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Oriola-KD Corporation's Interim Report for 1 January – 30 June 2011

This review presents financial information regarding the continuing operations of the Oriola-KD Group (hereinafter Oriola-KD) for the period January - June 2011. The interim report for 1 January - 30 June 2011 has been prepared in accordance with the calculation policies of the IAS 34 standard. Oriola-KD adopted new IAS/IFRS standards in 2011: IAS 32 (amendment), IAS 24 (revised) and IFRIC 14 (amendment). The figures are unaudited.

Key figures for 1 January - 30 June 2011

- Net sales increased by 18.0 per cent to EUR 1,065.6 million (1 - 6/2010: EUR 903.1 million)
- Operating loss was EUR 29.4 million (1 - 6/2010: operating profit EUR 8.3 million) including an impairment charge of EUR 33.4 million of the Stary Lekar brand in Russia
- Operating profit excluding one-off items and impairment charges was EUR 4.0 million (1 - 6/2010: EUR 8.3 million)
- Net result was EUR -27.5 million (1 - 6/2010: EUR 4.3 million)
- Earnings per share were EUR -0.18 (1 - 6/2010: EUR 0.03)
- Net cash flow from operations was EUR -16.1 million (1 - 6/2010: EUR 54.1 million)
- Return on equity was -16.8 per cent (1 - 6/2010: 3.0 per cent)
- Oriola-KD's net sales are expected to increase over 10 per cent in 2011 compared to the previous year. Operating profit excluding one-off items and impairment charges is expected to exceed EUR 20 million in 2011

Key figures for 1 April - 30 June 2011

- Net sales increased by 9.9 per cent to EUR 535.5 million (Q2/2010: EUR 487.3 million)
- Operating loss was EUR 34.4 million (Q2/2010: operating profit EUR 6.9 million) including an impairment charge of EUR 33.4 million of the Stary Lekar brand in Russia
- Operating loss excluding one-off items and impairment charges was EUR 1.0 million (Q2/2010: operating profit EUR 6.9 million)
- Net result was EUR -29.7 million (Q2/2010: EUR 4.0 million)
- Earnings per share were EUR -0.20 (Q2/2010: EUR 0.03)

President and CEO Eero Hautaniemi: "Oriola-KD's net sales for the second quarter increased 10 per cent to EUR 536 million, and the operating loss excluding one-off items and impairment charges was EUR 1 million. The profitability decreased due to depressed profitability in the retail operations: Low gross margin caused by fierce competition in Russia, and lower sales compared to 2010 and higher than expected fixed costs mainly related to IT system implementation in Sweden. Furthermore, during the second quarter we recognised an impairment charge of EUR 33 million in the value of intangible assets related to the Stary Lekar brand in Russia due to the essential decline in the pricing power of the brand.

In the second half we will focus on improving our efficiency and profitability. We will take in use the new information system in the Swedish retail business during the third quarter, which will decrease our fixed costs starting from the fourth quarter. We will also accelerate efficiency program in all pharmacies. In Russian pharmaceutical retail, we will complete the integration of the Stary Lekar and 03 Apteka pharmacy chains, close unprofitable pharmacies and implement pricing changes in the retail business. In Russian wholesale, we will implement a logistics efficiency program, increase regional sales and cut unprofitable operations."

Financial performance

Oriola-KD's net sales in January-June 2011 were EUR 1,065.6 million (EUR 903.1 million) and operating loss was EUR 29.4 million (operating profit EUR 8.3 million). The operating loss includes an impairment charge of EUR 33.4 million related to the value of the intangible assets of the Stary Lekar brand in Russia. Operating profit excluding one-off items and impairment charges was EUR 4.0 million (Q1–2/2010: EUR 8.3 million). Profit after financial items was EUR -33.4 million (EUR 5.9 million) and net result EUR -27.5 million (EUR 4.3 million). Earnings per share were EUR -0.18 (EUR 0.03).

Second-quarter net sales came to EUR 535.5 million (EUR 487.3 million) and operating loss to EUR 34.4 million (EUR 6.9 million). The operating loss includes an impairment charge of EUR 33.4 million related to the value of the intangible assets of the Stary Lekar brand in Russia. Operating loss excluding one-off items and impairment charge was EUR 1.0 million (Q2/2010: operating profit EUR 6.9 million). Profit after financial items was EUR -36.5 million (EUR 5.4 million) and net result EUR -29.7 million (EUR 4.0 million). Earnings per share in the second quarter were EUR -0.20 (EUR 0.03).

Oriola-KD's financial expenses in January-June 2011 were EUR 4.1 million (EUR 2.3 million). Taxes were EUR 5.9 million positive (EUR -1.6 million), mostly owing to the change in deferred tax related to the brand write-off. Taxes corresponding to the result for the January-June 2011 period are entered under this figure.

Return on equity was -16.8 per cent (3.0 per cent) in January-June 2011.

Balance sheet, financing and cash flow

Oriola-KD’s balance sheet total on 30 June 2011 stood at EUR 1,142.2 million (EUR 1,173.2 million). Cash assets were EUR 106.2 million (EUR 148.1 million), equity was EUR 301.3 million (EUR 325.9 million) and the equity ratio was 27.0 per cent (28.5 per cent).

During the second quarter of 2011, Oriola-KD recognised an impairment charge of EUR 33.4 million in the value of intangible assets related to the Stary Lekar brand in Russia. In the changed competitive environment the pricing power of Stary Lekar brand has essentially declined.

Of Oriola-KD’s group goodwill of EUR 267.5 million, EUR 131.8 million has been allocated in impairment testing to the cash-generating unit of the Russian retail and wholesale companies, EUR 109.2 million to the cash-generating unit of the Swedish pharmaceutical retail business and EUR 26.5 million to the cash-generating unit of the Swedish pharmaceutical wholesale business. Regardless of a decline in long-term expectations Oriola-KD does not have a need for goodwill write-offs based on the impairment tests conducted in July 2011.

Interest-bearing debt at the end of June 2011 was EUR 147.9 million (EUR 223.2 million), interest-bearing net debt was EUR 41.8 million (EUR 75.1 million) and the gearing ratio was 13.9 per cent (23.0 per cent). Interest-bearing debt consists of long-term debt financing, advance payments from pharmacies in Finland and the estimated discounted value of the minority share of the Swedish pharmacy company that Oriola-KD is obliged to acquire. Oriola-KD has hedged the interest rate risk of long-term debt financing.

Oriola-KD’s committed long-term credit facilities of EUR 102.7 million and EUR 41.8 million in short-term credit account facilities with banks stood unused at the end of the review period. Oriola-KD’s EUR 150 million commercial paper programme was not in use at the end of the review period. The terms of the financial covenants were met with a wide margin at the end of June 2011.

Cash flow from operations in January-June 2011 was EUR -16.1 million (EUR 54.1 million), of which changes in working capital accounted for EUR -17.9 million (EUR 33.6 million). In the Swedish pharmaceutical wholesale business the trade receivables sales programme was continued during 2011.

Net cash flow from investments was EUR -10.2 million (EUR -153.3 million). During the January–June 2011 period, cash flow after investments was EUR -26.3 million (EUR -99.2 million).

Investments

Gross investments for January-June 2011 came to EUR 13.6 million (EUR 185.7 million). They include operational investments mostly in establishing new pharmacies, improving the efficiency of wholesale operations and information systems.

Personnel

On 30 June 2011, Oriola-KD had a payroll of 5,017 (4,333) employees, 11 per cent (13 per cent) of whom worked in Finland and the Baltic countries, 26 per cent (30 per cent) in Sweden, and 63 per cent (57 per cent) in Russia. Personnel numbers include the members of staff in active employment.

Anne Kariniemi, Vice President, Logistics and Sourcing, and member of the Group Management Team, resigned on 23 June 2011. Her duties were reorganised within the present organisation.

Business segments

In accordance with its organisational structure and internal reporting, Oriola-KD's business segments are, as of 1 January 2011, Pharmaceutical Trade Finland and Baltics, Pharmaceutical Trade Sweden and Pharmaceutical Trade Russia.

Pharmaceutical Trade Finland and Baltics

Pharmaceutical Trade Finland's net sales in January-June 2011 were EUR 207.3 million (EUR 225.7 million) and its operating profit was EUR 10.3 million (EUR 9.9 million). The invoicing of pharmaceutical wholesale Finland in January-June was EUR 485.5 was million (EUR 473.8 million) and net sales were EUR 167.0 million (EUR 188.8 million). Net sales of pharmaceutical wholesale Baltics were EUR 17.2 million (EUR 15.6 million) and net sales of the Consumer Health business, i.e. consumer health products sold under Oriola-KD's own or exclusive sales rights, was EUR 23.3 million (EUR 21.5 million).

The net sales of Pharmaceutical Trade Finland and Baltics in the second quarter of 2011 were EUR 104.8 million (EUR 113.1 million) and its operating profit was EUR 4.7 million (EUR 5.2 million). Invoicing of pharmaceutical wholesale Finland in the second quarter came to EUR 245.1 million (EUR 237.1 million) and net sales to EUR 85.2 million (EUR 95.1 million). Net sales of pharmaceutical wholesale Baltics were EUR 7.9 million (EUR 7.3 million), while net sales of the Consumer Health business was EUR 11.8 million (EUR 10.8 million).

The Finnish pharmaceutical market grew by 0.8 per cent (-1.4 per cent) in January–June 2011. Oriola-KD's market share in the Finnish pharmaceutical wholesale market was 45.8 per cent (46.2 per cent) in January–June 2011 (source: IMS Health).

Pharmaceutical Trade Finland and Baltics had 509 (565) employees at the end of June 2011.

Pharmaceutical Trade Sweden

Pharmaceutical Trade Sweden's net sales in January-June 2011 were EUR 533.9 million (EUR 422.4 million) and its operating profit was EUR 4.2 million (EUR 4.2 million). The operating profit in 2010 included EUR 2.2 million in preparation costs associated with the launch of pharmacy operations. Competition in the pharmaceutical retail business in Sweden was stiff and the profitability of business operations did not reach a satisfactory level. Invoicing of the pharmaceutical wholesale business in Sweden was EUR 745.8 million (EUR 600.4 million) and net sales were EUR 317.5 million (EUR 276.5 million). Net sales of the pharmaceutical retail business in Sweden were EUR 246.3 million (EUR 166.3 million). The pharmaceutical retail business has been consolidated with the Oriola-KD figures as of 19 February 2010.

Second quarter net sales of Pharmaceutical Trade Sweden came to EUR 268.6 million (EUR 241.4 million), of which retail accounted for EUR 122.7 million (EUR 115.5 million). Wholesale invoicing was EUR 374.3 million (EUR 310.4 million) and net sales EUR 161.1 million (EUR 140.3 million). Pharmaceutical Trade Sweden's operating profit was EUR 1.9 million (EUR 5.6 million). In the pharmaceutical retail business, the operating profit was weakened by a decrease in comparable sales in Swedish Crowns from the previous year as a result of stiff competition, as well as by fixed costs that were higher than expected and mainly due to the implementation of an information system.

The aim is to bring the new information system into use during the third quarter, which will decrease fixed costs in the retail business starting from the last quarter. Moreover, after the implementation of the information system, the efficiency program in all pharmacies will be accelerated.

The Swedish pharmaceutical market grew by 4.1 per cent (0.4 per cent) in January–June 2011. Oriola-KD's market share in the Swedish pharmaceutical wholesale market was 39.5 per cent (40.4 per cent) and in the retail market about 13.1 per cent (13.7 per cent) in January-June 2011 (source: IMS Health).

Oriola-KD had a total of 199 (173) pharmacies in Sweden at the end of June 2011.

Pharmaceutical Trade Sweden had 1,305 (1,299) employees at the end of June 2011, of whom 1,064 (997) were employed in retail and 241 (302) in wholesale.

Pharmaceutical Trade Russia

Pharmaceutical Trade Russia's net sales in January–June 2011 were EUR 324.6 million (EUR 255.0 million) and operating loss was EUR 40.7 million (EUR 2.5 million). Operating loss excluding one-off items and impairment charges was EUR 7.4 million (EUR 2.5 million). In Russia, fierce competition decreased the gross margin in the retail business. In the changed competitive environment the pricing power of the Stary Lekar brand has essentially declined. During the second quarter of 2011, Oriola-KD recognised an impairment charge of EUR 33.4 million in the value of intangible assets related to the Stary Lekar brand in Russia. The net sales of pharmaceutical wholesale in Russia were EUR 280.3 million (EUR 231.9 million) and of retail EUR 65.1 million (EUR 47.5 million). The figures for the 03 Apteka pharmacy chain have been consolidated with Oriola-KD's figures as of 31 August 2010.

In the Pharmaceutical Trade Russia, the second-quarter net sales came to EUR 162.2 million (EUR 132.8 million), of which retail accounted for EUR 31.8 million (EUR 23.9 million) and wholesale EUR 140.9 million (EUR 121.3 million). Operating loss excluding one-off items and impairment charges was EUR 5.7 million (EUR 2.0 million).

The Russian rouble-denominated growth in the commercial pharmaceutical market in Russia was 6.8 per cent (10.0 per cent) in January–June 2011 (source: Pharmexpert). Oriola-KD's net sales increased by 28 per cent (8 per cent) in Russian Roubles in January–June 2011.

At the end of June 2011, Oriola-KD had 262 (181) pharmacies in the Moscow area, of which 189 (181) operated under the Stary Lekar brand and 73 under the 03 Apteka name. In addition to the main logistics centre in Moscow, there are twelve regional logistics centres.

Pharmaceutical Trade Russia had 3,202 (2,469) employees at the end of June 2011, of whom 1,613 (1,124) were employed in retail and 1,589 (1,345) in wholesale.

In the second half of 2011, the operational focus will be on strengthening the wholesale organisation and improving retail and wholesale efficiency. In the pharmaceutical retail, the integration of Stary Lekar and 03 Apteka pharmacy chains will be completed, unprofitable pharmacies will be closed and pricing changes will be implemented in the retail business. In the wholesale, a logistics efficiency program will be carried out, regional sales will be increased and unprofitable operations will be cut.

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 Oriola-KD Corporation's class A and B shares in January-June 2011:

Trading volume	Jan-Jun 2011		Jan-Jun 2010	
	class A	class B	class A	class B
Trading volume, million	1.5	41.7	3.6	53.8
Trading volume, EUR million	5.1	131.3	16.9	228.4
Highest price, EUR	3.83	3.74	5.47	5.49
Lowest price, EUR	2.50	2.28	3.30	3.30
Closing quotation, end of period, EUR	3.13	2.66	3.95	3.83

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 28.6 per cent (38.0 per cent) of the total number of shares. The traded volume of class A shares amounted to 3,2 per cent (7,5 per cent) of the average stock, and that of class B shares, excluding treasury shares, 40,1 per cent (52,1 per cent) of the average stock.

Oriola-KD Corporation's market capitalisation on 30 June 2011 was EUR 424.5 million (EUR 585.0 million).

At the end of 2011, the company had a total of 151,257,828 shares (151,257,828), of which 47,163,160 were class A shares (47,217,359) and 104,094,668 were class B shares (104,040,469). Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares. During January-June 2011, no Class A shares were converted into Class B shares (450,000).

The company holds 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.

The Board of Directors of Oriola-KD has specified the earnings criteria for the share incentive scheme for the Group's key personnel for the years 2010-2012, stating that any payment for the 2011 earnings period will be based on Oriola-KD's earnings per share (EPS) and return on equity (ROE). No payment was made for the 2010 earnings period in the share incentive scheme for 2010–2012.

Risks

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

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

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

- 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 control
- 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 any changes in the value of the Russian rouble or the Swedish krona will have an impact on Oriola-KD's financial performance and equity.

Goodwill and intangible rights are subject to impairment testing made at least once a year. Changes in cash flow forecasts based on strategic plans, or in the discount rate or perpetuity growth rate, can cause a goodwill write-off, which would weaken Oriola-KD's result. Especially the impairment test of the goodwill of the Russian cash-generating unit is more sensitive than before to changes in the discount rate or cash-flow forecasts.

Near-term risks and uncertainty factors

The tight competition has a material impact on Oriola-KD's retail and wholesale near-term outlook in Russia. The number of new pharmacies to be established and the implementation of the information system will have an effect on the profitability of Oriola-KD's business in Sweden.

Decisions of the Annual General Meeting 2011

The Annual General Meeting held on 6 April 2011 adopted the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year ending 31 December 2010.

The AGM resolved that based on the balance sheet adopted for the financial year ending 31 December 2010, EUR 0.05 per share shall be paid as dividend and EUR 0.13 per share shall be distributed from the reserve of invested unrestricted equity as repayment of equity. The payment date of the dividend and the return of equity is 19 April 2011.

The AGM authorised the Board of Directors to decide on the distribution of additional dividend from the retained earnings and/or distribution of assets from the reserves of unrestricted equity or both up to EUR 0.10 per share in total. The authorisation is in effect until the next annual general meeting.

The AGM confirmed that the Board of Directors consists of eight members. Mr. Harry Brade, Mr. Per Båtelson, Mr. Pauli Kulvik, Ms. Outi Raitasuo, Mr. Olli Riikkala and Mr. Mika Vidgrén were re-elected to the Board of Directors, and Mr. Jukka Alho and Mr. Ilkka Salonen were elected as new members to the Board of Directors. Mr. Olli Riikkala was re-elected Chairman of the Board of Directors. The AGM confirmed that the fee for the term of office of the Chairman of the Board of Directors is EUR 48,400, for the Vice Chairman of the Board EUR 30,250 and for the other members of the Board of Directors EUR 24,200 each. Of the annual fee, 60 per cent shall be paid in cash and 40 per cent in the company's class B shares.

PricewaterhouseCoopers Oy, who has put forward authorised public accountant Mr. Heikki Lassila as principal auditor, was re-elected as the auditor of the company for the financial year 2011. The auditor's fees shall be paid according to invoice approved by the company.

The AGM authorised the Board of Directors to decide on repurchasing of up to fifteen million (15,000,000) of the company's own class B shares, which currently represents approximately 9.92 per cent of all shares in the company. Shares may be repurchased also in a proportion other than in which shares are owned by the shareholders, using funds belonging to the company's unrestricted equity. The authorisation to repurchase own shares is in force for a period of not more than eighteen (18) months from the decision of the AGM.

The AGM also authorised the Board of Directors to decide on a share issue against payment in one or more issues, including the right to issue new class B shares or assign class B treasury shares held by the company. The authorisation covers a combined maximum of fifteen million (15,000,000) class B shares of the company, representing currently approximately 9.92 per cent of all shares in the company. The authorisation given to the Board of Directors includes the right to derogate from the shareholders' pre-emptive subscription right. The authorisation is in effect for a period of eighteen (18) months from the decision of the AGM.

Decisions of the constitutive meeting of the Board of Directors

In its constitutive meeting after the AGM, the Board of Directors of Oriola-KD Corporation elected Ms. Outi Raitasuo as Vice Chairman of the Board of Directors. The Board of Directors appointed from among its members the following members to the Board's Audit Committee and Remuneration Committee:

Audit Committee:
Chairman Ms. Outi Raitasuo, Mr. Harry Brade, Mr. Ilkka Salonen, Mr. Mika Vidgrén

Remuneration Committee:
Chairman Mr. Olli Riikkala, Mr. Per Båtelson, Mr. Pauli Kulvik

The members to the company's Nomination Committee are elected later in accordance with the charter of the Nomination Committee.

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

Events after the review period

Oriola-KD revised its outlook for the future on 19 July 2011.

Outlook

Oriola-KD’s outlook for 2011 is based on external market forecasts, supplier and customer agreements and management assessments. In the period 2011–2014, the pharmaceutical market is expected to grow by some 3 per cent in Finland, 2–3 per cent in Sweden, and 11–13 per cent in Russia, measured in local currencies (source: IMS Health). Growth in the Russian pharmaceutical market in 2011 is expected to be lower than the longer term trend and the tough competition is expected to continue. The visibility in Russian pharmaceutical market development continues to be poor. Competition in the Swedish retail market is expected to continue to be stiff as a result of the deregulation.

Outlook issued on 28 April 2011 concerning net sales and operating profit

Oriola-KD's net sales is expected to be higher and operating profit from continuing operations excluding one-off items clearly better than in 2010.

Outlook issued on 19 July 2011 concerning net sales and operating profit

Oriola-KD's net sales are expected to increase over 10 per cent in 2011 compared to the previous year. Operating profit excluding one-off items and impairment charges is expected to exceed EUR 20 million in 2011.

Tables

Consolidated Statement of Comprehensive Income (IFRS), EUR million	**1 Jan - 30 June 2011**	**1 Jan - 30 June 2010**	**1 April - 30 June 2011**	**1 April - 30 June 2010**	**1 Jan - 31 Dec 2010**
Continuing operations					
Net sales	1,065.6	903.1	535.5	487.3	1,929.4
Cost of goods sold	-907.0	-779.9	-457.4	-416.7	-1,668.2
Gross profit	158.6	123.2	78.1	70.6	261.2
Other operating income	1.4	1.9	0.6	0.8	4.8
Selling and distribution expenses	-126.3	-98.2	-61.8	-52.5	-214.7
Administrative expenses	-29.6	-18.7	-18.0	-12.0	-41.5
Operating Profit/Loss before Impairment *	4.0	8.3	-1.0	6.9	9.8
Impairment **	-33.4	-	-33.4	-	-
Operating Profit/Loss	-29.4	8.3	-34.4	6.9	9.8
Financial income	5.5	3.4	3.2	2.3	13.0
Financial expenses	-9.6	-5.7	-5.2	-3.8	-18.3
Profit/Loss before taxes	-33.4	5.9	-36.5	5.4	4.5
Income taxes ***	5.9	-1.6	6.8	-1.5	-0.9
Profit/Loss for the period from continuing operations	-27.5	4.3	-29.7	4.0	3.5

Discontinued operations					
Profit for the period from discontinued operations	-	59.3	-	56.8	98.6
Profit/Loss for the period including discontinued operations	-27.5	63.6	-29.7	60.7	102.1
Other comprehensive income					
Net investment in a foreign operation	-0.1	8.2	-0.5	2.5	5.1
Cash flow hedge	0.4	-0.4	-0.4	-0.4	1.2
Income tax relating to other comprehensive income	0.0	-1.6	0.1	-0.5	-1.0
Translation difference	3.0	30.8	-2.9	17.1	20.0
Total comprehensive income for the period including discontinued operations	-24.2	100.6	-33.5	79.4	127.4
Attribution of Profit/Loss for the period from continuing operations					
To parent company shareholders	-27.5	4.3	-29.7	4.0	3.5
To non-controlling interest	-	-	-	-	-
Attribution of Profit/Loss for the period including discontinued operations					
To parent company shareholders	-27.5	63.6	-29.7	60.7	102.1
To non-controlling interest	-	-	-	-	-
Attribution of total comprehensive income for the period (including discontinued operations)					
To parent company shareholders	-24.2	100.6	-33.5	79.4	127.4
To non-controlling interest	-	-	-	-	-

Earnings per share for the period from continuing operations					
Basic earnings per share, EUR	-0.18	0.03	-0.20	0.03	0.02
Diluted earnings per share, EUR	-0.18	0.03	-0.20	0.03	0.02
Earnings per share for the period (including discontinued operations)					
Basic earnings per share, EUR	-0.18	0.42	-0.20	0.40	0.68
Diluted earnings per share, EUR	-0.18	0.42	-0.20	0.40	0.68
*) Including depreciation, EUR million	-7.3	-5.1	-3.7	-2.8	-11.1
**) Stary Lekar -brand impairment, EUR million	-33.4	-	-33.4	-	-
***) The tax expense for the period corresponds to the taxes calculated from the profit/loss for the financial year and a change in deferred tax caused by impairment of Stary Lekar -brand					

Consolidated Balance Sheet (IFRS), EUR million

ASSETS	30 June 2011	30 June 2010	31 Dec 2010
Non-current assets			
Property, plant and equipment	69.0	61.0	68.0
Goodwill	267.5	258.4	266.1
Other intangible assets	49.9	72.6	79.3
Investments in associated companies	0.0	30.4	0.0
Other non-current assets	10.9	8.3	10.6
Deferred tax assets	4.9	5.7	3.3
Non-current assets total	402.2	436.5	427.2
Current assets			
Inventories	315.4	311.8	287.5
Trade and other receivables	318.5	276.8	290.1
Cash and cash equivalents	106.2	148.1	187.8
Current assets total	740.0	736.7	765.4

ASSETS TOTAL	1,142.2	1,173.2	1,192.6

EQUITY AND LIABILITIES	**30 June 2011**	**30 June 2010**	**31 Dec 2010**
Equity			
Share capital	36.2	36.2	36.2
Other funds	32.8	50.4	52.1
Retained earnings	232.3	239.3	264.5
Equity of the parent company shareholders	301.3	325.9	352.7
Non-controlling interests	-	-	-
Equity total	301.3	325.9	352.7
Non-current liabilities			
Deferred tax liabilities	15.6	23.1	22.2
Pension obligations	5.7	5.0	5.7
Provisions	-	-	-
Interest-bearing non-current liabilities	122.3	116.6	124.5
Non-current liabilities total	143.6	144.8	152.5
Current liabilities			
Trade payables and other current liabilities	671.6	596.0	633.6
Interest-bearing current liabilities	25.6	106.6	53.7
Current liabilities total	697.3	702.5	687.4
EQUITY AND LIABILITIES TOTAL	**1,142.2**	**1,173.2**	**1,192.6**

Consolidated Statement of Changes in Equity (IFRS)

EUR million	**Share capital**	**Hedge fund**	**Other funds**	**Trans-lation diffe-rences**	**Re-tained earnings**	**Equity of the parent company share-holders**	**Non-cont-rolling inte-rest**	**Total**
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
Change in non-controlling interest	-	-	-	-	-	-	-10.8	-10.8
Share-based payments	-	-	-	-	0.1	0.1	-	0.1
Net profit/loss for the period	-	-	-	-	63.6	63.6	-	63.6
Other comprehensive income:								
Net investment in								

a foreign operation	-	-	-	8.2	-	8.2	-	8.2
Cash flow hedge	-	-0.4	-	-	-	-0.4	-	-0.4
Income tax relating to other comprehensive income	-	-	-	-1.6	-	-1.6	-	-1.6
Translation difference	-	-	-0.1	30.8	-	30.7	-	30.7
Equity 30 June 2010	36.2	-0.4	50.8	7.0	232.4	325.9	-	325.9

Equity 1 Jan 2011	36.2	1.2	50.9	-6.3	270.8	352.7	-	352.7
Dividends paid and return of equity	-	-	-19.7	-	-7.6	-27.2	-	-27.2
Net profit/loss for the period	-	-	-	-	-27.5	-27.5	-	-27.5
Other comprehensive income:								
Net investment in a foreign operation	-	-	-	-0.1	-	-0.1	-	-0.1
Cash flow hedge	-	0.4	-	-	-	0.4	-	0.4
Income tax relating to other comprehensive income	-	-	-	0.0	-	0.0	-	0.0
Translation difference	-	-	-	3.0	-	3.0	-	3.0
Equity 30 June 2011	36.2	1.6	31.2	-3.4	235.7	301.3	-	301.3

Consolidated Cash Flow Statement * (IFRS), EUR million	**1 Jan - 30 June 2011**	**1 Jan - 30 June 2010**	**1 Jan - 31 Dec 2010**
Operating profit /loss	-29.4	14.2	17.1
Depreciation	7.3	5.5	11.5
Impairment	33.4	-	-
Change in working capital	-17.9	33.6	73.4
Cash flow from financial items and taxes	-10.8	-7.5	-18.1
Other adjustments	1.3	8.4	4.8
Net cash flow from operating activities	-16.1	54.1	88.7
Net cash flow from investing activities	-10.2	-153.3	-104.7
Net cash flow from financing activities	-55.3	108.0	61.2
Net change in cash and cash equivalents	-81.6	8.9	45.2
Cash and cash equivalents at the beginning of the period	187.8	133.7	133.7
Foreign exchange rate differences	-0,0	5.5	8.9
Net change in cash and cash equivalents	-81.6	8.9	45.2
Cash and cash equivalents at the end of the period	106.2	148.1	187.8

*) Includes net cash flow of Healthcare Trade until 31 May 2010 and net cash flow of Dental Trade until 28 October 2010.

Change in Property, Plant and Equipment, EUR million	**1 Jan - 30 June 2011**	**1 Jan - 30 June 2010**	**1 Jan - 31 Dec 2010**
Carrying amount at the beginning of the period	68.0	53.3	53.3
Increases through acquisitions of subsidiary shares	-	8.9	9.7
Increases	6.8	4.5	14.3
Decreases	-0.4	-4.0	-5.2
Depreciation	-4.5	-3.7	-7.6
Foreign exchange rate differences	-0.8	2.1	3.4
Carrying amount at the end of the period	69.0	61.0	68.0

Key Figures	**1 Jan - 30 June 2011**	**1 Jan - 30 June 2010**	**1 Jan - 31 Dec 2010**
Equity ratio, %	27.0	28.5	30.8
Equity per share, EUR	1.99	2.16	2.33
Return on capital employed (ROCE) from continuing operations, %	-12.0	3.5	2.1
Return on capital employed (ROCE) incl. discontinued operations, %	-12.0	28.6	23.3
Return on equity from continuing operations, %	-16.8	3.0	1.2
Return on equity incl. discontinued operations, %	-16.8	43.9	33.7
Net interest-bearing debt, EUR million	41.8	75.1	-9.5
Gearing, %	13.9	23.0	-2.7
Earnings per share from continuing operations, EUR	-0.18	0.03	0.02
Earnings per share incl. discontinued operations, EUR	-0.18	0.42	0.68
Average number of shares, 1000 pcs	151,161	151,167	151,164

Derivatives, Commitments and Contingent Liabilities

30 June 2011

EUR million	**Positive fair value**	**Negative fair value**	**Nominal values of contracts**
Derivatives recognised as cash flow hedges			
Interest rate swaps	1.6	-	109.0
Derivatives measured at fair value through profit or loss			
Foreign currency forward and swap contracts	0.1	-	11.6

30 June 2010

EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
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

Contingencies for Own Liabilities, EUR million	30 June 2011	30 June 2010	31 Dec 2010
Guarantees given	121.6	119.4	125.4
Mortgages on land and buildings	2.0	2.0	2.0
Mortgages on company assets	2.3	2.2	2.3
Other guarantees and liabilities	0.5	0.1	0.5
Total	126.4	123.7	130.3
Leasing-liabilities (operating liabilities)	0.8	1.2	0.9
Rent contingencies	62.8	59.6	66.5

Net Sales by Operating Segments, EUR million	1 Jan - 30 June 2011	1 Jan - 30 June 2010	1 Jan - 31 Dec 2010
Pharmaceutical Trade			
Finland and Baltics	207.3	225.7	448.3
Pharmaceutical Trade Sweden	533.9	422.4	908.7
Pharmaceutical Trade Russia	324.6	255.0	572.4
Net sales to other segments	-0.2	-0,0	-0,0
Continuing operations total	1,065.6	903.1	1,929.4

Operating Profit/Loss by Operating Segments, EUR million	1 Jan - 30 June 2011	1 Jan - 30 June 2010	1 Jan - 31 Dec 2010
Pharmaceutical Trade			
Finland and Baltics	10.3	9.9	21.4
Pharmaceutical Trade Sweden	4.2	4.2	12.5
Pharmaceutical Trade Russia	-40.7	-2.5	-18.1
Group Administration and Others	-3.1	-3.5	-6.0
Continuing operations total	-29.4	8.3	9.8

One-off costs and Impairment, EUR million	1 Jan - 30 June 2011	1 Jan - 30 June 2010	1 Jan - 31 Dec 2010
Pharmaceutical Trade			
Finland and Baltics	-	-	-

Pharmaceutical Trade Sweden *	-	-	-2.8
Pharmaceutical Trade Russia **	-33.4	-	-10.0
Group Administration and Others	-	-	-
One-off costs and Impairment total	-33.4	-	-12.7

*) Write-off of a receivable relating to the bankruptcy of a pharmaceutical company EUR -1.7 million and a provision related to restructuring of the pharmaceutical wholesale operations EUR -1.1 million
**) Stary Lekar -brand impairment EUR -33.4 million and a write-off of a trade receivable relating to the bankruptcy of a pharmaceutical chain EUR -2.1 million and purchase-related discounts booked in stock value EUR -7.9 million

Operating Profit/Loss by Operating Segments

excl. One-off costs and Impairment EUR million	**1 Jan - 30 June 2011**	**1 Jan - 30 June 2010**	**1 Jan - 31 Dec 2010**
Pharmaceutical Trade			
Finland and Baltics	10.3	9.9	21.4
Pharmaceutical Trade Sweden	4.2	4.2	15.3
Pharmaceutical Trade Russia	-7.4	-2.5	-8.2
Group Administration and Others	-3.1	-3.5	-6.0
Continuing operations total			
excl. One-off costs and Impairment	4.0	8.3	22.5
One-off costs and impairment	-33.4	-	-12.7
Continuing operations total	-29.4	8.3	9.8
Continuing operations			
Average number of personnel	4,959	4,244	4,512
Number of personnel at the end of the period	5,017	4,333	4,954
Group total			
Average number of personnel	4,959	4,571	4,675
Number of personnel at the end of the period	5,017	4,333	4,954

Net Sales by Operating Segments,

EUR million	**Q2/2011**	**Q1/2011**	**Q4/2010**	**Q3/2010**	**Q2/2010**	**Q1/2010**
Pharmaceutical Trade						
Finland and Baltics	104.8	102.5	111.5	111.1	113.1	112.6
Pharmaceutical Trade Sweden	268.6	265.3	246.8	239.5	241.4	181.0
Pharmaceutical Trade Russia	162.2	162.4	169.6	147.8	132.8	122.1
Net sales to other segments	-0.1	-0.1	-0.0	-0.0	-0.0	-0.0
Continuing operations total	535.5	530.1	527.8	498.5	487.3	415.7

Operating Profit/Loss by Operating Segments,

EUR million	Q2/2011	Q1/2011	Q4/2010	Q3/2010	Q2/2010	Q1/2010
Pharmaceutical Trade						
Finland and Baltics	4.7	5.6	5.3	6.2	5.2	4.8
Pharmaceutical Trade Sweden	1.9	2.3	3.3	4.9	5.6	-1.4
Pharmaceutical Trade Russia	-39.1	-1.6	0.1	-15.7	-2.0	-0.4
Group Administration and Others	-1.9	-1.2	-1.4	-1.2	-1.9	-1.6
Continuing operations total	-34.4	5.0	7.3	-5.8	6.9	1.3

One-off costs and Impairment, EUR million	Q2/2011	Q1/2011	Q4/2010	Q3/2010	Q2/2010	Q1/2010
Pharmaceutical Trade						
Finland and Baltics	-	-	-	-	-	-
Pharmaceutical Trade Sweden *	-	-	-1.1	-1.7	-	-
Pharmaceutical Trade Russia **	-33.4	-	-	-10.0	-	-
Group Administration and Others	-	-	-	-	-	-
One-off costs and Impairment total	-33.4	-	-1.1	-11.7	-	-

*) Write-off of a receivable relating to the bankruptcy of a pharmaceutical company EUR -1.7 million (Q3/2010) and a provision related to restructuring of the pharmaceutical wholesale operations EUR -1.1 million (Q4/2010)

**) Stary Lekar -brand impairment EUR -33.4 million (Q2/2011) and a write-off of a trade receivable relating to the bankruptcy of a pharmaceutical chain EUR -2.1 million (Q3/2010) and purchase-related discounts booked in stock value EUR -7.9 million (Q3/2010)

Operating Profit/Loss by Operating Segments,

excl. One-off costs and Impairment

EUR million	Q2/2011	Q1/2011	Q4/2010	Q3/2010	Q2/2010	Q1/2010
Pharmaceutical Trade						
Finland and Baltics	4.7	5.6	5.3	6.2	5.2	4.8
Pharmaceutical Trade Sweden	1.9	2.3	4.5	6.6	5.6	-1.4
Pharmaceutical Trade Russia	-5.7	-1.6	0.1	-5.7	-2.0	-0.4
Group Administration and Others	-1.9	-1.2	-1.4	-1.2	-1.9	-1.6
Continuing operations total excl.						
One-off costs and Impairment	-1.0	5.0	8.4	5.9	6.9	1.3
One-off costs and impairment	-33.4	-	-1.1	-11.7	-	-
Continuing operations total	-34.4	5.0	7.3	-5.8	6.9	1.3

Net Sales by Market, EUR million	1 Jan - 30 June 2011	1 Jan - 30 June 2010	1 Jan - 31 Dec 2010

Finland	189.6	211.5	417.6
Sweden	520.5	409.4	882.6
Russia	324.6	255.0	572.4
Baltic countries	16.4	15.6	30.5
Other countries	14.4	11.6	26.4
Continuing operations total	1,065.6	903.1	1,929.4

Net Sales by Market, EUR million	**Q2/2011**	**Q1/2011**	**Q4/2010**	**Q3/2010**	**Q2/2010**	**Q1/2010**
Finland	96.5	93.1	103.5	102.6	106.5	105.0
Sweden	262.1	258.4	239.6	233.5	235.3	174.2
Russia	162.2	162.4	169.6	147.8	132.8	122.1
Baltic countries	7.7	8.7	7.8	7.0	7.3	8.3
Other countries	6.9	7.5	7.4	7.4	5.4	6.2
Continuing operations total	535.5	530.1	527.8	498.5	487.3	415.7

Espoo, 3 August 2011

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