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Oriola-KD Corporation's interim report for 1 January – 30 September 2010

This review presents financial information on the continuing operations of the Oriola-KD Group (hereinafter Oriola-KD) for the period January–September 2010. Oriola-KD's Healthcare Trade business was sold to Mediq on 31 May 2010, and its figures are reported in the tables under discontinued operations. The figures for the 03 Apteka pharmacy chain purchased in Russia have been consolidated with those of Oriola-KD as of 31 August 2010. The interim report for 1 January–30 September 2010 has been drawn up in accordance with the calculation principles of the IAS 34 standard and with Oriola-KD's 2009 annual report. In addition, new IAS/IFRS standards have been adopted in 2010, the most important of which are IFRS 3R and IAS 27. The figures are unaudited.

Key figures for continuing operations, 1 January – 30 September 2010

- Net sales increased by 24 per cent to EUR 1,401.5 million (Jan–Sep 2009: EUR 1,125.8 million)
- Operating profit decreased 79 per cent to EUR 6.8 million (Jan–Sep 2009: EUR 31.9 million)
- Operating profit includes EUR 11.7 million one-off costs: a write-off provision on a EUR 1.7 million receivable in Sweden concerning a pharmaceutical company bankruptcy; a write-off provision on a EUR 2.1 million trade receivable in Russia concerning a pharmaceutical chain bankruptcy; and a EUR 7.9 million write-off by booking purchase-related discounts into the stock value in Russia
- Operating profit excluding the one-off costs was EUR 18.5 million (Jan–Sep 2009: EUR 31.9 million)
- Net profit decreased by 90 per cent to EUR 2.4 million (Jan–Sep 2009: EUR 23.9 million)
- Earnings per share were EUR 0.02 (Jan–Sep 2009: EUR 0.16) and earnings per share including discontinued operations EUR 0.39
- Net cash flow from operations was EUR 43.2 million (Jan–Sep 2009: EUR 6.4 million)
- Return on capital employed was 2.0 per cent (Jan–Sep 2009: 15.5 per cent with inclusion of the Healthcare Trade business)
- Changed outlook: Oriola-KD's net sales from its continuing operations for 2010 are expected to be higher than in 2009 and operating profit is forecasted to be clearly lower than in 2009

Key figures for continuing operations, 1 July – 30 September 2010

- Net sales increased by 31 per cent to EUR 498.5 million (Q3/2009: EUR 379.2 million)
- Operating loss was EUR -4.5 million (Q3/2009: operating profit EUR 10.7 million)
- Operating loss includes EUR 11.7 million one-off costs
- Operating profit excluding the one-off costs was EUR 7.2 million (Jan–Sep 2009: EUR 10.7 million)
- Net result was EUR -5.0 million (Q3/2009: EUR 8.6 million)
- Earnings per share were EUR -0.03 (Q3/2009: EUR 0.06)

President and CEO Eero Hautaniemi: "Net sales in Oriola-KD's continuing operations for January–September 2010 were up by 24 per cent to EUR 1.4 billion. Business in Finland and Sweden has developed well. Operating profit fell as a result of the extremely difficult market environment in Russia and the one-off costs of EUR 11.7 million in the third quarter. Oriola-KD's aim is to adjust its Russian business in line with the tough market environment in the short term, and to continue with business development and growth in line with its strategy in the longer term. In August we completed the acquisition of 70 pharmacies in Moscow and in September we opened two regional distribution centres in Russia."

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–September 2010 were EUR 1,401.5 million (EUR 1,125.8 million), and operating profit was EUR 6.8 million (EUR 31.9 million). Operating profit includes EUR 11.7 million one-off costs: a write-off provision on a EUR 1.7 million receivable in Sweden concerning a pharmaceutical company bankruptcy; a write-off provision on a EUR 2.1 million trade receivable in Russia concerning a pharmaceutical chain bankruptcy; and a EUR 7.9 million write-off by booking purchase-related discounts into the stock value. In Russia the amount and significance of purchase-related discounts has grown during 2010, and as a result Oriola-KD has made a stock write-off by booking purchase-related discounts in the stock value. Profit after financial items came to EUR 3.2 million (EUR 30.2 million) and net profit to EUR 2.4 million (EUR 23.9 million). Earnings per share in January–September 2010 were EUR 0.02 (EUR 0.16).

Third-quarter net sales came to EUR 498.5 million (EUR 379.2 million), and the operating loss was EUR -4.5 million (operating profit EUR 10.7 million) including EUR 11.7 million one-off costs. The result after financial items came to EUR -5.8 million (EUR 10.8 million), and the net result was EUR -5.0 million (EUR 8.6 million). The third-quarter earnings per share came to EUR -0.03 (EUR 0.06).

Oriola-KD's financing expenses in January–September 2010 were EUR 3.6 million (EUR 1.6 million). Taxes amounted to EUR 0.8 million (EUR 6.3 million). Taxes corresponding to the result for continuing operations for January–September 2010 are entered under this figure.

The return on capital employed for continuing operations was 2.0 per cent (15.5 per cent with inclusion of Healthcare Trade) and return on equity 1.1 per cent (18.9 per cent including the Healthcare Trade) in January–September 2010.

Balance sheet, financing and cash flow

The balance sheet, financing and cash flow figures include the Healthcare Trade figures up to 31 May 2010 and also the operating profit from the corporate transaction. The Swedish pharmaceutical retail business has been consolidated with the Oriola-KD figures since 19 February 2010, and the figures for the 03 Apteka pharmacy chain purchased in Russia have been consolidated with Oriola-KD since 31 August 2010.

Oriola-KD’s balance sheet total on 30 September 2010 stood at EUR 1,144.3 million (EUR 855.5 million). Cash assets at the end of September 2010 stood at EUR 89.5 million (EUR 52.3 million). Equity was EUR 302.5 million (EUR 219.7 million), and the equity ratio was 27.1 per cent (26.4 per cent). The sale of the Healthcare Trade business increased Oriola-KD’s equity and equity ratio and decreased interest-bearing net debt and goodwill.

Interest-bearing net debt at the end of September 2010 was EUR 98.4 million (EUR 97.1 million), and the gearing ratio was 32.5 per cent (44.2 per cent). Oriola-KD hedged the long-term interest-bearing debt associated with the Swedish pharmaceutical retail against the interest rate risk during the third 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 by a wide margin at the end of September 2010. Oriola-KD’s committed long-term credit facilities of approximately EUR 102.8 million and EUR 41.9 million in short-term credit account facilities with banks stood unused at the end of the review period. A total of EUR 36.5 million of Oriola-KD’s EUR 150.0 million commercial paper programme was in use.

Net cash flow from operations in January–September 2010 was EUR 43.2 (EUR 6.4 million), of which changes in working capital accounted for EUR 32.1 million (EUR -26.2 million). On the Swedish pharmaceutical wholesale the trade receivables sales programme was continued during the third quarter of 2010

Net cash flow from investments was EUR -166.3 million (EUR -29.6 million). Net cash flow from investments includes the pharmacy chain acquisition in Sweden, the acquisition of the 25 per cent minority share in Russia, operating investments, the sale of the Healthcare Trade and the acquisition of the 03 Apteka pharmacy chain in Russia. During January–September 2010, cash flow after investments was EUR -123.1 million (EUR -23.2 million).

On 24 February 2010, Oriola-KD acquired the remaining 25 per cent holding in Oriola-KD Holding Russia Oy (formerly Foreti Oy), which owns the two Russian pharmaceutical retail and wholesale companies OOO Vitim and OOO Moron. The price of the 25 per cent holding was EUR 65.0 million. The total price of these acquisitions in Russia was EUR 153.7 million, paid in cash.

On 31 August 2010, Oriola-KD acquired a 100 per cent ownership share in the 03 Apteka pharmacy chain operating in the Moscow area. The purchase price was EUR 11.9 million.

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

Investments

Gross investment for January–September 2010 came to EUR 186.1 million (EUR 31.5 million). This includes the EUR 161.5 million Swedish pharmacy chain acquisition, the acquisition of the EUR 11.9 million 03 Apteka pharmacy chain in Russia and EUR 12.7 million operating investments. In January–September the Healthcare Trade business was sold for approximately EUR 85 million.

On 19 February 2010, Kronans Droghandel Retail AB completed the acquisition of 100 per cent of the share capital of a Swedish pharmacy company with 170 pharmacies nationwide. Paid in cash, the price of this acquisition was EUR 161.5 million (SEK 1.59 billion). Oriola-KD has an 80 per cent holding in the joint venture Kronans Droghandel Retail AB, with the remaining 20 per cent being held by Kooperativa Förbundet. Oriola-KD has an obligation and right to acquire a minority share in Kooperativa Förbundet after a long term cooperation. This obligation was recognised in the Oriola-KD balance sheet under interest-bearing long-term debt in conjunction with the acquisition of the pharmacies.

Personnel

On 30 September 2010, Oriola-KD had a payroll of 5,311 (3,817) employees, 8 per cent (11 per cent) of whom worked in Finland, 27 per cent (7 per cent) in Sweden, 63 per cent (79 per cent) in Russia and a total of 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 employees to Oriola-KD's payroll, and the acquisition of the 03 Apteka pharmacy chain, which brought a further total of about 350 employees to Oriola-KD.

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 Baltics, and Dental Trade.

Pharmaceutical Trade Finland

Pharmaceutical Trade Finland's net sales in January–September 2010 were EUR 314.2 million (EUR 379.3 million), and its operating profit was EUR 15.3 million (EUR 13.7 million). The changes made from stock owned by Oriola-KD to consignment stock, as agreed with pharmaceutical companies, contributed to the drop in net sales during the review period.

Third-quarter net sales came to EUR 103.8 million (EUR 120.6 million) and operating profit to EUR 5.9 million (EUR 4.9 million).

The Finnish pharmaceutical market shrank by -0.9 per cent (0.0 per cent) in January–September 2010. Oriola-KD held a 46.5 per cent (46.9 per cent) share of the pharmaceutical wholesale market in Finland in January–September 2010 (source: IMS Health).

At the end of September 2010, 417 (410) people were employed by Pharmaceutical Trade Finland. Oriola-KD's logistics centres are located in Espoo and Oulu.

Pharmaceutical Trade Sweden

Pharmaceutical Trade Sweden's net sales in January–September 2010 were EUR 661.9 million (EUR 389.0 million), of which retail accounted for EUR 282.4 million (EUR 0.0 million) and wholesale EUR 414.1 million (EUR 389.0 million). The acquired pharmaceutical retail business has been consolidated with the Oriola-KD figures as of 19 February 2010.

Pharmaceutical Trade Sweden's operating profit in January–September 2010 was EUR 9.1 million (EUR -2.8 million). The costs of preparations for pharmacy business in Sweden in the period 1 January 2010 – 19 February 2010 came to EUR 2.2 million (Jan–Sep 2009: EUR 8.0 million). The operating profit includes a third-quarter write-off provision on a EUR 1.7 million receivable in the wholesale concerning a pharmaceutical company bankruptcy. In addition, planned depreciation of EUR 1.0 million was recognised for January–September on the fair value allocation of the acquisition.

Third-quarter net sales came to EUR 239.5 million (EUR 132.1 million), of which retail accounted for EUR 116.1 million (EUR 0.0 million) and wholesale EUR 137.6 million (EUR 132.1 million). Operating profit was EUR 4.9 million (operating loss EUR -0.4 million), which includes EUR 1.7 million one-off costs.

On 19 February 2010, Kronans Droghandel Retail AB completed the acquisition of 100 per cent of the share capital of a Swedish pharmacy company with 170 pharmacies nationwide. Paid in cash, the final price of the acquisition was EUR 161.5 million (SEK 1.59 billion). In 2009, the pro forma net sales of the acquired pharmacy chain were SEK 4.6 billion (2008: SEK 4.4 billion) and pro forma operating profit including average central overhead costs of Apoteket AB was SEK 205 million (2008: SEK 183 million). Oriola-KD had 176 pharmacies in Sweden at the end of September 2010. Kronans Droghandel Retail AB merged with the acquired pharmacy company, Kronans Droghandel Apotek AB, on 30 September 2010. Oriola-KD's logistics centres are located in Gothenburg and Enköping.

The Swedish pharmaceutical market grew by 1.1 per cent (2.6 per cent) in January–September 2010. Oriola-KD held a 40.5 per cent (41.4 per cent) share of the pharmaceutical wholesale market in Sweden in January–September 2010 (source: IMS Health). Oriola-KD's market share of the Swedish retail pharmaceutical market in September 2010 was 14 per cent (source: IMS Health).

Pharmaceutical Trade Sweden had 1,455 (273) employees at the end of September 2010, of whom 1,143 (0) were employed in retail and 312 (273) in wholesale.

Pharmaceutical Trade Russia

Pharmaceutical Trade Russia's net sales in January–September 2010 were EUR 402.8 million (EUR 332.5 million), of which retail accounted for EUR 72.9 million (EUR 71.1 million) and wholesale EUR 369.5 million (EUR 302.5 million). The 03 Apteka pharmaceutical retail business acquired has been consolidated with the Oriola-KD figures as of 31 August 2010. One month's share of the annual EUR 0.4 million depreciation was recognised for September based on the fair value allocation of the acquisition.

The operating loss in January–September 2010 was EUR -18.1 million (operating profit EUR 22.8 million). The operating loss includes EUR 10.0 million one-off costs: a write-off provision on a EUR 2.1 million trade receivable concerning a pharmaceutical chain bankruptcy, and a EUR 7.9 million stock value write-off as a result of an extremely tough market environment. In Russia the amount and significance of purchase-related discounts has grown during 2010, and as a result Oriola-KD has made a stock write-off by booking purchase-related discounts in the stock value.

Growth in the Russian pharmaceutical market in January–September 2010, measured in rubles, was about 3 per cent (approx. 20 per cent). This below-forecast growth together with the price control system has lead to very intense competition. Oriola-KD's net sales increased by about 9 per cent (40 per cent) in rubles in January–September 2010.

Third-quarter net sales came to EUR 147.8 million (EUR 118.6 million), of which retail accounted for EUR 25.4 million (EUR 21.4 million) and wholesale EUR 137.5 million (EUR 110.1 million). The operating loss was EUR -15.7 million (operating profit EUR 6.6 million), which includes EUR 10.0 million one-off costs.

Oriola-KD acquired a 100 per cent holding in Russian pharmaceutical retail company OOO 03 Apteka on 31 August 2010. The pharmacy chain has 70 pharmacies in the Moscow area. The transaction price was EUR 11.9 million and it was paid in cash. The acquired company had no interest-bearing debt. The pharmacy chain's net sales in 2009 were about EUR 40 million, and the operating profit was about 5 per cent of net sales. The company employs about 350 people. The acquisition of the pharmacy chain supports Oriola-KD's strategy of expanding its pharmaceutical retail business in the Moscow area and of increasing Oriola-KD's pharmaceutical wholesale business in Russia. At the end of September, following the acquisition, Oriola-KD had 251 (170) pharmacies in the Moscow area, of which 181 were operating under the Stary Lekar name.

In addition to its main logistics centre in Moscow, Oriola-KD has eleven regional logistics centres in Russia, of which the centres in Yekaterinburg and Novosibirsk were opened in September 2010. The regional expansion of the Russian wholesale business and the organic growth of the retail business in the Moscow area are continuing. The organisation in Russia will be further strengthened in the latter part of the year, with the aim of developing the operating activities and achieving business growth in line with the strategy.

Pharmaceutical Trade Russia had 3,336 (3,011) employees at the end of September 2010, of whom 1,730 (1,448) were employed in retail and 1,606 (1,563) in wholesale.

Pharmaceutical Trade Baltics

Pharmaceutical Trade Baltics' net sales in January–September 2010 were EUR 23.0 million (EUR 25.4 million), and the operating profit was EUR 0.7 million (EUR 0.6 million).

Third-quarter net sales came to EUR 7.4 million (EUR 8.0 million) and operating profit to EUR 0.3 million (EUR 0.2 million).

Pharmaceutical Trade Baltics had 103 (123) employees at the end of September 2010.

Dental Trade

Dental Trade's operating profit in January–September 2010 was EUR 4.4 million (EUR 2.6 million). Third-quarter operating profit was EUR 1.3 million (EUR 0.8 million).

The dental trade businesses of Oriola-KD Corporation and Lifco AB were combined in 2007. Oriola-KD holds a 30 per cent share of the Dental Trade business, while Lifco has a 70 per cent holding. Oriola-KD's operating profit includes the post-tax profit of the Dental Trade.

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 the Swedish and Russian businesses. Oriola-KD Corporation has given no significant sureties on behalf of Group companies, with the exception of a parent company guarantee for a loan given to Kronans Droghandel Apotek AB.

Oriola-KD Corporation shares

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

Trading volume	Jan–Sep 2010		Jan–Sep 2009	
	class A	class B	class A	class B
Trading volume, million	4.5	68.8	6.1	83.6
Trading volume, EUR million	20.5	287.3	15.0	214.4
Highest price, EUR	5.47	5.49	4.15	4.20
Lowest price, EUR	3.30	3.30	1.29	1.30
Closing quotation, end of period, EUR	4.26	4.27	4.10	4.13

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 48.6 per cent (61.7 per cent) of the total number of shares. The traded volume of class A shares amounted to 9.5 per cent (12.6 per cent) of the average stock, and that of class B shares, excluding treasury shares, 66.6 per cent (86.1 per cent) of the average stock.

Oriola-KD Corporation's market capitalisation on 30 September 2010 was EUR 645.4 million (EUR 623.3 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 represented 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 September 2010, the company had a total of 151,257,828 shares (151,257,828), of which 47,217,359 were class A shares (47,967,359) and 104,040,469 were class B shares (103,290,469). Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares. During January–September 2010, a total of 450,000 (724,844) class A shares were converted into class B shares.

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

In October 2010 the Board decided not to use the authorisation granted to it by the Annual General Meeting of 7 April 2010 regarding payment of an additional dividend from undistributed profits and/or distribution of funds from the company's invested non-restricted equity funds.

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 Oriola-KD's operations and the achievement of goals set. The roles and responsibilities relating to risk management have been determined in the Group.

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

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

- growth in number of pharmacies outperforms growth in the market, leading to intense competition
- competition for market share in pharmaceutical wholesale in a consolidating market
- ensuring cost efficiency, flexibility and quality
- development of processes and infrastructure required by strategic expansion
- requirements and restrictions on pharmaceutical retail and wholesale imposed by the authorities, especially price regulation
- commitment of key employees.

The major financial risks for Oriola-KD involve currency exchange rates, liquidity, interest rates and credit. Expansion of operations into new business areas and new markets has increased the financial risks. Currency risks are the most significant financial risks in Russia and Sweden, as 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

Intense competition and the price control system for pharmaceuticals have a material impact on Oriola-KD's near-term outlook in Russia. The development of the Swedish pharmacy market is subject to uncertainties that may have a significant effect on Oriola-KD's business in Sweden.

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.

In accordance with the Board's proposal, the Board was authorised to decide on the payment of an additional dividend from undistributed profits and/or distribution of funds, in one or more batches, from the company's invested non-restricted equity funds 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. Re-elected as Board members were Harry Brade, Pauli Kulvik, Outi Raitasuo, Antti Remes, Olli Riikkala, Jaakko Uotila and Mika Vidgrén, and Per Båtelson was elected as a new member. Olli Riikkala was elected to continue 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 in such a way 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. Attendance 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 the time of the notice of general meeting, be amended.

The Board was authorised 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 repeals 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 Board was authorised to decide on a share issue 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 cancels 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 Board was also authorised to decide on granting Oriola-KD Corporation shares to the company itself in one or more batches under a bonus issue, in accordance with the Board's proposal. The maximum amount of the company's new class B shares issued under this authorisation is 1,200,000, which is 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 the use of treasury shares as laid out below in the new share-based incentive scheme for Oriola-KD key persons. The Board was also authorised to issue class B shares in deviation from the pre-emptive subscription rights of shareholders, in accordance with the Board's proposal. The class B shares issued may be either new or treasury shares. The total amount of shares under 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 for 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 Board's 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, supplier and customer agreements, the order intake and management assessments. In the period 2011–2014 the pharmaceutical market is expected to grow by about 3 per cent in Finland, 2–3 per cent in Sweden, and 11–13 in Russia, measured in local currencies (source: IMS Health). The 2010 figures for the Russian pharmaceutical market are expected to show growth below the longer term trend and the continuation of tough competition. Competition in the Swedish retail market is expected to continue to be stiff as a result of the deregulation.

Guidelines issued on 28 July 2010 concerning net sales and operating profit

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

Revised guidelines issued on 28 October 2010 concerning net sales and operating profit

Oriola-KD's net sales from its continuing operations for 2010 are expected to be higher than in 2009 and operating profit is forecasted to be lower than in 2009. The operating result of Pharmaceutical Trade Russia, including the recognised one-off costs in the third quarter, is expected to be negative.

Tables

Consolidated Statement of Comprehensive Income (IFRS), EUR million	1 Jan – 30 Sep 2010	1 Jan – 30 Sep 2009	1 July – 30 Sep 2010	1 July – 30 Sep 2009	1 Jan – 31 Dec 2009
Continuing operations					
Net sales	1,401.5	1,125.8	498.5	379.2	1,569.2
Cost of goods sold	-1,219.5	-984.5	-439.6	-335.3	-1,363.8
Gross profit	182.1	141.3	58.9	43.9	205.4
Other operating income	3.2	1.6	1.3	0.6	2.1
Selling and distribution expenses	-152.7	-94.0	-54.6	-30.8	-129.2
Administrative expenses	-30.1	-19.6	-11.4	-3.9	-25.8
Profit from associated companies	4.4	2.7	1.3	0.8	3.9
Operating profit	6.8	31.9	-4.5	10.7	56.4
Financial income	8.4	6.7	5.0	2.1	7.9
Financial expenses	-12.0	-8.3	-6.3	-2.0	-9.9
Profit before taxes	3.2	30.2	-5.8	10.8	54.5
Income taxes*)	-0.8	-6.3	0.8	-2.2	-11.4
Profit from the continuing operations for the period under review	2.4	23.9	-5.0	8.6	43.0
Discontinued operations					
Profit from the discontinued operations for the period under review	56.3	4.8	0.1	1.4	5.6
Profit for the period under review including discontinued operations	58.7	28.7	-4.9	10.0	48.6
Other comprehensive income					
Hedge of a net investment in a foreign operation	3.7	-2.7	-4.5	-0.1	-2.0
Cash flow hedge	-0.0	-	0.4	-	-
Income tax relating to other comprehensive income	-0.7	0.5	0.9	0.0	0.4
Translation difference	15.2	-0.7	-22.2	4.1	1.3
Total comprehensive income for the period under review including discontinued operations	76.8	25.8	-30.4	14.0	48.4
Attribution of profit from the continuing operations for the period under review					
To parent company shareholders	2.4	23.9	-5.0	8.6	43.9
To minority interest	-	-	-	-	-0.9
Attribution of profit for the period under review including discontinued operations					
To parent company shareholders	58.7	28.7	-4.9	10.0	49.5
To minority interest	-	-	-	-	-0.9

Attribution of total comprehensive income for the period under review (including discontinued operations)					
To parent company shareholders	76.8	25.8	-30.4	14.0	49.3
To minority interest	-	-	-	-	-0.9

Earnings per share from the continuing operations					
Basic earnings per share, EUR	0.02	0.16	-0.03	0.06	0.30
Diluted earnings per share, EUR	0.02	0.16	-0.03	0.06	0.30
Earnings per share for the period under review (including discontinued operations)					
Basic earnings per share, EUR	0.39	0.20	-0.04	0.07	0.34
Diluted earnings per share, EUR	0.39	0.20	-0.04	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 Sep 2010**	**30 Sep 2009**	**31 Dec 2009**
Non-current assets			
Property, plant and equipment	62.8	53.6	53.3
Goodwill	260.3	127.7	141.7
Other intangible assets	74.6	38.6	39.5
Investments in associated companies	32.1	29.5	30.7
Other non-current assets	9.1	8.0	7.5
Deferred tax assets	8.6	2.9	2.5
Non-current assets total	447.6	260.3	275.2
Current assets			
Inventories	308.3	261.2	287.1
Trade and other receivables	298.9	281.8	227.1
Cash and cash equivalents	89.5	52.3	133.7
Current assets total	696.7	595.3	647.8
ASSETS TOTAL	**1,144.3**	**855.5**	**923.1**

EQUITY AND LIABILITIES	**30 Sep 2010**	**30 Sep 2009**	**31 Dec 2009**
Equity			
Share capital	36.2	36.2	36.2
Other funds	50.9	50.8	50.9
Retained earnings	215.4	132.7	156.4
Equity of the parent company shareholders	302.5	219.7	243.4

Minority interest	-	-	10.8
Equity total	302.5	219.7	254.2
Non-current liabilities			
Deferred tax liabilities	23.8	13.8	13.6
Pension liabilities	5.3	4.5	4.9
Provisions	-	0.0	0.0
Interest-bearing non-current liabilities	121.8	0.2	0.2
Non-current liabilities total	150.9	18.6	18.8
Current liabilities			
Trade payables and other current liabilities	624.8	468.1	500.5
Interest-bearing current liabilities	66.1	149.2	149.5
Current liabilities total	690.9	617.3	650.1
EQUITY AND LIABILITIES TOTAL	**1,144.3**	**855.5**	**923.1**

Consolidated Statement of Changes in Equity (IFRS)

EUR million	**Share capital**	**Other funds**	**Translation differences**	**Retained earnings**	**Equity of the parent company shareholders**	**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	-	-	-	0.2	0.2	-	0.2
Net profit for the period	-	-	-	28.7	28.7	-	28.7
Other comprehensive income							
Hedge of a net investment in a foreign operation	-	-	-2.7	-	-2.7	-	-2.7
Cash flow hedge	-	-	-	-	0.0	-	0.0
Income tax relating to other comprehensive income	-	-	0.5	-	0.5	-	0.5
Translation difference	-	-	-0.7	-	-0.7	-	-0.7
Equity 30 Sep 2009	36.2	50.8	-33.0	165.8	219.7	0.0	219.7

Equity

1 Jan 2010	36.2	50.9	-30.4	186.8	243.4	10.8	254.2
Dividends paid	-	-	-	-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	-	-	-	0.3	0.3	-	0.3
Net profit for the period	-	-	-	58.7	58.7	-	58.7
Other comprehensive income:							
Hedge of a net investment in a foreign operation	-	-	3.7	-	3.7	-	3.7
Cash flow hedge	-	-0.0	-	-	-0.0	-	-0.0
Income tax relating to other comprehensive income	-	-	-0.7	-	-0.7	-	-0.7
Translation difference	-	-	15.2	-	15.2	-	15.2
Equity 30 Sep 2010	36.2	50.9	-12.3	227.7	302.5	0.0	302.5

Consolidated Cash Flow Statement *) (IFRS), EUR million	**1 Jan – 30 Sep 2010**	**1 Jan – 30 Sep 2009**	**1 Jan – 31 Dec 2009**
Operating profit	9.7	38.5	65.4
Depreciation	8.4	7.1	9.4
Change in working capital	32.1	-26.2	37.9
Cash flow from financial items and taxes	-12.7	-13.1	-13.3
Other adjustments	5.8	0.1	1.5
Net cash flow from operating activities	43.2	6.4	100.9
Net cash flow from investing activities	-166.3	-29.6	-28.0
Net cash flow from financing activities	71.5	28.6	14.5
Net change in cash and cash equivalents	-51.6	5.5	87.4
Cash and cash equivalents at the beginning of the period	133.7	46.5	46.5
Foreign exchange rate differences	7.4	0.3	-0.2
Net change in cash and cash equivalents	-51.6	5.5	87.4
Cash and cash equivalents at the end of the period	89.5	52.3	133.7

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

Change in Property, Plant and Equipment, EUR million	**1 Jan – 30 Sep 2010**	**1 Jan – 30 Sep 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	9.3	0.0	-
Increases	7.0	4.4	6.0
Decreases	-4.1	-1.1	-1.8
Depreciation	-5.6	-4.8	-6.5

Foreign exchange rate differences	2.9	0.5	1.1
Carrying amount at the end of the period	62.8	53.6	53.3

Key Figures	**1 Jan – 30 Sep 2010**	**1 Jan – 30 Sep 2009**	**1 Jan – 31 Dec 2009**
Equity ratio, %	27.1%	26.4%	29.2%
Equity per share, EUR	2.00	1.46	1.61
Return on capital employed (ROCE), %	2.0%	15.5%	18.7%
Return on equity, %	1.1%	18.9%	22.1%
Net interest-bearing debt, EUR million	98.4	97.1	16.0
Gearing, %	32.5%	44.2%	6.3%
Earnings per share, EUR	0.39	0.20	0.34
Average number of shares, 1000 pcs	152,080	145,812	147,034

Derivatives, Commitments and Contingent Liabilities

30 September 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	-	-0.0	109.4
Derivatives measured at fair value through profit or loss			
Foreign currency forward and swap contracts	0.5	-	56.0

30 September 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	0.5	-	45.2
Derivatives measured at fair value through profit or loss			
Foreign currency forward and swap contracts	-	-0.0	23.1

Contingencies for Own Liabilities, EUR million	**30 Sep 2010**	**30 Sep 2009**	**31 Dec 2009**
Guarantees given	123.3	32.5	36.8
Mortgages on land and buildings	2.0	2.0	2.0
Mortgages on company assets	2.3	2.1	2.0
Other guarantees and liabilities	0.1	1.4	1.9
Total	127.7	37.9	42.7

Leasing-liabilities (operating liabilities)	1.3	0.3	0.3
Rent contingencies	59.9	32.3	33.8

Net Sales by Operating Segments, EUR million	**1 Jan - 30 Sep 2010**	**1 Jan - 30 Sep 2009**	**1 Jan - 31 Dec 2009**
Pharmaceutical Trade Finland	314.2	379.3	505.1
Pharmaceutical Trade Sweden	661.9	389.0	548.3
Pharmaceutical Trade Russia	402.8	332.5	480.7
Pharmaceutical Trade Baltics	23.0	25.4	35.7
Net sales to other segments	-0.4	-0.4	-0.5
Continuing operations total	1,401.5	1,125.8	1,569.2
Discontinued operations	65.3	101.7	145.1
Net sales to other segments	-1.6	-0.9	-1.2
Group Total	1,465.2	1,226.6	1,713.1

Operating Profit by Operating Segments, EUR million	**1 Jan - 30 Sep 2010**	**1 Jan - 30 Sep 2009**	**1 Jan - 31 Dec 2009**
Pharmaceutical Trade Finland	15.3	13.7	18.1
Pharmaceutical Trade Sweden	9.1	-2.8	-5.0
Pharmaceutical Trade Russia	-18.1	22.8	44.5
Pharmaceutical Trade Baltics	0.7	0.6	0.9
Dental Trade	4.4	2.6	3.9
Group Administration and Others	-4.6	-5.1	-5.9
Continuing operations total	6.8	31.9	56.4
Discontinued operations	57.0	6.6	8.9
Group Total	63.8	38.5	65.4
Continuing operations			
Average number of personnel	4,728	3,947	3,923
Number of personnel at the end of the period	5,311	3,817	3,870
Group total			
Average number of personnel	4,955	4,403	4,373
Number of personnel at the end of the period	5,311	4,254	4,299

Net Sales by Operating Segments, EUR million	**Q3/2010**	**Q2/2010**	**Q1/2010**	**Q4/2009**	**Q3/2009**	**Q2/2009**	**Q1/2009**
Pharmaceutical Trade Finland	103.8	105.9	104.5	125.8	120.6	132.0	126.8
Pharmaceutical Trade Sweden	239.5	241.4	181.0	159.3	132.1	130.5	126.4
Pharmaceutical Trade Russia	147.8	132.8	122.1	148.2	118.6	106.6	107.2
Pharmaceutical Trade Baltics	7.4	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	-0.1	-0.2
Continuing operations total	498.5	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	498.5	517.7	449.0	486.5	410.8	412.3	403.5

Operating Profit by Operating Segments, EUR million	Q3/ 2010	Q2/ 2010	Q1/ 2010	Q4/ 2009	Q3/ 2009	Q2/ 2009	Q1/ 2009
Pharmaceutical Trade Finland	5.9	5.0	4.5	4.4	4.9	4.9	3.9
Pharmaceutical Trade Sweden	4.9	5.6	-1.4	-2.2	-0.4	-2.0	-0.4
Pharmaceutical Trade Russia	-15.7	-2.0	-0.4	21.6	6.6	8.6	7.6
Pharmaceutical Trade Baltics	0.3	0.2	0.3	0.3	0.2	0.2	0.1
Dental Trade	1.3	1.4	1.6	1.2	0.8	0.7	1.1
Group Administration and Others	-1.2	-1.9	-1.6	-0.8	-1.5	-2.0	-1.6
Continuing operations total	-4.5	8.4	3.0	24.5	10.7	10.5	10.7
Discontinued operations	0.1	55.6	1.3	2.4	1.9	3.0	1.7
Group Total	-4.5	64.0	4.2	26.9	12.6	13.5	12.4

Net Sales by Market, EUR million	1 Jan - 30 Sep 2010	1 Jan - 30 Sep 2009	1 Jan - 31 Dec 2009
Finland	314.1	383.6	509.9
Sweden	657.7	382.1	539.8
Russia	402.8	332.5	480.7
Baltic countries	22.6	25.4	35.7
Other countries	4.3	2.2	3.2
Continuing operations total	1,401.5	1,125.8	1,569.2

Net Sales by Market, EUR million	Q3/ 2010	Q2/ 2010	Q1/ 2010	Q4/ 2009	Q3/ 2009	Q2/ 2009	Q1/ 2009
Finland	102.6	106.5	105.0	126.3	125.1	131.9	126.6
Sweden	238.7	239.5	179.4	157.7	125.2	130.5	126.4
Russia	147.8	132.8	122.1	148.2	118.6	106.6	107.2
Baltic countries	7.0	7.3	8.3	10.3	8.0	8.8	8.6
Other countries	2.2	1.2	0.9	1.0	2.2	-	-
Continuing operations total	498.5	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	54.3	2.2
Selling and distribution expenses	-15.0	-35.3
Administrative expenses	-1.0	-2.8
Operating profit	57.0	8.9
Financial income	0.1	0.0
Financial expenses	-0.1	-1.4

Profit before taxes	57.0	7.6
Income taxes*)	-0.7	-2.0
Profit from the discontinued operations for the period under review	56.3	5.6

Attribution of profit from the discontinued operations for the period under review		
To parent company shareholders	56.3	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 COMBINATION DISCLOSURE

1. 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 22.4 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 the 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 recognised 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.

Consideration at 19.2.2010	Carrying amount, EUR million	Fair value allocations, EUR million	**Fair value, EUR million**
Cash	**161.5**	0.0	**161.5**
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
Pharmacy licences and rental agreements (included in intangibles)	0.0	25.4	25.4
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
Deferred tax liabilities	0.0	-6.7	-6.7
Total identifiable net assets	**41.3**	**18.9**	**60.2**
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 in year 2009.

2. Acquisition of 03 Apteka pharmacy chain with 70 pharmacies in Moscow (OOO 03 Apteka)

Oriola-KD announced on 31 August 2010 that it acquires 100 per cent of the shares of 03 Apteka, a pharmacy chain with 70 pharmacies in Moscow area. The acquired pharmacy business covers only retail activities. The transaction does not include any contingent considerations. The acquisition of 03 Apteka supports Oriola-KD's strategy to expand its pharmaceutical retail operations in Moscow. In addition this acquisition supports the growth of Oriola-KD's pharmaceutical wholesale business in Russia. After the acquisition, Oriola-KD has 250 pharmacies in Moscow area.

The acquisition cost is calculated on the basis of the company's provisional balance sheet as per 31 August 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 0.4 million euros and inventory 2.2 million euros. These figures are provisional figures and the values might be adjusted by the end of August 2011.

The fair value of trade receivables and other receivables is 0.6 million euros and it does not include any material risk.

The initial purchase price allocation calculation calculated in Russian Roubles has been translated into euros by using the exchange rate of the 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. 31 August 2010.

Business combinations disclosure under IFRS 3 (revised)

The 11.7 million euro goodwill arising from the acquisition is primarily representing the strong market position, growth expectations, and experienced existing personnel as well as expected synergies with Oriola-KD's sizeable retail and wholesale operations in Russia. None of the goodwill recognised is deductible for income tax purposes.

The following table summarises the consideration paid for the pharmacy chain 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.

Consideration at 31 August 2010

	Carrying amount, EUR million	Fair value allocations, EUR million	**Fair value, EUR million**
Cash	**11.9**	0.0	**11.9**
Total consideration	**11.9**		**11.9**
Acquisition related costs			
-included in administrative expenses in the consolidated income statement for 2010	0.2		
Recognised amounts of identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	0.3	0.0	0.3
Property, plant and equipment	0.2	0.3	0.4

Pharmacy licences and rental agreements (included in intangibles)	0.0	3.3	3.3
Deferred tax assets	0.4	0.0	0.4
Inventories	2.2	0.1	2.2
Trade receivables	0.5	0.0	0.5
Other receivables	0.1	0.0	0.1
Trade and other payables	-6.3	0.0	-6.3
Deferred tax liabilities	0.0	-0.7	-0.7
Total identifiable net assets	**-2.7**	**2.9**	**0.3**
Goodwill			**11.7**

Net sales of the 03 Apteka pharmacy chain
were some EUR 40 million and operating profit
percentage of approximately 5 percentages in 2009.

Espoo, 28 October 2010

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