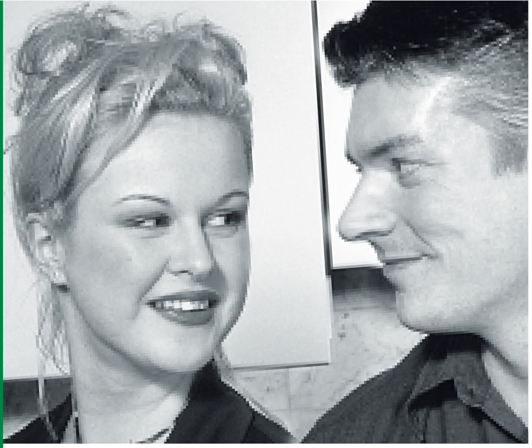
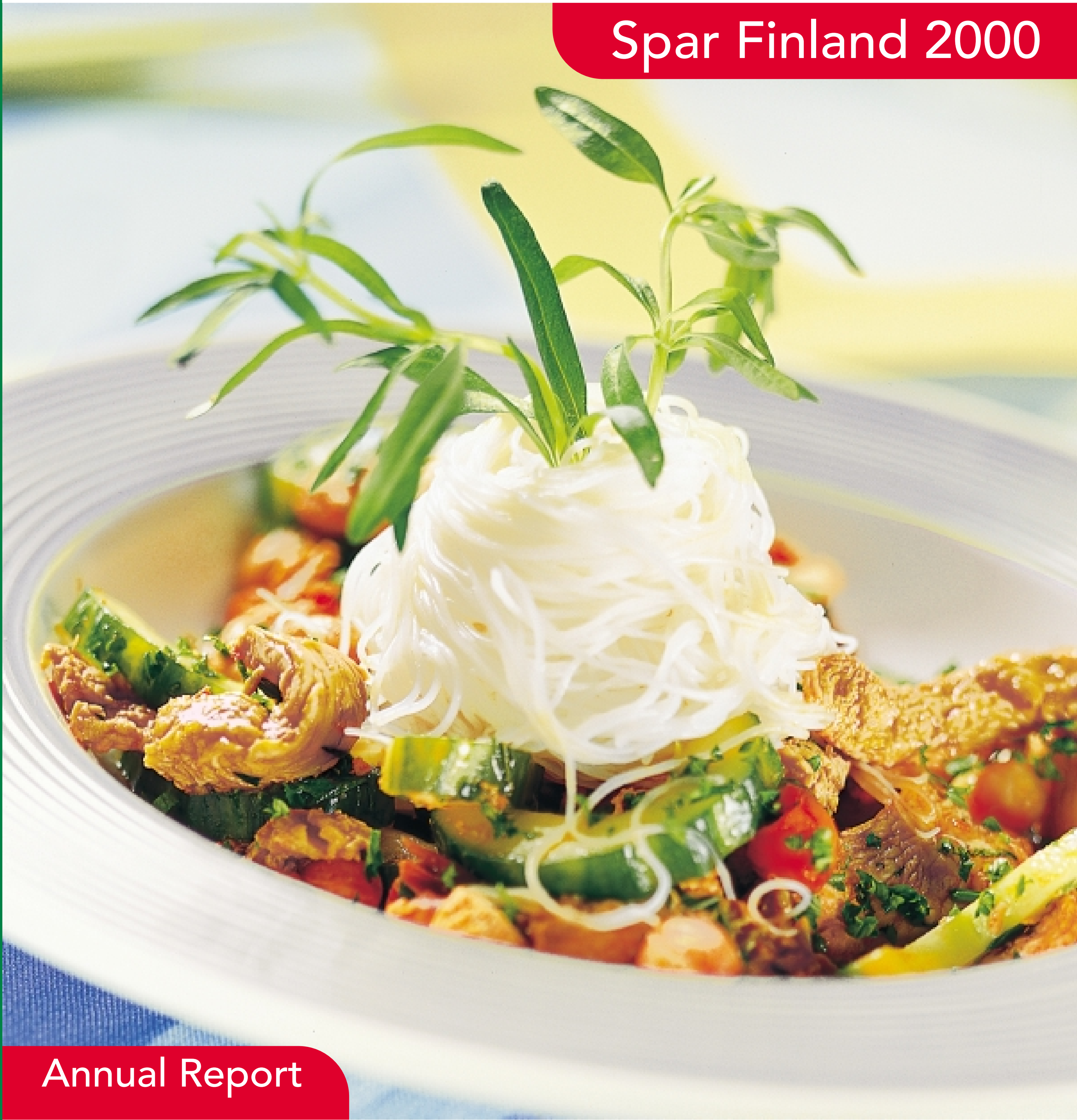


# Spar Finland 2000



# Annual Report

# Contents



# Information for Shareholders

**Annual General Meeting**

The annual general meeting of Spar Finland plc will be held on Wednesday, 2 May 2001 at 2 pm in the auditorium of Spar Finland, Tiilenpolttajankuja 5, Petikko, Vantaa.

Shareholders wishing to attend the meeting should notify the company no later than 4 pm on Friday, 27 April 2001, tel. +358 205 32 6034.

Shareholders are entitled to attend the AGM if they have registered themselves in the company's shareholder register, kept by the Finnish Central Securities Depository Ltd, no later than 20 April 2001.

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

**Dividend**

The Board proposes that the profit for the period 1 January – 31 December 2000 be retained in the profit and loss account and that no dividend be paid.

**Financial Information**

Spar Finland plc will publish three interim reports in 2001:

- 1 January – 31 March 2001
  Wednesday 2 May
- 1 January – 30 June 2001
  Thursday 9 August
- 1 January – 30 September 2001
  Friday 26 October

The interim reports and all Spar Finland's other stock exchange releases can be viewed at the website www.spar.fi.

The publications will be available in English, Swedish and Finnish.

In 2001 only the half-year interim report will be printed and sent to shareholders. The first and third interim reports will be available at our website: if necessary we will send hard copies of the reports.

Published materials may be ordered by phone +358 205 326 010, fax +358 205 326 011, by e-mail: maija.skog@spar.fi or at the address Spar Finland plc, Maija Skog, PO Box 140, FIN-01721 Vantaa, Finland.

# Spar Finland in Brief

*Spar Finland plc was formed in 1997 by the merger of Sentra Oyj with Suomen Spar Oy, which had been acquired from Tuko Oy. This arrangement created Spar Finland, a modern wholesaler and retailer of groceries that operates nationwide.*

Spar Finland has two series of shares with different voting rights. The shares are quoted on the Helsinki Stock Exchange I-list. The company has a total of about 470 shareholders.

Spar Finland's principal owner, Axfood AB, which is listed on the Stockholm Stock Exchange's A-list, is one of Sweden's biggest food retail companies. Spar, which was founded in the Netherlands in 1932, is an international brand for food shops which today can be seen in some 30 countries.

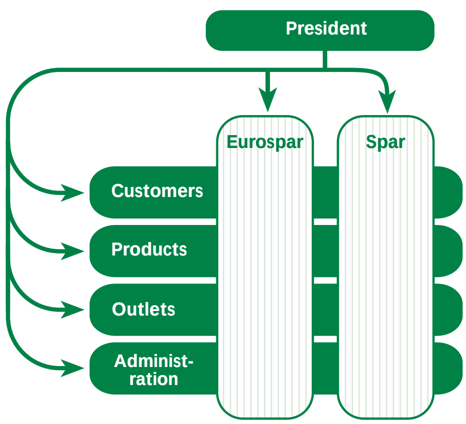
It is Spar Finland's goal to serve the Finnish customers the way they wish.

It is Spar Finland's mission to improve the chain concepts of the grocery business, the network of outlets, ranges and marketing, and to coordinate the Spar Group's purchasing functions and its collaboration. The Spar Group includes 325 retail stores (Dec./00), of which 88 are owned by Spar Finland.

### New operating model

Spar Finland's operating model will be revised in the course of 2001. The new organisation consists of two divisions (Eurospar and Spar) and their supporting units (Customers, Products, Outlets, and Administration).

The new operating model will strengthen the Spar brand and the competitive edge of the Spar chains by making it possible to eliminate duplicated effort, to streamline operations, and to allocate resources more efficiently.




### Key Indicators

| Spar Finland Group | 2000 | 1999 | 1998 |
|---|---|---|---|
| Net turnover, €million | 608.4 | 614.4 | 650.3 |
| Net turnover, €million | -3.9 | 1.6 | 3.4 |
| Capital expenditure, €million | 15.9 | 14.8 | 11.2 |
| Personnel expenses, €million | 27.3 | 25.2 | 24.7 |
| Profit after financial items, €million | 0.2 | 1.6 | 3.7 |
| Earnings per share, € | -2.93 | 0.94 | 2.20 |
| Solvency ratio % | 27.0 | 27.8 | 28.4 |
| Return on investment, ROI, % | -4.9 | 3.8 | 8.2 |
| Return on equity, ROE, % | -9.9 | 1.7 | 9.5 |
| Shareholders' equity per share, € | 29.81 | 29.60 | 29.42 |
| Personnel, average | 968 | 929 | 987 |

Markkas have been translated into euros with the conversion factor 5.945730.

# Milestones in 2000

**January**
The Finnish Athletics Association and Spar Finland entered into collaboration on sponsorship covering the field from youth sports to the national team elite. The agreement makes Spar one of the chief sponsors of Finnish athletics.

**April**
Pirkko Rauhala of Muonio was chosen as the Spar Retailer of the Year 1999.

The opening ceremonies for two new Superspars were held, in Siilinjärvi and Varkaus.

**May**
A survey by the National Consumer Administration showed that the cheapest basket of food in Finland came from Eurospar. The same goods cost 20% less at Eurospar than in the most expensive shop in the survey.

Spar Finland's parent company was renamed Axfood AB.

**June**
On 15 June Spar Finland opened four Eurospars in different parts of the country: Korso, Hollola, Kempele and Ylivieska.

In Turku a new Spar Market was opened on Laivurinkatu.

**August**
The campaign "1% of the price of every Spar product to junior athletics" had made more than a million marks by the end of June.

Managing Director Björn Westerholm resigned his post.

**September**
A Eurospar was opened in Riihimäki.

**October**
Esso, the Best Western hotel chain, the Finnmatkat travel agency and the electricity company Kainuun Sähkö became partners in Spar's customer loyalty programme.

Pekka Kosonen was appointed Chief Executive of Spar Finland as of 1 November.

The Superspar in Klaukkala won the silver medal in the Finland's Best Fruit and Vegetables Section competition.

**November**
Spar Finland's eleventh Eurospar was opened in Rovaniemi.

The completions of a Spar Market in Noormarkku and a Superspar extension in Kuusankoski were celebrated.

# Chief Executive's Review

*For the Spar Group 2001 is a time of change. We are combining our former five retail chains into two nationwide chains. We are also thoroughly updating our organisation and working methods.*

## Large units did well

The winners in the Finnish groceries business last year were large supermarkets and hypermarkets. The losers were self-service retailers with less than 400 square metres of floor space.

The Spar Group's trend in sales follows the nationwide tendency: last year the trend was positive for chains of large retail outlets, while small retailers suffered a downturn in sales. Of the small outlet chains Spar Express, which represents the convenience store type, had the best growth trend (4.9%).

In the Spar Market chain both sales (-8.6%) and the number of outlets (-16) declined. Sales also fell in the Rabatti chain (-2%). Among large supermarket chains Eurospar boosted both its sales (46.9%) and its number of outlets (7). The sales of the Superspar chain made positive gains (1%), although the number of outlets declined by two.

The trend in the Spar Group's retail sales last year was –1.6%. Although the large units did well, the smaller ones' performance depressed overall sales. The downbeat trend in sales was largely due to the structure of the shop network. Of the Spar Group's FIM 5.3 billion in retail sales last year, almost 60% came from small local shops and 40% from large supermarkets.

Since a large proportion of the Spar Group's volume comes from small outlets, the Group's structure is the opposite of that of the national food business – about 78% of Finland's groceries business takes place in large units: hypermarkets, department stores and supermarkets.

Spar Finland's capital expenditure (EUR 15.9 million) increased the number of square metres of retail space and improved the network. In 2000 we opened a new Eurospar in Rovaniemi, we refurbished six Superspars into Eurospars and we extended two Spar Markets into Superspars. We also carried out thoroughgoing projects of renovation and extension at two Spar Markets.

## The two-chain model streamlines operations

The organisation of the Spar Group was restructured at the beginning of this year. Instead of the former five different chains of grocery outlets, we now concentrate on two nationwide Spar chains.

The Spar Market, Superspar, Spar Express and Rabatti chains were merged into Spar, one of Finland's biggest grocery chains in terms of both net turnover and number of outlets. In addition to Spar our other nationwide chain is the low-price Eurospar.

The changes resulting from the new operating model are most tangible in the daily work of our personnel and retailers. The successful implementation of the reorganisation will also benefit our cooperation with our external partners. Simpler, more efficient and clearer working methods are beneficial to all parties.

The goal is to have the Spar Group operating at full power on the new model by autumn 2001.

## Towards growth in a controlled way

As part of the Swedish Axfood Group, Spar Finland`s aim is to raise the Spar Group's market share from today's less than 10% to 20%.

We intend to grow by starting new shops, by enhancing the present network, and by allying ourselves with other parties in the business. We will reinforce the network of outlets in towns which are growing through urban migration, and we will work on concepts in line with our customer's needs. We will increase our large units' proportion of the retail outlet network, and we will expand our market share in the centres of growth.

The groceries business is rapidly becoming international, in Finland as elsewhere. International companies are appearing alongside traditional Finnish ones.

The Spar Group's strengths in the changing competitive setup are its customer-centred operating models, the strong, international Spar brand, a solid Nordic owner, the expertise of its independent retailers, and the company's own thorough knowledge of retailing groceries.

With the support of these strengths, we can enhance our formulas and the services of groceries trade to meet the customers' changing needs.

## Involvement in the entire value chain of food trade

The law extending Sunday opening hours which came into force in the beginning of this year will promote small food shops' competitiveness; of the Spar Group's 325 outlets 140 are able to benefit from the new law, which permits food retailers with no more than 400 square metres of retail space to stay open on Sundays throughout the year.

The first feedback from Sunday opening indicates that the reform was needed: sales expectations were exceeded and the customers gave positive feedback on the possibility to shop in their usual places on Sundays.

Our customers' expectations will evolve in the future in an ever more individual direction. Factors such as the ageing population, smaller families and diverging lifestyles are setting new challenges for the food trade.

The range of products is expanding, packaging sizes are getting smaller, and demand for ready-made meals is picking up. Alongside large retail outlets the role of local shops is changing: traditional food shops are increasingly often providing customers with other services as well.

Spar Finland's operation as both a wholesaler and a retailer allows us familiarity with the entire value chain of the groceries business.

Knowledge of the value chain, combined with retailer expertise, is a competitive advantage which, within the standardised operating environment of our new structure, will help to promote the attainment of the Spar Group's strategic goals.

Our challenges in 2001 are to improve profitability and to put the new operating model through in the Spar Group, in accordance with the new vision, mission, values and strategic success factors.

The direction has been chosen. We are now advancing determinedly towards profitability and growth.

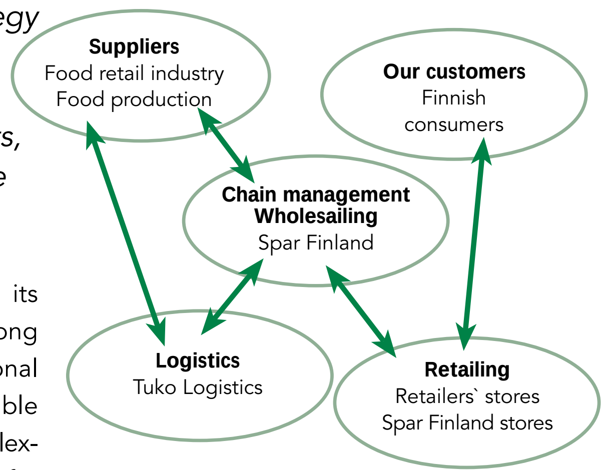
**Pekka Kosonen**
**President, CEO**

# Guiding Principles of Business

*The cornerstones defined for the Spar Group's new strategy are a broad-coverage network of outlets, customer-oriented and clear concepts, efficient operations and the strong Spar brand.*

The Spar Group's strengths are its globally recognised brand, strong Nordic ownership, fully functional networks of partnerships, capable and committed personnel, and a flexible corporate culture that aims for customer-first cooperation.

**How Spar works**




## The Spar vision

We will be Finland's most customer-oriented food retailer, with a 20% market share.

## Spar´s mission

Our mission is to provide Finnish consumers with groceries in the way they want.

## Spar´s strategic success factors

**Broad-coverage network of outlets**

- Start-ups
- Alliances
- Balanced financing

**Customer-oriented and clear concepts**

- Development of concepts
- Knowing the customer
- Local knowledge guides range selection
- Committed and capable personnel

**Efficient operations**

- Efficient use of space
- Clear division of tasks
- Efficient personnel
- Fully functional control systems
- Networking

**Strong Spar brand**

- Excellent Spar products
- Positive image
- Committed employees

## Spar´s values

**Responsibility**
We operate with integrity, applying ethics. We bear responsibility for our customers' health and the welfare of the environment. We aim for high quality at every level of our activities.

**The will to innovate**
We take an unbiased view of changes, we learn in our work every day and we improve our actions with creativity. We are not afraid to question old operating models and contribute ideas for new ways to replace old ones.

**Customer-orientation**
We know our customers' wishes. We want to fulfil different expectations with appreciation for our customers' needs.

**Simplicity**
Our operations are clear-cut and efficient. We avoid duplicated effort and complications both in the division of work and in carrying out tasks.

**Working together**
We work as teams in an open atmosphere. We are able to listen to and appreciate other people's points of view. We include all stakeholders, and we commit ourselves to shared goals.

**Adding value for everyone**
Our customers benefit from our high-quality operations. Efficiency and profitability add value for our retailers and our owners. Improving our collaboration strengthens the commitment of our suppliers and other partners. A good atmosphere in the workplace and opportunities for training encourage our personnel to reach our collective objectives.

# Investments in the Spar Network

*The Spar Group's most vigorously growing chain in 2000 was Eurospar. At year-end the Spar Group had 201,784 square metres of retail space.*

At the end of 2000 the Spar Group had five chains with 325 retail outlets. Spar Finland invested EUR 15.9 million in new shops and in extensions and renovations. The SAP R/3 application for controlling business operations came on line in 2000.

The Spar Group's most vigorously growing chain was Eurospar, which opened its 11th retail outlet at the end of November in Rovaniemi. In the course of the year six Superspars were reprofiled as Eurospars.

The Superspar chain strengthened its positions in many localities: in April a new 1,800 square metre Superspar was opened in Siilinjärvi, and a 2,000 square metre Superspar was opened in the centre of Varkaus.

Last year we carried out extension projects at three Spar Markets, of which the shops in Tammisaari and Kuusankoski were also converted into Superspars. At all sites the retail floor space was increased by roughly half.

Among the other major building projects in 2000 were facelifts for Spar Markets in Sotkamo, Orivesi, Mynämäki and Kuhmo. A new Spar Market was started on Laivurinkatu in Turku.

At the end of 2000 the Spar Group's retail floor area was 201,784 square metres (the comparable figure for the previous year was 189,314 square metres).

**Combining boosts competitive edge**

In 2001 the Spar Markets, Superspars, Spar Expresses and Rabattis will be reconfigured as a single Spar chain. For the moment the chains whose names include the word Spar will continue as they are. The name Rabatti and the chain appearance will disappear from the street scene when the shops are reprofiled as Spars.

Combining the chains will bring about considerable advantages in synergy and reduced costs in key spheres of business such as purchasing, range management and marketing.

The Spar chain will comprise grocery retail outlets of various sizes, with a floor area varying from less than 100 square metre convenience store/kiosk outlets to supermarkets of 2,000 square metres.

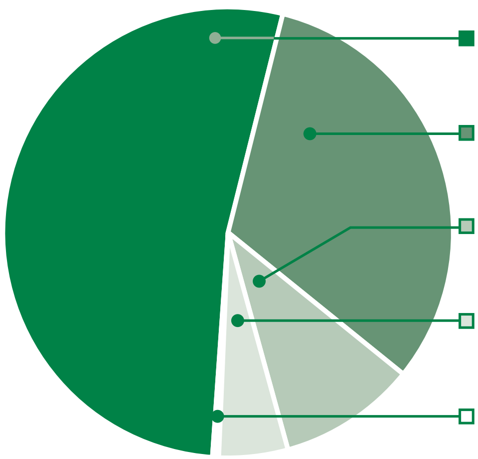
The Eurospar chain will be retained along with the Spar chain, as a concept for large stores featuring affordable prices.

In 2000 the Eurospar chain expanded from Espoo, Lahti and Vantaa to Hollola, Korso, Riihimäki, Kempele, Kemi, Yivieska and Rovaniemi.

The Eurospar Internet shop, which started the previous year, extended its area of operations from Espoo to cover the entire Helsinki Metropolitan Area.

The main thrust in Spar Finland's start-ups is on large retail units; for these good trading locations are sought in the Finnish towns which are gaining population through migration.


## The Spar Group's retail sales in 2000

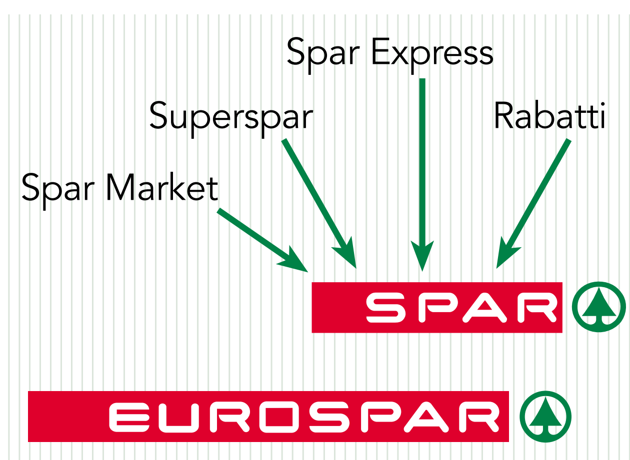


| | | |
|---|---|---|
| **Spar Market** | | |
| Share of net turnover | 52.8% | €471.7 million |
| **Superspar** | | |
| Share of net turnover | 31.9% | €284.7 million |
| **Eurospar** | | |
| Share of net turnover | 9.9% | €88.1 million |
| **Rabatti** | | |
| Share of net turnover | 5.1% | €45.3 million |
| **Spar Express** | | |
| Share of net turnover | 0.3% | €2.5 million |
| **Total** | | **€892.3 million** |

## The Spar Group's retail outlets, 2000

| Chain | Shops | Retail area $m^2$ | Range items |
|---|---|---|---|
| Spar Market | 229 | 350-600 | 4,000-5,000 |
| Superspar | 47 | > 1,000 | 8,000-9,000 |
| Eurospar | 11 | > 2,000 | 8,000 |
| Rabatti | 35 | 250-600 | 2,500 |
| Spar Express | 3 | < 100 | 1,500 |
| | 325 | | |

## Spar focuses on two nation-wide chains



# The International Spar Brand

*Spar is one of the world's best-known grocery retail brands. When a Finnish Spar customer goes abroad, he or she can stay loyal to the brand in roughly 30 countries.*

The origins of Spar go back to the Netherlands in 1932. Nearly 70 years later Adriaan van Well's philosophy of networking and partnership are just as valid.

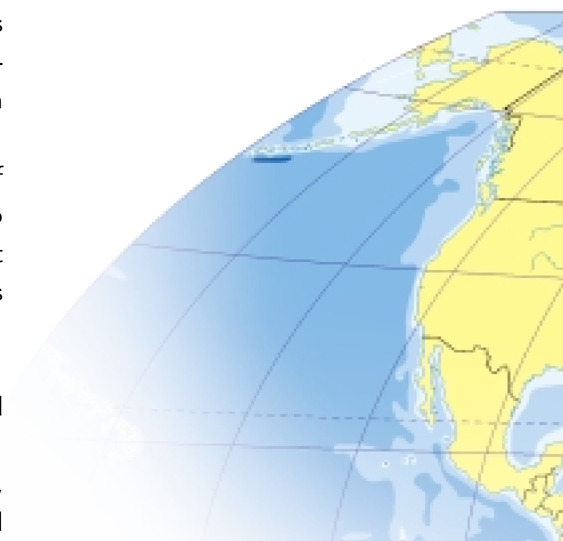
When the wholesaler invited his retailer customers to cooperate with him under the same banner, the goal was to benefit from the kind of advantages conferred by volume, synergy and pricing that none of them could achieve on their own.

The founder of Spar spoke of "combining the parties' expertise into collective strength" and believed that "unanimous collaboration benefits everyone regularly".

**The spruce tree means stability and prosperity**

As the symbol of his vision, mission, values and strategy Adriaan van Well chose a spruce tree, symbolic of prosperity and stability, that still stands in Spar's insignia and the logos of the various chains, both as a picture and in words: the Flemish word De Spar means spruce tree.

Spar Finland plc (1997) and the T-Group companies that preceded it have been involved in Spar's international collaboration since the 1960s, but in its present form Spar is a new challenger among food retailers in Finland.

Spar's international collaboration takes the forms of purchasing, product development, marketing, logistics and concept planning.

One thing all the Spar shops in the world have in common is their own Spar product family, which offers retailers an efficient way to stand out from the competition and provide customers with an excellent price/quality ratio.

The Spar network extends across Europe to Japan, South Africa, Argentina and Australia. The rights to the Spar brand are held by Internationale Spar Centrale B.V. in Amsterdam, of which Spar Finland is a part-owner.

1932 1940 1950 1960 1968

Argentina
Australia
Austria
Belgium
Czech Republic
Denmark
Estonia
Finland
France
Greece
Germany
Hungary
Ireland
Italy
Japan
Lithuania
Mauritus
Netherlands
Norway
Poland
Russia
Slovenia
South Africa
Spain
Sweden
Switzerland
Turkey
UK
Ukraine
Zimbabwe

# Part of Nordic Axfood

*Spar Finland is a subsidiary of the Swedish company Axfood. Axfood is one of the Nordic region's largest stock exchange companies in the groceries business. The company's goal for the next few years is to achieve a strong position in all the Nordic countries.*

Spar Finland plc's main owner, Axfood AB, is a Swedish wholesale and retail grocery company. In accordance with its slogan, Quality at Any Price, Axfood aims to offer its Nordic customers food shop services as they want them; including retail chains with both affordable prices and wide ranges.

In Sweden Axfood has about 1,000 retail outlets, 250 of which are wholly or partly owned by the company. As the centrepiece of its strategy, the company has chosen the development of retail outlet concepts. Axfood is also deploying a major effort in Internet business.

Axfood has a market share in Sweden of roughly 20%. The company's aim is to achieve the same status in neighbouring countries. Axfood's biggest single owner is Axel Johnson AB, which holds about 45% of its shares.

**Background**

Axfood was formed in 1999 and 2000 through the merger of the Swedish Hemköp, D&D Dagligvaror, Spar Sverige, Spar Inn Snabbgross and Spar Finland.

In 2000 Axfood's net turnover was SEK 30,230 m (1999: 29,077) and its operating income was SEK 112 m (344). The Axfood Group had an average of 8,146 full-time employees (7,364) during 2000.

The objective behind the combination of Nordic actors is to create an attractive alternative on the Nordic market for food. Axfood has specified as its strengths its clear and distinctive concepts, purchasing and logistics based on high volume, flexible and efficient operating models, and state-of-the-art systems for controlling business operations. A heavy investment in its own brands is also part of Axfood's strategy.

**Business mission**

Axfood is a retail food company with the motto "Quality at Any Price". Its aim is to give customers and shareholders value added by:

- Meeting customers´ varying needs through clear and distinctive concepts.
- Greater integration of retail and wholesale activities.
- Negotiation power and implementation strength vis-à-vis suppliers.
- Utilization of economies of scale advantages through Nordic presence.
- Adherence to core business values, which are demonstrated through practical actions.

## Vision

"To be the leading and most attractive food company in the Nordic region, with strong market positions in the respective countries."

## Strategy

- Quality and customer focus
- Distinctive, cost-effective store concepts
- Cost efficiency
- Growth under financial balance
- Leadership in e-commerce
- To be the best cooperation partner for our suppliers and private purchasers
- Support and develop innovative concepts

axfood
—quality at any price

# Report by the Board of Directors January – December 2000

**Business conditions**

No significant changes took place in Spar Finland plc's operating environment compared to 1999. Spar Finland plc became a subsidiary of the Swedish food retailing company Axfood AB (publ.), formerly called Hemköpskedjan AB (publ.) during the reporting period. The parent company's holding in Spar Finland plc corresponds to 65.9% of the voting rights and 40.1% of the share capital.

Spar Finland plc engages in food retailing and wholesaling and in rental activities related to these businesses. Spar Finland plc's materials management is handled by the logistics company Tuko Logistics Oy (formerly TukoSpar Oy), in which Spar Finland plc holds 35%.

Spar Finland plc's food retailing business is divided into five chains. At the end of the year Spar Finland's store chains comprised 11 Eurospar hypermarkets (31 December 1999: 4), 47 Superspar supermarkets (49), 229 Spar Market stores (245), three Spar Express stores (3) and 35 Rabatti stores (31), making a total of 325 stores (332). Eighty-eight (85) of these were owned by the company. The Spar Group's share of the Finnish food retail market in 1999 was 9.8% (AC Nielsen: Store Register 1999). The market share is forecast to decline in 2000.

Spar Finland plc's new parent company, Axfood AB, is one of the largest food wholesale and retail companies in the Nordic countries. Axfood holds 20% of the food retail market in Sweden. The company is listed on the A list of the Stockholm Stock Exchange. Its principal owner is Axel Johnson AB with approximately 45% of the share capital.

Spar Finland plc is part of the International Spar food retailing and wholesaling consortium. Spar members operate in almost 30 countries on five continents through more than 17,500 stores. Spar Finland plc is a shareholder in the supervisory body, Internationale Spar Centrale B.V. International co-operation and sharing of experience take place in the areas of marketing, purchasing, logistics, information systems and management.

**Net turnover and Spar Group sales**

Spar Finland plc's consolidated net turnover in 2000 totalled EUR 608.4 million (EUR 614.4 million in the previous year).

The retail sales of the entire Spar Group totalled EUR 892.3 million, down 1.6% on the previous year. The Spar Group had seven fewer stores than at the end of 1999.

Sales by the Eurospar chain increased 46.9%. Sales increased 1.0% in all the Group's Superspar stores and 4.9% in the Spar Express stores. Sales declined 8.6% in the Spar Market stores and 2.0% in the Rabatti stores. The six Superspar stores upgraded to Eurospar hypermarkets were closed for one and a half months on average for modification work and therefore did not generate sales for either chain. The Rovaniemi Eurospar was opened in November. Most of the decrease in overall sales of the Spar Group was attributable to a reduction in the number of stores that form the Spar Market chain, which comprises small store, and a decline in this chain's sales. The Spar Market stores represent about 70% of the total number of stores in the Spar Group and about 53% of the Group's total sales. Spar Finland's store structure is thus contrary to the structure of the retail food sector in Finland, where large stores account for roughly 78% of the total sales volume.

**Result**

Spar Finland reported a consolidated operating loss of EUR 3.9 (profit 1.6) million for the year. Net financial expenses totalled EUR 0.4 (0.1) million. Extraordinary income amounted to EUR 4.5 (0.6) million. The pre-tax result was EUR 0.2 (2.1) million.

The main reason for the weaker result was a deterioration in the performance of the Spar Market and Eurospar chains. In the Spar Market chain, more loss-making stores than before were taken over by the company from their independent trader-owners or were closed. Sales volumes in the new Eurospar hypermarkets more or less met expectations, but work is still in progress to streamline the cost structure to the new operating model. The Eurospar chain's performance was also adversely affected by costs arising from store modification and the opening of new stores.

Credit losses were higher than one year earlier.

The result of operations in the final quarter of 2000 totalled EUR –1.8 (-0.2) million.

In 1998 the company paid altogether about EUR 5.4 million in additional



tax based on tax inspection decisions. The tax adjustment board has since come to a decision on certain aspects of the company's appeal and in 2000 the company was reimbursed with interest in the amount of EUR 4.5 million, which has been entered under extraordinary income. The previous year's figures have been adjusted accordingly.

The company recorded a consolidated net profit for the period of EUR 1.2 (1.2) million. The company will not pay tax on the financial year owning to its result. The deferred tax liability decreased by EUR 1 million when the company reversed accumulated appropriations in previous year totalling EUR 3.6 million. Earnings per share totalled EUR -2.93 (0.50).

**Changes in accounting principles**

The Board of Directors decided to change the method of accounting for depreciation with effect from the beginning of 2000 to correspond to the accounting principles used by the new group. The change involves increasing depreciation according to plan on store machinery and equipment from five to eight years, which has already been the principle applied in the case of the large stores. This change increased the result for the year by approximately EUR 1.6 million.

Similarly, the period for amortisation of goodwill on consolidation was extended from the beginning of 2000 from ten to fifteen years. This change increased the result for the year by approximately EUR 0.6 million.

**Balance sheet, financing and contingent liabilities**

The balance sheet totalled EUR 126.2 million at the close of the year (31 December 1999: EUR 121.6 million).

Fixed assets amounted to EUR 69.6 (62.4) million and current assets to EUR 56.6 (59.2) million.

Long-term liabilities totalled EUR 10.5 (6.5) million and current liabilities EUR 80.6 (79.2) million.

The Group's non-restricted shareholders' equity on 31 December 2000 was EUR 22.7 (22.5) million. The solvency ratio was 27.0% (27.8%).

On 23 November 2000 the Board of Directors decided to reduce the company's share capital by FIM 37,290. This decision was registered in the Trade Register on 5 December 2000. The amount by which the share capital was reduced was transferred to the share premium account, hence the change had no effect on the company's restricted shareholders' equity. The share capital was reduced by an amount corresponding to the nominal value of the 3,729 shares redeemed and annulled in 1983. Before the change the share capital totalled FIM 11,400,000. After the change the share capital totalled FIM 11,362,710 and the share premium account contained FIM 37,290.

Net cash flow from operating activities before extraordinary items totalled EUR 13.4 million in 2000 and EUR 7.2 million in 1999. Net cash flow arising from extraordinary items was EUR 4.5 (0.6) million. Net investments totalled EUR 15.6 (11.7) million. Long-term bank loans were raised during the year in the amount of EUR 6.7 million and repayments totalled EUR 2.3 million. The change in liquid reserves was EUR +1.1 million. Liquid reserves totalled EUR 3.5 million on 31 December 2000.

Contingent liabilities on 31 December 2000 amounted to EUR 60.0 (53.8) million.

Rental activities are based on almost three hundred agreements made by Spar Finland plc with various owners of business premises. The largest landlord is the property investment company Vasa-Sijoituskiinteistöt Oy. The rental agreements for the properties rented from Vasa expire on 31 January 2007. The duration of the other rental agreements depends on the properties concerned. Altogether EUR 30.2 million was paid in rents for business and commercial premises during the period. The rental liability on rental agreements in force totals for the next five years EUR 25.5 million a year on average. The aggregate rental liability on rental agreements in force now totals EUR 174.4 million.

**Investments**

Gross capital expenditure during the year totalled EUR 15.9 (14.8) million.

The property investments in Varkaus and Siilinjärvi were completed and the new Superspar stores were opened in these premises at the end of April. The extensions to the Spar Markets in Tammisaari and Karjaa and their transformation into Superspar stores were also completed in April. A new Spar Market was opened in Turku in June. The Superspar supermarkets in Hollola, Kempele, Korso and Ylivieska were upgraded to Eurospar hypermarkets in June, the one in Kemi in August and the one in Riihimäki in September. These stores were closed for an average of six weeks during renovation. A new Eurospar was opened in Rovaniemi in November. The store in Kuusankoski upgraded to a Superspar supermarket was opened at the end of November, as was the expanded Spar Market in Noormarkku in December. The SAP R/3 retail enterprise resource planning system was brought into use during 2000.

**Personnel**

The Group had 968 full-time-equivalent employees on average during the period, which was 39 more than at the same time last year. At the end of the period the Group had 1,206 employees compared to 1,214 employees last year.

**Shareholders**

On 8 March 2000 Merita Bank plc's subsidiary Mantica Oy sold its remaining shares in Spar Finland plc to Hemköpskedjan AB (publ.). The shares in Spar Finland plc owned by Axel Johnson AB were also transferred to Hemköpskedjan AB (publ.). These share transfers were registered on 10 and 11 April 2000. Hemköpskedjan AB was renamed Axfood AB (publ.). The shares owned by this company represent 65.9 % of Spar Finland plc's votes and 40.1 % of the share capital.

**General meetings and administration**

Spar Finland plc's Annual General Meeting on 12 April 2000 elected the following to the Board of Directors: Per-Olof Bäckström, Göran Ennerfelt, Raoul Hasselgren, Mats Jansson, Matti Linnainmaa, Lars Otterbeck, Risto Wartiovaara and Björn Westerholm. The Board reconvened after the AGM and elected Mats Jansson as its chairman and Risto Wartiovaara as its deputy chairman. Lars Otterbeck resigned from the Board on 18 May 2000. The Company Secretary was Timo Säiläkivi, Director, Finance and Administration.

The company's Managing Director since 1 November 2000 has been Mr Pekka Kosonen after the previous long-term Managing Director, Mr Björn Westerholm, left to run his own company.

The deputy to the managing director was Mr Jari Vahtola, Director of the Superspar chain. Mr Vahtola will resign from the company on 1 March 2001.

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

The company's auditors were the firm of authorized public accountants KPMG Wideri Oy Ab under the supervision of Wilhelm Holmberg APA.

**Insider guidelines**

The Insider Guidelines applied by the company have been supplemented since 1 March 2000 by the insider guidelines approved by the Helsinki Exchanges on 28 October 1999.

**Adoption of the euro**

Spar Finland plc will adopt the euro as its accounting currency from the beginning of 2002. The Annual General Meeting in 2001 will make the decision to restate the share capital in euros.

Introduction of the euro will have its greatest impact on Spar Finland plc's operations at the end of 2001 and beginning of 2002 when the prices in the cash terminal systems used by the stores are revised and the two currencies are handled side by side. An 11-member team has been appointed to plan and implement the adoption of the euro. A detailed action and training plan for adoption of the euro has been prepared and this is being constantly revised as the work proceeds. The cost to the company in 2001 of adopting the euro is currently estimated to total almost EUR 1.0 million.

**Prospects**

The Spar Group will be fundamentally restructured early in 2001. In place of the previous five retail chains, the Group is now focused on two national Spar chains. Spar – resulting from the merger of the Spar Market, Superspar, Spar Express and Rabatti chains – is one of Finland's largest retail food chains in terms of both net sales and number of stores. Operating alongside Spar is the Eurospar chain of consistently low-priced hyperstores. The changes resulting from the new operating model will mostly affect the Group's own personnel and traders. Successful implementation of this new structure will also make co-operation easier with the Group's external partners. All parties stand to benefit from the simpler, clearer and more efficient organisation. The new Spar Group is scheduled to be operating at full efficiency by autumn 2001.

An extension of Sunday opening hours that came into force in Finland at the beginning of 2001 enhances the competitive efficiency of small retail stores; roughly 140 of the Spar Group's 325 stores stand to benefit from this change in the law, which permits food stores with a total floor space not exceeding 400 square metres to stay open on Sundays throughout the year.

The Spar Group's strengths in its changing business environment are its customer-centric operating models, the strong, international Spar brand, a solid Nordic owner, the expertise of its independent traders, and the company's own thorough knowledge of food retailing.

The Group's goal in 2001 is to raise profitability and implement its new operating model throughout the company.

# Profit and Loss Account

| Group (€ 1,000) | 1 Jan.–31 Dec. 2000 | 1 Jan.–31 Dec. 1999 |
|---|---|---|
| Net turnover (1) | 608,409 | 614,449 |
| Other operating income (2) | - | 410 |
| Materials and services (3) | -554,275 | -560,133 |
| Personnel expenses (4) | -27,279 | -25,232 |
| Depreciation | -7,862 | -8,533 |
| Other operating expenses | -22,920 | -19,352 |
| Operating loss/profit | -3,927 | 1,609 |
| Financing income and expenses (5) | -429 | -123 |
| Loss/profit before extraordinary items | -4,356 | 1,486 |
| Extraordinary items (6) | 4,525 | 594 |
| Profit before taxes | 169 | 2,080 |
| Direct taxes (8) | 1,025 | -924 |
| Minority interest | 1 | 1 |
| **Net profit for the year** | **1,195** | **1,157** |

| Parent company (€ 1,000) | 1 Jan.–31 Dec. 2000 | 1 Jan.–31 Dec. 1999 |
|---|---|---|
| Net turnover (1) | 608,388 | 614,428 |
| Other operating income (2) | - | 410 |
| Materials and services (3) | -554,704 | -559,985 |
| Personnel expenses (4) | -27,279 | -25,232 |
| Depreciation | -7,097 | -7,694 |
| Other operating expenses | -23,159 | -19,603 |
| Operating loss/profit | -3,851 | 2,324 |
| Financing income and expenses (5) | 225 | 188 |
| Loss/profit before extraordinary items | -3,626 | 2,512 |
| Extraordinary items (6) | 4,525 | 594 |
| Profit before appropriations and taxes | 899 | 3,106 |
| Appropriations (7) | 3,633 | 537 |
| Direct taxes (8) | - | -917 |
| **Net profit for the year** | **4,532** | **2,726** |

# Balance Sheet

| Group (€1,000) | 31 Dec. 2000 | 31 Dec. 1999 |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Intangible assets (9) | 5,151 | 4,683 |
| Goodwill on consolidation (10) | 6,606 | 7,189 |
| Tangible assets (11) | 45,122 | 37,286 |
| Holdings in associated companies (12) | 11,332 | 11,798 |
| Other placements (12) | 1,438 | 1,430 |
| **Non-current assets** | **69,649** | **62,386** |
| **Current assets** | | |
| Stocks (13) | 11,487 | 10,060 |
| Current debtors (14) | 984 | 1,703 |
| Deferred tax refund (19) | 36 | - |
| Current debtors (15) | 40,568 | 45,076 |
| Cash in hand and at banks | 3,521 | 2,408 |
| **Current assets** | **56,596** | **59,247** |
| | **126,245** | **121,633** |

| Parent company (€1,000) | 31 Dec. 2000 | 31 Dec. 1999 |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Intangible assets (9) | 9,681 | 9,611 |
| Tangible assets (11) | 27,232 | 21,703 |
| Holdings in group companies (12) | 8,672 | 8,672 |
| Other placements (12) | 15,499 | 15,491 |
| **Non-current assets** | **61,084** | **55,477** |
| **Current assets** | | |
| Stocks (13) | 11,487 | 10,060 |
| Non-current debtors (14) | 984 | 1,703 |
| Current debtors (15) | 42,525 | 50,689 |
| Cash in hand and at banks | 3,507 | 2,397 |
| **Current assets** | **58,503** | **64,849** |
| | **119,587** | **120,326** |

| Group (€1,000) | 31 Dec. 2000 | 31 Dec. 1999 |
|---|---|---|
| **Liabilities and shareholders' equity** | | |
| **Shareholders' equity** (16) | | |
| Share capital | 1,911 | 1,917 |
| Share premium account | 6 | - |
| Reserve fund | 9,215 | 9,215 |
| Other reserves | 12 | 12 |
| Retained earnings | 21,535 | 21,333 |
| Net profit for year | 1,195 | 1,157 |
| **Shareholders' equity** | **33,874** | **33,634** |
| **Minority interest** | **31** | **9** |
| **Provisions** (18) | **1,231** | **1,328** |
| **Liabilities** | | |
| Deferred tax liability (19) | - | 990 |
| Long-term liabilities (20) | 10,531 | 6,493 |
| Short-term liabilities (21) | 80,578 | 79,179 |
| **Liabilities** | **91,109** | **86,662** |
| | **126,245** | **121,633** |

| Parent company (€1,000) | 31 Dec. 2000 | 31 Dec. 1999 |
|---|---|---|
| **Liabilities and shareholders' equity** | | |
| **Shareholders' equity** (16) | | |
| Share capital | 1,911 | 1,917 |
| Share premium account | 6 | - |
| Reserve fund | 9,215 | 9,215 |
| Other reserves | 12 | 12 |
| Retained profit | 9,837 | 8,067 |
| Net profit for the year | 4,532 | 2,726 |
| **Shareholders' equity** | **25,513** | **21,937** |
| **Accumulated appropriations** (17) | **8,642** | **12,275** |
| **Provisions** (18) | **1,231** | **1,328** |
| **Liabilities** | | |
| Non-current liabilities (20) | 3,101 | 4,537 |
| Current liabilities (21) | 81,100 | 80,249 |
| **Liabilities** | **84,201** | **84,786** |
| | **119,587** | **120,326** |

# Cashflow Statement

| Group (€1,000) | 2000 | 1999 |
|---|---|---|
| **Business operations** | | |
| Profit/loss before extraordinary items | -4,356 | 1,486 |
| Planned depreciation | 7,862 | 8,533 |
| Other non-payment-related income and expenses | 391 | -78 |
| Financing income and expenses | 429 | 123 |
| Other adjustments | -5 | -164 |
| Cash flow before change in net working capital | 4,321 | 9,900 |
| Change in net working capital: | | |
| Current receivables, increase/decrease | 4,508 | 1,113 |
| Stocks, increase/decrease | -1,427 | -1,548 |
| Current liabilities, increase/decrease | 6,445 | -1,130 |
| Cash flow from operations before financing items and taxes | 13,847 | 8,335 |
| Interest paid and other financing expenses | -1,443 | -775 |
| Dividends received | 2 | 3 |
| Interest received and other financing income | 1,017 | 649 |
| Taxes paid | - | -1,011 |
| Cash flow before extraordinary items | 13,423 | 7,201 |
| Extraordinary items | 4,525 | 594 |
| **Cash flow from operations** | **17,948** | **7,795** |
| | | |
| **Investments** | | |
| Capital expenditure on tangible and intangible assets | -15,874 | -14,797 |
| Proceeds from divestments of tangible and intangible assets | 291 | 2,987 |
| Group companies acquired | - | - |
| Increase in other investments | -8 | -35 |
| Decrease in other investments | - | 122 |
| **Cash flow from investments** | **-15,591** | **-11,723** |
| | | |
| **Financing** | | |
| Increase/decrease in short-term financing | -5,046 | 6,319 |
| Long-term loans taken | 6,725 | 1,960 |
| Repayment of long-term loans | -2,263 | -3,393 |
| Long-term receivable, increase/decrease | 719 | -519 |
| Long-term liabilities, increase/decrease | -424 | -417 |
| Dividends paid | -955 | -955 |
| **Cash flow from financing** | **-1,244** | **2,995** |
| | | |
| Change in cash reserves | 1,113 | -933 |
| Cash reserves 1 Jan. | 2,408 | 3,341 |
| **Cash reserves 31 Dec.** | **3,521** | **2,408** |

| Parent company (€1,000) | 2000 | 1999 |
|---|---|---|
| **Business operations** | | |
| Profit/loss before extraordinary items | -3,626 | 2,512 |
| Planned depreciation | 7,097 | 7,694 |
| Other non-payment-related income and expenses | -97 | -533 |
| Financing income and expenses | -225 | -188 |
| Other adjustments | -1 | -410 |
| Cash flow before change in net working capital | 3,148 | 9,075 |
| Change in net working capital: | | |
| Current receivables, increase/decrease | 8,164 | -769 |
| Stocks, increase/decrease | -1,427 | -1,548 |
| Current liabilities, increase/decrease | 6,736 | -664 |
| Cash flow from operations before financing items and taxes | 16,621 | 6,094 |
| Interest paid and other financing expenses | -1,193 | -787 |
| Dividends received | 250 | 248 |
| Interest received and other financing income | 1,169 | 727 |
| Taxes paid | - | -1,010 |
| Cash flow before extraordinary items | 16,847 | 5,272 |
| Extraordinary items | 4,525 | 594 |
| **Cash flow from operations** | **21,372** | **5,866** |

| | | |
|---|---|---|
| **Investments** | | |
| Capital expenditure on tangible and intangible assets | -12,987 | -11,165 |
| Proceeds from divestments of tangible and intangible assets | 291 | 3,235 |
| Group companies acquired | - | -8 |
| Increase in other investments | -8 | -35 |
| Decrease in other investments | - | 122 |
| **Cash flow from investments** | **-12,704** | **-7,851** |

| | | |
|---|---|---|
| **Financing** | | |
| Increase/decrease in short-term financing | -5,046 | 6,319 |
| Long-term loans taken | - | - |
| Repayment of long-term loans | -1,681 | -3,364 |
| Long-term receivable, increase/decrease | 719 | -519 |
| Long-term liabilities, increase/decrease | -595 | -417 |
| Dividends paid | -955 | -955 |
| **Cash flow from financing** | **-7,558** | **1,064** |
| | | |
| Change in cash reserves | 1,110 | -921 |
| Cash reserves 1 Jan. | 2,397 | 3,318 |
| **Cash reserves 31 Dec.** | **3,507** | **2,397** |

# Notes to the Financial Statements

**Accounting conventions**
Spar Finland plc belongs to the Swedish Axfood Group. Spar Finland's financial statements are included in Axfood AB's consolidated financial statements, which are available from the Group's head office in Stockholm, Sweden, at the address Kungsgatan 32.

**Scope of consolidation**
The consolidated financial statements include Spar Finland plc, those companies in which the Spar Finland Group has a majority holding, and associated companies. The ordinary business activities of the Spar Finland Group are conducted through the parent company, Spar Finland plc.

**Principles of consolidation**
Intragroup shareholdings are eliminated by the acquisition cost method. The difference arising from the elimination of Spar Finland plc shares is shown in the consolidated balance sheet as goodwill on consolidation. Since the beginning of 2000 the period for amortising the goodwill on consolidation has been extended from ten to fifteen years in compliance with the conventions of the parent company.

The difference arising from the acquisition cost of one property holding company and its shareholders' equity at the time of acquisition was very minor and was allocated to the property.

Intragroup transactions, receivables and payables have been eliminated. There were no internal unrealised margins or internal distribution of profit. Spar Finland plc's share of the associated company Tuko Logistics Oy's result is included in the consolidated accounts.

The associated companies are consolidated using the equity method. The Group's share of the results of its associated companies is shown as a separate item in the section materials and services.

The Group's share of Tuko Logistics Oy's result includes planned depreciation on the elimination difference arising from its acquisition (acquisition cost of the shares less share of the shareholders' equity at the time of acquisition and provisions less the deferred tax liability). The difference on elimination was originally EUR 5.9 million and the amortisation period was ten years. Since the beginning of 2000 the period for amortising has been extended from ten to fifteen years in compliance with the conventions of the parent company.

Minority interest (a single property holding company) has been separated from the Group's shareholders' equity and is shown as a separate item.

The figures given in the financial statements are based on accounts denominated in Finnish markkas and they were converted into euros using the conversion factor 5.94573.

**Extraordinary income**
A EUR 4.5 million tax refund has been treated as extraordinary income. In 1998 the company, as a result of a tax audit, paid additional taxes totalling approximately EUR 5.4 million. The appeals lodged have gained a ruling by the Tax Adjustment Board whereby the company was repaid EUR 4.5 million in taxes plus interest.

**Fixed assets, other long-term investments and depreciation**
Intangible and tangible assets have been capitalised to variable acquisition costs. Other long-term expenses are mainly comprised of major renovation and repair costs of leased retail premises.

Planned depreciation is calculated in straight-line instalments based on the economic life of the fixed asset. Since the beginning of the financial year 2000 the period of planned depreciation on shop machinery and equipment has been extended from five to eight years. Securities included in fixed assets have been recorded at the original acquisition cost.

The period of depreciation on goodwill arising from the acquisition of the Spar Finland Oy shares and the Tuko Logistics Oy shares has, since the beginning of 2000, been extended from ten to fifteen years. These acquisitions are substantial to the Group and their period of influence is considered to be at least fifteen years.

**Planned depreciation periods:**

| | |
|---|---|
| Intangible assets | 5-10 years |
| Goodwill on consolidation | 15 years |
| Other long-term expenses | 5-10 years |
| Buildings and structures | 10-25 years |
| Machinery and equipment | 5-8 years |
| Data systems | 5-8 years |
| Other tangible assets | 5-10 years |

**Comparable information for the previous year**
The extension of the period for planned depreciation on shop machinery and equipment from five to eight years makes a difference of roughly EUR 1.6 million to the net profit. The effect of the extension of the depreciation period for goodwill on consolidation is roughly EUR 0.6 million. The combined effect of the changes on the net profit for the financial year is EUR 2.2 million.

**Stocks**
Stocks are recorded at the original acquisition cost or probable selling price, whichever is the lower.

**Trade debtors**
The trade debtors item is comprised mainly of receivables from Spar retailers. These receivables are valued in accordance with the principles applied by Spar Finland plc in previous years, i.e. at the nominal value or probable market value, whichever is the lower.

**Pension costs**
The pension cover of the employees of Group companies is insured with pension insurance companies. Pension costs are recorded as calculated by the insurance company. They also include the pension costs of any personnel to be dismissed in the future.

**Provisions**
Provisions include unrealised rental commitments on vacant business premises which the company is contractually committed to covering, as well as contingent pension insurance costs arising from restructuring measures and due for payment later by the employer.

Spar Finland plc's rental activities include individual cases in which the rent paid by the company exceeds the rental income received. Such cases do not fall within the scope of provisions as they are considered to be a normal part of retailer operations.

**Accumulated appropriations**
The change in the difference between planned and booked depreciation in the separate financial statements of the parent company and its subsidiaries is shown in the profit and loss account, and the accumulated difference between planned and booked depreciation is shown as accumulated appropriations in the balance sheet.

In the consolidated balance sheet, accumulated appropriations are divided between shareholders' equity and the deferred tax liability.

In previous years repurchasing provisions totalling EUR 7.9 million were employed to cover acquisition costs of shares in subsidiary property holding companies. These provisions were recognised in the Group net of tax liabilities and this item is recorded on the accumulated appropriations of the parent company. No tax liability is calculated in the net profit of the Group or subsidiary, as any increase in the sale will not automatically initiate repayment of the tax liability.

Accumulated appropriations recorded under consolidated shareholders' equity do not qualify as distributable funds.

**Amendments to the information for the previous year**
Previous years' tax refunds are shown as extraordinary income. The figures for 1999 have bee amended to suit. Also, the figures for long- and short-term debtors and for cash in hand and at banks have been amended in last year's balance sheet.

# Notes to the Profit and Loss Account

| €1,000 | Group 2000 | Group 1999 | Parent Company 2000 | Parent Company 1999 |
|---|---|---|---|---|
| **1. Net turnover** | | | | |
| Wholesale sales | 382,050 | 406,998 | 382,050 | 406,998 |
| Retail sales | 201,888 | 182,252 | 201,888 | 182,252 |
| Rental activities | 24,471 | 25,199 | 24,450 | 25,178 |
| Total | 608,409 | 614,449 | 608,388 | 614,428 |
| | | | | |
| **2. Other operating income** | | | | |
| Profit from sale of shares | | 410 | | 410 |
| Total | | 410 | | 410 |
| | | | | |
| **3. Materials and services** | | | | |
| Purchases during the year | 555,413 | 561,226 | 556,131 | 561,533 |
| Change in stocks | -1,427 | -1,548 | -1,427 | -1,548 |
| Share of associated companies' results | 289 | 455 | | |
| Total | 554,275 | 560,133 | 554,704 | 559,985 |
| | | | | |
| **4. Personnel expenses** | | | | |
| Salaries and bonuses | 21,421 | 19,690 | 21,421 | 19,690 |
| Pension costs | 3,727 | 3,516 | 3,727 | 3,516 |
| Other staff-related costs | 2,131 | 2,026 | 2,131 | 2,026 |
| Total | 27,279 | 25,232 | 27,279 | 25,232 |
| | | | | |
| **Salaries and emoluments for senior management** | | | | |
| Salaries and emoluments paid to members of the Board and the Chief Executive | 495 | 229 | 495 | 229 |
| | | | | |
| **Average personnel of the Group and parent company** | | | | |
| Personnel | 968 | 929 | 968 | 929 |

**Management pension liabilities**

The agreed retirement age of the parent company's President is 60, cost effective from 2001.

| €1,000 | Group 2000 | Group 1999 | Parent Company 2000 | Parent Company 1999 |
|---|---|---|---|---|
| **5. Financing income and expenses** | | | | |
| **Dividend income** | | | | |
| From associated companies, dividends | | | 177 | 177 |
| From associated companies, tax credit | | | 72 | 69 |
| From others | 2 | 3 | 2 | 3 |
| **Dividend income, total** | 2 | 3 | 251 | 249 |
| | | | | |
| **Interest and other financing income** | | | | |
| From Group companies | | | 156 | 77 |
| From others | 1,021 | 649 | 1,017 | 649 |
| **Interest and other financing income, total** | 1,021 | 649 | 1,173 | 726 |
| | | | | |
| **Interest and other financing expenses** | | | | |
| To Group companies | | | 54 | 43 |
| To others | 1,452 | 775 | 1,145 | 744 |
| **Interest and other financing expenses, total** | 1,452 | 775 | 1,199 | 787 |
| **Financing income and expenses, total** | **-429** | **-123** | **225** | **188** |

# Notes to the Profit and Loss Account

| €1,000 | Group 2000 | Group 1999 | Parent Company 2000 | Parent Company 1999 |
|---|---|---|---|---|
| **6. Extraordinary items** | | | | |
| **Extraordinary income** | | | | |
| Stamp duty refund following subsequent tax assessment | | 130 | | 130 |
| Tax refund from previous financial years | 4,525 | 464 | 4,525 | 464 |
| | 4,525 | 594 | 4,525 | 594 |
| **7. Appropriations** | | | | |
| Difference between planned depreciation | | | | |
| and depreciation made for tax purposes | | | -3,633 | -537 |
| **8. Direct taxes** | | | | |
| Taxes for year | | 848 | | 917 |
| Change in deferred tax liability/credit | -1,025 | 76 | | |
| Total | -1,025 | 924 | | 917 |

# Notes to the Balance Sheet

| €1,000 | Group 31 Dec. 2000 | Group 31 Dec. 1999 | Parent Company 31 Dec. 2000 | Parent Company 31 Dec. 1999 |
|---|---|---|---|---|
| **Intangible and tangible assets** | | | | |
| **9. Intangible assets** | | | | |
| **Intangible rights** | | | | |
| Acquisition cost 1 Jan. | 1,051 | 805 | 1,051 | 805 |
| Increases 1 Jan.-31 Dec. | 67 | 263 | 67 | 263 |
| Decreases 1 Jan.-31 Dec. | -123 | -17 | -123 | -17 |
| Transfers between items | 404 | | 404 | |
| Acquisition cost 31 Dec. | 1,399 | 1,051 | 1,399 | 1,051 |
| Accumulated planned depreciation 1 Jan. | -587 | -501 | -587 | -501 |
| Accumulated planned depreciation in decreases | 123 | 17 | 123 | 17 |
| Planned depreciation in year | -225 | -103 | -225 | -103 |
| Accumulated planned depreciation 31 Dec. | -689 | -587 | -689 | -587 |
| Book value 31 Dec. | 710 | 464 | 710 | 464 |
| **Other long-term expenses** | | | | |
| Acquisition cost 1 Jan. | 4,862 | 4,665 | 4,813 | 4,616 |
| Increases 1 Jan.-31 Dec. | 1,798 | 399 | 1,798 | 399 |
| Decreases 1 Jan.-31 Dec. | -512 | -202 | -512 | -202 |
| Transfers between items | 1,317 | | 1,317 | |
| Acquisition cost 31 Dec. | 7,465 | 4,862 | 7,416 | 4,813 |
| Accumulated planned depreciation 1 Jan. | -2,368 | -1,892 | -2,347 | -1,876 |
| Accumulated planned depreciation in decreases | 512 | 202 | 512 | 202 |
| Planned depreciation in year | -1,168 | -678 | -1,164 | -673 |
| Accumulated planned depreciation 31 Dec. | -3,024 | -2,368 | -2,999 | -2,347 |
| Book value 31 Dec. | 4,441 | 2,494 | 4,417 | 2,466 |

# Notes to the Balance Sheet

| €1,000 | Group 31 Dec. 2000 | Group 31 Dec. 1999 | Parent Company 31 Dec. 2000 | Parent Company 31 Dec. 1999 |
|---|---|---|---|---|
| **Advance payments** | | | | |
| Acquisition cost 1 Jan. | 1,725 | | 1,725 | |
| Increases 1 Jan.-31 Dec. | | 1,725 | | 1,725 |
| Transfers between items | -1,725 | | -1,725 | |
| Book value 31 Dec. | | 1,725 | | 1,725 |
| | | | | |
| **Goodwill** | | | | |
| Acquisition cost 1 Jan. | | | 6,342 | 7,664 |
| Decreases 1 Jan.-31 Dec. | | | | -1,322 |
| Acquisition cost 31 Dec. | | | 6,342 | 6,342 |
| Accumulated planned depreciation 1 Jan. | | | -1,386 | -766 |
| Planned depreciation in year | | | -402 | -620 |
| Accumulated planned depreciation 31 Dec. | | | -1,788 | -1,386 |
| Book value 31 Dec. | | | 4,554 | 4,956 |
| | | | | |
| **10. Goodwill on consolidation** | | | | |
| Acquisition cost 1 Jan. | 9,803 | 11,125 | | |
| Decreases 1 Jan.-31 Dec. | | -1,322 | | |
| Acquisition cost 31 Dec. | 9,803 | 9,803 | | |
| Accumulated planned depreciation 1 Jan. | -2,614 | -1,532 | | |
| Planned depreciation in year | -583 | -1,082 | | |
| Accumulated planned depreciation 31 Dec. | -3,197 | -2,614 | | |
| Book value 31 Dec. | 6,606 | 7,189 | | |
| | | | | |
| **11. Tangible assets** | | | | |
| **Land** | | | | |
| Acquisition cost 1 Jan. | 5,619 | 5,259 | 532 | 554 |
| Increases 1 Jan.-31 Dec. | 202 | 360 | | 97 |
| Transfers between items | | | | -119 |
| Acquisition cost 31 Dec. | 5,821 | 5,619 | 532 | 532 |
| Accumulated planned depreciation 1 Jan. | -55 | -41 | -36 | -31 |
| Planned depreciation in year | -32 | -14 | -5 | -5 |
| Accumulated planned depreciation 31 Dec. | -87 | -55 | -41 | -36 |
| Book value 31 Dec. | 5,734 | 5,564 | 491 | 496 |
| | | | | |
| **Buildings and structures** | | | | |
| Acquisition cost 1 Jan. | 12,145 | 10,500 | 2,458 | 2,513 |
| Increases 1 Jan.-31 Dec. | 2,528 | 1,645 | 16 | 78 |
| Transfers between items | 1,719 | | | -133 |
| Acquisition cost 31 Dec. | 16,392 | 12,145 | 2,474 | 2,458 |
| Accumulated planned depreciation 1 Jan. | -1,816 | -1,366 | -790 | -689 |
| Accumulated planned depreciation in decreases | | | | 2 |
| Planned depreciation in year | -623 | -450 | -104 | -103 |
| Accumulated planned depreciation 31 Dec. | -2,439 | -1,816 | -894 | -790 |
| Book value 31 Dec. | 13,953 | 10,329 | 1,580 | 1,668 |

# Notes to the Balance Sheet

| € 1,000 | Group 31 Dec. 2000 | Group 31 Dec. 1999 | Parent Company 31 Dec. 2000 | Parent Company 31 Dec. 1999 |
|---|---|---|---|---|
| **Machinery and equipment** | | | | |
| Acquisition cost 1 Jan. | 45,858 | 41,887 | 45,706 | 41,818 |
| Increases 1 Jan.-31 Dec. | 11,260 | 8,666 | 11,090 | 8,583 |
| Decreases 1 Jan.-31 Dec. | -3,726 | -4,719 | -3,726 | -4,719 |
| Transfers between items | 17 | 24 | 17 | 24 |
| Acquisition cost 31 Dec. | 53,409 | 45,858 | 53,087 | 45,706 |
| Accumulated planned depreciation 1 Jan. | -26,258 | -23,534 | -26,241 | -23,533 |
| Accumulated planned depreciation in decreases | 3,442 | 3,467 | 3,442 | 3,467 |
| Planned depreciation in year | -5,216 | -6,191 | -5,182 | -6,175 |
| Accumulated planned depreciation 31 Dec. | -28,032 | -26,258 | -27,981 | -26,241 |
| Book value 31 Dec. | 25,377 | 19,600 | 25,106 | 19,465 |
| **Other tangible assets** | | | | |
| Acquisition cost 1 Jan. | 194 | 188 | 194 | 188 |
| Increases 1 Jan.-31 Dec. | 16 | 7 | 16 | 7 |
| Decreases 1 Jan.-31 Dec. | -7 | -1 | -7 | -1 |
| Acquisition cost 31 Dec. | 203 | 194 | 203 | 194 |
| Accumulated planned depreciation 1 Jan. | -133 | -118 | -133 | -118 |
| Planned depreciation in year | -15 | -15 | -15 | -15 |
| Accumulated planned depreciation 31 Dec. | -148 | -133 | -148 | -133 |
| Book value 31 Dec. | 55 | 61 | 55 | 61 |
| **Advance payments and work in progress** | | | | |
| Acquisition cost 1 Jan. | 1,732 | 24 | 13 | 24 |
| Increases 1 Jan.-31 Dec. | 3 | 1,732 | | 13 |
| Transfers between items | -1,732 | -24 | -13 | -24 |
| Book value 31 Dec. | 3 | 1,732 | | 13 |

| €1,000<br>Group | Shares associated company | Shares others | Total |
|---|---|---|---|
| **12. Placements** | | | |
| Acquisition cost 1 Jan. 2000 | 11,798 | 1,430 | 13,228 |
| Increases | | 8 | 8 |
| Decreases | -466 | | -466 |
| Acquisition cost 31 Dec. 2000 | 11,332 | 1,438 | 12,770 |

| Parent company | Shares group companies | Shares associated company | Shares others | Total |
|---|---|---|---|---|
| **12. Placements** | | | | |
| Acquisition cost 1 Jan. 2000 | 8,672 | 14,061 | 1,430 | 24,163 |
| Increases | | | 8 | 8 |
| Acquisition cost 31 Dec. 2000 | 8,672 | 14,061 | 1,438 | 24,171 |

| Group companies | Group holding, % | Parent Company holding, % |
|---|---|---|
| Kiinteistö Oy Tyskas, Espoo | 100,00 | 100,00 |
| Kiinteistö Oy Vantaan Niittypolku, Vantaa | 100,00 | 100,00 |
| Kiinteistö Oy Bonodo, Siilinjärvi | 100,00 | 100,00 |
| Kiinteistö Oy Lempoisten Kauppakulma, Lempäälä | 100,00 | 100,00 |
| Kiinteistö Oy Pieksämäen Kauppakulma, Pieksämäki | 100,00 | 100,00 |
| Kiinteistö Oy Porvoon Kesätuulentie 2, Porvoo | 90,00 | 90,00 |
| Kiinteistö Oy Varkauden Relanderinkatu 42, Varkaus | 100,00 | 100,00 |
| Kiinteistö Oy Vantaan Simonsampo, Vantaa | 100,00 | 100,00 |
| Interspar Oy, Vantaa | 100,00 | 100,00 |
| Optitukku Oy, Vantaa | 100,00 | 100,00 |

| Associated companies | Group holding, % | Parent Company holding, % |
|---|---|---|
| Eurospar Oy, Helsinki | 50,00 | 50,00 |
| Tuko Logistics Oy, Kerava | 35,00 | 35,00 |

All associated companies were consolidated using the equity method. All subsidiaries and associated companies are consolidated in the Group accounts. The residual value of the Tuko Logistics elimination is EUR 4.02 million.

| | Group | | Parent Company | |
|---|---|---|---|---|
| | 31 Dec. 2000 | 31 Dec. 1999 | 31 Dec. 2000 | 31 Dec. 1999 |
| **13. Stocks** | | | | |
| Goods | 11,430 | 10,043 | 11,430 | 10,043 |
| Advance payments | 57 | 17 | 57 | 17 |
| Total | 11,487 | 10,060 | 11,487 | 10,060 |
| | | | | |
| **14. Non-current debtors** | | | | |
| Sales receivables | 285 | 1,198 | 285 | 1,198 |
| Other receivables | 699 | 505 | 699 | 505 |
| Total | 984 | 1,703 | 984 | 1,703 |

# Notes to the Balance Sheet

| €1,000 | Group 31 Dec. 2000 | Group 31 Dec. 1999 | Parent Company 31 Dec. 2000 | Parent Company 31 Dec. 1999 |
|---|---|---|---|---|
| **15. Current debtors** | | | | |
| Sales receivables | 33,570 | 36,388 | 33,570 | 36,388 |
| | | | | |
| Receivable from Group companies: | | | | |
| Sales receivables | | | 129 | |
| Other receivables | | | 1,834 | 6,252 |
| Total | | | 1,963 | 6,252 |
| | | | | |
| Receivables from associated companies: | | | | |
| Sales receivables | 33 | 42 | 33 | 42 |
| Prepayments, annual discounts | 3,453 | 3,494 | 3,453 | 3,494 |
| Prepayments, other | 970 | 1,828 | 970 | 1,828 |
| | 4,456 | 5,364 | 4,456 | 5,364 |
| | | | | |
| Loan receivables | 21 | 21 | 21 | 21 |
| Other receivables | 304 | 2,364 | 226 | 1,725 |
| Prepayments, discounts and marketing | 1,726 | 658 | 1,726 | 658 |
| Prepayments, tax refund | | 94 | 72 | 94 |
| Prepayments, pension refund | 108 | 96 | 108 | 96 |
| Prepayments, other | 383 | 91 | 383 | 91 |
| | 2,542 | 3,324 | 2,536 | 2,685 |
| | | | | |
| **Current debtors, total** | **40,568** | **45,076** | **42,525** | **50,689** |
| | | | | |
| **16. Shareholders' equity** | | | | |
| Share capital 1.1 | 1,917 | 1,917 | 1,917 | 1,917 |
| Transfers to share premium account | -6 | | -6 | |
| Share capital 31.12 . | 1,911 | 1,917 | 1,911 | 1,917 |
| Share premium account 1.1. | | | | |
| Transfers from share capital | 6 | | 6 | |
| Share premium account 31.12. | 6 | | 6 | |
| Reserve fund 1.1.2000 | 9,215 | 9,215 | 9,215 | 9,215 |
| Sales of subscription cupons | | | | |
| Reserve fund 31.12.2000 | 9,215 | 9,215 | 9,215 | 9,215 |
| Other funds 1.1 and 31.12 | 12 | 12 | 12 | 12 |
| | | | | |
| Profit from previous years 1.1. | 22,490 | 22,288 | 10,792 | 9,022 |
| Dividend payment | -955 | -955 | -955 | -955 |
| Profit from previous years 31.12. | 21,535 | 21,333 | 9,837 | 8,067 |
| | | | | |
| Net profit for year | 1,195 | 1,157 | 4,532 | 2,726 |
| **Shareholders' equity, total** | **33,874** | **33,634** | **25,513** | **21,937** |
| | | | | |
| **Calculation of distributable assets 31.12** | | | | |
| Other funds | 12 | 12 | 12 | 12 |
| Profit from previous years | 21,535 | 21,333 | 9,837 | 8,067 |
| Net profit for year | 1,195 | 1,157 | 4,532 | 2,726 |
| Part of accumulated depreciation difference and voluntary reserves entered in shareholders' equity | -8,691 | -11,271 | | |
| **Total** | **14,051** | **11,231** | **14,381** | **10,805** |

**In 1983 the company bought back 3,729 of its own shares with its distributable assets and cancelled the shares, but the share capital was not lowered correspondingly. The Board of Directors passed a resolution at its meeting of 23 November 2000 to lower the company's share capital by FIM 37,290, being the amount corresponding to the par value of the share buyback, after which the distribution of shares per series is as follows:**

| | 2000 | | 1999 | |
|---|---|---|---|---|
| | **No.** | **€** | **No.** | **€** |
| Series A (1 vote/share) | 570,000 | 958,671 | 570,000 | 958,671 |
| Series K (20 votes/share) | 566,271 | 952,399 | 570,000 | 958,671 |
| **Total** | **1,136,271** | **1,911,070** | **1,140,000** | **1,917,342** |

| | Group | | Parent Company | |
|---|---|---|---|---|
| **€ 1,000** | **2000** | **1999** | **2000** | **1999** |
| **17. Accumulated appropriations** | | | | |
| Accumulated depreciation difference | | | 8,642 | 12,275 |
| **18. Reserves** | | | | |
| Pension reserves | 449 | 339 | 449 | 339 |
| Other reserves | 782 | 989 | 782 | 989 |
| Total | 1,231 | 1,328 | 1,231 | 1,328 |
| **19. Imputed tax liabilities and refunds** | | | | |
| **Imputed tax refunds** | | | | |
| From matching differences | 357 | 385 | | |
| **Imputed tax liabilities** | | | | |
| From appropriations | 321 | 1,375 | | |
| **20. Long-term liabilities** | | | | |
| Debts maturing in more than five years | | | | |
| Loans from financial institutions | 3,832 | 1,036 | | |
| Other long-term debts | | | | |
| Loans from financial institutions | 3,598 | 1,761 | | 841 |
| Others | 3,101 | 3,696 | 3,101 | 3,696 |
| Total | 6,699 | 5,457 | 3,101 | 4,537 |
| **Long-term liabilities, total** | **10,531** | **6,493** | **3,101** | **4,537** |
| **21. Current liabilities** | | | | |
| Loans from financial institutions | 1,738 | 1,908 | 841 | 1,682 |
| Advances received | 688 | 618 | 688 | 618 |
| Accounts payable | 4,533 | 5,411 | 4,533 | 5,254 |
| Total | 6,959 | 7,937 | 6,062 | 7,554 |
| Debts to Group companies | | | | |
| Other debts | | | 1,472 | 1,477 |
| Debts to associated companies | | | | |
| Accounts payable | 52,063 | 44,667 | 52,063 | 44,667 |
| Deferred liabilities | 11 | | 11 | |
| Total | 52,074 | 44,667 | 52,074 | 44,667 |
| Other debts | 14,308 | 19,685 | 14,259 | 19,673 |
| Deferred liabilities, wages, holiday pay and social costs | 4,390 | 4,025 | 4,390 | 4,025 |
| Deferred liabilities, tax reserve | 694 | 694 | 694 | 694 |
| Deferred liabilities, annual discount | 1,468 | 1,594 | 1,468 | 1,594 |
| Deferred liabilities, other | 685 | 577 | 681 | 565 |
| Total | 21,545 | 26,575 | 21,492 | 26,551 |
| **Current liabilities, total** | **80,578** | **79,179** | **81,100** | **80,249** |
| **Non-interest-bearing debts** | 67,745 | 58,518 | 67,691 | 57,348 |

# Notes to the Financial Statements

| Other Notes | Group | | Parent Company | |
|---|---|---|---|---|
| **€ 1,000** | **31 Dec. 2000** | **31 Dec. 1999** | **31 Dec. 2000** | **31 Dec. 1999** |
| **Pledges, contingent liabilities and other liabilities** | | | | |
| **Pledges given for own commitments** | | | | |
| Real estate mortgages | 14,415 | 7,689 | 1,177 | 1,177 |
| Shares at book value | 15,120 | 15,120 | 15,120 | 15,120 |
| Corporate mortgages | 11,026 | 11,026 | 11,016 | 11,016 |
| Pledges provided, total | 40,561 | 33,835 | 27,313 | 27,313 |
| **Debts guaranteed by pledges of asset items** | | | | |
| Financial institution loans | 15,055 | 16,070 | 6,728 | 13,887 |
| **Guarantee liabilities** | | | | |
| Guarantees for Group companies | | | 7,172 | 783 |
| Guarantees for members of the Board of Directors | 42 | 102 | 42 | 102 |
| Guarantees for shareholders, Spar retailers | 957 | 1,509 | 957 | 1,509 |
| Guarantees for others, Spar retailers | 8,452 | 7,185 | 8,452 | 7,185 |
| Guarantee liabilities, total | 9,451 | 8,796 | 16,623 | 9,579 |
| **Other liabilities** | | | | |
| Repurchase pledges | 1,010 | 1,821 | 1,010 | 1,821 |
| **Amounts to be paid on leasing agreements** | | | | |
| Due for payment during the year | 1,351 | 1,236 | 1,351 | 1,236 |
| Due for payment later | 7,618 | 8,069 | 7,618 | 8,069 |
| Total | 8,969 | 9,305 | 8,969 | 9,305 |

There are no futures contracts.

Leasing business is reported on in the report by the Board of Directors.

# Board of Directors´ Motion for the Disposal of Profit

The Board of Directors has decided to place a motion before the annual general meeting that the profit for the financial year be posted to retained profits and that no dividend be paid. According to the consolidated balance sheet as at 31 December 2000, the distributable assets amounted to EUR 14,050,627.57. The parent company's distributable assets are EUR 14,380,762.09.

Vantaa, 14 February 2001

| | |
|---|---|
| Mats Jansson | Risto Wartiovaara |
| Per-Olof Bäckström | Göran Ennerfelt |
| Raoul Hasselgren | Matti Linnainmaa |
| Björn Westerholm | Pekka Kosonen |

# Auditors' Report

**To the shareholders of Spar Finland plc**

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the Managing Director of Spar Finland plc for the year 2000. The financial statements prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these financial statements and the company's administration.

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

In our opinion, the financial statements, showing a profit of FIM 7,107,349.35 in the consolidated income statement and a profit of FIM 26,944,979.53 in the parent company income statement, have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the result is in compliance with the Finnish Companies Act.

Vantaa, 21 February 2001

KPMG WIDERI OY AB
Wilhelm Holmberg
Authorized Public Accountant

# Shares and Shareholders 31 Dec. 2000

| Ownership structure, all shares | Number of shareholdes | % | Number of shares | % |
|---|---|---|---|---|
| Companies | 84 | 18.38 | 606,190 | 53.35 |
| Financial and insurance institutions | 7 | 1.53 | 70,892 | 6.24 |
| Public entities | 3 | 0.66 | 111,272 | 9.79 |
| Non-profit associations | 8 | 1.75 | 2,881 | 0.25 |
| Private households | 342 | 74.84 | 105,609 | 9.29 |
| Foreign | 8 | 1.75 | 130,201 | 11.46 |
| Nominee-registered | 5 | 1.09 | 105,465 | 9.28 |
| Unregistered | | | 3,761 | 0.33 |
| **Total** | **457** | **100.00** | **1,136,271** | **100.00** |

| Ownership structure, series A shares | Number of shareholdes | % | Number of shares | % |
|---|---|---|---|---|
| Companies | 49 | 14.80 | 140,137 | 24.59 |
| Financial and insurance institutions | 5 | 1.51 | 63,855 | 11.20 |
| Public entities | 3 | 0.91 | 105,492 | 18.51 |
| Non-profit associations | 5 | 1.51 | 2,011 | 0.35 |
| Private households | 257 | 77.64 | 58,409 | 10.25 |
| Foreign | 7 | 2.11 | 97,700 | 17.14 |
| Nominee-registered | 5 | 1.51 | 101,165 | 17.75 |
| Unregistered | | | 1,231 | 0.22 |
| **Total** | **331** | **100.00** | **570,000** | **100.00** |

| Ownership structure, series K shares | Number of shareholdes | % | Number of shares | % |
|---|---|---|---|---|
| Companies | 48 | 20.00 | 466,053 | 82.30 |
| Financial and insurance institutions | 5 | 2.08 | 7,037 | 1.24 |
| Public entities | 2 | 0.83 | 5,780 | 1.02 |
| Non-profit associations | 4 | 1.67 | 870 | 0.15 |
| Private households | 177 | 73.75 | 47,200 | 8.34 |
| Foreign | 3 | 1.25 | 32,501 | 5.74 |
| Nominee-registered | 1 | 0.42 | 4,300 | 0.76 |
| Unregistered | | | 2,530 | 0.45 |
| **Total** | **240** | **100.00** | **566,271** | **100.00** |

| Distribution of shareholdings, all shares<br>Shares per shareholder | Number of shareholdes | % | Number of shares | % |
|---|---|---|---|---|
| 1 -99 | 233 | 50.98 | 6,565 | 0.58 |
| 100 -999 | 154 | 33.70 | 46,700 | 4.11 |
| 1,000 -9,999 | 56 | 12.25 | 135,785 | 11.95 |
| 10,000 -99,999 | 13 | 2.84 | 488,131 | 42.96 |
| 100,000 -999,999 | 1 | 0.22 | 455,329 | 40.07 |
| | | | 1,132,510 | 99.67 |
| Unregistered | | | 3,761 | 0.33 |
| **Total** | **457** | **100.00** | **1,136,271** | **100.00** |

| Distribution of shareholdings, series A shares<br>Shares per shareholder | Number of shareholdes | % | Number of shares | % |
|---|---|---|---|---|
| 1 -99 | 190 | 57.40 | 5,530 | 0.97 |
| 100 -999 | 91 | 27.49 | 26,035 | 4.57 |
| 1,000 -9,999 | 40 | 12.08 | 112,256 | 19.69 |
| 10,000 -99,999 | 10 | 3.02 | 424,948 | 74.55 |
| | | | 568,769 | 99.78 |
| Unregistered | | | 1,231 | 0.22 |
| **Total** | **331** | **100.00** | **570,000** | **100.00** |

| Distribution of shareholdings, series K shares<br>Shares per shareholder | Number of shareholdes | % | Number of shares | % |
|---|---|---|---|---|
| 1 -99 | 114 | 47.50 | 3,146 | 0.56 |
| 100 -999 | 101 | 42.08 | 28,384 | 5.01 |
| 1,000 -9,999 | 21 | 8.75 | 44,129 | 7.79 |
| 10,000 -99,999 | 3 | 1.25 | 99,550 | 17.58 |
| 100,000 -999,999 | 1 | 0.42 | 388,532 | 68.61 |
| | | | 563,741 | 99.55 |
| Unregistered | | | 2,530 | 0.45 |
| **Total** | **240** | **100.00** | **566,271** | **100.00** |

| 10 major shareholders<br>by number of shares 31 Dec. 2000 | K shares | A shares | Total shares | % of share capital |
|---|---|---|---|---|
| Axfood AB | 388,532 | 66,797 | 455,329 | 40.1 |
| Local Government Pensions Institution | 0 | 90,000 | 90,000 | 7.9 |
| Odin Finland | 32,097 | 28,400 | 60,497 | 5.3 |
| Pohjola Non-Life Insurance Company | 0 | 52,194 | 52,194 | 4.6 |
| Odin Norden | 0 | 52,000 | 52,000 | 4.6 |
| Oy Ing-Stock Ltd | 37,360 | 0 | 37,360 | 3.3 |
| Oy Ing-Finance Ltd | 30,093 | 0 | 30,093 | 2.6 |
| Pension Insurance Company Ilmarinen | 5,280 | 10,792 | 16,072 | 1.4 |
| Special Mutual Fund Wip Value Visions | 0 | 15,000 | 15,000 | 1.3 |
| Aurum Life Assurance Company Ltd | 4,000 | 8,500 | 12,500 | 1.1 |

| 10 major shareholders<br>by voting rights 31 Dec. 2000 | K shares | A shares | Total shares | % of share capital |
|---|---|---|---|---|
| Axfood AB | 388,532 | 66,797 | 455,329 | 65.9 |
| Oy Ing-Stock Ltd | 37,360 | 0 | 37,360 | 6.3 |
| Odin Finland | 32,097 | 28,400 | 60,497 | 5.6 |
| Oy Ing-Finance Ltd | 30,093 | 0 | 30,093 | 5.1 |
| Pension Insurance Company Ilmarinen | 5,280 | 10,792 | 16,072 | 1.0 |
| Bonsdorff, Per Erik Christoffer | 5,400 | 4,200 | 9,600 | 0.9 |
| Local Government Pensions Institution | 0 | 90,000 | 90,000 | 0.8 |
| Aurum Life Assurance Company Ltd | 4,000 | 8,500 | 12,500 | 0.7 |
| Estate of Soini Rauni | 4,000 | 2,200 | 6,200 | 0.7 |
| Pohjola Non-Life Insurance Company | 0 | 52,194 | 52,194 | 0.4 |

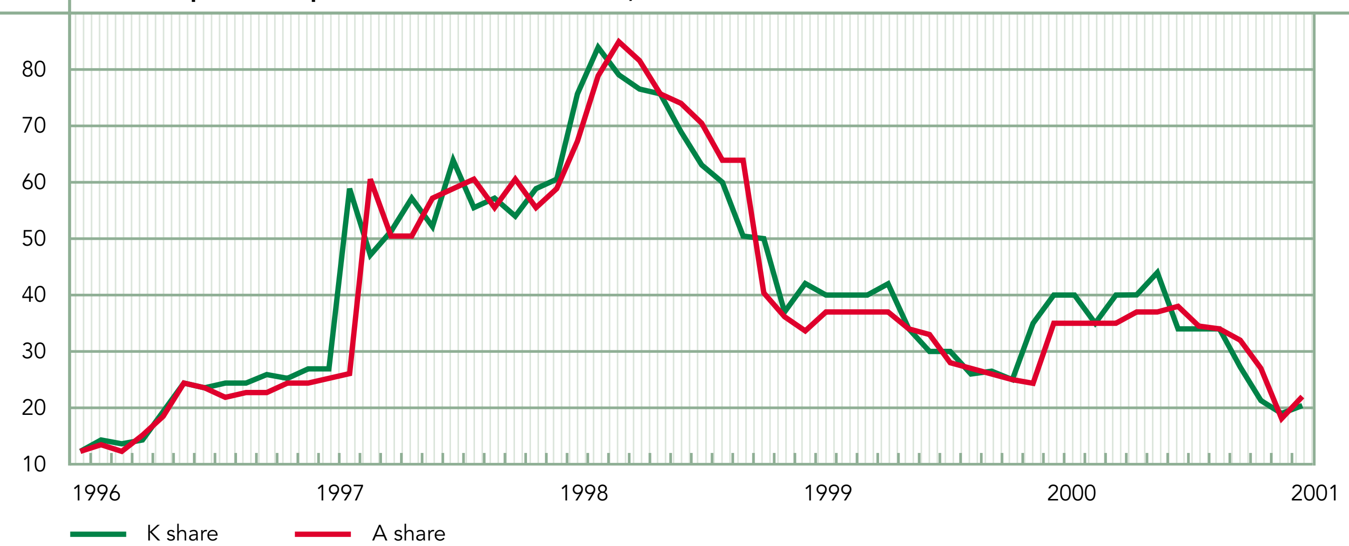
The company management and the members of the Board of Directors hold 1,330 shares, which corresponds to 0.01% of the issued stock and 0.06% of the voting rights.

# Shares and Shareholders 31 Dec. 2000

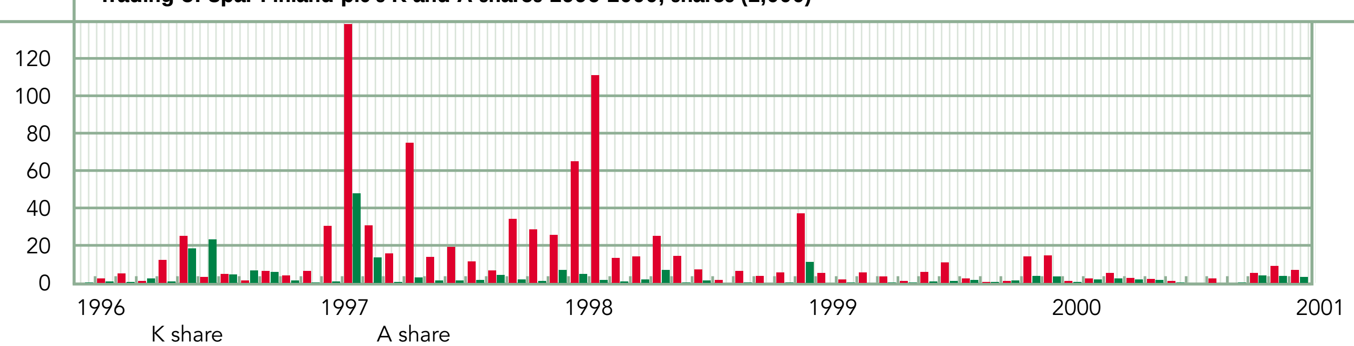
| Share performance, 1 Mar. 1996 - 31 Dec. 2000 | K shares, € | | A shares, € | |
|---|---|---|---|---|
| | highest | lowest | highest | lowest |
| 1.3.1996 - 28.2.1997 | 60.55 | 13.46 | 62.23 | 12.28 |
| 1.3.1997 - 31.12.1997 | 63.91 | 45.41 | 67.28 | 42.89 |
| 1.1.1998 - 31.12.1998 | 84.93 | 33.64 | 85.78 | 28.76 |
| 1.1.1999 - 31.12.1999 | 46.00 | 21.60 | 40.00 | 20.50 |
| 1.1.2000 - 31.12.2000 | 48.15 | 18.05 | 47.15 | 18.00 |

| Share turnover, 1 Mar. 1996 - 31 Dec. 2000, in number and percentage | K Share | | A Share | |
|---|---|---|---|---|
| | No. | % | No. | % |
| 1.3.1996 - 28.2.1997 | 111,586 | 19.7 | 236,164 | 41.4 |
| 1.3.1997 - 31.12.1997 | 26,017 | 4.6 | 233,961 | 41.0 |
| 1.1.1998 - 31.12.1998 | 28,284 | 5.0 | 303,820 | 53.3 |
| 1.1.1999 - 31.12.1999 | 11,280 | 2.0 | 66,248 | 11.6 |
| 1.1.2000 - 31.12.2000 | 18,034 | 3,2 | 37,006 | 6.5 |

**Price of Spar Finland plc´s K and A shares 1996-2000, €**




**Trading of Spar Finland plc´s K and A shares 1996-2000, shares (1,000)**



# Key Indicators for Shares

| Key indicators for shares based on the consolidated accounts (€) | | | 31 Dec. 2000 12 months | 31 Dec. 1999 12 months | 31 Dec. 1998 12 months | 31 Dec. 1997 10 months | 28 Feb. 1997 12 months |
|---|---|---|---|---|---|---|---|
| Earnings per share | 1) | € | -2.93 | 0.50* | 2.21 | 5.77 | 1.67 |
| P/E ratio | | | | | | | |
| Series K | | | neg. | 80.62* | 19.05 | 10.49 | 35.32 |
| Series A | | | neg. | 70.54* | 16.77 | 10.20 | 36.33 |
| Shareholders' equity/share | 2) | € | 29.81 | 29.60 | 29.42 | 27.20 | 22.68 |

| Share capital and dividend payment | | | 31 Dec. 2000 12 months | 31 Dec. 1999 12 months | 31 Dec. 1998 12 months | 31 Dec. 1997 10 months | 28 Feb. 1997 12 months |
|---|---|---|---|---|---|---|---|
| Share capital | | €1,000 | 1,911.1 | 1,917.3 | 1,917.3 | 1,917.3 | 1,917.3 |
| Series K shares | | €1,000 | 952.4 | 958.7 | 958.7 | 958.7 | 958.7 |
| Series A shares | | €1,000 | 958.7 | 958.7 | 958.7 | 958.7 | 958.7 |
| Market capitalisation | 3) | €1,000 | 22,387.6 | 42,600.8 | 44,900.8 | 67,839.9 | 67,846.2 |
| Number of shares, average | | no. | 1,136,271 | 1,136,271 | 1,136,271 | 1,136,271 | 1,136,271 |
| Number of shares, adjusted | | no. | 1,136,271 | 1,136,271 | 1,136,271 | 1,136,271 | 1,136,271 |
| Dividend payment | | €1,000 | – ** | 955.5 | 955.5 | 764.4 | 420.5 |
| Payout ratio | | % | – ** | 50 | 50 | 40 | 22 |
| Dividend, nominal | | € | – ** | 0.84 | 0.84 | 0.67 | 0.37 |
| Dividend, adjusted | | € | – ** | 0.84 | 0.84 | 0.67 | 0.37 |
| Dividend as % of profit | 4) | % | | 169.5 | 38.1 | 11.7 | 22.2 |
| Effective dividend yield | 5) | | | | | | |
| Series K shares | | % | | 2.1 | 2.0 | 1.1 | 0.6 |
| Series A shares | | % | | 2.4 | 2.3 | 1.1 | 0.6 |

* Extraordinary income, tax refunds have been treated as in 2000.

**) Board's proposal to the AGM: the Board proposes that the profit for the financial year be posted to retained profits and for no dividend to be paid.

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

2) Shareholders' equity per share $= \dfrac{\text{Shareholders' equity on balance sheet}}{\text{Adjusted number of shares at year-end}}$

3) Market capitalisation = Number of shares x last traded price at year-end

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

5) Effective dividend yield, % $= \dfrac{\text{Dividend/share}}{\text{Last traded price of year}} \times 100$

# Five years in Figures

| Group (€ million) | 31 Dec. 2000<br>12 months | 31 Dec. 1999<br>12 months | 31 Dec. 1998<br>12 months | 31 Dec. 1997<br>10 months | 28 Feb. 1997<br>12 months |
|---|---|---|---|---|---|
| Net turnover | 608.4 | 614.4 | 650.4 | 478.9 | 130.3 |
| Change in net turnover, % | -1.0 | -5.5 | 35.8 | 267.6 | 11.5 |
| Operating profit before depreciation | 3.9 | 10.1 | 10.8 | 16.5 | 6.6 |
| % of net turnover | 0.6 | 1.7 | 1.7 | 3.5 | 5.0 |
| Planned depreciation | 7.9 | 8.5 | 7.3 | 6.7 | 3.8 |
| Operating profit/loss | -3.9 | 1.6 | 3.4 | 9.8 | 2.8 |
| % of net turnover | -0.6 | 0.3 | 0.5 | 2.1 | 2.1 |
| Financing income and expenses, net | -0.4 | -0.1 | 0.3 | 0.3 | 0.1 |
| Profit before appropriations and taxes | -4.4 | 1.5 | 3.8 | 10.1 | 2.9 |
| % of net turnover | -0.7 | 0.2 | 0.6 | 2.1 | 2.2 |
| Profit before taxes | 0.2 | 2.1 | 4.5 | 9.6 | 3.3 |
| % of net turnover | 0.0 | 0.3 | 0.7 | 2.0 | 2.5 |
| Net profit for the year | 1.2 | 1.2 | 3.3 | 6.6 | 3.7 |
| Shareholders' equity | 33.9 | 33.6 | 33.4 | 30.9 | 25.8 |
| Balance sheet total | 126.2 | 121.6 | 118.6 | 127.2 | 46.8 |
| Return on equity, % 1) | -9.9 | 1.7 | 9.5 | 19.9 | 7.2 |
| Return on investment, % 2) | -4.9 | 3.8 | 8.2 | 27.3 | 9.9 |
| Current ratio 3) | 0.7 | 0.7 | 0.8 | 0.8 | 1.2 |
| Interest-bearing liabilities, € million | 23.4 | 28.1 | 22.7 | 15.8 | 0.0 |
| Solvency ratio 4) | 27.0 | 27.8 | 28.4 | 24.4 | 55.1 |
| Gearing, % 5) | 58.5 | 76.5 | 58.0 | 28.3 | - |
| Gross capital expenditure, € million | 15.9 | 14.8 | 11.2 | 55.1 | 5.9 |
| % of net turnover | 2.6 | 2.4 | 1.7 | 11.6 | 4.6 |
| Personnel, average | 968 | 929 | 987 | 1136 | 1058 |

1) $$\frac{\text{Profit before extraordinary items - taxes}}{\text{Shareholders' equity + minority interest (average)}} \times 100$$

2) $$\frac{\text{Profit before extraordinary items + interest and other financing expenses}}{\text{Balance sheet total - non-interest-bearing debts (average)}} \times 100$$

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

4) $$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$$

5) $$\frac{\text{Interest-bearing debts - cash in hand and at bank plus current investments}}{\text{Shareholders' equity + minority interest}} \times 100$$

Tax refunds from 1999 and 2000 have been treated as additional income.
Changes in depreciation conventions have not been figure into the figures for previous years.

# Corporate Governance

## Annual general meeting

The annual general meeting is Spar Finland's highest decision-making body. According to the Finnish Companies Act, the tasks of the annual general meeting include confirming the company's annual profit and loss account and balance sheet, deciding on the payment of dividend, and electing the members of the Board of Directors and auditors. The annual general meeting must be held yearly before the end of June.

## Board of Directors

According to the articles of association, the Board of Directors of Spar Finland plc is comprised of at least five and at most nine members. The annual general meeting decides the number of Board members and elects the members annually.

The term of office of an individual member begins at the closing of the AGM at which he or she was elected and ends at the closing of the following AGM. The Board elects a chairman from among its members.

Spar Finland's rules of procedure complement Finnish legislation on the working of boards of directors and the rules and regulations issued for the responsibilities of Board members and the Chief Executive. In these rules of procedure, the following duties are assigned to the Board of Directors:

- To decide on the company's objectives, essential procedures and strategy, and to supervise the implementation of these.
- To decide on the company's business plans and budget and to monitor compliance with them.
- To decide on business arrangements, investment and loans, major items of capital expenditure, and the granting of guarantees.
- To confirm the main features of the organisation.
- To confirm the appointment of the Chief Executive's immediate subordinates.
- To confirm the salaries and other benefits of the senior management.

Monthly reports are submitted to the Board of Directors on the company's sales, performance, balance sheet and financial position. The Chief Executive also reports on the company's operations at each meeting of the Board.

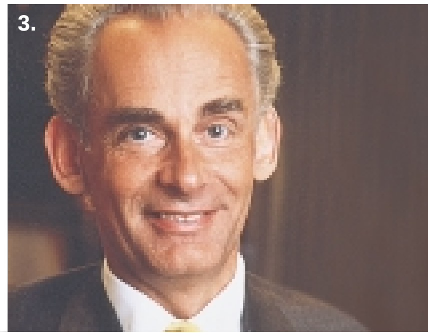
The Board elects the company's Chief Executive, whose job is to manage the company in accordance with the Board's rule and regulations.

## Salaries and emoluments

The annual general meeting decides on the fees to be paid to the Board of Directors. The Chief Executive's salaries and other benefits are determined by the Board. The salaries and emoluments paid to the members of the Board and the Chief Executive in 2000 are itemised in the notes to the financial statements (personnel expenses).

# Board of Directors






1. **Mats Jansson, 49**
   - Chairman since 2000
   - President and CEO, Axfood AB
   - Chairman and member of the Board of Directors for several Axfood Group subsidiaries

2. **Risto Wartiovaara, 58**
   - M.Sc. (Econ. and Bus. Admin.)
   - Deputy chairman since 1999
   - Chairman 1995-99
   - Chairman of the Board: Captum Group Oy, Kalevi Aholaita Oy, Eho Oy, Suunto Oyj, Saunatec Oyj, etc.

3. **Göran Ennerfelt, 61**
   - Member of the Board since 1999 (chairman 1999-2000)
   - President and CEO, Axel Johnson AB
   - Chairman or member of the Board for several companies of the Axel Johnson Group, numerous other Swedish companies and non-profit organisations





4. **Per-Olof Bäckström, 59**
   - Retailer, Superspar Hyrylä
   - Member of the Board since 1999
   - Member of the Guild Board of the Finnish Spar Traders 1998-2000 and member of the Board, Spar and Neighbourhood Traders Association

5. **Raoul Hasselgren, 64**
   - M.Sc. (Econ.)
   - Several chairmanships and memberships on the Boards of various Swedish companies and organisations, including Nordic Food and Drink Suppliers Norfoods, Detaljhandelsinvest DHI, ECR Europa, Candyking

6. **Matti Linnainmaa, 60**
   - Commercial Counsellor
   - Member of the Board since 1997
   - Chairman of the Board, Satakunnan Messut Oy; deputy chairman of the Board, Raisio Corporation; member of the Board, Prizztech Oy

7. **Björn Westerholm, 55**
   - Managing Director
   - Member of the Board since 1987
   - Chief Executive of Spar Finland until 31 October 2000

Timo Säiläkivi (Director, Finance and Administration) served as secretary to the Board of Directors.
Lars Otterbeck, D.Sc. (Econ. And Bus. Admin.), who was elected to the Board of Directors by the annual general meeting of 12 April 2000, resigned from the Board on 18 May 2000.

# Management

In 2000 Spar Finland plc's Management Board was comprised of Managing Director **Björn Westerholm** (until 31 October), and **Jorma Haapanen** (Director of Eurospar, Rabatti, Spar Express), **Pasi Heiskanen** (Director, Store Development), **Markku Kettinen** (Director, Spar Market chain), **Piiu Pukkila** (Director, Operational Development, until 30 November 2000), **Timo Säiläkivi** (Director, Finance and Administration) and **Jari Vahtola**.

**Pekka Kosonen**, M.Sc. (Econ.), started as President and CEO on 1 November 2000, having formerly been Executive Vice President of Ketjuetu Oy.

## Auditors

Authorised public accountants
**KPMG Wideri Oy Ab**
**Wilhelm Holmberg, APA,**
is the auditor in charge.

# Contact Information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Adsek/Kiriangina Öhrling 2001