Spar Finland

ANNUAL REPORT 1997

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INFORMATION FOR SHAREHOLDERS

Annual General Meeting

The 1998 Annual General Meeting of Spar Finland plc shareholders will be held on Thursday 16 April 1998 in the auditorium of Spar Finland, Tiilenpolttajankuja 5, Vantaa, commencing at 2.00 pm. Shareholders wishing to attend the Meeting should inform the company no later than 4.00 pm on Tuesday 14 April 1998, tel. +358 205 32 6034.

Shareholders may attend the AGM who have registered themselves in the Company's shareholder register maintained by the Finnish Central Securities Depository Ltd. no later than 9 April 1998.

Shareholders whose shares have not been transferred to the book-entry securities system may also attend the AGM on condition that such shareholders were registered in the Company's shareholders register before 23 September 1994. In such a case, the shareholder must present at the AGM their share certificates, or other evidence that their shareholding rights have not been transferred to the book-entry securities system.

Dividend payment

The Board will propose that a dividend of FIM 4.00 on K and A Series shares be distributed for the financial year ending on 31 December 1997. The dividend decided by the General Meeting will be paid to shareholders who are registered in the Finnish Central Securities Depository Ltd. on the record date 21 April 1998. The Board proposes that the dividend payment date is 24 April 1998.

Amendments to shareholder information

Shareholders are required to give details of any changes in contact information or shareholdings to the register holding his shares.

Financial information

In 1998 Spar Finland plc publishes two interim reports. The first interim report will be published on 18 June, 1998 and the second report in October. The annual report and the interim reports are available in Finnish, Swedish and English. This information material can be obtained by telephone +358 205 32 6010, telefax +358 205 32 6011, or by writing to the following address: Spar Finland plc, P O Box 140, FIN-01721 Vantaa, Finland.

Spar Finland 1997

SPAR FINLAND PLC WAS FORMED IN 1997 BY MERGING SUOMEN SPAR OY ACQUIRED FROM KESKO OY WITH SENTRA PLC. SENTRA'S SALE OF ITS CARROLS BUSINESS TO KESKO OY MEANT SENTRA'S WITHDRAWAL FROM THE FASTFOOD BUSINESS. THIS TRANSACTION ADDED ABOUT 350 SPAR RETAIL FOOD SHOPS TO THE SENTRA GROUP, WHOSE ANNUAL TURNOVER IS NOW EXPECTED TO RISE TO FIM 4 BILLION. ON 2 JANUARY 1998 SENTRA PLC WAS RENAMED SPAR FINLAND PLC AND UNDER THAT NAME THE COMPANY'S SHARES ARE QUOTED ON THE OTC LIST OF THE HELSINKI STOCK EXCHANGE. THE SHARES ARE CODED SPAAV AND SPAKV.

Highlights of 1997

Spar Finland Group, FIM million	1997*)	1996-97
Net turnover	2,847.5	774.6
Operating profit	58.4	16.6
Profit after financial items	60.1	17.1
Earnings per share, FIM	34.31	9.91
Return on investment, %	27.3	9.9
Return on shareholders' equity, %	23.1	7.2
Solvency ratio, %	24.4	55.1
Equity per share, FIM	161.74	134.84
Personnel on 31 Dec. / 28 Feb.	1,374	1,519

*) Sentra plc's financial year was 10 months, 1 March - 31 December. Suomen Spar Oy operations were included from 1 May 1997 (8 months).

Spar Finland plc is a nationwide food wholesaler and retailer. Its shares are quoted on the OTC List of the Helsinki Stock Exchange and the company has about 600 shareholders.

Spar Finland develops the SPAR chain concepts, the network of stores, product ranges and marketing, and it also coordinates purchasing and joint operations on behalf of the SPAR Group. The company offers SPAR traders a range of services covering consulting, accounting and training. The Group's logistics and transport services are handled by Spar Finland plc's associated company TukoSpar Oy.

Spar Finland's head office and the regional office of its South Finland region are in Vantaa. The other regional offices are in Turku, Kuopio and Oulu. The Group employs more than one thousand food trading professionals.

Chief Executive's Review

The financial period just ended was in many respects an exceptional one for Spar Finland plc and it cannot be directly compared to previous years. The financial statements encompass Sentra plc's ten-month period as well as the accounts of Suomen Spar Oy and the associated company TukoSpar Oy for the last eight months of 1997. Even before the merger of the Sentra and Suomen Spar operations in May, Sentra's corporate structure had changed when the company divested its Carrols fastfood operation to concentrate exclusively on food retailing. The merger of the Sentra and Suomen Spar operations marked a manyfold increase in the Group's turnover. It also meant adoption of the SPAR brand name. A shareholders' meeting in the autumn decided to change the name of the parent company, Sentra plc, to Spar Finland plc with effect from the beginning of 1998, coinciding with the merger of Suomen Spar Oy and Sentra plc.

In 1997 we concentrated on integrating the Sentra and Suomen Spar operations. Our aim was to rapidly turn all Sentra's Priima stores into SPAR stores, thereby strengthening the SPAR brand by increasing its visibility especially in the Uusimaa area of southern Finland. This did not include Sentra's Rabatti stores, which work on a different concept to the SPAR stores. Through its Rabatti chain, Spar Finland competes in the neighbourhood discount store segment of the food retail market.

Besides integration, we also restarted a number of development projects in Suomen Spar which had been postponed while the company was part of the Tuko group. In particular we made an immediate start on refurbishing the SPAR stores as soon as the merger decision was made. By the end of the period 70 SPAR stores had been completely refurbished to correspond with consumers' perceptions of a successful and well managed food retail store today and their expectations based on the image projected by SPAR marketing.

At the same time we began extensive renewal of Suomen Spar's own store network. Essential modifications had been deferred in recent years, partly as a result of changes in the company's ownership structure. The need for change had built up and required rapid action. The renewal process during the period involved closure or divestment of 25 stores and conversion of another six SPAR stores to Rabatti outlets. The costs arising from this streamlining had a substantial impact on the result for the period but their effect will decline noticeably in successive financial years.

Despite the changes, our operative performance developed well during 1997. The Group's net turnover totalled FIM 2,847.5 million and our profit was FIM 39,3 million. The profit includes FIM 20 million in exceptional non-recurring costs arising from the restructuring as well as a FIM 40 million profit on the sale of the Carrols operation.

Heavier spotlight on Fair Food Trader theme

One of the most significant new moves in Spar Finland is a change in marketing strategy which began before Suomen Spar Oy's merger with the Sentra Group. This strategy puts high priority on strengthening the SPAR brand and developing the image of the SPAR stores. Our aim is to make SPAR stores the food shops of choice in their areas with an image based on a clear promise of good service.

The image of the SPAR stores has already been built around the theme of "Fair Food Trader" for almost two years and this has been further emphasized since Sentra came on the scene.

The Fair Food Trader theme reflects Spar Finland's basic corporate values, the most important of which is a strong commitment to the SPAR brand. The essence of the Spar group, a voluntary association of independent traders and Spar Finland's own stores, creates a solid foundation for developing a well functioning and profitable entity by combining the best features of entrepreneurship and chain marketing. The future challenge which all Spar employees must address is how well we can turn the benefits of cooperation into profitable action.

Bringing store network up to standard

Spar Finland's third area of development besides joint marketing and a stronger common bond, is to develop the store network. Our policy is threefold. The least profitable stores in the SPAR market group will be turned into Rabatti stores, which will mean an expansion of the Rabatti chain outside the Helsinki metropolitan area and the Uusimaa region. Secondly, new stores will mainly involve new outlets in the EUROSPAR and SUPERSPAR groups and we will also look for new business locations for the new SPAR express chain. Thirdly, we will continue the renewal process in the trader-driven SPAR markets with the aim of refurbishing 50 stores during 1998.

We estimate that Spar Finland's turnover will increase to around FIM 4 billion during 1998. The most substantial growth in sales is expected to come from the Group's large units, whereas aggregate sales from the smaller stores will decline as their number decreases.

The profit in 1998 is forecast to be lower than in 1997 owing to the exceptional profit on disposals included in review period's accounts. However, our result of operations is expected to show further strong development.

Björn Westerholm

Entrepreneurship is SPAR's strength

SPAR RETAILERS AND SPAR FINLAND TOGETHER FORM A STRONG FRAMEWORK FOR THE SPAR BUSINESS. THIS IS SUPPORTED BY THE POWER AND VISIBILITY OF THE SPAR BRAND, USING THE BEST EXPERTISE AND KNOW-HOW OF BOTH PARTIES. THE SPAR GROUP'S LOGISTICAL SERVICES ARE PROVIDED BY ITS PARTNER COMPANY TUKOSPAR.

Entrepreneurship is the foundation of the independent food retailer's business and it is also one of the SPAR group's most fundamental values. The SPAR business ethic also places strong emphasis on collaboration and the high performance typical of the self-employed. Each skilled independent retailer contributes his own knowhow for the benefit of the group. He is a fair trader close to his customers and therefore able to offer the high level of local service that they expect. He is also a hard worker able to generate relatively higher sales at lower cost, and therefore a better profit on average, than can equivalent shops managed by store managers in a chain.

JARI VAHTOLA, DIRECTOR, RETAILER OPERATION

Towards closer collaboration

International SPAR is a group of independent food retailers forming a voluntary association. This also well illustrates the SPAR activities in Finland. SPAR traders collaborate together voluntarily, while remaining strongly independent. Unlike chains, they do not apply any detailed set of procedures in their operations. However, the constant increase in competition in food retailing is challenging independent traders to forge close ties with each other in marketing and buying. As the retail sector concentrates further around larger and fewer groups, SPAR traders will have to increase collaboration in order to remain competitive. In practice this will mean applying more strictly the common principles by which the group operates. Joint buying offers substantial benefits but these can only be enjoyed if all traders are committed to working together.

Renewal in progress

Spar Finland's independent trader operation is experiencing vigorous renewal and development of the store network is proceeding rapidly. Altogether 70 stores were refurbished during 1997 and another 50 are targeted for renewal during 1998. Locations for new SPAR stores are being sought especially in areas where the SPAR network needs tightening up. This development, besides supporting individual traders, is also aimed at delivering the level of service promised by the nationwide promotion of the SPAR brand.

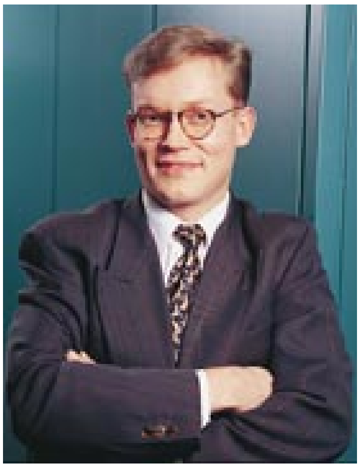
SPAR traders can rely on strong logistical services as they develop. These services are provided by TukoSpar, one of Finland's most efficient distribution companies in the food retailing market. Efficient warehousing and transportation are a clear competitive advantage, which each store is free to make use of individually.

The SPAR group is continuously working towards closer nationwide cooperation in marketing. This supports each store around the country and offers continuing good prospects for the SPAR concept. The new marketing policy emphasizes the SPAR brand and the trader's ability to provide the range of services which it stands for. Marketing centres around the theme of 'Food for Foodlovers' and is being implemented both locally and nationally. The SPAR marketing themes are built around bold promises, and each SPAR trader's top priority is to honour them.

Own stores develop chain concepts

SPAR FINLAND HAS 72 WHOLLY OWNED STORES. THREE OF THESE ARE EUROSPARS, 16 ARE SUPERSPARS AND 27 ARE SPAR MARKETS. THE COMPANY ALSO HAS 25 RABATTI NEIGHBOURHOOD DISCOUNT STORES, PLUS NEW SPAR EXPRESS SHOPS WHICH OPERATE ON THE CONVENIENCE STORE PRINCIPLE. THESE STORES ACCOUNTED FOR ALTOGETHER 26 % OF SPAR FINLAND'S SALES IN 1997.

The number of stores owned and run by Suomen Spar has remained virtually unchanged in recent years. Increasingly intense competition in the food retailing sector makes it essential to constantly re-evaluate and develop the store concepts and the way they operate. Spar Finland's centrally managed outlets in fact offer a fast and flexible method of testing new ideas and concepts.



ARI VIRNES, DIRECTOR, OWN STORES

The number is increasing as Spar Finland takes over smaller stores in situations where independent traders wish to pull out of the business and there is no new entrepreneur to take over. In many cases such stores are given a further lease of life by becoming part of the Spar Finland chain and adopting its mode of operation.

Based on the chain managed Rabatti concept which was vigorously developed by Sentra, Spar Finland is also well positioned to raise the profitability of the weakest stores by converting them into Rabatti discount stores.

In most cases streamlining of the operating concept has been enough to raise the profitability of stores whose operations have been continued. In 1997, however, it proved necessary to close down an exceptionally large number of smaller stores, partly in response to the static situation of the past few years, and partly as a consequence of restructuring thoughout the food retail sector. The trend is constantly favouring larger store sizes. The most successful smaller stores in the future will be those with a clear business concept. The programme of store renovation in progress is expected to raise their performance substantially during 1998.

Large stores benefit from strong support

Spar Finland plans to raise the number of EUROSPARs and SUPERSPARs in the next few years. Good group-wide cooperation is the key to the success of these large stores - both Spar Finland's own and those run by independent traders. Large store units benefit most from the advantages offered by cooperation throughout the chain. On the other hand the large units also play a key role in reaching the joint objectives. Collaboration is particularly evident in buying, where volume is the deciding factor in discounts and other benefits. It is a challenge for the entire SPAR group to develop internal cooperation in a manner which yields the biggest benefits for all its various parties.

At the end of 1997 Suomen Spar set in motion a chain concept project involving Spar Finland's own SUPERSPAR stores.The aim of this project is to find and test concrete ways of making chain concepts more efficient.The experience gained from the benefits of cooperation will be collected and when the project comes to a close this experience can be used to the benefit of not only the SUPERSPAR stores but also stores based on different concepts.

An essential focus of development in 1998 will also be renewal of the chain management system. Information systems are continuously assuming greater importance in retail shops as customer loyalty schemes become prevalent and purchasing control is driven more closely by sales. Underlying this development is the need to identify loyal customers and respond to changes in buying preferences more rapidly.

SPAR Group

SPAR GROUP CONTAINS 358 STORES IN 211 MUNICIPALITIES. ALTOGETHER 286 STORES, OR ROUGHLY 80 % OF THE TOTAL ARE MANAGED BY INDEPENDENT TRADERS AND 72 STORES, 20 %, ARE OWNED BY SPAR FINLAND. THE SPAR GROUP COMBINES THE ADVANTAGES OF CHAIN MANAGEMENT AND ENTREPRENEURSHIP. IT EMPLOYS SOME 2,500 FOOD TRADING PROFESSIONALS.

The SPAR Group specializes in food retailing and is recognized for its good service, top-quality products and strong brand. The SPAR chain concepts are EUROSPAR, SUPERSPAR, SPAR market and SPAR express. Spar Finland also has its own chain of Rabatti stores. The Group's operation is founded on entrepreneurship. SPAR stores are close to their customers. They are reliable shops and offer personal service, largely owing to the central role of their independent traders.

Spar Finland is part of the International SPAR organization, the world's leading consortium of independent retail food traders. SPAR members operate in 25 countries with altogether 19,000 SPAR stores. Most of these member countries are in Europe but SPAR stores also operate in Japan, South America, Argentina and Australia. International SPAR works to promote the SPAR name, develop new SPAR concepts and SPAR products, and coordinates the global SPAR interests.

*) share of total sales

EUROSPAR superstores have an average store area of 2100 square metres. The strength of the EURO-SPAR stores is their consistently low prices and large product range. The stores place special emphasis on fresh bread and other fresh products. EUROSPARs work on the principle of self-service. The service points in the stores are rented out, mainly to independent enterprises. EUROSPARs are all located beside main traffic routes.

SUPERSPARs, with a store area of over 1000 square metres, are the best and most preferred stores in their localities. SUPERSPARs offer a wide range of products, especially high-quality fresh goods, which put them on a par with delicatessens. SUPER-SPARs offer both guided self-service and personal service. The SPAR Group has 49 SUPERSPARs, 16 of which are owned and run by Suomen Spar.

SPAR markets represent the largest chain in the SPAR Group. They have a store area of less than 1000 square metres and are situated in population centres. SPAR markets rely on the strong personal efforts of their independent traders and they are also the clearest personification of SPAR's "Fair Food Trader" concept. Their strength is the widest range of products for their size, designed for lovers of good food.

SPAR express is the newest Spar Finland store concept and the product of an international development effort. SPAR expresses are situated in town and city centres along pedestrian routes, and are open from early in the morning to late at night. These stores, less than 100 square metres in size, combine the best features of local neighbourhood stores, kiosks and cafeterias. Their strengths are a wider range of products and snackfoods than is offered by their competitors. There are two SPAR express stores so far and a third is under construction.

Rabatti is Spar Finland's chain of discount neighbourhood stores. With a store area of around 400 square metres, these stores are situated in or very close to urban centres. They are based on self-service and low prices, combined with high-quality products and a clean, well managed appearance. Their products are carefully limited in range, consistently good value and a good alternative for shoppers needing to "top up" their main shopping with staple foods. There are 30 Rabatti stores, 25 of which are owned and run by Spar Finland.

EUROSPAR

– offers best local value

SPAR FINLAND OPERATES EUROSPARS IN ESPOONLAHTI, KOIVUKYLÄ (VANTAA) AND LAHTI. THE DECISION HAS ALSO BEEN TAKEN TO BUILD A FOURTH EUROSPAR, WHICH WILL BE SITUATED IN THE CENTRE OF ESPOO. CONSTRUCTION WILL BEGIN IN SPRING 1998. THE SALES OF THE EUROSPARS IN 1997 TOTALLED FIM 189 MILLION.

The EUROSPAR concept is to provide the best value for money throughout the locality. EUROSPARs have a store size of 1,900 - 2,200 m2. Situated close to heavily used traffic routes, they offer car owners an easy alternative for doing the full week's shopping at an attractive cost.

The range of products is limited, yet sufficiently comprehensive to meet all the basic necessities from food and cooking to household management. These stores place special emphasis on providing a wide range of fresh bread and other fresh products. Their main competitive strength is their consistently low overall price level, based on favourable pricing in all product categories.

Customers rely on consistent pricing

The Espoonlahti EUROSPAR, Spar Finland's oldest such superstore, has been in operation now for more than two years. Sales developed extremely well during 1997. The number of customers and the volume of purchases they make each visit have grown steadily. Their behaviour has demonstrated the viability of the EUROSPAR concept and the chain's marketing has clearly generated their confidence.

The EUROSPAR superstore in Koivukylä, Vantaa, opened in October 1996, also reached its profit targets and its volume of customers was likewise on a par with the Espoonlahti store. Purchasing power in its area in east Vantaa is lower than in Espoonlahti, however, and this was reflected in a noticeably smaller volume of purchases per visit.

The EUROSPAR in Lahti, opened in March 1996, met notably fiercer competition during the year. However, here as well, the EUROSPAR concept had demonstrated its worth by the end of the year as sales began to rise.

The positive development of the EUROSPARs indicates that consumers place confidence in the consistently low prices they offer. The chain reinforces this perception by regularly publishing a comprehensive price list enabling shoppers to easily compare prices with other stores.

Standard of service up

EUROSPARs regularly measure their performance. This is done by an outside company using a research method based on the perspective of consumers. The results are then used to further develop the operation of the stores, paying close attention to consumer opinion.

Development of the EUROSPARs focuses on raising their operational performance and broadening the range of services they offer. Their well stocked and prominently displayed ranges of fish and vegetables are one example. Each EUROSPAR superstore also has its own bakery on the premises. Price is their main competitive strength. Further improvements in service and product ranges will ensure that the EUROSPARs continue to attract more customers and generate larger shopping volumes.

The decision has now been taken to build a fourth EUROSPAR and Suomen Spar is actively looking for suitable sites for further such superstores around the country.

EUROSPAR

EUROSPARS OFFER CAR OWNERS
AN EASY ALTERNATIVE FOR DOING
THE FULL WEEK'S SHOPPING AT
AN ATTRACTIVE COST.

SUPERSPAR

– wider range, better service

THE SPAR GROUP HAS 49 SUPERSPAR SUPERMARKETS. IN 1997 THEY HAD AN AGGREGATE SALES OF FIM 1,325 MILLION.

SUPERSPARs operate in the most competitive segment of the food retail market, supermarkets with a store space ranging from 1,000 m2 to 2500 m2. Each SUPERSPAR aims to be the number one food shopping centre in its area, standing out from its competitors by its large product range and excellent service. SUPERSPARs offer both guided self-service and personal service as well as a broad range of special and delicatessen standard products.

Two-thirds of SUPERSPAR supermarkets are run by independent traders and one-third are owned by Spar Finland. Regardless of their mode of operation, though, they all apply the same concept, which is also being further developed for all these supermarkets collectively.

Renewal of the SUPERSPARs continued during 1997 and by the end of the year the majority had been upgraded physically and operationally to match today's high standards. The need for renewal had accumulated in previous years, even to the point of blocking growth in sales in some cases, but this pressure has now largely been relieved. Part of the project involved the conversion of seven of Sentra's Priima stores to SUPERSPARs, which already demonstrated better performance during the year as a result.

Focus on SUPERSPARs

Streamlining of the SUPERSPAR chain's concept and operation will be one of Spar Finland's most important development priorities in the next few years. The aim is to bring the management systems of these supermarkets into line with the product ranges, support and chain-wide cooperation which this category of market nowadays requires. Cooperation among SUPERSPAR supermarkets has so far been fairly loose since their large size has enabled them to handle supplier relationships and marketing independently.

Concentration has been a clear trend in the food retail market in recent years, and this will inevitably lead to closer integration in the SUPERSPAR chain as well.

Spar Finland plans to use its own SUPERSPAR supermarkets as a model for building up the entire chain. The primary focus will continue to be on marketing, development of the store concept and upgrading of systems to today's standards. The aim is to create a management model which yields results, to ensure that each store enhances efficiency in the long term.

Store network expands

SUPERSPARs will continue to increase in number. Spar Finland plans to open two new SUPERSPARs in 1998, one in Turku and one in Lempäälä. SUPERSPARs are Spar Finland's major development priority alongside the EUROSPAR stores.

The positive experience gained in the development of Sentra's Priima chain will be used in the development of the SUPERSPAR store concept. The Priima chain has developed well in recent years as a result of its higher degree of integration. One objective in the development of the SUPERSPAR chain is to lay special emphasis on raising the profitability of the less successful stores.

SUPERSPAR

SUPERSPARS OFFER BOTH GUIDED SELF-SERVICE AND PERSONAL SERVICE AS WELL AS A BROAD RANGE OF SPECIAL AND DELICATESSEN STANDARD PRODUCTS.

SPAR market

– SPAR's foundation

THE 275 SPAR MARKETS FORM THE BACKBONE OF THE SPAR GROUP IN FINLAND AND IT IS LARGELY TO THEIR CREDIT THAT THE SPAR BRAND IS VISIBLE IN 211 LOCALITIES. THE SALES OF THE SPAR MARKETS IN 1997 WAS FIM 2,398 MILLION.

SPAR markets have a store area of less than 1,000 m2, and on average 500 m2. They are situated in population centres such as towns and suburbs and they are typically local shops run by an independent trader. These traders have served as the model when developing the Fair Food Trader marketing campaign. They are the epitome of friendly service and they have the best interests of their customers at heart.

The main competitive strength of the SPAR markets is the exceptionally wide range of products they carry, compared to shops of similar size. Also the trader is always available with expert advice to help customers make the right choice and speed up their shopping. In suburbs the SPAR market is typically the customer's nearest food shop, and in town centres the one which offers the most personal service.

SPAR market

Traders guarantee success

Traders play a crucial role in the success of the SPAR markets. Independent traders, particularly in these market-sized stores, are able to generate a higher than average turnover at lower cost than chain-run stores. In this category entrepreneurship comes into its own. A competent and motivated trader can inspire the shop's entire staff, which puts the whole shop in capable hands.

In this respect a challenge and high priority for the SPAR market group, based as it is on strongly independent-minded traders, is to develop new forms of cooperation which prove attractive and beneficial to the entire SPAR market chain. Uniform product ranges and marketing would strengthen the public image of the SPAR markets and create greater appeal for them among consumers. An important step in this direction has been the change in marketing policy which has emphasized the SPAR brand while reducing the previously strong reliance on local advertising. Collective buying is being encouraged, also when planning future products. At the moment regional trader councils are responsible for campaign products in the SPAR market group but the aim is to eventually involve the entire group in planning and implementation.

Right store location decisive

The SPAR markets belong to a store segment whose overall sales in Finland have been in decline for several years. The main reason for this has been a fall in the overall number of stores. Smaller and less profitable units are disappearing all the time.

Consumer buying habits are also changing and inevitably some stores are affected by this trend. Families are increasingly doing their main weekly shopping at stores which can be easily reached by car. This favours large drive-in markets at the expense of smaller markets, which now sell less per shopper. Nevertheless, the SPAR markets with their strategic locations and skilled, motivated independent traders are well positioned to operate profitably.

It has become increasingly important in the SPAR market group to find the right store location in heavy residential areas. Consumers nowadays also expect the store premises themselves to be more pleasant and well organized.

Spar Finland is concentrating development on the commercially viable SPAR markets where renewal is already under way. At the same time a number of SPAR markets will be added to the Rabatti chain.

INDEPENDENT SPAR FOOD TRADERS ARE THE EPITOME OF FRIENDLY SERVICE AND THEY HAVE THE BEST INTERESTS OF THEIR CUSTOMERS AT HEART.

SPAR express

– from the dawn to the sunset

SPAR EXPRESS IS SPAR FINLAND'S LATEST FOOD RETAILING CONCEPT. THESE STORES ARE LOCATED IN TOWN AND CITY CENTRES ALONG BUSY PEDESTRIAN ROUTES OR IN HEAVILY POPULATED RESIDENTIAL AREAS. THE SPAR EXPRESS CONCEPT COMBINES THE SERVICES OFFERED BY THE NEIGHBOURHOOD SHOP WITH THOSE OF KIOSKS AND CAFÉS. ANOTHER PLUS IS THEIR LONG OPENING HOURS.

SPAR express stores fall within the category of 'convenience stores', which has gained considerable popularity in recent years among both established food retailing groups and also other companies entering this sector for the first time.

Spar Finland began looking for likely sites and developing this concept in spring 1997. The first two SPAR express units began operation in the centre of Helsinki at the turn of the year 1997-98.

SPAR expresses are regulated by the Kiosk Act, which limits store area to below 100 m2 and forbids the sale of warm meals. On the other hand, they can offer the sort of cold snacks available in cafeterias such as sandwiches or portions heated by microwave.

SPAR expresses can also sell bread rolls and pastries baked on the premises but only five customers may be seated at one time.

SPAR expresses offer a much wider range of products than similar stores in their segment such as kiosks and service stations. Their aim is to provide the essential supplies consumers would get from a local shop as well as extra flexibility through longer opening hours.

An international concept

The development of the SPAR express concept is proof of the support offered by International SPAR to its SPAR partner companies and associations in different countries. The result of a joint international effort, the SPAR express concept was first tested in Germany. Finland is one of the first countries to apply the concept, which at the beginning of 1998 had been adopted in few other countries.

The concept meets a clearly felt need in Finland. The opening hours of mainstream food shops continues to be heavily regulated and no change is in sight despite constantly increasing demand for longer opening hours. For this reason service stations and kiosks have captured an increasingly large share of the market for retail dailies because they are not regulated in the same way.

Spar Finland's response to this need will be rapid expansion of the Spar express chain. The company plans to open four new SPAR expresses during 1998 and to gain market leadership in this segment. The third SPAR express will be opened at the Tampere railway station in spring 1998.

Besides their longer opening hours, another strength of the SPAR express concept is their wide range of fresh goods and SPAR products, which are priced at the same level as in conventional food shops.

Prices of other items in SPAR express stores are marginally higher than in other SPAR stores but clearly lower than in kiosks.

SPAR EXPRESS PROVIDES THE ESSENTIAL SUPPLIES CONSUMERS WOULD GET FROM A LOCAL SHOP AS WELL AS EXTRA FLEXIBILITY THROUGH LONGER OPENING HOURS.

Rabatti

– top quality discount stores

THE RABATTI CHAIN CONTAINS 30 DISCOUNT STORES, MOST OF WHICH ARE SITUATED IN THE METROPOLITAN AREA OF HELSINKI AND IN THE PROVINCE OF UUSIMAA. THE SALES OF THE RABATTI STORES TOTALLED FIM 208 MILLION IN 1997.

The Rabatti concept is based on the cost-effectiveness of the neighbourhood discount store, coupled with a well-organized layout and an exceptionally broad range of fresh produce. Rabatti stores offer the key products which are most familiar to local consumers. The shops are recognized in the neighbourhood store segment of the market as a quality-conscious alternative giving consistently good value for money in all product categories.

Rabatti shoppers include a large number of young adults and families, who want reassurance that whatever they buy is economical without having to chase after special offers. Prices in Rabatti stores are always kept reasonable. The stores also publish price lists twice a month which are distributed to each household in the vicinity. Most Rabatti customers live within a short walk of their local neighbourhood store.

Wider operating area

The previous strategy of the Rabatti chain was to focus on the Helsinki metropolitan area and the Uusimaa region. This strategy was changed, however, when it became possible to expand the chain easily by adding SPAR markets around the country which needed a change of concept. Unexpected local changes can easily put individual SPAR markets at a disadvantage.

The profitability of such stores improves when they adopt the Rabatti concept not only because this better suits the new market situation but because of the Rabatti product range is more focused. Rabatti stores typically carry some 1,800 items, compared to the 4,000 or so offered by SPAR markets.

Six SPAR markets were added to the Rabatti chain during 1997 and the aim is to double the number of stores in the chain in the next few years, which matches trends in the food retailing sector in general. Neighbourhood discount stores are a growing market segment in Finland, whereas the losers tend to be market-type stores and stores offering personal service.

As their market coverage has broadened, the Rabatti stores have also cautiously increased their product range. Business partnerships have been set up with local suppliers able to offer products popular in their localities. Changes such as this have become necessary, especially in cases where a Rabatti store has replaced another store of key local importance.

RABATTI

RABATTI SHOPPERS INCLUDE A LARGE NUMBER OF YOUNG ADULTS AND FAMILIES, WHO WANT REASSURANCE THAT WHATEVER THEY BUY IS ECONOMICAL WITHOUT HAVING TO CHASE AFTER SPECIAL OFFERS.

Report by the Board of Directors 1 March - 31 December 1997

Group structure and business environment

Sentra plc was renamed Spar Finland plc on 2 January 1998.

Sentra plc's financial period in 1997 was 10 months.

Major changes took place in the Sentra Group's business environment and corporate structure during the period. In February 1997 Sentra plc reached agreement with Kesko Oy and Tuko Oy allowing Sentra plc to acquire the entire stock of Suomen Spar Oy and, via Suomen Spar Oy, also 35 % of the stock of TukoSpar Oy, and at the same time to sell its Carrols business to Tuko Oy. These transactions were carried out on 30 April 1997. Immediately before being taken over by Sentra plc, Suomen Spar Oy sold its Metro business to Wihuri Oy. As part of the Carrols divestment, Sentra plc sold all the shares of Sentra Eesti AS to Carrols Oy.

These arrangements enabled the Sentra Group to concentrate exclusively on food retailing since the Carrols divestment meant complete withdrawal from the fastfood restaurant business at the end of April. The Pizza Hut business had been sold during the previous financial year.

Suomen Spar Oy's financial year was the calendar year in 1997. Suomen Spar Oy was consolidated in the Sentra Group's accounts from 1 May 1997, i.e. for eight months. The Group's result in the same period included its share of the associated company TukoSpar Oy's result.

The merger of the subsidiary Oy Karis Automarket Ab with Sentra plc was registered on 5 March 1997.

The changes in the Group's structure were so far-reaching that Sentra Group's performance and balance sheet figures cannot be directly compared with the previous period. The changes have also had a profound effect on the Group's key indicators.

The merger of Suomen Spar Oy with Sentra plc, as agreed by the boards of directors of the two companies in June, was registered at the start of the new financial year on 2 January 1998.

Sentra plc's parent company is Mantica Oy, a subsidiary of Merita Bank Ltd.

Net turnover and other income from operations

The Sentra Group's net turnover in the review period was FIM 2,847.5 million (same period in 1996: FIM 655.6 million). Suomen Spar Oy's net turnover for the period 1 May - 31 December 1997 was FIM 2,321.3 million, which included revenues from independent traders, own stores and rental activities. The net turnover of Suomen Spar Oy's SPAR group in the comparable period in 1996 totalled FIM 2,336.1 million. Sentra plc's EUROSPAR, Priima and Rabatti chains all increased turnover from an aggregate FIM 470.4 million in the previous year to FIM 494.0 million. The net turnover of the divested fastfood business between 1 March and 30 April 1997 totalled FIM 32.5 million.

Other income from operations during the period came to FIM 38.6 million. FIM 40.0 million of this was the profit on the Carrols divestment.

Result

The Group posted an operating profit before depreciation of FIM 98.4 (39.0) million. Suomen Spar Oy's operating profit before depreciation during the eight months it was consolidated in the Sentra Group's accounts totalled FIM 54.9 million.

Planned depreciation increased from FIM 22.4 million in the previous year to FIM 40.0 million. This figure included FIM 3.6 million as amortization of goodwill on consolidation arising from the acquisition of Suomen Spar Oy.

The operating profit rose to FIM 58.4 (16.6) million.

Since financial income exceeded financial expenses by FIM 1.7 million, the result of operations (profit before extraordinary items, provisions and taxes) was FIM 60.1 (17.1) million.

The result of operations for the period includes several one-time items arising from the change in Group structure and renovation of the store network. The largest item of income was the FIM 40.0 million profit on the sale of the Carrols operation.

The most important one-time expense items were costs arising from the renovation and reorganization of the stores. Although development of the store chain continues, the amount of costs falling due in the review period was exceptionally large.

The absence of income and the inclusion of separate costs were caused by the conversion of the Priima stores to SUPERSPAR and SPAR markets. However, most of the renovation costs of the stores resulted from changes to Suomen Spar Oy's own network of stores to improve their performance. Seventeen SPAR outlets were closed down during the period and six were turned into Rabatti stores. Future rental expenses arising from vacant or rented store premises are entered under obligatory provisions. Rental expenses gave rise to an increase in obligatory provisions of FIM 4.6 million. The Suomen Spar Oy stores produced a loss of FIM 12.2 million for the period. The Suomen Spar stores continuing in operation produced a loss of FIM 4.6 million after elimination of losses from the stores which were closed down.

The most important cost arising from reorganization was the writedown, totalling approximately FIM 3 million, of the shares of the property company Kiinteistö Oy Vapaalantie 8. Since it proved impossible to find a use for this property during the reorganization process, the shares in the company were sold in February 1998. Further costs were caused when the Group's head office and regional office for southern Finland were moved to Petikko in Vantaa.

The exceptional expenses arising from the Group's restructuring and renovation of the store network amounted altogether to approximately FIM 20 million in the period.

Sentra plc's share of the associated company TukoSpar Oy's result after goodwill amortization was a loss of FIM 4.2 million for the eight months of the year during which TukoSpar Oy was consolidated in Sentra plc's accounts (since 1 May 1997). Sentra plc's share of TukoSpar's result for the full financial year in 1997 would have been a profit of FIM 2.0 million after goodwill amortization. The impact of TukoSpar Oy on the Sentra Group's result should be assessed taking into account the overall impact of the favourable purchasing prices and costs produced by its efficient purchasing and material management functions and the Group's share of its result as an associated company. Considered in this light, TukoSpar Oy had a positive effect on Sentra Group's result for the year.

Extraordinary items totalled FIM -3.0 million, compared to FIM +2.6 million in the previous year. Hence, the profit before provisions and taxes was FIM 57.2 (19.7) million. The most important extraordinary expense, about FIM 1.9 million, arose when the Group handed over the pension insurance of a separate group to an insurance company.

The depreciation difference during the period decreased FIM 8.7 million. The depreciation difference in the previous year increased FIM 5.7 million and provisions decreased FIM 9.6 million.

Tax corresponding to the profit for the period came to FIM 21.1 million, in addition to which a provision of FIM 5.5 million was recorded to cover taxes in previous periods. The tax requirements given in the final reports on assessment of direct taxes for the years 1990-95 are entered in the previous financial statements and in these financial statements. In its replies, the company nevertheless disputes in all significant respects the grounds underlying the claim for the residual tax now recorded.

The Group posted a net profit for the period of FIM 39.3 (21.8) million. Earnings per share were FIM 34.31 (9.91).

Balance sheet and contingent liabilities

Due to the change in corporate structure, the Group's balance sheet total increased substantially, the total at the close of the period standing at FIM 756.4 (278.3) million.

Fixed assets and other long-term investments totalled FIM 355.3 million at the close of the period. This included the acquisition cost of the TukoSpar Oy shares, FIM 83.6 million, net of this associated company's loss. Group net goodwill was FIM 62.5 million.

Financial assets totalled FIM 343.6 million. This figure included FIM 226.3 million in trade receivables, FIM 53.5 million in prepayments and accrued income, and FIM 46.7 million in cash on hand and in banks.

Long-term liabilities totalled FIM 24.9 million at the close of the period, comprising deposits made for annual discounts and collateral.

Current liabilities totalled FIM 524.0 million at the end of the period. This comprised FIM 311.3 million in trade payables, FIM 134.1 million in accrued expenses and deferred income, and other current liabilities totalling FIM 75.4 million. Accruals included a deferred tax liability in the Group accounts totalling altogether FIM 82.5 million.

Non-restricted shareholders' equity on 31 December 1997 was FIM 100.1 (63.3) million. The Group's solvency ratio, adjusted for the deferred tax liability in accumulated voluntary provisions, fell from 55.1 % in the previous year to 24.4 %. The main reasons underlying the decrease were the large sales receivables and accounts payable in the Suomen Spar Oy balance sheet and the booked tax liabilities.

Sentra Group's contingent liabilities on 31 December 1997 totalled FIM 513.1 (19.7) million. With the merger of Suomen Spar Oy into Sentra plc, pledges decreased by FIM 257.4 million as pledges for subsidiary shares were annulled.

Investments

Gross capital expenditure during the period came to FIM 327.7 (35.3) million. Most of this, FIM 257.4 million, was related to the acquisition of the Suomen Spar Oy shares. Other investments between 1 May and 31 December 1997 came to FIM 70.3 million. FIM 62.8 million was spent on new fittings for the SPAR stores, store refurbishing and investments in land.

The Suomen Spar Oy agreement contains an agreement concerning adjustment of the acquisition price. A review of the acquisition price is in progress.

Personnel

The Group had an average of 1,136 employees during the period, which was 78 more than during the same period in the previous year. At the end of the period the Group had 1,374 (1,519) full and part-time employees.

Shareholders' meetings and administration

The statements on special audits of the company's accounts for the financial years 1991/2 and 1992/3 prepared by APA Eero Prepula of the firm of authorized public accountants Arthur Andersen Kihlman Oy were presented to an extraordinary shareholders' meeting on 1 April 1997. This meeting decided that no measures were necessary in the light of these statements.

The Annual General Meeting of Sentra Ltd was held on 17 June 1997. In addition to the official business, the Meeting also approved an amendment to the Articles of Association, the main content of which was to change the form of the company to a public limited company as required by the new Companies Act, and to change the financial year to conform with the calendar year. These amendments were registered on 1 September 1997.

An extraordinary shareholders' meeting held on 10 December 1997 decided to rename the company Suomen Spar plc. The amendment to the Articles of Association was registered on 2 January 1998 when the merger of Suomen Spar Oy with Sentra plc was registered.

Board of Directors and auditors

The members of the Board of Directors are Risto Wartiovaara (chairman), Christer Ekman, Matti Linnainmaa (from 17 June 1997), Tapio Vuojolainen, and the company's CEO Björn Westerholm. The Company Secretary was Timo Säiläkivi.

The Board of Directors has no authorizations to raise the share capital or to issue convertible bonds or bonds with warrants.

The firm of authorized public accountants KPMG Wideri Oy Ab has acted as the company's auditors under the supervision of Mauri Palvi APA.

Prospects

The merger of Sentra plc and Suomen Spar Oy at the beginning of 1998 marked the end of a period of major structural change which began in spring 1997. The company's overriding goal in 1998 will be to strengthen the various SPAR chains in Finland. To do this, it will be necessary to invest about FIM 70 million in new sales outlets and store renovation. Investors' investments in new or renovated SPAR outlets will total a further FIM 80 million. Modernization of the chain management system in the company's own network of stores will be completed. An extensive revision of the store management systems throughout the SPAR network will be started during 1998. This will make it possible to introduce more universal retail chain management systems and to ensure that the company's information systems meet the requirements of the year 2000. Experience from SPAR's own loyal customer scheme have been positive and this will therefore be introduced in a number of stores.

The Group's net sales are expected to total FIM 4 billion. The store renovation completed last year lays the foundation for improved performance, particularly in the company's own stores.

Profit and loss accounts

(FIM 1,000)	Group 1 Mar. - 31 Dec. 1997 10 months	Group 1 Mar. 1996 - 28 Feb. 1997 12 months	Sentra plc 1 Mar. - 31 Dec. 1997 10 months	Sentra plc 1 Mar. 1996 - 28 Feb. 1997 12 months
Net turnover (1)	2,847,545	774,634	525,114	710,468
Other operating income (2)	38,582	10,234	38,154	6,415
Expenses:				
Materials, supplies and goods:				
Goods and rental expenses	-2,580,943	-533,723	-413,023	-481,926
Change in stocks	-7,697	3,370	-6,478	3,755
Share of associated companies's results	-4,205	-	-	-
Personnel costs (3)	-129,398	-135,303	-61,578	-129,086
Rental costs	-37,734	-44,761	-20,790	-44,386
Other costs	-27,775	-35,478	-13,978	-32,331
	-2,787,752	-745,895	-515,847	-683,974
Operating profit before depreciation	98,375	38,973	47,421	32,909
Depreciation on fixed assets and other long-term expenditure (4)	-36,316	-22,411	-9,889	-19,634
Amortization of goodwill on consolidation	-3,643	-	-	-
	-39,959	-22,411		
Operating profit	58,416	16,562	37,532	13,275
Financial income and expenses: (5)				
Dividend income	15	-	16	-
Interest income on short-term investments	4,385	1,347	847	1,419
Other financial income	377	-	-	-
Exchange rate differences	-174	-255	-280	141
Interest expenses	-2,107	-502	-4,025	-610
Other financial expenses	-808	-79	-345	-79
	1,688	511	-3,787	871
Profit before extraordinary items, provisions and taxes	60,104	17,073	33,745	14,146
Extraordinary income and charges: (6)				
Extraordinary income	-	2,615	-	4,615
Extraordinary charges	-2,950	-	-2,956	-318
Group contribution			-	-4,210
	-2,950	2,615	-2,956	87
Profit before provisions and taxes	57,154	19,688	30,789	14,233
Change in depreciation difference (4)	8,731	-4,645	13,787	-22,702
Change in interim period provision	-	19,681	-	19,681
Change in repurchasing provision	-	19,880	-	19,880
Direct taxes:				
For the period	-21,116	-6,120	-12,490	-6,120
For prior years	-5,477	-26,688	-5,477	-26,684
Profit/loss for the period	39,292	21,796	26,609	-1,712

Balance sheets

(FIM 1,000)	Group 31 December 1997	Group 28 February 1997	Sentra plc 31 December 1997	Sentra plc 28 February 1997
ASSETS				
Fixed assets and other long-term investments				
Intangible assets:				
Intangible rights (7)	1,473	810	453	791
Goodwill	494	1,735	310	1,735
Goodwill on consolidation	62,502	-	-	-
Other long-term expenditure	18,721	11,485	1,441	11,200
Advances paid	103	332	103	332
	83,293	14,362	2,307	14,058
Tangible assets: (7)				
Land and water	28,412	16,596	11,308	2,337
Buildings and structures	42,749	62,588	10,662	21,493
Machinery, equipment and vehicles	105,347	36,169	22,184	31,200
Other tangible assets	766	686	401	526
Advances paid and incompleted procurements	850	161	-	161
	178,124	116,200	44,555	55,717
Financial assets and other long-term investments: (8,9)				
Shares in subsidiaries	-	-	304,797	49,393
Shares in associated companies	79,401	-	-	-
Other shares and holdings	13,281	15,568	12,372	15,548
Loans receivable	1,233	1,644	1,233	1,644
	93,915	17,212	318,402	66,585
Fixed assets and other long-term investments, total	355,332	147,774	365,264	136,360
Valuation items (10)	-	3,035	-	3,035
Current assets:				
Stocks:				
Goods	57,455	32,801	25,879	29,113
Debtors: (11)				
Trade debtors	226,317	3,221	2,536	11,680
Loans receivable	82	72	72	2,572
Prepayments and accrued income	53,451	4,511	8,704	4,371
Other debtors	17,023	5,060	13,711	11,785
	296,873	12,864	25,023	30,408
Cash on hand and in banks (11)	46,716	81,806	40,064	80,791
Current assets, total	401,044	127,471	90,966	140,312
	756,376	278,280	456,230	279,707

(FIM 1,000)	Group 31 December 1997	Group 28 February 1997	Sentra plc 31 December 1997	Sentra plc 28 February 1997
LIABILITIES				
Shareholders' equity (12)				
Restricted equity:				
Share capital	11,400	11,400	11,400	11,400
Share premium	54,790	54,790	54,790	54,790
Restricted equity, total	66,190	66,190	66,190	66,190
Non-restricted equity:				
Distributable funds	69	69	69	69
Retained earnings	60,745	41,386	13,114	17,326
Profit for the period	39,292	21,796	26,609	-1,712
Non-restrictred equity, total	100,106	63,251	39,792	15,683
Shareholders' equity, total	166,296	129,441	105,982	81,873
Minority interest	315	-	-	-
Provisions: (13)				
Accumulated depreciation difference (7)	24,283	33,014	64,677	78,191
Obligatory provisions	16,545	-	-	-
Provisions, total	40,828	33,014	64,677	78,191
Creditors: (11)				
Long-term:				
Other long-term creditors	24,915	5,413	-	5,413
	24,915	5,413	-	5,413
Current:				
Advances received	3,331	9	9	9
Trade creditors	311,269	47,131	51,924	44,690
Accruals and deferred income	134,068	55,048	60,795	54,124
Other creditors	75,354	8,224	172,843	15,407
	524,022	110,412	285,571	114,230
Creditors, total	548,937	115,825	285,571	119,643
	756,376	278,280	456,230	279,707

Cashflow statements

(FIM 1,000)	Group 1 Mar. - 31 Dec. 1997 10 months	Group 1 Mar. 1996 - 28 Feb. 1997 12 months	Sentra plc 1 Mar. - 31 Dec. 1997 10 months	Sentra plc 1 Mar. 1996 - 28 Feb. 1997 12 months
OPERATING ACTIVITIES				
Funds generated from operations				
Operating profit before depreciation	98,375	38,973	47,421	32,909
Including:				
Changes in obligatory provisions	4,213			
Financial income and expenses	1,688	511	-3,787	872
Extraordinary items	-2,950	2,615	-2,956	4,297
Share writedowns, reversals of writedowns				1,819
Shares of merged company				732
Group contribution				-4,210
Taxes	-26,593	-32,808	-17,967	-32,804
	74,733	9,291	22,711	3,615
CHANGE IN NET CURRENT ASSETS				
Stocks, increase (-), decrease (+)	-24,654	-3,370	3,234	-5,728
Current trade debtors, increase (-), decrease (+)	-284,010	6,981	5,385	7,556
Interest-free short-term debt, increase (+), decrease (-)	347,805	32,231	35,977	46,589
Impact of merger				-3,201
	39,141	35,842	44,596	45,216
NET CASH FLOW FROM OPERATING ACTIVITIES	113,874	45,133	67,307	48,831
INVESTING ACTIVITIES				
Capital expenditure	-305,161	-35,318	-283,213	-38,878
Proceeds from sale of fixed assets	57,548	88,419	44,281	87,984
	-247,613	53,101	-238,932	49,106
Obligatory provision at date of acquisition	12,332			
CASHFLOW BEFORE FINANCING ACTIVITIES	-121,407	98,234	-171,625	97,937
FINANCING ACTIVITIES				
Long-term receivables, increase (-), decrease (+)	411	411	411	411
Long-term loans, increase (+), decrease (-)	19,502	-20,651	-5,413	-20,114
Short-term loans, increase (+), decrease (-)	68,841	-1,594	138,400	-1,554
Dividend payments	-2,500	-2,500	-2,500	-2,500
	86,254	-24,334	130,898	-23,757
Calculated change in liquid assets	-35,153	73,900	-40,727	74,180
Translation difference	63	-105		
Balance sheet increase (+), decrease (-) in liquid assets	-35,090	73,795	-40,727	74,180
LIQUID ASSETS ON 1 Mar. 97/1 Mar. 96	81,806	8,011	80,791	6,611
Change	-35,090	73,795	-40,727	74,180
LIQUID ASSETS ON 31 Dec. 97/28 Feb. 97	46,716	81,806	40,064	80,791

Notes to the financial statements

ACCOUNTING PRINCIPLES

Scope of consolidation and changes in corporate structure

The consolidated financial statements include Sentra plc, those companies in which the Sentra Group holds control, and associated companies. Major changes took place in the Group's structure during the financial period. Sentra plc acquired the entire share stock of Suomen Spar Oy and, via Suomen Spar Oy, 35 % of the shares of TukoSpar Oy. The shares of Sentra Eesti As were sold in conjunction with the disposal of the Carrols operation. The subsidiary Oy Karis Automarket Ab was merged with Sentra plc at the beginning of the financial year.

Principles of consolidation

Intragroup shareholdings are eliminated according to the purchase method. The difference arising from the elimination of the Suomen Spar Oy shares is shown in the consolidated balance sheet as goodwill on consolidation, which will be amortized over a period of ten years.

Suomen Spar Oy and Suomen Spar Oy's share of its associated company TukoSpar Oy were included in the consolidated accounts from 1 may 1997. Intragroup transactions, unrealized margins, payables and receivables are eliminated. There was no internal distribution of profit.

The associated companies are consolidated using the equity method. The Group's share of the results of associated companies is shown as a separate item. The share of the TukoSpar Oy result includes planned depreciation on the elimination difference arising from its acquisition (acquisition cost of the shares less share of shareholders' equity at the time of acquisition and provisions less the deferred tax liability). The difference on elimination is FIM 34.9 million and the amortization period is ten years.

Minority interest (a single property company) is separated from the Group's shareholders' equity and shown separately.

Fixed assets and other long-term investments

Intangible and tangible assets are capitalized to variable purchasing costs. Planned depreciation is calculated according to the straight-line method based on the economic lifespan of the asset. Securities are valued at the original acquisition cost with the exception of the shares of the property company Kiinteistö Oy Vapaalantie 8, on which a writedown of approximately FIM 3 million was made.

Stocks

Stocks are recorded at the direct acquisition cost or the probable market value, whichever is the lower.

Trade debtors

Trade debtors principally comprise receivables from SPAR traders. These receivables are valued on the principles applied in Suomen Spar Oy in previous years at their nominal value or the probable value, whichever is the lower.

Proceeds on the sale of fixed assets

Proceeds from the disposal of the Carrols operation, FIM 40.0 million, is shown under other operating income

Pension costs

The statutory pension security of the employees in the Group's companies is covered by pension insurance companies. The portion of the pension liability arising in previous years and not recorded as an expense was entered in full as an expense in the financial statements when the liability was transferred to the pension insurance company.

Obligatory provisions

Obligatory provisions include future unrealized rental commitments on vacant business premises which the company is committed to covering through agreements, as well as future personnel costs arising from renovation measures which include estimated unemployment pension insurance costs to be paid later by the employer. Suomen Spar Oy's rental activities include individual cases where the rent paid by the company exceeds the rental income received. Such cases do not fall within the scope of obligatory provisions since they are considered to be a normal part of retailer operations. The company's overall rental activities were profitable.

Comparability of financial statements

Sentra plc's financial period was brought into line with the calendar year by the decision of a shareholders' meeting on 17 June 1997. The financial year under review was 10 months long. The changes in the Group's structure were so far-reaching that the figures in Sentra Group's financial statements cannot be compared directly with those for the previous year. The changes also had a major impact on key indicators describing the Group's performance.

Notes to the financial statements

PROFIT AND LOSS ACCOUNT	Group 31 Dec. 1997 10 months	Group 28 Feb. 1997 12 months	Sentra plc 31 Dec. 1997 10 months	Sentra plc 28 Feb. 1997 12 months
1. Net turnover				
Wholesale sales	1,815,826			
Retail sales	899,534	559,407	493,582	502,361
Rental activities	99,693			
Fastfood	32,492	215,227	31,532	208,107
Total	2,847,545	774,634	525,114	710,468
2. Other operating income/expenses				
Carrols goodwill/sales of business operations	40,000	9,966	40,000	9,966
Proceeds on sale of fixed assets	1,427	268	999	268
Writedown of subsidiary shares	-2,932		-2,932	-3,819
Other	87		87	
Total	38,582	10,234	38,154	6,415
3. Personnel expenses				
Salaries and fees to members of the Board of Directors and presidents	798	1,005	798	1,005
Other wages and salaries	98,697	106,895	46,731	102,045
Pension costs	15,964	14,832	7,321	13,850
Other staff-related costs	10,373	9,896	4,803	9,550
Voluntary staff-related costs	3,566	2,675	1,925	2,636
Total	129,398	135,303	61,578	129,086
Monetary value of benefits in kind	1,375	942	452	942

Management pension liabilities

Company executives may retire between the ages of 60 and 65.
The President of the parent company may retire at 60.

	Group 31 Dec. 1997	Group 28 Feb. 1997	Sentra plc 31 Dec. 1997	Sentra plc 28 Feb. 1997
4. Planned depreciation				
Intangible rights	388	311	181	308
Goodwill	4,226	1,770	1,425	2,075
Goodwill on consolidation	3,643			
Other long-term expenditure	2,891	4,015	989	3,982
Buildings and structures	2,013	3,557	742	1,885
Machinery and equipment	26,687	12,628	6,456	11,269
Other tangible assets	111	130	96	115
Total	39,959	22,411	9,889	19,634
Change in depreciation difference				
Profit and loss account				
Intangible rights	115	2	-27	2
Goodwill		-109		-109
Other long-term expenditure	162	-180	-1,240	-180
Buildings and structures	-6,605	2,939	-5,476	1,392
Machinery and equipment	-2,403	1,990	-7,044	1,717
Other tangible assets		3		
Subsidiary shares				19,880
Change in depreciation difference in P&L account	-8,731	4,645	-13,787	22,702
Effect of merger:				
Intangible rights				2
Goodwill				76
Other long-term expenditure				15
Machinery and equipment			273	288
Total	-8,731	4,645	-13,514	23,083

Planned depreciation in the Group statements is calculated as straightline depreciation in equal annual installments based on the economic lifespan on the asset. Lifespans are as follows:

Intangible assets	5-10 years
Goodwill	5-10 years
Other long-term expenditure	3-10 years
Buildings and structures	10-25 years
Machinery and equipment	5-8 years
Other tangible assets	5-10 years

	Group		Sentra plc	
5. Financial income and expenses	**31 Dec. 1997 10 months**	28 Feb. 1997 12 months	**31 Dec. 1997 10 months**	28 Feb. 1997 12 months
Financial income received from Group companies				
Interest income on short-term investments	**883**	1,112	**559**	1,186
Dividend income	**15**		**15**	
Translation differences		123		123
Financial expenses paid to Group companies				
Interest expenses	**19**	88	**3,502**	205
Translation differences	**280**		**280**	
Other financial expenses	**358**	97	**345**	97
6. Extraordinary income and charges				
Extraordinary income				
Sales of shares, Tuko/HKT		2,615		2,615
Reversal of writedown of subsidiary shares				2,000
Total		2,615		4,615
Extraordinary charges				
Loss on merger			**6**	318
Pension liability, one-time entry	**1,914**		**1,914**	
Stamp duties *)	**1,036**		**1,036**	
Group contribution				4,210
Total	**2,950**		**2,956**	4,528

*) Stamp duties are due to loans granted and merger consideration paid in previous years.

	Group		Sentra plc	
BALANCE SHEET	**31 Dec. 1997**	28 Feb. 1997	**31 Dec. 1997**	28 Feb. 1997
7. Intangible and tangible assets				
Intangible assets				
Intangible rights				
Acquisition cost 1 Mar.	**1,534**	2,315	**1,503**	2,262
Effect of merger, 1 Mar./28 Feb.			**31**	28
Increases 1 Mar. - 31 Dec./28 Feb.	**3,201**	628	**143**	628
Decreases 1 Mar. - 31 Dec./28 Feb.	**-663**	-1,409	**-588**	-1,415
Acquisition cost 31 Dec./28 Feb.	**4,072**	1,534	**1,089**	1,503
Accumulated planned depreciation 31 Dec./28 Feb.	**-2,599**	-724	**-624**	-707
Effect of merger 1 Mar./28 Feb.			**-12**	-5
Book value 31 Dec./28 Feb.	**1,473**	810	**453**	791
Accumulated depreciation difference 1 Mar.	**103**	101	**103**	100
Change in depreciation difference 1 Mar. - 31 Dec./28 Feb.	**115**	2	**-28**	2
Effect of merger 1 Mar./28 Feb.				1
Accumulated depreciation difference 31 Dec./28 Feb.	**218**	103	**75**	103

Notes to the financial statements

	Group		Sentra plc	
	31 Dec. 1997	28 Feb. 1997	**31 Dec. 1997**	28 Feb. 1997
Goodwill				
Acquisition cost 1 Mar.	**8,550**	20,348	**8,550**	16,798
Effect of merger 1 Mar./28 Feb.				4,008
Increases 1 Mar./31 Dec.	**2,985**			
Decreases 1 Mar. - 31 Dec./28 Feb.		-11,798		-12,256
Acquisition cost 31 Dec./28 Feb.	**11,535**	8,550	**8,550**	8,550
Accumulated planned depreciation 31 Dec./28 Feb.	**-11,041**	-6,815	**-8,240**	-4,532
Effect of merger 1 Mar./28 Feb.				-2,283
Book value 31 Dec./28 Feb.	**494**	1,735	**310**	1,735
Accumulated depreciation difference 1 Mar.		109		32
Decrease in depreciation difference 1 Mar. - 31 Dec./28 Feb.		-109		-109
Effect of merger 1 Mar./28 Feb.				77
Accumulated depreciation difference 31 Dec./28 Feb.				
Goodwill on consolidation				
Acquisition cost 1 Mar.		488		
Increases 1 Mar./28 Feb.	**66,145**			
Decreases 1 Mar./31 Dec.		-488		
Acquisition cost 31 Dec./28 Feb.	**66,145**			
Accumulated planned depreciation 31 Dec./28 Feb.	**-3,643**			
Book value 31 Dec./28 Feb.	**62,502**			
Other long-term expenditure				
Acquisition cost 1 Mar.	**25,363**	35,983	**25,024**	35,388
Effect of merger 1 Mar./28 Feb.			**43**	137
Increases 1 Mar. - 31 Dec./28 Feb.	**25,669**	1,578	**2,409**	1,559
Decreases 1 Mar. - 31 Dec./28 Feb.	**-24,711**	-12,198	**-23,742**	-12,060
Acquisition cost 31 Dec./28 Feb.	**26,321**	25,363	**3,734**	25,024
Accumulated planned depreciation 31 Dec./28 Feb.	**-7,600**	-13,878	**-2,278**	-13,763
Decreases 1 Mar. - 31 Dec./28 Feb.			**-15**	-61
Book value 31 Dec./28 Feb.	**18,721**	11,485	**1,441**	11,200
Accumulated depreciation difference 1 Mar.	**1,278**	1,457	**1,277**	1,442
Change in depreciation difference 1 Mar. - 31 Dec./28 Feb.	**161**	-179	**-1,239**	-180
Effect of merger 1 Mar./28 Feb.				15
Accumulated depreciation difference 31 Dec./28 Feb.	**1,439**	1,278	**38**	1,277
Advances paid				
Acquisition cost 1 Mar.	**332**	269	**332**	269
Increases 1 Mar. - 31 Dec./28 Feb.	**-136**	74	**-136**	74
Decreases 1 Mar. - 31 Dec./28 Feb.	**-93**	-11	**-93**	-11
Book value 31 Dec./28 Feb.	**103**	332	**103**	332
Tangible assets				
Land				
Acquisition cost 1 Mar.	**16,596**	16,379	**2,337**	2,337
Increases 1 Mar. - 31 Dec./28 Feb.	**11,844**	217	**9,000**	
Decreases 1 Mar. - 31 Dec./28 Feb.	**-28**		**-29**	
Book value 31 Dec./28 Feb.	**28,412**	16,596	**11,308**	2,337
Buildings and structures				
Acquisition cost 1 Mar.	**72,597**	58,767	**28,909**	27,209
Increases 1 Mar. - 31 Dec./28 Feb.	**756**	18,801	**98**	2,785
Decreases 1 Mar. - 31 Dec./28 Feb.	**-24,649**	-4,971	**14,867**	-1,085
Acquisition cost 31 Dec./28 Feb.	**48,704**	72,597	**14,140**	28,909
Accumulated planned depreciation 31 Dec./28 Feb.	**-5,955**	-10,009	**-3,478**	-7,416
Book value 31 Dec./28 Feb.	**42,749**	62,588	**10,662**	21,493

	Group		Sentra plc	
	31 Dec. 1997	28 Feb. 1997	31 Dec. 1997	28 Feb. 1997
Accumulated depreciation difference 1 Mar.	17,418	14,479	15,872	14,479
Change in depreciation difference 1 Mar. - 31 Dec./28 Feb.	-6,605	2,939	-5,476	1,393
Accumulated depreciation difference 31 Dec./28 Feb.	10,813	17,418	10,396	15,872
Machinery and equipment				
Acquisition cost 1 Mar.	88,021	86,596	79,765	75,062
Effect of merger 1 Mar./28 Feb.			3,981	3,515
Increases 1 Mar. - 31 Dec./28 Feb.	193,668	13,699	14,329	13,652
Decreases 1 Mar. - 31 Dec./28 Feb.	-61,298	-12,274	-47,742	-12,464
Acquisition cost 31 Dec./28 Feb.	220,391	88,021	50,333	79,765
Accumulated planned depreciation 31 Dec./28 Feb.	-115,044	-51,852	-26,265	-46,795
Effect of merger 1 Mar./28 Feb.			-1,884	-1,770
Book value 31 Dec./28 Feb.	105,347	36,169	22,184	31,200
Accumulated depreciation difference 1 Mar.	14,151	12,162	13,878	11,874
Change in depreciation difference 1 Mar. - 31 Dec./28 Feb.	-2,402	1,989	-7,043	1,717
Effect of merger, 1 Mar./28 Feb.			273	287
Accumulated depreciation difference 31 Dec./28 Feb.	11,749	14,151	7,108	13,878
Other tangible assets				
Acquisition cost 1 Mar.	1,384	1,328	1,203	1,182
Increases 1 Mar. - 31 Dec./28 Feb.			1	
Decreases 1 Mar. - 31 Dec./28 Feb.	280	80	50	45
Acquisition cost 31 Dec./28 Feb.	-89	-24	-80	-24
Acquisition cost 31Dec./28 Feb.	1,575	1,384	1,174	1,203
Accumulated planned depreciation 31 Dec./28 Feb.	-809	-698	-773	-677
Book value 31 Dec./28 Feb.	766	686	401	526
Accumulated depreciation difference 1 Mar.	64	61	61	61
Change in depreciation difference 1 Mar. - 31 Dec./28 Feb.		3		
Accumulated depreciation difference 31 Dec./28 Feb.	64	64	61	61
Advances paid and incompleted procurements				
Acquisition cost 1 Mar.	161	671	161	52
Increases 1 Mar. - 31 Dec./28 Feb.	689	161	-161	161
Decreases 1 Mar. - 31 Dec./28 Feb.		-671		-52
Book value 31 Dec./28 Feb.	850	161		161
Subsidiary shares				
Accumulated depreciation difference 1 Mar.			47,000	27,120
Change in depreciation difference 1 Mar. - 31 Dec./28 Feb.				19,880
Accumulated depreciation difference 31 Dec./28 Feb.			47,000	47,000

In addition to the goodwill on consolidation related to the increases in the Group's fixed assets during the financial period, FIM 179.1 million is due to the acquisition of Suomen Spar Oy. The disposal of the Carrols operation accounts for about FIM 41 million of the decreases on the parent company side.

	Group		Sentra plc	
	31 Dec. 1997	28 Feb. 1997	31 Dec. 1997	28 Feb. 1997
Taxation values (most recent confirmed)				
Land	16,260	8,776	9,714	720
Buildings	23,992	46,082	7,523	13,536
Subsidiary shares			207,408	60,997
Associated company shares	43,260			
Other shares	8,173	6,389	7,389	6,373

The book value is used in the case of items for which no taxation value is available.

Notes to the financial statements

8. Shares and holdings

Owned by the parent company

Subsidiary shares	Number	Share %	Nominal value	Book value	Profit/loss in last financial statements	Group share of equity
Kiinteistö Oy Tyskas	340,000	100.00	10,200	27,150		27,152
Kiinteistö Oy Vantaan Niittypolku	50,000	100.00	5,000	19,994	2	19,995
Optitukku Oy	400	100.00	40	51	2	165
Bonodo Oy	25	100.00	25	183	1	35
Oy National Data Company Ab	15	100.00	15	15		15
Suomen Spar Oy	40,000	100.00	40,000	257,404	81,062	211,833
Subsidiary shares, total				304,797	81,067	259,195
Other shares and holdings						
As. Oy Kaarlonk.18, Riihimäki	459	40.33	96	202		
Helsingin Puhelin Oyj	46			212		
Merita Oy, A shares	74,006			1,419		
Kauniaisten Ostoskeskus Oy	589	11.60	389	455		
Kiinteistö Oy Nummelan keskus	332	8.16	3	700		
Kiinteistö Oy Vapaalantie 8	1,200	20.00	1,200	2,800		
Oy Nordgolf Ab	3			185		
Puotinharjun Puhos Oy	425	2.80	9	5,878		
Other				521		
Other shares and holdings, total				12,372		
Shares owned by the parent company, total				317,169		

Owned by the subsidiaries

Subsidiary shares	Number	Share %	Nominal value	Book value	Profit/loss in last financial statements	Group share of equity
Kiint.Oy Lempoisten Kauppakulma	1,000	100.00	100	100	-2	98
Kiint.Oy Koroisten Liikekeskus	3,000	75.00	45	945		945
Subsidiary company shares, total				1,045	-2	1,043

Associated company shares	Number	Share %	Nominal value	Book value	Profit/loss in last financial statements	Group share of equity
Tukospar Oy	2,100	35.00	21,000	83,566	13,009	44,359
Associated company shares, total				83,566	13,009	44,359

Other shares and holdings	Number	Share %	Nominal value	Book value
Helsingin Puhelin Oyj	67			355
Other				594
Other shares and holdings, total				949
Shares owned by subsidiaries, total				85,560

Owned by parent company and subsidiaries

Associated company shares	Number	Share %	Nominal value	Book value	Profit/loss in last financial statements	Group share of equity
Eurospar Oy	2	50.00	40	40		40
Associated company shares, total				40		40

	Group 31 Dec. 1997	Group 28 Feb. 1997	Sentra plc 31 Dec. 1997	Sentra plc 28 Feb.1997
9. Long-term investments				
Convertible bond receivables	1,233	1,644	1,233	1,644
Total	1,233	1,644	1,233	1,644
10. Valuation items				
Portion of pension liability not recorded as an expense				
On 1 Mar.	3,035	3,999	3,035	3,999
Change	-3,035	-964	-3,035	-964
On 31 Dec./28 Feb.		3,035		3,035
11. Current receivables and payables from Group companies				
Trade receivables			191	8,621
Loan receivables				2,500
Prepayments and accrued income		5	48	5
Other receivables		155	3,986	7,159
Cash and bank receivables	32,883	73,565	32,883	73,555
Trade payables			2,223	1,164
Accrued expenses	119	233	231	381
Other payables	20,000		166,435	7,536
Current receivables and payables from associated companies				
Trade receivables	1,620			
Prepayments and accrued income	41,965			
Trade payables	277,216			
Accrued expenses	398			

12. Changes in shareholders' equity	Group 1 Mar. - 31 Dec. 1997	Group 1 Mar. 1996- 28 Feb. 1997	Sentra plc 1 Mar. - 31 Dec. 1997	Sentra plc 1 Mar. 1996- 28 Feb.1997
Restricted equity 1 Mar.				
Share capital 1 Mar. and 31 Dec./28 Feb.	11,400	11,400	11,400	11,400
Share premium 1 Mar. and 31 Dec./28 Feb.	54,790	54,790	54,790	54,790
Restricted equity 31 Dec./28 Feb.	66,190	66,190	66,190	66,190
Non-restricted equity				
Contingency fund 1 Mar.		21,000		21,000
Transfer to retained earnings account		-21,000		-21,000
Contingency fund 31 Dec./28 Feb.		-		-
Sentra plc stipend fund 1 Mar. and 31 Dec./28 Feb.	9	9	9	9
Board of Directors' operating funds 1 Mar. and 31 Dec./28 Feb.	60	60	60	60
Prior-year profits/losses 1 Mar.	63,182	22,991	15,614	-1,174
Transferred from contingency fund		21,000		21,000
Dividend distribution	-2,500	-2,500	-2,500	-2,500
Translation difference of subsidiary equity	63	-105		
Prior-year profits 31 Dec./28 Feb.	60,745	41,386	13,114	17,326
Profit for the year	39,292	21,796	26,609	-1,712
Non-restricted equity 31 Dec./28 Feb.	100,106	63,251	39,792	15,683

Notes to the financial statements

	Group 1 Mar. - 31 Dec. 1997	Group 1 Mar. 1996- 28 Feb. 1997	Sentra plc 1 Mar. - 31 Dec. 1997	Sentra plc 1 Mar. 1996- 28 Feb.1997
The parent company's share capital is divided into share series as follows:				
K-Series,outstanding shares à FIM 10 nom. value	5,663	5,663	5,663	5,663
K-Series, redeemed by company 3,729 shares à FIM 10 nom. value	37	37	37	37
K-Series, total 570,000 shares à FIM 10 nom. value (20 votes)	5,700	5,700	5,700	5,700
A-Series, outstanding 570,000 shares à FIM nom. value (1 vote)	5,700	5,700	5,700	5,700
Share capital, total	11,400	11,400	11,400	11,400

13. **Deferred tax liability**

Deferred tax liabilities corresponding to the Group's depreciation difference amounted to FIM 6.8 million on 31 December 1997 and FIM 9.2 million on 28 February 1997, calculated at a tax rate of 28 %.

Pledges and mortgages given as collateral, guarantees and other contingent liabililities				
For own debt				
Mortgages	101,000	11,000	71,000	11,000
Pledges	347,304	6,333	263,738	6,333
For Group company debt				
Guarantees			34,578	
For others				
Guarantees	41,783	248		248
Other own commitments				
Rental commitments		1,389		1,389
Leasing commitments 1)	14,383	696	144	696
Redemption commitments	8,678			
Total	513,148	19,666	369,460	19,666
Mortgages	101,000	11,200	71,000	11,200
Pledges	347,304	7,522	263,738	7,522
Guarantees	41,783	248	34,578	248
Other commitments	23,061	696	144	696
Total	513,148	19,666	369,460	19,666

1) From 1 January 1999 leasing commitments will total FIM 9,9 million.

	Group 31 Dec. 1997	Group 28 Feb. 1997	Sentra plc 31 Dec. 1997	Sentra plc 28 Feb.1997
Derivative contracts				
Currency derivatives				
Forward contracts		11,685		11,685

Shares and shareholders on 31 December 1997

Ownership structure

	No. of shareholders	%	No. of shares	%
Companies	110	17.83	576,284	50.72
Financial and insurance institutions	22	3.57	170,825	15.03
Public entities	2	0.32	4,800	0.42
Non-profit associations	11	1.78	5,916	0.52
Private individuals	464	75.20	112,533	9.90
Foreign	3	0.49	3,804	0.33
Nominee-registered	5	0.81	257,497	22.66
Unregistered			4,612	0.41
Total	617	100.00	1,136,271	100.00

Distribution of ownership

Shares/owner	No. of shareholders	%	No. of shares	%
1 - 99	283	45.87	7,829	0.69
100 - 999	273	44.25	78,675	6.92
1.000 - 9.999	52	8.43	124,810	10.98
10.000 - 99.999	7	1.13	215,919	19.00
100.000 - 999.999	2	0.32	704,426	61.99
			1,131,659	99.59
Unregistered			4,612	0.41
Total	617	100.00	1,136,271	100.00

10 major shareholders according to the share register

	K shares	A shares	Total shares	% of voting rights
Mantica Oy	388,532	66,797	455,329	65.9
Oy Ing-Stock Ltd	37,360	0	37,360	6.3
Ing-Finance Ltd.Oy	30,043	0	30,043	5.1
Pension Insurance Company Ilmarinen	5,280	11,792	17,072	1.0
Pohjola Insurance Company	0	89,444	89,444	0.8
Aurum Life Assurance Company	4,000	7,500	11,500	0.7
Soini Rauni estate	4,000	2,000	6,000	0.7
Lundell Olof	2,500	0	2,500	0.4
Ström Claes estate	2,392	0	2,392	0.4
Ström Börje	2,100	700	2,800	0.4

The Company's management and Directors hold 130 shares, which represents 0.01 % of the share stock and 0.02 % of the voting rights.

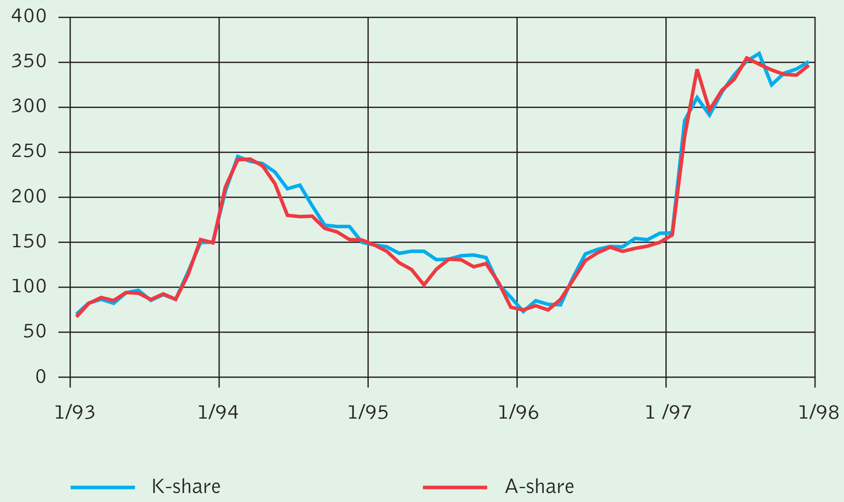
Share performance 1 March 1993 - 31 December 1997

	K Share, FIM		A Share, FIM	
	Highest	Lowest	Highest	Lowest
1.3.1993 - 28.2.1994	265.00	80.00	265.00	80.00
1.3.1994 - 28.2.1995	250.00	145.00	250.00	145.00
1.3.1995 - 29.2.1996	140.00	73.00	140.00	73.00
1.3.1996 - 28.2.1997	360.00	80.00	370.00	73.00
1.3.1997 - 31.12.1997	380.00	270.00	400.00	255.00

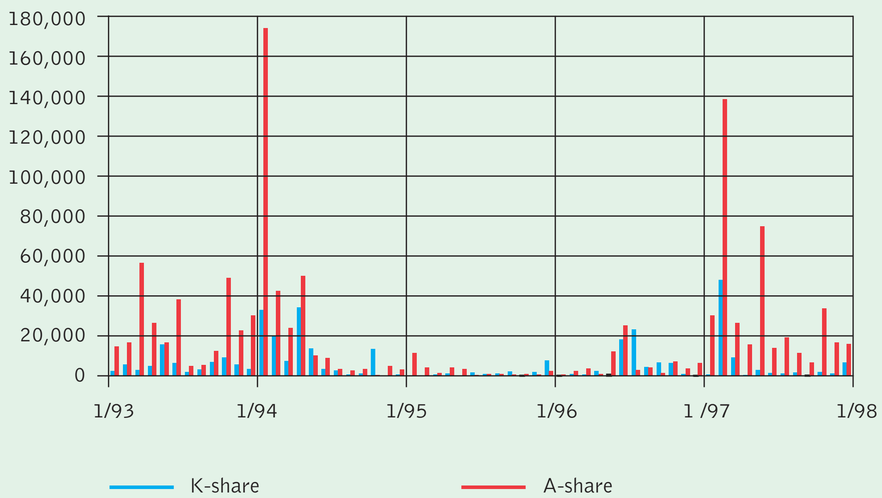
Relative trading 1 March 1993 - 31 December 1997

	K shares	A shares
1.3.1993 - 28.2.1994	19.8 %	84.1 %
1.3.1994 - 28.2.1995	13.7 %	22.1 %
1.3.1995 - 29.2.1996	3.1 %	3.3 %
1.3.1996 - 28.2.1997	19.7 %	41.4 %
1.3.1997 - 31.12.1997	2.2 %	41.0 %

Price of Spar Finland plc's K and A Shares 1993-1997, FIM



Trading of Spar Finland plc's K and A Shares 1993-1997, shares



Per share data

Per share data based on the consolidated accounts

			31 Dec. 1997 10 months	28 Feb. 1997 12 months	28 Feb. 1996 12 months	28 Feb. 1995 12 months	28 Feb. 1994 12 months
Earnings per share	1)		**34.31**	9.91	-4.78	-10.85	8.23
P/E ratio							
K Series			**10.49**	35.32	neg.	neg.	27.95
A Series			**10.20**	36.33	neg.	neg.	28.55
Shareholders' equity/share	2)		**161.74**	134.84	140.07	153.01	173.38

Share capital and distribution of dividend			31.12.1997 10 months	28.2.1997 12 months	29.2.1996 12 months	28.2.1995 12 months	28.2.1994 12 months
Share capital		FIM 1 000	**11,400**	11,400	11,400	11,400	11,400
K shares		FIM 1 000	**5,700**	5,700	5,700	5,700	5,700
A shares		FIM 1 000	**5,700**	5,700	5,700	5,700	5,700
Market capitalization	3)	FIM 1 000	**403,358**	403,395	93,733	160,199	264,192
Number of shares, average		kpl	**1,136,271**	1,136,271	1,136,271	1,136,271	1,136,271
Number of shares (adjusted)		kpl	**1,136,271**	1,136,271	1,136,271	1,136,271	1,136,271
Dividend distribution		FIM 1 000	**4,545** *	2,500	2,500	2,500	2,500
Payout ratio		%	**40** *	22	22	22	22
Dividend, nominal		FIM	**4.00** *	2.20	2.20	2.20	2.20
Dividend, adjusted		FIM	**4.00** *	2.20	2.20	2.20	2.20
Dividend from profit	4)	%	**11.7**	22.2			26.7
Effective dividend yield	5)						
K shares		%	**1.1**	0.6	2.6	1.5	1.0
A shares		%	**1.1**	0.6	2.7	1.6	0.9

* Board's proposal to the AGM

1) Earnings per share $= \dfrac{\text{Profit/loss before extraordinary items - minority interest in profit/loss for period - taxes}}{\text{Average number of shares adjusted for share issues}}$

2) Shareholders' equity per share $= \dfrac{\text{Shareholders' equity + accumulated provisions less deferred tax liability}}{\text{Adjusted number of shares at year-end}}$

3) Market capitalization = Number of shares at year-end x share price at year-end

4) Payout ratio, % $= \dfrac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$

5) Effective dividend yield,% $= \dfrac{\text{Dividend per share}}{\text{Closing share price}} \times 100$

The per share figures do not include a tax entry totalling MFIM 5.5 based on a tax inspection.

Five years in figures

GROUP MFIM	31 Dec. 1997 10 moths	28 Feb. 1997 12 months	28 Feb. 1996 12 months	28 Feb. 1995 12 months	28 Feb. 1994 12 months
Net turnover	**2,847.5**	774.6	694.8	672.4	788.8
Change in net turnover %	**267.6**	11.5	3.3	-14.8	-25.5
Operating profit before depreciation	**98.4**	39.0	20.1	19.0	42.3
% of net turnover	**3.5**	5.0	2.9	2.8	5.4
Planned depreciation	**40.0**	22.4	24.6	26.8	24.0
Operating profit/loss	**58.4**	16.6	-4.5	-7.8	18.3
% of net turnover	**2.1**	2.1	-0.6	-1.2	2.7
Financial income and expenses, net	**1.7**	0.5	-0.8	-4.0	-5.8
Profit/loss before extraordinary items, provisions and taxes	**60.1**	17.1	-5.3	-11.8	12.5
% of net turnover	**2.1**	2.2	-0.8	-1.8	1.6
Profit/loss before provisions and taxes	**57.2**	19.7	-16.6	-21.0	22.9
% of net turnover	**2.0**	2.5	-2.4	-3.1	2.9
Profit for the period	**39.3**	21.8	14.6	0.1	9.6
Shareholders' equity + provisions	**207.1**	162.5	178.2	198.0	226.0
Balance sheet total	**756.4**	278.3	285.0	310.8	429.4
Return on equity 1)	**23.1**	7.2	-3.5	-6.4	5.0
Return on investment 2)	**27.3**	9.9	-1.3	-1.0	7.4
Current ratio 3)	**0.8**	1.2	0.7	1.3	1.6
Interest-bearing liabilities	**93.8**	0.0	22.2	26.7	81.4
Solvency ratio 4)	**24.4**	55.1	55.9	55.9	45.9
Gross capital expenditure	**327.7**	35.3	49.6	39.7	66.5
% of net turnover	**11.6**	4.6	7.1	5.9	8.4
Personnel, average	**1,136**	1,058	1,060	965	1,006

1) $\dfrac{\text{Profit/loss before extraordinary items - taxes for period}}{\text{Shareholders' equity + minority interest + accumulated provisions less deferred tax liability(average)}} \times 100$

2) $\dfrac{\text{Profit/loss before extraordinary items + interest and other financial expenses}}{\text{Balance sheet total - interest-free liabilities (average)}} \times 100$

3) $\dfrac{\text{Current assets}}{\text{Current liabilities}}$

4) $\dfrac{\text{Shareholders' equity + minority interest + accumulated provisions less deferred tax liability}}{\text{Balance sheet total - advances received}} \times 100$

The financial indicators do not include a tax entry totalling MFIM 5.5 based on a tax inspection.

Distribution of profit

Board's Proposal to the Annual General Meeting

Non-restricted shareholders' equity according to the balance sheet on 31 December 1997 is	FIM	100,106,527.64
Sentra plc's non-restricted shareholders' equity is	FIM	39,792,421.64
The Board of Directors proposes that		
- a dividend of 40 % be paid on the share capital	FIM	4,545,084.00
after which Sentra plc's non-restricted equity totals	FIM	35,247,337.64

Vantaa, 26 February 1998

Risto Wartiovaara   Christer Ekman

Matti Linnainmaa   Tapio Vuojolainen

Björn Westerholm

Auditors' report

To the shareholders of Spar Finland plc.

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the Managing Director of Sentra plc (Spar Finland plc from 2 January 1998) for the period 1 March - 31 Decemer 1997. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and the company's administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The 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 made by the Board of Directors on how to deal with the retained earnings is in compliance with the Finnish Companies Act.

We have reviewed the interim report made public by the company during the year. It is our understanding that the interim financial statements have been prepared in accordance with the rules and regulations governing the preparation of such statements in Finland.

Helsinki 13 March 1998

KPMG WIDERI OY AB
Mauri Palvi
Authorized Public Accountant

Board of Directors, Auditors and Company Management

FROM THE LEFT: MATTI LINNAINMAA, CHRISTER EKMAN, BJÖRN WESTERHOLM, RISTO WARTIOVAARA AND TAPIO VUOJOLAINEN

THE BOARD OF DIRECTORS

Chairman
Risto Wartiovaara
M.Sc (Business Admin.),
Managing director
Helsinki

Christer Ekman
LLB, solicitor
Espoo

Matti Linnainmaa
Commercial councelor
Pori

Björn Westerholm
Managing director
Kauniainen

Representative of the personnel
Tapio Vuojolainen
Product manager
Järvenpää

Secretary to the Board is
Timo Säiläkivi

AUDITORS

Authorized public accountants
KPMG Wideri Oy Ab.
Chief auditor is
Mr. Mauri Palvi, APA

FROM THE LEFT: BJÖRN WESTERHOLM, PIIU PUKKILA, JARI VAHTOLA, ARI VIRNES AND TIMO SÄILÄKIVI

COMPANY MANAGEMENT

Directors in the Management team

Björn Westerholm,
Managing director
Jari Vahtola,
Director, retailer operations
Ari Virnes,
Director, own stores
Piiu Pukkila,
Director, development
Timo Säiläkivi,
Director,
finance and administration

Other Directors

Marja-Leena Ali-Melkkilä,
Regional Director, South Finland
Pertti Hämäläinen,
Regional Director, West Finland
Markku Kettinen,
Purchase Director
Leila Kähkönen,
Director, SPAR express
Matti Marttila,
Regional Director, North Finland
Timo Palviainen,
Director, EUROSPAR
Seppo Parviainen,
Director, Field operations, own stores
Timo Paumo,
Director, Rabatti
Jorma Räsänen,
Regional Director, East Finland

Contact Information

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