Tradeka Corporation

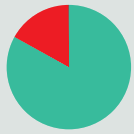
annual report 2003

CONTENTS

Tradeka

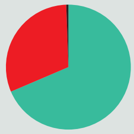
TRADEKA CORPORATION IN BRIEF

	2003	2002	Change
	EUR million	EUR million	EUR million
Net turnover	1 221.6	1 203.6	+1.5 %
Profit before extraordinary items	43.5	31.4	+12.1
Balance sheet total	520.1	564.4	-44.3
Personnel, average	4 914	5 006	-92
Outlets:			
• stores	515	514	+1
• hotels	35	34	+1
• restaurants	233	233	



Net turnover by business group
EUR million

Tradeka Consolidated	1 015.0 (+1.5 %)
Restel Consolidated	205.7 (+1.7 %)
Others	0.8 (-32.3 %)



Personnel by business group

Tradeka Consolidated	3 370 (-63)
Restel Consolidated	1 518 (-20)
Others	26 (-9)

Following its seven years as an outsourced service, the editorial staff of the ***Me*** *loyal customer magazine re-joined Tradeka. At the same time, the magazine extended its circulation by becoming a nation-wide magazine for YkkösBonus loyal customers, with its edition growing to almost one million copies.*

PRESIDENT'S REVIEW

The final year of Tradeka Corporation's financial restructuring programme, 2003, was branded a year of good financial performance. The corporation reported a profit of EUR 43 million before extraordinary items while improving its net profit to EUR 87 million amid the remaining measures involved in the financial restructuring programme. Tradeka Consolidated, the retail arm, showed its best ever business performance, and Restel Consolidated, the hotel and restaurant arm, posted its second best profit ever, despite the fact that the persistent stagnation kept growth in both lines of business restrained.

Thanks to its good profit performance, Tradeka Corporation succeeded in raising its solvency ratio to 30 per cent. Although this figure is not as high as it should be, it is three times higher than initially expected. The solvency ratio of Restel Ltd and parent Cooperative Tradeka Corporation came to 52 per cent and 67 per cent, respectively, both figures reaching an acceptable level. Tradeka Ltd's solvency ratio stands at 37 per cent, which is tolerable.

The official completion date for the financial restructuring programme that began in 1993 was 31 December 2003. Now that we have fulfilled all of the obligations connected with the programme, I must admit that this was a tough process filled with intricate, awkward and, in many cases, unpleasant issues and tasks. Although this ten-year-long painful experience endured by the Tradeka staff was by no means a test laboratory, we all have learnt a lot from what we went through in that time. We have not only learnt new things about the law and people but also identified new aspects of ourselves.

This entire process was proof of how all Tradeka Corporation's employees perform little wonders in corporate Finland. By fulfilling the requirements set for the financial restructuring programme, they provided the corporation with justification for its existence while safeguarding their jobs at the same time. But that's not the whole story. It is the personnel who deserve the credit for Tradeka emerging as a profitable company with every prospect of future success.

That the financial restructuring programme came to a successful end on schedule was secured by an agreement concluded with creditors for the remaining additional debts (partitioning debts) of EUR 17 million, in exchange for which the creditors withdrew their action based on Section 63, Paragraph 4 of the Financial Restructuring Act. Even if we had been able to feel confident about the result of this process, further legal proceedings would have caused uncertainty and prolonged the final settlements involved in the programme.

Parent Cooperative Tradeka Corporation's financial restructuring programme required extreme sensitivity and focused operations on the part of Tradeka Ltd and Restel Ltd all the way through the end of the programme. We remained knowingly wary of establishing new businesses since paying back creditors and securing annual profit performance always took priority over anything else.

Instead, we have made concerted efforts to launch large-scale and thorough development projects for our retail business while, in our hotel and restaurant business, retaining our market position through a well-defined management model and safeguarding future competitiveness through a reasoned investment programme.

We need to view Tradeka's future prospects in light of the transformation under way across Europe. In this respect, Scandinavia is arousing increasing interest among major industry incumbents; the fact is that the region boasting a high standard of living has a population of 24 million. Finland has not been immune from these changes, and competition from abroad is expected to intensify while domestic players continue to make investments. Against the background of this inevitable trend, it has been necessary to analyse various options for the future in order to secure Tradeka's competitiveness in the long run.

Our special duty for the next five years is to service the remaining restructuring debts with dignity. Although we will have no trouble settling them, doing so will be a constraint on investments. In this situation, economic growth will hardly provide an impetus, considering that the economic recovery forecast for the second half of 2004 – the fourth year in a row, by the way – is still in doubt.

It gives me great pleasure to thank all of Tradeka Corporation's employees for their good performance and contribution. You have demonstrated your willingness and inclination to adopt new working methods, which has made it possible for us to completely reshape the way we do business and operate. In the meantime, you have held out against all the pressures that have come from both outside and inside the company – and not least from my direction. Tradeka's success in the retail market has come from the process of learning new things. Therefore, we all deserve to be proud of our achievements and ourselves.

Antti Remes
President

The Valintatalo chain updated its store concept. Opened in January 2004, the Winterinmutka Valintatalo in Tampere (up) was designed as an 'urban grocery shop' down to the very building. The Vattuniemi outlet in Lauttasaari (below), Helsinki, had the honour to be the first one in the series of the openings of new Valintatalo stores in the Helsinki Metropolitan Area. With the current number of outlets totalling nine in Helsinki, Espoo and Vantaa, the region will boast twelve stores after summer.

TRADEKA CONSOLIDATED

President Aarno Mäntynen

Tradeka Consolidated reported a net turnover of EUR 1,015 million, up 1.5 per cent on a year earlier, the net turnover growth coming from the neighbourhood shops Siwa and Valintatalo, both of which showed higher net turnover growth than their competitors. Profit before extraordinary items came to EUR 22.9 million, up by EUR 6.9 million on a year earlier. Tradeka's market share, at 9.7 per cent, was 0.1 percentage point lower than in the previous year.

2003 was characterised by increasingly intensifying competition in the Finnish grocery market as the Finnish retail chains responded to the entry of international competitors. At the same time, the so-called private-label products, or store brands, increased their share in all of the retail chains' sales. Meanwhile, retail prices fell and the inflation rate remained low.

Tradeka focused on strengthening its neighbourhood shop concepts, while upgrading its hypermarket operating models. In order to deepen the application of its process-based operating model, the company took two major measures. First, by integrating the Euromarket chain management under Outlet Operations, it abandoned the final remaining boundaries between the chains.

Second, the outcome of the Proto II development project launched during the spring was the deeper retail business process organisation completed in early September. This new organisation is based on an operating model in which processes assume responsibility for operations and operating policies while the main functions are in charge of competencies and resources. For daily operations, this remodelled organisation has turned out to entail greater internal changes than related external changes since all development projects under way are now organised on the basis of these processes.

Upgrading operations through development projects

A more in-depth upgrading of areas involved in business processes is carried out in the form of annually defined development projects that are managed and monitored by the Development Forum made up of the top management. The following company-level projects were in progress in 2003:

The aim of *the Customer Relationship Project* is to adopt a new, more sophisticated approach to the concept of CRM by addressing local demand and the efficiency of chain-based operations. Major schemes launched in 2003 included the elaboration of a new segmentation model and the definition of customer goals.

Automated product range and space management is necessary for creating an appropriate range and mix of products based on local needs. This so-called Mokkula X project, as one of the first of its kind in the world, aims to develop a new technique that is capable of analysing an ever-increasing amount of data and, on the basis of such data, automatically defining product ranges and mix and planograms for each retail outlet.

Competence development, a new Development-Forum-level project launched at the end of the year, aims to identify the competencies within the organisation that form the foundation for the company's current success. The idea is to assess, after preliminary analysis, current competencies in light of expected changes in the business environment and Tradeka's strategic choices. In this way, Tradeka aims to secure the maintenance of competencies required for the future and the retention of the required new skills, on the basis of either staff training or recruitment.

Under way since the autumn of 2002, *the sales-based ordering (SBO)* scheme in 2003 expanded to cover all grocery products, except for perishables and brewery products, and all consumables with a regular sales pattern. During 2004, the project will proceed to a point where only a few product groups and exceptional products are not included in SBO by the end of the year. After that, Tradeka will continue to develop a new operating model as part of process development.

The development of consumables business resulted in revamping the model for consumables operations through demand analyses and business process development. These measures were already reflected in improved business performance towards the end of the year, in terms of higher turnover ratio and lower inventory value. The consumables development project came to an end in late 2003, and the resulting improvements were integrated with daily business operations.

The quality development project resulted in the definition of a systematic operating model for quality management and the development of a quality-management information system, including the required indicators, not only to serve as the basis for decision-making within the company but also to provide information for the authorities. Tradeka also presented the outcomes of its quality development project to food control authorities, which praised the company for its effective management of in-house control. The fruits of this development project also became an integral part of daily business operations.

Tradeka is involved in ECR Europe's international projects aimed at developing co-operation between retailers and manufacturers. In addition to the real-time information the company receives through its involvement, these projects present an important training opportunity for people involved in them. Through our active involvement in such international projects, we can also contribute to the conformity between the standards applied in the industry and our own goals and operating models.

Integrated outlet management

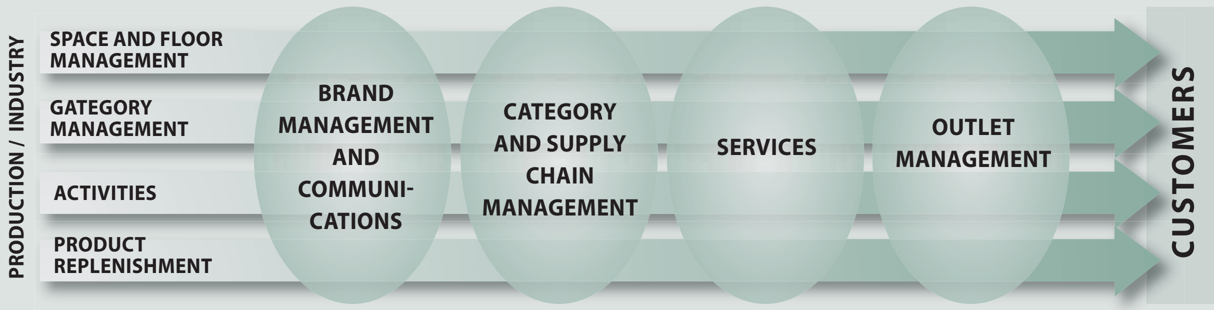
Responsible for the management of all outlets, the Outlet Management unit took its final shape in the autumn, when Business Locations (sourcing, construction and maintenance) and Lease Management joined the unit. As a result of Elanto Group's withdrawal from its co-operation with Tradeka at the end of 2003, Tradeka re-entered the Helsinki Metropolitan Area retail market, with Elanto handing over its 44 Siwa outlets and three Valintatalo stores to Tradeka. In addition, Varuboden sold four outlets, based in Helsinki and Espoo, to Tradeka.

On 31 December 2003, the number of Tradeka's retail outlets in Finland totalled 513, before climbing to 560 on 1 January 2004. Tradeka is actively looking for business locations throughout Finland, particularly in the Helsinki Metropolitan Area.

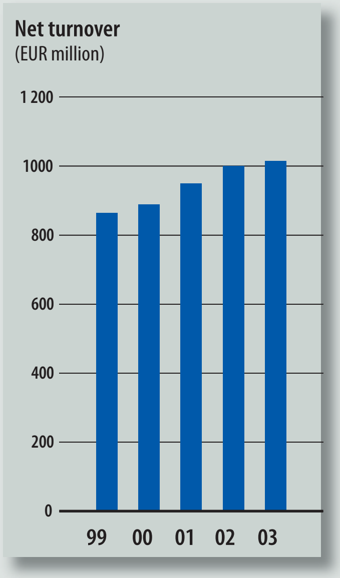
Ever-stronger Siwa

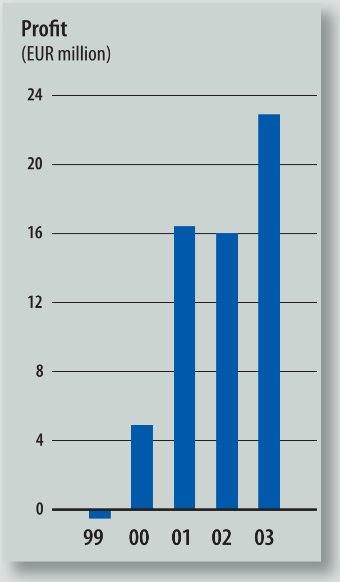
Siwa, with a reported net turnover of EUR 439.7 million, up 5.4 per cent year on year, continued to

TRADEKA´S PROCESS ORGANISATION



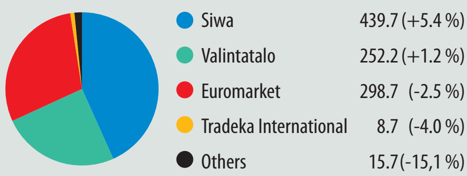
TRADEKA CONSOLIDATED 2003

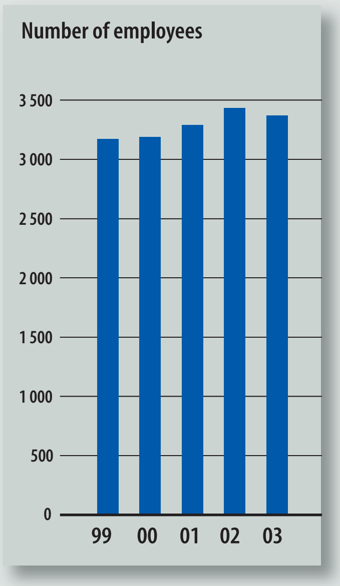




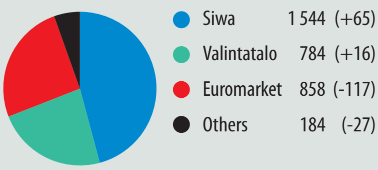
	Number of stores on 31 December 2003		Number of stores on 1 January 2004	
Siwa	402	+6	446	+44
Valintatalo	92	+2	95	+ 3
Euromarket	19	–	19	–
Tradeka International	2	–	2	–
Neste Quick Shop	0	-7	–	–
Total	**515**	**+1**	**560**	**+47**

Sources of net turnover (EUR million)





Personnel by chain



The strengths of Tradeka's quality management lie in its system-based documentation and network of expert quality-management auditors and trainers operating at the regional level. ***Teija Kojo*** *(right) and* ***Kaija Jokinen*** *check the temperature of the vegetable counter at Siwa in Urjala.*

The Valintatalo's chain's 'Back to the Roots" spot won silver in the TV and cinema advertising category in the Top of the Year competition organised by Grafia ry.

strengthen its market share among neighbourhood shops. In the course of the financial year, Tradeka opened 11 Siwa outlets and closed six. Three Valintatalo stores were reshaped into Siwa outlets and two Siwa outlets into Valintatalo stores, the year-end number of Siwa outlets totalling 402 (+6). At the start of 2004, Siwa consisted of 446 outlets.

Valintatalo's new look

With a net turnover of EUR 252.2 million, up 1.2 per cent on a year earlier, Valintatalo got a fresh, new look – the outcome of *the Ruokaisuus project* (Affection for Food) – piloted by the Valintatalo in Verkahovi, Turku, in early 2003. The end of the year saw the successful opening of four Valintatalo stores with a new look. The year saw three new outlets set up, two Siwa outlets converted into Valintatalo stores, and three Valintatalo stores refurbished into Siwa outlets. The number of Valintatalo stores totalled 92 (+2) at the end of the year; 2004 started with 95 outlets.

Euromarket's revamped consumables business

Euromarket's net turnover amounted to EUR 298.7 million, down 2.5 per cent from the previous year's level. The rationale behind Euromarkets' developments lies in the fact that the spring and summer featured a project to revamp their operational logic for its consumables business and realise related inventory. The number of Euromarket outlets remained unchanged, at 19.

The Kotka and Kuopio outlets updated their business concepts. An extension project at the Imatra Euromarket had an unfavourable effect on sales towards the end of the year. The refurbished and extended Imatra outlet was opened in April 2004. The end of 2004 will see the opening of a new Euromarket store in Linnanmaa, Oulu, while the Jyväskylä outlet will undergo extension by around 3,000 m². The Euromarket outlet in Rauma will be closed down since the premises will go to a new owner.

Siwa remained strong in Russia

ZAO Renlund SPb, Tradeka's Russian subsidiary, runs one Super Siwa supermarket and one Siwa neighbourhood shop in St. Petersburg. They reported a combined net turnover of EUR 8.7 million, down 4.0 per cent, year on year. International operations showed a good performance.

With the rapidly growing spending power among Russian consumers, annual growth in retail sales is 13 per cent. In late 2003, ZAO Renlund SPb concluded an agreement for setting up a new outlet to be housed in Cosmopolis, a new shopping centre opening in autumn 2004. The Super Siwa supermarket in Primorsk is under renovation, and it will be extended with an additional storey. This construction work will affect first-half sales to some extent, but, once completed, the outlet will boast not only more shelf space but also refurbished premises.

For nature conservation

Loyal Customer Operations, Store Brands and Communications operate under Brands and Communications.

Loyal Customer Operations has begun its co-operation with Suomen Luonnonsuojeluliitto (the Finnish Association for Nature Conservation), providing loyal customers with the opportunity to subscribe a preferred amount of money, based on their accumulated bonuses, to help Finnish wildlife. In order to become participants in the programme, loyal customers exchange their standard YkkösBonus card for the card carrying a picture of a ringed seal, a symbol of the association.

During the year, Tradeka created new tools for the management and communication of store brands, used both internally and externally. It also intensified and standardised its marketing planning on the basis of its brand strategies, promises and definitions, and it was able to make better use of customer data in support of own brands' and partners' advertising efforts.

As a result of the end of co-operation with Elanto, *Me*, the loyal customer magazine under the Ykkös-Bonus Scheme came back to Tradeka, with its editors joining the Communications unit in November 2003.

Strategic partnership

The organisational change carried out in the autumn involved the integration of logistics management and in-store planning, including in-store space management, with product management for grocery goods and consumables. This new main function integrates all processes in the supply chain that affect in-store shelf availability, all the way from manufacturers to store shelves.

The year saw a major project to revamp the operational logic for Euromarket's consumables business, with the result that the Euromarkets' consumables departments adopted centrally produced planograms, automated order processes and centrally-managed logistics. In addition, the changes involved systematised assortment management and the transfer of consumables' pre-sale processes to the processing centre run by Inex. All these changes led to a significant increase in inventory turnover for consumables.

In the autumn, in co-operation with a few suppliers, Tradeka began to elaborate a strategic partnership model to identify, using the ECR concept (Efficient Consumer Response), completely new policies and practices based on open and unbiased partnerships, with a view to streamlining joint processes involving retailers and manufacturers.

Proactive service provision

The Services main function integrates all those units providing business processes with in-house services. The purpose of its two sub-functions, HR Services and Information Services, is to actively provide support services for business processes. For example, Information Services analyses information required for making business decisions. For the purpose of identifying the required services, the Services function's representatives co-operate closely with business processes.

The Services function also co-operates with Competence Development Services, or the AVA Institute and the Accounting Services unit based in Tampere.

Processes give strength

Changes reshaping Finnish society – and the future of the Finnish retail sector in particular – are part of the transformation under way all around Europe. In this respect, 2004 will not let us rest on our laurels, nor did previous years. Consequently, not only the retail sector but also industry will have to streamline their processes and continuously identify and specify new operating policies and practices.

Tradeka will seek additional operating efficiency by anchoring its process-based operating model even more deeply in company processes. Projects aimed at quantum leaps in processes – sales-based ordering, automated product-range and space management, integration of customer group data with product data (development of customer relationship management), and demand variation management as the latest development project – are proceeding on schedule. In addition, the company is making heavy investments in managing and continuously streamlining its processes; a vital part of these efforts involves developing indicators for measuring processes and using them in parallel with traditional ones.

There is no doubt that, on an international scale, we are among the pioneers not only in the process-based retail organisation but also in terms of the expertise demonstrated by those involved in development work. That Tradeka is independently analysing opportunities to enter into an alliance is a natural consequence of the transformation in the European retail sector. In this analysis, Tradeka also evaluates its longer-term competitiveness.

Tradeka showed a favourable performance in the first few months of 2004, with higher year-on-year and budgeted figures.

Efficient business processes are based on flexible teamwork between people involved in various tasks. ***Kari Mattsson*** *(back left), Packaged food;* ***Aleksi Virkkunen****, Logistics Management;* ***Jussi Tolvanen****, Business Processes;* ***Markku Uitto****, Product and Logistics;* ***Aarno Mäntynen*** *(mid left), Company Management;* ***Tiina Korolainen****, Logistics Management;* ***Antti Remes****, Development Forum and Strategy Group;* ***Aki Erkkilä****, Perishables;* ***Teija Pipping*** *(front row), Product Replenishment Process; and* ***Tarja Sandell****, Brands.*

RESTEL CONSOLIDATED

President Ralf Sandström

Restel Consolidated reported a net turnover of EUR 205.7 million, up 1.7 per cent on a year earlier. Although the industry was plagued by harsh market conditions, Restel improved its profit once again; profit before extraordinary items amounted to EUR 22.1 million (EUR +1.6 million), accounting for 10.7 per cent of net turnover.

The sales volume in the hotel and restaurant sector fell by around 2 per cent on the previous year. There were, however, wide regional variations. According to preliminary data, average profitability in this sector has also declined. Nominal sales at licensed restaurants rose by approximately 0.5 per cent. In volume terms, sales dropped by 2 per cent from the previous year, considering the 2.5 per cent price increase in meals and alcoholic beverages. Nominal sales of hotel accommodation grew by almost 2 per cent, while prices increased by over 2 per cent and the occupancy ratio decreased by 0.6 percentage points.

Despite the modest sales performance caused by increasingly difficult market conditions, Restel succeeded in maintaining its good business performance, which was even better than in the previous year, thanks to its continued careful management of gross margins and operating costs. Restel Consolidated's major investments included furniture and other furnishing acquisitions for the Holiday Inn Helsinki City Centre opened in April, and maintenance and business-concept changes within the company's other network.

The focus of development projects during 2003 continued to involve sharpening concepts for the restaurant business and implementing the brand-based operating models defined for its restaurants and hotels. The aim of the investments especially in the hotel business is to strengthen Restel's future position in the Helsinki Metropolitan Area in particular.

Five new hotels in Helsinki

Restel hotels generated a net turnover of EUR 116.1 million, up 2.7 per cent over the previous year. Year-on-year net turnover coming from hotel accommodation rose by 6.8 per cent. All of Restel Consolidated's hotel companies - Cumulus Oy, Rantasipi Oy, Restel Kylpylähotellit Oy (Restel Spa Hotels) and Kansainväliset Hotellit Oy (International Restel Hotels) - were in the black. As a whole, the company's hotel operations performed well during the financial year.

In April, Restel opened a new hotel, the Holiday Inn Helsinki City Centre, adjacent to the Helsinki railway station. It also concluded agreements, effective since early 2004 with Cooperative Elanto for buying the hotels Cumulus Seurahuone and Cumulus Olympia. The renovation of the Crowne Plaza Helsinki property began in 2003, and the fully renovated hotel will open its doors in early 2005. Restel has also concluded an agreement for constructing a new hotel in Ruoholahti, Helsinki.

November saw the opening of the Rantasipi Rukahovi hotel's new meeting facilities, and three hotels were targets for room and facilities refurbishment during the financial year. Due for completion in autumn 2004, the extension and renovation of the Spa Hotel Rantasipi Eden in Nokia began at the end of 2003. The company entered into partnership with the City of Hämeenlinna and Dividum Oy, a real-estate investment company, for constructing a spa and multipurpose facilities adjacent to the Rantasipi Aulanko hotel. The aim is for the spa and multipurpose facilities to be in use by the end of 2005.

At year-end, Restel owned 35 hotels and the 66 restaurants housed within them. Restel also ran three Elanto-owned hotels in Helsinki and the Rantasipi Pohjanhovi and Cumulus hotels in Rovaniemi, under business management contracts. Restel became the owner of two of these Elanto-owned hotels at the beginning of 2004.

Branding all restaurants

Restel restaurants posted a net turnover of EUR 87.5 million, down 0.7 per cent on a year earlier. All of its restaurant companies - Restel Ravintolat Oy, Helsingin Restel Ravintolat Oy and Rax Ravintolat Oy - showed profits, and their overall financial performance was good.

The brand modernisation process that was under way for a couple of years concluded with 17 restaurants adopting a remodelled brand concept in 2003. Through its 11 restaurant brands, Restel currently runs all of its restaurants on the basis of their specific brand concepts. Restaurants in Kaukakärvi, Tampere, and Mukkula, Lahti, moved onto new premises, while the Rovaniemi Rax restaurant moved onto its own renovated premises.

Three restaurants were sold or closed down in 2003. The combined year-end number of restaurants remained at the previous year's level, at 167.

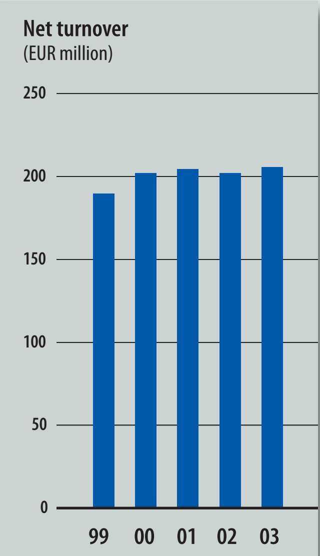
Staying cost-conscious and focused amid changes in the business environment

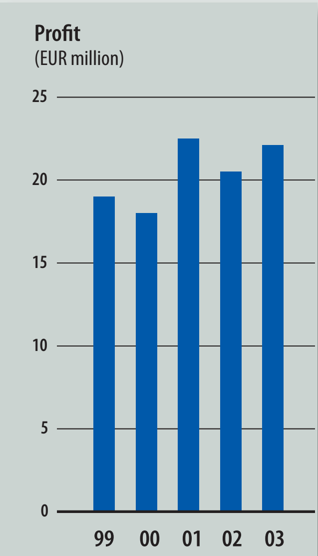
Hardly ever before have the hotel and restaurant industry's prospects been characterised by as many major co-existing uncertainties as in 2004. Nevertheless, performance figures are expected to improve in both the restaurant and the hotel business, with no major changes in profitability anticipated. The effects on the industry of the changes in Finland's tax on alcoholic beverages in March, deregulation of alcohol imports due to Estonia's EU membership as of May, and international terrorism may, however, be unpredictable.

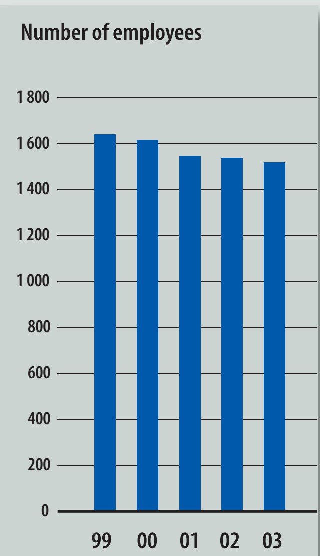
As in previous years, Restel will adhere to its time-tested strategy. This will involve deepening the consolidation of branded restaurant chains with redefined concepts, expansion on a profitable basis, well-organised management of service processes and strict control of operating costs. Restel Consolidated's reported results for the first few months of 2004 were at the previous year's levels.

Environmental performance

All Restel hotels and restaurants have environmental plans that are integrated with their annual plans. Key environmental measures include energy conservation, waste reduction, waste sorting and recycling, as well as environmental co-operation with suppliers.

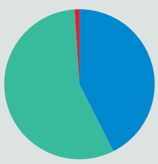






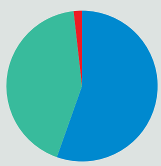
Three Restel hotels underwent room and facilities rejuvenation projects, one of them being the Cumulus Kaisaniemi hotel, Helsinki, whose rooms got a new, fresh look in line with the Cumulus brand concept.

Sources of net turnover (EUR million)



Restaurant companies	87.5	(-0.7 %)
Hotel companies	116.1	(+2.7 %)
Other sales	2.1	(+61.5 %)

Personnel by company



Restaurant companies	841	(+4)
Hotel companies	650	(-23)
Others	27	(-1)

EKA REAL ESTATE DEVELOPMENT LTD

President Heikki Venho

Eka Real Estate Development Ltd recorded a net turnover of EUR 10.5 million, while posting an operating profit of EUR 4.7 million and pre-tax profit of EUR 0.9 million. Capital losses on fixed came to EUR 0.4 million. Despite the fall in net turnover due to property divestments, the company maintained a positive cash flow and a good financial position.

Economies around the world are showing signs of revival, Finland included. However, it is difficult to predict the growth rate, as the forecasts vary greatly. Consumer confidence has remained at a healthy level, which keeps demand buoyant. Demand in the property industry focuses on housing and business premises, while the office building market, hit by weak demand, looks quiet and is characterised by the downward trend in office rental rates.

Foreign investors have shown increasing interest in the Finnish property market, focusing mainly on the Helsinki Metropolitan Area. The Finnish property market is still suffering from quite low liquidity, and a number of areas across Finland lack well-performing property markets. Despite low interest rates, property investors still require a very high level of return.

Financial restructuring programme completed

2003 was the last year for Eka Real Estate Development Ltd as part of Cooperative Tradeka Corporation. The company continued to sell its property in accordance with Cooperative Tradeka Corporation's financial restructuring programme. The value of the 20 transactions recorded during the year totalled EUR 10 million, major deals including the sale of shares in Kiinteistö Oy Hyvinkään Hämeenkatu 2-4; the disposal of the Hamina, Karkkila, Oripää, Varkaus and Viitasaari real estates; and the divestment of the Kerava Ahjo and Hämeenlinna Kantolaniemi landed property.

During the financial restructuring programme, Eka Real Estate Development has sold 365 pieces of real estate, representing 94 per cent of its total property holdings. At the beginning of 2004, it had 25 such properties, with a combined area of 101,500 m², their balance sheet value totalling EUR 61 million. On completion of the financial restructuring programme, the value of property shown in the company's balance sheet came to approximately the amount estimated during planning of the programme in 1994. The current number of unsold pieces of real estate is slightly higher than initially expected, and the properties remaining unsold are not the ones anticipated. The area of the remaining property accounts for 22 per cent of what the company held at the beginning of the programme, or 26 per cent of the balance sheet total, the difference mainly being due to the high weight of Kiinteistö Oy Hämeentie 19 in the balance sheet.

During the financial restructuring programme, Eka Real Estate Development Ltd has made a profit of EUR 13.4 million, and, in terms of business profitability, the company has performed much better than was expected in 1994, when the company was established.

The largest investment, in Imatra

In tandem with decreasing the amount of property it holds, the company has made less property investment. The rationale behind the company's property investment is to renovate premises to meet the specific operational requirements set for them and upgrade them to make them more attractive to rent and sell. Last year, the largest capital-spending target, valued at EUR 2.6 million, involved the extension of its business premises and parking deck in downtown Imatra. This extension will ensure that the property generates cash flow for the next ten years.

The renovation of the façade of Kiinteistö Oy Hämeentie 19 was completed. The year saw the renewal of lease agreements with Tradeka Ltd and Restel Ltd, both based on the premises; these long-term leases safeguard two thirds of the company's cash flow. The company bought two million euros' worth of shares in the VVO Group that held a share issue. All investments were financed by cash.

New owner

On 31 December 2003, Cooperative Tradeka Corporation sold all of its shares in Eka Real Estate Development Ltd to its creditors involved in the financial restructuring programme as part of the final arrangements included in the programme, the largest new shareholders since early 2004 being the Finnish state and Nordea Bank Finland Plc. This transfer of shares required various prearrangements and other measures during 2003.

Eka Real Estate Development Ltd will continue to divest its property during 2004, with a view to ensuring that such properties bring in good returns. The company's properties have a healthy rate of return, and their operations are mainly based on long leases.

ENVIRONMENTAL REPORT

During the financial year, Tradeka placed particular focus on minimising environmental risks, including soil investigation and remediation at old fuel distribution stations, enhanced waste sorting and recycling, as well as maintaining the previous year's level of energy efficiency in relation to sales growth.

Environmental effects

The retail business and the associated support functions have a direct or indirect effect on climate change, acidification, eutrophication, ozone depletion and chemicalisation. The location of retail outlets affects community planning and the use of land. Constructing, repairing, maintaining and demolishing buildings requires materials and energy, and generates waste. The most significant direct environmental impacts of retail outlets relate to the energy and materials they use, and the waste they generate. Environmental risks deriving from business operations also include the pollution of soil, air and ground water caused by old fuel distribution stations, subterranean oil tanks for buildings, and fire.

Although Inex Partners Oy, together with its subcontractors, is in charge of sourcing and logistics for Tradeka's retail outlets, Tradeka also has an indirect impact on transport-based environmental emissions through its decisions on product ranges and logistics. The manufacture, use and disposal of merchandise and related packaging also constitute an indirect environmental hazard.

Environmental management, goals and risks

Environmental management is part of Tradeka's daily decision-making and management system, confirmed in the company's environmental policy adopted on 25 March 1998. Ketjuetu's Outlet Management unit is responsible for the development of environmental management at Tradeka.

Tradeka has evaluated the environmental effects of its retail business, and their significance. Environmental programmes drawn up for all basic functions for the purpose of reducing major environmental hazards are chiefly aimed at reducing the amount of landfill waste and packaging materials, increasing waste recycling and reuse, and using energy more efficiently. The aim is also to enhance the personnel's environmental awareness and improve the management of environmental risks.

At the end of the year, Tradeka concluded an agreement with Suomen Luonnonsuojeluliitto (the Finnish Association for Nature Conservation), on the basis of which Tradeka's loyal customers can donate to the association using their accumulated bonuses. The corporation's environmental management system is still incomplete because the related environmental programmes are currently being revised. Tradeka has expressed its opinion on environmental issues in statements issued by the Federation of Finnish Commerce and Trade and the Finnish Food Marketing Association.

Neither costs resulting from environmental protection nor any resulting savings are itemised separately in accounting, except for costs resulting from soil remediation at old fuel distribution stations. Tradeka has analysed and eliminated environmental risks related to old fuel distribution stations and industrial sites.

Energy consumption

The retail business uses electricity for cooling, ventilation, lighting, heating, and machinery and equipment. Carbon, sulphur and nitrogen dioxide compounds deriving from energy production have a fundamental impact on climate change, acidification and eutrophication, while particle emissions present health hazards.

Oil consumption and related emissions

The total consumption of light oil on Tradeka's 96 (-9) oil-heated premises amounted to 0.98 million litres (-0.2), with the resultant carbon dioxide emissions totalling 2,600 tonnes, down 577 tonnes on a year earlier. The declining trend in oil consumption is due mainly to the gradual shift to district heating and the adoption of heat recovery systems, with variations in weather conditions and the purchasing time of oil playing a part as well. Tradeka's emissions from oil consumption accounted for well below 1 per cent of total emissions in Finland.

Electricity consumption and related emissions

With electricity consumption totalling 133.7 million kWh (+11.5 million kWh), Tradeka purchases its electricity from Helsingin Energia on a centralised basis. This figure also includes the electricity used by companies that lease outlets and other business premises in buildings owned or occupied by Tradeka. The data for 2003, including figures for consumption by Tradeka's 465 outlets (19 Euromarket hypermarkets, 76 Valintatalo stores and 370 Siwa outlets) and those for 2002, including consumption by the 470 outlets the company then had (17 Euromarket hypermarkets, 69 Valintatalo stores and 384 Siwa outlets) are not comparable as such since some of the consumption data for 2002 does not cover the entire year and the number of outlets differs.

In comparable terms, Euromarket (19) electricity consumption grew by 2.5 per cent, due to store extensions and the increase in the amount of refrigeration equipment and number of in-store baking units. Due to longer opening hours and higher sales, Valintatalo (64 outlets) increased its electricity

consumption by 2.9 per cent, in comparable terms. Siwa (81 outlets) recorded a 1.1 per cent rise in its electricity consumption, which was less than the growth in sales.

Tradeka's energy supplier generated the majority of its electricity through combined production using natural gas and coal, while the remainder constituted nuclear, hydroelectric, wind power or imported energy. Based on the supplier's environmental report, Tradeka's emissions originating from measured and estimated electricity consumption were as follows:

Tonnes	2003	2002	2001
Sulphur dioxide	46.8	30.6	28.7
Nitrogen oxide	53.5	45.2	39.1
Carbon dioxide	44,123.0	35,443.7	31,039.9
Particles	5.3	2.4	2.6

Greater consumption of electricity and the varying methods of electricity production have caused additional emissions. Tradeka's emissions accounted for less than 0.3 per cent of total equivalent emissions in Finland.

In order to cut energy consumption, both new stores and those subject to refurbishment are adopting heat recovery systems. The year also saw a diploma thesis on small outlets' opportunities to save energy.

District heating

No statistical data are available on stores' use of district heating and emissions related to its production. In the autumn, before the heating season began, Tradeka provided all outlets with a set of instructions on adjusting and cleaning heating equipment, and saving energy.

Waste and recycling

Landfills produce methane, which accelerates climate change. Tradeka's outlets reduce landfill waste by sorting and picking over various types of waste, e.g. cardboard, which is sorted by all outlets. Waste that can be reused for energy production, and biodegradable waste, are collected not only when required by waste-management regulations but also on a voluntary basis. The following figures include waste generated by firms housed in the same shopping centre as Tradeka's outlet, as well as waste resulting from renovation projects.

The amount of waste generated by 17 Euromarket outlets totalled 4,000 tonnes, cardboard accounting for 36 per cent, landfill waste 35 per cent, waste to be reused for energy production 10 per cent, and biodegradable waste 20 per cent. Other waste accounted for less than one per cent. The amount of waste generated by 14 comparable Euromarket outlets came to 3,290 tonnes, down 290 tonnes from the year before.

Euromarket in particular succeeded in reducing the amount of cardboard waste, due to pre-sale processes started at Inex in early 2003. This means that the cardboard and other packaging waste has remained at Inex's logistics centre in Hakkila, Vantaa, thus cutting down the amount of such waste otherwise remaining at the retail outlet level. This has also led to changes in the ratios of the types of waste generated.

It is not appropriate to estimate the amount of waste generated by Valintatalo and Siwa because waste collection is carried out on a container basis, thus providing only guesstimates for comparison. Many outlets collect waste in containers used by the entire block of premises on which they are located. The estimated annual amount of waste totals 5–8 kg per EUR 1,000 in sales, with cardboard waste accounting for an estimated 35–70 per cent of all waste.

Recycling points

Seven Euromarket stores provide their customers with specific recycling points, while many Valintatalo and Siwa outlets have adjacent recycling points for one or more types of waste, such as paper, glass and liquid packaging board. For example, there are 32 UFF clothes recycling containers adjacent to outlets, with 26.7 tonnes of clothes collected in 2003.

Logistics and auxiliary transport equipment

The circulating transport equipment used by Inex, such as pallets, rolltainers, cases and boxes, has reduced the number of disposable transport packages, the number of circulating boxes used in Tradeka's transport coming to 4.4 million, accounting for 21.1 per cent (down 0.5 per cent) of Inex's delivery volumes. Such circulating boxes, which reduce the amount of packaging cardboard and plastics in particular, replaced cardboard boxes to the level of an estimated 2,630 tonnes in Tradeka's deliveries.

The so-called continuous product replenishment, based on the SBO system, and combined transport systems have reduced transports and related emissions, while there have also been improvements in the load factor of transport vehicles and the optimisation of transport routes. Although there is no documented benchmark data on their environmental impact, it has been estimated that goods transport has shrunk by 20–30 per cent.

Hämeentie 19 office

The collection of waste at the Helsingin Hämeentie 19 office covers biodegradable waste, cardboard, office paper and so-called "recyclable household paper". In addition, hazardous waste is collected, ink cartridges reused and office furniture, machinery and supplies recycled. However, it is somewhat difficult to benchmark the amount of waste produced on a yearly basis since leaseholders housed in the same building use the same waste containers. Tradeka's own monitoring indicates that the amount of paper and cardboard recycled in 2003 came to over 31 tonnes and around 10 tonnes, respectively, showing a slight year-on-year growth.

Pro-environmental products

Tradeka aims to take the pro-environmental lifestyle objectives and requirements set by its customers into consideration on a demand-led basis. Tradeka's retail outlets offer both organic (Fair Trade foods) and eco-labelled products (the Nordic Swan environmental label and ÖkoTex), which are less harmful to the environment than conventional products.

The ranges and mix of pro-environmental products vary depending on the store's location and size, product range categories and demand for such products. Not all of the products in this product category are available from all outlets, and the product ranges change three times a year.

Last year, Euromarkets had 370 pro-environmental products included in their order books, which is more or less at the previous year's level, and offered well over 250 organic food products and 120 eco-labelled items. Valintatalo's product range included 190 pro-environmental products, around 100 of these being organic foods and 87 eco-labelled articles. Siwa offered 90 pro-environmental products, 25 of which represented organic foods and 65 eco-labelled products, showing a slight increase from the previous year's level.

Sales of organic food varied from 2 to 13 per cent, depending on the store, in the following product categories: crispbread, tinned foods, juice/syrup, eggs, dairy products and vegetables. Such items accounted for less than 2 per cent of sales in other product categories. Bananas, coffee, tea and honey were the products sold under the Fair Trade label.

With between 27 and 44 different items on sale, eco-labelled tissue paper products accounted for 24–38 per cent of total sales in the product category. The range and mix of products available in the eco-labelled laundry detergent category varied from 7 to 9 and that of other washing powders and detergents from 18 to 34, all of them accounting for 6–13 per cent of total sales in the product category. Due to the change in product category grouping, it is not possible to compare the figures with the 2002 ones.

Three of Inex Partners Oy's own Daily laundry detergent brands and four Daily household cleaners are eco-labelled products. One organic food product falls into the category of own label products.

Sales of eco-labelled batteries remained at the previous year's level, accounting for 88–98 per cent of all sales in the product category.

Euromarket almost invariably offers an eco-labelled product alternative to traditional stationery, such as booklets, pads, notepaper and envelopes.

Four of Tradeka's textile and clothing suppliers use the ÖkoTex label for some of their products. In an individual product category, eco-labelled products may account for over 30 per cent of sales.

The majority of plastic bags available to store customers contain recycled plastic. In addition to plastic bags, paper bags are available.

Ethical principles

The purchasing co-operation through the international InterGroup is based on the ethical principles applied by the organisation in the purchase of goods, fulfilling SA 8000 standards. InterGroup Far East Limited's (IGFEL) offices and the organisation's local experts in seven countries in the Far East supervise compliance with these principles by auditing suppliers' business and operations before any agreement on co-operation is made. The number of audits conducted annually totals approximately 800. Of Tradeka's imports, 25 per cent go through InterGroup.

Ketjuetu Ltd has signed the Charter of Ethical Principles for Import issued by the Central Chamber of Commerce. The content of these principles and the related requirements are consistent with those of InterGroup and those already approved by the Finnish Food Marketing Association.

Use of materials

The use of various materials affects the environment not only in terms of emissions and waste but also in terms of the landscape. When evaluating environmental effects, issues to be considered must range from the supply of raw materials – such as felling of trees, transport, manufacture, and need for and use of energy – all the way to recycling, wherever possible, and final disposal, along with the related environmental hazards.

Use of packaging materials

In order to fulfil the requirements set for the recycling of the packaging materials used for self-imported and in-store packaged products, Ketjuetu Ltd is a member of the Environmental Register of Packaging Oy (PYR) and its producer associations.

Products packaged by manufacturers partly compensate for the need to package merchandise in-store, whereas customer service at shop counters and the growing number of small outlets necessitate wrapping up goods. In 2003, the amount of packaging material used by Tradeka's outlets decreased to 1,001 tonnes (-8.5 per cent) as a result of pre-packaged products. At the same time, however, the use of carrier bags and other smaller bags was on the increase. Tradeka was responsible for less than 0.3 per cent of all packaging material used in Finland. The weight of packaging material used for imported goods totalled 360 tonnes.

Publications and marketing material

Tradeka publishes customer and personnel magazines as well as bulletins on a regular basis, in addition to brand-specific marketing material and Loyal Customer Bulletins. The amount of paper and board used in publications and marketing material published by Tradeka reached 1,887 tonnes (-363), of which Tradeka's Me customer magazine accounted for 875 tonnes (-115).

Paper

In 2003, a total of 30 tonnes (+3) of paper was used for copying and printing purposes through the company's Office Service. In-house communications and invoicing increasingly rely on electronic channels, thus cutting the amount of office paper used.

Training in environmental issues

The relevant training concerning environmental issues is provided to the company's personnel by the AVA Institute. Two of their training courses, leading to a diploma in sales and management, include periods of training devoted to environmental issues. In connection with updating the environmental programmes, the staff were provided with environmental training at business-process level and team meetings.

Environmental damage

Tradeka discontinued fuel distribution in 2003. During its involvement in Soili, a nation-wide soil remediation programme, the corporation has analysed the soil of its former 29 fuel distribution stations and completed successful remedial measures for 25. It still continues to monitor groundwater at seven stations. The costs incurred due to soil analysis and remediation totalled EUR 1.5 million in 2003.

Tradeka and Eka Real Estate Development Ltd have also examined and decontaminated four sites, three of them still being subject to ground-water monitoring. Eka Real Estate Development analysed and decontaminated the soil of its two old industrial sites, and had the buildings there demolished, while Cooperative Tradeka Corporation had the soil of its former laundry property analysed to determine whether it needs to decontaminate the soil.

TRADEKA LTD

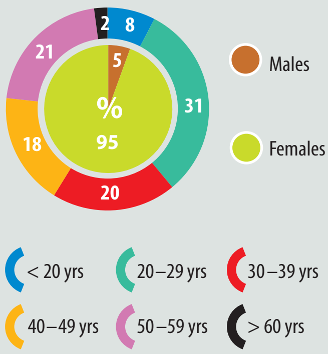
At the end of the financial year, Tradeka Ltd had 4,848 personnel, of whom 4,259 were retail store staff and 589 managers. This is equivalent to 3,235 full-time employees. The number and structure of the staff remained practically the same as in the previous year. The year saw 1,527 employees leave and 1,642 recruits join the company. These figures include internal employee turnover.

With females continuing to account for the majority of retail store staff, 20 per cent of Area Managers, 42 per cent of District Sales Managers and 6 per cent of Department Store Directors were women. Tradeka has a blueprint for equal opportunities at work.

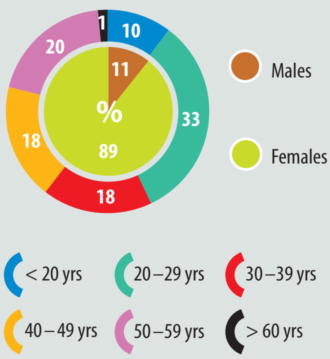
There were no major changes in the staff's age structure since the previous year.

Employees by age and gender

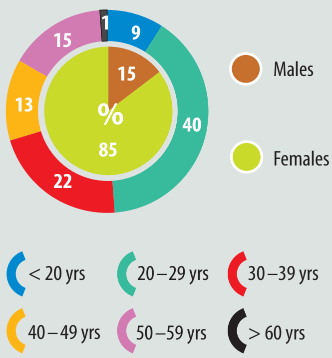
Siwa



Valintatalo



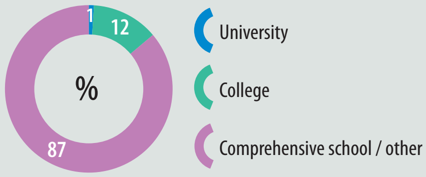
Euromarket



Employee competence development

The employees' educational background remained unchanged from the previous year.

Education



The AVA Institute was in charge of staff training. During the year, with a total of 230 training days, 1,500 Tradeka employees participated in either training schemes that offered diplomas/further qualifications or tailored programmes.

Training schemes offering diplomas/further qualifications included a special Management Diploma, Specialist Qualification of Store Manager, Specialist Qualification of Foodstuffs Manager and Further Qualification in Sales. The training programmes for the Management Diploma and the Further Qualification in Sales, the latter launched last autumn, are programmes common to all corporate brands. Participants in the Specialist Qualification of Store Manager programme came from the Siwa and Valintatalo chains, while those in the Specialist Qualification of Foodstuff Manager programme were Euromarket employees.

Tradeka Ltd provided basic and further training courses for its store managers while offering Siwa and Valintatalo store employees the first basic training programme on a pilot basis. A total of 707 employees participated in customer-service training courses aimed at deepening the store staff's basic skills, this training programme culminating in a final round of selection for the Customer Service Experts of the Year awards.

Encompassing all of Tradeka's retail outlets, the area trainer network was reorganised to be in line with the new regional operating model.

Spring 2003 saw the launch of a competence development project, with its first phase focusing on mapping out the company's strategic competencies that form the basis of competence development. Continuing in 2004, the project aims to generate competence management tools and indicators.

Employee well-being

According to the annual employee survey conducted in October, partly over the Internet, job satisfaction was higher than a year ago, with major improvements in the areas of managerial work and information flow and communication within the company.

In co-operation with Occupational Health Services, Tradeka provided managers and store personnel with one Aslak keep-fit course, as well as two Kuntoremontti courses.

Earmarked for employee recreation and leisure activities, an appropriation was distributed to chief shop stewards, who were in charge of its spending on a local basis.

Development of HR management tools

The adoption of a new recruitment application led to more automated recruitment processes, enabling both speculative and targeted job applications to be directed to the regional database for use by managers responsible for recruitment. In addition to making it easier for managers to process job applications, the new system enables applicants to receive automatic acknowledgement of delivery of their applications. During the year, Tradeka Ltd received almost 10,000 speculative applications via its website.

The company introduced an HR information system for managers and HR Services, with the aim of streamlining managerial work by lopping off frivolous manual processes. To begin with, the system enables managers and leaders to view their subordinates' basic, pay and employment information on a real-time basis. In addition, they can, when necessary, prepare various HR-related reports on the personnel within their remit. The system was piloted in December, and spring 2004 will see the actual user training courses and the system's deployment across the board.

*Every store refurbishment involves thorough staff training. **Anu Seppänen** (left) and **Päivi Lonka**, cashiers of the Euromarket hypermarket opened in Imatra in April, are ready to serve customers.*

KETJUETU LTD AND PALVELUETU LTD

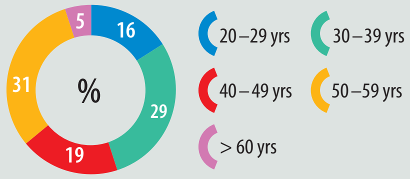
Ketjuetu Ltd is in charge of chain management and purchasing services, while Palveluetu Ltd provides the company with administrative services.

Personnel structure

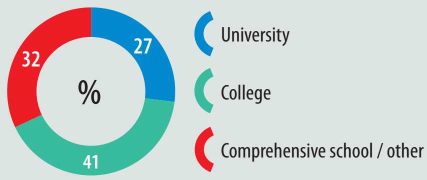
The number and structure of the personnel remained almost the same as in the previous year, with Ketjuetu Ltd's and Palveluetu Ltd's staff totalling 190 and 129, respectively.

Ketjuetu Ltd

Employees by age

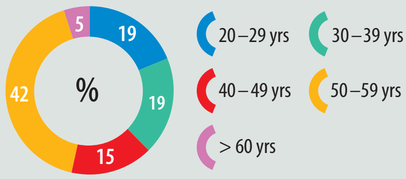


Education

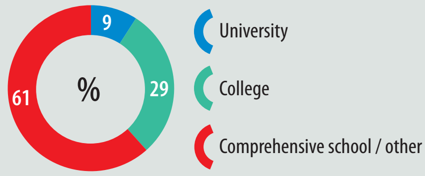


Palveluetu Ltd

Employees by age



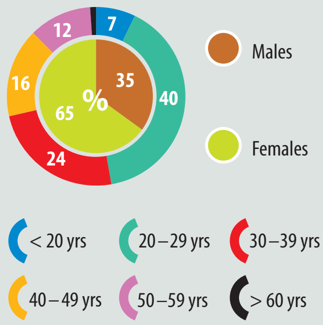
Education



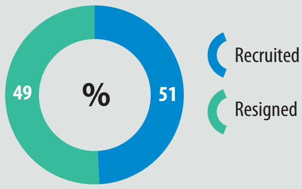
RESTEL CONSOLIDATED

At the end of the financial year, Restel Consolidated employed 2,990 staff, while the average number of employees was the equivalent of 1,518 full-time workers. Full-time and part-time employees accounted for 32.5 per cent and 67.5 per cent of the staff, respectively.

Employees by age and gender



Employee turnover



Employee competence development

Restel's basic management training programme offers a shift-management diploma. Three training groups, comprising a total of 76 shift managers, earned this diploma in 2003. During the year, two groups, consisting of 29 employees, earned the Manager diploma, while eight participants earned the diploma in Meal Production Management – Restel Chef – and nine managers earned the Management Diploma.

Restel's regional specialists responsible for food hygiene and special trainers conducted a number of examinations for restaurant and hotel staff during the year, and those with a passing mark received a hygiene pass and liquor licence pass as proof of skills required by law.

Employee well-being

VITA-Terveyspalvelut Oy provides Restel's employees with occupational health services. The year saw one Aslak keep-fit course for managers, paid for by KELA (the Social Insurance Institution of Finland), with the aim of maintaining employees' working capacity, along with an in-house Kuntoremontti course. A total of 24 employees participated in these courses.

Based on 107 decisions made by Restel's Co-operation Advisory Working Committee, a total of EUR 50,000 was allocated for hobbies related to physical exercise.

Other relevant issues

Restel has a blueprint for equal opportunities at work. Top executives and all salaried managers and leaders are involved in the incentive scheme.

REPORT BY THE BOARD OF DIRECTORS

Business in 2003

In 2003, Tradeka Corporation's business consisted of the following three subgroups: Tradeka Consolidated (retail business), Restel Consolidated (hotel and restaurant business) and Eka Real Estate Development (property business). On 31 December 2003, Cooperative Tradeka Corporation sold all of its shares in Eka Real Estate Development Ltd to its creditors involved in the financial restructuring programme as part of the final arrangements included in the programme.

In addition to parent Cooperative, Cooperative Tradeka Corporation consists of 13 active subsidiaries, 33 property companies and 51 associated companies. In 2003, Tradeka Corporation sold its shares in seven Neste service stations and five subsidiaries in the property business. It also sold a majority shareholding in one property subsidiary. In connection with the sale of Eka Real Estate Development Ltd, Tradeka Corporation divested eight property subsidiaries and three associated property companies. The number of associated companies fell by two during the report year as a result of Ketjuetu Ltd T & E and Palveluetu Ltd T & E becoming Cooperative Tradeka Corporation's wholly owned subsidiaries.

Started on 22 October 1993 and confirmed on 20 October 1994, Cooperative Tradeka Corporation's financial restructuring programme came to an end on 31 December 2003, when it settled the remaining restructuring debt due for payment on 31 December 2003.

The final settlement involved in the financial restructuring programme was made on 30 December 2003 by repaying in cash the remaining secured debt, including interest, and 13 per cent of the non-interest bearing subordinated loan, totalling EUR 44.0 million. The remainder of the non-interest bearing subordinated loan was repaid against loans receivable from Eka Real Estate Development Ltd. Cooperative Tradeka set off its subordinated loan, including interest, against selling the shares in, and the remainder of receivables from, Eka Real Estate Development Ltd to creditors.

On 31 December 2003, the remaining restructuring debt, including capitalised interest, came to EUR 209.0 million and the amount of assets transferred against this debt totalled EUR 202.8 million in the final settlement, or EUR 6.2 million less than expected, due partly to the fact that Eka Real Estate Development Ltd shares were measured at fair value in the final settlement. Cooperative Tradeka recorded a capital loss of EUR 7.4 million on the sale of Eka Real Estate Development Ltd shares.

On 7 November 2003, before the termination of the financial restructuring programme, Cooperative Tradeka made a conciliation agreement on creditors' right to additional debt payback (partitioning debt), in accordance with Section 63, Paragraph 4 of the Financial Restructuring Act. A total of 54 creditors, the creditors' committee and the supervisor of the mandatory restructuring programme approved this agreement, these creditors accounting for 91.84 per cent of the debt capital cut in accordance with the financial restructuring programme. Confirmed by the Helsinki District Court on 14 November 2003, the conciliation agreement incorporated an addendum regarding the partitioning debt, whereby Cooperative Tradeka would pay EUR 16.8 million (FIM 100 million) as a partitioning debt payback to creditors, as defined in Section 63, Paragraph 4 of the Financial Restructuring Act.

At the same time, Cooperative Tradeka Corporation agreed with certain creditors on practical measures and matters of interpretation related to the termination of the financial restructuring programme, as well as legal proceedings and disagreements related to the programme, with a view to avoiding legal uncertainty and saving costs.

Based on the agreement concluded in spring 2003, Elanto withdrew prematurely from its co-operation with Tradeka Corporation by merging (a combination merger) with Helsingin Osuuskauppa HOK in early 2004. Accordingly, Elanto handed over 47 outlets and transferred its Ketjuetu Oy T&E shares to Tradeka, while transferring the hotel businesses Cumulus Seurahuone and Cumulus Olympia to Restel Consolidated, including the shares in the latter hotel's commercial property. Ownership of Palveluetu Ltd T&E passed from Cooperative Elanto to Tradeka Group Ltd. With all of these deals struck at the end of 2003, the transferred units have operated under Cooperative Tradeka Corporation since early 2004.

At the end of 2003, Tradeka Ltd bought four retail business outlets in Helsinki and Espoo from Osuuskauppa Varuboden, a retail co-operative.

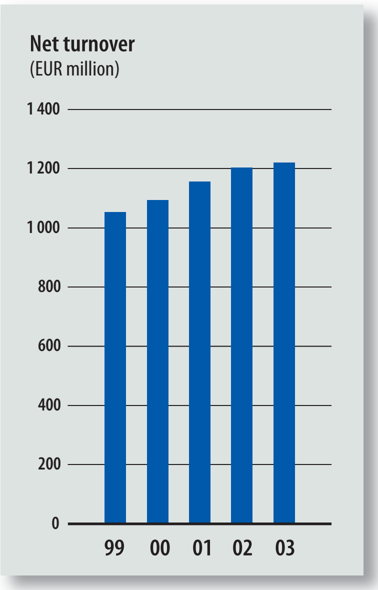
In spring 2003, Restel Consolidated opened the Holiday Inn Helsinki City Centre, a new hotel adjacent to the Helsinki railway station. November saw the opening of the Rantasipi Rukahovi hotel's new meeting facilities. Three hotels underwent room and facilities refurbishment projects.

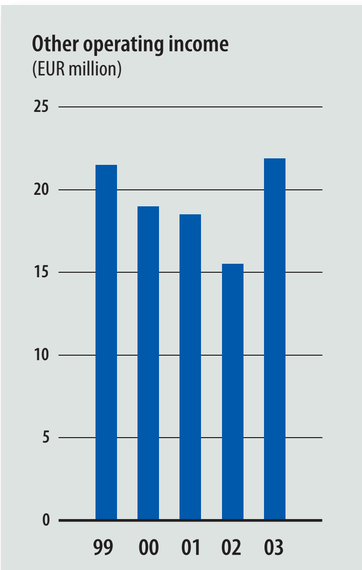
The same companies were involved in partnership in the YkkösBonus Loyal Customer Scheme as in the previous year. Lomamatkat Oy, a travel agency, withdrew from the scheme at the end of 2003. In addition to Tradeka Consolidated, Elanto Group and Restel Consolidated, 11 partner companies are involved in the Loyal Customer Scheme. At the end of the financial year, a total of 1,026,786 loyal customer accounts and some 1.8 million loyal customer cards were in active use, YkkösBonus generating sales of EUR 1,704 million (+4.4 per cent). The amount of bonus payments made in the form of customer refunds totalled EUR 35.1 million (EUR +2.6 million). Tradeka Consolidated loyal-customer sales came to EUR 888 million (+2.2 per cent) and those of Restel Consolidated totalled EUR 68 million (+1.4 per cent).

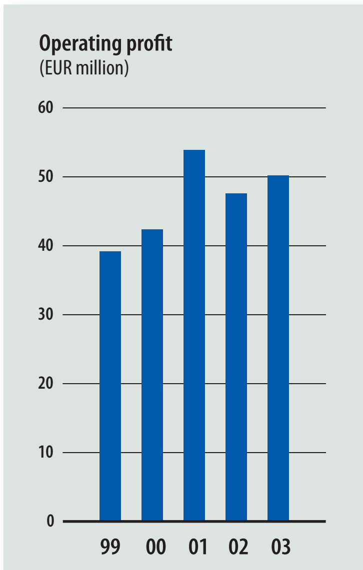
Net turnover and other income from business operations

Tradeka Corporation generated a net turnover of EUR 1,222 million (+1.5 per cent). Other income from business operations rose to EUR 21.9 million (EUR +6.3 million), of which rental income and capital gains on fixed assets accounted for EUR 14.3 million and EUR 7.1 million, respectively. Capital losses on fixed assets, EUR 1.4 million, are included in other operating expenses. Capital loss on the divestment of Eka Real Estate Development Ltd shares is shown in extraordinary items.

Tradeka Consolidated posted a net turnover of EUR 1,015 million, up by 1.5 per cent over the pre-







vious year, while Restel Consolidated recorded a net turnover of EUR 206 million, up 1.7 per cent. Eka Real Estate Development reported a net turnover of EUR 10.5 million, down 7.6 per cent, coming mainly from rental income and maintenance charges (EUR 9.8 million) included in other income from business operations in Tradeka Corporation's financial statements.

Cooperative Tradeka Corporation's net turnover of EUR 1.8 million consisted of management-service sales.

Profit

Tradeka Corporation made an operating profit of EUR 50.2 million, up EUR 2.6 million from the previous year. Financial expenses include interest (EUR 4.0 million) on subordinated loans for 2003, while the previous financial statements showed EUR 12.8 million in interest accrued for 2000–2002. For this reason, neither Tradeka Corporation's nor Parent Cooperative's profits before extraordinary items are comparable as such.

Tradeka Consolidated's operating profit before depreciation amounted to EUR 43.6 million (EUR +4.6 million), which exceeded the operating-margin target specified for the financial year by the financial restructuring programme. Tradeka Consolidated's profit before extraordinary items came to EUR 22.9 million (EUR +6.9 million).

Restel Consolidated's profit before extraordinary items came to EUR 22.1 million (EUR +1.6 million).

Eka Real Estate Development made a loss of EUR 0.3 million before extraordinary items, an improvement of EUR 5.9 million, year on year.

Tradeka Corporation's profit before extraordinary items totalled EUR 43.5 million, with extraordinary items of EUR 73.4 million in net terms including deferred tax income recognition of EUR 32.0 million (EUR 12.6 million). Tradeka Corporation recorded an extraordinary net income of EUR 44.5 million resulting from the sale of Eka Real Estate Development Ltd shares.

Direct taxes amounted to EUR 29.5 million, of which deferred taxes accounted for EUR 28.5 million. Net profit for the financial year totalled EUR 87.4 million.

Cooperative Tradeka Corporation's loss before extraordinary items came to EUR 1.3 million. Net extraordinary items totalled EUR 44.2 million (EUR 41.4 million), consisting of received Group contributions of EUR 48.0 million (EUR 46.4 million) in terms of extraordinary income. The remaining extraordinary items recorded for 2003 were mainly related to the termination of the financial restructuring programme.

Surplus and Board proposal for the disposal of surplus

The Board proposes that the 2003 surplus of EUR 42,315,717.62 generated by Cooperative Tradeka Corporation be entered in the contingency fund, in accordance with the Cooperative by-laws.

Capital expenditure

Tradeka Corporation's gross capital expenditure for 2003 totalled EUR 29.7 million, representing a year-on-year decrease of EUR 0.9 million.

The capital expenditure of Tradeka Consolidated and Restel Consolidated reached EUR 17.7 million (EUR 19.6 million) and EUR 11.4 million (EUR 10.9 million), respectively. In addition to investments in fixed assets, capital of EUR 2.3 million (EUR 6.3 million) was tied to other long-term investments in fixed assets. Net capital expenditure totalled EUR 45.7 million, up EUR 20.4 million over the previous year.

Financing

Tradeka Corporation's interest and other financial expenses totalled EUR 7.4 million (EUR 6.2 million), while interest and dividends received came to EUR 11.2 million (EUR 9.6 million). The increase of EUR 1.3 million in dividends received contributed to the growth in financial income.

Tradeka Ltd raised loans of EUR 45.0 million from financial institutions, and certain property companies borrowed a total EUR 1.3 million.

As a result of Eka Real Estate Development Ltd discontinuing as a Group company, EUR 50.5 million in convertible bonds issued by Tradeka Group Ltd to Eka Real Estate Development Ltd were entered as Tradeka Corporation debt. The right of exchange of the convertible bonds expired at the end of 2003, and they have been treated as interest-bearing convertible bonds since 1 January 2004.

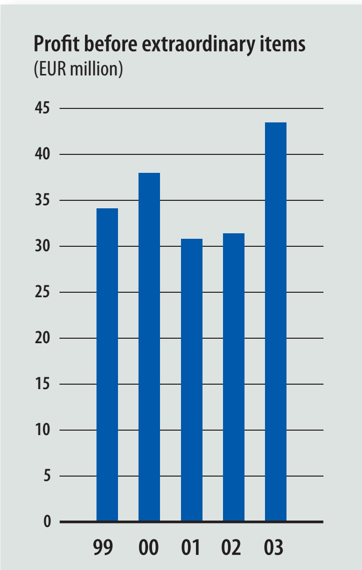
The YkkösBonus Loyal Customer Scheme began co-operation with Suomen Luonnonsuojeluliitto (Finnish Association for Nature Conservation).

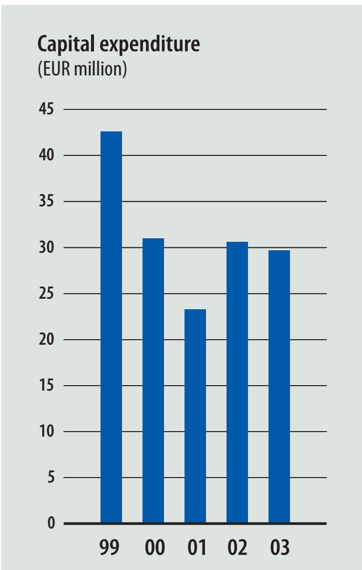
The amount of loan repayment totalled EUR 86.4 million, using cash in hand and at bank, of which Cooperative Tradeka Corporation's restructuring debt repayment accounted for EUR 43.8 million and Tradeka Ltd's convertible bonds EUR 1.7 million. In accordance with the agreements related to the termination of the financial restructuring programme, holders of Restel Ltd's convertible bonds will transfer their bonds to Cooperative Tradeka Corporation, without consideration.

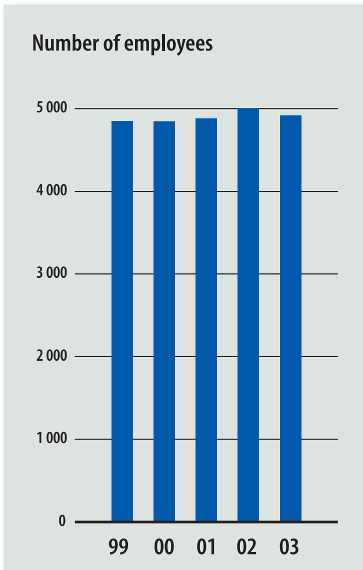
The Group companies' cash position and liquidity for the entire financial year were according to plan. Period-end liquid assets totalled EUR 167.0 million, down by EUR 19.7 million, year on year.

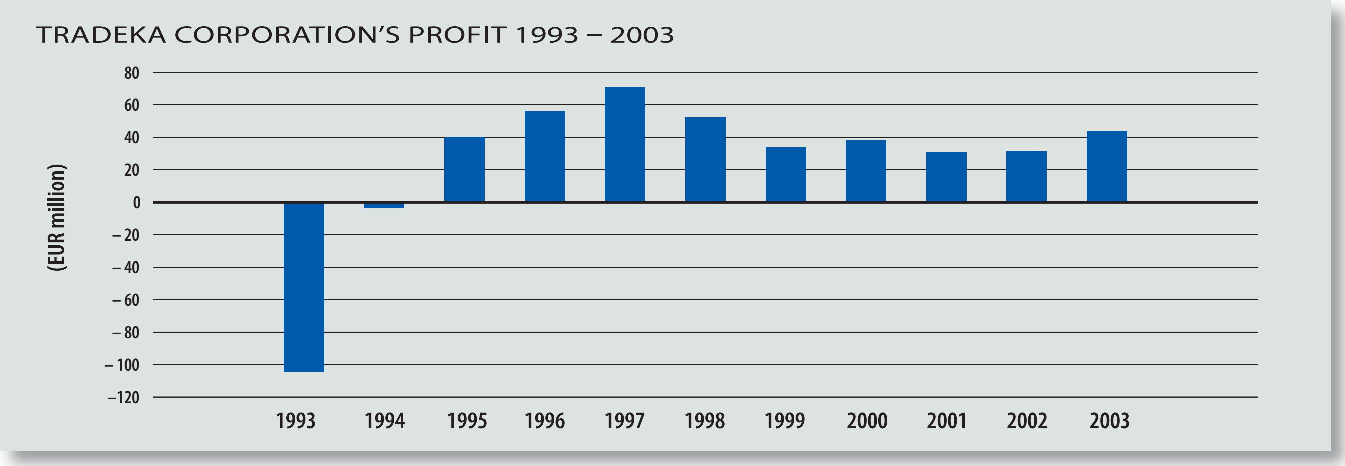
Balance sheet structure

Consolidated balance sheet total came to EUR 520 million, showing a fall of EUR 44 million from the previous year's figure. The termination of the financial restructuring programme and the related Eka Real Estate Development's withdrawal from Tradeka Corporation reduced the balance sheet total by around EUR 100 million, whereas the business and share divestments resulting from the termination of









co-operation with Elanto strengthened the balance sheet, with their combined effect of more than EUR 30 million on the subgroups' balance sheets.

On the balance sheet date, Tradeka Corporation's shareholders' equity (co-operative capital) totalled EUR 153.7 million (EUR 66.3 million), accounting for 29.6 per cent (11.8 per cent) of consolidated balance sheet total.

Cooperative Tradeka Corporation's balance sheet total amounted to EUR 251 million (EUR 405 million), with the termination of the financial restructuring programme and the removal of the restructuring debt of EUR 212.5 million from the balance sheet having the most significant effect on this reduction. New partitioning debts (EUR 16.8 million) and Group contributions granted by subsidiaries enhanced the balance sheet.

During the financial year, Cooperative Tradeka Corporation granted a subordinated loan to Tradeka Ltd, valued at EUR 32.4 million, and one to Restel Ltd, valued at EUR 17.8 million. Taking the above figures into account, the subordinated loan receivables from subsidiaries included in other long-term investments totalled EUR 187 million, which also includes the subordinated loan previously granted to Tradeka Group Ltd.

Cooperative Tradeka Corporation's shareholders' equity (co-operative capital) was EUR 168 million, accounting for 67 per cent (31 per cent) of the balance sheet total.

Personnel

The number of Tradeka Corporation employees, expressed as full-time employees, averaged 4,914 (-92). Tradeka Consolidated and Restel Consolidated had a staff of 3,370 (-63) and 1,518 (-20), respectively, with the personnel of other companies totalling 26 (-9).

Members

In 2003, a total of 894 new members joined Cooperative. There were 5,455 terminations, of which 1,373 were resignations. The year-end membership totalled 343,591. Cooperative capital came to a total of EUR 9.2 million, of which the co-operative membership fees of resigned members accounted for EUR 0.7 million. Non-fully-paid-up membership fees totalled EUR 8.5 million.

Council of Representatives

The Meeting of the Council of Representatives on 21 May 2003 adopted the financial statements for the previous year, discharged those accountable from liability and considered other statutory issues pertaining to Cooperative Tradeka. The Council of Representatives is made up of 110 members.

Administration and management

The Supervisory Board, which is made up of 25 members plus two members elected by employees, convened five times during the financial year.

In 2003, the Cooperative Board of Directors had the following members: Olavi Syrjänen (Chairman), Doctor of Law, Senior Lawyer; Maunu Ihalainen (Vice Chairman), Kanslianeuvos (Finnish honorary title); Markku Alhava, M.Sc. (Econ. & Bus. Adm.); Margit Eteläniemi, Head of Training; Tuire Mannila, Director of Finance, Authorised Public Accountant; and Jukka Simula, Lawyer. The employee representatives on the Board included Ritva Vartia, Chief Shop Steward, as a regular member and Martti Kesseli, Chief Shop Steward, as a deputy member. Board memberships for 2003 remained unchanged.

Antti Remes acts as Cooperative Tradeka Corporation's President, and the Supervisory Board appointed Juha Laisaari, formely Director of Administration and Legal Affairs, as Corporation´s Vice President as of 1 January 2004.

Auditors

The meeting of the Council of Representatives on 21 May 2003 re-elected Mauri Palvi, Authorised Public Accountant, and Markku Koskela, Authorised Public Accountant, as regular auditors and KPMG Wideri Oy Ab, Authorised Public Accountants, and Kari Lydman, Authorised Public Accountant, as deputy auditors.

Supervisor

The supervisor of the mandatory financial restructuring programme appointed by the Helsinki District Court is attorney Jyrki Tähtinen.

Business prospects for 2004

Changes in the operating environment – toughening international competition, reduction in alcohol tax and the Baltic countries joining the EU – will cause uncertainty for the future of Tradeka's lines of business. In addition, consumer behaviour and consumer needs for services will change as a result of ageing population and smaller household size.

During 2004, Tradeka's retail business will continue to focus on developing its consumables business, upgrading its sales-based ordering system (SBO), mapping out the needs of its loyal customers and addressing operational quality. The analyses aimed at assessing opportunities to enter into partnerships and alliances has begun in 2004, with the aim of safeguarding the retail business's competitiveness and services for members in the long run.

With no major changes expected in hotel and restaurant-business profitability compared to the previous year, Restel is determined to adhere strictly to its defined strategy. This will involve deepening the consolidation of branded restaurant chains with re-defined concepts, expansion on a profitable basis, well-organised management of service processes and strict control of operating costs. Investments will focus on the hotel business. The extension of the Spa Hotel Rantasipi Eden in Nokia will be completed during 2004, and the Crowne Plaza Helsinki, which will be fully renovated, will open its doors in early 2005. Restel has also concluded an agreement for constructing a new hotel in Ruoholahti, Helsinki.

Due to the termination of the financial restructuring programme, Tradeka Corporation must reanalyse its financing structure and opportunities. Consequently, Tradeka Group Ltd raised in February 2004 a new long-term loan of EUR 50.5 million and paid off its previous convertible bond, under the financial restructuring programme.

The election of Cooperative Tradeka Corporation's Council of Representatives took place from 12 until 31 March 2004, with the number of electors totalling around 340,000 and candidates 645. The election was conducted as a postal vote, with 110 representatives and an equal number of deputies elected to the council. The new council elects the Supervisory Board, which in turn elects Cooperative Tradeka Corporation's Board of Directors.

TRADEKA CORPORATION

CONSOLIDATED INCOME STATEMENT, 1 JAN.–31 DEC. 2003

	EUR million			% of net turnover	
	2003	2002	03/02	2003	2002
Net turnover	**1 222**	**1 204**	**18**	**100.00**	**100.00**
Other income from business operations	22	16	6	1.79	1.29
Operating costs:					
Goods	-840	-814	-26	-68.79	-67.62
Personnel costs	-153	-159	6	-12.55	-13.18
Depreciation and write-downs	-29	-32	2	-2.40	-2.62
Other operating costs	-171	-168	-3	-13.95	-13.92
Total	-1 193	-1 172	-21	-97.68	-97.34
Operating profit	**50**	**47**	**3**	**4.11**	**3.95**
Financial income and expenses	-7	-16	9	-0.55	-1.35
Profit before extraordinary items	**43**	**31**	**12**	**3.56**	**2.60**
Extraordinary items	74	10	64	6.01	0.83
Profit after extraordinary items	**117**	**41**	**76**	**9.57**	**3.43**
Direct taxes	-30	-9	-21	-2.42	-0.71
Minority interest	0	0	0	0.00	-0.02
Profit for the financial period	**87**	**32**	**55**	**7.15**	**2.70**

TRADEKA CORPORATION

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2003

Assets	EUR million			% of balance sheet	
	2003	2002	03/02	2003	2002
Fixed and other non-current assets:					
Intangible assets	41	31	11	8.0	5.4
Consolidated goodwill	1	1	0	0.2	0.2
Tangible assets	142	164	-22	27.4	29.1
Investments:					
Shares in associated companies	49	48	2	9.4	8.4
Other investments	10	26	-17	2.0	4.8
Fixed and other non-current assets total	**244**	**270**	**-26**	**47.0**	**47.9**
Current Assets:					
Stocks	57	61	-4	11.0	10.8
Deferred tax receivables	20	16	4	3.7	2.8
Receivables	32	31	2	6.2	5.4
Securities held in current assets	72	123	-51	13.8	21.9
Cash and bank	95	63	32	18.3	11.2
Current assets total	**276**	**294**	**-18**	**53.0**	**52.1**
Assets total	**520**	**564**	**-44**	**100.0**	**100.0**

Liabilities and shareholders' equity	EUR million			% of balance sheet	
	2003	2002	03/02	2003	2002
Shareholders' equity (Cooperative equity):					
Share capital (Cooperative capital)	9	9	0	1.8	1.6
Revaluation reserve	0	0	0	0.0	0.0
Reserve fund	13	13	0	2.6	2.4
Contingency fund	98	71	28	18.9	12.5
Retained loss	-54	-59	5	-10.5	-10.5
Surplus for the period	87	32	55	16.8	5.8
Shareholders' equity (Cooperative equity) total	**154**	**66**	**87**	**29.6**	**11.8**
Minority interest	**6**	**5**	**1**	**1.1**	**0.9**
Statutory reserves	**9**	**13**	**-3**	**1.8**	**2.2**
Liabilities:					
Deferred tax liability	2	2	0	0.4	0.4
Pension loans	18	20	-2	3.4	3.6
Restructuring debt	0	213	-213	0.0	37.7
Other liabilities:					
Long-term	189	116	73	36.4	20.5
Short-term	142	129	13	27.3	22.9
Liabilities total	**351**	**480**	**-129**	**67.5**	**85.1**
Liabilities and shareholders' equity total	**520**	**564**	**-44**	**100.0**	**100.0**

TRADEKA CORPORATION

CONSOLIDATED STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS, 1 JAN. – 31 DEC. 2003

EUR million	2003	2002
CASH FLOW FROM OPERATIONS		
Profit before extraordinary items	43	31
Adjustments:		
Depreciation and write-down	29	32
Other income and expenses not connected with payments	-7	-2
Financial income and expenses	7	16
Other adjustments (-profits/+ losses from trade)	-4	1
Cash flow before change in working capital	68	78
Change in working capital:		
Increase (-)/decrease (+) in current business receivables	-1	-1
Increase (-)/decrease (+) in stocks	3	-7
Increase (-)/decrease (+) in current liabilities	-4	-1
Cash flow from operations before financial items and taxes	66	69
Interest paid and financial expenses	-7	-6
Dividends received	4	2
Interest received	7	7
Direct taxes paid	-1	-1
Cash flow before extraordinary items	69	71
Net cash flow from operations due to extraordinary items	-3	0
Cash flow from operations	**66**	**71**
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-30	-31
Capital gains on tangible in intangible assets	0	6
Investments in other financial assets	-2	-6
Capital gains on other investments	-27	4
Repayment of loan receivables	13	0
Cash flow from investments	**-46**	**-27**
CASH FLOW FROM FINANCING		
Cooperative contributions during the year	0	0
Withdrawals of long-term liabilities	46	45
Repayments of long-term liabilities	-42	-17
Repayments of restructuring debt	-44	-38
Cash flow from financing	**-40**	**-10**
INCREASE/DECREASE IN LIQUID ASSETS	**-20**	**34**
LIQUID ASSETS 1 Jan.	186	152
LIQUID ASSETS 31 Dec.	166	186

NOTES TO THE FINANCIAL STATEMENTS, 31 DEC. 2003

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

PREPARATION PRINCIPLES OF FINANCIAL STATEMENTS

The financial statements were prepared in accordance with the rules and regulations, effective since 31 December 1997, provided by the Finnish Accounting Act, and in compliance with the Cooperatives Act in force since 28 December 2001.

Principles of valuation and accruals

Fixed assets are recorded at cost and valued at cost less planned depreciation, including necessary revaluation in the Balance Sheet. Planned depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Group goodwill	10 yrs
Goodwill	5–10 yrs
Other long-term assets	5–10 yrs
Buildings and structures	10–40 yrs
Machinery and equipment	5–10 yrs
Other tangible assets	5–10 yrs

Goodwill is principally amortised over 5 years. The estimated income effect generated by goodwill of an asset, subject to a 10-year amortisation period is a minimum of 10 years.

The depreciation period for repair costs of rental property (included in other long-term assets) is 10 years in general.

Property book values as stated in the Consolidated Balance Sheet correspond to the original acquisition costs or acquisition cost residual values according to plan or likely net realisable values, when lower.

Stocks are stated at the lower of acquisition cost or likely net realisable value. Consolidated stocks consist mainly of groceries and consumables.

Accounts receivable are partly made up of credit-card receivables. Other receivables mostly include cost compensations and rebates. Receivables are valued at par or at likely lower realisable value.

Valued at acquisition cost, marketable securities consist of commercial papers subject to public trading.

Pension schemes

The employee retirement plan of the Group companies is managed by external pension insurance companies. Pension costs are expensed as incurred.

In addition, Cooperative Tradeka Corporation and certain of its subsidiaries are shareholders in Eläkekassa (Pension Fund) Tuki. Liabilities related to these shareholdings are shown in the Notes to the Consolidated Financial Statements.

Comparability of data

The termination of the financial restructuring programme had a major impact on both the parent-cooperative and consolidated balance sheets and income statements. Effects on the income statement are primarily shown under extraordinary items, whereas those on the balance sheet are shown in almost every balance sheet item.

That Eka Real Estate Development Ltd discontinued as a Group company enhances the effects of the termination of the financial restructuring programme. Eka Real Estate Development Ltd's result for 2003 is included in the consolidated income statement by item, while the effect of the company's result on the consolidated balance sheet is eliminated in extraordinary items. Extraordinary items also include recognised retained loss and intra-company profits for the period of holding, as well as realised depreciation carried out previously on intra-company receivables. The net increase in extraordinary income of Eka Real Estate Development Ltd's withdrawal from the Group came to EUR 44.5 million, also including parent Cooperative's capital loss of EUR 7.4 million on the sale of Eka Real Estate Development Ltd shares. In addition, EUR 0.9 million in capital gains generated by Eka Real Estate Development Ltd were entered in other income from business operations in 2003.

Eka Real Estate Development Ltd's balance sheet was not consolidated into Tradeka Corporation's balance sheet on 31 December 2003. The termination of the financial restructuring programme and Eka Real Estate Development Ltd's divestment diminished the consolidated balance sheet total by EUR 100 million while decreasing the parent Cooperative's balance sheet total by EUR 215 million. This difference is explained by not only the result effects but also the fact that, as a result of Eka Real Estate Development Ltd discontinuing as a Group company, Tradeka Group Ltd's debt of over EUR 50 million to Eka Real Estate Development Ltd is now treated as Tradeka Corporation's external debt.

Related to the premature termination of co-operation with Cooperative Elanto, the deals struck just before the end of 2003 had no effect on the operating results for 2003, although they increased the consolidated balance sheet total by over EUR 30 million, due, for example, to the related terms of payment. Compensation received related to the termination of the agreements were included in extraordinary income under the income statement of the companies concerned and the Group.

In connection with the 2002 financial statements, Tradeka Ltd and certain of Restel Consolidated's subsidiaries entered unemployment pension deductibles of EUR 6.1 million, payable in the years to come, in pensions and statutory reserves. The majority of the employment contracts, on which the deductibles are based, terminated prior to 2002. In 2003, the deductible diminished by EUR 0.8 million. These entries have an effect on the comparability of personnel costs shown in the consolidated income statement.

When comparing financial expenses, it is also necessary to take account of the way of treating interest on subordinated loans both in parent Cooperative and Group accounts. Financial expenses for 2003 include only interest on Cooperative's subordinated loan accrued for 2003, but the 2002 interest expenses include interest on the subordinated loan accrued for 2000–2002.

Deferred taxes

Deferred tax liabilities and tax assets in the consolidated financial statements are based on the differences between the date of taxation and the date of closing the accounts, and they are calculated using the tax rate of 29 per cent. The consolidated balance sheet includes the deferred tax liabilities in their entirety and deferred tax assets for a sum estimated exercising extreme prudence.

Deferred tax assets are mostly based on the confirmed retained loss of Cooperative Tradeka Corporation and on depreciation and write-downs not yet deducted in taxation.

Consolidated deferred tax assets for 2003 were accumulated by recognising EUR 32.0 million, included in the above-mentioned confirmed retained losses and depreciation from previous years, as extraordinary income. As, on the other hand, EUR 28.2 million of deferred tax assets were used for deferred direct taxes for 2003, the amount of deferred tax assets increased to EUR 19.5 million.

The income recognition of tax assets included in extraordinary items in the consolidated financial statements is consistent with the general guidelines, issued by the Accounting Board on 11 January 1999, governing the treatment applied to deferred tax liabilities and assets during the transition period. Since, during the transition period, only a fraction of deferred tax assets were recognised as income using extreme prudence, and since the income recognition is a non-standard practice in that it is one-off and material in nature and based on previous accounting periods, the financial statements were prepared in compliance with the rules and regulations on extraordinary items.

Adjustments to the previous financial year's data

The previous year's balance sheet structure has changed to correspond to the structure of the current financial year, in relation to pension liabilities. Such pension liabilities shown in the financial statements are included in statutory reserves, whereas they were previously included in pension loans.

PREPARATION PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

Scope of consolidated financial statements

The consolidated financial statements include the financial statements of sub-Groups (Tradeka Consolidated and Restel Consolidated), those of the subsidiaries listed on page 33 and those of the associated companies listed on page 34. Those pages also show individual companies that have not been consolidated, including company-specific explanations.

Those subsidiaries not included in the consolidated financial statements are non-operational companies. Those companies not consolidated have no material effect on consolidated results or non-restricted equity.

Changes in corporate structure

On 31 December 2003, Eka Real Estate Development Ltd discontinued as Cooperative Tradeka Corporation's Group company. The company's results for 2003 are included in the consolidated income statement until that date. In connection with the sale of Eka Real Estate Development Ltd shares, Tradeka Corporation divested eight property subsidiaries and three associated property companies.

At the end of the year, Cooperative Elanto sold its holding (50 per cent) in Ketjuetu Ltd T & E to Tradeka Ltd and its interest in Palveluetu Ltd T & E to Tradeka Group Ltd, with the result that Tradeka Ltd and Tradeka Group Ltd held all of the shares in the acquired companies.

At the end of the year, Restel Ltd bought a 27.4 per cent commercial property holding from Cooperative Elanto, with the result that Kiinteistö Oy Helsinginkatu 25 became Restel Ltd's associated company.

In late August 2003, Tradeka sold its shareholding in seven Neste service stations. The financial results of the divested subsidiaries are included in the consolidated income statement until the date of divestment.

Tradeka Ltd sold its shareholding in Euran Palvelutalo Oy, an associated company, in February and bought a 26.3 per cent holding in Kiinteistö Oy Jyskän Palvelukeskus in June.

In 2003, Eka Real Estate Development Ltd disposed of its shareholding in the following five property subsidiaries: Haminan Kiinteistö Oy, Kiinteistö Oy Varkauden Kauppakatu 42–44, Kiinteistö Oy Hyvinkään Hämeenkatu 2–4, Kiinteistö Oy Keuruun Pihlajavedentie 2, Kiinteistö Oy Karkkilan Koulukatu 10.

Pizzeria Rax-Itäkeskus Oy merged with Rax Ravintolat Oy and Kiinteistö Oy Koppelonkuja 9 (Kuopio) merged with Restel Ltd. All the above changes were registered with the Trade Register on 31 December 2003.

ACCOUNTING PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

Internal shareholding

The consolidated financial statements are prepared using the acquisition cost method. Major subsidiaries have been established by Tradeka Corporation itself. The difference between the purchased subsidiaries' acquisition cost and their shareholders' equity is primarily allocated to fixed assets; otherwise it is stated as Group goodwill.

Intra-company transactions and profits

Intra-company transactions, receivables and payables as well as non-realised capital gains on fixed assets are eliminated.

In the 2003 consolidated financial statements, EUR 46.1 million (EUR 84.5 million in 2002) in intra-company profits were eliminated, of which EUR 12.0 million (EUR 12.7 million) originated from the spin-off of Restel Ltd at the end of 1990, and EUR 33.5 million (EUR 34.7 million) from the spin-off of Tradeka Ltd in 1995 and from subsequent sales of fixed assets. Other profits coming from the Cooperative's intra-company property sales totalled EUR 0.6 million (EUR 11.6 million).

Due to Eka Real Estate Development Ltd's discontinuing as a Group company, a total of EUR 35.5 million in intra-company profits for the previous financial statements were recognised as income. In addition, EUR 0.9 million in intra-company profits were recognised as income, resulting from the deals struck by Eka Real Estate Development Ltd in 2003.

Minority interest

Minority shareholdings are separated from the Cooperative shareholders' equity (Cooperative Capital) and results, and treated as a separate item.

Currency translation differences

The accounts of foreign subsidiaries are translated into euros applying the 'monetary-non-monetary' method. Any resulting exchange rate differences are entered in financial items in the income statement.

Associated companies

Associated companies are consolidated using the equity method. In proportion to Group holdings in the associated companies, the Group's share of the associated companies' profits and losses for the latest financial period is treated as an adjusting item for Inex Partners Group, and entered in financial items for associated property companies.

The results for 2003 and earlier years reported by Ketjuetu Ltd T & E and Palveluetu Ltd T & E, operating as associated companies in 2003, are included in these companies' acquisition cost calculations, since the said companies became the Group's wholly owned subsidiaries on 31 December 2003.

TRADEKA CORPORATION

NOTES TO THE CONSOLIDATED INCOME STATEMENT

NET TURNOVER

EUR million	2003	2002	03/02
Net turnover by business sector:			
Tradeka Consolidated /retail	1 015.1	1 000.2	14.9
Restel Consolidated /hotel and restaurant	205.7	202.2	3.5
Other	0.8	1.2	-0.4
Total	**1 221.6**	**1 203.6**	**18.0**

Net turnover comes mainly from domestic sales.

OTHER INCOME FROM BUSINESS OPERATIONS

EUR million	2003	2002	03/02
Rental income	14.3	14.3	0.0
Capital gains on fixed assets	7.1	0.8	6.3
Other income	0.5	0.4	0.1
Total	**21.9**	**15.5**	**6.4**

In the main, other income include pay bills Restel Consolidated charged to its partner companies.

OPERATING COSTS

Goods

EUR million	2003	2002	03/02
Purchases during financial period	-836.2	-820.9	-15.3
Change in inventories	-4.1	7.0	-11.1
Total	**-840.3**	**-813.9**	**-26.4**

Personnel costs

EUR million	2003	2002	03/02
Salaries and wages	-120.8	-116.8	-4.0
Pensions	-21.0	-30.3	9.3
Other social expenses	-11.5	-11.5	0.0
Total	**-153.3**	**-158.6**	**5.3**

The first expense entries (EUR 6.1 million) of deductibles made in 2002 related to unemployment pensions had an effect on pension costs, with the result that the pension liability lowered by EUR 0.8 million in 2003.

Other wages and salaries subject to withholding tax, incl. fringe benefits

EUR million	2003	2002	03/02
Paid to Presidents and administrative bodies	1.0	1.1	-0.1
Other wages and salaries	116.5	113.7	2.8
Total	**117.5**	**114.8**	**2.7**

The retirement age for Presidents of Cooperative Tradeka Corporation, Tradeka Ltd and Restel Ltd has been set at 60.

Average number of employees

	2003	2002	03/02
Tradeka Consolidated	3 370	3 433	-63
Restel Consolidated	1 518	1 538	-20
Other personnel	26	35	-9
Total	**4 914**	**5 006**	**-92**

Depreciation/amortisation and write downs

EUR million	2003	2002	03/02
Amortisation on intangible rights	-0.1	0.0	-0.1
Amortisation on goodwill	-0.3	-1.0	0.7
Amortisation on other long-term assets	-8.8	-9.1	0.3
Depreciation on buildings	-6.7	-6.7	0.0
Depreciation on machinery and equipment	-12.9	-12.7	-0.2
Depreciation on other tangible assets	-0.6	-0.7	0.1
Amortisation on consolidated goodwill/income recognition of consolidation difference	0.1	0.1	0.0
Depreciation/amortisation total	-29.3	-30.1	0.8
Write downs	0.0	-1.4	1.4
Total	**-29.3**	**-31.5**	**2.2**

Other operating costs

EUR million	2003	2002	03/02
Total costs deriving from sales	-3.8	-3.8	0.0
Marketing costs	-3.5	-4.5	1.0
Share of associated companies' results	0.1	-0.0	0.1
Rental costs	-60.6	-55.8	-4.8
Real estate costs	-20.4	-18.3	-2.1
Administrative costs	-15.8	-15.2	-0.6
Other usage and maintenance costs	-65.0	-68.2	3.2
Capital losses on fixed assets	-1.4	-1.7	0.3
Total	**-170.4**	**-167.5**	**-2.9**

FINANCIAL INCOME AND EXPENSES

EUR million	2003	2002	03/02
Income from other investments:			
Income from holdings in other companies	0.9	0.3	0.6
Interest income from investments	0.1	0.1	-0.0
Other interest and financial income:			
Interest income from current assets	5.8	6.8	-1.0
Other financial income from current assets:			
- from associated companies	0.0	0.0	0.0
- from external parties	0.0	0.0	0.0
- exchange-rate gains	0.1	0.1	0.0
Financial income total	6.9	7.3	-0.4
Share of associated real-estate companies' results	-0.1	-0.8	0.7
Impairment:			
Impairment of long-term investments	0.0	-1.0	1.0
Interest expenses:			
*) Subordinated loan interest expense	-4.0	-12.8	8.8
to external parties	-9.1	-8.6	-0.5
Other financial expenses:			
Conversion differences and exchange rate losses	-0.0	-0.0	-0.0
Other financial expenses	-0.4	-0.3	-0.1
Other financial expenses total	-0.4	-0.3	-0.1
Interest expenses and other financial expenses total	-13.5	-21.7	8.2
Net total	**-6.7**	**-16.2**	**9.5**
Interest income total	5.9	6.9	-1.0

*) Interest for 2002 includes interest on the subordinated loan accrued during 2000–2002.

EXTRAORDINARY ITEMS

EUR million	2003	2002	03/02
Extraordinary income:			
Additional reduction in restructuring debt	3.2	0.0	3.2
Income from final settlement in restructuring programme	6.2	0.0	6.2
**) Effect of corporate structure change	44.5	0.0	44.5
Deferred tax assets	32.0	12.7	19.3
Compensation for termination of contract	8.5	0.0	8.5
Other extraordinary income	0.5	0.0	0.5
Total	94.9	12.7	82.2
Extraordinary expenses:			
Cancellation of the reduction in restructuring debt	-17.2	-1.0	-16.2
Other restructuring expenses and charges	-2.3	0.0	-2.3
Other charges related to agreements	-2.0	0.0	-2.0
Other extraordinary expenses and loss	0.0	-1.7	1.7
Total	-21.5	-2.7	-18.8
Net total	**73.4**	**10.0**	**63.4**

**) In the main, net effect based on Eka Real Estate Development Ltd's withdrawal

TAXES BASED ON THE INCOME STATEMENT

EUR million	2003	2002	03/02
Taxes for the period	-1.0	-1.0	0.0
Change in deferred tax liability	-0.3	2.3	-2.6
Application of deferred tax assets	-28.2	-9.9	-18.3
Total	**-29.5**	**-8.6**	**-20.9**

NOTES TO THE CONSOLIDATED BALANCE SHEET

FIXED AND OTHER NON-CURRENT ASSETS

Intangible Assets 31 Dec.

EUR million	2003	2002	03/02
Intangible rights	0.9	1.0	-0.1
Goodwill	11.4	0.8	10.6
Other long-term assets	28.9	28.9	0.0
Advances paid	0.1	0.1	0.0
Total	**41.3**	**30.8**	**10.5**

Intangible rights

EUR million	2003	2002
Acquisition cost 1 Jan.	1.0	0.4
Increase	0.0	0.9
Decrease; sales	0.0	-0.3
Acquisition cost 31 Dec.	1.0	1.0
Accumulated amortisation 1 Jan.	0.0	0.0
Amortisation for the period	-0.1	0.0
Book value 31 Dec.	**0.9**	**1.0**

Goodwill

EUR million	2003	2002
Acquisition cost 1 Jan.	16.3	16.3
Increase	10.9	0.0
Acquisition cost 31 Dec.	27.2	16.3
Accumulated amortisation 1 Jan.	-15.5	-14.5
Amortisation for the period	-0.3	-1.0
Accumulated amortisation 31 Dec.	-15.8	-15.5
Book value 31 Dec.	**11.4**	**0.8**

Other long-term assets

EUR million	2003	2002
Acquisition cost 1 Jan.	85.2	76.5
Increase	8.8	8.8
Decrease; sales	0.0	-0.1
Decrease; fully amortised	-7.6	0.0
Acquisition cost 31 Dec.	86.4	85.2
Accumulated amortisation 1 Jan.	-56.3	-47.1
Amortisation for the period	-8.8	-9.2
Decrease; fully amortised	7.6	0.0
Accumulated amortisation 31 Dec.	-57.5	-56.3
Book value 31 Dec.	**28.9**	**28.9**

Advances paid

EUR million	2003	2002
Acquisition cost 1 Jan.	0.1	0.1
Increase	0.0	0.0
Introduced	0.0	0.0
Book value 31 Dec.	**0.1**	**0.1**

Consolidated goodwill 31 Dec.

EUR million	2003	2002	03/02
Acquisition cost 1 Jan. and 31 Dec.	1.5	1.5	
Accumulated amortisation 1 Jan.	-0.4	-0.5	
Amortisation for the period	-0.1	-0.1	
Recognition of consolidation difference as income	0.2	0.2	
Accumulated amortisation 31 Dec.	-0.3	-0.4	
Book value 31 Dec.	**1.2**	**1.1**	**0.1**

Tangible Assets 31 Dec.

EUR million	2003	2002	03/02
Land and water	9.9	11.2	-1.3
Buildings and structures	80.2	105.3	-25.1
Machinery and equipment	46.6	43.4	3.2
Other tangible assets	1.8	2.5	-0.7
Advances paid and work in progress	3.7	1.7	2.0
Total	**142.2**	**164.1**	**-21.9**

Land and water

EUR million	2003	2002
Acquisition cost 1 Jan.	11.5	11.4
Increase	0.8	1.0
Decrease; sales	-2.1	-0.9
Acquisition cost 31 Dec.	10.2	11.5
Accumulated depreciation 1 Jan. and 31 Dec.	-0.3	-0.3
Book value 31 Dec.	**9.9**	**11.2**

Buildings and structures

EUR million	2003	2002
Acquisition cost * 1 Jan.	147.2	148.5
Increase	4.7	5.0
Decrease; sales	-23.1	-5.8
Accumulated depreciation of property sold	0.0	-0.5
Acquisition cost * 31 Dec.	128.8	147.2
Accumulated depreciation and value adjustment 1 Jan.	-41.9	-34.3
Depreciation for the period	-6.7	-6.7
Value adjustment for the period	0.0	-1.4
Accumulated depreciation of property sold	0.0	0.5
Accumulated depreciation and value adjustment 31 Dec.	-48.6	-41.9
Book value 31 Dec.	**80.2**	**105.3**

Building acquisition cost include:		
* Revaluation 1 Jan. and 31 Dec.	0.0	0.0

Machinery and equipment

EUR million	2003	2002
Acquisition cost 1 Jan.	131.5	120.1*)
Increase	16.3	16.2
Decrease; sales	-0.1	-0.4
*) Decrease; fully depreciated	-4.8	-4.4
Acquisition cost 31 Dec.	142.9	131.5
Accumulated depreciation 1 Jan.	-88.1	-79.8*)
Depreciation for the period	-13.0	-12.7
*) Decrease; fully depreciated	4.8	4.4
Accumulated depreciation 31 Dec.	-96.3	-88.1
Book value 31 Dec.	**46.6**	**43.4**

*) Changed comparatives

Other tangible assets

EUR million	2003	2002
Acquisition cost 1 Jan.	4.5	4.1
Increase	0.1	0.4
Decrease	-0.2	0.0
Decrease; fully depreciated	-0.6	0.0
Acquisition cost 31 Dec.	3.8	4.5
Accumulated depreciation 1 Jan.	-2.0	-1.3
Depreciation for the period	-0.6	-0.7
Decrease; fully depreciated	0.6	0.0
Accumulated depreciation 31 Dec.	-2.0	-2.0
Book value 31 Dec.	**1.8**	**2.5**

Advances paid and work in progress

EUR million	2003	2002
Acquisition cost 1 Jan.	1.7	2.3
Increase	3.0	1.7
Introduced	-1.0	-2.3
Book value 31 Dec.	**3.7**	**1.7**

Investments 31 Dec.

EUR million	2003	2002	03/02
Holdings in associated companies	49.1	47.6	1.5
Other investments:			
Receivables from associated companies	0.1	0.2	-0.1
Other shares and holdings	9.8	13.2	-3.4
Other receivables	0.3	13.3	-13.0
Other investments total	10.2	26.7	-16.5
Total	**59.3**	**74.3**	**-15.0**

Holdings in associated companies

EUR million	2003	2002
Holdings 1 Jan.	47.7	36.3
Increase	7.0	13.6
Decrease	-5.5	-2.2
Holdings 31 Dec.	49.2	47.7
Accumulated value adjustment 1 Jan. and 31 Dec.	-0.1	-0.1
Book value 31 Dec.	**49.1**	**47.6**

Other shares and holdings

EUR million	2003	2002
Acquisition cost 1 Jan.	14.2	12.9
Increase	1.5	1.3
Decrease; sales	-4.9	0.0
Acquisition cost 31 Dec.	10.8	14.2
Accumulated value adjustment 1 Jan.	-1.0	0.0
Value adjustment for the period	0.0	-1.0
Accumulated value adjustment 31 Dec.	-1.0	-1.0
Book value 31 Dec.	**9.8**	**13.2**

Total shares and holdings

EUR million	2003	2002
Acquisition cost 31 Dec.	60.0	61.9
Accumulated value adjustment 31 Dec.	-1.1	-1.1
Book value 31 Dec.	**58.9**	**60.8**

Receivables from associated companies

EUR million	2003	2002
Receivables at nominal value 1 Jan	0.2	0.1
Increase	0.0	0.1
Decrease	-0.1	0.0
Book value 31 Dec.	**0.1**	**0.2**

Other receivables

EUR million	2003	2002
Receivables at nominal value 1 Jan	13.3	13.6
Increase	0.0	0.3
Decrease	-13.0	-0.6
Book value 31 Dec.	**0.3**	**13.3**

CURRENT ASSETS

Stocks 31 Dec.

EUR million	2003	2002	03/02
Goods	**57.0**	**60.8**	**-3.8**

Receivables 31 Dec.

EUR million	2003	2002	03/02
Long-term receivables:			
Receivables from associated companies	0.0	0.0	-0.0
Other receivables	0.7	0.0	0.7
Accrued income and prepaid expenses	0.4	0.3	0.1
Total	1.1	0.3	0.8
Short-term receivables:			
Accounts receivable	11.9	11.8	0.1
Receivables from associated companies	4.9	4.2	0.7
Loan receivables	0.0	0.0	-0.0
Other receivables	10.6	9.7	0.9
Accrued income and prepaid expenses	3.9	4.6	-0.7
Total	31.3	30.3	1.0
Receivables total	**32.4**	**30.6**	**1.8**

Long-term accrued income and prepaid expenses include the Social Insurance Institution's compensation for employee healthcare costs.

Short-term accrued income and prepaid expenses include:		
Unreceived annual compensations	0.0	0.0
Other unreceived expense compensations	2.5	2.7
Other prepaid business expenses	0.9	0.4
Refundable withheld tax	0.4	0.0
Unreceived financial income	0.1	1.5
Total	3.9	4.6

Receivables from associated companies 31 Dec.

EUR million	2003	2002	03/02
Long-term receivables:			
Other receivables	0.0	0.0	-0.0
Short-term receivables:			
Accounts receivable	0.1	0.0	0.1
Other receivables	0.5	0.5	0.0
Accrued income and prepaid expenses	4.3	3.7	0.6
Total	4.9	4.2	0.7
Total	**4.9**	**4.2**	**0.7**

Short-term accrued income and prepaid expenses include uncreceived annual refunds.

Marketable securities 31 Dec.

EUR million	2003	2002	03/02
Other securities	**71.7**	**123.3**	**-51.6**

SHAREHOLDERS' EQUITY (COOPERATIVE CAPITAL)

Share capital

EUR million	2003	2002	03/02
Fees of current members 1 Jan.	8.5	8.5	
+ fees paid during period	0.0	0.0	
- fees of members resigned during period	0.0	0.0	
Fees of current members 31 Dec.	8.5	8.5	
Fees of ex-members 1 Jan.	0.6	0.6	
+ Fees of members resigned during period	0.1	0.0	
- refunded to ex-members	0.0	0.0	
Fees of ex-members 31 Dec.	0.7	0.6	
Share capital total 31 Dec.	9.2	9.1	0.1
Revaluation fund 1 Jan. and 31 Dec.	0.0	0.0	
Reserve fund 1 Jan. and 31 Dec.	13.4	13.4	
Contingency fund 1 Jan.	70.6	55.1	
Retained Parent Cooperative surplus from previous year	27.7	15.5	
Contingency fund 31 Dec.	98.3	70.6	
Retained losses 1 Jan.	-59.3	-74.2	
Retained consolidated profit from previous year	4.8	14.9	
Retained losses 31 Dec.	-54.5	-59.3	
Profit for the period			
Parent Cooperative surplus for the period	42.3	27.7	
Other consolidated profit for the period	45.1	4.8	
Consolidated surplus for the period	87.4	32.5	
Shareholders' equity (Cooperative capital) total 31 Dec.	**153.8**	**66.3**	

Calculation of distributable profit

EUR million	2003	2002
Contingency fund	98.3	70.6
Retained losses	-54.5	-59.3
Consolidated profit for the period	87.4	32.5
- Portion entered in shareholders' equity from appropriations *)	-5.9	-5.6
According to consolidated financial statements	125.3	38.2

*) The amount transferred from appropriations to shareholders' equity.

STATUTORY RESERVES

EUR million	2003	2002	03/02
Reserves for security payments	0.0	0.1	-0.1
Pension reserves	9.2	10.4	-1.2
Other statutory reserves	0.0	2.0	-2.0
Total	9.2	12.5	-3.3

Pension reserves include the amounts of the pension fund's uncovered pension liabilities that were previously shown in pension loans under liabilities and, in 2002, were converted into comparable figures. The pension reserves also include estimates of unemployment pension related deductibles payable by Tradeka Ltd and some of Restel Consolidated's subsidiaries during 2003–2008.

LIABILITIES 31 DEC.

Liabilities total 31 Dec.

EUR million	2003	2002	03/02
Total	**351.5**	**480.1**	**-128.6**

Deferred tax liability 31 Dec.

EUR million	2003	2002	03/02
Total	**2.4**	**2.3**	**0.1**

Consolidated pension loan 31 Dec.

EUR million	2003	2002	03/02
Consolidated pension loan	**17.8**	**20.1**	**-2.3**

Financial restructuring debt 31 Dec.

EUR million	2003	2002	03/02
Short-term partitioning debt	0.0	0.5	-0.5
Secured loans	0.0	35.8	-35.8
Non-interest bearing subordinated loan	0.0	102.1	-102.1
Subordinated loan	0.0	61.3	-61.3
*) Accruals	0.0	12.8	-12.8
Total	**0.0**	**212.5**	**-212.5**

*) Accruals for 2002 consisted of accrued interest (from 2000 to 2002) on the subordinated loan entered during the financial year, which was attached to the principal after the adoption of the financial statements for the year in question. Accrued interest for 2003 was entered in financial items and as part of the debt set off in the final settlement.

Other liabilities 31 Dec.

EUR million	2003	2002	03/02
Long-term:			
Convertible bond	50.5	5.0	45.5
Loans from financial institutions	56.5	41.5	15.0
Pension loans	37.4	41.1	-3.7
Payables to associated companies	0.0	0.0	0.0
Other liabilities	44.8	28.3	16.5
Total	189.2	115.9	73.3
Short-term:			
Loans from financial institutions	1.9	8.8	-6.9
Pension loans	3.6	0.4	3.2
Advances received	2.2	1.6	0.6
Accounts payable	56.3	40.0	16.3
Payables to associated companies	12.6	13.2	-0.6
Other payables	14.4	14.6	-0.2
Accruals	51.1	50.7	0.4
Total	142.1	129.3	12.8
Total	**331.3**	**245.2**	**86.1**

EUR million	2003	2002
Short-term accruals include:		
Unpaid refund of		
Loyal Customer Scheme bonuses	17.5	18.9
Unpaid personnel costs	28.6	23.9
Other unpaid business expenses	3.3	6.2
Unpaid taxes	0.0	0.0
Unpaid financial expenses	1.7	1.7
Total	51.1	50.7

Payables to associated companies

EUR million	2003	2002	03/02
Long-term			
Other payables	0.0	0.0	0.0
Short-term			
Accounts payable	12.3	13.2	-0.9
Other payables	0.3	0.0	0.3
Total	12.6	13.2	-0.6
Total	**12.6**	**13.2**	**-0.6**

Consolidated pension loan

EUR million	2003	2002	03/02
Consolidated debt to Eläkekassa Tuki	**17.8**	**20.1**	**-2.3**

More detailed information on the consolidated pension loan, regarding Cooperative Tradeka Corporation, is available on page 42, Parent Cooperative balance sheet.

Restructuring debt 31 Dec.

EUR million	2003	2002	03/02
Total	**0.0**	**212.5**	**-212.5**

The restructuring debt is connected only to Cooperative Tradeka Corporation. More detailed information on the restructuring debt and related payments involved in the final settlement is available on pages 42 and 43, Notes to the Balance Sheet.

Other long-term liabilities

EUR million	2003	2002	03/02
Convertible bonds	50.5	5.0	45.5

At the end of 2003, Tradeka Ltd and Eka Real Estate Ltd repaid their convertible bonds of EUR 1.68 million (FIM 10 million) to the bondholders. Based on the conciliation agreement related to the termination of the financial restructuring programme, Restel Ltd's convertible bondholders transferred EUR 1.68 million in convertible bonds to Cooperative Tradeka Corporation, without consideration. At expiry of the loan on 31 December 2003, it was re-attached to the consolidated loan receivable from Cooperative Tradeka Corporation.

As a result of Eka Real Estate Development Ltd discontinuing as a Group company, EUR 50.5 million in convertible bonds issued by Tradeka Group Ltd to Eka Real Estate Development Ltd were no longer entered as Tradeka Corporation's intra-Group loan receivables.

Other long-term liabilities by due date 31 Dec.

EUR million	2003	2002
Loans from financial institutions:		
Total liabilities	58.4	50.3
- In short-term liabilities	-1.9	-8.8
= In long-term liabilities	56.5	41.5
- Amortisation in the next 2–5 years	-33.6	-35.9
Due in over 5 years	**22.9**	**5.6**
Pension loans:		
Total liabilities	41.0	41.5
- Pension loans in short-term liabilities	-3.6	-0.4
= Pension loans in long-term liabilities	37.4	41.1
- Amortisation in the next 2–5 years	-21.4	-19.7
Due in over 5 years	**16.0**	**21.4**
Other liabilities:		
Total liabilities	47.4	28.3
- In short-term liabilities	-2.6	0.0
= In long-term liabilities	44.8	28.3
- Amortisation in the next 2–5 years	-44.8	-28.3
Due in over 5 years	**0.0**	**0.0**

Other liabilities include the debt payable to the guarantor of the Parent Cooperative's pension scheme and the Parent Cooperative partitioning debt.

COMMITMENTS AND CONTINGENCIES 31 DEC. 2003

Mortgages on real estate, and business mortgages, pledged as security for debts

EUR million	2003	2002	03/02
Loans from financial institutions:	55.5	47.2	8.3
Pledged real estate mortgages	25.1	25.1	0.0
Pledged business mortgages	31.1	21.1	10.0
Pension loans:	41.0	41.5	-0.5
Pledged real estate mortgages	42.6	43.4	-0.8
Pledged business mortgages	8.7	8.7	0.0
Secured debt:	0.0	35.8	-35.8
Pledged real estate mortgages	0.0	65.1	-65.1
Pledged business mortgages	0.0	100.6	-100.6
Total	**107.5**	**264.0**	**-156.5**

Shares pledged as security for debt

EUR million	2003	2002	03/02
Loans from financial institutions:	55.5	47.2	8.3
Book value of pledged shares	19.1	8.5	10.6
Pension loans:	7.5	7.6	-0.1
Book value of pledged shares	7.4	7.3	0.0
Secured debt:	0.0	35.8	-35.8
Book value of pledged shares	0.0	82.1	-82.1
Total	**26.5**	**97.9**	**-71.4**

Other pledges

EUR million	2003	2002	03/02
Pledged receivables	**0.0**	**143.4**	**-143.4**

The receivable is pledged in security for the Parent Cooperative's secured debts.
The pledged receivable from Tradeka Ltd is presented in the amount of its nominal value, which is in accordance with the promissory note value, while the book value after loan amortisation amounts to EUR 17.7 million, or EUR 125.7 million less than the above figure.

Pledges made on behalf of others

EUR million	2003	2002	03/02
Mortgaged promissory notes secured by a pledge	0.0	16.1	-16.1
Pledged deposits	0.0	0.1	-0.1
Total	**0.0**	**16.2**	**-16.2**

Pension liabilities

The Group companies' portion of Eläkekassa Tuki's non-funded uncovered liabilities is entered as expenses and pension liabilities in full (EUR 21.7 million on 31 December 2003).

Based on their shareholder and guarantee commitments, Tradeka Ltd, Restel Ltd, Cumulus Oy and Restel Ravintolat Oy are, together with other shareholders, jointly and severally liable for all of Eläkekassa Tuki's non-covered pension liability of EUR 21.7 million.

Amounts due for leasing contracts

EUR million	2003	2002	03/02
Payable the following year	3.4	4.1	-0.7
Payable later	3.3	3.0	0.3
Total	**6.7**	**7.1**	**-0.4**

Leasing contracts are mainly concluded on a 5-year basis, with no redemption clauses included.

Contingent liabilities on behalf of Group companies

EUR million	2003	2002	03/02
Guarantees given	1.7	1.7	0.0

Other contingent liabilities

EUR million	2003	2002	03/02
Guarantees on behalf of others	53.8	4.3	49.5
On behalf of Group company's debt	1.0	1.0	0.0
Total	**54.8**	**5.3**	**49.5**

TRADEKA CORPORATION

SUBSIDIARIES AS OF 31 DECEMBER 2003

	Domicile	Corporation Share %	Cooperative Tradeka Share %	Cooperative Tradeka Book value EUR 1 000	Corporation´s Increase/decrease in 2003 EUR 1 000
Tradeka Group Ltd	Helsinki	100	100	1 682	
- Palveluetu Ltd T & E	Helsinki	100			
- Tradeka Ltd	Helsinki	100			
- ZAO Renlund SPb	Pietari	100			
- Ketjuetu Ltd T & E	Helsinki	100			
- Amurin Liikekeskus Ki Oy	Tampere	73			
- Haukiputaan Ykkönen Ki Oy	Haukipudas	54			
- Jyrängön Palvelukeskus Oy	Heinola	50			
- Kolmenkeikka Ki Oy	Lieksa	55			
- Kotkan Kirkkokatu Ki Oy	Kotka	100			
- Kurikan HissatOy	Kurikka	100			
- Kurunportti Ki Oy	Kuru	100			
- Kuussalon Liikekeskus Ki Oy	Kangasala	60			
- Muotialantie As Oy	Tampere	58			
- Mäntyharjun Torinkulma Oy	Mäntyharju	71			
- Mäntän Seppälänpuistotie 7 Ki Oy	Mänttä	100			
- Oulun Eka Ki Oy	Oulu	100			
- Peimarin Puoti Oy	Paimio	84			
- Peltosaaren Liikekeskus	Riihimäki	86			
- Pihlavan Palvelukeskus Ki Oy	Pori	87			
- Piispankylän Mestaritie Ki Oy	Vantaa	100			
- Pykälikkö Ki Oy	Jyväskylä	56			
- Sallan Kauppakeskus Oy	Salla	60			16
- Salon Hämeentie Ki Oy	Salo	100			
- Salon Vanamopolku Ki Oy	Salo	100			
- Saunakallion Ostoskeskus Oy	Järvenpää	56			
- Siekkilän Kauppatalo Ki Oy	Mikkeli	59			
- Sodankylän Sompiontie 6 Ki Oy	Helsinki	64			
- Tampereen Eka Ki Oy	Tampere	100			
- Vesalankeskus Ki Oy	Hollola	52			
- Ylinen Veikko Ki Oy	Tampere	100			
- Ylöjärven Virastokeskus Ki Oy	Ylöjärvi	50			
- Tenavan Ostoskeskus Oy	Lahti	92			
- Tesomankeskus Ki Oy	Tampere	57			
- Mukkulan Ostoskeskus Oy	Lahti	52			383
- Restel Ltd	Helsinki	100			
- Restel Ravintolat Oy	Helsinki	100			
- Cumulus Oy	Helsinki	100			
- Rantasipi Oy	Helsinki	100			
- Helsingin Restel Ravintolat Oy	Helsinki	100			
- Kansainväliset Restel Hotellit Oy	Helsinki	100			
- Restel Kylpylähotellit Oy	Helsinki	100			
- Rax Ravintolat Oy	Helsinki	100			
- Ki Oy Keskusväylä	Pori	55			
- Nastolan Liikekeskus Oy	Nastola	58			
Merihaan Rantakuja Ki Oy	Helsinki				-1
Savonjuoma Oy	Mikkeli	100	100	99	99
Eka Real Estate Development Ltd	Helsinki				-22 778
- 13 property subsidiaries					-3 275
				1 781	-25 555

TRADEKA CORPORATION

ASSOCIATED COMPANIES AS OF 31 DECEMBER 2003

	Domicile	Corporation's share of %	Cooperative Tradeka Corporation's Share %	Cooperative Tradeka Corporation's Book value EUR 1 000
Inex Partners Oy	Helsinki	50	50	11 269
Tradeka Ltd				
37 associated property companies				
Restel Ltd				
14 associated property companies				
Associated companies total				**11 269**

COOPERATIVE TRADEKA CORPORATION

INCOME STATEMENT, 1 JAN.–31 DEC. 2003

EUR million	2003	2002	03/02
Net turnover	**1.8**	**1.7**	**0.1**
Other income from business operations	6.1	0.1	6.0
Operating costs:			
Personnel costs	-4.4	-4.5	0.1
Depreciation	0.0	0.0	0.0
Other operating costs	-4.3	-2.3	-2.0
Total	-8.7	-6.8	-1.9
Operating profit/loss	**-0.8**	**-5.0**	**4.2**
Financial income and expenses	-0.5	-8.6	8.1
Profit/loss before extraordinary Items	**-1.3**	**-13.6**	**12.3**
Extraordinary items	44.2	41.3	2.9
Profit/loss before appropriations and taxes	**42.9**	**27.7**	**15.2**
Direct taxes	-0.6	0.0	-0.6
SURPLUS FOR THE FINANCIAL PERIOD	**42.3**	**27.7**	**14.6**

COOPERATIVE TRADEKA CORPORATION

BALANCE SHEET AS OF 31 DECEMBER 2003

Assets	EUR million 2003	2002	03/02	% of balance sheet 2003	2002
Fixed and other long-term assets:					
Tangible assets	0.1	0.0	0.1	0.0	0.0
Investments:					
Holdings in Group companies	1.8	24.5	-22.7	0.7	6.0
Other investments	198.1	317.4	-119.3	78.9	78.4
Fixed and other long-term assets total	**200.0**	**341.9**	**-141.9**	**79.6**	**84.4**
Current assets:					
Receivables	49.2	49.0	0.2	19.6	12.1
Marketable securities	0.0	6.0	-6.0	0.0	1.5
Cash and bank	1.9	8.3	-6.4	0.8	2.0
Current assets total	**51.1**	**63.3**	**-12.2**	**20.4**	**15.6**
Assets total	**251.1**	**405.2**	**-154.1**	**100.0**	**100.0**

Liabilities and shareholders equity	EUR million 2003	2002	03/02	% of balance sheet 2003	2002
Shareholders' equity:					
Share capital (Cooperative capital)	9.2	9.1	0.1	3.7	2.3
Revaluation reserve	4.5	4.5	0.0	1.8	1.1
Reserve fund	13.4	13.4	0.0	5.3	3.3
Contingency fund	98.3	70.6	27.7	39.1	17.4
Surplus for the period	42.3	27.7	14.6	16.9	6.8
Shareholders' equity (Cooperative equity) total	**167.7**	**125.3**	**42.4**	**66.8**	**30.9**
Statutory reserves	**3.5**	**6.1**	**-2.6**	**1.4**	**1.5**
Liabilities:					
Pension loan	17.8	20.1	-2.3	7.1	5.0
Restructuring debt	0.0	212.6	-212.6	0.0	52.4
Other liabilities:					
Long-term	56.5	39.2	17.3	22.5	9.7
Short-term	5.6	1.9	3.7	2.2	0.5
Liabilities total	**79.9**	**273.8**	**-193.9**	**31.8**	**67.6**
Liabilities and shareholders' equity total	**251.1**	**405.2**	**-154.1**	**100.0**	**100.0**

COOPERATIVE TRADEKA CORPORATION

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS, 1 JAN.–31 DEC. 2003

EUR million	2003	2002
CASH FLOW FROM OPERATIONS		
Profit/loss before extraordinary items	-1.3	-13.6
Adjustments:		
Depreciation and write-downs	0.0	0.0
Other income and expenses not connected with payments	-4.8	3.4
Financial income and expenses	0.5	8.6
Other adjustments (–profits/+ losses from trade)	-6.0	0.0
Cash flow before change in working capital	-11.6	-1.6
Change in working capital:		
Increase (–)/decrease (+) in current interest-free business receivables	-0.9	0.1
Increase (–)/decrease (+) in current non-interest bearing liabilities	0.8	-0.8
Cash flow from operations before financial items and taxes	-11.7	-2.3
Interest paid and financial expenses from operations	-2.7	-1.2
Dividends received	3.5	2.2
Interest received	6.0	6.3
Cash flow before extraordinary items	-4.9	5.0
Net cash flow from operations due to extraordinary items	-2.7	0.0
Cash flow from operations	**-7.6**	**5.0**
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	0.0	0.0
Capital gains on tangible and intangible assets	0.0	0.0
Other long-term investments	-0.1	0.0
Capital gains on other investments	5.9	0.0
Loans granted	-2.9	0.0
Repayment of loan receivables	36.2	31.0
Cash flow from investments	**39.1**	**31.0**
CASH FLOW FROM FINANCING		
Cooperative contributions during the year	0.0	0.0
Repayments of restructuring debt	-43.8	-38.0
Cash flow from financing	**-43.8**	**-38.0**
INCREASE/DECREASE IN LIQUID ASSETS	**-12.3**	**-2.0**
LIQUID ASSETS 1 Jan.	14.2	16.2
LIQUID ASSETS 31 Dec.	1.9	14.2

NOTES TO THE INCOME STATEMENT

NET TURNOVER

Net turnover originates only from sales of management services.

OTHER INCOME FROM BUSINESS OPERATIONS

EUR million	2003	2002	03/02
Capital gains on fixed assets	6.1	0.0	6.1
Other income	0.0	0.1	-0.1
Total	**6.1**	**0.1**	**6.0**

OPERATING COSTS

Personnel costs

EUR million	2003	2002	03/02
Salaries and wages	-2.6	-1.1	-1.5
Pensions	-1.4	-3.4	2.0
Other social expenses	-0.4	0.0	-0.4
Total	**-4.4**	**-4.5**	**0.1**

Salaries and wages subject to withholding tax incl. fringe benefits

EUR million	2003	2002	03/02
Paid to administrative bodies and President	0.6	0.6	0.0
Other salaries and wages	0.5	0.5	0.0
Total	**1.1**	**1.1**	**0.0**

The President is entitled to a pension at the age of 60.

Number of corporate employees

Corporate administration and management consisted of 5 employees on average during the financial period.

Depreciation and write-downs

EUR million	2003	2002	03/02
Depreciation on machinery and equipment	0.0	0.0	0.0

Other operating costs

EUR million	2003	2002	03/02
Total credit losses deriving from sales	0.1	0.1	0.0
Marketing expenses	-0.0	0.0	-0.0
Rental costs	-0.2	-0.2	0.0
*) Real estate costs	-1.7	-0.1	-1.6
Administrative costs	-2.1	-1.3	-0.8
Other usage and maintenance costs	-0.3	-0.8	0.5
Capital losses on fixed assets	-0.1	0.0	-0.1
Total	**-4.3**	**-2.3**	**-2.0**

*) Real estate costs include costs resulting from soil investigation and remediation. Statutory reserves of EUR 1.7 recorded for these costs in 2002 have been reversed.

FINANCIAL INCOME AND EXPENSES

Other financial income and expenses

EUR million	2003	2002	03/02
Income from shares in associated companies	3.5	2.2	1.3
Avoir fiscal tax credit	0.6		0.6
Income from other long-term investments:			
Interest income from investments:			
From Group companies	4.4	5.2	-0.8
From external parties	0.0	0.2	-0.2
Other interest and financial income:			
Interest income from current assets:			
From external parties	0.6	0.9	-0.3
Other financial income from current assets:			
From Group companies	0.0	0.0	0.0
From associated companies	0.0	0.0	0.0
Total	9.1	8.5	0.6
Interest expenses			
**) Subordinated loan interest expenses	-4.0	-12.8	8.8
To Group companies	-0.9	-0.8	-0.1
*) To external parties	-4.7	-3.5	-1.2
Total	-9.6	-17.1	7.5
Net financial income and expenses	**-0.5**	**-8.6**	**8.1**
Interest income from Group companies	4.4	5.2	-0.8
Interest income from others	0.6	1.1	-0.5
Interest income total	5.0	6.3	-1.3
Other financial income total	0.0	0.0	0.0
*) Interest on secured debt related to the financial restructuring programme	-0.7	-1.2	0.5
Annual interest rate	2 %	3 %	

**) Interest for 2002 includes interest on the subordinated loan accrued during 2000–2002.

EXTRAORDINARY ITEMS

EUR million	2003	2002	03/02
Extraordinary income:			
Group contributions received	48.0	46.4	1.6
Additional reduction in restructuring debt	3.2	0.0	3.2
Income from final settlement in restructuring programme	6.3	0.0	6.3
Return of value in investment receivables	15.1	0.0	15.1
Proportional shares received based on partitioning debt	0.5	0.0	0.5
Total	73.1	46.4	26.7
Extraordinary expenses:			
Group contributions paid	0.0	-2.4	2.4
Cancellation of the reduction in restructuring debt	-17.2	0.0	-17.2
Capital loss in final settlement of restructuring programme	-7.4	0.0	-7.4
Other restructuring expenses and charges	-2.3	-1.0	-1.3
Other charges related to agreements	-2.0	0.0	-2.0
Other extraordinary expenses and loss	0.0	-1.7	1.7
Total	-28.9	-5.1	-23.8
Net extraordinary items	**44.2**	**41.3**	**2.9**

Group contributions received from Tradeka Ltd and Restel Ltd amounted to EUR 28.7 million and EUR 19.2 million, respectively. The proportional share of partitioning debt was received from Kansa International Corporation Oy.

The amounts resulting from the restructuring programme and the agreements related to its termination are included in extraordinary items.

The creditors of the restructuring debt transferred Restel Ltd's convertible bonds, among other things, without consideration, to Cooperative Tradeka Corporation, which added to income resulting from the reduction in debts (additional reduction). On the other hand, regarding the termination of the programme, Cooperative Tradeka Corporation agreed, for example, to pay EUR 16.8 million in partitioning debt to all creditor groups during the next four years (cancellation of reduction).

On 31 December 2003, Cooperative Tradeka Corporation transferred assets to the creditors, in accordance with the financial restructuring programme, thus setting off the remaining debts. Since the assets were not sufficient to set off all accrued interest on subordinated loans, the final settlement in the financial restructuring programme resulted in income of EUR 6.2. The insufficiency of assets was due partly to the transfer price of Eka Real Estate Development Ltd shares, which was EUR 7.4 million lower than their book value (capital loss in final settlement of restructuring programme).

In connection with the termination of the programme, Cooperative Tradeka Corporation also agreed to pay various expenses and charges related to financial restructuring (EUR 2.3 million). At the same time, it was agreed that the remaining value adjustment of Restel Ltd's subordinated loan receivable, reversed in 1993, be allocated to Cooperative Tradeka Corporation.

DIRECT TAXES IN INCOME STATEMENT

EUR million	2003	2002	03/02
Direct tax for the financial period	**-0,6**	**0,0**	**-0,6**

COOPERATIVE TRADEKA CORPORATION

NOTES TO THE BALANCE SHEET

FIXED AND OTHER LONG-TERM ASSETS

Machinery and equipment 31 Dec.

EUR million	2003	2002	03/02
Machinery and equipment	**0.1**	**0.0**	**0.1**

Machinery and equipment

EUR million	2003	2002
Increase	0.1	0.0
Depreciation	-0.0	0.0
Book value 31 Dec.	**0.1**	**0.0**

Investments 31 Dec.

EUR million	2003	2002	03/02
Holdings in Group companies	1.8	24.5	-22.7
Other investments:			
Receivables from Group companies	186.8	299.9	-113.1
Holdings in associated companies	11.3	11.3	0.0
Other receivables	0.0	6.2	-6.2
Other investments total	198.1	317.4	-119.3
Total	**199.9**	**341.9**	**-142.0**

Holdings in Group companies

EUR million	2003	2002
Acquisition cost 1 Jan.	24.5	24.5
Increase	0.1	0.0
Decrease	-22.8	0.0
Book value 31 Dec.	**1.8**	**24.5**

Holdings in associated companies

EUR million	2003	2002
Acquisition cost 1 Jan. and 31 Dec.	6.7	6.7
Revaluation 1 Jan. and 31 Dec.	4.6	4.6
Book value 31 Dec.	**11.3**	**11.3**

Total shares and holdings

EUR million	2003	2002
Book value 31 Dec.	**13.1**	**35.8**

Receivables from Group companies

EUR million	2003	2002
Receivables at nominal value 1 Jan.	315.0	305.9
Increase	52.3	40.0
Repayments	-180.5	-30.9
Receivables at nominal value 31 Dec.	186.8	315.0
Accumulated value adjustment 1 Jan.	-15.1	-15.1
Reversal of write-downs	15.1	0.0
Accumulated value adjustment 31 Dec.	0.0	-15.1
Book value 31 Dec.	**186.8**	**299.9**

Other receivables

EUR million	2003	2002
Receivables 1 Jan.	6.2	6.3
Increase	0.0	0.0
Decrease	-6.2	-0.1
Book value 31 Dec.	**0.0**	**6.2**

CURRENT ASSETS

Receivables 31 Dec.

EUR million	2003	2002	03/02
Short-term receivables			
Receivables from Group companies	48.2	47.9	0.3
Loans receivable	0.0	0.0	-0.0
Other receivables	1.0	0.1	0.9
Accrued income and prepaid expenses	0.0	1.0	-1.0
Total	**49.2**	**49.0**	**0.2**

Short-term accrued income and prepaid expenses:		
Unreceived expense compensations	0.0	0.0
Other prepaid expenses	0.0	0.0
Unreceived financial income	0.0	1.0
Total	0.0	1.0

Receivables from Group companies

EUR million	2003	2002	03/02
Short-term receivables			
Accounts receivable	0.2	0.0	0.2
Other receivables	48.0	47.9	0.1
Total	**48.2**	**47.9**	**0.3**

Other receivables consist mainly of Group contribution receivables.

Marketable securities

EUR million	2003	2002	03/02
Other securities	**0.0**	**6.0**	**-6.0**

SHAREHOLDERS' EQUITY (COOPERATIVE CAPITAL)

Share capital 31 Dec. 2003

EUR million	2003	2002	03/02
Fees of current members 1 Jan.	8.5	8.5	
+ fees paid during period	0.0	0.0	
– fees of members resigned during period	0.0	0.0	
Fees of current members 31 Dec.	**8.5**	**8.5**	**0.0**

All shares in the cooperative capital entitle to equal votes.

Fees of ex-members 1 Jan.	0.6	0.6	
+ Fees of members resigned during period	0.1	0.0	
– refunded to ex-members *)	0.0	0.0	
Fees of ex-members 31 Dec.	**0.7**	**0.6**	**0.1**

*) Cooperative fees are refunded to ex-members after one year from the end of the financial period during which their membership ended. Cooperative's financial restructuring programme had forbidden refund of cooperative fees.

EUR million	2003	2002	03/02
Share capital total 31 Dec.	**9.2**	**9.1**	**0.1**
Uncalled share capital	8.5	8.5	
Revaluation fund 1 Jan. and 31 Dec.	**4.5**	**4.5**	
Reserve fund 1 Jan. and 31 Dec.	**13.4**	**13.4**	
Contingency fund 1 Jan..	70.6	55.1	
Retained surplus	27.7	15.5	
Contingency fund 31 Dec.	**98.3**	**70.6**	
Surplus for the period	**42.3**	**27.7**	
Shareholders' equity (Cooperative capital) total 31 Dec.	**167.7**	**125.3**	

Calculation of distributable profit

EUR million	2003	2002
Contingency fund	98.3	70.6
Surplus for the period	42.3	27.7
Total	140.6	98.3

Cooperative's financial restructuring programme had forbidden distribution of surplus and payment of interest on cooperative capital.

Statutory reserves 31 Dec.

EUR million	2003	2002	03/02
Pension reserve	3.5	4.0	-0.5
Guarantee reserve	0.0	0.1	-0.1
Other statutory reserves	0.0	2.0	-2.0
Total	**3.5**	**6.1**	**-2.6**

Pension reserve is the amount of the pension fund's uncovered pension liabilities that were previously shown in pension loans under liabilities and, in 2002, were converted into a comparable figure.

LIABILITIES

Liabilities total 31 Dec.

EUR million	2003	2003	03/02
Total	**79.9**	**273.7**	**-193.8**

Consolidated pension loans

EUR million	2003	2002	03/02
Consolidated pension loans	**17.8**	**20.1**	**-2.3**

Financial restructuring debt 31 Dec.

EUR million	2003	2002	03/02
Short-term partitioning debt	0.0	0.5	-0.5
Secured debt	0.0	35.8	-35.8
Non-interest bearing subordinated loan	0.0	102.1	-102.1
Subordinated loan	0.0	61.3	-61.3
*) Accruals	0.0	12.8	-12.8
Total	**0.0**	**212.5**	**-212.5**

*) Accruals for 2002 consisted of accrued interest (from 2000 to 2002) on the subordinated loan entered during the financial year, which was attached to the principal after the adoption of the financial statements for the year in question. Accrued interest for 2003 was entered in financial items and as part of the debt set off in the final settlement.

Other liabilities 31 Dec.

EUR million	2003	2002	03/02
Long-term:			
Payables to Group companies	11.7	10.9	0.8
Payables to associated companies	0.0	0.0	0.0
Other payables	44.8	28.3	16.5
Total	56.5	39.2	17.3
Short-term:			
Accounts payable	0.2	0.1	0.1
Payables to Group companies	0.0	0.0	0.0
Payables to associated companies	0.3	0.0	0.3
Other payables	2.9	0.0	2.9
Accruals	2.2	1.8	0.4
Total	5.6	1.9	3.7
Total	**62.1**	**41.1**	**21.0**

Short-term accruals include:		
Unpaid personnel costs	2.0	0.3
Other unpaid business expenses	0.2	1.2
Unpaid financial expenses	0.0	0.3
Total	2.2	1.8

Payables to Group companies

EUR million	2003	2002	03/02
Long-term:			
Other payables	11.7	10.9	0.8
Short-term:			
Accounts payable	0.0	0.0	0.0
Total	**11.7**	**10.9**	**0.8**

Payables to associated companies

EUR million	2003	2002	03/02
Long-term:			
Other payables	0.0	0.0	0.0
Short-term:			
Accounts payable	0.0	0.0	0.0
Other payables	0.3	0.0	0.3
Total	0.3	0.0	0.3
Total	**0.3**	**0.0**	**0.3**

CONSOLIDATED PENSION LOANS 31 DEC.

EUR million	2003	2002
Consolidated debt to Eläkekassa Tuki	17.8	20.1

In accordance with the promissory note signed in 1994, Eläkekassa Tuki granted a loan of EUR 30.6 million (FIM 181.9 million) to Cooperative Tradeka Corporation on the condition that the loan be repaid and related interest be paid on the basis of Parent Cooperative's adopted financial statements and adopted consolidated financial statements, and within the framework of the unrestricted shareholders' equity indicated by them.

In accordance with the arrangements regarding the restructuring debt under the financial restructuring programme of Cooperative Tradeka Corporation, the amount of debt in the said promissory note after the repayments made during 1994–2003 totals EUR 17.8 million (FIM 105.9 million).

In addition, the loan terms also stipulates that the consolidated debt becomes an ordinary debt on 1 January 2004, to the extent it is feasible, considering the debtor's financial standing.

The term of the loan at 8 per cent annual interest will be valid until further notice.

RESTRUCTURING DEBT AND FINAL SETTLEMENT 31 DEC.

Short-term partitioning debt

EUR million	Deposit 23 Dec. 2003	31 Dec. 2002	Change 2003
Total debt	0.4	0.5	-0.1

Owing to the lack of payment data, the debt capital left on 23 December 2003 was deposited on behalf of the creditors in the State Provincial Office of Southern Finland on 23 December 2003. During 2003, debt repayments totalled EUR 25,202.52 before the date of deposit.

Secured debt

EUR million	Final settlement	31 Dec. 2002	Change 2003
Total debt	30.2	35.8	-5.6

2003 repayments of secured debt totalled EUR 5.6 million, related to property divestments.

In accordance with the financial restructuring programme, consumer price indexed interest on the secured debt was 2 per cent (3 per cent) in 2003, interest payments in 2003 totalling EUR 695,817.69.

The remaining secured debt and interest for 2003 were paid on 31 December 2003, using cash in hand.

Non-interest bearing subordinated loan

EUR million	Final settlement	31 Dec. 2002	Change 2003
Total debt	100.6	102.1	-1.5

The change (EUR -1.5 million) was due to the conciliation agreement made with the creditors of secured debt in connection with the termination of the financial restructuring programme, with the aim of ensuring equal treatment of the creditors.

On 30 December 2003, the final settlement involved repaying 13 per cent of debt to each creditor, using cash in hand, while the balance paid to the creditors consisted of Cooperative's interest-bearing receivables from Eka Real Estate Development Ltd.

Subordinated loan and interest

EUR million	Final settlement	31 Dec. 2003	Change 2003
Debt capital		39.2	
capitalised interest in 2002		22.1	
		61.3	0.0
Accruals capitalised interest in 2003		12.8	12.8
Interest on subordinated loan for 2003		4.0	4.0
Total debt		78.1	16.8
- Interest-bearing receivables from			
Eka Real Estate Development	8.5	-8.5	
- Shares in Eka Real Estate Development	15.6	-15.6	
- Subordinated loan receivables from			
Eka Real Estate Development	47.8	-47.8	
Total payments and capital gains	71.9	6.2	

In accordance with the financial restructuring programme and the conciliation agreement concluded with creditors in 2003, Cooperative Tradeka Corporation set off the remaining subordinated loan, including interest, by selling its shares in, and the remaining receivables (the remaining non-consolidated interest-bearing receivables and consolidated non-interest bearing subordinated loan receivables) from, Eka Real Estate Development Ltd to creditors. As a result, Cooperative earned EUR 6.2 million in capital gains (on interest on subordinated loan).

Eka Real Estate Development Ltd shares

EUR million	Selling price in final settlement	30 Dec. 2003 book value	Capital loss
Eka Real Estate			
Development shares	15.6	22.8	-7.2
+ capital transfer tax			-0.2
			-7.4

Capital gains in the final settlement were due partly to the fact that Eka Real Estate Development Ltd shares were measured at fair value.

Liquid assets 31 Dec. 2003

EUR million	Before final settlement	Payment in final settlement	31 Dec. 2003
Liquid assets	45.9	44.0	1.9
additional settlement 15 Jan. 2004			-0.3
Liquid assets remaining with Cooperative, as specified in conciliation agreement			1.6

The conciliation agreement concluded at the end of the year specified the amount of liquid assets remaining with Cooperative. The matching of liquid assets took account of, for example, the capital transfer tax on the sale of Eka Real Estate Development Ltd shares, payable in 2004, and other charges and expenses for 2003 payable in 2004. According to the agreement, the additional settlements were to be paid to the creditors of the non-interest bearing subordinated loan on 15 January 2004 following the matching.

Additional partitioning debt

EUR million	Short-term	Long-term	Total
Additional partitioning debt	2.5	14.3	16.8

Based on the conciliation agreement concluded prior to the termination of the financial restructuring programme, Cooperative Tradeka agreed to repay EUR 16.8 million (FIM 100 million) in additional partitioning debt to creditors, in accordance with Section 63, Paragraph 4 of the Financial Restructuring Act.

The short-term, non-interest bearing additional partitioning debt amounts to EUR 2.55 million which will fall due in its entirety on 30 June 2004.

The long-term, interest-bearing additional partitioning debt amounts to EUR 14.26 million which will fall due on 31 December 2008.

Cooperative Tradeka Corporation is entitled but not obliged to repay the partitioning debt in full or in part on any date prior to the above dates as of 1 January 2004.

However, it will not repay any additional partitioning debt to the creditors whose debt receivable is less than EUR 50. This amount is divided among other creditors in proportion to the reduction in debt.

On 14 November 2003, the Helsinki District Court confirmed the said conciliation agreement, regarding Section 63, Paragraph 4 of the Financial Restructuring Act, and amended the financial restructuring programme by incorporating an addendum regarding the additional partitioning debt.

The additional partitioning debt is included in other debt under other liabilities.

Other long-term liabilities by maturity

Long-term payables to Group companies 31 Dec.
Debt to the provider of countersecurity based on the pension scheme

EUR million	2003	2002
Guarantor's payments	8.1	8.1
Capitalised interest	3.6	2.8
Total liabilities	11.7	10.9
- In short-term liabilities	0.0	0.0
= In long-term liabilities	11.7	10.9
- Amortisation in the next 2–5 years	11.7	-10.9
Due in over five years	0.0	0.0

The provider of countersecurity is entitled to exercise its right of recourse in relation to Cooperative Tradeka Corporation, related to the debt, as of 1 January 2004.

Other long-term liabilities 31 Dec.
Debt to the guarantor of the pension scheme

EUR million	2003	2002
Guarantor's payments	21.0	21.0
Capitalised interest	9.5	7.3
Total liabilities	30.5	28.3
- In short-term liabilities	0.0	0.0
= In long-term liabilities	30.5	28.3
- Amortisation in the next 2–5 years	-30.5	-28.3
Due in over five years	0.0	0.0

The guarantor is entitled to exercise its right of recourse in relation to Cooperative Tradeka Corporation, related to the debt, as of 1 January 2004.

OTHER NOTES

COMMITMENTS AND CONTINGENCIES 31 DEC. 2003

Mortgages on real estate and business mortgages, pledged as security for debts

EUR million	2003	2002	03/02
* Secured debts	30.2	35.8	-5.6
Pledged business mortgages	**0.0**	**97.2**	**-97.2**

Shares Pledged as Security for Debt

EUR million	2003	2002	03/02
Book value of pledged shares	**0.0**	**11.3**	**-11.3**

* Shares are pledged as security for secured debts.

Other pledges

EUR million	2003	2002	03/02
Pledged receivables	**0.0**	**143.4**	**-143.4**

* Receivables are pledged as security for secured debts.

Pledges on behalf of others

EUR million	2003	2002	03/02
Pledged securities	**0.0**	**0.1**	**-0.1**

Pension liabilities

Cooperative Tradeka Corporation's share of the non-covered pension liability (totalling EUR 21.4 million on 31 Dec. 2003) of Eläkekassa Tuki has been entered in its entirety as expenses in the income statement and under pension loans and statutory pension reserve in the balance sheet.

Amounts due for leasings contracts

EUR 1 000	2003	2002	03/02
Payable in the following year	6.4	12.7	-6.3
Payable later	8.4	1.6	6.8
Total	**14.8**	**14.3**	**0.5**

Contingent liabilities on behalf of Group companies

EUR million	2003	2002	03/02
Guarantees given	**51.4**	**51.5**	**-0.1**

Other contingent liabilities

EUR million	2003	2002	03/02
Guarantees on behalf of others	**2.5**	**2.6**	**-0.1**

BOARD'S PROPOSAL FOR THE DISPOSAL OF SURPLUS

The Board proposes that the surplus of EUR 42,315,717.62 recorded for 2003 be entered in the contingency fund, in accordance with Article 10:2 of the Cooperative By-laws, since the reserve fund has reached the full amount specified in Section 9 of the said By-law.

Helsinki, 26 March 2004

Olavi Syrjänen Chairman	Maunu Ihalainen Vice Chairman
Markku Alhava	Margit Eteläniemi
Tuire Mannila	Jukka Simula
Ritva Vartia	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 corporate governance of Cooperative Tradeka Corporation for the financial year 2003. The financial statements prepared by the Board of Directors and the President include the Report by the Board of Directors and both the consolidated and the Cooperative's income statements, balance sheets and notes to the financial statements. Based on our audit, we express our opinion on the financial statements and the corporate governance.

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 as to whether the financial statements are free of material misstatements. The purpose of our audit of corporate governance is to ensure that the Supervisory Board and the Board of Directors and the President have 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 for the use of the surplus is in compliance with the Cooperatives Act.

Helsinki, 6 April 2004

Mauri Palvi
Authorised Public Accountant

Markku Koskela
Authorised Public Accountant

SUPERVISORY BOARD'S STATEMENT

The Supervisory Board has examined Cooperative Tradeka Corporation's financial statements and consolidated financial statements and reviewed the Report by the Board of Directors and the Board's proposal for the disposal of 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 consolidated financial statements be adopted. As its opinion in accordance with Article 21:1 of the Cooperative By-laws, the Supervisory Board states that the Board's proposal for the disposal of surplus is in compliance with Article 10 of said By-laws.

Helsinki, 28 April 2004

Markku Pohjola

Juha Laisaari

COUNCIL OF REPRESENTATIVES

The district of Uusimaa (incl. Helsinki):

Hilkka Ahde, Helsinki
Timo Ahola, Mäntsälä
Eero Heinäluoma, Helsinki
Pirjo Hämäläinen, Hyvinkää
Ritva Karsi, Espoo
Marjo Kiukkonen, Hyvinkää
Arja-Leena Lahtinen, Karkkila
Lasse Lehtinen, Espoo
Lea Nevalainen, Vihti
Toini Nieminen, Lohja
Matti Pajuoja, Lohja
Markku Pohjola, Vihti
Matti Saarinen, Lohja

The district of Häme:

Risto Aaltonen, Forssa
Paula Helle, Janakkala
Aarne Kauranen, Hämeenlinna
Vuokko Kautto, Lahti
Johannes Koskinen, Hämeenlinna
Merja Leppänen, Forssa
Minna Lintonen, Forssa
Tapio Luttinen, Lahti
Anna-Maija Martikainen, Lahti
Satu Taiveaho, Hämeenlinna

The district of Pirkanmaa:

Jukka Gustafsson, Tampere
Laila Halme, Tampere
Inna Ilivitzky, Valkeakoski
Hannele Isotalo-Pekala, Valkeakoski
Tarja Jokinen, Tampere
Taavi Lintunen, Tampere
Arja Ojala, Kangasala
Eila Rimmi, Tampere
Matti Salo, Parkano
Marjatta Stenius-Kaukonen, Tampere
Pertti Turtiainen, Kangasala
Riitta Virtanen, Ylöjärvi
Auli Välimäki, Mänttä

The district of Varsinais-Suomi:

Maarit Haapanen, Salo
Mikko Immonen, Mynämäki
Ulla Kauppinen, Turku
Kaija Kiessling, Turku
Nana Korpelainen, Turku
Annika Lapintie, Turku
Pertti Paasio, Turku
Virpa Puisto, Turku
Jukka Roos, Perniö
Ritva Vainio, Aura
Kaarina Vikman, Uusikaupunki

The district of Satakunta:

Raila Aho, Pori
Annikki Järvinen, Pori
Reijo Kallio, Rauma
Leila Koski, Rauma
Eeva Kurki, Rauma
Timo Laaksonen, Pori
Leila Mäkelä, Kankaanpää
Veikko Nurmi, Eura

The district of Central Finland:

Iiris Hacklin, Jämsä
Eero Hakonen, Äänekoski
Matti Kangas, Jyväskylä
Pekka Leppänen, Suolahti
Pekka Niskanen, Viitasaari
Matti Ojala, Jyväskylä
Tuulikki Väliniemi, Jyväskylä

The district of Vaasa:

Markus Aaltonen, Seinäjoki
Taina Lehto, Vaasa
Riitta Lehtola, Seinäjoki
Raimo Rauhala, Kokkola
Taina Tulima, Pietarsaari
Marjatta Vehkaoja, Vaasa

The district of Pohjois-Savo:

Kaija Haajanen, Kuopio
Marita Juuti, Varkaus
Leena Kumpulainen, Kiuruvesi
Marja-Leena Kärkkäinen, Kiuruvesi
Matti Mänttäri, Kuopio
Iivo Polvi, Iisalmi
Kari Rajamäki, Varkaus
Erkki Virtanen, Kuopio

The district of Kymi:

Ulla-Maija von Hertzen, Kotka
Pentti Hämäläinen, Hamina
Anneli Kiljunen, Lappeenranta
Pekka Koskimies, Imatra
Jouko Kotola, Kotka
Jukka Kärnä, Imatra
Sinikka Mönkäre, Imatra
Pentti Tiusanen, Kotka
Minna Tuukkanen-Peussa, Kuusankoski

The district of Etelä-Savo:

Valto Aholainen, Mikkeli
Juha Bilund, Savonlinna
Kaija Karvinen, Savonlinna
Antti Leskinen, Savonlinna
Maija-Liisa Paananen, Mikkeli

The district of Pohjois-Karjala:

Erkki Kanerva, Joensuu
Lauri Kähkönen, Lieksa
Esa Lahtela, Kitee
Maija Martikainen, Joensuu

The district of Oulu:

Aarno von Bell, Kajaani
Paula Grekelä, Oulu
Raimo Järvenpää, Oulu
Ritva Kitinoja, Oulu
Päivi Krekilä, Raahe
Merja Kyllönen, Suomussalmi
Leena Mustonen, Kuusamo
Arja Porkka, Liminka
Mikko Raudaskoski, Oulu
Unto Valpas, Raahe

The district of Lapland:

Ritva Aheinen, Kemi
Sisko Akujärvi, Inari
Pentti Haimakainen, Rovaniemi
Eeva-Liisa Kilpeläinen, Kemi
Juha Pikkarainen, Kemijärvi
Helena Tiuraniemi, Rovaniemen mlk.

TRADEKA CORPORATION'S SUPERVISORY BOARD

Markku Pohjola
Circuit judge, Vihti
Chairman

Seppo Grönqvist
Project secretary, Eräjärvi
Vice Chairman

Ritva Kitinoja
Area manager, Oulu
Vice Chairman

Markus Aaltonen
Valtiopäiväneuvos (Finnish honorary title),
Seinäjoki

Jukka Gustafsson
MP, Tampere

Iiris Hacklin
Master, Jämsä

Jorma Hacklin
Administrative director, Jokioinen

Mika Hentunen (since 1 Jan. 2004)
Head of Training, Varkaus

Raimo Järvenpää
Regional secretary, Oulu

Kaija Karvinen
Entrepreneur/Supervisor, Savonlinna

Anna-Liisa Kasurinen
Kaupunkineuvos (Finnish honorary title), Kotka

Marjo Kiukkonen
Lawyer, Hyvinkää

Matti Kivikoski
Business unit manager, Kemiö

Marketta Korrensalo
Master, Kemi

Leila Koski
Director of work with senior citizens, Rauma

Jorma Kukkonen (until 31 Dec. 2003)
Vicar, Rautalampi

Pekka Leppänen
Former MP, Suolahti

Tapio Luttinen
Professor, Lahti

Maija Martikainen
Practical nurse, Joensuu

Turkka Merisaari
Inspector, Turku

Hannu Myyryläinen
Kunnallisneuvos (Finnish honorary title),
Lappeenranta

Matti Pajuoja
Chief shop steward, Lohja

Iivo Polvi
MP, Iisalmi

Marketta Semi
Benefits officer (unemployment fund), Vaasa

Ilkka Sepponen
House manager, Turku

Kirsti Willberg
Children's private daycare instructor, Noormarkku

Employee representatives:

Eeva-Liisa Kilpeläinen
Chief shop steward, Kemi

Erja Backman
Chief shop steward, Perniö

Deputy employee representatives:

Kari Peltovirta
Chief shop steward, Tampere

Christer Paasila
Chief shop steward, Helsinki

BOARD OF DIRECTORS

Olavi Syrjänen
LL.D, Senior Lawyer
Chairman

Maunu Ihalainen
Kanslianeuvos (Finnish honorary title)
Vice Chairman

Markku Alhava
M.Sc. (Econ. & Bus. Adm.)

Margit Eteläniemi
Head of Training

Tuire Mannila
Director of Finance, Authorised Public Accountant

Jukka Simula
Lawyer

Employee representative:

Ritva Vartia
Chief shop steward

Deputy member
Martti Kesseli
Chief shop steward

President

Antti Remes

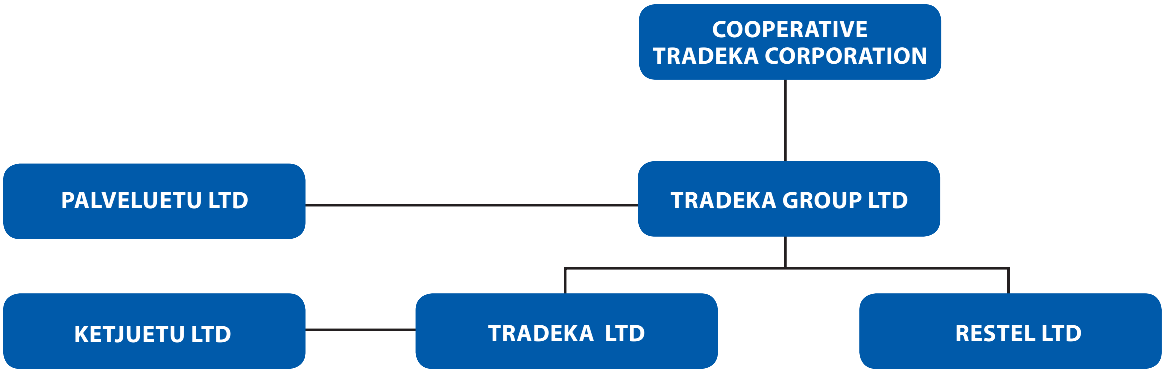
AUDITORS

Mauri Palvi, Authorised Public Accountant
Markku Koskela, Authorised Public Accountant, Professor

Deputy auditors:
KPMG Wideri Oy Ab
Kari Lydman, Authorised Public Accountant

Supervisor of the mandatory restructuring programme appointed by the Helsinki District Court:
Jyrki Tähtinen, Attorney

BUSINESS ORGANISATION



COOPERATIVE TRADEKA CORPORATION

President
Antti Remes

Vice President
Juha Laisaari,
Administrative and
Legal Affairs

EKA REAL ESTATE DEVELOPMENT LTD
President
Heikki Venho

TRADEKA GROUP LTD
President
Antti Remes

RESTEL LTD
President
Ralf Sandström

Hotel Division
Jari Laine

Restaurant Division
Björn Pahlberg

Administration
Kari Lalu

Finance
Kenneth Rantala

TRADEKA LTD

KETJUETU LTD
President
Aarno Mäntynen

Brands and Communications
Kari Luoto

Retail Outlet Management
Harri Finér

Services
Veijo Heinonen

Category and Supply Chain Management
Markku Uitto

Business Processes
Jussi Tolvanen

PALVELUETU LTD
President
Olli Suominen

TRADEKA CORPORATION'S KEY FIGURES FOR 1999–2003

EUR million	1999	2000	2001	2002	**2003**
Net turnover	1 054.2	1 094.4	1 156.5	1 203.6	**1 221.6**
Other income from business operations	21.5	19.0	18.5	15.5	**21.9**
Variable costs	1 036.5	1 071.0	1 121.0	1 171.6	**1 193.3**
- % net turnover	98.3	97.9	96.9	97.3	**97.7**
Operating profit	39.2	42.4	53.9	47.6	**50.2**
- % net turnover	3.7	3.9	4.7	4.0	**4.1**
Profit before extraordinary items	34.1	38.0	30.8	31.4	**43.5**
- % net turnover	3.2	3.5	2.7	2.6	**3.6**
Profit for the financial period	30.1	38.4	30.4	32.5	**87.4**
- % net turnover	2.9	3.5	2.6	2.7	**7.2**
Capital expenditure	42.6	31.0	23.3	30.6	**29.7**
Balance sheet total	490.8	495.7	519.1	564.4	**520.1**
Average personnel	4 852	4 843	4 878	5 006	**4 914**

Tradeka

Hämeentie 19, P.O. BOX 72, FI–00501 Helsinki
Tel. +358 9 7331, fax +358 9 733 2120
http://www.tradeka.fi