

SOK Corporation

Financial statements bulletin
1 January – 31 December 2016

Excecutive board report on operations

Development of the operating environment

In 2016, the economic development was better than expected and the Finnish economy returned to a growth path. Growth was based on domestic demand, specifically on growth in private consumption, and construction sector investments. However, exports were slower than the growth in the world trade. Consumption growth was supported by the increase in households' real income, employment development which was better than expected, and the strengthening of consumer confidence in their own economic situation and development in Finland. Retail also took a slight upward turn last year. The deregulation of opening hours at the beginning of 2016 was made use of in the supermarket trade in particular, and supermarkets succeeded in growing their net sales slightly, despite the price competition.

Finland is again on a growth path, but there is still a lot of catching up to do. In the coming years, growth is expected to remain clearly weaker than in previous economic upturns. Exports are expected to grow moderately as demand in Finland's export countries recovers. Nevertheless, there are political and economic uncertainties in the global economy, which may impact the development of export. However, without stronger recovery in exports and investments, balance will not be reached in the public economy in Finland. In 2017, growth in public consumption in Finland will be slowed down by the decrease in disposable income. This is attributable to the accelerating rate of inflation and the small agreement increases based on the Agreement on Competitiveness, among others. However, employment is expected to improve. Retail is forecast to grow moderately in the coming years. Nevertheless, growth depends on the development of employment.

S Group's performance 1 January – 30 December 2016

S Group comprises the cooperatives and SOK with its subsidiaries. S Group's retail sales excluding taxes in 2016 were EUR 11,020 million, showing an increase of 2.0 per cent compared to the previous year.

S Group's retail sales excluding taxes by business area	**EUR million**
Supermarket trade total*	7 755
Prisma*	3 451
S-market	3 322
Sale and Alepa	978
Other supermarket trade	5
Hardware trade	197
Service station store and fuel sales	1 543
Department store and speciality store trade	300
Travel industry and hospitality business*	793
Automotive trade and accessories	339
Agricultural trade	76
Other	15
S Group total*	**11 020**

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

At the end of December, S Group had 1,633 outlets (1,632 in December 2015).

At the end of 2016, there were 20 regional cooperatives and 7 local cooperatives.

A total of 97,028 new members joined the cooperatives participating in the bonus system in 2016. The total number of co-op members was 2,292,039 at the end of the year. Co-op members were paid EUR 353 million in Bonus rewards.

S Group's investments amounted to EUR 511 million, compared to EUR 558 million in 2015.

S Group's combined unconsolidated result before appropriations and taxes was EUR 292 million positive, whereas the result was EUR 299 million in the previous year. The cooperatives' combined result before appropriations and taxes showed a profit of EUR 269 million, whereas the result was EUR 289 million in the previous year. SOK Corporation's result before taxes (IFRS) showed a profit of EUR 23 million, whereas it was EUR 9 million in the previous year.

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 – 31 December 2016

SOK Corporation's net sales in 1 January – 31 December 2016 were EUR 7,074.0 million, showing an increase of 0.5 per cent compared to the corresponding period of the previous year.

SOK Corporation's operating profit was EUR 27.0 million (EUR 11.1 million). The positive result development in the travel industry and hospitality business and banking operations had the most considerable impact on growth in the operating profit. International operations accounted for 6.3 per cent of net sales (6.3 per cent), or EUR 445 million.

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

SOK Corporation	31 Dec 2016	31 Dec 2015	31 Dec 2014
Net sales, EUR million	7 074	7 038	7 286
Operating profit, EUR million	27,0	11,1	43,1
Operating profit, %	0,4	0,2	0,6
Return on equity, %	1,8	0,1	5,5
Equity ratio, %	37,0	37,0	38,3

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	397	-11.3	-26.3	+1.0
Travel industry and hospitality business	255	-1.4	+24.1	+5.1
Procurement and service business	6 428	+0.3	+3.1	-1.8
Real estate business	82	+19.8	+17.2	+2.9
Result from banking			+8.2	+2.5
Elimination for the retail and wholesale and other items	-93	-39.2	+0.3	+1.2
SOK Corporation total	**7 035**	**+0.5**	**+26.6**	**+11**

Funding

SOK Corporation's financial situation was excellent throughout the year. SOK Corporation's interest-bearing net liabilities amounted to EUR 2.8 million at the end of December (EUR -79.3 million) and its gearing was 0.4 per cent (-12.9 per cent). SOK Corporation's equity ratio was 37.0 per cent (37.0 per cent).

At the end of December, SOK Corporation's liquid assets amounted to EUR 184.2 million (EUR 249.9 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 93.1 million in the first half of the year (EUR 48.2 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 33.9 million in the review period (EUR 24.6 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, converted to full-time equivalents, (active employment relationships) was 6,628 people during the financial period (2015: 7,778; 2014: 8,232).

At the end of 2016, SOK Corporation's number of personnel in active employment relationships was 7,280, of whom 1,355 (20 per cent) were employed by SOK and 5,273 (80 per cent) by the subsidiaries. The number of personnel decreased by 556 persons (8 per cent) compared to the corresponding period in the previous year. The total number of employees working abroad was 3,334 (46 per cent). The reduction in the number of personnel during the year was attributable to employee reductions and transfers of business in SOK Corporation and subsidiaries as well as personnel changes in the neighbouring countries.

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. In Riga, Latvia, the Group operates three Prisma stores, as one unit was closed at the end of May due to the lease expiring. Another unit was closed in June, when issues in the building's structure resulted in the authorities prohibiting its use. 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 397 million. Compared to the previous year, the net sales decreased by 11 per cent. This was in part attributable to the closing of units in Latvia, the exchange rate of the rouble, and tightening competition in all market areas. The operating result of the supermarket trade was EUR 1.0 million better than in the previous year. Investments made in the supermarket trade totalled EUR 1.7 million and were related to the replacement of equipment.

Travel industry and hospitality business

In 2016, SOK Corporation's travel industry and hospitality business was conducted by Sokotel Oy in Finland, AS Sokotel in Estonia, and OOO Sokotel in Russia.

In Finland, the travel industry and hospitality market was experiencing strong growth in 2016. In 2016, Sokotel Oy's net sales were EUR 210.9 million, showing a decrease of 3.1 per cent from the previous year. The decrease in net sales was due to the divestment of Break Sokos Hotel Caribia's business operations in late 2015 and the renewal projects in progress. Sokotel Oy's operating result improved considerably from the previous year, reaching a level of more than 10 per cent, mainly due to the good development of the comparable net sales in the hospitality business.

The net sales of AS Sokotel, engaging in the travel industry and hospitality business in Tallinn, increased by 3.7 per cent from the previous year, to EUR 18.5 million. The operating result of AS Sokotel was slightly weaker than in the previous year due to the

increase in the cost level.

The net sales of OOO Sokotel, engaging in the travel industry and hospitality business, was EUR 25.6 million, with an increase of 11.2 per cent from the previous year. In the local currency, the net sales increased by 18.5 percent. The operating result of OOO Sokotel was clearly better than in the previous year, breaking a new record as a result of the net sales that were better than the market.

In 2016, the investments by the travel industry and hospitality business totalled EUR 9.7 million. Of this amount, investments in Finland accounted for EUR 9.1 million, in Russia EUR 0.3 million, and in Estonia EUR 0.3 million. The investments consisted mainly of hotel unit renovations.

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 6,428.5 million, showing a year-on-year increase of 1.5 per cent in terms of comparable net sales. The operating result of the procurement and service business was slightly better than in the previous year.

In 2016, investments by the procurement and service business totalled EUR 35.6 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 82.5 million, representing a year-on-year increase of 3.8 per cent in comparable net sales. The operating result of the real estate business was slightly better than in the previous year and showed a clear profit.

In 2016, investments by the real estate business totalled EUR 45.9 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.

At the end of June, S-Bank's total funds on deposit were EUR 4,547.0 million (EUR 4,112.0), and its total lending was EUR 3,492.2 million (EUR 2,831.1 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 22.3 million (EUR 16.6 million). The IRFS-adjusted result corresponding to SOK Corporation's shareholding (37.5%) was EUR 8.2 million. A non-recurring gain from the sale of shares had a strong effect on S-Bank's result.

A significant product launch during the first months 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 smart phones.

The fuel procurement company North European Oil Trade Group's net sales were approximately EUR 4,708 million (EUR 4,300 million). Growth in the volume of the Group's business operation is in part attributable to the full-time operations of the Norwegian subsidiary in the 2016 financial period compared to the previous financial period, when the operations in Norway began in October 2015. 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 11.8 million (EUR 8.0 million).

Changes in the group structure

SOK acquired the real estate companies Lempäälän Terminaali and Limingan Terminaali in March. In February, SOK established the real estate company Kiinteistö Oy Pohjanmaan Terminaali. In June, SOK acquired the Espoo Radisson Blue property (Kiinteistö Oy Otapuisto). The real estate company Lohjan Karnaistenkatu 40 was divested in May. The Group purchased the minority of SOK Takaus Oy.

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 had the following members: Managing Director Heikki Hämäläinen, Managing Director Tapio Kankaanpää, Managing Director Hannu Krook, Managing Director Timo Mäki-Ullakko, Managing Director Matti Niemi, and Managing Director Jouko Vehmas. Managing Director Matti Niemi was the Vice-Chairman of the Executive Board.

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

SOK's Supervisory Board appointed the following persons to SOK's Executive Board for the one-year term beginning on 1 January 2017: Managing Director Matti Niemi (Vice-Chairman),

Managing Director Heikki Hämäläinen, Managing Director Tapio Kankaanpää, Managing Director Hannu Krook, Managing Director Timo Mäki-Ullakko and Managing Director Olli Vormisto. SOK's Chief Executive Officer Taavi Heikkilä was the Chairman of the Executive Board.

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; 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. In addition, Sebastian Nyström, Executive Vice President, Strategy, was appointed to the Corporate Management Team in January 2017.

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, taking into consideration 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 reviewed by SOK's Corporate Management Team annually 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 most significant environmental considerations and the related measures are described in S Group's Annual Report, which will be published at vuosikatsaus.s-ryhmä.fi in the spring of 2017.

Outlook for the current year

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 Finnish economy has returned to a path of growth. Private consumption and investments have increased, but growth is expected to remain modest in 2017. Despite the increase in oil prices towards the end of 2016, economic growth in Russia is also expected to be slow in the current year. However, private consumption is expected to grow slightly and consumer confidence in Russia is already better than before. In the Baltic countries, the market and the economic situation have been and will continue to be challenging. The factors mentioned above continue to pose challenges with regard to performance in the current year.

As a result of the efficiency measures carried out and ongoing in the business operations, particularly focusing on the travel industry and hospitality business and the supermarket trade, the results of SOK Corporation's operations are expected to improve from last year's level, despite the challenging market situation. The result for the travel industry and hospitality business in Finland will be burdened by the investments in the network development that will be more extensive in 2017 than in the previous year. Despite the challenging outlook for the market in the Baltic countries, the overall result of the supermarket trade is expected to improve year-on-year as a result of network development and the efficiency measures.

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.

Executive Board's proposal on the distribution of SOK's distributable surplus

SOK's distributable surplus is EUR 594,473,024.34, of which the surplus for the financial year is EUR 46,366,521.86. The Executive Board proposes that EUR 10,321,966.00 be paid as interest on cooperative capital and that EUR 50,000.00 be transferred to the Supervisory Board's contingency fund, and that EUR 35,994,555.86 be left on the surplus account for the previous financial years.

No significant changes have occurred in SOK's financial position since the end of the financial period. SOK's liquidity is good and the proposed distribution of surplus does not endanger SOK's solvency, in the view of the Executive Board.

Helsinki, 10 February 2017

SOK Corporation
Executive Board

Consolidated financial statements

Consolidated income statement, IFRS

EUR million	1.1.–31.12.2016	1.1.–31.12.2015
Revenue	7 074.0	7 038.4
Other operating income	1.5	2.0
Materials and services	-6 424.7	-6 336.9
Employee benefit expenses	-214.2	-258.8
Depreciation and impairment losses	-61.9	-62.8
Other operating expenses	-359.4	-378.5
Share of results of associated companies and joint ventures (+/-)	11.6	7.7
Operating profit (-loss)	**27.0**	**11.1**
Financial income and expenses (+/-)	-4.4	-2.1
Share of results of associated companies and joint ventures (+/-)	0.2	0.3
Profit before taxes	**22.8**	**9.4**
Income taxes (+/-)	-11.2	-8.8
Result for the financial year	**11.6**	**0.6**
Attributable to:		
Owners of the parent	13.7	3.3
Share of non-controlling interests	-2.1	-2.6
	11.6	0.6

Statement of other comprehensive income

EUR million	1.1.–31.12.2016	1.1.–31.12.2015
Result for the financial year	11.6	0.6
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	10.5	-2.9
Exchange differences on loans to foreign subsidiaries classified as net investments	2.7	0.5
Cashflow hedges	3.5	-1.0
Comprehensive income items of associated companies and joint ventures	2.5	-5.4
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains/losses	-0.4	-0.4
Other comprehensive income for the financial year, net of tax	18.7	-9.2
Total comprehensive income for the financial year	**30.3**	**-8.6**
Total comprehensive income for the financial year attributable to:		
Owners of the parent	32.4	-6.0
Share of non-controlling interests	-2.1	-2.6
	30.3	-8.6

Consolidated statement of financial position, IFRS

EUR million	31.12.2016	31.12.2015
ASSETS		
Non-current assets		
Property, plant and equipment	385.9	318.0
Investment properties	37.7	34.8
Intangible assets	67.2	57.9
Interests in associated companies and joint ventures	177.5	161.8
Non-current financial assets	98.9	78.2
Deferred tax assets	27.2	29.1
Non-current assets, total	**794.4**	**679.8**
Current assets		
Inventories	182.9	163.2
Trade receivables and other current non-interest-bearing receivables	577.7	544.9
Current interest-bearing receivables	10.0	32.7
Cash and cash equivalents	184.2	249.4
Current assets, total	**954.9**	**990.3**
Assets, total	**1 749.3**	**1 670.1**
EQUITY AND LIABILITIES		
Equity		
Cooperative capital	174.3	172.0
Restricted reserves	24.7	19.6
Retained earnings	442.4	419.1
Equity attributable to the the owners of the parent	**641.3**	**610.7**
Non-controlling interests	**5.2**	**5.8**
Equity, total	**646.5**	**616.5**
Non-current liabilities		
Supplementary cooperative capital		12.8
Non-current interest-bearing liabilities	169.0	131.3
Non-current non-interest-bearing liabilities	27.9	28.4
Provisions	13.5	11.2
Deferred tax liabilities	14.7	12.2
Non-current liabilities, total	**225.1**	**195.8**
Current liabilities		
Current interest-bearing liabilities	18.0	26.6
Current non-interest-bearing liabilities	112.4	113.7
Trade payables	732.8	705.2
Provisions	6.7	7.6
Tax liabilities for the financial year	7.8	4.6
Current liabilities, total	**877.7**	**857.7**
Equity and liabilities, total	**1 749.3**	**1 670.1**

Consolidated statement of cash flows, IFRS

EUR million	Note/Reference	1.1.–31.12.2016	1.1.–31.12.2015
BUSINESS OPERATIONS			
Operations		27.0	11.1
Adjustments to operating result	(A)	25.8	26.2
Change in working capital	(B)	-22.3	54.8
Cash flow from business operations before financing and taxes		**30.5**	**92.1**
Increase (-) / decrease (+) in current receivables		-0.7	0.1
Interest paid and other financial expenses		-0.0	-17.5
Interest received and other financial income		0.4	29.7
Dividends received from business operations		0.1	0.1
Income taxes paid		-4.6	-3.2
Cash flow from business operations		**25.6**	**101.4**
INVESTMENTS			
Acquired shares in subsidiaries net of acquired cash		-23.7	
Divested shares in subsidiaries net of cash held by subsidiary		0.2	
Investments in shares		-9.6	-21.5
Investments in tangible assets		-25.9	-13.0
Investments in intangible assets		-34.0	-13.7
Sale of other fixed assets		33.7	25.1
Change in other long-term investments		0.7	-8.8
Dividends received from investments		0.2	0.7
Cash flow from investing activities		**-58.3**	**-31.1**
FINANCING			
Proceeds from new long-term liabilities			1.5
Repayment of long-term liabilities			-0.2
Increase (+) / decrease (-) in short-term liabilities		-0.2	-0.5
Interest paid		-2.8	-3.8
Increase (+) / decrease (-) in long-term receivables		-10.0	
Increase (+) / decrease (-) in short-term receivables		-10.0	
Interest received		4.5	1.6
Increase in cooperative capital		2.3	2.6
Redemption of supplementary cooperative capital		-12.8	
Interest paid on the cooperative capital		-5.9	-0.2
Cash flow from financing		**-34.8**	**1.1**
Increase / Decrease in cash and cash equivalents		**-67.6**	**71.4**
Cash and cash equivalents at the beginning of the year		**249.4**	**178.8**
Foreign exchange rate effect on cash and cash equivalents		**2.3**	**-0.8**
Increase / Decrease in cash and cash equivalents		**-67.6**	**71.4**
Cash and cash equivalents at the end of the year		**184.2**	**249.4**
Adjustments to operating profit	(A)		
Gains from the sale of fixed assets		-0.4	-0.2
Depreciation and impairment losses		61.9	62.8
Other non-cash income and expenses		-35.6	-36.4
		25.8	26.2
Change in working capital	(B)		
Change in trade and other receivables		-32.9	20.5
Change in inventories		-19.7	11.6
Change in non-interest-bearing liabilities		30.3	22.7
		-22.3	54.8

The loan period of short term loans is less than 3 months.
The cash flow statement includes the cash flows from both continuing and discontinued operations.

Consolidated statement of changes in equity, IFRS

EUR million	Equity attributable to the owners of the parent								
	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**
Total comprehensive income		5.1			14.1	13.7	32.9	-2.1	30.8
Increase in cooperative capital	2.3						2.3		2.3
Change of non-controlling interests, which did not result in a change in the controlling interest								1.5	1.5
Other changes						-4.6	-4.6		-4.6
31 Dec 2016	**174.3**	**6.1**	**18.5**	**0.0**	**-9.3**	**451.7**	**641.3**	**5.2**	**646.5**

In June 2016, all supplementary shares were redeemed at their nominal value, which was EUR 12,800,000.00. 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 income statement and balance sheet

This Financial Statements Bulletin has been prepared in compliance with the IAS 34 Interim Financial Reporting standard. The same accounting principles were adhered to in the preparation of the Financial Statements Bulletin as in the 2015 Financial Statements, and, furthermore, the IAS/IFRS standard and interpretation amendments that came into effect in the financial year 2016 were also adhered to. The implementation of these standard and interpretation amendments has not had a material effect on the Consolidated Financial Statements.

All figures in the tables of the Financial Statements have been rounded off, which is why the total of the individual figures may differ from the sum presented. The key ratios have been calculated with exact values.

This Financial Statements Bulletin is unaudited.

Segment information 31.12.2016

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. The working capital of Real estate business is included in the working capital of Procurement and services business.

EUR million	Supermarket trade	Travel industry and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	**396.7**	**255.0**	**6 428.5**	**82.5**		**-92.6**	**7 070.2**
Operating result	**-26.3**	**24.1**	**3.1**	**17.2**	**8.2**	**0.3**	**26.6**
Investments	**1.7**	**9.7**	**35.6**	**45.9**		**0.3**	**93.1**
Divestments	**0.1**	**0.1**	**33.4**	**0.3**			**33.9**
Working capital	**0.0**	**3.2**	**-22.8**	**0.0**		**-2.6**	**-22.2**

Reconciliation of the revenue	
Management accounting revenue to be reported	7 070.2
Eliminations	3.8
Revenue from continuing operations IFRS	7 074.0
Reconciliation of the result	
Operating result of the segments to be reported	26.6
Items excluded from the operating result within SOK Corporation:	
Financial income and expenses (FAS)	2.2
Operational result of the segments to be reported	28.8
Gains and losses on the sale of property, plant and equipment	-0.2
Other operating income and expenses	0.4
Changes in provisions	-8.3
Valuation gains and losses on derivatives	0.8
Impairment losses on tangible and intangible assets	-0.8
IFRS adjustments	2.1
Profit before taxes from continuing operations IFRS	**22.8**
Additional data at SOK Corporation level, external income	
Finland	6 632.1
Foreign	441.9
Revenue, total	7 074.0
Supermarket Trade	396.6
Tourism and Hospitality Business	258.8
Procurement and services Business	6 336.1
Real estate business	82.5
Revenue, total	7 074.0
Additional information at SOK Corporation level, fixed assets	
Finland	425.8
Foreign	65.0
Fixed assets, total	490.8

Segment information 31.12.2015

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. The working capital of Real estate business is included in the working capital of Procurement and services business.

Milj. €	Supermarket trade	Travel industry and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
Revenue	**447.5**	**258.6**	**6 412.0**	**68.8**		**-152.3**	**7 034.6**
Operating result	**-27.3**	**18.9**	**1.6**	**13.9**	**5.6**	**2.9**	**15.6**
Investments	**2.0**	**4.0**	**15.8**	**25.8**		**0.5**	**48.1**
Divestments	**0.6**	**0.0**	**22.8**	**1.7**		**0.5**	**24.6**
Working capital	**-3.1**	**2.2**	**-33.1**	**0.0**		**-2.5**	**-36.5**

Reconciliation of the revenue	
Management accounting revenue to be reported	7 034.6
Eliminations	3.8
Revenue from continuing operations IFRS	7 038.4
Reconciliation of the result	
Operating result of the segments to be reported	15.6
Items excluded from the operating result within SOK Corporation:	
Financial income and expenses (FAS)	1.3
Operational result of the segments to be reported	16.9
Gains and losses on the sale of property, plant and equipment	-0.4
Other operating income and expenses	-3.1
Increase in provisions	-3.2
Valuation gains and losses on derivatives	-0.8
Impairment losses on tangible and intangible assets	-4.4
IFRS adjustments	4.4
Profit before taxes from continuing operations IFRS	**9.4**
Additional data at SOK Corporation level, external income	
Finland	6 547.7
Foreign	490.7
Revenue, total	7 038.4
Supermarket Trade	447.5
Tourism and Hospitality Business	262.4
Procurement and services Business	6 259.6
Real estate business	69.0
Revenue, total	7 038.4
Additional information at SOK Corporation level, fixed assets	
Finland	347.5
Foreign	63.3
Fixed assets, total	410.8

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		
Translation differences	28.2		0.5
Increases	93.8	0.1	31.1
Decreases	-25.9	-6.0	-25.4
Transfers between items	-10.6	13.9	-3.3
Acquisition cost, 31 December 2016	**678.6**	**98.7**	**184.2**
Accumulated depreciation			
Accumulated depreciation, 1 Jan 2016	-263.3	-55.8	-123.4
From business combinations	-3.1		
Translation differences	-14.2		-0.3
Accumulated depreciation on deducted and transferred items	28.7	-1.5	25.4
Depreciation for the period	-40.4	-3.6	-18.5
Impairment losses	-0.4		0.0
Accumulated depreciation, 31 December 2016	**-292.7**	**-60.9**	**-116.9**
Carrying amount, 1 Jan 2016	**318.0**	**34.8**	**57.9**
Carrying amount, 31 December 2016	**385.9**	**37.7**	**67.2**
Acquisition cost			
Acquisition cost, 1 Jan 2015	509.2	89.2	183.3
Translation differences	-8.6		-0.1
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, 31 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	-16.2
Impairment losses	-0.1	-0.1	-3.6
Accumulated depreciation, 31 December 2015	**-263.3**	**-55.8**	**-123.4**
Carrying amount, 1 Jan 2015	**266.2**	**38.7**	**63.9**
Carrying amount, 31 December 2015	**318.0**	**34.8**	**57.9**

Related party transactions

Transactions and balances with associated companies:

EUR millon	**31.12.2016**	**31.12.2015**
Sales	20.1	20.2
Purchases	355.4	338.5
Financial income and expenses	1.6	0.8
Trade and other receivables	0.7	1.1
Loan receivables	33.4	37.5
Trade payables and other liabilities	61.4	10.7

Pledges and contingent liabilities

Contingent liabilities, EUR million	**31.12.2016**	**31.12.2015**	**Change**
Pledges given and contingent liabilities			
Pledges	0.1	0.1	0.0
Guarantees	3.8	4.0	-0.2
Total	**3.9**	**4.1**	**-0.2**
Security given on behalf of others			
Guarantees for liabilities of joint ventures enterprises	87.5	69.4	18.1
Guarantees for liabilities of cooperative enterprises	7.4	7.4	0.0
Total	**94.9**	**76.8**	**18.1**
Other contingent liabilities			
Guarantees for liabilities of joint ventures enterprises	2.4	21.0	-18.6
Guarantees for liabilities of cooperative enterprises		0.1	-0.1
Total	**2.4**	**21.1**	**-18.7**
Other liabilities			
Letter of credit liabilities	0.4	0.5	-0.2
Repurchase liabilities	31.4	33.9	-2.5
Underwriting	10.7	10.7	0.0
Other liabilities		9.8	-9.8
Total	**42.1**	**54.4**	**-12.3**

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

EUR million	**31.12.2016**	**31.12.2015**	**Change**
In one year	132.4	131.1	8.5
In one to five years	595.9	439.0	187.1
Over five years	751.6	372.0	404.2
Total	**1 479.9**	**942.1**	**599.8**

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 39.4 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 8.9 million on 31 December 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 8.7 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. 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 31 Dec 2016 the following open commitments: To provide EUR 50.0 million (EUR 60.0 million 31 Dec 2015) and long term debt EUR 80.5 million (EUR 0.0 million 31.12.2015) and 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:	31.12.2016	31.12.2015
Revenue, EUR million	7 074.0	7 038.4
Operating profit, EUR million	27.0	11.1
% of revenue	0.4	0.2
Profit before taxes, EUR million	22.8	9.4
% of revenue	0.3	0.1
SOK Corporation:		
Equity ratio, %	37.0	37.0
Return on equity, %	1.8	0.1
Gearing, %	0.4	-12.9

Calculation of key ratios

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

Gearing, % = $\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Total equity}}$ x 100 %

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