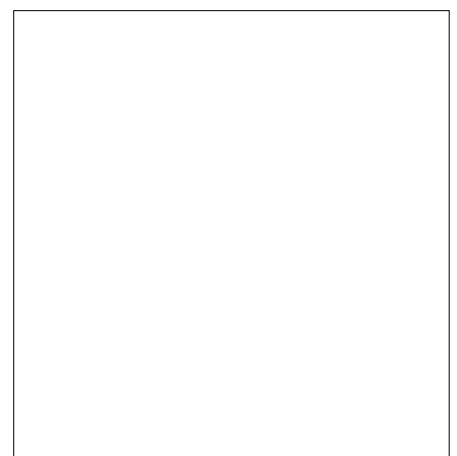
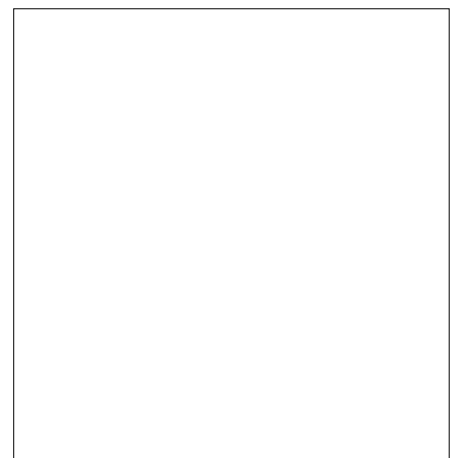
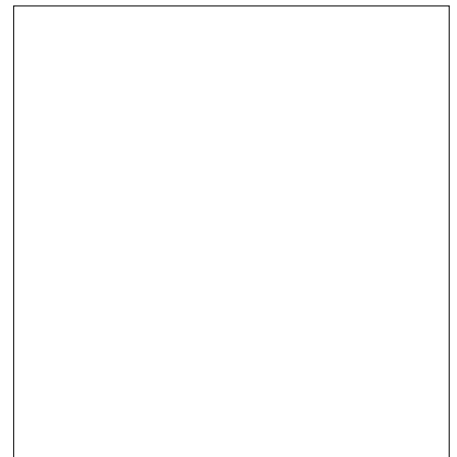
This uniquely big contract between adidas and the Finnish sportsman is evidence of Litmanen's popularity on the playing fields of Europe. Ronald Koeman, Marcel Desailly and Redondo have similar contracts with adidas.

A wide network of dealers

As an importer, we have paid special attention to ensuring that there is an extensive network of retailers of our number one brand in sporting

goods - adidas - throughout Finland. We want adidas products to be well within the reach of all Finnish sports and fitness enthusiasts.

As the distributors of adidas products, we have selected maximum coverage through specialist sporting goods shops and department stores as well as the sporting goods departments of supermarkets. These are points of sale where discerning consumers in search of international branded goods can find famous adidas products in a convenient way.



adidas

CITIZEN - NUMBER ONE IN THE WATCH MARKET

Kaukomarkkinat is one of Finland's leading importers and marketers of watches and clocks. Our main representation is Citizen, the world's largest manufacturer of watches.

The first in Europe to achieve market leadership

We have handled the Citizen distributorship successfully in Finland since 1966. Thanks to our effective marketing work, Finland was the first country in all of Europe in which Citizen achieved market leadership. This breakthrough took place in the mid-1970s. Citizen is the clear leader on Finland's watch market. This is proved by consumer surveys showing that Citizen's market share is no less than 37 per cent.

Responsibility for the Swedish and Norwegian markets too

Our company's exceptional success in marketing Citizen on the Finnish market has not gone unnoticed in Japan either. Cooperation with Citizen is close and fruitful and we are continually developing it. This esteem and trust is mutual.

In recognition of our know-how, Citizen has put Kaukomarkkinat in charge of marketing its watches and clocks in Sweden and Norway too. In both countries we have handled the marketing of Citizen watches through our own subsidiaries since 1981.

Striking a karate blow in watch marketing

Citizen's breakthrough on the Finnish market began with an attention-getting and bold campaign featuring a karate blow - with a Citizen watch on the wrist. This legendary success story started with a TV advertisement that people still remember. Riding on the popularity of this campaign, Citizen won Finnish hearts, thanks to its reliability and durability.

Citizen - the trailblazer in watch fashion

When choosing a Citizen, the Finnish consumer can be sure that his or her watch is number one, not only in quality but also in elegance. Citizen is a trendsetter in watch styles. It points

the way to a style that is noticed and followed. The comprehensive range has something for every taste, a timepiece that will complement their personal style.

The Citizen collection is extensive. It offers all imaginable alternatives from the most elegant fashion models to the very latest high-tech multifunction watches.

Citizen Hyper Aqualand divers watch represents the most modern watch technology in the world. The diving information registered by the watch can be transferred straight to the memory of a personal computer and displayed on screen and printed out.

Citizen is at the forefront of product development. An example of this is the Ni-Free range of watches, which is made entirely without nickel and is therefore suitable for people who suffer from nickel allergy.

The Citizen group also includes the Adec range of watches whose competitiveness comes from its economical prices and its Citizen-backed quality. The popularity of Adec watches is growing all the time.

A wide network of dealers guarantees success

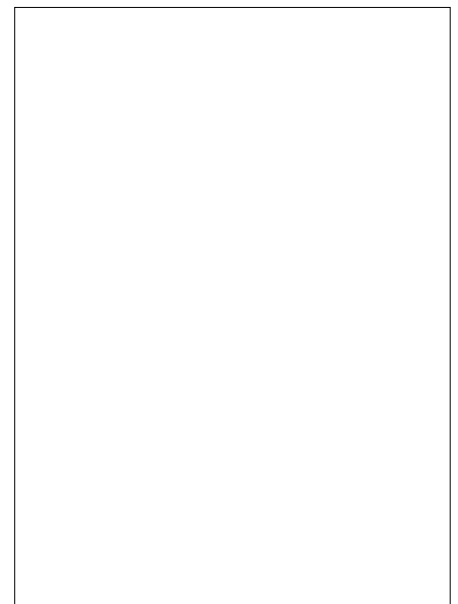
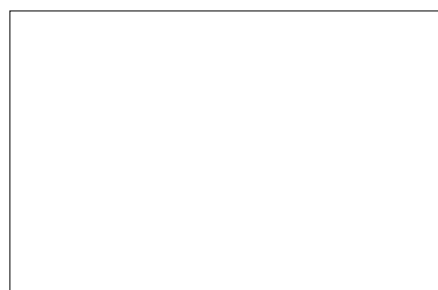
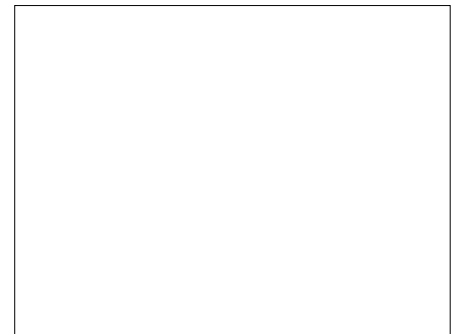
The Citizen success story in Finland would not have been possible without a high-class network of dealers.

We have carefully built up a well-functioning and extensive network which serves consumers professionally and reliably in satisfying all watch requirements.

In addition to watches, our wide and attractive range includes various alarm, table and wall clocks.

A satisfied customer also after the sale is made

The repair and spare parts services for Citizen watches and clocks are handled at a centralized facility right at our head office in Espoo. The trained experts who work there are responsible for seeing to it that the watches and clocks brought in for servicing are handled in a flexible and professional manner. Our objective in every situation is to do things in a way that guarantees continuing customer satisfaction well after the watch is bought.



 **CITIZEN**

PANASONIC - HUMAN-FRIENDLY TECHNOLOGY

Our Japanese principal Matsushita Electric Industrial Co. Ltd. is the world's leading manufacturer of consumer electronics. Its product range includes televisions, video equipment, stereos, personal stereos, in-car entertainment systems, microwave ovens, bread bakeries, batteries, keyboard instruments, computers, dictating machines, CD-ROM drives, GSM telephones, cameras, copiers, fax machines, and telephone answering machines. Kaukomarkkinat Oy has a long-standing and firm business relationship with Matsushita, for whom we have been the sole distributor for the Panasonic and Technics trademarks in Finland for more than 25 years.

Looking to the future

The number of staff Matsushita dedicates to research and development tells you something about its commitment to the future: some 27,000 engineers and scientists work exclusively on developing new technologies and equipment to aid people everywhere in the world. The company devotes some FIM 20 billion a year to R&D. Matsushita holds some 46,000 patents.

Customer satisfaction through long-term cooperation

The partners we have chosen are the country's leading dealers, who rely on the Matsushita products we deal in. Products of Panasonic and Technics are found nationwide in retail outlets like the Expert and Musta Pörssi chains. We have a strong field sales organization and we have continually invested in training our dealers and supporting the marketing effort.

Kaukomarkkinat has a Frequent Buyer marketing programme targeted on end-users, carried out together with authorized dealers. We publish the Play▶ customer magazine, which contains information on our wide range of products. In addition, we are able to offer frequent buyers other advantages in the form of special offers and services. Better information means better customer service. Keeping the customer satisfied is the only way to ensure continuing demand.

Visual products are test winners

In a number of tests, both in Finland and elsewhere in Europe, the Panasonic GA00 television has come out on top. It comes with a convenient remote control, unsurpassed image definition, true-to-nature colours and audio reproduction of the highest quality.

In home video equipment Panasonic is a pioneer in ease of use. Panasonic videos are the world's easiest to programme.

Creative fun with a video camera

Panasonic's compact VHS-C camcorders embody unique new digital technology and an image stabilizer that eliminates jumpy footage due to camera shake when shooting. More and more people can now enjoy the pleasure of video filming. The Panasonic VHS camcorder is the clear market leader in Finland.

Fun and enjoyment for music lovers

With its Technics hi-fi systems and Panasonic audio and in-car hi-fi equipment, Matsushita brings quality and enjoyment to music lovers. The range offers a CD player for every need, from studio class professional equipment and car audio to the very lightest personal CD players.

A new era in music-making

Technics has introduced a whole new dimension for music-making. The latest in computerized technology is used to support the player. Easy-use functions leave the player free to concentrate on what is essential - the music itself. Both the beginner and the professional musician will find the right keyboard instrument in the Technics range.

Healthy and easy cooking

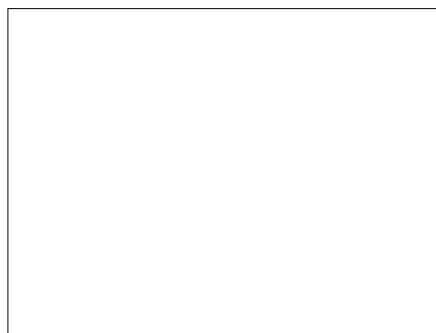
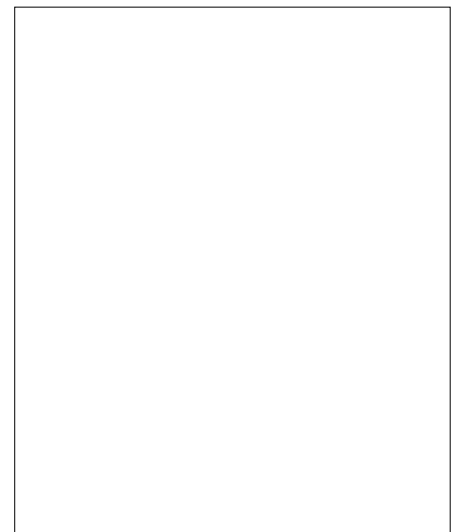
In our White Line product group, Panasonic offers the widest available range of automatic and grill microwave ovens. The Panasonic Bread Bakery has won many awards in tests and is the clear market leader.

Lightweight cleaning power

Panasonic vacuum cleaners are light and efficient. They have won praise especially for their sixfold filtering of the exhaust air, which significantly cuts down the dust content of the indoor air.

Environmentally sound battery power and durability

Panasonic offers the most complete assortment of long-life batteries on the market. They are suitable for nearly all battery-operated devices and equipment. Panasonic batteries have won awards for their environmental friendliness. Panasonic has also brought out the Nick rechargeable battery which, although it is as easy to use as ordinary alkaline batteries, can last for as much as three years of heavy use.



Panasonic

Technics

PANASONIC - THE PROFESSIONAL'S CHOICE

As the world's leading manufacturer of home and office electronics, Matsushita Electric Industrial Co. Ltd. of Japan offers a broad range of products that are suitable for professional use. Matsushita invests heavily in product development so that its products serve their users in line with the requirements of the future. Another goal is products that are increasingly compact and lightweight.

Cordless communications is expanding

Cordless communications is one of the fastest growing product areas of this decade. People are on the move more than ever before and Panasonic goes along with them. The Home Office concept is also gaining ground in Finland as telecommuting becomes a familiar idea. Panasonic offers the latest solutions for the various needs of personal communications. Our range of mobile stations includes GSM mobile phones as well as pagers. A supreme example of successful product development is the Panasonic G300, one of the smallest GSM pocket phones in the world. The Panasonic KX-T9000 range is the market leader for cordless phones.

The leader in information and office technology

We offer a comprehensive range of products for the office. It includes high-quality fax machines, telephone answering machines and multifunction phones as well as photocopiers, printers and monitors. Panasonic was the first copier manufacturer to build artificial intelligence control into its equipment. The new Neuro Fuzzy Logic artificial intelligence control regulates the copier to function according to each situation. This is why copying with a Panasonic gives indisputably better results than conventional copiers. The Panasonic range of fax machines comprises two distinct groups. The first includes call-recognizing equipment and answering faxes that are intended for home offices and personal use. The second group comprises cut sheet faxes using ink jet or laser printing technology for higher quality demands. In the field of computer equipment, Panasonic's range of peripherals

offers a go-ahead set of solutions for printers, monitors, multimedia products and portable computers. The latest breakthrough is the Panasonic ASSIstant printer. With its advanced technology and sophisticated styling, it has created a new concept of the space required for personal laser printers - and their copy costs.

Panasonic is also one of the world's leading monitor manufacturers. Panasonic Pro monitors offer unmatched sharpness and user comfort at a reasonable price.

The latest in audio and video

Within the field of audio and video equipment for professional use, Panasonic is one of Finland's leading brands. For video production, we offer different-level solutions from S-VHS equipment all the way to Broadcast video equipment suitable for national broadcasting companies.

A number of Finland's major video production companies use Panasonic MII series production-standard equipment, and the TV 2 channel of the Finnish Broadcasting company uses digital Panasonic D3 equipment in its broadcast and production operations. In 1994 Panasonic launched the digital D5 component video production format, the most technically advanced product of its kind on the market.

Sophisticated equipment for surveillance and guarding

For years Panasonic has been the market leader in surveillance video systems in Finland. Panasonic is able to offer complete system packages for banks, post offices, retailers and industry. There is equipment for both area surveillance and industrial process control. In particular, Panasonic digital surveillance cameras have achieved a significant market share. In control systems and video technology, too, Matsushita constantly develops new technology. Panasonic's time-lapse VTRs are the broadest range on the market.

Electronics for industrial customers

Our deliveries to Finnish industrial customers include Matsushita electronics products, components, industrial batteries, production

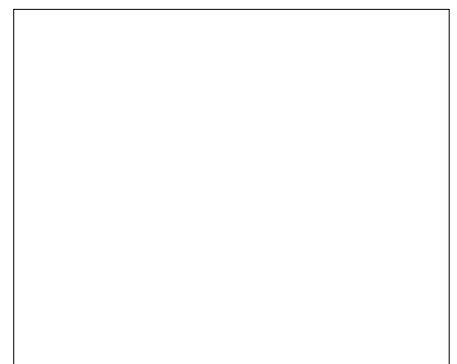
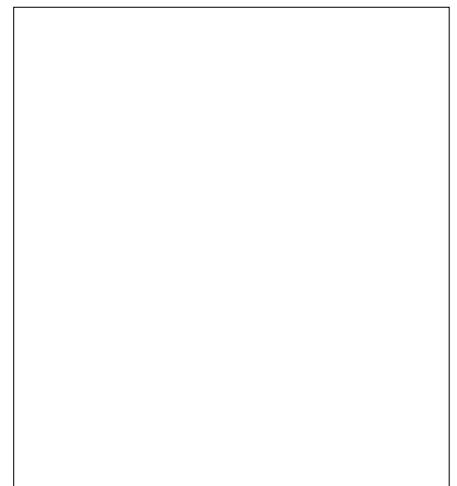
automation machinery, and measuring instruments as well as measuring and testing systems. Matsushita's leading position as a manufacturer of electronics has also given us a firm foundation for achieving market leadership in a number of these areas.

Servicing guarantees customer satisfaction

Our Panasonic Service Centre has centralized responsibility for the after-sales marketing of professional and home electronics equipment as well as for the delivery of spare parts and supplies. It also handles testing procedures before the marketing of the products.

Exporting Panasonic to CIS countries

Kaukomarkkinat has done a continuously expanding volume of business with Matsushita. For a number of years now, we have worked in close cooperation with Matsushita to export Panasonic products to Russia and the other CIS countries. Despite the unstable conditions in these countries, this trade has continuously developed and grown.



Panasonic

BRANDED PRODUCTS THAT COMBINE STYLE AND QUALITY

A solid position in eye care

Our optical business units have maintained a solid position on the market. We are still Finland's leading company as a manufacturer and wholesaler for eye optics. Our product range embraces all eye optics products: frames, lenses, contact lenses, sunglasses and eye-test equipment.

Quality and style

We are a strong and broad-based supplier of frames. Our range includes the best-known brand in the business, Silhouette. The Japanese-made Titan range of frames, commissioned by Kaukomarkkinat, has rapidly won a solid position on the market thanks to its high quality, styling and complexion-friendliness.

Safety and fashion

Our sunglasses brand name Polaroid is one of the best-known names in eye optics. We have once again broken the record for marketing Polaroids. Polaroid sunglasses give 100% protection against UV radiation and glare. Only authorized opticians are allowed to sell Polaroid, and this is a factor in boosting the brand's safe reliability.

A full range of contact lenses

We offer contact lens users a comprehensive selection, in cooperation with the leading international companies in the field. The range includes Menicon's hard gas-permeable contact lenses, traditional Pilkington Barnes Hind and Hydron soft lenses as well as Acuvue disposable lenses. We also market Allergan and Alcon contact lens care products.

Supreme quality in lens technology

Almost one pair of glasses in three in Finland is made by our subsidiary, Kauko-Silhu, at its state-of-the-art optical facility in Varisto, Vantaa, near Helsinki. The skilled staff who work there have a thorough mastery of the entire lens-handling process.

Our principals represent the best in optics, including Rodenstock, one of the world's leading manufacturers of lenses. Rodenstock is specialized in ultrathin and featherweight lenses. An

example of this is the new Rodenstock Progressive Life product, which is now one of the best-selling progressive lenses in Finland. Another breakthrough has also been launched: the Perfalit Colormatic New light-sensitive plastic lens combining the advantages of glasses and sunglasses.

We have established a position in Estonia as a major supplier of lenses for glasses and as the only company grinding plastic lenses.

Our Rodenstock sight testing apparatus and Weco edgers serve the entire optical business, including ophthalmologists, eye hospitals and opticians throughout the country.

Important brands in photo business

We have a long tradition as a major importer of cameras and other photographic supplies and as a partner for photography speciality dealers. We are distributor for the Japanese camera manufacturers Yashica, Contax and Panasonic. The Yashica and Panasonic lines have for years made us the market leaders for compact cameras in Finland.

Among our other important brands, we are also importer for the products of HAMA, the world's leading manufacturer of video and photo accessories, as well as Tamron lenses. In 1994 we opened up

collaboration with a French company KIS, manufacturer of minilaboratories. KIS has the most highly automated and affordable minilab on the market.

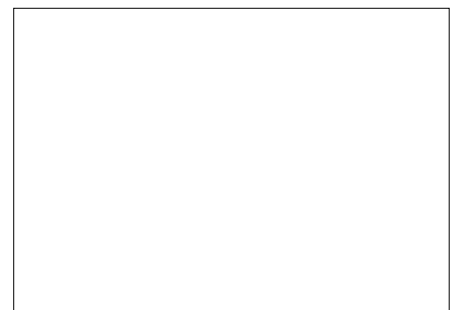
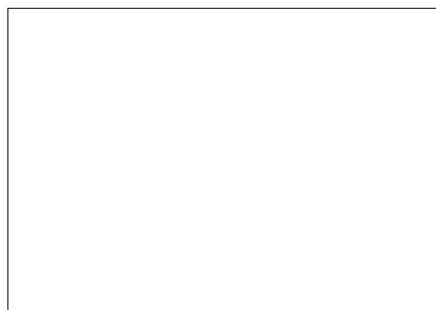
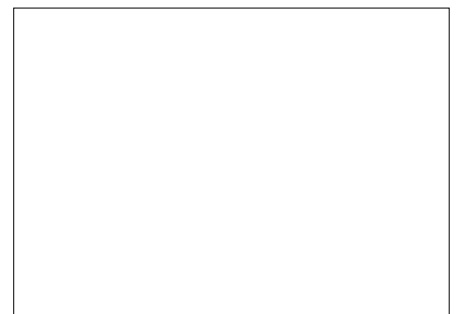
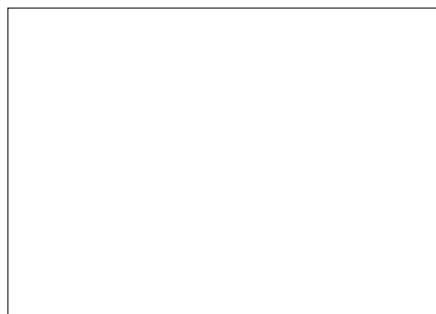
Premium equipment for ice-hockey

Our range of international branded goods includes ice-hockey skates and equipment for both top professionals and amateurs. The world's leading manufacturer is Canstar of Canada. We import and market the following Canstar products through our subsidiary, Virsu Oy: Bauer, Cooper, Mega, Micron, Daoust and Lange. A new product line is Bauer roller skates.

Leitok Oy - fashion in everyday clothes

Leitok Oy specializes in casual wear. Round the world we purchase and have made low-cost clothing which has the style, fabrics, colours and sizes that are right for the Finnish consumer.

We keep a close watch on international fashion and quickly adapt it to our casual wear. Operations are largely based on our own product design and outsourcing in the country that offers the best deals at any given time. Our own trademarks include Jasmine, Juan, Just, Capri and Qui.



R RODENSTOCK

LEIPURIEN TUKKU - QUALITY FOR FOOD INDUSTRY

Leipurien Tukku has served Finland's bakers for more than 75 years. During this time it has reached the leading position as a supplier for raw materials, machinery and equipment. Activities have been expanded also to other food industries and institutional kitchens.

LT-Tukku Oy - the baker's wholesaler expert

The product range of LT-Tukku includes all the ingredients and packaging supplies bakers need. The basic ingredients sold under the Leipurin (Baker's) trademark guarantee the customer high quality and unmatched service. We are the agents in Finland for the leading manufacturers in the field: Ireks GmbH, Sonneveld B.V., Frucaps, Norlander Food AB, Aromatic AB, Carma AG, and Martin Braun KG

LT-Tukku has a nationwide sales organization. The field sales network is supported by an efficient telesales operation. Fast and regular deliveries create the basis for successful cooperation between the baker and LT-Tukku. Along with quality products, we offer diverse and useful parallel services. The courses we organize have won wide acclaim, as has our recipe and product advisory service. Our own product presenters and those of our principals bring in the latest information on what's happening round the world. Leipurien Tukku has built up decades of cooperation with the leading European manufacturers of baking ingredients.

Supplier to the food-processing and meat industry

We have also entered the business of raw materials for the food processing and meat industry. We offer a broad range of various ingredients and additives and other raw materials for the food industry.

Kauko-Gourmet - imports tastes around the world

Kauko-Gourmet, which sells to restaurants and caterers, has a wide range of products including specialist meat products, frozen fruit and berries, and seasonal products that add variety to the Finnish restaurant culture. Kaukomarkkinat has imported Bulgarian wine, for example, for more

than 25 years. With the current liberalization of imports and distribution of alcoholic beverages, we are providing wines, beers and other alcoholic drinks to restaurants.

LT-Kone Oy - supplier of bakery machinery

LT-Kone Oy supplies the bakery and food-processing industry with machinery, equipment and production lines that are manufactured either by its own Group companies or else imported. Proprietary machinery and equipment is manufactured by Hydrovoima Oy in Turku and at the Saario factory in Hausjärvi. We are Finland's leading supplier of machinery and equipment to the bakery industry and we are a major supplier of equipment to other branches of the food-processing industry. Our product range includes all the machinery and equipment needed by small, medium-sized and industrial bakeries - from flour silos to wrapping and packing machines. We also offer baking supplies. Most of our principals are the world's leading manufacturers in their field: Hobart Corporation, Lillnord A/S, Rheon Automatic Machinery Co Ltd, Sancassiano S.p.A., Seewer AG, Sveba-Dahlen AB, Werner & Pfleiderer GmbH.

Customized manufacturing

Hydrovoima Oy designs and manufactures high-quality special machinery and production automation equipment for the bakery and preprocessed food industry. Design work and product development are carried out in close cooperation with customers. Hydrovoima's growth strategy is based on expanding its

market area and on exports in its own special areas of expertise. Exports account for 60 per cent of the company's sales.

The Saario factory designs and manufactures primarily machinery and equipment needed for the proving and cooling of bakery products. The company's exports go mainly to Russia, the Baltic states and Sweden.

Equipment for institutional kitchens

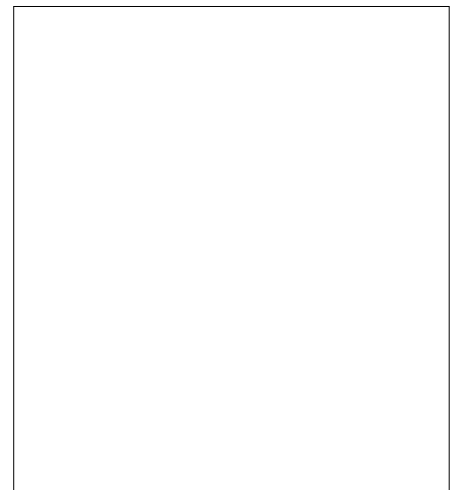
The delivery programme of LT-Kone Oy also includes pizza ovens and equipment for institutional kitchens. Operations are mainly centred on the products of the Hobart Corporation, the world's largest manufacturer of kitchen equipment. For restaurants and institutional kitchens, we offer preprocessing equipment, combination ovens, steam cookers, dishwashers and automatic dishwashing systems.

Smooth service

Our reputation as a dependable supplier is also based on our after-sales service. LT-Kone Oy's strengths are its expert installation, commissioning and servicing personnel as well as our fast spare parts deliveries. We keep more than 5.000 items of spare parts in stock and in conjunction with our principals we provide regular training for our service organization throughout the country.

Leipurien Tukku Eesti A/S

Our daughter company in Estonia sells baking industry machinery and equipment, raw materials, and institutional catering kitchens.



KAUKOMARKKINAT GROUP 1990 - 1994

FINANCIAL DEVELOPMENT	1990	1991	1992	1993	1994
Total sales, million FIM	3,324.0	2,202.6	1,769.3	2,545.3	3,022.0
Net sales, million FIM	2,023.4	1,501.7	1,233.5	1,745.6	1,921.7
Operating income, million FIM	51.0	46.9	32.6	48.8	25.5
%	2.5	3.1	2.6	2.8	1.3
Income after financing items, million FIM	14.7	26.2	19.2	32.0	15.8
%	0.7	1.7	1.6	1.8	0.8
Liquid assets, million FIM	161.4	70.3	106.6	78.4	43.5
Shareholders' equity, million FIM	243.0	265.8	277.8	296.1	303.4
Balance sheet total, million FIM	1,022.2	864.9	777.5	814.1	958.7
Personnel, average	841	750	637	725	731
Net sales per employee, million FIM	2.4	2.0	1.9	2.4	2.6
Investments, million FIM	30.3	29.5	16.3	19.6	17.5
Return on investment %	10.3	9.2	10.1	11.0	6.3
Return on equity %	3.1	10.3	6.9	10.9	5.0
Solvency ratio %	23.7	30.7	35.7	36.4	31.7

FORMULAE FOR CALCULATING THE FINANCIAL INDICATORS

Return on investment (%) = $\frac{\text{Income before extraordinary items} + \text{interest expence} + \text{other expenses of financing}}{\text{Balance sheet total} - \text{non-interest bearing liabilities (average for year)}} \times 100$

Return on equity (%) = $\frac{\text{Income before appropriations and taxes} - \text{direct taxes}}{\text{Shareholders' equity} + \text{minority interest (average for year)}} \times 100$

Solvency ratio (%) = $\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance sheet total}} \times 100$

Liquid assets = Monetary funds of the Corporation + short-term placements

Shareholders' equity = Shareholders' equity + reserves – deferred tax liability
Deferred tax liability for all years is calculated according to company tax basis for 1993.

Figures for fiscal years 1990 – 1992 has been changed in accordance with the existing bookkeeping laws.

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KAUKOMARKKINAT ANNUAL REPORT 1994

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Kaukomarkkinat Group's core fields of business were broad-based East-West trade, import and marketing of a variety of branded goods and trading of bakery products, including also manufacturing of machinery and equipment for the bakery industry.

Sales and net sales

The Group's total sales, including agency trade grew by 19 % reaching FIM 3 022 million (compared with FIM 2 545 million the previous year). Net sales were FIM 1 922 million (compared with FIM 1 746 million the previous year). Net sales were thus up by 10 %.

The best growth in net sales was achieved in Panasonic Division, which were up by 67 %. The growth was mainly generated by re-exports of Panasonic products to Russia, which was more than doubled compared to previous year. In domestic trade the most successful Panasonic units were Business Sales, but even sales of consumer goods turned for clear upward tendency. The net sales in Branded Goods Division grew by 7 % . Extraordinarily positive progress was achieved in trading of sporting goods. The growth in Leipurien Tukku Division was 16 %, mainly achieved by sales of raw materials and special bakery products. In East-West trade the decline of 31 % was primarily caused by the setback in oil products trade, in which the demand for the main product, Russian pygas, almost dried up during the second half of the year. These problems in oil products trade also affected transit operations, by reducing their volume compared to previous year, while the development in Russian trade, in general, satisfied expectations. Total sales of China trade nearly doubled compared to previous year. Among our foreign offices Metex Poland continued to be most successful in technical trade.

Of the total sales of the Group exports contributed 31%, or FIM 937 million, imports accounted for 37 %, or FIM 1 128 million, and international trade generated 32 %, or FIM 957 million.

Financial result

The Group's profit after financing items reached FIM 15.8 million. All business

groups generated profit and most of the business units surpassed their targets, with the exception of oil products trade with a heavily negative result. In addition, the extraordinary expenditure include FIM 6 million compensations in settlement of a contractual dispute (in 1990) of oil products trade .

Solvency

The Group's solvency ratio was 31.7 % on December 31,1994, compared with 36.4 % the previous year. The decline in solvency ratio was due to considerable increase in the volume of Panasonic exports.

Personnel

Kaukomarkkinat Oy employed an average of 393 persons (370 in previous year). The average number of the Group's personnel was 731 (725 in previous year).

Wages and salaries

The members of the Board of Directors and presidents received in salaries and expenses FIM 6.7 million from the Group (6.6 million in previous year) and FIM 1.3 million from the parent company (FIM 0.9 million in previous year).

Salaries and wages paid to other people employed by the Group totalled FIM 96.6 million (FIM 95.4 million in previous year). Kaukomarkkinat Oy paid FIM 56.7 million of the salaries and wages (FIM 53.0 million in previous year).

Capital expenditure

Kaukomarkkinat Oy's net capital expenditure totalled FIM 9.2 million.

Increase of share capital

The Extraordinary General Meeting of Kaukomarkkinat Oy on December 22, 1994 made a decision of rights issue of FIM 11.5 million, whereof FIM 10.3 million as an increase in reserve fund. The increased share capital of the parent company will be FIM 213 million.

Outlook for 1995

Net sales of the Group is expected to grow, based on the continuously improving domestic consumer demand. Furthermore, the prospects of

East-West trade look better than in the previous year. To minimize risks in oil products trade the transactions are carried through principally on back-to-back terms only. Budgeted earnings targets of the Group are set on a clearly higher level compared to the previous year.

Parent company

Kaukomarkkinat Oy's parent company is Sponsor Oy.

Subsidiaries and associated companies

The following new companies are incorporated in the Group:
Metex Slovensko Spol s.r.o.
Ulko kaupat Eesti AS
Leipurien Tukku Oy
Leipurien Tukku Eesti AS

The following Group companies were sold:
Finmetex S.A.
Kauko Handelsgesellschaft mbH

Metex Freeze Co. Ltd, associated company, was established by Metex Food Co. Ltd.

Company management

Supervisory Board

Matti Suutarinen, Chairman
Pekka Pystynen, Vice Chairman
Matti Lainema
Antti Lehtinen
Jorma Routti

President, CEO

Kari Ansio

Board's proposal for the distribution of profit

The parent company's non-restricted equity is FIM 127.4 million and the non-restricted equity shown in the consolidated balance sheet is FIM 79.6 million, of which FIM 25.1 million is distributable. We propose to the Annual General Meeting that no dividend be paid and that the loss for the accounting period, being FIM 0.3 million, be posted to the closing account.

Espoo, March 2, 1995

Matti Suutarinen

Pekka Pystynen

Matti Lainema

Antti Lehtinen

Jorma Routti

Kari Ansio

CONSOLIDATED INCOME STATEMENT

Year ended December 31	1994 In thousands of Finnish markkas	1993	1994 In thousands of US dollars	1993
NET SALES	1 921 721	1 745 644	405 153	301 780
Share of associated companies' results	-141	448	-30	77
Other operating income	1 507	1 605	318	277
Expenses:				
Materials, supplies and products:				
Purchases during accounting year	1 796 558	1 518 279	378 765	262 474
Increase-/decrease+ in inventories	-161 107	-72 981	-33 966	-12 617
Personnel costs	140 440	136 356	29 609	23 573
Rents	11 852	12 413	2 499	2 146
Other expenses	89 703	82 546	18 912	14 270
	1 877 445	1 676 612	395 818	289 846
OPERATING PROFIT BEFORE DEPRECIATION	45 642	71 086	9 623	12 289
Depreciation:				
On fixed assets and other long-term expenditure	17 836	20 414	3 760	3 529
On consolidated assets	2 334	1 871	492	323
	20 170	22 285	4 252	3 853
OPERATING PROFIT	25 472	48 800	5 370	8 436
Financing income and expenses:				
Dividend income	65	152	14	26
Interest income	8 714	7 685	1 837	1 329
Other income from financing	381	1 892	80	327
Exchange rate gains and losses	-1 663	-2 917	-351	-504
Interest expenses	-15 783	-20 697	-3 328	-3 578
Other expenses of financing	-1 427	-2 961	-301	-512
	-9 713	-16 845	-2 048	-2 912
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXES	15 759	31 955	3 322	5 524
Extraordinary items:				
Group contribution	-17 000	-9 000	-3 584	-1 556
Other extraordinary expenditure	-6 060	-2 464	-1 278	-426
	-23 060	-11 464	-4 862	-1 982
PROFIT/LOSS BEFORE TAXES	-7 302	20 491	-1 539	3 542
Direct taxes:				
Accounting period	-786	-708	-166	-122
Previous years	10	179	2	31
Change in deferred taxes	1 748	-300	369	-52
	972	-829	205	-143
PROFIT/LOSS BEFORE MINORITY INTEREST	-6 329	19 662	-1 334	3 399
Minority interest	-29	-68	-6	-12
CONSOLIDATED PROFIT/LOSS FOR THE ACCOUNTING YEAR	-6 358	19 595	-1 340	3 387

Conversions into United States dollars have been made at the middle exchange rate quoted by the Bank of Finland on December 31, 1994 and 1993, which were FIM 4.7432 and FIM 5.7845 per dollar, respectively.

CONSOLIDATED BALANCE SHEET

As of December 31,	1994 In thousands of Finnish markkas	1993	1994 In thousands of US dollars	1993
ASSETS				
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS				
Intangible assets				
Intangible rights	168	114	35	20
Consolidated assets	3 829	6 163	807	1 065
Other long-term expenses	3 805	5 344	802	924
Advance payments and construction in progress	975	-	206	-
	8 777	11 621	1 850	2 009
Tangible assets				
Land and water areas	28 394	28 394	5 986	4 909
Buildings and constructions	164 366	169 931	34 653	29 377
Machinery and equipment	23 824	20 549	5 023	3 552
Other tangible assets	1 685	1 905	355	329
Advance payments and construction in progress	54	62	11	11
	218 324	220 842	46 029	38 178
Securities included in fixed assets and other long-term investments				
Associated company shares and holdings	3 944	4 062	831	702
Other shares and holdings	2 098	2 606	442	451
	6 041	6 668	1 274	1 153
VALUATION ITEMS	16 790	16 790	3 540	2 903
CURRENT ASSETS				
Inventories				
Materials and supplies	866	599	183	103
Work in progress	1 247	1 859	263	321
Finished products/goods	467 636	311 402	98 591	53 834
Advance payments on inventories	4 138	2 008	872	347
	473 888	315 868	99 909	54 606
Receivables				
Accounts receivable	161 937	149 217	34 141	25 796
Loans receivable	3 962	3 730	835	645
Share issue receivables	11 514	-	2 427	-
Accrued receivables	13 939	10 952	2 939	1 893
	191 351	163 899	40 342	28 334
Marketable securities included in current assets				
Bonds and shares	-	4 102	-	709
Other securities	76	60	16	10
	76	4 162	16	719
Cash and bank receivables	43 432	74 214	9 157	12 830
	958 680	814 064	202 117	140 732

CONSOLIDATED BALANCE SHEET

As of December 31,	1994	1993	1994	1993
	In thousands of Finnish markkas		In thousands of US dollars	
LIABILITIES AND SHAREHOLDERS' EQUITY				
SHAREHOLDERS' EQUITY				
Restricted				
Share capital	211 788	211 788	44 651	36 613
Share issue	11 514	-	2 427	-
Other restricted equity	467	561	98	97
	223 769	212 349	47 177	36 710
Non-restricted				
Retained earnings	85 949	64 163	18 121	11 092
Profit/loss for the accounting year	-6 358	19 595	-1 340	3 387
	79 591	83 758	16 780	14 480
MINORITY INTEREST	171	179	36	31
LIABILITIES				
Long-term				
Loans from financial institutions	-	22 569	-	3 902
Pension loans	73 912	78 321	15 583	13 540
Pension fund commitment deficit	31 457	28 797	6 632	4 978
Deferred tax liability	18 348	20 186	3 868	3 490
	123 717	149 873	26 083	25 909
Current liabilities				
Loans from financial institutions	130 690	76 718	27 553	13 263
Pension loans	4 791	5 077	1 010	878
Advances received	8 372	12 240	1 765	2 116
Accounts payable	327 793	180 139	69 108	31 142
Notes payable	3 780	3 726	797	644
Accrued liabilities	38 271	34 730	8 069	6 004
Other current liabilities	17 734	55 276	3 739	9 556
	531 432	367 905	112 041	63 602
	958 680	814 064	202 117	140 732

SOURCE AND APPLICATION OF FUNDS, GROUP

Year ended December 31	1994 In thousands of Finnish markkas	1993	1994 In thousands of US dollars	1993
Business activities				
Funds from operations				
Operating profit before depreciations	41 838	67 240	8 821	11 624
Financial items net	-9 713	-18 435	-2 048	-3 187
Extraordinary items net	-6 060	-2 282	-1 278	-395
Group contribution	-17 000	-9 000	-3 584	-1 556
Direct taxes	-776	-529	-164	-91
	8 289	36 994	1 748	6 395
Change in working capital				
Increase (-), decrease (+) in inventories	-158 020	-100 936	-33 315	-17 449
Increase (-), decrease (+) in short-term trade receivables	-15 939	31 659	-3 360	5 473
Increase (+), decrease (-) in interest-free short-term liabilities	155 237	-6 245	32 728	-1 080
	-18 722	-75 522	-3 947	-13 056
Cash flow from business activities	-10 433	-38 528	-2 200	-6 661
Investments				
Investments in fixed assets	-17 547	-19 645	-3 699	-3 396
Sales of fixed assets	3 948	4 175	832	722
	-13 599	-15 470	-2 867	-2 674
Cash flow before capital financing	-24 032	-53 998	-5 067	-9 335
Capital financing				
Increase (+) in long-term loans	550	11 234	116	1 942
Decrease (-) in long-term loans	-10 701	-13 472	-2 256	-2 329
Increase (+), decrease (-) in short-term loans	-8 628	28 283	-1 819	4 889
Other financing items	-	65	-	11
	-18 779	26 110	-3 959	4 514
Change in liquid funds	-42 811	-27 888	-9 026	-4 821
Conversion differences	7 944	-1 991	1 675	-344
Increase (+), decrease (-) in liquid funds according to consolidated balance sheet	-34 867	-29 879	-7 351	-5 165

PARENT COMPANY INCOME STATEMENT

Year ended December 31	1994 In thousands of Finnish markkas	1993	1994 In thousands of US dollars	1993
NET SALES	1 343 595	1 156 535	283 268	199 937
Other operating income	1 228	978	259	169
Expenses:				
Products:				
Purchases during accounting year	1 321 768	1 073 181	278 666	185 527
Increase-/decrease+ in inventories	-136 423	-72 033	-28 762	-12 453
Personnel costs	79 040	77 780	16 664	13 446
Rents	19 373	21 502	4 084	3 717
Other expenses	36 625	34 814	7 721	6 019
	1 320 382	1 135 244	278 374	196 256
OPERATING PROFIT BEFORE DEPRECIATION	24 441	22 269	5 153	3 850
Depreciation:				
On fixed assets and other long-term expenditure	10 848	12 219	2 287	2 112
OPERATING PROFIT	13 592	10 050	2 866	1 737
Financing income and expenses:				
Dividend income	43	219	9	38
Interest income	21 344	24 199	4 500	4 183
Other income from financing	380	1 887	80	326
Exchange rate gains and losses	-999	-2 249	-211	-389
Interest expenses	-14 145	-18 574	-2 982	-3 211
Other expenses of financing	-1 044	-2 430	-220	-420
	5 580	3 051	1 176	527
PROFIT BEFORE EXTRAORDINARY ITEMS, RESERVES AND TAXES	19 172	13 102	4 042	2 265
Extraordinary items:				
Extraordinary income	15 300	1 000	3 226	173
Extraordinary expenditure	-34 516	-14 217	-7 277	-2 458
	-19 216	-13 217	-4 051	-2 285
LOSS BEFORE RESERVES AND TAXES	-44	-115	-9	-20
Depreciation difference	-548	1 348	-116	233
Increase-/decrease+ in reserves	300	-	63	-
Direct taxes:				
Accounting period	-121	-54	-26	-9
Previous years	129	311	27	54
	7	257	2	44
PROFIT/LOSS FOR THE ACCOUNTING YEAR	-285	1 489	-60	257

PARENT COMPANY BALANCE SHEET

As of December 31,	1994 In thousands of Finnish markkas	1993	1994 In thousands of US dollars	1993
ASSETS				
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS				
Intangible assets				
Other long-term expenses	2 818	3 946	594	682
Advance payments and construction in progress	975	-	206	-
	3 794	3 946	800	682
Tangible assets				
Land and water areas	7 453	7 453	1 571	1 288
Buildings and constructions	20 693	24 359	4 363	4 211
Machinery and equipment	15 149	10 985	3 194	1 899
Other tangible assets	1 410	1 596	297	276
Advance payments and construction in progress	54	62	11	11
	44 759	44 454	9 436	7 685
Securities included in fixed assets				
Shares and holdings	5 059	5 572	1 067	963
Shares and holdings in subsidiaries	85 852	86 419	18 100	14 940
	90 911	91 991	19 167	15 903
CURRENT ASSETS				
Inventories				
Products	348 029	211 606	73 374	36 582
Receivables				
Accounts receivable	81 575	66 778	17 198	11 544
Receivables from Group companies	105 411	105 837	22 224	18 297
Loans receivable	1 378	1 824	290	315
Loan receivables from Group companies	149 581	158 120	31 536	27 335
Share issue receivables	11 514	-	2 427	-
Accrued receivables	2 406	5 831	507	1 008
	351 864	338 390	74 183	58 499
Marketable securities included in current assets				
Bonds and shares	-	4 102	-	709
Other securities	21	-	5	-
	21	4 102	5	709
Cash and bank receivables	25 845	52 525	5 449	9 080
	865 224	747 014	182 413	129 141

PARENT COMPANY BALANCE SHEET

As of December 31,	1994 In thousands of Finnish markkas	1993	1994 In thousands of US dollars	1993
LIABILITIES AND SHAREHOLDERS' EQUITY				
SHAREHOLDERS' EQUITY				
Restricted				
Share capital	211 788	211 788	44 651	36 613
Share issue	11 514	-	2 427	-
	223 302	211 788	47 078	36 613
Non-restricted				
Retained earnings	127 720	126 230	26 927	21 822
Profit/loss for the accounting year	-285	1 489	-60	257
	127 435	127 720	26 867	22 080
RESERVES				
Depreciation difference	12 270	11 721	2 587	2 026
Untaxed reserves				
Transition reserve	24 000	24 300	5 060	4 201
LIABILITIES				
Long-term				
Loans from financial institutions	-	20 200	-	3 492
Pension loans	45 259	49 892	9 542	8 625
	45 259	70 092	9 542	12 117
Current liabilities				
Loans from financial institutions	61 897	7 599	13 050	1 314
Pension loans	3 234	3 478	682	601
Accounts payable	273 512	133 815	57 664	23 133
Payables to Group companies	65 904	31 474	13 894	5 441
Accrued liabilities	28 411	18 013	5 990	3 114
Other current liabilities	-	107 013	-	18 500
	432 958	301 393	91 280	52 103
	865 224	747 014	182 413	129 141

SOURCE AND APPLICATION OF FUNDS, PARENT COMPANY

Year ended December 31,	1994 In thousands of Finnish markkas	1993	1994 In thousands of US dollars	1993
Business activities				
Funds from operations				
Operating profit before depreciation	23 212	21 291	4 894	3 681
Financial items net	5 580	1 411	1 176	244
Extraordinary items net	-5 228	-674	-1 102	-117
Group contributions	-1 700	-10 400	-358	-1 798
Direct taxes	7	257	1	44
	21 871	11 885	4 611	2 055
Change in working capital				
Increase (-), decrease (+) in inventories	-136 423	-72 033	-28 762	-12 453
Increase (-), decrease (+) in short-term trade receivables	-24 522	49 168	-5 170	8 500
Increase (+), decrease (-) in interest-free short-term liabilities	184 524	-9 072	38 903	-1 568
	23 579	-31 937	4 971	-5 521
Cash flow from business activities	45 450	-20 052	9 582	-3 467
Investments				
Investments in fixed assets	-12 451	-36 032	-2 625	-6 229
Sales of fixed assets	3 226	2 651	680	458
	-9 225	-33 381	-1 945	-5 771
Cash flow before capital financing	36 225	-53 433	7 637	-9 237
Capital financing				
Increase (-), decrease (+) in long-term receivables	10 807	8 679	2 278	1 500
Increase (+) in long-term loans	131	3 056	28	528
Decrease (-) in long-term loans	-8 095	-11 102	-1 707	-1 919
Increase (+), decrease (-) in short-term loans	-69 828	28 095	-14 722	4 857
	-66 985	28 728	-14 122	4 966
Change in liquid funds	-30 760	-24 705	-6 485	-4 271
Increase (+), decrease (-) in liquid funds according to balance sheet	-30 760	-24 705	-6 485	-4 271

NOTES TO THE FINANCIAL STATEMENTS, GROUP

31.12.1994

	Group holding %	Group voting rights %	Parent comp. holding %	No. of shares owned by parent company	Nominal value (1000)		Book value (1000 FIM)
GROUP COMPANIES							
Owned by the parent company							
Barker-Littoinen Oy	100	100	100	1,100	11 000	FIM	11 000
Oy SF Komfort Finland	100	100	100	500	100	FIM	1
Gerit Oy	100	100	100	22,000	2 200	FIM	2 200
Hydrovoima Oy	100	100	100	400,000	4 000	FIM	3 618
Inter Ocean Trading AG	100	100	100	200	200	CHF	1
Kauko Española S.A.	100	100	100	10,000	10 000	ESP	1
Kauko International Holding B.V.	100	100	100	1,100	1 100	NLG	1 693
Kaukoma AG	100	100	100	100	100	CHF	382
Kauko Norge A.S.	100	100	100	500	500	NOK	378
Kauko-Optiikka Oy	100	100	100	100	10	FIM	10
Kauko Time AB	100	100	100	10,000	1 000	SEK	886
Kauko Trading Aps	100	100	100	80	80	DKK	50
Leitok Oy	100	100	100	200,000	10 000	FIM	9 145
LT-Kone Oy	100	100	100	5,000	5 000	FIM	3 820
LT-Tukku Oy	100	100	100	10,000	10 000	FIM	12 883
Leipurien Tukku Oy	100	100	100	500	50	FIM	50
Metex Osuuskunta	100	100	97.6	80	320	FIM	15 973
Omag Products AG	100	100	100	200	200	CHF	1
Ulkokaupat Oy	100	100	100	50,000	5 000	FIM	7 656
Virsu Oy	100	100	100	4,500	4 500	FIM	16 104
							<u>85 852</u>
Other Group companies							
Femex Oy	100	100			4 000	FIM	3 834
Oy Finn-Türk Ab	100	100			308	FIM	306
Focus Eesti A/S	80	80			680	EEK	286
Oy Focus Estonia Ltd	100	100			350	FIM	345
Kauko-Silhu Oy	100	100			8 296	FIM	11 158
Leipurien Tukku Eesti AS	100	100			100	EEK	40
Metex Chile Commercial Ltda	100	100			9	USD	1
Metex Deutschland GmbH	100	100			100	DEM	299
Metex Food Co. Ltd	100	100			150 000	PLZ	320
Metex-Huber Co. Ltd	74.9	74.9			721 287	PLZ	196
Metex Hungária Kereskedelmi Kft	100	100			1 000	HUF	58
Metex Poland Ltd	100	100			747 759	PLZ	256
Metex Slovensko spol, s.r.o.	100	100			100	SOK	17
Metex South Africa (Pty) Ltd	100	100			0	ZAR	0
Metex, spol, s.r.o.-CSFR	100	100			1 000	CSK	139
Oy Metex Trading Ltd	100	100			50	FIM	48
Ulkokaupat Eesti AS	100	100			40	EEK	16
Associated companies							
Tissu Canarias S.A.	36.4	36.4	36.4	22,568	11 284	ESP	493
Vantaan Sahakari Oy	20	20	20	1,000	1 000	FIM	3 200
Metex Freeze Co. Ltd	40	40			600 000	PLZ	117
OTHER SHARES AND HOLDINGS							
Owned by the parent company							
As. Oy Iso-Roobertinkatu 41			2.3	95	1	FIM	326
As. Oy Töölönhovi			2.9	50	39	FIM	147
Lindeks A.O.			4.9	36	24	LAT	108
Golfsarfvik Oy			0.3	2	50	FIM	147
Helsingin Puhelinyhdistys				91			185
Tennistapiola Oy			0.6	77	39	FIM	111
Others							<u>342</u>
							1 366
Other shares and holdings owned by subsidiaries							
							<u>732</u>
							2 098

Consolidated financial statements

The consolidated financial statements include the parent company Kaukomarkkinat Oy and the companies in which the parent company holds, either directly or indirectly more than 50% of their total voting rights.

The intercompany shareholding has been eliminated by the acquisition cost method. The difference between the subsidiaries' acquisition cost and balance sheet value has been allocated partly to the subsidiaries' fixed assets and partly shown as intangible assets and depreciated according to the plan in the consolidated balance sheet. In the acquisition costs of new subsidiaries in 1993 shareholders' equity include the untaxed reserves and accumulated depreciation difference deducted with the deferred tax liability.

The intercompany transactions, margins of mutual deliveries, intercompany receivables and payables and the internal profit distribution have been eliminated.

The minority interest has been separated from the consolidated shareholders' equity and net income and shown as a separate item. The minority interest of subsidiary's accrued losses has not been separated.

The financial statements of foreign subsidiaries have been converted into Finnish markkas according to the official Bank of Finland middle exchange rates valid on Dec. 31. The conversion difference of shareholders' equity has been entered in the consolidated non-restricted equity.

The associated companies have been consolidated according to the equity method. The relative proportion of the profits of accounting year have been presented in operating income and from previous years in 1993 in extraordinary expenditure.

The untaxed reserves have been divided into shareholders' equity and deferred tax liability. The transferred share of untaxed reserves in shareholders' equity is included in retained earnings and profit and the deferred tax liability is shown as a separate item. The change in deferred tax liability connected to increase/decrease in reserves is shown in the consolidated income statement.

Net Sales

The consolidated net sales in 1994, total 1,921.7 million FIM, originated from:

International trade	43%
Import	46%
Export	11%

	1994	1993	1994	1993
	In thousands of Finnish markkas		In thousands of US dollars	
Personnel costs				
Wages	103 422	102 927	21 804	17 794
Fringe benefits	6 637	6 627	1 399	1 146
Pension costs	20 633	17 638	4 350	3 049
Indirect employee costs	16 386	15 795	3 455	2 731
	147 078	142 986	31 008	24 719

In addition to the pensions paid the pension costs include also pension insurances, contribution payments to the pension funds as well as changes in the commitment deficit.

NOTES TO THE FINANCIAL STATEMENTS, GROUP

	1994	1993	1994	1993
	In thousands of Finnish markkas		In thousands of US dollars	
Depreciation				
Planned depreciation on fixed assets has been calculated according to expected useful lifetime as a straight-line depreciation on the original acquisition cost.				
Schedule for the depreciation:				
Buildings and constructions:				
Fixed equipment in buildings		10 years		
Containers and constructions		15 years		
Buildings		20-40 years		
Machinery and equipment:				
Vehicles		5 years		
Manufacturing devices		5-10 years		
Other machinery and equipment		3-7 years		
Other tangible assets and long-term expenses				
Patents		4-20 years		
Consolidation difference		10 years		
Consolidation difference		1-10 years		
Planned depreciation:				
Buildings and constructions	6 723	6 402	1 417	1 107
Machinery and equipment	8 858	11 463	1 868	1 982
Other tangible assets	238	236	50	41
Other long-term expenses	1 989	2 293	419	396
Intangible rights	28	20	6	3
	17 836	20 414	3 760	3 529
Consolidation difference (assets)	2 334	2 334	492	403
Income recognition of consolidation difference (liability)	-	-463	-	-80
	2 334	1 871	492	323
Accumulated depreciation difference:				
Buildings and constructions	-1 413	-256	-298	-44
Machinery and equipment	2 185	-2 064	461	-357
	772	-2 320	163	-401
Intercompany financial income and expenses				
Interest income	-	109	-	19
Interest expenses	-	745	-	129
Extraordinary expenditure				
Extraordinary expenditure include in 1994 FIM 6.1 million compensations in settlement of a contractual dispute (in 1990) of oil products trade.				

NOTES TO THE FINANCIAL STATEMENTS, GROUP

	1994 In thousands of Finnish markkas	1993	1994 In thousands of US dollars	1993
Intangible assets				
Intangible rights				
Acquisition value 1.1.	222	163	47	28
Increase in the period	82	59	17	10
Acquisition value 31.12.	304	222	64	38
Accumulated planned depreciation 1.1.	-108	-89	-23	-15
Planned depreciation in the period	-28	-20	-6	-3
Book value 31.12.	168	114	35	20
Consolidation difference (assets)				
Acquisition value 1.1.	23 102	23 102	4 871	3 994
Acquisition value 31.12.	23 102	23 102	4 871	3 994
Accumulated planned depreciation 1.1.	-16 938	-14 451	-3 571	-2 498
Planned depreciation in the period	-2 334	-2 334	-492	-403
Additional depreciation	-	-153	-	-26
Book value 31.12.	3 829	6 163	807	1 065
Consolidation difference (liability)				
Acquisition value 1.1.	463	-	98	-
Increase in the period	-	463	-	80
Acquisition value 31.12.	463	463	98	80
Accumulated income recognitions 1.1.	-463	-	-98	-
Income recognition in the period	-	-463	-	-80
Book value 31.12.	-	-	-	-
Other long-term expenses				
Acquisition value 1.1.	15 066	13 036	3 176	2 254
Increase in the period	462	2 268	97	392
Decrease in the period	-	-238	-	-41
Conversion difference	-12	-	-3	-
Acquisition value 31.12.	15 516	15 066	3 271	2 605
Accumulated planned depreciation 1.1.	-9 722	-7 617	-2 050	-1 317
Accumulated planned depreciation of the decrease	-	188	-	33
Planned depreciation in the period	-1 989	-2 293	-419	-396
Book value 31.12.	3 805	5 344	802	924
Tangible assets				
Land and water areas				
Acquisition value 1.1.	28 394	28 394	5 986	4 909
Book value 31.12.	28 394	28 394	5 986	4 909
Revaluations included in acquisition value 1.1.	2 000	2 000	422	346
Revaluations included in acquisition value 31.12.	2 000	2 000	422	346
Buildings and constructions				
Acquisition value 1.1.	234 787	229 522	49 500	39 679
Increase in the period	1 160	5 265	245	910
Decrease in the period	-2	-	-	-
Acquisition value 31.12.	235 945	234 787	49 744	40 589
Accumulated planned depreciation 1.1.	-64 856	-58 453	-13 673	-10 105
Planned depreciation in the period	-6 723	-6 402	-1 417	-1 107
Book value 31.12.	164 366	169 931	34 653	29 377
Revaluations included in acquisition value 1.1.	86 100	86 100	18 152	14 885
Revaluations included in acquisition value 31.12.	86 100	86 100	18 152	14 885
Accumulated depreciation difference 1.1.	45 255	45 511	9 541	7 868
Change in depreciation difference	-1 413	-256	-298	-44
Accumulated depreciation difference 31.12.	43 841	45 255	9 243	7 823

NOTES TO THE FINANCIAL STATEMENTS, GROUP

	1994 In thousands of Finnish markkas	1993	1994 In thousands of US dollars	1993
Machinery and equipment				
Acquisition value 1.1.	96 019	93 810	20 244	16 217
Increase in the period	14 736	7 420	3 107	1 283
Decrease in the period	-6 775	-5 230	-1 428	-904
Conversion difference	-839	20	-177	3
Acquisition value 31.12.	103 141	96 019	21 745	16 599
Accumulated planned depreciation 1.1.	-75 470	-67 232	-15 911	-11 623
Accumulated planned depreciation of the decrease	4 667	3 221	984	557
Conversion difference	344	5	73	1
Planned depreciation in the period	-8 858	-11 463	-1 868	-1 982
Book value 31.12.	23 824	20 549	5 023	3 552
Accumulated depreciation difference 1.1.	-593	1 471	-125	254
Change in depreciation difference	2 185	-2 064	461	-357
Accumulated depreciation difference 31.12.	1 592	-593	336	-103
Other tangible assets				
Acquisition value 1.1.	4 267	4 274	900	739
Increase in the period	19	-	4	-
Decrease in the period	-	-7	-	-1
Acquisition value 31.12.	4 286	4 267	904	738
Accumulated planned depreciation 1.1.	-2 362	-2 126	-498	-368
Planned depreciation in the period	-238	-236	-50	-41
Book value 31.12.	1 685	1 905	355	329
Taxable values of real estate and shares included in fixed assets				
Land and water areas	17 386	17 286	3 665	2 988
Buildings and constructions	97 963	100 130	20 653	17 310
Other shares and holdings	4 066	4 680	857	809
Valuation items				
Liability of the pension funds 31.12.1988, thereafter the changes in the commitment deficit have been entered in the consolidated income statements.	16 790	16 790	3 540	2 903
Inventories				
Acquisition and production costs are included in inventory value. Inventories are valued in acquisition value or lower replacement price or probable selling price. Inventories in foreign subsidiaries are valued according to the accounting standards of the country concerned.				
Receivables from Group companies and associated companies				
Trade receivables from Group companies	536	1 358	113	235
Trade receivables from associated companies	3 182	2 021	671	349
Loan receivables from associated companies	2 483	728	523	126
Advance payments to associated companies	293	-	62	-
Receivables falling due after one year				
Accounts receivable	739	645	156	112
Loans receivable	878	200	185	35
Loans to Directors and Presidents				
Loans granted to the Presidents	89	132	19	23

NOTES TO THE FINANCIAL STATEMENTS, GROUP

	1994	1993	1994	1993
	In thousands of Finnish markkas		In thousands of US dollars	
Changes in the restricted shareholders' equity				
Share capital	211 788	211 788	44 651	36 613
Share issue	11 514	-	2 427	-
Other restricted shareholders' equity 1.1.	561	567	118	98
Transferred from the retained earnings	-	9	-	2
Conversion difference	-94	-15	-20	-3
Other restricted shareholders' equity 31.12.	467	561	98	97
Non-restricted shareholders' equity 1.1.	83 758	65 468	17 659	11 318
Transferred to other restricted shareholders' equity	-	-9	-	-2
Conversion difference	2 191	-1 297	462	-224
Profit/loss for the accounting year	-6 358	19 595	-1 340	3 388
Non-restricted shareholders' equity 31.12.	79 591	83 758	16 780	14 480
Distributable funds from non-restricted shareholders' equity	25 108	23 225	5 293	4 015
Own shares in the possession of the Group companies				
Kaukomarkkinat Oy's shares repurchased				
64.680 pcs, nominal value	6 468	6 468	1 364	1 118
Shares out 2.053.200 pcs, nominal value	205 320	205 320	43 287	35 495
Depreciation difference and untaxed reserves				
Accumulated depreciation difference	44 507	43 735	9 383	7 561
Untaxed reserves	27 670	36 602	5 834	6 328
	72 177	80 337	15 217	13 888
Divided into				
Deferred tax liability	18 044	19 882	3 804	3 437
Non-restricted shareholders' equity	54 133	60 455	11 413	10 451
Long-term loans				
Loans falling due after five years				
Pension loans	54 975	63 569	11 590	10 990
Payables to Group companies				
Trade payables to Group companies	208	4	44	1
Trade payables to associated companies	2	-	-	-
Other current liabilities	17 000	9 000	3 584	1 556
Pension liabilities				
Additional pensions:				
Total liability of the Group	12 163	12 897	2 564	2 230
Total liability of Pension Fund	42 926	42 062	9 050	7 272
Commitment deficit	31 457	28 797	6 632	4 978
Pledges, mortgages and guarantees				
Pledges for group liabilities	55	55	12	10
Mortgages for group liabilities:				
Equitable mortgages	4 208	9 656	887	1 669
Other mortgages	136 468	139 368	28 771	24 093
Mortgages for associated companies	1 924	-	406	-
Guarantees for others	563	101	119	17
Other liabilities	12 003	1 737	2 531	300
Leasing liabilities				
Payments due next year	563	707	119	122
Total payments due thereafter	260	637	55	110

Receivables and liabilities in foreign currencies

have been converted into Finnish markkas at the official middle exchange rate quoted by the Bank of Finland on December 31st. Receivables and liabilities covered by forward contracts have been valued at forward rates.

At the end of the financial year, the Group also holds a book of open foreign exchange forward contracts, the purpose of which is to hedge cash inflows and outflows of the new financial year. The financial result of these forward contracts is accounted for simultaneously with the entry of the underlying hedged transaction (hedge accounting).

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY

	1994	1993	1994	1993
	In thousands of Finnish markkas		In thousands of US dollars	

Net Sales

Net Sales in 1994, total 1,343.6 million FIM, originated from:

International Trade	52.3 %
Import	34.3 %
Export	13.4 %

Personnel costs

Wages	58 666	56 136	12 368	9 705
Fringe benefits	3 965	3 927	836	679
Pension costs	11 672	13 636	2 461	2 357
Indirect employee costs	8 703	8 012	1 835	1 385
	83 006	81 711	17 500	14 126

In addition to pensions paid the pension costs include also pension insurances and contribution payment to the pension fund in 1993 FIM 3.0 million.

Depreciation

Planned depreciation on fixed assets has been calculated according to expected useful lifetime as a straight-line depreciation on the original acquisition cost.

Schedule for the depreciation:

Buildings and constructions:	
Fixed equipment in buildings	10 years
Containers and constructions	15 years
Buildings	25-40 years

Machinery and equipment:

Vehicles	5 years
Other machinery and equipment	3-4 years

Other tangible assets and long-term expenses:

5-20 years

Planned depreciation:

Buildings and constructions	4 147	3 838	874	663
Machinery and equipment	4 928	6 410	1 039	1 108
Other tangible assets	186	186	39	32
Other long-term expenses	1 588	1 785	335	309
	10 848	12 219	2 287	2 112

Accumulated depreciation difference :

Buildings and constructions	-1 372	-245	-289	-42
Machinery and equipment	1 921	-1 102	405	-191
	548	-1 348	116	-233

Intercompany financial income and expenses

Interest income from long-term loans	8 099	11 398	1 708	1 970
Interest income from short-term loans	7 175	7 718	1 513	1 334
Other financial income	5	18	1	3
Interest expenses	4 617	2 206	973	381

Extraordinary income

Extraordinary income include consolidated contributions in 1994 FIM 15.3 million.

Extraordinary expenditure

Extraordinary expenditure include value adjustments in subsidiary shares and receivables as well as quarantine losses for subsidiaries totalling FIM 17.5 million and consolidated contributions FIM 17.0 million in 1994.

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY

	1994 In thousands of Finnish markkas	1993	1994 In thousands of US dollars	1993
Intangible assets				
Other long-term expenses				
Acquisition value 1.1.	12 380	10 907	2 610	1 886
Increase in the period	460	1 711	97	296
Decrease in the period	—	-238	—	-41
Acquisition value 31.12.	12 840	12 380	2 707	2 140
Accumulated planned depreciation 1.1.	-8 434	-6 837	-1 778	-1 182
Accumulated planned depreciation of the decrease	—	188	—	33
Planned depreciation in the period	-1 588	-1 785	-335	-309
Book value 31.12.	2 818	3 946	594	682
Tangible assets				
Land and water areas				
Acquisition value 1.1.	7 453	7 453	1 571	1 288
Acquisition value 31.12.	7 453	7 453	1 571	1 288
Buildings and constructions				
Acquisition value 1.1.	59 908	55 683	12 630	9 626
Increase in the period	481	4 225	101	730
Acquisition value 31.12.	60 388	59 908	12 732	10 357
Accumulated planned depreciation 1.1.	-35 549	-31 711	-7 495	-5 482
Planned depreciation in the period	-4 147	-3 838	-874	-663
Book value 31.12.	20 693	24 359	4 363	4 211
Accumulated depreciation difference 1.1.	12 608	12 853	2 658	2 222
Change in depreciation difference	-1 372	-245	-289	-42
Accumulated depreciation difference 31.12.	11 235	12 608	2 369	2 180
Machinery and equipment				
Acquisition value 1.1.	61 014	60 924	12 863	10 532
Increase in the period	10 352	3 192	2 182	552
Decrease in the period	-4 264	-3 102	-899	-536
Acquisition value 31.12.	67 102	61 014	14 147	10 548
Accumulated planned depreciation 1.1.	-50 029	-45 390	-10 547	-7 847
Accumulated depreciation of the decrease	3 005	1 772	633	306
Planned depreciation in the period	-4 928	-6 410	-1 039	-1 108
Book value 31.12.	15 149	10 985	3 194	1 899
Accumulated depreciation difference 1.1.	-886	216	-187	37
Change in depreciation difference	1 921	-1 102	405	-191
Accumulated depreciation difference 31.12.	1 034	-886	218	-153
Other tangible assets				
Acquisition value 1.1.	3 736	3 743	788	647
Decrease in the period	—	-7	—	-1
Acquisition value 31.12.	3 736	3 736	788	646
Accumulated planned depreciation 1.1.	-2 140	-1 954	-451	-338
Planned depreciation in the period	-186	-186	-39	-32
Book value 31.12.	1 410	1 596	297	276
Taxable values of real estate and shares included in fixed assets				
Land and water areas	1 382	1 382	291	239
Buildings and constructions	9 479	10 113	1 998	1 748
Shares in subsidiaries	52 564	49 381	11 082	8 537
Other shares and holdings	2 937	3 492	619	604

NOTES TO THE FINANCIAL STATEMENTS, PARENT COMPANY

	1994 In thousands of Finnish markkas	1993	1994 In thousands of US dollars	1993
Receivables due after one year				
Trade receivables	300	–	63	–
Loan receivables from Group companies	132 846	143 953	28 008	24 886
Receivables from associated companies				
Trade receivables	3 182	2 021	671	349
Loans receivable	728	728	153	126
Changes in the restricted shareholders' equity				
Share capital	211 788	211 788	44 651	36 613
Share issue	11 514	–	2 427	–
	223 302	211 788	47 078	36 613
Own shares in the possession of the company				
Shares possessed 64.680 pcs, nominal value	6 468	6 468	1 364	1 118
Shares out 2.053.200 pcs, nominal value	205 320	205 320	43 287	35 495
Changes in the non-restricted shareholders' equity				
Retained earnings 1.1.	127 720	126 230	26 927	21 822
Profit/loss for the accounting year	-285	1 489	-60	257
	127 435	127 720	26 867	22 080
Long-term loans				
Loans falling due after five years				
Pension loans	32 425	38 252	6 836	6 613
Pension liabilities				
Additional pensions:				
Total liability of the company	12 163	12 897	2 564	2 230
Total liability of Pension Fund	24 459	23 920	5 157	4 135
Commitment deficit	22 047	20 228	4 648	3 497
Pledges, mortgages and guarantees				
Mortgages for own liabilities	24 000	24 000	5 060	4 149
Guarantees:				
Guarantees for Group liabilities	74 718	55 318	15 753	9 563
Guarantees for others	563	101	119	18
Other liabilities	474	192	100	33
Other liability for subsidiary's debt	10 062	–	2 121	–
Leasing liabilities				
Payments due next year	88	117	19	20
Total payments due thereafter	–	88	–	15

Receivables and liabilities in foreign currencies

have been converted into Finnish markkas at the official middle exchange rate quoted by the Bank of Finland on December 31st. Receivables and liabilities covered by forward contracts have been valued at forward rates.

At the end of financial year, there is also a book of open foreign exchange forward contracts, the purpose of which is to hedge cash inflows and outflows of the new financial year. The financial result of these forward contracts is accounted for simultaneously with the entry of the underlying hedged transaction (hedge accounting).

**To the Shareholders of
Kaukomarkkinat Oy**

We have audited the accounts, the accounting records, and the administration of Kaukomarkkinat Oy for the 1994 financial year. The accounts prepared by the Supervisory Board and the President include, both for the Group and the Parent Company, a report on operations, an income statement, a balance sheet and notes to the accounts. We provide our opinion on the accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. We have audited the

accounting records, and the accounts, the disclosure and the presentation of information, including the accounting policies, in the accounts. The audit of the administration has included obtaining assurance that the actions of the members of the Supervisory Board and the President have been in conformity with the regulations of the Companies' Act.

In our opinion the accounts have been prepared in accordance with the regulations of the Accounting Act and other legislation and regulations relevant to the preparation of the accounts, and give a true and fair view of the Parent Company's and the Group's results from operations and financial position in

accordance with such legislation and regulations. The loss of the Parent Company for the 1994 financial year is FIM 284,578.47 and the loss of the Group is FIM 6,358,038.10.

The accounts including the Group accounts may be approved, and the members of the Supervisory Board and the President may be discharged from liability for the financial year examined by us.

The proposal of the Supervisory Board concerning the disposition of the loss for the year according to the balance sheet is in accordance with the Companies' Act.

Espoo, March 6, 1995

SALMI, VIRKKUNEN & HELENIUS OY
Authorised Public Accountants

Taisto Hautakangas
Authorised Public
Accountant

Johan Kronberg
Authorised Public
Accountant