POSITIIVISESTI SUOMALAINEN

ANNUAL REPORT 2010

Table of contents

FINANCIAL STATEMENTS 2010

Board of Directors report

Olvi Group's performance and growth was excellent in 2010

Olvi Group set new records for sales volume, net sales and operating profit in the operating year 2010. With regard to these key indicators, all of the Group's units improved their performance on the previous year. The year was historically good: for the first time ever, consolidated operating profit exceeded 30 million euro and the Finnish parent company's operating profit exceeded 10 million euro. Olvi Group's net sales increased by +9.6 percent to 267.5 million euro, sales volume increased by 12.6 percent to 472 million litres, and operating profit increased by 9.8 percent to 30.5 million euro.

The operating conditions during the year were extraordinary. In the beginning of the year, the very hard winter took its toll on sales and total consumption, while the record-breaking warm and long summer period made it possible to achieve all-time high sales particularly in mineral waters, soft drinks, kvass and ciders across Olvi Group's entire operating area. The warm summer weather also created an increase in travel, which was reflected in increased sales on ships and in harbour shops.

In Finland, the spring period was very challenging due to the difficult labour market negotiations in the foods industry. An overtime ban was introduced in 2010, and due to this, product ranges had to be cut short and sales were focused on the most important and profitable products with the largest volume. Production returned to normal gradually during May.

Across the Group's entire operating area, new successful products were launched in the most profitable and growing product segments. This was successful in a demand situation where total consumption was expected to decline. Overall market positions improved across the entire Group's area, and delivery reliability was good thanks to successful production operations.

During 2010, common mission statements, values and visions were defined for all of the Group's units. These emphasise the desire to be a versatile beverage house that knows the local taste and creates positive drinking experiences for consumers.

In the Group's new operating area Belarus, sales growth was rapid. After some delays, the long-term investment programme started well. The aim of the investments is to create a substantial increase in capacity by the summer season 2011. In Estonia, Olvi Group's AS A. Le Coq was the country's most profitable food industry company. The company also succeeded to gain ground for export sales of its core products during the year.
The Latvian company A/S Cēsu Alus received distinction as a good employer whose operations are valued also from the viewpoint of environmental matters. New strategies and growth targets were drafted for the Lithuanian operations, with one of the crucial factors being a change of name from AB Ragutis to Volfas&Engelman during the spring of 2011, giving respect to old local beer-making traditions.

Olvi Group's financial position improved clearly during the year. The equity to total assets ratio was 54.7 percent at the end of the year, setting the record for the 2000s. The gearing ratio dropped from 48 percent to 29.5 percent. Major investments during the year included a new storehouse, two filling lines and tank cellar in Belarus, new bottle formats in Estonia, extensions to the fermentation tank and waste yeast cellars in Lithuania, and new filling, labelling and capping machines in Latvia.

The parent company in Finland invested in improving the internal logistics in the storehouse, as well as new machines for labelling, cardboard packaging and wrapping. The investments were completed on schedule and budget. Furthermore, the parent company initiated a comprehensive energy survey in a situation where energy taxes are increasing and friendliness to the environment is becoming a clearly more important factor for consumers' decisions.

THE INDUSTRY IN 2010

Sales of brewery beverages declined in Finland in 2010

A total of 795.9 million litres of beer, ciders, long drinks, mineral waters and soft drinks were sold. Total consumption declined by 24.6 million litres, a decrease of 3 percent, and the consumption of mild alcoholic beverages was down 5.4 percent on the previous year. 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 395.2 million litres of beer in 2010, representing a year-on-year decline of 23.9 million litres, or 5.7 percent. Most beer was sold through grocery stores. On-trade sales fell and accounted for about 16 per cent of total sales. Alko state-owned alcohol outlets represented 2.2 percent of beer sales.

Members of the Federation of the Brewing and Soft Drinks Industry sold a total of 41.2 million litres of long drinks. Sales in this category declined by a million litres, or 2.3 percent. The member companies sold 30.7 million litres of cider, down 1.8 million litres, or 5.4 percent. Sales of soft drinks totalled 263.9 million litres and sales of mineral waters 64.9 million litres. Sales of mineral waters were up 6 million litres, or 10.2 percent. Soft drink sales were down 4.0 million litres, a year-on-year decrease of 1.5 percent. Sugar-free soft drinks accounted for about 35 percent of all soft drink sales.

Finland has the highest beer tax in the European Union. It is almost five times as high as the Estonian beer tax. In spite of this, the taxation development working group proposed increasing the alcohol tax at the end of 2010.

The Federation of the Brewing and Soft Drinks Industry reminds that tax hikes have negative impacts. The increases in alcohol and soft drink taxes in recent years have put the domestic brewing industry in a tight spot and the consequences are now felt in employment.

The domestic brewing industry is a major employer in Finland. Breweries provide direct employment to more than 2,000 people and indirect employment to about 30,000 people in restaurants, the transport industry, agriculture and other sectors. Breweries have a major significance for agriculture. As much as 20 per cent of the barley grown in Finland is malting barley.

High taxes can be seen in the large volume of travellers' private imports of alcoholic beverages. Finnish travellers imported close to 65 million litres of alcoholic beverages last year, mainly from ships and Estonia. From 2008 to 2010, when the latest tax increases were implemented, private imports rose by over 25 percent.

THE BREWING INDUSTRY'S
DOMESTIC SALES IN 2010

Beverage	2010 million L	2009 million L	Change million L	Change %
Beer	395.2	419.0	-23.8	- 5.7
Cider	30.7	32.5	- 1.8	- 5.4
Long drinks	41.2	42.2	- 1.0	- 2.3
Soft drinks	263.9	267.9	- 4.0	- 1.5
Mineral waters	64.9	58.9	+ 6.0	+ 10.2
Total sales	795.9	820.4	- 24.6	- 3.0

Source: Sales statistics by the 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. Private label products are also excluded.

OLVI GROUP'S YEAR 2010 in brief (figures for 2009 IN BRACKETS):

- Olvi Group's sales increased by 12.6 percent to 472 (419) million litres
- The Group's net sales increased by 9.6 percent to 267.5 (244.2) million euro
- The Group's operating profit increased by 9.8 percent to 30.5 (27.8) million euro
- The business in Belarus has developed well. The investment programme has started as planned
- Olvi Group's earnings per share stood at 2.41 (2.15) euro, and the Board of Directors proposes a dividend of 1.00 (0.80) euro per share
- The equity to total assets ratio increased to 54.7 (47.3) percent

KEY RATIOS

	2010	2009	Muutos %
Net sales. MEUR	267.5	244.2	+ 9.6
Operating profit. MEUR	30.5	27.8	+ 9.8
Gross capital expenditure. MEUR	24.5	48.4	- 49.4
Earnings per share. EUR	2.41	2.15	+ 12.1
Equity per share. EUR	12.25	10.56	+ 16.0
Equity to total assets. %	54.7	47.3	
Gearing. %	29.5	48.0	

Lasse Aho, Managing Director of Olvi plc, said the following in connection with the disclosure of the annual accounts: "Olvi Group's performance and growth was excellent in 2010. We were able to improve our overall market position across the entire operating area, and Olvi Group's financial position and liquidity continued to improve. The commensurate operating profit improved substantially. This was attributable to good delivery reliability made possible by increased efficiency of production operations, successful new product launches during the year, as well as extraordinarily good summer weather that affected sales growth particularly in mineral waters, soft drinks, juices and ciders."

OLVI GROUP'S SALES VOLUME, NET SALES AND EARNINGS 2010

Olvi Group's sales in 2010 amounted to 472 (419) million litres. This represents an increase of 53 million litres or 12.6 percent. Sales increased in all operating areas and set a new all-time high.

Sales in Finland increased by 7 million litres, sales in the Baltic states by 29 million and sales in Belarus by 24 million litres on the previous year.

The Group's net sales in 2010 totalled 267.5 (244.2) million euro. This represents an increase of 23.3 million euro or 9.6 percent. Net sales increased in all of Olvi Group's operating areas thanks to good sales development.

Domestic net sales amounted to 111.0 (104.5) million euro. The Baltic subsidiaries generated net sales of 127.8 (119.9) million euro, while net sales in Belarus amounted to 40.8 (30.3) million euro. Net sales in Finland increased by 6.5 million euro or 6.2 percent, in the Baltic states by 7.9 million euro or 6.6 percent, and in Belarus by 10.5 million euro or 34.6 percent.

Olvi Group's operating profit for January-December 2010 stood at 30.5 (27.8) million euro, or 11.4 (11.4) percent of net sales. The operating profit improved by 2.7 million euro or 9.8 percent. The Group's previous-year net sales included 3.2 million euro of non-recurring income attributable to the recognition of OAO Lidskoe Pivo's prescribed debts. The Group's commensurate operating profit improved by 5.9 million euro or 24.3 percent in 2010. The commensurate operating profit of all Olvi Group companies improved clearly in comparison to 2009.

Operating profit in Finland improved by 2.1 million euro to 11.7 (9.6) million euro. The operating profit in Finland includes 0.6 million euro of sales gains from the sales of decommissioned production machinery, and 0.6 million euro of expenses from the scrapping of non-marketable packaging.

Operating profit in the Baltic states improved by 2.9 million euro to 15.0 (12.1) million euro. Operating profit in Belarus declined by 1.4 million euro to 4.4 (5.8) million euro. The commensurate operating profit in Belarus in January-December 2009 excluding non-recurring income from the recognition of prescribed debts stood at 2.6 million euro. Thus the accumulated operating profit in Belarus in 2010 improved by 1.8 million euro compared to the commensurate operating profit for 2009.

The Group's profit after taxes in the period under review was 25.3 (23.0) million euro. Earnings per share calculated from the profit belonging to parent company shareholders stood at 2.41 (2.15) euro per share.

SALES VOLUME, NET SALES AND EARNINGS BY GEOGRAPHICAL SEGMENT 2010

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 by the Federation of the Brewing and Soft Drinks Industry, the Finnish beverage market in 2010 diminished by an approximate total of 3 percent compared to the previous year. The sales decline in beers was -5.7 percent and in ciders -5.4 percent. The sales of long drinks declined by -2.3 percent and soft drinks by -1.5 percent. Thanks to the record-breaking hot summer weather, the sales of mineral waters increased by more than 10 percent. The statistics by the Federation only include data for the largest brewing industry companies, and the sales and imports of private label products are excluded, which means that the statistics lack information in this respect.

Olvi's sales increased in all other product groups but soft drinks. Olvi's sales in January-December amounted to 137 (130) million litres. The sales volume increased by 7 million litres or 5.5 percent.

The sales of ciders increased by 30 percent, and long drinks by 18 percent in 2010. The sales of ciders were boosted by Olvi ciders, which have received a warm welcome in the beverages market. Olvi Karpalolonkero (Cranberry Long Drink) and Olvi Kultalonkero (Gold Long Drink) are still very popular in the market.

The sales of beers increased by 4 percent and the sales of mineral waters by 21 percent, while the sales of soft drinks declined on the previous year. The increase in sales of mineral waters was particularly attributable to the warm and sunny weather that continued until late summer.

According to statistics by the Federation of the Brewing and Soft Drinks industry, Olvi's overall market share became stronger in 2010. At the end of the review period, Olvi's market share in beers was 24 (22) percent. In ciders and long drinks, it was 23 (19) percent on average, in mineral waters 23 (18) percent and in soft drinks 4 (5) percent.

Olvi's exports and tax-free sales in 2010 amounted to 4 (5) million litres.

Thanks to the increased sales volume, Olvi's net sales in 2010 increased to 111.0 (104.5) million euro, an increase of 6.5 million euro or 6.2 percent.

Olvi's operating profit improved substantially. Operating profit in January-December stood at 11.7 (9.6) million euro, which was 10.5 (9.2) percent of net sales. The operating profit improved by 2.1 million euro or 22.0 percent. The profitability improvement was made possible by improved efficiency of operations, increased production capacity, cost efficiency and successful new products in the beer, long drink and cider segments. The operating profit includes 0.6 million euro of sales gains from the sales of decommissioned production machinery, and 0.6 million euro of expenses from the scrapping of non-marketable packaging.

AS A. LE COQ (A. Le Coq)

The sales of the Estonian subsidiary AS A. Le Coq in 2010 amounted to 125 (113) million litres. Sales increased by 11 million litres or 10.1 percent.

The sales of beers increased by 9 percent and the sales of long drinks by 6 percent while the sales of ciders were almost on a par with the previous year.

A. Le Coq is the market leader in the Estonian beer market with an approximate market share of 40 (40) percent (market shares from AC Nielsen statistics for October-November 2010).
A. Le Coq's market share in long drinks is 53 (60) percent and in ciders 47 (53) percent. AS A. Le Coq is the clear Estonian market leader in both long drinks and ciders.

Thanks to the warm summer weather, the sales of soft drinks increased substantially, by 18 percent, and the sales of ACE beverages increased by 12 percent. The sales of mineral waters were up 3 percent on the previous year. The sales of juices were on a par with the previous year. The market share in soft drinks at the end of November 2010 was 29 percent, and in mineral waters 13 percent. In the sales of juices and juice drinks, A. Le Coq is the market leader with a 22 percent share in tetrapacks and 44 percent share in other types of packaging.

The company's exports and tax-free sales increased by 32.3 percent on the previous year to 4 (3) million litres.

The company's net sales in 2010 amounted to 69.9 (65.2) million euro, representing an increase of 4.7 million euro or 7.3 percent.

Operating profit improved clearly by 1.7 million euro to 11.9 (10.2) million euro, an increase of 17.2 percent. The operating profit represented 17.0 (15.6) percent of net sales. The increase in operating profit was made possible by the cost efficiency of production and increased sales volumes.

A/S CĒSU ALUS (Cēsu Alus)

The sales of Cēsu Alus operating in Latvia in 2010 amounted to 69 (59) million litres. Sales increased by 10 million litres or 16.6 percent. The sales of beers increased by 17 percent and soft drinks by 49 percent. The sales of ciders and long drinks declined by 9 percent due to a decline in the total market.

Cēsu Alus has a market share of 32 (33) percent in beers (AC Nielsen statistics for December 2010), 56 (45) percent in ciders and 45 (41) percent in long drinks in Latvia (AC Nielsen statistics for October-November 2010). Cēsu Alus is the clear market leader in ciders. In beers and ciders, Cēsu Alus is a strong number two player in the market. The company's market shares improved in ciders and long drinks despite the decline in sales.

The company's net sales from January to December amounted to 31.4 (30.0) million euro, representing an increase of 1.4 million euro or 4.7 percent. The increase in net sales was clearly lower than the increase in sales volume due to a downturn in average price, which was affected by a shift of consumption towards less expensive products due to the economic recession in the country.

The operating profit for 2010 stood at 1.7 (1.0) million euro, which was 5.5 (3.4) percent of net sales. The operating profit improved by 0.7 million euro. The operating profit improvement was clearly attributable to the third quarter. The improvement was made possible by increased sales volumes, improved efficiency of operations, as well as savings in material and logistics expenses and other operating expenses.

AB RAGUTIS (Ragutis)

In 2010, the sales of AB Ragutis operating in Lithuania increased by 7 million litres to 59 (52) million litres, representing an increase of 14.2 percent. The sales of beers and long drinks increased by 12 percent and the sales of ciders by 7 percent on the previous year. The increase in soft drinks was as high as 21 percent, thanks to warm summer weather and particularly the good sales development of kvass, which belongs to the soft drinks segment.

The company's overall position in the Lithuanian beverage market has become stronger. The company has an approximate market share of 13 (10) percent in beers. The company is a clear market leader in ciders and long drinks with market shares of 48 (33) percent in ciders and 40 (42) percent in long drinks. The company is also the leader of the kvass market with a market share of 34 (30) percent. (Market shares from NC Nielsen statistics for October-November 2010)

The company's net sales in 2010 amounted to 26.4 (24.6) million euro, representing an increase of 1.8 million euro or 7.0 percent. Compared to the previous year, net sales increased less than the sales volume due to a slight decline in average price.

The company's operating profit improved by 0.5 million euro. The operating profit stood at 1.4 (0.9) million euro, which was 5.4 (3.7) percent of net sales. The operating profit improved thanks to increased sales volumes.

OAO LIDSKOE PIVO (Lidskoe Pivo)

The operations of Lidskoe Pivo in Belarus developed very well in 2010.

The company's sales in 2010 amounted to 111 (87) million litres, representing an increase of 24 million litres or 27.3 percent. The sales of beers increased by 17 percent, soft drinks and kvass by 41 percent, mineral waters by 35 percent and long drinks by 4 percent. The sales of juices and juice drinks increased substantially during the year, by 65 percent.

Lidskoe Pivo is the market leader in the Belarusian kvass market with a share of 59 (52) percent. The brewery's market share has increased in both beers and long drinks. Lidskoe Pivo's market share in beers in 2010 was 10 (8) percent, and in long drinks 29 (22) percent. In soft drinks, the company's market share was on a par with the previous year, in soft drinks at 5 percent and in waters 2 percent. (Market shares AC Nielsen December 2010.)

The company's exports increased by 3 million litres to 6 (3) million litres, an increase of 122.4 percent.

The company's net sales in 2010 increased substantially by 10.5 million euro or 34.6 percent to 40.8 (30.3) million euro. The increase in net sales was made possible by good growth of sales volumes and a slightly higher average price compared to the previous year.

OAO Lidskoe Pivo's operating profit in January-December amounted to 4.4 (5.8) million euro, which was 10.9 (19.1) percent of net sales. The operating profit declined by 1.4 million euro or 23.3 percent compared to the previous year. The company's operating profit in 2009 included non-recurring income of 3.2 million euro from the recognition of prescribed debts. In comparison to the commensurate operating profit for 2009, operating profit in 2010 improved by 1.8 million euro or 69 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.

Finland, parent company Olvi

OLVI Long Drink is the best-selling long drink brand in grocery stores (Nielsen HomeScan). In January 2011, OLVI Long Drink expanded to mild long drinks with the new OLVI Mild Grapefruit Long Drink 0.5 L bottle (alc. 2.6% vol.)

Subsidiaries

The Estonian A. Le Coq launched the main product of the Belarusian Lidskoe Pivo, Lidskoe Premium, in 0.5-litre cans. Mixers became a completely new category for Olvi Group. A. Le Coq created the new brand Royal Club for this segment. Royal Club Tonic, Bitter Lemon, Soda Water and Ginger Ale are packaged in 0.33-litre cans. The market-leading juice brand Aura was expanded with new 2-litre packages.

In January, Cēsu Alus in Latvia launched the Cesu 14 Red Russian ready-to-drink alcoholic beverage in 0.28-litre bottles. The soft drink Lemonade was launched in 0.33-litre cans. Latvia's best-selling energy drink Dynamite will get a new high-caffeine version Dynami:t Blue in 0.5-litre plastic bottles in February.

Ragutis in Lithuania will launch the Belarusian Lidskoe Pivo's main product Lidskoe Premium in 0.5-litre cans in February 2011.

The Belarusian Lidskoe Pivo launched the FIZZ cider brand to the market. The product is available as apple and pear versions in both 1-litre and 1.5-litre plastic bottles. Prior to this, there was only one brand of cider available in the Belarusian market, so FIZZ can be expected to create excellent growth and demand.

CHANGES IN CORPORATE STRUCTURE IN 2010

In July 2010, Olvi increased its holding of the Belarusian Lidskoe Pivo brewery from 87.84 percent to 91.58 percent. Olvi's holding in the Latvian company Cēsu Alus increased from 99.30 percent to 99.37 percent during the year. Olvi's holding in the A. Le Coq company is 100.00 percent and in the Ragutis company 99.57 percent.

FINANCING AND INVESTMENTS

Olvi Group's balance sheet total at the end of December 2010 was 236.1 (237.2) million euro. Equity per share at the end of 2010 stood at 12.25 (10.56) euro, an increase of 1.69 euro per share or 16.0 percent. The equity to total assets ratio exceeded Olvi Group's long-term target of 50 percent. The figure at the end of December was 54.7 (47.3) percent, a substantial improvement of 7.4 percentage points on the previous year. The gearing ratio also declined from 48.0 percent to 29.5 percent. The current ratio, which represents liquidity, was 1.3 (1.1).

The amount of interest-bearing liabilities at the end of 2010 was 46.1 (62.3) million euro, including current liabilities of 8.7 (26.2) million euro.

Olvi Group's gross capital expenditure in 2010 amounted to 24.5 (48.4) million euro. 4.8 million euro of the capital expenditure was attributable to the parent company Olvi, in addition to which the company spent 0.5 million euro on increasing its holding in the Lidskoe Pivo company. 4.2 million euro was attributable to the subsidiaries in the Baltic states, and 15.0 million euro was spent on OAO Lidskoe Pivo's capital expenditure. The capital expenditure was allocated to increasing the production and storage capacity.

The largest investments in Finland in 2010 comprised machines for labelling, cardboard packaging and wrapping, as well as development of internal logistics in the storehouse. The largest investments in the Baltic states were new glass and PET bottle formats for A. Le Coq, together with a yeast separator and screw-cap machine for the tetrapack line; Cesu Alus acquired a new filling, labelling and capping machine, a new bottle format and an air compressor, and Ragutis made extensions to the fermentation tank and waste yeast cellars, as well as acquired water treatment equipment for the boiling room. In Belarus, the construction of a new storehouse and filling lines were started, and extension work began in the tank cellar and filtering section. Cooling equipment was also modernised. The investments will be completed during the spring of 2011.

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 01.01.10 in connection with the Board of Directors' report and financial statements for 2010. 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 competitive situations are different.

Olvi plc's mission

Olvi is Finnish and creates positive drinking enjoyment.

Olvi plc's vision

The most attractive and respected Finnish beverage company.

Values:

Finnishness

- We want to be among the best experts of the Finnish consumer.
- We offer a Finnish alternative and manufacture our products for Finnish consumers. Our independent decision-making allows rapid response when necessary.

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 independent 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 2010 was 2,051 (2,076). The Group's average number of personnel decreased by 25 people or 1.2 percent on the previous year. The total number of personnel at the end of December 2010 was 1,973 (1,997).

Olvi Group's average personnel during the accounting period:

	2010	**2009**	**2008**
Olvi plc, Finland	378	377	431
AS A. Le Coq, Estonia	312	337	388
A/S Cēsu Alus, Latvia	207	206	231
AB Ragutis, Lithuania	195	195	206
OAO Lidskoe Pivo	959	961	-
Total	2,051	2,076	1,256

Wages, salaries and emoluments in the accounting period (EUR 1,000)

	2010	**2009**	**2008**
	31,436	29,688	26,492

BONUS SCHEMES

The achievement of objectives is supported by incentive bonus schemes.

In Finland, Olvi plc has a performance-based bonus scheme covering the entire personnel. The company also has a functional personnel fund. All of the Baltic subsidiaries have a performance-based bonus scheme covering key personnel.

Olvi plc's Board of Directors decided on 26 January 2006 on a share-based long-term incentive scheme for Olvi Group's key personnel. 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 share-based bonus scheme is a part of the incentive and commitment scheme for the Group's key personnel and its purpose is to combine the objectives of shareholders and key personnel to improve the company's value. The amount of bonuses payable out of the scheme is linked to Olvi Group's net sales and the operating profit percentage in relation to net sales. The bonuses are payable partially in the company's Series A shares and partially in cash. The proportion payable in cash covers 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.

On 17 December 2007, Olvi plc's Board of Directors decided on the targets for the second vesting period and the people included in the scheme. At the same time, the maximum number of shares that may be granted on the basis of the share-based incentive scheme was increased from 40,000 to 80,000. Any bonuses for the second vesting period will be paid in April 2011. 50 percent of the shares received as bonus for the second vesting period may be transferred after one year of reception, and 100 percent after two years of reception. The right to dividends begins when the shares are transferred to the key employees' book-entry accounts.

On the basis of this incentive scheme, a total of 11,838 Olvi plc Series A shares may become payable in 2011 for the second vesting period.

In 2010, Olvi Group recognised a total of 385 (195 in 2009) thousand euro of accrued expenses associated with the vesting period 2008 to 2010. The target group of the scheme currently includes 20 key employees. They are members of Olvi Group's management teams and other key people.

The incentive scheme does not have any diluting effect. Olvi Group has no warrants or options.

MANAGEMENT AND AUDITORS

Olvi plc's Annual General Meeting held on 8 April 2010 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, Harri Sivula, M.Adm.Sc., Tuusula, and Doctor of Technology Tarja Pääkkönen, Helsinki. 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.

BOARD OF DIRECTORS' AUTHORISATIONS AND TREASURY SHARES

On 8 April 2010, the General Meeting of Shareholders of Olvi plc decided to 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. The Board of Directors may also decide that any shares acquired on the company's own account be cancelled by reducing the share capital.

The General Meeting of Shareholders of Olvi plc also decided to authorise the Board of Directors to decide on the transfer of the company's own shares.

In 2010, Olvi plc's Board of Directors has not exercised its authorisations to acquire or transfer the company's own Series A shares granted by the General Meeting.

Olvi plc held a total of 12,400 of its own Series A shares on 1 January 2010. The total purchase price of treasury shares was 222 thousand euro. Olvi plc has not acquired more treasury shares or transferred them to others in January-December

2010, which means that the number of Series A shares held by the company was unchanged at 12,400 shares at the end of 2010.

Series A shares held by Olvi plc as treasury shares represented 0.12 percent of the share capital and 0.03 percent of the aggregate number of votes. The treasury shares represented 0.15 percent of all Series A shares and associated votes.

OLVI PLC SERIES A SHARES AND THE STOCK MARKET

Olvi's share capital at the end of December 2010 stood at 20.8 million euro. The total number of shares was 10,379,404, of these 8,513,276 or 82.0 percent being Series A shares and 1,866,128 or 18.0 percent Series K shares. Each Series A share carries one (1) vote and each Series K share carries twenty (20) votes. Series A and Series K shares have equal rights to dividends.

The Olvi A share was quoted on Nasdaq OMX Helsinki (Helsinki Stock Exchange) at 30.70 euro at the end of 2010 (26.49 at the end of 2009). In January-December 2010, the highest quote for the Series A share was 31.45 euro and the lowest quote was 24.01 euro. The average price was 28.05 euro (19.29 in 2009).

At the end of December 2010, the market capitalisation of Series A shares was 261.4 (225.5) million euro and the market capitalisation of all shares was 318.6 (275.0) million euro. 1,628,258 Series A shares were traded in January-December 2010 (2,223,423 in 2009). The value of trading was 45.7 (42.4) million euro. The traded shares represented 19.1 (26.1) percent of the total number of Series A shares.

The number of shareholders at the end of December 2010 was 8,089 (7,289). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 18.9 percent of the total number of book entries and 6.4 percent of total votes.

STOCK EXCHANGE RELEASES AND FLAGGING NOTICES IN 2010

In addition to regular financial statements and interim reports, Olvi issued a stock exchange release on 24 September 2010, upgrading its earnings outlook for 2010. Olvi estimated that its commensurate full-year operating profit for 2010 would clearly outperform the previous year. The company's commensurate operating profit in 2009 amounted to 24.5 million euro. The company's previous estimate was that commensurate operating profit for 2010 would be on a par with 2009.

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 favours 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.

CAPITAL AND 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 Group's risk management contributes to the achievement of targets set by top management, making efforts to avoid unwanted operational and financial surprises. Furthermore, risk management aims to identify and utilise any business opportunities that may arise. Risk management aims for a proactive way of operating, a comprehensive picture and a starting point in business strategy.

Management of financing and interest rate risks

The main principle of capital and risk management is to maintain Olvi Group's strong financial position and to ensure that the Group's financing needs can be fulfilled cost-efficiently also under critical financial market conditions. The Group also wants to ensure that its liquidity will cover financing needs in both the short and the long term. Responsibility for Olvi Group's financing tasks is centralised in the parent company Olvi plc.

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.

Foreign exchange risks

As an international group of companies, Olvi is exposed to fluctuations in foreign exchange rates. 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.

Other risks

Olvi Group's business operations are exposed to risks that may arise from changes in the operating environment or events caused by operations.

The Group aims to minimise production risks through well-functioning processes and related documentation, automation, an efficient quality management system, as well as clear procedures for decision-making and supervision.

The realisation of personnel risks is prevented through sound management, backup person systems, training, job rotation, development of occupational safety and incentive systems that promote commitment. The Group aims to reduce the turnover of competent personnel by ensuring a positive working atmosphere and good working conditions.

Olvi Group aims to improve the flexibility of its cost structures in order to maintain competitiveness also when sales volumes fluctuate and change. The most substantial risks to profitability targets include the availability of raw materials and packaging, increases in their cost, increases in personnel and logistics costs, as well as changes in the overall beverage market. The Group aims to reduce risks related to the availability and price fluctuations of inputs in production by entering into annual agreements with well-known and long-term contracting partners. Olvi Group's earnings development may be endangered if the Group is unable to transfer increases in the costs of production, personnel or logistics into product prices at the correct time or if it does not achieve its profitability targets.

Insurance policies have been taken out to prepare for property damage or business interruptions. Insurance coverage is reviewed annually.

A risk survey is included in the requirements of the quality management system in use, and is updated annually. The most substantial identified risks and action plans to prevent risks are included in the targets of all teams. This ensures that risks are monitored systematically and that response to any situation requiring remedies is quick.

BUSINESS RISKS AND UNCERTAINTIES IN THE NEAR TERM

The economic recovery in the Baltic states may turn to a weakening track again, which would result in a steeper downturn in the overall beverage market in these countries. Weakening consumer purchasing power would cause a decline in demand for more expensive products and shift it towards a lower price bracket, which would cause a decline in net sales and profitability of the companies operating in the area.

Downturns in the economic situation may affect customers' solvency and the schedule of payments, leading to credit losses. The control of accounts receivable has been intensified in order to prevent credit loss risks. On the other hand, credit loss risk is reduced by the fact that Olvi Group's customer base is wide and distributed in several countries.

Consumer confidence in economic development and the still low level of interest rates are stabilising the development outlook for consumer demand in Finland. However, increases in all types of taxes and increasing regulation that restricts operations, together with the consequences of any disturbances in the financial markets, create substantial incertainty with regard to economic development.

Operations in Belarus are exposed to country risks: The unforeseeable nature of actions taken by officials, as well as rapid changes in legislation, its interpretation and implementation may hinder business operations and slow down the completion and utilisation of investments in the country. The economic situation in Belarus may also see a downturn, which would hinder Lidskoe Pivo's growth opportunities and may cause a decline in profitability.

NEAR-TERM OUTLOOK

Olvi Group has a good starting position for 2011. Profitability is expected to remain on the good level of 2010.

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 39.7 (40.5) million euro of distributable funds on 31 December 2010, of which profit for the period accounted for 7.5 (6.0) 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 1.00 euro shall be paid for 2010 on each Series K and Series A share, totalling 10.4 (8.3) million euro. The dividend represents 41.5 (37.2) 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, 12 April 2011. It is proposed that the dividend be paid on 19 April 2011.
2) 29.3 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 2010 can be found at www.olvi.fi under "Financial reports".

FINANCIAL REPORTS IN 2011

Olvi Group's financial statements, Board of Directors' report and Corporate Governance Statement 2010 will be published on 17 March 2011. The notice to convene Olvi plc's Annual General Meeting, which will be held on 7 April 2011 in Iisalmi, will be published on 17 March 2011. 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 2011:

Interim report from
January to March on 28 April 2011
Interim report from
January to June on 11 August 2011
Interim report
from January to September on 27 October 2011

Further information:

Lasse Aho, Managing Director,
phone +358 17 838 5200 or +358 400 203 600

OLVI PLC

Board of Directors

OLVI GROUP

CONSOLIDATED INCOME STATEMENT

	Note	1 Jan - 31 Dec 2010 EUR 1,000	%	1 Jan - 31 Dec 2009 EUR 1,000	%
NET SALES	1	**267 509**	**100.0**	**244 165**	**100.0**
Increase (+)/decrease (-) in inventories of finished and unfinished products		-1 683	-0.6	1 615	0.7
Manufacture for own use		57	0.0	62	0.0
Other operating income	3	717	0.3	4 348	1.8
Materials and services		109 674	41	105 026	43.0
Personnel expenses	6	37 021	13.8	35 230	14.4
Depreciation and impairment	5	18 640	7.0	17 530	7.2
Other operating expenses	4	70 782	26.5	64 640	26.5
OPERATING PROFIT		**30 485**	**11.4**	**27 764**	**11.4**
Financial income	8	514	0.2	2 315	0.9
Financial expenses	9	-1 831	-0.7	-3 069	-1.3
Financial expenses - net		-1 317		-754	
PROFIT BEFORE TAXES		**29 168**	**10.9**	**27 010**	**11.1**
Income taxes	10	-3 909	-1.5	-4 001	-1.6
NET PROFIT FOR THE PERIOD		**25 259**	**9.4**	**23 009**	**9.4**
Other comprehensive income items:					
Translation differences related to foreign subsidiaries		557	0.2	-6 117	-2.5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**25 816**	**9.7**	**16 892**	**6.9**
Distribution of profit					
- Parent company shareholders		24 954	9.3	22 297	9.1
- Minority		305	0.1	712	0.3
Distribution of comprehensive profit:					
- Parent company shareholders		25 405	9.5	17 467	7.2
- Minority		411	0.2	-575	-0.2
Ratios calculated from the profit belonging to parent company shareholders:					
Undiluted earnings per share (EUR)		2.41		2.15	

The notes constitute an essential part of the financial statements.

OLVI GROUP

CONSOLIDATED FINANCIAL STATEMENTS 2010

CONSOLIDATED BALANCE SHEET

	Note	31 Dec 2010 EUR 1,000	%	31 Dec 2009 EUR 1,000	%
ASSETS					
Non-current assets					
Tangible assets	12	124 857		125 268	
Goodwill	13	17 169		17 176	
Intangible assets	13	1 134		953	
Financial assets available for sale	15	545		288	
Non-current assets held for sale	2	333		0	
Loan receivables and other non-current receivables	16	137		143	
Deferred tax receivables	19	1 682		909	
Total non-current assets		**145 857**	**61.8**	**144 737**	**61.0**
Current assets					
Inventories	17	35 124		35 355	
Accounts receivable and other receivables	18	47 270		48 703	
Liquid assets	20	7 891		8 402	
Total current assets		**90 285**	**38.2**	**92 460**	**39.0**
TOTAL ASSETS		**236 142**	**100.0**	**237 197**	**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	-222		-222	
Translation differences		-4 402		-4 853	
Retained earnings		109 750		92 746	
Total shareholders' equity held by parent company shareholders		**126 977**	**53.8**	**109 522**	**46.2**
Minority interest		2 277	1.0	2 764	1.2
Total shareholders' equity		**129 254**	**54.7**	**112 286**	**47.3**
Non-current liabilities					
Loans	23	35 607		33 900	
Other liabilities		1 755		2 201	
Deferred tax liabilities	19	1 847		1 581	
Current liabilities					
Loans	23	7 578		26 238	
Accounts payable and other liabilities	24	60 101		60 991	
Total liabilities		**106 888**	**45.3**	**124 911**	**52.7**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**236 142**	**100.0**	**237 197**	**100.0**

The notes constitute an essential part of the financial statements.

OLVI GROUP

CONSOLIDATED CASH FLOW STATEMENT

	Note	2010 EUR 1,000	2009 EUR 1,000
Cash flow from operations			
Net profit for the period		25 259	23 009
Adjustments:	27		
Depreciation and impairment	5	18 640	17 530
Unrealised foreign exchange gains and losses		-1 522	-1 539
Financial income	8	-514	-2 315
Financial expenses	9	1 831	3 069
Income taxes	10	3 909	4 001
Other adjustments		-92	-49
Change in net working capital:			
Increase (-)/decrease (+) in current interest-free accounts receivable and other receivables		637	-2 141
Increase (-)/decrease (+) in inventories		313	-2 566
Increase (+)/decrease (-) in current interest-free liabilities		-2 439	2 356
Interest paid		-1 848	-3 538
Interest received		514	663
Taxes paid		-2 767	-3 014
Cash flow from operations (A)		**41 922**	**35 466**
Cash flow from investments			
Investments in tangible assets		-17 419	-17 457
Investments in intangible assets		-522	-265
Capital gains on disposal of tangible and intangible assets		376	345
Expenditure on other investments		-257	-2
Cash flow from investments (B)		**-17 822**	**-17 379**
Cash flow from financing			
Withdrawals of loans		25 000	20 912
Repayments of loans		-41 288	-40 775
Acquisition of treasury shares	21	0	-160
Increase (-) / decrease (+) in current interest-bearing business receivables		-2	-
Dividends paid		-8 321	-5 411
Cash flow from financing (C)		**-24 611**	**-25 434**
Increase (+)/decrease (-) in liquid assets (A+B+C)		**-511**	**-7 346**
Liquid assets 1 January		8 402	15 748
Liquid assets 31 December	20	7 891	8 402
Change in liquid assets		-511	-7 346

The notes constitute an essential part of the financial statements.

OLVI GROUP

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

EUR 1,000	SHAREHOLDERS' EQUITY HELD BY PARENT COMPANY SHAREHOLDERS						
	A	B	C	D	E		
Shareholders' equity 1 Jan 2009	20 759	1 092	-63	-23	72 339	11 618	105 722
Payment of dividends					-5 552		-5 552
Acquisition of treasury shares			-159				-159
Profit arising from the acquisition of minority shares					3 662		3 662
Total comprehensive income for the period				-4 830	23 009	-1 287	16 892
Share of profit belonging to the minority					-712	712	0
Change in minority interest						-8 279	-8 279
Shareholders' equity 31 Dec 2009	20 759	1 092	-222	-4 853	92 746	2 764	112 286

EUR 1,000	SHAREHOLDERS' EQUITY HELD BY PARENT COMPANY SHAREHOLDERS						
	A	B	C	D	E		
Shareholders' equity 1 Jan 2010	20 759	1 092	-222	-4 853	92 746	2 764	112 286
Payment of dividends					-8 345		-8 345
Profit arising from the acquisition of minority shares					395		395
Total comprehensive income for the period				451	25 259	106	25 816
Share of profit belonging to the minority					-305	305	0
Change in minority interest						-898	-898
Shareholders' equity 31 Dec 2010	20 759	1 092	-222	-4 402	109 750	2 277	129 254

A = Share capital
B = Other reserves
C = Treasury shares reserve
D = Translation difference
E = Accrued earnings
F = Minority interest
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 2010.

Olvi plc's Board of Directors has approved the disclosure of these financial statements at its meeting on 24 February 2011.
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 2010. 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.

The consolidated financial statements have been prepared on the basis of original cost with the exception of investments 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 with regard to application of the accounting policies. 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.

Intra-Group shareholdings have been eliminated using the purchase method. 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 Group adheres to the principle that transactions carried out with minority shareholders are handled similarly to those carried out with parties external to the Group. Transfers to minority shareholders create gains and losses that are recognised in the income statement. When shares are purchased from minority shareholders, goodwill is generated, referring to the difference between the consideration given and the book value of the acquired proportion of the subsidiary's net assets.

The distribution of profit for the financial period between the parent company's shareholders and the minority is presented in connection with the income statement, and the share of equity belonging to the minority is presented as a separate item within shareholders' equity in the balance sheet. The maximum amount recognised in the consolidated financial statements as the minority's share of accrued losses is the amount of the investment.

Business combinations between enterprises under common control

Business combinations between enterprises under common control have been accounted for on the basis of original cost. The so-called Parent Company model applies to the acquisition of minority interests; the difference between the acquisition cost and acquired equity is recognised as goodwill.

Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible of allocating resources to the operating segments and assessing their performance, is identified to be the Group's Managing Director making strategic decisions.

Conversion of items in foreign currency

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

Transactions denominated in foreign currency have been converted into the functional currency at the exchange rate valid on the transaction date. 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 on the income statement. 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 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. 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 shareholders' equity. 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 a foreign entity and adjustments made to obtain fair value are handled at the Group level, which means that exchange rate fluctuations do not affect these values in the consolidated financial statements.

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 corresponds to the share of acquisition cost of an entity acquired after 1 January 2004 that exceeds the Group's share of the fair value of the entity on the date of acquisition. 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 geographical segments reported to top management. Goodwill is recognised at original cost deducted by impairment.

Research and development costs

Research 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. 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
Others	5 years

Lease agreements

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. Estimated 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 has one incentive scheme in which payments are made either in share-based bonuses or in cash. 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.

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.
An operational restructuring provision is recognised when the Group has prepared a detailed restructuring plan and started its implementation or disclosed the matter. A restructuring plan includes at least the following information: the business operations associated with the arrangement, the principal sites affected by the arrangement, the locations, tasks and estimated number of the people that will receive compensation for termination of employment, the costs that will be realised and the time of implementing the plan. No provisions are recognised for costs associated with the Group's continuous operations.

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 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

Income consists of the fair value of consideration received or to be received for the sales of beverages and other brewery-related commodities during the course of the Group's ordinary business. Income is presented less value-added tax, 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. 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. 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 2010.

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 sector in which management has applied said consideration is the classification of existing lease agreements into finance lease and other lease agreements.
Leases on equipment related to information systems are considered to be other lease agreements because according to the management's understanding, under these lease arrangements, the risks and benefits characteristic of ownership remain with the lessor. All lease agreements other than these are finance lease agreements.

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 assesses the realisation of estimates and assumptions, as well as changes in the underlying factors, jointly with the management of subsidiaries 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, mainly goodwill, brands and trademarks, 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 2009, with the exception of the following new standards, interpretations and revisions to existing standards that are in force as of 1 January 2010.

IFRS 3 (Revised), Business Combinations. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be recognised as expenses.
The revised standard has affected business combinations taking place after 1 January 2010.
The revision of the standard has not had any effect on the consolidated financial statements because no business combinations have taken place in 2010.

IAS 27 (Revised), Consolidated and Separate Financial Statements. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group has applied the revised standard to transactions with non-controlling interests since 1 January 2010.
The Group has acquired 3.74 percent of the stock of OAO Lidskoe Pivo and 0.07 percent of the stock of A/S Cesu Alus from non-controlling shareholders.

IFRIC 12, Service Concession Arrangements. The interpretation applies to contractual arrangements in which a private entity engages in the development, financing or implementation of public services or the upkeep of infrastructure.
The interpretation has no effect on the consolidated financial statements.

IFRIC 15, Agreements for the Construction of Real Estate. The interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue* and, accordingly, when revenue from the construction should be recognised.
The interpretation has no effect on the consolidated financial statements.

IFRIC 16, Hedges of a Net Investment in a Foreign Operation. IFRIC 16 clarifies the accounting for hedges of a net investment in a foreign operation. This means that hedging a net investment in a foreign operation relates to differences in the functional currency rather than the presentation currency. Furthermore, the holder of a hedging instrument can be any Group company. The provisions of IAS 21, *The Effects of Changes in Foreign Exchange Rates*, apply to

the hedged item.
The interpretation has no effect on the consolidated financial statements, the Group has not applied hedging.

IFRIC 17, Distributions of Non-cash Assets to Owners. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 was simultaneously amended to state that assets are categorised as distributable to owners only when they are ready to be distributed in their current state and when distribution is very probable.
The interpretation has no effect on the consolidated financial statements.

IFRIC 18, Transfers of Assets from Customers. The interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services.
The interpretation has no effect on the consolidated financial statements.

IFRIC 9 and IAS 39 (Amendment), Reassessment of Embedded Derivatives on Reclassification. The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements.
The interpretation has no effect on the consolidated financial statements.

IAS 39 (Amendment), Items Acceptable for Hedging. According to the amendment, inflation cannot be separately designated as a hedged portion of a fixed-rate debt. Furthermore, when hedge accounting is applied to options, the time value of an option may no longer be considered as hedging one-sided risk.
The amendment has no effect on the consolidated financial statements because the Group does not apply hedge accounting.

IFRS 2 (Amendment), Share-based Payments – Group Cash-settled Share-based Payment Transactions. The amendment clarifies the scope of IFRS 2. According to the amendment, an entity receiving products or services must comply with IFRS 2 even if the entity is not obliged to settle share-based transactions in cash.
The amendment has no effect on the consolidated financial statements.

In April 2009, the IASB published improvements to 12 standards as part of its annual Improvements to IFRSs. The following is a description of the amendments that the Group adopted in 2010 but that did not have an effect on the consolidated financial statements:

IFRS 2 (Amendment), IFRS – Scope. The amendment confirms that in addition to business combinations as defined by IFRS 3 (revised), contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2.
The amendment has no substantial effect on the consolidated financial statements.

IFRS 5 (Amendment), Long-term Assets Held for Sale and Discontinued Operations. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.
The amendment has no substantial effect on the consolidated financial statements.

IFRS 8 (Amendment), Operating Segments. The amendment clarifies that an entity must present a segment's assets in its financial statements only if the information is regularly reported to the chief operating decision maker. Minor technical amendments have also been made to the standard.
The amendment has no substantial effect on the consolidated financial statements.

IAS 1 (Amendment), Presentation of Financial Statements. Clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.
The amendment has no substantial effect on the consolidated financial statements.

IAS 7 (Amendment), Statement of Cash Flows. The amendment is to require that only expenditures that result in a recognised asset in the balance sheet can be classified as investing activities.
The amendment has no substantial effect on the consolidated financial statements.

IAS 17 (Amendment), Leases. Deletion of specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of IAS 17.
The amendment has no substantial effect on the consolidated financial statements.

IAS 18 (Amendment), Revenue. Additional guidance added to the appendix to IAS 18 regarding the determination as to whether an entity is acting as a principal or an agent.
The amendment has no substantial effect on the consolidated financial statements.

IAS 36 (Amendment), Impairment of Assets. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by IFRS 8 (that is, before the aggregation of segments with similar economic characteristics permitted by said standard).
The amendment has no substantial effect on the consolidated financial statements.

IAS 38 (Amendment), Intangible Assets. The amendment clarifies the guidance for determining the fair value of intangible assets acquired in a business combination, and according to the guidance, intangible assets may be combined into one asset if all of them have the same useful life.
The amendment has no substantial effect on the consolidated financial statements.

IAS 38 (Amendment), Intangible Assets. The amendment clarifies the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets.
The amendment has no substantial effect on the consolidated financial statements.

IAS 39 (Amendment), Financial Instruments: Recognition and Measurement. The amendment clarifies that prepayment options, the exercise price of which compensates the lender for loss of interest by reducing the economic loss from reinvestment risk should be considered closely related to the host debt contract.
The amendment has no substantial effect on the consolidated financial statements.

IAS 39 (Amendment), Financial Instruments: Recognition and Measurement. The amendment to the exemption concerning the scope of IAS 39 under paragraph 2 (g) clarifies that: (a) IAS 39 does not apply to binding (forward) contracts between an acquirer and a seller in a business combination to buy an acquiree at a future date and that the term of the forward contract should not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (b) the exemption should not be applied to option contracts that on exercise will result in control of an entity, nor by analogy to investments in associates and similar transactions.
The amendment has no substantial effect on the consolidated financial statements.

IAS 39 (Amendment), Financial Instruments: Recognition and Measurement. The amendment clarifies that gains or losses from a hedge on future cash flows should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss.
The amendment has no substantial effect on the consolidated financial statements.

IFRIC 9 (Amendment), Reasssessment of Embedded Derivatives. The amendment to the scope of IFRIC 9 clarifies that it does not apply to possible reassessment, at the date of acquisition, of embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture.
The amendment has no substantial effect on the consolidated financial statements.

IFRIC 16 (Amendment), Hedges of a Net Investment in a Foreign Operation. The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group. Before the amendment, a hedging instrument could not be held by the hedged entity itself. It is assumed that the designation, documentation and effectiveness requirements of IAS 39 are satisfied.
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 2011:

IAS 24 (Revised), Related Party Disclosures. The revised standard clarifies and simplifies the definition of related parties, and 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 will adopt the revised standard in its financial statements 2011. The amendment will not have any 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 will not have any substantial 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 will not have any effect on the consolidated financial statements.

IFRIC 14 (Amendment), Prepayments of a minimum funding requirement. The amendment rectifies the unwanted effect arising from interpretation IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". Without the amendments, entities would not be permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not the intention when IFRIC 14 was published, and the purpose of these amendments is to rectify the problem.
The amendment will not have any effect on the consolidated financial statements.

IASB published improvements to seven standards or interpretations in July 2010 as part of its annual Improvements to IFRSs. The improvements are still subject to endorsement by the European Union. The Group will adopt the changes in its financial statements for 2011 after the EU's endorsement. The following is a list of changes that, according to Group management, may 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.
Group management is assessing the effect of the amendments 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.
Group management is assessing the effect of the amendment 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.
Group management is assessing the effect of the amendment 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.
Group management is assessing the effect of the interpretation 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.

Group management is assessing the effect of the interpretation 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 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 2012 or later:

IFRS 9, Financial Assets: Classification and Measurement. The part of IFRS 9 pertaining to the classification and measurement of financial assets was published in November 2009. It is the first phase of a process intended to replace IAS 39 'Financial Instruments: Recognition and Measurement' with a new standard. IFRS 9 includes new requirements on the classification and measurement of financial assets and will probably affect the accounting for financial assets within the Group.
The Group will probably adopt the new standard in 2013 at the earliest. However, the EU has not yet endorsed the amendment. The management is currently assessing the standard's effect on the consolidated financial statements. The standard may have an effect on the accounting for financial assets within the Group.

IFRS 9, Financial Liabilities: Classification and Measurement. The second part of IFRS 9 was published in October 2010. It complements the first phase of the IAS 39 revision published in November 2009 with regard to the classification and measurement of financial assets. According to the new standard, the recognition and measurement of financial liabilities should be unchanged with the exception of financial liabilities to which the fair value option applies.
The Group will probably adopt the amendment in 2013 at the earliest. However, the EU has not yet endorsed the amendment. The new standard is not expected to affect the accounting for financial liabilities in the Group.

IFRS 7 (Amendment), Disclosures: Transfers of Financial Assets. The amendment adds disclosure requirements related to risk exposures derived from transferred assets. The amendment extends the requirements for detailed notes to apply also to transfers of financial assets that have been derecognised in full but where the transferer still has a continuous interest. The amendment may cause additions to notes disclosed with the financial statements in the future.
The Group will adopt the amendment in its financial statements 2012. The EU has not yet endorsed the amendment. Group management is assessing the effect of the interpretation on the consolidated financial statements.

IAS 12 (Amendment), Deferred Taxes. IAS 12 previously required an entity to estimate which part of the carrying value of an item measured at fair value is recoverable through use (for example, rental income) and which part through sale (capital gain). The amendment introduces a presumption that certain assets measured at fair value are recovered entirely by sale. The presumption applies to deferred tax arising from investment properties, property, plant and equipment or intangible assets that are measured using the fair value model or revaluation model.
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.

Notes to the Consolidated Financial Statements

1. Segment information

Segment information is presented in accordance with the Group's division into geographical segments. 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 2010 and 2009

1,000 litres	Finland	Estonia	Latvia	Lithuania	Belarus	Elimination	Group
Sales in 2010	136 832	124 772	68 705	59 075	111 323	-28 794	471 913
Sales in 2009	129 671	113 362	58 935	51 746	87 453	-22 144	419 023

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	40 254	0	267 509
Internal sales	239	5 247	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
Interest income							514
Interest 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 2009 in accordance with asset locations

EUR 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Elimination	Group
INCOME							
External sales	104 316	60 578	26 897	22 617	29 756	0	244 165
Internal sales	195	4 616	3 139	2 027	532	-10 508	0
Total net sales	104 511	65 194	30 036	24 644	30 288	-10 508	244 165
EARNINGS							
Operating profit for the segment	9 596	10 156	1 019	909	5 797	286	27 763
Interest income							2 315
Interest expenses							-3 069
Income taxes							-4 001
Net profit for the period							23 009
OTHER INFORMATION							
Segment assets	151 135	96 534	36 495	28 233	33 311	-144 584	201 123
Unallocated company-level assets							36 074
Total consolidated assets							237 197
Segment liabilities	38 669	8 645	3 039	2 822	4 243	46 026	103 444
Unallocated company-level liabilities							21 467
Total consolidated liabilities							124 911
Investments	4 489	3 321	1 694	1 561	8 274	0	19 340
Unallocated company-level investments							29 068
Total investments							48 408
Depreciation	5 803	4 211	3 271	2 214	2 111	-79	17 530

Geographical segments 2010 in accordance with customer locations

EUR 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Others/ Elimination	Group
INCOME							
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

Geographical segments 2009 in accordance with customer locations

EUR 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Others/ Elimination	Group
External sales	99 571	59 962	27 008	23 035	28 287	6 301	244 165
Internal sales	1 351	2 310	2 973	3 681	194	-10 508	0
Total net sales	100 922	62 272	29 980	26 717	28 481	-4 208	244 165

2. Non-current assets held for sale

EUR 1,000	2010	2009
Non-current assets held for sale	333	0
Total	333	0

Non-current assets held for sale consisted mainly of a filling line decommissioned by the parent company Olvi plc.

3. Other operating income

EUR 1,000	2010	2009
Sales gains on property, plant and equipment	98	71
Rental income	96	106
Others	523	4 171
Total	**717**	**4 348**

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

4. Other operating expenses

EUR 1,000	2010	2009
Sales losses and scrapping of property, plant and equipment	224	135
Rental costs	2 575	2 528
External services	42 982	37 374
Others	25 001	24 603
Total	**70 782**	**64 640**

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

5. Depreciation and impairment

EUR 1,000	2010	2009
Depreciation on tangible assets:		
Buildings	3 198	3 195
Machinery and equipment	13 479	12 654
Other tangible assets	1 621	1 347
Total depreciation on tangible assets	18 298	17 196
Depreciation on intangible assets:		
Intangible rights	8	-0
Other intangible assets	334	334
Total depreciation on intangible assets	341	334
Total	**18 640**	**17 530**

6. Costs of employee benefits

EUR 1,000	2010	2009
Wages and salaries	31 436	29 688
Pension costs - defined contribution	2 721	2 524
Other personnel expenses	2 864	3 018
Total	**37 021**	**35 230**

Group personnel on average during the period	2010	2009
Finland	378	377
Estonia	312	337
Latvia	207	206
Lithuania	195	195
Belarus	959	961
Total	**2 051**	**2 076**

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 257 thousand euro of R&D costs recognised as expenses in 2010 (257 thousand in 2009), corresponding to 0.1% (0.1 %) of net sales.

8. Financial income

EUR 1,000	2010	2009
Dividend income from investments held as fixed assets	3	3
Interest income from bank deposits	462	2 203
Other interest and financial income	50	110
Total	**514**	**2 315**

Interest income from bank deposits includes 114 thousand euro of exchange rate gains (1,646 euro in 2009).

9. Financial expenses

EUR 1,000	2010	2009
Interest expenses on finance lease contracts	291	280
Interest expenses on financial liabilities measured at original amortised cost	1 480	2 758
Net losses from interest rate derivatives	60	32
Total	**1 831**	**3 069**

10. Income taxes

EUR 1,000	Note	2010	2009
Tax based on the taxable income for the period		3 859	3 882
Deferred taxes, tax on previous losses of AB Ragutis		-121	0
Deferred taxes, change in the fair value of derivatives	19	-16	-8
Deferred taxes, change in depreciation difference	19	265	167
Deferred taxes, internal margin on inventories		-5	-4
Deferred taxes, share-based bonuses		-74	-33
Deferred taxes, finance leasing	19	1	-3
Total		**3 909**	**4 001**

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	2010	2009
Earnings before tax	29 168	27 009
Taxes calculated at the home country's rate	7 584	7 022
Effect of different tax rates for foreign subsidiaries	-3 703	-3 054
Tax effect of non-deductible items	28	33
Taxes from previous accounting period	0	0
Taxes in income statement	**3 909**	**4 001**

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 12,400 of its own Series A shares on 31.12.10. A more detailed account of treasury shares is provided in note 21. Notes concerning shareholders' equity.

	2010	2009
Profit belonging to parent company shareholders (EUR 1,000)	24 954	22 297
Weighted average number of shares during the period (1,000)	10 379	10 379
Effect of treasury shares (1,000)	-12	-8
Weighted average number of shares for the calculation of EPS (1,000)	10 367	10 371
Undiluted earnings per share (euro per share)	2,41	2,15

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 2010, Olvi Group did not have 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 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	0	0	0	0	0	0
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
ccumulated 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.

EUR 1,000	Land and water properties	Buildings	Machinery and eqpt	Other tangible assets	Advance payments and unfinished purchases	Total
Acquisition cost 1 Jan 2009	1 851	76 599	167 033	11 314	6 660	263 457
Increase	0	2 299	13 021	1 869	8 369	25 558
Transfer to non-current assets classified as held for sale	0	0	0	0	0	0
Decrease	0	-1 092	-5 797	-1 082	-8 295	-16 267
Exchange rate differences	-0	-20	-37	-5	4	-58
Acquisition cost 31 Dec 2009	1 851	77 786	174 219	12 095	6 738	272 690
Accumulated depreciation and impairment 1 Jan 2009	0	26 778	97 802	6 849	0	131 430
Depreciation	0	3 195	12 654	1 347	0	17 196
Decrease	0	-15	-967	-199	0	-1 181
Exchange rate differences	0	-3	-17	-4	0	-23
Accumulated depreciation and impairment 31 Dec 2009	0	29 955	109 473	7 993	0	147 421
Book value 1 Jan 2009	1 851	49 821	69 230	4 465	6 660	132 027
Book value 31 Dec 2009	1 851	47 831	64 747	4 102	6 738	125 269

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
12/31/2010			
Acquisition cost	3 266	1 860	5 126
Accumulated depreciation	-1 209	-865	-2 074
Book value	2 056	995	3 051

EUR 1,000	Machinery and eqpt	Other tangible assets	Total
12/31/2009			
Acquisition cost	3 011	2 701	5 711
Accumulated depreciation	-1 128	-1 558	-2 687
Book value	1 882	1 142	3 025

13. Intangible assets

EUR 1,000	Goodwil	Development costs	intangible rights	Other intangible assets	Total
Acquisition cost 1 Jan 2010	22 153	60	9 549	8 928	40 690
Increase			45	490	534
Decrease	-7				-7
Exchange rate differences				-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.

EUR 1,000	Goodwil	Development costs	intangible rights	Other intangible assets	Total
Acquisition cost 1 Jan 2009	15 720	111	9 546	8 616	33 993
Increase	6 433	0	3	314	6 751
Decrease	0	-51	0	-2	-53
Exchange rate differences	0	0	0	0	-0
Acquisition cost 31 Dec 2009	22 153	60	9 549	8 928	40 690
Accumulated depreciation and impairment 1 Jan 2009	4 977	60	9 213	7 976	22 227
Depreciation	0	0	0	334	334
Exchange rate differences	0	0	0	0	-0
Accumulated depreciation and impairment 31 Dec 2009	4 977	60	9 213	8 311	22 560
Book value 1 Jan 2009	10 743	51	333	639	11 766
Book value 31 Dec 2009	17 176	0	336	617	18 130

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 284 thousand euro is allocated to the Latvian segment and 6,498 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 generally based on financial plans for the next three years. 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 9.84 (2009 10.48), in Latvia 11.28 (11.33), in Lithuania 10.67 (10.48) and in Belarus 11.66 percent. Estimated sales and production volumes are based on existing fixed assets.

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**	**2010**	**2009**
Book value 1 January		288	288
Increase		257	0
Book value 31 December	26	**545**	**288**

16. Receivables

EUR 1,000	**Liitetieto**	**2010**	**2009**
Loans receivable	26	14	14
Other non-current receivables		123	129
Total		**137**	**143**

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

17. Inventories

EUR 1,000	**2010**	**2009**
Materials and supplies	24 956	25 379
Unfinished products	1 687	1 800
Finished products/goods	8 037	7 834
Other inventories	444	342
Total	**35 124**	**35 355**

Non-marketability deductions on inventories have been booked for 1,716 thousand euro in 2010 (835 thousand euro in 2009).

18. Accounts receivable and other receivables

EUR 1,000	**Liitetieto**	**2010**	**2009**
Accounts receivable	26	43 003	44 213
Prepayments and accrued income	26	2 397	3 710
Other receivables	26	1 870	780
Total		**47 270**	**48 703**

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 279 thousand euro of credit losses on accounts receivable (901 thousand euro in 2009).
There are no significant credit risk concentrations associated with receivables.

Maturity distribution of accounts receivable

EUR 1,000	**2010**	**2009**
Not due	40 396	39 172
Overdue less than 1 month	1 710	2 540
Overdue more than 1 but less than 3 months	390	1 319
Overdue more than 3 but less than 6 months	99	501
Overdue more than 6 months	408	682
Total	**43 003**	**44 213**

Accounts receivable by currency

	2010	**2010**	**2009**	**2009**
		EUR 1,000		EUR 1,000
EUR	23 317	23 316	26 355	26 355
EEK	115 865	7 405	106 418	6 801
LVL	2 243	3 162	2 347	3 308
LTL	14 311	4 145	12 441	3 603
BYR	16 855 880	4 951	16 944 666	4 114
RUB	992	24	1 329	31

19. Deferred tax receivables and liabilities

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 Ragutis	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 receivables 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**

The Group's unused tax losses for which no tax receivable has been recognised amounted to 12,706 thousand euro at the end of the accounting period (15,441 thousand euro in 2009).
Of the deferred tax liabilities, 1,844 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, 76,318 thousand euro in 2010, as the criteria under IAS 12, 39 are fulfilled.

Changes in deferred taxes during 2009:

Deferred tax receivables EUR 1,000	31 Dec 2008	Recognised through profit and loss	31 Dec 2009
Share-based bonuses to management	0	33	33
Fair valuation of derivatives	23	8	31
Deferred tax for OAO Lidskoe Pivo	1 036	-202	835
Internal margin on inventories	6	4	10
Total	**1 065**	**-157**	**909**

Deferred tax receivables EUR 1,000	31 Dec 2008	Recognised through profit and loss	31 Dec 2009
Property, plant and equipment	1 416	156	1 572
Finance leasing	5	3	8
Total	**1 421**	**159**	**1 580**

20. Liquid assets

EUR 1,000	Note	**2010**	**2009**
Cash and bank accounts	26	7 891	8 402
Total		7 891	8 402

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 share-holders (1000)	Number of A share-holders (1000)	Share capital	Share premium account	Treasury shares	Total
1/1/2009	1 866	8 512	20 759	857	-63	21 533
Acquisition of treasury shares		-10			-159	-159
12/31/2009	1 866	8 502	20 759	857	-222	21 394
Acquisition of treasury shares						0
12/31/2010	1 866	8 502	20 759	857	-222	21 394

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 2009). The minimum number of K shares is 1.5 million. The par value of the shares is 2.00 euro per share. The Group's maximum share capital is 60.0 million euro (60.0 million euro in 2009), and the minimum 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 2010.
The total purchase price of treasury shares was 222 thousand euro.

Olvi plc has not acquired more treasury shares or transferred them to others in January-December 2010, which means that the number of Series A shares held by the company is unchanged on 31 December 2010.

Series A shares held by Olvi plc as treasury shares represented 0.12 percent of the share capital and 0.03 percent of the aggregate number of votes. The treasury shares represented 0.15 percent of all Series A shares and associated votes.

On 8 April 2010, 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.

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.

The Board of Directors of Olvi plc has not exercised the acquisition or transfer authorisations granted by the General Meeting between January and December 2010.

Dividends

After the balance sheet date, the Board of Directors has proposed a dividend of 1.00 euro per share for both Series K and Series A shares for 2010, totalling 10.4 million euro.
Dividend for 2009 was paid at 0.80 euro per share, totalling 8.3 million euro. The dividends were paid on 20 April 2010.

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 is a part of the incentive and commitment scheme for the Group's key personnel and its purpose is to combine the objectives of shareholders and key personnel to improve the company's value.

The scheme includes 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 is linked to Olvi Group's net sales and the operating profit percentage in relation to net sales.

The bonuses are payable partially in Olvi plc's Series A shares and partially in cash. The proportion payable in cash covers 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 will be 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 begins when the shares are transferred to the key employees' book-entry accounts.

On the basis of this incentive scheme, a total of 11,838 Olvi plc Series A shares may become payable in 2011 for the second vesting period. If the targets were achieved in full, a total of 48,000 Olvi plc Series A shares would have been paid. From January to December 2010, Olvi Group recognised a total of 385 (195 in 2009) thousand euro of accrued expenses associated with the vesting period 2008-2010.

The target group of the scheme currently includes 20 key employees. The incentive scheme does not have any diluting effect. Olvi Group has no warrants or options.

23. Financial liabilities

EUR 1,000	Note	Balance sheet values 2010	Fair values 2010	Balance sheet values 2009	Fair values 2009
Non-current liabilities					
Loans from financial institutions	26	28 957	28 062	26 300	25 649
Pension loans	26	6 650	5 811	7 600	6 852
Finance lease liabilities	26	1 726	1 726	2 172	2 172
Other liabilities	26	29	29	29	29
Total		**37 362**	**35 628**	**36 101**	**34 702**
Current liabilities					
Loans from financial institution	26	6 629	6 629	24 112	24 112
Pension loans	26	950	950	950	950
Finance lease liabilities	26	1 111	1 111	1 177	1 177
Total		**8 689**	**8 689**	**26 238**	**26 238**

Most of the liabilities have a fixed interest rate or are converted to fixed rate through interest rate swaps. Loans falling due in 2010-2018 with a balance sheet value of 26.3 (19.8) million euro on 31 December 2010 have been converted to fixed interest rates using interest rate swaps. The balance sheet value of fixed-rate loans on 31 December 2010 was 9.8 (16.2) million euro and that of variable-rate loans 10.0 (26.3) million euro.

The Group's financial liabilities on 31 December 2010 consist of loans from financial institutions and a pension insurance company, 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.

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 0.78% to 1.51%, 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	2010	2009
Loans from financial institutions	1.24%-4.38%	1.39% - 5.96%
Interest rate swaps	0.90%-2.77%	0.93% - 5.92%
Finance lease liabilities	2.50%-6.50%	2.50% - 19.10%
Other liabilities	0.13%-0.51%	0.20% - 1.01%

Maturities of finance lease liabilities

EUR 1,000	Note	2010	2009
Finance lease liabilities - total of minimum rents			
Due within one year		1 111	1 177
Within more than one but less than five years		1 726	2 172
After more than five years		0	0
	26	2 836	3 348
Finance lease liabilities - present value of minimum rents			
Due within one year		1 111	1 177
Within more than one but less than five years		1 726	2 172
After more than five years		0	0
	26	3 348	4 377
Total amount of finance lease liabilities	26	3 348	4 377

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

EUR 1,000	2010	2009
in 2010		25 062
in 2011	7 579	6 179
in 2011	6 579	5 150
in 2013	6 579	5 150
in 2014	6 079	4 650
in 2015	5 579	4 150
Later	10 822	8 650
Total	**43 215**	**58 991**

24. Accounts payable and other liabilities

EUR 1,000	Note	2010	2009
Current			
Accounts payable	26	26 009	25 525
Accrued expenses	26	12 402	11 858
Other liabilities	26	21 690	24 784
Total		**60 101**	**62 168**

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

Distribution of accounts payable by currency

	2010	2010 EUR 1,000	2009	2009 1000 EUR
EUR	18 978	18 940	18 174	18 136
EEK	70 871	4 529	57 921	3 702
LVL	450	635	647	912
LTL	4 809	1 393	5 050	1 463
RUB	0	0	1 237	29
USD	154	116	776	539
CHF	1	1	15	10
BYR	1 586 710	396	3 024 972	734

25. Management of financing risks

The Group is exposed to several financing risks in its normal course of business: market risk (including foreign exchange risk, interest rate risk on cash flow and fair value, as well as commodity risk), credit risk and liquidity risk.

The objective of Olvi Group’s risk management is to minimise the adverse effects of changes in the financial markets on the Group’s financial performance, shareholders’ equity and liquidity.

The general principles of the Group’s risk management are approved by the Board of Directors of the parent company Olvi plc, and the parent company’s management together with the management of subsidiaries is responsible for their practical implementation.

Responsibility for Olvi Group’s financing tasks is centralised in the parent company Olvi plc.

I Market risk

I 1. Foreign exchange risk

Olvi Group operates internationally, and its business involves risks arising from exchange rate fluctuations.Foreign exchange risks arise from commercial transactions, in other words cash flows from purchases and sales, as well as investments in foreign subsidiaries and the conversion of their balance sheet items into euro.

The Group's primary trading currencies in 2010 were EUR, EEK, LVL, LTL, BYR and USD.

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 12 thousand euro of exchange rate losses in 2010 (0 euro in 2009). Financial income includes 114 thousand euro of exchange rate gains (1,646 thousand euro in 2009).

The Group has investments in foreign subsidiaries in Estonia, Latvia, Lithuania and Belarus. The Estonian EEK and the Lithuanian LTL are ,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.

If the home currencies (EEK, LVL, LTL, BYR) of all the subsidiaries were 20% weaker against the euro in 2010, with all other factors remaining unchanged, the consolidated operating profit would have fallen 3,248 thousand euro short of the actual figure, amounting to 27,238 thousand euro.

The Group has not engaged in active currency hedging in 2010 or 2009. The need for currency hedging is assessed regularly.

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

The Group's interest rate risk arises from non-current liabilities. Loans expose the Group to interest rate risk on fair value.
Most of the Group's income and operational cash flows are independent of market interest rate fluctuations.

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 situation. Non-current loans are generally taken out with a variable interest rate and converted to fixed rate using interest rate swaps as necessary, which results in a lower interest rate compared to loans taken out directly with a fixed rate.

The Group aims to limit financing costs to a reasonable amount and to manage interest rate risk using available means. In 2010, the interest rate levels in the financial markets were historically low, and the Group exploited the situation by converting variable-rate loans to fixed-rate through interest rate swaps to manage interest rate risk.

On the balance sheet date, fixed-rate loans accounted for 22.7 percent (27.4 in 2009) of interest-bearing loans. 60.9 (15.3) percent of variable-rate loans were converted to fixed-rate through interest rate swaps. Variable-rate loans accounted for 16.4 (57.3) percent of all interest-bearing loans. The principal-weighted average maturity of interest-bearing loans was 6.6 (5.4) years.
The Group's loans in 2010 and 2009 were denominated in euro.

The amount of payment obligations under finance leasing contracts on 31 December 2010 was 3.3 million euro (4.4 million euro in 2009).

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 2010 amounted to 7,100 thousand euro (33,812). A change of two (2) percent in the interest rate level would cause a change of +/- 142 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

Within the scope of its operations, Olvi Group is exposed to commodity risk associated with the availability and price fluctuations of inputs in production. The Group aims to reduce these risks by entering into Group-level and local annual agreements concerning the most critical raw materials, packaging supplies and services with well-known and long-term contracting partners.

II Credit risk

The Group's credit risk arises from wholesale and HoReCa (hotel, restaurant, catering) customers with outstanding accounts receivable.

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 amount of customer-specific accounts receivable is monitored regularly, and the customer's creditworthiness is re-assessed if necessary. 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 13.7 percent (13.6 in 2009) of the Group's total sales.

During the years of the severe economic recession in the Baltic states, Olvi Group intensified its credit control and collection of debts, and imposed stricter creditworthiness requirements on customers. Thanks to these actions, the amount of credit losses recognised in 2010, 279 thousand euro, is less than one-third of credit losses recognised in 2009, 901 thousand euro.

Investments related to cash management are made in liquid money market instruments having a fundamentally low risk.

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

III Liquidity risk

Olvi Group's parent company and subsidiaries prepare monthly rolling cash flow estimates that the Group uses for assessing the amount of financing required for business operations in order to maintain sufficient liquid assets to fund everyday operations and investments, as well as to repay any loans falling due.

The Group aims to secure the availability and flexibility of funding by centralising the management of the Group's liquid assets with the parent company. The Group uses several banks and several forms of financing. The Group aims to secure the availability and flexibility of funding with an account overdraft facility and credit limits. The Group has access to an account overdraft facility of 5 million euro and credit limits of 24 million euro. Some of the facilities are valid until further notice, while some are 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 (9.5 million euro at the end of 2009).

The Group had 7,891 thousand euro of liquid assets on 31 December 2010 (8,402 thousand euro in 2009). The Group's liquidity on the balance sheet date was good. The current ratio on 31 December 2010 was 1.3 (1.1 in 2009).

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 gearing ratio. Gearing is calculated by dividing net debt by total shareholders' equity. Net debt is calculated by subtracting liquid assets from the total amount of interest-bearing debt. Shareholders' equity is calculated as the sum total of shareholders' equity held by parent company shareholders and minority interest.

The gearing ratios were as follows:

EUR 1,000	**2010**	**2009**
Total interest-bearing debt (Note 23)	46 051	62 339
- less liquid assets (Note 20)	-7 891	-8 402
Net debt	38 160	53 937
Shareholders' equity held by parent company shareholders	126 977	109 522
Minority interest	2 277	2 764
Total shareholders' equity	129 254	112 286
Gearing	29.5	48.0

The reduction in gearing in 2010 was mainly attributable to a reduction in interest-bearing debt.

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 26.3 million euro in 2010 and 19.8 million euro in 2009.

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	**2010**	**2009**
Transactions with no associated payment:		
Depreciation	18 640	17 530
Other adjustments	3 613	3 167
Total	**22 253**	**20 697**

Other adjustments consist mainly of income taxes, as well as financial income and expenses.

28. Other lease contracts

The Group as a lessee

EUR 1,000	**2010**	**2009**
Minimum rents receivable on the basis of other non-cancellable leases:		
Due within one year	969	821
Within more than one but less than five years	1 125	842
After more than five years	71	120
Total	**2 164**	**1 782**

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	2010	2009
Minimum rents receivable on the basis of other non-cancellable leases:		
Due within one year	989	1 008
Total	**989**	**1 008**

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

29. Collateral and contingent liabilities

EUR 1,000	2010	2009
Pledges and contingent liabilities		
For own commitments	4 453	6 376
For others	810	810
Package liabilities	3 648	3 317
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 31.12.10.
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	99.37	99,37
AB Ragutis, 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	2010	2009
Managing Directors	668	620
Chairman of the Board	225	222
Other members of the Board	109	110
Total	**1 003**	**952**

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	2010	2009
Fees for statutory audit	103	132
Other services	104	109
Total	**206**	**241**

32. Acquired business operations

Events in 2009

In early October 2008, Olvi Group acquired a majority holding of the Belarusian brewery OAO Lidskoe Pivo through a private placing. The shares were registered in Olvi plc's ownership on 24 December 2008. After the transaction, Olvi plc holds 51 percent of OAO Lidskoe Pivo's share capital and voting rights. The acquisition price of the shares was 11.9 million euro, in addition to which the acquisition cost includes attorneys' and other experts' fees for 0.1 million euro. The acquisition was recognised as preliminary in compliance with the one-year limit under IFRS 3.

	EUR 1,000
Price of shares in private placing	11 926
Costs incurred from the acquisition	119
Total acquisition cost	12 045

The acquisition generated goodwill of 68 thousand euro based on synergy benefits expected from the acquisition of the OAO Lidskoe Pivo brewery.

OAO Lidskoe Pivo is consolidated with Olvi Group as of 31 December 2008, which means that the acquisition has no effect on Olvi Group's income statement or earnings for 2008. The balance sheet of OAO Lidskoe Pivo is consolidated with Olvi Group as of 31 December 2008 using the purchase method.

Belarus constituted a separate geographical segment in Olvi Group's reporting starting from 1 January 2009.

The acquisition cost calculation was adjusted because the fair value of OAO Lidskoe Pivo's property, plant and equipment
declined by 3,205 thousand euro.
Furthermore, an increase of 4,797 thousand euro was capitalised in the original acquisition cost during 2009.
The new goodwill on 31 December 2009 was 6,498 thousand euro.

The adjusted values of acquired assets and assumed liabilities are as follows:

1000 EUR	Change	Fair values recognised at consolidation 12/31/2009	Fair values recognised at consolidation 12/31/2008	Book values before consolidation 12/31/2008
Property, plant and equipment	-3 205	15 025	18 230	16 997
Financial assets available for sale		2	2	
Intangible assets		3	3	1
Deferred tax receivables		1 036	1 036	
Inventories		3 995	3 995	8 931
Current receivables		5 885	5 885	1 827
Liquid assets		10 444	10 444	10 444
Non-current interest-free liabilities		-4	-4	
Non-current interest-bearing liabilities		-1 337	-1 337	-4 687
Current interest-free liabilities		-9 914	-9 914	-5 503
Current interest-bearing liabilities		-4 854	-4 854	-1 616
Net assets	-3 203	20 283	23 486	26 394
Minority interest 49%	1 569	-9 940	-11 509	
Group's share of net assets	-1 633	10 343	11 977	
Acquisition cost	4 797	16 842	12 045	
Goodwill	6 430	6 498	68	
Sales price paid in cash			12 045	
Liquid assets of the acquired subsidiary			-10 444	
Cash flow effect			1 601	

Acquisition of shares from non-controlling shareholders 2010

On 23 August 2010, the Group acquired an additional share of 3.74% in the stock of OAO Lidskoe Pivo for a price of 503 thousand euro. After the acquisition, the Group holds 91.58% of the company's stock. The book value of the company's net assets (excluding goodwill) at the time of acquisition was 23,971 thousand euro.
The share of non-controlling shareholders decreased by 897 thousand euro and retained earnings by 467 thousand euro due to the acquisition.

The following table presents the effect of the change in OAO Lidskoe Pivo's holding on the Group's retained earnings:

	EUR 1,000
Group's holding 1 January 2010	21 078
Effect of increased holding	775
Share of profit	124
Group's holding 31 December 2010	21 977

Acquisition of shares from non-controlling shareholders 2009

On 30 September 2009, the Group acquired an additional share of 36.84% in the stock of OAO Lidskoe Pivo for a price of 4,238 thousand euro.
After the acquisition, the Group holds 87.84% of the company's stock.
The book value of the company's net assets (excluding goodwill) at the time of acquisition was 36,998 thousand euro.
The share of non-controlling shareholders decreased by 13,630 thousand euro and retained earnings by 3,586 thousand euro due to the acquisition.

The following table presents the effect of the change in OAO Lidskoe Pivo's holding on the Group's retained earnings:

	EUR 1,000
Group's holding 1 January 2009	10 936
Effect of increased holding	6 455
Share of profit	1 445
Group's holding 31 December 2009	18 836

OLVI GROUP

Consolidated Financial Ratios 2006 to 2010

BUSINESS VOLUME AND PROFITABILITY

EUR 1,000	2010 IFRS	2009 IFRS	2008 IFRS	2007 IFRS	2006 IFRS
Net sales **)	267 509	244 165	222 124	205 188	169 434
Change, %	9.6	9.9	8.3	21.1	14.9
Operating profit	30 485	27 763	17 478	23 101	18 481
% of net sales	11.4	11.4	7.9	11.3	10.9
Financial income and expenses	-1 317	-754	-3 172	-1 767	-1 244
Profit before tax	29 168	27 009	14 305	21 334	17 237
% of net sales	10.9	11.1	6.4	10.4	10.2
Balance sheet total	236 142	237 197	244 212	186 997	155 993
Cash flow ratio, %	16.4	16.6	12.1	15.0	15.1
Return on investment. % (ROI)	17.7	16.6	11.0	18.7	16.7
Return on equity, % (ROE)	20.9	21.1	13.0	22.8	20.5
Equity to total assets, %	54.7	47.3	43.3	47.7	49.6
Current ratio	1.3	1.1	1.0	1.1	1.2
Gearing, %	29.5	48.0	62.9	45.6	47.3
Gross capital expenditure on fixed assets	24 479	48 408	43 557	25 426	20 933
% of net sales	9.2	19.8	19.6	12.4	12.4
Net investments in fixed assets	23 998	47 448	43 112	23 416	19 751
% of net sales	9.0	19.4	19.4	11.4	11.7
Average number of personnel:					
Olvi plc	378	377	434	389	346
Personnel in Estonia, Latvia, Lithuania and Belarus	1 673	1 699	835	822	780
Total employees	2 051	2 076	1 269	1 211	1 126

PER-SHARE RATIOS

	2010 IFRS	2009 IFRS	2008 IFRS	2007 IFRS	2006 IFRS
Earnings per share (EPS), euro	2.41	2.15	1.22	1.83	1.43
EPS adjusted for dilution from warrants, euro	2.41	2.15	1.22	1.83	1.42
Equity per share, euro	12.25	10.56	9.07	8.61	7.46
*) Pay-out ratio, %	41.54	37.21	40.9	43.7	45.5
Price/Earnings ratio (P/E)	12.8	12.3	12.7	13.1	14.0

The doubled number of shares after the bonus issue in 2006 has been taken into account in the calculation of per-share ratios.

*) The amount of dividend used for calculating the 2010 ratio is the Board of Director's proposal to the Annual General Meeting.
**) Net sales for 2006 have been adjusted for comparability with 2007.

OLVI PLC

PARENT COMPANY'S INCOME STATEMENT (FAS)

	Note	1 Jan - 31 Dec 2010 EUR 1,000	%	1 Jan - 31 Dec 2009 EUR 1,000	%
NET SALES	1	**110 989**	**100.0**	**104 511**	**100.0**
Increase (+)/decrease (-) in inventories of finished and unfinished products		-396	-0.4	1 464	1.4
Manufacture for own use		60	0.1	62	0.1
Other operating income	2	1 122	1.0	368	0.4
Materials and services	3	38 950	35.1	37 797	36.2
Personnel expenses	4	19 242	17.3	18 189	17.4
Depreciation and impairment	8	5 337	4.8	5 237	5.0
Other operating expenses	9	36 617	33.0	35 653	34.1
OPERATING PROFIT		**11 629**	**10.5**	**9 529**	**9.1**
Financial income and expenses	10	-591	-0.5	-831	-0.8
PROFIT BEFORE APPROPRIATIONS AND TAXES		**11 039**	**9.9**	**8 698**	**8.3**
Appropriations	11	-1 020	-0.9	-642	-0.6
Income taxes	12	-2 495	-2.2	-2 089	-2.0
NET PROFIT FOR THE PERIOD		**7 523**	**6.8**	**5 967**	**5.7**

OLVI PLC

PARENT COMPANY'S BALANCE SHEET (FAS)

	Note	31 Dec 2010 EUR 1,000	%	31 Dec 2009 EUR 1,000	%
ASSETS					
FIXED ASSETS					
Intangible assets	13	727		691	
Tangible assets	13	28 129		29 524	
Shares in Group companies	14	76 181		75 674	
Other investments	14	535		278	
TOTAL FIXED ASSETS		**105 572**	**65.7**	**106 167**	**62.2**
CURRENT ASSETS					
Inventories	16	12 531		13 032	
Non-current receivables	17	12 987		20 420	
Current receivables	17	26 674		28 696	
Cash in hand and at bank		3 021		2 502	
TOTAL CURRENT ASSETS		**55 212**	**34.3**	**64 651**	**37.8**
TOTAL ASSETS		**160 784**	**100.0**	**170 817**	**100.0**
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY					
Share capital		20 759		20 759	
Share premium account		857		857	
Legal reserve		127		127	
Retained profit		32 202		34 528	
Net profit for the period		7 523		5 967	
TOTAL SHAREHOLDERS' EQUITY	18	**61 468**	**38.2**	**62 238**	**36.4**
ACCUMULATED APPROPRIATIONS	19	**7 787**	**4.8**	**6 767**	**4.0**
LIABILITIES					
Non-current liabilities		42 970		33 929	
Current liabilities		48 559		67 883	
TOTAL LIABILITIES	20	**91 528**	**56.9**	**101 812**	**59.6**
TOTAL EQUITY AND LIABILITIES		**160 784**	**100.0**	**170 817**	**100.0**

OLVI PLC

PARENT COMPANY'S CASH FLOW STATEMENT

	Note	2010 EUR 1,000	2009 EUR 1,000
Cash flow from operations			
Profit before extraordinary items		11 039	8 698
Adjustments:			
Depreciation according to plan and impairment	8	5 337	5 237
Financial income and expenses	10	591	831
Other adjustments		-387	-45
Cash flow before change in working capital		16 580	14 721
Change in net working capital:			
Increase (-)/decrease (+) in current interest-free accounts receivable and other receivables		1 188	-4 530
Increase (-)/decrease (+) in inventories		501	-3 062
Increase (+)/decrease (-) in current interest-free liabilities-1 444		9 486	
Interest paid		-1 557	-2 907
Interest received		396	140
Taxes paid		-1 299	-1 373
Cash flow from operations (A)		**14 366**	**12 474**
Cash flow from investments			
Investments in tangible and intangible assets		-4 045	-3 297
Capital gains on disposal of tangible and intangible assets		608	137
Expenditure on other investments		-1 506	-25 344
Cash flow from investments (B)		**-4 943**	**-28 505**
Cash flow from financing			
Withdrawals of loans		32 333	20 912
Repayments of loans		-40 776	-34 317
Acquisition of treasury shares	18	0	-160
Increase (-) / decrease (+) in current interest-bearing business receivables		-2	-
Dividends paid	18	-8 279	-5 179
Decrease in non-current loans receivable (+)		7 820	33 510
Cash flow from financing (C)		**-8 904**	**14 766**
Increase (+)/decrease (-) in liquid assets (A+B+C)		**519**	**-1 264**
Liquid assets 1 January		**2 502**	**3 766**
Liquid assets 31 December		**3 021**	**2 502**
Change in liquid assets		**519**	**-1 264**

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.

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	2010	2009
Finland	107 716	100 935
Estonia	707	840
Other exports	2 567	2 736
Total	110 989	104 511

2. Other operating income	2010	2009
Capital gains on disposals of fixed assets	451	46
Others	671	322
Total	1 122	368

3. Materials and services	2010	2009
Materials and supplies (goods):		
Purchases during the year	36 388	36 316
Change in stocks	106	-1 597
Outsourced services	2 456	3 079
Total	38 950	37 797

4. Personnel expenses	2010	2009
Wages, salaries and emoluments	15 492	14 580
Profit-sharing contribution to personnel fund	100	30
Pension expenses	2 721	2 524
Other personnel expenses	930	1 055
Total	19 242	18 189

5. Management salaries and emoluments	2010	2009
Managing Director	348	245
Chairman of the Board	225	222
Other personnel expenses	109	110
Total	683	578

6. Parent company's personnel on average during the period		2010	2009
Full-time	clerical employees	122	118
	workers	178	184
Part-time	clerical employees	0	1
	workers	78	74
Total		378	377

7. Auditors' fees	2010	2009
Fees for statutory audit	26	61
Other services	5	46
Total	31	107

8. Depreciation and impairment	2010	2009
Planned depreciation on tangible and intangible assets	5 337	5 237
Total	5 337	5 237

9. Other operating expenses	2010	2009
Sales freights	14 214	14 324
Costs of marketing and sales	10 886	9 806
Other variable costs	4 904	4 569
Others	6 616	6 955
Total	36 621	35 653

10. Financial income and expenses	2010	2009
Dividend income from Group companies	528	132
Total income from long-term investments	3	3
Other interest and financial income		
From Group companies	386	1 335
From others	71	138
Total	458	1 473
Total dividend income and other interest and financial income	989	1 608
Interest expenses and other financial expenses		
Payable to Group companies	39	0
Payable to others	1 541	2 439
Total	1 579	2 439
Total financial income and expenses	-591	-831

11. Appropriations	2010	2009
Difference between depreciation according to plan and depreciation applied in taxation	1 020	642
Total	1 020	642

12. Income taxes	2010	2009
Income tax on business operations	2 586	2 130
Taxes from previous accounting periods	0	0
Change in deferred tax	-90	-41
Total	2 495	2 089

13. Fixed assets

Intangible assets

	Formation costs	Intangible rights	Development costs	Other Intangible assets	Total
Acquisition cost 1 Jan 2010	6	8 774	1	8 267	17 049
Increase	0	0	0	276	276
Decrease	0	0	0	0	0
Acquisition cost 31 Dec 2010	6	8 774	1	8 543	17 325
Accumulated depreciation and impairment 1 Jan 2010	6	8 774	1	7 577	16 358
Depreciation	0	0	0	239	239
Accumulated depreciation 31 Dec 2010	6	8 774	1	7 816	16 598
Book value 1 Jan 2010	0	0	0	691	691
Book value 31 Dec 2010	0	0	0	727	727

Tangible assets

	Land and water properties	Buildings	Machinery and eqpt	Other tangible assets	Advance payments and unfinishedt purchases	Total
Acquisition cost 1 Jan 2010	1 078	24 939	80 967	49	1 868	108 901
Increase	0	429	4 923	6	322	5 680
Decrease	0	0	-157	0	-1 821	-1 978
Acquisition cost 31 Dec 2010	1 078	25 369	85 733	55	369	112 604
Accumulated depreciation and impairment 1 Jan 2010	0	17 475	62 145	0	0	79 620
Depreciation	0	947	4 151	0	0	5 098
Accumulated depreciation 31 Dec 2010	0	18 422	66 296	0	0	84 718
Book value 1 Jan 2010	1 078	7 464	18 822	49	1 868	29 281
Book value 31 Dec 2010	1 078	6 947	19 437	55	369	27 886

	31 Dec 2010	31 Dec 2009
Book value of production machinery and equipment on 31 December	18 247	17 921

14. Investments

	Shares in Group companies	Other shares	Total investments
Acquisition cost 1 Jan 2010	75 674	278	75 952
Increase	507		507
Decrease	0		0
Acquisition cost 31 Dec 2010	76 181	278	76 459
Book value 31 Dec 2010	76 181	278	76 459

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	99.30	99.30
AB Ragutis, Kaunas, Lithuania	99.57	99.57
OAO Lidskoe Pivo, Lida, Belarus	87.84	87.84

16. Inventories

	2010	2009
Materials and supplies	9 287	9 392
Unfinished products	634	712
Finished products/goods	2 610	2 928
Total	12 531	13 032

17. Receivables

17. Receivables	2010	2009
Non-current receivables		
Loans receivable from Group companies	12 863	20 291
Deposits pledged as collateral	103	109
Prepayments and accrued income	20	20
Total non-current receivables	**12 987**	**20 420**
Current receivables		
Receivables from Group companies		
Accounts receivable	1 221	491
Prepayments and accrued income	220	283
Receivables from Group companies	1 441	774
Receivables from non-Group companies		
Accounts receivable	23 110	26 082
Other receivables	9	2
Prepayments and accrued income	1 960	1 774
Deferred tax receivables	154	64
Total	25 233	27 922
Total current receivables	**26 674**	**28 696**
Total receivables	**39 660**	**49 116**
Deferred tax receivables		
Deferred tax receivables 1 January	64	23
Share-based bonuses to management, change in deferred tax	74	33
Fair valuation of derivatives, change in deferred tax	16	8
Deferred tax receivables 31 December	**154**	**64**

18. Shareholders' equity	2010	2009
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	40 496	39 878
Dividend distribution	-8 294	-5 190
Acquisition / transfer of treasury shares	0	-160
Retained profit 31 December	32 202	34 528
Net profit for the period	7 523	5 967
Total shareholders' equity	**61 468**	**62 238**

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

	2010 qty	2010 euro	2010 votes	2009 qty	2009 euro	2009 votes
Series K (20 votes/share), registered	1 866 128	3 732 256	37 322 560	1 866 128	3 732 256	37 322 560
Series K total	1 866 128	3 732 256	37 322 560	1 866 128	3 732 256	37 322 560
Series A (1 vote/share), registered	8 513 276	17 026 552	8 513 276	8 513 276	17 026 552	8 513 276
Series A total	8 513 276	17 026 552	8 513 276	8 513 276	17 026 552	8 513 276
Total 31 December	10 379 404	20 758 808	45 835 836	10 379 404	20 758 808	45 835 836

Treasury shares

Olvi plc held a total of 12,400 of its own Series A shares on 1 January 2010.
The total purchase price of treasury shares was 222 thousand euro.

Olvi plc has not acquired more treasury shares or transferred them to others in January-December 2010, which means that the number of Series A shares held by the company is unchanged on 31 December 2010.

Series A shares held by Olvi plc as treasury shares represented 0.12 percent of the share capital and 0.03 percent of the aggregate number of votes. The treasury shares represented 0.15 percent of all Series A shares and associated votes.

Olvi Oyj:n yhtiökokous päätti 8.4.2010, peruuttaen samalla käyttämättä olevat omien osakkeiden hankkimisvaltuudet, valtuuttaa Olvi Oyj:n hallituksen yhden vuoden kuluessa yhtiökokouksesta lukien päättämään yhtiön omien A-osakkeiden hankkimisesta voitonjakokelpoisilla varoilla enintään 245 000 A-osaketta.

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.

The Board of Directors of Olvi plc has not exercised the acquisition or transfer authorisations granted by the General Meeting between January and December 2010.

19. Accumulated appropriations

Accumulated appropriations consist of accumulated depreciation difference.

20. Liabilities	2010	2009
Non-current liabilities Loans from financial institutions		
Loans from financial institutions	28 957	26 300
Pension loans	6 650	7 600
Other liabilities	29	29
Total	35 636	33 929
Liabilities to Group companies:		
Other liabilities	7 333	0
Total	7 333	0
Total non-current liabilities	**42 970**	**33 929**
Current liabilities		
Loans from financial institutions	6 629	24 112
Pension loans	950	950
Accounts payable	15 857	15 407
Accrued expenses	9 998	9 146
Other liabilities	14 976	18 064
Total	48 409	67 679
Liabilities to Group companies:		
Accounts payable	149	204
Total	149	204
Total current liabilities	**48 559**	**67 883**
Total liabilities	**91 528**	**101 812**
Accrued expenses		
Provisions for personnel costs	5 129	4 415
Provision for interest on loans	341	357
Unpaid shares of the subsidiary Lidskoe Pivo	2 981	3 724
Other accrued expenses	1 547	651
Total accrued expenses	9 998	9 146
Interest-free liabilities 31 December	48 314	42 821
Liabilities falling due later than five years from now:		
Loans from financial institutions	10 793	12 800

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 is a part of the incentive and commitment scheme for the Group's key personnel and its purpose is to combine the objectives of shareholders and key personnel to improve the company's value.

The scheme includes 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 is linked to Olvi Group's net sales and the operating profit percentage in relation to net sales.

The bonuses are payable partially in Olvi plc's Series A shares and partially in cash. The proportion payable in cash covers 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 will be 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 begins when the shares are transferred to the key employees' book-entry accounts.

On the basis of this incentive scheme, a total of 11,838 Olvi plc Series A shares may become payable in 2011 for the second vesting period. If the targets were achieved in full, a total of 48,000 Olvi plc Series A shares would have been paid.From January to December 2010, Olvi Group recognised a total of 385 (195 in 2009) thousand euro of accrued expenses associated with the vesting period 2008-2010.

The target group of the scheme currently includes 20 key employees.
The incentive scheme does not have any diluting effect.
Olvi Group has no warrants or options.

22. Pledges, contingent liabilities and other commitments	2010	2009
Pledges and contingent liabilities		
For own commitments		
Mortgages on land and buildings	1 336	1 134
Other off-balance sheet liabilities		
Package liabilities	3 648	6 402
Rental liabilities on business premises and land areas	693	845
Other liabilities	3 477	2 477
Total pledges, contingent liabilities and other commitments	**9 154**	**10 859**

23. Leasing liabilities	2010	2009
Due within one year	919	841
Due later	1 391	1 462
Total	2 310	2 303

24. Derivative contracts	Nominal value	Market value	Market value
Johdannaiset	26 286	180	120

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 2010

	Shares	%	Votes	%
Series K shares, registered	1 866 128	18.0	37 322 560	81.4
Series A shares, registered	8 513 276	82.0	8 513 276	18.6
Total	10 379 404	100.0	45 835 836	100.0

Registered share capital, EUR 1,000	20 759

The Series A and Series K shares received a dividend of 0.80 euro per share for 2009 (0.50 euro per share for 2008), totalling 8.3 (5.2) million euro. The dividends were paid on 20 April 2010

Nominal value of A and K shares, EUR	2.00
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 2010

	Series K	Series A	Total	%	Votes	%
1. Olvi Foundation	1 181 952	433 486	1 615 438	15.56	24 072 526	52.52
2. Hortling Heikki Wilhelm *)	450 712	87 472	538 184	5.19	9 101 712	19.86
3. The Heirs of Hortling Kalle Einari	93 552	12 624	106 176	1.02	1 883 664	4.11
4. Hortling Timo Einari	82 912	17 304	100 216	0.97	1 675 544	3.66
5. Hortling-Rinne Marit	51 144	1 050	52 194	0.50	1 023 930	2.23
6. Skandinaviska Enskilda Banken, nominee register		810 878	810 878	7.81	810 878	1.77
7. Nordea Bank Finland plc, nominee register		642 471	642 471	6.19	642 471	1.40
8. Ilmarinen Mutual Pension Insurance Companyn		415 000	415 000	4.00	415 000	0.91
9. Autocarrera Oy Ab		223 000	223 000	2.15	223 000	0.49
10. Kamprad Ingvar		212 600	212 600	2.05	212 600	0.46
11. The Heirs of Vidgren Kalle Einar		178 113	178 113	1.72	178 113	0.39
12. Aktia Capital mutual fund		122 400	122 400	1.18	122 400	0.26
13. FFondita Nordic Micro Cap mutual fund		120 000	120 000	1.16	120 000	0.21
14. Pensionsförsäkringsaktiebolaget Veritas Pension Insurance Company Ltd.		108 800	108 800	1.05	108 800	0.24
15. Laakkonen Hannu		108 036	108 036	1.04	108 036	0.24
16. Evli Select mutual fund		95 514	95 514	0.92	95 514	0.21
17. Lahti Ari		90 000	90 000	0.87	90 000	0.20
18. Odin Finland		85 477	85 477	0.82	85 477	0.19
19. Aktia Secura mutual fund		83 977	83 977	0.81	83 977	0.18
20. Svenska Handelsbanken Ab (publ), Filialverksamheten i Finland		80 838	80 838	0.78	80 838	0.18
Others	5 856	4 584 236	4 590 092	44.22	4 701 356	10.26
Total	1 866 128	8 513 276	10 379 404	100.00	45 835 836	100.00

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

Olvi plc had 8,089 (7,289) shareholders registered in the book-entry system on 31 December 2010, 6 (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 450,712 K shares and 90,472 A shares on 31 December 2010, which represent 5.2 percent of the total number of shares and 19.9 percent of the votes.

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

Shareholders by size of holding on 31 December 2010

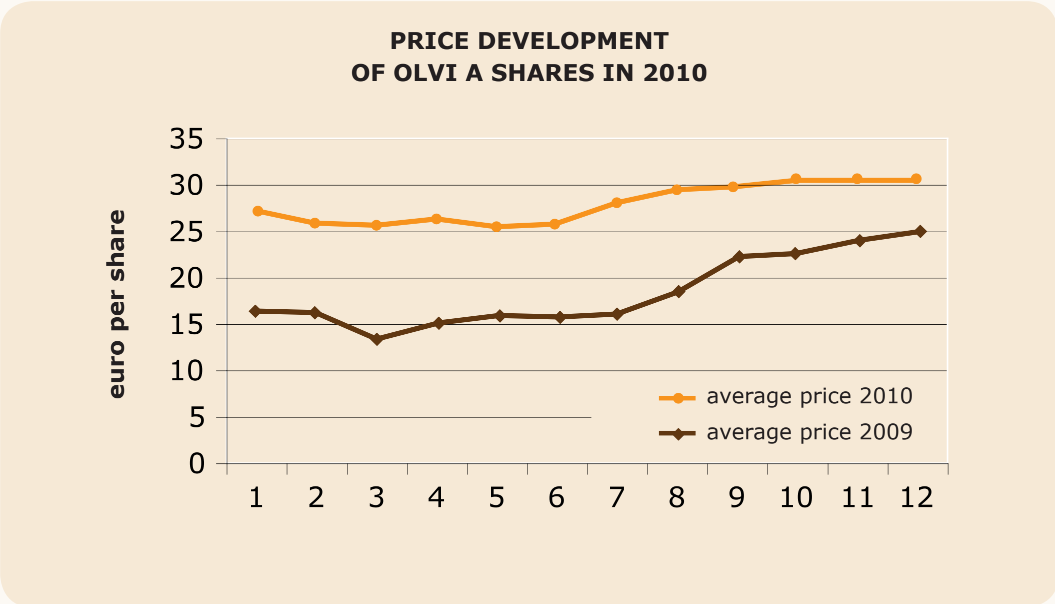
Number of shares	Number of shareholders	% of shareholders	Number of book entries	% of book entries	Number of votes	% of votes
1 - 1000	7 343	90.78	1 591 552	15.33	1 596 416	3.48
1 001 - 10 000	669	8.27	1 709 169	16.44	1 812 569	3.95
10 001 - 500 000	73	0.90	3 466 284	33.40	7 790 836	17.00
500 001 - 999 999 999 999	4	0.05	3 596 879	34.65	34 617 495	75.52
In collective book-entry account			18 520	0.18	18 520	0.04
Total	8 089	100.00	10 379 404	100.00	45 835 836	100.00

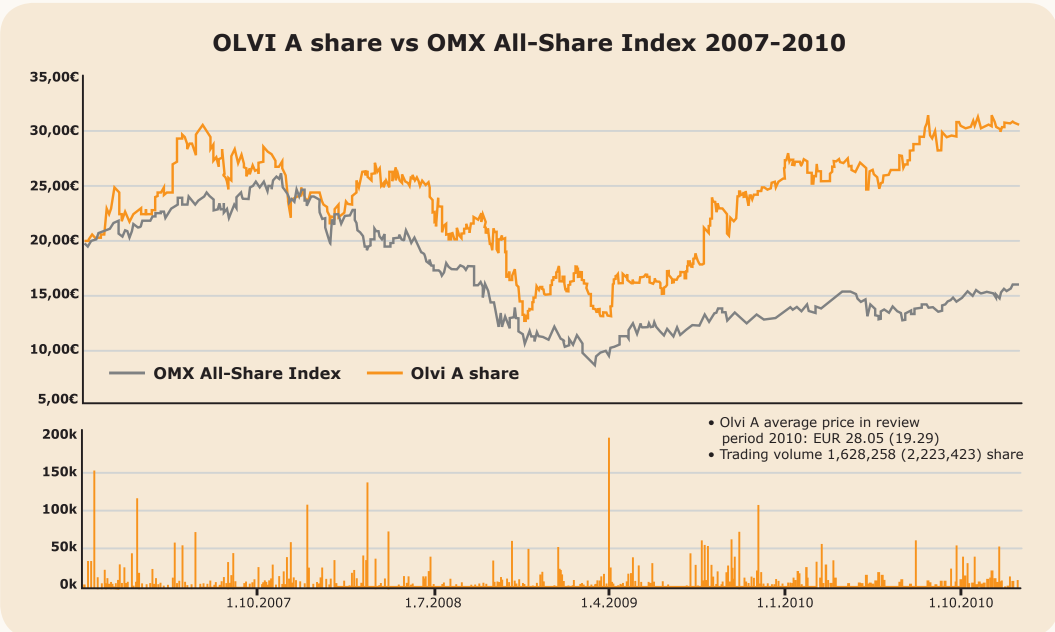
Shareholders by category on 31 December 2010

	Number of shareholders	% of shareholders	Number of book entries	% of book entries	Nominee-registered Number of book entries	% of book entries	Number of votes	% of votes
Businesses	393	4.86	2 487 160	23.96	1 350	0.01	24 945 598	54.42
Financial institutions and insurance companies	37	0.46	612 073	5.90	1 538 308	14.82	2 150 381	4.69
Public sector organisations	6	0.07	656 440	6.32			656 440	1.43
Non-profit organisations	87	1.08	285 292	2.75			285 292	0.62
Households	7 529	93.08	4 356 491	41.97			16 384 099	35.75
Non-Finnish shareholders	37	0.46	423 315	4.08	455		1 395 506	3.04
In collective book-entry account		0.00	18 520	0.18			18 520	0.04
Total	8 089	100.00	8 839 291	85.16	1 540 113	14.84	45 835 836	100.00

Foreign and nominee-registered holdings on 31 December 2010

	Number of shareholders	% of shareholders	Number of book entries	% of book entries	Number of votes	% of votes
Foreign total	36	0.45	423 315	4.08	1 395 051	3.04
Nominee-registered (foreign) total	1	0.01	455	0.00	455	0.00
Nominee-registered (Finnish) total	5	0.06	1 539 658	14.83	1 539 658	3.36
Total	42	0.52	1 963 428	18.92	2 935 164	6.40


PRICE DEVELOPMENT
OF OLVI A SHARES IN 2010
euro per share
35
30
25
20
15
10
5
0
1 2 3 4 5 6 7 8 9 10 11 12
average price 2010
average price 2009


OLVI A share vs OMX All-Share Index 2007-2010
35,00€
30,00€
25,00€
20,00€
15,00€
10,00€
5,00€
OMX All-Share Index
Olvi A share
200k
150k
100k
50k
0k
1.10.2007
1.7.2008
1.4.2009
1.1.2010
1.10.2010
• Olvi A average price in review period 2010: EUR 28.05 (19.29)
• Trading volume 1,628,258 (2,223,423) share

OLVI PLC

Parent Company's Financial Ratios 2006 to 2010

BUSINESS VOLUME AND PROFITABILITY EUR 1,000	2010	2009	2008	2007	2006
Net sales	110 989	104 511	106 291	96 546	79 458
Change, %	6.2	-1.7	10.1	21.5	8.1
Operating profit	11 629	9 529	4 205	8 490	7 012
% of net sales	10.5	9.1	4.0	8.8	8.8
Financial income and expenses	-591	-831	101	1 869	2 099
Profit before extraordinary items	11 039	8 698	4 306	10 359	9 111
% of net sales	9.9	8.3	4.1	10.7	11.5
Profit before provisions and taxes	11 039	8 698	4 306	10 359	9 111
% of net sales	9.9	8.3	4.1	10.7	11.5
Balance sheet total	160 784	170 817	170 492	148 996	131 862
Cash flow ratio, %	12.5	11.3	7.9	12.2	13.9
Return on investment. % (ROI)	10.2	8.3	5.8	10.9	9.7
Return on equity. % (ROE)	12.7	9.9	4.9	10.4	9.5
Equity to total assets, %	41.8	39.4	38.8	47.4	53.5
Current ratio	0.9	0.7	0.6	0.8	0.9
Gearing, %	70.7	84.0	103.7	56.2	48.1
Gross capital expenditure on fixed assets	4 776	3 822	25 572	7 786	1 562
% of net sales	4.3	3.7	24.1	8.1	2.0
Net investments in fixed assets	4 619	3 032	25 683	7 773	1 522
% of net sales	4.2	2.9	24.2	8.1	1.9
Average number of personnel	378	377	434	389	346

PER-SHARE RATIOS	2010	2009	2008	2007	2006
Earnings per share (EPS), euro	0.82	0.64	0.32	0.71	0.63
EPS adjusted for dilution from warrants, euro	0.82	0.64	0.32	0.71	0.63
Equity per share, euro	6.49	6.49	6.37	6.83	7.11
*) Nominal dividend per share. euro	1.00	0.80	0.50	0.80	0.65
*) Effective dividend yield, %	3.26	3.02	2.6	3.3	3.3
*) Pay-out ratio, %	121.3	125.0	155.4	112.9	103.3
Price/Earnings ratio (P/E)	37.3	41.6	48.4	33.9	31.7
Price of Series A share					
- at year-end. euro	30.70	26.49	15.59	24.00	20.00
- high. euro	31.45	26.49	27.00	30.80	20.19
- low. euro	24.01	12.8	12.50	19.50	10.50
- average price. euro	28.05	19.29	20.82	24.14	14.70
Trading volume of A shares	1 628 258	2 223 423	1 622 708	2 286 279	3 052 970
% of all A shares outstanding	19.1	26.1	19.1	26.9	35.9
MEUR Market capitalisation of A shares 31 Dec.	261.4	225.5	132.7	204.3	170.3
MEUR Market capitalisation of K shares 31 Dec.	57.3	49.4	29.1	44.8	37.3
MEUR Total market capitalisation, MEUR	318.6	275.0	161.8	249.1	207.6
Number of shares					
- year's average number, adjusted for share issues **)	10 367 004	10 371 470	10 368 444	10 358 296	10 376 311
- average number of shares adjusted for dilution from warrants **)	10 367 004	10 371 470	10 368 444	10 358 296	10 413 050
- number at year-end, adjusted for share issues **)	10 367 004	10 367 004	10 377 004	10 347 404	10 363 404

*) The amount of nominal dividend has not been adjusted for the effect of the bonus issue. Nominal dividend refers to the dividends paid on each year's number of shares. The amount of dividend used for calculating the 2010 ratio is the Board of Directors' proposal to the Annual General Meeting. The doubled number of shares after the bonus issue in 2006 has been taken into account in the calculation of per-share ratios.
**) Treasury shares held by Olvi plc deducted.

Calculation of Financial Ratios

Cash flow ratio, %	= 100 x	Operating profit+depreciation+financial income and expenses+extraordinary income and expenses-taxes	Net sales
Return on investment, % (ROI)	= 100 x	Profit before taxes+interest and other financial expenses	Balance sheet total - interest-free liabilities (average)
Return on equity, % (ROE)	= 100 x	Profit before taxes - taxes	Shareholders’ equity+minority interest+voluntary provisions and depreciation difference deducted by deferred tax liability (average during the year)
Equity to total assets, %	= 100 x	Shareholders’ equity+minority interest+voluntary provisions and depreciation difference	Balance sheet total-advance payments received
Current ratio	=	Liquid assets+inventories	Current liabilities
Gearing, %	= 100 x	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 +/- minority interest	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 minority interest	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 x	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 x	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 39.7 million euro of distributable funds on 31 December 2010, of which profit for the period accounted for 7.5 million euro.

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

- A dividend of 1.00 euro shall be paid for 2010 on each Series K and Series A share, totalling 10.4 million euro. The dividend represents 41.5 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, 12 April 2011. It is proposed that the dividend be paid on 19 April 2011.

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

Date and Signatures

Signed in Iisalmi, this 24th day of February 2011

Heikki Hortling
Chairman
of the Board

Esa Lager
Vice Chairman
of the Board

Tarja Pääkkönen
Member of the Board

Heikki Sinnemaa
Member of the Board

Harri Sivula
Member of the Board

Lasse Aho
Managing Director

Auditor's Note

A report of the audit has been submitted today.

Signed in Iisalmi, this 15th day of March 2011

PricewaterhouseCoopers Oy

Sami Posti
Authorised Public Accountant

Olvi plc’s Board of Directors 2010

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

Esa Lager

Born 1959
Master of Laws
Master of Science (Economics)
Chief Financial Officer of Outokumpu Oyj
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
Vice Chairman of Olvi plc’s Board of Directors

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 since 2008

Lauri Ratia

Born 1946
Master of Science (Engineering)
Member of Olvi plc’s Board of Directors from 1999 until 8 April 2010

Important positions in other organisations:
Chairman of the Board of Edita Plc since 2005
Chairman of the Board of Sponda Plc since 2007
Chairman of the Board of Medisize Corporation since 2007
Member of the Board of OJSC LSR Group, St. Petersburg, Russia, from 2007 until 30 June 2009
Member of the Board of Inspecta Oy since 2007
Member of the Board of Samesor Oy since 2008, Chairman since 1 November 2009
Chairman of the Board of VR-Group Ltd (Finnish Railways) since 2008
Member of the Board of YIT Corporation since 2009

Harri Sivula

Born 1962
Master of Administrative Sciences
Managing Director of Restel Oy since 2010
Member of Olvi plc’s Board of Directors since 2007

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

Tarja Pääkkönen

Born 1962
Doctor of Technology
Partner of Boardman Oy
Member of Olvi plc’s Board of Directors since 8 April 2010

Important positions in other organisations:
Member of the Board of Marimekko Corporation since 2007
Member of the Board of HYY Group Ltd since 2008
Member of the Board of Severa Oyj since 2010