

KAUKOMARKKINAT 1996



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Kaukomarkkinat Oy's head office is in Espoo, near Helsinki. Established in 1947, Kaukomarkkinat is a leading Finnish trading house and an expert in the global market. We specialize in international trade, imports, exports and wholesale business.

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THE KAUKOMARKKINAT GROUP

Kaukomarkkinat Oy

Supervisory Board

Chairman: Eero Kinnunen
 Vice Chairman: Timo Karake
 Jouko Tuunainen
 Matti Honkala
 Matti Halmesmäki

President, CEO

Kari Ansio

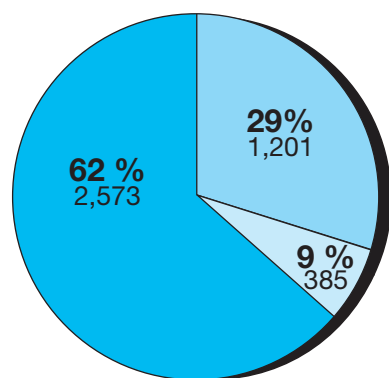
Management Board

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

The Group in Brief	1994	1995	1996
Total sales, FIM million	3,022.0	3,902.7	4,159.6
Net sales, FIM million	1,987.9	3,033.9	3,664.6
Profit before extraordinary items, FIM million	15.8	58.3	65.8
Balance sheet total, FIM million	958.7	1,485.4	1,266.2
Solvency ratio, %	31.7	20.1	27.0
Personnel at year-end	716	743	734

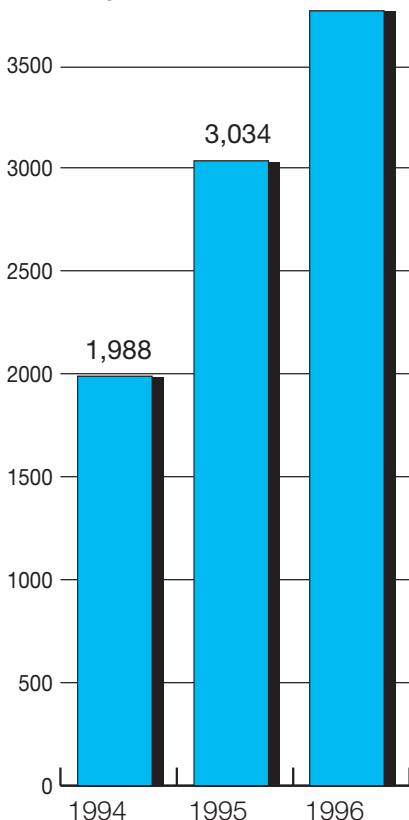
Total Sales

Breakdown of total sales, % and FIM million



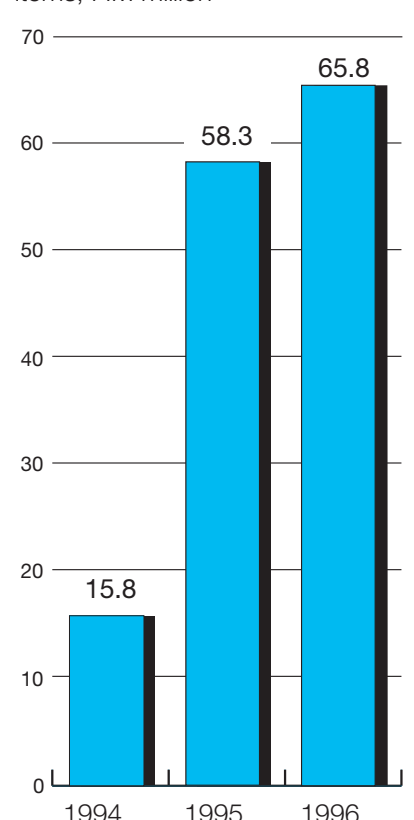
Net sales

Net sales, FIM million



Profit

Profit before extraordinary items, FIM million



PRESIDENT'S REVIEW

Kaukomarkkinat enjoyed a record year in 1996. Overall sales, which describes our volume of trade, exceeded FIM 4 billion for the first time and net sales also reached new heights at FIM 3.7 billion. However, the most gratifying figure was that the net profit from operations for the year was FIM 66 million, another all-time high in Kaukomarkkinat's history. These record-breaking figures are particularly pleasing to announce as Kaukomarkkinat will be celebrating its 50th anniversary about the time this review will be published. The excellent results are the best recognition of the hard work put in over many years by the company and all its personnel.

Kaukomarkkinat went into business 50 years ago during the extreme hardship of post-war recovery. Finland had suffered destruction in the war but successfully maintained its independence, although heavy postwar indemnities burdened the nation's industry and economy. This was when Kaukomarkkinat was founded to export Finnish products to inaccessible, distant markets and to import, at first mainly by bartering, the food and raw materials that Finland so sorely needed. Today the world has been totally transformed, and so has Kaukomarkkinat. Our core businesses are importing and wholesaling the leading branded goods in Finland as well as broad-based international trade and exports with Russia, China, Poland and the Baltic states as the prime market areas.

Looking back at the trend in domestic trade, it may be said that trade in consumer goods grew substantially in comparison with the previous year. The only exception in Kaukomarkkinat's fields of business was textile imports and wholesale, which continued to suffer during the first half of the year from Finland's application of transitional customs tariffs on non-EU textile imports at higher rates than those of other EU countries.



In Kaukomarkkinat's domestic business, the best success was won by adidas sporting goods, Panasonic consumer electronics and Citizen watches, all of which increased their sales considerably more than the overall market growth in their lines and further strengthened their market leadership. Sales of Panasonic's office automation and telecommunication products were also on a distinctly positive trend. On the other hand, sales of industrial electronics products declined because capital expenditure by the Finnish electronics industry had not reached the previous year's level. The progress of our Optics unit suffered from heavy price competition in the field. Leipuri Tukku expanded its sales steadily and in line with objectives.

In international trade, the greatest growth came from export projects of Panasonic consumer electronics to Russia. Other trade with Russia was held back by unstable economic conditions. In particular, there was a considerable decline in imports of wood and raw materials. On the other hand, there was growth in exports of consumer goods to Russia and to the Baltic states. We succeeded in selling considerably more of our transit services than expected in spite of difficult market conditions.

Among our branch offices outside Finland, Poland once again did best, strengthening its market positions in almost all its fields of business. In our China trade, exports of capital goods for the wood processing industry once again represented our strongest area of expertise. Also, our exports of health-care products increased to China. In importing from China, we will devote more and more effort to consumer goods.

The 1996 fiscal year was also special to Kaukomarkkinat in that Kesko Ltd became our new owner. Kesko is Finland's biggest corporation in the wholesale and retail business. Our new owner opens up significant new opportunities for expanding our operations, and we also offer Kesko an opportunity to benefit from our skills on the global market.

In closing, I would like to thank all our customers, our principals and other business partners as well as our employees for the good work we have done together, making it possible for us to achieve record results in honour of our anniversary. We appreciate our long-lasting relationships with our customers and principals and we shall continue to devote greater efforts to improving our relationships and to constantly enhancing customer satisfaction. Our sincere goal is for all our partners to do profitable business with us for many years to come.

Kari Ansio
President, CEO

KAUKOMARKKINAT GROUP 1992 - 1996

Financial trends	1992	1993	1994	1995	1996
Total sales, FIM million	1,769.3	2,545.3	3,022.0	3,902.7	4,159.6
Net sales, FIM million	1,233.5	1,745.6	1,987.9	3,033.9	3,664.6
Profit before extraordinary items, FIM million	19.2	32.0	15.8	58.3	65.8
Balance sheet total, FIM million	777.5	814.1	958.7	1,485.4	1,266.2
Liquid assets, FIM million	106.6	78.4	43.5	65.3	12.4
Gross margin, %	19.9	16.8	14.0	11.2	9.7
Operating profit before depreciation, %	4.5	4.1	2.3	2.6	2.4
Quick ratio	0.87	0.66	0.44	0.26	0.46
Current ratio	1.48	1.52	1.33	1.16	1.50
Solvency ratio, %	35.7	36.4	31.7	20.1	27.0
Return on investment, %	10.1	11.0	6.3	13.2	12.6
Return on equity, %	6.7	10.8	5.6	20.9	17.2
Investments, FIM million	16.3	19.6	17.5	24.8	22.2
Personnel at year-end	617	712	716	743	734

Formulas for Key Indicators

Quick ratio	=	$\frac{\text{Financial assets}}{\text{Current liabilities}}$	
Current ratio	=	$\frac{\text{Financial assets} + \text{inventories}}{\text{Current liabilities}}$	
Solvency ratio %	=	$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance sheet total}} \times 100$	
Return on investment %	=	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other expenses of financing}}{\text{Balance sheet total} - \text{non-interest-bearing debts (average for year)}} \times 100$	
Return on equity %	=	$\frac{\text{Profit before extraordinary items} - \text{direct taxes}}{\text{Shareholders' equity} + \text{minority interest (average for year)}} \times 100$	

KAUKOMARKKINAT GROUP ORGANIZATION

Corporate Administration

Kari Ansio
President, CEO



Sakari Laine
Senior Vice President

- Finance
- Logistics
- Internal auditing



Juha Koskenseppä
Senior Vice President

- Personnel
- Corporate services
- Insurance
- Real estate



Markku Keinonen
Senior Vice President

- Contracts
- Legal affairs
- Corporate Secretary



Business Divisions

Kauko Branded Goods

Hannu Närhi
Senior Executive Vice
President

- Virsu Oy
- Optics
- Watches
- Kauko Time AB



Leipurien Tukku

Hannu Närhi
Senior Executive Vice
President

- LT-Tukku Oy
- LT-Kone Oy
- Leitok Oy

Panasonic Divisions

Jari-Pekka Lehmuskoski
Senior Vice President

- Consumer electronics
- Professional electronics
- Industrial electronics
- Photo
- Panasonic exports



Kauko East-West Trade

- East-West trade
- Transit
- Oil products
- Trade with China
- Kauko-Metex
- Lubricants
- Japan exports

EAST-WEST TRADE WITH EXPERIENCE AND SKILL

Trade with Russia is one of the strongest areas of Kaukomarkkinat's expertise. In this important business area, our company has decades of experience. Our professional skills and flexible operations have won the complete confidence of our principals and customers.

The broad experience and good business contacts of our company's East-West trade professionals are a guarantee for successful cooperation. We employ some 40 Russian-speaking trade specialists. Kaukomarkkinat has a special commitment to establishing direct contacts with product manufacturers and end users. We are at home in the market.

Local offices growing in importance

In business today, it is essential to keep a close eye on customers, markets and development right around the clock. We have our own representative offices in Moscow, St Petersburg, Ufa, Perm and Petrozavodsk. Acting as our sensors on the spot, the local offices are effective in assisting the development of trade, serving our many customers and principals in their areas.

A broad spectrum of exports

We continually export technology and consumer goods, and we have participated in project deliveries. Our main export products are various kinds of machinery and equipment for the forest and wood-processing industry as well as for the oil, gas and glass industries. Within construction and project exports, many of our agreements have been on a turnkey basis.

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

Imports for industry

The main emphasis in our imports has been on raw materials. Our customers now include industrial, processing companies in Finland and third countries.

From Russia and the Baltic states we import timber as a raw material for the forest industries in both Finland and other Nordic countries. Our wood trade is built on a solid foundation of pulpwood deliveries. We are strongly committed to a high level of customer service. Through our extensive network of supplier, we obtain various plastic raw materials and chemicals for industry, and we export industrial products both as counter-trade and direct exports.

Trade with third countries

We constantly develop our trade between Russia and third countries, arranging also financing and counter-purchase obligations. Our company is known as a trustworthy partner in both the East and the West.

Handling and storage services for chemicals and oil products

For exports of petrochemical and chemical products from the CIS-countries and especially from Russia, Finland is an economical and important transport route. In order to serve customers using this route, we have a transit tank terminal in Hamina, a major Finnish seaport some 40 kilometres from the Russian border. Our tank terminal has 26 storage tanks with a combined capacity of almost 100,000 cubic metres. The terminal can handle, store and blend heavy and light oil and a number of chemical products, transported by rail or by sea, throughout the year. The Hamina facility has heating equipment for heavy oil products as well as steam and inert gas systems which facilitate convenient, economical and reliable product handling.

Oil products from East to West

We supply feedstock, fuels and chemicals from CIS-countries to the oil and petrochemical industry in western Europe.

Industrial maintenance

We also supply economical and environmentally friendly, high-performance lubricants for industry and transport in Finland and other countries.

Amongst our services we provide information systems for factories and other special products and services, including both maintenance software and measurement and analysis.

Kauko Condition Monitoring specializes in package-deliveries of monitoring systems. The main customers are companies in oil, gas, and chemicals, and the pulp and paper industry in Russia and Finland.





WORLDWIDE TRADE

Comprehensive coverage in China

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

High-tech to China

Our exports consist of technology for the wood processing industry and electrical power industry and for environmental protection, as well as health-care equipment, industrial filters, and production lines for the mineral and building materials industry. In raw materials business, we have launched exports of steels, pulp and paper to China.

Light products and raw materials from China

Our purchasing organization for imports from China has been expanded both geographically and in terms of product areas. We have increased the proportion of local staff in China. Our imports emphasize textiles, household appliances, footwear, electronic products, chemicals, and raw materials for the food industry.

Imports from China to Finnish wholesalers and distributors are growing. Our direct purchasing sources for textiles are Chinese manufacturers and export organizations. In addition, we have developed new, competitive procurement areas in Vietnam, India and surrounding regions. We also export goods from China to third countries: to Central Eastern Europe, the EU and Russia.

Building materials to Japan

Japan is one of our most challenging market areas. Our exports include granite stone for the monument and construction industries, as well as building materials, sawn timber and log houses.

Technical trade in Eastern Central Europe

We have our own organization operating in Central Eastern Europe, Kauko-Metex. Our subsidiaries operating in Poland, Hungary, Germany, the Czech Republic and Slovakia specialize in importing, marketing and international trading in machinery and equipment. We also do business through local offices in Bulgaria and Romania.

Our international trade has grown dynamically. Of major importance has been the growing volume in our business of industrial products manufactured by German principals.

We first did business in Poland 30 years ago. Our Polish subsidiary imports machinery and equipment for the paper industry and forest industry, along with electrotechnical equipment and instruments, and feedstock for the ceramics and plastics industries. We export foodstuffs from Poland to Western Europe. Environmental technology and effluent treatment are among our strong fields, handled by our subsidiary Metex-Huber.

Our company in Germany specializes in global trade in reconditioned metalworking machinery. Rotating grinders refitted to high standards have become a unique alternative for our customers. The German company also sells complete metal surface-finishing lines.

In the Czech Republic and Slovakia, we supply production control systems for the process industry. We also market automated warehouses, which are needed in these countries as part of the logistics chain. In addition to machinery and equipment for the forest industries, we also sell consumables required by the chemical forest industries within this region.

In Hungary, we concentrate on the paint, electronics and forest industries. We also supply machinery for the sheet-metal processing engineering industry.

In the Balkan countries, we market machinery and equipment for the mechanical and chemical wood-processing industry.

Southeast Asia and Africa

Our Metex Singapore office's market area embraces a broad region of Southeast Asia. Our office markets metal and technology products made by manufacturers in the Nordic region and continental Europe to shipyards and engineering plants. We have gained a strong position as a supplier in this region, especially with high-specification pressure vessel components for the petrochemical industry, including dished ends, casings, flanges, and couplings.

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





LEADING INTERNATIONAL BRANDED GOODS

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

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

adidas - three famous stripes

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

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

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

Top names go with adidas

Since the days of Olympic gold medallists Jesse Owens (Berlin 1936) and Emil Zatopek (Helsinki 1952), the sporting elite have placed their trust

in adidas. They know that the company's product development works tirelessly to manufacture better and better products. Since equipment plays a decisive role in today's top competition, a great deal of attention is paid to selecting precisely the right equipment. All the selections are made after careful evaluation and testing. It's no wonder that adidas is the leading brand name among top athletes.

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

New Feet You Wear™ barefoot technology

An excellent example of adidas' product development is the Feet You Wear™ shoes, which follow the

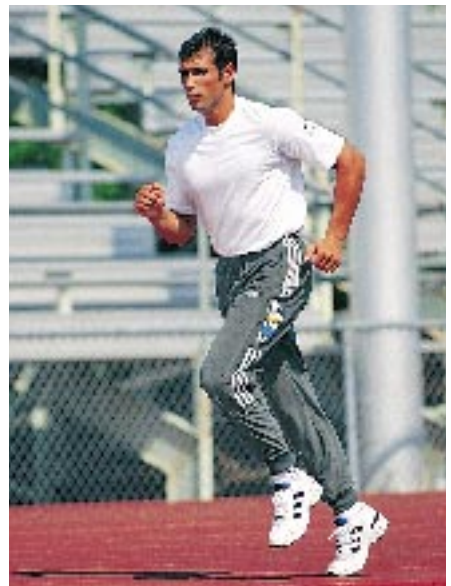


natural contours of the foot and give excellent feel for the playing and running surfaces, thus enhancing balance and boosting performance. This new technology is another great leap forwards in sport from adidas.

A nationwide network of dealers

As an importer, we have paid special attention to ensuring that there is an extensive network of retailers of our number one brand in sporting and leisure goods - adidas - throughout Finland.

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





adidas®



CITIZEN - NUMBER ONE IN THE WATCH MARKET

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

30 years of cooperation in Finland

We have handled the Citizen watch distributorship in Finland with success since 1966. During these years, Finns have bought more than three million Citizen watches.

The first in Europe to achieve market leadership

Thanks to our effective marketing work, Finland was the first country in all of Europe in which Citizen achieved market leadership. This breakthrough took place in the mid-1970s. Citizen is the market leader for watches in Finland by a clear margin. This is proved by consumer surveys showing that today 37 per cent of all Finns have Citizen watches on their wrists.

Responsibility for the Swedish market too

Our company's exceptional success in marketing Citizen on the Finnish market has not gone unnoticed in Japan either. Cooperation with our Japanese principal is close and fruitful and we are continually enhancing it. The esteem and trust are mutual. Citizen has put Kaukomarkkinat in charge of marketing its watches in Sweden too, where we have handled the marketing of Citizen watches through our own subsidiary since 1981.

Striking a karate blow in watch marketing

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

Citizen - the trailblazer in watch fashion

When choosing a Citizen, the Finnish consumer can be sure that his or her watch is the best, not only in quality but also in elegance. Citizen is a trendsetter in watch styles. It points the way to a style that is noticed and followed. The comprehensive range has something for every taste, a timepiece that will complement each individual's personal style.

The Citizen collection is extensive. It offers everything from the most elegant designer models to the very latest high-tech multifunction watches.

The world's most sophisticated watch technology

Citizen is at the forefront of product development. An example of this is the new Citizen Eco-Drive range of watches. Eco-Drive watches are powered by a photocell which charges up an environmentally friendly titanium-lithium-ion battery. When fully charged, the battery can power the watch for up to 2 - 6 months.

The Citizen Aqualand range is the broadest selection of diver's watches on the market. The features of the Hyper Aqualand watch record data on the dive that can be later downloaded direct into a PC and displayed on-screen or printed out.

The Citizen group also includes the Adec range of watches, whose competitiveness comes from its economical prices and its Citizen-backed quality.



A wide network of dealers guarantees success

The Citizen success story in Finland would not have been possible without a high-class network of dealers. We have carefully built up an excellent and extensive network which serves consumers professionally and reliably in satisfying all watch requirements.

In addition to watches, our Watch and Clock Department's wide and attractive range includes various alarm, table and wall clocks.

A satisfied customer also after the sale

The servicing and spare parts service for watches and clocks is handled by a centralized facility at our Head Office in Espoo. The trained experts who work there are responsible for seeing to it that the watches and clocks brought in for servicing are handled in a flexible and professional manner. Our aim in every situation is to do things in a way that guarantees continuing customer satisfaction after the watch is bought.



 **CITIZEN**



PANASONIC - HUMAN ELECTRONICS

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

Looking to the future

The number of staff Matsushita dedicates to research and development tells you something about its commitment to the future: some 27,000 engineers and scientists work exclusively on developing new technologies and equipment to aid people everywhere in the world. The company devotes some USD 6 billion a year to R&D. Matsushita holds some 46,000 patents. The name of Matsushita is also on a large number of patents for digital technology.

Customer satisfaction through lasting cooperation

The partners we have chosen are the country's leading dealers, who rely on the Matsushita products we deal in. The names of Panasonic and Technics are found nationwide in the retail outlets of the Expert and Musta Pörssi chains as well as in other shops. We have a strong field sales organization and we have continually invested in training our dealers and supporting the marketing effort. Kaukomarkkinat's customer relations marketing is built around the Play► trademark. Up-to-date, interesting information on our products can also be found in the PlayNet-Panasonic home pages on the Internet: <http://www.serveri.net/panasonic>. We constantly aim to enhance our cooperation with our dealers. In 1996 we launched the 'Key Dealer' cooperation programme with our main dealers, and the Play Shop Panasonic retail chain was joined by new locations in the provincial cities of Tampere and Jyväskylä.

Visual products are test winners

Matsushita is the world's biggest manufacturer of television sets. The wide Panasonic range of TVs are characteristically unbeatable for their sharp picture and natural colours, superb audio reproduction and convenient remote control features. All Nicam stereo models have the unique Panasonic 8-bit mechanism. In its home video equipment Panasonic is a trailblazer in ease of use. Programming is made easy with ShowView codes and PDC. Panasonic TVs and videos have come out on top in tests both in Finland and abroad.

Creative fun with a video camera

Panasonic's compact VHS-C camcorders embody unique new digital technology and an image stabilizer that eliminates jumpy footage due to camera shake when shooting. In 1996 we launched the digital DV NV-DX1 camera on the market. The Panasonic VHS camcorder is the clear market leader in Finland.

Fun for music lovers

Panasonic in-car equipment, portable radio-cassette players and personal stereos mean CD-quality music reproduction anywhere you go. With Technics hi-fi equipment you can build a concert hall or a theatre in your home. Technics musical instruments and pianos are for everyone from the beginner to the professional musician.

Hot and cold

Panasonic is also the world's leading manufacturer of air-conditioning equipment. A hot new product is the air heat pump, which can save up to 50% in heating costs. In the heat of summer the same appliance keeps the indoor air cool and fresh.



Healthy and easy cooking

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

Lightweight cleaning power

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

Environmentally sound battery power and durability

Panasonic offers the most complete assortment of batteries on the market. Panasonic Power Alkaline is a new environmentally friendly battery, which includes an "activator" and has many times more power than ordinary batteries.



Technics

Panasonic



PANASONIC - THE PROFESSIONAL'S CHOICE

Leading office automation and telecommunication technology

Our range is comprehensive. It includes GSM mobile phones, cordless phones, telephone systems, photocopiers, copying whiteboards, printers, monitors, CD-ROM drives and other computer peripherals as well as laptop computers.

The range of GSM phones has the right choice for everyone from ordinary consumers to discerning business users. ISDN telephone systems are suitable for wired phone networks, and the KX-T900 range of cordless phones has held market leadership for years.

The elite of fax machines are represented by the laser and ink-jet models intended mainly for professional work and the thermal paper faxes for lighter use, combining the functions of a fax, phone, answering machine and copier.

Our range of computer peripherals from Panasonic, the world's leading monitor manufacturer, includes not only 15-21 inch monitors but also laser and dot-matrix printers and printer-based multifunction devices. Other data products include laptop computers and portable CD-ROM drives. The Panasonic range also embraces artificial-intelligence copiers and copying whiteboards for convenience at meetings.

The latest in audio and video

Panasonic is Finland's leading brand for professional audio and video equipment. We supply video equipment ranging from S-VHS and DV camcorders up to systems for national broadcasting corporations. Panasonic brought out the new DVCPRO production format in 1996. It is excellent for professional use and for TV companies. The product range covers camcorders and desktop tape players, as well as portable editors and portable tape players that combine the worlds of computer and video.

In the near future DVCPRO users will be able to use the new digital ISDN and ATM data communications networks to transmit their visual material from the filming site to the

processing studio regardless of distance.

Major production houses and television companies are among our customers. The TV 2 channel of the Finnish Broadcasting Company uses digital Panasonic DCVPRO and D3 equipment in its broadcast and production operations.

Sophisticated equipment for surveillance and guarding

For years Panasonic has been the market leader in surveillance video systems in Finland. We are able to offer complete system packages for banks, post offices, retailers and industry. There is equipment for both area surveillance and industrial process control. Our specialist products, such as microcameras, solve many different monitoring problems. In particular, Panasonic digital colour surveillance cameras have achieved a strong position on the market. Panasonic's time-lapse VTRs are the most extensive range on the market.

Electronics for industrial customers

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

machinery, and measuring instruments as well as measuring and testing systems.

Servicing guarantees customer satisfaction

Our Panasonic Service Centre has centralized responsibility for the after-sales marketing of professional and home electronics equipment as well as for the delivery of spare parts and supplies.

XtoX Visual Meeting - a new dimension in presentation

Technology is developing rapidly - especially in telecommunication, in which our subsidiary Xenex Oy has developed for the market the XtoX system. Designed for local use in conference rooms and for videoconferencing, XtoX is excellent for business meetings, teaching and for telemedicine applications. Based on a core of Finnish technology, Xenex added Panasonic monitor and camera technology to facilitate the use of a broad spectrum of meeting facilities. Videoconferencing no longer requires special rooms exclusively for the purpose. XtoX is based on international standards and supports both an optional digital ISDN network and LAN/ATM networks.



Panasonic



BRANDED PRODUCTS THAT COMBINE STYLE AND QUALITY

Better vision

Our optical business unit, based in the Varisto district of Vantaa, has maintained its position as the leading manufacturer and distributor in Finland. Our deployment in the quality of our own work and our products, in technology and fashionable styling, has yielded excellent results. Our range embraces all eye optics products and the supply consists of unchallenged top products and brand names. Our main product groups are frames, lenses, contact lens products, sunglasses and eye-test equipment.

Silhouette, Titan, Neon, adidas...

Our strength as a supplier of frames derives from a range in which every Finn can find the right eyewear. Silhouette of Austria has been the best-known brand in Finland for years, and our own Titan frames have become the market-leading titanium range. Our Neon frame range, which are made for us in Italy, also have a strong foothold. The adidas frames that we sell to Finnish opticians represent sporty design and high quality.

Safe and familiar Polaroid

Polaroid is the leading brand for sunglasses in Finland. Polaroid sunglasses protect the wearer against UV radiation and glare.

All about contact lenses

We offer contact lens users products based on the top expertise in the field. Menicon hard contact lenses, Wesley Jessen PBH and Hydron traditional soft and special lenses, combined with Acuvue bifocal and disposable lenses, ensure an extensive and high-quality selection. It is augmented by Menicon, Disop and Allergan contact lens care products for all wearers.

Supreme quality in lens technology

Almost one Finn in three who wears spectacles uses lenses made by our subsidiary Kauko-Silhu at its optical facility, where the professional staff are skilled in every stage of lens production.

Everything for eye optics

In addition to lenses and frames, our Rodenstock eye-testing apparatus and Weco edging equipment serve ophthalmologists, eye hospitals and opticians.

Success also in Finland's neighbouring areas

In Estonia we have achieved market leadership in spectacles lens wholesaling. Plastic and glass lenses are manufactured in Estonia for the local market.

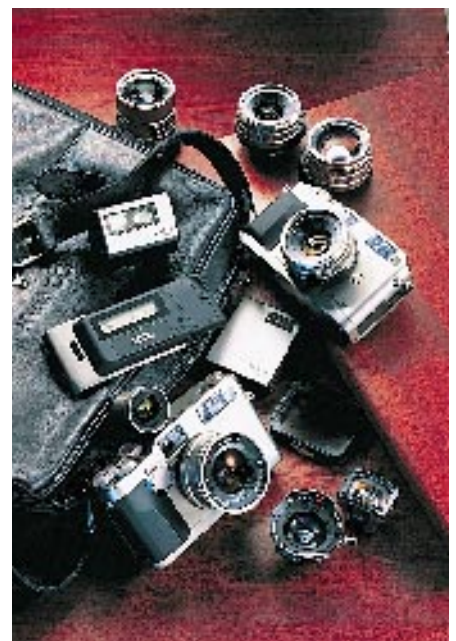
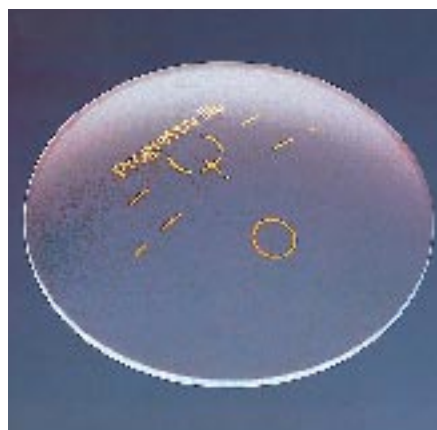
Leitok Oy - fashion in everyday clothes

Leitok Oy specializes in casual wear. Round the world we purchase and have made low-cost clothing which has the style, fabrics, colours and sizes that are right for the Finnish consumer. We keep a close watch on international fashion and quickly adapt it to our casual wear. Operations are largely based on our own product design and outsourcing in the country that offers the best deals at any given time. Our own trademarks include Jasmine, Juan, Just, Capri and Qui.

Important brands in the photo business

Kaukomarkkinat is one of the leading and longest-established importers in the photo business, dating back to 1956. We offer the trade a comprehensive range of cameras, the widest selection of accessories, photo shop batteries, and all the equipment needed to produce a picture.

Among the brands we represent are Yashica, Contax and Panasonic cameras, Hama accessories, Panasonic batteries, dictating machines, Tamron lenses, Metz flash units, Velbon tripods and KIS minilaboratories.



Silhouette[®]



LEIPURIEN TUKKU - A FOOD INDUSTRY EXPERT

Leipurien Tukku has served Finland's bakers for more than 75 years. In this time it has achieved dominance as a supplier of ingredients, machinery and equipment. Operations have been expanded into the rest of the food industry and institutional kitchens.

LT-TUKKU Oy - the bakery trade's specialized wholesaler

The product range of LT-Tukku includes all the ingredients and packaging supplies bakers need, including a new range of frozen foods. The Finnish and imported ingredients sold under the Leipurin (Baker's) trademark guarantee the customer high quality at a competitive price. We are the agents in Finland for leading manufacturers in the field:

Anglia Oils Limited, Aromatic AB, Martin Braun KG, Carma-Pfister AG, Cerestar Scandinavia A/S, Dragsbaek Margarinefabrik A/S, Frucaps B.V., Grands Moulins de Paris, Ireks GmbH, Norlander Food AB, Sonneveld B.V.

In addition to these, we are able to offer our customers a broad selection of convenience goods.

LT-Tukku has a nationwide sales organization. The field sales network is supported by an efficient telesales operation. Fast and regular deliveries create the basis for successful cooperation between the baker and LT-Tukku.

In addition to quality products, we also offer our customers a useful range of peripheral services. Our customized product development service's courses have won wide acclaim, and the trips we arrange for study and trade fairs help bakeries to enhance their skills and product ranges for their own customers. Our own product consultants and those of our principals bring in the latest information on what's happening round the world, providing services of high standard for our clients. Our pilot bakery in Espoo is a guarantee of our high-quality and efficient services for today and the years ahead.

Our membership of Bako Europa, the community of leading European bakery suppliers, offers us opportunities for mutual trading as

well as a general interchange of information on questions affecting the international trade in ingredients. The members of Bako Europa also take part in promoting sales of bakery products through a regular exchange of experience and information on the trends in baking in each country.

Supplier to the processed food and meat industry

In a short time, LT-Tukku Oy's meat product and processed food industry unit has become a major supplier of ingredients, additives and raw materials for the Finnish food industry. In partnership with our leading Finnish and foreign principals and the other departments at LT-Tukku, we are able to provide our customers with a complete range of high-quality products.

In addition to our highly competitive products, our comprehensive services also include technology consultancy, customer training and collaboration on product development on the basis of our customers' needs, to ensure their satisfaction.

We are the Finnish agents for the following international specialists:

Alpavit GmbH, Cerestar Scandinavia A/S, Elliot Packaging Industries, Griffith Laboratories B.V., Hellasnet M & A Karatzis S.A., Oskuda GmbH, Krehalon Synclair Packaging B.V., Loders Croklaan B.V., Carl J. Nielsen & Son A/S, Raadvad A/S

KAUKO-GOURMET - quality, savoury treats for restaurants and institutional kitchens

Kauko-Gourmet's range of products embraces specialist meat products, frozen fruit and berries, egg-based products and seasonal products that add variety to the Finnish restaurant culture. Kaukomarkkinat Oy has acted as agents for Bulgarian wines, for example, for more than 25 years. The well-known, high-quality Bulgarian red and white wines have now been gathered together under the brand name Saint Triffon. The symbol on the label is the golden wine-horn of Dionysus, a Bulgarian national treasure that dates back to 400 B.C. Our sales programme also includes Chilean, French, Italian and

South African alcoholic beverages. We have our own wine cellar from which we practise wholesale business in alcoholic beverages.

We represent leading brands:

Wines:

Saint Triffon, Balcan Crest La Chablisienne, Undurraga, Papillon, Olivier Leflaive, Sancerre Frank Miller, Zenato.

Gourmet products:

Affco New Zealand Ltd., Gelavi G.S.A., Tillmans-Hof, Kronfågel AB, S.A.R.L. Les Charmilles, Scanegg Oy.

Leipurien Tukku in the Baltic states and St Petersburg

We are an important supplier of goods to the Estonian bakery and food industry and to restaurants. We provide a comprehensive range of products, efficient logistics, and training & product presentation services. We are also exploring the opportunities for sales in the other Baltic states.

We have opened a sales office in St Petersburg and we sell raw materials for bakeries in the city and neighbouring areas.





LEIPURIEN TUKKU - A LEADING SUPPLIER OF BAKERY MACHINERY

LT-Kone Oy supplies the bakery and food-processing industry with machinery, equipment and production lines that are manufactured either by us or else imported. We manufacture bakery machinery and equipment at the Saario factory in Hausjärvi. We are Finland's leading supplier of machinery and equipment to the bakery industry and we are a major supplier of equipment to other branches of the food processing industry and to institutional kitchens.

Our product range includes all the machinery and equipment needed by small, medium-sized and industrial-scale bakeries - from flour silos to wrapping and packing machines. We also offer fittings for bake-off-bakeries as well as a wide and constantly growing range of baking supplies. Our principals are among the world's leading manufacturers in their fields:

Hobart Corporation
BV Machinefabrik Houdijk
Eurofors S.A.
Klöckner Hänsel Tevopharm B.V.
Lillnord A/S
Mondomix Howden B.V.
Rheon Automatic Machinery Co Ltd
Sancassiano S.p.A.
Seewer AG
Sveba-Dahlen AB
Werner & Pfleiderer GmbH.

Customized in-house manufacturing

LT-Kone Oy's Saario plant designs and manufactures high-quality special machinery and production automation equipment for the bakery and preprocessed food industry. Design work and product development are carried out in close cooperation with customers. There are many patented solutions. LT-Kone's growth strategy is based on expanding its market area and on export in its own special areas of expertise. Examples of this are the development of industrial bread production lines, loading equipment and fermentation chambers and - tunnel.

Machinery and equipment for institutional kitchens

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

LT-Kone's Institutional Kitchen Department has launched a dishwasher control system on the market. The system permits considerable savings in water and energy consumption in tunnel dishwashers. The device is called ICS (Intelligent Control System), it is patented and LT-Kone is the sole authorized seller. The system has been very warmly received and it has good prospects in other parts of Europe as well.

Smooth service

Our reputation as a dependable supplier is also based on our after-sales service. LT-Kone Oy's strengths are its expert installation, commissioning and servicing personnel as well as its fast spare parts deliveries. We keep more than 5,000 spare part items in stock, and in conjunction with our principals we provide regular training for our service organization throughout the country.

LT-KONE in the Baltic states

We have expanded operations into the Baltic states. Tallinn-based Leipurien Tukku A/S in Estonia has a comprehensive range of baking and institutional kitchen equipment in its

sales programme with which to supply the growing markets of the Baltic rim.

LT-KONE in St Petersburg

For the successful start-up of our exports to Russia, we have established a new office in St Petersburg. The range provided by the St Petersburg office includes a comprehensive selection of bakery and institutional kitchen products as well as baking process consultancy.





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