ST1 GROUP OY

ANNUAL REPORT 2014

Contents

St1 Group in Brief

St1 Group develops, refines and manufactures liquid fuels in Sweden.

- The main focus of St1 Group is on oil refining, and its sister group St1 Nordic concentrates on wholesale and retail operations.
- The St1 oil refinery in Gothenburg is one of the most energy-efficient oil refineries in the world. Most of the refinery's energy needs are covered by its own gas production.
- The refinery continuously develops and invests in its operations to ensure that the production process generates minimal emissions and that the products meet the most stringent environmental and quality requirements.
- The refinery operates 24 hours a day throughout the year, and it employs approximately 200 professionals.

NET SALES 2014

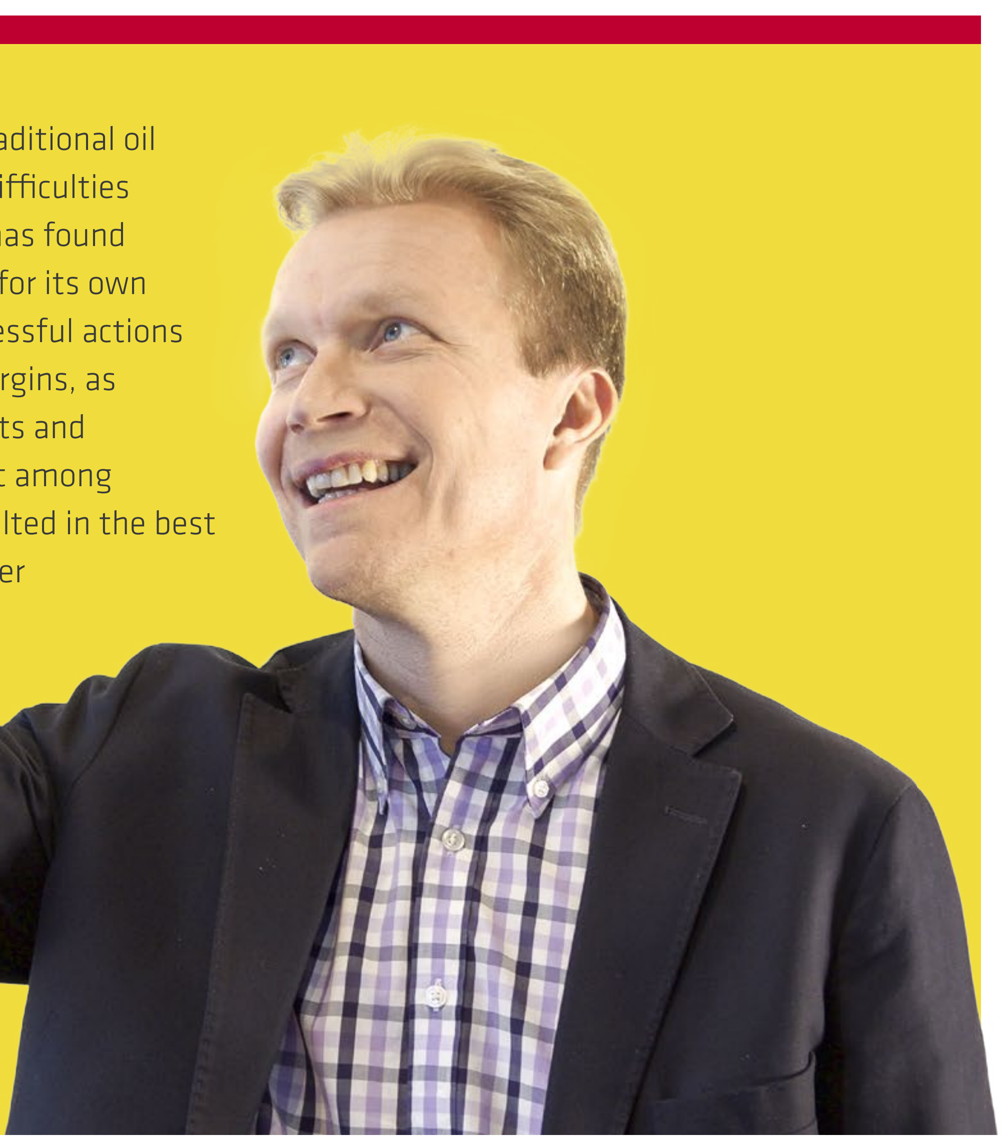
4,406.8 M€

RESULT OF FINANCIAL PERIOD 2014

64.1 M€

RETURN ON EQUITY 2014

71.1 %



> ”Due to overcapacity, traditional oil refineries are experiencing difficulties in Europe. Despite this, St1 has found just the right product range for its own refinery. Together with successful actions taken to protect refinery margins, as well as efficiency investments and an entrepreneurial mindset among employees, this has resulted in the best ever annual profit under St1's ownership.”

Mika Anttonen
Hallituksen puheenjohtaja

Energy-efficient and successful refining operations

As a part of the reorganisation of the St1 group structure, also the Swedish Shell service stations and the direct sales business were transferred from St1 Group to St1 Nordic. St1 Group concentrates now on refining, with its main focus on the energy-efficient oil refinery in Gothenburg, Sweden. In 2014, the refinery continued its operations with an excellent availability performance, exceeding all performance forecasts. During the year, an ethanol production plant was constructed at the refinery and integrated into its functions.

In 2014, the St1 oil refinery refined 26 million barrels of crude oil, mainly sourced from the North Sea. Availability of the refinery remained excellent, achieving as much as 99.8%, resulting in an utilisation rate of 81.4%. The operations also continued at an excellent level in terms of other indicators, such as safety and emissions to the environment. The fall in the world market price of crude oil in the second half of the year meant raw material for production at a lower price and savings in the refinery's own energy costs.

Product development and new technology

The refinery's products include petrol, the sulphur-free MK-1 diesel (in use in Sweden), other middle distillates as well as liquid gas – most of the output is sold through the St1 network in Sweden and Finland. Some 25–30% of the production, such as low-sulphur diesel and petrol components, was exported to other markets.

In 2014, the refinery maximised the percentage of bio-components in diesel for the Swedish market and developed two new low-sulphur marine fuels, which meet the requirements set in the EU Sulphur Directive that entered into force in the Baltic Sea region on 1 January 2015. Product development is a continuous process that includes making preparations for any future changes in the EU legislation that may affect refining operations.

In 2014, a decision was also made to invest in the construction of a new distillation unit. The unit will help increase petrol production capacity and improve the refinery's conditions for profitable operations.

The first Etanolix® plant in Sweden built at the refinery

During 2014, an ethanol production plant was constructed at the refinery and fully integrated into the refinery functions and logistics. The plant, delivered by St1 Nordic's subsidiary St1 Biofuels, is based on the Etanolix® concept, and will produce ethanol for transport fuel, using feedstock such as waste from local bakery industry. The production will start up after the planned maintenance shutdown to be carried out at the refinery in March 2015. The St1 refinery personnel have been trained to operate the ethanol production plant. ■

Financial Statements 2014

Report of the Board of Directors 1 January 2014–31 December 2014

1. Business operations and financial performance of St1 Group Oy

St1 Group Oy (together with its subsidiaries, "St1 Group") is a parent company to a group that manufactures, develops, refines and distributes liquid fuels in Sweden. The Group's oil refinery is located in Gothenburg, Sweden. The oil refinary has an annual refining capacity of approximately 30 million barrels of crude oil. The majority of the refinery's production is sold in Sweden through the retail network and other channels of St1 Sverige AB which is part of the sister group, St1 Nordic. The rest of the production is exported. Until October 2014, the group's activities also comprised of 273 stations under the Shell brand as well as sales of liquid fuels to industrial, wholesale and marine clients. In the demerger of the subsidiary, St1 Energy AB, on 7 October 2014 these activities were transferred to the sister group, St1 Nordic.

The parent company of the group St1 Group Oy (business ID 2567301-7) and a new group, St1 Group, emerged in the demerger of the former St1 Group Oy (business ID 2358367-5) that took place on 31 December 2013. Hence no comparative income statement infomation is available for 2013.

The changes in the group structure are explained in section "Structural and financial reorganisation" below.

In 2014, the group's net sales were EUR 4406,8 million, of which an increase in net sales compiled on a pro forma basis was EUR 270,5 million compared to the previous year. The group's operating profit increased to EUR 85,1 million from operating profit of EUR 76.7 million compiled on a pro forma basis in the previous year. The sharp decline in oil prices at the end of 2014 did not have a significant impact on the group's result due to price hedges. Principles for compilation of pro forma income statement information for the year ended 31 December 2013 is disclosed under the accounting principles of the consolidated financial statements.

Key financial indicators of St1 Group Oy´s financial position and results of operations:

	2014	2013
Net sales, MEUR	**-**	-
Operating profit/loss, MEUR	**-0.2**	-
Operating profit % of net sales	**-**	-
Profit for the period, MEUR	**-0.8**	-
Return on equity %	**-**	-
Equity ratio	**99.7**	98.7

Key financial indicators of the St1 Group´s financial position and results of operations:

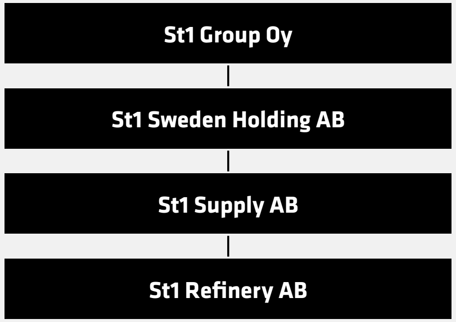
	2014	2013 pro forma	2013
Net sales, MEUR	**4,406.8**	4,136.2	-
Operating profit/loss, MEUR	**85.1**	76.7	-
Operating profit % of net sales	**1.9**	1.9	-
Profit for the period, MEUR	**64.1**	47.0	-
Return on equity %	**71.1**	0.0	-
Equity ratio	**19.7**	0.0	6.7

2. Structural and financial reorganisation

During 2014 St1 continued its reorganisation in order to simplify and streamline the St1 group structure. St1 comprises two sister groups: St1 Group Oy and St1 Nordic Oy. St1 Nordic focuses on fuel retail and marketing operations while St1 Group's main activity is oil refining at its refinery in Gothenburg, Sweden. As the last step of the group's structural reorganisation, the fuel retail and marketing activities in Sweden were transferred from St1 Group to St1 Nordic. This reorganisation step was carried out through the demerger of the subsidiary, St1 Energy AB, so that the refinery operations demerged into a company which remained in St1 Group (St1 Supply AB), and the marketing operations demerged into a company which was sold to St1 Sverige AB, a subsidiary of St1 Nordic.

St1 Group repaid part of its long-term debt with the funds received through the reorganisation. In addition, the group's indebtedness was decreased by optimising the working capital related to the product inventories. In order to ensure sufficient liquidity, the group entered into a bank overdraft facility, which was not in use at the end of the year.

After the reorganisation, St1 Group Oy is the parent company of a group consisting of the subsidiaries St1 Sweden Holding AB, St1 Supply AB and its subsidiary St1 Refinery AB.



3. Company shares

	31 Dec 2014	31 Dec 2013
Share capital	**50,000.00**	50,000.00
Number of shares	**100,000**	100,000

4. Investments

The investments consisted of investments to IT systems in Sweden, several types of maintenance work and modifications to fuel stations (prior to demerger of St1 Energy AB) and minor improvements in the refinery.

5. Assessment of the most significant risks and uncertainties

5.1 Risk management policy and arranging risk management

In St1 Group, risk management refers to a systematic and proactive approach to analyse and manage the opportunities and threats related to operations, rather than solely eliminating the risks. For this purpose, the group's risk management is based on awareness of the key threats, including strategic, operational and financial risks as well as risk of loss or damage, which have the potential to prevent the group from achieving its objectives.

The Board of Directors is responsible for the company's and group's risk management policy and monitors its implementation. Risk management has been integrated into the daily business operations and decision-making of business units and the group's support functions. Thus, each employee shares a responsibility to identify risks that might threaten the achievement of the group's objectives.

5.2. Strategic and operational risks

The group has defined a number of potential risks that could affect its future profitability and development:

- The refining margins on petroleum products may turn out to be insufficient to cover the costs related to refining
- The group may incur considerable costs due to environmental legislation and regulations, affecting the group's financial performance.
- Political, financial and legislative changes may affect demand for the group's products.

The price risks related to petroleum products and refining margins are managed comprehensively with derivatives.

The group's business operations are based on functional and reliable information systems. The group seeks to manage the risks related to information systems through measures such as duplicating critical information systems and data communications links, paying attention to the selection of partners and standardising the work station models, software and information security practices used in the group.

The credit loss risk related to sales receivables is managed through a uniform credit policy and efficient debt-collection activities. Principles used for the measurement of trade receivables and inventories in the financial statements are consistent and based on the principle of prudence.

The group's core competencies are related to business processes comprising sales, procurement, and oil refining, and to the requisite support functions, such as information management, finance, human resources, real estate services, logistics, marketing and communications. Unexpected and significant weakening of the group's core competencies would present a risk. The group continuously seeks to improve the core competencies and other significant competencies of its personnel by offering opportunities for in-work learning and training, as well as by recruiting competent new employees, as needed.

The most significant portion of the group's revenue comes from the export and wholesale trade of oil products. Historically, the demand for these products has not been subject to sudden, drastic changes. Taking the group's line of business and products into account, factors that might affect the group's revenue include decisions by the government or the authorities on how different forms of energy are combined, subsidised or taxed, as well as general economic trends and, with regard to heating oil, regionally prevailing temperatures. All of these factors may influence demand across the whole sector.

5.3. Risks of loss or damage

The group seeks to protect itself from significant risks to its assets by regularly reviewing its insurance policies as part of the overall risk management process. The group strives to cover with insurance all risks for which an insurance is financially or otherwise reasonable. There are no pending trials or any other legal risks that the Board is aware of, which would materially affect the results of the group's operations.

5.4. Financial risks

Management of financial risks: The parent company manages the financing operations for the whole group.

Interest rate risk: At the end of the financial year, the group did not have interest-bearing loans. In the previous year the share of interest rate-sensitive loans in the interest bearing loan portfolio was approximately 268 million. Derivative agreements can be used to help in the management of interest rate risks. At the end of the financial year there were no outstanding interest rate derivative agreements.

Currency risk: The majority of the group's cash flows are denominated in SEK and USD. The group's exposure to currency risk (financial risk and transaction risk) is mostly limited to the inventory, denominated in USD, and currency receivables from and liabilities to the group's Swedish subsidiaries, along with the equity items of the Swedish subsidiaries denominated in SEK. Currency risks can be managed through forward agreements.

5.5. Environmental risks

In order to eliminate the risk of human casualties or oil spills and the related costs, attention must be paid to safe and environmentally sound operating methods in the group's operations. St1 Group Oy has systematically evaluated and monitored its environmental obligations, as well as the obligations arising at group operating sites. Environmental protection obligations have been defined within the scope of legislation and in the quality programmes applied by the group. The financial statements include a provision for environmental liabilities, reviewed for each financial period.

6. An estimate of probable future development

In the view of the group management, the business environment will remain challenging for the next financial period. The group aims to further improve its competitiveness by rationalising business processes, as well as with accurately targeted investments. A planned turnaround, taking place every four years, was carried out at the Gothenburg refinery during spring 2015. The repair work is estimated to take one month during which part of the refinery's production capacity is not in use.

7. Significant events after the end of the financial period

During the start-up phase following the turnaround of the Gothenburg refinery in spring 2015, there was a fire in one of the process units. The repair cost is estimated at 1.5 MEUR.

8. Personnel

Key figures describing the group's personnel

	2014	Pro forma 2013	2013
Average number of personnel during the financial period	**297**	312	312
Wages and salaries during the financial period, MEUR	**18.0**	21.6	-

9. Organisation

The company's Board of Directors consisted of Mr Mika Anttonen and deputy board member Mr Kim Wiio. Mr Kim Wiio was the company's Chief Executive Officer. The company's auditor was PricewaterhouseCoopers Oy.

10. Profit distribution proposal

The Board of Directors proposes that the company will distribute a dividend of EUR 4,000,000,00 for the financial year ended.

Consolidated income statement

€	31.12.2014	1.1.–31.12.2013 Pro forma Unaudited	31.12.2013
NET SALES	**4,406,771,226.06**	4,136,246,556.40	0.00
Other operating income	**23,819,434.37**	33,683,566.63	0.00
Materials and services			
Materials, supplies and products			
Purchases during the period	**1,481,362,642.43**	1,837,037,731.49	0.00
Change in inventories	**2,770,443,365.04**	2,142,477,989.75	0.00
	4,251,806,007.47	3,979,515,721.24	0.00
Personnel expenses			
Wages and salaries	**18,045,835.71**	21,611,532.58	0.00
Social security costs			
Pension costs	**13,674.80**	5,627,705.68	0.00
Other social security costs	**7,929,038.98**	8,284,318.63	0.00
	25,988,549.49	35,523,556.89	0.00
Depreciation and amortisation			
Depreciation and amortisation according to plan	**19,040,325.43**	21,373,767.88	0.00
	19,040,325.43	21,373,767.88	0.00
Other operating expenses	**48,671,797.76**	56,793,715.36	0.00

€	31.12.2014	1.1.–31.12.2013 Pro forma Unaudited	31.12.2013
OPERATING PROFIT	**85,083,980.28**	76,723,361.66	0.00
Finance income and costs			
Other interest and finance income	**1,401,240.87**	6,423,072.91	0.00
Interest expenses and other finance costs	**-11,547,095.29**	-24,727,454.56	0.00
	-10,145,854.42	-18,304,381.65	0.00
PROFIT BEFORE EXTRAORDINARY ITEMS	**74,938,125.86**	58,418,980.01	0.00
PROFIT BEFORE APPROPRIATIONS AND INCOME TAX	**74,938,125.86**	58,418,980.01	0.00
Current income tax	**-1,445,622.45**	-11,461,491.54	0.00
Deferred tax	**-9,375,049.50**	0.00	0.00
	-10,820,671.95	-11,461,491.54	0.00
PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST	**64,117,453.91**	46,957,488.47	0.00
PROFIT FOR THE PERIOD	**64,117,453.91**	46,957,488.47	0.00

* Basis of compilation of pro forma information is described in the accounting policies

Consolidated balance sheet

€	31.12.2014	31.12.2013
Assets		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	**5,461,214.27**	4,243,880.36
	5,461,214.27	4,243,880.36
Tangible assets		
Land and water areas	**73,605,915.13**	79,079,154.58
Buildings and structures	**13,092,918.61**	30,563,979.63
Machinery and equipment	**74,654,064.20**	113,060,853.37
Advance payments and construction in progress	**0.00**	847,497.00
	161,352,897.94	223,551,484.58
Investments		
Investments in associated companies	**319,386.78**	0.00
Other investments	**3,939.10**	0.00
	323,325.88	0.00

€	31.12.2014	31.12.2013
CURRENT ASSETS		
Inventories		
Materials and supplies	**228,949,943.73**	199,443,715.97
Receivables		
Current receivables		
Trade receivables	**79,530,341.52**	250,414,686.59
Receivables from Group companies	**47,275,782.75**	72,561,495.00
Other receivables	**51,974,740.93**	3,680,654.19
Prepayments and accrued income	**16,218,387.45**	82,802,516.97
	194,999,252.65	409,459,352.75
Cash and cash equivalents	**18,612,674.38**	65,236,981.73
	609,699,308.84	901,935,415.39

Consolidated balance sheet

€	31.12.2014	31.12.2013
Equity and liabilities		
EQUITY		
Share capital	**50,000.00**	50,000.00
	50,000.00	50,000.00
Reserve for invested unrestricted equity	**39,622,068.33**	39,622,068.33
Retained earnings (loss)	**16,501,441.50**	-26,648,177.48
Profit (loss) for the period	**64,117,453.91**	46,957,488.47
	120,240,963.73	59,931,379.32
Total equity	**120,290,963.73**	59,981,379.32
PROVISIONS		
Provisions of pensions	**7,392,407.54**	56,907,400.64
Other provisions	**16,150,033.32**	42,485,774.65
	23,542,440.86	99,393,175.29

€	31.12.2014	31.12.2013
LIABILITIES		
Non-current		
Other liabilities	**0.00**	305,006,505.43
Deferred tax liabilities	**13,838,208.18**	13,838,208.18
	13,838,208.18	318,844,713.60
Current		
Trade payables	**170,329,286.25**	290,288,776.42
Liabilities to group companies	**1,643,130.74**	7,217,021.88
Deferred tax liabilities	**13,879,041.83**	5,643,688.41
Other liabilities	**170,051,933.72**	47,820,454.52
Accruals and deferred income	**96,124,303.51**	72,746,205.94
	452,027,696.06	423,716,147.17
	609,699,308.84	901,935,415.39

Consolidated cash flow statement

€	31.12.2014	31.12.2013
Cash flow from operating activities:		
Profit (loss) before extraordinary items	**74,938,125.86**	0.00
Adjustments:		
Depreciation and amortisation according to plan	**19,040,325.43**	0.00
Unrealized gains and losses from exchange rate changes	**5,817,915.37**	0.00
Other income and expenses with non-cash transactions	**-58,494,538.45**	0.00
Other finance income and costs	**10,145,854.42**	0.00
Other adjustments	**142,830.98**	0.00
Cash flow before change in working capital	**51,590,513.61**	0.00
Change in working capital		
Increase (-)/decrease (+) in current non-interest bearing receivables	**-14,966,220.13**	0.00
Increase (-)/decrease (+) in inventories	**103,660,764.89**	0.00
Increase (+)/decrease (-) in current non-interest bearing payables	**7,730,115.40**	0.00
Cash flow from operating activities before financial items and taxes	**148,015,173.77**	0.00
Interest paid and charges on other finance costs	**-8,541,094.99**	0.00
Interest received	**1,034,864.81**	0.00
Taxes paid (received)	**-2,984,260.21**	0.00
Cash flow before extraordinary items	**137,524,683.38**	0.00
Net cash generated from operating activities (A)	**137,524,683.38**	0.00

€	31.12.2014	31.12.2013
Cash flow from investing activities		
Purchases of tangible and intangible assets	**-13,214,436.28**	0.00
Investment in subsidiary	**-19,767,729.18**	0.00
Proceeds from sale of tangible and intangible assets	**373,019.80**	0.00
Repayment of loan receivables	**71,321,296.00**	0.00
Proceeds from sale of subsidiary shares, net	**45,418,005.66**	0.00
Net cash used in investing activities (B)	**84,130,156.00**	0.00
Cash flow from financing activities:		
Repayment of non-current interest-bearing liabilities	**-265,279,146.74**	0.00
Dividends paid and other profit distribution	**-3,000,000.00**	0.00
Net cash used in financing activities (C)	**-268,279,146.74**	0.00
Net increase (+)/decrease (-) in cash and cash equivalents (A+B+C)	**-46,624,307.35**	0.00
Cash and cash equivalents at beginning of period	**65,236,981.73**	0.00
Cash and cash equivalents transferred in demerger	**0.00**	65,236,981.73
Cash and cash equivalents at end of period	**18,612,674.38**	65,236,981.73

Parent Company income statement

€	31.12.2014	31.12.2013
NET SALES	**0.00**	0.00
Other operating income	**0.00**	0.00
Other operating expenses	**-199,040.93**	0.00
OPERATING PROFIT	**-199,040.93**	0.00
Finance income and costs		
Other interest and finance income	**2,376,704.93**	0.00
To others	**-3,008,858.58**	0.00
	-632,153.65	0.00
PROFIT BEFORE EXTRAORDINARY ITEMS	**-831,194.58**	0.00
PROFIT BEFORE APPROPRIATIONS AND INCOME TAX	**-831,194.58**	0.00
Income tax	**40,158.19**	0.00
PROFIT FOR THE PERIOD	**-791,036.39**	0.00

Parent Company balance sheet

€	31.12.2014	31.12.2013
Assets		
NON-CURRENT ASSETS		
Investments		
Shares in Group companies	**5,447.49**	5,447.49
	5,447.49	5,447.49
CURRENT ASSETS		
Receivables		
Current receivables		
Receivables from Group companies	**51,390,643.15**	55,480,935.50
Other receivables	**1,031,051.20**	1,003,691.91
Prepayments and accrued income	**0.00**	406,969.14
	52,421,694.35	56,891,596.55
Cash and cash equivalents	**444,948.16**	344,390.84
	52,872,090.00	57,241,434.88

€	31.12.2014	31.12.2013
Equity and Liabilities		
EQUITY		
Share capital	**50,000.00**	50,000.00
Reserve for invested unrestricted equity	**39,622,068.33**	39,622,068.33
Retained earnings	**13,833,105.20**	16,833,105.20
Profit for the period	**-791,036.39**	0.00
	52,664,137.14	56,455,173.53
TOTAL EQUITY	**52,714,137.14**	56,505,173.53
LIABILITIES		
Current		
Trade payables	**3,163.66**	0.00
Liabilities to Group companies	**154,789.20**	717,401.44
Other liabilities	**0.00**	18,859.91
TOTAL LIABILITIES	**157,952.86**	736,261.35
	52,872,090.00	57,241,434.88

Parent Company cash flow statement

€	31.12.2014	31.12.2013
Cash flow from operating activities:		
Profit (loss) before extraordinary items	**-831,194.58**	0.00
Adjustments:		
Unrealized gains and losses from exchange rate changes	**3,006,000.30**	0.00
Finance income and costs	**-2,373,846.65**	0.00
Cash flow before change in working capital	**-199,040.98**	0.00
Change in working capital:		
Increase (-)/ decrease (+) in current non-interest bearing receivables	**3,839,587.12**	0.00
Increase (+)/ decrease (-) in current non-interest bearing payables	**-581,126.11**	0.00
Cash flow from (used in) operating activities before finance items and taxes	**3,059,420.03**	0.00
Interest paid and other financial expenses	**-40.61**	0.00
Interest received from operating activities	**1,019.71**	0.00
Taxes received (paid)	**40,158.19**	0.00
Cash flow before extraordinary items	**3,100,557.32**	0.00
Cash flow from extraordinary items, net		
Net cash generated from operating activities (A)	**3,100,557.32**	0.00

€	31.12.2014	31.12.2013
Cash flow from investing activities:		
Net cash used in investing activities (B)	**0.00**	0.00
Cash flow from financing activities:		
Dividends paid and other profit distribution	**-3,000,000.00**	0.00
Net cash used in financing activities (C)	**-3,000,000.00**	0.00
Net increase (+)/decrease (-) in cash and cash equivalents (A+B+C)	**100,557.32**	0.00
Cash and cash equivalents at beginning of period	**344,390.84**	0.00
Cash and cash equivalents transferred in demerger	**0.00**	344,390.84
Cash and cash equivalents at end of period	**444,948.16**	344,390.84

Notes to the Financial Statement 31 December 2014

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Financial period

The company's financial period is from 1 January to 31 December. The company has been formed through a full demerger on 31 December 2013.

Consolidated financial statements

The new parent company of the group, St 1 Group Oy ("St1 Group Oy") (business ID 2567301-7) and a new group St1 Group "St1 Group", was incorporated through the full demerger of the old St1 Group Oy (business ID 2358367-5) on 31 December 2013. St1 Group consolidated financial statements have been prepared at historical cost based on the net assets transferred through demerger from the old St1 Group.

The consolidated financial statements include as additional information pro forma income statement information and pro forma cash flow statement information for the twelve month period December 2013, which have been compiled using principles discussed below.

During 2014, St1 continued its reorganisation in order to simplify and streamline the St1 group structure. St1 Group comprises two sister groups: St1 Group Oy and St1 Nordic Oy. The group's fuel retail and marketing operations are located in St1 Nordic while the refinery operations are located in St1 Group.

As the final step of the structural reorganisation, the retail and marketing operations in Sweden were transferred from St1 Group to St1 Nordic. This reorganisation step was carried out through the demerger of the subsidiary, St1 Energy AB, so that the refinery operations demerged into a company which remained in St1 Group (St1 Supply AB), and the marketing operations demerged into a company which was sold to St1 Sverige AB, a subsidiary of St1 Nordic.

The subsidiaries St1 Supply Ab, St1 Refinery Ab and St1 Sweden Holding Ab, are consolidated to the financial statements of St1 Group Oy. POL Transport Ab, an associated company, has not been consolidated, as it does not have material impact on the results of the operations or the financial position of the group. Copies of the consolidated financial statements are available at St1 Group Oy, Purotie 1 00380 Helsinki.

St1 Group Oy's parent company is Keele Oy. The consolidated financial statements of Keele Oy include St1 Group. Copies of the consolidated financial statements are available at: Keele Oy, Purotie 1, 00380 Helsinki, Finland.

The group's inter-company transactions, receivables and payables have been eliminated. Ownership in group companies has been eliminated using the acquisition method.

The income statements of foreign group companies have been converted into euros at the average exchange rate during the financial period. The balance sheets have been converted into the Finnish currency using the closing date exchange rate. Translation differences resulting from the currency conversions, as well as translation differences in foreign subsidiaries' equity arising from conversion, have been presented in 'retained earnings'.

The translation differences in equity have been included in group´s retained earnings (loss).

Pro forma income statement information

On 31 December 2013 the old St1 Group Oy demerged, and its assets and liabilities were transferred to St1 Nordic Oy and the new St1 Group Oy, which was incorporated in connection with the full demerger. The new parent company, St1 Group Oy, together with the subsidiaries that were transferred in connection with the demerger, formed the consolidated St1 Group. The unaudited pro forma income statement information and cash flow statement information is presented to illustrate what the results of the operations and cash flows of St1 Group would have been if the demerger had occurred on 1 January 2013.

The unaudited pro forma income statement information has been compiled by aggregating the income statement information of the subsidiaries and the income statement information of the new parent company for the twelve month period ended 31 December 2013. The group's internal income and expenses as well as group's internal cash flows have been eliminated from the pro forma income statement information and the pro forma cash flow statement information. During the financial year 2013 St1 Group Oy and its subsidiaries had the same owner, the Keele group, and therefore the accounting policies applied by the companies have already been aligned and no adjustments related to the differences between accounting policies are needed. The assets and liabilities transferred in connection with the demerger have been included in the consolidated balance sheet of St1 Group as of 31 December 2013 and therefore no pro forma balance sheet information has been presented.

Because of its nature, this pro forma income statement and cash flow statement information addresses a hypothetical situation, and therefore neither presents the actual results of the operations or cash flows of St1 Group group for the year ended 31 December 2013 nor is intended to project the results of St1 Group operations for any future period or as at any future date.

Valuation of inventories

Liquid fuel inventories are valued at the last day's purchase price in the group companies. If inventory would be valued using the FIFO method, the difference would not be material. Other inventories are valued according to the FIFO principle using cost of purchase, or cost of repurchase, or likely sale price, if lower.

Measurement of non-current assets

Intangible and tangible assets have been capitalised at cost. Depreciation and amortisation according to plan have been recognised on a straight-line basis during the economic life of the assets. Depreciation and amortisation starts in the month when the assets have been taken into use.

Depreciation and amortisation periods in the group

intangible rights and other long-term capitalised expenditure	4–10 years
buildings and structures	20–50 years
machinery and equipment	3–20 years
other tangible assets	10–30 years

Goodwill on consolidation

The application of the historical carrying amounts of the acquired net assets of the subsidiaries of the demerged (old) St1 Group Oy (business ID 2358367-5) has continued, thus no new acquisition occurred in the new St1 Group Oy group (business ID 2567301-7).

Deferred tax liabilities in the group

A deferred tax liability has been recognised for the fair value allocations of goodwill on consolidation by applying the following years' tax rate as confirmed on the closing date. Additionally, a deferred tax liability has been recognised from consolidation and temporary tax differences.

Foreign currency items in the group

Receivables and payables denominated in foreign currencies have been converted into the Finnish currency using the closing date exchange rate.

The income statements of foreign group companies have been converted into euros using the average rate confirmed by Finnish Bank.

Notes to the income statement

Net sales

MEUR	Consolidated 2014	Consolidated Pro forma unaudited 2013	Consolidated 2013	Parent company 2014	Parent company 2013
Liquid fuels	4,406.8	4,136.2	0.0	**0.0**	0.0
	4,406.8	4,136.2	0.0	**0.0**	0.0
Foreign	4,406.8	4,136.2	0.0	**0.0**	0.0
	4,406.8	4,136.2	0.0	**0.0**	0.0

Other operating income

MEUR	Consolidated 2014	Consolidated Pro forma unaudited 2013	Consolidated 2013	Parent company 2014	Parent company 2013
Gains on sale of non-current assets	**0.0**	3.94	0.0	**0.0**	0.0
Other operating income	**23.8**	29.74	0.0	**0.0**	0.0
	23.8	33.68	0.0	**0.0**	0.0

Personnel expenses and average number of personnel

	Consolidated 2014	Consolidated 2013	Parent company 2014	Parent company 2013
Personnel on average	**297**	**312**	0	0
	297	**312**	0	0

Wages and salaries paid to the members of the board and the managing director during the financial period amounted to EUR 249.601,58.

Depreciation, amortisation and impairment charges

€	Consolidated 2014	Consolidated Pro forma unaudited 2013	Consolidated 2013	Parent company 2014	Parent company 2013
Depreciation and amortisation according to plan					
Tangible assets					
Buildings and structures	**3,777,651.39**	2,658,930.63	0.00	**0.00**	0.00
Machinery and equipment	**15,262,674.04**	18,714,837.25	0.00	**0.00**	0.00
	19,040,325.43	21,373,767.88	0.00	**0.00**	0.00
Depreciation and amortisation according to plan, total	**19,040,325.43**	21,373,767.88	0.00	**0.00**	0.00

Other operating expenses

€	Consolidated 2014	Consolidated Pro forma unaudited 2013	Consolidated 2013	Parent company 2014	Parent company 2013
Rents	**6,107,691.22**	7,780,689.39	0.00	**0.00**	0.00
Advertising and sales promotion	**2,602,579.38**	4,047,579.22	0.00	**0.00**	0.00
Operating and maintenance expenses	**16,209,515.71**	19,021,307.69	0.00	**0.00**	0.00
Other operating expenses	**23,752,011.45**	25,944,139.06	0.00	**199,040.93**	0.00
	48,671,797.76	56,793,715.36	0.00	**199,040.93**	0.00

Finance income and expenses

€	Consolidated 2014	Consolidated Pro forma unaudited 2013	Consolidated 2013	Parent company 2014	Parent company 2013
Other interest and finance income					
From group companies	**202,046.21**	0.00	0.00	**2,375,685.22**	0.00
From others	**1,199,194.66**	6,423,072.91	0.00	**1,019.71**	0.00
	1,401,240.87	6,423,072.91	0.00	**2,376,704.93**	0.00
Interest costs and other finance costs					
To group companies	**6,223,412.71**	0.00	0.00	**2,817.67**	0.00
To others	**3,039,940.56**	24,727,454.56	0.00	**40.61**	0.00
Exchange rate losses (net)	**2,283,742.02**	0.00	0.00	**3,006,000.30**	0.00
	11,547,095.29	24,727,454.56	0.00	**3,008,858.58**	0.00
Finance income and expenses, total	**-10,145,854.42**	-18,304,381.65	0.00	**-632,153.65**	0.00

Notes to the balance sheet

Intangible and tangible assets, the group

Intangible assets

€	Intangible rights	Total
Acquisition cost 1 January, 2014	4,243,880.36	4,243,880.36
Additions	3,728,788.97	3,728,788.97
Disposals	-2,511,455.06	-2,511,455.06
Acquisition cost 31 December, 2014	5,461,214.27	5,461,214.27
Accumulated amortisation	0.00	0.00
Amortisation during the financial period	0.00	0.00
Accumulated amortisation 31 December, 2014	0.00	0.00
Net book value 31 December, 2014	5,461,214.27	5,461,214.27

Tangible assets

€	Land	Buildings and structures	Machinery and equipment
Acquisition cost 1 January, 2014	79,079,154.58	33,222,910.26	131,775,690.62
Additions	0.00	511,822.74	12,716,115.75
Disposals	-5,101,146.24	-14,758,767.93	-30,033,608.46
Translation difference	-372,093.21	-1,214,454.35	-4,058,632.52
Acquisition cost 31 December, 2014	73,605,915.13	17,761,510.72	110,399,565.39
Accumulated depreciation	0.00	-2,658,930.63	-18,714,837.25
Depreciation during the financial period	0.00	-2,009,661.48	-17,030,663.94
Accumulated depreciation 31 December, 2014	0.00	-4,668,592.11	-35,745,501.19
Net book value 31 December, 2014	73,605,915.13	13,092,918.61	74,654,064.20

€	Advance payments and construction in progress	Total
Acquisition cost 1 January, 2014	847,497.00	244,925,252.46
Additions	0.00	13,227,938.49
Disposals	-847,497.00	-50,741,019.63
Translation difference	0.00	-5,645,180.08
Acquisition cost 31 December, 2014	0.00	201,766,991.24
Accumulated depreciation	0.00	-21,373,767.88
Depreciation during the financial period	0.00	-19,040,325.42
Accumulated depreciation 31 December, 2014	0.00	-40,414,093.30
Net book value 31 December, 2014	0.00	161,352,897.94

Investments

	Group ownership	Parent ownership
Group companies		
St1 Sweden Holding AB	100%	100%
St1 Supply AB	100%	
St1 Refinery AB	100%	
Associated companies		
POL Transport AB – SOLNA	50%	50%
Company's lattest published financial statements refers to period 1.1.2013–31.12.2013		
Equity EUR 736.186,52 and profit for the period EUR 0.00		

Shares

Investments in the parent company

€	Group companies	Total
Acquisition cost 1 January, 2014	5,447.49	5,447.49
Additions	0.00	0.00
Disposals	0.00	0.00
Acquisition cost 31 December, 2014	5,447.49	5,447.49
Net book value 31 December, 2014	5,447.49	5,447.49

Investments in the group

€	Associated companies	Others	Total
Acquisition cost 1 January, 2014	319,386.78	0.00	319,386.78
Additions	0.00	3,939.10	3,939.10
Disposals	0.00	0.00	0.00
Acquisition cost 31 December, 2014	319,386.78	3,939.10	323,325.88
Net book value 31 December, 2014	319,386.78	3,939.10	323,325.88

Receivables from group companies

	Consolidated	
	2014	2013
Current		
Trade receivables	**43,104,788.46**	17,630,026.00
Accrued receivables	**4,170,994.29**	981,311.11
Loan receivables	**0.00**	53,950,157.89
	47,275,782.75	72,561,495.00

	Parent company	
	2014	2013
Current		
Trade receivables	**0.00**	726,554.68
Accrued receivables	**0.00**	0.00
Loan receivables	**51,390,643.15**	54,754,380.82
	51,390,643.15	55,480,935.50

Prepayments and accrued income

€	Consolidated 2014	2013
Delivered, uninvoiced sales	**10,584,371.34**	73,359,596.35
Accrued income	**0.00**	1,117,495.01
Rental prepayments	**0.00**	846,587.13
Pension prepayments	**0.00**	1,873,779.50
Income tax receivables	**0.00**	327,345.76
Other adjusting entries	**5,634,016.11**	5,277,713.23
	16,218,387.45	82,802,516.97

€	Parent company 2014	2013
Delivered, uninvoiced sales	**0.00**	0.00
Accrued income	**0.00**	0.00
Rental prepayments	**0.00**	0.00
Pension prepayments	**0.00**	0.00
Income tax receivables	**0.00**	327,345.76
Other adjusting entries	**0.00**	79,623.38
	0.00	406,969.14

Equity

	Consolidated		Parent company	
€	2014	2013	2014	2013
Share capital January 1	**50,000.00**	0.00	**50,000.00**	0.00
Demerger 31.12.2013	**0.00**	50,000.00	**0.00**	50,000.00
Share capital December 31	**50,000.00**	50,000.00	**50,000.00**	50,000.00
Reserve for invested unrestricted equity January 1	**39,622,068.33**	0.00	**39,622,068.33**	0.00
Demerger 31.12.2013	**0.00**	39,622,068.33	**0.00**	39,622,068.33
Reserve for invested unrestricted equity December 31	**39,622,068.33**	39,622,068.33	**39,622,068.33**	39,622,068.33
Retained earnings January 1	**20,309,310.99**	0.00	**16,833,105.20**	0.00
Demerger 31.12.2013	**0.00**	-26,648,177.48		16,833,105.20
Dividend distribution	**-3,000,000.00**	0.00	**-3,000,000.00**	0.00
Correction to retained earnings	**673,971.91**	0.00	**0.00**	0.00
Translation differences of foreign subsidiaries	**-1,481,841.40**	0.00	**0.00**	0.00
Retained earnings December 31	**16,501,441.50**	-26,648,177.48	**13,833,105.20**	16,833,105.20
Profit for the period	**64,117,453.91**	46,957,488.47	**-791,036.39**	0.00
Distributable earnings 31.12.	**120,240,963.73**	59,931,379.32	**52,664,137.14**	56,455,173.53

Provisions

€	Consolidated 2014	2013
Certain early retirement pensions for which company is liable	**7,392,407.54**	56,907,400.64
Other provisions	**16,150,033.32**	42,485,774.65
Total provisions	**23,542,440.86**	99,393,175.29

Environmental obligations: The total liability cannot be reliably determined. A provision has been recognised for known liabilities, for which the company is likely to be responsible for in the near future. These liabilities relate mainly to the environmental obligations concerning soil decontamination. Change in the provision has been recognised in other operating expenses against actual costs.

Deferred tax liabilities

€	Consolidated 2014	2013
Deferred tax liabilities		
From appropriations	**13,879,041.83**	5,643,688.41
From consolidation	**13,838,208.18**	13,838,208.18
	27,717,250.01	19,481,896.59

Liabilities to group companies

€	Consolidated 2014	Consolidated 2013	Parent company 2014	Parent company 2013
Current loans	**1,643,130.74**	7,217,021.88	**154,789.20**	717,401.44
	1,643,130.74	7,217,021.88	**154,789.20**	717,401.44

Accruals and deferred income

€	Consolidated 2014	Consolidated 2013	Parent company 2014	Parent company 2013
Deferred income	**91,825,934.21**	25,510,492.04	**0.00**	0.00
Personnel cost accruals	**2,568,060.00**	9,594,755.94	**0.00**	0.00
Cost accruals	**0.00**	34,509,790.92	**0.00**	0.00
Other accrued expenses	**1,730,309.30**	3,131,167.04	**0.00**	0.00
	96,124,303.51	72,746,205.94	**0.00**	0.00

Security of supply inventories

The company has entered into an exceptional arrangement in connection with the purchase of the Swedish refinery business with the Seller's group company Shell International Trading and Supply Company Limited. The raw material inventories acquired in connection with the refinery business acquisition present a considerable price risk, as the group is obligated to maintain security of supply inventory of various oil-related products for a potential national crisis in order to meet regulatory requirements. In 2010, in connection with the refinery business transaction, the company entered into long-term derivative contracts with the Seller, by which the market risk of oil related to the security of supply inventory can be eliminated.

Originally these long-term derivative contracts would mature 30 March 2015, but the contracts were continued and the hedged security of supply inventories volyme is adapted according to changes in security of supply inventories requirements. The company's accounting policy is to measure the hedged security of supply inventories using the original purchase price. Due to the regulatory requirements the company is obliged to maintain security of supply inventories equivalent to the hedged amount for the present. This presentation described in the financial statements gives the most accurate view of the actual purpose of the hedging and the operational impacts, when the derivatives mature. On 31 December 2014, the fair value of the derivatives related to the hedging was EUR 27,9 million and the volume was 1,2 million barrels of crude oil and 50.000 tonnes of heavy fuel oil. At financial year end, the derivatives could have been settled for +4,9 million. In addition, and in accordance with its risk management policies, the company hedges the variations in inventory levels of operating activities with short-term commodity derivatives in different oil products. The changes in the value of the short-term commodity derivatives are reconciled daily against the counterparty, and they are recognised as income or expense in the income statement.

Guarantees given, contingent liabilities and other obligations

	Consolidated		Parent company	
€	**2014**	2013	**2014**	2013
Liabilities for which business mortgage, real estate mortgage or shares have been given as collateral				
Other liabilities	**19,959,123.31**	286,823,413.18	**0.00**	0.00
Total	**19,959,123.31**	286,823,413.18	**0.00**	0.00
Mortgages, security and guarantees given as collateral				
Business mortgages	**572,143,630.35**	527,887,307.79	**200,000,000.00**	200,000,000.00
Real estate mortgages	**60,898,435.00**	110,957,083.68	**0.00**	0.00
Shares	**59,208,694.77**	110,218,974.03	**43,500.00**	43,500.00
Total	**692,250,760.12**	749,063,365.50	**200,043,500.00**	200,043,500.00

In addition, trade payables and bank accounts in the group have been pledged as collateral for the obligations of the group companies.

	Consolidated	
€	**2014**	2013
Future leasing payments:		
No later than one year	**30,854.75**	249,856.00
Later	**42,286.47**	210,157.00
Total	**73,141.21**	460,013.00

In addition, guarantees have been given for environmental obligations related to the lease agreements of the subsidiaries.

Signatures to the financial statements and the Board of Directors'report

In Helsinki, 17 April 2015

Mika Anttonen
Board member

Kim Wiio
CEO

Auditor's Note

Our auditor's report has been issued today.
In Helsinki, 17 April

PricewaterhouseCoopers Oy, Authorised Public Accountants

Johan Weckman
Authorised Public Accountant

Auditor’s Report

To the Annual General Meeting of St1 Group Oy

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of St1 Group Oy for the financial period 1 January - 31 December 2014. The financial statements comprise the consolidated balance sheet, income statement and cash flow statement and notes to the consolidated financial statements, as well as the parent company’s balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor’s Responsibility

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

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

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

Opinion

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

Helsinki 17 April 2015

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johan Weckman
Authorised Public Accountant

Board of Directors

ST1 GROUP

Mika Anttonen

b. 1966

M.Sc. (Eng.)

Member of the Board of Directors

St1 Group Oy

Chairman of the Board of Directors

St1 Nordic Oy

Kim Wiio

b. 1971

LL.M.

Deputy Member of the Board of Directors

CEO

St1 Group Oy

St1 Nordic Oy

Management

ST1 GROUP

Kim Wiio

b. 1971

LL.M.

CEO

St1 Group Oy

Bo-Erik Svensson

b. 1959

M.Sc.

Managing Director

St1 Refinery AB

St1 Supply AB

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