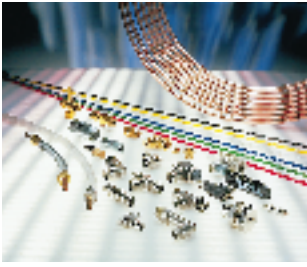


Annual Report 1995



Mercantile



Mercantile Technical Trade

Mercantile Technical Trade provides raw materials, industrial supplies, machines and manufacturing systems to industry and the trade. The suppliers are leading companies in their field throughout the world. Operations are divided into six departments: Steel, Chemicals, Machine Tools, Industrial Machinery and Supplies, Fastening Equipment (Mercantile Pultti), as well as Hepoteräs. The Machine Tools Department also covers the operations of the industrial automation manufacturer Fastems. The subsidiary, Oy Mercantile KSB Ab, is engaged in the wholesale, installation and servicing of pumps and valves.



Oy Transkem Ab

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



Oy Örum Ab

Oy Örum Ab specializes 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 and tools. The Estonian subsidiary A/S MG-AUTO is engaged in the wholesale and retail trade in spare parts and accessories in Estonia and Latvia. The most important suppliers are 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 percent in office supplies in Finland. Wulff sources most products direct from leading domestic and foreign suppliers. The Estonian subsidiary, Mammuti Kontoritarbe AS in Tallinn, is engaged in the wholesale of office supplies.



Oy Qualitron Ab

Oy Qualitron Ab markets television production technology and audio-visual equipment both in Finland and the CIS countries. The company also designs and installs complete systems. The company has its own office in Moscow to take care of trade in the CIS countries.



Helvar Electrosonic Group

The Helvar Electrosonic Group is a multinational group manufacturing components for the lighting industry and for illumination electronics, as well as light, sound and image control systems. The Group comprises Oy Helvar with its foreign sales subsidiaries (The Helvar Group) and Electrosonic Limited with its subsidiaries (The Electrosonic Group).

Picture on the cover:

The Broadway production of *How to Succeed in Business Without Really Trying* uses ELECTROSONIC PICBLOC image processing technology.

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Group Structure, 1 April 1996

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

Mercantile Technical Trade

Kari Raski

Stainless steel, steel products and aluminium
Chemicals
Pumps and valves
Fastening equipment
Machine tools, robotics and flexible manufacturing systems
Industrial machinery and supplies
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

Oy Qualitron Ab

Tapani Karjalainen

Marketing of television production technology and
audiovisual equipment, systems design and
project deliveries

Helvar Electrosonic Group

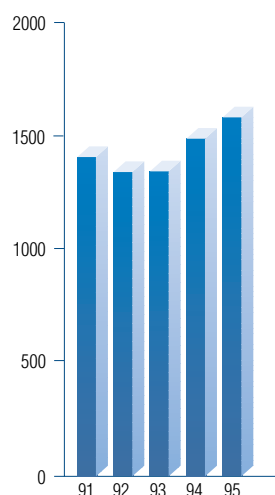
Mikko J. Aro

Components for the lighting industry and illumination
electronics as well as the manufacture and marketing
of light, sound and image control systems

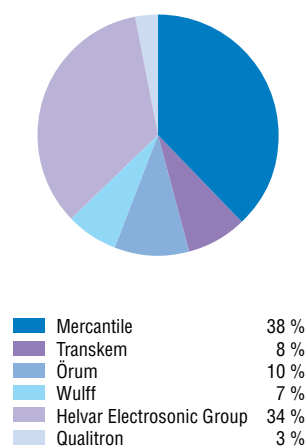
Key Figures

Mercantile Group	1991	1992	1993	1994	1995
Net sales, FIM million	1 402	1 331	1 334	1 484	1 571
Change over previous year, %	-9.4	-5.1	0.2	11.3	6.0
Operating result, FIM million	-1	15	57	106	102
Profit after financing items, FIM million	-66	-7	11	78	81
Shareholders' equity and reserves, FIM million	377	387	395	438	491
Balance sheet total, FIM million	1 204	1 115	1 076	1 174	1 198
Capital employed, FIM million	975	957	873	895	930
Return on investment, %	-0.1	1.5	6.5	11.8	10.9
Solidity, %	31	35	37	37	41
Gearing, %	141	119	106	78	62
Quick ratio	0.9	0.9	0.9	1.1	1.1
Investment, gross, FIM million	53	48	51	134	69
Staff on 31 December	1 617	1 454	1 254	1 254	1 466

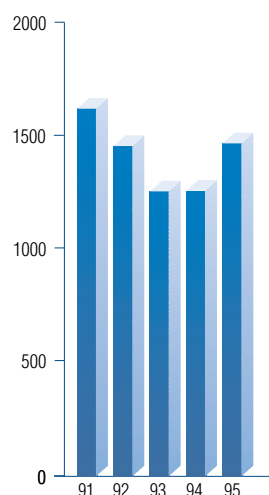
Net sales
1991 - 95, FIM million



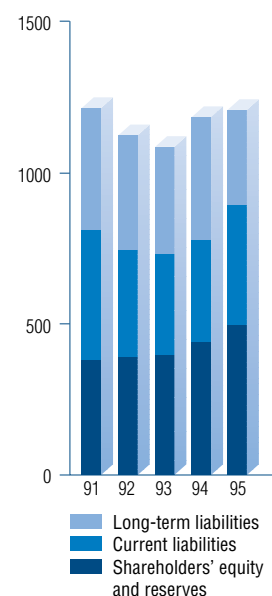
Net sales
1995, %



Staff
On 31 Dec. 1991 - 95



Financial structure
1991 - 95, FIM million



Managing Director's Review

1995 was a satisfactory year for the Mercantile Group. Profit trends in the different businesses were mixed but consolidated profits remained almost the same as previous year. The on-going growth in the domestic market boosted Group profits. The companies engaged in exports and operating on international markets did not achieve their profit objectives.

The Mercantile Group is engaged in trade and industrial operations. The Group's aim is to operate at a profit and to achieve and maintain a leading position in selected business areas. Another aim is to maintain a good solvency ratio.

Overview of 1995

The turnover of the Mercantile Group in 1995 amounted to FIM 1 571 million, representing a growth of 6 %. Trade accounted for 67 % and industrial operations for 33 %. Profits before extraordinary items, appropriations and taxes amounted to FIM 85.7 million, which was FIM 1.4 million up on 1994.

The Group's liquidity remained good. Investments amounted to FIM 69 million and were financed internally. The equity ratio at year end amounted to 41 %, which was 4 percentage points better than in the previous year. At the year end the Group had a staff of 1 466.

The operations of the business units engaged in trade – Mercantile Technical Trade, Oy Örum Ab, Oy Wulff Ab and Oy Qualitron Ab – succeeded above expectations, both as regards sales and above all in terms of profits. The turnover of Oy Transkem Ab offering transit services fell by 35 % and the financial result was not satisfactory. The turnover of the Helvar Electrosonic Group engaged in industrial operations was equal to 1994

and profits failed to meet expectations.

The Group's most important asset is its highly qualified staff whose knowhow and expertise have been further upgraded during the year by arranging, among other things, sales, EDP, financial and management training.

Development of the Group's quality systems continued and the greater part of the Group's operations has already been granted certificates according to the ISO 9000 standard. The aim for 1996 is to obtain a certificate for those companies still lacking certification.

Changes in Group structure

Mercantile Technical Trade extended its field of operations into the manufacture of factory automation when the entire operations of Fastems Oy belonging to the Sisu Group were acquired at the beginning of September. At year end, Wulff acquired a majority shareholding in Mammuti Kontoritarbe AS, which is Estonia's largest company in the field of office supplies.

The internal distribution of work in the Helvar Electrosonic Group was changed in the spring so that Electrosonic's Lighting Division was merged operationally with the Helvar Group. As a result of this rearrangement, the Electrosonic Group concentrated on image control systems and video display.

Prospects for 1996

Profits are expected to improve in 1996 as a result of the production investment carried out by the Helvar Electrosonic Group and the prospects for video and lighting products.

I would like to thank the whole staff for their dedicated contribution. I would also like to thank other stakeholders – customers, suppliers, investors and owners – for the confidence they have shown in the Mercantile Group.

*Christian Westerlund
Managing Director*



Mercantile's Board of Directors: first row from the left Stig Gustavson, Philip Aminoff and Dieter Aminoff, second row from the left Thomas Aminoff, Christian Westerlund and Edward Andersson.

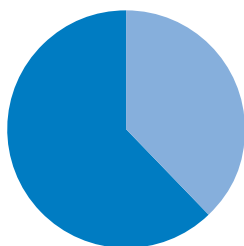
Mercantile Technical Trade

Industrial exports, particularly those of the metal and engineering industry, continued to grow. As a result the sales of technical trade in Finland increased by 20 %. Also the turnover of Mercantile Technical Trade rose by 20 % to reach FIM 604 million. The financial result was good.



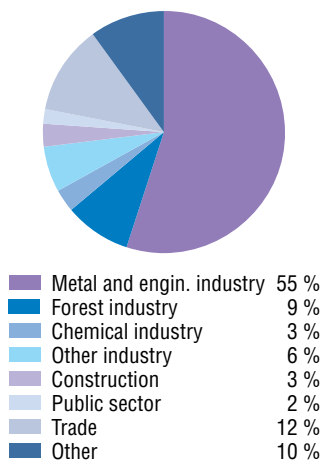
Kari Raski

Share of Group turnover 38 %



	1995	1994	%
Turnover FIM million	604	502	+20
Staff, 31 December	409	249	+64

Invoicing by customer category



The restructuring of Mercantile Technical Trade continued and the emphasis in its operations shifted from that of a mere importer to a company producing its own added value and even engaging in export business. The aim is to become one of the two largest companies in its own selected areas of focus. The business operations of Fastems Oy, a leading manufacturer of factory automation, were acquired in the autumn and this further improved Mercantile's position in machine tool technology and factory automation. At year end, it was decided to discontinue the activities of the Woodworking Industry Machinery Unit.

Mercantile Technical Trade was granted certification to the ISO 9001 standard in May.

Good profits for the Steel Department

The strong upswing in the demand for stainless steel in Europe and in Finland continued in the first half of 1995. Demand exceeded supply which hampered the availability of raw materials in many product groups. Demand at the beginning of the autumn, however, declined and the supply of goods improved. As a result, stocks generally started to grow. The order books of producers decreased and delivery times became shorter and prices dropped.

It was a good year for the Steel Products Unit which supplied over 20 000 tonnes of steel. In cooperation with British Steel plc Track Products, sales of rails to Finnish Railways exceeded targets. The Building Products Unit, which also delivers Nokia Alumiini Oy's construction systems, boosted sales in the Baltic states and in the St Petersburg area.

Overall the financial result of the Steel Department was good.

Growth in the Chemical Department

At the beginning of the year the sales of the chemical industry on the Finnish market exceeded those of the previous year. However, from the autumn on, the growth in sales slowed due to a lowering of the price level and efforts by customers to reduce their stocks.

There was favourable development in the activities of the Chemical Department and the increase in turnover was clearly greater than the growth in the market. Warehousing activities were concentrated on Hakkila and Rauma. New representations were added to the operations of the Department and profits were good.

Good year for Mercantile KSB

The subsidiary Mercantile KSB's first year of operations for the company developed favourably. Domestic investments in the process industry, especially the paper industry, have increased. This was illustrated by the growth in the demand for Stafsjö gate valves. Submersible raw water pumps and feed-water pumps as well as high-pressure valves from KSB were delivered to the paper industry.



Several different types of pumps and valves were supplied to the back-pressure power plant of the Rovaniemi Power Utility.



Investments were made in the central warehouse in Hakkila to support the growing operations of Mercantile Pultti.



Gloria F 2000 represents a new generation of fire extinguishers.

Operations in the Baltic states have developed favourably. Pumps and valves were supplied to the district heating plant in the city of Tallinn. Positions were strengthened in Latvia and the company established its own office in Riga.

The condensate pumps at the Olkiluoto power station of Teollisuuden Voima Oy were modernized to increase power output. Mercantile KSB was able to conclude this important modernization agreement, among other things, because of its efficient and on-time service organization.

The turnover of the company exceeded the targets and the financial result was good.

Growth continues in the Fastening Equipment Department

The turnover of Mercantile Pultti continued to grow favourably and posted an increase of over 30 %. Owing to the expansion in operations, investments were made in the Hakkila central warehouse and service warehouses were established in Oulu and Turku. There was further development in the control system for Finland's largest assortment of

fastening products, consisting of 30 000 items, and the various alternatives for electronic trading were tested to function well in practice. These measures will enable the department to serve the clientele both efficiently and competitively in the future as well.

In 1995, prices of fastenings again rose in Europe and the erratic deliveries of the factories created problems. As the leading wholesaler of fastening equipment and been certified with ISO 9001, Mercantile Pultti has made a particular point of ensuring that the products are obtained from classified suppliers. During the year, several occasions were arranged by representatives of manufacturers and the importer to demonstrate the technical properties of different products to the staff of client firms. The financial result of the department was good.

Fair winds for Industrial Machinery and Supplies

With continuing buoyant demand, the operations of the Industrial Machinery and Supplies Department developed favourably and the financial result was good.

The Pneumatic and Hydraulic Unit, which sells components used in automation, mechanization and industrial filtration and vacuum engineering applications, developed successfully and posted an increase in growth.

The Machinery and Supplies for the Graphical Industry Unit maintained its strong position on the market. The unit expanded its product range and started sales of digital computer-to-plate systems produced by Eskofot International A/S of Denmark. The first system was supplied to Multiprint in Helsinki.

The turnover of the Safety Products Unit rose by 44 % and the unit further consolidated the position of Gloria extinguishers as market leaders.

The Machinery and Supplies for the Paper Industry Unit expanded its activities and the business operations of Valtameri Osakeyhtiö's Paper Machinery Department were merged with the unit in May. In connection with the acquisition, the representations for Beloit Walmsley Limited, Sandusky Limited and BemaTec SA were transferred to Mercantile. The activities of the unit now



The core of a Fastems flexible manufacturing system (FMS) is a user-friendly control system.



Hepoteräs's two laser cutting lines offer solutions for even the most sophisticated of customers' requirements.

range from maintenance products to comprehensive turnkey deliveries.

During the year, the Woodworking Industry Machinery Unit completed important sawmill deliveries, but it was decided to discontinue this cyclically very sensitive sector.

Fastems was merged with Mercantile's Machine Tools Department

The Machine Tools Department imports and markets machine tools and related peripheral equipment, industrial robots and CAD/CAM systems. Sales are supported by a strong service unit. The department supplied, among other things, the Hämeenlinna axle works of Oy Sisu Ab with a production cell for the manufacture of housings for planetary gears. A total of 35 robot units including robotized turning cells were sold to the Hydroline Oy and Landis & Gyr Suomi Oy. The financial result of the Machine Tools Department was good.

To improve its market position, Mercantile acquired the business operations

of Fastems Oy at the beginning of September. Fastems is a leading supplier of flexible manufacturing systems for engineering workshops in Scandinavia and its operations are divided into two units: FMS and Special Machine Tools.

The FMS Unit manufactures and markets flexible manufacturing systems which boost the utilization rate of machine tools and consequently improve customers' competitiveness. Deliveries of FMS systems are principally supplied on a turnkey basis. Major deliveries in 1995 included systems for ABB Hochspannungstechnik AG in Switzerland, Scania AB Sweden in Sweden and Nokia Mobile Phones Ltd in Finland. The unit grew strongly.

The Special Machine Tools Unit supplies custom-design solutions which, in addition to special machine tools, include methods technology, tooling and materials handling equipment. The most important delivery was a completely automatic production line for lorry back axles to Scania AB's factory in Luleå in Sweden. The unit also manufactures, as a subcontractor, paper path measuring beams

for Valmet Automation Inc.

Hepoteräs continues its investment programme

In December, a high-powered 2800-watt laser cutting line went on stream and this considerably boosted laser cutting capacity. As a subcontractor to major manufacturers in the metal and engineering industry, the company continued to develop favourably. Turnover rose by 30 % and the financial result was good.

Hepoteräs Oy was merged with the parent company at the end of 1995 and from the beginning of 1996, it will operate as a Mercantile department.

Prospects are good for 1996

A sizeable order book from 1995 will be carried over to 1996. The investments and development measures already implemented will also boost activities. The export industry could well maintain high volumes. Because of these positive factors, 1996 is expected to be a good year.

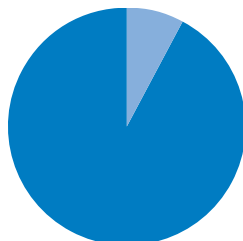
Oy Transkem Ab

The oversupply prevailing on the world market and the depressed price level reduced exports of Russian chemicals. The volumes of chemicals handled by Transkem which is specialized in transit services dropped sharply compared with 1994. The company's turnover fell by 35 % to FIM 127 million. Because of the decrease in turnover, the financial result was not satisfactory.



Heikki Auvinen

Share of Group
turnover 8 %



	1995	1994	%
Turnover, FIM million	127	194	-35
Staff, 31 December	83	83	0

The economic and political uncertainty in Russia, which has already lasted for several years, increased in 1995. Russian industrial output shrank by 5 % and the production of crude oil fell for the sixth year in succession.

The oversupply prevailing on the international chemical market, the low price level and the hikes in the country's internal freight rates further cut back exports of chemicals from Russia. High inflation and the heightened raw-material and energy costs brought about by the fixed rouble/dollar ratio have resulted in a deterioration in the profitability of production for

export. Because of the poor trends in profitability, manufacturing plants and production lines have been forced to shut down temporarily.

The transportation of liquid products via Finland fell by 20 %. This in turn affected the volumes handled by Transkem which were considerably down on the previous year. The downturn in business resulted in overcapacity with the result that staff had to be laid off in Kotka.

Prospects for 1996

The difficult situation is expected to continue in the transit of chemicals. The same factors of uncertainty, which impacted in 1995, will also characterize forecasts for 1996. The volume of chemicals transported through Finland is expected to show a further downswing. Despite the poor prospects, Transkem will continue measures designed to improve the quality and safety of handling in 1996.



The top-flight tank terminal at Mussalo in Kotka serves the transit cargoes of liquid chemicals.

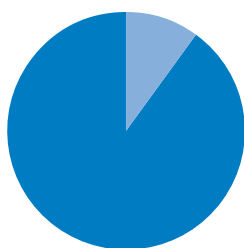
Oy Örum Ab

In Finland, sales of spare parts for passenger cars rose by about 10 % in 1995 for the same reasons as in 1994: the average age of passenger cars continued to rise and the markets in St Petersburg and the Baltic states accelerated exports. Örum's turnover was FIM 163 million, representing an increase of 22 %. Because of the tight cost control and upswing in turnover, the company's financial result was good.



Heimo Arovaara

Share of Group
turnover 10 %



	1995	1994	%
Turnover, FIM million	163	134	+22
Staff, 31 December	89	76	+17

During 1995, 79 890 new passenger cars were sold in Finland and this served to replace those that were withdrawn. The average age of the car stock, which in 1994 had been 9.2 years, rose slightly in 1995 to about 9.7 years.

The old car stock, the high capacity utilization rate in the trailer industry and the export efforts to St Petersburg and the Baltic area enabled the trade to achieve probably the best financial result in this decade. No changes are discernible in the purchasing habits of consumers, because price continues to be a more important criterion than quality.

Although the products represented by Örum are at the upmarket end as regards price and quality, nearly all the company's spare parts groups were able to maintain or even to improve their market shares. At the beginning of the year Örum acquired a majority shareholding in the Estonian A/S MG-AUTO. The lack of sufficient space

which had slowed the progress of the company's development project was solved at the end of the year when all the Tallinn operations, with the exception of the wholesale of tools, were moved to new premises. The decision by Hella KG Hueck & Co. of Germany to concentrate the importation, marketing and warehousing of its products to Örum from the beginning of September made it possible to stock a much more comprehensive range of Hella car lights. The change will make Hella products more readily available in Finland in the future.

Prospects for the spare parts trade in 1996

The age structure of Finland's car stock will remain largely unchanged while the demand for car spares will grow especially in the St Petersburg area. For this reason, the independent trade in spare parts will continue to develop favourably. Price will continue to remain the most important buying criterion. This could well force importers of traditional quality products to re-examine their product policy.

The most challenging aims for Örum in 1996 will include certification to the ISO 9002 quality assurance standard and the embodiment of a customer-oriented attitude throughout the whole organization.

Hella's worldwide success is based on dedicated and systematic product development and the results can be seen e.g. in the new supplementary brake lights which serve to improve road safety.



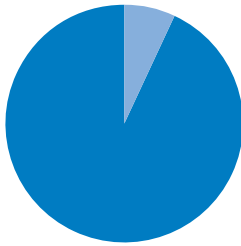
Oy Wulff Ab

The economic upswing and higher raw-material prices boosted price development particularly for paper and plastic products. The overall growth in the business was 13 %. Wulff's turnover rose by 17 % to FIM 115 million. The financial result was good.



Arne Hallama

Share of Group
turnover 7 %



	1995	1994	%
Turnover, FIM million	115	98	+17
Staff, 31 December	75	74	+1

The Paternoster equipment linked to the materials management computer system collects 40 % of the delivered items.

In order to handle the burgeoning sales volumes efficiently, investments were made in developing the logistics functions and increasing warehousing capacity. A 750 m² warehouse extension was completed in June. Development projects in the field of communications and order handling systems continued and the first EDI connections were established with both customers and suppliers. Particularly at the beginning of the year, the high raw-material prices pushed up the prices of paper and plastic products. With the slowdown in the market, inflated stocks started to run down towards the end of the year which created uncertainty and pressure to reduce prices. Owing to the increased supply of EDP accessories and the short lifecycle of products, the market is characterized by intense competition and prices are constantly falling.

In recent years, there have been no fun-

damental changes in the structure of the office supplies trade although there is a clear situation of oversupply in the business. Wulff is the market leader, but to maintain this position will require a continuous improvement in operations.

The Lahti-based subsidiary Torkkelin Paperi Oy moved to new modern premises in September which made it possible to boost the quality of customer service. The company's position as a supplier of office supplies in the Lahti area has been further consolidated. At year end, Wulff acquired a majority shareholding in Mammuti Kontoritarbe AS operating in Tallinn in Estonia. The aim is to make Mammuti the leading wholesaler in office supplies in Estonia.

Development work will continue in 1996

The concerted development of the quality and competitiveness of service will continue. The aim during 1996 will be to get Wulff's operations certified according to the ISO 9002 standard. Although the growth in demand is expected to level off, the company is in a good position to maintain a good level of profits also in 1996.



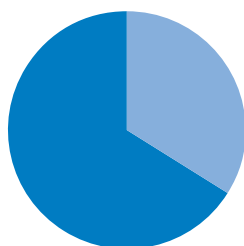
Helvar Electrosonic Group

Construction slowed in Europe and as a result the demand for ballasts was reduced. The demand for lighting electronics, especially energy-saving equipment, however, continued to grow strongly. The strong Finnmark weakened Helvar's competitiveness during the year. Electrosonic, which manufactures professional image control systems, maintained its position as one of the world's major marketers of video display technology. The turnover of the Helvar Electrosonic Group amounted to FIM 528 million and the financial result was below budget.



Mikko J. Aro

Share of Group
turnover 34 %



	1995	1994	%
Turnover, FIM million	528	536	-1
Staff, 31 December	755	762	-1

A lighting control system covering the entire vessel and incorporating the latest leading-edge dimmer technology was installed on board the MV Century.

The internal division of responsibilities of the Helvar Electrosonic Group was changed in the spring so that the Helvar Group will manufacture and market components for the lighting industry as well as light control products and the Electrosonic Group will concentrate on image control systems. The Helvar Electrosonic Group's production plants were transferred under the same management and the division of work at the factories was restructured. The Pitäjänmäki factory in Finland mass-produces electronic ballasts while the Maidstone factory in England manufactures dimmers, control units and system modules in small series.

HELVAR GROUP

The positive development in the lighting sector which started in 1994 slowed down in Europe during 1995. The levelling-off



of demand in the major markets in Europe also impacted on the operations of lighting and component manufacturers. The considerable growth in the lighting industry in the countries of eastern Europe, in Poland, Hungary and the Czech Republic, opened up new markets for Helvar. In the first half of 1995, prices of raw materials continued to rise and especially the demand for copper wire at times exceeded supply. The strong external value of the Finnmark compared to the currencies of the more important export countries undermined competitiveness.

The lighting electronics business continued to be strongly developed. A new highly automated production line at the Pitäjänmäki factory enables Helvar to offer technically advanced, competitive products of good quality to a growing market in the years to come. Projects in the shipbuilding industry were major sales targets during the year.

Sales and marketing of the Helvar Group's products in the increasingly important markets in Asia Pacific were concentrated on the Helvar Electrosonic Group's office in Hong Kong.

Quality assurance work continued and the Electronics Division gained ISO 9001 certification. The entire operations of Helvar have now been awarded certification to ISO 9000.

The turnover of the Helvar Group amounted to FIM 347 million, and the budgeted target was not reached.

Prospects for 1996

No fundamental changes are expected in the market for electromagnetic ballasts. Demand for electronic ballasts, however, will continue to grow strongly. Due to the new product range and the modern production technology, Helvar has excellent possibilities to strengthen its market position in Europe.



Philip Aminoff

ELECTROSONIC GROUP

During the year, the Electrosonic Group continued the restructuring of its business operations and concentrated on improving profits instead of boosting the volume of turnover. Turnover in pounds sterling rose by 4 %. Due to the strengthening of the Finnmark, turnover in Finnmarks fell slightly and amounted to FIM 199 million. The financial result improved over the previous year to an almost satisfactory level.

In June, the Electrosonic operation in Dartford was awarded certification to ISO 9001. The certification follows previous certification to ISO 9002 of the factory in Maidstone. It will be followed up with a major Total Quality Management (TQM) project to be launched in early 1996.

The use of videowalls in retail applications spread from North America to the United Kingdom and Asia Pacific. Sales of videowall processors developed well.

Towards the end of the year, Electrosonic launched the 2xView display, a new type of shallow display product targeted at the retail market. The product met

with immediate marketplace approval and its competitive price has clearly extended the appeal of videowalls to new customer segments. In 1995, two new ranges of AV products were launched. ESTA II is a range of products that enables the user to download, store, programme and replay CD quality stereo sound using reprogrammable solid state memory cards (PCMCIA). ESLINX is a new flexible range of products for audio-visual control.

An increasing part of Electrosonic's Systems activities is linked to image processing. The strong ranges of in-house products have allowed the Systems divisions to build a solid foundation for their systems offering in the United Kingdom and the United States. Major installations include the control room for the Ariane satellite launch operators, a high-tech visitor centre for Hong Kong Telecom and the refurbishment of the London Planetarium.

The Celco Division completed a substantial upgrade of its current product range of consoles for live entertainment lighting control and started a gradual shift of focus to live entertainment image control. After unsatisfactory development during the first three quarters of the year, business picked up in autumn when the new products came onto the market. The order book for 1996 is excellent.

Prospects for 1996

In 1996, Electrosonic will continue to build on its own unique expertise in large image display, heading towards a future as the digital display company. New product ranges currently under development will soon make it easier than ever for Electrosonic customers to manipulate input signals from a variety of sources and to display them simultaneously on the display medium of their choice.

Electrosonic's delivery to the Hong Kong Telecom Tower also included a sophisticated video conferencing system.



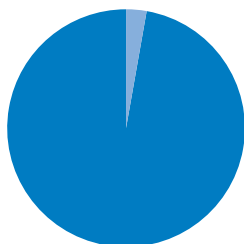
Oy Qualitron Ab

Important export projects for audio and video systems boosted turnover. Sales of VideoCube work stations also developed well in Finland. Qualitron's turnover rose by 96 % to FIM 47 million and the result was good.



Tapani Karjalainen

Share of Group
turnover 3 %



	1995	1994	%
Turnover, FIM million	47	24	+96
Staff, 31 December	20	15	+33

The Profile disk recorder from Tektronix Inc. can digitally record up to nine hours of high-quality video images and stereophonic sound.

1995 was a year of vigorous growth and further internationalization for company operations. Major export projects included the Moscow Kremlin TV studio as well as a video editing system for REN-TV, which represents leading-edge serial digital technology. The latest market conquest in the project sector was an extensive co-operation agreement with Kværner Masa-Yards Oy for the supply of video systems to their luxury cruise ships under construction.

During 1995, sound and image production technology was digitalized as computer-based work stations and digital sound mixers came into use. Qualitron signed major representation agreements with Lawo Gerätebau GmbH, manufacturers of sound mixers, and CreamWare Datentechnik GmbH which produces audio production work stations. New video

production representations included Discreet Logic and XaosTools software based on Silicon Graphics computers.

Some of the more notable deliveries to the home market included a Grass Valley Model 4000 digital image mixer for MTV-3's news studio and Grass Valley TypeDeko text generators for YLE, the Finnish Broadcasting Company. During 1995, Qualitron delivered several Tektronix Profile disk recorders and ImMIX VideoCube work stations.

Prospects for 1996

The digitalization of sound and image production technology will continue and this will strengthen Qualitron's position due to new representations. Deliveries of audio and video production systems are expected to continue to the CIS countries and to Finland.



Board of Directors' Report

General overview

In 1995, GDP in Finland rose by 4.2 % marking an increase for the second year running over the difficult period of recession at the beginning of the 1990s. The strong growth in the export industry continued but slowed towards the end of the year.

Trend in profits

Compared with the previous year, the Group's turnover rose by 6 % to FIM 1 571 million. Group profits before appropriations and taxes amounted to FIM 85.7 million which was slightly up on the previous year's figure of FIM 84.3 million. The result of the Group companies engaged in trade in Finland was good. The financial result of the subsidiary Oy Helvar, which is mainly engaged in exports, deteriorated partly as a result of the strengthening of the Finnmark. The UK based subsidiary Electrosonic Limited posted a considerable upswing in its financial result and almost came back into the black.

Mergers and company acquisitions

In August, Oy Mercantile Ab acquired the business operations of Fastems Oy, a subsidiary of Oy Sisu Ab. Fastems designs and manufactures flexible manufacturing systems as well as special machine tools for the engineering industry.

At the beginning of the year, the subsidiary Oy Örum Ab acquired 51 % of the shares in A/S MG-AUTO, which is a company engaged in the trade in car spare parts and accessories in Estonia and Latvia.

At the end of the year, the subsidiary Oy Wulff Ab acquired 70.8 % of the shares in Mammuti Kontoritarbe AS, a company which is engaged in the wholesale of office supplies in Tallinn, Estonia. During the year, the subsidiaries Hepoteräs Oy, Oy Merca Invest Ab, Oy Merca Tekniikka Ab and Oy Merca Trading Ab were merged with the parent company.

At the end of the year, Oy Helvar's Pension Fund was merged with Mercantile's Pension Fund. During the year, the company redeemed 890 of its own shares in Mercantile's Pension Fund after which the pension fund no longer owns any Mercantile shares.

Management and personnel

During the year, Board members included 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 266 employees compared to 211 in the previous year. The Group had an average of 1 386 employees compared with 1 249 the previous year.

The remuneration paid to the parent company's Board of Directors and the Managing Director amounted to FIM 2.2 million in salaries and bonuses and FIM 48.0 million to other employees. The remuneration paid to the Group's Boards of Directors and Managing Directors amounted to FIM 13.8 million in salaries and bonuses and FIM 209.7 million to other employees.

Future prospects

According to forecasts, the economic situation will deteriorate in Finland. On the other hand, the value of the Finnmark weakened at the beginning of 1996, boosting export competitiveness. The financial result of the Mercantile Group in 1996 is expected to remain at the level of the previous year.

Proposal on the distribution of Group profits

The net profit of Oy Mercantile Ab for the year amount to FIM 5 310 187.11. The Board of Directors proposes that FIM 5 132 160 or a dividend of FIM 640 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. – 31.12.1995	1.1. – 31.12.1994
Net turnover	(1)	1 571 039	1 484 279
Other operating income		29 817	4 669
Costs	(2)	-1 434 262	-1 310 635
Depreciations	(2)	<u>-64 998</u>	<u>-72 670</u>
Operating profit		101 596	105 643
Financial income and expenses	(2)	<u>-20 135</u>	<u>-28 079</u>
Profit before extraordinary items, voluntary provisions and income taxes		81 461	77 564
Extraordinary income and charges	(5)	<u>4 193</u>	<u>6 724</u>
Profit before voluntary provisions and income taxes		85 654	84 288
Change in accelerated depreciation	(2)	-15 030	-5 688
Change in voluntary provisions		21 653	24 698
Income taxes	(2)	<u>-22 533</u>	<u>-40 401</u>
Profit before minority interest		69 744	62 897
Minority interests		<u>-1 834</u>	<u>114</u>
Profit for the period		<u>67 910</u>	<u>63 011</u>

Consolidated Balance Sheet

(FIM 1 000)

31.12.1995

31.12.1994

ASSETS

FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS

Intangible assets

Intangible rights	1 865		1 875	
Goodwill	848		1 836	
Other capitalized expenditure	<u>12 929</u>	15 642	<u>12 792</u>	16 503

Tangible assets

Land and water	(7) 51 668		61 842	
Buildings	295 235		362 947	
Machinery and equipment	111 656		98 583	
Other tangible assets	5 338		2 343	
Advance payments and construction in progress	<u>794</u>	464 691	<u>9 840</u>	535 555

Financial assets

Bonds and shares	(6) 64 543		56 428	
Loans receivable	<u>1 634</u>	<u>66 177</u>	<u>3 272</u>	<u>59 700</u>
		<u>546 510</u>		<u>611 758</u>

CURRENT ASSETS

Stocks

Raw materials and consumables	33 996		28 670	
Work in progress	12 802		8 669	
Finished products/goods	203 313		170 774	
Advance payments	<u>15 600</u>	265 711	<u>1 854</u>	209 967

Receivables

Trade receivables	(8) 257 342		216 323	
Loan receivables	12 593		7 847	
Prepaid expenses and accrued income	17 119		21 938	
Other receivables	<u>8 666</u>	295 720	<u>15 431</u>	261 539

Cash in hand and at banks

		<u>90 496</u>		<u>90 977</u>
		<u>1 198 437</u>		<u>1 174 241</u>

LIABILITIES

CAPITAL AND RESERVES

Restricted equity

Subscribed capital	110 000		110 000	
Reserve fund	1 567		1 565	
Revaluation fund	<u>3 566</u>	115 133	<u>3 566</u>	115 131

Non-restricted equity

Translation adjustment	-1 308		-2 762	
Operating fund	-		50 675	
Retained earnings	109 688		16 142	
Profit for the period	<u>67 910</u>	176 290	<u>63 011</u>	127 066

MINORITY HOLDING

		5 592		2 621
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PROVISIONS

Accelerated depreciation

(11)		137 887		122 856
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Voluntary provisions

		52 996		67 184
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Obligatory provisions

		3 214		2 981
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CREDITORS

Non-current

Loans from credit institutions	17 682		105 619	
Pension loans	291 718		294 144	
Other non-current liabilities	<u>1 623</u>	311 023	<u>1 280</u>	401 043

Current

Loans from credit institutions	81 880		30 997	
Pension loans	-		569	
Trade payables	44 609		55 022	
Notes payables	137 471		139 670	
Accrued liabilities and deferred income	85 963		84 738	
Other current liabilities	<u>46 379</u>	<u>396 302</u>	<u>24 363</u>	<u>335 359</u>

		<u>1 198 437</u>		<u>1 174 241</u>
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Parent Company's Profit and Loss Account

(FIM 1 000)		1.1. – 31.12.1995	1.1. – 31.12.1994
Net turnover	(1)	490 136	463 725
Other operating income		33 912	8 487
Costs	(2)	<u>-482 236</u>	<u>-437 257</u>
Profit from operations before depreciation		41 812	34 955
Depreciations	(2)	<u>-9 184</u>	<u>-10 203</u>
Operating profit		32 628	24 752
Financial income and expenses	(2)	<u>-1 815</u>	<u>-9 856</u>
Profit before extraordinary items, voluntary provisions and income taxes		30 813	14 896
Extraordinary income and charges	(5)	<u>-15 701</u>	<u>-11 039</u>
Profit before voluntary provisions and income taxes		15 112	3 857
Change in accelerated depreciation	(2)	-3 992	-4 374
Change in voluntary provisions		3 927	24 299
Income taxes	(2)	<u>-9 737</u>	<u>-19 732</u>
Profit for the period		<u>5 310</u>	<u>4 050</u>

Parent Company's Balance Sheet

(FIM 1 000)

31.12.1995

31.12.1994

ASSETS

FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS

Intangible assets				
Other capitalized expenditure		6 931		2 634
Tangible assets	(7)			
Land and water		14 036		13 442
Buildings		90 300		86 912
Machinery and equipment		15 087		7 833
Other tangible assets		-	119 423	3 296
				111 483
Financial assets	(6)			
Shares in subsidiaries		152 898		258 683
Bonds and shares		58 957	211 855	3 343
			338 209	262 026
				376 143

CURRENT ASSETS

Stocks				
Raw materials and consumables		5 174		-
Work in progress		5 450		-
Finished products/goods		104 307		82 859
Advance payments		12 295	127 226	1 855
				84 714
Receivables	(8)			
Trade receivables		80 673		72 045
Loan receivables		61 126		164 781
Prepaid expenses and accrued income		24 150		18 390
Other receivables		4 024	169 973	7 548
			65 127	262 764
Cash in hand and at bank			700 535	44 870
				768 491

LIABILITIES

CAPITAL AND RESERVES

Restricted equity	(10)			
Subscribed capital		110 000		110 000
Reserve fund		1 500	111 500	1 500
				111 500
Non-restricted equity				
Operating fund		-		70 000
Retained earnings		124 953		68 299
Profit for the period		5 310	130 263	4 050
				142 349

PROVISIONS

Accelerated depreciation	(11)		50 366	42 465
Voluntary provisions				
Other provisions			27 009	30 937

CREDITORS

Non-current	(12)			
Loans from credit institutions		1 500		6 106
Pension loans		188 740	190 240	185 758
				191 864
Current				
Loans from credit institutions		3 617		21 606
Trade payables		35 622		39 411
Notes payables		67 376		64 736
Accrued liabilities		44 288		30 652
Other current liabilities		40 254	191 157	92 971
			700 535	249 376
				768 491

Funds Statement

(FIM 1 000)	Group		Parent company	
	1995	1994	1995	1994
SOURCE OF FUNDS				
Internal financing				
Net result in the Income Statement	67 910	63 011	5 310	4 050
Depreciation	64 997	72 670	9 183	10 204
Changes in untaxed reserves	1 075	-16 318	3 974	-19 148
Total internal financing	133 982	119 363	18 467	-4 895
Reduction in fixed assets	67 835	20 558	47 814	139 819
Increase in long-term financing	-	51 555	-	-
	201 817	191 476	66 281	134 924
APPLICATION OF FUNDS				
Investments in fixed assets	69 223	134 243	19 065	22 491
Decrease in long-term financing	90 021	-	1 625	13 518
Translation adjustment in stockholders' equity	1 287	2 762	-	-
Change in minority holding	-2 971	543	-	-
Redemption of own shares	14 829	-	14 829	-
Dividends distributed	2 566	1 459	2 566	1 425
	174 955	139 007	38 085	37 434
Change in working capital	26 862	52 469	28 196	97 490
	201 817	191 476	66 281	134 924
CHANGE IN WORKING CAPITAL				
Cash and bank accounts	-482	40 097	20 256	19 218
Short term receivables	32 543	18 145	-92 791	70 408
Inventories	55 744	-2 288	42 512	-6 778
Current liabilities	-60 943	-3 485	58 219	14 642
	26 862	52 469	28 196	97 490
Working capital on 1 January	227 125	174 656	142 972	45 482
Working capital on 31 December	253 987	227 125	171 168	142 972

Notes to the Financial Statements

Accounting principles for the consolidated accounts

The consolidated accounts have been prepared in accordance with the acquisition cost 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 voting rights of all the shares. The real estate company, Kiinteistö Oy Toivikkeenrinne, serving staff housing needs, is not included in the consolidated financial statements. The financial statements of Group companies operating outside Finland have been converted and grouped according to the Finnish Accounting Act. The translation of the Balance Sheet into Finnmarks has been effected according to the Bank of Finland's average rates on the date of the closing of the accounts and the financial statements according to the average rates for the year.

Foreign currency-denominated items

Receivables and liabilities included in the Balance Sheet on the date of the closing of the accounts have been translated into Finnmarks at the rates prevailing on the date of the closing of the accounts. The hedging instruments of the open foreign currency-denominated items have been valued at their current value taking into account the interest rate factors.

Inventories

Inventories in the consolidated accounts are valued at their acquisition cost, which includes in addition to the direct costs part of the indirect costs of acquisition and production.

Depreciation principles

Fixed assets are entered in the Balance Sheet as depreciation according to plan reduced to the direct acquisition cost. Depreciation according to plan has been calculated according to the economic life of fixed asset commodities as straight-line depreciation on the original acquisition price. Depreciation periods according to plan are:

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

Compulsory reserves

Items are entered in the Balance Sheet as compulsory reserves which have been pledged by agreement or otherwise but which have not yet been realized. Changes in them have been included in the financial statements.

(FIM 1 000)	Group		Parent company	
	1995	1994	1995	1994
1 SALES BY BUSINESS AREA				
Trading	832 857	708 159	490 136	463 725
Service	126 677	194 252	-	-
Production	611 505	581 868	-	-
	1 571 039	1 484 279	490 136	463 725
SALES BY MARKET AREA				
Finland	1 033 497	976 528	490 136	463 725
Other Europa	352 084	346 587	-	-
Other countries	185 458	161 164	-	-
	1 571 039	1 484 279	490 136	463 725
2 SPECIFICATION OF PROFIT AND LOSS ACCOUNT				
Expenses				
Materials and supplies	1 044 752	900 857	406 135	346 378
Change in inventories	-40 115	3 792	-25 944	3 468
Personnel costs	258 225	248 685	60 469	51 638
Rental costs	18 576	21 894	5 865	3 848
Expenses	152 824	135 407	35 712	31 925
	1 434 262	1 310 635	482 237	437 257
Depreciation according to plan				
Intangible rights	537	575	-	-
Other capitalized expenditure	2 709	2 565	985	696
Buildings	26 209	30 275	5 044	5 624
Machinery and equipment	28 157	27 966	3 154	3 883
Other tangible assets	1 061	828	-	-
Goodwill	6 324	10 460	-	-
	64 997	72 669	9 183	10 203

(FIM 1 000)	Group		Parent company	
	1995	1994	1995	1994
Financial income and expenses				
Dividends received	253	834	-	-
Interest income from long-term financial assets	340	119	290	-
Interest income from short-term financial assets	5 902	6 532	12 795	10 405
Other financial income	588	347	403	221
Exchange gains and losses	-28	-2 885	-1 181	-893
Interest expenses	-24 473	-30 613	-13 517	-18 342
Other financial expenses	-2 091	-2 413	-604	-1 246
Depreciation on investments	-625	-	-	-
	-20 134	-28 079	-1 814	-9 855
Extraordinary income and expenses				
Extraordinary income	4 194	15 594	19 005	16 722
Extraordinary expenses	-	-8 870	-34 706	-27 761
	4 194	6 724	-15 701	-11 039
Depreciation difference				
Intangible rights	160	303	-	-
Other long-term expenses	-195	-1 165	-455	-1 541
Buildings	-3 108	-4 365	-2 163	-778
Machinery and equipment	-12 100	-556	-1 374	-2 054
Other tangible assets	213	96	-	-
	-15 030	-5 687	-3 992	-4 373
Direct taxes				
For the financial year	-22 598	-39 885	-9 999	-18 703
For previous years	66	-516	262	-1 030
	-22 532	-40 401	-9 737	-19 733
3 PERSONNEL EXPENSES				
Wages and salaries	225 350	204 129	53 390	43 997
Fringe benefits	3 177	3 644	1 210	1 454
Pension costs	6 307	15 490	-	-
Other personnel costs	26 565	29 066	7 079	7 641
	261 399	252 329	61 679	53 092
4 FINANCIAL INCOME AND EXPENSES WITHIN THE GROUP				
Interest income			8 732	2 165
Interest expenses			2 456	4 598
5 EXTRAORDINARY INCOME AND EXPENSES				
Extraordinary income				
Gains on sales of fixed assets	4 113	8 584	-	9 558
Profits of merges	-	-	5	42
Group contributions received	-	-	19 000	7 000
Change in accounting principles	-	6 155	-	-
Other income	80	855	-	122
	4 193	15 594	19 005	16 722
Extraordinary expenses				
Losses on sales of fixed assets	-	6 709	-	6 261
Losses of merges	-	-	34 706	21 500
Change in accounting principles	-	1 900	-	-
Other expenses	-	262	-	-
	-	8 871	34 706	27 761

(FIM 1 000)

6 BREAKDOWN OF PORTFOLIO
GROUP COMPANIES

Company	Share % Parent company	Share % Mercantile Group	Group ownership of equity	Number of shares	Nominal value of shares	Book value of shares
Oy Helvar	100	100	120 256	400 000	40 000	29 558
Oy Transkem Ab	100	100	71 160	138 750	62 437	62 437
Oy Wulff Ab	100	100	14 411	500	5 000	6 931
Oy Örum Ab	100	100	25 370	1 800 000	18 000	46 640
Kiinteistö Oy Keskuojankatu 12	100	100	474	100	500	500
Kiinteistö Oy Ahertajankatu 6	100	100	261	100	60	2 032
Oy Mercantile KSB Ab	80	80	7 023	4 800	4 800	4 800
						<u>152 898</u>

Indirectly owned subsidiaries

Helvar Ltd.	100		1 066	50	337	4 242
Helvar GmbH	100		1 995	600	1 826	2 575
Helvar AB	100		3 156	5 000	327	2 998
Helvar S.r.L.	100		517	2 000	550	687
Electrosonic Holdings Ltd.	95		68 728	10 195 554	68 728	49 377
Electrosonic Ltd.	100		14 214	8 949 500	60 329	60 329
Electrocue Ltd.	100		-6 698	100	1	1
Electrosonic GmbH	91		679	91 000	276	147
Electrosonic Systems Inc.	100		6 893	310 000	1 351	1 709
Multivision Electrosonic Ltd.	100		-1 923	302 491	967	0
Celco Ltd.	100		1 475	7 200	49	1 471
Electrosonic NSW Pty Ltd.	100		-922	850 000	2 760	0
Dartford Invest B.V.	100		9 406	60	164	7 474
Svenska AB Mercantile	100		589	75 000	491	589
Kiinteistö Oy Toivikkeenrinne	89		9	89	9	9
Oy Qualitron Ab	55		3 694	550	550	615
Torkkelin Paperi Oy	100		1 381	40 000	400	1 455
A/S MG-AUTO	51		222	112	39	1 149

Other shares

Kiinteistö Oy Luna				484		46 842
Kiinteistö Oy Viljatie 2				2 637		8 657
Kiinteistö Oy Malmintori				40		1 260
As. Oy Nordgolf Houses				1		852
Nordgolf Oy				4		114
Helsingin Puhelinyhdistys				187		391
Vakuutus Oy Garantia				120		500
Other shares						341
						<u>58 957</u>

(FIM 1 000)	Group		Parent company	
	1995	1994	1995	1994
7 TAXATION VALUES OF FIXED ASSETS				
Land and water	34 725	31 909	22 504	11 108
Buildings	158 170	211 322	50 148	49 207
Subsidiaries	-	-	165 346	190 932
Other shares	52 178	44 106	46 506	3 323
	<u>245 073</u>	<u>287 337</u>	<u>284 504</u>	<u>254 570</u>

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

(FIM 1 000)	Group		Parent company	
	1995	1994	1995	1994
8 RECEIVABLES FROM GROUP COMPANIES				
Accounts receivable			729	2 796
Loans receivable			50 198	157 507
Prepaid expenses and deferred income			20 368	12 211
			<u>71 295</u>	<u>172 514</u>
9 LOANS TO MANAGEMENT AND SHAREHOLDERS				
Granted loans to management and shareholders	1 464	2 326	1 329	2 256
Interest on the loans exceeds the base rate of Bank of Finland				
10 SHAREHOLDERS' EQUITY				
Share capital				
Redemption of own 1 981 shares	21 791	12 001	21 791	12 001
Outstanding 8 019 shares	88 209	97 999	88 209	97 999
Share capital	<u>110 000</u>	<u>110 000</u>	<u>110 000</u>	<u>110 000</u>
Restricted equity				
Share capital 1 Jan. and 31 Dec.	110 000	110 000	110 000	110 000
Reserve fund 1 Jan.	1 565	1 773	1 500	1 500
Transfer to retained earnings	-	-201	-	-
Translation adjustment in shareholders' equity	2	-7	-	-
Reserve fund 31 Dec.	<u>1 567</u>	<u>1 565</u>	<u>1 500</u>	<u>1 500</u>
Revaluation fund 1 Jan. and 31 Dec.	3 565	3 565	-	-
Restricted equity	115 132	115 130	111 500	111 500
Non-restricted equity				
Distributable fund 1 Jan.	50 675	50 675	70 000	70 000
Transfer to retained earnings	-50 675	-	-70 000	-
Retained earnings	76 391	17 400	72 349	69 725
Transfer from distributable fund	50 675	-	70 000	-
Redemption of own shares	-14 829	-	-14 829	-
Dividends distributed	-2 566	-1 459	-2 566	-1 425
Translation adjustment in shareholders' equity	-1 290	-2 762	-	-
Transfer from reserve fund	-	201	-	-
Profit for the year	<u>67 910</u>	<u>63 011</u>	<u>5 310</u>	<u>4 049</u>
Non-restricted equity 31 Dec.	<u>176 291</u>	<u>127 066</u>	<u>130 264</u>	<u>142 349</u>
11 DEPRECIATION ACCORDING TO PLAN				
Intangible rights	91	251	-	-
Other long term expenditure	3 066	2 872	2 007	1 538
Buildings	71 859	68 750	43 035	40 169
Machinery and equipment	62 189	50 089	5 324	758
Other tangible assets	681	894	-	-
	<u>137 886</u>	<u>122 856</u>	<u>50 366</u>	<u>42 465</u>
12 LIABILITIES				
Liabilities to mature after five years or later				
Loans from banks	161	636	-	-
Pension loans	290 380	292 722	188 740	185 758
Other long term liabilities	700	400	-	-
Loans from Group Companies				
Accounts payable			725	155
Accrued expenses and deferred income			8 554	1 135
Other current liabilities			13 011	79 927
			<u>22 290</u>	<u>81 217</u>

(FIM 1 000)	Group		Parent company	
	1995	1994	1995	1994
13 CONTINGENT LIABILITIES				
Collateral for own loans				
Pledges	46 842	105 925	46 842	58 462
Mortgage on real estate	120 747	126 580	20 550	28 000
Collateral for other own group commitments				
Guarantees	-	-	73 338	79 751
Collateral for the management				
Guarantees	57	239	57	239
Collateral for other own commitments				
Guarantees	697	751	-	-
Other collaterals				
Leasing liability	2 026	1 988	990	881
Repurchase liability	3 938	1 705	3 884	1 705
Pension liability	12 466	9 111	8 425	6 721
Other liability	1 515	2 868	1 515	2 868
Total				
Pledges	46 842	105 925	46 842	58 462
Mortgage on real estate	120 747	126 580	20 550	28 000
Guarantees	754	990	73 395	79 990
Pension liability	12 466	9 111	8 425	6 721
Other liability	7 479	6 561	6 389	5 454
	188 288	249 167	155 601	178 627

Helsinki, 6 March, 1996

Dieter Aminoff

Edward Andersson

Christian Westerlund

Stig Gustavson

Philip Aminoff

Auditor's 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 1995. 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 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, 15 March 1996

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