

KAUKOMARKKINAT 1998



 **KAUKO**
MARKKINAT



РАДИО
МАРКЕТИНГ

Panasonic

CONTENTS

The Kaukomarkkinat Group	4
President's Review	5
Financial Trends, 1994 - 1998	6
Kaukomarkkinat Group Organization	7
Efficient Global Organization	8
Kauko on Growing Markets	10
Leading International Brands – adidas	12
Citizen – Number One in the Watch Market	14
Panasonic – Human Electronics	16
Panasonic – the Professional's Choice	18
Leading Quality in Optics	20
Tähti Optikko – For your eyes only	22
Leipurien Tukku – a Food Industry Expert	24
Leipurien Tukku – a Leading Supplier of Bakery Machinery	26
Addresses	27

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.



Kaukomarkkinat Oy

P.O.Box 40, Kutojantie 4, FIN-02631 Espoo, Finland
Phone +358 9 5211 Fax +358 9 521 6641
e-mail: name.familyname@kaukomarkkinat.fi

THE KAUKOMARKKINAT GROUP

Kaukomarkkinat Oy

Supervisory Board 1998

Chairman: Matti Honkala.
Kalervo Haapaniemi.
Jouko Tuunainen.
Matti Halmesmäki.
Juhani Järvi.

President, CEO

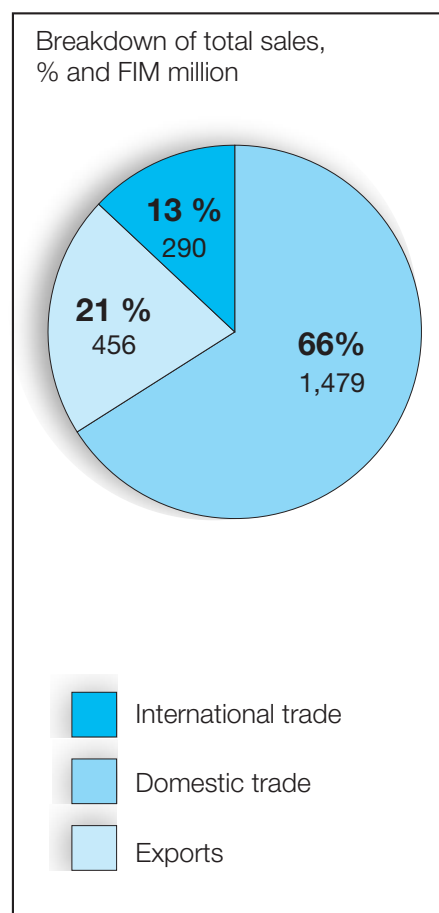
Kari Ansio.

Management Board

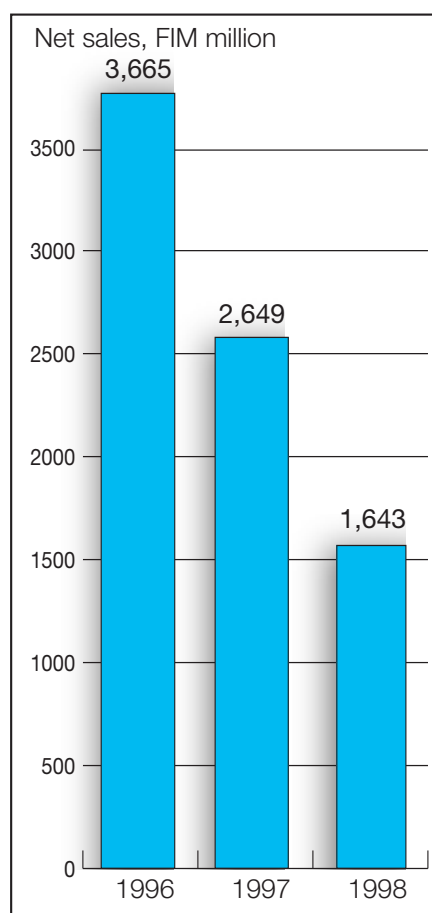
Kari Ansio, President
Hannu Närhi, Senior Executive Vice President
Jari-Pekka Lehmuskoski, Senior Vice President
Jussi Neuvo, Senior Vice President
Sakari Laine, Senior Vice President, Logistics and Finance
Markku Keinonen, Senior Vice President, Legal Affairs
Juha Koskenseppä, Senior Vice President,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

The Group in Brief	1996	1997	1998
Total sales, FIM million	4,159.6	3,151.4	2,225.2
Net sales, FIM million	3,664.6	2,648.6	1,643.1
Profit before extraordinary items, FIM million	65.8	73.3	67.2
Balance sheet total, FIM million	1,266.2	806.4	796.7
Solvency ratio, %	27.0	46.3	49.5
Personnel at year-end	734	721	813

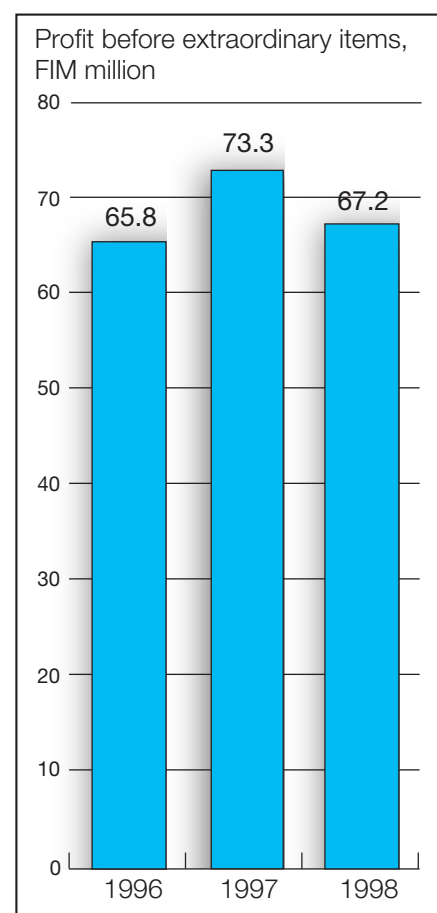
Total Sales



Net sales



Profit



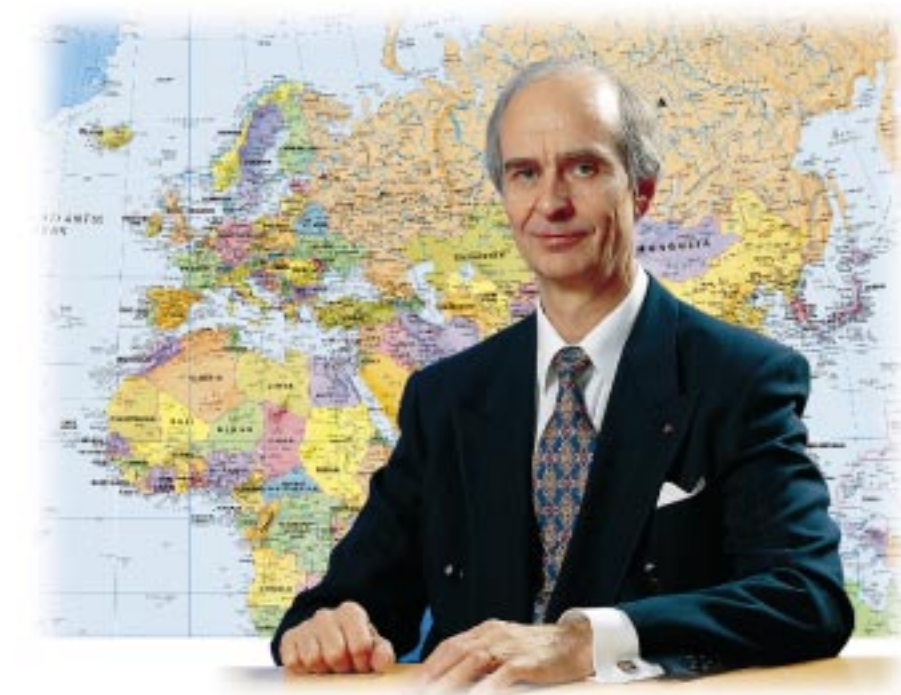
PRESIDENT'S REVIEW

The Kaukomarkkinat Group's business in the domestic market continued to make good progress as rising consumer spending power expanded the overall demand in practically all fields of business. On the other hand, conditions for international trade and exports were seriously disrupted by the economic crisis in Russia and the recession in Asia. A substantial downturn in the Group's total sales and net sales was due to the ending of an export contract for the project-type export of Panasonic products to Russia in April 1997 when the manufacturer turned over this trade, which had grown into a sizeable business, to a subsidiary of its own. However, the Group's comparable net sales grew by 7%, which must be seen as satisfactory in view of the problems that beset Russian trade in particular.

In domestic business, the leading international branded products represented by the Group - adidas, Citizen and Panasonic - made excellent progress. Its overwhelmingly leading position on the Finnish market was strengthened by adidas with growth of no less than 24% in sales, a figure three times the overall growth in this sector. Sales of Panasonic consumer electronic products were up by 19%, double the growth of their sector. Sales of Panasonic audio-video equipment for professionals and various surveillance camera systems grew by 24%, which is a clear indication of growing confidence in Panasonic products and quality on the part of professional users.

In the field of watches, Kaukomarkkinat represents Citizen watches in both Finland and Sweden. In Finland Citizen has been the market leader by a clear margin for more than two decades. This leadership was strengthened further, as Citizen's 9% growth in sales in Finland was four times the growth in the sector. The trend in sales for Citizen in Sweden was also good.

The biggest efforts invested in the future were in the Optics field, where the building of the company's own retail chain - called Tähti Optikko (Star Optician) - was begun. The chain consists of both Kaukomarkkinat-owned shops and outlets owned by business partners. By the end of the year the chain comprised some 100 outlets, of which 30 were owned by Kaukomarkkinat. The chain aims to



win a 30% share of the retail market within five years.

The Leipuri Tukku Division has established its position as an important part of the Kaukomarkkinat Group's business operations. LT-Tukku Oy's deliveries of ingredients and semimanufactures to bakeries and also to institutional and catering kitchens have made particularly good progress. Operations have been expanded into the economic zones of the Baltic states and St Petersburg, which are seen as having considerable growth potential in future years for trade in machinery and equipment as well.

Of the Group's international operations, the best success was achieved by the Polish subsidiary, which mostly concentrates on technical trading. Its total sales were over FIM 200 million. Trade with China grew by 44% in spite of the Asian recession. Trade with Russia and transit business failed to reach their targets, although some business units did well in view of the prevailing conditions.

Worthy of mention among the Group's other international trading activities is the German subsidiary's excellent performance in trading specialized machinery.

The Group's strategic planning was upgraded and integrated increasingly with principals' planning. The intention is for the units to comply closely in their operations with their principals' strategies, which in an increasingly internationalized environment is a

basic condition for operational efficiency as well as for the continuity of mutual trust and cooperation.

Another major field of endeavour is the constant improvement of customer satisfaction. Customer satisfaction is measured at regular intervals, especially in the main fields of business in Finland, and operations are improved on the basis of the feedback received. A third major field of development is employee satisfaction, as only satisfied and motivated personnel can attain high customer satisfaction. Our net profit from operations was FIM 67 million, which is the second-best result in the history of the Group. This achievement has to be considered good in view of the difficult economic environments in the Group's international trade and the large outlay in the Tähti Optikko chain.

I would like to express my sincere thanks to our customers and our principals for the excellent and constructive work we have done together in the past year. My thanks are also due to all our personnel for their extremely motivated, hard and self-sacrificing work and good results, in the achievement of which each person's efforts have played an important part.

Kari Ansio
President and CEO

KAUKOMARKKINAT GROUP 1994 - 1998

Financial trends	1994	1995	1996	1997	1998
Total sales, FIM million	3,022.0	3,902.7	4,159.6	3,151.4	2,225.2
Net sales, FIM million	1,987.9	3,033.9	3,664.6	2,648.6	1,643.1
Profit before extraordinary items, FIM million	15.8	58.3	65.8	73.3	67.2
Balance sheet total, FIM million	958.7	1,485.4	1,266.2	806.4	796.7
Liquid assets, FIM million	43.5	65.3	12.9	21.2	19.6
Gross margin, %	14.0	11.2	9.7	14.0	24.0
Operating profit before depreciation, %	2.3	2.6	2.4	3.8	6.0
Quick ratio	0.44	0.26	0.46	0.98	0.91
Current ratio	1.33	1.16	1.50	2.01	2.32
Solvency ratio, %	31.7	20.1	27.0	46.3	49.5
Return on investment, %	6.3	13.2	12.6	12.9	13.3
Return on equity, %	5.6	20.9	17.2	16.4	12.2
Investments, FIM million	17.5	24.8	22.2	24.7	34.7
Personnel at year-end	716	743	734	721	813

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 %	=	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial expenses}}{\text{Balance sheet total} - \text{non-interest-bearing debts (average for year)}} \times 100$
Return on equity %	=	$\frac{\text{Profit before extraordinary items} - \text{taxes}}{\text{Shareholders' equity} + \text{minority interest (average for year)}} \times 100$

KAUKOMARKKINAT GROUP ORGANIZATION

Corporate Administration

Kari Ansio,
President, CEO



Sakari Laine,
Senior Vice President

- Logistics
- Accounting
- Finance
- Information management
- 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 Division

Jari-Pekka Lehmoskoski,
Senior Vice President

- Consumer electronics
- Professional electronics
- Industrial electronics
- Photo



Kauko East-West Trade

Jussi Neuvo,
Senior Vice President

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



A MASTER IN EASTERN TRADE

In Kauko East-West Trade we feel we have succeeded, when both the customer and the principal are satisfied with the transaction and the service we provide.

Presence on the Market

Prevailing economic crisis in Russia is a threat but also a possibility for us. Keeping in mind traditions and long-term business relations we adapt to the changes in the operational environment, the customers and the market.

Our key to success is a continuous presence on the market combined with versatile commercial and technical know-how. Direct contact with the principals as well as with the end-users is a necessity.

Our representative offices in Moscow, St. Petersburg, Ufa and Petroskoi as well as our network of sales agents elsewhere in the CIS area are primarily responsible for the development of our marketing and sales.

We are altogether forty professionals, all fluent in Russian, working for eastern trade.

Export

We deliver technical components and systems mainly to various industries in Russia.

Our product assortment include construction materials, machines and equipment for the forestry, wood processing and glass industries, maintenance systems for the oil, gas, chemical as well as for the pulp and paper industries.

Sales of furniture, consumables, electronics and leisureware are also an essential part of our activities in Russia and other CIS-countries.

Import of Raw Material

We import from Russia and the Baltic countries wood for pulp processing, timber for sawmills and logs for plywood producers. We are trading pulp from Russia to paper mills in Finland and to third countries.

From Russia and other CIS - countries we provide plastic raw

materials and chemicals for the Finnish industry as well as to other countries.

Furthermore we can offer counter-purchase services.

Oil Products

Rapid price fluctuations are characteristic for the oil business. We are supplying petrochemical additives, semi finished as well as end products to Finland and third countries.

International Trade

We trade between Russia and third countries.

To facilitate the trade we also arrange financing and counter-purchase obligations.

Industrial Lubrication and Maintenance

We deliver high quality and environmentally friendly lubricants for industrial and transportation needs. Our total service includes training, technical consulting as well as analysis and measurement services.

Prevention of Environmental Damages

A both efficient and economical discharge of oil and chemicals in liquid form is an environmental problem that our clients recognise.

As a solution we can provide multiple purpose biodegradable absorbents. The import and marketing of these products started in 1998.

Our customers are the industry, ship owners and rescue centres.

Tank Storage in Hamina

Transit traffic of oil and liquid chemical products from Russia and other CIS countries via Finland is normally requiring temporary storage in Finland. The services of our Transit Tank Farm in Hamina offer a safe, reliable and logistic solution.

Our service package include transportation arrangements, loading and unloading, intermediate storing as well as other logistical services.

Our terminal, containing 26 tanks with total a volume of almost 100 000 m³, is located in the deepwater port of Hamina, only some 40 kilometres from the Russian border.

The treatment of various types of oil- and chemical products has been taken into account when designing the terminal.

We are continuously working to improve the flexibility of our terminal operations in order to better serve our customers.

Currently we are building up an operational system, which will consist of quality -, environmental -, safety - and health systems according to ISO and BS standards.





KAUKO ON GROWING MARKETS

Trade with China

Kaukomarkkinat have close to fifty years experience in trade with China. Today's China is facing major social as well as economical changes creating new challenges for us. We have diversified our sources of supply and increased the number of foreign principals.

Our local expertise is derived from the employees in our Beijing, Shanghai and Guangzhou offices, 24 experts, specialised in various export and import activities.

Our export to China consists of machinery and equipment for mechanical and chemical wood processing and for environmental protection, equipment for healthcare, industrial filters, complete production lines for the stone and construction industries, chemicals and other supplies for the pulp and paper industries as well as profiles and other special steel materials for shipbuilding and related industries.

From China we import, in addition to garments, leather goods, footwear and electronics.

Countries in South-east and South Asia, like Vietnam, Bangladesh and India are also included in our regular supply territories.

Metex is Focusing on Central-Eastern Europe

Metex is a well known importer and marketing outlet for mainly technical products in Poland, Hungary, Germany and the Czech Republic. Our company is also represented in Bulgaria and Romania.

In Poland Metex is established and well known as a representative and as an importer of technical products. We represent world leading manufacturers of machines and equipment for the mechanical and chemical wood industry and for producers of chemicals.

On the rapidly expanding Polish market we have succeeded in selling cables, electrical apparatus, airfield lightning and safety systems as well as raw materials for the glass, ceramic and copper smelting industries.

Environmental technology is one of the most important fields in future business in Poland. In this field we supply sand- and oil separators, wastewater aerators, pipes, pumps and processes.

Our daughter company in Germany operates world wide. They specialise in reconditioning and turn-key supply of roll grinding machines. The delivery program also comprises complete surface treatment lines for flat steel products.

In Hungary we concentrate on supplying machinery and centres for cutting and processing sheet metal. We also sell products for the electrical- and forestry industries and powder paints for the metal working industry.

We are developing our activities in the Czech Republic. We are taking our position as an importer and representative of technical goods and equipment on various industrial sectors.

In the Balkan countries we market equipment and machinery mainly for the chemical and wood processing industries.

Food trade

Metex activities in Poland include exports of frozen berries and groceries, juice concentrates and

apples to Western Europe and the Nordic countries.

Our import of foodstuff to Poland is growing. Cocoa based raw-materials and semi-finished products as well as crushed exotic fruits and juice concentrates are on our list of imports.

Africa

Our representation in Zimbabwe is involved in projects for energy management and for the mechanical wood processing industry. We also do business in industrial chemicals, raw materials and additives.

New import activities

We are developing the import of raw materials and semifinished products for our industrial customers in Finland.





LEADING INTERNATIONAL BRANDED GOODS

In the import trade, Kaukomarkkinat specializes in the import and marketing in Finland of leading international branded goods. The branded products we represent are the best in their field, 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.

The adidas brand was registered in 1948 and the three stripes were adopted as the symbol the following year. This means the 50-year milestone has already been passed. 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. So have the top athletes of today, among them Haile Gebrselassie, who broke the world record for the 5000 metres in Helsinki in 1998.

The Soccer World Cup in France last year was a triumph for adidas. The gold medallist team, France, played in adidas textile and adidas shoes.

The official ball for the championships was also adidas. This was the culmination of the hard work that adidas has done for soccer.

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.

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 goods - adidas - throughout Finland. As the distributors of adidas products, we have selected maximum coverage through specialist sporting goods shops, department stores, hypermarkets' sporting goods sections and mail-order companies. 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 leading manufacturer of watches.

Over 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. 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.

International fashion and style in watches

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. A watch is an important and highly visible part of the way a person dresses. Citizen's comprehensive range has something for every taste, a timepiece that will complement each individual's personal style.

The world's most sophisticated watch technology

Citizen is at the forefront of product development. An example of this is the 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 affordable 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. All around Finland there are authorized Citizen dealers who serve consumers with professional skills, dependably meeting 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. All Citizen watches are covered by a two-year guarantee. Our aim in every situation is to do things in a way that guarantees continuing customer satisfaction after the watch is bought.



A romantic couple is shown in a close embrace outdoors. The man, on the left, is wearing a dark pinstriped suit jacket, a blue shirt, and a patterned tie. He is looking down at the woman. The woman, on the right, has short dark hair and is smiling warmly at the camera. She is wearing a dark, fur-trimmed coat. Both individuals are wearing Citizen watches with metal bracelets. The background is a soft-focus green landscape with sunlight filtering through the leaves.

 **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, batteries, shavers, musical instruments, computers, monitors, CD-ROM drives, GSM mobile telephones, cameras, copiers, fax machines, other telephone related products and telephone answering machines. Kaukomarkkinat 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 distributors, 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 continually invest in training our dealers and supporting the marketing effort. We constantly aim to enhance our cooperation with our distributors. Up-to-date, interesting information on our products can also be found on the Panasonic web site at <http://www.haku.net/panasonic>. Play► Shop Panasonic chain now has seven retail outlets in the following towns: Helsinki, Turku, Tampere, Jyväskylä, Salo, Lahti and Seinäjoki

Visual products are test winners

Matsushita was the first to produce over 200 million television sets. The

Quintrix picture tube of the wide Panasonic range of TVs makes them characteristically unbeatable for their sharp picture and natural colours, superb audio reproduction and convenient remote control features. New display technology is represented by the Panasonic T (tau) concept. Examples of this include television sets with a totally straight-edge picture tube, flat-screen plasma screens and background projection TV. In its home video equipment Panasonic is a trailblazer in ease of use. Programming is made easy with ShowView and PDC codes. Panasonic TVs and videos have come out on top in tests both in Finland and abroad.

Creative fun with a video camera

The new DV (digital video) cameras combine convenience for consumers with professional-quality picture and sound characteristics. The Panasonic DV camera range is the widest on the market, with the right model for everyone. A number of conventional camcorders are also included in the range.

Fun and enjoyment 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 home theatre. Technics musical instruments and pianos are for everyone from the beginner to the professional musician.



Hot and cold at an affordable price

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.

Lightweight cleaning power

Panasonic vacuum cleaners are light and efficient. They have won praise especially for their up to sevenfold filtering of the exhaust air, which cuts down the dust content of indoor air by 99.9%.

Panasonic batteries - for tough applications

In addition to having the world's widest range of batteries, Panasonic's new, environmentally friendly alkaline batteries yield the power needed for the digital equipment of tomorrow - today. Panasonic battery is a double test winner.



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, fax machines, photocopiers, copying whiteboards, printers, monitors, DVD-RAM 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 with CT-1 and DECT versions has held market leadership for years.

Reachability is a keyword in customer service. Panasonic's cordless DECT phones, which are an integral part of the telephone system, improve mobility in-house and nearby. Also, Panasonic's voice mail takes messages and provides service 24 hours a day.

The elite of fax machines is represented by PC/LAN compatible network faxes and compact personal multifunction units.

Our range of computer peripherals from Panasonic, the world's leading monitor manufacturer, includes not only traditional cathode-ray tube monitors and new flat-screen monitors but also monochrome and colour printers as well as printer-based multifunction devices. Other data products include laptop computers and portable CD-ROM drives, rewritable DVD-RAM drives and checkout systems.

The range of copying products embraces both analogue and digital copiers with versatile qualities that flexibly adapt to meet the needs of widely differing companies. Networked digital copiers facilitate copying and printout conveniently from your own workstation. The copying products also include copying whiteboards for convenience at meetings.

Professional video equipment for high-standard programme production

Panasonic is one of the world's brands for professional audio and video equipment. We supply the latest

in high-tech applications for high-standard TV programme production and presentations. The DVCPRO format developed by Panasonic has been chosen by the world's leading TV companies as well as the Finnish Broadcasting Company and Channel Four Finland.

The International Olympic Committee has also selected it as the production format for the year 2000 Olympics in Sydney. Our product range covers camcorders and desktop tape players, portable editors and portable tape players as well as AV workstations that combine the worlds of computer and video.

In the near future DVCPRO users will be able to use the new ISDN and ATM data communications networks to transmit their visual material from the filming site for processing and recording regardless of distance.

The market leaders for surveillance TV systems

For years Panasonic has been the clear market leader in surveillance video systems in Finland. Our range is comprehensive. We supply complete system packages both for area surveillance and for industrial process control. We also have packaged solutions for shops, offices and homes.

The Super Dynamic cameras developed by Panasonic now permit surveillance in tough backlit situations that previously could not be filmed. Compact PC and printed card cameras can be used for specialized applications in industry and medical science. Panasonic's time-lapse VTRs for security applications 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.



Panasonic



LEADING QUALITY IN OPTICS

Focus on better vision

Optical business unit, based in the Varisto district of Vantaa, serves Finnish opticians as a full-service wholesale supplier and lens manufacturer.

Our range embraces all eye optics products and the supply consists of unchallenged top products and brand names.

Main product groups are frames, lenses, contact lens products, binoculars, sunglasses and sight testing equipment.

Focus on quality

The Titan range of lightweight frames, developed specially for Finns, has won an established position as Finland's leading titanium range.

Silhouette of Austria, a maker of quality frames which is celebrating its 35th anniversary this year, also makes the top-quality Daniel Swarovski Crystal Eyewear frames that we import as well as sporty adidas frames and sunglasses.

Focus on the sun

Polaroid is the leading brand for sunglasses in Finland. Polaroid sunglasses and clip-ons have a multiple-layer structure that eliminates 100% of the glare and UV radiation, providing peak protection for the eyes. Polaroids are highly durable, making them a safe choice even for the smaller members of the family.

A new feature in Polaroid lenses is that they are now available in single vision and multifocal progressive lens types to correct myopia and hyperopia.

Focus on contact lenses

We offer contact lens users lenses and related products based on the top expertise in the field.

Focus on nature

Swarovski binoculars and telescopes have won unreserved popularity among birdwatchers and nature enthusiasts worldwide for their incomparable quality and durability.

Supreme quality in lens technology

A large number of Finns who wear spectacles use lenses made by our optical facility in Varisto. The professional staff who work there are skilled in every stage of lens production.

Our main principal is Rodenstock of Germany, one of the world's leading manufacturers of eyewear.

A wide range of equipment

Rodenstock sight testing equipment and WECO edging machinery cover all the equipment that opticians need.

Finland's neighbouring areas

In Estonia we produce both plastic and glass lenses for local opticians. Sales of Polaroid sunglasses have also started up in Estonia.



Silhouette®



TÄHTI OPTIKKO - FOR YOUR EYES ONLY

Chain reaction

The entrepreneurship based Tähti Optikko (Star Optician) chain that Kaukomarkkinat started up in autumn 1998 is a nationwide, totally integrated optical business venture that combines the strengths of retail and wholesale.

At the end of its start-up year, the chain already had more than a hundred retail outlets, of which about 70 were franchisees and 30 were owned by Kaukomarkkinat. The target of 60 outlets announced in May 1998 was thus overachieved by a clear margin.

The goal is to be one of Finland's top two optician chains in the next five years, with a 30% market share.

Customers and shops close to each other

The Tähti Optikko chain's outlets are located as close as possible to major flows of people - in shopping centres, built-up areas and city centres, to make it as simple and easy as possible to shop there.

Tähti Optikko provides a full set of optical services on a customer-centred basis, quickly and with quality, ensuring a personal and total solution to all questions about human vision.

Tähti Optikko outlets have a distinctive look from outside; the interior design also provides a unique, warm and inviting ambience that is spreading as new outlets are added to the chain.

The business concept supports the marketing message of the chain and the visual appearance meets the customers' expectations.

Strong brand products

The Tähti Optikko chain's product range is based on quality, safety, and products that have already established themselves in the marketplace - Titan lightweight frames, Silhouette, adidas, Rodenstock, Polaroid and others.

The chain also has exclusive retail rights in Finland on the Mario Conti, Jean Paul Gaultier, JPG and Yohji Yamamoto brands. The highly competitive range is broad and represents the latest trends in brand products.

Even minus is a plus

The Tähti Optikko chain is part of Finland's biggest customer loyalty system, which has a coverage of 50.2% of Finnish households - meaning more than 1.1 million families.

Membership of the Plussa system is a part of the chain's customer-relations marketing; the Plussa card acts as a channel of interaction between the chain and the customer, strengthening customer loyalty.



 **Tähti**
OPTIKKO



LEIPURIEN TUKKU - A FOOD INDUSTRY EXPERT

Leipurien Tukku has served Finland's bakers for 79 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, as well as frozen food products. 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 AG, Cerestar Scandinavia A/S, Dragbaek Margarinefabrik A/S, Frucaps, Grands Moulins de Paris, Ireks GmbH, Norlander Food AB, Odense A/S, Sonneveld B.V., Taura Natural Foods N.V.

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 a wide range of quality products, we also offer our customers a useful array of peripheral services. Our customer-centred product development service, our courses which 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 an international interchange of information on questions concerning 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 of choice to the processed food and meat industry

In a short time, LT-Tukku Oy's meat 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 customer-centred product development cooperation.

We are the Finnish agents for the following international specialists:

Arteva Specialities, Cerestar Scandinavia A/S, BK Giuliani Chemie GmbH, Elliot Packaging Industries, Griffith Laboratories B.V., Hellasnet M & A Karatzis S.A., Imwiedex B.V., Oskuda GmbH, Lactovit GmbH, Loders Crocklaan B.V., Carl J. Nielsen & Son A/S, Krehalon Synclair Packaging B.V., vanHesse B.V., Raadvad A/S, Tochcello/Japan, Volk Enterprises Inc.

Kauko-Gourmet - quality, savoury treats from around the world

Kauko-Gourmet's range of products consists of wines, meat products, and egg-based products. Kauko Gourmet imports wines and acts as agents for many of the products in the range sold by Alko, the Finnish alcohol monopoly. We engage in restaurant wholesale from our own wine cellar. Imports mainly focus on traditional countries for wine such as Italy, France, Spain and Bulgaria, but we also have principals in Chile and South Africa. Our meat products are aimed at consumption by restaurants and catering, and they are used as ingredients by industrial operators. We

buy our meat products from well-known and dependable manufacturers around the world. Our principals are Affco New Zealand, Synavi S.A., Les Charmilles and Tillmanns-Hof. Our range embraces lamb and beef, poultry and game as well as exotic alternatives such as the meat of crocodile, antelope and buffalo.

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.

OOO Leipurien Tukku has operated in St Petersburg since October 1997. In spite of Russia's economic problems we have established a stable position as a supplier to the bakery industry in the region.

Leipurien Tukku's subsidiary started in Latvia in January 1999. We expect to attain a significant position as a supplier to the bakery industry and other sections of the food industry in Latvia as we have elsewhere.



A LEADING SUPPLIER OF BAKERY MACHINERY

LT-Kone Oy

LT-Kone Oy supplies the bakery and food-processing industry with machinery, equipment and production lines that are manufactured either by its own Group companies or else imported. We manufacture bakery machinery and equipment at the Hausjärvi factory in Hikiä. 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.

Wide range of products

Our product range includes all the machinery and equipment needed by small, medium-sized and industrial-scale bakeries - from flour silos to packing machines. We also offer fittings for minibakeries 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, 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 Hausjärvi 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 exports in its own special areas of expertise. Examples of this are the development of industrial bread production lines, loading equipment and proofing chambers.

Supplementary products

The delivery programme of LT-Kone Oy also includes pizza ovens and small appliances such as food processors, mixers, vegetable

choppers and cutters. We also have Finland's broadest range of bakery accessories for professional use. We maintain a constant watch on the developments in the field and our highly reliable European principals supply new products quickly to the Finnish market.

Smooth service

Our reputation as a reliable 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 3,000 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 equipment in its sales programme with which to supply the growing markets of the Baltic area.



Leitok Oy

Everyday fashion for the consumer

Leitok Oy operates worldwide by commissioning and marketing fashion clothing to meet the needs of Finnish consumers. Our brand collections Avera, Donna Moda and Doni Italia are examples of our strong input in product design, by which we update our product ranges. Our extensive, long-lasting relations with our principals, especially in Southeast Asia, help us to maintain competitive pricing for the main basic products, consistent quality and good management of the entire logistical chain.

In addition to clothing, we also sell handicraft yarns. We have a partnership contract with Helsingin Villakehräämö Oy, on the basis of which we sell well-known branded goods to our customers. The yarns Nalle and 7 Veljestä are the market leaders in Finland by a clear margin.



Own sales offices and subsidiaries abroad

Finland

Bulgaria
METEX Representative Office
Simeonovsko Shose 57
1126 Sofia
Phone +359 2 962 5242
962 5347
Phone/Fax +359 2 962 5348
+359 88 504 900

P.R. China
KAUKOMARKKINAT OY
Representative Office
Room 750, 7th floor
Hong Kong Macau Centre
Dongsi Shitiao Lijiaoqiao
Beijing 100027
Phone +86 10 6501 4273
6501 4293
6501 2288
Fax +86 10 6501 4275

KAUKOMARKKINAT OY
Representative Office
Room 2411, 24th Floor,
South Tower
Guangzhou World Trade Centre
No. 371-375 Huanshi Dong Road
Guangzhou 510095
Phone +86 20 8778 0918
Fax +86 20 8778 7708

KAUKOMARKKINAT OY
Representative Office
Room 504, West Tower
Sun Plaza
88 Xian Xia Road
Shanghai 200335
Phone +86 21 6270 0640/1/2
Fax +86 21 6270 0872

Czech Republic
METEX CZ
Vinohradská 89/90
130 00 Prague 3
Phone +420 2 7173 2181
+420 603 460 649
Fax +420 2 6731 1126

Estonia
FOCUS EESTI AS
Punane tn. 61
EEOO36 Tallinn
Phone +372 6 324 335
Fax +372 6 321 735

LEIPURIEN TUKKU AS
Betooni 6
EEOO14 Tallinn
Phone +372 6 201 485/6
Fax +372 6 201 487

Germany
METEX (Deutschland) GmbH
An der Bahn 3
04613 Lucka
Phone +49 34492 31412
+49 172 901 3726
Fax +49 34492 31420

METEX (Deutschland) GmbH
Büro Dresden
Bertolt-Brecht-Allee 24
01309 Dresden
Phone +49 351 3199 3240
+49 172 717 2815
Fax +49 351 3199 3241

Hungary
METEX HUNGARIA KFT.
Pozsonyi út 50
1133 Budapest
Phone +36 1 349 1185
239 2010/1
Fax +36 1 239 2012

Latvia
LEIPURIEN TUKKU LATVIA
SC World Trade Center Riga
Office no. 227
Elizabetes Str. 2
LV-1340 Riga
Phone +371 732 1153
Fax +371 732 5146

Poland
KAUKO-METEX LTD
HUBER TECHNOLOGIES LTD
METEX FOOD LTD
Kasprzaka 18/20
01-211 Warsaw
Phone +48 22 632 2200
Fax +48 22 632 8044

Rumania
METEX Representative Office
c/o S.C. Decagon S.A.
Str. Rosia Montana No. 2
Block 17, SC2, App. 41
Bucharest - Sector 6
Phone +40 1 772 6957
Fax +40 1 430 1090

Russia
KAUKOMARKKINAT OY
Representative Office
Kursovoj pereulok 9, kv 2
119034 Moscow
Phone +7 095 564 8402/05
Fax +7 095 564 8447

KAUKOMARKKINAT OY
Representative Office
Torzhkovskaya 5, off 503
197342 St. Petersburg
Phone +7 812 324 4018
Fax +7 812 325 2634

LEIPURIEN TUKKU LRS OOO
Torzhkovskaya 5
197342 St. Petersburg
Phone/fax +7 812 327 4378

KAUKOMARKKINAT OY
Representative Office
Ul. Andropova, 2/24
185035 Petrozavodsk
Karelia
Phone +7 814 277 5988
Phone/fax +7 814 277 4964

KAUKOMARKKINAT OY
Representative Office
Ul. K. Marksa 67, kv. 74
450015 Ufa
P.O.Box 8, 450078 Ufa
Bashkiria
Phone +7 347 902 8295
Fax/Phone +7 347 2 503 382

KAUKOMARKKINAT OY/
XENA LTD.
Ul. Krasnaja 1, off 434
614039 Perm
Phone/Fax +7 3422 306 944
122 860

Sweden
KAUKO TIME AB
Smidesvägen 10-12, Solna
Box 1385
S-171 27 Solna
Phone +46 8 280 300
Fax +46 8 627 0093

Zimbabwe
Ms. Yrsa Lindholm
P.O.Box A1080
Avondale, Harare
Phone +263 4 752 931
+263 4 750 498
Fax +263 4 757 744

HEAD OFFICE

Kaukomarkkinat Oy
P.O.Box 40, Kutojantie 4
FIN-02631 Espoo
Phone +358 9 5211
Fax +358 9 521 6641
Telex 124469 kauko fi
Cable kauko helsinki
Internet
www.kaukomarkkinat.fi

Leipurien Tukku
LT-Kone Oy
LT-Tukku Oy
P.O.Box 127, Kutojantie 4
FIN-02631 Espoo
Phone +358 9 521 70
Fax +358 9 521 2121
Telex 124469 kauko fi

Leitok Oy
P.O.Box 62, Kutojakulma 2
FIN-02631 Espoo
Phone +358 9 521 77
Fax +358 9 521 2120

Metex Corporation
P.O.Box 47, Kutojantie 4
FIN-02631 Espoo
Phone +358 9 521 789
Fax +358 9 521 6615
Telex 124521 metex fi

OTHER DOMESTIC OFFICES

Kaukomarkkinat Oy
Optical Branch
P.O.Box 102,
Martinkyläntie 54
FIN-01721 Vantaa
Phone +358 9 852 991
Fax +358 9 854 3053

Kaukomarkkinat Oy
Transit Tank Farm
P.O.Box 19, Öljysatamantie 7
FIN-49461 Hamina
Phone +358 5 230 3330
Fax +358 5 230 3360

LT-Kone Oy
Hausjärvi Factory
Itätie 6
FIN-12240 Hikiä
Phone +358 19 768 451
Fax +358 19 768 006

Virsu Oy
P.O.Box 32, Orapihlajatie 33
FIN-00321 Helsinki
Phone +358 9 521 333
Fax +358 9 521 3380



P.O.Box 40, Kutojantie 4,
FIN-02631 Espoo, Finland
Internet www.kaukomarkkinat.fi
Fax +358 9 521 6641
Phone +358 9 5211