POSITIIVISESTI SUOMALAINEN

ANNUAL REPORT 2011

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FINANCIAL STATEMENTS 2011

Board of Directors' Report

Olvi Group's sales volume and net sales reached their all-time high. Operating profit remained on a healthy level.

Olvi Group continued its growth and made new all-time records in sales volume and net sales. All of the Group's units improved their performance on the previous year. The Group's sales increased by 9.8 percent to 518 million litres, and net sales increased by 6.6 percent to 285.2 million euro.

The Group's operating profit for the year declined by 12.5 percent to 26.7 million euro. The crucial reason for the change was heavy devaluation of the Belarusian rouble (totalling 170%) and inflation. Belarus was listed as a hyperinflationary economy in December 2011. Due to this, IAS 29 was applicable to the country, and the income statement and balance sheet were reported in accordance with the exchange rate on the closing date of the operating year.

The operating conditions during the year were excellent. Fine summer weather made it possible to increase sales volumes and circulate products rapidly through the delivery chain. This was reflected particularly in the sales of mineral waters, ciders, long drinks and kvass. Due to increased demand already in the spring, production in Finland adopted a five-shift system of round-the-clock manufacture seven days a week, and this continued until the end of the year as there was another peak in demand before the alcohol tax hike at the turn of the year.

A multitude of new products were launched across the entire Group, particularly in the most profitable and growing product segments. In addition to this, successful launches of juice drinks and juices in 2-litre packages were made in Estonia, and a 4 x 2-litre mineral water package was launched to the domestic market.

There were substantial increases in production and storage capacity during the reporting period. The first phase of investments in Belarus was completed at the end of the year. It includes two new filling lines, a new storage facility, tank capacity and a renovation of staff facilities. The investments make it possible to increase production volumes in the near future.

In Finland, a new tank cellar and storage facilities were built, wine separation and filtering equipment was modernised, and internal logistics were improved and automated. The construction of a new canning line started late in the year. In the Baltic states, investments were made in new labelling machines and bottle formats, and the efficiency of water treatment systems was improved.

In Finland, the Olvi beer brand was awarded as the most appreciated beer brand by the Mainonta&Markkinointi magazine, and in Estonia, AS A. Le Coq once again received the award of Estonia's most appreciated food industry company. Export sales were developed particularly by AS A. Le Coq and the parent company Olvi plc, including the first deliveries to Sweden, as well as market surveys in Hungary and Ukraine. Thanks to good sales development, Olvi Group's overall market position strengthened further in the operating year 2011, providing a stronger foundation and credibility for the company's development and growth also in the near future.

THE INDUSTRY IN 2011

On-trade beer sales fell once again – a trend that has continued throughout the 2000s

The 2011 figures for alcoholic beverages sold by member companies of the Federation of the Brewing and Soft Drinks Industry are not comparable with 2010 figures. As of the beginning of 2011, the statistics include all members' brands and any private label brands they produce. However, it's estimated that the share of sales accounted for by private label brands had already risen sharply in 2010. Valvira, the National Supervisory Authority for Welfare and Health, publishes the official figures for sales of alcoholic beverages.

The Federation estimates that its member companies have secured larger shares of the Finnish markets for beer, cider and long drinks. This growth is largely due to the fact that stores pur-

chased significant stocks of alcoholic beverages in December at the old tax rate, before the increase. Waters sold well, as members have succeeded in launching a continual stream of new products that better meet consumer demand.

A total of 827.4 million litres of beer, ciders, long drinks, mineral waters and soft drinks were sold. Total consumption rose by 31.6 million litres, or 4 per cent. These figures are based on the sales statistics of members of the Finnish Federation of the Brewing and Soft Drinks Industry.

Hartwall, Nokian Panimo, Olvi and Sinebrychoff sold a total of 423 million litres of beer in 2011, an increase of 27.9 million litres, or 7.1 percent, on the previous year. Most beer was sold through grocery stores. On-trade sales continued to decline, which has been the trend throughout the 2000s. On-trade sales accounted for about 15 percent of total sales. Alko state-owned alcohol outlets represented 2 percent of beer sales.

Members of the Federation of the Brewing and Soft Drinks Industry sold a total of 43.7 million litres of long drinks. Sales in this category increased by 2.5 million litres, or 6.1 percent. The member companies sold 33.2 million litres of cider, an increase of 2.5 million litres, or 8.3 percent.

Sales of soft drinks totalled 260.2 million litres and sales of mineral waters 67.2 million litres. Sales of mineral waters were up 2.3 million litres, or 3.5 percent. Soft drink sales were down 3.6 million litres, a year-on-year decrease of 1.4 percent. Sugar-free soft drinks accounted for about 34 percent of all soft drink sales.

THE INDUSTRY'S DOMESTIC SALES 2011

Beverage	2011 mill. L	2010 mill. L	Change mill. L	Change %
Beer	423.0	395.2	27.9	7.1
Cider	33.2	30.7	2.5	8.3
Long drinks	43.7	41.2	2.5	6.1
Soft drinks	260.2	263.9	-3.6	-1.4
Mineral waters	67.2	64.9	2.3	3.5
Total sales	827.4	795.9	31.6	4.0

Source: Member companies of the Federation of the Brewing and Soft Drinks Industry. The statistics do not include sales by operators outside the Federation of the Brewing and Soft Drinks Industry, nor private imports of brewery products, which are not statistically recorded. As of the beginning of 2011, the statistics include all members' brands and any private label brands they produce.

OLVI GROUP'S FINANCIAL STATEMENTS 1 JANUARY TO 31 DECEMBER 2011

Olvi Group's sales volume and net sales reached their all-time high. The overall market position strengthened in Finland, the Baltic states and Belarus. Operating profit fell short of the previous year due to hyperinflation and devaluation in Belarus.

January to December 2011 in brief:

- Olvi Group's sales increased by 9.8 percent to 518 (472) million litres
- The Group's net sales increased by 6.6 percent to 285.2 (267.5) million euro
- The Group's operating profit declined by 12.5 percent to 26.7 (30.5) million euro
- Belarus was listed as a hyperinflationary economy in December 2011, due to which the financial statements of OAO Lidskoe Pivo have been adjusted using the general consumer price index as required in the IAS 29 standard
- the equity ratio, at 50.6 (54.7), remained on a healthy level
- Olvi Group's earnings per share stood at 0.65 (1.21*) euro, and the Board of Directors proposes a dividend of 0.50 (0.50*) euro per share

KEY RATIOS:

	1-12/2011	1-12/2010	Change %
Net sales, MEUR	285.2	267.5	+ 6.6
Operating profit, MEUR	26.7	30.5	-12.5
Gross capital expenditure, MEUR	43.2	24.5	+76.6
Earnings per share, EUR	0.65	1.21*)	-46.3
Equity per share, EUR	6.11	6.13*)	- 0.3
Equity to total assets, %	50.6	54.7	
Gearing, %	43.2	29.5	

*) The per-share ratios have been adjusted for comparability.

OLVI GROUP'S SALES VOLUME, NET SALES AND OPERATING PROFIT 2011

The total sales volume was 518 (472) million litres, an increase of 9.8 percent or 46 million litres. Sales increased in all operating areas and set a new all-time high.

The sales volume in Finland was 149 (137), in the Baltic states 276 (253) and in Belarus 128 (111) million litres. Intra-Group sales increased by 22.2 percent to 35 (29) million litres.

Net sales in the review period amounted to 285.2 (267.5) million euro, which is an all-time high. This represents an increase of 17.7 million euro or 6.6 percent. Net sales increased in Finland and

the Baltic states but declined in Belarus due to devaluation of the local currency, in spite of positive sales development.

Domestic net sales amounted to 119.8 (111.0) million euro. The Baltic subsidiaries generated net sales of 140.6 (127.8) million euro, while net sales in Belarus amounted to 39.6 (40.8) million euro. Net sales in Finland increased by 8.8 million euro or 7.9 percent, and net sales in the Baltic states increased by 12.9 million euro or 10.1 percent. Net sales in Belarus declined by 1.2 million euro or 2.8 percent due to devaluation of the local currency. Net sales calculated in local currency increased by 87.2 percent on the previous year, not including the effect of the inflation adjustment.

Olvi Group's operating profit for January-December stood at 26.7 (30.5) million euro, or 9.4 (11.4) percent of net sales. Operating profit declined by 3.8 million euro or 12.5 percent, mainly due to accounting for hyperinflation and currency devaluation in Belarus.

Operating profit in Finland improved by 1.5 million euro to 13.2 (11.7) million euro. The operating profit in Finland includes 1.5 (0.6) million euro of sales gains from the sales of decommissioned production machinery. Commensurate operating profit improved by 0.6 million euro.

Aggregate operating profit in the Baltic states declined by 0.9 million euro to 14.1 (15.0) million euro. Operating profit in Belarus declined by 3.7 million euro to 0.7 (4.4) million euro due to accounting for hyperinflation and currency devaluation.

The Group's profit after taxes in the period under review was 13.0 (25.3) million euro.

Earnings per share calculated from the profit belonging to parent company shareholders amounted to 0.65 (1.21) euro per share and declined by 46.3 percent on the previous year because exchange rate losses due to devaluation of the Belarusian rouble were recognised in financial expenses. The recognition of exchange rate losses had no impact on the Group's cash flow.

SALES VOLUME, NET SALES AND OPERATING PROFIT BY GEOGRAPHICAL SEGMENTS

Seasonal nature of the operations

The Group's business operations are characterised by seasonal variation. The net sales and operating profit from the reported geographical segments do not accumulate evenly but vary according to season, prevailing weather and environmental conditions, and the characteristics of each segment.

PARENT COMPANY OLVI PLC (Olvi)

According to statistics, the Finnish beverage market grew by approximately two percent in 2011 compared to the previous year (statistics by the Finnish Federation of the Brewing and Soft Drinks Industry). The sales of beers increased by 4.3 percent, and long drinks by 2 percent. The sales of ciders declined by approximately one percent. The sales of mineral waters increased by 3.5 percent and the sales of soft drinks declined by slightly more than one percent.

Olvi's domestic sales amounted to 149 (137) million litres. Sales increased by 12 million litres or 9.0 percent. Olvi's sales growth has clearly outperformed the industry average. Among the product groups, the best development was seen in long drinks and beers. The sales of mineral waters were on a par with the previous year but the sales of ciders and soft drinks declined on the previous year.

According to statistics by the Finnish Federation of the Brewing and Soft Drinks Industry, Olvi's domestic market share in mild alcoholic beverages in the reporting period increased from the previous year's approximately 22 percent to more than 24 percent. The market share in non-alcoholic beverages was 7 percent.

Olvi's exports and tax-free sales increased by 3.3 percent on the previous year, making up 3.0 (3.2) percent of total sales.

Thanks to good sales development, Olvi's net sales increased to 119.8 (111.0) million euro, an increase of 8.8 million euro or 7.9 percent.

Olvi's operating profit improved by 1.5 million euro or 13.1 percent on the previous year. The operating profit stood at 13.2 (11.7) million euro, which was 11.1 (10.5) percent of net sales. The operating profit includes 1.5 (0.6) million euro of sales gains from the sales of decommissioned production machinery. Commensurate operating profit improved by 0.6 million euro or 5.7 percent on the previous year.

AS A. LE COQ (A. Le Coq)

The Estonian company A. Le Coq's sales in 2011 amounted to 133 (125) million litres. Sales increased by 8 million litres or 6.9 percent.

The Estonian beer, cider and long drink markets are growing well. A. Le Coq strengthened its market position in the most important beverage groups. The sales of the company's long drinks increased by 10 percent, beers by some 5 percent and ciders by 3 percent. Among the product groups, the largest growth of approximately 19 percent was seen in juices, while the sales of soft drinks (including kvass) declined on the previous year. The sales of mineral waters increased by some 8 percent.

A. Le Coq is a market leader in long drinks and ciders. Fizz is Estonia's largest cider brand. A. Le Coq's market share in long drinks is 56 (53) percent and in ciders 39 (47) percent. There are two equally strong main players in the beer market. A. Le Coq's market share in beers is 42 (40) percent.

The market share in soft drinks at the end of November 2011 was 27 (29) percent, and in mineral waters 15 (13) percent. In the sales of juices and juice drinks, A. Le Coq is the clear market leader with a 30 percent share in tetrapacks and 50 percent share in other types of packaging (Nielsen, October-November 2011).

The company's exports and tax-free sales increased by 36.2 percent on the previous year to 6 (4) million litres.

The company's net sales in 2011 amounted to 76.0 (69.9) million euro, representing an increase of 6.1 million euro or 8.6 percent.

Operating profit improved by 1.1 million euro to 13.0 (11.9) million euro, an increase of 9.0 percent. The operating profit represented 17.1 (17.0) percent of net sales. The earnings improvement was made possible by increased sales volume and, above all, cost-efficient operations.

In September 2011, A. Le Coq received an award as the country's most competitive food industry company in an annual competition arranged by the Estonian Chamber of Commerce and Industry.

A/S CĒSU ALUS (Cesu Alus)

The sales of Cēsu Alus operating in Latvia in 2011 amounted to 75 (69) million litres. Sales increased by 6 million litres or 9.7 percent.

80.5 (80.3) of the company's domestic sales is attributable to beer. The sales of beer increased by approximately 4 percent in 2011. The greatest proportional sales growth was seen in ciders, 26 percent. The sales of long drinks and soft drinks (including kvass) declined on the previous year.

The company's market share in the Latvian beer market is 37 (32), in the cider market 54 (56) and in the long drink market 49 (45) percent. (Nielsen, October-November 2011). The company is a clear market leader in ciders and long drinks and the number two player in beers (Nielsen, December 2011).

The company's net sales stood at 35.2 (31.4) million euro, an increase of 3.8 million euro or 11.9 percent.

The company's operating profit stood at 0.7 (1.7) million euro, which was 2.1 (5.5) percent of net sales. The decline in operating profit was particularly due to increased costs of raw materials and packaging, which could not be completely reflected in prices.

AB VOLFAS ENGELMAN (Volfas Engelman)

The name of AB Ragutis operating in Lithuania has been AB Volfas Engelman since 8 April 2011. Through the change of business name, the company wanted to leverage on its renowned heritage and to focus on building a premium brand image.

The sales of Volfas Engelman in 2011 increased by 14.3 percent to 68 (59) million litres. The sales of beer increased by 23, long drinks by 10 and ciders by two percent. The sales of soft drinks (including kvass) were almost on a par with last year.

The company's overall position in the Lithuanian beverage market has become stronger. The company had a market share of 13 (13) percent in beers, which is the largest product group. The company is the market leader in ciders with a market share of 36 (48) percent and in long drinks with a market share of 30 (40) percent. The company is also the clear market leader in the kvass market with a market share of 32 (34) percent (Nielsen, October-November 2011).

The company's net sales amounted to 29.5 (26.4) million euro, an increase of 11.8 percent on the previous year. The growth in net sales fell short of the sales volume growth due to price competition and promotional activities to gain market shares.

The company's operating profit stood at 0.4 (1.4) million euro, which was 1.4 (5.4) percent of net sales. In spite of increased sales volume

and net sales, the company's earnings declined on the previous year. Earnings were hampered by a decline in the average price of net sales due to price competition, as well as increased marketing costs arising from the launch of the new company name and a long-term brand-building programme.

OAO LIDSKOE PIVO (Lidskoe Pivo)

The Belarusian economy was in a deep crisis during the financial year 2011. The Belarusian rouble has devaluated by more than 169 percent when comparing the exchange rates in December 2011 and December 2010. The country's cumulative inflation rate in the last three years has increased to almost 150 percent, due to which the purchase prices of raw materials, packaging and other supplies have increased substantially.

Because the Belarusian rouble had lost its purchasing power so rapidly, Belarus was listed as a hyperinflationary economy in December 2011.

The listing of Belarus as a hyperinflationary economy requires the application of the IAS 29 standard "Financial Reporting in Hyperinflationary Economies" to Lidskoe Pivo's financial statements for 2011 and all of the company's financial reports from now on, as long as Belarus is listed as a hyperinflationary economy. In the company's financial statements for 2011, transactions and non-monetary items have been adjusted using the price index for the date of closing the accounts, and all items in the income statement and balance sheet have been reported in accordance with the BYR exchange rate on the date of closing the accounts.

The day-to-day operations of Lidskoe Pivo have developed well in spite of the difficult economic situation in Belarus. The company's sales grew by 15 percent to 128 (111) million litres.

The sales of beers increased by 22, mineral waters by 94 and soft drinks (including kvass) by five percent. There was a seven percent decline in the sales of juices. The sales of Fizz cider, which was launched in the end of 2010, developed well during the year 2011.

The company is the clear market leader in kvass with a market share of 50 (52) percent. The market share in beers is 10 (10) and in juices 31 (29) percent (Nielsen, October-November 2011).

The company's exports in the reporting period increased by 43 percent on the previous year. Exports made 6.8 (5.5) percent of the company's total sales. The main destinations for exports were Russia and Lithuania.

Lidskoe Pivo's net sales amounted to 39.6 (40.8) million euro. Net sales declined by 1.2 million euro or 2.8 percent due to devaluation of the Belarusian rouble. The net sales increase calculated in local currency (BYR) was excellent, 87.2 percent on the previous year (without index adjustment). The positive development in net sales was attributable particularly to increased manufacturing capacity and successful product launches. High inflation contributed to the improvement in average net sales price.

The company's operating profit stood at 0.7 (4.4) million euro, which was 1.9 (10.9) percent of net sales. The operating profit declined by 3.7 million euro on the previous year. The negative development was affected by heavy devaluation of the local currency during the reporting period, due to which the prices of many raw materials, packaging supplies and other production factors increased substantially. The application of the IAS 29 standard also substantially affected the decline in operating profit. Due to the inflation adjustment, the company's depreciation in 2011 increased by 152 percent in local currency, due to substantial investments made in the company. Operating profit calculated in local currency (without adjustment for inflation) amounted to 6.1 (10.9) percent of net sales and increased by 5.1 percent on the previous year.

The company has completed a two-year initial period of investments. This included modernisation of the brewery and a substantial increase in production and storage capacity. The investments were completed in late 2011.

FINANCING AND INVESTMENTS

Olvi Group's balance sheet total at the end of December 2011 was 253.6 (236.1) million euro. Equity per share at the end of 2011 stood at 6.11 (6.13) euro, a change of 0.02 euro per share on the previous year (the last year's per-share ratios have been adjusted for comparability with 2011). The equity to total assets ratio remained at Olvi Group's long-term target of 50 percent. The actual figure at the end of December was 50.6 (54.7) percent. Gearing stood at 43.2 (29.5) percent. The current ratio, which represents liquidity, was 1.0 (1.3).

The amount of interest-bearing liabilities at the end of 2011 was 59.2 (46.1) million euro, including current liabilities of 28.3 (8.7) million euro. The balance sheet figures and key ratios

also reflect the impacts of devaluation of the Belarusian rouble.

Olvi Group's gross capital expenditure in 2011 amounted to 43.2 (24.5) million euro. The parent company Olvi accounted for 11.9 million euro, the Baltic subsidiaries for 7.6 million euro and Lidskoe Pivo for 23.7 million euro of the total.

The largest investments in Finland in 2011 consisted of the modernisation of wine separation and filtering equipment, an extension to the tank cellar and improvements in the efficiency of the filling halls and storehouse logistics. Olvi also started the construction of a new canning line towards the end of the year.

In the Baltic states, A. Le Coq's investments were focused on labelling machines for the filling lines, as well as systems for the processing of malt and water. Cesu Alus modernised its bottle formats and built an extension to the yeast tank cellar. Volfas Engelman's investments comprised an extension to the pressure tank cellar and fermentation tanks, as well as some filling line equipment and machinery.

Lidskoe Pivo's investment programme was continued in the review period by completing the previously started increases in production and storage capacity.

CHANGES IN CORPORATE STRUCTURE IN 2011

During 2011, the parent company Olvi increased its holding in Cēsu Alus by 0.16 percent. At the end of December 2011, Olvi Group's holding in Cēsu Alus was 99.53 percent, in A. Le Coq 100.0 percent, in Volfas Engelman 99.57 percent and in Lidskoe Pivo 91.58 percent.

PRODUCT DEVELOPMENT AND NEW PRODUCTS

Research and development includes projects to design and develop new products, packages, processes and production methods, as well as further development of existing products and packages. The R&D costs have been recognised as expenses. The main objective of Olvi Group's product development is to create new products for profitable and growing beverage segments.

CORPORATE GOVERNANCE

Olvi plc complies with the Finnish Corporate Governance Code issued by the Securities Market Association that entered into force on 1 October 2010.

The aim of the Finnish Corporate Governance Code is that Finnish listed companies apply corporate governance practices that are of a high international standard. The purpose of the Code is to harmonise the practices of listed companies as well as the information given to shareholders and other investors. It is also aimed to improve the transparency of administrative bodies, management remuneration and remuneration policies.

In accordance with the implementing provisions of the Finnish Corporate Governance Code, Olvi plc has issued a separate corporate governance statement for its accounting period starting 1 January 2011 in connection with the Board of Directors' report and financial statements for 2011.

Olvi plc's corporate governance statement is publicly available on the company's Web site at www.olvi.fi.

Olvi plc maintains a public and company-specific insider register, as well as project-specific insider registers for individual projects. Public insiders comprise the members of the Board of Directors and Management Group, auditors and their closely related parties.

PERSONNEL

Olvi Group's human resources strategy plays a central role in achieving the Group's business targets. We are actively developing our management, training and incentive systems in order to improve well-being at work and provide our employees a safe working environment. It is most important to guarantee the attractiveness of Group companies as employers and ensure the availability of personnel and commitment to the Group companies.

Olvi Group's business strategies and objectives are put into practice in the organisation through target cards, appraisal discussions and regular feedback. The competence of personnel is maintained through continuous training and development of operations. Olvi plc issues a separate human resources statement each year for internal use within the company.

Olvi Group has a shared mission statement and vision. The business strategies in all of the operating countries are largely similar and based on the same values. In implementing the strategies, we approve local flexibility in the means used for achieving targets because the operating environments and competitive situations are different.

OLVI GROUP'S MISSION

Olvi is Finnish AS A. Le Coq is Estonian Cēsu Alus is Latvian Volfas Engelman is Lithuanian Lidskoe Pivo is Belarusian	and creates positive drinking enjoyment.

OLVI GROUP'S VISION

The most attractive and respected	Finnish Estonian Latvian Lithuanian Belarusian	beverage company.

Values:

Being Finnish

- We want to be among the best experts of the Finnish consumer.
- We offer a Finnish alternative and manufacture our products for Finnish consumers.

Being Estonian

- We want to be among the best experts of the Estonian consumer.
- We offer an Estonian alternative and manufacture our products for Estonian consumers.

Being Latvian

- We want to be among the best experts of the Latvian consumer.
- We offer a Latvian alternative and manufacture our products for Latvian consumers.

Being Lithuanian

- We want to be among the best experts of the Lithuanian consumer.
- We offer a Lithuanian alternative and manufacture our products for Lithuanian consumers.

Being Belarusian

- We want to be among the best experts of the Belarusian consumer.
- We offer a Belarusian alternative and manufacture our products for Belarusian consumers.

Responsibility

- We value responsibility in our own operations and expect it from every Olvi Group employee and all of our business partners.
- By focusing on the things that we know best, we can make a profit and fulfil our commitments to personnel, shareholders, society and other interest groups.
- Efficient, high-quality and environmentally sound operations and a solid economy guarantee the continuity of our business.

Positiveness

- Positiveness is our way of operating and responding to challenges. Positiveness translates our objectives into results and success.
- Competent, well-being and committed personnel is our most important resource for achieving good results.

Customer focus

- Every Olvi Group employee has a customer, and the customer's needs are the basis of our existence.
- We recognise the needs of our customers and guide our operations to fulfil those needs.

Olvi Group's average number of personnel in 2011 was 2,032 (2,051). The Group's average number of personnel decreased by 19 people or 0.9 percent on the previous year. The total number of personnel at the end of December 2011 was 1,905 (1,973).

Olvi Group's average personnel during the accounting period:

	2011	2010	2009
Olvi plc, Finland	383	378	377
AS A. Le Coq, Estonia	311	312	337
A/S Cēsu Alus, Latvia	217	207	206
AB Volfas Engelman, Lithuania	205	195	195
OAO Lidskoe Pivo	916	959	961
Total	2,032	2,051	2,076

WAGES, SALARIES AND EMOLUMENTS

	2011	2010	2009
Wages, salaries and emoluments in the accounting period (EUR 1,000)	30,360	31,436	29,688

In accordance with the implementing provisions of the Finnish Corporate Governance Code, Olvi plc has issued a separate remuneration statement for its accounting period starting 1 January 2011 in connection with the Board of Directors' report and financial statements for 2011. The statement has been prepared in accordance with Section 7 (Remuneration), Recommendation 47 of the Code.

Olvi plc's remuneration statement is publicly available on the company's Web site at www.olvi.fi.

BONUS SCHEMES

Bonuses based on the achievement of earnings and performance targets are an important incentive for personnel and a management tool. Peformance bonus schemes communicate the targets, will and desire set by the company's Board of Directors. Bonuses based on earnings or performance are a sign of achievements that outperform the target level. Basic wages and salary are compensation for work well done.

The overall objectives of bonuses based on target-setting include clarity, fairness and sufficient effect. Bonus schemes must not encourage imprudent risk-taking or negligence.

The objectives for long-term bonuses in particular include increasing shareholder value, supporting profitable growth and relative profitability, and making operational management and key employees committed to the company.

Components of remuneration

The components of remuneration to management are as follows:

a. Fixed remuneration consisting of basic salary and fringe benefits (company car and mobile phone benefit)
b. Short-term incentives
c. Long-term incentives

Fixed remuneration

The Board of Directors of Olvi plc decides on the terms of service of the Managing Director. The terms of service of other top management shall be decided by the Board of Directors on the basis of the Managing Director's proposal. The Managing Director and other management executives shall not receive separate remuneration for their work in the management group or other internal management organs within the Group.

Short-term incentives

Short-term incentives are performance bonus schemes in which the monitoring period is one accounting period. The Board of Directors shall decide upon the basis for definition of the incentives. In 2011, the basis for definition of the performance bonus was operating profit. The entire personnel of Olvi plc is included in the scope of performance bonuses.
All of Olvi Group's subsidiaries also have performance bonus schemes that include either the entire personnel or key employees of the companies.

Long-term incentives

Long-term incentives are based on programmes confirmed by the company's Board of Directors that are valid for at least two accounting periods. The programmes can be share-based incentive schemes or performance bonus schemes based on Group-level targets. In accordance with policy adopted by the Company's Board of Directors, no stock option plans shall be used for long-term incentives.

Performance bonus scheme 2011–2012

The company's Board of Directors has confirmed a long-term performance bonus scheme for the vesting period 2011-2012, in which the vesting criterion is the Group's accumulated operating profit for the years 2011 and 2012. The scheme includes the Managing Director, other members of the management group and approximately 30 other key employees within the Group. Any bonuses will be paid to the involved employees in the year following the vesting period once the Group's financial statements are disclosed.

Olvi Group's share-based incentive scheme

The Group's share-based incentive scheme ended at the closing of the year 2010. The scheme included two vesting periods:

1) 1 January 2006 to 31 December 2007
2) 1 January 2008 to 31 December 2010

The amount of bonuses payable out of the scheme was linked to Olvi Group's net sales and the operating profit percentage in relation to net sales. The bonuses were paid partially in Olvi plc's Series A shares and partially in cash. The proportion paid in cash covered the taxes and other statutory fees arising from the share-based bonuses.

The bonuses for the first vesting period were paid in April 2008. The shares carried a ban on transferring them within two years of reception.

The bonuses for the second vesting period were paid in April 2011. 50 percent of the shares received as bonus may be transferred after one year of reception, and 100 percent after two years of reception. The right to dividends began when the shares were transferred to the key employees' book-entry accounts.

Personnel fund

Olvi plc has an operational personnel fund that covers Olvi plc's entire personnel excluding top management. The basis of making profit-sharing contributions to the personnel fund shall be decided by the company's Board of Directors.

MANAGEMENT AND AUDITORS

Olvi plc's Annual General Meeting held on 7 April 2011 elected the following members to the Board of Directors: Heikki Hortling, M.Sc. (Econ), Iisalmi, Esa Lager, Chief Financial Officer,

LL.M., M.Sc. (Econ), Kauniainen, Heikki Sinnemaa, LL.M., Member of the Bar, Iisalmi, Tarja Pääkkönen, Managing Director, Dr.Tech., Helsinki, Harri Sivula, Managing Director, M.Adm. Sc., Tuusula (until 7 April 2011) and Jaakko Autere, Business Area President and CEO, M.Sc. (Econ), Helsinki (since 7 April 2011). All of them have been in office during the accounting period. Heikki Hortling has served as Chairman of the Board, while Esa Lager has served as Vice Chairman.

The company's auditor has been PricewaterhouseCoopers Oy, Authorised Public Accountants, with Sami Posti, Authorised Public Accountant, Oulu, as auditor in charge.

Lasse Aho, M.Soc.Sc., has served as Olvi plc's Managing Director.

OLVI PLC SERIES A SHARES AND THE STOCK MARKET

The total number of Olvi plc shares at the end of December 2011 was 20,758,808, of these 17,026,552 or 82.0 percent being publicly traded Series A shares and 3,732,256 or 18.0 percent Series K shares. In April 2011, Olvi implemented a free issue (split) in which one Series A share produced one free Series A share, and one Series K share produced one free Series K share. Due to the issue, the numbers of shares in Olvi doubled.

Each Series A share carries one (1) vote and each Series K share carries twenty (20) votes. Treasury shares held by the company itself are ineligible for voting. Olvi's share capital at the end of December 2011 stood at 20.8 million euro. Detailed information on Olvi's shares and share capital can be found in the section concerning shares and shareholdings in the parent company's financial statements.

The total trading volume of Olvi A shares on Nasdaq OMX Helsinki in 2011 was 3,208,911 (3,256,516) shares, which represented 18.8 (19.1) of all Series A shares. The value of trading was 62.3 (45.7) million euro.

The Olvi A share was quoted on Nasdaq OMX Helsinki at 14.75 (15.35) euro at the end of 2011. In January-December, the highest quote for the Series A share was 19.86 (15.73) euro and the lowest quote was 13.49 (12.01) euro. The average share price in 2011 was 21.13 (14.03) euro. The per-share data for the previous year has been adjusted for comparability with the year 2011.

At the end of December 2011, the market capitalisation of Series A shares was 251.1 (261.4) million euro and the market capitalisation of all shares was 306.2 (318.6) million euro.

The number of shareholders at the end of December 2011 was 9,146 (8,089). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 17.5 (18.9) percent of the total number of book entries and 6.1 (6.4) percent of total votes. Foreign and nominee-registered holdings and largest shareholders are listed in the section concerning shares and shareholdings in the parent company's financial statements.

BOARD OF DIRECTORS' AUTHORISATIONS AND TREASURY SHARES

On 7 April 2011, the General Meeting of Shareholders of Olvi plc decided to revoke any unused authorisations to acquire treasury shares and authorise the Board of Directors of Olvi plc to decide on the acquisition of the company's own shares using distributable funds. The authorisation is valid for one year starting from the General Meeting and covers a maximum of 245,000 Series A shares (before the split). The Board of Directors may also decide that any shares acquired on the company's own account be cancelled by reducing the share capital.

Olvi plc's Annual General Meeting also decided to revoke all existing unused authorisations for the transfer of own shares and authorise the Board of Directors to decide on the transfer of any Series A shares acquired on the company's own account within one year of the Annual General Meeting.

In 2011, Olvi plc's Board of Directors has not exercised its authorisation to acquire the company's own Series A shares granted by the General Meeting.

In April 2011 Olvi plc's Board of Directors transferred a total of 11,838 treasury shares (before the split) as bonuses for the second vesting period to key employees belonging to the Group's share-based incentive scheme.

After the share-based bonuses were paid, the company held a total of 562 of its own Series A shares. Because Olvi plc implemented a free issue on 12 April 2011 in which one Series A share produced one new Series A share and one Series K share produced one new Series K share, the number of Series A shares held by Olvi plc after the split was 1,124.

At the end of 2011, the number of Series A shares held as treasury shares was unchanged at 1,124, and the total acquisition price was 8.5 thousand euro.

Series A shares held by the company as treasury shares represented 0.005 percent of the share capital and 0.001 percent of the aggregate number of votes. The treasury shares represented 0.007 percent of all Series A shares and associated votes.

FLAGGING NOTICES DURING 2011

Olvi did not receive any flagging notices during the financial year 2011.

ENVIRONMENTAL ISSUES

Olvi plc is strongly committed to procedures and methods that spare the environment, as well as all laws and recommendations related to its business. The objectives of Olvi plc's environmental policy are updated annually.

Olvi Group's environmental principles:

- Olvi engages in efficient use and recycling of raw materials, auxiliary materials and packaging.
- Olvi routes by-products and production waste to recovery.
- In the development of products and procedures, Olvi is committed to the efficient use of raw materials and energy, as well as the reduction of environmental impacts.
- Olvi endeavours to spare clean water, purify water for reuse, and to prevent the release of substances that cause environmental load (such as phosphorus and biological oxygen consumers) into waste water.
- Olvi favours co-operation partners that show environmental responsibility.
- Olvi openly discloses information on its operations and the environmental impacts of its products.
- Olvi requires its employees to act responsibly in their working environment.
- Olvi aims to increase the use of renewable energy sources whenever technically and economically possible.

In 2009, Olvi plc joined a voluntary energy efficiency agreement system administered by the Finnish Food and Drink Industries' Federation and based on the EU Energy Services Directive. The system is valid until the end of 2016 and replaces the energy-saving agreement that expired at the end of 2007. The system involves agreement on a framework for continuous and systematic improvements in energy efficiency. This shows that Olvi plc is a serious player in our society's joint effort against climate change.

The achievement of environmental targets and related indicators are regularly monitored by top management and designated representatives.

Olvi's environmental permit was granted on 30 September 2003 and is valid until 2014.

Olvi Group companies have not been involved in any legal or administrative proceedings related to environmental issues, and the company is not aware of any environmental risks that would have a significant effect on the Group's financial position.

BUSINESS RISKS AND THEIR MANAGEMENT

Risk management is a part of Olvi Group's everyday management and operations. It increases corporate security and contributes to the achievement of operational targets. The objective of risk management is to operate proactively and create operating conditions in which business risks are managed comprehensively and systematically in all of the Group companies and all levels of the organisation. In addition to the company itself, risk management benefits its personnel, customers, shareholders and other related groups.

The objective of risk management is to ensure the realisation of the company's strategy and secure the continuity of business. Olvi Group identifies, assesses, manages and monitors its crucial risks regularly. With regard to identified risks, the effects, scope and probability of realisation are assessed together with the means of eliminating or reducing the risk. Furthermore, risk management aims to identify and utilise any business opportunities that may arise.

Olvi Group's strategic risks refer to risks related to the characteristics of the company's business and strategic choices. The Group's operations are located in several countries that differ substantially in terms of their social and economic situations and the phases and directions of development. For example, strategic risks relate to changes in tax legislation and other regulations, the environment and foreign exchange markets. If realised, strategic risks can substantially hamper the company's operational preconditions. The Group's most substantial identified strategic risks relate to Belarus, particularly the

situation in the country's economy and politics.

The Group's most substantial identified operational risks relate to the procurement and quality of raw materials, the production process, markets and customers, personnel, information security and systems, as well as changes in foreign exchange rates.

Raw materials

General economic development and annual fluctuations in crop yield affect the prices and availability of major raw materials used within Olvi Group. Disruptions in raw material deliveries may hamper customer relations and business operations. Purchases of major raw materials are made under procurement contracts standardised at the Group level. The Group aims to secure the predictability of purchase prices for critical raw materials through long-term procurement contracts. At the end of the review period, the company initiated a survey of hedging policy for raw materials. All units emphasise the significance of the quality of raw materials and other production factors in the overall production chain.

Production process

The aim is to minimise production risks through clear documentation of processes, increasing the degree of automation, compliance with quality management system and the pursuit of clear operating methods in relation to decision-making and supervision. The efficiency and applicability of processes and methods are monitored using internal indicators. The monitoring and development of production efficiency includes, among other things, the reliability and utilisation rate of production machinery, development of the working environment and factors related to people's work. The Group has a property and loss-of-profits insurance programme covering all of the operating areas, and its coverage is reviewed annually.

Markets and customers

The Group's business operations are characterised by substantial seasonal variation. The net sales and operating profit from the reported geographical segments do not accumulate evenly but vary substantially according to the time of the year and the characteristics of each season. Negative changes in the economy may impact consumers' purchasing behaviour and hamper the liquidity of hotel and restaurant customers in particular. All Group companies employ efficient credit controls as a major method for minimising credit losses.

Legislative changes and other changes in the operations of authorities, such as changes in excise taxes and marketing restrictions, may affect the demand for the Group's products and their relative competitive position.

Personnel

Risks related to personnel include, among others, risks in obtaining labour, employment relationship risks, key person risks, competence risks and risks arising from insufficient well-being and accidents at work.

Crucial focal points in HR management include maintaining and developing a good employer image, as well as ensuring the availability and commitment of personnel. Other focal points include maintaining and developing well-being and safety at work, management, training and incentive schemes, as well as the construction and maintenance of backup personnel systems.

Information security and IT

Olvi Group employs an information security policy pertaining to all of the companies. It defines the principles for implementing information security and provides guidelines for its development.

Risks related to information technology and systems are manifested as operational disruptions and deficiencies, for example. The availability and correctness of data is ensured through the choice of operating methods and various technical solutions. The Group's operations in Finland and the Baltic states utilise a common enterprise resource planning system. The system will be introduced into use in Belarus during the financial year 2012. A risk analysis pertaining to information security and the operation of information systems is carried out annually.

Financing risks

The objective of financing risks management is to protect the Group against unfavourable changes in the financial markets and to secure the Group's earnings development, liquidity and equity. The parent company's financial management bears central responsibility for the Group's financing and the management of financing risks in accordance with principles confirmed by the Group's Board of Directors. The objectives of centralisation include optimisation of cash flows, cost savings and efficient risk management.

In order to secure short-term liquidity, operating capital is monitored regularly, and the aim

is to reduce the amount of money tied in operating capital. Key factors include monitoring the turnover rate of receivables and improving the efficiency of credit control. Liquidity is ensured through an account overdraft facility and credit limit agreements.

Long-term financing is secured through existing loan agreements.

Loans expose the Group to interest rate risk on fair value. The Group has diversified its borrowing between fixed- and variable-rate loans. Furthermore, the Group uses interest rate swaps to reduce interest rate risk if required by the market conditions.

The aim is to predict cash flows required for everyday operations and the repayments of investments and loans using up-to-date rolling cash forecasts, allowing the Group to prepare for upcoming expenses with sufficient liquidity well in advance.

Financing risks are described in more detail in the Investors section of the corporate Web site.

Foreign exchange risks

The Group operates in an international market and is therefore exposed to foreign exchange risk due to changes in exchange rates. Foreign exchange risk consists of sales, purchases and balance sheet items in foreign currency (transaction risk), as well as investments and loans in foreign subsidiaries (valuation risk). Foreign exchange risk is reduced by the fact that most of the Group's product sales and purchases of raw materials are denominated in euro.

Olvi plc has investments in foreign subsidiaries in Estonia, Latvia, Lithuania and Belarus. Estonia adopted the euro on 1 January 2011 and the Lithuanian LTL is pegged to the euro but with regard to the investments in Latvia and Belarus, the Group is exposed to risk arising from the conversion of the subsidiary investments made in LVL and BYR into the parent company's operating currency. The Latvian, Lithuanian and Belarusian currencies carry a risk of devaluation; if realised, this would result in a decline in Olvi Group's operating profit denominated in euro.

Credit risk

The Group's credit risk arises from wholesale and HoReCa (hotel, restaurant, catering) customers with outstanding accounts receivable. The Group aims to control credit risks through continuous monitoring of its customers' payment practices and creditworthiness, as well as efficient collection of debts.

The Group does not have any significant concentrations of credit risk on receivables because its accounts receivable are distributed across a wide and geographically diversified customer base.

Legal proceedings and other pending legal issues

There is one trademark-related lawsuit pending against the company in Finland. According to management estimate, the outcome of the dispute does not have any substantial negative effect on the Group's financial position.

BUSINESS RISKS AND UNCERTAINTIES IN THE NEAR TERM

The economic situation and future development in Europe is characterised by uncertainty. However, the outlook for the daily consumer goods market can be considered stable in comparison to many other industries. An increase in the unemployment rate and the resulting decline in consumer purchasing power may have a negative effect on the demand for the company's products.

The most substantial factor hampering the predictability of Olvi Group's business relates to Belarus and its economic outlook for the next few years. Devaluation of the Belarusian rouble against the euro can be considered probable in the near term. Also sustained high inflation can be considered probable. The change in the Belarusian consumer price index in January-November 2011 was 104 percent and in the last three years 146.8 percent, due to which the IAS 29 standard ("Financial Reporting in Hyperinflationary Economies") will probably be applied at least until 2014. Devaluation of the local currency is estimated to decrease the imports and increase the exports of beer.

EVENTS AFTER THE REVIEW PERIOD

On 10 January 2012, the company received a flagging notice from The Family Kamprad Foundation. According to the notice, the foundation's holding had increased to 5.28 percent of Olvi plc's share capital and 1.20 percent of the votes. The foundation holds a total of 1,095,700 Olvi Series A shares.

In its stock exchange release of 6 February 2012, Olvi adjusted its earnings outlook for 2011 originally disclosed on 27 October 2011. The company announced that the fourth-quarter operating profit will fall short of the forecast and the previous year due to devaluation of the Belarusian rouble (BYR). The full-year operating profit was estimated to be approximately 26.5 million euro.

Marius Horbacauskas has been appointed Managing Director of the Lithuanian company Volfas Engelman as of 1 March 2012.

NEAR-TERM OUTLOOK

The full-year sales volumes and net sales level are expected to develop favourably in the current accounting period. The full-year operating profit for 2012 is estimated to equal or slightly exceed the previous year's result.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

Olvi plc's dividend policy is active and earnings-based.

The parent company Olvi plc had 42.9 (39.7) million euro of distributable funds on 31 December 2011, of which profit for the period accounted for 13.1 (7.5) million euro.

Olvi plc's Board of Directors proposes to the Annual General Meeting that distributable funds be used as follows:

1) A dividend of 0.50 (0.50) euro shall be paid for 2011 on each Series K and Series A share, totalling 10.4 (10.4) million euro. The dividend represents 76.9 (41.5) percent of Olvi Group's earnings per share. The dividend will be paid to shareholders registered in Olvi plc's register of shareholders held by Euroclear Finland Ltd on the record date of the dividend payment, 16 April 2012. It is proposed that the dividend be paid on 23 April 2012.

No dividend shall be paid on treasury shares.

2) 32.5 million euro shall be retained in the parent company's non-restricted equity.

ANNUAL SUMMARY

An annual summary of disclosures made by the company in 2011 can be found on the company's Web site under Investors/Press releases/Stock Exchange releases.

FINANCIAL REPORTS IN 2012

Olvi Group's financial statements, Board of Directors' report and Corporate Governance Statement 2011 will be published on 19 March 2012. The notice to convene Olvi plc's Annual General Meeting, which will be held on 11 April 2012 in Iisalmi, will be published on 19 March 2012. The financial statements, Board of Directors' report and notice to convene the AGM will be available on Olvi plc's Web site on the same day.

The following interim reports will be released in 2012:

Interim report from January to March on 26 April 2012,
Interim report from January to June on 9 August 2012, and
Interim report from January to September on 26 October 2012.

Further information:
Lasse Aho, Managing Director, Olvi plc, phone +358 17 838 5200 or +358 400 203 600

OLVI PLC
Board of Directors

OLVI GROUP

CONSOLIDATED FINANCIAL STATEMENTS 2011

CONSOLIDATED INCOME STATEMENT

	Note	1.1. - 31.12.2011 EUR 1,000	%	1.1. - 31.12.2010 EUR 1,000	%
NET SALES	1	**285 174**	**100.0**	**267 509**	**100,0**
Increase (+)/decrease (-) in inventories of finished and unfinished products		-2 947	-1.0	-1 683	-0.6
Manufacture for own use		68	0.0	57	0.0
Other operating income	3	522	0.2	717	0.3
Materials and services		126 852	44.5	109 674	41.0
Personnel expenses	6	36 593	12.8	37 021	13.8
Depreciation and impairment	5	18 637	6.5	18 640	7.0
Other operating expenses	4	74 052	26.0	70 782	26.5
OPERATING PROFIT		**26 683**	**9.4**	**30 485**	**11.4**
Financial income	8	8 352	2.9	514	0.2
Financial expenses	9	-16 596	-5.8	-1 831	-0.7
Financial expenses - net		-8 244	-2.9	-1 317	-0.5
PROFIT BEFORE TAXES		**18 439**	**6.5**	**29 168**	**10.9**
Income taxes	10	-5 485	-1.9	-3 909	-1.5
NET PROFIT FOR THE PERIOD		**12 954**	**4.5**	**25 259**	**9.4**
Other comprehensive income items:					
Translation differences related to foreign subsidiaries		-15 170	-5.3	557	0.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-2 216**	**-0.8**	**25 816**	**9.7**
Distribution of profit:					
- parent company shareholders		13 506	4.7	24 954	9.3
- non-controlling interests		-552	-0.2	305	0.1
Distribution of comprehensive profit:					
- parent company shareholders		-340	-0.1	25 405	9.5
- non-controlling interests		-1 876	-0.7	411	0.2
Earnings per share calculated from the profit belonging to parent company shareholders:					
Undiluted earnings per share (EUR)		0,65		1,21	
Diluted earnings per share (EUR)		0,65		1,21	

The notes constitute an essential part of the financial statements.

OLVI GROUP

CONSOLIDATED BALANCE SHEET

	Note	31.12.2011 EUR 1,000	%	31.12.2010 EUR 1,000	%
ASSETS					
Non-current assets					
Tangible assets	12	142 443		124 857	
Goodwill	13	16 761		17 169	
Other intangible assets	13	1 017		1 134	
Financial assets available for sale	15	548		545	
Loan receivables and other non-current receivables	16	141		137	
Deferred tax receivables	19	196		1 682	
Total non-current assets		**161 106**	**63.5**	**145 524**	**61.6**
Current assets					
Inventories	17	35 875		35 124	
Accounts receivable and other receivables	18	52 718		47 270	
Other non-current assets held for sale	2	56		333	
Liquid assets	20	3 836		7 891	
Total current assets		**92 485**	**36.5**	**90 618**	**38.4**
TOTAL ASSETS		**253 591**	**100.0**	**236 142**	**100.0**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Total shareholders' equity held by parent company shareholders					
Share capital	21	20 759		20 759	
Other reserves		1 092		1 092	
Treasury shares	21	-8		-222	
Translation differences		-18 248		-4 402	
Retained earnings		123 286		109 750	
Total shareholders' equity held by parent company shareholders		**126 881**	**50.0**	**126 977**	**53.8**
Share belonging to non-controlling interests		1 341	0.5	2 277	1.0
Total shareholders' equity		**128 222**	**50.6**	**129 254**	**54.7**
Non-current liabilities					
Loans	23	29 436		35 607	
Other liabilities		1 513		1 755	
Deferred tax liabilities	19	2 097		1 847	
Current liabilities					
Loans	23	27 039		7 578	
Accounts payable and other liabilities	24	64 953		59 739	
Income tax liability	24	331		362	
Total liabilities		**125 369**	**49.4**	**106 888**	**45.3**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**253 591**	**100.0**	**236 142**	**100.0**

The notes constitute an essential part of the financial statements.

OLVI GROUP

CONSOLIDATED CASH FLOW STATEMENT

	Note	2011 EUR 1,000	2010 EUR 1,000
Cash flow from operations			
Net profit for the period		12 954	25 259
Adjustments:	27		
Depreciation and impairment	5	18 637	18 640
Other adjustments		13 893	3 613
Change in net working capital:			
Increase (-)/decrease (+) in current interest-free accounts receivable and other receivables		-9 088	637
Increase (-)/decrease (+) in inventories		-2 862	313
Increase (+)/decrease (-) in current interest-free liabilities		8 040	-2 439
Interest paid		-2 205	-1 848
Interest received		151	514
Taxes paid		-5 064	-2 767
Cash flow from operations (A)		**34 456**	**41 922**
Cash flow from investments			
Investments in tangible assets		-33 358	-17 419
Investments in intangible assets		-295	-522
Capital gains on disposal of tangible and intangible assets		130	376
Expenditure on other investments		-2 980	-257
Cash flow from investments (B)		**-36 503**	**-17 822**
Cash flow from financing			
Withdrawals of loans		30 266	25 000
Repayments of loans		-17 103	-41 288
Increase (-)/decrease (+) in current interest-bearing business receivables		0	-2
Dividends paid		-10 377	-8 321
Cash flow from financing (C)		**2 785**	**-24 611**
Increase (+)/decrease (-) in liquid assets (A+B+C)		**738**	**-511**
Liquid assets 1 January		7 891	8 402
Effect of exchange rate changes		-4 793	0
Liquid assets 31 December	20	3 836	7 891

The notes constitute an essential part of the financial statements.

OLVI GROUP

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	SHAREHOLDERS' EQUITY BELONGING TO PARENT COMPANY SHAREHOLDERS						
EUR 1,000	A	B	C	D	E	F	G
Shareholders' equity 1 January 2010	**20 759**	**1 092**	**-222**	**-4 853**	**92 746**	**2 764**	**112 286**
Comprehensive income							
Net profit for the period					24 954	305	25 259
Other comprehensive income items							
Translation differences				451		106	557
Total comprehensive income for the period	**-**	**-**	**-**	**451**	**24 954**	**411**	**25 816**
Transactions with shareholders							
Payment of dividends					-8 345		-8 345
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-8 345**	**-**	**-8 345**
Changes in holdings in subsidiaries							
Acquisition of shares from non-controlling shareholders					395		395
Change in share of non-controlling interests						-898	-898
Shareholders' equity 31 December 2010	**20 759**	**1 092**	**-222**	**-4 402**	**109 750**	**2 277**	**129 254**

	SHAREHOLDERS' EQUITY BELONGING TO PARENT COMPANY SHAREHOLDERS						
EUR 1,000	A	B	C	D	E	F	G
Shareholders' equity 1 January 2011	**20 759**	**1 092**	**-222**	**-4 402**	**109 750**	**2 277**	**129 254**
Adjustments for hyperinflation					10 672	981	11 653
Adjusted shareholders' equity 1 Jan 2011	20 759	1 092	-222	-4 402	120 422	3 258	140 907
Comprehensive income							
Net profit for the period					13 506	-552	12 954
Other comprehensive income items							
Translation differences				-13 846		-1 324	-15 170
Total comprehensive income for the period	**-**	**-**	**-**	**-13 846**	**13 506**	**-1 876**	**-2 216**
Transactions with shareholders							
Payment of dividends					-10 659		-10 659
Transfer of treasury shares			214		-214		0
Gains from transfer of treasury shares					216		216
Total transactions with shareholders	**-**	**-**	**214**	**-**	**-10 657**	**-**	**-10 443**
Changes in holdings in subsidiaries							
Acquisition of shares from non-controlling shareholders					15		15
Change in share of non-controlling interests						-41	-41
Shareholders' equity 31 December 2011	**20 759**	**1 092**	**-8**	**-18 248**	**123 286**	**1 341**	**128 222**

A = Share capital
B = Others reserves
C = Treasury shares reserve
D = Translation differences
E = Accrued earnings
F = Share of non-controlling interests
G = Total

Other reserves include the share premium account, legal reserve and other reserves.
The notes constitute an essential part of the financial statements.

Notes to the Consolidated Financial Statements

Basic information on the Group

Olvi Group manufactures beers, ciders, long drinks, mineral waters, juices, soft drinks, energy drinks, kvass and other beverages. Olvi Group operates in Finland, Estonia, Latvia, Lithuania and Belarus.

The Group's parent company is Olvi plc (Business ID 0170318-9), and its Series A shares are quoted on the Nasdaq OMX Helsinki Ltd Main List. The parent company is headquartered in Iisalmi and its registered address is P.O. Box 16, 74101 Iisalmi.

A copy of the consolidated financial statements is available on the Internet at www.olvi.fi or from the headquarters of the Group's parent company at Olvitie I-IV, 74100 Iisalmi.

The accounting period of all Group companies corresponds to the calendar year and ended on 31 December 2011.

Olvi plc's Board of Directors has approved the disclosure of these financial statements at its meeting on 21 February 2012. According to the Finnish Companies Act, shareholders have the option to approve or reject the financial statements at a General Meeting of Shareholders to be held after disclosure. The General Meeting of Shareholders may also decide on amending the financial statements.

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), observing the IAS and IFRS standards as well as SIC and IFRIC interpretations valid on 31 December 2011. In the Finnish Accounting Act and regulations enacted by virtue of the Act, International Financial Reporting Standards refer to the standards approved for use in the European Union in accordance with the procedure specified in the EU regulation (EC) No 1606/2002. The notes to the financial statements are also in compliance with Finnish legislation concerning accounting and corporate law that supplements the IFRS regulations.

The consolidated financial statements have been prepared on the basis of original cost with the exception of financial assets available for sale, financial assets and liabilities recognised at fair value through profit or loss, derivative contracts, as well as share-based transactions settled in cash, which have been recognised at fair value. The financial statement information is presented in thousands of euros (EUR 1,000). For the sake of presentation, individual figures and totals have been rounded to full thousands, which may cause rounding differences in additions.

Preparation of financial statements in accordance with IFRS standards requires the Group's management to make certain estimates and considerations. Information on considerations made by management with regard to application of the Group's accounting policies that have the most significant effect on the figures presented in the financial statements is presented in the Section "Accounting policies requiring consideration by management and crucial factors of uncertainty associated with estimates".

Consolidated Accounting Policies

Subsidiaries

The consolidated financial statements include the parent company Olvi plc as well as all Finnish and non-Finnish subsidiaries in which the Group directly or indirectly controls more than 50 percent of the voting rights associated with shares or otherwise has the right to define the principles of the entity's finances and business operations in order to gain benefit from its operations.

Intra-Group shareholdings have been eliminated using the purchase method. The consideration given and the acquired entity's identifiable assets and assumed liabilities have been measured at fair value at the time of acquisition.

Acquired subsidiaries are included in the consolidated financial statements as of the date the Group has acquired a position of control, and divested subsidiaries are included until the date the Group's control is discontinued. All intra-Group business transactions, receivables, liabilities, unrealised gains and internal profit distribution are eliminated during the preparation of the consolidated financial statements. Unrealised losses are not eliminated if they are caused by impairment.

The distribution of profit or loss for the financial period between the parent company's shareholders and non-controlling interests is presented in the separate income statement, and the distribution of comprehensive income between the parent company's shareholders and non-con-

trolling interests is presented in connection with the statement of comprehensive income. Comprehensive income is allocated between parent company shareholders and non-controlling interests even if this would lead to a negative share allocated to non-controlling interests. The share of equity belonging to non-controlling interests is presented as a separate balance sheet item under shareholders' equity. Changes in the parent company's holding in a subsidiary that do not lead to loss of control are processed as equity transactions.

Conversion of items in foreign currency

The figures indicating the earnings and financial position of Group entities are determined in the currency of each unit's primary operating environment ("functional currency"). The consolidated financial statements are presented in euro, which is the operating and presentation currency of the Group's parent company.

Transactions denominated in foreign currency have been converted into the functional currency at the exchange rate valid on the transaction date. Monetary items in foreign currency have been converted into the functional currency at the exchange rates valid on the closing date of the reporting period. The parent company's receivables and debts denominated in foreign currency have been converted into euro at the mean exchange rate quoted by the European Central Bank on the balance sheet date. Receivables and debts of non-Finnish consolidated companies denominated in foreign currency have been converted at the exchange rate of the country in question on the balance sheet date. Gains and losses originating from business transactions in foreign currency and the conversion of monetary items are recognised through profit and loss. Foreign exchange gains and losses from operations are included in the corresponding items above operating profit. Foreign exchange gains and losses on loans denominated in foreign currency are included in financial income and expenses.

The income and expense items within the separate income statements of non-Finnish consolidated companies have been converted into euro at the average exchange rate for the accounting period, which refers to the average of the mean exchange rates quoted by the European Central Bank on the last day of each month. Balance sheet items have been converted into euro at the mean exchange rate quoted by the European Central Bank on the balance sheet date. The different exchange rates applicable to the conversion of profit or loss on the income statement and balance sheet result in a translation difference recognised in shareholders' equity on the balance sheet, and any change in this difference is recognised in other comprehensive income items. Translation differences arising from the elimination of the acquisition cost of foreign Group companies, as well as translation differences arising from equity items accumulated after the acquisition, are recognised in other comprehensive income items. When a subsidiary is divested in full or in part, accumulated translation differences are recognised in the income statement as part of the sales gain or loss.

Goodwill arising from the acquisition of foreign entities and the fair value adjustments made to the book values of the assets and liabilities of such foreign entities upon acquisition are treated as assets and liabilities belonging to the foreign entities. They are converted into euro at the exchange rates valid on the closing date of the reporting period.

Inflation accounting

Belarus was listed as a hyperinflationary economy in December 2011. The 2011 financial statements of the subsidiary OAO Lidskoe Pivo registered in Belarus have been adjusted in accordance with IAS 29, "Financial Reporting in Hyperinflationary Economies". Items denominated in BYR currency have been adjusted using the Belarusian general consumer price index. Adjustments have been made monthly starting from December 2008.

The adjustment factors applied from December 2008 to December 2011 are as follows:

12/2008	2.5221
12/2009	2.2959
12/2010	2.0867
12/2011	1.0000

The values do not represent market values, repurchase values or other fair values used in actual transactions. In the conversion of the 2011 financial statements, monetary receivables and liabilities have not been reassessed using a conversion factor but they have been converted into euro using the exchange rate between BYR and euro valid on the closing date of the reporting period. The same procedure has also been applied to other non-monetary balance sheet items measured at fair value. On the other hand, other non-monetary balance sheet items as well as income statement items have been converted using the corresponding conversion factor values.

Monthly averages of the conversion factor have been applied to income statement items. The impact of the inflation factor on the company's

monetary net position arising from the procedure has been included in financial income and/or expenses as a profit or loss. A change in tax accruals corresponding to the financial statement adjustments has been recognised in deferred tax liabilities.

OAO Lidskoe Pivo's functional currency is hyperinflationary but because its figures are converted to a non-inflationary currency, the euro, the data for comparison must be the same as presented in the financial statements for the earlier year in question (in other words, they shall not be adjusted to correspond to any subsequent changes in price levels or exchange rates).

Property, plant and equipment

Property, plant and equipment are recognised in the balance sheet at original cost deducted by accumulated depreciation and impairment losses.

Asset items are depreciated by the straight-line method over their estimated useful life. Depreciation is not booked on land areas. Estimated useful lives are the following:

Buildings	20 to 40 years
Underground shelter	4 years
Plant machinery and equipment	7 to 10 years
Other fixed assets	5 years

The residual value and useful life of asset items are reviewed upon each closing of the accounts and adjusted if necessary to reflect any changes in the expected economic benefit.

Depreciation on a property, plant or equipment item will be discontinued when the item is classified as available for sale in accordance with the standard IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Sales gains and losses arising from the decommissioning and transfer of property, plant and equipment items are included in other operating income or other operating expenses.

Borrowing costs

Borrowing costs attributable to the acquisition, construction or manufacture of an item fulfilling the conditions of the revised IAS 23 standard are capitalised as part of the acquisition cost of that item if the item fulfils said conditions and capitalisation is started on or after 1 January 2009. All borrowing costs were previously recognised as immediate expenses. The Group has not had any capitalised borrowing costs up to date.

All borrowing costs other than those falling under IAS 23 are recognised as expenses in the period during which they have arisen.

Government grants

Public subsidies such as government grants associated with the acquisition of property, plant and equipment items are recognised as deductions in the book values of property, plant and equipment items. The subsidies will be recognised as income through reduced depreciation over the useful life of the item.

Subsidies received as compensation for realised costs are recognised on the income statement at the same time as the associated costs are recognised as expenses. Such subsidies are presented in other operating income.

Intangible assets

Goodwill

Goodwill arising from business combinations is recognised at the amount to which the total of consideration given, the share of non-controlling interests in the acquired entity and any previous holding exceed the fair value of net assets acquired.

Acquisitions carried out between 1 January 2004 and 31 December 2009 have been recognised in accordance with the previous IFRS 3 standard (2004). Goodwill arising from business combinations carried out before 2004 corresponds to book value in accordance with previous accounting standards that has been used as the deemed cost under IFRS.

No regular amortisation is booked on goodwill but it is tested for impairment annually or, if necessary, more frequently. For this purpose, goodwill is allocated to cash generating units that correspond to the management's way of supervising the business and associated goodwill. In the Group, cash generating units correspond to operating segments reported to top management. Goodwill is recognised at original cost deducted by impairment.

Research and development costs

Research and development costs are recognised as expenses in the income statement. Development costs arising from the design of new or more advanced products are capitalised as intangible assets in the balance sheet starting from the time the product is technically feasible, it can be utilised commercially, and future economic benefit is expected from the product. Development costs previously recognised as expenses will not be subsequently capitalised. Am-

ortisation is booked on an item starting from the time it is ready for use. An item that is not yet ready for use is tested annually for impairment.

Other intangible assets

An intangible asset item is recognised in the balance sheet only if its acquisition cost can be reliably determined and it is probable that the expected economic benefit from the item will be to the Group's advantage. Patents, trademarks and licences with a limited useful life are booked in the balance sheet at original cost and recognised as expenses in the income statement by straight-line amortisation over their known or estimated useful life. No amortisation is booked on intangible assets with an unlimited useful life but they are tested annually for impairment. The Group currently has no intangible assets with an unlimited useful life.

The amortisation periods for other intangible assets are the following:

Computer software	5 years
Other	5 years

Leases

The Group as a lessee

Leases on tangible assets in which the Group has a significant part of the risks and benefits characteristic of ownership are categorised as finance lease agreements. Asset items acquired on finance lease agreements are recognised in the balance sheet at the fair value of the leased item in the start of the lease period or at a lower present value of minimum rents. Asset items acquired on finance lease agreements are depreciated over the useful life of the item or the lease period, whichever is shorter. Leasing rents payable are divided into financing cost and reduction of debt over the lease period so that the interest rate on the debt remaining in each accounting period is equal. Lease obligations are included in financial liabilities.

Lease agreements in which the risks and benefits characteristic of ownership remain with the lessor are treated as other lease agreements. Leases payable on the basis of other lease agreements are recognised as expenses in the income statement in equal instalments over the lease period.

The Group as a lessor

Items leased out by the Group in which a significant part of the risks and benefits characteristic of ownership have been transferred to the lessee are treated as finance lease agreements and recognised as receivables in the balance sheet. The receivable is recognised at present value. The financial income on a finance lease agreement is recognised as income during the lease period so that the remaining net investment will produce the same percentage of yield over the lease period. The Group does not currently have any substantial finance lease agreements as a lessor.

Assets leased out on agreements other than finance lease are included in property, plant and equipment items in the balance sheet. They are depreciated over their useful life just as similar property, plant and equipment items in own use. Lease income is recognised in the balance sheet as equal instalments over the lease period.

Impairment

The balance sheet values of non-current tangible and intangible assets are assessed for impairment on the balance sheet date and every time there is evidence that the value of an asset may have been impaired. The impairment test estimates the amount recoverable from an asset. Recoverable amount equals to the fair value of an asset deducted by costs arising from its transfer, or value in use if this is higher.

An impairment loss is recognised in the income statement when the book value of an asset exceeds its recoverable amount. If an impairment loss is attributable to a cash generating unit, it is first allocated to reduce the goodwill attributable to the cash generating unit and then to reduce other asset items within the unit on a pro rata basis. An impairment loss will be reversed if there is a change in the circumstances and the amount recoverable from an asset has changed since the recognition of the impairment loss. However, any impairment loss reversal may not exceed the amount that would be the book value of the asset if the impairment loss was not recognised. Impairment losses recognised on goodwill are not to be reversed in any circumstances.

Impairment testing

Olvi Group carries out annual impairment testing of goodwill and unfinished intangible assets, and evidence of impairment is evaluated as presented above in the accounting policies. Recoverable amounts from cash generating units are determined through calculations based on value in use. The preparation of these calculations requires the use of estimates.

Cash flow estimates are based on forecasts approved by management covering a three-year period. The crucial variables used for the calculation of value in use are budgeted sales volume, budgeted net sales and operating profit. Esti-

mated sales and production volumes are based on existing fixed assets.

Inventories

Inventories are recognised at acquisition cost or a lower probable net realisable value. The acquisition cost of raw materials and supplies is determined by the weighted average method. The acquisition cost of finished and unfinished products according to standard cost accounting comprises raw materials, direct expenses due to work performed, other direct expenses, as well as the appropriate proportion of the variable and fixed overheads of manufacturing at the normal utilised capacity. Net realisable value refers to estimated sales price available through normal business operations, deducted by estimated costs of finishing the product and costs of sale.

Employee benefits

Pension obligations

The Group's pension schemes are defined contribution plans. Contributions paid to defined contribution pension plans are recognised in the income statement during the period to which the charge applies.

Share-based payments

The Group applies the standard IFRS 2 Share-based Payments to all share-based business transactions.

Arrangements settled in equity instruments are measured at fair value on the date of granting and recognised as expenses in the income statement in equal instalments over the validity period of the right. Arrangements settled in cash are measured at fair value at each closing of the accounts, and changes in the fair value of the liability are recognised in the income statement. The earnings effect of the arrangement is presented in the income statement under the costs of employee benefits.

The cost determined at the time of granting the share-based bonuses is based on the Group management's estimate of the number of shares that are expected to become vested at the end of the vesting period. The Group updates the expectation of the final number of shares on each balance sheet date. The changes in the estimates are recognised in the income statement.

The Group had one share-based incentive scheme between 1 January 2006 and 31 December 2010, in which the payments were made in both share-based bonuses and cash.

Provisions

A provision is recognised in the balance sheet when the Group has a legal or factual obligation based on a previous event, it is probable that the fulfilment of the obligation requires payment or causes a financial loss, and the amount of the obligation can be reliably estimated. If there is a possibility to receive compensation for part of the obligation from a third party, the compensation is recognised as a separate asset item but this is only done once the possibility of receiving compensation is practically certain. Provisions are measured at the present value of the costs required to cover the obligation.

A provision is recognised for onerous contracts if the costs necessary for fulfilling the obligations exceed the benefits available from the contract.

A provision for obligations associated with decommissioning and restoration is recognised when the Group has an obligation based on environmental legislation and the Group's environmental responsibility policy that is associated with the decommissioning of a production facility, remedy of environmental damage or transfer of equipment to another location.

No provisions are recognised for costs associated with the Group's continuous operations.

No provisions of the specified types have been recognised in Olvi Group's IFRS financial statements.

Taxes

The tax expenses in the income statement comprise tax based on the taxable income for the period and change in deferred tax. The tax based on the taxable income for the period is calculated on the basis of taxable income in accordance with the tax rate valid in each country. The tax is adjusted by any taxes associated with previous periods.

Deferred taxes are calculated on all temporary differences between book value and tax base. No deferred tax is recognised on impairment losses on goodwill that are not tax deductible, and no deferred tax is recognised on undistributed accrued profits of subsidiaries to the extent that the difference will probably not be eliminated during the foreseeable future. The most substantial temporary differences arise from depreciation on property, plant and equipment, arrangements settled in equity instruments, as well as the fair valuation of derivative contracts.

Deferred taxes are calculated at tax rates enacted or practically approved by the balance sheet date, which are expected to be applicable when the deferred tax receivable is realised or the deferred tax liability is paid.

Deferred tax receivables are recognised up to the probable amount of taxable income in the future against which the temporary difference can be utilised.
The amount of deferred tax receivables and the probability of utilisation are assessed at every closing of the accounts.

Deferred tax receivables and liabilities are presented in the balance sheet as separate items under non-current assets or liabilities.

Principles for recognition of income

Net sales consist of consideration received for the sales of beverages and other brewery-related commodities during the course of the Group's ordinary business, measured at fair value. Income is presented less value-added tax, indirect taxes, refunds and discounts, with intra-Group sales eliminated.

Income is recognised when it can be reliably determined and when it is probable that future economic benefit will be gained.

Products sold

The Group manufactures different kinds of alcoholic and non-alcoholic beverages and sells them, along with other products related to the beverage industry, to customers who have a retail or wholesale licence to sell alcohol for consumption on or off their premises. Product sales are recognised when the Group has delivered the products to the customer and when substantial risks and benefits related to their ownership have been transferred to the customer, and there are no outstanding obligations that could affect the customer's acceptance of the products. Delivery is considered to be realised only once the products have been delivered to the location agreed with the customer, the risk of non-marketability and damage has been transferred to the customer, and the customer has either accepted the products in accordance with the sales contract, the acceptance-related terms and conditions have expired, or the Group has objective proof that all of the acceptance criteria are fulfilled.

The sales of beverages often carry annual discounts, and customers are entitled to return any defective products. Sales are recognised at the price specified in the sales contract less annual discounts and returns of defective products estimated at the time of sale. Discounts are estimated and recognised on the basis of actual purchases and expected annual purchases in accordance with the terms and conditions of the sales contracts.

Rental income

The Group rents out beverage-serving equipment to its HoReCa customers and coolers to its retailers. Rental income is recognised in equal instalments over the rental period.

Interest

Interest income is recognised on the basis of elapsed time using the effective interest method. If a loan receivable or other receivable becomes impaired, its book value is reduced to correspond to the recoverable amount. Interest income from impaired loan receivables is recognised in accordance with original effective interest.

Dividends

Dividend income is recognised when the right to dividend becomes vested.

Long-term assets held for sale and discontinued operations

Long-term assets held for sale and assets associated with discontinued operations are classified as assets held for sale and measured at book value or a lower fair value deducted by sales costs if the amount corresponding to the book value is going to be accrued mostly from the sale of the asset instead of continuous use. The prerequisites for classification as an item held for sale are considered to be fulfilled when a sale is highly probable and the asset can be immediately sold in its current condition on usual and conventional terms, management is committed to the sale, and it is expected to be carried out within one year of classification. Depreciation of these assets will be discontinued at the time of classification.

Financial assets and liabilities

Financial assets

The Group's financial assets are classified in accordance with the standard IAS 39 Financial Instruments: Disclosure and Presentation. At present, the Group's financial assets are classified as either loans and receivables or financial assets available for sale. The classification is based on the purpose of acquiring the financial assets and carried out upon original acquisition. All purchases and sales of financial assets are recognised based on the transaction date. Transaction

costs are included in the original book value of financial assets.

Loans and receivables

The group of loans and receivables includes the Group's accounts receivable and other receivables. They are measured at original amortised cost using the effective interest method. On the balance sheet, they are included in current or non-current assets according to their nature. Accounts receivable are originally recognised at fair value and subsequently measured at original amortised cost using the effective interest method, taking any impairment into account. Factors suggesting impairment of an account receivable include the debtor's substantial financial difficulties, a threat of bankruptcy or a payment delay exceeding 60 days.

Financial assets available for sale

The Group's other financial assets are classified as financial assets available for sale. Financial assets available for sale may comprise equities and interest-bearing investments. They are recognised at fair value or, if the fair value cannot be determined reliably, at purchase price. Changes in the fair value of financial assets available for sale are booked in the fair value reserve within shareholders' equity, taking the tax effect into account. Changes in fair value are transferred from shareholders' equity to the income statement when the investment is sold or its value has reduced so that an impairment loss must be recognised.

Financial assets are derecognised once the rights to the investment's cash flows have ceased or have been transferred to another party, and the Group has transferred any substantial risks and benefits of ownership.

Financial assets available for sale are included in non-current assets except if the intention is to hold them for less than 12 months from the balance sheet date, in which case they are included in current assets.

Liquid assets

Liquid assets comprise cash, bank deposits withdrawable on demand, as well as other short-term very liquid investments. Items classified as liquid assets have a maturity of no more than three months calculated from the date of acquisition. Account overdraft facilities in use are presented under other current liabilities.

Impairment of financial assets

On each balance sheet date, the Group estimates whether there is objective evidence that the value of a financial asset item or financial asset group may have been impaired. If there is evidence of potential impairment, the amount of loss is determined as the difference between the book value of the asset and its fair value or the present value of estimated future cash flows discounted at the original effective interest rate. Impairment losses are recognised in financial items through profit or loss.

Financial liabilities

Financial liabilities are initially recognised at fair value increased by transaction costs arising from the acquisition of debt. Financial liabilities will subsequently be measured at original amortised cost using the effective interest method.

Financial liabilities are divided into non-current and current liabilities on the basis of the period of realisation, and may constitute interest-bearing or interest-free liabilities.

Financial liabilities are derecognised once the liability or a part thereof has ceased to exist – in other words, once the obligation specified in the contract has been fulfilled or annulled or it has ceased to be valid.

Derivative contracts and hedge accounting

Olvi Group treats derivative contracts in the manner prescribed in the standard IAS 39 Financial Instruments: Disclosure and Presentation. All derivatives have been classified as assets held for trading because the Group does not apply hedge accounting in accordance with IAS 39. Derivatives held for trading are interest rate swaps recognised at fair value. The fair value of interest rate swaps is recognised in other current assets or liabilities. Both realised and unrealised gains and losses arising from changes in fair value are recognised in financial items within the income statement for the accounting period during which they arise.

Share capital and treasury shares

Outstanding Series K and Series A shares are presented as share capital.

Any transaction costs immediately arising from the issuance of new shares or options, after being adjusted for tax effects, are presented in shareholders' equity as a deduction of payments received.

If the Group acquires the company's own shares, the consideration paid and the immediate costs of acquisition are deducted from shareholders' equity until the shares are annulled or re-released to circulation.

If the shares are re-released, the consideration received less immediate transaction costs is included in shareholders' equity.

Dividend distribution

The dividend proposed by the Board of Directors to the General Meeting of Shareholders has not been recognised in the financial statements. Dividends will only be recognised on the basis of the General Meeting's decision.

Operating profit

The standard IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Group has defined it as follows: operating profit is the net amount created by adding other operating income to net sales, subtracting purchase costs adjusted by change in inventories of finished and unfinished products and costs of manufacture for own use, and subtracting costs of employee benefits, depreciation and amortisation, any impairment losses and other operating expenses. All income statement items other than the above are presented below operating profit. Exchange rate differences are included in operating profit if they arise from items associated with business operations, otherwise they are recognised in financial items.

Earnings per share

Earnings per share is calculated by dividing the profit for the period belonging to the parent company's shareholders by the average weighted number of shares outstanding during the accounting period. When calculating the average, the number of treasury shares in the company's possession is deducted from the number of shares.

The average weighted number of shares used for the calculation of diluted earnings per share includes the dilution effect of options outstanding during the accounting period. The calculation of the dilution effect includes consideration for the number of treasury shares acquired using funds received from the exchange of options. Olvi Group has no warrants or options on 31 December 2011.

Accounting policies requiring consideration by management and crucial factors of uncertainty associated with estimates

Estimates and assumptions regarding the future have to be made during preparation of the financial statements. These are based on previous experience and expectations of future events, but the outcome may differ from the estimates and assumptions. Furthermore, the application of accounting policies requires choice and consideration.

Management consideration associated with the selection and application of accounting policies

Group management makes consideration-based choices with regard to the selection and application of accounting policies. This applies particularly to cases in which valid IFRS standards provide for alternative methods of recognition, measurement or presentation.

The most important sectors in which management has applied said consideration are goodwill testing and deferred tax receivables.

Factors of uncertainty associated with estimates

Estimates made in connection with the preparation of financial statements are based on the management's best understanding on the balance sheet date. The background of the estimates includes previous experience and assumptions concerning the future that are deemed most probable on the balance sheet date with regard to issues such as the expected development of the Group's financial operating environment concerning sales and the level of costs. The Group, regularly and jointly with the management of subsidiaries, assesses the realisation of estimates and assumptions, as well as changes in the underlying factors, by applying several sources of information, both internal and external. Any changes in the estimates and assumptions are recognised in the accounting period during which the estimates and assumptions are adjusted and in all subsequent accounting periods.

Those substantial assumptions concerning the future and crucial factors of uncertainty associated with estimates made on the date of closing the accounts that impose a significant risk of substantial changes in the book values of the Group's assets and liabilities during the next accounting period are presented below. The Group's management has considered these sections of the financial statements as being the most crucial because, from the Group's point of view, the applicable accounting policies are the most complex, and their application requires the use of most significant estimates and assumptions in the measurement of assets, for example. Furthermore, it is estimated that the effect of any changes in the assumptions and estimates used in these sections of the financial statements would be the greatest.

Determining the fair value of assets acquired in a business combination
In case of substantial business combinations, the Group has used the services of an external advisor for the assessment of fair values of tangible and intangible assets. With regard to tangible assets, comparisons have been made against the market prices of similar assets, estimating the devaluation of the acquired assets due to age, wear and tear and other similar factors. The determination of fair values for intangible assets is based on estimates of cash flows associated with the assets because no information on transactions concerning similar assets has been available from the markets.

The management believes that the estimates and assumptions used are sufficiently accurate to serve as the basis for determining fair value. Furthermore, at least on each closing of the accounts, the Group reviews any indications of impairment of either tangible or intangible assets.

Impairment testing
The Group carries out annual impairment testing of goodwill and unfinished intangible assets, and any evidence of potential impairment is evaluated as presented above in the accounting policies. Recoverable amounts from cash generating units are determined through calculations based on value in use. The preparation of these calculations requires the use of estimates.

Cash flow estimates are based on forecasts approved by management covering a three-year period. The crucial variables used for the calculation of value in use are budgeted sales volume, budgeted net sales and operating profit. Estimated sales and production volumes are based on existing fixed assets. More information on goodwill and impairment testing is provided in Note 14, Impairment testing of goodwill.

New or revised standards adopted

The consolidated financial statements have been prepared in accordance with the same accounting policies used in 2010, with the exception of the following new standards, interpretations and revisions to existing standards that are in force as of 1 January 2011.

Standard / interpretation
IAS 24 (Revised)
Related Party Disclosures
The revised standard clarifies and simplifies the definition of related parties. Government-related entities are no longer required to disclose the details of all transactions carried out with the government or other government-related entities.
The Group has applied the revised standard starting from 1 January 2011. The revised standard has no substantial effect on the consolidated financial statements.

IAS 32 (Amendment)
Classification of Rights Issues
The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Upon fulfilment of certain conditions, such rights are now classified as equity regardless of the currency in which the exercise price is determined. Previously such rights issues were accounted for as derivative liabilities. The amendment will be applied retroactively in accordance with IAS 8 "Accounting Policies, Changes in Accounting. Estimates and Errors".

The amendment has no effect on the consolidated financial statements.

IFRIC 19
Extinguishing Financial Liabilities with Equity Instruments
The interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is partially or fully extinguished by the debtor issuing its own equity instruments to the creditor (conversion of debt into equity). The amount of the gain or loss recognised in profit or loss will be the difference between the carrying value of the financial liability and the fair value of the equity instruments issued.. If the fair value of the issued equity instruments cannot be reliably determined, they shall be measured on the basis of the fair value of the extinguished financial liability.

The interpretation has no effect on the consolidated financial statements.

IFRIC 14 (Amendment)
Prepayments of a minimum funding requirement

The amendment has rectified the unwanted effect arising from interpretation IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

The change of interpretation has no effect on the consolidated financial statements.

IASB published changes to seven standards or interpretations in July 2010 as part of its annual Improvements to IFRSs, and the Group has adopted these in 2011. The following is a list of changes that, according to Group management's estimate, will have an effect on the consolidated financial statements:

IFRS 3 (Amendments)

a) **Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised standard**

Clarifies that the amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 32, 'Financial instruments: Presentation', and IAS 39, 'Financial instruments: Recognition and measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of the revised IFRS 3.

b) **Measurement of non-controlling interests**

The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS.

c) **Unreplaced and voluntarily replaced share-based incentive schemes.**

The application guidance in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including unreplaced and voluntarily replaced share-based incentive schemes.

The amendments have no effect on the consolidated financial statements.

IFRS 7 (Amendment) Financial Instruments: Disclosures

The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.
The amendment has no substantial effect on the consolidated financial statements.

IAS 1 (Amendment)
Presentation of Financial Statements – Statement of Changes in Equity

Clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

The amendment has no substantial effect on the consolidated financial statements.

IAS 27 (Amendment)
Consolidated and Separate Financial Statements

Clarifies that the consequential amendments from IAS 27 made to IAS 21, 'The effect of changes in foreign exchange rates', IAS 28, 'Investments in associates' and IAS 31 'Interests in joint ventures', apply non-retroactively for accounting periods beginning on or after 1 July 2009 if IAS 27 has been previously adopted.

The amendment has no substantial effect on the consolidated financial statements.

IAS 34 (Amendment)
Interim Financial Reporting

Provides guidance to illustrate how to apply disclosure principles in IAS 34 and adds new disclosure requirements regarding:

- Circumstances likely to affect the fair values of financial instruments and their classification;
- Transfers of financial instruments between different levels of the fair value hierarchy;
- Changes in classification of financial assets; and
- Changes in contingent liabilities and assets.

The amendment has no effect on the consolidated financial statements.

IFRIC 13 (Amendment)
Customer Loyalty Programmes

The meaning of 'fair value' is clarified in the context of measuring award credits under customer loyalty programs.

The amendment has no substantial effect on the consolidated financial statements.

The following is a list of published standards, interpretations and changes to existing standards and interpretations that the Group will adopt as of 1 January 2012:

IFRS 7 (Amendment)
Financial Instruments: Disclosures – Derecognition

This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Earlier application subject to EU endorsement is permitted.

The Group will adopt the amendment in its financial statements 2012. Group management is assessing the effect of the amendment on the consolidated financial statements.

IAS 12 (Amendment)
Income taxes – Deferred tax

IAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes – recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

The Group will adopt the amendment in its financial statements 2012. The EU has not yet endorsed the amendment.

The amendment will not have any effect on the consolidated financial statements.

The following standards, interpretations and amendments to existing standards will be adopted by the Group in 2013 or later:

IFRS 10
Consolidated Financial Statements

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard defines the principle of control, and establishes control as the basis for consolidation. The standard sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. The standard also sets out the accounting requirements for the preparation of consolidated financial statements.

The Group will adopt the standard in its financial statements 2013. The EU has not yet endorsed the standard. Group management is assessing the effect of the standard on the consolidated financial statements.

IFRS 11
Joint Arrangements

IFRS 11 provides guidance on how to process joint arrangements. It focuses on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

The Group will adopt the standard in its financial statements 2013. The EU has not yet endorsed the standard. Group management is assessing the effect of the standard on the consolidated financial statements.

IFRS 12
Disclosures of Interests in Other Entities

The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

The Group will adopt the standard in its financial statements 2013. The EU has not yet endorsed the standard. Group management is assessing the effect of the standard on the consolidated financial statements.

IFRS 13
Fair Value Measurement

The purpose of the standard is to increase uniformity and decrease complexity. The standard provides a precise definition of fair value and a

single source of fair value measurement and disclosure requirements for use across IFRSs. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

The Group will adopt the standard in its financial statements 2013. The EU has not yet endorsed the standard. Group management is assessing the effect of the standard on the consolidated financial statements.

IAS 27 (Revised 2011)
Separate Financial Statements
The revised standard includes the provisions on separate financial statements that are left after the control provisions have been included in the new IFRS 10.

The Group will adopt the revised standard in its financial statements 2013. The EU has not yet endorsed the revision. Group management is assessing the effect of the revised standard on the consolidated financial statements.

IAS 28 (Revised 2011)
Investments in Associates and Joint Ventures
The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

The Group will adopt the revised standard in its financial statements 2013. The EU has not yet endorsed the revision. Group management is assessing the effect of the revised standard on the consolidated financial statements.

IAS 1 (Amendment)
Presentation of Financial Statements
The main change is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in other comprehensive income.

The Group will adopt the amendment in its financial statements 2013. The EU has not yet endorsed the amendment. Group management is assessing the effect of the amendment on the consolidated financial statements.

IAS 19 (Amendment)
Employee benefits
Major changes: The amendment eliminates the corridor approach. The definition of estimated return on the assets of defined benefit plans will change. Financing costs will be defined on a net basis (between the obligation and the plan assets).

The Group will adopt the amendment in its financial statements 2013. The EU has not yet endorsed the amendment. Group management is assessing the effect of the amendment on the consolidated financial statements.

IFRS 9
Financial Instruments
This is he first standard issued as part of a wider project to replace IAS 39. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

The Group will probably adopt the new standard in 2015 at the earliest. However, the EU has not yet endorsed the standard. Group management is assessing the effect of the standard on the consolidated financial statements.

IFRIC 20
Stripping Costs in the Production Phase of a Surface Mine
IFRIC 20 provides guidance on how to account for the costs of removal of surface waste materials (stripping) in the production phase of a surface mine. The interpretation may lead to a requirement for mining companies reporting in accordance with IFRS standards to recognise current stripping assets against the opening balance of retained earnings if they cannot be allocated to an identifiable component of the ore body.

The Group will adopt the interpretation in its financial statements 2013. The EU has not yet endorsed the interpretation. The interpretation will not have any effect on the consolidated financial statements.

IAS 32 (Amendment)
Offsetting Financial Assets and Financial Liabilities
The amendment addresses inconsistencies in current practice when applying the offsetting criteria for financial assets and liabilities in IAS 32. The amendment clarifies that the right of set-off must be available today – that is, it must not be

contingent on a future event. Set-off must also be available to both counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also clarifies that certain gross settlement mechanisms are effectively equivalent to net settlement and would therefore satisfy the IAS 32 criterion in these instances.

The Group will adopt the amendment in its financial statements 2014. The EU has not yet endorsed the amendment. Group management is assessing the effect of the amendment on the consolidated financial statements.

IFRS 7 (Amendment)
Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amended disclosures require more extensive disclosures than are currency required on offset financial asset and liabilities, so that entities must provide quantitative information about recognised financial instruments that are offset in the balance sheet, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset in the balance sheet.

The Group will adopt the amendment in its financial statements 2013. The EU has not yet endorsed the amendment. Group management is assessing the effect of the amendment on the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Segment information

Segment information is presented in accordance with the Group's geographical operating segments. The operating segments are defined on the basis of reports utilised by the Group's top management for strategic decisions.

Net sales in the reported operating segments are mostly generated from the manufacture and wholesale of various beverages. The net sales also include a minor amount of services to licensed restaurants in relation to beverage-serving equipment.

The Group's management assesses the operating segments' performance through operating profit (EBIT). Interest income and expenses are not allocated to segments because responsibility for the Group's financing tasks is centralised in the parent company Olvi plc.

The products and services of geographical segments are produced in a specific economic environment with risks and profitability deviating from the risks and profitability of the economic environment of other geographical segments. Business segments comprise groups of assets and business operations that have risks and profitability associated with their products and services deviating from other business segments.

A segment's assets and liabilities refer to business items that the segment uses in its business operations or that can be allocated to segments on reasonable grounds. Unallocated items include tax and financial items, as well as items common to the entire Group. Investments include increases in property, plant and equipment items and intangible assets that are used during more than one accounting period.

Geographical operating segments

The Group's geographical operating segments are: Finland, Estonia, Latvia, Lithuania and Belarus. In addition to the location of assets, the operating segments are presented in accordance with the location of customers.

Transfer pricing

Pricing of business transactions between segments is based on market terms. The principal method of transfer pricing is the cost plus method under which the transfer price of a product or service is determined by adding an appropriate mark-up to the costs of production.

Sales of geographical segments in 2011 and 2010

1,000 litres	**Finland**	**Estonia**	**Latvia**	**Lithuania**	**Belarus**	**Elimination**	**Group**
Sales in 2011	149 084	133 421	75 352	67 540	128 005	-35 191	518 211
Sales in 2010	136 832	124 772	68 705	59 075	111 323	-28 794	471 913

Geographical segments 2011 in accordance with asset locations

EUR 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Elimination	Group
INCOME							
External sales	119 370	69 994	29 272	27 448	39 090		285 174
Internal sales	417	5 970	5 912	2 048	518	-14 866	0
Total net sales	119 787	75 964	35 184	29 496	39 608	-14 866	285 174
EARNINGS							
Operating profit for the segment	13 239	12 973	737	411	737	-1 414	26 683
Financial income							8 352
Financial expenses							-16 596
Income taxes							-5 485
Net profit for the period							12 954
OTHER INFORMATION							
Segment assets	152 827	97 253	31 887	27 031	57 267	-162 188	204 077
Unallocated company-level assets							49 514
Total consolidated assets							253 591
Segment liabilities	36 900	10 571	4 543	2 877	11 574	-1 118	65 346
Unallocated company-level liabilities							60 024
Total consolidated liabilities							125 369
Investments	11 956	4 635	880	2 057	23 702	0	43 230
Unallocated company-level investments							0
Total investments							43 230
Depreciation	6 116	4 306	3 517	2 352	2 413	-67	18 637

Geographical segments 2010 in accordance with asset locations

EUR 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Elimination	Group
INCOME							
External sales	110 750	64 688	27 410	24 407	40 255	0	267 509
Internal sales	239	5 246	4 038	1 972	515	-12 011	0
Total net sales	110 989	69 935	31 448	26 379	40 769	-12 011	267 509
EARNINGS							
Operating profit for the segment	11 702	11 905	1 714	1 423	4 444	-703	30 485
Financial income							514
Financial expenses							-1 831
Income taxes							-3 909
Net profit for the period							25 259
OTHER INFORMATION							
Segment assets	149 223	94 426	32 967	27 321	42 804	-143 898	202 843
Unallocated company-level assets							33 299
Total consolidated assets							236 142
Segment liabilities	35 223	9 901	3 425	3 288	3 524	-2 128	53 233
Unallocated company-level liabilities							53 655
Total consolidated liabilities							106 888
Investments	4 776	2 227	845	1 161	14 963	0	23 972
Unallocated company-level investments							507
Total investments							24 479
Depreciation	5 877	4 454	3 666	2 264	2 357	22	18 640

Geographical segments 2011 in accordance with customer locations

EUR 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Others/ Elimination	Group
External sales	116 450	68 543	29 285	28 213	36 298	6 385	285 174
Internal sales	1 099	5 056	3 651	4 673	386	-14 865	0
Total net sales	117 550	73 599	32 935	32 887	36 684	-8 480	285 174

Geographical segments 2010 in accordance with customer locations							
EUR 1,000	**Finland**	**Estonia**	**Latvia**	**Lithuania**	**Belarus**	**Others/ Elimination**	**Group**
External sales	107 875	64 781	27 408	25 593	38 254	3 598	267 509
Internal sales	1 163	3 040	3 171	4 324	313	-12 011	0
Total net sales	109 038	67 821	30 579	29 917	38 567	-8 413	267 509

2. Non-current assets held for sale

EUR 1,000	2011	2010
Non-current assets held for sale	56	333
Total	**56**	**333**

Non-current assets held for sale consist of equipment decommissioned by the parent company Olvi plc and AB Volfas Engelman.

3. Other operating income

EUR 1,000	2011	2010
Sales gains on property, plant and equipment	54	98
Rental income	110	96
Other	358	523
Total	**522**	**717**

Other operating income consists mostly of project grants and grants from the sales of production waste.

4. Other operating expenses

EUR 1,000	2011	2010
Sales losses and scrapping of property, plant and equipment	441	224
Rental costs	1 949	2 575
External services	37 983	42 982
Other	33 679	25 001
Total	**74 052**	**70 782**

Other operating expenses consist mostly of energy and repair costs, the costs of administration, marketing and building maintenance, as well as other indirect personnel costs.

5. Depreciation and impairment

EUR 1,000	2011	2010
Depreciation on tangible assets:		
Buildings	3 085	3 198
Machinery and equipment	13 488	13 479
Other tangible assets	1 651	1 621
Total depreciation on tangible assets	18 225	18 298
Depreciation on intangible assets:		
Intangible rights	19	8
Other intangible assets	393	334
Total depreciation on intangible assets	412	341
Total	**18 637**	**18 640**

6. Costs of employee benefits

EUR 1,000	2011	2010
Wages and salaries	30 360	31 436
Pension costs - defined contribution	2 826	2 721
Other personnel expenses	3 407	2 864
Total	**36 593**	**37 021**

Group personnel on average during the period	2011	2010
Finland	383	378
Estonia	311	312
Latvia	217	207
Lithuania	205	195
Belarus	916	959
Total	**2 032**	**2 051**

Information on employee benefits and loans to management is presented in Note 30, Related party transactions.

7. Research and development costs

The income statement includes 289 thousand euro of R&D costs recognised as expenses in 2011 (257 thousand in 2010), corresponding to 0.1% (0.1 %) of net sales.

8. Financial income

EUR 1,000	2011	2010
Dividend income from investments held as fixed assets	3	3
Interest income from bank deposits	102	462
Adjustment for hyperinflation: effect on the company's monetary net position	8 197	0
Other interest and financial income	49	50
Total	**8 352**	**514**

9. Financial expenses

EUR 1,000	2011	2010
Interest expenses on finance lease contracts	228	291
Interest expenses on financial liabilities measured at original amortised cost	2 043	1 480
Net losses from interest rate derivatives	288	60
Other financial expenses	14 038	0
Total	**16 596**	**1 831**

10. Income taxes

EUR 1,000	Note	2011	2010
Tax based on the taxable income for the period		4 493	4 416
Deferred taxes, tax on previous losses of AB Volfas Engelman		44	-121
Deferred taxes, OAO Lidskoe Pivo		848	-557
Deferred taxes, change in the fair value of derivatives	19	-68	-16
Deferred taxes, change in depreciation difference	19	43	265
Deferred taxes, internal margin on inventories		10	-5
Deferred taxes, share-based bonuses		107	-74
Deferred taxes, finance leasing	19	6	1
Total		**5 485**	**3 909**

Reconciliation between the tax expenses in the income statement and taxes calculated in accordance with the tax rate in the Group's home country (26%):

EUR 1,000	2011	2010
Earnings before tax	18 439	29 168
Taxes calculated at the home country's rate	4 794	7 584
Effect of different tax rates for foreign subsidiaries	659	-3 703
Tax effect of non-deductible items	33	28
Taxes from previous accounting period	-1	0
Taxes in income statement	**5 485**	**3 909**

11. Earnings per share

Undiluted earnings per share are calculated by dividing the profit for the accounting period belonging to the parent company's shareholders by the weighted average of shares outstanding during the accounting period. When calculating the weighted average, the number of treasury shares in the company's possession is deducted from the number of shares.
Olvi plc held a total of 1,124 of its own Series A shares on 31 December 2011. A more detailed account of treasury shares is provided in note 21. Notes concerning shareholders' equity.

	2011	2010
Profit belonging to parent company shareholders (EUR 1,000)	13 506	24 954
Weighted average number of shares during the period (1,000)	20 759	20 759
Effect of treasury shares (1,000)	-1	-25
Weighted average number of shares for the calculation of EPS (1,000)	20 758	20 734
Undiluted/diluted earnings per share (euro per share)	0.65	1.21

In the calculation of earnings per share adjusted for dilution, the weighted average number of shares includes the diluting effect of the conversion of all potential options outstanding during the period. When calculating the weighted average number of shares adjusted for dilution, the number of treasury shares in the company's possession is deducted from the number of shares. The calculation of the dilution effect includes consideration for the number of treasury shares acquired using funds received from the exchange of options. Between 2005 and 2011, Olvi Group has not had options or any other schemes having a diluting effect, which means that undiluted earnings per share and earnings per share adjusted for dilution have been equal during these years.

12. Property, plant and equipment

EUR 1,000	Land and water properties	Buildings	Machinery and eqpt	Other tangible assets	Advance payments and unfinished purchases	Total
Acquisition cost 1 Jan 2011	1 851	78 514	182 293	13 977	13 137	289 773
Adjustment for hyperinflation	0	-264	-845	-478	-1 313	-2 900
Increase	10	402	11 356	2 886	30 749	45 403
Transfer to non-current assets classified as held for sale	0	0	-56	0	0	-56
Decrease	0	-106	-1 691	-1 134	-5 620	-8 552
Exchange rate differences	2	179	328	55	7	571
Acquisition cost 31 Dec 2011	1 863	78 726	191 385	15 306	36 959	324 238
Accumulated depreciation and impairment 1 Jan 2011	0	33 148	122 394	9 374	0	164 916
Adjustment for hyperinflation	0	-31	-196	-126	0	-353
Depreciation	0	3 085	13 488	1 651	0	18 225
Decrease	0	-9	-179	-71	0	-259
Exchange rate differences	0	33	184	-949	0	-733
Accumulated depreciation and impairment 31 Dec 2011	0	36 226	135 690	9 878	0	181 795
Book value 1 Jan 2011	1 851	45 366	59 900	4 603	13 137	124 857
Book value 31 Dec 2011	1 863	42 499	55 694	5 428	36 959	142 443

Other tangible assets consist mainly of vehicles, equipment included in equipment service, as well as office furniture.

EUR 1,000	Land and water properties	Buildings	Machinery and eqpt	Other tangible assets	Advance payments and unfinished purchases	Total
Acquisition cost 1 Jan 2010	1 851	77 786	174 219	12 095	6 738	272 690
Increase	0	880	9 642	2 406	11 326	24 254
Transfer to non-current assets classified as held for sale	0	0	-333	0	0	-333
Decrease	0	-152	-1 236	-524	-4 928	-6 839
Exchange rate differences	0	0	0	0	0	0
Acquisition cost 31 Dec 2010	1 851	78 514	182 293	13 977	13 137	289 773
Accumulated depreciation and impairment 1 Jan 2010	0	29 955	109 473	7 993	0	147 421
Depreciation	0	3 198	13 479	1 621	0	18 298
Decrease	0	-6	-559	-240	0	-804
Exchange rate differences	0	0	0	0	0	0
Accumulated depreciation and impairment 31 Dec 2010	0	33 148	122 394	9 374	0	164 916
Book value 1 Jan 2010	1 851	47 831	64 747	4 102	6 738	125 269
Book value 31 Dec 2010	1 851	45 366	59 900	4 603	13 137	124 857

Other tangible assets consist mainly of vehicles, equipment included in equipment service, as well as office furniture.

Finance lease contracts

Property, plant and equipment items include assets acquired on finance lease contracts as follows:

EUR 1,000	Machinery and eqpt	Other tangible assets	Total
31 December 2011			
Acquisition cost	3 046	2 237	5 283
Accumulated depreciation	-1 255	-1 118	-2 373
Book value	1 791	1 119	2 909

EUR 1,000	Machinery and eqpt	Other tangible assets	Total
31 December 2010			
Acquisition cost	3 266	1 860	5 126
Accumulated depreciation	-1 209	-865	-2 074
Book value	2 056	995	3 051

13. Intangible assets

EUR 1,000	Goodwill	Development costs	Intangible rights	Other intangible assets	Total
Acquisition cost 1 Jan 2011	22 146	60	9 594	9 405	41 205
Adjustment for hyperinflation	0	0	3	0	3
Increase	0	0	68	266	333
Decrease	0	0	-8	0	-8
Exchange rate differences	-408	0	0	-31	-439
Acquisition cost 31 Dec 2011	21 738	60	9 657	9 640	41 096
Accumulated depreciation and impairment 1 Jan 2011	4 977	60	9 220	8 644	22 902
Adjustment for hyperinflation	0	0	0	0	0
Depreciation	0	0	19	393	412
Exchange rate differences	0	0	0	3	3
Accumulated depreciation and impairment 31 Dec 2011	4 977	60	9 240	9 040	23 317
Book value 1 Jan 2011	17 176	0	336	617	18 130
Book value 31 Dec 2011	16 761	0	417	600	17 778

Intangible rights consist mainly of trademarks.
Other intangible assets consist mainly of computer software.

EUR 1,000	Goodwill	Development costs	Intangible rights	Other intangible assets	Total
Acquisition cost 1 Jan 2010	22 153	60	9 549	8 928	40 690
Increase	0	0	45	490	534
Decrease	-7	0	0	0	-7
Exchange rate differences	0	0	0	-12	-12
Acquisition cost 31 Dec 2010	22 146	60	9 594	9 405	41 205
Accumulated depreciation and impairment 1 Jan 2010	4 977	60	9 213	8 311	22 560
Depreciation	0	0	8	334	341
Exchange rate differences	0	0	0	0	0
Accumulated depreciation and impairment 31 Dec 2010	4 977	60	9 220	8 644	22 902
Book value 1 Jan 2010	17 176	0	336	617	18 130
Book value 31 Dec 2010	17 169	0	373	761	18 304

Intangible rights consist mainly of trademarks.
Other intangible assets consist mainly of computer software.

14. Impairment testing of goodwill

The most significant goodwill item is goodwill allocated to the Estonian segment with a book value of 8,146 thousand euro. The book value of goodwill allocated to the Lithuanian segment is 2,241 thousand euro, while 288 thousand euro is allocated to the Latvian segment and 6,086 thousand euro to the Belarusian segment.

The estimated future cash flows used for impairment testing are based on the financial plans of the geographical segments approved by Group management. The cash flow estimates are based on financial plans for the next four years. Cash flow estimates due later than four years are extrapolated using estimated growth rates that do not exceed the estimated long-term growth rates of the cash generating units. The growth rates applied to each segment were as follows: Estonia 2% (1%), Latvia 3% (2%), Lithuania 3% (3%) and Belarus 2% (5%). In the assessment of future cash flows, management has also compared previous financial plans with actual development.

The discount rate is weighted average cost of capital (WACC) before taxes:
in Estonia 11.92 (9.84 in 2010), in Latvia 12.08 (11.28), in Lithuania 12.12 (10.67) and in Belarus 12.98 (11.66) percent.

In the management's opinion, any reasonably potential change in any of the variables used for assessing each segment's recoverable amount could not lead into a situation in which the segments' recoverable amounts would be lower than their book values.

According to sensitivity analysis applied to impairment testing, there is currently no need for recognition of impairment. The Board of Directors of Olvi plc is actively monitoring the development of the economic situation in the subsidiary countries and any effects this may have.

15. Financial assets available for sale

Other financial assets consist mostly of unquoted equity investments contributing to the Group company's operations, as well as shares in a housing corporation. Financial assets available for sale are recognised at fair value. If fair value cannot be reliably determined, the assets are recognised at original cost.

EUR 1,000	Note	2011	2010
Book value 1 January		545	288
Increase		3	257
Book value 31 December	26	**548**	**545**

16. Non-current receivables

EUR 1,000	Note	2010	2010
Loans receivable	26	14	14
Other non-current receivables		127	123
Total		**141**	**137**

Other non-current receivables consist mainly of bank guarantee deposits.

17. Inventories

EUR 1,000	2011	2010
Materials and supplies	26 336	24 956
Unfinished products	1 890	1 687
Finished products/goods	7 299	8 037
Other inventories	349	444
Total	35 875	35 124

Non-marketability deductions on inventories have been booked for 1,014 thousand euro in 2011 (1,716 thousand euro in 2010).

18. Accounts receivable and other receivables

EUR 1,000	Note	2011	2010
Accounts receivable	26	48 179	43 003
Prepayments and accrued income	26	2 668	2 397
Other receivables	26	1 871	1 870
Total		52 718	47 270

Essential items included in prepayments and accrued income are associated with the accruals of rents and the costs of marketing and sales, insurance and administration, as well as discounts and marketing subsidies. During the accounting period, the Group has recognised 216 thousand euro of credit losses on accounts receivable (279 thousand euro in 2010).
There are no significant credit risk concentrations associated with receivables.

Maturity distribution of accounts receivable

EUR 1,000	2011	2010
Not due	43 302	40 396
Overdue less than 1 month	3 182	1 710
Overdue more than 1 but less than 3 months	1 201	390
Overdue more than 3 but less than 6 months	144	99
Overdue more than 6 months	349	408
Total	**48 179**	**43 003**

Accounts receivable by currency

	2011 Foreign 1,000	2011 EUR 1,000	2010 Foreign 1,000	2010 EUR 1,000
EUR	35 426	35 426	23 316	23 316
EEK			115 865	7 405
LVL	2 674	3 823	2 243	3 162
LTL	14 731	4 266	14 311	4 145
BYR	50 342 472	4 661	19 855 880	4 951
RUB	110	3	992	24

19. Deferred tax receivables and liabilities

Changes in deferred taxes during 2011:

Deferred tax receivables EUR 1,000	31 Dec 2010	Recognised through profit and loss	31 Dec 2011
Share-based bonuses to management	107	-107	0
Fair valuation of derivatives	47	68	115
Confirmed losses of AB Volfas Engelman	121	-44	77
Deferred tax for OAO Lidskoe Pivo	1 392	-1 392	0
Internal margin on inventories	15	-10	5
Total	**1 682**	**-1 486**	**196**

Deferred tax liabilities EUR 1,000	31 Dec 2010	Recognised through profit and loss	31 Dec 2011
Property, plant and equipment	1 844	-63	1 781
Deferred tax for OAO Lidskoe Pivo	0	307	307
Finance leasing	3	6	9
Total	**1 847**	**250**	**2 097**

The Group's unused fiscal losses for which no tax receivable has been recognised amounted to 11,206 thousand euro at the end of the accounting period (12,706 thousand euro in 2010). Fiscal losses in Latvia are subject to a 8-year limitation period. There is no limitation period for losses in Lithuania.

Of the deferred tax liabilities, 1,781 thousand euro is attributable to deferred tax on property, plant and equipment. No deferred tax liability has been recognised on the undistributed earnings of AS A. Le Coq, 83,505 thousand euro in 2011, as the criteria under IAS 12, 39 are fulfilled.

Changes in deferred taxes during 2010:

Deferred tax receivables EUR 1,000	31 Dec 2009	Recognised through profit and loss	31 Dec 2010
Share-based bonuses to management	33	74	107
Fair valuation of derivatives	31	16	47
Confirmed losses of AB Volfas Engelman	0	121	121
Deferred tax for OAO Lidskoe Pivo	835	557	1 392
Internal margin on inventories	10	5	15
Total	**909**	**773**	**1 682**

Deferred tax liabilities EUR 1,000	31 Dec 2009	Recognised through profit and loss	31 Dec 2010
Property, plant and equipment	1 579	265	1 844
Finance leasing	2	1	3
Total	**1 580**	**266**	**1 847**

20. Liquid assets

EUR 1,000	Note	2011	2010
Cash and bank accounts	26	3 836	7 891
Total		**3 836**	**7 891**

The liquid assets presented in the cash flow statement comprise cash and bank deposits.

21. Notes concerning shareholders' equity

The following is a reconciliation of numbers of shares:

EUR 1,000	Number of K shares 1,000	Number of A shares 1,000	Share capital	Share premium account	Treasury shares	Total
1 January 2010	1 866	8 502	20 759	857	-222	21 393
Acquisition of treasury shares						0
31 December 2010	1 866	8 502	20 759	857	-223	21 393
Free issue (split)	1 866	8 523				
Transfer of treasury shares					214	214
31 December 2011	3 732	17 025	20 759	857	-9	21 607

The maximum number of shares is 6.0 million K shares and 24.0 million A shares (6.0 million K shares and 24.0 million A shares in 2010). The minimum number of K shares is 1.5 million. The Group's maximum share capital is 60.0 million euro (60.0 million euro in 2010) and the minimum share capital is 15.0 (15.0) million euro. All issued shares have been paid in full.
The following is a description of reserves in shareholders' equity:

Share premium account
The share premium account comprises any subscription price in excess of the par value of shares upon share issues.

Legal reserve
The legal reserve originates from reserve transfers made due to an obligation formerly included in the Articles of Association.

Translation differences
The Translation differences reserve includes translation differences arising from the conversion of the financial statements of foreign subsidiaries.

Treasury shares
Olvi plc held a total of 12,400 of its own Series A shares on 1 January 2011 (before the split). The total purchase price of treasury shares was 222 thousand euro.

On 7 April 2011, the General Meeting of Shareholders of Olvi plc decided to revoke any unused authorisations to acquire treasury shares and authorise the Board of Directors of Olvi plc to decide on the acquisition of the company's own shares using distributable funds. The authorisation is valid for one year starting from the General Meeting and covers a maximum of 245,000 Series A shares (before the split).

The Annual General Meeting decided to revoke all existing unused authorisations for the transfer of own shares and authorise the Board of Directors of Olvi plc to decide on the transfer of any A shares acquired on the company's own account within one year of the Annual General Meeting.

Olvi plc's Board of Directors has not exercised the authorisation granted by the General Meeting to acquire more series A shares during January-December 2011. In April 2011 Olvi plc's Board of Directors transferred a total of 11,838 Series A treasury shares (before the split) as bonuses for the second vesting period to key employees belonging to the Group's share-based incentive scheme. After the share-based bonuses were paid, Olvi plc held a total of 562 of its own Series A shares. Because Olvi plc implemented a free issue on 12 April 2011 in which one Series A share produced one new Series A share and one Series K share produced one new Series K share, the number of Series A shares held by Olvi plc after the split was 1,124.

On 31 December 2011, Olvi plc still held a total of 1,124 of its own Series A shares acquired for a price of 8.5 thousand euro. Series A shares held by Olvi plc as treasury shares represented 0.005 percent of the share capital and 0.001 percent of the aggregate number of votes. The treasury shares represented 0.007 percent of all Series A shares and associated votes.

Dividends
After the balance sheet date, the Board of Directors has proposed a dividend of 0.50 euro per share for both Series K and Series A shares for 2011, totalling 10.4 million euro.
Dividend for 2010 was paid at 0.50 euro per share, totalling 10.4 million euro. The dividends were paid on 19 April 2011.
The dividend for 2010 has been adjusted for comparability due to the effect of the bonus issue.

22. Share-based payments

Olvi plc's Board of Directors decided on 26 January 2006 on a share-based incentive scheme for Olvi Group's key personnel.

The share-based bonus scheme was a part of the incentive and commitment scheme for the Group's key personnel and its purpose was to combine the objectives of shareholders and key personnel to improve the company's value.

The scheme included two vesting periods, the first one extending from 1 January 2006 to 31 December 2007 and the second one from 1 January 2008 to 31 December 2010. The amount of bonuses payable out of the scheme was linked to Olvi Group's net sales and the operating profit percentage in relation to net sales.

The bonuses were paid partially in Olvi plc's Series A shares and partially in cash. The proportion payable in cash covered the taxes and other statutory fees arising from the share-based bonus. The bonuses for the first vesting period were paid in April 2008. The shares carried a ban on transferring them within two years of reception.

The bonuses for the second vesting period were paid in April 2011. 50 percent of the shares received as bonus for the second vesting period may be transferred after one year, and 100 percent after two years of reception. The right to dividends began when the shares were transferred to the key employees' book-entry accounts.

The share-based bonuses paid for the second vesting period in 2011 totalled 11,838 Olvi plc Series A shares (the shares were transferred before the free issue, or split, implemented by Olvi plc on 12 April). The target group of the scheme included 20 key employees. The incentive scheme does not have any diluting effect.

Olvi plc's Board of Directors has not decided on any new share-based incentive schemes for Olvi Group's key personnel.

Olvi Group has no warrants or options.

23. Financial liabilities

EUR 1,000	Note	Book values 2011	Fair values 2011	Book values 2010	Fair values 2010
Non-current liabilities					
Loans from financial institutions	26	29 436	25 468	28 957	28 062
Pension loans	26	0	0	6 650	5 811
Finance lease liabilities	26	1 497	1 497	1 726	1 726
Other liabilities	26	15	15	29	29
Total		**30 949**	**26 981**	**37 362**	**35 628**
Current liabilities					
Loans from financial institutions	26	27 039	27 039	6 629	6 629
Pension loans	26	0	0	950	950
Finance lease liabilities	26	1 226	1 226	1 111	1 111
Total		**28 266**	**28 266**	**8 689**	**8 689**

The Group's financial liabilities on 31 December 2011 consist of loans from financial institutions, as well as finance lease liabilities. Typical finance lease contracts extend over a period of 36 to 48 months and have a fixed instalment throughout the contract period.

20.6 million euro of the liabities have a fixed interest rate or are converted to fixed rate through interest rate swaps. The amount of variable-rate loans was 35.9 million euro.

The fair value of non-current loans is determined by discounting estimated future cash flows to the present using the interest rate at which the Group could get a similar loan on the balance sheet date. Market rates on the balance sheet date stood at 1.141% to 2.003 %, and a company-specific margin has been added for discounting.

The book value of current financial liabilities and finance lease liabilities corresponds to their fair value.

Ranges of interest rates on financial liabilities	2011	2010
Loans from financial institutions	1.42% - 3.55%	1.24% - 4.38%
Interest rate swaps	1.27% - 2.93%	0.90% - 2.77%
Finance lease liabilities	2.50% - 6.50%	2.50% - 6.50%
Other liabilities	0.74% - 1.05%	0.13% - 0.51%

Maturities of finance lease liabilities

EUR 1,000	Note	2011	2010
Finance lease liabilities - total of minimum rents			
Due within one year		1 226	1 111
Within more than one but less than five years		1 497	1 726
After more than five years		0	0
	26	2 724	2 836
Finance lease liabilities - present value of minimum rents			
Due within one year		1 226	1 111
Within more than one but less than five years		1 497	1 726
After more than five years		0	0
	26	2 724	2 836
Total amount of finance lease liabilities	26	2 724	2 836

The Group's other interest-bearing liabilities will fall due as follows:

EUR 1,000	2011	2010
in 2011		7 579
in 2012	27 039	6 579
in 2013	6 890	6 579
in 2014	6 390	6 079
in 2015	5 890	5 579
in 2016	5 390	5 079
Later	4 890	5 744
Total	**56 491**	**43 215**

24. Accounts payable and other liabilities

EUR 1,000	Note	2011	2010
Current			
Accounts payable	26	34 097	26 009
Accrued expenses	26	9 834	12 402
Other liabilities	26	21 353	21 690
Total		**65 284**	**60 101**

Essential items included in accrued expenses are associated with subsequent remuneration and salary obligations.

Distribution of accounts payable by currency

	2011 Foreign 1,000	2011 EUR 1,000	2010 Foreign 1,000	2010 EUR 1,000
EUR	28 583	28 583	18 940	18 940
EEK	0	0	70 871	4 529
LVL	579	828	450	635
LTL	5 429	1 572	4 809	1 393
USD	28	22	154	116
CHF	12	10	1	1
BYR	33 248 337	3 079	1 586 710	396
GBR	1	1	0	0
SEK	14	2	0	0

25. Management of financing risks

interest rate risk on cash flow and fair value, as well as commodity risk), credit risk and liquidity risk.

The objective of financing risks management is to protect the Group against unfavourable changes in the financial markets and to secure the Group's earnings development, liquidity and equity. The parent company's financial management bears central responsibility for the Group's financing and the management of financing risks in accordance with principles confirmed by the Group's Board of Directors. The objectives of centralisation include optimisation of cash flows, cost savings and efficient risk management.

I Market risk

I 1. Foreign exchange risk

The Group operates in an international market and is therefore exposed to foreign exchange risk due to changes in exchange rates. Foreign exchange risk consists of sales, purchases and balance sheet items in foreign currency (transaction risk), as well as investments and loans in foreign subsidiaries (valuation risk). Foreign exchange risk is reduced by the fact that most of the Group's product sales and purchases of raw materials are denominated in euro.

Olvi plc has investments in foreign subsidiaries in Estonia, Latvia, Lithuania and Belarus. Estonia adopted the euro on 1 January 2011 and the Lithuanian LTL is pegged to the euro but with regard to the investments in Latvia and Belarus, the Group is exposed to risk arising from the conversion of the subsidiary investments made in LVL and BYR into the parent company's operating currency. The Latvian, Lithuanian and Belarusian currencies carry a risk of devaluation; if realised, this would result in a substantial decline in Olvi Group's operating profit denominated in euro.

Due to the nature of the business, the time between order and delivery is short, which results in minor operations-related foreign exchange risk. The Group's ordinary operations made 13,713 thousand euro of exchange rate losses in 2011 (12 thousand euro in 2010). Financial income includes 8,201 thousand euro of exchange rate gains (114 thousand euro in 2010).

The Group has not engaged in active currency hedging in 2011 or 2010. The need for currency hedging is assessed regularly.

I 2. Interest rate risk on cash flow and fair value

Olvi Group's long-term financing is secured through existing loan agreements.

Loans expose the Group to interest rate risk on fair value. The Group has diversified its borrowing between fixed- and variable-rate loans. Furthermore, the Group uses interest rate swaps to reduce interest rate risk if required by the market conditions.

On the balance sheet date, fixed-rate loans accounted for 36.4 percent (22.7 in 2010) of interest-bearing loans. Variable-rate loans accounted for 63.6 (16.4) percent of all interest-bearing loans. The principal-weighted average maturity of interest-bearing loans was 5.3 (6.6) years.

The Group's loans in 2011 and 2010 were denominated in euro.

The amount of payment obligations under finance leasing contracts on 31 December 2011 was 2.7 million euro (2.8 million euro in 2010).

The Group does not apply hedge accounting in accordance with IAS 39.

Sensitivity analysis of interest rate risks according to IFRS 7

The following assumptions have been used when preparing the interest rate risk analysis:
The sensitivity analysis represents the pre-tax net earnings effect of a reasonably potential change (= +/- 2%). The effect of a change in the interest rate level is calculated on the amount of interest-bearing variable-rate debt at year-end, in other words, net debt is assumed to remain at the year-end level for the entire accounting period.

Variable-rate net debt on 31 December 2011 amounted to 33,493 thousand euro (7,100). A change of two (2) percent in the interest rate level would cause a change of +/- 670 thousand euro in financial expenses. The change does not have any essential effect on consolidated net profit before tax or the consolidated balance sheet.

I 3. Commodity risk
The Group's most substantial identified operational risks relate to the procurement and quality of raw materials, the production process, markets and customers, personnel, information security and systems. The Board of Directors' report contains a more extensive description of Olvi Group's commodity risks.

II Credit risk

The Group's credit risk arises from wholesale and HoReCa (hotel, restaurant, catering) customers with outstanding accounts receivable. The Group aims to control credit risks through continuous monitoring of its customers' payment practices and creditworthiness, as well as efficient collection of receivables.

Creditworthiness requirements for the Group's customers are reviewed annually and always when entering into agreements with new customers. The Group only extends credit to businesses with flawless credit ratings. The Group does not have any significant concentrations of credit risk on receivables because its accounts receivable are distributed across a wide and geographically diversified customer base. The largest customer accounts for 14.4 percent (13.7 in 2010) of the Group's total sales.

The amount of credit losses recognised in 2011 was 216 (279) thousand euro.

The maturity distribution of accounts receivable is presented in Note 18, Accounts receivable and other receivables.

III Liquidity risk

In order to secure short-term liquidity, operating capital is monitored regularly, and the aim is to reduce the amount of money tied in operating capital. Key factors include monitoring the turnover rate of receivables and improving the efficiency of credit control. Liquidity is ensured through an account overdraft facility and both binding and unbinding credit limit agreements.

Long-term financing is secured through existing loan agreements.

The Group has access to an account overdraft facility of 5 million euro and credit limits of 24 million euro. 10 million euro of the credit limits is binding and valid for 2 years, 14 million euro is unbinding and renewed annually.

The parent company Olvi plc issued a 20 million euro commercial paper programme in 2002 in order to secure short-term liquidity needs quickly and cost-efficiently. At the time of closing the accounts, Olvi plc did not have any short-term loans withdrawn under the commercial paper programme.

The Group had 3,836 thousand euro of liquid assets on 31 December 2011 (7,891 thousand euro in 2010). The Group's liquidity on the balance sheet date was good. The current ratio on 31 December 2011 was 1.0 (1.3 in 2010).

Note 23, Financial liabilities, specifies the maturity distribution of financial liabilities.

IV Capital risk management

Olvi Group's long-term objective is to generate the highest possible added value on invested capital, taking into account the expectations imposed on the Group by various parties. The fundamental principle of capital management is to maintain Olvi Group's strong financial position and ensure that the Group's financing needs can be fulfilled cost-efficiently also in critical financial market situations.

Another objective is to maintain an optimal capital structure in order to manage and reduce the cost of capital.

In order to maintain or change its capital structure, the Group may change the amount of dividends paid to shareholders, repay capital to shareholders, issue new shares, acquire treasury shares and annul them, or sell its assets to reduce debt.

Capital is monitored through the equity to total assets ratio and the gearing ratio. Olvi Group's equity to total assets ratio in 2011 stood at 50.6 (54.7) percent and the gearing ratio was 43.2 (29.5) percent.

26. Fair values of financial assets and liabilities

The fair values of Olvi Group's financial assets and liabilities do not substantially deviate from their book values. The face value of interest rate swaps was 22.1 million euro in 2011 and 26.3 million euro in 2010.

Financial assets

Unquoted equity investments are recognised at purchase price as they cannot be recognised at fair value using the valuation methods. The original book value of receivables corresponds to their fair value.

Financial liabilities

The fair values of interest rate swaps have been determined using the method of present value of future cash flows, supported by market interest rates and other market information on the balance sheet date. The fair values of loans from financial institutions, finance lease liabilities, accounts payable and other liabilities do not substantially deviate from their balance sheet values.

27. Adjustments to business cash flows

EUR 1,000	2011	2010
Transactions with no associated payment:		
Depreciation	18 637	18 640
Unrealised foreign exchange gains and losses	7 148	-1 522
Financial income	-8 352	-514
Adjustment for hyperinflation	-7 684	0
Financial expenses	16 596	1 831
Income taxes	5 485	3 909
Other adjustments	700	-92
Total	**32 530**	**22 253**

28. Other lease contracts

The Group as a lessee

EUR 1,000	2011	2010
Minimum rents receivable on the basis of other non-cancellable leases:		
Due within one year	836	969
Within more than one but less than five years	974	1 125
After more than five years	20	71
Total	**1 830**	**2 164**

The Group has leased operating premises and storage terminal facilities in different parts of Finland, as well as production machinery and equipment.

The Group as a lessor

EUR 1,000	2011	2010
Minimum rents receivable on the basis of other non-cancellable leases:		
Due within one year	1 093	989
Total	**1 093**	**989**

The Group rents out beverage distribution and refrigeration equipment to its customers. The amount of rental income received is not significant to the Group's overall business.

29. Collateral and contingent liabilities

EUR 1,000	2011	2010
Pledges and contingent liabilities		
For own commitments	4 632	4 453
For others	130	810
Package liabilities	4 208	3 648
Other liabilities	1 980	1 980

The package liability corresponds to Olvi plc's share of the entire stock of recyclable beverage packages in accordance with proportions determined by Ekopulloyhdistys ry, deducted by packages in Olvi plc's inventory on 31 December 2011.
Ekopulloyhdistys ry administers the stock of refillable beverage packages. Every member in the system maintains a stock of packages required for the requirement declared to Ekopulloyhdistys ry for each type of package it uses.

30. Related party transactions

The Group's parent and subsidiary relationships are the following:

	Holding (%)	Share of voting rights (%)
Parent company Olvi plc, Iisalmi, Finland		
AS A. Le Coq, Tartu, Estonia	100,00	100,00
A/S Cēsu Alus, Cēsis, Latvia	99,53	99,53
AB Volfas Engelman, Kaunas, Lithuania	99,57	99,57
OAO Lidskoe Pivo, Lida, Belarus	91,58	91,58

Employee benefits to management

Salaries and other short-term employee benefits to the Board of Directors and the Managing Directors of Group companies

EUR 1,000	2011	2010
Managing Directors	1 017	668
Chairman of the Board	150	225
Other members of the Board	125	109
Total	**1 292**	**1 003**

Olvi plc's Board of Directors has decided on a share-based incentive scheme for Olvi Group's key personnel. This is described in more detail in Note 22.No loans have been granted to management.

31. Costs arising from audit

EUR 1,000	2011	2010
Fees for statutory audit	160	103
Other services	15	104
Total	**176**	**206**

OLVI GROUP

Consolidated financial ratios, 2009 to 2011

BUSINESS VOLUME AND PROFITABILITY

EUR 1,000	2011 IFRS	2010 IFRS	2009 IFRS
Net sales	285 174	267 509	244 165
Change, %	6.6	9.6	9.9
Operating profit	26 683	30 485	27 763
% of net sales	9.4	11.4	11.4
Financial income and expenses	-8 244	-1 317	-754
Profit before tax	18 439	29 168	27 009
% of net sales	6.5	10.9	11.1
Balance sheet total	253 591	236 142	237 197
Cash flow ratio, %	11.1	16.4	16.6
Return on investment, % (ROI)	19.3	17.7	16.6
Return on equity, % (ROE)	10.1	20.9	21.1
Equity to total assets, %	50.6	54.7	47.3
Current ratio	1.0	1.3	1.1
Gearing, %	43.2	29.5	48.0
Gross capital expenditure on fixed assets	43 230	24 479	48 408
% of net sales	15.2	9.2	19.8
Net investments in fixed assets	42 868	23 998	47 448
% of net sales	15.0	9.0	19.4
Average number of personnel:			
Olvi plc	383	378	377
Personnel in Estonia, Latvia, Lithuania and Belarus	1 649	1 673	1 699
Total employees	2 032	2 051	2 076

PER-SHARE RATIOS

	2011 IFRS	2010 IFRS	2009 IFRS
Earnings per share (EPS), euro	0.65	1.21	1.08
EPS adjusted for dilution from warrants, euro	0.65	1.21	1.08
Equity per share, euro	6.11	6.13	5.28
*) Pay-out ratio, %	76.82	41.54	37.21
Price/Earnings ratio (P/E)	22.7	12.8	12.3

The ratios for previous years have been adjusted for the effect of the free issue (split) in 2011 that doubled the number of shares.

*) The amount of nominal dividend has been adjusted for the effect of the free issue. The amount of dividend used for calculating the 2011 ratios is the Board of Directors' proposal to the Annual General Meeting.

OLVI PLC

PARENT COMPANY'S INCOME STATEMENT (FAS)

	Note	1.1. - 31.12.2011 EUR 1,000	%	1.1. - 31.12.2010 EUR 1,000	%
NET SALES	**1**	**119 788**	**100,0**	**110 989**	**100,0**
Increase (+)/decrease (-) in inventories of finished and unfinished products		-428	-0.4	-396	-0.4
Manufacture for own use		70	0.1	60	0.1
Other operating income	2	1 878	1.6	1 122	1.0
Materials and services	3	46 116	38.5	38 950	35.1
Personnel expenses	4	19 943	16.6	19 242	17.3
Depreciation and impairment	8	5 497	4.6	5 337	4.8
Other operating expenses	9	36 592	30.5	36 617	33.0
OPERATING PROFIT		**13 160**	**11.0**	**11 629**	**10.5**
Financial income and expenses	10	3 138	2.6	-591	-0.5
PROFIT BEFORE APPROPRIATIONS AND TAXES		**16 298**	**13.6**	**11 039**	**9.9**
Appropriations	11	-166	-0.1	-1 020	-0.9
Income taxes	12	-3 028	-2.5	-2 495	-2.2
NET PROFIT FOR THE PERIOD		**13 103**	**10.9**	**7 523**	**6.8**

OLVI PLC

PARENT COMPANY'S BALANCE SHEET (FAS)

	Note	31.12.2011 EUR 1,000	%	31.12.2010 EUR 1,000	%
ASSETS					
FIXED ASSETS					
Intangible assets	13	742		727	
Tangible assets	13	33 781		28 129	
Shares in Group companies	14	76 261		76 181	
Other investments	14	535		535	
TOTAL FIXED ASSETS		**111 318**	**62.8**	**105 572**	**65.7**
CURRENT ASSETS					
Inventories	16	11 279		12 531	
Non-current receivables	17	25 761		12 987	
Current receivables	17	27 830		26 674	
Cash in hand and at bank		1 022		3 021	
TOTAL CURRENT ASSETS		**65 892**	**37.2**	**55 212**	**34.3**
TOTAL ASSETS		**177 210**	**100.0**	**160 784**	**100.0**
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY					
Share capital		20 759		20 759	
Share premium account		857		857	
Legal reserve		127		127	
Retained profit		29 797		32 202	
Net profit for the period		13 103		7 523	
TOTAL SHAREHOLDERS' EQUITY	18	**64 643**	**36.5**	**61 468**	**38.2**
ACCUMULATED APPROPRIATIONS	19	**7 953**	**4.5**	**7 787**	**4.8**
LIABILITIES					
Non-current liabilities		41 963		42 970	
Current liabilities		62 651		48 559	
TOTAL LIABILITIES	20	**104 614**	**59.0**	**91 528**	**56.9**
TOTAL EQUITY AND LIABILITIES		**177 210**	**100.0**	**160 784**	**100.0**

OLVI PLC

PARENT COMPANY'S CASH FLOW STATEMENT

	Note	2011 EUR 1,000	2010 EUR 1,000
Cash flow from operations			
Profit before extraordinary items		16 298	11 039
Adjustments:			
Depreciation according to plan and impairment	8	5 497	5 337
Financial income and expenses	10	-3 138	591
Other adjustments		-769	-387
Cash flow before change in working capital		17 887	16 580
Change in net working capital:			
Increase (-)/decrease (+) in current interest-free accounts receivable and other receivables		-5 172	1 188
Increase (-)/decrease (+) in inventories		1 252	501
Increase (+)/decrease (-) in current interest-free liabilities		-789	-1 444
Interest paid		-2 096	-1 557
Interest received		5 149	396
Taxes paid		-3 020	-1 299
Cash flow from operations (A)		**13 210**	**14 366**
Cash flow from investments			
Investments in tangible and intangible assets		-10 424	-4 045
Capital gains on disposal of tangible and intangible assets		1 080	608
Expenditure on other investments		-3 062	-1 506
Cash flow from investments (B)		**-12 405**	**-4 943**
Cash flow from financing			
Withdrawals of loans		32 500	32 333
Repayments of loans		-16 735	-40 776
Acquisition / transfer of treasury shares	18	193	0
Increase (-)/decrease (+) in current interest-bearing business receivables		0	-2
Dividends paid	18	-10 360	-8 279
Increase (-)/decrease (+) in non-current loans receivable		-8 402	7 820
Cash flow from financing (C)		**-2 805**	**-8 904**
Increase (+)/decrease (-) in liquid assets (A+B+C)		**-2 000**	**519**
Liquid assets 1 January		**3 021**	**2 502**
Liquid assets 31 December		**1 022**	**3 021**
Change in liquid assets		**-2 000**	**519**

Parent Company's Accounting Policies

Olvi plc's accounting period extends from 1 January to 31 December. The financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

Fixed assets

Intangible and tangible assets have been recognised on the balance sheet at their direct acquisition cost deducted by accumulated depreciation according to plan. Depreciation according to plan has been calculated on a straight-line basis over the expected economic life of the asset item concerned.

Depreciation periods according to plan:

Buildings	20 years
Underground shelter	4 years
Plant machinery and equipment	8 years
Other fixed assets	5 years

Inventories
Inventories have been valued in accordance with the FIFO principle at acquisition cost or, if lower, at probable net realisable value. The acquisition cost of raw materials and supplies is determined by the weighted average method. The value of finished and unfinished products includes variable costs and the appropriate proportion of the overheads of acquisition and manufacturing.

Research and development costs
Research and development costs are recognised as expenses in the income statement. Development costs arising from the design of new or more advanced products are capitalised as intangible assets in the balance sheet starting from the time the product is technically feasible, it can be utilised commercially, and future economic benefit is expected from the product. Development costs previously recognised as expenses will not be subsequently capitalised. Amortisation is booked on an item starting from the time it is ready for use.

Pension cover for personnel
Pension cover for personnel has been arranged through a statutory TEL (EPA) insurance policy with an external pension insurance company. Pension insurance contributions have been allocated to match the salaries booked on an accrual basis in the annual accounts.

Derivative contracts
The parent company's derivative contracts are interest rate swaps measured at fair value. Changes in fair value are recognised in financial items within the income statement.

Deferred Taxes
A deferred tax liability or asset has been calculated on temporary differences between taxation and the financial statements using the tax rate for upcoming years confirmed by the balance sheet date. The balance sheet includes deferred tax liabilities in their entirety and deferred tax assets up to the estimated probable amount.

Foreign currency items
Transactions denominated in foreign currency have been recognised during the accounting period at the exchange rate on the transaction date, and any foreign currency receivables and liabilities outstanding on the balance sheet date have been recognised at the mean exchange rate on the balance sheet date.

Treasury shares
Acquired treasury shares are recognised as a reduction in retained earnings.

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Notes to the income statement and balance sheet (eur 1,000)

1. Net sales by market area	2011	2010
Finland	116 185	107 716
Estonia	676	707
Other exports	2 927	2 567
Total	119 788	110 989

2. Other operating income	2011	2010
Capital gains on disposals of fixed assets	762	451
Other	1 116	671
Total	1 878	1 122

3. Materials and services	2011	2010
Materials and supplies (goods):		
Purchases during the year	42 833	36 388
Change in stocks	824	106
Outsourced services	2 459	2 456
Total	46 116	38 950

4. Personnel expenses	2011	2010
Wages, salaries and emoluments	16 086	15 492
Profit-sharing contribution to personnel fund	0	100
Pension expenses	2 826	2 721
Other personnel expenses	1 031	930
Total	19 943	19 242

5. Management salaries and emoluments	2011	2010
Managing Director	510	348
Chairman of the Board	150	225
Other members of the Board	125	109
Total	786	683

6. Parent company's personnel on average during the period	2011	2010
Full-time clerical employees	126	122
workers	177	178
Part-time clerical employees	0	0
workers	80	78
Total	383	378

7. Auditors' fees	2011	2010
Fees for statutory audit	91	26
Other services	1	5
Total	92	31

8. Depreciation and impairment	2011	2010
Planned depreciation on tangible and intangible assets	5 497	5 337
Total	5 497	5 337

9. Other operating expenses	2011	2010
Sales freights	13 338	14 214
Costs of marketing and sales	11 106	10 886
Other variable costs	5 288	4 904
Other	6 861	6 616
Total	36 592	36 621

10. Financial income and expenses

	2011	2010
Dividend income from Group companies	5 049	528
Total income from long-term investments	3	3
Other interest and financial income		
From Group companies	396	386
From others	97	71
Total	493	458
Total dividend income and other interest and financial income	5 545	989
Interest expenses and other financial expenses		
Payable to Group companies	279	39
Payable to others	2 129	1 541
Total	2 407	1 579
Total financial income and expenses	3 138	-591

11. Appropriations

	2011	2010
Difference between depreciation according to plan and depreciation applied in taxation	166	1 020
Total	166	1 020

12. Income taxes

	2011	2010
Income tax on business operations	2 989	2 586
Taxes from previous accounting periods	-1	0
Change in deferred tax	39	-90
Total	3 028	2 495

13. Fixed assets

Intangible assets

	Formation costs	Intangible rights	Development costs	Other intangible assets	Total
Acquisition cost 1 Jan 2011	6	8 774	1	8 543	17 325
Increase	0	0	0	273	273
Decrease	0	0	0	0	0
Acquisition cost 31 Dec 2011	6	8 774	1	8 816	17 598
Accumulated depreciation and impairment 1 Jan 2011	6	8 774	1	7 816	16 598
Depreciation	0	0	0	259	259
Accumulated depreciation 31 Dec 2011	6	8 774	1	8 075	16 857
Book value 1 Jan 2011	0	0	0	727	727
Book value 31 Dec 2011	0	0	0	742	742

Tangible assets

	Land and water properties	Buildings	Machinery and eqpt	Other tangible assets	Advance payments and unfinished purchases	Total
Acquisition cost 1 Jan 2011	1 078	25 369	85 733	55	369	112 604
Increase	10	66	4 259	4	7 150	11 489
Decrease	0	0	-319	0	-281	-600
Acquisition cost 31 Dec 2011	1 088	25 435	89 673	59	7 239	123 493
Accumulated depreciation and impairment 1 Jan 2011	0	18 422	66 296	0	0	84 718
Depreciation	0	881	4 357	0	0	5 238
Accumulated depreciation 31 Dec 2011	0	19 302	70 653	0	0	89 955
Book value 1 Jan 2011	1 078	6 947	19 437	55	369	27 886
Book value 31 Dec 2011	1 088	6 133	19 020	59	7 239	33 538

	31.12.2011	**31.12.2010**
Book value of production machinery and equipment on 31 December	17 409	18 247

14. Investments

	Shares in Group companies	Other shares	Total investments
Acquisition cost 1 Jan 2011	76 181	535	76 716
Increase	81		81
Decrease	0		0
Acquisition cost 31 Dec 2011	76 261	535	76 796
Book value 31 Dec 2011	76 261	535	76 796

15. Group companies

	Group's holding %	Parent company's holding %
AS A. Le Coq, Tartu, Estonia	100.00	100.00
A/S Cēsu Alus, Cēsis, Latvia	99.53	99.53
AB Volfas Engelman, Kaunas, Lithuania	99.57	99.57
OAO Lidskoe Pivo, Lida, Belarus	91.58	91.58

16. Inventories	**2011**	**2010**
Materials and supplies	8 463	9 287
Unfinished products	657	634
Finished products/goods	2 160	2 610
Total	11 279	12 531

17. Receivables	**2011**	**2010**
Non-current receivables		
Loans receivable from Group companies	25 637	12 863
Deposits pledged as collateral	104	103
Prepayments and accrued income	20	20
Total non-current receivables	**25 761**	**12 987**
Current receivables		
Receivables from Group companies		
Accounts receivable	193	1 221
Prepayments and accrued income	206	220
Receivables from Group companies	399	1 441
Receivables from non-Group companies		
Accounts receivable	26 446	23 110
Other receivables	5	9
Prepayments and accrued income	866	1 960
Deferred tax receivables	115	154
Total	27 431	25 233
Total current receivables	**27 830**	**26 674**
Total receivables	**53 592**	**39 660**
Deferred tax receivables		
Deferred tax receivables 1 January	154	64
Share-based bonuses to management, change in deferred tax	0	74
Fair valuation of derivatives, change in deferred tax	-39	16
Deferred tax receivables 31 December	**115**	**154**

18. Shareholders' equity	2011	2010
Share capital 1 January	20 759	20 759
Increase of share capital	0	0
Share capital 31 December	20 759	20 759
Share premium account 1 January	857	857
Bonus issue	0	0
Share premium account 31 December	857	857
Legal reserve 1 January and 31 December	127	127
Retained earnings 1 January	39 726	40 496
Dividend distribution	-10 367	-8 294
Acquisition / transfer of treasury shares	438	0
Retained profit 31 December	29 797	32 202
Net profit for the period	13 103	7 523
Total shareholders' equity	**64 643**	**61 468**

Olvi plc's share capital is divided into share series as follows:

	2011 qty	2011 EUR 1,000	2011 votes	2010 qty	2010 EUR 1,000	2010 votes
Series K (20 votes/share), registered	3 732 256	3 732	74 645 120	1 866 128	3 732	37 322 560
Series K total	**3 732 256**	**3 732**	**74 645 120**	**1 866 128**	**3 732**	**37 322 560**
Series A (1 vote/share), registered	17 026 552	17 027	17 026 552	8 513 276	17 027	8 513 276
Series A total	**17 026 552**	**17 027**	**17 026 552**	**8 513 276**	**17 027**	**8 513 276**
Total 31 December	**20 758 808**	**20 759**	**91 671 672**	**10 379 404**	**20 759**	**45 835 836**

The General Meeting of Olvi plc on 7 April 2011 decided to implement a free issue (split) in which one Series A share produced one free Series A share and one Series K share produced one free Series K share. 8,513,276 Series A shares and 1,866,128 Series K shares were issued. After the issue, the number of Series A shares is 17,026,552 and the number of Series K shares is 3,732,256. The total number of shares is 20,758,808.

All shareholders registered in the list of shareholders on the record date 12 April 2011 were entitled to the new shares issued. The new Series A shares were included in public trading and the book-entry system on 13 April 2011, at which time they carried shareholders' rights.

Votes per Series A share	1
Votes per Series K share	20

The registered share capital on 31 December 2011 totalled 20,759 thousand euro.
Olvi Group's General Meeting of 7 April 2011 decided to amend Article 3 of the Articles of Association by eliminating the reference to nominal value of shares.

Olvi plc's Series A and Series K shares received a dividend of 1.00 euro per share for 2010 (0.80 euro per share for 2009), totalling 10.4 (8.3) million euro. The dividends were paid on 19 April 2011. The new shares issued in the free issue decided by the General Meeting of 7 April 2011 did not entitle to dividends paid for 2010.

The Series K and Series A shares entitle to equal dividend.
The Articles of Association include a redemption clause concerning Series K shares.

Treasury shares

Olvi plc held a total of 12,400 of its own Series A shares on 1 January 2011 (before the split).
The total purchase price of treasury shares was 222 thousand euro.

On 7 April 2011, the General Meeting of Shareholders of Olvi plc decided to revoke any unused authorisations to acquire treasury shares and authorise the Board of Directors of Olvi plc to decide on the acquisition of the company's own shares using distributable funds. The authorisation is valid for one year starting from the General Meeting and covers a maximum of 245,000 Series A shares (before the split).

The Annual General Meeting decided to revoke all existing unused authorisations for the transfer of own shares and authorise the Board of Directors of Olvi plc to decide on the transfer of any A shares acquired on the company's own account within one year of the Annual General Meeting.

Olvi plc's Board of Directors has not exercised the authorisation granted by the General Meeting to acquire more series A shares during January-December 2011. In April 2011 Olvi plc's Board of Directors transferred a total of 11,838 Series A treasury shares (before the split) as bonuses for the second vesting period to key employees belonging to the Group's share-based incentive scheme.

After the share-based bonuses were paid, Olvi plc held a total of 562 of its own Series A shares. Because Olvi plc implemented a free issue on 12 April 2011 in which one Series A share produced one new Series A share and one Series K share produced one new Series K share, the number of Series A shares held by Olvi plc after the split was 1,124.

On 31 December 2011, Olvi plc still held a total of 1,124 of its own Series A shares acquired for a price of 8.5 thousand euro.

Series A shares held by Olvi plc as treasury shares represented 0.005 percent of the share capital and 0.001 percent of the aggregate number of votes. The treasury shares represented 0.007 percent of all Series A shares

19. Accumulated appropriations

Accumulated appropriations consist of accumulated depreciation difference.

20. Liabilities	**2011**	**2010**
Non-current liabilities		
Loans from financial institutions	29 422	28 957
Pension loans	0	6 650
Other liabilities	29	29
Total	29 451	35 636
Liabilities to Group companies:		
Other liabilities	12 512	7 333
Total	12 512	7 333
Total non-current liabilities	**41 963**	**42 970**
Current liabilities		
Loans from financial institutions	24 629	6 629
Pension loans	0	950
Accounts payable	16 895	15 857
Accrued expenses	6 689	9 998
Other liabilities	14 228	14 976
Total	62 441	48 409
Liabilities to Group companies:		
Accounts payable	210	149
Total	210	149
Total current liabilities	**62 651**	**48 559**
Total liabilities	**104 614**	**91 528**
Accrued expenses		
Provisions for personnel costs	4 651	5 129
Provision for interest on loans	696	341
Unpaid shares of the subsidiary Lidskoe Pivo	0	2 981
Other accrued expenses	1 342	1 547
Total accrued expenses	6 689	9 998
Interest-free liabilities 31 December	50 534	48 314
Liabilities falling due later than five years from now:		
Loans from financial institutions	7 541	10 793

21. Share-based payments

Olvi plc's Board of Directors decided on 26 January 2006 on a share-based incentive scheme for Olvi Group's key personnel.

The share-based bonus scheme was a part of the incentive and commitment scheme for the Group's key personnel and its purpose was to combine the objectives of shareholders and key personnel to improve the company's value.

The scheme included two vesting periods, the first one extending from 1 January 2006 to 31 December 2007 and the second one from 1 January 2008 to 31 December 2010. The amount of bonuses payable out of the scheme was linked to Olvi Group's net sales and the operating profit percentage in relation to net sales.

The bonuses were paid partially in Olvi plc's Series A shares and partially in cash. The proportion payable in cash covered the taxes and other statutory fees arising from the share-based bonus. The bonuses for the first vesting period were paid in April 2008. The shares carried a ban on transferring them within two years of reception.

The bonuses for the second vesting period were paid in April 2011. 50 percent of the shares received as bonus for the second vesting period may be transferred after one year, and 100 percent after two years of reception. The right to dividends began when the shares were transferred to the key employees' book-entry accounts.

The share-based bonuses paid for the second vesting period in 2011 totalled 11,838 Olvi plc Series A shares (the shares were transferred before the free issue, or split, implemented by Olvi plc on 12 April).
The target group of the scheme included 20 key employees.
The incentive scheme does not have any diluting effect.

Olvi plc's Board of Directors has not decided on any new share-based incentive schemes for Olvi Group's key personnel.

Olvi Group has no warrants or options.

22. Pledges, contingent liabilities and other commitments	**2011**	**2010**
Pledges and contingent liabilities		
For own commitments		
Mortgages on land and buildings	1 336	1 336
Other off-balance sheet liabilities		
Package liabilities	4 208	3 648
Rental liabilities on business premises and land areas	473	693
Other liabilities	3 477	3 477
Total pledges, contingent liabilities and other commitments	**9 493**	**9 154**

23. Leasing liabilities	**2011**	**2010**
Due within one year	916	919
Due later	1 022	1 391
Total	1 938	2 310

24. Derivative contracts	**2011**		**2010**	
	Nominal value	Market value	Nominal value	Market value
Derivatives	22 057	468	26 286	180

The business significance of the derivative contracts is minor. The derivative contracts are interest rate swaps on loans and will reach maturity in 2014, 2017 and 2018.

Shares and share capital 31 December 2011

	Shares	%	Votes	%
Series K shares, registered	3 732 256	18.0	74 645 120	81.4
Series A shares, registered	17 026 552	82.0	17 026 552	18.6
Total	**20 758 808**	**100.0**	**91 671 672**	**100.0**

Registered share capital, EUR 1,000	20 759

The Series A and Series K shares received a dividend of 1.00 euro per share for 2010 (0.80 euro per share for 2009), totalling 10.4 (8.3) million euro. The dividends were paid on 19 April 2011.

Votes per Series A share	1
Votes per Series K share	20

The shares entitle to equal dividend.
The Articles of Association include a redemption clause concerning Series K shares.

DISTRIBUTION OF HOLDINGS AND INFORMATION ON SHAREHOLDERS

Largest shareholders on 31 December 2011

	Series K	Series A	Total	%	Votes	%
1. Olvi Foundation	2 363 904	896 332	3 260 236	15.71	48 174 412	52.55
2. Hortling Heikki Wilhelm *)	901 424	155 124	1 056 548	5.09	18 183 604	19.84
3. The Heirs of Hortling Kalle Einari	187 104	25 248	212 352	1.02	3 767 328	4.11
4. Hortling Timo Einari	165 824	34 608	200 432	0.97	3 351 088	3.66
5. Hortling-Rinne Marit	102 288	2 100	104 388	0.50	2 047 860	2.23
6. Nordea Bank Finland plc. nominee register		1 666 507	1 666 507	8.03	1 666 507	1.82
7. Ilmarinen Mutual Pension Insurance Company		903 235	903 235	4.35	903 235	0.99
8. Pohjola Bank plc. nominee register		629 500	629 500	3.03	629 500	0.69
9. Autocarrera Oy Ab		460 000	460 000	2.22	460 000	0.50
10. Nasdaq OMXBS/ Skandinaviska Enskilda Banken Ab. nominee register		440 468	440 468	2.12	440 468	0.48
11. Kamprad Ingvar		425 200	425 200	2.05	425 200	0.46
12. Fondita Nordic Micro Cap mutual fund		335 000	335 000	1.61	335 000	0.37
13. OP-Finland Small Cap Fund		250 680	250 680	1.21	250 680	0.27
14. Laakkonen Hannu Markus		216 072	216 072	1.04	216 072	0.24
15. Aktia Capital mutual fund		216 000	216 000	1.04	216 000	0.24
16. Evli Select mutual fund		191 028	191 028	0.92	191 028	0.21
17. Aktia Secura mutual fund		182 000	182 000	0.88	182 000	0.20
18. Lahti Ari		180 000	180 000	0.87	180 000	0.20
19. Pensionsförsäkringsaktiebolaget Veritas Pension Insurance Company		162 258	162 258	0.78	162 258	0.18
20. Kinnunen Aarno Johannes		152 300	152 300	0.73	152 300	0.17
Others	11 712	9 502 892	9 514 604	45.83	9 737 132	10.59
Total	**3 732 256**	**17 026 552**	**20 758 808**	**100.00**	**91 671 672**	**100.00**

*) The figures include the shareholder's own holdings and shares held by parties in his control.

Olvi plc had 9,146 (8,089) shareholders registered in the book-entry system on 31 December 2011, 9 (6) of them nominee-registered.

Insiders

Olvi plc adopted the insider guidelines drawn up and recommended by the Nasdaq OMX Helsinki Stock Exchange on 1 September 2005.

Management's interests

The members of the Board of Directors and the Managing Director of Olvi plc held a total of 901,424 K shares and 166,924 A shares on 31 December 2011, which represent 5.1 percent of the total number of shares and 20.8 percent of the votes.

The company's management does not hold any warrants or options.

Shareholders by size of holding on 31 December 2011

Number of shares	Number of shareholders	% of shareholders	Number of book entries	% of book entries	Voting rights	% of votes
1 - 1000	7 690	84.08	2 160 703	10.41	2 170 431	2.37
1 001 - 10 000	1 320	14.43	3 552 167	17.11	3 729 095	4.07
10 001 - 500 000	131	1.43	7 533 236	36.29	16 218 212	17.69
500 001 - 999 999 999 999	5	0.05	7 475 662	36.01	69 516 894	75.83
In collective book-entry account			37 040	0.18	37 040	0.04
Total	9 146	100.00	20 758 808	100.00	91 671 672	100.00

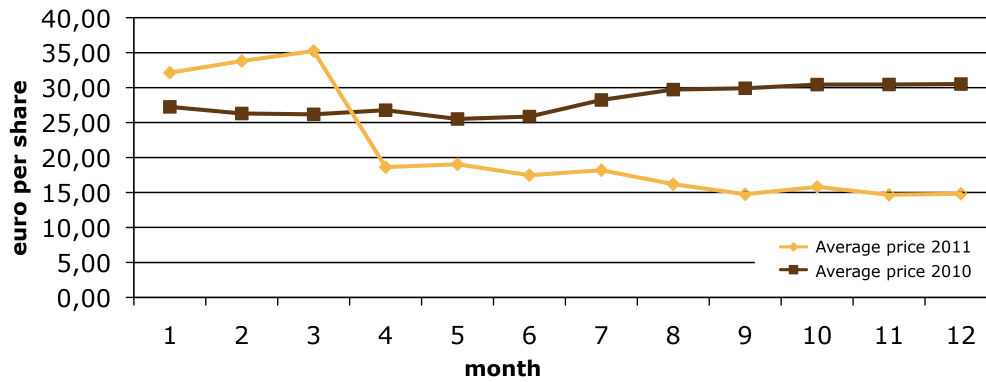
Shareholders by category on 31 December 2011

	Number of shareholders	% of share-holders	Number of book entries	% of book entries	Nominee-registered Number of book entries	% of book entries	Voting rights	% of votes
Businesses	407	4.45	4 912 768	23.67	4 575	0.02	49 831 519	54.36
Financial institutions and insurance companies	38	0.42	1 542 815	7.43	2 795 779	13.47	4 338 594	4.73
Public sector organisations	9	0.10	1 438 309	6.93			1 438 309	1.57
Non-profit organisations	103	1.13	554 837	2.67			554 837	0.61
Households	8 545	93.43	8 650 975	41.67			32 706 191	35.68
Non-Finnish shareholders	44	0.48	821 212	3.96	498		2 765 182	3.02
In collective book-entry account		0.00	37 040	0.18			37 040	0.04
Total	9 146	100.00	17 957 956	86.51	2 800 852	13.49	91 671 672	100.00

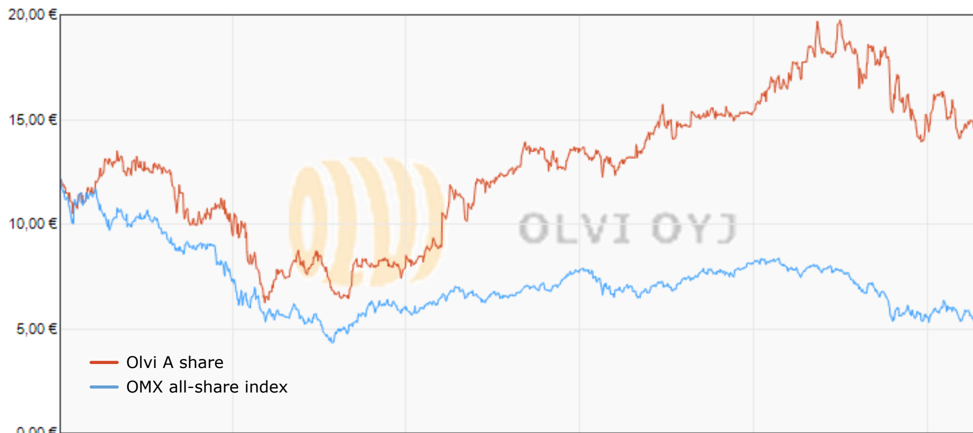
Foreign and nominee-registered holdings on 31 December 2011

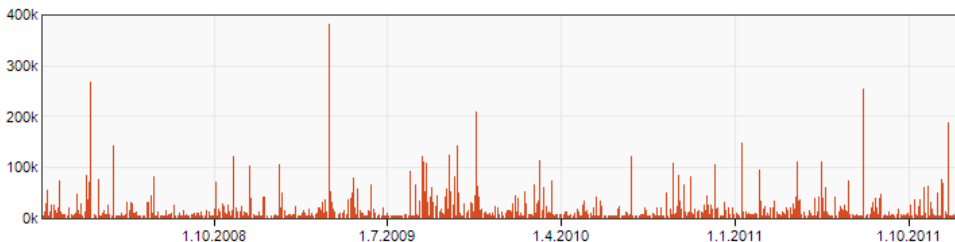
	Number of shareholders	% of shareholders	Number of book entries	% of book entries	Voting rights	% of votes
Foreign total	42	0.46	821 212	3.96	2 764 684	3.02
Nominee-registered (foreign) total	2	0.02	498	0.00	498	0.00
Nominee-registered (Finnish) total	7	0.08	2 800 354	13.49	2 800 354	3.05
Total	51	0.56	3 622 064	17.45	5 565 536	6.07

PRICE DEVELOPMENT OF OLVI A SHARES IN 2011 AND 2010



OLVI A SHARE VS OMX ALL-SHARE INDEX 2008-2011





- Olvi A Share average price in review period 2011: EUR 21.13 (28.05)
- Trading volume 3 208 911 (1 628 258) share

OLVI PLC

Parent company's financial ratios, 2009 to 2011

BUSINESS VOLUME AND PROFITABILITY			
EUR 1,000	**2011**	**2010**	**2009**
Net sales	119 788	110 989	104 511
Change, %	7.9	6.2	-1.7
Operating profit	13 160	11 629	9 529
% of net sales	11.0	10.5	9.1
Financial income and expenses	3 138	-591	-831
Profit before extraordinary items	16 298	11 039	8 698
% of net sales	13.6	9.9	8.3
Profit before provisions and taxes	16 298	11 039	8 698
% of net sales	13.6	9.9	8.3
Balance sheet total	177 210	160 784	170 817
Cash flow ratio, %	15.7	12.5	11.3
Return on investment, % (ROI)	14.4	10.2	8.3
Return on equity, % (ROE)	19.2	12.7	9.9
Equity to total assets, %	39.9	41.8	39.4
Current ratio	0.6	0.9	0.7
Gearing, %	92.8	70.7	84.0
Gross capital expenditure on fixed assets	11 562	4 776	3 822
% of net sales	9.7	4.3	3.7
Net investments in fixed assets	11 243	4 619	3 032
% of net sales	9.4	4.2	2.9
Average number of personnel	383	378	377

PER-SHARE RATIOS	**2011**	**2010**	**2009**
Earnings per share (EPS), euro	0.64	0.41	0.32
EPS adjusted for dilution from warrants, euro	0.64	0.41	0.32
Equity per share, euro	3.40	3.24	3.24
*) Nominal dividend per share, euro	0.50	0.50	0.40
*) Effective dividend yield, %	3.39	3.26	3.02
*) Pay-out ratio, %	78.2	121.3	125.5
Price/Earnings ratio (P/E)	23.1	37.3	41.6
Price of Series A share			
- at year-end, euro	14.75	30.70	26.49
- high, euro	19.86	31.45	26.49
- low, euro	13.49	24.01	12.80
- average price, euro	21.13	28.05	19.29
Trading volume of A shares	3 208 911	1 628 258	2 223 423
% of all A shares outstanding	18.8	19.1	26.1
Market capitalisation of A shares 31 Dec, MEUR	251.1	261.4	225.5
Market capitalisation of K shares 31 Dec, MEUR	55.1	57.3	49.4
Total market capitalisation, MEUR	306.2	318.6	275.0
Number of shares			
- year's average number, adjusted for share issues **)	20 751 392	20 734 008	20 742 940
- average number of shares adjusted for dilution from warrants **)	20 751 392	20 734 008	20 742 940
- number at year-end, adjusted for share issues **)	20 757 684	20 734 008	20 734 008

The ratios for previous years have been adjusted for the effect of the free issue (split) in 2011 that doubled the number of shares. Also the numbers of shares have been adjusted for comparability.

*) The amount of nominal dividend has been adjusted for the effect of the free issue. The amount of dividend used for calculating the 2011 ratios is the Board of Directors' proposal to the Annual General Meeting.
**) Treasury shares held by Olvi plc deducted.

CALCULATION OF FINANCIAL RATIOS

Ratio		Numerator / Denominator
Cash flow ratio, %	= 100*	Operating profit+depreciation+financial income and expenses+extraordinary income and expenses-taxes
		Net sales
Return on investment, % (ROI)	= 100 *	Profit before taxes+interest and other financial expenses
		Balance sheet total - interest-free liabilities (average)
Return on equity, % (ROE)	= 100*	Profit before taxes - taxes
		Shareholders' equity+non-controlling interests+voluntary provisions and depreciation difference deducted by deferred tax liability (average during the year)
Equity to total assets, %	= 100 *	Shareholders' equity+non-controlling interests+voluntary provisions and depreciation difference deducted by deferred tax liability
		Balance sheet total-advance payments received
Current ratio	=	Liquid assets+inventories
		Current liabilities
Gearing, %	= 100 *	Interest-bearing liabilities+advance payments received+cash and other liquid assets
		Shareholders' equity+voluntary provisions and depreciation difference deducted by deferred tax liability
Earnings per share (EPS)	=	Profit before taxes - taxes +/- non-controlling interests
		Average number of shares during the year, adjusted for share issues
Equity per share	=	Shareholders' equity+voluntary provisions and depreciation difference deducted by deferred tax liability and non-controlling interests
		Number of shares on 31 December, adjusted for share issues
Dividend per share	=	Dividend per share for the accounting period
		Share issue adjustment factor
Effective dividend yield, %	= 100*	Dividend per share, adjusted for share issues
		Last trading price of the year, adjusted for share issues
Price/Earnings ratio (P/E)	=	Last trading price of the year, adjusted for share issues
		Earnings per share
Pay-out ratio, %	= 100*	Dividend per share
		Earnings per share
Market capitalisation at year-end	=	Number of shares at year-end, adjusted for share issues * Price of Series A share at year-end

Board of Directors' proposal for the distribution of profit

The parent company Olvi plc had 42.9 million euro of distributable funds on 31 December 2011, of which profit for the period accounted for 13.1 million euro.

The company's Board of Directors proposes to the Annual General Meeting that distributable funds be used as follows:

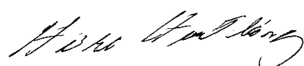
- A dividend of 0.50 euro shall be paid for 2011 on each Series K and Series A share, totalling 10.4 million euro. The dividend represents 76.9 percent of Olvi Group's earnings per share.

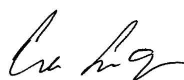
  It is proposed that the dividend be paid to shareholders registered in Olvi plc's register of shareholders held by Euroclear Finland Ltd on the record date of the dividend payment, 16 April 2012. It is proposed that the dividend be paid on 23 April 2012.

- 32.5 million euro shall be retained in the parent company's non-restricted equity.

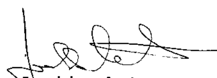
Date and Signatures

Signed in Iisalmi, this 21th day of February 2012


Heikki Hortling
Chairman
of the Board


Esa Lager
Vice Chairman
of the Board

Heikki Sinnemaa
Member of the Board


Jaakko Autere
Member of the Board

Tarja Pääkkönen
Member of the Board

Lasse Aho
Managing Director

Auditor's Note

A report of the audit has been submitted today.

Signed in Iisalmi, this 16th day of March 2012

PricewaterhouseCoopers Oy

Sami Posti
Authorised Public Accountant

Olvi plc's Board of Directors 2011

Heikki Hortling
Born 1951
Master of Science (Economics)
Chairman of the Board since 1998
Vice Chairman of Olvi plc's Board of Directors 1987–1997
Important positions in other organisations:
Member of the Board of Ponsse Plc
Member of the Board of Iisalmen Puhelin Oy
Member of the Board of Ylä-Savon Pääomarahasto Oy
Work experience in brief:
Several positions in Olvi plc, including marketing and materials management

Esa Lager
Born 1959
Master of Laws
Master of Science (Economics)
Chief Financial Officer of Outokumpu Oyj
Vice Chairman of Olvi plc's Board of Directors
Member of Olvi plc's Board of Directors since 2002
Chairman of Olvi plc's Board of Directors 14 April 2004 to 2 September 2004
Work experience in brief:
Outokumpu Oyj, Director of Finance and Administration
Outokumpu Oyj, Chief Financial Officer
Kansallis-Osake-Pankki, various positions in international operations

Heikki Sinnemaa
Born 1949
Master of Laws trained on the bench
Member of Olvi plc's Board of Directors since 2004
Important positions in other organisations:
Chairman of the Board of Olvi Foundation
Vice Chairman of the Board of Iisalmen Puhelin Oy
Member of the Board of T. Makkonen Oy
Work experience in brief:
Heikki Sinnemaa Attorney's office, attorney-at-law since 1975

Tarja Pääkkönen
Born 1962
Doctor of Technology (Business strategy)
Master of Science in Engineering (Construction)
Boardman Oy, partner, shareholder and member of the Board since 2010
Member of Olvi plc's Board of Directors since 2010
Important positions in other organisations:
Member of the Board of Boardman Oy
Member of the Board of IDEAN Oy
Member of the Board of Spinverse Oy
Member of the Board of Severa
Member of the Advisor Board of DesignStory Inc, USA
Member of the Board of HYY Group
Work experience in brief:
Member of the Board of Itella and Director of the corporate sales and marketing unit 2005-2010
Nokia Corporation 1995-2004, several global management positions in Europe, the USA and Japan, as well as member of the management group of Nokia Mobile Phones
Kienbaum GmbH, Germany, management consultant 1991-1995

Jaakko Autere
(member since 7 April 2011)
Born 1963
Master of Science in Economics
President of the Fiskars Home business area and Chief Executive Officer of Iittala Group Oy Ab
Important positions in other organisations:
Ruter Dam mentor since 2005
Work experience in brief:
President, Fiskars Home Business Area, CEO of Iittala Group Oy Ab
Managing Director, Orkla AS, Biscuit Division (Göteborgs Kex, Saetre, Kantolan)
Managing Director, L'Oreal Norway
Managing Director, General Manager, L'Oreal Sweden
Marketing Manager, Kellogg's Marketing & Sales Company UK & ROI Ltd
Marketing Manager, Product Manager Nordisk Kellogg's, Denmark
Product Group Manager, Olvi Oyj, Iisalmi

Harri Sivula
(member until 7 April 2011)
Born 1962
Master of Administrative Sciences
Managing Director of Restel Oy since 2010
Member of Olvi plc's Board of Directors 2007-2011
Important positions in other organisations:
Member of the Board of Atria Plc since 2009
Member of the Board of Norpe Oy
Chairman of the Board of Top-Sport Oy
Member of the Board of Leipurin Oy