TRADEKA LTD

ANNUAL REPORT 2005

CONTENTS

Tradeka Ltd in Brief	4
CEO's Review	5
Key Events	6
Brands and Stores	7
Report by the Board of Directors	8
Financial Statements	10
Company Shareholders	25
Board of Directors and Auditors	25
Business Organisation	26
Corporate Management	26

TRADEKA LTD IN BRIEF

With its multiple chain store structure, **Tradeka Ltd** is a retailing company which owns all of its centrally managed retail outlets. The company's business operations are based on its three nationwide store brands, Siwa, Valintatalo and Euromarket. In addition to the parent company, Tradeka Group includes ZAO Renlund SPb, a subsidiary based in St. Petersburg, and property subsidiaries.

Tradeka Ltd in figures

Net turnover	1,158.0 EUR million
Loss before extraordinary items	9.7 EUR million
Capital expenditure	306.6 EUR million
Balance sheet total	435.6 EUR million
Average personnel	4,256
Number of stores	746

This Annual Report contains Tradeka Ltd's financial statements for 2 July 2004 – 31 December 2005, which is the company's first accounting period. Since Tradeka Ltd Group was incorporated during this period, there are no comparatives available.

CEO'S REVIEW

The last three years have been characterised by intensifying price competition in Finnish grocery retailing, shaking up the sector and its structures throughout. The last two years have mainly seen a downward trend in prices, which has left its traces on both retailers and food-industry companies. With retailing market-share changes taking place more rapidly in the early years of the 21st century, last year's change in the Finnish market retail leader could be viewed as a watershed.

The completion of Cooperative Tradeka Corporation's financial restructuring in late 2003 triggered discussions on a corporate transaction, and the following year saw careful analyses of the effects of various options on Tradeka's retail business and the retail sector as a whole. Eventually, Tradeka Corporation's Supervisory Board and Wihuri Group's shareholders, assisted by Industri Kapital, a private equity firm, reached an understanding on establishing a third major retailer in the Finnish market.

Starting its operations in early August, Tradeka Ltd, a grocery retailer with a broader ownership base, now has 162 more stores and 1,300 more employees within its modern multiple store structure. This new company is the undisputed leader in the Finnish market for neighbourhood shops and a remarkable competitor with its bigger rivals.

Although Tradeka's established outlet network showed a weaker-than-expected performance in the first half of 2005, things improved markedly in the second half. Due to major corporate transactions, store refurbishments and overlapping operations, the company made a loss as planned.

The current year has got off to a good start. We have proceeded as planned with the refurbishment of the acquired Wihuri Ruokamarkkinat Oy's stores in line with Tradeka's brands, with the last changes due for completion in late May. From that time onwards, our network of about 740 stores will be completely geared up for competition in the retail battlefield.

Another major change relates to replacing our long-standing sourcing and logistics partner, Inex Partners Oy, with Tuko Logistics Oy, this process, based on the both companies' spirit of consensus, making good progress. A special change management project is also proceeding as planned.

Our major efforts for 2006 involve reaping synergies from the corporate transaction, implementing a new growth strategy and introducing strategic development projects.

The future looks bright for Tradeka. Although the first-half profit performance will remain modest due to store changes within our outlet network, I expect favourable developments in net turnover and profits for the year as a whole.

It gives me great pleasure to express my thanks to all of our partners for their strong support and encouragement amid this transformation. Last but not least, I wish to thank all Tradeka employees – both Ruokamarkkinat Oy's staff joining Tradeka's payroll and Tradeka's old employees – for their concerted efforts and hard work last year. I can already tell you that our corporate transactions have proved a good success. Tradeka's future is now in our hands.

Markku Uitto
President & CEO

KEY EVENTS RELATED TO TRADEKA LTD'S CORPORATE STRUCTURE

2 July 2004	Riopoli Oy, an established company, is registered in the Trade Register.
22 Dec. 2004	Tradeka-kiinteistöt Ltd acquires Riopoli Oy.
31 Dec. 2004	Renaming Riopoli Oy Tradeka Ltd is registered in the Trade Register.
31 Dec. 2004	The company buys Tradeka-kiinteistöt Ltd's grocery retail business.
31 Dec. 2004	The company buys Ketjuetu Ltd T & E's retail management services business.
1 Jan. 2005	Tradeka Ltd starts actual business operations.
24 May 2005	Conclusion of an agreement for combining Tradeka Ltd's and Wihuri Group Ruokamarkkinat Oy's grocery retail businesses and the announcement of Ruokamarkkinat Oy and Industri Kapital becoming Tradeka Ltd's shareholders.
13 July 2005	Anti-trust approval of a corporate transaction published on 24 May 2005.
1 Aug. 2005	Tradeka Ltd buys Ruokamarkkinat Oy's grocery business consisting of 162 Ruokavarasto, Sesto and Etujätti stores.
1 Aug. 2005	Ruokamarkkinat Oy, Industri Kapital and the company's management buys around 49% of Tradeka Ltd shares.
8 Aug. 2005	Tradeka Ltd's Board of Directors decides that the company should focus on its three store brands – Siwa, Valintatalo and Euromarket.
18 Aug. 2005	The first two refurbished Ruokavarasto stores open under the Siwa brand.
31 Dec. 2005	A total of 61 refurbished stores from Ruokamarkkinat Oy open.
31 March 2006	A total of 106 refurbished stores have opened.
1 June 2006	The last refurbished stores coming from Ruokamarkkinat Oy open.

TRADEKA STORE BRANDS AND STORES 31 DEC. 2005

SIWA
492 stores (+41)

VALINTATALO
133 stores (+31)

EUROMARKET
21 stores (+2)

RUOKAVARASTO
81 stores

SESTO
14 stores

ETUJÄTTI
2 stores

In addition:

ZAO Renlund SPb (St. Petersburg)
Siwa + SuperSiwa stores 3 (+1)

The number of Tradeka stores totalled 746 (+172) on 31 December 2005.

The most popular neighbourhood shop in Finland, Siwa, blends in with the surrounding buildings, as evidenced by a newly-built shop opened in Reposaari in harmony with the area's listed buildings.

The urban grocery shop. The Haukipudas Valintatalo boasts a good working climate and performance. Pictured Tiina Mäkelä (left), Eeva-Leena Liimatainen, Tarja Halonen and Veijo Liimatainen.

Big but quick shopping. Re-opening its doors in October, the refurbished Kemi Euromarket is now an outlet in line with the new compact hypermarket concept.

REPORT BY THE BOARD OF DIRECTORS

Business environment

According to a forecast by the Research Institute of the Finnish Economy (ETLA), GDP growth rate in Finland stood at 1.5 per cent, compared with 3.6 per cent a year earlier. Consumer spending is predicted to have risen by 2.9 per cent and spending power in real terms by 3.4 per cent. Consumer confidence in personal finances continued to remain at a good level. The annual change in the consumer price index was 0.9.

In 2005, Finnish grocery retail sales increased by 2,3 per cent while turnover recorded by the Finnish Food Marketing Association's member companies rose by 0.5 per cent on the year before. Grocery prices fell by an average of 0.1 per cent year on year.

The grocery retail market, previously relatively stable, has undergone a major transformation in the past two years, with last year's merger of Tradeka's and Wihuri's retail businesses and the year-end announcement of SOK's acquisition of Spar Finland representing one of the most significant events in the retail sector.

Tradeka Ltd's operations

The 1 August 2005 corporate transaction involved combining the retail chain businesses of Tradeka Ltd and Ruokamarkkinat Oy. At the same time, Tradeka Ltd – previously wholly owned by Tradeka-kiinteistöt Ltd, a Cooperative Tradeka Corporation subsidiary – expanded its ownership base as follows:

Tradeka-kiinteistöt Ltd	51%
Industri Kapital 2000 Fund	32%
Ruokamarkkinat Oy	16%
Company management	1%

According to a decision made by the shareholders' meeting, the new ownership structure was based on implementing a private placement for the new shareholders. Owing to the transaction and related contracts, Tradeka Ltd is no longer Cooperative Tradeka Corporation's subsidiary.

In the same connection, Tradeka Ltd bought Ruokamarkkinat Oy's grocery business consisting of 162 Ruokavarasto, Sesto and Etujätti stores, which Tradeka decided to integrate with its Siwa, Valintatalo and Euromarket chains. The resulting integration and conversion of the acquired retail outlets began in August, with 61 being converted by the end of 2005. Due to overlapping operations, 2005 and 2006 will see the closure of some 20 stores.

In 2005, the number of stores rose by 172, ten of which were based on new store set-ups, and the year-end number of stores totalled 746. This figure includes the three St. Petersburg-based stores of ZAO Renlund SPb, a Tradeka Ltd subsidiary. The latest of these opened in April 2005.

Business development continued to focus on category and space-management systems and competence management. During the financial year, the company re-specified the content of its brands and reshaped brand marketing. The YkkösBonus Loyal Customer Scheme saw improvements in its offerings, with K1-Katsastajat (MOT Testing Stations) and The Body Shop chain in the Helsinki Metropolitan Area joining the scheme as new partners. In May 2005, the company launched the YkkösBonus/MasterCard combination card.

Included in Tradeka Ltd's chains since early August and previously owned by Ruokamarkkinat Oy, Ruokavarasto, Sesto and Etujätti stores joined the YkkösBonus scheme, i.e. customers also received bonuses for purchases made at these outlets.

Since August, Tradeka Ltd has made parallel use of two purchasing and logistics companies, Inex Partners Ltd and Tuko Logistics Oy, the latter being used for stores acquired from Ruokamarkkinat Oy. At the end of 2005, Tradeka Ltd began to make arrangements for using Tuko Logistics Oy as its sole supplier.

Personnel

The number of Tradeka Group's employees, measured by person-years, totalled 4,256 (+520).

Tradeka had a staff of 5,861 on 31 July 2005 and 7,043 (+1,182) on 31 December 2005.

Environmental issues

Tradeka Group adheres to its Environmental Programme approved in 1998. Environmental management forms part of Tradeka's day-to-day decision-making and management system. No specific environmental risks are associated with the company's operations.

Financial position

In 2005, Tradeka Group posted a net turnover of EUR 1,158 million and made a loss of EUR 9.7 million before extraordinary items. Due to the financial year's corporate transactions and major non-recurring expenses, the results are not comparable with those reported by Tradeka Corporation's retail business in 2004.

Capital expenditure totalled EUR 306.6 million.

The Group's shareholders' equity and subordinated loans accounted for 21.7 per cent of the balance sheet total. Operating margin, including non-recurring expenses, accounted for -0.2 per cent of net turnover. Return on investment stood at -0.6 per cent and interest-bearing liabilities in the Group's balance sheet totalled EUR 198.5 million. Based on loans from banks, the company's borrowings do not include currency risks. Tradeka uses interest-rate swaps to manage its interest-rate risks.

Administration and auditors

Between 1 January and 17 June 2005, Tradeka Ltd's Board of Directors comprised Antti Remes (Chairman), Maunu Ihalainen (Vice Chairman), Markku Alhava, Leena Kolsi, Juha Laisaari and, as an employee representative, Terhi Raatesalmi. Markku Uitto acted as Tradeka Ltd's President & CEO and the President of Ketjuetu Ltd.

The Extraordinary General Meeting of 17 June 2005 elected a new Board of Directors for a term of 17 June-31 July 2005, comprising Antti Remes (Chairman), Markku Alhava and Juha Laisaari. Markku Uitto remained President & CEO.

Since 1 August 2005, the Board of Directors has been made up of Antti Remes (Chairman), Michael Rosenlew, Thomas Ramsay, Juha Hellgren, Max Alfthan and Markku Uitto. Markku Uitto continues to act as President & CEO.

Between 1 January and 31 July 2005, Mauri Palvi (Authorised Public Accountant) and Markku Koskela (Authorised Public Accountant) acted as auditors. KPMG Oy Ab, with Jukka Rajala (Authorised Public Accountant) in the capacity of chief auditor, and Kari Lydman (Authorised Public Accountant) acted as deputy auditors. Since 1 August 2005, KPMG Oy Ab, with Jukka Rajala (Authorised Public Accountant) in the capacity of chief auditor, and

PricewaterhouseCoopers Oy, with Kim Karhu in the capacity of chief auditor, have acted as company auditors.

At its meeting on 25 October 2005, the Board of Directors appointed an Audit Committee comprising Thomas Ramsay, Max Alfthan and Juha Hellgren, and elected Antti Remes and Michael Rosenlew to the Compensation Committee.

Prospects for 2006

Economic prospects for the current year look favourable both in Finland and on a global basis. With consumer spending remaining the growth driver, exports have also begun to take off and consumer confidence in personal finances will remain robust. Several forecasts suggest that inflation will accelerate slightly and interest rates will rise somewhat.

Grocery sales will probably continue to grow steadily in volume terms although value growth in sales is likely to remain modest due to vigorous price competition. Department-store sales will probably continue their strong growth. With the integration phase underway as a result of two significant company acquisitions in the grocery retail sector, market shares will probably undergo major changes.

Tradeka's key challenges for 2006 include completing the conversion before the summer of the stores acquired from Ruokamarkkinat Oy to fall into line with Tradeka's store concept, and reorganising purchasing and logistics by the end of the year.

Tradeka seeks strong and profitable growth through its existing outlet network and new store set-ups, making the most of the opportunities provided by the turbulent grocery retail market. Although expenses arising from the integration of the acquired operations with Tradeka will continue to erode the company's profit performance in the first half, Tradeka aims to report a marked year-on-year improvement in its results for the year as a whole.

Board proposal for profit distribution

The Board of Directors proposes that no dividend be distributed.

INCOME STATEMENT (2 JULY 2004-31 DEC. 2005)

		Group		Parent company	
			% of net turnover		% of net turnover
	Note	2005	2005	2005	2005
NET TURNOVER	1	**1,158.0**	**100.0**	**1,153.5**	**100.0**
Other income from business operations	2	6.9	0.6	6.7	0.6
Operating costs:					
Goods	3	-899.4	-77.7	-896.0	-77.7
Personnel costs	4	-132.5	-11.4	-132.2	-11.5
Depreciation and write-downs	5	-18.8	-1.6	-16.9	-1.5
Other operating costs	6	-116.4	-10.1	-119.0	-10.3
Total		-1,167.2	-100.8	-1,164.1	-100.9
OPERATING PROFIT/LOSS		**-2.3**	**-0.2**	**-3.9**	**-0.3**
Financial income and expenses	7	-7.4	-0.6	-5.3	-0.5
LOSS before extraordinary items		**-9.7**	**-0.8**	**-9.2**	**-0.8**
Extraordinary items	8	0.0	0.0	0.3	0.0
LOSS before appropriations and tax		**-9.7**	**-0.8**	**-8.9**	**-0.8**
Appropriations	9	0.0	0.0	-4.6	-0.4
Income tax	10	0.8	0.0	0.0	0.0
Minority interest		0.0	0.0	0.0	0.0
NET PROFIT/LOSS		**-8.9**	**-0.8**	**-13.5**	**-1.2**

BALANCE SHEET

Assets	Note	Group 31 Dec. 2005	Group % of balance sheet total	Parent company 31 Dec. 2005	Parent company % of balance sheet total
Fixed and other non-current assets:					
Intangible assets	1	85.1	19.5	84.8	20.3
Consolidated goodwill	2	9.4	2.2	0.0	0.0
Tangible assets	3	185.0	42.5	44.8	10.7
Investments:					
Holdings in Group companies	4	0.0	0.0	47.7	11.4
Other investments	5	21.1	4.8	110.4	26.4
Total		300.6	69.0	287.7	68.8
Current assets:					
Stocks	6	68.2	15.7	67.1	16.0
Deferred tax assets		2.0	0.5	0.0	0.0
Receivables	7	30.4	7.0	30.5	7.3
Cash and bank		34.4	7.9	33.1	7.9
Total		135.0	31.0	130.7	31.2
Total assets		**435.6**	**100.0**	**418.4**	**100.0**

Liabilities and shareholders' equity

	Note	Group 31 Dec. 2005	Group % of balance sheet total	Parent company 31 Dec. 2005	Parent company % of balance sheet total
Shareholders' equity:	8				
Share capital		32.8	7.5	32.8	7.8
Net loss for the financial year		-8.9	-2.0	-13.5	-3.2
Subordinated loans	9	67.1	15.4	67.1	16.0
Total		91.0	20.9	86.4	20.7
Minority interest		3.3	0.8	0.0	0.0
Appropriations	10	0.0	0.0	4.6	1.1
Statutory reserves	11	0.0	0.0	0.0	0.0
Liabilities	12				
Deferred tax liabilities		10.6	2.4	0.0	0.0
Long-term liabilities		198.4	45.5	197.5	47.2
Short-term liabilities		132.3	30.4	129.9	31.0
Liabilities		**341.3**	**78.3**	**327.4**	**78.3**
Total liabilities and shareholders' equity		**435.6**	**100.0**	**418.4**	**100.0**

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS (2 JULY 2004-31 DEC. 2005)

	Group	Parent company
CASH FLOW FROM OPERATIONS		
Profit before extraordinary items	-9.7	-9.2
Adjustments:		
+ Planned depreciation	18.8	16.9
-/+ Other income and expenses not connected with payments	0.1	0.0
-/+ Financial income and expenses	7.4	5.4
-/+ Other adjustments; profit and loss from trade	0.0	0.0
Cash flow before change in working capital	16.6	13.1
Change in working capital:		
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	-30.4	-30.3
Increase (-) / decrease (+) in stocks	-68.2	-67.1
Increase (+) / decrease (-) in short-term non-interest-bearing liabilities	126.8	124.5
Cash flow from operations before financial items and tax	44.8	40.2
Interest paid and financial expenses	-7.5	-7.3
Dividends received	0.0	0.0
Interest received	0.5	2.4
Income tax paid	0.0	0.0
Cash flow from operations	**37.8**	**35.3**
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-285.7	-146.7
Capital gains on tangible and intangible assets	0.1	0.1
Investments in other financial assets	-21.0	-68.6
Capital gains on other investments	0.0	0.0
Loans granted	-0.2	-89.4
Cash flow from investments	**-306.8**	**-304.6**
CASH FLOW FROM FINANCING:		
Rights issue	32.8	32.8
Withdrawal of long-term loans	270.6	269.6
Cash flow from financing	**303.4**	**302.4**
CHANGE IN LIQUID ASSETS	**34.4**	**33.1**
LIQUID ASSETS 2 July	0.0	0.0
LIQUID ASSETS 31 Dec.	34.4	33.1

Domiciled in Helsinki, Tradeka Ltd is Tradeka Ltd Group's parent company.

Copies of Tradeka Group's financial statements are available at Tradeka Ltd, Hämeentie 19 A, FI-00500 Helsinki.

PREPARATION PRINCIPLES OF FINANCIAL STATEMENTS

Valuation principles

Fixed assets are stated at cost less planned depreciation. The company has adopted re-defined depreciation principles, based on the new business structure, and assets are depreciated over their expected useful lives as follows:

Goodwill	20 yrs
Other non-current assets	5 – 10 yrs
Buildings and structures	15 – 40 yrs
Machinery and equipment	3 – 7 yrs
Other tangible assets	5 – 10 yrs

Goodwill is principally amortised over 20 years.

Asphaltation of leased properties and renovation expenditure included in non-current assets are amortised over 10 years, unless leases require a shorter amortisation period.

Investments are stated at cost.

Stocks, which consist of groceries and consumables, are stated at the lower of acquisition cost or likely net realisable value.

Accounts receivable consist mainly of credit-card receivables. Other receivables mostly include cost compensation and rebates. Receivables are stated at their nominal value.

Pensions

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

Comparability of data

Since the current Tradeka Group was created during the financial year and these are Tradeka Ltd's first financial statements, no comparative data is available.

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.

PREPARATION PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

Group structure and scope of consolidated financial statements

Established on 7 June 2004, Tradeka Ltd was registered in the Trade Register under the name of Riopoli Oy on 2 July 2004. The company's financial year equals one calendar year. However, its first financial year following its establishment ended exceptionally on 31 December 2005.

On 22 December 2004, Tradeka-kiinteistöt Ltd (then Tradeka Ltd) acquired the abovementioned non-operating, established company (Riopoli Oy).

Tradeka-kiinteistöt Ltd's actual retail business, plus chain-management operations that steer and support it, was sold to the new, acquired company on 31 December 2004. At the same time, the company's corporate name was registered as Tradeka Ltd.

Property and investment holdings and liquid assets, as well as certain receivables and payables agreed to be excluded from the transaction, remained with the former Tradeka Ltd. The new name of this company was registered as Tradeka-kiinteistöt Ltd.

Negotiations over an amalgamation led to the conclusion of a letter of intent, whereby the grocery retail chains of Tradeka Ltd and Wihuri Group's Ruokamarkkinat Oy would combine their businesses. This letter of intent stipulated, for example, that the corporate transaction would require anti-trust approval.

Upon anti-trust approval, the transaction was implemented on 1 August 2005. In practice, this involved the following measures:

- Tradeka Ltd carried out a private placement, with the result that Industri Kapital 2000 Fund (32 per cent), Ruokamarkkinat Oy (16 per cent) and company management (around 1 per cent) became the company's shareholders. Although Tradeka-kiinteistöt Ltd's holding remained at 51 per cent, Industri Kapital 2000 Ltd exercises control in Tradeka Ltd, as agreed.
- Tradeka Ltd bought the majority of Ruokamarkkinat Oy's grocery outlets.
- Tradeka Ltd acquired Tradeka-kiinteistöt Ltd's investment holdings related to the retail business (pages 21 and 22).
- Tradeka Ltd bought financial-management, facilities-management and other retail-business-related service businesses from Tradeka Corporation companies.
- T-kiinteistöt Oy bought Tradeka-kiinteistöt Ltd's properties in the retail business's use.

Established on 14 July 2005 and wholly owned by Tradeka Ltd, T-kiinteistöt was registered in the Trade Register on 27 July 2005.

The consolidated financial statements include the accounts of all Group companies and associated companies, excluding six property companies. The financial statements 2005 of these non-consolidated property companies are not available. Those companies not consolidated have no material effect on consolidated results or shareholders' equity.

A list of subsidiaries and associated companies can be found on pages 20 and 21, respectively.

ACCOUNTING PRINCIPLES: CONSOLIDATED FINANCIAL STATEMENTS

Intra-Group shareholding

The consolidated financial statements are prepared using the acquisition cost method. The excess of the subsidiaries' acquisition cost over shareholders' equity is allocated to fixed assets. On 31 December 2005, EUR 1.9 million was allocated to land and EUR 34.1 million to buildings. The amount allocated to buildings will be amortised according to plan as applicable to the asset in question.

Intra-Group transactions and profits

All intra-Group transactions, receivables and liabilities are eliminated.

The Group has neither unrealised profit margins based on intra-Group transactions nor intra-Group profit distribution.

Minority interest

Minority interest is separated from Group shareholders' equity and results, and treated as a separate item.

Translation differences

The accounts of foreign subsidiaries are translated into euros applying the 'monetary-non-monetary' method.

Associated companies

Comprising property companies, associated companies are consolidated using the equity method. The Group's share of these companies' results for the period, in proportion to Group shareholding, is shown in financial items.

NOTES TO THE INCOME STATEMENT

1. NET TURNOVER

EUR million	Group	Parent company
Net turnover by chain:		
Euromarket	293.3	293.3
Valintatalo	266.9	266.9
Siwa	483.5	483.5
Ruokamarkkinat	102.9	102.9
Other sales	11.4	6.9
TOTAL	**1,158.0**	**1,153.5**

Net turnover comes mainly from domestic retail sales.

2. OTHER INCOME FROM BUSINESS OPERATIONS

EUR million		
Rental income	6.9	6.7
Capital gains on fixed assets	0.0	0.0
Other income	0.0	0.0
Total	**6.9**	**6.7**

OPERATING COSTS

3. Goods

EUR million		
Purchases	-967.6	-963.1
Change in inventories	68.2	67.1
Total	**-899.4**	**896.0**

4. Personnel costs

EUR million		
Wages and salaries	-105.6	-105.3
Pensions	-17.2	-17.2
Other social expenses	-9.7	-9.7
Total	**-132.5**	**-132.2**

The President & CEO is entitled to retire at the age of 60.

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

EUR million		
President & CEO and Board of Directors	0.3	0.3
Other wages and salaries	103.6	103.6
Total	**103.9**	**103.9**

Average number of Group employees:

No. of staff	Group	Parent company
Euromarket	802	802
Valintatalo	859	859
Siwa	1,773	1,773
Ruokamarkkinat	449	449
Other personnel	373	238
Total	**4,256**	**4,121**

5. Depreciation/amortisation and write-downs

EUR million		
Goodwill	-3.9	-3.9
Other non-current assets	-2.3	-2.3
Buildings	-1.8	0.0
Machinery and equipment	-10.8	-10.7
Other tangible assets	- 0.0	- 0.0
Total	**-18.8**	**-16.9**

6. Other operating costs

EUR million		
Total costs deriving from sales	-1.4	-1.4
Marketing expenses	0.8	0.8
Rental costs	-43.4	-47.4
Real estate costs	-8.9	-8.5
Administrative expenses	-8.0	-8.0
Other usage and maintenance costs	-55.5	-54.5
Capital losses on fixed assets	- 0.0	- 0.0
Total	**-116.4**	**-119.0**

7. FINANCIAL INCOME AND EXPENSES

EUR million	Group	Parent company
Income from other investments		
Interest income from investments		
From Group companies	0.0	1.9
From associated companies	0.0	0.0
From external parties	0.0	0.0
Other interest and financial income		
Interest income from current assets		
From associated companies	0.1	0.1
From external parties	0.4	0.4
Total financial income	0.5	2.4
Share of associated companies' results	-0.1	0.0
Interest expenses		
To external parties	-0.1	0.0
Other financial expenses		
To external parties	-7.7	-7.7
Total financial expenses	-7.8	-7.7
Net financial income and expenses	**-7.4**	**-5.3**
Total interest income	0.5	2.4

8. EXTRAORDINARY ITEMS

EUR million		
Extraordinary income:		
Group contributions received	0.0	0.3

9. APPROPRIATIONS

EUR million		
Change in depreciation difference	0.0	-4.6

10. INCOME TAXES

EUR million		
Income tax for the period	0.0	0.0
Change in deferred tax assets	2.0	0.0
Change in deferred tax liabilities	-1.2	0.0
Total	**0.8**	**0.0**

NOTES TO THE BALANCE SHEET

1. INTANGIBLE ASSETS

EUR million	Group	Parent company
Intangible rights	0.0	0.0
Goodwill	78.8	78.8
Other non-current assets	6.0	6.0
Advances paid	0.3	0.0
Total	**85.1**	**84.8**

Intangible rights

EUR million		
Acquisition cost 1 Jan.	0.0	0.0
Increase	0.0	0.0
Book value 31 Dec.	**0.0**	**0.0**

Goodwill

EUR million		
Acquisition cost 1 Jan.	0.0	0.0
Increase	82.7	82.7
Acquisition cost 31 Dec.	82.7	82.7
Amortisation for the period	-3.9	-3.9
Book value 31 Dec.	**78.8**	**78.8**

Other non-current assets

EUR million		
Acquisition cost 1 Jan.	0.0	0.0
Increase	8.3	8.3
Acquisition cost 31 Dec.	8.3	8.3
Amortisation for the period	-2.3	-2.3
Book value 31 Dec.	**6.0**	**6.0**

Advances paid

EUR million		
Acquisition cost 1 Jan.	0.0	0.0
Increase	0.3	0.0
Book value 31 Dec.	**0.3**	**0.0**

2. CONSOLIDATION DIFFERENCE

EUR million		
Acquisition cost 1 Jan.	0.0	0.0
Increase	9.4	0.0
Acquisition cost 31 Dec.	9.4	0.0
Book value 31 Dec.	**9.4**	**0.0**

3. TANGIBLE ASSETS

EUR million	Group	Parent company
Land and water	19.9	0.0
Buildings and structures	119.7	0.2
Machinery and equipment	44.3	43.6
Other tangible assets	0.1	0.0
Advances paid and work in progress	1.0	1.0
Total	**185.0**	**44.8**

Land and water

EUR million		
Acquisition cost 1 Jan.	0.0	0.0
Increase	19.9	0.0
Book value 31 Dec.	**19.9**	**0.0**

Buildings and structures

EUR million		
Acquisition cost 1 Jan.	0.0	0.0
Increase	121.5	0.2
Acquisition cost 31 Dec.	121.5	0.2
Depreciation for the period	-1.8	-0.0
Book value 31 Dec.	**119.7**	**0.2**

Machinery and equipment

EUR million		
Acquisition cost 1 Jan.	0.0	0.0
Increase	55.2	54.4
Decrease; other	-0.1	-0.1
Acquisition cost 31 Dec.	55.1	54.3
Depreciation for the period	-10.8	-10.7
Book value 31 Dec.	**44.3**	**43.6**

Other tangible assets:

EUR million		
Acquisition cost 1 Jan.	0.0	0.0
Increase	0.1	0.0
Acquisition cost 31 Dec.	0.1	0.0
Depreciation for the period	0.0	0.0
Book value 31 Dec.	**0.1**	**0.0**

Advances paid and work in progress

EUR million		
Acquisition cost 1 Jan.	0.0	0.0
Increase	1.0	1.0
Book value 31 Dec.	**1.0**	**1.0**

4. HOLDINGS IN GROUP COMPANIES

EUR million	Group	Parent company
Acquisition cost 1 Jan.	0.0	0.0
Increase	0.0	47.7
Acquisition cost 31 Dec. / Book value 31 Dec.	**0.0**	**47.7**

5. OTHER INVESTMENTS

Holdings in associated companies

EUR million		
Holdings 1 Jan.	0.0	0.0
Increase	14.5	14.5
Other change in holdings	-0.1	0.0
**** Book value 31 Dec.**	**14.4**	**14.5**

** Including consolidation difference (asset) of EUR 5.1 million

Other shares and holdings

EUR million		
Acquisition cost 1 Jan.	0.0	0.0
Increase	6.6	6.5
Acquisition cost 31 Dec.	6.6	6.5
Book value 31 Dec.	**6.6**	**6.5**

Total shares and holdings

EUR million		
Acquisition cost 1 Jan.	0.0	0.0
Increase	21.1	68.7
Other change in holdings	-0.1	0.0
Acquisition cost 31 Dec.	21.0	68.7
Book value 31 Dec.	**21.0**	**68.7**

Receivables from Group companies

EUR million		
Receivables 1 Jan.	0.0	0.0
Increase	0.0	89.3
Book value 31 Dec.	**0.0**	**89.3**

Receivables from associated companies

EUR million	Group	Parent company
Receivables 1 Jan.	0.0	0.0
Increase	0.1	0.1
Book value 31 Dec.	**0.1**	**0.1**

Other receivables

EUR million	Group	Parent company
Receivables 1 Jan.	0.0	0.0
Increase	0.0	0.0
Book value 31 Dec.	**0.0**	**0.0**

EUR million		
Holdings in Group companies	0.0	47.7
Other investments:		
Receivables from Group companies	0.0	89.3
Holdings in associated companies	14.4	14.5
Receivables from associated companies	0.1	0.1
Other shares and holdings	6.6	6.5
Other receivables	0.0	0.0
Total other investments	**21.1**	**110.4**

6. CURRENT ASSETS

EUR million		
Goods	**68.2**	**67.1**

7. RECEIVABLES

EUR million		
Long-term receivables:		
Accrued income and prepaid expenses	0.5	0.5
Short-term receivables:		
Accounts receivable	12.3	12.3
Receivables from Group companies	0.0	0.4
Other receivables	16.5	16.4
Accrued income and prepaid expenses	1.1	0.9
Total short-term receivables	29.9	30.0
Total	**30.4**	**30.5**

Accrued income and prepaid expenses under long-term receivables refer to the Social Insurance Institution of Finland's compensation for employee healthcare costs.

Short-term accrued income and prepaid expenses include:		
Outstanding annual compensation	0.4	0.4
Outstanding interest	0.0	0.0
Other outstanding expense compensation	0.3	0.3
Other prepaid operating expenses	0.4	0.2
Total	1.1	0.9

Receivables from Group companies

Short-term receivables		
Accounts receivable	0.0	0.0
Other receivables	0.0	0.4
Accrued income and prepaid expenses	0.0	0.0
Total	**0.0**	**0.4**

8. SHAREHOLDERS' EQUITY

EUR million	Group	Parent company
Share capital 31 Dec.	32.7	32.7
Share issue	0.1	0.1
Share capital 31 Dec.	**32.8**	**32.8**
Net loss for the financial year	-8.9	-13.5

Statement of profit attributable to shareholders

EUR million		
Net loss for the financial year	-8.9	-13.5
The amount transferred from accumulated appropriations to shareholders' equity	-3.4	0.0
According to the consolidated financial statements	-12.3	-13.5

9. SUBORDINATED LOANS

EUR million		
Subordinated loans 1 Jan.	0.0	0.0
Increase	67.1	67.1
Subordinated loans 31 Dec.	**67.1**	**67.1**

The equity-linked convertible bonds I-III/2005 will fall due for payment on 31 December 2015 and carry an annual interest rate of seven (7) per cent.

The equity-linked, non-interest-bearing convertible bond IV/2005 will fall due for payment on 31 December 2007.
It can be repaid to the lender only if, following said repayment, the lender and the lender's Group of companies receive full cover on its shareholders' equity, calculated on the basis of the to-be-adopted consolidated balance sheet for the previous financial year, and other non-distributable items under the Companies Act.
Interest can be paid only if the amount payable can be used for profit distribution in accordance with the to-be-adopted balance sheet of the lender and the lender's Group of companies.
In the event of the borrower's dissolution or bankruptcy, the loan's repayment, including interest, is given lower priority than any other debts.

The borrower or a corporation within the same Group may not give security for the payment of the loan's principal or other compensation.

The related bonds entitle their holders to subscribe for a maximum of 6,667,000 Tradeka Ltd Class A shares and a maximum of 50,000 Class B shares. As a result, the company's share capital may increase by a maximum of EUR 67,170,000.
This conversion will be executed in such a way that the convertible bonds (excluding interest) are fully or partly converted into company shares for ten (10) euros per share. However, the conversion price must always be at least the share's nominal value or, if no nominal value exists, equal the share's book counter value.
Ownership will not change if all of the bonds will be converted into company shares.

10. APPROPRIATIONS

EUR million	Group	Parent company
Depreciation difference	**0.0**	**4.6**
Deferred tax liabilities		1.2
The applicable tax rate used		26%

11. STATUTORY RESERVES

EUR million		
Pension reserves	0.0	0.0

12. LIABILITIES

EUR million		
Deferred tax liabilities	10.6	0.0
The applicable tax rate used	26 %	

EUR million		
Long-term:		
Loans from financial institutions	178.4	177.5
Other payables	20.0	20.0
Total	198.4	197.5
Short-term:		
Loans from financial institutions	5.1	5.0
Advances received	0.2	0.2
Accounts payable	72.7	71.7
Payables to Group companies	0.0	0.1
Payables to associated companies	0.0	0.0
Other payables	11.8	10.5
Accruals	42.5	42.4
Total short-term liabilities	132.3	129.9
Total	**330.7**	**327.4**

Short-term accruals include:		
Unpaid discounts (loyal customer refund)	15.5	15.5
Unpaid personnel costs	25.8	25.8
Other unpaid operating expenses	0.8	0.7
Unpaid financial expenses	0.4	0.4
Rent deposits	0.0	0.0
Total	42.5	42.4

Payables to Group companies

EUR million	Group	Parent company
Short-term		
Accounts payable	0.0	0.1
Other payables	0.0	0.0
Total	0.0	0.1

Payables to associated companies

EUR million		
Short-term		
Accounts payable	0.0	0.0

Loans from financial institutions

EUR million		
Total	183.5	182.5
- In short-term liabilities	-5.1	-5.0
= In long-term liabilities	178.4	177.5
- Amortisation within next 2-5 years	-68.8	-68.0
Due after five years	**109.6**	**109.5**

Other payables

EUR million		
Total	20.0	20.0
Due after five years	**20.0**	**20,0**

OTHER NOTES

Commitments and contingencies

Real-estate or business mortgages, pledged as security for debts

EUR million		
Loans from financial institutions	183.5	182.5
Pledged real estate mortgages	66.7	0.0
Pledged business mortgages	370.0	250.0
Shares pledged as security for debt	436.7	250.0

Shares pledged as security for debt

EUR million		
Loans from financial institutions	183.5	182.5
Book value of pledged shares	52.4	52.4
Total	52.4	52.4

Other pledges

EUR million	Group	Parent company
Pledged real estate mortgages	0.0	0.0
Book value of pledged shares	0.2	0.2
Rental guarantees	0.4	0.4
Total	0.6	0.6

Amounts due for leasing contracts

EUR million		
Payable the following year	2.6	2.6
Payable later	5.5	5.5
Total	8.1	8.1

Lease liabilities payable later include rent for equipment and the equipment's redemption or the equipment's return price.

Pledges given on behalf of Group companies

EUR million		
Pledged business mortgages	0.0	0.0

Contingent liabilities on other companies' behalf

EUR million		
Guarantees given	0.3	0.3

Other contingent liabilities

EUR million		
Interest liabilities due to convertible bonds	1.9	1.9

Lease liabilities

2005

EUR million		
Payable the following year	43.4	43.4
Payable later	136.8	136.8
Total	180.2	180.2

Share swaps

Tradeka has hedged EUR 114.0 million in long-term loans using a share swap.
The resulting interest expenses were entered in deferred interest at their real value.

Other contingent liabilities

As part of the corporate transactions and changes in the ownership structure carried out on 1 August 2005, Tradeka Ltd shall buy some of Tuko Logistics Oy shares from Wihuri Oy.

Tradeka Ltd has given an undertaking to its financiers, whereby it will not contribute to pledging the assets of any of its property companies, or lodging any other security with external parties.

SUBSIDIARIES (31 DEC. 2005)

	Domicile	Shareholding, %
Amurin Liikekeskus Ki Oy	Tampere	73
Haukiputaan Ykkönen Ki Oy	Haukipudas	54
Jyrängön Palvelukeskus Oy	Heinola	50
Kauklahden Liiketalo Ki Oy	Helsinki	100
Kolmenkeikka, Ki Oy	Lieksa	67
Kotkan Kirkkokatu 30, Ki Oy	Kotka	100
Kurunportti Ki Oy	Kuru	100
Kuussalon Liikekeskus, Koy	Kangasala	60
Muotialantie 29, As. Oy	Tampere	58
Mäntyharjun Torinkulma Oy	Mäntyharju	56
Mäntän Seppälänpuistotie	Mänttä	100
Oulun Eka, Ki Oy	Oulu	100
Peimarin Puoti Oy	Paimio	84
Peltosaaren Liikekeskus	Riihimäki	60
Pihlavan Palvelukeskus, Ki Oy	Pori	87
Sallan Kauppakeskus Oy	Salla	60
Salon Vanamonpolku 2, Ki Oy	Salo	100
Saunakallion Ostoskeskus	Järvenpää	56
Siekkilän Kauppatalo , Ki Oy	Mikkeli	59
Sodankylän Sompiontie 6, Ki Oy	Helsinki	65
Tampereen Eka, Ki Oy	Tampere	100
Vesalankeskus Ki Oy	Hollola	52
Peltolamminkatu 40 Ki Oy	Tampere	100
Ylöjärven Virastokeskus Ki Oy	Ylöjärvi	50
ZAO Renlund Spb	St. Petersburg	100
T-kiinteistöt Oy	Helsinki	100

ASSOCIATED COMPANIES (31 DEC. 2005)

	Domicile	Shareholding, %
Ahonportti As Oy	Lahti	34
Aittokulma Ki Oy	Jyväskylä	45
Edelfeltinkatu 3 As Oy	Kotka	21
Forssan Centrum Ki Oy	Forssa	32
Gammelbackan Palvelukeskus Oy	Porvoon mlk	28
Hirvensalmen Liikekeskus Ki Oy	Hirvensalmi	38
Hyvinkään Uudenmaankatu As Oy	Hyvinkää	23
Iittalan Keskuskulma Ki Oy	Kalvola	36
1 Jukolantie 6 Ki Oy	Kouvola	28
Jyskän Palvelukeskus Oy	Jyväskylän mlk	26
Karkkilan Linja-autoasema Oy	Karkkila	32
Keskushervanta Ki Oy	Tampere	33
Kortepohjan Liikekeskus	Jyväskylä	24
Koskelan Ostoskeskus Oy	Oulu	29
Koskenpää Ki Oy	Jämsänkoski	21
Kuopion Saarijärven Liike Ki Oy	Kuopio	42
1 Kurikan Säästölämpö Oy	Kurikka	
Kärpäsen Ostoskeskus Oy	Lahti	26
1 Lievestuoreen Liikekeskus Oy	Lievestuore	46
Lohikosken Liikekeskus Oy	Jyväskylä	26
Länsi-Tesoman Liikekeskus Ki Oy	Tampere	27
Mukkulan Ostoskeskus	Lahti	29
Noljakan Liikekeskus, Ki Oy	Joensuu	42
Nousiaisten Pankkitalo Ki Oy	Nousiainen	45
Nurmon Ostoskeskus Ki Oy	Nurmo	48
Ojamonpatruuna Ki Oy	Lohja	29
Pertuntie As Oy	Ypäjä	39
1 Porin Santojantie 15 As Oy	Pori	21
Puistonuotta As Oy	Oulu	29
Punkalaitumen Pankkitalo As Oy	Punkalaidun	34
Pykälikkö Ki Oy	Jyväskylä	24
Raunistulan Pankkitalo	Turku	44
Suvilahden Palvelukeskus Oy	Vaasa	29
Säynätsalon Palvelukeskus	Säynätsalo	31
1 Tapionkatu 25 As Oy	Pori	34
Tietola As Oy	Lohja	36
Tenavan Ostoskeskus	Lahti	46
Tesomankeskus Ki Oy	Tampere	38
Tikkakosken Liikekeskus	Jyväskylä	28
Vaskikallas Ki Oy	Kemijärvi	27
Voisalmen Ostoskeskus Oy	Lappeenranta	50

1 Data for 2005 unavailable

BOARD SIGNATURES

Helsinki, 16 March 2006

Antti Remes
Chairman

Max Alfthan

Juha Hellgren

Thomas Ramsay

Michael Rosenlew

Markku Uitto
President & CEO

AUDITORS' REPORT

To Tradeka Ltd's shareholders

We have audited Tradeka Ltd's accounting records, financial statements, Report by the Board of Directors and corporate governance for 2 July 2004–31 December 2005. The financial statements prepared by the Board of Directors and the President include both the consolidated and parent company balance sheet, income statement, statement of sources and applications of funds and notes to the financial statements. Based on our audit, we express our opinion on the financial statements, the Report by the Board of Directors and parent company 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. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the parent company's Board of Directors and the President have complied with the rules of the Companies Act.

In our opinion, the financial statements and the Report by the Board of Directors have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements and the Report by the Board of Directors. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and the parent company's results of operations and financial position. The Report by the Board of Directors is consistent with the financial statements. The financial statements, including the consolidated financial statements, can be adopted and the members of the parent company's Board of Directors and the President can be discharged from liability for the period audited by us. The Board's proposal for the allocation of results is in compliance with the Companies Act.

Helsinki, 22 March 2006

KPMG Oy Ab

Jukka Rajala
Authorised Public Accountant

PricewaterhouseCoopers Oy

Kim Karhu
Authorised Public Accountant

SHAREHOLDERS

Tradeka-kiinteistöt Ltd	51 %
Industri Kapital	32 %
Ruokamarkkinat Oy	16 %
Company management	1 %

BOARD OF DIRECTORS (31 DEC. 2005)

Antti Remes
Chairman
Cooperative Tradeka Corporation
President

Members:

Max Alfthan
Amer Sports Corporation
Senior Vice President, Communications

Juha Hellgren
Wihuri Oy
Managing Director

Thomas Ramsay
Industri Kapital
Partner

Michael Rosenlew
Industri Kapital
Partner

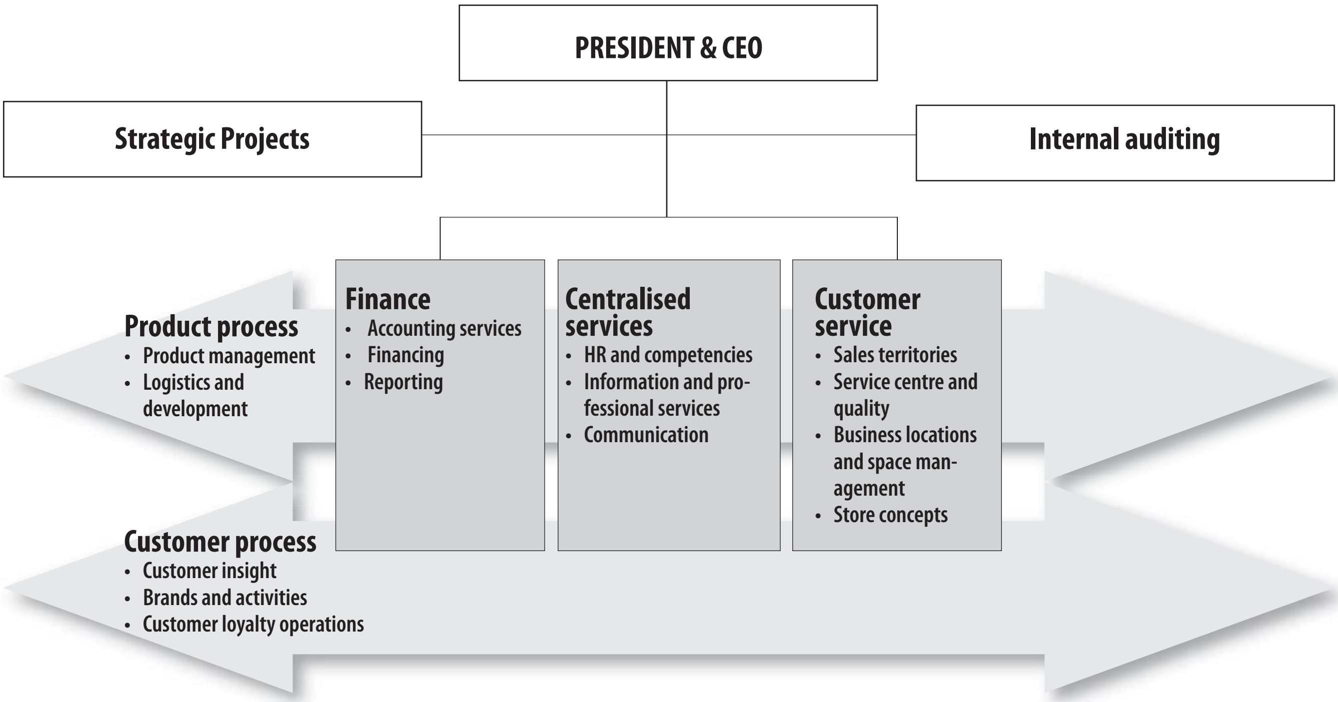
Markku Uitto
Tradeka Ltd
President & CEO

AUDITORS

KPMG Oy Ab
Chief auditor
KHT Jukka Rajala

PricewaterhouseCoopers Oy
Chief auditor
Kim Karhu, Authorised Public Accountant

BUSINESS ORGANISATION



CORPORATE MANAGEMENT

Markku Uitto, M.Sc. (Econ. & Bus. Adm.)
President & CEO

Veijo Heinonen, M.Sc. (Econ. & Bus. Adm.)
Director, Customer Services

Jaana Lehto, M.Sc. (Econ. & Bus. Adm.)
Director, Centralised Services

Kari Luoto, eMBA
Director, Customer Process

Timo Purosalo, M.Sc. (Econ. & Bus. Adm.)
CFO

Jussi Tolvanen, M.Sc. (Econ. & Bus. Adm.)
Director, Poroduct process

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