Report of the Board of Directors and Financial Statements 2013

Net sales 2,598.5
(2,474.4) EUR million

Operating profit 21.0
(25.8) EUR million

Net profit 5.8
(16.4) EUR million

The Channel for Health

Information to shareholders

The 2014 Annual General Meeting

The 2014 Annual General Meeting of Shareholders of Oriola-KD Corporation will be held on Monday, 24 March 2014 at 5pm at the Helsinki Exhibition and Convention Centre, address Helsinki Exhibition and Convention Centre, Conference Wing, Rautatieläisenkatu 3, 00520 Helsinki, Finland. The notice to convene is available on the company's web site at www.oriola-kd.com and it will be published in Helsingin Sanomat on 28 February 2014.

Shareholders register and the insider register

The company's shareholder register as well as the insider register are available at Euroclear Finland Ltd at the following address:

Euroclear Finland Ltd
Urho Kekkosen katu 5 C
FI-00100 Helsinki, Finland

The shareholders are requested to make their change of address to the Account Operator who attends to the shareholder's book-entry account.

Analysts following Oriola-KD

The banks and investment service companies listed below have published investment reports on the Oriola-KD Coporation. The analysts' contact details are listed on the Oriola-KD website.

ABG Sundal Collier
Carnegie Investment Bank
Danske Markets
Enskilda Equity Research
Evli Bank Plc
Handelsbanken Capital Markets
Inderes Ltd
Nordea Markets
Pohjola Bank Plc

Contents

4 Report of the Board of Directors
11 Consolidated Statement of Comprehensive Income (IFRS)
12 Consolidated Statement of Financial Position (IFRS)
13 Consolidated Statement of Cash Flows (IFRS)
14 Consolidated Statement of Changes in Equity (IFRS)
15 Notes to the Consolidated Financial Statements
50 Key Financial Figures
51 Share-Related Key Figures
52 Calculation of Key Figures
53 Parent Company Income Statement (FAS)
54 Parent Company Balance Sheet (FAS)
55 Parent Company Cash Flow Statement (FAS)
56 Notes to the Parent Company Financial Statements (FAS)
62 Shares and Shareholders
64 Proposal for Profit Distribution, Signatures for the Board of Directors' Report and the Financial Statements and Auditor's Note
65 Auditor's Report
66 Corporate Governance
75 Members of the Board of Directors 2013-2014
77 Group Management Team 2013
78 Stock Exchange Releases in 2013
79 Contact Information

Oriola-KD Corporation is a Pharmaceutical Retail and Wholesale company in Northern Europe and Russia. The net sales of Oriola-KD in 2013 were EUR 2.6 billion and number of personnel at the end of 2013 was 5,256. Oriola-KD is listed on NASDAQ OMX Helsinki Ltd.

www.oriola-kd.com

Report of the Board of Directors

In 2013 the Oriola-KD Group (hereinafter Oriola-KD) focused in accordance with its strategy on pharmaceutical retail and wholesale in Northern Europe and Russia. In retail business in Sweden the focus was on development of the pharmacy portfolio through the acquisition of Medstop pharmacy chain. In Russia, the delivery issues in the Moscow region related to the implementation of the warehouse management system were solved by the end of the second quarter but sales in the region were significantly short of their annual targets. Regional and hospital sales again increased substantially from the figures for the comparison period. In June 2013 the Russian wholesale company signed a lease agreement for a new, automated main logistics centre in the Moscow region. The goal for transferring the operations and building the automation to the new main logistics centre in Moscow is to increase the capacity, to improve the delivery quality and to increase the picking efficiency. The operations will be transferred and full capacity will be achieved by the end of the first quarter in 2015. In Swedish wholesale business the provision of purchasing and logistics services has increased the net sales. Profitability of the Finnish wholesale business improved as a result of measures taken to improve operating efficiency and the Baltics business developed positively during the period.

The financial report has been prepared in accordance with the International Financial Reporting Standards (IFRS). The comparative figures are adjusted retroactively in accordance with the adoption of the revised standard IAS 19R Employee benefits. The impact of the revision is presented in the Group's accounting policies.

Oriola-KD's net sales and result

Oriola-KD's net sales increased by 5.0 per cent to EUR 2,598.5 (2,474,4) million and operating profit excluding non-recurring items increased by 8,1 per cent to EUR 29.0 (26.8) million in 2013. Operating profit was EUR 21.0 (25.8) million. Operating profit excluding non-recurring items includes project costs totalling EUR 2.7 million booked in the first half of 2013 and, based on a court decision received in January 2014, a EUR 1.2 million cancellation of the principal bonus recognised in 2011 concerning the Russian wholesale trade. In addition, EUR 0.7 million in trade receivables related to the efficiency measures carried out in the Russian wholesale business was written off in the final quarter.

Profit after financial items was EUR 7.4 (20.5) million and profit for the period EUR 5.8 (16.4) million. Oriola-KD's financial expenses increased to EUR 13.6 (5.3) million. Oriola-KD's financial expenses increased as a result of higher interest rate costs resulting from the acquisition of Medstop and the accrued foreign exchange loss of EUR 1.4 million from the change in the fair value of the Group-internal loan granted to the Russian subsidiary. Earnings per share were EUR 0.04 (EUR 0.11). Return on equity was 2.0 (5.4) per cent in 2013.

Key Figures	2013	2012
Equity ratio, %	19.2	24.5
Equity per share, EUR	1.84	2.05
Return on capital employed (ROCE), %	4.2	5.9
Return on equity (ROE), %	2.0	5.4
Net interest-bearing debt, EUR million	181.5	6.7
Gearing, %	65.3	2.1
Earnings per share, EUR	0.04	0.11
Average number of shares, 1000 pcs	151,157	151,248

Changes in the Group structure in 2013

Oriola-KD Holding Sverige AB, which is part of the Oriola-KD Group, acquired the entire capital stock of Medstop Group Holding AB. The company has been included in the Pharmaceutical Trade Sweden reporting segment since 1 June 2013. Medstop Group Holding AB was merged into Oriola-KD Holding Sverige AB, and Kronans Droghandel Apotek AB was merged into Medstop AB in the last quarter of 2013. Following this, Medstop AB changed its name to Kronans Droghandel Apotek AB.

In the Russian retail business, OOO Farmask was merged into OOO Vitim & Co in September 2013 as a Group-internal subsidiary merger. The change does not have any impact on the Group's result for the period.

Reporting segments

Oriola-KD's reporting segments are Pharmaceutical Trade Finland and Baltics, Pharmaceutical Trade Sweden and Pharmaceutical Trade Russia. Oriola-KD has formed the reporting segments by combining its operating segments. The Pharmaceutical Trade Finland and Baltics reporting segment comprises the Finnish pharmaceutical wholesale business, the Consumer Health and the Pharmaceutical Trade Baltics operating segments. The Pharmaceutical Trade Sweden reporting segment comprises the Swedish pharmaceutical retail and Swedish pharmaceutical wholesale operating segments. The Pharmaceutical Trade Russia reporting segment comprises the Russian pharmaceutical retail and Russian pharmaceutical wholesale operating segments.

Pharmaceutical Trade Finland and Baltics

Key Figures EUR million	2013	2012	Change %
Net Sales	425.3	460.5	-7.6
Pharmaceutical Wholesale in Finland	342.1	380.7	-10.1
Pharmaceutical Wholesale in Baltics	41.0	36.1	13.5
Consumer Health	42.7	44.2	-3.3
EBITDA	24.3	23.9	1.8
Operating profit	20.9	20.8	0.6
Operating profit %	4.9	4.5	
Number of personnel at the end of period	505	476	

Net sales of Pharmaceutical Trade Finland and Baltics declined by 7.6 per cent to EUR 425.3 (460.5) million and operating profit grew by 0.6 per cent to EUR 20.9 (20.8) million in 2013. Invoicing by the Finnish wholesale business was EUR 1,022.6 (1,040.2) million and net sales were EUR 342.1 (380.7) million. Net sales of the Baltic wholesale business were EUR 41.0 (36.1) million and net sales of the Consumer Health business were EUR 42.7 (44.2) million. Profitability of the Finnish wholesale business improved as a result of measures taken to improve operating efficiency. As was expected, discontinuation of the distribution of AstraZeneca's products by Oriola-KD caused a drop in the net sales of the Finnish wholesale business in 2013. Oriola-KD's business in the Baltics grew positively during the period and the start of pharmaceutical distribution and marketing cooperation with MSD proceeded as planned.

The Finnish pharmaceutical market grew by 1.8 (grew by 3.0) per cent in 2013. The decrease in drug reimbursements and the 5 per cent cut in the wholesale prices of patented medicines in February 2013 had a negative impact on the growth of the pharmaceutical market in Finland (source: IMS Health). Oriola-KD held a 46.2 (47.0) per cent share of the pharmaceutical wholesale market in Finland in 2013 (source: ATY).

Pharmaceutical Trade Finland and Baltics had 505 (476) employees at the end of 2013.

Pharmaceutical Trade Sweden

Key Figures EUR million	2013	2012	Change %
Net Sales	1,194.4	1,061.3	12.5
Retail business	669.6	502.5	33.2
Wholesale business	743.4	636.7	16.8
EBITDA before non-recurring items	41.6	26.4	57.6
EBITDA	35.3	25.3	39.6
Operating profit before non-recurring items	26.1	16.2	61.6
Operating profit	18.4	15.1	22.1
Operating profit % before non-recurring items	2.2	1.5	
Operating profit %	1.5	1.4	
Number of personnel at the end of period	1,849	1,324	
Retail business	1,573	1,064	
Wholesale business	277	260	

Pharmaceutical Trade Sweden's net sales increased by 12.5 per cent to EUR 1,194.4 (1,061.3) million in 2013. Operating profit excluding non-recurring items increased by 61.6 per cent from EUR 16.2 million to EUR 26.1 million, and operating profit by 22.1 per cent from EUR 15.1 million to EUR 18.4 million in 2013. Profitability improved in both Swedish operating segments. Net sales of the retail business were EUR 669.6 (502.5) million, invoicing of the wholesale business was EUR 1,509.3 (1,401.4) million and net sales EUR 743.4 (636.7) million. Acquisition of Medstop increased net sales of the retail business by EUR 187.1 million. The start of the centralised purchasing, warehousing and pharmacy distribution service offered to pharmacy chains has helped to increase the net sales of the wholesale business.

Development of the product assortment on offer boosted the operating profit of the retail business. In the retail business the share of sales of OTC- and traded goods increased to 26.9 (25.3) per cent. Oriola-KD had 297 (219) pharmacies in Sweden at the end of 2013, operating under the Kronans Apotek name. The Medstop acquisition increased the number of pharmacies by 67. Oriola-KD opened a total of 15 (11) pharmacies in Sweden in 2013. A total of 30 (32) new pharmacies were established on the Swedish pharmacy market during the period. In 2013, Oriola-KD had a market share of 20.5 (13.4) per cent of the retail business per cent according to the company's estimate.

The integration of the Medstop acquisition has progressed according to plan. The pharmacy companies were merged in the final quarter of 2013. The total targeted synergy benefit from the acquisition is EUR 8-10 million annually as of 2015. Roughly half of the synergy benefits were confirmed by the end of 2013, as planned.

Net sales and operating profit in the Swedish wholesale business improved as planned in the second half of the year as a result of the consolidation of the centralised purchasing, warehousing and pharmacy distribution service offered to pharmacy chains. The relative share of parallel imports and generic pharmaceuticals has remained high on the Swedish pharmaceutical market, which has slowed down the growth of net sales and operating profit in the wholesale business. At the end of 2013, a programme to improve profitability was carried out in the Swedish wholesale business. In the company's estimate, Oriola-KD's market share of the wholesale trade was 37.1 (35.8) per cent in 2013. Oriola-KD ceased the distribution of Sanofi-Aventis products by the end of 2013. Sanofi-Aventis has a market share of about 0.9 per cent on the Swedish pharmaceutical market (source: IMS Health).

The pharmaceutical market in Sweden decreased by 1.4 (decreased by 1.7) per cent (source: IMS Health), while the retail market for OTC products and traded goods increased by 6.1 (increased by 4.8) per cent (source: Nielsen) in 2013.

Pharmaceutical Trade Sweden had 1,849 (1,324) employees at the end of 2013, of whom 1,573 (1,064) were employed in retail and 277 (260) were employed in wholesale. The acquisition of Medstop increased the number of personnel in the pharmaceutical retail business by 534.

Pharmaceutical Trade Russia

Key Figures EUR million	**2013**	**2012**	**Change %**
Net Sales	978.8	952.7	2.7
Retail business	140.3	148.6	-5.6
Wholesale business	857.2	831.1	3.1
EBITDA before non-recurring items	-2.7	3.1	-186.5
EBITDA	-3.0	3.1	-195.8
Operating profit before non-recurring items	-8.0	-2.3	250.4
Operating profit	-8.3	-2.3	263.1
Operating profit % before non-recurring items	-0.8	-0.2	
Operating profit %	-0.8	-0.2	
Number of personnel at the end of period	2,901	3,056	
Retail business	1,219	1,309	
Wholesale business	1,683	1,747	

The net sales of Pharmaceutical Trade Russia grew from 2.7 per cent to EUR 978.8 (952.7) million. Operating profit excluding non-recurring items fell to EUR -8.0 (-2.3) million in 2013. Operating profit was EUR -8.3 (-2.3) million. The net sales of the retail business totalled EUR 140.3 (148.6) million and the net sales of the wholesale business totalled EUR 857.2 (831.1) million. Oriola-KD booked EUR 0.5 million in accelerated depreciation on the current main logistics centre in Moscow in 2013.

Positive performance in the Russian retail business continued as a result of more efficient operations and the development of the product assortment on offer. The retail business posted a positive operating profit in 2013. At the end of 2013, Oriola-KD had a total of 233 (240) pharmacies in the Moscow region.

Net sales of the Russian wholesale business increased by 3.1 per cent to EUR 857.2 (831.1) million. The net sales grew primarily thanks to regional distribution centres. The delivery problems in the Moscow region which occurred after the implementation of the warehouse management system were solved by the end of the second quarter.

EUR 1.2 (2.7) million credit loss write-offs relating to trade receivables were booked during 2013.

In June 2013 Oriola-KD signed a lease agreement on a new main logistics centre in the Moscow region. The overall project budget of the main logistics centre is EUR 25-28 million. Investments now account for EUR 15.7 million of the overall budget and include a distribution centre automation solution and warehouse machinery and equipment. According to the project plan, operations will be gradually transferred to the new facilities and full production capacity will be reached by the end of the first quarter in 2015. As a result of the investment decision, Oriola-KD will book a total of EUR 0.5 million in 2013 and in 2014 in accelerated depreciation relating to the machinery and equipment in the current main logistics centre.

The ruble-denominated growth in the Russian pharmaceutical market was about 10.7 (10.7) per cent in 2013 (source: IMS Health). In Russian rubles, the net sales of the Russian retail business were at the level of 2012 (2012: grew by 9.7 per cent) and net sales of the wholesale business grew by 9.4 (grew by 37.3) per cent in 2013.

Pharmaceutical Trade Russia had 2,901 (3,056) employees at the end of the year, of whom 1,219 (1,309) were employed in the retail business and 1,683 (1,747) in the wholesale business.

Non-recurring items EUR million	2013	2012
Pharmaceutical Trade Sweden		
Restructuring costs	-4.6	-
Write-off of contract-based accrual	-3.1	-
Receivable write-off	-	-1.1
Pharmaceutical Trade Russia		
Restructuring costs	-0.3	-
Total	**-8.0**	**-1.1**

Non-recurring items

A non-recurring item is an income or expense arising from non-recurring or rare events. Gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations, and impairment losses on goodwill and other non-current assets are recognised by the Group as non-recurring items.

In 2013, non-recurring items were related to restructuring costs booked for Pharmaceutical Trade Sweden and the Russian wholesale business. In addition, the non-recurring items include the write-off of the accrual entered in the books in 2009 on the basis of the investment agreement between Oriola-KD and Kooperativa Förbundet.

The 2013 result for Oriola-KD includes EUR 2.7 million in project costs and, under a court decision issued in January 2014, a EUR 1.2 million cancellation of the principal bonus recognised in 2011 related to the Russian wholesale trade. In addition, EUR 0.7 million in trade receivables was written off in the final quarter related to measures carried out in Russia to improve the efficiency of the wholesale business. These expenses have not been treated as non-recurring items.

Balance sheet, financing and cash flow

Oriola-KD's balance sheet total on 31 December 2013 stood at EUR 1,500.1 (1,316.2) million. Cash assets totalled EUR 137.3 (88.1) million and equity EUR 278.1 (310.5) million. The equity ratio was 19.2 (24.5) per cent.

Oriola-KD's goodwill of EUR 379.0 (276.7) million has been allocated in impairment testing to the cash-generating units consisting of the Group's operating segments. Oriola-KD prepares the goodwill impairment testing twice a year, in accordance with the timetable of its strategy and planning process. At the end of 2013, EUR 238.9 (116.7) million of the goodwill was allocated to the Swedish pharmaceutical retail business, EUR 26.9 (27.8) million to the Swedish pharmaceutical wholesale business, EUR 75.9 (88.6) million to the Russian pharmaceutical wholesale business and EUR 37.4 (43.6) million to the Russian pharmaceutical retail business. The acquisition of Medstop increased the goodwill allocated to the Swedish pharmaceutical retail business by EUR 129.9 million in 2013.

At the end of 2013, interest-bearing debt totalled EUR 318.8 (EUR 94.8) million and interest-bearing net debt EUR 181.5 (6.7) million. The gearing ratio was 65.3 (2.1) per cent. Interest-bearing long-term debt consisted mainly of the long-term bank loan taken out for the acquisition of Medstop and the conditional earn-out payment relating to the Medstop acquisition. Most of the interest-bearing short-term debt consisted of the use of the commercial paper programme issued by Oriola-KD Corporation and advance payments by pharmacies in Finland. The trade receivables sales programmes were continued in the retail and wholesale businesses in Sweden. By the end of 2013, the sales of the trade receivables totalled EUR 76.8 (72.1) million.

Oriola-KD signed a new financing agreement of approximately EUR 280 million in May 2013. The financial covenants contained in the financing agreement are based on the ratio between the Group's net debt and rolling 12-month EBITDA and its gearing ratio. The ratio between the Group's net debt and the 12-month rolling EBITDA, adjusted in accordance with the terms and conditions of the financing agreement, stood at 3.27 at the end of 2013, the covenant limit in the agreement being 4.25. Oriola-KD's committed long-term credit facilities of EUR 100.0 million and EUR 42.6 million in short-term credit account facilities with banks were unused at the end of 2013. A total of EUR 83.1 (43.8) million of the commercial paper programme was in use at the end of the review period.

Net cash flow from operations in 2013 was EUR 29.8 (46.1) million, of which changes in working capital accounted for EUR 3.5 (23.1) million. Net cash flow from investing activities was EUR -97.8 (-34.9) million.

Financial covenants contained in the financing agreement	31 Dec 2013	31 Mar 2014	30 Jun 2014	30 Sept 2014
Ratio between net debt and rolling 12-month EBITDA	4.25	4.00	4.00	3.50
Gearing ratio	120%	120%	120%	100%

Investments

Gross investments in 2013 totalled EUR 193.7 (22.6) million and consisted of the acquisition of the Medstop pharmacy chain at EUR 165.9 million, the establishment of new pharmacies, information technology investments and investments aimed at improving the efficiency of logistics. Oriola-KD has booked EUR 0.5 (0.0) million in accelerated depreciation due to the investment plan concerning to the logistics centre in Moscow in 2013.

Personnel

At the end of 2013, Oriola-KD had a payroll of 5,256 (4,856) employees, 10 (10) per cent of whom worked in Finland and the Baltics, 35 (27) per cent in Sweden, and 55 (63) per cent in Russia. Personnel numbers consist of members of staff in active employment.

Administration

The Annual General Meeting (AGM) of Oriola-KD Corporation held on 20 March 2013 elected the following persons as members of the company's Board of Directors: Jukka Alho (Chair), Harry Brade, Per Båtelson, Outi Raitasuo and Mika Vidgrén, and elected Karsten Slotte as a new member. At its constitutive meeting held immediately after the AGM, the Board of Oriola-KD Corporation elected Outi Raitasuo as Vice Chair of the Board. The Board of Directors appointed from its members Outi Raitasuo (Chair), Harry Brade, Karsten Slotte and Mika Vidgrén to the Board's Audit Committee, and Jukka Alho (Chair), Per Båtelson and Harry Brade to the Board's Remuneration Committee.

The Board of Directors has assessed the independence of its members and determined that all members are independent of both the company and its major shareholders.

The AGM elected PricewaterhouseCoopers Oy as the auditor for the company.

Oriola-KD's Group Management Team:

- Eero Hautaniemi, President and CEO
- Lars Birkeland, Vice President, pharmaceutical retail, Sweden
- Tuomas Itkonen, CFO
- Konstantin Minin, Vice President, pharmaceutical wholesale and retail business, Russia
- Jukka Mäkelä, Vice President, Development (as of 1 April 2013)
- Teija Silver, Vice President, HR
- Kimmo Virtanen, Executive Vice President, Pharmaceutical Wholesale, Finland, Sweden and Baltics

Henry Fogels, Vice President, pharmaceutical wholesale, Russia, retired from the Group Management Team on 20 November 2013. Konstantin Minin was appointed Vice President, pharmaceutical wholesale and retail, Russia, on 19 December 2013. Minin has previously held the positions of Vice President, pharmaceutical retail, Russia, and acting General Director of OOO Oriola Russia. He is a member of Oriola-KD's Management Team.

Oriola-KD applies the Finnish Corporate Governance Code which was issued by the Securities Market Association on 15 June 2010 and which entered into force on 1 October 2010, with the exception that the company's Nomination Committee may also have members who are not members of the company's Board of Directors. The purpose of this deviation from Recommendation 22 of the Corporate Governance Code (Appointment of members to the committees) is to allow the election of major shareholders in the company to the Nomination Committee and thus to ensure that their opinions are heard well before the Annual General Meeting. The Nomination Committee is a body established by the Board for the purpose of preparing and presenting to the Board a recommendation for the proposal to be put to the Annual General Meeting concerning the composition and remuneration of the Board. The Corporate Governance Statement and the Remuneration Statement for 2013 can be viewed on the company's website at:
www.oriola-kd.com/en/Corporate-Governance/

Board authorisations

The AGM, held on 20 March 2013, authorised the Board to decide on repurchasing up to fifteen million of the company's own class B shares, which may also be carried out in a manner other than in proportion to the holdings of the shareholders. The authorisation is in force for eighteen months following the decision of the AGM.

The AGM, held on 20 March 2013, authorised the Board to decide on a share issue against payment in one or more issues, including the right to issue new class B shares or to assign class B treasury shares held by the company. The authorisation covers a combined maximum of thirty million class B shares of the company and includes the right to derogate from the shareholders' pre-emptive subscription right. The authorisation is in force for eighteen months following the decision of the AGM.

On 20 March 2013, the Board was also authorised to decide on a bonus issue of class B shares to the company in one or more issues, and on a directed issue of class B shares to implement the new share incentive scheme for the Oriola-KD Group's management and the share savings plan for its key employees. The maximum amount of the company's new class B shares issued under this authorisation is 1,715,000, which is 1.13 per cent of the company's total shares. The authorisation will remain in force for a maximum of five (5) years following the decision of the AGM.

Related parties

Related parties in the Oriola-KD Group are deemed to comprise the members of the Board of Directors and the President and CEO of Oriola-KD Corporation, the other members of the Group Management Team of the Oriola-KD Group, the immediate family of the aforementioned persons, the companies controlled by the aforementioned persons, and the Oriola Pension Fund. The Group has no significant business transactions with related parties, except for pension expenses arising from defined benefit plans with the Oriola Pension Fund.

Oriola-KD Corporation shares

Trading volume of the Oriola-KD Corporation's class A and B shares in January-December 2013:

Trading volume		2013 Class A	2013 Class B	2012 Class A	2012 Class B
Trading volume	Million shares	3.2	28.6	5.7	29.5
Trading volume	EUR million	7.7	68.3	11.5	57.3
Highest price	EUR	2.69	2.73	2.44	2.25
Lowest price	EUR	2.24	2.18	1.77	1.70
Closing quotation, end of period	EUR	2.60	2.55	2.27	2.23

Oriola-KD Corporation's market capitalisation on 31 December 2013 was EUR 388.1 (EUR 339.2) million.

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 21.1 (23.3) per cent of the total number of shares. The traded volume of class A shares amounted to 6.8 (12.0) per cent of the average stock, and that of class B shares, excluding treasury shares, 27.5 (28.4) per cent of the average stock.

At the end of December 2013, the company had a total of 151,257,828 shares (151,257,828), of which 47,148,710 were class A shares (47,148,710) and 104,109,118 were class B shares (104,109,118). The company has 115,902 treasury shares, all of which are class B shares. These account for 0.06 per cent of the company's shares and 0.011 per cent of the votes.

Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares. During the period 1 January–30 December 2013, 0 (0) class A shares were converted into class B shares.

On 19 December 2012, Oriola-KD Corporation's Board of Directors decided on a new share incentive scheme for the Group's senior management for the years 2013–2015. The scheme covers seven persons. The company's Board of Directors will determine the earnings criteria for the earning period and the targets to be set for these at the start of each earning period. The bonus for the 2013 earning period is based on the Oriola-KD Group's earnings per share (EPS) and return on capital employed (ROCE). The maximum bonus for the 2013 earning period is 1,077,500 shares.

The Board of Oriola-KD Corporation approved the terms and conditions of the key employees' share savings plan on 28 May 2013. A total of about 50 key employees are participating in the plan. The savings period started on 1 October 2013 and will end on 30 September 2014. The maximum and minimum monthly savings amount to 10 and 2 per cent, respectively, of each participant's fixed gross monthly salary. The accumulated savings will be used for purchasing Oriola-KD's class B shares for the participants at market prices. About two years after the start of the programme, the company will give the participants two class B shares for every three shares purchased as part of the programme. The shares given to the participants will be partially used for paying taxes.

Liquidity guarantee

There is no liquidity guarantee in effect for the shares of Oriola-KD Corporation.

Flagging announcements

After the purchasing of shares by Ilmarinen Mutual Pension Insurance Company on 25 April 2013, its portion of the votes conferred by the shares of Oriola-KD Corporation exceeded the one twentieth (1/20) limit referred to in Chapter 9, section 5 of the Securities Markets Act. On 25 April 2013, the direct shareholding of Ilmarinen Mutual Pension Insurance Company totalled 4.14 per cent of Oriola-KD Corporation's shares and 5.07 per cent of the votes conferred by the shares.

Risks

Oriola-KD's Board of Directors has approved the company's risk management policy in which the risk management operating model, principles, responsibilities and reporting are specified. The Group's risk management seeks to identify, measure and manage risks that may threaten Oriola-KD's operations and the achievement of goals set. The roles and responsibilities relating to risk management have been determined in the Group.

Oriola-KD's risks are classified as strategic, operational and financial. Risk management is a key element of the strategic process, operational planning and daily decision-making at Oriola-KD.

Oriola-KD has identified the following principal strategic and operational risks in its business:

- Amendments to pharmaceutical market regulations may weaken Oriola-KD's profitability.
- In the Swedish retail business, the free establishment of pharmacies has led to an increase in the number of pharmacies. The number of pharmacies may continue to grow, which could further increase the fierce competition.
- In the Russian retail business, tough competition resulting from the large number of pharmacies may lead to a further decrease in the gross margin and a rapid turnover rate of key personnel.
- Extra capacity ensuing from a change made in the Swedish wholesale market will intensify competition, which may weaken the profitability of operations. The share of single channel distribution in the pharmaceutical wholesale market may decline rapidly, which may weaken the profitability of operations and lead to the restructuring of wholesale operations.
- As a result of the tough competition in the Russian wholesale business, the gross margin may decline further, which will lead to a continued need to intensify operations and restructure wholesale operations over the long term. The payment behaviour that is typical to the Russian market, combined with the regional expansion of operations may increase credit risks.
- Strategic development projects involve operational risks.

The main financial risks for Oriola-KD involve currency rate, liquidity, interest rate and credit risks. Currency risks are the most significant financial risks in Russia and Sweden as any changes in the value of the Russian ruble and the Swedish krona will have an impact on Oriola-KD's earnings and equity.

Oriola-KD prepares goodwill impairment testing twice a year, in accordance with the timetable of its strategy and planning process. Changes in cash flow forecasts based on strategic plans, or in the discount rate or perpetuity growth rate, can cause a goodwill write-off, which would weaken Oriola-KD's result. The impairment test on the goodwill of the cash-generating wholesale unit in Russia is particularly sensitive to changes in the discount rate or cash-flow forecasts.

Environment

Oriola-KD manages environmental concerns by conforming to environmental systems applicable to its business operations, with the aim of minimising adverse environmental impacts. Important areas in Oriola-KD's environmental responsibility include the logistical management and optimisation of transport movements and major flows of goods in order to reduce environmental loads, waste reduction through means such as recyclable plastic containers and sorting and disposing of pharmaceutical and other hazardous waste using the methods stipulated by the authorities.

Environmental impact is monitored in the businesses by measuring the amount of emissions and waste and the volume of materials used. Annual internal reviews are conducted to monitor the implementation of environmental policies. The company has valid environmental permits as required by its operations.

Near-term risks and uncertainty factors

The slowing down in the economic growth of Russia as well as the continuing weakening of the external value of the Russian ruble may have an effect on the profitability of the Oriola-KD Russian businesses in 2014. A decrease in gross margin resulting from intense competition and an increase in credit risks concerning customers may have an impact on the profitability of the wholesale business in Russia.

Oriola-KD's strategic development projects in the Russian wholesale business and the operations in Sweden involve operational risks which may have an effect on Oriola-KD's profitability.

Oriola-KD's long-term financing agreement contains financial covenants concerning the ratio between Oriola- KD's net debt and rolling 12-month EBITDA and the Group's gearing ratio. Weakening profitability of Oriola- KD's business operations may affect Oriola-KD's ability to meet the financial covenants contained in the financing agreement.

Outlook

Oriola-KD's outlook for 2014 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments. During the five year period from 2013 to 2017, the Finnish pharmaceutical market is expected to grow at an annual rate of 1.4 per cent and decline an average of 1.3 per cent in Sweden per year while the Russian pharmaceutical market is expected to grow by an average of almost 10 per cent annually in the local currencies (source: IMS Health Market Prognosis 2013–2017).

Oriola-KD estimates that net sales and operating profit excluding non-recurring items will increase compared to 2013 actual.

Distribution proposal

Oriola-KD's parent company is Oriola-KD Corporation, whose distributable assets based on the balance sheet on 31 December 2013 were EUR 226.7 (225.3) million. Oriola-KD Corporation's net profit in 2013 was EUR 15.7 (15.5) million.

The Board proposes to the Annual General Meeting that no dividend be distributed (EUR 0.05 per share was distributed on 2012) and that no funds from the invested non-restricted equity fund (EUR 0.04 per share on 2012) be distributed as return of equity.

Annual General Meeting

Oriola-KD Corporation's Annual General Meeting will be held on 24 March 2014 at 5.00 p.m. at the Helsinki Fair Centre. The matters specified in article 10 of the Articles of Association and other proposals of the Board of Directors, if any, will be dealt with at the meeting. The Board of Directors will decide on the notice of the Annual General Meeting and the proposals contained in it at a later date. The full notice of the Annual General Meeting will be published on 25 February 2014.

Events after the review period

On 28 January 2014, the Board of Directors of Oriola-KD Corporation received a demand in accordance with Chapter 5, section 5, of the Limited Liability Companies Act from a group of shareholders representing more than 10 per cent of Oriola-KD shares and more than 15 per cent of the votes conferred by these shares to include the merging of share classes and a direct issue of shares to class A shareholders without payment to be included on the agenda of the Annual General Meeting to be held on 24 March 2014.

Espoo, 6 February 2014

Oriola-KD Corporation's Board of Directors

Oriola-KD Corporation

Eero Hautaniemi
President and CEO

Consolidated Statement of Comprehensive Income (IFRS)

EUR million	Note	2013	2012[1)]
Net sales	1	**2,598.5**	**2,474.4**
Cost of goods sold		-2,199.4	-2,117.8
Gross profit		**399.0**	**356.6**
Other operating income	3	5.7	2.3
Selling and distribution expenses	4, 5	-313.9	-277.1
Administrative expenses	4, 5, 6	-69.8	-56.0
Operating profit	1	**21.0**	**25.8**
Financial income	7	14.1	22.7
Financial expenses	7	-27.7	-28.0
Profit before taxes		**7.4**	**20.5**
Income taxes	8	-1.6	-4.1
Profit for the period		**5.8**	**16.4**
Other comprehensive income			
Items which may be reclassified subsequently to profit or loss:			
Translation difference		-29.7	11.4
Cash flow hedge		0.8	-0.9
Income tax relating to other comprehensive income		0.3	-0.2
		-22.9	**26.7**
Items which are not reclassified subsequently to profit or loss:			
Actuarial gains/losses on defined benefit plan		5.9	1.6
Income tax relating to other comprehensive income		-1.3	-0.4
Total comprehensive income for the period		**-18.3**	**27.9**
Attribution of profit			
To parent company shareholders		5.8	16.4
Attribution of total comprehensive income			
To parent company shareholders		-18.3	27.9
Earnings per share			
- basic earnings per share, EUR	9	0.04	0.11
- diluted earnings per share, EUR	9	0.04	0.11

[1)] The comparative figures are adjusted retroactively according to the revised standard IAS 19R. The changes for the comparative figures according to the revised IAS 19R standard for the year 2012 are presented in the Group's accounting policies.

Consolidated Statement of Financial Position (IFRS)

EUR million	Note	31 Dec 2013	31 Dec 2012[1]
Assets			
Non-current assets			
Property, plant and equipment	10	93.2	81.4
Goodwill	11	379.0	276.7
Other intangible assets	11	72.0	52.3
Other shares and shareholdings	11	0.0	0.0
Pension assets	12	9.3	6.6
Other non-current receivables		0.0	0.0
Deferred tax assets	13	8.3	6.1
Non-current assets total		**561.8**	**423.1**
Current assets			
Inventories	14	391.4	389.8
Trade receivables	15	337.9	352.7
Other receivables	15	71.8	62.6
Cash and cash equivalents	16	137.3	88.1
Current assets total		**938.3**	**893.1**
Assets total	1	**1,500.1**	**1,316.2**
Equity and liabilities			
Equity			
Share capital	17	36.2	36.2
Hedging reserve	17	-0.2	-0.7
Contingency fund	17	19.4	25.5
Other reserves	17	1.2	1.2
Other equity	17	221.5	248.4
Equity of the parent company shareholders	17	**278.1**	**310.5**
Non-current liabilities			
Deferred tax liabilities	13	17.7	14.1
Pension obligations	12	7.6	9.7
Borrowings	18	176.2	0.4
Other non-current liabilities	19	0.3	1.0
Non-current liabilities total	1	**201.7**	**25.2**
Current liabilities			
Trade payables	20	834.9	851.3
Provisions	21	3.0	-
Borrowings	18	142.6	94.3
Other current liabilities	20	39.8	34.9
Current liabilities total	1	**1,020.3**	**980.5**
Equity and liabilities total		**1,500.1**	**1,316.2**

[1] The comparative figures are adjusted retroactively according to the revised standard IAS 19R. The changes for the comparative figures according to the revised IAS 19R standard for the year 2012 are presented in the Group's accounting policies.

Consolidated Statement of Cash Flows (IFRS)

EUR million	Note	2013	2012[1]
Net cash flow from operating activities			
Operating profit		21.0	25.8
Adjustments			
Depreciation	4	25.7	18.8
Change in pension asset and pension obligation		-1.4	0.2
Other adjustments		-5.3	-1.4
		40.0	43.3
Change in working capital			
Change in current receivables increase (-)/ decrease (+)		12.7	-58.0
Change in inventories increase (-)/ decrease (+)		-9.9	1.3
Change in non-interest-bearing current liabilities increase (+)/ decrease (-)		0.8	79.8
		3.5	23.1
Interest paid and other financial expenses		-9.2	-11.5
Dividends received		0.0	0.0
Interest received and other financial income		3.5	0.8
Income taxes paid		-8.2	-9.6
Net cash flow from operating activities		**29.8**	**46.1**
Net cash flow from investing activities			
Investments in property, plant and equipment and intangible assets		-27.4	-22.8
Proceeds from sales of property, plant and equipment and intangible assets		-	0.1
Corporate acquisitions		-70.4	-12.3
Net cash flow from investing activities		**-97.8**	**-34.9**
Net cash flow from financing activities			
Purchasing of own shares		-0.7	-
Repayment of short-term loans		-82.9	-
Proceeds from short-term loans		39.3	48.3
Repayment of long-term loans		-	-113.5
Proceeds from long-term loans		176.3	-
Dividends paid and return of equity		-13.6	-12.1
Net cash flow from financing activities		**118.4**	**-77.3**
Net change in cash and cash equivalents		50.4	-66.2
Cash and cash equivalents at the beginning of the period		88.1	153.8
Foreign exchange rate differences		-1.2	0.4
Net change in cash and cash equivalents		50.4	-66.2
Cash and cash equivalents at the end of the period	17	**137.3**	**88.1**

[1] The comparative figures are adjusted retroactively according to the revised standard IAS 19R. The changes for the comparative figures according to the revised IAS 19R standard for the year 2012 are presented in the Group's accounting policies.

Consolidated Statement of Changes in Equity (IFRS)

EUR million	Note	Share capital	Funds	Translation differences	Retained earnings	Equity of the parent company shareholders
Equity 31 Dec 2011[1]		**36.2**	**31.2**	**-7.2**	**239.1**	**299.3**
Change in accounting principles (IAS 19R)		**-**	**-**	**-**	**-4.8**	**-4.8**
Equity 1 Jan 2012[1]		**36.2**	**31.2**	**-7.2**	**234.3**	**294.5**
Net profit for the period		-	-	-	16.4	**16.4**
Other comprehensive income:						
Cash flow hedge		-	-0.9	-	-	**-0.9**
Actuarial gains and losses		-	-	-	1.6	**1.6**
Income tax relating to other comprehensive income	8	-	0.2	-0.4	-0.4	**-0.6**
Translation difference		-	-	11.4	-	**11.4**
Comprehensive income for the period total		-	-0.7	11.0	17.6	**27.9**
Owners-related transactions						
Dividends paid and repayment of equity		-	-4.5	-	-7.6	**-12.1**
Share-based payments		-	-	-	0.2	**0.2**
Owners-related transactions total		-	-4.5	-	-7.3	**-11.9**
Equity 31 Dec 2012[1]		**36.2**	**26.0**	**3.8**	**244.5**	**310.5**
Net profit for the period		-	-	-	5.8	**5.8**
Other comprehensive income:						
Cash flow hedge		-	0.8	-	-	**0.8**
Actuarial gains and losses		-	-	-	5.9	**5.9**
Income tax relating to other comprehensive income	8	-	-0.3	0.6	-1.3	**-1.0**
Translation difference		-	0.0	-29.7	-	**-29.7**
Comprehensive income for the period total		-	0.5	-29.1	10.4	**-18.3**
Owners-related transactions						
Dividends paid and repayment of equity		-	-6.0	-	-7.6	**-13.6**
Purchasing of own shares		-	-	-	-0.7	**-0.7**
Share-based payments		-	-	-	0.2	**0.2**
Owners-related transactions total		-	-6.0	-	-8.1	**-14.2**
Equity 31 Dec 2013		**36.2**	**20.4**	**-25.3**	**246.8**	**278.1**

1) The comparative figures are adjusted retroactively according to the revised standard IAS 19R. The changes for the comparative figures according to the revised IAS 19R standard for the year 2012 are presented in the Group's accounting policies.

Notes to the Consolidated Financial Statements

Basic information on the company

Oriola-KD Corporation is a Finnish, public limited company, which is domiciled in Espoo, Finland. Oriola-KD and its subsidiaries together form the consolidated Oriola-KD Group. The consolidated financial statements were approved for publication by the Board of Directors of Oriola-KD Corporation on 6 February 2014. In accordance with Finland's Limited Liability Companies Act, the shareholders have the right to approve or reject the financial statements at the General Meeting held after their publication. The General Meeting may also decide to make amendments to the financial statements. The company's business ID is 1999215-0. Copies of the consolidated financial statements of the Oriola-KD Group are available from the head office of Oriola-KD Corporation at the following address: Orionintie 5, FI-02200 Espoo, Finland.

Accounting principles for the Consolidated financial statements

Basis of presentation

The Oriola-KD Group's financial statements are prepared in accordance with International Financial Reporting Standards including adherence with IAS and IFRS standards and SIC and IFRIC interpretations valid as at 31 December 2013. The International Financial Reporting Standards refer to standards and interpretations that have been approved for application in the EU in the Finnish Accounting Act and the provisions issued pursuant to it according to the procedures provided for in EU regulation (EC) No. 1606/2002.

The consolidated financial statements are presented for the 12-month period 1 January – 31 December 2013. The financial statements are presented in EUR million and they have been prepared under the historical cost convention, except for financial assets recognised at fair value through profit or loss, financial assets available-for-sale, derivatives and share-based payments.

The Group has applied the following new and amended standards and interpretations as of 1 January 2013:

- Amendment to IAS 1 Presentation of Financial Statements (effective in financial years beginning on or after 1 January 2013). The main change is the requirement to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently when certain criteria is met.
- IFRS 13 Fair Value Measurement (effective in financial years beginning on or after 1 January 2013).
- Amendment to IAS 19R (revised) Employee benefits (effective in financial years beginning on or after 1 January 2013). The key changes are that all actuarial gains and losses must be recognised immediately in other comprehensive income and that expected yield from assets no longer depends on investment distribution. The discount rate used in the calculation of pension obligation is used as the expected yield of investments. The corridor method will no longer be used and financing expenditure will be the sum of net interest rates. The net interest rate is the difference between the interest rate costs of pension obligation and the interest rate income from assets. The Group has decided to recognise the sum of net interest rate in personnel expenses also after the amendment. Comparative financial information for 2012 has been revised in accordance with the revised standard.

		Reported 2012	Impact	Revised 2012
Impact on the consolidated statement of comprehensive income				
Employee benefits	EUR million	165.9	-1.0	166.9
Income taxes	EUR million	-4.3	-0.3	-4.1
Impact on the consolidated statement of financial position				
Long-term pension assets	EUR million	9.5	2.9	6.6
Long-term pension obligations	EUR million	6.9	-2.8	9.7
Equity attributable to equity owners of the parent	EUR million	314.9	4.4	310.5
Revaluation of employee benefits	EUR million	-	4.6	-4.6
Deferred tax	EUR million	-	-1.1	1.1
Impact on key figures				
Equity ratio	%	24.9		24.5
Equity per share	EUR	2.08	-0.03	2.05
Return on capital employed	%	6.1		5.9
Return on equity	%	5.6		5.4

Consolidation principles

The consolidated financial statements include Oriola-KD Corporation and those directly or indirectly owned subsidiaries over which Oriola-KD Corporation exercises control. Control is presumed to exist when the Group has through an agreement the right to more than 50 per cent of the voting rights, the power to govern the operating and financial policies of the entity, has the power to appoint or remove the majority of the members of the board of the entity which exercises control in the Group or has the right to use majority vote in the board of the entity. Subsidiaries are consolidated from the date of acquisition and divested companies are consolidated until the date of disposal.

The acquisition method is used in the accounting for the elimination of internal ownership. All intra-group transactions, as well as intra-group receivables, payables, dividends and unrealised internal margins, are eliminated. Profit for the period attributable to the equity holders of the parent and non-controlling interests is presented separately in the consolidated income statement. Identifiable assets acquired and assumed liabilities of an acquired entity are measured at their fair value as of the acquisition date. Any contingent consideration is measured at fair value at the date of acquisition and classified under other interest-bearing liabilities. Changes in the contingent consideration and acquisition-related expenses are recognised as an expense in the income statement.

The share of equity applicable to the non-controlling interest is included in Group equity and is presented separately in the statement of changes in shareholders' equity. Non-controlling interests are measured either at the amount which equals non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The method to be used is selected on a case-by-case basis. Changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. As at the date when control is lost, any investment retained in the former subsidiary is recognised at fair value and the difference is recorded through profit or loss.

Associated companies are consolidated in accordance with the equity method of accounting. Associated companies are entities over which the Group exercises significant influence. Significant influence is presumed to exist when the Group owns over 20 per cent of the voting rights of the company or when the Group otherwise exercises significant influence but does nor exercise control. Associated companies are consolidated from the date the company becomes an associate and divested companies are consolidated until the date of disposal.

Foreign currency denominated items

The consolidated financial statements have been presented in euro, which is the functional and presentation currency of the Group's parent company. The items included in the financial statements of the subsidiaries are valued in the currency which best describes the financial operating conditions of each subsidiary.

Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing at the dates of transactions. Monetary items have been translated into functional currency using the rates of exchange as at the balance sheet date and non-monetary items using the rates of exchange at the dates of transactions, excluding items measured at fair value, which have been translated using the rates of exchange on the date of valuation.

Gains and losses arising from the translation are recognised in the profit or loss. Foreign exchange gains and losses from operations are included within the corresponding items above operating profit. Foreign exchange gains and losses from loans denominated in a foreign currency are included within financial income and expenses.

The income statements of foreign Group companies outside the Euro zone are translated into euro using the weighted average rate of exchange of the financial year and the statements of financial position using the rates of exchange as at the balance sheet date. Differences resulting from the translation of the result for the period at a different rate on the income statement and on the statement of financial position are recognised in other comprehensive income as translation differences within consolidated shareholders' equity.

Translation differences arising from the acquisition cost elimination of foreign subsidiaries and from the translation of equity items accrued after acquisition date are recognised in other comprehensive income. When a subsidiary is sold in full or in part, related translation differences are included in the calculation of gain or loss for the sale and recognised in the profit or loss for the period. The parent company's receivables from foreign subsidiaries are considered as part of the net investment if there is no plan for the repayment and repayment cannot be reasonably anticipated in the future. Exchange differences arising from such receivables are recognised in the consolidated financial statements under translation differences within equity. Accumulated translation differences in equity which relate to divested Group companies are recognised as part of the gain or loss on sale and recognised in the income statement.

Property, plant and equipment

Tangible assets are initially recognised at historical cost and they are subsequently measured at historical cost less depreciation and impairment losses. The assets are depreciated over their estimated useful life using the straight-line method. The useful life of assets is reviewed at least annually and it is adjusted if necessary. The estimated useful lives are as follows:

- Buildings 20–50 years
- Machinery and equipment 5–10 years
- Other tangible assets 10 years
- Other intangible assets 3–20 years

Land areas are not subject to depreciation. Repair and maintenance costs are recognised as expenses for the period. Improvement investments are capitalised providing they are expected generate future economic benefits. Gains and losses resulting from the disposal of tangible assets are recognised under other operating profit.

Intangible assets

Goodwill

As of 1 January 2010, goodwill arising from business combinations is recognised as the amount by which the aggregate of the fair value of the consideration transferred, the acquisition date fair value of any previously held interest and any non-controlling interest exceeds the fair value of the net assets acquired.

Goodwill is not amortised but is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to cash-generating units. Goodwill is measured at cost less accumulated impairment losses. Impairment losses are recognised in the income statement.

Other intangible assets

Other intangible assets are initially recognised at historical cost and they are subsequently measured at historical cost less depreciation and impairment losses. Other intangible assets include sales licences, trademarks, patents, software licences and product and marketing rights. Assets with finite useful life are depreciated over their useful life, using the straight-line method.

Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of the net sales price or value in use, which is the present value of the expected future cash flows expected to be derived from the asset.

The impairment loss is recognised in the profit and loss if the carrying amount of the asset exceeds the recoverable amount. An impairment loss is reversed if there is a change in the circumstances and the recoverable amount exceeds the carrying amount. The reversal of impairment loss cannot exceed the asset's carrying amount without any impairment loss.

The goodwill impairment test is conducted at least annually on more frequently if there is any indication that goodwill may be impaired. Impairment is recognised in the income statement under other operating expenses, which includes expenses that are not allocated to businesses. Goodwill impairment losses are not reversed.

Leases

Group as lessee

Lease agreements which transfer a significant proportion of the risks and rewards related to the ownership of an asset to the Group are classified as finance lease agreements. Finance lease agreements are recorded in the consolidated statement of financial position as an asset and a liability, generally at the inspection of the lease at the lower of fair value of the asset or the present value of the minimum lease payments.

The assets acquired through finance lease are depreciated similarly to non-current assets over the shorter of useful life of the assets or the lease term. Finance lease liabilities are recorded under non-current and current liabilities in the consolidated statement of financial position.

If the risks and rewards associated with the ownership of the asset remain with the lessor, the lease agreement is treated as an operating lease. The resulting lease payments are recognised as an expense, allocated evenly over the entire lease term.

Non-current assets held for sale and discontinued operations

Non-current assets (or a disposal group) and assets and liabilities concerning discontinued operations are classified as held for sale if the sum corresponding to their carrying amount is to be recovered mainly from the sale of the assets instead of continuing use. The recognition criteria for an asset held for sale is met when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition under general and conventional terms, when the management is committed to the sale and the sale is expected to be completed within one year from the classification.

Immediately prior to classification as held for sale, the assets or the disposal group assets and liabilities are measured in accordance with the applicable IFRS standards. From the moment of classification, the assets (or disposal group) held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Depreciation on such assets is discontinued from the time of classification. Assets forming part of the items included in a disposal group that do not fall within the scope of the IFRS 5 measuring rules, as well as liabilities are also measured after the time of classification in line with the applicable IFRS standards.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and meets one of the following requirements:

- It represents a separate major line of business or geographical area of operations.
- It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.
- It is a subsidiary acquired exclusively with a view to resale.

The result of discontinued operations is presented as a separate item in the Group's statement of comprehensive income. Assets held for sale, disposal groups, items recognised in other comprehensive income concerning assets held for sale, and liabilities included in a disposal group are all presented on a separate line item on the consolidated statement of financial position.

Employee benefits

Share-based payments

Share incentive plans are measured at fair value at the grant date in accordance with IFRS 2, and are recognised as expenses within the vesting period.

Pension liabilities

The Group's pension arrangements are in compliance with each country's local regulations and practices. The pension arrangements of the Group companies comprise both defined contribution plans and defined benefit plans. The payments to the defined contribution plans are recognised as expenses in the income statement in the period in which they incur. Under a defined benefit pension plan, the Group's obligation is not limited to the payments made under the plan but also includes the actuarial and investment risks related to the pension plan in question.

The pension expenses related to defined benefits have been calculated using the projected unit credit method. Pension expenses are recognised as expenses by distributing them over the estimated period of service of the personnel concerned. The amount of the pension obligation is the present value of the estimated future pensions payable, with the discount rate being the interest rate applied to financially sound companies' debenture bonds with a maturity that corresponds to that of the pension liability as closely as possible.

Inventories

Inventories are presented in the consolidated statement of financial position as the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost is determined on the basis of the FIFO principle.

Financial assets and liabilities

Financial assets and liabilities of the Oriola-KD Group are classified in accordance with the standard IAS 39 Financial Instruments: Recognition and Measurement, as follows:

- Financial assets and liabilities recognised at fair value through profit and loss.
- Loans and other receivables.
- Available-for-sale financial assets.
- Financial liabilities recognised at amortised cost.

The classification is based on the acquisition purpose of the financial asset or liability and takes place upon the original acquisition. The financial instruments are recognised in the balance sheet on the settlement date.

Money market investments and derivatives which are classified as held for trading and that do not meet the IAS 39 criteria for hedge accounting are booked as financial assets and liabilities recognised at fair value through profit and loss. Assets in this category are short-term assets with a maturity of less than 12 months and are measured at fair value using the market price on the balance sheet date. Both realised and unrealised gains and losses arising from the changes in fair value are recognised in the income statement for the financial period during which they occurred.

Cash and cash equivalents consist of liquid money market investments, bank deposits and cash at banks. Money market investments are characterised by low risk and maturity of generally less than three months. The fair values of money market investments do not differ significantly from their carrying amounts.

Minority purchase liability is classified as financial liability when the company has no definitive right to avoid execution of such liability. This kind of liability is recognised at fair value which can be demanded to be paid out on the balance sheet date.

Loans and other receivables are non-derivative financial assets with fixed or determinable payments. These receivables are not quoted in an active market, the Group does not hold them for trading purposes and these are measured at amortised cost. Receivables are classified as current financial assets unless their maturity date is more than 12 months after the balance sheet date. Trade and other receivables are also included in this category. Trade receivables are recognised at their original book value. An impairment of trade receivables is recognised when there is a justified reason to assume that the Group will not obtain all its receivables under the original terms. Significant financial difficulties of the debtor, the probability of the debtor's bankruptcy, failure to pay and significant delay of payments are considered to be justified reasons for the impairment of trade receivables. The impairment is recognised as an expense in the income statement. Oriola AB and Kronans Droghandel Apotek AB have sold non-recourse trade receivables from Swedish government-owned Apoteket AB and county councils to the finance companies within the framework of limits stipulated in the agreement. The credit risk associated with these trade receivables and contractual rights for the receivables are transferred from the Group on the selling date and related expenses are booked to the financial expenses.

Available-for-sale financial assets are non-derivative financial assets that are especially classified as belonging to this category or which cannot be classified in any other category. They are included in non-current financial assets in the balance sheet unless there is an intention to sell these assets during the 12 month period following the balance sheet date.

Financial liabilities recognised at amortised cost are booked in the balance sheet at the net value on the date of acquisition. Transaction costs are included in the original carrying amount of interest-bearing liabilities. Financial liabilities are subsequently recognised at amortised cost using the effective interest method. Interest expenses are recognised in the income statement using the effective interest method. Interest-bearing liabilities expiring during the subsequent 12 months after the balance sheet date, including credit account limits in use, are booked under current interest-bearing liabilities, and those expiring in more than 12 months, are booked under non-current interest-bearing liabilities.

Derivative contracts and hedge accounting

Oriola-KD treats derivative contracts in accordance with the standard IAS 39 Financial Instruments: Recognition and Measurement. The Group has categorised derivatives as derivatives held for trading, unless it applies hedge accounting within the framework of the IAS 39 standard. The fair value of currency forward and swap contracts is determined by measuring them at fair value using market rates on the balance sheet date. Positive valuation differences are recognised under trade and other receivables, and negative valuation differences are recognised under trade payables and other current liabilities in the balance sheet. Oriola-KD has not applied the IAS 39 hedge accounting to currency derivatives that hedge balance sheet items in foreign currencies and forecasted cash flows. The change in the fair value of these derivative contracts is recognised in the income statement either as other income or expenses or under financial income and expenses, depending on the item to which operative hedging has been applied.

Oriola-KD applies IAS 39 -standard hedge accounting in its cash flow hedging of interest rate relating to the selling of non-recourse trade receivables in Oriola AB. Fluctuating interest has been converted to fixed using interest rate swaps. When initiating hedge accounting, the relationship between the hedged item and the hedging instrument is documented, as are the objectives of the Group's risk management. The effectiveness of hedging is tested monthly, and the main principle is that derivative does not generate ineffectiveness. The effective portion of the change in the fair value of the derivatives is recognised in the hedge fund under the equity and the ineffective portion, if any, is recognised in the Group's financial items.

Provisions and contingent liability

A provision is recognised in the consolidated statement of position when the Group has a present legal or contractual obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A restructuring provision is recognised when the Group has a detailed, formal restructuring plan, has started the implementation of the plan or has informed those affected by the plan. No provision related to costs for continuing operations is recognised.

A contingent liability is a possible obligation that arises from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability can also be an unrecognised present obligation because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

A contingent consideration assumed in a business combination is measured at a present value as at the date of acquisition. The interest rate used in the calculation of the present value represents the market's view of the present value of money as well as the risks related to the contingent liability. The increase in the liability caused by the passage of time is recognised as interest expense.

Income taxes

The Group's taxes in the profit and loss includes income taxes based on the Group companies' taxable profits for the financial year, tax adjustments for previous periods, and changes in deferred tax assets and liabilities. Income tax is calculated based of the valid income tax rate for each tax jurisdiction. Taxes are recognised in the income statement, except when they relate to items recognised directly in equity or in other comprehensive income, when taxes are also recognised in equity or in other comprehensive income respectively.

Revenue recognition

Net sales include income from the sale of goods and services adjusted with indirect taxes, discounts and currency translation differences resulting from sales in foreign currencies. Income from the sale of goods is recognised when the major risks and rewards of ownership of the goods have been transferred to the buyer. Income from services is recognised when the service has been performed.

Sale of goods and distribution fee - wholesale

In circumstances where the Group owns the entire inventory of the principal, the full sales proceeds from products is recognised in net sales. In contracts based on consignment inventory and agency agreements, only distribution fee is recognised in the net sales.

Sale of goods - retail

The Group has pharmacy chains that sell pharmaceuticals and healthcare products. Sale of goods is recognised when the company sells the product to the customer. Retail sales are usually cash or credit card sales to consumers.

Sale of services

Services comprise various value-added services provided by wholesale in distribution and warehousing. Sale of services is recognised over the period during which the service is performed.

Income from royalties

Income from royalties is recognised on accrual-basis according to the substance of the contract.

Dividend distribution

Dividend distribution for shareholders is recognised as a liability in the consolidated statement of financial position for the period during which the dividend is approved by the annual general meeting.

Classification of expenses by function

Cost of goods sold

The cost of goods sold includes the materials, procurement and other costs related to the manufacturing and procurement.

Sales and distribution expenses

Sales and distribution expenses include the costs of product distribution, field sales force operations, marketing, advertising and other sales promotion activities, including wages and salaries.

Administrative expenses

Administrative expenses include general administrative expenses and Group management expenses.

Depreciation and amortisation charge of assets used by functions are allocated to the functions. In addition, a share of administrative expenses is allocated to the functions on the polluter pays' principle.

Operating profit

Operating profit is determined as net sales less cost of goods sold, less sales and distribution expenses, less administrative expenses and other operating expenses, plus other operating income. Foreign exchange differences and changes in the fair values of derivatives are recognised in operating profit, provided that they arise from items related to business operations; otherwise they are recognised within financial items.

Non-recurring items

A non-recurring item is an income or expense arising from non-recurring or rare events. Gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations, and impairment losses on goodwill and other non-current assets are recognised by the Group as non-recurring items.

Use of estimates

The preparation of consolidated financial statements requires the application of judgment by management in making estimates and assumptions. Such estimates and assumptions have an impact on the assets and liabilities reported as at the end of the reporting period, and on the presentation of contingent assets and liabilities in the notes to the consolidated financial statements as well as on the income and expenses reported for the financial year. The estimates are based on the management's best knowledge about the facts and as such actual results may differ from the estimates and assumptions used.

Accounting estimates have been used in determining the amount of items reported in the consolidated financial statements, such as possible impairment of goodwill and other assets, determination of pension assets and pension obligations related to defined benefit pension plans, economic lives of tangible and intangible assets, provisions and taxes.

Uncertainties concerning the estimates

Estimates used in the preparation of financial statements are based on the management's best view at the end of the reporting period. These estimates are based on past experience and on probable future assumptions regarding anticipated developments in the Group's economic operating environment in terms of sales and costs. Together with its operating units, the Group monitors the actual outcome against the factors impacting estimates and assumptions used on a regular basis, using various internal and external sources of information.

Any changes in estimates and assumptions are recognised in the financial year during which the estimate or assumption is adjusted as well as in all subsequent periods.

The main assumptions about the future and those key uncertainties regarding estimates at the end of the accounting period that result in a significant risk of materially altering the accounting values of the Group's assets and liabilities during the next financial year are presented below.

Impairment testing

The Group's assets with an indefinite useful life are subject to annual impairment testing and any indication of impairment of assets is assessed as described in the accounting principles below. The discounted future cash flows that can be obtained through usage and possible sale of the asset are used in the impairment testing. If the carrying amount of the asset exceeds either its recoverable amount or fair value, the difference is recognised as an impairment charge. The preparation of such calculations requires the use of estimates. Additional information regarding the sensitivity of changes in the key assumptions to the recoverable amount of the asset can be found under the Note Intangible assets.

Deferred taxes

Management estimates are required in determining the amount of recognised deferred tax assets and liabilities. The appropriateness for recognising deferred tax assets is assessed in connection with the preparation of consolidated financial statements. For this purpose, the Group estimates the probability of subsidiaries generating recoverable taxable income against which unused tax losses and unused tax compensations can be utilised. Actual results may differ from the factors used in the estimates, which may lead to the recognition of tax expenses.

Application of new and revised accounting pronouncements under IFRS

The following new or revised standards and interpretations issued by the International Accounting Standards Board (IASB) have not yet been applied by the Group. The Group will apply each new standard and interpretation from the effective date. If the effective date is other than the first day of a financial year, the Group will apply the standard or interpretation from the beginning of the following financial year.

- IFRS 9 Financial Instruments and amendments to it (mandatory effective date still open). When completed, the IASB project, initially to be implemented in three stages, will replace the current standard IAS 39 Financial Instruments: Recognition and Measurement. The first part of IFRS 9 was published in November 2009 and it contains requirements for the classification and measurement of financial assets. Classification and measurement of financial assets in accordance with IFRS 9 depends on the company's business model and the characteristics of its contract-based cash flows. The second part, which was published in October 2010, contains requirements for the classification and measurement of financial liabilities and is largely based on the current IAS 39 requirements. However, the IASB is considering making limited modifications to the published IFRS 9 requirements for the classification and measurement of financial assets. Other incomplete parts are related to impairment and general hedge accounting. The IASB has decoupled the part on macro hedge accounting and made it into a separate project. Due to the incomplete parts, the final impact of the standard on the consolidated financial statements cannot yet be estimated. The standard has not yet been approved for application in the EU.
- The following standards effective in the EU in financial years beginning on or after 1 January 2014:
  - IFRS 10 Consolidated Financial Statements. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance in the determination of control where this is difficult to assess.
  - IFRS 11 Joint Arrangements. The standard emphasises the rights and obligations arising from the accounting treatment of joint arrangements, rather than their legal form. There are two types of joint arrangements: joint operations and joint ventures. The standard also contains requirements for the

reporting of interests in jointly owned companies using the equity method instead of the previously applied proportionate consolidation method, which is no longer allowed.

- IFRS 12 Disclosure of Interests in Other Entities. The standard contains the disclosure requirements for various interests in other entities including associates, joint arrangements, structured entities and other companies outside the balance sheet.
- IAS 27 (revised in 2011) Separate Financial Statements. The revised standard contains requirements for separate financial statements remaining after the items concerning control were included in the new IFRS 10.
- IAS 28 (revised in 2011) Investments in Associates and Joint Ventures. The revised standard contains requirements for the treatment of associated and jointly owned companies with the equity method as a result of the publication of IFRS 11.

The Group will adopt the above new and revised standards in the financial year starting on 1 January 2014. The new and revised standards are not expected to have a significant impact on the consolidated statements of comprehensive income or the financial position.

- Amendment to IAS 32 Financial Instruments: Presentation (effective in the EU in the financial years beginning on or after 1 January 2014). The amendment specifies the requirements concerning the presentation of the net amounts of financial assets and liabilities and provides more guidance for the application of these requirements. The amendment will not have any significant impact on the consolidated financial statements. The amendment has not yet been approved for application in the EU.
- Amendment to IAS 36 Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets (effective in the financial years beginning on or after 1 January 2014). The amendment specifies the disclosure requirements for cash-generating units in which there have been impairments. The amendment has not yet been approved for application in the EU.

1. Segment information

The chief operative decision maker of Oriola-KD is the President and CEO of Oriola-KD group, who makes strategic decisions, allocates resources to the operating segments and assesses their performance.

Oriola-KD's reporting segments are Pharmaceutical Trade Finland and Baltics, Pharmaceutical Trade Sweden and Pharmaceutical Trade Russia.

Oriola-KD has formed its reporting segments by combining its operating segments as follows:

The Pharmaceutical Trade Finland and Baltics reporting segment comprises the Finnish pharmaceutical wholesale, the Consumer Health and the Pharmaceutical Trade Baltics operating segments.

The Pharmaceutical Trade Sweden reporting segment comprises the Swedish pharmaceutical retail and Swedish pharmaceutical wholesale operating segments.

The Pharmaceutical Trade Russia reporting segment comprises the Russian pharmaceutical retail and Russian pharmaceutical wholesale operating segments.

The assets and liabilities include items directly attributable to a segment and items which can be allocated to segments. Group items include financial items as well as items related to corporate functions. Investments are constituted by increases in property, plant and equipment and intangible assets.

Oriola-KD's geographical areas are Finland, Sweden, Russia, Baltic countries and other countries. Net sales are divided by the countries in which the customers are located. Assets and liabilities are divided according to the country in which they are located.

Reporting segments

EUR million **2013**	**Pharmaceutical Trade Finland and Baltics**	**Pharmaceutical Trade Sweden**	**Pharmaceutical Trade Russia**	**Group items**	**Group total**
Sales of goods	387.7	1,173.3	969.4	-	**2,530.4**
Distribution fees	24.3	12.4	-	-	**36.7**
Sales of services	13.2	8.8	9.3	-	**31.3**
Royalties	0.0	-	-	-	**0.0**
Sales to external customers	425.3	1,194.4	978.8	-	**2,598.5**
Sales to other segments	0.1	-0.0	-	-0.0	**0.0**
Net sales	**425.3**	**1,194.4**	**978.8**	**-0.0**	2,598.5
Operating profit	20.9	18.4	- 8.3	- 10.0	**21.0**
Assets	145.5	672.1	533.9	148.6	**1,500.1**
Liabilities	201.7	343.9	354.2	322.3	**1,222.0**
Investments	4.5	184.6	4.1	0.5	**193.7**
Depreciation	- 3.4	- 16.9	- 5.3	0.0	**- 25.7**
Average number of personnel	501	1,623	2,980	31	**5,135**

2012					
Sales of goods	426.5	1,046.0	944.3	-	2,416.7
Distribution fees	23.0	8.8	-	-	31.9
Sales of services	10.8	6.6	8.4	-	25.8
Royalties	0.0	-	0.0	-	0.0
Sales to external customers	460.3	1,061.4	952.7	-	2,474.4
Sales to other segments	0.1	-0.1	-	0.0	0.0
Net sales	**460.5**	**1,061.3**	**952.7**	**0.0**	**2,474.4**
Operating profit	20.8	15.1	-2.3	-7.8	**25.8**
Assets	146.4	497.2	568.6	104.0	**1,316.2**
Liabilities	197.5	340.9	369.7	97.6	**1,005.7**
Investments	4.5	14.7	3.4	0.0	**22.6**
Depreciation	-3.1	-10.2	-5.4	0.0	**-18.8**
Average number of personnel	496	1,263	3,034	25	**4,818**

Geographical information

EUR million **2013**	**Finland**	**Sweden**	**Russia**	**Baltic countries**	**Other countries**	**Group total**
Sales to external customers	382.9	1,135.0	978.8	38.8	63.0	**2,598.5**
Assets	251.7	681.2	552.9	14.3	-	**1,500,1**
Investments	4.7	184.6	4.1	0.2	-	**193.7**

2012						
Sales to external customers	422.4	1,028.8	952.7	34.6	35.9	**2,474.4**
Assets	214.7	508.6	580.2	12.7	-	**1,316.2**
Investments	4.4	14.7	3.4	0.1	-	**22.6**

2. Changes in Group structure

Oriola-KD acquired the entire capital stock of Medstop Group Holding AB, Sweden's fifth biggest pharmacy chain, on 3 June 2013. The Medstop pharmacy chain had a total of 67 pharmacies located in shopping centres and city centre locations in Stockholm, Gothenburg and Malmö. The business operations of the pharmacy chain acquired by Oriola-KD only involve pharmaceutical retail business and they are reported in the Pharmaceutical Trade Sweden segment.

The acquisition cost calculation is based on the company's preliminary balance sheet on 31 May 2013, the essential parts of which have prepared in accordance with the IFRS's accounting principles. The acquisition has been entered in the books on a preliminary basis, as permitted under IFRS 3R (revised). Oriola-KD will make the necessary adjustments to these preliminary assessments during the 12 months following the acquisition date.

The preliminary booked goodwill of EUR 129.9 million is the value of Medstop's experienced personnel, synergy benefits that can be achieved in purchasing operations, storage and pharmacy distribution and growth expectations. The goodwill entered in the books is not tax-deductible.

The original acquisition cost calculation made in Swedish krona (SEK) has been converted into euros on the basis of the exchange rate of 31 May 2013.The results and balance sheet of Medstop have been consolidated into Oriola-KD as of 1 June 2013.

EUR million **Acquisition cost**	
Cash	79.2
Contingent liability	14.5
Total acquisition cost	**93.7**

EUR million **Recognized amounts of identifiable assets acquired and liabilities assumed**	**Fair value**
Property, plant and equipment	7.4
Intangible assets	28.0
Deferred tax assets	3.9
Inventories	18.3
Trade and other receivables	18.4
Cash and cash equivalents	8.9
Assets total	**85.0**
Deferred tax liabilities	6.2
Trade payables and other current liabilities	30.3
Provisions	0.9
Borrowings	83.8
Liabilities total	**121.1**
Total identifiable net assets	**-36.1**
Goodwill	**129.9**
Total	**93.7**

The table below provides a summary of the consideration paid for the pharmacy chain and the fair values of the assets and liabilities entered in the books on the acquisition date.

EUR 1.7 million in acquisition-related costs are included in administrative expenses in the 2013 consolidated income statement.

The contingent consideration will be paid in the first quarter of 2016. Payment of the contingent consideration is based on the estimate on Oriola-KD's combined Swedish retail businesses 2015 EBITDA made by the management.

The contingent consideration has been booked in the balance sheet as financial liability recognised at fair value through profit and loss and the fair value of the contingent consideration has been calculated using discounted cash flow method. The discount rate used in the valuation is determined using the weighted average cost of capital of the Group.

The estimated net sales of the Group in the period 1 January–31 December 2013 would have been EUR 2,707.4 (reported 2,598.5) million and the operating profit EUR 25.7 (reported 21.0) million if the acquisition had been made at the start of 2013.

The impact of the acquired business on the Group's net sales in the period 1 June-31 December 2013 is EUR 144.4 million and on the operating profit EUR -4.8 million.

Other changes in the Group structure

In Sweden Medstop Group Holding AB was merged into Oriola-KD Holding Sverige AB in October 2013 and Kronans Droghandel Apotek AB was merged into Medstop AB in December 2013. The name of the company was changed to Kronans Droghandel Apotek AB after the merger.

In Russia OOO Farmask was merged into OOO Vitim & Co in September 2013.

3. Other operating income

EUR million	2013	2012
Gains on sales of tangible and intangible assets	0.1	0.1
Rental income	1.2	1.1
Service charges	0.3	0.5
Other operating income	4.1	0.6
Total	**5.7**	**2.3**

In year 2013 other operating income includes mostly marketing contribution.

4. Depreciation and impairment

Depreciation and impairment by function

EUR million	2013	2012[1]
Selling and distribution expenses	16.9	13.2
Administrative expenses	8.8	5.6
Total	**25.7**	**18.8**

[1] The allocation of depreciations between functions is changed.

Depreciation by type of asset

EUR million	2013	2012
Tangible assets		
Buildings and constructions	2.2	2.1
Machinery and equipment	10.9	7.7
Other tangible assets	1.7	1.3
Total	**14.8**	**11.1**
Intangible assets		
Intangible rights	9.4	6.9
Other capitalised expenditures	1.4	0.7
Total	**10.8**	**7.6**

During the financial year 2013 no significant impairments have been recognised. Criteria applied for the depreciations are disclosed in the accounting principles for the consolidated financial statements.

5. Employee benefits

EUR million	2013	2012
Wages, salaries and bonuses	130.0	119.9
Share-based payments		
Settlement in cash	-	0.7
Payment in shares	0.2	0.2
Pension costs		
Defined contribution plans	35.9	33.7
Defined benefit plans	1.3	1.2
Other personnel expenses	16.5	11.1
Total	**183.8**	**166.9**
Average number of personnel	5,135	4,818

6. Audit fees

EUR million	2013	2012
To member firms of PricewaterhouseCoopers Oy network		
Audit	0.4	0.3
Consulting services	0.3	0.0
Total	**0.6**	**0.3**

7. Financial income and expenses

EUR million	2013	2012
Financial income		
Interest income from financial assets and liabilities recognized at fair value	0.1	0.1
Interest income from interest rate swaps under hedge accounting	0.5	-
Interest income from loans and other receivables	0.2	0.4
Foreign exchange rate gains from financial assets and liabilities recognised at fair value	9.7	11.2
Foreign exchange rate gains from loans and other receivables	3.5	7.4
Other financial income	0.0	3.6
Total	**14.1**	**22.7**
Financial expenses		
Interest income from financial assets and liabilities recognized at fair value	1.7	1.8
Interest income from interest rate swaps under hedge accounting	0.8	-0.1
Interest income from loans and other receivables	8.6	5.6
Foreign exchange rate gains from financial assets and liabilities recognised at fair value	4.6	14.1
Foreign exchange rate gains from loans and other receivables	10.0	4.5
Other financial income	1.8	2.0
Total	**27.7**	**28.0**
Financial income and expenses total	**-13.6**	**-5.3**

Booked net foreign exchange rate differences to financial income and expenses were EUR -1.4 (0.0) million mainly deriving from fair value change of internal loan granted to Russia.

Operating profit includes EUR -0.9 (0.6) million foreign exchange rate differences mainly from Russian wholesale company's trade payables denominated in foreign currencies.

Other financial income in 2012 included EUR 3.5 million income with no cash flow effect related to the acquisition of the minority share in the Swedish retail company.

8. Income taxes

EUR million	2013	2012
Taxes for current year	4.2	3.7
Taxes for previous years	-0.0	-0.6
Deferred taxes	-2.5	1.0
Total	**1.6**	**4.1**

Taxes related to other comprehensive income

EUR million

2013	**Before taxes**	**Tax effect**	**After taxes**
Cash flow hedge	0.8	-0.3	0.5
Actuarial gains and losses	5.9	-1.3	4.6
Translation differences	-29.7	0.6	-29.1
Total	**-23.0**	**-1.0**	**-24.0**
2012			
Cash flow hedge	-0.9	0.2	-0.7
Actuarial gains and losses	1.6	-0.4	1.2
Translation differences	11.4	-0.4	11.0
Total	**12.1**	**-0.6**	**11.5**

Reconciliation of taxes in the income statement with corporate income taxes calculated at Finnish tax rate

EUR million	2013	2012
Profit before taxes	7.4	20.5
Corporate income taxes calculated at Finnish tax rate	1.8	5.0
Effect of different tax rates of foreign subsidiaries	0.4	0.4
Changes in tax rate	-1.0	-1.7
Tax exempt income	-0.4	-1.0
Non-deductible expenses	1.0	2.0
Taxes for previous years	-0.0	-0.6
Other items	-0.1	-0.1
Income taxes in the corporate income statement	**1.6**	**4.1**
Effective tax rate	22.1%	19.8%

Taxes entered with a positive value are recognised as expenses and taxes entered with a negative value are recognised as income.

The Finnish tax rate used to calculate taxes was 24.5 per cent in the 2013 financial statements. Deferred taxes for 2013 were calculated according to the 20.0 per cent tax rate in 2014 for Finnish Group companies. The impact of the change in the Finnish tax rate of EUR -1.0 million is presented in 'Changes in tax rate'.

Sweden's official tax rate that is used to calculate deferred taxes decreased from the 26.3 per cent used in the 2011 financial statements to 22.0 per cent in the 2012 financial statements. The impact of the change in the Swedish tax rate of EUR -1.7 million is presented in 'Changes in tax rate'.

9. Earnings per share

		2013	2012
Profit for the financial year attributable to parent company shareholders	EUR million	5.8	16.4
Average number of shares during the financial year	pcs	151,157,494	151,247,748
Earnings per share	EUR	0.04	0.11
Diluted earnings per share	EUR	0.04	0.11

10. Property, plant and equipment

EUR million 2013	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets[1]	Advance payments and construction in progress	Total
Historical cost 1 Jan 2013	7.0	69.3	71.1	13.2	5.1	**165.7**
Increases through acquisition of subsidiary	-	-	4.6	3.4	0.0	**8.0**
Increases	0.0	1.7	9.1	4.4	7.2	**22.4**
Decreases	-	-	-11.5	-0.3	-0.2	**-11.9**
Reclassifications	-	1.6	5.9	0.5	-8.0	**-0.0**
Foreign exchange rate differences	-0.2	-1.0	-2.5	-0.5	-0.2	**-4.4**
Historical cost 31 Dec 2013	**6.8**	**71.6**	**76.7**	**20.8**	**4.0**	**179.8**
Accumulated depreciation 1 Jan 2013	-	-39.1	-42.8	-2.4	-	**-84.3**
Accumulated depreciation related to decreases and reclassifications	-	-	10.3	0.2	-	**10.5**
Depreciation for the financial year	-	-2.2	-10.9	-1.7	-	**-14.8**
Foreign exchange rate differences	-	0.6	1.4	0.1	-	**2.0**
Accumulated depreciation 31 Dec 2013	**-**	**-40.8**	**-42.1**	**-3.8**	**-**	**-86.6**
Carrying amount 1 Jan 2013	7.0	30.2	28.2	10.9	5.1	**81.4**
Carrying amount 31 Dec 2013	6.8	30.8	34.6	17.0	4.0	**93.2**
2012						
Historical cost 1 Jan 2012	5.8	67.0	61.5	11.3	1.7	**147.4**
Increases	0.5	1.0	8.2	1.8	5.1	**16.6**
Decreases	-	-	-1.9	-0.3	-0.1	**-2.3**
Reclassifications	-	0.0	1.7	-	-1.7	**0.0**
Foreign exchange rate differences	0.7	1.2	1.6	0.4	0.1	**4.0**
Historical cost 31 Dec 2012	**7.0**	**69.3**	**71.1**	**13.2**	**5.1**	**165.7**
Accumulated depreciation 1 Jan 2012	-	-36.4	-35.6	-1.3	-	**-73.3**
Accumulated depreciation related to decreases and reclassifications	-	-	1.5	0.3	-	**1.7**
Depreciation for the financial year	-	-2.1	-7.7	-1.3	-	**-11.1**
Foreign exchange rate differences	-	-0.6	-1.0	-0.1	-	**-1.6**
Accumulated depreciation 31 Dec 2012	**-**	**-39.1**	**-42.8**	**-2.4**	**-**	**-84.3**
Carrying amount 1 Jan 2012	5.8	30.6	25.9	10.0	1.7	**74.0**
Carrying amount 31 Dec 2012	7.0	30.2	28.2	10.9	5.1	**81.4**

[1] The most significant share of other tangible assets is made up by refurbishment expenditures for rented premises.

Assets leased through finance lease agreements

Tangible assets include following assets leased through finance lease agreements:

EUR million 2013	Machinery and equipment	Total
Historical cost	5.2	**5.2**
Accumulated depreciation	-4.4	**-4.4**
Carrying amount	**0.8**	**0.8**
2012		
Historical cost	4.7	4.7
Accumulated depreciation	-4.0	-4.0
Carrying amount	**0.7**	**0.7**

11. Intangible assets

EUR million 2013	Goodwill	Intangible rights	Other intangible assets[1]	Advance payments and construction in progress	Total
Historical cost 1 Jan 2013	276.7	116.4	5.8	1.3	**400.1**
Increases due Acquisitions	129.9	26.9	0.0	1.1	**157.8**
Increases	-	1.8	1.0	2.6	**5.4**
Decreases	-	-3.4	0.0	-0.1	**-3.6**
Reclassifications	-	1.9	1.2	-3.0	**0.0**
Foreign exchange rate differences	-27.6	-7.9	-0.4	-0.1	**-35.9**
Historical cost 31 Dec 2013	**379.0**	**135.6**	**7.6**	**1.8**	**524.0**
Accumulated depreciation 1 Jan 2013	-	-68.4	-2.7	-	**-71.2**
Accumulated depreciation related to decreases and reclassifications	-	4.0	-0.5	-	**3.5**
Depreciation for the financial year	-	-9.4	-1.4	-	**-10.8**
Foreign exchange rate differences	-	5.2	0.3	-	**5.5**
Accumulated depreciation 31 Dec 2013	**-**	**-68.7**	**-4.4**	**-**	**-73.0**
Carrying amount 1 Jan 2013	276.7	47.9	3.1	1.3	**329.0**
Carrying amount 31 Dec 2013	379.0	66.9	3.3	1.8	**451.0**

2012					
Historical cost 1 Jan 2012	266.8	107.6	4.8	1.3	**380.6**
Increases	-	4.6	0.7	0.7	**6.0**
Decreases	-	-0.1	-0.0	-0.0	**-0.2**
Reclassifications	-	0.4	0.3	-0.7	**0.0**
Foreign exchange rate differences	9.8	3.8	0.1	0.0	**13.8**
Historical cost 31 Dec 2012	**276.7**	**116.4**	**5.8**	**1.3**	**400.1**
Accumulated depreciation 1 Jan 2012	-	-59.6	-2.0	-	**-61.7**
Accumulated depreciation related to decreases and reclassifications	-	0.1	0.0	-	**0.2**
Depreciation for the financial year	-	-6.9	-0.7	-	**-7.6**
Foreign exchange rate differences	-	-2.0	-0.0	-	**-2.0**
Accumulated depreciation 31 Dec 2012	**-**	**-68.4**	**-2.7**	**-**	**-71.2**
Carrying amount 1 Jan 2012	266.8	48.0	2.8	1.3	**318.9**
Carrying amount 31 Dec 2012	276.7	47.9	3.1	1.3	**329.0**

[1] Other intangible assets include significant expenses for installation and specialist work related to the implementation of computer software.

Impairment testing of goodwill

Goodwill is allocated to Orola-KD's cash generating units as follows:

EUR million	31 Dec 2013	31 Dec 2012
Russian retail	37.4	43.6
Russian wholesale	75.9	88.6
Swedish retail	238.9	116.7
Swedish wholesale	26.9	27.8
Carrying amount	**379.0**	**276.7**

The recoverable amount of the goodwill was determined in impairment testing on the basis of value-in-use calculations. Value-in-use has been determined based on discounted cash flows (DCF-model). The cash flow forecasts are based on five-year strategic plans approved by the management, which are consistent with the current business structure. The most important assumptions in the strategic plans are estimates of overall long-term growth in the market and the market position and the level of profitability of the Group companies. The Group's investments are expected to consist of ordinary replacement investments. The cash flows of 2019–2023 are based on the assumption that the net sales growth percentage and the operating profit percentage will gradually normalise at the level of terminal growth. The foreign exchange rates used in converting the calculations into euros are those prevailing at the time of testing.

The main parameters used in the impairment testing are net sales growth percentage, operating profit percentage, terminal growth percentage and discount rate.

The five-year net sales forecasts are based on the management's assessments of the net sales growth, market development forecasts available from external information sources (IMS) and sales growth based on the Group's actions. Market growth in the previous years and the Group's growth in the previous years compared with market growth support the Group's net sales forecasts for the coming years.

The terminal growth rate used in the calculations is based on the management's assessments of the long-term growth in cash flows. In estimating the terminal growth rate, both country-specific and business sector growth forecasts available from external information sources as well as the characteristic features of each operating segment and cash generating unit are taken into account. Terminal growth rate used for the Russian retail cash generating unit was 2 per cent and for Russian wholesale cash generating unit was 1 per cent starting from 2024. The terminal growth rate used is clearly below the estimated growth rate forecast of 10.0 per cent for 2013–2017 by an external information source (IMS), due to weak predictability of the Russian markets. Terminal growth rate for the Swedish cash generating units was 0.5 per cent starting from 2024. The growth rate estimate by an external information source (IMS) for 2013–2017 is -1.3 per cent.

The residual value, consisting of the discounted net present value of cash flows after year 2023, forms 63.9 per cent of the value of the Russian wholesale cash generating unit, 41.0 per cent of the value of the Russian retail cash generating unit, 53.6 per cent of the value of the Swedish retail cash generating unit and 51.8 per cent of the value of the Swedish wholesale cash generating unit.

The discount rate used in the calculation is based on the Group's weighted average cost of capital, taking into account the risks for each country in which the Group has operations, and the risks for each operating segment. The most important component in defining the discount rate is the long-term risk-free interest rate in the operating country. The risk-free interest rate of the Russian cash generating units is 6.4 (6.9) per cent. The risk-free interest rate of the Swedish cash generating units is 2.6 (1.5) per cent. When defining the discount rates, Oriola-KD has acquired the necessary information from external information source.

Key assumptions used in the impairment testing and the sensitivity of the key assumptions are described in the tables on page 30.

Projection parameters applied

2013	Post-tax discount rate %	Pre-tax discount rate %	Operating profit %[1)]	Terminal growth %[2)]	Net Sales growth %[3)]
Russian retail	10.1	11.9	2.3	2.0	7.1
Russian wholesale	10.1	13.0	0.8	1.0	8.4
Swedish retail	7.0	8.8	5.8	0.5	3.5
Swedish wholesale	7.0	8.8	1.1	0.5	2.6
2012					
Russian retail	11.1	15.7	2.7	3.0	8.1
Russian wholesale	11.1	16.8	1.2	3.0	12.1
Swedish retail	6.1	9.0	3.7	0.5	2.0
Swedish wholesale	6.1	10.0	1.3	0.5	2.6

[1)] Operating profit percentage is the average operating profit percentage over a ten-year the period.
[2)] From the beginning of year 2024.
[3)] CAGR over a ten-year period.

Change in projection parameters that causes the fair value equal to book value[4)]

2013	Discount rate change %	Operating profit percentage change %	Terminal growth change %	Net Sales growth change %
Russian retail	3.7	-0.8	-25.2	-2.5
Russian wholesale	1.7	-0.2	-5.3	-3.4
Swedish retail	4.9	-2.0	-28.1	-6.8
Swedish wholesale	6.3	-0.4	-	-9.3
2012				
Russian retail	3.4	-0.9	-11.6	-2.8
Russian wholesale	2.3	-0.3	-5.3	-5.1
Swedish retail	3.4	-1.5	-8.3	-5.1
Swedish wholesale [5)]	-	-1.1	-	-18.0

[4)] A greater change in one of the main parameters would result in a partial impairment of goodwill, providing other key assumptions remain unchanged.
[5)] Goodwill allocated to the Swedish wholesale cash generating unit is not sensitive to changes in the discount rate in 2012 or terminal growth percentage in 2012 or in 2013 since the discounted cash flows from the period 2014–2023 clearly exceed the value of tested assets.

The wholesale business in Russia has been unprofitable for the last three years. Therefore, a more modest operating profit growth rate than estimated by the business management, was used in the calculations. Based on the sensitivity analysis, a decrease in the average operating profit percentage by 0.5 percentage points would result in an impairment of goodwill of approximately EUR 44 million providing that the other assumptions remained unchanged. The discounted net present value of cash flows exceeded the value of the tested assets by EUR 33 million at the time of testing. The actual operating profit percentage for 2013 did not differ significantly from the forecasted operating profit percentage. Oriola-KD has determined the amount of goodwill allocated to the Russian wholesale cash generating unit as a significant risk exposure.

12. Pension assets and obligations

Oriola-KD started using the revised IAS19 standard on 1 January 2013. Oriola-KD has defined benefit plans in Sweden and Finland.

The Group's subsidiaries in Russia and the Baltic countries have no defined benefit plans.

In Finland, statutory pension security under the Employees' Pensions Act (TyEL) is arranged through the Oriola Pension Fund for the Group's employees, with some of the office employees enjoying a supplementary defined benefit plan. The TyEL pension plans at the Oriola Pension Fund comprise both defined benefit plans and defined contribution plans. The TyEL-related national disability pension obligation is recognised on the basis of the employment relationship.

In Sweden, some of the office employees are covered by the defined benefit plan ITP 2 and others by the defined contribution plan ITP 1. The employees have a defined contribution plan according to local legislation. In ITP 2, the company can recognise the old age pension liabilities in its statement of financial position (balance sheet) or, alternatively, pay the pension expenses to the pension insurance company Alecta according to the pension plan. Oriola AB has recognised its ITP 2 old age pension liabilities in full in its statement of financial position. Oriola AB's old age pension benefits other than ITP 2 are insured with Alecta. All of Kronans Droghandel Apotek AB's pension benefits are insured with Alecta. Defined benefit plans arranged at Alecta are treated as defined contribution plans, since Alecta is unable to submit sufficient information for the calculation of liabilities related to defined benefits.

Net defined benefit liability in the statement of financial position

EUR million	**2013**	**2012**
Present value of funded obligations	61.0	61.5
Fair value of plan assets	-62.8	-58.3
Deficit/surplus	-1.8	3.2
Net liability(+) / assets (-) in the statement of financial position	-1.8	3.2

Change in defined benefit obligation and plan assets

EUR million	**Present value of funded obligation**	**Fair value of plan assets**	**Total**
1 Jan 2012	57.6	-54.5	3.1
Current service cost	1.1	0.0	1.1
Interest cost or income	2.8	-2.7	0.1
	61.5	-57.2	4.3
Remeasurements			
Experience profits (-) or losses (+)	1.4	-3.1	-1.6
	62.9	-60.2	2.7
Differences in foreign exchange rates	0.3	0.0	0.3
Contributions			
Employers	0.0	-0.6	-0.6
Plan participants	0.0	0.9	0.9
Expenses arising from the plans			
Benefits paid	-1.8	1.6	-0.2
31 Dec 2012	**61.5**	**-58.3**	**3.2**

EUR million	Present value of funded obligation	Fair value of plan assets	Total
1 Jan 2013	**61.5**	**-58.3**	**3.2**
Current service cost	1.2	0.0	**1.2**
Interest cost or income	2.3	-2.3	**0.0**
Changes in the plan	0.0	0.0	**0.0**
	65.0	-60.6	**4.4**
Remeasurements			
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	-1.9	0.0	**-1.9**
Experience profits (-) or losses (+)	0.7	-4.0	**-3.4**
Changes in calculation principles	-0.7	0.0	**-0.7**
	63.1	-64.6	**-1.5**
Differences in foreign exchange rates	-0.3	0.0	**-0.3**
Contributions			
Employers	0.0	-0.8	**-0.8**
Plan participants	0.0	1.0	**1.0**
Expenses arising from the plans			
Benefits paid	-1.8	1.7	**-0.1**
31 Dec 2013	**61.0**	**-62.8**	**-1.8**

Classification of fair values of assets in the defined benefit plan in Finland	**2013**		**2012**	
	EUR million	**Percentage**	**EUR million**	**Percentage**
Equity instruments				
Oriola-KD's shares	3.0	4.6	2.6	4.3
Other shares, developed markets	22.3	34.3	20.9	34.5
Other shares, emerging markets	1.9	2.9	0.8	1.3
Debt instruments				
Governments and other general government actors	5.1	7.8	6.1	10.1
Corporates, high credit rating (IG)	22.4	34.4	19.8	32.7
Corporates, low credit rating (HY)	5.8	9.0	3.9	6.4
Cash and money market investments	4.6	7.0	6.4	10.6
Total	**65.0**	**100.0**	**60.5**	**100.0**

The defined benefit plan does not contain unquoted assets.

Significant actuarial assumptions 31 Dec	**2013**	**2012**
Discount rate and expected returns (%)	3.8-4.0	3.0-4.0
Salary increases (%)	2.0-3.0	2.6-3.0

Mortality assumptions are made on the basis of actuarial guidelines and they are founded on statistics published in each region and on experience.

Sensitivity of the defined benefit obligation to changes in the most significant assumptions:

Effect on defined benefit pension obligation

Assumption	Change in assumption as percentage point	Effect of change in assumption %
Decrease in discount rate	-0.5	increase by 12.4
Increase in discount rate	+0.5	reduce by 8.9
Increase in salaries	+0.5	increase by 1.2
Increase in benefits	+0.5	increase by 1.9

The table presents a sensitivity analysis for the most significant actuarial assumptions, showing the effect of any change in actuarial assumptions on the defined benefit pension obligation.

The effects of the above sensitivity analysis have been calculated so that when the effect of the change in the assumption is calculated all other assumptions are expected to remain unchanged. This is unlikely to happen and in some assumptions changes may correlate with each other. The sensitivity of the defined benefit obligation has been calculated using the same method as in the calculation of the pension obligation to be entered in the statement of financial position (the current value of the defined benefit obligation at the end of the reporting period using the projected unit credit method).

The most significant risks arising from defined benefit pension plans

Volatility of assets

The maturity of the discount rate used in the calculation of the liabilities arising from the plans corresponds to the interest rate of the bonds of financially sound companies close to their pension obligations in the same currency area. A deficit will arise if the yield on the plan assets is lower than the discount rate yield. A significant portion of the plan assets are in the form of shares, which are expected to generate a higher long-term yield than bonds. In the short term, the overweight of shares may, however, generate volatility in investment income.

Oriola Pension Fund continues to invest its assets securely and in manner that generates returns. Oriola Pension Fund is actively following trends in market risks and continues the diversification of its investment risks, as necessary.

Life expectancy

Most of the plan obligations are connected with generating lifelong benefits for employees and for this reason a higher life expectancy will mean more obligations under the plan.

Risk management in investments

In funded plans, the Oriola Pension Fund manages its investment positions so that the aim is the matching of assets and liabilities. The purpose of the procedure is the matching of long-term investments and obligations arising from pension plans. The processes used in risk management are continuously improved. The investments have been diversified so that the loss of any single investment will not have any significant impact on the total amount of assets. Even though a significant portion of the assets has been invested in shares, most of the investments of Oriola Pension Fund are in bonds, money market investments and cash and cash equivalents. Shares are expected to generate the best long-term returns at acceptable risk level. Most of the shares have been invested in large European listed companies in good financial standing. The aim is that 40 per cent of the investments will be kept in shares.

Employer contributions to post-employment benefit plans are expected to be EUR 2.7 million during the 2014 financial year.

The weighted average duration of the defined benefit obligation is 27.0 years.

13. Deferred tax assets and liabilities

EUR million 2013	1 Jan	Items booked in income statement	Items booked in other comprehensive income	Acquisitions	Translation differences	31 Dec
Deferred tax assets						
Confirmed tax losses	4.7	2.2	-	-	-0.5	6.4
Inventories	0.0	0.1	-	-	0.0	0.1
Translation difference of net investment	-	-0.4	0.4	-	-	-
Pension liabilities	1.0	0.1	-0.6	-	0.0	0.5
Acquisitions	-	-1.1	-	2.3	-	1.3
Employee benefits	0.2	-0.2	0.0	-	-	0.0
Cash flow hedges	0.2	-	-0.2	-	-	0.1
Other	0.0	0.0	-	-	-	0.0
Total	**6.1**	**0.6**	**-0.3**	**2.3**	**-0.5**	**8.3**
Deferred tax liabilities						
Depreciation difference and other untaxed reserves	4.4	-0.6	-	-	-0.1	3.7
Pension assets	1.6	-0.4	0.7	-	-	1.9
Acquisitions	8.0	-0.9	-	5.9	-1.0	12.0
Other	-	-	0.0	-	-	0.0
Total	**14.1**	**-1.9**	**0.7**	**5.9**	**-1.0**	**17.7**
2012						
Deferred tax assets						
Confirmed tax losses	7.2	-2.8	-	-	0.3	4.7
Inventories	0.0	0.0	-	-	-	0.0
Translation difference of net investment	-	0.4	-0.4	-	-	-
Pension liabilities	0.4	0.0	0.6	-	-	1.0
Employee benefits	-	0.2	-	-	-	0.2
Cash flow hedges	-	-	0.2	-	-	0.2
Other	0.0	0.0	-	-	-	0.0
Total	**7.6**	**–2.1**	**0.4**		**0.3**	**6.1**
Deferred tax liabilities						
Depreciation difference and other untaxed reserves	4.8	-0.7	-	-	0.3	4.4
Pension assets	1.1	-0.3	0.8		-	1.6
Acquisitions	8.0	-0.2	-	-	0.3	8.0
Other	0.0	-	-	-	-	0.0
Total	**13.9**	**-1.2**	**0.8**	**-**	**0.6**	**14.1**

Deferred tax is calculated on temporary differences between carrying amount and taxable value. A tax receivable is calculated on adopted taxable losses of the Group companies only to the extent that they can be utilised in the future. The largest temporary differences are caused by the depreciation of property, plant and equipment, the defined pension benefit plans and by unused losses in taxation. The deferred taxes are booked only to the extent they most probably can be utilised in the future. The deferred taxes are calculated using the official tax rates valid on the balance sheet date.

14. Inventories

EUR million	2013	2012
Raw materials and consumables	0.0	0.0
Work in progress	0.4	0.4
Finished goods	390.9	389.3
Total	**391.4**	**389.8**

During the financial year 2012 - 2013 no material write-offs were booked. A procurement cost, which is included in cost of goods sold, recognised as an expense under inventories was EUR 2,199.4 million in 2013 (EUR 2,117.8 million in 2012).

15. Trade receivables and other receivables

EUR million	2013 Fair value	2013 Carrying amount	2012 Fair value	2012 Carrying amount
Trade receivables	337.9	337.9	352.7	352.7
Prepaid expenses and accrued income	19.4	19.4	18.6	18.6
Derivatives measured at fair value through profit and loss	1.1	1.1	3.2	3.2
VAT receivables	34.1	34.1	27.0	27.0
Rental prepayments and guarantees	6.8	6.8	4.4	4.4
Prepaid expenses	3.7	3.7	2.8	2.8
Other receivables	6.7	6.7	6.5	6.5
Total	**409.7**	**409.7**	**415.2**	**415.2**

Material items included in prepaid expenses and accrued income

EUR million	2013	2012
Income tax receivable	5.0	6.5
Compensations not received	0.1	0.1
Accrued interest income	0.0	0.0
Other receivables	14.3	12.0
Total	**19.4**	**18.6**

Ageing and impairment of trade receivables at the closing date

EUR million	2013 Gross	2013 Impairment	2012 Gross	2012 Impairment
Not past due	310.5	-	326.2	-
Past due 1 - 30 days	21.6	-	21.4	-
Past due 31 - 180 days	5.9	-	4.8	-
Past due more than 180 days	6.3	-6.3	6.6	-6.4
Total	**344.2**	**-6.3**	**359.0**	**-6.4**

Carrying amount of trade and other receivables corresponds to the maximum amount of credit risk relating to them at the balance sheet date. Credit risk management is described in more details in note 22 Financial risk management.

16. Cash and cash equivalents

EUR million	2013 Fair value	2013 Carrying amount	2012 Fair value	2012 Carrying amount
Cash equivalents and deposits	137.3	137.3	88.1	88.1
Total	**137.3**	**137.3**	**88.1**	**88.1**

17. Equity, shares and authorisations

EQUITY

Share Capital

Oriola-KD Corporation's share capital on 31 December 2013 stood at EUR 147,899,766.14. All issued shares have been paid up in full. There were no changes in share capital in 2013.

Contingency fund

The contingency fund is included in the unrestricted equity of the company. The contingency fund has been formed in 2006 when Oriola-KD was entered into the Trade Register. In accordance with the decision of the Annual General Meeting of 20 March 2013, the company distributed EUR 0.04 per share from the contingency fund as repayment of equity, totalling EUR 6.0 million. On 31 December 2013, the contingency fund stood at EUR 19.4 million.

Hedge fund

The hedge fund includes the effective portion of the change in fair value of derivative financial instruments that are designated as and qualify for cash flow hedges.

Other funds

Invested unrestricted equity reserve

Oriola-KD executed a directed share issue against payment in June 2009, issuing 9,350,000 new class B shares. The net proceeds received from the share issue amounted to EUR 20.7 million. The proceeds from the share issue were credited to the reserve of invested unrestricted equity. In accordance with the decision of the Annual General Meeting of 6 April 2011, the company distributed on 19 April 2011 EUR 0.13 per share from the reserve of invested unrestricted equity as repayment of equity, totaling EUR 19.7 million. On 31 December 2013, the reserve of invested equity stood at EUR 1.1 million.

Translation differences

Translation differences include translation differences arisen from the subsidiaries' equity translation during the consolidation, change of the fair values of the net investment in the foreign subsidiary, and foreign exchange rate differences arisen from the conversion of the foreign subsidiaries' income statement using the average exchange rate of the reporting period and the conversion of their balance sheet using the exchange rate quoted on the balance sheet date.

SHARES

Of the total number of shares in the company, a maximum of 500,000,000 shall be class A shares and a maximum of 1,000,000,000 class B shares. At year end 2013, the company had a total of 151,257,828 shares, of which 47,148,710 were class A shares and 104,109,118 were class B shares. The shares do not have a nominal value.

At General Meetings, each class A share carries 20 votes and each class B share one vote. No shareholder may vote using an amount of votes that exceeds 1/20 of the total number of votes carried by the shares of different share classes represented at the General Meeting. Both share classes give the shareholder the same rights to the company's assets and dividend distribution. Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares.

Oriola-KD Corporation's class A and B shares are quoted on the main list of the NASDAQ OMX Helsinki exchange. The company's field of business on the stock exchange on 31 December 2013 was Health Care Distributors and the company was classified under Health Care. The ticker symbol for the class A shares is OKDAV and for the class B shares OKDBV.

Decisions regarding share issues

The company has not during the financial year ending on 31 December 2013 decided on or executed any share issues.

Treasury shares

The company holds 115,902 of the company's class B shares, representing approximately 0.08 per cent of the total number of company shares and approximately 0.011 per cent of the total number of votes.

Share trading and prices

A total of 31.8 million Oriola-KD Corporation shares, corresponding to 21.1 per cent of all outstanding shares (excluding class B treasury shares held by the Company), were traded on the NASDAQ OMX Helsinki exchange between 1 January and 31 December 2013. The traded volume of class A shares amounted to 6.8 per cent of the average number of class A shares, while the traded volume of class B shares was 27.5 per cent of the average number of class B shares (excluding class B treasury shares held by the Company).

The average share price of Oriola-KD Corporation's class A shares was EUR 2.40 and of its class B shares EUR 2.38. The market value of all Oriola-KD Corporation shares at 31 December 2013 was EUR 388.1 million, of which the market value of class A shares was EUR 122.6 million and of class B shares EUR 265.5 million.

Shareholders

On 31 December 2013, Oriola-KD Corporation had a total of 33,640 registered shareholders. There were 17,334,277 nominee-registered shares on 31 December 2013, corresponding to 11.5 per cent of all shares and 1.8 per cent of all votes. Private individuals accounted for 95.3 per cent of all shareholders and their holdings accounted for 43.9 per cent of all shares and 54.2 per cent of all votes.

Share conversions

Pursuant to Article 3 of the Articles of Association, no class A shares were converted into class B shares during the financial year.

Management shareholdings

On 31 December 2013, the members of the company's Board of Directors and the President and CEO, the deputy to the President and CEO and the companies controlled by them had a total of 471,452 shares, corresponding to 0.31 per cent of the total number of shares in the company and 0.07 per cent of the votes.

Dividend policy and distribution proposal

The Board of Directors of Oriola-KD Corporation has on 24 November 2010 confirmed the dividend policy of the Oriola-KD Group. Oriola-KD will seek to pay out annually as dividends approximately 50 per cent of earnings per share. The Company's strategy and financial position shall be taken into consideration when determining the annual dividend payout ratio.

The Board proposes to the Annual General Meeting (AGM) that no dividend (EUR 0.05 per share in 2012) is paid for the financial year ending on 31 December 2013, and no repayment of equity (EUR 0.04 per share in 2012) be distributed from the unrestricted equity reserve.

AUTHORISATIONS

Authorisation for the Board of Directors to decide on the repurchase of the company's own class B shares

Oriola-KD Corporation's AGM held on 20 March 2013 authorized the Board of Directors to decide on repurchasing of the company's own class B shares. The authorisation entitles the Board of Directors to decide on the repurchase of no more than fifteen million (15,000,000) of the company's own class B shares, which represented approximately 9.92 per cent of all shares in the company. The authorisation may only be used in such a way that in total no more than one tenth (1/10) of all shares in the company may from time to time be in the possession of the company and its subsidiaries.

Shares may be repurchased in accordance with the resolution of the Board of Directors also in a proportion other than in which shares are owned by the shareholders, using funds belonging to the company's unrestricted equity and at the market price of class B shares on regulated market organized by NASDAQ OMX Helsinki Ltd or otherwise established on the market at the time of the repurchase. The Board of Directors decides how shares will be repurchased. Among other means, derivatives may be used in acquiring the shares. The acquisition of shares reduces the company's distributable unrestricted equity. Shares may be repurchased to develop the company's capital structure, to execute corporate transactions or other business arrangements, to finance investments, to be used as a part of the company's incentive schemes or to be otherwise relinquished, held by the company or cancelled.

According to the authorisation, the Board of Directors decides on all other matters related to the repurchase of class B shares. The authorisation to repurchase own shares is in force for a period of not more than eighteen (18) months from the decision of the AGM. This authorisation revokes the authorisation given to the Board of Directors by the AGM on 26 March 2012 in respect of repurchase of the company's own class B shares.

Authorisation for the Board of Directors to decide on the issuance of class B shares against payment

Oriola-KD Corporation's AGM held on 20 March 2013 authorized the Board of Directors to decide on a share issue against payment in one or more issues. The authorisation comprises the right to issue new class B shares or assign class B treasury shares held by the company. The authorisation covers a combined maximum of thirty million (30,000,000) class B shares of the company, which represented approximately 19.83 per cent of all shares in the company.

The authorisation given to the Board of Directors includes the right to derogate from the shareholders' pre-emptive subscription right provided that there is, in respect of the company, a weighty financial reason for the derogation. Subject to the above restrictions, the authorisation may be used i.a. as payment of consideration when financing and executing corporate acquisitions or other business arrangements and investments, to expand the Company's ownership base or to develop the capital structure. Pursuant to the authorisation, class B shares held by the Company as treasury shares may also be sold on regulated market organised by NASDAQ OMX Helsinki Ltd.

The authorisation includes the right for the Board to decide on the terms of the share issue in the manners provided for in the Companies Act including the right to decide whether the subscription price is credited in part or in full to the invested unrestricted equity reserves or to the share capital. The authorisation is in effect for a period of eighteen (18) months from the decision of the AGM. The authorisation revokes all previous share issue authorisations

Authorization for the Board of Directors to decide on the issuance of class B shares without payment to the Company and on a directed share issue of class B shares in order to execute the new share-based incentive plan for Oriola-KD Group's executives and the share savings plan for Oriola-KD Group's key personnel

On 20 March 2013, Oriola-KD Corporation's AGM also authorised the Board of Directors to decide on the issuance of class B shares without payment to the company and on a directed share issue of class B shares in order to execute the new share-based incentive plan for Oriola-KD Group's executives and the share savings plan for Oriola-KD Group's key personnel.

The Board of Directors was authorized to decide on the issuance of class B shares without payment to the company in one or more instalments. The maximum number of new class B shares to be issued under this authorization is 1,715,000, which represented of 1.13 per cent of all shares in the company. The Board of Directors decides upon all other matters related to the issuing of class B shares. The purpose of the authorization is to enable the creation of own shares to be used in the new share-based incentive plan for the Oriola-KD Group's executives and the share savings plan for Oriola-KD Group's key personnel, as follows.

In deviation from the shareholders' pre-emptive right, the Board of Directors was also authorized to issue the company's class B shares in one or more instalments. The class B shares to be issued can be either new shares or own class B treasury shares. The total amount of the authorization is 1,715,000 class B shares. The share issue may be without payment. The shares concerned represented approximately 1.13 per cent of all shares in the company. The Board of Directors may exercise this authorization in the new share-based incentive plan for Oriola-KD Group's executives and in the share savings plan for Oriola-KD Group's key personnel. The Board of Directors decides upon all other matters related to the share issues, the incentive plan for the executives and the share savings plan for the key personnel. Deciding upon a directed share issue without payment requires that there is a particularly weighty financial reason for the deviation in respect of the company and taking into account the interest of all of its shareholders.

These authorizations are valid five (5) years from the resolution of the AGM.

Other authorisations

The company's Board of Directors holds no other authorisations concerning share issues, share options or other special rights.

Share capital

		A shares	B shares	Shares total
Number of shares 1 Jan 2013	pcs	47,148,710	104,109,118	**151,257,828**
Conversion of A shares to B shares	pcs	0	0	**0**
Number of shares 31 Dec 2013	pcs	47,148,710	104,109,118	**151,257,828**
Votes 31 Dec 2013	pcs	942,974,200	104,109,118	**1,047,083,318**
Share capital per share class 31 Dec 2013	EUR million	46.1	101.8	**147.9**
Percentage from the total shares	%	31.2	68.8	**100.0**
Percentage from the total votes	%	90.1	9.9	**100.0**
Number of shares 1 Jan 2012	pcs	47,148,710	104,109,118	**151,257,828**
Conversion of A shares to B shares	pcs	0	0	**0**
Number of shares 31 Dec 2012	pcs	47,148,710	104,109,118	**151,257,828**
Votes 31 Dec 2012	pcs	942,974,200	104,109,118	**1,047,083,318**
Share capital per share class 31 Dec 2012	EUR million	46.1	101.8	**147.9**
Percentage from the total shares	%	31.2	68.8	**100.0**
Percentage from the total votes	%	90.1	9.9	**100.0**

EUR million	2013	2012
Parent company share capital 31 Dec	147.9	147.9
Elimination of the revaluation of subsidiary shares in the consolidated financial statements	-111.7	-111.7
Consolidated share capital 31 Dec	**36.2**	**36.2**

18. Borrowings

EUR million	2013 Fair value	2013 Carrying amount	2012 Fair value	2012 Carrying amount
Non-current				
Loans from financial institutions	161.1	161.1	-	-
Finance lease liabilities	0.5	0.5	0.4	0.4
Contingent consideration	14.6	14.6	-	-
Total	**176.2**	**176.2**	**0.4**	**0.4**
Current				
Loans from financial institutions	11.3	11.3	-	-
Issued commercial papers	83.1	83.1	43.8	43.8
Advances received	47.8	47.8	50.3	50.3
Finance lease liabilities	0.4	0.4	0.3	0.3
Total	**142.6**	**142.6**	**94.3**	**94.3**

Maturity of non-current interest-bearing liabilities

EUR million	2013	2012
1-5 years	176.2	0.4
More than five years	-	–
Total	**176.2**	**0.4**

Interest-bearing liabilities by currency

EUR million	2013	2012
EUR	151.6	94.8
SEK	167.3	–
Total	**318.8**	**94.8**

Maturity of finance lease liabilities

EUR million	2013	2012
Within one year	0.4	0.3
Within 1-5 years	0.5	0.4
Total	**0.8**	**0.7**

Present value of minimum lease payments

EUR million	2013	2012
Within one year	0.4	0.3
Within 1-5 years	0.5	0.4
Total	**0.8**	**0.7**
Unearned financial expense	0.0	0.0
Finance lease liabilities total	**0.8**	**0.7**

19. Other non-current liabilities

EUR million	2013 Fair value	2013 Carrying amount	2012 Fair value	2012 Carrying amount
Derivatives designated as hedges	0.3	0.3	1.0	1.0
Total	**0.3**	**0.3**	**1.0**	**1.0**

20. Trade payables and other current liabilities

EUR million	2013 Fair value	2013 Carrying amount	2012 Fair value	2012 Carrying amount
Trade payables	834.9	834.9	851.3	851.3
Accrued liabilities and deferred income	23.0	23.0	21.5	21.5
Derivatives at fair value through profit and loss	0.4	0.4	0.1	0.1
Other current liabilities	16.4	16.4	13.2	13.2
Total	**874.7**	**874.7**	**886.1**	**886.1**

Material items included in accrued liabilities and deferred income

EUR million	2013	2012
Accrued wages, salaries and social security payments	16.6	17.1
Income tax liability	0.1	0.3
Other accrued liabilities and deferred income	6.3	4.1
Total	**23.0**	**21.5**

21. Provisions

EUR million	2013	2012
Restructuring provision 1 Jan	-	-
Increase of provision	3.0	-
Restructuring provision 31 Dec	**3.0**	**-**

22. Financial risk management

The financial risks relating to the business operations of the Oriola-KD are managed in accordance with the treasury policy adopted by the Board of Directors of Oriola-KD Corporation. The treasury policy provides the framework for Oriola-KD's financing activities. Detailed operating instructions defining the principles for managing financial risks and liquidity have been prepared for the Group's financial management. Oriola-KD's treasury is responsible for implementing, monitoring and communicating the treasury policy within the Group. The aim is to update the treasury policy at least once a year.

The objective of financial risk management is to ensure the long-term financial position and secure daily liquidity, to optimise the financial structure of the Group, to control guarantees and to secure the terms of financial covenants, to promote cost-efficient operations and to minimise currency, interest rate, market price and credit risks. The main financial risks for Oriola-KD are currency, interest rate, liquidity and credit risks.

Currency risk

The most important country-specific operating currencies for Oriola-KD are the euro, the Swedish krona (SEK) and the Russian ruble (RUB). A substantial proportion of procurements and sales are conducted in the operating currencies of the subsidiaries, which considerably reduces the operating currency risk. In accordance with its treasury policy, Oriola-KD's internal loans and deposits are denominated in the local currency of each subsidiary.

Transaction risk

Transaction risks arise from commercial and finance-related transactions and payments made by the business units, which are denominated in a currency other than the unit's operating currency. In accordance with the treasury policy, the aim is to hedge 100 per cent of any significant open currency position of subsidiaries with non-domestic currency items. In accordance with the treasury policy, Oriola-KD's internal loans and deposits are denominated in the local currency of each subsidiary and all significant loan positions are hedged in full with derivative contracts, with the exception of the internal loans granted to the Russian subsidiaries, which are not hedged. The Group classifies the loans under net investment made in a foreign unit, and exchange rate differences arising from changes in currency exchange rates are recognised under translation differences in Oriola-KD's equity.

Due to the nature of the business operations in Finland and Sweden, the transaction risks involved in these operations are minor. Oriola-KD's biggest operating currency risk concerns the euro-denominated trade payables of the wholesale company in Russia. The currency risks arising from the trade payables of the Russian wholesale company are managed using contracts concluded with principals. On the balance sheet date, the principals carried 100 (100) per cent of the currency risk concerning the outstanding foreign-currency denominated trade payables in the Russian wholesale business.

The table below illustrates Oriola-KD's open transaction position concerning balance sheet items recognised in the income statement and their hedging on the balance sheet date. No hedge accounting is applied for hedging of transaction risk. Due to the nature of the business operations, the Group does not hedge its forecasted transaction position. The transaction position is presented without the agreements with principals that help to reduce the currency risk of the Russian wholesale company.

Transaction position on the balance sheet date	**2013**	**2012**
EUR million	**Net risk**	**Net risk**
SEK	0.7	0.2
RUB	14.2	14.5
USD	0.1	0.0

Translation risk

Oriola-KD's most significant translation risks concern items in Swedish krona and Russian rubles. Translation risks arise from capital investments in foreign subsidiaries. The Group is also exposed to a translation risk from the existing foreign-currency denominated goodwill of the Swedish and Russian companies and internal loans granted to the wholesale and retail companies in Russia. The Group classifies these loans under net investment made in a foreign unit, and exchange rate differences arising from changes in currency exchange rates are recognised under translation differences in Oriola-KD's equity.

On the balance sheet date, Oriola-KD had not hedged the equity-related translation risks. The acquisition of Medstop in 2013 did not significantly increase Oriola KD's translation position. Oriola-KD's Board of Directors can decide on the hedging of translation risks, if necessary.

Translation position on the balance sheet date	**2013**	**2012**
EUR million	**Net investment**	**Net investment**
SEK[1)]	137.0	128.2
RUB	196.5	213.5

[1)] A clarification concerning definition of the SEK translation position was made in 2013 and the figures for the comparison year have been adjusted accordingly.

Currency risk sensitivity analysis

The tables below illustrate the impact of changes in currency rates on Oriola-KD's earnings before taxes and on the translation differences in Group equity. The agreements with principals that reduce the Russian wholesale company's currency risk have not been taken into account in the calculations.

Transaction risk

Effect of a 10 per cent weakening/strengthening of the operating currency against the euro

	2013	**2012**
EUR million	**Income statement**	**Income statement**
EUR/SEK	-/+0.1	-/+0.0
EUR/RUB	-/+1.3	-/+1.3
EUR/USD	-/+0.0	-/+0.0

Translation risk

Effect of a 10 per cent weakening/strengthening of the reporting currency against the euro

	2013	**2012**
EUR million	**Equity**	**Equity**
EUR/SEK[1)]	-/+12.5	-/+11.7
EUR/RUB	-/+17.9	-/+19.4

[1)] A clarification concerning definition of the SEK translation position was made in 2013 and the figures for the comparison year have been adjusted accordingly.

Liquidity risk

The objective of liquidity risk management is to maintain adequate liquid assets and revolving credit facilities so that Oriola-KD is able to meet all of its financial obligations. The Group's liquidity management is based on 12-month cash flow forecasts and four-week rolling liquidity forecasts drawn up on a weekly basis. Oriola-KD has diversified its refinancing risk among a number of different counterparties and various financing sources. In accordance with its treasury policy, Oriola-KD uses binding long-term revolving credit facilities at least to the extent to which the Group's net debt position exceeds the rolling 12-month operating profit.

Oriola-KD's long-term liquidity is secured with a EUR 100 million committed five-year credit facility, which was renewed in 2013 and was unused on the balance sheet date, and negative operating working capital of EUR 105.3 (108.6) million. Oriola-KD's operating working capital was negative on the balance sheet date, owing to the terms of payment defined in principal and customer agreements and to the factoring programmes used in the retail and wholesale business in Sweden. The Group's principal and customer agreements are based on established, long-term agreements, and no significant changes are anticipated in them during 2014. Oriola-KD has three binding framework agreements in Sweden that are valid indefinitely and that entitle the company to sell trade receivables associated with the Swedish retail and wholesale business to financial institutions on a non-recourse basis. Within two factoring programmes, Oriola-KD has sold its trade receivables from Swedish county councils to a financial institution, and within one sales programme it has sold its trade receivables from Apoteket AB, which is owned by the Swedish government, to a financial institution. Sales of non-recourse trade receivables totalled EUR 76.8 (72.1) million on the balance sheet date. No significant changes are anticipated in the scope of the programmes in 2014.

In addition to the above-mentioned arrangements, Oriola-KD's liquidity risk is secured by the Group's liquid assets, Oriola-KD Corporation's commercial paper programme totalling EUR 200 (150) million, advance payments from pharmacies in Finland and committed credit account limits of EUR 42.6 (43.3) million. On the balance sheet date, Oriola-KD's liquid assets totalled EUR 137.3 (88.1) million, a total of EUR 83.1 (43.8) million of the commercial paper programme had been issued, advance payments from pharmacies totalled EUR 47.8 (50.3) million and all credit account limits remained unused.

Maturity distribution of financial liabilities and derivative liabilities, including interest payments and capital repayments, on 31 December 2013

EUR million	2014	2015	2016	2017 →	Total
Interest-bearing					
Loans from financial institutions and commercial paper loans	103.4	28.9	141.2	-	**273.5**
Finance lease liabilities	0.4	0.2	0.2	0.0	**0.8**
Advance payments received	48.4	-	-	-	**48.4**
Contingent compensation	-	-	17.1	-	**17.1**
Non-interest-bearing					
Trade payables and other current liabilities	874.4	-	-	-	**874.4**
Receivables from interest rate swaps	-	-	-0.1	-0.2	**-0.3**
Liabilities from interest rate swaps	0.4	0.2	-	-	**0.6**
Receivables from foreign currency derivatives	-160.0	-	-	-	**-160.0**
Payables on foreign currency derivatives	159.3	-	-	-	**159.3**
Total	**1,026.3**	**29.3**	**158.3**	**-0.2**	**1,213.8**

Maturity distribution of financial liabilities and derivative liabilities, including interest payments and capital repayments, on 31 December 2012

EUR million	2013	2014	2015	2016 →	Total
Interest-bearing					
Loans from financial institutions and commercial paper loans	44.2	-	-	-	**44.2**
Finance lease liabilities	0.3	0.2	0.2	0.0	**0.7**
Advance payments received	50.9	-	-	-	**50.9**
Non-interest-bearing					
Trade payables and other current liabilities	886.0	-	-	-	**886.0**
Liabilities from interest rate swaps	0.3	0.3	0.2	0.1	**1.0**
Receivables from foreign currency derivatives	-142.4	-	-	-	**-142.4**
Payables on foreign currency derivatives	139.3	-	-	-	**139.3**
Total	**978.6**	**0.5**	**0.4**	**0.1**	**979.6**

Interest rate risk

The objective of Oriola-KD's interest rate risk management is to reduce the impact of interest rate fluctuations on the income statement. The interest rate risk is evaluated using sensitivity analysis and interest rate duration. The targeted interest rate duration is 6-24 months.

On the balance sheet date, Oriola-KD's interest rate risk consisted of EUR 137.3 (88.1) million in interest-bearing assets, EUR 318.8 (94.8) million in interest-bearing liabilities, and EUR 76.8 (72.1) million from sales of non-recourse receivables in Sweden. The Group's short-term money market investments expose it to cash flow interest rate risk, but this does not have a significant impact. On the balance sheet date, a total of EUR 45.2 (46.6) million of the interest rate risk was hedged. Cash flow hedge accounting is applied to interest hedging.

Based on the total debt on the balance sheet date and assuming that the trade receivables sales programmes will continue as normal in Sweden, the effect of a one percentage point increase in market interest rates on the Group's annual earnings before taxes would be EUR -3.8 (-1.7) million and on equity EUR 1.3 (1.6) million. The average interest rate on liabilities, including the sale of receivables on a non-recourse basis, was 3.1 (1.7) per cent on the balance sheet date, and the interest rate duration was 7 (7) months.

Credit and counterparty risks

A credit risk arises from the possibility of a counterparty failing to meet its contractual payment obligations or financial institutions failing to meet their obligations relating to deposits and derivatives trading.

Oriola-KD's treasury policy provides the framework for credit risk management, cash management and counterparties in financial transactions. The aim is to ensure that assets are invested at a low credit risk and with a diversified counterparty risk. Credit limits are determined for investments and derivative agreement counterparties on the basis of creditworthiness and solidity, and are monitored and updated on a regular basis. Money market investments are made in marketable fixed income instruments or deposits primarily of less than three months' duration and included under cash and cash equivalents.

The creditworthiness requirements for commercial counterparties are defined in the customer credit policy. The business segments are responsible for the credit risk arising from commercial receivables according to the customer credit policy. The Finnish and Swedish wholesale business is based on well-established customer relationships and contractual terms generally observed within the industry, which significantly reduces the credit risk associated with trade receivables. Due to the nature of the operations there are no fundamental credit risks associated with the Swedish and Russian retail business. Customers' payment times have increased in the wholesale business in Russia, which has led to an increase in credit loss risks. According to its customer credit policy, Oriola-KD books an impairment expense when a trade receivable is more than 180 days overdue and there is no separate guarantee associated with the trade receivable. In order to minimise credit loss risks, the Russian wholesale business has shortened its term of payment to its customers, clarified the trade receivables collection process and strengthened its collection department.

Trade receivables are monitored on the basis of defined credit facilities for customers and the ageing of trade receivables. On the balance sheet date, Oriola-KD had no significant risk exposures in its trade receivables, due to the large number and geographically diversified nature of its customers. The largest individual receivables on the balance sheet date were from the Swedish county councils, representing 9.5 (6.0) per cent of the Group's trade receivables, in connection with the pharmaceuticals reimbursement programme; a trade receivable from the Apotek Hjärtat pharmacy chain, representing 4.0 (5.0) per cent, in connection with the delivery of pharmaceuticals in Sweden; and from the 36,6 pharmacy chain, representing 3.5 (6.7) per cent, in connection with the delivery of pharmaceuticals in Russia. The trade receivables and credit loss risks of the Russian wholesale business are monitored actively due to the long payment terms generally observed in Russia, the general payment behaviour of customers and the uncertainty in the financial markets. On the balance sheet date, the credit risk associated with the Russian wholesale business without guarantees reducing credit risks was 47 (51) per cent of the Group's trade receivables.

The credit risk related to the wholesale business in Finland is reduced by interest-bearing advance payments from pharmacies. These interest-bearing advance payments are presented in the financial statements as current interest-bearing liabilities in the balance sheet. In the wholesale and retail business in Sweden, the credit risk is reduced by the sale of non-recourse receivables to financial institutions. In the Russian wholesale business, the credit risk of the 36,6 pharmacy chain has been reduced by means of a bank guarantee of EUR 7.7 million. Credit loss insurance is not used in the management of credit risks.

Credit losses recognised in the income statement for the financial year totalled EUR 1.4 (3.9) million of which EUR 1.2 (2.7) million related Russian wholesale business.

The ageing of trade receivables is presented in more detail in Note 15, Trade and other receivables.

Capital management

Oriola-KD's aim is to have an efficient capital structure that allows the company to manage its ongoing obligations and enables cost-effective operations under all circumstances. The Return on Equity (ROE) and the gearing ratio are the means for monitoring capital structure.

The long-term targets and dividend policy of the Oriola-KD Group have been approved by the Board of Directors of Oriola-KD Corporation. The targets are based on growth, profitability (ROE) and balance sheet figures. The Group's long-term targets are to grow faster than the relevant markets and to achieve a return on equity (ROE) of more than 15 per cent and an average gearing ratio between 40 and 60 per cent. In addition, Oriola-KD seeks to pay out annually as dividends approximately 50 per cent of the earnings per share. The company's strategy and financial position are taken into consideration when the annual dividend is determined.

Oriola-KD's long-term financing agreements include financial covenant terms that are based on the ratio of net debt to EBITDA and on the gearing ratio. Under the terms and conditions of the financing agreement, the gearing ratio must not exceed 120 per cent on the balance sheet date, and the ratio of net debt to the rolling 12-month EBITDA must not exceed 4.25. Key figures associated with the covenants are monitored on a monthly basis. The figures of the financial covenants were met at the end of 2013.

Financial covenants contained in the financing agreement	31 Dec 2013	31 Mar 2014	30 Jun 2014	30 Sept 2014
Ratio between net debt and rolling 12-month EBITDA	4.25	4.00	4.00	3.50
Gearing ratio	120%	120%	120%	100%

Tables below show group's financial figures and financial figures under term and conditions of financing agreements.

Group's financial figures

EUR million	2013	2012[1]
Interest-bearing liabilities	318.8	94.8
Cash assets	137.3	88.1
Interest-bearing net debt	181.5	6.7
Operating profit	21.0	25.8
Depreciation and impairment charges	25.7	18.8
EBITDA	46.7	44.5
Equity	278.1	310.5
Return on equity (ROE), %	2.0	5.4
Gearing ratio, %	65.3	2.1
Net debt / EBITDA	3.9	0.1

Financial figures according the financing agreements

EUR million	2013	2012[1]
Interest-bearing liabilities	304.2	94.8
Cash assets	137.3	88.1
Interest-bearing net debt	166.9	6.7
Operating profit	24.1	25.8
Depreciation and impairment charges	27.0	18.8
EBITDA	51.1	44.5
Equity	278.1	310.5
Gearing ratio, %	60.0	2.1
Net debt / EBITDA	3.3	0.1

[1] Adjusted following the adoption of the revised 'IAS 19 – Employee Benefits' standard on 1 January 2013.

23. Commitments and contingencies

EUR million	2013	2012
Commitments for own liabilities		
Mortgages on land and buildings	-	2.0
Mortgages on company assets	2.4	2.4
Guarantees	21.3	21.4
Other	0.9	0.8
Total	**24.6**	**26.7**
Leasing commitments	2.6	2.8

The most significant reported guarantees are bank guarantees against trade payables in wholesale companies in Russia and Sweden. Oriola-KD Corporation has also granted parent company guarantees of EUR 26.4 (14.2) million against subsidiaries' trade payables and EUR 153.6 million against external loan to Oriola-KD Holding Sverige AB.

24. Derivatives

EUR million **2013**	**Positive fair value**	**Negative fair value**	**Nominal value**
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	-0.3	45.2
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	0.8	-	159.3
2012			
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	-1.0	46.6
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	3.2	-	139.3
Interest rate swaps	-	-0.0	116.5

Derivatives that are open on the balance sheet date fall due in next twelve months period except interest rate swaps recognised as cash flow hedges.

Interest rate risk relating to cash flow from Oriola AB's selling of trade receivables has been hedged with interest rate swaps. The fair value of interest rate derivatives is defined by cash flows due to contracts. These interest rate swaps are wholly designated as cash flow hedges and their changes in fair value related to the effective portion of the hedge are recognised in other comprehensive income and the potential ineffective part is recognised in the income statement.

The fair value of foreign currency forward and swap contracts and interest rate swaps fall due in next twelve months is quoted based on market value on the balance sheet date. The group had no open foreign currency forward and swap contracts used as cash flow hedges at the end of 2013.

Fair values of the derivatives have been booked to balance sheet in gross amount as the derivatives contracts are related to credit events and cannotbe netted in financial statements. The group has not given nor received collateral to/from derivatives counterparties.

The nominal amount of foreign currency derivatives is the euro equivalent of the contracts´ currency denominated amount on the balance sheet date.

25. Carrying amounts and fair values of financial assets and financial liabilities

EUR million	Note	2013 Fair value	2013 Carrying amount	2012 Fair value	2012 Carrying amount
Financial assets recognised at fair value through profit and loss					
Derivatives measured at fair value through profit and loss	15	1.1	1.1	3.2	3.2
Loans and other receivables					
Cash equivalents and deposits	16	137.3	137.3	88.1	88.1
Trade receivables and other receivables	15	408.5	408.5	412.0	412.0
Financial assets total		**546.9**	**546.9**	**503.4**	**503.4**
Derivatives designated as hedges	19	0.3	0.3	1.0	1.0
Financial liabilities recognised at fair value through profit and loss					
Derivatives measured at fair value through profit and loss	20	0.4	0.4	0.1	0.1
Contingent consideration	18	14.6	14.6	-	-
Financial liabilities measured at amortised cost					
Non-current interest-bearing liabilities	18	161.6	161.6	0.4	0.4
Current interest-bearing liabilities	18	142.6	142.6	94.3	94.3
Trade payables and other current liabilities	20	874.4	874.4	886.0	886.0
Financial liabilities total		**1,193.9**	**1,193.9**	**981.8**	**981.8**

Fair value hierarchy

EUR million

2013	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	1.1	-	**1.1**
Liabilities				
Derivatives designated as hedges	-	0.3	-	**0.3**
Derivatives measured at fair value through profit and loss	-	0.4	-	**0.4**
Contingent consideration	-	-	14.6	**14.6**

2012				
Assets				
Derivatives measured at fair value through profit and loss	-	3.2	-	**3.2**
Liabilities				
Derivatives designated as hedges	-	1.0	-	**1.0**
Derivatives measured at fair value through profit and loss	-	0.1	-	**0.1**

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Financial liabilities recognised at fair value through profit and loss (level 3) include estimated discounted fair value of a contingent consideration related to the Medstop acquisition. Payment of the contingent consideration will be based on 2015 EBITDA of Oriola-KD's combined Swedish retail businesses and will be paid in first quarter of 2016. The fair value of the contingent consideration has been calculated using discounted cash flow method. The discount rate used in the valuation is determined using the weighted average cost of capital of the Group.

Reconciliation of financial liabilities recognised at fair value through profit and loss according to the level 3

EUR million	2013
Carrying amount 31 Dec 2012	-
Bookings from contingent consideration	14.1
Bookings to financial expenses	0.5
Carrying amount 31 Dec 2013	**14.6**

26. Operating leases

Group as lessee
Minimum lease payments payable on the basis of other non-terminable leases

EUR million	2013	2012
Within one year	35.0	25.2
One to five years	37.2	35.5
Over five years	4.8	6.2
Total	**77.0**	**66.9**

Group has leased office, warehouse and pharmacy locations under uneven rental agreements which are non-terminable. Part of the rental agreements can be renewed based on the current agreement.

27. Group companies and related-party transactions

Group companies	Group		Parent company	
	Ownership %	Share of votes %	Ownership %	Share of votes %
Parent company Oriola-KD Corporation (Finland)				
Oriola Oy (Finland)	100	100	100	100
Oriola-KD Holding Sverige AB (Sweden)	100	100	100	100
Oriola-KD Holding Russia Oy (Finland)	100	100	100	100
Oriola Oy (Finland)	100	100	100	100
Aloiro AB (Sweden)[1)]	100	100		
AS Oriola (Estonia)	100	100		
SIA Oriola Riga (Latvia)	100	100		
UAB Oriola Vilnius (Lithuania)	100	100		
SIA Panpharmacy (Latvia)	100	100		
Oriola-KD Holding Sverige AB (Sweden)	100	100	100	100
Oriola AB (Sweden)	100	100		
Kronans Droghandel Apotek AB (Sweden)	100	100		
Oriola-KD Holding Russia Oy (Finland)	100	100	100	100
OOO Oriola (Russia)	100	100		
OOO Vitim & Co (Russia)	100	100		
OOO La Provance na Arbate (Russia)	100	100		
OOO 03 Apteka (Russia)	100	100		

[1)] The company is not engaged in any operating activities.

Transactions with the related parties

Related parties in the Oriola-KD Group are deemed to comprise the members of the Board of Directors and the President and CEO of Oriola-KD Corporation, the other members of the Group Management Team of the Oriola-KD Group, the immediate family of the aforementioned persons, companies controlled by the aforementioned persons and the Oriola Pension Fund. The Group has no significant business transactions with related parties, except for pension expenses arising from defined benefit plans with the Oriola Pension Fund.

Management benefits

Salaries and benefits of the Group Management Team

EUR 1,000	2013	2012
Basic salary	2,021.5	1,905.8
Bonuses	967.4	160.2
Pension contributions	229.0	111.4
Total	**3,217.9**	**2,177.3**

Salaries and benefits of the President and CEO

EUR 1,000	2013	2012
Basic salary	440.3	431.1
Bonuses	393.3	58.8
Pension contributions	97.4	81.3
Total	**931.0**	**571.2**

Salaries and benefits of the members of the Board of Directors

EUR 1,000	2013	2012
Jukka Alho, chairman[1)]	66.4	28.2
Outi Raitasuo, vice chairman	42.3	38.7
Mika Vidgrén	33.8	29.8
Harry Brade	37.8	33.0
Karsten Slotte[1)]	32.2	-
Per Båtelson	32.2	29.8
Olli Riikkala, chairman[2)]	5.2	62.4
Pauli Kulvik[2)]	2.4	29.4
Ilkka Salonen[2)]	1.2	26.6
Total	**253.5**	**277.9**

[1)] from 20 March 2013
[2)] until 20 March 2013

Executives incentive plan 2014–2015

On 19 December 2012, Oriola-KD's Board of Directors approved a new share-based incentive plan for the Group executives (the Plan). The Plan includes three performance periods, calendar years 2013, 2014 and 2015. The Board of Directors of the Company will decide on the performance criteria and on targets to be established for them at the beginning of each performance period. The potential reward from the Plan for the performance period 2013 will be based on the Oriola-KD Group's Earnings per Share (EPS) and Return on Capital Employed (ROCE), per cent. The Board of Directors will have the possibility to adjust the performance criteria for the following performance periods. The potential reward from the performance period 2013 will be paid partly in the Company's series B shares and partly in cash in 2016. The Company will cover taxes and tax-related costs arising from the reward to the executives with the proportion to be paid in cash. No reward will mainly be paid if an executive's employment or service in a Group company ends before the reward payment. If the executives' total earnings are more than their total salary of the calendar year preceding the reward payment multiplied by 3.5, the reward to be paid on the basis of the performance period will be reduced for such exceeding part. Total earnings mean total salary together with annual bonus and long-term incentive plan, and total salary means fixed base salary together with fringe benefits. The target group of the new Plan consists of approximately ten executives, as of 19 December 2012 seven participants, during the performance period 2013. The rewards to be paid on the basis of the performance period 2013 will correspond to the value of a maximum total of 1,077,500 Oriola-KD Corporation series B shares (including also the proportion to be paid in cash) of which 720,000 Oriola-KD Corporation series B shares (including also the proportion to be paid in cash) have been allocated to the current seven participants. There were no expenses recognised for share-based payments in 2013 or in 2012.

Key personnel incentive plan 2010–2013

On 10 February 2010, Oriola-KD's Board of Directors decided on a share based incentive scheme for the Group's key personnel for the years 2010–2012. The scheme has three earning periods, which are the calendar years 2010, 2011 and 2012. The company's Board of Directors decides on the earning criteria for the earning period and the targets to be set for these at the start of each earning period. Any payment under the scheme for the earning period 2012 will be based on achievement of Oriola-KD Group's business specific strategic targets.

The reward from the earning period 2012 was paid in 2013 partly in company's class B-shares and partly in cash. The proportion paid as cash will cover the taxes and tax-like charges associated with the reward. No reward was paid if a key person's employment or service with a Group company ended before the reward payment. The shares cannot be transferred during a restriction period, which ends two years from the end of the earning period. Should a key person's employment or service with a Group Company end during the restriction period for reasons attributable to the key person, he/she must gratuitously return to the company the shares given as reward, which are subject to the transfer restriction. The President and CEO of the Company and the members of the Group Management Team must hold 50 per cent of the shares received on the basis of the Plan as long as his/her employment or service with a Group company continues. The incentive scheme's target group consists of about 40 employees, and the company's class B shares under the scheme can total a maximum of 1,200,000 shares. The payments to be made under the scheme correspond in total to a value of no more than approximately 2,400,000 Oriola-KD Corporation class B shares (including the proportion to be paid as cash). Under IFRS 2, share incentive schemes should be measured at the grant date fair value and recognised as an expense over the vesting period. Since the share incentive is paid as a combination of shares and cash, the fair value measurement of the bonus is divided under IFRS 2 into two parts: an equity-settled and a cash-settled component. The equity-settled component is recognised in equity and the cash-settled payment in liabilities. The fair value of the share-based payment at the bonus grant date was the Oriola-KD Corporation share price. Similarly, the fair value of the cash-settled component is readjusted on each reporting day up to the end of the earning period, and the fair value of the debt thus changes in accordance with the Oriola-KD Corporation share price. The expenses recognised for share-based payments were EUR 0.2 (0.9) million in 2013. Further details concerning the shareholdings of the members of the Board of Directors and the management are given in the section on shares and shareholders.

Share savings plan 2013–2014

The Board of Oriola-KD Corporation approved the terms and conditions of the key employees' share savings plan on 28 May 2013. A total of about 50 key employees are participating in the plan. The savings period will start on 1 October 2013 and end on 30 September 2014. The maximum and minimum monthly savings amount to 10 and 2 per cent, respectively, of each participant's fixed gross monthly salary. The accumulated savings will be used for purchasing Oriola-KD's class B shares for the participants at market prices. About two years after the start of the programme, the company will give the participants two class B shares for every three shares purchased as part of the programme. The savings for the period 2013-2014 correspond to approximately 130,000 shares which are estimated to grant for an additional purchase of 87,000 shares at the level of the end of the period share price. The shares given to the participants will be partially used for paying taxes.

28. Events after the balance sheet date

On 28 January 2014, the Board of Directors of Oriola-KD Corporation received a demand in accordance with Chapter 5, section 5, of the Limited Liability Companies Act from a group of shareholders representing more than 10 per cent of Oriola-KD shares and more than 15 per cent of the votes conferred by these shares to include the merging of share classes and a direct issue of shares to class A shareholders without payment to be included on the agenda of the Annual General Meeting to be held on 24 March 2014.

Key Financial Figures

Consolidated statement of comprehensive income		2013	2012[1]	2011[1]	2010	2009
Net sales	EUR million	2,598.5	2,474.4	2,146.0	1,929.4	1,569.2
International operations	EUR million	2,215.6	2,052.0	1,766.6	1,511.8	1,059.4
% of net sales	%	85.3	82.9	82.3	78.4	67.5
Operating profit	EUR million	21.0	25.8	-20.2	9.8	52.6
% of net sales	%	0.8	1.0	-0.9	0.5	3.3
Financial income and expenses	EUR million	-13.6	-5.3	-8.7	-5.3	-2.0
% of net sales	%	-0.5	-0.2	-0.4	-0.3	-0.1
Profit before taxes	EUR million	7.4	20.5	-28.9	4.5	50.6
% of net sales	%	0.3	0.8	-1.3	0.2	3.2
Profit for the period	EUR million	5.8	16.4	-24.1	3.5	39.1
% of net sales	%	0.2	0.7	-1.1	0.2	2.5
Profit available for parent company shareholders	EUR million	5.8	16.4	-24.1	3.5	40.1
Return on capital employed (ROCE) [1]	%	4.2	5.9	-4.0	2.1	18.7
Return on equity (ROE) [1]	%	2.0	5.4	-7.5	1.2	22.1

Consolidated statement of financial position		2013	2012	2011	2010	2009
Non-current assets	EUR million	561.8	423.1	405.4	427.2	275.2
Current assets	EUR million	938.3	893.1	863.4	765.4	647.8
Equity of the parent company shareholders	EUR million	278.1	310.5	294.5	352.7	243.4
Non-controlling interests	EUR million	-	-	-	-	10.8
Liabilities	EUR million	1,222.0	1,005.6	974.3	839.9	668.9
Interest-bearing liabilities	EUR million	318.8	94.8	173.0	178.3	149.7
Non-interest-bearing liabilities	EUR million	903.2	910.9	801.0	660.5	519.1
Total assets	EUR million	1,500.1	1,316.2	1,273.3	1,192.6	923.1
Equity ratio	%	19.2	24.5	24.4	30.8	29.2
Gearing	%	65.3	2.1	6.4	-2.7	6.3

Key figures		2013	2012	2011	2010	2009
Equity ratio [2]	%	19.2	24.5	24.1	30.8	29.2
Equity per share [2]	EUR	1.84	2.05	1.95	2.33	1.61
Return on capital employed (ROCE) [2]	%	4.2	5.9	-4.0	2.1	18.7
Return on capital employed (ROCE) incl. discontinued operations	%	4.2	5.9	-4.0	23.3	18.7
Return on equity [2]	%	2.0	5.4	-7.5	1.2	22.1
Return on equity incl. discontinued operations	%	2.0	5.4	-7.5	33.7	22.1
Net interest-bearing debt [2]	EUR million	181.5	6.7	19.2	-9.5	16.0
Gearing [2]	%	65.3	2.1	6.5	-2.7	6.3
Net interest-bearing debt / EBITDA [2]	ratio	3.9	0.1	0.7	-0.5	0.2
Earnings per share from continuing operations	EUR	0.04	0.11	-0.16	0.02	0.27
Earnings per share incl. discontinued operations	EUR	0.04	0.11	-0.16	0.68	0.34
Average number of shares	pcs	151,157,494	151,247,748	151,161,006	151,163,919	147,033,600
Average number of personnel from continuing operations	pers.	5,135	4,818	4,968	4,512	3,603
Average number of personnel incl. discontinued operations	pers.	5,256	4,818	4,968	4,675	4,035
Gross capital expenditure incl. discontinued operations	EUR million	193.7	22.6	28.8	196.9	47.4

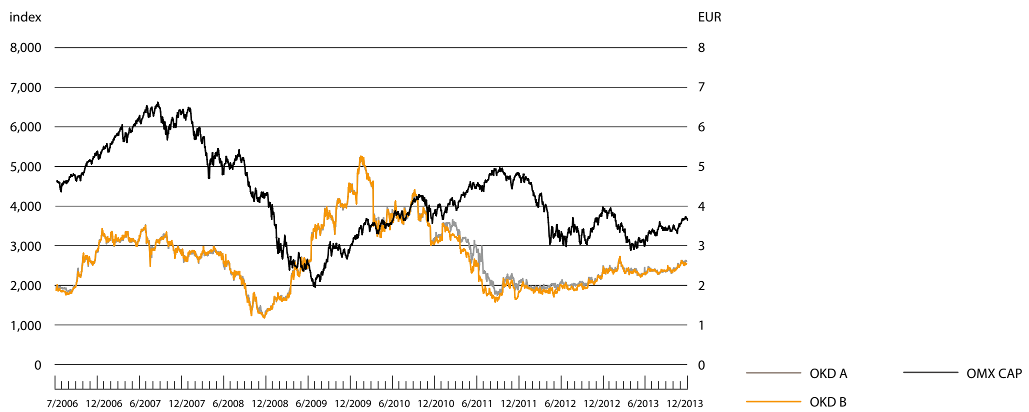
[1] The comparative figures are adjusted retroactively according to the revised standard IAS 19.
[2] Key figures for year 2009 include discontinued operations.

Share-Related Key Figures

			2013	2012[1)]	2011[1)]	2010	2009
Earnings per share		EUR	0.04	0.11	-0.16	0.68	0.34
Equity per share		EUR	1.84	2.05	1.95	2.33	1.61
Total dividends		EUR	0.0[2)]	7.6	7.6	7.6	18.1
Dividend per share		EUR	0.0[2)]	0.05	0.05	0.05	0.12
Payout ratio		%	-[2)]	44.0	-	7.4	35.3
Dividend yield	A	%	-[2)]	2.2	2.7	1.6	2.7
Dividend yield	B	%	-[2)]	2.2	2.9	1.6	2.7
Return of equity		EUR	-[2)]	0.04	0.03	0.13	-
P/E ratio	A		67.96	19.99	-	4.72	13.03
P/E ratio	B		66.65	19.64	-	4.72	13.06
Share price on 31 Dec	A	EUR	2.60	2.27	1.89	3.19	4.39
Share price on 31 Dec	B	EUR	2.55	2.23	1.72	3.19	4.40
Average share price	A	EUR	2.40	2.04	2.76	4.14	2.86
Average share price	B	EUR	2.38	1.95	2.51	4.12	2.84
Lowest share price	A	EUR	2.24	1.77	1.70	3.09	1.29
Lowest share price	B	EUR	2.18	1.70	1.57	3.07	1.30
Highest share price	A	EUR	2.69	2.44	3.83	5.47	4.41
Highest share price	B	EUR	2.73	2.25	3.74	5.49	4.43
Market capitalisation		EUR million	388.1	339.2	268.7	482.5	665.1
Trading volume							
A shares		pcs	3,215,623	5,674,171	2,890,117	5,906,452	7,189,593
% of average number of A shares		%	6.8	12.0	6.1	12.5	14.9
B shares		pcs	28,601,043	29,496,044	71,804,571	93,634,113	104,547,650
% of average number of B shares		%	27.5	28.4	69.0	90.5	105.8
% of average number of all shares		%	21.1	23.3	49.4	65.9	76.0
Number of shares 31 Dec	A	pcs	47,148,710	47,148,710	47,148,710	47,163,160	47,667,359
	B	pcs	104,109,118	104,109,118	104,109,118	104,094,668	103,590,469
Total number of shares 31 Dec		pcs	151,257,828	151,257,828	151,257,828	151,257,828	151,257,828
Total number of A shares, annual average		pcs	47,148,710	47,148,710	47,161,339	47,372,881	48,228,407
Total number of B shares, annual average		pcs	104,109,118	104,109,118	104,096,489	103,791,038	98,805,193
Total number of shares, annual average		pcs	151,257,828	151,257,828	151,257,828	151,163,919	147,033,600
Total number of shares 31 Dec		pcs	151,257,828	151,257,828	151,257,828	151,257,828	151,257,828

[1)] The comparative figures are adjusted retroactively according to the revised standard IAS 19.
[2)] Proposal by the Board of Directors
Calculations of Key Figures are given on the page 52.

The share price development of Oriola-KD share series and comparison index



Calculation of Key Figures

Equity ratio, % =

$$\frac{\text{Equity total}}{\text{Total assets – Advances received}} \times 100$$

Return on capital employed (ROCE), % =

$$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total assets – Non-interest-bearing liabilities (average between the beginning and the end of the year)}} \times 100$$

Return on equity (ROE), % =

$$\frac{\text{Profit for the period}}{\text{Equity total (average between the beginning and the end of the year)}} \times 100$$

Gearing, % =

$$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity total}} \times 100$$

Net interest-bearing debt/EBITDA=

$$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Operating profit/loss before depreciation, amortization and impairment loss}}$$

Earnings per share (EPS), EUR =

$$\frac{\text{Profit attributable to shareholders of the parent company}}{\text{Average number of shares during the period}}$$

Equity per share, EUR =

$$\frac{\text{Equity attributable to shareholders of the parent company}}{\text{Number of shares at the end of the period}}$$

Dividend per share, EUR =

$$\frac{\text{Dividends paid for the financial period}}{\text{Number of shares at the end of the period}}$$

Payout ratio, % =

$$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, % =

$$\frac{\text{Dividend per share}}{\text{Closing price on the last trading day of the financial period}} \times 100$$

Price/Earnings ratio (P/E) =

$$\frac{\text{Closing price on the last trading day of the financial period}}{\text{Earnings per share}}$$

Average price of share, EUR =

$$\frac{\text{Trading volume, EUR}}{\text{Average number of shares traded during the financial period}}$$

Market capitalisation, EUR =
Number of shares at the end of the financial period x Closing price on the last trading day of the financial period

Parent Company Income Statement (FAS)

EUR 1,000	Note	2013	2012
Other operating income	1	5,230.4	2,460.4
Personnel expenses	2	-4,164.9	-3,431.4
Other operating expenses	3	-6,650.4	-3,471.9
Operating profit/loss		**-5,584.9**	**-4,442.8**
Financial income and expenses	4	19,632.3	20,145.4
Profit before extraordinary items		**14,047.4**	**15,702.6**
Extraordinary items	5	1,646.0	-
Profit before appropriations and taxes		**15,693.4**	**15,702.6**
Income taxes	6	-12.3	-179.5
Net profit for the period		**15,681.0**	**15,523.1**

Parent Company Balance Sheet (FAS)

EUR 1,000	Note	31 Dec 2013	31 Dec 2012
ASSETS			
Non-current assets			
Intangible assets	7		
Advance payments and construction in progress		448.0	-
Tangible assets	8		
Land and water areas		149.2	149.2
Other tangible assets		7.5	7.5
Tangible assets total		156.7	156.7
Investments	9		
Shares in Group companies		314,335.0	314,335.0
Receivables from Group companies		226,262.1	220,821.5
Other shares and receivables		10.0	10.0
Investments total		540,607.1	535,166.5
Current assets			
Receivables			
Short-term			
Trade receivables		-	0.9
Receivables from Group companies	10	3,421.9	897.4
Other receivables		141.9	7.9
Accrued receivables	10	1,870.3	3,989.1
Receivables total		5,434.1	4,895.4
Cash and cash equivalents		111,580.5	73,717.2
Assets total		**658,226.4**	**613,935.8**
Equity and liabilities			
Equity	11		
Share capital		147,899.8	147,899.8
Other funds		19,418.7	25,465.2
Invested unrestricted equity reserve		1,386.6	1,386.6
Retained earnings		190,160.1	182,924.1
Profit for the financial year		15,681.0	15,523.1
Equity total		374,546.3	373,198.7
Liabilities	12		
Long-term			
Borrowings		20,000.0	-
Short-term			
Received prepayments		500.0	500.0
Trade payables		337.5	445.8
Liabilities to other Group companies		177,094.6	193,594.2
Other liabilities		83,428.2	44,026.1
Accrued liabilities		2,319.8	2,171.1
Short-term liabilities total		263,680.1	240,737.1
Liabilities total		283,680.1	240,737.1
Equity and liabilities total		**658,226.4**	**613,935.8**

Parent Company Cash Flow Statement (FAS)

EUR 1,000	2013	2012
Cash flow from operating activities		
Operating profit/loss	-5,584.9	-4,442.8
Adjustments		
Unrealised exchange rate profit/loss	419.4	-70.5
	-5,165.5	-4,513.3
Change in working capital[1]		
Change in current receivables	-1,785.8	2,661.7
Change in non-interest-bearing current liabilities	19,899.5	31,201.7
	18,113.7	33,863.3
Interest paid and other financial expenses	-12,065.0	-21,500.3
Dividends received	15,000.0	15,000.0
Interest received and other financial income[2]	22,128.4	22,138.8
Income taxes paid	-	-206.0
Net cash flow from operating activities	**38,011.7**	**44,782.5**
Cash flow from investing activities		
Investments in property, plant and equipment and intangible assets	-374.3	-
Proceeds from (-) /repayment of long-term receivables net (+)	-5,440.6	-98,720.3
Net cash flow from investing activities	**-5,814.9**	**-98,720.3**
Cash flow from financing activities		
Purchase of own shares	-729.0	-
Proceeds from long-term borrowings	20,000.0	-
Dividends paid and return of equity	-13,604.5	-12,092.9
Net cash flow from financing activities	**5,666.5**	**-12,092.9**
Net change in cash and cash equivalents	37,863.3	-66,030.7
Cash and cash equivalents at the beginning of the period	73,717.2	139,747.9
Net change in cash and cash equivalents	37,863.3	-66,030.7
Cash and cash equivalents at the end of the period[3]	**111,580.5**	**73,717.2**

[1] The changes in liabilities and receivables between domestic group companies are included in the gross change in working capital.
[2] Interest paid by the group companies are included in the net cash flow from operating activities.
[3] Cash and cash equivalents include cash, deposits and money market investments.

Notes to the Parent Company Financial Statements (FAS)

Oriola-KD Corporation is the parent company of Oriola-KD Group and is domiciled in Espoo.

Oriola-KD Corporation provides administrative services to the group companies. These administrative services are centralized to the parent company.

Copies of the consolidated financial statements of the Oriola-KD Group are available from the head office of Oriola-KD Corporation, Orionintie 5, FI-02200 Espoo, Finland.

Accounting principles for the financial statements

The Oriola-KD Corporation´s financial statements are prepared in euros and according to Generally Accepted Accounting Principles in Finland (Finnish GAAP) and according to corporate legislation. The financial statements are presented in thousand euros.

Intangible and tangible assets

Intangible and tangible assets are measured at their historical cost, less depreciation according to plan.

The carrying value of land and water areas as well as the carrying value of other tangible assets are based on historical costs. No write-downs have been done on land and water areas on other tangible assets.

Items in foreign currencies

Monetary receivables and liabilities in foreign currencies have been measured using the exchange rates quoted by European Central Bank on the balance sheet date. The translation gains and losses are recognised in the income statement. Exchange rate gains and losses related to loans and receivables in foreign currencies are booked as financial income and expenses.

Pension liabilities

Statutory pension security under the Employees' Pensions Act (TyEL) is arranged through the Oriola Pension Fund for the Oriola-KD Corporation's employees. The obligation of the Oriola Pension Fund is fully covered.

Income taxes

The income taxes include taxes based on the Oriola-KD Corporation's taxable profit.

1. Other operating income

EUR 1,000	2013	2012
Rental income	22.0	-
Other service charges	4,399.3	2,457.9
Other operating income	809.1	2.5
Total	**5,230.4**	**2,460.4**

2. Personnel

EUR 1,000	2013	2012
Cost of personnel		
Salaries and bonuses	3,515.3	2,956.9
Pension costs	487.3	345.8
Other personnel expenses	162.2	128.7
Total	**4,164.9**	**3,431.4**

Voluntary personnel expenses are included in other operating costs.

Average number of personnel	31	25
Salaries and bonuses to the Management		
President and CEO and Members of Board of Directors	1,087.0	767.7

3. Other operating expenses

EUR 1,000	2013	2012
Mail, telephone and banking expenses	124.7	143.5
IT expenses	642.8	653.6
Travelling and car	408.1	408.6
Representation	51.9	60.2
Administrative consultancy service	4,404.8	1,409.5
Other operating expenses	1,018.2	796.5
Total	**6,650.4**	**3,471.9**

Other operating costs are mainly costs related to the ownership.

Audit costs included in other operating costs:		
Audit fee	110.5	103.0
Tax services	16.2	1.4
Other fees	117.5	10.8
Total	**244.2**	**115.2**

4. Financial income and expenses

EUR 1,000	2013	2012
Dividend income from group companies	15,000.0	15,000.0
Other interest and financial income		
Interest income from group companies	8,550.9	9,222.8
Interest income from other companies	655.7	375.4
Other financial income	10,041.0	18,478.9
Interest and other financial expenses		
Interest expense to group companies	-208.3	-420.0
Interest expense to other companies	-3,178.0	-2,978.9
Other financial expenses	-11,229.0	-19,532.8
Total	**19,632.3**	**20,145.4**
Financial income and expenses includes:		
Interest income	9,206.7	9,598.2
Interest expenses	-3,386.3	-3,398.9
Exchange rate differeces	31.0	-61.5

5. Extraordinary items

EUR 1,000	2013	2012
Group contribution (+/-)	1,646.0	-
Total	**1,646.0**	-

6. Income taxes

EUR 1,000	2013	2012
Income taxes from ordinary operations for the financial period	12.3	179.5
Total	**12.3**	**179.5**

The income taxes include taxes based on the company's taxable profit for the financial year.

7. Intangible assets

EUR 1,000 **2013**	**Advance payments and construction in progress**	**Total**
Historical cost 1 Jan	-	**-**
Increases	448.0	**448.0**
Decreases	-	**-**
Historical cost 31 Dec	**448.0**	**448.0**
Carrying amount 31 Dec	**448.0**	**448.0**

Intangible assets consist of project not yet taken into use and the depreciation of the asset will begin when the project is completed. The company had no intangible assets during the financial year 2012.

8. Tangible assets

EUR 1,000 **2013**	**Land and water areas**	**Other tangible assets**	**Total**
Historical cost 1 Jan	149.2	7.5	**156.7**
Increases	-	-	**-**
Decreases	-	-	**-**
Historical cost 31 Dec	**149.2**	**7.5**	**156.7**
Historical cost 31 Dec	**149.2**	**7.5**	**156.7**
2012			
Historical cost 1 Jan	149.2	7.5	**156.7**
Increases	-	-	-
Decreases	-	-	-
Historical cost 31 Dec	**149.2**	**7.5**	**156.7**
Carrying amount 31 Dec	**149.2**	**7.5**	**156.7**

9. Investments

EUR 1,000 **2013**	**Shares in group companies**	**Receivables from group companies**	**Other shares and receivables**	**Total**
Historical cost 1 Jan	314,335.0	220,821.5	10.0	**535,166.5**
Increases	-	52,529.6	-	**52,529.6**
Decreases	-	-47,089.0	-	**-47,089.0**
Historical cost 31 Dec	**314,335.0**	**226,262.1**	**10.0**	**540,607.1**
Carrying amount 31 Dec	**314,335.0**	**226,262.1**	**10.0**	**540,607.1**
2012				
Historical cost 1 Jan	314,335.0	122,101.2	10.0	**436,446.3**
Increases	-	132,398.7	-	**132,398.7**
Decreases	-	-33,678.4	-	**-33,678.4**
Historical cost 31 Dec	**314,335.0**	**220,821.5**	**10.0**	**535,166.5**
Carrying amount 31 Dec	**314,335.0**	**220,821.5**	**10.0**	**535,166.5**

10. Receivables

EUR 1,000	31 Dec 2013	31 Dec 2012
Receivables from group companies		
Short-term receivables		
Trade receivables	1,449.2	538.6
Accrued income and prepaid expenses from group companies	1,972.8	358.8
Total	**3,421.9**	**897.4**
Accrued receivables		
Arrangement fee relating to loans	602.6	9.9
Income tax receivable	-	26.5
Accrued interest income	-	4.1
Exchange rate profit on hedges	976.6	3,823.7
Compensation not received	7.4	4.8
Other accrued receivables	283.7	120.1
Total	**1,870.3**	**3,989.1**

11. Equity

EUR 1,000	2013	2012
Share capital 1 Jan	147,899.8	147,899.8
Share capital 31 Dec	**147,899.8**	**147,899.8**
Contingency fund 1 Jan	25,465.2	30,000.0
Repayment of equity	-6,046.4	-4,534.8
Contingency fund 31 Dec	**19,418.7**	**25,465.2**
Invested unrestricted equity reserve 1 Jan	1,386.6	1,386.6
Invested unrestricted equity reserve 31 Dec	**1,386.6**	**1,386.6**
Profit/loss from previous years 1 Jan	198,447.2	190,482.2
Dividend paid	-7,558.1	-7,558.1
Share-based compensation	-678.6	-
Purchase of own shares [1)]	-729.0	-
Proceeds from sale of own shares	678.6	-
Profit/loss from previous years 31 Dec	**190,160.1**	**182,924.1**
Net profit for the period	15,681.0	15,523.1
Total	**374,546.3**	**373,198.7**

[1)] Shares purchased for the share based incentive program.

Split of shares 31 Dec 2013	Number of shares	EUR million
Serie A shares (20 votes/share)	47,148,710	46,1
Serie B shares (1 vote/share)	104,109,118	101,8
Total	**151,257,828**	**147,9**

12. Liabilities

EUR 1,000	31 Dec 2013	31 Dec 2012
Long-term liabilities		
Loans from financial institutions	20,000.0	-
Long-term liabilities total	**20,000.0**	-
Short-term liabilities		
Liabilities to Group companies		
Trade payables	-3.7	31.4
Interest-bearing liabilities	177,098.2	193,562.7
Other short-term liabilities		
Received prepayments	500.0	500.0
Trade payables	337.5	445.8
Other non-interest-bearing liabilities	290.6	222.4
Interest-bearing liabilities	83,137.6	43,803.7
Accrued liabilities	2,319.8	2,171.1
Short-term liabilities total	**263,680.1**	**240,737.1**
Liabilities total	**283,680.1**	**240,737.1**
Material items included in accrued liabilities:		
Items related to personnel	995.1	845.1
Income taxes	12.3	-
Derivatives measured at fair value	130.8	81.5
Interest	751.9	898.9
Other accrued liabilities	429.6	345.6
Total	**2,319.8**	**2,171.1**
Short-term liabilities includes:		
Liabilities to group companies	177,094.6	193,594.2
Non-interest-bearing liabilities to other companies	3,447.9	3,339.3
Interest-bearing liabilities to other companies	83,137.6	43,803.7
Total	**263,680.1**	**240,737.1**

13. Commitments

EUR 1,000	31 Dec 2013	31 Dec 2012
Commitments on behalf of group companies		
Guarantees	177,108.0	19,953.0
Total	**177,108.0**	**19,953.0**

14. Contingencies

EUR 1,000	31 Dec 2013	31 Dec 2012
Leasing commitments		
Within one year	-	3.1
Total	-	**3.1**

The contractual terms in the leasing contracts are ordinary.

15. Ownership in other companies

The Parent company's ownership in other companies is presented in Note 27. Group companies and related-party transactions, in the Notes to the Consolidated Financial Statements.

Shares and Shareholders

Shareholders by type of owner 31 December 2013

	Shareholders			% of shareholders			% of shares		
	A shares	B shares	Total	A shares	B shares	Total	A shares	B shares	Total
Individuals	11,472	25,465	32,043	96.3	95.1	95.3	55.9	38.5	43.9
Corporations and partnerships	273	815	1,014	2.3	3.0	3.0	18.8	15.7	16.7
Banks and insurance companies	11	45	47	0.1	0.2	0.1	0.5	9.9	7.0
Public entities	10	23	27	0.1	0.1	0.1	18.3	11.8	13.9
Associations and foundations	94	300	353	0.8	1.1	1.0	5.8	5.2	5.4
Foreign shareholders	57	127	156	0.5	0.5	0.5	0.5	2.2	1.6
Total	11,917	26,775	33,640	100.0	100.0	100.0	99.7	83.4	88.5
Nominee registered							0.1	16.6	11.5
In joint-book-entry account							0.1	0.1	0.1
							100.0	100.0	100.0

Shareholders by number of shares held 31 December 2013

	Shareholders			% of shareholders		
Number of shares	A shares	B shares	Total	A shares	B shares	Total
1-100	1,858	3,290	4,301	15.6	12.3	12.8
101-1,000	6,287	14,925	18,183	52.8	55.7	54.1
1,001-10,000	3,385	7,857	9,980	28.4	29.3	29.7
10,001-100,000	341	633	1,067	2.9	2.4	3.2
over 100,001	46	70	109	0.4	0.3	0.3
Total	11,917	26,775	33,640	100.0	100.0	100.0
Of which nominee registered	7	8	8			

	Shares			% of shares		
Number of shares	A shares	B shares	Total	A shares	B shares	Total
1-100	113,863	229,100	292,479	0.2	0.2	0.2
101-1,000	2,827,169	7,137,775	8,576,145	6.0	6.9	5.7
1,001-10,000	9,842,268	22,252,588	29,792,884	20.9	21.4	19.7
10,001-100,000	8,853,657	15,688,873	26,689,653	18.8	15.1	17.6
over 100,001	25,445,597	58,737,798	85,777,527	54.0	56.4	56.7
Total	47,082,554	104,046,134	151,128,688	99.9	99.9	99.9
Of which nominee registered	67,602	17,266,675	17,334,277	0.1	16.6	11.5
In joint book-entry account	66,156	62,984	129,140	0.1	0.1	0.1
	47,148,710	104,109,118	151,257,828	100.0	100.0	100.0

Major shareholders 31 December 2013

By number of shares held	A shares	B shares	Total shares	% of total shares	Votes	% of total votes	By number of votes
1. Ilmarinen Mutual Pension Insurance Company	2,464,256	3,966,536	6,430,792	**4.25**	53,251,656	**5.09**	2.
2. Varma Mutual Pension Insurance Company	3,600,500	2,727,500	6,328,000	**4.18**	74,737,500	**7.14**	1.
3. Wipunen Varainhallinta Oy	1,775,000	4,000,000	5,775,000	**3.82**	39,500,000	**3.77**	4.
4. Mariatorp Oy	2,000,000	3,600,000	5,600,000	**3.70**	43,600,000	**4.16**	3.
5. Mandatum Life Insurance Company Limited	0	3,000,000	3,000,000	**1.98**	3,000,000	**0.29**	
6. Medical Investment Trust Oy	1,300,000	425,450	1,725,450	**1.14**	26,425,450	**2.52**	8.
7. Investment Fund Nordea Fennia	0	1,661,614	1,661,614	**1.10**	1,661,614	**0.16**	
8. The Land and Water Technology Foundation	1,659,860	0	1,659,860	**1.10**	33,197,200	**3.17**	5.
9. The Social Insurance Institution	0	1,659,568	1,659,568	**1.10**	1,659,568	**0.16**	
10. Mutual Insurance Company Pension-Fennia	1,571,619	50,000	1,621,619	**1.07**	31,482,380	**3.01**	7.
11. Tukinvest Oy	1,611,272	0	1,611,272	**1.07**	32,225,440	**3.08**	6.
12. The State Pension Fund	0	1,600,000	1,600,000	**1.06**	1,600,000	**0.15**	
13. Ylppö Jukka	1,247,136	286,992	1,534,128	**1.01**	25,229,712	**2.41**	9.
14. Fennia Life Insurance Company Ltd	0	1,459,574	1,459,574	**0.96**	1,459,574	**0.14**	
15. Keva	0	1,400,000	1,400,000	**0.93**	1,400,000	**0.13**	
16. Oriola Pension Fund[1)]	863,804	305,685	1,169,489	**0.77**	17,581,765	**1.68**	
17. The Finnish Cultural Foundation	324,018	776,367	1,100,385	**0.73**	7,256,727	**0.69**	
18. Odin Finland	0	1,044,510	1,044,510	**0.69**	1,044,510	**0.10**	
19. Kaleva Mutual Pension Insurance Company	0	1,000,000	1,000,000	**0.66**	1,000,000	**0.10**	
20. Investment Fund Taaleritehdas Arvo Markka Osake	0	850,000	850,000	**0.56**	850,000	**0.08**	
Total	18,417,465	29,813,796	48,231,261	**31.89**	398,163,096	**38.03**	
Nominee registered	67,602	17,266,675	17,334,277	**11.46**	18,618,715	**1.78**	
Other	28,663,643	57,028,647	85,692,290	**56.65**	630,301,507	**60.18**	
All shareholders total	**47,148,710**	**104,109,118**	**151,257,828**	**100.0**	**1,047,083,318**	**100.00**	

[1)] Not entitled to vote at shareholder's meetings.

Proposal for Profit Distribution, Signatures for the Board of Directors' Report and the Financial Statements and Auditor's Note

Proposal for profit distribution

The parent company's distributable equity on balance sheet as of 31 December, 2013 is EUR 226,646,507.06 from which profit for the period is EUR 15,681,046.32. The Board of Directors proposes to the Annual General Meeting that no dividend will be distributed and that the profit for the financial year EUR 15,681,046.32 will be retained in the equity. There have not been any material changes in the financial position of the company after the end of the financial year.

Signatures for the financial statements and Board of Directors' report

Espoo 6 February 2014

Jukka Alho Chairman	Outi Raitasuo Vice Chairman
Harry Brade	Per Båtelson
Karsten Slotte	Mika Vidgrén

Eero Hautaniemi
President and CEO

Auditor's Note

The auditor's report has been issued today.

Espoo 6 February 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Oriola-KD Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Oriola-KD Corporation for the year ended 31 December, 2013. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Espoo 6 February 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Corporate Governance

The responsibilities of the Board of Directors and the President and CEO for overseeing the administration and management of the company are mainly based on the Finnish Companies Act. The company applies the Finnish Corporate Governance Code 2010.

The following pages present Oriola-KD's Corporate Governance Statement 2013, which accords with the recommendations of the Finnish Corporate Governance Code, information on board and management remuneration and details concerning the members of the Board of Directors and the Group Management Team.

CORPORATE GOVERNANCE STATEMENT 2013

This Corporate Governance Statement has been prepared in accordance with Recommendation 54 of the Finnish Corporate Governance Code and chapter 7, section 7 of the Finnish Securities Markets Act. This Statement is not part of the Report of the Board of Directors.

Oriola-KD Corporation (hereinafter "Oriola-KD" or "the company") complies with the provisions of its Articles of Association, the Finnish Companies Act, the Finnish Securities Markets Act and other similar legislation. The company also complies with the rules and regulations applying to listed companies issued by NASDAQ OMX Helsinki Ltd (Helsinki Exchange) and the Finnish Financial Supervisory Authority. The company's head office is located in Espoo, Finland.

Oriola-KD applies the Finnish Corporate Governance Code, with the exception that the company's Nomination Committee may also have members, who are not members of the company's Board of Directors. This exception is explained below in the section on the Nomination Committee. The information required by the Finnish Corporate Governance Code is also available on the company's website www.oriola-kd.com. An unofficial English translation of the Finnish Corporate Governance Code 2010 is in the public domain and available on the Securities Market Association's website at www.cgfinland.fi.

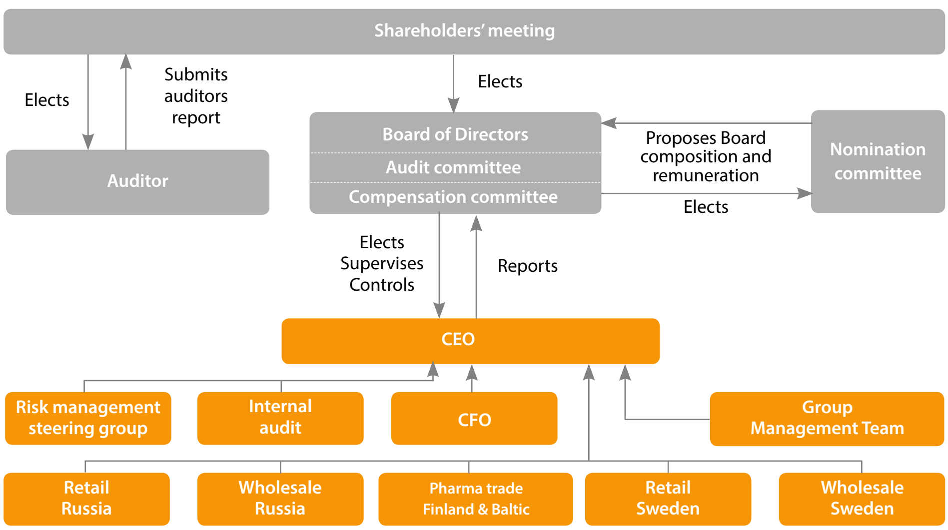
Oriola-KD prepares its consolidated financial statements and interim reports in accordance with the EU-approved IFRS reporting standards, the Securities Markets Act, applicable Financial Supervisory Authority standards and the rules issued by NASDAQ OMX Helsinki Ltd. The Report of the Board of Directors and the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and the guidelines and statements of the Accounting Board. The auditors' report covers the Report of the Board of Directors, the consolidated financial statements and the parent company's financial statements.

General Meeting of Shareholders

The General Meeting of Shareholders decides on the matters that under the Companies Act and the Articles of Association of Oriola-KD are within its purview. Each shareholder is entitled to attend General Meetings. Each class A share carries 20 votes and each class B share one vote at General Meetings. According to the Articles of Association, no shareholder may vote using an amount of votes that exceeds 1/20 of the total number of votes carried by the shares of different share classes represented at the General Meeting.

The Board of Directors convenes a General Meeting of Shareholders. The Notice of General Meeting is published in one daily newspaper in the capital city no earlier than two months and no later than twenty one days prior to the meeting. Oriola-KD also publishes the Notice of General Meeting as a stock exchange release and on its website. The documents to be submitted to the General Meeting and the draft resolutions to the General Meeting are also available on the company's website. The Notice of the General Meeting contains the proposed agenda for the meeting.

Governing structures of Oriola-KD



A shareholder has the right to have matters that under the Companies Act falls within the competence of the General Meeting dealt with by the General Meeting, if the shareholder so demands in writing to the Board of Directors well in advance of the meeting so that the matter can be included in the Notice of General Meeting. The demand shall be considered to have arrived on time, when the Board of Directors has been informed about the demand at the latest four weeks in advance of the publication of the Notice of the General Meeting.

The Chairman of the Board of Directors, a sufficient number of members of the Board of Directors and its committees, the President and CEO, and the auditor attend the General Meeting. A person proposed for the first time as member of the Board of Directors shall be present at the General Meeting that decides on his or her election unless there are well-founded reasons for absence.

General Meeting of Shareholders

- The shareholders shall based on law and the Articles of Association exercise their power of decision at the General Meeting. The Annual General Meeting is held by the end of May each year. The duties of the Annual General Meeting include:
- adoption of the financial statements
- use of the profit shown on the balance sheet
- election of the members of the Board of Directors and the decision on their fees
- discharging from liability for the members of the Board of Directors and the President and CEO
- election of the auditor and the decision on compensation
- proposals made by the Board of Directors and shareholders to the Annual General Meeting (e.g. amendments to the Articles of Association, repurchase of the company's own shares, share issue, giving special authorizations).

Annual General Meeting 2013

The Annual General Meeting of Oriola-KD Corporation, held on 20 March 2013, adopted the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year ending 31 December 2012. According to the decisions of the Annual General Meeting, the company paid a dividend of EUR 0.05 per share for the financial year ending 31 December 2012, and distributed EUR 0.04 per share as repayment of equity.

The Annual General Meeting authorised the Board to decide on repurchasing up to fifteen million of the company's own class B shares. Shares may be repurchased also in a proportion other than in which shares are owned by the shareholders. The authorisation is in force for a maximum of eighteen months following the decision of the Annual General Meeting.

The Annual General Meeting authorised the Board to decide on a share issue against payment in one or more issues, including the right to issue new class B shares or to assign class B shares held by the company. The authorisation covers a combined maximum of thirty million class B shares of the company and includes the right to derogate from the shareholders' pre-emptive subscription right. The authorisation is in force for eighteen months following the decision of the Annual General Meeting.

The Board was also authorised to decide on a bonus issue of class B shares to the company on one or more issues, and on a directed issue of class B shares to implement the new share incentive scheme for the Oriola-KD Group's management and the share savings plan for its key employees. The maximum amount of the company's new class B shares issued under this authorisation is 1,715,000, which is 1.13 per cent of the company's total shares. The authorisation will remain in force for a maximum of five years following the decision of the Annual General Meeting.

All decisions of the Annual General Meeting 2013 are available on the company's website at www.oriola-kd.com.

The Board of Directors

The Board of Directors is responsible for the administration of the company and the appropriate organisation of its operations. The Board of Directors is responsible for managing and supervising the company's operations in accordance with the law, governmental regulations and the Articles of Association. The Board also ensures that good corporate governance is complied with throughout the Oriola-KD Group.

The members of the Board of Directors are elected by the General Meeting of Shareholders. The Board of Directors uses the highest decision making power in the Oriola-KD Group between the General Meetings of Shareholders. Pursuant to the Articles of Association, the Board of Directors consists of no fewer than five and no more than eight members. The term of the members of the Board of Directors expires at the end of the next Annual General Meeting following their election. Persons aged 67 and above may not be elected to the Board of Directors. The Chairman of the Board of Directors is elected by the General Meeting of Shareholders. The Vice Chairman of the Board is elected by the Board of Directors from among its members.

The Nomination Committee's recommendation to the Board for the Board's proposal on the composition and remuneration of the Board is given in the Notice of the Annual General Meeting. The biographical details of the proposed Board members are presented on the company's website.

The Board of Directors convenes in accordance with a timetable agreed in advance and also convenes as required. In addition to making decisions, the Board of Directors also receives during its meetings current information about the operations, finances and risks of the Group. Board meetings are also attended by the President and CEO, the CFO and the General Counsel (who acts as secretary to the Board). Members of the Group Management Team attend Board meetings at the invitation of the Board. Minutes are kept of all meetings.

Main tasks of the Board of Directors

The main tasks to be dealt with by the Board of Directors are listed in the Board's rules of procedure. Accordingly, these are among others:

- approving the company's strategy
- approving financial targets, budgets, major investments and risk management principles
- appointment and dismissal of the company's President and CEO
- consideration and decision of all significant matters concerning the operations of the Group and the business segments
- approving the charters of the Audit Committee, the Compensation Committee and the Nomination Committee.

The Board of Directors 2013–2014

The Annual General Meeting of Oriola-KD held on 20 March 2013 confirmed that the Board of Directors of Oriola-KD shall have six members and elected the following persons as chairman and members of the Board of Directors:

Name	Year of birth	Education and main occupation	Attendance at Board Meetings	Attendance at Committee Meetings
Jukka Alho (Chairman)	1952	M.Sc. (Eng.), independent member of the Board	23/24	Compensation Committee 2/2
Outi Raitasuo (Vice Chairman)	1959	Advocate, Master of Laws, LL.M., partner (Hannes Snellman Attorneys Ltd), independent member of the Board	23/24	Audit Committee 4/4
Harry Brade	1969	M.Sc. (Eng.), MBA, Investment Director (Lamy Corporation), independent member of the Board	24/24	Audit Committee 4/4 Compensation Committee 3/3
Per Båtelson	1950	M.Sc. (Physics), independent member of the Board	20/24	Compensation Committee 1/3
Karsten Slotte	1953	M.Sc. (Econ.), independent member of the Board	19/19	Audit Committee 2/3
Mika Vidgrén	1960	Doctor of Pharmacy, Adjunct Professor, pharmacy owner (Espoonlahden Apteekki), independent member of the Board	22/24	Audit Committee 3/4

In its constitutive meeting held later the same day, the Board of Directors re-elected Outi Raitasuo as its Vice Chairman.
Members of Oriola-KD's Board of Directors 1 January - 20 March 2013:

Olli Riikkala	1951	M.Sc. (Eng.), M.Sc. (Econ.), MBA, independent member of the Board	5/5	Compensation Committee 1/1
Pauli Kulvik	1951	M.Sc (Eng.), MBA, independent member of the Board	5/5	Compensation Committee 1/1
Ilkka Salonen	1955	M.Pol.Sc., CEO (OAO URALSIB), independent member of the Board	3/5	Audit Committee 0/1

The Board of Directors has evaluated the independence of its members and determined that all members are independent of the company and its major shareholders. The Board has also conducted an assesment of its activities and working practises.

In 2013, the Board of Directors of Oriola-KD convened 24 times, eight of which were conference call meetings. Details about the members of the Board of Directors may be viewed on pages 75-76.

Board Committees

The Board of Directors has an Audit Committee and a Compensation Committee. In addition, the company has a Nomination Committee. The Committees' charters are confirmed by the Board. The Committees are preparatory bodies that submit proposals to the Board on matters within their purview. Minutes are kept of the Committees' meetings. The Committees report to the Board at regular intervals. The Committees do not have independent decision-making powers. Their task is to submit recommendations to the Board on matters under consideration.

In its constitutive meeting, held after the Annual General Meeting, the Board of Directors appoints, from among its members, the members and chairman of the Audit Committee and the Compensation Committee. The process of appointing the members of the Nomination Committee is presented below in the section on the Nomination Committee.

In addition to the Audit, Compensation and Nomination Committees, the Board of Directors may appoint ad hoc committees for preparing specific matters. Such committees do not have Board-approved charters and the Board does not release information on their term, composition, the number of meetings or the members' attendance rates.

Audit Committee

The task of the Audit Committee is to enhance the control of the company's operations and financial reporting. According to the charter, the following in particular shall be addressed and prepared by the Audit Committee:

- reviewing the consolidated financial statements and interim reports, together with the auditor
- reviewing together with the auditor any deficiencies in the supervision systems observed in control inspections and any other deficiencies reported by auditors
- reviewing any deficiencies in the control system observed in internal audit and other observations and recommendations made
- reviewing the plans of action for the control inspection and internal audit and giving recommendations to company management on focus areas for internal audits
- evaluating the appropriateness of the supervision of company administration and risk management, and reviewing changes in the principles of company accounting and external reporting prior to their introduction.

In addition, the Audit Committee's duties include preparatory work on the decision on electing the auditor, evaluation of the independence of the auditor, taking into account particularly the effect of the provision of related services on the independence, and carrying out any other tasks assigned to it by the Board. The Audit Committee has at least three members.

As of 20 March 2013, the Chairman of the Audit Committee is Outi Raitasuo and the other members are Harry Brade, Karsten Slotte and Mika Vidgrén. The members of the Audit Committee are independent of the company and its major shareholders.

Compensation Committee

According to the charter, the Compensation Committee reviews management and personnel remuneration policies and issues related to management appointments, and makes proposals on such matters to the Board of Directors. The Committee's responsibilities include:

- reviewing, evaluating and making proposals on the remuneration structure and incentive schemes of management and the personnel of the Oriola-KD Group
- monitoring the effectiveness of these systems to ensure that incentive schemes of the management promote achievement of the company's short term and long term goals
- reviewing and preparing other matters relating to the remuneration of management and personnel, and submitting proposals on these to the Board
- considering and preparing appointments of top management to be decided by the Board.

The Compensation Committee has three members. As of 20 March 2013, the Chairman of the Committee is Jukka Alho and the other members are Per Båtelson and Harry Brade. The members of the Compensation Committee are independent of the company and its major shareholders.

Nomination Committee

The Nomination Committee of Oriola-KD is a body established by the Board of Directors for the purpose of preparing and presenting to the Board a recommendation for the proposal to be put by the Board to the Annual General Meeting concerning the composition and remuneration of the Board. The Board has approved the charter of the Nomination Committee.

The Committee members are appointed by the Board of Directors, which also appoints one of the members as Chairman. The term of office for the committee members' expire at the end of the Annual General Meetings following their appointment. Members of the Committee need not be members of the Board of Directors. The purpose of this deviation from the Corporate Governance Code is to allow the election of major shareholders of the company to the Nomination Committee and thus to ensure that their opinions are heard well before the Annual General Meeting.

Prior to appointing the Committee members, the Chairman of the Board arranges a meeting to which the Chairman invites the Company's twenty largest shareholders, by votes, registered by the 31st of August preceding the Annual General Meetings as shareholders in the company's shareholders register maintained by Euroclear Finland Ltd. The purpose of the meeting is to hear the major shareholders on their views as to the composition of the Committee.

Not later than on the 1st of February preceding the Annual General Meeting, the Committee presents to the Board its recommendation on the proposal to be put before the Annual General Meeting concerning the composition and remuneration of the Board. The Nomination Committee evaluates the independence of the proposed Board members it has recommended. The Committee's recommendation does not affect the Board's independent decision-making authority or its right to put proposals before the General Meeting.

The Nomination Committee appointed for the term of office ending at the Annual General Meeting held on 20 March 2013, convened five times and the attendance rate of the Committee's members was 93.3 per cent.

On 2 October 2013, the Board of Directors elected the following persons to the Nomination Committee for a term of office, which expires at the end of the Annual General Meeting 2014: Jukka Alho, Harry Brade, Matti Kavetvuo, Pekka Pajamo, Timo Ritakallio and Into Ylppö. Pekka Pajamo was elected as Chairman of the Committee. The members of the Committee are independent of the company.

The President and CEO and the deputy to CEO

The Board of Directors appoints the President and CEO of Oriola-KD and decides on the terms of his/her employment. The current President and CEO of the company is Eero Hautaniemi, M.Sc. (Econ.), born in 1965. In accordance with the Companies Act, the President and CEO is responsible for the day to day executive management of the company in accordance with the instructions and orders given by the Board of Directors. In addition, the President and CEO also ensures that accounts of the company complies with Finnish law and that its financial affairs have been arranged in a reliable manner. The terms and conditions of the President and CEO's employment are specified in a written service contract approved by the Board.

The Board of Directors also appoints, as necessary, a deputy to CEO. The company's deputy to CEO is Kimmo Virtanen, Executive Vice President, Pharmaceutical Wholesale Finland, Sweden and the Baltics and Managing Director of Oriola Oy, M.Sc. (Econ.), born in 1968.

The Group Management Team

The Group Management Team consists of the President and CEO of Oriola-KD as Chairman and persons appointed by the Board. At the end of year 2013, the Group Management Team consisted of seven members, including the President and CEO, to whom the other Group Management Team members report.

The Group Management Team meets regularly to address matters concerning the entire Group. The Group Management Team is not a decision-making body. It assists the President and CEO in the implementation of Group strategy and in operational management, and facilitates the Group-wide distribution of information concerning the entire Group.

The following persons were members of Oriola KD's Group Management Team in 2013:

- Eero Hautaniemi, President and CEO
- Lars Birkeland, Vice President, Pharmaceutical Retail, Sweden
- Tuomas Itkonen, CFO
- Konstantin Minin, Vice President, Pharmaceutical Retail and Wholesale, Russia
- Jukka Mäkelä, Vice President, Development (since 1 April 2013)
- Teija Silver, Vice President, Human Resources
- Kimmo Virtanen, Executive Vice President, Pharmaceutical Wholesale, Finland, Sweden and Baltics
- Henry Fogels, Vice President, Pharmaceutical Wholesale, Russia (until 20 November 2013)

Details of the members of the Group Management Team are available in the annual report on pages 77.

External audit

The company has one auditor, which must be a firm of authorised public accountants. The auditor is elected annually by the Annual General Meeting for a term that expires at the end of the next Annual General Meeting following the election. The task of the auditor is to audit the consolidated financial statements, the financial statements of the parent company, the accounting of the Group and the parent company and the administration of the parent company. The company's auditor submits the auditors' report to the shareholders in connection with the annual financial statements, as required by law, and submits regular reports on its observations to the Board's Audit Committee.

The Annual General Meeting of Oriola-KD Corporation held on 20 March 2013 re-elected PricewaterhouseCoopers Oy, a firm of authorised public accountants, as the company's auditor, with Heikki Lassila, APA, as the principal auditor. The fees for the audit proper paid to the auditing firm PricewaterhouseCoopers Oy in 2013 totalled EUR 369,000. In addition, EUR 262,000 was paid for other consultation provided to Group companies.

Internal audit

In Russia Oriola-KD has its own internal audit department. For other parts of the Group the internal audit function has been included in the duties of the finance function under supervision of the CFO. In addition to this Oriola-KD meets its internal audit requirements by assigning reporting and audit tasks to the company's auditing firm in accordance with an audit plan approved each year by the Audit Committee of the Board of Directors.

The risk management and internal supervision systems connected with financial reporting

The internal control and risk management systems related to Oriola-KD's financial reporting aim to ensure a reasonable certainty of the reliability of the company's financial statements and financial reporting, as well as the company's compliance to legislation and generally approved accounting principles.

Internal control

Internal control forms an essential part of the company's governance and management systems. It covers all of the Group's functions and organisational levels. The purpose of internal control is to ensure a sufficient certainty that the company will be able to carry out its strategy. Internal control is not a separate process but a procedural measure covering all Group-wide operating principles, guidelines and systems.

Financial reporting

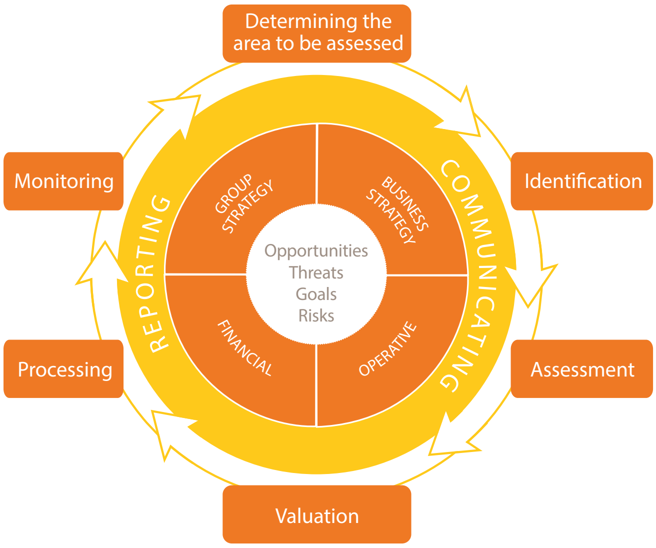
The Board of Directors and the President and CEO have the overall responsibility for organising the internal control and risk management systems pertaining to financial reporting. The President and CEO, the members of the Group Management Team and the heads of the business units are responsible for the accounting and administration of the areas within their spheres of responsibility complying with legislation, the Group's operating principles, and the guidelines and instructions issued by Oriola-KD Corporation's Board of Directors. The organising and leading of the financial reporting in the Group has been centralized under the subordination of the CFO. Oriola-KD Group follows the International Financial Reporting Standards (IFRS) approved for application within the European Union. Instructions and accountancy principles for financial reporting are collected in an accounting manual that is updated as soon as standards change, as well as in the financial department's instructions that are followed in all Group companies. Group Accounting is responsible for following and keeping up to date with financial statement standards, upholding the principles concerning financial reporting and distributing information about these to the business units.

Measurement and follow-up

The performance of the Group is monitored in the Group Management Team with monthly reports as well as in the monthly operational reviews of the business segments. The financial situation of the Group is also monitored in the meetings of the Board of Directors. The Audit Committee and the Board of Directors examine the interim reports and financial statements before their publication. Monitoring of the monthly reports also ensures the effectiveness of the internal supervision. Each business segment must ensure effective supervision of its own operations as part of Group-level internal supervision. The business segments and the Group Finance organisation are responsible for the evaluation of the processes covering financial reporting. The evaluations must contain balances and analyses, which are compared with budgets, assessments and various economic indicators.

Risk management system

The purpose of risk management is to help the Group to achieve its objectives. The risks threatening the achievement of the objectives can only be managed if they are identified and assessed.



A model for coordinated risk management

The Board of Directors of Oriola-KD Corporation approves the company's risk management policy and the risk management objectives and guides and supervises the planning and implementation of the risk management. The Board-appointed Audit Committee supervises risk management in the Group.

The management of the Oriola-KD Group has the operative responsibility for risk management. Risk management and the principles governing risk management and their development, coordination and monitoring are the responsibility of the Risk Management Steering Group, which is chaired by the Oriola-KD Group's CFO.

Oriola-KD's risk management policies are part of the Group's management process and its different components. The purpose of the policies is to ensure that risks can be comprehensively identified, assessed, managed and monitored throughout the Group. Risk management is an integral part of Oriola-KD's planning and management system, decision-making, daily management, monitoring and reporting.

The principle governing the risk management policy is illustrated above. The risks that may interfere with the achievement of the objectives in the sector in question are identified and assessed as part of business operations planning. Risk management is also an integral part of the Group strategy process.

Risk management process:

1) Risk identification
2) Evaluation of the likelihood of the risks occurring if the risks are not accounted for
3) Evaluation of the consequences of the risks occurring, by calculating the cumulative financial losses during the strategy period
4) Preparation of a risk management plan (measures helping to avoid risks, to make them less likely or to mitigate the consequences)
5) Risk management is incorporated into the monitoring reports regularly submitted to the management

The Group Management Team and the Board of Directors receive yearly reports on the risk management situation.

Supervision environment

The purpose of Oriola-KD's internal supervision system is to support the implementation of the Group strategy and to ensure that rules and regulations are observed. The company's internal supervision is based on a Group structure, in which the Group's operations are organised into business segments and Group functions. Group functions issue Group-level guidelines laying down the operational framework and the persons responsible for the process. The guidelines cover such areas as accounting, reporting, financing, investments and business principles.

Supervisory measures

The supervisory measures are instructions and guidelines that help to ensure the proper management of all functions. They help to ensure that all risks that are connected with the achievement of the company's objectives can be identified and prevented. The measures cover all Group levels and functions and information systems play an important role in them. Information systems are of vital importance to effective internal supervision as many of the supervisory measures rely on information technology.

Communication and distribution of information

Effective communication and distribution of information help to ensure the reliability and correct timing of financial reporting, for example by making instructions and guidelines on financial reporting as widely known as possible. Oriola-KD's accounting manual contains instructions and guidelines on accounting and financial reporting that must be observed in the Group. The instructions are based on the international IFRS standards. Changes in IFRS standards are monitored in the Group and the manual is updated whenever changes are introduced. The manual helps to ensure that the Group can meet all reliability requirements concerning its financial reporting.

In addition to a Group-level accounting manual, individual business segments also have as needed their own sets of instructions that have been drawn up in accordance with their needs. These instructions are consistent with the Group-level accounting manual.

New instructions are regularly published on the company's internal website. Staff members can provide feedback to the management and anonymously report any questionable activities through the company intranet. Corporate Communications is responsible for all external communications, as laid down in the Group's communications policy.

REMUNERATION STATEMENT

Remuneration and other benefits of the members of the Board of Directors

The Annual General Meeting decides annually on the remuneration payable to members of the Board of Directors for their term of office.

On 20 March 2013, the Annual General Meeting decided that the Chairman of the Board will receive EUR 48,400 in remuneration for his term of office, the Vice Chairman of the Board and the Chairman of the Board's Audit Committee EUR 30,250 and the other members of the Board EUR 24,200 each. The Chairman of the Board will receive an attendance fee of EUR 800 per meeting, and the other Board members EUR 400 per meeting. Attendance fees will also be paid in the same manner to members of committees set up by the Board of Directors or the company. The Chairman of the Board also has a company-paid phone. Travel expenses will be paid in accordance with the travel policy of the company. In accordance with the decision of the Annual General Meeting, 60 per cent of the annual remuneration was paid in cash and 40 per cent in class B shares. Oriola-KD Corporation class B shares were acquired on the market for the Board members as follows: Jukka Alho 8,269 shares, Outi Raitasuo 5,168 shares, Harry Brade 4,135 shares, Per Båtelson 4,135 shares, Karsten Slotte 4,135 shares and Mika Vidgrén 4,135 shares.

Restriction periods are not included in the remuneration paid in Oriola-KD Corporation class B shares. The members of the Board of Directors have not received any share-based rights as remuneration. They are not included in the company's share incentive scheme. The company has not granted any loans to Board members nor given guarantees on their behalf.

The total fees and other benefits of the Board members for 2013 and shareholdings in the company 31 December 2013 are available in the annual report on the next page.

Main principles and decision-making process on the remuneration of the President and CEO and other executives

The salary of the President and CEO and other members of the Group Management Team consists of a fixed base salary, fringe benefits, a short term performance bonus and a long term share incentive plan. The remuneration commits management to develop the company and its financial success in the long term. The development stage and strategy of the company are considered when determining the principles for remuneration.

In accordance with its charter approved by the Board of Directors, the Compensation Committee monitors the effectiveness of the incentive schemes to ensure that the schemes promote the achievement of the company's short term and long term goals.

The Board of Directors reviews and decides annually on the remuneration and benefits of the President and CEO and other members of the Group Management Team, and the underlying criteria thereof.

The Board of Directors decides annually on the earnings criteria and the determination of the performance bonuses based on the proposal of the Compensation Committee.

The company has not granted any loans to the President and CEO or to the members of the Group Management team, nor given guarantees on their behalf. The company has no share option scheme in place. The President and CEO and the members of the Group Management Team have no supplementary pension scheme, except the Vice President Pharmaceutical Wholesale Sweden and Vice President

Pharmaceutical Retail Sweden, who have a defined contribution pension benefit typically applied in the Swedish market.

Short term performance bonus

The performance bonus is based on the achievement of the company's financial targets and personal targets. The maximum performance bonus in 2013 for the President and CEO is 58 per cent of the annual salary and for the other Group Management Team members 33 per cent of the annual salary. The Board of Directors decides annually on the earnings criteria and the determination of the performance bonuses based on the proposal of the Compensation Committee.

Long term share based incentive scheme

The members of Oriola-KD's Group Management Team are covered by a long term share incentive scheme. The scheme unites the objectives of shareholders and key personnel to increase the value of the company, commits the key personnel to the company, and offers key personnel a competitive remuneration system based on ownership of shares in the company.

The Board of Directors of Oriola-KD approved on 19 December 2012 a new share-based incentive plan for the Group executives for the years 2013-2015. The share-based incentive plan includes three performance periods which are calendar years 2013, 2014 and 2015. The Board of Directors of the company will decide on the performance criteria and on targets to be established for them at the beginning of each performance period. The potential reward from the plan for the performance period 2013 will be based on Oriola-KD Group's Earnings per Share (EPS) and Return on Capital Employed (ROCE), per cent.

The potential reward from the performance period 2013 will be paid partly in the company's series B shares and partly in cash in 2016. The company will cover taxes and tax-related costs arising from the reward to the executives with the proportion to be paid in cash. No reward will mainly be paid if an executive's employment or service in a Group company ends before the reward payment.

If an executive's total earnings are more than his or her total salary of the calendar year preceding the reward payment multiplied by 3.5, the reward to be paid on the basis of the performance period will be reduced for such exceeding part. Total earnings mean total salary together with annual bonus and long-term incentive plan, and total salary means fixed base salary together with fringe benefits.

The target group of the share-based incentive plan consists of seven executives during the performance period 2013. The rewards to be paid on the basis of the performance period 2013 will correspond to the value of a maximum total of 720,000 Oriola-KD Corporation series B shares (including also the proportion to be paid in cash).

In addition, the Board of Directors of Oriola-KD approved the terms and conditions of the key employees' share savings plan on 28 May 2013. A total of about 50 key employees are participating in the plan. The savings period started on 1 October 2013 and ends on 30 September 2014.

The maximum monthly saving is ten per cent and the minimum is two per cent of each participant's fixed monthly gross salary. The accumulated savings are used for purchasing Oriola-KD class B shares for the participants at market prices. In return, each participant will receive two free class B matching shares for every three acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the Savings Period until the end of the designated holding period and if his or her employment with a company has not been terminated on the last day of the holding period on bad leaver terms. The holding period will end on the publication date of the Oriola-KD Q3/2015 interim report. Matching shares will be paid partly in the Company's class B shares and partly in cash. The cash proportion is intended for covering taxes and tax-related payments arising from the reward to a key person.

Financial benefits of the President and CEO in 2013

The salary and other remuneration, including fringe benefits, paid in 2013 to the President and CEO Eero Hautaniemi, amounted to a total of EUR 833,587.32 as follows:

- fixed base salary of EUR 419,583.48;
- fringe benefits of EUR 20,700.00;
- performance bonus of EUR 150,123.00; and
- share-based payments of EUR 243,180.84 (including 47,700 company class B-shares).

The President and CEO has a six-month period of notice and is entitled to severance pay equal to 12 months' salary. The retirement age of the President and CEO is 63 years and his pension is in accordance with the Employees' Pensions Act. The President and CEO is included in the company's share based incentive scheme. Shareholdings of the President and CEO in the company are available on page 74.

Financial benefits of other executives 2013

The salaries and other remuneration, including fringe benefits, paid in 2013 to the members of the Group Management team totalled EUR 2,155,300.36 as follows:

- fixed base salaries totalling EUR 1,435,110.52;
- fringe benefits totalling EUR 146,057.50;
- performance bonuses totalling EUR 248,107.06; and
- share-based payments totalling EUR 326,025.28 (including 62,010 company class B-shares).

The members of the Group Management Team are included in the company's share based incentive scheme. Shareholdings of the members of the Group Management Team in the company are available on the next page.

INSIDER ADMINISTRATION

Oriola-KD complies with NASDAQ OMX Helsinki Ltd's Guidelines for Insiders, which serve as the basis for the company's internal insider guidelines adopted by the Board of Directors. Oriola-KD's public insiders are the company's Board members, auditors, President and CEO, deputy to CEO, board secretary and other Group Management Team members. Persons employed by the company who, by virtue of their position or duties, receive insider information on a regular basis comprise the company-specific insiders. The register of public and company-specific insiders is held in the SIRE system of Euroclear Finland Ltd.

Under the company's insider guidelines, the company's insiders are prohibited from trading in the company's shares for three weeks prior to the publication of the financial statements bulletin and f interim reports. The company also keeps, as necessary, a separate project-specific insider register in connection with the preparation of significant projects, and the persons entered in that register are prohibited from trading in the company's shares for the duration of the project in question.

COMMUNICATION

Up-to-date information complying with the Corporate Governance Code is available on the internet site of Oriola-KD at www.oriola-kd.com. An annual summary of the company's stock exchange releases is featured on page 78.

Salaries and benefits of the Members of the Board of Directors, CEO and Members of the Group Management Team and their shareholdings (including controlled entities) 31 Dec 2013

		Salaries and benefits 2013	Salaries and benefits 2012	Shareholdings 31 Dec 2013		
		EUR 1,000	EUR 1,000	A shares	B shares	Total
Board of Directors						
Alho Jukka (Chairman)		66.4	28.2	-	16,527	16,527
Raitasuo Outi (Vice Chairman)		42.3	38.7	-	18,121	18,121
Brade Harry		37.8	33.0	15,676	15,023	30,699
Båtelson Per		32.2	29.8	-	15,023	15,023
Slotte Karsten		32.2	-		4,135	4,135
Vidgren Mika		33.8	29.8	-	15,356	15,356
Apotrading Consulting Oy		-	-	-	25,000	25,000
Riikkala Olli		5.2	62.4			
Kulvik Pauli		2.4	29.4			
Salonen Ilkka		1.2	26.6			
President and CEO						
Hautaniemi Eero	Fixed basic salary	419.6	410.3	-	203,550	203,550
	Fringe benefits	20.7	20.9			
	Performance bonus	150.1	58.8			
	Share-based payments	243.2	-			
	Total	**833.6**	**489.9**			
Group Management team						
Birkeland Lars				-	14,310	14,310
Itkonen Tuomas				-	1,000	1,000
Minin Konstantin				-	14,310	14,310
Mäkelä Jukka				-	0	0
Silver Teija				-	27,146	27,146
Virtanen Kimmo				-	90,410	90,410
Fogels Henry (until 20 Nov 2013)						
Salaries and benefits of the Group Management Team		**2,155.3**	**1,576.0**			

Members of the Board of Directors 2013–2014

Chairman

Mr. Jukka Alho, b. 1952

M.Sc. (Eng.)
Chairman of the Remuneration Committee
Independent member of the Board since 2011
Shares in Oriola-KD Corporation 31 Dec 2013:
0 class A shares; 16,527 class B shares

Primary career

2000–2012 Itella Corporation, CEO
1981–2000 Elisa Corporation, Executive Vice President 1997-2000

Key positions of trust

Chairman of the Board of Finnish Industry Investment Ltd, the Church Resource Agency, the Foundation for the Church Training College Member of the Executive Board of Finnish Fair

Vice Chairman

Ms. Outi Raitasuo, b. 1959

Advocate, Master of Laws University of Helsinki,
LL.M. University of Toronto
Chairman of the Audit Committee
Independent member of the Board since 2006
Shares in Oriola-KD Corporation 31 Dec 2013:
0 class A shares; 18,121 class B shares

Primary career

Hannes Snellman Attorneys Ltd , advocate, partner since 1997
1986–1987 Hollola district court, trainee district judge

Key positions of trust

Member of the Board of RF Micro Devices (Finland) Oy, Mundipharma Oy

Former key positions of trust

Member of the Board of Efore Plc 2004-2008

Mr. Harry Brade, b. 1969

M.Sc. (Eng.), MBA (London Business School), CEFA
Independent member of the Board since 2007
Shares in Oriola-KD Corporation 31 Dec 2013:
15,676 class A shares; 15,023 class B shares

Primary career

2002– Lamy Corporation, Investment Director
2004–2006 GE Healthcare, Regional Leader
2003–2004 GE Healthcare, Integration Manager and Business Development Leader
1999–2000 Nokia Networks, Austria, Manager, Marketing and Sales
1996–1999 Nokia Networks, Finland, Marketing Manager
1994–1996 Datex-Ohmeda, Product Specialist

Key positions of trust

Chairman of the Board of Lamy Corporation
Member of the Board of Medical Investment Trust Oy

Mr. Per Båtelson, b. 1950

M.Sc. (Physics)
Independent member since 2010
Shares in Oriola-KD Corporation 31 Dec 2013:
0 class A shares; 15,023 class B shares

Primary career

2006–2012 Global Health Partner Plc, Managing Director
1994–2006 Capio AB, Managing Director

Key positions of trust

Chairman of the Board of Karolinska University Hospital
Member of the Board of Humana AB, Unilabs AB and IVBAR - The Institute for Value Based Reimbursement AB

Former key positions of trust

Chairman of the Board of Apoteket AB 2006–2009

Mr. Karsten Slotte, b. 1953

M.Sc. (Econ.)
Independent member of the Board since 2013
Shares in Oriola-KD Corporation 31 Dec 2013:
0 class A shares; 4,135 class B shares

Primary career

2007–2013 Fazer Group, President and CEO
2002–2006 Cloetta Fazer AB (publ.), President
2000–2002 Cloetta Fazer Konfektyr AB, Managing Director
1997–2000 Fazer Confectionary, Managing Director

Key positions of trust

Member of the Board of Directors of Fiskars Corporation, Varma Mutual Pension Insurance Company, Finnish-Swedish Chamber of Commerce, Royal Unibrew A/S, Onninen Oy, Onvest Oy
Chairman of the Board of Directors: Northforce Oy

Mr. Mika Vidgrén, b. 1960

Pharmacist, Doctor of Pharmacy,
Adjunct Professor (Universities of Helsinki and Kuopio)
Independent member of the Board since 2006
Shares in Oriola-KD Corporation 31 Dec 2013:
0 class A shares; 15,356 class B shares

Primary career

2006– Espoonlahden Apteekki pharmacy, pharmacy owner
2002–2005 Savonlinnan III Apteekki pharmacy, pharmacy owner
1982–2001 Between 1982 and 2001 Mr Vidgrén has been involved in the Finnish and international pharmaceutical industry as well as held the highest research and teaching positions in pharmacy at the Universities of Helsinki and Kuopio. He has also worked at such renowned international research institutes as Baylor College of Medicine in Houston, TX and the Harvard School of Public Health in Boston, MA.

Key positions of trust

Member of the Board of Pharmaservice Oy
Member of Supervisory Board of Helsinki OP Bank Plc

Former key positions of trust

Chairman of the Board of Medifon Oy,
Pharmadata Oy, Pharmadomus Oy 2011
Chairman of the Board of the Association of
Finnish Pharmacies 2010
Vice President of the Pharmaceutical
Group of the European Union 2007 and 2009
President of the Pharmaceutical
Group of the European Union 2008

Group Management Team 2013

President and CEO
Eero Hautaniemi, b.1965
M.Sc. (Econ.)

Mr. Hautaniemi has been President and CEO of Oriola-KD Corporation since the establishment in 2006. Mr Hautaniemi served as President of GE Healthcare Finland Oy during 2004–2005, and as General Manager and Vice President of Oximetry, Supplies and Accessories business area of GE Healthcare IT in 2003–2004. Before this Mr. Hautaniemi held different positions in financial and business management in Instrumentarium Corporation in Finland and in the United States.

Mr. Hautaniemi is a member of the Board of Directors of Lassila & Tikanoja Corporation. He is also a member of the GIRP Management Board and GIRP Treasurer (GIRP= The European Association of Pharmaceutical Full-line Wholesalers).

Executive Vice President, Pharmaceutical Wholesale, Finland, Sweden and Baltics
Managing Director of Oriola Oy
Deputy to CEO, Oriola-KD Corporation
Kimmo Virtanen, b. 1968
M.Sc. (Econ.)

Mr. Virtanen was appointed Executive Vice President of Oriola-KD's Pharmaceutical Wholesale and Consumer Health businesses in Finland, Sweden and the Baltic Countries and Managing Director of Oriola Oy in May 2012. He was appointed CFO of Oriola-KD Corporation in 2006. Mr. Virtanen joined Oriola-KD from Componenta Corporation where he was CFO in 2003–2006. Before that, Mr. Virtanen served as CFO of Danisco Sweeteners in the UK and Finland in 1999–2003 and in several financial management positions of Cultor Corporation in 1995–1999.

CFO
Tuomas Itkonen, b. 1968
M.Sc. (Econ.)

Mr. Itkonen was appointed CFO (Chief Financial Officer) of Oriola-KD Corporation in November 2012. Mr. Itkonen joined Oriola-KD from Finnish Media company Alma Media Oyj where he held the position of CFO. Before that Mr. Itkonen served as CFO of wines and beverages wholesale, distribution and production company Altia Corporation in 2006–2008 and in several positions within financial management in Nokia Networks 1993–2006.

Vice President, Development
Jukka Mäkelä, b. 1963
M.Sc. (Econ.)

Mr. Mäkelä was appointed Vice President, Development of Oriola-KD Corporation in April 2013.

Before joining Oriola-KD Mr. Mäkelä worked for Aedi Oy as partner and CEO. Before that Mr. Mäkelä worked for Accenture during 1990-2011 as a consultant and Business Unit Executive Director (partner) responsible for Retail & Wholesale and Manufacturing Industries.

Vice President, Pharmaceutical Retail and Wholesale, Russia
Konstantin Minin, b. 1974
Doctor

Mr. Konstantin Minin was appointed Vice President of Oriola-KD's Russian Pharmaceutical Retail business in March 2012 and Vice President of Oriola-KD's Russian Pharmaceutical Retail and Wholesale business in December 2013. Before this Mr. Minin held the position of commercial director of Oriola-KD's Stary Lekar and 03 Apteka pharmacy chains in Russia. Before joining Oriola-KD, Mr. Minin served as Executive Director of the Russian based Rive Gauche cosmetics retail chain in 2008-2010, and has additionally from 2002 held other management positions in retail businesses in Russia.

Vice President, Pharmaceutical Retail, Sweden
Lars Birkeland, b. 1964
M.Sc. (Econ.)

Lars Birkeland was appointed Vice President of Oriola-KD's Pharmaceutical Retail business in Sweden and Managing Director of Kronans Droghandel AB (today Kronans Apotek) in January 2012. Previously Mr. Birkeland held the position of Managing Director of the Norwegian Apotek 1 pharmacy chain. Mr. Birkeland has 11 years' experience from the pharmaceutical retail and wholesale businesses within Tamro Group and he also brings with him over 10 years of retail experience from the USA within the fields of finance and business management.

Vice President, Human Resources
Teija Silver, b. 1964
M.Sc. (Econ.)

Ms. Teija Silver was appointed Vice President, Human Resources of Oriola-KD Corporation in October 2006. She joined Oriola-KD from GE Healthcare Finland where she held the position of Director, Human Resources. Before that she served in Nokia Networks as Director and Manager, Human Resources.

Changes in the Group Management Team in 2013:

Henry Fogels was Vice President, Pharmaceutical Wholesale, Russia until 20th November 2013.

Stock Exchange Releases in 2013

28 January 2013	Oriola-KD Corporation will publish its financial statements release 1 January-31 December 2012 on Thursday, 7 February 2013 at 8.30 a.m.
30 January 2013	Recommendation by the Nomination Committee of Oriola-KD Corporation concerning the Board of Directors to be elected by the 2013 AGM
7 February 2013	Oriola-KD Corporation's Financial Statements Release 2012
21 February 2013	Oriola-KD Corporation's Annual Report for 2012 has been published
27 February 2013	Oriola-KD Corporation's Annual Report for 2012 has been published
12 March 2013	Jukka Mäkelä appointed Vice President, Development of Oriola-KD Corporation and member of Group Management Team
20 March 2013	Resolutions of the Annual General Meeting of Oriola-KD Corporation and the decisions of the constitutive meeting of the Board of Directors
8 April 2013	Oriola-KD to acquire Medstop
15 April 2013	Oriola-KD Corporation will publish the interim report 1 January-31 March 2013 on Thursday, 25 April 2013 at 8.30 a.m.
25 April 2013	Oriola-KD Corporation's Interim Report for 1 January - 31 March 2013
26 April 2013	Notification on a change in ownership
15 May 2013	Oriola-KD has signed an agreement on new financing arrangements
28 May 2013	The Board of Directors of Oriola-KD Corporation has resolved on a key personnel share savings plan
3 June 2013	Oriola-KD has completed the Medstop acquisition
3 June 2013	Oriola-KD's fully owned subsidiary Medstop AB will exercise the option to call the SEK 700 million bonds
26 June 2013	Oriola-KD has signed a leasing agreement on a new main logistic center in Moscow
15 July 2013	Oriola-KD Corporation will publish the interim report 1 January-30 June 2013 on Thursday, 25 July 2013 at 8.30 a.m.
25 July 2013	Oriola-KD Corporation's Interim Report for 1 January-30 June 2013
3 October 2013	The composition of Oriola-KD's Nomination Committee
15 October 2013	Oriola-KD Corporation will publish the interim report 1 January-30 September 2013 on Thursday, 24 October 2013 at 8.30 a.m
21 October 2013	Oriola-KD Corporation has investigated the development of its capital structure
24 October 2013	Oriola-KD Corporation's Interim Report for 1 January-30 September 2013
6 November 2013	Publication schedule for Oriola-KD Corporation's financial reporting in 2014
20 November 2013	The Vice President of Oriola-KD's Russian Pharmaceutical Wholesale business, Henry Fogels, resigns from Oriola-KD
19 December 2013	Konstantin Minin appointed Vice President of Oriola-KD's Russian pharmaceutical retail and wholesale business

Some of the information in the releases might be out-of-date.

Stock Exchange Releases are available at Oriola-KD Corporation's websites www.oriola-kd.com.

Contact information

Oriola KD

Oriola-KD Corporation
Orionintie 5
FI-02200 Espoo, FINLAND
P.O.P.O.Box 8, FI-02101 Espoo,
FINLAND
Tel.: +358 10 429 99
Fax: +358 10 429 4300
firstname.lastname@oriola-kd.com
www.oriola-kd.com

Wholesale

Oriola

Oriola Oy, Espoo
Orionintie 5, FI-02200 Espoo, FINLAND
P.O.Box 8, FI-02101 Espoo, FINLAND
Tel.: +358 10 429 99
Fax: +358 10 429 3415
firstname.lastname@oriola.fi
www.oriola.fi

Oriola Oy, Oulu
Iskontie 3, FI-90570 Oulu, FINLAND
P.O.Box 51, FI-90101 Oulu, FINLAND
Tel.: +358 10 42 999
Fax: +358 10 429 1220
firstname.lastname@oriola.fi

AS Oriola
Tammsaare tee 47, EST-11316 Tallinn, ESTONIA
Kungla 2, EST-76505 Saue, Harjumaa, ESTONIA
(warehouse)
Tel.: +372 6 515 100
Fax: +372 6 515 111
firstname.lastname@oriola.com
www.oriola.ee

SIA Oriola Riga
Dzelzavas iela 120 M, LV-1021 Riga, LATVIA
Tel.: +371 67 802 450
Fax: + 371 67 802 460
firstname.lastname@oriola.com
www.oriola.lv

UAB Oriola Vilnius
Laisves pr. 75, LT -06144 Vilnius, LITHUANIA
Tel.: +370 5 2688 401
Fax: +370 5 2688 400
firstname.lastname@oriola.com
www.oriola.lt

Oriola AB, Mölnlycke
Fibervägen Solsten
P.O.Box 252, S-43525, Mölnlycke, SWEDEN
Tel.: +46 31 887 000
Fax: +46 31 338 5580
firstname.lastname@oriola.com
www.oriola.se

Oriola AB, Enköping
Kvartsgatan 7
P.O.Box 900, S-74525, Enköping, SWEDEN
Tel.: +46 171 41 49 00
Fax: +46 171 41 49 66
firstname.lastname@oriola.com

Oriola AB, Stockholm
Slöjdgatan 9
P.O.Box 7532, S-10393, Stockholm, SWEDEN
Tel.: +46 8 402 38 00
firstname.lastname@oriola.com

OOO Oriola
2 Dzerzhinskoe shosse
140055, Kotelniki, Moscow region, RUSSIA
Tel.: +7 495 781 10 23
Fax: +7 495 781 05 58
firstname.lastname@oriola.com
www.oriola.ru

Contact information of the regional
network at www.oriola.ru

Retail

APOTEK

Kronans Droghandel Apotek AB
Lindhagensgatan 120, 7 floor,
S-104 25 Stockholm, SWEDEN
P.O.Box 30094
Tel.:+ 46 10 240 60 00
firstname.lastname@kdapotek.se
www.kdapotek.se

Contact information of the
Kronans Apotek pharmacies at
www.kdapotek.se

СТАРЫЙ ЛЕКАРЪ

OOO Vitim
2 Dzerzhinskoe shosse
140055, Kotelniki, Moscow region, RUSSIA
Tel.: +7 495 380 33 80
Fax: +7 495 380 06 97
firstname.lastname@oldlekar.ru
www.oldlekar.ru

Contact information of the
Stary Lekar pharmacies at
www.oldlekar.ru

03АПТЕКА

OOO 03 Apteka
2 Dzerzhinskoe shosse
140055, Kotelniki, Moscow region, RUSSIA
Tel.: +7 495 380 32 09
Fax: +7 495 380 06 97

Oriola KD

P.O. Box 8, FI-02101 Espoo, FINLAND
Orionintie 5, FI-02200 Espoo
Tel.: +358 10 429 99

www.oriola-kd.com