VUOSIKERTOMUS 1998

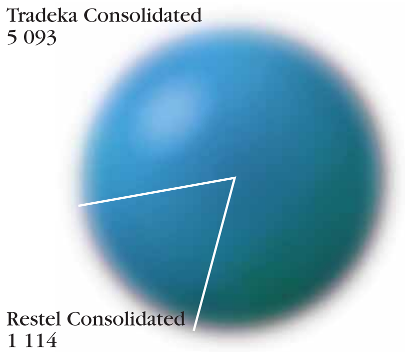
Tradeka-yhtymä

Contents

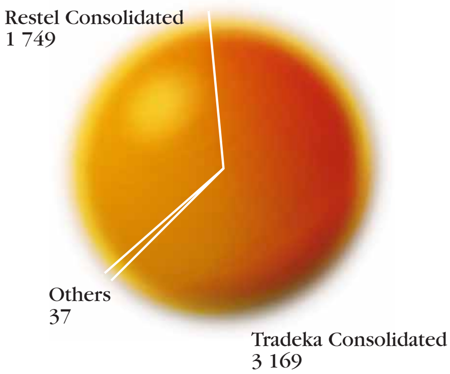
TRADEKA CORPORATION IN BRIEF

	1998	1997	97/98
Net Turnover (FIM million)	**6 206**	6 061	+2.4 %
Income before Extraordinary Items (FIM million)	**312**	419	-108
Balance Sheet Total (FIM million)	**2 996**	3 006	-10
Personnel, average	**4 955**	4 818	+137
Outlets			
-Stores	**531**	546	-15
- Hotels	**33**	34	-1
-Restaurants	**234**	244	-10

DISTRIBUTION OF TURNOVER FIM MILLION



DISTRIBUTION OF PERSONNEL



President's review

The profit of the Tradeka Corporation totalled FIM 312 million before extraordinary items, exceeding the targets that had been set. The total result was good by any standards, though the profit structure diverged somewhat from what had been planned.

We have surpassed the halfway mark in terms of time in the Cooperative Tradeka Corporation's confirmed restructuring program. For the fifth consecutive year, the requirements of the restructuring program have been exceeded. Clearing up the details of the program in cooperation with the creditors has continued to take up a great deal of the management's time.

Distinct changes were seen on the retail trade market during the year. The population continued to become denser in the Helsinki region and other growth centres. This brought about changes in demand. Consumer buying power was directed more toward larger retail units, which decreased sales for the small local stores. Despite the many new locations founded by the competition, the chain stores lost surprisingly little of their market share. Tradeka Consolidated's result was as planned.

The hotel and restaurant business continued to grow. Hotel capacity remained unchanged as occupancy rates rose. Restaurant capacity continued to increase, while the ratio of sales to seating capacity stayed the same. Restel Oy's sales developed in stride with changes on the market, and once again the company attained a good result.

Investment was still concentrated upon data systems. This project of several years will be completed on schedule in the summer of 1999. We are now in the process of shifting the emphasis from systems development to development of the various processes involved in business operations. To get the greatest possible benefit from the data systems, we have to carefully fine-tune our working methods regarding sales operations, chain-store direction, and management, as well as other areas. Restel is continuing to introduce its model of service management and extend its hotel and restaurant systems.

It is predicted that the growth of the economy will slow somewhat during the current year, and that growth will be concentrated in the individual consumption sector. In any case, the changes in demand will have the least effect in the basic daily goods trade. In spite of the challenging outlook, I believe that we at the Tradeka Corporation will reach our goals again this year. On the subject of the restructuring program, we have now accumulated such a buffer that the program's success is nearly assured.

To ensure continued development, Finnish retail trade should at last break free of the limits that hinder the development required by natural demand. For example, in the present day regulations governing store opening hours are artificial. The limits hinder free competition and necessitate establishing types of stores which usually do not attract consumers. Investing in stores that are under 100 m^2 is a waste of capital. Instead, the retail trade could develop local services on a reasonable basis.

I would like to thank all the personnel at the Tradeka Corporation for the past year. The struggle to survive is no longer our motivational factor, but still, we must not allow ourselves to tire in our efforts. Now the key lies in the right management methods; the leadership is responsible for motivating the personnel.

Thanks, also, to the suppliers and all our other contacts for their cooperation and trust in us.

Helsinki, 21 April 1999

Antti Remes

TRADEKA CONSOLIDATED

Net turnover at Tradeka Consolidated totalled FIM 5 093 million, an increase of 1.5% over the previous year. Profit before extra-ordinary items was FIM 57 million; it had been FIM 153 million the year before. The market share held by Tradeka and Elanto's chain stores was 12.2%, compared to 12.4% a year earlier.

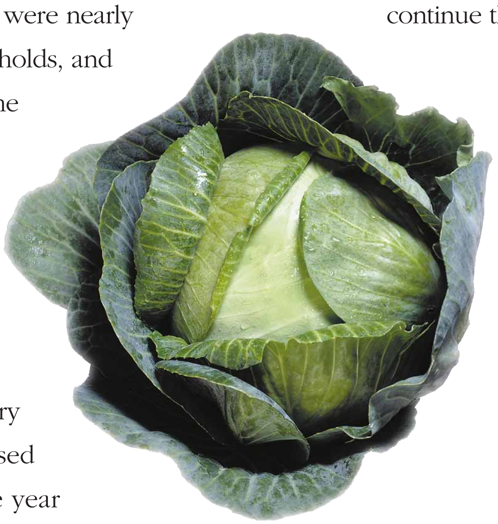
President
Aarno Mäntynen

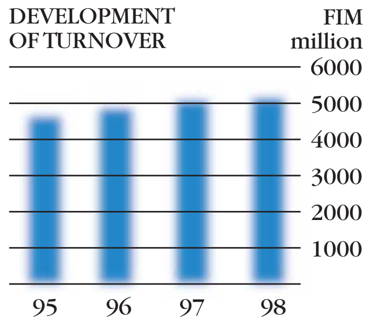
The good development of net turnover was interrupted in 1998. Tradeka chains saw a dip in demand late in the year, which meant that growth figures also remained lower than those for development in general. Among other factors, the many new locations founded by the competition and a change in consumer buying habits in favour of larger stores affected trade on the market. The growth of net turnover in Tradeka's chains occurred in the store network, which mostly consists of local stores. The total number of outlets decreased by 15 from the previous year.

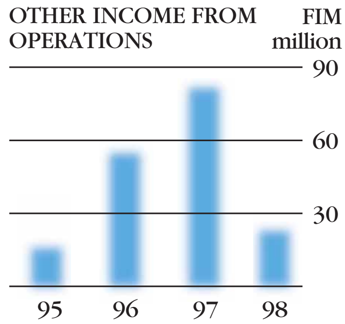
The loyal customer scheme continued its positive development. Both sales and the number of customers increased steadily throughout the year. At the end of the year there were nearly 760 000 YkkösBonus households, and almost 70% of the sales in the chain stores were to loyal customers. New companies joined the scheme, further strengthening basic services for loyal customers, i.e. retail trade.

During the year, category management was emphasised and in the latter part of the year work was begun to fortify logistics. The aim is to revamp the order and delivery pattern and locate it to a larger degree in terminal distribution. Data systems development progressed into the home stretch. The expansion of the store systems and the program updates will be completed by the end of summer. Then this new tool for product management, pricing and ordering will be fully operational.

Customers will see results from the technical changes and developing methods in the form of a broader selection, fresher products, and competitive pricing, in other words better technical service. In order to improve the personal customer service, all Tradeka employees took part during the year in a training program entitled 'A Smile Makes a Difference,' which will continue this year.

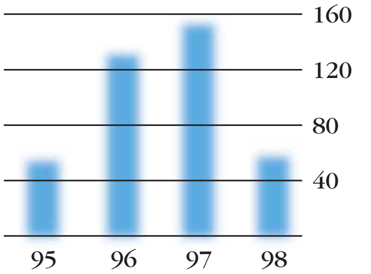




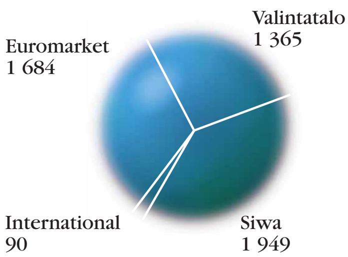


DEVELOPMENT OF
PROFIT BEFORE
EXTRAORDINARY ITEMS

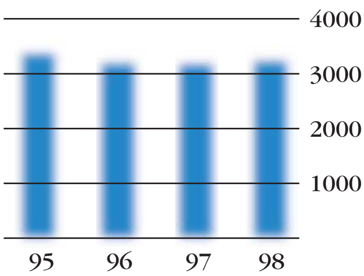
FIM million



DISTRIBUTION OF TURNOVER
FIM MILLION



NUMBER OF EMPLOYEES



With the change in the Russian economic situation late in the year, the international trade situation was re-evaluated. By concentrating on the two daily consumer goods stores in St. Petersburg in the future, we will minimise the risk while maintaining our knowledge of business in Russia.

SIWA INCREASES ITS SHARE OF SMALL STORES

The net turnover of the Tradeka stores in the Siwa chain was FIM 1 949 million, 0.9% less than the previous year. Other stores in the branch measuring under 400 m2 lost even more of their sales, which meant that Siwa's market share grew in the small store branch.

Over the course of the year, four new stores were opened. Investments were made to improve and expand eight Siwa stores and 20 small Siwas were closed. At the end of the year, the chain comprised 399 Tradeka Siwas, 16 less than the previous year. The chain also included 56 stores owned by Elannon Vähittäiskauppa Oy.

In addition to the data system improvements, which continued all year, the whole organisation worked on improving the product selection early in the year. Siwa developed four different product selection categories that allow individual stores to offer products that meet the demand better than previously. At the same time, the amount of fresh products was increased.

The chain's operating concept started to be developed in October. Siwa's product selection and store atmosphere will be reworked this year on the basis of customer surveys.

VALINTATALO RENOVATED STORES

The net turnover of the Tradeka stores in the Valintatalo chain was FIM 1365 million, 2.1% more than the previous year. The comparable growth in net turnover equalled 3.4%.

Investments were made during the year in a number of expansion and renovation projects that improved the chain stores' competitiveness. In particular, increasing the number of fresh and frozen products requires more space and refrigeration equipment, and the store improvements have increased them by 2—3 times. The introduction of category management progressed according to plan: the chain's product organisation was provided with training in cooperation with the suppliers and the AVA Institute.

The Valintatalo stores in Pieksämäki and Järvenpää were expanded into Valintatalo Plus outlets. The stores in Pielavesi, Jokioinen, Outokumpu, Tesoma (Tampere), Aura, Pihtipudas,

Toijala and Paimio were improved and expanded as regular Valintatalo stores. The store that had been hit by fire in Mertala (Savonlinna) was repaired and reopened. Four completely new Valintatalo outlets opened: Verkahovi (Turku), Nurmijärvi, Raahe and Valintatalo Plus in Kouvola.

At the end of the year Tradeka had 108 Valintatalo outlets, three more than the previous year. The chain also includes 29 stores owned by Elannon Vähittäiskauppa Oy.

EUROMARKET EMPHASISES LOYAL CUSTOMERS

Euromarket's net turnover was FIM 1684 million, an increase of 5.2% over the previous year. Thus their share of the national daily consumer goods retail trade remained the same.

The most significant change in the network was the completion of the new Euromarket in Palokka (Jyväskylä). The EKA market in Savonlinna city centre closed down because the unit could not develop into a hypermarket at that location. The real estate's ground floor will house a Valintatalo Plus, to be opened this summer.

Expansions were planned for the Euromarkets in Lappeenranta and Turku, and work was commenced late in the year. Renovation work also began on real estate in Lohja to turn it into a Euromarket. There are still 21 markets owned by Tradeka in the Euromarket/Maxi chain, 19 of them Euromarkets, one an EKA market (Varkaus), and one a Maxi (Kerava). In addition, the chain includes three Maxi department stores owned by Elanto.

The chain strengthened its loyal customer operations by founding the first loyal customer committees connected to the markets. In particular, the offers aimed at loyal customers were increased, and faithful customers were rewarded with a collection campaign, which was well-received by the customers.

The emphasis in development of operations was on updating the professional product-management knowledge of those in charge of that area. The introduction of the new systems changes product organisation; new work methods were also an important part of development.

The chain's department stores received external signs of recognition: the Turku Euromarket was given an award by Juustoseura (the Cheese Society), while the Kemi Euromarket was given an award for its fruit and vegetable management by Kotimaiset Kasvikset ry (the Finnish Vegetables Society).

STORE OUTLETS 31 DEC 1998

Siwa	399	-16
Valintatalo	108	+3
Euromarket	21	
International	3	-2
Total	**531**	**-15**

RUSSIAN ECONOMIC CRISIS CHANGES THE DEVELOPMENT OF TRADEKA INTERNATIONAL

Tradeka International's net turnover grew well in the beginning of the year, but the Russian economic crisis threw development into a sharp drop in September. Net turnover for international trade reached FIM 90 million, FIM 3 million less than the previous year.

Late in the year, Russian operations were re-evaluated. The St. Petersburg hardware stores were closed in October. Since it is believed that Russian buying power will not recover even next year, all of Tradeka International's operations have been adjusted and costs streamlined. The supporting organisation in Helsinki now has only one full-time employee; the others were mostly transferred to new duties with the Corporation. The Moscow Super Siwa will be closed in June after a five-year contract period.

To preserve our Russian business expertise, we are continuing the daily goods trade in St. Petersburg; the selection and premises of the Super Siwa there have been improved according to demand.

1999 – THE YEAR OF IMPROVEMENTS

Continued growth is predicted for demand in 1999. Growth will be greatest in consumer durables and perishable specialty goods, but it is also estimated that daily goods will see a growth of 2—4%. Tradeka's aims are to at least match market growth and achieve this year's profit level.

The year now begun will bring significant changes to Tradeka's chain operations. The data technology unit that has been under preparation since 1996 will become fully operational, after which all stores and chain management processes will be part of an integrated system. New tools require a new organisation of work, and bringing these changes in is an important challenge for the whole company. The completion of these systems will usher in a more comprehensive approach for areas where development is in progress, such as category management and terminal operations.

To balance out the data systems, an important area of development for the chains is the quality of personal service. In continuation of last year's training programme, all store personnel will participate in 'Smile II' training, whose theme is 'The Trump Card of the Store.'

The work of the chains and its supporting organisations will also be affected by the coming turn of the century. Preparations have been underway for several years already, including charting the risks and making the necessary changes. The remaining year will be used for adjustment and verification. At the same time we are preparing for the next big change, the arrival of the euro. This year the stores are switching to comprehensive double pricing, so that the customers will have time to get used to the new currency.

Restel Consolidated

Net turnover for Restel Consolidated was FIM 1114 million, a 7.4% increase over the previous year. Profit before extraordinary items was FIM 113 million, FIM 30 million more than the previous year. In addition to the growth in net turnover, cost control and a rise in sales income improved the result.

The hotel and restaurant branch continued to grow favourably. Sales volumes rose approximately 5% over the previous year. Development in the various areas was marked by noticeable differences. Sales in restaurants licensed to sell alcohol increased by approximately 8%, of which 2% was due to price increases. Because of an increase in capacity, the ratio of sales to seating capacity remained on the same level as previous years.

Sales of hotel accommodation increased by approximately 10%, of which 6.4% was due to price increases. Hotel capacity grew somewhat during the year, and the occupancy rate rose to 49.4% from the previous year's 48%.

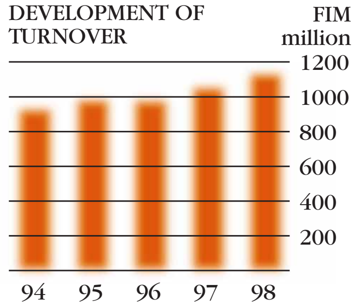
Restel continued with its confirmed strategy. Business operations concentrated on renovations and keeping to the specified operational models. The financial position of the company remained good all year. FIM 68 million of investments were made, mainly focused on concept changes and maintaining the network.

RANTASIPI ACQUIRES TWO SPA HOTELS

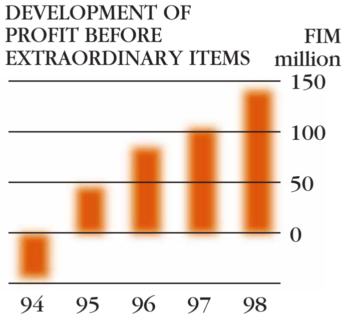
Restel Hotels' net turnover totalled FIM 601 million, 17.2% more than the previous year. Hotel accommodation net sales increased by 19.2%. All the hotel companies made a profit – Cumulus Oy, Rantasipi Oy, Kansainväliset Hotellit Oy and Restel Kylpylähotellit Oy. Hotel company profits significantly exceeded the previous year's levels. The Eden Spa Hotel in Nokia joined Restel's Rantasipi chain in the beginning of the year, and in December a preliminary agreement was reached on the Tropiclandia Hotel in Vaasa joining the same chain. The Polar Hotel joined the Cumulus chain by means of a business management contract. In the summer Rantasipi Turku ceased operations. Meeting facilities and restaurants were

President
Ralf Sandström

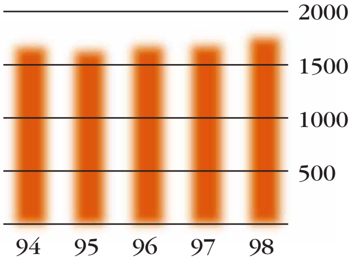
DEVELOPMENT OF TURNOVER



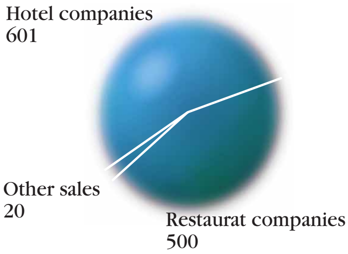
DEVELOPMENT OF PROFIT BEFORE EXTRAORDINARY ITEMS



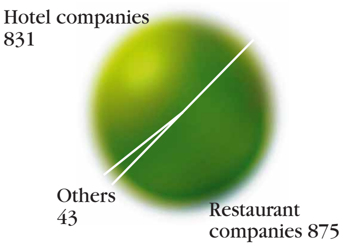
NUMBER OF EMPLOYEES



DISTRIBUTION OF TURNOVER
FIM MILLION



DISTRIBUTION OF PERSONNEL



renovated at eight hotels. The first stage of Rantasipi Aulanko's overhaul renovations was completed for the hotel's sixtieth birthday in November.

Replacement of the hotel data systems was commenced; the first new systems were installed in the autumn. Installation will continue during 1999.

At the end of the year, there were 33 hotels with a total of 63 restaurants. The Restel hotel chains also have business management contracts with four Elanto hotels in Helsinki, as well as Rantasipi Pohjanhovi and Cumulus Rovaniemi.

RESTEL GETS ESPOO AREENA RESTAURANTS

Net turnover for restaurant operations was FIM 500 million, 2.6% less than in the previous year. The decrease was caused by a decrease in the number of restaurants. The restaurant companies, Restel Restaurants Oy and Restel Restaurants Helsinki Oy, both achieved a profitable result. The result for restaurant operations was better than in the previous year.

New sports cafés were opened in Helsinki and Tampere's city centres, the Golden Star Café and the Grand Star Café. The Domus Restaurant in Tampere was moved to a new location, and Parnell's Irish Pubs were opened in Imatra and Kajaani. Twenty-five restaurants were thoroughly remodelled. Fourteen restaurants were sold or closed during the year, and the Martina Hotel in Kuusamo ceased operations. In January 1999, a contract was signed for restaurant operations in the newly-opened Länsi-Auto Areena in Espoo. At the end of the year, Restel had a total of 171 different restaurants.

OUTLOOK FOR 1999

The hotel and restaurant branch is expected to continue to grow in 1999. The continued increase in restaurant capacity will mean a decrease in the ratio of sales to seating capacity. The growing hotel capacity in Helsinki will have an effect on the development of occupancy rates.

The Tropiclandia in Vaasa will open in the summer as a renovated Rantasipi, bringing the number of Restel hotels to 34. Elannon Hotellit Oy's Cumulus Merihotelli was closed in late April. After these changes, 39 hotels belong to Restel chains. Restel's result for the beginning of the year has been as planned.

EKA REAL ESTATE DEVELOPMENT OY

Eka Real Estate Development performed 55 transactions involving the sale of real estate property and shares, totalling FIM 157 million in value. Net turnover, mainly made up of rental income, was FIM 100 million. This drop of FIM 21 million from the previous year was caused mostly by a reduction in the number of rental locations due to the transactions that were carried out.

President
Heikki Venho

The growth of the economy and an increase in demand brought about changes in the real estate branch. Real estate portfolios were incorporated and reorganised. Real estate investment has increased, and many companies in the branch are planning to become listed on the stock exchange. The companies that already are listed are acquiring new real estate base. Movement within Finland has been toward Helsinki and several other centres of growth. In these areas, real estate investors have been active and real estate occupancy rates have risen. The real estate markets in eastern and northern Finland have been quieter, with less demand from investors.

Eka Real Estate Development Oy also owns a great deal of real estate in the cities of eastern and northern Finland. This has created a challenging situation for the company. The corporation pursues marketing actively and strives for a favourable situation in operations in progress.

Eka Real Estate Development's operating profit was FIM 49 million. The real estate occupancy level was 80%, while the net income of property was 6.3%. Property sales amounting to 61,000 m^2 were made. The most significant sales were real estate in Mikkeli's city centre, Kiinteistö Oy Lintulahdenvuori, and the majority share in Oulun terminaalivarasto. The remaining property at year's end totalled 277,000 m^2.

FIM 55 million was invested in real estate. The largest of these investments were the expansion of the Lintulahti head offices in Helsinki and renovations carried out on city centre real estate in Kouvola and Hämeenlinna. In addition, FIM 18 million of VVO Oy shares were subscribed for. The investments were financed by cash reserves. The major tenants, Tradeka and Restel, renewed their leases, most of them long-term.

Eka Real Estate Development was spun off in January 1999. Cooperative Tradeka Corporation sold its real estate property to Eka Real Estate Development Oy it founded. The starting balance sheet for the company is FIM 1,600 million, and the company's budgeted net turnover for its first year of operation is FIM 80 million. Real estate property accounts for FIM 850 million on the balance sheet.

The figures for Eka Real Estate Development in 1998 are included in Cooperative Tradeka Corporation's statement of income and balance sheet. Net turnover is included under the Cooperative's Other Income from Operations.

Report by the Board of Directors

The goals for 1998 were to maintain the operational profit level, increase orientation to demand and customers, develop the YkkösBonus loyal customer scheme, and improve the network of business outlets.

OPERATIONS IN 1998

There were no significant changes in the operating organisation of the Corporation during the year. In addition to the parent Cooperative, the Corporation includes 68 subsidiaries, 49 of which are real estate subsidiaries.

The restructuring program progressed as planned. Over the course of the year, the Cooperative amortised FIM 331 million in restructuring debt. In total, FIM 1,271 million has been amortised as part of the program. In April, the Helsinki District Court changed the restructuring program with regard to the deposits made at financial services offices. Capital from deposits made by private persons, FIM 13 million in all, was paid to depositors in July. The scrutiny of questions of interpretation regarding the restructuring program, including the handling of recoveries, continued. The annual result that was achieved and the realisations of property that were carried out have ensured a good base for the continued success of the program in the future.

The YkkösBonus loyal customer scheme expanded into the areas of car sales, auto parts and auto repair. At the beginning of this year, a mail-order shopping company also entered the system. At the end of the year, there were 759,920 loyal customer accounts and a total of 1,241,287 loyal customer cards. Over the course of the year, 113,855 new accounts were opened. Loyal customer sales topped FIM 6.1 billion, representing an increase of 11.8% over the previous year. YkkösBonus paid out bonuses of FIM 109.7 million (FIM 82.5 million in 1997). Tradeka Consolidated and Restel Consolidated accounted for FIM 4.1 billion of the loyal customer sales (FIM 3.7 billion in 1997). The YkkösBonus card was redesigned, giving it a new look and better technical features.

In keeping with the regulations of the Cooperative, an election of representatives was held via post from 13 March to 1 April 1998. A new, 110-person Council of Representatives was chosen to serve a term of six years. Previously the Council of Representatives consisted of 151 people. Thirty-eight percent of the members exercised their right to vote.

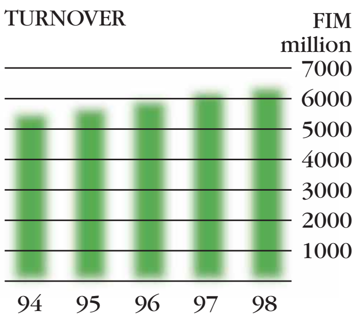
NET TURNOVER AND OTHER INCOME FROM OPERATIONS

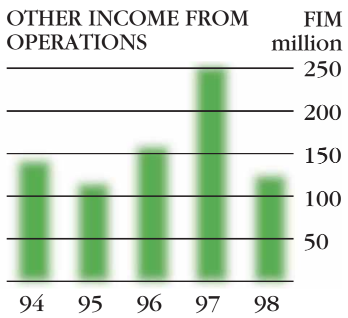
The net turnover of the Corporation increased by 2.4% over the previous year, to FIM 6,206 million. Tradeka Consolidated had a net turnover of FIM 5,093 million, while Restel's was FIM 1,114 million. The shift in buying habits toward large units, and the fact that the company founded few new units, slowed Tradeka Consolidated's growth. Tradeka Consolidated's net turnover grew by 1.5%, while Restel Consolidated's increased by 7.4%. Net turnover for the Cooperative was FIM 8 million.

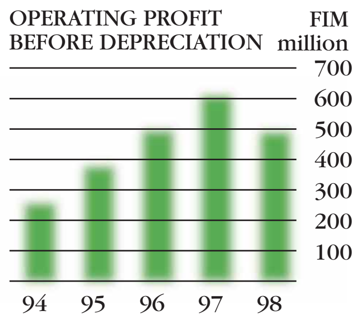
Other income from operations totalled FIM 123 million (FIM 250 million the previous year). Rental income accounted for FIM 76 million of this (FIM 93 million), while income from sales of fixed assets made up FIM 47 million (FIM 156 million). Other income from operations decreased in the Cooperative and in Tradeka Consolidated. The Cooperative's other income from operations totalled FIM 149 million (FIM 211 million).

PROFITS

Operating profit before depreciations was FIM 487 million, of







which FIM 210 million came from Tradeka Consolidated and FIM 180 million from Restel Consolidated. Tradeka and Restel's operating profits before depreciation exceeded the objectives set by the Cooperative restructuring program for the fifth year in a row.

The Corporation's net turnover was FIM 329 million (FIM 459 million). Net turnover was lowered by the above-mentioned decrease in trade profits, and by increased emphasis on development, especially at Tradeka Consolidated. The change was forecast in the planning for the accounting period. The Cooperative's net turnover was FIM 45 million (FIM 85 million).

A total of FIM 141 million of deferred tax receivables from Corporation companies was booked under extraordinary items. The net amount of other extraordinary items for the Corporation was FIM -20 million, whereas it had been FIM +1 million a year earlier. Cooperative extraordinary income was FIM 67 million. It was comprised of subvention payments from Tradeka Oy (FIM 48 million), Restel Oy (FIM 11 million) and Tradeka Group Oy (FIM 1 million), as well as other things, such as the reduction of restructuring debt. Extraordinary costs for the Cooperative totalled FIM 32 million.

The Corporation's profit before appropriations and taxes was FIM 433 million. Profit for the accounting period was FIM 349 million (FIM 410 million the previous year). The Cooperative's surplus totalled FIM 153 million (FIM 287 million), which the Board of Directors proposes be used to cover losses brought forward, in accordance with the regulations.

INVESTMENTS

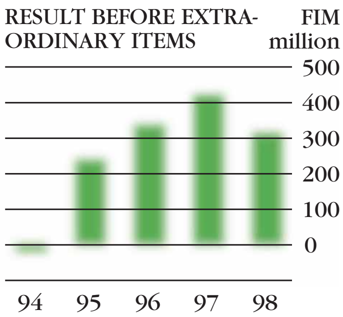
Investment by the Corporation in fixed assets totalled FIM 300 million (FIM 242 million the previous year). Investments by retail trade totalled FIM 185 million (FIM 134 million), hotels and restaurants FIM 68 million (FIM 54 million) and Eka Real Estate Development FIM 55 million (FIM 54 million). FIM 8 million of the investments were internal purchases of fixed assets within the Corporation. The investments by retail trade and hotel and restaurant operations were aimed at network maintenance, new acquisitions, and data systems. Eka Real Estate Development's investments were in real estate development and securities.

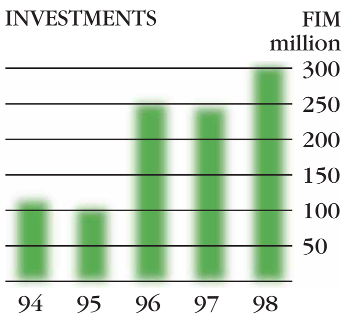
FINANCING

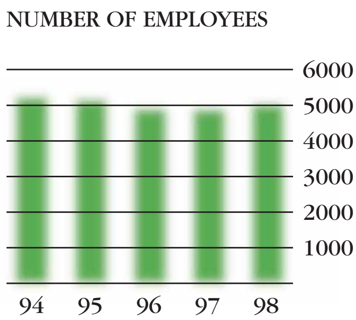
The Corporation's financial income totalled FIM 24 million (FIM 25 million) and financial expenses amounted to FIM 42 million (FIM 64 million). Net financial expences were thus FIM 17 million (FIM 39 million). Among the Corporation companies, Tradeka Oy took out long-term credit of FIM 52 million from financial institutions. The company has taken out a significantly lower amount of credit than planned in the Cooperative restructuring program.

The Cooperative's financial income was FIM 95 million (FIM 116 million), the majority of which was interest income on Tradeka Oy and Restel Oy's approved loans. Tradeka Oy paid 7.46% interest on its loan (7.83%), while Restel Oy paid 8% (the same rate as the previous year). The Cooperative approved an interest-free equity loan of FIM 125 million to Tradeka Oy, ensuring the company's competitive equity ratio and the investment programs of the coming years.

The Cooperative's financial expenses were FIM 23 million (FIM 49 million). Interest on the collateral loan was 2% (3%) and interest on the equity loan stayed at 7.9%, the level of the previous year. The equity loan interest rate was treated







in the financial statements as a change in risk charge.

The financial situation and liquidity of all the companies in the Corporation continued to be good. Tradeka Oy's cash flow met the objectives, while Restel Oy's cash flow exceeded them.

BALANCE SHEET STRUCTURE

The consolidated balance sheet total was FIM 2,996 million (FIM 3,006 million the previous year). There were no significant changes to the assets in the balance sheet during the accounting period. Equity totalled FIM -235 million (FIM -592 million). Liabilities were FIM 3,212 million, a decrease of FIM 296 million from the previous year.

The Cooperative's balance sheet total was FIM 2,605 million (FIM 2,823 million) and the equity was, in turn, FIM 114 million (FIM -15 million).

PERSONNEL

The number of employees in the Corporation measured in terms of full-time employees averaged 4,955 people (+137). Tradeka Consolidated had 3,169 employees (+61), Restel Consolidated had 1,749 (+75) and Tradeka Group Oy and the Cooperative had a total of 37 (+1).

MEMBERS

The Cooperative had 356,391 members at the end of the year (366,209 the previous year). Over the course of the year, 1,503 new members joined and 1,289 memberships terminated. Of them, 389 members resigned. Members whose addresses or other contact information had become obsolete were also removed from the statistics. The membership fees paid amounted to FIM 53.6 million (FIM 53.3 million), of which FIM 3.6 million was from terminated memberships.

THE YEAR 2000 AND THE EURO

An all-encompassing improvement of the data systems was begun at Tradeka Consolidated in 1996 and at Restel Consolidated in 1998, to serve the changing needs of business operations. This improvement work also includes preparation for the year 2000. The systems for the retail trade will be finished this summer and the hotel and restaurant systems will be ready by the end of the year. The technology for the offices, real estate, stores, hotels and restaurants has been inventoried and the modernisation operations timetable has been set up with the equipment suppliers. The systems serving purchasing have been gone over together with the goods suppliers. The year 2000 will not be a cause of significant extra costs in the data systems improvements.

The Tradeka Corporation companies' readiness for the switch to the euro is also partly tied to the data systems improvements. The Finnish markka will remain the unit of currency for accounting until the end of 2001. The euro will be used along with the mark for foreign purchases. In consumer information, the euro was introduced at the beginning of this year, and comprehensive double pricing will be in place by summer. Personnel training commenced late in the year.

OPERATIONS IN 1999

The present year represents a challenge for the Corporation and its companies. The introduction of the new data systems and the changing work methods will increase Tradeka Consolidated and Restel Consolidated's internal and external efficiency and create the foundation for improving the result in the coming years. However, the full benefit of the improvements will not be experienced this year, which means that the goal for business operations is to attain an operative result on a par with the previous year's figures.

Eka Real Estate Development was spun off on 4 January 1999. The Cooperative sold real estate and other property, as specified in the restructuring program, to the newly founded Eka Real Estate Development Oy. The Cooperative and the company's ratios of receivables to debt conformed to the program. Eka Real Estate Development Oy's job is to continue the realisations of property transferred to it.

Control of business operations will concentrate on development of services and product selections, as well as careful management of expenses and margins. The target areas for the development of business operations are still the YkkösBonus loyal customer scheme, the network of business outlets, and the concept of customer-oriented, demand-based operations.

Tradeka Corporation

CONSOLIDATED INCOME STATEMENT 1 JAN TO 31 DEC 1998

	FIM million			% of Net Turnover	
	1998	1997	98/97	1998	1997
Net turnover	**6 206**	**6 061**	**145**	**100.00**	**100.00**
Other income from operations	123	250	-127	1.98	4.13
Operating costs:					
Goods	-4 271	-4 200	-71	-68.82	-69.29
Personnel costs	-772	-752	-20	-12.44	-12.41
Depreciation	-158	-146	-12	-2.55	-2.42
Other operating costs	-799	-755	-44	-12.87	-12.45
Total	-6 000	-5 853	-147	-96.69	-96.56
Operating profit	**329**	**458**	**-129**	**5.30**	**7.57**
Financial income and expenses	-17	-39	22	-0.28	-0.65
Profit before extraordinary items	**312**	**419**	**-107**	**5.02**	**6.92**
Extraordinary items	121	1	120	1.95	0.01
Profit before taxes	**433**	**420**	**13**	**6.97**	**6.93**
Appropriations	0	-2	2	0.00	-0.04
Direct taxes	-84	-8	-76	-1.34	-0.13
Minority interest	0	0	0	0.00	0.01
Profit for the year	**349**	**410**	**-61**	**5.63**	**6.77**

Tradeka Corporation

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 1998

ASSETS

	FIM million 1998	1997	98/97	% of Balance Sheet 1998	1997
Fixed assets:					
Intangible assets	222	208	14	7.4	6.9
Tangible assets	1 252	1 276	-24	41.8	42.4
Investments:					
Shares in associated companies	199	192	7	6.6	6.4
Other investments	123	95	28	4.1	3.2
Total fixed assets	**1 796**	**1 771**	**25**	**59.9**	**58.9**
Liquid assets:					
Current assets	346	348	-2	11.6	11.6
Receivables	212	237	-25	7.1	7.9
Deferred tax receivables	68	0	68	2.3	0.0
Financial securities	205	99	106	6.8	3.3
Bank and cash	369	551	-182	12.3	18.3
Total liquid assets	**1 200**	**1 235**	**-35**	**40.1**	**41.1**
Total assets	**2 996**	**3 006**	**-10**	**100.0**	**100.0**

SHAREHOLDERS' EQUITY AND LIABILITIES

	FIM million 1998	1997	98/97	% of Balance Sheet 1998	1997
Shareholders' equity (Cooperative equity):					
Share capital (Cooperative capital)	51	50	1	1.7	1.7
Resigned members' fees	3	3	0	0.1	0.1
Valuation fund	153	177	-24	5.1	5.9
Reserve fund	79	85	-6	2.7	2.8
Loss from previous years	-870	-1 317	447	-29.0	-43.8
Profit for the year	349	410	-61	11.7	13.7
Total shareholders' equity	**-235**	**-592**	**357**	**-7.8**	**-19.7**
Minority interest	**19**	**28**	**-9**	**0.7**	**0.9**
Accumulated appropriations	**0**	**52**	**-52**	**0.0**	**1.7**
Statutory reserves	**0**	**10**	**-10**	**0.0**	**0.3**
Liabilities:					
Deferred tax liability	21		21	0.7	
Subordinated debt	1 081	1 093	-12	36.1	36.4
Other restructuring debt	1 334	1 665	-331	44.5	55.4
Other liabilities	776	750	26	25.9	24.9
Total liabilities	**3 212**	**3 508**	**-296**	**107.2**	**116.7**
Total shareholders equity and liabilities	**2 996**	**3 006**	**-10**	**100.0**	**100.0**

Tradeka Corporation

CONSOLIDATED CASH-FLOW STATEMENT 1 JAN TO 31 DEC 1998

FIM million	1998	1997
BUSINESS OPERATIONS:		
Operating profit	329	459
Corrections to operating profit	143	145
Financial income and costs	-17	-39
Extraordinary items	-20	1
Taxes	-4	-8
Funds from operations	431	558
Decrease in current assets	1	-16
Decrease in current receivables	25	77
Increase in current interest-free liabilities	5	49
Change in working capital	31	110
Cash flow from business operations	**462**	**668**
INVESTMENTS:		
Fixed assets	-300	-242
Revenues from sales of fixed assets	93	208
Net investments	-207	-34
Cash flow before financing	**255**	**634**
FINANCING:		
Increase in long-term liabilities	52	0
Payments of long-term liabilities	-35	-86
Change in subordinated debt	-9	-3
Decrease in restructuring debt	-331	-451
Decrease in long-term receivables	0	2
Decrease in minority interest	-9	-11
Increase in share capital (cooperative capital)	0	0
Cash flow from financing	-332	-549
Decrease of liquid funds	**-77**	**85**

NOTES TO THE FINANCIAL STATEMENTS 31 DEC 1998

Cooperative Tradeka Corporation is the parent company of the Tradeka Corporation. Cooperative Tradeka Corporation is located in Helsinki, Finland. Copies of the consolidated financial statements are available from Cooperative Tradeka Corporation at Hämeentie 19, 00500 Helsinki, Finland.

ACCOUNTING PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are drawn up in accordance with the new Accounting Act that came into effect on 31 Dec 1997. The information from the previous year has been changed to reflect the presentation specified by the new law.

Principles of Valuation

Assets are entered, minus depreciation according to plan, in the Balance Sheet under Acquisition cost. Depreciation according to plan is calculated as straight-line depreciation from the acquisition cost based on the economic lifetime of goods in fixed assets.

Periods of Depreciation:

Goodwill	5—10	years
Other long-term expenditure	5—10	years
Buildings and plant	10—40	years
Machinery and equipment	5—10	years
Other tangible assets	5—10	years

Balance Sheet values also include revaluation of land areas, buildings and shares. In keeping with the parent company's business restructuring, the book values of its fixed assets and investments were lowered in 1993—94 as described in the restructuring program, to correspond at most with security values based on 'going concern.'

Current assets are reported at the lower of cost or estimated realisable value. The Consolidated current assets are made up primarily of consumer goods found at daily and specialty goods stores, which are inventoried at each location at least once a year, and whose financial-statement values are derived using a separate goods counting system following previous practices. Other stocks are inventoried at the end of the year.

Sales receivables are made up partly of credit card receivables. Other receivables include cost and purchase compensations. Receivables are assessed at their nominal value.

Financial securities, commercial papers that are the object of public trading, are assessed at acquisition cost.

Pension Arrangements

The retirement plan for employees of the companies that belong to the Group is insured by insurance companies. Cooperative Tradeka Corporation and certain of its subsidiaries are shareholders in Eläkekassa Tuki. Liabilities related to this shareholding are listed as secured liabilities for both Tradeka Consolidated and Cooperative Tradeka Corporation.

Amendments to the Data from the Previous Accounting Period

The information about the previous accounting period in the financial statements has been amended to allow comparison with the accounting period just completed. The sales commissions and sales-related credit losses included in the amended figures during the previous accounting year have been included in Other operating costs as sales-related expenses. By the same token, voluntary social costs and fixed-asset sales losses have been transferred to Other operating costs, from Personnel costs and Other income from operations, respectively.

Cash at hand and in banks has been amended from the previous year's data by separating financial securities from it. Other amendments to the Balance Sheet have to do with the groupings and subdivisions specified for receivables and liabilities by the new Accounting Act.

Comparability of Data from the Previous Accounting Period

When comparing accounting data with the figures from the previous accounting period, it should be noted that the parent company has received considerably less profit from sales of fixed assets than it did in the previous accounting period. Profit from the sale of fixed assets is expressed under Other income from operations, while losses from the sale of fixed assets are found under Other operating costs.

Depreciation difference and voluntary reserves, included under Accumulated appropriations in Tradeka Corporation´s, Tradeka Consolidated´s and Restel Consolidated's financial statements, were divided into capital and deferred tax liability for the first time in 1998.

Deferred tax receivables according to the situation at the beginning of the accounting period have been listed under extraordinary income. Receivables are based for the most part on the parent company's confirmed losses in taxation and on depreciations and write-offs not yet deducted in taxation. In accordance with the prudence principle, only a fraction of these have been noted when determining the deferred tax receivables.

Deferred tax liability and receivables related to periodisation differences are specified in the consolidated financial statements as required by the Accounting Act in accordance with the general guidelines set forth on 11 Jan 1999 by the Finnish Accounting Standards Board. Deferred tax liability and receivables have not been entered on the consolidated companies' separate financial statements.

Taxes for the comparison year 1997 on the Consolidated Statement of Income do not include deferred tax liability and receivables, but rather only taxes paid or refunded during the accounting period or earlier.

Scope of the Consolidated Financial Statements

The consolidated financial statements include the financial statements of Tradeka Consolidated and Restel Consolidated and the subsidiaries listed on pages 30-31, as well as the financial statement data from the associated companies listed on page 32. Those pages also make note of individual companies that were not included.

Those subsidiaries not included in the consolidated financial statements are non-functional, and financial statement data was not received from all of the associated companies. Those that were not included have no essential effect on the consolidated result, nor on consolidated non-restricted equity.

Based on Section 6, Paragraph 1, Subsection 4 of the Accounting Act, Tradeka Group Oy has not prepared a consolidated financial statement. For that matter, preparation of a consolidated financial statement is not required by Section 11, Paragraph 10, Subsection 2 of the Companies Act.

Changes in Corporate Structure

In 1998 Cooperative Tradeka Corporation sold its shares in seven real estate subsidiaries; it sold shares in Kiinteistö Oy Piispankylän Mestarintie and Kiinteistö Oy Mäntän Seppälänpuistotie 7 to Tradeka Oy in December 1998.

Real estate companies sold to outsiders were Kiinteistö Oy Outokummun Kiisukatu 17 in March, Kiinteistö Oy Oulun Terminaalivarasto and Kempeleen Ostoskeskus Oy in June, Kiinteistö Oy Lintulahdenvuori in November and Kiinteistö Oy Brahenkatu 33 in December. In addition, of subsidiaries, Tradeka Oy sold Kiinteistö Oy Forssan Yhtiökadun Leipomokiinteistö in the summer.

Early in the year, Cooperative Tradeka Corporation bought the whole share capital of Kiinteistö Oy Lintulahdenkallio. During the year Restel Oy acquired the subsidiary Rantasipi Airport Expo Oy, which had no actual business operations in 1998.

Associated company Mukkulan Ostoskeskus Oy became a subsidiary of the Group when Tradeka Oy bought additional shares of the company, bringing Tradeka Oy and Restel Oy's combined share of ownership up to 52%.

Cooperative Tradeka Corporation sold its ownership in three associated real estate companies, Kiinteistö Oy Munkkiniemenranta 31, Lintulahden Pysäköintilaitos Oy and Orimatti Oy. In addition, the liquidation of Vaajakosken Tulitikkutehdas Oy (formerly Finn-Match Oy) was completed and the company was dissolved at the end of 1998.

ACCOUNTING PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

Internal Shareholding

The consolidated financial statements are based on acquisition method. A significant proportion of the subsidiaries have been established by the Corporation. The acquisition costs paid for subsidiaries exceeding their own equity are primarily stated in the fixed assets; otherwise they are stated as consolidated goodwill. In the consolidated companies as of 31 Dec 1998, the items allocated to land areas totalled FIM 15 million, and those in construction amounted to FIM 110 million. The items allocated to buildings will be depreciated in accordance with the corresponding fixed assets, and items allocated as consolidated goodwill for foreign subsidiaries, according to a straight-line depreciation of 20%. Other consolidated goodwill has been completely depreciated in previous years.

Internal Business Transactions and Margins

The internal business transactions between the Group companies, internal receivables and payables, and internal distribution of profits, as well as non-realised fixed-asset sales profits, have been eliminated.

In the 1998 consolidated financial statement, internal margins totalling FIM 503 million (FIM 518 million the previous year) were eliminated, of which FIM 99 million (FIM 106 million) was from the 1990 incorporation of Restel Oy and FIM 269 million (FIM 272 million) was from the 1995 incorporation of Tradeka Oy and later fixed-asset sales. Other contributions to be eliminated, relating to the Cooperative's internal real estate sales, totalled FIM 135 million (FIM 140 million).

Minority Interests

Minority interests have been separated from the Cooperative's shareholders' equity and handled as a separate item.

Currency Translation Differences

Financial statement figures of foreign subsidiaries have been translated into Finnish marks by the 'monetary—non-monetary' method. The effect of the translation on the result is handled in the financial items.

Associated Companies

The associated companies have been consolidated using the equity method. The share of their results corresponding to the Corporation's holding is stated as an amended item in the costs of goods for the Inex Partners Group, under other operating costs for Ketjuetu Oy T & E and Palveluetu Oy T & E, and under financial items for associated real estate companies.

Tradeka Corporation

NOTES TO THE CONSOLIDATED INCOME STATEMENT

NET TURNOVER

FIM million	1998	1997	98/97
Net turnover by operation:			
Retail trade	4 996	4 902	94
Hotel and restaurant operations	1 094	1 026	68
Other sales	116	133	-17
Total	**6 206**	**6 061**	**145**

Net turnover is composed mainly of domestic sales. 'Other sales' include sales amounting to FIM 90 million (FIM 95 million in the previous year) generated by companies in Russia.

OPERATING PROFIT BEFORE DEPRECIATION

FIM million	1998	1997	98/97
Total	**487**	**604**	**-118**

OTHER INCOME FROM OPERATIONS

FIM million	1998	1997	98/97
Rental income	76	93	-17
Profit from sales of fixed assets	46	156	-110
Other income	1	1	0
Total	**123**	**250**	**-127**

OPERATING COSTS

Goods

FIM million	1998	1997	98/97
Purchases during the accounting period	-4 277	-4 211	-66
Change in stock	6	11	-5
Total	**-4 271**	**-4 200**	**-71**

Personnel Costs

FIM million	1998	1997	98/97
Wages and salaries	-605	-585	-20
Pension costs	-95	-93	-2
Other personnel costs	-72	-74	2
Total	**-772**	**-752**	**-20**

Fringe Benefits

FIM million	1998	1997	98/97
Total	**2**	**2**	**0**

- does not include personnel costs

Wages Subject to Withholding Tax, Along with Fringe Benefits

FIM million	1998	1997	98/97
Paid to members of the administrative body and the Presidents	4	4	0
Other salaries and wages	612	574	38
Total	**616**	**578**	**38**

The retirement age for the management of the Cooperative Tradeka Corporation, Tradeka Oy and Restel Oy has been set at 60.

Average Number of Corporate Employees

	1998	1997	98/97
Retail trade	3 169	3 108	+61
Hotel and restaurant operations	1 749	1 674	+75
Other personnel	37	36	+1
Total	**4 955**	**4 818**	**+137**

Depreciation and Write-offs

FIM million	1998	1997	98/97
Goodwill	-21	-21	0
Other long-term costs	-28	-18	-10
Buildings	-28	-35	7
Machinery and equipment	-79	-70	-9
Other tangible assets	-2	-2	0
Consolidated goodwill	0	0	0
Total	**-158**	**-146**	**-12**

Other Operating Costs

FIM million	1998	1997	98/97
Total costs deriving from sales	-20	-19	-1
Marketing costs	-65	-59	-6
Share of associated companies' result	0	0	0
Rental costs	-227	-208	-19
Real estate costs	-77	-77	0
Administrative costs	-48	-38	-10
Voluntary social costs	-6	-6	0
Other usage and maintenance costs	-352	-334	-18
Losses from sales of fixed assets	-4	-14	10
Total	**-799**	**-755**	**-44**

FINANCIAL INCOME AND EXPENSES

FIM million	1998	1997	98/97
Income from other fixed-asset investments:			
Income from shares in other companies	1	1	0
Other interest and financial income:			
Interest income from short-term investments from external parties	24	23	1
Other financial income from liquid assets from external parties	1	1	0
Total interest income and other financial income	26	25	1
Share of associated real estate companies' profits	0	1	-1
Share of associated real estate companies' losses	-1	0	-1
Share of associated real estate companies' result	-1	1	-2
Interest costs:			
To external parties	-30	-57	27
Other financial costs:			
Conversion differences	-6	-3	-3
Other financial costs to external parties	-6	-5	-1
Total other financial costs	-12	-8	-4
Total interest costs and other financial costs	-42	-65	23
Net financial income and costs	**-17**	**-39**	**22**

EXTRAORDINARY INCOME AND EXPENSES

FIM million	1998	1997	98/97
Extraordinary income:			
Deferred tax receivables	141	0	141
Reduction of restructuring debt	5	3	2
Other extraordinary income	10	32	-22
Total extraordinary income	156	35	121
Extraordinary costs:			
Return from reduction of restructuring debt	-6	0	-6
Other restructuring expenses	-26	-5	-21
Other extraordinary costs	-3	-29	26
Total extraordinary costs	-35	-34	-1
Net extraordinary income and costs	**121**	**1**	**120**

Other extraordinary income and costs include the effect of structural changes stemming from the sale of subsidiaries (especially the sale of Suomen Tilirahoitus and A/S Renlund Tallinn during the previous year).

APPROPRIATIONS

FIM million	1998	1997	98/97
Change in depreciation difference	0	-15	15
Decrease in voluntary reserves	0	13	-13
Total	**0**	**-2**	**2**

DIRECT TAXES

FIM million	1998	1997	98/97
Current tax	-4	-8	4
Change in deferred tax liability	-7	0	-7
Effect of periodisation differences	-73	0	-73
Total	**-84**	**-8**	**-76**

Tradeka Corporation

NOTES TO THE CONSOLIDATED BALANCE SHEET

FIXED ASSETS

Intangible Assets 31 Dec

FIM million	1998	1997	98/97
Immaterial rights	8	9	-1
Goodwill	51	72	-21
Other long-term costs	143	87	56
Consolidated goodwill	0	0	0
Advance payments	20	40	-20
Total	**222**	**208**	**14**

Immaterial Rights

FIM million	1998	1997
Acquisition cost 1 Jan	9	12
Additions 1 Jan to 31 Dec	0	0
Disposals; sales 1 Jan to 31 Dec	-1	-3
Book value 31 Dec	**8**	**9**

Goodwill

FIM million	1998	1997
Acquisition cost 1 Jan and 31 Dec	260	260
Disposals; fully depreciated 31 Dec	0	0
Acquisition cost 31 Dec	260	260
Accumulated depreciation and decreases in value 1 Jan	-188	-166
Depreciation during the accounting period	-21	-22
Book value 31 Dec	**51**	**72**

Other Long-Term Costs

FIM million	1998	1997
Acquisition cost 1 Jan	193	159
Additions 1 Jan to 31 Dec	84	30
Transfers between items 1 Jan to 31 Dec	0	4
Disposals; sales 1 Jan to 31 Dec	-2	0
Acquisition cost 31 Dec	275	193
Accumulated depreciation and decreases in value 1 Jan	-106	-89
Depreciation during the accounting period	-26	-16
Transfers' accumulated depreciation	0	-1
Accumulated depreciation and decreases in value 31 Dec	-132	-106
Book value 31 Dec	**143**	**87**

Consolidated Goodwill

FIM million	1998	1997
Acquisition cost 1 Jan	3	3
Disposals		0
Acquisition cost 31 Dec	3	3
Accumulated depreciation 1 Jan	-3	-3
Depreciation during the accounting period	0	0
Accumulated depreciation 31 Dec	-3	-3
Book value 31 Dec	**0**	**0**

Advance Payments

FIM million	1998	1997
Acquisition cost 1 Jan	40	0
Additions 1 Jan to 31 Dec	0	40
Introduced 1 Jan to 31 Dec	-20	0
Book value 31 Dec	**20**	**40**

Tangible Assets 31 Dec

FIM million	1998	1997	98/97
Land and water	184	209	-25
Buildings and plant	739	790	-51
Machinery and equipment	265	233	32
Other tangible assets	10	11	-1
Advance payments and work in progress	54	33	21
Total	**1 252**	**1 276**	**-24**

Land and Water Areas

FIM million	1998	1997
Acquisition cost * 1 Jan	211	233
Additions 1 Jan to 31 Dec	17	2
Disposals; sales 1 Jan to 31 Dec	-42	-24
Realised and refunded decreases in value	0	0
Acquisition cost * 31 Dec	186	211
Accumulated decreases in value 1 Jan	-2	-2
Accumulated decreases in value of sold property	0	0
Accumulated depreciation and decreases in value 31 Dec	-2	-2
Book value 31 Dec	**184**	**209**

Land acquisition cost includes:

Value appreciation 1 Jan	103	103
Disposals 1 Jan to 31 Dec.	-7	0
* Value appreciation 31 Dec	96	103

Buildings and Constructions

FIM million	1998	1997
Acquisition cost 1 Jan	869	864
Additions 1 Jan to 31 Dec	67	8
Disposals; sales 1 Jan to 31 Dec	-87	-3
Acquisition cost 31 Dec	849	869
Accumulated depreciation and decreases in value 1 Jan	-79	-48
Depreciation during the accounting period	-31	-31
Accumulated depreciation and decreases in value 31 Dec	-110	-79
Book value 31 Dec	**739**	**790**

Building acquisition cost includes:

Value appreciation 1 Jan	72	77
Disposals 1 Jan to 31 Dec	-17	-5
* Value appreciation 31 Dec	55	72

* Value appreciation is not assumed to have any effect on income tax

Machinery and Equipment

FIM million	1998	1997
Acquisition cost 1 Jan	607	513
Additions 1 Jan to 31 Dec	93	96
Disposals; sales 1 Jan to 31 Dec	0	-2
Disposals; fully depreciated 31 Dec	-125	0
Acquisition cost 31 Dec	575	607
Accumulated depreciation and decreases in value 1 Jan	-374	-306
Depreciation during the accounting period	-61	-68
Disposals; fully depreciated 31 Dec	125	0
Accumulated depreciation and decreases in value 31 Dec	-310	-374
Book value 31 Dec	**265**	**233**

Other Tangible Assets

FIM million	1998	1997
Acquisition cost 1 Jan	12	9
Additions 1 Jan to 31 Dec	2	3
Disposals 1 Jan to 31 Dec	-1	0
Acquisition cost 31 Dec	13	12
Accumulated depreciation and decreases in value 1 Jan	-1	0
Depreciation during the accounting period	-2	-1
Accumulated depreciation and decreases in value 31 Dec	-3	-1
Book value 31 Dec	**10**	**11**

Advance Payments and Work in Progress

FIM million	1998	1997
Acquisition cost 1 Jan	33	31
Additions 1 Jan to 31 Dec	33	42
Introduced 1 Jan to 31 Dec	-12	-40
Book value 31 Dec	**54**	**33**

Investments 31 Dec

FIM million	1998	1997	98/97
Shares in partly-owned companies	199	192	7
Other investments:			
Receivables from partly-owned companies	0	1	-1
Other shares and holdings	85	57	28
Other receivables	38	37	1
Total other investments	123	95	28
Total	**322**	**287**	**35**

Shares in Partly-Owned Companies

FIM million	1998	1997
Acquisition cost 1 Jan	193	189
Additions 1 Jan to 31 Dec.	8	5
Transfers between items 1 Jan to 31 Dec	0	-1
Disposals; sales 1 Jan to 31 Dec	-1	0
Realised and refunded decreases in value	0	0
Acquisition cost 31 Dec	200	193
Accumulated decreases in value 1 Jan	-1	-1
Decreases in value entered during the accounting period	0	0
Accumulated decreases in value of sold shares	0	0
Accumulated decreases in value 31 Dec	-1	-1
Book value 31 Dec	**199**	**192**

Other Shares and Holdings

FIM million	1998	1997
Acquisition cost 1 Jan	71	67
Additions 1 Jan to 31 Dec	28	9
Disposals; sales 1 Jan to 31 Dec	-1	-1
Realised and refunded decreases in value	-7	-4
Acquisition cost 31 Dec	91	71
Accumulated decreases in value 1 Jan	-13	-17
Decreases in value entered during the accounting period	0	0
Accumulated decreases in value of sold shares	7	4
Accumulated decreases in value 31 Dec	-6	-13
Book value 31 Dec	**85**	**57**

Total Shares and Holdings

FIM million	1998	1997
Acquisition cost 1 Jan	264	256
Additions 1 Jan to 31 Dec	36	14
Transfers between items 1 Jan to 31 Dec	0	-1
Disposals; sales 1 Jan to 31 Dec	-2	-1
Realised and refunded decreases in value	-7	-4
Acquisition cost 31 Dec	291	264
Accumulated decreases in value 1 Jan	-14	-18
Decreases in value entered during the accounting period	0	0
Accumulated decreases in value of sold shares	7	4
Accumulated decreases in value 31 Dec	-7	-14
Book value 31 Dec	**284**	**250**

Receivables from Partly-Owned Companies

FIM million	1998	1997
Receivables on the nominal value 1 Jan	1	2
Amortisations 1 Jan to 31 Dec	-1	0
Disposals; sales 1 Jan to 31 Dec	0	-1
Receivables on the nominal value 31 Dec	0	1
Book value 31 Dec	**0**	**1**

Other Receivables

FIM million	1998	1997
Receivables on the nominal value 1 Jan	37	46
Additions 1 Jan to 31 Dec	8	0
Amortisations 1 Jan to 31 Dec	-7	0
Disposals; sales 1 Jan to 31 Dec	0	-9
Realised and refunded decreases in value	0	0
Receivables at nominal value 31 Dec	38	37
Accumulated decreases in value 1 Jan	0	0
Accumulated decreases in value of sold shares	0	0
Accumulated decreases in value 31Dec	0	0
Book value 31 Dec	**38**	**37**

LIQUID ASSETS

Current Assets 31 Dec

FIM million	1998	1997	98/97
Goods	**346**	**348**	**-2**

Receivables 31 Dec

FIM million	1998	1997	98/97
Long-term receivables:			
Receivables from partly-owned companies	0	0	0
Loans receivable	6	7	-1
Accrued liabilities and prepaid income	10	1	9
Total long-term receivables	16	8	8
Short-term receivables:			
Accounts receivable	79	112	-33
Receivables from partly-owned companies	29	39	-10
Loans receivable	1	1	0
Other receivables	42	44	-2
Accrued liabilities and prepaid income	45	33	12
Total short-term receivables	196	229	-33
Total	**212**	**237**	**-25**

Long-term accrued liabilities and prepaid income include:

Compensations in connection with the parent	9	0
Social Insurance Institution's compensation for employee health-care costs	1	1
Other unreceived items	0	0
Total	10	1

Short-term accrued liabilities and prepaid income include:

Unreceived yearly compensations	30	16
Other unreceived expense compensations	3	6
Prepaid social security expenses	10	9
Other prepaid expenses	2	1
Total	45	32

Receivables from partly-owned companies

FIM million	1998	1997	98/97
Long-term receivables:			
Loans receivable	0	0	0
Short-term receivables:			
Accounts receivable	0	0	0
Loans receivable	0	0	0
Other receivables	1	1	0
Accrued liabilities and prepaid income	28	38	-10
Total short-term receivables	29	39	-10
Total	**29**	**39**	**-10**

Short-term accrued liabilities and prepaid income include:

	1998	1997
Unreceived yearly compensations	28	34
Other unreceived expense compensations	0	0
Other prepaid expenses	0	4
Total	28	38

Financial Securities 31 Dec

FIM million	1998	1997	98/97
Other securities	**205**	**99**	**106**

SHAREHOLDER'S EQUITY (COOPERATIVE CAPITAL)

Restricted Equity

FIM million	1998	1997
Share capital 1 Jan	50	50
Share fees 1 Jan to 31 Dec	1	0
- Fees of members resigned during the year	0	0
Share capital 31 Dec	51	50

All holders of cooperative capital shares have equal voting rights and the right to return of surplus.

Resigned members' fees 1 Jan	3	3
+ Fees of members resigned during the year	0	0
Resigned members' fees 31 Dec	3	3
Reserve fund 1 Jan	85	85
- Previous year's funded rents	-6	0
Reserve fund 31 Dec	79	85
Revaluation fund 1 Jan	177	185
- Cancelled in connection with completed sales	-24	-8
Revaluation fund 31 Dec	153	177
Restricted Equity 31 Dec	**286**	**315**
Uncalled share capital 31 Dec	51	51

Non-Restricted Equity

FIM million	1998	1997
Other funds 1 Jan and 31 Dec	0	0
Losses from previous years 1 Jan	-1 317	-1 682
Transferred from the previous year's profit	410	364
From accumulated depreciation difference	37	0
Accumulated deficit from previous years 31 Dec	-870	-1 317
Surplus for the year	349	410
Non-Restricted Equity 31 Dec	**-521**	**-907**

Calculation of Distributable Funds 31 Dec

FIM million	1998	1997
Non-restricted equity	-521	-907
- Appropriations entered as shareholders' equity *	-52	0
- Activated items with limited profit sharing	0	0
According to the Consolidated Balance Sheet	**-573**	**-907**

* Share entered in shareholders' equity from accumulated appropriations.

ACCUMULATED APPROPRIATIONS 31 DEC

FIM million	1998	1997	98/97
Depreciation difference	**0**	**52**	**-52**

Deferred tax liability (28%) was 14 million in 1997.

STATUTORY RESERVES 31 DEC

FIM million	1998	1997	98/97
Total	**0**	**10**	**-10**

Statutory reserves of FIM 10 million were annulled in 1998 after the Helsinki District Court had granted permission for the return of private persons' reduced deposits. As agreed, FIM 0.4 million remains in the reserves to provide for potential security payments.

LIABILITIES

Total liabilities 31 Dec

FIM million	1998	1997	98/97
Total	**3 212**	**3 508**	**-297**

Deferred tax liability 31 Dec

FIM million	1998	1997	98/97
Total	**21**		**21**

Subordinated Loan [1] 31 Dec

FIM million	1998	1997	98/97
Subordinated pension loans	224	232	-8
Equity loan	233	233	0
Interest-free equity loan	607	608	-1
Other equity loan	17	20	-3
Total	**1 081**	**1 093**	**-12**

Other Restructuring Debt [2] 31 Dec

FIM million	1998	1997	98/97
Long-term:			
Secured debt	710	945	-235
Long-term partitioning debt	386	478	-92
Total	1 096	1 423	-327
Short-term:			
Secured debt	108	110	-2
Long-term partitioning debt	97	96	1
Short-term partitioning debt	3	6	-3
Other restructuring debt	30	30	0
Total	238	242	-4
Total	**1 334**	**1 665**	**-331**

Other Liabilities [3] 31 Dec

FIM million	1998	1997	98/97
Long-term:			
Loans from financial institutions	58	56	2
Pension loans	97	104	-7
Other liabilities	1	1	0
Total	156	161	-5
Short-term:			
Loans from financial institutions	47	22	25
Pension loans	7	8	-1
Prepayments	5	3	2
Accounts receivable	230	221	9
Debt to partly-owned companies	63	53	10
Other liabilities	70	81	-11
Prepaid income and accrued liabilities	198	201	-3
Total	620	589	31
Total other liabilities	**776**	**750**	**26**

Short-term prepaid income and accrued liabilities include:

Unpaid discounts (loyal customer payments)	117	120	
Unpaid personnel costs	74	74	
Other unpaid business expenses	7	7	
Total prepaid income and accrued liabilities	198	201	
Debt to partly-owned companies:			
Short-term accounts payable	63	53	10

1) Subordinated Loan 31 Dec

Stabilised Pension Liabilities

FIM million	1998	1997	98/97
Total	224	232	-8

Cooperative Tradeka Corporation's stabilised pension liabilities are described on page 41.
On the basis of the counter-guarantee agreement, Restel Oy pays off some of the stabilised pension loan, which means that part of the parent Cooperative's stabilised liabilities are eliminated from the Consolidated Balance Sheet.

Equity Loans

FIM million	1998	1997	98/97
Equity loan	233	233	0
Interest-free equity loan	607	608	-1
Total equity loans	840	841	-1

Equity loans relate to the parent Cooperative's restructuring program; see pages 41-42.

Other equity loan

FIM million	1998	1997	98/97
Total	17	20	-3

The recipient of the other equity loan is Rantasipi Oy, a subsidiary of Restel Oy. The loan's conditions correspond to an equity loan as referred to in corporate law, but the Cooperative Corporation handles it in the same manner as stabilised liabilities. In Restel Consolidated the loan is included in shareholders' equity.

2) Other Restructuring Debt According to Due Date 31 Dec

FIM million	1998	1997
Total restructuring debt	1 334	1 665
- Short-term liabilities	-238	-242
= Long-term liabilities	1 096	1 423
- Payments in the next 2-5 years	-1 096	-771
Due in over 5 years	0	652

For comments on other restructuring debts, see the Notes to the Balance Sheet of the Cooperative, page 42.

3) Other Long-Term Liabilities According to Due Date 31 Dec

FIM million	1998	1997
Loans from Financial Institutions:		
Total liabilities	105	78
- Short-term liabilities	-47	-22
= Long-term liabilities	58	56
- Payments in the next 2—5 years	-58	-56
Due in over 5 years	0	0
Pension Loans:		
Total liabilities	104	112
- Short-term liabilities	-7	-8
= Long-term liabilities	97	104
- Payments in the next 2-5 years	-33	-27
Due in over 5 years	64	77
Other Liabilities:		
Total liabilities	0	1
- Short-term liabilities	0	0
= Long-term liabilities	0	1
- Payments in the next 2-5 years	-0	-1
Due in over 5 years	0	0

Commitments and Contingencies 31 Dec

Mortgages on Real Estate, and Business Mortgages, Pledged as Security for Debts

FIM million	1998	1997	98/97
** Loans from financial institutions	52	0	52
Pledged real estate mortgages	0	20	-20
Pledged business mortgages	52	21	31
* Secured debts	818	1 056	-238
Pledged real estate mortgages	888	967	-79
Pledged business mortgages	642	668	-26
Total mortgages pledged as security for debt	1 582	1 676	-94

** In connection with the 1997 Balance Sheet, Tradeka Oy paid loans from financial institutions on 31 Dec 1997. The related pledges were released in January 1998.

*** Securities Pledged as Security for Debt**

FIM million	1998	1997	98/97
Book value of pledged securities	794	844	-50

The securities have been pledged as security for Cooperative Tradeka Corporation's secured debts.

Other Pledges

FIM million	1998	1997	98/97
Pledged real estate mortgages	6	3	3
* Pledged receivables	1 613	1 667	-54
Total	1 619	1 670	-51

The receivables are pledged as security for secured debts and those listed above also include receivables that the Cooperative has stabilised and removed from the accounting books. At the end of 1998, the amount of depreciated receivables was FIM 251.9 million (FIM 252.9 million the previous year).
The receivables that have been pledged as security by Tradeka Oy are presented in the total amount at their nominal values, which are in accordance with the promissory note values, while the book value is FIM

327.0 million lower after loan payments have been made.

Pledges Made on Behalf of Others

FIM million	1998	1997	98/97
Mortgaged promissory notes secured by a pledge	248	253	-5
Pledged deposits	8	8	0
Total	256	261	-5

Pension Liabilities Not Entered as Costs and Debt

FIM million	1998	1997	98/97
Total	16	3	13

As required by the restructuring program, the non-covered pension liability of Eläkekassa Tuki was booked in 1994 as costs and debt; FIM 243.5 million corresponds to the stabilised pension liability (see page 41). The cost and debt entry carried out was sufficient until last year for Cooperative Tradeka Corporation to cover the calculated pension liability, as well as other items connected to recessive liability, except interest liabilities. In 1998, Eläkekassa Tuki checked the accounting basis for pension liabilities; this was the main factor behind the above increase in pension liabilities not entered as debt.
Based on its shareholder and guarantee undertakings, Cooperative Tradeka Corporation has, together with the other shareholders, an adhesion liability for all of Eläkekassa Tuki's non-covered pension liability.

Leasing Contracts

FIM million	1998	1997	98/97
To be paid the following year	1	4	-3
To be paid later	3	2	1
Total	4	6	-2

Contingent Liabilities on Behalf of Companies in the Same Group

FIM million	1998	1997	98/97
Guarantees given	16	17	-1

Other Contingent Liabilities

FIM million	1998	1997	98/97
Guarantees on behalf of others	51	63	-12
From consolidated company's debt	34	42	-8
Interest liabilities for stabilised loans	121	91	30
Total	206	196	10

As of 31 Dec 1998, the sum of capital accumulating interest liability and previous interest liability equals FIM 426.9 million.

Tradeka Corporation

SUBSIDIARIES AS OF 31 DECEMBER 1998

	Home Location	Corporation's Share %	Corporation's Share of s.e.**) FIM 1000's	Shares Owned by Cooperative Tradeka Corporation %	Shareholding no. of shares	Book value FIM 1000's	Inc./Dec. 1998 FIM 1000's
Operative Companies:							
Tradeka Group Oy	Helsinki	100	10 046	100	15	10 000	
Tradeka Oy	Helsinki	100	409 543	100	4 000	286 115	
- ZAO Tradeka Moskova	Moscow	100	5 789				
- ZAO Renlund SPb	St. Petersburg	100	2 390				
- Kolmenkeikka Ki Oy	Lieksa	55	130				
- Kotkan Kirkkokatu Ki Oy	Kotka	100	8 216				
- Kuussalon Liikekeskus Ki Oy	Kangasala	60	1 728				
- Muotialantie As Oy	Tampere	58	75				
- Mäntyharjun Torinkulma Oy	Mäntyharju	71	1 184				
- Mäntän Seppälänpuistotie 7 Ki Oy	Mänttä	100	3 353				7 838
- Oulun Eka Ki Oy	Oulu	100	6 595				
- Peimarin Puoti Oy	Paimio	84	36				
- Peltosaaren Liikekeskus	Riihimäki	86	256				
- Pihlavan Palvelukeskus Ki Oy	Pori	87	414				
- Piispankylän Mestaritie Ki Oy	Vantaa	100	44				444
- Pykälikkö Ki Oy	Jyväskylä	56	1 640				
- Sallan Kauppakeskus Oy	Salla	60	1 235				
- Salon Vanamopolku Ki Oy	Salo	100	2 199				
- Sodankylän Sompiontie 6 Ki Oy	Helsinki	64	3 779				
- Tampereen Eka Ki Oy	Tampere	100	16 178				
- Tenavan Ostoskeskus Oy	Lahti	92	185				
- Tesomankeskus Ki Oy	Tampere	57	72				
- Mukkulan Ostoskeskus Oy	Lahti	52	1 234			0	6 741
Restel Oy	Helsinki	100	-55 988	100	166 700	105 000	
- Restel Ravintolat Oy	Helsinki	100	872				
- Cumulus Oy	Helsinki	100	321				
- Rantasipi Oy	Helsinki	100	24 736				
- Helsingin Restel Ravintolat Oy	Helsinki	100	2 867				
- Kansainväliset Restel Ravintolat Oy	Helsinki	100	244				
- Restel Kylpylähotellit Oy	Helsinki	100	123				
- Rantasipi Airport Expo Oy	Helsinki	100	15				
- Ki Oy Koppelokuja 9 A	Kuopio	100	0				
- Ki Oy Keskusväylä Oy	Pori	54	0				
- Nastolan Liikekeskus Oy	Nastola	58	0				
Eka-Kiinteistöt Oy	Helsinki	100	10	100		15	
30 Real Estate Subsidiaries		85	102 613	83	612 019	41 917	-38 191
Other Companies, Non-Operative:							
*) E-myymälät ja tavaratalot Oy	Helsinki	100	0	67	4	0	
*) Paraisten Centrum	Parainen	100	0	100	5	0	
Savonjuoma Oy	Mikkeli	100	13	100	100	5	
Tirkkosen Seuraajat Oy	Tampere	100	38	100	8 371	30	
*) Vähittäiskauppaketjut Oy	Helsinki	100	0	100	30	15	
*) Yhteistukku Oy	Helsinki	67	0	67	2	0	
- Ki Oy Forssan Yhtiökadun Leipomokiint.	Helsinki	100	-2 549				
			577 663		791 246	443 098	-23 169

*) not included in consolidated financial statement **) shareholders' equity

Tradeka Corporation

REAL ESTATE SUBSIDIARIES AS OF 31 DECEMBER 1998

	Home Location	Corporation's Share		Shares Owned by Cooperative Tradeka Corporation			
				Shareholding		Book value	Inc./Dec. 1998
		%	of s.e.**) FIM 1000's	%	no. of shares	FIM 1000's	FIM 1000's
Real Estate Subsidiaries:							
Haminan Kiinteistö Oy	Hamina	100	5	100	10	10	
Helsingin Hämeentie 19 Ki Oy	Helsinki	100	21 492	100	20 000	2 032	
Huoltotammi Oy	Forssa	98	139	98	5 894	60	
H:linnan Hämeensaarentie 5 Ki Oy	Hämeenlinna	100	1 581	100	996	3 717	
H:linnan Raatihuoneenkatu 14 Ki Oy	Hämeenlinna	100	4 885	100	10 000	2 614	
Imatran Torkkelinkatu 7 As Oy	Imatra	100	207	100	10 000	112	
Jokitammi Ki Oy	Jokioinen	100	1 903	100	390 000	1 950	
Kansankulma Oy	Pori	97	634	97	253	250	
Karkkilan Koulukatu 10	Karkkila	88	670	59	5 920	203	
Kemin Keskuspuistok.	Kemi	100	4 956	100	50	16 548	
Kenraalintie 6 Ki Oy	Anjalankoski	100	1 041	100	2 441	569	
Keuruun Pihlajavedentie 2	Keuruu	100	212	100	1 000	20	
Kuopion Kiwikartano Ki Oy	Kuopio	61	13 697	23	12 257	2 086	
Kvarnbacka Ki Oy	Vantaa	100	-2 181	100	100	216	
Lappeenrannan Liike- ja Hotelli Ki Oy	Lappeenranta	100	1 975	100	10 000	2 499	
Lintulahdenkallio Ki Oy	Helsinki	100	7 265	100	15 000	463	463
Luukkaantori 5 Ki Oy	Lappeenranta	100	561	100	1 373	17	
Merihaan Rantakuja Ki Oy	Helsinki	100	-86	100	2 000	3	
Oriveden Keskustie 34 Ki Oy	Orivesi	100	2 012	100	10 000	914	
Parkanon Tavaratalo Ki Oy	Parkano	100	908	100	10 000	461	
Porokoan Lomakylä Oy	Kolari	100	79	100	15 200	15	
Savonlinnan Palvelupiste Oy	Savonlinna	100	95	100	40	112	
Skutnäsinkatu 18 Ki Oy	Pietarsaari	53	65	53	185	112	
Suolahden Asemakatu 7 Ki Oy	Suolahti	100	1 273	81	8 144	163	
Suurlohjankatu 4-8 Ki Oy	Lohja	100	1 052	100	10 000	1 524	
Turun Kärsämäentie 8 Ki Oy	Turku	100	3 343	100	996	3 092	
Valkeakosken Apiankatu 2 Ki Oy	Valkeakoski	100	1 451	100	10 000	610	
Varkauden Kauppakatu 42-44	Varkaus	100	1 742	100	10 000	610	
Varkauden Kauppakatu 47	Varkaus	100	809	100	10 000	853	
Ylä-Voima Talo Oy	Tampere	100	368	80	125	81	
Hämeenlinnan Brahenkatu 33 Ki Oy	Hämeenlinna	100	834	100	996	0	-1 214
Mäntän Seppälänpuistotie 7 Ki Oy	Mänttä	100	3 353	100	50	0	-7 896
Piispankylän Mestaritie Ki Oy	Vantaa	100	-3 056	100	15 000	0	-44
Lintulahdenvuori Ki Oy	Helsinki	100	14 027	100	15 000	0	-13 996
Kempeleen Ostoskeskus Oy	Kempele	67	166	67	448	0	-454
Outokummun Kiisukatu 17	Outokumpu	100	3 540	100	50	0	-2 908
Oulun Terminaalivarasto Ki Oy	Oulu	57	11 595	57	8 491	0	-12 142
30 Real Estate Subsidiaries		85	102 613	83	612 019	41 917	-38 191

**) shareholders' equity

Tradeka Corporation

ASSOCIATED COMPANIES AS OF 31 DECEMBER 1998

	Home Location	Corporation's Share %	Corporation's Share of s.e.**) FIM 1000's	Shares Owned by Cooperative Tradeka Corporation: Shareholding %	Shareholding no. of shares	Book value FIM 1000's	Inc./Dec. 1998 FIM 1000's
Inex-Partners	Helsinki	50	107 598	50	40 000	67 000	
Suomen Yrityskehitys Syke	Helsinki	25	1 179	25	5 250	1 068	
Kantava Oy	Helsinki	37	2 037	37	146 997	2 227	
Palveluetu Oy T & E	Helsinki	50	1 505	50	333	1 473	
Eka Real Estate Development's Associated Real Estate Companies							
Hotelli Turku Ki Oy	Turku	50	24 996	50	2 967	35 000	
Kasperin Liiketalo Oy *)	Seinäjoki	50	51	50	50	20	
Kauppalantie 22 As Oy	Helsinki	21	173	21	28	900	
Lapinmaan Ki Oy	Rovaniemi	50	3 006	50	30	1 520	
Mandinkulma Ki Oy	Seinäjoki	24	310	24	1 454	1 968	
Sompasaaren Tukoeka Ki Oy	Helsinki	34	6 307	34	38	2 837	
Sompasaaren Tuoretuotevar. Ki Oy	Helsinki	33	4	33	546	5	
Voima Ki Oy	Tampere	35	548	35	110	603	
Munkkiniemenranta 31 Ki Oy	Helsinki	30	0	30	417	0	-313
Vaajakosken Tulitikkutehdas Oy 1)	Vaajakoski	33	0	33	5	0	-250
Lintulahden Pysäköintilaitos Oy	Helsinki	22	123	22	105	0	-182
Orimatti Oy	Orimattila	29	430	29	735	0	-59
Tradeka Oy's Associated Real Estate Companies	**39 companies**		**38 767**				
Restel Oy's Associated Real Estate Companies	**10 companies**						
Total Associated Companies					**199 065**	**114 622**	**-805**

1) formerly Finn-Match Oy

*) The companies are included in the consolidated balance sheet under acquisition cost.

**) shareholders' equity

Cooperative Tradeka Corporation

INCOME STATEMENT 1 JAN TO 31 DEC 1998

FIM million	1998	1997	98/97
Net turnover	**8**	**8**	**0**
Other income from operations	149	211	-62
Operating costs:			
Goods	-1	0	-1
Personnel costs	-12	-9	-3
Depreciation	-8	-9	1
Other operating costs	-91	-116	25
Total	-112	-134	22
Operating profit	**45**	**85**	**-40**
Financial income and expenses	72	67	5
Profit before extraordinary items	**117**	**152**	**-35**
Extraordinary items	36	135	-99
Profit before appropriations and taxes	**153**	**287**	**-134**
Appropriations	0	0	0
Direct taxes	0	0	0
Surplus for the year	**153**	**287**	**-134**

Cooperative Tradeka Corporation

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 1998

ASSETS

	FIM million			% of Balance Sheet	
	1998	1997	98/97	1998	1987
Fixed assets:					
Intangible assets	2	5	-3	0.1	0.2
Tangible assets	358	407	-49	13.7	14.4
Investments:					
Shares in companies in the same corporation	143	181	-38	5.5	6.4
Other investments	1 757	1 868	-111	67.4	66.2
Total fixed assets	**2 260**	**2 461**	**-201**	**86.8**	**87.2**
Liquid assets:					
Current assets	3	4	-1	0.1	0.1
Receivables	121	77	44	4.6	2.7
Financial securities	80	0	80	3.1	0.0
Bank and cash	141	281	-140	5.4	9.9
Total liquid assets	**345**	**362**	**-17**	**13.2**	**12.8**
Total assets	**2 605**	**2 823**	**-218**	**100.0**	**100.0**

SHAREHOLDERS' EQUITY AND LIABILITIES

	FIM million			% of Balance Sheet	
	1998	1997	98/97	1998	1997
Shareholders' equity (Cooperative equity):					
Share capital (Cooperative capital)	50	50	0	1.9	1.8
Resigned members' fees	4	4	0	0.1	0.1
Valuation fund	179	203	-24	6.9	7.2
Reserve fund	79	79	0	3.1	2.8
Deficit from previous years	-351	-637	287	-13.5	-22.6
Surplus for the year	153	287	-134	5.9	10.2
Total shareholders' equity	**114**	**-15**	**129**	**4.4**	**-0.5**
Statutory reserves	**0**	**10**	**-10**	**0.0**	**0.4**
Liabilities:					
Subordinated restructuring debt	1 084	1 085	-1	41.6	38.4
Other restructuring debt	1 334	1 665	-331	51.2	59.0
Other liabilities	73	77	-5	2.8	2.7
Total liabilities	**2 491**	**2 827**	**-337**	**95.6**	**100.2**
Total shareholders equity and liabilities	**2 605**	**2 823**	**-218**	**100.0**	**100.0**

Cooperative Tradeka Corporation

CASH-FLOW STATEMENT 1 JAN TO 31 DEC 1998

FIM million	1998	1997
BUSINESS OPERATIONS:		
Operating profit	45	85
Corrections to operating profit	-1	8
Financial income and costs	72	67
Extraordinary items	35	134
Taxes	0	0
Funds from operations	151	294
Decrease in current assets	1	-1
Increase in current receivables	-44	39
Increase in current interest-free liabilities	17	2
Change in working capital	-26	40
Cash flow from business operations	**125**	**334**
INVESTMENTS:		
Fixed assets	-47	-50
Revenues from sales of fixed assets	90	385
Net investments	43	336
Cash flow before financing	**167**	**670**
FINANCING:		
Increase in long-term liabilities	0	0
Payments of long-term liabilities	-354	-473
Decrease in long-term receivables	126	-144
Increase in share capital (Cooperative capital)	0	0
Cash flow from financing	-227	-617
Decrease of liquid funds	**-60**	**53**

Cooperative Tradeka Corporation

NOTES TO THE INCOME STATEMENT

NET TURNOVER

FIM million	1998	1997	98/97
Net turnover consists of the invoicing of management services in Finland	8.2	8.1	0.1

OTHER INCOME FROM OPERATIONS

FIM million	1998	1997	98/97
Rental income	99.1	119.7	-20.6
Profit from sales of fixed assets	49.0	90.9	-41.9
Dividends from shares of current assets	0.2	0.1	0.1
Other income	0.2	0.1	0.1
Other regular income from operations	**148.5**	**210.8**	**-62.3**

OPERATING PROFIT BEFORE DEPRECIATION

FIM million	1998	1997	98/97
Total	53.4	94.6	-41.2

OPERATING COSTS

Materials (= shares of current assets)

FIM million	1998	1997	98/97
Purchases during the accounting period	0.0	-0.1	0.1
Change in stock	-0.8	0.6	-1.4
Total	**-0.8**	**0.5**	**-1.3**

Personnel Costs

FIM million	1998	1997	98/97
Wages and salaries	-7.8	-7.5	-0.3
Pension costs	-3.6	-1.8	-1.8
Other personnel costs	-0.4	0.0	-0.4
Total	**-11.8**	**-9.3**	**-2.5**

Fringe Benefits
Value of fringe benefits comparable to remuneration

FIM million	1998	1997	98/97
Total	**0.3**	**0.3**	**-0.0**

- is not included in personnel costs

Wages Subject to Withholding Tax, Along with Fringe Benefits

FIM million	1998	1997	98/97
Paid to members of the administrative body and the President	2.6	2.3	0.3
Other salaries and wages	3.0	7.9	-4.9
Total	**5.6**	**10.2**	**-4.6**

The retirement age for the President has been set at 60.

Average Number of Corporate Employees

	1998	1997	98/97
Corporate administration and management	6	6	0
Real estate administration (Eka Real Estate Development)	11	11	0
Total personnel	**17**	**17**	**0**

Depreciation and Write-offs

FIM million	1998	1997	98/97
Other long-term costs	0.0	-0.2	0.2
Buildings	-7.6	-8.6	1.0
Machinery and equipment	-0.2	-0.2	-0.0
Other intangible assets	-0.5	-0.2	-0.3
Total	**-8.4**	**-9.3**	**0.9**

Other Costs of Business Operations

FIM million	1998	1997	98/97
Total credit losses deriving from sales	0.5	1.0	-0.5
Marketing costs	-0.1	-0.0	-0.1
Rental costs	-50.3	-66.3	16.0
Real estate costs	-23.1	-25.7	2.6
Voluntary social costs	-7.6	-5.8	-1.8
Other usage and maintenance costs	-0.1	-0.1	0.0
Losses from sales of fixed assets	-6.5	-6.2	-0.3
Losses from sales of fixed assets	-3.6	-12.5	8.9
Total	**-90.8**	**-115.6**	**24.8**

FINANCIAL INCOME AND EXPENSES

FIM million	1998	1997	98/97
Income from shares in partly-owned companies	3.2	0.0	3.2
Income from other fixed-asset investments:			
Income from shares in other companies	0.7	0.8	-0.1
Interest income from investments:			
From companies in the same corporation	84.7	103.0	-18.3
From external parties	6.1	11.0	-4.9
Other financial income from investments:			
From external parties	0.0	0.9	-0.9
Total interest income and other financial income	94.7	115.8	-21.0
Interest costs to external parties	-22.5	-48.7	26.2
Net financial income and costs	**72.2**	**67.1**	**5.2**

A 2% annual interest has been paid in accordance with the restructuring program (3% the previous year). Charge for financial costs is included in the rent income in the financial statement.

Total dividends and other income from shares	3.9	0.8	3.1
Total interest income	90.8	114.0	-23.2

EXTRAORDINARY INCOME AND EXPENSES

FIM million	1998	1997	98/97
Extraordinary income:			
Group contributions received	60.4	127.3	-66.9
Partitioning quotas received	0.3	4.2	-3.9
Reduction of restructuring debt	4.9	2.8	2.1
Other extraordinary income	1.4	6.2	-4.8
Total extraordinary income	67.0	140.5	-73.5
Extraordinary costs:			
Return from reduction of restructuring debt	-5.5	0.0	-5.5
Other restructuring expenses	-26.1	-5.1	-21.0
Other extraordinary costs	-0.0	-1.0	1.0
Total extraordinary costs	-31.6	-6.1	-25.5
Net extraordinary income and costs	**35.4**	**134.4**	**-99.0**

FIM 48 million (FIM 125 million the previous year) of Group contributions was granted by Tradeka Oy, FIM 11.42 million by Restel Oy, and FIM 0.95 million (FIM 2.3 million) by Tradeka Group Oy.
The partitioning quotas came from, among other sources, the bankruptcy estates of Viestintärengas Oy and Studio Oy Esikuva, and from Vaajakosken Tulitikkutehdas Oy, formerly Finn-Match Oy (during the previous year partitioning quotas came from Trendor Oy and others).
The return from reduction of restructuring debt is connected with the decision of the Helsinki District Court that FIM 12.9 million of reduced deposits made at financial services offices be paid. In connection with this payment, statutory reserves of FIM 10 million were annulled.

DIRECT TAXES

FIM thousand	1998	1997	98/97
Tax returns from the previous accounting periods	0.0	1.7	-1.7

Cooperative Tradeka Corporation

NOTES TO THE BALANCE SHEET

FIXED ASSETS

Intangible Assets 31 Dec

FIM million	1998	1997	98/97
Immaterial rights	2.2	2.7	-0.5
Other long-term costs	0.0	1.9	-1.8
Total	**2.3**	**4.6**	**-2.3**

Immaterial Rights

FIM million	1998	1997
Acquisition cost 1 Jan	2.7	2.7
Disposals; sales 1 Jan to 31 Dec	-0.5	0.0
Book value 31 Dec	**2.2**	**2.7**

Immaterial rights are non-depreciable membership expenses connected with real estate.

Other Long-Term Costs

FIM million	1998	1997
Acquisition cost 1 Jan	2.1	2.1
Disposals; sales 1 Jan to 31 Dec	-1.8	0.0
Acquisition cost 31 Dec	0.3	2.1
Accumulated depreciation 1 Jan	-0.3	-0.0
Depreciation during the accounting period	-0.0	-0.2
Accumulated depreciation 31 Dec	-0.3	-0.3
Book value 31 Dec	**0.0**	**1.9**

Tangible Assets 31 Dec

FIM million	1998	1997	98/97
Land and water	112.7	122.8	-10.1
Buildings and plant	209.0	272.4	-63.4
Machinery and equipment	0.4	0.3	0.1
Other tangible assets	1.1	1.6	-0.5
Advance payments and work in progress	34.7	10.4	24.3
Total	**357.9**	**407.5**	**-49.5**

Land and Water Areas

FIM million	1998	1997
Acquisition cost * 1 Jan	125.0	125.0
Disposals; sales 1 Jan to 31 Dec	-10.1	0.0
Realised and refunded decreases in value	-0.0	-0.0
Acquisition cost * 31 Dec	114.9	125.0
Accumulated decreases in value 1 Jan	-2.2	-2.2
Accumulated decreases in value of sold property	0.0	0.0
Accumulated depreciation and decreases in value 31 Dec	-2.2	-2.2
Book value 31 Dec	**112.7**	**122.8**

Land includes:

Value appreciation 1 Jan	102.9	103.4
Disposals 1 Jan to 31 Dec	-6.9	-0.5
* Value appreciation 31 Dec	96.0	102.9

Buildings and Constructions

FIM million	1998	1997
Acquisition cost * 1 Jan	290.1	290.1
Additions 1 Jan to 31 Dec	7.0	0.0
Disposals; sales 1 Jan to 31 Dec	-62.8	0.0
Acquisition cost * 31 Dec	234.4	290.1
Accumulated depreciation 1 Jan	-17.7	-9.1
Depreciation during the accounting period	-7.6	-8.6
Accumulated depreciation 31 Dec	-25.4	-17.7
Book value 31 Dec	**209.0**	**272.4**

Buildings include:

Value appreciation 1 Jan	71.8	76.5
Disposals 1 Jan to 31 Dec	-17.0	-4.8
* Value appreciation 31 Dec	54.8	71.8

* Value appreciation is not assumed to have any effect on income tax.

Machinery and Equipment

FIM million	1998	1997
Acquisition cost 1 Jan	0.7	0.7
Additions 1 Jan to 31 Dec	0.3	0.0
Acquisition cost 31 Dec	1.0	0.7
Accumulated depreciation 1 Jan	-0.4	-0.2
Depreciation during the accounting period	-0.2	-0.2
Accumulated depreciation 31 Dec	-0.6	-0.4
Book value 31 Dec	**0.4**	**0.3**

Other Tangible Assets

FIM million	1998	1997
Acquisition cost 1Jan	2.0	2.0
Additions 1 Jan to 31 Dec	0.0	0.0
Acquisition cost 31 Dec	2.0	2.0
Accumulated depreciation 1 Jan	-0.4	-0.2
Depreciation during the accounting period	-0.5	-0.2
Accumulated depreciation 31 Dec	-0.9	-0.4
Book value 31 Dec	**1.1**	**1.6**

Advance Payments and Work in Progress

FIM million	1998	1997
Acquisition cost 1Jan	10.4	1.6
Additions 1 Jan to 31 Dec	24.3	8.8
Book value 31 Dec	**34.7**	**10.4**

Investments 31 Dec

FIM million	1998	1997	98/97
Shares in companies in the same corporation	143.3	181.5	-38.2
Other investments:			
Receivables from companies in the same corporation	1 568.4	1 686.5	-118.1
Shares in partly-owned companies	113.1	113.7	-0.6
Receivables from partly-owned companies	0.0	1.3	-1.3
Other shares and holdings	41.2	25.5	15.7
Other receivables	34.0	40.8	-6.8
Total other investments	1 756.7	1 867.7	-111.0
Total	**1 900.0**	**2 049.2**	**-149.2**

Shares in the Same Corporation

FIM million	1998	1997
Acquisition cost 1 Jan	313.3	662.5
Disposals; sales 1 Jan to 31 Dec	-38.2	-345.1
Realised and refunded decreases in value	-24.6	-4.1
Acquisition cost 31 Dec	250.5	313.3
Accumulated decreases in value 1 Jan	-131.8	-135.9
Accumulated decreases in value of sold shares	24.6	4.1
Accumulated decreases in value 31 Dec	-107.2	-131.8
Book value 31 Dec	**143.3**	**181.5**

Shares in Partly-Owned Companies

FIM million	1998	1997
Acquisition cost 1 Jan.	114.8	114.5
Additions 1 Jan to 31 Dec	0.0	0.3
Disposals; sales 1 Jan to 31 Dec	-0.6	0.0
Realised and refunded decreases in value	-0.3	0.0
Acquisition cost 31 Dec	114.0	114.8
Accumulated decreases in value 1 Jan	-1.1	-0.8
Decreases in value entered during the accounting period	0.0	-0.3
Returns from decreases in value	0.3	0.0
Accumulated decreases in value 31 Dec	-0.8	-1.1
Book value 31 Dec	**113.1**	**113.7**

Other Shares and Holdings

FIM million	1998	1997
Acquisition cost 1 Jan	38.6	36.7
Additions 1 Jan to 31 Dec	15.7	6.2
Realised and refunded decreases in value	-7.4	-4.3
Acquisition cost 31 Dec	46.8	38.6
Accumulated decreases in value 1 Jan	-13.1	-17.4
Accumulated decreases in value of sold shares	7.4	4.3
Accumulated decreases in value 31 Dec	-5.6	-13.1
Book value 31 Dec	**41.2**	**25.5**

Total Shares and Holdings

FIM million	1998	1997
Acquisition cost 1 Jan	466.7	813.7
Additions 1 Jan to 31 Dec	15.7	6.5
Disposals; sales 1 Jan to 31 Dec	-38.7	-345.1
Realised and refunded decreases in value	-32.3	-8.5
Acquisition cost 31 Dec	411.3	466.7
Accumulated decreases in value 1 Jan	-146.0	-154.4
Accumulated decreases in value of sold shares	32.3	8.5
Accumulated decreases in value 31 Dec	-113.7	-146.0
Book value 31 Dec	**297.6**	**320.7**

Receivables from Companies in the Same Corporation

FIM million	1998	1997
Receivables on the nominal value 1 Jan	1 940.5	1 795.4
Additions 1 Jan to 31 Dec	0.0	300.0
Amortisations 1 Jan to 31 Dec	-118.1	-154.1
Realised and refunded decreases in value	-3.1	-0.8
Receivables on the nominal value 31 Dec	1 819.3	1 940.5
Accumulated decreases in value 1 Jan	-254.0	-254.8
Accumulated decreases in value of sold shares	3.1	0.8
Accumulated decreases in value 31 Dec	-250.9	-254.0
Book value 31 Dec	**1 568.4**	**1 686.5**

Receivables from Partly-Owned Companies

FIM million	1998	1997
Receivables on the nominal value 1 Jan	1.3	1.8
Amortisations 1 Jan to 31 Dec	-1.3	0.0
Disposals; sales 1 Jan to 31 Dec	0.0	-0.5
Book value 31 Dec	**0.0**	**1.3**

Other Receivables

FIM million	1998	1997
Receivables on the nominal value 1 Jan	40.8	42.4
Amortisations 1 Jan to 31 Dec	-6.8	0.0
Disposals; sales 1 Jan to 31 Dec	0.0	-1.7
Realised and refunded decreases in value	0.0	-0.0
Receivables on the nominal value 31 Dec	34.0	40.8
Accumulated decreases in value 1 Jan	0.0	-0.0
Accumulated decreases in value of sold share	0.0	0.0
Accumulated decreases in value 31 Dec	0.0	0.0
Book value 31 Dec	**34.0**	**40.8**

LIQUID ASSETS

Current Assets 31 Dec

FIM million	1998	1997	98/97
Shares	3.4	4.2	-0.8

Receivables 31 Dec

FIM million	1998	1997	98/97
Long-term receivables:			
Receivables from partly-owned companies	0.3	0.0	0.3
Loans receivable	5.8	0.0	5.8
Accrued liabilities and prepaid income	8.6	0.0	8.6
Total long-term receivables	14.7	0.0	14.7
Short-term receivables:			
Accounts receivable	2.9	43.0	-40.1
Receivables from companies in the same corporation	89.2	22.7	66.5
Receivables from partly-owned companies	0.1	0.0	0.1
Loans receivable	0.3	0.5	-0.2
Other receivables	0.0	0.4	-0.4
Accrued liabilities and prepaid income	13.8	10.2	3.6
Total short-term receivables	106.3	76.9	29.4
Total	**121.0**	**76.9**	**44.1**

Long-term accrued liabilities and prepaid income are unreceived interest compensations and other compensations, related to the restructuring program.

Short-term accrued liabilities and prepaid income include:

Unreceived expense compensations	13.7	10.2
Other prepaid expenses	0.1	0.0
Total	13.8	10.2

Receivables from Companies in the Same Corporation

FIM million	1998	1997	98/97
Short-term receivables:			
Accounts receivable	14.3	2.2	12.2
Other receivables	74.2	20.3	53.8
Accrued liabilities and prepaid income	0.7	0.2	0.5
Total	89.2	22.7	66.5

Short-term accrued liabilities and prepaid income include:

Unreceived expense compensations	0.7	0.2

Receivables from Partly-Owned Companies

FIM million	1998	1997	98/97
Long-term receivables:			
Loans receivable	0.3	0.0	0.3
Short-term receivables:			
Accounts receivable	0.1	0.0	0.1
Total	0.3	0.0	0.3

Financial Securities 31 Dec

FIM million	1998	1997	98/97
Other securities	80.3	0.0	80.3

SHAREHOLDER'S EQUITY (COOPERATIVE CAPITAL)

Restricted Equity

FIM million	1998	1997
Share capital 1 Jan	49.9	49.7
Share fees 1 Jan to 31 Dec	0.3	0.2
- Fees of members resigned during the year	-0.1	-0.1
Share capital 31 Dec	50.1	49.9

All holders of cooperative capital shares have equal voting rights and the right to return of surplus.

Resigned members' fees 1 Jan	3.5	3.4
+ Fees of members resigned during the year	0.1	0.1
Resigned members' fees 31 Dec	3.6	3.5
Reserve fund 1 Jan and 31 Dec	79.5	79.5
Revaluation fund 1 Jan	203.1	211.3
- Cancelled in connection with completed sales	-24.0	-8.2
Revaluation fund 31 Dec	179.1	203.1
Restricted Equity 31 Dec	**312.3**	**335.9**
Uncalled share capital 31 Dec	50.9	51.1

Non-Restricted Equity

FIM million	1998	1997
Deficit from previous years 1 Jan	-637.4	-861.4
Transferred from the previous year's profit	286.6	224.0
Accumulated deficit from previous years 31 Dec	-350.8	-637.4
Surplus for the year	152.5	286.6
Non-Restricted Equity 31 Dec	**-198.3**	**-350.8**

STATUTORY RESERVES 31 DEC

FIM million	1998	1997	98/97
Total	**0.4**	**10.4**	**-10.0**

Statutory reserves of FIM 10 million were annulled in 1998 after the Helsinki District Court had granted permission for the return of private persons' diminished deposits. As agreed, FIM 0.4 million remains in the reserves to provide for potential security payments.

LIABILITIES

Total liabilities 31 Dec

FIM million	1998	1997	98/97
Total	**2 490.7**	**2 827.5**	**-336.8**

Subordinated Loan [1] 31 Dec

FIM million	1998	1997	98/97
Subordinated pension loans	243.5	243.5	0.0
Equity loan	233.3	233.2	0.1
Interest-free equity loan	607.1	608.1	-1.0
Total	**1 083.9**	**1 084.8**	**-0.9**

Other Restructuring Debt [2] 31 Dec

FIM million	1998	1997	98/97
Long-term:			
Secured debt	710.4	945.4	-235.0
Long-term partitioning debt	385.9	477.9	-92.0
Total	1 096.3	1 423.3	-327.0
Short-term:			
Secured debt	107.7	110.2	-2.5
Long-term partitioning debt	97.3	95.6	1.7
Short-term partitioning debt	3.0	6.1	-3.1
Other restructuring debt	30.0	30.0	0.0
Total	237.9	241.8	-3.9
Total	**1 334.2**	**1 665.2**	**-331.0**

Other Liabilities [3] 31 Dec

FIM million	1998	1997	98/97
Long-term:			
Loans from financial institutions	0.0	44.0	-44.0
Short-term:			
Loans from financial institutions	44.0	22.0	22.0
Prepayments	0.3	0.1	0.2
Accounts receivable	4.7	5.4	-0.7
Debt to companies in the same corporation	19.6	0.2	19.4
Debt to partly-owned companies	0.1	0.0	0.1
Other liabilities	0.6	1.7	-1.1
Prepaid income and accrued liabilities	3.2	4.0	-0.8
Total	72.6	33.4	39.1
Total other liabilities	**72.6**	**77.4**	**-4.9**

Short-term prepaid income and accrued liabilities include:

Unpaid personnel costs	2.0	2.1
Other unpaid business expenses	1.2	1.9
Total	3.2	4.0

Debt to Companies in the Same Corporation

FIM million	1998	1997	98/97
Short-term:			
Accounts receivable	0.3	0.2	0.1
Other liabilities	19.3	0.0	19.3
Prepaid income and accrued liabilities	0.0	0.0	0.0
Total	19.6	0.2	19.4

Debt to Partly-Owned Companies

FIM million	1998	1997	98/97
Short-term accounts payable	0.1	0.0	0.1

[1] Subordinated Loan

Stabilised Pension Liabilities 31 Dec

FIM million	1998	1997
Total	243.5	243.5

In accordance with the promissory note signed in 1994, Eläkekassa Tuki granted a loan of FIM 181.9 million to the Cooperative Tradeka Corporation on the condition that repayment of the loan and payment of interest can take place on the basis of the Cooperative's confirmed financial statement and confirmed consolidated financial statement, and within the framework of the unrestricted equity indicated by them. Loan repayment must not jeopardise payments under the payment plan. In addition, other terms of the loan state that other stabilised loans take precedence over this one.

The liabilities based on the guarantees and counter-guarantee agreements connected with the loan granted by Eläkekassa Tuki cover the compliance of the conditional amortisation plan included in the stabilised loan during the time of the debtor's restructuring program. The maximum liability has been set at FIM 194.2 million. By virtue of the guarantee, the guarantors receive on the basis of their payments a recessive right, which is deferred until 2004. Interest is calculated, as per the loan agreement, at 8% and counted as recessive balance. Obligations and rights that apply to the guarantors also apply to the providers of the counter-guarantee agreement.

The maximum capitalised value of the recessive liability was calculated at FIM 61.6 million when the promissory note and guarantees were made; this figure was booked in the 1994 financial statement as stabilised recessive liability. At that time, the stabilised pension loans of FIM 243.5 million in the Notes to the Balance Sheet covered stabilised principal of FIM 181.9 million and a FIM 61.6 million calculable equity of recessive liability.

During 1998, guarantors have, on behalf of the Cooperative, paid Eläkekassa Tuki FIM 28.8 million, making a cumulative total of FIM 72.0 million for 1995—98; of this, the subsidiary Restel Oy paid FIM 20 million as the provider of the counter-guarantee agreement (FIM 12 million at the end of the previous year). Liability for interest relating to the payments totalled FIM 11.9 million as of 31 December 1998 (FIM 6.9 million the previous year). After the guarantors' payments, FIM 171.5 million in stabilised pension loans remained of the pension liability.

Equity Loans 31 Dec

FIM million	1998	1997	98/97
Equity loan	233.3	233.2	0.1
Interest-free equity loans	607.1	608.1	-1.0
Total	840.4	841.3	-0.9

As part of the liability arrangement connected with Cooperative Tradeka Corporation's restructuring program, the liability creditors had the opportunity to convert part of the receivables that were to be cut during restructuring, into an equity loan conditional on shareholders' equity. Separate promissory notes were not drawn up with the loans, partly because the agreed action for recovery, and especially the payments in lieu of performance based on the guarantees, have changed the liability—creditor structure. Drafts of promissory notes for equity loans are included in the restructuring program agreement. Equity loans were neither increased nor amortised during 1998.

Equity Loan

According to the terms of the equity loan, if the receiver of the loan should go bankrupt or the Cooperative be dissolved, the loan receivables have a lower priority than the interest-free equity loans intended in the restructuring program, and than the loan receiver's other liabilities, within the exception of equity loans taken out later. Otherwise the loan principal can be repaid only if the Cooperative has full cover on the share capital on the basis of the confirmed balance sheet and consolidated balance sheet of the previous accounting period, or if otherwise specified by the law. According to the restructuring program, an annual interest rate (five years' market rate + 2%) will be capitalised on the loan until the due date. The principal will be paid before the interest. In the financial statement, the interest has been booked as liability for interest outside the balance sheet. In 1998 the liability for interest has been calculated on the basis of a 7.9% annual interest rate for both the principal and the previous years' liability for interest. Increase in the liability for interest in 1998 was FIM 25 million and the total liability was FIM 110 million.

Interest-Free Equity Loan

The conditions for an interest-free equity loan correspond to those for an equity loan, except for the priority and interest conditions.

2) Other Restructuring Debt According to Due Date

Secured Debts 31 Dec

FIM million	1998	1997
Total debts	818.1	1 055.6
- In short-term liabilities	-107.7	-110.2
= In long-term liabilities	710.4	945.4
- Amortisations in the next 2—5 years.	-710.4	-388.5
Due in over five years	0.0	556.9

Secured debts consist of debts to be amortised on a straight-line basis and debts that must be paid back in real estate realisations, between 1996 and 2003 in accordance with the restructuring program.
Also in accordance with the restructuring program, the yearly consumer price index bound interest rate for 1998 was 2% (3% the previous year).

Long-Term Partitioning Debt 31 Dec

FIM million	1998	1997
Total debts	483.2	573.5
- In short-term liabilities	-97.3	-95.6
= In long-term liabilities	385.9	477.9
- Amortisations in the next 2—5 years.	-385.9	-382.3
Due in over five years	0.0	95.6

The long-term partitioning debt will be amortised on a straight-line basis between 1998 and 2003. There is no interest on the debt.

Short-Term Partitioning Debt

FIM 3 million remains of the short-term partitioning debt (FIM 6 million the previous year), partly because of missing payment information. According to the program, the debt was to be amortised on a straight-line basis between 1994 and 1997. There is no interest on the debt.

Other Restructuring Debt
The future convertible bonds of subsidiaries:

The Cooperative Tradeka Corporation has subscribed and paid for the FIM 10 million in convertible bonds that were issued by Tradeka Oy and Restel Oy, and subscribed for the convertible bonds of Eka Real Estate Development in early 1999 in connection with its incorporation. The convertible bonds will be handed over to the Cooperative's secured creditors in accordance with the restructuring program as payment for the FIM 30 million in restructuring debts.
Creators of secured debt have the right to convert the convertible bonds of Tradeka Oy and Restel Oy into shares, provided that the terms defined in the restructuring program, which relate to the profitability of business operations, cash flow from business operations and investments, are not met. Creators of secured debt have the right to convert the convertible bonds of Eka Real Estate Development Oy into shares. If the convertible bonds are converted into shares, they will grant the shareholder an approximately 75% share of votes and ownership in the mentioned companies.

3) Other Long-Term Liabilities According to Due Date

Loans from Financial Institutions 31 Dec

FIM million	1998	1997
Total debts	44.0	66.0
- In short-term liabilities	-44.0	-22.0
= In long-term liabilities	0.0	44.0
- Amortisations in the next 2-5 years.	0.0	-44.0
Due in over five years	0.0	0.0

Cooperative Tradeka Corporation

OTHER NOTES

COMMITMENTS AND CONTINGENCIES 31 DEC

Real Estate Mortgages and Business Mortgages Pledged as Security for Debt

FIM million	1998	1997	98/97
* Secured debts	818.0	1 055.5	-237.5
Pledged real estate mortgages	325.5	387.3	-61.8
Pledged business mortgages	603.0	617.0	-14.0
Total mortgages pledged	928.5	1 004.3	-75.8

* Securities Pledged as Security for Debt

FIM million	1998	1997	98/97
Book value of shares pledged	177.4	205.6	-28.2

The securities are pledged as security for secured debts.

* Other Pledges

FIM million	1998	1997	98/97
Receivables pledged	1 604.3	1 666.9	-62.6

Receivables are put up as security for secured debts and those listed above also include receivables which the Cooperative has stabilised and removed from the accounting books. At the end of 1998, the amount of depreciated receivables was FIM 251.9 million (FIM 252.9 million the previous year).
The amounts that have been pledged in security by Tradeka Oy are presented in the total at their nominal values, which are in accordance with the promissory note values, while the book value is FIM 327.0 million lower after loan payments have been made.

Pledges Made on Behalf of Companies in the Same Corporation

FIM million	1998	1997	98/97
Mortgaged pledge notes	5.0	5.0	0.0

Pledges Made on Behalf of Others

FIM million	1998	1997	98/97
Mortgaged pledge notes	0.8	5.8	-5.0
Pledged securities	7.6	7.5	0.1
Total	8.4	13.3	-4.9

Pension Liability Not Entered as Costs and Debt

FIM million	1998	1997	98/97
Pension liability	13.2	0.0	13.2

As required by the restructuring programme, the non-covered pension liability of Eläkekassa Tuki was booked in 1994 as costs and debt; FIM 243.5 million corresponds to the stabilised pension liability (see page 41). The cost and debt entry carried out was sufficient until last year for Cooperative Tradeka Corporation to cover the calculated pension liability, as well as other items connected to recessive liability, exept interest liabilities. In 1998 Eläkekassa Tuki checked the accounting basis for pension liabilities; this was the main factor behind the above increase in pension liabilities not entered as debt.
Based on its shareholder and guarantee undertakings, Cooperative Tradeka Corporation has an adhesion liability of FIM 3 million for Eläkekassa Tuki's non-covered pension liability (FIM 3 million the previous year).

Leasing Contracts

FIM thousand	1998	1997	98/97
To be paid the following year	27.7	32.3	-4.6
To be paid later	41.5	1.3	40.2
Total	69.2	33.6	35.6

Contingent Liabilities from Companies in the Same Corporation

FIM million	1998	1997	98/97
Guarantees given	9.1	10.2	-1.1

Other Contingent Liabilities

FIM million	1998	1997	98/97
Guarantees on behalf of others	50.7	62.9	-12.2
Interest liabilities for stabilised loans	121.5	91.3	30.2
Total	172.2	154.2	18.0

Interest liabilities are explained in conjunction with stabilised debt on page 41. Capital accumulating interest liability and previous interest liability totalled FIM 426.9 million as of 31 Dec 1998.

BOARD'S PROPOSAL FOR DISTRIBUTION OF EARNINGS

The Board of Directors proposes that the surplus of FIM 152,527,879.70 for 1998 be used in accordance with Article 10:1 of the Cooperative's rules and regulations to cover losses brought forward.

Helsinki, 30 March 1999

Olavi Syrjänen
Markku Alhava
Tuire Mannila
Kari Pöyhönen

Maunu Ihalainen
Margit Eteläniemi
Jukka Simula

Antti Remes
President

AUDITORS' REPORT

To the Council of Representatives of Cooperative Tradeka Corporation

We have audited the financial statements, the accounting records and the administration of Cooperative Tradeka Corporation for the financial year 1998. The financial statements prepared by the Board of Directors and the President include both the consolidated and the Cooperative's income statements, balance sheet and notes to the financial statements. Based on our audit we express our opinion on these financial statements and the administration.

We have performed the audit in accordance with generally accepted auditing standards in Finland. Those standards require, that we perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatements. The purpose of our audit of corporate governance is to examine that the Board of Directors and the President have legally complied with the regulations of the Cooperatives Act.

The financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. They give a true and fair view of both the consolidated and the Cooperative's result of operations and financial position.

The financial statements, including the consolidated financial statements, can be adopted, and the members of the Cooperative's Supervisory Board and the Board of Directors, as well as the President, can be discharged from liability. The Board's proposal regarding to use of the surplus is in compliance with the Cooperatives Act.

Helsinki, 8 April 1999

Mauri Palvi
Authorised Public Accountant

Veijo Riistama
Authorised Public Accountant

STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board has examined Cooperative Tradeka Corporation's financial statements and the consolidated financial statements, and reviewed the report of the Board of Directors and the Board's proposal for distribution of the surplus, and submits them, together with the auditors' report, to the meeting of the Council of Representatives. The Supervisory Board proposes that the financial statements and the consolidated financial statements be adopted.

As its opinion in accordance with Article 21:1 of the Cooperative's rules, the Supervisory Board states that the proposal by the Board of Directors for distribution of the surplus is in keeping with Article 10 of the rules.

Helsinki, 21 April 1999

Markku Pohjola

Raimo K. Mäkelä

TRADEKA CORPORATION'S COUNCIL OF REPRESENTATIVES

The annual general meeting of Cooperative Tradeka Corporation's Council of Representatives was held on 13 May 1998.

Uusimaa District:
Ms. Hilkka Ahde, Helsinki
Mr. Timo Ahola, Mäntsälä
Ms. Eila Asikanius, Järvenpää
Ms. Maija Jakka, Vihti
Mr. Pentti Järvinen, Virkkala
Ms. Minna Karhunen, Hyvinkää
Mr. Jouko Launonen, Hyvinkää
Ms. Toini Nieminen, Lohja
Mr. Veijo Nyman, Nummi-Pusula
Ms. Raija Rönkä-Nieminen, Lohja
Mr. Matti Saarinen, Lohja
Mr. Reijo Varalahti, Karkkila

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Mr. Jorma Hacklin, Jokioinen
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Mr. Matti Kauppila, Lahti
Mr. Aarne Kauranen, Hämeenlinna
Ms. Vuokko Kautto, Lahti
Ms. Merja Leppänen, Forssa
Ms. Anna-Maija Martikainen, Lahti
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Ms. Hannele Isotalo, Valkeakoski
Ms. Anneli Kivistö, Tampere
Ms. Sirpa Koivisto, Tampere
Ms. Arja Laine, Hämeenkyrö
Ms. Arja Ojala, Tampere
Mr. Heikki A. Ollila, Kangasala
Mr. Seppo Salminen, Tampere
Mr. Matti Salo, Parkano
Ms. Eila Terävä, Tampere
Mr. Pertti Turtiainen, Kangasala
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Ms. Helena Keto-oja, Salo
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Mr. Pertti Paasio, Turku
Ms. Virpa Puisto, Turku
Mr. Jukka Roos, Teijo
Mr. Sauli Saarinen, Turku

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Mr. Reijo Kallio, Rauma
Mr. Timo Laaksonen, Pori
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Ms. Leila Mäkelä, Kankaanpää
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Ms. Leila Rostedt, Rauma
Ms. Kirsti Willberg, Noormarkku

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Mr. Raimo Rajanen, Jyväskylä
Ms. Emmi Rossi, Viitasaari
Ms. Marja-Leena Viljamaa, Jyväskylä
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Ms. Riitta Lehtola, Seinäjoki
Ms. Jaana Pikkarainen-Haapasaari, Kokkola
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Mr. Kari Rajamäki, Varkaus
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Mr. Jorma Vokkolainen, Varkaus

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Mr. Pekka Koskimies, Imatra
Mr. Jouko Kotola, Kotka
Mr. Jukka Kärnä, Imatra
Ms. Sinikka Mönkäre, Imatra
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Mr. Pentti Tiusanen, Kotka
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Ms. Kaija Karvinen, Savonlinna
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Mr. Reijo Jeskanen, Joensuu
Mr. Esa Lahtela, Kitee
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Ms. Anne Huotari, Kajaani
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Mr. Osmo Polvinen, Sotkamo
Mr. Asser Siuvatti, Raahe
Mr. Martti Turkka, Oulu
Mr. Unto Valpas, Raahe

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Ms. Eeva-Liisa Kilpeläinen, Kemi
Mr. Juha Pikkarainen, Kemijärvi
Ms. Helena Tiuraniemi, Rovaniemi

TRADEKA CORPORATION'S SUPERVISORY BOARD

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Mr. Seppo Grönqvist, Eräjärvi, Vice Chairman
Ms. Ritva Kitinoja, Oulu, Vice Chairman
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Ms. Iiris Hacklin, Jämsä
Mr. Raimo Järvenpää, Oulu
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Mr. Iivo Polvi, Iisalmi
Mr. Timo Roos, Karkku
Ms. Marketta Semi, Vaasa
Mr. Ilkka Sepponen, Turku
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Mr. Matti Koskenmäki, Turku
Ms. Pirjo Thilman, Karhula

Deputy Representatives:
Ms. Ritva Vartia, Mikkeli
Ms. Christel Paasila, Helsinki

TRADEKA CORPORATION'S BOARD OF DIRECTORS

Mr. Olavi Syrjänen, Chairman
Mr. Maunu Ihalainen, Vice Chairman
Mr. Aarno Aitamurto (until 31 Dec 1998)
Mr. Markku Alhava
Ms. Margit Eteläniemi
Ms. Tuire Mannila (from 1 Jan 1999)
Mr. Jukka Simula

Personnel Representatives:
Ordinary Member
Mr. Kari Pöyhönen
Deputy Member Mr. Martti Kesseli

President
Antti Remes

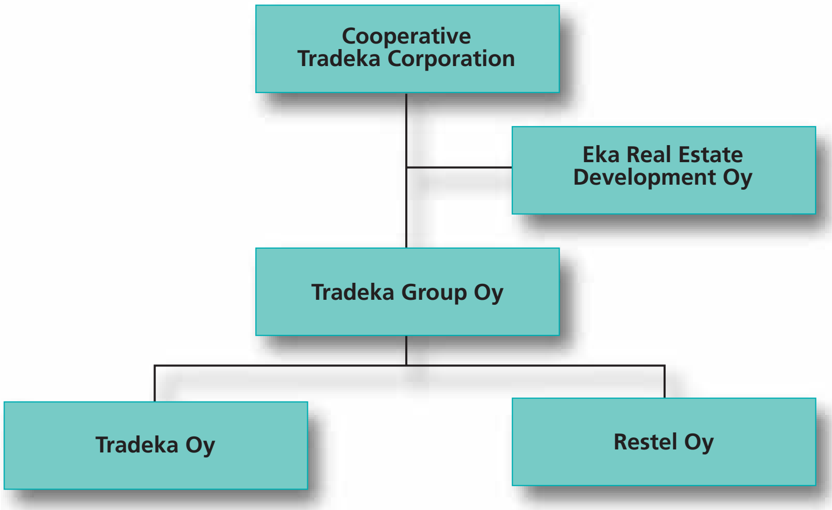
AUDITORS

Ordinary Auditors
Mr. Mauri Palvi,
Authorised Public Accountant
Mr.Veijo Riistama,
Authorised Public Accountant

Deputy Auditors
KPMG Wideri Oy Ab
Kari Lydman,
Authorised Public Accountant

Public Accountant appointed by the Helsinki District Court to supervise the mandatory restructuring
Mr. Jyrki Tähtinen, Attorney-at-Law

BUSINESS ORGANISATION



COOPERATIVE TRADEKA CORPORATION

President
Mr. Antti Remes

Legal Affairs
Mr. Juha Laisaari

Membership Administration
Mr. Raimo K. Mäkelä

EKA REAL ESTATE DEVELOPMENT OY

President
Mr. Heikki Venho

TRADEKA GROUP OY

President
Mr. Antti Remes

Internal Auditing
Mr. Risto Salminen

Communications
Ms. Riitta Raasakka-Niklander

TRADEKA OY

President
Mr. Aarno Mäntynen

TRADEKA INTERNATIONAL

President
Mr. Waldemar Tuutti

RESTEL OY

President
Mr. Ralf Sandström

Finance Administration
Mr. Mats Rosengård

Administration
Mr. Kari Lalu

Hotel Division
Mr. Jari Laine

Restaurant Division
Mr. Björn Pahlberg

KETJUETU OY

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Mr. Aarno Mäntynen

Business Support
Mr. Tapio Lehikoinen

SIWA

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Mr. Harri Finér

Business Development
Ms. Jaana Lehto

Field Operations
Mr. Ilpo Virtanen

Marketing
Mr. Markku Uitto

Controller
Ms. Piia Suvanne

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Senior Vice-President
Mr. Leo Järvensivu

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Mr. Risto Koski

Field Operations
Mr. Jarmo Laiho

Marketing
Mr. Tapio Finér

Controller
Mr. Toivo Hakonen

EUROMARKET/MAXI

Senior Vice-President
Mr. Pekka Kosonen

Business Development
Mr. Heikki Välimäki

Field Operations
Mr. Juhani Mast

Marketing
Sales of Specialty Goods
Mr. Seppo Hämäläinen

Sales of Daily Consumer Goods
Mr. Pertti Palanen

Controller
Mr. Hannu Harju

PALVELUETU OY

President
Mr. Olli Suominen

EDP and Development
Mr. Veijo Heinonen

Controller
Mr. Risto Nokireki

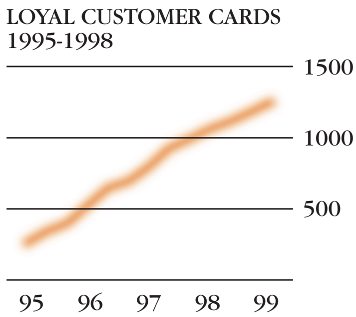
Personnel
Ms. Pirkko Virtanen

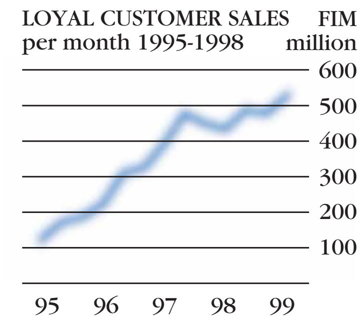
Accounts and Taxation
Mr. Uolevi Lahti

Operational Accounting
Mr. Mikko Harjunen

Financial Administration
Mr. Ossi Hynninen

A NEW LOOK FOR YKKÖSBONUS





The loyal customer scheme grew in popularity during the year. The number of new accounts and the amount of both loyal customer sales and bonuses increased steadily. The YkkösBonus card was redesigned, receiving a new appearance and better technical features. At this time there are 1.3 million YkkösBonus card-holders.

YkkösBonus accounts number 800,000. Despite the tough competition, 113,855 households joined the loyal customer scheme last year, and growth is continuing steadily. Loyal customer sales for 1998 totalled FIM 6,114 million, an 11.8% increase over the previous year. Bonuses of FIM 110 million were paid out to customers (FIM 83 million in 1997).

More companies joined the YkkösBonus system. AD auto workshops and spare part stores, as well as Veho car dealerships, joined the scheme early in the year. Late in the year a cooperation agreement was signed with the Ellos mail-order company, which joined the program at the beginning of 1999. Tradeka and Elanto now have eleven nation-wide YkkösBonus partners. In addition to those already mentioned, YkkösBonus is in use at the Sampo insurance company, Sotka furniture stores, Spies and Tjäreborg travel agencies, Neste service stations, Värisilmä home decoration supply stores, Expert home electronics stores, and Cazze opticians.

The YkkösBonus card was redesigned late in the year. Production and use of the new cards was begun, and all the old cards will be replaced by the end of 1999.

YkkösBonus marketing was stepped up, including giving the card increased visibility in advertisements for the chain stores. Late in the year an agreement was signed with the MTV3 television station to make YkkösBonus better known by advertising in connection with a new Finnish TV drama series. At the end of the year a new customer relationship program was also being prepared. In the beginning of 1999, customers received bonus information and a copy of ‘Me’ (Us) magazine in a special mailing.

THE ENVIRONMENT MATTERS TO OUR BUSINESS

At the Tradeka Corporation, environmental matters form part of regular business operations. At Restel Oy, environmental strategy extends all the way to the individual hotels and restaurants, with each making their own environmental plan during annual planning. In 1998 Tradeka Oy confirmed an environmental policy that will form the basis for a management system for environmental issues in the retail trade.

TRADEKA OPERATIONS AND THE ENVIRONMENT

Local Services
Tradeka's network of stores is dominated by local stores, and 14 Euromarkets are also located in city centres. Local and city-centre outlets can be reached without cars, which cuts down on traffic and decreases the burden on the environment.

Energy Consumption in Stores
Since the 1970's, renovation work in stores has included installing heat recovery systems on cooling equipment. In 1998 this was done at six Valintatalos, one Siwa and the new Palokka Euromarket. Heat recovery means that heating systems do not need to be turned on until the outdoor temperature reaches -13^{0}C, decreasing the need for heating energy.

Heat recovery has very noticeably lowered energy consumption at Valintatalo. On the basis of consumption figures for 50 stores, the chain's annual consumption is estimated at 40 million kWh. The Euromarkets consume approximately 44 million kWh of energy.

Transportation
Tradeka purchases logistics services from Inex Partners Oy, which it owns jointly with SOK. Inex transports goods to both owners' stores. Tradeka strives to increase the amount of 'concentrated' transportation. This means that goods suppliers deliver large main transport loads to Inex terminals, where the goods are assembled and put on lorries to the stores. Concentrated transport routes are planned for maximum efficiency, and also make use of the evening and night hours, when traffic is lightest.

Organic Products
All of the chains have organic products in their product selections. The shares of organic products in Euromarket's selection of daily goods vary within each product group as follows: potatoes and eggs 2—4% of sales, bran and rice cakes 6-9%, peas 40% and other products 2% or less.

In Valintatalo, most organic products make up 0—2% of sales in their own product groups, though certain grain products and peas account for approximately 10%.

Environmentally Friendly Products
There are numerous products that bear the Nordic countries' environmental mark, including detergents, cleaning agents and household paper products. For example, at Valintatalo 30% of household paper product sales, 13% of detergent sales and 5% of clothes detergent sales are products that bear the mark. All the chains also offer several batteries that have the mark. For example, 40% of battery sales and 50% of glue sales are products with the mark.

Euromarket's selection includes products with the continental European Öko-Tex mark. The chain also carries products made from recycled glass and plastic. The best-selling paper products – sketch-pads and notebooks – all have the environmental mark. The paper products also have German environmental marks which guarantee that they were not bleached, and that the raw materials did not come from a rain forest. There are also products with the Swedish marks, Bra Miljöval and Krav.

PYR – The Packaging Environmental Register
Through Ketjuetu Oy, Tradeka has joined the Packing Environmental Register (PYR). Thus the commitment to making the best use of and providing information about packaging materials lies with PYR. Ketjuetu provides PYR with detailed information regarding the amount and quality of packaging sent out, as a basis for utilisation payments. In 1998 Tradeka's stores used 996,400 kg of packaging material. The amount of imported packaging was 196,400 kg.

Packages
The use of recycled transport tools, such as Transbox boxes, pallets and pallets with rollers, is constantly increasing. During the year, recycled boxes were used to

ship tobacco, reducing the need for cardboard boxes by an estimated 70,000 kg. Detailed instructions about packaging material have been distributed throughout the whole product organisation.

Waste Management

All stores send corrugated cardboard to recycling. Biodegradable waste is collected for composting according to the amount and possibilities at the local level. In some areas, stores also collect separately waste fit for combustion into energy. For problem waste, the stores of each area either collect it themselves or the maintenance company does it. 40% of the waste produced by daily goods stores is corrugated cardboard and 10% is biodegradable waste. 40% of the waste collected is waste fit for combustion into energy. There are no detailed statistics on the total amount of waste yet, except for some individual stores.

Recycling Locations for the Customers

In connection with the Jyväskylä Palokka Euromarket completed in November, an 'Ecopark/Recycling Location' was built for cardboard, paper, glass, metal, and drink cartons. In addition, there are ten recycling locations in the proximity of Euromarkets, run by stores or the municipality. Many Siwa and Valintatalo stores have individual collection bins for waste like drink cartons.

Fuel Distribution Locations and Oil Tanks

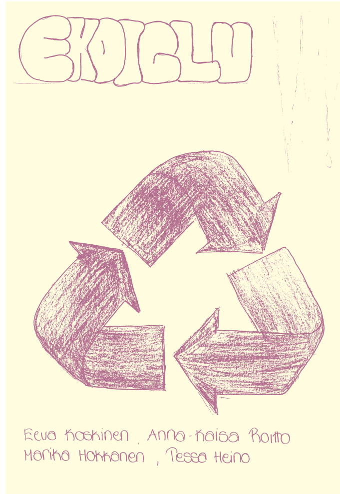
Twenty-five Tradeka stores have fuel distribution locations. The distribution point at the closed-down Marttila Siwa was set in order by replacing the soil in the area. In connection with renovation work at the Hyvinkää Paavola Valintatalo, the old oil tanks were removed from the ground and the soil was replaced. Light fuel oil is used for heating at 151 stores; the others use district heating.

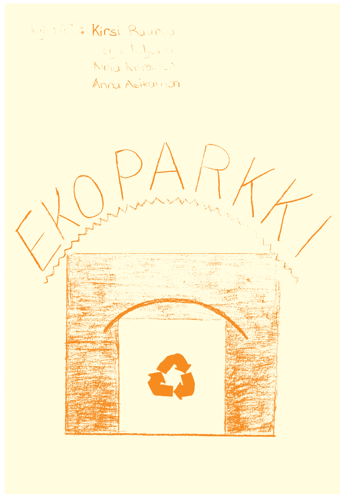
The Head Office

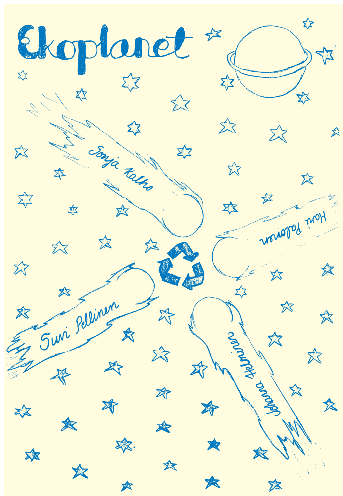
At the address Hämeentie 19 in Helsinki, detailed recycling instructions were introduced to bolster cardboard, paper and newspaper recycling. Over the course of the year, 11,000 kg of paper and 16,000 kg of newspaper were collected. One hundred kg of recycled paper is equal to one log, which means that 260 logs were saved. The cardboard recycled equalled 10,000 kg.

Events and Campaigns

During the year we participated in:
* Walitse Waaraton Voima (Choose Safe Power) — a battery campaign in October.
* Motiva Energy Saving Week, 5—9 of October.
* The School, Store and Environment Project — in cooperation with the Central Finland Environmental Centre. The students of Palokka Secondary School had a concept for a project to make a recycling location at the Jyväskylä Euromarket. Tradeka presented the students' proposals at the school environmental fair.







The ideas of students at Palokka secondary school for a recycling location at the Jyväskylä Euromarket were presented at the school environmental fair.

KEY FIGURES OF THE TRADEKA CORPORATION 1993—1998

FIM million	**1998**	1997	1996	1995	1994	1993
Net Turnover	**6 206**	6 061	5 770	5 534	5 364	7 770
Other Income from Operations	**123**	250	156	113	140	128
Variable Costs	**6 000**	5 853	5 435	5 272	5 250	8 011
– % of Net Turnover	**96.7**	96.6	94.2	95.3	97.9	103.1
Operating Profit	**329**	458	363	246	103	-312
– % of Net Turnover	**5.3**	7.6	6.3	4.5	1.9	-4.0
Profit before Extraordinary Items	**312**	419	335	238	-21	-621
- % Net Turnover	**5.0**	6.9	5.8	4.3	-0.4	-8.0
Investments	**300**	242	247	100	111	340
Balance Sheet	**2 996**	3 006	3 105	3 023	3 230	8 582
Personnel, Average	**4 955**	4 818	4 842	5 090	5 150	7 144

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