



ALKO GROUP

FINANCIAL STATEMENTS AND REPORT
OF THE BOARD OF DIRECTORS
FINANCIAL YEAR 1 JAN-31 DEC 2016

FINANCIAL STATEMENTS 1 JAN–31 DEC 2016

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Report of the Board of Directors

Alko's mission is to undertake the retail sale of alcoholic beverages of more than 4.7% alc/vol and, through this role, to reduce the harmful effect of alcohol consumption. Our strategic objectives are to provide the best customer experience and best work, be a responsible player in the community, and operate efficiently. During 2016, we implemented projects to create the new Alko – a multi-channel company with a real sense of community.

60 (58) per cent of Finns consider the restrictions imposed by alcohol policy to be suitable or would like to see tighter restrictions, while 32 per cent would like to relax the restrictions. The percentage of Finns seeking a more liberal alcohol policy has fallen.

62 (60) per cent of Finns think that Alko is a good method of limiting the harmful effects of alcohol consumption. 82 per cent of Finns think Alko has been highly or quite successful in its customer service. When it comes to responsibility, 83 per cent are of the opinion that Alko has achieved its objectives very or quite well.

This information comes from Kantar TNS Oy and the National Institute for Health and Welfare's annual Opinions on Alcohol Policy survey, which has been carried out since 1984. The results were published in February 2017.

KEY FIGURES

	2016	2015	2014
Net sales, EUR million	1,162.7	1,158.9	1,179.8
Net sales excluding alcohol tax, EUR million	582.6	572.7	575.7
Operating profit, EUR million	46.6	49.7	50.5
Income tax on ordinary operations, EUR million	-9.5	-10.1	-10.5
Profit for financial year, EUR million	38.3	40.2	40.8
Income from ordinary operations, EUR million	38.3	40.2	40.8
Return on equity, %	49.6	51.7	53.8
Equity ratio, %	29.6	30.3	30.5
Balance sheet total, EUR million	256.3	256.4	253.7
Gross investments in fixed assets, EUR million	7.4	4.7	6.0
Average number of personnel during the financial year	2,385	2,415	2,527
Salaries and fees for the financial year, EUR million	70.5	67.4	68.0

Alko's net sales including alcohol tax totalled EUR 1,162.7 (1,158.9) million. Net sales excluding alcohol tax were EUR 582.6 (572.7) million. Growth in sales of higher-quality products and a moderate rise in the general price level contributed to this slight rise in net sales.

Operating profit came to EUR 46.6 (49.7) million, representing 4.0 (4.3) per cent of net sales including alcohol tax. Fixed costs totalled EUR 155.1 (152.7) million.

Although Alko's result was down on the previous year, it was significantly better than the budgeted figure. We made considerable investments in developing our multichannel customer service. The Arkadia flagship store was renovated in line with our new concept, and the Alko webshop opened in late 2016, offering customers an even broader selection of products.

Financial income totalled EUR 1.2 (0.7) million in 2016. Profit for the financial year was EUR 38.3 (40.2) million, which was better than budgeted.

The balance sheet total came to EUR 256.3 million, remaining on par with the previous year (EUR 256.4 million).

Our equity ratio stood at 29.6 (30.3) per cent.

The company's total investments amounted to EUR 7.4 (4.7) million. Investments mainly focused on strategic projects and developing our shop network.

TAXATION AND PRICES

There were no changes in the excise tax on alcoholic beverages in 2016.

Alko's retail sales prices rose by 0.4 per cent during the year in response to price increases made by our suppliers. Prices were changed in February, June and October.

SALES TREND

According to a TNS Gallup survey, travellers' private imports of alcohol rose by 4.9 per cent on 2015 when translated into pure alcohol. The National Institute for Health and Welfare will publish alcohol consumption statistics on its website (www.thl.fi) in April 2017.

Total sales by volume in Alko stores fell to 93.5 (94.0) million litres, representing a year-on-year decrease of 0.6 per cent.

The sales by volume of spirits decreased by 1.6 per cent and brewery products by 1.4 per cent. Sales by volume of mild wines remained at the same level.

Product group	Sales in 2016, millions of litres	Sales in 2015, millions of litres	Year-on-year change, millions of litres	Year-on-year change, per cent
Vodkas and spirits	13.9	14.1	-0.2	-1.7
Other spirits	7.6	7.6	-0.0	-0.5
Fortified wines	3.0	3.1	-0.1	-4.0
Red wines	24.5	24.9	-0.4	-1.6
White wines	21.2	21.1	0.0	0.2
Sparkling wines	5.4	5.2	0.2	3.5
Rosé wines	1.0	0.9	0.1	16.0
Other mild wines	1.9	1.8	0.0	1.4
Ciders	0.7	0.7	-0.0	-2.5
Long Drinks	5.6	5.7	-0.1	-1.1
Beers	8.5	8.6	-0.1	-1.6
Alcohol-free beverages	0.5	0.4	0.1	26.9
Total	93.5	94.0	-0.5	-0.6
Total, converted to pure alcohol	15.7	15.8	-0.1	-0.8

BEST CUSTOMER EXPERIENCE

At the end of 2016, Alko had a total of 353 (351) stores and a webshop. Our store network was supplemented by 66 (94) collection points. 57.7 (57.7) million customer visits were made to Alko stores.

Customer satisfaction further improved on the previous year. Our score in the Finland Today National Customer Feedback survey rose to a record-breaking 8.55 (8.50). According to the survey, Alko ranked number one for customer experience among retail chains for the fifth year in a row. The survey compared Alko not only to retail chains but also to 30 Finnish service companies. In this group, comprising all surveyed companies, Alko had the second most satisfied customers after libraries.

Alko opened its new webshop to corporate customers in August 2016 and to consumers in November 2016. The opening of our webshop seeks to provide even better service by offering multichannel services and meeting points for customers. In November and December, customers made over 10,000 orders in our webshop, which was our largest sales point during this period. We will continue to develop our digital services

Report of the Board of Directors

in the future. Our multichannel approach can also be seen in Alko's new store concept. Our first new-concept store was the Arkadia flagship store, which opened in September 2016.

PRODUCTS

Alko's product range featured beverages from 69 (64) countries. Beverages were purchased from 197 (161) domestic importers or manufacturers, and from 276 (263) foreign suppliers.

A total of 6,451 (5,705) different products were sold by Alko during 2016.

Alko lists new products for sale on a weekly basis. In 2016, we listed 1,090 (754) new products in our standard selection and 765 (415) in our sale-to-order selection. Alko also sells 94 (49) alcohol-free beverage and a range of accessories.

BEST WORK

Alko had 2,655 (2,525) employees at the end of 2016. In terms of computational work-years, the work done by full-time and part-time employees totalled 1,856 (1,821) work-years. Alko had an average of 2,385 (2,415) employees during 2016. Staff working hours are planned on the basis of customer flows and are mainly weighted towards seasons and other customer flow peaks.

There were an average of 4.0 (3.5) training days per employee. Training sought to give sales personnel up-to-date information about our products and service concept, thereby supporting the development of an even better customer experience.

2016 was a year of renewal and learning in our Best Work strategic area. Our key themes were community spirit and a multichannel approach, and these were visible in all areas of development from training and remuneration to supervisory work. These themes were also supported by the MyAlko coaching programme, which is aimed at creating the new Alko – a multichannel store with a real sense of community.

All personnel are covered by a strategic incentive scheme. The scheme has indicators to measure a number of perspectives – responsibility, customers, personnel and efficiency – and guides the successful implementation of Alko's strategy through teamwork.

Salaries and incentives paid to staff totalled EUR 70.5 (67.4) million. Staff and management will be paid EUR 2.8 (3.4) million in incentives for 2016, inclusive of personnel-related expenses. This represents 3.2 (4.0) per cent of personnel costs.

ALCOHOL POLICY RESPONSIBILITY

Checking age limits, suspected cases of intoxication and suspected handovers of alcohol to minors form part of Alko's responsible customer service. In 2016, 3.8 (3.7) million Alko customers showed proof of their legal age. 0.63 (0.63) million checks of suspected intoxication and 0.34 (0.31) million checks of suspected handovers were also carried out. The success of age-limit checks was measured using a Mystery Shopping survey, which indicated a success rate of 91 (90) per cent.

The In the Company of Children programme's main project for 2016 was Fragile, a stage play that toured theatres and schools around Finland. We also continued our Clearly Good Work programme and the Sata lasissa project. These programmes will also continue in 2017.

ENVIRONMENTAL RESPONSIBILITY AND RESPONSIBLE PROCUREMENT

In order to ensure responsible procurements, Alko continued to conduct inspections of production conditions in high-risk countries. Audits of six wine producers and eleven vineyards were carried out. The season-

nal nature of harvests, combined with the cost pressures faced by primary producers, pose the greatest challenges to safeguarding human and labour rights in the production of alcoholic beverages. One of the audits of a South-African vineyard found that workers were being treated in a demeaning manner. This discovery launched a zero-tolerance process in which the parties agreed on immediate corrective measures.

In the spring, Systembolaget, Vinmonopolet and Alko went to South Africa, where they visited previously audited wine producers and met with local industry organisations. Alko organised briefings for importers on BSCI and environmental issues. These briefings went through the BSCI's principles and topics such as audit results and organic cultivation methods. In January, we launched an online training course in Ethical Operating Principles for our importers and producers. 212 representatives of our importers had completed the training by the end of December. All importers must complete this online training by the end of June 2017.

Alko's environmental management system received the new ISO 14001:2015 certificate. External audits of six stores, three regional offices and head office were carried out under the environmental management system. 17 internal environmental audits were carried out at stores. The Nordic alcohol monopolies' joint environmental study progressed and was completed in January 2017.

SHARES AND SHAREHOLDERS

The Government owns Alko's entire share capital (10,000,000 shares).

GOVERNANCE

On 19 May 2016, Alko's Annual General Meeting elected Harri Sailas, M.Sc. (Econ.), as Chair of the Board and Director General Kirsi Varhila, M.Sc. (Pol.Sc.), as Vice-Chair of the Board. The Annual General Meeting also elected the following members: Executive Director Sari Aalto-Matturi, Lic.Soc.Sc.; Director General Juhani Eskola, MD, PhD; Leila Kostiainen, LL.M.; Kuisma Niemelä, M.A.; and Jarmo Väisänen, Lic.Soc.Sc.

Personnel representatives Mikko Eronen and Riina Väntsi attended the meetings of the Board of Directors without the right to vote.

The Board of Directors has three committees, namely the Auditing, Personnel and Alcohol Policy Committees.

KPMG Oy, a firm of Authorised Public Accountants, was appointed as the company's auditor, with Lasse Holopainen, Authorised Public Accountant, as chief auditor.

RISK MANAGEMENT

Alko's Board of Directors is responsible for the company's risk management policy and monitors its implementation. The President & CEO, together with the Management Team, ensures compliance with Alko's risk management policy and the appropriate organisation of risk management.

At Alko, risk management means analysing and managing threats related to its activities in a systematic and anticipatory way. Risks have been classified into strategic, operational, economic and accident risks.

The Management Team regularly assesses risks that may impact on its future development and profitability. Named persons are then assigned to manage these risks by defining preventative measures and ensuring their implementation. The most critical risks are:

- Changes in the Alcohol Act may have a significant impact on the company's operations.
- Changes in alcohol tax may affect travellers' private imports of alcoholic beverages, thereby impacting on Alko's sales trend and profitability.
- Responsible customer service is a core element of Alko's operations,

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for example, not selling alcohol to minors or intoxicated people. Any deviations from this policy will result in a temporary closure of the store in question.

- The company's business is based on efficient and reliable information systems. Any malfunctions in these information systems or their in compatibility with business demands can cause business interruptions.
- If realised, environmental and social responsibility risks in the procurement chain for alcoholic beverages may damage the company's reputation as a responsible player.

NEAR-TERM OUTLOOK

The prevailing health and wellbeing trends, consumers' confidence in their own finances, and travellers' private imports all affect alcohol sales in Finland. Travellers' private imports from Estonia will decline over the coming years, as the Estonian government has decided to implement a significant rise in alcohol taxation.

Alko will continue to develop its stores to meet a variety of customer needs. In 2017, we will further develop our digital services and renovate stores in line with our new concept.

Parliament is also scheduled to discuss a new Alcohol Act during 2017, and this may affect Alko's operations.

THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The Board proposes that EUR 446,631.82 be transferred from the other equity fund to the unrestricted equity fund to cover the costs of improving wellbeing at work.

The parent company's distributable funds at 31 December 2016 totalled EUR 56,415,591.23 (EUR 57,660,014.44), of which EUR 38,308,944.97 (EUR 40,247,544.66) is profit for the financial year.

The Board proposes that the company's distributable funds be used as follows:

	EUR
• distributed as a dividend	30,000,000.00
• to be retained under equity	26,415,591.23
Distributable funds, 31 December 2016	56,415,591.23

No substantial changes have occurred in the company's financial position since the end of the financial year. Alko's liquidity is good and, in the Board's opinion, will not be jeopardised by the proposed distribution of profits.

Helsinki, 17th March 2017

Board of Directors

Consolidated income statement and balance sheet

ALKO GROUP

INCOME STATEMENT, FAS	EUR million	Note	1 JAN-31 DEC 2016	1 JAN-31 DEC 2015
NET SALES			1,162.8	1,159.0
Other operating income		2.1	2.1	2.6
Materials and services		2.2	-963.1	-959.2
Personnel costs		2.4	-87.6	-85.6
Depreciation and write-downs		2.6	-7.2	-8.2
Other operating expenses		2.8	-59.6	-59.9
OPERATING PROFIT			47.3	48.8
Financial income and expenses		2.9, 2.10	1.2	0.7
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES			48.6	49.5
Income taxes		2.11	-9.6	-10.1
PROFIT/LOSS FOR FINANCIAL YEAR			39.0	39.4

BALANCE SHEET, FAS	EUR million		31 DEC 2016	31 DEC 2015
ASSETS				
NON-CURRENT ASSETS				
Intangible assets		3.1, 3.4	7.5	6.9
Tangible assets		3.2, 3.5	38.7	38.1
Investments		3.3, 3.6	5.6	5.7
NON-CURRENT ASSETS			51.8	50.7
CURRENT ASSETS				
Inventories		4.3	73.2	66.1
Non-current receivables		4.4	1.6	1.6
Deferred tax assets			0.8	0.9
Current receivables		4.6	21.9	18.3
Cash and cash equivalents		4.1	109.1	120.3
CURRENT ASSETS			206.5	207.2
ASSETS			258.4	257.9
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital			16.8	16.8
Other funds			2.2	2.6
Retained profit			18.0	18.1
Profit/loss for financial year			39.0	39.4
SHAREHOLDERS' EQUITY		5.1	75.9	77.0
OBLIGATORY PROVISIONS		6.1	0.0	1.5
LIABILITIES				
Deferred tax liability			1.4	1.4
Current non-interest-bearing liabilities		7.2	181.0	178.0
LIABILITIES			182.4	179.4
SHAREHOLDERS' EQUITY AND LIABILITIES			258.4	257.9

FAS=Finnish Accounting Standards

Cash flow statement, FAS

ALKO GROUP

CASH FLOW STATEMENT, FAS	EUR million	2016	2015
CASH FLOW FROM OPERATIONS			
Profit/loss for financial year		39.1	39.4
ADJUSTMENTS:			
Depreciation and write-downs		7.2	8.2
Capital gains (-) and losses (+) on non-current assets		-0.9	-0.9
Financial income and expenses		-1.2	-0.7
Income taxes		9.5	10.1
Cash flow before change in working capital		53.6	56.0
CHANGE IN WORKING CAPITAL:			
Increase(-)/decrease(+) in inventories		-7.1	-3.8
Increase (-) /decrease (+) in current non-interest-bearing accounts receivable		-2.1	-1.8
Increase (+) /decrease (-) in current non-interest-bearing liabilities		4.1	-0.1
Change in provisions		-1.5	1.5
Cash flow from operations before financial items and taxes		47.0	51.8
Interest paid on operations		0.0	-0.1
Dividends received from operations		0.0	0.0
Interest received from operations		1.1	0.7
Other financial items from operations		0.0	-0.1
Direct taxes paid		-12.0	-7.7
CASH FLOW FROM OPERATIONS		36.2	44.6
CASH FLOW FROM INVESTMENTS			
Investments in tangible and intangible assets		-8.5	-4.8
Income from the surrender of tangible and intangible assets		0.3	0.0
Income from the surrender of other investments		0.8	1.9
CASH FLOW FROM INVESTMENTS		-7.4	-2.9
CASH FLOW FROM FINANCIAL OPERATIONS			
Dividends paid		-40.0	-40.0
CASH FLOW FROM FINANCIAL OPERATIONS		-40.0	-40.0
CHANGE IN FINANCIAL POSITION			
Financial resources at the beginning of the year		120.3	118.6
Change in financial position		-11.3	1.8
Financial resources at the end of the year		109.1	120.3

Income statement and balance sheet

ALKO INC.

INCOME STATEMENT, FAS	EUR million	Note	1 JAN–31 DEC 2016	1 JAN–31 DEC 2015
NET SALES			1,162.7	1,158.9
Other operating income		2.1	2.1	2.6
Materials and services		2.2	-963.1	-959.2
Personnel costs		2.4	-87.6	-85.6
Depreciation and write-downs		2.6	-7.0	-7.6
Other operating expenses		2.8	-60.5	-59.5
OPERATING PROFIT			46.6	49.7
Financial income and expenses		2.9, 2.10	1.2	0.7
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES			47.8	50.4
Income taxes		2.11	-9.5	-10.1
PROFIT/LOSS FOR FINANCIAL YEAR			38.3	40.2

BALANCE SHEET, FAS	EUR million		31 DEC 2016	31 DEC 2015
ASSETS				
NON-CURRENT ASSETS				
Intangible assets		3.1, 3.4	7.5	6.9
Tangible assets		3.2, 3.5	10.3	10.5
Investments		3.3, 3.6	32.8	32.9
NON-CURRENT ASSETS			50.6	50.2
CURRENT ASSETS				
Inventories		4.3	73.2	66.1
Non-current receivables		4.4	1.6	1.6
Current receivables		4.6	21.8	18.3
Cash and cash equivalents		4.1	109.0	120.2
CURRENT ASSETS			205.7	206.2
ASSETS			256.3	256.4
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital			16.8	16.8
Other funds			2.2	2.6
Retained profit			18.1	17.4
Profit/loss for financial year			38.3	40.2
SHAREHOLDERS' EQUITY		5.1	75.4	77.1
OBLIGATORY PROVISIONS		6.1	0.0	1.5
LIABILITIES				
Current non-interest-bearing liabilities		7.2	180.9	177.8
LIABILITIES			180.9	177.8
SHAREHOLDERS' EQUITY AND LIABILITIES			256.3	256.4

FAS=Finnish Accounting Standards

Cash flow statement, FAS

ALKO INC.

CASH FLOW STATEMENT, FAS	EUR million	2016	2015
CASH FLOW FROM OPERATIONS			
Profit/loss for financial year		38.3	40.2
ADJUSTMENTS:			
Depreciation and write-downs		7.0	7.6
Capital gains (-) and losses (+) on non-current assets		-0.9	-0.9
Financial income and expenses		-1.2	-0.7
Income taxes		9.5	10.1
Cash flow before change in working capital		52.6	56.3
CHANGE IN WORKING CAPITAL:			
Increase(-)/decrease(+) in inventories		-7.1	-3.8
Increase (-) /decrease (+) in current non-interest-bearing accounts receivable		-2.2	-2.1
Increase (+) /decrease (-) in current non-interest-bearing liabilities		4.2	-0.2
Change in provisions		-1.5	1.5
Cash flow from operations before financial items and taxes		46.1	51.8
Interest paid on operations		0.0	-0.1
Dividends received from operations		0.0	0.0
Interest received from operations		1.1	0.7
Other financial items from operations		0.0	-0.1
Direct taxes paid		-12.0	-7.7
CASH FLOW FROM OPERATIONS		35.2	44.6
Cash flow from investments			
INVESTMENTS IN TANGIBLE AND INTANGIBLE ASSETS		-7.4	-4.7
Income from the surrender of tangible and intangible assets		0.2	0.0
INCOME FROM THE SURRENDER OF OTHER INVESTMENTS		0.8	1.9
Cash flow from investments		-6.4	-2.7
CASH FLOW FROM FINANCIAL OPERATIONS			
Dividends paid		-40.0	-40.0
CASH FLOW FROM FINANCIAL OPERATIONS		-40.0	-40.0
CHANGE IN FINANCIAL POSITION			
Financial resources at the beginning of the year		120.2	118.4
Change in financial position		-11.2	1.8
Financial resources at the end of the year		109.0	120.2

Notes to the accounting principles used in the consolidated financial statements

ACCOUNTING PRINCIPLES AND SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Alko Group consists of the parent company Alko Oy (Business ID: 1505551-4) and four subsidiaries in the form of real estate companies: Puolangan Keskus (50.48%), Raahen Asemakatu 12 (57.9%), Vuokseniskan Harjulanrinne (73.08%) and Kiinteistö Oy Arkadiantalo (100%). The Consolidated Financial Statements include Kiinteistö Oy Akadiantalo. The other subsidiaries and associated companies have no material effect on the Group's result or financial position.

INTERNAL SHAREHOLDINGS

The Consolidated Financial Statements have been prepared using the purchase method. Depreciation is carried out according to the depreciation plan for non-current assets.

INTER-COMPANY TRANSACTIONS AND MARGINS

The Group's internal transactions, unrealised margins on internal deliveries, inter-company receivables and payables, and internal profit distribution are eliminated.

MINORITY INTERESTS

There are no minority interests.

COMPARABILITY OF THE FINANCIAL STATEMENTS

The financial statements are comparable.

VALUATION PRINCIPLES

NET SALES

Net sales include excise taxes.

FIXED ASSET VALUATION

Fixed assets are stated at cost minus accumulated planned depreciation. Planned depreciation has been calculated on a straight-line basis over the useful life of the item in question. Depreciation begins from the month when the item was first used. The depreciation plan is the same as in the previous year. Depreciation periods:

	years
Buildings	25–40
Structures	20
Machinery and equipment (purchased before 2009)	7
Machinery and equipment (purchased in or after 2009)	5
Transport equipment	5
Computer hardware	3
Computer software	3-5
Renovation of store premises	5

VALUATION OF INVENTORIES

Inventories have been valued at their average price. Store inventories include excise duty. Inventories for the central warehouse in Voutila, Vantaa exclude excise duty.

VALUATION OF FINANCIAL ASSETS

Financial securities are valued at the acquisition cost or, if lower, at the likely price of surrender.

ITEMS DENOMINATED IN FOREIGN CURRENCIES

Any receivables and liabilities denominated in foreign currencies are converted into euros at the rate on the last day of the financial year.

Notes to the income statement, FAS

EUR million	ALKO GROUP		ALKO INC.	
	1 JAN-31 DEC 2016	1 JAN-31 DEC 2015	1 JAN-31 DEC 2016	1 JAN-31 DEC 2015
2.1 OTHER OPERATING INCOME				
Rental income	0.9	1.3	0.9	1.3
Other operating income	0.4	0.4	0.4	0.4
Profit on the sale of fixed assets	0.8	1.0	0.8	1.0
Total other operating income	2.1	2.6	2.1	2.6
2.2 MATERIALS AND SERVICES				
Purchases during the financial period	-968.4	-961.2	-968.4	-961.2
Increase/decrease in inventories	7.0	3.7	7.0	3.7
Materials, consumables and supplies	-961.4	-957.5	-961.4	-957.5
Outsourced services	-1.7	-1.7	-1.7	-1.7
Total materials and services	-963.1	-959.2	-963.1	-959.2
2.3 AVERAGE NUMBER OF PERSONNEL DURING THE FINANCIAL YEAR				
	1,856	1,821	1,856	1,821
2.4 PERSONNEL COSTS				
Wages, salaries and remuneration	-70.5	-67.4	-70.5	-67.4
Pension expenses	-12.5	-14.5	-12.5	-14.5
Other personnel-related expenses	-4.6	-3.7	-4.6	-3.7
Total personnel costs	-87.6	-85.6	-87.6	-85.6
<p>Alko personnel whose employment contract started before 31 December 1991 are covered by the supplementary pension system. Their retirement age is 61 years and their pensions are 66 per cent of their salaries.</p> <p>On 31 Dec 2016, the OP-Life group pension insurance taken out by the parent company had an additional insurance fund of EUR 18.9 million (EUR 18.9 million). This fund can be used as insurance against supplementary pension index increases and other obligations.</p>				
2.5 SALARIES, REMUNERATION AND BENEFITS PAID TO MANAGEMENT				
President & CEO	0.5	0.4	0.5	0.4
Board of Directors	0.2	0.2	0.2	0.2
Supervisory Board fees and remuneration	0.0	0.0	0.0	0.0
Total salaries, remuneration and benefits paid to Management	0.7	0.7	0.7	0.7
<p>Incentive bonuses are included in salaries on an accrual basis.</p> <p>At the end of 2016, some Management Team members belonged to the supplementary pension benefit scheme. One member of the Management Team had a defined-benefit group pension arrangement with a retirement age of about 61 years, depending on years of service, and a pension amounting to 66 per cent of salary. Two members of the Management Team had defined-contribution group pension arrangements with an annual payment of 10 per cent of the annual salary excluding bonuses. Their retirement age is in line with the Employees Pensions Act (TyEL). The pensions of three Management Team members are determined by TyEL and they do not belong to the supplementary pension fund.</p>				
2.6 DEPRECIATION AND WRITE-DOWNS				
Depreciation according to plan	-7.2	-8.2	-7.0	-7.6
Depreciation according to plan on non-current assets and goodwill	-7.2	-8.2	-7.0	-7.6
Reversed impairment on non-current asset items	0.0	0.0	0.0	0.0
Total depreciation and write-downs	-7.2	-8.2	-7.0	-7.6
2.7 AUDITOR'S FEES				
KPMG Oy Ab				
Auditing	0.0	0.0	0.0	0.0
Other fees	0.0	0.0	0.0	0.0
Total auditor's fees	0.0	0.0	0.0	0.0

Notes to the income statement, FAS

EUR million	ALKO GROUP		ALKO INC	
	1 JAN-31 DEC 2016	1 JAN-31 DEC 2015	1 JAN-31 DEC 2016	1 JAN-31 DEC 2015
2.8 OTHER OPERATING EXPENSES				
Rents	-19.2	-22.2	-23.2	-22.4
Voluntary personnel-related expenses	-1.2	-4.6	-1.2	-4.6
Capital losses on non-current assets	0.1	0.0	0.1	0.0
Support given	-0.9	-0.3	-0.9	-0.3
Energy	-1.1	-1.3	-1.2	-1.4
Work outfits and equipment	-2.8	-2.8	-2.8	-2.8
Construction and repair services	-2.1	-1.4	-2.1	-1.4
IT services	-10.0	-7.9	-10.0	-7.9
Transport	-1.6	-1.5	-1.6	-1.5
Other outsourced services	-7.2	-6.1	-7.2	-6.1
Communications and marketing	-3.0	-3.1	-3.0	-3.1
Telecommunications	-1.6	-1.9	-1.6	-1.9
Credit card commissions and cash handling	-3.7	-3.6	-3.7	-3.6
Other expenses	-5.3	-3.1	-2.2	-2.3
Total other operating expenses	-59.6	-59.9	-60.5	-59.5
FINANCIAL INCOME AND EXPENSES				
2.9 FINANCIAL INCOME AND EXPENSES				
Dividends from others	0.0	0.0	0.0	0.0
Income from holdings	0.0	0.0	0.0	0.0
Other interest and financial income from others	1.2	0.7	1.2	0.7
Other financial income	1.2	0.7	1.2	0.7
Total financial income	1.2	0.8	1.2	0.8
2.10 FINANCIAL EXPENSES				
Other interest and financial expenses	0.0	-0.1	0.0	-0.1
Total other interest and financial expenses	0.0	-0.1	0.0	-0.1
Total financial expenses	0.0	-0.1	0.0	-0.1
Total financial income and expenses	1.2	0.7	1.2	0.7
Profit/loss from exchange rates	0.0	-0.1	0.0	-0.1
Total profit/loss from exchange rates	0.0	-0.1	0.0	-0.1
2.11 DIRECT TAXES				
Income tax on operations	-9.5	-10.1	-9.5	-10.1
Changes in deferred tax liabilities and assets	-0.1	0.0		
Income tax on operations	-9.6	-10.1	-9.5	-10.1

Notes to the balance sheet

3 NON-CURRENT ASSETS

EUR million	ALKO GROUP		ALKO INC.	
	31/12/16	31/12/15	31/12/16	31/12/15
3.1 INTANGIBLE ASSETS				
Other capitalised expenditures	3.1	5.9	3.1	5.9
Advance payments on intangible assets	4.4	1.0	4.4	1.0
Total intangible assets	7.5	6.9	7.5	6.9
3.2 TANGIBLE ASSETS				
Land and water areas	13.9	13.9	0.0	0.0
Buildings and structures	14.5	13.9	0.0	0.0
Machinery and equipment	10.1	10.0	10.1	10.2
Other tangible assets	0.2	0.2	0.2	0.2
Advance payments for ongoing acquisitions	0.0	0.1	0.0	0.0
Total tangible assets	38.7	38.1	10.3	10.5
3.3 INVESTMENTS				
Holdings in Group companies	0.4	0.4	27.5	27.5
Holdings in associated companies	1.8	1.8	1.8	1.8
Other shares and holdings	3.5	3.6	3.5	3.6
Total investments	5.6	5.7	32.8	32.9
Total non-current assets	51.8	50.7	50.6	50.2

Notes to the balance sheet

3.4 INTANGIBLE ASSETS

ALKO GROUP

Intangible assets 2015	EUR million	Other capitalised expenditures	Advance payments	Total
Acquisition cost, 1 January		11.7	6.7	18.5
Increase		0.2	1.4	1.6
Transfers between items		7.2	-7.2	0.0
Acquisition cost, 31 December		19.1	1.0	20.1
Accumulated depreciation, 1 January		-10.1	0.0	-10.1
Depreciation for the financial year		-3.1	0.0	-3.1
Accumulated depreciation, 31 December		-13.2	0.0	-13.2
Book value, 31 December		5.9	1.0	6.9

Intangible assets 2016	EUR million	Other capitalised expenditures	Advance payments	Total
Acquisition cost, 1 January		19.1	1.0	20.1
Increase		0.1	3.4	3.5
Acquisition cost, 31 December		19.2	4.4	23.5
Accumulated depreciation, 1 January		-13.2	0.0	-13.2
Depreciation for the financial year		-2.9	0.0	-2.9
Accumulated depreciation, 31 December		-16.1	0.0	-16.1
Book value, 31 December		3.1	4.4	7.5

ALKO INC.

Intangible assets 2015	EUR million	Other capitalised expenditures	Advance payments	Total
Acquisition cost, 1 January		11.7	6.7	18.5
Increase		0.2	1.3	1.5
Transfers between items		7.2	-7.1	0.1
Acquisition cost, 31 December		19.1	1.0	20.1
Accumulated depreciation, 1 January		-10.1	0.0	-10.1
Depreciation for the financial year		-3.1	0.0	-3.1
Accumulated depreciation, 31 December		-13.2	0.0	-13.2
Book value, 31 December		5.9	1.0	6.9

Intangible assets 2016	EUR million	Other capitalised expenditures	Advance payments	Total
Acquisition cost, 1 January		19.1	1.0	20.1
Increase		0.1	3.4	3.5
Acquisition cost, 31 December		19.2	4.4	23.5
Accumulated depreciation, 1 January		-13.2	0.0	-13.2
Depreciation for the financial year		-2.9	0.0	-2.9
Accumulated depreciation, 31 December		-16.1	0.0	-16.1
Book value, 31 December		3.1	4.4	7.5

Notes to the balance sheet

3.5 TANGIBLE ASSETS

ALKO GROUP

Tangible assets 2015 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 January	13.9	15.1	63.6	0.2	92.8
Increase	0.0	0.0	3.1	0.0	3.1
Decrease	0.0	0.0	-0.3	0.0	-0.3
Advance payments	0.0	0.1	0.0	0.0	0.1
Acquisition cost, 31 December *	13.9	15.2	66.4	0.2	95.8
Accumulated depreciation, 1 January	0.0	-0.9	-51.9	0.0	-52.8
Accumulated depreciation on decreases and transfers	0.0	0.0	0.3	0.0	0.3
Depreciation for the financial year	0.0	-0.6	-4.5	0.0	-5.1
Accumulated depreciation, 31 December	0.0	-1.5	-56.1	0.0	-57.6
Book value, 31 December	13.9	13.8	10.2	0.2	38.1

Tangible assets 2016 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 January	13.9	15.2	66.4	0.2	95.8
Increase	0.0	1.1	3.9	0.0	5.1
Decrease	0.0	-0.1	-0.3	0.0	-0.5
Acquisition cost, 31 December *	13.9	16.3	70.0	0.2	100.4
Accumulated depreciation, 1 January	0.0	-1.5	-56.1	0.0	-57.6
Accumulated depreciation on decreases and transfers	0.0	0.0	0.3	0.0	0.3
Depreciation for the financial year	0.0	-0.2	-4.1	0.0	-4.3
Accumulated depreciation, 31 December	0.0	-1.7	-59.9	0.0	-61.6
Book value, 31 December	13.9	14.5	10.1	0.2	38.7

*) Acquisition cost does not include upward value adjustments

Notes to the balance sheet

3.5 TANGIBLE-ASSETS

ALKO INC.

Tangible assets 2015 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 January	0.0	0.1	63.6	0.2	63.9
Increase	0.0	0.0	3.1	0.0	3.1
Decrease	0.0	0.0	-0.3	0.0	-0.3
Acquisition cost, 31 December*	0.0	0.1	66.4	0.2	66.7
Accumulated depreciation, 1 January	0.0	-0.1	-51.9	0.0	-52.0
Accumulated depreciation on decreases and transfers	0.0	0.0	0.3	0.0	0.3
Depreciation for the financial year	0.0	0.0	-4.5	0.0	-4.5
Accumulated depreciation, 31 December	0.0	-0.1	-56.1	0.0	-56.2
Book value, 31 December	0.0	0.0	10.2	0.2	10.5

Tangible assets 2016 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 January	0.0	0.1	66.4	0.2	66.7
Increase	0.0	0.0	3.9	0.0	3.9
Decrease	0.0	0.0	-0.3	0.0	-0.3
Acquisition cost, 31 December*	0.0	0.1	70.0	0.2	70.3
Accumulated depreciation, 1 January	0.0	-0.1	-56.1	0.0	-56.2
Accumulated depreciation on decreases and transfers	0.0	0.0	0.3	0.0	0.3
Depreciation for the financial year	0.0	0.0	-4.1	0.0	-4.1
Accumulated depreciation, 31 December	0.0	-0.1	-59.9	0.0	-60.0
Book value, 31 December	0.0	0.0	10.1	0.2	10.3

*) Acquisition cost does not include upward value adjustments

Notes to the balance sheet

3.6 INVESTMENTS

ALKO GROUP

Investments 2015 EUR million	Holdings in Group companies	Holdings in associated companies	Other shares and holdings	Total
Acquisition cost, 1 January	0.9	2.1	4.7	7.6
Decrease	0.0	0.0	-1.0	-1.0
Acquisition cost, 31 December	0.9	2.1	3.7	6.7
Accumulated write-downs and capital adjustments, 1 January	-0.5	-0.3	-0.2	-0.9
Accumulated write-downs on decreases and transfers	0.0	0.0	0.0	0.0
Accumulated depreciation, 31 December	-0.5	-0.3	-0.2	-0.9
Book value, 31 December	0.4	1.8	3.6	5.7

Investments 2016 EUR million	Holdings in Group companies	Holdings in associated companies	Other shares and holdings	Total
Acquisition cost, 1 January	0.9	2.1	3.7	6.7
Decrease	0.0	0.0	-0.1	-0.1
Acquisition cost, 31 December	0.9	2.1	3.6	6.6
Accumulated write-downs and capital adjustments, 1 January	-0.5	-0.3	-0.2	-0.9
Accumulated depreciation, 31 December	-0.5	-0.3	-0.2	-0.9
Book value, 31 December	0.4	1.8	3.5	5.6

ALKO INC.

Investments 2015 EUR million	Holdings in Group companies	Holdings in associated companies	Other shares and holdings	Total
Acquisition cost, 1 January	28.0	2.1	4.7	34.8
Decrease	0.0	0.0	-1.0	-1.0
Acquisition cost, 31 December	28.0	2.1	3.7	33.8
Accumulated write-downs and capital adjustments, 1 January	-0.5	-0.3	-0.2	-0.9
Accumulated write-downs on decreases and transfers	0.0	0.0	0.0	0.0
Accumulated depreciation, 31 December	-0.5	-0.3	-0.2	-0.9
Book value, 31 December	27.5	1.8	3.6	32.9

Investments 2016 EUR million	Holdings in Group companies	Holdings in associated companies	Other shares and holdings	Total
Acquisition cost, 1 January	28.0	2.1	3.7	33.8
Decrease	0.0	0.0	-0.1	-0.1
Acquisition cost, 31 December	28.0	2.1	3.6	33.7
Accumulated write-downs and capital adjustments, 1 January	-0.5	-0.3	-0.2	-0.9
Accumulated depreciation, 31 December	-0.5	-0.3	-0.2	-0.9
Book value, 31 December	27.5	1.8	3.5	32.8

Acquisition cost does not include upward value adjustments

Notes to the balance sheet

3.7 SHARES

ALKO INC.

	Parent company holding, %	Percentage of shareholders' equity EUR 1,000	Shareholders' equity	Number of shares	Nominal value EUR/share	Shares/holdings Nominal value 31/12/16 EUR 1,000, total	Book value 31/12/16 EUR 1,000	Profit/loss according to the latest Financial Statements EUR 1,000
HOLDINGS IN GROUP COMPANIES								
Kiinteistö Oy Arkadiantalo, Helsinki	100.00		18,797,252.76				27,141	756
Kiinteistö Oy Puolangan Keskus, Puolanka	50.48	188	372,118.46	275	56.00	15	118	0
Kiinteistö Oy Raahen Asemakatu 12, Raahе	57.90	243	420,469.82	14,476	17.00	246	140	0
Kiinteistö Oy Vuoksenniskan Harjulanrinne, Imatra	73.08	692	946,332.89	7,308	0.30	2	120	0
TOTAL HOLDINGS IN GROUP COMPANIES		1,123					27,519	
HOLDINGS IN PARTICIPATING INTEREST COMPANIES								
Kiinteistö Oy Enon Kauppakeskus, Eno	37.00	168	454,719.18	259	5.05	1	118	1
Asunto Oy Juvan Myllynkerä, Juva	31.50	153	486,278.05	3,150	0.25	1	150	-9
Kaavin Yrittäjätalo Oy, Kaavi	23.20	103	445,542.94	348	16.82	6	101	-26
Kiinteistö Oy Kaivolankulma, Puumala	36.37	106	291,818.08	2,515	67.28	169	100	0
Kiinteistö Oy Kannuksen Torinkulma, Kannus	46.03	331	718,774.55	2,900	1.68	5	155	1
Kiinteistö Oy Mantsintie 1-3, Ilomantsi	28.19	108	381,934.80	311	50.46	16	135	5
Kiinteistö Oy Nilsianportti, Nilsiä	31.49	449	1,425,666.89	1,606	16.82	27	168	0
Asunto-osakeyhtiö Pieksälä, Pieksämäki	26.82	167	622,833.54	54,800	1.68	92	84	16
Kiinteistö Oy Pulkkilan Kauppakeskus, Pulkkila	49.84	228	456,642.01	4,984	0.34	2	70	-27
Kiinteistö Oy Saarijärven Paavonaukio, Saarijärvi	29.58	217	734,118.19	392	168.19	66	120	0
Asunto Oy Sandelsinkatu 4, Helsinki	24.85	34	138,526.22	6,835	0.34	2	251	31
Kiinteistö Oy Savitaipaleen Torinkulma, Savitaipale	23.00	195	847,498.96	2,300	0.34	1	103	-51
Kiinteistö Oy Urpala, Rantasalmi	36.88	295	799,022.96	2,950	0.34	1	100	0
Kiinteistö Oy Äänekosken Torikatu 5, Äänekoski	36.29	313	862,147.76	450	16.82	8	130	2
TOTAL HOLDINGS IN PARTICIPATING INTEREST COMPANIES		2,867					1,785	

Notes to the balance sheet

	Parent company holding, %	Percentage of shareholders' equity EUR 1,000	Shareholders' equity	Number of shares	Nominal value EUR/share	Shares/holdings Nominal value 31/12/16 EUR 1,000, total	Book value 31/12/16 EUR 1,000	Profit/loss according to the latest Financial Statements EUR 1,000
OTHER SHARES AND HOLDINGS								
Asunto Oy Helsinginkatu 15, Helsinki	17.73			1,773	1.68	3	434	
Kiinteistö Oy Karakeskus, Kouvola	4.60			5,013	0.17	1	7	
Kiinteistö Oy Keritori, Kerimäki	9.76			332	1.68	1	63	
Kiuruveden Linja-autoaseman Kiinteistö Oy, Kiuruvesi	14.99			2,514	16.82	42	135	
Kiinteistö Oy Kolarin Ylläs Chalets VII				122			244	
Kontulan Ostoskeskus Oy, Helsinki	9.46			745	68.62	51	673	
Asunto Oy Nilsian Tahkovouri Chalets B				1,805			178	
Kiinteistö Oulun Kirkkokatu 14, Oulu	1.43			500	16.82	8	17	
Kiinteistö Oy Paltamon Tervahamina, Paltamo	10.00			1,000	1.68	2	100	
Kiinteistö Oy Pyhäsalmen Liiketalo, Pyhäsalmi	16.00			288	1.68	0	101	
Savonlinnan Linja-autoasema Oy, Savonlinna	10.47			1,540	168.19	259	168	
Kiinteistö Oy Siilinjärven Torikalla, Siilinjärvi	19.22			36,520	0.17	6	200	
Tahko Golf Club Aoy, A 597							9	
Tahko Golf Club Aoy, A 1044							9	
Kiinteistö Oy Tampereen Hämeenpuisto 27b, Tampere	1.56			440	17.00	283	38	
Asunto Oy Vuorimiehenkatu 33, Helsinki	15.41			4,445	16.82	75	228	
Kiinteistö Oy Ämmänkievari, Suomussalmi	1.36			3,915	16.82	66	10	
Vierumäki Golf Garden Oy							488	
Vierumäki Golf Garden Oy							38	
Vierumäki Chalets							298	
Luoston Huolto Oy	1.87			28	8.41	0	3	
Luottokunta				1			0	
Suomen Palautuspakkaus Oy	12.50			150			25	
Total other shares and holdings						797	3,466	
Other non-itemised shares and holdings (in telephone companies)							0	
TOTAL OTHER SHARES AND HOLDINGS							3,466	
TOTAL SHARES							32,770	

Notes to the balance sheet

4 CURRENT ASSETS

EUR million	ALKO GROUP		ALKO INC.	
	31/12/16	31/12/15	31/12/16	31/12/15
4.1 CASH AND CASH EQUIVALENTS				
Store cash registers	13.6	13.1	13.6	13.1
Commercial papers	2.0	2.0	2.0	2.0
Bonds	30.4	20.9	30.4	20.9
Bank accounts	63.1	84.3	63.0	84.2
Total cash and cash equivalents	109.1	120.3	109.0	120.2
4.2 DIFFERENCE IN THE MARKET AND BOOK VALUES OF BONDS				
Market value of financial securities	30.5	20.6	30.5	20.6
Book value of financial securities	30.4	20.9	30.4	20.9
Difference	0.0	-0.3	0.0	-0.3
4.3 INVENTORIES				
Finished products and goods	72.6	65.6	72.6	65.6
Advance payments on inventories	0.6	0.5	0.6	0.5
Total inventories	73.2	66.1	73.2	66.1
4.4 OTHER NON-CURRENT RECEIVABLES				
Other	1.6	1.6	1.6	1.6
Total other non-current receivables	1.6	1.6	1.6	1.6
4.5 CURRENT RECEIVABLES FROM GROUP COMPANIES				
Current prepaid expenses and accrued income				0.1
Total current receivables from Group companies				0.1
4.6 NON-CURRENT RECEIVABLES				
Accounts receivable	18.4	16.3	18.3	16.3
Current receivables (from others)	3.4	1.9	3.4	1.9
Other	0.1	0.0	0.1	0.0
Total current receivables	21.9	18.3	21.8	18.2
CURRENT RECEIVABLES	21.9	18.3	21.8	18.3
4.7 MAJOR ITEMS IN PREPAID EXPENSES AND ACCRUED INCOME				
Income tax receivables	1.2	0.0	1.2	0.0
VAT receivables	0.0	0.1	0.0	0.0
KELA compensation for occupational health care	1.1	0.6	1.1	0.6
Employer insurance contributions	0.6	0.5	0.6	0.5
Interest receivables	0.4	0.3	0.4	0.3
Prepaid grants for 2017	0.0	0.3	0.0	0.3
License and maintenance fees for 2017	0.1	0.1	0.1	0.1
Other prepaid expenses and accrued income	0.0	0.1	0.0	0.1
Total	3.4	1.9	3.4	1.9

Notes to the balance sheet

5 SHAREHOLDERS' EQUITY

5.1 STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY

ALKO GROUP

Change in shareholders' equity 2015	Share capital	Other funds	Profit funds	Total
EQUITY, 1 JAN	16.8	2.8	58.0	77.6
Distribution of dividend			-40.0	-40.0
Transfers between items, fund for wellbeing at work		-0.2	0.2	0.0
Profit for financial year			39.4	39.4
TOTAL EQUITY, 31 DEC 2015	16.8	2.6	57.5	77.0

Change in shareholders' equity 2016	Share capital	Other funds	Profit funds	Total
EQUITY, 1 JAN	16.8	2.6	57.5	77.0
Distribution of dividend			-40.0	-40.0
Transfers between items, fund for wellbeing at work		-0.4	0.4	0.0
Profit for financial year			39.0	39.0
TOTAL EQUITY, 31 DEC 2016	16.8	2.2	57.0	75.9

ALKO INC.

Change in shareholders' equity 2015	Share capital	Other funds	Profit funds	Total
EQUITY, 1 JAN	16.8	2.8	57.2	76.8
Distribution of dividend			-40.0	-40.0
Transfers between items, fund for wellbeing at work		-0.2	0.2	0.0
Profit for financial year			40.2	40.2
TOTAL EQUITY, 31 DEC 2015	16.8	2.6	57.7	77.1

Change in shareholders' equity 2016	Share capital	Other funds	Profit funds	Total
EQUITY, 1 JAN	16.8	2.6	57.7	77.1
Distribution of dividend			-40.0	-40.0
Transfers between items, fund for wellbeing at work		-0.4	0.4	0.0
Profit for financial year			38.3	38.3
TOTAL EQUITY, 31 DEC 2016	16.8	2.2	56.4	75.4

5.2 DISTRIBUTABLE EARNINGS

EUR million	ALKO GROUP		ALKO INC.	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Retained profit			17.7	17.2
Profit/loss for financial year			38.3	40.2
Transfer from other funds			0.4	0.2
Total adjustments			0.4	0.2
Distributable earnings			56.4	57.7

Notes to the balance sheet

6 OBLIGATORY PROVISIONS

EUR million	ALKO GROUP		ALKO INC.	
	31/12/16	31/12/15	31/12/16	31/12/15
6.1 OBLIGATORY PROVISIONS				
Rent liability for vacant premises	0.0	1.5	0.0	1.5
Total	0.0	1.5	0.0	1.5

7 LIABILITIES

EUR million	ALKO GROUP		ALKO INC.	
	31/12/16	31/12/15	31/12/16	31/12/15
7.1 CURRENT LIABILITIES TO GROUP COMPANIES				
Accounts payable to Group companies			0.0	0.0
			0.0	0.0
7.2 CURRENT LIABILITIES				
Accounts payable	149.7	143.8	149.6	143.6
Accrued expenses and deferred income	19.8	20.6	19.8	20.6
Other liabilities	11.5	13.7	11.5	13.7
Advances received	0.0	0.0	0.0	0.0
Total	181.0	178.0	180.9	177.8
CURRENT LIABILITIES	181.0	178.0	180.9	177.8
7.3 MAJOR ITEMS IN ACCRUED EXPENSES AND DEFERRED INCOME				
Accrual of salaries, including social insurance costs	18.4	17.8	18.4	17.8
Accrual of employer insurance contributions	0.4	0.2	0.4	0.2
Accrual of income tax	0.0	1.2	0.0	1.2
Accrual of bank charges and credit card commissions	0.5	0.5	0.5	0.5
Deliveries from abroad	0.1	0.3	0.1	0.3
Ongoing legal proceedings	0.0	0.1	0.0	0.1
Scrapping of cash desks	0.0	0.2	0.0	0.2
Invoices to be recognised in 2017	0.3	0.3	0.3	0.3
Other current accrued expenses and deferred income	0.0	0.0	0.0	0.0
Total	19.8	20.6	19.8	20.6

Notes to the balance sheet

8 OTHER NOTES

Securities given, contingencies and other liabilities

Other securities given

EUR million	ALKO GROUP		ALKO INC.	
	31/12/16	31/12/15	31/12/16	31/12/15
8.1 LEASING LIABILITIES				
Payable the following year	1.1	0.6	1.1	0.6
Payable later	0.5	1.1	0.5	1.1
Total	1.6	1.6	1.6	1.6
8.2 RENT LIABILITIES				
Payable the following year	13.3	13.7	13.3	13.7
Payable later	1.7	1.2	1.7	1.2
Total	15.0	14.9	15.0	14.9

Key figures

	ALKO GROUP					ALKO INC.				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
Net sales, EUR million	1,162.8	1,159.0	1,180.0	1,175.3	1,207.5	1,162.7	1,158.9	1,179.8	1,175.0	1,207.2
Operating profit, EUR million	47.3	48.8	50.4	49.1	57.4	46.6	49.7	50.5	49.4	57.3
Proportion of net sales, %	4.1	4.2	4.3	4.2	4.8	4.0	4.3	4.3	4.2	4.7
Profit before extraordinary items, voluntary provisions and income taxes	48.6	49.5	51.2	50.2	58.4	47.8	50.4	51.3	50.6	58.3
Proportion of net sales, %	4.2	4.3	4.3	4.3	4.8	4.1	4.3	4.3	4.3	4.8
Return on equity, %	51.0	51.0	53.7	48.9	54.0	49.6	51.7	53.8	53.0	54.0
Return on investment, %	63.5	64.1	67.2	64.7	70.0	62.1	64.8	67.3	70.6	70.1
Equity ratio, %	29.4	29.8	30.3	27.8	30.5	29.6	30.3	30.5	27.9	30.7
Current ratio	1.1	1.2	1.1	1.1	1.1	1.1	1.2	1.1	1.1	1.1
Gross investments in fixed assets, EUR million	8.5	4.8	6.1	6.9	7.1	7.4	4.7	6.0	6.9	7.1
Proportion of net sales, %	0.7	0.4	0.5	0.6	0.6	0.6	0.4	0.5	0.6	0.6
Average number of personnel during the financial year	2,385	2,415	2,527	2,610	2,657	2,385	2,415	2,527	2,610	2,657

FORMULAS FOR THE INDICATORS

Return on equity, %
$$\frac{(\text{Profit before extraordinary items} - \text{Income taxes on ordinary operations}) \times 100}{\text{Equity (average*)}}$$

Return on investment, %
$$\frac{(\text{Profit before extraordinary items} + \text{financial expenses for liabilities}) \times 100}{\text{Balance sheet total (average*)} - \text{non-interest-bearing liabilities (average*)}}$$

Equity ratio, %
$$\frac{\text{Equity} \times 100}{\text{Balance sheet total} - \text{Advances received}}$$

Current ratio
$$\frac{\text{Inventories} + \text{Financial assets}}{\text{Current liabilities}}$$

*) Averages have been calculated as the averages of the final monthly balances.

The Board of Directors' proposal on the distribution of profit

The proposal is to transfer EUR 446,631.82 from the other equity fund to the unrestricted equity fund to cover the costs of improving wellbeing at work.

The parent company's distributable funds at 31 December 2016 totalled EUR 56,415,591.23 (EUR 57,660,014.44), of which EUR 38,308,944.97 (EUR 40,247,544.66) is profit for the financial year.

The Board proposes that the company's distributable funds be used as follows:

– distributed as a dividend	30,000,000.00	EUR
– to be retained under equity	26,415,591.23	EUR
	<hr/>	
	56,415,591.23	EUR

No substantial changes have occurred in the company's financial position since the end of the financial year. The company's liquidity is good and, in the Board's opinion, will not be jeopardised by the proposed distribution of profits.

Helsinki, 17 March 2017

Board of Directors

Harri Sailas
Chair

Kirsi Varhila

Sari Aalto-Matturi

Juhani Eskola

Leila Kostiainen

Kuisma Niemelä

Jarmo Väisänen

Hille Korhonen
President & CEO

Auditor's Report

A report has been given today on the audit carried out.

Helsinki, 17 March 2017

KPMG Oy Ab
Firm of Authorised Public Accountants

Lasse Holopainen
Authorised Public Accountant

Statement by the Supervisory Board

The Supervisory Board of Alko Inc. has studied the company's financial statements and auditors' report for 2016 and proposes to the 2017 Annual General Meeting that the company income statement and balance sheets for the 2016 financial year be approved. The Supervisory Board agrees with the Board of Directors' proposal for disposal of the profits.

Helsinki, 17th of March, 2017

Vesa-Matti Saarakkala
Chairman

Anna-Maja Henriksson
Vice Chairman

Tuula Haatainen
member

Susanna Huovinen
member

Antti Kaikkonen
member

Osmo Kokko
member

Pauli Kiuru
member

Ulla Parviainen
member

Aino-Kaisa Pekonen
member

Tuomo Puumala
member

Päivi Räsänen
member

Sari Sarkomaa
member



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