



SUOMEN  
OSUUSKAUPPOJEN  
KESKUSKUNTA  

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SOK CORPORATION

ANNUAL

REPORT

1996



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Väinö Aaltonen's sculpture "The log floater", 1931  
 Ässäkeskus head office building, 8th floor lobby.

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# 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

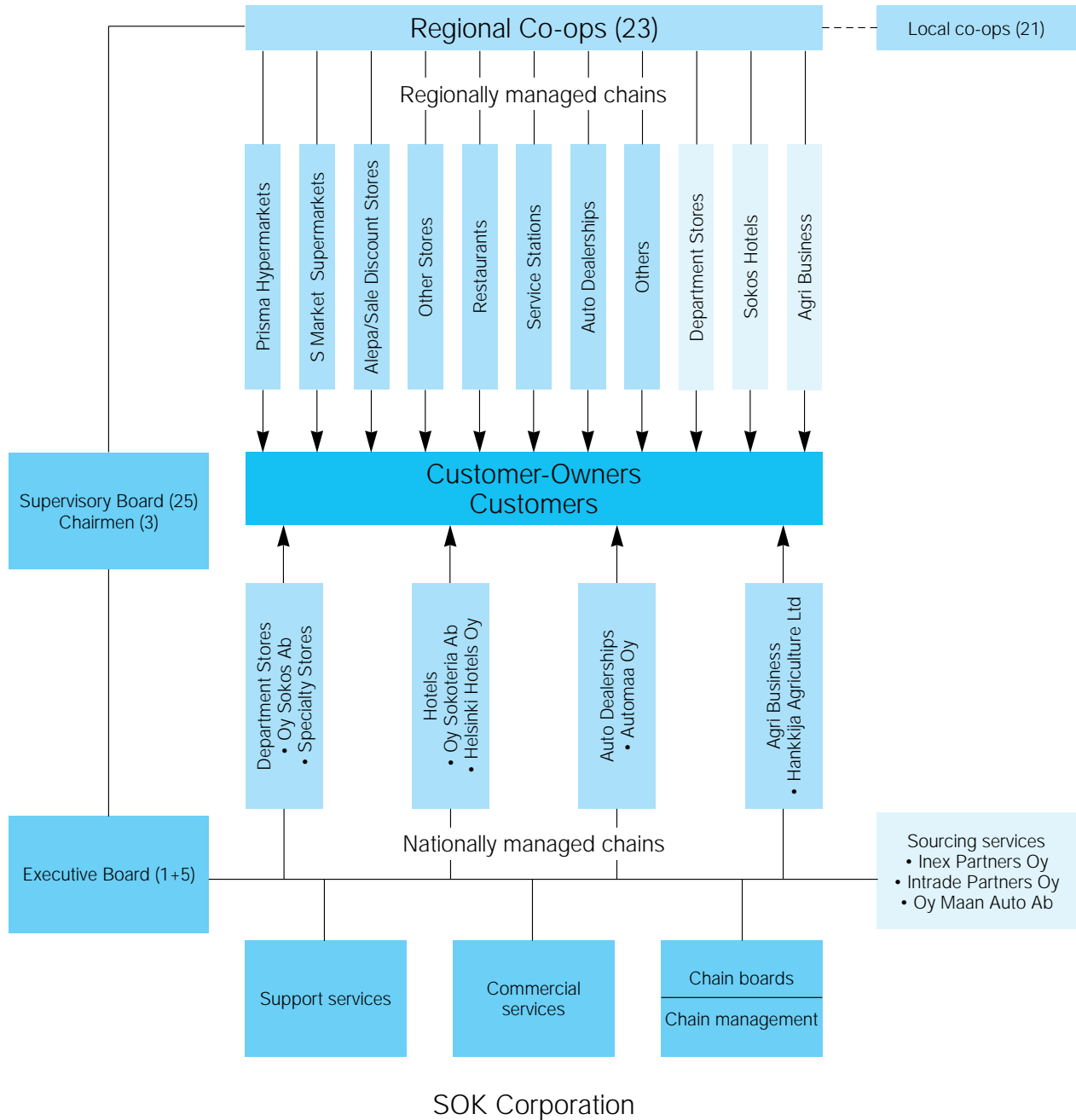
The S Group operates through regional structures, the basic units of which are the regional cooperatives and the SOK Corporation.

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 managed chains in its area of op-

erations. 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 managed chains. These are primarily the Sokos department stores, specialty stores, Sokos hotels and Agrimarkets.



## SOK CORPORATION IN BRIEF

	1996	1995
Net sales, FIM million	11 498	10 325
Operating profit, FIM million	117	316
Profit after financial items, FIM million	42	91
Investments, FIM million	423	251
Total assets, FIM million	5 931	6 211
Return on investment %	5.5	10.4
Equity ratio %	23.7	21.9
Personnel, average	4 211	4 136

## CEO'S REVIEW



*Jere Lahti*

In 1996, total output in Finland returned to its pre-recessional level. Retail trade volumes, however, were still some 15 per cent under the peak achieved at the beginning of the 1990s. Furthermore, the structures of production and consumption have changed radically in recent years. Price developments have been favourable to the consumer. Whereas consumer prices have risen by an average of 13 per cent since 1990, food prices have fallen by 7 per cent during the same period. The pit in growth caused by the recession is revealed best in our national economic statistics, as with an average three per cent annual rate of growth total output would be a fifth higher than it is.

Total output grew by 3.2 per cent and private consumption a little more. For some three years now, consumer prices have hardly risen at all and the rate of inflation has been at its lowest level in 40 years. Retail trade developments were uneven in the early part of the year, but became more balanced and quicker towards the end. The value of retail sales increased by almost 5 per cent and volumes by a good 4 per cent.

For the S Group, 1996 was another year of record-breaking sales and profits. Its retail sales amounted to FIM 26.4 billion, a growth of 9.7 per cent or twice the national average. It managed to clearly expand its share of the grocery market to over 23 per cent. Within the department store and hypermarket business, it retained its one-third market share. Market shares in the hotel and restaurant business are estimated to have increased. Although there was a

slight fall in the Group's share of the agricultural trade market, it is still more than half. The SOK Corporation's net sales came to FIM 11.5 billion, which was 11.4 per cent more than the year before.

The S Group's operating profit (profit after financial items, but before extraordinary items, reserves and taxes) was about FIM 500 million and slightly better than the previous year. The combined operating profit for the cooperative societies increased by over FIM 50 million to about FIM 455 million. The Corporation's operating profit was FIM 42 million, compared with FIM 91 million in 1995. Thus the Corporation's result weakened by about the same amount as that for the societies improved. The main reasons for the Corporation's reduced performance were the restructuring of the department store operations and the heavy investments this required. Total S Group investments amounted to FIM 970 million, of which the Corporation accounted for FIM 423 million.

Although the outlook for 1997 is optimistic, there are still dangers on the horizon. If the international economic recovery continues, the growth in total output in Finland will accelerate as forecasted. Existing collective bargaining agreements will keep the labour

market peaceful and barometres indicate a high level of consumer confidence. Once lower income taxes, improved employment and a possible reduction in the level of savings combine to boost purchasing power, private consumption and retail sales can continue to grow at a rate of 3-4 per cent. The lower starting point will keep these growth rates high, especially in the early part of the year. The major questions of next autumn, such as Finland's forthcoming EMU decision and the mood at the collective bargaining negotiations, will decide whether confidence in the Finnish economy and the high rate of growth can be maintained.

Our customer-owners received considerable benefits from their membership during the year. The bonuses paid out on their purchases totalled FIM 211 million, which was FIM 60 million more than in 1995.

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

*Helsinki, March 12, 1997*

*Jere Lahti*

# REPORT OF THE EXECUTIVE BOARD

## The trading environment

For the Finnish economy, 1996 fell into two distinct phases. Up to June the economy grew by under two per cent, but in the second half the rate more than doubled. This was due to an expansion in both exports and domestic demand. With the linking of the Finnish mark to the ERM in October, the primary aim in government economic policy became the fulfillment of EMU criteria. It appears very probable that Finland will be one of the few EU countries that will fulfill all these criteria in 1997.

The growth in total output was slower than in 1995, but due to the upturn in the second half of the year it was, however, more than 3.2 per cent. The strongest increases were in energy and water management, the metal industry, transport and construction, though the real take-off in housing is still to come. The retail trade and other services showed clear signs of growth.

In foreign trade, imports grew faster than exports leading to a slight weakening in the balance of payments. However, both the balance of trade and the balance of payments showed a large surplus. A further burst in foreign trade is expected in 1997.

The volume of domestic demand increased by 3.5 per cent, and clear growths were recorded in both investments and private consumption. Private investments grew by more than 6 per cent and private consumption by 3.5 per cent. For the third year running, the consumption of consumer durables increased by over 10 per cent. The growth in semidurables and services was a good 3 per cent, but nondurables remained under 2 per cent. In addition to the expansion in buying power, private consumption was boosted by a growing optimism among consumers and a clear fall in the level of savings. Public investments remained at the previous year's level, whereas public consumption increased by almost 3 per cent, mainly because of local authority employment schemes.

For the third successive year, the increase in consumer prices remained extremely modest, with the annual average being 0.6 per cent. Although December brought a halt to the decline in food prices, expenditure on food during the year still fell by 2 per cent. Falling interest rates dampened inflation, particularly via housing expenditure.

The growth in the retail trade was faster than predicted in the previous year; there was an increase of 4.1 per cent in volume and 4.8 per cent in value. The volume increase in the car trade was over 15 per cent and in electrical goods and home electronics almost 12 per cent. Department store sales and those of hardware, building and interior supplies rose by 4 to 5 per cent. The retail trade in groceries remained at the previous year's level and the supermarket chain business expanded by only 0.6 per cent. The value of hotel room sales increased by 6 per cent and the volume by 2 per cent. Licensed restaurant sales rose by almost 4 per cent in value and a good 3 per cent in volume.

## Structural changes

During the year, the major interests in Hämeenmaan Automarket Oy and Hotel City Vantaa Oy were purchased, as well as all the shares in the Lahden Uusi Seurahuone Oy and Turun Valtavaunu Oy. In respect to real estate companies, shareholdings in two were purchased and two new ones established.

Shareholdings in 11 real estate companies were sold, the most important of which were Kiinteistö Oy Pietarsaaren Itätori, Tiiriön Kiinteistö Oy and the companies of Kiinteistö Oy Oulun Liminganmaa 1-6.

During the first half of the year Hämeenmaan Maatalous Oy was merged into Hankkija Agriculture Ltd and Sokrest Oy into SOK.

The most important development within the Corporation was the hiving off of department store operations into a separate company, Oy Sokos Ab, on September 1st.

At year end 11 unconsolidated SHB housing companies were sold off.

## Sales

The SOK Corporation's net sales totalled FIM 11 498 million, up 11.4 % over the previous year. Sales within the agricultural and car trades were higher than anticipated. In addition, this positive development was significantly influenced by increased invoicing within SOK and Intrade Partners Oy as the result of the growth in cooperative society sales.

Net sales of the Corporation's agricultural subsidiary Hankkija Agriculture Ltd

expanded by 7.7 %. EU-related uncertainty within the grain trade was partially removed and, due to the normalisation of the business, there was a powerful upsurge in volumes. In addition, there was a significant increase in agricultural machine sales, especially of combine harvesters and farming implements.

The Corporation's sales of consumer goods also expanded. Sales of the department store Sokos company, however, fell by 0.7 %, largely due to the massive refurbishing of the Helsinki store completed in October. Net sales of Intrade Partners Oy, the S Group's consumer goods sourcing company, increased by almost 13 %.

Sales by subsidiaries in the hotel and restaurant branch rose by FIM 110 million or 17.4 %. This was due to the inclusion of new companies, more efficient operations and favourable growth within the sector in general.

Strong growth was recorded in the Corporation's car business due to a general recovery in the sector and the success of the new Peugeot 406. Net sales for the car importing company Oy Maan Auto Ab increased by 34.2 %.

SOK's net sales totalled FIM 5 957 million, up 9.7 % over the year before. This was mainly due to good performance by S Group market chains as seen in the increased invoicing for goods which domestic manufacturers delivered direct to chain units.

Retail sales for the S Group expanded by no less than 9.7 % to FIM 26 372 million. The cooperatives' retail sales amounted to FIM 20 106 million, up 10 %. The cooperatives and their subsidiaries accounted for 76 % of S Group retail sales and the SOK Corporation for 24 %.

## SOK's operations

SOK is the parent company of the SOK Corporation. A major change occurred on September 1st when its department store operations were hived off into a separate company, Oy Sokos Ab. For this reason, SOK's net sales for the last quarter consisted of invoices for goods delivered direct to chain units by domestic manufacturers (EDI invoicing), income from renting, chain management, customer-owner and advertising services, and supplying S Group and corporate services to other S Group com-



panies and units. EDI invoicing accounted for 75 % of net sales and other services for 25 %.

As a result of the above change, the level of SOK's gross margin declined, while the share of low margin EDI invoicing increased. Similarly, fixed expenses contracted compared to the previous year. The negative performance of department store operations and the worsened result for the January-August period compared to the year before constituted a major burden on the overall result for SOK.

### Financial results

The SOK Corporation showed an operating profit, before extraordinary items, reserves and taxes, of FIM 42 million. The figure for the previous year was FIM 91 million. The operating profit included other income and expenses from business operations, the share of associated companies' results, one-time depreciation, depreciation on investments and changes in compulsory reserves.

One-time depreciation included depreciation on land, buildings, machinery and equipment, other capitalised expenditure and goodwill. Both one-time depreciation and depreciation on investments declined significantly in comparison to the previous year.

The gross margin declined both in value and relatively. Fixed expenses grew in value, but their relative share contracted slightly. There was an increase in all expense items. The value of the gross margin fell by almost as much as other operating income, by some FIM 97 million. The relative margin level was reduced by the fall in the department store operations' margin, and the growth in low-margin agricultural trade and EDI invoicing.

There was a net contraction of FIM 149 million in financial income and expenses. The main item was depreciation on investments which were FIM 118 million smaller than the previous year. Interest expenses declined due to the fall in the Finnish mark's interest level and the favourable interest structure of the loan portfolio.

In respect to business operations, Hankkija Agriculture Ltd and the hotel and restaurant operations showed a profit and improved their performance over 1995, Helsinki Hotels Oy showing the best progress. Although the car trade

showed a profit, it was down on the previous year. Department store operations showed a loss and a clearly weaker performance than the year before, which had an adverse effect on the Corporation's result. The restructuring of operations and the investments incurred combined to weaken the performance of the Sokos company. The largest single item was the complete refurbishing of the Helsinki Sokos store, during which a large part of the sales area was out of commission.

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

### Investments and divestments

SOK Corporation investments amounted to FIM 423 million, which is considerably more than normal. Major projects included the refurbishing of the Helsinki Sokos store and Vakuuna hotel completed in the autumn, and investments in premises and furnishings connected to the redivision of operations with the Hämeenmaa cooperative society. To develop the hotel and restaurant operations, two new hotel companies were acquired and considerable improvements carried out to the existing network, especially in Helsinki. Other investments concerned interiors, furnishings and data systems for retail, hotel and restaurant outlets.

The book value of Corporation divestments was FIM 137 million. SOK sold its shares in Kiinteistö Oy Pietarsaaren Itätori (the Prisma premises in Pietarsaari) to the Central Ostrobothnia cooperative society, those in Tiirion Kiinteistö Oy (the Hämeenlinna Prisma) to the Tapiola Mutual Pension Insurance company, leasing the premises back under a long agreement, and those in Kiinteistö Oy Oulun Liminganmaa (the former SOK regional warehouse) to the Arina cooperative society. SOK sold its 50 per cent owned SHB properties to the Keskus-Sato Oy. Other divestments included the sale of shares in minor real estate properties, apartments and movables.

### Finance

The SOK Corporation had a negative cash flow of FIM 89 million before financial items, due to exceptionally large investments and a weaker result. Liquid investments and cash reserves at year end stood at FIM 1 183 million. In addition

the Corporation had FIM 531 million of unused non-current finance limits. Net interest expenses were FIM 89 million, a reduction of FIM 42 million over the previous year. As a percentage of net sales they fell from 1.27 % to 0.78 %.

During the year Finnish mark interest rates fell significantly. The drop in financial expenses was mainly affected by the interest structure of the loan portfolio, which benefitted from the declining interest level of the Finnish mark.

### Personnel

Corporation personnel at year end numbered 4 347, of whom 314 (7 %) were in SOK and 4 033 (93 %) in the subsidiaries. This was 286 more than the year before. Of these 196 came from the new companies and 90 from other units.

### Outlook for 1997

Expectations within the retail trade are positive. It is forecasted that total output will expand by about 4-5 % and private consumption by some 4 %, the latter hopefully generating a 3-4 % rate of growth in the retail trade. The burden of taxation will lighten, but no fall in the level of saving is anticipated.

Consumer prices are expected to rise by about 1 %; in January 1997 they rose by only 0.6 % compared with the previous January. The dampening effect of falling interest rates and food prices on inflation has ceased.

Mass unemployment and a public debt of over 70 % of gnp will continue to cast a shadow over 1997.

The SOK Corporation's trading performance is predicted to improve compared to 1996. Income expectations in the different sectors are uneven. In the department store business they are expected to improve significantly, and in the hotel and restaurant business to continue to develop favourably. In the car trade they are much the same as last year, whereas a slight downturn is expected in the agricultural trade.

## SOK SUPERVISORY BOARD 1996

**Kari Neilimo**  
Chairman  
Ph.D.(Econ.)  
Professor  
Kangasala

**Arto Arvonen**  
Vice Chairman  
Managing Director  
Salo

**Veikko Autio**  
Deputy Vice  
Chairman  
Managing Director  
B.Sc.(Econ.)  
Turku

**Mauno Alatalo**  
Manager  
Customer-Owner  
Services  
SOK

**Esa Haapaniemi**  
Managing Director  
Helsinki

**Esko Hakala**  
Managing Director  
Kajaani  
From May 7, 1996

**Tuomo Herrala**  
Managing Director  
Lappeenranta

**Heikki Hollo**  
Architect  
Lahti

**Heikki Ikonen**  
Farmer  
Nurmes

**Pekka Kangasmäki**  
Managing Director  
B.Sc.(Econ.)  
Porvoo

**Jorma Koistinen**  
Managing Director  
M.Sc.(Pol.)  
Kajaani  
Until May 7, 1996

**Eino Laaksonen**  
Headmaster  
Oulu

**Leo Laukkanen**  
Managing Director  
Mikkeli

**Kalevi Liukkonen**  
Managing Director  
M.Sc.(Econ.)  
Jyväskylä

**Kalle Lähdesmäki**  
Managing Director  
M.Sc.(Econ.)  
Seinäjoki

**Jorma Niiniaho**  
Managing Director  
M.Sc.(Econ.)  
Hamina

**Matti Ojanperä**  
Managing Director  
Pori

**Tauno Riekki**  
Managing Director  
M.A.  
Kuusamo

**Tuomo Saloniemi**  
B.Sc.(Agri.)  
Nummi-Pusula

**Jorma Sieviläinen**  
Managing Director  
Rauma

**Håkan Smeds**  
Managing Director  
Helsinki

**Timo Sonninen**  
Farmer  
Iisalmi

**Eva Suokas**  
Buyer  
Helsinki

**Antero Taanila**  
Director of  
Administration  
Kokkola

**Eino Tenhunen**  
Managing Director  
Pyhäselkä

**Jouko Vehmas**  
Managing Director  
B.Sc.(Econ.)  
Kouvola

## SOK EXECUTIVE BOARD 1996

**Jere Lahti**  
President and  
Chief Executive  
Officer  
Dhc (Comm.),  
B.Sc.(Econ.)

**Eero Kolamo**  
Executive Vice  
President  
B.Sc.(Econ.)  
Field Division

**Jukka Salminen**  
Senior Vice  
President  
M.Sc.(Econ.)  
Administrative  
Division

**Risto Mäkeläinen**  
Senior Vice  
President  
B.Sc.(Econ.)  
Corporate  
Development &  
Planning

**Olavi Kuusela**  
Senior Vice  
President  
B.Sc.(Agri.)  
Specialty Stores  
Division

**Aino Toikka**  
Senior Vice  
President  
M.A.  
Personnel and  
Communications

## AUDITORS 1996

### VARSINAISET

**Jorma Jäske**  
M.Sc.(Econ.)  
CPA

**Tapani Rotola-  
Pukkila**  
Managing Director  
M.Sc.(Econ.)  
CPA

**Juhani Heiskanen**  
M.Sc.(Econ.)  
CPA

### DEPUTY AUDITORS

**Markku Rönkkö**  
Managing Director  
M.Sc.(Econ.)  
CPA

**Jorma Anttila**  
M.Sc.(Econ.)  
CPA

## AUDIT COMMITTEE 1996

### ADMINISTRATIVE AUDITORS

**Pekka Ripatti**  
Colonel retd.

**Matti Virranniemi**  
Executive Vice  
President

### DEPUTY MEMBERS

**Kristina Dufholm**  
LL.M.  
Director of  
Administration

**Kalevi Karjalainen**  
Asst. Police Chief

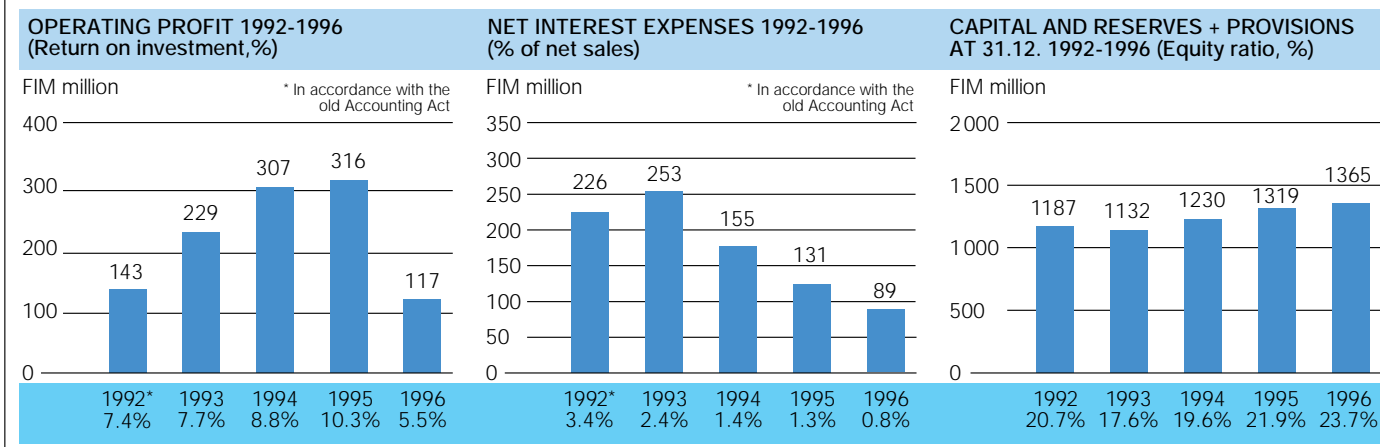
SOK's auditors  
are also members of  
the Audit Committee.

# CONSOLIDATED INCOME STATEMENT

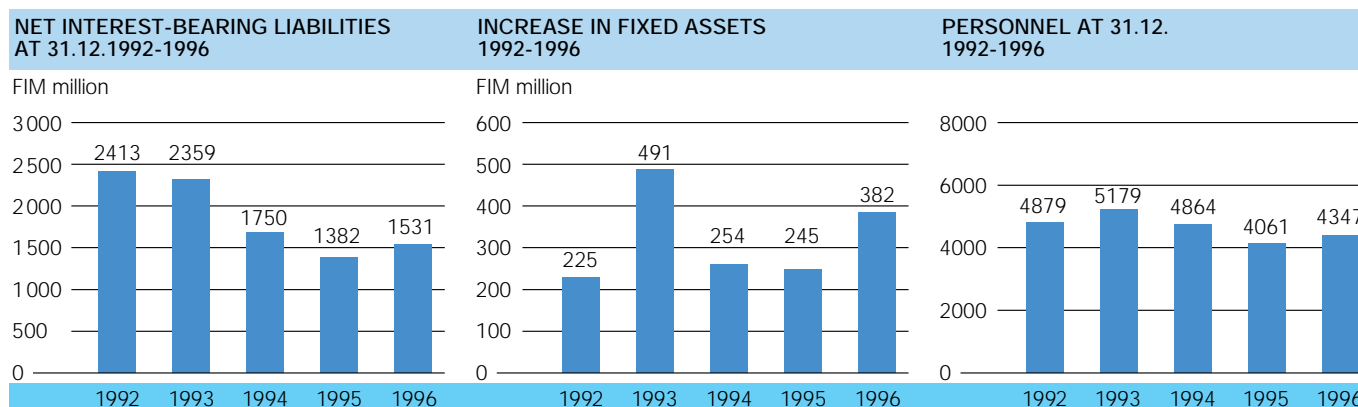
FIM million	1.1.-31.12.1996		%	1.1.-31.12.1995		%
<b>Net sales (1)</b>	11 498.2		100.0	10 324.9		100.0
<b>Other operating income (2)</b>	60.6		0.5	157.3		1.5
<b>Variable costs</b>						
Materials, supplies and products						
Purchases during the period	9 610.0			8 405.3		
Increase in inventories	-46.7			-7.2		
Staff costs (3)	17.9			14.7		
Other variable costs	34.3	-9 615.5	83.6	35.1	-8 447.9	81.8
<b>Gross margin</b>		1 943.3	16.9		2 034.3	19.7
<b>Fixed costs</b>						
Staff costs (3)	730.4			697.6		
Rents	265.1			244.5		
Other fixed costs	656.1			558.1		
Other operating costs (2)	0.7	-1 652.3	14.4	1.6	-1 501.8	14.5
<b>Operating profit before depreciation</b>		291.0	2.5		532.5	5.2
<b>Depreciation on fixed assets and other capitalised expenditure (4)</b>						
Depreciation according to plan	157.0			155.3		
One-time depreciation	13.9			48.2		
Depreciation on consolidated goodwill	2.8	-173.7	1.5	13.2	-216.7	2.1
<b>Operating profit</b>		117.3	1.0		315.8	3.1
<b>Financial income and expenses (5)</b>						
Dividend income	6.6			3.7		
Interest income from non-current investments	87.2			92.9		
Other interest income	67.6			96.6		
Other financial income	1.5			7.4		
Exchange rate gains and losses	1.7			-2.4		
Share of associated companies' profits	22.8			35.6		
Interest expenses	244.2			320.5		
Other financial expenses	14.8			15.7		
Value adjustment on investments	4.1	-75.7	0.6	122.0	-224.4	2.2
<b>Profit before extraordinary items, voluntary provisions and income taxes</b>		41.6	0.4		91.4	0.9
<b>Extraordinary income and expenses (6)</b>						
Extraordinary income	1.2			7.5		
Extraordinary expenses	9.6	-8.4	0.1	10.0	-2.5	0.0
<b>Profit before voluntary provisions and income taxes</b>		33.2	0.3		88.9	0.9
Increase(-)/decrease(+) in accelerated depreciation (4)		-7.5	0.1		19.2	0.2
Decrease in voluntary provisions (8)		5.9	0.1		4.6	0.0
Income taxes (9)		-3.1			-0.3	
Minority interest		-0.1			0.4	
<b>Profit for the period</b>		28.4	0.2		112.8	1.1

# CONSOLIDATED BALANCE SHEET

ASSETS (FIM million)	31.12.1996		31.12.1995	
<b>FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS</b>				
Intangible assets (10)				
Intangible rights	34.1		34.8	
Goodwill	15.7		28.6	
Consolidated goodwill	22.4		20.3	
Other capitalised expenditure	107.0		43.0	
Advance payments and construction in progress	20.5	199.7	27.8	154.5
Tangible assets (10)				
Land and water	485.7		495.8	
Buildings and constructions	1 478.6		1 320.3	
Machinery and equipment	185.5		174.0	
Other tangible assets	4.3		3.3	
Advance payments and construction in progress	36.5	2 190.6	146.4	2 139.8
Financial assets				
Shares in associated companies (11-12)	336.9		309.7	
Shares and holdings (11-12)	153.5		151.6	
Loan receivables	87.4	577.8	46.4	507.7
<b>CURRENT ASSETS</b>				
Stocks				
Finished goods	704.6		650.8	
Other stocks	13.4		13.4	
Advance payments	12.2	730.2	9.6	673.8
Receivables				
Trade receivables	881.6		894.2	
Loan receivables	0.4		0.4	
Prepaid expenses and accrued income	158.1		139.7	
Other receivables	9.7	1 049.8	15.7	1 050.0
Investments				
Other investments		1 103.3		1 470.1
Other current investments		8.4		7.4
Cash in hand and at banks		71.5		207.8
		5 931.3		6 211.1



LIABILITIES (FIM million)	31.12.1996		31.12.1995	
<b>CAPITAL AND RESERVES (16)</b>				
Restricted equity				
Share capital	194.9		166.1	
Reserve fund	65.1		65.1	
Revaluation fund	621.7	881.7	622.7	853.9
Non-restricted equity				
Retained earnings	220.1		118.8	
Profit for the period	28.4	248.5	112.8	231.6
<b>TOTAL CAPITAL AND RESERVES</b>		<b>1 130.2</b>		<b>1 085.5</b>
<b>MINORITY INTEREST</b>		<b>91.0</b>		<b>91.9</b>
<b>PROVISIONS (17)</b>				
Accelerated depreciation		89.0		81.1
Voluntary provisions				
Other provisions		54.9		60.8
Obligatory provisions		93.0		87.7
<b>CREDITORS (18)</b>				
Non-current				
Capital loan	120.0			
Debentures			32.4	
Loans from credit institutions	421.7		638.9	
Pension loans	600.3		640.5	
Other non-current liabilities	224.7	1 366.7	305.1	1 616.9
Current				
Debentures			16.2	
Loans from credit institutions	229.0		234.1	
Pension loans	45.4		47.0	
Advances received	166.1		179.1	
Trade payables	1 130.7		1 096.5	
Accrued liabilities and deferred income	417.9		410.2	
Other current liabilities	1 117.4	3 106.5	1 204.1	3 187.2
		<b>5 931.3</b>		<b>6 211.1</b>



# CONSOLIDATED CASH FLOW STATEMENT

FIM million	1.1.-31.12.1996		1.1.-31.12.1995	
<b>Business operations</b>				
<b>From operations</b>				
Operating profit before depreciation		291.1		523.6
Financial income and expenses		-92.5		-137.8
Extraordinary items		-4.7		-2.5
Taxes		-3.6		-0.4
<b>Total</b>		<b>190.3</b>		<b>382.9</b>
<b>Change in working capital</b>				
Increase in stocks		-49.2		-11.1
Increase(-)/decrease(+) in current trade receivables		0.1		-23.9
Increase in interest-free current liabilities*		14.5		123.1
<b>Total</b>		<b>-34.6</b>		<b>88.1</b>
<b>Total cash flow from operations</b>		<b>155.7</b>		<b>471.0</b>
<b>Investments</b>				
Increase in fixed assets		381.9		245.4
Decrease in fixed assets		136.8		116.1
<b>Total</b>		<b>-245.1</b>		<b>-129.3</b>
<b>Cash flow before financing</b>		<b>-89.4</b>		<b>341.7</b>
<b>Financing</b>				
Increase(-)/decrease(+) in non-current receivables		-41.0		25.7
Increase in non-current liabilities		297.1		401.8
Decrease in non-current liabilities		641.5		809.2
Decrease in current receivables		25.0		5.9
Increase(+)/decrease(-) in current liabilities		-48.9		22.7
Interest paid on share capital		12.8		12.9
Increase in share capital		28.7		4.4
Decrease in capital and reserves (donations)		0.1		0.1
Increase(+)/decrease(-) in minority interest		-0.9		7.1
<b>Total</b>		<b>-394.4</b>		<b>-354.6</b>
<b>Changes in Corporation structure</b>				
Working capital	6.6		10.2	
Fixed assets	-40.6		-5.9	
Financing	15.8		-3.0	
Liquid funds	-12.1	-30.3	-5.3	-4.0
<b>Decrease in liquid funds</b>		<b>-514.1</b>		<b>-16.9</b>
<b>Decrease in liquid funds</b>				
Liquid funds at end of year	1 183.2		1 685.3	
of which liquid funds of companies acquired during the year	-12.1	1 171.2	-5.3	1 680.0
Liquid funds at beginning of year		-1 685.3		-1 696.9
		<b>-514.1</b>		<b>-16.9</b>

\*Includes change in obligatory provisions

# SOK INCOME STATEMENT

FIM million	1.1.-31.12.1996		1.1.-31.12.1995	
		%		%
<b>Net sales (1)</b>	5 957.0	100.0	5 430.4	100.0
<b>Other operating income (2)</b>	42.3	0.7	70.6	1.3
<b>Variable costs</b>				
Materials, supplies and products				
Purchases during the period	5 070.4		4 613.8	
Decrease in inventories	279.2		0.1	
Staff costs (3)	1.7		1.8	
Other variable costs	82.3	-5 433.6	93.7	-4 709.4
<b>Gross margin</b>		565.7		791.6
		9.5		14.6
<b>Fixed costs</b>				
Staff costs (3)	243.2		321.8	
Rents	188.3		203.3	
Other fixed costs	245.3		241.7	
Other operating costs (2)	0.4	-677.2	0.3	-767.1
<b>Operating profit before depreciation</b>		-111.5		24.5
		1.9		0.5
<b>Depreciation on fixed assets and other capitalised expenditure (4)</b>				
Depreciation according to plan	31.8		43.6	
One-time depreciation	2.1	-33.9	8.6	-52.2
<b>Operating loss</b>		-145.4		-27.7
		2.4		0.5
<b>Financial income and expenses (5)</b>				
Dividend income	8.6		3.9	
Interest income from non-current investments	202.3		229.3	
Other interest income	65.0		85.3	
Other financial income	4.4		11.8	
Exchange rate gains and losses	0.8		-0.5	
Interest expenses	235.2		310.2	
Other financial expenses	9.9		11.0	
Value adjustment on investments	2.1	33.9	113.7	-105.1
<b>Loss before extraordinary items, voluntary provisions and income taxes</b>		-111.5		-132.8
		1.9		2.4
<b>Extraordinary income and expenses (6)</b>				
Extraordinary income	125.8		146.1	
Extraordinary expenses	5.9	119.9	44.1	102.0
<b>Profit/loss before voluntary provisions and income taxes</b>		8.4		-30.8
		0.1		0.6
<b>Decrease in accelerated depreciation (4)</b>		13.6		8.1
		0.3		0.2
<b>Income taxes (9)</b>		0.1		0.2
<b>Profit/loss for the period</b>		22.1		-22.5
		0.4		0.4

# SOK BALANCE SHEET

ASSETS (FIM million)	31.12.1996		31.12.1995	
<b>FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS</b>				
Intangible assets (10)				
Intangible rights	12.3		20.3	
Goodwill			3.9	
Other capitalised expenditure	10.6		11.0	
Advance payments and construction in progress	13.9	36.8	20.4	55.6
Tangible assets (10)				
Land and water	88.6		89.8	
Buildings and constructions	38.6		39.3	
Machinery and equipment	17.4		67.3	
Other tangible assets	0.7		0.6	
Advance payments and construction in progress	20.0	165.3	22.0	219.0
Financial assets				
Shares and holdings (11-12)	1 742.1		1 490.6	
Loan receivables	1 575.1	3 317.2	1 324.7	2 815.3
<b>CURRENT ASSETS</b>				
Stocks				
Finished goods			286.3	
Other stocks	59.0		52.0	
Advance payments	0.3	59.3		338.3
Receivables				
Trade receivables	629.2		687.2	
Loan receivables			54.0	
Prepaid expenses and accrued income	121.0		89.0	
Other receivables	9.5	759.7	15.4	845.6
Investments				
Other investments		1 103.3		1 469.9
Other current investments		234.5		131.2
Cash in hand and at banks		15.8		34.8
		5 691.9		5 909.7



<b>LIABILITIES</b> (FIM million)	<b>31.12.1996</b>		<b>31.12.1995</b>	
<b>CAPITAL AND RESERVES (16)</b>				
Restricted equity				
Share capital	194.9		166.1	
Reserve fund	65.1		65.1	
Revaluation fund	71.2	331.2	72.2	303.4
Non-restricted equity				
Other funds	1 254.5		1 254.5	
Retained earnings	49.7		85.0	
Profit/loss for the period	22.1	1 326.3	-22.5	1 317.0
<b>TOTAL CAPITAL AND RESERVES</b>		<b>1 657.5</b>		<b>1 620.4</b>
<b>PROVISIONS (17)</b>				
Accelerated depreciation		19.3		32.9
Obligatory provisions		71.1		66.0
<b>CREDITORS (18)</b>				
Non-current				
Capital loan	120.0			
Debentures			32.3	
Loans from credit institutions	383.2		533.3	
Pension loans	515.4		554.2	
Other non-current liabilities	229.8	1 248.4	294.9	1 414.7
Current				
Debentures			16.2	
Loans from credit institutions	86.4		110.0	
Pension loans	38.8		41.8	
Advances received	13.4		10.6	
Trade payables	672.5		749.7	
Accrued liabilities and deferred income	153.5		218.0	
Other current liabilities	1 731.0	2 695.6	1 629.4	2 775.7
		<b>5 691.9</b>		<b>5 909.7</b>

# SOK CASH FLOW STATEMENT

FIM million	1.1.-31.12.1996	1.1.-31.12.1995
<b>Business operations</b>		
<b>From operations</b>		
Operating profit before depreciation	-111.6	24.5
Financial income and expenses	36.0	8.6
Extraordinary items	119.9	102.0
Taxes	0.1	0.2
<b>Total</b>	<b>44.4</b>	<b>135.3</b>
<b>Change in working capital</b>		
Decrease in stocks	279.0	0.2
Increase(-)/decrease(+) in current trade receivables	26.0	-206.5
Increase(+)/decrease(-) in interest-free current liabilities*	-133.8	168.0
<b>Total</b>	<b>171.2</b>	<b>-38.3</b>
<b>Total cash flow from operations</b>	<b>215.6</b>	<b>97.0</b>
<b>Investments</b>		
Increase in fixed assets	346.8	141.9
Decrease in fixed assets	130.9	134.6
<b>Total</b>	<b>-215.9</b>	<b>-7.3</b>
<b>Cash flow before financing</b>	<b>-0.3</b>	<b>89.7</b>
<b>Financing</b>		
Increase(-)/decrease(+) in non-current receivables	-250.4	258.6
Increase in non-current liabilities	297.1	386.6
Decrease in non-current liabilities	493.9	600.1
Increase(-)/decrease(+) in current receivables	59.9	-53.5
Increase(+)/decrease(-) in current liabilities	89.4	-97.5
Interest paid on share capital	12.8	12.9
Increase in share capital	28.7	4.4
Decrease in capital and reserves (donations)	0.1	0.1
<b>Total</b>	<b>-282.1</b>	<b>-114.5</b>
<b>Decrease in liquid funds</b>	<b>-282.4</b>	<b>-24.8</b>
<b>Decrease in liquid funds</b>		
Liquid funds at end of year	1 353.6	1 636.0
Liquid funds at beginning of year	-1 636.0	-1 660.8
	<b>-282.4</b>	<b>-24.8</b>

\*Includes change in obligatory provisions

# NOTES TO THE FINANCIAL STATEMENTS

## ACCOUNTING PRINCIPLES

### Principles of consolidation

The SOK Corporation consists of Suomen Osuuskauppojen Keskuskunta (SOK) and its subsidiaries. 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, 1 SHB housing company and 13 non-business companies have not been consolidated. Their total book value in the parent company's balance sheet is FIM 0.3 million. The subsidiaries are listed under item 12 in the Notes.

Investments in associated companies in which the Corporation's holding is 20-50 % are consolidated 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 under item 12 in the Notes.

The exclusion of these subsidiary and associated companies has no significant effect on the Corporation's result and unrestricted equity.

One foreign associated company has also been consolidated in the accounts.

### Consolidation of corporate companies

The consolidated financial statements are for the period 1.1. - 31.12.1996. Companies acquired during the year are included in the accounts from the time of their acquisition. Subsidiaries and associated companies that were sold off are included up to the date of 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.

Planned depreciation on the elimination differences arising from buildings has been made in accordance with the plan depreciation of the relevant buildings. Consolidated goodwill treated as a single item is depreciated according to plan over its 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 have been stated separately in the income statement as a share of the profit for the year and in the balance sheet as a share of the equity.

### Conversion differences

The figures in the financial statements for the foreign associated company have been translated into Finnish marks at the average Bank of Finland rates of exchange prevailing on the balance sheet date. The conversion difference created in eliminating the shareholders' equity has been taken to unrestricted equity in the consolidated balance sheet.

### Associated companies

Associated companies have been consolidated according to the equity method. The Corporation's share of their results is

presented on a separate line under financial income and expenses. The Corporation's share in the accumulated net wealth of the associated companies since their acquisition has been added to the acquisition cost and the unrestricted equity in the consolidated balance sheet.

Profits on sales of fixed assets between the Corporation and the associated companies have been eliminated in proportion to the shareholdings. The item has been deducted from the consolidated unrestricted equity and assets. The eliminated sales profit is entered as income in keeping with depreciation. FIM 41 million in intra-corporate margins between SOK and one associated company was not eliminated as the Corporation's holding of over 20 % is not considered permanent. Likewise, associated company reserves of equal size have not been added to the Corporation's equity.

### Items denominated in foreign currencies and financial instruments

Business transactions denominated in foreign currencies have been entered at the rate of exchange prevailing at the time of the transaction. Receivables and liabilities in foreign currencies outstanding at the end of the year have been translated into Finnish marks at the average Bank of Finland rates of exchange prevailing on the balance sheet date and exchange differences have been entered as affecting income.

Differences in the interests on currency forwards have been phased throughout the duration of the agreements under interest income or expenses, and exchange differences have been entered as affecting the income of the exchange differences on the hedged items during the year at which time they were entered. The premiums on interest options have been phased on the time used basis to adjust the entered, hedged interests. All option premiums have been entered under advances paid or received. The entry

has been done at the latest when the contract closed, fell due or expired. Interests on interest rate swaps have been entered in full as interest income or expenses.

Negative changes in the value of stock derivatives have been entered in full as an expense once they have surpassed the rise in value of the hedged item. That part of the positive changes in values has been entered as affecting income when a valuation loss has been entered against the hedged item.

The negative changes in the values of other derivative contracts than those entered into for hedging purposes open at the balance sheet date have been entered as expenses. Valuation profits have been entered as income only when losses have been entered to the position of the relevant contract.

### Stocks

Stocks are stated in the balance sheet on the FIFO basis at the acquisition cost or repurchase price or probable market price, whichever is the lower. Intra-corporate margins on stocks have been eliminated.

### Fixed assets and depreciation

Fixed assets have been valued in the balance sheet at cost less accumulated planned depreciation. The difference between planned depreciation and the depreciation entered is treated in the income statement as an appropriation, and in the balance sheet as a single item under untaxed reserves. Of the revaluation fund of FIM 622 million in the consolidated balance sheet, FIM 500 million has been treated as a revaluation item. Other revaluations of FIM 122 million

were made in the companies concerned. As the required annual valuation reports show, the market value of the Corporation's fixed assets exceeds the total assets as stated in the consolidated balance sheet after taking the above mentioned revaluations into consideration.

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:

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

### Leasing

Leasing charges have been treated as rent expenses.

### Future expenses and losses

Future expenses and losses to which the company has bound itself or whose realisation is considered probable, have

been entered as expenses under the relevant heading. In the balance sheet, the relevant cost reservations have been entered as obligatory provisions.

### Pension arrangements

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

In respect to that part of the pension liabilities not covered by the funds of Elonvara at the time when it was dissolved, members of the scheme took out additional insurance with the Tapiola Mutual Pension Insurance Company 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. In accordance with the agreement, the uncovered joint liability shall be covered at the latest by the year 2000. SOK's own share of the uncovered joint liability is included in the balance sheet under non-current liabilities.

Additional pension insurance has also been taken out with Tapiola for former members of the former Elonvara in the employment of the Corporation, thus securing current and future retirement benefits as stipulated in Elonvara's rules, which were previously treated as pension transactions.

Of the pension premiums paid, the pension expenses included in personnel costs were entered on the accrual basis as pensions paid for the year, and the remainder, pension expenses for earlier years, under extraordinary expenses.

## NOTES TO THE CONSOLIDATED AND SOK INCOME STATEMENT AND BALANCE SHEET

FIM million	SOK-CORPORATION		SOK	
	1996	1995	1996	1995
<b>1. Net sales by sector</b>				
Grocery trade	80.8			
Consumer goods sourcing	932.7	825.8		
Department store trade	1 358.4	1 369.1	1 118.2	1 369.1
Car trade	1 079.7	851.1		
Hotel and restaurant business	741.2	631.1		
Hardware and agricultural trade	2 962.2	2 817.0		
EDI invoicing	4 470.4	3 728.1	4 470.4	3 728.1
Real estate and property leasing	414.1	425.0	161.5	155.1
Other services	301.5	279.5	206.9	178.1
Eliminations	-842.8	-601.8		
<b>Total</b>	<b>11 498.2</b>	<b>10 324.9</b>	<b>5 957.0</b>	<b>5 430.4</b>

FIM million	SOK-CORPORATION		SOK	
	1996	1995	1996	1995
<b>2. Other operating income and costs</b>				
<b>Other operating income</b>				
Profits on sale of fixed assets	60.0	118.5	42.3	33.6
Goodwill income		36.9		36.8
Other operating income	0.6	1.9		0.2
Total	60.6	157.3	42.3	70.6
<b>Other operating costs</b>				
Losses on sale of fixed assets	0.7	1.6	0.4	0.3
Total	0.7	1.6	0.4	0.3
<b>3. Staff costs</b>				
Wages and salaries	576.3	537.5	185.7	244.7
Pension costs	98.8	89.9	35.9	39.5
Other personnel costs	73.2	84.9	23.3	39.4
Total	748.3	712.3	244.9	323.6
Value of fringe benefits	9.6	8.5	3.0	3.1
Members of the SOK Board of Directors and certain of the managing directors of the subsidiary companies have the right to retire at the age of 58-62 years.				
<b>4. Depreciation</b>				
<b>Plan depreciation</b>				
Intangible rights	15.3	16.6	7.5	9.4
Goodwill	11.0	11.1	2.0	3.0
Other capitalised expenditure	16.4	10.7	3.5	1.5
Buildings and constructions	45.5	46.4	2.1	2.1
Machinery and equipment	68.5	69.7	16.7	27.6
Other tangible assets	0.3	0.8		
Total	157.0	155.3	31.8	43.6
<b>One-time depreciation</b>				
Intangible rights				0.8
Goodwill	2.0		1.9	
Other capitalised expenditure	1.6	1.0		
Land areas	1.5	5.1		
Buildings and constructions	5.0	38.3		7.7
Machinery and equipment	3.8	3.8	0.2	0.1
Total	13.9	48.2	2.1	8.6
Depreciation on consolidated goodwill	2.8	13.2		
Depreciation on fixed assets and other capitalised expenditure	173.7	216.7	33.9	52.2
<b>Increase(-)/decrease(+) in accelerated depreciation</b>				
Intangible rights	0.1		0.3	-0.1
Goodwill	2.9	-0.9	0.2	-0.1
Other capitalised expenditure	-2.9	-0.9	0.2	-0.7
Buildings and constructions	-32.7	0.9	-1.7	-0.9
Machinery and equipment	25.1	20.1	14.6	9.9
Total	-7.5	19.2	13.6	8.1
<b>5. Intra-corporate financial income and expenses</b>				
Interest income from non-current investments			115.1	136.4
Other interest income			19.7	7.4
Other financial income			3.8	4.7
Exchange rate gains and losses			-0.1	
Interest expenses			-17.2	-27.8
Other financial expenses			-0.5	-0.6
Total			120.8	120.1
<b>6. Extraordinary income and expenses</b>				
<b>Extraordinary income</b>				
Contributions from subsidiaries			124.6	140.2
Other	1.2	7.5	1.2	5.9
Total	1.2	7.5	125.8	146.1
<b>Extraordinary expenses</b>				
Contributions to subsidiaries			0.4	15.5
Loss on merger				18.6
Other	9.6	10.0	5.5	10.0
Total	9.6	10.0	5.9	44.1
Total extraordinary income and expenses	-8.4	-2.5	119.9	102.0

FIM million	SOK-CORPORATION		SOK	
	1996	1995	1996	1995
<b>7. Increase(-)/decrease(+) in obligatory provisions</b>				
Increase in rent expenses against empty business premises	-40.0	-22.9	-39.7	-22.1
Decrease in rent expenses against empty business premises	42.4	35.6	34.6	29.1
Increase in other future expenses and losses	-8.7	-0.4		
Decrease in other future expenses and losses	1.0	1.0		0.2
Total	-5.3	13.3	-5.1	7.2
<b>8. Increase(-)/decrease(+) in voluntary provisions</b>				
Transition provisions	6.0	4.8		
Apartment block provisions	-0.1	-0.2		
Total	5.9	4.6		
<b>9. Income taxes</b>				
For the year	2.9	0.1		
For earlier years	0.2	0.2	-0.1	-0.2
Total	3.1	0.3	-0.1	-0.2
<b>10. Intangible and tangible assets</b>				
<b>Intangible assets</b>				
<b>Intangible rights</b>				
Acquisition cost at 1.1.	103.6	63.2	58.9	60.2
Increase 1.1.-31.12.	21.8	15.7	6.4	10.4
Decrease 1.1.-31.12.	-18.0	-4.8	-18.0	-11.7
Other changes 1.1.-31.12.		29.5		
Acquisition cost at 31.12.	107.4	103.6	47.3	58.9
Accumulated plan depreciation at 31.12.	-73.3	-68.8	-35.0	-38.6
Book value at 31.12.	34.1	34.8	12.3	20.3
Accelerated depreciation at 1.1.	5.9	6.0	3.6	3.5
Increase 1.1.-31.12.	0.7	0.4		0.1
Decrease 1.1.-31.12.	-0.9	-0.5	-0.3	
Accelerated depreciation at 31.12.	5.7	5.9	3.3	3.6
<b>Goodwill</b>				
Acquisition cost at 1.1.	85.8	102.3	34.7	34.7
Increase 1.1.-31.12.		5.1		
Decrease 1.1.-31.12.	-34.9	-21.6	-34.7	
Acquisition cost at 31.12.	50.9	85.8	0.0	34.7
Accumulated plan depreciation at 31.12.	-35.2	-57.2		-30.8
Book value at 31.12.	15.7	28.6	0.0	3.9
Accelerated depreciation at 1.1.	3.7	2.8	0.2	0.1
Increase 1.1.-31.12.		0.9		0.1
Decrease 1.1.-31.12.	-2.9		-0.2	
Accelerated depreciation at 31.12.	0.8	3.7	0.0	0.2
<b>Consolidated goodwill</b>				
Acquisition cost at 1.1.	73.6	164.4		
Increase 1.1.-31.12.	5.0	6.5		
Decrease 1.1.-31.12.		-97.3		
Acquisition cost at 31.12.	78.6	73.6		
Accumulated plan depreciation at 31.12.	-56.2	-53.3		
Book value at 31.12.	22.4	20.3		
<b>Consolidated reserve</b>				
Acquisition cost at 1.1.	3.1	3.9		
Increase 1.1.-31.12.	8.4			
Decrease 1.1.-31.12.	-1.9	-0.8		
Book value at 31.12.	9.6	3.1		
Consolidated reserve is included in consolidated goodwill				
<b>Other capitalised expenditure</b>				
Acquisition cost at 1.1.	83.7	73.6	18.9	11.7
Increase 1.1.-31.12.	104.1	34.0	25.2	14.7
Decrease 1.1.-31.12.	-25.4	-23.9	-24.1	-7.5
Acquisition cost at 31.12.	162.4	83.7	20.0	18.9
Accumulated plan depreciation at 31.12.	-55.4	-40.7	-9.4	-7.9
Book value at 31.12.	107.0	43.0	10.6	11.0
Accelerated depreciation at 1.1.	2.6	1.9	1.6	0.9
Increase 1.1.-31.12.	3.2	0.9		0.7
Decrease 1.1.-31.12.	-0.2	-0.2	-0.2	
Accelerated depreciation at 31.12.	5.6	2.6	1.4	1.6

FIM million	SOK-CORPORATION		SOK	
	1996	1995	1996	1995
<b>Advance payments on intangible assets and construction in progress</b>				
Acquisition cost at 1.1.	27.8	21.9	20.4	21.5
Increase 1.1.-31.12.	28.6	20.4	17.1	12.3
Decrease 1.1.-31.12.	-35.9	-14.5	-23.6	-13.4
Book value at 31.12.	20.5	27.8	13.9	20.4
<b>Tangible assets</b>				
<b>Land and water</b>				
Acquisition cost at 1.1.	520.4	503.3	89.8	90.5
Increase 1.1.-31.12.	19.5	12.6	2.6	0.2
Decrease 1.1.-31.12.	-42.9	-8.7	-3.8	-0.9
Other changes 1.1.-31.12.		13.2		
Acquisition cost at 31.12.	497.0	520.4	88.6	89.8
Accumulated depreciation at 31.12.	-11.3	-24.6		
Book value at 31.12.	485.7	495.8	88.6	89.8
<b>Revaluations included in acquisition costs of land areas</b>				
Revaluations at 1.1.	260.8	261.5	71.8	72.5
Decrease 1.1.-31.12.	-0.9	-0.7	-0.9	-0.7
Revaluations at 31.12.	259.9	260.8	70.9	71.8
<b>Buildings and constructions</b>				
Acquisition cost at 1.1.	1 683.5	1 709.0	91.8	91.7
Increase 1.1.-31.12.	288.4	48.4	1.4	8.2
Decrease 1.1.-31.12.	-94.9	-73.9	-1.9	-8.1
Acquisition cost at 31.12.	1 877.0	1 683.5	91.3	91.8
Accumulated plan depreciation at 31.12.	-398.4	-363.2	-52.7	-52.5
Book value at 31.12.	1 478.6	1 320.3	38.6	39.3
Accelerated depreciation at 1.1.	16.0	15.5	1.2	0.3
Increase 1.1.-31.12.	38.2	7.8	1.7	0.9
Decrease 1.1.-31.12.	-5.5	-7.3		
Accelerated depreciation at 31.12.	48.7	16.0	2.9	1.2
<b>Revaluations included in acquisition costs of buildings</b>				
Revaluations at 1.1.	366.0	366.0		
Revaluations at 31.12.	366.0	366.0		
<b>Machinery and equipment</b>				
Acquisition cost at 1.1.	602.5	665.4	276.8	269.5
Increase 1.1.-31.12.	152.3	52.8	20.0	19.6
Decrease 1.1.-31.12.	-242.9	-115.7	-229.4	-12.3
Acquisition cost at 31.12.	511.9	602.5	67.4	276.8
Accumulated plan depreciation at 31.12.	-326.4	-428.5	-50.0	-209.5
Book value at 31.12.	185.5	174.0	17.4	67.3
Accelerated depreciation 1.1.	52.9	72.0	26.3	36.2
Increase 1.1.-31.12.	3.5	8.2		
Decrease 1.1.-31.12.	-28.3	-27.3	-14.6	-9.9
Accelerated depreciation at 31.12.	28.1	52.9	11.7	26.3
<b>Share of machinery and equipment of book value at 31.12.</b>				
	1.4	6.9		
<b>Other tangible assets</b>				
Acquisition cost at 1.1.	5.1	5.4	0.7	0.7
Increase 1.1.-31.12.	2.6	0.3	0.1	0.1
Decrease 1.1.-31.12.	-1.9	-0.6		-0.1
Acquisition cost at 31.12.	5.8	5.1	0.8	0.7
Accumulated plan depreciation at 31.12.	-1.5	-1.8	-0.1	-0.1
Book value at 31.12.	4.3	3.3	0.7	0.6
Accelerated depreciation at 1.1.		0.1		
Increase 1.1.-31.12.	0.1			
Decrease 1.1.-31.12.		-0.1		
Accelerated depreciation at 31.12.	0.1	0.0		
<b>Advance payments and construction in progress</b>				
Acquisition cost at 1.1.	146.4	58.1	22.0	39.4
Increase 1.1.-31.12.	50.3	153.1	1.6	4.0
Decrease 1.1.-31.12.	-160.2	-64.8	-3.6	-21.4
Book value at 31.12.	36.5	146.4	20.0	22.0

FIM million	SOK-CORPORATION		SOK					
	1996	1995	1996	1995				
<b>11. Non-current investments</b>								
<b>Shares in corporate companies</b>								
Acquisition cost at 1.1.			1 011.9	1 018.5				
Increase 1.1.-31.12.			245.2	116.9				
Decrease 1.1.-31.12.			-4.5	-123.5				
Acquisition cost at 31.12.			1 252.6	1 011.9				
Accumulated depreciation at 31.12.			-31.9	-31.9				
Book value at 31.12.			1 220.7	980.0				
<b>Shares in associated companies</b>								
Acquisition cost at 1.1.	404.3	397.8	431.6	453.9				
Increase 1.1.-31.12.	27.4	43.2	9.7	0.2				
Decrease 1.1.-31.12.	-0.2	-36.7	-0.2	-22.5				
Acquisition cost at 31.12.	431.5	404.3	441.1	431.6				
Accumulated depreciation at 31.12.	-94.6	-94.6	-76.0	-76.0				
Book value at 31.12.	336.9	309.7	365.1	355.6				
<b>Shares and holdings</b>								
Acquisition cost at 1.1.	291.3	277.0	286.6	286.3				
Increase 1.1.-31.12.	62.0	32.1	59.2	17.8				
Decrease 1.1.-31.12.	-65.8	-17.8	-65.6	-17.5				
Acquisition cost at 31.12.	287.5	291.3	280.2	286.6				
Accumulated depreciation at 31.12.	-134.0	-139.7	-123.9	-131.5				
Book value at 31.12.	153.5	151.6	156.3	155.1				
<b>Revaluations included in acquisition cost of shares</b>								
Revaluations at 1.1.	0.3	0.3	0.3	0.3				
Revaluations at 31.12.	0.3	0.3	0.3	0.3				
<b>12. Companies owned by the Corporation and the Parent company at 31.12.1996</b>								
	share holding %	Corporation's voting rights %	share-holders' equity FIM 1000	SOK's share-holding %	number	Shares owned by SOK nominal value FIM 1000	book value FIM 1000	Profit/loss FIM 1000
<b>Corporate companies</b>								
<b>Commercial</b>								
Automaa Oy	100.0	100.0	21 926	100.0	13 300	13 300	23 895	-7 504
Hankkija Agriculture Ltd	100.0	100.0	160 466	100.0	156 100	156 100	174 996	8 703
Helsinki Hotels Oy	90.0	90.0	17 923	90.0	27 000	27 000	25 586	6 114
Hotel City Vantaa Oy	99.9	99.9	22 617	99.9	135 541 997	20 331	13 229	1 240
Hämeenmaan Automarket Oy	90.0	90.0	27 231	90.0	32 400	32 400	32 528	-4 608
Hämeenmaan Hotellit Oy	100.0	100.0	-28 379	100.0	2 500	2 500	2 500	-5 256
Intrade Partners Oy	100.0	100.0	25 074	100.0	16 660	24 990	24 995	46
Jollas-Opisto Oy	100.0	100.0	24 231	100.0	24 000	24 000	24 000	506
Kuusinen Oy	100.0	100.0	5 161	100.0	7 500	1 500	3 075	145
Lahden Uusi Seurahuone Oy	100.0	100.0	584					581
Oy Maan Auto Ab	100.0	100.0	92 607	100.0	8 000 000	80 000	102 825	1 798
Oy Sokos Ab	100.0	100.0	116 720	100.0	200 000	100 000	150 071	-33 300
Oy Sokoteria Ab	100.0	100.0	96 095	100.0	29 000	58 000	80 248	1 192
SOK-Business Oy	100.0	100.0	-58	100.0	150	15	15	-18
SOK-Takaus Oy	99.9	99.9	26 267	99.9	249 763	24 976	26 977	33
Sokotel Oy	57.9	57.9	2 725	9.0	394	394	400	333
Turun Valtavaunu Oy	100.0	100.0	-669	100.0	30	30	3 861	-699
Ässähuoltamot Oy	90.8	90.8	2 071	90.8	18 158	1 816	1 816	262
Real estate companies (31 pcs)			554 520		911 388	313 947	529 661	-46 615
Total (under fixed assets)			1 167 112			881 299	1 220 678	-77 047
Real estate subsidiaries (66 pcs) (under stocks)			32 079			25 379	45 560	2 695
<b>Associated companies</b>								
As. Oy Hämeenkatu 29	25.1	25.1	17	25.1	377	0	4 975	-49
As. Oy Hätilänkivi	23.9	23.9	1 899	23.9	18 320	1 832	4 547	-3
Etelä-Suomen Huoltamot Oy	46.5	46.5	3 100	46.5	4 650	4 650	4 696	-701
Finn-Match Oy	33.3	33.3	709	33.3	5	500	500	0
Graanin Liikekeskus Oy	50.0	50.0	1 438	50.0	10 500	11	3 765	1
Inex Partners Group	50.0	50.0	62 604	50.0	40 000	40 000	40 000	31 401
Kiinteistö Oy Pysäköintiveturi	49.7	40.2	9 222	49.7	293	29	9 013	-1 027
Kiinteistö Oy Tullintorni	40.0	40.0	18 628	40.0	21 403	21	10 151	-936
Kiinteistö Oy Valkeakosken Liikekeskus	48.8	48.8	16 090	48.8	585 650	586	16 620	379
Kiinteistö Oy Vilhonk. 5	50.0	50.0	36 367	50.0	50 004	18 001	6	-5 934
Malmintorin Kiinteistö Oy	40.7	40.7	71 573	40.7	4 177	6 266	74 574	0
Realinvest Group	21.9	21.9	194 509	21.9	7 520 000	188 000	188 000	17 100
Tenco Group	50.0	50.0	-108	50.0	1 000	1 000	1 000	-707
Tullin Parkki Oy	45.1	30.0	11 236	45.1	246	25	5 448	-757
Hotellipankki Oy	24.7	24.7	397					0
Other companies (13 pcs)			286		14 343	1 135	1 849	-230
Total			427 967			262 056	365 144	38 537
Other associated companies (3 pcs) (under stocks)			2 553			1 021	4 538	2



	SOK's share- holding %	number	Shares owned by SOK nominal value FIM 1000	book value FIM 1000	Profit/ loss FIM 1000
<b>Other shares owned by the Parent Company</b>					
Paper and State Housing Board Companies		4 345	338	338	-16
Cervuctum Oy	18.8	150 000	15 000	14 997	
Keskus-Sato Oy	10.2	190 220	1 902	36 875	
Polar-Yhtymä Oy	4.6	5 305 272	53 053	47 747	
Other companies		221 256	12 955	56 339	
Total			83 248	156 296	
Total under fixed assets			1 226 603	1 742 118	
Total under stocks			26 400	50 098	
FIM million					
	SOK-CORPORATION		SOK		
	1996	1995	1996	1995	
<b>13. Taxable values of fixed assets</b>					
Land and water	528.4	415.8	74.4	87.3	
Buildings	682.5	699.9	31.2	32.9	
Shares in corporate companies			1 146.7	814.2	
Shares in associated companies	375.3	353.8	374.6	353.2	
Shares and holdings	100.8	147.3	86.5	136.3	
<b>14. Non-current investments and loan receivables</b>					
<b>Corporate companies</b>					
Shares and holdings			1 220.7	980.0	
Loan receivables			1 489.8	1 279.0	
Total			2 710.5	2 259.0	
Commitments for stabilising corporate company liabilities			608.9	673.8	
<b>Associated companies</b>					
Shares and holdings	336.9	309.7	365.1	355.6	
Loan receivables	73.5	23.2	73.4	23.2	
Total	410.4	332.9	438.5	378.8	
<b>15. Current assets</b>					
<b>Receivables due after one year or a longer period</b>					
Trade receivables	3.2	7.8			
Prepaid expenses and accrued income	5.0	4.5	3.5	1.3	
Other receivables	6.1	9.4	6.0	9.4	
Total	14.3	21.7	9.5	10.7	
<b>Receivables from corporate companies</b>					
Trade receivables			45.1	9.8	
Loan receivables				54.0	
Prepaid expenses and accrued income			26.7	1.5	
Current investments			226.1	123.8	
Total			297.9	189.1	
<b>Receivables from associated companies</b>					
Trade receivables	9.8	37.3	9.4	36.5	
Prepaid expenses and accrued income	1.4	2.5	0.7	2.5	
Current investments	8.1	5.1	8.1	5.1	
Total	19.3	44.9	18.2	44.1	
<b>16. Capital and reserves</b>					
<b>Restricted equity</b>					
Share capital at 1.1.	166.1	161.8	166.1	161.8	
Increase	28.8	5.6	28.8	5.6	
Decrease		-1.3		-1.3	
Share capital at 31.12.	194.9	166.1	194.9	166.1	
Share capital due will accrue in 1997-2000	26.9	22.8	26.9	22.8	
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.	622.7	623.3	72.2	72.8	
Decrease in connection with sale of fixed assets	-1.0	-0.6	-1.0	-0.6	
Revaluation fund at 31.12.	621.7	622.7	71.2	72.2	

FIM million	SOK-CORPORATION		SOK	
	1996	1995	1996	1995
<b>Non-restricted equity</b>				
Non-restricted equity at 1.1.	231.6	131.3	1 317.0	1 352.5
Interest on share capital	-12.8	-12.9	-12.8	-12.9
Donations	-0.1	-0.1	-0.1	-0.1
Other change	1.4	0.5		
Retained earnings at 31.12.	220.1	118.8	1 304.2	1 339.5
Profit for the period	28.4	112.8	22.1	-22.5
Total non-restricted equity	248.5	231.6	1 326.3	1 317.0
<b>17. Provisions</b>				
<b>Accelerated depreciation</b>				
Intangible rights	5.7	5.9	3.3	3.6
Goodwill	0.8	3.7		0.2
Other capitalised expenditure	5.6	2.6	1.4	1.6
Buildings and constructions	48.7	16.0	2.9	1.2
Machinery and equipment	28.1	52.9	11.7	26.3
Other tangible assets	0.1			
Total	89.0	81.1	19.3	32.9
<b>Voluntary provisions</b>				
Other provisions				
Transition provisions	54.6	60.6		
Housing provisions	0.3	0.2		
Total	54.9	60.8		
Tax liabilities equivalent to voluntary provisions	15.4	15.2		
<b>Obligatory provisions</b>				
Rent expenses against empty business premises	83.7	86.1	71.1	66.0
Other future expenses	9.3	1.6		
Total	93.0	87.7	71.1	66.0
<b>18. Creditors</b>				
<b>Liabilities due after five years or longer</b>				
Capital loan	120.0		120.0	
Loans from credit institutions	100.9	36.4	100.9	36.1
Pension loans	449.4	468.9	385.5	414.6
Other non-current liabilities	106.3	105.0	106.3	112.5
Total	776.6	610.3	712.7	563.2
<b>1996 Debenture Loan</b>				
Main loan terms:				
• Nominal value FIM 120 million.				
• Loan period 10 years. The date for redemption may be May 22nd, 2006, provided there remains full coverage for the restricted equity. In the event that the redemption conditions are not fulfilled, the period can be extended for a year at a time.				
• SOK has the unilateral right to repay the loan with interest at the nominal value already after 7 years on the interest payment day, and even earlier provided there remains full coverage for the restricted equity. The bearer of the debenture has not the right to withdraw or demand that the debenture capital be redeemed before due.				
• The interest for the first 10 interest periods is fixed at 9.75 %, after which time it is 5 percentage points above the 12 month Helibor rate. Interest may only be paid to the extent that payment does not exceed the amount of SOK's distributable profit on the unrestricted equity.				
• Any interest remaining unpaid shall remain a charge against SOK's assets on which interest shall be paid. This interest is to be paid before payment of interest on share capital or the distribution of the profit.				
• The loan is unsecured. In the event of the possible liquidation or bankruptcy of SOK, debenture bearer claims have a lower priority than other SOK's obligations and equal priority with any other possible SOK capital loans. No claims based on the loan may be set off against any counter-claims.				
<b>Liabilities to corporate companies</b>				
Other non-current liabilities			7.5	7.5
Trade payables			90.5	95.5
Accrued liabilities and deferred income			34.5	2.6
Other current liabilities			616.9	476.2
Total			749.4	581.8
<b>Liabilities to associated companies</b>				
Other non-current liabilities	11.7		11.7	
Trade payables	149.6	144.8	142.6	140.6
Accrued liabilities and deferred income	0.5	1.8	0.4	1.7
Other current liabilities	26.3	71.3	26.3	71.3
Total	188.1	217.9	181.0	213.6
<b>Debentures</b>				
Other variable-interest bonds		48.5		48.5

FIM million	SOK-CORPORATION		SOK	
	1996	1995	1996	1995
<b>19. Contingent liabilities</b>				
<b>Pledges and contingent liabilities</b>				
<b>For own liabilities</b>				
Pledges	418.7	491.9	329.3	407.4
Mortgages	323.4	420.8	36.0	39.9
Total	742.1	912.7	365.3	447.3
<b>For corporate companies' liabilities</b>				
Pledges	71.7	65.6	71.7	65.6
Mortgages	1 049.4	1 227.0	13.1	15.3
Guarantees			459.5*	615.5*
Total	1 121.1	1 292.6	544.3	696.4
<b>For associated companies' liabilities</b>				
Pledges	1.8		1.8	
Mortgages	11.8	23.9	6.8	7.5
Guarantees	83.8	98.4	28.5*	37.3*
Total	97.4	122.3	37.1	44.8
* Includes liabilities to corporate companies for redemption of mortgage securities				
<b>For cooperative societies</b>				
Pledges	3.8	3.8	3.8	3.8
Mortgages	0.2		0.2	
Guarantees	168.2	214.0	25.0	25.0
Total	172.2	217.8	29.0	28.8
<b>For others</b>				
Pledges		1.7		
Guarantees	16.2	2.4	16.2	4.1
Total	16.2	4.1	16.2	4.1
<b>Other own contingent liabilities</b>				
Leasing liabilities	19.9	20.4	2.9	6.5
Repurchasing liabilities	222.5	185.1	77.2	59.8
Installment liabilities	82.0	73.3		
Other liabilities	0.2	1.2		
Total	324.6	280.0	80.1	66.3

#### Pension liabilities

Uncovered joint liability on voluntary pension commitments of FIM 145.8 million (1995 FIM 239.1 million). Included as SOK's own share of FIM 44.4 million (1995 FIM 51.0 million) in SOK's balance sheet under non-current liabilities.

#### Nominal values of derivative instruments on 31. December 1996

Forward Rate Agreements	6 400.0	6 400.0
Interest options		
Purchased	1 562.0	1 562.0
Written	93.0	93.0
Interest rate swaps	1 060.0	1 060.0
Currency forwards	378.8	493.3
Currency options		
Purchased	42.5	42.5
Written	32.9	32.9
Stock forwards	25.4	25.4
Stock options		
Purchased	5.7	5.7
Written	6.9	6.9

In examining the overall risk position account should be taken of the position of the hedged balance sheet items in addition to the derivatives.

## SOK CORPORATION KEY RATIOS 1992-1996

	1992	1993	1994	1995	1996
<b>Net sales</b>	6 739	10 327	11 206	10 325	11 498
<b>Operating profit</b>					
FIM million	143	229	307	316	117
% of net sales	2.1	2.2	2.7	3.1	1.0
<b>Profit/loss before extraordinary items, voluntary provisions and income taxes</b>					
FIM million	-67	-145	73	91	42
% of net sales	-1.0	-1.4	0.7	0.9	0.4
<b>Profit/loss before voluntary provisions and income taxes</b>					
FIM million	-41	-271	64	89	33
% of net sales	-0.6	-2.6	0.6	0.9	0.3
<b>Return on equity, %</b>	-6.8	-2.6	12.9	16.7	3.2
<b>Return on investment, % <sup>1)</sup></b>	7.4	7.7	8.8	10.4	5.5
<b>Equity ratio, % <sup>2)</sup></b>	20.7	17.6	19.6	21.9	23.7
<b>Gross investment in fixed assets</b>					
FIM million	225	1 111	366	251	423
% of net sales	3.3	10.8	3.3	2.4	3.7
<b>Gearing, %</b>	203	208	142	105	112
<b>Personnel average for the year</b>	5 059	5 323	4 949	4 136	4 211

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### CALCULATION OF KEY RATIOS

$$\text{Return on equity, \%} = \frac{\text{Profit/loss after financial items} + \text{value adjustment on investments} - \text{income taxes}}{\text{Capital and reserves} + \text{minority interest} + \text{untaxed provisions}^* (\text{average})} \times 100$$

$$\text{Return on investment, \%} = \frac{\text{Profit/loss after financial items} + \text{interest and other financial expenses} + \text{value adjustment on investments}}{\text{Total assets} - \text{interest-free liabilities} - \text{obligatory provisions} (\text{average})} \times 100$$

<sup>1)</sup> The method of calculating the return on investment changed in 1996, and this has been applied retrospectively to the 1992-95 figures. According to the new method value adjustment on investments is equatable to extraordinary items, obligatory provisions are deducted from capital employed and the derivatives used to protect interests on loans are treated on a net basis (formerly a gross basis); net basis treatment reduces interest expenses (and income) as follows:

Year	1992	1993	1994	1995	1996
FIM million	85.1	97.4	88.0	83.1	72.8

Interest-free liabilities					
FIM million	1 052	1 532	1 570	1 737	1 759

$$\text{Equity ratio \%} = \frac{\text{Capital and reserves} + \text{minority interest} + \text{untaxed provisions}^*}{\text{Total assets} - \text{advances received}} \times 100$$

<sup>2)</sup> If the capital loan entered under liabilities in the balance sheet is considered as comparable to capital and reserves, the equity ratio for 1996 was 25.8 %.

**Gross investment in fixed assets** = Increase in fixed assets + increase in fixed assets due to changes in corporation structure

$$\text{Gearing, \%} = \frac{\text{Interest-bearing liabilities} - \text{liquid funds}}{\text{Capital and reserves} + \text{minority interest} + \text{untaxed provisions}^*} \times 100$$

The average personnel for the year has been calculated on the basis of the monthly averages.

\* Untaxed provisions includes accelerated depreciation and voluntary provisions. Deferred tax has not been deducted.

# PROPOSAL OF THE EXECUTIVE BOARD

## CONCERNING THE USE OF SOK'S PROFIT FOR THE YEAR

The Executive Board proposes that the profit for the fiscal year of FIM 22 097 415.85, be used as follows:

- an interest of 8 % be declared on shares fully paid up by cooperative societies by the beginning of the year 13 288 512.00 FIM
- be left in the profit account 8 808 903.85 FIM

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

Share capital	194 892 000.00 FIM
Reserve fund	65 081 200.00 FIM
Revaluation fund	71 210 000.00 FIM
Disposal fund	1 254 275 860.08 FIM
Supervisory Board's Disposal fund	212 161.20 FIM
Profit account	58 526 564.49 FIM
<hr/> Total	<hr/> 1 644 197 785.77 FIM

Helsinki, March 20, 1997

Jere Lahti

Eero Kolamo

Jukka Salminen

Risto Mäkeläinen

Olavi Kuusela

Aino Toikka

# 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. - 31.12.1996. 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. 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 22,097,415.85 and the consolidated accounts which show an unrestricted equity of FIM 248,529,861.88, have been drawn up in accordance with the Accounting Act and other relevant reg-

ulations 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. 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 accumulated profit and transfers to funds is in accordance with the Cooperative Societies Act and the rules of the Cooperative.

Helsinki, March 26, 1997

Jorma Jäske  
CPA

Tapani Rotola-Pukkila  
CPA

Juhani Heiskanen  
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 1996, together with the related financial statements and proposal for using 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 result for the year and shareholders' equity be endorsed.

The following members of the Supervisory Board are retiring upon completion of their terms of office: Tauno Rieki, Esko Hakala, Leo Laukkanen, Matti

Ojanperä, Tuomo Herrala, Jorma Niinaho and Pekka Kangasmäki. The Annual General Meeting shall elect members to replace them for the following term of three years.

Helsinki, April 2, 1997

SUOMEN OSUUSKAUPPOJEN  
KESKUSKUNTA

On behalf of the Supervisory Board

Kari Neillimo  
Chairman

Osmo Maunuksela  
Secretary

## FIELD DIVISION



Eero Kolamo

The Field Division included the SOK Corporation's subsidiaries Hankkija Agriculture Ltd, Hämeenmaan Automarket Oy, five hotel companies, and the chain and support services for the retail outlets, hotels, restaurants and service stations of the regional societies. It also included the marketing and customer-owner services. The Division was led by Eero Kolamo.

The fall in food prices consequent to joining the European Union boosted sales volumes. It is also estimated that the value of sales increased slightly, with the larger food stores expanding sales more quickly than the smaller outlets. The S Group again showed excellent progress with sales up by 7.8 %. It thus improved its market position for the sixth year running, from 21.9 % to an estimated 23 %.

The hotel and restaurant business developed at the same pace as the national economy or a good four per cent. In both branches there was a clear upturn towards the end of the year. Licensed restaurant sales rose by 4 %, with food sales up by almost 7 % but beer sales falling. The growth in hotel room sales of 6 % was due entirely to home-market customers. The occupancy rate rose to 46 %. The S Group managed a moderate increase in its market share in the licensed restaurant and hotel businesses.

A minor improvement occurred within the agricultural trade. There was a strong expansion in the machine business, with tractor and farm machine sales up by almost a quarter. The grain harvest was 11 % larger than the previous year. The S Group's market share fell slightly to about 50 per cent.

Restructuring continued in the service station business. Traditional service stations lost out to the store-type and automatic petrol stations. The number of outlets fell by more than 50. Many service stations have come to rely on grocery sales, with the number of food stores increasing by almost 40 to a total of 150. Reduced motoring due to tougher fuel taxes and the continued depression

caused a 3.3 % reduction in petrol consumption. Nevertheless, the S Group significantly improved its market position in the fuel trade.

### Hankkija Agriculture Ltd

Hankkija Agriculture Ltd is engaged in the agricultural, hardware and garden trade. At the beginning of the year the company reorganised by combining its Agrimarkets, Agristores and Rauta-Hankkija hardware stores into the Agrimarket chain. At year end there were 24 full-service Agrimarkets and 85 Agrimarket stores. In addition, the chain included 7 Agrimarkets and 20 Agrimarket stores belonging to the regional cooperatives.

The company's turnover amounted to FIM 2 952 million, up 7.7 % over the previous year. The agricultural machinery business did extremely well, particularly sales of farm implements. The emphasis in demand is moving towards ever larger machines. There was a slight growth in market shares for the company's own Massey Ferguson and John Deere tractors. With the chain's acquisition of the sole representation for the Antti dryer, sales of combine harvesters and corn dryers increased rapidly.

Competition was extremely fierce in the fertilizer and feed trade. The grain trade returned to its normal level after the previous year's downturn and was particularly successful in the autumn. Sales of grain to domestic industry increased, likewise exports both within and outside the EU. The most significant fall in demand was experienced in the seed trade.

Measures taken to develop the hardware business started to produce results. The extension of hardware goods to all chain outlets plus range improvements led to an increase of 14 % in sales. Good performance was also recorded in the garden supplies business.

A major refurbishing and development project is being carried out in the company's store network. This has already been completed in 30 outlets, eight of

which were relocated. The project will be completed within the next few years. Another on-going project aims at producing a uniform image and range for all chain outlets.

Since the beginning of 1996, the bonus system has been extended to S Benefit Card holders on their purchases of hardware and garden goods, and spare parts.

On May 31, Hämeenmaan Maatalous Oy was absorbed into Hankkija Agricultural Ltd. At the end of the year the company had 682 employees.

1996	FIM million	Change
Net sales	2 952	+ 212
Operating income before depreciation	94.2	-3.8
Operating profit after depreciation	65.9	-3.8
Profit after financial items	62.0	- 0.8

### Oy Sokoteria Ab

The company is SOK's subsidiary in the hotel and restaurant business, with 13 hotels throughout Finland. It accounts for about one third of total Sokos Hotels sales and rooms.

On June 30th, the company acquired the stock of the Lahden Uusi Seurahuone Oy. The refurbishing of the Sokos Hotel Iives was begun in the spring and is estimated to be completed within three years. The Sokos Hotel Tammer's restaurants were renovated during the summer and work on planning an extension to the Sokos Hotel Vaakuna in Rovaniemi was begun in the autumn.

Efforts to improve sales and quality, and guarantee cost effectivity were continued. Important areas of emphasis were enhancing customer satisfaction and clarifying business ideas. Staff training was another key area of development.

Net sales rose by 7.9 % to FIM 380 million. The company had 628 employees on its payroll.

1996	FIM million	Change
Net sales	380	+28
Operating income before depreciation	48.1	+6.2
Operating profit after depreciation	26.9	+5.4
Profit after financial items	29.3	+7.9

### Helsinki Hotels Oy

The company, owned 90 % by SOK and 10 % by the Helsinki cooperative society, operates hotels and restaurants in the Helsinki metropolitan area. At present it has 7 hotels, and it accounts for about a quarter of total Sokos Hotels sales and rooms.

Sokos Hotel Vaakuna's remodelled restaurants were opened in January. The reparation of the Sokos Hotel Hesperia's function rooms and conference wing was completed in March, Sokos Hotel Torni's garden was refurbished in May, and Sokos Hotel Klaus Kurki's renovated restaurants were reopened in August.

Work on the Sokos Hotel Helsinki's extension and new restaurants continued throughout the year and the hotel will reopen in March 1997.

The restaurant operations of the Sokos Hotel Tapiola Garden were sold on August 1st to HSY (Samkommunen för huvudstadsregionens svenskspråkiga yrkesskolor).

Efforts to increase sales and quality, and guarantee cost effectivity were continued. Important areas of emphasis were enhancing customer satisfaction and clarifying business ideas. Staff training was another key area of development.

The company's net sales totalled FIM 271 million, up 24.1 %, and it employed a staff of 307.

1996	FIM million	Change
Net sales	271	+53
Operating income before depreciation	27.9	+23.4
Operating loss after depreciation	9.4	+24.3
Loss after financial items	8.4	+23.2

### Other hotel companies

Hämeenmaan Hotellit Oy is a SOK subsidiary in the hotel and restaurant business, with 4 hotels in the Häme area. The old wing of the Sokos Hotel Ascot in Lahti was relinquished at the end of the year. The company's net sales totalled FIM 47.0 million, down 21.7 % over the previous year, and it employed a staff of 64.

The Hotel City Vantaa Oy in Tikkurila, Vantaa, transferred to SOK on April 1st. The company's net sales totalled FIM 39.6 million, up 19.3, and it employed a staff of 48.

Lahten Uusi Seurahuone Oy is a subsidiary of Oy Sokoteria Ab and owns one hotel in Lahti. Its net sales for the 11 month account period were FIM 21.6 million and it employed a staff at year end of 73.

### Hämeenmaan Automarket Oy

Hämeenmaan Automarket Oy, established by SOK and the Hämeenmaa cooperative society, is responsible for the grocery trade in the society's area. In accordance with the redivision of operations, the company became a 90 per cent owned SOK subsidiary on March 5th. The company's aim is to build and operate new supermarkets in Hämeenlinna, Riihimäki and Lahti. Responsibility for the S Markets operating within the Lahti and Hämeenlinna Sokos department stores were transferred to the company from January 1st, 1997. The Hämeenmaa society is responsible for the operative management of the company.

The Hämeenlinna Prisma hypermarket was opened on 28th March. Agreements on the building of an S Market in Riihimäki and a Prisma hypermarket in Lahti were drawn up during the autumn. These are scheduled to open in 1997.

The company's net sales for its first account period were FIM 81 million and it employed a staff at year end of 49.

### Market Chain Management

The unit is responsible for guiding the 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 15 270 million, a growth of 6.7 %. Groceries and fresh foods grew by 7.8 % to FIM 12 152 million. The S Group's market share in the supermarket business grew significantly and is estimated to be over 23 per cent. All in all, the S

Group's chains recorded good results in 1996.

With 254 outlets, an increase of nine, the S Market remains the largest grocery chain within the Group. Sales amounted to FIM 6 673 million, up 8.7 %, with sales in its main lines growing by 8.9 %.

Prisma hypermarkets continued their strong growth. Sales totalled FIM 4 953 million, up 11.1 %, with grocery sales increasing by 10.6 % and consumer goods sales by 9.2 %. During the year two new outlets were opened bringing the total up to 30.

The number of outlets in the Sale chain fell by six to 162. Sales increased by 4.2 % to FIM 983 million.

Major improvements were carried out in chain outlets. New Prisma hypermarkets were opened in Hämeenlinna and Kuopio, and significant extensions made to those in Joensuu, Kotka and Kouvola. The most important investments in the S Market chain were the opening of large outlets in the Sokos department store, Kasarmintori and Vuosaari in Helsinki, and in Keuruu, Kotka, Seinäjoki, Sipoo, Sodankylä and Tuusula.

Work on installing and updating POS systems proceeded according to plan, and a start was made to an on-line back-up system. By the end of the year the retail control system was operative in 11 regional societies. The EAN-code based ordering system was extended to embrace 20 suppliers, which is about 70 % of order line volume.

During the year the competitive strategy for supermarkets was updated and work begun on revising business ideas and concepts. A new range strategy was introduced for consumer goods and work begun on making the necessary adjustments. The development of a consumer goods support system was initiated.

### 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, forming chains and guiding their operations. The company is also responsible for the chain's marketing and guiding their sales, as well as developing logistics and information systems for the whole sector.

S Group hotel and restaurant sales totalled FIM 2.1 billion, an increase of 6.6 %. With 267 hotels and restaurants, the Group's share of the hotel market was 24.8 % and the licensed restaurant market 17.4 %. This was a significant improvement in performance.





*The Hämeenlinna Prisma hypermarket*

The Sokos Hotels chain consisted of 43 hotels in Finland and the Hotel Viru in Tallinn, Estonia. One new hotel joined the chain during the year, the Sokos Hotel Lahden Seurahuone. In addition the S Group has 10 other smaller hotels in the country.

With its reputation for reliability and presence in all major towns, Sokos Hotels is the leading hotel chain in Finland. Chain sales totalled FIM 1.1 billion, up 8.9 %. The occupancy rate was 52.6 %, which was clearly higher than the national average.

There are 93 restaurants in the S Group's chains. The largest in the Group and the country is Rosso, which operates 45 family restaurants throughout Finland. Other national chains include Fransmanni, which operates within Sokos hotels, and the Amarillo, Sevilla and Memphis chains. Total restaurant chain sales were FIM 563 million, up 4.9 %. Profitability remained good.

Sokotel Oy's net sales totalled FIM 24.6 million and it employed a staff of 34 at year end.

### 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 petrol stations at the end of the year was 208, an increase of 16. Of these 105 were full-service outlets with shops attached and 103 automatic petrol stations. Oy Shell Ab is the main oil-company partner, with a share of 62 %. Total sales came to FIM 1 912 million, up 21.6 %.

During the year the company concentrated on developing and carrying out new business concepts, the detailed extension of the systems base, site acquisition, and designing and driving-in full-service outlets and automatic petrol stations. During the year the cooperative societies opened three new full-service Shell outlets: in Kokkola on the M8, Salo and Helsinki's East Centre. In addition, many new automatic petrol stations were opened and existing service stations refurbished according to the new chain concepts.

The S Group's petrol business developed well and for the first time its market share rose over 10 %. This was mainly due to the expansion in the network, but also customer-owners were more active in using bonus service stations.

Ässähuoltamot's turnover from chain and opening charges on service stations was FIM 3.0 million and it employed a staff of 5.

### Marketing and Customer-Owner Services

Marketing Services is the internal advertising agency for the S Group. It designs and carries out advertising for the Group, its chains and subsidiaries, and the regional societies, using the latest information technology and networks.

During 1996 the unit made a concerted effort to improve staff skills and know-how to ensure efficient production. The main training project concerned mastering the Internet and its role as a corporate tool. As a result, Web sites for the S Group were designed and launched. Collaboration in advertising with the cooperative societies became closer once the unit began using the Prisma data bank when making press advertisements for the Prisma hypermarkets.

During the year Marketing Services produced direct advertising aimed at customer-owners, catalogues and brochures for the chains, press, TV and radio advertising, and in-store advertising. The joint S Group "Your Benefits in Finland" campaign was carried out in the press and TV, as direct and outside advertising, and also at fairs and exhibitions.

Customer-Owner Services produces and develops the customer-owner service system and customer relations marketing which are the S Group's prime weapon in competition.

The 1996-97 development programme for information systems was completed during the year. From the point of view of the regional societies and customer-owners, the most important elements are the new data systems for the savings funds and member administration. Networking was introduced for customer service work stations within the regional societies during the year, which means that all related services are now with one

uniform system. The new member administration system also enables the development of multi-media interactive communications.

Studies were increasingly used to develop the customer-owner concept. In addition, work was begun on designing a model for a customer response system. The object is to produce a strategic model with its related business operation links and to define the system itself together with pilot applications.

To improve recognition, S Account and S Credit holograms were added to the S Benefit Card. The instructions concerning and related information were also revised.

At year-end there were 481 000 customer-owner householders within the bonus system, an increase of 77 000. S Benefit Card recorded bonus purchases amounted to FIM 9.3 billion, up 26 %, of which FIM 211 million was returned to customer-owners in the form of bonuses.

Customer-owners in the regional societies numbered 526 235 at year end. The number of S Benefit Cards in use was about 1 300 000, of which about 190 000 had S Account or S Credit facilities.

Customer-owners received a monthly personalised letter from the management of their regional society, enclosing their bonus and S Account statements, and Yhteishyvä, the S Group's customer magazine. It also included information about products and services offered by the S Group.

## SPECIALTY STORES DIVISION



Olavi Kuusela

The Specialty Stores Division consisted of the SOK subsidiaries Oy Sokos Ab, Kuusinen Oy, Intrade Partners Oy, Oy Maan Auto Ab, Automa Oy and Turun Valtavaunu Oy. The Division was led by Olavi Kuusela.

Largely as a result of the powerful expansion of the hypermarkets group, the department stores expanded their share of the retail market. Specialised chains strengthened their position through opening new outlets and new chain groupings. Exceptional weather conditions proved problematic in the textile, clothing and footwear businesses. On the other hand, sales of giftwares, domestic appliances and furniture expanded with the release of pent-up demand caused by the depression. The S Group retained its 33 % share of the department store market, thanks mainly to excellent performance by the Prisma chain.

The automobile business was one of the fastest growing sectors of the Finnish retail trade. Over 95 000 new cars were registered, a fifth more than the year before. The growth was evenly divided between private and corporate buyers. Sales of vans also grew strongly. As the existing stock of cars is aging there is a strong pressure to renew in the near future.

### Sokos Group

At year end, the national Sokos department store chain had 22 stores, of which 17 were owned by SOK and 5 by the regional societies. In addition the chain included one Valioasu and two Sokos Fashion boutiques, and the Sokos department store in Tallinn, Estonia, owned jointly by SOK and the German Kaufhof Warenhaus AG. During the year a Sokos Fashion store was opened in Kajaani and three Valioasu shops were closed. Another Valioasu shop was converted into a Sokos Fashion store in Rauma.

The comparable rise in chain sales was 1.5 %. Sales of consumer goods fell by 2.1 % whereas those of groceries rose by 7.0 %. Several extensive investment

projects were carried out during the year and these hampered growth, particularly in consumer goods.

The Citysokos Group was converted into a limited company on September 1st. The name of the new company is Oy Sokos Ab and its store network consists of the former SOK department stores and specialty shops. During the year the following decisions were taken: the Savonlinna Sokos department store and three food departments were transferred to the regional societies, the Vaasa department store was closed down, the Hämeenlinna, Kouvola and Lappeenranta Sokos stores and the Salo Valioasu shop were converted into Sokos Fashion stores and the Helsinki East Centre Sokos into a Ruljanssi remainders store. Accordingly, the new company has nine Sokos department stores, eight Sokos Fashion stores and one Ruljanssi remainders store.

Of all the projects completed during the year, the most important was the re-opening of the enlarged and completely refurbished Helsinki Sokos. Due to the accelerated building schedule, there were times when only some 25-30 % of the store was in use but limited ranges of goods were available to customers throughout the whole period. Another major enlargement and refurbishing project was completed in Jyväskylä in November. Refurbishing projects for the Seinäjoki and Joensuu stores were completed, and that for Lahti will be concluded in March 1997.

Work continued on developing information systems: a PC network was introduced throughout the chain and the REX goods management system was upgraded to improve reporting and software applications. The first installations of the ICL electronic point-of-sale system were made in Helsinki and Tapiola.

One of the main objectives of the company is to provide excellent customer service. This demands the best possible input and customer orientation from all employees. To ensure this the company's organisation was rebuilt to

emphasise cooperation from customer to manager in all product groups. The three-year staff training programme stresses the personal responsibility in customer service of each individual as a member of a team. During the year a performance-based pay system was introduced for the sales staff.

As part of the competitive strategy and tough renewal programme for the stores, it was decided to reintroduce the name Sokos. Excellent feed-back has been received from our customers who associate it with something safe and traditional, yet also conveying a high quality and modern image.

Net sales of the SOK-owned Sokos Group amounted to FIM 1 361 million and it employed a staff of 1 693. The company's financial result was burdened not only by considerable refurbishing and investments, but also by chain restructuring and the adjustment of small outlets to the new specialty store concept.

1996	FIM million	Change
Net sales	1 361	-10
Operating income before depreciation	-83.7	-81.9
Operating loss after depreciation	-106.7	-82.4
Loss after financial items	-126.0	-77.1

### Kuusinen Oy

Kuusinen sells ladies' and men's international brand fashions and footwear. With three stores in Helsinki, the company's net sales were FIM 44.3 million, down 0.8 % as a result of closing the cosmetics department. Personnel at year-end totalled 46.

### Intrade Partners Oy

Intrade Partners is an SOK-owned subsidiary, responsible for sourcing home, clothing and leisure goods for the S

Group market chains. Its largest clients are the Prisma and S Market chains. Prisma's share of total chain purchases was 74 %, an increase of 15 %.

The company's objective is to improve the competitiveness and profitability of its client chains' consumer goods business. Increased market shares for the S Group chains in the consumer goods trade considerably boosted the company's trading volumes. There was a particularly powerful growth in deliveries from terminals.

During the year the company concentrated on improving the quality and reliability of its operations. A major effort was made to develop information systems.

Under the name of Premium Trading the company purchases shop furnishings and equipment for S Group outlets. Institutional fabrics and restaurant equipment were also delivered to clients outside the Group. S Group investment projects considerably boosted sales of store furnishings. Company net sales expanded by 48 % to FIM 184 million.

Intrade Partners Oy had a staff of 115 at year end.

1996	FIM million	Change
Net sales	933	+107
Operating income before depreciation	7.5	-4.3
Operating profit after depreciation	4.7	-4.3
Profit after financial items	7.6	-1.9

### Oy Maan Auto Ab

The company is an SOK subsidiary, importing and marketing Peugeot cars, spares and accessories through a network of dealers in Finland and Estonia. At year end its network included 37 dealerships, of which 7 were owned by Automaa Oy, 15 by the regional societies, and 15 by private companies.

The growth in Peugeot car registrations was slightly faster than the national average and was 24.3 % higher than the previous year. The new luxurious family Peugeot 406 introduced in February sold particularly well. Like its predecessor, the Peugeot 405, the 406 was also chosen as "Car of the Year". Peugeot's market share increased from 5.2 to 5.3 %. Altogether 5 116 Peugeot private cars were registered. Some 160 Peugeot vans were also registered.

The business expanded strongly also in Estonia with 347 vehicles being sold, twice as many as the year before.

The company continued to concentrate on improving cost efficiency in car and spare part logistics and enhancing its marketing effort.

Net sales increased by 34.2 % to FIM 637 million. Despite the clear upturn in volumes, the sharp fall in the value of the Finnish mark at the beginning of the year and fiercer competition meant that sales margins and profits were lower than the year before. Personnel at year end totalled 49.

1996	FIM million	Change
Net sales	637	+162
Operating income before depreciation	22.2	- 0.1
Operating profit after depreciation	19.2	+ 0.8
Profit after financial items	17.8	- 3.6

### Automaa Oy

The company is the SOK subsidiary for retailing and servicing cars in Helsinki, Espoo, Vantaa, Tampere, Jyväskylä, Hämeenlinna and Forssa. On January 1st, 1997, the company sold its Forssa operation to PP-Auto Oy, which is owned by the Salo District Cooperative Society.

All the company's units represent Peugeot cars, with Hämeenlinna and Forssa also representing Nissan. During the year

2 117 Peugeot and 159 Nissan cars were sold.

The S Group's customer-owner bonus system now covers car, spare parts and servicing sales in all retail outlets, following the inclusion of the Hämeenlinna and Forssa units at the beginning of April.

Although sales and performance in servicing and spare parts operations were up to budget and new car sales developed satisfactorily, the downturn in traded-in cars had an adverse effect on the company's overall result.

Net sales increased by 31.3 %, bringing the year's total up to FIM 417 million. The number of employees at year end was 190, an increase of 46 due to the expansion in the sales network.

1996	FIM million	Change
Net sales	417	+ 99
Operating income before depreciation	-4.2	-8.1
Operating profit after depreciation	-6.2	-8.6
Profit after financial items	-7.5	-8.4

### Turun Valtavaunu Oy

The Peugeot dealer in the Turku area operates under the name of Turun Valtavaunu Oy, and the company passed into SOK's hands on August 1st. The company sold 353 Peugeot cars. In agreement with the Turku Cooperative Society, the company introduced the customer-owner bonus system at the beginning of September.

The company's net sales totalled FIM 71 million, up 13.6 %. Its profit after financial items was FIM 0.9 million and it had a staff of 26.



*The atrium of the Helsinki Sokos department store*

# ADMINISTRATIVE DIVISION



Jukka Salminen

The Administrative Division was responsible for the accounting, finance, real estate management, business site development, legal affairs and administrative services of the SOK Corporation. It was led by Jukka Salminen.

## Accounting

In addition to the financial control of the SOK Corporation, the unit was also responsible for drawing up common principles and guidelines on financial control within the S Group in such fields as internal accounting, bookkeeping, closing the books and taxation.

Provision was made for changes in accounting legislation and the regional societies' accounting system by completely updating the societies' accounts chart. The Group bookkeeping and accounting system was improved to accommodate the increasing need for supplementary information to the financial statements and more flexible reporting.

Work on revising the management information system reached the pilot stage. The project utilised navigator programmes for interfacing and the S Group's information network for obtaining rapid and accurate information.

Good progress was made with the system for transmitting daily sales data and credit card transactions. Parts of new accounting system for the regional societies were defined and a plan drawn up. The new consolidated accounting system will be taken into use by the first two regional societies on January 1, 1997. The project to rationalise the handling of invoices, set up the year before, reached the model versions stage and also defined software requirements. Budgeting procedures relating to the S Group's accounting system were implemented by SOK and some of the regional societies.

Personnel and customer satisfaction studies were used in developing staff service, quality and interactive skills.

## Finance

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

Diversification of the Corporation's financing continued in respect to sources and instruments.

In order to strengthen its financing and the structure of its balance sheet, SOK floated a 10 year capital debenture loan in May-June with a nominal value of FIM 120 million. The debenture was listed on the Helsinki Stock Exchange.

Interest risks on the Corporation's floating-rate loans were fully protected by interest options and hedging operations were carried out to secure loans in foreign currencies. Derivatives were used almost exclusively to hedge against financial risks.

The guarantees issued by SOK-Takaus Oy were mainly to the societies. At year-end these stood at FIM 514 million, a reduction of FIM 157 million due to the diminishing need by the societies for guarantees. Counter-sureties and own funds amounted to FIM 630 million.

## Real Estate Management

The unit is responsible for the Corporation's real estate, as well as property development and management.

Property investments amounted to FIM 241 million. The largest single project within SOK's investment programme was the refurbishing of the Helsinki Sokos department store and Sokos Ho-

tel Vaakuna. The Vaakuna's 10th floor restaurants were reopened early in the year and Sokos, with its S Market, in the autumn. The major refurbishing of the Jyväskylä Sokos store was completed in October. In Helsinki, work on the tunnel under Mannerheimintie street connecting Sokos to the Forum shopping mall began in autumn and will be completed in October 1997.

Real estate to the value of FIM 158 was sold during the year. The Prisma property in Pietarsaari was sold to the Central Ostrobothnia cooperative society and the former Limingantulli regional warehouse to the Arina cooperative society. Finnilä House in Vallila, Helsinki, was sold to Sato Vuokra-asunnot Oy for renting out. SOK sold all its SHB apartments to the Sato Group.

The total amount of unoccupied premises was 38 606 m<sup>2</sup>, which was 23 000 m<sup>2</sup> less than the year before. Some 71 % of these were warehouse, office and factory premises.

The most important tenant is the Sokos department store chain. The unit's income from rents was FIM 462 million, of which FIM 127 million came from outside tenants. The profit after financial items remained at the same level as the previous year.

During the year an environmental programme was drawn up for real estate management, with the necessary measures and training being implemented in 1997.

The "For you, our Customer" staff training programme continued, the main aims of which are customer satisfaction, work satisfaction and economic performance.

## Other units

The other units within the Administrative Division were Business Site Develop-

## CORPORATE DEVELOPMENT AND PLANNING



Risto Mäkeläinen

ment, Legal Affairs and Administrative Services.

The main task of the business site development unit was preparation for the S Group's target network and develop existing properties.

The legal unit manages the legal affairs of the SOK Corporation. Work focussed on drawing up contracts and agreements relating to the Group's business operations, measures relating to the introduction of the revised savings fund legislation, real estate law, and the effect of joining the EU on legislation and business activities.

The administrative services unit is responsible for providing centralised services in the Assäkeskus office and coordinating similar services throughout the whole S Group.

In 1996 the unit included Field Consulting, Strategic Planning, Information Systems, the Cooperative Department and development projects in the Baltic and St Petersburg areas. It was led by Risto Mäkeläinen.

### Field Consulting

Work during the year focussed on guiding regional cooperatives in implementing the S Group's strategy, fine-tuning business structures, preparing investments in collaboration with regional society managements and supervising society finances.

In accordance with the accounting guidelines approved by the SOK Supervisory Board, the performance and financial criteria for the societies were defined. The unit supported the societies in drawing up their annual budgets through the provision of business environment analyses and budget guidelines.

The unit helped in preparing the S Group's competitive strategies, network objectives and data management strategy, as well as Tenco Oy's department store projects in the Baltic countries.

In collaboration with management, a re-division of operations was carried out in the Lahti area of the Hämeenmaa cooperative society. Under this the society is responsible for the supermarket and restaurant operations. SOK's subsidiary, Hämeenmaan Automarket Oy, is responsible for the investments and business operations of new supermarket outlets. As part of these arrangements, the Corporation purchased 5 supermarket and 3 service station properties from the society. Consequent to the arrangements, the society's performance improved and it showed a profit after financial items, and the S Group strengthened its market position in the local grocery trade.

Legislation concerning the savings funds was revised once the amendments to the Cooperative Societies Act approved by parliament came into force on July 1st. Together with the societies, SOK's experts prepared the rules governing savings funds operations within the societies' by-laws, the general terms and conditions for member investment accounts, as well as the changes in the guarantee circle contracts and the instructions for supervising the legality of savings funds operations.

Responsibility for the savings funds operations of a society rests with its executive board and the operations are supervised by a special inspector. The society is liable to its member investors for their investments. Responsibility for the repayment of member investments rests in the first instance with each society to the extent of its total assets, but in addition the society has two separate guarantee circle contracts, the first formed by 22 regional and the second by 13 local societies with savings funds. Under the guarantee circle contract, SOK is responsible for supervising the savings funds operations. During the year member investments in the societies increased by FIM 211 million to a year end total of FIM 1 403 million.

### Strategic Planning

Strategic Planning's main preoccupations were the updating of competitive strategies and other strategic projects.

In respect to the mail order business, an experiment was launched in collaboration with the German company Quelle Schickedanz AG. Trials were carried out in the spring in the areas of the Jyväskylä and Turku societies and extended to the Helsinki and Oulu societies' areas in the autumn.

During the year the competitive strategies for the supermarket, service

station, hotel and restaurant, and department store operations were updated.

In the service station sector an in-depth study was made into the possibilities of widening collaboration with Oy Shell Ab.

The Corporation's environmental competence was increased by the appointment of an environment manager with the task of coordinating efforts throughout the S Group. To further environmental objectives, a basic charting of the chains and societies was carried out during the year. Training in environmental issues was initiated in collaboration with the Jollas Institute and eco-programmes were upgraded with the chains.

### Information Systems

Work continued on developing information systems in accordance with the S Group's data management strategy. The main emphasis was in support systems for the chains and customer-owner services. Operative networking was improved by considerably increasing electronic data interchange (EDI) and expanding the coverage of other electronic communications. The first experiments were made in electronic communications directed at customer-owners and others through the Internet.

### Projects in the Baltic area

These projects include S Group operations, associate companies and partners within the Baltic states and Russia, as well as certain international cooperation and development projects.

During the year a draft strategy for the S Group in this area was drawn up for consideration by the SOK Supervisory Board and approved at its first meeting in 1997.

### 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 principles within the S Group, develop cooperative society administration, and promote collaboration between the different parts of the S Group.

The FCU Board of Directors consisted of attorney Matti Vanto (chairman), educationalist Anna-Maija Kujala (vice chairman), farmer Pekka Havukainen, attorney Jukka Huiskonen, member of parliament Tytti Isohookana-Asunmaa, headmaster Pekka Kivimäki, teacher Ulla Kurvinen, attorney Marja Lehtiranta, managing director Tauno Riekkö (until May 7th), managing director Eero Saukkonen, and managing director Håkan Smeds (since May 7th), as well as the SOK representatives CEO Jere Lahti and department manager Tapio Peltola.

Some 1 566 customer-owners took part in the administration of the regional cooperative societies: 83 as members of executive boards, 454 as members of supervisory boards and 1 029 as council representatives.

Society-based training concerning the "Administration Handbook" introduced in 1995 was completed during the year, and a special version of the book prepared for council representatives. Local training of society administrators was carried out in collaboration with the Jollas Institute and two nationwide training sessions were organised.

Council elections were held in nine societies, the average participation rate being 32 %.

The department continued to assist societies in matters relating to changes in the rules. As the savings funds provisions in the Cooperative Societies Act were amended at the beginning of July, all the

rules pertaining to the societies' savings funds had to be revised.

The sixth S Group's supervisors' convention was held on June 15th in Helsinki. Over a thousand representatives from the societies and SOK participated. In addition, the Cooperative Department took part in numerous administrative and interest group events organised by the societies.

International relations are managed through the Finnish Consumer Cooperative Union, which is a member of the International Cooperative Alliance and the Brussels-based lobby organisation EURO COOP. The ICA has 223 member associations with a total membership of 765 million from 95 countries. EURO COOP represents 13 EU member states and five associate consumer cooperative organisations from east-central Europe.



# PERSONNEL AND COMMUNICATIONS



Aino Toikka

Personnel and Communications consisted of Personnel, Occupational Health Services, Training, S Publications and Public Relations. It was led by Aino Toikka.

## Personnel

The unit is responsible for providing centralised services and guidance relating to personnel resources and employment questions.

In collaboration with the regional societies two groups were recruited for field training: 18 university graduates for commercial field training and 17 for the college group.

## Occupational Health Services

All Corporation personnel are within the comprehensive occupational health service scheme. Work has concentrated on the further development of skill-maintaining activities and early rehabilitation.

## Jollas Institute

The Jollas Institute is the S Group's training and educational centre. Most of the Institute's work concerns training for chain operations, supervisors and managers, and information technology.

Emphasis has been on training in support of S Group strategies. The number of training schemes for regional society and Corporation personnel was increased and communication improved. Personalised programmes were used to enhance the teaching abilities of the Institute's own staff.

Some 23 000 days were devoted to training, of which about 5 000 concerned the multiform "For you, our Customer" programme. Four long-term management level courses were begun during the year. Numerous overseas study trips were arranged to universities

and institutes in the United States, France and Great Britain. A team track was built to strengthen team working.

The Jollas Institute is the business name for Jollas-Opisto Oy. Its turnover was FIM 19.1 million and the Institute had a permanent staff of 22 in addition to using the services of numerous outside lecturers.

## S Publications

Yhteishyvä, the S Group's customer-owner magazine, celebrated its 92nd year of publication. Normally about 100 pages in size, it appeared once a month and had an official circulation of 492 074 on February 26th. Its circulation has grown rapidly with the increased number of customer-owners, for whom each regional society published its own monthly spread. The magazine has established its position as an advertising medium. Yhteishyvä's Swedish-language edition, Samarbete, also appeared once a month and had a circulation of 20 739. In November Yhteishyvä began producing a special edition on Internet ([www.yhteishyva.sok.fi](http://www.yhteishyva.sok.fi)). Both magazines are published and produced

in association with the Helsinki Media Company.

The S Group's trade magazine Ässä appeared for the 82nd year running. It appeared 11 times and had a circulation of 15 495. Special theme issues dealt with marketing, service stations, the clothing business, hotel and restaurant operations, service, store interior safety and logistics.

The SOK Corporation's newsletter S-Viesti came out 12 times. The theme for the year was a well-functioning work environment.

## Public Relations

This unit disseminates information on the operations of the SOK Corporation and the S Group to various interest groups. During the year this was especially true in the on-going public debate on developments within the retail trade. The annual and interim reports were published in Finnish, Swedish and English.

## SOK CORPORATION PERSONNEL, DECEMBER 31, 1996

	Number	%	Change
<b>SOK CORPORATION</b>			
Field Division	1 928	44.3	+131
Specialty Stores Division	2 121	48.8	+105
Administrative Division	166	3.8	+2
Office of the CEO	16	0.4	+1
Corporate Development and Planning	16	0.4	+2
Personnel and Communications	51	1.2	+3
Hämeenmaan Automarket Oy	49	1.1	+49
Co-op Auditing	0	0.0	-7
<b>TOTAL SOK CORPORATION</b>	<b>4 347</b>	<b>100.0</b>	<b>+286</b>
<b>SUBSIDIARIES</b>			
SOK	314	7.2	-1 630



*The Sokos Hotel Vaakuna in Helsinki*

## ASSOCIATED COMPANIES

### The Inex Group

The Inex Group consists of the parent company Inex Partners Oy and its subsidiaries Meira Oy, Meira Nova Oy, A-Muna Oy, Rainex Partners Oy and its subsidiary Rainex Yrityspalvelu Oy.

Inex had a successful year, thanks to economic developments in Finland and the outstanding performance by its client chains. It again managed to strengthen its market position and sourcing impact. The operating model developed by Inex Partners in collaboration with its client chains, the S Group and Tradeka, and its supplier partners has proved to be highly effective in the grocery business. During the year this brought new competitive advantages to the client chains.

The structural and organisational changes initiated in the Group in 1995 were finalised during the year. Work still continues on the client- and demand-oriented development projects covering the flow of goods, capital and information throughout the logistics chain. The main focuses are personnel, the Kilo logistics centre, operational processes for specific product groups, information systems and the combined store distribution and terminal operations.

The overall development of the Inex Group was favourable. Net sales were FIM 6 749 million, up 12.9 %. The financial results for the Group, the parent company and all the subsidiaries were excellent and better than the year before. The Group's profit after financial items was FIM 48 million. Financing, liquidity and return on capital employed was at a good level. The Group also maintained its high level of service and delivery reliability.

The parent company Inex Partners Oy was successful commercially and finan-

cially. Its net sales totalled FIM 5 519 million, a growth of 14.9 %. Sales and profitability were boosted by the success of its client chains in the grocery business. The company's profit after financial items was FIM 40 million.

The operating model developed by the company and its partners has undoubtedly made it a pioneer in chain selling and logistics in the grocery business. This can be seen in its success on the market, as well as in improved price competitiveness and profitability. During the year the Helsinki cooperative society Elanto transferred its sourcing operations from Tuko to Inex Partners.

The coffee and spice company Meira Oy enjoyed a successful first year. It improved its market position at home and became the market leader in Estonia in the autumn. Net sales were FIM 370 million, an increase of 7.9 %.

New product areas boosted the performance of the foodservice trade company Meira Nova Oy, with sales of alcoholic beverages growing particularly well. The company's net sales amounted to FIM 845 million, up 1.6 %. The Finnish Association of Materials Management chose Meira Nova as the Logistics Company of the Year for its exceptional and long-term work in developing logistics.

Sourcing contracts to the value of FIM 620 million were made by the hardware trade sourcing and logistics company Rainex Partners Oy. Ex warehouse deliveries came to FIM 57 million, an increase of 46.2 %. The building trade suppliers Rainex Yrityspalvelu Oy recorded net sales of FIM 348 million, up 11.9 % over the previous year.

At year end the Group employed 1 613 people. The managing director of both the Group and the parent company was Martti Haaman.

### Etelä-Suomen Huoltamot Oy

The company, which was established in September 1995, operates store-type service stations in the Greater Helsinki, Porvoo and Häme county areas. The shareholders are SOK (46,5 %) and the Helsinki (48,5 %), Lahti (2,5 %) and Porvoo (2,5 %) cooperative societies. At year end the company had 22 service stations, an increase of five.

The company's net sales totalled FIM 195 million and it employed a staff of 154 at year end.

### Tenco Oy

Tenco's purpose is to develop and operate the department store business in the Baltic and St. Petersburg areas. The Tenco Group consists of the parent company Tenco Oy and its fully-owned subsidiary Tenco Eesti AS. It is owned fifty-fifty by SOK and the German company Kaufhof Warenhaus AG.

Tenco's Estonian subsidiary, Tenco Eesti AS, operates a department store in Tallinn in accordance with the Sokos business idea. The store's net sales for the year were FIM 26.2 million.

# THE S GROUP IN 1996

The S Group consists of the SOK Corporation and the cooperative societies, together with their subsidiaries. S Group retail sales totalled FIM 26 372 million, an increase of 9.7 %. This was due mainly to good performance in the car, service station, hotel and restaurant businesses and excellent sales by the Prisma and S Market chains.

At year end the S Group had 1 189 retail outlets, a decrease of two. The Group's main investments included the complete refurbishment of the Sokos department store and Sokos Hotel Vaakuna in Helsinki, the completion of Prisma hypermarkets in Hämeenlinna and Kuopio, the acquisition of the Lahden Seurahuone hotel operation, large S Markets in the Sokos store, Kasarmintori and Vuosaari in Helsinki and others in Keuruu, Kotka, Seinäjoki, Sipoo, Sodankylä and Tuusula. In addition there were extensions and refurbishings to several other department stores, supermarkets and hotels.

Total S Group investments amounted to FIM 970 million, an increase of 285 million over the previous year.

S Group personnel numbered 17 265, an increase of 822.

## The cooperative societies

The number of cooperative societies at year end was 44, the same as the year before. Of these 23 were regional societies operating in accordance with the S Group's strategy and the other 21 were local societies.

Sales by the cooperatives and their subsidiaries totalled FIM 20 106 million, an increase of 10.0 %. The share of local societies was 3 %. Market shares grew in all the main branches.

The societies' operating profit after financial items, but before extraordinary items, reserves and taxes, was FIM 455 million. This was up FIM 55 million over the year before and an all time record. All regional societies showed a profit.

The societies' investments amounted to FIM 677 million, an increase of FIM 112 million. Deposits by customer-owners in the savings funds rose by FIM 211 million to FIM 1 403 million.

With 64 434 people joining during the year, total membership of the societies stood at 543 521. The number of customer-owners in the regional societies was 526 235, an increase of 65 788.

Cooperatives and their subsidiaries had a total of 12 918 employees on their payroll, an increase of 536.

## 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

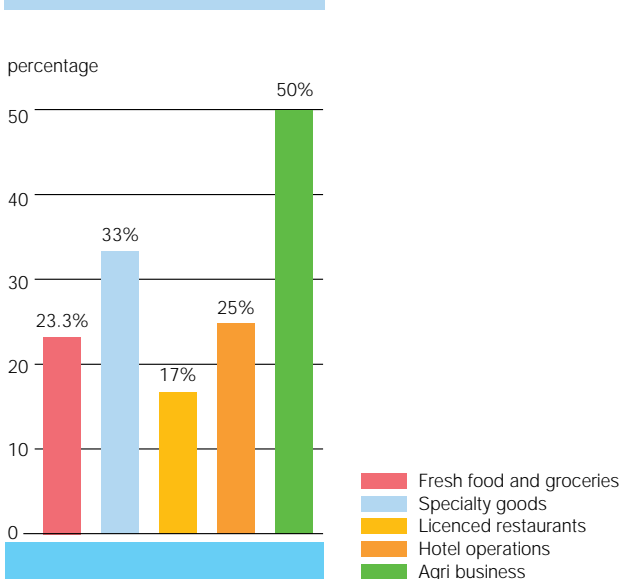
North Carelia Cooperative Society, Joensuu

Salo District Cooperative Society, Salo

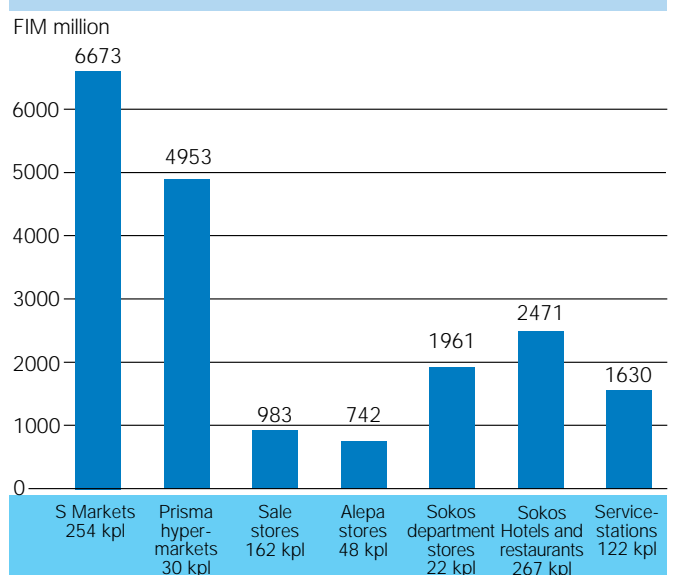
Satakunta Cooperative Society, Pori

Turku Cooperative Society, Turku

S GROUP MARKET SHARES



S GROUP RETAIL SALES BY CHAIN



## EVENTS OF THE YEAR



Over a thousand representatives from the societies and SOK took part in the garden party in the beautiful grounds of the Jollas Institute during the 6th national shop managers' convention.



In August, CEO Jere Lahti and pt. Director General Ulf Söderblom signed an agreement on cooperation between SOK and the Finnish National Opera.



Some 1 500 customer-owners from all over Finland took part in the first S Benefit Card cruise on the Viking Cinderella.

Kuopio entered the Prisma age when the country's 30th Prisma hypermarket was opened in October.



Completely refurbished, the flagship of the Sokos department stores, the Helsinki Sokos, reopened in October. Almost 2 000 guests celebrated the stylishly renovated store on the evening before the opening.



Some 30 000 people visited the Helsinki Sokos on the day it reopened. Among the attractions were Miss Italy and Miss Finland.



# THE S GROUP AND THE ENVIRONMENT

As a nationwide multi-branch conglomerate, the S Group has been a pioneer in finding rational solutions to environmental problems. In accordance with the environmental policy statement approved in 1990, the S Group has taken steps to increase recycling, save energy and water, minimise burdening the environment and generally to promote a more balanced development. Its primary aim is to bring Group operations into line with the principle of sustainable development.

A major step towards the centralised handling of environmental issues was taken in June with the appointment of a full-time environmental manager. His task is to coordinate environmental planning, implementation and monitoring in all S Group units, regional cooperative societies and the SOK Corporation. Other important areas of responsibility include training and distributing information throughout the S Group, as well as contacts with national and international interest groups.

In 1996 numerous practical steps were taken by the regional societies and the Corporation to promote environmental responsibility. Some of them, like improved ranges, collection points, info boards, eco-experts, were clearly apparent to our customers. Others were behind-the-scenes measures, such as water and energy saving measures and in-store waste management.

The number of environmentally-friendly products in ranges is continuously expanding. Organic farm produce has acquired an established position in the marketplace, and sometimes demand outstrips supply. One of the main questions customers raise with store staff concerns packaging and packing materials. Increasing attention has been paid to en-

vironmental issues in the annual supplier agreements.

As over half of the groceries sold in S Group chains are sourced, stored and distributed by Inex Partners, collaboration in environmental matters constitutes an essential part of the whole logistics chain. A good example of this is the recyclable plastic Transbox used in fresh food deliveries. Transbox-packed goods travel down the distribution chain from the supplier to the shops where they are sold without any intermediary handling. This has considerably reduced the amount of packing waste, facilitated handling, saved time and minimised the risk of damaging quality.

Food supplies in Finland depend to a considerable extent on mechanical refrigeration, and only an uninterrupted

cooling chain guarantees that quality remains high during the journey from the supplier via the store to the end customer. The share of cooling in the average S Market's energy bill is 40 %, lighting accounts for 25 %, ventilation 15 % and heating and other uses for another 20 %.

The heat recovery systems installed in S Markets in recent years can use the heat generated by the refrigerating equipment. Other energy-saving measures include increased thermal insulation in buildings, the installation of improved machines and equipment, and the rationalised use of existing equipment.

Considerable attention has been paid to environmental questions in Sokos hotels. Water conserving measures include the installation of water-saving showers,

## The S Group's environmental policy

- I The S Group makes every effort to influence a balanced, pleasant and cleaner development of the environment
- II Through its own measures the S Group
  - promotes the recycling of natural resources
  - prevents the pollution and spoiling of the environment
  - saves energy and materials, and
  - promotes the balanced development of the environment worldwide
- III The S Group fosters an environmentally-friendly life style among its customers and staff and environmentally-positive activities among its customer-owners
- IV The S Group implements its environmental policy through the environmental programmes of the cooperative societies, chains and other business units

taps and toilets in the rooms. Shampoo and soap dispensers are used instead of individually-wrapped products. No throwaway packs are used for breakfast foods. Hotels sort kitchen and other waste, and in the Jyväskylä Alexandra and Alex hotel guests are encouraged to do this for themselves.

Generally, waste is sorted in accordance with local authority regulations. Good progress has been made with corrugated board which is returned as raw material to industry via collecting companies or Inex Partners' back hauls. The largest increases in waste recycling were with organic waste and drink cartons, and the can recovery scheme initiated in the spring.

Changes in environmental legislation have meant more stringent regulations, which poses a new challenge to the S Group. Initiating a dialogue between retailers and the local authorities was proved mutually beneficial. Both sides have adopted a positive attitude in discovering intelligent and economical solutions.

An excellent example of how the S Group has taken up the challenge is its programme for staff training and guidance in environmental matters. Assä-Partners trained an eco-agent for the S Markets in the spring with the task of encouraging awareness among staff and customers. The Mikkeli society trained its staff with the help of local experts and initiated an environmental programme throughout the organisation. The EU recognised the importance of this pilot project and gave it financial support.

The officials responsible for environmental issues in the regional societies heard about the latest developments in the field at the first training session held at the Jollas Institute in November.

Designing tailored courses for the hotel, restaurant and service station branches were started towards the end of the year. Environmental programmes are also being drawn up for SOK's real estate management, the agricultural trade and the Tampere cooperative society.

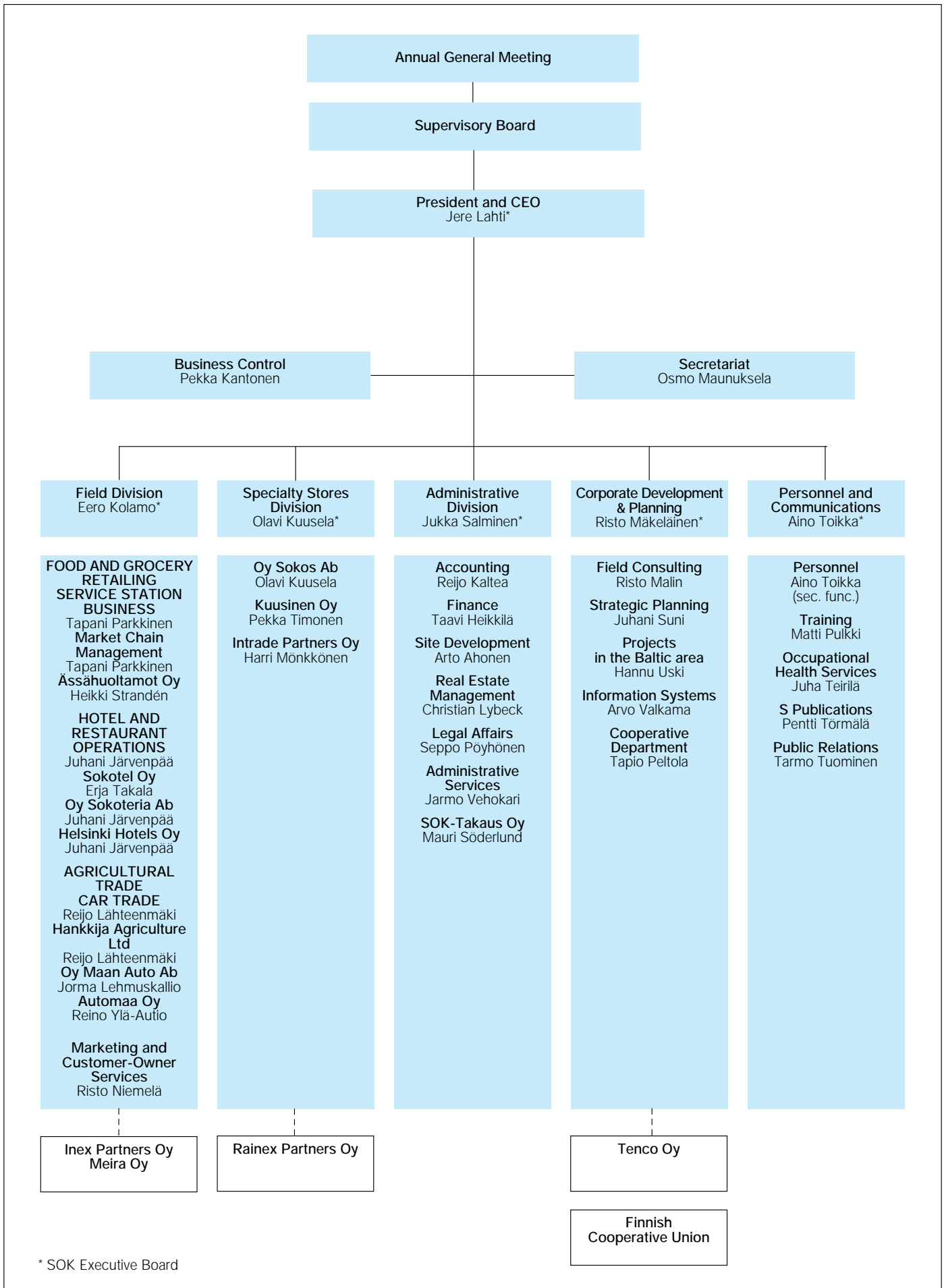
The S Group was also active internationally. Within the EURO COOP's Environment Policy working group the main concerns are genetic food and packaging waste, whereas the INTERCOOP's Green Issues and Ethics work-

ing group has concentrated on eco labels. The Group is also represented in ENCO, the EU environmental training for commerce project to be carried out in 1997-1999. S Group stores function as a European pilot in developing an open and flexible environmental management training model for the retail trade, complete with educational methods and materials.



*The sorting of organic waste is a practical example of store environmentalism in action.*

# SOK CORPORATION ORGANISATION 1.1.1997





# S GROUP KEY FIGURES 1992-1996

FIM million	1992	1993*	1994*	1995*	1996*	± %
<b>SOK CORPORATION</b>						
Net sales	6 739	10 327	11 206	10 325	11 498	11.4
Gross margin	1 358	1 883	1 928	2 034	1 943	-4.5
Fixed costs	1 052	1 403	1 405	1 502	1 652	10.0
Operating profit before depreciation	306	480	523	533	291	-45.4
Depreciation	163	251	216	217	174	-19.8
Operating profit	143	229	307	316	117	-63.0
Financial income and expenses	-210	-374	-234	-224	-76	-66.1
Profit/loss before extraordinary items, voluntary provisions and income taxes	-67	-145	73	91	42	-49 Mmk
Net earnings from operations	86	221	367	430	216	-214 Mmk
Profit/loss for the period	-40	-31	130	113	28	-85 Mmk
Total assets	5 754	6 535	6 349	6 211	5 931	-4.5
Fixed assets and other non-current investments	2 516	3 369	2 987	2 802	2 968	5.9
Stocks	669	795	655	674	730	8.3
Financial assets	2 439	2 371	2 707	2 735	2 233	-18.4
Capital and reserves	739	904	982	1 085	1 130	4.1
Minority interest	17	30	85	92	91	-1.1
Accelerated depreciation	174	123	98	81	89	9.9
Voluntary provisions	257	75	65	61	55	-9.8
Obligatory provisions	86	99	101	88	93	5.7
Liabilities	4 481	5 304	5 018	4 804	4 473	-6.9
Increase in fixed assets	225	491	254	245	382	55.9
Sale of/decrease in fixed assets	203	321	375	116	137	18.1
Interest-bearing liabilities	3 429	3 772	3 447	3 067	2 714	-11.5
Liquid funds	1 016	1 413	1 697	1 685	1 183	-29.8
Net interest-bearing liabilities	2 413	2 359	1 750	1 382	1 531	10.8
Personnel at 31.12.	4 879	5 179	4 864	4 061	4 347	7.0
<b>SOK</b>						
Sales (excl. VAT)	4 950	4 982	5 257	5 466	6 002	9.8
Sales to cooperative societies	3 669	3 608	2 983	3 286	4 378	33.2
Operating profit before extraordinary items, voluntary provisions and income taxes	-15	-384	-75	-133	-112	+21 Mmk
Profit/loss for the period	64	-254	98	-22	22	+44 Mmk
Personnel at 31.12.	2 934	2 414	2 068	1 944	314	-83.8
<b>COOPERATIVE SOCIETIES + SUBSIDIARIES</b>						
Sales (FIM million)	15 209	15 584	16 628	18 297	20 106	9.9
Number of societies	47	46	46	44	44	
Membership	418 990	403 631	429 325	479 087	543 521	13.4
Personnel at 31.12.	13 291	12 137	11 333	12 382	12 918	4.3
<b>S GROUP</b>						
Retail sales (FIM million)	19 156	23 204	24 814	24 099	26 372	9.4
Outlets	1 138	1 222	1 190	1 191	1 189	-0.2
Personnel at 31.12.	18 170	17 316	16 197	16 443	17 265	5.0

\* In accordance with the amended Accounting Act.

## CALCULATION OF KEY RATIOS

**Net earnings from operations** = Operating profit before depreciation – financial income and expenses + value adjustment on investments – income taxes

**Liquid funds** = Cash and bank + other investments + other current investments

**Net interest-bearing liabilities** = Interest-bearing liabilities – liquid funds

# STATISTICS

## S GROUP RETAIL OUTLETS, DECEMBER 31, 1996

	Outlets		Retail Sale, FIM million
	Number	Change	
Sokos Department Stores	22	-	1 961
Prisma Hypermarkets	30	+2	4 953
<b>Total Department Stores</b>	<b>52</b>	<b>+2</b>	<b>6 914</b>
S Markets	254	+9	6 673
Alepa Stores	48	-	742
Sale Stores	162	-6	983
Other Market Outlets	21	-	259
<b>Total Market Outlets</b>	<b>485</b>	<b>+3</b>	<b>8 657</b>
<b>Neighbourhood Stores</b>	<b>57</b>	<b>-3</b>	<b>200</b>
<b>Specialty Shops</b>	<b>12</b>	<b>-3</b>	<b>114</b>
Hotels	54	+2	1 422
Restaurants	202	+1	1 030
Cafes	11	+1	19
<b>Total Hotels and Restaurants</b>	<b>267</b>	<b>+4</b>	<b>2 471</b>
<b>Hardware and Agricultural Stores (Agri-business products)</b>	<b>141</b>	<b>-</b>	<b>4 322</b>
<b>Auto Dealerships</b>	<b>41</b>	<b>-3</b>	<b>2 044</b>
<b>Service Stations</b>	<b>122 *</b>	<b>+1</b>	<b>1 630</b>
<b>Other Services</b>	<b>12</b>	<b>-3</b>	<b>20</b>
<b>TOTAL</b>	<b>1 189</b>	<b>-2</b>	<b>26 372</b>

\* Also 86 Automatic Petrol Stations attached to stores

## SELECTED S GROUP DATA 1930-1996

Year	Cooperatives	Members	S Group Business Outlets			
			Retail Outlets	Service Operations <sup>1</sup>	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 <sup>2</sup>
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
1995	44	479 087	922	263	6	1 191
1996	44	526 235	916	267	6	1 189

<sup>1</sup> Since 1980 only accommodation and catering. <sup>2</sup> Cassification changed in 1984. Comparable decrease 136.



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