OLVI PLC INTERIM REPORT 27 OCT 2011 at 9:00 am

OLVI GROUP’S INTERIM REPORT, 1 JANUARY TO 30 SEPTEMBER 2011 (9 MONTHS)

Olvi Group’s sales volumes and net sales continued to grow in all of the Group’s geographical areas. Operating profit fell slightly short of the previous year, while relative profitability remained on a good level.

January-September in brief:

- Olvi Group’s sales volume increased by 9.9 percent to 402 (365) million litres
- The Group’s net sales increased by 8.8 percent to 224.3 (206.1) million euro
- The Group’s operating profit stood at 25.2 (27.7) million euro, which was 11.2 (13.4) percent of net sales
- Devaluation of the Belarusian rouble hampered the Group’s earnings

KEY RATIOS

	1-9/2011	1-9/2010	Change %	1-12/2010
Net sales, MEUR	224.3	206.1	+8.8	267.5
Operating profit, MEUR	25.2	27.7	-8.9	30.5
Gross capital expenditure, MEUR	31.5	17.1	+83.9	24.5
Earnings per share, EUR	0.62	1.08*)	-42.6	1.21*)
Equity per share, EUR	5.63	5.97*)	-5.7	6.13*)
Equity to total assets, %	49.7	54.1		54.7
Gearing, %	48.0	33.8		29.5

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

Lasse Aho, Managing Director of Olvi plc, said the following in connection with the disclosure of the accounts: ”We succeeded in retaining a good level of earnings and strengthening our overall market position in Finland. In Estonia, our operating profit improved on the previous year. In Belarus, sales developed well but earnings weakened due to heavy devaluation of the local currency. Our equity to total assets ratio remained on a healthy level. We continued to make investments related to growth.”

OLVI GROUP’S SALES VOLUME, NET SALES AND EARNINGS IN JANUARY-SEPTEMBER 2011

Olvi Group’s sales from January to September 2011 amounted to 402 (365) million litres. This represents an increase of 37 million litres or 9.9 percent. Sales volumes improved in all operating areas.

In January-September, sales in Finland increased by 10 million litres, sales in the Baltic states by 19 million and sales in Belarus by 13 million litres.

The Group’s net sales from January to September amounted to 224.3 (206.1) million euro. This represents an increase of 18.2 million euro or 8.8 percent. Net sales increased in all of the Group’s operating areas thanks to good sales development.

Domestic net sales amounted to 90.7 (83.8) million euro. The Baltic subsidiaries generated net sales of 111.1 (100.8) million euro, while net sales in Belarus amounted to 34.9 (31.2) million euro. Net sales in Finland increased by 6.8 million euro or 8.2 percent, in the Baltic states by 10.3 million euro or 10.2 percent, and in Belarus by 3.7 million euro or 11.9 percent.

The Group’s operating profit for January-September stood at 25.2 (27.7) million euro, or 11.2 (13.4) percent of net sales. The operating profit declined by 2.5 million euro or 8.9 percent on the previous year.

Earnings per share calculated from the profit belonging to parent company shareholders amounted to 0.62 (1.08) euro per share and declined by 42.6 percent on the previous year because exchange rate losses due to devaluation of the Belarusian rouble were recognised in financial expenses, and this burdened the Group's earnings for January-September and was also reflected in earnings per share. The recognition of exchange rate losses had no impact on the Group's cash flow.

Operating profit in Finland increased by 8.5 percent to 11.7 (10.8) million euro. The operating profit in Finland includes 1.5 (0.6 in 2010) million euro of sales gains from the sales of decommissioned production machinery. Commensurate operating profit remained on a par with the previous year.

Aggregated operating profit in the Baltic states declined by 0.5 million euro to 12.5 (13.0) million euro. Operating profit in Belarus was 2.6 million euro and fell 2.0 million euro short of the previous year mainly due to devaluation of the rouble.

The Group's profit after taxes in the period under review was 12.6 (22.6) million euro. The change was due to exchange rate losses arising from the devaluation of the Belarusian rouble.

OLVI GROUP'S SALES VOLUME, NET SALES AND EARNINGS IN JULY-SEPTEMBER 2011

Olvi Group's sales in the third quarter amounted to a total of 147 (144) million litres. Sales increased by 3 million litres or 2.7 percent. Sales in Finland increased by 3 million litres to 40 (37) million litres, sales in the Baltic states declined by one million litres to 78 (79) million litres, and sales in Belarus increased by 3 million litres to 41 (38) million litres.

The Group's net sales from July to September amounted to 82.6 (79.8) million euro. Net sales improved by 2.8 million euro or 3.5 percent. Net sales in Finland amounted to 32.3 (30.8) million euro, net sales in the Baltic states to 40.4 (40.3) million euro, and net sales in Belarus to 15.0 (13.3) million euro.

The Group's operating profit for the third quarter stood at 11.4 (14.3) million euro, or 13.8 (18.0) percent of net sales. The operating profit declined by 2.9 million euro on the previous year. Operating profit in Finland was almost on a par with the previous year at 4.6 (4.9) million euro. Operating profit in the Baltic states declined by 1.2 million euro to 5.7 (6.9) million euro, and operating profit in Belarus declined by 1.5 million euro to 1.1 (2.6) million euro due to devaluation of the Belarusian rouble.

SALES VOLUME, NET SALES AND EARNINGS BY GEOGRAPHICAL SEGMENT IN JANUARY-SEPTEMBER AND JULY-SEPTEMBER 2011

PARENT COMPANY OLVI PLC (Olvi)

January to September 2011

According to statistics, the Finnish beverage market grew by one percent in January-September compared to the previous year (Finnsih Federation of the Brewing and Soft Drinks Industry, September 2011). The sales of beers increased by two percent, long drinks one percent and mineral waters three percent. The sales of soft drinks remained on a par with the previous year, while the sales volume of ciders declined by almost two percent.

Olvi's domestic sales in the reporting period grew faster than the industry average, representing an increase of nine percent on the previous year. The domestic sales volume in January-September was 108 million litres.

When viewed by product group, growth was strongest in long drinks and beers, with growth rates of 20 percent and 16 percent respectively. The favourable sales development in long drinks was attributable to the successful launch of OLVI Mojito Long Drink, as well as continuing good demand for Grapefruit, Cranberry and Gold Long Drinks. The sales of mineral waters increased by two percent on the previous year. The sales of ciders and soft drinks declined on the previous year.

Olvi’s domestic market share in mild alcoholic beverages in the reporting period increased from the previous year’s less than 22 percent to 24 percent. The market share in non-alcoholic beverages was seven percent.

Olvi’s exports and tax-free sales increased by 6.5 percent on the previous year, making up 3.2 (3.3) percent of total sales.
Olvi’s total sales volume from January to September amounted to 112 (103) million litres, representing an increase of 9 million litres or 9.6 percent.

The parent company’s net sales from January to September amounted to 90.7 (83.8) million euro, representing an increase of 6.8 million euro or 8.2 percent.

The operating profit stood at 11.7 (10.8) million euro, which was 12.9 (12.9) percent of net sales. The operating profit improved by 0.9 million euro or 8.5 percent. The operating profit includes 1.5 (0.6 in the previous year) million euro of sales gains from the sales of decommissioned production machinery. Commensurate operating profit excluding non-recurring sales gains remained on a par with the previous year.

July to September 2011

The parent company’s sales in the third quarter increased by 3 million litres or 7.3 percent to 40 (37) million litres. Net sales stood at 32.3 (30.8) million euro, an increase of 1.5 million euro or 4.6 percent.

Operating profit for July-September stood at 4.6 (4.9) million euro, or 14.3 (15.8) percent of net sales. The operating profit declined by 0.3 million euro or 5.1 percent in the third quarter.

AS A. LE COQ (A. Le Coq)

January to September 2011

In September 2011, the Estonian subsidiary 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.

The company’s sales in January-September amounted to 105 (98) million litres. Sales increased by 7 million litres or 7.5 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 company’s sales of beers increased by some 4 percent, and long drinks by 11 percent in January-September. The sales of ciders also increased slightly on the previous year.

The company is the Estonian market leader in ciders and superior market leader in long drinks. Fizz is Estonia’s largest cider brand. The beer market has two equally strong players who hold the market leader’s position in turns.

The sales of the company’s juices increased by 26 percent on the previous year. The company is the clear market leader in the Estonian juice market.

In soft drinks and mineral waters, the company is the number two player in Estonia. The sales of mineral waters increased by some 7 percent in January-September but the sales of soft drinks declined by some 4 percent.

The company had a market share of 40 (41) percent in beers, 38 (48) in ciders and 52 (55) in long drinks. The market share in juices (tetrapacks) was 29 (17) percent, in soft drinks 32 (32) and in mineral waters 16 (16) percent (Nielsen, June-July 2011).

The company’s exports and tax-free sales increased by more than 29 percent on the previous year. Exports and tax-free sales represented 4.3 (3.6) percent of total sales.

The company’s net sales from January to September amounted to 59.9 (55.0) million euro, representing an increase of 4.9 million euro or 8.9 percent.

The operating profit for January-September increased by 1.2 million euro or 11.9 percent to 11.1 (9.9) million euro, which is 18.4 (18.0) percent of net sales. The earnings improvement was made possible by increased sales volume and, above all, cost-efficient operations.

July to September 2011

A. Le Coq’s sales in July-September declined by one million litres or 3.0 percent on the previous year, amounting to 37 (38) million litres.

However, the company’s net sales and operating profit improved on the previous year. Net sales from July to September amounted to 21.3 (21.2) million euro. Net sales improved by 0.1 million euro or 0.6 percent.

The company’s third-quarter operating profit stood at 4.5 (4.4) million euro, or 21.3 (20.7) percent of net sales. The operating profit improved by 0.1 million euro or 3.3 percent.

A/S CESU ALUS (Cesu Alus)

January to September 2011

From January to September, the sales of Cesu Alus operating in Latvia totalled 60 (55) million litres. Sales increased by 5 million litres or 8.0 percent.

In the reporting period, the Latvian beer market was growing while the cider and long drink markets declined (Nielsen, June-July and July 2011). The sales of beer and long drinks declined by one percent during the period. The sales of ciders increased by more than 30 percent. The sales of soft drinks (including kvass) were on a par with last year.

The company’s market share in the Latvian beer market was 27 (31) percent, in ciders 52 (45) and in long drinks 53 (48) percent (Nielsen, June-July 2011). The company is a clear market leader in ciders and long drinks and the number two player in beers (Nielsen, July 2011).

The company’s net sales from January to September amounted to 28.1 (25.4) million euro, representing an increase of 2.8 million euro or 10.9 percent.

Operating profit in January-September stood at 0.9 (1.7) million euro, which was 3.1 (6.8) percent of net sales. The operating profit declined by 0.8 million euro or 49.1 percent. Despite increased net sales, earnings declined due to increases in the costs of raw materials and packaging.

July to September 2011

Cesu Alus’s sales in the third quarter declined by one million litres or 5.1 percent to 21 (22) million litres. Net sales amounted to 10.4 (10.7) million euro. Net sales declined by 0.3 million euro or 2.6 percent compared to the previous year.

The company’s operating profit for July-September stood at 0.5 (1.3) million euro, or 4.8 (12.6) percent of net sales. The operating profit declined by 0.8 million euro or 63.3 percent compared to the previous year.

AB VOLFAS ENGELMAN (Volfas Engelman)

January to September 2011

From January to September, the sales of Volfas Engelman operating in Lithuania increased by 7 million litres or 16.0 percent to 53 (46) million litres. The sales of beers increased by as much as 28 percent, ciders by 2 percent and long drinks by 6 percent. The sales of soft drinks and kvass were 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 10 (10) percent in beers, which is the largest product group. The company is the market leader in ciders with a market share of 38 (41) percent and in long drinks with a market share of 30 (31) percent. The company is also the clear market leader in the kvass market with a market share of 29 (31) percent (Nielsen, June-July 2011).

The company’s net sales from January to September amounted to 23.0 (20.4) million euro, representing an increase of 2.6 million euro or 12.6 percent. The company’s net sales grew less than the sales volume due to intense price competition in Lithuania and the company’s active promotional operations aimed at increasing market shares.

The company’s operating profit from January to September amounted to 0.5 (1.4) million euro. The operating profit declined by 0.9 million euro. 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 competution, as well as increased marketing costs arising from the launch of the new company name and a long-term brand-building programme.

July to September 2011

Volfas Engelman’s sales from July to September amounted to 20 (19) million litres, representing an increase of one million litres or 4.5 percent. Third-quarter net sales stood at 8.7 (8.4) million euro, representing an increase of 0.3 million euro or 3.3 percent.

Third-quarter operating profit amounted to 0.7 (1.1) million euro. The operating profit declined by 0.4 million euro. The deteriorated third-quarter operating profit was due to the same reasons as the drop in cumulative earnings.

OAO LIDSKOE PIVO (Lidskoe Pivo)

January to September 2011

The economic situation in Belarus has been unstable during the entire year 2011. The availability of foreign currency has been scarce and the Belarusian rouble has devaluated by more than 90 percent if comparing the exchange rate in September 2011 with the rate in December 2010.

The day-to-day operations of Lidskoe Pivo in Belarus have developed well in spite of the difficult economic situation prevailing in the country. The company’s sales in the reporting period amounted to 101 (88) million litres, representing an increase of 13 million litres or 15.4 percent. The sales of beers increased by 23 percent, soft drinks and kvass by 5 percent and mineral waters by 85 percent. There was a 6 percent decline in the sales of juices. The sales of Fizz cider, which was launched in the end of 2010, developed well during the period.

The company is the clear market leader in kvass with a market share of 50 (53) percent. The market share in beers is 10 (9) and in juices 31 (29) percent (Nielsen June-July 2011).

The company’s exports in the reporting period increased by 46 percent on the previous year. Exports made 6.8 (5.4) percent of the company’s total sales. The main destinations for exports were Russia and Lithuania.

Lidskoe Pivo’s net sales for the reporting period amounted to 34.9 (31.2) million euro, representing an increase of 3.7 million euro or 11.9 percent. The increase in net sales was cut by the devaluation of the Belarusian rouble. The net sales increase calculated in local currency was excellent, 74.1 percent on the previous year. The positive development in net sales was attributable particularly to increased manufacturing capacity. In addition to volume growth, favourable development was affected by improved average price of net sales and successful product launches.

The operating profit for the period stood at 2.6 (4.6) million euro, which was 7.5 (14.7) percent of net sales. The operating profit declined by 2.0 million euro or 42.6 percent compared to the previous year. Operating profit calculated in local currency (BYR) declined by 10.8 percent on the previous year. The negative operating profit 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 have increased substantially.

July to September 2011

The company’s sales in the third quarter amounted to 41 (38) million litres, representing an increase of 3 million litres or 7.5 percent.

The company’s net sales increased by 1.6 million euro or 12.3 percent to 15.0 (13.3) million euro in spite of the devaluation of the rouble. Net sales calculated in local currency increased in the third quarter by an excellent 95.7 percent. The increase in net sales was particularly attributable to a clear improvement in average price of net sales, as well as successful launches of new product groups and products.

Lidskoe Pivo’s operating profit in the third quarter amounted to 1.1 (2.6) million euro. The operating profit declined by 1.5 million euro. Operating profit calculated in local currency diminished by 24.1 percent due to increased costs.

FINANCING AND INVESTMENTS

Olvi Group’s balance sheet total at the end of September 2011 was 237.0 (232.6) million euro. Equity per share in January-September stood at 5.63 (5.97) euro, a change of -0.34 euro per share on the previous year (the last year’s per-share ratios have been adjusted for comparability with this year’s figures). The equity to total assets ratio of 49.7 (54.1) percent declined by 4.4 percentage points on the previous year but improved in the third quarter by 5.8 percentage points compared to January-June.

The amount of interest-bearing liabilities was 62.5 (50.3) million euro, including current liabilities of 28.7 (10.4) million euro. The balance sheet figures and key ratios also reflect the impacts of devaluation of the Belarusian rouble.

During the period under review, the Group’s gross capital expenditure amounted to 31.5 (17.1) million euro. The parent company Olvi accounted for 7.6 million euro and the subsidiaries in the Baltic states for 4.1 million euro of the total. Lidskoe Pivo’s gross capital expenditure in January-September was 19.8 million euro.

The largest investments in Finland in 2011 consist 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.

In the Baltic states, A. Le Coq’s investments are focused on labelling machines for the filling lines, as well as systems for the processing of malt and water.

Cesu Alus will modernise its bottle formats and build an extension to the yeast tank cellar. Volfas Engelman's investments comprise an extension to the pressure tank cellar and fermentation tanks, as well as some filling line equipment and machinery.

Realisation of Lidskoe Pivo's investment programme continued with increases in production and storage capacity.

RESEARCH AND DEVELOPMENT

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.

NEW PRODUCTS

Finland

OLVI Christmas Beer will once again be on sale during the Christmas season. Christmas Beer is available in two different package sizes, 0.33-litre glass bottles in 6-packs and 0.5-litre single cans.

Subsidiaries

A. Le Coq, Cesu Alus and Volfas Engelman are jointly investing in a new 2-litre PET bottle model, which is the Group's response to the developing trend towards larger beer packages in the Baltic states. The companies will launch their beer brands in the new bottle model in a rolling schedule along the autumn and winter.

Cesu Alus will launch a new flavour for the Cēsu Džons product family in November, G&Tonic in 0.5-litre bottles. Cēsu Džons WinterPuch 5% in 1.5-litre bottles and Cēsu Winter Porter 6.2% beer will be available again during the winter season, and the latter will also be available in 0.5-litre cans this year.

Volfas Engelman launched the new Fortas Tradicinis 6.1% beer in 0.5-litre cans in October.

PERSONNEL

Olvi Group's average number of personnel in January-September was 2,069 (2,071). At the end of September, Olvi Group employed a total of 2,029 (2,069) people.

Olvi Group's average number of personnel by country:

	1-9/2011	1-9/2010
Finland	389	(385)
Estonia	316	(315)
Latvia	222	(209)
Lithuania	206	(194)
Belarus	936	(968)
Total	2,069	(2,071)

GROUP STRUCTURE

In July-September 2011, the parent company Olvi increased its holding in Cesu Alus by 0.01 percent. Between January and September, Olvi has acquired a total of 447 shares in Cesu Alus, which is 0.16 percent of share capital. At the end of September 2011, Olvi Group's holding in Cesu 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.

SHARES AND SHARE MARKET

The total number of shares at the end of September 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. Olvi held 1,124 of its own Series A shares on 30 September 2011 as treasury shares. 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 September 2011 stood at 20,758,808 euro.

The Olvi A share was quoted on Nasdaq OMX Helsinki (Helsinki Stock Exchange) at 15.22 (15.20) euro at the end of September 2011. In January-September, the highest quote for the Series A share was 19.86 (15.73) euro and the lowest quote was 13.49 (12.01) euro.

At the end of September 2011, the market capitalisation of the entire stock was 315.9 (315.5) million euro and the market capitalisation of Series A shares was 259.1 (258.8) million euro. In January-September 2011, a total of 2,296,430 Series A shares were traded, representing 13.5 (13.1) percent of the total number of Series A shares. The value of trading was 48.5 (30.5) million euro.

The number of shareholders at the end of September 2011 was 9,006 (7,908). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 18.4 (18.9) percent of the total number of book entries and 6.3 (6.4) percent of total votes. Foreign and nominee-registered holdings are reported in Table 5, Section 9 of the tables attached to this interim report, and the largest shareholders are reported in Table 5, Section 10.

The company did not receive any flagging notices during the reporting period.

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 risks relate to Belarus, particularly the situation in the country's national economy.

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.

Procurement of raw materials

Economic development and annual fluctuations in crop yield may 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.

Contracts with raw material supplies are made in writing and, whenever possible, cover a long period of time. 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 may affect the demand for products and their relative competitive position.

Personnel

Risks related to personnel include risks in obtaining labour, employment relationship risks, key person risks, competence risks and risks arising from insufficient well-being 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. A risk analysis pertaining to information security and the operation of information systems is carried out annually.

Financing 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.

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.

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

BUSINESS RISKS AND UNCERTAINTIES IN THE NEAR TERM

Uncertainties related to economic development, particularly a potential increase in the unemployment rate, may affect consumers’ purchasing behaviour. Cost cuts in the public economy may contribute to the development of consumer demand.

The greatest uncertainty related to exchange rates is the value of the Belarusian rouble (BYR) in relation to the euro. During the reporting period, BYR devaluated by approximately 90 percent, of which approximately 80 percent during the first half of the year. After the end of the reporting period, the external value of BYR was devaluated by 51 percent as of 21 October 2011. Due to the devaluation, the costs of raw materials and packaging procured from abroad will increase. The devaluation has a negative impact on Lidskoe Pivo’s profitability in the short term because increased costs of manufacture will be reflected in consumer prices with a delay. Furthermore, the devaluation increases the valuation risk of equity and debt investments made by the parent company in its subsidiary. On the other hand, devaluation of the currency improves the competitiveness of products made in Belarus for export markets. The Group has initiated an adaptation and efficiency programme in the Belarusian company for the purpose of minimising the earnings impact of the exchange rate change.

In Finland, the excise tax on beers, long drinks and ciders will increase by 15 percent, and the excise tax on soft drinks will increase from 7.5 cents to 11 cents per litre as of the beginning of 2012. The change is estimated to increase private imports of alcoholic beverages.

EVENTS AFTER THE REVIEW PERIOD

On 20 October 2011, the Belarusian Central Bank announced a devaluation of the Belarusian rouble (BYR) by 51 percent. The new official exchange rate entered into force on 21 October 2011. The impacts of the devaluation on the operations of Lidskoe Pivo in Belarus and the entire Olvi Group are described above under “Business risks and uncertainties in the near term”.

NEAR-TERM OUTLOOK

The full-year sales volumes and net sales level are estimated to be higher than the previous year. The operating profit is estimated to remain on a healthy level but fall slightly short of the previous year mostly due to devaluation of the Belarusian rouble.

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OLVI PLC
Board of Directors

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DISTRIBUTION
NASDAQ OMX Helsinki Ltd
Key media
www.olvi.fi

OLVI GROUP TABLE 1

INCOME STATEMENT

EUR 1,000

	7-9/ 2011	7-9/ 2010	1-9/ 2011	1-9/ 2010	1-12/ 2010
Net sales	82602	79820	224268	206090	267509
Other operating income	86	31	337	392	717
Operating expenses	-67019	-60890	-186006	-164849	-219101
Depreciation and impairment	-4265	-4623	-13373	-13952	-18640
Operating profit	11404	14338	25226	27681	30485
Financial income	46	-427	132	267	514
Financial expenses	-1753	-411	-10080	-1663	-1831
Financial expenses - net	-1707	-838	-9948	-1396	-1317
Earnings before tax	9697	13500	15278	26285	29168
Taxes *)	-2585	-1874	-2727	-3717	-3909
NET PROFIT FOR THE PERIOD	7112	11626	12551	22568	25259
Other comprehensive income items:					
Translation differences related to foreign subsidiaries	-1242	-2516	-13603	-47	557
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5870	9110	-1052	22521	25816
Distribution of profit					
- parent company shareholders	7115	11571	12916	22265	24954
- minority	-3	55	-365	303	305
Distribution of comprehensive profit:					
- parent company shareholders	5958	9233	242	22163	25405
- minority	-88	-123	-1294	358	411
Ratios calculated from the profit belonging to parent company shareholders:					
- earnings per share, EUR	0.34	0.56**)	0.62	1.08**)	1.21**)

*) Taxes calculated from the profit for the review period.
**) The per-share ratios have been adjusted for comparability with this year’s figures.

OLVI GROUP TABLE 2

BALANCE SHEET

EUR 1,000

	30.9.2011	30.9.2010	31.12.2010
ASSETS			
Non-current assets			
Tangible assets	124963	123583	124857
Goodwill	14083	17169	17169
Other intangible assets	1273	1162	1134
Financial assets available for sale	544	288	545
Other non-current assets available for sale	56	0	333
Loan receivables and other non-current receivables	138	137	137
Deferred tax receivables	2447	1552	1682
Total non-current assets	143504	143891	145857
Current assets			
Inventories	39959	39000	35124
Accounts receivable and other receivables	47537	41992	47270
Liquid assets	6000	7743	7891
Total current assets	93496	88735	90285
TOTAL ASSETS	237000	232626	236142
SHAREHOLDERS’ EQUITY AND LIABILITIES			
Shareholders’ equity held by parent company shareholders			
Share capital	20759	20759	20759
Other reserves	1092	1092	1092
Treasury shares	-8	-222	-222
Translation differences	-17075	-4955	-4402
Retained earnings	112022	107061	109750
	116790	123735	126977
Minority interest	942	2223	2277
Total shareholders’ equity	117732	125958	129254
Non-current liabilities			
Loans	31843	37996	35607
Other liabilities	1999	1917	1755
Deferred tax liabilities	1915	1775	1847
Current liabilities			
Loans	27714	9579	7578
Accounts payable and other liabilities	55797	55401	60101
Total liabilities	119268	106668	106888
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	237000	232626	236142

OLVI GROUP TABLE 3

CHANGES IN OLVI GROUP'S CONSOLIDATED SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Other reserves	Treasury shares account	Transl. diff.	Accrued earnings	Minority interest	Total
Shareholders' equity 1 Jan 2010	20759	1092	-222	-4853	92746	2764	112286
Payment of dividends					-8345		-8345
Acquisition of minority interest					395		395
Total comprehensive income for the period				-102	22568	55	22521
Share of profit belonging to the minority					-303	303	0
Change in minority interest						-899	-899
Shareholders' equity 30 Sep 2010	20759	1092	-222	-4955	107061	2223	125958

EUR 1,000	Share capital	Other reserves	Treasury shares account	Transl. diff.	Accrued earnings	Minority interest	Total
Shareholders' equity 1 Jan 2011	20759	1092	-222	-4402	109750	2277	129254
Payment of dividends					-10660		-10660
Transfer of treasury shares			214		-214		0
Gains from transfer of treasury shares					216		216
Total comprehensive income for the period				-12673	12551	-930	-1052
Share of profit belonging to the minority					365	-365	0
Profit arising from the acquisition of minority shares					14		14
Change in minority interest						-40	-40
Shareholders' equity 30 Sep 2011	20759	1092	-8	-17075	112022	942	117732

Other reserves include the share premium account, legal reserve and other reserves.

OLVI GROUP TABLE 4

CASH FLOW STATEMENT

EUR 1,000

	1-9/ 2011	1-9/ 2010	1-12 2010
Net profit for the period	12551	22568	25259
Adjustments to profit for the period	16650	17889	22253
Change in net working capital	-14007	-5447	-1489
Interest paid	-1398	-1267	-1848
Interest received	86	125	514
Taxes paid	-4408	-2334	-2767
Cash flow from operations (A)	9474	31534	41922
Investments in tangible assets	-21243	-11568	-17419
Investments in intangible assets	-643	-470	-522
Sales gains from tangible and intangible assets	4446	175	376
Expenditure on other investments	1	0	-257
Cash flow from investments (B)	-17439	-11863	-17822
Withdrawals of loans	30772	25000	25000
Repayments of loans	-14314	-36999	-41288
Increase (-) / decrease (+) in current interest-bearing business receivables	-2	0	-2
Dividends paid	-10382	-8331	-8321
Cash flow from financing (C)	6074	-20330	-24611
Increase (+)/decrease (-) in liquid assets (A+B+C)	-1891	-659	-511
Liquid assets 1 January	7891	8402	8402
Liquid assets 30 Sep/31 Dec	6000	7743	7891
Change in liquid assets	-1891	-659	-511

OLVI GROUP

TABLE 5

NOTES TO THE INTERIM REPORT

The accounting policies used for this interim report are the same as those used for the annual financial statements 2010.

The accounting policies are presented in the Annual Report 2010 which was published on 17 March 2011. The information disclosed in the interim report is unaudited.
The interim report 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 causes rounding differences in additions.

The Group has adopted the following new or revised standards in 2011:

- IAS 24 (Revised), Related Party Disclosures

- IAS 32 (Amendment), Classification of Rights Issues

- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments

- IFRS 14 (Amendment), Prepayments of a Minimum Funding Requirement

1. SEGMENT INFORMATION

SALES BY GEOGRAPHICAL SEGMENT (1,000 litres)

	7-9/ 2011	7-9/ 2010	1-9/ 2011	1-9/ 2010	1-12/ 2010
Olvi Group total	147470	143647	401509	365297	471913
Finland	40106	37387	112380	102571	136832
Estonia	36498	37620	105368	98009	124772
Latvia	21423	22563	59565	55147	68705
Lithuania	19958	19106	53305	45960	59075
Belarus	40831	37993	100989	87520	111323
- sales between segments	-11346	-11022	-30098	-23910	-28794

NET SALES BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	7-9/ 2011	7-9/ 2010	1-9/ 2011	1-9/ 2010	1-12/ 2010
Olvi Group total	82601	79820	224268	206090	267509
Finland	32258	30833	90671	83834	110989
Estonia	21307	21171	59940	55016	69935
Latvia	10391	10665	28145	25384	31448
Lithuania	8701	8422	23025	20446	26379
Belarus	14991	13350	34919	31197	40769
- sales between segments	-5047	-4621	-12432	-9787	-12011

OPERATING PROFIT BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	7-9/ 2011	7-9/ 2010	1-9/ 2011	1-9/ 2010	1-12/ 2010
Olvi Group total	11404	14338	25226	27681	30485
Finland	4611	4859	11709	10790	11702
Estonia	4532	4385	11053	9878	11905
Latvia	495	1347	877	1722	1714
Lithuania	701	1127	523	1448	1423
Belarus	1123	2631	2626	4577	4444
- eliminations	-58	-11	-1562	-734	-703

2. PERSONNEL ON AVERAGE	1-9/2011	1-9/2010	1-12/2010
Finland	389	385	378
Estonia	316	315	312
Latvia	222	209	207
Lithuania	206	194	195
Belarus	936	968	959
Total	2069	2071	2051

3. RELATED PARTY TRANSACTIONS

Employee benefits to management
Salaries and other short-term employee benefits to the Board of Directors and Managing Directors
EUR 1,000

	1-9/2011	1-9/2010	1-12/2010
Managing Directors	844	516	668
Chairman of the Board	129	171	225
Other members of the Board	92	81	109
Total	1065	768	1002

4. SHARES AND SHARE CAPITAL

	30.9.2011	%
Number of A shares	17026552	82,0
Number of K shares	3732256	18,0
Total	20758808	100,0
Total votes carried by A shares	17026552	18,6
Total votes carried by K shares	74645120	81,4
Total number of votes	91671672	100,0

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 30 September 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.

5. SHARE-BASED PAYMENTS

The share-based incentive scheme for Olvi Group's key personnel is described in the interim report published on 11 August 2011.

6. TREASURY SHARES

Olvi plc held a total of 1,124 of its own Series A shares on 30 September 2011, 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.

The decisions made by the Annual General Meeting of 7 April 2011 with regard to the distribution of dividends, a free issue and authorisations granted to the Board of Directors for acquiring and transferring treasury shares are described in the stock exchange release published on 7 April 2011.

The Board of Directors of Olvi plc has not exercised the authorisation to acquire Series A shares granted by the General Meeting between January and September 2011.

7. NUMBER OF SHARES *)	1-9/2011	1-9/2010 **)	1-12/2010 **)
- average	20749272	20734008	20734008
- at end of period	20757684	20734008	20734008

*) Treasury shares deducted.
**) The numbers of shares have been adjusted for comparability with the numbers for 2011.

8. TRADING OF SERIES A SHARES ON THE HELSINKI STOCK EXCHANGE

	1-9/ 2011	1-9/ 2010	1-12/ 2010
Trading volume of Olvi A shares	2296430	2237376*)	3256516 *)
Total trading volume, EUR 1,000	48535	30464	45735 *)
Traded shares in proportion to all Series A shares, %	13.5	13.1	19.1
Average share price, EUR	23.27	13.56*)	14.03 *)
Price on the closing date, EUR	15.22	15.20*)	15.35 *)
Highest quote, EUR	19.86	15.73*)	15.73 *)
Lowest quote, EUR	13.49	12.01*)	12.01 *)

*) The figures have been adjusted for comparability with the figures for 2011.

9. FOREIGN AND NOMINEE-REGISTERED HOLDINGS ON 30 SEPTEMBER 2011

	Book entries		Votes		Shareholders	
	qty	%	qty	%	qty	%
Finnish total	16934403	81.58	85903795	93.71	8956	99.44
Foreign total	850827	4.10	2794299	3.05	44	0.49
Nominee-registered (foreign) total	398	0.00	398	0.00	1	0.01
Nominee-registered (Finnish) total	2973180	14.32	2973180	3.24	5	0.06
Total	20758808	100.00	91671672	100.00	9006	100.00

10. LARGEST SHAREHOLDERS ON 30 SEPTEMBER 2011

	Series K	Series A	Total	%	Votes	%
1. Olvi Foundation	2363904	896332	3260236	15.71	48174412	52.55
2. Hortling Heikki Wilhelm *)	901424	155124	1056548	5.09	18183604	19.84
3. The Heirs of Hortling Kalle Einari	187104	25248	212352	1.02	3767328	4.11
4. Hortling Timo Einari	165824	34608	200432	0.97	3351088	3.66
5. Hortling-Rinne Marit	102288	2100	104388	0.50	2047860	2.23
6. Skandinaviska Enskilda Banken, nominee reg.		1409665	1409665	6.79	1409665	1.54
7. Nordea Bank Finland plc, nominee register		1332765	1332765	6.42	1332765	1.45
8. Ilmarinen Mutual Pension Insurance Company		903235	903235	4.35	903235	0.99
9. Autocarrera Oy Ab		460000	460000	2.22	460000	0.50
10. Kamprad Ingvar		425200	425200	2.05	425200	0.46
Other	11712	11382275	11393987	54.88	11616515	12.67
Total	3732256	17026552	20758808	100.00	91671672	100.00

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

11. PROPERTY, PLANT AND EQUIPMENT

EUR 1,000

	1-9/2011	1-9/2010	1-12/2010
Increase	31278	16678	23044
Decrease	-4622	-3086	-4405
Total	26656	13592	18639

12. CONTINGENT LIABILITIES

EUR 1,000

	30.9.2011	30.9.2010	31.12.2010
Pledges and contingent liabilities			
For own commitments	3511	4215	4453
For others	134	810	810
Leasing liabilities:			
Due within one year	512	496	748
Due within 1 to 5 years	852	861	672
Due in more than 5 years	0	0	0
Total leasing liabilities	1364	1357	1420
Package liabilities	3778	5421	3648
Other liabilities	1980	1980	1980

13. CALCULATION OF FINANCIAL RATIOS

Equity to total assets, % = 100 * (Shareholders' equity held by parent company shareholders + minority interest) / (Balance sheet total – advances received)

Earnings per share = Profit belonging to parent company shareholders / Average number of shares during the period, adjusted for share issues

Equity per share = Shareholders' equity held by parent company shareholders / Number of shares at end of period, adjusted for share issues

Gearing, % = 100 * (Interest-bearing debt – cash in hand and at bank) / (Shareholders' equity held by parent company shareholders + minority interest)