

Suomen Lähikauppa Oy

Suomen Lähikauppa Group

SUOMEN LÄHIKAUPPA



FINANCIAL STATEMENTS 2009

Business ID 1905481-8

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## Report by the Board of Directors

### Development of the Business Environment

As a result of the global recession, Finland's economy also continues to struggle to resume an upward trend. The fall of the Gross National Product and a decrease in private spending as well as a drop in the employment rate changed consumer behaviour during the past year.

The Finnish Grocery Trade Association (FGTA) member companies' retail sales rose by 3.4 percent compared to the previous year. According to Statistics Finland the price of food dropped even more at the end of the year than it did with the reduction of value-added tax on food at the beginning of October.

According to the FGTA's own statistics large stores have experienced the most growth in sales. Hypermarkets with over 2,500 m<sup>2</sup> in floor space experienced a sales growth of 6.5% and sales at supermarkets with over 1,000 m<sup>2</sup> grew by 4.4%. The lowest growth rate was recorded by grocery shops of less than 400 m<sup>2</sup> (+0.8 %) and those under 100 m<sup>2</sup> in size (+1.1 %).

### Group Structure and Shareholdings

Suomen Lähikauppa Oy Group is made up of Suomen Lähikauppa Oy, which is involved in the grocery industry, and T-kiinteistöt Oy, which manage the Group's properties. At the end of the financial year, the Group had seven property subsidiaries and six associated property companies. In addition, Tuko Logistics Oy (shareholding 39%) and Fintorus Oy (shareholding 21%) are associated companies of the Group.

ZAO Renlund SPb, a subsidiary owned by Suomen Lähikauppa Oy, was sold in August. A memorandum of association for property subsidiary Vantaan Kartannonkosken Kauppakulma was signed in February. Visuveden Liiketalo was purchased in August.

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

### Key Events in Business Operations

During the year the Group continued to implement its grocery store strategy in all four areas of the Change program: Customerships, brands and concepts, development of current business operations and the management model. The Group's values were confirmed and their implementation began in March.

The decrease of the VAT base for groceries was realised last autumn by transferring the entire reduction directly to prices.

A new 'simple and cheap' store concept was developed for the Euromarket chain and the first store to follow the new concept was opened in Salo in October. Codetermination talks were held within the Euromarket chain and at the Helsinki headquarters during the spring. At Euromarket, the effects of the new store concept on personnel structure were established, and at the headquarters the efficiency of operations was enhanced.

Sales agreements for the Pori, Tampere and Lempäälä Euromarkets were signed in November and in December for the Jyväskylä store. The Euromarket in Pori changed hands at the end of 2009 and the other stores in January 2010. Also, during the beginning of 2010 sales agreements were drawn up for the Euromarkets at Raksila and Linnanmaa in Oulu as well as for one in Kemi. The deal has yet to be completed as it still needs to be approved by the Finnish competition authority.

At the end of the year, Suomen Lähikauppa had a total of 746 stores. Of these 544 were Siwas, 181 were Valintatalos and 21 were Euromarkets.

## Research and Development

Development is an integral part of Suomen Lähikauppa's daily business. The most important development projects of 2009 were related to changes in store concepts and the management model, as described above in section Key Events in Business Operations. The costs of these projects are presented as costs in the financial period.

## Risks and Other Aspects with Definitive Effect on Business Development

Assessment of strategic risks has been regularised as an operation model so that it is part of normal business operation planning. Risk management aims to safeguard the company's business development and to ensure smooth business operations. Management models for operational risks, and the liabilities, tasks, and methods defined in these were implemented according to plan in 2009.

The effects of structural change in business operations regarding the company's financial situation have been significant. The Group's current economic action plan, however, demonstrates that the company's financial capital and shareholder's equity are sufficient to follow through on the company's plans.

## Financial Position and Financing

In 2009, Suomen Lähikauppa's turnover amounted to MEUR 1,305.7 (-7.5% compared to the previous year). This growth was lower than the market average. The economic downturn brought about a change in consumer behaviour, so that consumers focused on prices more than previously.

The Group recorded a loss of MEUR 39.4 before extraordinary items. This was primarily due to a drop in sales, which in turn resulted from the aforementioned change in consumer behaviour. Additionally, the effects of closed stores were written off during the financial period. As part of the financial statement a decision was made to change the depreciation period for goodwill in the balance sheet from 20 years to 10 years. As a result, the Group experienced a one-off MEUR 16.8 fall in profit. Cost cuts brought about by the Group's rationalisation program and one-off sales profits were positive profit making adjustments during the period. Testing of goodwill did not show there to be a need for a write-off.

Investments for the period amounted to MEUR 8.7, compared with MEUR 19.9 a year ago.

The company's financial situation in 2009 has been tight. The profits from the sales of Euromarket stores as well as the financial arrangements instated at the beginning of 2010 have helped to correct the situation. In order to follow through on structural change according to the company's strategy it must invest assertively in business, which will present challenges in timing for financing and capitalisation.

## Key Figures

MEUR	2009	2008	2007
Turnover	1,305.7	1,411.9	1,387.2
Loss/ profit	-38.8	-22.8	-19.8
portion of turnover %	-3,0	-1.6	-1.4
Loss/profit before extraordinary items	-39.4	-23.5	-17.1
Return on equity %	-127.6	-39.7	-22.5
Equity ratio %	5.0	18,4	26,1
Gearing %	142.2	-7.0	-15.4
Balance sheet total	210.8	260.2	285.5

**Personnel**

In 2009, the number of full-time equivalent employees at Suomen Lähikauppa Oy averaged 4,372 (compared to 5,008 in 2008). The number of contractual employees at the end of the year amounted to 6,492 (2008: 7,084, 2007: 7,179), including staff who are on the payroll, but who are currently on a leave of absence. In addition, there was an average of 42 employees (2008: 151, 2007: 151) working at the Group's Russian subsidiary, which was sold during the year. During the financial period, Suomen Lähikauppa paid wages and salaries to the value of MEUR 132.9 (compared to 2008: MEUR 140.7, 2007: MEUR 129.8).

**Environmental Issues**

Suomen Lähikauppa Oy adheres to a confirmed Environmental Program. Environmental management is a part of the group's day-to-day decision-making and management system. The group has formed an Environmental Operations Control Group to develop environmental policy and operations.

By signing the Confederation of Finnish Industries' energy efficiency agreement Suomen Lähikauppa set its target at reducing energy consumption by 9% by 2016. During 2009, the Group's electricity consumption decreased by 3.2%, and by up to 7.4% at Euromarkets. During the year environmental audits were carried out at 13 Valintatalo stores. By the end of the financial year, 22 Valintatalo stores had been granted the Joutsenmerkki environmental label.

**Administration and Auditors**

The parent company's Board of Directors was comprised of: Michal Rosenlew (Chairman), Juha Laisaari (Vice Chairman), Max Alfthan, Juha Hellgren, Kristian Kemppinen, Christian Ramm-Schmidt, and Leena Saarinen. Terhi Raatesalmi-Salonen acted as the employees' representative. The Board of Directors held 10 meetings during the financial year.

The Audit Committee, elected by the members of the Board of Directors, was comprised of Juha Laisaari (Chairman) Kristian Kemppinen, and Max Alfthan. The Audit Committee held 3 meetings during the financial period.

The Compensation Committee was comprised of Michael Rosenlew (Chairman), Christian Ramm-Schmidt, and Juha Hellgren. The Compensation Committee held 6 meetings during the financial period.

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

**Prospects for development in 2010**

Finland's economic development will take a slight upturn, although unemployment will continue to grow. Suomen Lähikauppa Oy is focused on realising the strategy it has set for itself. Due to this, in 2010 there will be further store network changes in addition to the ones already taking place. At the same time the Group will continue the remodelling process at Siwa and Valintatalo stores, which it initiated in 2009 in order to improve commercial success, will enhance efficiency of operations with a concept-based management model and pilot new types of stores.

Especially due to the decrease in number of stores the Group owns, its turnover will continue its downward trend in 2010. The current short-term financing the group has will be sufficient in covering all business operations, which have been outlined in its action plan.

**Board Proposal for Profit Distribution**

The Board of Directors proposes that no dividends be distributed.

## Consolidated financial statement 2009

Consolidated income statement  
1 January 2009 - 31 December 2009

	Inserts	2009	2008
<b>TURNOVER</b>	<b>1</b>	<b>1 305 665 150,77</b>	<b>1 411 907 022,42</b>
Other operating income	2	16 978 953,64	11 437 759,44
Operating expenses			
Materials and services	3	-983 646 940,54	-1 061 895 979,33
Personnel costs	4	-163 872 279,40	-174 029 631,29
Depreciation, amortisation and write-downs	5	-42 602 631,47	-22 130 772,56
Other operating expenses	6	-171 335 854,99	-188 083 575,63
<b>LOSS/PROFIT</b>		<b>-38 813 601,99</b>	<b>-22 795 176,95</b>
Financial income and expenses	7	-564 441,04	-722 551,13
<b>LOSS (PROFIT) BEFORE TAX</b>		<b>-39 378 043,03</b>	<b>-23 517 728,08</b>
Income tax	8	2 002 969,27	-222 748,74
Minority share		7 097,17	644,20
<b>LOSS (PROFIT) IN ACCOUNTING PERIOD</b>		<b>-37 367 976,59</b>	<b>-23 739 832,62</b>

## Group Balance Sheet, 31 December 2009

<b>Assets</b>	<b>Insert:</b>	<b>2009</b>	<b>2008</b>
<b>FIXED ASSETS</b>			
Intangible assets	<b>9</b>	52 120 509,89	78 950 039,94
Consolidated goodwill	<b>10</b>	0,00	2 307 692,68
Tangible assets	<b>11</b>	47 302 517,99	56 625 280,41
Investments	<b>12</b>		
Holdings in associated companies		9 015 110,31	9 191 065,15
Other investments		1 709 053,79	1 470 628,50
<b>TOTAL FIXED ASSETS</b>		<b>110 147 191,98</b>	<b>148 544 706,68</b>
<b>CURRENT ASSETS</b>			
Stocks	<b>13</b>	68 550 199,00	74 682 688,67
Receivable	<b>14</b>	24 690 141,04	23 358 802,21
Cash and bank deposits		7 436 884,75	13 586 208,54
<b>TOTAL CURRENT ASSETS</b>		<b>100 677 224,79</b>	<b>111 627 699,42</b>
<b>TOTAL ASSETS</b>		<b>210 824 416,77</b>	<b>260 172 406,10</b>

## Group Balance Sheet, 31 December 2009

<b>Liabilities</b>	<b>Inserts</b>	<b>2009</b>	<b>2008</b>
<b>SHAREHOLDER'S EQUITY</b>	<b>15</b>		
Share capital		33 430 000,00	33 430 000,00
Loss (profit) for previous periods		14 190 475,74	37 930 308,36
Loss (profit) in accounting period		-37 367 976,59	-23 739 832,62
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>10 252 499,15</b>	<b>47 620 475,74</b>
<b>Minority share</b>		<b>339 844,52</b>	<b>346 941,69</b>
<b>Statutory reserves</b>	<b>16</b>	<b>5 586 165,21</b>	<b>6 801 197,80</b>
<b>LIABILITIES</b>			
Long-term liabilities	<b>17</b>	5 160 014,57	11 821 213,42
Short-term liabilities	<b>18</b>	189 485 893,32	193 582 577,45
<b>TOTAL LIABILITIES</b>		<b>194 645 907,89</b>	<b>205 403 790,87</b>
<b>TOTAL LIABILITIES</b>		<b>210 824 416,77</b>	<b>260 172 406,10</b>

## Consolidated cash flow statement 1 January 2009 - 31 December 2009

	2009	2008
<b>CASH FLOW FROM OPERATIONS</b>		
Profit before extraordinary items	-39 378 043,03	-23 517 728,08
Operational profit adjustments		
Planned depreciation (+)	42 602 631,47	22 130 772,56
Other non-cash income and expenses (+/-)	-1 546 858,71	3 070 456,94
Financial income and expenses (+/-)	564 441,04	722 551,13
Other adjustments; profit and loss from trade (+/-)	-7 243 223,46	-810 948,78
<b>Cash flow before change in working capital</b>	<b>-5 001 052,69</b>	<b>1 595 103,77</b>
Change in working capital		
Increase (-) / decrease (+) in non-interest-bearing current accounts receivable	-3 705 104,10	4 792 737,39
Increase (-) / decrease (+) in stocks	6 132 489,67	3 112 990,00
Increase (-) / decrease (+) in non-interest-bearing current accounts receivable	-14 808 903,02	-3 833 635,10
<b>Cash flow from operations before financial items and tax</b>	<b>-17 382 570,14</b>	<b>5 667 196,06</b>
Interest paid and financial expenses	-583 907,55	-833 884,07
Dividends received	198 932,00	191 928,00
Interest received	44 521,64	80 262,57
Direct tax paid	93 295,52	26 833,00
<b>Cash flow from operations</b>	<b>-17 629 728,53</b>	<b>5 132 335,56</b>
<b>CASH FLOW FROM INVESTMENTS</b>		
Investments in tangible and intangible assets	-8 619 635,54	-19 166 110,56
Capital gains on tangible and intangible assets	7 668 401,72	6 467 347,19
Loans granted	-110 914,05	0,00
Investments in other financial assets	-130 048,00	-775 716,00
Repayment of loan receivables	403 829,87	1 902,57
Capital gains on other investments	0,00	633 547,12
<b>Cash flow from investments</b>	<b>-788 366,00</b>	<b>-12 839 029,68</b>
<b>CASH FLOW FROM FINANCING</b>		
Short-term loans taken out	12 268 770,74	-224 479,06
<b>Cash flow from financing</b>	<b>12 268 770,74</b>	<b>-224 479,06</b>
<b>CHANGE IN LIQUID ASSETS</b>		
LIQUID ASSETS 1 JAN	13 586 208,54	21 517 381,72
<b>LIQUID ASSETS 31 DEC</b>	<b>7 436 884,75</b>	<b>13 586 208,54</b>

## Notes to the consolidated financial statement

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

## Preparation principles of the consolidated financial statements

### Valuation principles

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

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

Goodwill is depreciated over 10 years based on the assumption that the income effect generated by goodwill is a minimum of 10 years.

Significant investments in computer software are capitalised and amortised over their estimated economic life.

Other long-term expenditure includes the paving and refurbishment of leased plots. These expenses are depreciated over 10 years, unless the duration of the lease agreements requires a shorter depreciation period. Renovation costs of rented store properties are capitalised when the benefit from their capitalisation is divided between several financial periods. These renovation costs are amortised over a maximum of 5 years, depending on the expiration of the rental agreement.

Investments are stated at cost.

Stocks, which consist of daily consumer goods and consumer durables, are stated at the original acquisition cost or at the lower cost of likely realisable net value.

Receivables are stated at their nominal value.

### Pensions

The Group companies' employee retirement plan is managed by external pension insurance companies. Pension costs are expensed as incurred.

### Deferred taxes

Deferred tax liabilities and assets in the consolidated financial statements are based on the differences between the date of taxation and the balance sheet date, using a tax rate of 26 per cent. The consolidated balance sheet includes deferred tax liabilities as a whole and deferred tax assets according to a very cautious estimate.

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

The consolidated financial statement includes accounts of all Group companies and associated companies.

In August 2009 Suomen Lähikauppa Oy sold its subsidiary ZAO Renlund Spb. A memorandum of association for retail property subsidiary Vantaan Kartannonkosken Kauppakulma was signed in February. Visuveden Liiketalo was purchased in August.

The Group's subsidiaries are listed on page 15 and associated companies on page 16.

**Accounting principles for the consolidated financial statements**

**Intra-Group shareholding**

The consolidated financial statements are prepared using the acquisition cost method. The difference between the excess of the subsidiaries' acquisition cost over shareholders' equity is allocated to fixed assets. On 31 Dec 2009, MEUR 0.2 was allocated to land and MEUR 7.8 to buildings. The amount allocated to buildings will be amortised according to plan as applicable to the asset in question.

**Intra-Group transactions and profits**

All intra-Group transactions, receivables and liabilities have been eliminated. The Group has neither unrealised profit margins based on intra-Group transactions nor intra-Group profit distribution.

**Minority interest**

Minority interest is separated from Group shareholders' equity and results, and is treated as a separate item.

**Associated companies**

Associated companies are consolidated using the equity method.

With the exception of Tuko Logistics Oy, the associated companies are all property companies.

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

## Notes to consolidated financial statement

## Notes to profit and loss statement

	2009	2008
<b>1. Turnover by shop chain:</b>		
Euromarket	275 381 982,00	314 900 808,00
Valintatalo stores	422 712 263,00	457 661 885,00
Siwa stores	596 907 243,00	618 585 978,00
Other sales	10 663 662,77	20 758 351,42
<b>Total turnover</b>	<b>1 305 665 150,77</b>	<b>1 411 907 022,42</b>

Turnover originates primarily from domestic retail sales.

## 2. Other operating income

Rental income	8 331 623,26	9 403 861,71
Proceeds from the sale of fixed assets	7 542 390,00	1 184 281,73
Other income	986 516,42	733 961,68
Share of an associated company's profits *	118 423,96	115 654,32
<b>Other operating income in total</b>	<b>16 978 953,64</b>	<b>11 437 759,44</b>

\*Tuko Logistics Oy

## 3. Materials and services

Purchases during the financial year	-978 766 450,87	-1 058 782 989,33
Change in stocks	-4 880 489,67	-3 112 990,00
<b>Materials and services in total</b>	<b>-983 646 940,54</b>	<b>-1 061 895 979,33</b>

## 4. Personnel costs

Salaries and remunerations	-132 854 624,92	-140 677 060,49
Pensions	-24 205 999,52	-24 228 468,84
Other personnel costs	-6 811 654,96	-9 124 101,96
<b>Personnel costs in total</b>	<b>-163 872 279,40</b>	<b>-174 029 631,29</b>

**Management remuneration:**

President & CEO and deputy	354 811,20	339 091,20
Members of the Board	316 257,44	315 000,00
<b>Total</b>	<b>671 068,64</b>	<b>654 091,20</b>

**Average number of Group employees during the financial year:**

Clerical and managerial personnel	311	383
Other personnel	6 223	6 701
Personnel abroad	42	151
<b>Personnel in total</b>	<b>6 576</b>	<b>7 235</b>
Joint Enterprises	708	796

**Related-party transactions**

During the 2009 financial year, Suomen Lähikauppa Oy did not partake in any related-party transactions as they are defined in Finland's Accounting Ordinance, Chapter 2, section 7b.

	2009	2008
<b>5. Depreciation, amortisation and write-downs</b>		
Goodwill write-down	-8 340 319,28	-4 170 159,55
Goodwill depreciation	-17 102 523,84	0,00
Depreciation of other long-term expenditure	-3 820 576,92	-3 840 618,12
Buildings	-1 142 292,70	-647 697,52
Machinery and equipment	-12 107 097,36	-13 382 644,21
Other tangible assets	-2 822,52	-2 822,52
Consolidation difference	-86 998,85	-86 830,64
<b>Total depreciations</b>	<b>-42 602 631,47</b>	<b>-22 130 772,56</b>
<b>6. Other operating expenses</b>		
Total expenses from sales	360,66	-239 180,19
Marketing expenses	-17 927 856,82	-21 151 386,60
Rental expenses	-65 593 646,82	-68 722 327,39
Property expenses	-12 348 877,04	-13 179 919,16
Administrative expenses	-10 156 677,36	-12 703 156,37
Other operating and maintenance	-65 251 692,46	-71 714 272,97
Loss on sale of fixed assets	-57 465,15	-373 332,95
<b>Other operating expenses</b>	<b>-171 335 854,99</b>	<b>-188 083 575,63</b>
<b>Auditors' fees</b>		
Audit	55 970,25	55 477,72
Reports and opinions	240,00	0,00
Tax consultancy	4 930,37	40 100,00
Other services	11 220,00	4 789,84
<b>Total</b>	<b>72 360,62</b>	<b>100 367,56</b>
<b>7. Financial income and expenses</b>		
Income from other fixed asset investments		
Profit from associated companies	32,00	48,00
Interest income from investments		
In participating interest of joint ventures	1 732,52	1 919,02
From third parties	0,00	200,01
Other interest and financing income		
Interest income from changing assets		
From third parties	39 362,60	65 193,91
Other financing income from changing assets from third parties	3 394,52	8 898,46
<b>Total interest and financing costs</b>	<b>44 521,64</b>	<b>76 259,40</b>
Share of associated companies' profits	-25 055,13	-10 696,80
Depreciation of investments in fixed assets	0,00	-30 000,00
Interest costs for third parties	-551 492,26	-631 215,22
Other financing costs for third parties	-32 415,29	-126 898,51
<b>Total interest and financing costs</b>	<b>-583 907,55</b>	<b>-788 113,73</b>
<b>Financing income and costs</b>	<b>-564 441,04</b>	<b>-722 551,13</b>

	2009	2008
<b>8. Income statement taxes</b>		
Tax for the financial period	-93 295,52	-52 480,36
Change in deferred tax assets	-2 290 299,78	916 375,01
Change in deferred tax liabilities	4 386 564,57	-1 086 643,39
<b>Income tax total</b>	<b>2 002 969,27</b>	<b>-222 748,74</b>

**Notes for balance sheet**

	31 Dec 2009	31 Dec 2008
<b>9. Intangible commodities</b>		
Intangible rights		
<b>Acquisition cost 1 Jan</b>	51 549,29	61 504,34
Increase	0	0,00
Decrease; sales	-2139,16	-9 955,05
<b>Acquisition cost 31 Dec</b>	49 410,13	-9 955,05
<b>Book value 31 Dec</b>	<b>49 410,13</b>	<b>51 549,29</b>
Goodwill value		
<b>Acquisition cost 1 Jan</b>	83 634 346,63	83 634 346,63
Transfers between items	101 622,86	0,00
<b>Acquisition cost 31 Dec</b>	<b>83 735 969,49</b>	<b>83 634 346,63</b>
Accumulated depreciation 1 Jan	-16 367 862,43	-12 197 702,88
Depreciation for the financial period	-8 340 319,28	-4 170 159,55
Goodwill write-downs for the period	-17 102 523,84	0,00
Accumulated depreciation and write-downs 31 Dec	-41 810 705,55	-16 367 862,43
<b>Book value 31 Dec</b>	<b>41 925 263,94</b>	<b>67 266 484,20</b>
Other long-term expense items		
<b>Acquisition cost 1 Jan</b>	23 464 086,17	17 503 673,19
Increases	1 905 084,71	6 100 412,98
Decreases	-673,66	-140 000,00
Transfers between items	429 995,24	0,00
<b>Acquisition cost 31 Dec</b>	<b>25 798 492,46</b>	<b>23 464 086,17</b>
Accumulated depreciation 1 Jan	-11 832 079,72	-7 991 461,60
Depreciation for the financial period	-3 820 576,92	-3 840 618,12
Accumulated depreciation 1 Jan	-15 652 656,64	-11 832 079,72
<b>Book value 31 Dec</b>	<b>10 145 835,82</b>	<b>11 632 006,45</b>
<b>Total intangible commodities</b>	<b>52 120 509,89</b>	<b>78 950 039,94</b>

**10. Consolidated goodwill**

<b>Acquisition cost 1 Jan</b>	2 566 882,96	2 566 882,96
Transfers between items	-98 572,13	0,00
<b>Acquisition cost 31 Dec</b>	<b>2 468 310,83</b>	<b>2 566 882,96</b>
Accumulated depreciation on 1 Jan	-259 190,28	-172 359,64
Depreciation for the financial period	-86 998,86	-86 830,64
Goodwill write-downs for the financial period	-2 122 121,69	0,00
Accumulated depreciation and write-downs 31 Dec	-2 468 310,83	-259 190,28
<b>Book value 31 Dec</b>	<b>0,00</b>	<b>2 307 692,68</b>

	31 Dec 2009	31 Dec 2008
<b>11. Tangible commodities</b>		
Land and water areas		
<b>Acquisition cost 1 Jan</b>	1 973 037,91	2 569 482,16
Increases	393 111,66	28 895,46
Decreases; sales	-141 300,00	-625 339,71
<b>Acquisition cost 31 Dec</b>	2 224 849,57	1 973 037,91
<b>Book value 31 Dec</b>	<b>2 224 849,57</b>	<b>1 973 037,91</b>
Buildings and structures		
<b>Acquisition cost 1 Jan</b>	17 055 194,03	20 154 982,08
Increases	574 642,28	1 275 256,43
Decreases	-76,41	-4 375 044,48
<b>Acquisition cost 31 Dec</b>	17 629 759,90	17 055 194,03
Accumulated depreciation and write-downs	-3 827 425,53	-3 179 728,01
Depreciation for the financial period	-1 142 292,70	-647 697,52
Accumulated depreciation on 31 Dec	-4 969 718,23	-3 827 425,53
<b>Book value 31 Dec</b>	<b>12 660 041,67</b>	<b>13 227 768,50</b>
Machinery and equipment		
<b>Acquisition cost 1 Jan</b>	90 676 805,96	81 274 175,50
Increases	3 617 810,29	9 808 959,21
Decreases	-727 991,16	-495 129,63
Transfers between items	11 027,74	88 800,88
<b>Acquisition cost 31 Dec</b>	93 577 652,83	90 676 805,96
Accumulated depreciation and write-downs	-49 962 338,85	-36 579 694,64
Depreciation for the financial period	-12 107 097,36	-13 382 644,21
Accumulated depreciation on assets sold	73 400,00	
Accumulated depreciation on 31 Dec	-61 996 036,21	-49 962 338,85
<b>Book value 31 Dec</b>	<b>31 581 616,62</b>	<b>40 714 467,11</b>
Other tangible commodities		
<b>Acquisition cost 1 Jan</b>	17 812,98	28 742,52
Decreases	-2 586,01	-10 929,54
<b>Acquisition cost 31 Dec</b>	15 226,97	17 812,98
Accumulated depreciation on 1 Jan	-10 757,98	-7 935,46
Depreciation for the financial period	-2 822,52	-2 822,52
Accumulated depreciation on 31 Dec	-13 580,50	-10 757,98
<b>Book value 31 Dec</b>	<b>1 646,47</b>	<b>7 055,00</b>
Advance payments and work in progress		
<b>Acquisition cost 1 Jan</b>	702 951,89	242 812,59
Increases	977 906,90	641 548,36
Decreases; sales	-203 118,28	-78 000,00
Transfers between items	-643 376,85	-103 409,06
<b>Book value 31 Dec</b>	<b>834 363,66</b>	<b>702 951,89</b>
Of the transfers between items in advance payments and unfinished acquisitions EUR 202,353.87 has been transferred to expenses.		
<b>Total tangible commodities</b>	<b>47 302 517,99</b>	<b>56 625 280,41</b>

	31 Dec 2009	31 Dec 2008
<b>12. Investments</b>		
Holdings in associated companies		
<b>Holdings on 1 Jan</b>	9 191 065,15	9 160 335,29
Increases	0,00	775 716,00
Decreases; sales	0,00	-633 547,12
Other change in holdings	-175 954,84	-111 439,02
<b>Holdings on 31 Dec</b>	9 015 110,31	9 191 065,15
<b>Book value 31 Dec</b>	<b>9 015 110,31</b>	<b>9 191 065,15</b>
Receivables from associated companies:		
<b>Loans receivable from Koskelan Ostoskeskus Oy on 1 Jan</b>	26 001,77	27 904,34
Repayments	-2 536,76	-1 902,57
<b>Book value 31 Dec</b>	<b>23 465,01</b>	<b>26 001,77</b>
Other shares and holdings		
<b>Acquisition cost 1 Jan</b>	1 444 626,73	1 444 626,73
Increases	130 048,00	0,00
<b>Acquisition cost 31 Dec</b>	1 574 674,73	1 444 626,73
<b>Book value 31 Dec</b>	<b>1 574 674,73</b>	<b>1 444 626,73</b>
Other receivables		
<b>Loan receivables 1 Jan</b>	0,00	0,00
Increases	110 914,05	0,00
Decreases; sales	0,00	0,00
<b>Book value 31 Dec</b>	<b>110 914,05</b>	<b>0,00</b>
Receivables from Tameido Ltd. (Cyprus)		
<b>Other investments total</b>	<b>1 709 053,79</b>	<b>1 470 628,50</b>

Subsidiaries 31 Dec 2009	Registered location	Group shareholding	Suomen Lähikauppa Oy shareholding	Book value		Increase/decrease	
				31 Dec 2009		2009	
				EUR		EUR	
Jyrängön Palvelukeskus Oy	Heinola	50	50	304 998,12		0,00	
Oulun Eka, Ki Oy	Oulu	100	100	8 339 575,16		0,00	
Peimarin Puoti Oy	Paimio	84	84	91 065,35		0,00	
Peltosaaren Liikekeskus	Riihimäki	60	60	133 631,52		0,00	
Vantaan Simonsampo, Ki Oy	Vantaa	100	100	286 777,65		0,00	
Vantaan Kartanonkosken Kauppakulma, Ki Oy	Vantaa	71	71	1 802,00		-1 802,00	
Visuveden Liiketalo, Ki Oy	Visuvesi	100	100	233 680,00		-233 680,00	
<b>Property subsidiaries in total</b>				<b>9 391 529,80</b>		<b>-235 482,00</b>	
ZAO Renlund Spb *	Saint Petersburg	0	0	0,00		0,00	
T-kiinteistöt Oy	Helsinki	100	100	500 000,00		0,00	
<b>Subsidiaries in total</b>				<b>9 891 529,80</b>		<b>-235 482,00</b>	

\* The company was sold in 2009.

**Associated companies 31 Dec 2009**

	Registered location	Group shareholding %	Suomen Lähi-Kauppa Oy shareholding %	Book value 31 Dec 2009 EUR	Increase/decrease 2009 EUR
Fintorus Oy	Lappeenranta	21	21,4	0,00	0,00
Koskelan Ostoskeskus Oy	Oulu	29	29,3	78 289,28	0,00
Kärpäsen Ostoskeskus Oy	Lahti	26	26,5	350 351,03	0,00
Lohikosken Liikekeskus Oy	Jyväskylä	26	25,6	81 280,00	0,00
Lukonmäen Palvelukeskus Oy	Tampere	35	34,5	272 796,00	0,00
Punkalaitumen Pankkitalo As Oy	Punkalaidun	34	33,8	102 527,36	0,00
Tuko Logistics Oy	Kerava	39	39,0	8 477 653,43	0,00
Voisalmen Ostoskeskus Oy	Lappeenranta	50	50,0	74 257,24	0,00
<b>Associated companies in total</b>				<b>9 437 154,34</b>	<b>0,00</b>

**Other shares 31 Dec 2009**

	Registered location	Group shareholding %	Suomen Lähi-Kauppa Oy shareholding %	Book value 31 Dec 2009 EUR	Increase/decrease 2009 EUR
Lasivuori, As Oy	Vaasa	3	2,9	111 490,76	0,00
Lintuvaarantie 33, Ki Oy	Espoo	16	16,4	836 168,00	0,00
Pormestariluodon Keskus, Ki Oy	Pori	16	15,6	166 495,92	0,00
Rauman Valtakulma, Ki Oy	Rauma	9	8,8	211 328,00	0,00
Turun Luostarinkatu 10, As Oy	Turku	6	5,6	81 280,00	0,00
Vammalan Asemakatu 20, As Oy	Sastamala	19	18,6	130 048,00	0,00
<b>Other property companies in total</b>				<b>1 536 810,68</b>	<b>0,00</b>
Levikintarkastus Oy	Helsinki			17,09	0,00
Sannäsin Kartano Oy	Porvoo			17 087,89	0,00
Luottokunta	Helsinki			150,00	0,00
Kotkan Työterveys Oy	Kotka			8 124,95	0,00
Suomen Messut Osuuskunta	Helsinki			1 144,89	0,00
Pohjois-Hämeen Puhelin Oy	Ruovesi			6 000,00	0,00
Kurikan Säästölämpö Oy	Kurikka			4 323,23	0,00
Vakka-Suomen Kuntoputki Oy	Uusikaupunki			1 016,00	0,00
<b>Other shares and holdings in total</b>				<b>1 574 674,73</b>	<b>0,00</b>

	31 Dec 2009	31 Dec 2008
<b>13. Stocks</b>		
Goods for sale	68 550 199,00	74 682 688,67
<b>14. Receivables</b>		
<b>Long-term receivables</b>		
Deferred tax assets		
Timing differences of special purpose vehicles	0,00	654 345,07
From rents receivable	0,00	1 635 954,71
<b>Total</b>	<b>0,00</b>	<b>2 290 299,78</b>
<b>Short-term receivables</b>		
Accounts receivable	12 195 430,24	8 182 816,55
Receivables from associated companies		
Other receivables	245 721,83	442 076,13
Accrued income and prepaid expenses	373 155,90	465,14
<b>Total</b>	<b>618 877,73</b>	<b>442 541,27</b>
Other receivables		
Accounts receivable	3 802 867,23	5 319 521,61
Accounts payable	4 156 358,44	3 754 843,81
Other receivables	19 273,05	63 409,38
<b>Total</b>	<b>7 978 498,72</b>	<b>9 137 774,80</b>
Accrued income and prepaid expenses		
Other outstanding income	3 334 299,58	2 529 888,31
Other prepaid operating expenses	563 034,77	775 481,50
<b>Total</b>	<b>3 897 334,35</b>	<b>3 305 369,81</b>
<b>Receivables in total</b>	<b>24 690 141,04</b>	<b>23 358 802,21</b>
Accounts receivable consist mainly of credit card receivables. Other receivables mostly include cost compensation and rebates.		
<b>15. Total equity</b>		
<b>Shareholders' equity</b>		
Share capital on 1 Jan and 31 Dec	33 430 000,00	33 430 000,00
<b>Non-restricted equity</b>		
Retained earnings 1 Jan	37 930 308,36	56 120 481,98
Result for previous period	-23 739 832,62	-18 190 173,62
<b>Retained earnings 31 Dec</b>	<b>14 190 475,74</b>	<b>37 930 308,36</b>
Loss for the period	-37 367 976,59	-23 739 832,62
<b>Non-restricted equity 31 Dec</b>	<b>-23 177 500,85</b>	<b>14 190 475,74</b>
<b>Total equity</b>	<b>10 252 499,15</b>	<b>47 620 475,74</b>
Share of retained appropriations entered in shareholders' equity	174 874,65	12 796 350,94

The share of retained appropriations within the Group is formed from the accumulated depreciation difference.

	31 Dec 2009	31 Dec 2008
<b>16. Statutory reserves</b>		
Pension reserves	913 393,66	509 064,31
Rental reserves	4 672 771,55	6 292 133,49
<b>Statutory reserves in total</b>	<b>5 586 165,21</b>	<b>6 801 197,80</b>
<b>17. Long-term liabilities</b>		
Deferred tax liability		
Appropriations by special purpose vehicles	61 442,44	4 513 520,74
Allocated consolidation asset	98 572,13	2 307 692,68
<b>Total</b>	<b>160 014,57</b>	<b>6 821 213,42</b>
Other payables	5 000 000,00	5 000 000,00
<b>Long-term liabilities in total</b>	<b>5 160 014,57</b>	<b>11 821 213,42</b>
<b>Payables, which will be due in more than five years</b>		
Other payables	5 000 000,00	5 000 000,00
<b>Total</b>	<b>5 000 000,00</b>	<b>5 000 000,00</b>
<b>18. Short-term liabilities</b>		
Loans from financial institutions	22 501 520,51	10 232 749,77
Advances received	177 519,46	156 246,95
Accounts payable	66 156 323,46	71 321 522,76
Debts to associated companies		
Accounts payable	51 472 491,41	52 551 396,76
Accrued expenses	0,00	1 178 703,96
<b>Total</b>	<b>51 472 491,41</b>	<b>53 730 100,72</b>
Other payables		
Value-added tax debt to government	3 690 608,02	6 073 256,36
Withholding tax debt	2 591 655,60	2 872 426,84
Social Security payment debts	239 849,29	348 931,37
Other short-term interest free payables	1 121 363,35	1 502 390,44
<b>Total</b>	<b>7 643 476,26</b>	<b>10 797 005,01</b>
Accrued expenses		
Unpaid discounts (Loyal customer refund)	11 391 828,25	16 434 477,60
Unpaid personnel expenses	26 725 078,00	28 031 847,46
Other unpaid operating expenses	3 202 426,47	2 671 051,86
Rent deposits	215 229,50	207 575,32
<b>Total</b>	<b>41 534 562,22</b>	<b>47 344 952,24</b>
<b>Short-term liabilities in total</b>	<b>189 485 893,32</b>	<b>193 582 577,45</b>

**Other notes****19. Formulas for key figures in the Board of Directors' report**

Equity yield rate

$$\frac{\text{Profit/loss before extraordinary items - taxes}}{\text{Equity + minority share}}$$

Equity ratio, %

$$\frac{\text{Equity + minority share}}{\text{Balance sheet total - received advances}}$$

Gearing %

$$\frac{\text{Loans with interest - cash in hand and at banks, marketable securities}}{\text{Equity + minority share}}$$

	31 Dec 2009	31 Dec 2008
<b>20. Property and business mortgages pledged as security for debts</b>		
Consolidated account with overdraft facility	24 000 000,00	22 000 000,00
Warranty and letter-of-credit limits	1 000 000,00	3 000 000,00
Pledged business mortgages	370 000 000,00	370 000 000,00
Pledged property mortgages	12 192 480,00	12 192 480,00
<b>Debts in total</b>	<b>25 000 000,00</b>	<b>25 000 000,00</b>
<b>Mortgages pledged as security total</b>	<b>382 192 480,00</b>	<b>382 192 480,00</b>

EUR 797,063.31 of the warranty limit and EUR 0.00 of the letter-of-credit limits have been used.

**21. Other pledges**

Book value of pledged shares *	500 000,00	500 000,00
Rental guarantees	926 005,22	808 115,46
<b>Total</b>	<b>1 426 005,22</b>	<b>1 308 115,46</b>

\* Given as a pledge for limits mentioned in section 20.

Rental guarantees include sums withdrawn from the warranty limit.

**22. Pledges given on behalf of Group companies**

Guarantees given	0,00	1 150 000,00
Rental guarantees	0,00	0,00
<b>Total</b>	<b>0,00</b>	<b>1 150 000,00</b>

	31 Dec 2009	31 Dec 2008
<b>23. Amounts due for leasing contracts</b>		
Payable the following year	1 325 693,00	1 831 631,23
Payable later	2 243 568,00	2 702 993,45
<b>Total</b>	<b>3 569 261,00</b>	<b>4 534 624,68</b>

Lease liabilities payable later include rent for equipment and equipment redemption or return costs.

Lease contracts are made for a fixed term or for 1 to 7 years.

The terms of the lease contracts are in line with generally accepted terms.

#### **24. Net lease liabilities on behalf of others**

Payable the following year	63 229 000,39	53 979 938,52
Payable later	311 338 930,55	361 190 896,02
<b>Total</b>	<b>374 567 930,94</b>	<b>415 170 834,54</b>

## Parent Company's Financial Statement 2009

## Income statement 1 January 2009 – 31 December 2009

	Inserts	2009	2008
<b>TURNOVER</b>	<b>1</b>	<b>1 299 898 880,25</b>	<b>1 399 606 086,75</b>
Other operating income	2	15 687 406,21	10 276 834,15
Operating expenses			
Materials and services	3	-978 672 108,87	-1 052 444 583,33
Personnel costs	4	-163 203 581,40	-172 750 832,10
Depreciation, amortisation and write-downs	5	-41 311 042,53	-21 353 762,08
Other operating expenses	6	-170 391 400,71	-186 448 888,40
<b>LOSS/PROFIT</b>		<b>-37 991 847,05</b>	<b>-23 115 145,01</b>
Financing income and costs	7	-2 130 605,57	-1 075 914,99
<b>LOSS (PROFIT) BEFORE EXTRAORDINARY ITEMS</b>		<b>-40 122 452,62</b>	<b>-24 191 060,00</b>
Extraordinary items	8	0,00	211 860,00
<b>LOSS (PROFIT) BEFORE APPROPRIATIONS AND TAX</b>		<b>-40 122 452,62</b>	<b>-23 979 200,00</b>
Appropriations	9	17 102 523,83	-4 169 997,90
Income taxes	10	-93 288,28	-25 740,00
<b>LOSS (PROFIT) IN ACCOUNTING PERIOD</b>		<b>-23 113 217,07</b>	<b>-28 174 937,90</b>

## Balance Sheet 31 December 2009

<b>Assets</b>	<b>Inserts</b>	<b>2009</b>	<b>2008</b>
<b>FIXED ASSETS</b>			
Intangible assets	<b>11</b>	52 018 887,03	78 947 433,78
Tangible assets	<b>12</b>	32 672 290,10	41 422 352,78
Investments	<b>13</b>		
Holdings in Group companies		9 891 529,80	11 651 369,41
Other investments:		15 638 688,91	15 739 968,10
<b>TOTAL FIXED ASSETS</b>		<b>110 221 395,84</b>	<b>147 761 124,07</b>
<b>CURRENT ASSETS</b>			
Stocks	<b>14</b>	68 550 199,00	73 343 566,00
Receivables	<b>15</b>	24 967 181,61	21 340 638,39
Cash and bank deposits		7 375 920,48	13 185 937,20
<b>TOTAL CURRENT ASSETS</b>		<b>100 893 301,09</b>	<b>107 870 141,59</b>
<b>TOTAL ASSETS</b>		<b>211 114 696,93</b>	<b>255 631 265,66</b>

## Balance Sheet 31 December 2009

Liabilities	Inserts	2009	2008
<b>SHAREHOLDER'S EQUITY</b>	<b>16</b>		
Share capital		33 430 000,00	33 430 000,00
Loss (profit) for previous periods		566 793,04	28 741 730,94
Loss (profit) in accounting period		-23 113 217,07	-28 174 937,90
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>10 883 575,97</b>	<b>33 996 793,04</b>
<b>Retained appropriations</b>	<b>17</b>	<b>0,00</b>	<b>17 102 523,83</b>
<b>Statutory reserves</b>	<b>18</b>	<b>5 586 165,21</b>	<b>6 801 197,80</b>
<b>LIABILITIES</b>			
Long-term liabilities	<b>19</b>	5 000 000,00	5 000 000,00
Short-term liabilities	<b>20</b>	189 644 955,75	192 730 750,99
<b>TOTAL LIABILITIES</b>		<b>194 644 955,75</b>	<b>197 730 750,99</b>
<b>TOTAL LIABILITIES</b>		<b>211 114 696,93</b>	<b>255 631 265,66</b>

## Cash flow statement 1 January 2009 – 31 December 2009

	2009	2008
<b>CASH FLOW FROM OPERATIONS</b>		
Profit before extraordinary items	-40 122 452,62	-24 191 060,00
Operational profit adjustments		
Planned depreciation (+)	41 311 042,53	21 353 762,08
Other non-cash income and expenses (+/-)	1 311 348,97	3 937 283,54
Financial income and expenses (+/-)	135 283,96	312 761,39
Other adjustments; profit and loss from trade (+/-)	-7 243 223,46	-61 634,79
<b>Cash flow before change in working capital</b>	<b>-4 608 000,62</b>	<b>1 351 112,22</b>
Change in working capital		
Increase (-) / decrease (+) in non-interest-bearing current accounts receivable	-4 092 231,16	4 500 025,49
Increase (-) / decrease (+) in stocks	4 793 367,00	3 091 446,00
Increase (-) / decrease (+) in non-interest-bearing current liabilities.	-13 355 435,94	-3 573 278,58
<b>Cash flow from operations before financial items and tax</b>	<b>-17 262 300,72</b>	<b>5 369 305,13</b>
Paid interest and expenses	-567 796,83	-809 661,25
Dividends received	198 900,00	191 880,00
Interest received	431 252,44	433 014,70
Direct tax paid	93 288,28	-25 740,00
<b>Cash flow from operations</b>	<b>-17 106 656,83</b>	<b>5 158 798,58</b>
<b>CASH FLOW FROM INVESTMENTS</b>		
Investments in tangible and intangible assets	-7 551 780,90	-17 773 755,08
Capital gains on tangible and intangible assets	7 243 430,12	2 433 220,66
Loans granted	-61 588,63	0,00
Investments in other financial assets	-370 586,60	-775 716,00
Capital gains on other investments	5 056,60	638 563,72
Repayment of loan receivables	292 915,82	2 285 996,92
<b>Cash flow from investments</b>	<b>-442 553,59</b>	<b>-13 191 689,78</b>
<b>CASH FLOW FROM FINANCING</b>		
Short-term loans taken out	11 739 193,70	46 048,11
Paid Group contributions	0,00	988 190,00
<b>Cash flow from financing</b>	<b>11 739 193,70</b>	<b>1 034 238,11</b>
<b>CHANGE IN LIQUID ASSETS:</b>		
LIQUID ASSETS 1 JAN	13 185 937,20	20 184 590,29
LIQUID ASSETS 31 DEC	<b>7 375 920,48</b>	<b>13 185 937,20</b>

## Notes to the parent company's financial statement

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

### Preparation Principles of the Financial Statements

#### Valuation principles

Fixed assets are stated at acquisition cost less planned depreciation.

In the new business structure, the assets are depreciated over their economic lives as follows:

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

Goodwill is depreciated over 10 years based on the assumption that the income effect generated by goodwill is a minimum of 10 years.

Significant investments in computer software are capitalised and amortised over their estimated economic life.

Other long-term expenditure includes the paving and refurbishment of leased plots. These expenses are depreciated over 10 years, unless the duration of the lease agreements requires a shorter depreciation period. Renovation costs of rented store properties are capitalised when the benefit from their capitalisation is divided between several financial periods. These renovation costs are amortised over a maximum of 5 years, depending on the expiration of the rental agreement.

Investments are stated at cost.

Stocks, which consist of daily consumer goods and consumer durables, are stated at the original acquisition cost or at the lower cost of likely realisable net value.

Receivables are stated at their nominal value.

#### Pensions

The Group companies' employee retirement plan is managed by external pension insurance companies. Pension costs are expensed as incurred.

## Notes for financial statement

## Notes to income statement

	2009	2008
<b>1. Turnover by shop chain:</b>		
Euromarket	275 381 982,00	314 900 808,00
Valintatalo stores	422 712 263,00	457 661 885,00
Siwa stores	596 907 243,00	618 585 978,00
Other sales	4 897 392,25	8 457 415,75
<b>Total turnover</b>	<b>1 299 898 880,25</b>	<b>1 399 606 086,75</b>

Turnover comes from domestic retail sales.

**2. Other operating income**

Rental income	8 058 990,52	9 108 707,42
Proceeds from the sale of fixed assets	7 542 390,00	434 967,74
Other income	86 025,69	733 158,99
<b>Other operating income</b>	<b>15 687 406,21</b>	<b>10 276 834,15</b>

**3. Materials and services**

Purchases during the financial year	-973 878 741,87	-1 049 353 137,33
Change in stocks	-4 793 367,00	-3 091 446,00
<b>Materials and services in total</b>	<b>-978 672 108,87</b>	<b>-1 052 444 583,33</b>

**4. Personnel costs**

Salaries and remunerations	-132 322 847,92	-139 632 884,30
Pensions	-24 069 078,52	-23 993 845,84
Other personnel costs	-6 811 654,96	-9 124 101,96
<b>Personnel costs in total</b>	<b>-163 203 581,40</b>	<b>-172 750 832,10</b>

**Management remuneration:**

President & CEO and deputy	354 811,20	339 091,20
Members of the Board	316 257,44	315 000,00
<b>Total</b>	<b>671 068,64</b>	<b>654 091,20</b>

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

**Average number of Group employees during the financial year:**

Clerical and managerial personnel	311	383
Other personnel	6 223	6 701
<b>Personnel in total</b>	<b>6 534</b>	<b>7 084</b>

**Related-party transactions**

During the 2009 financial year, Suomen Lähikauppa Oy did not partake in any related-party transactions as they are defined in Finland's Accounting Ordinance, Chapter 2, section 7b.

	2009	2008
<b>5. Depreciation, amortisation and write-downs</b>		
Goodwill depreciation	-8 340 319,28	-4 170 159,55
Goodwill write down	-17 102 523,84	0,00
Depreciation of other long-term expenditure	-3 820 576,92	-3 840 618,12
Buildings	-11 222,85	-50 214,68
Machinery and equipment	-12 033 577,12	-13 289 947,21
Other tangible assets	-2 822,52	-2 822,52
<b>Total depreciations</b>	<b>-41 311 042,53</b>	<b>-21 353 762,08</b>
<b>6. Other operating expenses</b>		
Total expenses from sales	360,66	-239 180,19
Marketing expenses	-17 911 256,82	-21 074 884,38
Rental expenses	-65 310 437,52	-69 315 405,36
Property expenses	-12 003 129,52	-11 701 580,82
Administrative expenses	-10 151 712,80	-12 858 093,02
Other operating and maintenance expenses	-64 957 759,56	-70 886 411,68
Loss on sale of fixed assets	-57 465,15	-373 332,95
<b>Other operating expenses</b>	<b>-170 391 400,71</b>	<b>-186 448 888,40</b>
<b>Auditors' fees</b>		
Audit	50 258,11	44 571,22
Reports and opinions	240,00	0,00
Tax consultancy	4 930,37	40 100,00
Other services	11 220,00	4 789,84
<b>Total</b>	<b>66 648,48</b>	<b>89 461,06</b>
<b>7. Financing income and costs</b>		
Income from other fixed asset investments		
Profit from shares in participating interest companies	198 900,00	191 880,00
Interest income from investments:		
in Group companies	201 620,78	377 707,64
in participating interest companies	1 732,52	1 919,02
Other interest and financing income		
Other interest income	39 265,05	62 604,40
Other financing income from current assets from third parties	3 394,52	8 898,46
<b>Total interest and financing costs</b>	<b>444 912,87</b>	<b>643 009,52</b>
Depreciation of investments in fixed assets	-1 995 321,61	-955 033,60
Interest costs for third parties	-547 781,54	-668 468,81
Other financing costs for third parties:	-32 415,29	-95 422,10
<b>Total interest and financing costs</b>	<b>-2 575 518,44</b>	<b>-1 718 924,51</b>
<b>Financing income and costs in total</b>	<b>-2 130 605,57</b>	<b>-1 075 914,99</b>

	2009	2008
<b>8. Extraordinary items</b>		
Extraordinary income:		
Group contributions received	0,00	211 860,00

The 2008 Group contribution was received from T-Kiinteistöt Oy.

### 9. Appropriations

Difference between planned depreciation and depreciation made for tax purposes.	17 102 523,83	-4 169 997,90
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### 10. Income statement taxes

Income tax for previous financial periods	-93 288,28	-25 740,00
<b>Income tax total</b>	<b>-93 288,28</b>	<b>-25 740,00</b>

### Notes for balance sheet

	31 Dec 2009	31 Dec 2008
<b>11. Intangible assets</b>		
Intangible rights		
<b>Acquisition cost 1 Jan</b>	49 410,13	58 510,13
Decreases; sales	0,00	-9 100,00
<b>Acquisition cost 31 Dec</b>	49 410,13	49 410,13
<b>Book value 31 Dec</b>	<b>49 410,13</b>	<b>49 410,13</b>
Goodwill value		
<b>Acquisition cost 1 Jan and 31 Dec</b>	83 634 346,63	83 634 346,63
Accumulated depreciation on 1 Jan	-16 367 862,43	-12 197 702,88
Depreciation for the financial period	-8 340 319,28	-4 170 159,55
Goodwill write-downs for the financial period	-17 102 523,84	0,00
Accumulated depreciation on 31 Dec	-41 810 705,55	-16 367 862,43
<b>Book value 31 Dec</b>	<b>41 823 641,08</b>	<b>67 266 484,20</b>
Other long-term expense items		
<b>Acquisition cost 1 Jan</b>	23 463 872,15	17 503 390,43
Increases	1 905 084,71	6 100 481,72
Decreases	-206,66	-140 000,00
Transfers between items	429 995,24	0,00
<b>Acquisition cost 31 Dec</b>	25 798 745,44	23 463 872,15
Accumulated depreciation on 1 Jan	-11 832 332,70	-7 991 714,58
Depreciation for the financial period	-3 820 576,92	-3 840 618,12
Accumulated depreciation on 31 Dec	-15 652 909,62	-11 832 332,70
<b>Book value 31 Dec</b>	<b>10 145 835,82</b>	<b>11 631 539,45</b>
<b>Total intangible assets</b>	<b>52 018 887,03</b>	<b>78 947 433,78</b>

	31 Dec 2009	31 Dec 2008
<b>12. Tangible assets</b>		
Land and water areas		
<b>Acquisition cost 1 Jan</b>	86 612,94	319 271,94
Increases	3 072,82	2 589,00
Decreases; sales	0,00	-235 248,00
<b>Acquisition cost 31 Dec</b>	89 685,76	86 612,94
<b>Book value 31 Dec</b>	<b>89 685,76</b>	<b>86 612,94</b>
Buildings and structures		
<b>Acquisition cost 1 Jan</b>	256 403,41	1 787 503,48
Decreases; sales	0,00	-1 492 108,24
Accumulated depreciation on assets sold	0,00	-38 991,83
<b>Acquisition cost 31 Dec</b>	256 403,41	256 403,41
Accumulated depreciation on 1 Jan	-56 262,62	-45 039,77
Depreciation for the financial period	-11 222,85	-50 214,68
Accumulated depreciation on assets sold	0,00	38 991,83
Accumulated depreciation on 31 Dec	-67 485,47	-56 262,62
<b>Book value 31 Dec</b>	<b>188 917,94</b>	<b>200 140,79</b>
Machinery and equipment		
<b>Acquisition cost 1 Jan</b>	89 978 949,01	80 580 349,89
Increases	3 616 672,99	9 804 927,87
Decreases	-449 588,14	-495 129,63
Transfers between items	11 027,74	88 800,88
<b>Acquisition cost 31 Dec</b>	93 157 061,60	89 978 949,01
Accumulated depreciation on 1 Jan	-49 550 770,84	-36 260 823,63
Depreciation for the financial period	-12 033 577,12	-13 289 947,21
Accumulated depreciation on 31 Dec	-61 584 347,96	-49 550 770,84
<b>Book value 31 Dec</b>	<b>31 572 713,64</b>	<b>40 428 178,17</b>
Other tangible assets		
<b>Acquisition cost 1 January and 31 Dec</b>	14 112,60	14 112,60
Accumulated depreciation on 1 Jan	-9 643,61	-6 821,09
Depreciation for the financial period	-2 822,52	-2 822,52
Accumulated depreciation on 31 Dec	-12 466,13	-9 643,61
<b>Book value 31 Dec</b>	<b>1 646,47</b>	<b>4 468,99</b>
Advance payments and work in progress		
<b>Acquisition cost 1 Jan</b>	702 951,89	242 812,59
Increases	865 458,41	641 548,36
Decreases; sales	-105 707,16	-78 000,00
Transfers between items	-643 376,85	-103 409,06
<b>Book value 31 Dec</b>	<b>819 326,29</b>	<b>702 951,89</b>
Of the transfers between items in advance payments and unfinished acquisitions EUR 202,353.87 has been transferred to expenses.		
<b>Total tangible assets</b>	<b>32 672 290,10</b>	<b>41 422 352,78</b>

	31 Dec 2009	31 Dec 2008
<b>13. Investments</b>		
Holdings in Group companies		
<b>Holdings on 1 Jan</b>	12 576 403,01	12 581 419,61
Increases	240 538,60	0,00
Decreases; sales	-5 056,60	-5 016,60
<b>Holdings on 31 Dec</b>	12 811 885,01	12 576 403,01
Accumulated depreciation on 1 Jan	-925 033,60	0,00
Goodwill write-downs for the financial period	-1 995 321,61	-925 033,60
Accumulated depreciation 31 Dec	-2 920 355,21	-925 033,60
<b>Acquisition cost / Book value 31 Dec</b>	<b>9 891 529,80</b>	<b>11 651 369,41</b>
Receivables from Group companies		
<b>Loan receivables 1 Jan</b>	4 832 185,26	7 116 279,61
Increases	99 031,15	0,00
Repayments	-37 442,52	-334 163,11
Decreases; sales	-401 293,11	-1 949 931,24
<b>Book value 31 Dec</b>	<b>4 492 480,78</b>	<b>4 832 185,26</b>
Receivables are from T-kiinteistöt Oy, Peltosaaren Liikekeskus Oy, Oulun Eka Ki Oy, and Simonsampo Ki Oy. After ZAO Renlund Spb was sold, receivables no longer come from them but rather from Tameido Ltd. (Other receivables).		
Holdings in associated companies		
<b>Holdings on 1 Jan</b>	9 467 154,34	9 324 985,46
Increases	0,00	775 716,00
Decreases; sales	0,00	-633 547,12
<b>Holdings on 31 Dec</b>	9 467 154,34	9 467 154,34
Accumulated depreciation 1 Jan	-30 000,00	0,00
Goodwill write-downs for the financial period	0,00	-30 000,00
Accumulated depreciation 31 Dec	-30 000,00	-30 000,00
<b>Book value 31 Dec</b>	<b>9 437 154,34</b>	<b>9 437 154,34</b>
Receivables from associated companies		
<b>Loans receivable from Koskelan Ostoskeskus Oy on 1 Jan</b>	26 001,77	27 904,34
Repayments	-2536,76	-1 902,57
<b>Book value 31 Dec</b>	<b>23 465,01</b>	<b>26 001,77</b>
Other shares and holdings		
<b>Acquisition cost 1 Jan</b>	1 444 626,73	1 444 626,73
Increases	130 048,00	0,00
<b>Acquisition cost 31 Dec</b>	1 574 674,73	1 444 626,73
<b>Book value 31 Dec</b>	<b>1 574 674,73</b>	<b>1 444 626,73</b>
Other receivables		
<b>Loans receivable from Tameido Ltd. 1 Jan</b>	<b>0,00</b>	<b>0,00</b>
Increases	110 914,05	0,00
<b>Book value 31 Dec</b>	<b>110 914,05</b>	<b>0,00</b>
<b>Other investments total</b>	<b>15 638 688,91</b>	<b>15 739 968,10</b>

	31 Dec 2009	31 Dec 2008
<b>14. Stocks</b>		
Goods for sale	68 550 199,00	73 343 566,00
<b>15. Receivables</b>		
<b>Short-term receivables</b>		
Accounts receivable	12 195 430,24	8 177 989,77
Receivables from Group companies		
Accounts receivable	18 300,00	0,00
Other receivables	211 860,00	212 975,49
Accrued income and prepaid expenses		
Rents paid in advance	4 031,82	0,00
Other outstanding income	15 037,37	0,00
Outstanding interest	52 947,59	238 141,78
<b>Total</b>	<b>302 176,78</b>	<b>451 117,27</b>
Receivables from associated companies		
Other receivables	245 721,83	442 076,13
Accrued income and prepaid expenses		
Outstanding annual refunds from participating interest companies	324 187,34	0,00
Outstanding interest	419,76	465,14
Other outstanding income	48 548,80	0,00
<b>Total</b>	<b>618 877,73</b>	<b>442 541,27</b>
Other receivables	7 963 675,55	9 063 119,64
Accrued income and prepaid expenses		
Other outstanding income	3 323 986,54	2 529 888,31
Other prepaid operating expenses	563 034,77	675 982,13
<b>Total</b>	<b>3 887 021,31</b>	<b>3 205 870,44</b>
<b>Receivable in total</b>	<b>24 967 181,61</b>	<b>21 340 638,39</b>
Accounts receivable consist mainly of credit card receivables. Other receivables mostly include cost compensation and rebates.		
<b>16. Total equity</b>		
<b>Shareholders' equity</b>		
Share capital on 1 Jan and 31 Dec	33 430 000,00	33 430 000,00
<b>Non-restricted equity</b>		
Retained earnings 1 Jan	28 741 730,94	49 122 872,78
Profit for the financial period	-28 174 937,90	-20 381 141,84
<b>Retained earnings 31 Dec</b>	<b>566 793,04</b>	<b>28 741 730,94</b>
Loss for the financial period	-23 113 217,07	-28 174 937,90
<b>Non-restricted equity 31 Dec</b>	<b>-22 546 424,03</b>	<b>566 793,04</b>
<b>Total equity total</b>	<b>10 883 575,97</b>	<b>33 996 793,04</b>

**Share capital by class of shares**

A shares	3 233 000
B shares	110 000

A and B shares differ from each other in terms of the right to a dividend. A shares confer the normal right to a dividend, while B shares entitle the holder to a dividend that may not exceed 99.5% of the distributable non-restricted shareholders' equity.

	31 Dec 2009	31 Dec 2008
<b>17. Retained appropriations and deferred tax liabilities</b>		
Depreciation difference	0,00	17 102 523,83
Deferred tax liability	0,00	4 446 656,20
Tax rate used for calculation	26 %	26 %
<b>18. Statutory reserves</b>		
Pension reserves	913 393,66	509 064,31
Other reserves		
Rent reserves	4 672 771,55	6 292 133,49
<b>Statutory reserves in total</b>	<b>5 586 165,21</b>	<b>6 801 197,80</b>
<b>19. Long-term liabilities</b>		
<b>Other payables</b>	<b>5 000 000,00</b>	<b>5 000 000,00</b>
<b>Payables, which will be due in more than five years</b>		
Other payables	5 000 000,00	5 000 000,00
<b>Total</b>	<b>5 000 000,00</b>	<b>5 000 000,00</b>
<b>20. Short-term liabilities</b>		
Loans from financial institutions	22 783 647,65	11 044 453,95
Advances received	177 519,46	149 674,19
Accounts payable	66 151 908,44	69 826 917,10
Payable to Group companies		
Accounts payable	0,00	82,06
Accrued expenses	41 900,31	6 888,00
<b>Total</b>	<b>41 900,31</b>	<b>6 970,06</b>

	31 Dec 2009	31 Dec 2008
Debts to associated companies		
Accounts payable	51 472 491,41	52 551 396,76
Other payables	0,00	0,00
Accrued expenses	0,00	1 178 703,96
<b>Total</b>	<b>51 472 491,41</b>	<b>53 730 100,72</b>
Other payables		
Value-added tax owed to government	3 690 608,02	6 046 991,43
Withholding debt	2 591 655,60	2 872 426,84
Social Security payment debts	239 849,29	348 931,37
Other current interest free payables	1 069 268,95	1 459 591,16
<b>Total</b>	<b>7 591 381,86</b>	<b>10 727 940,80</b>
Accrued expenses		
Unpaid discounts (Loyal customer refund)	11 688 077,25	16 434 477,60
Unpaid personnel expenses	26 725 078,00	28 031 847,46
Other unpaid operating expenses	2 090 722,13	2 570 793,79
Income expensed in advance	706 999,74	0,00
Rent deposits	215 229,50	207 575,32
<b>Total</b>	<b>41 426 106,62</b>	<b>47 244 694,17</b>
<b>Short-term liabilities in total</b>	<b>189 644 955,75</b>	<b>192 730 750,99</b>

## Other notes

### 21. Real estate and business mortgages pledged as security for debts

Consolidated account with overdraft facility	24 000 000,00	22 000 000,00
Warranty and letter-of-credit limits	1 000 000,00	3 000 000,00
Pledged business mortgages	250 000 000,00	250 000 000,00
Pledged property mortgages	12 192 480,00	12 192 480,00
<b>Debts in total</b>	<b>25 000 000,00</b>	<b>25 000 000,00</b>
<b>Mortgages pledged as security total</b>	<b>262 192 480,00</b>	<b>262 192 480,00</b>

EUR 797,063.31 of the warranty limit and EUR 0.00 of the letter-of-credit limits have been used.

### 22. Other pledges

Book value of pledged shares *	500 000,00	500 000,00
Rental guarantees	926 005,22	808 115,46
<b>Total</b>	<b>1 426 005,22</b>	<b>1 308 115,46</b>

\* Given as a pledge for limits mentioned in section 21

Rental guarantees include sums withdrawn from the warranty limit.

	31 Dec 2009	31 Dec 2008
<b>23. Pledges given on behalf of Group companies</b>		
Guarantees given	0,00	1 150 000,00
Rental guarantees	0,00	0,00
<b>Total</b>	<b>0,00</b>	<b>1 150 000,00</b>

**24. Amounts due for leasing contracts**

Payable the following year	1 325 693,00	1 831 631,23
Payable later	2 243 568,00	2 702 993,45
<b>Total</b>	<b>3 569 261,00</b>	<b>4 534 624,68</b>

Lease liabilities payable later include rent for equipment and equipment redemption or return costs.

Lease contracts are made for a fixed term or for 1- to 7 years.

The terms of the lease contracts are in line with generally accepted terms.

**25. Net lease liabilities on behalf of others**

Payable the following year	63 229 000,39	53 979 938,52
Payable later	311 338 930,55	361 190 896,02
<b>Total</b>	<b>374 567 930,94</b>	<b>415 170 834,54</b>

**Signatures for the Board Of Directors' Report and Financial Statements**

In Helsinki on 4 March 2010

Michael Rosenlew  
Chairman

Juha Laisaari

Max Alfhan

Juha Hellgren

Kristian Kempinen

Christian Ramm-Schmidt

Leena Saarinen  
President and CEO

**Auditor's notes**

An auditor's report has been issued today on this financial statement.

In Helsinki on 4 March 2010

PricewaterhouseCoopers Oy  
Authorised Public Accountants

Kim Karhu  
Authorised Public Accountant

**List of Accounting Books used and filing methods**

General Ledger	Computer printout Optical archive Saved on WORM disk
Purchase journal	Optical archive Saved on WORM disk
Sales journal	optical archive Saved on WORM disk
Accounts payable	optical archive Saved on WORM disk
Accounts receivable	Optical archive Saved on WORM disk
Payroll accounting	Computer printout Optical archive Saved on WORM disk
Fixed assets accounting	computer printout
Balance sheet from financial period	Bound book

**Types of receipts and ways in which stored**

Memo voucher	Paper receipt
Purchase voucher	Paper receipt optical archive Saved on WORM disk
Sales voucher	Paper receipt
Bank receipt	Paper receipt
Cash voucher	Paper receipt

## AUDITOR'S REPORT

To the annual general meeting of Suomen Lähikauppa Oy

We have audited the accounting records, the financial statements, the Board of Directors' report and the administration of Suomen Lähikauppa Oy for the financial period from 1 January 2009 to 31 December 2009. The financial statements include both consolidated and parent company balance sheets, income statements, cash flow statements and notes.

### Responsibilities of the Board of Directors and the President and CEO

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

### Auditor's responsibility

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

The purpose of audit procedures is to obtain assurance that the amounts and disclosures contained in financial statements and the Board of Directors' report are correct. The procedures are selected at the auditor's discretion and include an assessment of the risk of material misstatement due to fraud or error. When choosing appropriate audit procedures, the auditor must also assess the internal controls in place for the preparation and fair presentation of financial statements. The audit also includes an evaluation of the general presentation of financial statements and the Board of Directors' report, as well as the accounting principles and the accounting estimates used by company management.

The audit was performed in accordance with good auditing practice in Finland. We believe that we have been thorough and used a sufficient number of appropriate processes in our work to give our audit opinion.

Opinion

In our opinion, the financial statements and Board of Directors' report give a true and adequate view of the performance and financial position of the Group and its parent company in accordance with the provisions and regulations governing the preparation of financial statements and Board of Directors' reports in Finland. The information provided in the Board of Directors' report is consistent with the information provided in the financial statements.

Helsinki, 4 March 2010

**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

Kim Karhu  
Authorised Public Accountant