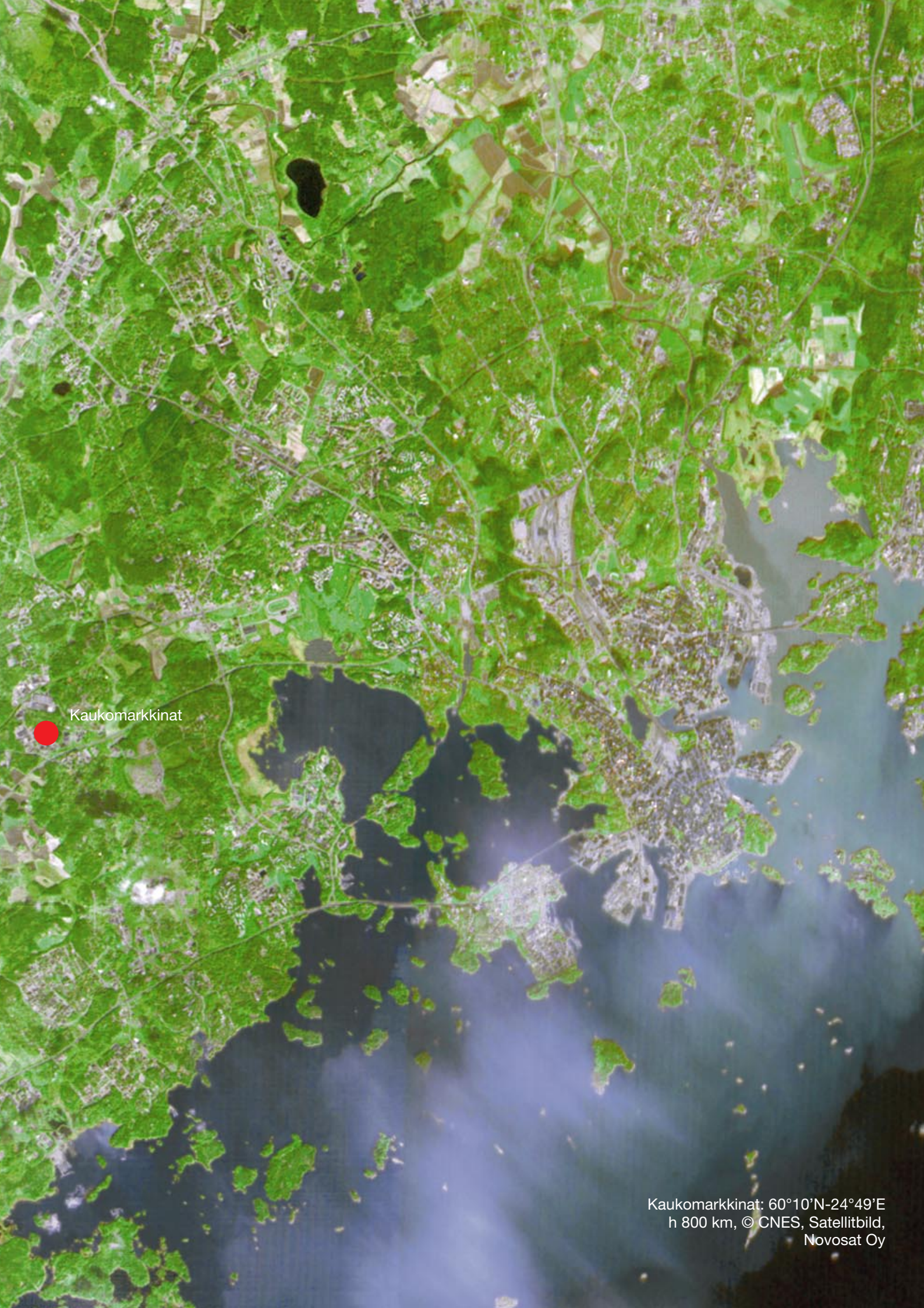


KAUKOMARKKINAT 1999





Kaukomarkkinat

Kaukomarkkinat: 60°10'N-24°49'E
h 800 km, © CNES, Satellitbild,
Novosat Oy



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

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THE KAUKOMARKKINAT GROUP

Kaukomarkkinat Oy

Supervisory Board 2000

Chairman: Matti Honkala.
Kalervo Haapaniemi.
Matti Halmesmäki.

President, CEO

Kari Ansio.

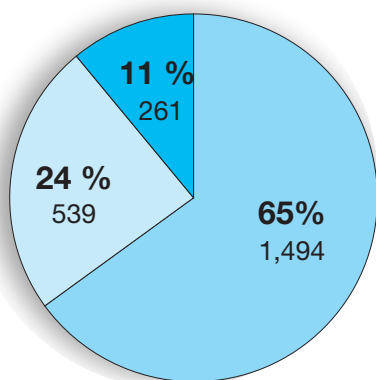
Executive Management Board

Kari Ansio, President.
Hannu Närhi, Senior Executive Vice President.
Jari-Pekka Lehmuskoski, Executive Vice President.
Jussi Neuvo, Executive Vice President.
Sakari Laine, Executive Vice President.
Markku Keinonen Executive Vice President.

The Group in Brief	1997	1998	1999
Total sales, FIM million	3,151.4	2,225.2	2,294.2
Net sales, FIM million	2,648.6	1,643.1	1,590.8
Profit before extraordinary items, FIM million	73.3	67.2	57.3
Balance sheet total, FIM million	806.4	796.7	781.6
Solvency ratio, %	46.6	50.0	47.3
Personnel at year-end	721	813	788

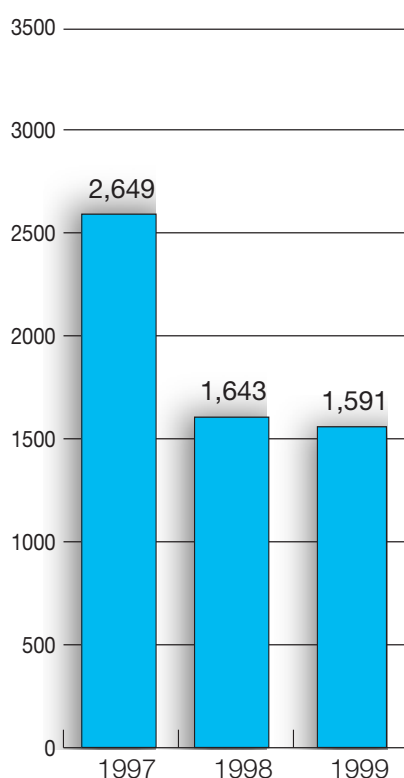
Total Sales

Breakdown of total sales, % and FIM million



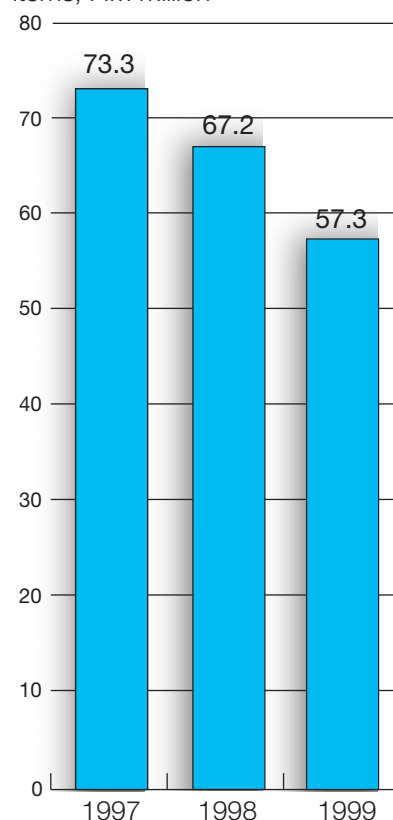
Net Sales

Net sales, FIM million



Profit

Profit before extraordinary items, FIM million



PRESIDENT'S REVIEW

The Kaukomarkkinat Group's total sales in 1999 were FIM 2,294 million, which represented a 3.1% increase on the previous year's figure. On the other hand, the Group's net sales at FIM 1,590 million were 3.2% down on the previous year. It should be mentioned in this connection that total sales better represent the scope and trend of a trading house's business, because they also include the value of commission trade on an agency basis, which is an important part of a trading house's international operations.

In many of the Group's fields of business in Finland, growth of the overall market came to a halt or went into decline for the first time in six years, as consumers' spending behaviour was increasingly clearly diverted towards purchasing various services, such as higher mobile phone bills, Internet connections and investment services. This generally unfavourable trend in the market affected the Group's leading brand products, such as Panasonic consumer electronics and Citizen watches, although the latter retained its position as overwhelming market leader. On the other hand, adidas sporting goods were able to buck the trend, boosting their sales by no less than 12%. Sales of Panasonic system electronics for professional applications and industrial electronics also grew significantly.

The biggest investments were devoted to developing the Tähti Optikko (Star Optician) chain, established in the previous year. Growth in sales was 25%, which was good compared to the few percentages growth in the total market, but was not sufficient to attain the profit targets set. According to market surveys, the chain got good grades for consumer-awareness and the impact of its marketing actions, so the measures taken to develop the chain have been on the right track. At the end of the year, the Tähti Optikko chain included 113 retail outlets, of which 38 were the company's own 'concept outlets'.

Sales of bakery and food-related products by the Leipurien Tukku Group grew by 9%, which is considered excellent for this field of business.



The portrait in the background is of Consul General Aarne Koskelo (1900 - 1998), who founded Kaukomarkkinat Oy in 1947. This year is the centenary of his birth.

The main priority areas in the Group's international trade and exporting were Russia, China and Poland, and the subjects for further development were Eastern Central Europe and the Baltic states. Exports of consumer goods to Russia were up by 43%, and there was also growth in various project-type deliveries. On the other hand, the volume of trade in raw materials and oil products declined markedly as business conditions deteriorated in Russia.

Significant growth was achieved in exports to China with various industrial capital goods and health-care products. Imports of consumer goods from China also went back into growth. Trade with Poland, which has already been at a high level for some years, grew by 6%. In the Baltic states, export efforts are mainly concerned with trade in bakery ingredients, machinery and equipment and with eye optics. In Eastern Central Europe, technical wholesale was a focus of development.

The Kaukomarkkinat Group's net profit was FIM 57 million, FIM 10 million less than in the previous year. The main reason for the downturn was the big expenditure channelled to the development of the Tähti Optikko chain, combined with sluggish consumer demand in the group's major fields of business.

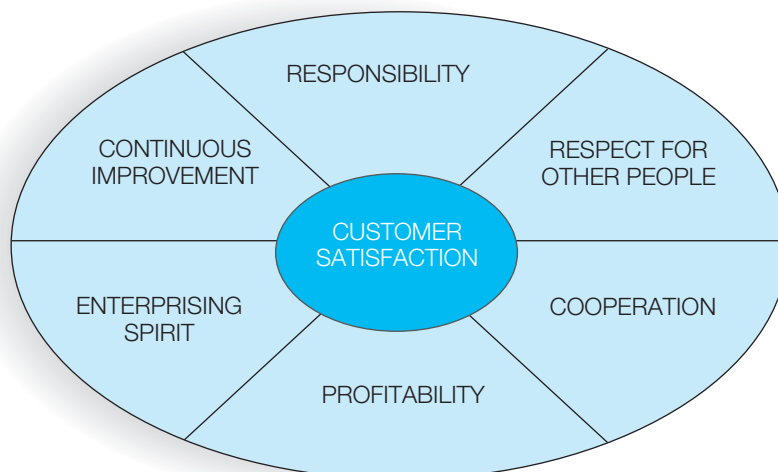
To summarize the past year, it may be said that, in view of the state of the domestic market referred to above and as our main international trade areas, particularly Russia, presented a difficult business climate, the Kaukomarkkinat Group achieved a satisfactory level of success. I would like to thank all our customers and principals for the confidence they have shown in our company and for their constructive collaboration. I would like to express my thanks also to our personnel for their continuous efforts and well-done work, in which everyone's input was important.

Kari Ansio
President and CEO

KAUKOMARKKINAT GROUP 1995 - 1999

Financial trends	1995	1996	1997	1998	1999
Total sales, FIM million	3,902.7	4,159.6	3,151.4	2,225.2	2,294.2
Net sales, FIM million	3,033.9	3,664.6	2,648.6	1,643.1	1,590.8
Profit before extraordinary items, FIM million	58.3	65.8	73.3	67.2	57.3
Balance sheet total, FIM million	1,485.4	1,266.2	806.4	796.7	781.6
Liquid assets, FIM million	65.3	12.9	21.2	19.6	12.7
Gross margin, %	11.2	9.7	14.0	24.0	24.7
Operating profit before depreciation, %	2.6	2.4	3.8	6.0	5.7
Quick ratio	0.26	0.46	0.98	0.91	1.61
Current ratio	1.16	1.50	2.01	2.32	3.00
Solvency ratio, %	20.1	27.0	46.6	50.0	47.3
Return on investment, %	13.2	13.0	13.9	13.9	12.1
Return on equity, %	20.9	17.2	16.4	12.2	14.2
Investments, FIM million	24.8	22.2	24.7	34.7	21.9
Personnel at year-end	743	734	721	813	788

Basic values of the Kaukomarkkinat Group

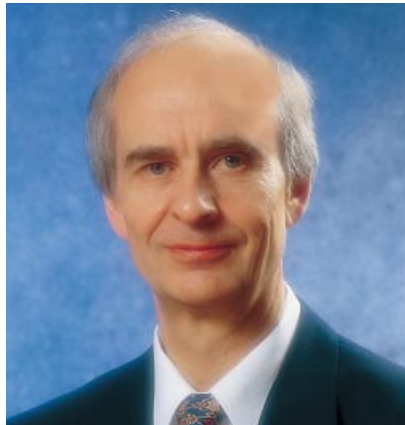


Kaukomarkkinat's basic values guide our actions.
 The values indicate what is important at Kaukomarkkinat.
 The values can not be ignored for financial or other short-term reasons.

KAUKOMARKKINAT GROUP ORGANIZATION 2000

Corporate Administration

Kari Ansio,
President, CEO.



Sakari Laine,
Executive Vice
President.

- Logistics
- Accounting
- Finance
- Information technology
- Personnel
- Corporate services
- Real estate



Markku Keinonen,
Executive Vice
President.

- Contracts
- Legal affairs
- Environmental matters



Business Divisions

Kauko Branded Goods

Hannu Närhi,
Senior Executive
Vice President.

- Adidas Suomi Oy
- Optics
- Watches
- Kauko Time AB
- Leitok Oy

Leipurien Tukku

- LT-Tukku Oy
- LT-Kone Oy



Panasonic Division

Jari-Pekka
Lehmuskoski,
Executive Vice
President.

- Consumer electronics
- Professional electronics
- Industrial electronics
- Photo



Kauko East-West Trade

Jussi Neuvo,
Executive Vice
President.

- Eastern trade
- Transit terminals
- Oil products
- Far East trade
- Metex
- Lubricants
- Clothing



EXPERT IN EASTERN TRADE

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

Presence on the Market

Constantly changing situations require sensitivity to react and skill to adapt quickly to changing circumstances.

Trade with our eastern neighbours demand a good representation on the market. We are established in Moscow, St. Petersburg, Petrozavodsk, Ufa, Almaty and Baku. We intend to enlarge our network further.

Export

Telecommunication is the fastest growing industrial field in the world. We have methodically and successfully developed our activities in this field in order to satisfy our demanding customers in Russia, Central Asia and Caucasus.

We deliver also technical components and systems for various branches of industry.

Our export product assortment includes additionally machines and equipment, maintenance systems, furniture, consumables, electronics and leisureware.

Import of Raw Material from Russia

In import we focus on raw material. We import logs for pulp processing, sawmills and plywood factories. We also provide pulp, sawn goods, plastic raw materials and chemicals for Finland and other countries.

Oil Products

We sell feedstock for the oil refining and petrochemical industries and also intermediate and end products which are mainly acquired from Russia. The products are sold to Finland and third countries.

International Trade

We trade between Russia and third countries.

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

Lubricants for the Industry and for Heavy Vehicles

We have strengthened our position as supplier of lubricants for the industry and for heavy vehicles. The utilisation rate and productivity of machines are improved by Molub-Alloy, Tribol and Optimol High Performance lubricants. Significant for these lubricants is that they have an especially high load capacity and long lubrication intervals.

Biogradable lubricants which to a lesser extent burden the environment, are being improved and today surpass the technical level of traditional lubricants. The demand for such lubricants grows as the sustainable development and the environmental awareness broadens.

Technical consulting, analysis and measurement service together with training form the base for our activity.

Absorbents for Prevention of Environmental Damages

We trade a large selection of absorbents for prevention of damages caused by liquid oil and chemicals. Our customers are the industry, ship owners and rescue centres.



Terminal in Hamina

Our terminal in Hamina, close to the Russian border, is a reliable, economic and safe logistic solution for the transit traffic of liquid oil and chemicals from CIS countries.

We offer a service package including transportation arrangements, loading and unloading, intermediate storage and hereto related operations.

Our terminal contains 26 tanks with a total volume of almost 100 000 m³. The handling of various types of oil and chemical products has been taken into account when designing the terminal.

We are presently improving especially the handling capacity and efficiency of chemicals. The investments now being realised comprise among others an up to date loading facility for trucks and a direct load line for chemicals from railway to vessel and vice versa.

We are building up an operational system, which will consist of quality, environmental, safety and healthcare systems according to ISO and BS standards.





EXPANDING OFFICE NETWORK

Trade with China

Kaukomarkkinat has been present on the Chinese market since 1952. China's recent opening and the returning of Hong Kong to China have opened new business possibilities. To avail ourselves of these new opportunities we have increased our sources of supply.

We have recently opened an office in Hong Kong. Our other offices are in Beijing, Shanghai and in Guangzhou. We employ 30 local experts, specialised in various export and import activities.

Our export to China is versatile including various machines, equipment and components for the wood-processing, building and shipbuilding industries. The growth in the volume of orders in the healthcare and environmental sectors has been very satisfying. We also deliver chemicals and consumables for the pulp and paper industries.

Our import from China comprises in addition to garments, also leather goods, footwear and electronics.

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

Metex is Focusing on Central-Eastern Europe

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

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

In Poland we have recently been successful in selling cables, electrical apparatus and equipment, airfield lightning and safety systems as well as raw materials for the glass, ceramic and copper smelting industries.

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

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

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

In the Czech Republic we act as importer and representative of technical products and equipment for various industrial sectors.

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

Food trade

Metex activities in Poland include exports of frozen berries and groceries, juice concentrates and apples to Western Europe and the Nordic countries.

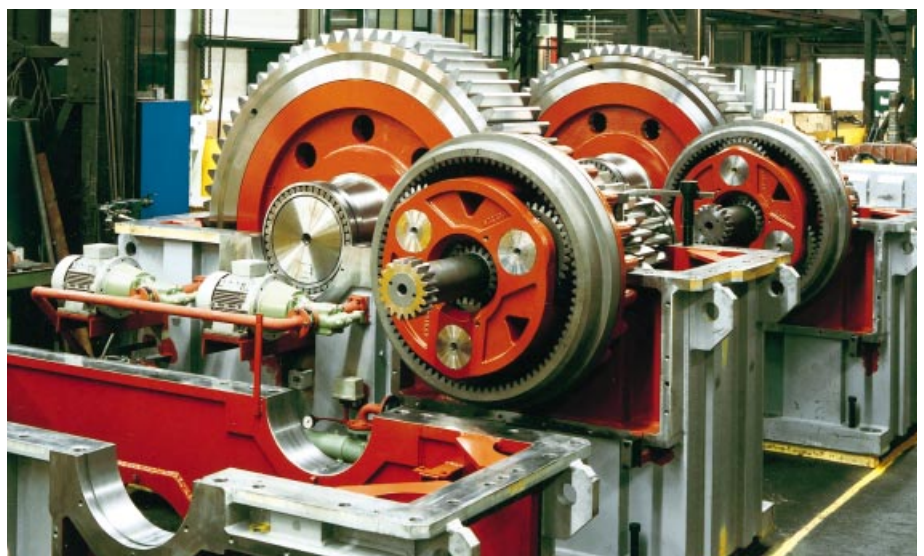
We import cocoa based raw materials and semifinished products as well as crushed exotic fruits and juices.

Africa

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

New import activities

We are developing the import of raw materials and semifinished products for the Finnish industry





LEADING INTERNATIONAL BRANDED GOODS

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

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

adidas - three famous stripes

On the sporting goods market, adidas and its symbol - the three stripes - are a concept. The adidas pioneering tradition in the sporting goods field goes back to the 1920s, when the German shoemaker Adi Dassler made his first training shoes, thus actually creating the entire sports goods trade. This was the beginning of the adidas success story as the world's best-known brand of sporting goods. The adidas brand was registered in 1948 and the three stripes were adopted as the symbol the following year. Today adidas and its three stripes are a combination that is known, recognized and respected everywhere people are involved in sports, exercise, competitions or general fitness.

Top names go with adidas

Since the days of Olympic gold medallists Jesse Owens (Berlin 1936) and Emil Zatopek (Helsinki 1952), the sporting elite have placed their trust in adidas. So have the top athletes of today, among them Haile Gebrselassie, who broke the world

record for the 5000 metres in Helsinki in 1998. The success achieved by adidas is based on its guiding principle of offering those who keep fit for their own satisfaction the same quality equipment as top athletes have opted for.

Lifestyle and fashion are also significant parts of the adidas philosophy. But when all is said and done, the important thing is to produce, for all sports lovers – from the fitness enthusiast to the most demanding competitive athlete – the same uncompromisingly developed and crafted sports equipment. Anna Kournikova, the adidas star of the tennis world, is a shining example of how to blend fashion and excellence in sport.

A nationwide network of dealers

As an importer, we have paid special attention to ensuring that there is an extensive network of retailers of adidas throughout Finland. For the distributors of adidas products and for our partners, we have selected

maximum coverage through specialist sporting goods shops, department stores, hypermarkets' sporting goods sections and mail-order organizations. These are points of sale where discerning consumers in search of international branded goods can conveniently find famous adidas products.

adidas and King Football

Football means much more to adidas than just another sport. When Germany won the World Cup in 1954 wearing shoes with screw-in studs developed by Adi Dassler, the brand made its breakthrough in the world of football.

adidas is a trailblazer in the active development of football products. A good example of this is the enhanced shooting power of new soccer boots with Predator technology and the Traxion sole for extra speed. These football innovations by adidas will be crucial in the Euro 2000 Cup.




adidas®



CITIZEN - NUMBER ONE IN THE WATCH MARKET

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

Over 30 years of cooperation in Finland

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

The first in Europe to achieve market leadership

Thanks to our effective marketing work, Finland was the first country in all of Europe in which Citizen achieved market leadership. This breakthrough took place in the mid-1970s. Citizen is the market leader for watches in Finland by a clear margin. This is proved by consumer surveys showing that today 35 per cent of all Finns have Citizen watches on their wrists.

Responsibility for the Swedish market too

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

International fashion and style in watches

When choosing a Citizen, the Finnish consumer can be sure that his or her watch is the best, not only in quality but also in elegance. A watch is an important and highly visible part of the way a person dresses. Citizen's comprehensive range has something for every taste, a timepiece that will complement each individual's personal style.

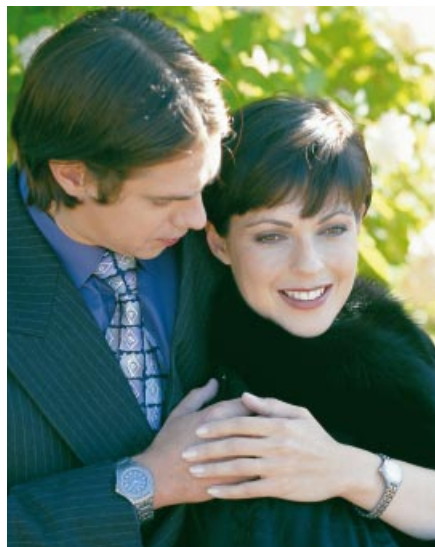
The Citizen collection is extensive. It offers everything from the most elegant designer models to the very latest high-tech multifunction watches.

The world's most sophisticated watch technology

Citizen is at the forefront of product development. An example of this is the Citizen Eco-Drive range of watches. Eco-Drive watches are powered by a photocell which charges up an environmentally friendly lithium battery. When fully charged, the battery can power the watch for months of darkness. The Eco-Drive 2000 model has the added feature of a perpetual calendar, programmed for leap years and months of different lengths for the century ahead.

Eco-Drive Titanium watches have a casing and bracelet made of titanium. It is stronger and lighter than steel and feels pleasant against the skin without causing allergic reactions.

The Promaster Navisail sailor's watch has been on the high seas in the America's Cup, in which Citizen has been the official timekeeper for 1999-2000. The Navisail watch quickly displays local time in various time zones and has a sailing tactics scale and a compass ring.



A wide network of dealers guarantees success

The Citizen success story in Finland would not have been possible without a high-class network of dealers. All around Finland there are authorized Citizen dealers who serve consumers with professional skills, dependably meeting all watch requirements. In addition to watches, our Watch and Clock Department's wide and attractive range includes various alarm, table and wall clocks.

A satisfied customer also after the sale

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



 **CITIZEN**



PANASONIC - HUMAN ELECTRONICS

Our Japanese principal Matsushita Electric Industrial Co. Ltd. is the world's leading manufacturer of consumer electronics. Its product range includes televisions, video equipment, stereos, personal stereos, in-car entertainment systems, microwave ovens, batteries, shavers, musical instruments, computers, dictating machines, CD-ROM drives, GSM mobile telephones, cameras, copiers and fax machines. Kaukomarkkinat has a long-standing and solid business relationship with Matsushita, for whom we have distributed the Panasonic and Technics trademarks in Finland for 30 years.

Looking to the future

The number of staff Matsushita dedicates to research and development tells you something about its commitment to the future: some 27,000 engineers and scientists work exclusively on developing new technologies and equipment to aid people everywhere in the world. The company devotes some FIM 20 billion a year to R&D. Matsushita holds some 46,000 patents. The name of Matsushita is also on a large number of patents for new digital technology.

Customer satisfaction through lasting cooperation

The partners we have chosen are the country's leading distributors, who rely on the Matsushita products we deal in. The names of Panasonic and Technics are found nationwide in the retail outlets of the Expert and Musta Pörssi chains as well as in other shops. We have a strong field sales organization and we continually invest in training our dealers and supporting the marketing effort. We constantly aim to enhance our cooperation with our distributors. Up-to-date, interesting information on our products can also be found on the Panasonic web site at <http://www.panasonic.fi>.

The Play ▶ Shop Panasonic chain which is carrying the full range of our products has now seven retail outlets in the following towns: Helsinki, Turku, Tampere, Jyväskylä, Salo, Lahti and Seinäjoki.

Visual products are test winners

Matsushita is the world's leading manufacturer of television sets. The Quinrix picture tube of the wide Panasonic range of TVs makes them characteristically unbeatable for their sharp picture and natural colours, superb audio reproduction and convenient remote control features. New display technology is represented by the Panasonic T (tau) concept. Examples of this include television sets with a totally straight-edge picture tube, flat-screen plasma screens and background projection TV. In its home video equipment Panasonic is a trailblazer in ease of use. Programming is made easy with ShowView and PDC codes. Panasonic TVs and videos have come out on top in tests both in Finland and abroad.

Creative fun with a video camera

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

Enjoyment for music lovers

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



Hot and cold at economical price

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

Healthy and easy cooking

In our White Line product group, Panasonic offers the widest available range of easy-to-use automatic and grill microwave ovens.

Lightweight cleaning power

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

Panasonic batteries for heavy use

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



Technics

Panasonic



PANASONIC - THE PROFESSIONAL'S CHOICE

Leading office automation and telecommunication technology

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

The range of GSM phones has the right choice for everyone from ordinary consumers to discerning business users. One example of our unsurpassed technical expertise is the new GD series of dual-band phones. ISDN systems are excellent for wired teleconferencing, as are the cordless phones, which have been market leaders for years. Panasonic's cordless DECT phones, which are an integral part of the telephone system, improve mobility in-house and nearby. Also, Panasonic's voice mail takes messages and provides service 24 hours a day. The flagship of our totally revamped range of fax machines is represented by PC/LAN compatible network faxes and compact personal multifunction units.

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

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

Professional video equipment for high-standard programme production

Panasonic is one of the world's brands for professional audio and video equipment. We supply the latest high-tech applications for high-standard TV programme production

and presentations. The DVCPRO format developed by Panasonic has been chosen by the world's leading TV companies, and today some 100,000 units of it are in use around the world. In addition to many of the world's leading TV companies, it is the choice of the Finnish Broadcasting Company and the commercial Channel 4 in Finland. In addition to DVCPRO, the Finnish Broadcasting Company Channel 2 also uses Panasonic's DVCPRO 50 and D3 digital formats for its major studio productions. The International Olympic Committee has also selected Panasonic's DVCPRO as the official production format for the year 2000 Olympics in Sydney. Our product range covers all the most important equipment and the AV workstations which combine the worlds of computer and video. Digital technology makes it possible to use new data communications networks to transmit visual material from the filming site by ISDN, ATM or satellite link to video servers for postproduction and recording regardless of distance.

The market leaders for surveillance TV systems

For years Panasonic has been the clear market leader in surveillance video systems in Finland. Our range of comprehensive packages cover surveillance in retail outlets and offices as well as high-specification area surveillance and industrial process

control. We can supply anything from small, packaged solutions to systems comprised of hundreds or even thousands of cameras and monitors. Microcameras, chip cameras and other special cameras for specialized applications in medicine and industry also form part of our range.

The majority of users of surveillance systems in Finland rely on Panasonic's time-lapse VTRs, which were developed specially for security applications. Rapid search facilities and high-quality images are the benefits that digital technology has brought to video surveillance systems. In 1999 Panasonic launched the world's first DVD-RAM recorder designed for security work.

Electronics for industrial customers

Our deliveries to Finnish industrial customers include Matsushita electronics products, components, batteries, factory automation machinery, and measuring instruments as well as measuring and testing systems.

Service guarantees customer satisfaction

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



Panasonic



LEADING QUALITY IN OPTICS

Focus on better vision

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

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

The main product groups are frames, lenses, contact lens products, binoculars, sunglasses and eye-test equipment.

Focus on quality

As a developer and importer of frames, we uncompromisingly concentrate on the quality, safety and styling of the products.

For Finnish users of glasses, we have developed and made the Titan range of lightweight frames in Japan. They have won an established position as Finland's leading titanium range.

In Europe, we depend on traditional frame manufacturers with profound expertise, and we work closely with partners including Silhouette International GmbH, with exclusive rights to sell the Silhouette, adidas and Daniel Swarovski Crystal Eyewear ranges on the Finnish market.

Focus on the sun

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

Polaroid lenses are now available in single vision and multifocal progressive lens types to correct myopia and hyperopia. Special versions are also available for motorists, fly-fishermen, etc.

Focus on contact lenses

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

Focus on nature

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

Supreme quality in lens technology

A large number of Finns who wear spectacles use lenses made by our optical facility in Varisto. The

professional staff who work there are skilled in every stage of lens production.

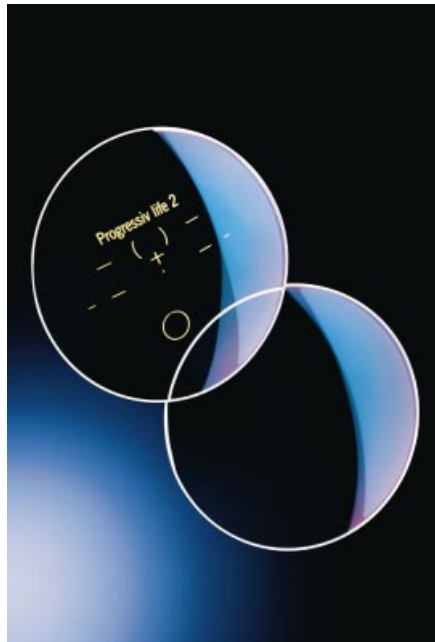
Our main principal is Rodenstock, one of the world's leading manufacturers of eyewear.

A wide range of equipment

Rodenstock eye-testing equipment and WECO edging instruments cover all the equipment that opticians need.

Finland's neighbouring areas

For local opticians in Estonia we produce both plastic and glass lenses, also coated. We are also a supplier of Polaroid in Estonia.



Silhouette[®]



TÄHTI OPTIKKO – FOR YOUR EYES ONLY

Star Optician chain

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

By 31 December 1999, the chain already had a total of 113 retail outlets, of which 75 were franchisees and 38 were owned by Kaukomarkkinat. During its first full year in business, the chain expanded to offer nationwide eye optics coverage. The chain has been given a warm reception by both partners and consumers. The goal is to be one of Finland's top two optician chains, with a 30% market share.

Customers and shops close to each other

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

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

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

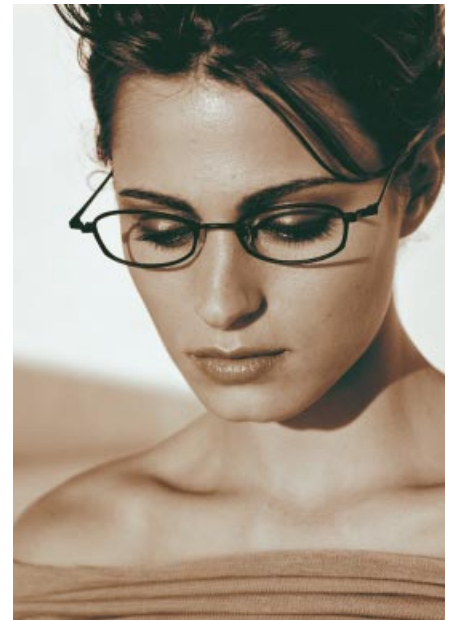
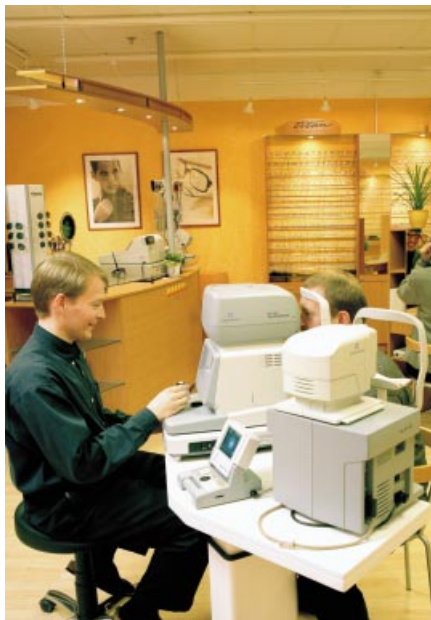
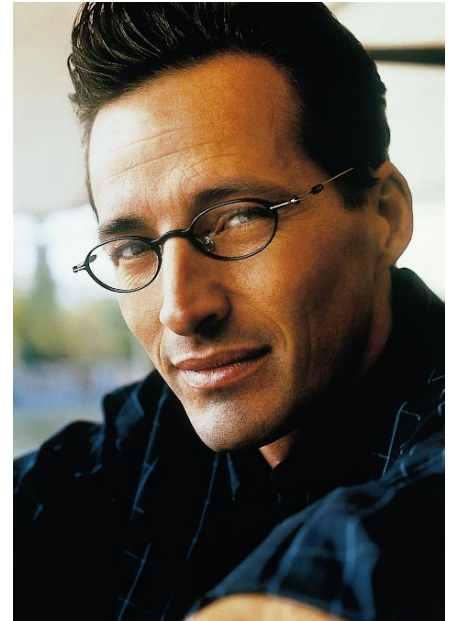
Strong brand products

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

The competitive range is broad and represents the latest trends in brand products.

Even minus is a plus

The Tähti Optikko chain is part of Finland's biggest regular customer system, which has a coverage of 56% of Finnish households – meaning more than 1.2 million families. Membership of the Plussa system is a part of the chain's customer-relations marketing; the Plussa card acts as a channel of interaction between the chain and the customer, strengthening customer loyalty.



Tähti OPTIKKO

HUOMAAKARI
OPTIKKO



LEIPURIEN TUKKU - FOOD INDUSTRY EXPERT

Leipurien Tukku has served Finland's bakers for 80 years. In this time it has achieved dominance as a supplier of ingredients, machinery and equipment. Operations have been expanded into the rest of the food industry and institutional kitchens as well as exports to Finland's neighbouring areas.

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

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

Anglia Oils Limited, Aromatic AB, Barry Callebaut Schwieze AG, Martin Braun KG, Cerestar Scandinavia A/S, Corman S.A., Dragsbaek Margarinefabrik A/S, Grands Moulins De Paris, Ireks GmbH, Norlander Food AB, Odense A/S, Sonneveld B.V., Taura Natural Foods N.V.

LT-Tukku has a nationwide sales organization. The field sales network is supported by an efficient telesales operation. Fast and regular deliveries create the basis for successful cooperation between the baker and LT-Tukku. In addition to a wide range of quality products, we also offer our customers a useful array of peripheral services. Our customer-centred product development service, our courses which have won wide acclaim, and the trips we arrange for study and trade fairs help bakeries to enhance their skills and product ranges for their own customers. Our own product consultants and those of our principals bring in the latest information on what's happening round the world, providing services of high standard for our clients.

Our pilot bakery in Espoo is a guarantee of our high-quality and efficient services for today and the years ahead. Our membership of Bako Europa, the community of leading European bakery suppliers, offers us opportunities for mutual trading as well as an international interchange of information on questions concerning trade in ingredients. The members of Bako

Europa also take part in promoting sales of bakery products through a regular exchange of experience and information on the trends in baking in each country.

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

The Finnish food industry spotlights quality and variety. As a supplier to the industry and as a specialist wholesaler, we support these aims by providing a comprehensive array of ingredients and requisites combined with training, advisory services and collaboration on product development. Our product range includes turkey, chicken and venison. The natural and artificial casings, ham nets and collagen skins we sell represent the elite for quality. We provide additives, seasonings, flavourings and other ingredients from the leading suppliers in the field. We also supply our customers with other supplies and materials, including roasting guards, safety equipment, HD film products and other packaging materials.

Kauko Gourmet's meat products are aimed at HORECA consumption, providing poultry and venison, high-value beef cuts and exotic specialities to add variety to the range of ingredients in Finnish cuisine. The principals we represent in Finland include the following international experts: Affco New Zealand, Beckdorin Kollagenfolien, BK Giulini Chemie, Carl J Nielsen & Son, Charmilles SARL, DeSter, Elliot Packaging, Goet Food, Griffith Laboratories, Hellasnet, Imwiedex, Kosa Celpack, Loders Crockaan, Oskuda Kunst Darm, Nippi Casings, Protina Lactovit, Raadvad, Scanegg, Synavi (Gastronome), Tillmanns-Hof, Tipiak, VanHessen, Volk Enterprises.

KAUKO GOURMET WINES

The Kauko Gourmet Wines department specializes in wine importing and agency business, working with the world's leading wine-making countries. We are agents for the following quality wineries: from **Italy**, Zenato, S.Osvaldo, Venegazzu, Marsaglia, Vietti, Grati, Baroncini, Casal Thaulero, and Donnafugata, from **Bulgaria** Menada and Vini Sliven, from **France** La Chablisienne,

Cave de Buxy, Charles Koehly, Tarlant Tresch, Château Mas Neuf, Olivier Leflaive, and Domaine Franck Millet, from **Spain** Castell del Remei, from **Portugal** Quinta di Lagoalva, from **Hungary** Hilltop Neszmély, from **Chile** Undurraga, and from **Oregon** Flynn.

Leipurien Tukku in the Baltic states and St Petersburg

We are an important supplier of goods to the Estonian bakery and food industry and to restaurants. We provide a comprehensive range of products, efficient logistics, and training & product presentation services.

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

Leipurien Tukku's subsidiary in Latvia was started in January 1998. We expect to attain a significant position as a supplier to the bakery industry and other sections of the food industry in Latvia as we have elsewhere.

LT Poska Sp.zo.o. went into business in early 2000. The large and demanding Polish market is a major challenge to Leipurien Tukku and our principals. Here, as elsewhere, our goal is to build up an efficient and competitive speciality wholesale business for bakeries and the food industry.





LEADING SUPPLIER OF BAKERY MACHINERY

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

Wide range of products

Our product range includes all the machinery and equipment needed by small, medium-sized and industrial-scale bakeries - from flour silos to packing machines. We also offer fittings for minibakeries as well as a wide and constantly growing range of baking utensils. Our principals are among the world's leading manufacturers in their fields: Hobart Corporation, BV Machinefabrik Houdijk, Klöckner Hänssel Tevopharm B.V., Lillnord A/S, Mondomix B.V., RheonAutomatic Machinery Co Ltd, Sancassiano S.p.A., Seewer AG, Sveba-Dahlen AB, Werner & Pfleiderer GmbH.

Customized in-house manufacturing

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

Supplementary products

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

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

Smooth service

Our reputation as a dependable supplier is also based on our after-sales service. LT-Kone Oy's strengths are its expert installation, commissioning and servicing personnel as well as its fast spare parts deliveries. We keep more than 3,000 spare part items in stock, and in conjunction with our principals we provide regular training for our service organization throughout the country.

LT-Kone in the Baltic states

We have expanded operations into the Baltic states. Tallinn-based Leipurien Tukku A/S in Estonia has a comprehensive range of baking machines and utensils in its sales programme with which to supply the growing markets of the Baltic area.



LEITOK OY

Everyday fashion for the consumer

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

Kaukomarkkinat Oy acquired the shares of Tremont Oy from Kesko Corporation on 3 January 2000. By means of this transaction, we are consolidating our resources in the development of a single wholesale unit.

Merging the strong points of Leitok and Tremont will further enhance our competitiveness.



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