

## **Oriola-KD Corporation Stock Exchange Release 21 August 2008 at 8.30am**

### **Oriola-KD Corporation's interim report for 1 January – 30 June 2008**

This review presents the financial information for the Oriola-KD Group (hereinafter Oriola-KD) for the period January–June 2008. The retail and wholesale businesses Vitim and Moron acquired in Russia have been consolidated into Oriola-KD's accounts since 1 April 2008. The interim report has been prepared in accordance with IAS 34 and in keeping with the same accounting principles as the annual financial statements for 2007. The figures are unaudited.

#### **Key figures 1 January – 30 June 2008**

- Invoicing was EUR 1399.9 million (1–6/2007: EUR 1279.4m) and net sales were EUR 733.3 million (1-6/2007: EUR 711.9m).
- Operating profit was EUR 12.7 million (1–6/2007: EUR 14.1m).
- Net earnings were EUR 9.7 million (1–6/2007: EUR 11.4m).
- Earnings per share were EUR 0.07 (1–6/2007: EUR 0.08).
- Return on capital employed was 12.3 percent (1–6/2007: 14.7 percent).

President and CEO Eero Hautaniemi: "The early part of the year has seen Oriola-KD invest heavily in long-term strategic ventures, the execution and takeover of the Russian pharmaceutical retail and wholesale acquisition, and the business opportunities offered by the potential deregulation of the pharmaceutical retail market in Sweden. Progress as planned has been made on the strategic undertakings and the costs arising from these eroded the company's Q2 earnings. Strategic undertakings will remain a focus of investment in the latter half of the year as well. The operating loss attributable to the seasonal nature of the Russian business along with additional expenditure relating to strategic ventures eroded operating profit for the first half of the year by approximately two million Euro. Oriola-KD's operating profit for 2008 inclusive of the additional expenditure arising from strategic ventures and the effects of the acquisition in Russia is anticipated to exceed that for the previous year."

#### **Financial performance**

Oriola-KD's invoicing in January-June 2008 was EUR 1399.9 million (EUR 1279.4 million) and net sales were EUR 733.3 million (EUR 711.9 million). Second-quarter invoicing came to EUR 756.2 million (EUR 644.4 million) and net sales to EUR 415.4 million (EUR 356.1 million).

Operating profit in January–June 2008 came to EUR 12.7 million (EUR 14.1 million) and earnings after financial items to EUR 12.9 million (EUR 15.1 million). During the review period, Oriola invested heavily in strategic growth ventures, the execution and takeover of the Russian acquisition and the business opportunities offered by the potential deregulation of the Swedish pharmacy market, which gave rise to additional expenditure of EUR 1.2 million in the first half of the year. Second-quarter operating profit came to EUR 4.2 million (EUR 6.3 million) and earnings after financial items to EUR 3.8 million (EUR 7.0 million).

Oriola-KD had net financing income of EUR 0.2 million (EUR 1.0 million) in January–June 2008.

Taxes in the review period amounted to EUR 3.2 million (EUR 3.7 million). Taxes corresponding to the result for the period under review are accounted as taxes.

Net earnings in the first half of 2008 were EUR 9.7 million (EUR 11.4 million).

Earnings per share in the review period were EUR 0.07 (EUR 0.08). Return on capital employed was 12.3 percent (14.7 percent) and return on equity 9.7 percent (11.9 percent).

## **Balance sheet, financing and cash flow**

Oriola-KD's total assets at 30 June 2008 stood at EUR 817.0 million (EUR 640.4 million). Cash and cash equivalents at 30 June 2008 stood at EUR 42.2 million (EUR 99.8 million) and equity at EUR 194.2 million (EUR 193.0 million). Oriola-KD's equity ratio was 24.4 percent (30.9 percent).

At the end of the review period, interest-bearing net debt amounted to EUR 18.9 million (EUR -82.3 million) and the gearing ratio was 9.7 percent (-42.6 percent). Interest-bearing debt, which stood at EUR 61.0 million at 30 June 2009 (EUR 17.5 million), was made up of drawings on the commercial paper programme, the amounts owed by the companies acquired in Russia, and pharmacies' advance payments in Finland. At the end of June, Oriola-KD had a EUR 100 million commercial paper programme which had been drawn upon in the amount of EUR 27 million at month-end. The credit facilities of EUR 80 million with banks to secure the programme remained untapped at the end of the period under review.

Cash flow from operations in January–June 2008 was EUR -5.2 million (EUR 13.9 million), of which changes in working capital accounted for EUR -17.8 million (EUR -1.1 million). The rise in working capital is mainly attributable to changes in the terms of payment applicable to trade payables and receivables in the Russian companies and to growth in Russia. The changes in the terms of payment applicable to trade payables and receivables will improve the competitiveness and performance of the businesses in Russia starting in Q3. Cash flow from investments was EUR -74.7 million (EUR -2.6 million). Cash flow after investments in the period was EUR -79.9 million (EUR 11.3 million). Cash flow from financing includes the dividend of EUR 11.3 million paid in April.

## **Investments**

Investments in the period under review amounted to EUR 113.2 million (EUR 3.8 million) and mainly concerned the business acquisition in Russia, the acquisition of the 12.51-percent minority holding in Kronans Droghandel AB from Merck Sharp & Dohme (Sverige) AB, and operative maintenance and PPE investments.

## **Personnel**

At the end of the period under review, Oriola-KD had a payroll of 4626 employees (1486), 72 percent of whom worked in Russia (0%), 15 percent in Finland (56%), 8 percent in Sweden (27%) and a combined 5 percent in the Baltic countries and Denmark (17%).

## **Business segments**

Oriola-KD has two business segments: the Pharmaceutical Trade business segment and the Healthcare Trade business segment, which includes the share of profits from the associated dental trade company.

### ***Pharmaceutical Trade business segment***

The Pharmaceutical Trade business segment's invoicing in January–June 2008 was EUR 1298.6 million (EUR 1139.0 million) and net sales were EUR 654.6 million (EUR 586.7 million). Second-quarter invoicing came to EUR 706.5 million (EUR 575.9 million) and net sales to EUR 377.2 million (EUR 295.5 million).

Operating profit for the first six months of 2008 was EUR 10.2 million (EUR 9.7 million). Second-quarter operating profit came to EUR 4.3 million (EUR 4.6 million), which figure includes the Russian companies' operating loss of EUR 1.0 million in Q2.

The number of employees within the Pharmaceutical Trade business segment at 30 June 2008 was 4222 (919).

#### *Finland*

The Pharmaceutical Trade business segment's invoicing in Finland in January–June 2008 was EUR 518.9 million (EUR 488.9 million) and net sales were EUR 260.6 million (EUR 237.5 million).

The Finnish pharmaceutical market grew by 6.4 percent (4.4%) in the review period. Oriola-KD held a 47.9 percent (46.8%) share of the pharmaceutical distribution market in Finland in January–June 2008 (source: IMS Health).

Oriola-KD took over the distribution of Wyeth products at the beginning of 2008. Wyeth's share of the Finnish pharmaceutical market is roughly two percent (source: IMS Health). Oriola-KD retained all its major pharmaceutical principals in Finland during the period under review.

According to the situation at the end of the review period, Oriola-KD's share of the pharmaceutical wholesale market in Finland is estimated at some 47 percent in 2008.

#### *Sweden*

The Pharmaceutical Trade business segment's invoicing in Sweden in January–June 2008 was EUR 663.1 million (EUR 630.9 million) and net sales were EUR 280.9 million (EUR 332.4 million).

The Swedish pharmaceutical market grew by 5.6 percent (6.3%) in the review period. Oriola-KD held a 43.9 percent (42.4%) share of the pharmaceutical distribution market in Sweden in January–June 2008 (source: IMS Health).

Oriola-KD took over the distribution of McNeil products in Sweden at the beginning of 2008. McNeil's share of the Swedish pharmaceutical market is roughly two percent (source: IMS Health). Oriola-KD retained all its major pharmaceutical principals in Sweden during the period under review.

According to the situation at the end of the review period, Oriola-KD's share of the pharmaceutical wholesale market in Sweden is estimated at some 43 percent in 2008.

The Swedish Government has proposed deregulation of the pharmacy monopoly in mid-2009. In the second quarter, Oriola-KD continued to prepare for eventual changes in the pharmacy market.

Oriola-KD increased its shareholding in the Swedish Kronans Droghandel AB in June from 85.62 percent to 98.13 percent by acquiring the 12.51-percent minority holding of Merck Sharp & Dohme (Sverige) AB in KD. Minority holdings in KD subsequent to the transaction consist of the 1.87-percent holding of Organon AB.

#### *Russia*

The retail and wholesale businesses Vitim and Moron acquired in Russia have been consolidated into Oriola-KD's accounts since 1 April 2008. The second-quarter net sales of the acquired companies grew by 28 percent to EUR 93.8 million. Oriola-KD maintained 148 pharmacies in Russia at the end of June. The Russian retail and wholesale businesses showed an operating loss of EUR 1.0 million in the second quarter. The operating loss includes EUR 0.2 million in depreciation relating to the fair value allocation of the acquisition. The strong expansion of the retail business partly caused declined profitability in the second quarter.

The business in Russia is seasonal by nature, meaning that performance in the first and fourth quarters of the year is typically strong. Historically speaking, performance in the fourth quarter of the year has clearly been the strongest whereas the second and third quarters have been weaker. Oriola-KD has commenced streamlining measures in both the retail and wholesale operations as part of the takeover of the businesses.

Oriola-KD confirmed the acquisition of the pharmacy and pharmaceutical wholesale businesses Vitim & Co and Moron Ltd on 21 April 2008. The acquisition involved the establishment of the Finnish company Foreti Oy which owns the Moscow-based pharmacy retail company Vitim and pharmaceutical wholesaler Moron. Oriola-KD's holding in Foreti Oy subsequent to the acquisition is 75 percent while the Russian company founders Igor Yankov and Oleg Yankov hold 25 percent. In addition, Oriola-KD has agreed to buy out the remaining 25-percent holding in 2010 for a consideration based on the companies' performance in 2009. The Boards of Directors of Foreti Oy, Vitim and Moron are made up of Eero Hautaniemi (Chairman), Kimmo Virtanen, Christian Ramm-Schmidt, Igor Yankov and Oleg Yankov.

#### *Other countries*

The Pharmaceutical Trade business segment's invoicing in the Baltics in January-June 2008 was EUR 21.5 million (EUR 19.2 million) and net sales were EUR 19.3 million (EUR 16.9 million).

#### **Healthcare Trade business segment**

The Healthcare Trade business segment's invoicing in January-June 2008 was EUR 101.3 million (EUR 140.3 million) and net sales were EUR 78.8 million (EUR 125.2 million). Invoicing and net sales in the Healthcare Trade business segment were reduced by the merger of the Dental Trade business with and into Lifco Dental, by the sale of the home distribution business in Sweden in 2007, and by changes in principals in Finland. Second-quarter invoicing came to EUR 49.7 million (EUR 68.5 million) and net sales to EUR 38.1 million (EUR 60.7 million).

Operating profit for the first six months of 2008 was EUR 5.4 million (EUR 6.6 million). Second-quarter operating profit was EUR 1.9 million (EUR 3.0 million).

The Healthcare Trade business segment had a payroll of 404 (567) employees at the end of the period under review.

#### *Finland*

The Healthcare Trade business segment's invoicing in Finland in January-June 2008 was EUR 43.2 million (EUR 41.8 million) and net sales were EUR 39.9 million (EUR 39.0 million). Both invoicing and net sales in Finland were reduced by changes in principals. Sysmex haematology products transferred from Oriola-KD at the beginning of 2008 and Zimmer orthopaedic products at the end of March. The product range was augmented with Carl Zeiss Meditec's ophthalmic surgery products in early 2008.

#### *Sweden*

The Healthcare Trade business segment's invoicing in Sweden in January-June 2008 was EUR 51.8 million (EUR 67.7 million) and net sales were EUR 32.6 million (EUR 56.7 million). The sale of the home distribution business in Sweden in 2007 reduced both invoicing and net sales.

#### *Other countries*

The Healthcare Trade business segment's invoicing in the Baltics and Denmark in January-June 2008 was EUR 6.3 million (EUR 5.8 million) and net sales were EUR 6.3 million (EUR 5.1 million).

## *Dental trade*

Dental trade contributed EUR 0.0 million (EUR 25.0 million) to the segment's invoicing, EUR 0.0 million (EUR 24.3 million) to its net sales and EUR 1.0 million (EUR 1.2 million) to the segment's operating profit in January–June 2008. At 30 June 2007, personnel numbered 117. The merger of the dental trade business with and into Lifco Dental was finalised on 2 January 2008 with the merger of the businesses in Estonia, Latvia and Lithuania. Oriola-KD holds a 30-percent share of the merged dental business while Lifco has a 70-percent holding.

## **Changes in company management**

CFO Kimmo Virtanen was appointed Executive Vice President and deputy to the CEO of Oriola-KD Corporation effective 1 May 2008. His sphere of responsibility comprises Group functions as well as finance. CIO Claes von Bonsdorff, Pellervo Hämäläinen, Vice President, Communications and IR and Teija Silver, Vice President, Human Resources report to Kimmo Virtanen effective 1 May 2008. Attorney at Law Thomas Heinonen was appointed Senior Legal Counsel at Oriola-KD effective 1 June 2008. He reports to Kimmo Virtanen. General Counsel Henry Haarla retired on 1 June 2008 but stays on as legal advisor and Secretary to the Board of Oriola-KD Corporation until the end of 2008.

Jukka Niemi was appointed Vice President of the Pharmaceutical Trade Finland business effective 1 July 2008. Current Vice President Matti Lievonen will take retirement at the end of 2008, until which time he will retain his seat on the Group Management Team and will also serve as an advisor in the business of pharmaceutical distribution in Finland.

The Group Management Team at Oriola-KD as of 1 May 2008 comprises the following heads of businesses and Group functions: Eero Hautaniemi (Chairman), Claes von Bonsdorff, Birgitta Gunneflo, Henry Haarla (until 31 May 2008), Thomas Heinonen (as of 1 June 2008), Pellervo Hämäläinen, Anne Kariniemi, Jukka Niemi, Teija Silver, Ilari Vaalavirta and Kimmo Virtanen (deputy chairman), and Matti Lievonen until the end of 2008.

## **Related parties**

Related parties in the Oriola-KD Group are deemed to comprise parent company Oriola-KD Corporation, subsidiaries and associated companies, the members of the Board and the President and CEO of Oriola-KD Corporation, 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 Foundation. The Group has no significant business transactions with related parties except for pension expenses arising from defined benefit plans with the Oriola Pension Foundation. The notes to the financial statements of Oriola-KD Corporation provide additional information on intra-Group liabilities and sureties given on behalf of Group companies. Oriola-KD Corporation has given no significant sureties on behalf of Group companies.

## Oriola-KD Corporation share

Trading volume of Oriola-KD Corporation's Class A and B shares in January-June 2008:

Trading	January–June 2008		January–June 2007	
	Class A	Class B	Class A	Class B
Trading volume, million	1.9	22.0	8.0	86.8
Trading volume, EUR million	5.3	63.3	26.8	135.1
High, EUR	3.10	3.10	3.57	3.60
Low, EUR	2.50	2.60	2.84	2.87
Close at 30 June, EUR	2.66	2.69	3.40	3.42

The traded volume of Oriola-KD Corporation shares in the review period excluding treasury shares equalled 16.9 percent (35.0 percent) of total outstanding shares. The traded volume of Class A shares in the period under review amounted to 3.7 percent (14.8 percent) of average outstanding stock and that of Class B shares excluding treasury shares to 24.2 percent (47.6 percent).

Oriola-KD Corporation's market capitalisation at 30 June 2008 excluding treasury shares was EUR 380 million (EUR 482 million).

Under Article 3 of the Articles of Association, a shareholder may demand conversion of Class A shares into Class B shares. During the first half of the 2008, a total of 2,422,543 Class A shares have been converted into Class B shares (4,563,300). At the end of the review period, the company had 48,822,862 Class A shares (51,731,340) and 93,084,966 Class B shares (89,526,488).

The resolutions of Oriola-KD Corporation's Board of Directors taken on 20 February 2008 pursuant to the authorisation granted by the Annual General Meeting on 13 March 2007, concerning a bonus issue to the company and a targeted bonus issue within the share incentive scheme, were executed during the period under review. Oriola-KD Corporation issued to itself 650,000 new Class B shares in the bonus issue. In addition, the Board resolved on a targeted bonus issue in which 156,048 Class B shares held as treasury shares were assigned to the company's President and CEO and other members of Oriola-KD Corporation's Group Management Team. The share issues were executed and registered in the period under review. In the context of the targeted bonus issue, the company on 27 March 2008 transferred 156,048 Class B shares into the book-entry accounts of persons covered under the incentive scheme for management.

Subsequent to the bonus issues, the company holds 493,952 treasury shares, all of which are Class B shares. These account for 0.35 percent of the company's outstanding stock and 0.05 percent of the votes in the company.

## Risks

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

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

Oriola-KD has identified the following most significant strategic and operative risks in its business:

- changes in bargaining position vis-à-vis suppliers and customers
- impacts on business concepts of potential changes in the structure of the Swedish market
- maintenance of cost-effectiveness and flexibility in costs
- provision of competitive products and services in expanding and consolidating markets
- expansion-related risks in new markets and businesses
- commitment of key employees

The major financial risks for Oriola-KD involve currency exchange rates, interest rates, liquidity and credit. The estimated USD-denominated additional purchase price on the Russian business acquisition and the USD-denominated purchase price of the remaining 25-percent holding were hedged in July 2008 in accordance with the Group's treasury policy.

Oriola-KD's exposure to risks relating to new markets and businesses as well as financial risks increased in the second quarter as the Company expanded to the Russian pharmaceutical retail and wholesale market. Goodwill and intangible rights are subject to annual impairment testing which may affect Oriola-KD's financial result.

#### *Near-term risks and uncertainty factors*

Factors with a material impact on Oriola-KD's near-term outlook are the success of the takeover of the Russian acquisition, the realization of the growth potential of the Russia-based businesses, and general market trends in Russia.

#### **Events after the period under review**

A total of 130,659 Class A shares were converted into 130,659 Class B shares and the conversion was entered in the Trade Register on 17 July 2008. Subsequent to the conversion, the company has 48,692,203 Class A shares and 93,215,625 Class B shares. The total number of outstanding shares is 141,907,828 and these produce a total of 1,067,059,685 votes.

The portion of the votes produced by Oriola KD Corporation's shares held by Maa- ja Vesitekniikan Tuki ry and its subsidiary exceeded the one twentieth threshold (1/20) referred to in Section 9 Chapter 2 of the Securities Markets Act subsequent to a transaction executed on 29 July 2008. Their ownership was 5.07 percent of the total votes in Oriola-KD on 29 July 2008.

Cecilia Tufvesson Marlow, MSc (Econ & Bus Admin) (b. 1960), was appointed Vice President of Oriola-KD's Swedish retail business effective 4 August 2008. Her main duty is to prepare Oriola-KD's business in Sweden for the post-deregulation Swedish pharmacy market and to set up a chain of pharmacies in Sweden during 2009. Cecilia Tufvesson Marlow reports to Oriola-KD President and CEO Eero Hautaniemi. Finance Director Thomas Gawell of Kronans Droghandel AB assumes responsibility for developing pharmaceutical wholesale in Sweden. He reports to Kronans Droghandel AB Managing Director Birgitta Gunneflo.

## Future outlook

Oriola-KD's outlook for 2008 is based on external market forecasts, agreements with principals, cumulative orders and management's estimates. Long term fundamentals and growth prospects are deemed to remain favourable in the healthcare market.

Oriola-KD estimates that the pharmaceutical market in Finland and Sweden will grow by about 3–5 percent annually over the next few years, which is in line with the longer-term average growth rate of these markets. The Russian pharmaceutical market is estimated to see growth of nearly 20 percent annually in the next few years. Growth in the market for healthcare equipment and supplies in Finland and Sweden is estimated to outpace that of the pharmaceutical market.

Invoicing in the Pharmaceutical Trade business segment in 2008 is estimated to rise due to market growth and expansion to Russia. Invoicing in the Healthcare and Dental Trade business segment is projected as lower than in the previous year due to the merger with and into Lifco Dental, the sale of the home distribution business in Sweden in 2007 and changes in principals in Finland. Oriola-KD's invoicing in 2008 is projected as clearly higher than in the previous year.

Operating profit in the Pharmaceutical Trade business segment is anticipated to see positive development in 2008. Oriola-KD is investing in strategic growth ventures, the takeover of the Russian acquisition and the business opportunities offered by the potential deregulation of the Swedish pharmacy market, which are projected to give rise to additional expenditure not exceeding three million euro in 2008. Operating profit in the Pharmaceutical Trade business segment in 2008 is estimated to improve owing to the Russian business acquisition. Operating profit for 2008 in the Healthcare Trade business is expected to fall from the previous year due to the reported changes in principals in Finland. The merger in the Dental Trade business is estimated to improve comparable operating profit for 2008. Oriola-KD's operating profit for 2008 inclusive of the additional expenditure arising from strategic ventures and the acquisition in Russia is anticipated to exceed that for the previous year.

## TABLES

<b>Income Statement, EUR million</b>	<b>1.1.- 30.06.2008</b>	<b>1.1.- 30.06.2007</b>	<b>1.4.- 30.06.2008</b>	<b>1.4.- 30.06.2007</b>	<b>1.1.- 31.12.2007</b>
<b>Net sales</b>	733.3	711.9	415.4	356.1	1377.3
Cost of goods sold	-643.2	-637.5	-361.2	-319.5	-1232.0
<b>Gross profit</b>	90.1	74.5	54.1	36.6	145.2
Other operating income	2.0	0.9	0.9	0.5	2.3
Selling and distribution expenses	-66.7	-53.7	-40.9	-27.3	-104.5
Administrative expenses	-13.7	-7.6	-10.3	-3.5	-14.9
Profit from associated company	1.0	0.0	0.4	0.0	1.0
<b>Operating profit</b>	12.7	14.1	4.2	6.3	29.1
Financial income and expenses	0.2	1.0	-0.4	0.7	1.9
<b>Profit before taxes</b>	12.9	15.1	3.8	7.0	31.0
Tax expense*)	-3.2	-3.7	-1.1	-1.7	-7.3
<b>Profit for the period</b>	9.7	11.4	2.7	5.3	23.7



of which available for:

Parent company shareholders	9.6	11.2	2.7	5.3	23.3
Minority interest	0.0	0.2	0.0	0.1	0.4

Earnings per share:

Basic earnings per share (EUR)	0.07	0.08	0.02	0.04	0.16
Diluted earnings per share (EUR)	0.07	0.08	0.02	0.04	0.16

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

<b>Balance sheet, EUR million</b>	<b>30.06.2008</b>	<b>30.6.2007</b>	<b>31.12.2007</b>
<b>Non-current assets</b>			
Property, plant and equipment	60.9	60.9	56.3
Goodwill	106.1	34.5	33.9
Other intangible assets	46.4	5.8	4.5
Investments in associates and available-for-sale investments	27.6	0.0	27.1
Other non-current receivables	9.8	11.6	10.6
Deferred tax assets	1.6	0.1	0.2
<b>Non-current assets total</b>	<b>252.3</b>	<b>112.9</b>	<b>132.5</b>
<b>Current assets</b>			
Inventories	246.1	196.6	180.9
Trade and other receivables	276.3	231.2	201.0
Cash and cash equivalents	42.2	99.8	131.0
<b>Current assets total</b>	<b>564.7</b>	<b>527.5</b>	<b>512.9</b>
<b>ASSETS TOTAL</b>	<b>817.0</b>	<b>640.4</b>	<b>645.4</b>

<b>Balance sheet, EUR million</b>	<b>30.06.2008</b>	<b>30.6.2007</b>	<b>31.12.2007</b>
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<b>Non-current liabilities</b>			
Share capital	36.2	36.2	36.2
Other funds	30.1	30.1	30.1
Retained earnings	126.8	118.6	129.2
<b>Net assets of the parent company shareholders</b>	<b>193.1</b>	<b>184.9</b>	<b>195.5</b>
<b>Minority interest</b>	<b>1.1</b>	<b>8.0</b>	<b>8.1</b>
<b>Net assets total</b>	<b>194.2</b>	<b>193.0</b>	<b>203.6</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	18.8	9.8	8.7
Pension liability	4.4	4.1	4.4
Provisions	0.0	0.0	0.0
Interest-bearing non-current liabilities	10.3	0.4	0.3
Other non-current liabilities	27.2	0.4	0.4
<b>Current liabilities total</b>	<b>60.7</b>	<b>14.7</b>	<b>13.8</b>
<b>Current liabilities</b>			
Trade payables and other current liabilities	511.2	414.6	387.4
Provisions	0.0	1.0	0.0
Interest-bearing current liabilities	50.7	17.1	40.7
<b>Current liabilities total</b>	<b>562.0</b>	<b>432.8</b>	<b>428.1</b>
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>817.0</b>	<b>640.4</b>	<b>645.4</b>

**Changes in shareholder's equity:**

EUR million	Share capital	Other funds	Translation differences	Retained earnings	Equity of the parent company shareholders	Minority interest	Total
<b>Shareholder's equity</b>	36.2	30.1	0.0	116.9	183.3	8.5	191.8

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**1.1.2007**

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Translation differences			-1.1		-1.1	-0.2	-1.3
Dividend Paid				-8.5	-8.5	-0.5	-8.9
Hedge on net investment in foreign subsidiary			-0.2		-0.2		-0.2
Change in minority interest							
Other changes							
Share based payments			0.2		0.2		0.2
Taxes related to items booked into equity							
Items booked into equity							
Profit for the period			11.2		11.2	0.2	11.4
<b>Shareholder's equity</b>							
<b>30.6.2007</b>	36.2	30.1	-1.0	119.6	185.0	8.0	193.0

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**Shareholder's equity**

<b>1.1.2008</b>	36.2	30.1	-2.5	131.7	195.5	8.1	203.6
Translation differences			-0.9		-0.9	0.0	-0.9
Dividend distribution			-11.3		-11.3		-11.3
Hedge on net investment in foreign subsidiary							
Change in minority interest						-7.0	-7.0
Other changes							
Share based payments			0.2		0.2		0.2
Taxes related to items booked into equity							
Items booked into equity							
Profit for the period			9.6		9.6	0.0	9.6
<b>Shareholder's equity</b>							
<b>30.06.2008</b>	36.2	30.1	-3.4	130.2	193.1	1.1	194.2

<b>Cash flow statement, EUR million</b>	<b>1.1.- 30.06. 2008</b>	<b>1.1.- 30.06. 2007</b>	<b>1.1.- 31.12. 2007</b>
Operating profit	12.7	14.1	29.1
Depreciation	5.0	5.4	10.4
Change in working capital	-17.8	-1.1	6.8
Cash flow from financial items and taxes	-3.6	-3.0	-5.5
Other adjustments	-1.5	-1.7	-1.9
Cash flow from operating activities	-5.2	13.9	39.0
Cash flow from investing activities	-74.7	-2.6	-19.1
Cash flow from financing activities	-9.0	-23.7	-0.7
Net change in cash and cash equivalents	-88.9	-12.4	19.1
Cash and cash equivalents at beginning of period	131.0	112.9	112.9
Foreign exchange difference	0.1	-0.7	-1.0
Net change in cash and cash equivalents	-88.9	-12.4	19.1
Cash and cash equivalents at end of period	42.2	99.8	131.0

**Change in property,  
plant and equipment**

<b>milj.EUR</b>	<b>1.1.- 30.06.2008</b>	<b>1.1.- 30.06.2007</b>	<b>1.1.- 31.12.2007</b>
Carrying amount at the beginning of the period	56.3	63.3	63.3
Increase through acquisition of subsidiary share	7.2	0.0	0.0
Additions	2.2	3.3	5.1

Disposals	-1.4	-1.1	-3.5
Depreciation	-3.2	-3.8	-7.3
Translation differences	-0.1	-0.8	-1.4
Carrying amount at the end of the period	60.9	60.9	56.3

<b>Key figures and ratios</b>	<b>1.1.- 30.06.2008</b>	<b>1.1.- 30.06.2007</b>	<b>1.1.- 31.12.2007</b>
Equity ratio, %	24.4%	30.9%	33.7%
Equity per share, EUR	1.37	1.31	1.38
Return on capital employed (ROCE), %	12.3%	14.7%	14.2%
Return on equity, %	9.7%	11.9%	12.0%
Net interest bearing debt, Me	18.9 Me	-82.3 Me	-90.0 Me
Gearing, %	9.7%	-42.6%	-44.2%
Earnings per share, EUR	0.07	0.08	0.16
Average number of share, tpcs	141 370	141 258	141 258

#### **Forward contracts and contingent liabilities**

##### **30.6.2008**

<b>EUR million</b>	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Nominal values of contracts</b>
Hedging of a net investment in an independent foreign unit			
Other forward and currency swap contracts		-0.1	27.5
FX options purchased			

##### **30.6.2007**

<b>EUR million</b>	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Nominal values of contracts</b>
Hedging of a net investment in an independent foreign unit			0.0
Other forward and currency		0.0	5.6

swap contracts

<b>EUR million</b>	<b>30.6.2008</b>	<b>30.6.2007</b>	<b>31.12.2007</b>
<b>Contingent for own liabilities</b>			
Guarantees given	26.8	2.8	3.1
Real-estate mortgages given	2.0	1.0	2.0
Mortgages on company assets	21.9	22.4	21.9
Other guarantees and liabilities	26.2	2.1	1.9
<b>Total</b>	<b>76.9</b>	<b>28.3</b>	<b>28.9</b>

**Contingent for liabilities of other parties**

Guarantees given on behalf of external parties	0.0	0.0	0.0
Leasing-liabilities (operating liabilities)	0.5	0.7	0.3
Rent contingent	28.9	6.5	5.0

**Invoicing by business segment, EUR million**

	<b>1.1.-30.06.2008</b>	<b>1.1.-30.06.2007</b>	<b>1.1.-31.12.2007</b>
Pharmaceutical Trade business segment	1298.5	1139.0	2253.4
Healthcare Trade	101.3	115.3	234.7
Dental Trade	0.0	25.0	36.5
<b>Group Total</b>	<b>1399.9</b>	<b>1279.4</b>	<b>2524.5</b>

Oriola-KD has two business segments: the Pharmaceutical Trade business segment and the Healthcare Trade business segment, which includes the share of profits from the associated company

<b>Net sales by business segment, EUR million</b>	<b>1.1.-30.06.2008</b>	<b>1.1.-30.06.2007</b>	<b>1.1.-31.12.2007</b>
Pharmaceutical Trade business segment	654.6	586.7	1135.8
Healthcare Trade	78.8	100.8	205.9

Dental Trade	0.0	24.3	35.6
<b>Group Total</b>	<b>733.3</b>	<b>711.9</b>	<b>1377.3</b>

**Operating profit by business segment, EUR million**

	<b>1.1.- 30.06.2008</b>	<b>1.1.- 30.06.2007</b>	<b>1.1.- 31.12.2007</b>
Pharmaceutical Trade business segment	10.2	9.7	17.4
Healthcare Trade	4.4	5.4	12.6
Dental Trade	1.0	1.2	2.2
Group items	-2.8	-2.2	-3.2
<b>Group total</b>	<b>12.7</b>	<b>14.1</b>	<b>29.1</b>

Average number of personnel	2 947	1 486	1 432
Number of personnel at the end of the period	4 626	1 487	1 302

**Invoicing by business segment, EUR million**

	<b>4-6/ 2008</b>	<b>1-3/ 2008</b>	<b>10-12/ 2007</b>	<b>7-9/ 2007</b>	<b>4-6/ 2007</b>	<b>1-3/ 2007</b>
Pharmaceutical Trade business segment	706.5	592.1	571.4	543.0	575.9	563.2
Healthcare Trade	49.7	51.6	67.3	52.1	56.7	58.6
Dental Trade	0.0	0.0	1.3	10.2	11.8	13.2
<b>Group Total</b>	<b>756.2</b>	<b>643.6</b>	<b>640.0</b>	<b>605.2</b>	<b>644.4</b>	<b>634.9</b>

**Net sales by business segment, EUR million**

	<b>4-6/ 2008</b>	<b>1-3/ 2008</b>	<b>10-12/ 2007</b>	<b>7-9/ 2007</b>	<b>4-6/ 2007</b>	<b>1-3/ 2007</b>
Pharmaceutical Trade business segment	377.2	277.3	270.7	278.3	295.5	291.3
Healthcare Trade	38.1	40.6	59.5	45.6	49.2	51.7
Dental Trade	0.0	0.0	1.3	9.9	11.5	12.9
<b>Group Total</b>	<b>415.4</b>	<b>318.0</b>	<b>331.6</b>	<b>333.8</b>	<b>356.1</b>	<b>355.8</b>

**Operating profit by business segment, EUR million**

	<b>4-6/ 2008</b>	<b>1-3/ 2008</b>	<b>10-12/ 2007</b>	<b>7-9/ 2007</b>	<b>4-6/ 2007</b>	<b>1-3/ 2007</b>
Pharmaceutical Trade business segment	4.3	5.9	2.7	5.0	4.6	5.1
Healthcare Trade	1.5	2.9	3.9	3.4	2.8	2.6
Dental Trade	0.4	0.6	1.0	0.1	0.2	1.1
Group items	-2.0	-0.8	-0.5	-0.5	-1.2	-1.0
<b>Group total</b>	<b>4.2</b>	<b>8.5</b>	<b>7.0</b>	<b>8.0</b>	<b>6.3</b>	<b>7.8</b>

<b>Net sales by market, EUR million</b>	<b>1.1.- 30.06.2008</b>	<b>1.1.- 30.06.2007</b>	<b>1.1.- 31.12.2007</b>
Finland	299.2	291.4	570.1
Other Nordic countries	315.0	394.5	756.5
Other Europe	25.3	25.0	49.1
Russia	93.8	0.1	0.1
Other countries	0.1	0.8	1.4
<b>Total</b>	<b>733.3</b>	<b>711.9</b>	<b>1377.3</b>

<b>Net sales by market, EUR million</b>	<b>4-6/ 2008</b>	<b>1-3/ 2008</b>	<b>10-12/ 2007</b>	<b>7-9/ 2007</b>	<b>4-6/ 2007</b>	<b>1-3/ 2007</b>
Finland	150.5	148.7	143.4	135.3	143.4	148.1
Other Nordic countries	158.5	156.5	174.9	187.1	199.6	195.0
Other Europe	12.5	12.7	12.8	11.3	12.5	12.5
Russia	93.8	0.0	0.0	0.0	0.0	0.0
Other countries	0.1	0.0	0.5	0.1	0.7	0.2
<b>Total</b>	<b>415.4</b>	<b>318.0</b>	<b>331.6</b>	<b>333.8</b>	<b>356.1</b>	<b>355.8</b>

## **CORPORATE ACQUISITIONS**

### **Acquisition of Vitim & Co and Moron Ltd**

Oriola-KD announced in March that it would acquire 75 percent of a Moscow-based pharmacy company (Vitim & Co) and of a pharmaceutical wholesaler (Moron Ltd.) The transaction was executed in April. In addition, Oriola-KD has agreed to buy out the remaining 25-percent holding in 2010 for a consideration based on the companies' performance in 2009. The additional purchase price relating to the acquired 75-percent holding and the purchase of the remaining 25-percent holding are recognized as a liability, the magnitude of which is based on the best estimate of management.

The acquisition cost is calculated on the basis of the companies' provisional balance sheets as per 31 March 2008 prepared in accordance with IFRS and the Oriola-KD Group's accounting principles in respect of all material elements. The provisional balance sheets and acquisition cost calculation are unaudited.

The acquisition is accounted for using provisional values as permitted under IFRS 3. Over the 12 months following the acquisition, Oriola-KD will make the necessary adjustments to these provisional values.

The balance sheets of the acquired companies have been consolidated into the Oriola-KD Group as of 1 April 2008 and the calculation below includes the acquisition of both companies.

**Provisional details on the net assets and goodwill acquires are as follows:**



	Carrying amount EUR million	Fair value allocations EUR million	Fair value EUR million
Tangible assets	5.0	1.8	<b>6.8</b>
Other intangible assets	3.5	41.5	<b>45.0</b>
Deferred tax assets	1.2	0.0	<b>1.2</b>
Inventories, advances paid	68.5	0.0	<b>68.5</b>
Trade receivables	37.8	0.0	<b>37.8</b>
Other receivables	4.8	0.0	<b>4.8</b>
Cash and cash equivalents	2.7	0.0	<b>2.7</b>
Deferred tax liabilities	0.0	-10.4	<b>-10.4</b>
Interest-bearing non-current liabilities	-8.8	0.0	<b>-8.8</b>
Trade payables and other current liabilities	-103.7	0.0	<b>-103.7</b>
Interest-bearing current liabilities	-8.9	0.0	<b>-8.9</b>
Net identifiable assets	1.9	32.9	<b>34.8</b>
Acquisition price			
Purchase price			<b>-64.0</b>
Additional purchase price and purchase of the remaining 25%			<b>-35.8</b>
Costs related to acquisition			<b>-4.4</b>
<b>Goodwill</b>			<b>69.4</b>
Purchase price settled in cash			<b>-64.0</b>
Costs related to acquisition			<b>-4.4</b>
Cash and cash equivalents acquired			<b>2.7</b>
<b>Cash outflow on acquisition for 2008</b>			<b>-65.8</b>
Estimated purchase price payable			<b>-35.8</b>
<b>Total cash outflow on acquisition</b>			<b>-101.6</b>

The remaining goodwill arising from the acquisition, is based on synergy benefits and widened new market area possibilities and benefits.

Espoo, 20 August 2008

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