ALTIA
GROUP

Annual Report 2000

Report By The Board of Directors For The Fiscal Period January 1 - December 31, 2000

Operating environment

Gross production in Finland grew fast and on a broad basis during 2000. Gross domestic product increased by well over 5%. Private consumption continued to grow at just under 4%. In January, the inflation rate was still as low as 2.2%, but the high price of oil in the world market and its multiplicative effects gradually accelerated increases in consumer prices. The annual average rate of inflation was 3.4%. The inflation rate also picked up in the euro-zone but remained about 1/2 percentage point lower than in Finland. The European Central Bank raised its main refinancing rate by 1.75 percentage points to 4.75%. The average 3-month euribor in 2000 was 4.40%, up from only 2.96% the year before. The money market rates began to fall toward the end of the year as there were increasing signs of a slowing U.S. economic growth rate. Also, the yields on bonds and debentures fell and stock prices sank.

Development of key economic indicators:

	2000	1999
Gross domestic product, change in %	+ 5.5	+ 3.5
Consumer price index, %	+ 3.4	+ 1.2
Private consumption, change in %	+ 3.5	+ 3.7

According to statistics, the consumption of alcoholic beverages in Finland rose by 0.7% (1.3% in 1999). Of the product groups, ciders showed the largest growth of 17%. Wine consumption increased by 4% with red wines in particular gaining popularity. The consumption of spirits remained at the previous year's level. The consumption of long drinks, on the other hand, fell by 10% and that of beer by 1%.

Though the consumption of alcohol has usually kept pace with economic growth, it has during the past two years been trailing behind the Finnish economy. This slowdown is due to changes in consumer habits. Finnish people now buy beverages which are more expensive and of a better quality than before. Retail sales at Alko outlets increased by 2.3%, while sales at restaurants were down by 3% on the previous year.

The Altia Group retained its market share in spirit sales. Sales of wines failed to grow as fast as the aggregate sales of the whole product group.

On the international level, centralization of the alcoholic beverage industry has continued. The most significant event of the year was the joint purchase, after competitive bidding, by British Diageo and the French Pernod Ricard of the entire product portfolio of Canadian Seagram. As a result of this deal, Diageo's position as the largest company in the business was strengthened further and the French Pernod Ricard overtook Allied Domecq, becoming the industry's second largest company.

On the international market, the consumption of spirits remained at the previous year's level. The increasing trend in consumption towards higher quality, the so-called premium products, continued during the year under review.

The Altia Group's alcoholic beverage exports were down by 10% on the previous year. The fall in exports was due to a reduction in importers' inventories and preparations for the world-wide launch of the new package. Finlandia Vodka retained its position in its key markets, Puerto Rico, the Czech Republic, Canada, Poland and the Nordic countries. In the United States depletions from the importer, i.e. Brown-Forman, to its customers increased by 23%.

Following the recession caused by Russia's economic difficulties, business activities in Eastern Europe have shown signs of revival, although it is unlikely that the level of a few years ago can be reached in the next couple of years.

Group structure

The Board of Directors of Altia Group Ltd decided in early January to incorporate the Finlandia Vodka business. The decision was based on the Altia Group's strategy which, as one of its focus points, aims to build Finlandia Vodka into a world-wide premium vodka brand. Another objective of the incorportation is to monitor and manage more efficiently than before the entire chain of the sales and marketing process. Yet another goal was to provide more flexibility for the implementation of different strategic options.

One of these strategic options was the decision to search for a business partner and part-owner for the Finlandia Vodka business. As a result of the negotiations conducted during the first months of the year with the Brown-Forman Corporation, the Finlandia Vodka agent in the U.S. since late 1996, a decision was reached, under an agreement signed on June 15, 2000, to set up a joint venture called Finlandia Vodka Worldwide Ltd. The Altia Group owns 55% and Brown-Forman 45% of the new company which started operations on August 1, 2000. Brown-Forman paid FIM 522 million for its stake in the company. According to the agreement, Altia is entitled to sell part or the remainder of its holding to Brown-Forman, at a later date.

As Finlandia Vodka Worldwide Ltd was established, the Primalco subsidiary based in the Czech Republic was transferred into the new company as its subsidiary. As soon as the Polish competition authorities had agreed to it, Finlandia Polska and its associated company Finlandia-Ballantine's Group were sold to Finlandia Vodka Worldwide Ltd in early November.

In connection with the reorganization of Finlandia Vodka business, it was decided that Finlandia Americas Inc. in New York should be discontinued as a marketing company, and its activities be transferred to Brown-Forman. The company has now been renamed Primalco Americas Inc., and it will handle all remaining administrative tasks by the middle of 2001.

From the beginning of April the Group's wine business was centralized in Havistra, into an own business unit. By concentrating all wine business related activities from Havistra and Primalco in a single operating unit it is now possible to manage the entire value chain, from buying to sales, much more effectively. The primary objective is to improve profitability and to increase market shares.

In early May, a shared service center was set up in the parent company. The Financial Accounting (bookkeeping and financial statements, accounts ledgers, cash management, credit control) and Management Accounting (budgeting, reporting, development of management accounting) were transferred from the subsidiaries to this service center. The purpose of concentrating all the basic financial functions in the parent company is to achieve economies of scale and to dismantle the Group companies' overlapping activities. Business Control will remain the responsibility of the operational business units.

The Group's human resources management was centralized in the parent company at the beginning of August. The aim is to achieve the same benefits as by the centralization of the financial activities.

At the beginning of August the responsibility for the spirits business and marketing in Finland was transferred from Primalco to Havistra. The purpose of this change was to simplify the Group structure and to gain the same benefits as in the wine business. As a result of this transfer, Primalco is now purely a production company whose customers in the alcohol business include Finlandia Vodka Worldwide and Havistra.

The Group's production activities in Latvia ended in August when Primalco sold its stock in the subsidiary Jaunalko SIA.

The holding in Ustjuzhna Distillery Ltd was divested in November. The company's production operations had already been wound up in 1998.

In November, the Group's holding in the 50%-owned associated company Cool Drinks International Ltd was sold to Hartwall, the company's other owner. As Hartwall's subsidiary, CDI is better able

to respond to changes in the market situation. Primalco continues as the company's raw materials supplier on a long-term contract.

In December, Havistra acquired the stock of Regula Latvia SIA and the company was merged with Havistra Latvia SIA.

Primalco's Polish subsidiary, Primalco Polska Sp.zo.o., was wound up in December.

After these changes the Group's operating model is as follows:
- The parent company is responsible for the Group's general management, Group strategy and support functions
- Primalco is a production company and it is also responsible for the grain processing business
- Havistra is responsible for the spirits and wine businesses in Finland
- The Finlandia Vodka business is within Finlandia Vodka Worldwide Ltd
- Business in the Baltics is handled from Estonia. The production company Ofelia and the marketing company Havistra Eesti operate under joint management.

Alko Pension Foundation

Altia Group Ltd, Primalco Ltd and Havistra Ltd were severed from the Alko Pension Foundation early in the year. On January 4, 2000 the companies' pension liabilities and assets were transferred to the Henki-Sampo Insurance Company concerning additional pension benefits, and to the Varma-Sampo Mutual Pension Insurance Company for mandatory pension benefits. The severance of Altia Group companies had to be effected in this way because there was no taxation-neutral legislation on dividing pension funds like in limited liability companies. This transfer did not affect the personnel's pension benefits in any way.

The Altia Group's consolidated financial statement includes under extraordinary income, a FIM 152 million pension premium gain on mandatory pension benefits. In 1999, a FIM 165 million pension premium gain on additional pension benefits was recorded.

Strategic ownership plan

The Finnish Cabinet Committee on Economic Policy approved on January 18, 2000 the strategic ownership plan for Altia Group Ltd as proposed by the Ministry of Trade and Industry. According to the plan, a strategic minority owner and business partner for Altia Group Ltd will be searched for, such owner's holding in the company being currently limited to 1/3. The purpose of broadening the ownership base is to improve the possibilities for developing the Altia Group's operations both in Finland and in the Baltics.

The search for a minority stockholder was discontinued in December because the possibility of acquiring additional stock in the future had become a key negotiating point for the potential buyers.

Measures to broaden the ownership base will be continued as soon as Parliament has debated the proposal submitted in November by the Cabinet to the effect that State ownership in the company could be reduced to under 50% but not under 1/3.

Management and auditors

Chairman of the Altia Group Ltd Board of Directors has been Director Markku Tapio, Vice-Chairman Ms Carita Putkonen, Director of Development, and members CEO Leif Ekström, Group President Matti Ilmari, and Minister Ilkka Suominen until 8 March 2000, succeeded by President and CEO Veikko Kasurinen.

At the Annual General Meeting held on March 8, 2000, Auditing Counselor Erkki Mäki-Ranta, CPA, CPFA, and Mr. Yrjö Tuokko, M.Sc. (Business Administration), APA, were elected as auditors in charge and Mr. Aarne Koivikko, APA, and Senior Auditor Jorma Heikkinen, APA, as deputy auditors.

Net sales and financial performance

The Altia Group's net sales totaled FIM 1,315 million (FIM 1,301 million), up 1% on the previous year. Exports and overseas operations accounted for 45% (45%) of the net sales.

Owing to the changes in the Group structure, the net sales of the Group companies are not fully comparable with the previous year's figures. Primalco's share of the Group's net sales was FIM 1,108 million (FIM 1,203 million), that of Havistra FIM 592 million (FIM 558 million) and that of Finlandia Vodka Worldwide FIM 198 million. The parent company's net sales totaled FIM 18 million (FIM 23 million). The Group's share of the associated companies' profit was FIM -0.5 million (FIM +0.3 million).

Other operating revenue totaled FIM 683 million (FIM 28 million). The most significant items were the capital gain of FIM 450 million on the divestment of the minority holding in Finlandia Vodka Worldwide Ltd, the FIM 19 million gain on the sale of the Rajamäki housing estate, and the FIM 10 million gain on the sale of the stock in Cool Drinks International. Other operating revenue also includes the FIM 155 million difference between the market value and the book value of the Fortum Ltd stock, transferred to Altia's owner as a profit payed in advance based on the company's financial performance in 2000. Other operating revenue generated by the parent company also included FIM 100 million representing the book value of the capital contribution made to Finlandia Vodka Worldwide Ltd when the company started its operations. This item is eliminated in the consolidated financial statements.

The Group's payroll costs totaled FIM 214 million (FIM 188 million). The reduction in the Group's personnel occurred mainly toward the end of the year and, therefore, had hardly any impact on payroll costs, which include non-current expenses totaling FIM 8 million, due to the reorganization of the Group. The pension costs increased by FIM 37 million compared to the previous year.

Depreciation according to plan totaling FIM 75 million (FIM 60 million) includes a flat write-off of FIM 14 million on the distillery in Poland.

The Group's operating profit was FIM 655 million (FIM 41 million). Primalco's operating profit was FIM 92 million (FIM 65 million), Havistra's FIM 10 million (FIM 14 million). The operating loss of Finlandia Vodka Worldwide was FIM 10 million. The parent company generated an operating profit of FIM 684 million, compared to an operating loss of FIM 30 million the year before.

Extraordinary income includes a FIM 152 million pension premium gain following the liquidation of the Group pension fund's B-unit (i.e. mandatory pension benefits). In the previous year, the extraordinary income included a pension premium gain in the A-unit (i.e. additional pension benefits).

Earnings before appropriations and taxes were FIM 831 million (FIM 221 million).

The operating profit for the fiscal year amounted to FIM 590 million (FIM 123 million) after FIM +7 million (FIM -1 million) in minority interest and FIM 287 million (FIM 95 million) in direct taxes and FIM 38 million (FIM -2 million) of changes in deferred tax liabilities/receivables.

Investments, finance and research

The Group's gross investments totaled FIM 39 million (FIM 42 million). The breakdown between the Group companies was as follows (FIM million):

	2000	1999
Primalco Group	36	37
Havistra Group	1	4
Finlandia Vodka Worldwide Group	1	-
Altia Group Ltd	1	1
Total	39	42

Primalco's most important investments were made to improve production efficiency and to develop information technology. The emphasis in the investments made by the parent company, Havistra and Finlandia Vodka Worldwide was also on IT development.

The Group's depreciation, excluding the FIM 14 million write-off, totaled FIM 61 million (FIM 60 million), thus outstripping investments. In the future, the need for investments with the current operating structure will remain at this year's level. Consequently, the depreciation level will be still lower.

The Group's research and product development expenses totaled FIM 5 million (FIM 5 million) resulting from the product development of alcoholic beverages.

The Group's financial position remained good throughout the fiscal year. Interest-bearing liabilities were reduced by FIM 12 million (FIM 120 million) during the year, totaling FIM 44 million (FIM 56 million) at the end of the year. Financial income exceeded financial costs by FIM 30 million (FIM 15 million).

At the end of the fiscal year the Group's balance sheet totaled FIM 2,268 million (FIM 1,725 million). In December, the owner was paid an advance of FIM 500 million plus Fortum Ltd stock market-valued at FIM 166 million on the 2000 profit. These were included in other receivables on the consolidated balance sheet and will be recorded under profit distribution as soon as the Annual General Meeting has decided on the distribution of profit. The Group's year-end equity ratio was 62% (61%).

Gearing, the debt-to-equity ratio, was excellent at -28% (-31%).

Personnel

The Group employed an average of 827 (900) people. The personnel was divided between the Group companies as follows:

	2000	1999
Primalco Group	642	791
Havistra Group	72	62
Finlandia Vodka Worldwide Group	70	-
Altia Group Ltd	43	47
Total	827	900

An average of 659 (722) employees worked in Finland and 168 (178) abroad. The parent company employed an average of 43 (47) people. At the end of the year, the Group employed 736 (878) people and the parent company 46 (37).

The reduction in the Group's personnel was caused not only by the divestment of the Group's overseas companies, the Group's reorganization and natural attrition but also by outsourced activities. During the fiscal year, the Group's payroll administration and occupational health care as well as part of Primalco's technical services were entrusted to external companies.

Post-fiscal events and prospects for 2001

During 2000 a significant reorganization of the Altia Group was carried out. The aim was to streamline processes and activities and to improve cost-effectiveness in the various business areas. The impact of these changes will be seen in full during the current year and in the next few years.

In the domestic alcoholic beverage market, the Group aims to retain its strong position in all of the product groups. In addition to the Group's own brands, its product portfolio will be complemented by products which the Group represents, in both spirits and wine business.

In the export business the Group's aim is to develope the Finlandia Vodka business, now incorporated in Finlandia Vodka Worldwide Ltd, and to ensure a profitable growth in cooperation with Brown-Forman by utilizing its world-wide distribution and sales network. Along with the new marketing concept, strong emphasis will be put on the Finlandia Vodka brand, particularly in the leading premium vodka markets. The introduction of the new package will be completed in all market areas.

During the current year the consolidated operating profit of the Altia Group is expected to improve on the previous fiscal year.

Income Statements

	Note	Group 1.1.–31.12.2000	Group 4.1.–31.12.1999	Parent company 1.1.–31.12.2000	Parent company 4.1.–31.12.1999
		MFIM	MFIM	MFIM	MFIM
NET SALES	2)	1,314.8	1,301.2	17.8	22.7
Incr. (+) decr. (-) in finished and semi-finished goods inventories		-34.0	-2.2	-	-
Share in associated company profits	7)	-	0.3	-	-
Other operating income	3)	682.7	28.0	717.7	0.6
Raw materials and services		-569.8	-570.7	-	-
Staff expenses	4)	-214.3	-188.4	-19.9	-18.1
Depreciation and reduction in value	5)	-75.0	-60.0	-2.3	-2.3
Other operating charges	6)	-448.7	-467.5	-29.6	-32.6
Share in associated company losses	7)	-0.5	-	-	-
OPERATING PROFIT	9)	655.1	40.6	683.6	-29.7
Financial income and expenses	10)	30.1	15.2	140.1	23.6
PROFIT BEFORE EXTRAORDINARY ITEMS		685.2	55.8	823.7	-6.1
Extraordinary items	11)				
Extraordinary income and expenses		146.1	164.7	227.2	35.4
PROFIT BEFORE APPROPRIATIONS AND TAXES		831.3	220.5	1,050.9	29.3
Increase (-) decrease (+) Change in depreciation reserve	12)	-	-	+0.6	+0.5
Income taxes	13)	-286.6	-94.5	-305.2	-36.1
Change in deferred tax liabilities/receivables	13)	38.2	-1.9	-	-
PROFIT BEFORE MINORITY INTEREST		582.9	124.0	746.3	-6.3
Minority interests		6.6	-1.3	-	-
PROFIT FOR THE FISCAL YEAR		589.6	122.7	746.3	-6.3

Balance Sheets

ASSETS		Group 31.12.2000	Group 31.12.1999	Parent company 31.12.2000	Parent company 31.12.1999
		MFIM	MFIM	MFIM	MFIM
NON-CURRENT ASSETS	14)				
Intangible assets					
Intangible rights		1.2	0.7	-	-
Goodwill		7.3	10.3	-	-
Group goodwill		0.7	1.3	-	-
Other capitalized expenditure		10.3	14.9	1.0	1.2
Advance payments		0.0	0.2	-	-
		19.5	27.3	1.0	1.2
Tangible assets					
Land and water areas		16.1	15.6	0.6	0.7
Buildings and constructions		188.1	204.3	2.1	2.2
Machinery and equipment		159.5	182.7	3.8	4.8
Other tangible assets		5.9	8.1	2.6	4.2
Advance payments and construction in progress		7.1	7.0	-	-
		376.7	417.8	9.1	11.9
Financial assets	22)				
Holdings in Group companies		-	-	281.5	210.0
Holdings in associated companies		2.4	2.7	-	-
Other shares and holdings		3.6	16.6	0.9	13.3
		6.0	19.3	282.4	223.3
CURRENT ASSETS					
Inventories	15)	128.5	133.9	-	-
Receivables	16)				
Long-term					
Receivables from Group companies		-	-	176.9	191.6
Loan receivables		1.6	2.2	-	-
Deferred tax receivables	20)	24.9	-	-	-
		26.5	2.2	176.9	191.6
Short-term					
Trade receivables		546.4	566.5	0.1	0.9
Receivables from Group companies		-	-	28.7	18.3
Receivables from associated companies		0.6	0.4	-	-
Loan receivables		0.6	0.6	-	-
Other receivables		683.6	147.6	670.4	28.0
Prepaid expenses		35.2	31.2	0.8	0.9
Deferred tax receivables	20)	10.9	-	-	-
		1,277.3	746.3	700.0	48.1
Marketable securities					
Other securities		187.9	222.1	187.9	189.3
Cash in hand and at banks		245.3	155.5	19.0	13.3
		2,267.6	1,724.5	1,376.2	678.8

Balance Sheets

SHAREHOLDERS' EQUITY AND LIABILITIES		Group 31.12.2000	Group 31.12.1999	Parent company 31.12.2000	Parent company 31.12.1999
		MFIM	MFIM	MFIM	MFIM
SHAREHOLDERS' EQUITY	17)				
Share capital		359.6	359.6	359.6	359.6
Legal reserve		0.0	0.4	-	-
Other reserves and translation differences		3.3	-4.3	-	-
Retained earnings		404.3	553.5	7.7	279.1
Profit for the fiscal year		589.6	122.7	746.3	-6.3
		1,356.9	1,031.9	1,113.7	632.3
MINORITY INTERESTS		58.6	12.8	-	-
APPROPRIATIONS					
Depreciation reserve	18)	-	-	1.3	1.9
PROVISIONS	19)				
Other statutory reserves		8.8	1.4	-	-
LIABILITIES	20)				
Long-term					
Deferred tax liability		29.1	31.5	-	-
Other liabilities		0.0	1.3	-	-
		29.1	32.8	-	-
Short-term					
Loans from credit institutions		43.7	50.9	11.9	11.9
Advances received		0.2	0.9	-	-
Accounts payable		101.2	104.6	1.9	2.0
Liabilities to Group companies		-	-	0.5	0.2
Liabilities to associated companies		-	0.0	-	-
Other liabilities		345.8	360.1	1.0	0.8
Accrued expenses and deferred incomes		323.4	129.1	246.0	29.7
		814.3	645.7	261.2	44.6
		2,267.6	1,724.5	1,376.2	678.8

Cash Flow Statements

	Group 1.1.–31.12.2000	Group 4.1.–31.12.1999	Parent company 1.1.–31.12.2000	Parent company 4.1.–31.12.1999
OPERATIONAL CASH FLOW	MFIM	MFIM	MFIM	MFIM
Profit before extraordinary items	685.2	55.8	823.7	-6.1
Adjustments				
Depreciation according to plan	75.0	60.0	2.3	2.3
Unrealized currency gains and losses	-1.2	-3.6	-	-
Other income and expenses, unrelated to payments	8.0	0.7	-98.1	0.9
Financial income and expenses	-30.1	-15.2	-140.1	-23.6
Other adjustments	-648.3	-3.7	-618.0	-0.4
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL	88.6	94.1	-30.2	-26.9
Changes in working capital				
Incr. (-) decr. (+) in short-term interest-free trade receivables	54.4	-358.8	0.1	-4.2
Incr. (-) decr. (+) in inventories	5.3	7.5	-	-
Incr. (+) decr. (-) in short-term interest-free liabilities	-25.8	346.4	1.7	2.9
	33.9	-4.9	1.8	-1.3
Incr. (-) decr. (+) in trade receivables at interest	0.6	-1.9	14.7	44.7
OPERATIONAL CASH FLOW BEFORE EXTRAORDINARY ITEMS AND TAXES	123.2	87.2	-13.7	16.5
Interest and other operational financial expenses	-17.1	-18.7	-0.5	-4.6
Dividends received from operations	-	0.0	75.0	0.0
Interest received from operations	37.1	26.4	25.7	21.4
Direct taxes paid	-59.6	-25.2	-24.1	0.0
CASH FLOW BEFORE EXTRAORDINARY ITEMS	83.6	69.7	62.4	33.3
Net cash flow from extraordinary items	222.9	5.8	208.3	0.6
OPERATIONAL CASH FLOW (A)	306.5	75.5	270.6	34.0
CASH FLOW FROM INVESTMENTS				
Investments in tangible and intangible assets	-39.4	-34.5	-1.3	-1.1
Disposals of tangible and intangible assets	24.8	7.6	0.5	1.8
Disposals of other investments	14.2	0.1	14.1	0.1
Subsidiaries acquired	-0.1	4.8	-30.0	-
Subsidiaries sold	510.7	-	507.7	-
Associated companies sold	4.8	-	-	-
Dividends received from investments	7.8	5.4	7.6	5.4
CASH FLOW FROM INVESTMENTS (B)	522.9	-16.6	498.7	6.2
CASH FLOW FROM FINANCING				
Share issue against payment	0.4	-	-	-
Short-term loans	-	41.7	-	11.9
Repayments of short-term debt	-7.3	-82.7	-	-82.7
Repayments of long-term debt	-1.3	-78.0	-	-73.0
Dividends paid and other distribution of income	-765.8	-1.0	-765.0	-
CASH FLOW FROM FINANCING (C)	-773.9	-119.9	-765.0	-143.8
CHANGE IN LIQUID FUNDS (A+B+C) INCR. (+) DECR. (-)	55.5	-61.0	4.3	-103.7
LIQUID FUNDS, BEGINNING OF FISCAL PERIOD	377.6	438.6	202.6	306.3
LIQUID FUNDS, END OF FISCAL PERIOD	433.2	377.6	206.9	202.6

Additional Information Dec 31, 2000

1) ACCOUNTING PRINCIPLES

Fixed assets have been recorded on the balance sheet net of their depreciation according to plan. Inventories and the related variable acquisition costs have been assigned values based on a weighted average. Marketable securities have been valued at their original acquisition cost or on a lower market value at the end of the fiscal year. Foreign currency denominated items have been converted into Finnish marks at the average exchange rate on the last day of the fiscal year.

Altia Group Ltd is the parent of the Altia Group, and is headquartered in Helsinki. Copies of the Altia Group consolidated financial performance are available at the Altia Group headquartes, address Salmisaarenranta 7, 00180 Helsinki.

All subsidiaries and associated companies have been consolidated into the Group accounts. Domestic associated companies have been consolidated using the proportional method.The basis for this is that the ownership and voting rights are proportional with the other shareholders.

Foreign associated companies have been consolidated using the equity method.

Internal margins, receivables and payables have been eliminated.

Internal shareholdings have been eliminated using the acquisition method. Subsidiary acquisition costs have been eliminated against the equity accounts at the point of acquisition. Differences arising from eliminations have been matched against subsidiary fixed asset accounts to the extent that the market value of subsiadiary fixed assets exceed book values. Asset items which cannot be matched against fixed asset accounts have been treated as Group goodwill. Minority interests have been separated from the Group equity accounts, accumulated appropriations and the profit for the fiscal year, and are presented separately.

The income statements, balance sheets and notes of foreign subsidiaries have been converted into Finnish marks at the average exchange rate effective at the end of the fiscal year. Conversion-related differences have been recorded in the equity accounts.

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
2) NET SALES BY SECTOR	MFIM	MFIM	MFIM	MFIM
Finlandia Vodka Worldwide, export of alcoholic beverages	197.6	-	-	-
Havistra, wholesale of alcoholic beverages	592.1	557.8	-	-
Primalco, manufacture of alcoholic beverages	1,108.3	1,203.2	-	-
Parent, corporate staff and services	17.8	22.7	17.8	22.7
-Inter-group sales	-601.1	-482.5	-	-
Total	1,314.8	1,301.2	17.8	22.7
BREAKDOWN OF NET SALES				
Finland	721.9	716.2	17.8	22.7
Europe	455.9	395.1	-	-
Other	137.0	189.9	-	-
Total	1,314.8	1,301.2	17.8	22.7
3) OTHER OPERATING INCOME				
Rental income	6.9	9.1	-	-
Income from energy sales	5.3	4.7	-	-
Capital revenue	649.1	4.0	717.7	0.6
Service income	10.7	3.8	-	-
Other income	10.7	6.4	-	-
	682.7	28.0	717.7	0.6
4) STAFF EXPENSES				
Wages and salaries				
CEO, Presidents and their subordinates	8.8	6.7	2.0	1.9
Board members	0.6	0.5	0.4	0.4
Others	146.9	156.7	12.6	13.7
Social security expenses				
Pension expenses	43.3	5.6	3.8	0.8
Other social security expenses	14.6	18.8	1.1	1.3
Total	214.3	188.4	19.9	18.1

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
	MFIM	MFIM	MFIM	MFIM
NUMBER OF PERSONNEL				
Average number of personnel during the fiscal year				
Non-office workers	418	456	-	-
Office workers	409	444	43	47
The average number of personnel in relative terms when consolidating associated companies is 52 (52) (21 (22) non-office, 31 (30) office), including 26 working for the Group (10 (11) non-office, 16 (15) office).				
5) DEPRECIATION AND REDUCTION IN VALUE				
Planned depreciation has been calculated straight-line from the point of acquisition. Depreciation periods are based on estimated economic lives as follows:				
Depreciation of Group goodwill	0.7	1.6		
Recognition of Group reserve	0.0	-0.1		
	0.7	1.5		
6) OTHER OPERATING CHARGES				
Other operating charges on asset disposals and losses on the sale of fixed assets				
Losses on the sale of fixed assets	0.1	1.1	-	0.2
Disposals	3.0	0.6	0.0	0.6
Total	3.0	1.7	0.0	0.7
7) SHARE IN ASSOCIATED COMPANY PROFITS				
Finlandia Ballantines Group Sp.zo.o	-0.5	0.3		
8) CHANGES IN STATUTORY PROVISIONS, increase-/decrease+				
Compensation for termination of sales agreements	-6.8	-	-	-
Disposal of bottle model changes	-1.5	-	-	-
Termination of Russian operations	1.0	1.6	-	-
Product liability provision	-0.2	-0.4	-	-
	-7.5	1.3	-	-
9) OPERATING PROFIT BY SECTOR				
Finlandia Vodka Worldwide, export of alcoholic beverages	-10.2	-	-	-
Havistra, wholesale of alcoholic beverages	9.9	14.2	-	-
Primalco, manufacture of alcoholic beverages	92.3	65.2	-	-
Parent, corporate staff and services	683.6	-29.7	683.6	-29.7
+/-Inter-group items	-120.6	-9.0	-	-
Total	655.1	40.6	683.6	-29.7

	years
Goodwill	5–10
Group goodwill	5
Other capitalized expenditure	5
Buildings	25–40
Constructions	20
Machinery and equipment	10
Transport equipment	5
IT hardware	3–5
IT software	3–5

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
10) FINANCIAL INCOME AND EXPENSES	MFIM	MFIM	MFIM	MFIM
Income from investments held as noncurrent assets				
Income from shares in other Group companies	-	-	104.2	-
Income from other investments held as noncurrent assets	10.8	7.5	10.6	7.5
Other interest and financial income				
From Group companies	-	-	11.6	12.5
From others	36.7	20.7	14.6	7.8
Devaluation of current assets marketable securities	0.4	-	0.4	-
Interest and other financial expenses				
To Group companies	-	-	0.0	0.2
To others	17.0	13.1	0.6	4.0
Total dividend income	10.8	7.5	114.8	7.5
Total interest income and expenses				
Interest income	31.4	13.0	26.0	19.9
Interest expenses	-5.9	-8.1	-0.1	-4.1
Net interest income	25.6	4.9	26.0	15.8
11) EXTRAORDINARY ITEMS				
Extraordinary income				
Pension refund from pension liability premium gains	152.5	164.7	117.2	35.4
Other extraordinary income	0.4	-	-	-
Group subsidy	-	-	110.0	-
Extraordinary expenses				
Statutory reserves	6.8	-	-	-
Total extraordinary items	146.1	164.7	227.2	35.4
12) APPROPRIATIONS				
Change in depreciation reserve, increase-/decrease+				
Other capitalized expenditure	-	-	0.0	0.0
Buildings and constructions	-	-	0.0	0.0
Machinery and equipment	-	-	0.5	0.5
	-	-	0.6	0.5
13) DIRECT TAXES				
Income taxes				
Taxes on operations	242.4	20.9	239.3	-1.4
Taxes on extraordinary items	44.2	46.1	65.9	9.9
Supplementary tax on proposed dividend	-	27.6	-	27.6
Total	286.6	94.5	305.2	36.1
Taxes for the fiscal year	287.0	95.1	305.2	36.1
Taxes for previous fiscal years	-0.3	-0.6	-0.1	-
Change in deferred tax liabilities from financial statements transfer increase+/decrease-	-2.4	1.9	-	-
Change in deferred tax receivable due to adjustments, increase-/decrease+	-35.8	-	-	-
Total	248.4	96.5	305.2	36.1

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
14) NON-CURRENT ASSETS	MFIM	MFIM	MFIM	MFIM
CHANGES IN ACQUISITION COSTS				
Intangible assets				
Acquisition cost Jan. 1	82.5	69.7	2.7	2.7
Conversion differences	0.4	0.5	-	-
Increases	3.3	11.5	0.4	-
Decreases	-0.5	-0.4	-	-
Item transfers	0.3	1.1	-	-
Acquisition cost Dec. 31	85.9	82.5	3.1	2.7
Accumulated depreciation Jan.1	-55.1	-47.8	-1.5	-1.0
Conversion differences	-0.1	-0.2	-	-
Accumulated decreases and transfers, depreciation and reduction	0.2	0.3	-	-
Depreciation for the fiscal year	-11.5	-7.4	-0.6	-0.5
Accumulated depreciation, Dec. 31	-66.5	-55.1	-2.1	-1.5
Book value, Dec. 31	19.5	27.3	1.0	1.2
Tangible assets				
Acquisition cost Jan. 1	1,244.0	1,254.2	36.3	41.3
Conversion differences	0.5	1.4	-	-
Increases	36.2	29.4	1.0	1.1
Decreases	-48.1	-40.2	-4.0	-6.1
Item transfers	-0.3	-0.7	-	-
Acquisition cost, Dec. 31	1,232.3	1,244.0	33.2	36.3
Accumulated depreciation, Jan. 1	-826.3	-808.3	-24.3	-26.4
Conversion differences	-0.3	-0.6	-	-
Accumulated decreases and transfers depreciation and reduction	34.5	35.2	1.9	3.9
Depreciation for the fiscal year	-63.5	-52.6	-1.7	-1.8
Accumulated depreciation, Dec. 31	-855.6	-826.3	-24.1	-24.3
Book value, Dec. 31	376.7	417.8	9.1	11.9
Undepreciated share of machinery and equipment, Dec. 31	137.3	153.8	-	-
Long-term financial investments				
Holdings in Group companies				
Acquisition cost, Jan 1	-	-	210.0	210.0
Increases	-	-	130.0	-
Decreases	-	-	-58.5	-
Acquisition cost, Dec. 31	-	-	281.5	210.0
Book value, Dec. 31	-	-	281.5	210.0
Shares in associated companies				
Acquisition cost, Jan. 1	2.4	2.8		
Conversion differences	0.2	0.0		
Item transfers	-	-0.3		
Acquisition cost, Dec. 31.	2.6	2.4		
Accumulated earnings-holdings, Jan. 1	0.3	0.2		
Conversion differences	0.0	0.0		
Share in profit for the fiscal year	-0.5	0.3		
Decreases	-	0.0		
Item transfers	-	-0.1		
Accumulated earnings-holdings, Dec. 31	-0.2	0.3		
Book value, Dec. 31	2.4	2.7		

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Other shares and holdings	MFIM	MFIM	MFIM	MFIM
Acquisition cost, Jan. 1	16.8	19.5	13.3	13.5
Conversion differences	-	0.0	-	-
Decreases	-13.0	-2.7	-12.4	-0.2
Acquisition cost, Dec. 31	3.8	16.8	0.9	13.3
Accumulated write-downs, Jan. 1	-0.3	-0.3	-	-
Accumulated write-downs, Dec. 31	-0.3	-0.3	-	-
Book value, Dec. 31	3.6	16.6	0.9	13.3
Other publicly traded shares and holdings				
Market value, Dec. 31	4.7	198.3	3.6	196.6
Book value, Dec. 31	0.4	12.5	0.3	12.4
Difference	4.3	185.8	3.3	184.2
15) INVENTORIES				
Inventories are valued using variable weighted average costs. There are no significant differences between the repurchase value and the capitalized acquisition cost of the inventories.				
16) RECEIVABLES				
LONG-TERM				
Receivables from Group companies				
Loan receivables	-	-	176.9	191.6
SHORT-TERM				
Receivables from Group companies				
Trade receivables	-	-	0.1	0.6
Loan receivables	-	-	14.7	14.7
Other receivables	-	-	10.0	-
Prepayments and accrued income	-	-	3.9	3.0
Total	-	-	28.7	18.3
Receivables from associated companies				
Trade receivables	0.6	0.4	-	-
Other receivables include				
From shareholders	666.4	-	-	-
Short-term prepayments and accrued income				
Share of export gross margin	1.5	12.5	-	-
Expenditure accruals	1.7	7.0	0.1	0.1
Income accruals	1.9	2.3	0.1	0.1
Interest receivables	1.1	1.0	0.6	0.7
Income tax receivables	25.9	-	-	-
Other prepayments and accrued income	3.2	8.4	-	-
Total	35.2	31.2	0.8	0.9
MARKETABLE SECURITIES				
Other shares and holdings				
Market value, Dec. 31	2.2	0.2	2.2	0.2
Book value, Dec. 31	2.1	0.1	2.1	0.1
Difference	0.1	0.1	0.1	0.1

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
17) CHANGES IN SHAREHOLDERS' EQUITY	MFIM	MFIM	MFIM	MFIM
Share capital, Jan. 1	359.6	359.6	359.6	359.6
Share capital, Dec. 31	359.6	359.6	359.6	359.6
Legal reserve, Jan. 1	0.4	0.1	-	-
Conversion differences	0.0	0.0	-	-
From retained earnings	0.0	0.3	-	-
To retained earnings to previous fiscal year	-0.3	-	-	-
Change in participation	0.0	-	-	-
Legal reserve, Dec. 31	0.0	0.4	-	-
Contingency fund, Jan.1	0.00	-	-	-
Translation differences	0.00	-	-	-
From retained earnings	-	0.00	-	-
Change in participation	0.00	-	-	-
Contingency fund, Dec. 31	0.00	0.00	-	-
Translation differences, Jan. 1	-4.3	-4.4	-	-
Change from the fiscal year	7.6	0.1	-	-
Translation differences, Dec. 31	3.3	-4.3	-	-
Earnings, Jan. 1	676.2	552.6	272.7	279.1
Translation differences	-1.2	1.2	-	-
Transferred to legal reserve	0.0	-0.3	-	-
Transferred from legal reserve	0.3	-	-	-
Transferred to contingency	-	0.0	-	-
Adjustment entries from translation differences	-6.0	-	-	-
Distribution of dividend	-265.0	-	-265.0	-
Profit for the fiscal year	589.6	122.7	746.3	-6.3
Earnings, Dec. 31	993.9	676.2	754.1	272.7
Distributable earnings, Dec. 31				
Unrestricted equity, Dec. 31	993.9	671.9	754.1	272.7
Share of transfers to equity in appropriations	-71.5	-78.2	-	-
Distributable equity, Dec. 31	922.4	593.7	754.1	272.7
Transfer of depreciation reserve to equity	71.5	78.2	-	-
18) APPROPRIATIONS				
Depreciation reserve				
Other capitalized expenditure	-	-	0.3	0.4
Buildings and constructions	-	-	0.3	0.3
Machinery and equipment	-	-	0.7	1.2
Total	-	-	1.3	1.9
19) STATUTORY PROVISIONS				
Compensation for termination of sales agreements	6.8	-	-	-
Disposal of bottle model changes	1.5	-	-	-
Termination of Russian operations	-	1.0	-	-
Product liability provision	0.5	0.4	-	-
	8.8	1.4	-	-

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
20) LIABILITIES	MFIM	MFIM	MFIM	MFIM
SHORT-TERM				
Debts to Group companies				
Accounts payable	-	-	0.5	0.2
Accrued expenses and deferred income	-	-	-	0.0
Total	-	-	0.5	0.2
Debts to Associated companies				
Accounts payable	-	0.0	-	-
Accrued expenses and deferred income				
Marketing expenses	30.6	40.6	-	-
Salaries and wages	35.4	37.1	5.1	5.0
Income tax	239.2	31.8	239.1	24.2
Contract-related discounts	3.5	6.7	-	-
Purchases and other accrued expenses	8.4	4.2	1.4	0.3
Other accrued expenses and deferred income	6.3	8.8	0.4	0.2
	323.4	129.1	246.0	29.7
LIABILITIES WITH AND WITHOUT INTEREST				
Long-term				
Interest-free (deferred tax liabilities)	29.1	31.5	-	-
At interest	0.0	1.3	-	-
Short-term				
Interest-free	770.5	590.9	249.3	8.5
At interest	43.7	54.7	11.9	11.9
LIABILITIES WITH MATURITY IN EXCESS OF 5 YEARS INCLUDED UNDER LONG-TERM LIABILITIES				
Other long-term liabilities	-	0.3	-	-
DEFERRED TAX LIABILITIES				
Deferred tax liabilities				
From appropriations	29.1	31.5	-	-
Deferred tax receivables				
From adjustments	35.8	-	-	-
Tax liabilities due to matching differences, not entered in the balance sheet	3.3	0.4	-	-
21) SECURITIES GIVEN AND CONTINGENT LIABILITIES				
Securities given on behalf of Group companies				
Debts secured with mortgages				
Debts				
Loans from credit institutions	11.9	11.9	-	-
Security value				
Loans from credit institutions	90.0	90.0	-	-
Other securities against Group company liabilities				
Mortgages	100.0	60.0	-	-
Total securities	190.0	150.0	-	-

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Contingent and other liabilities	MFIM	MFIM	MFIM	MFIM
Capital leasing-related liabilities				
Maturing within 1 year	3.2	2.8	0.6	0.5
Maturity in excess of 1 year	3.0	2.2	0.4	0.5
Total	6.1	4.9	1.0	0.9
Contingent liabilities on behalf of Group companies				
Guarantees	80.0	55.1	-	51.2
Group account liability	-	-	14.8	12.2
Contingent liabilities on behalf of associated companies				
Guarantees	-	5.2	-	-
Contingent liabilities on behalf of others				
Guarantees	-	0.3	-	5.5
Total contingent liabilities	86.1	65.6	15.8	57.6

22) SPECIFICATION OF OWNERSHIP IN SUBSIDIARIES AND ASSOCIATED COMPANIES 31.12.2000	% owned by Parent company	% owned by Group	Equity accounted for by Group	Shares/holdings owned by Group Number of Shares		Nominal value Dec. 31, 2000	Book value Dec. 31, 2000
SUBSIDIARIES			MFIM			million	MFIM
Havistra Ltd, Helsinki	100	100.00	45.3	500,000	FIM	5.0	20.0
Primalco Ltd, Nurmijärvi	100	100.00	430.4	7,000,000	FIM	70.0	190.0
Finlandia Vodka Worldwide Ltd, Helsinki	55	55.00	65.0	150	FIM	71.5	71.5
Alakari Wines Ltd, Helsinki		100.00	1.5	100	FIM	-	1.7
Harald Zetterström oy/ab, Helsinki		100.00	1.6	63	FIM	-	2.8
Havistra Eesti AS, Estonia		100.00	1.4	5,020	EEK	5.0	2.6
Havistra Latvia SIA, Latvia		100.00	0.1	189	LVL	-	0.1
A-Pullo Ltd, Nurmijärvi		76.24	14.4	13,860	FIM	13.9	13.9
Primalco Americas Inc, USA		100.00	2.4	4,700	USD	0.5	2.0
The Finnish National Distillers (ALKO) Ltd, England		99.99	-	17,999	GBP	-	0.2
Ofelia Ltd As, Estonia		93.38	12.0	7,284	EEK	7.3	18.4
Linda Nektar As, Estonia		62.70	1.2	421	EEK	0.4	0.1
Tarto Pärmitööstus As, Estonia		93.38	0.7	170	EEK	2.0	0.8
Primalco Caribbean Inc, USA		100.00	1.0	500	USD	0.1	2.0
Salko Aktiebolag, Sweden		100.00	0.2	4,000	SEK	0.4	-
Alkometa s.r.o., Czech Republic		55.00	2.1	1	CZK	18	10.0
Finlandia Polska Sp.zo.o., Poland		55.00	1.7	18,986	PLN	8.6	-
Subsidiaries total			581.1				336.2
ASSOCIATED COMPANIES							
Finlandia Balantines Group Sp.zo.o., Poland		27.50	1.3	16,955	PLN	1.7	2.4
Roal Ltd, Nurmijärvi		50.00	26.7	9,500		9.5	47.5
Associated companies total			28.0				49.9
OTHER SHARES AND HOLDINGS							
Other shares and holdings total							3.6
TOTAL							389.7

A detailed shareholder's register is available as an appendix to the Group's financial statements at Altia Group Ltd's headquarters in Salmisaarenranta 7, Helsinki, Finland.

Group Financial Indicators

		2000	1999
INCOME STATEMENT			
Net sales	MFIM	1,314.8	1,301.0
Operating profit	MFIM	655.1	41.0
(% net sales)	%	49.8	3.2
Net financial items	MFIM	30.1	15.2
(% net sales)	%	2.3	1.2
Profit before extraordinary items	MFIM	685.2	55.8
(% net sales)	%	52.1	4.3
Profit before taxes	MFIM	831.3	220.5
(% net sales)	%	63.2	16.9
Profit for the fiscal year	MFIM	589.6	122.7
(% net sales)	%	44.8	9.4
BALANCE SHEET			
Liquid assets	MFIM	433.2	377.6
Balance sheet total	"	2,267.6	1,724.5
Shareholders' equity	"	1,356.9	1,031.9
Minority interests	"	58.6	12.8
Statutory provisions	"	8.8	1.4
Deferred tax liability	"	29.1	31.5
Liabilities at interest	"	43.8	56.1
Interest-free liabilities			
(incl. deferred tax liab.)	"	799.6	622.4
Capital invested	"	1,459.2	1,100.8
INDICATORS			
Return on equity	%	35.8	3.6
Return on investment	%	54.9	6.2
Equity ratio	%	62.4	60.6
Gearing	%	-27.5	-30.8
Current ratio		2.3	2.0
Earnings/share	FIM	12.45	0.93
Cash flow/share	"	8.52	2.10
Equity/share	"	37.73	28.70
Dividend/share (proposed)	"	19.74	7.37
Dividend/earnings(proposed)	%	135.9	216.0

CALCULATION OF FINANCIAL INDICATORS

Liquid assets = Cash and bank deposits + marketable securities

Capital invested = Balance sheet total - interest-free liabilities - deferred tax liabilities - statutory reserves

Return on equity, % (ROE)

$$= 100 \times \frac{\text{Profit before extraordinary items - taxes}}{\text{(equity + minority interests) average}}$$

Return in investment, % (ROI)

$$= 100 \times \frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Average capital invested}}$$

Equity ratio, %

$$= 100 \times \frac{\text{Shareholder's equity + minority interest}}{\text{Balance sheet total - advances received}}$$

Gearing, %

$$= 100 \times \frac{\text{Liabilities at interest - liquid assets}}{\text{Shareholders' equity + minority interests}}$$

Current ratio

$$= \frac{\text{Inventories-assets + receivables}}{\text{Short-term liabilities}}$$

Earnings/share

$$= \frac{\text{Profit before extraordinary items - direct taxes in operations - minority interests}}{\text{Adjusted average number of shares outstanding during the period}}$$

Cash flow/share

$$= \frac{\text{Net operational cash flow}}{\text{Adjusted average number of shares outstanding during the period}}$$

Equity/share

$$= \frac{\text{Shareholders' equity}}{\text{Adjusted average number of shares outstanding at end of the period}}$$

Dividend/share

$$= \frac{\text{Fiscal dividend}}{\text{Adjusted average number of shares outstanding during the period}}$$

Dividend/earnings, %

$$= 100 \times \frac{\text{Dividend/share}}{\text{Fiscal profit/share}}$$

Proposal for the parent company's profit distribution

	Group	Parent company
Profit for the year	589,560,903.95	746,331,809.14
Other non-restricted equity	404,340,719.94	7,733,844.25
Total non-restricted equity	993,901,623.89	754,065,653.39
Restricted funds	71,492,486.04	0.00
Distributable equity	922,409,137.85	754,065,653.39
The Board of Directors proposes that, - a dividend totaling 186.32% of capital stock be paid to the stockholders from distributable equity		670,000,000.00

Helsinki, February 23, 2001

Markku Tapio   Carita Putkonen   Leif Ekström

Matti Ilmari   Veikko Kasurinen
President and CEO

Auditors' Report

To the shareholders of Altia Group Ltd

We have audited the bookkeeping, financial statements and administration of Altia Group Ltd for the fiscal period January 1 to December 31, 2000. The financial statements drawn up by the Board of Directors and the President and CEO, showing a profit for the parent company totalling FIM 746,331,809.14 and a profit for the Group totalling FIM 589,560,903.95, comprise a Report on operations by the Board of Directors, as well as the Group's and the parent company's income statements, balance sheets and additional information. Based on our audit, we now release a report on the financial statements and the administration.

We have conducted our audit in accordance with Finnish Standards on Auditing. The bookkeeping and the drafting of the financial statements and their contents and manner of presentation have been examined in a sufficient degree to obtain reasonable assurance that the financial statements are free from material misstatement. As regards the administration, we have examined the compliance of the actions of the Parent Company's Board of Directors and the President and CEO with the requirements of the Finnish Companies Act.

Our statement notes that, the financial statements have been drawn up pursuant to the Finnish Accounting Act and other rules and regulations governing the annual financial statements. The financial statements show adequately and fairly, the Group's and the Parent Company's performance and financial result, in accordance with the Accounting Act. The financial statements, including the consolidated financial statements, can be approved and the members of the Parent Company's Board of Directors and the President and CEO can be released from liability for the fiscal year now audited. The Board of Directors' proposal for profit distribution complies with the Finnish Companies Act.

Helsinki, March 2, 2001

Erkki Mäki-Ranta
Certified Public Accountant
Chartered Public Finance Auditor

Yrjö Tuokko
Authorized Public Accountant

Group Management

The ultimate responsibility for the Group's management and operations lies with the Board of Directors and the President and CEO of Altia Group Ltd.

Obligations and responsibilities of the Board of Directors

The obligations and responsibilities of the Altia Group Ltd's Board of Directors are determined by the Finnish Companies Act and other relevant legislation. The Articles of Association contain provisions on the Board's composition, term of office, statutory meetings and quorum.

The task of the Board of Directors is to lead the company and to deal with its management. The Board of Directors decides on the company's most important strategies and operational guidelines, and ensures that these are complied with, approves the company's organizational structure and appoints the parent company's Management, and determines the salaries and other emoluments of top management. With the exception of the President and CEO, the members of the Board of Directors are compensated only on basis of their Board membership.

The Board of Directors consists of a Chairman and a Vice Chairman plus at least one (1) and a maximum of three (3) other members, elected annually at the Annual General Meeting.
The Board of Directors convened 14 times during the fiscal year.

The Board of Directors makes decisions on all significant issues to do with the extent and the quality of the company's operations. In addition to matters relating to the company's basic organization, the composition of the subsidiaries' Boards of Directors and the Group as a whole and guidelines for the operations of the subsidiaries, other issues decided by the Board of Directors include: business and financial strategies; financial performance, investment, research and product development as well as financial budgets; policies financing, risk management and insurance coverage; principles of internal supervision; decisions involving subsidiary and associated companies, incl. strategic alliances; significant investment and divestment decisions; personnel policies and fringe benefits; important operational agreements; principles regarding financial statements; duties and operating principles of the Group's Staff Team; and any other issues relating to the company that the Board of Directors deems necessary.

Chief Executive Officer

The task of the President and CEO according to the Articles of Association is to lead and supervise the company's business operations in accordance with the guidelines and orders issued by the Board of Directors.

Monitoring system

The focus of the planning and supervision is on the strategies of the Group's business areas. The parent company's Board of Directors also confirms the budgets and the balanced scorecards of the business areas and of the group. The company has appropriate reporting systems for monitoring business operations and supervising the financial management. The performance payroll system used by the Group is based on the performance targets and the balanced scorecards confirmed in the budget.

Those in corporate management or their immediate family members do not have business relations with the company.

The purpose of control is to contribute to and monitor the achievement of the performance targets. The supervision of operations is the duty of Management and immediate superiors. The principles and means of, and the responsibilities involved in the control are incorporated into the Group's management system.

The most important means used for internal control include: management systems, organization charts, persons in charge, job and task descriptions; balanced scorecards, budgets, operational plans, achievement monitoring; principles of risk management and risk assessment; financial management, and internal and external audits.

The Group's economic and financial situation is monitored on a monthly basis. Apart from the company-specific monitoring of the financial performance, the Board of Directors also monitors on a monthly basis the implementation of strategies in the various business areas. An extensive development project on product and customer profitability accounting will be carried out by the Group in 2001. In this context, economic valueadded calculation models will be developed for the Group's various business areas.

The general meeting of Altia Group Ltd has in its meeting on March 8th, 2000 nominated the following persons to the company's Board of Directors: Mr. Markku Tapio, Chairman, Ms. Carita Putkonen, Vice Chairman, Mr. Leif Ekström, member, Mr. Matti Ilmari, member, Mr. Veikko Kasurinen, member.

Risk management system

The parent company's Board of Directors monitors and supervises the greatest risks connected with strategic and operational targets, particularly where overseas operations are concerned. The Board of Directors also takes decisions in matters involving high financial risks, such as significant investments and marketing projects as well as entering into or exiting certain business areas.

In connection with the annual planning process, the Group's units review essential risks that may influence their operations and decide on measures to be taken.

Financial statements and internal audits

In the Group, auditing is carried out by auditors elected at Annual Meetings, and by the Group's internal auditing team.

The internal auditing team operates under the President in the parent company. As a part of the Group's management and monitoring system, the purpose of the internal audit is to ensure supervision at the various levels of the organization, to ward off risks and to make the Group's operations more effective. The areas to be audited are planned and approved every calendar year.

One CPA firm acts as supervisory auditors throughout the Group. An international working partner of the CPA firm is used for the foreign companies.

In the case of Group companies where, in addition to the CPA firm, a representative of the National Economy Auditing Office is also elected by the Annual Meeting to perform an audit, an auditors' meeting summoned by Corporate Management is held at least three times a year.

Auditing of the Altia Group is entrusted to Erkki Mäki-Ranta, Auditing Counselor, CPA, CPFA and Yrjö Tuokko, APA. Deputy auditors are Mr. Aarne Kivikko, APA and Jorma Heikkinen, APA.

The owner's status

The Finnish state, the owner of the Group, has no other obligations except for the capital investment.

Altia Group Ltd Board of Directors

Markku Tapio

b. 1948, MSc Political Sciences, Director, Ministry of Trade and Industry, Chairman of the Board

Carita Putkonen

b. 1948, MSc Political Sciences, Director of Development, Ministry of Trade and Industry, Financial Counselor, Ministry of Finance, as from February 1, 2001 Vice Chairman of the Board

Leif Ekström

b. 1942, BA Business Administration, CEO, Oy Fictivius Ab, Board Member

Matti Ilmari

b. 1942, MSc Engineering, President, ABB Group Board Member

Ilkka Suominen

b. 1939, MSc Political Sciences, Minister, Member of the European Parliament, Board Member until March 8, 2000

Veikko Kasurinen,

b. 1946, Doctor of Business Administration, President and CEO, Board Member as from March 8, 2000

Group Management Team as from August 1, 2000

Veikko Kasurinen, President and CEO, Altia Group Ltd

Ossi Loikkanen, VP, CFO, Substitute for the President and CEO, Altia Group Ltd

Sakari Kotka, President and COO, Finlandia Vodka Worldwide Ltd

Teuvo Pollari, President and COO, Primalco Ltd

Seppo Ovaska, President and COO, Havistra Ltd

Group Staff Team as from January 1, 2001

Veikko Kasurinen, Chairman

Hannu Burman
VP, Information Technology

Stig-Olav Eriksson
Risk Manager

Eero Jaakola
VP, Human Resources

Jari Korpela
Manager, Internal Auditing

Antti Kuokkanen
VP, Legal Affairs

Ossi Loikkanen, VP and CFO

Leea Viheriäranta
Communications Manager

Marjut Viitasalo, Management Assistant, Travel Manager

Primalco Ltd Board of Directors

Veikko Kasurinen, Chairman

Ossi Loikkanen
Vice Chairman

Markku Tapio, Member

Antti Keränen, President and COO until April 1, 2000

Sakari Kotka, President and COO from April 1 to August 1, 2000

Teuvo Pollari, President and COO as from August 1, 2000

Jaakko Nenonen, personnel representative

Veikko Muurinen, personnel representative

Management Team as from January 1, 2001

Teuvo Pollari, Chairman

Kari Hyrkäs, VP, Operations, Substite for the President and COO

Antti Lehmussaari, VP, Logistics

Matti Reinholm
Business Controller

Jussi Suomi
Information Technology Manager

Havistra Ltd Board of Directors

Veikko Kasurinen, Chairman

Ossi Loikkanen, Vice Chairman

Carita Putkonen, Member

Seppo Ovaska, President and COO, Member

Marcus Björndahl, personnel representative

Management Team as from January 1, 2001

Seppo Ovaska, Chairman

Tom Alakari, VP, Marketing, Imported Products, Substite for the President and COO

Paavo Korpikuusi
VP, Product Group Wines

Anneli Lindeman, VP, Marketing, Group Products

Olli Poikolainen, VP, Product Group Spirits

Marja Virta, VP, Logistics

Finlandia Vodka Worldwide Ltd as from August 1, 2000 Board of Directors

Veikko Kasurinen
Chairman

Ossi Loikkanen
Vice Chairman

Donald C. Berg, President of Brown-Forman Beverages World-wide Emerging Markets Group, Member

Michael V. Cheek, President of Brown Forman's Global Spirits Group and Executive Vice President of Brown Forman Beverages Worldwide, Member

Leif Ekström, Member

Management Team

Sakari Kotka, President and COO

Tommi Holmström
VP, Business Director of Finance & Business Control, Substite for the President and COO

Tomas Manasek
VP, Business Director of Advancing Markets Group

Juha Ovaska,
VP, Business Director of Nordic and Baltic Region

Petteri Pietilä, VP, Business Director of Core Markets Group

John Vidal, VP, Business Director of North American Group

Eva Wuite-Lindholm, VP, Director of Brand Marketing

Minna Väisäsvaara, Customer Service Center Manager

Contact information

Altia Group Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 350, FIN-00101
Helsinki, Finland
Tel. (switchboard) +358-9-133 11
Fax. +358-9-133 3278
E-mail:
firstname.lastname@altiagroup.fi
Web site: www.altiagroup.fi

Primalco Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 808, FIN-00101
Helsinki, Finland
Tel. (switchboard) +358-9-133 05
Fax. +358-9-133 3226
E-mail:
firstname.lastname @primalco.fi
Web site: www.primalco.fi

Rajamäki Plant
Valta-akseli
05200 Rajamäki, Finland
Tel. (switchboard) +358-9-133 05
Fax. +358-9-133 1565

Koskenkorva Plant
61330 Koskenkorva, Finland
Tel. (switchboard)
+358-6-425 9111
Fax. +358-6-425 9363

Havistra Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 350, FIN-00101
Helsinki, Finland
Tel. (switchboard) +358-9-133 04
Fax. +358-9-133 3227
E-mail:
firstname.lastname @havistra.fi
Web site: www.havistra.fi

Finlandia Vodka Worldwide Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 457, 00101 Helsinki,
Finland
Tel. (switchboard) +358-9-133 08
Fax. +358-9-133 3225
E-mail:
firstname.lastname @fvwltd.com

A-Pullo Ltd
Valta-akseli
05200 Rajamäki, Finland
Tel. +358-9-133 06
Fax. +358-9-133 1333

Roal Ltd
Valta-akseli
05200 Rajamäki, Finland
Tel. +358-9-290 420
Fax. +358-9-290 42111

Czech Republic:

Alkometa s.r.o.
Vrsovická 817/5, 100 00 Praha 10
Czech Republic
Tel. +420-2 717 46083,
717 46002
Fax. +420-2 717 46075

Poland:

Finlandia Polska Sp. z o.o.
ul. Ursynowska 64
02-605 Warszawa, Poland
Tel. +48-22-844 5 411
Fax. +48-22-844 0 293

Estonia:

Havistra Eesti AS
Tammi tee 30
Laabi Küla, Harku vald
EE 76901 Harjumaa, Estonia
Tel. +372-671 2100
Fax. +372-671 2101

AS Ofelia
Tammi tee 30
Laabi Küla, Harku vald
EE 76901 Harjumaa, Estonia
Tel. +372-671 2000
Fax. +372-671 2101

AS Linda Nektar
Kobela, Antsla Vald
EE 2700 Vorumaa, Estonia
Tel./fax. +372-78 557 68

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ALTIA
GROUP

Salmisaarenranta 7, 00180 Helsinki, Finland • www.altiagroup.com

Report By The Board of Directors For The Fiscal Period January 1 - December 31, 2000

Operating environment

Gross production in Finland grew fast and on a broad basis during 2000. Gross domestic product increased by well over 5%. Private consumption continued to grow at just under 4%. In January, the inflation rate was still as low as 2.2%, but the high price of oil in the world market and its multiplicative effects gradually accelerated increases in consumer prices. The annual average rate of inflation was 3.4%. The inflation rate also picked up in the euro-zone but remained about 1/2 percentage point lower than in Finland. The European Central Bank raised its main refinancing rate by 1.75 percentage points to 4.75%. The average 3-month euribor in 2000 was 4.40%, up from only 2.96% the year before. The money market rates began to fall toward the end of the year as there were increasing signs of a slowing U.S. economic growth rate. Also, the yields on bonds and debentures fell and stock prices sank.

Development of key economic indicators:

	2000	1999
Gross domestic product, change in %	+ 5.5	+ 3.5
Consumer price index, %	+ 3.4	+ 1.2
Private consumption, change in %	+ 3.5	+ 3.7

According to statistics, the consumption of alcoholic beverages in Finland rose by 0.7% (1.3% in 1999). Of the product groups, ciders showed the largest growth of 17%. Wine consumption increased by 4% with red wines in particular gaining popularity. The consumption of spirits remained at the previous year's level. The consumption of long drinks, on the other hand, fell by 10% and that of beer by 1%.

Though the consumption of alcohol has usually kept pace with economic growth, it has during the past two years been trailing behind the Finnish economy. This slowdown is due to changes in consumer habits. Finnish people now buy beverages which are more expensive and of a better quality than before. Retail sales at Alko outlets increased by 2.3%, while sales at restaurants were down by 3% on the previous year.

The Altia Group retained its market share in spirit sales. Sales of wines failed to grow as fast as the aggregate sales of the whole product group.

On the international level, centralization of the alcoholic beverage industry has continued. The most significant event of the year was the joint purchase, after competitive bidding, by British Diageo and the French Pernod Ricard of the entire product portfolio of Canadian Seagram. As a result of this deal, Diageo's position as the largest company in the business was strengthened further and the French Pernod Ricard overtook Allied Domecq, becoming the industry's second largest company.

On the international market, the consumption of spirits remained at the previous year's level. The increasing trend in consumption towards higher quality, the so-called premium products, continued during the year under review.

The Altia Group's alcoholic beverage exports were down by 10% on the previous year. The fall in exports was due to a reduction in importers' inventories and preparations for the world-wide launch of the new package. Finlandia Vodka retained its position in its key markets, Puerto Rico, the Czech Republic, Canada, Poland and the Nordic countries. In the United States depletions from the importer, i.e. Brown-Forman, to its customers increased by 23%.

Following the recession caused by Russia's economic difficulties, business activities in Eastern Europe have shown signs of revival, although it is unlikely that the level of a few years ago can be reached in the next couple of years.

Group structure

The Board of Directors of Altia Group Ltd decided in early January to incorporate the Finlandia Vodka business. The decision was based on the Altia Group's strategy which, as one of its focus points, aims to build Finlandia Vodka into a world-wide premium vodka brand. Another objective of the incorportation is to monitor and manage more efficiently than before the entire chain of the sales and marketing process. Yet another goal was to provide more flexibility for the implementation of different strategic options.

One of these strategic options was the decision to search for a business partner and part-owner for the Finlandia Vodka business. As a result of the negotiations conducted during the first months of the year with the Brown-Forman Corporation, the Finlandia Vodka agent in the U.S. since late 1996, a decision was reached, under an agreement signed on June 15, 2000, to set up a joint venture called Finlandia Vodka Worldwide Ltd. The Altia Group owns 55% and Brown-Forman 45% of the new company which started operations on August 1, 2000. Brown-Forman paid FIM 522 million for its stake in the company. According to the agreement, Altia is entitled to sell part or the remainder of its holding to Brown-Forman, at a later date.

As Finlandia Vodka Worldwide Ltd was established, the Primalco subsidiary based in the Czech Republic was transferred into the new company as its subsidiary. As soon as the Polish competition authorities had agreed to it, Finlandia Polska and its associated company Finlandia-Ballantine's Group were sold to Finlandia Vodka Worldwide Ltd in early November.

In connection with the reorganization of Finlandia Vodka business, it was decided that Finlandia Americas Inc. in New York should be discontinued as a marketing company, and its activities be transferred to Brown-Forman. The company has now been renamed Primalco Americas Inc., and it will handle all remaining administrative tasks by the middle of 2001.

From the beginning of April the Group's wine business was centralized in Havistra, into an own business unit. By concentrating all wine business related activities from Havistra and Primalco in a single operating unit it is now possible to manage the entire value chain, from buying to sales, much more effectively. The primary objective is to improve profitability and to increase market shares.

In early May, a shared service center was set up in the parent company. The Financial Accounting (bookkeeping and financial statements, accounts ledgers, cash management, credit control) and Management Accounting (budgeting, reporting, development of management accounting) were transferred from the subsidiaries to this service center. The purpose of concentrating all the basic financial functions in the parent company is to achieve economies of scale and to dismantle the Group companies' overlapping activities. Business Control will remain the responsibility of the operational business units.

The Group's human resources management was centralized in the parent company at the beginning of August. The aim is to achieve the same benefits as by the centralization of the financial activities.

At the beginning of August the responsibility for the spirits business and marketing in Finland was transferred from Primalco to Havistra. The purpose of this change was to simplify the Group structure and to gain the same benefits as in the wine business. As a result of this transfer, Primalco is now purely a production company whose customers in the alcohol business include Finlandia Vodka Worldwide and Havistra.

The Group's production activities in Latvia ended in August when Primalco sold its stock in the subsidiary Jaunalko SIA.

The holding in Ustjuzhna Distillery Ltd was divested in November. The company's production operations had already been wound up in 1998.

In November, the Group's holding in the 50%-owned associated company Cool Drinks International Ltd was sold to Hartwall, the company's other owner. As Hartwall's subsidiary, CDI is better able

to respond to changes in the market situation. Primalco continues as the company's raw materials supplier on a long-term contract.

In December, Havistra acquired the stock of Regula Latvia SIA and the company was merged with Havistra Latvia SIA.

Primalco's Polish subsidiary, Primalco Polska Sp.zo.o., was wound up in December.

After these changes the Group's operating model is as follows:
- The parent company is responsible for the Group's general management, Group strategy and support functions
- Primalco is a production company and it is also responsible for the grain processing business
- Havistra is responsible for the spirits and wine businesses in Finland
- The Finlandia Vodka business is within Finlandia Vodka Worldwide Ltd
- Business in the Baltics is handled from Estonia. The production company Ofelia and the marketing company Havistra Eesti operate under joint management.

Alko Pension Foundation

Altia Group Ltd, Primalco Ltd and Havistra Ltd were severed from the Alko Pension Foundation early in the year. On January 4, 2000 the companies' pension liabilities and assets were transferred to the Henki-Sampo Insurance Company concerning additional pension benefits, and to the Varma-Sampo Mutual Pension Insurance Company for mandatory pension benefits. The severance of Altia Group companies had to be effected in this way because there was no taxation-neutral legislation on dividing pension funds like in limited liability companies. This transfer did not affect the personnel's pension benefits in any way.

The Altia Group's consolidated financial statement includes under extraordinary income, a FIM 152 million pension premium gain on mandatory pension benefits. In 1999, a FIM 165 million pension premium gain on additional pension benefits was recorded.

Strategic ownership plan

The Finnish Cabinet Committee on Economic Policy approved on January 18, 2000 the strategic ownership plan for Altia Group Ltd as proposed by the Ministry of Trade and Industry. According to the plan, a strategic minority owner and business partner for Altia Group Ltd will be searched for, such owner's holding in the company being currently limited to 1/3. The purpose of broadening the ownership base is to improve the possibilities for developing the Altia Group's operations both in Finland and in the Baltics.

The search for a minority stockholder was discontinued in December because the possibility of acquiring additional stock in the future had become a key negotiating point for the potential buyers.

Measures to broaden the ownership base will be continued as soon as Parliament has debated the proposal submitted in November by the Cabinet to the effect that State ownership in the company could be reduced to under 50% but not under 1/3.

Management and auditors

Chairman of the Altia Group Ltd Board of Directors has been Director Markku Tapio, Vice-Chairman Ms Carita Putkonen, Director of Development, and members CEO Leif Ekström, Group President Matti Ilmari, and Minister Ilkka Suominen until 8 March 2000, succeeded by President and CEO Veikko Kasurinen.

At the Annual General Meeting held on March 8, 2000, Auditing Counselor Erkki Mäki-Ranta, CPA, CPFA, and Mr. Yrjö Tuokko, M.Sc. (Business Administration), APA, were elected as auditors in charge and Mr. Aarne Koivikko, APA, and Senior Auditor Jorma Heikkinen, APA, as deputy auditors.

Net sales and financial performance

The Altia Group's net sales totaled FIM 1,315 million (FIM 1,301 million), up 1% on the previous year. Exports and overseas operations accounted for 45% (45%) of the net sales.

Owing to the changes in the Group structure, the net sales of the Group companies are not fully comparable with the previous year's figures. Primalco's share of the Group's net sales was FIM 1,108 million (FIM 1,203 million), that of Havistra FIM 592 million (FIM 558 million) and that of Finlandia Vodka Worldwide FIM 198 million. The parent company's net sales totaled FIM 18 million (FIM 23 million). The Group's share of the associated companies' profit was FIM -0.5 million (FIM +0.3 million).

Other operating revenue totaled FIM 683 million (FIM 28 million). The most significant items were the capital gain of FIM 450 million on the divestment of the minority holding in Finlandia Vodka Worldwide Ltd, the FIM 19 million gain on the sale of the Rajamäki housing estate, and the FIM 10 million gain on the sale of the stock in Cool Drinks International. Other operating revenue also includes the FIM 155 million difference between the market value and the book value of the Fortum Ltd stock, transferred to Altia's owner as a profit payed in advance based on the company's financial performance in 2000. Other operating revenue generated by the parent company also included FIM 100 million representing the book value of the capital contribution made to Finlandia Vodka Worldwide Ltd when the company started its operations. This item is eliminated in the consolidated financial statements.

The Group's payroll costs totaled FIM 214 million (FIM 188 million). The reduction in the Group's personnel occurred mainly toward the end of the year and, therefore, had hardly any impact on payroll costs, which include non-current expenses totaling FIM 8 million, due to the reorganization of the Group. The pension costs increased by FIM 37 million compared to the previous year.

Depreciation according to plan totaling FIM 75 million (FIM 60 million) includes a flat write-off of FIM 14 million on the distillery in Poland.

The Group's operating profit was FIM 655 million (FIM 41 million). Primalco's operating profit was FIM 92 million (FIM 65 million), Havistra's FIM 10 million (FIM 14 million). The operating loss of Finlandia Vodka Worldwide was FIM 10 million. The parent company generated an operating profit of FIM 684 million, compared to an operating loss of FIM 30 million the year before.

Extraordinary income includes a FIM 152 million pension premium gain following the liquidation of the Group pension fund's B-unit (i.e. mandatory pension benefits). In the previous year, the extraordinary income included a pension premium gain in the A-unit (i.e. additional pension benefits).

Earnings before appropriations and taxes were FIM 831 million (FIM 221 million).

The operating profit for the fiscal year amounted to FIM 590 million (FIM 123 million) after FIM +7 million (FIM -1 million) in minority interest and FIM 287 million (FIM 95 million) in direct taxes and FIM 38 million (FIM -2 million) of changes in deferred tax liabilities/receivables.

Investments, finance and research

The Group's gross investments totaled FIM 39 million (FIM 42 million). The breakdown between the Group companies was as follows (FIM million):

	2000	1999
Primalco Group	36	37
Havistra Group	1	4
Finlandia Vodka Worldwide Group	1	-
Altia Group Ltd	1	1
Total	39	42

Primalco's most important investments were made to improve production efficiency and to develop information technology. The emphasis in the investments made by the parent company, Havistra and Finlandia Vodka Worldwide was also on IT development.

The Group's depreciation, excluding the FIM 14 million write-off, totaled FIM 61 million (FIM 60 million), thus outstripping investments. In the future, the need for investments with the current operating structure will remain at this year's level. Consequently, the depreciation level will be still lower.

The Group's research and product development expenses totaled FIM 5 million (FIM 5 million) resulting from the product development of alcoholic beverages.

The Group's financial position remained good throughout the fiscal year. Interest-bearing liabilities were reduced by FIM 12 million (FIM 120 million) during the year, totaling FIM 44 million (FIM 56 million) at the end of the year. Financial income exceeded financial costs by FIM 30 million (FIM 15 million).

At the end of the fiscal year the Group's balance sheet totaled FIM 2,268 million (FIM 1,725 million). In December, the owner was paid an advance of FIM 500 million plus Fortum Ltd stock market-valued at FIM 166 million on the 2000 profit. These were included in other receivables on the consolidated balance sheet and will be recorded under profit distribution as soon as the Annual General Meeting has decided on the distribution of profit. The Group's year-end equity ratio was 62% (61%).

Gearing, the debt-to-equity ratio, was excellent at -28% (-31%).

Personnel

The Group employed an average of 827 (900) people. The personnel was divided between the Group companies as follows:

	2000	1999
Primalco Group	642	791
Havistra Group	72	62
Finlandia Vodka Worldwide Group	70	-
Altia Group Ltd	43	47
Total	827	900

An average of 659 (722) employees worked in Finland and 168 (178) abroad. The parent company employed an average of 43 (47) people. At the end of the year, the Group employed 736 (878) people and the parent company 46 (37).

The reduction in the Group's personnel was caused not only by the divestment of the Group's overseas companies, the Group's reorganization and natural attrition but also by outsourced activities. During the fiscal year, the Group's payroll administration and occupational health care as well as part of Primalco's technical services were entrusted to external companies.

Post-fiscal events and prospects for 2001

During 2000 a significant reorganization of the Altia Group was carried out. The aim was to streamline processes and activities and to improve cost-effectiveness in the various business areas. The impact of these changes will be seen in full during the current year and in the next few years.

In the domestic alcoholic beverage market, the Group aims to retain its strong position in all of the product groups. In addition to the Group's own brands, its product portfolio will be complemented by products which the Group represents, in both spirits and wine business.

In the export business the Group's aim is to develope the Finlandia Vodka business, now incorporated in Finlandia Vodka Worldwide Ltd, and to ensure a profitable growth in cooperation with Brown-Forman by utilizing its world-wide distribution and sales network. Along with the new marketing concept, strong emphasis will be put on the Finlandia Vodka brand, particularly in the leading premium vodka markets. The introduction of the new package will be completed in all market areas.

During the current year the consolidated operating profit of the Altia Group is expected to improve on the previous fiscal year.

Income Statements

	Note	Group 1.1.–31.12.2000	Group 4.1.–31.12.1999	Parent company 1.1.–31.12.2000	Parent company 4.1.–31.12.1999
		MFIM	MFIM	MFIM	MFIM
NET SALES	2)	1,314.8	1,301.2	17.8	22.7
Incr. (+) decr. (-) in finished and semi-finished goods inventories		-34.0	-2.2	-	-
Share in associated company profits	7)	-	0.3	-	-
Other operating income	3)	682.7	28.0	717.7	0.6
Raw materials and services		-569.8	-570.7	-	-
Staff expenses	4)	-214.3	-188.4	-19.9	-18.1
Depreciation and reduction in value	5)	-75.0	-60.0	-2.3	-2.3
Other operating charges	6)	-448.7	-467.5	-29.6	-32.6
Share in associated company losses	7)	-0.5	-	-	-
OPERATING PROFIT	9)	655.1	40.6	683.6	-29.7
Financial income and expenses	10)	30.1	15.2	140.1	23.6
PROFIT BEFORE EXTRAORDINARY ITEMS		685.2	55.8	823.7	-6.1
Extraordinary items	11)				
Extraordinary income and expenses		146.1	164.7	227.2	35.4
PROFIT BEFORE APPROPRIATIONS AND TAXES		831.3	220.5	1,050.9	29.3
Increase (-) decrease (+) Change in depreciation reserve	12)	-	-	+0.6	+0.5
Income taxes	13)	-286.6	-94.5	-305.2	-36.1
Change in deferred tax liabilities/receivables	13)	38.2	-1.9	-	-
PROFIT BEFORE MINORITY INTEREST		582.9	124.0	746.3	-6.3
Minority interests		6.6	-1.3	-	-
PROFIT FOR THE FISCAL YEAR		589.6	122.7	746.3	-6.3

Balance Sheets

ASSETS	Note	Group 31.12.2000	Group 31.12.1999	Parent company 31.12.2000	Parent company 31.12.1999
		MFIM	MFIM	MFIM	MFIM
NON-CURRENT ASSETS	14)				
Intangible assets					
Intangible rights		1.2	0.7	-	-
Goodwill		7.3	10.3	-	-
Group goodwill		0.7	1.3	-	-
Other capitalized expenditure		10.3	14.9	1.0	1.2
Advance payments		0.0	0.2	-	-
		19.5	27.3	1.0	1.2
Tangible assets					
Land and water areas		16.1	15.6	0.6	0.7
Buildings and constructions		188.1	204.3	2.1	2.2
Machinery and equipment		159.5	182.7	3.8	4.8
Other tangible assets		5.9	8.1	2.6	4.2
Advance payments and construction in progress		7.1	7.0	-	-
		376.7	417.8	9.1	11.9
Financial assets	22)				
Holdings in Group companies		-	-	281.5	210.0
Holdings in associated companies		2.4	2.7	-	-
Other shares and holdings		3.6	16.6	0.9	13.3
		6.0	19.3	282.4	223.3
CURRENT ASSETS					
Inventories	15)	128.5	133.9	-	-
Receivables	16)				
Long-term					
Receivables from Group companies		-	-	176.9	191.6
Loan receivables		1.6	2.2	-	-
Deferred tax receivables	20)	24.9	-	-	-
		26.5	2.2	176.9	191.6
Short-term					
Trade receivables		546.4	566.5	0.1	0.9
Receivables from Group companies		-	-	28.7	18.3
Receivables from associated companies		0.6	0.4	-	-
Loan receivables		0.6	0.6	-	-
Other receivables		683.6	147.6	670.4	28.0
Prepaid expenses		35.2	31.2	0.8	0.9
Deferred tax receivables	20)	10.9	-	-	-
		1,277.3	746.3	700.0	48.1
Marketable securities					
Other securities		187.9	222.1	187.9	189.3
Cash in hand and at banks		245.3	155.5	19.0	13.3
		2,267.6	1,724.5	1,376.2	678.8

Balance Sheets

SHAREHOLDERS' EQUITY AND LIABILITIES		Group 31.12.2000	Group 31.12.1999	Parent company 31.12.2000	Parent company 31.12.1999
		MFIM	MFIM	MFIM	MFIM
SHAREHOLDERS' EQUITY	17)				
Share capital		359.6	359.6	359.6	359.6
Legal reserve		0.0	0.4	-	-
Other reserves and translation differences		3.3	-4.3	-	-
Retained earnings		404.3	553.5	7.7	279.1
Profit for the fiscal year		589.6	122.7	746.3	-6.3
		1,356.9	1,031.9	1,113.7	632.3
MINORITY INTERESTS		58.6	12.8	-	-
APPROPRIATIONS					
Depreciation reserve	18)	-	-	1.3	1.9
PROVISIONS	19)				
Other statutory reserves		8.8	1.4	-	-
LIABILITIES	20)				
Long-term					
Deferred tax liability		29.1	31.5	-	-
Other liabilities		0.0	1.3	-	-
		29.1	32.8	-	-
Short-term					
Loans from credit institutions		43.7	50.9	11.9	11.9
Advances received		0.2	0.9	-	-
Accounts payable		101.2	104.6	1.9	2.0
Liabilities to Group companies		-	-	0.5	0.2
Liabilities to associated companies		-	0.0	-	-
Other liabilities		345.8	360.1	1.0	0.8
Accrued expenses and deferred incomes		323.4	129.1	246.0	29.7
		814.3	645.7	261.2	44.6
		2,267.6	1,724.5	1,376.2	678.8

Cash Flow Statements

	Group 1.1.–31.12.2000	Group 4.1.–31.12.1999	Parent company 1.1.–31.12.2000	Parent company 4.1.–31.12.1999
OPERATIONAL CASH FLOW	MFIM	MFIM	MFIM	MFIM
Profit before extraordinary items	685.2	55.8	823.7	-6.1
Adjustments				
Depreciation according to plan	75.0	60.0	2.3	2.3
Unrealized currency gains and losses	-1.2	-3.6	-	-
Other income and expenses, unrelated to payments	8.0	0.7	-98.1	0.9
Financial income and expenses	-30.1	-15.2	-140.1	-23.6
Other adjustments	-648.3	-3.7	-618.0	-0.4
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL	88.6	94.1	-30.2	-26.9
Changes in working capital				
Incr. (-) decr. (+) in short-term interest-free trade receivables	54.4	-358.8	0.1	-4.2
Incr. (-) decr. (+) in inventories	5.3	7.5	-	-
Incr. (+) decr. (-) in short-term interest-free liabilities	-25.8	346.4	1.7	2.9
	33.9	-4.9	1.8	-1.3
Incr. (-) decr. (+) in trade receivables at interest	0.6	-1.9	14.7	44.7
OPERATIONAL CASH FLOW BEFORE EXTRAORDINARY ITEMS AND TAXES	123.2	87.2	-13.7	16.5
Interest and other operational financial expenses	-17.1	-18.7	-0.5	-4.6
Dividends received from operations	-	0.0	75.0	0.0
Interest received from operations	37.1	26.4	25.7	21.4
Direct taxes paid	-59.6	-25.2	-24.1	0.0
CASH FLOW BEFORE EXTRAORDINARY ITEMS	83.6	69.7	62.4	33.3
Net cash flow from extraordinary items	222.9	5.8	208.3	0.6
OPERATIONAL CASH FLOW (A)	306.5	75.5	270.6	34.0
CASH FLOW FROM INVESTMENTS				
Investments in tangible and intangible assets	-39.4	-34.5	-1.3	-1.1
Disposals of tangible and intangible assets	24.8	7.6	0.5	1.8
Disposals of other investments	14.2	0.1	14.1	0.1
Subsidiaries acquired	-0.1	4.8	-30.0	-
Subsidiaries sold	510.7	-	507.7	-
Associated companies sold	4.8	-	-	-
Dividends received from investments	7.8	5.4	7.6	5.4
CASH FLOW FROM INVESTMENTS (B)	522.9	-16.6	498.7	6.2
CASH FLOW FROM FINANCING				
Share issue against payment	0.4	-	-	-
Short-term loans	-	41.7	-	11.9
Repayments of short-term debt	-7.3	-82.7	-	-82.7
Repayments of long-term debt	-1.3	-78.0	-	-73.0
Dividends paid and other distribution of income	-765.8	-1.0	-765.0	-
CASH FLOW FROM FINANCING (C)	-773.9	-119.9	-765.0	-143.8
CHANGE IN LIQUID FUNDS (A+B+C) INCR. (+) DECR. (-)	55.5	-61.0	4.3	-103.7
LIQUID FUNDS, BEGINNING OF FISCAL PERIOD	377.6	438.6	202.6	306.3
LIQUID FUNDS, END OF FISCAL PERIOD	433.2	377.6	206.9	202.6

Additional Information Dec 31, 2000

1) ACCOUNTING PRINCIPLES

Fixed assets have been recorded on the balance sheet net of their depreciation according to plan. Inventories and the related variable acquisition costs have been assigned values based on a weighted average. Marketable securities have been valued at their original acquisition cost or on a lower market value at the end of the fiscal year. Foreign currency denominated items have been converted into Finnish marks at the average exchange rate on the last day of the fiscal year.

Altia Group Ltd is the parent of the Altia Group, and is headquartered in Helsinki. Copies of the Altia Group consolidated financial performance are available at the Altia Group headquartes, address Salmisaarenranta 7, 00180 Helsinki.

All subsidiaries and associated companies have been consolidated into the Group accounts. Domestic associated companies have been consolidated using the proportional method.The basis for this is that the ownership and voting rights are proportional with the other shareholders.

Foreign associated companies have been consolidated using the equity method.

Internal margins, receivables and payables have been eliminated.

Internal shareholdings have been eliminated using the acquisition method. Subsidiary acquisition costs have been eliminated against the equity accounts at the point of acquisition. Differences arising from eliminations have been matched against subsidiary fixed asset accounts to the extent that the market value of subsiadiary fixed assets exceed book values. Asset items which cannot be matched against fixed asset accounts have been treated as Group goodwill. Minority interests have been separated from the Group equity accounts, accumulated appropriations and the profit for the fiscal year, and are presented separately.

The income statements, balance sheets and notes of foreign subsidiaries have been converted into Finnish marks at the average exchange rate effective at the end of the fiscal year. Conversion-related differences have been recorded in the equity accounts.

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
2) NET SALES BY SECTOR	MFIM	MFIM	MFIM	MFIM
Finlandia Vodka Worldwide, export of alcoholic beverages	197.6	-	-	-
Havistra, wholesale of alcoholic beverages	592.1	557.8	-	-
Primalco, manufacture of alcoholic beverages	1,108.3	1,203.2	-	-
Parent, corporate staff and services	17.8	22.7	17.8	22.7
-Inter-group sales	-601.1	-482.5	-	-
Total	1,314.8	1,301.2	17.8	22.7
BREAKDOWN OF NET SALES				
Finland	721.9	716.2	17.8	22.7
Europe	455.9	395.1	-	-
Other	137.0	189.9	-	-
Total	1,314.8	1,301.2	17.8	22.7
3) OTHER OPERATING INCOME				
Rental income	6.9	9.1	-	-
Income from energy sales	5.3	4.7	-	-
Capital revenue	649.1	4.0	717.7	0.6
Service income	10.7	3.8	-	-
Other income	10.7	6.4	-	-
	682.7	28.0	717.7	0.6
4) STAFF EXPENSES				
Wages and salaries				
CEO, Presidents and their subordinates	8.8	6.7	2.0	1.9
Board members	0.6	0.5	0.4	0.4
Others	146.9	156.7	12.6	13.7
Social security expenses				
Pension expenses	43.3	5.6	3.8	0.8
Other social security expenses	14.6	18.8	1.1	1.3
Total	214.3	188.4	19.9	18.1

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
	MFIM	MFIM	MFIM	MFIM
NUMBER OF PERSONNEL				
Average number of personnel during the fiscal year				
Non-office workers	418	456	-	-
Office workers	409	444	43	47
The average number of personnel in relative terms when consolidating associated companies is 52 (52) (21 (22) non-office, 31 (30) office), including 26 working for the Group (10 (11) non-office, 16 (15) office).				
5) DEPRECIATION AND REDUCTION IN VALUE				
Planned depreciation has been calculated straight-line from the point of acquisition. Depreciation periods are based on estimated economic lives as follows:				
years				
Goodwill 5–10				
Group goodwill 5				
Other capitalized expenditure 5				
Buildings 25–40				
Constructions 20				
Machinery and equipment 10				
Transport equipment 5				
IT hardware 3–5				
IT software 3–5				
Depreciation of Group goodwill	0.7	1.6		
Recognition of Group reserve	0.0	-0.1		
	0.7	1.5		
6) OTHER OPERATING CHARGES				
Other operating charges on asset disposals and losses on the sale of fixed assets				
Losses on the sale of fixed assets	0.1	1.1	-	0.2
Disposals	3.0	0.6	0.0	0.6
Total	3.0	1.7	0.0	0.7
7) SHARE IN ASSOCIATED COMPANY PROFITS				
Finlandia Ballantines Group Sp.zo.o	-0.5	0.3		
8) CHANGES IN STATUTORY PROVISIONS, increase-/decrease+				
Compensation for termination of sales agreements	-6.8	-	-	-
Disposal of bottle model changes	-1.5	-	-	-
Termination of Russian operations	1.0	1.6	-	-
Product liability provision	-0.2	-0.4	-	-
	-7.5	1.3	-	-
9) OPERATING PROFIT BY SECTOR				
Finlandia Vodka Worldwide, export of alcoholic beverages	-10.2	-	-	-
Havistra, wholesale of alcoholic beverages	9.9	14.2	-	-
Primalco, manufacture of alcoholic beverages	92.3	65.2	-	-
Parent, corporate staff and services	683.6	-29.7	683.6	-29.7
+/-Inter-group items	-120.6	-9.0	-	-
Total	655.1	40.6	683.6	-29.7

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
10) FINANCIAL INCOME AND EXPENSES	MFIM	MFIM	MFIM	MFIM
Income from investments held as noncurrent assets				
Income from shares in other Group companies	-	-	104.2	-
Income from other investments held as noncurrent assets	10.8	7.5	10.6	7.5
Other interest and financial income				
From Group companies	-	-	11.6	12.5
From others	36.7	20.7	14.6	7.8
Devaluation of current assets marketable securities	0.4	-	0.4	-
Interest and other financial expenses				
To Group companies	-	-	0.0	0.2
To others	17.0	13.1	0.6	4.0
Total dividend income	10.8	7.5	114.8	7.5
Total interest income and expenses				
Interest income	31.4	13.0	26.0	19.9
Interest expenses	-5.9	-8.1	-0.1	-4.1
Net interest income	25.6	4.9	26.0	15.8
11) EXTRAORDINARY ITEMS				
Extraordinary income				
Pension refund from pension liability premium gains	152.5	164.7	117.2	35.4
Other extraordinary income	0.4	-	-	-
Group subsidy	-	-	110.0	-
Extraordinary expenses				
Statutory reserves	6.8	-	-	-
Total extraordinary items	146.1	164.7	227.2	35.4
12) APPROPRIATIONS				
Change in depreciation reserve, increase-/decrease+				
Other capitalized expenditure	-	-	0.0	0.0
Buildings and constructions	-	-	0.0	0.0
Machinery and equipment	-	-	0.5	0.5
	-	-	0.6	0.5
13) DIRECT TAXES				
Income taxes				
Taxes on operations	242.4	20.9	239.3	-1.4
Taxes on extraordinary items	44.2	46.1	65.9	9.9
Supplementary tax on proposed dividend	-	27.6	-	27.6
Total	286.6	94.5	305.2	36.1
Taxes for the fiscal year	287.0	95.1	305.2	36.1
Taxes for previous fiscal years	-0.3	-0.6	-0.1	-
Change in deferred tax liabilities from financial statements transfer increase+/decrease-	-2.4	1.9	-	-
Change in deferred tax receivable due to adjustments, increase-/decrease+	-35.8	-	-	-
Total	248.4	96.5	305.2	36.1

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
14) NON-CURRENT ASSETS	MFIM	MFIM	MFIM	MFIM
CHANGES IN ACQUISITION COSTS				
Intangible assets				
Acquisition cost Jan. 1	82.5	69.7	2.7	2.7
Conversion differences	0.4	0.5	-	-
Increases	3.3	11.5	0.4	-
Decreases	-0.5	-0.4	-	-
Item transfers	0.3	1.1	-	-
Acquisition cost Dec. 31	85.9	82.5	3.1	2.7
Accumulated depreciation Jan.1	-55.1	-47.8	-1.5	-1.0
Conversion differences	-0.1	-0.2	-	-
Accumulated decreases and transfers, depreciation and reduction	0.2	0.3	-	-
Depreciation for the fiscal year	-11.5	-7.4	-0.6	-0.5
Accumulated depreciation, Dec. 31	-66.5	-55.1	-2.1	-1.5
Book value, Dec. 31	19.5	27.3	1.0	1.2
Tangible assets				
Acquisition cost Jan. 1	1,244.0	1,254.2	36.3	41.3
Conversion differences	0.5	1.4	-	-
Increases	36.2	29.4	1.0	1.1
Decreases	-48.1	-40.2	-4.0	-6.1
Item transfers	-0.3	-0.7	-	-
Acquisition cost, Dec. 31	1,232.3	1,244.0	33.2	36.3
Accumulated depreciation, Jan. 1	-826.3	-808.3	-24.3	-26.4
Conversion differences	-0.3	-0.6	-	-
Accumulated decreases and transfers depreciation and reduction	34.5	35.2	1.9	3.9
Depreciation for the fiscal year	-63.5	-52.6	-1.7	-1.8
Accumulated depreciation, Dec. 31	-855.6	-826.3	-24.1	-24.3
Book value, Dec. 31	376.7	417.8	9.1	11.9
Undepreciated share of machinery and equipment, Dec. 31	137.3	153.8	-	-
Long-term financial investments				
Holdings in Group companies				
Acquisition cost, Jan 1	-	-	210.0	210.0
Increases	-	-	130.0	-
Decreases	-	-	-58.5	-
Acquisition cost, Dec. 31	-	-	281.5	210.0
Book value, Dec. 31	-	-	281.5	210.0
Shares in associated companies				
Acquisition cost, Jan. 1	2.4	2.8		
Conversion differences	0.2	0.0		
Item transfers	-	-0.3		
Acquisition cost, Dec. 31.	2.6	2.4		
Accumulated earnings-holdings, Jan. 1	0.3	0.2		
Conversion differences	0.0	0.0		
Share in profit for the fiscal year	-0.5	0.3		
Decreases	-	0.0		
Item transfers	-	-0.1		
Accumulated earnings-holdings, Dec. 31	-0.2	0.3		
Book value, Dec. 31	2.4	2.7		

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Other shares and holdings	MFIM	MFIM	MFIM	MFIM
Acquisition cost, Jan. 1	16.8	19.5	13.3	13.5
Conversion differences	-	0.0	-	-
Decreases	-13.0	-2.7	-12.4	-0.2
Acquisition cost, Dec. 31	3.8	16.8	0.9	13.3
Accumulated write-downs, Jan. 1	-0.3	-0.3	-	-
Accumulated write-downs, Dec. 31	-0.3	-0.3	-	-
Book value, Dec. 31	3.6	16.6	0.9	13.3
Other publicly traded shares and holdings				
Market value, Dec. 31	4.7	198.3	3.6	196.6
Book value, Dec. 31	0.4	12.5	0.3	12.4
Difference	4.3	185.8	3.3	184.2
15) INVENTORIES				
Inventories are valued using variable weighted average costs. There are no significant differences between the repurchase value and the capitalized acquisition cost of the inventories.				
16) RECEIVABLES				
LONG-TERM				
Receivables from Group companies				
Loan receivables	-	-	176.9	191.6
SHORT-TERM				
Receivables from Group companies				
Trade receivables	-	-	0.1	0.6
Loan receivables	-	-	14.7	14.7
Other receivables	-	-	10.0	-
Prepayments and accrued income	-	-	3.9	3.0
Total	-	-	28.7	18.3
Receivables from associated companies				
Trade receivables	0.6	0.4	-	-
Other receivables include				
From shareholders	666.4	-	-	-
Short-term prepayments and accrued income				
Share of export gross margin	1.5	12.5	-	-
Expenditure accruals	1.7	7.0	0.1	0.1
Income accruals	1.9	2.3	0.1	0.1
Interest receivables	1.1	1.0	0.6	0.7
Income tax receivables	25.9	-	-	-
Other prepayments and accrued income	3.2	8.4	-	-
Total	35.2	31.2	0.8	0.9
MARKETABLE SECURITIES				
Other shares and holdings				
Market value, Dec. 31	2.2	0.2	2.2	0.2
Book value, Dec. 31	2.1	0.1	2.1	0.1
Difference	0.1	0.1	0.1	0.1

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
17) CHANGES IN SHAREHOLDERS' EQUITY	MFIM	MFIM	MFIM	MFIM
Share capital, Jan. 1	359.6	359.6	359.6	359.6
Share capital, Dec. 31	359.6	359.6	359.6	359.6
Legal reserve, Jan. 1	0.4	0.1	-	-
Conversion differences	0.0	0.0	-	-
From retained earnings	0.0	0.3	-	-
To retained earnings to previous fiscal year	-0.3	-	-	-
Change in participation	0.0	-	-	-
Legal reserve, Dec. 31	0.0	0.4	-	-
Contingency fund, Jan.1	0.00	-	-	-
Translation differences	0.00	-	-	-
From retained earnings	-	0.00	-	-
Change in participation	0.00	-	-	-
Contingency fund, Dec. 31	0.00	0.00	-	-
Translation differences, Jan. 1	-4.3	-4.4	-	-
Change from the fiscal year	7.6	0.1	-	-
Translation differences, Dec. 31	3.3	-4.3	-	-
Earnings, Jan. 1	676.2	552.6	272.7	279.1
Translation differences	-1.2	1.2	-	-
Transferred to legal reserve	0.0	-0.3	-	-
Transferred from legal reserve	0.3	-	-	-
Transferred to contingency	-	0.0	-	-
Adjustment entries from translation differences	-6.0	-	-	-
Distribution of dividend	-265.0	-	-265.0	-
Profit for the fiscal year	589.6	122.7	746.3	-6.3
Earnings, Dec. 31	993.9	676.2	754.1	272.7
Distributable earnings, Dec. 31				
Unrestricted equity, Dec. 31	993.9	671.9	754.1	272.7
Share of transfers to equity in appropriations	-71.5	-78.2	-	-
Distributable equity, Dec. 31	922.4	593.7	754.1	272.7
Transfer of depreciation reserve to equity	71.5	78.2	-	-
18) APPROPRIATIONS				
Depreciation reserve				
Other capitalized expenditure	-	-	0.3	0.4
Buildings and constructions	-	-	0.3	0.3
Machinery and equipment	-	-	0.7	1.2
Total	-	-	1.3	1.9
19) STATUTORY PROVISIONS				
Compensation for termination of sales agreements	6.8	-	-	-
Disposal of bottle model changes	1.5	-	-	-
Termination of Russian operations	-	1.0	-	-
Product liability provision	0.5	0.4	-	-
	8.8	1.4	-	-

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
20) LIABILITIES	MFIM	MFIM	MFIM	MFIM
SHORT-TERM				
Debts to Group companies				
Accounts payable	-	-	0.5	0.2
Accrued expenses and deferred income	-	-	-	0.0
Total	-	-	0.5	0.2
Debts to Associated companies				
Accounts payable	-	0.0	-	-
Accrued expenses and deferred income				
Marketing expenses	30.6	40.6	-	-
Salaries and wages	35.4	37.1	5.1	5.0
Income tax	239.2	31.8	239.1	24.2
Contract-related discounts	3.5	6.7	-	-
Purchases and other accrued expenses	8.4	4.2	1.4	0.3
Other accrued expenses and deferred income	6.3	8.8	0.4	0.2
	323.4	129.1	246.0	29.7
LIABILITIES WITH AND WITHOUT INTEREST				
Long-term				
Interest-free (deferred tax liabilities)	29.1	31.5	-	-
At interest	0.0	1.3	-	-
Short-term				
Interest-free	770.5	590.9	249.3	8.5
At interest	43.7	54.7	11.9	11.9
LIABILITIES WITH MATURITY IN EXCESS OF 5 YEARS INCLUDED UNDER LONG-TERM LIABILITIES				
Other long-term liabilities	-	0.3	-	-
DEFERRED TAX LIABILITIES				
Deferred tax liabilities				
From appropriations	29.1	31.5	-	-
Deferred tax receivables				
From adjustments	35.8	-	-	-
Tax liabilities due to matching differences, not entered in the balance sheet	3.3	0.4	-	-
21) SECURITIES GIVEN AND CONTINGENT LIABILITIES				
Securities given on behalf of Group companies				
Debts secured with mortgages				
Debts				
Loans from credit institutions	11.9	11.9	-	-
Security value				
Loans from credit institutions	90.0	90.0	-	-
Other securities against Group company liabilities				
Mortgages	100.0	60.0	-	-
Total securities	190.0	150.0	-	-

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Contingent and other liabilities	MFIM	MFIM	MFIM	MFIM
Capital leasing-related liabilities				
Maturing within 1 year	3.2	2.8	0.6	0.5
Maturity in excess of 1 year	3.0	2.2	0.4	0.5
Total	6.1	4.9	1.0	0.9
Contingent liabilities on behalf of Group companies				
Guarantees	80.0	55.1	-	51.2
Group account liability	-	-	14.8	12.2
Contingent liabilities on behalf of associated companies				
Guarantees	-	5.2	-	-
Contingent liabilities on behalf of others				
Guarantees	-	0.3	-	5.5
Total contingent liabilities	86.1	65.6	15.8	57.6

22) SPECIFICATION OF OWNERSHIP IN SUBSIDIARIES AND ASSOCIATED COMPANIES 31.12.2000	% owned by Parent company	% owned by Group	Equity accounted for by Group	Shares/holdings owned by Group Number of Shares		Nominal value Dec. 31, 2000	Book value Dec. 31, 2000
SUBSIDIARIES			MFIM			million	MFIM
Havistra Ltd, Helsinki	100	100.00	45.3	500,000	FIM	5.0	20.0
Primalco Ltd, Nurmijärvi	100	100.00	430.4	7,000,000	FIM	70.0	190.0
Finlandia Vodka Worldwide Ltd, Helsinki	55	55.00	65.0	150	FIM	71.5	71.5
Alakari Wines Ltd, Helsinki		100.00	1.5	100	FIM	-	1.7
Harald Zetterström oy/ab, Helsinki		100.00	1.6	63	FIM	-	2.8
Havistra Eesti AS, Estonia		100.00	1.4	5,020	EEK	5.0	2.6
Havistra Latvia SIA, Latvia		100.00	0.1	189	LVL	-	0.1
A-Pullo Ltd, Nurmijärvi		76.24	14.4	13,860	FIM	13.9	13.9
Primalco Americas Inc, USA		100.00	2.4	4,700	USD	0.5	2.0
The Finnish National Distillers (ALKO) Ltd, England		99.99	-	17,999	GBP	-	0.2
Ofelia Ltd As, Estonia		93.38	12.0	7,284	EEK	7.3	18.4
Linda Nektar As, Estonia		62.70	1.2	421	EEK	0.4	0.1
Tarto Pärmitööstus As, Estonia		93.38	0.7	170	EEK	2.0	0.8
Primalco Caribbean Inc, USA		100.00	1.0	500	USD	0.1	2.0
Salko Aktiebolag, Sweden		100.00	0.2	4,000	SEK	0.4	-
Alkometa s.r.o., Czech Republic		55.00	2.1	1	CZK	18	10.0
Finlandia Polska Sp.zo.o., Poland		55.00	1.7	18,986	PLN	8.6	-
Subsidiaries total			581.1				336.2
ASSOCIATED COMPANIES							
Finlandia Balantines Group Sp.zo.o., Poland		27.50	1.3	16,955	PLN	1.7	2.4
Roal Ltd, Nurmijärvi		50.00	26.7	9,500		9.5	47.5
Associated companies total			28.0				49.9
OTHER SHARES AND HOLDINGS							
Other shares and holdings total							3.6
TOTAL							389.7

A detailed shareholder's register is available as an appendix to the Group's financial statements at Altia Group Ltd's headquarters in Salmisaarenranta 7, Helsinki, Finland.

Group Financial Indicators

		2000	1999
INCOME STATEMENT			
Net sales	MFIM	1,314.8	1,301.0
Operating profit	MFIM	655.1	41.0
(% net sales)	%	49.8	3.2
Net financial items	MFIM	30.1	15.2
(% net sales)	%	2.3	1.2
Profit before extraordinary items	MFIM	685.2	55.8
(% net sales)	%	52.1	4.3
Profit before taxes	MFIM	831.3	220.5
(% net sales)	%	63.2	16.9
Profit for the fiscal year	MFIM	589.6	122.7
(% net sales)	%	44.8	9.4
BALANCE SHEET			
Liquid assets	MFIM	433.2	377.6
Balance sheet total	"	2,267.6	1,724.5
Shareholders' equity	"	1,356.9	1,031.9
Minority interests	"	58.6	12.8
Statutory provisions	"	8.8	1.4
Deferred tax liability	"	29.1	31.5
Liabilities at interest	"	43.8	56.1
Interest-free liabilities (incl. deferred tax liab.)	"	799.6	622.4
Capital invested	"	1,459.2	1,100.8
INDICATORS			
Return on equity	%	35.8	3.6
Return on investment	%	54.9	6.2
Equity ratio	%	62.4	60.6
Gearing	%	-27.5	-30.8
Current ratio		2.3	2.0
Earnings/share	FIM	12.45	0.93
Cash flow/share	"	8.52	2.10
Equity/share	"	37.73	28.70
Dividend/share (proposed)	"	19.74	7.37
Dividend/earnings(proposed)	%	135.9	216.0

CALCULATION OF FINANCIAL INDICATORS

Liquid assets	=		Cash and bank deposits + marketable securities
Capital invested	=		Balance sheet total - interest-free liabilities - deferred tax liabilities - statutory reserves
Return on equity, % (ROE)	=	100 x	Profit before extraordinary items - taxes / (equity + minority interests) average
Return in investment, % (ROI)	=	100 x	Profit before extraordinary items + interest and other financial expenses / Average capital invested
Equity ratio, %	=	100 x	Shareholder's equity + minority interest / Balance sheet total - advances received
Gearing, %	=	100 x	Liabilities at interest - liquid assets / Shareholders' equity + minority interests
Current ratio	=		Inventories-assets + receivables / Short-term liabilities
Earnings/share	=		Profit before extraordinary items - direct taxes in operations - minority interests / Adjusted average number of shares outstanding during the period
Cash flow/share	=		Net operational cash flow / Adjusted average number of shares outstanding during the period
Equity/share	=		Shareholders' equity / Adjusted average number of shares outstanding at end of the period
Dividend/share	=		Fiscal dividend / Adjusted average number of shares outstanding during the period
Dividend/ earnings, %	=	100 x	Dividend/share / Fiscal profit/share

Proposal for the parent company's profit distribution

	Group	Parent company
Profit for the year	589,560,903.95	746,331,809.14
Other non-restricted equity	404,340,719.94	7,733,844.25
Total non-restricted equity	993,901,623.89	754,065,653.39
Restricted funds	71,492,486.04	0.00
Distributable equity	922,409,137.85	754,065,653.39
The Board of Directors proposes that, - a dividend totaling 186.32% of capital stock be paid to the stockholders from distributable equity		670,000,000.00

Helsinki, February 23, 2001

Markku Tapio   Carita Putkonen   Leif Ekström

Matti Ilmari   Veikko Kasurinen
President and CEO

Auditors' Report

To the shareholders of Altia Group Ltd

We have audited the bookkeeping, financial statements and administration of Altia Group Ltd for the fiscal period January 1 to December 31, 2000. The financial statements drawn up by the Board of Directors and the President and CEO, showing a profit for the parent company totalling FIM 746,331,809.14 and a profit for the Group totalling FIM 589,560,903.95, comprise a Report on operations by the Board of Directors, as well as the Group's and the parent company's income statements, balance sheets and additional information. Based on our audit, we now release a report on the financial statements and the administration.

We have conducted our audit in accordance with Finnish Standards on Auditing. The bookkeeping and the drafting of the financial statements and their contents and manner of presentation have been examined in a sufficient degree to obtain reasonable assurance that the financial statements are free from material misstatement. As regards the administration, we have examined the compliance of the actions of the Parent Company's Board of Directors and the President and CEO with the requirements of the Finnish Companies Act.

Our statement notes that, the financial statements have been drawn up pursuant to the Finnish Accounting Act and other rules and regulations governing the annual financial statements. The financial statements show adequately and fairly, the Group's and the Parent Company's performance and financial result, in accordance with the Accounting Act. The financial statements, including the consolidated financial statements, can be approved and the members of the Parent Company's Board of Directors and the President and CEO can be released from liability for the fiscal year now audited. The Board of Directors' proposal for profit distribution complies with the Finnish Companies Act.

Helsinki, March 2, 2001

Erkki Mäki-Ranta
Certified Public Accountant
Chartered Public Finance Auditor

Yrjö Tuokko
Authorized Public Accountant

Group Management

The ultimate responsibility for the Group's management and operations lies with the Board of Directors and the President and CEO of Altia Group Ltd.

Obligations and responsibilities of the Board of Directors

The obligations and responsibilities of the Altia Group Ltd's Board of Directors are determined by the Finnish Companies Act and other relevant legislation. The Articles of Association contain provisions on the Board's composition, term of office, statutory meetings and quorum.

The task of the Board of Directors is to lead the company and to deal with its management. The Board of Directors decides on the company's most important strategies and operational guidelines, and ensures that these are complied with, approves the company's organizational structure and appoints the parent company's Management, and determines the salaries and other emoluments of top management. With the exception of the President and CEO, the members of the Board of Directors are compensated only on basis of their Board membership.

The Board of Directors consists of a Chairman and a Vice Chairman plus at least one (1) and a maximum of three (3) other members, elected annually at the Annual General Meeting.
The Board of Directors convened 14 times during the fiscal year.

The Board of Directors makes decisions on all significant issues to do with the extent and the quality of the company's operations. In addition to matters relating to the company's basic organization, the composition of the subsidiaries' Boards of Directors and the Group as a whole and guidelines for the operations of the subsidiaries, other issues decided by the Board of Directors include: business and financial strategies; financial performance, investment, research and product development as well as financial budgets; policies financing, risk management and insurance coverage; principles of internal supervision; decisions involving subsidiary and associated companies, incl. strategic alliances; significant investment and divestment decisions; personnel policies and fringe benefits; important operational agreements; principles regarding financial statements; duties and operating principles of the Group's Staff Team; and any other issues relating to the company that the Board of Directors deems necessary.

Chief Executive Officer

The task of the President and CEO according to the Articles of Association is to lead and supervise the company's business operations in accordance with the guidelines and orders issued by the Board of Directors.

Monitoring system

The focus of the planning and supervision is on the strategies of the Group's business areas. The parent company's Board of Directors also confirms the budgets and the balanced scorecards of the business areas and of the group. The company has appropriate reporting systems for monitoring business operations and supervising the financial management. The performance payroll system used by the Group is based on the performance targets and the balanced scorecards confirmed in the budget.

Those in corporate management or their immediate family members do not have business relations with the company.

The purpose of control is to contribute to and monitor the achievement of the performance targets. The supervision of operations is the duty of Management and immediate superiors. The principles and means of, and the responsibilities involved in the control are incorporated into the Group's management system.

The most important means used for internal control include: management systems, organization charts, persons in charge, job and task descriptions; balanced scorecards, budgets, operational plans, achievement monitoring; principles of risk management and risk assessment; financial management, and internal and external audits.

The Group's economic and financial situation is monitored on a monthly basis. Apart from the company-specific monitoring of the financial performance, the Board of Directors also monitors on a monthly basis the implementation of strategies in the various business areas. An extensive development project on product and customer profitability accounting will be carried out by the Group in 2001. In this context, economic valueadded calculation models will be developed for the Group's various business areas.

The general meeting of Altia Group Ltd has in its meeting on March 8th, 2000 nominated the following persons to the company's Board of Directors: Mr. Markku Tapio, Chairman, Ms. Carita Putkonen, Vice Chairman, Mr. Leif Ekström, member, Mr. Matti Ilmari, member, Mr. Veikko Kasurinen, member.

Risk management system

The parent company's Board of Directors monitors and supervises the greatest risks connected with strategic and operational targets, particularly where overseas operations are concerned. The Board of Directors also takes decisions in matters involving high financial risks, such as significant investments and marketing projects as well as entering into or exiting certain business areas.

In connection with the annual planning process, the Group's units review essential risks that may influence their operations and decide on measures to be taken.

Financial statements and internal audits

In the Group, auditing is carried out by auditors elected at Annual Meetings, and by the Group's internal auditing team.

The internal auditing team operates under the President in the parent company. As a part of the Group's management and monitoring system, the purpose of the internal audit is to ensure supervision at the various levels of the organization, to ward off risks and to make the Group's operations more effective. The areas to be audited are planned and approved every calendar year.

One CPA firm acts as supervisory auditors throughout the Group. An international working partner of the CPA firm is used for the foreign companies.

In the case of Group companies where, in addition to the CPA firm, a representative of the National Economy Auditing Office is also elected by the Annual Meeting to perform an audit, an auditors' meeting summoned by Corporate Management is held at least three times a year.

Auditing of the Altia Group is entrusted to Erkki Mäki-Ranta, Auditing Counselor, CPA, CPFA and Yrjö Tuokko, APA. Deputy auditors are Mr. Aarne Kivikko, APA and Jorma Heikkinen, APA.

The owner's status

The Finnish state, the owner of the Group, has no other obligations except for the capital investment.

Altia Group Ltd Board of Directors

Markku Tapio

b. 1948, MSc Political Sciences, Director, Ministry of Trade and Industry, Chairman of the Board

Carita Putkonen

b. 1948, MSc Political Sciences, Director of Development, Ministry of Trade and Industry, Financial Counselor, Ministry of Finance, as from February 1, 2001 Vice Chairman of the Board

Leif Ekström

b. 1942, BA Business Administration, CEO, Oy Fictivius Ab, Board Member

Matti Ilmari

b. 1942, MSc Engineering, President, ABB Group Board Member

Ilkka Suominen

b. 1939, MSc Political Sciences, Minister, Member of the European Parliament, Board Member until March 8, 2000

Veikko Kasurinen,

b. 1946, Doctor of Business Administration, President and CEO, Board Member as from March 8, 2000

Group Management Team as from August 1, 2000

Veikko Kasurinen, President and CEO, Altia Group Ltd

Ossi Loikkanen, VP, CFO, Substitute for the President and CEO, Altia Group Ltd

Sakari Kotka, President and COO, Finlandia Vodka Worldwide Ltd

Teuvo Pollari, President and COO, Primalco Ltd

Seppo Ovaska, President and COO, Havistra Ltd

Group Staff Team as from January 1, 2001

Veikko Kasurinen, Chairman

Hannu Burman
VP, Information Technology

Stig-Olav Eriksson
Risk Manager

Eero Jaakola
VP, Human Resources

Jari Korpela
Manager, Internal Auditing

Antti Kuokkanen
VP, Legal Affairs

Ossi Loikkanen, VP and CFO

Leea Viheriäranta
Communications Manager

Marjut Viitasalo, Management Assistant, Travel Manager

Primalco Ltd Board of Directors

Veikko Kasurinen, Chairman

Ossi Loikkanen
Vice Chairman

Markku Tapio, Member

Antti Keränen, President and COO until April 1, 2000

Sakari Kotka, President and COO from April 1 to August 1, 2000

Teuvo Pollari, President and COO as from August 1, 2000

Jaakko Nenonen, personnel representative

Veikko Muurinen, personnel representative

Management Team as from January 1, 2001

Teuvo Pollari, Chairman

Kari Hyrkäs, VP, Operations, Substite for the President and COO

Antti Lehmussaari, VP, Logistics

Matti Reinholm
Business Controller

Jussi Suomi
Information Technology Manager

Havistra Ltd Board of Directors

Veikko Kasurinen, Chairman

Ossi Loikkanen, Vice Chairman

Carita Putkonen, Member

Seppo Ovaska, President and COO, Member

Marcus Björndahl, personnel representative

Management Team as from January 1, 2001

Seppo Ovaska, Chairman

Tom Alakari, VP, Marketing, Imported Products, Substite for the President and COO

Paavo Korpikuusi
VP, Product Group Wines

Anneli Lindeman, VP, Marketing, Group Products

Olli Poikolainen, VP, Product Group Spirits

Marja Virta, VP, Logistics

Finlandia Vodka Worldwide Ltd as from August 1, 2000 Board of Directors

Veikko Kasurinen
Chairman

Ossi Loikkanen
Vice Chairman

Donald C. Berg, President of Brown-Forman Beverages World-wide Emerging Markets Group, Member

Michael V. Cheek, President of Brown Forman's Global Spirits Group and Executive Vice President of Brown Forman Beverages Worldwide, Member

Leif Ekström, Member

Management Team

Sakari Kotka, President and COO

Tommi Holmström
VP, Business Director of Finance & Business Control, Substite for the President and COO

Tomas Manasek
VP, Business Director of Advancing Markets Group

Juha Ovaska,
VP, Business Director of Nordic and Baltic Region

Petteri Pietilä, VP, Business Director of Core Markets Group

John Vidal, VP, Business Director of North American Group

Eva Wuite-Lindholm, VP, Director of Brand Marketing

Minna Väisäsvaara, Customer Service Center Manager

Contact information

Altia Group Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 350, FIN-00101
Helsinki, Finland
Tel. (switchboard) +358-9-133 11
Fax. +358-9-133 3278
E-mail:
firstname.lastname@altiagroup.fi
Web site: www.altiagroup.fi

Primalco Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 808, FIN-00101
Helsinki, Finland
Tel. (switchboard) +358-9-133 05
Fax. +358-9-133 3226
E-mail:
firstname.lastname @primalco.fi
Web site: www.primalco.fi

Rajamäki Plant
Valta-akseli
05200 Rajamäki, Finland
Tel. (switchboard) +358-9-133 05
Fax. +358-9-133 1565

Koskenkorva Plant
61330 Koskenkorva, Finland
Tel. (switchboard)
+358-6-425 9111
Fax. +358-6-425 9363

Havistra Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 350, FIN-00101
Helsinki, Finland
Tel. (switchboard) +358-9-133 04
Fax. +358-9-133 3227
E-mail:
firstname.lastname @havistra.fi
Web site: www.havistra.fi

Finlandia Vodka Worldwide Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 457, 00101 Helsinki,
Finland
Tel. (switchboard) +358-9-133 08
Fax. +358-9-133 3225
E-mail:
firstname.lastname @fvwltd.com

A-Pullo Ltd
Valta-akseli
05200 Rajamäki, Finland
Tel. +358-9-133 06
Fax. +358-9-133 1333

Roal Ltd
Valta-akseli
05200 Rajamäki, Finland
Tel. +358-9-290 420
Fax. +358-9-290 42111

Czech Republic:

Alkometa s.r.o.
Vrsovická 817/5, 100 00 Praha 10
Czech Republic
Tel. +420-2 717 46083,
717 46002
Fax. +420-2 717 46075

Poland:

Finlandia Polska Sp. z o.o.
ul. Ursynowska 64
02-605 Warszawa, Poland
Tel. +48-22-844 5 411
Fax. +48-22-844 0 293

Estonia:

Havistra Eesti AS
Tammi tee 30
Laabi Küla, Harku vald
EE 76901 Harjumaa, Estonia
Tel. +372-671 2100
Fax. +372-671 2101

AS Ofelia
Tammi tee 30
Laabi Küla, Harku vald
EE 76901 Harjumaa, Estonia
Tel. +372-671 2000
Fax. +372-671 2101

AS Linda Nektar
Kobela, Antsla Vald
EE 2700 Vorumaa, Estonia
Tel./fax. +372-78 557 68

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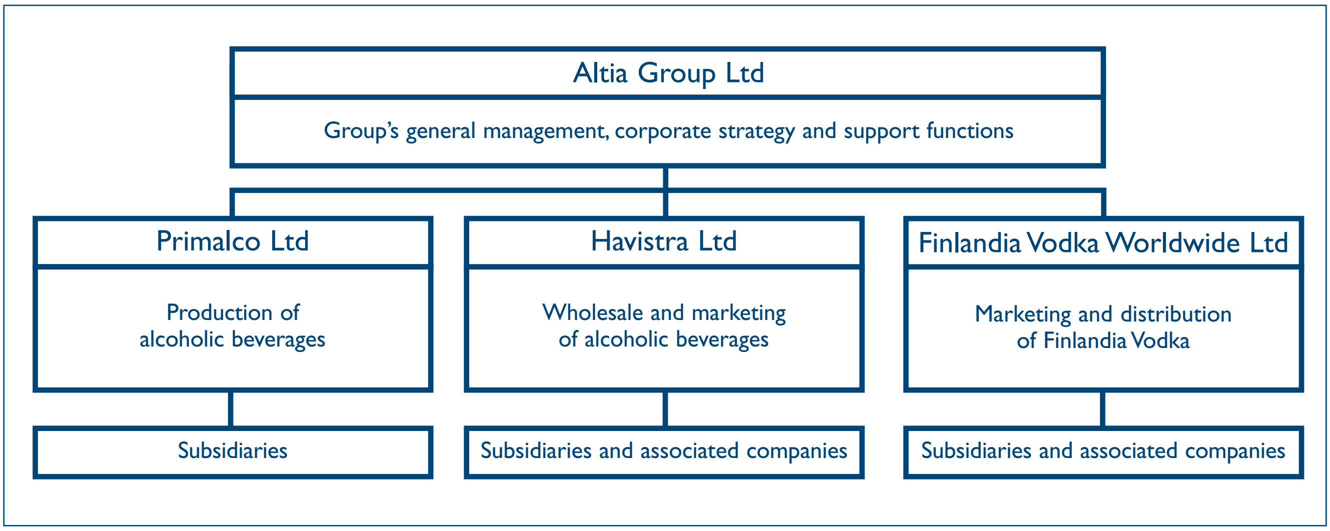
Altia Group organization structure



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The Annual Report can also be found at the Altia Group web site at www.altiagroup.com or it may be ordered from Altia Group Communications, tel. +358-9-133 11.

Altia Group today

An international alcoholic beverage corporation

The Altia Group is a Finnish alcoholic beverage corporation operating globally, engaged in the production, marketing and wholesaling of alcoholic beverages. Its business operations break down into the worldwide Finlandia Vodka business, the alcoholic beverage business in Finland and the nearby areas, especially in the Baltics, as well as the grain processing industry in Finland.

The Group is wholly owned by the Finnish State and it operates under the Ministry of Trade and Industry. The Group started its operations in early 1999 when the Alko Group was divided.

The Main products are unflavored spirits, vodkas and wines. The best-selling product on the domestic market is Koskenkorva Viina. The principal export products are Finlandia Vodka and Koskenkorva Vodka.

The Group's net sales in 2000 totaled FIM 1,315 million and at the end of the year its personnel numbered 736.

The Group consists of the parent company, Altia Group Ltd, and its subsidiaries Primalco Ltd, Havistra Ltd and Finlandia Vodka Worldwide Ltd, with their respective subsidiaries.

The parent company, Altia Group Ltd, is responsible for the Group's general management, corporate strategy and support functions.

Primalco Ltd is a production company and also responsible for the grain processing business. Primalco's production plants are situated at Rajamäki and Koskenkorva, Finland, and in Estonia.

Havistra Ltd is responsible for the domestic business in spirits and wines. Its market area comprises Finland and the Baltics. The company also handles tax-free sales in these areas. In addition to the Group's own product range, Havistra represents in Finland a comprehensive range of branded products with global recognition.

Finlandia Vodka Worldwide Ltd is responsible for Finlandia Vodka's marketing strategy, brand and communication concept and product development.

Key figures

	2000	1999
Net sales, FIM million	1,315	1,301
Exports and operations abroad, share of net sales in %	45	45
Operating profit, % of net sales	50	3.2
Operating profit before extraordinary items and taxes, FIM million	831	56
Balance sheet total, FIM million	2,268	1,725
Return on equity, %	36	3.6
Return on investment, %	55	6.2
Gearing, %	-28	-31
Current ratio	2.3	2
Investments, FIM million	39	42
Personnel, on an average	827	900

Structural changes in 2000

The Group centralized its entire wine business into Havistra's Wine Business Unit on April 1, 2000. Marketing of all domestic products including spirits was transferred from Primalco to Havistra on August 1, 2000.

Finlandia Vodka Worldwide Ltd, a joint venture formed by the Altia Group and the American Brown-Forman Corporation, started operations on August 1, 2000. Altia has a 55% and Brown-Forman a 45% holding in the company, which aims to consolidate Finlandia Vodka's market position and develop a globally competitive distribution and sales network.

When Finlandia Vodka Worldwide Ltd was established, a Primalco subsidiary operating in the Czech Republic as well as all operations in Poland were transferred to the new company. The New York based marketing company Finlandia Americas Inc. was closed down. The Group's production activities in Latvia ended in August.

The Group sold its holding in the joint venture Cool Drinks International Oy to Hartwall plc but will continue as a licensed producer of long drink beverages.

The Group's basic financial functions and human resources were centralized within the parent company in order to eliminate overlapping activities in the Group companies.

Widening of ownership basis

In January 2000, the Finnish Cabinet Committee on Economic Policy approved an ownership strategy plan for Altia Group Ltd. The objective was to find a new strategic minority shareholder and business partner with a maximum holding of 1/3 of the company's capital stock. The purpose of this strategy was to improve the Group's chances of developing its business activities in the domestic and Baltic markets.

In December, the Ministry of Trade and Industry halted the ongoing bidding procedure to find a new minority stockholder for Altia Group Ltd, because the possibility of future acquisitions of company stock had become a central negotiating point for the prospective buyers.

Measures to expand the company's ownership basis will be continued in 2001, once Parliament has dealt with the proposal submitted in November by the Cabinet regarding a reduction of the Finnish State's ownership in the Altia Group to be under 50% but not under 1/3.

Structure Based on Group Strategies

The Group's structure based on Group strategies consists of its domestic operations, the Finlandia Vodka business, operations in the neighboring countries (the Baltics) and the grain processing industry.

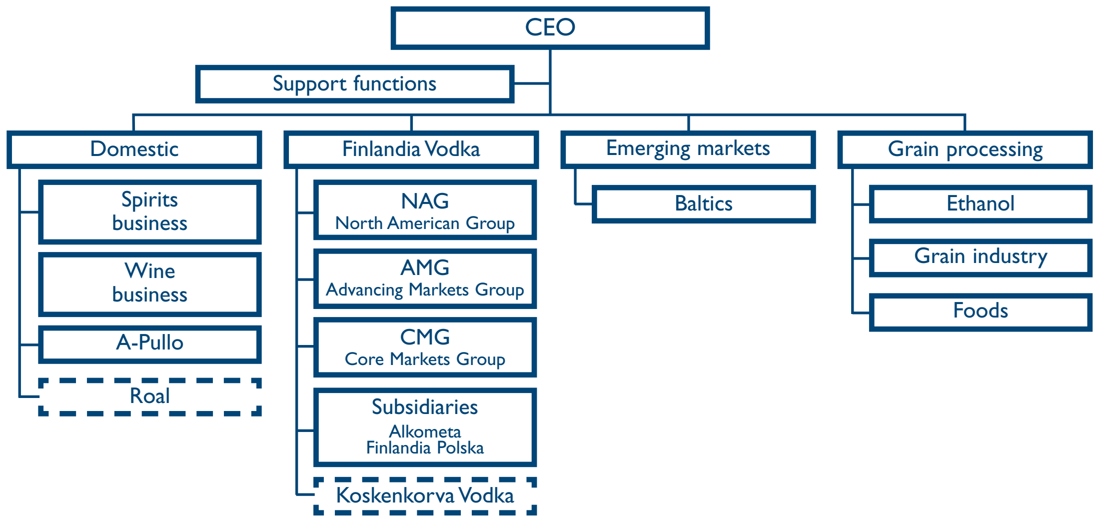
In Finland, the Group strategy covers both strong alcoholic beverages and wines.

In the Finlandia Vodka business, the company's objective is to build up Finlandia Vodka into a significant global premium vodka brand in the selected market areas.

Business in the Baltics is handled from Estonia.

The main task of the grain processing industry is to produce high quality ethanol cost-effectively and competitively.

Structure Based on Group Strategies



Chief Executive Officer's Review

The year 2000 was Altia Group's second year in operation. The company operates in an entirely free competitive situation both in the domestic and overseas markets. Its operations consist of the production, marketing, wholesaling and distribution of alcoholic beverages as well as administration. The product range also includes by-products, starches, animal feeds and vinegars.

An intense centralization has recently taken place in the international alcoholic beverage industry. In Finland, too, the volume of international competition and investments has been increasing and continues to do so. We have experienced a few upheavals within the industry. Changes in our operating environment are largely beyond our control but we can prepare for them. This is why we have been active in doing our very best to enhance our Group's agility.

During the year under review, we have made determined progress in the direction outlined in our strategy. This has meant major changes in the company's infrastructure and its operating methods. We have been through the mill, and our personnel has not escaped unscathed either. I wish to thank our personnel for their understanding of how important these changes are and for the way they have contributed to and cooperated in the formulation of the new operating model.

In accordance with the Group's strategy, our aim is to retain a strong market position and a high level of profitability in our spirits business in Finland. The Koskenkorva Viina product family, which was extended last year, is the cornerstone of this business. In the wine business we are aiming to achieve a profitable growth rate, with a volume that will at least equal the overall growth in this product group. Our own portfolio is complemented by other principals' products. The international Finlandia Vodka business is being actively developed in cooperation with the minority stockholder, Brown-Forman. In the future, our operations in the Baltics will be handled from Estonia and our objective is to further strengthen our market position there. The grain processing industry continues to produce the world's best six-row-barley ethanol, but will focus even more on promoting operational efficiency and increasing the profitability of by-products.

The Group's operating result last year was substantially better than the year before. We are currently somewhere between satisfactory and good as far as our financial performance is concerned. Toward the end of 2002, we shall reach the level of other high-quality international alcoholic beverage companies. According to the plans of our sole owner currently, i.e. the Finnish State, we will also have other owners by then. From the company's viewpoint this change should be regarded as an opportunity for our product development, production and marketing that will bring the company added value and stronger resources.

Our vision is that by early 2003 at the latest we will be generating a solid result even by international standards and be the best Finnish alcoholic beverage corporation in the international marketplace.

In my view, we can only achieve this if all the Altia people have the will and the way to succeed in:

- promoting a customer/consumer-oriented approach in everything we do;
- striving for excellence and resolving problems as they arise;
- supporting continuous development and self-improvement;
- getting Finlandia Vodka on the projected road to growth.

I promise to do my very best to improve our efficiency and financial result. I do believe that this objective will also support our stakeholder groups in attaining their particular business targets. I wish to express my thanks to both our Finnish and foreign business partners for their excellent cooperation.

I am proud to say that the position of Koskenkorva Viina spirits as a basic Finnish value and a basic Finnish product is now even stronger than it was in the previous year. I also wish to thank all our consumers for their product loyalty. I hope that you will continue to choose our high-quality products, whether you purchase spirits or wines.

We shall continue working for your best interests.

February 2001

Veikko Kasurinen

Market Review

The international alcoholic beverage market is in a state of upheaval. Several company takeovers and brand sales have taken place, various alliances and co-distribution arrangements have been made in this field. Events during the fiscal year 2000 would indicate that centralization will continue in this business sector.
The total global consumption of alcoholic beverages has remained relatively stable during the past few years. In 2000, consumption increased only slightly (by 0.5%) over the previous year. The shares of spirits and wines in the global alcoholic beverage market are 48% and 52% respectively.

The Finnish alcoholic beverage market

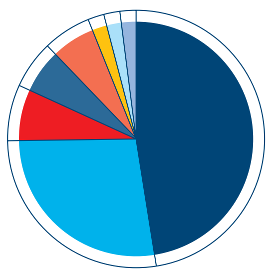
The Finnish population's alcohol consumption in 2000, calculated as pure alcohol, totaled 37 million liters or 7.2 liters per inhabitant. According to statistics, consumption increased by 0.7% from the previous year. Total alcohol consumption, including so-called non-recorded consumption, was approx. 9 liters per inhabitant. The total consumption of alcohol has remained more or less on the same level over the past ten years.

During the past couple of years, the consumption of alcoholic beverages has been growing more slowly than the economy in general, a possible reflection of changing consumption habits. Consumers' increased purchasing power has led to increased consumption of higher quality beverages.

The consumption of unflavored spirits increased by approx. 1% over the previous year. The aggregate consumption of strong alcoholic beverages did not change from the year before.

Market shares of spirits in Finland in 2000

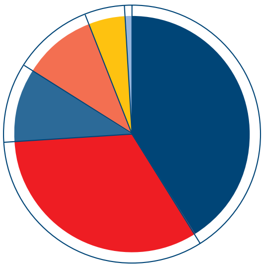
Unflavored spirits 47%
Spirit Drinks incl. long drinks 27%
Liqueurs 7%
Whisky 6%
Cognac, brandy 6%
Rum 2%
Gin 2%
Flavored spirits. 2%



Source: National Product Control Agency for Welfare and Health (STTV)

Market shares of wines in Finland in 2000

- White wines 41%
- Red wines 33%
- Fortified wines 10%
- Other wines. 10%
- Sparkling wine and champagne 5%
- Rosé wines. 1%



Cider and fermented based long drinks not included.
Source: National Product Control Agency for Welfare and Health (STTV)

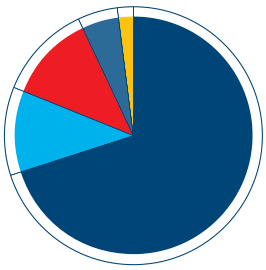
The consumption of wines increased by 4% in 2000. Red wine sales increased by 12% and white wine sales by 4% from the previous year. White wines accounted for 41% and red wines for 33% of all wine sales in Finland.

The surging cider consumption seems to have passed its peak. The increase in cider sales during 2000 amounted to 18%, down from a staggering 32% the year before. Sales of long drinks declined by 10% and those of brewery products by almost 1% from 1999.

At the end of 2000, there were 275 Alko retail outlets in Finland and 124 alcohol order points. Alcoholic beverage wholesalers numbered 229. A total of 8,954 restaurants in Finland had liquor licenses, some 4,000 of them were restricted to serving beverages with a maximum alcohol content of 4.7%.

Breakdown of global vodka consumption in 1999 between market areas.

- CIS countries (the former Soviet Union) 70%
- Eastern and Central Europe. 11%
- North America. 12%
- Western Europe. 5%
- Other 2%



Source: International Wine and Spirit Records

Global vodka market

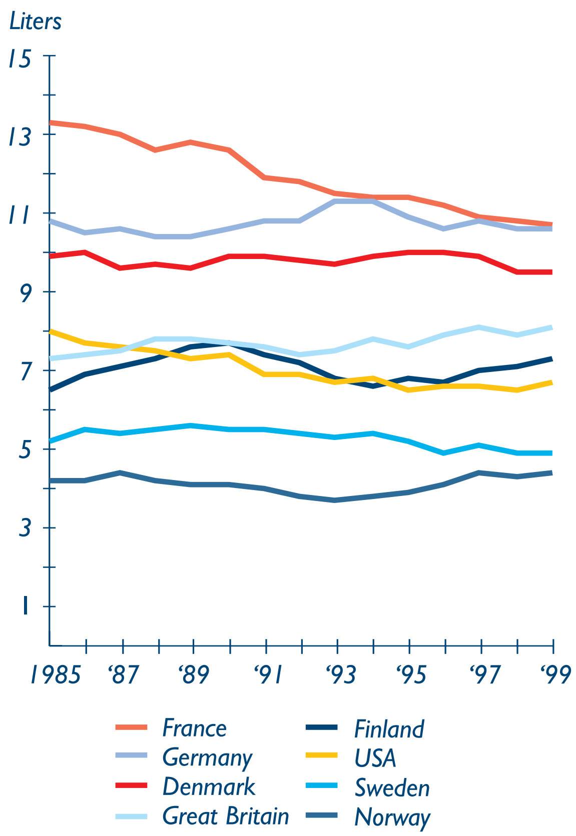
The total global vodka consumption in 1999 was approximately 3,200 million liters. Russia continues to be the world leader in vodka consumption. The Ukraine is second in the vodka consumption figures. As much as 70% of the total global volume is consumed in the former CIS countries.

America's aggregate share of the global vodka consumption is 12%. U.S. vodka consumption continues to increase. The U.S. accounts for around 21% of the value of the global vodka market. Expensive high-quality vodkas, the so-called premium vodkas which also include Finlandia Vodka, are particularly popular there.

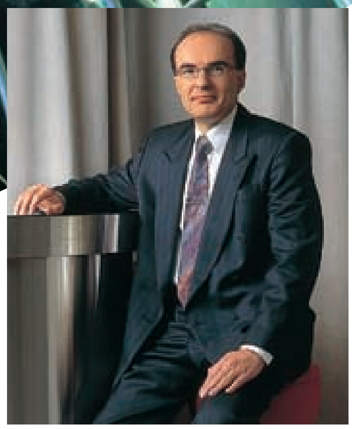
The leading Eastern and Central European countries in terms of vodka consumption include Poland, Romania and the Czech Republic. In Western Europe, the leaders are Britain and Germany. Finland, with its 16.4 million liters in annual vodka sales, ranks third among the Western European countries.

The market share of tax-free vodka of the world's total vodka sales is 0.5%. This is of the same order as the annual vodka consumption in Finland.

Consumption of alcoholic beverages in various countries, in pure (100%) alcohol per capita, 1985 to 1999



Source: World Drink Trends 2000



Teuvo Pollari, President and COO

Primalco

Production of Alcoholic Beverages

Primalco Ltd is the Altia Group's production company and also responsible for the grain processing business. Primalco's production plants are located at Koskenkorva and Rajamäki in Finland, and in Estonia. Among the best known and most popular of Primalco's alcoholic beverages are Koskenkorva Viina and Finlandia Vodka.

The operations of the Primalco Group underwent a significant reorganization in 2000. The company was set up August 1, 2000 as the Group's production company with an added responsibility for grain processing. The Finlandia Vodka sales and marketing operations, previously handled by Primalco, were now concentrated in Finlandia Vodka Worldwide Ltd. Similarly, all domestic alcoholic beverage marketing and product development operations in Finland were transferred to Havistra. Primalco offers warehousing, order-picking and delivery services to the other Group companies.

Primalco has production facilities at Koskenkorva and Rajamäki, Finland, and in Estonia. Ethanol, starch and animal feeds are produced at the Koskenkorva plant. The production plants at Rajamäki produce and bottle alcoholic beverages destined for the domestic market, as well as Koskenkorva Vodka for export. Under a long-term supply agreement on production, Primalco's plant at Rajamäki also produces the most important international product, Finlandia Vodka.

According to the ownership arrangements carried out during the past fiscal year, the company wound up its production in Russia and Latvia. The subsidiaries in the Czech Republic and Poland were sold to Finlandia Vodka Worldwide Ltd and the offices in Budapest, New York and Moscow were closed down.

The total volume of ready-made alcoholic beverages sold by Primalco was slightly lower than in the previous year, while the domestic sales volume of the company's principal products, clear unflavored spirits, 13.0 (12.8 year 1999) million liters, had slightly increased from the

Key figures

	2000
Net sales, FIM million	1,108
Operating profit, FIM million	92
Gross investments, FIM million	36
Personnel, on an average	624

previous year. The rate of capacity utilization at the Koskenkorva plant was at a record-breaking level.

Primalco continued systematically to develop its operations profitability. Also environmental and quality aspects were emphasized. Technical services, maintenance operations and cleaning services at the Rajamäki plant were outsourced to ABB Service. The ISO 9002 quality certification granted to the Rajamäki alcoholic beverage plant was renewed, and the Koskenkorva plant was awarded the ISO 14001 environmental certification.

Primalco's subsidiary, A-Pullo Ltd, was in charge of running the bottle recycling system in Finland. Roal Ltd, a joint venture owned by Primalco and ABF Overseas Ltd, was engaged in the enzyme technology operations. Primalco sold its holding in the joint venture business, Cool Drinks International Ltd, to Hartwall plc but continues to produce long drink beverages on the contractual basis.

Financial performance

Primalco's net sales totaled FIM 1,108 million and its operating profit FIM 92 million.

In Finland, Primalco sold 49 (49.1) million liters and overseas 2.8 (3.6) million liters of alcoholic beverages produced and bottled by the company itself. The figure for 2000 includes sales of product stocks to other Group companies, totaling 3.6 million liters.

Gross investments amounted to FIM 36 million, consisting mainly of replacement investments and increases in the capital stocks of its subsidiaries. The residential properties at Rajamäki, which did not form part of the company's core business, were sold to Varma-Sampo.

During the fiscal year, Primalco Group employed an average of 642 people. Primalco's personnel at the end of the year numbered 530 employees.

Products

Primalco's core competence includes the production of high-quality, ethanol-based beverages. Following the Group´s reorganization, brand development, marketing and product formula management are the responsibility of Havistra. Primalco manufactures all of the Group's products in close cooperation with Havistra and Finlandia Vodka Worldwide.

Apart from alcoholic beverages, Primalco sells ethanol and starch, animal feeds, vinegar and other food products. In 2000, 148 (137) million kilos of Finnish barley were used as raw material for the production of ethanol, starch and animal feeds.

Future prospects

In accordance with its core business policy, Primalco will concentrate on the production of alcoholic beverages, the development of production technologies and processes, as well as improving the efficiency and profitability of its operations in a customer-oriented and environmentally friendly way.

The target of the grain processing industry is to competitively produce the world's best ethanol for use in Primalco's alcoholic beverages and, on the other hand, to retain the position in the starch, animal feed, industrial ethanol and vinegar market and to increase profitability.

In 2001, the focus of Primalco's human resource development will be on financial training for the entire personnel at the Rajamäki alcoholic beverage plant, designed to improve their cost awareness of and product profitability.

primalco

Seppo Ovaska, President and COO

Havistra

Wholesale and marketing

Havistra Ltd is the largest domestic wholesale and marketing company of alcoholic beverages. The company operates in Finland and the Baltics and in the tax-free trade of these regions.

Havistra is responsible for the Group's spirits and wine business on the domestic market. Its market area includes Finland and the Baltics. The company is also active in the tax-free trade of these regions. Apart from the Group's product range, Havistra represents a number of globally recognized branded products in the Finnish market.

Havistra is the largest alcoholic beverage wholesaler in Finland. During the fiscal year under review, the company increased the market shares of all its product lines in the wholesale and restaurant sectors. In retail sales, Havistra is the market leader in strong, unflavored alcoholic beverages.

As a result of the changes in the infrastructure of the Group, separate business units were set up to deal with spirits and wines within Havistra's domestic operations.

Both Havistra's and Primalco's wine businesses were centralized in this Wine Business Unit. The operations of the Wine Unit comprise the import, representation, marketing, sales and distribution of wines both in Finland and in the Finnish tax-free areas. The product range consists of the Group's own products as well as of the wines represented and imported by Havistra.

The sales, marketing and product development of both Havistra's and Primalco's distilled alcoholic beverages were transferred to the Spirits Business Unit. Havistra focused on developing its own strong branded products, emphasizing consumer orientation. The customer-led approach in sales was intensified by providing additional resources and training for the personnel.

In the course of over three years, the Group's business operations in the Baltic region have become established in the Estonian alcoholic

Key figures

	2000
Net sales, FIM million	592
Operating profit, FIM million	10
Gross investments, FIM million	1
Personnel, on an average	72

beverage market. Owing to a powerful marketing and sales effort, Saaremaa Vodka has become the most popular vodka brand in Estonia.

Financial performance
The Havistra Group's net sales totaled FIM 592 million, the domestic business accounting for FIM 91% (92% year 1999). The Group's operating profit came to FIM 10 million (FIM 14 million) and its gross investments to FIM 1 million (FIM 4 million). At the end of 2000, the Havistra Group employed a total of 90 personnel (60), 69 (42) of these based in Finland.

Products and services
Havistra has consistently supplemented its product range to meet customer and consumer requirements. Close cooperation with both customers and principals forms the basis of Havistra's success. The Havistra Training Program gives added value to key customers in the development of their respective businesses. The company performes marketing measures which have been agreed with the principals. Flexible and effective logistics operations ensure fast and on-time product deliveries.

The mainstay of the product range consists of the alcoholic beverages produced by the Finnish and Estonian subsidiaries of the Altia Group, marketed, sold and delivered by Havistra. Moreover, Havistra acts as the Finnish representative of the world's leading brands of alcoholic beverages, such as the cognacs of the Société Jas Hennessy & Cie, the whiskies of William Grant & Sons, the whiskies and wines of Brown-Forman, the champagnes of Moët & Chandon, the liqueurs of De Kuyper, plus numerous wine brands of the world's leading wine producers. Products represented by the subsidiaries, Oy Alakari Wines Ab Ltd and Harald Zetterström oy/ab, complement the range of products offered by Havistra.

New products and product innovations
The package of the traditional Koskenkorva Viina was improved. Two new products were developed for the Koskenkorva product family, namely Koskenkorva Viina Ruis (Rye) and Koskenkorva Viina 32%. The Spirit Drink product group was complemented by the launch of the new Squazz and Wentti product families as well as the new products Honey Bee and Warrior, with lime and guarana as their basic flavors. The liqueurs in the cocktail range were given uniform labels.

The new Finlandia Vodka package was launched in Finland in September, although many had already had a chance to see it in the tax-free trade where it has been offered for sale since May. Finlandia Vodka Lime was released into the domestic market in October.

During the fiscal year, Havistra introduced some thirty new wine products to the market. The majority of these were high-quality products that gave good value to the consumer, but the selection also included international top-quality and prestige wine brands. The Spanish Gotim Bru was elected the art wine of the year. A new champagne from Moët & Chandon was the Brut 1er Cru, which is also suited as an aperitif.

In Finland the representation of Brown-Forman's products was transferred to Havistra in May. The ranges included Jack Daniel's Whiskey and Canadian Mist Whisky as well as Southern Comfort. William Grant & Sons' 7 Brothers Pure Malt Whisky was introduced into the market in September and Glenfiddich 30 Yo at the end of the year.

Product development
At the time of the reorganization of the Group, the product development of alcoholic beverages was transferred from Primalco to Havistra. The purpose of our product development is to develop new products, to implement product changes, to select raw materials for the products we bottle ourselves, and to monitor and optimize the costs of raw materials.

Product developers do double duty as experts supporting Primalco's quality control operations. Havistra has an agreement on product development services with Finlandia Vodka Worldwide Ltd.

Quality
Havistra's business operations were developed with regard to the quality of operations as a whole. More emphasis was put on a customer-oriented approach and seasonal management in order to ensure product availability and flexible deliveries even at peak times. Quality requirements are taken into consideration in all of Havistra's activities, starting with the choice of principals.

Customers
Havistra's customer base covers the entire line of business in Finland. Havistra's key customers include Alko Ltd, restaurant wholesalers and restaurant chains and caterers for shipping lines. Havistra is also the largest supplier of alcoholic beverages in the tax-free trade in Finland.

Future prospects
In Finland, Havistra will retain its position as a leading wholesaler of alcoholic beverages. The company will actively develop its range of products to meet the demand across its entire operating spectrum. The development of cooperation with key customers will be continued.

Havistra

Sakari Kotka, President and COO

Finlandia Vodka Worldwide

Marketing and distribution of Finlandia Vodka

Finlandia Vodka Worldwide Ltd owns the the Finlandia Vodka trademark. The company is responsible for the brand equity, the global brand and marketing strategy, communication concept and product development.

Finlandia Vodka Worldwide Ltd, a joint venture of the Altia Group and the American Brown-Forman Corporation, started operations on August 1, 2000. Altia has a 55% and Brown-Forman a 45% holding in the company.

When the Finlandia Vodka business was incorporated, Altia and Brown-Forman signed a cooperation agreement under which Brown-Forman Beverages Worldwide is responsible for the sales, distribution and local marketing of Finlandia Vodka. The agreement excludes the Nordic countries, Estonia, Latvia, Lithuania, Poland and the Czech Republic. In these countries Finlandia Vodka Worldwide itself, together with local business partners, is responsible for Finlandia Vodka sales, logistics and marketing. In the Czech Republic and Poland, the respective Finlandia Vodka Worldwide subsidiaries are in charge of the business. Havistra Ltd is responsible for the sale of Finlandia Vodka in Finland and Estonia. In addition to its own products, Finlandia Vodka Worldwide also handles the export of Koskenkorva Vodka, with the exception of tax-free sales in Finland and exports to Estonia.

Finlandia Vodka Worldwide and Primalco have a long-term supply agreement on the production of Finlandia Vodka at the Koskenkorva and Rajamäki plants. Moreover, Primalco sells services related to warehousing and delivery logistics to Finlandia Vodka Worldwide.

After the company was established, the most important issue was to manage the transition of the Finlandia Vodka business to Brown-Forman, to coordinate the logistics process and to assure the smooth flow of product deliveries.

The volume of Finlandia Vodka shipments in 2000 amounted to 13.6 million liters (15.0 in 1999). This reduction was mainly due to the fact that the importers depleted inventories in preparation for the new package introduction in 2001.

Finlandia Vodka - still entirely Finnish

Finlandia Vodka is made from high-quality raw materials; Finnish barley and pure spring water. It is sold in almost a hundred different countries. Finlandia Vodka will also in the future be produced exclusively in Finland, as has been the case for over three decades.

Apart from Finlandia Vodka, the product family consists of Finlandia Vodka Cranberry, Finlandia Vodka Lime and Finlandia "21". Finlandia Vodka Cranberry is Finlandia Vodka flavored with arctic cranberries. Finlandia "21" belongs to the ultra premium segment of vodkas and is available at Travel-Retail and Tax-Free outlets all over the world. Finlandia Vodka Lime is the newcomer in the product family. It is a clear vodka with a touch of citrus flavor. The product was introduced in the fall of 1999 and launched in Scandinavia and Central Europe during 2000.

Finlandia Vodka's new package was launched in the US in 1998. In 2000 it has reached consumers in several markets such as Finland, Scandinavia and Western Europe. The new package will be introduced throughout the world in 2001.

Future prospects - towards profitable growth with new package

Finlandia Vodka Worldwide is continuing, in line with its strategy, to develop the Finlandia Vodka brand equity with the objective of achieving profitable growth. Global distribution coverage is being increased and resources allocated to markets where profitability in the long term can be increased by strengthening the market position.

In the short term, the most important objectives are the launch of the new package and implementation of the new marketing strategy on a global scale. A new communication concept is being developed and, more strongly than before, the brand communication will be based on the heritage of Finlandia Vodka. Improvements in the delivery process are continuing throughout the value chain in cooperation with Primalco and Brown-Forman.

Brown-Forman Corporation - a world class partner

The Brown-Forman Corporation is a US-based company engaged in the alcoholic beverage business, currently the eighth largest in the world. Its subsidiary, Brown-Forman Beverages Worldwide, has been an agent for Finlandia Vodka in the US since 1996. Other well-known brands include Jack Daniel's and Canadian Mist whiskies, Southern Comfort whisky liqueur, Fetzer and Bolla wines and Korbel California champagnes. The net sales of the Brown-Forman Corporation in 1999 totaled approx. USD 2 billion and the company employed 7,600 people.

All Finlandia Vodka products will get a new label design during spring 2001.

The regional distribution of shipments

	2000	1999
North America	38%	49%
Western Europe	20%	18%
Central Eastern Europe	21%	21%
Other regions	21%	12%

FINLANDIA VODKA WORLDWIDE LTD.

Products

International export products

Finlandia Vodka
Finlandia Vodka Cranberry
Finlandia Vodka Lime
Finlandia Vodka "21"

Koskenkorva Vodka
Koskenkorva Peach
Koskenkorva Vargtass

Domestic market products

Strong alcoholic beverages
Koskenkorva Viina
Koskenkorva Viina 32%
Koskenkorva Viina Ruis
Koskenkorva Vodka
Finlandia Vodka
Finlandia Vodka Cranberry
Finlandia Vodka Lime
Baltic: Light White and Strong Dark
Corona
Double Eight 88
Dry Vodka
Gin
Jaloviina *
Jaloviina ***
Kolmen Leijonan Whisky
Leijona Viina
Monopol Cognac
V.S.O.P. Monopol Cognac
Pöytäviina
Rhum Martinique
Ritarin Ryyppy
Rommi viina
Ron Cabana
Silver Dry Gin

Finlandia Vodka Lime was introduced into the Scandinavian and West-European markets in 2000. With a new look Koskenkorva Vodka became internationally elegant. Koskenkorva Viina 32% and Koskenkorva Viina Ruis (Rye) were introduced into the market in 2000. The look of the traditional Koskenkorva Viina was also improved.

Liqueurs

Amanda
Anis Liqueur
Apricot Brandy
Café
Crème de Bananes
Crème de Cacao
Crème de Menthe
Finn Cream
Herba
Hieno Arrakkipunssi
Prinssi Eversti
Salmiakki Koskenkorva
Triple Sec

Mild alcoholic beverages

Spirit Drinks

Gin Lemon
Honey Bee
Karpalet
Koskenkorva Peach
Koskenkorva Vargtass
Puolukka Vodka
Squazz: Grape, Lemon and Orange
Ural Mocca
Warrior
Wentti: Kirsikka, Omena and Päärynä

Fortified wines

Aperita
Gambina
Markiisi: punainen and valkoinen
Muscat
Nobleza: Amontillado and Oloroso
Sorbus
Vermouth: Bianco, Rosso and Secco
Vinetto
Fortified wine: Omena, Mansikka, Mustaherukka and Vadelma

Fruit wines and flavored wines

Ofelia Cider 4.7% and Cider Strong 7.5%
Ofelia 4.7%: Mansikka, Omena and Vadelma
Ofelia 11%: Mansikka, Omena, Persikka and Vadelma

Mulled wines

Hehkuviini
Punaviiniglögi and Valkoviiniglögi

Three new Spirit Drink product ranges were introduced onto the market. The Squazz range includes Squazz Orange, Grape and Lemon, and the Wentti range Wentti Omena, Päärynä and Kirsikka (apple, pear and cherry). Other products launched included Honey Bee and Warrior.

Wines

Red wines and rosé

Cabernet
Copa d'Oro Tempranillo
Egri Cuvée
El Rey del Roble
El Tiempo Rosado
El Tiempo Tinto
Gotim Bru
Hannibal
Karahvipunaviini
Las Lomas Monastrell
Mendoza
Petit Coq Cabernet Sauvignon
Serenata Cabernet Sauvignon
Sound of South Cinsaut Pinotage
Valkoparran jouluviini Punainen
Vin Rouge du Midi

White wines

Blue Pompano
El Tiempo Blanco
Eleganza Soave
Feteasca
Karahvivalkoviini
Liebfraumilch
Magyar Fehér Bor
Misket
Muskotály
Petit Coq Blanc
Rizling
Serenata Sauvignon Blanc
Soave
St. Elmo Village
Valkoparran Jouluviini Valkoinen
Verduzzo del Piave
Vino Mikulov

Imported products/Principal partners

Strong alcoholic beverages

Brown-Forman/USA
Cooley Distillery/Ireland
Debrise Dulac/France
Fabrique des Grandes Liqueuers Gabriel Boudier/France
La Martiniquaise/France
Macduff International Ltd/Scotland
Peyrat Associés & Cie/France
Soc. Jas Hennessy & Cie/France
William Grant & Sons/Scotland

Liqueurs

De Kuyper Royal Distillers/Holland
Fratelli Averna/Italy
St. Brendan's Irish Cream/Ireland

Altia Group's best-selling wines in Finland are e.g. Magyar Fehér Bor, El Tiempo ja Petit Coq. The art wine of the year has now been nominated ten times. Gotim Bru 1997 from the Costers del Segre wine-growing area in Catalonia, Spain, was elected art wine of 2000. The label was designed by Silja Rantanen, Professor in Arts.

Wines

Banfi s.r.l./Italy
Baron Philippe de Rotshchild s.a./France
Bodegas & Bebidas/Spain
Cloudy Bay - Cape Mentelle Vineyards/New Zealand and Australia
Casa Girelli spa/Italy
Compagnie Médocaine/France
Covinca sa/Spain
Domaine Disznókö/Hungary
Domaine Paul Zinck/France
Egervin Vineyard Co Ltd/Hungary
Enate, Spain
Farnese Vini s.r.l./Italy
Fetzer Vineyards/USA
Fontanafredda/Italy
Gonzales Byass/Spain
Les Vins Skalli/France
Lindemans Wines/Australia
Luiz Gomez Ltda/Portugal
Marqués de Griñon/Espanja
Marqués de Monistrol/Spain
MASI Agricola Spa/Italy
Moët & Chandon/France
M. Chapoutier/France
René Muré/France
Rozés Ltda/Portugal
Silva & Cosens/Portugal
Stellenbosch Farmer's Winery/South Africa
Viña Santa Rita Ltda/Chile

Baltic products

Saaremaa Vodka
Maximus Vodka
Viin 22
Krooni Viin
Safir Gin
Amardi Rommi
Clan MacGregor whisky
Sir Walther whisky
Ofelia Glögi (mulled wine)
Linda- and Mängur fruitwines

Other products

In addition to alcoholic beverages, the Group sells ethanol, starch, fodders, vinegars and other food products.

Altia Group represents in Finland a large number of the world's leading alcoholic beverages. In year 2000 among the new wines were Moët & Chandon Brut 1er Cru, Tio Pepe, Fetzer Pinot Noir ja Fortant Merlot with Christmas label.

Environment

The high quality of the products of the Altia Group can only be attained with excellent raw materials, pure groundwater and Finnish-grown barley. During the year under review the Group's environmental policies were updated to correspond to the Group's new infrastructure. Measures were taken to support the environmental values especially at the Primalco plants. The production plant at Koskenkorva was awarded the ISO 14001 environmental certification. The environmental system at the Rajamäki plant was completed on time to be adobted toward the end of the year. Primalco's subsidiary, A-Pullo Ltd, has efficiently managed the recycling system for deposit bottles, which was launched as early as 1932.

The production of the Group's own products begins at Primalco's Koskenkorva plant. This plant uses Finnish-grown barley to produce the ethanol used for the Group's alcoholic beverages. The Koskenkorva plant consumes about 150 million kilos of grain each year.

Starch, animal feeds and carbon dioxide are derived as by-products in the ethanol production process. The starch is sold to the paper, food and brewing industries, the animal feeds to cattle and dairy farms and to the animal feed industry. A significant part of the carbon dioxide released in the fermentation process is recovered and sold to the gas industry.

The ethanol is transported by rail from Koskenkorva to the Rajamäki plant where the alcoholic beverages are produced and bottled. The finished beverages are transferred to Havistra's or Finlandia Vodka Worldwide's warehouses adjacent to the alcoholic beverage plant. Various forms of transportation are used to deliver the Group's products to customers but the selection is always based on environmental considerations.

The Group accepts responsibility for the purity and environmentally friendly use of the raw materials of the beverages. Pure Finnish barley and groundwater are the principal requirements for the high quality of our products. This is why we pay particular attention to the environmental protection of the Rajamäki groundwater area.

All environmental legislation and license requirements were met, and the Group experienced no environmental accidents. No legal proceedings relating to environmental issues are pending.

Altia Group's principal material flows and factors affecting the environment

Responsibilities in environmental affairs

The Board of Directors of the Altia Group Ltd defines the Group's environmental policy and monitors its implementation; it also takes decisions on all major investments in the environment. The Group companies' line organizations are responsible for dealing with environmental issues in accordance with the environmental policies and programs. The companies are assisted by environmental experts and environment teams that consist of representatives of the different lines of operations, set up individually at each operating unit. The Group's Environmental Team coordinates the environmental activities of the entire Group.

Principles of the environmental policy

The environmental policy of the Group was updated and also the subsidiaries' Boards of Directors approved the updated environmental policies corresponding to the Group's new infrastructure.

The basic principles of our Group's environmental policy are
- to minimize strain on the environment,
- to take environmental issues into consideration as a natural part of all activities,
- to comply with environmental legislation and regulations,
- to use pure raw materials,
- to identify and assess the most important environmental impacts of our operations at adequate intervals,
- to continually improve and develop our operations and products in order to minimize their effects on the environment,
- to encourage and, if necessary, to require our contracting and working partners to develop their operations so as to comply with the principles of our environmental policies, and
- open communications as regards the Group's environmental policy, its objectives and related activities.

Objectives of our environmental programs

The following targets were set for Primalco and Havistra:

Primalco:

- to ensure the high quality and adequacy of groundwater,
- to increase the share of barley cultivated in accordance with the conditions of the EU's environmental subsidy in the grain raw material used,
- to manage the handling and storage of chemicals and to minimize risks and accidents,
- to make the treatment of waste and wastewater more efficient and to increase the utilization of waste materials,
- to make the use of energy more effective,
- to reduce emissions caused by transportation, and
- to train personnel to increase their awareness of the environment.

Havistra:

- an environmentally friendly and safe product portfolio,
- management of packaging materials and minimization of waste,
- taking environmental aspects into consideration in customer relations, and
- increasing the personnel's environmental awareness.

Environmental measures taken in 2000

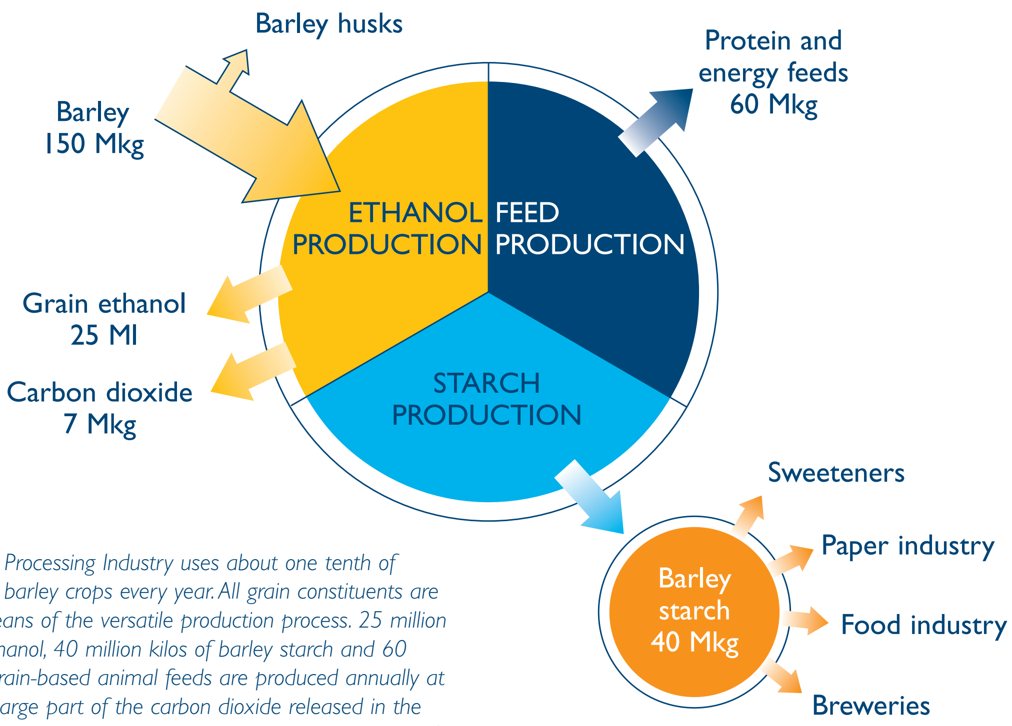
Among other things, the Group took the following measures to reflect in its business operations the environmental values defined in the environmental policy:

Primalco

Koskenkorva Plant

- The Koskenkorva plant was awarded the international ISO 14001 environmental certification.
- A new biocide metering installation was constructed in order to improve chemical safety.

Koskenkorva plant's Annual Production



Primalco's Grain Processing Industry uses about one tenth of Finland's annual barley crops every year. All grain constituents are recovered by means of the versatile production process. 25 million liters of grain ethanol, 40 million kilos of barley starch and 60 million kilos of grain-based animal feeds are produced annually at Koskenkorva. A large part of the carbon dioxide released in the fermentation process is recovered. Barley husks are also utilized for energy production at the distillery's power plant.

- The development of barley varieties was continued in cooperation with Boreal Kasvinjalostus Ltd and the K Group test farm.
- The entire staff of the plant participated in a training session on the environment.
- A brochure on topical environmental matters was published
- A survey was made on how the most important equipment and material suppliers coped with the management of environmental issues.
- The rebuilding of the sewage system in the plant area began.
- Waste management was made more efficient through sorting and separate energy collection.

Rajamäki Plant
- The environmental system was completed and ready to be put into service at the end of the year.
- The centralized wastewater neutralizing system was completed and put into service at the wastewater treatment plant.
- Plans were made for a new groundwater supply line to the plant area in order to ensure a supply of high-quality groundwater.
- The requirements specified in the wastewater discharging and decisions relating to air pollution control licenses were met in every respect.
- A document on operating principles regarding the management of industrial handling and storage of dangerous chemicals, as required by the Chemicals Act, was drawn up.
- A comprehensive fire-fighting and rescue drill was staged in the plant area.

Havistra
- The formulation of the company's environmental program was completed and the program was ratified.
- More than 50% of the personnel took part in the environmental training sessions designed for the personnel during the fiscal year.
- A survey was made on how our foreign suppliers of alcoholic beverage raw materials deal with environmental issues.
- Adjustments in an increasingly environmentally friendly direction were made to the process of selecting raw materials and packaging materials.
- A conscious effort was made in connection with the acquisition of transportation services to decide in favor of companies that take environmental issues into consideration when selecting their routes and means of transport as well as in the training of their personnel.

Investments in the environment and operating costs

During the fiscal year, a working party responsible for reporting on environmental issues and with specific tasks, including the development of models for reporting on environmental issues, was operating within the Group. This working party was also planning methods for the gathering of financial information that will be utilized during 2001.

The Group's investments in the environment in 2000 totaled FIM 3.6 million. The most important investments at the Rajamäki plant included the building and commissioning of a wastewater neutralizing system, unflavored spirit container level measurements and, at the Koskenkorva plant, a total overhaul of the effluent systems in the chemical storage and metering installations.

Our environmental expenditure amounted to approx. FIM 7.5 million, which includes the operating and labor costs attributable to environmental work. The Group has no environmental liabilities or reservations.

The environmental key indicators of Altia Group's domestic production

	2000	*1999*	*1998*	*Unit*
Production figures				
Alcoholic beverages	50,500	54,700[5)]	59,600	1,000 liters
Other production [1)]	258,000	246,030	270,032	tons
Use of raw materials and energy				
Grain consumption	148,000	137,000	148,000	tons
Energy consumption [2)]	271	271	270	GWh
Water consumption	2,534	2,734	2,808	1,000 m^3
Air emissions				
CO_2 [3)]	79,480	79,355	80,922	tons
SO_2	160	186	196	tons
NO_x	94	81	76	tons
VOC	12	12	12	tons
Particles	12	13	11	tons
Water emissions [4)]				
Wastewater quantity	882	920	965	1,000 m^3
Waste				
Dump waste	548	315	408	tons
Waste to landfill	7,081	9,194	11,470	tons
Container recycling rate				
Bottles	79	80	81	%

1) Primarily animal feed and starch
2) In 2000, the Group's own power plants produced 201 GWh, 32% using coal, 3% with heavy fuel oil and 65% with peat.
3) CO_2 emissions from energy production. CO_2 emissions from the fermentation process are not included here as these are part of the natural cycle.
4) Effluent is purified at the Group's own wastewater treatment plants at Rajamäki and Koskenkorva, and also in the Koskenkorva municipal plant.
5) Corrected figure

Continuous improvement

The objective of the Altia Group is to continuously improve the way environmental issues are dealt with. The most important aims in the next few years include:

- ISO 14001 certification for the Rajamäki plant's environmental system in 2001,
- Organizing environmental training for the staff at the Rajamäki plant,
- Holding annual environmental discussions with the lessees in the Rajamäki plant area,
- Building a new fresh water line in the Rajamäki plant area,
- Formulating Finlandia Vodka Worldwide's environmental program during 2001,
- Reviewing the environmental aspects of the packaging materials,
- Continued monitoring of the way Havistra's beverage suppliers deal with environmental issues,
- Increasing the share of contract-grown barley, in accordance with the conditions of the EU's environmental subsidy, to 18% of all grain used at Koskenkorva by 2002,
- Treating all wastewater produced in the Rajamäki plant area and that of the Municipality of Nurmijärvi in a centralized manner by 2004,
- Reducing the leakage of the Rajamäki plant's fresh water system to 15% during the next three years, and
- Halving the dump waste produced at the Rajamäki plant during the next ten years.

Contacts in environmental matters:

Altia Group Ltd and the Group level:
Stig-Olav Eriksson, Risk Manager,
tel. +358-9-133 2226

Primalco Ltd, Koskenkorva:
Markku Mäki, Plant Manager,
tel. +358-6-425 9230

Primalco Ltd, Rajamäki:
Jukka Paulavaara, VP, Technical Services,
tel. +358-9-133 1318

Havistra Ltd:
Elina Heikkilä, Product Manager,
tel. +358-9-133 2612

Finlandia Vodka Worldwide Ltd:
Susanna Heikkinen, PR Manager,
tel. +358-9-133 2465

Personnel

The human resource strategy of the Group is derived from the company's business strategies. The most important objectives of its human resource strategy are concerned with the competence and perseverance of the personnel and with the development of managerial skills.
Understanding the basic principles of economics and supporting leadership have been important areas for competence development. Training provided for young people on apprenticeship contracts has brought young talent into alcoholic beverage production. Outsourcing of services and centralization of administrative support functions in the parent company as well as the reorganization of the company have led to a considerable reduction in the total personnel in 2000.

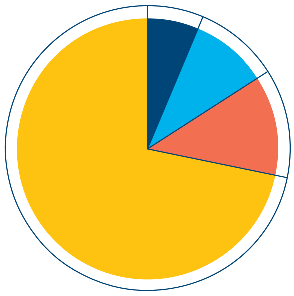
In 2000, the Altia Group employed an average of 827 people (900 in the year 1999). As a result of the changes in the company's infrastructure, the streamlining of activities and outsourcing of services, the number of personnel was reduced by a total of 142 from the previous year. At the end of the year 2000 the personnel numbered 736 (878), including 168 (178) at overseas locations.

The following changes had the greatest impact on personnel:
- Finlandia Vodka Worldwide Ltd was set up and the company acquired a new strategic minority stockholder.
- The marketing of products for the domestic market was transferred from Primalco to Havistra.
- Administrative support functions, such as financial and personnel management, were centralized in the parent company.
- Payroll services, occupational healthcare and the Rajamäki plant technical services were outsourced.
- The Alko Pension Fundation was divided and the Altia Group's pension affairs were entrusted to external insurance companies.
- Subsidiaries were divested or closed down, particularly overseas. Finlandia Vodka Americas wound up its operations, the sales offices in Moscow and Budapest were closed down, the operations in Latvia were sold and operations in Poland were curtailed.

A more effective working community

Productivity bonuses and balanced scorecards were in use throughout the Group. The scorecard is a management tool developed for converting long-term strategic plans into annual operating goals. Apart from financial key figures, the scorecard also specifies targets relating to customers, internal co-operation and renewal. To support the balanced scorecard, the culture of performance appraisal was extended to include the entire Group.

Distribution of the Altia Group's personnel between the Group companies as per December 31, 2000



Altia Group Ltd	*46*	*people*	*6.3%*
Finlandia Vodka Worldwide Group	*70*	*people*	*9.5%*
Havistra Group	*90*	*people*	*12.2%*
Primalco Group	*530*	*people*	*72%*
- Koskenkorva plant	*102*		
- Rajamäki plant	*273*		
- Helsinki office	*27*		
- subsidiaries	*128*		

Total 736 people (878 people Dec. 31, 1999)

A study of the functionality of the working community was carried out in the form of interviews among the production staff at Primalco's Rajamäki plant. As a result of this, a project was started with the aim of developing and increasing the cooperation within and between teams. The study carried out at Havistra provided a fairly good picture of the work satisfaction levels among the staff. Preventative exercise courses were continued throughout the Group.

Skilled professionals through contractual apprenticeship training

Training provided on the basis of apprenticeship contracts was continued successfully. In the alcoholic beverage production at Primalco's Rajamäki plant the emphasis was still on training aimed at providing professionals for the production process, while at the Koskenkorva plant the training was aimed at the basic qualification required in the chemical industry. Office staff was offered contractual apprenticeship training to pass an examination in specialized managerial skills. Altogether 15% of Primalco's workforce is taking advantage of this contractual apprenticeship training.

The Group continued to provide its personnel with financial, IT, language and vocational training. Preparations were made to provide the personnel engaged in alcoholic beverage production with simulation-based training on cost structures and interaction of cost elements in production.

Group functions

The Group's parent company, Altia Group Ltd, is responsible for the Group's overall management, group strategy and support functions.

At the beginning of May, a service center for financial functions was set up at the parent company and the Financial Accounting (bookkeeping, financial statements, ledgers, cash management, credit control) and Management Accounting (budgeting, reporting, development of management accouting) were transferred from the subsidiaries to this service center. The purpose of centralizing the basic financial functions at the parent company is to achieve economical benefits and to eliminate some of the overlapping activities of the Group companies. Business Control remained the responsibility of the individual operative business units.

From the beginning of August, the human resource management of the entire Group was centralized in the parent company. The human resources team is responsible for all issues connected with the Group's human resource management and development. The aim is to achieve the same benefits as those obtained by the centralization of the financial activities.

Other Group functions include communications, internal auditing, information technology and legal affairs.

Among the Group's support functions, occupational health care services and payroll activities were entrusted to external service providers as from July 1. The Alko Pension Fundation was divided and all pension-related issues of the Altia Group were entrusted to insurance companies.

At the end of the year, the parent company employed a total of 46 people.

Report By The Board of Directors For The Fiscal Period January 1 - December 31, 2000

Operating environment

Gross production in Finland grew fast and on a broad basis during 2000. Gross domestic product increased by well over 5%. Private consumption continued to grow at just under 4%. In January, the inflation rate was still as low as 2.2%, but the high price of oil in the world market and its multiplicative effects gradually accelerated increases in consumer prices. The annual average rate of inflation was 3.4%. The inflation rate also picked up in the euro-zone but remained about 1/2 percentage point lower than in Finland. The European Central Bank raised its main refinancing rate by 1.75 percentage points to 4.75%. The average 3-month euribor in 2000 was 4.40%, up from only 2.96% the year before. The money market rates began to fall toward the end of the year as there were increasing signs of a slowing U.S. economic growth rate. Also, the yields on bonds and debentures fell and stock prices sank.

Development of key economic indicators:

	2000	1999
Gross domestic product, change in %	+ 5.5	+ 3.5
Consumer price index, %	+ 3.4	+ 1.2
Private consumption, change in %	+ 3.5	+ 3.7

According to statistics, the consumption of alcoholic beverages in Finland rose by 0.7% (1.3% in 1999). Of the product groups, ciders showed the largest growth of 17%. Wine consumption increased by 4% with red wines in particular gaining popularity. The consumption of spirits remained at the previous year's level. The consumption of long drinks, on the other hand, fell by 10% and that of beer by 1%.

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Though the consumption of alcohol has usually kept pace with economic growth, it has during the past two years been trailing behind the Finnish economy. This slowdown is due to changes in consumer habits. Finnish people now buy beverages which are more expensive and of a better quality than before. Retail sales at Alko outlets increased by 2.3%, while sales at restaurants were down by 3% on the previous year.

The Altia Group retained its market share in spirit sales. Sales of wines failed to grow as fast as the aggregate sales of the whole product group.

On the international level, centralization of the alcoholic beverage industry has continued. The most significant event of the year was the joint purchase, after competitive bidding, by British Diageo and the French Pernod Ricard of the entire product portfolio of Canadian Seagram. As a result of this deal, Diageo's position as the largest company in the business was strengthened further and the French Pernod Ricard overtook Allied Domecq, becoming the industry's second largest company.

On the international market, the consumption of spirits remained at the previous year's level. The increasing trend in consumption towards higher quality, the so-called premium products, continued during the year under review.

The Altia Group's alcoholic beverage exports were down by 10% on the previous year. The fall in exports was due to a reduction in importers' inventories and preparations for the world-wide launch of the new package. Finlandia Vodka retained its position in its key markets, Puerto Rico, the Czech Republic, Canada, Poland and the Nordic countries. In the United States depletions from the importer, i.e. Brown-Forman, to its customers increased by 23%.

Following the recession caused by Russia's economic difficulties, business activities in Eastern Europe have shown signs of revival, although it is unlikely that the level of a few years ago can be reached in the next couple of years.

Group structure

The Board of Directors of Altia Group Ltd decided in early January to incorporate the Finlandia Vodka business. The decision was based on the Altia Group's strategy which, as one of its focus points, aims to build Finlandia Vodka into a world-wide premium vodka brand. Another objective of the incorportation is to monitor and manage more efficiently than before the entire chain of the sales and marketing process. Yet another goal was to provide more flexibility for the implementation of different strategic options.

One of these strategic options was the decision to search for a business partner and part-owner for the Finlandia Vodka business. As a result of the negotiations conducted during the first months of the year with the Brown-Forman Corporation, the Finlandia Vodka agent in the U.S. since late 1996, a decision was reached, under an agreement signed on June 15, 2000, to set up a joint venture called Finlandia Vodka Worldwide Ltd. The Altia Group owns 55% and Brown-Forman 45% of the new company which started operations on August 1, 2000. Brown-Forman paid FIM 522 million for its stake in the company. According to the agreement, Altia is entitled to sell part or the remainder of its holding to Brown-Forman, at a later date.

As Finlandia Vodka Worldwide Ltd was established, the Primalco subsidiary based in the Czech Republic was transferred into the new company as its subsidiary. As soon as the Polish competition authorities had agreed to it, Finlandia Polska and its associated company Finlandia-Ballantine's Group were sold to Finlandia Vodka Worldwide Ltd in early November.

In connection with the reorganization of Finlandia Vodka business, it was decided that Finlandia Americas Inc. in New York should be discontinued as a marketing company, and its activities be transferred to Brown-Forman. The company has now been renamed Primalco Americas Inc., and it will handle all remaining administrative tasks by the middle of 2001.

From the beginning of April the Group's wine business was centralized in Havistra, into an own business unit. By concentrating all wine business related activities from Havistra and Primalco in a single operating unit it is now possible to manage the entire value chain, from buying to sales, much more effectively. The primary objective is to improve profitability and to increase market shares.

In early May, a shared service center was set up in the parent company. The Financial Accounting (bookkeeping and financial statements, accounts ledgers, cash management, credit control) and Management Accounting (budgeting, reporting, development of management accounting) were transferred from the subsidiaries to this service center. The purpose of concentrating all the basic financial functions in the parent company is to achieve economies of scale and to dismantle the Group companies' overlapping activities. Business Control will remain the responsibility of the operational business units.

The Group's human resources management was centralized in the parent company at the beginning of August. The aim is to achieve the same benefits as by the centralization of the financial activities.

At the beginning of August the responsibility for the spirits business and marketing in Finland was transferred from Primalco to Havistra. The purpose of this change was to simplify the Group structure and to gain the same benefits as in the wine business. As a result of this transfer, Primalco is now purely a production company whose customers in the alcohol business include Finlandia Vodka Worldwide and Havistra.

The Group's production activities in Latvia ended in August when Primalco sold its stock in the subsidiary Jaunalko SIA.

The holding in Ustjuzhna Distillery Ltd was divested in November. The company's production operations had already been wound up in 1998.

In November, the Group's holding in the 50%-owned associated company Cool Drinks International Ltd was sold to Hartwall, the company's other owner. As Hartwall's subsidiary, CDI is better able

to respond to changes in the market situation. Primalco continues as the company's raw materials supplier on a long-term contract.

In December, Havistra acquired the stock of Regula Latvia SIA and the company was merged with Havistra Latvia SIA.

Primalco's Polish subsidiary, Primalco Polska Sp.zo.o., was wound up in December.

After these changes the Group's operating model is as follows:
- The parent company is responsible for the Group's general management, Group strategy and support functions
- Primalco is a production company and it is also responsible for the grain processing business
- Havistra is responsible for the spirits and wine businesses in Finland
- The Finlandia Vodka business is within Finlandia Vodka Worldwide Ltd
- Business in the Baltics is handled from Estonia. The production company Ofelia and the marketing company Havistra Eesti operate under joint management.

Alko Pension Foundation

Altia Group Ltd, Primalco Ltd and Havistra Ltd were severed from the Alko Pension Foundation early in the year. On January 4, 2000 the companies' pension liabilities and assets were transferred to the Henki-Sampo Insurance Company concerning additional pension benefits, and to the Varma-Sampo Mutual Pension Insurance Company for mandatory pension benefits. The severance of Altia Group companies had to be effected in this way because there was no taxation-neutral legislation on dividing pension funds like in limited liability companies. This transfer did not affect the personnel's pension benefits in any way.

The Altia Group's consolidated financial statement includes under extraordinary income, a FIM 152 million pension premium gain on mandatory pension benefits. In 1999, a FIM 165 million pension premium gain on additional pension benefits was recorded.

Strategic ownership plan

The Finnish Cabinet Committee on Economic Policy approved on January 18, 2000 the strategic ownership plan for Altia Group Ltd as proposed by the Ministry of Trade and Industry. According to the plan, a strategic minority owner and business partner for Altia Group Ltd will be searched for, such owner's holding in the company being currently limited to 1/3. The purpose of broadening the ownership base is to improve the possibilities for developing the Altia Group's operations both in Finland and in the Baltics.

The search for a minority stockholder was discontinued in December because the possibility of acquiring additional stock in the future had become a key negotiating point for the potential buyers.

Measures to broaden the ownership base will be continued as soon as Parliament has debated the proposal submitted in November by the Cabinet to the effect that State ownership in the company could be reduced to under 50% but not under 1/3.

Management and auditors

Chairman of the Altia Group Ltd Board of Directors has been Director Markku Tapio, Vice-Chairman Ms Carita Putkonen, Director of Development, and members CEO Leif Ekström, Group President Matti Ilmari, and Minister Ilkka Suominen until 8 March 2000, succeeded by President and CEO Veikko Kasurinen.

At the Annual General Meeting held on March 8, 2000, Auditing Counselor Erkki Mäki-Ranta, CPA, CPFA, and Mr. Yrjö Tuokko, M.Sc. (Business Administration), APA, were elected as auditors in charge and Mr. Aarne Koivikko, APA, and Senior Auditor Jorma Heikkinen, APA, as deputy auditors.

Net sales and financial performance

The Altia Group's net sales totaled FIM 1,315 million (FIM 1,301 million), up 1% on the previous year. Exports and overseas operations accounted for 45% (45%) of the net sales.

Owing to the changes in the Group structure, the net sales of the Group companies are not fully comparable with the previous year's figures. Primalco's share of the Group's net sales was FIM 1,108 million (FIM 1,203 million), that of Havistra FIM 592 million (FIM 558 million) and that of Finlandia Vodka Worldwide FIM 198 million. The parent company's net sales totaled FIM 18 million (FIM 23 million). The Group's share of the associated companies' profit was FIM -0.5 million (FIM +0.3 million).

Other operating revenue totaled FIM 683 million (FIM 28 million). The most significant items were the capital gain of FIM 450 million on the divestment of the minority holding in Finlandia Vodka Worldwide Ltd, the FIM 19 million gain on the sale of the Rajamäki housing estate, and the FIM 10 million gain on the sale of the stock in Cool Drinks International. Other operating revenue also includes the FIM 155 million difference between the market value and the book value of the Fortum Ltd stock, transferred to Altia's owner as a profit payed in advance based on the company's financial performance in 2000. Other operating revenue generated by the parent company also included FIM 100 million representing the book value of the capital contribution made to Finlandia Vodka Worldwide Ltd when the company started its operations. This item is eliminated in the consolidated financial statements.

The Group's payroll costs totaled FIM 214 million (FIM 188 million). The reduction in the Group's personnel occurred mainly toward the end of the year and, therefore, had hardly any impact on payroll costs, which include non-current expenses totaling FIM 8 million, due to the reorganization of the Group. The pension costs increased by FIM 37 million compared to the previous year.

Depreciation according to plan totaling FIM 75 million (FIM 60 million) includes a flat write-off of FIM 14 million on the distillery in Poland.

The Group's operating profit was FIM 655 million (FIM 41 million). Primalco's operating profit was FIM 92 million (FIM 65 million), Havistra's FIM 10 million (FIM 14 million). The operating loss of Finlandia Vodka Worldwide was FIM 10 million. The parent company generated an operating profit of FIM 684 million, compared to an operating loss of FIM 30 million the year before.

Extraordinary income includes a FIM 152 million pension premium gain following the liquidation of the Group pension fund's B-unit (i.e. mandatory pension benefits). In the previous year, the extraordinary income included a pension premium gain in the A-unit (i.e. additional pension benefits).

Earnings before appropriations and taxes were FIM 831 million (FIM 221 million).

The operating profit for the fiscal year amounted to FIM 590 million (FIM 123 million) after FIM +7 million (FIM -1 million) in minority interest and FIM 287 million (FIM 95 million) in direct taxes and FIM 38 million (FIM -2 million) of changes in deferred tax liabilities/receivables.

Investments, finance and research

The Group's gross investments totaled FIM 39 million (FIM 42 million). The breakdown between the Group companies was as follows (FIM million):

	2000	1999
Primalco Group	36	37
Havistra Group	1	4
Finlandia Vodka Worldwide Group	1	-
Altia Group Ltd	1	1
Total	39	42

Primalco's most important investments were made to improve production efficiency and to develop information technology. The emphasis in the investments made by the parent company, Havistra and Finlandia Vodka Worldwide was also on IT development.

The Group's depreciation, excluding the FIM 14 million write-off, totaled FIM 61 million (FIM 60 million), thus outstripping investments. In the future, the need for investments with the current operating structure will remain at this year's level. Consequently, the depreciation level will be still lower.

The Group's research and product development expenses totaled FIM 5 million (FIM 5 million) resulting from the product development of alcoholic beverages.

The Group's financial position remained good throughout the fiscal year. Interest-bearing liabilities were reduced by FIM 12 million (FIM 120 million) during the year, totaling FIM 44 million (FIM 56 million) at the end of the year. Financial income exceeded financial costs by FIM 30 million (FIM 15 million).

At the end of the fiscal year the Group's balance sheet totaled FIM 2,268 million (FIM 1,725 million). In December, the owner was paid an advance of FIM 500 million plus Fortum Ltd stock market-valued at FIM 166 million on the 2000 profit. These were included in other receivables on the consolidated balance sheet and will be recorded under profit distribution as soon as the Annual General Meeting has decided on the distribution of profit. The Group's year-end equity ratio was 62% (61%).

Gearing, the debt-to-equity ratio, was excellent at -28% (-31%).

Personnel

The Group employed an average of 827 (900) people. The personnel was divided between the Group companies as follows:

	2000	1999
Primalco Group	642	791
Havistra Group	72	62
Finlandia Vodka Worldwide Group	70	-
Altia Group Ltd	43	47
Total	827	900

An average of 659 (722) employees worked in Finland and 168 (178) abroad. The parent company employed an average of 43 (47) people. At the end of the year, the Group employed 736 (878) people and the parent company 46 (37).

The reduction in the Group's personnel was caused not only by the divestment of the Group's overseas companies, the Group's reorganization and natural attrition but also by outsourced activities. During the fiscal year, the Group's payroll administration and occupational health care as well as part of Primalco's technical services were entrusted to external companies.

Post-fiscal events and prospects for 2001

During 2000 a significant reorganization of the Altia Group was carried out. The aim was to streamline processes and activities and to improve cost-effectiveness in the various business areas. The impact of these changes will be seen in full during the current year and in the next few years.

In the domestic alcoholic beverage market, the Group aims to retain its strong position in all of the product groups. In addition to the Group's own brands, its product portfolio will be complemented by products which the Group represents, in both spirits and wine business.

In the export business the Group's aim is to develope the Finlandia Vodka business, now incorporated in Finlandia Vodka Worldwide Ltd, and to ensure a profitable growth in cooperation with Brown-Forman by utilizing its world-wide distribution and sales network. Along with the new marketing concept, strong emphasis will be put on the Finlandia Vodka brand, particularly in the leading premium vodka markets. The introduction of the new package will be completed in all market areas.

During the current year the consolidated operating profit of the Altia Group is expected to improve on the previous fiscal year.

Income Statements

	Note	Group 1.1.–31.12.2000	Group 4.1.–31.12.1999	Parent company 1.1.–31.12.2000	Parent company 4.1.–31.12.1999
		MFIM	MFIM	MFIM	MFIM
NET SALES	2)	1,314.8	1,301.2	17.8	22.7
Incr. (+) decr. (-) in finished and semi-finished goods inventories		-34.0	-2.2	-	-
Share in associated company profits	7)	-	0.3	-	-
Other operating income	3)	682.7	28.0	717.7	0.6
Raw materials and services		-569.8	-570.7	-	-
Staff expenses	4)	-214.3	-188.4	-19.9	-18.1
Depreciation and reduction in value	5)	-75.0	-60.0	-2.3	-2.3
Other operating charges	6)	-448.7	-467.5	-29.6	-32.6
Share in associated company losses	7)	-0.5	-	-	-
OPERATING PROFIT	9)	655.1	40.6	683.6	-29.7
Financial income and expenses	10)	30.1	15.2	140.1	23.6
PROFIT BEFORE EXTRAORDINARY ITEMS		685.2	55.8	823.7	-6.1
Extraordinary items	11)				
Extraordinary income and expenses		146.1	164.7	227.2	35.4
PROFIT BEFORE APPROPRIATIONS AND TAXES		831.3	220.5	1,050.9	29.3
Increase (-) decrease (+) Change in depreciation reserve	12)	-	-	+0.6	+0.5
Income taxes	13)	-286.6	-94.5	-305.2	-36.1
Change in deferred tax liabilities/receivables	13)	38.2	-1.9	-	-
PROFIT BEFORE MINORITY INTEREST		582.9	124.0	746.3	-6.3
Minority interests		6.6	-1.3	-	-
PROFIT FOR THE FISCAL YEAR		589.6	122.7	746.3	-6.3

Balance Sheets

ASSETS		Group 31.12.2000	Group 31.12.1999	Parent company 31.12.2000	Parent company 31.12.1999
		MFIM	MFIM	MFIM	MFIM
NON-CURRENT ASSETS	14)				
Intangible assets					
Intangible rights		1.2	0.7	-	-
Goodwill		7.3	10.3	-	-
Group goodwill		0.7	1.3	-	-
Other capitalized expenditure		10.3	14.9	1.0	1.2
Advance payments		0.0	0.2	-	-
		19.5	27.3	1.0	1.2
Tangible assets					
Land and water areas		16.1	15.6	0.6	0.7
Buildings and constructions		188.1	204.3	2.1	2.2
Machinery and equipment		159.5	182.7	3.8	4.8
Other tangible assets		5.9	8.1	2.6	4.2
Advance payments and construction in progress		7.1	7.0	-	-
		376.7	417.8	9.1	11.9
Financial assets	22)				
Holdings in Group companies		-	-	281.5	210.0
Holdings in associated companies		2.4	2.7	-	-
Other shares and holdings		3.6	16.6	0.9	13.3
		6.0	19.3	282.4	223.3
CURRENT ASSETS					
Inventories	15)	128.5	133.9	-	-
Receivables	16)				
Long-term					
Receivables from Group companies		-	-	176.9	191.6
Loan receivables		1.6	2.2	-	-
Deferred tax receivables	20)	24.9	-	-	-
		26.5	2.2	176.9	191.6
Short-term					
Trade receivables		546.4	566.5	0.1	0.9
Receivables from Group companies		-	-	28.7	18.3
Receivables from associated companies		0.6	0.4	-	-
Loan receivables		0.6	0.6	-	-
Other receivables		683.6	147.6	670.4	28.0
Prepaid expenses		35.2	31.2	0.8	0.9
Deferred tax receivables	20)	10.9	-	-	-
		1,277.3	746.3	700.0	48.1
Marketable securities					
Other securities		187.9	222.1	187.9	189.3
Cash in hand and at banks		245.3	155.5	19.0	13.3
		2,267.6	1,724.5	1,376.2	678.8

Balance Sheets

SHAREHOLDERS' EQUITY AND LIABILITIES		Group 31.12.2000	Group 31.12.1999	Parent company 31.12.2000	Parent company 31.12.1999
		MFIM	MFIM	MFIM	MFIM
SHAREHOLDERS' EQUITY	17)				
Share capital		359.6	359.6	359.6	359.6
Legal reserve		0.0	0.4	-	-
Other reserves and translation differences		3.3	-4.3	-	-
Retained earnings		404.3	553.5	7.7	279.1
Profit for the fiscal year		589.6	122.7	746.3	-6.3
		1,356.9	1,031.9	1,113.7	632.3
MINORITY INTERESTS		58.6	12.8	-	-
APPROPRIATIONS					
Depreciation reserve	18)	-	-	1.3	1.9
PROVISIONS	19)				
Other statutory reserves		8.8	1.4	-	-
LIABILITIES	20)				
Long-term					
Deferred tax liability		29.1	31.5	-	-
Other liabilities		0.0	1.3	-	-
		29.1	32.8	-	-
Short-term					
Loans from credit institutions		43.7	50.9	11.9	11.9
Advances received		0.2	0.9	-	-
Accounts payable		101.2	104.6	1.9	2.0
Liabilities to Group companies		-	-	0.5	0.2
Liabilities to associated companies		-	0.0	-	-
Other liabilities		345.8	360.1	1.0	0.8
Accrued expenses and deferred incomes		323.4	129.1	246.0	29.7
		814.3	645.7	261.2	44.6
		2,267.6	1,724.5	1,376.2	678.8

Cash Flow Statements

	Group 1.1.–31.12.2000	Group 4.1.–31.12.1999	Parent company 1.1.–31.12.2000	Parent company 4.1.–31.12.1999
OPERATIONAL CASH FLOW	MFIM	MFIM	MFIM	MFIM
Profit before extraordinary items	685.2	55.8	823.7	-6.1
Adjustments				
Depreciation according to plan	75.0	60.0	2.3	2.3
Unrealized currency gains and losses	-1.2	-3.6	-	-
Other income and expenses, unrelated to payments	8.0	0.7	-98.1	0.9
Financial income and expenses	-30.1	-15.2	-140.1	-23.6
Other adjustments	-648.3	-3.7	-618.0	-0.4
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL	88.6	94.1	-30.2	-26.9
Changes in working capital				
Incr. (-) decr. (+) in short-term interest-free trade receivables	54.4	-358.8	0.1	-4.2
Incr. (-) decr. (+) in inventories	5.3	7.5	-	-
Incr. (+) decr. (-) in short-term interest-free liabilities	-25.8	346.4	1.7	2.9
	33.9	-4.9	1.8	-1.3
Incr. (-) decr. (+) in trade receivables at interest	0.6	-1.9	14.7	44.7
OPERATIONAL CASH FLOW BEFORE EXTRAORDINARY ITEMS AND TAXES	123.2	87.2	-13.7	16.5
Interest and other operational financial expenses	-17.1	-18.7	-0.5	-4.6
Dividends received from operations	-	0.0	75.0	0.0
Interest received from operations	37.1	26.4	25.7	21.4
Direct taxes paid	-59.6	-25.2	-24.1	0.0
CASH FLOW BEFORE EXTRAORDINARY ITEMS	83.6	69.7	62.4	33.3
Net cash flow from extraordinary items	222.9	5.8	208.3	0.6
OPERATIONAL CASH FLOW (A)	306.5	75.5	270.6	34.0
CASH FLOW FROM INVESTMENTS				
Investments in tangible and intangible assets	-39.4	-34.5	-1.3	-1.1
Disposals of tangible and intangible assets	24.8	7.6	0.5	1.8
Disposals of other investments	14.2	0.1	14.1	0.1
Subsidiaries acquired	-0.1	4.8	-30.0	-
Subsidiaries sold	510.7	-	507.7	-
Associated companies sold	4.8	-	-	-
Dividends received from investments	7.8	5.4	7.6	5.4
CASH FLOW FROM INVESTMENTS (B)	522.9	-16.6	498.7	6.2
CASH FLOW FROM FINANCING				
Share issue against payment	0.4	-	-	-
Short-term loans	-	41.7	-	11.9
Repayments of short-term debt	-7.3	-82.7	-	-82.7
Repayments of long-term debt	-1.3	-78.0	-	-73.0
Dividends paid and other distribution of income	-765.8	-1.0	-765.0	-
CASH FLOW FROM FINANCING (C)	-773.9	-119.9	-765.0	-143.8
CHANGE IN LIQUID FUNDS (A+B+C) INCR. (+) DECR. (-)	55.5	-61.0	4.3	-103.7
LIQUID FUNDS, BEGINNING OF FISCAL PERIOD	377.6	438.6	202.6	306.3
LIQUID FUNDS, END OF FISCAL PERIOD	433.2	377.6	206.9	202.6

Additional Information Dec 31, 2000

1) ACCOUNTING PRINCIPLES

Fixed assets have been recorded on the balance sheet net of their depreciation according to plan. Inventories and the related variable acquisition costs have been assigned values based on a weighted average. Marketable securities have been valued at their original acquisition cost or on a lower market value at the end of the fiscal year. Foreign currency denominated items have been converted into Finnish marks at the average exchange rate on the last day of the fiscal year.

Altia Group Ltd is the parent of the Altia Group, and is headquartered in Helsinki. Copies of the Altia Group consolidated financial performance are available at the Altia Group headquartes, address Salmisaarenranta 7, 00180 Helsinki.

All subsidiaries and associated companies have been consolidated into the Group accounts. Domestic associated companies have been consolidated using the proportional method.The basis for this is that the ownership and voting rights are proportional with the other shareholders.

Foreign associated companies have been consolidated using the equity method.

Internal margins, receivables and payables have been eliminated.

Internal shareholdings have been eliminated using the acquisition method. Subsidiary acquisition costs have been eliminated against the equity accounts at the point of acquisition. Differences arising from eliminations have been matched against subsidiary fixed asset accounts to the extent that the market value of subsiadiary fixed assets exceed book values. Asset items which cannot be matched against fixed asset accounts have been treated as Group goodwill. Minority interests have been separated from the Group equity accounts, accumulated appropriations and the profit for the fiscal year, and are presented separately.

The income statements, balance sheets and notes of foreign subsidiaries have been converted into Finnish marks at the average exchange rate effective at the end of the fiscal year. Conversion-related differences have been recorded in the equity accounts.

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
2) NET SALES BY SECTOR	MFIM	MFIM	MFIM	MFIM
Finlandia Vodka Worldwide, export of alcoholic beverages	197.6	-	-	-
Havistra, wholesale of alcoholic beverages	592.1	557.8	-	-
Primalco, manufacture of alcoholic beverages	1,108.3	1,203.2	-	-
Parent, corporate staff and services	17.8	22.7	17.8	22.7
-Inter-group sales	-601.1	-482.5	-	-
Total	1,314.8	1,301.2	17.8	22.7
BREAKDOWN OF NET SALES				
Finland	721.9	716.2	17.8	22.7
Europe	455.9	395.1	-	-
Other	137.0	189.9	-	-
Total	1,314.8	1,301.2	17.8	22.7
3) OTHER OPERATING INCOME				
Rental income	6.9	9.1	-	-
Income from energy sales	5.3	4.7	-	-
Capital revenue	649.1	4.0	717.7	0.6
Service income	10.7	3.8	-	-
Other income	10.7	6.4	-	-
	682.7	28.0	717.7	0.6
4) STAFF EXPENSES				
Wages and salaries				
CEO, Presidents and their subordinates	8.8	6.7	2.0	1.9
Board members	0.6	0.5	0.4	0.4
Others	146.9	156.7	12.6	13.7
Social security expenses				
Pension expenses	43.3	5.6	3.8	0.8
Other social security expenses	14.6	18.8	1.1	1.3
Total	214.3	188.4	19.9	18.1

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
	MFIM	MFIM	MFIM	MFIM
NUMBER OF PERSONNEL				
Average number of personnel during the fiscal year				
Non-office workers	418	456	-	-
Office workers	409	444	43	47
The average number of personnel in relative terms when consolidating associated companies is 52 (52) (21 (22) non-office, 31 (30) office), including 26 working for the Group (10 (11) non-office, 16 (15) office).				
5) DEPRECIATION AND REDUCTION IN VALUE				
Planned depreciation has been calculated straight-line from the point of acquisition. Depreciation periods are based on estimated economic lives as follows:				
Depreciation of Group goodwill	0.7	1.6		
Recognition of Group reserve	0.0	-0.1		
	0.7	1.5		
6) OTHER OPERATING CHARGES				
Other operating charges on asset disposals and losses on the sale of fixed assets				
Losses on the sale of fixed assets	0.1	1.1	-	0.2
Disposals	3.0	0.6	0.0	0.6
Total	3.0	1.7	0.0	0.7
7) SHARE IN ASSOCIATED COMPANY PROFITS				
Finlandia Ballantines Group Sp.zo.o	-0.5	0.3		
8) CHANGES IN STATUTORY PROVISIONS, increase-/decrease+				
Compensation for termination of sales agreements	-6.8	-	-	-
Disposal of bottle model changes	-1.5	-	-	-
Termination of Russian operations	1.0	1.6	-	-
Product liability provision	-0.2	-0.4	-	-
	-7.5	1.3	-	-
9) OPERATING PROFIT BY SECTOR				
Finlandia Vodka Worldwide, export of alcoholic beverages	-10.2	-	-	-
Havistra, wholesale of alcoholic beverages	9.9	14.2	-	-
Primalco, manufacture of alcoholic beverages	92.3	65.2	-	-
Parent, corporate staff and services	683.6	-29.7	683.6	-29.7
+/-Inter-group items	-120.6	-9.0	-	-
Total	655.1	40.6	683.6	-29.7

	years
Goodwill	5–10
Group goodwill	5
Other capitalized expenditure	5
Buildings	25–40
Constructions	20
Machinery and equipment	10
Transport equipment	5
IT hardware	3–5
IT software	3–5

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
10) FINANCIAL INCOME AND EXPENSES	MFIM	MFIM	MFIM	MFIM
Income from investments held as noncurrent assets				
Income from shares in other Group companies	-	-	104.2	-
Income from other investments held as noncurrent assets	10.8	7.5	10.6	7.5
Other interest and financial income				
From Group companies	-	-	11.6	12.5
From others	36.7	20.7	14.6	7.8
Devaluation of current assets marketable securities	0.4	-	0.4	-
Interest and other financial expenses				
To Group companies	-	-	0.0	0.2
To others	17.0	13.1	0.6	4.0
Total dividend income	10.8	7.5	114.8	7.5
Total interest income and expenses				
Interest income	31.4	13.0	26.0	19.9
Interest expenses	-5.9	-8.1	-0.1	-4.1
Net interest income	25.6	4.9	26.0	15.8
11) EXTRAORDINARY ITEMS				
Extraordinary income				
Pension refund from pension liability premium gains	152.5	164.7	117.2	35.4
Other extraordinary income	0.4	-	-	-
Group subsidy	-	-	110.0	-
Extraordinary expenses				
Statutory reserves	6.8	-	-	-
Total extraordinary items	146.1	164.7	227.2	35.4
12) APPROPRIATIONS				
Change in depreciation reserve, increase-/decrease+				
Other capitalized expenditure	-	-	0.0	0.0
Buildings and constructions	-	-	0.0	0.0
Machinery and equipment	-	-	0.5	0.5
	-	-	0.6	0.5
13) DIRECT TAXES				
Income taxes				
Taxes on operations	242.4	20.9	239.3	-1.4
Taxes on extraordinary items	44.2	46.1	65.9	9.9
Supplementary tax on proposed dividend	-	27.6	-	27.6
Total	286.6	94.5	305.2	36.1
Taxes for the fiscal year	287.0	95.1	305.2	36.1
Taxes for previous fiscal years	-0.3	-0.6	-0.1	-
Change in deferred tax liabilities from financial statements transfer increase+/decrease-	-2.4	1.9	-	-
Change in deferred tax receivable due to adjustments, increase-/decrease+	-35.8	-	-	-
Total	248.4	96.5	305.2	36.1

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
14) NON-CURRENT ASSETS	MFIM	MFIM	MFIM	MFIM
CHANGES IN ACQUISITION COSTS				
Intangible assets				
Acquisition cost Jan. 1	82.5	69.7	2.7	2.7
Conversion differences	0.4	0.5	-	-
Increases	3.3	11.5	0.4	-
Decreases	-0.5	-0.4	-	-
Item transfers	0.3	1.1	-	-
Acquisition cost Dec. 31	85.9	82.5	3.1	2.7
Accumulated depreciation Jan.1	-55.1	-47.8	-1.5	-1.0
Conversion differences	-0.1	-0.2	-	-
Accumulated decreases and transfers, depreciation and reduction	0.2	0.3	-	-
Depreciation for the fiscal year	-11.5	-7.4	-0.6	-0.5
Accumulated depreciation, Dec. 31	-66.5	-55.1	-2.1	-1.5
Book value, Dec. 31	19.5	27.3	1.0	1.2
Tangible assets				
Acquisition cost Jan. 1	1,244.0	1,254.2	36.3	41.3
Conversion differences	0.5	1.4	-	-
Increases	36.2	29.4	1.0	1.1
Decreases	-48.1	-40.2	-4.0	-6.1
Item transfers	-0.3	-0.7	-	-
Acquisition cost, Dec. 31	1,232.3	1,244.0	33.2	36.3
Accumulated depreciation, Jan. 1	-826.3	-808.3	-24.3	-26.4
Conversion differences	-0.3	-0.6	-	-
Accumulated decreases and transfers depreciation and reduction	34.5	35.2	1.9	3.9
Depreciation for the fiscal year	-63.5	-52.6	-1.7	-1.8
Accumulated depreciation, Dec. 31	-855.6	-826.3	-24.1	-24.3
Book value, Dec. 31	376.7	417.8	9.1	11.9
Undepreciated share of machinery and equipment, Dec. 31	137.3	153.8	-	-
Long-term financial investments				
Holdings in Group companies				
Acquisition cost, Jan 1	-	-	210.0	210.0
Increases	-	-	130.0	-
Decreases	-	-	-58.5	-
Acquisition cost, Dec. 31	-	-	281.5	210.0
Book value, Dec. 31	-	-	281.5	210.0
Shares in associated companies				
Acquisition cost, Jan. 1	2.4	2.8		
Conversion differences	0.2	0.0		
Item transfers	-	-0.3		
Acquisition cost, Dec. 31.	2.6	2.4		
Accumulated earnings-holdings, Jan. 1	0.3	0.2		
Conversion differences	0.0	0.0		
Share in profit for the fiscal year	-0.5	0.3		
Decreases	-	0.0		
Item transfers	-	-0.1		
Accumulated earnings-holdings, Dec. 31	-0.2	0.3		
Book value, Dec. 31	2.4	2.7		

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Other shares and holdings	MFIM	MFIM	MFIM	MFIM
Acquisition cost, Jan. 1	16.8	19.5	13.3	13.5
Conversion differences	-	0.0	-	-
Decreases	-13.0	-2.7	-12.4	-0.2
Acquisition cost, Dec. 31	3.8	16.8	0.9	13.3
Accumulated write-downs, Jan. 1	-0.3	-0.3	-	-
Accumulated write-downs, Dec. 31	-0.3	-0.3	-	-
Book value, Dec. 31	3.6	16.6	0.9	13.3
Other publicly traded shares and holdings				
Market value, Dec. 31	4.7	198.3	3.6	196.6
Book value, Dec. 31	0.4	12.5	0.3	12.4
Difference	4.3	185.8	3.3	184.2

15) INVENTORIES

Inventories are valued using variable weighted average costs. There are no significant differences between the repurchase value and the capitalized acquisition cost of the inventories.

16) RECEIVABLES

LONG-TERM

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Receivables from Group companies				
Loan receivables	-	-	176.9	191.6

SHORT-TERM

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Receivables from Group companies				
Trade receivables	-	-	0.1	0.6
Loan receivables	-	-	14.7	14.7
Other receivables	-	-	10.0	-
Prepayments and accrued income	-	-	3.9	3.0
Total	-	-	28.7	18.3
Receivables from associated companies				
Trade receivables	0.6	0.4	-	-
Other receivables include				
From shareholders	666.4	-	-	-
Short-term prepayments and accrued income				
Share of export gross margin	1.5	12.5	-	-
Expenditure accruals	1.7	7.0	0.1	0.1
Income accruals	1.9	2.3	0.1	0.1
Interest receivables	1.1	1.0	0.6	0.7
Income tax receivables	25.9	-	-	-
Other prepayments and accrued income	3.2	8.4	-	-
Total	35.2	31.2	0.8	0.9

MARKETABLE SECURITIES

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Other shares and holdings				
Market value, Dec. 31	2.2	0.2	2.2	0.2
Book value, Dec. 31	2.1	0.1	2.1	0.1
Difference	0.1	0.1	0.1	0.1

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
17) CHANGES IN SHAREHOLDERS' EQUITY	MFIM	MFIM	MFIM	MFIM
Share capital, Jan. 1	359.6	359.6	359.6	359.6
Share capital, Dec. 31	359.6	359.6	359.6	359.6
Legal reserve, Jan. 1	0.4	0.1	-	-
Conversion differences	0.0	0.0	-	-
From retained earnings	0.0	0.3	-	-
To retained earnings to previous fiscal year	-0.3	-	-	-
Change in participation	0.0	-	-	-
Legal reserve, Dec. 31	0.0	0.4	-	-
Contingency fund, Jan.1	0.00	-	-	-
Translation differences	0.00	-	-	-
From retained earnings	-	0.00	-	-
Change in participation	0.00	-	-	-
Contingency fund, Dec. 31	0.00	0.00	-	-
Translation differences, Jan. 1	-4.3	-4.4	-	-
Change from the fiscal year	7.6	0.1	-	-
Translation differences, Dec. 31	3.3	-4.3	-	-
Earnings, Jan. 1	676.2	552.6	272.7	279.1
Translation differences	-1.2	1.2	-	-
Transferred to legal reserve	0.0	-0.3	-	-
Transferred from legal reserve	0.3	-	-	-
Transferred to contingency	-	0.0	-	-
Adjustment entries from translation differences	-6.0	-	-	-
Distribution of dividend	-265.0	-	-265.0	-
Profit for the fiscal year	589.6	122.7	746.3	-6.3
Earnings, Dec. 31	993.9	676.2	754.1	272.7
Distributable earnings, Dec. 31				
Unrestricted equity, Dec. 31	993.9	671.9	754.1	272.7
Share of transfers to equity in appropriations	-71.5	-78.2	-	-
Distributable equity, Dec. 31	922.4	593.7	754.1	272.7
Transfer of depreciation reserve to equity	71.5	78.2	-	-
18) APPROPRIATIONS				
Depreciation reserve				
Other capitalized expenditure	-	-	0.3	0.4
Buildings and constructions	-	-	0.3	0.3
Machinery and equipment	-	-	0.7	1.2
Total	-	-	1.3	1.9
19) STATUTORY PROVISIONS				
Compensation for termination of sales agreements	6.8	-	-	-
Disposal of bottle model changes	1.5	-	-	-
Termination of Russian operations	-	1.0	-	-
Product liability provision	0.5	0.4	-	-
	8.8	1.4	-	-

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
20) LIABILITIES	MFIM	MFIM	MFIM	MFIM
SHORT-TERM				
Debts to Group companies				
Accounts payable	-	-	0.5	0.2
Accrued expenses and deferred income	-	-	-	0.0
Total	-	-	0.5	0.2
Debts to Associated companies				
Accounts payable	-	0.0	-	-
Accrued expenses and deferred income				
Marketing expenses	30.6	40.6	-	-
Salaries and wages	35.4	37.1	5.1	5.0
Income tax	239.2	31.8	239.1	24.2
Contract-related discounts	3.5	6.7	-	-
Purchases and other accrued expenses	8.4	4.2	1.4	0.3
Other accrued expenses and deferred income	6.3	8.8	0.4	0.2
	323.4	129.1	246.0	29.7
LIABILITIES WITH AND WITHOUT INTEREST				
Long-term				
Interest-free (deferred tax liabilities)	29.1	31.5	-	-
At interest	0.0	1.3	-	-
Short-term				
Interest-free	770.5	590.9	249.3	8.5
At interest	43.7	54.7	11.9	11.9
LIABILITIES WITH MATURITY IN EXCESS OF 5 YEARS INCLUDED UNDER LONG-TERM LIABILITIES				
Other long-term liabilities	-	0.3	-	-
DEFERRED TAX LIABILITIES				
Deferred tax liabilities				
From appropriations	29.1	31.5	-	-
Deferred tax receivables				
From adjustments	35.8	-	-	-
Tax liabilities due to matching differences, not entered in the balance sheet	3.3	0.4	-	-
21) SECURITIES GIVEN AND CONTINGENT LIABILITIES				
Securities given on behalf of Group companies				
Debts secured with mortgages				
Debts				
Loans from credit institutions	11.9	11.9	-	-
Security value				
Loans from credit institutions	90.0	90.0	-	-
Other securities against Group company liabilities				
Mortgages	100.0	60.0	-	-
Total securities	190.0	150.0	-	-

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Contingent and other liabilities	MFIM	MFIM	MFIM	MFIM
Capital leasing-related liabilities				
Maturing within 1 year	3.2	2.8	0.6	0.5
Maturity in excess of 1 year	3.0	2.2	0.4	0.5
Total	6.1	4.9	1.0	0.9
Contingent liabilities on behalf of Group companies				
Guarantees	80.0	55.1	-	51.2
Group account liability	-	-	14.8	12.2
Contingent liabilities on behalf of associated companies				
Guarantees	-	5.2	-	-
Contingent liabilities on behalf of others				
Guarantees	-	0.3	-	5.5
Total contingent liabilities	86.1	65.6	15.8	57.6

22) SPECIFICATION OF OWNERSHIP IN SUBSIDIARIES AND ASSOCIATED COMPANIES 31.12.2000	% owned by Parent company	% owned by Group	Equity accounted for by Group	Shares/holdings owned by Group Number of Shares		Nominal value Dec. 31, 2000	Book value Dec. 31, 2000
SUBSIDIARIES			MFIM			million	MFIM
Havistra Ltd, Helsinki	100	100.00	45.3	500,000	FIM	5.0	20.0
Primalco Ltd, Nurmijärvi	100	100.00	430.4	7,000,000	FIM	70.0	190.0
Finlandia Vodka Worldwide Ltd, Helsinki	55	55.00	65.0	150	FIM	71.5	71.5
Alakari Wines Ltd, Helsinki		100.00	1.5	100	FIM	-	1.7
Harald Zetterström oy/ab, Helsinki		100.00	1.6	63	FIM	-	2.8
Havistra Eesti AS, Estonia		100.00	1.4	5,020	EEK	5.0	2.6
Havistra Latvia SIA, Latvia		100.00	0.1	189	LVL	-	0.1
A-Pullo Ltd, Nurmijärvi		76.24	14.4	13,860	FIM	13.9	13.9
Primalco Americas Inc, USA		100.00	2.4	4,700	USD	0.5	2.0
The Finnish National Distillers (ALKO) Ltd, England		99.99	-	17,999	GBP	-	0.2
Ofelia Ltd As, Estonia		93.38	12.0	7,284	EEK	7.3	18.4
Linda Nektar As, Estonia		62.70	1.2	421	EEK	0.4	0.1
Tarto Pärmitööstus As, Estonia		93.38	0.7	170	EEK	2.0	0.8
Primalco Caribbean Inc, USA		100.00	1.0	500	USD	0.1	2.0
Salko Aktiebolag, Sweden		100.00	0.2	4,000	SEK	0.4	-
Alkometa s.r.o., Czech Republic		55.00	2.1	1	CZK	18	10.0
Finlandia Polska Sp.zo.o., Poland		55.00	1.7	18,986	PLN	8.6	-
Subsidiaries total			581.1				336.2
ASSOCIATED COMPANIES							
Finlandia Balantines Group Sp.zo.o., Poland		27.50	1.3	16,955	PLN	1.7	2.4
Roal Ltd, Nurmijärvi		50.00	26.7	9,500		9.5	47.5
Associated companies total			28.0				49.9
OTHER SHARES AND HOLDINGS							
Other shares and holdings total							3.6
TOTAL							389.7

A detailed shareholder's register is available as an appendix to the Group's financial statements at Altia Group Ltd's headquarters in Salmisaarenranta 7, Helsinki, Finland.

Group Financial Indicators

		2000	1999
INCOME STATEMENT			
Net sales	MFIM	1,314.8	1,301.0
Operating profit	MFIM	655.1	41.0
(% net sales)	%	49.8	3.2
Net financial items	MFIM	30.1	15.2
(% net sales)	%	2.3	1.2
Profit before extraordinary items	MFIM	685.2	55.8
(% net sales)	%	52.1	4.3
Profit before taxes	MFIM	831.3	220.5
(% net sales)	%	63.2	16.9
Profit for the fiscal year	MFIM	589.6	122.7
(% net sales)	%	44.8	9.4
BALANCE SHEET			
Liquid assets	MFIM	433.2	377.6
Balance sheet total	"	2,267.6	1,724.5
Shareholders' equity	"	1,356.9	1,031.9
Minority interests	"	58.6	12.8
Statutory provisions	"	8.8	1.4
Deferred tax liability	"	29.1	31.5
Liabilities at interest	"	43.8	56.1
Interest-free liabilities (incl. deferred tax liab.)	"	799.6	622.4
Capital invested	"	1,459.2	1,100.8
INDICATORS			
Return on equity	%	35.8	3.6
Return on investment	%	54.9	6.2
Equity ratio	%	62.4	60.6
Gearing	%	-27.5	-30.8
Current ratio		2.3	2.0
Earnings/share	FIM	12.45	0.93
Cash flow/share	"	8.52	2.10
Equity/share	"	37.73	28.70
Dividend/share (proposed)	"	19.74	7.37
Dividend/earnings(proposed)	%	135.9	216.0

CALCULATION OF FINANCIAL INDICATORS

Liquid assets = Cash and bank deposits + marketable securities

Capital invested = Balance sheet total - interest-free liabilities - deferred tax liabilities - statutory reserves

Return on equity, % (ROE) = 100 x $\frac{\text{Profit before extraordinary items - taxes}}{\text{(equity + minority interests) average}}$

Return in investment, % (ROI) = 100 x $\frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Average capital invested}}$

Equity ratio, % = 100 x $\frac{\text{Shareholder's equity + minority interest}}{\text{Balance sheet total - advances received}}$

Gearing, % = 100 x $\frac{\text{Liabilities at interest - liquid assets}}{\text{Shareholders' equity + minority interests}}$

Current ratio = $\frac{\text{Inventories-assets + receivables}}{\text{Short-term liabilities}}$

Earnings/share = $\frac{\text{Profit before extraordinary items - direct taxes in operations - minority interests}}{\text{Adjusted average number of shares outstanding during the period}}$

Cash flow/share = $\frac{\text{Net operational cash flow}}{\text{Adjusted average number of shares outstanding during the period}}$

Equity/share = $\frac{\text{Shareholders' equity}}{\text{Adjusted average number of shares outstanding at end of the period}}$

Dividend/share = $\frac{\text{Fiscal dividend}}{\text{Adjusted average number of shares outstanding during the period}}$

Dividend/earnings, % = 100 x $\frac{\text{Dividend/share}}{\text{Fiscal profit/share}}$

Proposal for the parent company's profit distribution

	Group	Parent company
Profit for the year	589,560,903.95	746,331,809.14
Other non-restricted equity	404,340,719.94	7,733,844.25
Total non-restricted equity	993,901,623.89	754,065,653.39
Restricted funds	71,492,486.04	0.00
Distributable equity	922,409,137.85	754,065,653.39
The Board of Directors proposes that, - a dividend totaling 186.32% of capital stock be paid to the stockholders from distributable equity		670,000,000.00

Helsinki, February 23, 2001

Markku Tapio   Carita Putkonen   Leif Ekström

Matti Ilmari   Veikko Kasurinen
President and CEO

Auditors' Report

To the shareholders of Altia Group Ltd

We have audited the bookkeeping, financial statements and administration of Altia Group Ltd for the fiscal period January 1 to December 31, 2000. The financial statements drawn up by the Board of Directors and the President and CEO, showing a profit for the parent company totalling FIM 746,331,809.14 and a profit for the Group totalling FIM 589,560,903.95, comprise a Report on operations by the Board of Directors, as well as the Group's and the parent company's income statements, balance sheets and additional information. Based on our audit, we now release a report on the financial statements and the administration.

We have conducted our audit in accordance with Finnish Standards on Auditing. The bookkeeping and the drafting of the financial statements and their contents and manner of presentation have been examined in a sufficient degree to obtain reasonable assurance that the financial statements are free from material misstatement. As regards the administration, we have examined the compliance of the actions of the Parent Company's Board of Directors and the President and CEO with the requirements of the Finnish Companies Act.

Our statement notes that, the financial statements have been drawn up pursuant to the Finnish Accounting Act and other rules and regulations governing the annual financial statements. The financial statements show adequately and fairly, the Group's and the Parent Company's performance and financial result, in accordance with the Accounting Act. The financial statements, including the consolidated financial statements, can be approved and the members of the Parent Company's Board of Directors and the President and CEO can be released from liability for the fiscal year now audited. The Board of Directors' proposal for profit distribution complies with the Finnish Companies Act.

Helsinki, March 2, 2001

Erkki Mäki-Ranta
Certified Public Accountant
Chartered Public Finance Auditor

Yrjö Tuokko
Authorized Public Accountant

Group Management

The ultimate responsibility for the Group's management and operations lies with the Board of Directors and the President and CEO of Altia Group Ltd.

Obligations and responsibilities of the Board of Directors

The obligations and responsibilities of the Altia Group Ltd's Board of Directors are determined by the Finnish Companies Act and other relevant legislation. The Articles of Association contain provisions on the Board's composition, term of office, statutory meetings and quorum.

The task of the Board of Directors is to lead the company and to deal with its management. The Board of Directors decides on the company's most important strategies and operational guidelines, and ensures that these are complied with, approves the company's organizational structure and appoints the parent company's Management, and determines the salaries and other emoluments of top management. With the exception of the President and CEO, the members of the Board of Directors are compensated only on basis of their Board membership.

The Board of Directors consists of a Chairman and a Vice Chairman plus at least one (1) and a maximum of three (3) other members, elected annually at the Annual General Meeting.
The Board of Directors convened 14 times during the fiscal year.

The Board of Directors makes decisions on all significant issues to do with the extent and the quality of the company's operations. In addition to matters relating to the company's basic organization, the composition of the subsidiaries' Boards of Directors and the Group as a whole and guidelines for the operations of the subsidiaries, other issues decided by the Board of Directors include: business and financial strategies; financial performance, investment, research and product development as well as financial budgets; policies financing, risk management and insurance coverage; principles of internal supervision; decisions involving subsidiary and associated companies, incl. strategic alliances; significant investment and divestment decisions; personnel policies and fringe benefits; important operational agreements; principles regarding financial statements; duties and operating principles of the Group's Staff Team; and any other issues relating to the company that the Board of Directors deems necessary.

Chief Executive Officer

The task of the President and CEO according to the Articles of Association is to lead and supervise the company's business operations in accordance with the guidelines and orders issued by the Board of Directors.

Monitoring system

The focus of the planning and supervision is on the strategies of the Group's business areas. The parent company's Board of Directors also confirms the budgets and the balanced scorecards of the business areas and of the group. The company has appropriate reporting systems for monitoring business operations and supervising the financial management. The performance payroll system used by the Group is based on the performance targets and the balanced scorecards confirmed in the budget.

Those in corporate management or their immediate family members do not have business relations with the company.

The purpose of control is to contribute to and monitor the achievement of the performance targets. The supervision of operations is the duty of Management and immediate superiors. The principles and means of, and the responsibilities involved in the control are incorporated into the Group's management system.

The most important means used for internal control include: management systems, organization charts, persons in charge, job and task descriptions; balanced scorecards, budgets, operational plans, achievement monitoring; principles of risk management and risk assessment; financial management, and internal and external audits.

The Group's economic and financial situation is monitored on a monthly basis. Apart from the company-specific monitoring of the financial performance, the Board of Directors also monitors on a monthly basis the implementation of strategies in the various business areas. An extensive development project on product and customer profitability accounting will be carried out by the Group in 2001. In this context, economic valueadded calculation models will be developed for the Group's various business areas.





The general meeting of Altia Group Ltd has in its meeting on March 8th, 2000 nominated the following persons to the company's Board of Directors: Mr. Markku Tapio, Chairman, Ms. Carita Putkonen, Vice Chairman, Mr. Leif Ekström, member, Mr. Matti Ilmari, member, Mr. Veikko Kasurinen, member.

Risk management system

The parent company's Board of Directors monitors and supervises the greatest risks connected with strategic and operational targets, particularly where overseas operations are concerned. The Board of Directors also takes decisions in matters involving high financial risks, such as significant investments and marketing projects as well as entering into or exiting certain business areas.

In connection with the annual planning process, the Group's units review essential risks that may influence their operations and decide on measures to be taken.

Financial statements and internal audits

In the Group, auditing is carried out by auditors elected at Annual Meetings, and by the Group's internal auditing team.

The internal auditing team operates under the President in the parent company. As a part of the Group's management and monitoring system, the purpose of the internal audit is to ensure supervision at the various levels of the organization, to ward off risks and to make the Group's operations more effective. The areas to be audited are planned and approved every calendar year.

One CPA firm acts as supervisory auditors throughout the Group. An international working partner of the CPA firm is used for the foreign companies.

In the case of Group companies where, in addition to the CPA firm, a representative of the National Economy Auditing Office is also elected by the Annual Meeting to perform an audit, an auditors' meeting summoned by Corporate Management is held at least three times a year.

Auditing of the Altia Group is entrusted to Erkki Mäki-Ranta, Auditing Counselor, CPA, CPFA and Yrjö Tuokko, APA. Deputy auditors are Mr. Aarne Kivikko, APA and Jorma Heikkinen, APA.

The owner's status

The Finnish state, the owner of the Group, has no other obligations except for the capital investment.

Altia Group Ltd Board of Directors

Markku Tapio

b. 1948, MSc Political Sciences, Director, Ministry of Trade and Industry, Chairman of the Board

Carita Putkonen

b. 1948, MSc Political Sciences, Director of Development, Ministry of Trade and Industry, Financial Counselor, Ministry of Finance, as from February 1, 2001 Vice Chairman of the Board

Leif Ekström

b. 1942, BA Business Administration, CEO, Oy Fictivius Ab, Board Member

Matti Ilmari

b. 1942, MSc Engineering, President, ABB Group Board Member

Ilkka Suominen

b. 1939, MSc Political Sciences, Minister, Member of the European Parliament, Board Member until March 8, 2000

Veikko Kasurinen,

b. 1946, Doctor of Business Administration, President and CEO, Board Member as from March 8, 2000

Group Management Team as from August 1, 2000

Veikko Kasurinen, President and CEO, Altia Group Ltd

Ossi Loikkanen, VP, CFO, Substitute for the President and CEO, Altia Group Ltd

Sakari Kotka, President and COO, Finlandia Vodka Worldwide Ltd

Teuvo Pollari, President and COO, Primalco Ltd

Seppo Ovaska, President and COO, Havistra Ltd

Group Staff Team as from January 1, 2001

Veikko Kasurinen, Chairman

Hannu Burman
VP, Information Technology

Stig-Olav Eriksson
Risk Manager

Eero Jaakola
VP, Human Resources

Jari Korpela
Manager, Internal Auditing

Antti Kuokkanen
VP, Legal Affairs

Ossi Loikkanen, VP and CFO

Leea Viheriäranta
Communications Manager

Marjut Viitasalo, Management Assistant, Travel Manager

Primalco Ltd Board of Directors

Veikko Kasurinen, Chairman

Ossi Loikkanen
Vice Chairman

Markku Tapio, Member

Antti Keränen, President and COO until April 1, 2000

Sakari Kotka, President and COO from April 1 to August 1, 2000

Teuvo Pollari, President and COO as from August 1, 2000

Jaakko Nenonen, personnel representative

Veikko Muurinen, personnel representative

Management Team as from January 1, 2001

Teuvo Pollari, Chairman

Kari Hyrkäs, VP, Operations, Substite for the President and COO

Antti Lehmussaari, VP, Logistics

Matti Reinholm
Business Controller

Jussi Suomi
Information Technology Manager

Havistra Ltd Board of Directors

Veikko Kasurinen, Chairman

Ossi Loikkanen, Vice Chairman

Carita Putkonen, Member

Seppo Ovaska, President and COO, Member

Marcus Björndahl, personnel representative

Management Team as from January 1, 2001

Seppo Ovaska, Chairman

Tom Alakari, VP, Marketing, Imported Products, Substite for the President and COO

Paavo Korpikuusi
VP, Product Group Wines

Anneli Lindeman, VP, Marketing, Group Products

Olli Poikolainen, VP, Product Group Spirits

Marja Virta, VP, Logistics

Finlandia Vodka Worldwide Ltd as from August 1, 2000 Board of Directors

Veikko Kasurinen
Chairman

Ossi Loikkanen
Vice Chairman

Donald C. Berg, President of Brown-Forman Beverages Worldwide Emerging Markets Group, Member

Michael V. Cheek, President of Brown Forman's Global Spirits Group and Executive Vice President of Brown Forman Beverages Worldwide, Member

Leif Ekström, Member

Management Team

Sakari Kotka, President and COO

Tommi Holmström
VP, Business Director of Finance & Business Control, Substite for the President and COO

Tomas Manasek
VP, Business Director of Advancing Markets Group

Juha Ovaska,
VP, Business Director of Nordic and Baltic Region

Petteri Pietilä, VP, Business Director of Core Markets Group

John Vidal, VP, Business Director of North American Group

Eva Wuite-Lindholm, VP, Director of Brand Marketing

Minna Väisäsvaara, Customer Service Center Manager

Contact information

Altia Group Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 350, FIN-00101
Helsinki, Finland
Tel. (switchboard) +358-9-133 11
Fax. +358-9-133 3278
E-mail:
firstname.lastname@altiagroup.fi
Web site: www.altiagroup.fi

Primalco Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 808, FIN-00101
Helsinki, Finland
Tel. (switchboard) +358-9-133 05
Fax. +358-9-133 3226
E-mail:
firstname.lastname @primalco.fi
Web site: www.primalco.fi

Rajamäki Plant
Valta-akseli
05200 Rajamäki, Finland
Tel. (switchboard) +358-9-133 05
Fax. +358-9-133 1565

Koskenkorva Plant
61330 Koskenkorva, Finland
Tel. (switchboard)
+358-6-425 9111
Fax. +358-6-425 9363

Havistra Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 350, FIN-00101
Helsinki, Finland
Tel. (switchboard) +358-9-133 04
Fax. +358-9-133 3227
E-mail:
firstname.lastname @havistra.fi
Web site: www.havistra.fi

Finlandia Vodka Worldwide Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 457, 00101 Helsinki,
Finland
Tel. (switchboard) +358-9-133 08
Fax. +358-9-133 3225
E-mail:
firstname.lastname @fvwltd.com

A-Pullo Ltd
Valta-akseli
05200 Rajamäki, Finland
Tel. +358-9-133 06
Fax. +358-9-133 1333

Roal Ltd
Valta-akseli
05200 Rajamäki, Finland
Tel. +358-9-290 420
Fax. +358-9-290 42111

Czech Republic:

Alkometa s.r.o.
Vrsovická 817/5, 100 00 Praha 10
Czech Republic
Tel. +420-2 717 46083,
717 46002
Fax. +420-2 717 46075

Poland:

Finlandia Polska Sp. z o.o.
ul. Ursynowska 64
02-605 Warszawa, Poland
Tel. +48-22-844 5 411
Fax. +48-22-844 0 293

Estonia:

Havistra Eesti AS
Tammi tee 30
Laabi Küla, Harku vald
EE 76901 Harjumaa, Estonia
Tel. +372-671 2100
Fax. +372-671 2101

AS Ofelia
Tammi tee 30
Laabi Küla, Harku vald
EE 76901 Harjumaa, Estonia
Tel. +372-671 2000
Fax. +372-671 2101

AS Linda Nektar
Kobela, Antsla Vald
EE 2700 Vorumaa, Estonia
Tel./fax. +372-78 557 68

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ALTIA
GROUP

Salmisaarenranta 7, 00180 Helsinki, Finland • www.altiagroup.com

Though the consumption of alcohol has usually kept pace with economic growth, it has during the past two years been trailing behind the Finnish economy. This slowdown is due to changes in consumer habits. Finnish people now buy beverages which are more expensive and of a better quality than before. Retail sales at Alko outlets increased by 2.3%, while sales at restaurants were down by 3% on the previous year.

The Altia Group retained its market share in spirit sales. Sales of wines failed to grow as fast as the aggregate sales of the whole product group.

On the international level, centralization of the alcoholic beverage industry has continued. The most significant event of the year was the joint purchase, after competitive bidding, by British Diageo and the French Pernod Ricard of the entire product portfolio of Canadian Seagram. As a result of this deal, Diageo's position as the largest company in the business was strengthened further and the French Pernod Ricard overtook Allied Domecq, becoming the industry's second largest company.

On the international market, the consumption of spirits remained at the previous year's level. The increasing trend in consumption towards higher quality, the so-called premium products, continued during the year under review.

The Altia Group's alcoholic beverage exports were down by 10% on the previous year. The fall in exports was due to a reduction in importers' inventories and preparations for the world-wide launch of the new package. Finlandia Vodka retained its position in its key markets, Puerto Rico, the Czech Republic, Canada, Poland and the Nordic countries. In the United States depletions from the importer, i.e. Brown-Forman, to its customers increased by 23%.

Following the recession caused by Russia's economic difficulties, business activities in Eastern Europe have shown signs of revival, although it is unlikely that the level of a few years ago can be reached in the next couple of years.

Group structure

The Board of Directors of Altia Group Ltd decided in early January to incorporate the Finlandia Vodka business. The decision was based on the Altia Group's strategy which, as one of its focus points, aims to build Finlandia Vodka into a world-wide premium vodka brand. Another objective of the incorportation is to monitor and manage more efficiently than before the entire chain of the sales and marketing process. Yet another goal was to provide more flexibility for the implementation of different strategic options.

One of these strategic options was the decision to search for a business partner and part-owner for the Finlandia Vodka business. As a result of the negotiations conducted during the first months of the year with the Brown-Forman Corporation, the Finlandia Vodka agent in the U.S. since late 1996, a decision was reached, under an agreement signed on June 15, 2000, to set up a joint venture called Finlandia Vodka Worldwide Ltd. The Altia Group owns 55% and Brown-Forman 45% of the new company which started operations on August 1, 2000. Brown-Forman paid FIM 522 million for its stake in the company. According to the agreement, Altia is entitled to sell part or the remainder of its holding to Brown-Forman, at a later date.

As Finlandia Vodka Worldwide Ltd was established, the Primalco subsidiary based in the Czech Republic was transferred into the new company as its subsidiary. As soon as the Polish competition authorities had agreed to it, Finlandia Polska and its associated company Finlandia-Ballantine's Group were sold to Finlandia Vodka Worldwide Ltd in early November.

In connection with the reorganization of Finlandia Vodka business, it was decided that Finlandia Americas Inc. in New York should be discontinued as a marketing company, and its activities be transferred to Brown-Forman. The company has now been renamed Primalco Americas Inc., and it will handle all remaining administrative tasks by the middle of 2001.

From the beginning of April the Group's wine business was centralized in Havistra, into an own business unit. By concentrating all wine business related activities from Havistra and Primalco in a single operating unit it is now possible to manage the entire value chain, from buying to sales, much more effectively. The primary objective is to improve profitability and to increase market shares.

In early May, a shared service center was set up in the parent company. The Financial Accounting (bookkeeping and financial statements, accounts ledgers, cash management, credit control) and Management Accounting (budgeting, reporting, development of management accounting) were transferred from the subsidiaries to this service center. The purpose of concentrating all the basic financial functions in the parent company is to achieve economies of scale and to dismantle the Group companies' overlapping activities. Business Control will remain the responsibility of the operational business units.

The Group's human resources management was centralized in the parent company at the beginning of August. The aim is to achieve the same benefits as by the centralization of the financial activities.

At the beginning of August the responsibility for the spirits business and marketing in Finland was transferred from Primalco to Havistra. The purpose of this change was to simplify the Group structure and to gain the same benefits as in the wine business. As a result of this transfer, Primalco is now purely a production company whose customers in the alcohol business include Finlandia Vodka Worldwide and Havistra.

The Group's production activities in Latvia ended in August when Primalco sold its stock in the subsidiary Jaunalko SIA.

The holding in Ustjuzhna Distillery Ltd was divested in November. The company's production operations had already been wound up in 1998.

In November, the Group's holding in the 50%-owned associated company Cool Drinks International Ltd was sold to Hartwall, the company's other owner. As Hartwall's subsidiary, CDI is better able

to respond to changes in the market situation. Primalco continues as the company's raw materials supplier on a long-term contract.

In December, Havistra acquired the stock of Regula Latvia SIA and the company was merged with Havistra Latvia SIA.

Primalco's Polish subsidiary, Primalco Polska Sp.zo.o., was wound up in December.

After these changes the Group's operating model is as follows:
- The parent company is responsible for the Group's general management, Group strategy and support functions
- Primalco is a production company and it is also responsible for the grain processing business
- Havistra is responsible for the spirits and wine businesses in Finland
- The Finlandia Vodka business is within Finlandia Vodka Worldwide Ltd
- Business in the Baltics is handled from Estonia. The production company Ofelia and the marketing company Havistra Eesti operate under joint management.

Alko Pension Foundation

Altia Group Ltd, Primalco Ltd and Havistra Ltd were severed from the Alko Pension Foundation early in the year. On January 4, 2000 the companies' pension liabilities and assets were transferred to the Henki-Sampo Insurance Company concerning additional pension benefits, and to the Varma-Sampo Mutual Pension Insurance Company for mandatory pension benefits. The severance of Altia Group companies had to be effected in this way because there was no taxation-neutral legislation on dividing pension funds like in limited liability companies. This transfer did not affect the personnel's pension benefits in any way.

The Altia Group's consolidated financial statement includes under extraordinary income, a FIM 152 million pension premium gain on mandatory pension benefits. In 1999, a FIM 165 million pension premium gain on additional pension benefits was recorded.

Strategic ownership plan

The Finnish Cabinet Committee on Economic Policy approved on January 18, 2000 the strategic ownership plan for Altia Group Ltd as proposed by the Ministry of Trade and Industry. According to the plan, a strategic minority owner and business partner for Altia Group Ltd will be searched for, such owner's holding in the company being currently limited to 1/3. The purpose of broadening the ownership base is to improve the possibilities for developing the Altia Group's operations both in Finland and in the Baltics.

The search for a minority stockholder was discontinued in December because the possibility of acquiring additional stock in the future had become a key negotiating point for the potential buyers.

Measures to broaden the ownership base will be continued as soon as Parliament has debated the proposal submitted in November by the Cabinet to the effect that State ownership in the company could be reduced to under 50% but not under 1/3.

Management and auditors

Chairman of the Altia Group Ltd Board of Directors has been Director Markku Tapio, Vice-Chairman Ms Carita Putkonen, Director of Development, and members CEO Leif Ekström, Group President Matti Ilmari, and Minister Ilkka Suominen until 8 March 2000, succeeded by President and CEO Veikko Kasurinen.

At the Annual General Meeting held on March 8, 2000, Auditing Counselor Erkki Mäki-Ranta, CPA, CPFA, and Mr. Yrjö Tuokko, M.Sc. (Business Administration), APA, were elected as auditors in charge and Mr. Aarne Koivikko, APA, and Senior Auditor Jorma Heikkinen, APA, as deputy auditors.

Net sales and financial performance

The Altia Group's net sales totaled FIM 1,315 million (FIM 1,301 million), up 1% on the previous year. Exports and overseas operations accounted for 45% (45%) of the net sales.

Owing to the changes in the Group structure, the net sales of the Group companies are not fully comparable with the previous year's figures. Primalco's share of the Group's net sales was FIM 1,108 million (FIM 1,203 million), that of Havistra FIM 592 million (FIM 558 million) and that of Finlandia Vodka Worldwide FIM 198 million. The parent company's net sales totaled FIM 18 million (FIM 23 million). The Group's share of the associated companies' profit was FIM -0.5 million (FIM +0.3 million).

Other operating revenue totaled FIM 683 million (FIM 28 million). The most significant items were the capital gain of FIM 450 million on the divestment of the minority holding in Finlandia Vodka Worldwide Ltd, the FIM 19 million gain on the sale of the Rajamäki housing estate, and the FIM 10 million gain on the sale of the stock in Cool Drinks International. Other operating revenue also includes the FIM 155 million difference between the market value and the book value of the Fortum Ltd stock, transferred to Altia's owner as a profit payed in advance based on the company's financial performance in 2000. Other operating revenue generated by the parent company also included FIM 100 million representing the book value of the capital contribution made to Finlandia Vodka Worldwide Ltd when the company started its operations. This item is eliminated in the consolidated financial statements.

The Group's payroll costs totaled FIM 214 million (FIM 188 million). The reduction in the Group's personnel occurred mainly toward the end of the year and, therefore, had hardly any impact on payroll costs, which include non-current expenses totaling FIM 8 million, due to the reorganization of the Group. The pension costs increased by FIM 37 million compared to the previous year.

Depreciation according to plan totaling FIM 75 million (FIM 60 million) includes a flat write-off of FIM 14 million on the distillery in Poland.

The Group's operating profit was FIM 655 million (FIM 41 million). Primalco's operating profit was FIM 92 million (FIM 65 million), Havistra's FIM 10 million (FIM 14 million). The operating loss of Finlandia Vodka Worldwide was FIM 10 million. The parent company generated an operating profit of FIM 684 million, compared to an operating loss of FIM 30 million the year before.

Extraordinary income includes a FIM 152 million pension premium gain following the liquidation of the Group pension fund's B-unit (i.e. mandatory pension benefits). In the previous year, the extraordinary income included a pension premium gain in the A-unit (i.e. additional pension benefits).

Earnings before appropriations and taxes were FIM 831 million (FIM 221 million).

The operating profit for the fiscal year amounted to FIM 590 million (FIM 123 million) after FIM +7 million (FIM -1 million) in minority interest and FIM 287 million (FIM 95 million) in direct taxes and FIM 38 million (FIM -2 million) of changes in deferred tax liabilities/receivables.

Investments, finance and research

The Group's gross investments totaled FIM 39 million (FIM 42 million). The breakdown between the Group companies was as follows (FIM million):

	2000	1999
Primalco Group	36	37
Havistra Group	1	4
Finlandia Vodka Worldwide Group	1	-
Altia Group Ltd	1	1
Total	39	42

Primalco's most important investments were made to improve production efficiency and to develop information technology. The emphasis in the investments made by the parent company, Havistra and Finlandia Vodka Worldwide was also on IT development.

The Group's depreciation, excluding the FIM 14 million write-off, totaled FIM 61 million (FIM 60 million), thus outstripping investments. In the future, the need for investments with the current operating structure will remain at this year's level. Consequently, the depreciation level will be still lower.

The Group's research and product development expenses totaled FIM 5 million (FIM 5 million) resulting from the product development of alcoholic beverages.

The Group's financial position remained good throughout the fiscal year. Interest-bearing liabilities were reduced by FIM 12 million (FIM 120 million) during the year, totaling FIM 44 million (FIM 56 million) at the end of the year. Financial income exceeded financial costs by FIM 30 million (FIM 15 million).

At the end of the fiscal year the Group's balance sheet totaled FIM 2,268 million (FIM 1,725 million). In December, the owner was paid an advance of FIM 500 million plus Fortum Ltd stock market-valued at FIM 166 million on the 2000 profit. These were included in other receivables on the consolidated balance sheet and will be recorded under profit distribution as soon as the Annual General Meeting has decided on the distribution of profit. The Group's year-end equity ratio was 62% (61%).

Gearing, the debt-to-equity ratio, was excellent at -28% (-31%).

Personnel

The Group employed an average of 827 (900) people. The personnel was divided between the Group companies as follows:

	2000	1999
Primalco Group	642	791
Havistra Group	72	62
Finlandia Vodka Worldwide Group	70	-
Altia Group Ltd	43	47
Total	827	900

An average of 659 (722) employees worked in Finland and 168 (178) abroad. The parent company employed an average of 43 (47) people. At the end of the year, the Group employed 736 (878) people and the parent company 46 (37).

The reduction in the Group's personnel was caused not only by the divestment of the Group's overseas companies, the Group's reorganization and natural attrition but also by outsourced activities. During the fiscal year, the Group's payroll administration and occupational health care as well as part of Primalco's technical services were entrusted to external companies.

Post-fiscal events and prospects for 2001

During 2000 a significant reorganization of the Altia Group was carried out. The aim was to streamline processes and activities and to improve cost-effectiveness in the various business areas. The impact of these changes will be seen in full during the current year and in the next few years.

In the domestic alcoholic beverage market, the Group aims to retain its strong position in all of the product groups. In addition to the Group's own brands, its product portfolio will be complemented by products which the Group represents, in both spirits and wine business.

In the export business the Group's aim is to develope the Finlandia Vodka business, now incorporated in Finlandia Vodka Worldwide Ltd, and to ensure a profitable growth in cooperation with Brown-Forman by utilizing its world-wide distribution and sales network. Along with the new marketing concept, strong emphasis will be put on the Finlandia Vodka brand, particularly in the leading premium vodka markets. The introduction of the new package will be completed in all market areas.

During the current year the consolidated operating profit of the Altia Group is expected to improve on the previous fiscal year.

Income Statements

	Note	Group 1.1.–31.12.2000	Group 4.1.–31.12.1999	Parent company 1.1.–31.12.2000	Parent company 4.1.–31.12.1999
		MFIM	MFIM	MFIM	MFIM
NET SALES	2)	1,314.8	1,301.2	17.8	22.7
Incr. (+) decr. (-) in finished and semi-finished goods inventories		-34.0	-2.2	-	-
Share in associated company profits	7)	-	0.3	-	-
Other operating income	3)	682.7	28.0	717.7	0.6
Raw materials and services		-569.8	-570.7	-	-
Staff expenses	4)	-214.3	-188.4	-19.9	-18.1
Depreciation and reduction in value	5)	-75.0	-60.0	-2.3	-2.3
Other operating charges	6)	-448.7	-467.5	-29.6	-32.6
Share in associated company losses	7)	-0.5	-	-	-
OPERATING PROFIT	9)	655.1	40.6	683.6	-29.7
Financial income and expenses	10)	30.1	15.2	140.1	23.6
PROFIT BEFORE EXTRAORDINARY ITEMS		685.2	55.8	823.7	-6.1
Extraordinary items	11)				
Extraordinary income and expenses		146.1	164.7	227.2	35.4
PROFIT BEFORE APPROPRIATIONS AND TAXES		831.3	220.5	1,050.9	29.3
Increase (-) decrease (+) Change in depreciation reserve	12)	-	-	+0.6	+0.5
Income taxes	13)	-286.6	-94.5	-305.2	-36.1
Change in deferred tax liabilities/receivables	13)	38.2	-1.9	-	-
PROFIT BEFORE MINORITY INTEREST		582.9	124.0	746.3	-6.3
Minority interests		6.6	-1.3	-	-
PROFIT FOR THE FISCAL YEAR		589.6	122.7	746.3	-6.3

Balance Sheets

ASSETS		Group 31.12.2000	Group 31.12.1999	Parent company 31.12.2000	Parent company 31.12.1999
		MFIM	MFIM	MFIM	MFIM
NON-CURRENT ASSETS	14)				
Intangible assets					
Intangible rights		1.2	0.7	-	-
Goodwill		7.3	10.3	-	-
Group goodwill		0.7	1.3	-	-
Other capitalized expenditure		10.3	14.9	1.0	1.2
Advance payments		0.0	0.2	-	-
		19.5	27.3	1.0	1.2
Tangible assets					
Land and water areas		16.1	15.6	0.6	0.7
Buildings and constructions		188.1	204.3	2.1	2.2
Machinery and equipment		159.5	182.7	3.8	4.8
Other tangible assets		5.9	8.1	2.6	4.2
Advance payments and construction in progress		7.1	7.0	-	-
		376.7	417.8	9.1	11.9
Financial assets	22)				
Holdings in Group companies		-	-	281.5	210.0
Holdings in associated companies		2.4	2.7	-	-
Other shares and holdings		3.6	16.6	0.9	13.3
		6.0	19.3	282.4	223.3
CURRENT ASSETS					
Inventories	15)	128.5	133.9	-	-
Receivables	16)				
Long-term					
Receivables from Group companies		-	-	176.9	191.6
Loan receivables		1.6	2.2	-	-
Deferred tax receivables	20)	24.9	-	-	-
		26.5	2.2	176.9	191.6
Short-term					
Trade receivables		546.4	566.5	0.1	0.9
Receivables from Group companies		-	-	28.7	18.3
Receivables from associated companies		0.6	0.4	-	-
Loan receivables		0.6	0.6	-	-
Other receivables		683.6	147.6	670.4	28.0
Prepaid expenses		35.2	31.2	0.8	0.9
Deferred tax receivables	20)	10.9	-	-	-
		1,277.3	746.3	700.0	48.1
Marketable securities					
Other securities		187.9	222.1	187.9	189.3
Cash in hand and at banks		245.3	155.5	19.0	13.3
		2,267.6	1,724.5	1,376.2	678.8

Balance Sheets

SHAREHOLDERS' EQUITY AND LIABILITIES		Group 31.12.2000	Group 31.12.1999	Parent company 31.12.2000	Parent company 31.12.1999
		MFIM	MFIM	MFIM	MFIM
SHAREHOLDERS' EQUITY	17)				
Share capital		359.6	359.6	359.6	359.6
Legal reserve		0.0	0.4	-	-
Other reserves and translation differences		3.3	-4.3	-	-
Retained earnings		404.3	553.5	7.7	279.1
Profit for the fiscal year		589.6	122.7	746.3	-6.3
		1,356.9	1,031.9	1,113.7	632.3
MINORITY INTERESTS		58.6	12.8	-	-
APPROPRIATIONS					
Depreciation reserve	18)	-	-	1.3	1.9
PROVISIONS	19)				
Other statutory reserves		8.8	1.4	-	-
LIABILITIES	20)				
Long-term					
Deferred tax liability		29.1	31.5	-	-
Other liabilities		0.0	1.3	-	-
		29.1	32.8	-	-
Short-term					
Loans from credit institutions		43.7	50.9	11.9	11.9
Advances received		0.2	0.9	-	-
Accounts payable		101.2	104.6	1.9	2.0
Liabilities to Group companies		-	-	0.5	0.2
Liabilities to associated companies		-	0.0	-	-
Other liabilities		345.8	360.1	1.0	0.8
Accrued expenses and deferred incomes		323.4	129.1	246.0	29.7
		814.3	645.7	261.2	44.6
		2,267.6	1,724.5	1,376.2	678.8

Cash Flow Statements

	Group 1.1.–31.12.2000	Group 4.1.–31.12.1999	Parent company 1.1.–31.12.2000	Parent company 4.1.–31.12.1999
OPERATIONAL CASH FLOW	MFIM	MFIM	MFIM	MFIM
Profit before extraordinary items	685.2	55.8	823.7	-6.1
Adjustments				
Depreciation according to plan	75.0	60.0	2.3	2.3
Unrealized currency gains and losses	-1.2	-3.6	-	-
Other income and expenses, unrelated to payments	8.0	0.7	-98.1	0.9
Financial income and expenses	-30.1	-15.2	-140.1	-23.6
Other adjustments	-648.3	-3.7	-618.0	-0.4
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL	88.6	94.1	-30.2	-26.9
Changes in working capital				
Incr. (-) decr. (+) in short-term interest-free trade receivables	54.4	-358.8	0.1	-4.2
Incr. (-) decr. (+) in inventories	5.3	7.5	-	-
Incr. (+) decr. (-) in short-term interest-free liabilities	-25.8	346.4	1.7	2.9
	33.9	-4.9	1.8	-1.3
Incr. (-) decr. (+) in trade receivables at interest	0.6	-1.9	14.7	44.7
OPERATIONAL CASH FLOW BEFORE EXTRAORDINARY ITEMS AND TAXES	123.2	87.2	-13.7	16.5
Interest and other operational financial expenses	-17.1	-18.7	-0.5	-4.6
Dividends received from operations	-	0.0	75.0	0.0
Interest received from operations	37.1	26.4	25.7	21.4
Direct taxes paid	-59.6	-25.2	-24.1	0.0
CASH FLOW BEFORE EXTRAORDINARY ITEMS	83.6	69.7	62.4	33.3
Net cash flow from extraordinary items	222.9	5.8	208.3	0.6
OPERATIONAL CASH FLOW (A)	306.5	75.5	270.6	34.0
CASH FLOW FROM INVESTMENTS				
Investments in tangible and intangible assets	-39.4	-34.5	-1.3	-1.1
Disposals of tangible and intangible assets	24.8	7.6	0.5	1.8
Disposals of other investments	14.2	0.1	14.1	0.1
Subsidiaries acquired	-0.1	4.8	-30.0	-
Subsidiaries sold	510.7	-	507.7	-
Associated companies sold	4.8	-	-	-
Dividends received from investments	7.8	5.4	7.6	5.4
CASH FLOW FROM INVESTMENTS (B)	522.9	-16.6	498.7	6.2
CASH FLOW FROM FINANCING				
Share issue against payment	0.4	-	-	-
Short-term loans	-	41.7	-	11.9
Repayments of short-term debt	-7.3	-82.7	-	-82.7
Repayments of long-term debt	-1.3	-78.0	-	-73.0
Dividends paid and other distribution of income	-765.8	-1.0	-765.0	-
CASH FLOW FROM FINANCING (C)	-773.9	-119.9	-765.0	-143.8
CHANGE IN LIQUID FUNDS (A+B+C) INCR. (+) DECR. (-)	55.5	-61.0	4.3	-103.7
LIQUID FUNDS, BEGINNING OF FISCAL PERIOD	377.6	438.6	202.6	306.3
LIQUID FUNDS, END OF FISCAL PERIOD	433.2	377.6	206.9	202.6

Additional Information Dec 31, 2000

1) ACCOUNTING PRINCIPLES

Fixed assets have been recorded on the balance sheet net of their depreciation according to plan. Inventories and the related variable acquisition costs have been assigned values based on a weighted average. Marketable securities have been valued at their original acquisition cost or on a lower market value at the end of the fiscal year. Foreign currency denominated items have been converted into Finnish marks at the average exchange rate on the last day of the fiscal year.

Altia Group Ltd is the parent of the Altia Group, and is headquartered in Helsinki. Copies of the Altia Group consolidated financial performance are available at the Altia Group headquartes, address Salmisaarenranta 7, 00180 Helsinki.

All subsidiaries and associated companies have been consolidated into the Group accounts. Domestic associated companies have been consolidated using the proportional method.The basis for this is that the ownership and voting rights are proportional with the other shareholders.

Foreign associated companies have been consolidated using the equity method.

Internal margins, receivables and payables have been eliminated.

Internal shareholdings have been eliminated using the acquisition method. Subsidiary acquisition costs have been eliminated against the equity accounts at the point of acquisition. Differences arising from eliminations have been matched against subsidiary fixed asset accounts to the extent that the market value of subsiadiary fixed assets exceed book values. Asset items which cannot be matched against fixed asset accounts have been treated as Group goodwill. Minority interests have been separated from the Group equity accounts, accumulated appropriations and the profit for the fiscal year, and are presented separately.

The income statements, balance sheets and notes of foreign subsidiaries have been converted into Finnish marks at the average exchange rate effective at the end of the fiscal year. Conversion-related differences have been recorded in the equity accounts.

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
2) NET SALES BY SECTOR	MFIM	MFIM	MFIM	MFIM
Finlandia Vodka Worldwide, export of alcoholic beverages	197.6	-	-	-
Havistra, wholesale of alcoholic beverages	592.1	557.8	-	-
Primalco, manufacture of alcoholic beverages	1,108.3	1,203.2	-	-
Parent, corporate staff and services	17.8	22.7	17.8	22.7
-Inter-group sales	-601.1	-482.5	-	-
Total	1,314.8	1,301.2	17.8	22.7
BREAKDOWN OF NET SALES				
Finland	721.9	716.2	17.8	22.7
Europe	455.9	395.1	-	-
Other	137.0	189.9	-	-
Total	1,314.8	1,301.2	17.8	22.7
3) OTHER OPERATING INCOME				
Rental income	6.9	9.1	-	-
Income from energy sales	5.3	4.7	-	-
Capital revenue	649.1	4.0	717.7	0.6
Service income	10.7	3.8	-	-
Other income	10.7	6.4	-	-
	682.7	28.0	717.7	0.6
4) STAFF EXPENSES				
Wages and salaries				
CEO, Presidents and their subordinates	8.8	6.7	2.0	1.9
Board members	0.6	0.5	0.4	0.4
Others	146.9	156.7	12.6	13.7
Social security expenses				
Pension expenses	43.3	5.6	3.8	0.8
Other social security expenses	14.6	18.8	1.1	1.3
Total	214.3	188.4	19.9	18.1

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
	MFIM	MFIM	MFIM	MFIM
NUMBER OF PERSONNEL				
Average number of personnel during the fiscal year				
Non-office workers	418	456	-	-
Office workers	409	444	43	47
The average number of personnel in relative terms when consolidating associated companies is 52 (52) (21 (22) non-office, 31 (30) office), including 26 working for the Group (10 (11) non-office, 16 (15) office).				
5) DEPRECIATION AND REDUCTION IN VALUE				
Planned depreciation has been calculated straight-line from the point of acquisition. Depreciation periods are based on estimated economic lives as follows:				

	years
Goodwill	5–10
Group goodwill	5
Other capitalized expenditure	5
Buildings	25–40
Constructions	20
Machinery and equipment	10
Transport equipment	5
IT hardware	3–5
IT software	3–5

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Depreciation of Group goodwill	0.7	1.6		
Recognition of Group reserve	0.0	-0.1		
	0.7	1.5		
6) OTHER OPERATING CHARGES				
Other operating charges on asset disposals and losses on the sale of fixed assets				
Losses on the sale of fixed assets	0.1	1.1	-	0.2
Disposals	3.0	0.6	0.0	0.6
Total	3.0	1.7	0.0	0.7
7) SHARE IN ASSOCIATED COMPANY PROFITS				
Finlandia Ballantines Group Sp.zo.o	-0.5	0.3		
8) CHANGES IN STATUTORY PROVISIONS, increase-/decrease+				
Compensation for termination of sales agreements	-6.8	-	-	-
Disposal of bottle model changes	-1.5	-	-	-
Termination of Russian operations	1.0	1.6	-	-
Product liability provision	-0.2	-0.4	-	-
	-7.5	1.3	-	-
9) OPERATING PROFIT BY SECTOR				
Finlandia Vodka Worldwide, export of alcoholic beverages	-10.2	-	-	-
Havistra, wholesale of alcoholic beverages	9.9	14.2	-	-
Primalco, manufacture of alcoholic beverages	92.3	65.2	-	-
Parent, corporate staff and services	683.6	-29.7	683.6	-29.7
+/-Inter-group items	-120.6	-9.0	-	-
Total	655.1	40.6	683.6	-29.7

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
10) FINANCIAL INCOME AND EXPENSES	MFIM	MFIM	MFIM	MFIM
Income from investments held as noncurrent assets				
Income from shares in other Group companies	-	-	104.2	-
Income from other investments held as noncurrent assets	10.8	7.5	10.6	7.5
Other interest and financial income				
From Group companies	-	-	11.6	12.5
From others	36.7	20.7	14.6	7.8
Devaluation of current assets marketable securities	0.4	-	0.4	-
Interest and other financial expenses				
To Group companies	-	-	0.0	0.2
To others	17.0	13.1	0.6	4.0
Total dividend income	10.8	7.5	114.8	7.5
Total interest income and expenses				
Interest income	31.4	13.0	26.0	19.9
Interest expenses	-5.9	-8.1	-0.1	-4.1
Net interest income	25.6	4.9	26.0	15.8
11) EXTRAORDINARY ITEMS				
Extraordinary income				
Pension refund from pension liability premium gains	152.5	164.7	117.2	35.4
Other extraordinary income	0.4	-	-	-
Group subsidy	-	-	110.0	-
Extraordinary expenses				
Statutory reserves	6.8	-	-	-
Total extraordinary items	146.1	164.7	227.2	35.4
12) APPROPRIATIONS				
Change in depreciation reserve, increase-/decrease+				
Other capitalized expenditure	-	-	0.0	0.0
Buildings and constructions	-	-	0.0	0.0
Machinery and equipment	-	-	0.5	0.5
	-	-	0.6	0.5
13) DIRECT TAXES				
Income taxes				
Taxes on operations	242.4	20.9	239.3	-1.4
Taxes on extraordinary items	44.2	46.1	65.9	9.9
Supplementary tax on proposed dividend	-	27.6	-	27.6
Total	286.6	94.5	305.2	36.1
Taxes for the fiscal year	287.0	95.1	305.2	36.1
Taxes for previous fiscal years	-0.3	-0.6	-0.1	-
Change in deferred tax liabilities from financial statements transfer increase+/decrease-	-2.4	1.9	-	-
Change in deferred tax receivable due to adjustments, increase-/decrease+	-35.8	-	-	-
Total	248.4	96.5	305.2	36.1

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
14) NON-CURRENT ASSETS	MFIM	MFIM	MFIM	MFIM
CHANGES IN ACQUISITION COSTS				
Intangible assets				
Acquisition cost Jan. 1	82.5	69.7	2.7	2.7
Conversion differences	0.4	0.5	-	-
Increases	3.3	11.5	0.4	-
Decreases	-0.5	-0.4	-	-
Item transfers	0.3	1.1	-	-
Acquisition cost Dec. 31	85.9	82.5	3.1	2.7
Accumulated depreciation Jan.1	-55.1	-47.8	-1.5	-1.0
Conversion differences	-0.1	-0.2	-	-
Accumulated decreases and transfers, depreciation and reduction	0.2	0.3	-	-
Depreciation for the fiscal year	-11.5	-7.4	-0.6	-0.5
Accumulated depreciation, Dec. 31	-66.5	-55.1	-2.1	-1.5
Book value, Dec. 31	19.5	27.3	1.0	1.2
Tangible assets				
Acquisition cost Jan. 1	1,244.0	1,254.2	36.3	41.3
Conversion differences	0.5	1.4	-	-
Increases	36.2	29.4	1.0	1.1
Decreases	-48.1	-40.2	-4.0	-6.1
Item transfers	-0.3	-0.7	-	-
Acquisition cost, Dec. 31	1,232.3	1,244.0	33.2	36.3
Accumulated depreciation, Jan. 1	-826.3	-808.3	-24.3	-26.4
Conversion differences	-0.3	-0.6	-	-
Accumulated decreases and transfers depreciation and reduction	34.5	35.2	1.9	3.9
Depreciation for the fiscal year	-63.5	-52.6	-1.7	-1.8
Accumulated depreciation, Dec. 31	-855.6	-826.3	-24.1	-24.3
Book value, Dec. 31	376.7	417.8	9.1	11.9
Undepreciated share of machinery and equipment, Dec. 31	137.3	153.8	-	-
Long-term financial investments				
Holdings in Group companies				
Acquisition cost, Jan 1	-	-	210.0	210.0
Increases	-	-	130.0	-
Decreases	-	-	-58.5	-
Acquisition cost, Dec. 31	-	-	281.5	210.0
Book value, Dec. 31	-	-	281.5	210.0
Shares in associated companies				
Acquisition cost, Jan. 1	2.4	2.8		
Conversion differences	0.2	0.0		
Item transfers	-	-0.3		
Acquisition cost, Dec. 31.	2.6	2.4		
Accumulated earnings-holdings, Jan. 1	0.3	0.2		
Conversion differences	0.0	0.0		
Share in profit for the fiscal year	-0.5	0.3		
Decreases	-	0.0		
Item transfers	-	-0.1		
Accumulated earnings-holdings, Dec. 31	-0.2	0.3		
Book value, Dec. 31	2.4	2.7		

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Other shares and holdings	MFIM	MFIM	MFIM	MFIM
Acquisition cost, Jan. 1	16.8	19.5	13.3	13.5
Conversion differences	-	0.0	-	-
Decreases	-13.0	-2.7	-12.4	-0.2
Acquisition cost, Dec. 31	3.8	16.8	0.9	13.3
Accumulated write-downs, Jan. 1	-0.3	-0.3	-	-
Accumulated write-downs, Dec. 31	-0.3	-0.3	-	-
Book value, Dec. 31	3.6	16.6	0.9	13.3
Other publicly traded shares and holdings				
Market value, Dec. 31	4.7	198.3	3.6	196.6
Book value, Dec. 31	0.4	12.5	0.3	12.4
Difference	4.3	185.8	3.3	184.2

15) INVENTORIES

Inventories are valued using variable weighted average costs. There are no significant differences between the repurchase value and the capitalized acquisition cost of the inventories.

16) RECEIVABLES

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
LONG-TERM				
Receivables from Group companies				
Loan receivables	-	-	176.9	191.6
SHORT-TERM				
Receivables from Group companies				
Trade receivables	-	-	0.1	0.6
Loan receivables	-	-	14.7	14.7
Other receivables	-	-	10.0	-
Prepayments and accrued income	-	-	3.9	3.0
Total	-	-	28.7	18.3
Receivables from associated companies				
Trade receivables	0.6	0.4	-	-
Other receivables include				
From shareholders	666.4	-	-	-
Short-term prepayments and accrued income				
Share of export gross margin	1.5	12.5	-	-
Expenditure accruals	1.7	7.0	0.1	0.1
Income accruals	1.9	2.3	0.1	0.1
Interest receivables	1.1	1.0	0.6	0.7
Income tax receivables	25.9	-	-	-
Other prepayments and accrued income	3.2	8.4	-	-
Total	35.2	31.2	0.8	0.9
MARKETABLE SECURITIES				
Other shares and holdings				
Market value, Dec. 31	2.2	0.2	2.2	0.2
Book value, Dec. 31	2.1	0.1	2.1	0.1
Difference	0.1	0.1	0.1	0.1

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
17) CHANGES IN SHAREHOLDERS' EQUITY	MFIM	MFIM	MFIM	MFIM
Share capital, Jan. 1	359.6	359.6	359.6	359.6
Share capital, Dec. 31	359.6	359.6	359.6	359.6
Legal reserve, Jan. 1	0.4	0.1	-	-
Conversion differences	0.0	0.0	-	-
From retained earnings	0.0	0.3	-	-
To retained earnings to previous fiscal year	-0.3	-	-	-
Change in participation	0.0	-	-	-
Legal reserve, Dec. 31	0.0	0.4	-	-
Contingency fund, Jan.1	0.00	-	-	-
Translation differences	0.00	-	-	-
From retained earnings	-	0.00	-	-
Change in participation	0.00	-	-	-
Contingency fund, Dec. 31	0.00	0.00	-	-
Translation differences, Jan. 1	-4.3	-4.4	-	-
Change from the fiscal year	7.6	0.1	-	-
Translation differences, Dec. 31	3.3	-4.3	-	-
Earnings, Jan. 1	676.2	552.6	272.7	279.1
Translation differences	-1.2	1.2	-	-
Transferred to legal reserve	0.0	-0.3	-	-
Transferred from legal reserve	0.3	-	-	-
Transferred to contingency	-	0.0	-	-
Adjustment entries from translation differences	-6.0	-	-	-
Distribution of dividend	-265.0	-	-265.0	-
Profit for the fiscal year	589.6	122.7	746.3	-6.3
Earnings, Dec. 31	993.9	676.2	754.1	272.7
Distributable earnings, Dec. 31				
Unrestricted equity, Dec. 31	993.9	671.9	754.1	272.7
Share of transfers to equity in appropriations	-71.5	-78.2	-	-
Distributable equity, Dec. 31	922.4	593.7	754.1	272.7
Transfer of depreciation reserve to equity	71.5	78.2	-	-
18) APPROPRIATIONS				
Depreciation reserve				
Other capitalized expenditure	-	-	0.3	0.4
Buildings and constructions	-	-	0.3	0.3
Machinery and equipment	-	-	0.7	1.2
Total	-	-	1.3	1.9
19) STATUTORY PROVISIONS				
Compensation for termination of sales agreements	6.8	-	-	-
Disposal of bottle model changes	1.5	-	-	-
Termination of Russian operations	-	1.0	-	-
Product liability provision	0.5	0.4	-	-
	8.8	1.4	-	-

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
20) LIABILITIES	MFIM	MFIM	MFIM	MFIM
SHORT-TERM				
Debts to Group companies				
Accounts payable	-	-	0.5	0.2
Accrued expenses and deferred income	-	-	-	0.0
Total	-	-	0.5	0.2
Debts to Associated companies				
Accounts payable	-	0.0	-	-
Accrued expenses and deferred income				
Marketing expenses	30.6	40.6	-	-
Salaries and wages	35.4	37.1	5.1	5.0
Income tax	239.2	31.8	239.1	24.2
Contract-related discounts	3.5	6.7	-	-
Purchases and other accrued expenses	8.4	4.2	1.4	0.3
Other accrued expenses and deferred income	6.3	8.8	0.4	0.2
	323.4	129.1	246.0	29.7
LIABILITIES WITH AND WITHOUT INTEREST				
Long-term				
Interest-free (deferred tax liabilities)	29.1	31.5	-	-
At interest	0.0	1.3	-	-
Short-term				
Interest-free	770.5	590.9	249.3	8.5
At interest	43.7	54.7	11.9	11.9
LIABILITIES WITH MATURITY IN EXCESS OF 5 YEARS INCLUDED UNDER LONG-TERM LIABILITIES				
Other long-term liabilities	-	0.3	-	-
DEFERRED TAX LIABILITIES				
Deferred tax liabilities				
From appropriations	29.1	31.5	-	-
Deferred tax receivables				
From adjustments	35.8	-	-	-
Tax liabilities due to matching differences, not entered in the balance sheet	3.3	0.4	-	-
21) SECURITIES GIVEN AND CONTINGENT LIABILITIES				
Securities given on behalf of Group companies				
Debts secured with mortgages				
Debts				
Loans from credit institutions	11.9	11.9	-	-
Security value				
Loans from credit institutions	90.0	90.0	-	-
Other securities against Group company liabilities				
Mortgages	100.0	60.0	-	-
Total securities	190.0	150.0	-	-

Additional Information

	Group 2000	Group 1999	Parent company 2000	Parent company 1999
Contingent and other liabilities	MFIM	MFIM	MFIM	MFIM
Capital leasing-related liabilities				
Maturing within 1 year	3.2	2.8	0.6	0.5
Maturity in excess of 1 year	3.0	2.2	0.4	0.5
Total	6.1	4.9	1.0	0.9
Contingent liabilities on behalf of Group companies				
Guarantees	80.0	55.1	-	51.2
Group account liability	-	-	14.8	12.2
Contingent liabilities on behalf of associated companies				
Guarantees	-	5.2	-	-
Contingent liabilities on behalf of others				
Guarantees	-	0.3	-	5.5
Total contingent liabilities	86.1	65.6	15.8	57.6

22) SPECIFICATION OF OWNERSHIP IN SUBSIDIARIES AND ASSOCIATED COMPANIES 31.12.2000	% owned by Parent company	% owned by Group	Equity accounted for by Group	Shares/holdings owned by Group: Number of Shares		Nominal value Dec. 31, 2000	Book value Dec. 31, 2000
SUBSIDIARIES			MFIM			million	MFIM
Havistra Ltd, Helsinki	100	100.00	45.3	500,000	FIM	5.0	20.0
Primalco Ltd, Nurmijärvi	100	100.00	430.4	7,000,000	FIM	70.0	190.0
Finlandia Vodka Worldwide Ltd, Helsinki	55	55.00	65.0	150	FIM	71.5	71.5
Alakari Wines Ltd, Helsinki		100.00	1.5	100	FIM	-	1.7
Harald Zetterström oy/ab, Helsinki		100.00	1.6	63	FIM	-	2.8
Havistra Eesti AS, Estonia		100.00	1.4	5,020	EEK	5.0	2.6
Havistra Latvia SIA, Latvia		100.00	0.1	189	LVL	-	0.1
A-Pullo Ltd, Nurmijärvi		76.24	14.4	13,860	FIM	13.9	13.9
Primalco Americas Inc, USA		100.00	2.4	4,700	USD	0.5	2.0
The Finnish National Distillers (ALKO) Ltd, England		99.99	-	17,999	GBP	-	0.2
Ofelia Ltd As, Estonia		93.38	12.0	7,284	EEK	7.3	18.4
Linda Nektar As, Estonia		62.70	1.2	421	EEK	0.4	0.1
Tarto Pärmitööstus As, Estonia		93.38	0.7	170	EEK	2.0	0.8
Primalco Caribbean Inc, USA		100.00	1.0	500	USD	0.1	2.0
Salko Aktiebolag, Sweden		100.00	0.2	4,000	SEK	0.4	-
Alkometa s.r.o., Czech Republic		55.00	2.1	1	CZK	18	10.0
Finlandia Polska Sp.zo.o., Poland		55.00	1.7	18,986	PLN	8.6	-
Subsidiaries total			581.1				336.2
ASSOCIATED COMPANIES							
Finlandia Balantines Group Sp.zo.o., Poland		27.50	1.3	16,955	PLN	1.7	2.4
Roal Ltd, Nurmijärvi		50.00	26.7	9,500		9.5	47.5
Associated companies total			28.0				49.9
OTHER SHARES AND HOLDINGS							
Other shares and holdings total							3.6
TOTAL							389.7

A detailed shareholder's register is available as an appendix to the Group's financial statements at Altia Group Ltd's headquarters in Salmisaarenranta 7, Helsinki, Finland.

Group Financial Indicators

		2000	1999
INCOME STATEMENT			
Net sales	MFIM	1,314.8	1,301.0
Operating profit	MFIM	655.1	41.0
(% net sales)	%	49.8	3.2
Net financial items	MFIM	30.1	15.2
(% net sales)	%	2.3	1.2
Profit before extraordinary items	MFIM	685.2	55.8
(% net sales)	%	52.1	4.3
Profit before taxes	MFIM	831.3	220.5
(% net sales)	%	63.2	16.9
Profit for the fiscal year	MFIM	589.6	122.7
(% net sales)	%	44.8	9.4
BALANCE SHEET			
Liquid assets	MFIM	433.2	377.6
Balance sheet total	"	2,267.6	1,724.5
Shareholders' equity	"	1,356.9	1,031.9
Minority interests	"	58.6	12.8
Statutory provisions	"	8.8	1.4
Deferred tax liability	"	29.1	31.5
Liabilities at interest	"	43.8	56.1
Interest-free liabilities (incl. deferred tax liab.)	"	799.6	622.4
Capital invested	"	1,459.2	1,100.8
INDICATORS			
Return on equity	%	35.8	3.6
Return on investment	%	54.9	6.2
Equity ratio	%	62.4	60.6
Gearing	%	-27.5	-30.8
Current ratio		2.3	2.0
Earnings/share	FIM	12.45	0.93
Cash flow/share	"	8.52	2.10
Equity/share	"	37.73	28.70
Dividend/share (proposed)	"	19.74	7.37
Dividend/earnings(proposed)	%	135.9	216.0

CALCULATION OF FINANCIAL INDICATORS

Liquid assets = Cash and bank deposits + marketable securities

Capital invested = Balance sheet total - interest-free liabilities - deferred tax liabilities - statutory reserves

Return on equity, % (ROE) = 100 x $\frac{\text{Profit before extraordinary items - taxes}}{\text{(equity + minority interests) average}}$

Return in investment, % (ROI) = 100 x $\frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Average capital invested}}$

Equity ratio, % = 100 x $\frac{\text{Shareholder's equity + minority interest}}{\text{Balance sheet total - advances received}}$

Gearing, % = 100 x $\frac{\text{Liabilities at interest - liquid assets}}{\text{Shareholders' equity + minority interests}}$

Current ratio = $\frac{\text{Inventories-assets + receivables}}{\text{Short-term liabilities}}$

Earnings/share = $\frac{\text{Profit before extraordinary items - direct taxes in operations - minority interests}}{\text{Adjusted average number of shares outstanding during the period}}$

Cash flow/share = $\frac{\text{Net operational cash flow}}{\text{Adjusted average number of shares outstanding during the period}}$

Equity/share = $\frac{\text{Shareholders' equity}}{\text{Adjusted average number of shares outstanding at end of the period}}$

Dividend/share = $\frac{\text{Fiscal dividend}}{\text{Adjusted average number of shares outstanding during the period}}$

Dividend/earnings, % = 100 x $\frac{\text{Dividend/share}}{\text{Fiscal profit/share}}$

Proposal for the parent company's profit distribution

	Group	Parent company
Profit for the year	589,560,903.95	746,331,809.14
Other non-restricted equity	404,340,719.94	7,733,844.25
Total non-restricted equity	993,901,623.89	754,065,653.39
Restricted funds	71,492,486.04	0.00
Distributable equity	922,409,137.85	754,065,653.39
The Board of Directors proposes that, - a dividend totaling 186.32% of capital stock be paid to the stockholders from distributable equity		670,000,000.00

Helsinki, February 23, 2001

Markku Tapio	Carita Putkonen	Leif Ekström
Matti Ilmari	Veikko Kasurinen President and CEO	

Auditors' Report

To the shareholders of Altia Group Ltd

We have audited the bookkeeping, financial statements and administration of Altia Group Ltd for the fiscal period January 1 to December 31, 2000. The financial statements drawn up by the Board of Directors and the President and CEO, showing a profit for the parent company totalling FIM 746,331,809.14 and a profit for the Group totalling FIM 589,560,903.95, comprise a Report on operations by the Board of Directors, as well as the Group's and the parent company's income statements, balance sheets and additional information. Based on our audit, we now release a report on the financial statements and the administration.

We have conducted our audit in accordance with Finnish Standards on Auditing. The bookkeeping and the drafting of the financial statements and their contents and manner of presentation have been examined in a sufficient degree to obtain reasonable assurance that the financial statements are free from material misstatement. As regards the administration, we have examined the compliance of the actions of the Parent Company's Board of Directors and the President and CEO with the requirements of the Finnish Companies Act.

Our statement notes that, the financial statements have been drawn up pursuant to the Finnish Accounting Act and other rules and regulations governing the annual financial statements. The financial statements show adequately and fairly, the Group's and the Parent Company's performance and financial result, in accordance with the Accounting Act. The financial statements, including the consolidated financial statements, can be approved and the members of the Parent Company's Board of Directors and the President and CEO can be released from liability for the fiscal year now audited. The Board of Directors' proposal for profit distribution complies with the Finnish Companies Act.

Helsinki, March 2, 2001

Erkki Mäki-Ranta Certified Public Accountant Chartered Public Finance Auditor	Yrjö Tuokko Authorized Public Accountant

Group Management

The ultimate responsibility for the Group's management and operations lies with the Board of Directors and the President and CEO of Altia Group Ltd.

Obligations and responsibilities of the Board of Directors

The obligations and responsibilities of the Altia Group Ltd's Board of Directors are determined by the Finnish Companies Act and other relevant legislation. The Articles of Association contain provisions on the Board's composition, term of office, statutory meetings and quorum.

The task of the Board of Directors is to lead the company and to deal with its management. The Board of Directors decides on the company's most important strategies and operational guidelines, and ensures that these are complied with, approves the company's organizational structure and appoints the parent company's Management, and determines the salaries and other emoluments of top management. With the exception of the President and CEO, the members of the Board of Directors are compensated only on basis of their Board membership.

The Board of Directors consists of a Chairman and a Vice Chairman plus at least one (1) and a maximum of three (3) other members, elected annually at the Annual General Meeting. The Board of Directors convened 14 times during the fiscal year.

The Board of Directors makes decisions on all significant issues to do with the extent and the quality of the company's operations. In addition to matters relating to the company's basic organization, the composition of the subsidiaries' Boards of Directors and the Group as a whole and guidelines for the operations of the subsidiaries, other issues decided by the Board of Directors include: business and financial strategies; financial performance, investment, research and product development as well as financial budgets; policies financing, risk management and insurance coverage; principles of internal supervision; decisions involving subsidiary and associated companies, incl. strategic alliances; significant investment and divestment decisions; personnel policies and fringe benefits; important operational agreements; principles regarding financial statements; duties and operating principles of the Group's Staff Team; and any other issues relating to the company that the Board of Directors deems necessary.

Chief Executive Officer

The task of the President and CEO according to the Articles of Association is to lead and supervise the company's business operations in accordance with the guidelines and orders issued by the Board of Directors.

Monitoring system

The focus of the planning and supervision is on the strategies of the Group's business areas. The parent company's Board of Directors also confirms the budgets and the balanced scorecards of the business areas and of the group. The company has appropriate reporting systems for monitoring business operations and supervising the financial management. The performance payroll system used by the Group is based on the performance targets and the balanced scorecards confirmed in the budget.

Those in corporate management or their immediate family members do not have business relations with the company.

The purpose of control is to contribute to and monitor the achievement of the performance targets. The supervision of operations is the duty of Management and immediate superiors. The principles and means of, and the responsibilities involved in the control are incorporated into the Group's management system.

The most important means used for internal control include: management systems, organization charts, persons in charge, job and task descriptions; balanced scorecards, budgets, operational plans, achievement monitoring; principles of risk management and risk assessment; financial management, and internal and external audits.

The Group's economic and financial situation is monitored on a monthly basis. Apart from the company-specific monitoring of the financial performance, the Board of Directors also monitors on a monthly basis the implementation of strategies in the various business areas. An extensive development project on product and customer profitability accounting will be carried out by the Group in 2001. In this context, economic valueadded calculation models will be developed for the Group's various business areas.

The general meeting of Altia Group Ltd has in its meeting on March 8th, 2000 nominated the following persons to the company's Board of Directors: Mr. Markku Tapio, Chairman, Ms. Carita Putkonen, Vice Chairman, Mr. Leif Ekström, member, Mr. Matti Ilmari, member, Mr. Veikko Kasurinen, member.

Risk management system

The parent company's Board of Directors monitors and supervises the greatest risks connected with strategic and operational targets, particularly where overseas operations are concerned. The Board of Directors also takes decisions in matters involving high financial risks, such as significant investments and marketing projects as well as entering into or exiting certain business areas.

In connection with the annual planning process, the Group's units review essential risks that may influence their operations and decide on measures to be taken.

Financial statements and internal audits

In the Group, auditing is carried out by auditors elected at Annual Meetings, and by the Group's internal auditing team.

The internal auditing team operates under the President in the parent company. As a part of the Group's management and monitoring system, the purpose of the internal audit is to ensure supervision at the various levels of the organization, to ward off risks and to make the Group's operations more effective. The areas to be audited are planned and approved every calendar year.

One CPA firm acts as supervisory auditors throughout the Group. An international working partner of the CPA firm is used for the foreign companies.

In the case of Group companies where, in addition to the CPA firm, a representative of the National Economy Auditing Office is also elected by the Annual Meeting to perform an audit, an auditors' meeting summoned by Corporate Management is held at least three times a year.

Auditing of the Altia Group is entrusted to Erkki Mäki-Ranta, Auditing Counselor, CPA, CPFA and Yrjö Tuokko, APA. Deputy auditors are Mr. Aarne Kivikko, APA and Jorma Heikkinen, APA.

The owner's status

The Finnish state, the owner of the Group, has no other obligations except for the capital investment.

Altia Group Ltd Board of Directors

Markku Tapio

b. 1948, MSc Political Sciences, Director, Ministry of Trade and Industry, Chairman of the Board

Carita Putkonen

b. 1948, MSc Political Sciences, Director of Development, Ministry of Trade and Industry, Financial Counselor, Ministry of Finance, as from February 1, 2001 Vice Chairman of the Board

Leif Ekström

b. 1942, BA Business Administration, CEO, Oy Fictivius Ab, Board Member

Matti Ilmari

b. 1942, MSc Engineering, President, ABB Group Board Member

Ilkka Suominen

b. 1939, MSc Political Sciences, Minister, Member of the European Parliament, Board Member until March 8, 2000

Veikko Kasurinen,

b. 1946, Doctor of Business Administration, President and CEO, Board Member as from March 8, 2000

Group Management Team as from August 1, 2000

Veikko Kasurinen, President and CEO, Altia Group Ltd

Ossi Loikkanen, VP, CFO, Substitute for the President and CEO, Altia Group Ltd

Sakari Kotka, President and COO, Finlandia Vodka Worldwide Ltd

Teuvo Pollari, President and COO, Primalco Ltd

Seppo Ovaska, President and COO, Havistra Ltd

Group Staff Team as from January 1, 2001

Veikko Kasurinen, Chairman

Hannu Burman
VP, Information Technology

Stig-Olav Eriksson
Risk Manager

Eero Jaakola
VP, Human Resources

Jari Korpela
Manager, Internal Auditing

Antti Kuokkanen
VP, Legal Affairs

Ossi Loikkanen, VP and CFO

Leea Viheriäranta
Communications Manager

Marjut Viitasalo, Management Assistant, Travel Manager

Primalco Ltd Board of Directors

Veikko Kasurinen, Chairman

Ossi Loikkanen
Vice Chairman

Markku Tapio, Member

Antti Keränen, President and COO until April 1, 2000

Sakari Kotka, President and COO from April 1 to August 1, 2000

Teuvo Pollari, President and COO as from August 1, 2000

Jaakko Nenonen, personnel representative

Veikko Muurinen, personnel representative

Management Team as from January 1, 2001

Teuvo Pollari, Chairman

Kari Hyrkäs, VP, Operations, Substite for the President and COO

Antti Lehmussaari, VP, Logistics

Matti Reinholm
Business Controller

Jussi Suomi
Information Technology Manager

Havistra Ltd Board of Directors

Veikko Kasurinen, Chairman

Ossi Loikkanen, Vice Chairman

Carita Putkonen, Member

Seppo Ovaska, President and COO, Member

Marcus Björndahl, personnel representative

Management Team as from January 1, 2001

Seppo Ovaska, Chairman

Tom Alakari, VP, Marketing, Imported Products, Substite for the President and COO

Paavo Korpikuusi
VP, Product Group Wines

Anneli Lindeman, VP, Marketing, Group Products

Olli Poikolainen, VP, Product Group Spirits

Marja Virta, VP, Logistics

Finlandia Vodka Worldwide Ltd as from August 1, 2000 Board of Directors

Veikko Kasurinen
Chairman

Ossi Loikkanen
Vice Chairman

Donald C. Berg, President of Brown-Forman Beverages World-wide Emerging Markets Group, Member

Michael V. Cheek, President of Brown Forman's Global Spirits Group and Executive Vice President of Brown Forman Beverages Worldwide, Member

Leif Ekström, Member

Management Team

Sakari Kotka, President and COO

Tommi Holmström
VP, Business Director of Finance & Business Control, Substite for the President and COO

Tomas Manasek
VP, Business Director of Advancing Markets Group

Juha Ovaska,
VP, Business Director of Nordic and Baltic Region

Petteri Pietilä, VP, Business Director of Core Markets Group

John Vidal, VP, Business Director of North American Group

Eva Wuite-Lindholm, VP, Director of Brand Marketing

Minna Väisäsvaara, Customer Service Center Manager

Contact information

Altia Group Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 350, FIN-00101
Helsinki, Finland
Tel. (switchboard) +358-9-133 11
Fax. +358-9-133 3278
E-mail:
firstname.lastname@altiagroup.fi
Web site: www.altiagroup.fi

Primalco Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 808, FIN-00101
Helsinki, Finland
Tel. (switchboard) +358-9-133 05
Fax. +358-9-133 3226
E-mail:
firstname.lastname @primalco.fi
Web site: www.primalco.fi

Rajamäki Plant
Valta-akseli
05200 Rajamäki, Finland
Tel. (switchboard) +358-9-133 05
Fax. +358-9-133 1565

Koskenkorva Plant
61330 Koskenkorva, Finland
Tel. (switchboard)
+358-6-425 9111
Fax. +358-6-425 9363

Havistra Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 350, FIN-00101
Helsinki, Finland
Tel. (switchboard) +358-9-133 04
Fax. +358-9-133 3227
E-mail:
firstname.lastname @havistra.fi
Web site: www.havistra.fi

Finlandia Vodka Worldwide Ltd
Salmisaarenranta 7, 00180
Helsinki
P.O. Box 457, 00101 Helsinki,
Finland
Tel. (switchboard) +358-9-133 08
Fax. +358-9-133 3225
E-mail:
firstname.lastname @fvwltd.com

A-Pullo Ltd
Valta-akseli
05200 Rajamäki, Finland
Tel. +358-9-133 06
Fax. +358-9-133 1333

Roal Ltd
Valta-akseli
05200 Rajamäki, Finland
Tel. +358-9-290 420
Fax. +358-9-290 42111

Czech Republic:

Alkometa s.r.o.
Vrsovická 817/5, 100 00 Praha 10
Czech Republic
Tel. +420-2 717 46083,
717 46002
Fax. +420-2 717 46075

Poland:

Finlandia Polska Sp. z o.o.
ul. Ursynowska 64
02-605 Warszawa, Poland
Tel. +48-22-844 5 411
Fax. +48-22-844 0 293

Estonia:

Havistra Eesti AS
Tammi tee 30
Laabi Küla, Harku vald
EE 76901 Harjumaa, Estonia
Tel. +372-671 2100
Fax. +372-671 2101

AS Ofelia
Tammi tee 30
Laabi Küla, Harku vald
EE 76901 Harjumaa, Estonia
Tel. +372-671 2000
Fax. +372-671 2101

AS Linda Nektar
Kobela, Antsla Vald
EE 2700 Vorumaa, Estonia
Tel./fax. +372-78 557 68

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