SUOMEN LÄHIKAUPPA OY

FINANCIAL STATEMENTS 2008

REPORT BY THE BOARD OF DIRECTORS

Development of the business environment

According to the Research Institute of the Finnish Economy (ETLA 2008/2), in 2008, the Finnish GDP growth rate stood at 2.8 percent compared with 4.4 percent the previous year. Consumer expenditure increased by 2.9 percent (3.8%). The decline in the global economy had an impact on the economic situation in Finland, particularly towards the end of the year. Consumers' faith in the Finnish economy reached its lowest point for a number of years. Consumers' perceptions of their own financial prospects were also more negative, even though the income of the working population will increase by several percent in 2009.

The turnover recorded by the member companies of the Finnish Grocery Trade Association (FGTA) was EUR 11.9 billion. This represented a growth of 8.7% over the previous year. According to Statistics Finland, the price of food and non-alcoholic beverages increased by 8.3%. According to the FGTA's statistics, hypermarkets and department stores (+ 12.0%) and small grocery stores (+ 11.8%) showed the biggest increase in sales. The lowest increase in sales was recorded by supermarkets with a floor area of less than 400 m^2 (+ 5.0%).

The rise in food prices has curbed the growth of consumption, and the general uncertainty over the future has rendered the purchasing behavior of consumers increasingly cautious. In particular, there has been a reduction in the purchases of durable goods and consumers have clearly been focusing more on price when buying their groceries.

Group structure and shareholdings

The Suomen Lähikauppa Oy Group is made up of Suomen Lähikauppa Oy, which is involved in the grocery industry, and its subsidiaries, ZAO Renlund SPb (based in St. Petersburg) and T-Kiinteistöt Oy, which manages the Group's retail properties. At the end of the financial year, the Group also had five retail property subsidiaries and five associated retail property companies. In addition, Tuko Logistics Oy (shareholding 39%) and Fintorus Oy (shareholding 21%) are associated companies of the Group.

The main shareholders of Suomen Lähikauppa Oy, with a holding of 66%, are investment funds managed by IK Investment Partners. Other shareholders include Cooperative Tradeka Corporation (15.76%), Wihuri Oy (15.76%) and the company's management (2.48%).

Key events in business operations

The preparation of the new strategy began at the start of 2008 under the leadership of the new President and CEO, Leena Saarinen, who was appointed in December 2007. The strategy was used as a basis for a corporate change program outlining a gradual progression towards the new vision for the local store.

In the first stage of the change program, we focused on the development of current business operations and initiated a restructuring of the management model for our stores. At the beginning of 2009, the development of the necessary instruments to centralize the management of the stores' local activities moved from the planning to the implementation stage. The newly developed grocery supply chain management system reached its implementation stage in the fall of 2008.

Starting on April 1, 2008, an organizational reform was implemented based on the need to improve the direction and management of the whole retail value chain by placing it under the direct control of the management team. The role of the new Consumers and Brands division is to strengthen the development of brands and concepts by positioning the consumer and client at the heart of the decision-making process.

The Product Management division is responsible for the supply of grocery products and for the product range stocked by stores in the Siwa and Valintatalo chains. The management of operations at the stores in the Siwa and Valintatalo chains was centralized under an overriding Retail Operations division.

The Euromarket chain was allocated a separate division within the organization, in order to be able to better highlight the features characteristic of operations in large stores. The Euromarket chain division is responsible for the marketing of the chain, concept development, the supply of groceries and consumables and the corresponding product ranges, while the Retail Operations division is in charge of the operational management of the stores.

Following the completion of the new strategy with its focus on local stores, it was time to reassess our corporate name and visual identity. The new name and corporate visual identity were adopted on December 29, 2008, and coincided with the relocation of our headquarters to our new premises at Sörnäistenkatu in Helsinki.

At the end of the year, Suomen Lähikauppa ran a total of 759 stores (+ 2 compared to 2007), three of which were located in Russia. In total, 18 new outlets were opened in 2008 and 16 stores were closed. Refurbishments took place in 35 outlets. Operations at the Lohja Euromarket came to a close at the end of December.

At the end of the financial period, the service agreement between Suomen Lähikauppa and Cooperative Tradeka Corporation on the provision of certain administrative services (including financial administration and IT services) expired. Following the expiry of the service agreement, 33 employees and a small amount of fixed assets were acquired by Restel Oy. This measure did not affect the Group's financial results for 2008 in any significant way.

Research and development

Development forms an integral part of Suomen Lähikauppa's daily business. In 2008, we carried out a number of development projects as requested by the management and the Board of Directors. The most important of these were the projects which focused on store-specific management and the restructuring of the store management model as well as the development of the grocery supply chain. The costs of these projects are presented as costs in the financial period.

Risks and other aspects crucial to business development

Risk management forms an integral part of Suomen Lähikauppa's day-to-day business planning and management. The Head of Internal Audit is in charge of the risk management process. Business risk management aims to safeguard the company's business development and to ensure smooth business operations. The risk assessment for the new strategy was begun at the end of 2008. Risk management will be brought into effect in the 2010 action plan.

Financial position and financing

In 2008, Suomen Lähikauppa's turnover was EUR 1,411.9 million (+ 1.8% compared to the previous year). This growth was lower than the market average. Suomen Lähikauppa's business operations focus on supermarkets with a floor area of less than 400 m2.

The Group recorded a loss of EUR 23.5 million before extraordinary items compared with the previous year's loss of EUR 17.1 million. The 2008 results were impacted negatively by development measures and the rapid decline in the overall economic situation towards the end of the year.

In spite of the losses indicated by last year's results, Suomen Lähikauppa's financial base remains solid. The operating result excluding non-recurring expenses showed positive development during the financial period. The company's balance structure is strong and it has practically no debt.

Investments in the period totaled EUR 19.9 million compared with EUR 21.4 million a year ago.

Key figures

EUR million	**2008**	2007	2006
Turnover	**1,411.9**	1,387.2	1,332.7
Loss/profit	**-22.8**	-19.8	94.3
- % of turnover	**-1.6**	-1.4	7.1
Profit/loss before extraordinary items	**-23.5**	-17.1	85.8
Return on equity (%)	**-39.7**	-22.5	113.7
Equity ratio (%)	**18.4**	26.1	28.7
Gearing (%)	**-7.0**	-15.4	-17.1
Balance sheet total	**260.2**	285.5	313.2

Employees

The number of full-time Suomen Lähikauppa Oy employees averaged 5,008 in 2008 (4,979 in 2007 and 4,867 in 2006). The number of contractual employees at the end of the year totaled 7,084 (7,179 in 2007 and 7,177 in 2006), including staff who are on the payroll but who are currently on leave of absence. In addition, the subsidiary in St. Petersburg employed 151 people. During the financial period, Suomen Lähikauppa paid wages and salaries to the value of EUR 140.7 million (129.8 million in 2007 and EUR 124.7 million in 2006).

Environmental issues

Suomen Lähikauppa Oy complies with the environmental program which has been confirmed by the company. Environmental management forms part of the Group's day-to-day decision-making and management system.

At the end of the year, Suomen Lähikauppa Oy signed the energy efficiency agreement for Finnish companies (Operational Program for Commerce). In accordance with this agreement, we aim to reduce our energy usage by 9% by 2016. The Valintatalo chain continued to take part in the Nordic Environmental Label (Swan Ecolabel) audits, with nine of its stores now having earned the right to use the label.

Administration and auditors

The parent company's Board of Directors comprised: Michael Rosenlew (Chairman), Juha Laisaari (Vice Chairman), Max Alfthan, Juha Hellgren, Kristian Kemppinen, Christian Ramm-Schmidt and Leena Saarinen. The Board of Directors held 10 meetings in 2008.

The Audit Committee, elected by the Board of Directors from among its members, comprised Kristian Kemppinen, Max Alfthan, and Juha Laisaari. The Audit Committee held two meetings in 2008.

The Compensation Committee comprised Michael Rosenlew, Christian Ramm-Schmidt and Juha Hellgren.

The company's auditors were PricewaterhouseCoopers, with Kim Karhu acting as Chief Auditor.

Prospects for 2009

The most crucial elements of the Group's operations over the next few months are reacting to changes in behavior and monitoring the development of the market situation. Costs incurred by development projects and changes in operations will continue to have an impact on its result. At the same time, the company continues to seek to improve profitability through organizational reform and improved operating efficiency.

Board proposal for profit distribution

The Board of Directors proposes that no dividends be distributed.

INCOME STATEMENT

EUR million	Note	Group **2008**	2007	Parent **2008**	2007
TURNOVER	1	**1,411.9**	1,387.2	**1,399.6**	1,374.9
Other income from business operations	2	**11.4**	10.2	**10.3**	9.5
Materials and services	3	**-1,061.9**	-1,054.6	**-1,052.4**	-1,044.7
Personnel costs	4	**-174.0**	-163.7	**-172.8**	-162.5
Depreciation/amortization and write-downs	5	**-22.1**	-20.9	**-21.4**	-20.2
Other operating costs	6	**-188.1**	-178.0	**-186.4**	-176.1
Total		**-1,446.1**	-1 417.2	**-1,433.0**	-1,403.5
OPERATING LOSS (PROFIT)		**-22.8**	-19.8	**-23.1**	-19.1
Financial income	7	**0.1**	3.6	**0.6**	4.0
Financial expences	7	**-0.8**	-0.9	**-1.7**	-2.2
LOSS (PROFIT) before extraordinary items		**-23.5**	-17.1	**-24.2**	-17.3
Extraordinary items	8	**0.0**	0.0	**0.2**	1.0
LOSS (PROFIT) before tax		**-23.5**	-17.1	**-24.0**	-16.3
Appropriations	9	**0.0**	0.0	**-4.2**	-4.2
Income tax	10	**-0.2**	-1.1	**-0.0**	0.1
Minority interest		**0.0**	-0.0		
NET LOSS (PROFIT)		**-23.7**	-18.2	**-28.2**	-20.4

BALANCE SHEET

EUR million	Note	**Group** **2 008**	2 007	**Parent** **2 008**	2 007
ASSETS					
Fixed and other non-current assets:					
Intangible assets	1	**79.0**	81.0	**78.9**	81.0
Consolidation difference	2	**2.3**	2.4		
Tangible assets	3	**56.6**	64.5	**41.4**	46.6
Investments:	4				
Holdings in Group companies		**9.2**	9.2	**11.7**	12.6
Other investments		**1.5**	1.5	**15.7**	17.9
Total fixed and other non-current assets		**148.5**	158.5	**147.8**	158.1
Current assets:	5				
Stocks		**74.7**	78.0	**73.3**	76.4
Receivables		**23.4**	27.5	**21.3**	26.9
Cash and bank		**13.6**	21.5	**13.2**	20.2
Total current assets		**111.6**	127.0	**107.9**	123.5
TOTAL ASSETS		**260.2**	285.5	**255.6**	281.6

LIABILITIES AND SHAREHOLDERS ' EQUITY					
Shareholders' equity:	6				
Share capital		**33.4**	33.4	**33.4**	33.4
Retained earnings		**37.9**	56.1	**28.7**	49.1
Net loss (profit) for the period		**-23.7**	-18.2	**-28.2**	-20.4
Total shareholders' equity		**47.6**	71.4	**34.0**	62.2
Minority interest		**0.3**	0.3	**17.1**	12.9
Appropriations				**17.1**	12.9
Statutory reserves		**6.8**	3.9	**6.8**	3.9
Liabilities:	**7**				
Long-term liabilities		**11.8**	10.8	**5.0**	5.0
Short-term liabilities		**193.6**	199.1	**192.7**	197.6
Liabilities total		**205.4**	209.9	**197.7**	202.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**260.2**	285.5	**255.6**	281.6

CASH FLOW STATEMENT

EUR million	Group 2008	2007	Parent 2008	2007
CASH FLOW FROM OPERATIONS				
Loss (profit) before extraordinary items	**-23.5**	-17.1	**-24.2**	-17.3
Adjustments:				
+ Planned depreciation	**22.1**	20.9	**21.4**	20.2
- /+ Other non-cash income and expenses	**3.1**	-0.8	**3.9**	-0.6
- /+ Financial income and expenses	**0.7**	-2.6	**0.3**	-1.8
- /+ Other adjustments; profit and loss from trade	**-0.8**	0.0	**-0.1**	0.0
Cash flow before change in working capital	**1.6**	0.3	**1.4**	0.5
Change in working capital:				
Increase (-) / decrease (+) in non-interest-bearing current accounts receivable	**4.8**	5.8	**4.5**	83.7
Increase (-) / decrease (+) in stocks	**3.1**	-1.0	**3.1**	-0.9
Increase (+) / decrease (-) in non-interest-bearing current liabilities	**-3.8**	16.7	**-3.6**	15.9
Cash flow from operations before financial items and tax	**5.7**	21.8	**5.4**	99.1
Interest paid and financial expenses	**-0.8**	-5.7	**-0.8**	-7.0
Dividends received	**0.2**	0.2	**0.2**	0.2
Interest received	**0.1**	3.6	**0.4**	3.7
Direct tax paid	**0.0**	-19.2	**0.0**	-19.2
Cash flow from operations	**5.1**	0.7	**5.2**	76.8
CASH FLOW FROM INVESTMENTS				
Investments in tangible and intangible assets	**-19.2**	-20.6	**-17.8**	-18.6
Capital gains on tangible and intangible assets	**6.5**	0.8	**2.4**	0.5
Investments in other financial assets	**-0.8**	-0.9	**-0.8**	-0.9
Capital gains on other investments	**0.6**	0.0	**0.6**	0.0
Loans granted	**0.0**	0.0	**-0.1**	-6.1
Repayment of loan receivables	**0.0**	0.1	**2.3**	0.1
Cash flow from investments	**-12.8**	-20.6	**-13.2**	-24.9
CASH FLOW FROM FINANCING:				
Short-term loans taken out	**-0.2**	10.1	**0.0**	11.0
Long-term loans taken out	**0.0**	0.0	**0.0**	-73.2
Repayment of long-term loans	**0.0**	-14.7	**1.0**	0.0
Cash flow from financing	**-0.2**	-4.6	**1.0**	-62.2
CHANGE IN LIQUID ASSETS:	**-7.9**	-24.4	**-7.0**	-10.3
LIQUID ASSETS JAN 1	**21.5**	45.9	**20.2**	30.4
LIQUID ASSETS DEC 31	**13.6**	21.5	**13.2**	20.2

Suomen Lähikauppa Oy is the parent company of the Suomen Lähikauppa Group. The company is domiciled in Helsinki. Copies of the consolidated financial statements are available on request from Suomen Lähikauppa Oy, Sörnäistenkatu 2, FI-00580 Helsinki.

PREPARATION PRINCIPLES OF THE FINANCIAL STATEMENTS

Valuation principles

Fixed assets are stated at acquisition cost less planned depreciation. In the new business structure the assets are depreciated over their economic lives as follows:

The depreciation periods are:	
Goodwill	20 years
Computer software	5 years
Other long-term expenditure	5–10 years
Buildings and structures	15–40 years
Machinery and equipment	3–7 years
Other tangible assets	5–10 years

Goodwill is depreciated over 20 years based on the assumption that the income effect generated by goodwill is a minimum of 20 years.

Significant investments in computer software are capitalized and amortized over their estimated economic life.

Other long-term expenditure includes the paving and refurbishment of leased plots. These expenses are depreciated over 10 years, unless the duration of the lease agreements requires a shorter depreciation period.

Renovation costs of rented store properties are capitalized when the benefit from their capitalization is divided between several financial periods.

These renovation costs are amortized over a maximum of 5 years, depending on the expiration of the rental agreement. Investments are stated at cost.

Stocks, which consist of daily consumer goods and consumer durables, are stated at the original acquisition cost or at the lower cost of likely realizable 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 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 per cent.

The consolidated balance sheet includes deferred tax liabilities as a whole and deferred tax assets according to a very cautious estimate.

PREPARATION PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

Scope of the consolidated financial statements and changes in the Group structure

The consolidated financial statements include the accounts of all Group companies and associated companies.

In September 2008, Suomen Lähikauppa Oy divested its holdings in the real estate companies Kiinteistö Oy Espoon

Oxfotintie and Kiinteistö Oy Helsingin Nummitie 2.

The subsidiaries and associated companies are listed on page 21.

ACCOUNTING PRINCIPLES FOR THE 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 December 31, 2008, EUR 0.2 million was allocated to land and EUR 8.7 million to buildings. The amount allocated to buildings will be amortized 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 unrealized 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 into euros using the average exchange rate quoted for the financial year, and its balance sheet is translated into euros using the exchange rate quoted on the closing date.

Associated companies

Associated companies are consolidated using the equity method. With the exception of Tuko Logistics Oy, the associated companies are all real estate companies.

The Group's share of these companies' profit, in proportion to Group shareholding, is shown in financial items, and for Tuko Logistics, in other operating income.

NOTES TO THE INCOME STATEMENT

EUR million	Group 2008	2007	Parent 2008	2007
1. TURNOVER				
Turnover by chain				
Euromarket stores	**314.9**	322.4	**314.9**	322.4
Valintatalo stores	**457.7**	446.9	**457.7**	446.9
Siwa stores	**618.6**	596.7	**618.6**	596.7
Other sales	**20.8**	21.2	**8.5**	8.9
Total	**1,411.9**	1,387.2	**1,399.6**	1,374.9

Turnover comes mainly from domestic retail sales. Other sales include the sales by the Russian subsidiary, which are worth EUR 12.4 million (EUR 12.5 million in 2007).

2. OTHER OPERATING INCOME				
Rental income	**9.4**	9.1	**9.1**	8.9
Proceeds from the sale of fixed assets	**1.2**	0.1	**0.4**	0.0
Other income	**0.7**	0.9	**0.7**	0.5
*Share of associated company's profits	**0.1**	0.1		
Total	**11.4**	10.2	**10.3**	9.5

*Tuko Logistics Oy

OPERATING EXPENSES

3. MATERIALS AND SERVICES				
Purchases	**-1,058.8**	-1,055.6	**-1,049.4**	-1,045.7
Change in stocks	**-3.1**	1.0	**-3.1**	0.9
Total	**-1,061.9**	-1,054.6	**-1,052.4**	-1,044.7

Marketing income (EUR 28.9 million) for the period has been transferred from "Purchases" to "Other operating expenses".

4. PERSONNEL COSTS				
Wages and salaries	**-140.7**	-129.8	**-139.6**	-128.8
Pensions	**-24.2**	-22.4	**-24.0**	-22.2
Other personnel costs	**-9.1**	-11.5	**-9.1**	-11.5
Total	**-174.0**	-163.7	**-172.8**	-162.5

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

Management remuneration:				
President & CEO and deputy	**0.3**	0.4	**0.3**	0.4
Members of the Board	**0.3**	0.2	**0.3**	0.2
Total	**0.7**	0.6	**0.6**	0.6

EUR million	Group		Parent	
	2008	2007	**2008**	2007
Average number of Group employees				
Clerical and managerial staff	**383**	365	**383**	365
Other staff	**6,701**	6,814	**6,701**	6,814
Staff abroad	**151**	151		
Total	**7,235**	7,330	**7,084**	7,179

5. DEPRECIATION, AMORTIZATION AND WRITE-DOWNS				
Goodwill	**-4.2**	-4.2	**-4.2**	-4.2
Depreciation of other long-term expenditure	**-3.8**	-2.9	**-3.8**	-2.9
Buildings	**-0.6**	-0.6	**-0.1**	-0.0
Machinery and equipment	**-13.4**	-13.1	**-13.3**	-13.1
Other tangible assets	**-0.0**	-0.0	**-0.0**	-0.0
Consolidation difference	**-0.1**	-0.1		
Total	**-22.1**	-20.9	**-21.4**	-20.2

6. OTHER OPERATING EXPENSES				
Total expenses from sales	**-0.2**	-1.7	**-0.2**	-1.7
Marketing expenses	**-21.2**	-22.4	**-21.1**	-22.4
Rental expenses	**-68.7**	-64.2	**-69.3**	-63.6
Real estate expenses	**-13.2**	-11.8	**-11.7**	-11.2
Administrative expenses	**-12.7**	-15.2	**-12.9**	-15.5
Other operating and maintenance expenses	**-71.7**	-62.6	**-70.9**	-61.7
Loss on sale of fixed assets	**-0.4**	-0.1	**-0.4**	-0.1
Total	**-188.1**	-178.0	**-186.4**	-176.1

The figure for "Marketing expenses" includes EUR 28.9 million of marketing income. In 2007, this figure was included under "Purchases" under Materials and services.

AUDITORS' FEES

KPMG, Authorized Public Accountants				
Auditing fees	**0.0**	0.0	**0.0**	0.0
Other fees	**0.0**	0.0	**0.0**	0.0
PricewaterhouseCoopers, Authorized Public Accountants				
Auditing fees	**0.1**	0.1	**0.1**	0.1
Other fees	**0.0**	0.1	**0.0**	0.1
Total	**0.1**	0.2	**0.1**	0.2

NOTES TO THE INCOME STATEMENT

EUR million	Group **2008**	2007	Parent **2008**	2007
7. FINANCIAL INCOME AND EXPENSES				
Profit from associated companies	**0.0**	0.0		
Profit from shares in participating interest companies			**0.2**	0.2
Interest income from investments:				
in Group companies			**0.4**	0.2
in participating interest companies	**0.0**	0.0	**0.0**	0.0
from third parties	**0.0**	0.0	**0.0**	0.0
Other interest and financial income				
Interest income from current assets:				
from third parties	**0.1**	0.4	**0.1**	0.4
Other financial income from current assets:				
from third parties	**0.0**	3.2	**0.0**	3.2
Total financial income	**0.1**	3.6	**0.6**	4.0
Share of associated companies' profits	**-0.0**	-0.0	**0.0**	0.0
Depreciation of investments in fixed assets	**-0.0**	0.0	**-1.0**	0.0
Interest expenses:				
to Group companies			**0.0**	-1.3
to third parties	**-0.6**	-0.7	**-0.8**	-0.7
Total interest expenses	**-0.6**	-0.7	**-0.8**	-2.0
Other financial expenses:				
to third parties	**-0.1**	-0.2	**0.0**	-0.2
Total interest and other financial expenses	**-0.8**	-0.9	**-0.8**	-2.2
Total financial expenses	**-0.8**	-0.9	**-1.7**	-2.2
Net financial income and expenses	**-0.7**	2.6	**-1.1**	1.8

8. EXTRAORDINARY ITEMS

Extraordinary income				
Group contributions received	**0.0**	0.0	**0.2**	1.0

The Group contribution was received from T-Kiinteistöt Oy.

9. APPROPRIATIONS				
Change in depreciation difference			**-4.2**	-4.2

10. INCOME TAXES				
Tax advances paid in the financial period			**0.0**	0.0
Income tax for previous financial periods			**-0.0**	0.1
Tax for the period	**-0.1**	0.1		
Change in deferred tax assets	**0.9**	-0.1		
Change in deferred tax liabilities	**-1.1**	-1.0		
Total	**-0.2**	-1.1	**-0.0**	0.1

NOTES TO THE BALANCE SHEET

EUR million	Group **2008**	2007	Parent **2008**	2007
1. INTANGIBLE ASSETS				
Intangible rights	**0.1**	0.1	**0.1**	0.1
Goodwill	**67.3**	71.4	**67.3**	71.4
Other long-term expenditure	**11.6**	9.5	**11.6**	9.5
Consolidation difference	**2.3**	2.4	**0.0**	0.0
Total	**81.3**	83.4	**78.9**	81.0
Intangible rights				
Acquisition cost	**0.1**	0.0	**0.0**	0.0
Increase	**0.0**	0.0	**0.1**	0.0
Decrease; sales	**-0.0**	0.0	**0.0**	0.0
Book value Dec 31	**0.1**	0.1	**0.0**	0.0
Goodwill				
Acquisition cost Jan 1	**83.6**	83.3	**83.6**	83.3
Increase	**0.0**	0.3	**0.0**	0.3
Decrease	**0.0**	-0.0	**0.0**	0.0
Acquisition cost Dec 31	**83.6**	83.6	**83.6**	83.6
Accumulated depreciation Jan 1	**-12.2**	-8.0	**-12.2**	-8.0
Depreciation for the period	**-4.2**	-4.2	**-4.2**	-4.2
Accumulated depreciation Dec 31	**-16.4**	-12.2	**-16.4**	-12.2
Book value Dec 31	**67.3**	71.4	**67.3**	71.4
2. CONSOLIDATION DIFFERENCE				
Acquisition cost Jan 1	**2.6**	2.6	**0.0**	0.0
Increase	**0.0**	0.0	**0.0**	0.0
Acquisition cost Dec 31	**2.6**	2.6	**0.0**	0.0
Accumulated depreciation Jan 1	**-0.2**	-0.1	**0.0**	0.0
Depreciation for the period	**-0.1**	-0.1		
Accumulated depreciation Dec 31	**-0.3**	-0.2	**0.0**	0.0
Book value Dec 31	**2.3**	2.4	**0.0**	0.0
Other long-term expenditure				
Acquisition cost Jan 1	**17.5**	8.8	**17.5**	8.8
Increase	**6.1**	8.7	**6.1**	8.7
Decrease	**-0.1**	-0.0	**-0.1**	-0.0
Acquisition cost Dec 31	**23.5**	17.5	**23.5**	17.5
Accumulated depreciation Jan 1	**-8.0**	-5.1	**-8.0**	-5.1
Depreciation for the period	**-3.8**	-2.9	**-3.8**	-2.9
Accumulated depreciation Dec 31	**-11.8**	-8.0	**-11.8**	-8.0
Book value Dec 31	**11.6**	9.5	**11.6**	9.5
Advance payments				
Acquisition cost Jan 1	**0.0**	0.0	**0.0**	0.0
Increase	**0.0**	0.0	**0.0**	0.0
Capitalized	**0.0**	-0.0	**0.0**	-0.0
Book value Dec 31	**0.0**	0.0	**0.0**	0.0

EUR million	Group **2008**	2007	Parent **2008**	2007
3. TANGIBLE ASSETS				
Land and water	**2.0**	2.6	**0.1**	0.3
Buildings and structures	**13.2**	17.0	**0.2**	1.7
Machinery and equipment	**40.7**	44.7	**40.4**	44.3
Other tangible assets:	**0.0**	0.0	**0.0**	0.0
Advances paid and work in progress	**0.7**	0.2	**0.7**	0.2
Total	**56.6**	64.5	**41.4**	46.6

Land and water				
Acquisition cost Jan 1	**2.6**	2.1	**0.3**	0.3
Increase	**0.0**	0.6	**0.0**	0.0
Decrease; sales	**-0.6**	-0.1	**-0.2**	0.0
Acquisition cost Dec 31	**2.0**	2.6	**0.0**	0.0
Book value Dec 31	**2.0**	2.6	**0.1**	0.3

Buildings and structures				
Acquisition cost Jan 1	**20.2**	17.7	**1.8**	0.6
Increase	**1.3**	2.5	**0.0**	1.2
Decrease; sales	**-4.4**	-0.1	**-1.5**	0.0
Accumulated depreciation on assets sold	**0.0**	0.0	**-0.0**	0.0
Acquisition cost Dec 31	**17.1**	20.2	**0.3**	1.8
Accumulated depreciation and write-downs Jan 1	**-3.2**	-2.6	**-0.1**	-0.0
Depreciation for the period	**-0.6**	-0.6	**-0.1**	-0.0
Accumulated depreciation on assets sold	**0.0**	0.0	**0.0**	0.0
Accumulated depreciation and write-downs Dec 31	**-3.8**	-3.2	**-0.1**	-0.1
Book value Dec 31	**13.2**	17.0	**0.2**	1.7

Machinery and equipment				
Acquisition cost Jan 1	**81.3**	71.4	**80.6**	70.7
Increase	**9.9**	10.4	**9.9**	10.4
Decrease; sales	**-0.5**	-0.6	**-0.5**	-0.6
Accumulated depreciation on assets sold	**0.0**	-0.0	**0.0**	-0.0
Acquisition cost Dec 31	**90.7**	81.3	**90.0**	80.6
Accumulated depreciation Jan 1	**-36.6**	-23.5	**-36.3**	-23.2
Depreciation for the period	**-13.4**	-13.1	**-13.3**	-13.1
Accumulated depreciation on assets sold	**0.0**	0.0	**0.0**	0.0
Accumulated depreciation Dec 31	**-50.0**	-36.6	**-49.6**	-36.3
Book value Dec 31	**40.7**	44.7	**40.4**	44.3

Other tangible assets				
Acquisition cost Jan 1	**0.0**	0.0	**0.0**	0.0
Increase	**0.0**	0.0	**0.0**	0.0
Decrease	**-0.0**	-0.0	**0.0**	0.0
Acquisition cost Dec 31	**0.0**	0.0	**0.0**	0.0
Accumulated depreciation Jan 1	**-0.0**	-0.0	**-0.0**	-0.0
Depreciation for the period	**-0.0**	-0.0	**-0.0**	-0.0
Accumulated depreciation Dec 31	**-0.0**	-0.0	**-0.0**	-0.0
Book value Dec 31	**0.0**	0.0	**0.0**	0.0

EUR million	Group **2008**	2007	Parent **2008**	2007
Advance payments and work in progress				
Acquisition cost Jan 1	**0.2**	0.2	**0.2**	0.2
Increase	**0.5**	2.2	**0.5**	2.2
Capitalized	**0.0**	-2.1	**0.0**	-2.1
Book value Dec 31	**0.7**	0.2	**0.7**	0.2

4. INVESTMENTS

In Group companies	**0.0**	0.0	**11.7**	12.6
Other investments:				
Receivables from Group companies	**0.0**	0.0	**4.8**	7.1
Holdings in associated companies	**9.2**	9.2	**9.4**	9.3
Receivables from associated companies	**0.0**	0.0	**0.0**	0.0
Other shares and holdings	**1.4**	1.4	**1.4**	1.4
Other receivables	**0.0**	0.0	**0.0**	0.0
Other investments total	**1.5**	1.5	**15.7**	17.9
Total	**10.7**	10.6	**27.4**	30.5

Holdings in Group companies				
Acquisition cost Jan 1	**0.0**	0.0	**12.6**	12.6
Increase	**0.0**	0.0	**0.0**	0.0
Decrease; sales	**0.0**	0.0	**-0.0**	-0.0
Acquisition cost Dec 31	**0.0**	0.0	**12.6**	12.6
Accumulated depreciation Jan 1	**0.0**	0.0	**0.0**	0.0
Depreciation for the period	**0.0**	0.0	**-0.9**	0.0
Accumulated depreciation Dec 31	**0.0**	0.0	**-0.9**	0.0
Acquisition cost / Book value Dec 31	**0.0**	0.0	**11.7**	12.6

Holdings in associated companies				
Acquisition cost Jan 1	**9.2**	9.3	**9.3**	9.3
Increase	**0.8**	0.0	**0.8**	0.0
Transfers between items	**0.0**	0.0	**0.0**	0.0
Decrease; sales	**-0.6**	0.0	**-0.6**	0.0
Other change in holdings	**-0.1**	-0.1	**0.0**	0.0
Holdings Dec 31	**9.2**	9.2	**0.0**	0.0
Acquisition cost Dec 31	**0.0**	0.0	**9.5**	9.3
Accumulated depreciation Jan 1 and Dec 31	**0.0**	0.0	**0.0**	0.0
Depreciation for the period	**0.0**	0.0	**-0.0**	0.0
Accumulated depreciation Dec 31	**0.0**	0.0	**-0.0**	0.0
Book value Dec 31	**9.2**	9.2	**9.4**	9.3

Other shares and holdings				
Acquisition cost Jan 1	**1.4**	0.6	**1.4**	0.6
Increase	**0.0**	0.8	**0.0**	0.8
Decrease; sales	**0.0**	-0.0	**0.0**	0.0
Acquisition cost Dec 31	**1.4**	1.4	**1.4**	1.4
Accumulated depreciation Jan 1 and Dec 31	**0.0**	0.0	**0.0**	0.0
Book value Dec 31	**1.4**	1.4	**1.4**	1.4

NOTES TO THE BALANCE SHEET

EUR million	Goup 2008	2007	Parent 2008	2007
Total shares and holdings				
Acquisition cost Jan 1	**10.6**	9.9	**23.4**	22.5
Increase	**0.8**	0.9	**0.8**	0.9
Decrease; sales	**-0.6**	-0.0	**-1.6**	-0.0
Other change in holdings	**-0.1**	-0.1	**0.0**	0.0
Acquisition cost Dec 31	**10.6**	10.6	**22.6**	23.4
Accumulated depreciation Jan 1	**0.0**	0.0	**-0.9**	0.0
Book value Dec 31	**10.6**	10.6	**21.8**	23.4

Investment receivables

Receivables from Group companies				
Receivables Jan 1	**0.0**	0.0	**7.1**	1.1
Increase	**0.0**	0.0	**0.0**	6.1
Repayments	**0.0**	0.0	**-0.3**	-0.1
Decrease; sales	**0.0**	0.0	**-1.9**	-0.0
Acquisition cost Dec 31	**0.0**	0.0	**-4.8**	7.1
Book value Dec 31	**0.0**	0.0	**4.8**	7.1

Receivables from associated companies

Receivables Jan 1	**0.0**	0.0	**0.0**	0.0
Increase	**0.0**	0.0	**0.0**	0.0
Repayments	**-0.0**	-0.0	**-0.0**	-0.0
Book value Dec 31	**0.0**	0.0	**0.0**	0.0

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

Other receivables

Receivables Jan 1	**0.0**	0.1	**0.0**	0.0
Increase	**0.0**	0.0	**0.0**	0.0
Decrease; sales	**0.0**	-0.1	**0.0**	0.0
Book value Dec 31	**0.0**	0.0	**0.0**	0.0

5. CURRENT ASSETS

Stocks

Goods for sale	**74.7**	78.0	**73.3**	76.4

Receivables

Short-term receivables:				
Accounts receivable	**8.2**	8.1	**8.2**	8.0
Receivables from Group companies	**0.0**	0.0	**0.5**	1.2
Receivables from associated companies	**0.4**	0.8	**0.4**	0.8
Deferred tax assets	**2.3**	1.4	**0.0**	0.0
Other receivables	**9.1**	14.3	**9.1**	14.0
Accrued income and prepaid expenses	**3.3**	3.0	**3.2**	2.8
Total short-term receivables	**23.4**	27.5	**21.3**	26.9
Total	**23.4**	27.5	**21.3**	26.9

EUR million	Group **2008**	2007	Parent **2008**	2007
Short-term accrued income and prepaid expenses include:				
Outstanding interest	**0.0**	0.0	**0.0**	0.0
Other outstanding income	**2.5**	1.8	**2.5**	1.8
Other prepaid operating expenses	**0.8**	1.2	**0.7**	1.0
Total	**3.3**	3.0	**3.2**	2.8

Receivables from Group companies				
Short-term receivables:				
Accounts receivable	**0.0**	0.0	**0.0**	0.0
Other receivables	**0.0**	0.0	**0.2**	1.0
Accrued income and prepaid expenses	**0.0**	0.0	**0.2**	0.2
Total	**0.0**	0.0	**0.5**	1.2

Outstanding interest	**0.0**	0.0	**0.2**	0.2
Other outstanding income	**0.0**	0.0	**0.0**	0.0
Total	**0.0**	0.0	**0.2**	0.2

Receivables from associated companies				
Short-term receivables:				
Other receivables	**0.4**	0.8	**0.4**	0.8
Accrued income and prepaid expenses	**0.0**	0.0	**0.0**	0.0
Total short-term receivables	**0.4**	0.8	**0.4**	0.8
Total	**0.4**	0.8	**0.4**	0.8

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

Deferred tax assets				
Long-term assets:				
Timing differences of special purpose vehicles	**0.7**	0.5	**0.0**	0.0
Due to consolidation measures	**1.6**	0.9	**0.0**	0.0
Total	**2.3**	1.4	**0.0**	0.0

Deferred tax assets due to the company's confirmed loss (EUR 20.6 million), totaling EUR 5.4 million, not been entered.

EUR million	Group 2008	2007	Parent 2008	2007
6. SHAREHOLDERS' EQUITY				
Share capital on Jan 1 and Dec 31	**33.4**	33.4	**33.4**	33.4
Share capital on Dec 31	**33.4**	33.4	**33.4**	33.4
Non-restricted equity				
Retained earnings Jan 1	**56.1**	-8.9	**49.1**	-13.5
Profit/loss for the previous period	**-18.2**	65.0	**-20.4**	62.6
Retained earnings Dec 31	**37.9**	56.1	**28.7**	49.1
Loss for the period	**-23.7**	-18.2	**-28.2**	-20.4
Non-restricted equity Dec 31	**14.2**	37.9		
Share of retained appropriations entered in shareholders' equity	**12.8**	9.7		
Share capital by class of shares				
A shares			**3,233,000**	3,233,000
B shares			**110,000**	110,000

A and B shares differ from 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 shareholders' equity.

	Group 2008	2007	Parent 2008	2007
Retained appropriations and deferred tax liabilities				
Depreciation difference			**17.1**	12.9
Deferred tax liability			**4.4**	3.4
Tax rate used for calculation			**26%**	26%
Statutory reserves				
Pension reserves	**0.5**	0.6	**0.5**	0.6
Rental liability reserve	**6.3**	3.3	**6.3**	3.3
Total	**6.8**	3.9	**6.8**	3.9

EUR million	Group **2008**	2007	Parent **2008**	2007
7. LIABILITIES				
Other long-term liabilities:				
Deferred tax liability	**6.8**	5.8	**0.0**	0.0
Other debts	**5.0**	5.0	**5.0**	5.0
Total	**11.8**	10.8	**0.0**	0.0
Short-term liabilities:				
Loans from financial institutions	**10.2**	10.5	**11.1**	11.0
Advances received	**0.2**	0.2	**0.2**	0.2
Accounts payable	**71.3**	70.0	**69.8**	68.1
Debts to Group companies	**0.0**	0.0	**0.0**	0.1
Debts to associated companies	**53.7**	61.8	**53.7**	61.8
Other debts	**10.8**	9.3	**10.7**	9.2
Accrued expenses	**47.3**	47.3	**47.2**	47.3
Total	**193.6**	199.1	**192.7**	197.6
Total liabilities	**205.4**	209.9	**197.7**	202.6

The 2007 figure for "Loans from financial institutions" includes the consolidated account balance (EUR -11.0 million). This figure was previously recorded under "Cash and bank". The figure for "Loans from financial institutions" includes the balance of the T-Kiinteistöt Oy consolidated account, which amounts to EUR 0.8 million.

Short-term accrued expenses include:				
Unpaid discounts (loyal customer refund)	**16.4**	19.0	**16.4**	19.0
Unpaid personnel expenses	**28.0**	27.7	**28.0**	27.7
Other unpaid operating expenses	**2.7**	0.4	**2.6**	0.4
Unpaid financial expenses	**0.0**	0.0	**0.2**	0.2
Rent deposits	**0.2**	0.2	**0.0**	0.1
Total	**47.3**	47.3	**47.2**	47.3

Payable to Group companies				
Short-term:				
Accounts payable	**0.0**	0.0	**0.0**	0.1
Accrued expenses	**0.0**	0.0	**0.0**	0.0
Total	**0.0**	0.0	**0.0**	0.1

Debts to associated companies				
Short-term:				
Accounts payable	**52.6**	61.0	**52.6**	61.0
Other debts	**0.0**	0.0	**0.0**	0.0
Accrued expenses	**1.2**	0.9	**1.2**	0.9
Total	**53.7**	61.8	**53.7**	61.8

Deferred tax liabilities				
Long-term:				
Appropriations by special purpose vehicles	**4.5**	3.4	**0.00**	0.00
Allocated consolidation asset	**2.3**	2.4	**0.00**	0.00
Total	**6.8**	5.8	**0.00**	0.00

Other payables				
Total payables	**5.0**	5.0	**5.0**	5.0
Due after five years	**5.0**	5.0	**5.0**	5.0

OTHER NOTES

EUR million	Group **2 008**	2 007	Parent **2 008**	2 007
Commitments and contingencies				
Real estate and business mortgages pledged as security for debts				
Loans from financial institutions	**0.0**	10.5	**0.0**	11.0
Group account with credit facility	**22.0**	37.0	**22.0**	37.0
Warranty and letter-of-credit limits	**3.0**	3.0	**3.0**	3.0
Pledged real estate mortgages	**12.2**	0.0	**12.2**	0.0
Pledged business mortgages	**370.0**	370.0	**250.0**	250.0
Total	**382.2**	370.0	**262.2**	250.0

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

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

Rental guarantees include sums withdrawn from the warranty limit.

Amounts due for leasing contracts				
Payable the following year	**1.8**	2.2	**1.8**	2.2
Payable later	**2.7**	3.0	**2.7**	3.0
Total	**4.5**	5.2	**4.5**	5.2

Lease liabilities payable later include rent for equipment and equipment redemption or return costs. Lease contracts are made for a fixed term or for 1 to 7 years. The terms of the lease contracts are in line with generally accepted terms.

Pledges given on behalf of Group companies				
Guarantees given	**1.2**	1.2	**1.2**	1.2
Rental guarantees	**0.0**	0.3	**0.0**	0.3
Total	**1.2**	1.5	**1.2**	1.5

The EUR 1.0 million guarantee given on behalf of T-Kiinteistöt Oy is included in the warranty and letter-of-credit limit. This guarantee ensures that the limit can also be used in the name of T-Kiinteistöt Oy. The limit was not in use in the name of T-Kiinteistöt Oy on December 31, 2008.

Net lease liabilities				
Payable the following year	**54.0**	60.1	**54.0**	60.1
Payable later	**361.2**	312.3	**361.2**	312.3
Total	**415.2**	372.4	**415.2**	372.4

SUBSIDIARIES

		Location	Shareholding
Helsingin Nummitie 1, Ki Oy	(sold in 2008)	Helsinki	100%
Jyrängön Palvelukeskus Oy		Heinola	50%
Oxfotintie 1, Ki Oy	(sold in 2008)	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%
Lukonmäen Palvelukeskus Oy		Tampere	35%
Punkalaitumen Pankkitalo As Oy		Punkalaidun	34%
Suvilahden Palvelukeskus Oy	(sold in 2008)	Vaasa	29%
Tuko Logistics Oy		Kerava	39%
Voisalmen Ostoskeskus Oy		Lappeenranta	50%

SIGNATURES FOR THE BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Helsinki, March 4, 2009

Michael Rosenlew
Chairman

Juha Laisaari
Deputy Chairman

Max Alfthan

Juha Hellgren

Kristian Kemppinen

Christian Ramm-Schmidt

Leena Saarinen
President and CEO

AUDITOR'S REPORT

To the annual general meeting of Suomen Lähikauppa Oy

We have audited the accounting records, the financial statements, the Board of Directors' report and the administration of Suomen Lähikauppa Oy (previously Tradeka Oy) for the financial period January 1 to December 31, 2008. The financial statements comprise both consolidated and parent company balance sheets, income statements, cash flow statements and notes.

The responsibilities of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of the financial statements and the Board of Directors' report, and for ensuring that these give a true and fair view of the company position in accordance with the laws and regulations governing the preparation of financial statements and Board of Directors' reports in Finland. The Board of Directors is responsible for making appropriate arrangements for the monitoring of the company accounts and the President & CEO is responsible for ensuring that these accounts comply with the law and that the company's financial administration is conducted in a reliable manner.

Auditor's responsibility

The auditor must perform the audit in accordance with Finnish good auditing practice and must express an opinion on the financial statements, consolidated financial statements and the Board of Directors' report based on the audit. Good auditing practice requires that the auditor complies with ethical requirements and plans and performs the audit in such a way that it provides reasonable assurance that the financial statements and Board of Directors' report are free from material misstatement and that the members of the parent company's Board of Directors and its President and CEO have complied with the Limited Liability Companies Act.

The purpose of the audit procedures is to obtain assurance about the amounts and disclosures contained in the financial statements and the Board of Directors' report. The procedures are selected at the auditor's discretion and include an assessment of the risk of material misstatement due to fraud or error.

When designing appropriate audit procedures, the auditor must also consider the internal controls relating to the preparation and fair presentation of the financial statements. The audit also includes an evaluation of the general presentation of the financial statements and the Board of Directors' report, as well as the accounting principles and the accounting estimates used by company management.

The audit was performed in accordance with Finnish good auditing practice. We believe that the evidence we have obtained during the audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and Board of Directors' report give a true and fair view of the performance and financial position of the Group and its parent company in accordance with the laws and regulations governing the preparation of financial statements and annual reports in Finland.

The information provided in the Board of Directors' report is consistent with the information provided in the financial statements.

Helsinki, March 4, 2009

PricewaterhouseCoopers Oy
Authorized Public Accountants

Kim Karhu
Authorized Public Accountant