

Oriola-KD Corporation stock exchange release 1 November 2006 at 8.35 am

Oriola-KD:s interim report 1 July – 30 September 2006

Oriola-KD Corporation was listed on the Helsinki Exchanges on 3 July 2006. This interim report presents Oriola-KD Corporation's (Oriola-KD) figures for July–September 2006. The figures for Oriola-KD's period under review have been prepared in accordance with the recognition and valuation principles of the IFRS standards and the figures are unaudited. Oriola-KD Corporation has published on 1 November 2006 pro forma review from January-September 2006 including complementary information to this interim report. The July-September 2006 figures are different from the pro forma figures due to different financial periods with different foreign exchange rates.

Key figures

- Invoicing in the period was EUR 562.8 million and net sales were EUR 318.9 million
- Operating profit excluding one-off items was EUR 7.2 million
- Operating profit including one-off items was EUR 6.8 million
- Cash flow from operations was EUR 21.1 million
- Return on capital employed (ROCE) was 13.5 per cent
- Earnings per share were EUR 0.04

Invoicing and net sales

Oriola-KD's invoicing in July-September was EUR 562.8 million and net sales were EUR 318.9 million. Invoicing of the Pharmaceutical Trade was EUR 499.9. Invoicing of the Healthcare and Dental Trade was EUR 62.9 million.

Financial performance

Oriola-KD's operating profit in the period excluding one-off items was EUR 7.2 million and profit after financial income and expenses, excluding one-off items, was EUR 7.4 million.

Oriola-KD's operating profit including one-off items was EUR 6.8 million in the review period. Profit after financial income and expenses came to EUR 7.0 million and net profit to EUR 5.2 million. One-off items during the period under review amounted to EUR 0.4 million consisting of one-off expenses for the cost efficiency measures.

The costs of Oriola-KD Corporation's Head Office and Group Administration are estimated to be about EUR 3 million annually, compared with EUR 1.8 million of Group Administration expenses allocated by the demerged Orion Corporation to Oriola-KD in the extracted financial statement information for 2005.

Oriola-KD had net financing income of EUR 0.2 million

Taxes amounted to EUR 1.8 million. Taxes corresponding to the result for the period under review (July-September) are accounted as taxes for 2006.

Earnings per share were EUR 0.04. Return on capital employed was 13.5 per cent and return on equity 11.0 per cent.

Balance sheet, financing and cash flow

Oriola-KD's total assets at 30 September 2006 were EUR 588.6 million. Interest-bearing net debt amounted to EUR -55.5 million and the gearing ratio was -29.3 per cent. Cash assets at the end of September stood at EUR 80.4 million.

Oriola-KD has credit facilities of EUR 24.9 million with banks and a commercial paper programme of EUR 100.0 million, which remained untapped at the end of the period under review.

Cash flow from operations in the period was EUR 21.1 million, of which changes in working capital accounted for EUR 13.5 million. Cash flow from investments was EUR -6.7 million. Cash flow after investments in the period was EUR 14.4 million. Oriola-KD's equity ratio stood at 33.1 per cent.

Investments

Investments in the period under review amounted to EUR 7.8 million and consisted mainly of the purchases the minority share in Kronans Droghandel AB as well as maintenance investments.

Personnel

At the end of the period under review, Oriola-KD had a payroll of 1,540 employees, 58 per cent of whom worked in Finland, 26 per cent in Sweden and a total of 16 per cent in the Baltic countries and Denmark.

As part of its cost efficiency programme, Oriola-KD discontinued operations at its distribution centres in Seinäjoki on 15 September 2006 and in Kuopio on 29 September 2006. A double shift system was introduced at the Espoo distribution centre on 4 September 2006 in connection with the centralisation of operations in Espoo and Oulu. The transfer of operations from Kuopio and Seinäjoki to Espoo remained underway in the period under review, thus rendering personnel figures higher than usual at 30 September 2006. The transfer will be completed by the end of the year.

Business segments

Oriola-KD has two business segments: the Pharmaceutical Trade business segment and the Healthcare and Dental Trade business segment. Both segments are core businesses of the Group.

Pharmaceutical Trade

The Pharmaceutical Trade business segment's invoicing in July–September 2006 was EUR 499.9 million and net sales were EUR 264.8 million. Operating profit excluding one-off items was EUR 4.9 million.

The pharmaceutical market grew by 4.1 per cent in Sweden and 1.0 per cent in Finland in the first nine months of the year (source: IMS Health). The cut in wholesale prices of prescription drugs at the beginning of 2006 and the exceptionally large purchases of self-medication products by pharmacies towards the end of the previous year slowed down the growth of the pharmaceutical market in Finland. Higher fuel prices raised distribution costs in both Finland and Sweden.

Oriola-KD's market share in Sweden's pharmaceutical distribution was 43.1 per cent (47.4 per cent) in September 2006 and 43.7 per cent (47.0 per cent) in January–September 2006 (source: IMS Health). Oriola-KD's market share in Finland's pharmaceutical distribution was 41.1 per cent (40.4 per cent) in September 2006 and 41.7 per cent (42.7 per cent) in January–September 2006 (source: IMS Health).

The cost efficiency programme launched in early 2006 is slated for completion by the end the year. The objective of these measures is to achieve a substantial improvement in the profitability of the Pharmaceutical Trade business segment in 2007.

Kronans Droghandel AB, part of the Oriola-KD Group, signed in early July 2006 an agreement concerning the distribution of Pfizer AB pharmaceuticals in Sweden. Under the agreement, Oriola-KD will be responsible for the distribution of all Pfizer drugs in Sweden as of the second quarter of 2007. At present, the Group distributes approximately half of Pfizer's portfolio of pharmaceuticals. With a market share of 9.2 per cent, Pfizer is the largest pharmaceutical company in the Swedish market (source: IMS Health).

Kronans Droghandel AB and pharmaceutical company Meda concluded an agreement on the distribution of Meda pharmaceuticals such as vaccines and medical technology products in the Swedish market. The agreement takes effect on 1 January 2007 and remains in force indefinitely. Meda has a share of 1.2 per cent of the Swedish pharmaceutical market.

The pharmaceutical principals transferring from Oriola-KD in the period under review hold a total combined share of some 1.3 per cent of the Swedish pharmaceutical market.

Negotiations on distribution agreements with pharmaceutical companies are mainly conducted between July and October and the duration of the agreements varies from one to five years. Every year, negotiations are conducted with a few principals both in Finland and in Sweden and every year, some principals also decide to switch distributors. The major pharmaceutical companies each have a market share of some 10 per cent in Finland and Sweden.

The number of employees within the Pharmaceutical Trade business segment was 971 at the end of the period.

Healthcare and dental trade

The Healthcare and Dental Trade business segment's invoicing in July–September 2006 was EUR 62.9 million and net sales were EUR 54.1million. Operating profit excluding one-off items was EUR 3.2 million.

Sales of healthcare equipment and supplies developed favourably in July–September. Two major deliveries of equipment took place in the third quarter. The healthcare logistics services in Sweden, which are part of the Healthcare and Dental Trade business segment, saw unsatisfactory business development, primarily due to the loss of a principal agreement during 2005. The healthcare logistics services in Sweden account for about half of the business segment's invoicing but have no impact on the segment's operating profit. Development of invoicing and operating profit in the Dental Trade business improved in the third quarter over the early part of the year.

The Healthcare and Dental Trade business segment had a payroll of 570 employees at the end of the period under review.

Board of Directors

Orion Corporation's Annual General Meeting held on 21 March 2006 confirmed that the number of members of the Board of Directors of Oriola-KD Corporation was to be set at six. Elected to seats on the Board of Directors for the current term of office were Pauli Kulvik, M.Sc. (Eng.), MBA; Outi Raitasuo, attorney-at-law; Antti Remes, Honorary Counsellor; Olli Riikkala, M.Sc. (Eng.), MBA; Jaakko Uotila, president and CEO, Alko Inc.; and Mika Vidgrén, pharmacist. Olli Riikkala was elected Chairman of the Board. Ernst & Young Oy was elected as Oriola-KD Corporation's auditor for the

current term of office and has designated Rabbe Nevalainen, Authorised Public Accountant, as principal auditor. Juha Nenonen, Authorised Public Accountant, was elected deputy auditor.

On 28 March 2006, Oriola-KD Corporation's Board of Directors elected from amongst their number Antti Remes as vice chairman. The Board of Directors also elected from amongst their number an Audit Committee and Compensation Committee. The members of the committees are as follows:

Audit Committee:
Antti Remes (chairman)
Outi Raitasuo
Mika Vidgrén

Compensation Committee:
Olli Riikkala (chairman)
Pauli Kulvik
Jaakko Uotila

On 17 October 2006, the Board of Oriola-KD Corporation elected the following to serve on the company's Nomination Committee:

Eero Karvonen
Timo Maasilta
Antti Remes
Olli Riikkala
Harri Sailas
Jukka Ylppö

Jukka Ylppö was elected chairman of the Committee.

Under the Rules of Procedure of the Nomination Committee adopted by the Board, the Committee is a body which has been established by the Board and tasked with preparing and presenting to the Board a recommendation for a proposal to be put before the Annual General Meeting of Shareholders concerning the composition and remuneration of the Board.

The Board has assessed the independence of its members and determined all members to be independent both of the company and of its majority shareholders.

Chairman of the Board of Oriola-KD Corporation Olli Riikkala notified the company in early October that he was unable to take part in the work of the Board until the end of 2006 for reasons of illness. While Mr Riikkala is absent on sick leave, the duties of Chairman of the Board will be assumed by vice chairman Antti Remes.

Events after the period

In early October, Oriola-KD Group decided to reform the management model of business operations, rationalise organisational structure and strengthen the steering of businesses. As of 3 October 2006, the Group's businesses consist of Pharmaceutical Distribution in Finland, Sweden and the Baltic Countries, Pharmacy and Retail Marketing, Healthcare Trade and Dental Trade. The business segments of Oriola-KD Group 1) Pharmaceutical Trade and 2) Healthcare and Dental Trade will be reported as earlier. The new management model will have no impact on relations with customers or principals. The heads of businesses report to Eero Hautaniemi, President and CEO of Oriola-KD Corporation.

Upon introduction of the new organisation Risto Kanerva, who had been managing director of Oriola

and head of the Pharmaceutical Trade business segment at Oriola-KD resigned the company by mutual agreement. Eero Hautaniemi serves as managing director of Oriola.

Risto Kanerva resigned his seat on the Boards of Oriola Oy and Kronans Droghandel AB (KD). Kimmo Virtanen, CFO of Oriola-KD was elected to replace Kanerva on the Board of Oriola while Henry Haarla, General Counsel of Oriola-KD will be proposed to replace Kanerva on the Board of KD.

As of 3 October 2006, the extended management team of the Oriola-KD Group consists of:

Eero Hautaniemi	President and CEO
Claes von Bonsdorff	Information Technology
Birgitta Gunneflo	Pharmaceutical Distribution, Sweden
Henry Haarla	Legal Affairs
Pellervo Hämäläinen	Corporate Communications and IR
Anne Kariniemi	Logistics and Sourcing (as of 15 January 2007)
Matti Lievonen	Pharmaceutical Distribution, Finland
Jukka Niemi	Pharmacy and Retail Marketing & Pharmacist Relations in Finland
Teija Silver	Human Resources
Senja Tynkkynen	Dental Trade
Ilari Vaalavirta	Healthcare Trade
Kimmo Virtanen	Finance and Treasury

The General Meeting of Shareholders of the demerged and dissolved Orion Corporation held in Helsinki on 16 October 2006 confirmed the final account of the company and discharged the Board of Directors and the President of the company from liability for the period of 1 January – 1 July 2006. The assets and liabilities of the demerged company were transferred to the two companies that resulted from the demerger on 1 July 2006, the new Orion Corporation and Oriola-KD Corporation.

Oriola-KD Corporation share

Oriola-KD Corporation's Class A and Class B shares were admitted to public trading on the Main List of the Helsinki Exchanges on the trading day first following the effective date of demerger, 3 July 2006. Oriola-KD Corporation's GICS-based industry code is 35102010—Health Care Distributors, and the industry class is Healthcare.

Oriola-KD Corporation's share capital is EUR 147,899,766.14 and the counter book value of the shares is about EUR 1.05. The company has a total of 141,257,828 shares, of which there are 56,397,540 Class A shares and 84,860,288 Class B shares.

Oriola-KD Corporation held none of its own shares at 30 September 2006. The company's Board of Directors does not have valid authorisations to acquire or to transfer its own shares, increase share capital or to issue a bond loan, convertible loan or stock options.

In the demerger of Orion Corporation, the demerging company's shareholders received, as demerger consideration, shares in the companies to be formed in proportion to their shareholdings such that for each demerging Orion Corporation Class A share, they received one Oriola-KD Corporation Class A share and one Class A share of the new Orion Corporation and for each demerging Orion Corporation Class B share, they received one Oriola-KD Corporation Class B share and one Class B share of the new Orion Corporation. The Oriola-KD Corporation shares were issued within the book-entry system, and no action was required on the part of the demerging Orion's shareholders in order to obtain the shares.

On 6 September 2006, the American Deccan Value Advisors L.P. informed Oriola-KD Corporation in accordance with Chapter 2, section 9 of the Finnish Securities Market Act that due to share purchases

made on 5 September 2006, the holdings of the companies administered by Deccan Value Advisors L.P. represent more than one twentieth (1/20) of the share capital of Oriola-KD Corporation.

Trading volume of Oriola-KD Corporation Class A and B shares in July–September 2006:

	Class A	Class B
Trading volume, millions	3.7	37.2
Trading volume, EUR million	7.6	72.9
High, EUR	2.50	2.51
Low, EUR	1.90	1.81
Close on 30 Sept 2006, EUR	2.49	2.41

The traded volume of Oriola-KD Corporation's Class A shares in the period under review amounted to 6.5 per cent of total outstanding shares while that of Class B shares came to 43.8 per cent of total outstanding shares.

Oriola-KD Corporation had a market capitalisation of EUR 344.9 million at 30 September 2006.

Oriola-KD Corporation's 20 largest shareholders in the book-entry system at 30 September 2006 in order of holding:

Shareholder	Class A shares	Class B shares	Holding, % (A&B)	Votes, % (A&B)
1. Orion Pension Fund	2 765 624	978 698	2.65 %	4.64 %
2. Varma Mutual Pension Insurance Company	1 785 000	638 600	1.72 %	3.00 %
3. Oy Etra Ab	2 329 720	86 000	1.71 %	3.85 %
4. Ilmarinen Mutual Pension Insurance Company	1 577 440	245 450	1.29 %	2.62 %
5. The Social Insurance Institution of Finland	-	1 659 568	1.17 %	0.14 %
6. Ylppö Jukka Arvo	1 247 136	286 992	1.09 %	2.08 %
7. Medical Investment Trust Oy	1 300 000	-	0.92 %	2.14 %
8. Saastamoinen Foundation	1 189 996	-	0.84 %	1.96 %
9. Avenir Special Mutual Fund Ltd	372 650	800 000	0.83 %	0.68 %
10. Oriola Pension Fund (no voting right)	863 804	305 682	0.83 %	(1.45 %)
11. Tukinvest Oy	1 048 500	-	0.74 %	1.73 %
12. Maa- ja Vesitekniikan Tuki Ry.	1 034 860	-	0.73 %	1.71 %
13. The Finnish Cultural Foundation	321 946	610 220	0.66 %	0.58 %
14. The State Pension Fund	-	850 000	0.60 %	0.07 %
15. Ylppö Into	577 936	240 200	0.58 %	0.97 %
16. Helsingin Lääkärikeskus Oy	658 230	-	0.47 %	1.09 %
17. OP Delta Mutual Fund	79 600	567 900	0.46 %	0.18 %
18. Etera Mutual Pension Insurance Company	231 100	382 400	0.43 %	0.41 %
19. Lamy Oy	478 100	133 400	0.43 %	0.80 %
20. Relander Gustaf	523 100	-	0.37 %	0.86 %
Nominee-registered	2 863 957	31 049 525	24.01 %	7.28 %

Future outlook

Oriola-KD's outlook for 2006 is based on external market forecasts, agreements with principals, cumulative orders and management's estimates.

Finnish pharmaceutical market growth is estimated to be flat in 2006. Swedish pharmaceutical market is estimated to grow by 4-5 per cent in 2006. Long term fundamentals and growth prospects are deemed favourable. Oriola-KD estimates that the longer term pharmaceutical market will grow by about 3–5 per cent in Finland and Sweden over the next few years, which is in line with the average growth rate of these markets.

The overall objective of the cost efficiency measures that were launched in the early part of 2006 is to achieve total savings of some five million euros annually in the Group's operations in Finland and Sweden, with full impact as of 2007. The one-off items of the cost efficiency measures are estimated to be about EUR 3 million and they will occur in 2006.

Oriola-KD estimates that the market for healthcare and dental equipment and supplies will grow by more than 5 per cent in Finland and Sweden in 2006. In sales of healthcare equipment and supplies, Oriola-KD estimates that its growth will outpace that of the market. The dental trade is expected to grow at a rate slower than market growth. Invoicing for the healthcare logistics services in Sweden is estimated to be at the previous year's level.

Oriola-KD's pro forma invoicing in 2006 is forecast to be nearly at the level of the previous year's comparable invoicing. The pro forma operating profit for 2006 is forecast to be lower than the previous year's comparable operating profit, owing mainly to the tight competitive situation within pharmaceutical distribution and trade and the slow growth in Finland's pharmaceutical market in the early part of the year as well as one-off expenses for the demerger and the reorganisation of functions.

Tables

Income Statement, EUR million	1.7-30.9.2006
Net sales	318.9
Cost goods sold	-285.2
Gross profit	33.7
Other operating income	0.5
Selling and distribution expenses	-23.1
Administrative expenses	-4.3
Operating profit	6.8
Financial income and expenses	0.2
Profit before taxes	7.0
Tax expenses*)	-1.8
Profit for the period	5.2
of which available for:	
Parent company shareholders	5.1
Minority interest	0.1
Earnings per share:	
- Basic, EUR	0.04

*) The tax for the period 2006 has been calculated as the proportional share of the total estimated taxes for the financial year.

Income statement excluding one-off items, EUR million **1.7-30.9.2006**

Net sales	318.9
Cost of goods sold	-285.2
Gross profit	33.7
Other operating income	0.5
Selling and distribution expenses	-23.1
Administrative expenses	-3.9
Operating profit	7.2
Financial income and expenses	0.2
Profit before taxes	7.4

Balance sheet, EUR million **30.9.2006**

Non-current assets

Property, plant and equipment	69.1
Goodwill	33.9
Other intangible assets	8.2
Investments in associates and available-for-sale investments	0.0
Other non-current receivables	13.7
Deferred tax assets	1.3

Non-current assets total 126.3**Current assets**

Inventories	166.6
Trade and other receivables	215.2
Cash and cash equivalents	80.4

Current assets total 462.3

ASSETS TOTAL 588.6

Balance sheet, EUR million **30.9.2006**

Non-current liabilities

Share capital	36.2
Other funds	30.1
Retained earnings	113.7

Net assets of the parent company shareholders 180.0

Minority interest 9.6

Net assets total 189.7**Non-current liabilities**

Deferred tax liabilities	13.0
Pension liability	3.8
Provisions	0.0

Interest-bearing non-current liabilities	7.7
Other non-current liabilities	0.4
Current liabilities total	24.9
Current liabilities	
Trade payables and other current liabilities	356.1
Provisions	0.7
Interest-bearing current liabilities	17.2
Current liabilities total	374.0
EQUITY AND LIABILITIES TOTAL	588.6

Changes in shareholder's equity

EUR million	Share capital	Other funds	Translation differences	Retained earnings	Equity of the parent company shareholders	Minority interest	Total
Shareholder's equity 1.7.2006	36.2	30.1	-1.3	110.3	175.3	17.0	192.3
Translation differences			-0.6		-0.6		-0.6
Hedge on net investment in foreign subsidiary			0.2		0.2		0.2
Change in minority interest					0.0	-7.5	-7.5
Other changes					0.0		0.0
Profit for the period				5.1	5.1	0.1	5.2
Shareholder's equity 30.9.2006	36.2	30.1	-1.7	115.4	180.0	9.6	189.6

Cash flow statement, EUR million

1.7–30.9.2006

Operating profit	6.8
Depreciation	2.9
Change in working capital	13.5
Cash flow from financial items and taxes	-1.2
Other adjustments	-1.0
Cash flow from operating activities	21.0
Cash flow from investing activities	-6.7
Cash flow from financial activities	0.1
Net change in cash and cash equivalents	14.5
Cash and cash equivalents at beginning of period	65.8
Foreign exchange difference	0.1
Net change in cash and cash equivalents	14.5
Cash and cash equivalents at end of period	80.4

Key figures and ratios	30.9.2006
Equity ratio, %	33.1 %
Equity per share, EUR	1.27
Return on capital employed (ROCE), %	13.5 %
Return on equity, %	11.0 %
Net interest bearing debt, Me	-55.5 Me
Gearing, %	-29.3 %
Earnings per share, ERU	0.04
Average number of share, tpcs *)	141 258

*) In the calculation for the share related key figures of 2006, number of shares at the end of period has been used.

Forward contracts and contingent liabilities

30.9.2006

EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Hedging of a net investment in an independent foreign unit	0.3	-	26.5
Other forward and currency swap contracts	0.0	-	3.8

EUR million

30.9.2006

Contingent for own liabilities

Guarantees given	8.5
Real-estate mortgages given	8.0
Mortgages on company assets	21.9
Other guarantees and liabilities	2.2
Total	40.6

Contingent for liabilities of other parties

Guarantees given on behalf of external parties	0.0
Leasing-liabilities (operating liabilities)	0.5
Other guarantees	0.0
Total	0.6

Invoicing by business segment, EUR million

1.7–30.9.2006

Pharmaceutical Trade	499.9
Healthcare and dental Trade	62.9
Group total	562.8

Net sales by business segment, EUR million	1.7–30.9.2006
Pharmaceutical Trade	264.8
Healthcare and dental Trade	54.1
Group total	318.9

Operating profit by business segment, EUR million	1.7–30.9.2006
Pharmaceutical Trade	4.5
Healthcare and dental Trade	3.2
Group items	-0.9
Group total	6.8

Average number of personnel	1605
Number of personnel at the end of the period	1540

Operating profit excluding by business segment excluding one-off items, EUR million	1.7–30.9.2006
Pharmaceutical Trade	4.9
Healthcare and dental Trade	3.2
Group items	-0.9
Group total	7.2

Net sales by market, EUR million	1.7–30.9.2006
Finland	130.7
Other Nordic countries	178.3
Other Europe	9.2
Other countries	0.7
Total	318.9

Espoo, 1 November 2006

Oriola-KD Corporation's Board of Directors

Oriola-KD Corporation

Eero Hautaniemi Kimmo Virtanen
 President and CEO CFO

For additional information, contact:

Eero Hautaniemi
 President and CEO
 tel. +358 10 429 2109
 email: eero.hautaniemi@oriola-kd.com

Kimmo Virtanen
 CFO
 tel. +358 10 429 2069

email: kimmo.virtanen@oriola-kd.com

Pellervo Hämäläinen
Vice President, Communications and IR
tel. +358 10 429 2497
email: pellervo.hamalainen@oriola-kd.com

Distribution
Helsinki Stock Exchange
Principal media

Published by:
Oriola-KD Corporation
Corporate Communications
Harmaaparrankuja 1
FI-02200 Espoo
www.oriola-kd.com