Tradeka

ANNUAL REPORT

2007

CONTENTS

TRADEKA LTD IN BRIEF

NO. 1 IN SERVING CUSTOMERS LOCALLY

The retail trade company Tradeka Ltd has three nationwide store chains: Siwa, Valintatalo and Euromarket. The business operations of all of the stores are owned by Tradeka Ltd, and they have a centralised management. Tradeka's loyal customer scheme is called YkkösBonus.

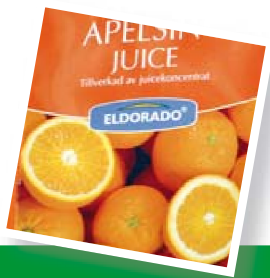
In addition to its mother company, Tradeka Group includes a subsidiary company that operates in St. Petersburg, ZAO Renlund SPb, T-kiinteistöt Oy, which manage the Group's properties, seven real-estate subsidiaries, and eight associated companies.

Key Figures

EUR million	2007	2006
Net turnover	1,387.2	1,332.7
Profit/loss before extraordinary items	–17.1	85.8
Capital expenditure	21.4	30.8
Balance sheet total	275.4	313.2
Average personnel	4,979	4,880
Stores	757	750

KEY EVENTS 2007

23.2. All consumables deliveries to stores through DHL.



1.3. The collection service of parcels sent by Oy Matkahuolto Ab from Tradeka stores starts.

1.5. Industri Kapital becomes a majority shareholder of Tradeka Ltd.

17.8. President & CEO Markku Uitto resigns from Tradeka Ltd.

Year 2007 in brief

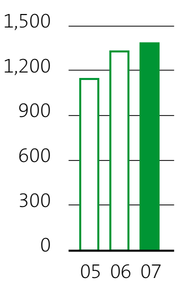
The year 2007 was a time of establishment for Tradeka. Its net turnover increased by 4.1 percent, which corresponded to the general market level. The growth in the net turnover of Siwa and Valintatalo was the best in their own competitive group.

After store renewals in previous years and logistical changes, the past year was the first year to operate under the new structure. Over the year, the final eight stores of the 36 bought from Spar Finland Ltd were refurbished. With the new logistics companies, Tuko Logistics Oy and DHL, the company concentrated on starting the joint operating models and on establishing operations.

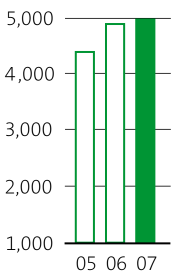
Tradeka Ltd posted a result before extraordinary items of EUR –17.1 million, compared to EUR +85.8 million a year earlier. In 2006, an extraordinary profit item resulting from retail property sales contributed to the higher result. The 2007 results were burdened by comprehensive development projects and additional costs due to logistical changes.

The year 2007 also saw changes to the ownership and management of the company. Industri Kapital was the main shareholder with a proportion of 65.4 percent. After President & CEO Markku Uitto resigned from Tradeka in August, Ms. Leena Saarinen became the company's new President & CEO as of 1 December 2007.

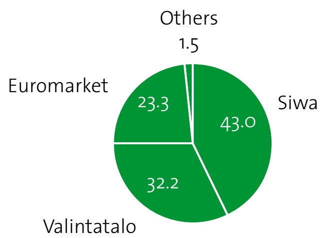
Net turnover



Personnel, average



Net turnover by chain, %



Antti Remes becomes the temporary President & CEO.

17.8.

15.10.

New version of the ERP system GOLD is introduced.

The first Siwa convenience stores are opened in Helsinki and Tampere.

15.10.

The Nordic Swan environment label is granted to the Valintatalo stores of Winterinmutka, Tampere, and Kauklahti, Espoo. From this point onwards, the chain has three outlets with the Nordic Swan label.

Leena Saarinen starts as the President & CEO.

1.12.

CEO's review
Focus on the customer!

2007 was again a year of major changes for the people at Tradeka. Major changes to the store network and in logistics and well as other major development projects required lots of resources. Information flow problems due to the new ERP system that was introduced in the autumn impeded customer service in stores at the end of the year. After the completion of major structural changes, we can concentrate on developing store operations in 2008 so as to respond better to customer requirements.

2007 was Tradeka Ltd's first full operating year in its completely new logistical structure. Grocery logistics were transferred from Inex to Tuko Logistics Oy at the end of the previous year, and in February 2007, consumables logistics were transferred to DHL. In 2007, we concentrated on establishing smooth cooperation with both companies and on integrating decision-making and operating models in order to strengthen the supply value chain.

In the spring, we completed the change in ownership that began in August 2005. According to the agreement, the earlier minority shareholder Industri Kapital increased its share of Tradeka Ltd to 65.4 percent. At the same time, the holding of the earlier main shareholder, the Cooperative Tradeka Corporation, decreased to 15.6 percent, which is as much as the holding of Wihuri Oy.

The first operating year of the Wihuri outlets that joined Tradeka chains in the new concept came to an end in the summer. In early 2007, some former Spar outlets were still refurbished in line with the Siwa and Valintatalo brands. As a whole, the combining of the grocery store chains of Tradeka and Wihuri and 36 Spar stores – with concept changes in altogether 180 stores – has been one of the largest renewals in the history of Finnish retail trade.

Certain changes took place in the company's management in 2007. After President & CEO Markku Uitto resigned from Tradeka Ltd in August, the duties of the President & CEO were temporarily taken over by Mr. Antti Remes, who earlier worked as the chairman of the Board of Directors. He continued in this position until 30 November 2007.

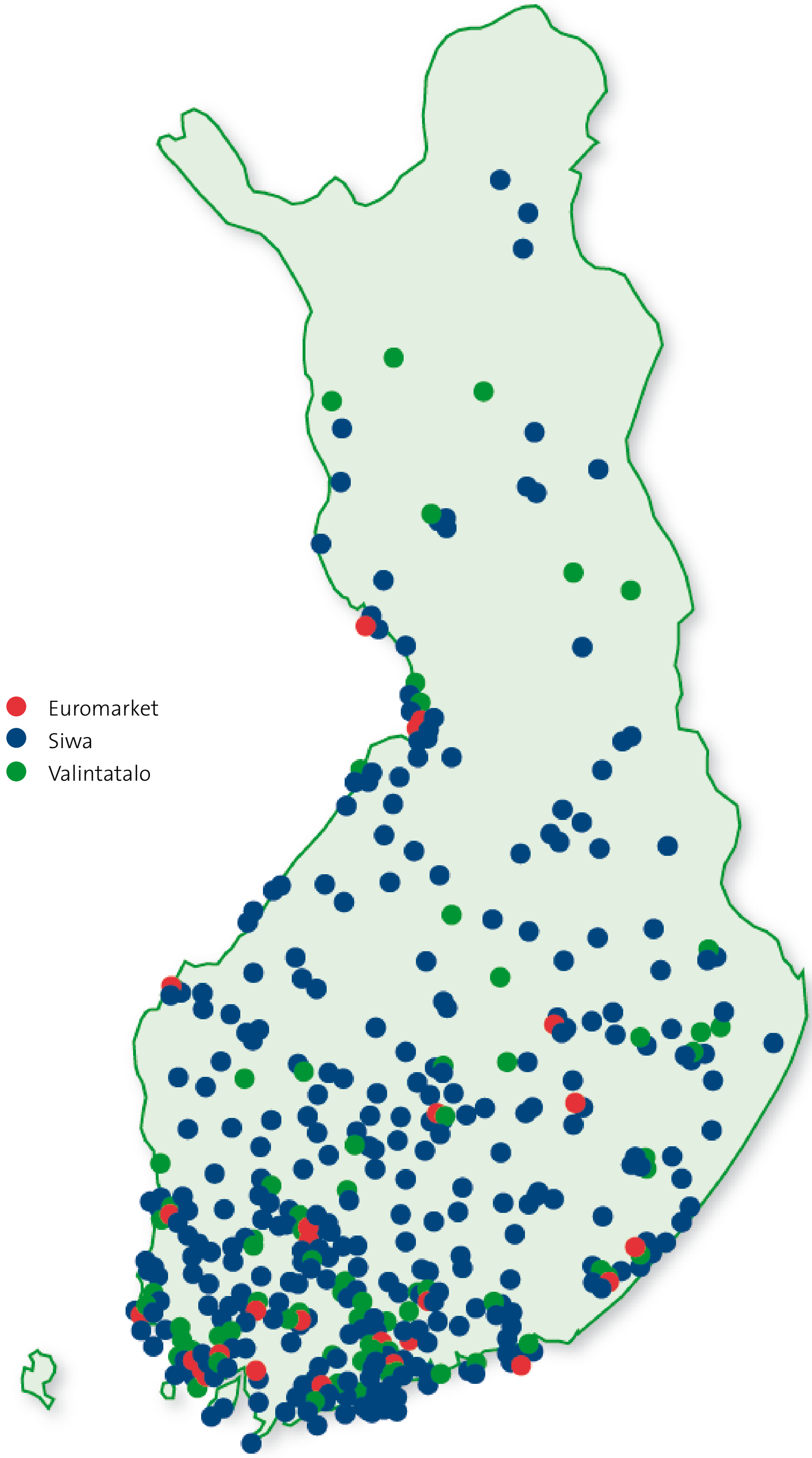
The company's net turnover increased by 4.1 percent compared to the previous year. Earnings from operating activities improved during the financial year. Net result was burdened by several factors, such as the depreciation of current assets as part of the consumables trade renewal project, unpredicted costs due to logistical changes and additional costs due to the elimination of defects in the new enterprise resource planning (ERP) system.

The major structural changes made in the last few years have provided a strong basis for Tradeka's operations. We have the most comprehensive network of local shops in Finland, the strengths of consistent chain operations, skilful employees committed to their work, and owners who actively contribute to the development of the company. As the new President & CEO, I want to emphasise the point of view of the consumer and customer in the company's operations. In the strategy work which started early this year, the emphasis lies on the development of Finnish business operations.

On behalf of Tradeka Ltd, I want to thank all our partners for the past year. Above all, I want to express my thanks to all our members of staff who have had it hard during all the changes. This year, we will concentrate on improving the daily customer experience in our stores, on strengthening our operations and on developing our skills. With these measures in mind, we will be able to build the foundations for future growth.

Helsinki March 2008
Leena Saarinen

Tradeka's
stores



Market and business review

Events in the market

In 2007, price competition in the trade branch remained tough, and grocery sales continued to increase. Large trade units continued to enter the market. The inflation rate increased due to higher costs, particularly at the end of the year. Higher food prices were partly due to the material price increase, which has continued in 2008 as well.

In 2007, the growth of the Finnish economy slowed down somewhat compared to the previous year, albeit remaining at a high level. The inflation rate increased due to increased costs. Consumer confidence in personal finance dropped to some extent, especially over the last months of the year.

The underlying trend in the retail sector's business environment is towards large retail outlets increasing their market share, with investments in new hypermarkets in progress. But then again, small stores are increasing their share of grocery sales, and boundaries between various lines of business are becoming blurred. Price competition will remain fierce, necessitating continuous efforts to enhance efficiency in the retail sector. The number of small households is increasing and the population ageing. Sparsely populated areas in particular will see a weaker supply of public-sector services.

Turnover recorded by Finnish Food Marketing Association (FFMA) amounted to a total of 11.8 billion euros. This represents an increase of 3.9 percent from the previous year, approximately 2 percent of which was accounted for by higher food prices.

According to market research company ACNielsen, the Finnish grocery retail market share in 2007 was divided as follows: S Group 41.0 (+1.1) percent, K Group 33.9 (+0.5) percent, Tradeka 11.9 (± 0) percent, others 13.1 (–1.7) percent. The group 'Others' includes, for example, the Lidl grocery chain and small, private discount store chains.

In 2007, nearly ten thousand jobs emerged in commerce

Prospects in commerce remain positive in 2008. According to the Federation of Finnish Commerce, retail sales are expected to increase by approximately 4.5 percent. This figure does not include the projected growth in car sales. Growth prospects for the grocery business are even higher due to the global increase in food material prices.

For trade performance, growth in customers' purchasing power is an essential factor. This year, purchasing power is still expected to increase, even though price increases threaten to cut it down to some extent. However, salary increases were large last autumn. On the other hand, international financial development shows more and more uncertainty. Disturbances due to this may influence the Finnish economy and thus also the development of trade.

Trade performance has a significant effect on national economy. The trade branch produces 11 percent of the Finnish gross domestic product and employs 13 percent of the workforce. In 2007, 9,300 new jobs emerged in the trade branch, and over the last five years nearly 30,000 new jobs have been created in the branch. If the prospects for the national economy materialise, another 5,000 new jobs will emerge in the trade branch in 2008.

Juhani Pekkala
Managing Director
Federation of Finnish Commerce

CHALLENGED BY INCREASING MATERIAL PRICES

The year 2007 was a time of market stabilisation after major changes in trade structures in previous years. The last shops of Spar Finland Ltd, bought by SOK, were transferred to new chains. This was the first whole operating year after the major logistical transfers that took place in the market earlier.

Another factor affecting the market was the increase in food prices, which will also continue in 2008. This development is above all due to the dramatic rise in material prices, based on the rising standards of living in developing countries, the use of food as fuel and weak crops, among other things. Other major changes in the branch include the legal and tax changes related to alcoholic beverages and the wage settlement that was realised in the autumn.

COMPETITION TIGHTENING IN RUSSIA

Since 1993, Tradeka also operates in Russia, where it runs three grocery stores in St. Petersburg. The St. Petersburg region has roughly 7 million consumers, showing rapid growth in spending power.

Competition in the grocery market of St. Petersburg has tightened up, with local chains strengthening their operations. In addition to the availability of business locations, another growing challenge is competition between workers. The salary level of workers in the trade branch has risen more quickly than the general salary level, which is also over 20 percent.

Market and business review

Tradeka's business operations

In 2007, Tradeka concentrated on developing business operations, whereas in the previous two years its main emphasis was on building an operational and financial base. All chains started development projects, which focussed on the basic questions of store activity; the ERP system was renewed; and the totally new Siwa convenience stores concept was introduced.

2007 was the first full operating year in Tradeka Ltd's operations following two years that were full of changes. For the stores acquired from Wihuri, this was the first full year as Siwa, Valintatalo or Euromarket outlets. Grocery logistics were transferred to Tuko Logistics Oy at the end of 2006, and consumables logistics to DHL at the beginning of 2007. The year 2007 was spent on starting common operating models and stabilising activities.

Tradeka Ltd leads the neighbourhood shop market, its strengths lying in its multiple chain store structure, centrally co-ordinated chain management, efficiently managed processes and three nationwide store chains suitable for markets of various sizes. Tradeka has more than 750 grocery stores across Finland. Their services are complemented by partner companies, which are included in the YkkösBonus network consisting of more than two million loyal customers and 19 partners. YkkösBonus is Finland's most extensive service network and is represented by a variety of firms, providing more than 2,300 stores.

SERVICES ARE DEVELOPED CONSIDERING CUSTOMERS' NEEDS

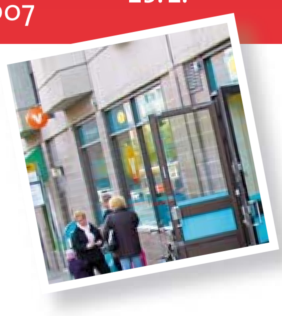
At the end of the year 2007, Siwa's new convenience store concept was introduced with four pilot units. Siwa convenience stores have long opening hours and their product range also includes ready-meals and drinks.

In 2007, two Market shops of our YkkösBonus partner Markantalo were opened inside Euromarket stores. The number of Market Markantalo stores operating inside Tradeka's large stores with common cash registers now totals 12.

Matkahuolto's parcel service, which was introduced in 2007, was expanded in October in all Tradeka stores so that it now also covers parcels sent by private individuals. Cooperation was also expanded and intensified with Finnish Post and Veikkaus, the Finnish lottery operator, with the number of stores offering these services increasing during the year.

BUSINESS EVENTS 2007

25.1. Tradeka's loyal customer magazine Me celebrates its 90th anniversary.



1.2. Valintatalo's VALO project begins.

1.3. Siwa changes the oranges in its product ranges to Fair Trade oranges. As the first chain in the world, Siwa only sells Fair Trade oranges and bananas.

29.3. The twelfth Market Markantalo inside Tradeka stores is opened.

13.8. Euromarket's VALO project starts.

OPERATIONS ARE DEVELOPED FURTHER

The development of Tradeka's operations takes place within development projects set up by the Board of Directors or by the management. Decisions regarding the contents of the project portfolio are made annually. The most important projects of 2007 included the Valo and Salo projects, which were realised separately in each chain and focussed on the basic factors of business operations.

The Valo project first started in Valintatalo stores, then in Euromarket outlets and finally in Siwa stores, for which the corresponding project was given the name Salo. This is a very comprehensive training project that aims at intensifying and harmonising store functions, all in all lasting nearly two years. The main targets of the project include taking customers into account more than before, engaging members of staff, and stabilising work-related pressure, plus improving profitability. There are nearly one hundred full-time trainers of store functions in charge of the project.

The project aiming to changing the version of our ERP (GOLD) system was not completed in the planned schedule, with the new version only being adopted at the end of the year. Problems which arose due to new systems were directly reflected in store functions, for instance, as a lack of goods. They also delayed the progress or introduction of other development projects. Necessary changes to the specifications of the GOLD system were made after its introduction, during the first few months of 2008.

Within the project examining new services for the needs of local customers, basic examinations were carried out locally. In addition to the convenience store concept that is now in its pilot phase, the Siwa chain also developed the chain's basic concept. Plans for expanding cooperation were made with Itella and Veikkaus, and new forms of cooperation were tested with Oy Matkahuolto Ab.

Shareholders	%
Industri Kapital	65.5
Cooperative Tradeka Corporation	15.6
Wihuri Oy	15.6
Company management	3.3

Number of stores on 31 Dec. 2007	No.	Change
Siwa	544	+6
Valintatalo	184	+1
Euromarket	26	–
Zao Renlund Spb	3	–
Total	757	+7

Net turnover by chain	EUR million	%
Siwa	596.7	+1.9
Valintatalo	446.9	+7.7
Euromarket	322.4	+3.1
Others	21.2	+9.8
Total	1,387.2	+4.1

1.10. Cooperation with Oy Matkahuolto Ab is expanded. Private persons can also send parcels from the outlets of Oy Matkahuolto Ab to their recipients through Tradeka's outlets.

12.11. Siwa's SALO project starts.

16.11. An YkkösBonus partner agreement is signed with the Budget car rental chain.

29.11. The last outlet according to the agreement signed with Spar Finland Ltd was transferred to Tradeka.

18.12. The YkkösBonus partnership between Tradeka and Lähivakuutus is published.

31.12. An YkkösBonus partner agreement is signed with the RTV chain.

Market and business review

Tradeka's brands

Tradeka's business operations are based on three national chains. The stores of the chain are of different sizes and product ranges, and are suitable for markets of different sizes. Tradeka's loyalty scheme is called YkkösBonus.

Every day, **SIWA** serves consumers who wish to do their shopping with ease, in their local area and at a convenient time. The chain comprised 544 stores (+6) at the end of the year. In 2007, 18 new Siwa stores were opened and 10 were closed. Two shops moved to the Valintatalo chain. Refurbishments were carried out in 35 stores in order to maintain compatibility. The chain posted a net turnover of EUR 596.7 million, showing a growth of +1.9 percent compared to the previous year.

VALINTATALO is targeted at customers who appreciate easy shopping, reasonable prices and a diversified product range and mix. The chain consisted of 184 stores (+1) at the end of 2007. During the year, eight new stores were opened and seven closed. Refurbishments took place in 12 stores. The chain posted a net turnover of EUR 446.9 million, showing a growth of +7.7 percent compared to the previous year.

Organic Act 2007 prize for Valintatalo

EUROMARKET serves customers who are interested in cooking and who wish to have all they need on a one-stop shop basis, with ease and at reasonable prices. Euromarket's store concepts include the compact hypermarket and the superstore. At the end of the year there were 26 stores, exactly as many as the previous year. Four Euromarkets were renewed and expanded during the year. The chain posted a net turnover of EUR 322.4 million, showing a growth of +3.1 percent compared to the previous year.

ZAO RENLUND SPB operates in the St. Petersburg region, Russia, where it runs two Super Siwa supermarkets and one Siwa neighbourhood shop, their combined net turnover totalling EUR 12.5 million (+13.6 percent). The business operations of the St. Petersbug stores are currently profitable; however, due to the small volume the overall operations of the subsidiary show a loss.

YKKÖSBONUS is Tradeka's Loyal Customer scheme, which covers 19 partners. The number of active loyal customer households at the end of the year was 1,217,693 (+53,044). Over 2,300 outlets accept the YkkösBonus card throughout Finland. Shopping with YkkösBonus MasterCard accumulates bonus points, regardless of the outlet in which the card is used.

The value of bonus-based sales was EUR 1.9 billion (+6.3 percent) in 2007. Lähivakuutus, RTV-Yhtymä and the Budget car rental chain joined the scheme last year, whereas co-operation with the If non-life insurance company and the chains Sotka, Värisilmä and Scandia Rent ceased at the end of 2007.

ME MAGAZINE is a loyal customer magazine published monthly and sent to customers' home addresses based on active use of YkkösBonus services. The magazine is useful in everyday life: in addition to the benefits of YkkösBonus, it includes food articles, consumer information and hints for families' everyday lives. Last year, the circulation of Me magazine was 899,823, showing a growth of 5.5% compared to the previous year (LT 2007). Based on the number of readers, the magazine is Finland's sixth largest magazine. The magazine was first published with the name Kuluttajain lehti (consumers' magazine) in 1917, so it celebrated its 90th anniversary in 2007.

Valintatalo awarded the Organic Act 2007 prize

The organic sector rewarded the Valintatalo chain with the Vuoden 2007 Luomuteko (Organic Act 2007) prize for its investment in responsible and sustainable development. Finfood Luomu awarded the prize, basing their selection on the fact that the Valintatalo chain is committed to developing its environmentally friendly operations. The names of the first stores to be awarded the Nordic Swan environment label have been published, and the company will ensure that all new or refurbished Valintatalo outlets will meet the Nordic Swan criteria. Organic products will also be clearly marked in the stores with "Hyvää sulle" (good for you) on the shelves. The organic sector considers that the initiative taken by the Valintatalo stores includes the basis for systematic development of the sales of organic products.

In addition, the statement of the basis for the award said that the organic sector has also been glad to see Valintatalo's image marketing based on organic products, which is modern, fresh and elegant, like for example last autumn's campaign for organic artichokes.

Euromarket Jyväskylä – the Bread Shop 2008

Suomen Leipuriliitto (the Finnish Bakers' Association) nominated Euromarket Jyväskylä as the Bread Shop 2008. The award was made because Euromarket Jyväskylä offers a diversified Finnish bread department with a comprehensive range of fresh products from national, regional and local bakeries. In the bread department, the products are presented in a good, clear way in various product groups. This makes it easy for the consumer to make comparisons between different suppliers' products in terms of their freshness, etc. Local taste has also been carefully taken into consideration. The bread department is complemented by a well-run baking point offering a large selection of products. Euromarket's tidy and pleasant bread department makes shopping an enjoyable, straightforward experience.

The Annual Bread Shop is an annual award granted by the Finnish Bakers' Association and its local associations for work in the bread-making trade. The award was granted for the 12th time this year.

Corporate responsibility
Sustainable development and cooperation

Tradeka Ltd observes the principles of sustainable development in its operations, aiming at securing a business which is profitable, respects people and creates a minimum impact on the environment. In addition to valid legislation, the marginal stipulations of Tradeka's corporate responsibility are governed by the needs of its customers, shareholders, staff and other stakeholder groups and the expectations they set for the company.

Tradeka has confirmed several individual operating instructions and policies as regards control of its business operations, which are currently being collected into uniform operating instructions covering the whole company.

In its operations, Tradeka has committed itself to the following principles and cooperation agreements implementing ethical goals:

- The Charter for Ethical Principles for Import issued by the Central Chamber of Commerce
- Ethical principles for import issued by the Finnish Food Marketing Association
- Finnish Business & Society (FiBS) ry
- Cooperation with the Finnish Association for Nature Conservation
- Cooperation with the Fair Trade Association

In addition, Tradeka's purchasing and logistics partner, Tuko Logistics Oy, is a member of the common European auditing platform for retail chains, the BSCI.

The quality of products and services is ensured with our own functioning control system. In addition, Tradeka stores do not sell fur or products in which fur has been used as a material.

LOCAL SERVICES FOR CUSTOMERS

We provide customers with services through Finland's most extensive network of neighbourhood grocery shops. These shops offer high-quality and reliable products purchased from reliable suppliers. All Tradeka stores guarantee the price, quality and freshness of the products.

Finland's most comprehensive network of local shops, also offering other services, plays a very significant role in maintaining the current community structure. Services that are maintained in small localities in the countryside enable elderly people, for example, to stay at home as long as possible.

EMPLOYEES ARE TRADEKA'S LARGEST RESOURCE

As an employer, we comply with legislation and collective agreements in force. The goals of Tradeka's confirmed blueprint for equal opportunities in the workplace include equal pay for equal work, equal opportunities between men and women for placements in various positions and equal career opportunities. Other targets mentioned in the blueprint include the prevention of ageism, understanding of multiculturalism and the prevention of sexual harassment and bullying and harassment at work.

Providing different career paths and training for staff so as to encourage their development is important to Tradeka. Special attention has been paid to the maintenance of working capacity and welfare as well as working safety. All Tradeka employees are given free healthcare service and are entitled to regular medical examinations.

Tradeka has its own sickness fund, providing its members with better benefits regarding healthcare costs than the standard required by legislation. Moreover, employees also reap benefits when buying products and services from Tradeka and some of its partners.

EXCELLENT PARTNERS

For suppliers Tradeka represents a straight and open partner. For them, Tradeka's chains are the third important national distribution channel to consumer markets.

Surveys suggest that suppliers regard Tradeka as an excellent partner and attractive distribution channel, the highest scores being awarded for strategic cooperation, trust, highly skilled key personnel and operations according to concepts (Finnfact Oy, 2007).

Local shops provide familiar services and an appropriately updated product range

For 11 years I have lived in Savela, Helsinki, approximately three hundred metres from my local Siwa shop. I consider myself a regular customer of the shop; the next nearest shop is located in Pukinmäki, which is about a kilometre away.

I am retired, and nowadays I have difficulties walking, which is why the local shop is so important to me. It would be too hard to walk any further with my walking stick and wheeled shopping bag. There are also lots of young families in Savela, who of course have cars to go shopping further away. However, many mothers with their pushchairs visit the local shop during the day.

I usually go to Siwa approximately three times a week. I try to do all my shopping all at once, but sometimes I forget something and have to go again the same day. Siwa has a good product range, which is appropriately updated. This is a good thing – variation is refreshing. My local shop also has a nice team of staff. It is nice to see people and talk to them while shopping. For me, the local shop is also a place to relax.

Loyal customer
Savela Siwa, Savelantie 11
Helsinki

In cooperation with our partners within the YkkösBonus scheme, we will create a more diversified and extensive range of services. Tradeka and its bonus partners have a joint network of a little over two million committed loyal customers.

Tradeka's partners also include Matkahuolto, Veikkaus, Raha-automaattiyhdistys (Finland's Slot Machine Association) and Finnish Post, with Tradeka stores acting as a distribution channel for their services. Cooperation was extended and developed with each of these in 2007.

Financial responsibility

Profitable business operations are also responsible

Each business can only take care of its responsibilities towards its own interest groups if its business operations are profitable. At Tradeka, financially responsible business operations are guided by legislation and good corporate governance practices.

Tradeka employs more than 7,000 Finns

In 2007, Tradeka Group posted a net turnover of EUR 1,387.2 million. Of this figure, EUR 596.4 came from the Siwa chain, EUR 446.9 million from the Valintatalo chain, and EUR 322.4 million from the Euromarket chain. Tradeka's proportion of the grocery market in the whole country was 11.9 percent.

The group showed a loss of EUR 17.1 million before extraordinary items compared with the previous year's profit of EUR +85.8 million. The 2007 results were burdened by the one-off costs resulting from several development projects. The purpose of Tradeka's development projects is to strengthen the company's competitiveness and to ensure improved results in the long-term.

Tradeka Ltd's share capital on 31 December 2007 was EUR 33.4 million. Return on investment was –20.9% (86.5% in the previous year). Despite this negative result, Tradeka Ltd has a good financial base due to its strong balance structure and as the company has practically no debt.

OWNERS

Some changes occurred in the company's ownership, the most significant being the growth of the ownership by investment funds owned by capital investor Industri Kapital from 31.3 percent to 65.5 percent, and the decrease in ownership by the Cooperative Tradeka Corporation from 50.6 percent to 15.6 percent. The ownership share of the company's management grew from 1.7 percent to 3.3 percent. After the fusion of Ruokamarkkinat Oy and its mother company, its 15.6-percent share of Tradeka was transferred to Wihuri Oy.

STORES

At the end of the year, the number of Tradeka stores totalled 757 (+7), of which the Siwa chain had 544 (+6) stores and the Valintatalo chain 184 (+1) stores. The number of Euromarkets remained unchanged at 26.

All in all, 26 new outlets were opened in 2007 and 17 stores were closed. Refurbishments took place in 51 outlets. A total of EUR 21.4 million were invested during the financial period.

JOBS

At the end of 2007, Tradeka Ltd had 7,179 employees. 91 percent of them were regular workers. The average duration of an employment was 8.5 years.

During the year, Tradeka paid salaries and indirect employee costs to the value of EUR 141.3 million. Pension costs totalled EUR 22.4 million.

More than 1,000 employees of Tradeka attended various training events paid for by Tradeka. Tradeka's staff members are mainly trained by the AVA, which is a special vocational institute approved by the Ministry of Education. In 2007, a total of 630 members of staff from stores participated in training events, and 340 employees attended management training. The expert training aimed at the members of staff of the Hämeentie support organisation had 80 attendants. The 2-year Trainee programme preparing for middle management tasks in the field started in the spring. It had 12 students.

SUPPLIERS

In 2007, Tradeka had 4,082 suppliers of goods or services from whom purchases totalled at least EUR 1,000. 3,790 of these suppliers operate in Finland. More than 70 percent of Tradeka's acquisitions came from Finland, considering purchases from the logistics partner Tuko Logistics Oy.

In 2007, Tradeka paid EUR 1.1 billion for purchases of goods and services.

SOCIETY

In 2007, the company paid a total of EUR 19.2 million in income taxes. In addition to various taxes and duties, Tradeka's dense network of neighbourhood shops ensures that shop services remain available in sparsely populated areas.
With regard to competition, the third national actor is also significant in markets in which the joint market share of the largest two trade groups is more than 70 percent. Sufficient competition brings prices down, i.e. consumers benefit directly from the competition.

Tradeka has cooperated long with the Finnish Association for Nature Conservation. Together with its loyal customers, Tradeka supports the work of the Finnish Association for Nature Conservation with a significant sum of money. In 2007, the support paid totalled EUR 125,000.

Over the last few years, Tradeka Ltd has provided financial support, among others, to the Mannerheim League for Child Welfare, the Finnish Federation of the Visually Impaired and Sydänlapset ry. We also support voluntary work for the well-being of the elderly. In 2007, we donated funds reserved for Christmas cards to Lastentautien tutkimussäätiö (foundation for paediatric research).

Training promotes your career

My career at Tradeka started eight years ago, when I began as a trainee in the home/leisure department of Euromarket in Jyväskylä. After the training period, I was offered a temporary post for a saleswoman's maternity leave. After four years, I was awarded a position of further responsibility, and was put in charge of a group.

Over the years, I have participated in theme-specific internal customer service training on several occasions. I have a vocational qualification in business and administration, and I am still eager to learn new things. I told my boss about my wishes, and in the autumn of 2006 I started the AVA institute's training programme, aiming at a specialised vocational qualification as a store manager. Since gaining my qualification in October 2007, I have been responsible for the entire consumables department of Kaarina Euromarket.

In particular, I appreciate the diversified training opportunities that Tradeka offers. Practical training provides the opportunity to concentrate on the essential aspects of one's own work. During the training period, working experience helped me to understand how things affect each other. Training has given me a better total picture, and increased the value of my own work. In addition, it has improved my work motivation.

The next training arranged by the employee might, for example, aim at a specialised vocational qualification for management. I am still very eager to develop my skills, and in this situation, I consider training closely connected to work the most useful alternative for me.

Tiina Valkonen
Sales Manager of the consumables department
Kaarina Euromarket

Social responsibility

Pioneer in fair trade

In its operations, Tradeka Oy follows Finnish legislation and respects human rights. We are directly responsible for the welfare of our own staff. Indirectly, we are particularly in charge of the working conditions of the people who work in the delivery chain of products bought from developing countries: we try to influence them by cooperating with other responsible companies.

THE NUMBER OF EMPLOYEES REMAINED NEARLY UNCHANGED

At the end of 2007, Tradeka Oy employed a total of 7,179 people, compared to 7,177 employees the previous year, i.e. the number of employees remained nearly unchanged over the year. In full-time equivalents, Tradeka had 4,979 employees. Their average age was 37 years.

For production-related and financial reasons, the number of redundancies in 2007 was 26. This mainly represents the staff of stores which were closed down. The year saw no temporary lay-offs. A total of 39 employees retired on an old age pension, the average age being 63 years.

STAFF WELFARE AND WORKING SAFETY AS THEMES FOR 2007

In 2007, an operation plan was drawn up to promote the maintenance of the staff's working capacity and welfare at work. The aim was to encourage employees to take physical exercise: in order to support this goal, Liikuntaseteli vouchers were introduced in autumn 2007. In selected localities, eight-week guided periods were arranged for the staff, during which they were given the opportunity to learn about and try out different forms of exercise. In 2007, two fitness renovation courses were arranged, plus one ASLAK fitness course for cashiers.

The company worked in close cooperation with Occupational Healthcare Services and insurance companies in order to find ways to maintain welfare at work and working capacity in the long run.

The company's employees are entitled to medical examinations at five year intervals (at three year intervals for employees over 50 years of age). Occupational Healthcare Service aims to promote employees' working capacity.

In 2007, sick leave absences accounted for 5.2 percent of the number of working hours, and 270 accidents occurred, approximately ten percent less than in 2006.

According to the annual employee survey conducted in the autumn, Tradeka's working climate has remained good, even showing a slight improvement compared to the previous year.

ACTIVE COOPERATION WITH EMPLOYEE REPRESENTATIVES

Of Tradeka Ltd's Finnish chain staff, 68 percent are trade union members. This figure covers employees whose union dues are deducted from their wages. The majority of unionised employees are members of the Service Union United PAM.

Tradeka's store network is divided into five shop-steward and industrial-safety regions, each of which has a regional shop steward who also acts as a safety officer. One shop steward acts as the chief shop steward and one as the chief safety officer. Clerical employees in both the Helsinki and Tampere offices elect their own shop steward and safety officer.

Tradeka has a Cooperation Advisory Committee. The store network has a joint Industrial Safety Committee and each office has its own Industrial Safety Committee as well. With the right to attend and speak at the meeting, one employee representative sits on Tradeka Ltd's Board of Directors. Furthermore, each of the three store chains' management teams has an employee representative.

RESPONSIBLE ACQUISITIONS ARE PART OF TRADEKA'S RESPONSIBILITY

Intercoop, a buying office and service organisation, accounts for roughly 30 percent of consumables sold by Tradeka Ltd in year 2007. This figure includes nearly all imports from the Far East. Intercoop complies with the organisation's own ethical principles. Their materialisation is monitored by the organisation's own offices located in countries of the Far East.

In early 2007, Tradeka's Siwa chain became the first chain in the world to start selling only Fair Trade bananas and oranges. The sale of other Fair Trade products also increased in both Siwas and in Tradeka's other chains. Of Fair Trade products, a certain price is guaranteed for farmers in developing countries, and part of this additional money is used to improve the living conditions in farmers' communities. By buying Fair Trade products, our customers are also able to influence the lives of people living in developing countries in a positive way.

Tradeka Ltd has also signed the Charter for Ethical Principles for Import, issued by the Central Chamber of Commerce, and similar ethical principles for import issued by the Finnish Food Marketing Association.

COMMUNAL ACTION – LOCAL FOOD AND SERVICES

The operations of Tradeka's neighbourhood shops as a service chain covering even small localities in the countryside and as a developer of local services are significant. All Tradeka stores have a collection point for parcels sent through Oy Matkahuolto Ab. The number of Veikkaus and postal service points in Tradeka stores also increased.

As part of the local service development project, Tradeka examined the possibilities for neighbourhood shops to contribute to the supporting of business and other activities as a member of the community. In this project a model was tested, in which local food from local producers was included in the selection provided by neighbourhood shops. As part of the experiment, financial support was given to afternoon club activities arranged by the parents' association of a local school.

Siwa helps youngsters in need of extra studies in comprehensive education

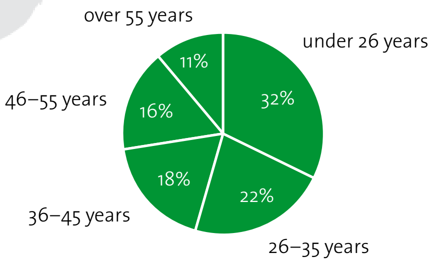
Jyväskylä has the only school for the visually impaired in Finland, where pupils from the whole country come for comprehensive schooling or extra studies. The extra studies offered in addition to the normal nine years of comprehensive school include three on-the-job training periods of two weeks each. When I first contacted the Siwa store near our school, it opened us a channel for long-term cooperation with Siwa stores in Jyväskylä. Our training cooperation has indeed continued for more than ten years.

Because of people's prejudices, it is not easy to find training places for visually impaired pupils. For our school, long-term cooperation with Siwa is highly significant, because it helps us prevent youngsters' displacement risk. Practical training is a unique experience for young people. When a visually impaired youngster is provided with the opportunity for ordinary work amongst people who can see, it has a very positive influence on their self-respect and self-image, and it even affects them at adult age.

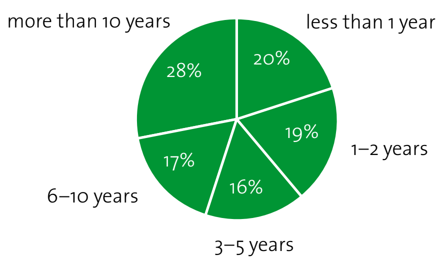
Many people with various disabilities train at Siwa stores, as well as people in subsidised employment and immigrants. It is of great value that despite the busy work that goes on in shops, people still have the energy to accept youngsters with different backgrounds for training. Siwa carries its social responsibility strongly.

Heli Lehto
Teacher
The School for the Visually Impaired in Jyväskylä

Staff age structure



Average duration of employment



Environmental responsibility

Use of water power cuts emissions

With the most extensive grocery store network in Finland, Tradeka helps its customers reduce their own environmental impact – you can visit your local store without a car.

Tradeka's environmental management is based on an established environmental policy and the legislation in force, forming an integral part of the company's normal decision-making system. Tradeka's environmental strategy is aimed at using energy more efficiently, reducing the amount of landfill waste and intensifying waste recycling and reuse. Another aim is to enhance environmental awareness amongst staff members and improve the management of environmental risks.

MINOR ENVIRONMENTAL IMPACT BY SHOPPING IN LOCAL SHOPS

Tradeka Ltd's most significant environmental effects stem from its stores' electricity consumption and waste recorded over store lifecycles. Significant environmental impact indirectly caused by Tradeka includes waste from product packages, environmental effects caused by goods transportation and customers' trips to stores by car. With the most extensive grocery store network in Finland, Tradeka helps its customers reduce their own environmental impact, because you can visit your local store without a car.

Tradeka's operations do not require any environmental permits. In order to fulfil producer liability obligations under environmental legislation, Tradeka is a member of the Environmental Register of Packaging PYR and SERTY (WEEE Producer Community).

The cleaning of soil of former fuel stations, namely the SOILI project, continued in 2007. During the year, restoration work was adequately completed on 11 sites. So far, a total of 44 sites have been examined, and when necessary restored by the Soili project. On some of these sites, monitoring continues. Furthermore, some sites have been restored in connection with other building projects.

OUR CONTINUOUS AIM IS TO REDUCE ENERGY CONSUMPTION

Tradeka's retail outlets use electricity for cooling, ventilation, lighting, heating, and machinery and equipment. Reducing energy consumption is profitable for both environmental and financial reasons. Tradeka decided to become a party of the Energy Efficiency Agreement in Commerce, which it prepared for in 2007, and carried out the Early Measures Examination in Commerce at Motiva together with the Federation of Finnish Commerce. As of the beginning of 2008, all electricity acquired by Tradeka is produced from renewable natural resources without carbon dioxide.

In 2007, a survey aimed at improved energy efficiency was carried out in more than 400 properties. Based on this, measures were taken in order to save energy. For example, the decision was made that when acquiring new chest freezers, only those with covers would be chosen for Siwa and Valintatalo stores.

In earlier energy reviews, the stores' consumption was found to be below the average level of similar properties.

Oil consumption in Tradeka stores	**2007**	2006
Oil-heated properties (No.)	**92**	97
Total consumption (mill. l)	**0.84**	0.94
Consumption in corresponding 90 stores (mill. l)	**0.82**	0.87
Carbon dioxide emissions from oil bought (tn)	**2,246**	2,508

Total electricity consumption *) (mill. kWh)	**2007**	2006
Fortum waterpower	**37**	0
Helsingin energia	**149**	152
Total	**186**	152

Emissions due to electricity tn **)	**2007**	2006
Carbon dioxide	**47,716**	48,644
Sulphur dioxide	**42**	43
Nitrogen oxides	**61**	62
Particles	**3**	3

*) The expanding of the network due to company acquisitions is only visible in the consumption figures of 2007 in these statistics.

**) Emissions calculated based on total electricity consumption and the environmental description of Helsingin Energia. Fortum's water power causes no emissions.

Electricity consumption in corresponding stores *) (mill. kWh):

Stores		**2007**	2006
Euromarket	17	**46**	46
Valintatalo	128	**53**	53
Siwa	253	**50**	50
Total (mill. kWh)	398	**149**	149

* This also includes some new stores due to the expansion of the network.

WASTE AND RECYCLING

Landfill methone contributes to climate change. Because of this, Tradeka aims to reduce the amount of landfill waste by sorting cardboard in all its stores, for example. Waste that can be reused for energy production and biodegradable waste are collected not only as required by waste-management regulations but also on a voluntary basis. Voluntary separate collection of plastic waste is already rather common.

Due to the disposal of waste from containers in joint use, no data is available on the amount of weighed waste generated by Siwa and Valintatalo stores. Euromarket outlets recycle over 70 percent of their waste. Many stores provide recycling points for packaging materials of various levels to their customers.

The collection of waste at the offices in Helsinki and Tampere covers biodegradable waste, cardboard, and paper. Hazardous waste is collected, ink cartridges are reused, and office furniture, machinery and supplies are recycled.

THE SALES OF FAIR TRADE PRODUCTS INCREASED BY 22 PERCENT

Tradeka stores provide pro-environmental products based on demand. The product ranges cover organic and Fair Trade products as well as products with environmental labels, which create less of a burden on the environment than ordinary products. The proportion of all these products increased during the year.

Replacing the orange selections of the Siwa chain with Fair Trade products in early 2007 clearly increased the sales of all Fair Trade products in the ranges. In all Tradeka chains, the sales volumes of these products grew by 22 percent compared to the previous year.

Sales of Fair Trade fruit:

Mill. kg	**2007**	2006	%
Fair Trade bananas	**3.3**	3.1	6
Fair Trade oranges	**0.7**	0.2	275
Fair Trade pineapples	**0.1**	0.0	88
Total	**4.1**	3.3	22

The Nordic Swan visible in Valintatalo's product range

The Valintatalo chain has announced that it will apply for the right for all its stores to use the Nordic Swan environment label. I consider it a positive thing that Valintatalo is so committed to environmental work. For the customer, the Nordic Swan is a proof of the fact that the environment has been considered in all operations of the store. The most visible requirements in the label's criteria concern the product range. Products with the Nordic Swan label, organic products and Fair Trade products are well represented, and the products have been marked with specific signs.

In addition, the Nordic Swan label requires efficient use of energy, waste recycling and reduction of waste. Efficient heat collection systems and energy-efficient refrigeration devices are used in order to save energy. A store with the Nordic Swan label must also have an environmental policy and operating instructions. Attention must be paid to the staff's environmental awareness. The store should have a specific info point for customers.

So far, the Nordic Swan label has been applied for and awarded to three Valintatalo outlets. Before being awarded with the label, several minor and major issues were examined at each store. At Valintatalo, the details required in the application have been studied carefully, and all control information has been delivered appropriately.

Sinikka Karppelin
The Finnish Standards Association SFS
Head of SFS-Ecolabelling

Report by the Board of Directors

DEVELOPMENT OF THE BUSINESS ENVIRONMENT

According to the Research Institute of the Finnish Economy (ETLA), in 2007 the Finnish GDP growth rate stood at 4.4 percent compared with 5.0 percent the previous year. Consumer expenditure increased by 3.8 percent (4.3%). The debt-equity ratio of households grew during the year. However, consumer confidence in personal finances remained high, albeit having dropped somewhat compared to the previous year. Consumer confidence in the Finnish economy also weakened to some extent over the year.

Turnover recorded by Finnish Food Marketing Association (FFMA) amounted to a total of 11.8 billion euros. This represents an increase of 3.9 percent from the previous year, approximately 2 percentage points of which was due to higher prices. According to the FFMA's statistics, small grocery shops of less than 100 m2 in size have the greatest growth rate (6.5%), followed by small (+4.9%) and large (+5.4%) supermarkets. Sales in small grocery shops of less than 400 m^2 remained lower than in the previous year (–0.4%).

The grocery retail sector continued its consolidation process as the shops of Spar Finland Ltd were merged with chains from other groups. Investments in the sector continued to be concentrated on large units, and the building of large business units remains strong. On the other hand, new units were established in the small stores business area, especially service stations.

GROUP STRUCTURE AND SHAREHOLDINGS

Tradeka Group is made up of Tradeka Ltd., which is engaged in the grocery business, and its subsidiaries, ZAO Renlund SPb (the St. Petersburg business) and T-kiinteistöt Oy, which manage the Group's properties. At the end of the financial year, the Group also had seven retail property subsidiaries and six associated retail property companies. In addition, Tuko Logistics Oy (shareholding 39%) and Fintorus Oy (shareholding 21%) are associated companies of the group.

The main owners of Tradeka with a share of 65.45 percent are investment funds managed by Industri Kapital. Other owners include Cooperative Tradeka Corporation (15.63%), Wihuri Oy (15.63%) and the company's management (3.29%).

TRADEKA'S OPERATIONS – KEY EVENTS

The year 2007 was the first whole operating year of Tradeka's new logistical structure, following the completion of two major changes. The transfer of grocery supply and logistics from Inex Partners Oy to Tuko Logistics Oy was completed in October 2006 and the transfer of consumables logistics from Inex Partners Oy to DHL in February 2007.

The ERP (Enterprise Resource Planning) system was revised at the end of the year 2007.

At the end of the year, Tradeka ran a total of 757 stores (+7 compared to 2006), three of which were operated in Russia. Of the 36 outlets acquired from Spar Finland Ltd., the last eight stores were transferred to Tradeka during the year 2007. They were all renovated and brought in line with the brands Siwa and Valintatalo. All in all, 26 new outlets were opened in 2007 and 19 stores were closed. Refurbishments took place in 51 outlets. As a result of concept development during the year, the first pilot outlets of Siwa convenience stores were opened in October.

Certain changes took place in the company's management in 2007. After the Group's President & CEO, Mr. Markku Uitto, resigned from Tradeka, the position was temporarily taken over by Antti Remes, who until then acted as the Chairman of the Board of Directors. Since 1 December 2007, the new President & CEO is Ms. Leena Saarinen.

RESEARCH AND DEVELOPMENT

Development forms an integral part of Tradeka's daily business. During the financial year, several development projects were underway. Major projects included the development of store operations, the intensifying of grocery supply and the revision of the ERP system. The costs of the projects are presented as costs in the financial period.

RISKS AND OTHER ASPECTS CRUCIAL TO BUSINESS DEVELOPMENT

Risk management also forms an integral part of Tradeka's daily business and management. Business risk management aims to safeguard the company's business development and ensure smooth business operations. At operational level, Tradeka has defined risk-management responsibilities on a store- and project-specific basis.

FINANCIAL POSITION AND FINANCING

In 2007, Tradeka Group's net turnover was EUR 1,387.2 million (+4.1% compared to the previous year), which was nearly on the same level as market development. Tradeka's business operations focus on convenient stores of less than 400 m^2, which in their own competitive group grew faster than the general market.

Loss before extraordinary items totalled EUR 17.1 million (a profit of EUR 85.8 million a year ago). In 2006, an extraordinary profit item resulting from sales of retail property contributed significantly to the higher result. The 2007 result was burdened by development projects and changes in the logistical operating chain.

Capital expenditure totalled EUR 21.4 million, compared with EUR 30.8 million a year ago.

KEY FIGURES AND RATIOS

EUR million	**2007**	2006
Net turnover	**1,387.2**	1,332.7
Operating loss / profit	**–19.8**	94.3
– % of net turnover	**–1.4**	7.1
Profit/loss before extraordinary items	**–17.1**	85.8
Return on equity, %	**–23.8**	74.0
Solvency ratio, %	**26.1**	28.7
Gearing %	**–15.4**	–34.3
Balance sheet total	**275.4**	313.2

EMPLOYEES

The number of full-time Tradeka Group employees averaged 4,979 (+112) in 2007. The number of employees with a valid contract at the end of the year totalled 7,179 (+2), which includes staff on the payroll but who are unavailable. A total of 151 (–9) employees worked abroad or with the St. Petersburg-based subsidiary.

Report by the Board of Directors

Pages 14 and 15 of Tradeka's Annual Report 2007 contain a special section on corporate social responsibility, which provides a more detailed description of human resources.

ENVIRONMENTAL ISSUES

Tradeka Group adheres to a confirmed Environmental Programme. Environmental management forms part of Tradeka's day-to-day decision-making and management system.

In 2007, an assessment was made on the strategic significance of retail properties. In the future, this assessment will form the basis for investment decisions for improving competitiveness. A survey aimed at improved energy efficiency was carried out in more than 400 properties. Based on this, measures have been taken in order to save energy.

Pages 16 and 17 of Tradeka's Annual Report 2007 contain a special section on environmental responsibility, which provides a more detailed description of environmental issues.

ADMINISTRATION AND AUDITORS

The mother company's Board of Directors comprised Michael Rosenlew (Chairman since 17 August 2007, Vice Chairman between 1 January and 17 August 2007), Antti Remes (Chairman until 17 August 2007, member of the Board of Directors until 31 December 2007), Juha Laisaari (Vice Chairman since 17 August 2007, member between 1 July 2007 and 17 August 2007), Max Alfthan, Juha Hellgren, Kristian Kemppinen, Christian Ramm-Schmidt and Markku Uitto (until 17 August 2007). The Board of Directors held 13 meetings in 2007.

The Audit Committee, elected by the members of the Board of Directors, comprised Kristian Kemppinen, Max Alfthan, Juha Hellgren (until 14 December 2007) and Juha Laisaari (since 14 December 2007). The Audit Committee held four meetings in 2007.

The Compensation Committee comprised Michael Rosenlew, Antti Remes (until 14 December 2007), Markku Uitto (until 17 August 2007), Christian Ramm-Schmidt (since 14 February 2007) and Juha Hellgren (since 14 December 2007).

KPMG Oy Ab, with Jukka Rajala (APA) in the capacity of chief auditor, and PricewaterhouseCoopers, with Kim Karhu (APA) in the capacity of chief auditor, acted as the company's auditors.

PROSPECTS FOR 2008

In 2008, economic growth in Finland is expected to continue, albeit more slowly compared to previous years. The growth rate of and changes to consumer expenditure will maintain a significant role with regard to financial development. In spite of the slight drop, consumer confidence in economy remains on a good level. The rate of inflation is expected to increase to some extent, amongst other things, due to increasing labour costs. The grocery retail business is expected to continue its steady growth.

The most important aspects of Tradeka Ltd's operations over the next few months will be strategy revision, more exact determination of organisation and responsibilities and operational efficiency improvement. The influence of possible structural changes to the business on the 2008 result is difficult to assess at the moment. Costs arising due to development projects will still affect the results. Profit from operating activities is expected to develop positively in 2008.

BOARD PROPOSAL FOR PROFIT DISTRIBUTION

The Board of Directors proposes that no dividend be distributed.

Income statement

	Note	Group		Parent company	
EUR million		**2007**	2006	**2007**	2006
NET TURNOVER	1	**1,387.2**	1,332.7	**1,374.9**	1,322.1
Other income from business operatios	2	**10.2**	122.4	**9.5**	44.2
Materials and services	3	**–1,083.5**	–1,040.9	**–1,073.7**	–1,032.3
Personnel costs	4	**–163.7**	–157.5	**–162.5**	–156.5
Depreciation/amortisation and write-downs	5	**–20.9**	–21.6	**–20.2**	–19.4
Other operating costs	6	**–149.1**	–140.8	**–147.1**	–138.6
Total		**–1,417.2**	–1,360.8	**–1,403.5**	–1,346.8
OPERATING LOSS/PROFIT		**–19.8**	94.3	**–19.1**	19.5
Financial income and expenses	7	**2.7**	–8.5	**1.8**	–7.5
LOSS/PROFIT before extraordinary items		**–17.1**	85.8	**–17.3**	12.0
Extraordinary items	8	**0.0**	0.0	**1.0**	74.1
LOSS/PROFIT before tax		**–17.1**	85.8	**–16.3**	86.1
Appropriations	9	**0.0**	0.0	**–4.2**	–4.2
Income tax	10	**–1.1**	–20.8	**0.1**	–19.3
Minority interest		**0.0**	0.0	**0.0**	0.0
NET LOSS/PROFIT		**–18.2**	65.0	**–20.4**	62.6

Balance sheet

EUR million	Note	Group 31 Dec. 2007	Group 31 Dec. 2006	Parent Company 31 Dec. 2007	Parent Company 31 Dec. 2006
ASSETS					
Fixed and other non-current assets:					
Intangible assets	1	**81.0**	79.1	**81.0**	79.1
Consolidation difference	2	**2.4**	2.5	**0.0**	0.0
Tangible assets	3	**64.5**	65.3	**46.6**	48.6
Investments:	4				
Holdings in Group companies		**0.0**	0.0	**12.6**	12.6
Holdings in associated companies		**9.2**	9.3	**9.3**	9.3
Other investments		**1.5**	0.7	**8.6**	1.7
Total fixed and other non-current assets		**158.6**	156.9	**158.1**	151.3
Current assets:	5				
Stocks		**77,9**	76.9	**76.4**	75.5
Long-term receivables					
Short-term receivables		**27.5**	33.5	**26.9**	109.4
Cash and bank		**11.4**	45.9	**9.2**	30.4
Total current assets		**116.8**	156.3	**112.5**	215.3
TOTAL ASSETS		**275.4**	313.2	**270.6**	366.6
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity:	6				
Share capital		**33.4**	33.4	**33.4**	33.4
Retained profit/loss		**56.1**	–8.9	**49.1**	–13.5
Net loss/profit for the financial year		**–18.2**	65.0	**–20.4**	62.6
Total shareholders' equity		**71.4**	89.5	**62.2**	82.5
Minority interest		**0.3**	0.4	**0.0**	0.0
Appropriations				**12.9**	8.8
Statutory reserves		**3.9**	4.5	**3.9**	4.5
Liabilities:	7				
Long-term liabilities		**10.8**	9.8	**5.0**	63.5
Subordinated loans		**0.0**	14.7	**0.0**	14.7
Short-term liabilities		**189.0**	194.3	**186.6**	192.6
Liabilities		**199.8**	218.8	**191.6**	270.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**275.4**	313.2	**270.6**	366.6

Statement of sources and applications of funds

EUR million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
CASH FLOW FROM OPERATIONS				
Profit before extraordinary items	**–17.1**	85.8	**–17.3**	12.0
Adjustments:				
+ Planned depreciation	**20.9**	21.6	**20.2**	19.4
–/+ Other non-cash income and expenses	**–0.8**	4.4	**–0.6**	4.5
–/+ Financial income and expenses	**–2.7**	8.5	**–1.8**	7.5
–/+ Other adjustments; profit and loss from trade	**0.0**	–111.0	**0.0**	–34.5
Cash flow before change in working capital	**0.3**	9.3	**0.5**	8.9
Change in working capital:				
Increase (–)/decrease (+) in current non-interest-bearing trade receivables	**5.8**	6.6	**83.6**	3.2
Increase (+)/decrease (–) in stocks	**–1.0**	–8.7	**–0.9**	–8.5
Increase (+)/decrease (–) in short-term non-interest-bearing liabilities	**16.6**	35.4	**15.9**	36.4
Cash flow from operations before financial items and tax	**21.7**	42.6	**99.1**	40.0
Interest paid and financial expenses	**–5.7**	–4.8	**–7.0**	–6.0
Dividends received	**0.2**	0.0	**0.2**	0.0
Interest received	**3.6**	0.7	**3.7**	3.0
Income tax paid	**–19.2**	0.0	**–19.2**	0.0
Cash flow from operations	**0.6**	38.5	**76.8**	37.0
CASH FLOW FROM INVESTMENTS:				
Investments in tangible and intangible assets	**–20.5**	–21.8	**–18.6**	–18.7
Capital gains on tangible and intangible assets	**0.8**	198.3	**0.6**	0.9
Investments in other financial assets	**–0.9**	–8.9	**–0.9**	–21.7
Capital gains on other investments	**0.0**	55.3	**0.0**	102.4
Loans granted	**0.0**	–0.1	**–6.1**	–0.4
Repayment of loan receivables	**0.1**	0.1	**0.1**	88.7
Cash flow from investments	**–20.5**	222.9	**–24.9**	151.2
CASH FLOW FROM FINANCING:				
Rights issues	**0.0**	0.1	**0.0**	0.1
Withdrawal of long-term loans	**0.0**	0.0	**0.0**	0.0
Repayment of long-term loans	**–14.7**	–250.6	**–73.2**	–190.9
Group contributions paid	**0.0**	0.0	**0.0**	0.0
Cash flow from financing	**–14.7**	–249.9	**–73.2**	–190.8
CHANGE IN LIQUID ASSETS	**–34.5**	11.5	**–21.2**	–2.7
LIQUID ASSETS AT YEAR-START	**45.9**	34.4	**30.4**	33.1
LIQUID ASSETS AT YEAR-END	**11.4**	45.9	**9.2**	30.4

Notes to the financial statements

Located in Helsinki, Tradeka Ltd is Tradeka 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/amortised over their expected useful lives as follows:

Depreciation times:

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

Goodwill is principally amortised over 20 years, since the estimated income effect generated by goodwill is a minimum of 20 years.

Significant investments in computer software are capitalised and amortised over their estimated economical service life.

Asphaltisation of leased properties and renovation expenditure are included in other non-current assets over ten years, unless leases require a shorter amortisation period. Renovation costs of rented store properties are capitalised when the benefit from their capitalisation is divided between several financial periods. These renovation costs are amortised over a maximum of five years, depending on the expiration of the rental agreement.

Investments are stated at cost.

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

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 balance sheet date, using a tax rate of 26 percent. The consolidated balance sheet includes deferred tax liabilities as a whole and deferred tax assets according to a special careful estimate.

PREPARATION PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

Scope of consolidated fnancial statements and changes to Group structure

The consolidated financial statements include the accounts of all Group companies and associated companies. In April 2007, Tradeka Ltd acquired all of the shares in Kiinteistö Oy Espoon Oxfotintie 1, and in May all the shares in Kiinteistö Oy Helsingin Nummitie 2.

In July 2007, Tradeka Ltd bought a 21 percent shareholding in Fintorus Oy.

A list of subsidiaries and associated companies can be found in page 38.

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 2007, EUR 0.2 million was allocated to land and EUR 9.0 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 foreign subsidiary's income statement is translated using the average exchange rate quoted for the financial year, and its balance sheet is translated into the domestic currency using the exchange rate quoted on the balance sheet date.

Associated companies

Associated companies are consolidated using the equity method. Save Tuko Logistics Oy, they are property companies. The Group's share of these companies' results for the period, in proportion to Group shareholding, is shown in financial items, and for Tuko Logistics Oy, in other operating income.

Notes to the income statement

EUR million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
1. NET TURNOVER				
Net turnover by chain:				
Euromarket	**322.4**	312.6	**322.4**	312.6
Valintatalo	**446.9**	415.1	**446.9**	415.1
Siwa	**596.7**	585.7	**596.7**	585.7
Other sales	**21.2**	19.3	**8.9**	8.7
Total	**1,387.2**	1,332.7	**1,374.9**	1,322.1

Net turnover comes mainly from domestic retail sales.

Other sales include EUR 12.5 million (EUR 11.0 million in the previous year) in sales generated by the Russian subsidiary.

2. OTHER INCOME FROM BUSINESS OPERATIONS

Other regular income from business operations:

	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Rental income	**9.1**	8.6	**8.9**	8.2
Capital gains on fixed assets *	**0.1**	113.5	**0.0**	35.7
Other income	**0.9**	0.3	**0.6**	0.3
Share of associates' results **	**0.1**	0.0		
Total	**10.2**	122.4	**9.5**	44.2

* Disposal of premises in 2006.

** Tuko Logistics Oy

3. MATERIALS AND SERVICES	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Purchases	**–1,084.5**	–1,049.4	**–1,074.6**	–1,040.8
Change in inventories	**1.0**	8.5	**0.9**	8.5
Total	**–1,083.5**	–1,040.9	**–1,073.7**	–1,032.3

4. PERSONNEL COSTS	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Wages and salaries	**–129.8**	–124.7	**–128.8**	–123.7
Pensions	**–22.4**	–21.8	**–22.2**	–21.8
Other social expenses	**–11.5**	–11.0	**–11.5**	–11.0
Total	**–163.7**	–157.5	**–162.5**	–156.5

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

Management remuneration:	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
President & CEO and his deputy	**0.4**	0.4	**0.4**	0.4
Board members	**0.2**	0.2	**0.2**	0.2
Total	**0.6**	0.6	**0.6**	0.6

Notes to the income statement

	Group		Parent Company	
Average number of Group employees:	**2007**	2006	**2007**	2006
Clerical employees	**302**	332	**302**	332
Other employees	**4,526**	4,416	**4,488**	4,416
Staff abroad	**151**	132		
Total	**4,979**	4,880	**4,790**	4,748

EUR million				
5. DEPRECIATION/AMORTISATION AND WRITE-DOWNS				
Goodwill	**−4.2**	−4.1	**−4.2**	−4.1
Other non-current assets	**−2.9**	−2.7	**−2.9**	−2.7
Buildings	**−0.6**	−1.9	**0.0**	0.0
Machinery and equipment	**−13.1**	−12.8	**−13.1**	−12.6
Other tangible assets	**0.0**	0.0	**0.0**	0.0
Group goodwill	**−0.1**	−0.1	**0.0**	0.0
Total	**−20.9**	−21.6	**−20.2**	−19.4
6. OTHER OPERATING COSTS				
Total costs deriving from sales	**−1.7**	−1.6	**−1.7**	−1.6
Marketing expenses	**6.5**	9.8	**6.6**	9.8
Rental costs	**−64.2**	−60.1	**−63.6**	−65.3
Real estate costs	**−11.8**	−14.5	**−11.2**	−13.5
Administrative expenses	**−15.2**	−11.3	**−15.4**	−8.0
Other usage and maintenance costs	**−62.6**	−60.6	**−61.7**	−58.9
Capital losses on fixed assets	**−0.1**	−2.5	**−0.1**	−1.1
Total	**−149.1**	−140.8	**−147.1**	−138.6
AUDITORS' FEES				
KPMG, Authorised Public Accountants				
Auditing fees	**0.0**	−0.1	**0.0**	−0.1
Other fees	**0.0**	0.0	**0.0**	0.0
PricewaterhouseCoopers, ATAs				
Auditing fees	**−0.1**	−0.1	**−0.1**	−0.1
Other fees	**−0.1**	−0.2	**−0.1**	−0.2
Total	**−0.2**	−0.4	**−0.2**	−0.4

EUR million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
7. FINANCIAL INCOME AND EXPENSES				
Profit from associated companies	**0.0**	0.0	**0.2**	0.0
Interest income from investments:				
From Group companies	**0.0**	0.0	**0.2**	2.3
From associated companies	**0.0**	0.0	**0.0**	0.0
From external parties	**0.0**	0.0	**0.0**	0.0
Other interest and financial income				
Interest income from current assets:				
From associated companies	**0.0**	0.0	**0.0**	0.0
From external parties	**0.4**	0.8	**0.4**	0.8
Other financial income from current assets:				
From external parties	**3.2**	0.0	**3.2**	
Total financial income	**3.6**	0.8	**4.0**	3.1
Share of associates' results	**0.0**	0.0	**0.0**	0.0
Interest expenses				
To Group companies			**–1.3**	–1.3
To external parties	**–0.7**	–9.2	**–0.7**	–9.1
Other financial expenses				
To Group companies	**0.0**	0.0	**0.0**	0.0
To associated companies	**0.0**	0.0	**0.0**	0.0
To external parties	**–0.2**	–0.1	**–0.2**	–0.2
Total financial expences	**–0.9**	–9.3	**–2.2**	–10.6
Total	**2.7**	–8.5	**1.8**	–7.5
8. EXTRAORDINARY ITEMS				
Extraordinary profit items:				
Group contributions received	**0.0**	0.0	**1.0**	74.1
9. APPROPRIATIONS				
Change in depreciation difference	**0.0**	0.0	**–4.2**	–4.2
Decrease in voluntary provisions	**0.0**	0.0	**0.0**	0.0
Total	**0.0**	0.0	**–4.2**	–4.2
10. INCOME TAXES				
Income tax for the period	**0.1**	–15.6	**0.1**	–19.3
Change in deferred tax assets	**–0.2**	0.5	**0.0**	0.0
Change in deferred tax liabilities	**–1.0**	–5.7	**0.0**	0.0
Total	**–1.1**	–20.8	**0.1**	–19.3

NOTES TO THE BALANCE SHEET

EUR million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
1. INTANGIBLE ASSETS				
Intangible rights	**0.1**	0.0	**0.1**	0.0
Goodwill	**71.4**	75.3	**71.4**	75.3
Other non-current assets	**9.5**	3.8	**9.5**	3.8
Consolidation difference	**2.4**	2.5	**0.0**	0.0
Total	**83.4**	81.6	**81.0**	79.1
Intangible rights				
Acquisition cost 1 Jan.	**0.0**	0.0	**0.0**	0.0
Increase	**0.1**	0.0	**0.1**	0.0
Bookvalue 31 Dec.	**0.1**	0.0	**0.1**	0.0
Goodwill				
Acquisition cost 1 Jan.	**83.3**	82.7	**83.3**	82.7
Increase	**0.3**	0.6	**0.3**	0.6
Acquisition cost 31 Dec.	**83.6**	83.3	**83.6**	83.3
Accumulated amortisation 1 Jan.	**–8.0**	–3.9	**–8.0**	–3.9
Amortisation for the period	**–4.2**	–4.1	**–4.2**	–4.1
Accumulated amortisation 31 Dec.	**–12.2**	–8.0	**–12.2**	–8.0
Book value 31 Dec.	**71.4**	75.3	**71.4**	75.3
2. CONSOLIDATION DIFFERENCE				
Acquisition cost 1 Jan.	**2.6**	9.4	**0.0**	0.0
Increase	**0.0**	0.0	**0.0**	0.0
Decrease	**0.0**	–6.8	**0.0**	0.0
Acquistion cost 31 Dec.	**2.6**	2.6	**0.0**	0.0
Accumulated amortisation 1 Jan.	**–0.1**	0.0	**0.0**	0.0
Amortisation for the period	**–0.1**	–0.1	**0.0**	0.0
Accumulated amortisation 31 Dec.	**–0.2**	–0.1	**0.0**	0.0
Book value 31 Dec.	**2.4**	2.5	**0.0**	0.0

EUR million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Other non-current assets				
Acquisition cost 1 Jan.	**8.8**	8.3	**8.8**	8.3
Increase	**8.7**	0.5	**8.7**	0.5
Decrease	**0.0**	0.0	**0.0**	0.0
Acquisition cost 31 Dec.	**17.5**	8.8	**17.5**	8.8
Accumulated amortisation 1 Jan.	**–5.1**	–2.3	**–5.1**	–2.3
Amortisation for the period	**–2.9**	–2.7	**–2.9**	–2.7
Accumulated amortisation 31 Dec.	**–8.0**	–5.0	**–8.0**	–5.0
Book value 31 Dec.	**9.5**	3.8	**9.5**	3.8

Activation grounds were expanded in 2007 with regard to computer software and rented store premises. The impact of this change in the book entry method was EUR 6.7 million.

EUR million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Advances paid				
Acquisition cost 1 Jan.	**0.0**	0.3	**0.0**	0.0
Increase	**0.0**	0.0	**0.0**	0.0
Capitalised	**0.0**	–0.3	**0.0**	0.0
Book value 31 Dec.	**0.0**	0.0	**0.0**	0.0

EUR million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
3. TANGIBLE ASSETS				
Land and water	**2.6**	2.1	**0.3**	0.3
Buildings and structures	**17.0**	15.1	**1.7**	0.6
Machinery and equipment	**44.7**	48.0	**44.3**	47.5
Other tangible assets	**0.0**	0.0	**0.0**	0.0
Advances paid and work in progress	**0.2**	0.1	**0.2**	0.2
Total	**64.5**	65.3	**46.6**	48.6
Land and water				
Acquisition cost 1 Jan.	**2.1**	19.9	**0.3**	0.0
Increase	**0.6**	0.8	**0.0**	0.0
Decrease; sales	**–0.1**	–18.6	**0.0**	0.3
Acquisition cost 31 Dec.	**2.6**	2.1	**0.3**	0.3
Book value 31 Dec.	**2.6**	2.1	**0.3**	0.3

Notes to the balance sheet

EUR million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Buildings and structures				
Acquisition cost 1 Jan.	**17.7**	121.5	**0.6**	0.2
Increase	**2.6**	0.6	**1.2**	0.6
Decrease; sales	**–0.1**	–103.2	**0.0**	–0.2
Accumulated depreciation on assets sold	**0.0**	–1.2	**0.0**	0.0
Acquisition cost 31 Dec.	**20.1**	17.7	**1.8**	0.6
Accumulated depreciation and write-downs 1 Jan.	**–2.6**	–1.8	**0.0**	0.0
Depreciation for the period	**–0.6**	–1.9	**–0.1**	0.0
Accumulated depreciation on assets sold	**0.0**	1.2	**0.0**	0.0
Accumulated depreciation and write-downs 31 Dec.	**–3.2**	–2.6	**–0.1**	0.0
Book value 31 Dec.	**17.0**	15.1	**1.7**	0.6
Machinery and equipment				
Acquisition cost 1 Jan.	**71.4**	55.1	**70.7**	54.3
Increase	**10.4**	17.2	**10.4**	17.2
Decrease	**–0.6**	–0.8	**–0.6**	–0.7
Acquisition cost 31 Dec.	**81.3**	71.5	**80.6**	70.8
Accumulated depreciation 1 Jan.	**–23.4**	–10.8	**–23.2**	–10.7
Depreciation for the period	**–13.1**	–12.7	**–13.0**	–12.6
Accumulated depreciation 31 Dec.	**–36.5**	–23.5	**–36.2**	–23.3
Book value 31 Dec.	**44.7**	48.0	**44.3**	47.5
Other tangible assets:				
Acquisition cost 1 Jan.	**0.0**	0.1	**0.0**	0.0
Increase	**0.0**	0.0	**0.0**	0.0
Decrease	**0.0**	–0.1	**0.0**	0.0
Acquisition cost 31 Dec.	**0.0**	0.0	**0.0**	0.0
Accumulated depreciation 1 Jan.	**0.0**	0.0	**0.0**	0.0
Depreciation for the period	**0.0**	0.0	**0.0**	0.0
Accumulated depreciation 31 Dec.	**0.0**	0.0	**0.0**	0.0
Book value 31 Dec.	**0.0**	0.0	**0.0**	0.0

EUR million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Advances paid and work in progress				
Acquisition cost 1 Jan.	**0.1**	1.0	**0.2**	1.0
Increase	**2.2**	0.0	**2.2**	0.0
Introduced	**−2.1**	−0.9	**−2.1**	−0.8
Book value 31 Dec.	**0.2**	0.1	**0.2**	0.2
4. INVESTMENTS				
Holdings in Group companies	**0.0**	0.0	**12.6**	12.6
Other investments:				
Receivables from Group companies	**0.0**	0.0	**7.1**	1.1
Holdings in associated companies	**9.2**	9.3	**9.3**	9.3
Receivables from associated companies	**0.0**	0.0	**0.0**	0.0
Other shares and holdings	**1.5**	0.6	**1.5**	0.6
Other receivables	**0.0**	0.1	**0.0**	0.0
Total other investments	**1.5**	0.7	**17.9**	11.0
Total	**10.7**	10.0	**30.5**	23.6
Holdings in Group companies				
Acquistion cost 1 Jan.	**0.0**	0.0	**12.6**	47.7
Increase	**0.0**	0.0	**0.0**	8.5
Transfers between items	**0.0**	0.0	**0.0**	4.3
Decrease; sales	**0.0**	0.0	**0.0**	−47.9
Acquisition cost 31 Dec.	**0.0**	0.0	**12.6**	12.6
Book value 31 Dec.	**0.0**	0.0	**12.6**	12.6
Holdings in associated companies				
Holdings 1 Jan.	**9.3**	14.5	**9.3**	14.5
Increase	**0.0**	8.9	**0.0**	8.9
Transfers between items	**0.0**	0.0	**0.0**	−4.3
Decrease; sales	**0.0**	−14.1	**0.0**	−9.8
Other change in holdings	**−0.1**	0.0	**0.0**	0.0
Holdings 31 Dec.	**9.2**	9.3	**9.3**	9.3
Book value 31 Dec.	**9.2**	9.3	**9.3**	9.3

Notes to the balance sheet

EUR million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Other shares and holdings				
Acquisition cost 1 Jan.	**0.6**	6.6	**0.6**	6.5
Increase	**0.9**	0.0	**0.9**	0.0
Decrease; sales	**0.0**	−6.0	**0.0**	−5.8
Acquisition cost 31 Dec.	**1.5**	0.6	**1.5**	0.6
Book value 31 Dec.	**1.5**	0.6	**1.5**	0.6
Total shares and holdings				
Acquisition cost 1 Jan.	**9.9**	21.0	**22.5**	68.7
Increase	**0.9**	8.9	**0.9**	17.4
Decrease; sales	**0.0**	−20.1	**0.0**	−63.5
Other change in holdings	**−0.1**	0.0	**0.0**	0.0
Acquisition cost 31 Dec.	**10.6**	9.9	**23.4**	22.5
Accumulated write-downs 31 Dec.	**0.0**	0.0	**0.0**	0.0
Book value 31 Dec.	**10.6**	9.9	**23.4**	22.5
Investment receivables				
Receivables from Group companies				
Receivables 1 Jan.	**0.0**	0.0	**1.1**	89.3
Increase	**0.0**	0.0	**6.1**	0.4
Repayments	**0.0**	0.0	**−0.1**	0.0
Decrease; sales	**0.0**	0.0	**0.0**	−88.6
Book value 31 Dec.	**0.0**	0.0	**7.1**	1.1
Receivables from associated companies				
Receivables 1 Jan.	**0.0**	0.1	**0.0**	0.1
Increase	**0.0**	0.0	**0.0**	0.0
Transfers between items	**0.0**	0.0	**0.0**	0.0
Repayments	**0.0**	0.0	**0.0**	0.0
Decrease; sales	**0.0**	−0.1	**0.0**	−0.1
Book value 31 Dec.	**0.0**	0.0	**0.0**	0.0

These receivables are from Koskelan Ostokeskus Oy. The loan is being paid back in quarterly instalments. The interest on the loan is 7 per cent.

EUR million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Other receivables				
Receivables 1 Jan.	**0.1**	0.0	**0.0**	0.0
Decrease; sales	**–0.1**	0.0	**0.0**	0.0
Book value 31 Dec.	**0.0**	0.1	**0.0**	0.0

5. CURRENT ASSETS

Stocks	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Goods for sale	**77.9**	76.9	**76.4**	75.5

Receivables

Short-term receivables:	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Accounts receivables	**8.0**	12.8	**8.0**	12.6
Receivables from Group companies	**0.0**	0.0	**1.3**	78.5
Receivables from associated companies	**0.8**	1.2	**0.8**	1.2
Deferred tax assets	**1.4**	1.5	**0.0**	0.0
Other receivables	**14.3**	16.3	**14.0**	15.5
Accrued income and prepaid expenses	**3.0**	1.7	**2.8**	1.6
Total	**27.5**	33.5	**26.9**	109.4

Short-term accrued income and prepaid expenses include:	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Outstanding annual compensation	**0.0**	0.0	**0.0**	0.0
Outstanding interest	**0.0**	0.1	**0.0**	0.1
Other outstanding expense compensation	**1.8**	1.1	**1.8**	1.0
Other prepaid operating expenses	**1.2**	0.5	**1.0**	0.5
Total	**3.0**	1.7	**2.8**	1.6

Receivables from Group companies

Short-term receivables	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Accounts receivable	**0.0**	0.0	**0.0**	0.0
Other receivables	**0.0**	0.0	**1.0**	78.4
Accrued income and prepaid expenses	**0.0**	0.0	**0.3**	0.1
Total	**0.0**	0.0	**1.3**	78.5

Receivables from associated companies	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Other receivables	**0.8**	0.0	**0.8**	1.2
Accrued income and prepaid expenses	**0.0**	0.0	**0.0**	0.0
Total	**0.8**	0.0	**0.8**	1.2

NOTES TO THE BALANCE SHEET

	Group		Parent Company	
EUR million	**2007**	2006	**2007**	2006
Deferred tax assets				
Long-term assets:				
Timing differences of special purpose vehicles	**0.5**	0.3	**0.0**	0.0
Consolidation	**0.9**	1.2	**0.0**	0.0
Total	**1.4**	1.5	**0.0**	0.0

Deferred tax assets due to Tradeka Ltd's confirmed loss (EUR 20.6 million), totalling EUR 5.4 million, has not been entered.

6. SHAREHOLDERS' EQUITY

Share capital	**33.4**	32.8	**33.4**	32.8
Share capital increase	**0.0**	0.1	**0.0**	0.1
Share issue	**0.0**	0.5	**0.0**	0.5
Share capital 31 Dec.	**33.4**	33.4	**33.4**	33.4
Non-restricted equity				
Retained earnings 1 Jan.	**–8.9**	0.0	**–13.5**	0.0
Net profit/loss for the previous period	**65.0**	–8.9	**62.6**	–13.5
Retained profit 31 Dec.	**56.1**	–8.9	**49.1**	–13.5
Net profit/loss for the financial year	**–18.2**	65.0	**–20.4**	62.6
Non-restricted equity 31 Dec.	**37.9**	56.1	**28.7**	49.1

The company's share capital by class of shares	**2007**	2006
A shares	**3,233,000**	3,233,000
B shares	**110,000**	55,000

A and B shares differ each other in terms of the right to a dividend. A shares confer the normal right to a dividend, while B shares entitle the holder to a dividend that may not exceed 99.5% of the distributable non-restricted shareholds' equity.

EUR million	**31 Dec. 2007**	31 Dec. 2006
Accumulated appropriations		
Depreciation difference	**12.9**	8.8

EUR million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
The amount transferred from appropriations to shareholders' equity	**9.7**	6.5		
Statutory reserves				
Pension reserves	**0.6**	0.5	**0.6**	0.5
Rental liability reserve	**3.3**	4.0	**3.3**	4.0
Total	**3.9**	4.5	**3.9**	4.5

7. LIABILITIES

	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Other long-term:				
Subordinated loans	**0.0**	14.7	**0.0**	14.7
Other payables to Group companies	**0.0**	0.0	**0.0**	58.5
Deferred tax liabilities	**5.8**	4.8	**0.0**	0.0
Other payables	**5.0**	5.0	**5.0**	5.0
Total	**10.8**	9.8	**5.0**	63.5
Short-term:				
Loans from financial institutions	**0.3**	0.4	**0.0**	0.0
Advances received	**0.2**	0.2	**0.2**	0.2
Accounts payable	**70.0**	63.4	**68.1**	62.1
Payables to Group companies	**0.0**	0.0	**0.0**	0.1
Payables to associated companies	**61.9**	51.6	**61.8**	51.6
Other payables	**9.3**	9.5	**9.2**	9.4
Accruals	**47.3**	69.2	**47.3**	69.2
Total	**189.0**	194.3	**186.6**	192.6
Total liabilities	**199.8**	204.1	**191.6**	256.1
Short-term accruals include:				
Unpaid discounts (loyal customer refund)	**19.0**	17.7	**19.0**	17.7
Unpaid personnel costs	**27.7**	26.3	**27.7**	26.3
Other unpaid operating expenses	**0.4**	1.0	**0.4**	1.0
Unpaid financial expenses	**0.0**	4.8	**0.0**	4.8
Rent deposits	**0.2**	0.1	**0.2**	0.1
Unpaid taxes	**0.0**	19.3	**0.0**	19.3
Total	**47.3**	69.2	**47.3**	69.2

NOTES TO THE BALANCE SHEET

EUR million	Group 2007	Group 2006	Parent Company 2007	Parent Company 2006
Payables to Group companies				
Other long-term liabilities to Group companies	**0.0**	0.0	**0.0**	58.5
Short-term:				
Accounts payable		0.0	**0.0**	0.1
Accruals		0.0	**0.0**	0.0
Payables to Group companies	**0.0**	0.0	**0.0**	0.1
Total	**0.0**	0.0	**0.0**	58.6
Payables to associated companies				
Short-term				
Accounts payable	**61.0**	51.6	**61.0**	51.6
Accruals	**0.9**	0.0	**0.8**	0.0
Total	**61.9**	51.6	**61.8**	51.6
Deferred tax liabilities				
Long-term:				
Appropriations by special purpose vehicles	**3.4**	2.3	**0.0**	0.0
Allocated consolidation asset	**2.4**	2.5	**0.0**	0.0
Total	**5.8**	4.8	**0.0**	0.0
Subordinated loans				
Subordinated loans 1 Jan.	**14.7**	67.1	**14.7**	67.1
Increase	**0.0**	0.1	**0.0**	0.1
Decrease	**–14.7**	–52.5	**–14.7**	–52.5
Subordinated loans 31 Dec.	**0.0**	14.7	**0.0**	14.7
Loans from financial institutions				
Total	**0.3**	0.4	**0.0**	0.0
In short-term liabilities	**–0.3**	–0.4	**0.0**	0.0
In long-term liabilities	**0.0**	0.0	**0.0**	0.0
Amortisation within next 2–5 years	**0.0**	0.0	**0.0**	0.0
Due after five years	**0.0**	0.0	**0.0**	0.0
Other payables				
Total	**5.0**	5.0	**5.0**	5.0
Due after five years	**5.0**	5.0	**5.0**	5.0

	Group		Parent Company	
EUR million	**2007**	2006	**2007**	2006
OTHER NOTES				
Commitments and contingencies				
Real estate and business mortgages, pledged as security for debts				
Loans from financial institutions	**0.3**	0.4	**0.0**	0.0
Group account with credit facility	**37.0**	22.0	**37.0**	22.0
Warranty and letter-of-credit limits	**3.0**	3.0	**3.0**	3.0
Pledged real estate mortgages	**0.0**	0.0	**0.0**	0.0
Pledged business mortgages	**370.0**	370.0	**250.0**	250.0
Total	**370.0**	370.0	**250.0**	250.0

EUR 0.7 million of the warranty limit and EUR 0.3 million of the letter-of-credit limit were in use.

Other pledges				
Book value of pledged shares	**0.5**	0.5	**0.5**	0.5
Deposit guarantees and rental guarantees	**0.8**	0.5	**0.8**	0.5
Total	**1.3**	1.0	**1.3**	1.0

Rental guarantees include guarantees with drawn from the warranty limit.

Amounts due for leasing contracts				
Payable the following year	**2.2**	2.5	**2.2**	2.5
Payable later	**3.0**	4.4	**3.0**	4.4
Total	**5.2**	6.9	**5.2**	6.9

Lease liabilities payable later include rent for equipment and equipment redemption price and return price.

Pledges given on behalf of Group companies				
Guarantees given	**1.2**	1.0	**1.2**	1.0
Rental guarantees	**0.3**	0.3	**0.3**	0.3
Total	**1.5**	1.3	**1.5**	1.3

The EUR 1.0 million guarantee given on behalf of T-Kiinteistöt Oy is included in the warranty and letter-of-credit limit and enables the use of the limit under the name of T-Kiinteistöt Oy. The limit was not in use under the name of T-Kiinteistöt Oy on 31 December 2007.

Other contingent liabilities				
Interest liabilities due to convertible bonds	**0.0**	4.8	**0.0**	4.8
Lease liabilities				
Payable the following year	**60.1**	56.1	**60.1**	56.1
Payable later	**312.3**	365.3	**312.3**	365.3
Total	**372.4**	421.4	**372.4**	421.4

Interest-rate swaps

Interest-rate swaps with a nominal value of EUR 111.0 million were dissolved on 29 January 2007. Their dissolution value of EUR 3.2 million has been entered as other financial income.

Subsidiaries

	Location	Shareholding
Helsingin Nummitie 1, Ki Oy	Helsinki	100%
Jyrängön Palvelukeskus Oy	Heinola	50%
Oxfotintie 1, Ki Oy	Espoo	100%
Oulun Eka, Ki Oy	Oulu	100%
Peimarin Puoti Oy	Paimio	84%
Peltosaaren Liikekeskus	Riihimäki	60%
Vantaan Simonsampo, Ki Oy	Vantaa	100%
ZAO Renlund Spb	St. Petersburg	100%
T-kiinteistöt Oy	Helsinki	100%

Associated companies

	Location	Shareholding
Fintorus Oy	Lappeenranta	21%
Koskelan Ostokeskus Oy	Oulu	29%
Kärpäsen Ostoskeskus Oy	Lahti	26%
Lohikosken Liikekeskus Oy	Jyväskylä	26%
Punkalaitumen Pankkitalo As Oy	Punkalaidun	34%
Suvilahden Palvelukeskus Oy	Vaasa	29%
Tuko Logistics Oy	Kerava	39%
Voisalmen Ostoskeskus Oy	Lappeenranta	50%

Signatures of the financial statements and the report of the Board of Directors

Helsinki, 10 March 2008

Michael Rosenlew Chairman	Juha Laisaari Vice Chairman
Max Alfthan	Juha Hellgren
Kristian Kemppinen	Christian Ramm-Schmidt
Leena Saarinen President & CEO	

Auditor's report

To the shareholders of Tradeka Oy

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Tradeka Oy for the period 1.1.–31.12.2007. The Board of Directors and the Managing Director have prepared the report of the Board of Directors and the financial statements, which include the consolidated and parent company balance sheet, income statement, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these financial statements, as well as on the report of the Board of Directors and on administration of the parent company.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report of the Board of Directors and 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 administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies' Act.

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

Helsinki, 10 March 2008

KPMG Oy Ab	PricewaterhouseCoopers Oy Authorised Public Accountants
Jukka Rajala, APA	Kim Karhu, APA

Corporate governance
and management

Tradeka Ltd is increasing the company's shareholder value on a long-term basis. Good corporate governance practices are followed in the management of the Group. In this way, the prerequisites are created for the shareholders' active participation, and responsibilities are defined for the shareholders, the Board of Directors and the management.

CORPORATE GOVERNANCE STRUCTURE

Tradeka Ltd's corporate governance complies with the Companies Act, other related Finnish legislation and the company's Articles of Association. The company applies sound business principles in managing its business, aiming at increasing shareholder value on a long term basis and taking stakeholder groups and the principles of sustainable development into consideration.

Tradeka's highest decision-making body is the shareholders' meeting, which annually elects the Board of Directors. The Board of Directors sets up Audit and Compensation Committees for each term. The President & CEO and the Corporate Management Team are in charge of operational action. The President & CEO reports regularly to the Board of Directors. The responsibility for the operation of business units lies on the Vice Presidents for the units, who report to the President & CEO.

SHAREHOLDERS' MEETING

Tradeka's shareholders use their decision power in shareholders' meetings. The Annual General Meeting (AGM) convenes annually, in June at the latest. An extraordinary general meeting is summoned when the Board of Directors considers it necessary or when required by the Companies Act. The Board of Director convenes the general meeting and determines the time and place when the meeting takes place.

The duties of the Annual General Meeting include, among other things, decision-making regarding the confirming of consolidated financial statements and balance sheet, the discharging of the Board of Directors and the President & CEO from liability for the accounts, the possible payment of dividends and the nomination of the members and deputy members of the Board of Directors and their remuneration and the selection of auditors.

BOARD OF DIRECTORS

The Annual General Meeting elects the Board of Directors, comprising 3–10 members. The term of the Board of Directors lasts until the next Annual General Meeting. The Board of Directors is in charge of the due organisation of the company's management, operations, accounting and financial management control. The Board of Directors elects a Chairman amongst its members.

The Board of Directors convenes 10–12 times a year. Its tasks include the strategic development of the company and the control and guidance of its business operations. The Board of Directors makes decisions regarding the company's strategy, its long-term business plans, significant organisational changes and the essential operating principles of the group. In addition, it makes the decisions on significant investments and buying and selling of retail property, shares or business operations. The Board of Directors also appoints the company's President & CEO and his/her direct subordinates.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors sets up an Audit Committee comprising its members, which is responsible for preparing, coordinating and assessing risk management, internal control, the company's financial status and reporting and audit and internal auditing. The Audit Committee meets 2–4 times a year. The Audit Committee follows the agenda accepted for it by the Board of Directors. The Board of Directors also sets up a Compensation Committee from amongst its members, which meets whenever necessary and is tasked with preparing management remuneration issues and major issues pertaining to the organisation and appointments.

PRESIDENT & CEO

The President & CEO's task is to manage the company's operations and administration according to valid legislation and instructions and orders of the company's Board of Directors and to inform the Board of Directors of the development of the company's business operations and financial situation. In addition, the President & CEO is responsible for organising the company's day-to-day management and for ensuring that the company's financial management has been reliably organised. The Corporate Management Team supports the President & CEO in the company's management.

MANAGEMENT TEAM

The Management Team comprises the President & CEO and other people elected to it by the Board of Directors at the President & CEO's suggestion.

CONTROL SYSTEMS AND RISK MANAGEMENT

Tradeka Group's co-ordination and control of business operations are based on the management system described above. The Group applies reporting systems required for efficient business monitoring.

Internal Auditing

The company's Internal Auditing is set up by the Board of Directors, and it reports to the Audit Committee and to the President & CEO. Internal Audit is responsible for checking and assessing the appropriateness and effectiveness of the Group's internal control system, the reliability of financial information and reporting, and the adherence to rules, operating principles and instructions. The Audit Committee approves audit plans for Internal Auditing and the related audit reports are presented to the Audit Committee on a biannual basis.

External Audit

The AGM elects at least one firm of Authorised Public Accountants or at least one auditor and one deputy auditor for one financial year at a time. Auditors must be Authorised Public Accountants or firms of Authorised Public Accountants, certified by the Central Chamber of Commerce. The auditors issue their statutory auditors' report as part of the company's financial statements and report on their observations to the Audit Committee and the Board of Directors on a regular basis.

Risk Management

Business risk management aims to safeguard the company's business development and ensure smooth business operations. At operational level, Tradeka has defined risk-management responsibilities on a store- and project-specific basis. The Board's Audit Committee co-ordinates and controls risk management.

Tradeka's shareholders contribute actively to company's development

Board of Directors and auditors in 2007

MICHAEL ROSENLEW
Chairman
b. 1959
M.Sc. (Econ. & Bus.Adm.)
Industri Kapital/Partner
Chairman since 17 August 2007, Vice Chairman until 17 August 2007
On Tradeka Ltd's Board of Directors since August 2005

ANTTI REMES
b. 1947
M.Sc. (Econ. & Bus.Adm.), vuorineuvos
(Finnish honorary title)
Chairman until 17 August 2007, member until 31 December 2007
On Tradeka Ltd's* Board of Directors since 1994

JUHA LAISAARI
Vice Chairman
b. 1947, Master of Laws trained on the bench
Cooperative Tradeka Corporation/President & CEO
Vice Chairman since 17 August 2007, member from 1 July 2007, until 17 August 2007
On Tradeka Ltd's* Board of Directors since July 2007

MAX ALFTHAN
Member
b. 1961
M.Sc. (Econ. & Bus.Adm.)
Amer Sports Corporation/ Vice President, Communications
On Tradeka Ltd's Board of Directors since September 2005

JUHA HELLGREN
Member
b. 1958
engineer
Wihuri Oy/President & CEO
On Tradeka Ltd's Board of Directors since September 2005

KRISTIAN KEMPPINEN
Member
b. 1974
M.Sc. (Econ. & Bus.Adm.)
Industri Kapital/Partner
On Tradeka Ltd's Board of Directors since September 2006

CHRISTIAN RAMM-SCHMIDT
Member
b. 1946
B.Sc. (Econ. & Bus.Adm.)
Merasco Capital Oy/Partner
On Tradeka Ltd's Board of Directors since September 2005

TERHI RAATESALMI
Employee representative, with the right to attend and speak at the meeting
b. 1964
Tradeka Oy/regional shop steward
Employee representative on Tradeka Ltd's Board of Directors since January 2006

MARKKU UITTO
b. 1964
M.Sc. (Econ. & Bus.Adm.)
Tradeka Oy/President & CEO until 17 August 2007
On Tradeka Ltd's Board of Directors since August 2005, until August 2007

AUDITORS
KPMG Oy Ab
Chief Auditor JUKKA RAJALA
b. 1965, M.Sc. (Econ. & Bus.Adm.), APA

PricewaterhouseCoopers Oy
Chief Auditor KIM KARHU
b. 1956, M.Sc. (Econ. & Bus.Adm.), APA

* or current Tradeka Ltd's predecessor

Corporate management team in 2007

LEENA SAARINEN
b. 1960
M.Sc. (Food Technology)
President & CEO since
1 December 2007

NICLAS AHLBOM
b. 1966
M.Sc. (Econ. & Bus.Adm.)
Vice President, Valintatalo Chain
At Tradeka Ltd since 2005, in the current position since 2006

VEIJO HEINONEN
b. 1961
M.Sc. (Econ. & Bus.Adm.)
Vice President, Siwa Chain
At Tradeka Ltd* since 1998, in the current position since 2006

JAANA LEHTO
b. 1962
M.Sc. (Econ. & Bus.Adm.)
Vice President, Business Development
At Tradeka Ltd* since 1990, in the current position since 2006

KARI LUOTO
b. 1968
eMBA
Vice President, CRM and marketing
At Tradeka Ltd* since 1990, in the current position since 2002

JUHANI MAST
b. 1946
QBA
Vice President, Euromarket Chain
At Tradeka Ltd* since 1961, in the current position since 2006

TIMO PUROSALO
b. 1966
M.Sc. (Econ. & Bus.Adm.)
Vice President & CFO
At Tradeka Ltd since 2005, in the current position since 2005

JUSSI TOLVANEN
b. 1974
M.Sc. (Econ. & Bus.Adm.)
Vice President, Product Management
At Tradeka Ltd* since 1999, in the current position since 2004

MARKKU UITTO
b. 1964
M.Sc. (Econ. & Bus.Adm.)
President & CEO until 17 August 2007

ANTTI REMES
b. 1947
M.Sc. (Econ. & Bus.Adm.)
Temporary President & CEO between 17 August and 30 November 2007

* or current Tradeka Ltd's predecessor

Tradeka
Stores

Over the last 25 years, Finland's most popular neighbourhood shop, Siwa, has grown into the market leader in its sector, its chain comprising a total of 544 (+6) outlets at the year end, from Hanko to Inari. The size of the shops varies between less than 100 and 400 square metres. Siwas are reliable and approachable stores, which provide their customers with easy solutions for every-day life.

Valintatalo is Finland's oldest grocery chain, whose first outlet was opened in 1966. At one time introducing Finns to prawns, this grocery shop still has the latest trendy convenience goods in its product range. The number of outlets within the chain totalled 184 (+1) at the end of the year. Valintatalo has responsible business operations at heart, which is why the decision was made to apply for the Nordic Swan environment label for all stores of the chain – as the first chain in Finland.

Euromarket operates in major growth centres. In addition to its extensive and diversified range of groceries, it provides excellent opportunities for easy shopping for frequently used consumables. Euromarket is a good place to buy, offering more products than supermarkets, more quickly than traditional hypermarkets. The year-end number of Euromarket stores totalled 26. Euromarket is a store that rewards loyal customers.

Tradeka's loyal customer scheme, YkkösBonus, is Finland's most extensive service network and is represented by a variety of firms. The scheme involves 19 partner organisations and more than 2,300 outlets accept the YkkösBonus card across Finland. In addition, YkkösBonus MasterCard awards additional bonuses on all your shopping. 2.2 million customers in more than one million households in Finland hold an YkkösBonus card. The YkkösBonus slogan is 'A Windfall Once a Year'.

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Go green:
visit a
neighbourhood
shop

Tradeka

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