

A N N U A L R E P O R T 1 9 9 5



INTERAVANTI OY

C O N T E N T S

3	INFORMATION FOR SHAREHOLDERS
	ANNUAL GENERAL MEETING
	DIVIDEND
	FINANCIAL REVIEWS
4	SUMMARY
	INTERAVANTI OY IN BRIEF
	KEY FIGURES
5	MANAGING DIRECTOR'S REVIEW
6	REAL ESTATE BUSINESS
8	SHARE CAPITAL AND SHARES
10	GROUP KEY RATIOS
11	CALCULATION OF KEY RATIOS
12	FINANCIAL STATEMENTS
12	REPORT BY THE BOARD OF DIRECTORS
14	SOURCE AND APPLICATION OF FUNDS
15	INCOME STATEMENTS
16	BALANCE SHEETS
18	NOTES TO THE FINANCIAL STATEMENTS
22	PROPOSAL FOR DISPOSAL OF PROFIT
22	AUDITORS' REPORT
23	USEFUL ADDRESSES AND PHONE NUMBERS

I N F O R M A T I O N F O R S H A R E H O L D E R S

3
Holders of shares in Interavanti Oy are invited to the Annual General Meeting, which will be held at 3 pm on March 29, 1996 in the Nordica 1 function room of the Inter Continental hotel, at Mannerheimintie 46, Helsinki.

The meeting will discuss:

- matters referred to in section 12 of the Articles of Association
- the Board proposal that the Articles of Association should be totally reformulated
- the reduction in nominal value and share capital resulting from the depreciation of assets

The right to attend the Annual General Meeting is held by shareholders entered on March 19, 1996 at the latest as shareholders in the list of company shareholders kept by the Central Share Register of Finland Co-operative.

Shareholders whose shares have not been transferred to the book-entry securities register are also entitled to attend the Annual General Meeting if they were entered in the company's share register before October 28, 1994. In this case, the shareholders must present to the Annual General Meeting either their share certificate or some other proof that the entitlement to hold shares has not been transferred to the book-entry securities account.

Documents concerning the financial statements can be viewed by shareholders in the company offices at Mäntytie 13 C, 00270 Helsinki for one week before the meeting.

Shareholders wishing to attend the Annual General Meeting are respectfully requested to inform Interavanti Oy by 3 pm on March 25, 1996, tel: +358 (9)0 477 1133

BOARD OF DIRECTORS

Dividend

The Board of Directors will recommend to the Annual General Meeting that no dividend be paid for the financial year ending on January 1, 1996.

Financial reviews

Interavanti Oy will issue two interim reports in 1996: for the January-April period in week 23, and for the January-August period in week 41.

The annual report is available in Finnish and English. It can be ordered from Interavanti Oy, Mäntytie 13 C, 00270 Helsinki or by telephone from +358 (9)0 477 1133.

I N T E R A V A N T I O Y I N B R I E F

Interavanti Oy is a real estate investment company founded in 1987 that engages in the rental of real estate and housing units. Its real estate stock comprises industrial, storage, office and commercial premises plus housing.

With the exception of the industrial premises in Kuopio, all the properties are located south of the Tampere-Savonlinna line. The company owns no property abroad. Interavanti Oy has a holding of about 25% in InterGlobia Oy, practically all of whose property is abroad. Interavanti does not own any unbuilt land areas.

Scope of real estate stock

The company has a total of 61,348 m² of premises in 29 localities in its possession. The premises intended for business operations are at 73 addresses in southern Finland. Of these, 7,232 m² are joint holdings with the Finnish Bakery Association, Laravest Oy, Musette Oy and Solventor-Invest Oy.

Interavanti has spread risk effectively both regionally and by site. Premises have been purchased as small entities, avoiding taking loans. It is often advantageous to have a minority holding in commercial real estate as well as in housing.

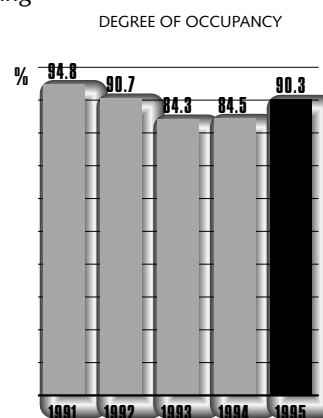
The bulk, or 37,000 m² of the premises in the possession of the company, are industrial units and warehousing. Commercial premises total 15,000 m², the majority in Hollola, Helsinki, Tampere and Nastola.

Office premises total 4,000 m². Most of these are in Tampere, Espoo and Lahti.

The company owns 83 apartments, of which 74 are in Savonlinna. The majority are one- or two-room flats with an average size of 55 m². They are in good condition and mostly in a central location.

Degree of occupancy of rental apartments

The degree of occupancy of the entire real estate stock was 90.3% at the end of the financial year. For industrial and warehousing premises the figure was 94.5%, for office premises 60.9%, for commercial premises 86.7% and for apartments 100%.



Key Figures in 1995

	1995	1994	CHANGE-%
Turnover, FIMm	27.6	23.3	18.5
- of which rental income FIMm	16.0	16.6	-3.6
Operating margin, FIMm	7.1	7.5	-5.3
Profit/loss before appropriations, FIMm	-122.5	4.3	-2,948.8
Equity ratio, %	65.9	77.9	-15.4
Premises owned by company			
- area, m ²	58,049	57,629	0.7
- book value, FIMm	124.0	233.5	-46.9
- degree of occupancy of rental property, %	90.3	84.5	6.9

M A N A G I N G D I R E C T O R ' S R E V I E W

The property market continued quiet in 1995. Demand for real estate has remained sluggish due to Finns' lack of confidence in the future and high real interest rates. Little business has been done in investment real estate. The worst would seem to be over now, however, and demand for rental premises has picked up. The degree of occupancy of real estate owned by Interavanti Oy has risen from 84% in 1994 to 90% in 1995. Compared with the current value of real estate, rental income has reached a competitive level. The level of rents for properties in good locations is rising. The company's rental income, FIM 16.0 million, was more or less the same as in 1994, amounting to 60% of turnover.

Thus far, the real estate owned by Interavanti has been valued in the bookkeeping at acquisition cost. Because the prices of the properties have fallen substantially since they were purchased, the Board of Directors decided to have an outside valuer appraise the premises owned by Interavanti. To ensure expertise and reliability, the valuer chosen was the leader in the market. The appraisal sought to establish the unencumbered market price of the sites. All sites were therefore evaluated with the exception of housing shares purchased in recent years, which were omitted from the appraisal.

In the financial statements for 1995 the book values of fixed assets were decreased by FIM 122.2 million to their current market values. It is proposed that the deficit in shareholders' equity caused by the entry should be covered by reducing the company's share capital and the nominal value of shares from FIM 20 to FIM 8.

After value adjustments, the value of a company share as calculated on the basis of the balance sheet is FIM 10.05 and the average net yield from rental real estate owned by the company, empty premises included, is 10% as calculated on the new book value.

Despite the value adjustments, Interavanti's equity ratio, 65.9%, is good. Group net liabilities

totalled FIM 38.8 million (interest-bearing liabilities minus liquid funds) at the end of the financial year.

The Board of Directors will propose to the Annual General Meeting to be held on March 29 that the Articles of Association should be totally reformulated. The main changes will be as follows:

- the company will concentrate on real estate investment and will cease trading in securities; the latter will therefore be removed from the section on sphere of operations;
- the real estate value adjustments will be carried out by reducing the share capital and nominal value of shares;
- the company's financial year will be changed to the calendar year;
- a section on duty of redemption will be added to the Articles of Association to protect the position of small shareholders should the holding of one shareholder in the company exceed a third.

The aim of the measures is to give outsiders an unambiguous picture of the company's assets and its capacity to make a profit. With the aid of the above measures and the reviving real estate market, the conditions for an increase in the company's shareholder value are encouraging.



HELSINKI, MARCH 1996

KARI RUOHOMAA
MANAGING DIRECTOR

REAL ESTATE BUSINESS

6

The aim of the real estate business is to augment the company's ownership value by investing the equity available to the company in areas with above-average prospects for growth. Risk is spread by engaging in business operations countrywide.

Industrial property, Sarankulma, Tampere



Standing on its own 31,000 m² plot and with a floor area of 6,000 m² gross, this industrial property at Sarankulma, Tampere, completed in 1977, is the largest of the individual sites owned by Interavanti Oy. Unused building

rights total 9,000 m² gross. All premises are rented, the majority by Yrjö Wigren Oy, a meat products manufacturer.

About 15% of Interavanti Oy's real estate stock is in Tampere.



Tukutori, Sörnäinen, Helsinki

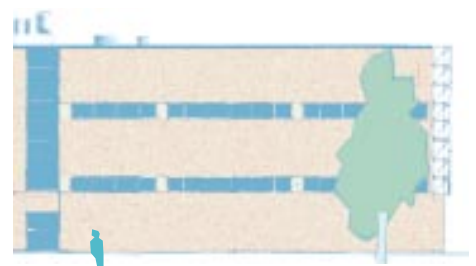


Interavanti owns 67%, or 6,400 m² gross, of an industrial building with a floor area of 10,000 m² gross, constructed in 1988 in Sörnäinen, Helsinki, on a plot rented from the City of Helsinki.

The building has 12 separate 800-m² premises on two floors.

Each premise has its own 100-m² loading bay. There are also three 2,000-kg lifts in the building, all providing access to a loading

bay and the street level yard. All premises are fully rented. One-third of the premises owned by Interavanti Oy are in the metropolitan area.



Savonlinnan Kuvernööri housing company, Savonlinna



Interavanti Oy has 74 rental apartments in Savonlinna. The majority are one-room and two-room flats in the centre of town, and are single properties in different housing companies. Interavanti owns 12 apartments and three garages in the Savonlinnan

Kuvernööri housing company. It does not have a majority holding in any of the housing companies. The apartments account for 7.6% of the total real estate stock. The degree of occupancy is 100%.



Industrial property, Sopenkorpi, Lahti



Sopenkorpi is an industrial area in Lahti. Interavanti Oy owns an industrial property with a floor area of 5,800 m² gross, built in 1963 on a 6,000-m² plot. Unused building rights total 5,000 m² gross.

Vaasan Leipomot Oy currently has a bakery in the building.

Of the premises owned by Interavanti Oy, 18% are located in and around Lahti.



Industrial property, Kuopio



An industrial building with a floor area of 3,600 m² gross built in 1982 on a 17,000-m² plot rented from the City of Kuopio, it is rented in its entirety to Measurex Roibox Oy,

a company manufacturing process control equipment for the paper industry. Modernized in 1995, the building is now in very good condition.



S H A R E C A P I T A L A N D S H A R E S

Interavanti's share capital of FIM 230,000,000 consists of 11,500,000 shares with a nominal value of FIM 20. In December 1995, the company redeemed 50,000 of its own shares, leaving 11,450,000 shares outstanding. The redemption was entered in the trade register on December 27, 1995.

The company's shares are a single series. All entitle the holder to one vote.

Largest shareholders at February 15, 1996

	NUMBER OF SHARES	PERCENTAGE
Finnish Bakery Association	1,183,490	10.3
Huoneistokeskus Oy	907,025	7.9
Interbank Ltd	458,000	4.0
Merita Bank Ltd	394,520	3.4
(nominee registered)		
Matti Raikkala	351,530	3.1
Tapiolan Leipomo Oy	300,280	2.6
Osinko-Ostos Oy	264,000	2.6
Kalevi Paakkinen	260,325	2.3
Industrial Insurance		
Company Ltd	238,000	2.1
Others	7,092,830	61.7
Total	11,450,000	100.0

Shareholdings of Board of Directors and management

The Board of Directors and the Managing Director own a total of 244,165 shares, corresponding to 2.1% of the shares and votes.

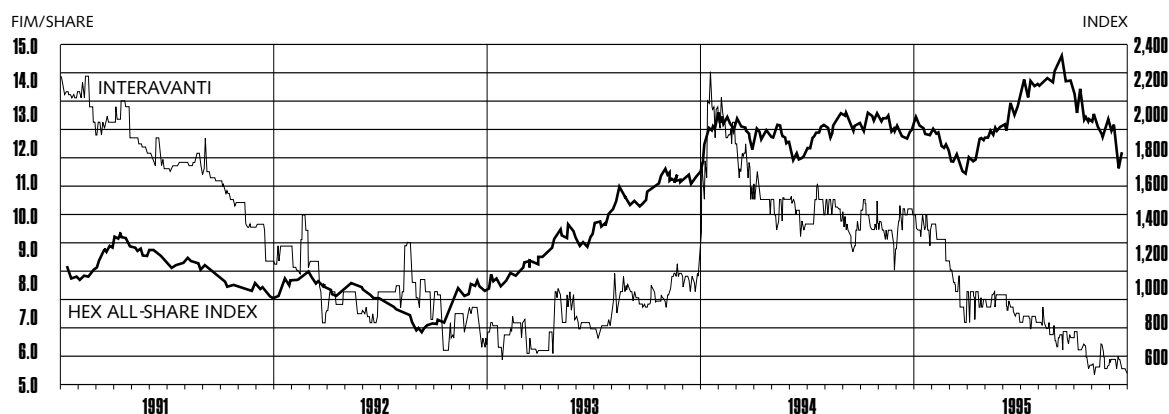
Marketplace

Interavanti Oy shares have been quoted on the Helsinki Stock Exchange since July 11, 1988. The company's shares were transferred to the book-entry securities system in October 1994.

Trend in share price and trading

A total of 1,198,605 shares (4,876,320) with an exchange value of FIM 8.5 million (FIM 55.6 million) were traded during the period under review. The volume of trading accounted for 10.4% (42.4%) of the total number of outstanding shares. The price for shares traded was highest in January, FIM 9.70, and lowest in November, FIM 4.30. As of the beginning of 1995, Interbank Ltd has the third largest holding in the company. There were no other major changes among the company's 20 largest shareholders during the year. Market capitalization totalled FIM 50 million at the end of the financial year.

TREND IN SHARE PRICE



Source: Startel, Infocart

Distribution of holdings at February 15, 1996

NUMBER OF SHARES	SHAREHOLDERS	%	SHARES	%
1-100	62	5.41	4,656	0.04
101-1,000	438	38.22	220,910	1.93
1,001-10,000	518	45.20	1,735,749	15.16
10,001-100,000	110	9.60	3,214,230	28.07
100,001-	18	1.57	5,943,280	51.91
Number of shareholders, total		1,146		
Not in book-entry securities system			331,175	2.89
Total			11,450,000	100.00

9

Shareholder groups, February 15, 1996

	NO.	%	NO.	%
Households and private individuals	959	83.83	4,247,185	37.09
Companies	161	14.07	4,038,085	35.27
Non-profit organizations	10	0.87	1,283,135	11.21
Public corporations	2	0.17	28,000	0.24
Financial and insurance institutions	10	0.87	1,121,250	9.79
Nominee registered	2	0.17	398,520	3.48
Foreign owners	2	0.17	2,650	0.01
Not in book-entry securities system			331,175	2.89
Total number issued			11,450,000	100.00

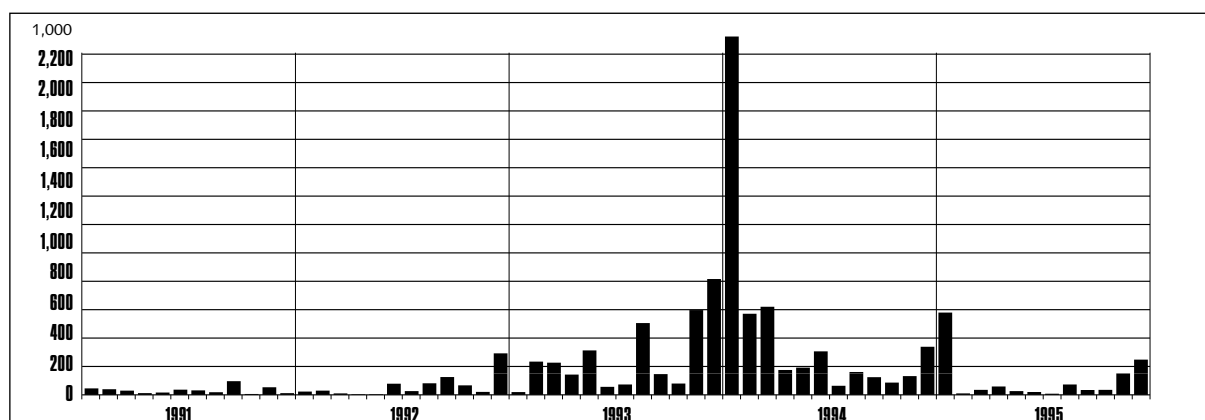
Increases in share capital

Trend in Interavanti Oy share capital as of constituent meeting held on August 15, 1987, FIMm

SUBSCRIPTION DATE	INCREASE	ISSUE PREMIUM	NEW SHARE CAPITAL
January 29, 1988 public issue	22	0.35	32
March 17, 1988 public issue	68	6.8	100
June 22, 1988 public issue	100	25.0	200
March 3, 1989 bonus issue	30	-	230

Interavanti Oy has not issued any convertible bonds or warrant bonds, nor has the Board been given the authority to float such bonds or share issues.

MONTHLY TRADE IN SHARES



I N T E R A V A N T I G R O U P K E Y R A T I O S 1 9 9 1 - 1 9 9 5

10

BUSINESS OPERATIONS		1995	1994	1993	1992	1991
Turnover	FIMm	27.6	23.3	19.2	36.9	72.0
Operating margin	FIMm	7.1	7.5	10.1	16.3	20.0
% of turnover	%	25.7	32.2	52.6	44.2	27.8
Operating profit	FIMm	2.8	3.4	6.0	12.5	16.2
% of turnover	%	10.1	14.6	31.3	33.9	22.5
Profit/loss before extraordinary items	FIMm	-0.3	4.3	-1.9	-2.4	3.4
% of turnover	%	-1.1	18.5	-9.9	-6.5	4.7
Profit/loss before appropriations and taxes	FIMm	-122.5	4.3	-1.9	-2.4	3.4
% of turnover	%	-430.4	21.5	-14.6	-9.8	2.1
Gross investments	FIMm	5.5	7.1	4.8	3.4	6.9
Net investments	FIMm	4.7	6.3	4.8	3.4	2.8
Staff		2	2	2	2	2
Return on equity (ROE)	%	0.2	1.9	neg	neg	1.1
Return on investment (ROI)	%	2.4	3.4	2.9	5.4	6.1
FINANCIAL PERFORMANCE						
Total assets	FIMm	193.3	318.9	324.1	329.3	334.0
Interest-bearing liabilities	FIMm	63	67.4	81.3	84.0	82.6
Share capital	FIMm	230.0	230.0	230.0	230.0	230.0
Shareholders' equity	FIMm	115.1	234.0	227.3	234.0	233.0
Equity ratio	%	65.9	77.9	74.2	73.5	73.4
Debt-equity ratio	%	37.2	18.0	18.9	17.1	19.1
Dividend distribution	FIMm	- *	-	-	-	5.75
KEY RATIOS PER SHARE						
Earnings per share	FIM	0.04	0.43	-0.19	-0.31	0.27
Shareholders' equity per share	FIM	10.05	20.35	19.85	19.90	20.30
P/E-ratio		-	21.9	-	-	29.3
Market capitalization	FIMm	50.0	108.1	97.7	65.6	90.8
Shares traded						
value	FIMm	8.5	55.6	20.3	4.4	4.3
volume	1,000	1,198	4,876	2,958	693	384
percentage of total	%	10.4	42.4	25.7	6.0	3.3
Trend in share price						
highest	FIM	9.70	14.10	9.00	9.50	14.00
lowest	FIM	4.30	7.70	4.80	5.00	7.70
Number of outstanding shares	1,000	11,450	11,500	11,500	11,500	11,500
* Proposal of Board						

Calculation of key ratios:

1. RETURN ON EQUITY, % (ROE)

$$\frac{\text{Profit/loss before extraordinary items minus taxes for the period}}{\text{Shareholders' equity plus minority interest plus reserves}} \times 100$$

2. RETURN ON INVESTMENT, % (ROI)

$$\frac{\text{Profit/loss before extraordinary items plus interest paid and other financial expenses}}{\text{Total assets minus non-interest-bearing liabilities}} \times 100$$

3. EQUITY RATIO, %

$$\frac{\text{Shareholders' equity plus minority interest plus reserves}}{\text{Total assets minus advance payments received}} \times 100$$

4. EARNINGS PER SHARE (FIM)

$$\frac{\text{Profit/loss before extraordinary items plus/minus minority interest minus tax for the financial year}}{\text{Average number of shares for the financial year}} \times 100$$

5. EQUITY PER SHARE (FIM)

$$\frac{\text{Equity plus reserves}}{\text{Number of shares at end of financial year}}$$

6. PE RATIO

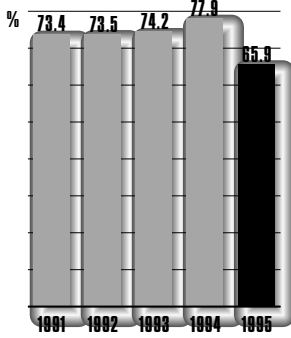
$$\frac{\text{Quotation at balance sheet date}}{\text{Earnings per share}}$$

7. DEBT-EQUITY RATIO

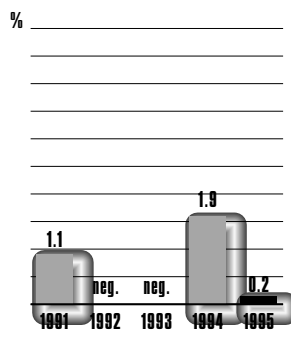
$$\frac{\text{Interest-bearing liabilities minus cash and bank}}{\text{Shareholders' equity minus reserves}}$$

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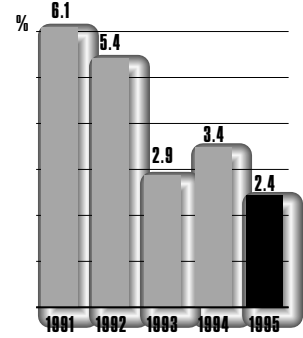
EQUITY RATIO



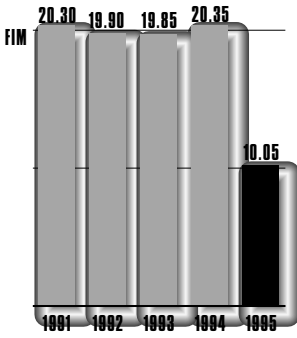
RETURN ON EQUITY



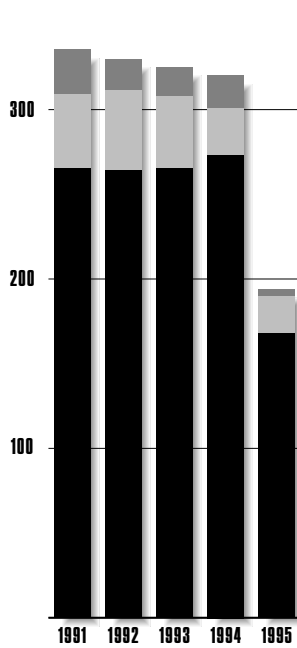
RETURN ON INVESTMENT



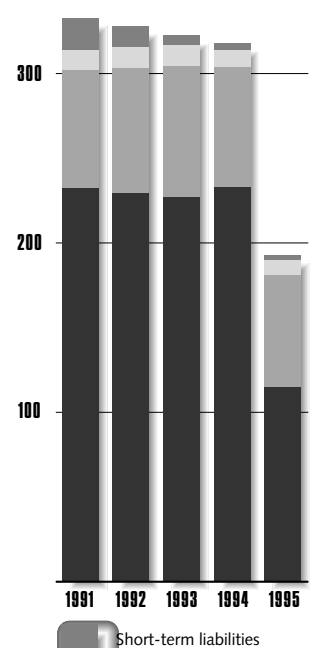
EQUITY PER SHARE



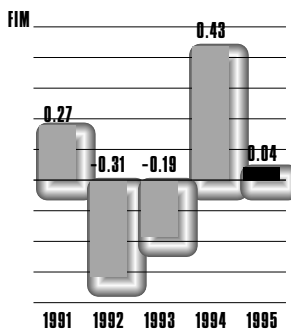
BALANCE SHEET ASSETS, FIMm



BALANCE SHEET LIABILITIES, FIMm



EARNINGS PER SHARE



Inventories
 Current assets
 Fixed assets

Short-term liabilities
 Minority interest
 Long-term liabilities
 Shareholders' equity

R E P O R T B Y T H E B O A R D O F D I R E C T O R S

Turnover and performance

Turnover according to the consolidated income statement came to FIM 27.6 million (23.3 million), of which rental income accounted for FIM 16.0 million (16.6 million). Share trading and remunerations accounted for FIM 11.7 million (6.7 million) of turnover. Credit losses from renting totalled FIM 0.5 million (1.1 million). The operating margin was FIM 7.1 million (7.5 million) and the operating profit FIM 2.8 million (3.4 million); the loss before extraordinary items came to FIM 0.3 million (a profit of 4.3 million).

After supplementary depreciation of fixed assets totalling FIM 122.2 million, the consolidated income statement shows a loss of FIM 118.8 million (a profit of FIM 5.0 million in 1994). The change in the principles for the valuation of assets is explained in more detail later in this report in the section 'valuation of assets'.

Financial income and expenses includes FIM 2.0 million in exchange rate gains arising from the conversion of foreign currency-denominated credit into partially markka-denominated credit (50%), as well as exchange rate losses of FIM 1.4 million arising from deposits denominated in the US dollar.

The consolidated balance sheet total is FIM 193.3 million (FIM 318.9 million).

Of Group long-term liabilities of FIM 66.2 million (70.5 million), about half is denominated in the Finnish markka and the other half in foreign currencies. The currency-denominated half is partly hedged by forward contracts and partly through foreign currency-denominated deposits.

The Group's equity ratio is 65.9% (77.9%) and its net interest-bearing liabilities come to FIM 38.8 million (39.3 million).

Real estate

At the end of the year under review, the real estate held by Interavanti Oy comprised industrial units, warehouses, offices, commercial premises and housing located in 29 localities, with a total floor space of 61,348 m². Most of this real estate, about 61.7%, consists of warehousing and industrial facilities; offices account for 6.8%, commercial premises for 23.9% and housing for 7.6%. The premises include joint holdings with the Finnish Bakery Association, Laravest Oy, Musette Oy and Solventor-Invest Oy. The premises are located at about 150 different addresses, primarily south of the Tampere-Savonlinna line. One-third of the premises are in the metropolitan area. Tampere and Turku together have one-fifth of the holdings.

At year end the degree of occupancy of all rented premises stood at 90.3%. Warehousing and industrial units were rented out to 94.5%, offices to 60.9%, commercial premises to 86.7%, and housing to 100%.

Average net yield from the entire real estate stock is 10.0%. Average net yield from rented premises after value adjustments is 11.4%. Average net yield from warehousing and industrial units is 13.7%, from offices 9.8% and commercial premises 13.2%. Average net yield from housing, on which supplementary

depreciation has not been made, is 6.0%. Calculations of net yield include the possible value of the land. The book value of the average acquisition price of premises after value adjustments is FIM 2,156/m² (3,930/m²).

Valuation of assets

At the end of 1995, an unbiased appraisal by an external valuer was carried out of Interavanti's real estate, with the exception of housing. The result of this appraisal came as a surprise. In previous assessments, carried out by the company itself according to a schematic assessment model and yield requirements drawn up by the Ministry of Social Affairs and Health for the use of insurance companies, overvaluations were not of a magnitude to demand action.

Although this was just an assessment, the Board does not consider it sensible to speculate about what measures it might call for, but instead has decided to carry out the downward adjustments proposed in the appraisal on current market values to their full extent. No value has been calculated for unused building rights.

Preliminary data indicate that the financial statements of the associated company InterGlobia Oy will show a loss of about FIM 30 million for 1995. This loss consists of value adjustments on real estate. Therefore Interavanti has carried out a value adjustment amounting to FIM 10 million on InterGlobia's shares.

The company has a 25% holding in InterGlobia Oy. InterGlobia shares included under inventories have been trans-

ferred to fixed assets. Subsequently, inventories only comprise the shares of publicly quoted companies.

Number of shares

During the year under review, the company has redeemed 50,000 of its own shares offered to it by shareholders using its non-restricted shareholders' equity without lowering its share capital, as permitted under the Articles of Association. The redemption price was FIM 4.80 per share, a total of FIM 240,000.

Following the redemption, the number of Interavanti shares in circulation was 11,450,000.

Investments

The supply of the kind of business premises that interest Interavanti was slight during the year under review, so no new acquisitions were made. Housing transactions were more lively. During the year under review, 11 apartments were purchased, coming to a total of FIM 2.83 million with a total floor space of 694 m². The average net yield from the apartments acquired during the year is 8.3-10.3%.

During the year under review, a 50% holding in a jointly held apartment of 43.5 m² was sold, as well as one 600 m² industrial building.

Corporate management and auditors

Until the Annual General Meeting, the Board of Directors of Interavanti consisted of Olli Kuhta as Chairman, with Kari Karvonen, Tapani Salomaa and Raimo Arvola as members. After the Annual General Meeting on April 25, 1995, Olli Kuhta continued as Chairman of the Board, while the members were Raimo Arvola, Simo Rajakallio, Tapani Salomaa and Kari Ruohomaa.

Raimo Arvola served as Managing Director of the company until April 30, 1995. Kari Ruohomaa took over on May 1, 1995.

Johanna Perälä, Authorized Public Accountant, served as regular auditor, with Coopers & Lybrand Oy, authorized public accountants, as deputy auditor.

Staff and salaries

The parent company has two permanent employees and one temporary employee.

Salaries paid during the financial year totalled FIM 832,863.00, out of which salaries to the Managing Director and members of the Board of Directors came to FIM 531,318.00. Group salaries totalled FIM 834,863.00.

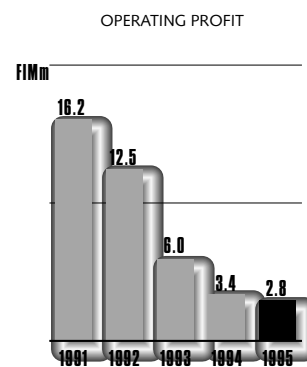
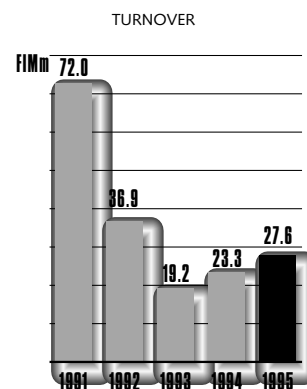
Prospects for 1996

Demand for industrial units and warehousing picked up in late summer 1995 and the percentage of rented premises improved by 6 percentage points. Towards the very end of the year, demand fell slightly, but prospects for 1996 are better than they have been for a long time.

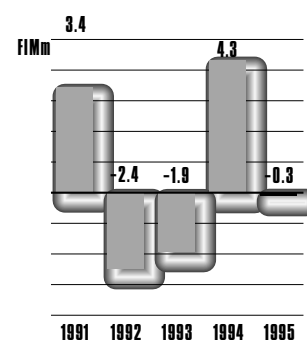
It is estimated that the amount of rental income will remain at the same level as in the year under review.

The improved prognosis for the realization of individual premises creates better scope for operations in the real estate market and generally more latitude for commercial operations in 1996.

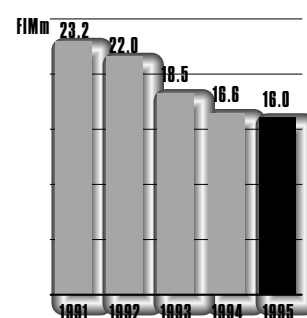
There should not be any notable changes in financial expenses in the new year. Interavanti Oy's liquidity is expected to remain good. The company is expected to make a profit in 1996.



PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS



RENTAL INCOME



SOURCE AND APPLICATION OF FUNDS

FIM 1,000	GROUP		PARENT COMPANY	
	JAN. 1, 96	JAN. 1, 95	JAN. 1, 96	JAN. 1, 95
Business operations				
Income financing				
Operating margin	7,094	7,509	6,669	6,997
Financial income and expenses	-5,543	-4,550	-5,459	-4,424
Extraordinary items	-1,293	0	-1,293	0
Taxes	+576	+417	0	+579
	+834	+3,376	-83	+3,152
Change in working capital				
Inventories, increase (-)/decrease (+)	-1,196	-2,308	-1,196	-2,308
Short-term receivables, increase(-)/decrease (+)	+1,068	+1,612	+997	+1,602
Short-term non-interest-bearing liabilities, increase(+)/decrease (-)	-28	-321	+83	-222
	-156	-1,017	-116	-928
Cash flow from business operations	678	2,359	-199	2,224
Investments				
Investments in fixed assets	5,510	7,118	7,092	7,118
Sale of fixed assets	815	834	805	834
	-4,695	-6,284	-6,287	-6,284
Cash flow before financing	-4,017	-3,925	-6,486	-4,060
Long-term receivables, increase (-)/decrease (+)	+1,437	-2,380	+2,998	-2,486
Long-term liabilities, increase (+)	+1,212	+4,209	+1,296	+3,885
Long-term liabilities, decrease (-) *)	-3,015	-6,498	-2,228	-6,000
Short-term loans, increase (+)/decrease (-)	-1,143	-1,966	-1,143	-1,797
Unclaimed dividends	+87	0	+87	0
Redemption of own shares	-240	0	-240	0
	-1,662	-6,635	+770	-6,398
Change in liquid assets according to calculation, increase (+)/decrease (-)	-5,679	-10,560	- 5,716	-10,458
Change in liquid assets according to balance sheet, increase (+)/decrease (-)**)	-6,679	-10,560	-5,716	-10,458

*) Unrealized exchange rate differences on foreign currency-denominated credit have not been taken into account as changes in long-term loans in the statement of source and application of funds.

***) Short-term investments have been taken into account under changes in liquid assets.

INCOME STATEMENT

FIM 1,000	GROUP		PARENT COMPANY	
	JAN. 2, 95-JAN.1, 96	JAN. 2, 94-JAN.1, 95	JAN. 2, 95-JAN.1, 96	JAN. 2, 94-JAN.1, 95
Turnover	27,647	23,281	26,629	22,086
Expenses				
Purchases	12,793	9,363	12,793	9,364
Staff expenses	975	949	973	949
Rents	4,024	3,935	4,773	4,714
Other expenses	4,110	3,833	2,769	2,370
Change in inventories	-1,349	-2,308	-1,348	-2,308
	20,553	15,772	19,960	15,089
Operating margin	7,094	7,509	6,669	6,997
Depreciation				
On fixed assets and other capitalized expenditure	-4,306	-4,108	-2,103	-1,840
Operating profit	2,788	3,401	4,566	5,157
Financial income and expenses				
Other financial income	1,279	1,770	1,507	2,031
Exchange rate gains	2,045	5,433	2,035	5,433
Interest paid	-4,666	-5,886	-4,799	-6,004
Exchange rate losses	-1,399	-178	-1,399	-178
Other financial expenses	-335	-273	-335	-272
Share in associated company profits	0	+17	-	-
	-3,076	+883	-2,991	+1,010
Profit/loss before extraordinary items, reserves and tax	-288	4,284	1,575	6,167
Extraordinary income and expenses				
Extraordinary expenses	-122,235	0	-126,952	0
Profit/loss before reserves and tax	-122,523	4,284	-125,377	6,167
Increase (-)/decrease (+) in depreciation difference			+6,262	-1,357
Taxes				
For previous financial years	0	+756	0	+579
Change in deferred tax liability	+576	-339	0	0
Profit/loss before minority interest	-121,947	4,701	-119,115	5,389
Minority interest	3,153	250		
Profit/loss for the financial period	-118,794	4,951	-119,115	5,389

BALANCE SHEET

	GROUP		PARENT COMPANY	
	JAN. 1, 96	JAN. 1, 95	JAN. 1, 96	JAN. 1, 95
FIM 1,000				
Assets				
Fixed assets and other long-term investments				
Intangible assets				
Other capitalized expenditure	2,215	3,013	2,129	1,754
Tangible assets				
Land and water areas	4,312	9,502	2,415	6,949
Buildings and structures	62,008	100,448	29,255	42,272
Machinery and equipment	1,562	1,758	583	469
	67,882	111,708	32,253	49,690
Securities included in fixed assets and other long-term investments				
Subsidiary shares	-	-	29,949	60,019
Associated company shares	24,325	46,739	24,325	46,722
Other shares and holdings	70,435	106,459	67,963	103,833
Loan receivables	2,949	4,386	5,471	8,469
	97,709	157,584	127,708	219,043
Inventories and current assets				
Inventories				
Shares and holdings	3,971	18,851	3,971	18,851
Receivables				
Trade receivables	681	730	681	730
Loan receivables	108	269	108	269
Prepaid expenses and accrued income	531	1,366	230	1,018
	1,320	2,365	1,019	2,017
Short-term investments	16,710	23,070	16,189	23,070
Cash and bank	3,517	2,261	3,369	2,203
Total assets	193,324	318,852	186,638	316,628

	GROUP		PARENT COMPANY	
	JAN. 1, 96	JAN. 1, 95	JAN. 1, 96	JAN. 1, 95
FIM 1,000				
Shareholders' equity and liabilities				
Shareholders' equity				
Restricted shareholders' equity				
Share capital	230,000	230,000	230,000	230,000
Non-restricted shareholders' equity				
Profit from previous financial years	3,878	-919	4,295	-940
Profit/loss for the financial year	-118,794	4,951	-119,115	5,389
	-114,916	4,032	-114,820	4,449
Minority interest	9,433	10,583		
Reserves				
Accumulated depreciation difference			0	6,262
Liabilities				
Long-term				
Loans from financial institutions	61,534	66,011	61,166	65,432
Advance payments received	3,440	3,870	3,440	3,870
Other long-term liabilities	1,212	0	4,283	2,987
Deferred tax liability	0	576	-	-
	66,186	70,457	68,889	72,289
Short-term				
Advance payments received	882	815	882	815
Accrued expenses and deferred income	1,471	1,554	1,419	1,402
Other short-term liabilities	268	1,411	268	1,411
	2,621	3,780	2,569	3,628
Total shareholders' equity and liabilities	193,324	318,852	186,638	316,628

NOTES TO THE FINANCIAL STATEMENTS

Accounting principles

Extent of consolidated financial statements

Included in the consolidated financial statements are the parent company Interavanti Oy and all subsidiaries in which the parent company holds, directly or indirectly, over 50% of the voting rights conferred by the shares.

Associated companies

As all associated companies are mutual real estate companies, their results or proportion of shareholders' equity are not included in the consolidated financial statements. The expenditure of mutual real estate companies is covered by an annual maintenance charge, and thus their result is not significant.

The holdings of the associated companies and their book value are presented in the Notes.

Internal business transactions

Consolidated internal business transactions, receivables and liabilities were eliminated when the balance sheets were combined.

Internal shareholdings

Internal shareholdings have been eliminated using the acquisition cost principle.

The price paid for subsidiary shares in excess of shareholders' equity has been allocated to real estate or real estate shares owned by the subsidiary. Through a corporate acquisition made during the financial year now ending, a majority holding was acquired in Oy Nordic Foxes Ab and Old Foxes Ab, which constitute a sub-Group. The elimination difference, or consolidated reserve, generated in the transaction has been allocated to the real estate shares owned by Old Foxes Oy.

Transfer of voluntary reserves to shareholders' equity

In the balance sheet, voluntary reserves are divided between deferred tax liability and shareholders' equity. The deferred tax liability and change therein are reported as a separate item.

Minority interest

Minority interest has been removed from consolidated shareholders' equity, voluntary reserves and the result and presented as a separate item.

Dealing with items denominated in foreign currency

Receivables and liabilities denominated in foreign currency have been translated into the Finnish markka at the Bank of Finland middle rate at balance sheet date. Exchange rate differences are recorded under financial income and financial expenses.

The exchange rate difference of the hedged item has been adjusted using the difference in the exchange rate between the balance sheet date and the maturity date arising from the forward contract concerning foreign exchange credit.

Inventories

Publicly quoted securities included in inventories are valued at acquisition cost or at the buying rate confirmed on the last day of trading in the financial year if the value was lower than the acquisition cost.

During the financial year, the 2,916,000 InterGlobia Oy shares under inventories were transferred to fixed assets. The transfer has not been entered through the income statement. Changes in inventories in the income statement and balance sheet are not therefore comparable.

Fixed assets and depreciation principles

A depreciation plan drawn up beforehand was used to determine the depreciation according to plan of the fixed assets belonging to Interavanti Oy and its subsidiaries. Depreciation according to plan is calculated on a straight line basis on the historical cost according to the useful economic life of the asset.

The consolidated goodwill allocated to fixed assets is eliminated in the consolidated financial statements using the same depreciation percentage as in the fixed asset items in question.

During the financial year an additional value adjustment depreciation was made on the fixed assets owned by the parent company and Group after depreciation according to plan had been recorded. The additional depreciation is based on the appraisal of the current values of fixed asset items presented by an external valuer.

Buildings and structures	10-40 years
Real estate fittings	10 years
Machinery and equipment	5 years
Other capitalized expenditure	5-10 years

In future years, the depreciation will be made in proportion to the new balance sheet values.

Short-term investments

Short-term investments of liquid funds in foreign currency deposits are presented in the balance sheet as a separate item as short-term investments. The deposits are valued at the Bank of Finland middle rate at balance sheet date.

Notes to the income statement and balance sheet

19

TURNOVER	GROUP		PARENT COMPANY	
	1996	1995	1996	1995
FIM 1,000				
Sales of securities, remunerations	11,665	6,713	11,681	6,847
Rental income	15,982	16,568	14,948	15,239
	27,647	23,281	26,629	22,086

STAFF EXPENSES	GROUP		PARENT COMPANY	
	1996	1995	1996	1995
FIM 1,000				
Salaries	759	736	757	736
Pension expenses	122	120	122	120
Other staff expenses	94	93	94	93
Fringe benefits	42	–	42	–
	1,017	949	1,015	949

The staff's pension security is arranged according to the normal terms of statutory pension insurance.

EXTRAORDINARY INCOME AND EXPENSES

Value adjustments on real estate, real estate shares and other shares totalling FIM 124.9 million have been entered under extraordinary expenses. The comparable consolidated figure is FIM 120.2 million. The amount of value adjustments is based on the appraisal of the current value of the sites made by an outside valuer. The entry for the financial year includes the loss made on real estate and apartment sales and also the credit loss on a loan receivable.

INTRAGROUP	PARENT COMPANY	
	JAN. 1, 96	JAN. 1, 95
FIM 1,000		
Interest income and expenses		
Interest received	257	275
Interest paid	171	188
Receivables and liabilities		
Loan receivables	2,522	4,082
Other long-term liabilities	3,071	2,987
Accrued expenses and deferred income	15	54

LIABILITIES	GROUP		PARENT COMPANY	
	JAN. 1, 96	JAN. 1, 95	JAN. 1, 96	JAN. 1, 95
FIM 1,000				
Liabilities falling due within five years or a period longer than that				
Loans from financial institutions	–	45,803	–	45,803
Advances received	1,290	1,720	1,290	1,720

DEPRECIATION FOR THE FINANCIAL YEAR				
FIM 1,000	GROUP		PARENT COMPANY	
	JAN. 1, 96	JAN. 1, 95	JAN. 1, 96	JAN. 1, 95
According to plan	607	422	578	387
Other capitalized expenditure	3,209	3,183	1,388	1,294
Buildings and structures	490	503	135	158
Machinery and equipment	4,306	4,108	2,102	1,840
Change in depreciation difference				
Buildings and structures			-1,042	-1,405
Machinery and equipment			-30	+ 48
Adjustment of supplementary depreciation entered under extraordinary items			7,334	
Income statement depreciation difference			6,262	-1,357

FIXED ASSETS AND OTHER CAPITALIZED EXPENDITURE, CHANGES						
FIM 1,000	ACQUISITION COST JAN. 2, 95	INCREASES JAN. 2, 95– JAN. 1, 96	DECREASES JAN. 2, 95– JAN. 1, 96	ACQUISITION COST JAN. 1, 96	ACCUMULATED DEPRECIATION JAN. 1, 96	BOOK VALUE JAN. 1, 96
GROUP						
Other capitalized expenditure	4,881	961	–	5,842	3,627	2,215
Land and water areas	9,502	–	–	9,502	5,190	4,312
Buildings and structures	119,044	–	1,590	117,454	55,446	62,008
Machinery and equipment	5,045	376	79	5,342	3,780	1,562
PARENT COMPANY						
Other capitalized expenditure	3,471	953	–	4,424	2,295	2,129
Land and water areas	6,948	–	–	6,948	4,534	2,415
Buildings and structures	50,020	–	1,590	48,430	19,175	29,255
Machinery and equipment	1,606	328	79	1,855	1,272	583

CONTINGENT LIABILITIES				
FIM 1,000	GROUP		PARENT COMPANY	
	JAN. 1, 96	JAN. 1, 95	JAN. 1, 96	JAN. 1, 95
Pledges given and mortgages				
Pledges				
Own commitments	21,206 *)	39,255	21,206*)	39,255
Mortgages				
Own commitments	48,037	48,037	48,037	48,037
	69,243	87,292	69,243	87,292
Amount of liabilities	61,166	65,433	61,166	65,433

*) Pledges are presented at a reduced value

TAXABLE VALUES				
FIM 1,000	GROUP		PARENT COMPANY	
	JAN. 1, 96	JAN. 1, 95	JAN. 1, 96	JAN. 1, 95
Land areas	2 582	2 299	1 153	929
Buildings	34 852	37 564	13 582	15 169
Shares and holdings	102 712	137 367	124 809	158 558

The book value was used if the taxable value was not available.

CHANGES IN EQUITY	GROUP		PARENT COMPANY	
	Jan. 1, 96	Jan. 1, 95	Jan. 1, 96	Jan. 1, 95
FIM 1,000				
Share capital				
Restricted				
Shares outstanding at end of financial year	229,000	230,000	229,000	230,000
Redeemed by company	1,000	0	1,000	0
Total	230,000	230,000	230,000	230,000
Reserve fund				
At beginning of financial year	0	905	0	905
Covered loss for financial year	0	-905	0	-905
Total restricted	230,000	230,000	230,000	230,000
Non-restricted				
Profit from previous financial years				
At beginning of financial year	+4,032	-1,831	4,448	-1,852
Covered from reserve fund		+905		+905
Unclaimed dividends	+86	+7	+86	+6
Own shares redeemed	-240	0	-240	0
	3,878	-919	+4,295	-940
Profit/loss for financial year	-118,794	4,951	-119,114	+5,388
	-114,916	4,032	-114,819	+4,448
Total	115,084	234,032	115,180	234,448

Shares and holdings

SUBSIDIARIES	OWNERSHIP/	BOOK VALUE	OWNERSHIP/	BOOK VALUE
	VOTING RIGHT,%	FIM 1,000		VOTING RIGHT,%
Real estate companies:				
Kotkyläntie 3, Espoo	100/100	2,743	Pakilan Liiketalo Oy, Helsinki	37/37 1,300
Kirkkojärven Liiketalo, Espoo	100/100	4,856	Kirkkokankaan Liiketalo Oy, Ruovesi	42.7/42.7 900
Knaapinkulma, Tuusula	100/100	280	Kutola, Turku	35.7/35.7 150
Vanha talvitie 8, Hki	66.75/66.75	14,000	Itä-Aukio, Lahti	29.6/29.6 900
Meriniitty, Salo	100/100	1,884	Savonlinnan Kaartilantie,SLN	47.5/47.5 550
Lare, Sipoo	100/100	334	Hiekkakiventie 7, Helsinki	20.9/20.9 2,000
Hämeenkylläntie 51, Vantaa	100/100	737	Rakokivi, Nastola	21/21 700
Multitori, Tampere	74.07/74.07	1,800	Housing companies:	
Ruolantori	70/70	1,951	Tiiranhovi, Kustavi	22.6/22.6 728
Aladdin Oy, Helsinki	100/100	0	Lahden Harjukatu 16, Lahti	35.5/35.5 120
TSI-Halli Ky, Rauma	100/100	150	Savonlinnan Kuvernööri, SLN	28.9/28.9 4,772
Helsingin Nipo-Kiinteistöinvest Oy	100/100	15	Tallisaari, Savonlinna	25/25 559
Oy Nordic Foxes Ab, Helsinki	69.37/69.37	383	Savonlinnan Neitsytkatu 1, SLN	30.5/30.5 660
Old Foxes Oy, Helsinki	51.5/61.79	816	Kaskelanpolku, Vantaa	25/25 686
ASSOCIATED COMPANIES			COMPANIES IN WHICH THE GROUP HAS A MAJOR HOLDING	
Real estate companies:			InterGlobia Oy	25.19/9.75 23,579
Hollolan Kotikeskus, Hollola	50/50	2,500	OTHER SHARES AND HOLDINGS	
Nummela Onnikka, Nummela	23.7/23.7	2,200	Central Share Register of Finland Co-operative	280
Espoonatorin Pysäköintitalo, Espoo	28.9/28.9	4,000	Helsinki Stock Exchange	150
Tietokartano, Tampere	21/21	1,000	Real estate and housing shares	
Opintie 6, Lappeenranta	30.9/30.9	600	in 89 companies, holding under 20%	46,347
			Other shares	79

**P R O P O S A L B Y B O A R D O F D I R E C T O R S
F O R D I S P O S A L O F T H E C O M P A N Y ' S P R O F I T**

The financial statements show a loss of	FIM 119,114,912.85
The deficit in non-restricted shareholders' equity is	FIM 114,819,731.57
The Board proposes that	
- the share capital be reduced by by lowering the nominal value from FIM 20 to FIM 8	FIM 137,400,000.00
- of which is used to cover the loss	FIM 114,819,731.57
- to be entered in the reserve fund	FIM 22,580,268.43
- a dividend will not be distributed.	

22

The deficit in non-restricted shareholders' equity shown in the consolidated financial statements is FIM 114,916,000.00. After being reduced, the share capital of the parent company is FIM 92,600,000.00.

HELSINKI, MARCH 20, 1996

OLLI KUHTA
Chairman

RAIMO ARVOLA

SIMO RAJAKALLIO

TAPANI SALOMAA

KARI RUOHOMAA
Managing Director

A U D I T O R ' S R E P O R T

T O T H E S H A R E H O L D E R S O F I N T E R A V A N T I O Y

I have examined the bookkeeping, financial statements and administration of Interavanti Oy for the financial year January 2, 1995 - January 1, 1996. The financial statements drawn up by the Board of Directors and the Managing Director comprise a report on operations and consolidated and parent company income statements, balance sheets and notes to the financial statements. On the basis of this examination, I now make the following report on the financial statements and administration.

The audit has been carried out in accordance with good auditing practice. The bookkeeping, the principles applied in drawing up the financial statements and their contents and presentation have been examined to an extent sufficient to ensure that the accounts do not contain essential errors or deficiencies. The examination of the administration included an appraisal of the legality of action by the members of the Board of Directors and the Managing Director under the Companies Act.

I hereby report that the financial statements have been drawn up in accordance with the Accounting Act and other rules and regulations concerning financial statements. The financial statements provided true and fair information on consolidated and parent company performance and financial standing as decreed in the Accounting Act. The financial statements, including consolidated statements, can be approved and the members of the parent company Board of Directors and the Managing Director can be released from liability for the financial year audited. The Board of Directors' proposal for dealing with the non-restricted shareholders' equity complies with the Companies Act.

I have examined the interim report issued during the financial year and find that it has been drawn up in accordance with the relevant regulations.

HELSINKI, MARCH 5, 1996

JOHANNA PERÄLÄ, AUTHORIZED PUBLIC ACCOUNTANT

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