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Oriola-KD Corporation's Interim Report for 1 January – 30 June 2010

This review presents financial information regarding the continuing operations of Oriola-KD Group (hereinafter Oriola-KD) for the period January–June 2010. Oriola-KD's Healthcare Trade business was sold on 31 May 2010 and its figures are reported in the tables in the discontinued operations section. The interim report 1 January-30 June 2010 was drawn up in accordance with the IAS 34 standard and Oriola-KD's 2009 annual report. In addition, new IAS/IFRS standards have been adopted in 2010, the most important of which are IFRS 3 and IAS 27. The figures are unaudited.

Oriola-KD sold its Healthcare Trade business to Mediq N.V. on 31 May 2010 for approx. EUR 85 million. A profit of EUR 54.0 million was entered for the corporate transaction and as a consequence the Group's goodwill decreased by EUR 7.7 million during the second quarter of 2010. The final value of the deal and the profit entered will be specified according to the conditions associated with the acquisition price by the end of 2010.

Key figures for continuing operations for 1 January – 30 June 2010

- The figures refer to continuing operations and do not include the Healthcare Trade, unless otherwise stated
- Net sales increased 21 per cent to EUR 903.1 million (Jan-Jun 2009: EUR 746.5 million)
- Operating profit decreased 47 per cent to EUR 11.3 million (Jan-Jun 2009: EUR 21.2 million)
- Net profit decreased 52 per cent to EUR 7.4 million (Jan-Jun 2009: EUR 15.3 million)
- Earnings per share were EUR 0.05 (Jan-Jun 2009: EUR 0.11)
- Net cash flow from operations including the cash flow from the Healthcare Trade business was EUR 54.1 million (Jan-Jun 2009: EUR -5.8 million)
- Return on capital employed was 4.8 per cent (Jan-Jun 2009: 16.1 per cent including the Healthcare Trade transaction)
- Oriola-KD's net sales from its continuing operations for 2010 is forecasted to be higher than in 2009 and operating profit is forecasted to be lower than in 2009

Key figures for continuing operations for 1 April – 30 June 2010

- The figures refer to continuing operations and do not include the Healthcare Trade, unless otherwise stated
- Net sales increased 29 per cent to EUR 487.3 million (Q2/2009: EUR 377.8 million)
- Operating profit decreased 20 per cent to EUR 8.4 million (Q2/2009: EUR 10.5 million)
- Net profit decreased 29 per cent to EUR 5.4 million (Q2/2009: EUR 7.6 million)
- Earnings per share were EUR 0.04 (Q2/2009: EUR 0.05)

President and CEO Eero Hautaniemi: "The net sales of Oriola-KD's continuing operations increased 21 per cent to EUR 903 million and operating profit decreased 47 per cent to EUR 11 million in January-June 2010. Businesses developed according to our expectations in the second quarter. We took over the pharmacy chain acquired in Sweden and continued to expand and intensify operations in Russia in a very difficult market situation. We sold our Healthcare Trade business to Dutch company Mediq with EUR 85 million in May 2010."

Financial performance

The figures related to financial performance refer to continuing operations and do not include the Healthcare Trade, unless otherwise stated.

Oriola-KD's net sales in January-June 2010 were EUR 903.1 million (EUR 746.5 million) and operating profit was EUR 11.3 million (EUR 21.2 million). Profit after financial items came to EUR 9.0 million (EUR 19.4 million) and net profit to EUR 7.4 million (EUR 15.3 million). Earnings per share in January-June 2010 were EUR 0.05 (EUR 0.11).

Second-quarter net sales came to EUR 487.3 million (EUR 377.8 million) and operating profit to EUR 8.4 million (EUR 10.5 million). Profit after financial items came to EUR 6.9 million (EUR 9.5 million) and net profit to EUR 5.4 million (EUR 7.6 million). Earnings per share in the second quarter were EUR 0.04 (EUR 0.05).

Oriola-KD's financing expenses in January-June 2010 were EUR 2.3 million (EUR 1.8 million). Taxes amounted to EUR 1.6 million (EUR 4.1 million). Taxes corresponding to the result for continuing operations for the January-June 2010 period are entered under this figure.

Return on capital employed for continuing operations was 4.8 per cent (16.1 per cent including the Healthcare Trade) and return on equity 5.1 per cent (19.1 per cent including the Healthcare Trade) in January-June 2010.

Net sales generated by the discontinued Healthcare Trade business came to EUR 65.3 million and operating profit to EUR 2.9 million in January-May 2010. The business had approximately 440 employees in Finland, Sweden, Denmark, Estonia, Latvia and Lithuania.

Balance sheet, financing and cash flow

The figures related to the balance sheet, financing and cash flow include the figures for the Healthcare Trade until 31 May 2010 and the operating profit from the transaction. The Swedish pharmaceutical retail business is included in Oriola-KD's figures as of 19 February 2010. The Healthcare Trade business was sold on 31 May 2010.

Oriola-KD's balance sheet total on 30 June 2010 stood at EUR 1173.2 million (EUR 819.2 million). Cash and cash equivalents on 30 June 2010 stood at EUR 148.1 million (EUR 42.2 million). Equity was EUR 325.9 million (EUR 205.5 million) and the equity ratio was 28.5 per cent (25.8 per cent). The sale of the Healthcare Trade increased Oriola-KD's equity and equity ratio and decreased interest-bearing net debt and goodwill.

Interest-bearing net debt at the end of June 2010 was EUR 75.1 million (EUR 101.1 million) and the gearing ratio was 23.0 per cent (49.2 per cent). Oriola-KD hedged the long-term interest-bearing debt associated with the Swedish pharmaceutical retail trade against interest rate risk during the second quarter of 2010. Interest-bearing net debt consists of long-term debt financing, use of the issued commercial paper programme, advance payments from pharmacies and the estimated discounted value of the minority share of the Swedish pharmacy company that Oriola-KD is obliged to acquire.

The terms of the financial covenants were met with a wide margin at the end of June 2010. Oriola-KD's long-term credit limit facilities of approximately EUR 101.5 million and EUR 41.0 million in short-term credit account facilities stood unused at the end of the review period. Oriola-KD had drawn EUR 78.9 million from the EUR 150.0 commercial paper programme.

Net cash flow from operations in January-June 2010 was EUR 54.1 million (EUR -5.8 million), of which changes in working capital accounted for EUR 33.6 million (EUR -24.6 million). The trade receivables sales programme of the Swedish pharmaceutical wholesale was continued during the second quarter of 2010.

Net cash flow from investments was EUR -153.3 million (EUR -26.7 million). Net cash flow from investments includes the acquisition of pharmacy chain in Sweden, the acquisition of the 25 per cent minority share in Russia, operative investments and the sale of the Healthcare Trade. During the January-June 2010 period, cash flow after investments was EUR -99.2 million (EUR -32.5 million).

On 24 February 2010, Oriola-KD acquired the remaining 25 per cent holding in Foreti Oy, which owns the pharmaceutical retail company (OOO Vitim) and pharmaceutical wholesale company (OOO Moron) operating in Russia. As a result of the acquisition, Oriola-KD's Russian subsidiaries are now fully-owned. The price of the 25 per cent holding was EUR 65.0 million. The total price of the corporate acquisition in Russia was EUR 153.7 million, paid in cash.

Oriola-KD paid EUR 18.1 million in dividends for 2009, i.e. EUR 0.12 per share (EUR 0.08 per share in 2008) during the second quarter.

Investments

Gross investments in January-June came to EUR 185.7 million (EUR 24.0 million) including the acquisition of the pharmacy chain in Sweden and operative investments. In addition the Healthcare Trade business was sold with EUR 85 million in the review period.

On 19 February 2010, Kronans Droghandel Retail AB acquired 100 per cent of the stock of a pharmacy company with 170 pharmacies nationwide. Paid in cash, the price was EUR 161.5 million (SEK 1.59 billion). Oriola-KD has an 80 per cent holding in Kronans Droghandel Retail AB and the remaining 20 per cent is held by KF (Kooperativa Förbundet). Oriola-KD has an obligation and right to acquire a minority share in Kooperativa Förbundet after long-term cooperation. The obligation to acquire was entered under long-term interest-bearing debt in the Oriola-KD balance sheet in conjunction with the acquisition of the pharmacies. Kronans Droghandel Retail AB is 100 per cent consolidated into Oriola-KD's income statement and balance sheet.

Personnel

The figures related to personnel refer to the continuing operations, not including the Healthcare Trade.

On 30 June 2010, Oriola-KD had a payroll of 4,721 (3,925) employees, 11 per cent (11 per cent) of whom worked in Finland, 29 per cent (7 per cent) in Sweden, 58 per cent (79 per cent) in Russia and 2 per cent (3 per cent) in the Baltic countries. The numbers increased because of the acquisition of the Swedish pharmacy chain in February 2010, which added some 930 persons.

Changes to the Oriola-KD Group Management Team: Ilari Vaalavirta who was a member of the Group Management Team and Vice President of the Healthcare Trade transferred to Mediq with the sale of the Healthcare Trade during the second quarter of 2010.

Business segments

In accordance with its organisational structure and internal reporting, Oriola-KD's business segments after the sale of Healthcare Trade are, as of 1 June 2010, Pharmaceutical Trade Finland, Pharmaceutical Trade Sweden, Pharmaceutical Trade Russia, Pharmaceutical Trade Baltic Countries and Dental Trade.

Pharmaceutical Trade Finland

Pharmaceutical Trade Finland's net sales in January-June 2010 were EUR 210.4 million (EUR 258.8 million) and its operating profit was EUR 9.5 million (EUR 8.8 million). During the review period, changes from the stock owned by Oriola-KD to consignment stock, agreed with pharmaceutical companies, reduced net sales.

Net sales in the second quarter of 2010 were EUR 105.9 million (EUR 132.0 million) and operating profit EUR 5.0 million (EUR 4.9 million).

The pharmaceutical market declined by 1.4 percent (grew 0.2%) in Finland in January-June 2010. Oriola-KD's market share in the Finnish pharmaceutical wholesale market was 46.4 per cent (46.8 per cent) in January-June 2010 (source: IMS Health). No major changes in principals that would have had a bearing on market share took place in the review period.

Pharmaceutical Trade Finland had 492 (405) employees at the end of June 2010. Oriola-KD's logistics centres are located in Espoo and Oulu. The increase of personnel is mainly due to recruitments to replace leased work force, labour intensive new products and the provision of certain transitional services in relation to the divestment of the Healthcare Trade.

Pharmaceutical Trade Sweden

Pharmaceutical Trade Sweden's net sales in January-June 2010 were EUR 422.4 million (EUR 256.9 million), of which retail accounted for EUR 166.3 million (EUR 0.0 million) as of 19 February 2010 and wholesale EUR 276.5 million (EUR 256.9 million). The retail business acquired has been consolidated with the Oriola-KD figures as of 19 February 2010.

Pharmaceutical Trade Sweden's operating profit in January-June 2010 was EUR 4.2 million (EUR -2.3 million). The costs associated with the preparations concerning the pharmacy business in Sweden in 1

January 2010 - 19 February 2010 were EUR 2.2 million (EUR 6.0 million in January-June 2009). In addition, EUR 0.7 million has been entered as depreciation on the fair value allocation of the acquisition.

Second-quarter net sales came to EUR 241.4 million (EUR 130.5 million), of which retail accounted for EUR 115.5 million (EUR 0.0 million) and wholesale EUR 140.3 million (EUR 130.5 million). Operating profit was EUR 5.6 million (EUR -2.0 million).

On 19 February 2010, Kronans Droghandel Retail AB acquired 100 per cent of the stock of a pharmacy company with 170 pharmacies nationwide. Paid in cash, the final price was EUR 161.5 million (SEK 1.59 billion). In 2009, the pro forma net sales of the acquired pharmacy cluster was SEK 4.6 billion (SEK 4.4 billion in 2008) and pro forma operating profit including average central overhead costs of Apoteket AB was SEK 205 million (SEK 183 million in 2008). Oriola-KD had 173 pharmacies in Sweden at the end of June 2010. Oriola-KD's logistics centres are located in Gothenburg and Enköping.

The pharmaceutical market grew 0.6 per cent (2.8 per cent) in Sweden in January-June 2010. Oriola-KD's market share in the Swedish wholesale market was 40.4 per cent (41.4 per cent) in January-June 2010 (source: IMS Health).

Pharmaceutical Trade Sweden had 1360 (268) employees at the end of June 2010, of whom 1045 (0) were employed in retail and 315 (268) in wholesale.

Pharmaceutical Trade Russia

Pharmaceutical Trade Russia's net sales in January-June 2010 were EUR 255.0 million (EUR 213.9 million), of which retail accounted for EUR 47.5 million (EUR 49.7 million) and wholesale EUR 231.9 million (EUR 192.3 million).

The January-June 2010 operating loss was EUR 2.5 million (operating profit of EUR 16.3 million), which includes discounts from pharmaceutical companies associated with purchases. The Russian pharmaceutical market growth in Russian rubles was some 0 per cent in January-June 2010 (some 30 per cent), which together with the price control system has led to very intense competition. Oriola-KD's net sales increased by about 8 per cent (35 per cent) in Russian rubles in January-June 2010.

Second-quarter net sales came to EUR 132.8 million (EUR 106.6 million), of which retail accounted for EUR 23.9 million (EUR 24.0 million) and wholesale EUR 121.3 million (EUR 95.9 million). Operating loss was EUR 2.0 million (operating profit of EUR 8.6 million).

At the end of June 2010, Oriola-KD had 181 (163) pharmacies in the Moscow region and nine regional distribution centres in Russia in addition to its main logistics centre. Also, Oriola-KD started pharmaceutical wholesale in Yekaterinburg and Novosibirsk during the first half-year. The regional expansion of the Russian wholesale business and the growth of the retail business in Moscow will be continued during 2010.

Pharmaceutical Trade Russia had 2,766 (3,119) employees at the end of June 2010, of whom 1,277 (1,609) were employed in retail and 1,489 (1,510) in wholesale. Measures were taken to improve the efficiency of operations, and as a consequence the number of employees has decreased in spite of the increase in the number of pharmacies and the regional expansion of the wholesale business.

Pharmaceutical Trade Baltic Countries

Pharmaceutical Trade Baltic Countries' net sales in January-June 2010 were EUR 15.6 million (EUR 17.3 million) and operating profit was EUR 0.4 million (EUR 0.4 million).

Second-quarter net sales were EUR 7.3 million (EUR 8.8 million) and operating profit EUR 0.2 million (EUR 0.2 million).

Oriola-KD discontinued pharmaceutical wholesale in Estonia in the first quarter of 2010. The discontinuation of business operations did not have any material cost effect.

Pharmaceutical Trade Baltic Countries had 103 (133) employees at the end of June 2010.

Dental Trade

In January-June 2010, the operating profit of Dental Trade was EUR 3.1 million (EUR 1.8 million). Second-quarter operating profit was EUR 1.4 million (EUR 0.7 million).

The dental trade businesses of Oriola-KD Corporation and Lifco AB were combined in 2007. Oriola-KD's holding in the Dental Trade business is 30 per cent and Lifco's holding is 70 per cent. Oriola-KD's operating profit includes the profit after taxes from the associated company.

Related parties

Related parties in the Oriola-KD Group are deemed to comprise the parent company Oriola-KD Corporation, the 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. Oriola-KD Corporation has given internal loans mainly to the holding companies of Swedish and Russian businesses. Oriola-KD Corporation has given no significant sureties on behalf of Group companies, with the exception of a mother company guarantee for a loan given to Kronans Droghandel Retail AB.

Oriola-KD Corporation shares

Trading volume of Oriola-KD Corporation's class A and B shares in January-June 2010:

Trading volume	Jan-Jun 2010		Jan-Jun 2009	
	Class A	Class B	Class A	Class B
Trading volume, million	3.6	53.8	2.9	42.2
Trading volume, EUR million	16.9	228.4	6.3	95.9
Highest, EUR	5.47	5.49	2.85	2.85
Lowest, EUR	3.30	3.30	1.68	1.68
Closing quotation, end of period, EUR	3.95	3.83	2.77	2.76

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 38.0 per cent (31.6 per cent) of the total number of shares. The traded volume of class A shares amounted to 7.5 per cent (6.0 per cent) of the average stock, and that of class B shares, excluding treasury shares, 52.1 per cent (44.8 per cent).

Oriola-KD Corporation's market capitalisation on 30 June 2010 was EUR 585.0 million (EUR 417.0 million).

On 8 March 2010, pursuant to the authorisation granted to it by the Annual General Meeting of 13 March 2007, the Board of Directors of Oriola-KD Corporation resolved that a directed bonus issue be made, in which a total of 209,300 class B shares held by the company were assigned to the company's President and CEO and to certain other members of Oriola-KD Corporation's Group Management Team and of its extended Group Management Team, as part of the 2007-2009 share-based incentive scheme for the Group's management. These shares represent approximately 0.14 per cent of the total number of company shares and approximately 0.02 per cent of the total number of votes.

On 28 June 2010, pursuant to the authorisation granted to it by the Annual General Meeting of 13 March 2007, the Board of Directors of Oriola-KD Corporation resolved that a directed bonus issue be made, in which a total of 37,350 class B shares held by the company were assigned to certain key members of the Oriola-KD Group as part of the 2007-2009 share-based incentive scheme for the Group's management. These shares represent approximately 0.02 per cent of the total number of company shares and approximately 0.0035 per cent of the total number of votes.

The company has 96,822 treasury shares, all of which are class B shares. These account for 0.06 per cent of the company's shares and 0.009 per cent of the votes.

At the end of June 2010, the company had 151,257,828 shares (151,257,828), of which 47,217,359 were class A shares (48,392,203) and 104,040,469 were class B shares (102,865,625). Pursuant to article 3 of the Articles of Association, a shareholder can request that class A shares be converted to class B shares. During January-June 2010, a total of 450,000 (300,000) Class A shares were converted into Class B shares

The Board of Directors of Oriola-KD has defined the earning criteria for the share incentive scheme for the Group's key personnel for the years 2010-2012 so that any payment for the 2010 earning period will be based on Oriola-KD's earnings per share (EPS) and return on capital employed (ROCE).

Risks

The Board of Directors of Oriola-KD 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 the operations of the company and the achievement of goals set for them. 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:

- changes in bargaining position vis-à-vis suppliers and customers;
- impacts of the changes in Pharmaceutical Trade Sweden on business;
- impacts of the changes in Pharmaceutical Trade Russia on business;
- maintenance of cost-effectiveness and flexibility in costs;
- provision of competitive products and services in expanding and consolidating markets; and
- commitment of key employees.

The major financial risks for Oriola-KD involve currency exchange rates, interest rates, liquidity and credit.

Oriola-KD's exposure to risks relating to businesses and financial risks has increased with the expansion into the Russian pharmaceutical retail and wholesale market and the Swedish pharmaceutical retail market. Currency risks are the most significant of Oriola-KD's financial risks in Russia and Sweden, as any changes in the value of the Russian ruble or the Swedish krona will have an impact on Oriola-KD's financial performance and equity.

Goodwill and intangible rights are subject to annual impairment testing, which may have a negative effect on Oriola-KD's financial performance.

Near-term risks and uncertainty factors

The difficult state of the Russian economy, intense competition and the price control system have a material impact on Oriola-KD near-term outlook in the country. The development of the Swedish pharmacy market is subject to uncertainties that may have a substantial effect on Oriola-KD's Swedish business.

Decisions of the Annual General Meeting

The Annual General Meeting of Oriola-KD Corporation, held on 7 April 2010, confirmed the 2009 financial statements and discharged the Board members and the President and CEO from liability for the financial year ending 31 December 2009. The Annual General Meeting resolved that the sum of EUR 0.12 per share be paid as dividend on the basis of the balance sheet adopted for the financial year ending 31 December 2009.

The Board was authorised, in accordance with its proposal, to decide on the payment of additional dividend from undistributed profits and/or distribution of funds, in one or more batches, from the company's invested non-restricted equity fund or both so that the amount of the additional dividend and/or return of capital paid under the authorisation would not exceed EUR 0.05 per share. The authorisation will be in force until the next annual general meeting.

The Annual General Meeting confirmed that the Board comprises eight members. Harry Brade, Pauli Kulvik, Outi Raitasuo, Antti Remes, Olli Riikkala, Jaakko Uotila and Mika Vidgrén were re-elected to the Board. Per

Båtelson was elected as a new member to the Board. Olli Riikkala continues as Chairman of the Board. The Annual General Meeting confirmed that the Chairman of the Board will receive EUR 48,400 in remuneration for his term of office, the Vice Chairman EUR 30,250 and the other members of the Board EUR 24,200 each. Of the annual fees, 60 per cent will be paid in cash and 40 per cent in company shares so that after the release of the company's interim report for the first quarter of 2010, Oriola-KD Corporation Class B shares would be acquired on the market for Board members, and the cash portion of the annual fee will also be paid. The Chairman of the Board will receive an attendance fee of EUR 800 for each meeting, and the other Board members EUR 400 per meeting. Meeting fees will also be paid in the same manner to members of any committees set up by the Board of Directors or the company. The Chairman of the Board will also have a company-paid phone. Travel expenses will be paid in accordance with the travel policy of the company.

The Annual General Meeting re-elected PricewaterhouseCoopers Oy as auditor for the company, with Heikki Lassila APA as principal auditor, for the 2010 financial year. The auditor will be remunerated according to invoice.

The Annual General Meeting resolved that article 12 of the Articles of Association on time of the notice of general meeting be amended.

The Annual General Meeting authorised the Board to decide on the purchase of Oriola-KD Corporation class B shares in accordance with the Board's proposal. Pursuant to the authorisation, the Board is authorised to decide on the purchase of no more than 15,000,000 of the company's own class B shares, corresponding to approximately 9.92 per cent of the total number of company shares. The authorisation can only be used in such a way that the company and its subsidiaries together would hold no more than one tenth (1/10) of the total number of company shares at any one time. The purchase authorisation would remain in force no longer than eighteen (18) months following the decision of the General Meeting. The authorisation revokes the Annual General Meeting's decision of 16 April 2009 authorising the Board to decide on the purchase of Oriola-KD Corporation class B shares.

The Annual General Meeting authorised the Board to decide on a share issue of the company's shares against payment in one or more batches in accordance with the Board's proposal. The authorisation includes the right to issue new class B shares or to assign class B shares held by the company. The authorisation covers no more than thirty million (30,000,000) of the company's class B shares in total, which corresponds to approximately 19.83 per cent of the total number of company shares. The authorisation granted to the Board includes the right to deviate from the pre-emptive subscription right of shareholders, provided that there are financial grounds considered important from the company's perspective for such a deviation. The authorisation will remain in force for eighteen (18) months following the decision of the General Meeting. The authorisation revokes the share issue authorisations previously received by the Board, with the exception of the authorisation granted to the Board by the Annual General Meeting of 13 March 2007, under which the Board may decide on arranging a directed bonus issue of no more than 650,000 class B shares for the purpose of implementing the 2007-2009 share-based incentive scheme for management.

The Annual General Meeting also authorised the Board to decide on granting the company's shares to the company in one or more batches under a bonus issue in accordance with the Board's proposal. The maximum amount of the company's new B class shares issued under this authorisation is 1,200,000, which was 0.79 per cent of the company's total shares and 0.11 per cent of total votes. The purpose of the authorisation is to allow treasury shares to be used as laid out below in the new share-based incentive scheme or Oriola-KD key persons. The Board was also authorised to issue class B shares, waiving the pre-emptive subscription rights of the shareholders according to the Board's proposal. The class B shares issued may be either new or treasury shares. The total share amount of the authorisation is 1.200.000 class B shares. The share issue may be a bonus issue. These shares represent approximately 0.79 per cent of the total number of company shares and approximately 0.11 per cent of the total number of votes. The Board may use this authorisation in the new 2010-2012 share-based incentive scheme or Oriola-KD key persons. The authorisations remain in force for no more than four (4) years following the decision of the General Meeting.

Decisions of the organisational meeting of the Board

At the organisational meeting held immediately after the AGM, the Board resolved to elect Antti Remes to continue serving as Vice Chairman of the Board. The composition of the Audit and Compensation Committees was confirmed as follows.

Audit Committee:
Antti Remes, Chairman
Harry Brade
Outi Raitasuo
Mika Vidgrén

Compensation Committee:
Olli Riikkala, Chairman
Pauli Kulvik
Jaakko Uotila

The company also has a Nomination Committee, the members of which will be elected later.

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

Outlook

Oriola-KD's outlook for 2010 is based on external market forecasts, agreements with suppliers and customers, order intake and management assessments. Long-term fundamentals and growth prospects are expected to be favourable in the pharmaceutical market.

Oriola-KD expects that the pharmaceutical market in Finland and Sweden will grow by about 3-5 per cent annually over the next few years in the local currencies, which is in line with the longer-term average growth rate of these markets. The Russian pharmaceutical market is expected to see annual growth of approximately 10-15 per cent in Russian rubles in the next few years. The growth of the Russian pharmaceutical market in 2010 is expected to be significantly slower than in the long term, mainly because of the difficult state of the Russian economy, very intense competition and the price control system. Competition in the Swedish retail market is expected to be stiff in 2010 as a result of the deregulation.

Oriola-KD's net sales from its continuing operations for 2010 is forecasted to be higher than in 2009 and operating profit is forecasted to be lower than in 2009. Pharmaceutical Trade Russia's operating profit is forecasted to be clearly lower than in 2009.

Tables

Consolidated Statement of Comprehensive Income (IFRS), EUR million	**1 Jan - 30 June 2010**	**1 Jan - 30 June 2009**	**1 Apr - 30 June 2010**	**1 Apr - 30 June 2009**	**1 Jan - 31 Dec 2009**
Continuing operations					
Net sales	903.1	746.5	487.3	377.8	1569.2
Cost of goods sold	-779.9	-649.2	-416.7	-330.0	-1363.8
Gross profit	123.2	97.4	70.6	47.7	205.4
Other operating income	1.9	1.0	0.8	0.5	2.1
Selling and distribution expenses	-91.2	-63.2	-45.5	-32.3	-129.2
Administrative expenses	-25.7	-15.7	-19.0	-6.2	-25.8
Profit from associated companies	3.1	1.8	1.4	0.8	3.9
Operating profit	11.3	21.2	8.4	10.5	56.4
Financial income	3.4	4.6	2.3	2.6	7.9
Financial expenses	-5.7	-6.4	-3.8	-3.5	-9.9
Profit before taxes	9.0	19.4	6.9	9.5	54.5
Income taxes*)	-1.6	-4.1	-1.5	-1.9	-11.4
Profit from the continuing operations					

for the period under review	7.4	15.3	5.4	7.6	43.0
Discontinued operations					
Profit from the discontinued operations for the period under review	56.2	3.4	55.3	2.2	5.6
Profit for the period under review including discontinued operations	63.6	18.7	60.7	9.8	48.6
Other comprehensive income					
Hedge of a net investment in a foreign operation	8.2	-2.7	2.5	1.2	-2.0
Cash flow hedge	-0.4	-	-0.4	-	-
Income tax relating to other comprehensive income	-1.6	0.5	-0.5	-0.2	0.4
Translation difference	30.8	-4.9	17.1	3.2	1.3
Total comprehensive income for the period under review including discontinued operations	100.6	11.7	79.4	13.9	48.4
Attribution of profit from the continuing operations for the period under review					
To parent company shareholders	7.4	15.3	5.4	7.6	43.9
To minority interest	-	-	-	-	-0.9
Attribution of profit for the period under review including discontinued operations					
To parent company shareholders	63.6	18.7	60.7	9.8	49.5
To minority interest	-	-	-	-	-0.9
Attribution of total comprehensive income for the period under review (including discontinued operations)					
To parent company shareholders	100.6	11.7	79.4	13.9	49.3
To minority interest	-	-	-	-	-0.9
Earnings per share from the continuing operations					
Basic earnings per share, EUR	0.05	0.11	0.04	0.05	0.30
Diluted earnings per share, EUR	0.05	0.11	0.04	0.05	0.30
Earnings per share for the period under review (including discontinued operations)					
Basic earnings per share, EUR	0.42	0.13	0.40	0.07	0.34
Diluted earnings per share, EUR	0.42	0.13	0.40	0.07	0.34

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

Consolidated Balance Sheet (IFRS),

EUR million

ASSETS	30 June 2010	30 June 2009	31 Dec 2009
Non-current assets			
Property, plant and equipment	61.0	53.1	53.3
Goodwill	258.4	118.9	141.7
Other intangible assets	72.6	38.7	39.5
Investments in associated companies	30.4	28.4	30.7
Other non-current assets	8.3	8.7	7.5
Deferred tax assets	5.7	2.3	2.5
Non-current assets total	436.5	250.1	275.2
Current assets			
Inventories	311.8	261.1	287.1
Trade and other receivables	276.8	265.8	227.1
Cash and cash equivalents	148.1	42.2	133.7
Current assets total	736.7	569.1	647.8
ASSETS TOTAL	**1173.2**	**819.2**	**923.1**

EQUITY AND LIABILITIES	30 June 2010	30 June 2009	31 Dec 2009
Equity			
Share capital	36.2	36.2	36.2
Other funds	50.4	50.8	50.9
Retained earnings	239.3	118.6	156.4
Equity of the parent company shareholders	325.9	205.5	243.4
Minority interest	-	-	10.8
Equity total	325.9	205.5	254.2
Non-current liabilities			
Deferred tax liabilities	23.1	14.1	13.6
Pension liabilities	5.0	4.3	4.9
Provisions	-	0.0	0.0
Interest-bearing non-current liabilities	116.6	0.1	0.2
Non-current liabilities total	144.8	18.5	18.8
Current liabilities			
Trade payables and other current liabilities	596.0	451.9	500.5
Interest-bearing current liabilities	106.6	143.2	149.5
Current liabilities total	702.5	595.1	650.1
EQUITY AND LIABILITIES TOTAL	**1173.2**	**819.2**	**923.1**

Consolidated Statement of Changes in Equity (IFRS)

Equity of the

EUR million	Share capital	Other funds	Translation differences	Retained earnings	parent company share-holders	Minority interest	Total
Equity							
1 Jan 2009	36.2	30.1	-30.1	148.2	184.4	1.0	185.5
Dividends paid	-	-	-	-11.3	-11.3	-	-11.3
Share issue	-	20.6	-	-	20.6	-	20.6
Change in minority interest	-	-	-	-	0.0	-1.0	-1.0
Share-based payments	-	-	-	0.1	0.1	-	0.1
Total comprehensive income for the period under review	-	-	-7.0	18.7	11.7	-	11.7
Equity							
30 June 2009	36.2	50.8	-37.1	155.7	205.5	0.0	205.5

Equity							
1 Jan 2010	36.2	50.9	-30.4	186.8	243.4	10.8	254.2
Dividends	-	-	-	-18.1	-18.1	-	-18.1
Share issue	-	-	-	-	0.0	-	0.0
Change in minority interest	-	-	-	-	0.0	-10.8	-10.8
Share-based payments	-	-	-	0.1	0.1	-	0.1
Assignment of shares	-	-0.1	-	-	-0.1	-	-0.1
Total comprehensive income for the period under review	-	-0.4	37.4	63.6	100.6	-	100.6
Equity							
30 June 2010	36.2	50.4	7.0	232.4	325.9	0.0	325.9

Consolidated Cash Flow Statement *) (IFRS), EUR million	**1 Jan - 30 June 2010**	**1 Jan - 30 June 2009**	**1 Jan - 31 Dec 2009**
Operating profit	14.2	25.9	65.4
Depreciation	5.5	4.8	9.4
Change in working capital	33.6	-24.6	37.9
Cash flow from financial items and taxes	-7.5	-8.1	-13.3
Other adjustments	8.4	-3.8	1.5
Net cash flow from operating activities	54.1	-5.8	100.9
Net cash flow from investing activities	-153.3	-26.7	-28.0
Net cash flow from financing activities	108.0	28.8	14.5
Net change in cash and cash equivalents	8.9	-3.7	87.4
Cash and cash equivalents at the beginning of the period	133.7	46.5	46.5
Foreign exchange rate differences	5.5	-0.5	-0.2

Net change in cash and cash equivalents	8.9	-3.7	87.4
Cash and cash equivalents at the end of the period	148.1	42.2	133.7

*) Includes net cash flow of Healthcare Trade until 31 May 2010.

Change in Property, Plant and Equipment, EUR million	**1 Jan - 30 June 2010**	**1 Jan - 30 June 2009**	**1 Jan - 31 Dec 2009**
Carrying amount at the beginning of the period	53.3	54.5	54.5
Increases through acquisitions of subsidiary shares	8.9	-	-
Increases	4.5	2.8	6.0
Decreases	-4.0	-0.7	-1.8
Depreciation	-3.7	-3.2	-6.5
Foreign exchange rate differences	2.1	-0.3	1.1
Carrying amount at the end of the period	61.0	53.1	53.3

Key Figures	**1 Jan - 30 June 2010**	**1 Jan - 30 June 2009**	**1 Jan - 31 Dec 2009**
Equity ratio, %	28.5%	25.8%	29.2%
Equity per share, EUR	2.16	1.36	1.61
Return on capital employed (ROCE), %	4.8%	16.1%	18.7%
Return on equity, %	5.1%	19.1%	22.1%
Net interest-bearing debt, EUR million	75.1	101.1	16.0
Gearing, %	23.0%	49.2%	6.3%
Earnings per share, EUR	0.42	0.13	0.34
Average number of shares, 1000 pcs	151 167	143 044	147 034

Derivatives, Commitments and Contingent Liabilities

30 June 2010

EUR million	**Positive fair value**	**Negative fair value**	**Nominal values of contracts**
Derivatives recognised as cash flow hedges			
Foreign currency forward and swap contracts	-	-	-
Interest rate swaps	-	-0.4	105.0
Derivatives measured at fair value through profit or loss			
Foreign currency forward and swap contracts	0.6	-	59.3

30 June 2009

EUR million	**Positive fair value**	**Negative fair value**	**Nominal values of contracts**
Derivatives recognised as cash flow hedges			
Foreign currency forward and swap contracts	2.1	-	40.8
Derivatives measured at fair value through profit or loss			
Foreign currency forward and swap contracts	0.3	-	20.0

Contingencies for Own Liabilities, EUR million	**30 June 2010**	**30 June 2009**	**31 Dec 2009**
Guarantees given	119.4	35.6	36.8
Mortgages on land and buildings	2.0	2.0	2.0
Mortgages on company assets	2.2	1.9	2.0
Other guarantees and liabilities	0.1	1.4	1.9
Total	123.7	41.0	42.7
Leasing-liabilities (operating liabilities)	1.2	0.4	0.3
Rent contingencies	59.6	34.7	33.8

Net Sales by Operating Segments, EUR million	**1 Jan - 30 June 2010**	**1 Jan - 30 June 2009**	**1 Jan - 31 Dec 2009**
Pharmaceutical Trade Finland	210.4	258.8	505.1
Pharmaceutical Trade Sweden	422.4	256.9	548.3
Pharmaceutical Trade Russia	255.0	213.9	480.7
Pharmaceutical Trade Baltics	15.6	17.3	35.7
Net sales to other segments	-0.2	-0.3	-0.5
Continuing operations total	903.1	746.5	1569.2
Discontinued operations	65.3	69.9	145.1
Net sales to other segments	-1.6	-0.6	-1.2
Group Total	966.8	815.8	1713.1

Operating Profit by Operating Segments, EUR million	**1 Jan - 30 June 2010**	**1 Jan - 30 June 2009**	**1 Jan - 31 Dec 2009**
Pharmaceutical Trade Finland	9.5	8.8	18.1
Pharmaceutical Trade Sweden	4.2	-2.3	-5.0
Pharmaceutical Trade Russia	-2.5	16.3	44.5
Pharmaceutical Trade Baltics	0.4	0.4	0.9
Dental Trade	3.1	1.8	3.9
Group Administration and Others	-3.5	-3.7	-5.9
Continuing operations total	11.3	21.2	56.4
Discontinued operations	56.9	4.7	8.9
Group Total	68.2	25.9	65.4
Continuing operations			
Average number of personnel	4 590	4 002	3 923
Number of personnel at the end of the period	4 721	3 925	3 870
Group total			
Average number of personnel	4 930	4 460	4 373
Number of personnel at the end of the period	4 721	4 399	4 299

Net Sales by Operating Segments, EUR million	**Q2/2010**	**Q1/2010**	**Q4/2009**	**Q3/2009**	**Q2/2009**	**Q1/2009**
Pharmaceutical Trade Finland	105.9	104.5	125.8	120.6	132.0	126.8
Pharmaceutical Trade Sweden	241.4	181.0	159.3	132.1	130.5	126.4
Pharmaceutical Trade Russia	132.8	122.1	148.2	118.6	106.6	107.2
Pharmaceutical Trade Baltics	7.3	8.3	10.3	8.0	8.8	8.6
Net sales to other segments	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2

Continuing operations total	487.3	415.7	443.5	379.2	377.8	368.8
Discontinued operations	30.9	34.4	43.4	31.9	34.9	35.0
Net sales to other segments	-0.5	-1.1	-0.3	-0.3	-0.3	-0.3
Group Total	517.7	449.0	486.5	410.8	412.3	403.5

Operating Profit by Operating Segments, EUR million	**Q2/2010**	**Q1/2010**	**Q4/2009**	**Q3/2009**	**Q2/2009**	**Q1/2009**
Pharmaceutical Trade Finland	5.0	4.5	4.4	4.9	4.9	3.9
Pharmaceutical Trade Sweden	5.6	-1.4	-2.2	-0.4	-2.0	-0.4
Pharmaceutical Trade Russia	-2.0	-0.4	21.6	6.6	8.6	7.6
Pharmaceutical Trade Baltics	0.2	0.3	0.3	0.2	0.2	0.1
Dental Trade	1.4	1.6	1.2	0.8	0.7	1.1
Group Administration and Others	-1.9	-1.6	-0.8	-1.5	-2.0	-1.6
Continuing operations total	8.4	3.0	24.5	10.7	10.5	10.7
Discontinued operations	55.6	1.3	2.4	1.9	3.0	1.7
Group Total	64.0	4.2	26.9	12.6	13.5	12.4

Net Sales by Market, EUR million	**1 Jan - 30 June 2010**	**1 Jan - 30 June 2009**	**1 Jan - 31 Dec 2009**
Finland	211.5	258.5	509.9
Sweden	419.0	256.9	539.8
Russia	255.0	213.9	480.7
Baltic countries	15.6	17.3	35.7
Other countries	2.1	0.0	3.2
Continuing opertions total	903.1	746.5	1569.2

Net Sales by Market, EUR million	**Q2/2010**	**Q1/2010**	**Q4/2009**	**Q3/2009**	**Q2/2009**	**Q1/2009**
Finland	106.5	105.0	126.3	125.1	131.9	126.6
Sweden	239.5	179.4	157.7	125.2	130.5	126.4
Russia	132.8	122.1	148.2	118.6	106.6	107.2
Baltic countries	7.3	8.3	10.3	8.0	8.8	8.6
Other countries	1.2	0.9	1.0	2.2	-	-
Continuing operations total	487.3	415.7	443.5	379.2	377.8	368.8

DISCONTINUED OPERATIONS

Comprehensive Income (IFRS), EUR million	**1 Jan - 31 May 2010**	**1 Jan - 31 Dec 2009**
Discontinued operations		
Net sales	65.3	145.1
Cost of goods sold	-46.6	-100.3
Gross profit	18.6	44.8
Other operating income	54.2	2.2
Selling and distribution expenses	-15.0	-35.3
Administrative expenses	-1.0	-2.8
Operating profit	56.9	8.9

Financial income	0.1	0.0
Financial expenses	-0.1	-1.4
Profit before taxes	56.9	7.6
Income taxes*)	-0.7	-2.0
Profit from the discontinued operations for the period under review	56.2	5.6
Attribution of profit from the discontinued operations for the period under review		
To parent company shareholders	56.2	5.6
To minority interest	-	-
Earnings per share from the discontinued operations		
Basic earnings per share, EUR	0.37	0.04
Diluted earnings per share, EUR	0.37	0.04

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

Cash Flow Statement (IFRS), EUR million	**1 Jan - 31 May 2010**	**1 Jan - 31 Dec 2009**
Net cash flow from operating activities	6.7	-3.5
Net cash flow from investing activities	-0.9	-1.9
Net cash flow from financing activities	0.2	5.4
Net change in cash and cash equivalents	6.0	-0.1

BUSINESS COMBINATIONS DISCLOSURE

Acquisition of national pharmacy chain in Sweden (Pharmacy Company Sweden 2 AB)

Oriola-KD announced in November 2009 that it would acquire 100 per cent of the shares of Pharmacy Company Sweden 2 AB, a national pharmacy cluster with 170 pharmacies. The transaction was executed in February 2010. The acquired pharmacy business covers only retail activities. The transaction does not include any contingent considerations. Entering the pharmaceutical retail business in Sweden is an important part of Oriola-KD's strategy to expand the operations from pharmaceutical wholesale to retail.

The acquisition cost is calculated on the basis of the company's provisional balance sheet as per 19 February 2010 prepared in accordance with IFRS and the Oriola-KD Group's accounting principles in respect of all material elements. The provisional balance sheet and acquisition cost calculation are unaudited.

The acquisition is accounted for using provisional values as permitted under IFRS 3R. Over the 12 months following the acquisition, Oriola-KD will make the necessary adjustments to these provisional values. The fair value of the identifiable fixed assets was 8.6 million euros and inventory 22.2 million euros. These figures are provisional figures and the values might be adjusted during 2010.

The fair value of trade receivables and other receivables is 50.9 million euros and it does not include any material risk.

The initial purchase price allocation calculation calculated in Swedish crowns has been translated into euros by using the exchange rate of acquisition date.

The financial result and the balance sheet of the acquired company has been consolidated into the Oriola-KD Group from the acquisition date, i.e. 19 February 2010.

Business combinations disclosure under IFRS 3 (revised)

The 101.3 million euro goodwill arising from the acquisition is primarily representing the strong market position, growth expectations, opportunities after monopoly deregulation and experienced existing personnel as well as expected synergies with Oriola-KD's sizeable wholesale operations in Sweden. None of the goodwill is deductible for income tax purposes.

The following table summarises the consideration paid for the pharmacy cluster and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date, as well as the fair value at the acquisition date of the non-controlling interest.

Consideration **19.2.2010**	Carrying amount, EUR million	Fair value allocations, EUR million	Fair value, EUR million
Cash	**161.5**	0.0	**161.5**
Equity instruments	0	0.0	0.0
Contingent consideration	0	0.0	0.0
Total consideration transferred	**161.5**		**161.5**
Indemnification asset	0	0.0	0.0
Fair value of equity interest held before the business combination	0	0.0	0.0
Total consideration	**161.5**		**161.5**
Acquisition related costs			
-included in administrative expenses in the consolidated income statement for 2009	1.2		
-included in administrative expenses in the consolidated income statement for 2010	0.5		
Recognised amounts of identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	2.4	0.0	2.4
Property, plant and equipment	8.6	0.0	8.6
Trademarks (included in intangibles)	0.0	0.0	0.0
Pharmacy licences and rental agreements (included in intangibles)	0.0	25.4	25.4
Contractual customer relationship (included in intangibles)	0.0	0.0	0.0
Investment in associates	0.0	0.0	0.0
Available-for-sale financial assets	0.0	0.0	0.0
Inventories	22.2	0.2	22.4
Trade receivables	44.0	0.0	44.0
Other receivables	6.8	0.0	6.8
Trade and other payables	-42.8	0.0	-42.8
Retirement benefit obligations	0.0	0.0	0.0
Borrowings	0.0	0.0	0.0
Contingent liability	0.0	0.0	0.0
Deferred tax liabilities	0.0	-6.7	-6.7
Total identifiable net assets	**41.3**	**18.9**	**60.2**
Non-controlling interest	0.0	0.0	0.0
Goodwill			**101.3**

The pro forma net sales of the acquired pharmacy cluster was SEK 4.6 billion and pro forma operating profit including average central overhead costs of Apoteket AB was SEK 205 million.

Espoo 28 July 2010

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