

ANNUAL REPORT 2000



elanto



CONTENTS

Elanto in brief	5
President's review	6
Five-year survey	8
The Elanto Group's organization	9
Elanto Retail Ltd	10
Elanto Restaurants Ltd	14
Elanto Hotels Ltd	16
Other operations	18
Real-estate business	20
Financial administration	22
Personnel	25
Environmental policy	27
Members and loyal customers	30
Events at Elanto	32
Report of the Elanto Cooperative's Board of Directors, 2000	34
Financial statements, 31 Dec. 2000	39
Representative Council	47
Supervisory Board	48
Board of Directors	49
Elanto's outlets and area of operation	50





HELSINKI

Hakaniemi
Hagnäs

6 Hietalahti
Sandviken
7A Senaatintori Töölö
Senätsatorget Töölö

Lentäv...
päi...

Elanto is a cooperative for consumers in the Greater Helsinki area that has been in business for 95 years. Elanto's main fields of business are **retail, restaurant and hotel activities.**

Maxi, Valintatalo and Siwa stores in the Greater Helsinki area

Kappeli, Zetor, Highlight, Leningrad Cowboys R.T.R, William K. beer taverns and 23 other restaurants/bars

Ramada Presidentti, Cumulus Seurahuone and Cumulus Olympia

Elanto has:

150 000 members with a stake in the cooperative

280 000 YkkösBonus loyal customers

Elanto's record-breaking results for 2000

The Group's earnings were FIM 324 million

The retail business grew by FIM 100 million and almost trebled its earnings

Shareholder's equities increased by over FIM 300 million

Investments amounted to FIM 280 million

Elanto in 2001

A new Maxi hypermarket will be established in Matinkylä

The Elanto Group in 2000

Consolidated net sales	FIM 1 930 million	EUR 325 million
Profit before extraordinary items	FIM 324 million	EUR 55 million
Investments	FIM 280 million	EUR 47 million
Depreciation	FIM 58 million	EUR 10 million
Balance sheet total	FIM 1 608 million	EUR 270 million
Outlets	137	
Personnel (adjusted for the period)	1 290	
Elanto Retail Ltd	FIM 1 569 million	EUR 264 million
3 Maxi hypermarkets		
4 Valintatalo Plus supermarkets		
26 Valintatalo supermarkets		
54 Siwa stores		
Elanto Restaurants Ltd	FIM 159 million	EUR 27 million
32 Restaurants and cafes, Juhlapidot catering		
Elanto Hotels Ltd	FIM 117 million	EUR 20 million
3 Hotels		
Other operations		
2 Plant nurseries	FIM 33 million	EUR 6 million
6 Undertaking service outlets and florists	FIM 17 million	EUR 3 million
6 Sateenkaari cosmetics stores	FIM 12 million	EUR 2 million
1 MokkaSiini shoe store	FIM 3 million	EUR 0,5 million

PRESIDENT'S REVIEW

In 2000, the Elanto Group posted record-breaking earnings. The Group's operating result was FIM 95 million and earnings for the period inclusive of capital gains amounted to FIM 327 million. The Group's shareholders' equities rose to FIM 351 million and the equity ratio to 24 per cent. The earnings trend and the strengthening of the balance sheet lay the foundation for the development of the Elanto Group's operations, new investments and the drawing of new loans.

In the financial year now ended, Elanto Retail Ltd performed well, increasing its net sales and market share. Its earnings almost tripled compared with the previous year, surpassing the budgeted target. All the chains – the Maxi, Valintatalo and Siwa stores – ramped up their net sales and achieved higher financial results. Our success in the retail sector is due to the development of information systems and operating methods for many years running.

In 2001, Elanto Retail Ltd's net sales will grow once again. The start-up expenses of the new Maxi hypermarkets will, however, burden the earnings trend in the next few years. The new Maxi in Matinkylä will be completed in the September of the present year. The construction of a new Maxi in Leppävaara will begin this year. Investment and start-up expenses are also increased by the development of a new business model and store image for the Maxi hypermarkets. The Siwa neighbourhood stores are better

poised to perform well thanks to the fact that, effective January 2001, they can be open for business on Sundays.

As in many previous years, Elanto Restaurants Ltd racked up excellent earnings. Its success is also based on the long-term development of operations. The company is presently working on business concepts and has come up with plans to achieve moderate growth in net sales.

Elanto Hotels Ltd fell short of its targets for the report year. The Elanto Group established the proper conditions for the long-term development of hotel operations by acquiring the hotel facilities of the Ramada Presidentti Hotel in their entirety.

In 2000, the real-estate business was characterized by large-scale deals. Sales amounted to over FIM 339 million. The largest deals were the sale of the former premises of the Leppävaara Maxi, the Kerava Maxi and part of Elanto's quarter in Sörnäinen. The largest investment, FIM 219 million, was the acquisition of the premises of the Ramada Presidentti Hotel. In the real-estate business, Elanto will continue to develop new business locations and sell properties and shares which it no longer requires.

International structural reorganizations have continued in the daily consumer goods trade. A joint daily consumer goods company is being set up in the Nordic countries to handle cooperative activities for Swedish, Danish and Norwegian



consumers. Foreign companies are stepping up their presence in Finland. In order to achieve benefits of scale, Finnish retail companies are continuing to develop arrangements whereby cooperative operations and procurements can be carried out in Finland and abroad.

In the retail sector, Elanto cooperates with Tradeka in chain operations and with Inex in logistics and procurements. However, larger-scale cooperative arrangements are called for at the Nordic and European levels alike. Elanto, for its own part, enjoys a good market position and has the financial resources to act as

a significant local retailer in the Greater Helsinki area.

I would like to thank our customers and members, as well as our contractual and cooperation partners for their confidence in us and their worthy team efforts during the financial year now ended. I would also like to thank the employees of the Elanto Group and its associated companies for their solid and profit-generating efforts.

Helsinki, March 2001

Arto Ihto
President and CEO

Key figures	1996	1997	1998	1999	2000
Net sales, FIM million	1 680	1 768	1 821	1 845	1 930
Operating profit, FIM million	183	212	114	114	341
Operating profit, % of net sales	10,9 %	12,0 %	6,2 %	6,2 %	17,7 %
Profit before extraordinary items, FIM million	137	182	86	92	324
Profit before extraordinary items, % of net sales	8,2 %	10,3 %	4,7 %	5,0 %	16,8 %
Profit before appropriations and taxes, FIM million	173	184	153	124	422
Profit before appropriations and taxes, % of net sales	10,3 %	10,4 %	8,4 %	6,7 %	21,9 %
Return on equity (ROE), %	na	na	na	314,4%	99,2 %
Return on investment (ROI), %	21,5 %	35,8 %	18,0 %	15,8 %	39,4 %
Equity ratio, %	-22,3 %	-11,2 %	-2,0 %	4,9 %	24,2 %
Gross investments, FIM million	112	52	76	89	254
Personnel (adjusted for the period), average	1 654	1 399	1 365	1 350	1 290

Formulas for the key figures:

Return on equity (ROE), %

$$\frac{\text{profit before extraordinary items-taxes}}{\text{shareholders' equity+minority interest}} \times 100^*$$

Return on investment (ROI), %

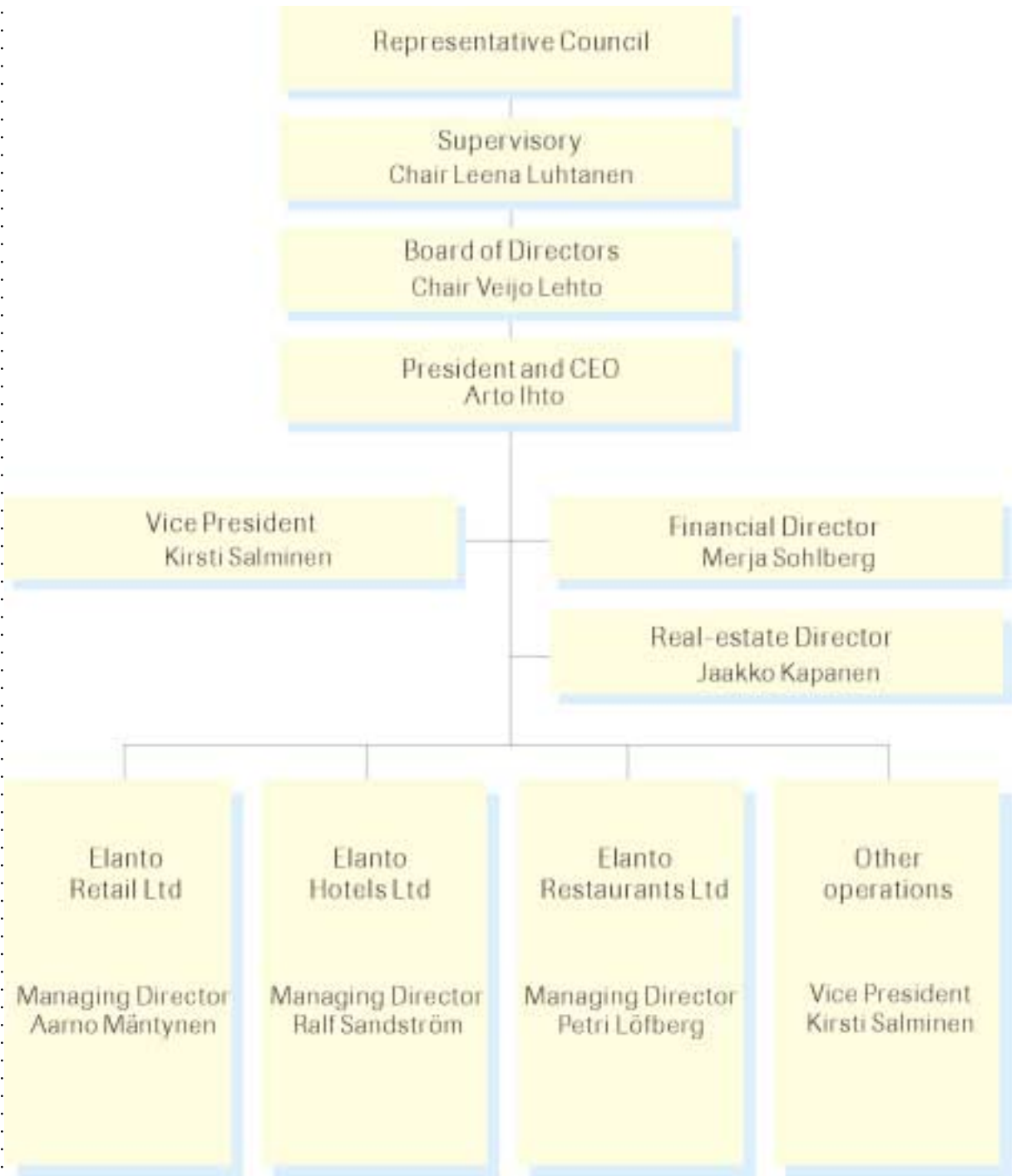
$$\frac{\text{profit before extraordinary items+interest and other financial expenses}}{\text{balance sheet total less non-interest-bearing debt}} \times 100^*$$

Equity ratio, %

$$\frac{\text{shareholders' equity+minority interest}}{\text{balance sheet total-advances received}} \times 100^*$$

* the divisor of the key figure is calculated as an average of the values in the balance sheet for the report year and the previous financial year

THE ELANTO GROUP'S ORGANIZATION





Managing Director Aarno Mäntynen

ELANTO RETAIL LTD

2000 was an excellent year for Elanto Retail Ltd. We strengthened our market share during the report year, even though we did not open any new stores. Net sales grew to FIM 1 569 million (FIM 1 467 million), as expected, and earnings, FIM 36 million (FIM 14 million) exceeded expectations by a good margin.

Elanto Retail Ltd's network comprises three Maxi hypermarkets, four large Valintatalo Plus supermarkets, 27 Valintatalo supermarkets and 54 Siwa neighbourhood stores. The continuing expansion of the population of the Greater Helsinki area has laid the foundations for the growth of the retail sector. At the same time, new shopping centres have increased the range of available shopping options, as a result of which we have had to maintain the services of the network and its competitive muscle in good shape to perform well.

The retail stores' support organization, Ketjuetu Oy T&E, changed over to a modernized process organization at the beginning of the year. Its training and start-up phase, coupled with the modernization and transformation projects of goods suppliers and cooperation partners, led to distribution prob-

lems at the stores from time to time. Towards the end of the year, systematic development and the honing of operating methods began to lead to results. The objectives set for September onwards were already exceeded significantly. The constant restocking of stores which was implemented in the Greater Helsinki area during the report year also improved productivity, improved the freshness of products and reduced "sorry, we're out of stock" situations.

It was believed that the establishment of new shopping centers in the Greater Helsinki area would affect the trend in the operations of the Maxi hypermarket in Kannelmäki in particular, but this did not happen. The Maxi hypermarkets increased their net sales and customer volumes alike during the report year, while strengthening their earnings. In the hypermarket class, Maxi is a highly successful concept that will be developed further.

The three Valintatalo units opened in 1999 were in full swing last year and did their part in laying the foundation for Elanto Retail Ltd's growth. Since August, the marketing of the Valintatalo chain was stepped up considerably and a renovation project entitled "Good Winds Are Blowing" was carried





out at ten of the older stores, along with the thorough modernization of two stores. The measures led to an appreciable increase in net sales.

The Siwa stores in the Greater Helsinki area have steadily upgraded their operations. The present stores have consolidated their position as a network of good, no-frills neighbourhood stores. During the report year, Elanto Retail Ltd overhauled the look of all Siwa stores to give better visibility to fresh products. Now that the new Opening Hours Act has come into effect, all Siwa stores are open on Sundays, too.

In 2001, the focus areas of the development of the chains will be on developing constant restocking, space management and store direction as well as making use of customer information and feedback.

Elanto Retail Ltd's largest project in 2001 is the opening of the Matinkylä Maxi in the Iso Omena (Big Apple) shopping centre. The new Maxi concept has been developed in as-

sociation with the field's leading international consultancy, Gemini Consulting. This effort is based on a wide-scale and thorough assessment of the needs of customers in South Espoo.

The French consultancy Carré Noir, which specializes in designing hypermarkets, came up with the look of the new Maxi. The hypermarket will be opened in September 2001 and it will be even more smoothly run and pleasant to shop at, providing better service and greater ease of shopping.

Maxi hypermarkets

The efficient Maxi hypermarkets offer consumers clothing for the whole family, household goods and all the daily consumer goods they need under the same roof. Customers benefit from their price, quality and freshness guarantee. Discounts on special items to loyal customers foster regular interfacing with the most important customer groups. Although competitors have set up units of the same size class in the Greater Helsinki area, the Maxis will retain their solid position in the future as well. At the Hakaniemi Maxi, the hypermarket chain also operates in the manner of a traditional department store on three floors.

Valintatalo supermarkets

In the future, Valintatalo supermarkets will seek to augment their store sizes and product ranges. The stores guarantee an easy and flexible shopping experience every day, fresh and high-quality products, and varied product assortments. Extensive attention has been paid to the needs of small households in the Valintatalo supermarkets' product ranges.

Siwa neighbourhood stores

In coming years, neighbourhood stores will retain their position in the favour of consumers, especially since they are now open on Sundays and are thus more competitive. The Siwa stores' look, which is now brighter than ever, combined with their efficient logistics, an assortment of goods satisfactory for the neighbourhood store bracket and a competitive price level, guarantees that there will be a place for such neighbourhood services in the future, too.

In February, a Siwa was opened in Latokaski in Viikki; at this store, 150 organic and ecological products will be offered on a trial basis in the framework of Siwa's chain store operations. ●



Managing Director Petri Löfberg

ELANTO RESTAURANTS LTD

Elanto Restaurants Ltd has 32 restaurants in the Greater Helsinki area. Its large multipurpose restaurants are Kappeli, Highlight, Zetor and Leningrad Cowboys R.T.R, the company's latest addition to its restaurant line-up. The four William K. beer taverns, the Czech-style bars Hädanka and Milenka, and the traditional British pub Angleterre are all top-quality bars. The company's informal neighbourhood restaurants include J.F.F. Kettunen, Cotton Factory and Poseidon. Among its housing estate bars are Ruiskumestari and Aapelin Baari. Arkhimedes at the Heureka Science Centre and Tuuliviiri in the South Harbour are two of the company's restaurants located in tourist attractions.

In 2000, the company had net sales of FIM 159 million (FIM 163 million). The decline in net sales was due to the sale of business operations and corporate arrangements. Profit before extraordinary items amounted to FIM 16 million (FIM 15 million). Elanto Restaurants Ltd is one of the most profitable companies in its field.

In its operations, Elanto Restaurants Ltd puts the accent on the company's values and systematic development efforts based on quality models. The company's success factors hinge on chain-style operations that are customer-focused and led by demand. Complying with a quality system across the board has ensured that the company can maintain its service level cost-efficiently, even though the heating up of competition in the Greater Hel-

sinki area has had a strong impact on the profitability of the field in general.

During the report year, Zetor and Kappeli continued to rack up good earnings. The modification of Highlight's business concept and the targeting of the restaurant at a younger clientele also turned out to be successful.

Cafe Primo is Elanto Restaurants Ltd's new café concept that was first implemented on the premises of the former Café Melba in Kurvi. A new beer tavern, Sailor's, was opened in Herttoniemenranta in May. At around the same time, we reopened Juhlapidot catering's traditional, yet thoroughly modernized Pitosalihall, located by the side of Hämeentie road. The Milenka beer tavern, renovated in the spirit of a Czech beer cellar, opened its doors in June; it is the neighbour of the new Theatre Academy of Finland. At the end of October, the latest attraction to grace Helsinki's restaurant scene was opened on Uudenmaankatu street: Leningrad Cowboys R.T.R.

Elanto Restaurants Ltd will continue to develop its operations systematically. Its present network has shown itself to be competitive and its operational capacity is kept up to speed with the necessary investments. Moderate growth is sought through acquisitions of business operations or the setting up of new businesses. ●





Managing Director Ralf Sandström

ELANTO HOTELS LTD

Elanto Hotels Ltd is engaged in the hotel and restaurant businesses at the Ramada Presidentti, Cumulus Seurahuone and Cumulus Olympia hotels. The company has a management agreement with Restel Ltd whereby Restel directs the hotels on Elanto Hotels Ltd's behalf.

In 2000, the company's net sales were FIM 117 million (FIM 127 million). The decline in net sales was affected by the closing of the Merihotelli hotel in May during the comparison year as well as the tightening competition situation affecting the hotel business in the centre of Helsinki. The contraction of net sales also affected profitability, which nonetheless remains better than the average for the field. Profit before extraordinary items was FIM 7 million (FIM 13 million).

During the report year, the number of foreign overnight hotel guests increased by eight per cent, whereas the number of Finnish guests rose by only one per cent. The hotel capacity in the Greater Helsinki area has grown substantially in recent years. This has had the clearest impact on the domestic business travel segment, which has been a strong area for Elanto Hotels Ltd. The City of Culture 2000 project increased individual visitor volumes to Helsinki, although it is difficult to assess the project's impact on the hotel business with any great accuracy.

The efficient operations of Elanto's hotels hinge on implementing our chosen strategies, which are based on ensuring that the staff are committed to the company, efficient production methods, accurate control of costs and properly dimensioned investments.

At the Ramada Presidentti Hotel, 100 rooms were overhauled for business travellers during the report year in line with the Comfort concept. Seurahuone upgraded the largest rooms in its old section so that these rooms would also better meet the requirements of business travellers. Modernization measures at Cumulus Olympia focused on changing the business concept of its restaurant.

Elanto Hotels Ltd is preparing itself for the ongoing tightening of the competitive situation. Cost-efficiency and reacting to the market situation in a flexible manner remain at the forefront of the development of operations. Marketing will be given an extra edge and the upgrading of customer relations will continue. The objective is to improve our competitive stance in both the foreign and domestic business traveller segments. The business concepts of the hotels' restaurants will also be developed in 2001. ●





Vice President Kirsti Salminen

The other businesses of the Elanto Group include funeral parlour services, cosmetics shops and a shoe store. The operations of the institutional laundries (FIM 9 million) which were sold last year are included in the comparison figures for the previous year. The combined net sales of the other businesses amounted to FIM 98 million (FIM 97 million).

Elanto Cooperative

The Elanto Cooperative's net sales come from Elanto Undertaking Services, Sateenkaari cosmetics shops, the Mokkasiini shoe store and publishing activities. Elanto is responsible for the manufacture of two high-circulation customer magazines (Elanto magazine, 220 000 copies, and Me magazine, 670 000 copies).

The funeral parlour service has six offices and three florists in the Greater Helsinki area. Four of its offices also draw up estate inventories. Elanto Undertaking Services is the largest company in its field in Finland. It had net sales of FIM 19 million (FIM 17 million).

The total net sales of the six Sateenkaari shops and one Mokkasiini store amounted to FIM 16 million

(FIM 15 million). The publication of member and customer magazines generated net sales of FIM 25 million (FIM 25 million).

Backas Puutarha Ltd

Backas Puutarha Ltd (Backas Plant Nursery) is a flower and garden retail and wholesale store close to the Helsinki-Vantaa airport. Its net sales were FIM 33 million (FIM 31 million), and its profit before extraordinary items was FIM 1 million (FIM 1 million).

The environmental programme drafted for the company was introduced in spring 1999 and it guided the development of operations in 2000. The plant nursery employs an up-to-date production control system that regulates heating, illumination, irrigation and fertilization.

In November, Backas Puutarha acquired a flower shop in the neighbouring Jumbo shopping mall. The shop was renamed Kukka-Backas. It allows the company to present its flowers and garden products in a location where large numbers of potential customers pass by and also to guide shoppers to the plant nursery itself. ●





Real-estate Director Jaakko Kapanen

REAL-ESTATE BUSINESS

Elanto's real-estate business is responsible for acquiring, contracting out and developing new commercial locations and both renting and marketing the current property portfolio. In addition, it attends to upgrading and disposing of real-estate assets which do not directly serve Elanto's business operations.

The rent level rose during the year and the capacity utilization rate improved. Rental income amounted to FIM 157 million (FIM 150 million). The real-estate business' profit before extraordinary items was FIM 27 million (FIM 23 million). In addition, sales of real estate and real-estate holdings generated capital gains of FIM 229 million (FIM 19 million).

During the report year, the Group sold real-estate assets to the tune of FIM 339 million in all (FIM 23 million). The largest individual realization sites were shares in Oy Keskuspaikka Ab (the Maxi in Leppävaara), Keravan Kauppakeskus Oy and Kiinteistö Oy Herttoniemen Liiketalo as well as part of Elanto's quarter in Sörnäinen. The State Real Property Agency purchased from Elanto a plot on which it will build the Helsinki office of Stakes, the National Research and Development Centre for Welfare and Health, as well as an industrial property in need of renovation where the State Real Property Agency will set up its own head office.

When the Elanto Cooperative sold its shares in Oy Keskuspaikka Ab, which owns the premises of the

present Leppävaara Maxi, to Leppävaaran Liikekeskus Oy, it was agreed that Elanto shall have an option to purchase the shares in the premises on which the new Maxi will be built and, when the purchaser so demands, the obligation to purchase the shares at the agreed-upon price. The Maxi hypermarket will operate in its current premises until its new premises are completed in autumn 2002.

In the first months of 2000, Elanto made a commitment agreement concerning a Maxi-level commercial site that will be built in Viikki. The preliminary design work has commenced.

During the report year, the Group acquired an additional portion of shares in the hotel facilities of Kiinteistö Oy Salomonkatu 7-9 at a purchase price of FIM 219 million. After the deal, the Group fully owns the facilities of Ramada Presidentti Hotel. This deal safeguarded the continuation of hotel operations and enabled us to start actively developing the property as a part of the new commercial centre of Kampi.

The development and marketing of Elanto's quarter in Sörnäinen are ongoing. ●





Financial Director Merja Sohlberg

FINANCIAL ADMINISTRATION

As an expert organization, the Elanto Group's financial administration takes part in the planning, implementation and monitoring of the Group's strategy. Its scope of duties includes financial planning and steering, financing, taxation, information administration and participation in corporate arrangements.

Financial planning and steering comprises developing and maintaining planning systems at the corporate and unit levels and the budgeting of financial results and liquidity. In addition, the financial administration acquires and generates comparison data on the competitive environment and the Group's own units to support business decision-making.

The Group's financing comprises the investment of liquid funds, loan management and securing new credit. The Elanto Group's average cash assets in 2000 amounted to FIM 242 million. These assets were invested on the basis of the investment limits approved by the Board of Directors of the Elanto Cooperative. In 2000, the return on investment was 4.6 per cent on average.

As the situation stood at the end of 2000, the Elanto Group's total liabi-

lities amounted to FIM 1 217 million. Of this, FIM 988 million were debts related to the overhaul programme and FIM 61 million represented new credit drawn down during the report year. The remainder of the liabilities, FIM 168 million, consisted of non-interest-bearing accounts payable and other debts. Of the liabilities, FIM 624 million were interest-bearing. The average interest rate on interest-bearing loans was 4.4 per cent. The Group has FIM 91 million in granted loans that had not been drawn yet as well as over FIM 200 million in credit guarantees, thereby ensuring that the Elanto Group is prepared to undertake large investments, if necessary.

In the past years, development projects pertaining to information administration have been related to the fine-tuning of the implemented systems and achieving euro preparedness.

The Elanto Group's most significant corporate and financial arrangement in 2000 was the acquisition of Ramada Presidentti Hotel's hotel facilities into the Group's ownership in their entirety.

The line operations of financial administration are handled in cooperation with Ketjuetu Oy T&E and Palveluetu Oy T&E. ●





Number of employees

At the end of the report year, the Elanto Group had a payroll of 1 856 people (1 962). The decline in the number of employees is primarily due to the outsourcing of the floor servicing of the hotels and the sale of Herkkukeittiö.

Of the Group's permanent personnel, 43 % worked full-time (46 %) and 57 % part-time (54 %). When the employee figures are converted to represent full-time employees, the average number of personnel for the year is 1 290 people (1 350). Of the Group's employees, 79 % (80 %) are women and 21 % are men (20 %).

A good working atmosphere

Elanto Retail Ltd assessed the development of its workplace atmosphere for the fifth time, and the Elanto Cooperative and Backas Puutarha Ltd did so for the second time. The workplace atmosphere has developed favourably in all business areas; positive development has been seen especially in cooperative work relationships, motivation and the flow of information. Confidence in Elanto's success is riding high, as are respect for one's own job and satisfaction at work.

Constant training

The bulk of personnel coaching was organized in association with the AVA Institute. In 2000, special attention was paid to managerial coaching and degree programmes to supplement vocational skills.

The Valintatalo supermarkets carried out basic coaching for store managers, store manager coaching, vocational degrees for salespersons, a degree programme for culinary experts and quality director coaching. The Siwa stores carried out Siwa managerial coaching and

supplementary training as well as gross margin management training, while the Maxi hypermarkets implemented department manager coaching and a degree programme for culinary experts. All the employees of the Valintatalo Plus in Herttoniemi took part in team coaching. The training topics applying to all retail store employees included constant restocking, the management of gross margins and the activities of chain managers. 271 people took part in training, of whom 63 studied for vocational degrees in culinary expertise or sales. Handling threatening or violent situations has been part of the coaching programmes provided by the AVA Institute for numerous years now.

In 2000, the retail store chain implemented a new process structure. Joint business and support processes were set up for the Siwa, Valintatalo and Maxi chains with the aim of making full use of both shared expertise and volumes. At the same time, overlapping functions were eliminated from the chains. Personnel were given orientation on the workings of the new process structure.

Shift manager and service manager coaching continued at Elanto's restaurants and hotels. 107 people took part in coaching. All of the employees of Backas Puutarha Ltd took part in team coaching organized by the Rehabilitation Foundation. Personnel training within the Elanto Cooperative focused on training supplementing vocational and language proficiency skills. Within the Elanto Group, 17 people began to study for a commercial institute degree over and above their own job tasks. ●

Providing health care and attending to occupational fitness

The occupational health services of the Elanto Group have been provided by Vita-Terveyspalvelut Oy for five years now. People who belong to Elanto's sickness fund enjoy services that are considerably more extensive than those required by legislation. At the end of the year, the fund had 1 130 members. All those employees for whom Elanto is the primary source of income belong to the fund.

In 2000, KELA, the Social Insurance Institution, financed two ASLAK rehabilitation courses for the Group's

employees. Rehabilitation was also arranged for individuals. All in all, close to 50 people participated in the rehabilitation courses.

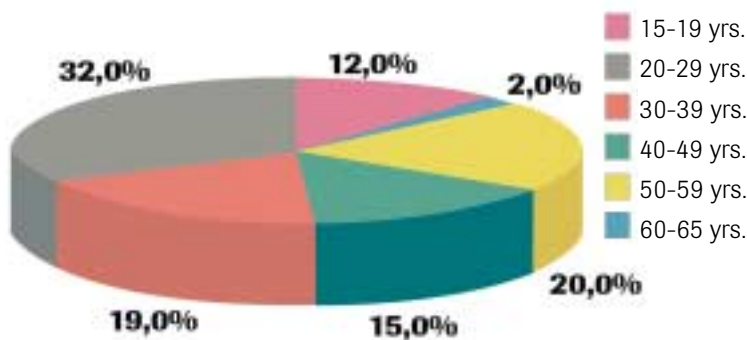
By monitoring health on a regular basis, the health of employees can be maintained and we can intervene at the earliest possible stage when an employee's health falters. A representative of the employer, health care professionals and the occupational safety supervisor and ombudsman visit workplaces at regular intervals. During their workplace assessments, they examine working conditions, the ergonomic demands of the job and the mental stress caused by the job. Special attention is paid to preventing and dealing with violent and threatening situations, as well as to post-traumatic care.

Active hobby and recreational activities

About 2000 Elanto employees made use of the sports and swimming agreement organized by the hobby and recreation committee. In addition, the committee supported the activities of clubs and the joint pursuits of employees by footing the bill of bowling rink rentals, series tickets for pesäpallo (Finnish baseball) and soccer, by supporting cultural events, dieting courses, participating in the Naisten Kymppi women's running event and stick walking.

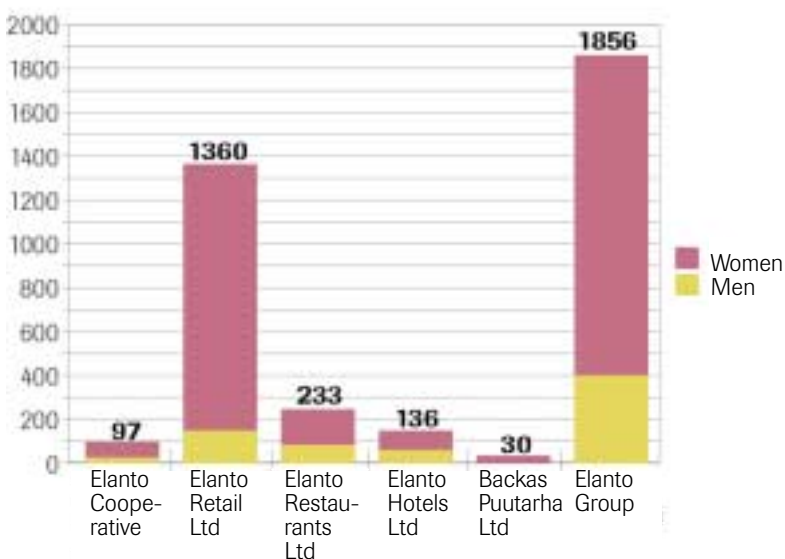
The terraced houses in Girasol and Punkaharju, meant for leisure-time use by Elanto employees, were actively used, as was the deadwood lodge on the Pyhätunturi fjeld. Elanto's Store Manager's Club has a lodge on the shore of the Bisa Lake.

Elanto Group personnel age distribution 2000



Total 1856 Average age 35 years

Elanto Group personnel 31.12.2000



THE ELANTO GROUP'S ENVIRONMENTAL POLICY

In 1998, the Elanto Group established an environmental policy as part of ordinary management and decision-making within the Group. In business planning, environmental considerations and the lifestyle objectives of customers are taken into consideration. We comply with the appropriate legislation, regulations and licence conditions in our operations. We develop and constantly improve our environmental engagement.

The aim of environmental activities is to disseminate eco-awareness among customers and our own employees. A brochure about the environmental policy was distributed to all of the Group's employees in spring 2000. Guidebooks on the recycling of fibre packaging have been handed out to customers in the stores.

Elanto Retail Ltd

Environmental compliance comprises part of day-to-day operations and personnel orientation at Elanto's stores. Green considerations underlie our decisions regarding logistics, equipment solutions aiming to reduce energy consumpti-

on, the issuing of guidelines on energy conservation, and so on. Adding environmentally friendly products to our product ranges is also part of our environmental efforts. Cutting down on packaging materials is under constant development, as are sorting and recycling. During 2000, we specified the environmental impacts of the retail stores and their support functions, as well as the significance of these impacts.

The environmental awareness of retail employees has been improved by adding a section on environmental issues into the chain's store handbooks. Persons have been appointed to take on responsibility for the environmental aspects of processes and environmental issues have been included in the training of store employees.

During the report year, the organic products stocked by the chains were overviewed by means of the DODO organic survey. The results indicate that the Maxi hypermarkets stock an average of 70 organic products, the Valintatalo supermarkets stock 20 and the Siwa stores about 1-3.

The fruit and vegetable departments of the Maxis and the Siwa in Viikki have introduced compostable fruit and vegetable bags. Some of



Elanto Restaurants Ltd

The tenets of Elanto Restaurant Ltd's environmental policy comprise part of the Elanto Group's environmental policy. Attending to environmental compliance has been integrated as part of the company's daily operations.

Elanto's restaurants launched a survey in 2000 with the aim of reducing the property costs of the business locations and thereby supporting the company's environmental policy. The survey is based on the environmental report carried out in 1998 and aims to reduce the volume of waste and the use of plastic dishes and to increase the efficiency of recycling. A summary of the operating procedures proposed on the basis of the survey will be drafted, and a quality model will be drawn up for the business locations.

Recycling at the restaurants is based on local waste management regulations. The business locations recycle used frying oils, problem waste, bio-wastes, paper, glass and other materials.

Elanto Hotels Ltd

Each Elanto hotel has drafted its own environmental programme with the aim of constantly improving its environmental activities. The units have all appointed an employee of their own to be responsible for coordinating the realization of environmental compliance.

Elanto's hotels have reduced the use of disposable and individually-packa-

ged products in hotel rooms. New packaging methods have been developed with the suppliers and the recycling of the resulting waste has been agreed upon. During 2000, greater efficiency was achieved in the monitoring of water and energy consumption.

the Elanto store's plastic bags contain recycled plastic and the paper bags can now be reclaimed more readily.

The Viikki Siwa opened in February 2001 was expressly designed as a green neighbourhood store. Eco-thinking is applied on a trial basis in both its product ranges and store solutions. In addition to the basic product range, the store has 150 organic products representing different product groups that are stocked visibly on the end sections of the shelving units and marked with green shelf tags that instruct shoppers.

The store's refrigerators conserve energy and feature heat-recovery systems that help save on heating expenses. Daylight is used extensively to illuminate the store, and long-lived fluorescent tubes are used. Recyclable transporting tools are used in the transport of goods and all the wastes generated by the store are sorted.

Siwa chain of neighbourhood stores are usually reachable to shoppers by walking or cycling. In other words, neighbourhood stores benefit the environment.

ged products in hotel rooms. New packaging methods have been developed with the suppliers and the recycling of the resulting waste has been agreed upon. During 2000, greater efficiency was achieved in the monitoring of water and energy consumption.

Backas Puutarha Ltd

An environmental programme with clear goals for the development of environmental compliance is drafted annually for Backas Puutarha on the basis of the environmental review performed in 1998.

The plant nursery employs a closed water circulation system, that is, the water used to irrigate the plants is recovered and reused. Pest control is handled by means of integrated plant protection using the minimum amount of pesticides. This has reduced the need for spraying to ten per cent of what it was. The plant nursery seeks to purchase products which feature a minimum of packaging, and the biowastes generated by the plants are composted. The plant nursery has its own waste compactor and a cardboard sorting facility. ●

MEMBERS AND LOYAL CUSTOMERS

By the turn of the year, 161 391 households (145 387) had joined the YkkösBonus scheme for loyal customers through Elanto. Now there are a total of about 192 000 YkkösBonus households in the Greater Helsinki area, and they hold approximately 309 000 loyal customer cards.

In 2000, Elanto's sales to loyal customers amounted to FIM 1 278 million (FIM 1 100 million). On the basis of their purchases from the Group's outlets in 2000, Elanto's loyal customers received a total of FIM 21 million (FIM 18 million) in bonuses.

Forty per cent of the loyal customer households are members of Elanto. In future, Elanto wants to convince as many loyal customers as it can to become members as well.

Member benefits

During the report year, it became easier to apply for membership, as all Elanto stores began accepting membership applications. In addition, Elanto's web presence has been developed to serve membership marketing more effectively. Membership application forms are available on the Internet site.

In 2000, 1 090 new members (810) joined Elanto. The number of active members was 148 210 (148 775) at year's end. One becomes a member by paying a cooperative contribution amounting to FIM 200.

A member benefit that was offered in 2000 was a school backpack for all those children of member families who entered the first grade in August.

In addition to the backpack, members were given – as a christening gift, as it were – discount coupons that entitled them to receive, at the Maxi checkouts, a 15% discount on all non-discounted special items. Elanto backpacks were presented to 2 237 (2 019) first graders.

Members have the right to vote for Elanto's Representative Council. Elections are held every four years.

Membership means cooperative ownership of Elanto, and provides many benefits. The full FIM 200 cooperative contribution gives one an initial balance of FIM 2 000 in one's YkkösBonus account of purchases. In addition, members are provided with a christening gift, funeral support, cheap trips, courses, culture, low-cost dental care and hotel bonuses.

Last year, about 2 500 (1 500) members went on trips arranged by Elanto within Finland and abroad. A great number of people took part in courses as well, with 1 834 (1 369) members enrolling in courses organized by Elanto.

Members also receive the Elanto magazine in the mail. Both loyal customers and members can enjoy the bonuses presented in the magazine.

In future, Elanto will continue to highlight the significance of membership and will engage in higher-profile membership marketing and offer better benefits. At the beginning of 2001, a new benefit was introduced: a FIM 400 discount on driving lessons. In addition, new member benefits on products and services are offered each month. ●



EVENTS AT ELANTO

28 February

Cafe Primo was opened on Helsinginkatu street.

6 March

Elanto and the State Real Property Authority agreed upon the sale of two properties to the latter. The properties will house the Helsinki office of Stakes, the National Research and Development Centre for Welfare and Health, and the new head office of the State Real Property Authority.

11 May

An Elanto member's night was held at Backas Puutarha Ltd's plant nursery.

12 May

The construction of the Leppävaara commercial centre got under way with infrastructure works. A new Maxi hypermarket will be completed in the I-stage of the commercial centre in 2002.

15 May

The Sailor's beer tavern was opened in Herttoniemenranta. (picture)

23 May

Juhlapidot catering's modernized and expanded Pitosali hall was opened on Hämeentie street.

12 June

The Ramada Presidentti Hotel refitted one hundred Comfort rooms for business travellers.

12 June

Elanto commemorated the 450th anniversary of Helsinki by sponsoring 15 000 birthday hats that were handed out to parade spectators.

13 June

Pivnice Milenka was opened on Haapaniemenkatu street in Kallio.

1 August

Elanto started to hand out school backpacks for first graders.

21 August

The refurbishing of Elanto's old bakery, which will now be used by the Ministry of Education, was seen to completion.

22 September

Backas Puutarha Ltd acquired the business operations of a flower shop in the Jumbo shopping mall.

12 October

The overhauled Valintatalo supermarket in Vaasanhalli was reopened.

15 October

Elanto celebrated its 95th anniversary with special offers for members, by serving coffee, organizing a free concert at Highlight Cafe and offering a cruise for members on m/s Cinderella.

19 October

The Iso Omena (Big Apple) shopping mall reached its full height.

27 October

Elanto sold the business premises of the Kerava Maxi to HOK.

27 October

The Leningrad Cowboys R.T.R restaurant was opened on Uudenmaankatu street.

1 November

Elanto bought out an insurance corporation's 70 per cent holding in the facilities of the Presidentti Hotel.

23 November

A home cooking department was opened at the Kannelmäki Maxi.

2 December

Kappeli Restaurant was closed for renovations. The refurbished restaurant was reopened in April 2001. ●



REPORT OF THE ELANTO COOPERATIVE'S BOARD OF DIRECTORS, 2000

Business environment

In 2000, the Finnish national economy saw strong growth, which was especially apparent in industrial output, which increased by as much as 11 per cent (5.4 %). The aggregate production volume grew by 5.7 per cent (3.5 %). The employment situation improved slightly during the report year, with the unemployment rate in the entire country dropping to 9.8 per cent (10.2 %). In the Greater Helsinki area, the jobless count remained at the previous year's level, 6.4 per cent (6.5 %).

Households' disposable income saw a nominal increase of 2.9 per cent and growth was still channelled into private investments. The savings rate decreased to 0.7 per cent, whereas it was 3.7 per cent in the previous year. Private consumption grew by only 3.0 per cent in 2000 (2.8 %). Demand for daily consumer goods and other short-term consumables grew by 2.4 per cent (1.8 %).

Inflation rose to 3.4 per cent (1.2%). Consumer prices rose by an average of 1.4 per cent (1.2 %) during the report year. Food prices rose by 1.0 per cent (-0.3 %).

At the end of the report year,

955 805 people lived in Elanto's area of operations - Helsinki, Espoo, Vantaa and Kauniainen - representing an increase of 10 080 people, or 1.1 % (1.3 %).

Business trends

The Elanto Group's net sales in 2000 amounted to FIM 1 930 million (FIM 1 845 million in the previous year).

The Group's profit before extraordinary items was FIM 324 million (FIM 92 million). Of this amount, the operational result accounted for FIM 95 million (FIM 63 million) and capital gains for FIM 229 million (FIM 29 million).

During the report year, the Group's shareholders' equity increased from FIM 42 million to FIM 351 million. The Group's equity ratio was 24 % (5 %) at the end of the financial year.

Elanto Retail Ltd's store network includes 3 Maxi hypermarkets, 26 Valintatalo supermarkets, 4 Valintatalo Plus supermarkets and 54 Siwa stores in the Greater Helsinki area. The store network remained unchanged during the report year.

The company's net sales amounted to FIM 1 569 million (FIM 1 467 million) and its profit before extraordinary items to FIM 36 million (FIM 14 million).

In spite of the tighter competition situation, the Maxi hypermarkets increased their net sales during the report year and their earnings strengthened further.

Elanto's Siwa stores raised their net sales and improved their earnings. During the report year, the look of all of Elanto's Siwa stores was redesigned. Now they feature better illumination and the fresh produce ranges are more visibly presented.

During the report year, numerous Valintatalo stores in the Greater Helsinki area were renovated and they were marketed more effectively. These measures led to the positive development of net sales and earnings.

Elanto Retail Ltd's positive earnings trend during the financial year was partially affected by the multi-year effort to develop the store systems, which was seen to completion towards the end of 1999.

The operations of **Elanto Restaurants Ltd** comprise 32 restaurants and bars in the Greater Helsinki area.

The company had net sales of FIM 159 million (FIM 163 million). The comparison figure includes FIM 9 million in net sales generated by

the sold business locations. Its profit before extraordinary items was FIM 16 million (FIM 15 million).

Leningrad Cowboys R.T.R, Cafe Primo and the Milenka beer tavern, all of which are restaurants established on refurbished premises, were opened during the report year, as was the Sailor's beer tavern, which was established in a new location. The renovation of the Kappeli Restaurant began in December 2000; sporting a new look, it was reopened for business in April 2001.

Elanto Hotels Ltd is responsible for the operations of three hotels in Helsinki: Ramada Presidentti Hotel, Cumulus Seurahuone and Cumulus Olympia.

The company's net sales were FIM 117 million (FIM 127 million). Profit before extraordinary items was FIM 7 million (FIM 13 million). The trend in net sales and earnings was affected by the closing of Merihotelli hotel and the tighter competition in the field.

At the Ramada Presidentti Hotel, 100 rooms were overhauled for business travellers during the report year in line with the Comfort concept. Cumulus Seurahuone continued to modernize its rooms and Cumulus Olympia changed the bu-

siness concept of its restaurant.

The net sales of Backas Puutarha Ltd (Backas Plant Nursery) were FIM 33 million (FIM 31 million) and its profit before extraordinary items was FIM 1 million (FIM 1 million).

In September, Backas Puutarha Ltd bought a flower shop in the Jumbo shopping mall; it was opened at the beginning of October under the name of Kukka-Backas.

The total net sales of the other operations amounted to FIM 52 million (FIM 57 million) and their earnings to FIM 35 million (FIM 20 million).

The other operations comprise real-estate, cosmetics stores, a shoe store, funeral parlour services, publishing and Group administration. The improvement in earnings was primarily due to the decline in administrative expenses and net interest expenses.

The real-estate business is responsible for the acquisition and development of new business locations as well as the leasing and marketing of the current stock of properties. Its area of responsibilities also includes upgrading and disposing of real-estate assets.

During the report year, the Group sold real-estate assets to the tune of FIM 339 million in all (FIM 23 million). The largest individual realization sites were shares in Oy Keskuspaikka Ab (the Maxi in Leppävaara), Keravan Kauppakeskus Oy and Kiinteistö Oy Herttoniemen Liiketalo as well as part of Elanto's quarter in Sörnäinen. Capital gains on these sales totalled FIM 229 million.

When the Elanto Cooperative sold its shares in Oy Keskuspaikka Ab, which owns the premises of the present Leppävaara Maxi, to Leppävaaran Liikekeskus Oy, it was agreed that Elanto shall have an option to purchase the shares in the premises on which the new Maxi will be built and, when the investors so demand, the obligation to purchase the shares at the agreed-upon price. The Maxi hypermarket will operate on its current premises until its transfer into the new premises.

During the report year, the Group acquired an additional portion of shares in the hotel facilities of Kiinteistö Oy Salomonkatu 7-9 at a purchase price of FIM 219 million. After the deal, the Group fully owns the facilities of Ramada Presidentti Hotel.

The focus areas of the upgrading and development of real-estate assets during the report year were the

Leppävaara Maxi property and Elanto's quarter in Sörnäinen.

Loyal customers

By the end of the year, 161 391 households (145 387) had joined Elanto's YkkösBonus scheme for loyal customers. They hold 260 126 (231 576) loyal customer cards. On the basis of their purchases from the Group's outlets in 2000, Elanto's loyal customers received a total of FIM 21 million (FIM 18 million) in bonuses.

Cooperation and joint companies

The Elanto Cooperative and the Tradeka Group jointly own (50/50%) the procurement and chain management company Ketjuetu Oy T&E and the administrative service company Palveluetu Oy T&E. Ketjuetu is responsible for the management of retail chains and Palveluetu handles the administrative services of both the owner companies and their subsidiaries.

Inex Partners Ltd handles the delivery of daily consumer goods to Elanto's stores.

Ketjuetu Oy T&E is also responsible for Elanto and Tradeka's joint loyal customer scheme, the YkkösBonus.

Elanto has been in charge of editing Elanto and Me, our loyal customer and member magazines.

Restel Ltd attends to the business operations of Elanto Hotels Ltd under a management agreement.

Investments and financing

The Elanto Group's gross capital expenditures on fixed assets and shares amounted to FIM 254 million (FIM 89 million). The largest single investment was the purchase of shares in the facilities of Ramada Presidentti Hotel. The rest of the investments comprised retail maintenance investments, systems development, the refurbishing of restaurants and hotels and the renovation of properties.

The investments were primarily performed with cash assets. A long-term loan of FIM 60 million was drawn down for the purchase of the Ramada Presidentti Hotel's premises.

The Elanto Group's liquid assets at the end of the financial year amounted to FIM 240 million (FIM 243 million).

The Elanto Cooperative's overhaul programme extends to the end of the year 2003. The Elanto Cooperative has fulfilled all the obligations which were set for 2000 in the Cooperative's overhaul programme, and is ahead of its payment schedule.

In 2000, FIM 211 million in restructuring debts were paid off (FIM 89 million). At the end of the financial year, the restructuring debts stood at FIM 988 million (FIM 1 199 million).

Personnel

The average number of personnel working for the Group (full-time, adjusted for the period) was 1 290 people (1 350).

Members

Elanto had 148 210 (148 775) active members at the end of the year. The year saw 1 090 new members join up (810).

Membership marketing has been boosted by introducing new brochures and posters and by marketing member benefits at the largest stores. The latest member benefit is a school backpack. Backpacks were handed out to 2 237 (2 019) first graders who started school in the autumn of 2000 in the Greater Helsinki area.

Elanto 95 years

Elanto celebrated its 95th anniversary on 15 October 2000. To commemorate the anniversary, coffee was served to customers at the largest stores. Members and loyal customers were given special deals for goods and at restaurants. Members were also offered affordable theatre tickets and a family cruise. A festive reception was held for personnel and the administrative boards.

Administrative boards

In December 1999, Elanto's Representative Council elected the following members to Elanto's Supervisory Board for the years 2000 and 2001: Director Kauko Aaltonen (vice chair II), Tuula Ahava, M.Sc. (Econ.), Reporter Sture Gadd, Reporter Jorma Hentilä, Parliamentary Aide Sirpa Hentell, Member of Parliament Paula Kokkonen (vice chair I), Kauko Koskinen, M.Sc. (Eng.), Domestic assistant Anna-Kaarina Leppälä, Member of Parliament Leena Luhtanen (chair), Development Manager Paula Ojala-Ruuth, Cooperation Manager Juhani Paajanen, Jukka Pekkarinen, Ph.D. (Pol. Sc.), Reporter Marja-Helena Rajala, Chair Jouni Riskilä and Anni Sovala, Teacher of handicrafts, as well as Chief shop steward Elli Aatela and Occupational safety ombudsman Margit Aaltonen, replacing the deceased Chief shop steward Hannu Heikkilä.

In 2001, Elanto's Board of Directors will have the same composition as in the previous year, with Managing Director Veijo Lehto as chair and Financial Manager Leena Pelkonen as vice chair. The other members are Chief shop steward Marjatta Ahonen, Manager of Finance and Communications Jorma Bergholm, Managing Director Leif Eckström and Lord Mayor Kari Rahkamo.

Development efforts

The development of systems that support business operations continued in the retail stores and sup-

port organization during the report year. All business functions have begun preparations for the introduction of the euro.

A new business concept and store look was developed for the Maxi hypermarket in Matinkylä. In the restaurant business, the company developed a new cafe concept, Primo, and a restaurant concept, Leningrad Cowboys R.T.R.

Outlook for business development in 2001

The retail market in the Greater Helsinki area is expected to keep developing at a faster clip than the Finnish average. Concurrently, competition in the Greater Helsinki area is forecast to tighten due to the construction of additional capacity.

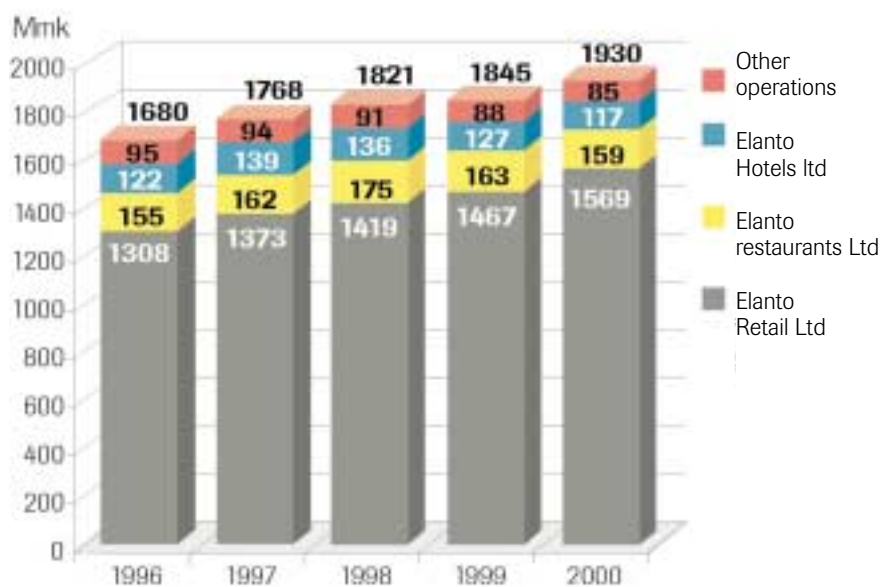
The Elanto Group's single largest project in 2001 is the start-up of the Matinkylä Maxi at the Iso Omena (Big Apple) shopping mall.

The Group's net sales will grow, but the start-up expenses of the new unit will burden the result. ●

The Elanto Group's net sales, 2000

	Business locations		
	FIM million	EUR million	31 Dec. 2000
Maxi	625	105	3
Valintatalo / Valintatalo Plus	547	92	30
Siwa	397	67	54
Elanto Retail Ltd	1569	264	87
Elanto Restaurants Ltd	159	27	32
Elanto Hotels Ltd	117	20	3
Backas Puutarha Ltd	33	5	2
Elanto Cooperative	65	11	13
Internal net sales	-13	-2	
Elanto Group	1930	325	137

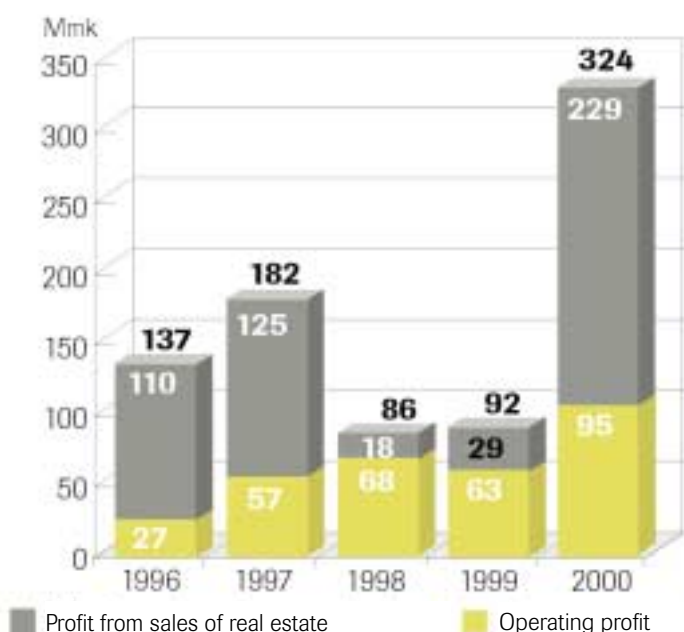
Elanto Group's net sales



Consolidated Income Statement, 1 Jan.- 31 Dec. 2000

	Elanto Group		Elanto Cooperative	
	2000 FIM 1000	1999 FIM 1000	2000 FIM 1000	1999 FIM 1000
NET SALES	1 930 395	1 844 639	65 224	63 155
Other operating income	283 346	80 016	322 891	113 915
Operating expenses				
Goods	- 1 335 626	- 1 259 024	- 37 326	- 36 344
Personnel expenses	- 215 453	- 217 082	- 11 941	- 14 525
Depreciation	- 57 625	- 62 967	- 10 014	- 5 992
Other operating expenses	- 264 113	- 271 143	- 74 586	- 76 139
Total	- 1 872 817	- 1 810 216	- 133 867	- 133 000
OPERATING PROFIT	340 924	114 439	254 248	44 070
Financial income and expenses	- 17 302	- 22 532	4 058	323
PROFIT before extraordinary items	323 622	91 907	258 306	44 393
Extraordinary items	98 548	31 743	73 501	53 007
PROFIT before taxes	422 170	123 650	331 807	97 400
Direct taxes	- 95 864	- 26 015		
Minority interest	429	1 015		
SURPLUS FOR THE PERIOD	326 735	98 650	331 807	97 400

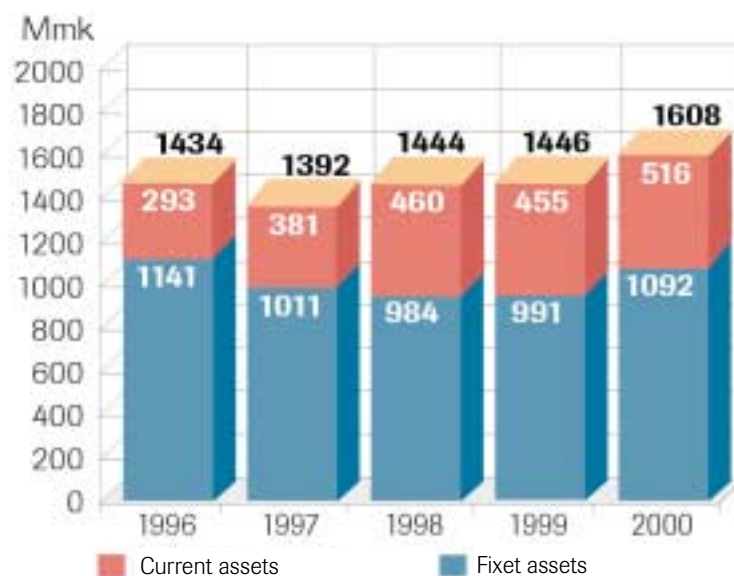
Elanto Group's profit before extraord. items



CONSOLIDATED BALANCE SHEET, 31 DEC. 2000

Assets	Elanto Group		Elanto Cooperative	
	31 Dec. 2000 FIM 1000	31 Dec. 1999 FIM 1000	31 Dec. 2000 FIM 1000	31 Dec. 1999 FIM 1000
Fixet assets				
Intangible asset	66 788	70 574	453	325
Tangible asset	796 270	635 879	200 842	210 468
Investments				
Shares and holdings in	73 179	148 271	217 595	167 395
Other investments	155 951	136 265	725 368	734 760
Fixet assets, total	1 092 187	990 989	1 144 258	1 112 948
Current assets				
Inventory	97 125	101 014	5 347	5 244
Rceivables	145 979	78 088	159 924	69 957
Inputed tax credit	32 425	32 535		
Securities included in current asset	41 232	65 099	17 474	60 799
Cash and banks	199 144	178 165	83 387	63 160
Current assets, total	515 905	454 902	266 131	199 160
Assets, total	1 608 092	1 445 891	1 410 389	1 312 108

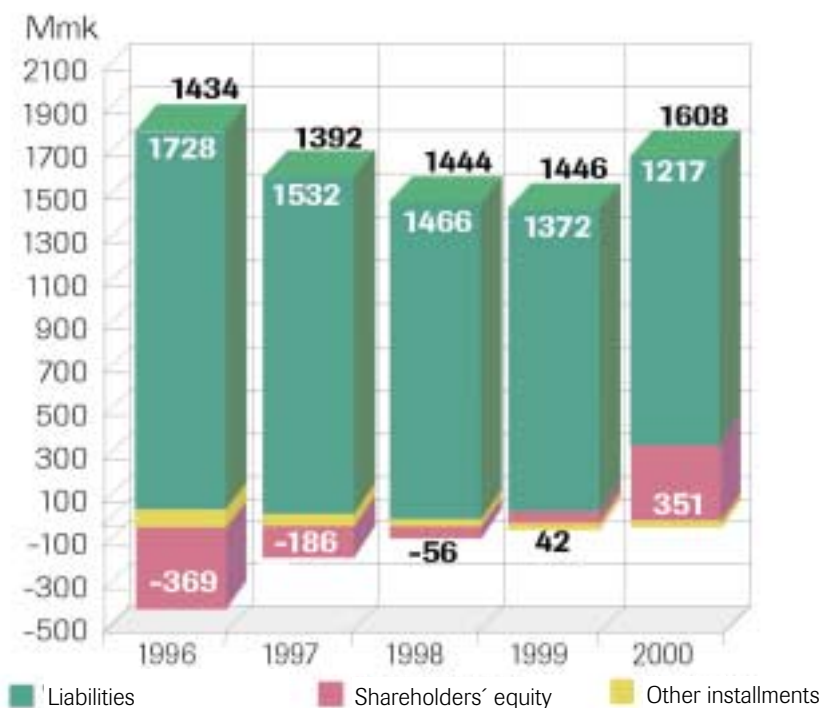
Elanto Group's assets



CONSOLIDATED BALANCE SHEET, 31 DEC. 2000

Liabilities	Elanto Group		Elanto Cooperative	
	31 Dec. 2000 FIM 1000	31 Dec. 1999 FIM 1000	31 Dec. 2000 FIM 1000	31 Dec. 1999 FIM 1000
Shareholders' equity				
Cooperative capital	29 451	29 256	29 451	29 256
Membership refunds	788	784	788	784
Revaluation fund	122 222	139 774	119 264	136 816
Reserve fund	34 486	34 486	34 486	34 486
Other fund	67 138	67 138	67 138	67 138
Losses from previous years	- 229 434	- 328 084	- 199 294	- 296 694
Profit for the financial period	326 735	98 650	331 807	97 400
Shareholders' equity, total	351 386	42 004	383 640	69 186
Minority interest	37 686	28 313		
Obligatory reserves	1 728	3 795	1 728	3 532
Liabilities				
Imputed deferred tax liability	1 788	1 871		
Convertible bonds	422 723	423 653	422 723	423 653
Other long-term liabilities	622 456	741 264	584 090	756 187
Short-term liabilities	170 325	204 991	18 208	59 550
Liabilities, total	1 217 292	1 371 779	1 025 021	1 239 390
Shareholders' equity and liabilities, total	1 608 092	1 445 891	1 410 389	1 312 108

Elanto Group's liabilities



Cash flow statement, 1. Jan. - 31 Dec. 2000

	Elanto Group		Elanto Cooperative	
	2000 FIM 1000	1999 FIM 1000	2000 FIM 1000	1999 FIM 1000
CASH FLOW FROM OPERATIONS				
Profit before extraordinary items	323 622	91 907	258 306	44 393
Adjustments				
+Depreciation according to plan	57 625	62 967	10 014	5 992
-/+ Other income and expenses not involving payments	- 1 688	- 2 651	- 1 804	-2 754
Financial income and expenses	17 302	22 532	- 4 059	- 323
Other adjustments (- capital gains and + capital losses)	- 229 176	- 28 760	- 220 467	- 18 219
Cash flow before change in working capital	167 685	145 995	41 990	29 089
Change in working capital				
Increase (-)/decrease (+) in short-term non-interest-bearing receivables	- 5 142	3 318	- 13 482	2 082
Increase (-)/decrease (+) in inventories	3 890	189	- 103	- 244
Increase (-)/decrease (+) in short-term non-interest-bearing debt	8 915	- 1 964	2 988	- 4 053
Cash flow from operations before financial items and taxes	175 348	147 538	31 393	26 874
Interest paid and payments on operating financial expenses	- 30 453	- 27 795	- 31 096	- 29 494
Dividends received from business operations	1 151	1 044	1 149	2 483
Interest received from business operations	14 313	8 104	34 005	26 427
Direct taxes paid	- 137	- 272		
Cash flow before extraordinary items	160 222	128 619	35 451	26 290
Cash flow from operating extraordinary items (net)	2 848	2 743	63 343	47 246
Cash flow from operations	163 070	131 362	98 794	73 536
CASH FLOW FROM INVESTMENTS:				
Investments in tangible and intangible assets	- 31 113	- 86 539	- 20 915	- 13 678
Capital gains on intangible and tangible assets	73 040	35 169	59 485	17 479
Investments in other investments	- 6 385	- 2 315	- 6 358	- 7 786
Capital gains on other investments	14 112	2 221	135 213	12 112
Sold shares of subsidiaries	- 216 099			
Bought shares of subsidiaries	162 020	2 423		
Bought shares of associated companies		- 298		
Sold shares of associated companies	2 448	9 915		
Loans granted	- 14 162	- 2 976	- 173 706	- 40 130
Repayment of loan receivables	1 302	397	101 546	14 656
Cash flow from investments	- 14 837	- 42 003	95 265	- 17 347
CASH FLOW FROM FINANCING:				
Cooperative payments during report year	199	184	199	184
Repayment of short-term loans	- 153	- 284		
With drawal of long-term loans	60 038	102	4 500	6 500
Repayment of long-term loans	- 105	- 1 771	- 10 040	
Repayment of overhaul debts	- 211 099	- 88 743	- 211 817	- 89 070
Cash flow from financing	- 151 120	- 90 512	- 217 158	- 82 386
CHANGE IN CASH ASSETS	- 2 887	- 1 153	- 23 099	- 26 197
CASH ASSETS, 1 Jan.	243 263	244 417	123 959	150 156
CASH ASSETS, 31 Dec.	240 376	243 264	100 860	123 959

NOTES TO THE ACCOUNTS

Accounting policy applied in the financial statements

The Elanto Cooperative is the parent company of the Elanto Group and it is domiciled in Helsinki. Copies of the Elanto Group's financial statements are available from the Elanto Cooperative. The address is Paasivuorenkatu 2 A, 00530 Helsinki, Finland.

Changes in the Group structure

The Elanto Cooperative sold the capital stock in Kiinteistö Oy Herttoniemen Liiketalo at the end of June and the capital stock in Oy Keskuspaikka Ab towards the end of the year. In addition, the Elanto Cooperative has sold a majority holding in Keravan Kauppakeskus Oy. The sales price is included in short-term trade receivables in the financial statements. The results attained by property subsidiaries while they were still in the Group's ownership in 2000 have been included in the consolidated income statement.

In the case of associated companies, holdings in Asunto Oy Merimiehenkatu 20 and Asunto Oy Mäkitorpantie 23 were sold in the first months of 2000. Hakaniemen Kiinteistösijoitus Oy (formerly Leppävaaran Kauppakeskus Oy), whose shares outstanding are solely owned by the Elanto Cooperative, acquired a majority stake in Kiinteistö Oy Salomonkatu 7-9 in November 2000. Kiinteistö Oy Salomonkatu 7-9 was already an associated company of the Group due to the Elanto Cooperative's pre-acquisition holding in it. In the consolidated financial statements, the share of full-year earnings accounted for by Kiinteistö Oy Salomonkatu 7-9 in 2000 has been treated as a share of the result of the associated property company in line with the Group's previous holding. The company has been consolidated as a subsidiary in the consolidated balance sheet as from 31 December 2000. Hakaniemen Kiinteistösijoitus Oy has not prepared separate consolidated financial statements. The merger of Elannon Peruskauppapalvelut Oy (formerly Pohjolan Pesula Oy) into the Elanto Cooperative was registered on 30 November 2000 and Elannon Perushuolto Oy was dissolved on 28 December 2000 (registered on 9 February 2001). At the end of 2000, the Elanto Cooperative set up two new subsidiaries: Elannon Suuret Superit Oy and Matinkylän Maxi Oy.

Principles of valuation

Fixed assets have been recorded in the balance sheet at their acquisition cost minus depreciation according to plan. Depreciation according to plan has been calculated on a straight-line basis according to the useful life of the assets.

The depreciation and amortization periods are:

Goodwill		10 years
Other long-term expenditures	5	- 10 years
Buildings and structures	10	- 40 years
Machinery and equipment	5	- 10 years
Other tangible assets	5	- 10 years

The amortization of goodwill is based on the long-term and far-reaching strengthening of the market position of subsidiaries in their areas of operation when this has been brought about in connection with the acquisition of outlet networks. The other long-term expenditures primarily comprise the costs of hotel room repairs. Their depreciation period is five years in the retail business and 10 years in the hotel and restaurant businesses. The acquisition cost of computer software included in other long-term expenditures is depreciated in five years.

The balance sheet value also includes the revaluation of land areas and buildings. In connection with the restructuring of the parent company, the book values and revaluations of its fixed assets have been adjusted by means of write-downs in 1995 so that their maximum collateral values are in line with the going concern principle.

Investments have been recorded in the balance sheet at the original acquisition cost; however, in the case of the parent company and in connection with the corporate restructuring, shares and receivables – in the manner of fixed assets, as described above – have been recorded so as to correspond to the collateral values.

Revaluations of shares in subsidiaries are included, in accordance with their type, under "buildings" in the consolidated financial statements. Inventories are presented at the original acquisition cost or the probable market price, whichever is lower. The Group's inventories primarily comprise daily consumer goods.

Trade receivables mainly consist of sales price and credit card receivables. Receivables have been valued at their nominal value or probable value, whichever is lower.

The securities included in financial assets are commercial paper that is traded publicly and they are valued at the acquisition cost.

Pensions

Pension security for the employees of Group companies has been covered through external pension insurance companies. Pension payments and expenses allocated to the financial year are based on the calculations performed by the actuaries of insurance companies. Pension costs are booked as expenses in the year they were incurred on the basis of invoices received from insurance companies.

Comparability of the figures for previous financial years

When comparing the information on the period under review with the figures for the previous financial period, one must keep in mind that the parent company received significantly higher capital gains on the sale of fixed assets than in the previous financial year. Capital gains on the sale of fixed assets and other non-current assets are included in other operating income. Changes in the corporate structure also had a significant effect on changes in consolidated balance sheet items.

The net sales of the retail business grew by about FIM 100 million. About half of the growth is due to the new outlets established in 1999.

The Elanto Cooperative sold the machinery and furnishings related to retail business operations to Elanto Retail Ltd in 1996. The depreciation period was four years, ending at the close of 1999. This reduces depreciation by about FIM 10 million.

Imputed tax credits, deferred tax liability and taxes

In the consolidated financial statements, the imputed tax credits and deferred tax liability are calculated on the basis of the temporary differences between taxation and the financial statement using a tax base of 29%. The deferred tax liability is recorded in the consolidated balance sheet in its entirety, whereas very conservative principles have been applied in estimating the recorded receivables from imputed tax credits. The deferred tax liability related to revaluations (FIM 149 million) has not been booked.

Imputed tax credits are primarily based on the confirmed losses of the Elanto Cooperative in previous years and depreciation and write-downs that have not been declared as tax deductibles as yet. In the case of the losses and depreciation confirmed for 2000, a sum corresponding to the Group's imputed taxes for 2000 has been booked in extraordinary items, with imputed tax credits remaining at the previous year's level. The change in the Group companies' appropriations during the financial year has been presented in the consolidated financial statements, where it is divided between the result for the period and the change in the deferred tax liability.

Income allocated to previous financial years

The increase in imputed tax credits included under extraordinary items in the consolidated financial statements is based on the losses confirmed for 1993-95 and the depreciation and write-downs that have not been declared as tax deductibles which were booked during those same years. The booking method corresponds to the procedures specified in the general instructions concerning imputed tax credits and deferred tax liabilities during the transitional period which were issued by the Accounting Board on 11 January 1999. The accounting procedures used were in line with regulations applying to extraordinary items, as only a small share of the imputed tax credits were booked during the transitional period due to the highly conservative policy applied in accounting and because the booking of credits deviates from ordinary operations, is partially non-recurring and significant, and was performed as a result of previous financial years.

Accounting policy applied in the consolidated financial statements

Extent of the consolidated financial statements

The consolidated financial statements include the financial statements of all subsidiaries and all associated companies except for two property companies. The unconsolidated companies have no significant effect on the Group's result or its non-restricted equity.

Accounting principles applied in the consolidated financial statements

Intra-Group shareholdings

The consolidated financial statements have been drawn up in accordance with the acquisition cost method. The difference between the price paid for the shares in subsidiaries and the subsidiary's shareholders' equity corresponding to the acquired holding has been allocated to fixed assets. Allocated items amounted to FIM 19.4 million (FIM 19.4 million) in the case of land areas and FIM 245.5 million (FIM 6.9 million) in the case of buildings. Items allocated to buildings are depreciated according to the depreciation plan for the fixed asset item in question. The increase in the item allocated to buildings was due to the acquisition of a majority holding in Kiinteistö Oy Salomonkatu 7-9.

Intra-Group transactions and margins

Intra-Group transactions, receivables and payables have been eliminated, along with unrealized capital gains from the sale of fixed assets. Possible unrealized internal margins on inventories have not been analyzed, and have thus not been eliminated. They are minor in value. There was no internal distribution of profits among Group companies.

Minority interest

Minority interest has been separated out from consolidated shareholders' equity and earnings, and has been stated as a separate item.

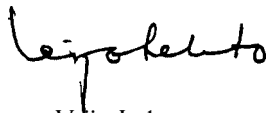
Associated companies

Associated companies have been consolidated using the equity method. The Group's portion of the associated property companies' results for the financial year – a portion that corresponds to the Group's shareholding – has been recorded in financial items, whereas in the case of Ketjuetu Oy T&E and Palveluetu Oy T&E it is presented in other operating expenses.

THE BOARD OF DIRECTORS' PROPOSAL ON THE DISPOSAL OF THE SURPLUS

The Board of Directors proposes that the Elanto Cooperative's surplus for 2000, FIM 331 806 973.50, be used to cover the deficits of previous years, which amount to FIM 199 294 055.39, pursuant to subsection 1 of § 12 of the regulations, and that the remainder of the surplus for the period, FIM 132 512 918.11, be retained in the surplus funds account.

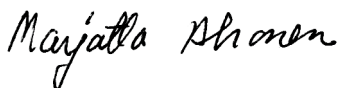
Helsinki, 20 March 2001



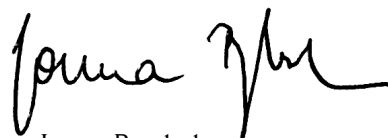
Veijo Lehto
Chair



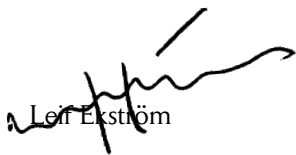
Leena Pelkonen
Vice Chair



Marjatta Ahonen



Jorma Bergholm



Leif Ekström



Kari Rahkamo



Arto Ihto
President and CEO

AUDITORS' REPORT

To the Representative Council of the Elanto Cooperative:

We have audited the accounting, the financial statements and the corporate governance of the Elanto Cooperative for the 2000 financial year. The financial statements, which include the report of the Board of Directors and the income statements, balance sheets and notes to the financial statements of the Group and the Cooperative, have been prepared by the Board of Directors and the President and CEO. Based on the audit, we express an opinion on these financial statements and on the corporate governance of the Cooperative.

We have conducted the audit in accordance with Finnish Auditing Standards. Those standards require that we perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Supervisory Board and the Board of Directors and the President and CEO have legally complied with the rules of the Cooperatives Act.


In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of the financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of the result of operations and the financial position of both the Group and the Cooperative. The financial statements with the consolidated financial statements can be adopted and the members of the Supervisory Board and the Board of Directors and the President and CEO of the Cooperative can be discharged from liability for the financial year audited by us. The proposal by the Board of Directors regarding the disposal of the surplus is in compliance with the Cooperatives Act.

Helsinki, 20 March 2001



Mauri Palvi
Authorized Public Accountant

TILINTARKASTUSRENGAS OY



Tapio Luoma
Approved Auditor

THE SUPERVISORY BOARD'S STATEMENT ON THE 2000 FINANCIAL STATEMENTS

Having examined the 2000 financial statements of the Elanto Group and the Elanto Cooperative, as well as the proposal of the Board of Directors on the disposal of the surplus, the Supervisory Board will submit the following statement on the financial statements, which is in line with subsection 9 of § 23 of the Cooperative's regulations, to the Annual Meeting of Representatives in the spring:

The Supervisory Board proposes that the financial statements be adopted.
The Supervisory Board is in favour of the Board of Directors' proposal on the disposal of the surplus.

Helsinki, 22 March 2001



Leena Luhtanen
Chair



Saimi Lehtimäki
Secretary

REPRESENTATIVE COUNCIL

Representative council 1999-2003

Margit Aaltonen
Occupational safety ombudsman, 1979-91, 1995

Elli Aatela
Chief shop steward, 1987

Tuula Ahava
M.Sc. (Econ.), 1979

Marjatta Ahonen
Chief shop steward, 1987-95, 1999

Pirkko Alaranta
M.A., 1995

Pekka Alenius
M.Sc.(Econ.), 1995

Tuovi Allén
Program manager, 1999

Jouni Apajalahti
Dean, 1971-75, 1995

Pentti Arajärvi
Committee counsellor, 1999

Teija Asara-Laaksonen
Chief shop steward, 1991

Laura Finne-Elonen
Specialist in General Medicine 1999

Sture Gadd
Reporter, 1995

Ulla Gyllenberg
District manager, 1999

Tuula Haatainen
Member of Parliament, 1999

Yrjö Hakanen
Chair, 1999

Tutteli Hammerman
Natural therapist, 1983

Pirkko-Liisa Harjama
Comprehensive school teacher, 1979

Ilmari Helimäki
Professor, 1979-88, 1999

Rakel Hiltunen
Member of Parliament, 1999

Matti Huttunen
Plumber, 1991

Anna-Liisa Hyvönen
Urban counsellor, 1965-87, 1995

Maila Hölttä
Office secretary, 1983-87, 1995

Ulpu Iivari
Member of the European Parliament, 1999

Päivi Isotalo
Director of a service home, 1995

Reijo Kaunola
Pensioner, 1975-79, 1999

Riitta Kauppila
Department manager, 1995

Kimmo Kiljunen
Member of Parliament, 1991

Paula Kokkonen
Member of Parliament, 1999

Anneli Koskinen,
1995

Kauko Koskinen
M.Sc.(Eng.), 1991-97, 1999

Merja Kuusisto
Specialist nurse, 1983-87, 1999

Jaakko Laakso
Member of Parliament, 1971-83, 1991-95, 1999

Aila-Marja Leistén
Reporter, 1995

Anna-Kaarina Leppälä
Domestic assistant, 1983

Tuula Lindell
Office secretary, 1999

Matti Louekoski
Bank Director, 1983

Leena Luhtanen
Member of Parliament, 1991

Anja Matsinen
Pensioner, 1991

Lulu Nenonen
Secretary, 1999

Outi Ojala
Member of Parliament, 1987

Tuula Paalimäki
Architect, 1999

Hannu Pohjanpalo
Colonel, 1995

Kari Rahkamo
Lord Mayor, 1968-95, 1999

Marja Rahkonen
Reporter, 1999

Suvi Rihtniemi
M.Sc.(Eng.), 1987-95, 1999

Pekka Saarnio
Reporter, 1968-75, 1979-83, 1991

Olli Salin
Office manager, 1995

Pekka Sauri
Ph.D., 1999

Reijo Sinisalo
Chief shop steward, 1999

Anni Sovala
Teacher of handicrafts, 1983

Ritva Sänkiäho
Social worker, 1995

Jouni J. Särkijärvi
Director general, 1983-95, 1999

Tarja Tenkula
Specialist nurse, 1995

Pirkko Tepponen
M.Sc.(health care), 1999

Pekka Tiainen
Ph.D. (Pol.Sc.), 1999

Taina Tuomikorpi
Specialist nurse, 1999

Erkki Tuomioja
Minister for foreign affairs, 1975

Kari Uotila
Member of Parliament, 1995

Kerttu Vainio
Reporter, 1965-82, 1987

Jorma Virtanen
Business college graduate, 1999

Tuula Öhman
Director of a senior citizens' home, 1999



In front, from the left: Kauko Aaltonen, Leena Luhtanen and Paula Kokkonen. In the back: Margit Aaltonen, Elli Aatela, Tuula Ahava, Sture Gadd, Sirpa Hertell, Jorma Hentilä, Anni Sovala, Anna-Kaarina Leppälä, Kauko Koskinen, Marja-Helena Rajala and Juhani Paajanen. Not present: Jukka Pekkarinen and Jouni Riskilä

SUPERVISORY BOARD

Leena Luhtanen
Member of Parliament
member of the Supervisory Board ,
1996
chair, 1996

Paula Kokkonen
Member of Parliament
member of the Supervisory Board ,
2000
vice chair I, 2000

Kauko Aaltonen
Director
member of the Supervisory Board ,
1996
vice chair, I, 1998
vice chair II, 1996-97, 2000

Tuula Ahava
M.Sc.(Econ.), 1998

Sture Gadd
Reporter, 2000

Jorma Hentilä
Reporter, 1998

Sirpa Hertell
Parliamentary aide, 1996

Kauko Koskinen
M.Sc.(Econ.), 1996-97, 2000

Anna-Kaarina Leppälä
Domestic assistant, 1992

Paula Ojala-Ruuth
Development manager, 2000

Juhani Paajanen
Cooperation manager, 1998

Jukka Pekkarinen
Ph.D. (Pol.Sc.), 1998

Marja-Helena Rajala
Reporter, 2000

Jouni Riskilä
Chair, 1984

Anni Sovala
Teacher of handicrafts, 1996

Personnel representatives

Elli Aatela
Chief shop steward, 1990

Hannu Heikkilä
Chief shop steward,
1998-27.5.2000 (†)

Deputies

Markku Ekstam
Deputy chief shop steward, 2000

Margit Aaltonen
Occupational safety ombudsman,
1998

BOARD OF DIRECTORS 2001

Veijo Lehto



Leena Pelkonen



Marjatta Ahonen



Jorma Bergholm

Leif Ekström

Kari Rahkamo

Board of Directors

Veijo Lehto
Managing director
member of Board of Directors,
1996
chair, 1999

Leena Pelkonen
Financial manager
member of Board of Directors,
1992
vice chair, 1999

Marjatta Ahonen
Chief shop steward, 1996

Jorma Bergholm
Manager of finance and
communications, 1999

Leif Ekström
Managing director, 1996

Kari Rahkamo
Lord Mayor, 2000

Management Group 2001

Arto Ihto
President and CEO, 1999

Kirsti Salminen
Vice president, 1996
Director, 1994

Merja Sohlberg
Financial director, 1999

Auditors 2000

Regular auditors

Mauri Palvi
M.Sc.(Econ.). Authorized Public
Accountant, 1996
KPMG Wideri Oy Ab

Tilintarkastusrengas Oy,
Approved Auditors
Tapio Luoma
Appeal counsellor, Approved
Auditor, 1983

Deputy auditors

Heikki Ruosteenoja
Authorized Public Accountant,
1996
KPMG Wideri Oy Ab

The person appointed by
Tilintarkastusrengas Oy

Supervisors





Timo Esko
Attorney

Juha Rantasila
Attorney


ELANTO'S OUTLETS AND AREA OF OPERATION IN

ELANTO'S OUTLETS AND AREA OF OPERATION IN 2001

Elanto Retail Ltd

	Maxi	3 pcs
	Valintatalo Plus	4 pcs
	Valintatalo	26 pcs
	Siwa	54 pcs





Elanto Restaurants Ltd

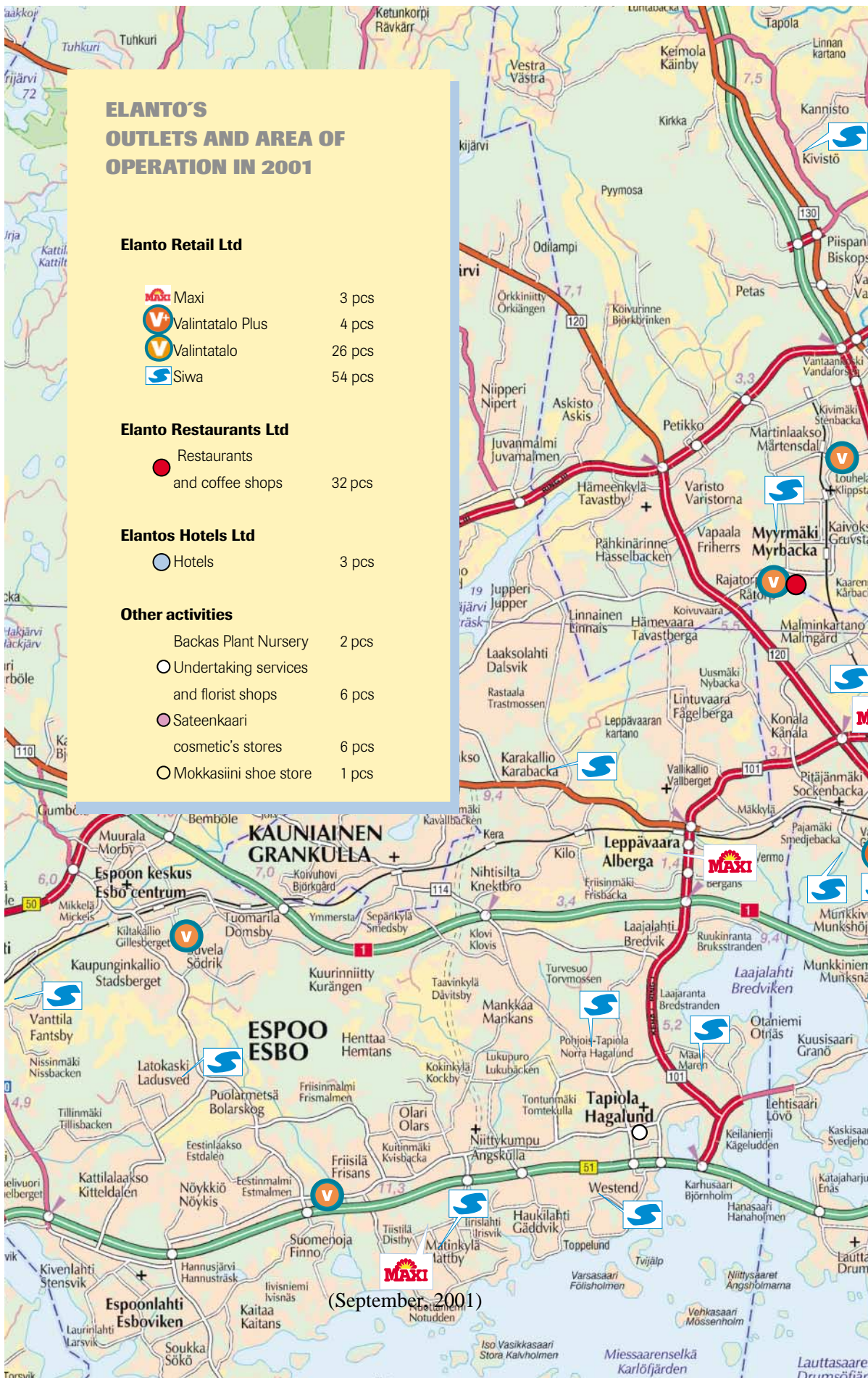
	Restaurants and coffee shops	32 pcs
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Elantos Hotels Ltd

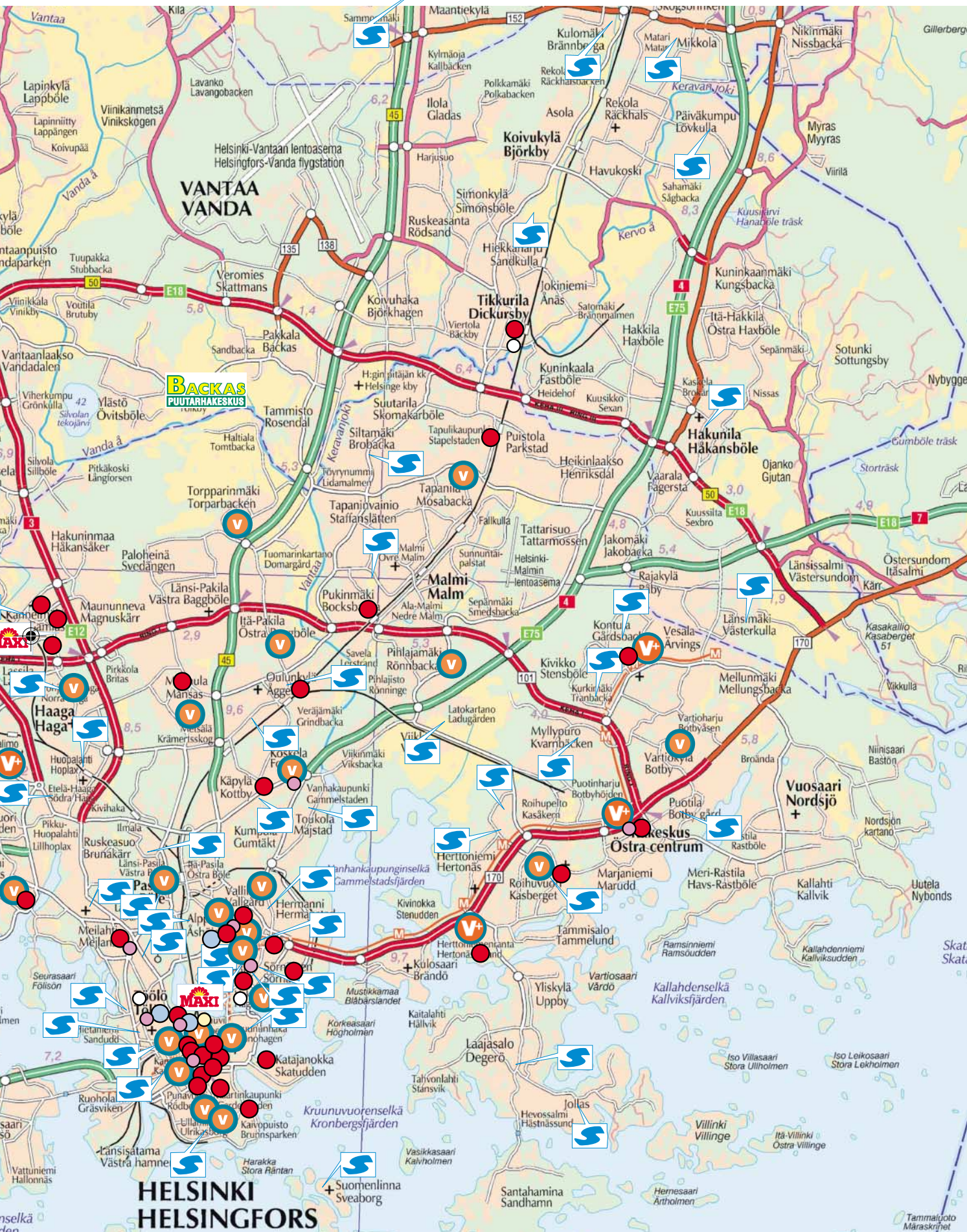
	Hotels	3 pcs
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Other activities

	Backas Plant Nursery	2 pcs
	Undertaking services and florist shops	6 pcs
	Sateenkaari cosmetic's stores	6 pcs
	Mokkasiini shoe store	1 pcs



(September, 2001)



VANTAA
VANDA

BACKAS
PUUTARHAKESKUS

HELSINKI
HELSINGFORS

Tammi-
Märskrifet



Founded 15 October 1905
Address Paasivuorenkatu 2 A, 00530 Helsinki, Finland
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Fax +358-9-734 2903
E-mail firstname.surname@elanto.fi
Internet site www.elanto.fi

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