



# **SOK Corporation**

Financial statement bulletin  
1 january – 31 december 2014

# Executive board report on operations

## Development of the operating environment

The Finnish economy is in the middle of a long downward trend. Total production has still not reached the level that preceded the 2008 financial crisis. Genuine economic growth has not truly been experienced in Finland since summer 2011.

In 2014, the Finnish economy shrank for the third year in a row. Exports were at a standstill, investments decreased, industrial production continued to decline, and employment weakened. Long-term unemployment, in particular, increased. Households' purchasing power weakened and consumption declined.

The volume of retail sales declined in all sectors, with the exception of appliances and sports equipment. Overall, the volume of sales decreased by approximately one per cent in 2014, and thus sales declined for the second year in a row. Since the financial crisis, the volume of retail sales has grown only about half a per cent per year, whereas at the beginning of the 2000s, the retail sales volume in Finland grew an average of four per cent per year.

## Financial development

### SOK's operations

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

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

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

### SOK Corporation's financial development 1 January–31 December 2014

The revenue from SOK Corporation's continuing operations 1 January–31 December 2014 totalled EUR 7,286 million, down by 0.4 per cent from the previous year. SOK Corporation's operating profit from continuing operations was EUR 43.1 million (EUR -7.9 million). The result improvement was mainly due to the efficiency measures and the combination merger of S-Bank and LocalTapiola, which had a positive effect of EUR 32 million

on the result, recognised in other operating income. International operations accounted for 8.0 per cent of net sales, or EUR 584 million.

SOK's fuel purchases from North European Oil Trade Oy and its corresponding sales to cooperatives have been treated as intermediated sales since the beginning of 2014. The 2013 income statement has been adjusted for comparability by transferring EUR 1,222 million of net sales to sales adjustment. This change in the accounting principles had no effect on the result. The decrease in net sales in 2013 compared to the previous year was due to a change that took place in the ownership of North European Oil Trade Oy in December 2012. As a result of this change, North European Oil Trade Oy has been treated as a joint venture, not a subsidiary, since 1 January 2013.

SOK Corporation			
continuing operations	2014	2013	2012
Revenue, EUR million	7 286	7 317	10 634
Operating profit, EUR million	43.1	-7.9	-7.2
Operating profit, % of revenue	0.6	-0.1	-0.1
SOK Corporation			
Return on equity, %	5.5	0.8	-3.9
Equity ratio, %	38.4	36.3	29.3

### 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.

	Revenue EUR million	± % prev. year	Operating result EUR million	Change EUR million
Supermarket trade	538	+3.6	-24.0	+6.1
Travel industry and hospitality business	249	-1.4	+10.5	+2.8
Procurement and service business	6 585	-0.2	+1.6	+24.0
Real estate business <sup>1)</sup>	69	-10.4	+14.0	-5.0
Result from banking			+5.9	-4.9
Internal eliminations and other <sup>2)</sup>	-159	+16.6	-0.4	+17.3
<b>SOK Corporation total <sup>3)</sup></b>	<b>7 282</b>	<b>-1.8</b>	<b>+7.6</b>	<b>+40.2</b>

<sup>1)</sup> The real estate business was separated from the procurement and service business and established as an independent business area in 2014.

<sup>2)</sup> Internal eliminations and other includes the automotive trade and accessories segment discontinued in 2013.

<sup>3)</sup> SOK Corporation's operating result, EUR +7.6 million, will be reconciled with SOK Corporation's result from continuing operations before taxes, EUR +39,7 million. The difference in the result of continuing operations before taxes (IFRS) is mainly due to the effect of the combination merger of S-Bank and LocalTapiola on the result and to other items not included in the operating result.

## Funding

SOK Corporation's financial situation was excellent throughout the year. SOK Corporation's interest-bearing net liabilities amounted to EUR -68.4 million at the end of December (EUR 4.4 million) and gearing was -11.2 per cent (0.7 per cent). SOK Corporation's equity ratio was 38.4 per cent (36.3 per cent).

At the end of December, SOK Corporation's liquid assets amounted to EUR 178.8 million (EUR 157.7 million). In addition, the Group had a long-term, undrawn binding credit facility of EUR 180 million.

## Investments and divestments

SOK Corporation's non-current asset procurement totalled EUR 68.6 million in 2014 (EUR 99.7 million). In Finland, investments were made in IT systems, the travel industry and hospitality business, and real estate. In St. Petersburg and the Baltic area, investments were made in the supermarket trade, travel industry and hospitality business and the acquisition of a shopping centre property in Lithuania.

The divestments of non-current assets amounted to EUR 13.9 million (EUR 149.6 million). Divestments consisted mainly of the sale of information systems to an external funding company and the sale of real estate shares.

## Personnel

SOK Corporation's average number of personnel, converted to full-time equivalents, amounted to 8,030 people during the financial period (2013: 8,897, 2012: 9,732).

At the end of 2014, SOK Corporation's number of personnel was 8,868, of whom 1,398 (15.8 per cent) were employed by SOK and 7,470 (84.2 per cent) by the subsidiaries. The number of personnel decreased by 485 persons (5.2 per cent) compared to the corresponding period in the previous year. The decline in the number of personnel was attributable to personnel reductions both in SOK and subsidiaries. The total number of employees working abroad was 3,903.

## Development of the business areas

### Supermarket trade

The supermarket trade includes the business operations in Estonia, Latvia, Lithuania, and Russia. In Estonia, there are six 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. Nineteen Prisma stores operate in St. Petersburg, of which three were newly established units. The revenue of the supermarket trade was EUR 538 million, an increase of 3.6 per cent from the previous year. However, revenue from the operations in Russia declined, particularly due to the weakening rouble but also due to weakened purchasing power because of the political and economic situation. The level of the operating result in the supermarket trade was clearly better than in the previous year, thanks to the good development in Estonia and Latvia. The result continues to be burdened by the establishment of new outlets and the general recession in retail in Russia.

Investments made in the supermarket trade totalled EUR 13.3 million and were mostly related to equipment. Of the total investments, EUR 6.2 million targeted St. Petersburg and EUR 7.2 million the Baltic area.

### Travel industry and hospitality business

In 2014, travel industry and hospitality business in SOK Corporation was operated by Sokotel Oy in Finland, AS Sokotel in Estonia, and OOO Sokotel in Russia.

Due to the general economic uncertainty, the demand situation continued to be challenging in both the accommodation and restaurant markets in 2014. In 2014, Sokotel Oy's revenue was EUR 205 million, showing an increase of 1.2 per cent from the previous year. The comparable revenue decreased by 0.9 percent. Solo Sokos Hotel Tornii Tampere opened in October. Sokotel Oy's operating result improved considerably from 2013, due to the successful cost-saving programme, in particular.

The revenue of AS Sokotel, engaging in the travel industry and hospitality business through Sokos Hotel Viru in Tallinn, increased by 4.6 per cent from the previous year, to EUR 18 million. AS Sokotel's operating result was slightly weaker than in the previous year, due to investments in business development.

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 26 million, representing a decrease of 20.5 per cent. In the local currency, the revenue decreased by 3.2 percent. The decline in revenue was due to decreased demand in the political and economic uncertainty in Russia. OOO Sokotel's operating result was weaker than in the previous year due to the decreased revenue and increased cost level resulting from the declined exchange rate of the rouble.

In 2014, the investments by the travel industry and hospitality business totalled EUR 6.2 million. Of this amount, investments in Finland accounted for EUR 3.7 million, in Russia approximately EUR 0.3 million, and in Estonia EUR 2.2 million. The investments consisted mainly of hotel unit renovations.

### Procurement and service business

The procurement and service business comprises the procurement services for groceries and consumer goods provided by SOK's procurement operations, logistics services provided by

Inex Partners Oy, procurement and logistics services provided by Meira Nova Oy in the HoReCa business, and other services provided by SOK and its subsidiaries primarily for the S Group units. Revenue generated by other services provided to S Group's units includes chain fees and management service income.

The revenue of the procurement and service business was EUR 6,585 million, showing a decrease of 0.2 per cent from the previous year. The revenue of the procurement and service business includes a total of EUR 5,954 million of EDI invoicing by SOK from S Group units. The operating result of the procurement and service business was positive and clearly better than in the previous year.

The investments made by the procurement and service business totalled approximately EUR 28.2 million in 2014. The investments consisted mainly of information system procurement.

### Real estate business

The real estate business was separated from the procurement and service business and established as an independent business area in 2014. The revenue from the real estate business consists of rental and property service income from properties owned by SOK Corporation. The revenue from the real estate business was EUR 69 million, representing a decrease of 10.4 per cent from the previous year. The decrease was mainly due to divestments of properties. The operating result of the real estate business was smaller than in the previous year, but clearly positive.

In the first half of 2014, investments by the real estate business totalled EUR 20.9 million and were mainly related to properties in St. Petersburg and the Baltic area.

### Development of associated companies and joint ventures

Among the associated companies engaging in business operations within SOK Corporation, the most significant is S-Bank Ltd., which operates in the banking sector and belongs to S Group. S-Bank provides the members of the cooperative enterprises with services in daily banking, and its product range consists of current accounts and savings accounts, funds and asset management services, consumer credits and secured loans, international credit or debit cards as well as an online bank and a mobile bank.

The most significant event for S-Bank during 2014 was the combination merger with LocalTapiola Bank. Through the merger, the operations of the old banks were discontinued and a new S-Bank was established. The new bank began operation on 1 May 2014. The ownership of S-Bank is divided between S Group (75 per cent) and LocalTapiola (25 per cent).

Other noteworthy events for S-Bank in 2014 included the transfer of the funds managed by LocalTapiola Asset Management to be under the management of FIM Asset Management in February, as well as the transfer of FIM Bank's retail banking activities and treasury operations to S-Bank in April.

At the end of 2014, S-Bank had more than 2.7 million customers. At the end of the year, more than 1.6 million customers held S-Bank's international credit or debit cards, and banking

IDs for using electronic services were being used by nearly 1.5 million customers.

S-Bank Group's result was EUR 13.4 million (EUR 21.3 million), of which the adjusted result corresponding to SOK Corporation's shareholding (37.5 per cent) was EUR 5.9 million.

The revenue of the fuel procurement company North European Oil Trade Oy was EUR 4,928 million, up 5.4 per cent year-on-year. The revenue growth was attributable to growth in the operations. North European Oil Trade Oy's operating profit for the financial year remained at last year's level and amounted to EUR 0.6 million. SOK's shareholding in the company is 50.77 per cent. Due to the shared controlling interest based on the shareholding agreement, the company is treated as a joint venture using the equity method.

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

The total impact of SOK Corporation's associated companies and joint ventures on SOK Corporation's result was EUR 7.5 million (EUR 11.7 million).

## Changes in the group structure

### Changes during the period

#### Business acquisitions, establishments and reorganisations

In April, SOK acquired UAB Viršuliškių prekybos centras, a real estate company operating in Lithuania.

In May, SOK established SOK Fashion Retail Oy for its Mark & Spencer business operations. SOK owns 51 per cent of the new company and HOK-Elanto owns 49 per cent.

#### Divestments and discontinued operations

SOK sold Kiinteistö Oy Peltokuumolantie 4 B in January and Olarin Autokiinteistö Oy in June.

#### SOK Group's internal reorganisations

In January 2014, LB Kiel Tampere Ab was divided into two mutual joint-stock property companies: Kiinteistö Oy Hotelli Tammer and Kiinteistö Oy Tullintorni.

## Management and future outlook

### Management and changes in management

Taavi Heikkilä has been the chairman of SOK's Executive Board and CEO of SOK since the beginning of 2014.

In addition to the CEO, the Executive Board in 2014 consisted of the following members: Managing Director Heikki Hämäläinen, Managing Director Esko Jääskeläinen, Managing Director Tapio Kankaanpää, Managing Director Timo Mäki-Ullakko, Managing Director Matti Niemi, and Managing Director Jouko Vehmas. Managing Director Matti Niemi was the Vice-Chairman of the Executive Board.

The auditor in the financial year 2014 was KPMG Oy Ab, authorised public accountants, with APA Raija-Leena Hankonen as the principal auditor.

SOK's Supervisory Board appointed the following persons to SOK's Executive Board for the one-year term beginning on 1 January 2015: Managing Director Matti Niemi (Vice-Chairman), Managing Director Heikki Hämäläinen, Managing Director Esko Jääskeläinen, Managing Director Tapio Kankaanpää, Managing Director Timo Mäki-Ullakko and Managing Director Jouko Vehmas. SOK's Chief Executive Officer Taavi Heikkilä was the Chairman of the Executive Board.

SOK's CEO is assisted in the management of SOK Corporation and S Group by SOK's Corporate Management Team. In 2014, the Corporate Management Team consisted of the following persons: Deputy CEO Arttu Laine, Executive Vice President, S-Group Chain Management, Procurement and Logistics; CFO Jari Annala, Executive Vice President, Finance and Administration; Harri Miettinen, Executive Vice President, Customer Relationships and Information; Leena Olkkonen, Executive Vice President, Human Resources; and Jorma Vehviläinen, Executive Vice President, SOK Consumer Goods. Seppo Kuitunen, General Counsel, worked as secretary to the Corporate Management Team. Antti Sippola and Vesa Kyllönen resigned from the Corporate Management Team at the beginning of the year, and Harri Miettinen resigned at the end of the year. From the beginning of 2015, Executive Vice President Veli-Pekka Ääri has been in charge of Customer Relationships, Information and Digital Services in 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 that affect their ability to reach their goals, and use the potential related to risks in their business operations.

SOK Corporation's near-term risks are related to ensuring the competitiveness and profitability of operations in Finland, Russia and the Baltic countries in the current uncertain economic situation. By means of its development projects, SOK must support the entire S Group, particularly in maintaining profitability in the grocery trade, improving the performance of the consumer goods

trade and ensuring overall cost-efficiency. The implementation of these development projects is subjected to special risk management. In addition, SOK still pays attention to monitoring and management of risks related to changes in regulation. In terms of SOK's own business operations, key uncertainty factors include the economic situation in Russia as well as the development of the crisis in the Ukraine and the effects thereof on operations, particularly in Russia.

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

Environmental risks associated with SOK Corporation's business operations have been identified and analysed by business area. The most significant environmental considerations and related measures are described in S Group's Annual Report, which will be published at [www.vuosikatsaus.s-ryhma.fi](http://www.vuosikatsaus.s-ryhma.fi) in the spring of 2015.

## 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 weak development of consumers' purchasing power in Finland and the low expectations concerning the Russian economy will create challenges in 2015 as well.

As a result of the efficiency measures carried out and to be continued in the business operations, SOK Corporation's results in Finland are expected to improve from last year's level, despite the challenging market situation.

The powerful network expansion, in Russia in particular, which has been burdening the result in the supermarket trade in recent years is being gradually finalised, but the establishment of new units is still impacting the expected result of the business area. The expectations for the current year are also weakened by the unstable economic situation in Russia. Despite the network expansion and the weak outlook of the Russian economy, the result of the supermarket trade as a whole is expected to continue to moderately improve compared to the previous year.

As a whole the operational result in the neighbouring countries is forecast to remain negative due to the network expansion of the supermarket trade and the economic situation in Russia, but to develop positively compared to 2014. Taking into account all business areas the operational result of SOK Corporation is nevertheless expected to be positive in 2015, as it was in 2014 as well.

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

SOK's distributable surplus is EUR 525,831,529.81, of which the surplus for the financial year is EUR 12,196,204.46. The

Executive Board proposes that EUR 216,237.77 be paid as interest on supplementary cooperative capital, EUR 50.000.00 be transferred to the Supervisory Board's disposal fund and that EUR 11,929,966.69 be left in the retained earnings account.

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

Helsinki, 12 February 2015

SOK  
CORPORATION

Executive Board



# Consolidated financial statements

## Consolidated income statement, IFRS

EUR million	1.1.-31.12.2014	1.1.-31.12.2013
<b>Continuing operations:</b>		
Revenue	7 285.5	7 317.3
Other operating income	34.8	12.6
Materials and services	-6 564.6	-6 622.3
Employee benefit expenses	-283.9	-302.0
Depreciation and impairment losses	-68.3	-66.3
Other operating expenses	-367.9	-360.5
Share of results of associated companies and joint ventures (+/-)	7.5	13.3
<b>Operating profit (-loss)</b>	<b>43.1</b>	<b>-7.9</b>
Financial income and expenses (+/-)	-3.7	-5.8
Share of results of associated companies and joint ventures (+/-)	0.2	0.5
<b>Profit before taxes</b>	<b>39.7</b>	<b>-13.2</b>
Income taxes (+/-)	-7.0	4.2
<b>Result for the financial year from continuing operations</b>	<b>32.6</b>	<b>-9.0</b>
<b>Result for the period from discontinued operations</b>	<b>0.4</b>	<b>13.5</b>
<b>Result for the financial year</b>	<b>33.1</b>	<b>4.5</b>
Attributable to:		
Owners of the parent	33.6	4.5
Share of non-controlling interests	-0.5	0.0
	33.1	4.5
<b>Statement of other comprehensive income</b>		
EUR million	1.1.-31.12.2014	1.1.-31.12.2013
Result for the financial year	33.1	4.5
Other comprehensive income:		
Items that may be Reclassified Subsequently to Profit and Loss		
Exchange differences on translating foreign operations	-12.5	-0.8
Exchange differences on loans to foreign subsidiaries classified as net investments	-3.1	0.0
Cashflow hedges	-2.1	-1.5
Comprehensive income items of associated companies and joint ventures	-7.6	-1.9
Items that will not be Reclassified to Profit and Loss		
Actuarial gains/losses	-0.2	-2.1
Other comprehensive income for the financial year, net of tax	-25.5	-6.3
<b>Total comprehensive income for the financial year</b>	<b>7.5</b>	<b>-1.8</b>
Total comprehensive income for the financial year attributable to:		
Owners of the parent	8.1	-1.8
Share of non-controlling interests	-0.5	0.0
	7.5	-1.8

## Consolidated statement of financial position, IFRS

EUR million	31.12.2014	31.12.2013
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	266.2	303.9
Investment properties	38.7	40.9
Intangible assets	64.0	63.3
Interests in associated companies and joint ventures	164.6	130.8
Non-current financial assets	82.3	118.5
Deferred tax assets	32.6	38.7
<b>Non-current assets, total</b>	<b>648.4</b>	<b>696.2</b>
<b>Current assets</b>		
Inventories	174.8	190.1
Trade receivables and other current non-interest-bearing receivables	565.9	591.4
Current interest-bearing receivables	18.8	0.0
Cash and cash equivalents	177.1	156.1
<b>Current assets, total</b>	<b>936.6</b>	<b>937.5</b>
Assets held for sale	4.0	7.1
<b>Assets, total</b>	<b>1 589.0</b>	<b>1 640.8</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Cooperative capital	169.4	163.4
Restricted reserves	25.7	35.4
Retained earnings	411.9	395.0
<b>Equity attributable to the the owners of the parent</b>	<b>607.0</b>	<b>593.8</b>
<b>Non-controlling interests</b>	<b>2.0</b>	<b>0.8</b>
<b>Equity, total</b>	<b>608.9</b>	<b>594.6</b>
<b>Non-current liabilities</b>		
Supplementary cooperative capital	12.8	12.8
Non-current interest-bearing liabilities	87.8	104.8
Non-current non-interest-bearing liabilities	30.7	36.7
Provisions	14.4	19.0
Deferred tax liabilities	15.7	14.3
<b>Non-current liabilities, total</b>	<b>161.4</b>	<b>187.6</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	16.7	46.3
Current non-interest-bearing liabilities	113.5	126.7
Trade payables	683.6	676.6
Provisions	3.5	4.9
Tax liabilities for the financial year	0.1	0.0
<b>Current liabilities, total</b>	<b>817.4</b>	<b>854.5</b>
Liabilities associated with assets held for sale	1.3	4.1
<b>Equity and liabilities, total</b>	<b>1 589.0</b>	<b>1 640.8</b>



## Consolidated statement of cash flows, IFRS

EUR million	Note/Reference	1.1-31.12.2014	1.1-31.12.2013
<b>BUSINESS OPERATIONS</b>			
Operating result from continuing and discontinued operations		45.5	-0.5
Adjustments to operating result	(A)	35.2	-25.8
Change in working capital	(B)	65.2	146.8
<b>Cash flow from business operations before financing and taxes</b>		<b>145.8</b>	<b>120.5</b>
Increase (-) / decrease (+) in current receivables		0.4	-0.6
Interest paid and other financial expenses		-49.6	-31.3
Interest received and other financial income		14.8	13.8
Dividends received from business operations		0.1	2.1
Income taxes paid		0.2	3.0
<b>Cash flow from business operations</b>		<b>111.6</b>	<b>107.5</b>
<b>INVESTMENTS</b>			
Acquired shares in subsidiaries net of acquired cash		-12.0	-21.9
Divested shares in subsidiaries net of cash held by subsidiary		4.0	96.7
Investments in tangible assets		-33.2	-58.0
Investments in intangible assets		-23.5	-18.8
Divestments of tangible fixed assets		9.9	52.9
Change in other long-term investments		14.2	-6.5
Dividends received from investments		1.1	0.1
<b>Cash flow from investing activities</b>		<b>-39.3</b>	<b>44.5</b>
<b>FINANCING</b>			
Proceeds from new long-term liabilities		14.9	8.6
Repayment of long-term liabilities		-42.9	
Increase (+) / decrease (-) in short-term liabilities		-28.2	-154.4
Interest paid		-2.1	-2.1
Interest received		6.0	7.6
Changes in bonds and notes and mutual fund shares			-19.9
Share of non-controlling interests			-0.9
Increase in cooperative capital		6.0	7.3
Interest paid on the cooperative capital		-0.2	-0.3
Other decrease in equity		0.1	0.1
<b>Cash flow from financing</b>		<b>-45.8</b>	<b>152.0</b>
<b>Increase / Decrease in cash and cash equivalents</b>		<b>26.5</b>	<b>0.0</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>157.7</b>	<b>157.7</b>
<b>Foreign exchange rate effect on cash and cash equivalents</b>		<b>-5.3</b>	<b>0.0</b>
<b>Increase / Decrease in cash and cash equivalents</b>		<b>26.5</b>	<b>0.0</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>178.8</b>	<b>157.7</b>
Adjustments to operating profit	(A)		
Gains from the sale of fixed assets		-1.2	-46.1
Depreciation and impairment losses		68.3	67.4
Other non-cash income and expenses		-32.0	-47.0
		35.2	-25.8
Change in working capital	(B)		
Change in trade and other receivables		34.3	101.1
Change in inventories		7.1	170.3
Change in non-interest-bearing liabilities		23.8	-124.6
		65.2	146.8

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.

The cash flow statement includes the cash flows from both continuing and discontinued operations.

## Consolidated statement of changes in equity, IFRS

EUR million	Equity attributable to the owners of the parent								Equity, total
	Cooperative capital	Fair value reserve	Reserve fund	Supervisory Board's Disposal fund	Translation differences	Retained earnings	Total	Non-controlling interests	
<b>Equity</b>									
<b>1 Jan 2012</b>	<b>156.0</b>	<b>20.3</b>	<b>18.5</b>	<b>0.1</b>	<b>-1.8</b>	<b>398.0</b>	<b>591.1</b>	<b>1.9</b>	<b>592.9</b>
Total comprehensive income		-3.4			-0.8	2.4	-1.8	0.0	-1.8
Increase in cooperative capital	7.3						7.3		7.3
Change of non-controlling interests, which did not result in a change in the controlling interest						-0.9		-1.1	-2.0
Other changes				0.0		-1.8	-1.8		-1.8
<b>31 Dec 2013</b>	<b>163.4</b>	<b>16.9</b>	<b>18.5</b>	<b>0.1</b>	<b>-2.6</b>	<b>397.6</b>	<b>593.8</b>	<b>0.8</b>	<b>594.6</b>
Total comprehensive income		-9.7			-15.6	33.6	8.3	-0.5	7.8
Increase in cooperative capital	6.0						6.0		6.0
Change of non-controlling interests, which did not result in a change in the controlling interest								1.7	1.7
Other changes				0.0		-1.1	-1.2		-1.2
<b>31 Dec 2014</b>	<b>169.4</b>	<b>7.2</b>	<b>18.5</b>	<b>0.0</b>	<b>-18.1</b>	<b>430.0</b>	<b>607.0</b>	<b>2.0</b>	<b>608.9</b>

## **Accounting policies applied to the income statement and balance sheet**

This Financial Statements Bulletin has been prepared in compliance with the IAS 34 Interim Financial Reporting standard. The same accounting principles were adhered to in the preparation of the Financial Statements Bulletin as in the 2013 Financial Statements, and, furthermore, the IAS/IFRS standard and interpretation amendments that came into effect in the financial year 2014 were also adhered to. The implementation of these standard and interpretation amendments has not had a material effect on the Consolidated Financial Statements.

SOK's fuel purchases from North European Oil Trade Oy and its corresponding sales to cooperatives have been treated as intermediated sales since the beginning of 2014. The 2013 income statement has been adjusted for comparability by transferring EUR 1,222 million of net sales to sales adjustment. This change in the accounting principles had no effect on the result.

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

This Financial Statements Bulletin is unaudited.

## Segment information 31.12.2014

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

Real estate business is presented as a new segment. It was previously reported as a part of Procurement and services business.

Automotive arade and accessories which was presented as a separate segment on year 2013 is presented in Internal eliminations and other.

2014 EUR million	Supermarket trade	Travel, industry, and hospitality business	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting total
<b>Revenue</b>	537.7	248.7	6 585.0	69.4		-158.7	7 282.1
<b>Operating result</b>	-24.0	10.5	1.6	14.0	5.9	-0.4	7.6
<b>Investments</b>	13.3	6.2	28.2	20.9		0.1	68.6
<b>Divestments</b>	0.1	0.0	7.5	6.2		0.1	13.9
<b>Working capital</b>	1.2	5.3	36.3			-1.2	41.6
<b>Reconciliation of the revenue</b>							
Management accounting revenue to be reported				7 282.1			
Revenue from discontinued operations				-0.4			
Eliminations				3.8			
Revenue from continuing operations IFRS				7 285.5			
<b>Reconciliation of the result</b>							
Operating result of the segments to be reported				7.6			
Items excluded from the operating result within SOK Corporation:							
Financial income and expenses				0.0			
Gains and losses on the sale of property, plant and equipment				1.2			
Other operating income and expenses				32.6			
Increase in provisions				2.2			
Valuation gains and losses on derivatives				0.7			
Result before taxes for the period from discontinued operations				-2.6			
Impairment losses on tangible and intangible assets				-6.2			
<b>Other adjustments</b>				4.3			
Profit before taxes from continuing operations IFRS				39.7			
<b>Additional data at SOK Corporation level, external income</b>							
Finland				6 701.6			
Foreign				583.9			
Revenue, total				7 285.5			
Supermarket Trade				537.7			
Tourism and Hospitality Business				252.5			
Procurement and services Business				6 426.0			
Real estate business				69.4			
Revenue, total				7 285.5			
<b>Additional information at SOK Corporation level, fixed assets</b>							
Finland				291.3			
Foreign				77.5			
Fixed assets, total				368.8			

## Segment information 31.12.2013

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

The Real estate business, which used to be included in the Procurement and service business, is presented as a new segment.

2013 EUR million	Supermarket trade	Travel industry and hospitality business	Automotive Trade and Accessories	Procurement and services business	Real estate business	Banking	Internal eliminations and other	Management reporting, total
<b>Revenue</b>	<b>518.9</b>	<b>252.2</b>	<b>105.2</b>	<b>6 601.0</b>	<b>77.4</b>		<b>-136.1</b>	<b>7 418.6</b>
<b>Operating result</b>	<b>-30.0</b>	<b>7.7</b>	<b>-15.1</b>	<b>-22.5</b>	<b>19.1</b>	<b>10.8</b>	<b>-2.6</b>	<b>-32.6</b>
<b>Investments</b>	<b>20.9</b>	<b>4.9</b>	<b>0.0</b>	<b>32.5</b>	<b>41.3</b>			<b>99.7</b>
<b>Divestments</b>	<b>0.1</b>	<b>0.1</b>	<b>0.6</b>	<b>91.4</b>	<b>57.3</b>			<b>149.6</b>
<b>Working capital</b>	<b>-15.7</b>	<b>1.1</b>	<b>0.5</b>	<b>54.5</b>				<b>40.4</b>

### Reconciliation of the revenue

Management accounting revenue to be reported	7 418.6
Revenue from discontinued operations	-105.2
Eliminations	3.9
<b>Revenue from continuing operations IFRS</b>	<b>7 317.3</b>

### Reconciliation of the result

Operating result of the segments to be reported	-32.6
Items excluded from the operating result within SOK Corporation:	
Financial income and expenses	0.4
Gains and losses on the sale of property, plant and equipment	46.1
Other operating income and expenses	-1.8
Impairment losses and reversal of impairment on shares	0.3
Increase in provisions	-23.0
Valuation gains and losses on derivatives	-2.6
Result before taxes for the period from discontinued operations	-8.0
Impairment losses on tangible and intangible assets	-4.0
Other adjustments	12.0
<b>Profit before taxes from continuing operations IFRS</b>	<b>-13.2</b>

Termination costs of Automotive Trade and Accessories were 24,3 million Euros. Expenses has been recognised as non-recurring items after operating profit. Taken into account the termination costs, Automotive Trade ja Accessories operating profit was -39,4 million Euros.

### Additional data at SOK Corporation level, external income

Finland	6 746.8
Foreign	570.5
<b>Revenue, total</b>	<b>7 317.3</b>
Supermarket Trade	518.5
Tourism and Hospitality Business	255.8
Procurement and services Business	6 465.6
Real estate business	77.4
<b>Revenue, total</b>	<b>7 317.3</b>

### Additional information at SOK Corporation level, fixed assets

Finland	309.7
Foreign	98.5
<b>Fixed assets, total</b>	<b>408.2</b>

## Assets held for sale

Intra group transactions have been eliminated from the presented figures except for cash flows of discontinued operations in which they are included.

### Discontinued operations:

SOK Corporation's automotive trade and accessories are presented as discontinued operations. They were classified as discontinued in year 2013 and the process of winding down the business is still unfinished. Profit from the sale of Hankkija Oy's shares is also included in the comparative figures.

The result of the discontinued operations included in the consolidated income statement was as follows:

EUR million	2014	2013
Revenue	0.4	105.2
Other operating income	0.3	45.9
Materials and services	-0.4	-93.0
Employee benefits expenses	-0.4	-16.0
Depreciation and impairment losses	0.0	-1.0
Other operating expenses	2.3	-33.6
<b>Operating profit</b>	<b>2.2</b>	<b>7.4</b>
Financial income and expenses	0.4	0.6
<b>Result before taxes</b>	<b>2.6</b>	<b>8.0</b>
Income taxes	-2.2	5.5
<b>Result for the period</b>	<b>0.4</b>	<b>13.5</b>
Owners of the parent	0.4	13.5
Share of non-controlling interests	0.0	0.0
<b>Result for the period from discontinued operations</b>	<b>0.4</b>	<b>13.5</b>

### Cash flows of the discontinued operations were following:

Cash flow	2014	2013
Cash flow from business operations	1.0	12.9
Cash flow from investments	0.1	64.6
Cash flow from financing	-1.0	-13.7
<b>Cash flow, total</b>	<b>0.0</b>	<b>63.8</b>

The effect of the disposal on the Group's financial position	2014	2013
Tangible and intangible assets	0.0	0.1
Non-current financial assets	0.0	0.0
Deferred tax assets	0.8	2.5
Inventories	0.0	0.3
Trade receivables and other current non-interest-bearing receivables	1.5	2.5
Current interest-bearing receivables	0.0	0.2
Cash and cash equivalents	1.7	1.5
Provisions	-1.1	-2.6
Current interest-bearing liabilities	0.0	-0.3
Current non-interest-bearing liabilities	-0.2	-1.2
<b>Assets and liabilities, total</b>	<b>2.8</b>	<b>3.0</b>
Cash payment	0.0	89.3
Net cash disposed of with the discontinued operation	0.0	-14.0
<b>Cash flow effect</b>	<b>0.0</b>	<b>75.3</b>

## Tangible and intangible assets

EUR million	Tangible assets	Investment properties	Intangible assets
<b>Acquisition cost</b>			
Acquisition cost, 1 Jan 2014	538.9	86.7	179.0
Translation differences	-53.9		3.9
Increases	41.6	0.0	31.6
Decreases	-16.8		-29.2
Transfers between items	-0.7	2.5	-1.9
<b>Acquisition cost, 31 Dec 2014</b>	<b>509.2</b>	<b>89.2</b>	<b>183.5</b>
<b>Accumulated depreciation</b>			
Accumulated depreciation, 1 Jan 2014	-235.0	-45.7	-115.7
Translation differences	15.1		-1.2
Accumulated depreciation on deducted and transferred items	14.1	-1.0	21.7
Depreciation for the period	-37.0	-3.8	-18.2
Impairment losses	-0.2	0.0	-6.1
<b>Accumulated depreciation, 31 Dec 2014</b>	<b>-243.0</b>	<b>-50.5</b>	<b>-119.5</b>
<b>Carrying amount, 1 Jan 2014</b>	<b>303.9</b>	<b>40.9</b>	<b>63.3</b>
<b>Carrying amount, 31 Dec 2014</b>	<b>266.2</b>	<b>38.7</b>	<b>64.0</b>
<b>Acquisition cost</b>			
Acquisition cost, 1 Jan 2013	555.1	86.4	178.8
Translation differences	-10.6		-0.4
Assets held for sale	-11.5		-4.3
Increases	40.4		29.4
Decreases	-35.8	-0.1	-22.9
Transfers between items	1.3	0.4	-1.7
<b>Acquisition cost, 31 Dec 2013</b>	<b>538.9</b>	<b>86.7</b>	<b>179.0</b>
<b>Accumulated depreciation</b>			
Accumulated depreciation, 1 Jan 2013	-218.0	-42.0	-113.3
Translation differences	2.8		0.1
Assets held for sale	6.7		4.2
Accumulated depreciation on deducted and transferred items	16.4	0.1	12.1
Depreciation for the period	-42.6	-3.7	-15.5
Impairment losses	-0.3		-3.3
<b>Accumulated depreciation, 31 Dec 2013</b>	<b>-235.0</b>	<b>-45.7</b>	<b>-115.7</b>
<b>Carrying amount, 1 Jan 2013</b>	<b>337.1</b>	<b>44.3</b>	<b>65.5</b>
<b>Carrying amount, 31 Dec 2013</b>	<b>303.9</b>	<b>40.9</b>	<b>63.3</b>



## Related party transactions

### Transactions and balances with associated companies and joint ventures:

EUR million	2014	2013
Sales	17.5	15.4
Purchases	340.2	317.8
Financial income and expenses	0.4	0.6
Trade and other receivables	1.9	1.2
Loan receivables	57.5	35.1
Loans		8.5
Trade payables and other liabilities	30.1	46.3

In related party transactions purchases from North European Oil Trade Oy have been removed from the figures presenting them as intermediated sales in keeping with the presentation in profit and loss statement.

## Pledges and contingent liabilities

Contingent liabilities, EUR million	31.12.2014	31.12.2013	Change
<b>Pledges given and contingent liabilities</b>			
Pledges	0.1	0.2	-0.1
Guarantees	4.6	4.0	0.6
<b>Total</b>	<b>4.7</b>	<b>4.2</b>	<b>0.5</b>
<b>Security given on behalf of others</b>			
Guarantees for liabilities of joint ventures	109.3	103.6	5.7
Guarantees for liabilities of cooperative enterprises	7.4	9.2	-1.8
<b>Total</b>	<b>116.6</b>	<b>112.7</b>	<b>3.9</b>
<b>Other contingent liabilities</b>			
Guarantees for liabilities of joint ventures enterprises	26.2	17.9	8.3
Guarantees on behalf of associated companies	1.4	0.0	1.4
Guarantees for liabilities of cooperative enterprises	0.1	0.2	-0.1
Guarantees for others' liabilities	0.0	1.4	-1.4
<b>Total</b>	<b>27.7</b>	<b>19.5</b>	<b>8.2</b>
<b>Other liabilities</b>			
Repurchase liabilities <sup>1)</sup>	36.2	26.8	9.4
Underwriting <sup>2)</sup>	10.4	12.0	-1.6
<b>Total</b>	<b>46.6</b>	<b>38.8</b>	<b>7.8</b>
<b>Operating leases</b>			
<b>Group as lessee</b>			
<b>Minimum lease payments on non-cancellable operating leases:</b>			
EUR million	31.12.2014	31.12.2013	Change
In one year	153.0	141.6	11.4
In one to five years	561.2	522.2	39.0
Over five years	530.5	582.0	-51.5
<b>Total</b>	<b>1 244.7</b>	<b>1 245.8</b>	<b>-1.1</b>

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

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

The guarantees granted consist mainly of the guarantees on behalf of joint venture North European Oil Trade Oy on a loan and other liabilities of 65.4 million (EUR 76.8 million 31 December 2013) and of the guarantees on behalf of joint venture Kauppakeskus Mylly Oy on a loan of EUR 50 million (EUR 44.7 million on 31 December 2013).

In addition, SOK has given letters of comfort for the guarantees granted by SOK-Takaus Oy. The amount of the letters of comfort is EUR 78.0 million on 31 December 2014 (EUR 78.1 million on 31 December 2013).

**Other financial liabilities:**

The Group is obligated to audit valued added tax depreciations it has made on a property investment if the taxable use of the property decreases during the auditing period. The maximum amount of the responsibility is EUR 6.6 million (EUR 6.6 million on 31 December 2013).

**Other contingent liabilities:**

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

In accordance with the so-called Mankala principle, the shareholders are responsible for S-Voima Oy's commitments. This principle states that the liability for the company's variable costs is determined based on the energy the shareholder uses. The liability for the company's fixed costs, also including loan repayments and interests as well as depreciations, is distributed in proportion to the share series owned by the shareholder. The company's series A shares are related to the acquisition of market electricity; series B and B1 shares to the acquisition of wind power electricity; and series C shares to the acquisition of nuclear power electricity.

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 0.9 million in total (EUR 1.8 million 31 Dec 2013). It is estimated that liabilities financing by the company's shareholders is not needed.

## Key ratios

<b>SOK Corporation continuing operations:</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Revenue, EUR million	7 285.5	7 317.3
Operating result, EUR million	43.1	-7.9
% of revenue	0.6	-0.1
Profit before taxes, EUR million	39.7	-13.2
% of revenue	0.5	-0.2
<b>SOK Corporation:</b>		
Equity ratio, %	38.4	36.3
Gearing, %	-11.2	0.7

## Calculation of key ratios

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

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