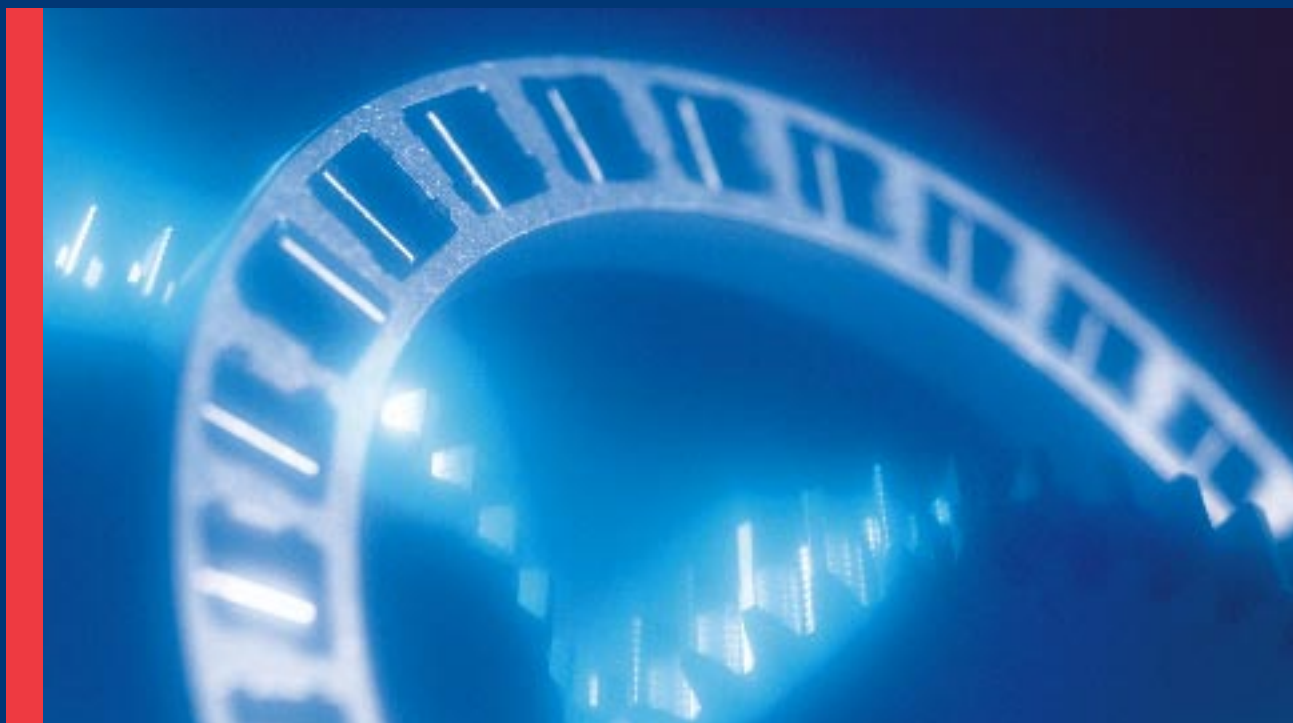


Annual Report 1994



Mercantile



Oy Mercantile Ab's Technical Trade

Mercantile's Technical Trade provides raw materials, industrial supplies, machines and manufacturing systems to Finnish industry and the trade. The suppliers are leading companies in their field worldwide. Operations are divided into five departments: Steel, Chemical, Machine Tools, Industrial Machinery and Supplies and Fastening Equipments Departments. The operations of the Pumps and Valves Department were transferred to Oy Mercantile KSB Ab at the beginning of 1995. The subsidiary, Hepoteräs Oy, operates as an industrial subcontracting engineering workshop, supplying e.g. custom-cut metal sheets to Finnish industry.



Oy Transkem Ab

Oy Transkem Ab operates in the field of transit activities. The company offers storage and handling services for liquid chemicals in transit trade mainly from Russia through Finland to third countries. The chemical terminals are located in Hamina, the oil harbour in Kotka, at Mussalo in Kotka and in Rauma.



Oy Örum Ab

Oy Örum Ab is active in the wholesale of spare parts and accessories for motor vehicles and markets them mainly through the independent spare parts trade. The company also supplies garage equipment. The Estonian subsidiary A/S MG-Auto is engaged in the wholesale trade in spare parts and accessories as well as in the retail trade in Estonia and Latvia. The most important suppliers are the big manufacturers of spare parts for the automotive industry.



Oy Wulff Ab

Oy Wulff Ab is engaged in the wholesale and marketing of office supplies and equipment for Finnish companies and distributors. The company has a market share of approximately 20 % in office supplies in Finland. Wulff sources most products direct from leading domestic and foreign suppliers.



Helvar Electrosonic Group

The Helvar Electrosonic Group is an international group which manufactures components for the lighting industry, illumination electronics and control systems for light, sound and image. The subsidiary Oy Qualitron Ab imports studio broadcast technology and audio-visual equipment, and also designs and installs complete systems. The Group comprises Oy Helvar and its foreign sales companies (the Helvar Group), Electrosonic Limited and its subsidiaries (the Electrosonic Group) and Oy Qualitron Ab.

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Group Structure, 1 April 1995

Oy Mercantile Ab

Board

Dieter Aminoff, Chairman
Edward Andersson
Christian Westerlund
Stig Gustavson
Philip Aminoff
Thomas Aminoff, Deputy Member

Managing Director

Christian Westerlund

Finance

Kari Lounasmeri

International Operations

Göran Backman

Development of Business Operations

Paavo Feirikki

Oy Mercantile Ab Technical Trade

Kari Raski

Stainless steels and aluminium
Chemical raw materials
Pumps and valves
Safety products
Fastening equipments
Machinery for the paper industry
Machinery for the woodworking industry
Machine tools and robotics
Machinery and supplies for the graphical industry
Components for the pneumatics and hydraulics industries
Engineering workshop for industrial subcontracting

Oy Transkem Ab

Heikki Auvinen

Transit terminals for bulk liquid chemicals

Oy Örum Ab

Heimo Arovaara

Spare parts and accessories for motor vehicles

Oy Wulff Ab

Aarne Hallama

Office supplies and equipment

Helvar Electrosonic Group

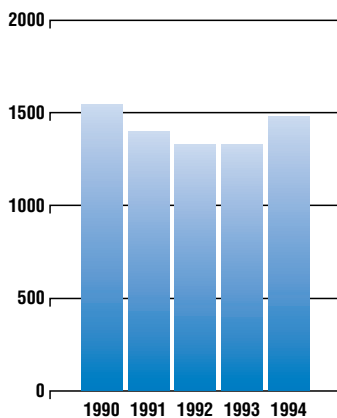
Mikko J. Aro

Components for the lightning industry and illumination electronics as well as the manufacture and marketing of light, sound and image control systems. Wholesale and design of systems for studio and broadcasting technology and audio-visual equipment.

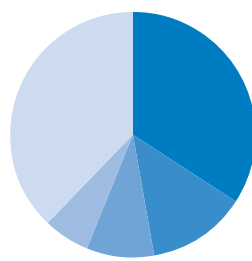
Key figures

Mercantile Group	1990	1991	1992	1993	1994
Net sales, FIM million	1 548	1 402	1 331	1 334	1 484
Change over previous year, %	1.7	- 9.4	- 5.1	0.2	11.3
Operating result, FIM million	- 7	- 1	15	57	106
Profit after financing items, FIM million	- 52	- 66	- 7	11	78
Shareholders' equity and reserves, FIM million	414	377	387	395	438
Balance sheet total, FIM million	1 445	1 204	1 115	1 076	1 174
Capital employed, FIM million	1 078	975	957	873	895
Return on investment, %	- 0.6	- 0.1	1.5	6.5	11.8
Solidity, %	28.7	31.3	34.7	36.7	37.3
Gearing	1.5	1.4	1.2	1.1	0.8
Quick ratio	0.8	0.9	0.9	0.9	1.1
Investment, gross, FIM million	173	53	48	51	134
Personnel on December 31	1 739	1 617	1 454	1 254	1 254

Net sales
1990 – 94, FIM million

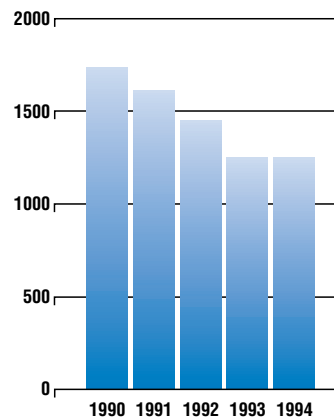


Net sales
1994, %

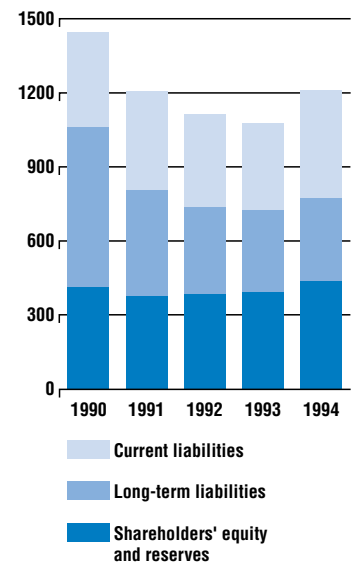


■ Mercantile 34%
■ Transkem 13%
■ Örum 9%
■ Wulff 6%
■ Helvar Electrosonic Group 38%

Personnel
on 31 Dec. 1990 – 94



Financial structure,
1990 – 94, FIM million



Managing Director's Review

The past year was a good year for the Mercantile Group. All the companies in the Group improved operating efficiency and Group profits rose. This was a consequence of focusing on core activities and divesting businesses which could not have become leaders in their own field. The recovery in Finland has also boosted Group profits.

Group turnover amounted to FIM 1 484 million representing a growth of 11 %. Profits before extraordinary items, reserves and taxes amounted to FIM 78 million, which was FIM 66 million better than in the previous year. A total of FIM 134 million was devoted to investments. The Group's liquidity was good throughout the year and the solvency ratio at year end was 37 %.

The Mercantile Group is engaged in trade and industrial operations. Trade accounted for 62 % of net sales and industrial operations for 38 %. The turnover in trade clearly showed an upswing and was 26 % higher than in the previous year.

Oy Örum Ab which sells spare parts and accessories for motor vehicles and Oy Transkem Ab which is engaged in transit activities both achieved excellent results. Mercantile's Technical Trade which sells mainly to industry improved its profitability and market position. So did Oy Wulff Ab which sells office supplies.

Though production volumes in the Helvar Electrosonic Group rose, turnover fell by 7 %, due to the strengthening of the Finnish markka.

The Machine Tools Department of Technical Trade delivered a major project order to China consisting of three large welding robot stations for welding wheel loaders and four special machine tools for the manufacture of the requisite parts.

Acquisitions made in the past two years have clearly strengthened Mercantile's position on the market for fastening equipments. The sales grew by 39 %.

At the end of the year, a subsidiary Oy Mercantile KSB Ab was established and from the beginning of 1995, the entire business operations of the former Pumps and Valves Department were transferred to the new company. Mercantile owns 80 % of the shares in the new company and the KSB Aktiengesellschaft of Germany 20 %.

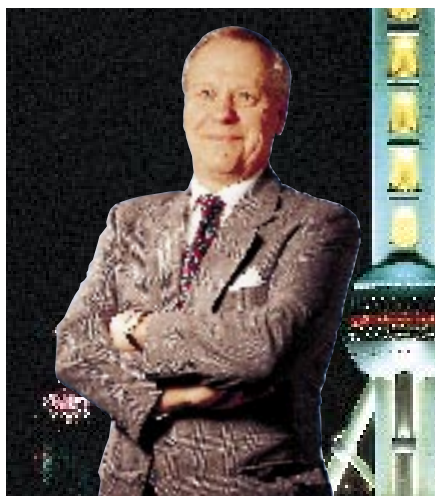
The transportation of liquid products via Finland dropped by over 10 %. Nevertheless, the volumes handled by Transkem rose by 45 % which clearly indicates a growth in market share.

The turnover of Wulff grew by 17 %. An important partnership agreement was signed whereby Wulff takes responsibility for direct deliveries of office supplies to the nationwide store network of Suomalainen Kirjakauppa Oy.

Örum's turnover was 29 % up on the previous year. In the summer a decision was taken to expand operations to include the sales of garage equipment. In this connection, Örum acquired the Garage Equipment Department of Oy Heden-gren Ab. At the end of the accounting year, it was decided to acquire a majority shareholding in the Estonian A/S MG-Auto.

In Western Europe, in the main markets of Helvar, which is engaged in manufacturing activities, the building sector started to recover and production volumes in the lighting industry grew compared with the previous year. This had a favourable effect on the demand for both conventional electromagnetic ballasts and electronic ballasts.

Through a rationalization of operations and a systematic programme of restructuring, Electrosonic was able to



Christian Westerlund

essentially improve profits over the previous year. During the year, several impressive new products in the field of lighting control, videowalls and AV production were launched. Now that the markets are recovering, Electrosonic can offer an updated product range for professional light, sound and picture control.

Oy Qualitron Ab which is specialized in TV and broadcast production exceeded its targets. The past year has brought with it a cautious revival in domestic demand and the opening up of export markets. The product range was renewed and expanded. New agency agreements were signed with the suppliers ImMIX Inc. and Silicon Graphics Inc. who manufacture editing and graphics workstations.

Prospects for 1995

It is generally expected that business will pick up the domestic market as demand gradually recovers. The strengthening of the markka will reduce the price competitiveness of industrial exports but this will nevertheless be compensated for by an upturn in demand on the export market. The clientele of the Mercantile Group are mainly to be found in industry both in Finland and abroad in Europe. The growth expectations for the Group for 1995 are similar to those in the previous year and profit targets have been set at the same level as those in 1994.

I would like to thank the whole personnel for their concerted efforts and dedication. All our customers and cooperation partners deserve thanks for their contribution to our success in 1994.



Christian Westerlund
Managing Director



An Electrosonic Imagine system controls the exterior lighting of the Shanghai TV Tower – the tallest tower in Asia.

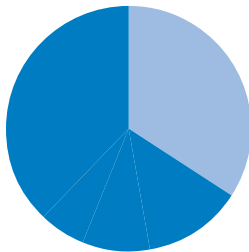
Technical Trade

The growth in demand which had already started in 1993 picked up strongly in 1994. Sales in the technical trade market rose by a good 13 % in Finland. Mercantile's Technical Trade had a successful year in 1994 with turnover up by 31 % to reach FIM 502 million. Profits improved for the fourth year running and were satisfactory.



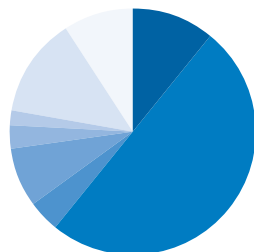
Kari Raski

Share of Group turnover 34 %



	1994	1993	± %
Turnover FIM Million	502	383	+31
Personnel, December 31	249	262	-5

Invoicing by customer category



- Forest industry 11 %
- Metal and engin. indu: 13 %
- Chemical industry 4 %
- Other industry 8 %
- Construction 3 %
- Public sector 2 %
- Trade 13 %
- Other 9 %

The restructuring of Mercantile's Technical Trade was completed, operations were boosted in selected business areas and sales were expanded. Exports were increased to the Baltic countries and the St Petersburg area.

Cost efficiency was again improved and a quality system covering the company's entire operations was created with the aim of being granted the ISO 9001 standard certification in spring 1995.

The Steel Department exceeds its target

The demand for stainless steel and aluminium in Europe shot up in 1994. In Finland, demand had already risen in 1993. Because of the rapid increase, delivery times lengthened and supplies of raw materials were difficult towards the end of the year.

Moves to boost sales and stocks improved the readiness to react rapidly to the changing circumstances. A gratifying surprise was the strong upswing in sales by the Building Products unit to the Baltic countries and the St Petersburg area. Because of the high level of service in the warehouse, the market shares of several product groups could be increased.

Sales by the Steel Department exceeded their targets and the financial result for the year was good.

The Chemical Department thrives

Demand on the chemical market rose

substantially. Suppliers' stocks were clearly too small to meet the demand and for this reason there were shortfalls in raw materials. This also brought about a sharp rise in prices particularly for petrochemicals during the autumn. The development of the business operations of the Chemical Department continued and new representations were acquired. For example, the products of Repsol Química, S.A. served to expand the range of plastic and rubber raw materials.

The Department's readiness to serve industry was improved by enhancing warehousing and transportation services.

The financial result of the Department was good as in the previous year.

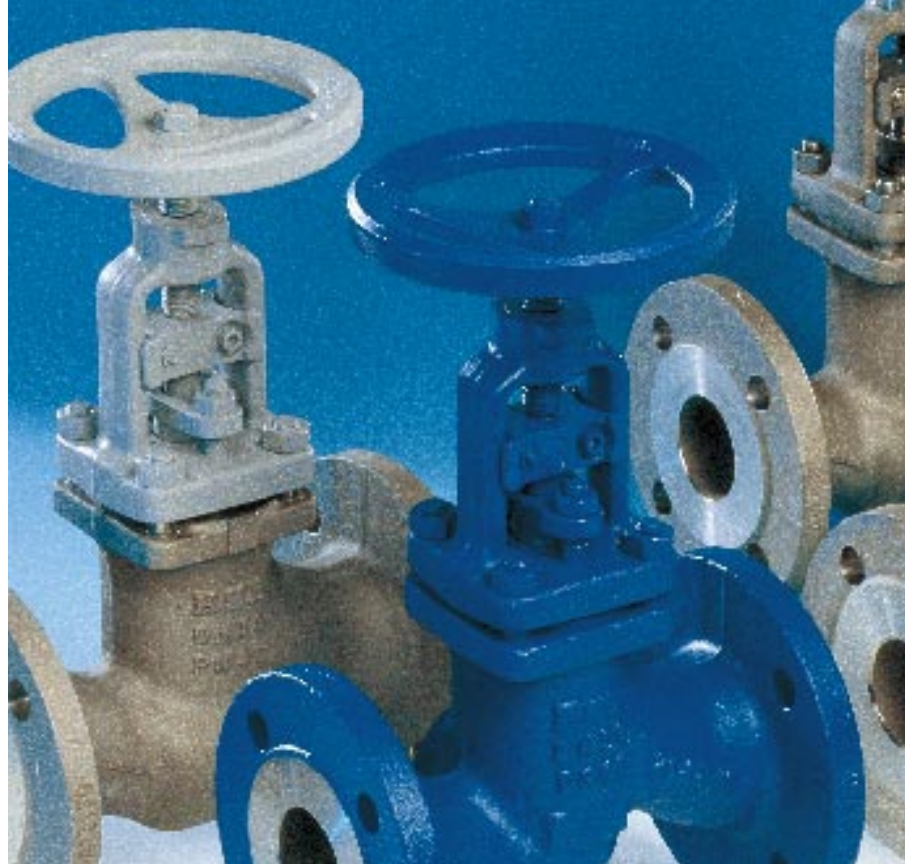
Export projects boost sales of pumps and valves

Investments in the process industry have been on hold for the past few years. Industry has cut down on maintenance investments and government appropriations have been further squeezed. Investments on the energy sector are brisk and projects on the export industry side boosted sales so that targets were met.

The new KSB feed water pump which is easy to use and kind to the environment was sold to several export projects for power plant boilers. The factories of Outokumpu Harjavalta Metals Oy were supplied with environmentally-friendly hermetic pumps with magnetic drive. By virtue of the new pumping station concept, delivery agreements were signed for the municipal sector. Pumps with speed control by frequency converters were supplied for four district heating centres in Estonia.

The first Bopp & Reuther AG steam-conditioning-system supplied by Mercantile was installed in the Toppila 2 peat-fired power station and delivery agreements were concluded with the

**KSB has developed
safe and reliable
valves for the needs
of the chemical
industry.**



Rovaniemen Energialaitos (Rovaniemi Energy Board) and with Oy Metsä-Rauma Ab for steam transformers.

The success of the shipbuilding industry has boosted sales of low pressure valves to, among others, Kvaerner Masa-Yards Oy for their gas-carrying tankers and cruise liners. Developing sales of standard valves has been continued together with principals and the leading wholesaler Onninen Oy.

The maintenance team of the department was responsible for the installation, trial runs and start-up of deliveries to Mussalon Höyryvoima Oy and the Vantaan Sähkölaitos Oy (Vantaa Power Facility). New all-inclusive maintenance agreements were also concluded.

Cooperation with KSB was consolidated at the beginning of 1995. The operations of the Pumps and Valves Department were transferred to Oy Mercantile KSB Ab in which Mercantile

has an 80 % shareholding and KSB a 20 % shareholding.

Upswing in Industrial Machinery and Supplies

The growth in industrial output and exports was gratifyingly evident in the sales of the Industrial Machinery and Supplies Department. Operations were increasingly directed to service basic Finnish industry.

The operations of the units providing machinery for the laundry industry and special products for the distributive trades were discontinued.

The Woodworking Industry Machinery Unit clearly increased its market share in the delivery of advanced manufacturing systems. The resawing lines of Metsä-Serla Oy's Kyrön Saha, Vierumäen Teollisuus Oy and Santion Saha Oy were modernized. A complete Vislanda chipping canter-circle saw line was supplied to Käkikosken Saha Oy. The

unit also supplied several second-hand Waco planing machines to domestic customers.

The Paper Industry Machinery Unit concentrated on sales of spreaders and the development of maintenance operations for them in Finland. The start-up of the Küsters calenders and rollers at Enso-Gutzeit Oy's paper mill at Eilenburg in the autumn got off without a hitch.

Sales of the Graphical Industry Machinery and Supplies rose as demand in the branch revived. Ryobi offset printing machines were launched on the market and the first deliveries to customers took place during the autumn. BASF flexographic printing plates and Mitsubishi Silver Master printing plates maintained their leading position on the market. A major order was obtained from United Paper Mills Ltd Walki Pack when the first 8-unit BHS flexographic printing



Compressed-air servicing equipment produced by IMI Norgren Ltd is market leader in Finland.

machine operating on a stepless printing length was supplied.

The Pneumatics and Hydraulics Unit supplies components for automation, mechanization, industrial filtration and vacuum technology applications from the leading manufacturers in the field: IMI Norgren Ltd, Knecht Filterwerke GmbH and PIAB AB. Sales by the Unit continued to grow and as a result of product development by the suppliers, several new products were introduced into the product range. Sales of Watson Smith Ltd's instrumentation products were started in the spring.

The budgeted targets for the net sales of the Safety Products Unit were exceeded. Deliveries of Gloria extinguishers developed favourably and market leadership was consolidated. A new product area for the Unit was the addition of photoluminescent Longlite products and sales got off to a good start.

Mercantile's Machine Tools Department strengthens its position as market leader

The market for machine tools recovered significantly in 1994 and after the downswing of the last three years it almost doubled compared with the previous year.

The Machine Tools Department kept its market leadership during the years of the recession and maintained its position on expanding markets. The strength of the Department lies in its ability to supply highly automated solutions for which there has been an increasing demand in Finland. In addition to Mercantile's Helsinki outlet, the Machine Tools Department has a machine tools centre (Työstökonekeskus) in Tampere concentrating on products and services for small and medium-sized businesses.

The biggest domestic delivery was a robotized machining line for Vammas Oy. An agreement was signed with Oy

Sisu Ab concerning the delivery of a robotized production cell to its axle works in Hämeenlinna for the manufacture of housings for planetary gears. The Department supplied a total of 20 Fanuc industrial robots or robotized production cells built with their help. A total of 40 numerically controlled machine tools were sold in Finland.

The Machine Tools Department also sold equipment and services to Sweden, Norway and China. In Sweden, Norway and Denmark the Department marketed CAM programs developed by Teksoft Inc. with the product name of ProCAD/CAM. About 500 program user licences have been sold in Scandinavia.

The Department also had a major project in China for a factory producing wheel loaders in the City of Qingzhou. The delivery included three large robot welding stations for welding the body-work of loaders and four special machine tools for the parts needed in manufacture.

**The Fastening Equipments
Department experiences continued
growth**

Mercantile Pultti paid particular attention to customer service in its operations which were strongly supported by a warehouse complex covering 20 000 items. Electronic trading including EDI connections were further developed to serve customers' needs and reduce unnecessary work stages and costs. The logistics developed will provide excellent prerequisites for major savings especially in the handling of small goods and work routines.

The operations of the Department were affected by the prolonged and erratic delivery times of the manufacturers as well as the sharp upswing in raw-material prices. The price increases of the manufacturers were exceptionally large and in some product groups over 25 %. The manufacturers announced the new

**Mercantile Pultti has
a warehouse at
Hakkila in Vantaa with
20 000 fastening
accessory items in
stock.**



price increases and longer delivery times in 1995 giving the raw-material prices and problems with availability as the reasons for the hikes.

As a whole, 1994 was a good year.

Capacity at Hepoteräs fully utilized
The pretreatment and welding capacity

of Hepoteräs Oy was fully utilized throughout the year owing to the orders of customers engaged in the export business. The clientele was to a growing extent concentrated on large manufacturers in the metal and engineering industry. In order to keep up with technical developments and remain competitive, Hepoteräs decided to invest in the modernization of its plasma cutting facilities.

The company's turnover was 40 % upon the previous year and the financial result was good.

Growth to continue in 1995

Prospects for the export industry continue to be favourable which means that the markets in technical trade will remain at least at the 1994 level. Investments in different branches are expected to pick up towards the end of the year with the result that the trade in machinery will expand. This positive trend, however, could still be upset by price hikes for raw materials and longer delivery times caused by the manufac-

**A robotized turning line
was supplied to Vammass Oy
in Vammala.**



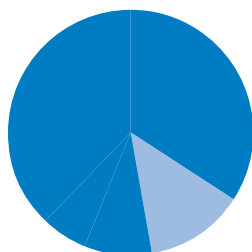
Oy Transkem Ab

The total volumes handled by Transkem which is concentrated on transit operations rose in 1994. The company's turnover grew by 59 % to reach FIM 194 million. The financial result improved significantly and was good.



Heikki Auvinen

Share of Group
turnover 13%



	1994	1993	± %
Turnover FIM million	194	122	+59
Personnel, December 31	83	78	+6

The political and economic situation in Russia started to stabilize during the year and the privatization of industry progressed. Nevertheless, the output of Russian industry continued to fall. The output of crude oil which is important for transit trade continued to fall as it has done in recent years. Several refineries were at a standstill for a long time due to sizeable maintenance and repair work.

Despite this, efforts have been made to expand exports of Russian crude oil and oil products. The increase has been about 20 % compared with the previous year. The growing exports of oil products

are passing through Russia's own harbours and those of the Baltic countries. Exports of chemicals remained at the 1993 level.

The transportation of liquid products through Finland was down by over 10 % which caused a drop in the volumes of oil products. Exports of chemicals on the other hand increased and a growing volume of chemicals is passing through Transkem. The volumes handled rose by 45 % compared with the previous year and Transkem's storage capacity was fully utilized.

Total volumes will remain at the 1994 level

With the situation in Russia starting to stabilize, the prospects for 1995 are easier to estimate. The volumes passing through Finland are expected to remain at the 1994 level or to grow slightly. The development of Transkem's operations continues to rely on the reliability, safety and efficiency of handling.

A shipment of chemicals is prepared at Mussalo in Kotka.



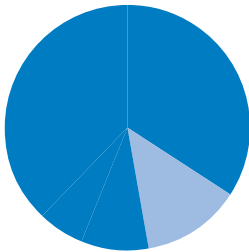
Oy Örum Ab

The rise in the average age of cars coupled with the new markets in St Petersburg and the Baltic countries, resulted in sales of spare parts rising by 10 %. Örum's turnover amounted to FIM 134 million, representing an increase of 29 % over the previous year. The financial result for the accounting period was good and considerably better than in 1993.



Heimo Arovaara

Share of Group turnover 9 %



	1994	1993	±%
Turnover FIM million	134	104	+29
Personnel, December 31	76	70	+9

A total of 67 200 new passenger cars were registered in Finland in 1994. This number could not entirely replace those that were withdrawn and the total car stock again fell for the third year in succession. The average age of passenger cars which was 8.2 years in 1993 again increased.

From the viewpoint of the spare parts trade, the ageing of the car stock compensates for the drop in numbers. Price continued to be more important than quality as a purchasing criteria in the consumer trade in spare parts.

Finland's geographical position and the efficient infrastructure provide opportunities to carry on business with the growing spare parts market in St Petersburg and the Baltic countries. It was partly a result of the positive developments in the trade in these areas that the growth in sales of car spare parts was about 10 % in terms of Finnmarks.

In the summer, a decision was taken to expand operations in the garage equipment business. In this connection, the business operations of Oy Hedengren Ab's Garage Equipment Department passed into Örum's ownership.

At the end of the accounting period, a decision was taken to acquire a majority shareholding in the Estonian A/S MG-Auto. In addition to wholesale business, the company has retail outlets in Estonia and Latvia.

Prospects for 1995

Since the car stock seems to continue ageing, a slight upswing in sales in the independent spare parts trade can be expected in the current year.

Örum is involved in the computer-based Autolinkki (Car link) project of unionized importers of car parts. Autolinkki is an on-line purchasing order system designed for dealers who can check prices and availability and place routine orders from importers belonging to the system.

A customer-oriented way of thinking, the development of the company's own operations and the constant review of the product range are the methods whereby Örum plans to achieve its targets.

High-quality Italian Beta hand tools were added to the sales programme last year. The English Crypton engine testing equipment forms part of the product range for garage equipment department.



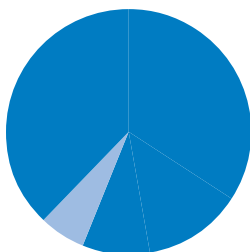
Oy Wulff Ab

With the general recovery in the economy, demand for office supplies also showed a clear upswing. Wulff's turnover rose by 17 % to reach FIM 98 million in 1994. The general growth in the branch was about 12 %. Consequently, Wulff's market share was further consolidated for the second year in succession. The financial result was satisfactory and clearly better than in 1993.



Arne Hallama

Share of Group
turnover 6 %



	1994	1993	± %
Turnover FIM million	98	84	+17
Personnel, December 31	74	74	-

The consistent and purposeful investment in overall service based on customer orientation, the development of the product range, logistics and effective ordering systems, can be clearly seen in the company's established and developing customer structure. The most important new cooperation agreement was signed with Suomalainen Kirjakauppa Oy. Wulff serves the nationwide bookshop chain with direct deliveries to the stores.

The prolonged recession constantly pushed prices of office supplies down. The situation changed in the autumn when manufacturers, because of the rise in raw-material prices, repeatedly increased their prices. This was particularly evident in the trade in paper products. The distributive trade, however, could not fully pass on the hikes to the sales prices.

During the year, it proved possible to

almost double sales of computer supplies and office papers. The rapid recovery in the PC and peripheral equipment trade means that the market for computer supplies will show a further upswing.

In order to strengthen its competitiveness and continually develop its product range, Wulff became a member of ScanFour ApS which is a joint venture of four leading Scandinavian wholesalers of office supplies.

A development project was started in the autumn with the company's key suppliers with the aim of increasing their joint market share and improving the level of service and profitability.

The development of Wulff's data processing systems was continued. The most important investment was to create an EDI facility for the materials management system already in use.

Favourable development continues

The demand for office supplies is expected to grow as the situation in the Finnish economy improves. The systematic development of operations over several years has served to consolidate Wulff's position on the market. The financial result is expected to be good in 1995.

Office supplies delivered
by Wulff to the
Suomalainen Kirjakauppa
bookstore on the
Aleksanterinkatu street in
Helsinki.



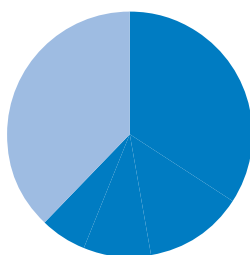
Helvar Electrosonic Group

The revival in building activity in Western Europe meant an increase in the demand for production serving the lighting industry in 1994. Because of the popularity of energy-saving solutions, the market for illumination electronics rose by over 20 %. Helvar's export earnings were reduced because of the stronger Finnmark. Electrosonic, as a manufacturer of professional light, sound and image systems, continued its successful product development and unprofitable operations were discontinued as a result of restructuring. The turnover of the Helvar Electrosonic Group fell by 7 %, but the financial result was nevertheless satisfactory.



Mikko J. Aro

Share of Group
turnover 38 %



	1994	1993	± %
Turnover FIM million	560	600	-7
Personnel, December 31	772	770	-

HELVAR GROUP

Markets growing

In Helvar's main market area in Western Europe, the recession in the building industry started to wane as expected and the production volumes of the lighting industry increased compared with the previous year. This had a positive effect on the demand for both conventional electromagnetic ballasts and electronic ballasts. The good trend also in sales in markets outside Europe ensured Helvar a clear upswing in volume and a high degree of capacity utilization.

The large price hikes in raw materials which took place in the spring and which were difficult to forecast as well as the simultaneous delivery bottlenecks in components changed the situation in the second half of the year. The keen competition in Europe made it impossible to adjust the price level to correspond with the higher cost level. Measures to boost cost efficiency, increase the rate of capital circulation and improve the quality of products served to alleviate cost pressures.

Strong growth in electronics continues

The demand for illumination electronics rose again by over 20 % in Helvar's most important market areas. This trend is expected to remain strong over the next few years. The main reasons for the growth include the constantly rising price of electricity as well as the decisions regarding energy and the environment in different countries. The aim is to promote the introduction of energy-saving technology. Characteristic of the markets for illumination electronics has been a falling price level and intermittent problems in the availability of electronic components.

At the end of the year, Helvar launched two new product families in the field of illumination electronics. The new EL-HF-ballasts are the smallest on the market in terms of external dimensions and they more than meet the interference level requirements in accordance with EU's EMC directive.

The other new product family comprises Helvar's LP products by means of which illumination can be easily connected with the buildings' open control systems. The products are based on the LonWorks™ technology developed by the Echelon Corporation®. Helvar takes an active part in international cooperation which is aimed at creating from this technology a worldwide industrial standard for the open control networks of buildings.

The turnover of the Helvar Group amounted to FIM 374 million, representing a growth of 3 %. The financial result was weaker than in the previous year but still satisfactory.

Positive prospects for 1995

The recovery in building construction in Europe and the lighting industry's



The auditorium of Finnish Forest Museum Lusto in Punkaharju has a lighting control system supplied by Helvar. The lights are fitted with Helvar's electronic ballasts.

increasing need for components are signs of an essential growth in demand in Helvar's branch.

The fluctuations in the external value of the markka and the large price hikes in raw materials, however, could rapidly change the competitive situation.

OY QUALITRON AB

The targets for business operations budgeted for 1994 were clearly exceeded. The past year meant for the company a cautious revival in domestic demand and the opening up of opportunities on the export market. The product range was renewed and expanded.

Determined goal-oriented operations by the sales office established in Moscow in 1993 started to bring results. A considerable investment in export marketing was the participation with an extensive product range at the International Fair, Telekinoradioteknika '94, in Moscow.

During the past year, Qualitron signed major agreements for equipment and systems in the CIS area.

Several domestic customers invested in digital video production technology and work station-based editing systems. A digital TV studio vision mixer was supplied to MTV Oy and digital video post production equipment to Tampereen Tietoverkko Oy.

TV and video production technology is going through a far-reaching period of transition. To stay in the forefront of technological developments, Qualitron signed new representation and cooperation agreements, the most important of which are with ADB S.A. which manufactures TV studio systems, ImMIX Inc. and Silicon Graphics Inc., which produce editing and graphics work stations.

The marketing of Auditorium and AV systems was started successfully and new cooperation agreements were signed. The furthest delivery was a turnkey system

which was installed in Irkutsk in Siberia.

The company's turnover amounted to FIM 24.5 million, representing an increase of 44 % over the previous year and the financial result was satisfactory.



ImMIX VideoCube editing workstations representing leading-edge video production technology are in use at YLE, the Finnish Broadcasting Company, and in several private video production companies.

ELECTROSONIC GROUP

New products on the market

The five core businesses of the Electrosonic Group are Architectural Lighting, Live Entertainment Lighting, Video Display, Audio-visual Products and Systems and Special Venue Film Systems. The Group consists of Electrosonic Limited in the United Kingdom, Electrosonic Systems Inc. in the United States, Multivision Electronic Limited in Canada and Electrosonic GmbH in Germany. The regional office in Hong Kong is part of Electrosonic Limited.

As a result of systematic restructuring and the rationalization of operations, a considerable improvement in performance was achieved compared with 1993. During the year, several major product development projects resulted in releases of new product. These include the transputer-based Aviator lighting console and the new ESTA range of solid state digital audio equipment for museums, amusement parks and similar public premises. In addition, videowall control for the retail market was launched, as well as a video processor for display of workstation output and a completely new range of audio visual control equipment for

demanding applications.

Electrosonic has embarked on a major quality initiative in order to gain ISO 9000 certification for the entire Group. The factory in Maidstone has already been certified, the head office in Dartford will seek full certification in the spring of 1995 and Electronic Systems Inc. in the autumn.

The turnover of the Group amounted to FIM 202 million, representing a decrease of 16 %. The financial result improved substantially over 1993 but was still negative.

Architectural Lighting

Marketing efforts were stepped up through Helvar's European subsidiaries and this resulted in good growth in the unit's sales into mainland Europe. Good success was reported from the markets in the Far East. Major installations included the Peninsula Hotel in Hong Kong, the Planet Hollywood restaurant in Jakarta and a system for controlling the exterior lighting of the Shanghai TV Tower. The regional sales office in Hong Kong assumed responsibility for Helvar's range of dimmable and controllable ballasts as well as market support for this area.



*Philip Aminoff
Managing Director
of Electrosonic Limited*

Live Entertainment Lighting

Electrosonic's Celco Division supplies lighting control equipment for live entertainment. The most significant achievement of the year was the successful completion of a customised lighting control installation for two TV studios operated by Tokyo Broadcast Systems in Japan. The new Aviator lighting consoles were used in this project.

Video Display

Sales of videowall processors and projection cubes continued to grow rapidly and Video Display sales now account for more than 50 % of Group turnover.

In 1994, the US retail market was particularly buoyant. The most signifi-

A Planet Hollywood restaurant was opened in Hong Kong in May; an Electrosonic Imagine system controls the lighting.



The Texas Department of Transport has a videowall capable of displaying both live video and workstation graphics.



cant order was a USD 5 million contract for 100 cube walls to a major retailer. In the United Kingdom, Electrosonic installed several videowalls at the department store Harrods. Interest in the use of videowalls in control rooms is increasing. Electrosonic delivered to the Texas Highway Authorities a videowall capable of displaying both live video and workstation graphics. TV studio installations included a 64 cube wall to Beijing Television and a 16 cube wall to Radio Television Luxemburg (RTL) in Germany.

Audio-visual Products and Systems

With the United Kingdom beginning to pull out of the recession, order books improved towards the end of the year. Interesting installations included the

high definition projection system for the crown jewels at the Tower of London, the audio visual system at Tower Bridge and the refurbishment of the Queen Elizabeth II liner.

Special Venue Film Systems

Electrosonic supplies fully automatic 70 mm special format film systems for theme parks, visitor centres and museums. The principal market for this equipment is the United States. The market grew more slowly than had been anticipated and price competition limited possibilities for growth.

Results improve

During the worldwide recession and the company's restructuring programme, Electrosonic maintained its commitment

to new product development and stuck to its tradition of high quality systems integration. Now that the market is reviving, Electrosonic can offer a renewed range of products for the professional control of light, sound and image. The company's financial result is expected to turn positive in 1995 with a further upswing in turnover.

Board of Directors' Report

General overview

In 1994, Finland's GDP finally grew again by 3.9 %, after falling for three years. The export industry in particular rose strongly and this led to an upswing in the demand for raw materials and supplies. The Mercantile Group improved its financial result significantly.

Trend in profits

Compared with the previous year, the Group's turnover rose by 11 % to FIM 1 484 million and profits before appropriations and taxes amounted to FIM 84.3 million. The corresponding profits for the previous year totalled FIM 8.9 million.

Subsidiaries

The subsidiaries Oy Mercantile Data Ab, Työstökonekeskus Oy and TKK-Huolto Oy were merged with the parent company in 1994.

During the year, the subsidiary Oy Mercantile KSB Ab was established to handle sales of pumps and valves. At the end of 1995, 20 % of the company's shares were transferred to KSB Aktiengesellschaft.

A decision was taken to sell the major part of the company's Malmi office complex to the Finnish state. In this connection, Kiinteistö Oy Viljatie 2, a property holding company, was established. The Mercantile's Head Office property to this company.

Management and personnel

Following the Annual General Meeting, the Board members were Dieter Aminoff, Chairman, Edward Andersson, Christian Westerlund, Stig Gustavson and Philip Aminoff as well as deputy member Thomas Aminoff.

During the year, Oy Mercantile Ab had an average of 211 employees compared to 230 in the previous year. The Group had an average of 1 249 employees compared with 1 351 the previous year.

The remuneration paid to the company's Board of Directors and the Managing Director amounted to FIM 2.1 million in salaries and bonuses and FIM 42.0 million to other employees. The remuneration paid to the Group's Board of Directors and Managing Directors amounted to FIM 12.7 million and FIM 189.1 million to other employees.

A total of FIM 9.1 million was transferred to the Group's own pension funds. The liability for voluntary pensions is completely covered.

Future prospects

Economic growth in Finland and throughout Europe is likely to continue in 1995. No major changes are expected in the operations of the Mercantile Group.

Proposal on the distribution of Group profits

The net profit of Oy Mercantile Ab for the year amounted to FIM 4 049 720.65. The Board of Directors proposes that FIM 2 566 080 or a dividend of FIM 320 be paid on external shares and that the remainder be carried forward to the profit and loss account.

Consolidated Profit and Loss Account

(FIM 1 000)		1.1. - 31.12.1994	1.1. - 31.12.1993
Net turnover	(1)	1 484 279	1 334 140
Other operating income		4 669	6 318
Costs	(2)	-1 310 635	-1 225 966
Depreciations	(2)	<u>-72 670</u>	<u>-57 707</u>
Operating profit		105 643	56 785
Financial income and expenses	(2)	<u>-28 079</u>	<u>-45 706</u>
Profit before extraordinary items, voluntary provisions and income taxes		77 564	11 079
Extraordinary income and charges	(5)	<u>6 724</u>	<u>-2 227</u>
Profit before voluntary provisions and income taxes		84 288	8 852
Change in accelerated depreciation	(2)	-5 688	-13 118
Change in voluntary provisions		24 698	17 094
Income taxes	(2)	<u>-40 401</u>	<u>-6 609</u>
Profit before minority interest		62 897	6 219
Minority interests		114	1 587
Profit for the period		<u>63 011</u>	<u>7 806</u>

Consolidated Balance Sheet

(FIM 1 000)

31.12.1994

31.12.1993

ASSETS

FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS

Intangible assets

Intangible rights	1 875		2 260	
Goodwill	1 836		10 553	
Other capitalized expenditure	<u>12 792</u>	16 503	<u>13 816</u>	26 629

Tangible assets

Land and water	61 842		37 482	
Buildings	362 947		332 463	
Machinery and equipment	98 583		101 672	
Other tangible assets	2 343		2 645	
Advance payments and construction in progress	<u>9 840</u>	535 555	<u>6 081</u>	480 343

Financial assets

Bonds and shares	56 428		62 059	
Loans receivable	<u>3 272</u>	<u>59 700</u>	<u>632</u>	<u>62 691</u>
		611 758		569 663

CURRENT ASSETS

Stocks

Raw materials and consumables	28 670		28 814	
Work in progress	8 669		9 952	
Finished products/goods	170 774		167 146	
Advance payments	<u>1 854</u>	209 967	<u>6 344</u>	212 256

Receivables

Trade receivables	216 323		205 989	
Loan receivables	7 847		7 749	
Prepaid expenses and accrued income	21 938		21 379	
Other receivables	<u>15 431</u>	261 539	<u>8 277</u>	243 394

Cash in hand and at banks

		<u>90 977</u>		<u>50 880</u>
		<u>1 174 241</u>		<u>1 076 193</u>

LIABILITIES

CAPITAL AND RESERVES

Restricted equity

Subscribed capital	110 000		110 000	
Reserve fund	1 565		1 773	
Revaluation fund	<u>3 566</u>	115 131	<u>3 566</u>	115 339

Non-restricted equity

Translation adjustment	-2 762		1 568	
Operating fund	50 675		50 675	
Retained earnings	16 142		8 026	
Profit for the period	<u>63 011</u>	127 066	<u>7 806</u>	68 075

MINORITY HOLDING

		2 621		2 078
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PROVISIONS

Accelerated depreciation

	(11)	122 856		117 173
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Voluntary provisions

Investment provisions			24 299	
Other provisions	<u>67 184</u>	67 184	<u>67 866</u>	92 165

Obligatory provisions

		2 981		
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CREDITORS

Non-current

Loans from credit institutions	105 619		56 765	
Pension loans	294 144		292 596	
Other non-current liabilities	<u>1 280</u>	401 043	<u>128</u>	349 489

Current

Loans from credit institutions	30 997		61 837	
Pension loans	569		506	
Trade payables	55 022		32 413	
Notes payables	139 670		122 143	
Accrued liabilities and deferred income	84 738		48 272	
Other current liabilities	<u>24 363</u>	335 359	<u>66 703</u>	331 874

		<u>1 174 241</u>		<u>1 076 193</u>
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Parent Company's Profit and Loss Account

(1 000 mk)		1.1. - 31.12.1994	1.1. - 31.12.1993
Net turnover	(1)	463 725	352 648
Other operating income		8 487	6 699
Costs	(2)	<u>-437 257</u>	<u>-343 065</u>
Profit from operations before depreciation		34 955	16 282
Depreciations	(2)	<u>-10 203</u>	<u>-11 202</u>
Operating profit		<u>24 752</u>	<u>5 080</u>
Financial income and expenses	(2)	<u>-9 856</u>	<u>-27 456</u>
Profit before extraordinary items, voluntary provisions and income taxes		14 896	-22 376
Extraordinary income and charges	(5)	<u>-11 039</u>	<u>22 580</u>
Profit before voluntary provisions and income taxes		3 857	204
Change in accelerated depreciation	(2)	-4 374	2 406
Change in voluntary provisions		24 299	-870
Income taxes	(2)	<u>-19 732</u>	<u>-33</u>
Profit for the period		<u>4 050</u>	<u>1 707</u>

Parent Company's Balance Sheet

(FIM 1 000)

31.12.1994

31.12.1993

ASSETS

FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS

Intangible assets		2 634		1 876
Other capitalized expenditure				
Tangible assets	(7)	13 442		28 186
Land and water		86 912		143 747
Buildings		7 833		7 729
Machinery and equipment		3 296	111 483	22
Other tangible assets				
Advance payments and construction in progress		258 683		314 546
Financial assets	(6)	3 343	262 026	7 568
Shares in subsidiaries			376 143	322 114
Bonds and shares				503 674

CURRENT ASSETS

Stocks		82 859		85 165
Finished products/goods		1 855	84 714	6 327
Advance payments				
Receivables	(8)	72 045		50 562
Trade receivables		164 781		101 399
Loan receivables		18 390		37 840
Prepaid expenses and accrued income		7 548	262 764	2 555
Other receivables			44 870	25 653
Cash in hand and at bank			768 491	813 175

LIABILITIES

CAPITAL AND RESERVES

Restricted equity	(10)	110 000		110 000
Subscribed capital		1 500	111 500	1 500
Reserve fund				
Non-restricted equity		70 000		70 000
Operating fund		68 299		68 018
Retained earnings		4 050	142 349	1 707
Profit for the period				

PROVISIONS

Accelerated depreciation	(11)		42 465	38 091
Voluntary provisions				24 299
Investment provisions		30 937	30 937	30 160
Other provisions				54 459

CREDITORS

Non-current	(12)			
Loans from credit institutions		6 106		20 510
Pension loans		185 758	191 864	184 872
Current				
Loans from credit institutions		21 606		32 214
Trade payables		39 411		25 777
Notes payables		64 736		58 729
Accrued liabilities and deferred income		30 652		10 068
Other current liabilities		92 971	249 376	137 230
			768 491	264 018
				813 175

Funds Statement

(FIM 1 000)	Group		Parent company	
	1994	1993	1994	1993
SOURCE OF FUNDS				
Internal financing				
Net result in the Income Statement	63 011	7 806	4 050	1 707
Depreciation	72 670	57 707	10 204	11 202
Changes in untaxed reserves	-16 318	-4 557	-19 148	24 283
Total internal financing	119 363	60 956	-4 895	37 192
Reduction in fixed assets	20 558	31 122	139 819	33 168
Increase in long-term financing	51 555	-	-	20 220
	191 476	92 078	134 924	90 580
APPLICATION OF FUNDS				
Investments in fixed assets	134 243	51 295	22 491	8 209
Decrease in long-term financing	-	27 598	13 518	-
Translation adjustment in stockholders' equity	2 762	-1 564	-	-
Change in minority holding	543	4 930	-	-
Redemption of own shares	-	13 967	-	13 967
Dividends distributed	1 459	3 200	1 425	3 200
	139 007	99 426	37 434	25 376
Change in working capital	52 469	-7 348	97 490	65 204
	139 007	99 426	37 434	25 376
	191 476	92 078	134 924	90 580
CHANGE IN WORKING CAPITAL				
Cash and bank accounts	40 097	7 515	19 218	-7 626
Short-term receivables	18 145	-30 129	70 408	59 366
Inventories	-2 288	-3 411	-6 778	85 164
Current liabilities	-3 485	18 677	14 642	-71 700
	52 469	-7 348	97 490	65 204
Working capital on 1 January	174 656	182 004	45 482	-19 722
Working capital on 31 December	227 125	174 656	142 972	45 482

Accounting Principles

The consolidated accounts have been prepared in accordance with the purchase method. The consolidated financial statements include the Parent Company, Oy Mercantile Ab, and those companies in which Oy Mercantile Ab directly or indirectly holds more than 50 % of the shares. Real-estate company Oy Toivikkeenrinne, used by the staff, is not included in the consolidated financial statement. The financial statement of foreign subsidiaries has been translated into Finnmarks at the average rate quoted by the Bank of Finland at year end.

Receivables and liabilities in foreign currencies of Group companies in Finland are translated into Finnish marks at the Bank of Finland's average rates on the balance sheet date.

Inventories are valued at their direct acquisition cost, which include indirect costs for manufacturing and acquisition. Effects on the result of these are 6 million Finnmarks.

Depreciation according to plan, is based on direct acquisition cost and the estimated economic life of investments.

Estimated economic lifetime for various fixed assets are:

Other long-term expenses	5 - 10 years
Buildings	20 - 40 years
Machinery and equipment	3 - 10 years
Goodwill	5 years

Notes to the Financial Statements on 31 December 1994

(FIM 1 000)	Group		Parent company	
	1994	1993	1994	1993
1 SALES BY BUSINESS AREA				
Trading	708 159	615 162	463 725	352 649
Service	194 252	118 632	-	-
Production	581 868	600 346	-	-
	<u>1 484 279</u>	<u>1 334 140</u>	<u>463 725</u>	<u>352 649</u>
SALES BY MARKET AREA				
Finland	976 528	785 170	463 725	352 649
Other Europa	346 587	383 379	-	-
Other countries	161 164	165 591	-	-
	<u>1 484 279</u>	<u>1 334 140</u>	<u>463 725</u>	<u>352 649</u>
2 SPECIFICATION OF PROFIT AND LOSS ACCOUNT				
Expenses				
Materials and supplies	900 857	789 391	346 378	289 382
Change in inventories	3 792	6 109	3 468	-24 803
Personal costs	248 685	252 627	51 638	47 256
Rental costs	21 894	24 162	3 848	1 880
Expenses	135 407	153 677	31 925	29 351
	<u>1 310 635</u>	<u>1 225 966</u>	<u>437 257</u>	<u>343 066</u>
Depreciation according to plan				
Intangible rights	575	623	-	-
Other capitalized expenditure	2 565	2 714	696	761
Buildings	30 275	22 801	5 624	6 441
Machinery and equipment	27 966	25 161	3 883	4 000
Other tangible assets	828	733	-	-
Goodwill	10 460	5 677	-	-
	<u>72 669</u>	<u>57 709</u>	<u>10 203</u>	<u>11 202</u>

(FIM 1 000)	Group		Parent company	
	1994	1993	1994	1993
Financial income and expenses				
Dividends received	834	–	–	1 300
Interest income from long-term financial assets	119	140	–	–
Interest income from short-term financial assets	6 532	7 489	10 405	9 609
Other financial income	347	51	221	108
Exchange gains and losses	-2 885	-12 921	-893	-9 714
Interest expenses	-30 613	-38 668	-18 342	-28 285
Other financial expenses	-2 413	-1 797	-1 246	-475
	<u>-28 079</u>	<u>-45 706</u>	<u>-9 855</u>	<u>-27 457</u>
Extraordinary income and expenses				
Extraordinary income	15 594	2 726	16 722	30 276
Extraordinary expenses	-8 870	-4 954	-27 761	-7 696
	<u>6 724</u>	<u>-2 228</u>	<u>-11 039</u>	<u>22 580</u>
Depreciation difference				
Intangible rights	303	-273	–	–
Other long-term expenses	-1 165	-357	-1 541	–
Buildings	-4 365	5 587	-778	2 194
Machinery and equipment	-556	7 980	-2 054	212
Other tangible assets	96	181	–	–
	<u>-5 687</u>	<u>13 118</u>	<u>-4 373</u>	<u>2 406</u>
Direct taxes				
For the financial year	-39 885	-6 990	-18 703	-333
For previous years	-516	381	-1 030	300
	<u>-40 401</u>	<u>-6 609</u>	<u>-19 733</u>	<u>-33</u>
3 PERSONNEL EXPENSES				
Wages and salaries	204 129	206 758	43 997	41 610
Fringe benefits	3 644	3 613	1 454	1 339
Pension costs	15 490	18 386	–	24
Other personnel costs	29 066	27 483	7 641	5 621
	<u>252 329</u>	<u>256 240</u>	<u>53 092</u>	<u>48 594</u>
4 FINANCIAL INCOME AND EXPENSES WITHIN THE GROUP				
Dividend income			–	1 300
Interest income			2 165	3 745
Interest expenses			4 598	6 067
5 EXTRAORDINARY INCOME AND EXPENSES				
Extraordinary income				
Gains on sales of fixed assets	8 584	1 649	9 558	1 649
Profits of merges	–	–	42	627
Group contributions received	–	–	7 000	–
Change in accounting principles	6 155	–	–	–
Other income	855	1 077	122	600
	<u>15 594</u>	<u>2 726</u>	<u>16 722</u>	<u>2 876</u>
Extraordinary expenses				
Losses on sales of fixed assets	6 709	4 948	6 261	2 569
Losses of merges	–	–	21 500	5 122
Change in accounting principles	1 900	–	–	–
Other expenses	262	5	–	5
	<u>8 871</u>	<u>4 953</u>	<u>27 761</u>	<u>7 696</u>

(FIM 1 000)

6 BREAKDOWN OF PORTFOLIO
GROUP COMPANIES

Company	Share % Parent company	Share % Mercantile Group	Group owner- ship of equity FIM 1 000	Number of shares	Nominal value of shares FIM 1 000	Book value of shares FIM 1 000
Oy Helvar	100	100	103 611	400 000	40 000	29 558
Oy Transkem Ab	100	100	67 892	138 750	62 437	62 437
Oy Wulff Ab	100	100	10 052	500	5 000	6 931
Oy Örum Ab	100	100	22 022	1 800 000	18 000	46 640
Hepoteräs Oy	100	100	3 968	100	110	10 034
Oy Merca Invest Ab	100	100	39 873	100	40 000	42 043
Kiint. Oy Viljatie 2	100	100	58 445	9 139	30 003	58 463
Kiint. Oy Keskuojankatu	100	100	478	100	500	500
Kiint. Oy Ahertajankatu 6	100	100	314	100	60	2 032
Oy Mercantile KSB Ab	100	100	15	15	15	15
Oy Merca Tekniikka Ab	100	100	15	15	15	15
Oy Merca Trading	100	100	18	100	15	15
						<u>258 683</u>

Indirectly owned subsidiaries

Helvar Ltd.	100	3 191	50	370	4 242
Helvar GmbH	100	1 982	600	1 837	2 575
Helvar AB	100	3 058	5 000	318	2 998
Helvar S.r.L.	100	456	2 000	584	687
Dartford Invest Ab	100	7 484	1 500	7 500	7 520
Electrosonic Holdings Ltd.	95	75 539	10 195 875	75 539	49 377
Electrosonic Limited	100	18 091	8 949 500	66 307	66 307
Electrocue Ltd.	100	6 817	100	1	1
Electrosonic GmbH	91	918	91 000	279	181
Electrosonic Systems Inc.	100	7 578	326 189	14 781	1 879
Multivision Electrosonic Ltd.	100	-3 407	302 491	1 022	0
Celco Ltd.	100	1 621	7 200	53	1 617
Electrosonic Systems Pty Ltd.	100	-1 046	850 000	3 128	0
Dartford Invest B.V.	100	9 364	60	164	7 474
Svenska AB Mercantile	100	572	75 000	477	572
Kiinteistö Oy Toivikkeenrinne	89	9	89	9	9
Oy Qualitron Ab	55	2 188	550	550	615
Torkkelin Paperi Oy	100	899	40 000	400	1 455

Other shares

Kiint. Oy Malmintori			40		1 260
As. Oy Nordgolf Houses			1		852
Nordgolf Oy			4		114
Helsingin Puhelinyhdistys			175		369
Vakuutus Oy Garantia			120		500
Other shares					<u>247</u>
					3 342

(FIM 1 000)	Group		Parent company	
	1994	1993	1994	1993
7 TAXATION VALUES OF FIXED ASSETS				
Land and water	31 909	36 501	11 108	26 588
Buildings	211 322	208 238	49 207	106 677
Subsidiaries	-	-	190 932	200 112
Other shares	44 106	58 100	3 323	9 354
	<u>287 337</u>	<u>302 839</u>	<u>254 570</u>	<u>342 731</u>

Book value is used, if there
is no taxation value available.

(FIM 1 000)	Group		Parent company	
	1994	1993	1994	1993
8 RECEIVABLES FROM GROUP COMPANIES				
Accounts receivable			2 796	1 568
Loans receivable			157 507	99 109
Prepaid expenses and deferred income			12 211	31 377
			172 514	132 054
9 LOANS TO MANAGEMENT AND SHAREHOLDERS				
Granted loans to management and shareholders	2 326	774	2 256	669
Interest on the loans exceeds the baserate and the amortization time table is normal				
10 SHAREHOLDERS' EQUITY				
Share capital				
Redemption of own 1 091 shares	12 001	12 001	12 001	12 001
Outstanding 8 909 shares	97 999	97 999	97 999	97 999
Share capital	110 000	110 000	110 000	110 000
Restricted equity				
Share capital 1 Jan. and 31 Dec.	110 000	110 000	110 000	110 000
Reserve fund 1 Jan.	1 773	1 778	1 500	1 500
Transfer to retained earnings	-201	-	-	-
Translation adjustment in shareholders' equity	-7	-5	-	-
Reserve fund 31 Dec.	1 565	1 773	1 500	1 500
Revaluation fund 1 Jan. and 31 Dec.	3 565	3 566	-	-
Restricted equity	115 130	115 339	111 500	111 500
Non-restricted equity				
Distributable fund 1 Jan. and 31 Dec.	50 675	50 675	70 000	70 000
Retained earnings	17 400	25 193	69 725	85 185
Redemption of own shares	-	-13 967	-	-13 967
Dividends distributed	-1 459	-3 200	-1 425	-3 200
Translation adjustment in shareholders' equity	-2 762	1 568	-	-
Transfers from reserve fund	201	-	-	-
Profit for the year	63 011	7 806	4 049	1 707
Non-restricted equity 31 Dec.	127 066	68 075	142 349	139 725
11 DEPRECIATION ACCORDING TO PLAN				
Intangible rights	251	555	-	-
Other long term expenditure	2 872	1 707	1 538	-4
Buildings	68 750	77 683	40 169	39 391
Machinery and equipment	50 089	36 240	758	-1 296
Other tangible assets	894	989	-	-
	122 856	117 174	42 465	38 091
12 LIABILITIES				
Liabilities to mature after five years or later				
Loans from banks	636	907	-	500
Pension loans	292 722	291 766	185 758	184 872
Other long term liabilities	400	3 162	-	-
Loans from Group Companies				
Accounts payable			155	210
Accrued expenses and deferred income			1 135	232
Other current liabilities			79 927	109 394
			81 217	109 836

(FIM 1 000)	Group		Parent company	
	1994	1993	1994	1993
13 CONTINGENT LIABILITIES				
Collateral for own loans				
Pledges	105 925	17 025	58 462	17 025
Mortgage on real estate	126 580	51 864	28 000	21 000
Collateral for other own group commitments				
Guarantees	-	-	79 751	77 041
Collateral for the management				
Guarantees	239	289	239	289
Collateral for other own commitments				
Guarantees	751	89 498	-	-
Other collaterals				
Leasing liability	1 988	7 457	881	6 102
Repurchase liability	1 705	2 246	1 705	127
Pension liability	9 111	8 095	6 721	7 111
Other liability	2 868	3 643	2 868	3 643
Total				
Pledges	105 925	17 025	58 462	17 025
Mortgage on real estate	126 580	51 864	28 000	21 000
Guarantees	990	89 787	79 990	77 330
Pension liability	9 111	8 095	6 721	7 111
Other liability	6 561	13 346	5 454	9 872
	249 167	180 117	178 627	132 338

Helsinki, March 18, 1995

Dieter Aminoff

Edward Andersson

Christian Westerlund

Stig Gustavson

Philip Aminoff

Auditors' Report

To the shareholders of Oy Mercantile Ab

We have audited the accounting records, the financial statements and the administration of Oy Mercantile Ab for the financial year 1994. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on the administration.

We have conducted the audit in accordance with generally accepted Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as prescribed in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements including the consolidated financial statements can be adopted, and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the financial year audited by us. The appropriation of profits proposal by the Board of Directors is in compliance with the Companies' Act.

Helsinki, March 22, 1995

Joe Sundholm
Authorised Public
Accountant

Kim Karhu
Authorised Public
Accountant

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