

## **Oriola-KD Corporation Stock Exchange Release 26 July 2012 at 8.30 a.m.**

### **Oriola-KD Corporation's Interim Report for 1 January – 30 June 2012**

#### **Key figures for 1 January - 30 June 2012**

- Net sales increased by 10.8 per cent to EUR 1,180.6 million (1-6/2011: EUR 1,065.6 million).
- Operating profit was EUR 9.7 million (1-6/2011: operating loss EUR 29.4 million including an EUR 33.4 million impairment charge related to the Russian Stary Lekar brand and operating profit excluding impairment charge EUR 4.0 million).
- Net cash flow from operations was EUR -8.1 million (1-6/2011: EUR -16.1 million).
- Net profit was EUR 3.2 million (1-6/2011: EUR -27.5 million) and earnings per share were EUR 0.02 (1-6/2011: EUR -0.18).
- Return on equity was 2.2 per cent (1-6/2011: -16.8 per cent).
- Outlook for 2012 is unchanged: Oriola-KD's net sales are expected to increase 10–15 per cent and operating profit excluding one-off items is expected to come to EUR 23–33 million in 2012.

#### **Key figures for 1 April - 30 June 2012**

- Net sales increased by 10.1 per cent to EUR 589.7 million (4-6/2011: EUR 535.5 million).
- Operating profit was EUR 4.3 million (4-6/2011: operating loss EUR 34.4 million including an EUR 33.4 million impairment charge related to the Russian Stary Lekar brand and operating loss excluding impairment EUR 1.0 million).
- Net profit was EUR 1.7 million (4-6/2011: EUR -29.7 million) and earnings per share were EUR 0.01 (4-6/2011: EUR -0.20).

#### **President and CEO Eero Hautaniemi's comments regarding the interim report:**

“Oriola-KD's net sales increased 10.8 per cent to EUR 1,180.6 million and operating profit was EUR 9.7 million in January-June 2012. Pharmaceutical retail in Sweden and Russian operations were primarily responsible for the growth in operating profit. Pharmaceutical Trade Sweden's operating profit improved by EUR 2.7 million and Pharmaceutical Trade Russia's operating loss excluding impairment charges decreased by EUR 4.1 million from the previous year. The profitability of the Finnish wholesale business remained stable. The gross margin of the Swedish retail business has increased compared to the comparison period as a consequence of increased sales of traded goods and OTC products. Operations have been intensified and costs related to the implementation of IT systems did not affect the profit as was the case in 2011. In June, the Swedish wholesale business signed agreements with four pharmacy chains on the purchasing, warehousing and pharmacy distribution of OTC products and traded goods, which is expected to increase net sales by approximately EUR 130 million a year as of 2013. The profitability of the Russian retail business improved due to the increase in sales as a result of the actions to boost the efficiency of operations and the changes in pricing that were introduced in summer 2011. The operating loss of the Russian wholesale business decreased as a result of increased regional and hospital sales, increased efficiency of operations and improved delivery reliability. We will systematically continue our planned measures to boost profitability.”

#### **Financial performance**

The Oriola-KD Group's (hereinafter Oriola-KD) net sales in January-June 2012 were EUR 1,180.6 million (EUR 1,065.6 million) and operating profit was EUR 9.7 million (1-6/2011: operating loss EUR 29.4 million including an EUR 33.4 million impairment charge related to the Russian Stary Lekar brand and operating profit excluding impairment charge EUR 4.0 million). Pharmaceutical Trade Sweden's operating profit improved by EUR 2.7 million to EUR 6.9 million and Pharmaceutical Trade Russia's operating loss excluding impairment charge decreased by EUR 4.1 million to EUR 3.3 million from the previous year. Profit after financial items came to EUR 5.0 million (EUR -33.4 million), net profit was EUR 3.2 million (EUR -27.5 million) and earnings per share came to EUR 0.02 (EUR -0.18). Oriola-KD's financial expenses increased to EUR 4.7 million (EUR 4.1 million), due to a EUR 0.7 million accrual cost of an arrangement fee for a loan repaid in connection with the renewal of bank loans. Taxes amounted to EUR 1.8 million (EUR 5.9 million positive). Taxes corresponding to the result for January-June 2012 are entered under this figure.

Second-quarter net sales were EUR 589.7 million (EUR 535.5 million) and operating profit was EUR 4.3 million (operating loss EUR 34.4 million including an EUR 33.4 million impairment charge related to the

Russian Stary Lekar brand and operating loss excluding impairment charge EUR 1.0 million). Pharmaceutical Trade Sweden's operating profit improved by EUR 1.5 million to EUR 3.4 million and Pharmaceutical Trade Russia's operating loss excluding impairment charges decreased by EUR 3.5 million to EUR 2.2 million from the second quarter of 2011. Profit after financial items came to EUR 2.2 million (EUR -36.5 million) and net profit was EUR 1.7 million (EUR -29.7 million). Earnings per share in the second quarter were EUR 0.01 (EUR -0.20).

Return on equity was 2.2 per cent (-16.8 per cent) in January-June 2012.

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

Oriola-KD's balance sheet total on 30 June 2012 stood at EUR 1,199.5 million (EUR 1,142.2 million). Cash assets were EUR 72.8 million (EUR 106.2 million), equity was EUR 294.3 million (EUR 301.3 million) and the equity ratio was 25.1 per cent (27.0 per cent).

Oriola-KD's group goodwill of EUR 270.0 million has been allocated in impairment testing to the operating segments, i.e. cash-generating units: EUR 114.2 million to the Swedish pharmaceutical retail business, EUR 27.2 million to the Swedish pharmaceutical wholesale business, EUR 86.9 million to the Russian pharmaceutical wholesale business and EUR 41.9 million to the Russian pharmaceutical retail business. Since March 2012 Russian pharmaceutical retail and Russian pharmaceutical wholesale have been led by own general directors who are members of Oriola-KD's Group Management Team. During the second quarter of 2012, goodwill related to Russia of EUR 128.7 million was allocated to the Russian pharmaceutical retail and Russian pharmaceutical wholesale operating segments in relation to future cash-flow forecasts. According to the impairment tests conducted in July 2012, Oriola-KD has no need for goodwill write-offs.

Interest-bearing debt at the end of June 2012 was EUR 124.8 million (EUR 147.9 million), interest-bearing net debt was EUR 52.0 million (EUR 41.8 million) and the gearing ratio was 17.7 per cent (13.9 per cent). Interest-bearing debt consisted mainly of the use of the issued commercial paper programme, 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's committed long-term credit facility of EUR 100.0 million and EUR 42.8 million of short-term credit account limits with banks were unused at the end of June 2012. A total of EUR 82.7 million (EUR 0.0 million) of Oriola-KD's EUR 150.0 million commercial paper programme was in use at the end of the review period. In February 2012, Oriola-KD renewed all long-term external loan agreements by signing a multi-currency revolving credit agreement with four banks amounting to EUR 100.0 million that will mature in April 2014.

Net cash flow from operations in January-June 2012 was EUR -8.1 million (EUR -16.1 million), of which changes in working capital accounted for EUR -19.7 million (EUR -17.9 million). In the Swedish pharmaceutical wholesale business, the trade receivables sales programme was continued during 2012. Net cash flow from investments was EUR -10.7 million (EUR -10.2 million).

### **Investments**

Gross investments for January-June 2012 came to EUR 9.4 million (EUR 13.6 million) and consisted of investments relating to the establishment of new pharmacies, information systems and improvements in logistics efficiency.

### **Personnel and management team**

On 30 June 2012, Oriola-KD had a payroll of 4,776 (5,017) employees, 11 per cent (11 per cent) of whom worked in Finland and the Baltic countries, 26 per cent (26 per cent) in Sweden, and 63 per cent (63 per cent) in Russia. Personnel numbers include the members of staff in active employment.

Changes to the Oriola-KD Group Management Team: Lars Birkeland, M.Sc. (Econ.) (b. 1964) was appointed Managing Director of Kronans Droghandel Apotek AB. Konstantin Minin (b. 1974), Doctor, who was previously Commercial Director of Oriola-KD's Stary Lekar and 03 Apteka pharmacy chains in Russia was appointed Vice President, Pharmaceutical Retail Russia as of 1 March 2012. As of 1 March 2012 Henry Fogels has been in charge of Oriola-KD's wholesale business in Russia. Kimmo Virtanen was appointed

Executive Vice President of Oriola-KD's pharmaceutical wholesale businesses in Finland, Sweden and the Baltics and Managing Director of Oriola Oy as of 15 May 2012. Virtanen will continue as the CFO of Oriola-KD until a new CFO is appointed. Jukka Niemi, Vice President, Pharmaceutical Wholesale, Finland and Baltics resigned from the Group and from his position as Managing Director of Oriola Oy on 1 May 2012.

Oriola-KD's Group Management Team as of 30 June 2012:

- \* Eero Hautaniemi, President and CEO
- \* Lars Birkeland, Vice President, pharmaceutical retail, Sweden
- \* Henry Fogels, Vice President, pharmaceutical wholesale, Russia
- \* Thomas Gawell, Vice President, pharmaceutical wholesale, Sweden
- \* Konstantin Minin, Vice President, pharmaceutical retail, Russia
- \* Teija Silver, Vice President, HR
- \* Kimmo Virtanen, Executive Vice President, pharmaceutical wholesale, Finland, Sweden and the Baltics and CFO

## **Reporting segments**

Oriola-KD's reporting segments are Pharmaceutical Trade Finland and Baltics, Pharmaceutical Trade Sweden and Pharmaceutical Trade Russia. Oriola-KD has formed its reporting segments by combining its operating segments. The Pharmaceutical Trade Finland and Baltics reporting segment comprises the Finnish pharmaceutical wholesale, the consumer health and the Pharmaceutical Trade Baltics operating segments. The Pharmaceutical Trade Sweden reporting segment comprises the Swedish pharmaceutical retail and Swedish pharmaceutical wholesale operating segments. The Pharmaceutical Trade Russia reporting segment comprises the Russian pharmaceutical retail and Russian pharmaceutical wholesale operating segments.

### ***Pharmaceutical Trade Finland and Baltics***

The net sales of Pharmaceutical Trade Finland and Baltics in January-June 2012 were EUR 233.4 million (EUR 207.3 million) and its operating profit was EUR 9.9 million (EUR 10.3 million). Invoicing of the pharmaceutical wholesale business in Finland in January-June 2012 was EUR 518.2 (EUR 485.5 million) and net sales were EUR 193.6 million (EUR 167.0 million). Net sales of pharmaceutical wholesale in the Baltic countries were EUR 17.3 million (EUR 17.2 million) and net sales of the consumer health business, i.e. consumer health products sold under Oriola-KD's own brands or exclusive sales rights, were EUR 22.8 million (EUR 23.3 million).

The Finnish pharmaceutical market grew by 3.4 per cent (0.8 per cent) in January-June 2012. Oriola-KD's market share of the Finnish pharmaceutical wholesale market was 47.2 per cent (45.8 per cent) in January-June 2012. (Source: IMS Health)

The net sales of Pharmaceutical Trade Finland and Baltics in the second quarter of 2012 were EUR 116.6 million (EUR 104.8 million) and operating profit was EUR 5.0 million (EUR 4.7 million). Invoicing of the pharmaceutical wholesale business in Finland in the second quarter came to EUR 262.0 million (EUR 245.1 million) and net sales to EUR 97.0 million (EUR 85.2 million). Net sales of pharmaceutical wholesale in the Baltic countries were EUR 8.4 million (EUR 7.9 million), while net sales of the consumer health business were EUR 11.3 million (EUR 11.8 million).

During 2012, pharmaceutical wholesale in Finland will focus on improving quality and efficiency and on the development of value added services for pharmacies and pharmaceutical companies. During the first quarter, a new picking automation line, which is expected to improve the efficiency of logistics, was started up at Oriola-KD's main distribution centre in Espoo.

Pharmaceutical Trade Finland and Baltics had 523 (509) employees at the end of June 2012.

### ***Pharmaceutical Trade Sweden***

Pharmaceutical Trade Sweden's net sales in January-June 2012 were EUR 514.8 million (EUR 533.9 million) and its operating profit was EUR 6.9 million (EUR 4.2 million). Wholesale invoicing was EUR 679.9 million (EUR 745.8 million) and net sales EUR 292.2 million (EUR 317.5 million). Net sales of the retail

business were EUR 249.3 million (EUR 246.3 million). The operating profit increased due to improved profitability of the retail business. The profitability of the wholesale business was weakened by the low invoicing figure which was a result of the increase in the share of parallel imports and generic pharmaceuticals in the Swedish market.

The Swedish pharmaceutical market grew by 4.1 percent (4.1 per cent) in January-June 2012. Oriola-KD's market share of the Swedish pharmaceutical wholesale market was 36.3 per cent (39.5 per cent) and 13.5 per cent of the retail market (13.1 per cent) in January-June 2012. (Source: IMS Health)

The net sales of Pharmaceutical Trade Sweden in the second quarter of 2012 were EUR 255.9 million (EUR 268.6 million) and its operating profit was EUR 3.4 million (EUR 1.9 million). Wholesale invoicing was EUR 341.4 million (EUR 374.3 million) and net sales were EUR 144.8 million (EUR 161.1 million). Net sales of the retail business were EUR 124.6 million (EUR 122.7 million). The operating profit improved as a result of the good performance of the retail business.

In 2012, the retail business will focus on improving pharmacies' competitiveness, developing purchasing operations, expanding the selection of traded goods and OTC assortment and opening some 15 new pharmacies. Seven (10) pharmacies have been opened during 2012 and there were in total 216 (199) pharmacies at the end of June. The retail business has intensified pharmacy operations and costs related to implementation of IT systems did not affect the profit of the retail business as was the case in the previous year. The share of traded goods, OTC products and parallel imported products sales increased and this improved the gross margin. The establishment of new pharmacies in Sweden slowed down during 2012.

In 2012, the focus areas in the wholesale business are the improvement of distribution services provided to pharmaceutical companies and the development of logistics services provided to pharmacy chains. On 29 June 2012, the wholesale company Oriola AB signed agreements with Apoteksgruppen, DocMorris, Medstop and Vårdapoteket on the purchasing, warehousing and pharmacy distribution of OTC products and traded goods. The combined market share of the pharmacy chains included in the scope of the agreements is about 25 per cent of the Swedish pharmacy market in 2011 (source: KPMG report 01/2012). The combined purchases under the agreements are expected to come to approximately EUR 130 million annually from 2013. The cooperation will be launched during the last quarter of 2012. In addition Oriola AB signed a new freight agreement during the second quarter. The agreement will reduce freight costs and improve the service provided to pharmacies.

Pharmaceutical Trade Sweden had 1,246 (1,305) employees at the end of June 2012, of whom 994 (1,064) were employed in retail and 252 (241) in wholesale.

### ***Pharmaceutical Trade Russia***

Pharmaceutical Trade Russia's net sales in January-June 2012 were EUR 432.5 million (EUR 324.6 million) and operating loss was EUR 3.3 million (operating loss EUR 40.7 million including an EUR 33.4 million impairment charge related to the Stary Lekar brand and operating loss excluding impairment charge EUR 7.4 million). The profitability of the retail business improved as a result of the growth in sales due to the actions to boost efficiency and the changes in pricing implemented in summer 2011. The operating loss of the wholesale business decreased as a result of increased regional and hospital sales, increased efficiency of operations and improved delivery reliability. Net sales of the wholesale business in Russia were 371.6 million (EUR 280.3 million) and net sales of the retail business were EUR 73.0 million (EUR 65.1 million). In the wholesale business, net sales of the regional distribution centres outside Moscow increased by some 79 per cent in January-June 2012, in addition to a strong growth in sales of pharmaceuticals to hospitals.

The Russian ruble-denominated growth of the pharmaceutical market in Russia was 20.4 per cent (6.8 per cent) in January-June 2012 (source: Pharmexpert). Net sales of Oriola-KD's wholesale business grew by 31.2 per cent (21.5 per cent) and the retail business grew 11.1 per cent (37.6 per cent) in Russian rubles in January-June 2012. Oriola-KD's total net sales increased by 31.8 per cent (28.0 per cent) in Russian rubles in January-June 2012.

Pharmaceutical Trade Russia's second-quarter net sales came to EUR 217.3 million (EUR 162.2 million), of which retail accounted for EUR 35.8 million (EUR 31.8 million) and wholesale EUR 187.1 million (EUR 140.9 million). The operating loss was EUR 2.2 million (operating loss EUR 39.1 million including an EUR 33.4 million impairment charge related to the Stary Lekar brand and operating loss excluding impairment charge

EUR 5.7 million). The profitability of the wholesale and retail businesses improved compared to the previous year. The stock of the wholesale business was at the target level at the end of June 2012.

In 2012 the retail business will focus on developing the pharmacy portfolio, improving the competitiveness of individual pharmacies and strengthening the product assortment. Oriola-KD had 235 (262) pharmacies in the Moscow area at the end of June 2012, of which 167 (189) operated under the Stary Lekar brand and 68 (73) under the 03 Apteka brand. Five pharmacies were opened and 19 pharmacies were closed during January-June 2012. In June 2012, Oriola-KD completed its project to close down unprofitable pharmacies. During the years 2011 and 2012, a total of 56 pharmacies were closed down in the Moscow area.

In 2012, unprofitable products in the assortment of the warehouse business will be eliminated, logistics intensified and delivery reliability improved by developing the internal operating processes. Projects have been started in Russia to implement a new warehouse management system at the start of 2013 and to establish a new automated main logistics centre in Moscow at the beginning of 2014. The wholesale business has twelve regional logistics centres in addition to its main logistics centre in Moscow.

Pharmaceutical Trade Russia had 3,007 (3,202) employees at the end of June 2012, of whom 1,306 (1,613) were employed in retail and 1,701 (1,589) in wholesale.

### Related parties

Related parties in the Oriola-KD Group are deemed to comprise the members of the Board and the President and CEO of Oriola-KD Corporation, the 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 shares

Trading volume of Oriola-KD Corporation's class A and B shares in January-June 2012:

Trading volume	January-June 2012		January-June 2011	
	class A	class B	class A	class B
Trading volume, million	3.7	20.1	1.5	41.7
Trading volume, EUR million	7.2	38.3	5.1	131.3
Highest price, EUR	2.44	2.15	3.83	3.74
Lowest price, EUR	1.77	1.70	2.50	2.28
Closing quotation, end of period, EUR	2.03	1.94	3.13	2.66

Oriola-KD Corporation's market capitalisation on 30 June 2012 was EUR 297.7 million (EUR 424.5 million).

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 15.7 per cent (28.6 per cent) of the total number of shares. The traded volume of class A shares amounted to 7.8 per cent (3.2 per cent) of the average stock, and that of class B shares, excluding treasury shares, 19.3 per cent (40.1 per cent) of the average stock.

At the end of June 2012, the company had a total of 151,257,828 shares (151,257,828), of which 47,148,710 were class A shares (47,163,160) and 104,109,118 were class B shares (104,094,668). 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.

Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares. During the period 1 January - 30 June 2012, no class A shares were converted into class B shares (0 shares).

On 10 February 2010, Oriola-KD Corporation's Board of Directors decided on a new share incentive scheme for the Group's key personnel for the years 2010-2012. No bonuses have been paid under the incentive scheme for the 2010 and the 2011 earning periods. The Board of Directors of Oriola-KD has specified the earning criteria for the earning period 2012. Any payment for the 2012 earning period will be based on the

attainment of business-specific strategic targets.

### **Decisions of the 2012 Annual General Meeting**

The Annual General Meeting of Oriola-KD Corporation, held on 26 March 2012, adopted the 2011 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 2011. According to the decisions of the AGM, the company paid a dividend of EUR 0.05 per share and distributed EUR 0.03 per share as repayment of equity on 12 April 2012.

The AGM re-elected Jukka Alho, Harry Brade, Per Bätelson, Pauli Kulvik, Outi Raitasuo, Olli Riikkala (Chairman), Ilkka Salonen and Mika Vidgrén as Board members. The AGM confirmed a term of office fee of EUR 48,400 for the Chairman, EUR 30,250 for the Vice Chairman, and EUR 24,200 for the other members of the Board. The Chairman receives an attendance fee of EUR 800 per meeting, and the other Board members EUR 400 per meeting. In accordance with the decision of the AGM, 40 per cent of the term of office fee was used to acquire Oriola-KD Corporation's class B shares for the Board members on the NASDAQ OMX Helsinki Stock Exchange on 13 April 2012, and 60 per cent of the fee was paid in cash on 20 April 2012.

PricewaterhouseCoopers Oy was re-elected as auditor for the company, with APA Heikki Lassila as principal auditor.

The AGM authorised the Board to decide on repurchasing up to fifteen million of the company's own class B shares. Shares may be repurchased also in a proportion other than in which shares are owned by the shareholders. The authorisation is in force for eighteen months following the decision of the AGM.

The AGM authorised the Board to decide on a share issue against payment in one or more issues, including the right to issue new class B shares or to assign class B shares held by the company. The authorisation covers a combined maximum of fifteen million class B shares of the company and includes the right to derogate from the shareholders' pre-emptive subscription right. The authorisation is in force for eighteen months following the decision of the AGM.

At its constitutive meeting held immediately after the AGM, the Board of Directors Oriola-KD Corporation elected Outi Raitasuo as Vice Chairman of the Board. The Board appointed from among its members Outi Raitasuo (Chairman), Harry Brade, Ilkka Salonen and Mika Vidgrén to the Board's Audit Committee, and Olli Riikkala (Chairman), Per Bätelson and Pauli Kulvik to the Board's Remuneration Committee. The Board of Directors has assessed the independence of its members and determined that all members are independent of both the company and its major shareholders.

### **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 the 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 rate, liquidity, interest rate and credit risks. Currency risks are the most significant financial risks in Russia and Sweden, as any changes in the value of the Russian ruble or the Swedish crown will have an impact on Oriola-KD's financial performance and equity.

Goodwill and intangible rights are subject to impairment testing at least once every 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. The impairment test of the goodwill of the Russian cash-generating units, in particular, is sensitive to changes in the discount rate or cash-flow forecasts.

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

A decrease in gross margin resulting from intense competition and an increase in credit risks concerning customers may have an impact on the profitability of the wholesale business in Russia.

#### **Outlook**

Oriola-KD's outlook for 2012 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments. In the period 2012-2016, the pharmaceutical market is expected to grow on average per year by 0.5 per cent in Finland, 1 per cent in Sweden, and 11.5 per cent in Russia, measured in local currencies (source: IMS Health 04/2012).

Oriola-KD's outlook for 2012 is unchanged:

Oriola-KD's net sales are expected to increase 10–15 per cent and operating profit excluding one-off items is expected to come to EUR 23–33 million in 2012.

#### **Tables**

The interim report for 1 January - 30 June 2012 has been prepared in accordance with the recognition policies of the IAS 34 standard. Oriola-KD adopted new IAS/IFRS standards in January-June 2012: IFRS 7 (amendment) and IAS 12 (amendment). The changes in the standards had no impact on Oriola-KD's result. The figures are unaudited.

<b>Consolidated Statement of Comprehensive Income (IFRS), EUR million</b>	<b>1 Jan - 30 June 2012</b>	<b>1 Jan - 30 June 2011</b>	<b>1 April - 30 June 2012</b>	<b>1 April - 30 June 2011</b>	<b>1 Jan - 31 Dec 2011</b>
<b>Net sales</b>	1,180.6	1,065.6	589.7	535.5	2,146.0
Cost of goods sold	-1,009.0	-907.0	-504.2	-457.4	-1,830.1
<b>Gross profit</b>	171.6	158.6	85.6	78.1	315.9
Other operating income	1.0	1.4	0.5	0.6	2.6
Selling and distribution expenses	-135.1	-127.4	-67.8	-64.4	-250.9
Administrative expenses	-27.8	-28.6	-14.0	-15.4	-54.4
<b>Operating Profit/Loss before Impairment *</b>	9.7	4.0	4.3	-1.0	13.2
Impairment **	-	-33.4	-	-33.4	-33.4
<b>Operating Profit/Loss</b>	9.7	-29.4	4.3	-34.4	-20.2
Financial income	4.2	5.5	2.1	3.2	10.7
Financial expenses	-8.9	-9.6	-4.2	-5.2	-19.4
<b>Profit/Loss before taxes</b>	5.0	-33.4	2.2	-36.5	-28.9
Income taxes ***	-1.8	5.9	-0.5	6.8	4.8
<b>Profit/Loss for the period</b>	3.2	-27.5	1.7	-29.7	-24.1

#### **Other comprehensive**

<b>income</b>					
Cash flow hedge	0.0	0.4	-	-0.4	-1.3
Income tax relating to other comprehensive income	-0.1	0.0	-0.9	0.1	0.4
Translation difference	3.9	2.9	-9.5	-3.5	-1.2
<b>Total comprehensive income for the period</b>	<b>7.0</b>	<b>-24.2</b>	<b>-8.6</b>	<b>-33.5</b>	<b>-26.3</b>

**Attribution of Profit/Loss for the period**

To parent company shareholders	3.2	-27.5	1.7	-29.7	-24.1
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**Attribution of total comprehensive income for the period**

To parent company shareholders	7.0	-24.2	-8.6	-33.5	-26.3
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**Earnings per share for the period from continuing operations**

Basic earnings per share, EUR	0.02	-0.18	0.01	-0.20	-0.16
Diluted earnings per share, EUR	0.02	-0.18	0.01	-0.20	-0.16

\*) Including depreciation, EUR million

	-8.9	-7.3	-4.5	-3.7	-16.1
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\*\*) Stary Lekar -brand impairment, EUR million

	-	-33.4	-	-33.4	-33.4
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\*\*\*) The tax expense for the period corresponds to the taxes calculated from the profit for the financial period

**Consolidated Balance Sheet (IFRS), EUR million**

<b>ASSETS</b>	<b>30 June 2012</b>	<b>30 June 2011</b>	<b>31 Dec 2011</b>
<b>Non-current assets</b>			
Property, plant and equipment	76.3	69.0	74.0
Goodwill	270.0	267.5	266.8
Other intangible assets	52.0	49.9	52.1
Other shares and shareholdings	0.0	0.0	0.0
Other non-current assets	9.4	10.9	9.4
Deferred tax assets	7.7	4.9	7.6
<b>Non-current assets total</b>	<b>415.4</b>	<b>402.2</b>	<b>410.0</b>
<b>Current assets</b>			
Inventories	345.7	315.4	379.8

Trade and other receivables	365.6	318.5	329.7
Cash and cash equivalents	72.8	106.2	153.8
	784.1	740.0	863.3
Non-current assets held for sale	0.0	-	0.0
<b>Current assets total</b>	784.1	740.0	863.4
<b>ASSETS TOTAL</b>	<b>1,199.5</b>	<b>1,142.2</b>	<b>1,273.3</b>

<b>EQUITY AND LIABILITIES</b>	<b>30 June 2012</b>	<b>30 June 2011</b>	<b>31 Dec 2011</b>
<b>Equity of the parent company shareholders</b>			
Share capital	36.2	36.2	36.2
Funds	26.7	32.8	31.2
Retained earnings	231.5	232.3	231.9
<b>Equity total</b>	294.3	301.3	299.3
<b>Non-current liabilities</b>			
Deferred tax liabilities	15.0	15.6	15.1
Pension obligations	6.5	5.7	6.3
Borrowings	15.6	122.3	127.0
Other non-current liabilities	-	-	0.0
<b>Non-current liabilities total</b>	37.0	143.6	148.4
<b>Current liabilities</b>			
Trade payables and other current liabilities	758.9	671.6	779.7
Borrowings	109.2	25.6	46.0
<b>Current liabilities total</b>	868.2	697.3	825.7
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>1,199.5</b>	<b>1,142.2</b>	<b>1,273.3</b>

**Consolidated Statement  
of Changes in  
Equity (IFRS)**

<b>EUR million</b>	<b>Equity of the parent company shareholders</b>						
	<b>Share capital</b>	<b>Hedge fund</b>	<b>Contingency fund</b>	<b>Other funds</b>	<b>Trans-lation diffe-rences</b>	<b>Re-tained earnings</b>	<b>Equity total</b>
<b>Equity</b>							
<b>1 Jan 2011</b>	36.2	1.2	30.0	20.9	-6.3	270.8	352.7
Dividends paid and return of equity	-	-	-	-19.7	-	-7.6	-27.2
Net profit/loss for the period	-	-	-	-	-	-27.5	-27.5
Other comprehensive income:							
Cash flow hedge	-	0.4	-	-	-	-	0.4
Income tax relating to other comprehensive income	-	-	-	-	0.0	-	0.0

Translation difference	-	-	-	-	2.9	-	2.9
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### Equity

<b>30 June 2011</b>	36.2	1.6	30.0	1.2	-3.4	235.7	301.3
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### Equity

<b>1 Jan 2012</b>	36.2	-0.0	30.0	1.2	-7.2	239.1	299.3
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Dividends paid and return of equity	-	-	-4.5	-	-	-7.6	-12.1
Share-based payments	-	-	-	-	-	0.1	0.1
Net profit/loss for the period	-	-	-	-	-	3.2	3.2
Other comprehensive income:							
Cash flow hedge	-	0.0	-	-	-	-	0.0
Income tax relating to other comprehensive income	-	-	-	-	-0.1	-	-0.1
Translation difference	-	-	-	-	3.9	-	3.9

### Equity

<b>30 June 2012</b>	36.2	-	25.5	1.2	-3.4	234.9	294.3
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<b>Consolidated Cash Flow Statement (IFRS), EUR million</b>	<b>1 Jan - 30 June 2012</b>	<b>1 Jan - 30 June 2011</b>	<b>1 Jan - 31 Dec 2011</b>
Operating profit /loss	9.7	-29.4	-20.2
Depreciation	8.9	7.3	16.1
Impairment	-	33.4	33.4
Change in working capital	-19.7	-17.9	11.8
Cash flow from financial items and taxes	-5.9	-10.8	-15.1
Other adjustments	-1.2	1.3	2.1
Net cash flow from operating activities	-8.1	-16.1	28.1
Net cash flow from investing activities	-10.7	-10.2	-27.1
Net cash flow from financing activities	-62.4	-55.3	-35.0
Net change in cash and cash equivalents	-81.2	-81.6	-34.1
Cash and cash equivalents at the beginning of the period	153.8	187.8	187.8
Foreign exchange rate differences	0.1	-0.0	0.1
Net change in cash and cash equivalents	-81.2	-81.6	-34.1
Cash and cash equivalents at the end of the period	72.8	106.2	153.8

<b>Change in Property, Plant and Equipment, EUR million</b>	<b>1 Jan - 30 June 2012</b>	<b>1 Jan - 30 June 2011</b>	<b>1 Jan - 31 Dec 2011</b>
Carrying amount at the beginning of the period	74.0	68.0	68.0
Increases	6.6	6.8	16.2
Decreases	-0.4	-0.4	-0.6
Depreciation	-5.3	-4.5	-9.6

Transferred to assets of disposal group classified as held for sale	-	-	-0.0
Foreign exchange rate differences	1.3	-0.8	0.1
Carrying amount at the end of the period	76.3	69.0	74.0

<b>Key Figures</b>	<b>1 Jan - 30 June 2012</b>	<b>1 Jan - 30 June 2011</b>	<b>1 Jan - 31 Dec 2011</b>
Equity ratio, %	25.1	27.0	24.4
Equity per share, EUR	1.95	1.99	1.98
Return on capital employed (ROCE), %	4.3	-12.0	-4.0
Return on equity (ROE), %	2.2	-16.8	-7.4
Net interest-bearing debt, EUR million	52.0	41.8	19.2
Gearing, %	17.7	13.9	6.4
Earnings per share, EUR	0.02	-0.18	-0.16
Average number of shares, 1000 pcs	151,237	151,161	151,161

### Derivatives, Commitments and Contingent Liabilities

#### 30 June 2012

<b>EUR million</b>	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Nominal values of contracts</b>
<b>Derivatives measured at fair value through profit and loss</b>			
Foreign currency forward and swap contracts	-	-0.4	191.3
Interest rate swaps	-	-0.1	114.0

Internal loan of 1 billion Swedish crowns given to Kronans Droghandel Apotek AB has been hedged using foreign currency swap contracts.

#### 30 June 2011

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

### Contingencies for Own Liabilities,

<b>EUR million</b>	<b>30 June 2012</b>	<b>30 June 2011</b>	<b>31 Dec 2011</b>
Guarantees given	31.0	121.6	138.6
Mortgages on land and buildings	2.0	2.0	2.0
Mortgages on company assets	2.4	2.3	2.4
Other guarantees and liabilities	0.7	0.5	0.7
<b>Total</b>	<b>36.1</b>	<b>126.4</b>	<b>143.7</b>

Leasing-liabilities (operating liabilities)	3.2	0.8	0.6
Rent contingencies	67.1	62.8	61.9

Parent company guarantee of 1 billion Swedish crowns given by Oriola-KD Oyj to secure Kronans Droghandel Apotek AB's external loan has expired during the first quarter of 2012.

	1 Jan - 30 June 2012	1 Jan - 30 June 2011	1 Jan - 31 Dec 2011
<b>Number of personnel</b>			
Average number of personnel	4,795	4,959	4,968
Number of personnel at the end of the period	4,776	5,017	4,854

## SEGMENT INFORMATION

	1 Jan - 30 June 2012	1 Jan - 30 June 2011	1 Jan - 31 Dec 2011
<b>Net Sales, EUR million</b>			
Pharmaceutical Trade			
Finland and Baltics	233.4	207.3	414.8
Pharmaceutical Trade Sweden	514.8	533.9	1,042.0
Pharmaceutical Trade Russia	432.5	324.6	689.4
Net sales to other segments	-0.2	-0.2	-0.2
<b>Group total</b>	1,180.6	1,065.6	2,146.0

	1 Jan - 30 June 2012	1 Jan - 30 June 2011	1 Jan - 31 Dec 2011
<b>Operating Profit/Loss, EUR million</b>			
Pharmaceutical Trade			
Finland and Baltics	9.9	10.3	20.6
Pharmaceutical Trade Sweden	6.9	4.2	10.6
Pharmaceutical Trade Russia	-3.3	-40.7	-46.0
Group Administration and Others	-3.8	-3.1	-5.5
<b>Group total</b>	9.7	-29.4	-20.2

	1 Jan - 30 June 2012	1 Jan - 30 June 2011	1 Jan - 31 Dec 2011
<b>Operating Profit/Loss excl. One-off costs and Impairment, EUR million</b>			
Pharmaceutical Trade			
Finland and Baltics	9.9	10.3	20.6
Pharmaceutical Trade Sweden	6.9	4.2	10.6
Pharmaceutical Trade Russia	-3.3	-7.4	-12.6
Group Administration and Others	-3.8	-3.1	-5.5
<b>Operating Profit/Loss excl. One-off costs and Impairment total</b>	9.7	4.0	13.2
One-off costs and impairment	-	-33.4	-33.4
<b>Group total</b>	9.7	-29.4	-20.2

\*) Stary Lekar -brand impairment EUR -33.4 million  
in Pharmaceutical Trade Russia

<b>Quarterly Net Sales, EUR million</b>	Q2/2012	Q1/2012	Q4/2011	Q3/2011	Q2/2011	Q1/2011
Pharmaceutical Trade						
Finland and Baltics	116.6	116.8	105.7	101.8	104.8	102.5
Pharmaceutical Trade Sweden	255.9	258.9	258.6	249.6	268.6	265.3
Pharmaceutical Trade Russia	217.3	215.2	194.5	170.3	162.2	162.4
Net sales to other segments	-0.1	-0.0	-0.0	-0.0	-0.1	-0.1
<b>Group total</b>	589.7	590.8	558.8	521.6	535.5	530.1

**Quarterly Operating Profit/Loss, EUR million**

	Q2/2012	Q1/2012	Q4/2011	Q3/2011	Q2/2011	Q1/2011
Pharmaceutical Trade						
Finland and Baltics	5.0	4.8	4.4	5.9	4.7	5.6
Pharmaceutical Trade Sweden	3.4	3.4	2.6	3.8	1.9	2.3
Pharmaceutical Trade Russia	-2.2	-1.1	0.2	-5.5	-39.1	-1.6
Group Administration and Others	-2.0	-1.8	-1.4	-0.9	-1.9	-1.2
<b>Group total</b>	<b>4.3</b>	<b>5.4</b>	<b>5.8</b>	<b>3.4</b>	<b>-34.4</b>	<b>5.0</b>

**Quarterly Operating Profit/Loss, excl. One-off costs and Impairment, EUR million**

	Q2/2012	Q1/2012	Q4/2011	Q3/2011	Q2/2011	Q1/2011
Pharmaceutical Trade						
Finland and Baltics	5.0	4.8	4.4	5.9	4.7	5.6
Pharmaceutical Trade Sweden	3.4	3.4	2.6	3.8	1.9	2.3
Pharmaceutical Trade Russia	-2.2	-1.1	0.2	-5.5	-5.7	-1.6
Group Administration and Others	-2.0	-1.8	-1.4	-0.9	-1.9	-1.2
<b>Group total excl. One-off costs and Impairment</b>	<b>4.3</b>	<b>5.4</b>	<b>5.8</b>	<b>3.4</b>	<b>-1.0</b>	<b>5.0</b>
One-off costs and impairment *	-	-	-	-	-33.4	-
<b>Group total</b>	<b>4.3</b>	<b>5.4</b>	<b>5.8</b>	<b>3.4</b>	<b>-34.4</b>	<b>5.0</b>

\*) Stary Lekar -brand impairment EUR - 33.4 million in Pharmaceutical Trade Russia

<b>Net Sales by Market, EUR million</b>	1 Jan - 30 June	1 Jan - 30 June	1 Jan - 31 Dec
	2012	2011	2011
Finland	215.0	189.6	379.4
Sweden	501.5	520.5	1,013.0
Russia	432.5	324.6	689.4
Baltic countries	16.6	16.4	32.6
Other countries	14.9	14.4	31.5
<b>Group total</b>	<b>1,180.6</b>	<b>1,065.6</b>	<b>2,146.0</b>

**Quarterly Net Sales by Market, EUR million**

	Q2/2012	Q1/2012	Q4/2011	Q3/2011	Q2/2011	Q1/2011
Finland	107.6	107.4	96.1	93.6	96.5	93.1
Sweden	249.3	252.2	250.7	241.8	262.1	258.4
Russia	217.3	215.2	194.5	170.3	162.2	162.4
Baltic countries	8.1	8.4	8.3	8.0	7.7	8.7
Other countries	7.4	7.5	9.1	8.0	6.9	7.5
<b>Group total</b>	<b>589.7</b>	<b>590.8</b>	<b>558.8</b>	<b>521.6</b>	<b>535.5</b>	<b>530.1</b>

Espoo, 25 July 2012

Oriola-KD Corporation's Board of Directors

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