Tradeka Corporation

# ANNUAL REPORT 2004

# CONTENTS

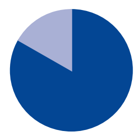


On the cover, Milkamaija Vesanen from the Mechelininkatu 51 Siwa, Helsinki, and Joonas Junttila from the Mechelininkatu 19 Siwa.

Tradeka

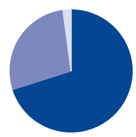
# TRADEKA CORPORATION IN BRIEF

| | 2004 EUR million | 2003 EUR million | Change EUR million |
|---|---|---|---|
| Net turnover | **1 264.1** | 1 221.6 | **+3.5%** |
| Profit before extraordinary items | **43.1** | 43.5 | **-0.4** |
| Balance sheet total | **533.7** | 520.1 | **+13.6** |
| Average personnel | **5 383** | 4 914 | **+469** |
| Outlets: | | | |
| ● Stores | **574** | 515 | **+59** |
| ● Hotels | **38** | 35 | **+3** |
| ● Restaurants | **234** | 233 | **+1** |



**Net turnover by business group**
(MEUR)

- Tradeka Consolidated 1 053.3 (+3.8%)
- Restel Consolidated 211.4 (+2.8%)



**Personnel by business group**

- Tradeka Consolidated 3 774 (+404)
- Restel Consolidated 1 496 (–22)
- Others 113 (+87)

The YkkösBonus loyal-customer card is now also an international credit card. Cardholders using a MasterCard account for their purchases receive a MasterBonus as an additional benefit.

Reporting a profit of EUR 43.1 million before extraordinary items, Tradeka Corporation achieved satisfactory financial results during 2004. The year was highly exceptional throughout the Finnish retail market.

In addition, changes resulting from the end of co-operation with Elanto, for example, affected performance figures posted by Tradeka's retail business. Despite the 0.3 percentage-point increase in our grocery business market share, allocating fixed costs to the volumes of one company instead of the previous two was reflected in our retail business's financial results.

The general market situation squeezed Restel restaurants' sales, but growth in hotel capacity improved total net turnover. In spite of a market disturbance within the restaurant industry, Tradeka Corporation's hotel and restaurant business was able to make a higher profit than in the previous year, Restel's excellent financial results hitting a historic high.

In addition to changes in the market situation faced by Tradeka Corporation's main business areas, the company's EUR 0.4 million fall in profit was affected by lower income from business operations and growth in Tradeka Group Ltd's financial expenses stemming from the final arrangements involved in the financial restructuring programme. However, the Corporation maintained its financial position at a healthy level.

Although Cooperative Tradeka Corporation's financial restructuring programme came to an end in late 2003, the repayment schedule will stretch into 2008, with the remaining debt of EUR 103.7 million somewhat restraining our companies' investments.

For all of us, the last few years have proved eventful. In addition to the exceptional circumstances we have experienced during the last ten years, we have been energised by large-scale development programmes and several, related organisational changes. We have upgraded the division of duties in our chain-based operations to a completely new level, as evidenced by the development of tools for the creation of a range and mix of products managed centrally and based on local needs, and for the central management of shelf space.

The late autumn marked the beginning of slackening grocery retailing throughout Finland, which seemed to continue in 2005. During this kind of downturn, we must be particularly wary. We will continue our development efforts but must focus on carefully selected areas which are fundamental to us. Competition is toughening, leading us to make decisions accordingly, with a particular focus being placed on cost-efficiency across the board.

I wish to express my special thanks to all of Tradeka Corporation's employees for their good performance and work. Each individual's contribution combined with that of other Tradeka staff makes us a stronger company. I also wish to thank all our partners who have shared our common goal: meeting Finnish consumers' expectations in the best possible way. We are operating in a historically competitive environment, and in order to succeed, it is necessary to take a completely new approach rather than sticking to conventional operating models. In this respect, we have made good progress and must prevail with our chosen policy.

**Antti Remes**
President


Tradeka Corporation's business operations range from neighbourhood shops to top international hotels, as evidenced by the opening of a Siwa store in Kivikangas, Kemi (below), in September 2004 and that of Imatran Valtionhotelli (right) opening its doors as part of the Rantasipi chain in March 2005.

President
**Markku Uitto**

**Tradeka Corporation recorded a net turnover of EUR 1,053.3 million, up 3.8 per cent on a year earlier, with domestic retail chains improving their net turnover by 4.6 per cent. Profit before extraordinary items came to EUR 20.0 million, down by EUR 2.9 million over the previous year. Tradeka Consolidated raised its market share by 0.3 percentage points, to 10 per cent.**

In 2004, sales recorded by the Finnish Food Marketing Association's member companies rose by 0.3 per cent while combined Finnish grocery retail sales grew by 1.7 per cent. The retail market was hit by lowered beer prices and deregulated imports from Estonia. According to ACNielsen Finland's store register, tougher competition across the board depressed grocery prices by up to 1.5 percentage points year on year. This downward trend in prices was also fuelled by the increasing share of private labels available in all retail chains.

Growth in the number of stores, especially in the Helsinki Metropolitan Area, contributed to the net turnover improvement, although net turnover growth was restrained by falling prices caused by strong competition. In particular, the effects of the beer price war were felt within the outlet network consisting mainly of neighbourhood shops, whose beer sales account for an above-average share of total sales. The end of co-operation with Elanto lies at the root of our reduced profits because the resulting lower volumes are burdened by overhead costs.

## A new generation takes charge smoothly

An outward change in 2004 related to Tradeka's top management, when its previous Vice President, Markku Uitto, took over from retired Aarno Mäntynen as President on 1 September 2004. This was a well-managed and smooth change since it was preceded by long-standing arrangements refocusing the company's strategy on the basis of development programmes carried out in previous years.

Concurrent with its new President's appointment, Tradeka adopted a reshaped organisation – a major step forward on our way towards more in-depth process-based operations and process management and control – with the aim of ensuring responsiveness to customer needs in all planning and decision-making, and avoiding any semi-optimisation within various corporate functions and units. In the meantime, we also developed Ruori (Steering Wheel), an information system supporting process management and control, which has been in operation since February 2005.

## Development projects continue

One of the key company-level development projects in 2004 included the Mokkula X system for store-specific shelf-space and product-mix management, rolled out in early 2005. The sales-based ordering (SBO) scheme expanded to cover new product lines; only the most easily perishable goods and consumables with seasonal sales patterns are currently excluded. We also upgraded our automated ordering system in terms of performance.

In support of campaign and special-holiday planning and replacement orders, we developed automated systems and operating models within our demand variation management project. This project also makes use of demand forecasts based on customer group data analyses, which have also been helpful in targeting marketing communication efforts and selecting campaign products.

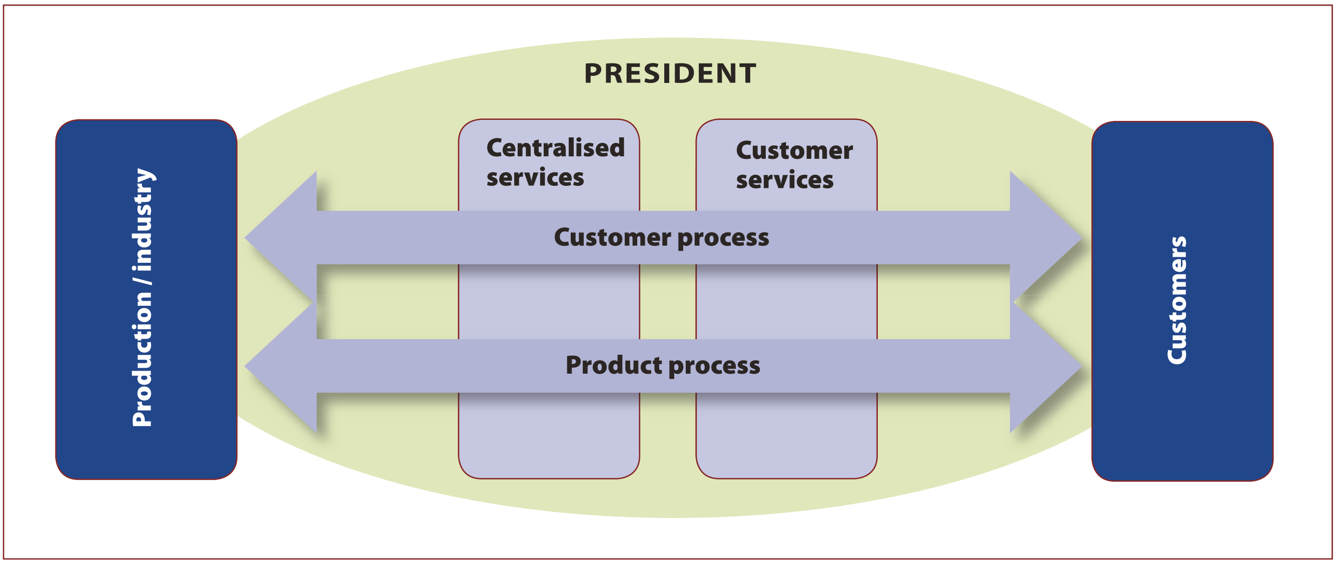
Based on strategic partnerships, we developed total supply chain management processes within retailing in co-operation with selected suppliers, with a view to taking a proactive and holistic approach to this long value chain – from raw materials to dinner tables – and minimising costs. Inex Partners Oy too has been closely involved in this co-operation.

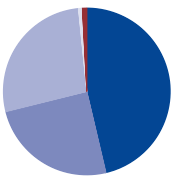
As a result of our organisational change in September, our two core processes – Product Process and Customer Process – were divided into main processes, the former's main processes consisting of Space Management, Product Ranges and Product Replenishment and the latter's Brand Management, Activities, Customer Data and Customer Relationships. Accordingly, we shifted away from unit-specific processes towards operational planning and management processes across organisational borders, these processes being integrated with suppliers' and other partners' similar processes.

The spring saw the completion of the first phase involved in Operaatio Ossi, a competence development project that entered its second phase in the autumn of 2004. Starting with the identification of competencies, the project has now reached the phase of modelling employee skills. The underlying principle applied in Ossi's implementation is that as many employees as possible have the opportunity to take part in draft committees and, in this way, become involved in the project. In the spring of 2005, the project extended to cover a larger number of employees through the identification of personal competencies and performance reviews.

## Brand development also on the agenda

In an effort to strengthen **Siwa's** market leadership, we launched a development programme for a third-generation neighbourhood shop at the beginning of the financial year, and the first pilot outlets based on this future neighbourhood shop concept

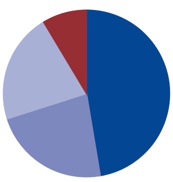


### Sources of net turnover

(MEUR)

| | | |
|---|---|---|
| Siwa | 487.9 | (+11.0%) |
| Valintatalo | 261.3 | (+3.6%) |
| Euromarket | 287.3 | (-3.8%) |
| Tradeka International | 7.9 | (-9.3%) |
| Others | 8.9 | (-43.7%) |



### Personnel by store

| | | |
|---|---|---|
| Siwa | 1 787 | (+243) |
| Valintatalo | 858 | (+73) |
| Euromarket | 804 | (-54) |
| Others | 325 | (+141) |

### Number of stores, 31 Dec. 2004

| | | Change |
|---|---|---|
| Siwa | 451 | +49 |
| Valintatalo | 102 | +10 |
| Euromarket | 19 | - |
| International | 2 | - |
| **Total** | **574** | **+59** |


Valintatalo's asparagus campaign poster garnered an honourable mention in the finals of the Top of the Year competition organised by Grafia ry. The *Back to the Roots* spot, which won silver in the TV advertising category in the same competition in 2003, qualified for the finals of Eurobest 2004 in London and The New York Festivals in the USA.

Tradeka launched its own Maistuva (Appetising) label onto the market in October, the line consisting of seven types of the most popular packaged meat. In March 2005, this product family was supplemented with 11 new products ranging from packaged meat to cold meats and sausages.

focusing on store-specific product mixes and more customer-driven service were opened in October. During the year, 50 Siwa stores were refurbished and 13 were set up.

We continued to spread **Valintatalo's** urban grocery shop operating model adopted in 2003, the year seeing 20 new stores with a new look, 15 of them based on new set-ups and the rest opened after refurbishment. We placed special emphasis on the Helsinki Metropolitan Area, where 12 Valintatalo stores are already in operation.

In late 2004, **Euromarket** launched a concept development programme, its first phase, the description of the resulting new operating model, coming to an end in early 2005. January saw the beginning of the pilot phase of quickly implemented concept components, and the first revamped Euromarket store based on this brand new model will open its doors in Lappeenranta in April.
A second Euromarket store in Oulu was opened in Linnanmaa in October. The Euromarket outlet in Rauma had to be closed down since its premises went to a new owner. Euromarket stores in Imatra and Jyväskylä completed their extension-cum-renovation.

Tradeka's loyal-customer scheme, **YkkösBonus**, celebrated its tenth anniversary, this jubilee year characterised by impactful campaigns. The entry of a new member, Tarjoustalo Oy, into our YkkösBonus scheme gave a guarantee of continued loyal-customer services in the Helsinki Metropolitan Area. Other new YkkösBonus partners included ScandiaRent car rentals and Area Travel Agency Ltd.

In addition to its stores in Finland, last year Tradeka ran two outlets in St. Petersburg, Siwa and Super Siwa. **Tradeka International's** operations were affected by the yearlong extension-cum-renovation of Super Siwa's premises in Primorsky. In St. Petersburg, we opened a third outlet in the Kosmopolis shopping centre in April 2005. Initially scheduled for the autumn of 2004, the opening of Super Siwa was put off until this spring because of delayed construction work.

## Seeking growth through neighbourhood shops

It seems that 2005 will remain a challenging year in the grocery retail sector, considering its weaker-than-expected performance during the first few months. Tradeka's retail business aims to increase its market share, for example by continuing to focus on new neighbourhood shop set-ups and mobilising the benefits reaped from key development projects in daily operations. Tradeka will implement its strategy that was refocused last year, stressing staff skills and retail pioneership.

Tradeka's key development projects for 2005 involve store-specific shelf-space and upgrades in the SBO system, demand variation management and the adoption of a competence management model. The year will also see the adoption of the new Euromarket concept.

Our goal is to maintain profitability at least at the previous year's level.



Valintatalo's tuna and blue mussel posters are also among the finalists in Grafia's Top of the Year competition.

Valintatalo enjoyed a period of growth and rejuvenation. The 12th Valintatalo store in the Helsinki Metropolitan Area opened its doors in Sturenkatu, Helsinki, in July. Setting up this new urban grocery shop within a listed building required special solutions in terms of the store's structure.

The former Siwa outlet renovated in Vihti received an extension which architecturally blends in with the surrounding buildings, and was renamed Valintatalo, opening its doors in June.


A second Euromarket hypermarket in Oulu was opened in Linnanmaa in October. Restel's Rax Pizzapuffet and Grand Star Café restaurants also began to operate in this new shopping centre.

President
**Ralf Sandström**

**Restel Consolidated reported a net turnover of EUR 211.4 million, up 2.8 per cent on a year earlier, and made a profit of EUR 23.7 million before extraordinary items, accounting for 11.2 per cent of net turnover, which is EUR 1.6 million higher than a year ago.**

The sales volume in the hotel and restaurant business grew by around half per cent over the previous year. However, regional variations remained wide, with estimated average industry profitability standing at the previous year's level. Nominal sales of alcoholic beverages at licensed restaurants declined by 2.8 per cent, offset by an almost equivalent improvement in meal sales i.e., total sales remained practically unchanged. According to estimates, the volume of sales also remained at the previous year's level. Nominal sales of hotel accommodation grew by 0.2 percentage points over the previous year. With a 1.3 per cent fall in room prices, sales volumes grew by 1.5 per cent and the occupancy ratio by 0.5 percentage points from the previous year.

Despite market disturbances in the restaurant business, Restel reported its best ever profit, thanks not only to its careful management of gross margins and control of operating costs but also the market situation normalising towards the end of the year. Several new hotel projects were underway during the report year, the most extensive project involving the full renovation of the Hotelli Hesperia, renamed Crowne Plaza and opening its doors in January 2005. Based on a partnership with the City of Hämeenlinna and Dividum Oy, Restel began to construct a complex with a spa, bowling alley and multipurpose facilities adjacent to the Rantasipi Aulanko hotel. It also concluded an agreement for constructing a hotel in Ruoholahti, Helsinki, and a lease agreement for Rantasipi Imatran Valtionhotelli and a new Cumulus hotel in Salo.

The business development focus in 2004 continued to involve modernising concepts and ensuring business operations based on defined operating models. New hotel projects are aimed at strengthening Restel's future position in the hotel market.

## Hotel chains report growth

Restel hotels generated a net turnover of EUR 126.7 million, up 9.2 per cent over the previous year. Year-on-year net turnover coming from hotel accommodation rose by 8.6 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 and, as a whole, the company's hotel operations performed well during the financial year.

Since early 2004, Restel has owned Cumulus Seurahuone and Cumulus Olympia, both in Helsinki. The Cumulus chain increased its number of hotels by one as a result of Turku Cumulus opening adjacent to Turku Ramada. Restel completed the extension of the Spa Hotel Rantasipi Eden in Nokia and refurbished the Cumulus Kaisaniemi hotel in Helsinki.

Of Restel's new hotel projects, the Holiday Inn Helsinki City West hotel under construction in Ruoholahti, Helsinki, is due for completion by the time of the World Athletics Championships 2005 in Helsinki in the summer of 2005. Following the completion of its renovation, Imatran Valtiohotelli opened its doors as a new Rantasipi hotel in March 2005. The complex with a spa, bowling and multipurpose facilities adjacent to the Rantasipi Aulanko hotel will be completed in spring 2006.

At the year-end, Restel owned 38 hotels (+3) and the 71 restaurants (+5) housed within them. It also ran the Rantasipi Pohjanhovi and Cumulus hotels in Rovaniemi and HOK-Elanto's Ramada Presidentti in Helsinki under business management contracts. Since the contract with HOK-Elanto expired on 31 December 2004, Ramada Presidentti withdrew from Restel's hotel chains.

## Restaurants' sustained profit performance

Restel restaurants posted a net turnover of EUR 84.0 million, down 4.0 per cent on a year earlier, affected by vigorously increasing alcohol retail sales prompted by the reduction in alcohol tax, the effects of this tax abatement on beverage prices at licensed restaurants and growing imports of alcoholic beverages from Estonia due to the country's EU membership. Licensed restaurants were hit by this change in the retail sales pattern during the second quarter in particular.

All of Restel's restaurant companies – Restel Ravintolat Oy, Helsingin Restel Ravintolat Oy and Rax Ravintolat Oy – showed profits, and their overall financial performance was good.

Restel took over Hartwall Areena's Fast Food business of 15 outlets in Helsinki. The financial year saw four modernised restaurants adopt a new brand concept and two new restaurants open their doors in the Linnanmaa shopping centre in Oulu.

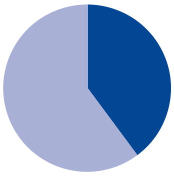
Seven restaurants were sold or closed down in 2004. The year-end number of restaurants totalled 163, or four less than the year before.

## Expansion and cost-control on a profitable basis

In 2005, demand for restaurant and hotel services is expected to improve slightly, with no noteworthy year-on-year changes anticipated in the industry's profitability.

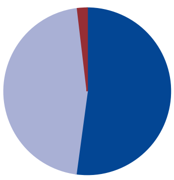
As in previous years, Restel will remain determined to adhere strictly to its defined strategy. This will involve deepening the consolidation of branded restaurant chains with re-defined concepts, expansion on a profitable basis, well-organised management of service processes and strict control of operating costs. In addition to four new hotels, Restel will open new restaurants in Kamppi, Helsinki, and Leppävaara, Espoo. It will also implement a major restaurant renovation and extension in Jyväskylä.

Restel Consolidated's results for the first few months of 2005 were at the expected levels.



**Sources of net turnover**
**(MEUR)**

| | | |
|---|---|---|
| Restaurant companies | 84.0 | (-4.0%) |
| Hotel companies | 126.7 | (+9.2%) |



**Personnel by company**

| | | |
|---|---|---|
| Restaurant companies | 780 | (-61) |
| Hotel companies | 688 | (+38) |
| Others | 28 | (+1) |

## Restel is expanding its hotel business

**Cumulus Turku** began operating in Jan. 2004

The extension of **Rantasipi Eden** in Nokia was completed in June 2004

The renovated **Cumulus Kaisaniemi** Helsinki opened its doors in March 2004

Restel took over **Cumulus Seurahuone** Helsinki in Jan. 2005

Restel took over **Cumulus Olympia** Helsinki in Jan. 2005

**Crowne Plaza** Helsinki began operating in Jan. 2005

**Imatra Valtionhotelli** joined the Rantasipi hotel chain in March 2004

**Cumulus Salo** will be opened in spring 2005

Summer 2005 will see the **Holiday Inn Helsinki City West** hotel open in Ruoholahti, Helsinki

The **Aulanko spa** construction project will be completed in spring 2006

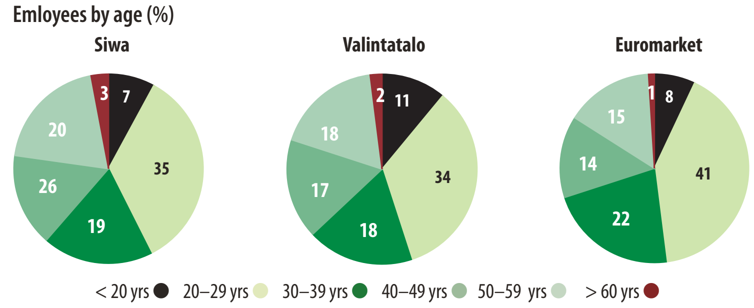

Cosiness and excellent service form the trump cards of the first Nordic Crowne Plaza hotel opened in January 2005 making this Restel newcomer rank among the best hotels in Helsinki.

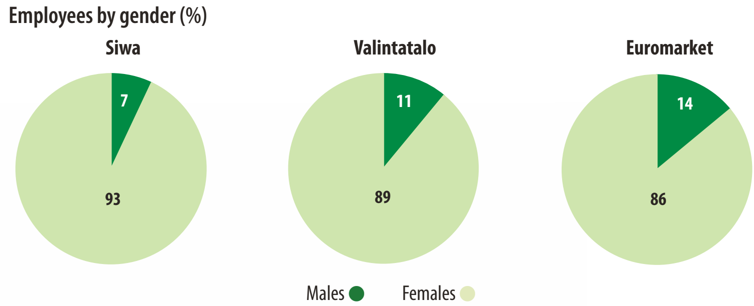
# Tradeka Ltd

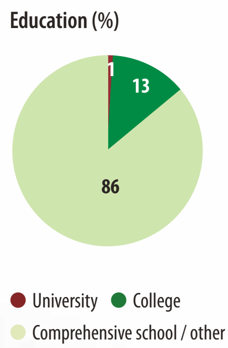
At the end of 2004, Tradeka Ltd had 5,295 employees, equivalent to 3,500 full-time employees, 4,150 of whom were retail store staff and 629 managers. Slight year-on-year increase in the staffing level was due to new store set-ups.

## Employees by age and gender

With females accounting for the majority of retail store staff, 14 per cent of Euromarket Department Store Directors and 48 per cent of District Sales Managers responsible for Siwa and Valintatalo outlets were women. There were no major changes in the staff's age structure since the previous year.




Keijo Immonen, responsible for fruit and vegetable counters at the Imatra Euromarket and Heli Vanha-aho, Quality Auditor and sales assistant at the Vattuniemi Valintatalo, Helsinki, represent Tradeka employees of varying ages.

Tradeka has a confirmed blueprint for equal opportunities at work, which it will revise in 2005 to be in compliance with new legislation.

## Employee competence development

The AVA Institute remained in charge of staff training, and a total of 1,400 Tradeka employees were involved in in-house training programmes. During the year, the AVA institute provided a total of 65 employees with training programmes offering diplomas/further qualifications, such as a special Management Diploma, the Specialist Qualification of Store Manager, the Specialist Qualification of Foodstuffs Manager and the Further Qualification in Sales.

Provided on an apprenticeship basis and in co-operation with the Helsinki Business College and the AVA Institute, the fourth group of employees began their second year of studies offering a Vocational Qualification in Business and Administration.

In addition, store managers were involved in tailored Store Manager Training Programmes. A total of 420 retail store sales staff participated in the OPI training course, with area trainers in charge of in-class teaching. The area trainer network encompasses all of Tradeka's retail outlets.

In 2004, Tradeka entered into co-operation with three schools and the AVA Institute with a view to providing greater opportunities to take degrees and diplomas at local level. The related piloting will begin during 2005.

## Competence management

In co-operation with an external consultant, Tradeka continued its competence management project, involving identifying the company's strategic competencies in the spring and developing competence management tools in the autumn for mapping out personal professional skills. In addition, the year saw the creation of a competence index, which will take more detailed shape during 2005. A large team of Tradeka staff from a variety of duties participated in this development project, which will continue in 2005, with the aim of modelling competence management phases and creating tools for managers and supervisors.

### HR information system implementation

The HR information system became available for key field managers supported by the appropriate training courses.

### Employee well-being

The findings of the annual job climate survey conducted in October 2004 suggest that Tradeka's staff demonstrates high job motivation and, by and large, knows the corporate values. The survey also revealed improvements in certain working-climate aspects reflected, for instance, in more intense co-operation.

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. Sick leave decreased slightly on the year before.

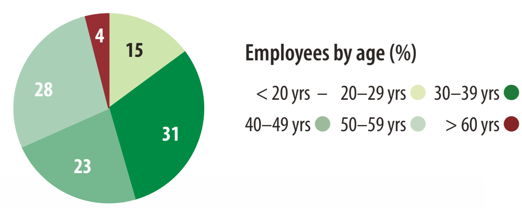
Earmarked for employee recreation and leisure activities, an appropriation was distributed to shop stewards, who were in charge of its spending on a local basis.

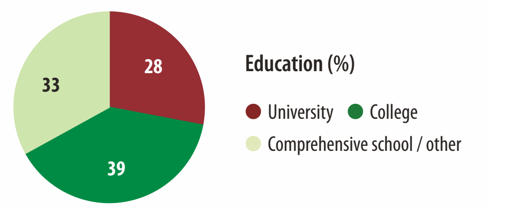
Tradeka's Industrial Safety Committee selected the correct lifting posture as the main theme for 2005 in an effort to reduce the incidence of accidents at work. Designed by a task force comprising representatives from the Industrial Safety Committee, Occupational Healthcare Service and the Finnish Institute of Occupational Health, the campaign will involve training, participants' assessment of lifting practices and devices at their workplace and the distribution of the relevant literature to personnel, with the Occupational Healthcare Service concentrating on the correct lifting posture techniques by conducting workplace surveys and visiting outlets. Finally, the Industrial Safety Committee will analyse the campaign's effects at the end of 2005.

## Ketjuetu Ltd and Palveluetu Ltd

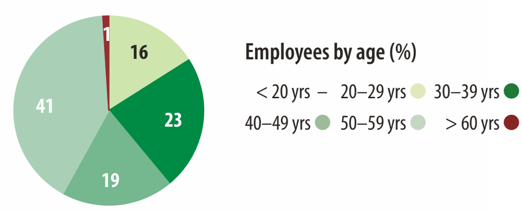
Responsible for chain management and purchasing services for Tradeka, Ketjuetu Ltd became a Tradeka Ltd Group company in early 2004. Palveluetu Ltd, which provides Tradeka Corporation with administrative services, became Tradeka Group Ltd's wholly owned company on 1 January 2004. Ketjuetu Ltd's and Palveluetu Ltd's staff totals 185 and 97, respectively.

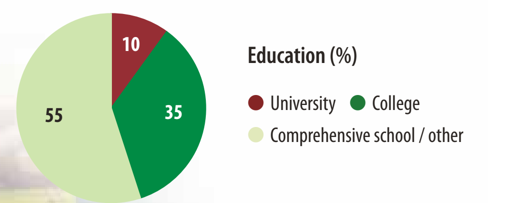

### Ketjuetu Ltd




### Palveluetu Ltd



# Restel Consolidated

At the end of the financial year, Restel Consolidated employed a staff of 3,036, while the average number of employees was the equivalent of 1,496 full-time workers during the year. Full-timers and part-timers accounted for 33 per cent and 67 per cent of all employees, respectively.

## Employee competence development

A total of 76 shift managers from three training groups within Restel's basic management training programme earned their Shift Manager Diploma, 20 supervisors the Manager Diploma, nine managers the Management Diploma and nine restaurant managers the Diploma in Meal Production Management – Restel Chéf.

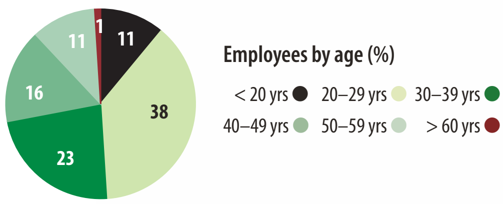
Restel conducted a number of food hygiene and liquor licence examinations for its restaurant and hotel staff throughout the financial year. Those who passed the examination, organised by Restel's regional food hygiene specialists and special trainers, received a hygiene pass and liquor licence pass as proof of their possession of the skills required by law.

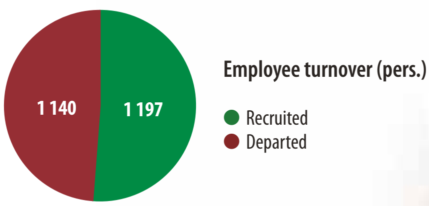
## Employee well-being

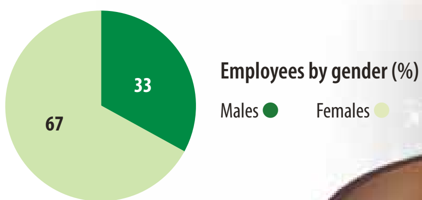
VITA-Terveyspalvelut Oy provides Restel's employees with occupational health services. The year saw an Aslak keep-fit course for managers, paid for by KELA (the Social Insurance Institution of Finland), with the aim of maintaining employees' working capacity, along with an in-house Kuntoremontti course. A total of 27 employees participated in these courses.

## 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.




Tiina Lehtinen is the Restaurant Manager of Grand Star Café Deli housed in the Linnanmaa shopping centre opened in Oulu in October.

**During the financial year, Tradeka focused on identifying information required to gauge environmental effects, and related reporting. It continued its determined efforts to minimise environmental risks by implementing soil remediation at old fuel distribution stations, and to enhance waste sorting and recycling, reducing the amount of waste. Energy efficiency in relation to sales growth remained the same as in the previous year.**

## Environmental effects

The retail business and the associated support functions have a direct or indirect effect on major environmental hazards. Although Inex Partners Oy, together with its subcontractors, is in charge of sourcing and logistics for Tradeka's retail outlets, Tradeka's decisions on products and transport also have an indirect impact on environmental emissions.

In addition to old fuel distribution stations, environmental risks include the pollution of soil, air and ground water possibly caused by subterranean oil tanks for buildings, and fire.

| Environmental effect | Source | Tradeka's actions |
|---|---|---|
| Climate change | Fossil fuels, agriculture and landfills | Electricity, heating and waste. Deliveries and customer traffic, indirectly |
| Ozone depletion | Ozone-thinning substances, e.g. CFC and HCFC compounds, and fossil fuels | Refrigeration equipment, electricity and heating. Deliveries and customer traffic, indirectly |
| Acidification | Fossil fuels and animal husbandry | Electricity, heating, food production method. Deliveries and customer traffic, indirectly |
| Eutrophication | Agriculture, waste water, fish farming and fossil fuels | Food production method, waste water and deliveries and customer traffic, indirectly |
| Natural resources and their sufficiency | Global population growth, consumption growth, throwaways, conspicuous consumption | Use of pakaging materials and use, recycling and re-use of resources, wastege |
| Chemicalisation | Harmful compounds in soil, air and water | Chemicals from operations, products and services |
| Soil contamination | Discharge of toxic and hazardous into soil, water and air | Discharge of fuels, oil and other chemicals and fire |
| Changes in biodiversity | Civil engineering, traffic routes | Construction of shops, and traffic |
| Noise, odour, radiation, vibration and light | Traffic, electronic equipment, chemicals and advertising | Electronic equipment, deliveries, customer traffic, neon signs and waste |

## Environmental management, goals and risks

Environmental management forms part of Tradeka's daily decision-making and management system, confirmed in the company's environmental policy adopted on 25 March 1998.

Tradeka has evaluated the environmental effects of its retail business and, in an effort to reduce the related environmental hazards, prepared environmental programmes to be updated in line with organisational changes.

As previously, key goals include 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 personnel's environmental awareness and improve the management of environmental risks. Neither costs resulting from environmental protection nor any of the resulting savings are itemised separately in accounting, except for costs resulting from soil remediation at old fuel distribution stations.

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.

Tradeka continued its co-operation 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 number of loyal customers with a special card carrying a picture of a ringed seal totalled over 6,600.

## Energy consumption

The retail business uses energy for cooling, ventilation, lighting, heating, and machinery and equipment. Emissions from energy generation have a fundamental impact on climate change, acidification and eutrophication, while particle emissions present health hazards.

Electricity use grew within all of Tradeka's brands, due to store extensions, concept modifications and the increase in in-store baking units and refrigeration equipment.

Helsingin Energia, Tradeka's electricity supplier, generated the majority of the required electricity through combined production using natural gas (51 per cent) and coal (25 per cent), while the remainder constituted nuclear (17 per cent), hydroelectric (6.5 per cent), oil, wind power and imported energy. Based on the supplier's environmental report, Tradeka's emissions originating from electricity consumption were as follows:

**Electricity consumption (t)**

| | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|
| Carbon dioxide | 31 038 | 35 444 | 44 123 | 44 701 |
| Sulphur dioxide | 28.7 | 30.6 | 46.8 | 37.3 |
| Nitrogen oxide | 39.1 | 45.2 | 53.5 | 55.1 |
| Particles | 2.6 | 2.4 | 5.3 | 7.3 |

Greater consumption increased emissions, except for sulphur dioxide. The variety of electricity production methods also affected Tradeka's emissions, which accounted for less than 0.3 per cent of total emissions in Finland.

In order to cut energy consumption, both new stores and those subject to refurbishment are adopting heat recovery systems.

Oil consumption and the resulting carbon dioxide emissions, 2,448 tonnes, remained at the previous year's levels. Oil consumption by premises varies depending on how cold the winter is.

The data on Euromarket water and district-heating consumption are figures for 2003. Due to the use of several suppliers, no data are available on the production profile of district heating.

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.

### Energy and water consumption by premises '04/'03

| Consumption/use | 2004 No. of premises | 2004 Amount | 2003 No. of premises | 2003 Amount | Change % |
|---|---|---|---|---|---|
| Estimated land area used by premises | 574 | 167 ha | | | |
| Sales floor area | 574 | 21 ha | | | |
| **Total electricity use** (incl. lessees),data provided by energy company | 534 | 149.0 million. kWh | 465 | 133.7million. kWh | |
| **Electricity use** | | | | | |
| Comparable stores | | | | | |
| Euromarket | 18 | 46.1 million.kWh | 18 | 45.4 million.kWh | 1,7 |
| Valintatalo | 68 | 30.9 million.kWh | 68 | 30.4 million.kWh | 1,5 |
| Siwa | 361 | 55.8 million.kWh | 361 | 53.5 million.kWh | 4,4 |
| **Total oil use** (incl. lessees), oil deliveries | 94 | 0.98 million.l | 96 | 0.98 million.l | |
| Oil use, comparable | | | | | |
| premises total | 85 | 0.82 million.l | 85 | 0.88million.l | -0.1 |
| premises average | 85 | 9590 l/year | 85 | 10 363 l/year | -7.4 |
| **District heating use** | | | | | |
| Euromarket (incl. lessees) | | | 12 | 15.0 million.kWh | |
| **Water use** | | | | | |
| Euromarket (incl. lessees) | | | 13 | 25 000m³ | |
| Stores total (estimate) | | | 574 | 84 000m³ | |

## Waste and recycling

Landfills produce methane, which accelerates climate change. Tradeka's outlets reduce landfill waste by sorting and recycling 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.

Circulating transport equipment used by Inex and pre-sale processes reduced the use of disposable transport packages and the amount of packaging cardboard and plastic waste produced by stores. The number of circulating boxes used in Tradeka's transportation totalled 10 million, accounting for 20.9 per cent (down 0.4 per cent) of Inex's delivery volumes, replacing an estimated 2,990 tonnes of cardboard boxes.

As a result of the pre-sale process for consumables adopted by Inex at its Hakkila logistics centre, Tradeka's stores reduced their annual amount of cardboard waste by 21 tonnes and plastic waste by 9 tonnes, the resulting waste being sorted by Inex for reuse.

Since waste generated by Valintatalo and Siwa stores is largely collected on a container basis, we can only estimate the actual amount of waste.

During the financial year, stores were involved in the one-off disposal of receipts accumulated over several years, generating 144 tonnes of paper waste.

Seven Euromarket hypermarkets provide their customers with specific recycling points for packaging waste, while many Valintatalo and Siwa stores have adjacent recycling points for one or more types of waste.

So-called continuous product replenishment, based on the SBO system, and merge-in-transit systems have reduced transport and the 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, estimates suggest that goods transport has shrunk by 20–30 per cent.

### Offices

The collection of waste at the Helsinki head office covers biodegradable waste, cardboard, paper and hazardous waste. Tradeka's own monitoring indicates that the amount of paper and cardboard recycled in 2004 came to over 30 tonnes and over 10 tonnes, respectively, as in previous years. The amount of paper recycled by the Tampere accounting services office totalled 7.2 tonnes.

### Amount of waste '03/'04

| | 2004 No. of outlets | 2004 Amount | 2003 No. of outlets | 2003 Amount | Change % |
|---|---|---|---|---|---|
| **Euromarket** | 18 | | 17 | | |
| Total amount of waste | | 4 258 t | | 4000 t | |
| **Comparable** | | | | | |
| Euromarket | 14 | | 14 | | |
| Total amount of waste | | 3 225 t | | 3 300 t | - 2.3 |
| **Valintatalo and Siwa** | | | | | |
| Estimated average | | 5-8 kg /* | | | |
| **Offices, recycled paper** | | | | | |
| Head office, Helsinki | | 30 t | | 30 t | |
| Accounting services office, Tampere | | 7.2 t | | | |
| Stores | 574 | 144 t | | | |
| **Recycling points** | 34 | | 32 | | |
| UFF | | 29.6 t | | 26.7 t | |

* MEUR sold/year

## 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 and eco-labelled products, which are less harmful to the environment than conventional products.

The ranges and mix of pro-environmental products vary depending on the store brand, store size, product range categories, demand for such products and the profile of consumers living in the area. Not all of the products in this product category were available from all outlets. The product ranges change three times a year, Euromarket stores boasting the largest offerings while Siwa outlets had a small number of such products on offer.

Tradeka's stores had 280 pro-environmental products in their order books, less than a year ago, although there were differences between the calculation methods used. Organic food products included in order books totalled 170, less than the year before, while the number of eco-labelled items remained at the previous year's level, 110.

Within organic foods, sales of milk, eggs, fats and oil, and vegetables exceeded 2 per cent of all sales within their product category, the share of other organic foods remaining below that level. The number of Fair Trade articles included in order books totalled 11, with sales of Fair Trade bananas accounting for more 6 per cent of total banana sales.

The 50 eco-labelled tissue paper products included in the order books accounted for 18–72 per cent of sales within the product category, depending on the product. The number of eco-labelled laundry detergents on sale totalled 11 and that of other washing powders and detergents 22, the share of their sales varying from 7 per cent to 57 per cent of total sales within the product category.

Six of Inex Partners Oy's own Daily laundry detergent and household cleaners are eco-labelled products, one organic food product falling into the Rainbow own label product category.

Sales of eco-labelled batteries remained at the previous year's levels, accounting for over 90 per cent of all sales in this product category.

Euromarket outlets invariably offer an eco-labelled alternative to conventional stationery.

Four of Tradeka's textile and clothing suppliers use the ÖkoTex label and sales of eco-labelled lingerie and women's underwear accounted for 25 per cent of total product category sales.

The majority of plastic bags available to store customers contain recycled plastic.

Tradeka Ltd became a member of SERTY (WEEE Producer Community) in order to fulfil the recycling obligations set for imported or manufactured electric and electronic equipment.

### Ethical principles

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, located 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 has signed the Charter of Ethical Principles for Import issued by the Central Chamber of Commerce. 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 sufficiency of natural resources and the environment not only in terms of emissions and waste but also in terms of the landscape.

### 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.

Pre-packaged products and outsourced shop counter services reduced the amount of packaging materials used by stores. The number of carrier bags bought by customers was on the increase. Tradeka was responsible for less than 0.3 per cent of all packaging material used in Finland.

### Publications, marketing material and copying

**Use of materials '04/'03**

| Material | 2004 t | 2003 t | Change % |
|---|---|---|---|
| **Packaging materials** | | | |
| Materials used by stores | 1 002 | 1 001 | 0 |
| Packaging materials of self-imported goods | 295 | 360 | -18.1 |
| Publications, marketing and advertising | | | |
| Paper and cardboard, | 2 138 | 1 887 | 13.3 |
| share of Me magazine | 1 178 | 939 | 25.5 |
| **Offices** | | | |
| Head office, Helsinki | 20.5 | 25.8 | - 20.5 |
| Accounting services office, Tampere | 6 | | |
| Stores (receipts, fax paper, price tags) | 204 | | |
| Transparencies | 0.3 | 0.4 | - 25.0 |

In 2004, Tradeka's combined use of paper for its customer and personnel magazines, bulletins, marketing materials and YkkösBonus bonus reports exceeded the previous year's level, due entirely to the greater number of printed copies of Me, Tradeka's customer magazine. All store brands decreased the volume of their marketing materials, except for Euromarket.

In-house communications and invoicing, the provision of guidelines and the adoption of joint-use equipment increasingly relied on electronic channels, thus cutting the amount of office paper used.

## Training in environmental issues

The relevant training in environmental issues was provided to the company's personnel by the AVA Institute. Training courses leading to a diploma in sales and management included periods of training devoted to environmental issues. In addition, staff were provided with environmental training at business-process and team meetings.

### Environmental damage

During its involvement in the Soili project, a nation-wide soil remediation programme, Tradeka has analysed the soil of its 31 former fuel distribution stations, completed remedial measures for 27 and is working on one. Ground water monitoring and remedial measures are under way at five stations. The costs incurred due to soil analyses and remediation for the last two years totalled EUR 1.5 million.

Tradeka and Eka Real Estate Development Ltd have also decontaminated three sites, one site still subject to ground water monitoring. Eka Real Estate Development completed a soil analysis of one of its old industrial sites while Cooperative Tradeka Corporation continued to analyse the soil of its former laundry property to determine whether it needs to decontaminate its ground water.


The number of Ringed Seal YkkösBonus cardholders totals almost 7,000. Customers' and Tradeka's joint contribution to Suomen Luonnonsuojeluliitto amounted to EUR 150,000.

## Business in 2004

In 2004, Tradeka Corporation conducted business through Tradeka Consolidated (retail business) and Restel Consolidated (hotel and restaurant business). Eka Real Estate Development Ltd (property business) discontinued as a Tradeka Corporation Group company on 31 December 2003, as part of the final arrangements involved in the financial restructuring programme.

At the end of 2004, Tradeka Consolidated reorganised its businesses i.e., its retail business plus Ketjuetu Ltd T & E's functions steering and supporting it were sold to a new company registered as Tradeka Ltd, while property and investment holdings remained with the former parent company that was renamed, and registered as, Tradeka-kiinteistöt Ltd.

In addition to the parent Cooperative, Cooperative Tradeka Corporation consists of 14 active subsidiaries, 33 property companies and 54 associated companies. The financial year did not see any major changes in Tradeka Corporation's corporate structure.

Cooperative Tradeka Corporation's financial restructuring programme came to an end on 31 December 2003. According to an agreement concluded before that date, the corporation undertook to pay EUR 16.8 million in additional debt payback (partitioning debt) to its creditors, under Paragraph 4, Section 63 of the Financial Restructuring Act. In 2004, Cooperative Tradeka paid the related short-term debts (EUR 2.5 million) to the creditors involved and, due to the absence of payment data, deposited the balance into the account of the State Provincial Office of Southern Finland on behalf of the creditors. As per the agreement, Cooperative Tradeka paid interest on the long-term partitioning debt (EUR 14.3 million) but did not amortise the debt during the financial year.

Under the agreement, in early 2005 Cooperative Tradeka paid a further EUR 9.5 million to the creditors of a non-interest-bearing subordinated loan, using the partitioning debt received from its former subsidiary, Kansa International Corporation Ltd, declared bankrupt.

Following Elanto's withdrawal from its co-operation with Tradeka Corporation, Tradeka Ltd bought the businesses of 47 Elanto outlets and Ketjuetu Ltd T & E shares held by Elanto, while Restel Consolidated acquired the hotel businesses, Cumulus Seurahuone and Cumulus Olympia, including the latter hotel's commercial property. Accordingly, ownership of Palveluetu Ltd T& E passed from 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.

Restel Consolidated increased the number of its hotels, when it opened Cumulus Turku adjacent to the Ramada hotel. It completed the extension of the Spa Hotel Rantasipi Eden in Nokia and refurbished the Cumulus Kaisaniemi hotel in Helsinki. The year's largest-scale new project – the full renovation of the former Hotel Hesperia – culminated in the opening of the Crowne Plaza hotel in January 2005.

At the end of the financial year, a total of 991,088 YkkösBonus loyal customer accounts and some 1.8 million loyal customer cards were in active use, YkkösBonus generating sales of EUR 1,557 million (-8.4 per cent). This fall was due entirely to Elanto's withdrawal from co-operation with Tradeka Corporation. Tradeka Consolidated loyal-customer sales improved to EUR 917 million (+3.5 per cent) and those of Restel Consolidated to EUR 71 million (+2.3 per cent). The amount of bonus payments made in the form of refunds to customers totalled EUR 30.5 million (EUR -4.5 million).

New partners joining the YkkösBonus loyal customer scheme included Area Travel Agency Ltd, ScandiaRent (rent-a-car) and Tarjoustalo. In addition to Tradeka Consolidated and Restel Consolidated, 14 partner companies are involved in the YkkösBonus scheme, plus Luonnonsuojeluliitto (Finnish Association for Nature Conservation).

## Net turnover and other income from business operations

Tradeka Corporation posted a net turnover of EUR 1,264 million (+3.5 per cent). Other income from business operations came to EUR 8.8 million (EUR -13.1 million), of which rental income and capital gains on fixed assets accounted for EUR 7.9 million and EUR 0.2 million (EUR 7.1 million), respectively.

Tradeka Consolidated reported a net turnover of EUR 1,053 million, up by 3.8 per cent over the previous year, while Restel Consolidated recorded a net turnover of EUR 211 million (+2.8 per cent).

Cooperative Tradeka Corporation improved its net turnover to EUR 2.0 million (+9.3 per cent).

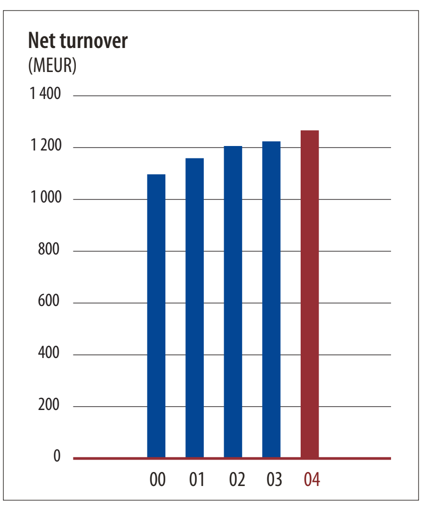
## Profit

Tradeka Corporation's profit before extraordinary items amounted to EUR 43.1 million (EUR 43.5 million), of which Tradeka Consolidated accounted for EUR 20.0 million (EUR 22.9 million) and Restel Consolidated EUR 23.7 million (EUR 22.1 million), with extraordinary items of EUR 20.8 million in net terms including EUR 17.4 million in recognised deferred tax assets. Reporting income taxes of EUR 18.9 million, Tradeka Corporation showed a net profit of EUR 45.0 million.

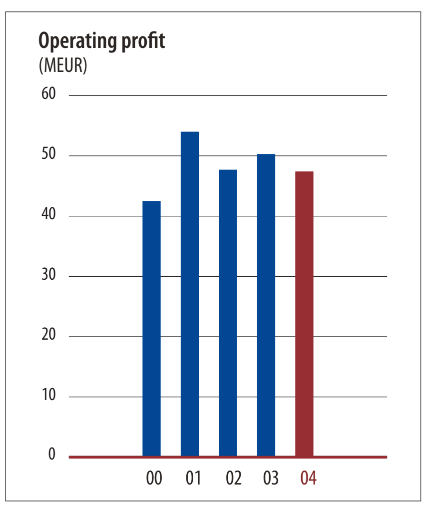
The parent Cooperative's profit before extraordinary items was EUR 3.5 million. Net extraordinary items totalled EUR 108.3 million, extraordinary income including EUR 105.1 in received Group contributions.

## Surplus and Board proposal for the disposal of surplus

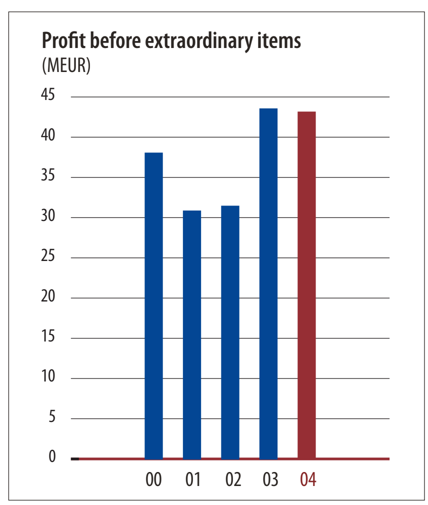
The Board proposes that the 2004 surplus of EUR 111,667,528.49 generated by Cooperative Tradeka



Net turnover



Operating profit



Profit before extraordinary items

Corporation be entered in the contingency fund, in accordance with the Cooperative by-laws.

### Capital expenditure

Gross capital expenditure for 2004 totalled EUR 48.0 million, showing a year-on-year growth of EUR 18.3 million.

Tradeka Consolidated and Restel Consolidated reported capital expenditures of EUR 19.1 million (EUR 17.7 million) and EUR 28.6 million (EUR 11.4 million), respectively. In addition to investments in property, plant and equipment, capital of EUR 6.2 million (EUR 2.3 million) was tied to other long-term investments in fixed assets. Net capital expenditure totalled EUR 52.4 million, up EUR 6.7 million over the previous year.

### Financing

Tradeka Corporation's interest and other financial expenses totalled EUR 7.1 million (EUR 7.4 million), while interest and dividends received came to EUR 8.6 million (EUR 11.2 million).

In early 2004, Tradeka Group Ltd raised a EUR 50.5 million loan used to pay off a convertible bond, related to, and issued during, the financial restructuring programme, to Eka Real Estate Development Ltd. Tradeka Corporation's companies did not raise other new loans (EUR 46.3 million last year) from financial institutions during the report period.

The amount of loan repayment totalled EUR 66.8 million, using cash in hand and at bank, of which Tradeka Group Ltd's convertible bond accounted for EUR 50.5 million, as stated above. Cooperative Tradeka Corporation repaid EUR 10.9 million in financial restructuring debts, Tradeka Consolidated accounting for EUR 3.0 million of the repayment and Restel Consolidated for EUR 2.3 million.

The Group companies' cash position and liquidity were according to plan throughout the financial year. Period-end liquid assets totalled EUR 162.9 million, down by EUR 4.1 million year-on-year.

### Balance sheet structure

Consolidated balance sheet total came to EUR 534 million, up by EUR 14 million on a year earlier.

On the balance sheet date, Tradeka Corporation's shareholders' equity (co-operative capital) totalled 198.0 million (EUR 153.7 million), accounting for 37.1 per cent (29.6 per cent) of consolidated balance sheet total.

Cooperative Tradeka Corporation's balance sheet total soared to EUR 345 million (EUR 251 million), this enhancement stemming from Group contributions of EUR 105 million granted by its subsidiaries.

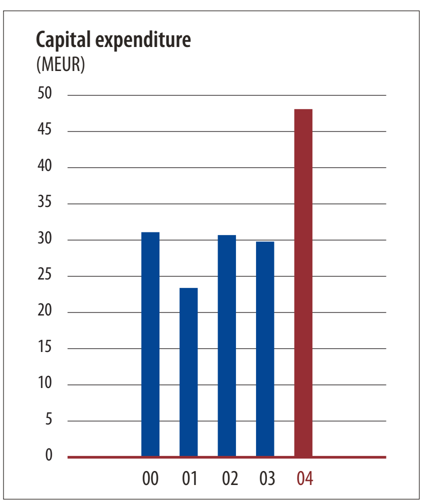
Cooperative Tradeka Corporation's shareholders' equity (co-operative capital) was EUR 279 million, accounting for 81 per cent (67 per cent) of the balance sheet total.

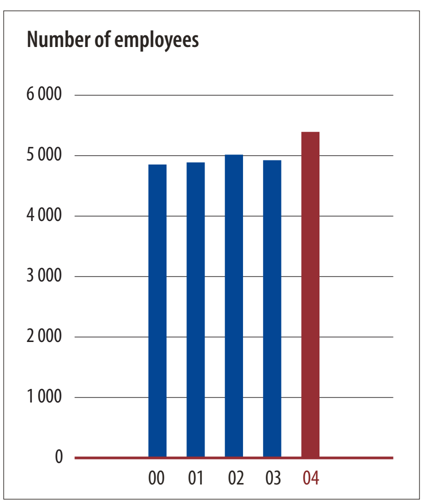
### Personnel

The number of Tradeka Corporation employees, expressed as full-time equivalents, averaged 5,383 (+469). Tradeka Consolidated and Restel Consolidated had a staff of 3,774 (+404) and 1,496 (-22), respectively, with the personnel of other companies totalling 113 (+87). This higher staffing level was due to growth in the number of outlets and the former associated companies, Ketjuetu Ltd T & E and Palveluetu Ltd T & E, operating as subsidiaries since early 2004.

### Members

In 2004, a total of 1,067 new members joined Cooperative and 2,866 terminated their membership, with the number of members totalling 297,538 at the end of the financial year. Cooperative capital totalled EUR 8.5 million. Non-fully-paid-up membership fees totalled EUR 8.5 million.






YkkösBonus is expanding and making good progress. Tradeka Consolidated and Restel Consolidated posted a 3.5 per cent and 2.3 per cent increase in loyal-customer sales, respectively, and the year saw three new partners joining the scheme.

## Council of Representatives

The election of the Council of Representatives was held during 12–31 March 2004. With a turnout of 41.5 per cent based on postal votes, 110 ordinary and 110 deputy members were elected to the council.

The Meeting of the Council of Representatives on 26 May 2004 adopted the financial statements for 2003, discharged those accountable from liability and considered other statutory issues pertaining to Cooperative Tradeka.

## Administration and management

The Supervisory Board, which is made up of 27 members plus two members elected by employees, convened seven times during the financial year.

In 2004, the Cooperative Board of Directors comprised the following members: Olavi Syrjänen (Chairman), LL.D., Senior Lawyer; Maunu Ihalainen (Vice Chairman), Kanslianeuvos (Finnish honorary title); Markku Alhava, M.Sc. (Econ. & Bus. Adm.); Margit Eteläniemi, Head of Training; Tuire Mannila, Authorised Public Accountant; and Jukka Simula, Lawyer. The employee representatives on the Board included Ritva Vartia, Shop Steward, as an ordinary member, and Martti Kesseli, Chief Shop Steward, as a deputy member. Board memberships for 2004 remained unchanged.

Antti Remes acts as Cooperative Tradeka Corporation's President and Juha Laisaari Vice President.

## Auditors

The meeting of the Council of Representatives on 26 May 2004 re-elected Mauri Palvi, Authorised Public Accountant, and Markku Koskela, professor and Authorised Public Accountant, as regular auditors and KPMG Oy Ab, Authorised Public Accountants, and Kari Lydman, Authorised Public Accountant, as deputy auditors.

## Business prospects for 2005

In 2005, the Finnish economy is predicted to grow at a rate similar to that recorded in the previous year, with low interest rates and moderate inflation contributing to household spending power. Reports by several market research firms suggest that consumer confidence about personal finances is expected to remain high, indicating a solid basis for good business performance during 2005.

Changes in the medium-strength beer business resulting from the last year's reduction in the alcohol tax and EU enlargement will continue to affect the grocery retail business. Triggered by the general change in the competitive environment, intensifying price competition will also force prices down and restrain growth in retailing. During the first few months of 2005, the industry's performance was weaker than expected.

Tradeka's retail business aims to increase its market share by, for instance, focusing on establishing new neighbourhood shops and mobilising the benefits reaped from key development projects in daily operations. The goal is to maintain profitability at least at the previous year's level.

Following the financial restructuring programme ending in 2004, Tradeka began to update its longer-term retail-business strategy. The re-focused strategy prioritises staff skills and retail pioneership in order to ensure the company's competitiveness and services for the co-operative's members and loyal customers in the future. This project will continue.

Demand for both restaurant and accommodation services in the hotel and restaurant business is expected to improve slightly in 2005, with no noteworthy year-on-year changes anticipated in profitability.

With the aim of ensuring a good profit performance, Restel will continue to adhere strictly to its strategy. This will involve deepening the consolidation of branded chains and concepts, profitable expansion, well-organised service process management and strict control of operating costs.

Early 2005 saw the opening of two new hotels – Crowne Plaza in Helsinki and Rantasipi Imatran Valtionhotelli in Imatra. Cumulus Salo will open its doors in early summer and Holiday Inn City West in Ruoholahti, Helsinki, in the summer.

# TRADEKA CORPORATION
## CONSOLIDATED INCOME STATEMENT, 1 JAN.–31 DEC. 2004

| | EUR million | | | % of net turnover | |
|---|---|---|---|---|---|
| | 2004 | 2003 | 04/03 | 2004 | 2003 |
| **NET TURNOVER** | **1 264** | **1 222** | **43** | **100.00** | **100.00** |
| Other income from business operations | 9 | 22 | -13 | 0.70 | 1.79 |
| Operating costs: | | | | | |
| Goods | -852 | -840 | –12 | -67.42 | -68.79 |
| Personnel costs | -171 | -153 | -18 | -13.56 | -12.55 |
| Depreciation and write-downs | -27 | -29 | 2 | -2.17 | -2.40 |
| Other operating costs | -175 | -170 | -4 | -13.81 | -13.95 |
| Total | -1 226 | -1 193 | -32 | -96.96 | -97.68 |
| **OPERATING PROFIT** | **47** | **50** | **-3** | **3.74** | **4.11** |
| Financial income and expenses | -4 | -7 | 3 | -0.33 | -0.55 |
| **PROFIT before extraordinary items** | **43** | **43** | **0** | **3.41** | **3.56** |
| Extraordinary items | 21 | 73 | -53 | 1.65 | 6.01 |
| **PROFIT after extraordinary items** | **64** | **117** | **-53** | **5.06** | **9.57** |
| Income taxes | -19 | -30 | 11 | -1.49 | -2.42 |
| Minority interest | 0 | 0 | 0 | 0.00 | 0.00 |
| **PROFIT FOR THE FINANCIAL PERIOD** | **45** | **87** | **-42** | **3.56** | **7.15** |

# TRADEKA CORPORATION
## CONSOLIDATED BALANCE SHEET, 31 DECEMBER 2004

| **Assets** | EUR million 2004 | 2003 | 04/03 | % of balance sheet 2004 | 2003 |
|---|---|---|---|---|---|
| **Fixed and other non-current assets:** | | | | | |
| Intangible assets | 42 | 41 | 1 | 7.9 | 8.0 |
| Consolidated goodwill | 1 | 1 | 0 | 0.2 | 0.2 |
| Tangible assets | 156 | 142 | 14 | 29.3 | 27.3 |
| Investments: | | | | | |
| Shares in associated companies | 43 | 49 | -6 | 8.1 | 9.4 |
| Other investments | 11 | 10 | 0 | 2.0 | 2.0 |
| **Total** | **253** | **244** | **9** | **47.5** | **46.9** |
| **Current assets:** | | | | | |
| Stocks | 58 | 57 | 1 | 10.8 | 11.0 |
| Deferred tax assets | 17 | 20 | -3 | 3.2 | 3.8 |
| Receivables | 43 | 32 | 10 | 8.0 | 6.2 |
| Securities held in current assets | 116 | 72 | 44 | 21.7 | 13.8 |
| Cash and bank | 47 | 95 | -48 | 8.8 | 18.3 |
| **Total** | **280** | **276** | **4** | **52.5** | **53.1** |
| **Total assets** | **534** | **520** | **14** | **100.0** | **100.0** |

| **Liabilities and shareholders' equity** | EUR million 2004 | 2003 | 04/03 | % of balance sheet 2004 | 2003 |
|---|---|---|---|---|---|
| **Shareholders' equity (Cooperative equity):** | | | | | |
| Share capital (Cooperative capital) | 8 | 9 | -1 | 1.6 | 1.8 |
| Revaluation reserve | 0 | 0 | 0 | 0.0 | 0.0 |
| Reserve fund | 13 | 13 | 0 | 2.5 | 2.6 |
| Contingency fund | 141 | 98 | 42 | 26.4 | 18.9 |
| Retained loss | -9 | -54 | 45 | -1.8 | -10.4 |
| Surplus for the period | 45 | 87 | -42 | 8.4 | 16.8 |
| **Total shareholders' equity** | **198** | **154** | **44** | **37.1** | **29.7** |
| **Minority interest** | **6** | **6** | **0** | **1.0** | **1.1** |
| **Statutory reserves** | **3** | **9** | **-6** | **0.6** | **1.8** |
| **Liabilities** | | | | | |
| Deferred tax liabilities | 1 | 2 | -1 | 0.2 | 0.5 |
| Long-term liabilities | 174 | 207 | -33 | 32.7 | 39.8 |
| Short-term liabilities | 152 | 142 | 10 | 28.4 | 27.3 |
| **Total** | **327** | **351** | **-24** | **61.3** | **67.5** |
| **Total liabilities and shareholders' (Cooperative) equity** | **534** | **520** | **14** | **100.0** | **100.0** |

# TRADEKA CORPORATION
## CONSOLIDATED STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS, 1 JAN.–31 DEC. 2004

| EUR million | 2004 | 2003 |
|---|---|---|
| **CASH FLOW FROM OPERATIONS** | | |
| Profit before extraordinary items | 43 | 43 |
| Adjustments: | | |
| Depreciation and write-downs | 27 | 29 |
| Other income and expenses not connected with payments | -8 | -7 |
| Financial income and expenses | 4 | 7 |
| Other adjustments (- profits /+ losses from trade) | 1 | -4 |
| Cash flow before change in working capital | 67 | 68 |
| Change in working capital: | | |
| Increase(-)/decrease (+) in current trade receivables | 3 | -1 |
| Increase(-)/decrease (+) in stocks | -1 | 3 |
| Increase(-)/decrease (+) in current liabilities | -5 | -4 |
| Cash flow from operations before financial items and taxes | 64 | 66 |
| Interest paid and financial expenses | -7 | -7 |
| Dividends received | 5 | 4 |
| Interest received | 3 | 7 |
| Income taxes paid | 0 | -1 |
| Cash flow before extraordinary items | 65 | 69 |
| Net cash flow from operations due to extraordinary items | 0 | -3 |
| **Cash flow from operations** | **65** | **66** |
| **CASH FLOW FROM INVESTMENTS** | | |
| Investments in tangible and intangible assets | -48 | -30 |
| Capital gains on tangible and intangible assets | 1 | 0 |
| Investments in other financial assets | -6 | -2 |
| Capital gains on other investments | 1 | -27 |
| Loans granted | 0 | 0 |
| Repayment of loan receivables | 0 | 13 |
| **Cash flow from investments** | **-52** | **-46** |
| **CASH FLOW FROM FINANCING** | | |
| Cooperative contributions during the year | 0 | 0 |
| Refunded cooperative contributions | -1 | |
| Withdrawals of long-term loans | 50 | 46 |
| Repayment of long-term loans | -64 | -42 |
| Repayment of restructuring debt | -2 | -44 |
| **Cash flow from financing** | **-17** | **-40** |
| **INCREASE/DECREASE IN LIQUID ASSETS** | **-4** | **-20** |
| LIQUID ASSETS 1 Jan. | 167 | 187 |
| LIQUID ASSETS 31 Dec. | 163 | 167 |

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

These 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 assets' expected useful lives 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, whenever lower.

Stocks are stated at the lower of 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 compensation and rebates. Receivables are valued at par or at likely lower realisable value.

Valued at cost, marketable securities consist of publicly traded commercial papers.

### Pensions

Group companies' employee retirement plan 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 of 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 in late 2003 had a major impact on both the parent-Cooperative and consolidated balance sheets and income statements. While effects on the income statements are still reflected in extraordinary items and the way they have developed, and in post-extraordinary-item results, major effects on the comparability between balance sheets no longer exist.

Since transactions related to the premature termination of cooperation with Elanto were implemented at the very end of 2003, the resulting operational effects are reflected only in 2004 results.

### 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 are calculated using a tax rate of 26 per cent. The consolidated balance sheet includes deferred tax liabilities in their entirety and deferred tax assets to an estimated amount based on 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 2004 were accumulated by recognising EUR 17.4 million, included in the above-mentioned confirmed losses and depreciation, as extraordinary income. Since deferred tax assets of EUR 19.9 million were used for the Group's deferred income taxes, deferred tax assets decreased to EUR 17.5 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, material in nature and based on previous accounting periods, the financial statements were prepared in compliance with the rules and regulations on extraordinary items.

## 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 – plus 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.

### Changes in corporate structure

At the very end of 2004, Tradeka Consolidated implemented company-specific reorganisation measures within its retail business. Since these measures involved internal transfers and transactions, the resulting effects on the income statement and balance sheet were already eliminated within Tradeka Consolidated.

In December, Tradeka Consolidated's parent company acquired Riopoli Oy, a non-operating company established in the summer of 2004 and registered on 2 July 2004. With its first financial year ending on 31 December 2005, the acquiree is included in Tradeka Consolidated's financial statements in terms of its interim accounts.

On 31 December 2004, the acquiree bought Tradeka Consolidated's domestic retail business, except, for instance, for property and investment holdings. At the same time, the company assumed a new name, registering as Tradeka Ltd, and Tradeka Consolidated's parent company was renamed Tradeka-kiinteistöt Ltd.

Other changes in Tradeka Consolidated's corporate structure included the purchase of a 46 per cent holding in Lievestuoreen Liikekeskus Oy in October 2004 and the merger of Kurikan Hissat Oy, a wholly owned property subsidiary, with Tradeka-kiinteistöt Ltd, registered on 31 December 2004.

During the financial year, Restel Consolidated's Restel Ltd established Kiinteistö Oy Hotelli Ruoholahti, registered on 3 May 2004. In June, Restel Ltd sold its holding in Kiinteistö Oy Kuopion Kiwikartano, an associated company.

## ACCOUNTING PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

### Internal shareholding

The consolidated financial statements are prepared using the acquisition cost method. Major subsidiaries were 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 2004 consolidated financial statements, EUR 45.3 million (EUR 46.1 million in 2003) in intra-company profits were eliminated, of which EUR 12.7 million (EUR 12.0 million) originated from the spin-off of Restel Ltd at the end of 1990, and EUR 32.0 million (EUR 33.5 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 0.6 million).

### 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.

## NET TURNOVER

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Net turnover by business sector: | | | |
| Tradeka Consolidated / retail | 1 053.3 | 1 015.1 | 38.2 |
| Restel Consolidated / hotel and restaurant | 211.4 | 205.7 | 5.7 |
| Net turnover from other sources, and eliminations | -0.6 | 0.8 | -1.4 |
| **Total** | **1 264.1** | **1 221.6** | **42.5** |

Net turnover comes mainly from domestic sales.

## OTHER INCOME FROM BUSINESS OPERATIONS

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Rental income | 7.9 | 14.3 | -6.4 |
| Capital gains on fixed assets | 0.2 | 7.1 | -6.9 |
| Other income | 0.7 | 0.5 | 0.2 |
| **Total** | **8.8** | **21.9** | **-13.1** |

Other income mainly includes pay bills from Restel Consolidated's partner companies.

## OPERATING COSTS

### Goods

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Purchases | -852.9 | -836.2 | -16.7 |
| Change in inventories | 0.7 | -4.1 | 4.8 |
| **Total** | **-852.2** | **-840.3** | **-11.9** |

### Personnel costs

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Wages and salaries | -138.6 | -120.8 | -17.8 |
| Pensions | -20.5 | -21.0 | 0.5 |
| Other social expenses | -12.3 | -11.5 | -0.8 |
| **Total** | **-171.4** | **-153.3** | **-18.1** |

Reduced unemployment pension deductibles at Restel Consolidated and Tradeka Consolidated in particular decreased pension expenses. In addition, the decrease in the parent Cooperative's portion of the pension fund's nonfunded uncovered pension liability reduced pension expenses.

**Wages and salaries subject to withholding tax, incl. fringe benefits**

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Presidents and administrative bodies | 1.1 | 1.0 | 0.1 |
| Other wages and salaries | 127.2 | 116.5 | 10.7 |
| **Total** | **128.3** | **117.5** | **10.8** |

The Presidents of Cooperative Tradeka Corporation, Tradeka Ltd and Restel Ltd are entitled to retire at the age of 60.

**Average number of employees**

| | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Tradeka Consolidated | 3 774 | 3 370 | +404 |
| Restel Consolidated | 1 496 | 1 518 | -22 |
| Other personnel | 113 | 26 | +87 |
| **Total** | **5 383** | **4 914** | **+469** |

### Depreciation/amortisation and write-downs

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Intangible rights | -0.1 | -0.1 | 0.0 |
| Goodwill | -1.4 | -0.3 | -1.1 |
| Other long-term assets | -7.4 | -8.8 | 1.4 |
| Buildings | -4.0 | -6.7 | 2.7 |
| Machinery and equipment | -13.9 | -12.9 | -1.0 |
| Other tangible assets | -0.5 | -0.6 | 0.1 |
| Consolidated goodwill amortisation / income recognition of consolidation difference | -0.1 | 0.1 | -0.2 |
| **Total** | **-27.4** | **-29.3** | **1.9** |

### Other operating costs

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Total costs deriving from sales | -3.9 | -3.8 | -0.1 |
| Marketing expenses | -9.3 | -3.5 | -5.8 |
| Share of associated companies' results | 0.0 | 0.1 | -0.1 |
| Rental costs | -70.8 | -60.6 | -10.2 |
| Real estate costs | -15.2 | -20.4 | 5.2 |
| Administrative expenses | -18.9 | -15.8 | -3.1 |
| Other usage and maintenance costs | -55.6 | -65.0 | 9.4 |
| Capital losses on fixed assets | -0.9 | -1.4 | 0.5 |
| **Total** | **-174.6** | **-170.4** | **-4.2** |

## FINANCIAL INCOME AND EXPENSES

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Income from other investments: | | | |
| Income from holdings | | | |
| in other companies | 0.1 | 0.9 | -0.8 |
| Interest income from investments | 0.0 | 0.1 | -0.1 |
| Other interest and financial income: | | | |
| Other interest income | 3.6 | 5.8 | -2.2 |
| Other financial income: | | | |
| From associated companies | 0.1 | 0.0 | 0.1 |
| From external parties | 0.0 | 0.0 | 0.0 |
| Exchange rate gains | 0.0 | 0.1 | -0.1 |
| Total | 3.8 | 6.9 | -3.1 |
| Share of associated | | | |
| real-estate companies' results | -0.3 | -0.1 | -0.2 |
| Write-downs | | | |
| On long-term investments | 0.0 | 0.0 | 0.0 |
| Interest expenses: | | | |
| Subordinated loan interest expenses | 0.0 | -4.0 | 4.0 |
| Other, to external parties | -7.6 | -9.1 | 1.5 |
| Total | -7.6 | -13.1 | 5.5 |
| Other financial expenses: | | | |
| Conversion differences and | | | |
| exchange rate losses | 0.0 | 0.0 | 0.0 |
| Other financial expenses | -0.1 | -0.4 | 0.3 |
| Total | -0.1 | -0.4 | 0.3 |
| Total interest and other financial expences | -7.7 | -13.5 | 5.8 |
| **Net financial income and expenses** | **-4.2** | **-6.7** | **2.5** |
| | | | |
| Total interest income | 3.6 | 5.9 | -2.3 |

## EXTRAORDINARY ITEMS

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Extraordinary income: | | | |
| Additional reduction in | | | |
| restructuring debt | 0.0 | 3.2 | -3.2 |
| Income from final settlement in | | | |
| restructuring programme | 0.0 | 6.2 | -6.2 |
| Effect of corporate structure change | 0.0 | 44.5 | -44.5 |
| Deferred tax assets | 17.4 | 32.0 | -14.6 |
| Compensation for termination | | | |
| of contract | 0.0 | 8.5 | -8.5 |
| Other extraordinary income | 13.0 | 0.5 | 12.5 |
| Total | 30.4 | 94.9 | -64.5 |
| Extraordinary expenses: | | | |
| Cancellation of reduction | | | |
| in restructuring debt | -9.6 | -17.2 | 7.6 |
| Other restructuring expenses | | | |
| and charges | 0.0 | -2.3 | 2.3 |
| Other charges related to agreements | 0.0 | -2.0 | 2.0 |
| Total | -9.6 | -21.5 | 11.9 |
| **Net extraordinary items** | **20.8** | **73.4** | **-52.6** |

Detailed information on deferred tax assets can be found in the preparation principles (page 24). Detailed information on other extraordinary items, which mainly stem from the parent Cooperative, can be found on page 39.

## INCOME TAXES IN INCOME STATEMENT

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Income tax for the period | -0.4 | -1.0 | 0.6 |
| Change in deferred tax liabilities | 1.4 | -0.3 | 1.7 |
| Application of deferred tax assets | -19.9 | -28.2 | 8.3 |
| **Total** | **-18.9** | **-29.5** | **10.6** |

## FIXED AND OTHER NON-CURRENT ASSETS

### Intangible assets

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Intangible rights | 2.2 | 0.9 | 1.3 |
| Goodwill | 10.1 | 11.5 | -1.4 |
| Other long-term assets | 29.5 | 28.9 | 0.6 |
| Advances paid | 0.4 | 0.1 | 0.3 |
| **Total** | **42.2** | **41.4** | **0.8** |

**Intangible rights**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost 1 Jan. | 1.0 | 1.0 |
| Increase | 1.5 | 0.0 |
| Acquisition cost 31 Dec. | 2.5 | 1.0 |
| Accumulated amortisation 1 Jan. | -0.1 | 0.0 |
| Amortisation for the period | -0.2 | -0.1 |
| Accumulated amortisation 31 Dec. | -0.3 | -0.1 |
| **Book value 31 Dec.** | **2.2** | **0.9** |

**Goodwill**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost 1 Jan. | 27.2 | 16.3 |
| Increase | 0.0 | 10.9 |
| Acquisition cost 31 Dec. | 27.2 | 27.2 |
| Accumulated amortisation 1 Jan. | -15.7 | -15.4 |
| Amortisation for the period | -1.4 | -0.3 |
| Accumulated amortisation 31 Dec. | -17.1 | -15.7 |
| **Book value 31 Dec.** | **10.1** | **11.5** |

**Other long-term assets**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost 1 Jan. | 86.4 | 85.2 |
| Increase | 8.0 | 8.8 |
| Decrease; fully amortised | 0.0 | -7.6 |
| Acquisition cost 31 Dec. | 94.4 | 86.4 |
| Accumulated amortisation 1 Jan. | -57.5 | -56.3 |
| Amortisation for the period | -7.4 | -8.8 |
| Decrease; fully amortised | 0.0 | 7.6 |
| Accumulated amortisation 31 Dec. | -64.9 | -57.5 |
| **Book value 31 Dec.** | **29.5** | **28.9** |

**Advances paid**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost 1 Jan. | 0.1 | 0.1 |
| Increase | 0.3 | 0.0 |
| Introduced | 0.0 | 0.0 |
| **Book value 31 Dec.** | **0.4** | **0.1** |

### Consolidation difference

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Acquisition cost 1 Jan. and 31 Dec. | 1.5 | 1.5 | |
| Accumulated amortisation 1 Jan. | -0.3 | -0.4 | |
| Amortisation for the period | -0.1 | -0.1 | |
| Recognition of consolidation difference | 0.0 | 0.2 | |
| Accumulated amortisation 31 Dec. | -0.4 | -0.3 | |
| **Book value 31 Dec.** | **1.1** | **1.2** | **-0.1** |

### Tangible assets

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Land and water | 10.1 | 9.9 | 0.2 |
| Buildings and structures | 80.3 | 80.2 | 0.1 |
| Machinery and equipment | 51.9 | 46.6 | 5.3 |
| Other tangible assets | 1.3 | 1.8 | -0.5 |
| Advances paid and work in progress | 12.6 | 3.7 | 8.9 |
| **Total** | **156.2** | **142.2** | **14.0** |

**Land and water**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost 1 Jan. | 10.2 | 11.5 |
| Increase | 0.3 | 0.8 |
| Decrease; sales | -0.1 | -2.1 |
| Acquisition cost 31 Dec. | 10.4 | 10.2 |
| Accumulated value adjustments 1 Jan. and 31 Dec. | -0.3 | -0.3 |
| **Book value 31 Dec.** | **10.1** | **9.9** |

**Buildings and structures**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost *) 1 Jan. | 128.8 | 147.2 |
| Increase | 4.3 | 4.7 |
| Decrease; sales | -0.2 | -23.1 |
| Acquisition cost *) 31 Dec. | 132.9 | 128.8 |
| Accumulated depreciation and value adjustments 1 Jan. | -48.6 | -41.9 |
| Depreciation for the period | -4.0 | -6.7 |
| Accumulated depreciation and value adjustments 31 Dec. | -52.6 | -48.6 |
| **Book value 31 Dec.** | **80.3** | **80.2** |

| | | |
|---|---|---|
| * Building acquisition cost includes revaluation 1 Jan. and 31 Dec. | 0.0 | 0.0 |

**Machinery and equipment**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost 1 Jan. | 142.9 | 131.5 |
| Increase | 19.3 | 16.3 |
| Decrease; sales | -0.1 | -0.1 |
| Decrease; fully depreciated | 0.0 | -4.8 |
| Acquisition cost 31 Dec. | 162.1 | 142.9 |
| Accumulated depreciation 1 Jan. | -96.3 | -88.1 |
| Depreciation for the period | -13.9 | -13.0 |
| Decrease; fully depreciated | 0.0 | 4.8 |
| Accumulated depreciation 31 Dec. | -110.2 | -96.3 |
| **Book value 31 Dec.** | **51.9** | **46.6** |

**Other tangible assets**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost 1 Jan. | 3.8 | 4.5 |
| Increase | 0.1 | 0.1 |
| Decrease | -0.1 | -0.2 |
| Decrease; fully depreciated | 0.0 | -0.6 |
| Acquisition cost 31 Dec. | 3.8 | 3.8 |
| Accumulated depreciation 1 Jan. | -2.0 | -2.0 |
| Depreciation for the period | -0.5 | -0.6 |
| Decrease; fully depreciated | 0.0 | 0.6 |
| Accumulated depreciation 31 Dec. | -2.5 | -2.0 |
| **Book value 31 Dec.** | **1.3** | **1.8** |

**Advances paid and work in progress**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost 1 Jan. | 3.7 | 1.7 |
| Increase | 12.0 | 3.0 |
| Introduced | -3.1 | -1.0 |
| **Book value 31 Dec.** | **12.6** | **3.7** |

## Long-term investments

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Holdings in associated companies | 43.2 | 49.1 | -5.9 |
| Other investments: | | | |
| Receivables from associated companies | 0.1 | 0.1 | 0.0 |
| Other shares and holdings | 10.0 | 9.8 | 0.2 |
| Other receivables | 0.4 | 0.3 | 0.1 |
| Total | 10.5 | 10.2 | 0.3 |
| **Total** | **53.7** | **59.3** | **-5.6** |

**Holdings in associated companies**

| EUR million | 2004 | 2003 |
|---|---|---|
| Holdings 1 Jan. | 49.2 | 47.7 |
| Increase | 0.0 | 7.0 |
| Decrease | -5.9 | -5.5 |
| Holdings 31 Dec. | 43.3 | 49.2 |
| Accumulated value adjustments 1 Jan. and 31 Dec. | -0.1 | -0.1 |
| **Book value 31 Dec.** | **43.2** | **49.1** |

**Other shares and holdings**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost 1 Jan. | 10.8 | 14.2 |
| Increase | 0.3 | 1.5 |
| Decrease; sales | -0.1 | -4.9 |
| Acquisition cost 31 Dec. | 11.0 | 10.8 |
| Accumulated value adjustments 1 Jan. | -1.0 | -1.0 |
| Value adjustments for the period | 0.0 | 0.0 |
| Accumulated value adjustments 31 Dec. | -1.0 | -1.0 |
| **Book value 31 Dec.** | **10.0** | **9.8** |

**Total shares and holdings**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost 31 Dec. | 54.3 | 60.0 |
| Accumulated value adjustments 31 Dec. | -1.1 | -1.1 |
| **Book value 31 Dec.** | **53.2** | **58.9** |

**Receivables from associated companies**

| EUR million | 2004 | 2003 |
|---|---|---|
| Receivables at nominal value 1 Jan. | 0.1 | 0.2 |
| Repayments | 0.0 | -0.1 |
| **Book value 31 Dec.** | **0.1** | **0.1** |

**Other receivables**

| EUR million | 2004 | 2003 |
|---|---|---|
| Receivables at nominal value 1 Jan. | 0.3 | 13.3 |
| Increase | 0.1 | 0.0 |
| Repayments | 0.0 | -13.0 |
| **Book value 31 Dec.** | **0.4** | **0.3** |

## CURRENT ASSETS

### Stocks

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Goods** | **57.8** | **57.0** | **0.8** |

### Receivables

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Long-term receivables:** | | | |
| Other receivables | 0.0 | 0.7 | -0.7 |
| Accrued income and prepaid expenses | 0.4 | 0.4 | 0.0 |
| Total | 0.4 | 1.1 | -0.7 |
| **Short-term receivables:** | | | |
| Accounts receivable | 12.4 | 11.9 | 0.5 |
| Receivables from associated companies | 0.6 | 4.9 | -4.3 |
| Other receivables | 12.5 | 10.6 | 1.9 |
| Accrued income and prepaid expenses | 16.7 | 3.9 | 12.8 |
| Total | 42.2 | 31.3 | 10.9 |
| **Total receivables** | **42.6** | **32.4** | **10.2** |

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:

| | | |
|---|---|---|
| Outstanding annual compensation | 0.3 | 0.0 |
| Other outstanding expense compensation | 2.1 | 2.5 |
| Other prepaid operating expenses | 0.6 | 0.9 |
| Outstanding extraordinary income | 12.9 | 0.0 |
| Refundable withheld tax | 0.5 | 0.4 |
| Outstanding financial income | 0.3 | 0.1 |
| Total | 16.7 | 3.9 |

**Receivables from associated companies**

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Short-term receivables: | | | |
| Accounts receivable | 0.6 | 0.1 | 0.5 |
| Other receivables | 0.0 | 0.5 | -0.5 |
| Accrued income and prepaid expenses | 0.0 | 4.3 | -4.3 |
| **Total** | **0.6** | **4.9** | **-4.3** |

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

### Marketable securities

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Other securities** | **116.0** | **71.7** | **44.3** |

Marketable securities consist of publicly traded commercial papers.

## SHAREHOLDERS´EQUITY (COOPERATIVE CAPITAL)

### Share capital

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| 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. | 0.7 | 0.7 | |
| + fees of members resigned during period | 0.0 | 0.0 | |
| - refunded to ex-members | -0.7 | 0.0 | |
| Fees of ex-members 31 Dec. | 0.0 | 0.7 | |
| Total share capital 31 Dec. | 8.5 | 9.2 | -0.7 |
| 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. | 98.3 | 70.6 | |
| Retained parent Cooperative's surplus | 42.3 | 27.7 | |
| Contingency fund 31 Dec. | 140.6 | 98.3 | |
| Retained losses 1 Jan. | -54.5 | -59.3 | |
| Other retained consolidated profit from previous year | 45.1 | 4.8 | |
| Retained losses 31 Dec. | -9.4 | -54.5 | |
| Profit for the period: | | | |
| Parent Cooperative surplus for the period | 111.7 | 42.3 | |
| Other consolidated loss for the period | -66.7 | 45.1 | |
| Consolidated profit for the period | 45.0 | 87.4 | |
| **Total shareholders´equity 31 Dec.** | **198.1** | **153.8** | |

Statement of distributable profit

| EUR million | 2004 | 2003 |
|---|---|---|
| Contingency fund | 140.6 | 98.3 |
| Retained losses | -9.4 | -54.5 |
| Consolidated profit for the period | 45.0 | 87.4 |
| -Appropriations entered in Cooperative capital * | -2.8 | -5.9 |
| According to consolidated financial statements | 173.4 | 125.3 |

*) The amount transferred from accumulated appropriations to Cooperative capital.

## STATUTORY RESERVES

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Pension reserves** | **3.1** | **9.2** | **-6.1** |

Pension reserves include the subsidiaries' amounts of the pension fund's nonfunded pension liabilities and estimates of unemployment pension related deductibles payable by Tradeka and Restel Consolidated's subsidiaries during 2005–08.

## LIABILITIES

### Deferred tax liabilities

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Deferred tax liabilities | 1.0 | 2.4 | -1.4 |
| | | | |
| Tax rate | 26% | 29% | |

### Other liabilities

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Long-term:** | | | |
| Convertible bonds | 0.0 | 50.5 | -50.5 |
| Loans from financial institutions | 94.8 | 56.5 | 38.3 |
| Pension loans | 32.0 | 37.4 | -5.4 |
| Pension liability | 15.0 | 17.8 | -2.8 |
| Payables to associated companies | 0.0 | 0.0 | 0.0 |
| Other payables | 32.6 | 44.8 | -12.2 |
| Total | 174.4 | 207.0 | -32.6 |
| **Short-term:** | | | |
| Loans from financial institutions | 12.3 | 1.9 | 10.4 |
| Pension loans | 5.4 | 3.6 | 1.8 |
| Advances received | 1.4 | 2.2 | -0.8 |
| Accounts payable | 41.3 | 56.3 | -15.0 |
| Payables to associated companies | 10.0 | 12.6 | -2.6 |
| Other payables | 29.8 | 14.4 | 15.4 |
| Accruals | 51.3 | 51.1 | 0.2 |
| Total | 151.5 | 142.1 | 9.4 |
| **Total** | **325.9** | **349.1** | **-23.2** |
| | | | |
| **Total liabilities** | **326.9** | **351.5** | **-24.6** |

Short-term accruals include:

| EUR million | 2004 | 2003 |
|---|---|---|
| Unpaid refund of loyal-customer bonuses | 14.8 | 17.5 |
| Unpaid personnel costs | 31.9 | 28.6 |
| Other unpaid operating expenses | 2.4 | 3.3 |
| Unpaid taxes | 0.0 | 0.0 |
| Unpaid financial expenses | 2.2 | 1.7 |
| Total | 51.3 | 51.1 |

**Payables to associated companies**

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Long-term: | | | |
| Other payables | 0.0 | 0.0 | 0.0 |
| Short-term: | | | |
| Accounts payable | 10.0 | 12.3 | -2.3 |
| Other payables | 0.0 | 0.3 | -0.3 |
| Short-term payables to associated companies | 10.0 | 12.6 | -2.6 |
| **Total** | **10.0** | **12.6** | **-2.6** |

### Other long-term liabilities

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Convertible bonds | 0.0 | 50.5 | -50.5 |

Related to Cooperative Tradeka's financial restructuring programme, the above convertible bond included in Tradeka Group Ltd's financial statements for 2003 belonged to Eka Real Estate Development Ltd. On 6 February 2004, Tradeka Group Ltd paid its convertible bond.

### Pension liability

| EUR million | 2004 | 2003 |
|---|---|---|
| **Pension loan to Eläkekassa Tuki** | **15.0** | **17.8** |

More detailed information on the consolidated pension loan to Eläkekassa Tuki pertaining to Cooperative Tradeka Corporation can be found in the Notes to the Balance Sheet on page 41. Converted into an ordinary loan on 1 January 2004, this loan, including comparative data, is included in long-term liabilities.

### Other long-term liabilities by due date

| EUR million | 2004 | 2003 |
|---|---|---|
| **Loans from financial institutions:** | | |
| Total | 107.1 | 58.4 |
| - In short-term liabilities | -12.3 | -1.9 |
| = In long-term liabilities | 94.8 | 56.5 |
| - Amortisation within next 2–5 years | -82.8 | -33.6 |
| **Due after five years** | **12.0** | **22.9** |
| | | |
| **Pension loans:** | | |
| Total | 37.4 | 41.0 |
| - Pension loans in short-term liabilities | -5.4 | -3.6 |
| = Pension loans in long-term liabilities | 32.0 | 37.4 |
| - Amortisation within next 2–5 years | -19.8 | -21.4 |
| **Due after five years** | **12.2** | **16.0** |
| | | |
| **Other liabilities:** | | |
| Total liabilities | 33.0 | 47.4 |
| - In short-term liabilities | -6.5 | -2.6 |
| = In long-term liabilities | 26.5 | 44.8 |
| - Amortisation within next 2–5 years | -26.5 | -44.8 |
| **Due after five years** | **0.0** | **0.0** |

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

## COMMITMENTS AND CONTINGENCIES

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

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| ***Loans from financial institutions:*** | 104.8 | 55.5 | 49.3 |
| Pledged real estate mortgages | 25.1 | 25.1 | 0.0 |
| Pledged business mortgages | 31.1 | 31.1 | 0.0 |
| ***Pension loans:*** | 37.4 | 41.0 | -3.6 |
| Pledged real estate mortgages | 42.6 | 42.6 | 0.0 |
| Pledged business mortgages | 8.7 | 8.7 | 0.0 |
| **Total** | **107.5** | **107.5** | **0.0** |

### Shares pledged as security for debt

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| ***Loans from financial institutions:*** | 104.8 | 55.5 | 49.3 |
| Book value of pledged shares | 38.4 | 19.1 | 19.3 |
| ***Pension loans:*** | 5.9 | 7.5 | -1.6 |
| Book value of pledged shares | 7.4 | 7.4 | 0.0 |
| **Total** | **45.8** | **26.5** | **19.3** |

### Other pledges

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Pledged real estate mortgages | 0.2 | 0.2 | 0.0 |
| Pledged business mortgages | 0.2 | 0.2 | 0.0 |
| **Total** | **0.4** | **0.4** | **0.0** |

### Pension liabilities

The Group companies' portion of Eläkekassa Tuki's nonfunded uncovered liabilities is entered as expenses and pension liabilities in full (parent Cooperative) or as pension liability provision under statutory reserves (shareholding subsidiaries).
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 14.6 million.

### Amounts due for leasing contracts

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Payable the following year | 2.3 | 3.4 | -1.1 |
| Payable later | 3.3 | 3.3 | 0.0 |
| **Total** | **5.6** | **6.7** | **-1.1** |

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

### Contingent liabilities on behalf of Group companies

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Guarantees given** | **1.6** | **52.4** | **-50.8** |

### Other contingent liabilities

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Guarantees on behalf of others | 0.9 | 3.4 | -2.5 |
| On behalf of Group company's debt | 0.0 | 1.0 | -1.0 |
| **Total** | **0.9** | **4.4** | **-3.5** |

# TRADEKA CORPORATION
## SUBSIDIARIES AS OF 31 DECEMBER 2004

| | Domicile | Group holding % | Cooperative Tradeka Corporation Holding % | Cooperative Tradeka Corporation Book value EUR 1 000 | Group increase/ decrease in 2004 EUR 1 000 |
|---|---|---|---|---|---|
| Tradeka Group Ltd | Helsinki | 100 | 100 | 1 682 | |
| - Palveluetu Ltd T & E | Helsinki | 100 | | | |
| - Tradeka-kiinteistöt Ltd | 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 | | | |
| - 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 | | | 5 |
| - Piispankylän Mestaritie Ki Oy | Vantaa | 100 | | | |
| - Pykälikkö Ki Oy | Jyväskylä | 56 | | | |
| - Sallan Kauppakeskus Oy | Salla | 60 | | | |
| - Salon Hämeentie Ki Oy | Salo | 100 | | | |
| - Salon Vanamopolku Ki Oy | Salo | 100 | | | 22 |
| - 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 | | | |
| - 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 | | | |
| - Ki Oy Hotelli Ruoholahti | Helsinki | 100 | | | 50 |
| Hämeenlinnan Kantolanranta Ki Oy | Helsinki | 100 | 100 | 99 | |
| | | | | 1 781 | 77 |

# TRADEKA CORPORATION
## ASSOCIATED COMPANIES AS OF 31 DECEMBER 2004

| | Domicile | Corporation's share of % | Cooperative Tradeka Corporation's holding Share % | Book value EUR 1 000 |
|---|---|---|---|---|
| Inex Partners Oy | Helsinki | 50 | 50 | 11 269 |
| **Tradeka Ltd** | | | | |
| 38 associated property companies | | | | |
| **Restel Ltd** | | | | |
| 14 associated property companies | | | | |
| **Associated companies total** | | | | **11 269** |

# COOPERATIVE TRADEKA CORPORATION
## INCOME STATEMENT, 1 JAN.–31 DEC. 2004

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **NET TURNOVER** | **2.0** | **1.8** | **0.2** |
| Other income from business operations | 0.0 | 6.1 | -6.1 |
| Operating costs: | | | |
| Personnel costs | 1.1 | -4.4 | 5.5 |
| Depreciation | 0.0 | 0.0 | 0.0 |
| Other operating costs | -2.3 | -4.3 | 2.0 |
| Total | -1.2 | -8.7 | 7.5 |
| **OPERATING PROFIT/LOSS** | **0.8** | **-0.8** | **1.6** |
| Financial income and expenses | 2.8 | -0.5 | 3.3 |
| **PROFIT before extraordinary items** | **3.6** | **-1.3** | **4.9** |
| Extraordinary items | 108.3 | 44.2 | 64.1 |
| **PROFIT before appropriations and taxes** | **111.9** | **42.9** | **69.0** |
| Income taxes | -0.2 | -0.6 | 0.4 |
| **SURPLUS FOR THE FINANCIAL PERIOD** | **111.7** | **42.3** | **69.4** |

# COOPERATIVE TRADEKA CORPORATION
## BALANCE SHEET, 31 DECEMBER 2004

| Assets | EUR million | | | % of balance sheet | |
|---|---|---|---|---|---|
| | 2004 | 2003 | 04/03 | 2004 | 2003 |
| **Fixed and other long-term assets:** | | | | | |
| Tangible assets | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| Investments: | | | | | |
| Holdings in Group companies | 1.8 | 1.8 | 0.0 | 0.5 | 0.7 |
| Other investments | 186.0 | 198.1 | -12.1 | 53.9 | 78.9 |
| **Total fixed and other long-term assets** | **187.9** | **200.0** | **-12.1** | **54.4** | **79.6** |
| **Current assets:** | | | | | |
| Receivables | 151.9 | 49.2 | 102.7 | 44.0 | 19.6 |
| Marketable securities | 1.0 | 0.0 | 1.0 | 0.3 | 0.0 |
| Cash and bank | 4.5 | 1.9 | 2.6 | 1.3 | 0.8 |
| **Total current assets** | **157.4** | **51.1** | **106.3** | **45.6** | **20.4** |
| **Total assets** | **345.3** | **251.1** | **94.2** | **100.0** | **100.0** |

| Liabilities and shareholders' equity | EUR million | | | % of balance sheet | |
|---|---|---|---|---|---|
| | 2004 | 2003 | 04/03 | 2004 | 2003 |
| **Shareholders' equity:** | | | | | |
| Share capital (Cooperative capital) | 8.5 | 9.2 | -0.7 | 2.5 | 3.7 |
| Revaluation reserve | 4.5 | 4.5 | 0.0 | 1.3 | 1.8 |
| Reserve fund | 13.4 | 13.4 | 0.0 | 3.9 | 5.3 |
| Contingency fund | 140.6 | 98.3 | 42.3 | 40.7 | 39.1 |
| Surplus for the period | 111.7 | 42.3 | 69.4 | 32.3 | 16.8 |
| **Total shareholders' equity** | **278.7** | **167.7** | **111.0** | **80.7** | **66.8** |
| **Statutory reserves** | **0.0** | **3.5** | **-3.5** | **0.0** | **1.4** |
| **Liabilities:** | | | | | |
| Long-term | 47.6 | 74.3 | -26.7 | 13.8 | 29.6 |
| Short-term | 19.0 | 5.6 | 13.4 | 5.5 | 2.2 |
| **Total liabilities** | **66.6** | **79.9** | **-13.3** | **19.3** | **31.8** |
| **Total liabilities and shareholders' equity** | **345.3** | **251.1** | **94.2** | **100.0** | **100.0** |

# COOPERATIVE TRADEKA CORPORATION
## STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS, 1 JAN.–31 DEC.2004

| EUR million | 2004 | 2003 |
|---|---|---|
| **CASH FLOW FROM OPERATIONS** | | |
| Profit before extraordinary items | 3.5 | -1.3 |
| Adjustments: | | |
| Depreciation and write-downs | 0.0 | 0.0 |
| Other income and expenses not connected with payments | -4.0 | -4.8 |
| Financial income and expenses | -2.7 | 0.5 |
| Other adjustments (- profits / + losses from trade) | 0.0 | -6.0 |
| Cash flow before change in working capital | -3.2 | -11.6 |
| Change in working capital: | | |
| Increase(-)/decrease (+) in current trade receivables | 0.7 | -0.9 |
| Increase(-)/decrease (+) in current liabilities | 0.6 | 0.8 |
| Cash flow from operations before financial items and taxes | -1.9 | -11.7 |
| Interest paid and financial expenses from operations | -2.1 | -2.7 |
| Dividends received | 5.0 | 3.5 |
| Interest received | 0.3 | 6.0 |
| Income taxes paid | -0.2 | 0.0 |
| Cash flow before extraordinary items | 1.1 | -4.9 |
| Net cash flow from operations due to extraordinary items | 14.4 | -2.7 |
| **Cash flow from operations** | **15.5** | **-7.6** |
| **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 | 0.0 | -0.1 |
| Capital gains on other investments | -0.3 | 5.9 |
| Loans granted | 0.0 | -2.9 |
| Repayment of loan receivables | 0.0 | 36.2 |
| **Cash flow from investments** | **-0.3** | **39.1** |
| **CASH FLOW FROM FINANCING** | | |
| Cooperative contributions during the year | 0.0 | 0.0 |
| Refunded cooperative contributions | -0.7 | |
| Repayment of long-term loans | -8.3 | 0.0 |
| Repayment of restructuring debt | -2.6 | -43.8 |
| **Cash flow from financing** | **-11.6** | **-43.8** |
| **INCREASE/DECREASE IN LIQUID ASSETS** | **3.6** | **-12.3** |
| LIQUID ASSETS 1 Jan. | 1.9 | 14.2 |
| LIQUID ASSETS 31 Dec. | 5.5 | 1.9 |

## NET TURNOVER

Net turnover originates only from sales of management services.

## OTHER INCOME FROM BUSINESS OPERATIONS

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Capital gains on fixed assets | 0.0 | 6.1 | -6.1 |
| Other income | 0.0 | 0.0 | 0.0 |
| **Total** | **0.0** | **6.1** | **-6.1** |

## OPERATING COSTS

### Personnel costs

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Wages and salaries | -1.5 | -2.6 | 1.1 |
| Pensions | 2.6 | -1.4 | 4.0 |
| Other social expenses | 0.0 | -0.4 | 0.4 |
| **Total** | **1.1** | **-4.4** | **5.5** |

Pensions include Cooperative Tradeka Corporation's portion of the reduction in Eläkekassa Tuki's nonfunded uncovered liabilities. This change in nonfunded uncovered liabilities was also affected by the distribution of Eläkekassa Tuki's funds by the pension fund's co-operative owner member, when calculating such liabilities.

**Wages and salaries subject to withholding tax, incl. fringe benefits:**

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Administrative bodies and President | 0.7 | 0.6 | 0.1 |
| Other wages and salaries | 0.8 | 0.5 | 0.3 |
| **Total** | **1.5** | **1.1** | **0.4** |

The President and his deputy are entitled to a pension at the age of 60.

**Number of employees during the period:**
The corporate administration and management comprised an average of five employees during the financial period.

### Depreciation and write-downs

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Machinery and equipment** | **0.0** | **0.0** | **0.0** |

### Other operating costs

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Credit losses deriving from sales | 0.1 | 0.1 | 0.0 |
| Marketing expenses | -0.1 | 0.0 | -0.1 |
| Rental costs | -0.2 | -0.2 | 0.0 |
| Real estate costs | 0.0 | -1.7 | 1.7 |
| Administrative expenses | -1.5 | -2.1 | 0.6 |
| Other usage and maintenance costs | -0.6 | -0.3 | -0.3 |
| Capital losses on fixed assets | 0.0 | -0.1 | 0.1 |
| **Total** | **-2.3** | **-4.3** | **2.0** |

## FINANCIAL INCOME AND EXPENSES

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Income from shares | | | |
| in associated companies | 5.0 | 3.5 | 1.5 |
| Avoir fiscal tax credit | | 0.6 | -0.6 |
| Interest income from investments: | | | |
| From Group companies | 0.0 | 4.4 | -4.4 |
| From external parties | 0.0 | 0.0 | 0.0 |
| Other interest and financial income: | | | |
| Other interest income | | | |
| From external parties | 0.3 | 0.6 | -0.3 |
| Other financial income | | | |
| From Group companies | 0.0 | 0.0 | 0.0 |
| From associated companies | 0.0 | 0.0 | 0.0 |
| Total financial income | 5.3 | 9.1 | -3.8 |
| Interest expenses | | | |
| Subordinated loan interest expenses | 0.0 | -4.0 | 4.0 |
| To Group companies | -0.5 | -0.9 | 0.4 |
| To external parties | -2.0 | -4.7 | 2.7 |
| Total interest expenses | -2.5 | -9.6 | 7.1 |
| **Net financial income and expenses** | **2.8** | **-0.5** | **3.3** |
| | | | |
| Total interest income | 0.3 | 5.0 | -4.7 |
| Total other financial income | 0.0 | 0.0 | 0.0 |

## EXTRAORDINARY ITEMS

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Extraordinary income: | | | |
| Group contributions received | 105.1 | 48.0 | 57.1 |
| Additional reduction in restructuring debt | | 3.2 | -3.2 |
| Income from final settlement in restructuring programme | | 6.3 | -6.3 |
| Return of value for investment receivables | | 15.1 | -15.1 |
| Proportional shares received based on partitioning debt | 12.8 | 0.5 | 12.3 |
| Total | 117.9 | 73.1 | 44.8 |
| Extraordinary expenses: | | | |
| Cancellation of reduction in restructuring debt | -9.6 | -17.2 | 7.6 |
| Capital loss in final settlement of restructuring programme | 0.0 | -7.4 | 7.4 |
| Other restructuring expenses and charges | | -2.3 | 2.3 |
| Other charges related to agreements | | -2.0 | 2.0 |
| Total | -9.6 | -28.9 | 19.3 |
| **Net extraordinary items** | **108.3** | **44.2** | **64.1** |

Group contributions received from Tradeka Ltd and Restel Ltd amounted to EUR 82.7 million and EUR 22.35 million, respectively. The proportional amounts based on the partitioning debt came from subsidiaries declared bankrupt, mainly Kansa International Corporation Oy.

In accordance with an agreement related to the termination of the financial restructuring programme at the end of 2003, Cooperative Tradeka Corporation is liable to pay approximately 75 per cent of the amount received from Kansa International Corporation Oy, based on the partitioning debt, to the non-interest-bearing subordinated loan's creditors specified in the financial restructuring programme. The resulting additional payback based on the partitioning debt was entered in extraordinary expenses.

## INCOME TAXES IN INCOME STATEMENT

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Avoir fiscal tax credit | | -0.6 | 0.6 |
| * Tax increases | -0.2 | | -0.2 |
| **Income tax** | **-0.2** | **-0.6** | **0.4** |

* Tax increases relate to a tax audit carried out during 2000–02, which did no result in the payment of any back taxes.

## FIXED AND OTHER NON-CURRENT ASSETS

### Machinery and equipment

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Machinery and equipment | 0.1 | 0.1 | 0.0 |

**Machinery and equipment**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost *) 1 Jan. | 0.1 | 0.0 |
| Increase | 0.0 | 0.1 |
| Acquisition cost 31 Dec. | 0.1 | 0.1 |
| Accumulated depreciation 1 Jan. | 0.0 | 0.0 |
| Depreciation for the period | 0.0 | 0.0 |
| Accumulated depreciation 31 Dec. | 0.0 | 0.0 |
| **Book value 31 Dec.** | **0.1** | **0.1** |

### Long-term investments

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Holdings in Group companies | 1.8 | 1.8 | 0.0 |
| Other investments: | | | |
| Receivables from Group companies | 174.7 | 186.8 | -12.1 |
| Holdings in associated companies | 11.3 | 11.3 | 0.0 |
| Other shares and holdings | 0.0 | 0.0 | 0.0 |
| Total | 186.0 | 198.1 | -12.1 |
| **Total** | **187.8** | **199.9** | **-12.1** |

**Holdings in Group companies**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost 1 Jan. | 1.8 | 24.5 |
| Increase | 0.0 | 0.1 |
| Decrease | 0.0 | -22.8 |
| **Book value 31 Dec.** | **1.8** | **1.8** |

**Holdings in associated companies**

| EUR million | 2004 | 2003 |
|---|---|---|
| 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** |

**Other shares and holdings**

| EUR million | 2004 | 2003 |
|---|---|---|
| Acquisition cost 1 Jan. | 0.0 | 0.0 |
| Increase | 0.0 | 0.0 |
| **Book value 31 Dec.** | **0.0** | **0.0** |

**Total shares and holdings**

| EUR million | 2004 | 2003 |
|---|---|---|
| **Book value 31 Dec.** | **13.1** | **13.1** |

**Receivables from Group companies**

| EUR million | 2004 | 2003 |
|---|---|---|
| Receivables at nominal value 1 Jan. | 186.8 | 315.0 |
| Increase | 0.0 | 52.3 |
| Repayments | –12.1 | –180.5 |
| Receivables at nominal value 31 Dec. | 174.7 | 186.8 |
| Accumulated value adjustments 1 Jan. | 0.0 | –15.1 |
| Reversal of value adjustments | 0.0 | 15.1 |
| Accumulated value adjustments 31 Dec. | 0.0 | 0.0 |
| **Book value 31 Dec.** | **174.7** | **186.8** |

## CURRENT ASSETS

### Receivables

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Long-term receivables** | | | |
| Receivables from Group companies | 22.4 | 0.0 | 22.4 |
| **Short-term receivables** | | | |
| Receivables from Group companies | 116.5 | 48.2 | 68.3 |
| Other receivables | 0.1 | 1.0 | –0.9 |
| Accrued income and prepaid expenses | 12.9 | 0.0 | 12.9 |
| Total | 129.5 | 49.2 | 80.3 |
| **Total** | **151.9** | **49.2** | **102.7** |

| Short-term accrued income and prepaid expenses: | | |
|---|---|---|
| Outstanding expense compensation | 0.0 | 0.0 |
| Other prepaid expenses | 0.0 | 0.0 |
| Outstanding extraordinary income | 12.9 | |
| Outstanding financial income | 0.0 | 0.0 |
| Total | 12.9 | 0.0 |

**Receivables from Group companies**

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Long-term receivables | | | |
| Other receivables | 22.4 | 0.0 | 22.4 |
| Short-term receivables | | | |
| Accounts receivable | 0.0 | 0.2 | –0.2 |
| Other receivables | 116.5 | 48.0 | 68.5 |
| Total short-term receivables | 116.5 | 48.2 | 68.3 |
| **Total** | **138.9** | **48.2** | **90.7** |

Other receivables consist mainly of Group contribution receivables.

### Marketable securities

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Other securities** | **1.0** | **0.0** | **1.0** |

Marketable securities consist of publicly traded commercial papers.

## SHAREHOLDERS' EQUITY (COOPERATIVE CAPITAL)

### Share capital

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| 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. | 0.7 | 0.6 | |
| + fees of members resigned during period | 0.0 | 0.1 | |
| - refunded to ex-members * | -0.7 | 0.0 | |
| **Fees of ex-members 31 Dec.** | **0.0** | **0.7** | **-0.7** |

* In accordance with an amendment to the Cooperative By-laws, co-operative fees can be refunded with immediate effect after the termination of membership. The Cooperative's financial restructuring programme had forbidden the refund of co-operative fees during the programme.

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Total share capital 31 Dec** | **8.5** | **9.2** | **-0.7** |
| 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. | 98.3 | 70.6 | |
| Retained surplus | 42.3 | 27.7 | |
| **Contingency fund 31 Dec.** | **140.6** | **98.3** | |
| **Surplus for the period** | **111.7** | **42.3** | |
| **Total shareholders' equity 31 Dec** | **278.7** | **167.7** | |

**Statement of distributable profit**

| EUR million | 2004 | 2003 |
|---|---|---|
| Contingency fund | 140.6 | 98.3 |
| Surplus for the period | 111.7 | 42.3 |
| Total | 252.3 | 140.6 |

### Statutory reserves

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Pension reserve** | **0.0** | **3.5** | **-3.5** |

The pension reserve is related to Cooperative's portion of the pension fund's nonfunded pension liabilities. The decrease in this portion was also affected by the distribution of Eläkekassa Tuki's funds by the pension fund's co-operative owner member, when calculating such liabilities.

## LIABILITIES

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Long-term:** | | | |
| Pension loans | 15.0 | 17.8 | -2.8 |
| Payables to Group companies | 0.0 | 11.7 | -11.7 |
| Payables to associated companies | 0.0 | 0.0 | 0.0 |
| Other payables | 32.6 | 44.8 | -12.2 |
| Total | 47.6 | 74.3 | -26.7 |
| **Short-term:** | | | |
| Advances received | 0.0 | 0.0 | 0.0 |
| Accounts payable | 1.0 | 0.2 | 0.8 |
| Payables to Group companies | 0.0 | 0.0 | 0.0 |
| Payables to associated companies | 0.0 | 0.3 | -0.3 |
| Other payables | 16.3 | 2.9 | 13.4 |
| Accruals | 1.7 | 2.2 | -0.5 |
| Total | 19.0 | 5.6 | 13.4 |
| **Total** | **66.6** | **79.9** | **-13.3** |

| | | |
|---|---|---|
| Short-term accruals: | | |
| Unpaid personnel costs | 1.7 | 2.0 |
| Other unpaid business expenses | 0.0 | 0.2 |
| Total | 1.7 | 2.2 |

**Payables to Group companies**

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Long-term: | | | |
| Other payables | 0.0 | 11.7 | -11.7 |
| Short-term: | | | |
| Accounts payable | 0.0 | 0.0 | 0.0 |
| **Total** | **0.0** | **11.7** | **-11.7** |

**Payables to associated companies**

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Long-term: | | | |
| Other payables | 0.0 | 0.0 | 0.0 |
| Short-term: | | | |
| Other payables | 0.0 | 0.3 | -0.3 |
| **Total** | **0.0** | **0.3** | **-0.3** |

**Pension loans**

| EUR million | 2004 | 2003 |
|---|---|---|
| **Pension loan to Eläkekassa Tuki** | **15.0** | **17.8** |

The terms of the loan stipulated in the promissory note state that the consolidated pension loan converts to an ordinary pension loan on 1 January 2004, to the extent possible considering the debtor's solvency. At the beginning of 2004, this loan was entered in long-term liabilities (also for the comparative data on 31 December 2003).

**Partitioning debt**

| EUR million | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Short-term partitioning debt | 0.0 | 2.6 | -2.6 |
| Long-term partitioning debt | 14.3 | 14.3 | 0.0 |
| **Total** | **14.3** | **16.9** | **-2.6** |

Under a conciliation agreement concluded with creditors prior to the end of the financial restructuring programme, Cooperative agreed to pay EUR 16.8 million in partitioning debt, under Section 63, Paragraph 4 of the Financial Restructuring Act, to the creditors.

Of the entire partitioning debt, the amount of short-term partitioning debt paid to creditors (i.e. creditors entitled to short-term partitioning debt payments under the financial restructuring programme) totalled EUR 2.55 million, which fell due in one instalment on 30 June 2004. Such repayments bore no interest. Owing to the lack of payment data, the amount of short-term partitioning debt unpaid at the end of the financial year totalled EUR 0.3 million. This amount payable to the creditors in question was deposited on their behalf in the State Provincial Office of Southern Finland on 30 December 2004.

Of all the partitioning debt, the amount of long-term partitioning debt paid to creditors (i.e. creditors entitled to long-term partitioning debt payments under the financial restructuring programme) totalled EUR 14.26 million, which will fall due on 31 December 2008. The long-term partitioning debt bears interest.

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 date as of 1 January 2004.

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

## OTHER LONG-TERM LIABILITIES BY MATURITY

**Long-term payables to Group companies**

Debt to the provider of countersecurity based on the pension scheme

| EUR million | 2004 | 2003 |
|---|---|---|
| **Total liabilities** | **0.0** | **11.7** |

The provider of the countersecurity had the opportunity to exercise its right of recourse in relation to Cooperative Tradeka Corporation, related to the debt, as of 1 January 2004. On 30 June 2004, this debt was set off against Cooperative's receivable.

**Other long-term liabilities**

| EUR million | 2004 | 2003 |
|---|---|---|
| Total liabilities | 32.6 | 47.4 |
| - In short-term liabilities | -6.1 | -2.6 |
| = In long-term liabilities | 26.5 | 44.8 |
| - Repayments within next 2–5 years | -26.5 | -44.8 |
| Due after five years | 0.0 | 0.0 |

Other long-term liabilities include partitioning debt (also shown in the comparative data for 2003) and debt to the guarantor of the pension scheme. The guarantor had the opportunity to exercise its right of recourse in relation to Cooperative Tradeka Corporation, related to the above debt, as of 1 January 2004. Cooperative Tradeka Corporation has agreed on a repayment plan for the debt, which remained interest-free until 30 June 2004.

## COMMITMENTS AND CONTINGENCIES

### Pension liabilities

The pension loan of EUR 14.3 million in Cooperative Tradeka Corporation's balance sheet covers Cooperative's entire portion of Eläkekassa Tuki's nonfunded liability. This portion has been determined by the distribution of Eläkekassa Tuki's funds by the pension fund's co-operative owner member, when calculating such liabilities.

### Amounts due for leasing contracts

| EUR 1,000 | 2004 | 2003 | 04/03 |
|---|---|---|---|
| Due next year | 6.9 | 6.4 | 0.5 |
| Due subsequent years | 7.2 | 8.4 | -1,2 |
| **Total** | **14.1** | **14.8** | **-0,7** |

### Contingent liabilities on behalf of Group companies

| EUR 1,000 | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Guarantees given** | **0.9** | **51.4** | **–50.5** |

### Other contingent liabilities

| EUR 1,000 | 2004 | 2003 | 04/03 |
|---|---|---|---|
| **Guarantees on behalf of others** | **0.8** | **2.5** | **–1.7** |

# BOARD'S PROPOSAL FOR THE DISPOSAL OF SURPLUS

The Board proposes that the surplus of EUR 111,667,528.49 recorded for 2004 be entered in the contingency fund, in accordance with Article 11:2 of the Cooperative By-laws, since the reserve fund has reached the full amount specified in Section 10 of said By-law.

Helsinki, 11 March 2005

| | |
|---|---|
| **Olavi Syrjänen**<br>Chairman | **Maunu Ihalainen**<br>Vice Chairman |
| **Markku Alhava** | **Margit Eteläniemi** |
| **Tuire Mannila** | **Jukka Simula** |
| **Ritva Vartia** | **Antti Remes**<br>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 2004. 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, 21 March 2005

**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 22:1 of the Cooperative's rules and regulations, the Supervisory Board states that the Board's proposal for the disposal of surplus is in compliance with Article 11 of the rules.

Helsinki, 27 April 2005

**Markku Pohjola** **Juha Laisaari**

COUNCIL OF REPRESENTATIVES

**The district of Uusimaa:**

Hilkka Ahde, Helsinki
Timo Ahola, Mäntsälä
Eero Heinäluoma, Helsinki
Pirjo Hämäläinen, Hyvinkää
Maija Jakka, Vihti
Anneli Karsi, Espoo
Arja-Leena Lahtinen, Karkkila
Tuija Lahtinen, Hyvinkää
Lasse Lehtinen, Helsinki
Lea Nevalainen, Vihti
Toini Nieminen, Lohja
Matti Saarinen, Lohja
Reino Taurovaara, Järvenpää

**The district of Häme:**

Jorma Hacklin, Jokioinen
Paula Helle, Turenki
Eeva Hellsten, Riihimäki
Vuokko Kautto, Lahti
Johannes Koskinen, Hämeenlinna
Merja Leppänen, Forssa
Minna Lintonen, Forssa
Anna-Maija Martikainen, Lahti
Reijo Pekonmäki, Lahti
Satu Taiveaho, Hämeenlinna

**The district of Pirkanmaa:**

Laila Halme, Tampere
Inna Ilivitzky, Valkeakoski
Hannele Isotalo-Pekala, Valkeakoski
Anneli Kivistö, Tampere
Sirpa Koivisto, Tampere
Taavi Lintunen, Tampere
Arja Ojala, Tampere
Eila Rimmi, Tampere
Matti Salo, Parkano
Minna Sirnö, Tampere
Marjatta Stenius-Kaukonen, Tampere
Auli Välimäki, Mänttä

**The district of Varsinais-Suomi:**

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

**The district of Satakunta:**

Raila Aho, Pori
Esa Anttila, Pori
Reijo Kallio, Rauma
Eeva Kurki, Rauma
Timo Laaksonen, Pori
Leila Mäkelä, Kankaanpää
Veikko Nurmi, Kauttua
Jari Pajukoski, Pori

**The district of Central Finland:**

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

**The district of Vaasa:**

Eila Huhta, Lapua
Taina Lehto, Vaasa
Riitta Lehtola, Seinäjoki
Raimo Rauhala, Vaasa
Taina Tulima, Pietarsaari
Marjatta Vehkaoja, Vaasa

**The district of Pohjois-Savo:**

Kaija Haajanen, Kuopio
Marita Juuti, Varkaus
Leo Kukkonen, Pielavesi
Leena Kumpulainen, Kiuruvesi
Marja-Leena Kärkkäinen, Kiuruvesi
Matti Mänttäri, Kuopio
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
Minna Tuukkanen-Peussa, Kuusankoski
Pentti Tiusanen, Kotka

**The district of Etelä-Savo:**

Valto Aholainen, Mikkeli
Juha Bilund, Savonlinna
Virpi Kaksonen, Punkaharju
Kaija Karvinen, Savonlinna
Antti Leskinen, Savonlinna

**The district of Pohjois-Karjala:**

Erkki Kanerva, Joensuu
Lauri Kähkönen, Lieksa
Maija Martikainen, Joensuu
Sinikka Väyrynen, Juuka

**The district of Oulu:**

Virpi Aho, Raahe
Aarno von Bell, Kajaani
Paula Grekelä, Oulu
Päivi Krekilä, Raahe
Merja Kyllönen, Suomussalmi
Ritva Mikkonen, Kajaani
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
Tuija Kääriäinen, Salla
Helena Tiuraniemi, Rovaniemi
Reijo Viitala, Kemi

# SUPERVISORY BOARD

Markku Pohjola
Circuit judge, Vihti
*Chairman*

Raimo Järvenpää
Kunnallisneuvos (Finnish honorary title), Oulu
*Vice Chairman*

Ritva Kitinoja
Area manager, Oulu
*Vice Chairman*

Markus Aaltonen
Valtiopäiväneuvos (Finnish honorary title), Seinäjoki

Risto Aaltonen
Electrician, Forssa

Jukka Gustafsson
MP, Tampere

Olavi Huttunen
Store manager, Suonenjoki

Annikki Järvinen
Childminder, Pori

Matti Kangas
MP, Jyväskylä

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

Aarne Kauranen
Radio journalist, Hämeenlinna

Marjo Kiukkonen
Lawyer, Hyvinkää

Matti Kivikoski
Mechanical engineer, Kemiö

Leila Koski
Director of work with senior citizens, Rauma

Esa Lahtela
MP, Puhos

Tapio Luttinen
Professor, Lahti

Hannu Myyryläinen
Kunnallisneuvos (Finnish honorary title), Lappeenranta

Maija-Liisa Paananen
Social worker, Anttola

Matti Pajuoja
Paper machine operator, Lohja

Hannu Peltonen
Gym manager, Loimaa

Juha Pikkarainen
Control room manager, Kemijärvi

Iivo Polvi
MP, Iisalmi

Raimo Rajanen
Sheet-iron worker, Jyväskylä

Marketta Semi
Benefits officer, Vaasa

Ilkka Sepponen
House manager, Turku

Pertti Turtiainen
Mechanic, Kangasala

Riitta Virtanen
Specially trained nurse, Ylöjärvi

**Employee representatives:**

Eeva-Liisa Kilpeläinen
Shop steward, Kemi

Erja Backman
Chief shop steward, Perniö

**Deputy employee representatives:**

Kari Peltovirta
Shop steward, Tampere

Christer Paasila
Chief shop steward, Helsinki

## BOARD OF DIRECTORS

Olavi Syrjänen
LL.D, Senior Lawyer, Helsinki
*Chairman*

Maunu Ihalainen
Kanslianeuvos (Finnish honorary title)
*Vice Chairman*

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

Margit Eteläniemi
Head of Training, Mänttä

Tuire Mannila
Authorised Public Accountant, Espoo

Jukka Simula
Lawyer, Helsinki

**Employee representative:**
Ritva Vartia
Shop Steward, Mikkeli

**Deputy member**
Martti Kesseli
Chief Shop Steward, Mikkeli

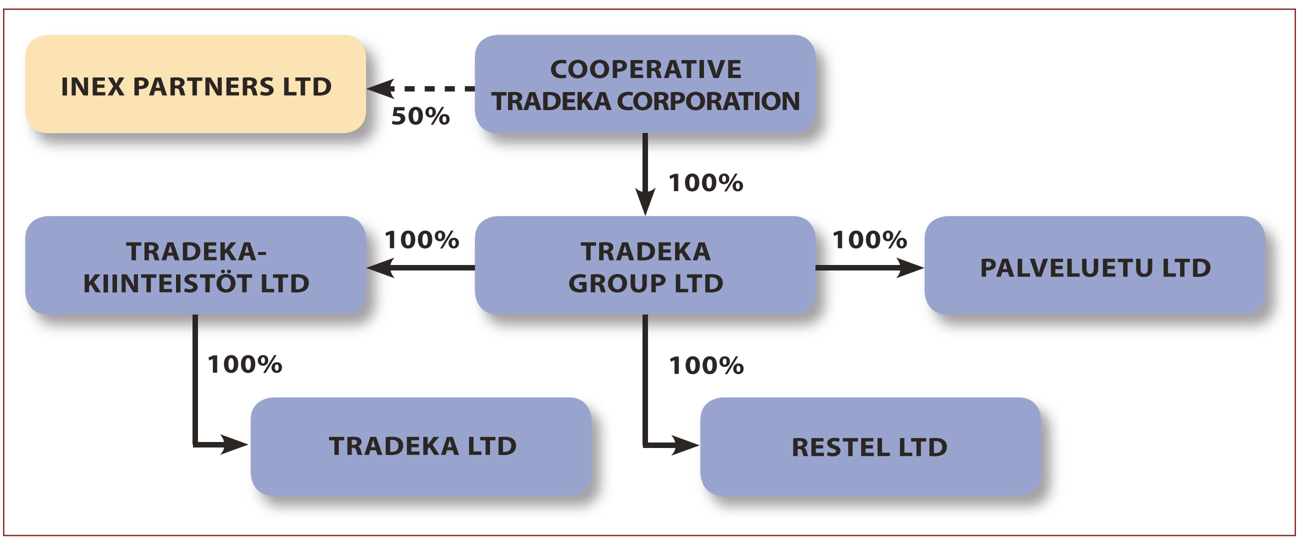
**President**
Antti Remes

## AUDITORS

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

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

## BUSINESS ORGANISATION



# CORPORATE MANAGEMENT

## TRADEKA CORPORATION

**Antti Remes**
President

Cooperative Tradeka Corporation
Tradeka Group Ltd
Tradeka-kiinteistöt Ltd
Palveluetu Ltd

**Juha Laisaari**
Vice President

Cooperative Tradeka Corporation

## RESTEL LTD

**Ralf Sandström**
President

**Jari Laine**
Director,
hotels

**Björn Pahlberg**
Director,
restaurants

**Kari Lalu**
Administrative Director

**Kenneth Rantala**
Finance Director

## TRADEKA LTD

**Markku Uitto**
President

**Veijo Heinonen**
Customer Service Director,
Customer service process

**Jussi Tolvanen**
Director of Commercial Operations,
Product process

**Kari Luoto**
Marketing Director,
Customer process

**Jaana Lehto**
Knowledge Director,
Centralised services

# TRADEKA CORPORATION'S KEY FIGURES 2000–2004

| MEUR | 2000 | 2001 | 2002 | 2003 | **2004** |
|---|---|---|---|---|---|
| Net turnover | 1 094.4 | 1 156.5 | 1 203.6 | 1 221.6 | **1 264.1** |
| Other income from business operations | 19.0 | 18.5 | 15.5 | 21.9 | **8.8** |
| Variable costs | 1 071.0 | 1 121.0 | 1 171.6 | 1 193.3 | **1 225.6** |
| - % of net turnover | 97.9 | 96.9 | 97.3 | 97.7 | **97.0** |
| Operating profit | 42.4 | 53.9 | 47.6 | 50.2 | **47.3** |
| - % of net turnover | 3.9 | 4.7 | 4.0 | 4.1 | **3.7** |
| Profit before extraordinary items | 38.0 | 30.8 | 31.4 | 43.5 | **43.1** |
| - % of net turnover | 3.5 | 2.7 | 2.6 | 3.6 | **3.4** |
| Profit for the financial period | 38.4 | 30.4 | 32.5 | 87.4 | **45.0** |
| - % of net turnover | 3.5 | 2.6 | 2.7 | 7.2 | **3.6** |
| Capital expenditure | 31.0 | 23.3 | 30.6 | 29.7 | **48.0** |
| Balance sheet total | 495.7 | 519.1 | 564.4 | 520.1 | **533.7** |
| Average personnel | 4 843 | 4 878 | 5 006 | 4914 | **5 383** |

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