OLVI PLC INTERIM REPORT 15 AUG 2013 at 9:00 am

OLVI GROUP'S INTERIM REPORT, 1 JANUARY TO 30 JUNE 2013 (6 MONTHS)

Olvi's earnings developed favourably. The Group's sales volume, net sales and operating profit increased on the previous year.

January-June in brief:

- Olvi Group's sales volume increased by 7.9 percent to 282.0 (261.4) million litres
- The Group's comparable net sales increased by 14.2 percent to 170.7 (149.5)*) million euro
- The Group's comparable operating profit increased to 17.7 (14.7) million euro, and operating profit adjusted for the change in depreciation policy increased to 22.8 million euro.

KEY RATIOS

	1-6/2013	1-6/2012	Change %	1-12/2012
Net sales, MEUR	170.7	149.5*)	+14.2	304.9*)
Operating profit, MEUR	22.8**)	14.7	+55.3	30.5
Gross capital expenditure, MEUR	13.3	21.2	-37.2	29.8
Earnings per share, EUR	0.79	0.59	+33.9	1.24
Equity per share, EUR	7.39	6.41	+15.3	7.01
Equity to total assets, %	50.0	45.4		54.8
Gearing, %	34.8	55.8		35.8

*) The previous year's net sales in Finland have been adjusted for comparability with the year 2013.
**) A new depreciation policy has been applied to the income statement for 2013.

Lasse Aho, Managing Director of Olvi plc, states the following in connection with the disclosure of the accounts:
"Olvi Group's performance in the first half of 2013 was good. Development was particularly good in the parent company and in Belarus. Aggregate operating profit in the Baltic states also improved."

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 previous year's net sales figures in this interim report 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 5.1 million euro on the corresponding period last year.

OLVI GROUP'S SALES VOLUME, NET SALES AND EARNINGS IN JANUARY-JUNE 2013

Olvi Group's sales in the first half of the year totalled 282.0 (261.4) million litres, an increase of 20.6 million litres or 7.9 percent. Sales in Finland increased by 11.3 million litres and in Belarus by 9.3 million litres. Sales in the Baltic states declined by 4.2 million litres. Intra-Group sales declined by 4.2 million litres.

The Group's net sales from January to June amounted to 170.7 (149.5)*) million euro, representing an increase of 21.2 million euro or 14.2 percent.

Net sales in Finland amounted to 67.5 (56.1)*) million euro, while the aggregate total for the Baltic states was 77.2 (76.5) and the corresponding figure for Belarus was 35.3 (27.4) million euro. Net sales in Finland increased by 11.4 million euro or 20.4 percent, in the Baltic states by 0.7 million euro or 0.9 percent, and in Belarus by 7.9 million euro or 28.9 percent.

The Group's comparable operating profit for January-June increased to 17.7 (14.7) million euro, or 10.4 (9.8) percent of net sales. Operating profit adjusted for the change in depreciation policy increased by 8.1 million euro or 55.3 percent on the previous year.

Operating profit in Finland amounted to 7.1 (5.0) million euro. The operating profit improved by 2.1 million euro. Aggregate operating profit in the Baltic states improved by 1.9 million euro to 9.8 (7.9) million euro, and operating profit in Belarus improved by 4.0 million euro to 5.8 (1.8) 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 the period under review improved substantially on the previous year, amounting to 16.9 (12.4) million euro.

Earnings per share calculated from the profit belonging to parent company shareholders in the first half of the year stood at 0.79 (0.59) euro per share. Earnings per share improved by 0.20 euro or 33.9 percent.

OLVI GROUP'S SALES VOLUME, NET SALES AND EARNINGS IN APRIL-JUNE 2013

In the second half of the year, the Group's sales volume, net sales and operating profit improved.

The Group's sales in the second quarter amounted to 171.3 (160.1) million litres. Sales increased by 11.2 million litres or 7.0 percent. Sales in Finland increased by 2.2 million litres to 48.6 (46.4) million litres and sales in Belarus by 8.1 million litres to 50.6 (42.5) million litres. Sales in the Baltic states declined by 3.6 million litres to 83.7 (87.3) million litres.

The Group's net sales from April to June amounted to 102.7 (92.8)*) million euro. Net sales improved by 9.9 million euro or 10.6 percent. Net sales in Finland amounted to 38.0 (34.4)*) million euro, an increase of 3.6 million euro, and net sales in Belarus amounted to 22.7 (18.0) million euro, an increase of 4.7 million euro. Net sales in the Baltic states were on a par with the previous year at 47.6 (47.5) million euro.

The Group's operating profit for the second quarter stood at 17.8 (12.0) million euro, or 17.4 (12.9)*) percent of net sales. The operating profit increased substantially on the previous year, by 5.9 million euro or 49.1 percent. Operating profit in Finland amounted to 4.3 (3.7) million euro, in the Baltic states to 7.8 (6.2) million euro and in Belarus to 5.7 (2.1) million euro. Operating profit in Finland increased by 0.6 million euro, in the Baltic states by 1.6 million euro and in Belarus by 3.6 million euro.

SALES VOLUME, NET SALES AND EARNINGS BY GEOGRAPHICAL SEGMENT IN JANUARY-JUNE AND APRIL-JUNE 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)

January to June 2013

According to the Federation of the Brewing and Soft Drinks Industry, the Finnish beverage market in January-June diminished by a total of 4 million litres or one percent compared to the previous year. Sales declined in all product groups except mineral waters. The decline in alcoholic products was approximately one percent and in soft drinks 3.5 percent. The sales of mineral waters improved by almost 10 percent.

Olvi's sales in the first half of the year increased by 15.4 percent to 85.1 (73.8) million litres. Among the product groups, strongest growth was seen in soft drinks. The sales of mineral waters also improved but the sales of juice and energy drinks declined on the previous year. In alcoholic beverages, slight growth was seen in beers while the sales of long drinks and ciders declined. Olvi is the market leader in retail sales of long drinks.

According to statistics by the Federation of the Brewing and Soft Drinks Industry for January-June 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 (4) percent. The overall market share in January-June was 18 (18) percent.

In the period under review, Olvi's exports and tax-free sales increased clearly to 15.5 (3.3) million litres, an increase of 12.2 million litres. Olvi's export sales were particularly based on exports to nearby regions.

The parent company's net sales growth in January-June was particularly attributable to the development of exports. Net sales stood at 67.5 (56.1)*) million euro, an increase of 11.4 million euro or 20.4 percent.

Olvi's operating profit stood at 7.1 (5.0) million euro, which was 10.5 (8.9)*) percent of net sales. The operating profit improved by 2.1 million euro or 42.0 percent.
1.9 million euro of the operating profit improvement was attributable to the extended depreciation periods. Olvi's earnings for January-June include performance bonuses to employees, as well as scrapping costs for 0.33-litre glass bottles, which were not included in last year's earnings.

April to June 2013

The parent company's sales in the second quarter increased by 2.2 million litres or 4.9 percent to 48.6 (46.4) million litres.

Net sales stood at 38.0 (34.4)*) million euro, an increase of 3.6 million euro or 10.6 percent.

Operating profit in April-June stood at 4.3 (3.7) million euro, or 11.2 (10.8)*) percent of net sales. The operating profit improved by 0.6 million euro or 15.4 percent in the second quarter.

AS A. LE COQ (A. Le Coq, Estonia)

January to June 2013

With the exception of mineral waters, the sales of all other product groups declined in the Estonian beverage market in the first half of the year. The sales of mineral waters improved by almost 12 percent. The greatest decline was seen in beers, almost nine percent. Ciders declined by some six percent and long drinks by three percent. The sales of juices and soft drinks declined as well. (Nielsen, April-May 2013).

However, A. Le Coq retained its strong position in the Estonian beverage market. The company's sales in January-June amounted to 67.0 (68.7) million litres. Sales declined slightly by 1.7 million litres or 2.5 percent. The sales decline is due to the fact that intra-Group sales diminished by 4.8 million litres. The company's domestic sales increased by 2.6 million litres.

The greatest sales increase was seen in mineral waters, more than 36 percent. The sales of beers, long drinks and ciders also improved well. The sales of soft drinks (including kvass) and juices declined slightly.

The company is the clear market leader in long drinks and juices. In beers and ciders, the company is in a tight struggle for the number one position, and in 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, April-May 2013).

The company's exports and tax-free sales increased by 16.1 percent on the previous year. Exports and tax-free sales represented 4.5 (3.8) percent of total sales.

The company's net sales from January to June amounted to 42.1 (41.0) million euro, representing an increase of 1.1 million euro or 2.7 percent. Net sales growth outperformed volume growth thanks to improved average price.

A. Le Coq's operating profit improved in the first half of the year. Operating profit stood at 8.0 (6.3) million euro, which was 19.0 (15.4) percent of net sales. The operating profit improved by 1.7 million euro or 26.7 percent. 0.9 million euro of the operating profit improvement was attributable to the extended depreciation periods.

April to June 2013

A. Le Coq's sales in the second quarter declined by 0.4 million litres or 0.9 percent to 41.1 (41.5) million litres due to diminished intra-Group manufacturing. Net sales from April to June amounted to 26.2 (25.1) million euro. Net sales improved by 1.1 million euro or 4.3 percent.

The company's second-quarter operating profit stood at 5.9 (4.3) million euro, or 22.4 (17.3) percent of net sales. The operating profit improved by 1.6 million euro or 35.0 percent.

A/S CESU ALUS (Cesu Alus, Latvia)

January to June 2013

During January-June, the sales of beers in Latvia declined by almost six percent. The cider market saw an even more dramatic decline at more than 26 percent. On the other hand, the long drink market improved by more than two percent during the first half of the year.

Cesu Alus improved its sales during the first half of the year. Sales amounted to 39.6 (37.8) million litres, representing an increase of 1.8 million litres or 4.8 percent. The improvement was attributable to increased internal sales to other Olvi Group companies.

Among the company's main product groups, only the sales of soft drinks and juice drinks increased during January-June. Sales of long drinks were on a par with the previous year. There was a decline of some 6 percent in the sales of beers. The greatest sales decline was seen in ciders; however, Fizz cider remains Latvia's best-selling brand.

The company is a clear market leader in ciders and long drinks (Nielsen April-May 2013). Cesu Alus retained its market share in the Latvian beer market and is the number two player (Nielsen, May 2013).

The company's net sales from January to June were on a par with the previous year at 19.1 (19.0) million euro.

Operating profit in January-June stood at 1.6 (1.0) million euro, or 8.5 (5.2) percent of net sales. The increase in operating profit was 0.6 million euro or 65.2 percent. The extended depreciation periods had an effect of 0.8 million euro on the operating profit.

April to June 2013

Cesu Alus's sales in the second quarter were on a par with the previous year at 24.1 (24.2) million litres. Net sales amounted to 11.9 (12.2) million euro, representing a decline of 0.3 million euro or 2.3 percent on the previous year.

The company's operating profit in April-June stood at 1.5 (1.0) million euro, or 12.7 (8.5) percent of net sales. The operating profit improved by 0.5 million euro or 47.0 percent.

AB VOLFAS ENGELMAN (Volfas Engelman, Lithuania)

January to June 2013

The Lithuanian beverage markets declined in the first half of the year particularly due to stricter alcohol laws and new regulations concerning package sizes. Only the sales of long drinks remained almost unchanged. The total market in beers declined by almost 12 percent, in ciders as much as 20, and in kvass more than 14 percent.

Volfas Engelman's sales in the first half of 2013 amounted to 32.0 (36.2) million litres. Sales declined by 4.2 million litres or 11.7 percent, mainly due to poor performance in the second quarter. The sales of long drinks and soft drinks (including kvass) increased while the sales of beers and ciders drinks declined clearly.

However, Volfas Engelman has retained 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 slightly increasing its market share on the previous year. The company is the market leader in kvass. In ciders it belongs to the top two players. In long drinks it holds the number two position. The company's market share in long drinks has improved on the previous year. (Nielsen, April-May 2013).

The company's net sales stood at 16.0 (16.6) million euro, a decline of 0.6 million euro or 3.6 percent. The decline in net sales was smaller than the decline in sales volume thanks to improved average price.

Operating profit declined by 0.4 million euro on the previous year to 0.2 (0.6) million euro. Operating profit came to 1.4 (3.9) percent of net sales. The extended depreciation periods had an effect of 0.5 million euro on the operating profit. The company was unable to adapt its operating expenses to the declined sales volume during January-June.

April to June 2013

The company's sales volume declined in the second quarter. Sales from April to June amounted to 18.6 (21.7) million litres, representing a decline of 3.1

million litres or 14.3 percent. Second-quarter net sales stood at 9.4 (10.2) million euro, representing a decline of 0.8 million euro or 7.2 percent.

Also the company’s operating profit declined in the second quarter compared to the previous year. The operating profit stood at 0.4 (0.8) million euro, which was 4.7 (8.2) percent of net sales.

OAO LIDSKOE PIVO (Lidskoe Pivo, Belarus)

January to June 2013

The Belarusian beer market declined slightly more than one percent on the previous year. The share of imports is slightly increasing. The sales of kvass declined by almost 19 percent while the sales of mineral waters increased by almost 13 percent. The sales of juices are strongly growing, almost 60 percent on the previous year. (Nielsen, April-May 2013).

The day-to-day operations of Lidskoe Pivo developed favourably in January-June thanks to the excellent second quarter. The company’s sales amounted to 77.8 (68.4) million litres, representing an increase of 9.4 million litres or 13.6 percent. Among the main product groups, the greatest sales increase was seen in mineral waters, approximately 72 percent. Clear growth was also seen in the sales of beers even though the overall market declined slightly. The sales of soft drinks (including kvass) and juice drinks were on a par with the previous year, while the sales of ciders declined.

Lidskoe Pivo has retained its market leadership in kvass. In juice drinks, the company is the number two in the market and has increased its market share by a further couple of percentage points. In beers, the company’s market share has gone up a couple of percentage points and in mineral waters slightly. (Nielsen, April-May 2013).

The company’s exports increased by 3.8 million litres during the first half of the year. Exports made 14.4 (10.7) percent of the company’s total sales. The main destinations for exports were Russia, Ukraine and Lithuania.

The company’s net sales stood at 35.3 (27.4) million euro, an increase of 7.9 million euro or 28.9 percent. Factors contributing to net sales growth included favourable development of sales volumes and a good average price of net sales.

Operating profit improved by 4.0 million euro on the previous year to 5.8 (1.8) million euro, which is 16.5 (6.7) percent of net sales. 1.0 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.

April to June 2013

The company’s operations were very successful in the second quarter. Sales increased to 50.6 (42.5) million litres. This represents an increase of 8.1 million litres or 19.0 percent.

Net sales stood at 22.7 (18.0) million euro, an increase of 4.7 million euro or 26.2 percent.

The company’s second-quarter operating profit increased to 5.7 (2.1) million euro, or 25.1 (11.6) percent of net sales. The operating profit improved by 3.6 million euro.

FINANCING AND INVESTMENTS

Olvi Group’s balance sheet total at the end of the period under review was 311.3 (296.8) million euro. Equity per share stood at 7.39 (6.41) euro. The equity to total assets ratio improved by 4.6 percentage points to 50.0 (45.4) percent. The amount of interest-bearing liabilities was 61.0 (77.2) million euro, including current liabilities of 27.4 (31.6) million euro.

During the period under review, Olvi Group’s gross capital expenditure amounted to 13.3 (21.2) million euro. The parent company Olvi accounted for 7.2 million euro and the subsidiaries in the Baltic states for 3.2 million euro of the total. Lidskoe Pivo’s gross capital expenditure in the first half of the year was 2.9 million euro.

The largest investments in Finland in 2013 include 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. Cesu Alus’s investments mainly consist of extensions to the tank cellar and filtering department, and the acquisition of a light-duty storage hall. Volfas Engelman’s largest investments consist 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 will be the second phase of the fermentation cellar extension, extensions to cooling systems, and the acquisition of a light-duty storage hall.

PRODUCT DEVELOPMENT

Research and development includes projects to design and develop new products, packages, processes and production methods, as well as further development of existing products and packages. The R&D costs have been recognised as expenses.

The main objective of Olvi Group’s product development is to create new products for profitable and growing beverage segments.

NEW PRODUCTS

Finland

To celebrate Olvi’s 135th anniversary, the CXX beer will be relaunched in the September product range period, now under the name CXX XV. Originally launched in 1998, CXX was the commercially most significant beer launch in Finland in the 1990s. The TEHO energy drink will be supplemented by a new variant, TEHO Crazy Apple in 0.33-litre cans. In soft drinks, profitable additional sales will be sought through leveraging on the season. OLVI Halloween Cola will be available during September-October in 0.33-litre cans. Angry Birds juice drinks will be supplemented by a green pig with pear-mango flavour in one-litre tetrapacks.

Subsidiaries

A. Le Coq launched the new beer A. Le Coq Premium Extra Cherry having a cherry flavour that is popular in Central Europe. The A. Le Coq Coctails range received a new variant Mango Daiquiri 4.7%. In ciders, the new introduction Sherwood Rose 4.5% is flavoured with raspberry. In soft drinks, Angry Birds Sunrise, which was launched in Finland in January, was brought to the market in 0.33-litre cans. The Aura Fruit Near Water range got a new flavour of blueberry in both 0.5-litre and 1.5-litre plastic bottles.

Cesu launched a canned version of Grāfs fon Zīverss Ale, a beer originally introduced earlier in the spring. Correspondingly, 1.5-litre plastic bottles of the earlier spring launch Pilsener beer was introduced.

Volfas Engelman launched multi-packs of the Rinktinis and Bravoro beer brands. Bravoro and Fortas Extra were also launched in pint-size cans. The Fortas brand was expanded to Radlers (shandy, alc. 2.5%) in both 0.5-litre glass bottles and

1.0-litre plastic bottles. The Beer Shake (alc. 2.5%) range got a new flavour Mojito. In alcoholic mixed drinks, the new brand Beach was introduced in four flavours in 1.0-litre plastic bottles. The energy drink brand Dynamit was expanded with a smaller 0.25-litre can in two flavour variants.

Lidskoe Pivo launched the new flavour FIZZ Yellow Plum under the Group’s common FIZZ cider brand in 0.33-litre cans. Two new flavours were added to the BCE Vitamines Near Water range, apple and watermelon, both in three sizes of bottles: 0.5 L, 1.0 L and 1.5 L. Correspondingly, two new flavours of Aura mineral waters were launched, lemon and strawberry, also in bottle sizes of 0.5 L, 1.0 L and 1.5 L. Angry Birds soft drinks were supplemented by the new flavour Paradise already known in Finland.

PERSONNEL

Olvi Group’s average number of personnel in January-June 2013 was 2,030 (1,991). The Group’s average number of personnel increased by 39 people or 2.0 percent. At the end of June, Olvi Group employed a total of 2,183 (2,124) people.

Olvi Group’s average number of personnel by country:

	1-6/2013	1-6/2012
Finland	412	(404)
Estonia	318	(318)
Latvia	225	(223)
Lithuania	216	(211)
Belarus	859	(835)
Total	2,030	(1,991)

GROUP STRUCTURE

There were no changes in the Group structure in January-June 2013.

Olvi Group’s holding in A. Le Coq is 100.0 percent, in Cesu Alus 99.67 percent, in Volfas Engelman 99.57 percent and in Lidskoe Pivo 91.58 percent. Furthermore, A. Le Coq has a 49.0 percent holding in Karme AS and 20.0 percent holding in Verska Mineraalvee OÜ in Estonia.

OLVI A SHARE AND SHARE MARKET

Olvi’s share capital at the end of June 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 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 Olvi A share was quoted on Nasdaq OMX Helsinki Ltd (Helsinki Stock Exchange) at 26.86 (18.70) euro at the end of June. In January-June, the highest quote for the Series A share was 27.00 (19.94) euro and the lowest quote was 19.70 (14.75) euro. The average price was 22.42 (17.43) euro.

In January-June, a total of 1,257,113 (943,924) Series A shares were traded, representing 7.4 (5.5) percent of the total number of Series A shares. The value of trading was 28.1 (16.5) million euro.

At the end of June 2013, the market capitalisation of the entire stock was 557.6 (388.2) million euro and the market capitalisation of Series A shares was 457.3 (318.4) million euro.

The number of shareholders at the end of June 2013 was 9,419 (9,112). Foreign holdings plus foreign and Finnish nominee-registered holdings represented 20.7 (17.7) percent of the total number of book entries and 6.8 (6.1) percent of total votes. Foreign and nominee-registered holdings are reported in Table 5, Section 8 of the tables attached to this interim report, and the largest shareholders are reported in Table 5, Section 9.

TREASURY SHARES

There were no changes in the number of treasury shares held by Olvi in January-June 2013. At the end of the reporting period, Olvi plc held 1,124 Series A shares as treasury shares. Treasury shares held by Olvi plc are reported in the tables section of this interim report, in Table 5, Section 5.

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 targets set. 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.

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

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

Raw materials

General economic development and annual fluctuations in crop yield affect the prices and availability of major raw materials used within Olvi Group. Disruptions in raw material deliveries may hamper customer relations and business operations. Purchases of major raw materials are made under procurement contracts standardised at the Group level. The predictability of purchase prices for the most critical raw materials is improved through long-term procurement agreements and potentially derivatives. All units emphasise the significance of the quality of raw materials and other production factors in the overall production chain.

Production process

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

Markets and customers

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

Negative changes in the economy may impact consumers’ purchasing behaviour and hamper the liquidity of hotel and restaurant customers in particular. All Group companies employ efficient credit controls as a major method for minimising credit losses.

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

Personnel

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

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

Information security and IT

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

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

Financing risks

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

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

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

BUSINESS RISKS AND UNCERTAINTIES IN THE NEAR TERM

The financial situation in Europe remains uncertain, and the unemployment rate is still high. Weakened consumer purchasing power and changes in consumption patterns may have a negative impact on demand for the Group's products. Demand in Finland is also held back by the highest excise tax level in the European Union, as well as increasing private imports.

The most substantial factor hampering the predictability of Olvi Group's business relates to Belarus and its economic outlook for the next few years. The IAS 29 standard "Financial Reporting in Hyperinflationary Economies" will probably be applied at least until the end of 2014.

NEAR-TERM OUTLOOK

Sales volumes and net sales are expected to continue favourable development during the rest of the year.

Comparable operating profit is expected to improve on the previous year.

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OLVI PLC
Board of Directors

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

OLVI GROUP TABLE 1

INCOME STATEMENT

EUR 1,000

	4-6/ 2013	4-6/ 2012	1-6/ 2013	1-6/ 2012	1-12/ 2012
Net sales	102705	92831*)	170700	149494*)	304891*)
Other operating income	138	252	321	265	1020
Operating expenses	-81597	-75637*)	-141367	-124719*)	-253552*)
Depreciation and impairment	-3427	-5494	-6823	-10343	-21822
Operating profit	17819	11953	22831	14697	30537
Financial income	-255	2047	1831	2688	4871
Financial expenses	271	-106	-1734	-849	-3093
Financial expenses - net	16	1941	97	1839	1778
Earnings before tax	17835	13894	22928	16536	32315
Taxes ***)	-5291	-3712	-5988	-4118	-6151
NET PROFIT FOR THE PERIOD	12544	10182	16940	12418	26164
Other comprehensive income items:					
Translation differences related to					
foreign subsidiaries	-1563	1066	318	3104	527
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	10981	11248	17258	15522	26691
Distribution of profit:					
- parent company shareholders	12142	9933	16479	12191	25668
- non-controlling interests	402	249	461	227	496
Distribution of comprehensive profit:					
- parent company shareholders	10703	10956	16795	15233	26229
- non-controlling interests	278	292	463	289	462
Earnings per share calculated from the profit belonging					
to parent company shareholders, EUR					
- undiluted	0.58	0.48	0.79	0.59	1.24
- diluted	0.58	0.48	0.79	0.59	1.24

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

***) Taxes calculated from the profit for the review period.

OLVI GROUP TABLE 2

BALANCE SHEET

EUR 1,000

	30.6.2013	30.6.2012	31.12.2012
ASSETS			
Non-current assets			
Tangible assets	154804	151088	146749
Goodwill	18141	17609	17730
Other intangible assets	2628	1741	2119
Shares in associates	1077	1077	1077
Financial assets available for sale	549	549	549
Loan receivables and other non-current receivables	401	160	408
Deferred tax receivables	214	98	83
Total non-current assets	177814	172322	168715
Current assets			
Inventories	45480	47414	40583
Accounts receivable and other receivables	81063	74473	53345
Income tax receivable	50	101	693
Other non-current assets available for sale	163	56	163
Liquid assets	6761	2464	5698
Total current assets	133517	124508	100482
TOTAL ASSETS	311331	296830	269197
SHAREHOLDERS’ EQUITY AND LIABILITIES			
Shareholders’ equity held by parent company shareholders			
Share capital	20759	20759	20759
Other reserves	1092	1092	1092
Treasury shares	-8	-8	-8
Translation differences	-17371	-15205	-17687
Retained earnings	148828	126520	141317
	153300	133157	145473
Share belonging to non-controlling interests	2486	1725	1939
Total shareholders’ equity	155786	134882	147412
Non-current liabilities			
Financial liabilities	33559	45658	42474
Other liabilities	250	503	250
Deferred tax liabilities	3896	2507	3200
Current liabilities			
Financial liabilities	27435	31568	15996
Accounts payable and other liabilities	88751	79247	58669

Income tax liability	1654	2465	1196
Total liabilities	155545	161948	121785
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	311331	296830	269197

OLVI GROUP TABLE 3

CHANGES IN OLVI GROUP’S CONSOLIDATED SHAREHOLDERS’ EQUITY

EUR 1,000	Share capital	Other reserves	Treasury shares reserve	Translation differences	Retained earnings	Share of non-controlling interests	Total
Shareholders’ equity 1 Jan 2012	20759	1092	-8	-18248	123286	1341	128222
Adjustments for hyperinflation					1397	128	1525
Adjusted shareholders’ equity 1 Jan 2012	20759	1092	-8	-18248	124684	1469	129747
Comprehensive income:							
Net profit for the period					12191	227	12418
Other comprehensive income items:							
Translation differences				3043		61	3104
Total comprehensive income for the period				3043	12191	288	15522
Transactions with shareholders:							
Payment of dividends					-10379	-13	-10392
Total transactions with shareholders					-10379	-13	-10392
Changes in holdings in subsidiaries:							
Acquisition of shares from non-controlling interests					5		5
Change in shares held by non-controlling interests					19	-19	0
Total changes in holdings in subsidiaries					24	-19	5
Shareholders’ equity 30 June 2012	20759	1092	-8	-15205	126520	1725	134882

EUR 1,000	Share capital	Other reserves	Treasury shares reserve	Translation differences	Retained earnings	Share of non-controlling interests	Total
Shareholders’ equity 1 Jan 2013	20759	1092	-8	-17687	141317	1939	147412
Adjustments for hyperinflation					1411	130	1541
Adjusted shareholders’ equity 1 Jan 2013	20759	1092	-8	-17687	142728	2069	148953
Comprehensive income:							
Net profit for the period					16479	461	16940
Other comprehensive income items:							
Translation differences				316		2	318
Total comprehensive income for the period				316	16479	463	17258
Transactions with shareholders:							

Payment of dividends					-10379	-46	-10425
Total transactions with shareholders					-10379	-46	-10425
Shareholders’ equity 30 June 2013	20759	1092	-8	-17371	148828	2486	155786

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

OLVI GROUP TABLE 4

CASH FLOW STATEMENT

EUR 1,000

	1-6/2013	1-6/2012	1-12/2012
Net profit for the period	16940	12418	26164
Adjustments to profit for the period	13137	17359	29754
Change in net working capital	-5892	-15796	-8967
Interest paid	-1092	-1304	-2077
Interest received	195	72	315
Taxes paid	-2324	-1574	-4900
Cash flow from operations (A)	20964	11175	40289
Investments in tangible and intangible assets	-12053	-20080	-23757
Sales gains from tangible and intangible assets	326	54	125
Expenditure on other investments	0	-582	-582
Cash flow from investments (B)	-11727	-20608	-24214
Withdrawals of loans	9587	41957	32738
Repayments of loans	-7063	-23449	-36179
Dividends paid	-10549	-10393	-10377
Increase (-) / decrease (+) in current interest-bearing business receivables	-1	2	0
Increase (-) / decrease (+) in long-term loan receivables	8	0	-265
Cash flow from financing (C)	-8018	8118	-14083
Increase (+)/decrease (-) in liquid assets (A+B+C)	1219	-1315	1992
Liquid assets 1 January	5698	3836	3836
Effect of exchange rate changes	-155	-58	-130
Liquid assets 30 June/31 December	6762	2464	5698

NOTES TO THE INTERIM REPORT

The accounting policies used for this interim report are the same as those used for the annual financial statements 2012, with the following changes implemented as of 1 January 2013:

1) As of the beginning of 2013, marketing subsidies payable to customers on the basis of litres sold have been accounted for as annual discounts under adjustments to sales. These marketing subsidies were previously recognised under other operating expenses. Due to the change, the consolidated net sales and other operating expenses for the previous year's January-to-June period have declined by the amount of the marketing subsidies, 3.9 million euro. The change concerned the parent company Olvi.

2) 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. The depreciation period for buildings was extended from 20 to 30 years and the depreciation period for production machinery and equipment from 8 years to 15 years. The depreciation period for tanks was extended from 8 years to 20 years. Due to the change, depreciation in January-June 2013 declined by 5.1 million euro.

Other accounting policies are presented in the Annual Report 2012 which was published on 18 March 2013. The information disclosed in the interim report is unaudited.

The interim report information is presented in thousands of euros (EUR 1,000). For the sake of presentation, individual figures and totals have been rounded to full thousands, which causes rounding differences in additions.

The Group has adopted the following new or revised standards and interpretations in 2013:

- Amendment to IAS 12 "Income Taxes" concerning deferred taxes
- Amendment to IAS 1 "Presentation of Financial Statements" concerning other comprehensive income items
- Amendment to IAS 19 "Employee Benefits"
- Amendment to IFRS 7 "Financial Instruments: Disclosures" concerning the offset of assets and liabilities
- IFRS 13 "Fair Value Measurement"

1. SEGMENT INFORMATION

SALES BY GEOGRAPHICAL SEGMENT (1,000 litres)

	4-6/ 2013	4-6/ 2012	1-6/ 2013	1-6/ 2012	1-12/ 2012
Olvi Group total	171300	160146	282004	261361	526753
Finland	48628	46376	85125	73780	148764
Estonia	41080	41464	66960	68701	134027
Latvia	24087	24189	39592	37792	72358
Lithuania	18580	21683	31953	36202	71661
Belarus	50603	42522	77763	68448	141496
- sales between segments	-11678	-16088	-19389	-23562	-41553

NET SALES BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	4-6/ 2013	4-6/ 2012	1-6/ 2013	1-6/ 2012	1-12/ 2012
Olvi Group total	102705	92831*)	170700	149494*)	304891*)
Finland	38028	34388*)	67535	56070*)	113612*)
Estonia	26210	25124	42080	40959	80043
Latvia	11940	12217	19147	19001	36185
Lithuania	9425	10157	15987	16578	34245
Belarus	22746	18028	35306	27380	59030
- sales between segments	-5644	-7083	-9355	-10493	-18224

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

OPERATING PROFIT BY GEOGRAPHICAL SEGMENT (EUR 1,000)

	4-6/ 2013	4-6/ 2012	1-6/ 2013	1-6/ 2012	1-12/ 2012
Olvi Group total	17819	11953	22831	14697	30537
Finland	4269	3700	7112	5009	9066
Estonia	5876	4354	7994	6311	13017
Latvia	1522	1035	1634	989	1654
Lithuania	447	837	221	639	1753
Belarus	5716	2092	5838	1821	4979
- eliminations	-11	-65	32	-72	68

2. PERSONNEL ON AVERAGE

	1-6/2013	1-6/2012	1-12/2012
Finland	412	404	401
Estonia	318	318	313
Latvia	225	223	217
Lithuania	216	211	212
Belarus	859	835	834
Total	2030	1991	1977

3. RELATED PARTY TRANSACTIONS

Employee benefits to management

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

EUR 1,000

	1-6/2013	1-6/2012	1-12/2012

Managing Directors	550	592	931
Chairman of the Board	43	43	84
Other members of the Board	66	63	125
Total	659	698	1140

4. SHARES AND SHARE CAPITAL

	30.6.2013	%
Number of A shares	17026552	82.0
Number of K shares	3732256	18.0
Total	20758808	100.0
Total votes carried by A shares	17026552	18.6
Total votes carried by K shares	74645120	81.4
Total number of votes	91671672	100.0
Votes per Series A share	1	
Votes per Series K share	20	

The registered share capital on 30 June 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.

5. 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-June 2013, which means that the number of Series A shares held by the company was unchanged on 30 June 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-June 2013, the Board of Directors of Olvi plc has not exercised the authorisations granted by the General Meeting.

6. NUMBER OF SHARES *)

	1-6/2013	1-6/2012	1-12/2012
- average	20757684	20757684	20757684
- at end of period	20757684	20757684	20757684

*) Treasury shares deducted.

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

	1-6/2013	1-6/2012	1-12/2012
Trading volume of Olvi A shares	1257113	943924	1793149
Total trading volume, EUR 1,000	28119	16504	32789
Traded shares in proportion to all Series A shares, %	7.38	5.5	10.5
Average share price, EUR	22.42	17.43	18.26
Price on the closing date, EUR	26.86	18.70	19.65
Highest quote, EUR	27.00	19.94	20.43
Lowest quote, EUR	19.70	14.75	14.75

8. FOREIGN AND NOMINEE-REGISTERED HOLDINGS ON 30 JUNE 2013

	Book entries		Votes		Shareholders	
	qty	%	qty	%	qty	%
Finnish total	16460655	79.30	85430047	93.19	9374	99.53
Foreign total	468715	2.26	2412187	2.63	37	0.39
Nominee-registered (foreign) total	19201	0.09	19201	0.02	3	0.03
Nominee-registered (Finnish) total	3810237	18.35	3810237	4.16	5	0.05
Total	20758808	100.00	91671672	100.00	9419	100.00

9. LARGEST SHAREHOLDERS ON 30 JUNE 2013

	Series K	Series A	Total	%	Votes	%
1. Olvi Foundation	2363904	890613	3254517	15.68	48168693	52.54
2. Hortling Heikki Wilhelm *)	903488	159194	1062682	5.12	18228954	19.88
3. The Heirs of Hortling Kalle Einari	187104	25248	212352	1.02	3767328	4.11
4. Hortling Timo Einari	165824	34608	200432	0.97	3351088	3.66
5. Hortling-Rinne Laila Marit	102288	2100	104388	0.50	2047860	2.23
6. Pohjola Bank plc, nominee register		1902700	1902700	9.17	1902700	2.08
7. Nordea Bank Finland plc, nominee register		1043894	1043894	5.03	1043894	1.14
8. Nasdaq OMXBS/Skandinaviska Enskilda Banken Ab, nominee register		805114	805114	3.88	805114	0.88
9. Autocarrera Oy Ab		460000	460000	2.22	460000	0.50
10. Ilmarinen Mutual Pension Insurance Company		429026	429026	2.07	429026	0.47
Others	9648	11274055	11283703	54.34	11467015	12.51

Total	3732256	17026552	20758808	100.00	91671672	100.00

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

10. PROPERTY, PLANT AND EQUIPMENT

EUR 1,000

	1-6/2013	1-6/2012	1-12/2012
Increase	12503	20751	28197
Decrease	-335	-589	-1122
Total	12168	20162	27075

11. CONTINGENT LIABILITIES

EUR 1,000

	30.6.2013	30.6.2012	31.12.2012
Pledges and contingent liabilities			
For own commitments	5150	7744	7415
For others	0	130	0
Leasing and rental liabilities:			
Due within one year	1013	1022	1119
Due within 1 to 5 years	621	858	580
Due in more than 5 years	7	7	7
Leasing and rental liabilities total	1641	1886	1706
Package liabilities	4121	4166	2265
Other liabilities	2000	2000	2000

12. CALCULATION OF FINANCIAL RATIOS

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

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

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

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