

SOK Corporation

Interim Report 1 January–30 June 2016

Development of the operating environment

After three years of recession, the Finnish economy resumed moderate growth in 2015, with the growth rate being 0.2 per cent. This moderate growth continued during the first half of 2016. However, Finland's gross domestic product continues to be around 5 per cent lower than it was before the financial crisis in 2008.

The modest turnaround is based on increased private consumption. A low inflation rate, low interest rates and a slight increase in real salaries have increased consumption with regard to durables and services in particular. A healthier economic foundation would also call for an increase in exports and investments. The export industry continues to not meet expectations and is not suitable to serve as an engine for growth.

Retail sales decreased in 2014 and 2015 but grew by 0.5 per cent during the first two quarters of 2016. Grocery sales resumed growth during the first half of the year, after having decreased for four years.

The long recession and the digitisation of trade have posed challenges to department stores and consumer goods sales in particular. Contrary to the general trend, appliances sales and sport equipment sales have increased markedly year after year, even during the recession. The same applies to pharmacy, healthcare and cosmetics products.

The Finnish economy is expected to grow by around 1 per cent in 2016. Its growth rate is predicted to remain at this modest level and below the long-term average also in 2017.

According to current estimates, exports will not increase markedly until 2017, meaning that economic growth will continue to rely on private consumption, which is expected to remain at a reasonably good level, considering the economic cycle. Consumer trust has increased with regard to household economies, as well as the Finnish economy. Private consumption is expected to increase by around 1 per cent in 2016.

In the retail sector, the level of trust in growth in sales has increased during the spring and summer. The sector-specific trust indicator has risen above its long-term average. However, consumption is not expected to increase significantly in the near future, as the purchasing power of households is improving at a modest rate. Moderate wages settlements, an increase in indirect personnel costs charged to employees and reduced holiday bonuses will have a negative effect on the purchasing power of households. With regard to Finland's neighbouring regions, the Russian economy is showing signs of better times, but the purchasing power of households is likely to remain weak for a long time.

S Group's performance 1 January – 30 June 2016

S Group comprises the cooperatives and SOK with its subsidiaries. S Group's retail sales excluding taxes in January–June were EUR 5,336 million, showing an increase of 1.7 per cent compared to the previous year.

S Group's retail sales excluding taxes by business area	**EUR million**	**+/- % prev.year**
Prisma*	1,655	+2.9
S-Market	1,629	+5.5
Sale and Alepa	478	+1.8
Other supermarket trade	2	-4.6
Supermarket trade total*	3,764	+3.8
Hardware trade	93	-3.2
Service station store and fuel sales	735	-6.6
Department store and speciality store trade	136	-1.1
Travel industry and hospitality business*	376	-1.5
Automotive trade and accessories	175	+12.3
Agricultural trade	49	-12.9
Other	8	+2.4
S Group total*	**5,336**	**+1.7**

*Includes retail sales in the neighbouring regions (the Baltic countries and St Petersburg).

At the end of June, S Group had 1,647 outlets (1,644 on 30 June 2015).

On 30 June 2016, there were 20 regional cooperatives and 8 local cooperatives.

In January–June, a total of 38,398 new members joined the cooperatives participating in the Bonus system. The total number of co-op members was 2,246,459 at the end of June. Co-op members were paid EUR 171 million in Bonus rewards.

Financial development

SOK's operations

SOK is the parent company of SOK Corporation. In accordance with its statutes, SOK is the central organisation of S Group, promoting and developing the operations of the cooperatives and other organisations belonging to S Group, and managing and supervising the Group's overall resources for maximum efficiency while also monitoring the operations and seeing to the interests of S Group and its segments.

SOK is responsible for S Group's overall strategic management. Its tasks are to provide S Group companies with services in chain management, co-op membership and marketing, as well as other group and corporate services and development activities related to these services and other activities of S Group. Services central

to S Group's operations also include procurement and assortment services.

Through its subsidiaries conducting business operations, SOK offers a wide spectrum of services to its co-op members in S Group. Furthermore, through its subsidiaries, SOK engages in the supermarket trade and the travel industry and hospitality business in the Baltic area and St Petersburg.

SOK Corporation's financial development 1 January – 30 June 2016

SOK Corporation's net sales in January–June 2016 were EUR 3,466 million, showing an increase of 1.0 per cent compared to the corresponding period of the previous year.

SOK Corporation's operating profit was EUR 13.5 million (EUR 4.7 million). Due to a reduction in other expenses, its operating profit developed favourably compared to the previous year. International operations accounted for 6.3 per cent of net sales (7.3 per cent), or EUR 220 million.

The following key indicators describe SOK Corporation's financial position and result.

SOK Corporation	**30/06/2016**	**30/06/2015**	**31/12/2015**
Net sales, EUR million	3,466	3,432	7,038
Operating profit, EUR million	13.5	4.7	11.1
Operating profit, %	0.4	0.1	0.2
Return on equity, %	1.9	1.6	0.1
Equity ratio, %	39.2	41.7	37.0

SOK Corporation's net sales and operating result by business area (segment)

SOK Corporation's net sales and operating result are divided into retail and wholesale business areas in accordance with operational monitoring. In addition, the operating result of the banking operations is listed under operational monitoring.

	Net sales, EUR million	**± % prev. year**	**Operating result EUR million**	**Change EUR million**
Supermarket trade	198	-13.2	-13.4	+1.0
Travel industry and hospitality business	121	-2.8	+6.9	+3.5
Procurement and service business	3,148	+2.2	+0.5	-0.2
Real estate business	41	+1.4	+9.0	+0.9
Result from banking			+5.6	+0.7
Elimination for the retail and wholesale and other items	-46	-3.5	0.5	+2.0
SOK Corporation total	**3,463**	**+1.0**	**+9.1**	**+8.0**

Funding

SOK Corporation's financial situation continued to be excellent throughout the first half of the year. SOK Corporation's interest-bearing net liabilities amounted to EUR -17.4 million at the end of June (EUR -75.5 million), and its gearing was -2.7 per cent (-11.8 per cent). SOK Corporation's equity ratio was 39.2 per cent (41.7 per cent).

At the end of June, SOK Corporation's liquid assets amounted to EUR 173.2 million (EUR 164.8 million). In addition, the Group had EUR 60.0 million in unused long-term binding credit facilities (EUR 180.0 million) and EUR 57.0 million in unused account limits (EUR 17.0 million).

Investments and divestments

SOK Corporation's non-current asset procurement, or investments in fixed assets, amounted to EUR 50.4 million in the first half of the year (EUR 33.7 million). The investments were mainly related to logistics and terminal properties and information systems. In addition, SOK Corporation invested in the travel industry and hospitality business in Finland and acquired the Radisson Blue Espoo property.

Sales of non-current assets amounted to EUR 33.5 million in the review period (EUR 19.6 million). The divestments of non-current assets consisted of sales of shares and properties, with the largest one being the final instalment related to shares in Hankkija Oy. This instalment was recognised in accordance with the IFRS in 2013.

Personnel

SOK Corporation's average number of personnel in full-time equivalents was 5,629 in January–June 2016 (8,085 in January–June 2015).

At the end of June, SOK Corporation's number of personnel was 6,604, of whom 1,377 (21 per cent) were employed by SOK and 5,227 (79 per cent) by its subsidiaries. At the end of the review period, a total of 3,225 people (49 per cent) of the Corporation's personnel worked abroad.

Compared to the end of the previous year, SOK Corporation's number of personnel decreased by 580 (8 per cent). Compared to the corresponding period of the previous year, the number of personnel decreased by 2,133 (24 per cent).

During the review period, SOK Corporation's number of personnel decreased as a result of efficiency measures and the transfer of most of Inex Partners Oy's logistics employees to an external company in September 2015 and February 2016.

Development of the business areas

Supermarket trade

The supermarket trade includes the business operations in Estonia, Latvia, Lithuania and Russia. In Estonia, SOK Corporation has five Prisma stores in Tallinn, two stores in Tartu and one in Narva. The number of Prisma stores in Riga, Latvia, decreased from five to four following the closing down of a store at the end of its lease agreement at the end of May 2016. In Lithuania, SOK Corporation has two Prisma stores in Vilnius and two in Kaunas. In addition, it has 17 Prisma stores in St Petersburg.

Net sales from the supermarket trade totalled EUR 198 million. Net sales decreased by 13 per cent year-on-year, mainly due to lower net sales in Russia. The decrease is explained by the closing down of two stores, in May and August 2015. The operating result of the supermarket trade was slightly better than in the previous year. Investments made in the supermarket trade totalled EUR 0.9 million and were mostly related to the replacement of equipment.

Travel industry and hospitality business

In the first half of 2016, the travel industry and hospitality business within SOK Corporation was conducted by Sokotel Oy in Finland, AS Sokotel in Estonia and OOO Sokotel in Russia.

Sokotel Oy's net sales decreased by 3.9 per cent year-on-year. The decrease was due to the divestment of Break Sokos Hotel Caribia's business operations in late 2015. Sokotel's comparable net sales increased by 1.0 per cent. Demand in the travel industry and hospitality business developed relatively favourably during the first half of 2016, and this trend is expected to continue during the second half of the year. Sokotel Oy's operating result improved year-on-year because of increased net sales and a successful profitability programme.

AS Sokotel, which operates hotels in Tallinn, markedly increased its market share during the first half of the year, and its net sales grew by 10.3 per cent year-on-year. Its operating profit improved as well, even though the cost level is increasing rapidly.

The euro-denominated net sales of OOO Sokotel, which operates hotels in St Petersburg, decreased by 2.2 per cent year-on-year. Its net sales in roubles increased by 15.6 per cent. OOO Sokotel's operating result improved slightly year-on-year.

In the first half of 2016, investments by the travel industry and hospitality business totalled EUR 3.8 million and were related to unit renovations. Of this total, EUR 3.4 million was related to Finland and EUR 0.4 million to its neighbouring regions.

Procurement and service business

The procurement and service business comprises procurement services for groceries and consumer goods provided by SOK's procurement operations, logistics services provided by Inex Partners Oy, procurement and logistics services provided by Meira Nova Oy in the HoReCa business, and other services provided by SOK and its subsidiaries primarily for the S Group units. Net sales generated by other services provided to S Group's units include chain fees and management service income.

Net sales from the procurement and service business totalled EUR 3,148 million, showing a year-on-year increase of 2.2 per cent in terms of comparable net sales. The operating result of the procurement and service business was slightly lower than in the previous year.

In the first half of 2016, investments by the procurement and service business totalled EUR 10.1 million. The investments mainly consisted of information system acquisitions.

Real estate business

Net sales from the real estate business consist of rental and property service income from properties owned by SOK Corporation. Net sales from the real estate business were EUR 41 million, representing a year-on-year increase of 1.4 per cent in terms of comparable net sales. The operating result of the real estate business was slightly better than in the previous year and clearly positive.

In the first half of 2016, investments by the real estate business totalled EUR 35.6 million and were mainly related to logistics and terminal properties. In addition, the Radisson Blue Espoo property was acquired.

Development of associated companies and joint ventures

Among the associated companies engaging in business operations within SOK Corporation, the most significant is S-Bank Ltd, which operates in the banking sector. S-Bank Group's operations were centralised and its corporate structure was simplified during the first half of the year. FIM's brokerage and custody services and book-entry accounts were transferred to S-Bank at the beginning of March. In June, S-Bank acquired the rest of FIM Corporation's share capital, and S-Bank's Executive Board approved the related plan to merge FIM Corporation with S-Bank by the end of 2016.

The most significant product launch during the first half of the year was the mobile refuelling service introduced by S-Bank and the ABC chain. The service enables customers to pay for fuel using their smartphones.

At the end of June, S-Bank's total funds on deposit were EUR 4,483.0 million (EUR 4,088.0 million on 30 June 2015), and its total lending was EUR 3,156.1 million (EUR 2,717.6 million). S-Bank Group's capital adequacy ratio was 15.1 per cent (14.3 per cent). At the end of June, S-Bank Group's operating result was EUR 15.4 million (EUR 12.2 million on 30 June 2015). The IRFS-adjusted result corresponding to SOK Corporation's

shareholding (37.5%) was EUR 5.6 million. A non-recurring gain from the sale of shares had a strong effect on S-Bank's result.

The fuel procurement company North European Oil Trade Group's net sales were around EUR 1,947 million. Its net sales decreased by 4 per cent from the previous year due to the decline in the world market price of oil. By contrast, the volume of the Group's business operations grew with the inclusion of the operations in Norway. North European Oil Trade Group's full-year result for 2016 is expected to be EUR 0.7 million, which is in line with its budget. SOK's shareholding in North European Oil Trade Oy is 50.77 per cent. Due to the shared controlling interest based on the shareholding agreement, the company is treated as a joint venture using the equity method.

In addition to S-Bank and North European Oil Trade Oy, other associated companies and joint ventures of SOK Corporation include Russian and Baltics Retail Properties Ky, a property fund company investing in Prisma stores in St Petersburg and the Baltic area; Finnfrost Oy, an associated company of SOK's subsidiary Inex Partners Oy that provides frozen goods procurement and logistics services; Kauppakeskus Mylly Oy in Raisio; and the inter-Nordic procurement company Coop Trading A/S.

The total impact of SOK Corporation's associated companies and joint ventures on SOK Corporation's result was EUR 7.6 million (EUR 7.9 million).

Changes in the group structure

SOK acquired the real estate companies Lempäälän Terminaali and Limingan Terminaali from S-Bank in March. In February, SOK established the real estate company Kiinteistö Oy Pohjanmaan Terminaali. In June, it acquired the Espoo Radisson Blue property (Kiinteistö Oy Otapuisto). The real estate company Lohjan Karnaistenkatu 40 was divested in May.

Management and future outlook

Management and changes in management

Taavi Heikkilä was Chairman of SOK's Executive Board in 2016. In addition to the CEO, the Executive Board in 2016 consisted of the following members: Managing Director Heikki Hämäläinen, Managing Director Tapio Kankaanpää, Managing Director Hannu Krook, Managing Director Matti Niemi, Managing Director Timo Mäki-Ullakko and Managing Director Jouko Vehmas. Matti Niemi was the Vice-Chairman of the Executive Board. Esko Jääskeläinen resigned from the Board at the end of 2015.

In April 2016, Cathedral Dean Matti Pikkarainen was re-elected as Chairman of SOK's Supervisory Board, and Commercial Counsellor Maija-Liisa Lindqvist and Managing Director Antti Määttä were re-elected as Vice-Chairs.

The auditor in the financial year 2016 was KPMG Oy Ab, Authorised Public Accountants, with APA Jukka Rajala as the principal auditor.

SOK's CEO is assisted by SOK's Corporate Management Team in the management of SOK Corporation and S Group. In 2016, the Corporate Management Team consisted of Arttu Laine, Deputy CEO of SOK, Executive Vice President, S Group Chain Management, Procurement and Logistics; Jari Annala, CFO, SOK Finance and Administration; Susa Nikula, Executive Vice President, SOK Human Resources; Jorma Vehviläinen, Executive Vice President, SOK Consumer Goods; and Veli-Pekka Ääri, Executive Vice President, SOK Customer Relationships, Information and Digital Services. Seppo Kuitunen, General Counsel, served as secretary to the Corporate Management Team.

Near-term risks and uncertainties

SOK Corporation's risk management policy is based on S Group's joint risk management principles. SOK Corporation's Executive Board has discussed and approved the company's risk management policy, which describes the purpose and goals of risk management, as well as key implementation methods and responsibilities related to risk management. Within SOK Corporation, risk management is implemented continuously and throughout the management process. Risks are reviewed in a comprehensive manner considering strategic, financial, operative, and loss or damage risks. Through risk management procedures, SOK and its subsidiaries aim to anticipate and control risk factors that affect their ability to reach their goals, and use the potential related to risks in their business operations.

S Group's strategic risks are examined annually by SOK's Corporate Management Team and confirmed by SOK's Executive Board. S Group's most significant near-term risks and uncertainty factors are related to the profitability and competitiveness of the grocery trade and to ensuring the profitability of the consumer goods trade in the changing retail sector. Digitisation is providing the sector with new opportunities, and appropriate timing and targeting play a key role in making use of these opportunities. Operational efficiency is being developed through the introduction of a new logistics centre for the grocery trade, as well as major information system projects. SOK supports these projects by means of active, extensive risk management. With regard to the risk factors related to changes in regulation, SOK is preparing for the implementation of the new EU data protection regulation in particular. With regard to SOK's own business operations, the key near-term risks are related to profitability development, particularly in the Baltic countries and Russia.

SOK Corporation's funding and management of finance risks are centralised within SOK's Treasury unit. The Group has a finance and funding policy confirmed by the SOK Executive Board

that defines the principles of managing financing risks and the permissible maximum amounts for financing risks. In addition, numerical targets have been set for the different areas of financing in order to ensure that financing is sufficient, balanced, and affordable under all circumstances. The management of financing risks is described in greater detail in the Notes to the Financial Statements.

The responsibility risks related SOK Corporation's business operations have been identified and analysed by business area. The key themes and the related risks and opportunities, as well as their significance in terms of business operations, were identified during the process of preparing the new responsibility programme. The most significant risks related to human rights include violations of human rights in global supply chains and any shortcomings in ethical operating methods and transparency. The most significant environmental considerations and the related measures are described in S Group's Annual Report, which was published at www.vuosikatsaus.s-ryhma.fi in the spring of 2016.

Outlook for the remainder of 2016

The development of the general economic situation in Finland and its neighbouring regions is a significant factor for the success of SOK Corporation's operations. The uncertainty caused by Brexit is undermining the slow recovery of the Finnish economy and consumers' purchasing power. The recession of the Russian economy is expected to continue in 2016. The factors mentioned above pose challenges with regard to performance during the second half of the year.

Due to the efficiency measures carried out and ongoing in SOK's business operations, particularly in its travel industry and hospitality business and its supermarket trade, the results of SOK Corporation's operations are expected to improve compared to the previous year. The result of its travel industry and hospitality business in Finland is burdened by a higher level of investments in comparison to 2015. Despite the weak outlook for the Russian economy, the overall result of the supermarket trade is expected to improve year-on-year as a result of network development and efficiency measures. Despite the favourable development, SOK Corporation's operating result in Finland's neighbouring regions is expected to continue to show a loss.

The most significant risks in the procurement and services business in the coming years are related to the new grocery logistics centre in Sipoo. The smooth start of operations in Sipoo from June 2016 onwards and the controlled, gradual rundown of the old logistics centre in Espoo between 2016 and 2018 will have a significant effect on SOK Corporation's procurement and services business.

All business areas considered, SOK Corporation's operating result is expected to be positive in 2016 and to improve year-on-year.

Helsinki, 18 August 2016

SOK
CORPORATION

Executive Board

Interim financial statements

Consolidated income statement, IFRS

EUR million	1.1.–30.6.2016	1.1.–30.6.2015
Revenue	3 465.7	3 431.7
Other operating income	0.9	1.1
Materials and services	-3 153.4	-3 086.7
Employee benefit expenses	-106.1	-131.0
Depreciation and impairment losses	-29.2	-29.9
Other operating expenses	-171.8	-186.9
Share of results of associated companies and joint ventures (+/-)	7.4	6.4
Operating profit/loss	**13.5**	**4.7**
Financial income and expenses (+/-)	-2.4	-1.1
Share of results of associated companies and joint ventures (+/-)	0.3	1.7
Profit / loss before taxes	**11.3**	**5.3**
Income taxes (+/-)	0.6	2.9
Result for the financial year	**11.9**	**8.2**
Attributable to:		
Owners of the parent	13.1	9.5
Share of non-controlling interests	-1.1	-1.3
	11.9	8.2

Statement of other comprehensive income

EUR million	1.1.–30.6.2016	1.1.–30.6.2015
Result for the period	11.9	8.2
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translating foreign operations	5.5	9.5
Exchange differences on loans to foreign subsidiaries classified as net investments	0.8	1.2
Cashflow hedges	1.6	-0.7
Comprehensive income items of associated companies and joint ventures	0.7	-2.0
Items that will not be reclassified to profit and loss		
Actuarial gains/losses		
Other comprehensive income for the period, net of tax	8.6	7.9
Total comprehensive income for the period	**20.5**	**16.1**
Total comprehensive income for the financial year attributable to:		
Owners of the parent	21.6	17.5
Share of non-controlling interests	-1.1	-1.3
	20.5	16.1

Consolidated statement of financial position, IFRS

EUR million	30.6.2016	31.12.2015
ASSETS		
Non-current assets		
Property, plant and equipment	336.9	318.0
Investment properties	32.7	34.8
Intangible assets	56.1	57.9
Interests in associated companies and joint ventures	171.6	161.8
Non-current financial assets	94.9	78.2
Deferred tax assets	30.1	29.1
Non-current assets, total	**722.3**	**679.8**
Current assets		
Inventories	166.3	163.2
Trade receivables and other current non-interest-bearing receivables	556.3	544.9
Current interest-bearing receivables	0.0	32.7
Cash and cash equivalents	173.2	249.4
Current assets, total	**895.8**	**990.3**
Assets, total	**1 618.1**	**1 670.1**
EQUITY AND LIABILITIES		
Equity		
Cooperative capital	172.0	172.0
Restricted reserves	21.5	19.6
Retained earnings	434.7	419.1
Equity attributable to the the owners of the parent	**628.2**	**610.7**
Non-controlling interests	5.5	5.8
Equity, total	**633.7**	**616.5**
Non-current liabilities		
Supplementary cooperative capital		12.8
Non-current interest-bearing liabilities	123.8	131.3
Non-current non-interest-bearing liabilities	33.5	28.4
Provisions	9.9	11.2
Deferred tax liabilities	12.6	12.2
Non-current liabilities, total	**179.7**	**195.8**
Current liabilities		
Current interest-bearing liabilities	26.5	26.6
Current non-interest-bearing liabilities	88.9	113.7
Trade payables	683.3	705.2
Provisions	5.9	7.6
Tax liabilities for the financial year	0.0	4.6
Current liabilities, total	**804.7**	**857.7**
Equity and liabilities, total	**1 618.1**	**1 670.1**

Consolidated statement of cash flows, IFRS

EUR million	Reference	1.1.–30.6.2016	1.1.–30.6.2015
BUSINESS OPERATIONS			
Operating result		13.5	4.7
Adjustments to operating result	(1)	14.3	14.0
Change in working capital	(2)	-59.4	-33.2
Cash flow from business operations before financing and taxes		**-31.7**	**-14.5**
Increase (-) / decrease (+) in current receivables		0.0	0.1
Interest paid and other financial expenses		0.0	-8.3
Interest received and other financial income		0.2	21.2
Dividends received from business operations		0.1	0.1
Income taxes paid		-4.7	-0.2
Cash flow from business operations		**-36.2**	**-1.8**
INVESTMENTS			
Acquisition of other fixed assets		-43.6	-33.7
Acquired shares in subsidiaries net of acquired cash		-7.1	
Divested shares in subsidiaries net of cash held by subsidiary		0.2	
Sale of other fixed assets		33.3	19.6
Change in other long-term investments		-6.5	-2.5
Dividends received from investments		0.1	0.8
Cash flow from investments		**-23.5**	**-15.8**
FINANCING			
Proceeds from new long-term liabilities		1.2	1.5
Repayment of long-term liabilities		-0.8	-0.1
Increase (+) / decrease (-) in short-term liabilities		-0.2	0.4
Interest paid		0.0	
Interest received		1.0	0.8
Interest paid on the cooperative and supplementary cooperative capital		-5.7	-0.3
Redemption of supplementary cooperative capital		-12.8	
Other dividends		0.0	0.1
Cash flow from financing		**-17.3**	**2.4**
Decrease in cash and cash equivalents		**-77.0**	**-15.2**
Cash and cash equivalents at the beginning of the year		**249.4**	**178.8**
Foreign exchange rate effect on cash and cash equivalents		**0.7**	**1.2**
Decrease in cash and cash equivalents		**-77.0**	**-15.2**
Cash and cash equivalents at the end of the period		**173.2**	**164.8**
Adjustments to operating profit	(1)		
Gains from the sale of fixed assets		-0.2	
Depreciation and impairment losses		29.2	29.9
Other non-cash income and expenses		-14.7	-16.0
		14.3	14.0
Change in working capital	(2)		
Change in trade and other receivables		-7.8	8.0
Change in inventories		-3.1	16.8
Change in non-interest-bearing liabilities		-48.6	-58.0
		-59.4	-33.2

Consolidated statement of changes in equity, IFRS

	Equity attributable to the owners of the parent								
EUR million	Cooperative capital	Fair value reserve	Reserve fund	Supervisory Board's Disposal fund	Translation differences	Retained earnings	Total	Non-controlling interests	**Equity, total**
Equity									
1 Jan 2015	169.4	7.2	18.5	0.0	-20.6	430.0	604.5	2.0	606.5
Total comprehensive income		-6.1			-2.8	3.3	-5.6	-2.6	-8.2
Increase in cooperative capital	2.6						2.6		2.6
Change of non-controlling interests, which did not result in a change in the controlling interest						9.7	9.7	6.5	16.1
Other changes						-0.4	-0.4		-0.4
31 Dec 2015	**172.0**	**1.1**	**18.5**	**0.0**	**-23.4**	**442.5**	**610.7**	**5.8**	**616.5**
1 Jan 2016	172.0	1.1	18.5	0.0	-23.4	442.5	610.7	5.8	616.5
Total comprehensive income		1.9			6.7	13.1	21.6	-1.1	20.5
Other changes						-4.2	-4.2	0.8	-3.4
30 June 2016	**172.0**	**2.9**	**18.5**	**0.0**	**-16.7**	**451.4**	**628.2**	**5.5**	**633.7**

Supplementary cooperative capital

EUR million	**30.6.16**	**30.6.15**
Non-current supplementary cooperative capital		12.8

In June 2016, all supplementary shares were redeemed at their nominal value, which was EUR 12,750,000.00. The supplementary shares have been voided. Interest was paid on the supplementary shares until the time of redemption in accordance with SOK's by-laws.

Accounting policies applied to the interim Report

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. IAS and IFRS standards and SIC and IFRIC interpretations valid on 30 June 2016 have been applied to this interim report.

The interim report has been prepared in accordance with the same accounting policies as the financial statements for 2015, with the exception of the changes in the IAS/IFRS standards and interpretations that came into effect on 1 January 2016. The implementation of these standard and interpretation amendments has not had a significant effect on the Interim Report.

All figures in the tables of the Interim Report have been rounded, which is why totals of individual figures may differ from the sum presented. The key ratios have been calculated with exact values. Unless otherwise indicated, the euro-denominated figures from the income statement that are presented in parentheses in the text section of the interim report refer to the corresponding period of the previous year. The figures from the balance sheet that are presented in parentheses refer to the financial statements of the previous year.

The preparation of the financial statements in compliance with IFRS calls for making estimates and for judgement in applying accounting policies. The estimates are based on management's best judgement on the balance sheet date, but it is possible that the actual outcome will differ from the estimates used.

Interim Report is unaudited.

The fair value hierarchy for financial assets and liabilities

EUR million	Fair Value 30 Jun 2016	Level 1	Level 2	Level 3
Assets measured at fair value				
Non-current financial assets				
Shares and participations	3.8			3.8
Loan receivables	64.0		64.0	
Non-interest-bearing loan receivables	3.1		3.1	
Other current non-interest-bearing receivables				
Loan receivables	0.2		0.2	
Derivatives assets	5.4	4.8	0.7	
Total	**76.5**	**4.8**	**67.9**	**3.8**
Liabilities measured at fair value				
Non-current interest-bearing liabilities				
Interest-bearing loans from others	1.5		1.5	
Finance lease liabilities	136.2		136.2	
Non-current non-interest-bearing liabilities				
Cash counting service	26.0		26.0	
Other non-interest-bearing liabilities	0.8		0.8	
Current interest-bearing liabilities				
Finance lease liabilities	32.7		32.7	
Current non-interest-bearing liabilities				
Derivatives liabilities	5.2	4.8	0.4	
Total	**202.3**	**4.8**	**197.5**	

The fair value hierarchy level to which an item measured at fair value has been classified in its entirety is determined based on the lowest level inputs that are significant for the entire item in question, measured at fair value. The significance of the input has been estimated in its entirety in relation to the item in question measured at fair value. The moment of transfers between different levels of the fair value hierarchy is determined by the end of the review period.

Fair values on hierarchy level 1 are based on the quoted prices of completely identical asset items or liabilities in an active market. The Group has used valuations by Nasdaq OMX Stockholm as pricing sources in determining the fair value of these instruments.

The fair values of level 2 instruments are to a significant extent based on inputs other than quoted prices included in level 1. However they are based on information that is observable for the said asset item either directly or indirectly. In determining the fair value of these instruments, the Group uses generally accepted valuation models in which the input is to a significant extent based on verifiable market information.

The fair values of level 3 instruments are based on inputs concerning the asset item or liability which is not based on verifiable market information.

The holdings in Suomen Luotto-osuuskunta cooperative are presented in level 3 due to inaccuracies in the measurement of the fair value. The fair value of the holdings, EUR 2,3 million (2015: EUR 0.1 million) is based on Suomen Luotto-osuuskunta cooperative's preliminary plan regarding the distribution of funds. In addition to the aforementioned, level 3 also includes EUR 1.5 million of unquoted shares (2015: 1.6 million), for which the fair value cannot be determined.

Movements of items in Level 3

EUR million	2016
Opening balance, 1 Jan	1.6
Reduction of fair value of holdings in Suomen-Osuuskunta	2.2
Closing balance, 31 Dec	**3.8**

The fair value hierarchy

EUR million	Fair Value 31 Jun 2015	Level 1	Level 2	Level 3
Assets measured at fair value				
Non-current financial assets				
Shares and participations	1.6			1.6
Loan receivables	51.7		51.7	
Non-interest-bearing loan receivables	2.7		2.7	
Other current non-interest-bearing receivables				
Loan receivables	0.9		0.9	
Derivatives assets	6.5	5.5	1.0	
Current interest-bearing receivables				
Other receivables	32.7		32.7	
Total	**96.2**	**5.5**	**89.1**	**1.6**
Liabilities measured at fair value				
Supplementary cooperative capital	12.8		12.8	
Non-current interest-bearing liabilities				
Interest-bearing loans from others	1.5		1.5	
Finance lease liabilities	133.0		133.0	
Non-current non-interest-bearing liabilities				
Cash counting service	23.3		23.3	
Other non-interest-bearing liabilities	0.9		0.9	
Current interest-bearing liabilities				
Finance lease liabilities	32.5		32.5	
Current non-interest-bearing liabilities				
Derivatives liabilities	5.8	5.5	0.3	
Total	**209.7**	**5.5**	**204.2**	

Segment information 30.6.2016

SOK Corporation applies the IFRS 8 standard in its segment reporting. For reporting to top management, SOK Corporation's operations are divided into seven business segments. The segments are based on business areas. In calculating the operational result, valuations in accordance with Finnish accounting legislation are used. In SOK Corporation's management reporting, assets are not allocated or reported on, except for working capital.

EUR million	Supermarket trade	Travel and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	**198.2**	**121.1**	**3 148.4**	**41.2**		**-45.6**	**3 463.4**
Operating result	**-13.4**	**6.9**	**0.5**	**9.0**	**5.6**	**0.5**	**9.1**
Investments	**0.9**	**3.8**	**10.4**	**35.6**		**-0.3**	**50.4**
Divestments	**0.1**	**0.0**	**33.3**	**0.2**			**33.5**
Working capital	**9.2**	**3.6**	**-1.9**			**-2.5**	**8.4**

Reconciliation of the revenue	
Management accounting revenue to be reported	3 463.4
Other differences	2.3
Revenue from continuing operations IFRS	3 465.7
Reconciliation of the result	
Operating result of the segments to be reported	9.1
Items excluded from the operating result within SOK Corporation:	
Financial income and expenses	1.1
Operational result of the segments to be reported	10.2
Gains and losses on the sale of property, plant and equipment	-0.1
Decrease in provisions	0.7
Other operating income and expenses, and other items	0.2
Valuation gains and losses on derivatives	0.0
Impairment losses on tangible and intangible assets	-0.3
Other differences	0.6
Profit before taxes for the period from continuing operations IFRS	11.3
Additional information at SOK Corporation level, external income	
Finland	3 245.9
Foreign countries	219.8
Revenue, total	3 465.7
Supermarket trade	198.2
Tourism and bospitality business	123.0
Procurement and services business	3 103.3
Real estate business	41.2
Revenue, total	3 465.7
Additional data at SOK Corporation level, fixed assets	
Finland	361.2
Foreign	64.5
Fixed assets, total	425.7

Segment information 30.6.2015

SOK Corporation applies the IFRS 8 standard in its segment reporting. For reporting to top management, SOK Corporation's operations are divided into seven business segments. The segments are based on business areas. In calculating the operational result, valuations in accordance with Finnish accounting legislation are used. In SOK Corporation's management reporting, assets are not allocated or reported on, except for working capital.

EUR million	Supermarket trade	Travel and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	**228.4**	**124.6**	**3 080.2**	**40.7**		**-44.0**	**3 429.8**
Operating result	**-14.4**	**3.4**	**0.7**	**8.1**	**4.8**	**-1.5**	**1.1**
Investments	**1.0**	**2.9**	**8.9**	**21.0**			**33.7**
Divestments			**19.6**				**19.6**
Working capital	**3.9**	**3.7**	**15.5**			**-4.7**	**18.3**

Reconciliation of the revenue	
Management accounting revenue to be reported	3 429.8
Other differences	1.9
Revenue from continuing operations IFRS	3 431.7
Reconciliation of the result	
Operating result of the segments to be reported	1.1
Items excluded from the operating result within SOK Corporation:	
Financial income and expenses	2.2
Operational result of the segments to be reported	3.3
Decrease in provisions	1.3
Other operating income and expenses, and other items	0.7
Valuation gains and losses on derivatives	-0.6
Impairment losses on tangible and intangible assets	-0.9
Other differences	1.5
Profit before taxes for the period from continuing operations IFRS	5.3
Additional information at SOK Corporation level, external income	
Finland	3 182.1
Foreign countries	249.6
Revenue, total	3 431.7
Supermarket trade	228.4
Tourism and bospitality business	126.5
Procurement and services business	3 041.3
Real estate business	35.5
Revenue, total	3 431.7
Additional data at SOK Corporation level, fixed assets	
Finland	280.0
Foreign	81.4
Fixed assets, total	361.5

Tangible and intangible assets

EUR million	Tangible assets	Investment properties	Intangible assets
Acquisition cost			
Acquisition cost, 1 Jan 2016	581.3	90.7	181.4
From business combinations	11.7		0.0
Translation differences	9.2		
Increases	24.9	0.0	6.1
Decreases	-8.2	-1.4	-25.2
Transfers between items	0.2		-0.2
Acquisition cost, 30 June 2016	**619.2**	**89.3**	**162.0**
Accumulated depreciation			
Accumulated depreciation, 1 Jan 2016	-263.3	-55.8	-123.4
From business combinations	-3.1		
Translation differences	-3.9		
Accumulated depreciation on deducted and transferred items	7.7	1.1	25.3
Depreciation for the period	-19.7	-1.8	-7.8
Impairment losses	0.0		0.0
Accumulated depreciation, 30 June 2016	**-282.3**	**-56.6**	**-105.9**
Carrying amount, 1 Jan 2016	**318.0**	**34.8**	**57.9**
Carrying amount, 30 June 2016	**336.9**	**32.7**	**56.1**
Acquisition cost			
Acquisition cost, 1 Jan 2015	509.2	89.2	183.4
Translation differences	-8.6		-0.2
Increases	98.0	0.1	13.7
Decreases	-13.9	-2.0	-15.7
Transfers between items	-3.4	3.3	0.1
Acquisition cost, 30 December 2015	**581.3**	**90.7**	**181.4**
Accumulated depreciation			
Accumulated depreciation, 1 Jan 2015	-243.0	-50.5	-119.4
Translation differences	2.9		0.1
Accumulated depreciation on deducted and transferred items	14.3	-1.0	15.7
Depreciation for the period	-37.3	-4.2	-19.8
Impairment losses	-0.1	-0.1	
Accumulated depreciation, 30 December 2015	**-263.3**	**-55.8**	**-123.4**
Carrying amount, 1 Jan 2015	**266.2**	**38.7**	**64.0**
Carrying amount, 30 December 2015	**318.0**	**34.8**	**57.9**

Related party transactions

Transactions and balances with associated companies:

EUR million	**30.6.2016**	**30.6.2015**	**31.12.2015**
Sales	7.0	9.8	20.2
Purchases	180.2	165.8	338.5
Financial income and expenses	0.2	0.4	0.8
Trade and other receivables	1.2	0.7	1.1
Loan receivables	17.0	24.0	37.5
Trade payables and other liabilities	28.9	32.6	10.7

Pledges and contingent liabilities

Contingent liabilities, EUR million	**30.6.2016**	**31.12.2015**	**Change**	**30.6.2015**
Pledges given and contingent liabilities				
Pledges	0.1	0.1	0.0	0.1
Guarantees	3.8	4.0	-0.2	4.0
Total	**3.9**	**4.1**	**-0.2**	**4.1**
Security given on behalf of others				
Guarantees for liabilities of joint ventures enterprises	63.6	69.4	-5.8	107.9
Guarantees for liabilities of cooperative enterprises	7.4	7.4	0.0	7.4
Total	**71.0**	**76.8**	**-5.8**	**115.2**
Other contingent liabilities				
Guarantees for liabilities of joint ventures enterprises	24.0	21.0	3.0	21.0
Guarantees for liabilities of cooperative enterprises	0.0	0.1	0.0	0.1
Total	**24.0**	**21.1**	**3.0**	**21.0**
Other liabilities				
Letter of credit liabilities	0.4	0.5	-0.1	0.2
Repurchase liabilities [1)]	31.4	33.9	-2.5	35.7
Underwriting [2)]	10.4	10.4	0.0	10.4
Other liabilities		9.8	-9.8	
Total	**41.8**	**54.1**	**-12.3**	**46.1**

Operating leases
Group as lessee
Minimum lease payments on non-cancellable operating leases:

EUR million	**30.6.2016**	**31.12.2015**	**Change**	**30.6.2015**
In one year	128.7	131.1	-2.4	148.9
In one to five years	429.2	439.0	-9.8	524.3
Over five years	350.8	372.0	-21.3	439.9
Total	**908.6**	**942.1**	**-33.4**	**1 113.1**

1) Repurchase liabilities consist of an obligation to purchase the targets of the property fund which invests in the Prisma stores in St. Petersburg and the Baltic countries, at the amount of the fund's remaining liabilities. SOK's ownership share in the property fund company is 20 per cent.

2) The underwriting obligation consists of an obligation to invest capital inputs in the property fund which invests in the Prisma stores in St. Petersburg and the Baltic countries.

The guarantees granted consist mainly of the guarantees on behalf of joint venture North European Oil Trade Oy on a loan and other liabilities of 37.1 million (EUR 39.9 million 31 Dec 2015) and of the guarantees on behalf of joint venture Kauppakeskus Mylly Oy on a loan of EUR 50.0 million (EUR 50.0 million 31 Dec 2015).

In addition, SOK has given letters of support for the guarantees granted by SOK-Takaus Oy. The amount of the letters of support is EUR 19.3 million on 30 June 2016 (EUR 71.9 million on 31 Dec 2015).

Other financial liabilities:
The Group is obligated to audit valued added tax depreciations it has made on a property investment if the taxable use of the property decreases during the auditing period. The maximum amount of the responsibility is EUR 6.5 million (EUR 6.5 million on 31 Dec 2015).

Other contingent liabilities:
Commitments in accordance with the shareholder agreement to be responsible for the S-Voima Oy commitments and to finance its operations.

In accordance with the so-called Mankala principle, the shareholders are responsible for S-Voima Oy's commitments. This principle states that the liability for the company's variable costs is determined based on the energy the shareholder uses. The liability for the company's fixed costs, also including loan repayments and interests as well as depreciations, is distributed in proportion to the share series owned by

the shareholder. The company's series A shares are related to the acquisition of market electricity; series B and B1 shares to the acquisition of wind power electricity; and series C shares to the acquisition of nuclear power electricity in which S Group has decided not to participate.

Furthermore, the shareholders of S-Voima Oy have also agreed in the shareholder agreement on a mutual obligation to finance the company's investments in production companies through equity, in which case the liability will by default be distributed by share series in the proportion of shareholding. There are not left liabilities based on equity financing in decisions already made (EUR 0.9 million 30 Jun 2014). It is estimated that liabilities financing by the company's shareholders is not needed.

Additionally SOK has pledged to provide loan funding. SOK has at 30 June 2015 the following open commitments: To provide EUR 50.0 million (EUR 60.0 million 31 Dec 2015) shareholder loan to S-ryhmän logistiikkakeskukset Oy, to provide EUR 5.0 million (EUR 5.0 million 31 Dec 2015) conditional subordinated loan to North European Oil Trade Oy.

Key ratios

SOK Corporation:	30.6.2016	30.6.2015	31.12.2015
Revenue, EUR million	3 465.7	3 431.7	7 038.4
Operating profit, EUR million	13.5	4.7	11.1
% of revenue	0.4	0.1	0.2
Profit before taxes, EUR million	11.3	5.3	9.4
% of revenue	0.3	0.2	0.1
SOK Corporation:			
Equity ratio, %	39.2	41.7	37.0
Return on equity, %	1.9	1.6	0.1
Gearing, %	-2.7	-11.8	-12.9

Calculation of key ratios

Equity ratio, % $= \frac{\text{total equity}}{\text{total assets - advances received}} \times 100\ \%$

Gearing, % $= \frac{\text{interest-bearing liabilities - cash and cash equivalents}}{\text{total equity}} \times 100\ \%$

Return on equity, % $= \frac{\text{profit/loss after financial items - income taxes}}{\text{equity, average}} \times 100\ \%$