

SUOMEN
OSUUSKAUPPOJEN
KESKUSKUNTA

SOK CORPORATION



ANNUAL REPORT 1994

CONTENTS



*Dora Jung's textile "Brasilia Curtains", 1974,
in the Gebhard Room, Assäkeskus, Helsinki.*

Purpose of the S Group	4
Description of the S Group	5
The SOK Corporation in brief	6
CEO's Review	7
Report of the Executive Board	8
SOK Organisation 1.1.1995	10
SOK and SOK Corporation Financial Statements	11
Consolidated Income Statement	11
Consolidated Balance Sheet	12
Consolidated Cash Flow Statement	14
SOK Income Statement	15
SOK Balance Sheet	16
SOK Cash Flow Statement	18
Accounting Principles	19
Notes to the Consolidated Income Statement and Balance Sheet	21
Proposal of the Executive Board	28
Auditors' Report	29
Statement of the Supervisory Board	29
Field Division	30
Specialty Stores Division	34
Administrative Division	37
Corporate Development and Planning	39
Hankkija Agriculture Ltd	40
Associated Companies	41
The S Group in 1994	42
SOK Supervisory Board 1994	44
SOK Executive Board 1994	44
Auditors 1994	44
S Group Key Figures 1990 - 1994	45
Statistics	46

PURPOSE OF THE S GROUP



The purpose
of the S Group is
to provide benefits for
committed customer-owners.

The S Group consists
of the cooperative societies
and SOK with their subsidiaries.

The SOK Corporation
consists of SOK and
its subsidiaries.



DESCRIPTION OF THE S GROUP

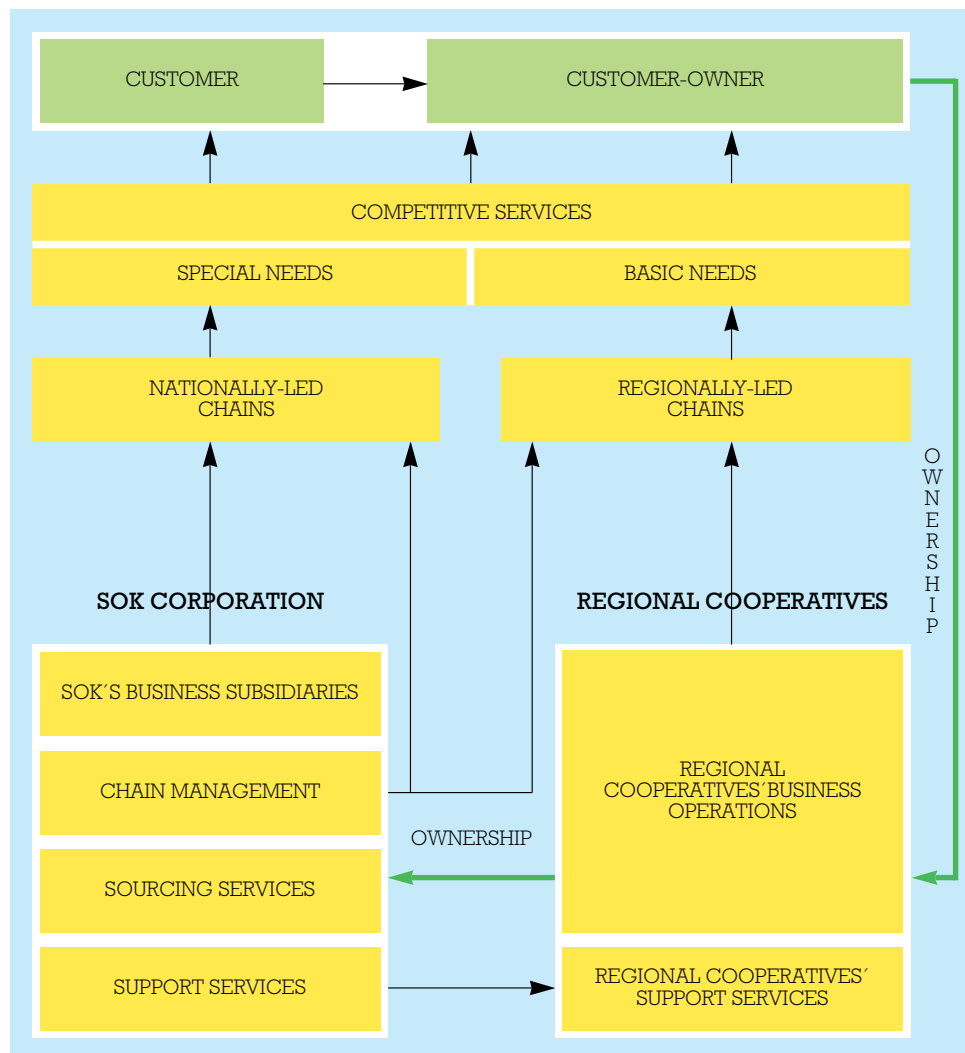
The S Group operates through regional structures, the basic units of which are the regional cooperatives and the SOK Corporation.

The regional cooperatives are owned by their members, the customer-owners. The purpose of a regional society is to produce the services that meet the basic needs of customer-owners through locally-led chains in

its area of operations. These are primarily the Prisma, S Market, Sale and Alepa chains, service stations and restaurants.

The SOK Corporation consists of the secondary cooperative SOK, owned by the cooperatives, and its subsidiaries. Its purpose is to produce the support functions and services required by the regional

societies. Through its own business operations, the Corporation further strengthens the competitiveness of the S Group. It provides the services that meet the special needs of the societies' customer-owners through nationally-led chains. These are primarily the Citysokos department stores, specialty stores, Sokos hotels and Agrimarkets.



SOK CORPORATION IN BRIEF

	1994	1993
Net sales, FIM million	11 206	10 327
Operating profit after depreciation, FIM million	307	229
Profit after financial items, FIM million	73	-145
Investments, FIM million	254	206
Total assets, FIM million	6 349	6 535
Return on investment %	8.8	7.2
Equity ratio %	19.6	17.6
Personnel	4 864	5 179

CEO'S REVIEW



Jere Lahti

The downward spiral of the Finnish national economy was halted in 1994. During the preceding years total output had contracted by 13 per cent and the retail trade by 25 per cent. The consequences of the recession will, however, be felt for a long time to come. Even if production expands by 4-5 per cent this year and next, by 1996 it will only have regained its 1989 level. As regards trade, it will take the rest of the 1990s to recuperate from the losses suffered by the recession.

S Group performance in 1994 showed a considerable improvement over earlier years. Net sales for the SOK Corporation were FIM 11.2 billion, a growth of 8.5 %. Those for the S Group were FIM 24.7 billion, an increase of 6.6 %, which was much higher than the national average. The supermarket chains, in particular, continued their strong growth.

The customer-owner system was expanded to cover the whole country and proved to be a great success. With some 350 000 customers in the bonus system, sales increased by one-and-a-half times and FIM 110 million were returned as bonuses. This is an extremely important support for households, especially considering the S Group's price competitiveness.

The efficiency of the system is shown by the fact that, in spite of favourable prices and bonus returns, profitability improved significantly.

The Corporation's operating profit was FIM 307 million, compared with FIM 229 million for the previous year. The profit after financial items was FIM 73 million, whereas the comparable figure for the year before was a loss of FIM 145 million. Investments came to FIM 254 million and the book value of divested assets to FIM 375 million. Liquidity remained good throughout the year. The performance of the cooperative societies also improved considerably. The total operating profit for the regional societies was about FIM 250 million compared with FIM 36 million in 1993.

The outlook in 1995 for domestic trade and the hotel and restaurant business is much brighter. Due to expanding purchasing power, and tax returns for 1993 and 1994 falling in the same year, it is expected that sales volumes will increase by as much as 4 %. Both the food industry and agricultural trade will adjust to EU circumstances. Although pay settlements will raise costs, there is still the chance of productivity improving. How the national economy develops

remains uncertain: public debt continues to rise steeply, high unemployment persists, a positive balance of payments depends on export price increases, high real interest rates inhibit investment, and cost pressure threatens to set inflation spiraling. This is the background against which the new government, to be appointed after the spring elections, should frame its economic policy to overhaul central government financing and stimulate employment, in order to nurture the nascent growth in the economy.

I wish to thank the S Groups' customer-owners, elected officials, cooperative societies and all our interest groups for their dedicated cooperation throughout the year. Likewise my thanks go to the entire personnel of the societies and the Corporation for their stalwart and successful work.

Helsinki, March 9, 1995

A handwritten signature in blue ink, which appears to read 'Jere Lahti'. The signature is fluid and cursive.

Jere Lahti

REPORT OF THE EXECUTIVE BOARD

The Finnish economy in 1994

In 1994 Finland became a member of the European Economic Area (EEA). At the end of the year, as the result of a consultative referendum, parliament decided to apply for full membership of the European Union (EU) as from the beginning of 1995. This decision meant closer integration with western markets and helped arrest the downward spiral of the recession.

Total output has been expanding since November 1993 and advance data indicates that the growth was 3.9 % in 1994. The main areas of expansion were the forest and export industries, energy production and transportation. Private services also recovered but, as expected, public sector output contracted. Total production is anticipated to continue its rapid expansion in 1995, which is essential for a gradual improvement in the employment situation.

Exports continued to grow strongly thanks to their competitiveness. Imports also started to pick up. There was a large trading surplus and the positive balance of payments helped to ameliorate Finland's foreign debt.

The growth in domestic demand was largely due to the rise in private consumption and investments in machines and equipment. After a 12 % contraction over the previous three years, private consumption went up by almost 2 %. The main increase was in consumer durables, but demand for semi-durables, short-life goods and services also showed a modest recovery. Con-

fidence in the future and the use of savings to satisfy pent-up demand were the main factors behind the growth in consumption.

Domestic trade, as well as the hotel and restaurant business, began to pick up from low post-recession levels. Encouraged by industrial production and investments, the wholesale trade grew in volume by as much as 6.6 % and the retail trade by 2.1 %. The main growths were recorded in car and service station sales, and domestic appliances, but also chemists, department stores and supermarkets showed a clear upswing in business. Sales of alcoholic beverages and home interior goods continued to decline. The expansion in the value of retail sales was 4.4 %.

The average rise in consumer prices was only 1.1 %. Prior to the introduction of VAT in June, prices had hardly risen at all. The cost of housing fell by 1.3 %, expenditure on food remained unchanged, though clothing and footwear prices rose by 2 %. The main inflationary pressures came from the 3 % rise in health care costs and the 4 % increase in expenditure on transportation.

Structural changes

Under an agreement on the redivision of operations in the Helsinki area between SOK and HOK, the Helsinki cooperative society, SOK's subsidiary Helsinki Hotels Oy purchased at year end HOK's hotel operations, and SOK's subsidiary Ässä Partners Oy sold its supermarket operations to the HOK subsidiary Uusi Ässä Partners Oy. Also at

the end of the year the SOK subsidiary Hämeenmaan Hotellit Oy (formerly SOK Project Oy) purchased the hotel operations of the Hämeenmaa cooperative society's subsidiary. SOK also purchased the share capital of Hämeenmaan Auto Oy and, at the beginning of 1995, the shares of Hämeenmaan Maatalous Oy.

The SOK Corporation acquired three real estate subsidiaries by purchase and another five by diffusion. The Corporation sold Oy Ässäkeskus Oy in Helsinki, Kiinteistö Oy Sibeliuksenkatu 12 in Järvenpää, and Kaiharin Kulma Kiinteistöosakeyhtiö in Tampere.

At year end Sokotel Oy was merged into Ässäravintolat Oy, which then changed its name to Sokotel Oy. Kiinteistö Oy Lahden Aleksanterinkatu 19 was merged into Kiinteistö Oy Lahden Aleksanterinkatu 21.

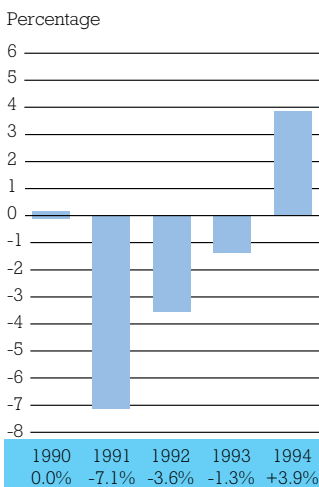
In accordance with the amended Accounting Act, the associated companies have, for the first time, been combined into the consolidated accounts. Housing companies regulated by the State Housing Board were not included.

Sales

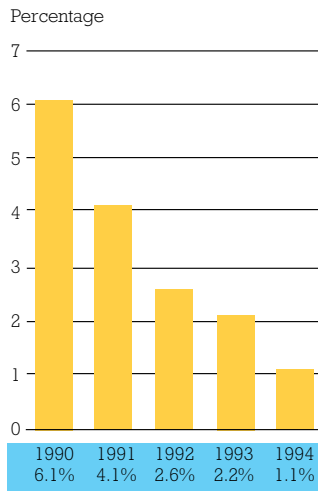
The recovery in private consumption and the retail trade had a positive effect on the Corporation's net sales. These totalled FIM 11 206 million, up by 8.5 % which was more than the national average.

Net sales by SOK were FIM 5 134 million, a rise of 1.2 %. As the result of the transfer of SOK's consumer goods sourcing to Intrade Partners Oy in Sep-

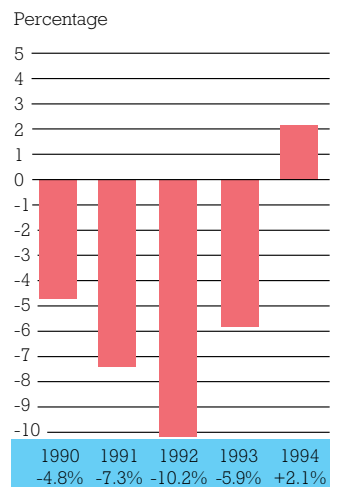
TOTAL OUTPUT 1990-1994
(Volume increase)



CONSUMER PRICES 1990-1994
(Increase)



RETAIL TRADE 1990-1994
(Volume increase)



tember 1993, the comparable increase was 10.2 %.

The Corporation's grocery trade grew very favourably, with net sales up by 18.5 %. The S Market, Alepa and Prisma chains all increased their market shares in the metropolitan grocery trade. The comparable figures for Intrade Partners also showed an improvement. Growing domestic demand and successful development projects stimulated department store sales. A halt came to the downturn in Citysokos chain sales with business picking up in the second half, although overall sales remained at the previous year's level.

There was also an upturn in the demand for new cars, with registrations up 20 % over the previous year. Corporation car imports and sales rose, and Peugeot expanded its share of the market. Likewise the hotel and restaurant business picked up and the Corporation's subsidiary Oy Sokoteria Ab recorded an 8 % gain.

Uncertainty over the EU decision had a disturbing influence on the agricultural trade. Retail sales for Hankkija Agriculture Ltd, the Corporation's agri-hardware company, were up by 4 % and market shares were reinforced in the main product groups.

Retail sales for the S Group grew by 6.6 % to FIM 24 724 million and for the cooperatives by 6.7 % to FIM 16 630 million. The cooperatives and their subsidiaries accounted for 67 % of S Group retail sales.

Financial results

The SOK Corporation showed an operating profit, before extraordinary items, reserves and taxes, of FIM 73 million, which compares favourably with the FIM 145 million loss recorded in 1993. The improvement in the result was no less than FIM 218 million. The operating profit includes other income and expenses, share of associated companies' profits, one-time depreciation, depreciation on investments and the increase in obligatory reserves. Without these items the result would have shown a profit of FIM 117 million. The comparable result for 1993 was a loss of FIM 39 million.

One-time depreciation included depreciation on buildings, advance payments and constructions in progress. Depreciation on investments included write-downs of FIM 37 million on Polar

Group shares, FIM 14 million on shares and loan receivables following the bankruptcy of Konehirvox Oy, and FIM 28 million on properties, housing companies and other stocks and shares. In addition, FIM 10 million in guarantee losses for Konehirvox were taken to extraordinary expenses.

Gross income grew in value and its percentage of net sales, without the inclusion of other income from operations, was at about the same level as the year before. Fixed expenses were reduced, likewise their percentage of net sales, even though other expenses from operations were excluded. Depreciation according to plan contracted due to lower net investments.

There was a contraction of FIM 139 million in financial income and expenses, of which net interest accounted for FIM 98 million. Interest expenses fell as the result of lower interest rates and a positive cash flow.

The reduction of FIM 96 in accumulated depreciation was mainly due to dismantled accumulated depreciation in connection with the sale of fixed assets.

All business operations improved their performance over 1993. The only exception was the consumer goods sourcing company, whose operating method was changed. However, it managed to show a profit and exceeded expectations.

The performance of individual units is dealt with in more detail under the divisional reports.

Investments and disinvestments

SOK Corporation investments amounted to FIM 254 million, which included the additions in fixed assets resulting from the structural changes carried through at the end of the year. Other investments were in machines, furnishings and information systems for the retail chains.

The book value of Corporation disinvestments totalled FIM 375 million. SOK sold Oy Ässäkeskus Ab to Eläke-Varma, leasing it back under a long-term agreement. Other disinvestments included the sale of SOK's supermarket operations to Uusi Ässä Partners Oy.

Finance

The SOK Corporation had a positive cash flow of FIM 603 million before financial items. Liquidity remained

healthy throughout the year. Liquid investments and cash reserves stood at FIM 1 695 million at the end of the year. Net interest expenses decreased by FIM 98 million to FIM 155 million. As a percentage of net sales, net interest expenses fell from 2.45 % to 1.38 %.

During the year long-term domestic interest rates rose and the Finnish mark strengthened significantly. Hedging operations were carried out to protect the Corporation against the rise in long-term interest rates and to secure its currency loans.

Personnel

Corporation personnel at year end numbered 4 864, of whom 2 068 (43%) were in SOK and 2 796 (57 %) in the subsidiaries. This was 315 less than the year before.

Due to the year-end redistribution of functions between SOK and the Helsinki and Hämeenmaa cooperative societies, Corporation personnel declined by another 610.

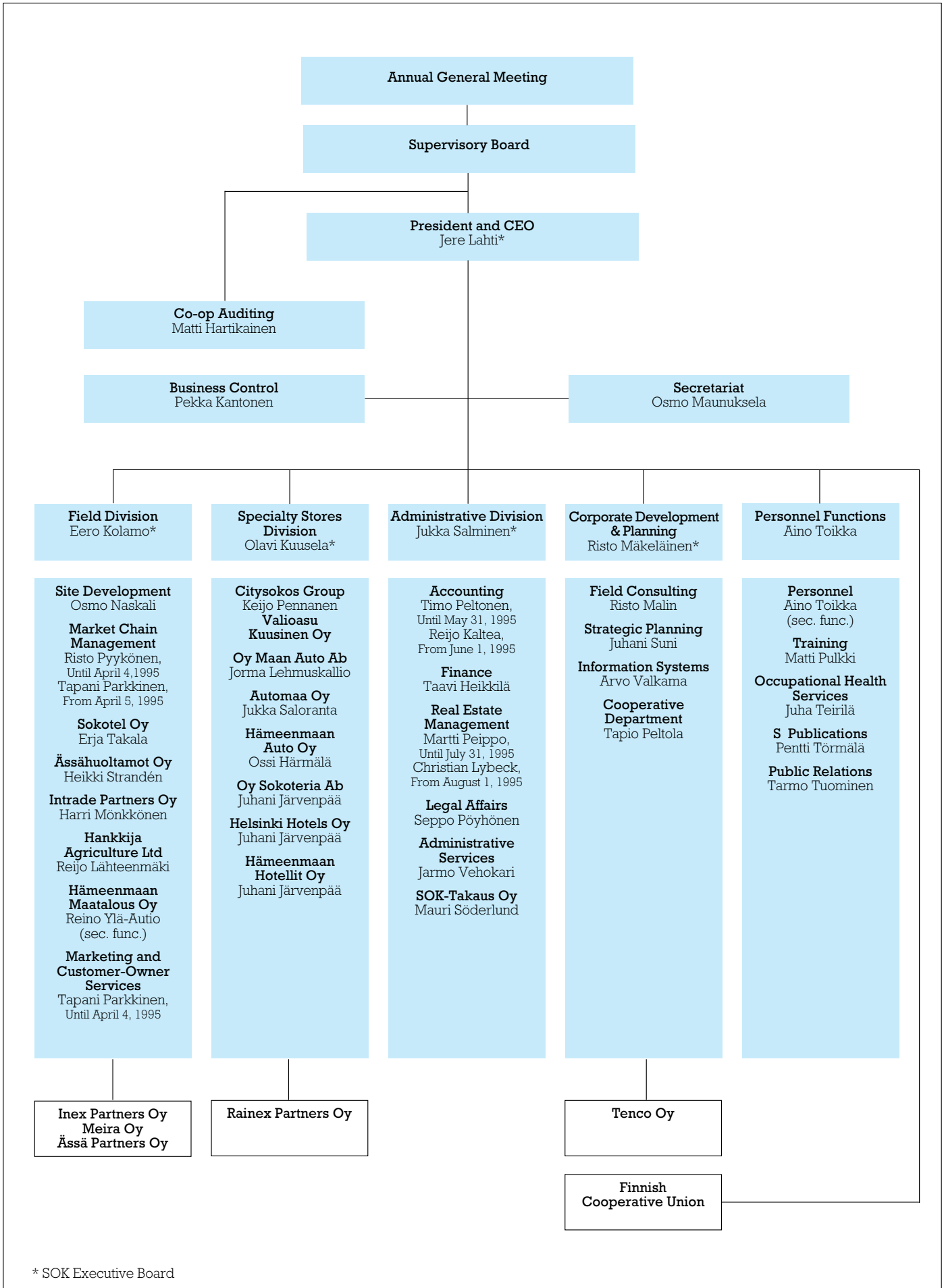
Outlook for 1995

It is forecast that private consumption and retail trade volumes will expand by about 4 % in 1995. Consumer prices are anticipated to go up by 2-3 % as labour costs and imported raw material prices are rising. On the other hand, EU-level food prices will have a counter-inflationary effect. The retail trade wage agreement means that labour costs will go up by a good 4 %. When the changed grouping of years of service and other social expenses are taken into consideration, the overall effect is about 6 %.

The SOK Corporation's trading performance is predicted to be about the same as 1994. Although restructuring projects are thought to weaken performance during the changeover period, the reduced need to record value depreciations and compulsory reserves will strengthen it.

Cash flow is expected to remain positive and to fortify the financial position of the Corporation.

SOK CORPORATION ORGANISATION 1.1.1995



* SOK Executive Board

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

FIM million	1.1. - 31.12.1994		%	1.1. - 31.12.1993		%
Net sales (1)	11 205.7		100.0	10 327.0		100.0
Other operating income (2)	92.6		0.8	166.0		1.6
Variable expenses						
Materials, supplies and products						
Purchases during the year	9 170.0			8 428.6		
Decrease in stocks	153.7			151.4		
Personnel costs (3)	16.0			15.2		
Other variable expenses	30.2	-9 369.9	83.6	14.9	-8 610.1	83.4
Gross margin		1 928.4	17.2		1 882.9	18.2
Fixed expenses						
Personnel costs (3)	724.8			725.2		
Rents	213.0			205.5		
Other fixed expenses	462.0			436.4		
Other operating expenses (2)	5.3	-1 405.1	12.5	36.2	-1 403.3	13.6
Operating profit before depreciation		523.3	4.7		479.6	4.6
Depreciation on fixed assets and other capitalised expenditure (4)						
Depreciation according to plan	179.3			195.5		
One-time depreciation	30.0			51.7		
Depreciation on consolidated goodwill	6.6	-215.9	1.9	3.5	-250.7	2.4
Operating profit		307.4	2.8		228.9	2.2
Financial income and expenses (5)						
Dividend income	1.4			0.8		
Interest income from non-current investments	94.4			176.5*		
Other interest income	92.6			73.2*		
Other financial income	9.2			2.3		
Exchange gains and losses	-1.5			6.4		
Share of associated companies' profits	6.2					
Interest expenses	342.1			502.4		
Other financial expenses	14.9			14.4		
Depreciation on investments	79.4	-234.1	2.1	116.0	-373.6	3.6
Profit/loss before extraordinary items, reserves and income taxes		73.3	0.7		-144.7	1.4
Extraordinary income and expenses (6)						
Extraordinary income	3.4			3.1		
Extraordinary expenses	13.1	-9.7	0.1	129.6	-126.5	1.2
Profit/loss before reserves and income taxes		63.6	0.6		-271.2	2.6
Funded profits on sale of fixed assets		-36.5	0.3			
Decrease in accumulated depreciation (4)		95.7	0.8		36.1	0.3
Decrease in voluntary reserves (8)		7.5	0.1		205.1	2.0
Direct taxes (9)		-0.6			-0.8	
Minority interest					0.1	
Profit/loss for the year		129.7	1.2		-30.7	0.3

* Figures are not comparable

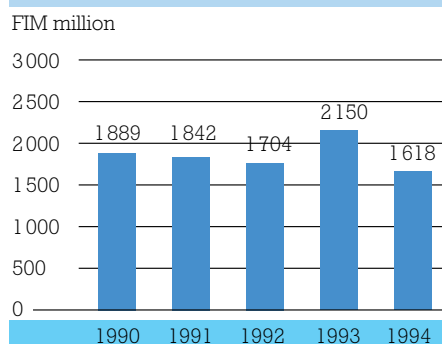
CONSOLIDATED BALANCE SHEET

ASSETS (FIM million)	31.12.1994		31.12.1993	
FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS				
Intangible assets (10)				
Intangible rights	37.4		43.1	
Goodwill	34.7		34.6	
Consolidated goodwill	27.1		31.1	
Other capitalised expenditure	40.1		51.0	
Advance payments and construction in progress	21.9	161.2	6.7	166.5
Tangible assets (10)				
Land and water areas	497.0		490.0	
Buildings and constructions	1 421.4		1 563.0	
Machinery and equipment	220.6		242.2	
Other tangible assets	4.1		5.8	
Advance payments and construction in progress	58.1	2 201.2	66.3	2 367.3
Financial assets and other non-current investments				
Shares in associated companies (11-12)	336.4		448.3	
Shares and holdings (11-12)	165.2		200.5	
Loan receivables	123.2	624.8	185.8	834.6
CURRENT ASSETS				
Stocks				
Finished goods	634.1		740.0	
Other stocks	15.2		54.2	
Advance payments	5.6	654.9	0.9	795.1
Receivables				
Trade receivables	846.7		783.3	
Loan receivables	8.9		23.6	
Prepaid expenses and accrued income	145.9		112.5	
Other receivables	8.0	1 009.5	39.0	958.4
Marketable securities				
Other securities		1 552.8		1 288.2
Other current investments		6.1		17.5
Cash and bank		138.0		107.1
		6 348.5		6 534.7

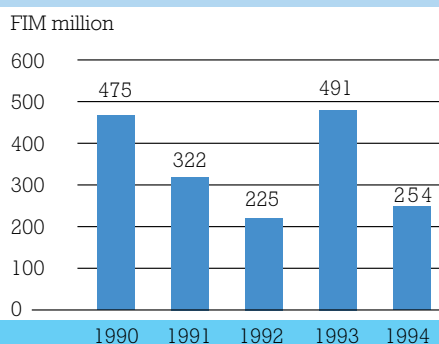
OPERATING PROFIT 1990-1994 (Return on capital employed, %)	NET INTEREST EXPENSES 1990-1994 (% of net sales)	SHAREHOLDERS' EQUITY AND RESERVES* 1990-1994 (Equity ratio, %)																																		
<p>FIM million</p> <p style="text-align: right; font-size: small;">* In accordance with the amended Accounting Act</p> <table style="width: 100%; text-align: center; font-size: small;"> <tr> <td>1990</td><td>1991</td><td>1992</td><td>1993</td><td>1993*</td><td>1994*</td> </tr> <tr> <td>10.4%</td><td>9.6%</td><td>9.1%</td><td>9.2%</td><td>7.2%</td><td>8.8%</td> </tr> </table>	1990	1991	1992	1993	1993*	1994*	10.4%	9.6%	9.1%	9.2%	7.2%	8.8%	<p>FIM million</p> <p style="text-align: right; font-size: small;">* In accordance with the amended Accounting Act</p> <table style="width: 100%; text-align: center; font-size: small;"> <tr> <td>1990</td><td>1991</td><td>1992</td><td>1993</td><td>1993*</td><td>1994*</td> </tr> <tr> <td>1.9%</td><td>2.8%</td><td>3.4%</td><td>2.4%</td><td>2.4%</td><td>1.4%</td> </tr> </table>	1990	1991	1992	1993	1993*	1994*	1.9%	2.8%	3.4%	2.4%	2.4%	1.4%	<p>FIM million</p> <p style="text-align: right; font-size: small;">* Obligatory reserve not included</p> <table style="width: 100%; text-align: center; font-size: small;"> <tr> <td>1990</td><td>1991</td><td>1992</td><td>1993</td><td>1994</td> </tr> <tr> <td>23.9%</td><td>19.3%</td><td>20.7%</td><td>17.6%</td><td>19.6%</td> </tr> </table>	1990	1991	1992	1993	1994	23.9%	19.3%	20.7%	17.6%	19.6%
1990	1991	1992	1993	1993*	1994*																															
10.4%	9.6%	9.1%	9.2%	7.2%	8.8%																															
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1990	1991	1992	1993	1994																																
23.9%	19.3%	20.7%	17.6%	19.6%																																

LIABILITIES AND SHAREHOLDERS' EQUITY (FIM million)	31.12.1994		31.12.1993	
SHAREHOLDERS' EQUITY (17)				
Restricted equity				
Share capital	161.8		161.5	
Reserve Fund	65.1		65.1	
Revaluation Fund	623.3	850.2	624.2	850.8
Unrestricted equity				
Retained earnings	1.6		83.6	
Profit/loss for the year	129.7	131.3	-30.7	52.9
MINORITY INTEREST		85.2		29.6
UNTAXED RESERVES (18)				
Accumulated depreciation		98.3		123.4
Voluntary reserves				
Transition reserve	65.5		72.6	
Other reserves		65.5	2.2	74.8
Obligatory reserves		101.0		98.6
LIABILITIES				
Non-current				
Bonds	48.5		48.5	
Loans from financial institutions	788.9		1 338.1	
Pension loans	624.1		671.1	
Other non-current liabilities	187.6	1 649.1	227.9	2 285.6
Current				
Loans from financial institutions	762.2		428.1	
Pension loans	47.4		51.0	
Advances received	78.4		119.3	
Trade payables	1 046.7		926.1	
Accrued liabilities and deferred income	389.0		389.6	
Other current liabilities	1 044.2	3 367.9	1 104.9	3 019.0
		6 348.5		6 534.7

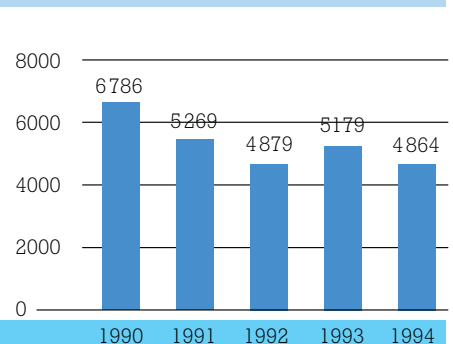
NET INTEREST-BEARING LIABILITIES AT 31.12. 1990-1994



INCREASE IN FIXED ASSETS 1990-1994



PERSONNEL AT 31.12. 1990-1994



CONSOLIDATED CASH FLOW STATEMENT

FIM million	1.1.-31.12.1994	1.1.-31.12.1993
Business operations		
From operations		
Operating profit before depreciation	523.3	479.6
Financial income and expenses	- 160.9	- 257.6
Extraordinary items	- 9.7	- 126.5
Taxes	- 0.6	- 0.8
Total	352.1	94.7
Change in working capital		
Decrease in stocks	149.0	150.6
Increase(-)/decrease(+) in current trade receivables	- 95.3	172.2
Increase in interest-free current liabilities*	76.7	47.9
Total	130.4	370.7
Total cash flow from operations	482.5	465.4
Investments		
Increase in fixed assets	254.4	490.7
Decrease in fixed assets	374.6	321.1
Total	120.2	- 169.6
Cash flow before financing	602.7	295.8
Financing		
Decrease in non-current receivables	55.3	483.1
Increase in non-current liabilities	51.4	363.5
Decrease in non-current liabilities	715.9	589.0
Decrease(+)/increase(-) in current receivables	45.7	- 23.6
Increase(+)/decrease(-) in current liabilities	235.0	- 452.3
Interest paid on share capital		19.1
Increase in share capital	0.3	
Decrease in shareholders' equity	0.1	0.2
Increase in minority interest	55.6	12.6
Total	- 272.7	- 225.0
Changes in Corporation structure		
Working capital	- 5.6	- 159.6
Fixed assets	- 111.2	- 619.8
Financing	70.8	1 104.4
Liquid assets	- 2.2	- 453.7
Total	- 48.2	- 128.7
Increase(+)/decrease(-) in liquid funds	281.8	- 57.9
Increase(+)/decrease(-) in liquid funds		
Liquid funds at end of year	1 694.7	959.1
Liquid funds at beginning of year	-1 412.9	-1 017.0
Total	281.8	- 57.9

*Includes change in obligatory reserves

SOK INCOME STATEMENT

FIM million	1.1. - 31.12.1994		%	1.1. - 31.12.1993		%
Net sales (1)		5 133.6	100.0		5 071.2	100.0
Other operating income (2)		69.2	1.4		103.7	2.1
Variable expenses						
Materials, supplies and products						
Purchases during the year	4 273.7			4 230.8		
Decrease in stocks	26.4			99.4		
Personnel costs (3)	1.8			1.0		
Other variable expenses	102.2	-4 404.1	85.8	17.8	-4 349.0	85.8
Gross margin		798.7	15.6		825.9	16.3
Fixed expenses						
Personnel costs (3)	305.0			333.7		
Rents	198.5			258.9		
Other fixed expenses	228.4			213.6		
Other operating expenses (2)	1.4	-733.3	14.3	35.3	-841.5	16.6
Operating profit before depreciation		65.4	1.3		-15.6	0.3
Depreciation on fixed assets and other capitalised expenditure (4)						
Depreciation according to plan	53.4			58.0		
One-time depreciation	22.5	-75.9	1.5	37.1	-95.1	1.9
Operating loss		-10.5	0.2		-110.7	2.2
Financial income and expenses (5)						
Dividend income	1.4			0.7		
Interest income from non-current investments	251.4			413.6*		
Other interest income	73.9			36.7*		
Other financial income	11.3			4.0		
Exchange gains	0.6			6.0		
Interest expenses	318.5			461.7		
Other financial expenses	9.5			8.1		
Depreciation on investments	75.1	-64.5	1.3	264.1	-272.9	5.4
Loss before extraordinary items, reserves and income taxes		-75.0	1.5		-383.6	7.6
Extraordinary income and expenses (6)						
Extraordinary income	195.4			446.0		
Extraordinary expenses	16.8	178.6	3.5	435.8	10.2	0.2
Profit/loss before reserves and income taxes		103.6	2.0		-373.4	7.4
Funded profits on sale of fixed assets		-64.3	1.2			
Decrease in accumulated depreciation (4)		58.6	1.1		31.2	0.6
Decrease in voluntary reserves (8)					87.7	1.8
Direct taxes (9)					0.3	
Profit/loss for the year		97.9	1.9		-254.2	5.0

*Figures are not comparable

SOK BALANCE SHEET

ASSETS (FIM million)	31.12.1994		31.12.1993	
FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS				
Intangible assets (10)				
Intangible rights	20.1		23.4	
Goodwill	6.8		10.1	
Other capitalised expenditure	5.3		24.2	
Advance payments and construction in progress	21.5	53.7	6.7	64.4
Tangible assets (10)				
Land and water areas	90.5		129.1	
Buildings and constructions	41.3		197.4	
Machinery and equipment	76.0		74.9	
Other tangible assets	0.6		0.9	
Advance payments and construction in progress	39.4	247.8	59.9	462.2
Financial assets and other non-current investments				
Shares and holdings (11-12)	1 560.7		1 376.8	
Loan receivables	1 645.6	3 206.3	1 850.1	3 226.9
CURRENT ASSETS				
Stocks				
Finished goods	285.0		290.3	
Other stocks	53.3		74.5	
Advance payments	0.2	338.5	0.1	364.9
Receivables				
Trade receivables	479.8		444.8	
Loan receivables	8.4		9.0	
Prepaid expenses and accrued income	89.8		84.9	
Other receivables	7.5	585.5	33.9	572.6
Marketable securities				
Other securities		1 552.7		1 245.8
Other current investments		83.2		58.5
Cash and bank		24.9		21.3
		6 092.6		6 016.6

LIABILITIES AND SHAREHOLDERS' EQUITY (FIM million)	31.12.1994		31.12.1993	
SHAREHOLDERS' EQUITY (17)				
Restricted equity				
Share capital	161.8		161.5	
Reserve Fund	65.1		65.1	
Revaluation Fund	72.8	299.7	73.3	299.9
Unrestricted equity				
Other Funds	1 254.6		1 327.3	
Profit from earlier years			117.3	
Profit/loss for the year	97.9	1 352.5	-254.2	1 190.4
UNTAXED RESERVES (18)				
Accumulated depreciation		41.0		79.9
Obligatory reserves		73.2		92.7
LIABILITIES				
Non-current				
Bonds	48.5		48.5	
Loans from financial institutions	571.4		1 035.7	
Pension loans	492.9		530.1	
Other non-current liabilities	162.7	1 275.5	213.7	1 828.0
Current				
Loans from financial institutions	624.4		211.4	
Pension loans	37.1		39.9	
Advances received	10.6		9.6	
Trade payables	574.3		508.6	
Accrued liabilities and deferred income	218.2		212.4	
Other current liabilities	1 586.1	3 050.7	1 543.8	2 525.7
		6 092.6		6 016.6

CASH FLOW STATEMENT

FIM million	1.1.-31.12.1994	1.1.-31.12.1993
Business operations		
From operations		
Operating profit before depreciation	65.4	-15.6
Financial income and expenses	10.6	-8.8
Extraordinary items	178.6	10.2
Taxes		0.3
Total	254.6	-13.9
Change in working capital		
Decrease (+)/increase (-) in stocks	26.4	-30.9
Increase (-)/decrease (+) in current trade receivables	-40.0	87.8
Increase (+)/decrease (-) in interest-free current liabilities*	53.0	-45.9
Total	39.4	11.0
Total cash flow from operations	294.0	-2.9
Investments		
Increase in fixed assets	346.8	439.7
Fixed assets acquired through merger		585.7
Decrease in fixed assets	259.3	275.7
Total	-87.5	-749.7
Cash flow before financing	206.5	-752.6
Financing		
Decrease in non-current receivables	201.5	373.3
Increase in non-current liabilities	199.3	373.6
Decrease in non-current liabilities	487.2	264.4
Decrease(+)/increase(-) in current receivables	27.0	-29.7
Increase in current liabilities	187.8	236.4
Interest paid on share capital		19.1
Increase in share capital	0.3	
Decrease in shareholders' equity	0.1	0.2
Increase in reserves through merger		4.8
Total	128.6	674.7
Increase(+)/decrease(-) in liquid funds	335.1	-77.9
Increase(+)/decrease(-) in liquid funds		
Liquid funds at end of year	1 660.8	1 325.7
Liquid funds at beginning of year	-1 325.7	-1 403.6
Total	335.1	-77.9

*Includes change in obligatory reserves

Changes in accounting principles

The consolidated financial statements have been drawn up in accordance with the amended Finnish Accounting Act. The major departures from earlier accounting practices are:

- Net sales include income from services previously entered as an adjustment to fixed expenses, which are now presented as a gross sum,
- The entries "Other operating income" and "Other operating expenses" contain items that were previously included in extraordinary items,
- Write-downs on the acquisition cost of shares and other non-current investments under fixed assets, which are not subject to planned depreciation, are disclosed as "Depreciation on investments" under financial income and expenses,
- The share of the profits of associated companies is shown under financial income and expenses, and the share of accumulated net assets after acquisition under retained earnings in the consolidated balance sheet,
- Known expenses, for which no corresponding accrued income is estimated, have been entered against profit in the income statement, and as obligatory reserves in the consolidated balance sheet. Previously these items were grouped together in the income statement under extraordinary expenses,
- The balance sheet has been presented in the new format,
- The format of the previous year's accounts and the change in the corporate structure have been adjusted to render them comparable,
- The notes to the financial statements are more extensive than before.

Principles of consolidation

In addition to the parent company, the consolidated financial statements include all those companies in which SOK owns, either directly or indirectly through its subsidiaries, more than 50 % of the vote-carrying shares. Of the subsidiaries, 12 SHB housing companies and 16 non-business companies have not been consolidated. Their total book value in the parent company's balance sheet is FIM 5 million. The subsidiaries are listed in the Notes.

Associated companies in which the Corporation's holding is 20-50 % are consolidated for the first time in the accounts, with the exception of 9 SHB companies. Their total book value in the parent company's balance sheet is FIM 1 million. The associated companies are listed in the Notes.

The exclusion of these subsidiary and associated companies has no significant effect on the consolidated unrestricted equity. The Corporation also has one foreign associated company.

Changes in intra-corporate relations

During the year, five real estate companies were formed by diffusion, five subsidiaries acquired, one associated company was converted into a subsidiary, the shares in three subsidiaries were sold to outsiders, and four subsidiaries merged to form two new subsidiaries. In addition, a new company was established to manage the hotel operations in the Helsinki metropolitan area and one subsidiary acquired in 1993 was consolidated for the first time.

During the year, one associated company was acquired and the shares in 6 real estate companies were sold.

Consolidation of corporate companies

The consolidated financial statements are for the period 1.1. - 31.12.1994. Companies acquired during the year are included in the accounts from the time of their acquisition and companies established during the year from the time of their foundation. Subsidiary and associated companies that were sold off are included up to the date of their sale.

Intra-corporate holdings

Intra-corporate shareholdings have been eliminated using the acquisition cost method. This means that the acquisition cost of subsidiary shares has been eliminated against subsidiary equity at the moment of acquisition. Differences arising from eliminations have been so allocated that those due to the difference between the market value and book value of properties have been taken to fixed assets and the remainder is disclosed as consolidated goodwill. In respect to the subsidiaries where no such allocation has been made, the elimination differences are treated as a single item, consolidated goodwill, in the balance sheet.

Planned depreciation on the elimination differences arising from buildings has been made since the time the subsidiaries' shares were acquired. Subsidiary companies' goodwill and consolidated goodwill are depreciated over their expected useful life of 5 - 10 years.

Intra-corporate transactions and margins

All intra-corporate sales, income and expenses, dividends, margins on stocks, gains and losses on the sale of fixed assets, receivables and liabilities have been eliminated as part of the process of consolidation.

Minority interests

Minority interests are presented as a separate item in the income statement, and are also shown separately from shareholders' equity, after deducting intra-corporate margins, in the balance sheet.

Associated companies

Associated companies have been consolidated according to the equity method. The Corporation's share of their profits and losses is presented as a separate item under financial income and expenses.

The consolidation has been carried out on the basis of the shareholders' equity stated in the last certified accounts before the time of acquisition of the associated company. Of the intra-corporate margins for earlier years, the sum of FIM 59 million was not eliminated as it arose from companies in which the Corporation's present holding of over 20 % is not considered permanent. Likewise, associated company reserves and accumulated depreciation of FIM 54 has not been added to the Corporation's equity.

Foreign currencies

Receivables and liabilities in foreign currencies have been translated into Finnish marks at the average Bank of Finland rates of exchange prevailing on the balance sheet date. Derivative agreements have been accounted for by presenting the exchange losses in the balance sheet. Otherwise unrealised exchange gains have not been shown. The expenses arising from derivative contracts are amortised throughout the agreed period. Forward exchange agreements to protect liabilities in foreign currencies totalled FIM 617 million at December 31. The net value of interest rate swap agreements with banks was FIM 97 million.

Stocks

Stocks are stated on the FIFO basis at the lower of cost and net realisable value. Intra-corporate margins on stocks have been eliminated.

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The difference between planned depreciation and actual depreciation is treated in the

income statement as an appropriation, and in the balance sheet as a single item under untaxed reserves. Revaluations of the Corporation's fixed assets of FIM 628 million (FIM 631 million in 1993) are presented in the Notes. The internal profits on the sale of hived-off properties formed during the year or earlier, totalling FIM 1 119 million, have, in accordance with conservative accounting principles, been treated as a FIM 500 million revaluation in the consolidated accounts. Other revaluations of FIM 128 million were made in the companies concerned. After taking these revaluations into consideration, the total value of fixed assets in the consolidated balance sheet was well under its market value.

Depreciation is calculated on a straight-line basis so as to write off the cost of fixed assets over their expected useful lives, which are as follows:

Buildings	30 - 35 years
Light constructions and building equipment	10 - 15 years
Office and warehouse fixtures	10 years
Warehouse, servicing and processing machinery	7 years
Hotel and restaurant furnishings	5 - 10 years
Shop furnishings	5 - 7 years
Motor vehicles and computer hardware (other than PCs)	5 years
Other tangible and intangible assets	As permitted by taxation laws

Following conservative accounting principles, and taking market conditions and realistic income expectations in forthcoming years into consideration, the depreciation plans for certain assets were re-examined and one-time depreciation carried out. Permanent write-downs in the values of fixed assets and other non-current investments were entered under financial items as depreciation on investments.

Pension arrangements

In addition to the statutory pension insurance, the SOK Corporation had a voluntary pension fund, Eläkekassa Elonvara, operating primarily with companies belonging to the S Group.

In 1991 a decision was taken to dissolve Elonvara and transfer its pension liabilities and related benefits to Tapiola Mutual Pension Insurance Company to the extent of its funds. Elonvara was dissolved by a decision of the Council of Representatives on March 14, 1993.

In respect to that part of the pension liabilities not covered by Elonvara's funds at the moment of transfer, members of the scheme took out additional insurance with Tapiola to cover the deficit with a commitment to pay within a period of ten years. Similarly, members of the scheme issued a personal surety on the payment of the additional insurance taken out by other members.

Additional pension insurance has also been taken out with Tapiola for former members of Elonvara in the employment of the Corporation, thus securing current and future retirement benefits as stipulated in Elonvara's rules. During the year, Tapiola transferred the additional pension insurance to Tapiola Group's Company Life Assurance Tapiola.

During the year, pensions paid were entered on the accrual basis under personnel costs. The Corporation has covered all of its pension liabilities.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED AND SOK INCOME STATEMENT AND BALANCE SHEET

FIM million	SOK CORPORATION		SOK	
	1994	1993	1994	1993
1. Net sales by sector				
Grocery trade	1 605.8	1 355.5		
Consumer goods sourcing	698.9	584.9		411.0
Department store trade	1 345.8	1 345.5	1 345.8	1 345.5
Car trade	578.6	498.0		
Hotel and restaurant business	335.5	309.2		
Hardware and agricultural trade	3 470.5	3 341.2		
EDI invoicing	3 404.6	3 083.5	3 404.6	3 083.5
Real estate and property leasing	473.7	468.0	182.9	89.9
Other services	289.3	216.6	200.3	141.3
Eliminations	-997.0	-875.4		
Total	11 205.7	10 327.0	5 133.6	5 071.2
2. Other operating income and expenses				
Other operating income				
Profits on sale of fixed assets	64.9	162.3	69.0	103.7
Goodwill income	27.6			
Other operating income	0.1	3.7	0.2	
Total	92.6	166.0	69.2	103.7
Other operating expenses				
Losses on sale of fixed assets	4.0	35.6	1.4	34.7
Other operating expenses	1.3	0.6		0.6
Total	5.3	36.2	1.4	35.3
3. Personnel costs				
Wages and salaries	562.3	562.3	236.5	251.6
Pension costs	82.0	95.7	31.9	46.8
Other personnel costs	96.5	82.4	38.4	36.3
Total	740.8	740.4	306.8	334.7
Value of fringe benefits	8.0	8.5	3.1	3.1
4. Depreciation				
Plan depreciation				
Intangible rights	16.4	12.0	11.2	11.0
Goodwill	13.0	18.6	3.3	8.9
Other capitalised expenditure	10.4	11.7	4.7	1.7
Buildings and constructions	57.1	65.5	5.4	3.6
Machinery and equipment	82.0	87.1	28.8	32.8
Other tangible assets	0.4	0.6		
Total	179.3	195.5	53.4	58.0
One-time depreciation				
Land areas	1.0	5.3		
Intangible rights		0.4		0.4
Goodwill		15.6		14.8
Other capitalised expenditure	0.1	0.2		
Buildings and constructions	6.9	28.0	3.6	19.3
Machinery and equipment	1.1	2.2	0.6	2.6
Construction in progress	20.9		18.3	
Total	30.0	51.7	22.5	37.1
Depreciation on consolidated goodwill				
	6.6	3.5		
Depreciation on fixed assets and other capitalised expenditure				
	215.9	250.7	75.9	95.1
Accumulated depreciation, increase(-)/decrease (+)				
Intangible rights	0.8	-1.2	0.9	
Goodwill	-0.1		-0.1	
Other capitalised expenditure	5.9	-2.0	4.9	-1.7
Buildings and constructions	46.5	21.6	40.0	17.4
Machinery and equipment	42.5	17.7	12.8	15.5
Other tangible assets	0.1		0.1	
Total	95.7	36.1	58.6	31.2

FIM million	SOK CORPORATION		SOK	
	1994	1993	1994	1993
5. Intra-corporate financial income and expenses				
Interest income from non-current investments			157.0	210.3
Other interest income			4.5	27.1
Other financial income			4.5	2.6
Exchange gains and losses			6.7	-19.8
Interest expenses			-27.2	-46.8
Other financial expenses			-0.6	-1.4
Total			144.9	172.0
6. Extraordinary income and expenses				
Extraordinary income				
Contributions from subsidiaries			192.1	152.0
Profit on merger				292.5
Other income	3.4	3.1	3.3	1.5
Total	3.4	3.1	195.4	446.0
Extraordinary expenses				
Pension liabilities		125.6		124.1
Contributions to subsidiaries			4.0	15.0
Loss on merger				294.3
Loss on guarantees	10.0		10.0	
Other expenses	3.1	4.0	2.8	2.4
Total	13.1	129.6	16.8	435.8
Total extraordinary income and expenses	-9.7	-126.5	178.6	10.2
7. Increase(-)/decrease(+) in obligatory reserves				
Increase in rent expenses against empty business premises	-26.9	-61.2	-1.8	-67.3
Decrease in rent expenses against empty business premises	23.5	50.6	21.5	41.6
Increase in other future expenses and losses	-2.1	-3.9	-0.2	
Decrease in other future expenses and losses	3.1	0.9		
Total	-2.4	-13.6	19.5	-25.7
8. Increase(-)/decrease(+) in voluntary reserves				
Stock reserve		140.4		58.8
Transition reserve	7.2	-72.6		
Other reserves	0.3	137.3		28.9
Total	7.5	205.1	-	87.7
9. Direct taxes				
Taxes for the year		0.2		
Taxes for earlier years	0.6	0.6		+0.3
Total	0.6	0.8	-	+0.3
10. Intangible and tangible assets				
Intangible assets				
Intangible rights				
Acquisition cost at 1.1.	53.7*	37.6	53.5*	48.7
Increase 1.1.-31.12.	9.6	21.0	6.7	9.3
Decrease 1.1.-31.12.	-0.1	-8.5		-8.3
Acquisition cost at 31.12.	63.2	50.1	60.2	49.7
Accumulated plan depreciation at 31.12.	-25.8*	-7.0	-40.1	-26.3
Book value at 31.12.	37.4	43.1	20.1	23.4
Accumulated depreciation at 1.1.	6.8*	3.4	4.4*	3.2
Increase 1.1.-31.12.	0.1	2.1		
Decrease 1.1.-31.12.	-0.9		-0.9	
Accumulated depreciation at 31.12.	6.0	5.5	3.5	3.2
Goodwill				
Acquisition cost at 1.1.	89.2	141.7	34.7	87.2
Increase 1.1.-31.12.	13.1			
Decrease 1.1.-31.12.		-52.5		-52.5
Acquisition cost at 31.12.	102.3	89.2	34.7	34.7
Accumulated plan depreciation at 31.12.	-67.6	-54.6	-27.9	-24.6
Book value at 31.12.	34.7	34.6	6.8	10.1
Accumulated depreciation at 1.1.	2.7	2.7		
Increase 1.1.-31.12.	0.1		0.1	
Accumulated depreciation at 31.12.	2.8	2.7	0.1	

FIM million	SOK CORPORATION		SOK	
	1994	1993	1994	1993
Consolidated goodwill				
Acquisition cost at 1.1.	161.8	127.5		
Increase 1.1.-31.12.	15.7	34.7		
Decrease 1.1.-31.12.	-13.1	-0.4		
Acquisition cost at 31.12.	164.4	161.8		
Accumulated plan depreciation at 31.12.	-137.3	-130.7		
Book value at 31.12.	27.1	31.1		
Consolidated reserve				
Increase 1.1.-31.12.	4.0			
Decrease 1.1.-31.12.	-0.1			
Book value at 31.12.	3.9	-		
Consolidated reserve is included in consolidated goodwill				
Other capitalised expenditure				
Acquisition cost at 1.1.	84.4 *	81.1	36.3 *	9.6
Increase 1.1.-31.12.	21.0	26.7	0.5	24.8
Decrease 1.1.-31.12.	-31.8	-25.1	-25.1	
Acquisition cost at 31.12.	73.6	82.7	11.7	34.4
Accumulated plan depreciation at 31.12.	-33.5 *	-31.7	-6.4 *	-10.2
Book value at 31.12.	40.1	51.0	5.3	24.2
Accumulated depreciation at 1.1.	7.8 *	3.5	5.8 *	0.5
Increase 1.1.-31.12.		4.1		3.4
Decrease 1.1.-31.12.	-5.9	-1.7	-4.9	
Accumulated depreciation at 31.12.	1.9	5.9	0.9	3.9
Advance payments on intangible assets and construction in progress				
Acquisition cost at 1.1.	6.7	3.7	6.7	3.7
Increase 1.1.-31.12.	19.0	6.5	18.6	6.5
Decrease 1.1.-31.12.	-3.8	-3.5	-3.8	-3.5
Book value at 31.12.	21.9	6.7	21.5	6.7
Tangible assets				
Land and water areas				
Acquisition cost at 1.1.	479.6 *	402.8	129.1	90.8
Increase 1.1.-31.12.	63.3	145.4	0.8	43.6
Decrease 1.1.-31.12.	-39.6	-52.9	-39.4	-5.3
Acquisition cost at 31.12.	503.3	495.3	90.5	129.1
Accumulated depreciation at 31.12.	-6.3	-5.3		
Book value at 31.12.	497.0	490.0	90.5	129.1
Revaluations included in acquisition costs of land areas				
Revaluations at 1.1.	261.7 *	175.2	72.7	73.1
Increase 1.1.-31.12.		87.0		
Decrease 1.1.-31.12.	-0.2	-0.4	-0.2	-0.4
Revaluations at 31.12.	261.5	261.8	72.5	72.7
Buildings and constructions				
Acquisition cost at 1.1.	1 714.1 *	1 668.9	278.9 *	58.6
Increase 1.1.-31.12.	184.3	597.0	1.4	342.4
Decrease 1.1.-31.12.	-189.4	-471.6	-188.6	-118.7
Acquisition cost at 31.12.	1 709.0	1 794.3	91.7	282.3
Accumulated plan depreciation at 31.12.	-287.6 *	-231.3	-50.4 *	-84.9
Book value at 31.12.	1 421.4	1 563.0	41.3	197.4
Accumulated depreciation at 1.1.	30.6 *	24.9	40.3 *	9.6
Increase 1.1.-31.12.	12.9	52.4		33.7
Decrease 1.1.-31.12.	-28.0	-63.5	-40.0	
Accumulated depreciation at 31.12.	15.5	13.8	0.3	43.3
Revaluations included in acquisition costs of buildings				
Revaluations at 1.1.	366.0 *	209.5		
Increase 1.1.-31.12.		163.0		
Decrease 1.1.-31.12.		-4.0		
Revaluations at 31.12.	366.0	368.5		

FIM million	SOK CORPORATION		SOK	
	1994	1993	1994	1993
Machinery and equipment				
Acquisition cost at 1.1.	628.0 *	614.6	260.0 *	237.5
Increase 1.1.-31.12.	98.1	66.2	12.1	17.3
Decrease 1.1.-31.12.	-60.7	-66.4	-2.6	-9.8
Acquisition cost at 31.12.	665.4	614.4	269.5	245.0
Accumulated plan depreciation at 31.12.	-444.8 *	-372.2	-193.5 *	-170.1
Book value at 31.12.	220.6	242.2	76.0	74.9
Accumulated depreciation 1.1.	114.6 *	129.1	49.0 *	51.0
Increase 1.1.-31.12.	1.2	10.3		
Decrease 1.1.-31.12.	-43.8	-44.1	-12.8	-21.6
Accumulated depreciation at 31.12.	72.0	95.3	36.2	29.4
Share of machinery and equipment of book value at 31.12.				
	13.0	20.6		
Other tangible assets				
Acquisition cost at 1.1.	5.2 *	7.0	1.1	0.6
Increase 1.1.-31.12.	0.6	1.1	0.1	0.6
Decrease 1.1.-31.12.	-0.4	-0.5	-0.5	-0.1
Acquisition cost at 31.12.	5.4	7.6	0.7	1.1
Accumulated plan depreciation at 31.12.	-1.3 *	-1.8	-0.1 *	-0.2
Book value at 31.12.	4.1	5.8	0.6	0.9
Accumulated depreciation at 1.1.	0.2 *	0.1	0.1	
Increase 1.1.-31.12.		0.1		0.1
Decrease 1.1.-31.12.	-0.1		-0.1	
Accumulated depreciation at 31.12.	0.1	0.2	0.0	0.1
Advance payments and construction in progress				
Acquisition cost at 1.1.	66.9	59.5	59.9	50.7
Increase 1.1.-31.12.	24.3	16.3	3.4	9.3
Decrease 1.1.-31.12.	-33.1	-9.5	-23.9	-0.1
Book value at 31.12.	58.1	66.3	39.4	59.9
11. Non-current investments				
Shares in associated companies				
Acquisition cost at 1.1.	514.7	275.5	489.2	250.4
Increase 1.1.-31.12.	14.0	332.5	14.0	332.1
Decrease 1.1.-31.12.	-130.9	-93.3	-49.3	-93.3
Acquisition cost at 31.12.	397.8	514.7	453.9	489.2
Accumulated depreciation at 31.12.	-61.4	-66.4	-54.3	-59.3
Book value at 31.12.	336.4	448.3	399.6	429.9
Shares in corporate companies				
Acquisition cost at 1.1.			737.1	496.1
Increase 1.1.-31.12.			304.7	491.9
Decrease 1.1.-31.12.			-23.3	-250.9
Acquisition cost at 31.12.			1 018.5	737.1
Accumulated depreciation at 31.12.			-31.9	
Book value at 31.12.			986.6	737.1
Shares and holdings				
Acquisition cost at 1.1.	269.8 *	193.9	279.4	216.8
Increase 1.1.-31.12.	38.4	125.3	36.9	118.7
Decrease 1.1.-31.12.	-31.2	-83.1	-30.0	-56.1
Acquisition cost at 31.12.	277.0	236.1	286.3	279.4
Accumulated depreciation at 31.12.	-111.8 *	-35.6	-111.8	-69.6
Book value at 31.12.	165.2	200.5	174.5	209.8
Revaluations included in acquisition cost of shares				
Revaluations at 1.1.	0.7	1.6	0.7	1.5
Decrease 1.1.-31.12.	-0.4	-0.9	-0.4	-0.8
Revaluations at 31.12.	0.3	0.7	0.3	0.7

*Discontinuity caused by restructuring and introduction of amended Accounting Act

12. Companies owned by the Corporation and the Parent company at 31.12.1994

	Corporation's			SOK's	Shares owned by SOK			
	share-holding %	voting rights %	share-holders' equity FIM 1 000	share-holding %	number	nominal value FIM 1 000	book value FIM 1 000	profit/loss* FIM 1 000
Corporate companies								
Automa Oy	100.0	100.0	6 919	100.0	6 000	6 000	6 367	4 539
Hankkija Agriculture Ltd	100.0	100.0	144 778	100.0	150 000	150 000	160 960	7 471
Helsinki Hotels Oy	60.0	60.0	17 886	60.0	18 000	18 000	18 000	-190
Hämeenmaan Auto Oy	100.0	100.0	7 353	100.0	2 000	1 000	10 973	0
Hämeenmaan Hotellit Oy	100.0	100.0	-22 504	100.0	2 500	2 500	2 500	-25 001
Intrade Partners Oy	100.0	100.0	25 007	100.0	16 660	24 990	24 995	21
Jollas-Opisto Oy	100.0	100.0	23 411	100.0	24 000	24 000	24 000	-596
Kuusinen Oy	100.0	100.0	3 006	100.0	7 500	1 500	3 075	1 576
Oy Maan Auto Ab	100.0	100.0	88 534	100.0	8 000 000	80 000	102 825	3 977
Sokotel Oy	57.9	57.9	2 501	9.0	394	394	400	910
Oy Sokoteria Ab	100.0	100.0	71 188	100.0	18 000	36 000	58 248	1 633
SOK-Takaus Oy	99.9	99.9	26 234	99.9	249 760	24 976	26 977	4
Ässä Partners Oy	100.0	100.0	57 351	100.0	38 000	38 000	75 563	3 834
Ässähuoltamot Oy	90.8	90.8	1 831	90.8	18 158	1 816	1 816	11
Other service companies (3 pcs)	100.0	100.0	306	100.0	2 175	230	388	-39
Paper and SHB companies (28 pcs)			5 369		10 751	5 012	5 012	483
Real estate companies (29 pcs)			532 140		779 743	310 294	469 545	-12 816
Total (under fixed assets)			991 310		9 343 641	724 712	991 644	-14 183
Real estate subsidiaries (78 pcs) (under stocks)			31 738		797 216	23 447	38 058	-1 713
Associated companies								
As. Oy Hämeenkatu 29	25.1	25.1	28	25.1	377	38	4 975	26
Finn-Match Oy	33.3	33.3	613	33.3	5	500	500	121
Inex Partners Oy	50.0	50.0	30 980	50.0	40 000	40 000	40 000	17 471
Graanin Liikekeskus Oy	50.0	50.0	1 438	50.0	10 500	11	3 765	-1
Kiinteistö Oy Pysäköintiveturi	49.7	40.2	10 323	49.7	293	29	9 013	-1 226
Kiinteistö Oy Tullintorni	40.0	40.0	19 385	40.0	21 403	21	10 151	-558
Kiinteistö Oy Valkeakosken Liikekeskus	48.8	48.8	16 091	48.8	585 650	586	16 620	91
Kiinteistö Oy Vilhonk. 5	50.0	50.0	42 006	50.0	50 000	18 000	31 695	-4 974
Kiinteistöfokus Oy	50.0	50.0	501	50.0	501	501	432	0
Malmintorin Kiinteistö Oy	41.0	41.0	62 569	41.0	4 214	6 321	74 749	0
Oy Realinvest Ab	21.9	21.9	191 959	21.9	7 520 000	188 000	188 000	3 035
Tenco Oy	50.0	50.0	999	50.0	1 000	1 000	1 000	0
Tullin Parkki Oy	45.1	30.0	11 937	45.1	246	25	5 448	-763
Uusi Ässä Partners Oy	40.0	40.0	2 080	40.0	12 000	12 000	12 000	-24 800
Other real estate companies (5 pcs)			275		100 150	271	271	17
SHB companies (9 pcs)					10 007	252	966	
Total			391 184		8 356 346	267 555	399 585	-11 561
Other associated companies (3 pcs) (under stocks)			2 542		15 000	1 021	4 538	20
Other shares owned by the Parent Company								
Keskus-Sato Oy				10.4	131 110	1 311	18 648	
Polar-Yhtymä Oy				10.4	5 305 272	53 053	68 968	
YIT-Yhtymä Oy				1.9	473 700	4 737	15 050	
Other companies					14 031 262	35 259	66 754	
Total					19 941 344	94 360	169 420	
Total under fixed assets					37 641 331	1 086 627	1 560 649	
Total under stocks					812 216	24 468	42 596	

*profit/loss for the year before appropriations

FIM million

SOK CORPORATION

SOK

	1994	1993	1994	1993
13. Taxable values of fixed assets				
Land and water areas	419,3	471,4	87,4	119,1
Buildings	780,8	1 012,3	34,5	73,5
Shares in associated companies	280,3	484,4	280,2	466,4
Shares in corporate companies			747,3	601,7
Shares and holdings	191,5	147,2	179,5	141,6
14. Non-current investments and loan receivables				
Corporate companies				
Bonds and shares			986,6	737,1
Loan receivables			1 522,7	1 664,3
Total			2 509,3	2 401,4
Commitments for stabilising corporate company liabilities			433,3	
Associated companies				
Bonds and shares	336,4	448,3	399,6	429,9
Loan receivables	56,0	120,0	55,9	120,0
Total	392,4	568,3	455,5	549,9

FIM million	SOK CORPORATION		SOK	
	1994	1993	1994	1993
15. Valuation items				
Uncovered pension liabilities at 1.1.		129.9		128.0
Decrease 1.1.-31.12.		-129.9		-128.0
Uncovered pension liabilities at 31.12.		0.0		0.0
16. Current assets				
Receivables due after one year or a longer period				
Trade receivables	39.5	41.0		
Prepaid expenses and accrued income	0.5	2.6	0.4	2.5
Other receivables	2.5	0.2	2.5	0.2
Total	42.5	43.8	2.9	2.7
Receivables from corporate companies				
Trade receivables			64.2	50.0
Prepaid expenses and accrued income			18.2	12.3
Current investments			77.0	41.0
Total			159.4	103.3
Receivables from associated companies				
Trade receivables	4.3	11.9	4.0	11.9
Prepaid expenses and accrued income	6.3	4.0	6.3	4.0
Current investments	3.1	11.1	3.1	11.1
Total	13.7	27.0	13.4	27.0
17. Shareholders' equity				
Restricted equity				
Share capital at 1.1.	161.5	161.7	161.5	161.7
Increase	0.3		0.3	
Decrease		-0.2		-0.2
Share capital at 31.12.*	161.8	161.5	161.8	161.5
*of which written off	4.6		4.6	
Reserve Fund at 1.1.	65.1	65.1	65.1	65.1
Reserve Fund at 31.12.	65.1	65.1	65.1	65.1
Revaluation Fund at 1.1.	624.2	379.4	73.3	74.5
Revaluation of fixed assets		250.0		
Decrease in connection with sale of fixed assets	-0.9	-5.2	-0.5	-1.2
Revaluation Fund at 31.12.	623.3	624.2	72.8	73.3
Unrestricted equity				
Unrestricted equity at 1.1.	52.9	132.8	1 190.4	1 463.7
Interest on share capital		-19.1		-19.1
Effect of associated companies	-58.4			
Funded profits on sale of fixed assets	36.5		64.3	
Donations	-0.1	-0.1	-0.1	
Other change	-29.3	-30.0		
Retained earnings at 31.12.	1.6	83.6	1 254.6	1 444.6
Profit/loss for the year	129.7	-30.7	97.9	-254.2
Total unrestricted equity	131.3	52.9	1 352.5	1 190.4
18. Reserves				
Accumulated depreciation				
Intangible rights	6.0	5.5	3.5	3.2
Goodwill	2.8	2.7	0.1	
Other capitalised expenditure	1.9	5.9	0.9	3.9
Buildings and constructions	15.5	13.8	0.3	43.3
Machinery and equipment	72.0	95.3	36.2	29.4
Other tangible assets	0.1	0.2		0.1
Total	98.3	123.4	41.0	79.9
Voluntary reserves				
Transition reserve	65.5	72.6		
Operating reserve		0.3		
Housing reserve		1.9		
Total	65.5	74.8		
Tax liabilities equivalent to voluntary reserves	16.4	18.7		
Obligatory reserves				
Rent expenses against empty business premises	99.7	95.6	73.0	92.7
Other future expenses	1.3	3.0	0.2	
Total	101.0	98.6	73.2	92.7

FIM million	SOK CORPORATION		SOK	
	1994	1993	1994	1993
19. Liabilities				
Liabilities due after five years or longer				
Loans from financial institutions	87.2	150.0	86.2	138.8
Pension loans	427.1	486.7	368.4	396.7
Other non-current liabilities	23.0	26.0	18.8	25.0
Total	537.3	662.7	473.4	560.5
Liabilities to corporate companies				
Other non-current liabilities			7.5	
Trade payables			95.8	55.5
Accrued liabilities and deferred income			12.5	4.3
Other current liabilities			624.4	550.7
Total			740.2	610.5
Liabilities to associated companies				
Trade payables	25.3	33.5	22.2	31.9
Accrued liabilities and deferred income	4.0	0.9	3.8	0.5
Other current liabilities	55.1	47.1	55.1	47.2
Total	84.4	81.5	81.1	79.6
Bonds				
Other variable-interest bonds, amortisations 1996-1998	48.5	48.5	48.5	48.5
20. Contingent liabilities				
Pension liabilities				
Uncovered joint liability on voluntary pension commitments of FIM 342.9 (1993 FIM 409.5) of which Corporation share	0.0	0.0	0.0	0.0
Other Corporation pension liabilities	0.0	0.0	0.0	0.0
Pledges and contingent liabilities				
For own liabilities				
Pledges	549.3	615.9	511.8	517.7
Mortgages	483.6	635.9	37.8	131.1
Total	1 032.9	1 251.8	549.6	648.8
For corporate companies' liabilities				
Pledges	64.0	64.0	64.0	64.0
Mortgages	1 348.4	1 297.2	30.2	25.2
Guarantees			690.0 *	504.4
Total	1 412.4	1 361.2	784.2	593.6
For associated companies' liabilities				
Mortgages	34.2	51.0	7.2	18.1
Guarantees	103.7	115.7	41.8 *	28.9
Total	137.9	166.7	49.0	47.0
* Includes liabilities to corporate companies for redemption of mortgage securities				
For cooperative societies				
Pledges	3.8		3.8	
Mortgages		18.0		
Guarantees	263.7	233.3	25.3	0.4
Total	267.5	251.3	29.1	0.4
For others				
Mortgages		7.5		
Guarantees	2.5	13.1	2.5	2.6
Total	2.5	20.6	2.5	2.6
Other own contingent liabilities				
Leasing liabilities	20.0	27.3	5.3	6.4
Repurchasing liabilities	91.2	87.5		
Installment liabilities	90.6	103.8		
Other liabilities	0.8	1.2		
Total	202.6	219.8	5.3	6.4

PROPOSAL OF THE EXECUTIVE BOARD

SOK'S PROFIT FOR THE YEAR AND SHAREHOLDERS' EQUITY

The Executive Board proposes that the transfers to the reserves made in connection with the closing of the accounts be approved and that the profit for the year of FIM 97,932,960.81 be used as follows:

- an interest of 8 % be declared on shares fully paid up by cooperative societies by the beginning of the year 12,917,040.00 FIM million
- be left in the profit account 85,015,920.81 FIM million

If the above proposal is approved by the Annual General Meeting, the shareholders' equity of SOK will be:

Share capital	161,763,000.00 FIM million
Reserve Fund	65,081,200.00 FIM million
Revaluation Fund	72,783,549.77 FIM million
Disposal Fund	1,254,275,860.08 FIM million
Supervisory Board's Disposal Fund	337,161.20 FIM million
Profit account	<u>85,015,920.81 FIM million</u>
Total	<u>1,639,256,691.86 FIM million</u>

Helsinki, March 9, 1995



Jere Lahti



Eero Kolamo



Jukka Salminen



Risto Mäkeläinen



Olavi Kuusela

AUDITORS' REPORT

To the members of
Suomen Osuuskauppojen
Keskuskunta, SOK

We have examined the financial statements, accounting records, annual report and administration of SOK for the period 1.1. - 31.12.1994. The financial statements drawn up by the Executive Board contain the income statements, balance sheets, cash flow statements and accompanying notes for both the SOK Corporation and the Cooperative. On the basis of our audit we give the following opinion on the financial statements and administration.

Our examinations were made in accordance with generally accepted auditing standards. We have also examined the on-going bookkeeping

and asset auditing relating to the Cooperative's units carried out by the Internal Auditing Section. The bookkeeping as well as the accounting principles, content and presentation were examined in sufficient depth to establish that the financial statements contain no mistakes or deficiencies of importance. In our examination of the administration, the lawfulness of the actions of the members of the Supervisory Board and the Executive Board were assessed on the basis of the Cooperative Societies Act.

In our opinion, the accounts for SOK which show a profit of FIM 97,932,960.81 and the consolidated accounts which show an unrestricted equity of FIM 131,291,746.00, have been drawn up in accordance with

the Accounting Act and other relevant regulations and ordinances. The financial statements offer correct and sufficient information concerning the performance and financial position of the Corporation and the Cooperative as intended by the Accounting Act. In our audit we find no grounds for comment on the financial statements, accounting records or other activities of the Cooperative. We recommend that the financial statements be approved and that the members of the Supervisory Board and Executive Board be discharged from liability for the year audited by us. The Executive Board's proposal concerning the use of the profit and transfers to funds is in accordance with the Cooperative Societies Act and the rules of the Cooperative.

Helsinki, March 31, 1995

Erkki Linturi

Tapani Rotola-Pukkila
CPA

Jaakko Ukkonen
APC

Matti Virranniemi

Jorma Jäske
CPA

STATEMENT OF THE SUPERVISORY BOARD

In accordance with § 17, subsection 1, paragraph 2, of the rules of SOK, the Supervisory Board has today examined the report of the Executive Board for 1994, together with the related financial statements and proposal for the disposal of the profit, as well as the Auditors' Report. In submitting the report of the Executive Board and the Auditors' Report to the Annual General Meeting, the Supervisory Board recommends that the financial statements be adopted

and that the proposal concerning the profit and shareholders' equity be endorsed.

The following members of the Supervisory Board are retiring upon completion of their terms of office: Veikko Lehikoinen, Kari Salminen, Kalevi Liukkonen, Kalle Lähdesmäki, Veikko Autio, Tuomo Saloniemi, Jouko Vehmas and Håkan Smeds. The Annual General Meeting shall elect members to replace them for a term of three years. In addition, the

following members of the Supervisory Board have submitted in writing to the Annual General Meeting their intention of resigning: Raimo Jaakkola, Pentti Pasuri and Seppo Toivonen. Both SOK staff representatives on the Supervisory Board are also due to retire. They will be replaced by other SOK staff representatives elected in accordance with the law on administrative representation.

Helsinki, April 3, 1995

SUOMEN OSUUSKAUPPOJEN
KESKUSKUNTA

On behalf of the Supervisory Board

Kari Neilimo
Chairman

Osmo Maunuksela
Secretary

FIELD DIVISION



Eero Kolamo

The Field Division included the SOK Corporation's subsidiaries Ässä Partners Oy and Intrade Partners Oy and the chain and support services for the retail outlets, hotels, restaurants and service stations of the regional societies. It also included site development, marketing, training and publication services. The Division was led by Eero Kolamo.

With sales of fresh foods and groceries up by 9.7 %, the S Group showed excellent progress. As forecasts indicate that retail sales for the whole country increased by about 2 %, the S Group clearly managed to improve its market position for the fourth year running, this time to over 20 %. All the strategic chains, S Market, Prisma, Sale and Alepa, reinforced their market shares. Although the number of outlets fell by 16, there was actually an expansion in sales area.

The Finnish hotel and restaurant business began to pick up from its low post-recession level, with sales volumes growing by 2 %. The hotel occupancy rate rose to 43.5 %, largely due to the rise in the number of foreign tourists. The S Group is still the market leader, with 24 % in the hotel business and 17 % in licensed restaurant sales.

During the year the fuel trade underwent major restructuring. The decline in the number of ordinary service stations was offset by the rapid expansion of fully-automatic outlets. Sales of oil products rose for the first time in eight years. Consumption of petrol grew by 2.5 % and diesel fuel by 4.6 %.

Ässä Partners Oy

Ässä Partners is responsible for the fresh foods, groceries and non-food trade in the Helsinki metropolitan area. Sales amounted to FIM 1 888 million, up 14 % over the previous year. In fresh foods and groceries the growth was FIM 235 million and the company increased its market share by two percentage points to 16 %.

The company operates three chains: S Market supermarkets, Alepa discount stores and Prisma hypermarkets. S Market sales rose by 17 % to FIM 938 million, Alepa's by 14 % to FIM 675 million, and the Malmi and Tikkurila Prismas by 3 % to FIM 275 million.

At year end the company had 69 outlets: 44 Alepas, 23 S Markets and 2 Prismas. Seven new Alepas were opened and the Munkkivuori store converted into an S Market. The Malmi and Jakomäki S Markets were enlarged, and major refurbishings carried through in the Järvenpää S Market and several Alepas. There were no store closures during the year.

During the year the company focussed on upgrading chain management information systems and modernising store operations. At year end it employed a staff of 1 123, of whom 544 were full-time.

FIM million	1994	Change
Net sales	1 605	+ 250
Operating income before depreciation	59.3	+ 13.7
Operating profit after depreciation	39.4	+ 12.6
Profit after financial items	39.5	+ 6.9

Intrade Partners Oy

Intrade Partners is an SOK-owned subsidiary, responsible for sourcing consumer goods for its client chains. It mainly purchases home, clothing and leisure goods for the S Group chains, the largest of which are Prisma and S Market.

The company's policy is to buy the goods chosen by its clients for their

ranges as competitively as possible, covering its costs through commissions. Its aim is to improve client chain profitability and show a return on capital invested.

Under the name of Premium Trading, the company purchases furnishings and equipment for stores and textiles and household goods for institutional clients.

Intrade Partners's net sales for the year amounted to FIM 699 million, an increase of 23.5 %. The company had a staff of 106.

FIM million	1994	Change
Net sales	699	+ 133
Operating income before depreciation	9.7	- 4.9
Operating profit after depreciation	7.3	- 5.4
Profit after financial items	6.5	- 9.4

Market Chain Management

The unit is responsible for guiding S Market, Prisma and Sale outlets, as well as the S Group's trade in fresh foods and groceries.

Combined S Group sales of fresh foods, groceries and specialty goods were FIM 13 588 million, a growth of 8.3 %. Groceries and fresh foods grew by 9.7 % to FIM 10 756 million. Altogether, trading results improved by FIM 140 million.

With 236 outlets, an increase of one, S Market remains the largest grocery chain within the Group. Sales amounted to FIM 5 729 million, up 8.2 %, with sales in its main lines growing by 10.7 %.

Prisma hypermarket sales totalled FIM 3 974 million, up 13.6 %. During the year four new Prismas were opened



Sale

alepa

MARKET

PRISMA

and one converted into an S Market, bringing the year end total up to 29.

The Sale chain expanded by 31 to 168 outlets, and sales rose by 7.5 % to FIM 990 million.

New units based on the revised Prisma concept were opened in Rovaniemi in the spring and three more in Jyväskylä, Mikkeli and Kajaani in the autumn. The Nivala S Market was chosen as "The Shop of the Year" at the Desco Fair. Altogether 122 outlets were the focus of unit development.

Work on installing the SMJ 90 systems proceeded according to plan. The KOJ retail control system was tested and introduced into Market Chain Management as well as six regional societies. The EAN-code based ordering system was implemented in all market outlets.

Range and price data available for line transfer was expanded and the shelf allocation system extended to all outlets. The share of continuous stocked items in the Prisma chain's consumer goods sales exceeded 60 %.

Sokotel Oy

Sokotel is the marketing and development company for the S Group's hotels and restaurants, empowered with the task of creating new business ideas and guiding chain operations. The company is also responsible for chain marketing, hotel sales supervision, and developing logistics and information systems for the whole sector. The company was reconstituted on December 1st through the merger of Ässä-

tolat Oy (restaurant development), Sokos Hotels (marketing) and Sokotel Oy (sales).

S Group hotel and restaurant sales totalled FIM 1 870 million, an increase of 1.3% and a considerable improvement over the previous year. With 268 hotels and restaurants, the Group had a market share of 20 %.

Sokos Hotels consisted of 42 hotels in Finland and the Hotel Viru in Estonia. Its latest unit, the Sokos Hotel Vaakuna in Mikkeli, was opened in January 1995. In addition the S Group owns another eight smaller hotels in Finland.

As Sokos Hotels are familiar, reliable and centrally located, they are market leaders. Chain sales amounted to FIM 980 million, up 5.5 % over the year before. The occupancy rate was 49.2 %, which is well over the national average.

At the end of the year there were 107 restaurants in the S Group chains. The largest, both in the Group and Finland, is Rosso, a chain of 44 family restaurants. Its other well-known nationwide chains are Fransmanni, operating within Sokos hotels, and Sevilla. Total restaurant chain sales totalled FIM 520 million, up 10.8 %. Profitability remained high throughout the year.

Sokotel Oy's net sales were FIM 17.2 million. The number of employees increased to 17.

Ässähuoltamot Oy

Ässähuoltamot is the development company for the S Group's service station operations. Its main task is to offer

support and guidance to regional cooperative societies involved in this field of business.

The number of cooperative-run units at the end of the year was 172, of which 101 were full-service outlets and 71 automatic petrol stations. Their combined sales came to FIM 1 423 million, a growth of 3.2 %.

During the year the company concentrated on improving business concepts, upgrading service station information systems, site purchasing, and designing two new full-service outlets. In addition numerous existing stations were refurbished according to the new chain concepts.

Ässähuoltamot's net sales of FIM 2.0 million came from chain fees and payments. Personnel numbered 4.

Site Development

The unit's tasks include the acquisition of sites and optimising networks in accordance with agreed strategies, and the development of shopping malls.

During the year, the nation-wide, optimal network plan for the 1990s, which is part of the S Group's competitive strategy, was carried out in close consultation with the chains and regional societies. Related catchment area and feasibility studies were also carried out.

With a view to strengthening the S Group's market position in southern Finland, an optimal network plan was appraised towards the end of the year.



Marketing Services

The section consists of Customer-Owner and Marketing Services. The former produces the S Group's prime weapon in competition, the customer-owner service and the related regular-customer concept.

By late 1994, all regional cooperatives had introduced the bonus system. This was extended beyond society boundaries, and also to purchases of S Group hotel and restaurant services.

At year end bonus customers numbered 350 000 with combined purchases of FIM 4.9 billion. The regional cooperatives returned FIM 110 million in bonuses, which indicated a high level of loyalty.

Customer-owners received a monthly personalised letter, enclosing their bonus and S Account statements, information on special benefits and Yhteishyvä, the S Group's customer magazine.

The S Benefit Card, a credit facility attached to the S Account and introduced in 1993, was extended to customer-owners in 18 regional cooperatives. The card is valid in all regional cooperative outlets and purchases are entitled to a bonus.

Marketing Services is the authorised advertising agency for the S Group, designing and carrying out the overall advertising and promotional services required by the Group, its chains and subsidiaries, using the latest information technology and networks.

In 1994 it produced catalogues for the

Citysokos and Prisma chains, the Aja Hyvin (Drive carefully) magazine for Maan Auto, as well as press, TV and direct advertising for client chains. The "Your Benefits in Finland" press, TV and direct advertising campaign was carried through as planned.

Marketing Services also supplied centralised market research services.

Jollas Institute

The Jollas Institute is the S Group's training centre. During 1994 work focussed on company-tailored projects and processes, like readiness for change, training related to store openings, new structures and methods, and quality assurance. Increasingly courses were held on client premises. New long-term courses were started for store supervisors, field training for college graduates, business examinations for managers and supervisors and Sokos hotels field training for university graduates.

Information technology courses concentrated on PC tools programmes and POS systems.

With 25 000 days devoted to training personnel, this was a considerable increase over the 10 000 days spent in 1993. Some 4 000 people took part in the "For you, our Customer" programme.

Much of the Institute's programme is new or updated, with particular emphasis on new teaching methods, creative team work and concentrated study.

Several studies were carried out at Jollas to develop training programmes and materials. In order to improve staff teaching skills, pedagogical coaching was begun in collaboration with the University of Jyväskylä.

Foreign contacts were further intensified and joint projects carried out with several universities. Training abroad was supported through Jollas Foundation scholarships.

The turnover of the Jollas Institute was FIM 12.5 million. This consisted of income from courses, accommodation and canteen sales, and educational grants received from the state. The company had an average full-time staff of 19 and used the services of some 80 outside lecturers. The Jollas Institute is the business name for the SOK subsidiary, Jollas-Opisto Oy.

S Publications

The S Group's customer-owner magazine (Yhteishyvä in Finnish and Samarbete in Swedish) appeared 11 times during the year. Yhteishyvä's official circulation was 366 516 and Samarbete's 17 400. Each month the magazines enclosed personalised customer-owner post from the regional society.

The S Group's trade magazine Ässä appeared 11 times and had an official circulation of 15 140. It mainly carries reports on Group operations and business environment. The SOK Corporation's newsletter S-Viesti came out 21 times.



SPECIALTY STORES DIVISION



Christian Lybeck



Olavi Kuusela

The Specialty Stores Division consisted of the Citysokos Group, Oy Maan Auto Ab and Automaa Oy. The Citysokos Group in turn included the Citysokos and Valioasu chains and Kuusinen Oy. Head of the Division was Christian Lybeck, who will be succeeded as from the beginning of 1995 by Olavi Kuusela.

The recovery of the national economy was also reflected in the specialty goods trade. Growth was most pronounced in consumer durables, but also clothing sales picked up. Volumes increased by 1-2 %, with prices rising by an average of 2 %. The S Group's specialty goods trade grew in tune with the market by 3.6 %. Thanks to the Prisma chain's excellent results, the S Group managed to slightly improve its market share.

The downturn in the car market that began in 1989 was finally reversed in 1994. There were 67 201 new registrations of private cars in the country, an improvement of no less than 20.4 %.

Citysokos Group

At year end, the group had 23 department stores, of which 18 were owned by SOK. The Valioasu chain had five stores and Kuusinen had three stores in Helsinki, one each for men's and women's clothing and a shoe shop.

The comparable rise in sales was 2.7 %. This favourable trend was the result of a three-year development pro-

gramme, the first stage of which concentrated on improving the ranges of cosmetic and clothing products, as well as shopper-friendly displays and store guidance. The newly acquired information system designed to strengthen range, sourcing, goods flow and invoicing management was gradually taken into use and is expected to be fully operational in February 1995.

Internationally, the German retailer Horten AG, continues to be the principal partner.

Sales of the SOK-owned Citysokos department stores totalled FIM 1 320 million, a comparable rise of 1.6 %. Sales for the whole Citysokos chain were FIM 1 858 million. At year end, the SOK Citysokos chain employed a staff of 1 731.

The Valioasu chain continued to drive in its new business idea, which aims at chain-oriented ranges, displays and shop structures. Sales fell by 6.6 % due to changed range structures. Net sales totalled FIM 26 million, a comparable increase of 4.2 %. At year end the chain had a staff of 40.

Kuusinen expanded strongly in all product lines. Sales totalled FIM 41 million, a rise of 24.1 %. Company operations widened with the year-end purchase of the stylish shoe company Oldenburg Oy and the leasing of its prime-site premises on Helsinki's Aleksanterinkatu. Kuusinen had a staff of 41.

FIM million	1994	Change
Net sales	1 387	+ 8
Operating income before depreciation	20.6	+ 26.3
Operating profit after depreciation	- 3.6	+ 29.8
Loss after financial items	- 28.9	+ 33.2

Oy Sokoteria Ab

The company is SOK's subsidiary in the hotel and restaurant business, operating 11 hotels throughout Finland. It accounts for about one third of total Sokos Hotels sales and rooms.

In March a new chain restaurant, the Irish-style Pub O'Malleys, was opened in the Royal Waasa hotel. In May the roles of the two Vaasa hotels were redefined and Waskia was renamed Sokos Hotel Tropiclandia. In October a 60-seat extension to Mr. Pickwick Pub in Sokos Hotel Vaakuna, Vaasa, was completed, linking it to the Citysokos department store. The Tampere Sokos Hotel Ilves sold the FreeTime restaurant.

A major attempt was made during the year to improve sales and quality. Related projects were launched which have produced practical results. Staff training was another key area of development.



CITYSOKOS

 **KUUSINEN**
LAATU ON AINA MUOTIA

valioasu

Net sales rose by 8 % to FIM 334 million. The company had 545 employees on its payroll.

FIM million	1994	Change
Net sales	334	+ 25
Operating income before depreciation	37.7	+ 7.5
Operating profit after depreciation	17.7	+ 9.7
Profit after financial items	17.7	+ 5.8

Oy Maan Auto Ab

The company imports and markets Peugeot cars and spare parts through a nation-wide network of dealers. Out of the 39 outlets, three in the Helsinki metropolitan area are owned by the company and two others, in Tampere and Jyväskylä, by the SOK subsidiary Automaa Oy. Nine regional societies had Peugeot dealerships.

The company concentrated on strengthening the dealer network and improving cost efficiency. It relinquished its branch outlet in Vaasa and signed a dealer agreement with Automaa at the beginning of the year to manage the business in the Jyväskylä area.

Prices for new cars were reduced early in the year, which greatly improved the competitiveness of Peugeot cars. Service charges and spare-part prices were also radically reduced.

Altogether 3 695 Peugeots were registered in 1994, up 31.2%, increasing the market share from 5 to 5.5 %.

Net sales rose by 2.1 % to FIM 493 million. The closure of the Vaasa outlet and the sale in 1993 of the leasing operation, which had considerably boosted sales that year, partly explain the smallness of the increase. Personnel at year end totalled 178.

FIM million	1994	Change
Net sales	493	+ 10
Operating income before depreciation	29.3	+ 5.1
Operating profit after depreciation	23.8	+ 6.6
Profit after financial items	23.2	+ 8.1

Automaa Oy

The company is the SOK subsidiary for retailing cars and related services. In its reconstituted form it started up in Tampere on September 1st, 1993, when Maan Auto relinquished its retail operations there.

In February the company expanded by taking over the Peugeot sales and servicing operations in the Jyväskylä area. The importation and sale of FSO car spares was wound up in June.

Expanding markets and a high demand for Peugeot products enabled the company to overtake its objectives. There was an almost six-fold increase in sales, bringing the year's total up to FIM 86 million. Staff totalled 38.

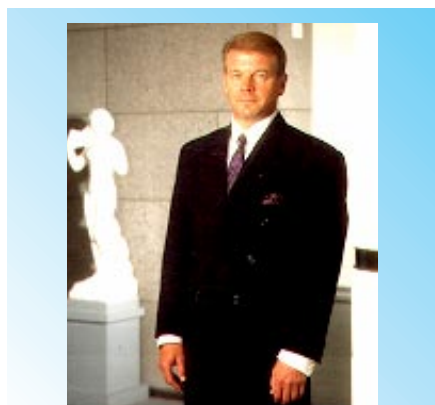
As part of the plan for developing the company, responsibility for Maan Auto's retail operations in the Helsinki

metropolitan area was transferred to it from 1.1.1995.

FIM million	1994	Change
Net sales	86	+ 70
Operating income before depreciation	1.5	+ 1.8
Operating profit after depreciation	1.0	+ 1.6
Profit after financial items	0.9	+ 2.2



ADMINISTRATIVE DIVISION



Jukka Salminen

The Administrative Division was responsible for corporate accounting, finance, real estate management, legal affairs, administrative services and controller functions. It was led by Jukka Salminen.

Accounting

The functions and tasks of the unit were increasingly directed towards the overall financial control of the S Group and the production of related services.

For SOK and the Corporation, operational and investment planning, setting objectives, budgeting and management reporting were improved through quicker and lighter processes and methods. In addition various structural and ownership arrangements were designed and carried out. For the first time the Corporation issued an interim report. The corporate systems for keeping and closing the accounts were revised in accordance with the amended Accounting Act. A new system for calculating fixed assets was employed in the Corporation and SOK's basic systems were renewed and integrated.

The S Group manual for keeping and closing the accounts was updated in accordance with the amended law. The introduction of VAT and other tax changes meant considerably more advisory work and increased staff training. The S Group's operative accounting principles were redefined to ensure that units are commensurate and comparable. Work also began on upgrading the system for monitoring the sales and results of chains and units.

The EDI invoicing system was expanded and a voucherless statement and bank security system standard was

taken into use in payment traffic. The cooperative societies' information systems were updated. To improve efficiency and performance in services, the section was reorganised and its data management strategy upgraded. This mainly involved the processing of invoices and sales, and the accounting and management information systems.

Finance

The function of this section is to arrange financing for the SOK Corporation. Following developments on the money market, the section's corporate bank acts in the interests of both Corporation units and cooperative societies.

Most of the Corporation's loans were tied to short-term market rates. Hedging operations were taken at the beginning of the year to protect variable-rate loans against a rise in interest rates. Foreign exchange loans were hedged throughout the year. The Corporation's net financial expenses fell by FIM 98 million compared with the year before.

The guarantees issued by SOK-Takaas Oy were mainly to the societies. At year-end these stood at FIM 739 million, a reduction of FIM 133 million. Counter-sureties and own funds amounted to FIM 818 million.

Controller Functions

Operating independently under top management, this section carries out monitoring and control functions in order to safeguard the interests and assets of the SOK Corporation.

Work concentrated on analysing oper-

ational plans, estimates and results of the Corporation's groups, as well as ensuring strategic decisions, particularly in respect to investments. Associated companies were also monitored.

An internal audit model and approval procedures were drawn up which considerably improved audit performance in the units. Assistance was also given to outside auditors in their control and annual audits.

Administrative Services

The unit is responsible for providing centralised services in the Ässäkeskus. These included office and free-time space, furnishings, office supplies, telephone exchange, reception, payroll office, post, copying, security, flexi-time system, archives, cleaning and the staff canteen operated by the SOK subsidiary Sokrest Oy.

Main emphasis during the year was on maximising the use of office space and the production of services. The objectives set for efficiency were exceeded.

A virtual telephone network, based on intelligent technology, was created between Ässäkeskus and units operating in the greater Helsinki area. Payroll systems were advanced through improved corporate-level reporting.

It was decided to use the exhibition area for monthly shows by young and upcoming artists. Other minor projects were to improve productivity and services, and the use of space and furnishings.

Real Estate Management

The unit is responsible for the use of real estate and offices, and capital tied up in properties. In particular, the use-

fulness of real estate was improved for the implementation of the network strategy for the S Group and SOK Corporation.

As part of the Corporation's investment plan, FIM 37 million was spent on site acquisitions, new building and refurbishing. In collaboration with the local cooperative societies, sites were acquired for new stores in Kuitinmäki, Espoo, and Lahdenväylä, Vantaa, and Tiiriö, Hämeenlinna. Work began on major refurbishing and extension projects for Citysokos and Sokos Hotel Vaakuna in Helsinki. This is expected to be completed by 1997. Other investment projects were the S Market for the Citysokos in Joensuu in collaboration with the local society, and repairing the facades to the Turku and Jyväskylä Citysokos stores.

The total amount of unoccupied buildings was about the same as the year before, 86 000 m². Most of these, 70 000 m² of warehouse, shop and factory space, were the result of structural changes. Empty space rented from outside the Corporation fell by 5 000 m². Demand for empty space grew in the second half of the year, so the key task in 1995 will be renting it out.

Properties to the value of FIM 390 million were sold by the Corporation. The largest were the Ässäkeskus in Helsinki, sold to the insurance company Eläke-Varma as part of an insurance and financing stabilisation arrangement, and the Sammonkatu Prisma in Tampere, which was sold to the local cooperative.

An area of special importance is the development of the Citysokos properties. Their adjustment to new business concepts is one of the major challenges of tomorrow.

Restructuring measures, such as Ässä Partners Oy becoming an associate company, meant that in 1995 over half of property rents will come from outside the SOK Corporation. In 1994 results improved by some FIM 18 million, mainly due to the revised balance sheet presentation and savings in costs.

Legal Affairs

The unit is charged with managing legal affairs and consultation within the SOK Corporation. In 1994 work focused on drawing up contracts and agreements. Its major briefs included the reorganisation of the supermarket and hotel businesses between SOK and the Helsinki Cooperative Society, real estate projects, safeguarding corporate interests during mandatory restructuring and bankruptcy proceedings, and the redivision of functions between the Hämeenmaa Cooperative Society and SOK. Other projects concerned data management and telecommunications, the complete revision of the SOK rules and the amendment to the Cooperative Societies Act concerning savings funds.

In 1994 the unit included Field Consulting, Strategic Planning, Information Systems, the Finnish Cooperative Union and the associate company Tenco Oy. It was led by Risto Mäkeläinen.

Field Consulting

The unit devoted its main effort to strategic joint agreements between the regional cooperatives and the SOK Corporation, fine-tuning business structures and investments in collaboration with regional society managements, and preparation for the amended law on savings funds.

Major projects during the year included the redefinition of functions between SOK and the Helsinki Cooperative Society in the Helsinki metropolitan area and the Hämeenmaa Cooperative Society in south Häme. These were planned during the year and carried out at the turn of 1995.

Strategic Planning

Strategic Planning's main preoccupations were developing management and planning systems, and updating competition strategies.

In respect to the corporate planning process, a development project was carried through which not only improved the quality of planning for 1995, but made it considerably more efficient.

The Home Shopping mail-order experiment was discontinued in the summer. The results obtained were valuable and will help a possible selective mail-order business for customer-owners in the future.

Corporate payroll systems were made uniform in consultation with TT Personnel Systems Oy.



Risto Mäkeläinen

Other important projects included the redivision of functions between SOK and the Helsinki society to bring them into line with Group structure strategy. The strategy was also revised in line with inter-Group structures, division of labour and areas of strategic emphasis. In addition the unit also participated in an analysis of the domestic appliances business.

Information Systems

The main areas of emphasis were control systems, networking and raising cost efficiency. Systems for goods flow and ranges were improved and extended nationally and locally. The ordering system for chain outlets was updated to conform with EAN codes and EDI standards. New control and ordering systems were mainly introduced in the supermarket and hypermarket chains.

Data communication was advanced in accordance with the SNet concept. Local area networks were established as part of new information and office systems. Different systems and units were linked up as required by chain concepts, and integrated into the uniform SNet. An agreement on data network services was signed with Telecom Finland Ltd.

Most objectives set for improving cost efficiency in data management were achieved, largely due to the introduction of outside data services, decentralisation, responsibility of the line organisation for their own systems and the synergy offered by the different business operations within the SNet concept.

Tenco Oy

Tenco is a development company owned fifty-fifty by SOK and the Ger-

man department store company Horten AG. It continued work on charting specialist and department store opportunities in the Baltic and St. Petersburg areas.

The Finnish Cooperative Union

Responsibility for the activities of the Finnish Cooperative Union lies with the SOK Cooperative Department. The main task of the FCU is to uphold and advance cooperative affairs within the S Group, such as designing and supporting the administrative and statutory activities of the regional cooperatives.

The FCU Board of Directors consisted of attorney Matti Vanto (chairman), educationalist Anna-Maija Kujala (vice chairman), farmer Pekka Havukainen, attorney Jukka Huiskonen, Cultural Minister Tytti Isohookana-Asunmaa, headmaster Pekka Kivimäki, teacher Ulla Kurvinen, CEO Jere Lahti, attorney Marja Lehtiranta, managing director Tauno Riekkö, managing director Eero Saukkonen and department manager Tapio Peltola.

As earlier, the training of members of cooperative society executive and supervisory boards was carried out in collaboration with the Jollas Institute. Work on the "Administration Handbook" was begun and the book should be published in spring 1995. Local training events for administrators were arranged and council elections held in four regional cooperatives, with an average turnout of 28 %

The FCU's main function of the year was the "S Group 90 Years" celebration held at Tampere Hall on May 7th. The event included the annual general meeting, the traders' day, the main gala and a joint reception in the evening. Some 1 300 S Group officials and

employees took part.

The cooperative movement celebrated its 150th anniversary in 1994. On December 13th a "Rochdale 150 Years" seminar was held at the Ässäkeskus together with Finn-Coop Pellervo for leading cooperative officials and managers. At both the "S Group 90 Years" and "Rochdale 150 Years" events the opening speech was delivered by Prime Minister Esko Aho.

During the year the FCU resigned from Finn-Coop Pellervo, since when the voice of the S Group has been channelled through Hankkija Agriculture Ltd.

The functions of the Finnish Consumer Cooperative Union were reorganised, largely as the result of the Eka Cooperative being placed under mandatory restructuring.

An average of 1 600 people took part in the administration of the regional cooperative societies: 75 as members of executive boards, 440 as members of supervisory boards and 1 100 as council representatives.

The Hankkija marketing chain consisted of Hankkija Agriculture Ltd and the agricultural outlets operated by the cooperative societies of South Ostrobothnia, Salo, Osla, Seutu, Varuboden, Ympäristö and Hämeenmaa's subsidiary Hämeenmaan Maatalous Oy. The agri-hardware operations of the South Carelia society passed to the company at the beginning of the year. The share capital of Hämeenmaan Maatalous Oy was transferred to SOK in early 1995.

Under the new organisation introduced early in the year, the outlets of the Agrimarket and Rauta-Hankkija chains became separate profit centres. The Agrimarket chain consisted of 22 full-service Agrimarkets and 41 Agristores selling basic agricultural supplies but not machines or spare parts. Both types of outlets stock a basic range of hardware goods.

Six Agrimarkets and 18 Agristores in the chain belong to the cooperative societies. As from the beginning of 1995, Osla will become the second society to assume overall responsibility for the agri-trade following the transfer of the heavy-duty machinery and spare parts business.

The Rauta-Hankkija chain consisted of 42 hardware stores owned by the company and 14 by the societies. The latest members of the chain are the Osla society's two hardware-agri stores. Chain outlets provide basic hardware services in their areas and stock agricultural supplies.

The Multasormi chain was successfully reactivated and offered clear support to outlets. It consists of 67 garden centres, of which 27 belonged to the company and 40 to the societies.

In addition to developing assortments and ranges, store models and image, the company continued work on introducing chain concepts and marketing. Particular attention was paid to information systems and networking. By year end the inter-company information network covered 75 outlets.

Sales and market shares

Uncertainty concerning EU membership and the ensuing arrangements had a disturbing influence on the agricultural trade throughout the year. Similar negative effects came from the introduction of VAT in June and several changes in the prices of essential product groups.

Hankkija Agriculture's net sales totalled FIM 3 470 million, a growth of 4 %. For the Hankkija marketing chain the figure was FIM 4.7 billion.

Sales of plant fertilizers totalled FIM 759 million, a fall of 5 % due to price reductions. The marketing chain managed to increase its market position by 3.3 points to 54.3 %. Total sales of agri-chemicals came to FIM 159 million. The national trade in additives declined by 10 % to 29 million kilos. The chain's business, however, almost doubled due to successful deals with the dairies.

For the whole country, the feed trade expanded by about 5 %. The company's market share, however, dropped a few points due to increased output by small producers. Chain sales of feed-stuffs amounted to FIM 800 million, giving it a market share of slightly more than 40 %.

The bulk of the grain trade was based on producer agreements. The autumn harvest was about average, the marketing of which premeditated the transfer to the EU market price system. The company's share of the trade was in the region of 50 %.

Due to the reduction in cereal prices and the right of growers to deduct VAT on purchases made after the turn of the year, seed prices fell and the autumn trade dried up completely. Consequently, the overall volume for the year fell by 10 %. The marketing chain's sales totalled FIM 112 million.

With 2 936 new tractors registered in Finland during the year, the market expanded by 10 %. Company sales of tractors and harvesters increased by as much as a quarter. The business in traded-in tractors outstripped expectations, and many were exported to central Europe.

With sales at the level of the previous year, Massey-Ferguson retained its market position. As sales of John Deere tractors doubled, company brands managed to maintain their market shares. Even though the question of joining the EU influenced the demand for harvesters, some 206 were sold in the country, a drop of 10 %. The market position of the company's brands, Sampo and Massey Ferguson, continued high at 76 %. Other machinery sales totalled FIM 186 million.

Sales of spare parts were slightly down on the year before, especially those for harvesters due to excellent harvesting conditions. During the year contract repair and service units were formed into the Agrihuolto chain. Uniform ranges and centralised marketing considerably helped sales and servicing.

The Alfa Shops, which sell supplies to cattle farmers, managed to expand their market shares in all product groups. This good result is due to chain operations and prices.

There was a slight rise in hardware sales volumes, largely as a result of recovery in building repairing and refurbishing. The company's sales expanded by 21 %, which was more than the average for the whole country.

Garden sales volumes remained at the level of the previous year. This was a successful year for the Multasormi chain, their first under Hankkija Agriculture's direction.

The number of employees by year end had fallen by 3 to 709.

FIM million	1994	Change
Net sales	3 470	+129
Operating income before depreciation	81.6	+ 1.5
Operating profit after depreciation	43.1	- 2.3
Profit after financial items	32.5*	+ 20.9

*The figure includes one-time depreciation and losses on sales of fixed assets amounting to FIM 4.5 million.

The Inex Group

The Inex Group consists of the grocery sourcing and distribution parent company Inex Partners Oy, the coffee and spice packers Meira Oy and its subsidiary in the institutional sales business Meira Nova Oy, and the hardware sourcing and distribution company Rainex Partners Oy and its subsidiary Rainex Yrityspalvelu Oy.

Inex Partners Oy

Work proceeded with the programme to trim structures and improve client-oriented services. Client chains continued their good performance in the grocery trade. As they increased their market shares and concentrated their purchases with Inex, delivery volumes expanded considerably. The added value was ploughed back into improving chain competitiveness.

The upswing in the specialty goods trade was reflected in increased sales of logistics services. Expanded terminal usage and operation models enabled a further saving in resources.

Sales of fresh foods and groceries (excl. VAT) were FIM 4 554 million, a growth of 8 %. Sales of logistics services were virtually unchanged at FIM 292 million. As much as 64 % of sales went to the S Group, increasingly to the Prisma and S Market chains.

Net sales amounted to FIM 4 714 million. The company's liquidity during the year remained good, performance was profitable and up to budget.

Full-time personnel at year end was 716. Reijo Lähteenmäki was managing director of the company until the beginning of 1995 when he became managing director of Hankkija Agriculture Ltd.

Meira Oy

Group performance was good and better than budgeted. This was the result of major development projects in conjunction with clients' market successes.

Despite keen competition, market shares were maintained in coffee, and increased in institutional sales and spices.

The year's main project was to improve competitiveness in sales to institutional clients. Other projects were related to membership of the EU, client-oriented thinking, ranges, logistics, personnel and quality.

The parent company, Meira Oy, managed to exceed its sales targets for coffee and spices. Its main investment project was the installation of a new coffee packing line. This was Meira's 80th year of operation. All coffee and spice products carried the "80 years of quality and enjoyment" seal.

Meira Nova Oy, the institutional sales subsidiary, also had an excellent year. Despite tough competition it enlarged its market position and price competitiveness. Its financial position also improved considerably.

The fast-food outlets were sold off and Pisteli Oy was absorbed into Meira Oy.

With net sales of FIM 1 305 million, the Meira Group showed a profit and improved its performance over the year before. At year end it had 337 employees. The managing director was Martti Haaman.

Rainex Partners Oy

Restructuring of the hardware business continued during the year, with major changes occurring among corporate clients and the retail store network. This was the Rainex Group's second year of operation. The successes of client chains and the concentration of their purchases provided a solid foundation for the company's sourcing operations. The objectives set for cost efficiency were achieved and those for income surpassed.

The parent company, Rainex Partners, drew up hardware sourcing agreements with its owner-clients and subsidiaries worth FIM 620 million. The

company has built up an efficient distribution system for its goods, and participated in the merchandising and marketing work of its client chains.

Group net sales totalled FIM 349 million, of which parent company deliveries from stock to client owners amounted to FIM 49 million. Rainex Yrityspalvelu Oy's warehouse and factory deliveries to institutional clients came to FIM 300 million. Rainex Yrityspalvelu had five retail outlets.

Group performance was profitable and showed an improvement over the year before. Year-end staff was 36 and the managing director Jari Helenius.

Konehirvox Oy

Konehirvox, the consumer electronics business established by SOK, Tuko and Elanto in 1992 and trading through a chain of 44 Hämeenheikki stores, failed, despite major restructuring, to develop in the desired way. As the capital and assets of the company were insufficient, it was decided to terminate operations and the board of directors filed a petition in bankruptcy on November 25th.

Prior to liquidation the company recorded net sales of FIM 239 million. The number of employees had fallen by 95 to 165. Matti Kauppinen was managing director. The S Group's business in home electronics will be transferred to the Prisma and Citysokos chains.



THE S GROUP IN 1994

The S Group consists of the SOK Corporation and the cooperative societies, together with their subsidiaries. S Group retail sales totalled FIM 24 724 million, an increase of 6.6 %.

At year end the S Group had 1 190 retail outlets, a drop of 32 largely due to neighbourhood shop closures.

The main retail network investments were in the four Prisma hypermarkets opened in Rovaniemi, Jyväskylä, Mikkeli and Kajaani. Total S Group investments amounted to FIM 670 million, FIM 100 million more than the year before.

S Group personnel numbered 16 197, a reduction of 1 119.

The cooperative societies

The number of regional societies operating in accordance with the S Group's strategy at year end was 23. The total number of cooperative societies remained unchanged at 46.

Sales by the cooperatives and their subsidiaries totalled FIM 16 630 million, an increase of 6.7 %. The share of local societies was 4.7 %. Sales grew in all branches, but most of all for cars and groceries.

The societies' operating profit after financial items but before extraordinary items, reserves and taxes, was FIM 250 million, up FIM 214 million over the previous year. Nearly all regional societies improved their performance.

The societies' investments amounted to FIM 480 million, over FIM 120 million

more than the year before. Savings funds deposits rose by FIM 141 million to FIM 1 014 million.

With 25 694 people joining during the year, total membership of the societies stood at 429 325. The number of customer-owners in the regional societies was 405 782, an increase of 26 562. Cooperatives and subsidiaries had a total of 11 333 employees on their payroll, a reduction of 804. Due to the redistribution of functions carried out at the end of 1994 between SOK and the Helsinki and Hämeenmaa cooperatives, there were 610 more employees working in the societies.

S Group Regional Cooperative Societies

Cooperative Society Varuboden, Kirkkonummi

South Carelia Cooperative Society, Lappeenranta

South Ostrobothnia Cooperative Society, Seinäjoki

Helsinki Cooperative Society, Helsinki

Jukola Cooperative Society, Nurmes

Central Ostrobothnia Cooperative Society, Kokkola

Koillismaa Cooperative Society, Kuusamo

Cooperative Society Arina, Oulu

Cooperative Society Hämeenmaa, Lahti

Cooperative Society Keskimaa, Jyväskylä

Cooperative Society Keula, Rauma

Cooperative Society Maakunta, Kajaani

Cooperative Society Osla Handelslag, Porvoo

Cooperative Society PeeÄssä, Kuopio

Cooperative Society Seutu, Lohja

Cooperative Society Suur-Savo, Mikkeli

Cooperative Society Ympyrä, Hamina

Cooperative Society Ympäristö, Kouvola

Pirkanmaa Cooperative Society, Tampere

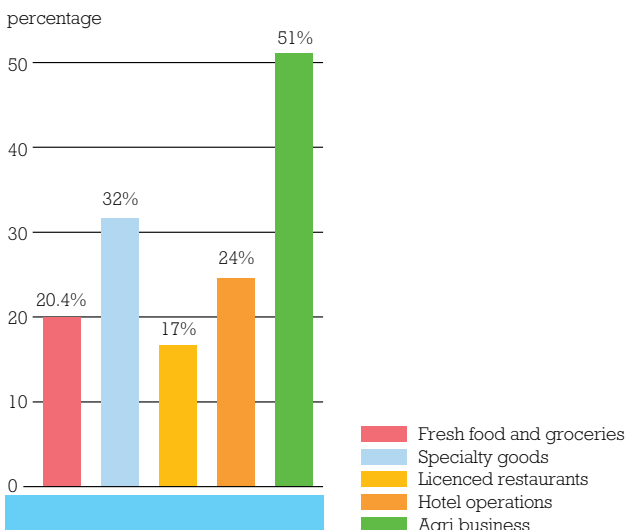
North Carelia Cooperative Society, Joensuu

Salo District Cooperative Society, Salo

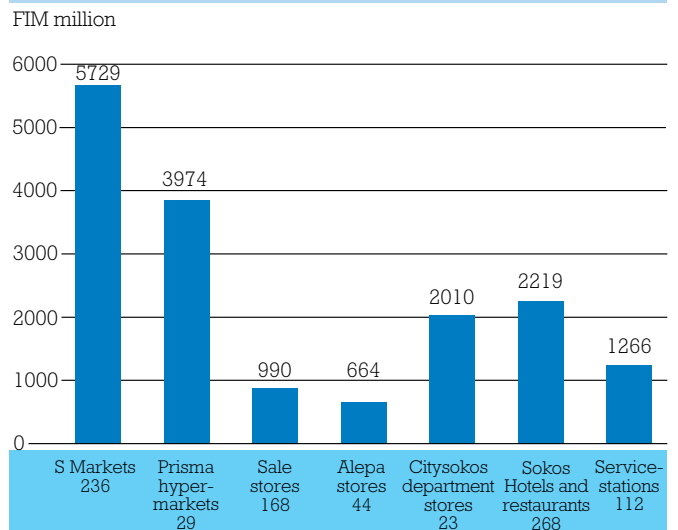
Satakunta Cooperative Society, Pori

Turku Cooperative Society, Turku

S GROUP MARKET SHARES



S GROUP RETAIL SALES BY CHAIN



EVENTS OF THE YEAR



In honour of the 150th anniversary of the cooperative movement, a Rochdale 150 Years seminar was held at Ässäkeskus in December. On the right, Jere Lahti, SOK's CEO, listening to the main speech by Eurocoop's CEO Ivano Barberini from Italy.



Raimo Vuori, Finn-Coop Pellervo's legal affairs director, and the Salo and Lohja societies' managing directors, Arto Arvonen and Pentti Sevon, at the cocktail party following the Rochdale seminar.



SOK's 90th anniversary was celebrated in May at the Tampere Hall.



Prime Minister Esko Aho delivered the opening speeches at both functions.



A light touch was added to the evening event when the Pori Citysokos group dressed up in costumes contemporary with the time SOK was established.



The 1994 Top Store Manager awards were conferred at the 5th shop managers' convention held at the same time.

SOK SUPERVISORY BOARD 1994

Kari Neilimo

Chairman
Ph.D.(Econ.)
Professor
Kangasala

Jorma Niiniaho

Vice Chairman
Managing Director
M.Sc. (Econ.)
Hamina

Arto Arvonen

Deputy Vice
Chairman
Managing Director
Salo

Silvo Ahtiainen

Managing Director
Kouvola
Until May 7, 1994

Mauno Alatalo

Manager,
Customer-Owner
Services
SOK

Veikko Autio

Managing Director
B.Sc. (Econ.)
Turku

Tuomo Herrala

Managing Director
Lappeenranta

Heikki Ikonen

Farmer
Nurmes

Raimo Jaakkola

Managing Director
Ulvila

Pekka Kangasmäki

Managing Director
B.Sc. (Econ.)
Porvoo
From May 7, 1994

Jorma Koistinen

Managing Director
M.Sc.(Pol.)
Kajaani

Tapani Kortejärvi

Farmer
Engineer
Askola
Until May 7, 1994

Leo Laukkanen

Managing Director
Mikkeli

Veikko Lehikoinen

Director of
Education
Polvijärvi

Kalevi Liukkonen

Managing Director
M.Sc. (Econ.)
Jyväskylä

Kalle Lähdesmäki

Managing Director
M.Sc. (Econ.)
Seinäjoki

Pentti Pasuri

Managing Director
Helsinki

Tauno Riekki

Managing Director
M.A.
Kuusamo

Kari Salminen

Managing Director
B.Sc.(Econ.)
Oulu

Tuomo Saloniemä

B.Sc.(Agri.)
Nummi-Pusula

Jorma Sieviläinen

Managing Director
Rauma

Riitta Sinisalo

Credit Control
Manager
SOK

Håkan Smeds

Managing Director
Helsinki

Timo Sonninen

Farmer
Iisalmi

Antero Taanila

Director of
Administration
Kokkola

Seppo Toivonen

Managing Director
B.Sc.(Econ.)
Lahti

Jouko Vehmas

Managing Director
B.Sc. (Econ.)
Kouvola
From May 7, 1994

SOK EXECUTIVE BOARD 1994

Jere Lahti

President and
Chief Executive
Officer
B.Sc. (Econ.)

Eero Kolamo

Executive Vice
President
B.Sc. (Econ.)
Field Division

Jukka Salminen

Senior Vice
President
M.Sc. (Econ.)
Administrative
Division

**Christian
Lybeck**

Senior Vice
President
B.Sc. (Econ.)
Specialty Stores
Division
Until December
31, 1994

**Risto
Mäkeläinen**

Senior Vice
President
B.Sc. (Econ.)
Corporate
Development &
Planning
From January 1,
1995

Olavi Kuusela

Senior Vice
President
B.Sc. (Agri.)
Specialty Stores
Division
From January 1,
1995

AUDITORS 1994

Jorma Jäske

M.Sc.(Econ.)
CPA

Erkki Linturi

LL.M.

Jaakko Ukkonen

General Manager
B.Sc. (Econ.)
APC

**Tapani Rotola-
Pukkila**

Managing Director
M.Sc. (Econ.)
CPA

Matti Virranniemi

Chief Forester

DEPUTY AUDITORS**Kristina Dufholm**

LL.M.
Director of
Administration

Markku Rönkkö

Managing Director
M.Sc. (Econ.)
CPA

S GROUP KEY FIGURES 1990 - 1994

FIM million	1990	1991	1992	1993	1993*	1994*	+/- %
SOK CORPORATION							
Net sales	10 542	7 526	6 739	10 251	10 327	11 206	8.5
Gross margin	1 797	1 502	1 358	1 642	1 883	1 928	2.4
Fixed expenses	1 408	1 143	1 052	1 231	1 403	1 405	0.1
Operating profit before depreciation	389	359	306	411	480	523	9.0
Depreciation	190	170	163	197	251	216	-13.9
Operating profit after depreciation	199	189	143	214	229	307	34.1
Financial income and expenses	118	211	210	253	374	234	-37.4
Profit/loss before extraordinary items, reserves and taxes	81	- 22	- 67	- 39	- 145	73	+ 218 FIM million
Net earnings from operations	240	135	86	157	221	367	+ 146 FIM million
Profit/loss for the year	8	2	- 40	- 36	- 31	130	+ 161 FIM million
Total assets	5 924	5 522	5 754	6 533	6 535	6 349	-2.8
Fixed assets and other non-current investments	2 535	2 427	2 516	3 181	3 369	2 987	-11.3
Stocks	982	689	669	794	795	655	-17.6
Financial assets	2 407	2 246	2 439	2 558	2 371	2 707	14.2
Shareholders' equity	657	567	739	904	904	982	8.6
Minority interest	8	9	17	30	30	85	183.3
Accumulated depreciation	193	254	174	122	123	98	-20.3
Voluntary reserves	546	233	257	75	75	65	-13.3
Obligatory reserves	25	66	86	99	99	101	2.0
Liabilities	4 495	4 393	4 481	5 303	5 304	5 018	-5.4
Increase in fixed assets	475	322	225	497	491	254	-48.3
Sale of / decrease in fixed assets	272	175	203	454	321	375	16.8
Interest-bearing liabilities	3 282	3 301	3 429	3 772	3 772	3 447	-8.6
Financial assets	1 393	1 459	1 725	1 622	1 622	1 829	12.8
Net interest-bearing liabilities	1 889	1 842	1 704	2 150	2 150	1 618	-24.7
Return on capital employed, %	10.4	9.6	9.1	9.2	7.2	8.8	1.6 %-points
Equity ratio, % *	23.9	19.3	20.7	17.6	17.6	19.6	2.0 %-points
Personnel at 31.12.	6 786	5 269	4 879	5 179	5 179	4 864	-6.1
SOK							
Sales (excl. VAT)	7 369	5 251	4 950	4 982	4 982	5 257	5.5
Sales to cooperative societies	5 810	3 697	3 669	3 608	3 608	2 983	-17.3
Operating profit before extraordinary items, reserves and taxes	186	10	-15	-86	-384	-75	+ 309 FIM million
Profit/loss for the year	120	-23	64	-254	-254	98	+ 352 FIM million
Personnel at 31.12.	3 889	3 045	2 934	2 414	2 414	2 068	-14.3
COOPERATIVE SOCIETIES + SUBSIDIARIES							
Sales (excl. VAT)	17 605	16 212	15 209	15 584	15 584	16 628	6.7
Number of societies	67	57	47	46	46	46	
Membership	542 455	459 247	418 990	403 631	403 631	429 325	6.4
Personnel at 31.12.	17 326	14 944	13 291	12 137	12 137	11 333	-6.6
S GROUP							
Retail sales	21 732	20 147	19 156	23 204	23 204	24 724	6.6
Outlets	1 389	1 219	1 138	1 222	1 222	1 190	-2.6
Personnel at 31.12.	24 112	20 213	18 170	17 316	17 316	16 197	-6.5

* In accordance with the amended Accounting Act.

CALCULATION OF KEY RATIOS

Return on capital employed, % = $\frac{\text{operating profit before extraordinary items} + \text{interest and other financial expenses}}{\text{Total assets} \text{ /. average of interest-free liabilities}} \times 100$

Equity ratio, % = $\frac{\text{shareholders' equity} + \text{minority interest} + \text{accumulated appropriations}}{\text{Total assets} \text{ /. advance payments received}} \times 100$

Net earnings from operations = Operating profit before depreciation /. financial income and expenses + depreciation on investments /. taxes

Financial assets = Cash and bank + loans receivables + other securities + other current investments

STATISTICS

SOK CORPORATION PERSONNEL, DECEMBER 31, 1994

	Number	%	Change
SOK Corporation			
Field Division	1362	28.0	+96
Specialty Stores Division	2565	52.7	-389
Administrative Division	176	3.6	-18
Co-op Auditing	7	0.2	±0
Office of the CEO	754	15.5	-4
Total SOK Corporation	4 864	100.0	-315
Subsidiaries	2 796	57.5	+31
SOK	2 068	42.5	-346

S GROUP RETAIL OUTLETS, DECEMBER 31, 1994

Outlet	Number	Change
Citysokos Department Stores	23	-
Prisma Hypermarkets	29	+3
Total Department Stores	52	+3
S Markets	236	+1
Alepa Stores	44	+6
Sale Stores	168	+31
Other Market Outlets	29	-19
Total Market Outlets	477	+19
Neighbourhood Stores	74	-38
Specialty Shops	14	-1
Hotels	52	-1
Restaurants	203	-10
Cafes	13	-7
Total Hotels and Restaurants	268	-18
Hardware and Agricultural Stores	143	+1
Auto Dealerships	35	+4
Service Stations	112	-2
Production plants	6	-1
Other Services	9	+1
TOTAL	1190	-32

SELECTED S GROUP DATA 1930-1994

Year	Cooperatives	Members	S Group Business Outlets			
			Retail Outlets	Service Operations ¹	Production Plants	Total
1930	423	225 367	2 406	79	85	2 570
1940	368	295 224	2 999	186	146	3 331
1950	376	484 011	4 074	273	165	4 512
1960	364	488 268	5 483	355	125	5 963
1970	274	572 610	4 220	557	70	4 847
1975	220	674 701	3 476	644	58	4 178
1980	202	682 651	2 801	504	38	3 343
1981	193	666 957	2 548	464	35	3 047
1982	183	661 295	2 405	436	34	2 875
1983	178	645 564	2 316	422	30	2 768
1984	92	636 354	2 208	325	30	2 563 ²
1985	82	637 248	1 790	277	26	2 093
1986	81	616 262	1 586	274	26	1 886
1987	79	610 638	1 453	273	24	1 750
1988	77	591 345	1 340	276	19	1 635
1989	76	573 642	1 228	288	17	1 533
1990	67	542 455	1 071	302	16	1 389
1991	57	459 247	908	296	15	1 219
1992	47	418 990	838	288	12	1 138
1993	46	403 631	929	286	7	1 222
1994	46	429 325	916	268	6	1 190

¹Since 1980 only accommodation and catering. ²Classification changed in 1984. Comparable decrease 136.

Fleminginkatu 34

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SUOMEN OSUUSKAUPPOJEN KESKUSKUNTA (SOK)

Fleminginkatu 34

P.O.Box 171, FIN-00511 Helsinki, Finland

Tel. +358 0 1881, Telefax +358 0 188 2332