SOK CORPORATION

ANNUAL REPORT 2012

The co-op members are the sole owners of S Group's cooperative enterprises. Co-op membership is S Group's way of conducting its cooperative form of business and producing services and benefits for its co-op members.

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Adapting to a new era

IN 2012, THE NUMBER OF CO-OP MEMBERS GREW TO MORE THAN TWO MILLION. S GROUP'S RETAIL SALES GREW BY FIVE PER CENT, BUT SOK CORPORATION'S WEAK RESULT REDUCED THE ENTIRE GROUP'S RESULT. THE PROPOSED CHANGE IN THE COMPETITION ACT IS CREATING UNCERTAINTY IN THE GROCERY TRADE.

The year 2012 was weak in retail. The uncertainty at the beginning of the year was followed by faltering economic growth at the end of the year. Sales growth waned, and the number of personnel in the sector took a downward turn after a long and steady period of growth.

Compared to the general development, the cooperatives performed well in 2012. Their sales increased more than average in the sector, different lines of business developed fairly evenly and results remained nearly at the previous year's level. By contrast, SOK Corporation's result was clearly negative, which also reduced the Group's total result.

The challenges we faced in developing the consumer goods trade and the expenses of launching the operations of the new logistics centre accounted for the drop in the result at the entire Group level, whereas in SOK Corporation, the result was burdened by difficulties in the automotive trade and high development costs.

There were also successes. Confidence in the cooperatives' capacity to provide services remained good, which manifested as the threshold of two million co-op members being surpassed in February 2012. Thus, co-op membership is in high demand in weak economic times as well. The cooperatives, in turn, rewarded their members in the amount of EUR 420 million.

The operations in Finland's neighbouring countries were the bright spot in SOK Corporation: the Prisma stores in four countries already have approximately 700,000 loyal customers, and sales development is solid, particularly in St. Petersburg. The ownership arrangement made in the agricultural trade is also among the successes. Through the arrangement, Hankkija-Maatalous secured the support of, and powerful development opportunities provided, by the DLA Group, a Danish cooperative.

We have entered an era in which slow economic growth is intertwining with changes in the operating environment and in customers' purchasing behaviour. This is forcing us to adapt to a lower level of earnings. Although S Group invested more than EUR 500 million in new facilities or renovation of old ones last year, the rate of investments is slowing down little by little.

Adapting also requires improved cost-effectiveness. Therefore, we launched measures at SOK as early as the end of 2012 aiming to produce cooperatives' services more efficiently.

The grocery trade is currently facing great uncertainty. In January, the government issued a proposal on amending the Competition Act. According to many legal scholars, its true impact is rather unclear. However, it is clear that the proposed amendment would automatically determine both S Group and K-Group as having a dominant market position in both the procurement and sales market.

The Parliament will discuss this basically well-intended amendment in the spring, and it is our sincere wish that the amendment is specified considerably. Otherwise, the absolute requirement of equality placed on the large retail groups could endanger the success of domestic production in the pressure from large multinational food retailers and imported food.

The UN declared 2012 as the International Year of Cooperatives. S Group celebrated the year by organising a "Well-being through cooperative activities" stakeholder event.

To honour the theme year, SOK pledged to support a cooperative society development project in the Myanzi area in Uganda. In addition, SOK is co-funding the professorship of cooperative enterprise management, donated to Lappeenranta University of Technology. We want these two projects to be part of the new era in the cooperative activities.

Responsibility is an integral part of cooperative activities. In 2012, responsibility was further highlighted as the core of our operations when we outlined our objective of being a forerunner in terms of responsibility in our lines of business. Our commitment to wind power is a good example of this. Based on decisions already made, we promise that as much as 50 per cent of the electricity we consume will be generated by wind energy in 2016.

The success of every company depends on its personnel. I would like to extend my warm thanks to all S Group employees for their solid performance in serving our co-op members. My thanks also go to personnel working in the administration of the cooperatives and SOK, as well as to all our partners.

14 February 2013

Kuisma Niemelä
Chief Executive Officer, SOK

Grocery trade for the benefit of co-op members

S GROUP'S GROCERY STORES SERVE CUSTOMERS WHO VALUE AFFORDABLE PRICES, QUALITY AND PERSONALISED SERVICES. THE MOST IMPORTANT NEAR-TERM OBJECTIVE OF S GROUP'S GROCERY TRADE IS TO IMPROVE THE PURCHASING EXPERIENCES OF CO-OP MEMBERS AND INCREASE INTERACTION WITH THEM.

As a consumer cooperative, S Group always advocates the interests of the customer. Each cooperative protects the interests of its members in its region. In the grocery trade, S Group aims to offer its co-op members the most comprehensive grocery selections and the most desired products at prices as affordable as possible. Each cooperative continuously monitors the prices in the grocery stores in its operating area. The strategic objective of S Group's grocery trade is that each store is the most economical in its size class in its own area of influence.

Permanently economical pricing, which is the second strategic cornerstone of S Group's grocery trade, means that individual deals of the day are not what is used to attract customers; the prices of the entire product selection are as permanent as possible.

NO NEED FOR INCREASED REGULATION

The price of food is affected by many factors. Before a product has made its way from the field to the table, the producer and industrial processor of its ingredients as well as retail have all received their respective share of the price.

Taxation always affects the price of food as well. In international comparisons, foodstuffs in Finland are already taxed heavily, which is reflected in the grocery bills. Different taxes account for as much as 40 per cent of the money circulating in the food chain.

Currently, the pressure to increase the prices of foodstuffs is generated by not only heavier taxation, but also increased energy prices and labour costs, more expensive agricultural inputs and increased world market prices of raw materials.

According to studies, the Finnish retail sector is effective in international comparisons. Competition is tough in the Finnish grocery trade. As a consumer cooperative, S Group hopes that in these circumstances, working competition is not hindered through increased regulation. There is a danger that these kind of measure will raise the price of food and increase imports of foreign foodstuffs.

INCREASED DEMAND FOR ORGANIC PRODUCTS

Organic products made a breakthrough in S Group in 2011. That year, their sales grew by more than 50 per cent and selections expanded to contain more than 1,500 products. Development continued to be good in 2012 as well, and sales of organic products grew by 26 per cent. In two years, S Group has doubled sales of domestic organic products. Now, its selection boasts more than 2,000 different organic products.

– Customers increasingly value authenticity and purity as well as transparent production methods which take the environment into consideration. The selection and availability of organic products develop best when the entire chain – producers, processors and retail – work in close co-operation, says Ilkka Alarotu, Assortment Director in S Group's grocery trade and Chairman of the organic product association Pro Luomu ry. In addition to organic products, local products are an increasingly important part of the grocery trade selections in S Group. Cooperatives work in close co-operation with suppliers and producers in different parts of Finland in order to increase the share of local products in their stores. – Currently, S Group is preparing a local food strategy, which takes into consideration both the provincial and local level. The ultimate goal is to increase local production and manufacturing and, in that way, create more jobs. Thus, our selections will contain a more varied range of local products which consumers value and want to buy, Alarotu continues.

A TURBULENT OPERATING ENVIRONMENT The operating environment of the grocery trade is changing rapidly. The change is being caused by a number of global phenomena. It is forecast that a shortage of food may truly become a reality in the world in the near future. This is due to two reasons: areas

FOODIE.FM FOR INCREASED DAILY CONVENIENCE

S Group is building an environment of electronic services for the grocery trade around the Foodie.fm web service. Within a short period of time, the service has developed from a digital food assistant into an online shopping community making use of interactivity and personalisation. At the end of the year, the service had as many as 300,000 users. In March 2012, Foodie.fm also launched an online grocery shopping feature in the Helsinki area, Oulu and Kuopio. Foodie.fm enables a transparent grocery trade, since it offers complete information on the prices and selections for all S Group's grocery stores. This level of transparency in the grocery trade is rare even internationally. Therefore, it is no wonder that Foodie.fm has already received awards on international forums.

suitable for agricultural production are shrinking, and demand for high-quality foodstuffs in emerging countries, enabled by a higher standard of living, is growing.

By contrast, in developed countries, social polarisation is becoming increasingly evident. Increased inequality will result in a situation in which some consumers can afford, and want, to spend more money on food and make their purchasing decisions based on their individual needs and preferences. For others, the lowest possible price will be the most important factor. The grocery trade must simultaneously be able to accommodate both consumers who value affordable prices and those who prefer high quality and personalised options.

Purchasing behaviour is also in heavy turmoil. Digital technology is rolling into the grocery trade, just as is happening in other areas of retail and services as well. Increasing and deepening the interaction with customers is at the core of S Group's grocery trade strategy. S Group's online services were developed in 2012 to be increasingly personalised and interactive. The Group also wants to initiate customer encounters in new channels, such as Facebook and Twitter. Services and contents providing genuine convenience in customers' everyday life are produced for the web. One example of this kind of service is Foodie.fm. What started as a digital food recommendation service has, in a few years, developed into an online community for grocery shopping which currently also provides real-time information on the prices and assortments of all our stores.

CUSTOMER'S SHOPPING EXPERIENCE IS PARAMOUNT Ensuring that the customer has a positive shopping experience is the most important thing for S Group. The shopping experience must be equally positive in the store, the online environment and in the combination of the two alike. One objective is to respond more quickly to customer feedback and wishes. This means, for example, more flexible additions to local assortments.

The strategic goal is to ensure that each store has the best assortment for the store type in question, specifically tailored to the customers' needs.

Personnel plays a key role in creating a positive customer experience. In addition to professional skills and product knowledge, personnel development now focuses specifically on interaction skills, including a genuine desire to understand the customer.

SYSTEMATIC PROCUREMENT In order to succeed in the integrating Europe and the world, Finland needs large players. Our country will continue to need large companies which process foodstuffs and large distributors which deliver these products to consumers. Larger unit size should also be the goal in production. When this chain is developed together and it becomes powerful enough, Finland, even as a small country, will perform well.

In 2012, S Group reorganised its grocery procurement operations to better address the changes taking place in the operating environment and in consumer behaviour. S Group is also continuing to develop its international procurement operations in the inter-Nordic procurement company Coop Trading.

In international procurement, responsible operations are particularly important. Over the course of the past decade, S Group has worked hard to effectively monitor the production chains of products purchased from high-risk countries. There is still room for improvement in this aspect in terms of both private labels and brand products, and S Group pledges to do its best.

Grocery trade is conducted in the Prisma, S-market, Sale and Alepa chains, ABC service station stores, ABC Delis and the grocery sections of Sokos stores. At the end of 2012, the supermarket chains comprised 878 outlets and there were 108 ABC service station stores and 20 ABC Delis. In Finland, the business operations of all supermarket outlets are handled by the regional retail cooperatives.

Increasing the accuracy of demand forecasting makes it possible to procure goods more systematically. To this end, S Group has invested in information systems and new competence. For co-op members, this work is manifested as more apt assortments and continuous good availability of products.

A YEAR OF STEADY GROWTH Sales in the grocery trade developed positively and were at the budgeted level in S Group in 2012. The market share of the grocery trade continued to grow.

Two new Prisma units opened, one in Turku and one in Loimaa. In addition, several Prisma stores were expanded and renovated.

Numerous repair investments were also made in the S-market chain. Four new S-markets opened. The chain's business idea and concepts were updated, among others, by renewing store milieus.

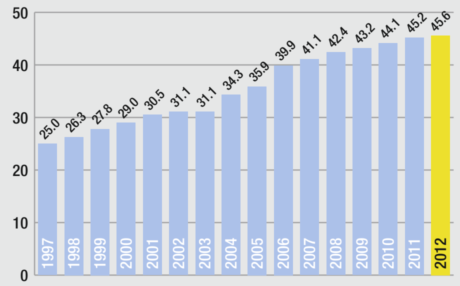
The powerful development of services in neighbourhood stores continued. Eleven new Sale units opened in different parts of Finland, and four new Alepa stores opened in the Greater Helsinki area.

The considerable changes in the competitive arena included the divestment of Suomen Lähikauppa to the international Triton investment fund. It is estimated that the new owner will invest in 15–20 new Siwa and Valintatalo stores this year. Before the divestment, Suomen Lähikauppa Oy had been reorganised to make a profit again after a long period of continuous losses.

Percentage-wise, Lidl attained the greatest growth in the grocery trade in 2012. It has found its niche in the Finnish retail field, and it is likely that new stores will be opened in the coming years as well. Contrary to how Lidl is often seen in Finland, it is not a small company. The procurement volumes of the multinational Lidl are much higher than those of, for example, S Group or the K-Group.

SELF-CHECKOUT LANES A FEATURE IN THE GROCERY TRADE S Group believes that convenience of shopping is an integral aspect of good service. Last year, the Finnish grocery trade saw a new kind of service option with the deployment of self-checkout lanes for self-service payment of groceries. Customers put their groceries in a shopping cart as usual, but instead of going through a regular checkout lane, they use a self-checkout lane to scan the EAN codes themselves and use a debit card for payment. In January 2013, there were four self-checkout lanes in operation: two in Helsinki, one in Tampere and one in Lahti. Feedback from co-op members has been positive. Paying for groceries is easy and secure. An assistant is always available to help with any issues and to oversee sales of age-restricted products.

S GROUP'S MARKETS SHARE IN THE GROCERY TRADE (%)



Consumer goods trade through multiple channels

THE YEAR 2012 WAS A YEAR OF DEVELOPMENT IN S GROUP'S CONSUMER GOODS TRADE. ONLINE TRADE TOOK A GIANT LEAP FORWARD WITH THE OPENING OF PRISMA'S ONLINE STORE.

Competition is continuously becoming tighter in the Finnish consumer goods trade. Large international chains already operate in all significant product areas. In addition to new chain stores, the English chain Debenhams announced its intention to enter the Finnish market and a plan to open a unit in the Iso Omena shopping centre in Espoo. Debenhams is the first foreing department store chain entering the Finnish market.

Competition is also being made tighter by online trade. The value of online trade amounted to over EUR 10 million last year. Foreign online trade accounts for one fifth of this volume. Growth in online trade is expected to continue very rapidly, particularly in the consumer goods trade in the coming years. S Group is also strongly involved in this development.

A YEAR OF DEVELOPMENT The difficult economic situation in 2012 increased demand for affordable products and marketing driven by price. In both consumer goods trade and grocery trade, private labels sold well due to their favourable price-quality ratio. As usual, Prisma performed well in these circumstances. Sokos also maintained its position. Both the speciality store chain Emotion and the hardware store chains Kodin Terra and S-Rauta clearly increased their sales.

All in all, 2012 was a year of development in S Group's consumer goods trade. S Group' objective is to considerably increase the sales and market share of consumer goods trade in 2007–2015. In addition to the aforementioned chains, S Group is currently developing the range it offers in the consumer goods trade in the S-market and Sale chains as well as in the ABC service station stores. In particular, the consumer goods assortment in the largest S-markets is already quite sizeable.

Managing the increased consumer goods trade volumes requires new kinds of operating method, which were gradually implemented in 2012. In April, opening of a new consumer goods trade logistics centre in Bastukärr in Sipoo was a significant milestone in this development.

In addition to increasing sales and developing the operations, keywords in S Group's consumer goods trade were multichannel operations and responsibility. Multichannel operations and purchasing convenience were developed through online trade and also by implementing various mobile solutions, such as QR codes, among others. Significant responsibility

In S Group, the consumer goods trade chains are Prisma, Sokos, Emotion, Kodin Terra and S-Rauta. In addition, consumer goods are sold by the S-markets, Sale stores and ABC service station stores. The Pukumies chain has operations in some areas of Finland. At the end of 2012, there were 64 stores in the Prisma chain in Finland and 30 outlets in neighbouring countries. There were 21 Sokos department stores, 34 Emotion stores, 11 Kodin Terra stores and 16 S-Rauta stores. The Pukumies chain operated in eight towns.

PRIVATE LABELS – A RESPONSIBLE CHOICE S Group's consumer goods trade has invested heavily in developing private label products and collections. Private label products are included in the assortments of all chains selling consumer goods. Responsibility objectives have been set for all private labels. The goal is to provide consumers with products which have been manufactured in conditions that are socially and ethically acceptable. The production conditions are assessed by means of the BSCI auditing system. The perspective of co-op members is also taken into account when developing private label collections. Last year, co-op members participated in designing the Gossip clothing line for women.

PRISMA OPENED ITS ONLINE STORE
Online trade has truly made a breakthrough in Finland, particularly in the consumer goods trade. S Group has also jumped onboard this new distribution channel and is developing it powerfully. S Group's strategic choice is to provide its co-op members with multichannel services. The online store complements the regular stores. The online store is just like an additional outlet in each chain, where goods can be conveniently browsed and ordered from the comfort of one's own home. Online stores considerably expand the service selection available for co-op members and further facilitate making choices and buying. Technical solutions available in regular stores also make buying easier. In S Group, online trade started from the online store for beauty opened by Sokos and expanded to several other product areas of Sokos in 2012. The most important event in the Finnish electronic trade in 2012 was the launch of the online store of Prisma, the largest hypermarket chain in the country. All key product categories of Prisma's consumer goods trade will be available online in 2013. – Prisma's online store has been designed according to the needs and wishes of co-op members. The keywords are security, ease of use and clarity, making it easy to find products, says Ilkka Brander, Managing Director of S-Verkkopalvelut Oy. Products purchased in Prisma's online store can be delivered directly to one's home, the nearest post office, automatic parcel points, or the local Prisma.

measures included ethically sustainable procurement and product safety as well as various measures to save energy.

EXPANSIONS AND RENOVATIONS IN PRISMA STORES There were 64 Prisma hypermarkets in Finland at the end of 2012. In addition, 30 markets in the Baltic countries and St. Petersburg operate under the Prisma brand. Two new Prisma stores opened in Finland, one in Länsikeskus in Turku and one in Loimaa.

The focus of Prisma investments has shifted from building new units to expanding and renovating existing ones. Last year, expansions were carried out in Halikko, Hyvinkää and Vaasa.

In 2013, renovation projects will be carried out in Imarta, Iisalmi, Joensuu, Rovaniemi, Kokkola, Oulu and Helsinki. Prisma's online store opened in the summer of 2012, and its product range will be further expanded in 2013.

Sales in Prisma's consumer goods trade developed particularly well in the product areas of sports, home electronics and building supplies.

PRISMA - WELL "LIKED" ON SOCIAL MEDIA S Group also reinforced its presence in social media last year. Prisma's Facebook pages were liked by a record number of fans within a short period of time. At the end of the year, as many as 236,000 people had given Prisma their thumb up. Thus, Prisma became the most "Liked" corporate brand on Facebook in Finland.

EXTENSIVE UPDATES AT SOKOS STORES Sales in the department store trade stayed at the 2011 level despite the fact that Sokos Tapiola was closed at the end of 2011. The new units increased sales in the Emotion chain, although sales developed well in the old units as well.

The Sokos chain has been developed considerably in recent years. Expansions have been carried out in the centres of several big cities, and completely new department stores have opened. The construction of a new department store was launched in 2012 as well. It will open in the new shopping centre being built in Kannelmäki in Helsinki. The centre already houses a Prisma store. Sokos is preparing for the 2013 Christmas sales.

The renovation of Sokos in Pori began in 2012. Sokos in Porvoo reopened after renovations in November. The street level premises of Sokos in Kuopio were completely revamped.

The Sokos online store expanded with new product areas of home supplies, women's accessories and bags.

The Emotion chain grew by six units. New Emotion stores opened in Hyvinkää, Loimaa, Ylivieska, Kuopio, Porvoo and Turku.

While investments have been made in renovating department stores, the Sokos chain is also continuously developing its selection and focuses particularly on service, which, according to studies, is the chain's clear strength. The product range has been further updated. New brands have been added to the selection and, at the same time, collections of private labels have been developed in accordance with feedback from co-op members.

The Emotion speciality store chain for beauty has been a success. It complements the strong cosmetics offering of Sokos and brings it to towns where a full-sized department store is not feasible. Thus, the Sokos and Emotion chains together are an unparalleled market leader in the Finnish cosmetics trade.

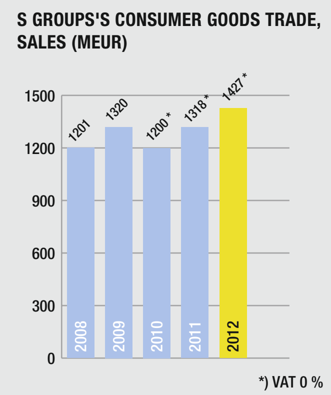
Women's and men's clothing trade and cosmetics business in S Group are also operated by the Pukumies chain owned by the Osuuskauppa Arina cooperative. Pukumies Oy operates Pukumies stores and Mick's youth fashion stores in Oulu, Kokkola, Seinäjoki, Jyväskylä and Rovaniemi. The Pukumies store in Kotka is operated by the Kymen Seudun Osuuskauppa cooperative. In addition, the Pukumies store of the Osuuskauppa Arina cooperative runs the Companys concept stores, focusing on women's clothing, in the Kamppi shopping centre in Helsinki and in the Ikano shopping centre in Kuopio.

HARDWARE TRADE GOING STRONG
Sales developed well in S Group's hardware trade chains, Kodin Terra and S-Rauta, in 2012. The entire hardware trade market shrank in Finland. Nevertheless, sales in Kodin Terra were clearly profitable, even though the chain did not open new stores. There were 11 Kodin Terra stores at the end of the year.

Kodin Terra focuses on construction, renovation, interior decoration as well as gardening and yard product areas, and has achieved a strong foothold in trade to consumers. Co-op members all around Finland have welcomed the new chain. Currently, the chain is investing heavily in improving services to corporate customers.

The new S-Rauta chain began its operations in 2011. The chain is S Group's hardware and garden trade concept for smaller towns. S-Rauta stores often also have a Multasormi garden store and are located near other S Group services.

In 2011, there was only one S-Rauta in operation, in Kemi. The chain grew very intensely in 2012, and new S-Rauta stores opened in Nummela, Somero, Kemiö, Karkkila, Alajärvi, Lapua, Kauhajoki, Närpiö, Hamina, Suomusjärvi, Perniö, Nurmes, Hanko, Kirkkonummi and the bottom floor of the Sokos store in Lohja. Thus, there were 16 chain units at the end of the year.



ABC and the drive to renew

WITHIN A SHORT PERIOD OF TIME, ABC HAS BECOME THE MARKET LEADER AND A FORERUNNER IN ITS BUSINESS AREA AS WELL AS A PHENOMENON THAT LEAVES NO ONE COLD. IN SPITE OF THIS, THE CHAIN WANTS TO KEEP IMPROVING ITS OPERATIONS. REFORMS IN THE CHAIN ARE AGAIN ON THE HORIZON.

The year 2012 was reasonably good overall in service station store and fuel sales. The previous year's level was exceeded in sales, but part of the sales growth is attributable to the increased world market prices of fuels.

At the beginning of the year, sales in all areas - fuel sales, restaurants and supermarket trade - got off to a good start. However, the summer, which is the most important season, was cold and rainy, resulting in weakened sales. At the end of the year, the increasingly gloomy economic situation played a role in reduced travel and slower sales, compared to the beginning of the year.

The ABC store network grew by two new service station stores, in the Kivimäki area in Lahti and Pitkäjärvi area in Mikkeli. Seven new unmanned stations were added. The ABC network now has fairly good coverage in Finland. It consists of 108 service station stores, 295 unmanned stations and two ABC Delis in Porvoo. One ABC GrilliMarket pilot store was in operation in 2012. The second unit will be completed in Tytyri in Lohja during 2013. In the Greater Helsinki region, the network is complemented by 14 Delis owned by cooperatives and operated in connection with fuel sales.

ABC INCREASING COMFORT AND APPEAL The ABC network will be growing in the coming years as well, but moderately. New units will open as soon as regional cooperatives see a need to develop services for their co-op members in this sector in their regions. Currently, there are six ABC service station stores on the drawing board, and some of them will be completed in 2013.

The focus of the ABC operations has shifted from opening new units to reforming existing ones; after all, the oldest ABC stores are now 15 years old. Now, special focus is being placed on making the units more comfortable and appealing.

Reforming the ABC chain is guided by feedback from co-op members. The need for renewal has been acknowledged, but at the same time, aspects that work well are also being preserved.

The clientele of the ABC chain is very diverse. It includes all ages, local customers and those driving from

THE ENVIRONMENTALLY CONSCIOUS ABC KIVIMAA Solar panels soak up the sun on the roof of ABC Kivimaa in Lahti. They are used for heating a portion of the unit's service water with solar energy. Refrigerated equipment in the store uses carbon dioxide, and the entire heating system of the service station store uses low-temperature circuits. Energy-efficiency was the main criterion in the selection of the kitchen and refrigeration appliances. ABC has calculated that these measures help save as much energy as would be consumed by approximately ten single-family homes annually. All carwash detergents have received the Nordic Swan eco-label. Significant savings in the use of water and energy are also achieved with the waterless urinals in men's rooms. Motorists favouring environmentally conscious driving can fill up their tanks with EkoFlex E85 fuel or charge their electric cars at the charging station. The interior of the restaurant at ABC Kivimaa is warm and cosy. For an even more pleasant customer experience, complimentary magazines and books are available for customers to read. There are also iPads available for customers to use.

TURNING LEFTOVER BREAD INTO FUEL Nearly 30 ABC units around Finland provide customers with not only the usual fuel grades but also environmentally friendly EkoFlex E85 fuel made in Finland. Because demand is increasing, the ABC chain will heavily increase the number of stations providing this fuel in the near future. Whereas in many countries biofuels are made from plants suitable for food, such as maize and grain, EkoFlex E85 is made from recycled ingredients. The ingredients include either organic waste from the food industry or expired leftover bread from stores which cannot be donated to charity. Using EkoFlex reduces carbon dioxide emissions of driving by as much as 80 per cent.

farther away, professional drivers, tourist groups, sports teams, and so on. A traditional target group for ABC stations is families with children. In addition to serving families with children, special focus is currently being placed on developing services for young people and, on the other hand, for the elderly.

The need for continuous development is highlighted by the fact that there is true competition in Finnish fuel sales. Market share is being pursued by four equally strong competitors, which include Neste Oil, Teboil and St1/Shell, in addition to ABC.

ABC KUORTTI - AN APPEALING BUSINESS HUB
The Kuortti ABC service station store, completed in Pertunmaa in 2000, was the chain's impressive flagship at the time. Although Kuortti's location along Highway 5 near Finland's towns which are liveliest with vacationers during summer months, many doubted whether the outlet would even be profitable. There were also fears that the service station store would cause local services in nearby areas to wither away. Today, ABC Kuortti is a tourist landmark of the southern Savo region, visited by three million customers per year. It is a meeting place for summer residents coming from the south and local residents, for whom Kuortti has become the centre of the town's social life. ABC Kuortti has generated diverse business around it. Nearby are, for example, an Alko liquor store, a pharmacy, gift shops, a butcher's shop with a curing room, a hardware store and a glazier's, as well as a kitchen supplies factory outlet.

A FORERUNNER IN ENVIRONMENTAL MATTERS Special focus is being placed on eco-friendliness when building new units and renovating old ones. ABC wants to be a forerunner in environmentally friendly solutions and ways of operating. The sector in Finland already contains the largest service station stores in terms of area and volume. In the future, new units will be slightly smaller but even more energy-efficient. However, parking areas will continue to accommodate the customer volumes.

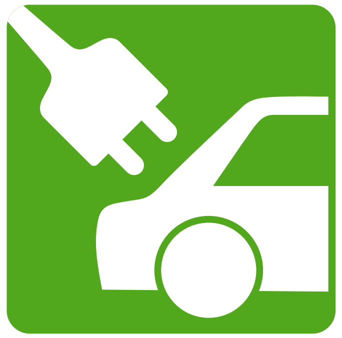
Renewing the range of food is an ongoing process full of challenges due to large customer volumes. ABC is the largest restaurant chain in Finland, measured by both sales and the number of units. More than 3.5 million à la carte portions and over 24 million cups of coffee are sold every year.

ABC's renewed menu offers both classics and lighter portions as well as locally grown food and local delicacies. The buffet menu has also been renewed.

Expanding the range of groceries in ABC Markets continues. The stores want to cater to the wishes of both local residents and travelling co-op members.

The milieu of the service station stores will be renewed in the near future, particularly in terms of the interior design and colour scheme of restaurants. Chain marketing is also planning a small facelift.

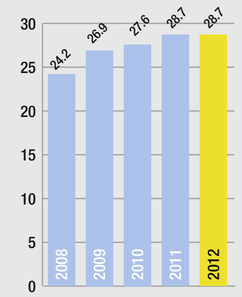
RECHARGING BATTERIES The ABC chain, Fortum and Nissan will build 20 charging stations for electric cars in Southern Finland. The network will extend from Turku to Hamina and further north to Tampere. In the quick charging station, the car battery will recharge to 80 per cent in as little as half an hour. With current technology, this is sufficient for driving approximately 100 kilometres. The first quick charging station built along a major thoroughfare was taken into use at ABC Nihtisilta in Espoo in September 2012.



THE ABC AND TEENAGERS PROJECT PROGRESSES ABC has compiled an ABC and Teenagers guide for its personnel in cooperation with Nuorten Palvelu ry. Its purpose is to to offer tips and methods for customer service situations with teenagers visiting ABC locations. The guide is being distributed to everyone who works at ABC service station stores. Young people have also participated in coming up with good ground rules for challenges encountered in customer service situations. The ABC and Teenagers guide and field training are steps towards a better understanding of customer service situations with the stores' younger customers.

At the end of 2012, S Group's service station store and fuel sales network consisted of 108 ABC service station stores, 294 unmanned ABC stations, two ABC Delis and one ABC GrilliMarket. In the Greater Helsinki area, the network is complemented by 14 Delis owned by cooperatives and operated in connection with fuel sales. All ABC outlets are operated by S Group's regional cooperatives.

S GROUP'S MARKETS SHARE IN FUEL SALES (%)



Contemporary travel industry and hospitality business

S GROUP'S HOTEL AND RESTAURANT RANGE IS ALREADY THE MOST DIVERSE IN FINLAND. NOW THE GROUP WANTS TO TAKE CUSTOMERS' INDIVIDUAL NEEDS EVEN BETTER INTO CONSIDERATION.

S Group's hotel business grew in 2012 thanks to foreign, primarily Russian, tourists. The hotel business performance was better than expected in 2012. Compared to the previous year, revenue development in the hotel business was driven by the average prices.

Competition has become tougher year after year in the Finnish hotel business. Last year, supply grew in both Helsinki and Tampere. Supply has also increased in the leisure time market. Web-based multichannel distribution has been common in the hotel business for years, and it is further increasing in importance. In this environment, S Group's hotel chains must ensure their visibility.

Therefore, Sokos Hotels Goes Online was among the most important development projects launched in 2012. Sokos Hotels are renewing their web services and reservation options and developing flexible pricing to match today's consumer behaviour. The goal is that every customer finds the information they need and the most optimal price option on Sokos Hotels' own website.

In the near future, a comprehensive interface will be opened on the web where customers cannot only make hotel, dining and service package reservations, but also find events, sightseeing options and various leisure time activities in the city they are visiting, as well as reserve and pre-purchase event tickets.

RENEWING THE SOKOS HOTELS BRAND

Operating environment in the hotel business has also changed in terms of consumer behaviour in recent years. Personal needs determine the criteria by which hotels are selected. In addition, an increasing number of both independent and chain hotels are striving to stand out from the competition by tapping into their tradition and history and by offering diverse services.

S Group is addressing this change in consumer behaviour by an extensive reform of its brand and product development. Sokos Hotels is the largest and most diverse hotel chain in Finland. The objective of the brand reform is to help the consumer find the best possible and most suitable hotel for each situation.

In the near future, four different kinds of sub-brands will be created within the Sokos Hotels brand, which is well-known to all Finns. The first sub-brand to be

SOLO FOR INDIVIDUALISED SERVICES

The service promise of the Solo Hotel Paviljonki, opened in Jyväskylä in the summer of 2012, is to offer genuinely individualised hospitality. Focus on individuality extends from the hotel facilities all the way to the service provision as a whole. – Our key value is that each employee wants to be responsible, succeed and do good, Hotel Manager **Johanna Väätäinen** says. Thus, the hotel has received excellent feedback from customers for its active interaction with them. The Solo Sokos Hotel Paviljonki has 170 rooms, all of which feature exceptionally diverse and high-quality amenities. The services include two restaurants, saunas for customer use and available for reservation, a fitness room, a children's playroom and a golf simulator. The hotel is located next to the Jyväskylän Paviljonki international congress and trade fair centre, and this is expected to reinforce Jyväskylä's status as a popular location for trade fairs and conferences.

The S Group hotels belong to two national chains: Sokos Hotels and Radisson Blu Hotels & Resorts. The travel industry and hospitality business in Finland is operated by both regional cooperatives and SOK's subsidiary Sokotel Oy. At the end of the year, the number of hotels was 59. In addition, SOK's subsidiaries operate the Sokos Hotel Viru in Tallinn and the three Sokos Hotels in St. Petersburg.

launched will be Solo by Sokos Hotels. The units in this sub-brand in Finland include the Paviljonki in Jyväskylä, the Torni and the Aleksanteri in Helsinki, the Seurahuone in Lahti and the Tammer in Tampere. In St. Petersburg, the Vasilievsky and the Palace Bridge belong to the Solo brand.

A BRAND NEW HOTEL TO OPEN IN TAMPERE

After a hiatus of a few years, the Sokos Hotels chain grew with a new unit in 2012 with the opening of the Solo Sokos Hotel Paviljonki. In Lahti, renovation began at the Sokos Hotel Seurahuone.

The RDB Plaza, a Radisson Blu hotel, in Helsinki was completely overhauled and now boasts even higher-class design and more customised service.

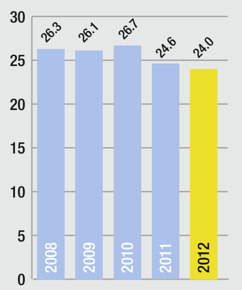
The construction of the Tornihotelli, being planned since the beginning of the 2000s, was finally launched in Tampere in the autumn of 2012. This new landmark of Tampere will be 27 storeys high.

The first Sokos Hotel will open in Savonlinna. The Osuuskauppa Suur-Savo cooperative acquired the hotel and restaurant operations of Savonlinnan Seurahuone Oy as well as the hotel and restaurant premises.

A HIGHRISE HOTEL TO BE ERECTED IN TAMPERE
The hotel capacity in Tampere will receive a needed addition when the Tornihotelli is completed in 2014. In this way, S Group is strengthening its competitive position in the growing travel industry market in Tampere. The investment is sizeable, and the construction project will take two years. The hotel will feature more than 300 rooms and versatile restaurant and conference facilities. The hotel will be a combination of new and old: the towering new section is complemented by an old railway engine depot and water tower which will be completely overhauled.

PLAZA MADE BY YOU The Radisson Blu Plaza Hotel in Helsinki, renovated in 2012, is a strongly unique hotel full of surprises which harmoniously blends its history with modern design. – Currently, the market is perfect for unique hotels which charm their customers with tailored services. At the new Plaza, customers can influence their hotel and restaurant experiences. Therefore, we call it a Hotel Made by You, Hotel Manager **Inari Lehtinen** says.

S GROUP'S MARKET SHARE IN ACCOMMODATION (%)



Profitability through friendly service

In terms of sales, the year 2012 was two-sided in the hospitality business. Sales were good at the beginning of the year but waned over the summer due to the cold and rainy weather. However, sales picked up again towards the end of the year. In S Group, the restaurant business performed better than the sector on average, and sales development was positive compared to the previous year.

The liveliest sales were seen in dining restaurants, bars and lounges as well as units offering fast food options. It is believed that this trend will also continue in 2013, as the uncertain economic situation is making consumers more cautious about spending money.

In the uncertain economic conditions, S Group's restaurant operations are focusing on ensuring profitability. New business ideas will not be tested under these conditions but existing ones will be continuously streamlined. The importance of good and friendly service is highlighted. S Group will pay special attention to professional service and personnel's sales skills.

ON TOP OF TRENDS Global culinary trends are arriving in Finland faster than before. S Group is monitoring this development closely and responding to consumers' new needs and preferences quickly. The culinary choices of today's consumers are increasingly often a reflection of their values and lifestyles. Ethical and ecological issues are often decisive.

The origin, production methods and quality of food are also increasingly often the criteria which determine the choice of restaurant. The strongest megatrend, responsibility, fits S Group's philosophy perfectly. Responsibility means everyday choices in terms of ingredients used in dishes, among others. Locally grown food and organic food are not only found in the assortments of S Group's stores, but also in ingredients and dishes in restaurants.

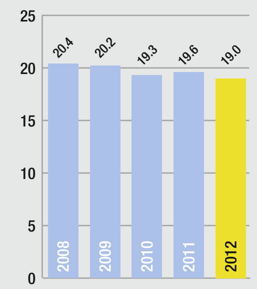
S Group is the unparalleled market leader in the restaurant business in Finland, in terms of both sales and the number of units. S Group continuously renews and maintains its units. In addition to this, a few new or completely revamped dining restaurants and lounges, Prisma restaurant worlds and ABC service station store restaurants were opened in 2012.

ELECTRONIC SERVICES ON THE RISE
Both the travel industry and restaurant business continuously develop their electronic services for increased customer convenience. Table reservations have already been possible through electronic forms on restaurants' own websites. In 2012, 80 S Group restaurants implemented the online reservation system by Livebookings for real-time reservations. The electronic reservation option will expand in 2013. The Coffee House cafes were the first ones in Finland to provide customers with complimentary use of iPads. They can be used for reading magazines and playing games. Customers have welcomed the new service.

The hospitality business in Finland is operated by both regional cooperative enterprises and Sokotel Oy in its hotels. The largest nationwide restaurant chains are Rosso, Fransmanni, Amarillo, Coffee House, Sevilla/Torero, ABC Ravintolat and Presso. In addition to the chain restaurants, S Group also has several independent restaurants. S Group had a total of 650 restaurant outlets in Finland at the end of 2012.

PAYMENT IN LESS THAN ONE SECOND The Coffee House cafe in the Ässäkeskus in Helsinki has been piloting contactless payment since November 2012. Contactless payment refers to small card payments of less than EUR 25 which are made by waving the card over a payment terminal. To ensure security, a maximum limit has been set for contactless payment amounts. – As entering a PIN code is not needed, paying is faster and the PIN code remains safe. Contactless payment is a good option for cafes and restaurants where the volume of small purchases is high, for example, says Product Manager **Ari Pettinen** of S-Bank.Debit cards need new technology for use in the contactless payment method. An S-Etukortti Visa card equipped with contactless payment capability has a radio frequency logo on it. The same logo is found on payment terminals used for contactless payment. The contactless payment method will be deployed more widely in S Group during 2013.

S GROUP'S MARKET SHARE IN RESTAURANTS (%)



Co-op member's own car dealership

IN THE AUTOMOTIVE TRADE AND ACCESSORIES, 2012 WAS YET ANOTHER CHALLENGING YEAR. THE AUTOMAA CHAIN FOCUSED PARTICULARLY ON THE DEVELOPMENT OF SERVICE PRODUCTS CUSTOMISED FOR CO-OP MEMBERS.

In 2012, 109,000 new passenger cars were sold in Finland. The increase in vehicle tax in April cut sales by approximately 8–10 per cent, according to expert estimates. Being able to halt the continued aging of vehicle stock would require an increase of at least 20,000–30,000 new cars in sales.

The automotive trade in Finland is currently going through rough times. It is likely that in the future, the automotive trade will be increasingly centralised. The automotive trade elsewhere in Europe is in a crisis as well, and vehicle manufacturing is also facing serious challenges in the traditionally large manufacturing countries of Southern Europe, in particular. The focus is shifting to emerging countries, in particular to Asia, where vehicles are both sold and manufactured at a rapidly increasing rate.

TWO-SIDED YEAR IN THE AUTOMOTIVE TRADE The year was two-sided for the automotive trade in both S Group and the business in general. Before April, vehicle sales were very brisk but came to a halt after the tax change. After the weak summer months, sales gradually picked up, and monthly sales were reasonable at the end of the year. Sales of new vehicles ended up at approximately 12 per cent in the red.

Sales of trade-in cars were livelier than sales of new cars. The level was almost the same as in the previous year.

Approximately 600,000 vehicles are traded in the trade-in car market in Finland annually. As much as two thirds of trade-in transactions are completed directly between the seller and the buyer, and only one third through the official automotive trade.

When the automotive trade market crashed in April, all operators in the business, including S Group, had to adjust their operations. The adjustments concerned both the number of makes, size of showrooms and personnel. At the end of the year, profitability in the automotive trade was weakened by the more aggressive price marketing.

A MARKET OF OPPORTUNITIES Sales of new cars are not expected to increase significantly in 2013. Therefore, the pursued growth must be captured from competitors. This means that we must succeed better than the competitors in some areas.

Providing more extensive services to co-op members and obtaining an increased market share in both the members' vehicle purchases and purchases relating to automotive trade services and supplies are the greatest opportunities for S Group.

A good example of the drive to serve co-op members better is the service products introduced last year. They are characterised by convenience and clear pricing.

The Karla maintenance service for multiple makes contained six units at the end of 2012. The plan is to expand the chain in the future, since maintenance and spare part services are the most profitable aspect of the automotive trade, and also a growing one.

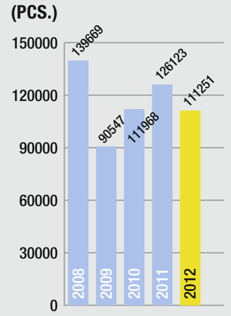
Corporate vehicle sales is also one of S Group's future opportunities. There is still room for improvement in this sector in the S Group. Corporate vehicle sales are particularly important in large cities.

The turmoil in the Finnish automotive trade will continue in the coming years as well. In June 2013, a new EU-level block exemption regulation will become effective. Its effects on the competitive arena of the automotive trade will be seen in the near future.

S Group's automotive trade services are provided by SOK's subsidiary SOK Autokauppa Oy and 12 regional cooperatives. The services include new vehicles, trade-in vehicles, spare parts and accessories sales, service and repair. At the end of 2012, there were six outlets in the Karla maintenance service for multiple makes. S Group has representation of 20 vehicle makes, which were sold in 39 outlets.

CAREFREE CAR OWNERSHIP FOR CO-OP MEMBERS S Group is shifting the focus of its automotive trade increasingly towards co-op members. The objective is to build service packages which bring convenience into the lives of co-op members who drive. New service products in 2012 included the "New car for one year" vehicle leasing service and the S-Helppohuolto maintenance service. In the "New car for one year" service, a co-op member can drive a new car for one year by signing an agreement and paying a fixed monthly fee without a downpayment. When the agreement ends, the customer may sign a new agreement for a new car for one year again. For the customer, this is a convenient and risk-free option to always drive a new vehicle. The service is offered by the Automaa chain outlets. Another service customised for co-op members by the Automaa chain is the S-Helppohuolto maintenance option, which offers service and additional work of all makes for a fixed price. In 2012, co-op members paid EUR 160 for annual maintenance and EUR 310 for scheduled maintenance.

FIRST-TIME REGISTRATIONS OF PASSENGER CARS (PCS.)



A new phase in the agricultural trade

HANKKIJA-MAATALOUS OY'S COOPERATION WITH THE DANISH DLA GROUP STARTS A NEW CHAPTER IN THE HISTORY OF FINNISH AGRICULTURAL TRADE. IT WILL IMPROVE COMPETITIVENESS AND CREATE OPPORTUNITIES TO GROW, BECOME INTERNATIONAL AND EXPAND SERVICES.

In the autumn of 2012, a transaction agreement was signed by which SOK sold 60 per cent of Hankkija-Maatalous Oy's shares to the Danish DLA Group. The solution aims to protect the interests of Finnish farmers over the long term.

Although Hankkija-Maatalous is clearly the market leader in its sector in Finland, it is still a fairly small player by international comparison. Cooperation with the DLA Group will increase the company's purchasing power, which in turn will improve competitiveness and help stabilise fluctuations of production input prices. In addition, distribution will be more effective and expertise will increase. All this will offer benefits for the Finnish farmer.

The arrangement allows Hankkija-Maatalous to continue operating as a distinctive country company with a powerful and visible presence. The Agrimarket and Multasormi chains, familiar to all Finns, will continue to operate in the usual manner.

Having a strong international partner will open up numerous new opportunities for Hankkija-Maatalous to grow, become international and expand its services. In addition to Finland, the operations may extend to the rest of Northern Europe in the future. In this way, a new page has been turned in Hankkija's dynamic success story.

SALES ACCORDING TO TARGETS In 2012, Hankkija-Maatalous' sales exceeded the budgeted amount, but fell slightly short of the previous year's level. The result was as forecast.

The greatest growth was achieved in the sales of fodder and fuel oil. Compared to the previous year, grain sales and the result of the fertiliser trade saw the greatest decline.

Competition was tough in the fodder market in 2012. During the year, the price of fodder climbed to a record-high level due to the increase in the raw material prices of fodder at the beginning of the year.

The effective and reliable products as well as feeding solutions providing cost savings of Suomen Rehu, owned by Hankkija-Maatalous, performed well in these market conditions.

COMBINE HARVESTERS SOLD WELL The performance of the agricultural machinery trade was double-edged. Sales declined in the tractor trade due to the poor availability of discontinued models on one hand and extended delivery times of new models on the

other. Nevertheless, the new models were received well and trade-in sales were at the previous year's level.

The sales in the combine harvester trade were brisk and the Sampo Comia combines nearly sold out. Trade-in combines were also in high demand.

Fertiliser sales were slow throughout the year. The sales of plant protection products got off to a brisk start in the spring, but due to the challenging weather conditions in the autumn, annual sales fell short of the target.

Grain seeds sold out in the spring. Commercially, the new seed season in the autumn was excellent, but this was not enough to increase the entire year's sales to a profitable level.

MULTASORMI STRENGTHENED ITS POSITION Fuel sales were close to record volumes. The rainy end of the summer and harvesting, which extended late into the autumn, increased sales considerably, since dryers consumed exceptionally high volumes of oil.

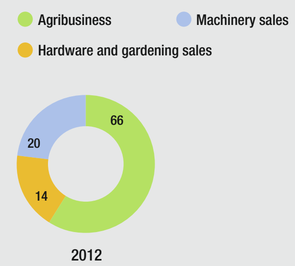
The total market in the gardening trade increased by six per cent in Finland, and the sales of Multasormi stores followed the same development. Multasormi continued to strengthen its position as Finland's largest gardening trade chain.

By contrast, the total market in the hardware trade declined by 3.5 per cent in Finland. In Hankkija-Maatalous, sales of hardware products developed as planned. Sales of construction supplies to farmers grew particularly well.

A NEXT-GENERATION ONLINE STORE Hankkija-Maatalous is a forerunner in online trade in S Group. Its online store, established for farmers as early as 2001, entered a new era in 2012 with a complete overhaul of the website's appearance, structure and navigation. However, the greatest change was that Agrimarket's online store was also opened to consumer customers. The online store is the most versatile in the agricultural business. The selection of more than 4,000 products offers traditional agricultural inputs such as fodder, fuel oil and fertilisers, and also hardware trade products, gardening supplies as well as companion animal and equestrian supplies. Home delivery is available for all products, and the store offers several different payment options. Co-op members receive Bonus rewards and the payment method-related benefit on their purchases. The online store and the Agrimarket website were combined into one site. In addition to marketing communication, the site is a one-stop source for the inventory balance information of both the online store and Agrimarket stores. Good product, price and availability information online also directs sales to traditional stores, attracts new customers and increases the appeal of the web as the primary purchase location. The objective is to increase the share of the web in the Agrimarket chain's total sales from the current one per cent to ten per cent in a few years.

The agricultural and machinery trade in S Group is carried out by the Agrimarket chain. The consumer hardware trade is carried out by the Kodin Terra, S-Rauta and Prisma stores. In addition, the Agrimarket chain carries out production building and basic construction supply trade. Gardening trade is conducted by the Multasormi sections of Agrimarket stores, outdoor summer markets of Prisma stores as well as the Kodin Terra stores. Hankkija-Maatalous Oy conducts nationwide agricultural trade. In addition, three regional cooperatives carry out their own agricultural trade. In 2012, the Agrimarket chain has a total of 102 stores, of which Hankkija-Maatalous owns 74. In addition, Hankkija-Maatalous Oy has five fodder plants in Finland and one in Latvia, as well as two seed packaging plants, and grain storage facilities.

AGRIMARKET SALES BY BUSINESS AREA (%)



Rapid expansion in the neighbouring countries

BUSINESS OPERATIONS IN THE NEIGHBOURING COUNTRIES STRENGTHEN S GROUP'S COMPETITIVENESS IN FINLAND AS WELL. INTERNATIONALISATION OFFERS CO-OP MEMBERS A VARIETY OF BENEFITS.

The pace of S Group's international expansion is fast. In 2012, five new Prisma stores opened in St. Petersburg and two in Riga. A new Prisma store opened in each of Kaunas and Tartu. In addition, a logistics centre opened in St. Petersburg.

In all, S Group had 14 Prisma stores in St. Petersburg, Russia, eight in Estonia, five in Latvia and three in Lithuania at the end of the year. In addition, S Group has three Sokos Hotels in St. Petersburg and one in Tallinn.

The number of units has increased rapidly, but growth in sales has been at least as fast. The combined sales of all units in the supermarket trade in the neighbouring countries amounted to EUR 466.3 million at the end of 2012. Annual growth has been in the range of several dozen per cent. All this has been accomplished with reasonably small investments, as a proportion of S Group's total investments, of which they account for less than five per cent.

S Group is not planning to put the brakes on the expansion, but, for example, in St. Petersburg the total number of stores will be approximately 30. Thus, only the halfway mark has been reached so far.

What is the purpose of the rapid growth? How do S Group's co-op members benefit from the Group's internationalisation?

CO-OP MEMBERS BENEFIT FROM INTERNATIONALISATION The procurement volumes of S Group's foreign stores are already so high that they affect the procurement prices of many products in Finland as well. The higher the procurement volumes, the more economical the purchase prices is one of the basic truths in the grocery trade.

Thus far, investments in neighbouring countries have been funded by loans issued by SOK to its foreign subsidiaries. When subsidiaries in the neighbouring countries have grown their network sufficiently, new investments can be funded by their own flow of income. This is almost happening now, since the total cash flow has turned positive. In Estonia, where S Group has been in the market for more than a decade, operations are now profitable. The latest Prisma investments in Estonia were made without SOK's funding.

After the initial investments and start-up phase, foreign units will generate a considerable positive result and thus improve the competitiveness of the entire S Group.

Success in Russia is a significant accomplishment which strengthens S Group's reputation and brand both in Finland and internationally. It also creates new opportunities for the future of the entire Group.

Foreign operations also enable growth, which is necessary for the company's long-term success.

ENORMOUS POTENTIAL The customer loyalty systems in S Group's foreign operations were implemented in St. Petersburg in the autumn of 2010, in Latvia and Lithuania in 2011 and in Estonia in December 2012. They have been a huge success: in those countries, the total number of loyal customers is 700,000, of whom nearly 400,000 are in St. Petersburg. In the neighbouring countries, loyal customers are not co-op members of S Group's cooperatives but customers who centralise their purchases at S Group's stores. Loyal customers account for approximately 60 per cent of sales in the supermarket trade. A significant portion of loyal customers from St. Petersburg, in particular, also travel in Finland, so they are an important business opportunity for the cooperatives as well. A variety of marketing measures are being piloted in many cooperatives to attract these customers, in particular.

In the supermarket trade specifically, S Group is reaching the limits of growth in Finland. Therefore, expanding operations to neighbouring countries make sense, in order to ensure that procurement power is maintained and increased.

PRISMA HOLDING ITS OWN IN TOUGH COMPETITION Competition in the Russian and Baltic markets, in St. Petersburg in particular, is very international. There, S Group faces off with, among others, the Western European giants of the German Metro and French Auchan chains. The Russian Lenta, O'Key, X5 and Magnit chains are also remarkable opponents due to their knowledge of the local conditions and enormous network. In the Baltic countries, Rimi and Maxima, among others, are tough competitors.

In the tough-as-nails competitive environment, the performance of S Group's supermarket trade has been excellent. Its assets include the good reputation of Finnish products and companies, customer orientation, reliability, good price-quality ratio and favourable business locations. In addition, S Group has familiarised itself carefully with cultural differences and knows how to take them into account in the operations. This is an aspect where the Group has succeeded better than its competitors.

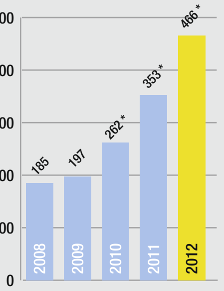
In international competition, S Group is learning new operating models which it can utilise when developing services for co-op members in Finland.

S Group currently employs more than 3,000 people in the neighbouring countries, and the number will increase considerably in the near future. The responsibly operating S Group offers the following benefits to local residents: a secure workplace which plays fair, good training and career advancement opportunities and competitive pay. For S Group's employees in Finland, operations in the neighbouring countries offer opportunities to gain practical experience in international business.

HOTELS GOING STRONG The year 2012 was successful in S Group's international travel industry and hospitality business. Sokos Hotel Viru's occupancy rates and result were excellent. St. Petersburg hotels are also beginning to deliver on the expectations placed on them and are expected to show a profit in 2013. This is also supported by the good growth outlook of the market in St. Petersburg. The Sokos Hotel Palace Bridge in St. Petersburg focused on business and wellness services last year. The new, 5,000-square-metre wellness centre and spa is the largest one in St. Petersburg.

S Group engages in supermarket trade in Russia, Estonia, Latvia and Lithuania, and in travel industry and hospitality business in Russia and Estonia. At the end of 2012, there were a total of 14 supermarket trade units or Prisma stores in Russia, eight in Estonia, five in Latvia and three in Lithuania. Sokos Hotel Viru is S Group's hotel with long traditions in Tallinn. The Sokos Hotels in St. Petersburg are the Palace Bridge, the Vasilievsky and the Olympia Garden.

SALES, NEIGHBOURING COUNTRIES (MEUR)



*) VAT 0 %

Competitiveness through procurement

EFFECTIVE PROCUREMENT AND LOGISTICS ARE THE CORNERSTONES OF S GROUP'S COMPETITIVENESS. MAINTAINING COMPETITIVENESS REQUIRES CONTINUOUS RENEWAL, AND SOMETIMES ALSO SIZEABLE INVESTMENTS.

SOK reorganised the procurement operations of the grocery trade and consumer goods trade in the spring of 2012. SOK took over the sourcing and availability management operations of the procurement and logistics company Inex Partners Oy. This reorganisation aims to further clarify the division of work and improve response times. It also makes it possible to manage assortment procurement as one entity in the future. The basic objective is to maintain the competitiveness of the business areas and safeguard operating prerequisites in the future as well.

Inex's personnel transferred as old employees to SOK's grocery chain management and consumer goods chain management on 1 May 2012.

Moving forward, Inex Partners Oy will focus on providing and developing warehousing and transportation services.

RESPONSIBLE PROCUREMENT In S Group, responsibility stands for operations exceeding the requirements set by legislation which are based on S Group's values and responsibility principles, SOK Corporation's ethical principles and shared strategic objectives set for responsibility. Responsibility is particularly highlighted in procurement operations. Today, responsible operations can help create a clear competitive advantage, since the requirement for transparency and ethical operations is continuously growing among consumers.

S Group is accountable to two million co-op members for all products in its assortments. The customer can trust the products sold in S Group's outlets, regardless of where the products were manufactured.

S Group's procurement operations always strive to track the production chain and manufacturing conditions as far back as possible, which enables the Group to have a comprehensive view of the ethical aspect of the operations. For example, SOK is an active participant in the Business Social Compliance Initiative system. The goal of the system is to improve working conditions in countries at risk to bring them to the level required by international agreements and to ensure that the customer does not need to have concerns over the origin of his or her purchases.

An integral part of the BSCI operations is supplier auditing. It aims to ensure that the production and working conditions meet the requirements of national legislation.

Ensuring the safety of the products included in the assortments is crucial for S Group. Effective self-monitoring is one way of doing this. S Group also pays special attention to ensuring sustainable production of certain raw materials, such as palm oil, soya and tropical wood.

OPERATIONS LAUNCHED AT THE CONSUMER GOODS LOGISTICS CENTRE IN SIPOO A consumer goods logistics centre, S Group's largest single investment on record, was completed in Bastukärr in Sipoo, in the spring of 2012. The commissioning phase and moving new product categories for transit via Sipoo will last until the autumn of 2013. The former logistics centre in Hakkila in Vantaa will be decommissioned gradually. The logistics centre in Sipoo makes it possible to apply a new operating method in S Group's consumer goods trade. The products will be delivered to stores prepared for selling. In this way, stores will have more time for customer service, the need for waste handling is reduced and work in stores is streamlined. Product availability is improved due to more accurate delivery volumes and replenishment based on the volume of goods sold. The Sipoo logistics centre is a forerunner in environmental responsibility. As much as 99 per cent of the heating and ventilation energy it uses is renewable.

A NEW LOGISTICS CENTRE FOR GROCERIES

S Group is currently designing a new grocery trade logistics centre in Sipoo. A plot has already been acquired, and construction begins in 2013. The new logistics centre will be commissioned in stages starting from 2016. The goal is to complete the entire logistics centre in 2019.

The completed logistics centre will have an area of approximately 180,000 square metres, and a considerable portion of its operations will be automated.

DISCLOSING THE ORIGIN OF PRIVATE LABELS
In 2011, S Group launched a project in order to add information on the origin of the main ingredient on all Rainbow brand products, although so far it is not required by law for all foodstuffs. In 2013, S Group will start disclosing the origin, or the country of manufacture, on its private label clothing items and home textiles, even though this is not required by law either.

The procurement of S Group's groceries and consumer goods is handled by the chain management functions of the aforementioned SOK business areas. Warehousing and transportation services are provided by SOK's subsidiary Inex Partners Oy. In procurement, S Group works in collaboration with Nordic Coop Trading, of which SOK owns one quarter. The procurement partner in consumer goods trade is Li & Fung. Meira Nova Oy is SOK's subsidiary which specialises in the procurement, marketing and logistics of grocery goods for the HoReCa sector. Its customer groups consist of hotels and restaurants, staff cafeterias, public sector institutional kitchens and service station stores and their restaurants. Meira Nova also procures goods for the whole of Finland, including customers outside S Group. NEOT (North European Oil Trade Oy) is a fuel procurement company jointly owned by SOK and Greeni Oy (St1).

S Group with the best talent

S GROUP WANTS TO BE THE MOST SOUGHT AFTER EMPLOYER IN THE SERVICE BUSINESS, WITH COMPETENT PERSONNEL WHO ARE MOTIVATED TO REACH THEIR OBJECTIVES AND SUCCEED.

S Group is a cooperative enterprise, and one of its basic values is to take good care of its personnel. S Group supports the well-being at work and the competence development of its personnel in many ways and offers varied duties and career opportunities.

S Group is a large Finnish employer. It employs more than 43,000 retail and service business professionals. Over the past two decades, the number of employees has increased every year.

The majority of S Group personnel work in the 20 regional cooperatives. The central company SOK and its subsidiaries employ approximately 11,000 people. In addition, S Group has operations abroad; in Russia and the Baltic countries, where the number of employees is as many as 3,800.

The average age of S Group employees is low, only 35 years. Characteristic of the service business, the majority of employees are women. More than 80 per cent have permanent employment contracts. The number of full-time employees is increased continuously by means of various arrangements.

VALUING GOOD MANAGERS The most important strategic objectives in S Group's HR operations in 2012 were the following: measuring competence, developing incentive-based rewarding and managerial work, as well as better ensuring that the outlets have the right number of competent personnel at any given time of day to serve customers, among other things.

WELL-BEING AT WORK BRINGS RESULTS
S Group believes that well-being at work is a significant factor in good performance. - Personnel well-being shows in customer service and sales work, and therefore it is as important to us as making profit, says HR Manager Susa Nikula of the Osuuskauppa Hämeenmaa cooperative. At Hämeenmaa, matters concerning working ability are part of the management system. Personnel well-being at work and working ability are monitored by means of precise indicators, and any causes for concern are addressed. - Traditional methods in well-being at work, such as exercise vouchers, do not necessarily reach those whose working ability has already weakened. Therefore, we invest in managing working ability by, among other things, hiring a full-time well-being expert. Managing working ability has produced excellent results. The number of absences due to illness has decreased radically, and one-on-one discussions with employees concerning their working ability have further improved job satisfaction, Nikula says. The operating models created during the project were drawn up in collaboration with personnel, and are still being honed. At the same time, the already good image of the cooperative as an employer is further reinforced.

According to studies, S Group's image as an employer is good and is also constantly being developed. For example, managing working capacity and well-being at work are currently key focus areas. The good image as an employer attracts the best talent in the service business to work for S Group, their job satisfaction is good, and their careers are long.

Supervisors and management are constantly developing in S Group. A good supervisor plays a key role in both maintaining working capacity and well-being at work and achieving results. A fair and just supervisor also creates a good atmosphere, which improves job satisfaction. S Group's units monitor and measure job satisfaction regularly.

Working ability and any changes therein are also actively monitored, and any issues are addressed as early as possible.

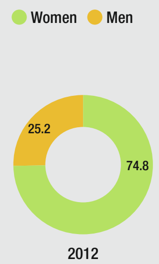
In S Group, personnel are rewarded for good performance. The majority of employees are included in a bonus pay scheme. In addition, the Group is developing incentive-based immediate rewards. Employee benefits overall in S Group are good: in addition to purchase benefits, employees are offered a number of exercise and cultural event benefits. Another significant benefit is the opportunity offered to all employees to take training and develop themselves in their jobs.

S GROUP SUPPORTS EMPLOYMENT OF YOUNG PEOPLE
In the summer of 2012, nearly 7,000 seasonal employees worked in S Group's stores and restaurants. In addition, almost 5,000 schoolchildren and high school students got a summer internship position through a project for introducing young people to working life. In this way, S Group was one of the largest employers of young people. S Group is thus similar to a sports team that helps young people grow and thrive. Many schoolchildren of 15 years of age gain their first experience of working life at S Group. In S Group, young people fit right in, since more than a quarter of the employees are under 25 years of age.

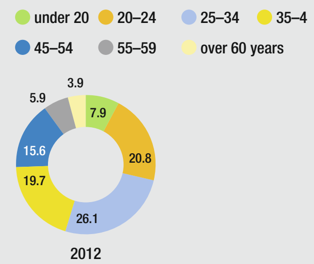
MORE DISCUSSION, FEWER MISUNDERSTANDINGS A well-functioning and communicative work community is an asset. – The importance of dialogue is highlighted in busy shift work, when employees do not always have time to socialise and chat with one another. Bringing issues out in the open increases mutual understanding and well-being at work. To make this easier, all employees of the Keskimaa cooperative have already acquainted themselves better with their immediate co-workers in interaction coaching offered by the Jollas Institute, says HR Manager Raija Rantanen of Keskimaa. According to sales associate Ulla Rohula, regional sales manager Aki Kuukkanen and sales manager Tuija Jussinoja-Nissinen of Prisma in Palokka, the interaction coaching increased openness in the work community. It is easier to value everyone's contribution when one knows one's co-workers and is familiar with their jobs. Providing feedback and asking for help, if needed, is also easy. A good team spirit is also something customers will notice.

Retail employs more than 300,000 people in Finland, making it the sector with the most extensive impact on employment. A total of more than 43,000 professionals work in S Group, of whom approximately 11,000 are employed by the SOK Corporation.

PERSONNEL GENDER DISTRIBUTION (%

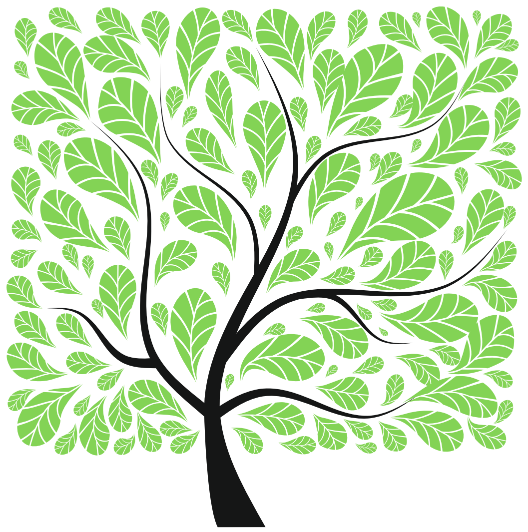


PERSONNEL AGE DISTRIBUTION (%)



Well-being through cooperative activities

WHILE THE INTERNATIONAL YEAR OF COOPERATIVES DECLARED BY THE UN WAS BEING CELEBRATED IN FINLAND, S GROUP BROKE ITS OWN RECORD AND SURPASSED THE THRESHOLD OF TWO MILLION CO-OP MEMBERS.



Cooperative activities are becoming an international megatrend. A humane market economy is a welcome counterforce to quarterly capitalism. The over-150-year-old values of the cooperative movement – self-help, self-responsibility, democracy, equality, equity, solidarity – resonate with people perhaps more than ever before.

Proportional to its population, Finland is the country with the most cooperative activities in the world: nearly nine out of ten adults are members of at least one cooperative society. Here, cooperative enterprises also produce excellent results.

Co-op membership is S Group's way of conducting its cooperative form of business. In S Group, services are produced for, and the benefits gained are given to, co-op members. This truly customer-oriented philosophy resonates with people in difficult economic times, in particular. During the imminent recession in 2012, the number of co-op members continued to grow strongly in S Group, and members showed increased loyalty to the Group.

MAKING COOPERATIVE ACTIVITIES KNOWN In 2012, S Group made cooperative activities known in a variety of ways. One of the most visible campaigns was the cooperative truck tour, which extended from Helsinki to Rovaniemi in May–August. The truck visited the Tangomarkkinat festival in Seinäjoki and the Pori Jazz festival, among others.

The main event of the theme year in Finland was the "Well-being through cooperative activities" seminar organised by S Group. The key philosophy of the seminar extended beyond just speeches in S Group: despite the difficult economic conditions, SOK and all cooperative enterprises invested heavily in developing the services for co-op members further and employed new personnel.

ALL TOGETHER FOR THE CO-OP MEMBER
Finland's northernmost and regionally largest cooperative, Arina, invested in earnest in the International Year of Cooperatives. Nearly 30 cooperative events were organised in outlets from Siikalatva to Ivalo in Lapland, and the cooperative activities truck toured the operating area for ten days. Several S-etu events were organised with partners, and Arina also had booths at children's fairs and rock festivals, among others. A celebratory seminar was held in Oulu in May. – Cooperative activities stand for co-ownership and sharing benefits together. "Ours. For us." is a message which we have been sending about Arina to both our own personnel, our members and the media, Marketing Director **Pasi Ruuskanen** sums up. Arina has 150,000 co-op members in northern Finland. – By working in a cooperative, we feel we are doing something meaningful. All benefits gained from our operations remain right here in Northern Finland, Ruuskanen continues.

ÄSSÄKENTTÄ FIELDS GETTING CHILDREN TO MOVE S Group's cooperatives have joined forces with municipalities and the Football Association of Finland to build a couple of dozen multipurpose fields in different parts of Finland for children to do athletics, skate, play football or, for example, floorball. The goal is to build a total of 100 fields in the near future. – We want to promote the well-being of co-op member families by supporting children's sports activities. In many locations, the Ässäkenttä field is the only facility where children can exercise, says **Marjaana Saarikoski**, Manager of SOK's partner operations.

OPERATIONS BUILT ON CO-OP MEMBERSHIP The customer relationship philosophy is continuously developed in S Group. Although co-op membership has become very popular, the Group is working to make it even more appealing. In 2012, S Group confirmed a customer relationship strategy which stated co-op membership as the starting point of all business operations.

The superior factor shared by all S Group chains is the Bonus system. Several studies have shown that the S-Etukortti card, the symbol of the Bonus system, offers co-op members the best financial benefits. Co-op membership is the most valued customer relationship program in Finland.

Nevertheless, the customer relationship strategy states that the green-coloured card must not be the only distinguishing factor. Each chain must offer customers genuine benefits, even without the S-Etukortti card.

FOCUS FROM THE BACK OFFICE TO CUSTOMER ENCOUNTERS S Group has defined the factors which distinguish each chain from the competition. The distinguishing factors are customer promises which must be redeemed through practical operations every day. In this way, a co-op member can benefit from the unique spectrum of services, which is also complemented by the Bonus received from the S-Etukortti card and other rewards.

In addition to customer benefits, the Group wants to pay more attention to the customer experience as well. S Group is characterised by well-functioning and effective back office systems, for example, procurement, logistics and information systems, which provide cost-effectiveness and competitiveness. Now we want to focus increasingly on customer encounters, service, understanding the customer and interaction.

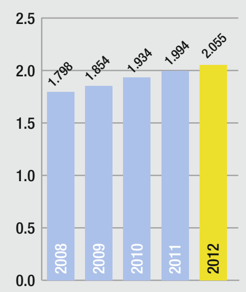
S-YRITYSKORTTI CARD MAKES CORPORATE PURCHASING EASIER S Group wants to offer more extensive benefits to corporate customers as well. To make daily life easier for companies, the S-Yrityskortti was introduced in 2012. It is a charge card which also provides discounts at S Group outlets. Customers do not need to retain store receipts for purchases, since the monthly card invoice can be used for VAT deductions and contains all information needed in bookkeeping.

In terms of interaction, S Group developed channels for customer feedback in 2012. Social media was used more extensively as a new influence channel. For example Sokos, S-Bank and the S-Etukortti card have their own Facebook pages. S Group's own channel was also established on YouTube.

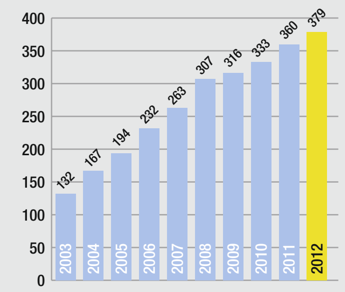
Approximately 40,000 people have signed up for S Group's various customer panels. The panelists participate, on average, in two different panels.

TWO MILLION STORIES The Two Million Stories campaign was both an emotional and communal happening in 2012.
– Co-op membership is best known for the Bonus and other rational things, so we wanted to evoke emotions and asked people to relate their own memories of cooperatives, says **Leena Tikkanen**, SOK's Communications Manager. Co-op members shared their stories on the campaign website, painting a diverse, fun, emotional and even surprising picture of their customer relationships with S Group.

NUMBER OF MEMBERS (MILLION)



BONUSES PAID TO MEMBERS (MEUR)



S-Bank – a co-op member's daily partner

S-BANK IS S GROUP'S CO-OP MEMBERS' OWN BANK. FEATURES THAT SET FINLAND'S ONLY IN-STORE BANK APART FROM OTHERS INCLUDE LOW-COST SERVICES, AN EXTENSIVE SERVICE NETWORK, EXTENDED BUSINESS HOURS AND AN EASY-TO-USE ONLINE BANK.

S Group's co-op members particularly value the convenience of managing their daily finances with only one card. They also appreciate S-Bank's competitive savings and credit products.

The services, which are built around the S-Etukortti Visa card, have caught the interest of an increasing number of customers. In 2012, S-Bank issued approximately 200,000 new S-Etukortti Visa cards. The number of cards issued in total exceeded 1.1 million.

The volume of S-Bank's total funds on deposit is also remarkable. At the end of 2012, the amount of deposits by private customers in S-Bank totalled EUR 2,336 million. Corporate deposits included, S-Bank's total funds on deposit were EUR 2,473 million at year-end.

NEW AND IMPROVED In 2012, S-Bank increased its product selection with a new credit product, the S-Laina loan. S-Laina is particularly suitable for financing larger purchases, since the maximum possible loan amount is EUR 20,000 and the repayment period can be up to 12 years. In the same way as S-Bank's other credit products, S-Laina is unsecured, in other words, the customer does not need collateral or guarantors to apply for a loan.

S-Bank's credit products have caught the attention of consumers even more widely and are growing in popularity. In 2012, lending to private customers increased by EUR 37 million and amounted to EUR 241 million at the end of the year.

S-Bank listened to customers' wishes in revamping its online bank. The goal was to achieve improved usability and a more straightforward user experience. By the end of the year, nearly 1.2 million customers had acquired banking IDs for electronic banking.

2.6 MILLION CUSTOMERS The number of S-Bank's customers continued to grow and amounted to nearly 2.6 million at the end of the year. This enormous customer volume is a clear indication of S-Bank having established itself in the Finnish banking sector and secured its position as the go-to bank for smaller purchases for the entire nation. This is a good position to grow from and become the preferred bank for an increasing number of consumers.

REVAMPED GIFT CARDS S Group renewed both the appearance and features of its gift cards in October 2012. Now, purchases reduce the balance on the gift card, so it can be used more than once until the balance runs out. This gives a gift card recipient more freedom of choice. Gift cards are accepted in nearly all S Group units throughout Finland, and most outlets also sell them.

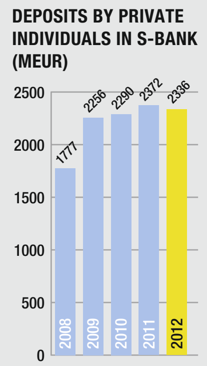
DEVELOPING THROUGH GOOD RESULTS Last year, S-Bank's result was a reasonable EUR 6.4 million, which makes it possible for the bank to develop its operations in the increasingly challenging operating environment. Just as in the other Finnish banks, challenges in S-Bank's performance are increasing due to expenses caused by more stringent regulation. The bank tax, in effect since the beginning of 2013, is also adding to the challenges.

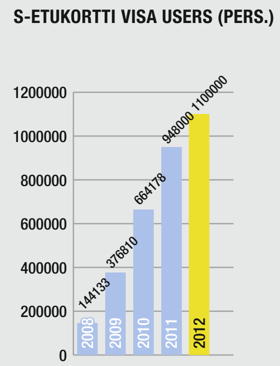
S-Bank's capital adequacy is excellent. At the end of 2012, the bank's capital adequacy ratio was 19.4 per cent, which is clearly higher than required by the authorities (eight per cent).

S-Bank, an S Group company, is a Finnish in-store bank with approximately 2.6 million customers. It offers its customers services relating to savings, payment transactions and the financing of purchases. S-Bank serves customers in more than 700 S Group outlets throughout Finland, and also offers online bank and telephone banking services. The bank is owned by SOK (50 per cent) and S Group's regional cooperatives (50 per cent). S-Bank has received the Key Flag logo in recognition of the company's Finnish origins.

ONE MILLION VISA CARDS S-Bank was the first bank in all of Europe to issue combined credit/debit cards, which replaced the former bank cards. The combined cards allow users to directly charge their bank account when making purchases abroad. Currently, as many as one in five Finns has S-Bank's green Visa card. Within a short period of time, S-Bank has become one of the three largest issuers of Visa cards in Finland. This has been made possible by the bank's extensive network of outlets as well as, most of all, the fact that S Group's co-op members have embraced the Visa payment option included in the S-Etukortti card. S-Bank issued its one millionth S-Etukortti Visa card in March 2012.

S-BANK'S CUSTOMER SATISFACTION HIGHEST The EPSI-Rating survey measuring customer satisfaction in banks, conducted at the end of 2012, indicated that the reputation of the banking sector among Finnish consumers has weakened considerably. However, in S-Bank, the situation is the opposite. According to the survey, S-Bank's customer loyalty and product quality are the highest. In addition, customers using S-Bank's low-cost banking services feel that S-Bank is where they get the best value for money.





What is S Group?

S GROUP'S REGIONAL COOPERATIVES

Southern Karelia Cooperative Society, Lappeenranta
Southern Ostrobothnia Cooperative Society, Seinäjoki
Helsinki Cooperative Society Elanto, Helsinki
Cooperative Society Jukola, Nurmes
Cooperative Society Keskimaa, Jyväskylä
Koillismaa Cooperative Society, Kuusamo
Kymen Seutu Cooperative Society, Kouvola
Cooperative Society Arina, Oulu
Cooperative Society Hämeenmaa, Lahti
Cooperative Society Keula, Rauma
Cooperative Society KPO, Kokkola
Cooperative Society Maakunta, Kajaani
Cooperative Society PeeÄssä, Kuopio
Cooperative Society Suur-Savo, Mikkeli
Cooperative Society Varuboden-Osla Handelslag, Kirkkonummi
Pirkanmaa Cooperative Society, Tampere
Northern Karelia Cooperative Society, Joensuu
Satakunta Cooperative Society, Pori
Suur-Seutu Cooperative Society SSO, Salo
Turku Cooperative Society, Turku

S GROUP'S KEY FIGURES IN 2012

	EUR million
S Group's retail sales	12 037
S Group's retail sales in the Baltic countries and Russia	466
S Group's retail sales in Finland	11 571
Cooperatives' retail sales	10 373
S Group's Bonus sales	9 444
Bonus paid out to co-op members	379
S Group's investments	573
S Group's result	212
Co-op members	2 055 227
Personnel	43 417

S Group is a renowned Finnish cooperative retail company group. It consists of the SOK Corporation with its subsidiaries and 20 regional and eight local cooperatives. Co-op members, who are both customers and owners, own the cooperatives, which in turn own the SOK central firm. The number of co-op members exceeded two million in February 2012 and at the end of the year the number of co-op members was 2,055,227.

The purpose of S Group's business is to provide the co-op members with services and benefits. The group wants to offer diverse services and an extensive outlet network for co-op members everywhere in Finland. All operations are based on satisfying customers' need for services and making their everyday life easier through useful services and benefits.

THE FOLLOWING VALUES FORM THE BACKBONE OF OUR BUSINESS:

- We exist for the customer.
- We take responsibility for people and the environment.
- We constantly renew our operations.
- We operate profitably.

S GROUP'S BUSINESS S Group produces services for the grocery and consumer goods trade, the service station store and fuel trade, the travel industry and hospitality business, the automotive and accessories trade and the agricultural trade. In addition, S-Bank offers banking services to co-op members.

S Group's business is organised as nation-wide chains. Joint service operations are produced centrally by SOK. S Group's efficient business model is built on chain business combined with regional cooperatives' good knowledge of local markets and customers.

In addition to the home market, S Group engages in international business (supermarket trade and travel industry and hospitality business) in Russia and the Baltic countries. S Group has three Sokos hotels in St Petersburg and one in Tallinn. There are eight Prismas in Estonia, 14 in Russia, five in Latvia and three in Lithuania.

At the end of 2012, S Group had 1,697 outlets: 17 in the Baltic countries and 17 in Russia.

S Group employed 43,417 service sector professionals at the end of 2012.

THE S GROUP'S RETAIL SALES BY BUSINESS AREA 2012 (VAT 0 %)

	EUR mill.
Prisma hypermarkets*	3 219.32
S Markets	3 206.77
Sale stores	531.84
Alepa stores	336.27
Kodin Terra stores	159.43
S-Rauta	81.58
Other supermarket trade	9.95
Supermarket trade*	**7 545.16**
ABC service station stores	899.55
ABC unmanned stations	723.57
ABC fuel oil service	49.02
ABC-Deli convenience stores	89.44
ABC-GrilliMarket	4.47
Other service station stores	63.87
Other unmanned stations	1.87
Other service station stores and fuel sales	0.12
Service station stores and fuel sales	**1 831.92**
Sokos department stores	285.81
Emotion speciality stores	30.92
Pukumies fashion stores	25.41
Other speciality stores	6.38
Department stores and speciality stores	**348.52**
Travel industry*	270.19
Hospitality business*	532.47
Travel industry and hospitality, total*	**802.66**
Automaa	187.22
Other car dealerships	325.42
Automotive trade and accessories	**507.22**
Agrimarkets	652.33
Machine Centres	168.30
Hardware trade	10.98
Grain trade	146.04
Other agribusiness	12.82
Agricultural and hardware trade	**990.47**
Others	**11.16**
TOTAL*	**12 037.10**

* including retail sales in neighbouring countries

S GROUP RETAIL OUTLETS AS OF 31 DECEMBER 2012

	No.*	No.**
Prisma hypermarkets***	95	
S Markets	434	
Sale stores	261	
Alepa stores***	87	
Supermarket outlets	*878*	
Kodin Terra stores***	12	
S-Rauta stores	16	
Other outlets*	11	
Supermarket trade	**917**	
ABC service station stores	108	108
ABC unmanned stations	90	295
ABC-Deli convenience stores	16	16
ABC-GrilliMarket	1	1
Other service station stores	12	4
Other unmanned stations		3
Service station stores and fuel trade	**227**	**427**
Sokos department stores***	22	
Emotion speciality stores	34	
Pukumies fashion stores	10	
Other speciality stores	10	
Department stores and speciality stores	**76**	
Sokos Hotels	52	
Radisson Blu Hotels	7	
Other hotels	3	
Travel industry outlets	*62*	
Hospitality outlets	*252*	*751*
Travel industry and hospitality	**314**	
Car dealership	**47**	
Agrimarkets***	90	
Machine Centres	10	
Other hardware and agribusiness outlets	1	
Hardware and agribusiness outlets	**101**	
Other outlets	**15**	
TOTAL	**1697**	

* The number of outlets does not include restaurants, stores or stations connected to other outlets.

** The number of outlets includes restaurants, stores and stations connected to other outlets.

*** The number of outlets includes also webstore.

S Group Key Figures 2008-2012

EUR Million	IFRS 2012	IFRS 2011	IFRS 2010	IFRS 2009	IFRS 2008
SOK CORPORATION					
Revenue	**11 708**	11 280	9 258	8 532	8 800
Depreciation and impairment losses	**71**	72	65	72	76
Operating profit	**-24**	19	49	63	48
Financial income and expenses (+/-)	**-2**	0	7	-26	-1
Profit before taxes	**-27**	20	41	37	46
Profit for the financial year	**-23**	12	34	37	46
Total assets	**2 055**	2 178	2 068	2 015	3 956
Non-current assets	**697**	689	702	684	658
Inventories	**221**	462	346	346	352
Current assets	**1 036**	1 026	1 020	966	2 946
Assets held for sale	**322**			19	
Equity attributable to equity holders of the parent, total	**591**	569	567	536	504
Minority interest	**2**	5	20	20	18
Provisions	**9**	8	12	16	23
Liabilities	**1 189**	1 604	1 481	1 439	3 434
Liabilities associated with assets held for sale	**273**			21	
Interest-bearing liabilities	**425**	362	323	395	2 334
Cash and cash equivalents and short-term investments	**178**	166	268	241	2 125
Net interest-bearing liabilities	**247**	196	54	154	209
Personnel at 31.12.	**10 630**	9 934	9 708	8 889	9 346

EUR Million	FAS 2012	FAS 2011	FAS 2010	FAS 2009	FAS 2008
SOK					
Sales (excl. VAT)	**7 384**	7 048	6 557	6 162	4 316
Sales to cooperative societies	**6 974**	6 674	6 202	5 797	4 191
Operating profit before extraordinary items, appropriations and taxes	**4**	49	22	59	6
Profit/loss for the financial year	**-8**	39	8	45	11
Personnel at 31.12.	**1 755**	1 280	1 196	863	761
COOPERATIVE SOCIETIES + SUBSIDIARIES					
Sales (excl. VAT)	**10 373**	9 854	9 092		
Sales (incl. VAT)	**-**	-	-	8 840	8 073
Number of societies	**29**	29	31	36	39
Memberships of societies	**2 055 227**	1 993 779	1 933 587	1 707 274	1 621 060
Personnel at 31.12.	**32 787**	32 208	30 240	27 010	25 482
S GROUP					
Retail sales (excl. VAT)	**12 037**	11 461	10 465		
Retail sales (incl. VAT)	**-**	-	-	10 544	9 777
Outlets	**1 697**	1 668	1 636	1 526	1 488
Personnel at 31.12.	**43 417**	42 142	39 948	35 899	34 045

CALCULATION OF KEY RATIOS

Net interest-bearing liabilities = Interest-bearing creditors - cash and cash equivalents and short-term investments

SOK Corporation's Corporate Governance and Management System

APPLICABLE RULES SOK is a Finnish cooperative society whose decision-making and administration are subject to the provisions of the Finnish Cooperatives Act, other regulations concerning the operations of the business areas, and SOK's Statutes. The operations of its subsidiaries are regulated by, among others, the Limited Liability Companies Act, and the operations of the entire Corporation are governed by, among others, the operating principles, operating policies and investment and approval guidelines confirmed by SOK's Executive Board as well as the rules of procedure confirmed for different bodies.

The Securities Market Association approved a Corporate Governance Code for listed companies in June 2010. According to the Central Chamber of Commerce, other nationally significant institutions should also adhere to the Code to the extent that it is possible considering their special characteristics. SOK adheres to the Corporate Governance Code for listed companies to the extent that it is a cooperative form of business and that it is relevant considering its special characteristics.

COOPERATIVE MEETING The Cooperative Meeting is SOK's highest decision-making body. Each cooperative enterprise is eligible to send a maximum of five representatives to the Cooperative Meeting, all of whom have the right to address the meeting, but only one of whom has the right to vote on behalf of the cooperative enterprise. Exercising the members' ownership rights is based on the Cooperative's Statutes.

The task of the Annual Cooperative Meeting is to attend to the matters defined in the Statutes, such as adoption of the financial statements, disposal of profit/loss, granting of release from liability, and the election and remuneration of the Supervisory Board and the auditors. An Extraordinary Cooperative Meeting can be convened when necessary.

SUPERVISORY BOARD The Cooperatives Act does not require the setting up of a Supervisory Board, but a Supervisory Board has been set out in SOK's Statutes as part of SOK Corporation's administrative model. The role of the Supervisory Board is to represent the extensive grass-roots membership and to act as a forum on which the Cooperative's joint position on major strategic issues is defined. Its duty is to determine overall policies and to safeguard the interests of members. The Supervisory Board confirms all the main strategic policies of S Group and SOK Corporation based on a proposal from the Executive Board. Matters concerning the actual operational management are handled by the Cooperative's Executive Board and line management.

The Supervisory Board oversees that the administration of the cooperative society and SOK Corporation complies with the law, the Statutes, and the decisions of the Cooperative Meeting and the Supervisory Board, and that such administration is in the cooperative society's best interests. The Supervisory Board approves and, if necessary, expels members of the cooperative society and appoints and dismisses the Chief Executive Officer and other members of the Executive Board, and also decides on the remuneration of Executive Board members other than those who are employed by the cooperative society.

Furthermore, the Supervisory Board decides on the principles of cooperation for S Group's operations and long-term plans.

The Supervisory Board has confirmed rules of procedure. The chairman of the Supervisory Board and the two vice chairmen comprise the Presidium, which assists the Supervisory Board in carrying out its duties. The Chief Executive Officer attends the meetings of the Presidium. In addition, the Presidium takes decisions on, among other things, the CEO's salary and other compensation.

The Supervisory Board has established four permanent committees: the Nomination Committee, Compensation Committee, Audit Committee, and Cooperative Committee.

The Cooperative Meeting elects the members of the Supervisory Board on the basis of candidates put forward by the cooperative enterprises. The Supervisory Board has 12–25 members. A person elected to the Supervisory Board must be a Finnish citizen, a member of a cooperative enterprise and under 65 years of age. The Cooperative Meeting decides on the remuneration of the chairman, vice chairmen, and members of the Supervisory Board as well as of the auditors.

At the beginning of 2012, the Supervisory Board had 22 members, and after the Cooperative Meeting held in April, the number of members was 21. In addition, the Supervisory Board had two personnel representatives in 2012. The number of members declined due to the change in the number of regional cooperative enterprises which were members of SOK. The Supervisory Board convened six times.

The special compensation for the chairman of the Supervisory Board is EUR 4,000 per month, and the vice chairmen are paid compensation of EUR 1,500 per month.

The meeting compensation for the chairmen and members of the Supervisory Board is EUR 460 for each meeting and per day spent carrying out a specific assignment.

EXECUTIVE BOARD

Election and Composition of the Executive Board Under SOK's Statutes, the Executive Board is composed of the cooperative society's CEO, acting as chairman, and of a minimum of three and a maximum of eight other members. The Supervisory Board elects the members of the Executive Board for a term of one year on the basis of the Nomination Committee's proposal. According to the rules, a person elected to the Supervisory Board must be a Finnish citizen and under 65 years of age. The objective is to ensure sufficient rotation, but, on the other hand, continuity is considered important.

Duties of the Executive Board The Executive Board represents the cooperative society and attends to its administration and the due arrangement of its operations within the framework of SOK Corporation and in compliance with the applicable legislation and rules. The duty of the Executive Board is to prepare strategic decisions for presentation to the Supervisory Board as well as to decide on the operating plans of both SOK and its subsidiaries.

In addition, the Executive Board, upon a proposal from the CEO, decides on setting up SOK's Corporate Management Team and on appointing its members and their remuneration. The Executive Board appoints a Nomination Working Group, which prepares a proposal on the composition of the Boards and Business Area Boards of SOK's subsidiaries for decision by the Executive Board. Rules of procedure have been confirmed for the Executive Board.

SOK's Executive Board has not established the committees mentioned in the Corporate Governance Code for listed companies because they have been established by the Supervisory Board. The Executive Board convenes as required and upon the chairman's invitation, and has a quorum when more than half of the members are present. The Executive Board regularly evaluates its work and procedures by carrying out a self-assessment once a year.

Meetings of the Executive Board In 2012, SOK's Executive Board had seven members, six of whom were managing directors of cooperative enterprises. SOK's Chief Executive Officer is the chairman of the Executive Board. In 2012, the vice chairman of the Executive Board was managing director Harri Koponen.

The Executive Board convened 13 times during 2012, and the members' attendance rate was 100 per cent. The members of the Executive Board were paid a total of EUR 108,000 in remuneration in 2012. The CEO does not receive separate remuneration for his work in the Executive Board. The chairmen of the Supervisory Board also regularly attend the meetings of the Executive Board.

CEO Contrary to the recommendation of the Corporate Governance Code for listed companies, the Chief Executive Officer employed by the cooperative society is the chairman of SOK's Executive Board. Because the CEO is the chairman of the Executive Board, the Supervisory Board appoints the CEO. The duty of the CEO is to manage the operations of the Executive Board and the cooperative society in accordance with legislation, SOK's Statutes, and the decisions of the governing bodies.

Kuisma Niemelä is chairman of SOK's Executive Board and the CEO.

SOK'S CORPORATE MANAGEMENT TEAM

The duties of SOK's Corporate Management Team include assisting the CEO in the management of SOK Corporation and S Group. The Corporate Management Team coordinates and prepares, among other things, the central proposals made to the Executive Board. These proposals include business strategies, target levels, operating plans and budgets, as well as major investment projects and disposals of S Group and SOK Corporation. In addition, the Corporate Management Team discusses operational matters concerning all of SOK Corporation's areas of responsibility. The retirement age of the members of SOK's Corporate Management Team is 60–62 years, determined in accordance with personal executive contracts.

The Corporate Management Team has eight members and it convened 20 times in 2012. Salaries and bonuses totalling EUR 2,048,944.27 were paid to the Corporate Management Team. This amount also includes fringe benefits. In 2012, SOK's CEO was paid salaries, including fringe benefits, in the total amount of EUR 473,760 and bonuses in the amount of EUR 50,953.30.

SUBSIDIARIES The chairman of the Board of a subsidiary is primarily a member of the Corporate Management Team, employed by SOK and responsible for the line of business in question. SOK's Executive Board nominates the members of the subsidiaries' Boards, to be decided on by the subsidiaries' Annual General Meetings. The members of the Boards of subsidiaries are primarily elected from amongst S Group's employees.

The subsidiary board elects the subsidiary's managing director, but the election is subject to approval by SOK's Executive Board. The managing directors of subsidiaries do not, as a rule, have seats on the Board of the company in question. The operations of subsidiaries are guided by, among others, the Corporation-wide principles and operating policies decided by SOK's Executive Board.

CHAIN MANAGEMENT The chain management organisations manage and co-ordinate the different business and service operations under the supervision of SOK's Executive Board. Each chain management organisation is made up of a Business Area Board, a chain management unit, and steering groups assisting them. The chain management organisation is the main organisation for cooperation between SOK's member cooperatives and SOK Corporation.

The chain management organisation is responsible for steering, developing, and supervising chain operations in its own area. It operates in co-operation with the cooperative enterprises and various expert organisations. The Business Area Board, within the scope of its authority, takes the main decisions concerning its own area of responsibility and chains.

The Business Area Boards are comprised of the managing directors of cooperative enterprises and Corporate Management Team members who are employed by SOK. SOK's Executive Board decides on the composition of the Business Area Boards.

MANAGEMENT BONUS SCHEME SOK Corporation's entire personnel in Finland are covered by a bonus scheme. SOK's Executive Board decides on the bonus scheme for the management (the Corporate Management Team), and the Supervisory Board's Presidium decides on the bonus scheme for the CEO. The bonus scheme for the senior management is based on both short-term and long-term objectives. The maximum level of the short- and long-term bonuses of the Corporate Management Team equals no more than a three-month salary at an annual level.

The Supervisory Board has set up a permanent Compensation Committee whose task is to assess and develop the compensation systems and principles for S Group's top management and to issue recommendations on compensation to be submitted to SOK's decision-making governing bodies.

AUDITING The Annual Cooperative Meeting elects an auditor to audit the financial statements and consolidated financial statements as well as the accounting records and administration of the cooperative society. The auditor must have the legally required qualifications.

The Annual Cooperative Meeting elected KPMG Oy Ab, Authorised Public Accountants, as SOK's auditor for 2012, with Raija-Leena Hankonen, APA, as the principal auditor.

In 2012, the auditing fees paid by the SOK Corporation companies in Finland, the Baltic countries, and Russia amounted to EUR 554,557, and other fees amounted to EUR 117,075.

INTERNAL CONTROL, INTERNAL AUDIT, AND RISK MANAGEMENT SOK's Executive Board is responsible for appropriately organising the cooperative society's operations and management and for the legality and reliability of the accounting records, financial management, and routine management. In addition, the Chief Executive Officer, SOK's unit directors, and the Boards of the subsidiaries and their managing directors carry out the management and control of business activities in day-to-day operations within their own areas of responsibility. In February 2012, SOK's Executive Board approved the operating policy for SOK Corporation's internal control.

The Corporation's internal audit is carried out by the internal control functions of SOK and its subsidiaries. SOK's Executive Board reviews the annual plan for SOK's internal audit every year. The internal audit function regularly reports on the findings of the internal audit to the CEO, Executive Board, and the Supervisory Board's Audit Committee.

SOK's Executive Board has confirmed a risk management policy for identifying and analysing risks across the Corporation and for defining and determining risk management measures as part of operational planning. The key risks in the Corporation's operations and strategic objectives are identified on the basis of the analyses. The management of SOK Corporation's subsidiaries and units reviews and approves each unit's major risks and the defined risk management measures and is responsible for implementing risk management measures.

Precautions have been taken for property, loss of profit, and liability damage risks in the operations through measures such as contingency plans and insurance. SOK Corporation's risk management expert organisation directs and develops risk management in S Group and provides support for risk management. SOK's internal audit function assesses the sufficiency and functioning of the risk management processes.

FINANCIAL REPORTING SOK Corporation publishes its financial statements in February and its interim report for six months in August. Furthermore, reports on the development of S Group's retail sales are published quarterly. SOK Corporation's Annual Report is published at the Annual Cooperative Meeting in April.

COMMUNICATIONS Up-to-date information and other communications concerning the SOK Corporation and S Group are available on the Group's website at www.sok.coop. SOK's Reputation and Responsibility unit is in charge of producing and updating the information.

SOK Supervisory Board 2012

Otto Mikkonen (born 1949)
Joensuu
M.Sc. (Tech.)
Chairman 2002–
Former Managing Director, KM-Yhtymä Oy
Chairman, Supervisory Board,
Pohjois-Karjalan Osuuskauppa
Member of the Supervisory Board 2001–
Retiring in 2013

Matti Pikkarainen (born 1953)
Oulu
Th.D., Dean
Director of Christian Education
Oulu Evangelical Lutheran Parishes
First Vice Chairman 2011–
Chairman, Supervisory Board,
Osuuskauppa Arina
Member of the Supervisory Board 2004–
Retiring in 2013

Kimmo Simberg (born 1959)
Seinäjoki
Bachelor of Hospitality Management, MBA
Second Vice Chairman 2011–
Managing Director,
Etelä-Pohjanmaan Osuuskauppa
Member of the Supervisory 2004–2005, 2011–
Retiring in 2013

Jorma Bergholm (born 1954)
Helsinki
Managing Director
Helsingin Työväenyhdistys ry
Chairman, Supervisory Board,
Helsinki Cooperative Society Elanto
Member of the Supervisory Board 2005–
Retiring in 2014

Marcus H. Borgström (born 1946)
Helsinki
M.Sc. (Agr. and For.)
Chairman, Supervisory Board,
Osuuskauppa Varuboden-Osla Handelslag
Member of the Supervisory Board 2004–
Retiring in 2013

Heikki Hämäläinen (born 1966)
Mikkeli
M.Sc. (Econ.)
Managing Director, Osuuskauppa Suur-Savo
Member of the Supervisory Board 2007–
Retiring in 2015

Pentti Hämäläinen (born 1954)
Hamina
Advocate
Chairman, Supervisory Board,
Osuuskauppa Ympyrä
Member of the Supervisory Board 2008–
Retiring in 2015

Maija Junkola-Lehtonen (born 1966)
Uusikaupunki
M.Sc. (Econ.)
Chairman, Supervisory Board,
Turun Osuuskauppa 2011–
Member of the Supervisory Board 2011–
Retiring in 2013

Jukka Kihlman (born 1954)
Kuusamo
eMBA
Managing Director, Koillismaan Osuuskauppa
Member of the Supervisory Board 2009–
Retiring in 2015

Kimmo Koivisto (born 1956)
Salo
Farmer
Chairman, Supervisory Board,
Suur-Seudun Osuuskauppa SSO
Member of Supervisory Board 2003–2004
and 2007–
Retiring in 2013

Simo Kutinlahti (born 1957)
Keuruu
Farmer, MBA
Chairman, Supervisory Board,
Keskimaa Osk
Member of the Supervisory Board 1998–
Retiring in 2013

Maija-Liisa Lindqvist (born 1951)
Lahti
Training Planner
Chairman, Supervisory Board,
Osuuskauppa Hämeenmaa
Member of the Supervisory Board 1997–
Retiring in 2014

Mika Marttila (born 1970)
Rauma
M.Sc. (Econ.)
Managing Director,
Osuuskauppa Keula
Member of the Supervisory Board 2011–
Retiring in 2014

Ilkka Ojala (born 1949)
Tampere
M.Sc. (Techn.), Approved Auditor
Managing Director,
Tampereen tilakeskus liikelaitos
Chairman, Supervisory Board,
Pirkanmaan Osuuskauppa
Member of the Supervisory Board 2011–
Retiring in 2014

Jouko Pihlajamaa (born 1948)
Pietarsaari
Engineer
Chairman of the Board, Oy Elkamo Ab
Chairman, Supervisory Board,
Osuuskauppa KPO
Member of the Supervisory Board 2009–
Retiring in 2014

Timo Santavuo (born 1960)
Pori
Advocate,
Master of Laws trained on the bench
Chairman, Supervisory Board,
Satakunnan Osuuskauppa
Member of the Supervisory Board 2000–
Retiring in 2015

Timo Sonninen (born 1948)
Iisalmi
Entrepreneur
Chairman, Supervisory Board,
Osuuskauppa PeeÄssä
Member of the Supervisory Board 1985–
Retiring in 2014

Matti Timonen (born 1956)
Nurmes
Farmer
Chairman, Supervisory Board,
Jukolan Osuuskauppa
Member of the Supervisory Board 2011–
Retiring in 2014

Jouko Vehmas (born 1956)
Kouvola
M.Sc. (Econ.)
Managing Director,
Osuuskauppa Ympäristö
Member of the SOK Executive Board 2001–2003
Member of the Supervisory Board 1994–2000,
2004–
Retiring in 2013

Jorma Vehviläinen (born 1967)
Kajaani
M.Sc. (Econ.)
Managing Director,
Osuuskauppa Maakunta (until 31 March 2013)
Member of the Supervisory Board 2012–
Retiring in 2015

Olli Vormisto (born 1967)
Lappeenranta
M.Sc. (Econ.)
Managing Director,
Etelä-Karjalan Osuuskauppa
Member of the Supervisory Board 2012–
Retiring in 2015

PERSONNEL REPRESENTATIVES

Ulla Kivilaakso (born 1970)
Helsinki
Manager CRM
SOK Travel Industry Chain Management
Member of the Supervisory Board 2011–
Retiring in 2013

Iiris Merimaa (born 1962)
Helsinki
Secretary
SOK Facility Services and Risk Management
Member of the Supervisory Board 2009–
Retiring in 2013

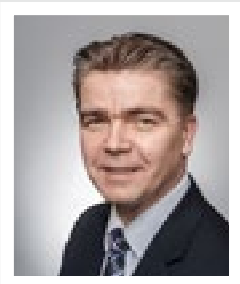
SOK Executive Board 2013

Kuisma Niemelä (born 1958)
SOK's Chief Executive Officer
MA
Member of the SOK Executive Board 2002–2007, 2010–
With the S Group since 1983

Esko Jääskeläinen (born 1956)
M.Sc. (Econ.), Managing Director, Suur-Seudun Osuuskauppa SSO
Member of the SOK Executive Board 2011–
With the S Group since 1980

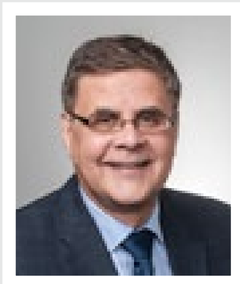
Tapio Kankaanpää (born 1962)
M.Sc. (Econ.), Managing Director, Osuuskauppa PeeÄssä
Member of the SOK Executive Board 2012–
With the S Group since 1987

Harri Koponen (born 1964)
M.Sc. (Econ.), Managing Director, Turun Osuuskauppa
Member of the SOK Executive Board 2009–
With the S Group since 1989



Arttu Laine (born 1970)
M.Sc. (Econ.)
Managing Director, Osuuskauppa KPO
Member of the SOK Executive Board 2008–
With the S Group since 1995

Timo Mäki-Ullakko (born 1963)
M.Sc. (Econ.)
Managing Director, Pirkanmaan Osuuskauppa
Member of the SOK Executive Board 2013–
With the S Group since 1987

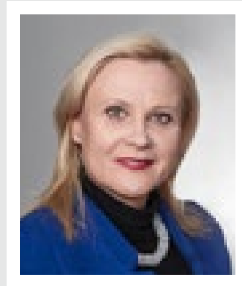


Matti Niemi (born 1955)
M.Sc. (Econ.)
Managing Director, Helsinki Cooperative Society Elanto
Member of the SOK Executive Board 2007–
With the S Group since 1982

SOK Corporation's Corporate Management Team 2013

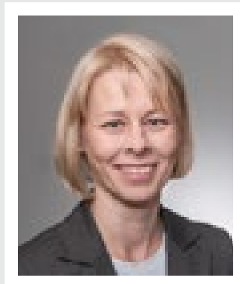
Kuisma Niemelä (born 1958)
SOK's Chief Executive Officer
MA
Member of the SOK Executive Board 2002–2007, 2010–
With the S Group since 1983

Jari Annala (born 1964)
Executive Vice President, CFO
SOK Finance and Administration, M.Sc. (Econ.)
With the S Group since 1989

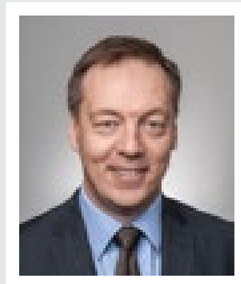


Suso Kolesnik (born 1961)
Executive Vice President until 31 March 2013
SOK Reputation and Responsibility, M.Soc.Sc
With the S Group since 2003

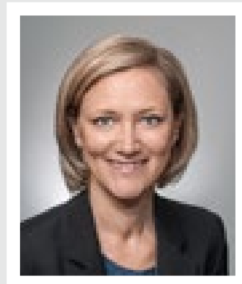
Vesa Kyllönen (born 1968)
Executive Vice President
SOK Grocery Trade, Hospitality Business, Fuel Sales
M.Sc. (Econ.)
With the S Group since 1995



Leena Laitinen (born 1970)
Executive Vice President until 31 March 2013, as from 1 April 2013 study leave, SOK Consumer Goods, M.Sc. (Econ.)
With the S Group since 1995



Harri Miettinen (born 1962)
Executive Vice President
SOK Customer Relationships and Information, M.Sc. (Econ.)
With the S Group 1986–1987, 1997–



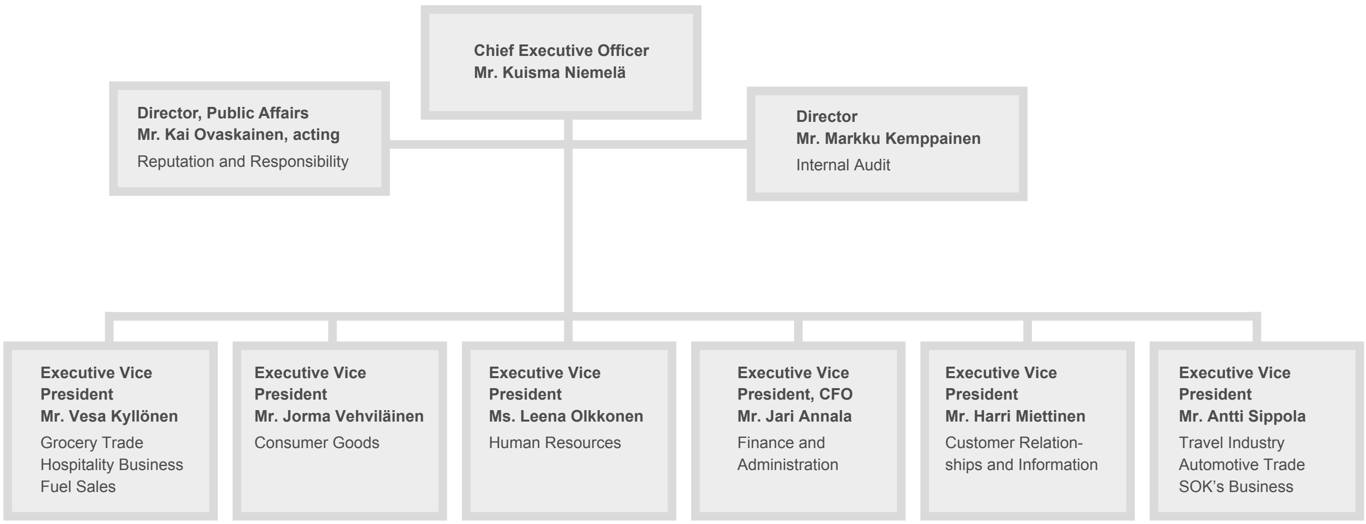
Leena Olkkonen (born 1962)
Executive Vice President,
SOK Human Resources
M.Sc. (Econ.)
With the S Group since 2007

Antti Sippola (born 1955)
Executive Vice President
SOK Travel Industry and Automotive Trade, SOK Business
M.Sc. (Econ.), Deputy CEO
With the S Group since 1980

Jorma Vehviläinen (born 1967)
Executive Vice President as from 1 April 2013
SOK Consumer Goods
M.Sc. (Econ.)
With the S Group since 1991

Seppo Kuitunen (born 1961)
Executive Vice President
Legal Affairs
LL.B.
With the S Group since 2005

SOK Corporation's Organisation 1 April 2013



SOK Corporation's Financial Statement 2012

Report of the Executive Board

DEVELOPMENT OF THE OPERATING ENVIRONMENT

The general market development in 2012 was very two-sided. The beginning of the year was characterised by hopeful confidence in the economy recovering slowly. Employment was developing well and salary and wage solutions supported private consumption. Consumer confidence in the development of the economy strengthened. However, in the summer the re-erupted euro crisis and the modest export demand weakened the economic situation in the operating environment. The confidence of households in the development of the situation weakened considerably in the latter half of the year, when negative news about the future development of employment increased. However, the impact of the declining economy on private consumption was minimal last year.

FINANCIAL DEVELOPMENT

SOK's operations and financial development 1 January–31 December 2012

SOK is the parent company of SOK Corporation. In accordance with its statutes, SOK acts as the central organisation of S Group, promoting and developing the operations of the cooperative enterprises 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 various segments.

SOK is in charge of S Group's 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, rental services, and assortment and invoicing services for goods delivered directly from manufacturers to the chain units.

Through its nationwide and regional subsidiaries, 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 travel industry and hospitality business in the Baltic area and St. Petersburg.

SOK's revenue was EUR 7,420 million, up 4.8 per cent from the previous year. Growth in revenue is mainly attributable to the increase in EDI invoicing related to the cooperative enterprises' goods procurement. SOK's operating loss was EUR 3.4 million (EUR +4.7 million).

SOK Corporation's financial development 1 January–31 December 2012

SOK Corporation's revenue in 2012 amounted to EUR 11,708 million (operating revenue EUR 11,705 million), up 3.8 per cent from the previous year. The increase of EUR 428 million in revenue is mainly attributable to the growth in the EDI invoicing related to the cooperative enterprises' grocery and consumer goods procurement, which belongs to the procurement and service business (segment). International operations accounted for 4.0 per cent of revenue, or EUR 474 million.

SOK Corporation's operating loss was EUR 24.4 million (EUR +18.8 million). SOK Corporation's result before taxes was EUR -27.1 million (EUR 19.5 million). The weaker result compared to the previous year was primarily due to the weakened result of the automotive trade and accessories as well as the costs related to opening the new logistics centre for consumer goods and launching the procurement business operating model. In addition, the result for 2012 being weaker than in the previous year was affected by the large sales gains included in the comparison year's result.

The Corporation's return on capital employed, including the central business operations related to financing and procurement business, serving the cooperative enterprises, was -0.1 per cent (3.2 per cent).

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

SOK Corporation's operating revenue 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 under operational monitoring. The information for the retail and wholesale business comprises all operations except those of banking. SOK Corporation's operational result has been calculated in accordance with the Finnish accounting legislation (FAS). The procurement and service business areas were combined into one business area in 2012.

SOK Corporation's operating revenue and operating result

	Revenue EUR million	± % prev. year	Operating result EUR million	Change EUR million
Supermarket trade	419	+34.8	-17.3	+0.7
Travel industry and hospitality business	250	-1.0	9.9	+6.1
Automotive trade and accessories	172	-19.4	-20.2	-6.9
Agricultural trade	971	-2.5	2.5	-4.2
Procurement and service business	9,962	+3.9	-9.3	-13.8
Elimination of internal items for the retail and wholesale business	-70		-0.4	
Retail and wholesale business in total	**11,705**	**+3.8**	**-34.7**	**-18.3**
Result from banking			**2.4**	**-1.1**
SOK Corporation total	**11,705**	**+ 3.8**	**-32.3**	**-19.4**

SOK Corporation's operational operating result, EUR -32.3 million, is reconciled with SOK Corporation's results before taxes (IFRS), EUR -27.1 million. Items not included in the operating result include, among others, financial income and expenses, valuation gains and losses of derivatives, which were made for hedging purposes but on which hedge accounting in accordance with IFRS is not applied, sales gains and losses from fixed assets, other operating income excluding income from leases and management services, impairments as well as non-essential extraordinary other business expenses. In 2012, financial income and expenses totalled EUR +1.9 million, sales gains and losses from fixed assets EUR +1.6 million, derivative valuation gains and losses EUR +1.2 million and other items +0.5 million.

Funding

SOK Corporation's liquidity remained good throughout the year. Liquid cash assets and money market investments amounted to EUR 177.6 million at the end of December (EUR 166.2 million). In addition, the Corporation had EUR 270.0 million of undrawn binding credit facilities, all of which were long-term. On 29 June 2012, SOK signed a EUR 180 million, five-year syndicated credit facility, which replaced the previous, EUR 200 million syndicated credit facility which matures in 2013.

SOK Corporation's interest-bearing net liabilities amounted to EUR 247.4 million at the end of December (EUR 195.9 million). Gearing was 41.7 per cent (34.1 per cent), and SOK Corporation's equity ratio was 29.3 per cent (26.7 per cent).

Investments and divestments

SOK Corporation's non-current asset procurement totalled EUR 124.8 million in 2012 (EUR 105.9 million). Significant investments included the supermarket trade investing in the St. Petersburg area and the Baltic countries. Property and information system investments were also made, as well as travel industry and hospitality business investments in Finland.

The sales of non-current assets amounted to EUR 47.0 million (EUR 44.1 million). The most important divestments were the sales of moveable operating assets to 3 Step IT Group Oy and the sales of Kiinteistö Oy Tampereen Tornihotelli to Eläke-Fennia.

Personnel

SOK Corporation's average number of personnel, converted to full-time equivalents, was 9,732 people (8,947) during the review period.

At the end of 2012, SOK Corporation's number of personnel was 10,630, of whom 1,755 (16.5 per cent) were employed by SOK and 8,875 (83.5 per cent) by subsidiaries. The number of personnel increased by 696 people (7.0 per cent) from the previous year. The number of employees working abroad was 3,788. During the year, the increase in the number of personnel was mostly due to the growing supermarket trade in neighbouring countries.

Development of associated companies and joint ventures

Among the associated companies engaging in business operations within the SOK Corporation, the most significant is S Group's own bank, S-Bank Ltd. S-Bank offers cooperative enterprises' co-op members daily banking services, and its product assortment consists of current and savings accounts, debit cards, consumer credit and an online bank.

The interest shown by cooperative enterprises' co-op members in services built around the S-Etukortti Visa card continued in 2012, and the number of S-Bank's customers continued to grow. At the end of the year, S-Bank had nearly 2.6 million customers.

In 2012, the S-Etukortti Visa debit card was issued to nearly 200,000 customers. At the end of the year, the number of S-Etukortti Visa cards issued was more than 1.1 million.

The amount of deposits by private customers in S-Bank totalled EUR 2,336 million at the end of the year. Corporate deposits included, S-Bank's total funds on deposit were EUR 2,473 million at the end of the year, which is the same level as a year ago.

Customers have become more aware of S-Bank's affordable credit products. Lending to private customers increased by EUR 37 million and amounted to EUR 241 million at the end of the year.

By the end of the year, nearly 1.2 million customers had acquired banking IDs for electronic banking.

S-Bank is a solvent bank. The capital adequacy ratio was 19.4 per cent. S-Bank Group's result was EUR 4.8 million, of which the result corresponding to SOK Corporation's shareholding (50%) was EUR 2.4 million.

In addition to S-Bank, other significant associated companies and joint ventures of SOK Corporation include the fuel procurement company North European Oil Trade Oy (a subsidiary until 27 December 2012), Finnfrost Oy, an associated company of SOK's subsidiary Inex Partners Oy, which provides frozen goods procurement and logistics services, Kauppakeskus Mylly Oy in Raisio, as well as the inter-Nordic procurement company Coop Trading A/S.

The added result impact of all associated companies and joint ventures amounted to EUR 4.5 million (EUR 5.7 million).

DEVELOPMENT OF THE BUSINESS AREAS

Supermarket trade

The supermarket trade includes the business operations in Estonia, Latvia, Lithuania, and Russia. In Estonia, there are five Prisma stores in Tallinn, two stores in Tartu and one in Narva. There are five Prisma stores in Riga, Latvia. In Lithuania, there is one Prisma store in Vilnius and two in Kaunas. Fourteen Prisma supermarkets operate in St. Petersburg. The revenue of the supermarket trade was EUR 419 million, an increase of 34.8 per cent compared to the previous year. The increase in revenue was due to both the expansion of the network (a total of nine new stores) and the market recovery in the Baltic countries. The operating result level of the supermarket trade was better than planned and than in the previous year. The establishment of new outlets continues to burden the result.

The capital expenditure in the supermarket trade totalled EUR 52.2 million. Of this, EUR 39.7 million consisted of investments in equipment and EUR 12.5 million was for investments in supermarket trade properties in Russia.

Travel industry and hospitality business

In 2012, travel industry and hospitality business in the SOK Corporation was operated by Sokotel Oy in Finland, AS Sokotel in Estonia, and OOO Sokotel in Russia.

In 2012, Sokotel Oy's revenue was EUR 202 million, showing a decrease of 4.3 per cent from the previous year. The negative development was due to the reduced hotel network due to business divestments carried out in 2011. Sales in the remaining network have developed positively. The recovery of sales volume and the average price in the hotel business, which had started in 2011, continued in 2012 and had a positive impact on sales development. Due to the company's development and streamlining measures, Sokotel Oy's operating result was clearly better than in the previous year, although slightly smaller than planned.

In Tallinn, the revenue of AS Sokotel, engaging in the travel industry and hospitality business through Sokos Hotel Viru, increased by 12.5 per cent from the previous year, to EUR 17 million. AS Sokotel's operating result was clearly better than in the previous year and than planned.

In St. Petersburg, SOK Corporation's travel industry and hospitality business is operated by OOO Sokotel. There are three Sokos Hotels in St. Petersburg. The company's revenue totalled EUR 32 million, representing growth of 17.4 per cent. The boost experienced in domestic travel in Russia increased growth. The result of OOO Sokotel was slightly weaker than planned but clearly better than in the previous year.

In 2012, the investments by the travel industry and hospitality business totalled EUR 9.3 million. Of these, investments in Finland accounted for EUR 7.9 million, in Russia approximately EUR 1 million, and in Estonia EUR 0.4 million.

Automotive trade and accessories

SOK Corporation's automotive trade and accessories revenue was EUR 172 million, down by 19.4 per cent from the previous year. Purchases by co-op members were at the same level as last year. Approximately EUR 0.9 million was paid to co-op members as bonuses. The operating result of the automotive trade and accessories still showed a loss and was weaker than in the previous year and than planned. This was, in particular, affected by the change in the vehicle tax on 1 April 2012, which caused demand to plummet. Adjusting the cost level was slower than the decline in the market.

The total market for new passenger cars was 111,251 vehicles, showing a decline of 11.8 per cent compared to the previous year. The total market for vans in 2012 was 11,469, a decline of 20.9 per cent compared to the previous year. The market for used vehicles declined by 0.9 per cent in 2012.

There were no significant investments in the automotive trade and accessories in 2012.

Agricultural trade

Revenue of agricultural trade decreased by 2.5 per cent from the previous year to EUR 971 million. The decline in revenue was partly due to the divestment of construction supply wholesale operations at the beginning of 2012 and the one-time sales of intervention cereal completed in the comparison year. Fuel sales and garden supply trade developed favourably during the financial year. The operating result of the Hankkija-Maatalous Group was profitable but slightly weaker than in the previous year and than planned. The weaker result was contributed to by the general increase in personnel costs. The sales margin accumulation in grain sales was also lower than in the previous year.

In 2012, the investments by the agricultural trade totalled approximately EUR 8 million. The investments consisted primarily of information systems, store and transportation equipment and investments in feed production.

Procurement and service business

The procurement and service business comprises the procurement and logistics services for groceries and consumer goods by Inex Partners Oy and SOK's procurement operations, the procurement and logistics services by Meira Nova Oy in the HoReCa business as well as fuel procurement by North European Oil Trade Oy , as well as other services provided by SOK and its subsidiaries primarily for the S-Group units. Revenue generated by other services provided by S Group to the units consists of, among other things, chain fees, management service income as well as property service and lease income.

Inex Partners Oy's revenue was EUR 4,847 million. Comparable revenue increased by 2.2 per cent from the previous year. The increase in revenue is attributable to S Group's successful grocery trade. In terms of groceries, the increase in Inex's comparable revenue compared to the previous year was 5.3 per cent. In consumer goods, the decrease in Inex's sales was 3.1 per cent. Inex Partners Oy's operating result in the grocery trade was as planned, but in consumer goods trade, the result was weaker than planned and than in the previous year.

Meira Nova Oy's revenue of EUR 368 million was better than expected, showing an increase of 9.8 per cent compared to the previous year. Sales to S Group amounted to 49.0 per cent of the total sales and showed an increase of 19.4 per cent compared to the previous year. Meira Nova Oy's operating result was better than planned and than in the previous year due to the increase in sales and the management of fixed costs.

Fuel trade revenue of the fuel procurement company North European Oil Trade Oy was EUR 3,643 million. It showed an increase of 5.2 per cent compared to the previous year, which was due to the increase in excise duties on fuel, the EUR/USD exchange rate, and the world market prices of fuel. North European Oil Trade Oy's operating result was smaller than planned but clearly better than in the previous year.

Revenue of the service business was EUR 7,468 million, up 5.1 per cent on the previous year. The figure includes the EDI invoicing through SOK, related to the cooperative enterprises goods procurement. Revenue generated primarily by other services provided to S Group's units by SOK and its subsidiaries, excluding the EDI invoicing, was EUR 342 million, up 23.0 per cent on the previous year. The operating result of the service business was better than in the previous year and than planned.

The investments by the procurement and service business totalled approximately EUR 55.2 million. The EUR 14.4 million investments in the procurement business were primarily generated by the equipment and system purchases related to the consumer goods logistics centre in Sipoo. The EUR 40.8 million investments of the service business are predominantly comprised of information system procurement and the acquisition of two hotel properties in Tampere.

Result from banking

The result from Banking was EUR 4.8 million, of which 50 per cent, or EUR 2.4 million (EUR 3.5 million) has been consolidated in SOK Corporation's result.

CHANGES IN THE GROUP STRUCTURE

Changes during the period

Business acquisitions, establishments, and reorganisations
In the autumn, SOK purchased, through SOK Real Estate Int. Oy, a minority share of OOO Itis and OOO Itis 3 as well as a controlling share of OOO Itis 2. These companies manage the commercial facilities with Prisma stores in three shopping centres being built in the St. Petersburg area. SOK plans to acquire the remaining shares of OOO Itis, OOO Itis 2 and OOO Itis 3 as soon as the buildings are completed.

In November, SOK acquired LB Kiel Tampere Ab, which owns Kiinteistö Oy Tullintorni and Oy Tammer Ab. The companies own the properties in Tampere in which Sokotel Oy's Sokos Hotel Tammer and Sokos Hotel Villa operate as tenants. Previously, the properties of Sokos Hotel Tammer and Sokos Hotel Villa were SOK's finance leasing properties.

In November, SOK established Kiinteistö Oy Vallilan Veturi.

In December, SOK established SOK Fund Management Oy to manage and lease properties for the business companies in the neighbouring countries.

As a result of the change in North European Oil Trade Oy's ownership in December, SOK's holding decreased to approximately 50 per cent. SOK Corporation executes shared controlling interest in the company, based on the shareholder agreement, so the company is treated as a joint venture in the financial statements.

Business sales and discontinued operations
At the end of September, SOK sold the shares of Kiinteistö Oy Tampereen Tornihotelli.

Events after the financial period

The competition authorities have approved the sale of the shares of SOK's wholly-owned subsidiary Hankkija-Maatalous Oy to Danish DLA International. In the transaction, 60 per cent of Hankkija-Maatalous Oy's shares were transferred to DLA International in January 2013. The sales of the remaining shares will be agreed on separately in 2014 and 2015. Included in the transaction were also Hankkija-Maatalous Oy's subsidiaries Hiven Oy, Movere Oy, SIA Baltic Feed and UAB Baltijos Pasarai as well as the associated company Farmit Website Oy. The Hankkija-Maatalous Group is presented in the financial statements as assets held for sale.

In January, the name SOK Holding Oy was changed to SOK Liiketoiminta Oy.

MANAGEMENT AND FUTURE OUTLOOK

Management and changes

Kuisma Niemelä was chairman of SOK's Executive Board and the CEO. Harri Koponen, Managing Director of the Turku Cooperative Enterprise, was the Vice Chairman of the Executive Board.

In addition to the CEO and the Vice Chairman, the Executive Board in 2012 consisted of the following members: Managing Director Esko Jääskeläinen, Managing Director Tapio Kankaanpää, Managing Director Arttu Laine, Managing Director Antti Määttä and Managing Director Matti Niemi.

The auditor in the financial year 2012 was KPMG Oy Ab, authorised public accountants, with APA Raija-Leena Hankonen as the principal auditor.

SOK's Supervisory Board has appointed Kuisma Niemelä, Esko Jääskeläinen, Tapio Kankaanpää, Harri Koponen, Arttu Laine and Matti Niemi to SOK's Executive Board for the term starting on 1 January 2013. Managing Director Timo Mäki-Ullakko was appointed a new member of the Executive Board for 2013.

Assisting SOK's CEO Kuisma Niemelä in the strategic management of SOK Corporation and S Group was SOK's Corporate Management Team, which in 2012 comprised the following members: Antti Sippola, Senior Vice President, Deputy CEO; Jari Annala, Senior Vice President; Suso Kolesnik, Senior Vice President; Vesa Kyllönen, Senior Vice President; Leena Laitinen, Senior Vice President; Harri Miettinen, Senior Vice President; and Leena Olkkonen, Senior Vice President. Jorma Vehviläinen, Senior Vice President, was appointed a new member of the Corporate Management Team as of 1 April 2013 as Leena Laitinen, Senior Vice President, takes study leave. Seppo Kuitunen, General Counsel, worked as secretary to the Corporate Management Team.

Risks and uncertainties

SOK Corporation has a Board approved risk management policy, which is based on S Group's shared risk management principles. SOK Corporation's risk management policy describes the purpose, objectives, key implementation methods and responsibilities of the Group's 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 impacting on the attainment of their goals and to take advantage of opportunities related to the risks in their business operations.

SOK Corporation's most central risks are related to ensuring the competitiveness and profitability of operations in Finland, Russia and the Baltic countries in the current uncertain economic situation. The management of these risks highlights continuous development of business ideas, regular monitoring of country risks, management of resources and information-based management. There are also uncertainties associated with the success of implementation of S Group's strategic development projects. Several management measures are in place to manage risks, such as a project management model and risk management tools for projects.

SOK Corporation's financing and management of financing risks is centralised within SOK's Treasury unit. The Group has a finance and funding policy confirmed by SOK's Executive Board, which defines the principles of finance risk management and the allowed maximum amounts for finance risks. In addition, numerical targets have been set for the different sub-areas of financing in order to ensure that financing is sufficient, balanced, and affordable under all circumstances. The management of finance risks and price risks of goods are described in greater detail in the Notes to the consolidated financial statements.

Environmental risks associated with SOK Corporation's business operations have been identified and analysed by business area. The obligations related to mitigating climate change, improving energy efficiency, and increasing renewable sources of energy include both risks and opportunities for S Group's business operations. The most significant environmental considerations and related measures are described in S Group's corporate responsibility report, which will be published on the S-Kanava website (www.s-kanava.fi) in the spring of 2013. The most central key figures depicting SOK Corporation's business operations as well as financial position and result are presented in the key figures table in the Notes to the financial statements.

Outlook for the current year

The development of the general economic situation in Finland and in the neighbouring countries is a significant factor for the success of SOK Corporation's operations. The expected results development for the current year will be considerably affected by the development of the debt crisis in the euro area, changes in employment and tighter economic policies by governments. As a result of the streamlining measures implemented in the business operations, the results of SOK Corporation's operations in Finland are believed to improve slightly from the previous year's level.

The continuing network expansion according to plan will have a negative impact on the result of the supermarket trade, particularly in Russia. In the Baltic countries as well, opening new units will continue to affect the result of the supermarket trade. Due to the network expansion, the result of the supermarket trade overall may be weaker than in the previous year.

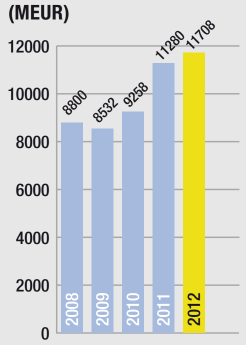
Overall, it is expected that the operational result of SOK Corporation's business operations will continue to show a loss due to the launching of the new procurement business operating model, automotive trade and accessories and the network expansion of the supermarket trade, but it will show positive development over the previous year. The Executive Board will pay particular attention to improve SOK Corporation's effectiveness.

Helsinki, 14 February 2013

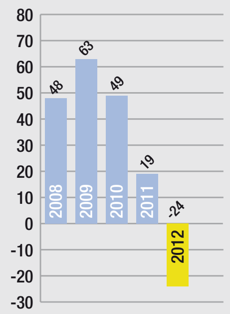
SUOMEN OSUUSKAUPPOJEN
KESKUSKUNTA

Executive Board

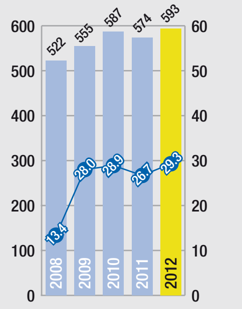
SOK CORPORATION'S REVENUE, CONTINUING OPERATIONS (MEUR)



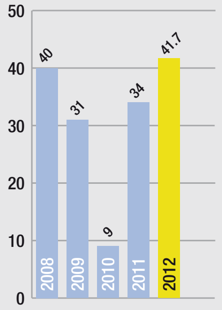
OPERATING PROFIT, CONTINUING OPERATIONS (MEUR)



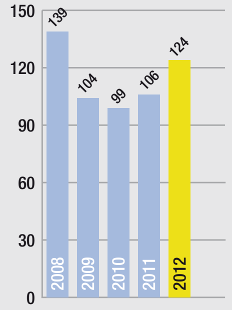
EQUITY AT 31 DEC (MEUR), EQUITY RATIO (%)



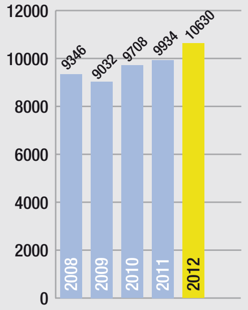
GEARING (%)



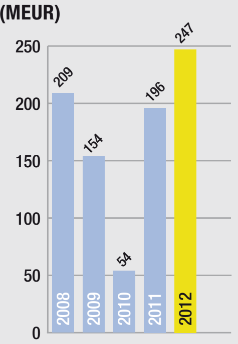
CAPITAL EXPENDITURES (MEUR)



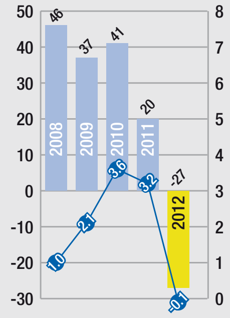
PERSONNEL AT 31 DEC (PERS.)



INTEREST-BEARING NET LIABILITIES AT 31 DEC (MEUR)



PROFIT BEFORE TAXES (MEUR), CONTINUING OPERATIONS RETURN OF INVESTMENT (%)



Consolidated financial statements, IFRS

Consolidated income statement, IFRS

EUR million	Note	**1.1.–31.12.2012**	1.1.–31.12.2011
Continuing operations:			
Revenue		11,708.3	11,280.2
Other operating income	(4)	3.2	21.2
Materials and services		-10,901.1	-10,486.9
Employee benefit expenses	(5)	-376.6	-355.0
Depreciation and impairment losses	(6)	-71.0	-72.4
Other operating expenses	(7)	-391.9	-373.8
Share of results of associated companies and joint ventures (+/-)	(16)	4.8	5.4
Operating profit		**-24.4**	**18.8**
Financial income and expenses (+/-)	(9)	-2.4	0.4
Share of results of associated companies and joint ventures (+/-)	(3)	-0.3	0.3
Profit before taxes		**-27.1**	**19.5**
Income taxes (+/-)	(11)	4.3	-7.8
Result for the financial year from continuing operations		**-22.8**	**11.7**
Result for the financial year		**-22.8**	**11.7**
Attributable to:			
Owners of the parent		-23.2	12.3
Share of non-controlling interests		0.3	-0.5
		-22.8	11.7

Statement of other comprehensive income

EUR million	**1.1.–31.12.2012**	1.1.–31.12.2011
Result for the financial year	-22.8	11.7
Other comprehensive income:		
Exchange differences on translating foreign operations	0.8	-1.0
Available-for-sale financial assets		
Fair value changes during the period	9.7	-3.3
Income tax relating to available-for-sale financial assets	-2.4	0.8
Comprehensive income items of associated companies and joint ventures	28.6	-13.2
Other comprehensive income for the financial year, net of tax	36.6	-16.7
Total comprehensive income for the financial year	**13.8**	**-5.0**
Total comprehensive income for the financial year attributable to:		
Owners of the parent	13.4	-4.4
Share of non-controlling interests	0.3	-0.5
	13.8	-5.0

Consolidated statement of financial position, IFRS

EUR million	Note	**31.12.2012**	31.12.2011
ASSETS			
Non-current assets			
Property, plant and equipment	(12)	337.1	347.0
Investment properties	(13)	44.3	47.6
Intangible assets	(14)	65.6	120.7
Interests in associated companies and joint ventures	(16)	116.8	78.6
Non-current financial assets	(17)	98.6	61.4
Deferred tax assets	(18)	34.1	34.0
Non-current assets, total		**696.5**	**689.2**
Current assets			
Inventories	(19)	220.6	462.5
Trade receivables and other current non-interest-bearing receivables	(20)	639.8	825.2
Current interest-bearing receivables	(21)	8.2	34.7
Short-term investments	(22)	20.0	39.9
Cash and cash equivalents	(3)	147.8	126.3
Current assets, total		**1,036.4**	**1,488.7**
Assets held for sale	(2)	321.8	
Assets, total		**2,054.7**	**2,177.9**
EQUITY AND LIABILITIES			
Equity			
Cooperative capital	(24)	156.0	145.7
Restricted reserves	(24)	38.8	3.0
Retained earnings		396.2	420.3
Equity attributable to the the owners of the parent		**591.1**	**569.0**
Non-controlling interests		**1.9**	**5.3**
Equity, total		**592.9**	**574.3**
Non-current liabilities			
Supplementary cooperative capital	(25)	12.8	12.8
Non-current interest-bearing liabilities	(26)	106.3	134.1
Non-current non-interest-bearing liabilities	(27)	36.2	37.1
Provisions	(29)	6.0	5.6
Deferred tax liabilities	(18)	16.2	23.0
Non-current liabilities, total		**177.4**	**212.5**
Current liabilities			
Current interest-bearing liabilities	(26)	239.6	215.3
Current non-interest-bearing liabilities	(27)	44.0	247.1
Trade payables	(27)	724.4	923.0
Provisions	(29)	2.8	2.1
Tax liabilities for the financial year		0.4	3.5
Current liabilities, total		**1,011.3**	**1,391.1**
Liabilities associated with assets held for sale	(2)	273.1	
Equity and liabilities, total		**2,054.7**	**2,177.9**

Consolidated statement of cash flows, IFRS

EUR million	Note / Reference	**1.1.–31.12.2012**	1.1.–31.12.2011
BUSINESS OPERATIONS			
Operating profit from continuing operations		-24.4	18.8
Adjustments to operating profit	(A)	52.5	22.7
Change in working capital	(B)	32.8	-117.4
Cash flow from business operations before financing and taxes		**60.9**	**-75.9**
Increase (-) / decrease (+) in current receivables	(20)	0.7	-5.8
Interest paid and other financial expenses	(9)	-10.6	-1.2
Interest received and other financial income	(9)	15.0	11.7
Dividends received from business operations	(9)	1.1	1.1
Income taxes paid	(11)	1.0	-4.4
Cash flow from business operations		**68.1**	**-74.6**
INVESTMENTS			
Acquired shares in subsidiaries	(2)	-3.0	-0.9
Divested shares in subsidiaries	(3)	5.1	20.8
Liquid assets of divested and acquired subsidiaries	(2)	0.2	-0.7
Investments in tangible assets	(12)	-98.0	-82.5
Investments in intangible assets	(12)	-23.8	-6.9
Divestments of tangible fixed assets	(12)	41.8	0.7
Change in other long-term investments	(12)	-23.3	1.1
Dividends received from investments	(9)	0.2	0.1
Cash flow from investing activities		**-100.7**	**-68.2**
FINANCING			
Increase in long-term liabilities	(26)	300.0	392.1
Decrease in long-term liabilities	(26)	-314.5	-395.7
Increase (+) / decrease (-) in short-term liabilities	(27)	43.7	53.3
Interest paid	(9)	-7.3	-9.0
Interest received	(9)	12.7	8.1
Changes in bonds and notes and mutual fund shares	(22)	19.9	-19.8
Share of non-controlling interests			-13.0
Increase in cooperative capital	(24), (25)	10.4	6.1
Interest paid on the cooperative capital	(25)	-0.4	-0.6
Other decrease in equity	(24)	0.0	-0.3
Cash flow from financing		**64.5**	**21.3**
Increase / Decrease in cash and cash equivalents		**31.8**	**-121.5**
Cash and cash equivalents at the beginning of the year	(23)	**126.4**	**248.2**
Foreign exchange rate effect on cash and cash equivalents		**-0.5**	**-0.3**
Increase / Decrease in cash and cash equivalents		**31.8**	**-121.5**
Cash and cash equivalents at the end of the year	(23)	**157.7**	**126.4**
Adjustments to operating profit	(A)		
Gains from the sale of fixed assets		-1.7	-19.0
Depreciation and impairment losses		71.0	72.2
Other non-cash income and expenses		-16.8	-30.5
		52.5	22.7
Change in working capital	(B)		
Change in trade and other receivables		119.9	-99.4
Change in inventories		98.2	-115.2
Change in non-interest-bearing liabilities		-185.3	97.2
		32.8	-117.4

Only short-term, under three month debt securities have been categorised as cash and cash equivalents in the consolidated cash flow statement. The loan period of short term loans is less than 3 months.

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 2011	139.6	0.1	18.5	0.1	-1.5	410.5	567.3	20.0	587.2
Total comprehensive income		-15.7			-1.0	12.3	-4.4	-0.5	-5.0
Increase in cooperative capital	6.1						6.1		6.1
Other changes				0.0		0.1	0.0	-0.1	0.0
Acquisition of the share of non-controlling interest								-13.7	-13.7
Payment of dividend to non-controlling interest								-0.3	-0.3
31 Dec 2011	**145.7**	**-15.5**	**18.5**	**0.0**	**-2.5**	**422.8**	**569.0**	**5.3**	**574.3**
Total comprehensive income		35.9			0.8	-23.2	13.4	0.3	13.8
Increase in cooperative capital	10.3						10.3		10.3
Other changes				0.0		-1.7	-1.7	-3.5	-5.2
Payment of dividend to non-controlling interest								-0.3	-0.3
31 Dec 2012	**156.0**	**20.3**	**18.5**	**0.1**	**-1.8**	**398.0**	**591.1**	**1.9**	**592.9**

Notes to the consolidated financial statements

COMPANY INFORMATION

In accordance with SOK's Statutes, the name 'SOK Corporation' is used for the SOK Group. SOK Corporation comprises Suomen Osuuskauppojen Keskuskunta (SOK) and its subsidiaries. SOK is domiciled in Helsinki and its registered address is Fleminginkatu 34, 00510 Helsinki.

SOK's purpose is to create competitive advantage for S Group's businesses. SOK implements its operational objective by developing and guiding S Group's strategies, value chain, and chain operations in co-operation with the cooperative enterprises. SOK produces the shared, competitiveness-enhancing services S Group requires and engages in profitably growing operations in Finland and its neighbouring countries, with the aim of creating synergies and added economic value for S Group's products.

A copy of the consolidated financial statements is available at http://www.s-kanava.fi or from SOK Reputation and Responsibility -unit.

ACCOUNTING POLICIES FOR CONSOLIDATED FINANCIAL STATEMENTS

Accounting basis

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), and the IAS and IFRS standards and SIC and IFRIC interpretations in force on 31 December 2012 have been applied in preparing them. 'International Financial Reporting Standards' refer to the standards defined in the Finnish Accounting Act and related regulations approved for application in the EU and their interpretations in accordance with EU regulation (EC) 1606/2002. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards since 2007.

The financial statement information is presented in millions of euro and is based on original acquisition costs unless indicated otherwise in the accounting policies below.

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.

The Group has applied the following new and revised standards and interpretations since 1 January 2012

- Amendment to IFRS 7 Financial Instruments: Disclosure and Presentation, which is in effect in financial years starting on 1 July 2011 or later. The amendments will increase the transparency concerning the presentation of business transactions relating to transfers and improve the users' opportunities to receive information on risks related to the transfer of financial instruments and the effect of these risks on the financial position of the institution, especially concerning the securitisation of financial assets.
- Amendment to IAS 12 Income Taxes, which is in effect in financial years starting from 1 January 2012 or later. The amendments deal with the background assumption related to the recognition of deferred taxes. In accordance with the amendment, the carrying value of investment properties valued at fair value is assumed to accumulate from the sales of the asset item to be accumulated, instead of continuous use, in the future.

New or revised standards and interpretations published by IASB in the financial period 2012 did not have a significant effect on the consolidated financial statements.

Comparability of the income statement

IT administration costs, previously recognised in external services, were recognised in other operating income as of the beginning of 2012. The 2011 income statement has been adjusted to be comparable.

Use of estimates

The preparation of the financial statements in compliance with IFRS calls for the making of 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. Any changes to estimates and assumptions are recognised in the financial period during which the estimate or assumption is corrected.

The main uncertainties in respect of estimates and assumptions concerning the future that cause a risk of significant changes to the carrying values of assets and liabilities in the subsequent financial period concern the determination of the fair value of assets acquired in business combinations and financial instruments, impairment testing, as well as deferred tax assets and provisions.

In significant reorganisations, the Corporation has used an external advisor when evaluating the fair values of tangible and intangible assets, and comparisons with the market prices of equivalent assets have been made in the valuation of such assets. With associated companies and joint ventures, management assessment has been used when determining whether they are treated as subsidiaries, joint ventures or associated companies. Additional information on business combinations is available in Note 3 Business acquisitions.

Impairment testing is carried out annually on goodwill and possible intangible assets in progress. In addition to these, impairment testing is carried out on unprofitable foreign operations.

The recoverable monetary amount from the operations of a business entity subject to impairment testing is based on value in use calculations or on the fair value less expenses incurred by sales. Value in use has been calculated on the basis of forecast discounted cash flows. Impairment testing on goodwill is described in greater detail in Note 15, Impairment testing on goodwill.

Assumptions and key uncertainties related to determining the fair value of financial instruments are described in Note 28, Fair values of financial assets and liabilities. Additional information on deferred tax assets and provisions is available in Note 18, Deferred taxes and Note 29, Provisions

Principles of consolidation

The consolidated financial statements include the parent cooperative and all subsidiaries in which the parent cooperative has controlling interest. Controlling interest is generated when the Corporation has the right to control the principles of the company's finances and operations in order to gain benefits from its operations. In addition to Finland, the parent cooperative has subsidiaries in Russia, Estonia, Latvia, and Lithuania.

Acquired subsidiaries are consolidated using the purchase method, according to which all the identifiable assets and liabilities of the acquired company are measured at fair value on the date of acquisition. Goodwill is recognised in the amount by which the combined amount of the consideration given, the share of non-controlling shareholders in the acquired company and the share owned previously exceed the fair value of the acquired net assets. Costs related to the acquisition, excluding borrowing costs, are recognised as expenses.

Joint ventures in which SOK Corporation exercises shared control and associated companies in which the Corporation holds 20–50 per cent of the votes and in which the Corporation has significant influence but does not exercise control have been consolidated using the equity method. The share in accordance with the Corporation's holding of the changes recognised in other comprehensive income items has been recognised in the Corporation's other comprehensive income items. If the Corporation's share of an associate company's or joint venture's losses exceeds the carrying amount of the investment, the investment is entered in the balance sheet at zero value and losses in excess of this amount are not taken into account unless the Corporation has obligations towards the associated companies or joint ventures. The share of the profits of an associated company or joint venture that has been acquired for investment purposes is presented below operating profit, before financial income and expenses. The profit or loss of associated companies and joint ventures serving the Corporation's ordinary operations is, however, presented before the final operating profit.

Companies acquired or established during the financial year have been consolidated from the date of acquisition or establishment. Divested subsidiaries as well as associated companies and joint ventures have been consolidated in the consolidated financial statements up to the date on which the controlling interest, shared controlling interest or significant influence ends. The changes in the parent company's holding in a subsidiary which do not result in losing the controlling interest are treated as transactions concerning shareholders' equity.

Intra-Group transactions, receivables, liabilities, unrealised margins, and internal distribution of profits have been eliminated in the consolidated financial statements. Profit or loss for the financial period as well as the comprehensive income for the financial period have been distributed to the shareholders of the parent company and non-controlling shareholders. The share on non-controlling shareholders is presented as a separate item in the Corporation's shareholders' equity.

Mutual real-estate companies are consolidated (those assets and liabilities the shareholder is responsible for) line by line as jointly controlled assets in proportion to the Corporation's shareholding.

Items denominated in foreign currency

The consolidated financial statements are presented in euro, which is the functional and presentation currency of SOK Corporation's parent cooperative. The figures concerning the result and financial position of foreign Group companies have been originally given in the currency of each company's operating environment.

Transactions in foreign currency have been recognised at the exchange rate on the date of the transaction. Foreign currency monetary items at the end of the financial year have been translated into euro at the exchange rate quoted by the European Central Bank on the closing day of the financial year and the exchange rate differences have been recognised through profit and loss. Non-monetary items have been valued at the rate on the date of the transaction.

Exchange rate differences arising from the valuation of trade receivables are recognised in revenue, and exchange rate differences arising from the valuation of trade payables are recognised in expenses above the operating profit. The exchange gains and losses of receivables belonging to other financial items in the balance sheet are recognised in financial income and, correspondingly, those belonging to other liabilities, in financial expenses.

The income statements of foreign subsidiaries are translated into euro at the average rate of the financial period, and the balance sheets at the rate on the balance sheet date. An exchange rate difference arising from translating the income statement items and other comprehensive income items according to the average rate and translating balance sheet items according to the balance sheet date and, similarly, a translation difference due to exchange rate changes in the elimination of the subsidiaries' acquisition cost and in shareholders' equity, have been recognised as a separate item in other comprehensive income items. When a foreign subsidiary, associated company or joint venture is divested, the cumulated translation difference is recognised as part of capital gain or loss through profit and loss.

Financial assets and liabilities

Financial assets are included in the following balance sheet items: non-current financial assets, trade receivables and other current non-interest-bearing receivables, current interest-bearing receivables, current investments and cash and cash equivalents.

Non-current financial assets consist of shares, capital loan receivables, other long-term loan receivables, long-term trade receivables and long-term receivables that have been sold to finance companies and for which the Corporation still has a repurchase obligation. Trade receivables and other current non-interest-bearing receivables, which are included in financial assets, comprise trade receivables, derivative receivables, and accrued income in respect of financial items. Current interest-bearing receivables comprise short-term loan receivables, other short-term receivables, and current receivables sold to finance companies.

Current investments consist of debt securities that have been invested short-term with the intention to sell them within 12 months of the reporting date. Cash and cash equivalents consist of cash in hand and very liquid receivables from credit institutions.

Financial liabilities are included in the following balance sheet items: supplementary share capital, non-current interest-bearing liabilities, non-current non-interest-bearing liabilities, current interest-bearing liabilities, current non-interest-bearing liabilities, and trade payables.

Supplementary share capital is treated as a liability because, in accordance with its terms and conditions, the cooperative bears an obligation to return the capital on demand. Non-current interest-bearing liabilities consist of liabilities to financial institutions and others, long-term interest-bearing trade payables, finance lease liabilities, and finance company liabilities for sold receivables. Non-current, non-interest-bearing liabilities, which are included in financial liabilities, comprise the regional cooperative enterprises' funds that have been invested in SOK Corporation's cash-counting service. Trade payables consist of current trade payables. Current interest-bearing liabilities consist of current liabilities to financial institutions, cooperative enterprises and others, as well as current finance lease liabilities and current finance company liabilities related to sold receivables. Current non-interest-bearing liabilities, which are included in financial liabilities, consist of derivative liabilities as well as accruals and deferred income related to financial items.

SOK Corporation applies a settlement-date practice in recognising financial assets and liabilities in the balance sheet. Financial assets and liabilities that will not be later measured at fair value through profit and loss are initially measured at fair value plus the immediate acquisition costs.

Financial assets and liabilities are classified as financial assets or liabilities measured at fair value through profit and loss, financial assets held to maturity, available-for-sale financial assets, loans and other receivables, and other financial liabilities. Financial assets and liabilities are measured at fair value or amortised cost using the effective interest method in accordance with their classification.

The fair value of a financial instrument is determined on the basis of prices quoted in active markets or by using measurement methods that are generally applied in the markets. Financial assets and liabilities to be measured at fair value include certificates of deposit and interest rate swaps, the fair value of which has been determined by discounting future cash flows from the present value using the market interest rates on the balance sheet date. The fair value of interest rate options is determined on the basis of the Black-Scholes pricing model. The fair value of forward exchange contracts, interest rate swaps, and foreign exchange agreements has been calculated by discounting future cash flows from the present value and translating the foreign currency amounts thus obtained into euro using the foreign exchange rates quoted by the ECB on the balance sheet date. Financial assets and liabilities at fair value have been measured using average rates.

Derivative contracts in which hedge accounting is not applied are recognised in financial assets and liabilities to be measured at fair value through profit and loss. Derivative contracts are primarily used for hedging purposes, but hedge accounting is not applied, with the exception of interest rate derivatives.

Financial assets or liabilities recognised at fair value through profit and loss are measured at the market price of the closing date. The change in fair value is entered in the income statement in such a manner that the difference between the value on the balance sheet date of the financial instruments recognised at fair value in the income statement and the carrying value on the previous balance sheet is entered as the income or expense for the period. If the financial instrument recognised at fair value was acquired during the financial period, the difference between the value of the financial instrument on the balance sheet date and its acquisition cost is entered as the income or expense for the period.

In accounting, derivatives have been measured at fair value and changes in the value, with the exception of hedging, have been recognised through profit and loss. Realised and non-realised gains and losses from derivative contracts made in order to hedge sales and trade receivables are recognised in sales income. Realised and non-realised gains and losses from derivative contracts made in order to hedge other receivables are recognised in financial income. Realised and non-realised gains and losses from derivative contracts made in order to hedge purchases, trade payables and inventory value and from currency-denominated loans and receivables are recognised in purchases. Gains and losses from derivatives made in order to hedge other receivables are recognised in financial expenses. The majority of electricity derivatives were transferred to S-Voima Oy in 2010. In connection with this, some electricity derivatives remained with SOK and were transferred to S-Voima Oy through contracts with opposite items. The electricity derivatives are measured at fair value but their net effect on earnings is zero.

Held-to-maturity investments include debt securities and other non-derivative financial assets that are connected to fixed or determinable payments and mature on a certain date. Held-to-maturity investments are measured at amortised acquisition cost using the effective interest method. Any impairment loss is recognised through profit and loss and the accrual of interest is continued on the lowered balance at the original effective interest rate of the contract. SOK Corporation did not have held-to-maturity investments in 2011 or 2012.

The items recognised in available-for-sale financial assets are debt securities and other domestic and foreign securities and participations that are not classified as financial assets at fair value through profit and loss, investments held to maturity, or loans and other receivables. Financial assets available for sale are measured at fair value. The fair value of publicly traded investments is defined on the basis of their market values. Investments that are not publicly quoted are measured at cost if their fair values cannot be reliably determined. The change in fair value is recorded in equity in the fair value reserve through other comprehensive income items. When the financial instrument is sold, the cumulative change in fair value cumulated in equity, together with accrued interest and capital gains or losses, is recognised in the income statement as a change in classification.

Loans and other receivables include such financial assets unquoted on an active financial market, for which the payments are fixed or determinable and which do not belong to financial assets measured at fair value through profit and loss, financial assets held to maturity, or available-for-sale financial assets. The transaction costs of liabilities and receivables are included in the amortised acquisition cost calculated using the effective interest method and amortised through profit and loss for the term-to-maturity of the receivable. After the initial recognition, liabilities and receivables are measured at amortised acquisition cost using the effective interest method.

An item belonging to other financial liabilities is recognised in the balance sheet at its nominal value when its fair value at the time of its entry corresponds to the nominal value. If the debt capital received is less or more than the nominal value of the liability, the debt is measured at the amount that has been received for it. The amount recognised as expense or income for the financial period from the difference between the nominal value of the debt and cost of debt is amortised and recognised as an increase or decrease in the cost of debt. The difference between the nominal value and cost, or a fee or other expense that is associated with the debt and is included in the interest expense related to the debt, is amortised using the effective interest method as an expense for the term-to-maturity of the debt. Other financial liabilities are measured at the amortised cost on the balance sheet date using the effective interest method.

Hedge accounting

Hedge accounting has been applied from 1 July 2011 to interest swaps hedging current and planned very probable variable-rate debts as well as to interest rate and currency swaps which were effective in terms of the risk to be hedged and complied with the hedging requirements of the IAS 39 standard. Only interest cash flows have been hedged in the interest rate and currency swaps. The hedging relationship between the hedging derivative and the hedged item as well as the risk management objectives related to hedging have been documented at the inception of hedge accounting.

The hedge accounting model used is cash flow hedge. The hedging period portion of the hedging instrument is amortised on the period in question. The portion of the hedging instrument result and value change caused by the change in interest rates belonging to the period after the reviewed date, is recognised in other comprehensive income items and presented in the fair value reserve of shareholders' equity.

The effectiveness of the hedging is tested when hedge accounting begins and thereafter four times per year, from the situation at the end of March, June, September and December viewing backward and forward. A hedge has been considered effective when the change in the cash flows of the hedging instrument has eliminated 80 to 125 percent of the change in the cash flows of the contract or position being hedged.

The Corporation has derivative contracts outside of hedge accounting which, according to the Corporation's financial policy, are effective economic hedging instruments but to which hedge accounting in accordance with the IAS 39 standard is not applied.

Impairment of financial assets

At the end of the reporting period, the Corporation assesses whether there is any objective evidence that the value of items other than those classified as financial assets at fair value through profit and loss are impaired. Objective evidence is considered to be, for example, a customer's delay in payment, insolvency or bankruptcy, reorganisation or consolidation of debt, as well as a major change in the credit rating. If there is objective evidence of impairment, an impairment loss is recorded.

The amount of an impairment loss on financial assets recorded at amortised cost is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows from the asset, including the fair value of any collateral. The discount rate applied is the original effective interest rate of the receivable. The difference is recognised as an impairment loss in the income statement, and the accrual of interest is continued on the lowered balance at the original effective interest rate of the contract.

If the amount of an impairment loss subsequently decreases and the change can be attributed to an event that has taken place after the recognition of the impairment loss, the impairment loss is reversed through profit and loss.

When there is objective evidence of the impairment of debt securities or shares included in available-for-sale financial assets, the cumulative loss that was recognised in equity is recognised in the income statement as an impairment loss. The impairment loss of a share that is not publicly quoted is determined as being the difference between the carrying amount and the present value of estimated future cash flows discounted at the market yield of a similar item on the reporting date. If the fair value of notes or bonds classified as available-for-sale later increases and the increase can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised through profit and loss. If the fair value of a share later increases, the increase in value is recognised in equity through other comprehensive income items.

Principles of income recognition

SOK Corporation's revenue consists of invoicing related to the cooperative enterprises' goods procurement, joint service business operated by SOK in a centralised manner and retail by SOK's subsidiaries. Sales to the cooperative enterprises are invoiced sales. Retail is mainly cash or credit card sales.

The sales of goods and services are included in revenue. In calculating revenue, sales gains are stated less items such as bonus discounts granted to co-op members from centralised purchases and other discounts, value added tax and foreign exchange differences on sales.

Revenue from the sales of goods is recognised when the significant risks, benefits and control related to the ownership of goods have been transferred to the buyer and it is probable that the Corporation will gain the economic benefit related to the sales. As a rule, income from the sales of goods is recognised at the moment the goods are relinquished. Income from services is recognised when the service has been rendered and gaining economic benefit from the rendered service is probable.

Government grants

Grants received from the government or another party are recognised in the income statement when the costs relating to the object of the grant are recorded as an expense. Grants related to the acquisition of tangible and intangible assets are deducted from the carrying amounts of the said commodities. Such grants are recognised as income over the economic life of the asset.

Other operating income

Items presented as other operating income are gains other than those related to the actual sales of goods and services, such as sales gains on fixed assets; capital gains on divestments; damages income and grants received as well as subsidies not granted for funding a certain investment or for participating in a certain expense.

Employee benefit expenses

Pension plans are classified as defined-benefit and defined-contribution plans. Fixed premiums are paid to separate companies under defined-contribution plans. SOK Corporation does not have a legal or constructive obligation to make additional payments if the recipient cannot pay the pension benefits in question. All plans that do not fulfil these conditions are defined benefit plans. Payments made for defined contribution plans are recognised as expenses in the income statement in the financial period in which they are incurred. SOK Corporation does not have defined-benefit plans.

Expenditure based on retroactive work performance is recognised through profit and loss over the period during which they are paid-up. If the benefits are paid-up immediately, they are recognised in as expenses immediately. Based on the duration of their employment relationships, personnel accumulate seniority and age benefits. A seniority and age debt is recognised on the seniority and age benefit.

Operating profit

Operating profit is generated when other operating income is added to revenue, and when purchases of materials, supplies and goods during the financial period; external services; expenses, depreciation and amortization and possible impairments caused by employee benefits; and other operating expenses are deducted from revenue, and when the result of associated companies and joint ventures serving the Corporation's actual operations is added to or deducted from it. All income statement items other than those mentioned above are presented below operating profit.

Foreign exchange differences and changes in the fair value of derivatives are included in operating profit if they arise from items connected to business operations; otherwise they are recognised in financial income and expenses.

Income taxes

Income taxes in the profit and loss statement include current taxes for the financial period, adjustments of prior year taxes, and changes in deferred taxes. The tax effect of items directly recognised in equity or items in the statement of comprehensive income is nevertheless recognised in the said items. Income tax for the period is calculated using the tax rate in effect in each country on the balance sheet date.

Deferred tax liabilities and assets are recognised on the temporary differences between the carrying amount and tax base of assets and liabilities. No deferred tax liabilities have been calculated on goodwill to the extent that goodwill is not tax deductible. The main temporary differences arise from the differences between the carrying amounts and tax bases of property, plant and equipment, and investment properties (finance leases, depreciation difference, intra-group margins, and gains on the sale of assets), from measurement at fair value and from unutilised tax losses. No deferred tax liability is recognised for undistributed earnings of foreign subsidiaries if profit distribution is not probable in the foreseeable future. Deferred taxes are calculated with the tax rates in effect on the balance sheet date and, if the tax rates change, with the tax rates that have in practice been approved by the ending date of the reporting period.

The deferred tax liability is included in the consolidated balance sheet in its entirety, with the exception of the aforementioned undistributed earnings of subsidiaries, and any deferred tax asset to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, and the recognition prerequisites are assessed on each closing date of the reporting period.

Goodwill and other intangible assets

The goodwill arising from business combinations constitutes the difference between the consideration given measured at fair value and the identifiable net assets acquired, which are measured at fair value, at the time of acquisition. Goodwill is not amortised but is annually tested for impairment. Goodwill is allocated to the cash-generating units. The goodwill of associated companies and joint ventures is included in the acquisition cost of the investment.

Other intangible assets include, for example, software licences and copyrights. Other intangible assets are measured at cost and amortised over their estimated economic lives on a straight-line basis. SOK Corporation does not have such intangible assets, apart from goodwill, which have an indefinite economic life.

The depreciation periods of other intangible assets are:

	Years
Software licence fees:	3 to 5
Other intangible assets	3 to 10

Property, plant and equipment

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and any impairment losses.

Straight-line depreciation is recorded on property, plant, and equipment in accordance with each item's economic life. Land areas are not depreciated.

The depreciation periods for property, plant, and equipment are:

	Years
Buildings	15 to 35
Lightweight structures and equipment in buildings	5 to 15
Office and warehouse equipment	5 to 10
Warehouse, maintenance, and production machinery	5 to 10
Restaurant and hotel equipment	3 to 10
In-store equipment	3 to 7
Motor vehicles and servers	3 to 5
Renovations of premises	3 to 10

Depreciation on items of property, plant, and equipment is discontinued when the item is classified as held for sale. Gains from the sale or decommissioning of property, plant, and equipment are recognised in other operating income or expenses.

Impairment losses

The carrying amounts of asset items belonging to property, plant, and equipment are assessed annually to determine whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable monetary amount of the asset is determined. The recoverable amount is estimated annually on the following assets, regardless of whether there are indications of impairment or not: goodwill, intangible assets in progress, and intangible assets with an indefinite economic life. An impairment loss is recognised if the carrying amount of the asset or cash-generating unit is greater than its recoverable amount. Impairment losses are recognised in the income statement.

An impairment loss on a cash-generating unit is first allocated as a reduction of the goodwill of the cash-generating unit and thereafter to reduce the carrying amounts of the unit's other assets on a proportionate basis.

The recoverable amount is defined as the higher of fair value less cost to sell and value in use. In determining value in use, estimated future cash flows are discounted to their present value based on discount interest rates reflecting the average cost of capital before tax on the cash-generating unit.

A previously recognised impairment loss is reversed if the assumptions used in estimating the recoverable amount change. An impairment loss is reversed to an amount not greater than the carrying amount of the asset (less depreciation or amortisation) would have been if an impairment loss had not been recorded in previous years. An impairment loss recognised for goodwill is not reversed.

Leases

Leases that substantially transfer all the risks and rewards incidental to ownership of an asset are classified within SOK Corporation as finance leases. Where assets are acquired under a finance lease, the lower of the asset's fair value or the present value of future lease payments is recognised at the inception of the lease in property, plant, and equipment or in investment properties in the balance sheet (details of investment properties are given below) and the obligations under the lease are recognised in interest-bearing liabilities. Lease payments are split between interest expenses and a reduction in lease liabilities. The interest expense is recognised in the income statement during the lease period so as to produce an equal rate of interest on the remaining balance of the liability. Depreciation is recognised and any impairment losses are recognised on assets obtained by a finance lease. Items of property, plant, and equipment are depreciated according to the Corporation's depreciation periods, or if shorter, the lease term.

Leases where substantially all of the risks and rewards incidental to ownership are borne by the lessor are classified as operating leases. Lease payments received or paid on the basis of other leases are recognised as income or expense in the income statement on a straight-line basis over the lease period.

If a finance lease arises as the result of a sale and leaseback agreement, any gain on the sale is recorded as a liability in the balance sheet and is recognised as income during the lease period. Any loss on the sale is immediately recorded in the income statement.

Investment property

Investment properties are properties that are in use in operations outside SOK Corporation's mainline operations and which the Corporation primarily holds in order to obtain rental income and/or an appreciation in the asset value. Investment properties are measured at cost less accumulated depreciation and any impairment losses in accordance with the same principles that are applied to real estate belonging to property, plant, and equipment. Properties classified as investment properties include both owned properties and properties where the operations have been sold but the lease agreement remains with the Corporation.

Both an assessment based on the market value and performed by an external property evaluator and an assessment based on the property's production value and performed by the Corporation are used in determining the fair value of investment properties. Rental income from investment properties is recognised in revenue. Investment properties include four spa hotels acquired through financing leases where the operations have been sold but the lease agreement remains with the Corporation. The fair value of these properties has not been determined since Holiday Club's lease agreements and sales information are not available for the Corporation.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the FIFO method or the weighted average cost method, and includes all the direct expenses incurred in acquiring materials and goods. In ordinary operations, the net realisable value is the estimated selling price less the estimated cost to complete the product and the necessary selling expenses.

Cooperative interest and dividends payable

Cooperative capital interest and dividends paid by SOK Corporation are recognised as a decrease in equity in the period during which the owners approved the cooperative capital interest or dividend for payment. The interest on supplementary cooperative capital is recognised as an interest expense.

Cooperative capital and supplementary cooperative capital

Cooperative capital consists of the combined amount of the cooperative enterprises' share payments to SOK Corporation. The number of each cooperative enterprise's shares is determined based on the number of members and annual purchases in the said cooperative enterprise.

The supplementary cooperative capital consists of the combined amount of voluntary investments made by cooperative enterprises to SOK Corporation. Since the cooperative enterprises are entitled to reimbursement of their supplementary share payments in a manner and according to the prerequisites stipulated in the Cooperatives Act and SOK's Statutes, supplementary cooperative capital is handled in liabilities.

Provisions

A provision is recognised when SOK Corporation has a legal or constructive obligation as the result of a past event, when it is probable that a payment obligation will be realised, and the amount of the obligation can be reliably estimated. Compensation that can be obtained from a third party in connection with the obligation is recognised in the balance sheet as a receivable when it is certain in practice. The amounts of provisions are estimated on every balance sheet date and are adjusted to correspond to the best estimate on the reporting date.

Provisions can be set up for underutilised premises, warranty provisions, and restructurings of operations.

Assets held for sale and discontinued operations

An asset that is part of a plan of sale or a disposal group is classified as an asset held for sale when the recoverable amount primarily comes from the sale of the asset and not from its continuous use. An asset or group of assets classified as held for sale is measured at the lower of its carrying amount or fair value less estimated selling costs. Assets held for sale and the associated liabilities are presented in the balance sheet separately from assets and liabilities connected with continuing operations from the date on which they have been classified as held for sale. Information for the year of comparison is not reclassified.

A discontinued operation is a separate, significant function that has been disposed of (or has been permanently removed from use) or is classified as held for sale. The profit or loss from discontinued operations is presented in the income statement on a separate line after the result from continuing operations. The income statement information for the year of comparison is adjusted accordingly.

Amendments to standards and interpretations published by IASB taking effect later

The Corporation is likely to apply the IFRS 9 Financial Instruments standard, partially approved in 2009 and 2010, as of its effective date (as of 1 January 2015; not approved by the EU). IFRS 9 will gradually replace the current IAS 39 Financial Instruments: Recognition and Measurement. The first published sections of the standard deal with the classification and valuation of financial assets and liabilities. In the new standard, financial assets are valued either at amortised cost or at fair value after the initial recognition, depending on the business model of the company's management of financial assets and the agreement-based cash flows of financial assets. Equity investments are recognised at fair value after the initial recognition. As for financial liabilities, the rules concerning classification and valuation remain primarily the same. The Corporation estimates that the implementation of the standard may have a significant effect on future financial statements.

The following other new or revised standards and interpretations published by IASB, not yet in effect, will have some impact on the future consolidated financial statements, according to a preliminary estimate. The Corporation will apply them as of the effective date of each standard and interpretation or, if the effective date is not the first day of the financial period, as of the beginning of the financial period following the effective date.

- Amendment to IFRS 7 Financial Instruments: Disclosure and Presentation (effective 1 January 2013)
- New IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- New IFRS 11 Joint Arrangements (effective 1 January 2014)
- New IFRS 12 Disclosure of Interest in Other Entities (effective 1 January 2014)
- New IFRS 13 Fair Value Measurement (effective 1 January 2013)
- Amendment to IAS 1 Presentation of Financial Statements (effective 1 July 2012)
- Revised IAS 28 Investments in Associates and Joint Ventures (effective 1 January 2014)
- Amendment to IAS 39 Financial Instruments: Presentation (effective 1 January 2014)
- Annual amendments to the IFRS standards (not approved by the EU)

Other standards and interpretations published and taking effect later, as well as amendments to them, are not, according to a preliminary assessment, significant to the Corporation.

1. Segment information

For reporting to top management, SOK Corporation's operations are divided into six business segments. The segments are based on business areas. North European Oil Trade Oy has been handled as a joint venture in the 2012 financial statements. Hankkija-Maatalous Group has been presented as assets held for sale in the 2012 financial statements.

SOK Corporation's segments to be reported are

Supermarket trade
SOK Corporation carries on supermarket trade in the Baltic countries and Russia via its subsidiaries. AS Prisma Peremarket has five hypermarkets in Tallinn, one in Narva and two in Tartu, of which one opened in 2012. A/S Prisma Latvija has five hypermarkets in Riga, of which one opened in 2011 and two in 2012. UAB Prisma LT has one hypermarket in Vilnius, the capital of Lithuania, and and two Prisma units in Kaunas, of which one opened in 2012. OOO Prisma has nine supermarkets and five hypermarkets in St. Petersburg. In 2011 and 2012, two supermarkets were opened each year, and in addition, one hypermarket in 2011 and three hypermarkets in 2012. The Prisma network will be expanded in the Baltic countries and Russia also in coming years.

Tourism and hospitality business
SOK Corporation's tourism and hospitality business is carried on by Sokotel Oy in Finland, AS Sokotel in Estonia and OOO Sokotel in Russia. SOK Corporation's hotels operate under the brands Sokos Hotels and Radisson Blu Hotels. Sokotel Oy relinguished the Holiday Club business in 2011. In Finland, Sokotel Oy operates 15 Sokos hotels and 6 Radisson Blu hotels. Visitors to Tallinn are warmly received at the Sokos Hotel Viru, with its wide choice of restaurants. OOO Sokotel has three Sokos Hotel chain hotels in St. Petersburg, one of which is a spa hotel.

Automotive trade and accessories
SOK Corporation's vehicle and car accessory sales are carried on by SOK Autokauppa Oy (formerly Automaa Oy). At the end of 2012, SOK Autokauppa Oy had a total of 10 car dealerships located in the Helsinki metropolitan area, Tampere, the Turku region, and Hämeenlinna. The brands represented by SOK Autokauppa Oy are Ford, Hyundai, Renault, Dacia, Suzuki and Isuzu. SOK Autokauppa Oy discontinued Peugeot dealership in 2011. In addition to car sales, SOK Autokauppa Oy takes care of service and spare part operations for the brands it represents.

Agricultural trade
Within SOK Corporation, agricultural trade is carried on by the Hankkija-Maatalous Group. The Hankkija-Maatalous Group comprises Hankkija-Maatalous Oy, Hiven Oy, SIA Baltic Feed, UAB Baltijos Pasarai and Movere Oy. In 2011, SOK acquired a minority interest in Hankkija-Maatalous Oy from Yara Suomi Oy. In January 2013, SOK sold 60 oer cent of Hankkija-Maatalous Oy's shares to Danish DLA International. Hankkija-Maatalous Oy engages in agricultural trade, machinery sales, pet and animal supplies, and the gardening/horticultural trade through Agrimarkets, Agrimarket Machine Centres, Multasormi gardening stores located at Agrimarkets, and the John Deere Centre.

Hankkija-Maatalous Group is Finland's largest manufacturer of feeds. The group develops, manufactures and markets feed for cattle, pigs and poultry, horse fodder as well as pet foods. The subsidiaries also have operations in the Baltic countries, including an own feed factory in Latvia. Movere Oy, in turn, is a logistics company that has specialist expertise in order-delivery processes for agriculture, the building supplies industry and the mechanical forest industry.

Procurement and Services Business
SOK Corporation's procurement operations are handled by Meira Nova Oy and North European Oil Trade Oy. Inex Partners Oy offers logistics services for grocery, consumer goods and speciality goods supplied to the retail chains. Meira Nova Oy provides purchasing and logistics services for groceries supplied to locations in the HoReCa sector. North European Oil Trade Oy is a fuel procurement company.

The aim of the service functions provided by SOK Corporation is to develop operational models and processes that generate the maximum added value for the S Group's businesses. The service units develop and maintain business models that increase the competitiveness of the entire S Group, and produce cost-effective services for the S Group. The joint service functions cover all the S Group's service functions that can be organised centrally to yield cost savings and/or a qualitative improvement in operations.

Banking
S-Bank's mission is to provide competitive basic banking services for the S-Group's customer-owners. The supermarket bank will strengthen customer loyalty whilst achieving savings in operating costs. S-Bank Group's result as an associated company is reported as banking operations.

Segment reporting principles within SOK Corporation and reconciliation with the IFRS financial statements

The items to be included in the reporting to SOK Corporation's top management are revenue, operating result, operational result, investments, divestments and working capital. Management reporting is based on Finnish accounting legislation and on the principles of management accounting. Each segment is reported with intra-segment items eliminated. For example, revenue from the Agricultural Trade has been stated eliminating the revenue between the companies in the Agricultural Trade segment. Revenue in management reporting is reconciled with the IFRS revenue for continuing operations in the accounts. Financial accounting revenue for both continuing and discontinued operations is external revenue from which all of SOK Corporation's internal items have been eliminated. The differences between management reporting and financial accounting revenue are not material.

In calculating the operating result, valuations in accordance with Finnish accounting legislation are used. The income and expenses according to the matching principle are allocated to the segment. Reconciliation of the operating result with the result before taxes from continuing operations in compliance with IFRS reveals those items which fall outside the operational result. These are, among others, financial income and expenses, gains and losses on the sale of property, plant and equipment as well as impairment losses on goodwill.

In SOK Corporation's management reporting, assets are not allocated or reported on, except for working capital.

2012 EUR million	Supermarket Trade	Tourism and Hospitality Business	Automotive Trade and Accessories	Agricultural Trade	Procurement and Services Business	Elimination of internal items in the Retail and Wholesale Business	Retail and Wholesale Business, total	Banking	Management Reporting, total
Revenue	418.8	250.4	172.2	970.8	9,961.9	-69.6	11,704.6		11,704.6
Operating result	-17.3	9.9	-20.2	2.5	-9.3	-0.4	-34.7	2.4	-32.3
Investments	52.2	9.3	0.2	8.0	55.2				124.8
Divestments	0.4	17.6	0.2	0.4	28.4				47.0
Working capital	-25.0	-0.1	25.3	122.0	52.9		175.0		175.0

Reconciliation of the revenue	
Management accounting revenue to be reported	11,704.6
Other differences	3.6
Revenue from continuing operations IFRS	11,708.3
Reconciliation of the result	
Operating result of the segments to be reported	-32.3
Items excluded from the operating result within SOK Corporation:	
Financial income and expenses	1.9
Gains and losses on the sale of property, plant and equipment	1.6
Other operating income and expenses	-0.8
Impairment losses on non-current asset investments	0.0
Compensation for damages	0.0
Increase in compulsory provisions	-1.7
Valuation gains and losses on derivatives	1.2
Gains on the sale of business operations	0.1
Impairment losses	-0.9
Other adjustments	3.8
Profit before taxes from continuing operations IFRS	-27.1
Additional data at SOK Corporation level, external income	
Finland	11,234.4
Foreign	473.9
Revenue, total	11,708.3
Supermarket Trade	418.8
Tourism and Hospitality Business	254.3
Automotive Trade and Accessories	172.2
Agricultural Trade	970.8
Procurement and services Business	9,892.2
Revenue, total	11,708.3
Additional data at SOK Corporation level, fixed assets	
Finland	337.8
Foreign	109.3
Fixed assets, total	447.0

2011 EUR million	Supermarket Trade	Tourism and Hospitality Business	Automotive Trade and Accessories	Agricultural Trade	Procurement and Services Business	Elimination of internal items in the Retail and Wholesale Business	Retail and Wholesale Business, total	Banking	Management Reporting, total
Revenue	310.7	252.9	213.7	995.6	9,591.9	-87.6	11,277.1		11,277.1
Operating result	-18.0	3.9	-13.3	6.7	4.5	-0.2	-16.4	3.5	-12.9
Investments	20.4	7.0	0.9	5.1	72.4				105.9
Divestments	0.1	8.7	0.3	0.2	34.7				44.1
Working capital	-13.2	0.6	41.3	105.3	161.7		295.7		295.7

Reconciliation of the revenue	
Management accounting revenue to be reported	11,277.1
Other differences	3.0
Revenue from continuing operations IFRS	11,280.2
Reconciliation of the result	
Operational result of the segments to be reported	-12.9
Items excluded from the operating result within SOK Corporation:	
Financial income and expenses	4.0
Gains and losses on the sale of property, plant and equipment	14.7
Other operating income and expenses	0.5
Impairment losses on non-current asset investments, reversal of impairment	1.9
Compensation for damages	0.8
Valuation gains and losses on derivatives, and other items	3.2
Gains on the sale of business operations	4.3
Impairment losses	-0.5
Other adjustments	3.5
Profit before taxes from continuing operations IFRS	19.5
Additional data at SOK Corporation level, external income	
Finland	10,921.2
Foreign	359.0
Revenue, total	11,280.2
Supermarket Trade	310.6
Tourism and Hospitality Business	255.5
Automotive Trade and Accessories	213.6
Agricultural Trade	909.0
Procurement	2,596.0
Services Business	6,995.5
Revenue, total	11,280.2
Additional data at SOK Corporation level, fixed assets	
Finland	413.6
Foreign	101.7
Fixed assets, total	515.3

2. Assets held for sale

Assets held for sale:

By means of a bill of sale dated 17 January 2013, SOK sold 60% of the shares of Hankkija-Maatalous Oy it fully owned to Danish DLA International. Hankkija-Maatalous Oy's subsidiaries Hiven Oy, Movere Oy, SIA Baltic Feed and UAB Baltijos Pasarai as well as the associated company Farmit Website Oy were also transferred in the transaction. The intention is to complete the transaction in several portions so that 60% of the shares are transferred in 2013 and 40% are transferred later. The competition authorities have approved the transction at the beginning of 2013. The divestment of the remaining portion will be agreed on separately in 2014 and 2015, and the divestment of properties related to Mankkija-Maatalous, agreed on in connection with the arrangement, will be agree on by 2018.

EUR million	2012	2011
Income statement		
Revenue	902.1	908.6
Result for the financial year	**0.4**	**5.7**
Assets		
Tangible and intangible assets	76.6	71.4
Trade receivables and other current non-interest-bearing receivables	235.4	200.5
Cash and cash equivalents	9.8	49.7
Assets, total	**321.8**	**321.7**
Liabilities		
Non-current interest-bearing liabilities	33.8	30.5
Deferred tax liabilities	3.7	3.6
Current non-interest-bearing liabilities	235.6	238.0
Liabilities, total	**273.1**	**272.2**

Intra group transactions have been eliminated from the above figures.

3. Acquisitions

Acquisitions during the financial year 2012

The subsidiary SOK Real Estate Int. Oy, which belongs to SOK Corporation, has acquired a 85% share of OOO Itis2. The transaction was completed in two parts: on 29 March 2012, 25% was acquired at a price of EUR 0.2 million, and on 28 September 2012, a 60% share was acquired at a price of EUR 2.4 million. The acquisition generated consolidation asset of EUR 2,6 million, which was allocated to buildings. Assets and liabilities recognised for the acquired company are presented in the table below.

On 30 November 2012, SOK acquired the entire share capital of LB Kiel Tampere Ab from DAL Oy for EUR 0.4 million. In the transaction, SOK Corporation also became the owner of LB Kiel Tampere Ab's wholly owned subsidiary Kiinteistö Oy Tullintorni as well as its wholly owned subsidiary Oy Tammer Ab. As part of the transaction, SOK paid off the companies' debt of EUR 11.8 million to the previous owner, after which the companies owe SOK. The companies own the properties located in Tampere in which Sokotel Oy's hotels Sokos Hotel Tammer and Sokos Hotel Villa are tenants. Previously, the properties were included in SOK Corporation's balance sheet as finance lease items. Assets and liabilities recognised for the acquired company are presented in the table below.

EUR million	**Fair values recorded on business combinations**
Property, plant and equipment	17.3
Trade receivables and other current non-interest-bearing receivables	0.6
Cash and cash equivalents	0.3
Assets, total	**18.2**
Non-current liabilities and deferred tax liabilities	1.0
Current liabilities	3.4
Liabilities, total	**4.4**
Net assets	13.8
Acquisition cost	14.8
Goodwill	**1.0**
Purchase price paid in cash	-14.8
Cash and cash equivalents of acquired subsidiary	0.3
Cash flow effect	**-14.4**

Acquisitions during the financial year 2011

There were no material acquisitions during the financial year.

4. Other operating income

EUR million	2012	2011
Gains on sale of property, plant and equipment	2.4	19.5
Government grants	0.0	0.1
Other income	0.8	1.6
Total	**3.2**	**21.2**

5. Employee benefit expenses

EUR million	2012	2011
Salaries and remuneration	301.3	285.8
Pension expenses, defined contribution plan	54.5	50.3
Other personnel expenses	20.8	18.9
Total	**376.6**	**355.0**

Average number of personnel by segment	2012	2011
Supermarket trade	2,689	2,100
Tourism and hospitality business	1,767	1,910
Automotive trade and accessories	442	561
Agricultural trade	1,169	1,213
Procurement and services business	4,497	4,189
Total	**10,563**	**9,973**

The average number of personnel by segment has been calculated as the average number of personnel at the end of each quarter.

6. Depreciation and impairment

EUR million	2012	2011
Depreciation		
Property, plant and equipment		
Buildings and structures	15.5	15.0
Machinery and equipment	24.5	24.7
Other property, plant and equipment	0.1	0.3
Other intangible assets	26.3	28.6
Investment properties	3.5	3.4
Total	**70.0**	**71.9**
Impairment		
Property, plant and equipment		
Land and water areas		0.0
Buildings and structures	0.2	0.3
Machinery and equipment	0.1	0.2
Other long term expenditures	0.7	
Other tangible assets	0.0	
Total	**1.0**	**0.5**
Depreciation and impairment, total	**71.0**	**72.4**

7. Other operating expenses

EUR million	2012	2011
Rental expenses	114.6	110.9
Marketing expenses	12.9	20.4
Administrative expenses	29.9	28.6
Equipment and supplies	137.2	122.2
Property maintenance expenses	63.8	60.0
Other business expenses	33.4	31.7
Total	**391.9**	**373.8**

8. Auditor's fees

EUR million	2012	2011
Audit fees	0.6	0.9
Auditors' statements	0.0	0.0
Tax consulting	0.0	
Other services	0.1	0.0
Total	**0.7**	**1.0**

9. Financial income and expenses

EUR million	2012	2011
Financial income		
Interest income from loans and receivables	1.0	0.4
Dividend income from available-for-sale investments	0.2	0.1
Gains on derivatives held for trading	9.9	0.4
Other financial income	12.7	9.1
Total	**23.9**	**10.0**
Financial expenses		
Interest expenses on financial liabilities measured at amortised cost	8.4	9.0
Expenses on derivatives held for trading	15.2	0.8
Other financial expenses	2.6	-0.2
Total	**26.3**	**9.6**
Financial income and expenses, total	**-2.4**	**0.4**

10. Financial instrument items recognised in the income statement

EUR million	2012	2011
In revenue		
Net income from derivatives held for trading	0.0	0.3
In other operating income		
Capital gain on available-for-sale investments	0.9	
In purchases of materials and services		
Net exchange differences on liabilities measured at amortised cost	0.2	-1.6
Net expenses for derivatives held for trading	-8.9	-13.7
In financial income and expenses		
Dividend yields from available-for-sale investments	4.0	0.1
Other income from available-for-sale investments	0.0	0.4
Interest income on loans and receivables	9.6	8.6
Net exchange differences on loans and receivables	0.8	1.7
Item transferred from equity in hedge accounting	-0.2	0.0
Net income from derivatives held for trading	-0.6	0.4
Interest expenses on financial liabilities measured at amortised cost	-16.5	-9.4
Fee and commission expenses from committed overdraft facilities	0.0	-0.8
Net exchange differences on liabilities measured at amortised cost	-0.9	0.0
Total	**-11.7**	**-13.9**

Summary by IAS 39 category:	2012	2011
Loans and receivables	10.3	10.3
Available-for-sale investments	4.9	0.6
Investments and derivatives held for trading	-9.5	-13.1
Hedge accounting derivatives	-0.2	0.0
Liabilities measured at amortised cost	-17.3	-11.8
Total	**-11.7**	**-13.9**

Only SOK Corporation's external items are stated as income, expenses, gains and losses.
The figures include assets held for sale. See Note 2.

Net expenses from derivatives held for trading, which has been recognised in purchases of materials and services, consists of derivatives that have been taken out to hedge purchases and sales but to which hedge accounting has not been applied.

An income of EUR 0.0 million was recognised in other comprehensive income from available-for-sale assets in 2012.

Shares and participations not quoted and classified as available-for-sale investments with a net acquisition cost value EUR 1.0 million were realised in 2012. The sales gain recognised was EUR 1.0 million and the sales loss recognised was EUR 0.1 million.

The expenses for liabilites measured at amortised cost also include guarantee commission expenses.

11. Income taxes

EUR million	2012	2011
Current tax	1.2	4.1
Taxes for previous financial years	0.0	0.0
Changes in deferred taxes	-5.5	3.6
Total	**-4.3**	**7.8**

Reconciliation statement between tax expense in the income statement and taxes calculated at the valid Corporation's tax rate in Finland:

EUR million	2012	2011
Profit before taxes	-27.1	19.5
Taxes at parent company's tax rate	-6.7	5.1
Effect of different tax rates in foreign subsidiaries	1.7	1.9
Effect of tax-free income	-3.2	-3.0
Effect of non-deductible expenses	4.7	1.3
Other items	-0.7	2.4
Taxes for previous financial years	0.0	0.0
Taxes in the income statement	**-4.3**	**7.8**

12. Property, plant and equipment

2012 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress and advance payments	Total
Acquisition cost						
Acquisition cost, 1 Jan 2012	15.4	387.7	212.6	3.3	7.9	626.9
Translation differences		1.3	0.8	0.0		2.1
Increases	0.2	18.8	23.4	0.1	47.2	89.5
Decreases	-5.0	-8.1	-52.5	0.0	-2.6	-68.2
Assets held for sale	-3.9	-57.0	-34.4	-1.0	-0.7	-96.9
Transfers between items		16.9	29.2	0.0	-44.3	1.8
Acquisition cost, 31 Dec 2012	**6.6**	**359.5**	**179.2**	**2.3**	**7.5**	**555.1**
Accumulated depreciation						
Accumulated depreciation, 1 Jan 2012	-0.2	-153.4	-125.5	-1.6		-280.7
Translation differences		-0.1	-0.3	0.0		-0.4
Assets held for sale	0.2	36.9	20.0	0.8		57.8
Accumulated depreciation on deducted and transferred items		2.5	47.8	0.0		50.3
Depreciation for the period		-19.9	-24.4			-44.3
Impairment losses		-0.5	-0.2	-0.1		-0.8
Accumulated depreciation, 31 Dec 2012	**0.1**	**-134.5**	**-82.7**	**-1.0**		**-218.0**
Carrying amount, 1 Jan 2012	**15.2**	**234.3**	**87.1**	**1.6**	**7.9**	**346.1**
Carrying amount, 31 Dec 2012	**6.7**	**225.1**	**96.5**	**1.4**	**7.5**	**337.1**

Assets under a finance lease are included in the cost of property, plant and equipment as follows:

31 Dec 2012 EUR million	Buildings and structures	Machinery and equipment	Total
Acquisition cost	89.9	25.1	115.0
Accumulated depreciation	-61.1	-5.1	-66.1
Carrying amount	**28.8**	**20.0**	**48.8**

2011 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction in progress and advance payments	Total
Acquisition cost						
Acquisition cost, 1 Jan 2011	16.4	399.8	217.5	4.3	5.1	643.1
Translation differences		-1.6				-1.6
Increases	0.7	54.4	18.1	0.3	20.7	94.1
Decreases	-1.7	-41.8	-30.0	-1.4	0.0	-74.9
Transfers between items		-23.1	7.0		-17.9	-33.9
Acquisition cost, 31 Dec 2011	**15.4**	**387.7**	**212.6**	**3.3**	**7.9**	**626.9**
Accumulated depreciation						
Accumulated depreciation, 1 Jan 2011	-0.5	-154.4	-127.8	-1.5		-284.2
Translation differences		0.2				0.2
Accumulated depreciation on deducted and transferred items	0.3	20.6	27.2	0.1		48.2
Depreciation for the period		-19.4	-24.8	-0.3		-44.5
Impairment losses	0.0	-0.3	-0.2			-0.4
Accumulated depreciation, 31 Dec 2011	**-0.2**	**-153.4**	**-125.5**	**-1.6**		**-280.7**
Carrying amount, 1 Jan 2011	**15.9**	**245.3**	**89.7**	**2.8**	**5.1**	**358.9**
Carrying amount, 31 Dec 2011	**15.2**	**234.3**	**87.1**	**1.6**	**7.9**	**346.1**

Assets under a finance lease are included in the cost of property, plant and equipment as follows:

31 Dec 2011 EUR million	Buildings and structures	Machinery and equipment	Total
Acquisition cost	103.6	4.2	107.8
Accumulated depreciation	-60.3	-2.7	-63.0
Carrying amount	43.3	1.5	44.8

13. Investment properties

EUR million	2012	2011
Acquisition cost, 1 Jan	85.9	53.5
Increases	0.5	0.1
Decreases	-0.3	-7.7
Transfers between items	0.2	40.0
Acquisition cost, 31 Dec	**86.4**	**85.9**
Accumulated depreciation, 1 Jan.	-38.3	-24.7
Accumulated depreciation on deducted and transferred items		-10.2
Depreciation for the period	-3.7	-3.4
Accumulated depreciation, 31 Dec	**-42.0**	**-38.3**
Carrying amount, 1 Jan	**47.6**	**28.8**
Carrying amount, 31 Dec	**44.3**	**47.6**
Fair value	**102.8**	**95.5**

Investment properties include four spa hotels acquired through financing leases where the operations have been sold but the lease agreement remains with the Corporation. The fair value of these properties cannot be reliably determined since Holiday Club's lease agreements and sales information are not available to Group. The carrying values of the properties amounted to a total of EUR 22.2 million in SOK Group's balance sheet on 31 December 2012 (EUR 24.9 million).

14. Intangible assets

2012 EUR million	Goodwill	Other intangible rights	Construction in progress and advance payments	Total
Acquisition cost				
Acquisition cost, 1 Jan 2012	50.6	237.4	11.5	299.5
Translation differences		0.0		0.0
Increases	1.0	18.0	15.9	34.9
Decreases	-2.2	-85.0	-0.1	-87.3
Assets held for sale	-32.7	-12.8	-2.3	-47.8
Transfers between items		14.2	-16.2	-2.0
Acquisition cost, 31 Dec 2012	**16.7**	**171.8**	**8.8**	**197.3**
Accumulated amortization				
Accumulated amortisation and impairment, 1 Jan 2012	-8.2	-170.7		-178.9
Assets held for sale		10.3		10.3
Increases		59.0		59.0
Impairment losses		-0.5		-0.5
Decreases		-21.7		-21.7
Accumulated amortisation, 31 Dec 2012	**-8.2**	**-123.5**		**-131.7**
Carrying amount, 1 Jan 2012	**42.4**	**66.7**	**11.5**	**120.6**
Carrying amount, 31 Dec 2012	**8.4**	**48.4**	**8.8**	**65.6**

2011 EUR million	Goodwill	Other intangible rights	Construction in progress and advance payments	Total
Acquisition cost				
Acquisition cost, 1 Jan 2011	64.5	231.4	13.0	309.0
Translation differences		0.0		0.0
Increases		6.9	17.0	23.9
Decreases	-13.9	-13.3		-27.2
Transfers between items		12.4	-18.5	-6.1
Acquisition cost, 31 Dec 2011	**50.6**	**237.4**	**11.5**	**299.5**
Accumulated amortisation				
Accumulated amortisation and impairment, 1 Jan 2011	-22.0	-158.9		-180.9
Translation differences		0.0		0.0
Increases	13.8	12.5		26.3
Decreases		-24.4		-24.4
Accumulated amortization, 31 Dec 2011	**-8.2**	**-170.7**		**-178.9**
Carrying amount, 1 Jan 2011	**42.5**	**72.6**	**13.0**	**128.1**
Carrying amount, 31 Dec 2011	**42.4**	**66.7**	**11.5**	**120.6**

15. Impairment testing of goodwill

Goodwill has been allocated to SOK Corporation's cash-generating units or to groups of cash-generating units as follows:

EUR million	2012	Discount rate, % 2012	2011	Discount Rate, % 2011
Sokos Hotels chain	7.4	11.7	7.4	11.8
Agricultural Trade			32.7	8.7
North European Oil Trade Oy			2.3	9.4
Oy Tammer Ab	1.0			
Total	**8.4**		**42.5**	

Apart from goodwill, SOK Corporation does not have other intangible assets with an indefinite economic life.

SOK Corporation's cash-generating units are defined for the level below the business segment. As a rule, a cash-generating unit is a legal company. For the Tourism and Hospitality Business, goodwill is monitored and tested at the chain level.

North European Oil Trade Oy is treated as a joint venture in the financial statement as of 2012 and the balance of agrcultural trade has been classified as assets held for sale in the financial statement 2012.

The goodwill of Oy Tammer Ab, resulted from the acquisition, was not tested for the 2012 financial statement.

Impairment losses
In the 2012 financial statements no impairment losses of goodwill were recognised.
In the 2011 financial statements no impairment losses of goodwill were recognised.

Testing and sensitivity analysis
In impairment testing, the recoverable amount for the business is based on value-in-use calculations. Value in use has been calculated on the basis of estimated discounted cash flows. The projected cash flows are based on financial plans which have been approved by management and cover a five-year-period. The cash flows after this period have been extrapolated using a 2% growth rate which, according to the estimate, does not exceed the long-term actual growth rate of the business areas. The discount rate applied is the weighted average cost of capital (WACC) that is determined by sector and by country, taking into account the special risks associated with the unit. The required return is based on the average capital structure for the sector and a sector-specific beta.

The main variables in impairment testing are the discount rate, the EBITDA margin (%) as well as the growth rate after the five-year forecasting period. In assessing the goodwill of the Sokos Hotels chain, a possible foreseeable change in any of the key variables does not lead to a situation that would result in the need to recognise an impairment loss.

16. Shares in associated companies and joint ventures

EUR million	2012	2011
Carrying amount, 1 Jan	78.6	90.0
Share of result for the period	4.5	5.7
Dividends received	-1.1	-1.1
Decreases	34.8	-16.1
Translation differences	0.0	0.0
Carrying amount, 31 Dec	**116.8**	**78.6**

Most significant associated companies

2012 EUR million	Assets	Liabilities	Revenue	Result	Share holding, %
Finnfrost Oy	44.3	40.6	385.0	0.3	50.0
Coop Trading A/S	21.5	3.7	12.4	-1.8	25.0
S-Bank Ltd	3,098.0	2,890.2	49.0 [1)]	4.8	50.0
Others	34.7	19.8	1.7	0.0	

Joint venture

2012 EUR million	Assets	Liabilities	Revenue	Result	Share holding, %
North European Oil Trade	408.0	395.4	3,642.8	0.1	51.0
Kauppakeskus Mylly Oy	104.4	94.4	15.3	4.7	50.0

Most significant associated companies

2011 EUR million	**Assets**	**Liabilities**	**Revenue**	**Result**	**Share holding, %**
Finnfrost Oy	40.2	36.7	363.4	0.3	50.0
Coop Trading A/S	26.2	5.6	20.2	0.1	25.0
S-Pankki Oy	2,917.6	2,766.5	60.0 [1]	7.0	50.0
Others	15.0	0.4	1.5	-0.6	

Joint venture

2011 EUR million	**Assets**	**Liabilities**	**Revenue**	**Result**	**Share holding, %**
Kauppakeskus Mylly Oy	102.8	95.5	15.1	3.9	50.0

[1] S-Bank Ltd's net interest income has been presented as revenue.

As a result of the change in North European Oil Trade Oy's ownership in December, SOK's holding decreased to approximately 50 per cent. SOK Corporation executes shared controlling interest in the company, based on the shareholder agreement, so the company is treated as a joint venture in the financial statements. Eur 7.7 million has been recognised in the shares of joint ventures in the Corporation, based on the fair value on the shares. The change in the shareholding of North European Oil Trade Oy did not have an effect on the Corporation's result.

All associated companies and joint ventures of the SOK Corporation are unlisted.

S-Bank and Kauppakeskus Mylly were consolidated as groups.

17. Non-current financial assets

Available-for-sale financial assets

EUR million	**2012**	**2011**
Shares and participations		
Carrying amount, 1 Jan	5.2	5.0
Increases	11.7	1.1
Decreases	-1.2	-0.9
Carrying amount, 31 Dec	**15.7**	**5.2**

Shares and participations include shares in unlisted companies.
Unlisted shares are stated at cost, because their fair values cannot be obtained reliably.

Non-current financial receivables

EUR million	**2012**	**2011**
Non-current trade receivables	0.0	0.0
Receivables sold to the finance companies	32.1	32.3
Receivables from associated companies	38.0	
Capital loan receivables from others	0.6	
Non-current loan receivables	5.4	20.7
Other non-current receivables	9.8	3.2
Non-current financial receivables	**85.8**	**56.2**
Assets held for sale	-2.9	
Non-current financial assets, total	**98.6**	**61.4**

18. Deferred taxes

Changes in deferred taxes in 2012

Deferred tax assets

EUR million	**1 Jan 2012**	**Recognised in the income statement**	**Recognised in equity**	**Items recognised in the statement of comprehensive income**	**Foreign exchange differences**	**Businesses acquired/ divested sale**	**Groupings**	**Assets held for sale**	**31 Dec 2012**
Confirmed losses	15.3	5.1					-0.2		20.3
Provisions and impairment losses	2.3	0.3					-0.2		2.3
Internal margin on inventories and property, plant and equipment	2.8	0.1					-0.2	0.0	2.7
Finance lease liabilities	16.3	-4.9					-1.8	-0.1	9.4
Other items	-2.6	0.1	-0.1		0.0		2.4	-0.3	-0.5
Total	**34.0**	**0.7**	**-0.1**		**0.0**			**-0.5**	**34.1**

Deferred tax liabilities

EUR million	**1 Jan 2012**	**Recognised in the income statement**	**Recognised in equity**	**Items recognised in the statement of comprehensive income**	**Foreign exchange differences**	**Businesses acquired/ divested sale**	**Groupings**	**Assets held for sale**	**31 Dec 2012**
Cumulative depreciation difference	9.1	-3.6				1.5	-0.4	-0.7	5.9
Business combinations	11.0	-4.2					0.4	-2.9	4.2
Fair value reserve	-0.8			2.4					1.6
Other items	3.7	1.6			0.0	-0.8		0.0	4.5
Total	**23.0**	**-6.2**		**2.4**	**0.0**	**0.7**		**-3.7**	**16.2**

Changes in deferred taxes in 2011

Deferred tax assets

EUR million	**1 Jan 2011**	**Recognised in the income statement**	**Recognised in equity**	**Items recognised in the statement of comprehensive income**	**Foreign exchange differences**	**Businesses acquired/ divested sale**	**Groupings and assets held for**	**31 Dec 2011**
Confirmed losses	16.2	-0.9						15.3
Provisions and impairment losses	4.0	-1.7						2.3
Internal margin on inventories and property, plant and equipment	2.7	0.0						2.8
Finance lease liabilities	15.4	0.9						16.3
Other items	-0.3	-2.3	-0.1		0.0			-2.6
Total	**38.0**	**-4.0**	**-0.1**		**0.0**			**34.0**

Deferred tax liabilities

EUR million	**1 Jan 2011**	**Recognised in the income statement**	**Recognised in equity**	**Items recognised in the statement of comprehensive income**	**Foreign exchange differences**	**Businesses acquired/ divested sale**	**Groupings and assets held for**	**31 Dec 2011**
Cumulative depreciation difference	10.3	-1.5				0.3		9.1
Business combinations	10.1	0.9						11.0
Fair value reserve	0.0			-0.8				-0.8
Other items	4.2	-0.5			0.0			3.7
Total	**24.6**	**-1.1**		**-0.8**	**0.0**	**0.3**		**23.0**

19. Inventories

EUR million	2012	2011
Raw materials and consumables	0.0	160.5
Supplies	220.5	301.9
Other inventories	0.1	0.1
Total	**220.6**	**462.5**

20. Trade receivables and other current non-interest-bearing receivables

EUR million	2012	2011
Trade receivables	563.8	757.6
Non-interest-bearing loan and other receivables	35.4	25.0
Derivative assets	11.7	17.3
Prepayments and accrued income in financial items	2.4	0.9
Other prepayments and accrued income	26.4	24.4
Trade receivables and other current non-interest-bearing receivables, total	**639.8**	**825.2**

21. Current interest-bearing receivables

EUR million	2012	2011
Interest-bearing loan and other receivables		0.0
Receivables sold to the finance companies	8.2	34.7
Current interest-bearing receivables, total	**8.2**	**34.7**

22. Short-term investments

EUR million	2012	2011
Bonds and notes	20.0	39.9

23. Cash and cash equivalents

EUR million	2012	2011
Cash on hand and deposits	147.8	126.3

Cash and cash equivalents in the statement of cash flows are made up as follows:

EUR million	2012	2011
Cash on hand and deposits	157.6	126.3
Money market investments under 3 months	0.1	0.1
Total	**157.7**	**126.4**

Items categorised as cash and cash equivalents in the statement of cash flows have a maturity of a maximum of three months from the acquisition date.

The statement of cash flows includes the cash on hand and deposits of assets held for sale.

24. Equity

EUR million	2012	2011
Cooperative capital, 1 Jan	145.7	139.6
Cooperative contributions paid	10.3	6.1
Cooperative capital, 31 Dec	**156.0**	**145.7**

Cooperative capital consists of the cooperative contributions paid to Suomen Osuuskauppojen Keskusosuuskunta (SOK) for participations in the cooperative enterprises. The number of participations in a cooperative enterprise is determined on the basis of the number of the members and annual purchases of the cooperative enterprises.

Restricted reserves

Fair value reserve
The fair value reserve includes changes in the fair values of derivative instruments used to hedge available-for-sale investments and cash flow. Value of the reserve is EUR 20.3 million on 31 Dec 2012 (EUR -15.5 million on 31 Dec 2011). In addition to these, the fair value reserve includes a share of S-Bank's fair value reserve, EUR 15.5 million on 31 December 2012 (EUR -13.1 million on 31 December 2011).

Reserve fund
The reserve fund comprises the portion of non-restricted equity that can be transferred under the cooperative's statutes. Value of the fund is EUR 18.5 million on 31 Dec 2012 (EUR 18.5 million on 31 Dec 2011).

Supervisory Board's Disposal fund
The Supervisory Board decides on the use of its disposal fund. Value of the fund is EUR 0.1 million on 31 Dec 2012 (EUR 0.0 million on 31 Dec 2011).

25. Supplementary cooperative capital

EUR million	2012	2011
Non-current supplementary cooperative capital	**12.8**	**12.8**

Supplementary cooperative capital consists of voluntary investments in Suomen Osuuskauppojen Keskusosuuskunta (SOK) made by the cooperative enterprises. The cooperative enterprises have the right to have their supplementary cooperative capital contributions returned in the manner and subject to the conditions prescribed in the Cooperatives Act and SOK's statutes.

26. Interest-bearing liabilities

Non-current interest-bearing liabilities

EUR million	2012	2011
Loans from financial institutions	20.9	20.1
Finance lease liabilities	80.2	81.1
Trade payables		0.4
Other non-current interest-bearing liabilities	5.2	32.5
Non-current interest-bearing liabilities, total	**106.3**	**134.1**

Current interest-bearing liabilities

EUR million	2012	2011
Loans from financial institutions	10.0	71.5
Finance lease liabilities	17.2	7.9
Other current interest-bearing liabilities	212.4	135.8
Current interest-bearing liabilities, total	**239.6**	**215.3**

Finance lease liabilities

EUR million	2012	2011
Finance lease liabilities – total amount of minimum lease payments		
In one year	21.5	12.8
In one to five years	59.3	41.9
Over five years	37.5	45.5
Minimum lease payments, total	**118.3**	**100.1**
Finance lease liabilities – present value of minimum lease payments		
In one year	17.2	7.9
In one to five years	47.8	28.8
Over five years	32.4	52.4
Present value of minimum lease payments, total	**97.4**	**89.1**
Accrued financial expenses	**20.9**	**11.1**
Lease payments from subleases	2.2	8.7

Finance lease agreements consist primarily of lease agreements on properties.

27. Non-interest-bearing liabilities

EUR million	2012	2011
Non-current non-interest-bearing liabilities	29.9	29.7
Accruals and deferred income	6.4	7.4
Non-current non-interest-bearing liabilities, total	**36.2**	**37.1**
Trade payables, total	**724.4**	**923.0**
Advances received	31.1	28.0
Current liabilities	37.6	54.2
Derivative financial instruments	14.0	14.5
Accruals and deferred income	89.0	150.5
Non-interest-bearing liabilities of assets held for sale	-127.7	
Current non-interest bearing liabilities, total	**44.0**	**247.1**
Material items included in current accruals and deferred income		
Personnel expenses	61.8	60.4
Financing items	1.8	1.8
Others	25.4	88.3
Current accruals and deferred income, total	**89.0**	**150.5**

The non-interest-bearing liabilities include the liabilities of assets held for sale.

28. Fair values of financial assets and liabilities

EUR million	Note	Financial assets and liabilities at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Hedge accounting derivatives	Liabilities to be measured at amortised cost	**Carrying amount 2012**	**Fair value 2012**
Financial assets								
Non-current financial assets	(17)							
Shares and participations				13.2			13.2	13.2
Loan receivables			44.0				44.0	45.0
Receivables sold to a finance company			36.2				36.2	35.0
Finance lease receivables			0.2				0.2	0.2
Non-interest-bearing loan receivables			5.5				5.5	4.7
Trade receivables			0.0				0.0	0.0
Trade receivables and other current non-interest-bearing receivables	(20)							
Trade receivables			611.8				611.8	611.8
Loan receivables			0.3				0.3	0.3
Prepayments and accrued income in financial items			3.6				3.6	3.6
Derivatives assets		11.7			0.1		11.8	11.8
Current interest-bearing receivables	(21)							
Receivables sold to a finance company			41.3				41.3	41.1
Finance lease receivables			0.2				0.2	0.2
Short-term investments	(22)							
Available-for-sale investments				20.0			20.0	20.0
Cash and cash equivalents	(23)							
Cash in hand and deposits			157.6				157.6	157.6
Financial assets, total		**11.7**	**900.5**	**33.1**	**0.1**		**945.5**	**944.3**
Financial liabilities								
Supplementary cooperative capital	(25)					12.8	12.8	12.8
Non-current interest-bearing liabilities	(26)							
Trade payables						0.5	0.5	0.5
Interest-bearing loans from financial institutions						20.9	20.9	21.4
Interest-bearing loans from others						0.4	0.4	0.4
Finance company liability for sold receivables						36.2	36.2	35.0
Finance lease liabilities						81.6	81.6	88.3
Non-current non-interest-bearing liabilities	(27)							
Cash counting service						23.1	23.1	23.1
Other non-interest-bearing liabilities						0.1	0.1	0.1
Current interest-bearing liabilities	(26)							
Interest-bearing loans from financial institutions						10.0	10.0	10.1
Interest-bearing loans from others						202.9	202.9	202.9
Finance company liability for sold receivables						41.3	41.3	41.1
Finance lease liabilities						18.4	18.4	22.4
Current non-interest-bearing liabilities	(27)							
Accruals and deferred income in financial items						1.8	1.8	1.8
Derivatives liabilities		12.1			1.9		14.0	14.0
Trade payables	(27)					799.2	799.2	799.2
Financial liabilities, total		**12.1**			**1.9**	**1,249.1**	**1,263.1**	**1,273.0**

Available-for-sale shares of the Retail and Wholesale Business include EUR 2.3 million of unquoted shares (2011: 5.2 million), for which the fair value cannot be determined.
The fair value of supplementary cooperative capital, EUR 12.8 million (2011: 12.8 million) cannot be determined reliably.
The figures include assets held for sale. See Note 2.

EUR million	Note	Financial assets and liabilities at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Hedge accounting derivatives	Liabilities to be measured at amortised cost	**Carrying amount 2011**	**Fair value 2011**
Financial assets								
Non-current financial assets	(17)							
Shares and participations				5.2			5.2	5.2
Loan receivables			20.7				20.7	20.9
Trade receivables			31.9				31.9	30.6
Receivables sold to a finance company			0.4				0.4	0.1
Finance lease receivables			3.1				3.1	2.1
			0.0				0.0	0.0
Trade receivables and other current non-interest-bearing receivables	(20)							
Trade receivables			757.6				757.6	757.6
Loan receivables			0.6				0.6	0.6
Prepayments and accrued income in financial items			0.9				0.9	0.9
Derivatives assets		17.5			-0.1		17.5	17.5
Current interest-bearing receivables	(21)							
Receivables sold to a finance company			34.5				34.5	34.2
Finance lease receivables			0.2				0.2	0.1
Short-term investments	(22)							
Available-for-sale investments				39.9			39.9	39.9
Cash and cash equivalents	(23)							
Cash in hand and deposits		-0.3	126.5				126.3	126.3
Financial assets, total		**17.3**	**976.4**	**45.1**	**-0.1**		**1,038.8**	**1,035.9**
Financial liabilities								
Supplementary cooperative capital	(25)					12.8	12.8	12.8
Non-current interest-bearing liabilities	(26)							
Pension loans						0.4	0.4	0.4
Trade payables						20.1	20.1	20.8
Interest-bearing loans from others						0.6	0.6	0.6
Finance company liability for sold receivables						31.9	31.9	30.6
Finance lease liabilities						81.1	81.1	87.3
Non-current non-interest-bearing liabilities	(27)							
Cash counting service						22.5	22.5	22.5
Other non-interest-bearing liabilities						0.1	0.1	0.1
Current interest-bearing liabilities	(26)							
Interest-bearing loans from financial institutions						71.5	71.5	71.8
Pension loans						100.3	100.3	100.4
Interest-bearing loans from others						35.6	35.6	35.2
Finance lease liabilities						7.9	7.9	12.7
Current non-interest-bearing liabilities	(27)							
Accruals and deferred income in financial items						1.0	1.0	1.0
Derivatives liabilities		12.5			2.8		15.3	15.3
Trade payables	(27)					923.0	923.0	923.0
Financial liabilities, total		**12.5**			**2.8**	**1,308.8**	**1,324.1**	**1,334.4**

The fair value hierarchy for financial assets and liabilities measured at fair value

EUR million	Note	**Fair Value 2012**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value					
Non-current financial assets	(17)				
Shares and participations		13.2		10.8	2.3
Trade receivables and other current non-interest-bearing receivables	(20)				
Derivatives assets		11.8	2.3	9.4	
Short-term investments	(22)				
Available-for-sale investments		20.0		20.0	
Cash and cash equivalents	(23)				
Derivatives assets		0.0	0.0		
Total		**44.9**	**2.3**	**40.2**	**2.3**
Liabilities measured at fair value					
Current non-interest-bearing liabilities	(27)				
Derivatives liabilities		14.0	2.4	11.6	
Total		**14.0**	**2.4**	**11.6**	

In 2012, the participations of Nets Oy (Luottokunta) were transferred from Tier 3 to Tier 2. Their fair value is based on the preliminary plan of Nets Oy (Luottokunta) regarding the distribution of assets in 2012–2015.
Shares and participations not quoted and presented on level 3 with a net acquisition cost value EUR 1.0 million were realised in 2012.
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 Bloomberg, Reuters and Nasdaq OMX Commodities 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 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 figures include assets held for sale. See Note 2.

EUR million	Note	**Fair Value 2011**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value					
Non-current financial assets	(17)				
Shares and participations		5.2			5.2
Trade receivables and other current non-interest-bearing receivables	(20)				
Derivatives assets		17.5		17.5	
Short-term investments	(22)				
Available-for-sale investments		39.9		39.9	
Cash and cash equivalents	(23)				
Derivatives assets		-0.3	-0.3		
Total		**62.3**	**-0.3**	**57.4**	**5.2**
Liabilities measured at fair value					
Current non-interest-bearing liabilities	(27)				
Derivatives liabilities		15.3	0.0	15.3	
Total		**15.3**	**0.0**	**15.3**	

29. Provisions

EUR million	Lease provisions	Maintenance provisions of leased facilities	Other provisions	Total
Provisions, 1 Jan 2012	5.0	2.5	0.1	7.7
Increases in provisions	2.9	0.2	0.8	3.9
Provisions used	-1.4	-0.3	-0.4	-2.0
Reversals of unused provisions	-0.4	-0.4		-0.8
Provisions, 31 Dec 2012	**6.1**	**2.1**	**0.6**	**8.8**

Breakdown of provisions	
Non-current	6.0
Current	2.8

EUR million	Lease provisions	Maintenance provisions of leased facilities	Other provisions	Total
Provisions, 1 Jan 2011	7.0	3.1	2.1	12.3
Increases in provisions	0.6	0.0		0.6
Provisions used	-1.8	-0.5	-2.0	-4.3
Reversals of unused provisions	-0.8	-0.2		-0.9
Provisions, 31 Dec 2011	**5.0**	**2.5**	**0.1**	**7.7**

Breakdown of provisions	
Non-current	5.6
Current	2.1

30. Operating leases

Group as lessee

The Corporation has leased hotel, store and warehouse facilities with lease agreements that cannot be cancelled.
The duration of the leases is, as a rule, 3 to 15 years. Most of the leases can be extended at the market price after the lease period ends.

Minimum lease payments on non-cancellable operating leases:

EUR million	2012	2011
In one year	136.5	109.6
In one to five years	493.9	463.0
Over five years	659.8	622.5
Total	**1,290.2**	**1,195.1**

Group as lessor

Minimum lease payments on non-cancellable operating leases:

EUR million	2012	2011
In one year	1.4	1.3
In one to five years	0.6	5.9
Over five years	0.1	1.5
Total	**2.2**	**8.7**

31. Management of financial and commodity price risks

The management of finance and financial risks has been centralised within SOK's Treasury unit. SOK Corporation has a Finance and treasury policy as well as risk management instructions that are established by SOK's Executive Board. These define the principles of managing financial risks and the permissible maximum amounts for financial risks. In addition, numerical targets have been set for the different subareas of financing with the aim of being able to ensure the sufficiency, balance and affordability of financing in all conditions.
Derivatives are used mainly to hedge SOK Corporation's financial risks and the price risks of commodities. Trading in derivatives for other than hedging purposes is done only within the risk limits approved by SOK's Executive Board.

CREDIT RISK

A credit risk is a risk that an agreement counterparty fails to fulfil their payment obligation to SOK Corporation or that a change in the counterparty's creditworthiness affects the market value of the financial instruments it has issued. A credit risk is generated on the moment when a transaction has been completed or an agreement has been entered into, or a decision thereof has been made, containing a risk that SOK Corporation will fail to collect its receivables.

The majority of SOK Corporation's credit risk is related to financial market agreements and trade receivables. SOK Corporation's liquidity is invested in money and currency markets in a productive manner but avoiding unnecessary risks. Investment activities and trading in derivatives are carried on only with the counterparties approved by SOK's Executive Board and within the framework of the limit approved by the Executive Board.

The management of credit risks associated with commercial operations is part of the daily operations of the business areas.

Maximum amount of credit risk for financial assets

EUR million	Note	2012	2011
Non-current financial assets	(17)		
Loan receivables		44.0	20.7
Receivables sold to a finance companies		36.2	31.9
Finance lease receivables		0.2	0.4
Non-interest-bearing loan receivables		5.5	3.1
Trade receivables		0.0	0.0
Trade receivables and other current non-interest-bearing receivables	(20)		
Trade receivables		611.8	757.6
Loan receivables		0.3	0.6
Prepayments and accrued income in financial items		3.6	0.9
Derivatives assets		11.8	17.5
Current interest-bearing receivables	(21)		
Receivables sold to a finance companies		41.3	34.5
Finance lease receivables		0.2	0.2
Short-term investments	(22)		
Available-for-sale investments		20.0	39.9
Cash and cash equivalents	(23)	157.6	126.3
Off-balance sheet liabilities	(33)		
Nominal value of warranty liabilities		181.9	70.6
Total		**1,114.2**	**1,104.1**

The figures include assets held for sale. See Note 2.

Receivables sold to a finance company are trade receivables in the automotive and agricultural trade. The credit risk and interest benefit of the receivables have not been transferred to the finance company when the assets were transferred; for this reason, the receivables continue to be stated in the balance sheet. The liability corresponding to the receivables, EUR 77.5 million (2011: EUR 67.4 million) is stated under non-current and current interest-bearing liabilities in the balance sheet (Note 26). SOK Corporation has a repurchase liability for the receivables. The credit risk is reduced by the asset or commodity sold.

Derivatives assets comprise the positive market values in the accounting of agreements.

Guarantee commitments which increase SOK Corporation's credit risk are presented in Note 33.

The guarantee liabilities include guarantees that are not likely to realise made on behalf of companies belonging to S Group.

Items reducing the credit risk

The value of real securities received as counter-guarantees for collaterals given on behalf of the cooperative enterprises was EUR 2.5 million (2011: EUR 2.5 million). Trade receivables in the agricultural trade have been secured by taking out credit insurance to a value EUR 28.5 million (2011: 28.5 million). In addition, SOK Corporation has received rental guaranty deposits in the form of both bank guarantees and cash to a value of EUR 0.5 million (2011: 0.3 million).

Ageing of loan and trade receivables

EUR million	Note	2012	Of which not reduced in value or due at the balance sheet date	Of which reduced in value at the balance sheet date, but having fallen due in the following periods: 1–30 days	31–90 days	over 90 days	Impairment losses recorded in the financial period
Loan receivables							
due in less than one year	(21)	0.3	0.3				
due in over one year	(17)	49.4	49.4				
Trade receivables							
due in less than one year	(20)	611.8	590.1	15.5	3.2	3.0	
due in over one year	(17)	0.0	0.0				
Total		**661.5**	**639.8**	**15.5**	**3.2**	**3.0**	

EUR million	Note	2011	Of which not reduced in value or due at the balance sheet date	Of which reduced in value at the balance sheet date, but having fallen due in the following periods: 1–30 days	31–90 days	over 90 days	Impairment losses recorded in the financial period
Loan receivables							
due in less than one year	(21)	0.6	0.6				
due in over one year	(17)	23.9	23.9				
Trade receivables							
due in less than one year	(20)	757.6	734.0	16.9	3.8	2.9	
due in over one year	(17)	0.0	0.0				
Total		**782.0**	**758.5**	**16.9**	**3.8**	**2.9**	

Reconciliation of the credit loss accounts

EUR million	2012	2011
Realised credit losses	0.7	0.8
Returned credit losses	-0.1	-0.2
Impairment recognised for the financial year		
Closing balance, 31 Dec	**0.6**	**0.7**

Credit losses are due to trade receivables that did not gain interest and that did not have collateral.

Quality analysis of debt securities

EUR million	Note	2012 Value	2012 Share of receivables, %	2011 Value	2011 Share of receivables, %
Senior loans	(22)	20.0	50.0	39.9	66.6
Junior loans		20.0	50.0	20.0	33.4
Total		**40.0**	**100.0**	**59.9**	**100.0**

Debt securities by credit rating [1)]

EUR million	Note	2012 Value	2012 Share of receivables, %	2011 Value	2011 Share of receivables, %
AA-	(22)	20.0	50.0	39.9	66.6
Unclassified, S-Bank		20.0	50.0	20.0	33.4
Total		**40.0**	**100.0**	**59.9**	**100.0**

[1)] The S&P rating has primarily been used. If the S&P rating has not been available, a corresponding Moody's or Fitch rating has been used.

Risk concentrations

Geographical distribution of receivables 2012

EUR million	Finland	Nordic countries	Other EU countries	Other countries
Loan receivables	48.1		0.2	1.4
Receivables sold to a finance companies	77.5			
Finance lease receivables	0.4			
Trade receivables	597.3	0.9	4.9	8.7
Available-for-sale investments	20.0			
Cash and cash equivalents	129.6	0.4	17.3	10.4
Other items	15.3			
Total	**888.2**	**1.3**	**22.4**	**20.4**

* Other countries = Switzerland and Russia

Geographical distribution of receivables 2011

EUR million	Finland	Nordic countries	Other EU countries	Other countries
Loan receivables	23.5		0.2	0.7
Receivables sold to a finance companies	66.4			
Finance lease receivables	0.6			
Trade receivables	747.9	1.2	4.2	4.2
Available-for-sale investments	39.9			
Cash and cash equivalents	59.6	31.3	20.1	15.3
Other items	18.3			
Total	**956.3**	**32.5**	**24.6**	**20.2**

Risk concentrations are presented in the tables only for SOK Corporation's external items.

The figures include assets held for sale. See Note 2.

LIQUIDITY RISK

Liquidity risk is a risk that the liquid assets and unused credit facilities of SOK and its subsidiaries are not sufficient to meet the operational needs or that arranging the liquidity needed causes high additional expenses.

SOK Corporation manages its liquidity risk by maintaining its quick ratio and cash reserve at a sufficient level. The operational target level of quick ratio is a minimum of 1.0, including long-term unused committed credit facilities. At the end of the year, the quick ratio calculated as stated above was 1.0 (2011: 1.0).

The cash reserve is maintained in order to secure liquidity in all situations, and it contains liquid assets tradeable on the secondary market as well as available funds, including account limits. The cash reserve target is EUR 100 million and achieving this objective is monitored over a monitoring period extending two weeks. SOK endeavours also to minimise liquidity and refinancing risks by maintaining a balanced maturity distribution for its loans.

SOK Corporation has concluded agreements on committed credit facilities to an amount of EUR 270 million (2011: EUR 290 million). The credit facilities have not been secured by collateral. In 2014, EUR 50 million will fall due; in 2015 EUR 40 million will fall due; and the remaining EUR 180 million will fall due in 2017. The committed credit limit in use in 2012 amounted to an average of EUR 25.1 (31.4) million. In accounting, a loan taken out from long-term credit facilities is handled as a non-current liability. SOK Corporation did not have any debt taken out from committed credit facilities on the balance sheet date.

The terms and conditions SOK's overdraft facilities contain covenants. The financial covenants used in all overdraft facilities agreements are equity ratio and the gross margin / net interest rates key figure. The covenant terms and conditions were not breached in the financial year.

In addition, the SOK Corporation has an EUR 250 million commercial paper programme of which an average of EUR 139.5 (58.0) million was in use.

Maturity analysis of SOK Corporation's agreement-based cash flows from financial liabilities and derivative contracts

EUR million	Note	2012	Agreement based cash flows *)	On demand	Less than 3 mths	3–12 mths	1–2 yrs	2–5 yrs	over 5 yrs
Non-derivative financial assets									
Supplementary cooperative capital	(25)	12.8	13.9			0.3	0.1	0.2	13.3
Non-current interest-bearing liabilities	(26)								
Trade payables		0.5	0.5				0.4	0.1	
Interest-bearing loans from financial institutions		20.9	21.9		0.1	0.4	0.5	21.0	
Interest-bearing loans to others		0.4	0.4				0.2	0.2	
Finance company liability for sold receivables									
Finance lease liabilities		36.2	36.2				21.1	15.1	
Non-current non-interest-bearing liabilities	(27)	81.6	97.5				19.3	77.6	0.6
Cash counting service		23.1	23.1	23.1					
Other non-interest-bearig liabilities		0.1	0.1				0.1		
Current interest-bearing liabilities	(26)								
Interest-bearing loans from financial institutions		10.0	10.0	10.0					
Interest-bearing loans from others		202.9	202.9		198.7	4.2			
Finance company liability for sold receivables		41.3	41.3		10.3	31.0			
Finance lease liabilities		18.4	22.5		6.1	16.4			
Trade payables	(27)	799.2	799.1		796.1	3.0			
Off-balance liabilities	(33)								
Nominal value of guarantee liabilities		181.9	181.9	181.9					
Non-derivative financial assets, total		**1,429.2**	**1,451.4**	**215.0**	**1,011.3**	**55.2**	**41.7**	**114.2**	**13.9**
Derivatives liabilities	(23), (27)								
Derivatives included in hedge accounting		3.7	1.8		0.1	0.3	0.5	0.9	
Currency derivatives		3.1	9.9	2.0	1.7	2.9	2.1	1.1	
Interest rate derivatives		6.1	6.1		0.8	1.3	2.9	1.1	
Commodity derivatives		2.8	2.8		0.0	0.0		1.8	0.9
Derivatives assets	(20), (23)								
Derivatives included in hedge accounting		0.9	0.6		0.0	-0.1	-0.1	0.9	
Currency derivatives		3.0	0.4		-0.5	0.9	0.1	0.0	
Interest rate derivatives		6.4	6.3		0.8	1.4	2.9	1.2	
Commodity derivatives		2.8	2.8			0.0		1.8	0.9
							0.0		
Net derivatives liabilites, total		**2.6**	**10.4**	**2.0**	**2.4**	**2.3**	**2.5**	**1.1**	**0.0**
Total		**1,431.8**	**1,461.8**	**217.0**	**1,013.8**	**57.5**	**44.2**	**115.4**	**13.9**

*) Expence on financial liabilities + / return on financial assets +

All the instruments in effect on 31 December 2012 and their agreement-based principal amounts and interest are given in the table. Items in foreign currency have been translated into euro, applying the spot rates on the balance sheet date. Floating-rate interest payments on financial liabilities have been defined applying the forward contract interest rate quotations at the balance sheet date. Financial liabilities for which repayment can be claimed before the due date have been presented in a period during which repayment can be made at the earliest.

For derivatives, the net cash flows of each agreement have been presented in the table. For interest rate swaps, the net cash flows of each agreement are shown. Future floating-rate cash flows have been defined applying the quotations at the balance sheet date. For currency derivatives, the net cash flows of each agreement have been presented. The cash flows presented for electricity derivatives are the fair value at the balance sheet date in the maturity corresponding to the due date. Oil product derivatives are cleared daily, for which reason, future cash flows are not presented for them. The cash flows presented for grain product derivatives are the fair value at the balance sheet date in the maturity corresponding to the due date. The figures include assets held for sale. See Note 2.

Supplementary Cooperative Capital
Supplementary cooperative capital is a cooperative enterprise's voluntary investment in the cooperative enterprise. Of the aggregate amount of supplementary cooperative contributions corresponding to the supplementary cooperative shares issued, the amount paid to the cooperative enterprise at any given time constitutes the supplementary cooperative capital. The cooperative enterprise has the right to reduce the number of its additional cooperative shares by notifying the Executive Board of the cooperative enterprise thereof in writing. The reduction in the supplementary cooperative shares and the refund of the supplementary cooperative contributions corresponding to them is carried out in accordance with the provisions of the Cooperatives Act and in the manner and subject to the terms of SOK's statutes.

The supplementary cooperative capital contribution is refunded to the cooperative enterprise at a time decided by the Executive Board of the cooperative enterprise, which can be no earlier than six months after the close of the financial period during which a demand for reduction in the supplementary cooperative shares and refund of the supplementary contributions has been presented to the cooperative society and no later than within five years and six months of such demand, counting from the beginning of the next calendar year. The equity to be used for the refund and the amount of the supplementary cooperative contribution to be returned are calculated on the basis of the financial statements to be prepared for the financial period preceding the date of the refund, in accordance with the provisions of the Cooperatives Act.

Maturity analysis of SOK Corporation's agreement-based cash flows from financial liabilities and derivative contracts

EUR million	Note	2011	Agreement based cash flows *)	On demand	Less than 3 mths	3–12 mths	1–2 yrs	2–5 yrs	over 5 yrs
Non-derivative financial assets									
Supplementary cooperative capital	(25)	12.8	14.8			0.4	0.2	0.6	13.6
Non-current interest-bearing liabilities	(26)								
Trade payables		0.4	0.4				0.3	0.1	
Interest-bearing loans from financial institutions		20.1	22.0		0.2	0.5	0.6	20.8	
Interest-bearing loans to others		0.6	0.6				0.2	0.4	
Finance company liability for sold receivables		31.9	31.9				18.3	13.6	
Finance lease liabilities									
Non-current non-interest-bearing liabilities	(27)	81.1	101.3				23.1	32.8	45.5
Cash counting service		22.5	22.5	22.5					
Other non-interest-bearing liabilities		0.1	0.1				0.1		
Current interest-bearing liabilities	(26)								
Interest-bearing loans from financial institutions		71.5	71.9	10.1	61.8				
Pension loans		100.3	100.5		100.1	0.3			
Finance company liability for sold receivables		35.6	36.0		9.3	26.7			
Finance lease liabilities		7.9	12.9		3.3	9.6			
Trade payables	(27)	923.0	923.0		918.8	4.2			
Off-balance liabilities	(33)								
Nominal value of guarantee liabilities		70.6	70.6	70.6					
Non-derivative financial assets, total		**1,378.4**	**1,408.5**	**103.2**	**1,093.5**	**41.7**	**42.9**	**68.2**	**59.1**
Derivatives liabilities	(23), (27)								
Derivatives included in hedge accounting		1.8	0.6		0.0	-0.1	0.4	0.3	0.0
Currency derivatives		6.1	3.0		3.8	0.3	-0.8	-0.3	
Interest rate derivatives		5.9	6.2		0.1	2.4	2.2	1.4	0.0
Commodity derivatives		1.8	1.5		0.0	0.0		0.8	0.7
Derivatives assets	(20), (23)								
Currency derivatives		10.6	5.9		1.9	3.7	0.3		
Interest rate derivatives		5.3	5.7		0.0	2.3	2.0	1.4	0.0
Commodity derivatives		1.5	1.5		0.0	0.0		0.8	0.7
Net derivatives liabilites, total		**-1.9**	**-1.8**		**1.9**	**-3.3**	**-0.4**	**0.0**	**0.0**
Total		**1,376.5**	**1,406.7**	**103.2**	**1,095.4**	**38.4**	**42.4**	**68.2**	**59.1**

*) Expence on financial liabilities + / return on financial assets +

INTEREST RATE RISK

The interest rate risk means an uncertainty in SOK Corporation's cash flow, result and balance sheet caused by changes in market rates. In principle, the interest rate risk is minimised when the average interest rate tying period of SOK Corporation's interest-bearing items neutralises the sensitivity of the operational activities to the changes in the interest rates.

SOK Corporation's goal in the management of the interest rate risk is to reduce or eliminate the negative effect of the change in market rates on the Corporation's cash flows, result and balance sheet, nevertheless taking the costs of hedging into account.

SOK Finance is in charge of the management of SOK Corporation's interest rate risk in a centralised manner. SOK Corporation's interest rate risk is monitored through the ALM cost centre, which depicts the entire Group's interest rate risk. ALM's interest rate risk position is the net of the Corporation's external and internal interest instruments.

The interest rate risk of SOK Corporation's subsidiaries is managed by financing investments and operational activities in a manner that minimises the interest rate risk of the business operations. When determining the interest rate tying period of the Corporation's internal loans, the repayment and depreciation periods of the investments are taken into consideration. The interest rate tying period is adjusted to match the investment or operational activity by using the Corporation's internal interest derivatives, if needed.

A linear change of one percentage point in market rates must not cause an increase in the net financial expenses that would exceed one per cent of the planned gross margin in euro for each year. The ALM interest rate risk position is monitored over a five-year planning period, and the target of the aforementioned indicator must be met during the first three years of the planning period.

Interest rate sensitivity analysis
The table shows the interest rate sensitivity of SOK Corporation's interest-bearing net liabilities as well as derivatives receivables and liabilities. The effect of a one percentage point change in the interest rate on SOK Corporation's income statement and equity on the balance sheet date is presented as sensitivity. Other variables are assumed to remain constant. The effect on the income statement and equity is shown without the effect of taxes.

				Effect on the income statement		Effect on equity	
2012		Position exposed	Duration	1 percentage	1 percentage	1 percentage	1 percentage
EUR million	Note	to risk		point rise	point fall	point rise	point fall
Interest-bearing receivables	(17), (21)						
EUR		85.5	0.3	0.6	-0.6		
Short-term investments	(22)						
EUR		20.0	0.1	0.2	-0.2	0.0	0.0
Derivatives assets and liabilities	(20), (27)						
EUR		79.2	0.9	-0.2	0.2	1.4	-1.5
USD		37.1	0.2	-0.1	0.1		
LVL		-8.0	0.1	0.0	0.0		
LTL		-6.6	0.2	0.0	0.0		
RUB		91.5	1.3	1.1	-1.1		
Other currencies		12.5	0.0	0.0	0.0	0.0	0.0
Interest-bearing liabilities	(26)						
EUR		322.1	0.1	-2.9	2.9		
Total		**633.2**		**-1.2**	**1.2**	**1.4**	**-1.5**

The interest rate sensitivity of derivative assets and liabilities is reported as an impact of one percentage point change in the interest rate on the fair value of the derivative. The interest rate sensitivity of short-term investments measured at fair value is reported as the impact of one percentage point change in the interest rate on the fair value and interest cash flows during the next 12 months. The interest rate sensitivity of other interest-bearing receivables and liabilities is reported as the impact of one percentage point change in the interest rate on the interest cash flows during the next 12 months. The calculation assumes that the balance sheet amount will remain the same for the next 12 months.

Cash flow hedging is applied to the interest rate risk of derivatives affecting equity.
The time until the next re-pricing in years is given as the duration.
The figures include assets held for sale. See Note 2.

2011		Position exposed	Duration	Effect on the income statement		Effect on equity	
				1 percentage	1 percentage	1 percentage	1 percentage
EUR million	Note	to risk		point rise	point fall	point rise	point fall
Interest-bearing receivables	(17), (21)						
EUR		55.5	0.3	0.4	-0.4		
Short-term investments	(22)						
EUR		39.9	0.1	0.3	-0.3	-0.1	0.1
Derivatives assets and liabilities	(20), (27)						
EUR		124.6	1.2	0.4	-0.4	1.7	-1.8
USD		-19.2	0.2	-0.2	0.2		
LVL		-12.6	0.1	0.0	0.0		
LTL		-8.8	0.1	0.0	0.0		
RUB		-56.1	1.3	0.6	-0.7		
Interest-bearing liabilities	(26)						
EUR		255.0	0.4	-1.5	1.5		
Total		**395.2**		**0.1**	**-0.1**	**1.6**	**-1.7**

Interest cash flow risk and hedge accounting

SOK Corporation began applying hedge accounting to derivatives hedging variable rate loans on 1 July 2011. The hedge accounting model used is cash flow hedging. The purpose of hedge accounting is to hedge against the interest cash flow risk of variable rate loans.

Cash flow hedge accounting is applied to interest rate derivatives which are efficient for the risk being hedged and meet the conditions set for hedge accounting in the IAS 39 standard. Interest rate swaps as well as interest rate and currency swaps have been used as hedging instruments. The hedging relationship between the hedging derivative and the hedged item as well as the risk management objectives related to hedging is documented when the hedging begins.

The efficiency of the hedge is assessed at the beginning of the hedging relationship and during the hedge so that the hedge is extremely efficient throughout. A hedge is considered efficient when the change in the cash flows of the hedge instrument eliminates 80 to 125% of the change in the cash flows of the hedged agreement or position.

The efficient portion of hedging is recognised in the fair value reserve.

Fair values of the derivatives used as hedge instruments

EUR million	2012	2011
Derivatives liabilities		
Interest rate swaps	1.9	0.8
Interest rate and currency swaps	0.0	1.0
Total	**1.9**	**1.8**
Derivatives receivables		
Interest rate and currency swaps	0.1	
Total	**0.1**	

In interest rate and currency swaps, hedge accounting is only applied to the interest cash flow risk of the derivative.
Gains and losses from currency risks are recognised directly in the income statement.

Changes recognised in Group equity from cash flow hedging

EUR million	2012	2011
Opening balance, 1 Jan	-3.2	0.0
Profits and losses from valuing at fair value	-1.0	-3.2
Amount included in the income statement	0.2	0.0
Closing balance, 31 Dec	**-4.1**	**-3.2**

Items recognised in equity are shown without the effect of taxes.
Changes in value recognised in equity are recognised in the income statement in the period during which the hedged cash flows are recognised in the income statement, the derivative matures or the hedge accounting prerequisites are no longer met.
In 2012, no inefficiency was recognised in the income statement from cash flow hedging.

The periods during which the cash flows included in hedge accounting are expected to materialise

EUR million	2013	2014	2015	2016	2017	Total
Expected cash flows of hedged loans	-0.9	-0.8	-21.3	-0.5	-0.4	-23.9
Expected cash flows of derivatives	-0.6	-0.6	0.5	-0.3	-0.2	-1.2
Expected cash flows total	**-1.5**	**-1.4**	**-20.9**	**-0.8**	**-0.6**	**-25.1**

The expected cash flows are based on the market prices of the balance sheet date.
The figures include assets held for sale. See Note 2.

CURRENCY RISK

SOK Corporation's revenue still comes mainly from Finland. A currency risk means an uncertainty in SOK Corporation's cash flow, result and balance sheet caused by changes in exchange rates. The size of SOK Corporation's and its subsidiaries' currency risk is viewed by currency. The objective is to minimise the uncertainty caused by the currency risk of an open position, nevertheless taking the hedging costs into account.

SOK Finance is in charge of the management of SOK Corporation's currency risk in a centralised manner. SOK Corporation's currency risk is monitored through the ALM cost centre, which depicts the entire Group's currency risk. ALM position risk may not exceed EUR 10 million when the exchange rate changes by 10 per cent. The SOK unit or subsidiary entering into an agreement is responsible for the transaction risks. Significant transaction risks are primarily hedged with the SOK Corporation's internal derivatives.

Subsidiaries' currency risk is reduced by financing the operations of the companies in the same currency as the application of funds as well as by means of derivatives. The translation risk associated with the invested equity financing in foreign subsidiaries is reduced by hedging the capitals to the extent that a 20 per cent exchange rate change would cause a decline of no more than 0.5 percentage points in SOK Corporation's equity ratio. Hedging the translation risks of the debt instrument financing of foreign subsidiaries is included in the management of the ALM position.

Currency sensitivity analysis
The currency sensitivity analysis shows the effect on SOK Corporation's profit/loss or equity of a 10% appreciation of depreciation in the euro against other currencies. Other variables are assumed to remain constant.

The calculation includes the amount of equity in SOK's foreign subsidiaries, if its conversion into euros will have an impact on equity.
The effect on the income statement and equity is shown without the effect of taxes.

2012 EUR million	Position exposed to risk	Effect on the income statement Appreciation of the euro 10%	Depreciation of the euro 10%
USD	47.3	-4.2	4.2
LVL	20.6	0.7	-0.7
LTL	16.0	0.9	-0.9
RUB	241.3	1.5	-1.5
Other currencies	8.6	0.4	-0.4
Total	**333.8**	**-0.6**	**0.6**

2012 EUR million	Position exposed to risk	Effect on equity Appreciation of the euro 10%	Depreciation of the euro 10%
LVL	12.2	-1.2	1.2
LTL	1.8	-0.2	0.2
RUB	5.1	-0.5	0.5
Total	**19.2**	**-1.9**	**1.9**

Hedge accounting is not applied to currency derivatives hedging SOK Corporation's equity investments.

In assessing SOK Corporation's total exposure to the US dollar, the price-tied inventories of oil must be taken into account, which are not included in the currency risk analysis. The impact of the strengthening of euro on the inventory value compensates for the most part of the value change in the Corporation's USD-denominated currency derivatives. In addition, SOK Corporation has hedged future investments with forward contracts in USD. The share of these hedges in the USD total risk figures is EUR 2.3 million.

In assessing SOK Corporation's total exposure to Lithuanian litas (LTL) and Latvian lat (LVL), account must be taken of the long-term lease agreements of the subsidiaries that operate in these currencies, which are in euros or are currency clause-containing foreign currency-denominated agreements for which the subsidiaries have hedged the currency risk by means of derivatives. The lease agreements are not included in the currency sensitivity analysis.

The figures include assets held for sale. See Note 2.

2011 EUR million	Position exposed to risk	Effect on the income statement Appreciation of the euro 10%	Depreciation of the euro 10%
USD	198.2	3.5	-3.5
LVL	22.9	1.0	-1.0
LTL	16.5	0.7	-0.7
RUB	189.0	0.7	-0.7
Other currencies	6.6	0.4	-0.4
Total	**433.2**	**6.2**	**-6.2**

2011 EUR million	Position exposed to risk	Effect on equity Appreciation of the euro 10%	Depreciation of the euro 10%
LVL	6.1	-0.6	0.6
LTL	1.2	-0.1	0.1
RUB	13.2	-1.3	1.3
Total	**20.5**	**-2.0**	**2.0**

PRICE RISKS

Price risk of available-for-sale investments

Available-for-sale investments are unquoted shares.
The Corporation did not have quoted shares on 31 December 2012.

Fuel trade price risk management

S Group's fuel procurement is handled by North European Oil Trade Oy (NEOT). Fuel procurement creates a price risk for the company through fuel in storage, and the management of this risk is defined in the company's risk management policy. To manage price risk, the company uses hedging instruments such as futures and options made in the stock exchanges of London and New York as well as swaps made in the OTC market. North European Oil Trade Oy is not consolidated with the Group on 31 December 2012.

Oil product derivatives sensitivity analysis
The price risk exposure of oil product derivatives is stated as the effect on SOK Corporation's profit/loss of a 10 per cent change in the derivative. The effect on the income statement is shown without the effect of taxes.

EUR million	2012 Position exposed to risk	Effect on the income statement Appreciation of the euro 10%	Depreciation of the euro 10%	2011 Position exposed to risk	Effect on the income statement Appreciation of the euro 10%	Depreciation of the euro 10%
Oil product derivatives	0.0	0.0	0.0	75.0	-5.5	5.5

Because inventories tied to the price of oil are not included in the analysis, this analysis does not give a representative picture of SOK Corporation's overall risk. The inventory value change compensates for the most part of the value change of derivatives. The figures for the comparison year have been converted to match the 2011 calculation principle.

Commodity price risk management of the agricultural trade

The SOK subsidiary Hankkija-Maatalous Oy make use of wheat, oats, oil seed and soybean meal derivatives to hedge price risks involved in the trading in and production of these commodities.

Sensitivity analysis of commodity derivatives of the Agricultural Trade
The price risk exposure of commodity derivatives is stated as the effect on SOK Corporation's profit/loss of a 10 per cent change in the market price of the said commodity. The effect on the income statement is shown without the effect of taxes.

EUR million	2012 Position exposed to risk	Effect on the income statement Appreciation of the euro 10%	Depreciation of the euro 10%	2011 Position exposed to risk	Effect on the income statement Appreciation of the euro 10%	Depreciation of the euro 10%
Grain and livestock feed derivatives	6.8	0.0	0.0	1.5	0.0	0.0

The analysis of the grain and livestock feed derivatives does not provide an accurate picture of the Corporation's risks in these products. The grain and livestock feed components in inventory and their binding physical purchase agreements are not included in the analysis. They have an opposite price risk in terms of physical selling agreements and derivatives.

The figures include assets held for sale. See Note 2.

32. Related party transactions

SOK Corporation's related parties include regional cooperatives, the subsidiaries, joint ventures, the associated companies, CEO and his deputy, SOK's Corporate Management Team, SOK's Executive Board and Supervisory Board and their family members.

Management salaries and remuneration	2012	2011
CEO and SOK's Corporate Management Team	2.6	2.5
SOK's Executive Board and Supervisory Board	0.3	0.2
Total	**2.9**	**2.7**

Management's pension commitments: SOK's Chief Executive Officer, members of the executive board in an emplyment relationship and the Corporate Management Team are entitled to retire at the age of 60–62.

Related-party loans to the subsidiaries, joint ventures as well as associates have been granted for financing normal business operations. Loans have not been granted to regional cooperatives or the management of SOK Corporation's related parties at 31 December 2012 and 31 December 2011. Nor have conditional items or other commitments been granted on the behalf of key employees. Persons belonging to management, including their related parties, are not in a material business relationship with SOK Corporation.

Sales to the regional cooperatives primarily consist of the EDI invoicing related to the cooperatives' goods procurement. In addition, the cooperatives are charged for the service provision related to the normal business operations.

Transactions and balances with associated companies and joint ventures:

EUR million	2012	2011
Sales	26.2	41.8
Purchases	277.9	258.7
Financial income and expenses	0.2	0.4
Trade and other receivables	1.7	3.7
Loan receivables	20.0	21.7
Loans	16.0	15.4
Trade payables and other liabilities	46.8	16.1

33. Contingent liabilities

EUR million	2012	2011
Pledges given and contingent liabilities		
Liabilities secured by pledges		
Loans from financial institutions		61.4
Carrying amount of pledged goods		67.4
Other liabilities		2.0
Carrying amount of pledged shares		2.2
Pledges given as security, total		**69.7**
Other liabilities		
Pledges	0.4	0.4
Mortgages	0.4	0.4
Guarantees	4.6	13.4
Total	**5.4**	**14.2**
Security given on behalf of others		
Guarantees for liabilities of joint ventures enterprises	151.5	46.6
Guarantees for liabilities of cooperative enterprises	10.0	10.0
Guarantees for others' liabilities		0.2
Total	**161.5**	**56.7**

EUR million	2012	2011
Other contingent liabilities		
Guarantees for liabilities of associated companies	13.9	
Guarantees for liabilities of cooperative enterprises	0.4	0.4
Guarantees for others' liabilities	1.4	
Total	**0.4**	**0.4**
Other liabilities		
Letter of credit liabilities		0.6
Total		**0.6**

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 119.8 million and of the guarantees on behalf of joint venture Kauppakeskus Mylly Oy on a loan of EUR 46.5 million. 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 80.7 million on 31 December 2012 (EUR 79.6 million on 31 December 2011).

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 5.4 million (EUR 5.6 million on 31 December 2011).

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 shares to the acquisition of wind power electricity; and series C shares to the acquisition of nuclear power electricity.

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. The remaining portion of the equity financing liability based on decisions made by SOK's accounts closing date is estimated at EUR 4.0 million in total (EUR 4.4 million 31 Dec 2011). It is estimated that liabilities financing by the company's shareholders is not needed.

34. Subsidiaries and associated companies

Companies owned by SOK Corporation and SOK 31.12.2012

	Country	SOK Corporation's share-holding %	SOK Corporation's voting rates %	SOK's share-holding %
Group companies				
Commercial				
SOK Autokauppa Oy	Finland	100	100	100
A/S Prisma Latvija	Latvia	100	100	100
AS Sokotel	Estonia	100	100	100
Hankkija-Maatalous Oy	Finland	100	100	100
Hiven Oy	Finland	100	100	
Inex Partners Oy	Finland	100	100	100
Jollas-Opisto Oy	Finland	100	100	100
Meira Nova Oy	Finland	100	100	100
Movere Oy	Finland	66.7	66.7	
OOO Karelia	Russia	100	100	
OOO Real Estate Management	Russia	100	100	
OOO Real Estate 1	Russia	100	100	
OOO Real Estate 2	Russia	100	100	
OOO Otel Plus	Russia	100	100	
OOO Prisma	Russia	100	100	
OOO Sokotel	Russia	100	100	1
Prisma Peremarket AS	Estonia	100	100	100
Rekla Oy	Finland	100	100	100
SIA Baltic Feed	Latvia	100	100	
SOK-Holding Oy	Finland	100	100	100
SOK-Invest Oy	Finland	100	100	100
Sokotel Oy	Finland	100	100	100
SOK Real Estate Int Oy	Finland	100	100	99
SOK Retail Int Oy	Finland	100	100	99
SOK-Takaus Oy	Finland	99.9	99.9	99.9
Suomen Spar Oy	Finland	100	100	100
UAB Baltijos Pasarai	Lithuania	100	100	
UAB Prisma LT	Lithuania	100	100	100
S-Verkkopalvelut Oy	Finland	100	100	100
S-Yrityskortti Oy	Finland	100	100	100
S-Yrityspalvelu Oy	Finland	100	100	100
RB Int Oy	Finland	100	100	100
OOO Itis 2	Russia	85	85	
SOK Fund Management Oy	Finland	100	100	100
Real-estate companies, 25 companies				
Total Group companies, 59 companies				
Participating interest companies				
Joint ventures				
Kauppakeskus Mylly Oy	Finland	50	50	50
Kiinteistö Oy Kuloisten Kauppakeskus	Finland	50	50	
North European Oil Trade Oy	Finland	50.8	50.8	50.8
Joint ventures, 3 companies				

	Country	SOK Corporation's share-holding %	SOK Corporation's voting rates %	SOK's share-holding %
Associated companies				
Asunto Oy Kauniaisten Kirkkomäki	Finland	38.6	38.6	38.6
Coop Trading A/S	Denmark	25	25	25
Finnfrost Oy	Finland	50	50	
Keskuskorttelin Huolto Oy	Finland	31.5	31.5	31.5
Oy Realinvest Ab -Group	Finland	21.9	21.9	21.9
S-Pankki Oy	Finland	50	50	50
S-Asiakaspalvelu Oy	Finland	50	50	
Kiinteistö Oy Lempäälän Terminaali	Finland	50	50	
Kiinteistö Oy Limingan terminaali	Finland	50	50	
Farmit Website Oy	Finland	50	50	
OOO Itis	Russia	25	25	
OOO Itis 3	Russia	25	25	
Total associated companies, 12 companies				

35. Events after the balance sheet date

SOK Real Estate Int. Oy, a subsidiary belonging to the SOK Corporation, acquired a 60 per cent holding in OOO Itis and in OOO Itis 3 through transactions completed on 24 January 2013. After the transaction, SOK Real Estate Int. Oy has a 85 per cent holding in each company. The purchase price of OOO Itis was EUR 10.6 million and that of OOO Itis 3 was EUR 8.0 million.

By means of a bill of sale dated 17 January 2013, SOK sold 60% of the shares of Hankkija-Maatalous Oy it fully owned to Danish DLA International. Hankkija-Maatalous Oy's subsidiaries Hiven Oy, Movere Oy, SIA Baltic Feed and UAB Baltijos Pasarai as well as the associated company Farmit Website Oy were also transferred in the transaction. More information about the sale in note 2.

SOK Corporation Key Ratios 2008–2012

SOK Corporation continuing operations	IFRS 2012	IFRS 2011	IFRS 2010	IFRS 2009	IFRS 2008
Revenue, EUR million	**11,708.3**	11,280.2	9,257.7	8,532.1	8,800.2
Operating profit, EUR million	**-24.4**	18.8	48.8	62.8	48.0
% of revenue	**-0.2**	0.2	0.5	0.7	0.5
Profit/loss before taxes, EUR million	**-27.1**	19.5	41.2	37.1	46.3
% of revenue	**-0.2**	0.2	0.4	0.4	0.5
SOK Corporation *)					
Return on equity, %	**-3.9**	2.0	4.4	3.0	-1.2
Return on investment, %	**-0.1**	3.2	3.6	2.1	1.0
Equity ratio, %	**29.3**	26.7	28.9	28.0	13.4
Gross investments in fixed assets, EUR million	**124.4**	105.5	98.8	103.5	139.3
% of revenue	**1.1**	0.9	1.1	1.2	1.6
Gearing, %	**41.7**	34.1	9.3	31.3	40.0
The average number of the personnel during the financial year	**10,563**	9,973	9,589	9,395	9,411
Converted to full-time personnel	**9,732**	8,947	8,442	8,574	8,365
Non-interest-bearing liabilities, EUR million	**821.3**	1,233.7	1,145.5	1,027.8	1,077.0
Key ratios of retail and wholesale business					
Return on equity, %	**-3.9**	2.0	4.4	2.0	-0.3
Return on investment, %	**-0.1**	3.2	3.6	3.6	2.9
Equity ratio, %	**29.3**	26.7	28.9	27.7	27.3
Gearing, %	**41.7**	34.1	9.3	31.3	35.4
Discontinued operations					
Key ratios of S-Bank **)					
Capital adequacy ratio, %				21.3	12.7
Return on equity, %				2.1	-11.2
Return on assets, %				0.1	-0.4

*) Maan Auto Ltd's 2010 key ratios are for the period of 1 Jan – 30 April 2010

**) S-Bank Ltd's 2009 key ratios are for the period of 1 Jan – 30 June 2009

CALCULATION OF KEY RATIOS

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

Return on investment, % $= \dfrac{\text{Profit/loss after financial items + interest and other financial expenses}}{\text{Total assets - non-interest-bearing liabilities - provisions, average}} \times 100\ \%$

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

Gross investment in fixed assets = Acquisition costs of subsidiary shares and other fixed assets

Gearing, % $= \dfrac{\text{Interest-bearing liabilities - Cash and cash equivalents}}{\text{Total equity}} \times 100\ \%$

The average number of the personnel during the financial year

The average number of personnel and the number converted to full-time equivalents has been calculated as the average number of personnel at the end of each quarter.

Parent Cooperative's Financial Statement, FAS

Income statement of SOK, FAS

EUR million	Note		**1.1.–31.12.2012**		1.1.–31.12.2011
Net turnover			**7,419.6**		7,081.2
Other operating income	(1)		**0.8**		11.8
Materials and services					
Raw materials and consumables	(2)	**7,115.4**		6,817.2	
External services		**55.4**	**7,170.8**	52.9	6,870.1
Personnel costs	(3)				
Salaries and remuneration		**82.5**		63.4	
Other personnel costs		**21.4**	**104.0**	15.7	79.2
Depreciation and impairment	(4)		**8.6**		6.0
Other operating expenses					
Facilities rent		**30.7**		28.7	
Other expenses	(5)	**109.7**	**140.4**	104.5	133.1
Operating profit (loss)			**-3.4**		4.7
Financial income and expenses (+/-)	(8)		**7.9**		44.5
Profit before extraordinary items			**4.5**		49.2
Extraordinary items (+/-)	(9)		**-12.0**		-5.7
Profit before appropriations and taxes			**-7.5**		43.5
Appropriations (+/-)	(10)		**-0.1**		-1.9
Income taxes (+/-)	(11)		**-0.1**		-2.5
Profit for the financial year			**-7.8**		39.1

Balance sheet of SOK, FAS

ASSETS EUR million	Note		**31.12.2012**		31.12.2011
NON-CURRENT ASSETS					
Intangible assets	(12)	**38.2**		32.7	
Tangible assets	(13)	**6.3**		6.5	
Shares in Group companies	(14)	**341.9**		324.0	
Other investments	(14)	**484.1**	**870.5**	493.1	856.4
CURRENT ASSETS					
Inventories	(15)	**0.1**		0.1	
Short-term receivables	(16)	**697.2**		709.0	
Securities	(17)	**20.0**		39.9	
Cash in hand and at bank		**70.3**	**787.6**	44.3	793.3
			1,658.1		1,649.7

LIABILITIES EUR million	Note		**31.12.2012**		31.12.2011
CAPITAL AND RESERVES	(18)				
Cooperative capital		**156.0**		145.7	
Supplementary cooperative capital		**12.8**		12.8	
Fair value reserve		**6.4**		-3.3	
Legal reserve		**18.5**		18.5	
Supervisory Board's disposal fund		**0.1**		0.0	
Profit for the previous financial years		**474.0**		435.4	
Profit for the financial year		**-7.8**	**660.0**	39.1	648.2
ACCUMULATED APPROPRIATIONS	(19)		**4.4**		4.3
PROVISIONS	(20)		**2.8**		0.3
LIABILITIES					
Long-term liabilities	(21)	**44.2**		42.9	
Short-term liabilities	(22)	**946.6**	**990.9**	954.0	996.9
			1,658.1		1,649.7

Cash flow statement of SOK, FAS

EUR million	Note	1.1.–31.12.2012	1.1.–31.12.2011
BUSINESS OPERATIONS			
Operating profit		**-3.4**	4.7
Adjustments to operating profit	(1)	**10.4**	-9.3
Change in working capital	(2)	**-36.1**	-25.2
Cash flow from business operations before financing and taxes		**-29.2**	-29.8
Interest paid and other financial expenses		**-33.2**	-6.0
Interest received and other financial income		**42.6**	16.8
Dividends received from business operations		**2.9**	28.4
Direct taxes paid		**-2.5**	-2.4
Cash flow from business operations		**-19.4**	**7.1**
CASH FLOW FROM INVESTMENTS			
Acquisition of fixed assets		**-13.8**	-11.0
Acquisition of shares		**-33.3**	-38.0
Sale of fixed assets			0.5
Sale of shares		**6.8**	14.3
Repayment of capital from associated companies			1.9
Loans issued		**20.3**	-33.6
Dividends received from investments		**3.8**	0.0
Cash flow from investments		**-16.0**	-65.8
FINANCING			
Increase in long-term loans		**300.0**	392.1
Decrease in long-term loans		**-302.0**	-402.3
Increase (+) / decrease (-) in short-term creditors		**29.4**	-28.4
Increase in cooperative capital and supplementary cooperative capital		**10.3**	6.1
Interest paid on the cooperative capital and supplementary cooperative capital		**-0.4**	-0.3
Other decrease in capital and reserves		**0.0**	0.0
Group contributions received		**21.9**	12.1
Group contributions paid		**-17.6**	-31.2
Cash flow from financing		**41.5**	-51.9
Increase (+) / decrease (-) in cash and cash equivalents		**6.1**	-110.6
Cash and cash equivalents at the beginning of the year		**84.1**	194.7
Cash and cash equivalents at the end of the year		**90.2**	84.1
Adjustments to operating profit	(1)		
Gains (-) and losses (+) from the sale of fixed assets		**-0.7**	-11.5
Depreciation and value adjustments		**8.6**	4.1
Income and expenses which do not involve payment		**2.5**	-1.8
		10.4	-9.3
Change in working capital	(2)		
Change in trade receivables		**-9.9**	-66.3
Change in inventories		**0.0**	0.1
Change in short-term interest-free creditors		**-26.3**	41.1
		-36.1	-25.2

The change in cash and cash equivalents differs from the change in cash and cash equivalents calculated from the change in the balance sheet such that measurement gains and losses due to the measurement at fair value of marketable securities have been eliminated from the change in cash and cash equivalents in the cash flow statement.

Notes to SOK's financial statements

ACCOUNTING POLICIES

The financial statements for Suomen Osuuskauppojen Keskuskunta (SOK) have been prepared in accordance with Finnish Accounting Standards (FAS).

Comparability of the income statement

IT administration costs, previously recognised in external services, were recognised in other operating income as of the beginning of 2012. The 2011 income statement has been adjusted to be comparable.

Foreign currency transactions and derivative contracts

Transactions in foreign currency are recognised at the exchange rate on the date of the transaction. Foreign currency denominated receivables and liabilities outstanding at the end of the financial year are translated into euros at the exchange rate quoted by the European Central Bank on the closing day of the financial year, and the exchange rate differences are recognised through profit and loss.

Exchange rate differences arising from the translation of trade receivables are recognised in revenue, and exchange rate differences arising from the translation of trade payables are recognised in expenses. The exchange gains and losses of receivables belonging to other financial items in the balance sheet are recognised in financial income and correspondingly, those belonging to other liabilities are recognised in financial expenses.

Derivative contracts are taken out primarily for hedging purposes, but, as a rule, hedge accounting is not applied to them. Hedge accounting has been applied since 1 July 2011 to interest swaps and to interest and currency swaps that hedge existing or planned highly likely debts. The hedge accounting model used is cash flow hedging. The change in the fair value of the effective portion of financial instruments which meet the conditions of cash flow hedging are recognised in the fair value reserve under equity. In accounting, all derivatives except those included in the said hedge accounting have been measured at fair value, and value changes have been recognised through profit and loss. Correspondingly, the value changes of interest swaps and interest and currency swaps realised before hedge accounting began have been recognised through profit and loss.

Realised and non-realised gains and losses from exchangederivative contracts made in order to hedge sales and trade receivables are recognised in sales income. Realised and non-realised gains and losses from derivative contracts made in order to hedge other receivables are recognised in financial income. Realised and non-realised gains and losses from derivative contracts made in order to hedge purchases and trade payables are recognised in purchases. Realised and non-realised gains and losses from derivative contracts made in order to hedge other debts are recognised in financial expenses.

SOK Corporation's cash pool

For SOK's subsidiaries, the funds in accounts within bank cash pool systems in Finland are included under 'Cash in hand and at bank' and as other current liabilities to Group companies in SOK's reporting. The funds of SOK subsidiaries connected to the cash pools of foreign banks are not presented as SOK's assets or liabilities.

Revenue and revenue recognition

Sales are recognised as revenue when goods are delivered or services are rendered. In calculating revenue, sales income is stated less items such as discounts granted, value added tax, and exchange differences on sales.

Other operating income

The items recognised in other operating income are gains on the sale of property, plant and equipment, capital gains on divestments, and income other than revenue recognised from the ordinary sale of goods and services.

Pension arrangements

Statutory and voluntary pension security for SOK Corporation's employees is arranged through external pension insurance companies.

Lease payments

In the income statement, lease payments of facilities are presented in facilities rent, and other lease payments are presented in other operating income.

Future expenses and losses

Future expenses and losses which represent a commitment of the company, or which are likely to materialise, are recognised as expenses under the relevant expense item. In the balance sheet, these cost provisions are presented as Compulsory provisions or Accruals and deferred income if their exact amount and the time they were incurred are known.

Extraordinary items

Extraordinary items are income and expenses that arise from events or transactions that are distinct from ordinary operations and are non-recurring and material, such as group contributions and considerable amounts connected with acquisitions or divestments.

Income taxes

Income taxes include current taxes for the financial period and corrections to taxes for previous periods.

A deferred tax liability or tax asset is not recognised in the income statements and balance sheets of SOK and its subsidiaries. Material deferred tax liabilities or tax assets are disclosed in the Notes to the Financial Statements of the company in question in connection with the note on income taxes.

Non-current assets and depreciations

In the balance sheet, non-current assets have been valued at cost less accumulated depreciation according to plan.

Depreciation according to plan has been calculated on the original acquisition cost of the non-current asset in accordance with an advance schedule and on a straight line basis. Depreciation has been calculated from the beginning of the month after the asset was placed into use. Depreciation periods are based on estimated economic lives. Revaluations are not included in the balance sheet values of non-current assets.

Depreciation periods according to plan are:

	Years
Buildings	20–35
Lightweight structures and equipment in buildings	5–15
Machinery and equipment	3–10
Motor vehicles and servers	3–5
Other tangible and intangible assets	within the limits permitted by tax law

Depreciation according to plan and the change in the depreciation difference together correspond to depreciation under the Business Taxation Act. The change in the depreciation difference is presented in 'Appropriations' in the income statement. The cumulative difference is presented in the balance sheet as 'Accumulated appropriations'.

Shares and participations in investments under non-current assets are measured at fair value in compliance with the alternative method permitted under the Accounting Act, Chapter 5, Section 2a, if the fair value can be reliably determined.

Current assets

Financial instruments have been measured at fair value in compliance with the alternative method permitted under the Accounting Act, Chapter 5, Section 2a. Financial instruments have been classified as financial assets or liabilities measured at fair value through profit and loss, available-for-sale financial assets, investments held to maturity (in 2011–2012, there were no investments held to maturity), loans and other receivables, and other financial liabilities. A change in the fair value of financial assets and liabilities measured at fair value through profit and loss is recognised in the income statement. A change in the fair value of available-for-sale financial assets is recognised in the fair value reserve under equity. Any impairment loss is, however, immediately recognised through profit and loss with a corresponding adjustment of the fair value reserve. Held-to-maturity investments, loans and receivables and other financial liabilities are valued at amortised cost using the effective interest method. Any impairment loss is recognised through profit and loss and the accrual of interest is continued on the lowered balance at the original effective interest rate of the contract.

Inventories are recognised in the balance sheet in accordance with the lowest value principle at the amount of the variable costs of the purchase or the probable repurchase price or the selling price. The value of inventories has been determined using the FIFO method.

EUR million	2012	2011
1. Other operating income		
Profits on sale of fixed assets	**0.8**	11.5
Other operating income	**0.0**	0.3
Total	**0.9**	11.8
2. Raw materials and consumables		
Purchases during the financial year	**7,115.4**	6,817.1
Change in inventories (+/-)	**0.0**	0.1
Total	**7,115.4**	6,817.2
3. Personnel costs		
Salaries and remuneration	**82.5**	63.4
Pension costs	**17.0**	12.6
Other personnel expenses	**4.4**	3.2
Total	**104.0**	79.2
Average number of personnel	**1,710**	1,283

The average number of personnel has been calculated as the average number of personnel at the end of each quarter.

Salaries and remuneration:		
CEO and members of the Executive Board	**0.6**	0.5
Members of the Supervisory Board	**0.2**	0.2

Management pension liabilities:
Management's pension commitments: SOK's Chief Executive Officer and the Corporate Management Team are entitled to retire at the age of 60–62.

4. Depreciation and impairment		
Depreciation according to plan	**8.6**	6.0
Total	**8.6**	6.0

The itemised specifications of the change in depreciation and accelerated depreciation are included under fixed assets and accumulated appropriations in the notes to the balance sheet.

5. Other operating expenses		
Voluntary indirect employee expenses	**3.4**	3.7
Property, equipment and supplies expenses	**89.4**	85.0
Marketing, administration and other operating expenses	**16.9**	15.8
Total	**109.7**	104.5

Rents for business premises are presented as a separate item in the income statement.

6. Auditor's fees		
Audit expenses Ernst & Young Oy		0.3
Audit expenses KPMG Oy Ab	**0.2**	0.2
Audit expenses Muut		0.0
Other services	**0.1**	0.0
Total	**0.3**	0.6

EUR million	2012	2011
7. Increase (-) / decrease (+) in provisions for liabilities and charges		
Increases related to partially vacant premises	**-2.8**	-0.1
Decreases related to partially vacant premises	**0.3**	1.9
Total	**-2.5**	1.8
8. Financial income and expenses		
Dividend income from group companies	**1.9**	27.4
Dividend income from others	**4.8**	1.0
Total dividend income from investments in non-current assets	**6.7**	28.5
Interest income from other non-current assets		
From group companies	**8.7**	11.8
From others	**0.3**	0.4
Other interest and financial income		
From group companies	**19.9**	4.5
From others	**11.5**	2.4
Total interest and financial income	**40.4**	19.2
Impairment of investments in non-current assets	**-8.3**	1.9
Interest and other financial expenses		
To group companies	**10.3**	2.2
To others	**20.5**	2.7
Total interest and other financial expenses	**30.9**	5.0
Total financial income and expenses	**7.9**	44.5
9. Extraordinary items		
Extraordinary income		
Group contributions received	**22.2**	21.9
Total	**22.2**	21.9
Extraordinary expenses		
Group contributions given	**34.2**	27.6
Total	**34.2**	27.6
Total extraordinary items	**-12.0**	-5.7
10. Appropriations		
Increase (-) / decrease (+) in accelerated depreciation	**-0.1**	-1.9
11. Income taxes		
Income taxes on ordinary operations for the financial year (+/-)	**3.0**	4.0
Income taxes for the previous financial years (+/-)	**0.0**	0.0
Income taxes on extraordinary items for the financial year (+/-)	**-2.9**	-1.5
Total	**0.1**	2.5
Deferred tax liabilities	**1.0**	0.1

EUR million	2012	2011
NOTES CONCERNING ASSETS IN THE BALANCE SHEET		
12. Intangible and tangible assets		
Intangible assets		
Intangible rights		
Acquisition cost at 1 Jan	**36.0**	23.5
Increases	**6.8**	2.3
Decreases	**-0.6**	-0.9
Transfers	**2.6**	11.1
Acquisition cost at 31 Dec	**44.8**	36.0
Accumulated amortisation at 1 Jan	**19.0**	16.1
Accumulated amortisation on decreases and transfers	**-0.6**	-0.9
Amortisation for the financial year	**5.4**	3.8
Accumulated amortisation at 31 Dec	**23.8**	19.0
Book value at 31 Dec	**21.0**	17.0
Other long-term expenditure		
Acquisition cost at 1 Jan	**17.6**	13.3
Increases	**0.1**	0.4
Decreases	**-1.7**	-0.1
Transfers	**0.1**	4.0
Acquisition cost at 31 Dec	**16.1**	17.6
Accumulated amortisation at 1 Jan	**3.9**	2.9
Accumulated amortisation on decreases and transfers	**-1.7**	-0.1
Amortisation for the financial year	**1.3**	1.1
Impairment	**0.7**	
Accumulated amortisation at 31 Dec	**4.2**	3.9
Book value at 31 Dec	**11.8**	13.7
Advance payments of intangible assets		
Acquisition cost at 1 Jan	**2.1**	10.0
Increases	**6.0**	7.1
Transfers	**-2.7**	-15.1
Book value at 31 Dec	**5.4**	2.1
Intangible assets total	**38.2**	32.7
13. Property, plant and equipment		
Land and water areas		
Acquisition cost at 1 Jan	**2.3**	3.0
Decreases		-0.7
Acquisition cost at 31 Dec	**2.3**	2.3
Accumulated impairment at 1 Jan	**0.1**	0.4
Accumulated depreciation on decreases and transfers		-0.4
Accumulated impairment at 31 Dec	**0.1**	0.1
Book value at 31 Dec	**2.2**	2.2

EUR million	2012	2011
Buildings and structures		
Acquisition cost at 1 Jan	**6.9**	7.0
Decreases	**-0.1**	-0.1
Acquisition cost at 31 Dec	**6.8**	6.9
Accumulated depreciation at 1 Jan	**5.9**	5.8
Accumulated depreciation on decreases and transfers	**-0.1**	-0.1
Depreciation for the financial year	**0.1**	0.2
Accumulated depreciation at 31 Dec	**5.9**	5.9
Book value at 31 Dec	**0.9**	1.0
Machinery and equipment		
Acquisition cost at 1 Jan	**6.5**	9.2
Increases	**0.9**	1.1
Decreases	**0.0**	-3.8
Transfers		0.0
Acquisition cost at 31 Dec	**7.4**	6.5
Accumulated depreciation at 1 Jan	**3.8**	6.7
Accumulated depreciation on decreases and transfers	**0.0**	-3.8
Depreciation for the financial year	**1.0**	0.9
Accumulated depreciation at 31 Dec	**4.8**	3.8
Book value at 31 Dec	**2.6**	2.7
Other tangible assets		
Acquisition cost at 1 Jan	**0.6**	0.6
Increases	**0.0**	0.0
Acquisition cost at 31 Dec	**0.6**	0.6
Accumulated depreciation at 1 Jan	**0.0**	0.0
Accumulated depreciation at 31 Dec	**0.0**	0.0
Book value at 31 Dec	**0.6**	0.6
Construction in progress and advance payments		
Increases		0.1
Transfers		-0.1
Acquisition cost at 31 Dec		0.0
Tangible assets total	**6.3**	6.5
14. Investments		
Shares in Group companies		
Acquisition cost at 1 Jan	**336.1**	301.3
Increases	**32.1**	37.1
Decreases	**-5.2**	-2.4
Transfers	**-0.7**	0.1
Acquisition cost at 31 Dec	**362.3**	336.1

EUR million	2012	2011
Accumulated impairment at 1 Jan	**12.0**	13.4
Accumulated impairment on decreases and transfers		-1.3
Impairment	**8.3**	
Accumulated impairment at 31 Dec	**20.4**	12.0
Book value at 31 Dec	**341.9**	324.0
Shares in Group companies total	**341.9**	324.0
Capital loans from Group companies		
Amount at 1 Jan	**1.5**	1.5
Decreases	**-1.5**	
Amount at 31 Dec		1.5
Book value at 31 Dec		1.5
Receivables from Group companies		
Amount at 1 Jan	**381.3**	347.7
Increases	**113.2**	247.2
Decreases	**-149.9**	-213.6
Amount at 31 Dec	**344.6**	381.3
Participations in participating interest companies		
Acquisition cost at 1 Jan	**94.0**	95.2
Increases	**1.2**	0.9
Decreases		-2.0
Transfers	**0.7**	
Acquisition cost at 31 Dec	**95.9**	94.0
Accumulated impairment at 1 Jan	**6.7**	8.6
Accumulated impairment on decreases and transfers		-1.9
Accumulated impairment at 31 Dec	**6.7**	6.7
Book value at 31 Dec	**89.1**	87.3
Receivables from participating interest companies		
Amount at 1 Jan	**20.0**	20.0
Increases	**35.6**	
Decreases	**-17.6**	
Amount at 31 Dec	**38.0**	20.0
Receivables from participating interest companies, total	**38.0**	20.0
Other shares and participations		
Acquisition cost at 1 Jan	**2.2**	2.2
Increases	**10.5**	0.0
Decreases	**-1.0**	0.0
Acquisition cost at 31 Dec	**11.8**	2.2
Book value at 31 Dec	**11.8**	2.2

EUR million	2012	2011
Capital loans from others		
Amount at 1 Jan	**0.7**	0.7
Increases	**0.7**	
Decreases	**-0.8**	
Amount at 31 Dec	**0.6**	0.7
Accumulated value adjustments at 1 Jan	**0.0**	0.7
Accumulated value adjustments at 31 Dec	**0.0**	0.7
Book value at 31 Dec	**0.6**	0.0
Other receivables from others		
Amount at 1 Jan	**0.7**	
Increases	**0.0**	0.7
Decreases	**-0.7**	
Amount at 31 Dec	**0.0**	0.7
Investments total	**826.0**	817.1
15. Inventories		
Other inventories	**0.1**	0.1
Total	**0.1**	0.1
16. Short-term receivables		
Trade receivables	**508.0**	531.7
Receivables from group companies		
Trade receivables	**7.3**	5.7
Loan receivables	**80.9**	74.5
Other receivables	**22.2**	21.9
Prepayments and accrued income	**19.5**	20.7
Total	**129.8**	122.8
Receivables from participating interest companies		
Trade receivables	**1.0**	1.1
Prepayments and accrued income	**0.3**	0.1
Total	**1.4**	1.2
Other receivables	**39.3**	31.5
Prepayments and accrued income	**18.7**	21.8
Total short-term receivables	**697.2**	709.0
Specification of prepayments and accrued income		
Financial items	**18.6**	20.9
Other	**19.9**	21.7
Total prepayments and accrued income	**38.5**	42.6
17. Securities		
Money market securities	**20.0**	39.9
Total	**20.0**	39.9

A fair value specification by financial instrument group is given in a separate table.

EUR million	2012	2011

NOTES CONCERNING LIABILITIES IN THE BALANCE SHEET

18. Capital and reserves		
Cooperative capital at 1 Jan	**145.7**	139.6
Increase	**10.3**	6.1
Cooperative capital at 31 Dec	**156.0**	145.7

Cooperative capital consists of the cooperative payments which the cooperative societies make to Suomen Osuuskauppojen Keskusosuuskunta (SOK) for cooperative shares. The number of a cooperative society's shares is determined on the basis of the cooperative society's total membership and annual purchases. The amount of cooperative payments as allowed by the SOK Statutes that are unpaid and not fallen due was EUR 3,5 million on 31 December 2012 (5.4 unpaid cooperative payments on 31 December 2011).

On 31 December 2012, the number of cooperative enterprises was 29, and the number of shares was 325,923.
On 31 December 2011, the number of cooperative enterprises was 30, and the number of shares was 302,196.

Supplementary cooperative capital at 1 Jan	**12.8**	12.8
Supplementary cooperative capital at 31 Dec	**12.8**	12.8

The supplementary cooperative capital consists of voluntary investments which the cooperative societies make to Suomen Osuuskauppojen Keskusosuuskunta (SOK). The cooperative societies have the right to a return on their supplementary cooperative capital contributions in the manner and subject to the conditions specified in the Cooperative Societies Act and SOK's statutes.

Fair value reserve at 1 Jan	**-3.3**	0.0
Derivative instruments used to hedge cash flow		
value change during the period	**-1.0**	-3.2
amount posted from equity to income statement	**0.2**	0.0
Value change of the financial assets held for sale	**10.5**	0.0
amount posted from equity to income statement	**0.0**	0.0
Fair value reserve at 31 Dec [1]	**6.4**	-3.3

[1] Deferred taxes or tax assets are not as a rule presented in the income statements and balance sheets of SOK`s subsidiaries but only as a Note to the Financial Statements if the item is material in amount.

EUR million	2012	2011

The valuations of derivatives in cash flow hedging relationships have been carried out by discounting future cash flows from the present value. The discounted value for cash flows other than those denominated in the euro has been converted into the euro using exhange rates quoted by the European Central Bank on the balance sheet date.

Financial assets available for sale include debt securities for which fair value has been determined by discounting future cash flows from the present value. In addition, financial assets available for sale include shares for which fair value cannot be determined. In 2012, the fair value of Nets Oy's (Luottokunta) shares was detemined for the first time. Their fair value is based on Nets Oy's (Luottokunta) preliminary plan concerning the distribution of assets in 2012–2015.

Legal reserve at 1 Jan	**18.5**	18.5
Legal reserve at 31 Dec	**18.5**	18.5
Supervisory Board's disposal fund at 1 Jan	**0.0**	0.1
Increase	**0.0**	
Decrease	**0.0**	0.0
Supervisory Board's disposal fund at 31 Dec	**0.1**	0.0
Profit for the previous financial years 1 Jan	**474.5**	435.7
Transfer to Supervisory Board's disposal fund	**0.1**	
Interest on cooperative capital and supplementary cooperative capital	**-0.4**	-0.3
Profit for the previous financial years	**474.0**	435.4
Profit for the financial year	**-7.8**	39.1
Total capital and reserves	**660.0**	648.2
Distributable funds at 31 Dec		
Profit for the previous financial years	**474.0**	435.4
Profit for the financial year	**-7.8**	39.1
Total	**466.3**	474.5

19. Accumulated appropriations

Accelerated depreciation		
Intangible rights	**3.0**	2.8
Other capitalised expenditure	**1.8**	1.6
Buildings and constructions	**-0.2**	-0.1
Machinery and equipment	**-0.1**	0.0
Total	**4.4**	4.3

20. Provisions

Partially vacant premises	**2.8**	0.3
Total	**2.8**	0.3

EUR million	2012	2011

21. Long-term liabilities

Loans from financial institutions	**20.9**	20.1
Other long-term liabilities	**23.4**	22.8
Total long-term liabilities	**44.2**	42.9

22. Short-term liabilities

Loans from financial institutions	**10.0**	10.0
Advances received		0.0
Trade payables	**173.4**	100.5
Liabilities to group companies		
Trade payables	**277.3**	438.4
Other short-term liabilities	**188.1**	247.0
Accruals and deferred income	**6.2**	9.9
Total	**471.6**	695.3
Amounts owed to participating interest companies		
Trade payables	**29.6**	0.2
Total	**29.6**	0.2
Other short-term liabilities	**212.8**	103.7
Accruals and deferred income	**49.2**	44.3
Total short-term liabilities	**946.6**	954.0
Specification of accruals and deferred income		
Personnel costs	**22.3**	17.6
Financial items	**17.8**	20.1
Other	**15.4**	16.5
Total accruals and deferred income	**55.4**	54.2

SECURED ASSETS AND CONTINGENT LIABILITIES

23. Contingent liabilities

Pledges and contingent liabilities

Loans secured by pledges		
Other creditors		2.0
Book value of pledged shares		2.2
Total pledges given as security		2.2
Security given on behalf of Group companies		
Guarantees	**217.4**	267.1

EUR million	2012	2011
Security given on behalf of others' liabilities		
Guarantees given on behalf of associated companies' liabilities	**105.9**	
Guarantees given on behalf of others' liabilities		0.2
Total	**105.9**	0.2
Other security on behalf of others		
Guarantees given on behalf of associated companie's contingent liabilities	**13.9**	
Total	**13.9**	
Other contingent liabilities		
Repurchasing liabilities:		
Other repurchasing liabilities		11.7
Total		11.7
Leasing liabilities:		
Payable next year	**22.7**	13.1
Payable in more than one year	**70.1**	79.9
Total	**92.8**	93.0

In addition, SOK has given letters of support on behalf of SOK-Takaus Oy. The amount of the letters of support was EUR 80.7 million 31.12.2012 (EUR 79.6 million 31.12.2011).

Other financial liabilities:
The Cooperative society is obligated to audit the value added tax depreciations it has made on real estate investments if the taxable use of the property decreases during the period being audited. The maximum amount of the liability is EUR 2.3 million on 31 Dec 2012 (EUR 2.6 million on 31 Dec 2011).

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 shares to the acquisition of wind power electricity; and series C shares to the acquisition of nuclear power electricity.

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. The remaining portion of the equity financing liability based on decisions made by SOK's accounts closing date is estimated at EUR 4.0 million (EUR 4.4 million 31 Dec 2011) in total. It is estimated that liabilities financing by the company's shareholders is not needed.

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

Loss indicated in the income statement	-7,760,618.75 €
Profit for the previous financial years	474,048,872.99 €
Total	466,288,254.24 €

The Executive Board proposes that the loss of EUR 7,760,618.75 for the financial year be recognised on the surplus account of the previous years, and that the following amounts from the distributable surplus be

– paid as interest on the supplementary cooperative capital	258,310.20 €
– transferred to the Supervisory Board's disposal fund	50,000.00 €

Providing that the Cooperative Meeting approves the above proposal, SOK's capital and reserves will be:

Cooperative capital	156,032,500.00 €
Supplementary cooperative capital	12,750,000.00 €
Legal reserve	18,473,154.85 €
Supervisory Board's disposal fund	103,134.97 €
Profit for the previous financial years	465,979,944.04 €
Total	653,338,733.86 €

Helsinki, 14 February 2013

Kuisma Niemelä

Esko Jääskeläinen   Tapio Kankaanpää   Harri Koponen

Arttu Laine   Timo Mäki-Ullakko   Matti Niemi

Auditor's report

To the members of Suomen Osuuskauppojen Keskuskunta

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Suomen Osuuskauppojen Keskuskunta for the year ended 31 December 2012. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent cooperative's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the cooperative's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

The Board of Directors and the Managing Director are responsible for the preparation of financial statements and report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the cooperative's accounts and finances, and the Managing Director shall see to it that the accounts of the cooperative are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Supervisory Board and the members of the Board of Directors or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the cooperative or have violated the Cooperatives Act or the rules of the cooperative.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the cooperative's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the cooperative's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the cooperative's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent cooperative's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 19 March 2013

KPMG OY AB

Raija-Leena Hankonen
Authorized Public Accountant

Statement by the Supervisory Board

According to Clause 2 of Subsection 1 of Section 13 of the SOK Corporation's statutes, the Supervisory Board has today inspected the financial statements and consolidated financial statements prepared by the Executive Board for 2012, and has familiarised itself with the auditing report.

The Supervisory Board proposes that the cooperative meeting confirm the financial statements and the consolidated financial statements and that the Executive Board's proposal concerning the fiscal year's result and equity be approved.

The following members are resigning from the Supervisory Board: Matti Pikkarainen, Otto Mikkonen, Simo Kutinlahti, Kimmo Simberg, Maija Junkola-Lehtonen, Kimmo Koivisto, Jouko Vehmas and Marcus H. Borgström. Jorma Vehviläinen has also requested resignation.

The cooperative meeting will propose eight members to replace the above for the next three years. This means that the number of Supervisory Board members would decrease by one member due to the merger of two cooperatives which took place in late 2012.

Helsinki, 22 March 2013

SUOMEN OSUUSKAUPPOJEN
KESKUSKUNTA

On behalf of the Supervisory Board

Otto Mikkonen
Chairman

Seppo Kuitunen
Secretary

Text: Viestintäsalot Oy

Photos: Tommi Anttonen
Nina Kaverinen
Roni Lehti, Kuvatehdas
Lauri Mannermaa
Mico Mansner
Rami Syväri, Fortum
Sokos Hotels image bank

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