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FINANCIAL STATEMENTS
2013

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FINANCIAL STATEMENTS 2013

Board of Directors' Report

2013 was a profitable year for the Olvi Group. It was particularly pleasing to see a substantial improvement in the profitability of OAO Lidskoe Pivo in Belarus.

Olvi Group's most essential objectives in 2013 included improving the financial position, reducing the amount of debt, restoring good performance in Belarus, as well as developing and initiating investment programmes that are a prerequisite for near-term profitable growth particularly in Finland, Lithuania and Belarus. These crucial objectives were well-achieved. At the end of the operating year, the Group's equity to total assets ratio was almost 60 percent and the gearing ratio went down to clearly under 30 percent.

After currency conversion, earnings in Belarus amounted to more than 10 million euro, and the profit percentage was slightly over 15 percent. In Finland, the company initiated its largest single investment of all time amounting to 25 million euro. This includes, among other things, a new automated high-bay warehouse with capacity for 13,200 pallets, as well as completely new dispatch and picking rooms. In Belarus, a programme was initiated to substantially increase capacity in filling, boiling and storage, and in Lithuania, preparations were made to introduce a new canning line.

Earnings per share improved slightly on the previous year, coming to 1.61 euro per share. Return on investment exceeded 20 percent, which was among the best of all Finnish listed companies. The depreciation periods for machinery, equipment and real estate were extended to better correspond to their actual lifetimes and industry practice.

Olvi Group's sales volume increased by 5.8 percent to 557.2 million litres. Net sales improvement of 7.3 percent outperformed volume growth, and the net sales figure was 327.3 million euro. Particular reasons for the net sales improvement were growth in export sales from Finland and increased average price in Belarus. Comparable operating profit improved by 8.6 percent to 33.2 million euro. Reported operating profit, adjusted for depreciation, amounted to 43.2 million euro or 13.2 percent of net sales. The sales volume, net sales and operating profit were all-time highs.

Earnings improved in Finland, Estonia and Belarus. These three markets made more than 91 percent of Olvi's operating profit. Comparable operating profits in Latvia and Lithuania declined on the previous year. Operating profit in Estonia was extremely good, almost 20 percent of net sales and improving on the previous year. The most essential reasons for earnings improvement were positive development of exports, as well as development in Belarus under more stable business conditions compared to previous years. Earnings in Belarus were hampered due to hyperinflationary accounting.

Market shares in mild alcoholic beverages improved slightly in Finland, Estonia and Latvia, and clearly in Lithuania and Belarus. Mild alcoholic beverages represent some 80 percent of the Group's aggregate sales.

During the year, the overall market declined slightly, particularly due to excise tax hikes. Even though summer weather was good, the markets did not improve. Towards the end of the year, customers in Finland and Estonia made substantial purchases to top up their stocks before tax hikes affecting alcoholic and sugar-based products. Among the member states of the European Union, Finland has the highest taxes for brewery products and soft drinks. This leads to a decrease in consumption and accelerating growth in private imports. Thanks to substantial purchases into stocks, recorded sales from breweries to customers increased slightly, by 0.6 percent on the previous year (Federation of the Brewing and Soft Drinks Industry, 2013).

Successful new products were introduced in Finland. The overall product portfolio was reduced in order to improve delivery reliability and create opportunities to increase export sales. New products included Tuntematon Sotilas (Unknown Soldier) in beers, OLVI Mexico in long drinks and KevytOlo Birch Sap in mineral waters. The ranges of flavours in ciders and juice-mineral waters were also expanded.

Group-level sales and marketing co-operation

was initiated with Warsteiner, the most widely known German beer worldwide. Co-operation with Heineken was abandoned in the Baltic states. The sales of premium beer by Volfas Engelman in Lithuania increased substantially. In the Baltic states, the design of disposable glass bottles for premium beer was reformed to the latest trends. The labelling was also reformed.
Olvi Group's investments amounted to 35.7 million euro. The most important objectives for investments were capacity increases, improvements in the smooth flow of production and logistics, as well as becoming more flexible to suit the desires of customers and consumers with regard to package sizes.
The Group's joint operations were improved through coordination of investments, development of joint manufacture, centralising the procurement of raw materials and packaging, as well as improving and developing shared educational events. Olvi Leadership Academy, an event of several days of training, was arranged for the members of management teams within the Group, and the Group-wide information bulletin My Olvi was introduced. A job satisfaction survey covering the entire personnel was carried out in all of the companies. The results were good and well-developed in comparison to the reference data and the previous survey of 2011. Job satisfaction and commitment were found to be high in all of the Olvi Group companies.

THE INDUSTRY'S SALES IN 2013

Aggregate domestic sales of the member companies of the Finnish Federation of the Brewing and Soft Drinks Industry amounted to 778.6 million litres in 2013. Domestic sales of beer, cider, long drinks, mineral waters and soft drinks rose by 4.0 million litres, or 0.5 percent. Sales saw growth as stores stocked up at the lower tax rate before the turn-of-year tax rises. These figures are based on sales statistics compiled by members of the Federation of the Brewing and Soft Drinks Industry.

According to breweries' estimates, in December 2013 stores purchased almost 7 million litres more than usual at that time of the year. Without December's purchases, total sales of brewery beverages would have decreased.

The tax on both alcoholic beverages and soft drinks was raised at the beginning of 2014. Beer tax rose by 8.2 per cent and the tax on soft drinks containing sugar rose from 11 cents per litre to 22 cents per litre. Tax steering has clearly impacted on beer and soft drinks.

The consumption of beverages was partly influenced by the general economic situation. The beverage industry has also been put under increasing pressure by stricter regulation. Booze cruises are gaining in popularity, while sales in Finland are falling. The advertisement of alcoholic beverages is now subject to even stricter regulation and taxes have been raised several times over the last few years, both on alcoholic beverages and soft drinks.

High taxes steer consumers towards Estonia. Finland's beer tax is 1.51 euro per litre on 4.7% alc/vol beer. In Estonia, the corresponding tax is only 0.30 euro per litre. Travellers' private imports are already notably higher than on-trade sales in Finland. According to breweries' estimates, Finnish brands now account for only about half of all the beverages brought over from Estonia.

The Finnish brewing industry is downsizing its operations to adapt to higher taxes and increasing private imports. The brewing industry directly employs about 2,000 people in Finland. About 30 per cent of jobs in the industry have already disappeared since 2002.

In 2013, a total of 395.2 million litres of beer were sold. This is almost the same amount as in the previous year – growth was only 0.9 per cent. Hartwall, Nokian Panimo, Olvi and Sinebrychoff sold a total of 38.8 million litres of long drinks and 30.2 million litres of cider. Long drink sales fell by 6.4 per cent and cider sales by 1.6 per cent. Sales of soft drinks remained stable. A total of 247.5 million litres were sold, representing growth of 0.1 per cent. 66.8 million litres of mineral waters were sold, a rise of 5.6 per cent.

DOMESTIC SALES 2013

Beverage	2013 million L	2012 million L	Change million L	Change %
Beer	395.2	391.9	3.4	0.9
Cider	30.2	30.7	-0.5	-1.6
Long drinks	38.8	41.5	-2.6	-6.4
Soft drinks	247.5	247.3	0.2	0.1
Mineral waters	66.8	63.3	3.5	5.6
Total sales	**778.6**	**774.6**	**4.0**	**0.5**

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

OLVI GROUP'S FINANCIAL STATEMENTS 1 JANUARY TO 31 DECEMBER 2013

Olvi Group's sales volume, net sales and operating profit developed favourably in 2013. Earnings per share increased to 1.61 euro. The equity to assets ratio improved.

2013 in brief:

- Olvi Group's sales volume increased by 5.8 percent to 557.2 (526.8) million litres
- The Group's comparable net sales increased by 7.3 percent to 327.3 (304.9)*) million euro
- The Group's reported operating profit made an all-time high of 43.2**) million euro
- The Group's comparable operating profit increased by 8.6 percent to 33.2 (30.5) million euro
- Olvi Group's earnings per share improved by 29.8 percent to 1.61 (1.24) euro per share.
- The Board proposes a dividend of 0.65 (0.50) euro per share.
- the equity to assets ratio improved to 58.0 (54.8) percent and is clearly over the target level

KEY RATIOS

	1-12/2013	1-12/2012	Change %
Net sales, MEUR	327.3	304.9*)	+7.3
Operating profit, MEUR	43.2**)	30.5	+41.5
Gross capital expenditure, MEUR	35.7	29.8	+19.6
Earnings per share, EUR	1.61	1.24	+29.8
Equity per share, EUR	8.14	7.01	+16.1
Equity to total assets, %	58.0	54.8	
Gearing, %	26.4	35.8	

*) The previous year's net sales in Finland have been adjusted for comparability with the year 2013. Net sales reported in the financial statements bulletin for 2012 amounted to 312.2 million euro.

**) A new depreciation policy has been applied to the income statement for 2013. The extended depreciation periods had an effect of 10.1 million euro on the operating profit.

CHANGES IN ACCOUNTING POLICIES STARTING FROM 1 JANUARY 2013

As of the beginning of 2013, the parent company Olvi has accounted for marketing subsidies payable to customers as annual discounts under adjustments to sales. The previous year's net sales figures in these financial statements have been adjusted for comparability with the year 2013. These marketing subsidies were previously recognised under other operating expenses. The change did not affect the parent company's or the Group's operating profit. After the change, Olvi Group companies have a uniform policy of accounting for marketing subsidies.

As of the beginning of the year, Olvi Group's depreciation periods for buildings, production machinery and equipment, as well as storage and fermentation tanks, have been extended to better correspond to their actual economic life and the depreciation policies common in the industry. The new depreciation period for buildings is 30 years, and for production machinery and equipment 15 years. The depreciation period for tanks is 20 years. Due to the change, consolidated depreciation in the period under review declined by 10.1 million euro compared to previous depreciation practice.

OLVI GROUP'S SALES VOLUME, NET SALES AND EARNINGS 2013

Olvi Group's sales volume in 2013 made an all-time high of 557.2 (526.8) million litres. This represents an increase of 30.4 million litres or 5.8 percent. Sales in Finland increased by 11.1 million litres, in Belarus by 15.0 million litres and in the Baltic states by 0.5 million litres. Intra-Group sales declined by 3.8 million litres.

The Group's net sales in 2013 totalled 327.3 (304.9)*) million euro. This represents an increase of 22.4 million euro or 7.3 percent. Net sales development outperformed volume growth in all of the Group's operating areas except Latvia.

Net sales in Finland amounted to 123.6 (113.6)*) million euro, while the aggregate total for the Baltic states was 153.0 (150.5) and the corresponding figure for Belarus was 68.3 (59.0) million euro. Net sales in Finland increased by 10.0 million euro or 8.8 percent, in the Baltic states by 2.5 million euro or 1.7 percent, and in Belarus by 9.3 million euro or 15.7 percent.

Olvi Group's operating profit for January-December stood at 43.2**) (30.5) million euro, or 13.2 (10.0) percent of net sales. The operating profit improved by 12.7 million euro or 41.5 percent. The change in depreciation practice improved operating profit by 10.1 million euro, which means that comparable operating profit improved by 8.6 percent on the previous year to 33.2 million euro.

Operating profit in Finland amounted to 12.8**) (9.1) million euro. The operating profit improved by 3.7 million euro. Aggregate operating profit in the Baltic states improved by 3.3 million euro to 19.7**) (16.4) million euro, and operating profit in Belarus improved by 5.7 million euro to 10.7**) (5.0) million euro. The effects of the extended depreciation periods on the operating profits of different Group companies are described in connection with performance by geographical segments.

The Group's profit after taxes in 2013 improved substantially on the previous year, amounting to 34.2 (26.2) million euro.

Earnings per share calculated from the profit belonging to parent company shareholders in January-December stood at 1.61 (1.24) euro per share. Earnings per share improved by 0.37 euro or 29.8 percent.

SALES VOLUME, NET SALES AND EARNINGS BY GEOGRAPHICAL SEGMENT 2013

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 the time of the year and the characteristics of each season.

PARENT COMPANY OLVI PLC (Olvi)

According to statistics by the Federation of the Brewing and Soft Drinks Industry, the Finnish beverage market in January-December 2013 improved by an approximate total of 4 million litres or 0.5 percent compared to the previous year. The sales of alcoholic products was on a par with the previous year but the sales of non-alcoholic beverages improved by 1.2 percent. Among the alcoholic product groups, the only improvement was seen in beers, 0.9 percent. The sales of ciders declined by 1.6 percent and the sales of long drinks by as much as 6.4 percent. In non-alcoholic products, a clear improvement was made in mineral waters by 5.5 percent but the sales of soft drinks increased only slightly by 0.4 percent. (Federation of the Brewing and Soft Drinks Industry, December 2013).

Olvi's sales in January-December amounted to 159.9 (148.8) million litres. Mostly thanks to increased exports and tax-free sales, the volume improved by 11.1 million litres or 7.5 percent. Among alcoholic products, only the sales of beers increased by a few percent but the sales of ciders and long drinks declined. Olvi retains its position as the market leader in retail sales of long drinks. In non-alcoholic beverages, the sales of soft drinks improved by almost ten percent. The sales of mineral waters also improved but the sales of juice drinks declined clearly on the previous year.

According to statistics by the Federation of the Brewing and Soft Drinks Industry for January-December 2013, Olvi's market share in alcoholic beverages (beers, ciders and long drinks) was on a par with the previous year at 24 percent. In mineral waters, Olvi had a market share of 23 (24), and in soft drinks 5 (5) percent. The total market share in January-December was on a par with the previous year at 18 (18) percent, showing a slight improvement.

In the period under review, Olvi's exports and tax-free sales increased clearly to 19.0 (6.8) million litres, an increase of 12.2 million litres. Olvi's export sales were particularly based on exports of soft drinks to nearby regions. Exports and tax-free sales represented 11.9 (4.6) percent of total sales.

The parent company's net sales in 2013 totalled 123.6 (113.6)*) million euro. Particularly thanks to good development of exports, net sales increased by 10.0 million euro or 8.8 percent.

Olvi's operating profit stood at 12.8**) (9.1) million euro, which was 10.4 (8.0)*) percent of net sales. The operating profit improved by 3.7 million euro or 41.7 percent.

3.6 million euro of the operating profit improvement was attributable to the extended depreciation periods. Comparable operating profit improved by 1.5 percent on the previous year. Olvi's earnings for January-December include a total of 2.3 million euro attributable to performance bonuses to employees, a profit-sharing contribution to the personnel fund, as well as write-downs on inventories (including 0.33-litre glass beer bottles) which were not included in last year's earnings.

AS A. LE COQ (A. Le Coq)

With the exception of ciders and mineral waters, the sales of all other product groups declined in the Estonian beverage market in 2013. The sales of mineral waters increased by 15 percent and ciders by 6 percent. The sales of beers declined by five percent, and the sales of soft drinks and juices by four percent. Sales of long drinks were on a par with the previous year. (Nielsen, October-November 2013).

A. Le Coq retained its strong position in the Estonian beverage market. The company's domestic sales improved by 2.8 million litres or 2.5 percent in spite of the decline in the overall Estonian market.

The company's total sales in 2013 amounted to 129.3 (134.0) million litres. Sales declined by 4.7 million litres or 3.5 percent. The sales decline is due to the fact that intra-Group sales diminished by 8.1 million litres.

The greatest growth was seen in the sales of the company's mineral waters, which increased by 28 percent. The sales of beers and long drinks also increased by a few percent. Sales of ciders were on a par with the previous year. The sales of soft drinks (including kvass) and juices declined.

The company is the clear market leader in long drinks and juices. In beers, the company is in a tight struggle for the number one position, and in ciders and soft drinks it is the number two player. The company has increased its market share in mineral waters and is equal in strength among the top three. (Nielsen, October-November 2013).

The company's exports and tax-free sales increased by 10.5 percent to 5.6 (5.1) million litres. Exports and tax-free sales represented 4.3 (3.8) percent of total sales.

The company's net sales from January to December amounted to 81.3 (80.0) million euro, representing an increase of 1.3 million euro or 1.5 percent. Net sales growth outperformed volume growth thanks to improved average price.

A. Le Coq's financial performance in 2013 was an all-time high. The company's operating profit improved clearly by 3.0 million euro or 22.9 percent. Operating profit stood at 16.0 (13.0) million euro, which was 19.7 (16.3) percent of net sales. 1.7 million euro of the operating profit improvement was attributable to the extended depreciation periods. In addition to increased average price of net sales, the company has improved its production efficiency.

In a competition arranged by the Estonian Chamber of Commerce and Industry and the Estonian Employers' Confederation, A. Le Coq was on 8 October 2013 awarded the most competitive food industry company in Estonia. The purpose of the competition is to identify the most competitive companies in Estonia, to provide them with an opportunity of comparison with similar companies, and to assess their success, achievements and sustainability.

A/S CĒSU ALUS (Cēsu Alus)

The total sales of beer in Latvia declined by three percent in 2013. The cider market declined by 16 percent but the sales of long drinks increased by approximately seven percent.

During the year 2013, Cēsu Alus improved its sales by 7.3 million litres or 10.2 percent, totalling 79.7 (72.4) million litres. The improvement was attributable to increased internal sales to other Olvi Group companies. Domestic sales declined by 2.4 percent.

Among the company's main product groups, an increase of a few percent was seen in long drinks but the sales of beers declined by approximately one percent. The greatest sales decline was seen in ciders, almost 23 percent. However, Fizz cider has retained its strong market share. The sales of soft drinks (including kvass) declined by more than five percent while the sales of juice drinks increased by more than 11 percent in January-December.

The company is a clear market leader in ciders and long drinks (Nielsen, October-November 2013). In the Latvian beer market, Cesu Alus has improved its position and its market share falls only a few percent short of the market leader (Nielsen, December 2013).

The company's net sales in 2013 amounted to 37.6 (36.2) million euro, representing an increase of 1.4 million euro or 3.8 percent.

Cēsu Alus's operating profit in January-December was 2.5 (1.7) million euro, or 6.5 (4.6) percent of net sales. The extended depreciation periods had an effect of 1.7 million euro on the operating profit.

AB VOLFAS ENGELMAN (Volfas Engelman)

The Lithuanian beverage markets declined in 2013 mainly due to stricter alcohol laws and new regulations concerning package sizes: the maximum strength of mild brewery beverages is now limited to 7.5% and the largest single package size to one-litre bottles. The only growth was seen in the sales of long drinks, four percent. The total market in beers declined by seven percent, in ciders as much as 21, and in kvass more than five percent.

Volfas Engelman's sales improved well in the fourth quarter. Total sales in 2013 amounted to 69.6 (71.7) million litres. Sales declined by 2.1

million litres or 2.9 percent. 75 percent of the sales decline is attributable to diminished intra-Group sales. Domestic sales declined by 1.3 percent.

Among the product groups, the sales of soft drinks (including kvass) increased clearly by more than 19 percent, and the sales of long drinks also increased by almost 18 percent. Correspondingly, the sales of ciders declined by almost 14 percent. The sales of the company's beers declined by approximately four percent.

Volfas Engelman has improved its market position in the declining Lithuanian beverage market. In the largest product group, beers, the company is the number three player and has succeeded in clearly increasing its market share on the previous year. The company's market share in beers was 19 (14) percent (Nielsen, October-November 2013). The company is the clear market leader in long drinks and kvass. In ciders it belongs to the top two players. (Nielsen, October-December 2013).
The company's net sales in 2013 were almost on a par with the previous year at 34.1 (34.2) million euro in spite of the slight decline in sales volume.

Operating profit in January-December declined by 0.5 million euro on the previous year to 1.3 (1.8) million euro. Operating profit came to 3.7 (5.1) percent of net sales. The extended depreciation periods had an effect of 0.9 million euro on the operating profit. The company was unable to adapt its operating expenses to the declined sales volume or make sufficient efficiency improvements.

OAO LIDSKOE PIVO (Lidskoe Pivo)

The Belarusian beer market increased in January-December by approximately 7 percent compared to the previous year. At the same time, the sales of ciders declined by approximately 17 percent. The sales of soft drinks (including kvass) increased by some 16 percent.

The total sales of juices and juice drinks increased by almost 60 percent but sales in PET bottles declined by approximately one percent compared to the previous year (Nielsen, October-November 2013).

Lidskoe Pivo's operations developed favourably in 2013. The company's sales amounted to 156.5 (141.5) million litres, representing an increase of 15.0 million litres or 10.6 percent. Among the main product groups, the greatest sales increase was seen in mineral waters, approximately 49 percent. There was also an increase of 10 percent in beer sales. The sales of ciders declined clearly by more than 16 percent, and the sales of juice drinks declined by 5 percent. The sales of soft drinks (including kvass) were on a par with the previous year.

Lidskoe Pivo has retained its market leadership in ciders, kvass and juice drinks. The company's market share in beers has clearly increased on the previous year. The company's market share in soft drinks and mineral waters is approximately 3 percent (Nielsen, October-December 2013). The company is the number two player in the Belarusian beverage industry.

The company's exports increased by 7.0 million litres or 49.3 percent in January-December. Exports made 13.6 (10.1) percent of the company's total sales. The main destinations for exports were Russia, Ukraine, Lithuania and Germany.

The company's net sales stood at 68.3 (59.0) million euro, an increase of 9.3 million euro or 15.7 percent. Factors contributing to net sales growth included favourable development of sales volumes and an improved average price of net sales.

Operating profit increased substantially on the previous year. Operating profit from January to December amounted to 10.7 (5.0) million euro, representing an increase of 5.7 million euro or 114.2 percent. The operating profit represented 15.6 (8.4) percent of net sales. 2.0 million euro of the operating profit improvement was attributable to the extended depreciation periods. Factors contributing to improved operating profit included growth in sales volumes, improved average price of net sales and successful cost control.

FINANCING AND INVESTMENTS

Olvi Group's balance sheet total at the end of December 2013 was 295.7 (269.2) million euro. Equity per share at the end of 2013 stood at 8.14 (7.01) euro. The equity to total assets ratio clearly exceeded Olvi Group's long-term target of 50 percent. The actual figure at the end of December was 58.0 (54.8) percent. The gearing ratio declined clearly on the previous year to 26.4 (35.8) percent. The current ratio, which represents the Group's liquidity, was 1.2 (1.3).

The amount of interest-bearing liabilities at the end of 2013 was 52.8 (58.5) million euro, including current liabilities of 24.3 (16.0) million euro.

Olvi Group's gross capital expenditure in 2013 amounted to 35.7 (29.8) million euro. The parent company Olvi accounted for 19.8 million euro, the Baltic subsidiaries for 7.2 million euro and Lidskoe Pivo for 8.7 million euro of the total.

The largest investments in Finland in 2013 included improving the efficiency of internal logistics, automated warehouse operations and automatic picking, increasing the capacity of the juicing facility and improving the pre-treatment of waste water.

In the Baltic states, A. Le Coq's largest investments include procurements related to improving canning line efficiency, extensions to conveyor systems and acquisition of a can storage hall. Cēsu Alus's investments mainly consisted of extensions to the tank cellar and filtering department, and the acquisition of a light-duty storage hall. Volfas Engelman's largest investments consisted of an extension to the boiling room and the associated control equipment, an extension to the tank cellar and the introduction of a PET bottle format.

Lidskoe Pivo's largest investments in 2013 were the second phase of the fermentation cellar extension, extensions to cooling systems, and the acquisition of a light-duty storage hall.

CHANGES IN CORPORATE STRUCTURE IN 2013

During 2013, Olvi increased its holding in Cēsu Alus by a total of 266 shares, which corresponds to 0.09 percent of the company's share capital. Olvi's holding in Cēsu Alus at the end of December 2013 was 99.76 percent. In November 2013, Olvi also acquired 1,401 shares in Volfas Engelman, corresponding to 0.01 percent of the share capital. Olvi's holding in Volfas Engelman at the end of December 2013 was 99.58 percent.

Olvi holds 100.0 percent of A. Le Coq and 91.58 percent of Lidskoe Pivo. Furthermore, A. Le Coq has a 49.0 percent holding in AS Karme and 20.0 percent holding in Verska Mineraalvee OÜ in Estonia.

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 mostly been recognised as expenses. The main objective of Olvi Group's product development is to create new products for profitable and growing beverage segments.

CORPORATE GOVERNANCE

Olvi 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 has issued a separate corporate governance statement for its accounting period starting 1 January 2013 in connection with the Board of Directors' report and financial statements for 2013. Olvi's corporate governance statement is publicly available on the company's Web site at www.olvi.fi.

Olvi 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 result cards, appraisal discussions and regular feedback. The competence of personnel is maintained through continuous training and development of operations. Olvi issues a separate human resources statement each year for internal use within the company.

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

OLVI GROUP'S MISSION

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

OLVI GROUP'S VISION

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

VALUES:

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

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

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

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

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

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

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

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

NUMBER OF PERSONNEL

Olvi Group's average number of personnel in 2013 was 1,999 (1,977). The Group's average number of personnel increased by 22 people or 1.1 percent. The greatest personnel increase was seen in Belarus due to increased sales volumes. Latvia was the only country where personnel was reduced. The total number of personnel at the end of December 2013 was 1,890 (1,905).

Olvi Group's average number of personnel by country:

	2013	2012	2011
Finland	401	401	383
Estonia	314	313	311
Latvia	215	217	217
Lithuania	216	212	205
Belarus	853	834	916
Total	1,999	1,977	2,032

WAGES, SALARIES AND EMOLUMENTS

	2013	2012	2011
Wages, salaries and emoluments during the year (EUR 1,000)	33,388	31,723	30,360

In accordance with the implementing provisions of the Finnish Corporate Governance Code, Olvi has issued a separate statement of wages, salaries and emoluments for its accounting period starting 1 January 2013 in connection with the Board of Directors' report and financial statements for 2013. The statement has been prepared in accordance with Section 7 (Remuneration), Recommendation 47 of the Code.

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

BONUS SCHEMES

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

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

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

Remuneration schemes

Components of remuneration

The components of remuneration to personnel are as follows:

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

a) Fixed remuneration

Olvi's Board of Directors decides on the terms of service of the Managing Director, which are specified in a written directors' contract. The Board of Directors assesses the Managing Director's performance annually. The terms of service of other top management shall be decided by the Board of Directors on the basis of the Managing Director's proposal. The Managing Director and other management executives shall not receive separate remuneration for their work in the management group or other internal management organs within the Group.

b) Short-term incentives

Short-term incentives are performance bonus schemes in which the monitoring period is one accounting period. The Board of Directors shall decide upon the basis for definition of the incentives. In 2013, the basis for definition of the performance bonus was operating profit. The entire personnel of Olvi is included in the scope of performance bonuses, while in other Group companies, the scope includes the management group members.

Furthermore, Olvi Group's subsidiaries have incentive schemes that cover either the entire personnel or the company's key employees and are based on the achievement of targets specified in performance cards.

c) Long-term incentives

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

Personnel fund

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

MANAGEMENT AND AUDITORS

Olvi's Annual General Meeting held on 10 April 2013 elected the following members to the Board of Directors: Heikki Hortling, M.Sc. (Econ), Iisalmi, Esa Lager, Chief Financial Officer, LL.M., M.Sc. (Econ), Kauniainen, Heikki Sinnemaa, LL.M., Member of the Bar, Iisalmi, Tarja Pääkkönen, Dr.Tech., Helsinki, and Jaakko Autere, M.Sc. (Econ), 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's Managing Director.

OLVI A SHARE AND SHARE MARKET

Olvi's share capital at the end of December 2013 stood at 20.8 million euro. The total number of shares was 20,758,808, of these 17,026,552 or 82.0 percent being publicly traded Series A shares and 3,732,256 or 18.0 percent Series K shares.

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 total trading volume of Olvi A shares on Nasdaq OMX Helsinki in 2013 was 2,601,699 (1,793,149) shares, which represented 15.3 (10.5) percent of all Series A shares. The value of trading was 63.9 (32.8) million euro.

The Olvi A share was quoted on Nasdaq OMX Helsinki (Helsinki Stock Exchange) at 28.60 (19.65) euro at the end of 2013. In January-December, the highest quote for the Series A share was 28.75 (20.43) euro and the lowest quote was 19.70 (14.75) euro. The average share price in 2013 was 24.26 (18.26) euro.

At the end of December 2013, the market capitalisation of Series A shares was 487.0 (334.5) million euro and the market capitalisation of all shares was 593.7 (407.9) million euro.

The number of shareholders at the end of December 2013 was 9,522 (9,091). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 21.3 (17.9) percent of the total number of book entries and 6.9 (6.2) percent of total votes.

Detailed information about Olvi's equity, shares and share capital, largest shareholders as well as foreign and nominee-registered holdings is provided in the notes to the parent company's financial statements concerning equity, shares and share capital (Note 20 and pages 16 to 19 of the balance sheet book).

BOARD OF DIRECTORS' AUTHORISATIONS

On 10 April 2013, Olvi's General Meeting of Shareholders decided to authorise the Board of Directors to decide on the acquisition of a maximum of 500,000 of the company's own Series A shares. The shares were to be acquired in deviation from the pro rata principle among shareholders, using the company's unrestricted equity at the market price at time of acquisition in public trading arranged by NASDAQ OMX Helsinki Ltd.

The Annual General Meeting also decided to authorise the Board of Directors to decide on the issue of a maximum of 1,000,000 new Series A shares and the transfer of a maximum of 500,000 Series A shares held as treasury shares. The new shares can be issued and the treasury shares transferred to the company's shareholders on a pro rata basis in relation to their existing holdings, or a private placing can be executed in deviation from shareholders' pre-emptive rights if a weighty economic reason for this exists from the company's viewpoint, such as financing or execution of corporate acquisitions or arrangements, development of the company's equity structure, improvement of share liquidity or implementation of the company's incentive schemes.

The Board of Directors did not exercise the authorisations granted by the General Meeting during 2013.

TREASURY SHARES

There were no changes in the number of treasury shares held by Olvi during 2013. The number of Series A shares held by Olvi plc as treasury shares on 31 December 2013 was 1,124, and their aggregate acquisition price was 8.5 thousand euro.

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

FLAGGING NOTICES

During 2013, Olvi received one flagging notice in accordance with Chapter 2, Section 10 of the Securities Markets Act when The Family Kamprad Foundation notified on 15 March 2013 that its share of holding had increased to 10.37 percent of Olvi's share capital and 2.35 percent of votes.

ENVIRONMENTAL ISSUES

In accordance with its environmental policy, Olvi is strongly committed to procedures and methods that spare the environment, as well as all laws and recommendations related to its business. The objectives for Olvi's environmental policy are defined annually and realised as objectives on the performance cards. The achievement of environmental targets and related indicators are regularly monitored by top management and designated representatives.

Olvi Group's environmental principles:

- We favour efficient reuse and recycling of packages.
- We route by-products and production waste to recovery.
- In the development of products and procedures, we are 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.
- We aim to increase the use of renewable energy sources whenever technically and economically possible.
- We favour co-operation partners that show environmental responsibility.
- We openly disclose information on our operations and the environmental impacts of our products.
- We encourage our personnel to take responsibility and show innovation also with regard to their work environment and environmental impacts.

Handling of waste and emissions from production, packaging and transports

- The by-products mash and excess yeast are delivered to cattle farms for use as animal feed.
- Raw materials and chemicals are transported to the brewery in tanks and recyclable packages.
- Packaging waste from production, as well as hazardous waste, is sorted at our own waste processing centre and delivered for recycling.
- Olvi's products are packaged exclusively in refillable or recyclable packages. Olvi belongs to the national bottle recycling scheme.
- Wastewater is routed to the process of the local municipal wastewater treatment plant through an equalising tank that reduces biological oxygen-consuming load and a biofilter.
- Most of the production facility's heat requirement is produced by district heating supplemented by the production of a steam facility. This, as well as the transport of goods, generates flue gas emissions, and the fermentation process at the brewery releases carbon dioxide. The wort-boiling process releases a harmless bread-like sweet smell to the vicinity.

Olvi's environmental measures and objectives are described in more detail on the corporate Web site at www.olvi.fi.

In 2009, Olvi 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 is a serious player in our society's joint effort against climate change.

Olvi's environmental permit was granted on 30 September 2003 and is valid until the end of 2014. An application for a new environmental permit is pending.

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

BUSINESS RISKS AND THEIR MANAGEMENT

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

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

Strategic risks

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

Operational risks

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

Raw materials

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

Production process

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

Markets and customers

The Group's business operations are characterised by substantial seasonal variation. The net sales and operating profit from the reported geographical segments do not accumulate evenly but vary substantially according to the time of the year and the characteristics of each season.

Negative changes in the economy may impact consumers' purchasing behaviour and hamper their liquidity. All Group companies employ efficient credit controls as a major method for minimising credit losses.

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

Personnel

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

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

Information security and IT

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

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

Financing risks

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

The objective of financing 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, 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. The objectives of centralisation include optimisation of cash flows and financing costs, as well as efficient risk management.

Financing risks are described in more detail in Note 25 to the consolidated financial statements, Management of financing risks. Financing risks are also described in more detail in the Investors section of the corporate Web site.

BUSINESS RISKS AND UNCERTAINTIES IN THE NEAR TERM

The economic situation in Europe has turned slightly to the better in 2013. However, the development of the beverage markets in Olvi Group's operating area still seems challenging. Total consumption in the local markets is still expected to decline slightly, with consumption shifting more and more to less expensive products. An increase in the unemployment rate and the resulting decline in consumer purchasing power may also have a negative effect on the demand for the company's products.
The most substantial factor hampering the predictability of Olvi Group's business still relates to Belarus and its economic and political outlook for the next few years.
The IAS 29 standard "Financial Reporting in Hyperinflationary Economies" will be applied in Belarus at least until the end of 2014.

NEAR-TERM OUTLOOK

The full-year sales volumes and net sales in 2014 are expected to grow slightly in the current accounting period. The operating profit for 2014 is expected to be on a par with the year 2013.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The parent company Olvi plc had 50.6 (45.1) million euro of distributable funds on 31 December 2013, of which profit for the period accounted for 15.8 (12.6) million euro.

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

- 1) A dividend of 0.65 (0.50) euro shall be paid for 2013 on each Series K and Series A share, totalling 13.5 (10.4) million euro. The dividend represents 40.4 (40.3) 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, 23 April 2014. It is proposed that the dividend be paid on 30 April 2014.

  No dividend shall be paid on treasury shares.

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

FINANCIAL REPORTS IN 2014

Olvi Group's financial statements, Board of Directors' report and Corporate Governance Statement 2013 will be published on 20 March 2014. The notice to convene Olvi plc's Annual General Meeting, which will be held on 16 April 2014 in Iisalmi, will be published on 20 March 2014. 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 2014:

Interim Report for January-March on 30 April 2014, Interim Report for January-June on 14 August 2014 and Interim Report for January-September on 30 October 2014.

Further information:
Lasse Aho, Managing Director, Olvi plc
Phone +358 290 00 1050 or +358 400 203 600

OLVI PLC
Board of Directors

OLVI GROUP

CONSOLIDATED FINANCIAL STATEMENTS 2013

CONSOLIDATED INCOME STATEMENT

	Note	1 JAN TO 31 DEC 2013 EUR 1,000	%	1 JAN TO 31 DEC 2012 EUR 1,000	%
NET SALES	1	**327,256**	**100.0**	**304,891**	**100.0**
Increase (+)/decrease (-) in inventories of finished and unfinished products		-562	-0.2	-369	-0.1
Manufacture for own use		93	0.0	107	0.0
Other operating income	3	983	0.3	1,020	0.3
Materials and services		152,805	46.7	140,717	46.1
Personnel expenses	6	41,734	12.7	38,341	12,6
Depreciation and impairment	5	13,627	4.2	21,822	7.2
Other operating expenses	4	76,383	23.3	74,232	24.3
OPERATING PROFIT		**43,221**	**13.2**	**30,537**	**10.0**
Financial income	8	3,105	1.0	4,871	1.6
Financial expenses	9	-4,501	-1.4	-3,093	-1.0
Share of profit in associates	32	-11	0.0	0	0.0
PROFIT BEFORE TAXES		**41,814**	**12.8**	**32,315**	**10.6**
Income taxes	10	-7,628	-2.4	-6,151	-2.0
NET PROFIT FOR THE PERIOD		**34,186**	**10.4**	**26,164**	**8.6**
Other comprehensive income items:					
Translation differences related to foreign subsidiaries		-2,858	-0.8	527	0.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**31,328**	**9.6**	**26,691**	**8.8**
Distribution of profit:					
- parent company shareholders		33,520	10.2	25,668	8.4
- non-controlling interests		666	0.2	496	0.2
Distribution of comprehensive profit:					
- parent company shareholders		30,886	9.5	26,229	8.6
- non-controlling interests		442	0.1	462	0.2
Earnings per share calculated from the profit belonging to parent company shareholders:					
Undiluted earnings per share (EUR)		1.61		1.24	
Diluted earnings per share (EUR)		1.61		1.24	

The notes constitute an essential part of the financial statements.

OLVI GROUP

CONSOLIDATED BALANCE SHEET

	Note	31 DEC 2013 EUR 1,000	%	31 DEC 2012 EUR 1,000	%
ASSETS					
Non-current assets					
Tangible assets	12	165,783		146,749	
Goodwill	13, 14	17,805		17,730	
Other intangible assets	13	2,701		2,119	
Shares in associates		1,077		1,077	
Financial assets available for sale	15	549		549	
Loan receivables and other non-current receivables	16	349		408	
Deferred tax receivables	19	87		83	
Total non-current assets		**188,351**	**63.7**	**168,715**	**62.7**
Current assets					
Inventories	17	41,178		40,583	
Accounts receivable and other receivables	18	57,705		53,345	
Income tax receivables		848		693	
Other non-current assets available for sale	2	124		163	
Liquid assets	20	7,507		5,698	
Total current assets		**107,362**	**36.3**	**100,482**	**37.3**
TOTAL ASSETS		**295,713**	**100.0**	**269,197**	**100.0**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Total shareholders' equity held by					
parent company shareholders					
Share capital	21	20,759		20,759	
Other reserves	21	1,092		1,092	
Treasury shares	21	-8		-8	
Translation differences		-20,321		-17,687	
Retained earnings		167,420		141,317	
Total shareholders' equity held by parent company shareholders		**168,942**	**57.1**	**145,473**	**54.1**
Share of non-controlling interests		2,597	0.9	1,939	0.7
Total shareholders' equity		**171,539**	**58.0**	**147,412**	**54.8**
Non-current liabilities					
Financial liabilities	23	28,483		42,474	
Other liabilities		0		250	
Deferred tax liabilities	19	3,761		3,200	
Current liabilities					
Financial liabilities	23	24,348		15,996	
Accounts payable and other liabilities	24	66,704		58,669	
Income tax liability	24	878		1,196	
Total liabilities		**124,174**	**42.0**	**121,785**	**45.2**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**295,713**	**100.0**	**269,197**	**100.0**

The notes constitute an essential part of the financial statements.

OLVI GROUP

CONSOLIDATED CASH FLOW STATEMENT

	Note	1-12/2013 EUR 1,000	1-12/2012 EUR 1,000
Cash flow from operations			
Net profit for the period		34,186	26,164
Adjustments:	27		
Depreciation and impairment	5	13,627	21,822
Other adjustments		10,587	7,932
Change in net working capital:			
Increase (-) / decrease (+) in current interest-free accounts receivable and other receivables		-3,267	-330
Increase (-)/decrease (+) in inventories		0	-4,491
Increase (+)/decrease (-) in current interest-free liabilities		5,718	-4,146
Interest paid		-4,246	-2,077
Interest received		530	315
Taxes paid		-7,126	-4,900
Cash flow from operations (A)		**50,009**	**40,289**
Cash flow from investments			
Investments in tangible and intangible assets		-31,975	-23,757
Capital gains on disposal of tangible and intangible assets		220	125
Expenditure on other investments		0	-582
Cash flow from investments (B)		**-31,755**	**-24,214**
Cash flow from financing			
Withdrawals of loans		5,541	32,738
Repayments of loans		-11,180	-36,179
Dividends paid		-10,541	-10,377
Increase (-)/decrease (+) in current interest-free business receivables		1	0
Increase (-) / decrease (+) in non-current loans receivable		55	-265
Cash flow from financing (C)		**-16,124**	**-14,083**
Increase (+)/decrease (-) in liquid assets (A+B+C)		**2,130**	**1,992**
Liquid assets 1 January		**5,698**	**3,836**
Effect of exchange rate changes		**-321**	**-130**
Liquid assets 31 December	20	**7,507**	**5,698**

The notes constitute an essential part of the financial statements.

OLVI GROUP

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	SHAREHOLDERS' EQUITY BELONGING TO PARENT COMPANY SHAREHOLDERS						
EUR 1,000	**A**	**B**	**C**	**D**	**E**	**F**	**G**
Shareholders' equity 1 Jan 2012	**20,759**	**1,092**	**-8**	**-18,248**	**123,286**	**1,341**	**128,222**
Adjustments for hyperinflation					2,685	247	2,932
Adjusted shareholders' equity 1 Jan 2012	**20,759**	**1,092**	**-8**	**-18,248**	**125,971**	**1,588**	**131,154**
Comprehensive income							
Net profit for the period					25,668	496	26,164
Other comprehensive income items							
Translation differences				561		-34	527
Total comprehensive income for the period				**561**	**25,668**	**462**	**26,691**
Transactions with shareholders							
Payment of dividends					-10,379	-14	-10,393
Total transactions with shareholders					**-10,379**	**-14**	**-10,393**
Changes in holdings in subsidiaries							
Acquisition of shares from non-controlling interests					20		20
Change in shares held by non-controlling interests					37	-37	0
Decrease in share capital						-60	-60
Changes in holdings in subsidiaries total				**57**	**-97**	**-40**	
Shareholders' equity 31 Dec 2012	**20,759**	**1,092**	**-8**	**-17,687**	**141,317**	**1,939**	**147,412**

	SHAREHOLDERS' EQUITY BELONGING TO PARENT COMPANY SHAREHOLDERS						
EUR 1,000	**A**	**B**	**C**	**D**	**E**	**F**	**G**
Shareholders' equity 1 Jan 2013	**20,759**	**1,092**	**-8**	**-17,687**	**141,317**	**1,939**	**147,412**
Adjustments for hyperinflation					2,945	271	3,216
Adjusted shareholders' equity 1 Jan 2013	**20,759**	**1,092**	**-8**	**-17,687**	**144,262**	**2,210**	**150,628**
Comprehensive income							
Net profit for the period					33,520	666	34,186
Other comprehensive income items							
Translation differences				-2,634		-224	-2,858
Total comprehensive income for the period				**-2,634**	**33,520**	**442**	**31,328**
Transactions with shareholders							
Payment of dividends					-10,379	-44	-10,423
Total transactions with shareholders					**-10,379**	**-44**	**-10,423**
Changes in holdings in subsidiaries							
Acquisition of shares from non-controlling interests					6		6
Change in shares held by non-controlling interests					11	-11	0
Changes in holdings in subsidiaries total				**17**	**-11**	**6**	
Shareholders' equity 31 Dec 2013	**20,759**	**1,092**	**-8**	**-20,321**	**167,420**	**2,597**	**171,539**

A = Share capital
B = Other reserves
C = Treasury shares reserve
D = Translation differences
E = Retained earnings
F = Share belonging to non-controlling interests
G = Total

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

Notes to the Consolidated Financial Statements

Basic information on the Group

Olvi plc ("the company") and its subsidiaries (jointly "the Group") manufacture beers, ciders, long drinks, mineral waters, juices, soft drinks, energy drinks, sports beverages, 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 2013.

Olvi plc's Board of Directors has approved the disclosure of these financial statements at its meeting on 27 February 2013.
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 approved International Financial Reporting Standards (IFRS), observing the IAS and IFRS standards as well as SIC and IFRIC interpretations valid on 31 December 2013. In the Finnish Accounting Act and regulations enacted by virtue of the Act, International Financial Reporting Standards refer to the standards approved for use in the European Union in accordance with the procedure specified in the EU regulation (EC) No 1606/2002. The notes to the financial statements are also in compliance with Finnish legislation concerning accounting and corporate law that supplements the IFRS regulations.

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

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

Changes in accounting policies starting from 1 January 2013

As of the beginning of 2013, the parent company Olvi plc has accounted for marketing subsidies payable to customers as annual discounts under adjustments to sales. The net sales figures for 2012 presented in these financial statements have been adjusted for comparability with the year 2013. These marketing subsidies were previously recognised under other operating expenses. The change did not affect the parent company's or the Group's operating profit. After the change, Olvi Group companies have a uniform policy of accounting for marketing subsidies.

As of the beginning of 2013, Olvi Group's depreciation periods for buildings, production machinery and equipment, as well as storage and fermentation tanks, have been extended to better correspond to their actual economic life and the depreciation policies common in the industry. The new depreciation period for buildings is 30 years, and for production machinery and equipment 15 years. The depreciation period for tanks is 20 years.

Consolidated Accounting Policies

Subsidiaries

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

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

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

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

Associates

Associates in which the Group holds 20 to 50 percent of voting rights or in which the Group exercises significant power but has no position of control are consolidated using the equity method. A share of profit in associates corresponding to the Group's share of holding has been calculated in accordance with the Group's holding and presented as a separate item in the income statement after financial income and expenses. If the Group's share of an associate's losses exceeds the book value of the investment, the investment is recognised in the balance sheet at zero value, and losses exceeding the book value are not taken into account unless the Group is otherwise committed to the fulfilment of the associate's obligations.

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.
Olvi Group's operating segments consist of the Group's geographical operating areas, which are Finland, Estonia, Latvia, Lithuania and Belarus.

A more detailed description of the Group's segment information is presented in the notes to the consolidated financial statements, Note 1. Segment information.

Conversion of items in foreign currency

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

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

The income and expense items within the income statements of non-Finnish consolidated companies that use a functional currency other than the Group's presentation currency (and that do not operate in hyperinflationary economies) have been converted into euro at the average exchange rates for the accounting period, which refers to the averages of the mean exchange rates quoted by the European Central Bank on the last day of each month. Balance sheet items have been converted into euro at the mean exchange rate quoted by the European Central Bank on the balance sheet date. The different exchange rates applicable to the conversion of profit or loss on the income statement and balance sheet result in a translation difference recognised in shareholders' equity on the balance sheet, and any change in this difference is recognised in other comprehensive income items. Translation differences arising from the elimination of the acquisition cost of foreign Group companies, as well as translation differences arising from equity items accumulated after the acquisition, are recognised in other comprehensive income items. When a subsidiary is divested in full or in part, accumulated translation differences are recognised in the income statement as part of the sales gain or loss.

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

Inflation accounting

Belarus was listed as a hyperinflationary economy in December 2011. The 2011, 2012 and 2013 financial statements of the subsidiary OAO Lidskoe Pivo registered in Belarus have been adjusted in accordance with IAS 29, "Financial Reporting in Hyperinflationary Economies". Items denominated in BYR currency have been adjusted using the Belarusian general consumer price index. Adjustments have been made monthly starting from December 2008.

The adjustment factors applied from December 2008 to December 2013 are as follows:

12/2008	3.5789
12/2009	3.2579
12/2010	2.9611
12/2011	1.4190
12/2012	1.1660
13/2013	1.0000

The values do not represent market values, repurchase values or other fair values used in actual transactions. In the conversion of the 2013 financial statements, monetary receivables and liabilities have not been reassessed using a conversion factor but they have been converted into euro using the exchange rate between BYR and euro valid on the closing date of the reporting period. The same procedure has also been applied to other non-monetary balance sheet items measured at fair value. On the other hand, other non-monetary balance sheet items as well as income statement items have been converted using the corresponding conversion factor values.

Monthly averages of the conversion factor have been applied to income statement items. The impact of the inflation factor on the company's monetary net position arising from the procedure has been included in financial income and/or expenses as a profit or loss. A change in tax accruals corresponding to the financial statement adjustments has been recognised in deferred tax liabilities.

The income and expense items within OAO Lidskoe Pivo's income statement, as well as the company's balance sheet, have been converted into euro at the mean exchange rate quoted by the Belarusian Central Bank on the balance sheet date, in accordance with IAS 29.

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

Property, plant and equipment

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

Asset items are depreciated by the straight-line method over their estimated useful life. Depreciation is not booked on land areas. Estimated useful lives as of 1 January 2013 are the following:

Buildings	20 to 40 years
Underground shelter	4 years
Plant machinery and equipment	15 to 20 years
Other fixed assets	5 years

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

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

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

Borrowing costs

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

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

Government grants

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

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

Intangible assets

Goodwill

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

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

Research and development costs

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

Trademarks and development costs	10 years
Computer software	5 years
Others	5 years

Leases

The Group as a lessee

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

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

The Group as a lessor

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

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

Impairment

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

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

Impairment testing

Olvi Group carries out annual impairment testing of goodwill, intangible and tangible assets and net operating capital, 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 is based on actual costs and manufacturing volumes and comprises raw materials, direct expenses due to work performed, other direct expenses, as well as a proportion of the variable and fixed overheads of manufacturing based on actual manufacturing volumes. Net realisable value refers to estimated sales price available through normal business operations, deducted by estimated costs of finishing the product and costs of sale.

Employee benefits

Pension obligations

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

Share-based payments

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

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

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

The Group does not have any share-based arrangements or payments at present.

Provisions

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

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

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

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

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

Taxes

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

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

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

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

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

Principles for recognition of income

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

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

Products sold

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

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

Rental income

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

Interest

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

Dividends

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

Long-term assets held for sale and discontinued operations

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

Financial assets and liabilities

Financial assets

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

Loans and receivables

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

Financial assets available for sale

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

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

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

Liquid assets

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

Impairment of financial assets

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

Financial liabilities

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

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

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

Derivative contracts and hedge accounting

Olvi Group treats derivative contracts in the manner prescribed in the standard IAS 39 Financial Instruments: Disclosure and Presentation. All interest rate 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.

Fixed currency swaps taken out for the purpose of hedging against foreign exchange risk associated with loans denominated in foreign currency are recognised at original cost.

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 2013.

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

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

Management consideration associated with the selection and application of accounting policies

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

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

Factors of uncertainty associated with estimates

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

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

Determining the fair value of assets acquired in a business combination

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

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

Impairment testing

The Group carries out annual impairment testing of goodwill, unfinished intangible and tangible assets and net operating capital, 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 and upcoming IFRS standards applicable to accounting periods beginning on or after 1 January 2013

The consolidated financial statements have been prepared in accordance with the same accounting policies used in 2012, with the exception of the following new standards, interpretations and revisions to existing standards that the Group has applied since 1 January 2013.

Subject	Crucial requirements	Effective date
Amendment to IAS 12 "Income Taxes" concerning deferred taxes	The amendment applies to companies that have investment property. IAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment has no substantial effect on the consolidated financial statements.	applicable in the EU as of 1 January 2013
Amendment to IAS 1 "Presentation of Financial Statements" concerning other comprehensive income items	The main change is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in other comprehensive income. The Group has adopted the amendment as of 1 January 2013. It has no effect on the consolidated financial statements.	1 July 2012
Amendment to IAS 19 "Employee Benefits"	This amendment eliminates the corridor approach and calculates finance costs on a net funding basis. All actuarial profits and losses must be accounted for immediately in other comprehensive income. The amendment has no effect on the consolidated financial statements.	1 January 2013
Amendment to IFRS 7 "Financial Instruments: Disclosures" concerning the offset of assets and liabilities	New requirements for notes to the financial statements are imposed with the aim of improving the description of situations where different financial instruments can be set off. The amendment has no effect on the consolidated financial statements.	1 January 2013
Annual improvements 2011	Improvements published as a result of the 2009–2011 round will cause changes to the following standards: IAS 1, "Presentation of Financial Statements" IAS 16, "Property, Plant and Equipment" IAS 32, "Financial Instruments: Presentation" IAS 34, "Interim Financial Reporting" The amendments have no effect on the consolidated financial statements.	1 January 2013
IFRS 13 "Fair Value Measurement"	The purpose of IFRS 13 is to increase uniformity of fair value measurement and impose new requirements on notes to the financial statement when an IFRS standard requires or allows fair value accounting. The standard defines fair value on the basis of the exit price that would be received on the valuation date from the sale of an asset or a payment made to transfer a debt in a normal business transaction carried out between the market participants. The standard has no substantial effect on the consolidated financial statements.	1 January 2013

IFRS standards, interpretations and amendments coming into force later

The following is a list of standards and interpretations that have been published but will enter into force on a date later than 1 January 2013.

Subject	**Crucial requirements**	**Effective date**
Amendment to IFRSs 10, 11 and 12 on transition guidance	These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Group will adopt the amendments as of 1 January 2014. The amendments will not have any effect on the consolidated financial statements.	applicable in the EU as of 1 January 2014
IFRS 10 “Consolidated Financial Statements”	The aim of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The principles of control are defined, and control is established as the basis for consolidation. The standard sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. The standard also sets out the accounting requirements for the preparation of consolidated financial statements. The Group will adopt the standard as of 1 January 2014. It will not have any effect on the consolidated financial statements.	applicable in the EU as of 1 January 2014
IFRS 11 “Joint Arrangements”	IFRS 11 is a more realistic reflection of joint arrangements. It focuses on the rights and obligations arising from the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group will adopt the standard as of 1 January 2014. It will not have any substantial effect on the consolidated financial statements.	applicable in the EU as of 1 January 2014
IFRS 12 “Disclosures of Interests in Other Entities”	IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group will adopt the standard as of 1 January 2014. As a result of the adoption, the Group will extend the scope of its disclosures of interests in other entities.	applicable in the EU as of 1 January 2014
IAS 27 (Revised 2011) “Separate Financial Statements”	The revised standard contains requirements pertaining to separate financial statements only. The Group will adopt the standard as of 1 January 2014. It will not have any effect on the consolidated financial statements.	applicable in the EU as of 1 January 2014
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures"	The revised standard includes the accounting requirements for both associates and joint ventures. As a consequence of the publication of IFRS 11, the equity method shall apply to both. The Group will adopt the standard as of 1 January 2014. It has no effect on the consolidated financial statements.	applicable in the EU as of 1 January 2014

Subject	Crucial requirements	Effective date
Amendment to IAS 32 "Financial Instruments: Presentation" concerning the offset of assets and liabilities	The amendments are related to the IAS 32 application guidance. They clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group will adopt the amendment as of 1 January 2014. It will not have any effect on the consolidated financial statements.	1 January 2014
Amendment to IAS 36, "Impairment of Assets"concerning recoverable amount disclosures	This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Group will adopt the amendment as of 1 January 2014. It will not have any substantial effect on the consolidated financial statements.	1 January 2014
Amendment to IAS 39, "Financial Instruments: Recognition and Measurement" concerning the novation of derivatives	This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The Group does not apply hedge accounting so the amendment will not have any effect on the consolidated financial statements.	1 January 2014
IFRIC 21 Levies	The interpretation applies to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". IAS 37 outlines the recognition criteria for liabilities. One of the criteria is the requirement that the company has an existing liability which is a result of an earlier event (obligating event). The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The interpretation will not have any effect on the consolidated financial statements.	1 January 2014 (not yet endorsed in the EU)
IFRS 9, "Financial Instruments"	The purpose of this standard is to replace IAS 39. At this stage, IFRS 9 includes measurement bases for financial assets and liabilities, as well as hedge accounting. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The new guidance for hedge accounting aligns hedge accounting more closely with risk management. The requirements for hedge effectiveness are also relaxed. The standard allows hedge accounting, for example, for risk components of commodities, aggregated exposures, groups of items when hedging foreign exchange risk, as well as equity investments. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. Group management is assessing the effect of the standard on the consolidated financial statements.	undefined (not yet endorsed in the EU)
Amendment to IAS 19, Defined Benefit Plans: Employee Contributions	The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. The amendment will not have any effect on the consolidated financial statements.	1 July 2014 (not yet endorsed in the EU)
Annual improvements 2010–2012	Improvements published as a result of the 2010–2012 round will cause changes to the following standards: • IFRS 2, "Share-based Payments" • IFRS 3, "Business Combinations" • IFRS 8, "Operating Segments" • IFRS 13, "Fair Value Measurement" • IAS 16, "Property, Plant and Equipment" and IAS 38, "Intangible Assets" • IAS 24, "Related Party Disclosures" The amendments will not have any effect on the consolidated financial statements.	1 July 2014 (not yet endorsed in the EU)

Subject	Crucial requirements	Effective date
Annual improvements 2011–2013	Improvements published as a result of the 2011–2013 round will cause changes to the following standards: • IFRS 3, “Business Combinations” • IFRS 13, “Fair Value Measurement” • IAS 40, “Investment Property” The amendments will not have any effect on the consolidated financial statements.	1 July 2014 (not yet endorsed in the EU)

Notes to the Consolidated Financial Statements

1. Segment information

Segment information is presented in accordance with the Group's geographical operating 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 operating segments consist of the Group's geographical operating areas, which are Finland, Estonia, Latvia, Lithuania and Belarus.

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 2013 and 2012

1,000 litres	Finland	Estonia	Latvia	Lithuania	Belarus	Elimination	Group
Sales in 2013	159,909	129,314	79,724	69,554	156,523	-37,792	557,232
Sales in 2012	148,764	134,027	72,358	71,661	141,496	-41,553	526,753

Geographical segments 2013 in accordance with asset locations

EUR 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Elimination	Group
INCOME							
External sales	123,191	75,512	27,872	32,371	68,310		327,256
Internal sales	417	5,749	9,699	1,768	9	-17,642	0
Net sales total	123,608	81,261	37,571	34,139	68,319	-17,642	327,256
EARNINGS							
Operating profit for the segment	12,844	15,998	2,458	1,264	10,665	-8	43,221
Financial income							3,105
Financial expenses							-4,501
Share of earnings of associates						-11	
Income taxes							-7,628
Net profit for the period							34,186

OTHER INFORMATION							
Segment assets	162,357	68,490	31,431	30,344	68,619	-66,442	294,799
Unallocated company-level assets							914
Total consolidated assets							295,713
Segment liabilities	39,083	11,313	6,006	3,769	8,031	-1,907	66,295
Unallocated company-level liabilities							57,879
Total consolidated liabilities							124,174
Investments	19,803	2,281	2,140	2,785	8,682	0	35,691
Unallocated company-level investments							0
Total investments							35,691
Depreciation	4,199	2,769	1,548	1,410	3,763	-62	13,627

Geographical segments 2012 in accordance with asset locations

EUR 1,000	Finland *)	Estonia	Latvia	Lithuania	Belarus	Elimination	Group
INCOME							
External sales	112,111	72,545	29,272	32,190	58,773		304,891
Internal sales	1,501	7,498	6,913	2,055	257	-18,224	0
Net sales total	113,612	80,043	36,185	34,245	59,030	-18,224	304,891
EARNINGS							
Operating profit for the segment	9,066	13,017	1,654	1,753	4,979	68	30,537
Financial income							4,871
Financial expenses							-3,093
Income taxes							-6,151
Net profit for the period							26,164
OTHER INFORMATION							
Segment assets	145,107	68,000	31,149	26,605	64,744	-66,472	269,133
Unallocated company-level assets							64
Total consolidated assets							269,197
Segment liabilities	35,660	10,560	4,723	3,253	6,394	198	60,788
Unallocated company-level liabilities							60,997
Total consolidated liabilities							121,785
Investments	14,942	2,538	1,102	1,133	10,117	0	29,832
Unallocated company-level investments							0
Total investments							29,832
Depreciation	7,125	4,445	3,203	2,321	4,879	-151	21,822

Geographical segments 2013 in accordance with customer locations

EUR 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Others/ Elimination	Group
External sales	107,527	74,276	27,515	31,509	59,325	27,104	327,256
Internal sales	552	2,418	4,674	8,909	1,089	-17,642	0
Net sales total	108,079	76,694	32,189	40,418	60,414	9,462	327,256

Geographical segments 2012 in accordance with customer locations

EUR 1,000	Finland	Estonia	Latvia	Lithuania	Belarus	Others/ Elimination	Group
External sales	107,345	71,640	29,153	32,139	53,169	11,445	304,891
Internal sales	1,197	5,878	4,247	6,658	244	-18,224	0
Net sales total	108,542	77,518	33,400	38,797	53,413	-6,779	304,891

*) The previous year's figures have been adjusted for comparability with the year 2013.

2. Non-current assets held for sale

EUR 1,000	2013	2012
Non-current assets held for sale	124	163
Total	**124**	**163**

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

3. Other operating income

EUR 1,000	2013	2012
Sales gains on property, plant and equipment	64	57
Rental income	124	129
Others	795	834
Total	**983**	**1,020**

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

4. Other operating expenses

EUR 1,000	2013	2012
Sales losses and scrapping of property, plant and equipment	631	172
Rental costs	3,616	3,113
Outsourced services	48,450	43,057
Others	23,686	27,890
Total	**76,383**	**74,232**

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

5. Depreciation and impairment

EUR 1,000	2013	2012
Depreciation on tangible assets:		
Buildings	2,637	3,731
Machinery and equipment	7,412	14,619
Machinery and equipment, finance lease	745	969
Other tangible assets	1,995	1,735
Other tangible assets, finance lease	199	230
Total depreciation on tangible assets	12,988	21,284
Depreciation on intangible assets:		
Intangible rights	221	145
Other intangible assets	418	393
Total depreciation on intangible assets	639	538
Total	**13,627 **)**	**21,822**

**) A new depreciation policy has been applied to the income statement for 2013.

6. Costs of employee benefits

EUR 1,000	2013	2012
Wages and salaries	33,388	31,723
Pension costs - defined contribution	2,927	2,760
Other personnel expenses	5,419	3,858
Total	**41,734**	**38,341**

Group personnel on average during the period	2013	2012
Finland	401	401
Estonia	314	313
Latvia	215	217
Lithuania	216	212
Belarus	853	834
Total	**1,999**	**1,977**

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 345 thousand euro of R&D costs recognised as expenses in 2013 (320 thousand in 2012), which is 0.1 (0.1) percent of net sales.

8. Financial income

EUR 1,000	2013	2012
Dividend income from investments held as fixed assets	6	5
Interest income from bank deposits	8	79
Adjustment for hyperinflation: effect on the company's monetary net position	2,575	4,384
Other interest and financial income	516	403
Total	**3,105**	**4,871**

9. Financial expenses

EUR 1,000	2013	2012
Interest expenses on finance lease contracts	48	85
Interest expenses on financial liabilities measured at original amortised cost	829	1,768
Net gains (-) / losses (+) from interest derivatives	387	-234
Other financial expenses	3,237	1,474
Total	**4,501**	**3,093**

10. Income taxes

EUR 1,000	Note	2013	2012
Tax based on the taxable income for the period	7,070	5,190	
Deferred taxes, tax on previous losses of AB Volfas Engelman	19	-1	71
Deferred taxes, OAO Lidskoe Pivo	19	-237	9
Deferred taxes, A/S Cēsu Alus's tax on depreciation difference and retained losses	19	349	568
Deferred taxes, change in the fair value of derivatives	19	10	57
Deferred taxes, change in depreciation difference	19	454	265
Deferred taxes, internal margin on inventories and fixed assets	19	-13	-15
Deferred taxes, finance leasing	19	5	6
Deferred taxes, others	19	-9	0
Total		**7,628**	**6,151**

Reconciliation between the tax expenses in the income statement and taxes calculated in accordance with the tax rate in the Group's home country 20.0% (24.5%):

EUR 1,000	2013	2012
Earnings before tax	41,814	32,315
Taxes calculated at the home country's rate	10,244	7,917
Effect of different tax rates for foreign subsidiaries	-2,597	-1,719
Tax effect of non-deductible items	55	53
Taxes from previous accounting period	-74	-100
Taxes in income statement	**7,628**	**6,151**

11. Earnings per share

Undiluted earnings per share are calculated by dividing the profit for the accounting period belonging to the parent company's shareholders by the weighted average of shares outstanding during the accounting period. When calculating the weighted average, the number of treasury shares in the company's possession is deducted from the number of shares. Olvi plc held a total of 1,124 of its own Series A shares on 31 December 2013.
Detailed information on treasury shares can be found in Note 21, Notes concerning shareholders' equity.

	2013	2012
Profit belonging to parent company shareholders (EUR 1,000)	33,520	25,668
Weighted average number of shares during the period (1,000)	20,759	20,759
Effect of treasury shares (1,000)	-1	-1
Weighted average number of shares for the calculation of EPS (1,000)	20,758	20,758
Undiluted/diluted earnings per share (euro per share)	1.61	1.24

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 2013, Olvi Group has not had options or any other schemes having a diluting effect, which means that undiluted earnings per share and earnings per share adjusted for dilution have been equal during these years.

12. Property, plant and equipment

EUR 1,000	Land and water properties	Build-ings	Machinery and eqpt	Machinery and eqpt, finance lease	Other tangible assets assets	Other tangible assets, finance lease	Advance payments and unfinished purchases	Total
Acquisition cost 1 Jan 2013	1,863	97,903	215,691	7,440	13,082	1,330	6,089	343,399
Adjustment for hyperinflation	0	2,201	4,066	0	1,088	0	62	7,417
Increase	0	1,186	7,793	242	2,434	121	28,772	40,548
Transfer to non-current assets classified as held for sale	0	0	-3,153	0	0	0	0	-3,153
Decrease	0	-523	-519	0	-578	-17	-7,632	-9,270
Transfers between items	0	173	3,315	-180	583	-444	-3,547	-102
Exchange rate differences	-1	-2,128	-3,941	0	-962	-9	-368	-7,409
Acquisition cost 31 Dec 2013	1,862	98,813	223,252	7,502	15,646	980	23,376	371,431
Accumulated depreciation and impairment 1 Jan 2013	0	40,959	144,316	2,936	7,542	898	0	196,650
Adjustment for hyperinflation	0	199	1,018	0	431	0	0	1,647
Depreciation	0	2,637	7,412	745	1,995	199	0	12,988
Decrease	0	206	361	278	-131	-17	0	697
Accumulated depreciation on transfers	0	-199	-2,038	-180	669	-444	0	-2,192
Exchange rate differences	0	-420	-2,868	0	-848	-6	0	-4,142
Accumulated depreciation and impairment 31 Dec 2013	0	43,383	148,200	3,778	9,658	629	0	205,648
Book value 1 Jan 2013	1,863	56,944	71,375	4,505	5,540	432	6,089	146,749
Book value 31 Dec 2013	1,862	55,430	75,052	3,724	5,988	351	23,376	165,783

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

EUR 1,000	Land and water properties	Build-ings	Machinery and eqpt	Machinery and eqpt, finance lease	Other tangible assets assets	Other tangible assets, finance lease	Advance payments and unfinished purchases	Total
Acquisition cost 1 Jan 2012	1 863	78,726	186,651	4,734	14,218	1,089	36,959	324,238
Adjustment for hyperinflation	0	708	2,290	0	972	0	4,015	7,986
Increase	0	17,488	31,687	3,014	2,744	239	1,006	56,178
Transfer to non-current assets classified as held for sale	0	0	-411	0	0	0	0	-411
Decrease	0	0	-723	-308	-269	0	-33,454	-34,754
Transfers between items	0	1,111	-3,440	0	-4,367	0	-1,173	-7,868
Exchange rate differences	0	-130	-362	0	-216	3	-1,264	-1,970
Acquisition cost 31 Dec 2012	1,863	97,903	215,691	7,440	13,082	1,330	6,089	343,399
Accumulated depreciation and impairment 1 Jan 2012	0	36,226	133,443	2,247	9,212	666	0	181,795
Adjustment for hyperinflation	0	127	789	0	319	0	0	1,235
Depreciation	0	3,731	14,619	969	1,735	230	0	21,284
Decrease	0	127	918	-280	-226	0	0	540
Accumulated depreciation on transfers	0	770	-5,366	0	-3,432	0	0	-8,028
Exchange rate differences	0	-23	-88	0	-67	2	0	-176
Accumulated depreciation and impairment 31 Dec 2012	0	40,959	144,316	2,936	7,542	898	0	196,650

Book value 1 Jan 2012	1,863	42,499	53,207	2,487	5,005	422	36,959	142,443
Book value 31 Dec 2012	1,863	56,944	71,375	4,505	5,540	432	6,089	146,749

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

13. Intangible assets

EUR 1,000	Goodwill	Intangible rights	Other intangible assets	Total
Acquisition cost 1 Jan 2013	22,707	10,203	10,735	43,645
Adjustment for hyperinflation	173	1	0	174
Increases	0	588	649	1,237
Decreases	0	0	0	0
Transfers between items	0	21	0	21
Exchange rate differences	-98	-41	0	-139
Acquisition cost 31 Dec 2013	22,782	10,773	11,385	44,939
Accumulated depreciation and impairment 1 Jan 2013	4,977	9,386	9,433	23,796
Adjustment for hyperinflation	0	0	0	0
Depreciation	0	221	418	639
Exchange rate differences	0	-2	0	-2
Accumulated depreciation and impairment 31 Dec 2013	4,977	9,605	9,851	24,433
Book value 1 Jan 2013	17,730	817	1,303	19,849
Book value 31 Dec 2013	17,805	1,168	1,534	20,506

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

EUR 1,000	Goodwill	Intangible rights	Other intangible assets	Total
Acquisition cost 1 Jan 2012	21,738	9,657	9,640	41,036
Adjustment for hyperinflation	968	2	0	969
Increases	0	476	1,095	1,571
Decreases	0	0	0	0
Transfers between items	0	68	0	68
Exchange rate differences	1	0	0	1
Acquisition cost 31 Dec 2012	22,707	10,203	10,735	43,645
Accumulated depreciation and impairment 1 Jan 2012	4,977	9,240	9,040	23,257
Adjustment for hyperinflation	0	0	0	0
Depreciation	0	145	393	538
Exchange rate differences	0	1	0	1
Accumulated depreciation and impairment 31 Dec 2012	4,977	9,386	9,433	23,796
Book value 1 Jan 2012	16,761	417	600	17,778
Book value 31 Dec 2012	17,730	817	1,303	19,849

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 287 thousand euro is allocated to the Latvian segment and 7,131 thousand euro to the Belarusian segment.

The estimated future cash flows used for impairment testing are based on the financial plans of the geographical segments approved by Group management. The cash flow estimates are based on financial plans for the next three years. Cash flow estimates due later than three years are extrapolated using estimated growth rates that do not exceed the estimated long-term growth rates of the cash generating units. The growth rates applied to each segment were as follows: Estonia 2% (2%), Latvia 3.5% (2%), Lithuania 4.5% (3%) and Belarus 8.5% (8.5%). In the assessment of future cash flows, management has also compared previous financial plans with actual development.

The discount rate is weighted average cost of capital (WACC) before taxes: in Estonia 10.80 (11.60 in 2012), in Latvia 11.50 (11.90), in Lithuania 12.02 (12.01) and in Belarus 16.82 (15.69) percent. In the management's opinion, any reasonably potential change in any of the variables used for assessing each segment's recoverable amount could not lead into a situation in which the segments' recoverable amounts would be lower than their book values.

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

15. Financial assets available for sale

Other financial assets consist mostly of unquoted equity investments contributing to the Group company's operations, as well as shares in a housing corporation.

Financial assets available for sale are recognised at fair value. If fair value cannot be reliably determined, the assets are recognised at original cost.

EUR 1,000	Note	**2013**	**2012**
Book value 1 January		549	548
Increases		0	1
Book value 31 December	26	**549**	**549**

16. Loans receivable and other non-current receivables

EUR 1,000	Note	**2013**	**2012**
Loans receivable	26	211	265
Other non-current receivables		138	143
Total		**349**	**408**

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

17. Inventories

EUR 1,000	**2013**	**2012**
Materials and supplies	27,106	28,141
Unfinished products	2,140	2,119
Finished products / goods	9,947	9,577
Other inventories	1,985	746
Total	**41,178**	**40,583**

Non-marketability deductions on inventories have been booked for 2,256 thousand euro in 2013 (754 thousand euro in 2012).

18. Accounts receivable and other receivables

EUR 1,000	Note	**2013**	**2012**
Accounts receivable	26	51,717	49,058
Prepayments and accrued income	26	4,358	3,378
Other receivables	26	1,630	909
Total		**57,705**	**53,345**

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 552 thousand euro of credit losses on accounts receivable (264 thousand euro in 2012). There are no significant credit risk concentrations associated with receivables.

Maturity distribution of accounts receivable

EUR 1,000	**2013**	**2012**
Not due	46,182	42,560
Overdue		
Less than 30 days	3,361	5,728
31 to 60 days	1,704	428
61 to 90 days	138	195
91 to 120 days	136	14
More than 120 days	196	133
Total	**51,717**	**49,058**

Accounts receivable by currency

	2013 Foreign 1,000	2013 EUR 1,000	2012 Foreign 1,000	2012 EUR 1,000
EUR	35,614	35,614	34,355	34,355
LVL	2,253	3,206	2,114	3,030
LTL	16,769	4,857	13,556	3,926
BYR	104,987,445	8,027	87,642,695	7,729
RUB	583	13	723	18

19. Deferred tax receivables and liabilities

Changes in deferred taxes during 2013:

Deferred tax receivables	31 Dec 2012	Recognised through profit and loss	Recognised in shareholders' equity	Translation differences	31 Dec 2013
EUR 1,000					
Fair valuation of derivatives	57	-10			47
Confirmed losses of AB Volfas Engelman	6	0		-8	-2
Internal margin on inventories and fixed assets	20	13			33
Deferred tax due to other eliminations	0	9			9
Total	**83**	**12**	**0**	**-8**	**87**

Deferred tax receivables	31 Dec 2012	Recognised through profit and loss	Recognised in shareholders' shareholders' equity	Translation differences	31 Dec 2013
EUR 1,000					
Property, plant and equipment	2,252	454			2,706
OAO Lidskoe Pivo's deferred tax	365	-237		-10	118
A/S Cēsu Alus's tax on depreciation difference and retained losses	568	349	917		
Finance leasing	15	5			20
Total	**3,200**	**571**	**0**	**-10**	**3,761**

The Group's unused fiscal losses amounted to 4,500 thousand euro at the end of the accounting period (5,882 thousand euro in 2012). Fiscal losses in Latvia are subject to a 8-year limitation period. There is no limitation period for losses in Lithuania. Of the deferred tax liabilities, 2,706 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, 79,028 thousand euro in 2013, as the criteria under IAS 12, 39 are fulfilled.

Changes in deferred taxes during 2012:

Deferred tax receivables	31 Dec 2012	Recognised through profit and loss	Recognised in shareholders' shareholders' equity	Translation differences	31 Dec 2012
EUR 1,000					
Fair valuation of derivatives	115	-57	0	0	57
Confirmed losses of AB Volfas Engelman	77	-71	0	0	6
Internal margin on inventories	5	15	0	0	20
Total	**196**	**-113**	**0**	**0**	**83**

Deferred tax receivables	31 Dec 2012	Recognised through profit and loss	Recognised in shareholders' shareholders' equity	Translation differences	31 Dec 2012
EUR 1,000					
Property, plant and equipment	1,781	265	206	0	2,252
OAO Lidskoe Pivo's deferred tax	307	9	0	49	365
A/S Cēsu Alus's tax on depreciation difference and retained losses	0	568	0	0	568
Finance leasing	9	6	0	0	15
Total	**2,097**	**848**	**206**	**49**	**3,200**

20. Liquid assets

EUR 1,000	Note	2013	2012
Cash and bank accounts	26	7,507	5,698
Total		7,507	5,698

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

21. Notes concerning shareholders' equity

The following specifies changes in the numbers of shares and corresponding changes in shareholders' equity.

EUR 1,000	Number of K shares (1,000)	Number of A shares (1,000)	Share capital	Other reserves	Treasury shares	Total
31 Dec 2012	3,732	17,025	20,759	1,092	-8	21,843
31 Dec 2013	3,732	17,025	20,759	1,092	-8	21,843

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 2012). The minimum number of K shares is 1.5 million. The Group's maximum share capital is 60.0 million euro (60.0 million euro in 2012) and the minimum share capital is 15.0 (15.0) million euro. All issued shares have been paid in full.

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

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 1,124 of its own Series A shares on 1 January 2013.

Olvi plc has not acquired more treasury shares or transferred them to others in January-December 2013, which means that the number of Series A shares held by the company was unchanged on 31 December 2013.

The purchase price of the Series A shares held as treasury shares totalled 8.5 thousand euro.

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

On 10 April 2013, 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 500,000 Series A shares.

The Annual General Meeting also decided to revoke all existing unused authorisations for the transfer of own shares and authorise the Board of Directors to decide on the issue of a maximum of 1,000,000 new Series A shares and the transfer of a maximum of 500,000 Series A shares held as treasury shares.

In January-December 2013, the Board of Directors of Olvi plc has not exercised the authorisations granted by the General Meeting.

Dividends
After the balance sheet date, the Board of Directors has proposed a dividend of 0.65 euro per share for both Series K and Series A shares for 2013, totalling 13.5 million euro. Dividend for 2012 was paid at 0.50 euro per share, totalling 10.4 million euro. The dividends were paid on 22 April 2013.

22. Share-based payments

Olvi Group does not have any share-based arrangements or payments at present.

23. Financial liabilities

EUR 1,000	Note	Book values 2013	Fair values 2013	Book values 2012	Fair values 2012
Non-current liabilities					
Loans from financial institutions	26	25,638	23,703	38,994	37,397
Finance lease liabilities	26	2,829	2,829	3,464	3,464
Other liabilities	26	16	16	16	16
Total		28,483	26,548	42,474	40,878
Current liabilities					
Loans from financial institutions	26	23,405	23,405	14,750	14,750
Finance lease liabilities	26	943	943	1,246	1,246
Total		24,348	24,348	15,996	15,996

The Group's financial liabilities on 31 December 2013 consist of loans from financial institutions, as well as finance lease liabilities. Typical finance lease contracts extend over a period of 36 to 48 months and have a fixed instalment throughout the contract period.

25.1 million euro of the loans from financial institutions have a fixed interest rate or are converted to fixed rate through interest rate swaps. The amount of variable-rate loans was 23.9 million euro.

The fair value of non-current loans is determined by discounting estimated future cash flows to the present using the interest rate at which the Group could get a similar loan on the balance sheet date. Market rates on the balance sheet date stood at 0.216% to 0.556%, 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	2013	2012
Loans from financial institutions	0.61% - 3.55%	0.46% - 3.55%
Interest rate swaps	0.92% - 2.00%	0.61% - 2.00%
Finance lease liabilities	1.84% - 6.45%	2.20% - 6.50%
Other liabilities	0%	0.15% - 0.27%

Maturities of finance lease liabilities

EUR 1,000	Note	2013	2012
Finance lease liabilities - total of minimum rents			
Due within one year		943	1,246
Within more than one but less than five years		1,750	2,116
Within more than five years		1,079	1,348
	26	3,772	4,710
Finance lease liabilities - present value of minimum rents			
Due within one year		943	1,246
Within more than one but less than five years		1,750	2,116
Within more than five years		1,079	1,348
	26	3,772	4,710
Total amount of finance lease liabilities	26	3,772	4,710

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

EUR 1,000	2013	2012
In 2013		14,750
In 2014	23,405	10,470
In 2015	9,924	9,970
In 2016	6,810	9,570
In 2017	6,010	6,056
In 2018	2,894	2,928
Later	16	16
Total	**49,059**	**53,760**

24. Accounts payable and other liabilities

EUR 1,000	Note	2013	2012
Current			
Accounts payable	26	34,501	30,469
Accrued expenses	26	9,235	7,236
Other liabilities	26	23,846	22,160
Total		**67,582**	**59,865**

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

Distribution of accounts payable by currency

EUR 1,000	2013 Foreign 1,000	2013 EUR 1,000	2012 Foreign 1,000	2012 EUR 1,000
EUR	29,155	29,155	24,864	24,864
LVL	897	1,277	1,380	1,978
LTL	4,177	1,210	4,868	1,410
USD	34	24	12	9
CHF	9	7	114	94
BYR	36,694,720	2,805	23,970,295	2,114
GBR	19	23	0	0

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

The objective of financing 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, 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. The objectives of centralisation include optimisation of cash flows and financing costs, as well as efficient risk management.

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.

Due to the nature of the business, the time between order and delivery is short, which results in minor operations-related foreign exchange risk. Foreign exchange risk is also reduced by the fact that most of the Group’s product sales and purchases of raw materials are denominated in euro. The Group's ordinary operations made 3,170 thousand euro of exchange rate losses in 2013 (1,421 thousand euro in 2012). Financial income includes 2,580 thousand euro of exchange rate gains (4,556 thousand euro in 2012).

The Group has investments in foreign subsidiaries in Estonia, Latvia, Lithuania and Belarus. The Estonian currency is the euro, and the Lithuanian LTL is pegged to the euro. 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. With regard to the net investment in the Belarusian subsidiary, the Group is exposed to balance sheet conversion risk. The translation position (BYR) on 31 December 2013 was EUR 37.3 million (29.1 million in 2012). An exchange rate change of +/- 10 percent would impact consolidated shareholders' equity by approximately +4.1/-3.4 million euro. 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.

Olvi Group regularly assesses the exchange rate risks related to operations and financing. Exchange rates can be hedged if required by the situation at hand.

Foreign currency accounts receivable and payable are presented in Notes 18. Accounts receivable and other receivables and 24. Accounts payable and other liabilities.

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

The Group’s interest rate risk arises from non-current liabilities. 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 conditions. 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.

On the balance sheet date, fixed-rate loans accounted for 51.2 percent (60.9 in 2012) of interest-bearing loans. Variable-rate loans accounted for 48.8 (39.1) percent of all interest-bearing loans. The principal-weighted average maturity of interest-bearing loans was 3.7 (4.4) years.

Fixed currency swaps taken out for the purpose of hedging against foreign exchange risk associated with loans denominated in foreign currency are recognised at original cost.

The amount of payment obligations under finance lease contracts on 31 December 2013 was 3.8 million euro (4.7 million euro in 2012).

The Group aims to limit financing costs to a reasonable amount and to manage interest rate risk using available means.

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

The maturity distribution of financial liabilities is specified in Note 23, Financial liabilities.

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 2013 amounted to 23,930 thousand euro (21,015). A change of two (2) percent in the interest rate level would cause a change of +/- 479 thousand euro in financial expenses. The change does not have any essential effect on consolidated net profit before tax or the consolidated balance sheet.

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. Furthermore, the Group aims to control credit risks through efficient collection of receivables.

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

The largest customer accounts for 16.4 percent (14.3 in 2012) of the Group’s total sales. The amount of credit losses recognised in 2013 was 552 (264) thousand euro.

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. On the balance sheet date, 10 million euro of the limits was binding and was renewed on 25 February 2014 for the next two years. 14 million euro was unbinding.

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 had 9.5 million euro of short-term loans withdrawn under the commercial paper programme.

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.

The Group had 7,507 thousand euro of liquid assets on 31 December 2013 (5,698 thousand euro in 2012). The Group's liquidity on the balance sheet date was good. The current ratio on 31 December 2013 was 1.2 (1.3 in 2012).

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 main principle of capital 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.

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

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

Capital is monitored through the equity to total assets ratio and the gearing ratio. Olvi Group's equity to total assets ratio in 2013 stood at 58.0 (54.8) percent and the gearing ratio was 26.4 (35.8) percent.

26. Fair values of financial assets and liabilities

The fair values of Olvi Group's financial assets and liabilities do not substantially deviate from their book values. The face value of interest rate swaps was 24.1 million euro in 2013 and 31.3 million euro in 2012.

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	**2013**	**2012**
Transactions with no associated payment:		
Depreciation	13,627	21,822
Unrealised foreign exchange gains and losses	2,984	1,268
Financial income	-3,105	-4,871
Adjustment for hyperinflation	-2,949	1,568
Financial expenses	4,501	3,093
Income taxes	7,628	6,151
Other adjustments	1,528	723
Total	**24,214**	**29,754**

28. Other lease contracts

The Group as a lessee

EUR 1,000	2013	2012
Minimum rents receivable on the basis of other non-cancellable leases:		
Due within one year	1,238	1,240
Within more than one but less than five years	637	580
Within more than five years	6	7
Total	**1,881**	**1,827**

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	2013	2012
Minimum rents receivable on the basis of other non-cancellable leases:		
Due within one year	1,005	1,031
Total	**1,005**	**1,031**

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

29. Collateral and contingent liabilities

EUR 1,000	2013	2012
Pledges and contingent liabilities		
For own commitments	2,715	7,415
Package liabilities	2,781	2,265
Other liabilities	2,000	2,000

The package liability corresponds to Olvi plc's share of the entire stock of recyclable beverage packages in accordance with proportions determined by Ekopulloyhdistys ry, deducted by packages in Olvi plc's inventory on 31 December 2013. 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:

	Share of holding (%)	Share of voting rights (%)
Parent company Olvi plc, Iisalmi, Finland		
AS A. Le Coq, Tartu, Estonia	100.00	100.00
AS Karme, Karksi vald, Estonia	49.00	49.00
Verska Mineraalvee OÜ, Värska vald, Estonia	20.00	20.00
A/S Cēsu Alus, Cēsis, Latvia	99.76	99.76
AB Volfas Engelman, Kaunas, Lithuania	99.58	99.58
OAO Lidskoe Pivo, Lida, Belarus	91.58	91.58

Related party transactions and related party receivables and liabilities

Transactions with associated companies, as well as receivables from and liabilities to associated companies:

EUR 1,000	2013	2012
Sales	408	445
Purchases	558	300
Receivables	368	297
Liabilities	257	526

A list of associated companies is presented in Note 32, Investments in associated companies.

Employee benefits to management

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

Wages, salaries and emoluments **EUR 1,000**	**2013**	**2012**
Managing Directors		
Salaries and other short-term employee benefits	920	931
Pension commitments, statutory pension cover	22	23
Total	**942**	**954**
Compensation paid to members of the Board of Directors for Board duties		
Heikki Hortling	85	84
Esa Lager	37	35
Heikki Sinnemaa	31	30
Jaakko Autere	31	30
Tarja Pääkkönen	31	30
Total	**215**	**209**

No loans have been granted to management.

31. Costs arising from audit

EUR 1,000	**2013**	**2012**
Fees for statutory audit	133	91
Other services	93	116
Total	**226**	**207**

32. Investments in associated companies

Information on the Group’s associated companies and their aggregate assets, liabilities, net sales and profit/loss:

EUR 1,000	**Share of holding (%)**	**2013**	**2012**
AS Karme, Karksi vald, Estonia	**49.00**		
Current assets		446	474
Non-current assets		779	801
Current liabilities		491	458
Non-current liabilities		8	74
Net sales		1,733	1,612
Net profit/loss		-8	-28
Other comprehensive income items		0	0
Comprehensive income		0	0
Verska Mineraalvee OÜ, Värska vald, Estonia	**20.00**		
Current assets		104	138
Non-current assets		442	488
Current liabilities		184	333
Non-current liabilities		196	169
Net sales		69	57
Net profit/loss		42	0
Other comprehensive income items		0	0
Comprehensive income		0	0

OLVI GROUP

Consolidated financial ratios, 2011 to 2013

BUSINESS VOLUME AND PROFITABILITY					
EUR 1,000	2013 IFRS	2012 IFRS		2011 IFRS	
Net sales	327,256	304,891	*)	279,051	*)
Change, %	7.3	9.3		7.1	
Operating profit	43,221	30,537		26,683	
% of net sales	13.2	10.0		9.6	
Financial income and expenses	-1,396	1,778		-8,244	
Profit before tax	41,814	32,315		18,439	
% of net sales	12.8	10.6		6.6	
Net profit for the period	34,186	26,164		12,954	
% of net sales	10.4	8.6		4.6	
Balance sheet total	295,713	269,197		253,591	
Cash flow ratio, %	14.6	15.7		11.3	
Return on investment, % (ROI)	21.5	18.0		19.3	
Return on equity, % (ROE)	21.4	19.0		10.1	
Equity to total assets, %	58.0	54.8		50.6	
Current ratio	1.2	1.3		1.0	
Gearing, %	26.4	35.8		43.2	
Gross capital expenditure on fixed assets	35,691	29,832		43,230	
% of net sales	10.9	9.8		15.5	
Net capital expenditure on fixed assets	35,484	29,351		42,868	
% of net sales	10.8	9.6		15.4	
Average number of personnel:					
Olvi plc	401	401		383	
Personnel in Estonia, Latvia, Lithuania and Belarus	1,598	1,576		1,649	
Total employees	1,999	1,977		2,032	

PER-SHARE RATIOS			
	2013 IFRS	2012 IFRS	2011 IFRS
Earnings per share (EPS), euro	1.61	1.24	0.65
EPS adjusted for dilution from warrants, euro	1.61	1.24	0.65
Equity per share, euro	8.14	7.01	6.11
**) Pay-out ratio, %	40.25	40.44	76.82
Price/Earnings ratio (P/E)	17.7	15.9	22.7

*) The previous years' net sales in Finland have been adjusted for comparability with the year 2013.

**) The amount of dividend used for calculating the 2013 ratios is the Board of Directors' proposal to the Annual General Meeting.

OLVI PLC

PARENT COMPANY'S INCOME STATEMENT (FAS)

	Note	1 JAN TO 31 DEC 2013 EUR 1,000	%	1 JAN TO 31 DEC 2012 EUR 1,000	%
NET SALES	1	**123,608**	**100.0**	**113,612**	**100.0**
Increase (+)/decrease (-) in inventories of finished and unfinished products		812	0.7	802	0.7
Manufacture for own use		96	0.1	111	0.1
Other operating income	2	491	0.4	460	0.4
Materials and services	3	53,681	43.4	47,899	42.2
Personnel expenses	4	20,602	16.7	19,187	16.9
Depreciation and impairment	8	3,803	3.1	6,557	5.8
Other operating expenses	9	34,115	27.6	32,338	28.5
OPERATING PROFIT		**12,805**	**10.4**	**9,004**	**7.9**
Financial income and expenses	10	9,131	7.4	6,380	5.6
PROFIT BEFORE APPROPRIATIONS AND TAXES		**21,936**	**17.7**	**15,384**	**13.5**
Appropriations	11	-4,302	-3.5	-1,085	-1.0
Income taxes	12	-1,811	-1.5	-1,700	-1.5
NET PROFIT FOR THE PERIOD		**15,823**	**12.8**	**12,599**	**11.1**

OLVI PLC

PARENT COMPANY'S BALANCE SHEET (FAS)

	Note	1 JAN TO 31 DEC 2013 EUR 1,000	%	1 JAN TO 31 DEC 2012 EUR 1,000	%
ASSETS					
FIXED ASSETS					
Intangible assets	13	1,797		1,452	
Tangible assets	13	54,060		38,629	
Shares in Group companies	14	58,428		58,411	
Other investments	14	540		540	
TOTAL FIXED ASSETS		**114,825**	**57.5**	**99,031**	**53.5**
CURRENT ASSETS					
Inventories	16	13,472		13,999	
Non-current receivables	17	39,334		43,679	
Current receivables	17	29,756		28,069	
Cash in hand and at bank		2,248		422	
TOTAL CURRENT ASSETS		**84,810**	**42.5**	**86,170**	**46.5**
TOTAL ASSETS		**199,634**	**100.0**	**185,201**	**100.0**
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY					
Share capital		20,759		20,759	
Share premium account		857		857	
Legal reserve		127		127	
Retained earnings		34,742		32,522	
Net profit for the period		15,823		12,599	
TOTAL SHAREHOLDERS' EQUITY	18	**72,307**	**36.2**	**66,863**	**36.1**
ACCUMULATED APPROPRIATIONS	19	**13,340**	**6.7**	**9,039**	**4.9**
LIABILITIES					
Non-current liabilities		51,090		58,506	
Current liabilities		62,897		50,793	
TOTAL LIABILITIES	20	**113,987**	**57.1**	**109,299**	**59.0**
TOTAL EQUITY AND LIABILITIES		**199,634**	**100.0**	**185,201**	**100.0**

OLVI PLC

PARENT COMPANY'S CASH FLOW STATEMENT

	Note	2013 EUR 1,000	2012 EUR 1,000
Cash flow from operations			
Profit before extraordinary items		21,936	15,384
Adjustments:			
Depreciation according to plan and impairment	8	3,803	6,557
Financial income and expenses	10	-9,131	-6,380
Other adjustments		-30	18
Cash flow before change in working capital		16,578	15,580
Change in net working capital:			
Increase (-) / decrease (+) in current interest-free accounts receivable and other receivables		-1,630	4,573
Increase (-)/decrease (+) in inventories		527	-2,720
Increase (-) / decrease (+) in current interest-free liabilities		2,299	-991
Interest paid		-1,296	-1,505
Interest received		69	66
Dividends received		10,098	7,031
Taxes paid		-1,956	-2,667
Cash flow from operations (A)		**24,690**	**19,368**
Cash flow from investments			
Investments in tangible and intangible assets		-18 525	-12 557
Capital gains on disposal of tangible and intangible assets		131	77
Expenditure on other investments		-18	-35
Cash flow from investments (B)		**-18,411**	**-12,514**
Cash flow from financing			
Withdrawals of loans		11,071	39,422
Repayments of loans		-10,242	-33,142
Increase (-) / decrease (+) in current interest-bearing business receivables		1	0
Dividends paid	18	-10,361	-10,360
Increase (-) / decrease (+) in non-current loans receivable		5,077	-3,372
Cash flow from financing (C)		**-4,453**	**-7,453**
Increase (+)/decrease (-) in liquid assets (A+B+C)		**1,826**	**-599**
Liquid assets 1 January		**422**	**1,022**
Liquid assets 31 December		**2,248**	**422**
Change in liquid assets		**1,826**	**-599**

Parent Company’s Accounting Policies

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

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

Depreciation periods according to plan:

Trademarks and development costs	10 years
Other intangible fixed assets	5 years
Buildings	30 years
Underground shelter	30 years
Plant machinery and equipment	15 years
Tanks and containers	20 years
Wastewater basin, tarpaulin hall	10 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 TyEL (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	2013	2012
Finland	106,955	107,182
Russia	11,818	864
Estonia	3,065	3,740
Other exports	1,770	1,826
Total	123,608	113,612 *)

*) The previous year’s figures have been adjusted for comparability with the year 2013.

2. Other operating income	2013	2012
Capital gains on disposals of fixed assets	100	63
Others	391	397
Total	491	460

3. Materials and services	2013	2012
Materials and supplies (goods):		
Purchases during the year	49,998	46,942
Change in stocks	1,339	-1,918
Outsourced services	2,344	2,875
Total	53,681	47,899

4. Personnel expenses	2013	2012
Wages, salaries and emoluments	16,555	15,526
Profit-sharing contribution to personnel fund	80	0
Pension expenses	2,927	2,708
Other personnel expenses	1,040	954
Total	20,602	19,187

5. Management salaries and emoluments	2013	2012
Managing Director	340	351
Chairman of the Board	85	84
Other members of the Board	130	125
Total	555	560

6. Parent company’s personnel on average during the period		2013	2012
Full-time	clerical employees	131	129
	workers	189	191
Part-time	clerical employees	0	0
	workers	81	81
Total		401	401

7. Auditors’ fees	2013	2012
Fees for statutory audit	68	54
Other services	49	35
Total	118	89

8. Depreciation and impairment	2013	2012
Planned depreciation on tangible and intangible assets	3,803	6,557
Total	3,803 **)	6,557

**) A new depreciation policy has been applied to the income statement for 2013.

9. Other operating expenses	2013	2012
Sales freights	13,531	13,762
Costs of marketing and sales	6,325	4,879
Other operating expenses	14,259	13,697
Total	34,115	32,338 *)

*) The previous year's figures have been adjusted for comparability with the year 2013.

10. Financial income and expenses	2013	2012
Dividend income from Group companies	10,195	7,168
Total income from long-term investments	6	5
Other interest and financial income		
From Group companies	518	529
From others	67	234
Total	585	763
Total dividend income and other interest and financial income	10,787	7,936
Interest expenses and other financial expenses		
To Group companies	409	384
To others	1,246	1,172
Total	1,656	1,556
Total financial income and expenses	9,131	6,380

11. Appropriations	2013	2012
Difference between depreciation according to plan and depreciation applied in taxation	4,302	1,085
Total	4,302	1,085

12. Income taxes	2013	2012
Income tax on business operations	1,875	1,742
Taxes from previous accounting periods	-74	-100
Change in deferred tax	10	57
Total	1,811	1,700

13. Fixed assets

Intangible assets

	Formation costs	Intangible rights	Development costs	Other intangible assets	Total
Acquisition cost 1 Jan 2013	6	8,774	1	9,943	18,725
Increase	0	0	152	680	832
Decrease	0	0	0	-19	-19
Acquisition cost 31 Dec 2013	6	8,774	153	10,604	19,538
Accumulated depreciation and impairment 1 Jan 2013	6	8,774	1	8,491	17,273
Depreciation	0	0	23	445	468
Accumulated depreciation 31 Dec 2013	6	8,774	24	8,936	17,741
Book value 1 Jan 2013	0	0	0	1,452	1,452
Book value 31 Dec 2013	0	0	129	1,668	1,797

Intangible assets

	Land and water properties	Build-ings	Machinery and eqpt	Other tang-ible assets	Advance payments and un-finished purchases	Total
Acquisition cost 1 Jan 2013	1,088	28,764	102,976	59	1,597	134,482
Increase	0	345	5,595	1	14,477	20,419
Decrease	0	0	-187	0	-1,465	-1,653
Acquisition cost 31 Dec 2013	1,088	29,109	108,384	60	14,609	153,248

Accumulated depreciation and impairment 1 Jan 2013	0	20,034	75,819	0	0	95,854
Depreciation	0	429	2,906	0	0	3,335
Accumulated depreciation 31 Dec 2013	0	20,464	78,725	0	0	99,189
Book value 1 Jan 2013	1,088	8,729	27,156	59	1,597	38,629
Book value 31 Dec 2013	1,088	8,645	29,658	60	14,609	54,060

	31 Dec 2013	**31 Dec 2012**
Book value of production machinery and equipment on 31 December	27,260	25,229

14. Investments

	Shares in Group companies	Other shares	Total investments
Acquisition cost 1 Jan 2013	58,411	540	58,951
Increase	18	0	18
Decrease	0	0	0
Acquisition cost 31 Dec 2013	58,428	540	58,968
Book value 31 Dec 2013	**58,428**	**540**	**58,968**

15. Group companies

	Group's holding %	Parent company's holding %
AS A. Le Coq, Tartu, Estonia	100.00	100.00
AS Karme, Karksi vald, Estonia	49.00	0.00
Verska Mineraalvee OÜ, Värska vald, Estonia	20.00	0.00
A/S Cēsu Alus, Cēsis, Latvia	99.76	99.76
AB Volfas Engelman, Kaunas, Lithuania	99.58	99.58
OAO Lidskoe Pivo, Lida, Belarus	91.58	91.58

16. Inventories

	2013	2012
Materials and supplies	9,041	10,380
Unfinished products	885	808
Finished products / goods	3,546	2,810
Total	13,472	13,999

17. Receivables

	2013	2012
Non-current receivables		
Loans receivable from Group companies	39,196	43,536
Deposits pledged as collateral	119	123
Prepayments and accrued income	20	20
Total non-current receivables	**39,334**	**43,679**
Current receivables		
Receivables from Group companies		
Accounts receivable	466	608
Prepayments and accrued income	112	343
Receivables from Group companies	578	951
Receivables from non-Group companies		
Accounts receivable	25,872	25,060
Other receivables	4	4
Prepayments and accrued income	3,256	1,996
Deferred tax receivables	47	57
Receivables from non-Group companies	29,178	27,118
Total current receivables	**29,756**	**28,069**
Total receivables	**69,090**	**71,748**
Deferred tax receivables		
Deferred tax receivables 1 January	57	115
Fair valuation of derivatives, change in deferred tax	-10	-57
Deferred tax receivables 31 December	**47**	**57**

18. Shareholders’ equity	2013	2012
Share capital 1 January	20,759	20,759
Increase in 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	45,120	42,901
Payment of dividends	-10,379	-10,379
Retained earnings 31 December	34,742	32,522
Net profit for the period	15,823	12,599
Total shareholders’ equity	72,307	66,863

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

	2013 qty	2013 euro	2013 votes	2012 qty	2012 euro	2012 votes
Series K (20 votes/share), registered	3,732,256	3,732,256	74,645,120	3,732,256	3,732,256	74,645,120
Series K total	3,732,256	3,732,256	74,645,120	3,732,256	3,732,256	74,645,120
Series A (1 vote/share), registered	17,026,552	17,026,552	17,026,552	17,026,552	17,026,552	17,026,552
Series A total	17,026,552	17,026,552	17,026,552	17,026,552	17,026,552	17,026,552
Total 31 December	20,758,808	20,758,808	91,671,672	20,758,808	20,758,808	91,671,672

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

The registered share capital on 31 December 2013 totalled 20,759 thousand euro.

Olvi plc’s Series A and Series K shares received a dividend of 0.50 euro per share for 2012 (0.50 euro per share for 2011), totalling 10.4 (10.4) million euro. The dividends were paid on 22 April 2013. The Series K and Series A shares entitle to equal dividend. The Articles of Association include a redemption clause concerning Series K shares.

Treasury shares

Olvi plc held a total of 1,124 of its own Series A shares on 1 January 2013.

Olvi plc has not acquired more treasury shares or transferred them to others in January-December 2013, which means that the number of Series A shares held by the company was unchanged on 31 December 2013. The purchase price of the Series A shares held as treasury shares totalled 8.5 thousand euro.

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

On 10 April 2013, 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 500,000 Series A shares.

The Annual General Meeting also decided to revoke all existing unused authorisations for the transfer of own shares and authorise the Board of Directors to decide on the issue of a maximum of 1,000,000 new Series A shares and the transfer of a maximum of 500,000 Series A shares held as treasury shares.

In January-December 2013, the Board of Directors of Olvi plc has not exercised the authorisations granted by the General Meeting.

19. Accumulated appropriations

Accumulated appropriations consist of accumulated depreciation difference.

20. Liabilities	2013	2012
Non-current liabilities		
Loans from financial institutions	25,625	38,980
Other liabilities	29	29
Total	**25,654**	**39,009**
Liabilities to Group companies		
Other liabilities	25,436	19,496
Total	**25,436**	**19,496**
Total non-current liabilities	**51,090**	**58,506**
Current liabilities		
Loans from financial institutions	23,405	14,750
Accounts payable	18,554	17,240
Accrued expenses	5,354	3,923
Other liabilities	15,431	14,686
Total	**62,744**	**50,599**
Liabilities to Group companies		
Accounts payable	153	194
Total	**153**	**194**
Total current liabilities	**62,897**	**50,793**
Total liabilities	**113,987**	**109,299**
Accrued expenses		
Provisions for personnel costs	3,973	3,037
Provision for interest on loans	276	291
Other accrued expenses	1,105	596
Total accrued expenses	**5,354**	**3,923**
Interest-free liabilities 31 December	39,492	36,043
Liabilities falling due later than five years from now:		
Loans from financial institutions and other loans	29	2 243

21. Share-based payments

Olvi Group does not have any share-based arrangements or payments at present.

22. Pledges, contingent liabilities and other commitments	2013	2012
Pledges and contingent liabilities		
For own commitments		
Mortgages on land and buildings	1,336	1,336
Other off-balance sheet liabilities		
Package liabilities	2,781	2,265
Rental liabilities on business premises and land areas	396	392
Other liabilities	5,806	6,003
Total pledges, contingent liabilities and other commitments	**10,319**	**9,996**

23. Leasing liabilities	2013	2012
Due within one year	422	713
Due later	248	517
Total	670	1,230

24. Derivative contracts

		2013		2012
	Nominal value	Fair value	Nominal value	Fair value
Derivatives	24,100	-235	31,329	-234

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 2013

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

Registered share capital, EUR 1,000	20,759

Olvi plc's Series A and Series K shares received a dividend of 0.50 euro per share for 2012 (0.50 euro per share for 2011), totalling 10.4 (10.4) million euro. The dividends were paid on 22 April 2013.

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

The Series K and Series A 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 2013

	Series K	Series A	Total	%	Votes	%
1. Olvi Foundation	2,363,904	890,613	3,254,517	15.68	48,168,693	52.54
2. Hortling Heikki Wilhelm *)	903,488	144,194	1,047,682	5.05	18,213,954	19.87
3. The Heirs of Hortling Kalle Einari	187,104	25,248	212,352	1.02	3,767,328	4.11
4. Hortling Timo Einari	165,824	34,608	200,432	0.97	3,351,088	3.66
5. Hortling-Rinne Marit	102,288	2,100	104,388	0.50	2,047,860	2.23
6. Pohjola Bank plc, nominee register		1,902,700	1,902,700	9.17	1,902,700	2.08
7. Nordea Bank Finland plc, nominee register		1,400,693	1,400,693	6.75	1,400,693	1.53
8. Ilmarinen Mutual Pension Insurance Company		649,518	649,518	3.13	649,518	0.71
9. Skandinaviska Enskilda Banken Ab (publ) Helsinki branch, nominee register		542,249	542,249	2.61	542,249	0.59
10. Oy Autocarrera Ab		460,000	460,000	2.22	460,000	0.50
11. Varma Mutual Pension Insurance Company		412,899	412,899	1.99	412,899	0.45
12. Fondita Nordic Micro Cap mutual fund		371,000	371,000	1.79	371,000	0.40
13. Laakkonen Hannu Markus		216,072	216,072	1.04	216,072	0.24
14. Aktia Capital mutual fund		196,000	196,000	0.94	196,000	0.21
15. Lahti Ari		180,000	180,000	0.87	180,000	0.20
16. Evli Suomi Select mutual fund		176,927	176,927	0.85	176,927	0.19
17. Veritas Pension Insurance Company		148,309	148,309	0.71	148,309	0.16
18. Odin Finland		142,796	142,796	0.69	142,796	0.16
19. Kamprad Ingvar		135,000	135,000	0.65	135,000	0.15
20. Evli Finland Small Cap fund		117,444	117,444	0.57	117,444	0.13
Others	9,648	8,878,182	8,887,830	42.80	9,071,142	9.89
Total	**3,732,256**	**17,026,552**	**20,758,808**	**100.00**	**91,671,672**	**100.00**

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

Olvi plc had 9,522 (9,091) shareholders registered in the book-entry system on 31 December 2013, 8 (8) 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 903,488 Series K shares and 155,994 Series A shares on 31 December 2013, which represent 5.1 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 2013

Number of book entries	Number of shareholders	% of shareholders	Number of book entries	% of book entries	Number of votes	% of votes
1 to 1,000	8,131	85.39	2,085,128	10.04	2,094,856	2.29
1,001 to 10,000	1,261	13.25	3,334,095	16.06	3,471,807	3.79
10,001 to 500,000	124	1.30	6,549,700	31.55	15,234,676	16.62
500,001 to 999,999,999,999	6	0.06	8,750,861	42.16	70,792,093	77.22
On waiting list			2,064	0.01	41,280	0.04
In collective account			36,960	0.18	36,960	0.04
Total	**9,522**	**100.00**	**20,758,808**	**100.00**	**91,671,672**	**100.00**

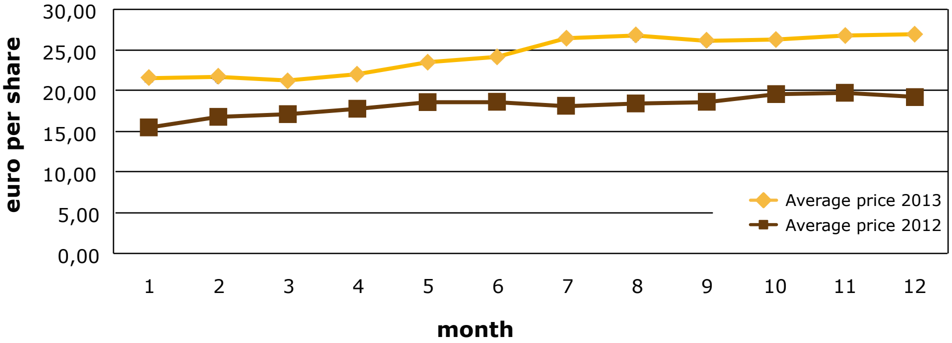
Shareholders by category on 31 December 2013

	Number of shareholders	% of share-holders	Number of book entries	% of book entries	Nominee registered number of book entries	% of book entries	Voting rights	% of votes
Businesses	401	4.21	4,850,415	23.37			49,764,591	54.29
Financial institutions and insurance companies	37	0.39	1,510,965	7.28	3,896,918	18.77	5,407,883	5.90
Public sector organisations	7	0.07	1,290,188	6.22			1,290,188	1.41
Non-profit organisations	110	1.16	563,762	2.72			563,762	0.61
Households	8,929	93.77	8,086,275	38.95			32,102,275	35.02
Non-Finnish shareholders	38	0.40	505,069	2.43	16,192	0.08	2,464,733	2.69
On waiting list			2,064	0.01			41,280	0.04
In collective account			36,960	0.18			36,960	0.04
Total	9,522	100.00	16,845,698	81.15	3,913,110	18.85	91,671,672	100.00

Foreign and nominee-registered holdings on 31 December 2013

	Number of book entries	% of shareholders	Number of shareholders	% of book entries	Number of votes	% of votes
Foreign total	35	0.37	505,069	2.43	2,448,541	2.67
Nominee-registered (foreign) total	3	0.03	16,192	0.08	16,192	0.02
Nominee-registered (Finnish) total	5	0.05	3,896,918	18.77	3,896,918	4.25
Total	43	0.45	4,418,179	21.28	6,361,651	6.94

PRICE DEVELOPMENT OF OLVI A SHARES IN 2013 AND 2012



OLVI A SHARE VS OMX ALL-SHARE INDEX 2010-2013

Source: Euroclear Finland Ltd

OLVI PLC

Parent company's financial ratios, 2011 to 2013

BUSINESS VOLUME AND PROFITABILITY	2013	2012	2011
EUR 1,000			
Net sales	123,608	113,612 *)	113,664 *)
Change, %	8.8	0.0	9.2
Operating profit	12,805	9,004	13,160
% of net sales	10.4	7.9	11.6
Financial income and expenses	9,131	6,380	3,138
Profit before extraordinary items	21,936	15,384	16,298
% of net sales	17.7	13.5	14.3
Profit before provisions and taxes	21,936	15,384	16,298
% of net sales	17.7	13.5	14.3
Net profit for the period	15,823	12,599	13,103
% of net sales	12.8	11.1	11.5
Balance sheet total	199,634	185,201	177,210
Cash flow ratio, %	19.4	17.8	16.5
Return on investment, % (ROI)	15.3	11.7	14.4
Return on equity, % (ROE)	25.7	19.0	19.2
Equity to total assets, %	41.6	39.8	39.9
Current ratio	0.7	0.8	0.6
Gearing, %	87.1	98.8	92.8
Gross capital expenditure on fixed assets	19,803	12,246	11,562
% of net sales	16.0	10.8	10.2
Net capital expenditure on fixed assets	19,773	12,089	11,243
% of net sales	16.0	10.6	9.9
Personnel on average	401	401	383

PER-SHARE RATIOS	2013	2012	2011
Earnings per share (EPS), euro	0.97	0.66	0.64
Equity per share, euro	4.00	3.55	3.40
**) Nominal dividend per share, euro	0.65	0.50	0.50
**) Effective dividend yield, %	2.27	2.54	3.39
**) Pay-out ratio, %	67.0	75.8	78.2
Price/Earnings ratio (P/E)	29.5	29.8	23.1
Price of Series A share			
- at year-end, euro	28.60	19.65	14.75
- high, euro	28.75	20.43	19.86
- low, euro	19.70	14.75	13.49
- average price, euro	24.26	18.26	16.68
Trading volume of A shares	2,601,699	1,793,149	3,208,911
% of all A shares outstanding	15.3	10.5	18.8
Market capitalisation of A shares 31 Dec, MEUR	487.0	334.6	251.1
Market capitalisation of K shares 31 Dec, MEUR	106.7	73.3	55.1
Total market capitalisation, MEUR	593.7	407.9	306.2
Number of shares			
- year's average number, adjusted for share issues ***)	20,757,684	20,757,684	20,751,392
- average number of shares adjusted for dilution from warrants ***)	20,757,684	20,757,684	20,751,392
- number at year-end, adjusted for dilution from warrants ***)	20,757,684	20,757,684	20,757,684

*) The previous years' net sales have been adjusted for comparability with the year 2013.

**) The amount of dividend used for calculating the 2013 ratios is the Board of Directors' proposal to the Annual General Meeting.

***) Treasury shares held by Olvi plc deducted.

Calculation of Financial Ratios

Cash flow ratio, % $$= 100 * \frac{\text{Operating profit+depreciation+financial income and expenses+extraordinary income and expenses-taxes}}{\text{Net sales}}$$

Return on investment, % (ROI) $$= 100 * \frac{\text{Profit before taxes+interest and other financial expenses}}{\text{Balance sheet total - interest-free liabilities (average)}}$$

Return on equity, % (ROE) $$= 100 * \frac{\text{Profit before taxes - taxes}}{\text{Shareholders' equity+non-controlling interests+voluntary provisions and depreciation difference deducted by deferred tax liability (average during the year)}}$$

Equity to total assets, % $$= 100 * \frac{\text{Shareholders' equity+non-controlling interests+voluntary provisions and depreciation difference deducted by deferred tax liability}}{\text{Balance sheet total-advance payments received}}$$

Current ratio $$= \frac{\text{Liquid assets+inventories}}{\text{Current liabilities}}$$

Gearing, % $$= 100 * \frac{\text{Interest-bearing liabilities+advance payments received+cash and other liquid assets}}{\text{Shareholders' equity+voluntary provisions and depreciation difference deducted by deferred tax liability}}$$

Earnings per share (EPS) $$= \frac{\text{Profit before taxes - taxes +/- non-controlling interests}}{\text{Average number of shares during the year, adjusted for share issues}}$$

Equity per share $$= \frac{\text{Shareholders' equity+voluntary provisions and depreciation difference deducted by deferred tax liability}}{\text{Number of shares on 31 December, adjusted for share issues}}$$

Effective dividend yield, % $$= 100 * \frac{\text{Dividend per share, adjusted for share issues}}{\text{Last trading price of the year, adjusted for share issues}}$$

Price/Earnings ratio (P/E) $$= \frac{\text{Last trading price of the year, adjusted for share issues}}{\text{Earnings per share}}$$

Pay-out ratio, % $$= 100 * \frac{\text{Dividend per share}}{\text{Earnings per share}}$$

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 50.6 (45.1) million euro of distributable funds on 31 December 2013, of which profit for the period accounted for 15.8 (12.6) million euro.

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

- A dividend of 0.65 euro shall be paid for 2013 on each Series K and Series A share, totalling 13.5 (10.4) million euro. The dividend represents 40.4 (40.3) 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, 23 April 2014. It is proposed that the dividend be paid on 30 April 2014.

- 37.1 million euro shall be retained in the parent company’s non-restricted equity.

Date and Signatures

Signed in Iisalmi, this 27th day of February 2014

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

Jaakko Autere
Member of the Board

Lasse Aho
Managing Director

Auditor’s Note

A report of the audit has been submitted today.

Signed in Iisalmi, this 18th day of March 2014

PricewaterhouseCoopers Oy

Sami Posti
Authorised Public Accountant

Olvi plc's Board of Directors 2013

Heikki Hortling
Born 1951
Master of Science (Economics)
Chairman of the Board of Olvi plc since 1998
Vice Chairman of the Board of Olvi plc 1987–1997

Important positions in other organisations:
Vice Chairman of the Board of Ponsse Plc
Member of the Board of Puhelinosuuskunta IPY (telecom co-operative)

Work experience in brief:
Several positions in Olvi plc, including marketing and materials management.

Esa Lager
Born 1959
Master of Laws
Master of Science (Economics)
Chief Financial Officer of Outokumpu Oyj
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

Important positions in other organisations:
Member of the Board of Ilkka-Yhtymä plc since 2011

Work experience in brief:
Outokumpu Oyj, Director of Finance and Administration
Outokumpu Oyj, Chief Financial Officer
Kansallis-Osake-Pankki, various positions in international operations

Heikki Sinnemaa
Born 1949
Master of Laws trained on the bench
Member of Olvi plc's Board of Directors since 2004

Important positions in other organisations:
Member of the Board of Olvi Foundation
Chairman of the Board of Puhelinosuuskunta IPY (telecom co-operative)
Member of the Board of T. Makkonen Oy
Member of the Board of Iisalmen Osuuspankki co-operative bank 1987-1995
Chairman of the Board of Iisalmen Osuuspankki co-operative bank 1995-2000

Work experience in brief:
Heikki Sinnemaa Attorney's office, attorney-at-law from 1975 to 2012.

Jaakko Autere
Born 1963
Master of Science in Economics
Gogrow Oy, CEO
Member of Olvi plc's Board of Directors since 2011

Work experience in brief:

2009-2011	President, Fiskars Home Business Area, CEO of Iittala Group Oy Ab
2005–2009	Managing Director, Orkla AS, Biscuit Division (Göteborgs Kex, Saetre, Kantolan)
2004–2005	Managing Director, L'Oreal Norway
2000–2005	Managing Director, General Manager, L'Oreal Sweden
1997–2000	Marketing Manager, Kellogg's Marketing & Sales Company UK & ROI Ltd
1991–1997	Marketing Manager, Product Manager Nordisk Kellogg's, Denmark
1989-1991	Product Group Manager, Olvi plc, Iisalmi.

Tarja Pääkkönen
Born 1962
Doctor of Technology (Business strategy)
Master of Science in Engineering (Construction)
Studies in international marketing
Boardman Oy, partner, shareholder and member of the Board since 2010
Member of Olvi plc's Board of Directors since 2010

Important positions in other organisations:
Member of the Board of Wulff plc since 2013
Member of the Board of SATO plc since 2013
Member of the Board of Boardman Oy since 2010
Member of the Board of Panostaja/Flexim Security Oy since 2011
Member of the Board of Idean Oy since 2011
Member of the Board of Spinverse Oy since 2011
Founder and Chairman of the Board of the software company Sunduka Oy since 2010
Member of the Board of HYY Group since 2008
Member of the Board of Marimekko Corporation 2006–2011

Work experience in brief:
Member of the Board of Itella and Director of the corporate sales and marketing unit
Nokia Corporation, member of the management group of Nokia Mobile Phones and service in several global Senior Vice
President positions in Europe, the USA and Japan
Mecrastor Oy (PricewaterhouseCoopers), Management Consultant
Kienbaum GmbH, Germany, Management Consultant
BE & K, USA, Marketing & Business Manager.