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Oriola-KD Corporation's Interim Report for 1 January-30 September 2013

Financial performance July–September 2013

- Net sales increased by 11.6 per cent to EUR 654.4 (586.1) million.
- EBITDA excluding non-recurring items increased by 42.8 per cent to EUR 17.1 (12.0) million.
- Operating profit excluding non-recurring items was EUR 10.6 (7.2) million.
- Operating profit was EUR 8.6 (6.2) million.
- Profit for the period was EUR 2.3 (2.1) million and earnings per share were EUR 0.01 (0.01).

Financial performance January–September 2013

- Net sales increased by 8.6 per cent to EUR 1,918.8 (1,766.7) million.
- EBITDA excluding non-recurring items increased by 12.3 per cent to EUR 33.8 (30.1) million.
- Operating profit excluding non-recurring items was EUR 16.6 (16.4) million.
- Operating profit was EUR 10.6 (15.3) million.
- Net cash flow from operations was EUR -21.0 (-9.3) million.
- Profit for the period was EUR 0.2 (5.0) million and earnings per share were EUR 0.00 (0.03).
- Return on equity was 0.1 (2.2) per cent.

Key figures EUR million	7-9 2013	7-9 2012	Change %	1-9 2013	1-9 2012	Change %	1-12 2012
Net sales	654.4	586.1	11.6	1,918.8	1,766.7	8.6	2,474.4
EBITDA excl. non-recurring items	17.1	12.0	42.8	33.8	30.1	12.3	45.6
EBITDA	15.1	10.9	38.5	27.8	29.0	-4.3	44.5
Operating profit excl. non-recurring items	10.6	7.2	47.0	16.6	16.4	1.5	26.8
Operating profit	8.6	6.2	40.2	10.6	15.3	-30.7	25.8
Profit for the period	2.3	2.1	6.4	0.2	5.0	-96.8	16.4
Earnings per share, EUR	0.01	0.01		0.00	0.03		0.11
Net cash flow from operations				-21.0	-9.3		46.1
Return on equity (ROE), %				0.1	2.2		5.4
Gearing ratio, end of period, %				80.9	19.7		2.1

Outlook for 2013

- Oriola-KD estimates that net sales and operating profit excluding non-recurring items will increase from the 2012 level. Pharmaceutical Trade Russia's operating profit is estimated to be lower than the 2012 level.

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

"Oriola-KD's net sales increased by 8.6 per cent to EUR 1,918.8 million and operating profit excluding non-recurring items increased from EUR 16.4 million to EUR 16.6 million in January–September 2013. Operating profit excluding non-recurring items includes project costs totalling EUR 2.7 million recognised in the first half of 2013 which relate to the transformation of the Swedish pharmacy market.

Operating profit of the Finland and Baltics business increased from EUR 15.6 million to EUR 16.1 million in January–September 2013. The improvement was mainly the result of more efficient operations in wholesale.

Pharmaceutical Trade Sweden's operating profit excluding non-recurring items increased from EUR 11.6 million to EUR 17.7 million in January–September 2013. Profitability improved in both operating segments. Integration of the Medstop acquisition proceeded according to plan during the third quarter and the merger of the legal companies of the pharmacy chains will be put into effect in the last quarter. Our aim is to achieve full synergy benefits of EUR 8–10 million annually from 2015 onwards. An efficiency programme was started in the Swedish wholesale business in the third quarter. The aim is to achieve a significant improvement in operating profit gradually from 2014 onwards.

Operating loss of Pharmaceutical Trade Russia increased from EUR 5.3 million to EUR 8.8 million in January–September 2013. Positive performance in the Russian retail business continued and our operations were profitable during the first nine months of the year. Oriola-KD's operating profit for January–September 2013 was significantly weakened by the increase in the operating loss of the Russian wholesale business. The delivery problems in the Moscow region which occurred after the implementation of the warehouse management system were solved by the end of the second quarter. During the third quarter, we have continued intensively our efforts to gain customers in the Moscow region, where we experienced a temporary drop in our market share as a result of the delivery problems. We have has also continued our efforts to increase regional sales and sales to hospitals. The project plan of the new main logistics centre in Moscow was revised during the third quarter. As a result, the overall project estimate grew from EUR 17 million to between EUR 25 and 28 million, of which investments account for EUR 15.7 million compared with EUR 12.0 million in the original plan. According to our project plan, operations will be gradually transferred to the new facilities and full production capacity will be reached by the end of the first quarter in 2015."

Oriola-KD Corporation's Interim Report for 1 January–30 September 2013

The text section of this interim financial statements release focuses on the January–September result. Unless otherwise stated, the comparative financial information represents the data for the corresponding period in 2012 in accordance with the International Financial Reporting Standards (IFRS). The figures in this interim report are unaudited. The figures in the tables have been rounded independently.

Key Figures	1-9 2013	1-9 2012	1-12 2012
Equity ratio, %	19.5	24.2	24.5
Equity per share, EUR	1.84	1.99	2.05
Return on capital employed (ROCE), %	2.8	4.5	5.9
Return on equity (ROE), %	0.1	2.2	5.4
Net interest-bearing debt, EUR million	225.4	59.2	6.7
Gearing, %	80.9	19.7	2.1
Earnings per share, EUR	0.00	0.03	0.11
Average number of shares, 1000 pcs	151,161	151,161	151,248

Changes in the Group structure in 2013

Oriola-KD Holding Sverige AB, which is part of the Oriola-KD Group (hereinafter referred to as Oriola-KD) has acquired the entire capital stock of Medstop Group Holding AB. As of 1 June 2013, the company is included in the Pharmaceutical Trade Sweden reporting segment.

In the Russian retail business, OOO Farmask was merged into OOO Vitim & Co in September 2013. The change does not have any impact on the Group's result for the period.

The Group's net sales and result for July–September 2013

Third-quarter net sales were EUR 654.4 (586.1) million. Operating profit excluding non-recurring items was EUR 10.6 (7.2) million and operating profit was EUR 8.6 (6.2) million for the period. Operating profit of Pharmaceutical Trade Finland and Baltics decreased from EUR 6.1 million to EUR 5.7 million. Pharmaceutical Trade Sweden's operating profit excluding non-recurring items increased from EUR 4.8 million to EUR 8.6 million while Pharmaceutical Trade Russia's operating loss decreased from EUR 2.0 million to EUR 1.9 million. Profit after financial items was EUR 4.5 (4.0) million. Profit for the period was EUR 2.3 (2.1) million and earnings per share were EUR 0.01 (0.01).

The Group's net sales and result for January–September 2013

Oriola-KD's net sales in January–September 2013 increased by 8.6 per cent to EUR 1,918.8 (1,766.7) million. Net sales of Pharmaceutical Trade Finland and Baltics decreased by 7.7 per cent to EUR 316.0 (342.2) million, net sales of Pharmaceutical Trade Sweden increased by 16.3 per cent to EUR 893.9 (768.9) million and net sales of Pharmaceutical Trade Russia increased by 8.1 per cent to EUR 709.0 (655.8) million.

Oriola-KD's operating profit excluding non-recurring items in January–September increased by 1.5 per cent to EUR 16.6 (16.4) million. Operating profit was EUR 10.6 (15.3) million. Operating profit of Pharmaceutical Trade Finland and Baltics increased by 3.7 per cent to EUR 16.1 (15.6) million, operating profit of Pharmaceutical Trade Sweden excluding non-recurring items increased by 52.8 per cent to EUR 17.7 (11.6) million and operating loss of Pharmaceutical Trade Russia increased to EUR 8.8 (operating loss 5.3) million. The Group's operating profit excluding non-recurring items decreased as a result of project costs totalling EUR 2.7 million relating to the transformation of the Swedish pharmacy market that were recognised during the first half of the year.

Profit after financial items was EUR 1.5 (8.4) million and profit for the period EUR 0.2 (5.0) million. Oriola-KD's financial expenses increased to EUR 9.1 (6.9) million as a result of higher interest rate costs resulting from the acquisition of Medstop and a foreign exchange loss accrual of EUR 1.1 million arising from an intra-group loan granted to the Russian subsidiary. Earnings per share were EUR 0.00 (EUR 0.03).

Return on equity was 0.1 (2.2) per cent in January-September 2013.

The comparative financial figures have been revised due to a change in the calculation method for pension liabilities (IAS 19R (revision) Employee benefits). The impact is explained under Revision of IAS 19 Employee benefits standard.

Reporting segments

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

Key figures EUR million	**7-9 2013**	**7-9 2012**	**Change %**	**1-9 2013**	**1-9 2012**	**Change %**	**1-12 2012**
Net sales	96.0	108.7	-11.7	316.0	342.2	-7.7	460.5
Finnish wholesale	75.8	89.5	-15.3	253.9	283.1	-10.3	380.7
Baltics wholesale	9.9	8.8	13.4	30.2	26.0	16.1	36.1
Consumer Health	10.3	10.6	-2.2	32.2	33.4	-3.7	44.2
EBITDA	6.5	6.9	-5.1	18.6	17.8	4.6	23.9
Operating profit	5.7	6.1	-7.0	16.1	15.6	3.7	20.8
Personnel at the end of the period				511	476		476

July-September 2013

Net sales of Pharmaceutical Trade Finland and Baltics in the third quarter of 2013 were EUR 96.0 (108.7) million and operating profit was EUR 5.7 (6.1) million. Invoicing of the Finnish wholesale business was EUR 244.7 (251.8) million and net sales was EUR 75.8 (89.5) million. Net sales of the wholesale business in the Baltic countries were EUR 9.9 (8.8) million and net sales of the Consumer Health business were EUR 10.3 (10.6) million.

January–September 2013

Net sales of Pharmaceutical Trade Finland and Baltics in January–September 2013 were EUR 316.0 (342.2) million and the operating profit was EUR 16.1 (15.6) million. Invoicing of the Finnish wholesale business was EUR 764.7 (770.0) million and net sales were EUR 253.9 (283.1) million. Net sales of the wholesale business in the Baltics totalled EUR 30.2 (26.0) 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, totalled EUR 32.2 (33.4) million. More efficient operations, increased sales of services and improved customer profitability improved the profitability of the Finnish wholesale business. As expected, the discontinuation of the distribution of AstraZeneca's products by Oriola-KD caused a drop in the net sales of the Finnish wholesale business during the third quarter. A slowdown in the growth of the Finnish retail business has led to a decrease in the net sales of the Consumer Health business in relation to the comparison period. Despite a challenging market situation, the Consumer Health business managed to improve its profitability during the third quarter. Oriola-KD's business in the Baltics grew positively during the period and the start of pharmaceutical distribution and marketing cooperation with MSD proceeded as planned.

The Finnish pharmaceutical market grew by 2.1 (+2.5) per cent in January–September 2013. The decrease in pharmaceutical reimbursements and the 5 per cent cut in the wholesale prices of patented pharmaceuticals in February 2013 had a negative impact on the growth of the pharmaceutical market in Finland. Oriola-KD's share of the Finnish pharmaceutical wholesale market was 46.6 (47.2) per cent in January–September 2013. (source: IMS Health)

Pharmaceutical Trade Finland and Baltics had 511 (476) employees at the end of September 2013.

Pharmaceutical Trade Sweden

Key figures EUR million	**7-9 2013**	**7-9 2012**	**Change %**	**1-9 2013**	**1-9 2012**	**Change %**	**1-12 2012**
Net sales	315.7	254.1	24.2	893.9	768.9	16.3	1,061.3
Retail	189.7	126.9	49.5	476.8	376.3	26.7	502.5
Wholesale	187.1	140.8	33.3	569.4	432.6	31.6	636.7
EBITDA excl. non-recurring items	13.0	7.3	77.5	28.3	18.9	50.0	26.4
EBITDA	11.0	6.3	76.0	22.3	17.8	25.2	25.3
Operating profit excl. non-recurring items	8.6	4.8	80.9	17.7	11.6	52.8	16.2
Operating profit	6.6	3.7	79.5	11.7	10.5	11.3	15.1
Personnel at the end of the period				1,871	1,314		1,324
Retail				1,598	1,055		1,064
Wholesale				273	259		260

July-September 2013

Third-quarter net sales of Pharmaceutical Trade Sweden in 2013 were EUR 315.7 (254.1) million and operating profit excluding non-recurring items was EUR 8.6 (4.8) million. Net sales of the retail business totalled EUR 189.7 (126.9) million. Invoicing of the wholesale business was EUR 361.0 (336.0) million and net sales of the wholesale business were EUR 187.1 (140.8) million. The Medstop acquisition boosted net sales of the retail business by EUR 60.8 million during the third quarter.

January–September 2013

Net sales of Pharmaceutical Trade Sweden in January–September 2013 were EUR 893.9 (768.9) million and operating profit excluding non-recurring items was EUR 17.7 (11.6) million. Profitability was strengthened in both operating segments. Net sales of the retail business totalled EUR 476.8 (376.3) million. Invoicing of the wholesale business totalled EUR 1,136.1 (1,016.0) million and net sales of the wholesale business were EUR 569.4 (432.6) million. The Medstop pharmacy chain has been consolidated in the figures of Oriola-KD as of 1 June 2013. The acquisition of Medstop increased the net sales of the retail business by EUR 81.7 million. The start of the centralised purchasing, warehousing and pharmacy distribution service of

OTC products and traded goods to pharmacy chains has supported to increase the net sales of the wholesale business.

Development of the product assortment on offer boosted the operating profit of the retail business. At the end of September 2013, Oriola-KD had a total of 295 (216) pharmacies in Sweden, of which 228 (216) operated under the Kronans Droghandel brand and 67 under the Medstop brand. Oriola-KD opened a total of 11(7) pharmacies in January**–**September 2013. A total of 22 (13) new pharmacies were established on the Swedish pharmacy market during the period. In January-September 2013, Oriola-KD had a market share of 21 (14) per cent according to management estimate in the retail business.

Integration of the Medstop acquisition proceeded according to plan during the third quarter and the merger of the legal companies of the pharmacy chains will be put into effect during the last quarter. The acquisition is expected to generate full synergy benefits of EUR 8**–**10 million annually from 2015 onwards.

Net sales and operating profit in the Swedish wholesale business improved as planned during the third quarter as a result of the stabilization of the centralised purchasing, warehousing and pharmacy distribution service of OTC products and traded goods offered to pharmacy chains. The relative share of parallel imports and generic pharmaceuticals has remained high on the Swedish pharmaceutical market, which has decreased net sales and operating profit in the wholesale business. An efficiency programme was started in the Swedish wholesale business during the third quarter. The aim is to achieve a significant improvement in operating profit from 2014 onwards. In January–September 2013 Oriola-KD's share of the pharmaceutical wholesale market was 41 (36) per cent according to management estimate. Oriola-KD will cease the distribution of Sanofi-Aventis products by the end of 2013. Sanofi-Aventis has a market share of about 1.5 percent on the Swedish pharmaceutical market (source: IMS Health).

The pharmaceutical market in Sweden decreased by 2.1 (-1.6) per cent (source: IMS Health), while the retail market for OTC products and traded goods increased by 6.1 (+3.9) per cent (source: Nielsen) in January-September 2013.

Pharmaceutical Trade Sweden had 1,871 (1,314) employees at the end of September 2013, of whom 1,598 (1,055) were employed in the retail business and 273 (259) in the wholesale business. The acquisition of Medstop increased the number of personnel in the pharmaceutical retail business by 534.

Pharmaceutical Trade Russia

Key figures EUR million	**7-9 2013**	**7-9 2012**	**Change %**	**1-9 2013**	**1-9 2012**	**Change %**	**1-12 2012**
Net sales	242.7	223.3	8.7	709.0	655.8	8.1	952.7
Retail	31.7	34.2	-7.3	106.9	107.3	-0.3	148.6
Wholesale	216.5	194.3	11.5	615.3	565.9	8.7	831.1
EBITDA	-0.7	-0.7	-2.8	-4.8	-1.2	-302.7	3.1
Operating profit	-1.9	-2.0	8.8	-8.8	-5.3	-65.4	-2.3
Personnel at the end of the period				2,945	3,032		3,056
Retail				1,261	1,316		1,309
Wholesale				1,684	1,717		1,747

July-September 2013

Net sales of Pharmaceutical Trade Russia in the third quarter of 2013 were EUR 242.7 (223.3) million and operating profit was EUR -1.9 (-2.0) million. Net sales of the retail business totalled EUR 31.7 (34.2) million and the sales of the wholesale business were EUR 216.5 (194.3) million.

January–September 2013

Net sales of Pharmaceutical Trade Russia in January–September 2013 totalled EUR 709.0 (655.8) million and operating profit was EUR -8.8 (-5.3) million. Net sales of the retail business in Russia totalled EUR 106.9 (107.3) million and net sales of the wholesale business were EUR 615.3 (565.9) million. Oriola-KD booked EUR 0.4 million in accelerated depreciation from the current main logistic centre in Moscow in January-September 2013.

Positive performance in the Russian retail business continued as a result of more efficient operations and the development of the product assortment on offer. The retail business posted a positive operating profit in January–September 2013. At the end of September 2013, Oriola-KD had a total of 233 (237) pharmacies in the Moscow region.

The growth of net sales in the wholesale business slowed down and the operating loss increased as a result of the delivery problems in the Moscow region following the implementation of the warehouse management system and as a result of the challenging market conditions. The delivery problems in the Moscow region were solved by the end of the second quarter. Intensive efforts to gain customer were continued in the Moscow region during the third quarter where a temporary drop in market share were experienced as a result of the delivery problems. In addition efforts to increase regional sales and sales to hospitals were continued. The sales of the distribution centres located outside Moscow increased by 49 per cent in Russian rubles in January–September 2013. A write-down of trade receivables of EUR 0.5 (1.9) million was recognised during the period.

In June 2013, Oriola-KD signed a lease agreement on a new main logistic centre in the Moscow region. The project plan of the new main logistics centre was revised during the third quarter. As a result, the overall project estimate grew from EUR 17 million to between EUR 25 and 28 million. The total investment increased from the previously announced EUR 12.0 million to EUR 15.7 million including a distribution centre automation solution, warehouse machinery and equipment. According to the project plan, operations will be gradually transferred to the new facilities and full production capacity will be reached by the end of the first quarter in 2015. As a result of the investment decision, Oriola-KD will book a total of EUR 0.5 million in 2013 and in 2014 in accelerated depreciation relating to the machinery in the current main logistics centre.

The Russian pharmaceutical market grew during the review period by 12.5 (+9.7) per cent in Russian rubles (source: IMS Health). Oriola-KD's retail business grew by 4.4 (+9.2) per cent and the net sales growth in the wholesale business was 13.9 (+30.6) per cent in Russian rubles in January–September 2013.

Pharmaceutical Trade Russia had 2,945 (3,032) employees at the end of September 2013, of whom 1,261 (1,316) were employed in the retail business and 1,684 (1,717) in the wholesale business.

Non-recurring items

A non-recurring item is an item of income or expense arising from non-recurring or rare events. Gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations, and impairment losses on goodwill and other non-current assets are recognised by the Group as non-recurring items.

Non-recurring items EUR million	**7-9 2013**	**7-9 2012**	**1-9 2013**	**1-9 2012**
Pharmaceutical Trade Sweden				
Restructuring costs	-2.0	-	-2.8	-
Write-off of contract-based accrual	-	-	-3.2	-
Receivable write-off	-	-1.1	-	-1.1
Non-recurring items included in operating profit	-2.0	-1.1	-6.0	-1.1

Non-recurring items in January-September 2013 comprise of restructuring costs incurred by the Swedish wholesale business in connection with the efficiency programme, restructuring costs arising in the Swedish retail business in connection with the acquisition of Medstop and the write-off of the accrual entered in the books in 2009 on the basis of the investment agreement between Oriola-KD and Kooperativa Förbundet.

Oriola-KD's profit for the period includes a total of EUR 2.7 million in project costs relating to the transformation of the Swedish pharmacy market that were booked during the first half of the year. These expenses have not been treated as non-recurring items.

Balance sheet, financing and cash flow

Total assets on Oriola-KD's balance sheet at 30 September 2013 totalled EUR 1,467.2 (1,271.7) million. Cash assets totalled EUR 95.7 (88.6) million and equity EUR 278.5 (300.4) million. The equity ratio was 19.5 (24.2) per cent.

Oriola-KD's goodwill of EUR 389.4 million has been allocated in impairment testing to the cash-generating units consisting of the Group's operating segments. Oriola-KD prepares goodwill impairment testing twice a year, in accordance with the timetable of its strategy and planning process. At the end of September, a total of EUR 243.4 million of the goodwill was allocated to the Swedish pharmaceutical retail business, EUR 27.5 million to the Swedish pharmaceutical wholesale business, EUR 79.4 million to the Russian pharmaceutical wholesale business and EUR 39.1 million to the Russian pharmaceutical retail business. The acquisition of Medstop increased the goodwill allocated to the Swedish pharmaceutical retail business by EUR 128.8 million at the date of the acquisition.

At the end of September 2013, interest-bearing debt totalled EUR 321.1 (EUR 147.8) million and interest-bearing net debt EUR 225.4 (59.2) million. The gearing ratio was 80.9 (19.7) per cent. Interest-bearing long-term debt consisted of the long-term bank loan raised for the acquisition of Medstop and the conditional earn-out payment relating to the Medstop acquisition. Interest-bearing short-term debt mainly consists of the use of the commercial paper programme issued by Oriola-KD Corporation and advance payments by pharmacies in Finland. Factoring programmes related to monthly trade receivables from Swedish county councils and Apoteket AB were continued in the retail and wholesale businesses in Sweden. By the end of September 2013, the sales of the trade receivables totalled EUR 80.4 (49.4) million, including the EUR 10.3 million of the receivables sales programme of the Medstop pharmacy chain acquired by Oriola-KD.

Oriola-KD refinanced its existing financing solution by signing a new financing agreement of approximately EUR 280 million with four banks in May 2013. The financial covenants contained in the long-term financing agreement are based on the ratio between Oriola-KD's net debt and rolling 12-month EBITDA and the Group's gearing ratio. The ratio between the Group's net debt and the 12-month rolling EBITDA, adjusted in accordance with the terms and conditions of the financing agreement, stood at 4.22 at the end of September while the covenant limit according to the agreement was 4.50. Oriola-KD's committed long-term credit facilities of EUR 120.0 million and EUR 43.1 million in short-term credit account facilities with banks were unused at the end of September 2013. A total of EUR 114.0 (101.5) million of the commercial paper programme was in use at the end of the review period.

Net cash flow from operations in January–September 2013 was EUR -21.0 (-9.3) million, of which changes in working capital accounted for EUR -35.2 (-14.9) million. Net cash flow from investments was EUR -88.8 (-16.1) million.

Investments

Gross investments in January–September 2013 totalled EUR 184.6 (15.0) million consisting of the acquisition of the Medstop pharmacy chain at EUR 165.9 million, the establishment of new pharmacies, information technology investments and investments aimed at improving the efficiency of logistics. Oriola-KD has recognised EUR 0.4 (0.0) million in accelerated depreciations in connection with the investment plan concerning to the logistics centre in Moscow in 2013.

Personnel

On 30 September 2013, Oriola-KD had a payroll of 5,327 (4,823) employees, 10 (10) per cent in Finland and the Baltics, 35 (27) per cent in Sweden, and 55 (63) per cent in Russia. Personnel numbers consist of members of staff in active employment.

Administration

The Annual General Meeting (AGM) of Oriola-KD Corporation held on 20 March 2013 elected the following persons as members of the company's Board of Directors: Jukka Alho (Chair), Harry Brade, Per Båtelson, Outi Raitasuo and Mika Vidgrén, and elected Karsten Slotte as a new member. At its constitutive meeting held immediately after the AGM, the Board of Oriola-KD Corporation elected Outi Raitasuo as Vice Chairman of the Board. The Board of Directors appointed from its members Outi Raitasuo (Chairman), Harry Brade, Karsten Slotte and Mika Vidgrén to the Board’s Audit Committee, and Jukka Alho (Chairman), Per Båtelson and Harry Brade 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.

The AGM elected PricewaterhouseCoopers Oy as the auditor for the company.

Oriola-KD’s Group Management Team:

* Eero Hautaniemi, President and CEO
* Lars Birkeland, Vice President, pharmaceutical retail, Sweden
* Henry Fogels, Vice President, pharmaceutical wholesale, Russia
* Tuomas Itkonen, CFO
* Konstantin Minin, Vice President, pharmaceutical retail, Russia
* Jukka Mäkelä, Vice President, Development (as of 1 April 2013)
* Teija Silver, Vice President, HR
* Kimmo Virtanen, Executive Vice President and Vice President, Pharmaceutical Wholesale, Finland, Sweden and the Baltics

Oriola-KD applies the Finnish Corporate Governance Code which was issued by the Securities Market Association on 15 June 2010 and which entered into force on 1 October 2010, with the exception that the company’s Nomination Committee may also have members who are not members of the company’s Board of Directors. The purpose of this deviation from Recommendation 22 of the Corporate Governance Code (Appointment of members to the committees) is to allow the election of major shareholders in the company to the Nomination Committee and thus to ensure that their opinions are heard well before the Annual General Meeting. The Nomination Committee is a body established by the Board for the purpose of preparing and presenting to the Board a recommendation for the proposal to be put to the Annual General Meeting concerning the composition and remuneration of the Board. The Corporate Governance Statement and the Remuneration Statement for 2012 can be viewed on the company's website at: http://www.oriola-kd.com/en/Corporate-Governance/.

Board authorisations

The AGM, held on 20 March 2013, authorised the Board to decide on repurchasing up to fifteen million of the company’s own class B shares, which may also be carried out in a manner other than in proportion to the holdings of the shareholders. The authorisation is in force for eighteen months following the decision of the AGM.

The AGM, held on 20 March 2013, 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 treasury shares held by the company. The authorisation covers a combined maximum of thirty 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.

On 20 March 2013, the Board was also authorised to decide on a bonus issue of class B shares to the company in one or more issues, and on a directed issue of class B shares to implement the new share incentive scheme for the Oriola-KD Group’s management and the share savings plan for its key employees. The maximum amount of the company’s new class B shares issued under this authorisation is 1,715,000, which is 1.13 per cent of the company’s total shares. The authorisation will remain in force for a maximum of five (5) years following the decision of the AGM.

Dividend distribution

In accordance with the Board’s proposal, the AGM decided to distribute EUR 0.05 per share in dividends from the 2012 financial year and EUR 0.04 per share in repayment of equity, coming to a total of EUR 13.6 (12.1) million. The dividend and repayment of equity were paid to those who, on the record date of 25 March 2013, were entered as shareholders of Oriola-KD Corporation.

Oriola-KD Corporation shares

Trading volume of Oriola-KD Corporation's class A and B shares in January–September 2013:

Trading volume	January–September 2013		January–September 2012	
	Class A	Class B	Class A	Class B
Trading volume, million shares	1.8	18.1	4.3	24.4
Trading volume, EUR million	4.2	42.7	8.5	46.7
Highest price, EUR	2.69	2.73	2.44	2.15
Lowest price, EUR	2.24	2.18	1.77	1.70
Closing quotation, end of period, EUR	2.34	2.36	2.08	2.05

Oriola-KD Corporation's market capitalisation on 30 September 2013 was EUR 356.0 (311.5) million.

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 13.1 (36.6) per cent of the total number of shares. The traded volume of class A shares amounted to 3.7 (18.1) per cent of the average stock, and that of class B shares, excluding treasury shares, 17.4 (44.9) per cent of the average stock.

At the end of September 2013, the company had a total of 151,257,828 (151,257,828) shares of which 47,148,710 (47,148,710) were class A shares and 104,109,118 (104,109,118) class B shares. 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 September 2013, 0 (0) class A shares were converted into class B shares.

On 19 December 2012, Oriola-KD Corporation's Board of Directors decided on a new share incentive scheme for the Group's senior management for the years 2013–2015. The scheme covers eight persons. The company's Board of Directors will determine the earnings criteria for the earning period and the targets to be set for these at the start of each earning period. The bonus for the 2013 earning period is based on the Oriola-KD Group's earnings per share (EPS) and return on capital employed (ROCE). The maximum bonus for the 2013 earning period is 1,077,500 shares. The Board of Oriola-KD Corporation approved the terms and conditions of the key employees' share savings plan on 28 May 2013. A total of about 50 key employees are participating in the plan. The savings period will start on 1 October 2013 and end on 30 September 2014. The maximum and minimum monthly savings amount to 10 and 2 per cent, respectively, of each participant's fixed gross monthly salary. The accumulated savings will be used for purchasing Oriola-KD's class B shares for the participants at market prices. About two years after the start of the programme, the company will give the participants two class B shares for every three shares purchased as part of the programme. The shares given to the participants will be partially used for paying taxes.

Liquidity guarantee

There is no liquidity guarantee in effect for the shares of Oriola-KD Corporation.

Flagging announcements

After the purchasing of shares by Ilmarinen Mutual Pension Insurance Company on 25 April 2013, its portion of the votes conferred by the shares of Oriola-KD Corporation exceeded the one twentieth (1/20) limit referred to in Chapter 9, section 5 of the Securities Markets Act. On 25 April 2013, the direct shareholding of Ilmarinen Mutual Pension Insurance Company totalled 4.14 per cent of Oriola-KD Corporation's shares and 5.07 per cent of the votes conferred by the shares.

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:

- Amendments to pharmaceutical market regulations may weaken Oriola-KD’s profitability.
- In the Swedish retail business, the free establishment of pharmacies has led to an increase in the number of pharmacies. The number of pharmacies may continue to grow, which could further increase the fierce competition.
- In the Russian retail business, tough competition resulting from the large number of pharmacies may lead to a further decrease in the gross margin and a rapid turnover rate of key personnel.
- Extra capacity ensuing from a change made in the Swedish wholesale market will intensify competition, which may weaken the profitability of operations. The share of single channel distribution in the pharmaceutical wholesale market may decline rapidly, which may weaken the profitability of operations and lead to the restructuring of wholesale operations.
- As a result of the tough competition in the Russian wholesale business, the gross margin may decline further, which will lead to a continued need to intensify operations and restructure wholesale operations over the long term. The payment behaviour that is typical to the Russian market, combined with the regional expansion of operations may increase credit risks.
- Strategic development projects involve operational risks.

The main 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 and the Swedish krona will have an impact on Oriola-KD’s earnings and equity.

Oriola-KD prepares goodwill impairment testing twice a year, in accordance with the timetable of its strategy and planning process. 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 on the goodwill of the cash-generating wholesale unit in Russia is particularly 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. Oriola-KD’s strategic development projects in the Russian wholesale business and the operations in Sweden involve operational risks which may have an effect on Oriola-KD’s profitability.

Oriola-KD’s long-term financing agreement contains financial covenants concerning the ratio between Oriola-KD's net debt and rolling 12-month EBITDA and the Group’s gearing ratio. Weakening profitability of Oriola-KD’s business operations may affect Oriola-KD's ability to meet the financial covenants contained in the financing agreement.

Financial covenants contained in the financing agreement	**31 Dec 2013**	**31 Mar 2014**	**30 Jun 2014**
Ratio between net debt and rolling 12-month EBITDA	4.25	4.00	4.00
Gearing ratio	120%	120%	120%

Outlook

Oriola-KD’s outlook for 2013 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments. During the next five years (2013–2017), the pharmaceutical market is expected to grow on average 1.4 per cent annually in Finland, while the Swedish market is forecasted to decline on average 1.3 per cent annually and the Russian pharmaceutical market is expected to grow on average almost 10 per cent annually (source: IMS Health Market Prognosis 2013-2017).

Outlook for 2013

Oriola-KD estimates that net sales and operating profit excluding non-recurring items will increase from the 2012 level. Pharmaceutical Trade Russia's operating profit is estimated to be lower than the 2012 level.

Events after the review period

The Board of Directors of Oriola-KD Corporation has investigated possibilities for developing Oriola-KD's capital structure. In this context, Oriola-KD has investigated the preconditions for combining the current two share classes of Oriola-KD, as well as for strengthening Oriola-KD's balance sheet with equity financing. The conducted investigations do not currently give rise to any further measure. Based on its investigations, the Board of Directors estimates that it could not secure the consent from the majority of shares in the share class whose rights would be reduced even if the shareholders with multiple votes would be offered a market-term premium in conjunction with the combination. On the basis of its investigations the Board of Directors also estimates that currently Oriola-KD could not secure commitments from the Oriola-KD's largest shareholders to take part, for example, in a rights issue during the year 2013.

Next interim report

Oriola-KD Corporation will publish its financial statements release for 2013 on Friday 7 February 2014 at 8:30 a.m.

Oriola-KD Corporation's Interim Report for 1 January – 30 September 2013, unaudited

Consolidated Statement of comprehensive Income (IFRS), EUR million	**7-9 2013**	**7-9 2012 revised *****	**1-9 2013**	**1-9 2012 revised *****	**1-12 2012 revised *****
Net sales	654.4	586.1	1,918.8	1,766.7	2,474.4
Cost of goods sold	-551.7	-499.9	-1,632.1	-1,508.9	-2,117.8
Gross profit	102.7	86.2	286.8	257.8	356.6
Other operating income	1.1	0.7	3.7	1.8	2.3
Selling and distribution expenses	-73.9	-63.2	-214.9	-192.7	-263.9
Administrative expenses	-12.8	-11.8	-41.8	-36.8	-49.3
EBITDA excluding non-recurring items	17.1	12.0	33.8	30.1	45.6
Depreciation	-6.5	-4.7	-17.1	-13.7	-18.8
Operating Profit before Non-recurring items	10.6	7.2	16.6	16.4	26.8
Non-recurring items*	-2.0	-1.1	-6.0	-1.1	-1.1
Operating Profit	8.6	6.2	10.6	15.3	25.8
Financial income	2.4	11.4	7.6	15.6	22.7
Financial expenses	-6.5	-13.6	-16.7	-22.5	-28.0
Profit before taxes	4.5	4.0	1.5	8.4	20.5
Income taxes **	-2.3	-1.9	-1.4	-3.5	-4.1
Profit for the period	2.3	2.1	0.2	5.0	16.4

Other comprehensive income					
Items which may be reclassified subsequently to profit or loss:					
Translation difference	-3.7	10.2	-20.0	14.1	11.4
Cash flow hedge	0.0	-0.8	1.1	-0.7	-0.9
Income tax relating to other comprehensive income	0.1	-0.4	0.2	-0.5	-0.2
	-1.2	11.2	-18.5	17.8	26.7
Items which are not reclassified subsequently to profit or loss:					
Actuarial gains/losses on defined benefit plan	-	-	-	-	1.6
Income tax relating to other comprehensive income	-	-	-	-	-0.4
Total comprehensive income for the period	-1.2	11.2	-18.5	17.8	27.9
Attribution of Profit for the period					
To parent company shareholders	2.3	2.1	0.2	5.0	16.4
Attribution of total comprehensive income for the period					
To parent company shareholders	-1.2	11.2	-18.5	17.8	27.9
Earnings per share for the period					
Basic earnings per share, EUR	0.01	0.01	0.00	0.03	0.11
Diluted earnings per share, EUR	0.01	0.01	0.00	0.03	0.11
*) Restructuring costs EUR -2.0 million in Sweden Q3/2013, restructuring costs EUR -0.8 million and a write-off of contract-based accrual EUR -3.2 million in Sweden Q2/2013 and a receivable write-off EUR -1.1 million in Sweden Q3/2012	-2.0	-1.1	-6.0	-1.1	-1.1

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

***) Revised standard IAS 19 Employyee benefits has been applied as of 1 January 2013

Oriola-KD has during the second quarter of 2013 changed the presentation of consolidated statement of comprehensive income. The comparative financial information has been revised accordingly.

Consolidated Balance Sheet (IFRS), EUR million

ASSETS	30 Sep 2013	30 Sep 2012 revised*	31 Dec 2012 revised*
Non-current assets			
Property, plant and equipment	93.9	78.9	81.4
Goodwill	389.4	279.7	276.7
Other intangible assets	76.3	53.5	52.3
Other shares and shareholdings	0.0	0.0	0.0
Other non-current assets	6.3	3.8	6.6
Deferred tax assets	11.5	7.3	6.1
Non-current assets total	577.5	423.3	423.1
Current assets			
Inventories	361.9	362.2	389.8
Trade and other receivables	432.0	397.5	415.2
Cash and cash equivalents	95.7	88.6	88.1
	889.7	848.3	893.1
Non-current assets held for sale	0.0	0.0	0.0
Current assets total	889.7	848.4	893.1
ASSETS TOTAL	**1,467.2**	**1,271.7**	**1,316.2**
EQUITY AND LIABILITIES			
Equity of the parent company shareholders			
Share capital	36.2	36.2	36.2
Funds	20.7	25.9	26.0
Other equity	221.6	238.3	248.4
Equity total	278.5	300.4	310.5
Non-current liabilities			
Deferred tax liabilities	18.6	14.2	14.1
Pension obligations	10.1	8.3	9.7
Borrowings	171.0	16.4	0.4
Other non-current liabilities	-	0.8	1.0
Non-current liabilities total	199.7	39.8	25.2
Current liabilities			
Trade payables and other current liabilities	836.2	800.2	886.1
Provisions	2.7	-	-
Borrowings	150.1	131.3	94.3
Current liabilities total	989.0	931.5	980.5
EQUITY AND LIABILITIES TOTAL	**1,467.2**	**1,271.7**	**1,316.2**

*) Revised standard IAS 19 Employee benefits has been applied as of 1 January 2013

Consolidated Statement of Changes in Equity (IFRS)

EUR million	Equity of the parent company shareholders Share capital	Hedge fund	Contin-gency fund	Other funds	Trans-lation diffe-rences	Actu-arial gains/ losses	Re-tained earn-ings	Equity total
Equity 31 Dec 2011	**36.2**	**-0.0**	**30.0**	**1.2**	**-7.2**	**-**	**239.1**	**299.3**
Change in accounting policy (IAS19)	-	-	-	-	-	-4.8	-	-4.8
Equity, revised* 1 Jan 2012	**36.2**	**-0.0**	**30.0**	**1.2**	**-7.2**	**-4.8**	**239.1**	**294.5**
Comprehensive income for the period								
Net profit for the period	-	-	-	-	-	-	5.0	5.0
Other comprehensive income:								
Cash flow hedge	-	-0.7	-	-	-	-	-	-0.7
Income tax relating to other comprehensive income	-	-	-	-	-0.5	-	-	-0.5
Translation difference	-	-	-	-	14.1	-	-	14.1
Comprehensive income for the period total	-	-0.7	-	-	13.6	-	5.0	17.8
Owners related transactions								
Dividends paid and return of equity	-	-	-4.5	-	-	-	-7.6	-12.1
Share-based payments	-	-	-	-	-	-	0.2	0.2
Owners related transactions total	-	-	-4.5	-	-	-	-7.4	-11.9
Equity 30 Sep 2012	**36.2**	**-0.8**	**25.5**	**1.2**	**6.4**	**-4.8**	**236.6**	**300.4**
Equity 31 Dec 2012	**36.2**	**-0.7**	**25.5**	**1.2**	**3.9**	**-**	**248.9**	**314.9**
Change in accounting policy (IAS19)	-	-	-	-	-0.0	-3.6	-0.8	-4.4
Equity, revised* 1 Jan 2013	**36.2**	**-0.7**	**25.5**	**1.2**	**3.8**	**-3.6**	**248.1**	**310.5**
Comprehensive income for the period								
Net profit for the period	-	-	-	-	-	-	0.2	0.2
Other comprehensive income:								
Cash flow hedge	-	1.1	-	-	-	-	-	1.1
Income tax relating to other comprehensive income	-	-0.3	-	-	0.5	-	-	0.2
Translation difference	-	0.0	-	-	-20.0	-	-	-20.0
Comprehensive income for the period total	-	0.8	-	-	-19.5	-	0.2	-18.5

Owners related transactions								
Dividends paid and return of equity	-	-	-6.0	-	-	-	-7.6	-13.6
Share-based payments	-	-	-	-	-	-	0.1	0.1
Owners related transactions total	-	-	-6.0	-	-	-	-7.4	-13.5
Equity								
30 Sep 2013	**36.2**	**0.1**	**19.4**	**1.2**	**-15.7**	**-3.6**	**240.8**	**278.5**

*) Revised standard IAS 19 Employee benefits has been applied as of 1 January 2013

Comprised Consolidated Cash Flow Statement (IFRS), EUR million	**1-9 2013**	**1-9 2012**	**1-12 2012**
Operating profit	10.6	15.3	25.8
Depreciation	17.1	13.7	18.8
Change in working capital	-35.2	-14.9	23.1
Cash flow from financial items and taxes	-13.1	-18.7	-20.3
Other adjustments	-0.6	-4.7	-1.2
Net cash flow from operating activities	-21.0	-9.3	46.1
Net cash flow from investing activities	-88.8	-16.1	-34.9
Net cash flow from financing activities	118.1	-40.3	-77.3
Net change in cash and cash equivalents	8.3	-65.7	-66.2
Cash and cash equivalents at the beginning of the period	88.1	153.8	153.8
Foreign exchange rate differences	-0.6	0.5	0.4
Net change in cash and cash equivalents	8.3	-65.7	-66.2
Cash and cash equivalents at the end of the period	95.7	88.6	88.1

Notes

Principal accounting policies as of 1 January 2013 (IFRS)

This interim report has been prepared in accordance with IFRS standards (IAS 34). The accounting policies and calculation methods applied in the interim report are the same as those in the 31 December 2012 annual financial statements, excluding the standards and interpretation applied as of 1 January 2013 and presented below. However, the interim report does not include all of the information and notes present in the annual financial statements. Consequently, the interim report should be read with the company's financial statements for 2012. The accounting policies of the 2012 and 2013 financial years are comparable. The company has not discontinued any operations in 2012 or 2013 that it should report.

The same principles of calculation have been used for the indicators in this interim report as for those of the annual financial statements.

The figures in the interim report have been rounded independently.

New amendments that have been applied since 1 January 2013:

- Amendement to the standard IAS1 Presentation of Financial Statements (effective in financial years beginning on or after 1 January 2013).

- Amendment to the standard IAS 12 Income Taxes (effective in financial years beginning on or after 1 January 2013).
- Amendment to the standard IAS 19R (revised) Employee Benefits (effective in financial years beginning on or after 1 January 2013).
- IFRS 13 Fair Value Measurement (effective in financial years beginning on or after 1 January 2013).

The impact of the amendment of standard IAS 19 Employee benefits on the consolidated result has been itemised below. The amendments of the other new standards referred to above have had minor impact on the Group.

Two new indicators have been introduced in the second quarter of 2013: EBITDA excluding non-recurring items and EBITDA. EBITDA excluding non-recurring items is calculated as follows: operating profit excluding non-recurring items plus depreciation and impairment excluding non-recurring items. EBITDA is calculated as follows: operating profit plus depreciation and impairment. The quarterly indicator for return on investment (ROI) and return on equity (ROE) is annualised as follows: ((1+quarterly earnings)^4)-1).

The figures in this interim report are unaudited.

Amendment of the IAS 19 standard Employee benefits

The Oriola-KD Group has applied the standard IAS 19 Employee benefits as of 1 January 2013. The amendment impacts the Oriola-KD Group's pension costs and result and the pension assets and obligations and equity on the balance sheet. As a consequence of the amendment, the 2012 consolidated profit and loss account and balance sheet have been updated as required by the revised standard.

The key amendments of the standards IAS 19R (revised) Employee benefits are that all actuarial gains and losses must be recognised immediately in other comprehensive income and that expected yield from assets no longer depends on investment distribution. The discount rate used in the calculation of pension debt is used as the expected yield of investments. The corridor method will no longer be used and financing expenditure will be the sum of net interest rates. The net interest rate is the difference between the interest rate costs of pension debt and the interest rate income from assets. Despite the amendment, the Group has decided to recognise the sum of net interest rate in personnel expenses.

With the implementation of the revised standard IAS 19 Employee benefits, the Oriola-KD Group's operating profit excluding non-recurring items, operating profit and profit for the financial year 2012 and, on the balance sheet, the pension assets and equity are smaller and pension obligation is larger than when calculated in accordance with the standard in force up to 31 December 2012. The impact of the implementation on consolidated operating profit excluding non-recurring items and operating profit for 2012 is EUR 1.0 million. The impact on Group equity on the 2012 opening balance sheet is EUR -4.8 million and EUR -4.4 million on the 31 December 2012 balance sheet due to the recognition of actuarial gains and losses and their tax effect on equity on the consolidated balance sheet. The following tables present a summary of the key figures following the amendment of the accounting policy.

EUR million	**1-3 2012**	**1-6 2012**	**1-9 2012**	**1-12 2012**
Operating profit excluding non-recurring items	5.2	9.2	16.4	26.8
Operating profit	5.2	9.2	15.3	25.8
Profit before taxes	2.5	4.5	8.4	20.5
Profit for the period	1.3	2.8	5.0	16.4
Comprehensive profit for the period	15.5	6.6	17.8	27.9

Earnings per share to shareholders of the parent company on the profit for the period, EUR				
Diluted, EUR	0.01	0.02	0.03	0.11
Adjusted for the dilution effect, EUR	0.01	0.02	0.03	0.11

EUR million	**1-3 2012**	**4-6 2012**	**7-9 2012**	**10-12 2012**	**1-12 2012**
Operating profit excluding non-recurring items	5.2	4.0	7.2	10.5	26.8
Operating profit	5.2	4.0	6.2	10.5	25.8
Profit before taxes	2.5	2.0	4.0	12.0	20.5
Profit for the period	1.3	1.5	2.1	11.4	16.4
Comprehensive profit for the period	15.5	-8.8	11.2	10.1	27.9
Earnings per share for shareholders of the parent company on the profit for the period, EUR					
Diluted, EUR	0.01	0.01	0.01	0.08	0.11
Adjusted for the dilution effect, EUR	0.01	0.01	0.01	0.08	0.11

EUR million	**31 Mar 2012**	**30 Jun 2012**	**30 Sep 2012**	**31 Dec 2012**
Non-current pension assets	4.3	4.1	3.8	6.6
Non-current pension obligations	7.8	7.9	8.3	9.7
Equity of the parent company's shareholders	297.9	289.2	300.4	310.5

Change in Property, Plant and Equipment

EUR million	**1-9 2013**	**1-9 2012**	**1-12 2012**
Carrying amount at the beginning of the period	81.4	74.0	74.0
Increases through acquisitions of subsidiary shares	9.0	-	-
Increases	14.4	10.5	16.6
Decreases	-0.1	-0.7	-0.5
Depreciation	-9.9	-8.0	-11.1
Foreign exchange rate differences	-0.8	3.1	2.4
Carrying amount at the end of the period	93.9	78.9	81.4

Derivatives, Commitments and Contingent Liabilities

30 September 2013

EUR million	**Positive fair value**	**Negative fair value**	**Nominal values of contracts**
Derivatives recognised as cash flow hedges			
Interest rate swaps	0.1	-	46.2
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	2.3	-	122.4

30 September 2012

EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	-0.8	47.3
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	3.4	-	161.7
Interest rate swaps	-	-0.2	118.3

Derivatives measured at fair value through profit and loss are mainly related to hedging of group's internal transactions. Fair values of the derivatives have been booked to balance sheet in gross amount as the derivatives contracts are related to credit events and cannot be netted in financial statements. The group has not given nor received collateral to/from derivatives counterparties.

Fair value hierarchy

EUR million 30 Sep 2013	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	2.3	-	**2.3**
Derivatives designated as hedges	-	0.1	-	**0.1**
Liabilities				
Contingent consideration	-	-	14.7	**14.7**

EUR million 30 Sep 2012	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	3.4	-	**3.4**
Liabilities				
Derivatives measured at fair value through profit and loss	-	0.2	-	**0.2**
Derivatives designated as hedges	-	0.8	-	**0.8**

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Reconciliation of financial liabilities recognised at fair value through profit and loss according to the level 3 in the year 2013

EUR million	
Carrying amount 31 Dec 2012	-
Bookings from contingent consideration	14.4
Bookings to financial expenses	0.3
Carrying amount 30 Sep 2013	**14.7**

Financial liabilities recognised at fair value through profit and loss (level 3) include estimated discounted fair value of a contingent consideration related to the Medstop acquisition. Payment of the contingent consideration will be based on 2015 EBITDA of Oriola-KD's combined Swedish retail businesses and will be paid in first quarter of 2016. The fair value of the contingent consideration has been calculated using discounted cash flow method. The discount rate used in the valuation is determined using the weighted average cost of capital of the Group.

Contingencies for Own Liabilities

EUR million	30 Sep 2013	30 Sep 2012	31 Dec 2012
Guarantees given	19.9	8.6	23.4
Mortgages on land and buildings	-	2.0	2.0
Mortgages on company assets	2.4	2.5	2.4
Other guarantees and liabilities	0.8	0.6	0.8
Total	23.1	13.7	28.7
Leasing liabilities (operating liabilities)	3.0	3.0	2.8
Rent liabilities	81.8	66.7	66.9

The most significant reported guarantees are bank guarantees against trade payables in wholesale companies in Russia and Sweden.Oriola-KD Oyj has also granted parent company guarantees of EUR 24.3 (25.9) million against subsidiaries' trade payables and EUR 157.0 (0.0) million against external loan to Oriola-KD Holding Sverige AB.

Provisions

At 30 September 2013 Oriola-KD had in total of EUR 2.7 (0.0) million provisions relating to restructuring costs incurred by the Swedish wholesale business in connection with the efficiency programme and restructuring costs arising in the Swedish retail business in connection with the acquisition of Medstop.

Related parties

Related parties in the Oriola-KD Group are deemed to comprise the members of the Board of Directors 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 Fund. The Group has no significant business transactions with related parties, except for pension expenses arising from defined benefit plans with the Oriola Pension Fund.

Number of personnel	30 Sep 2013	30 Sep 2012	31 Dec 2012
Average number of personnel	5,087	4,813	4,818
Number of personnel at the end of the period	5,327	4,823	4,856

SEGMENT INFORMATION

Net Sales, EUR million	1-9 2013	1-9 2012	1-12 2012
Pharmaceutical Trade			
Finland and Baltics	316.0	342.2	460.5
Pharmaceutical Trade Sweden	893.9	768.9	1,061.3
Pharmaceutical Trade Russia	709.0	655.8	952.7
Net sales to other segments	-0.0	-0.2	-0.0
Group total	1,918.8	1,766.7	2,474.4

Operating Profit, EUR million	1-9 2013	1-9 2012	1-12 2012
Pharmaceutical Trade			
Finland and Baltics	16.1	15.6	20.8
Pharmaceutical Trade Sweden	11.7	10.5	15.1
Pharmaceutical Trade Russia	-8.8	-5.3	-2.3
Group Administration and Others	-8.4	-5.4	-7.8
Group total	10.6	15.3	25.8

Operating Profit excl. Non-recurring items, EUR million	1-9 2013	1-9 2012	1-12 2012
Pharmaceutical Trade			
Finland and Baltics	16.1	15.6	20.8
Pharmaceutical Trade Sweden	17.7	11.6	16.2
Pharmaceutical Trade Russia	-8.8	-5.3	-2.3
Group Administration and Others	-8.4	-5.4	-7.8
Operating Profit excl. Non recurring items	16.6	16.4	26.8
Non-recurring items *	-6.0	-1.1	-1.1
Group total	10.6	15.3	25.8

*) Restructuring costs EUR -2.0 million in Sweden Q3/2013, restructuring costs EUR -0.8 million and a write-off of contract-based accrual EUR -3.2 million in Sweden Q2/2013 and a receivable write-off EUR -1.1 million in Sweden Q3/2012

Quarterly Net Sales, EUR million	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
Pharmaceutical Trade							
Finland and Baltics	96.0	112.5	107.5	118.3	108.7	116.6	116.8
Pharmaceutical Trade Sweden	315.7	304.5	273.7	292.4	254.1	255.9	258.9
Pharmaceutical Trade Russia	242.7	235.2	231.1	296.9	223.3	217.3	215.2
Net sales to other segments	0.0	-0.0	-0.0	0.2	-0.0	-0.1	-0.0
Group total	654.4	652.1	612.3	707.8	586.1	589.7	590.8

Quarterly Operating Profit, EUR million	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
Pharmaceutical Trade							
Finland and Baltics	5.7	5.7	4.8	5.2	6.1	4.8	4.6
Pharmaceutical Trade Sweden	6.6	1.3	3.8	4.6	3.7	3.4	3.4
Pharmaceutical Trade Russia	-1.9	-3.4	-3.6	3.1	-2.0	-2.2	-1.1
Group Administration and Others	-1.8	-4.0	-2.6	-2.4	-1.6	-2.0	-1.8
Group total	8.6	-0.3	2.3	10.5	6.2	4.0	5.2

Quarterly Operating Profit, excl. Non-recurring items, EUR million	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
Pharmaceutical Trade Finland and Baltics	5.7	5.7	4.8	5.2	6.1	4.8	4.6
Pharmaceutical Trade Sweden	8.6	5.4	3.8	4.6	4.8	3.4	3.4
Pharmaceutical Trade Russia	-1.9	-3.4	-3.6	3.1	-2.0	-2.2	-1.1
Group Administration and Others	-1.8	-4.0	-2.6	-2.4	-1.6	-2.0	-1.8
Group total excl. Non-recurring items	10.6	3.7	2.3	10.5	7.2	4.0	5.2
Non-recurring items *	-2.0	-4.0	-	-	-1.1	-	-
Group total	8.6	-0.3	2.3	10.5	6.2	4.0	5.2

*) Restructuring costs EUR -2.0 million in Sweden Q3/2013, restructuring costs EUR -0.8 million and a write-off of contract-based accrual EUR -3.2 million in Sweden Q2/2013 and a receivable write-off EUR -1.1 million in Sweden Q3/2012

Net Sales by Market, EUR million	1-9 2013	1-9 2012	1-12 2012
Finland	284.7	314.6	422.4
Sweden	852.1	746.2	1,028.8
Russia	709.0	655.8	952.7
Baltic countries	28.7	25.1	34.6
Other countries	44.3	24.9	35.9
Group total	1,918.8	1,766.7	2,474.4

Quarterly Net Sales by Market, EUR million	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
Finland	85.3	102.5	96.8	107.8	99.7	107.6	107.4
Sweden	303.5	289.5	259.0	282.6	244.7	249.3	252.2
Russia	242.7	235.2	231.1	296.9	223.3	217.3	215.2
Baltic countries	9.1	9.6	10.0	9.4	8.6	8.1	8.4
Other countries	13.7	15.3	15.4	11.0	10.0	7.4	7.5
Group total	654.4	652.1	612.3	707.8	586.1	589.7	590.8

ACQUIRED BUSINESSES 2013

Medstop pharmacy chain

Oriola-KD acquired the entire capital stock of Medstop Group Holding AB, Sweden’s fifth biggest pharmacy chain, on 3 June 2013. The Medstop pharmacy chain had a total of 67 pharmacies located in shopping centres and city centre locations in Stockholm, Gothenburg and Malmö. The business operations of the pharmacy chain acquired by Oriola-KD only involve pharmaceutical retail business and they are reported in the Pharmaceutical Trade Sweden segment.

The acquisition cost calculation is based on the company’s preliminary balance sheet on 31 May 2013, the essential parts of which have prepared in accordance with the IFRS’s accounting principles.

The acquisition has been entered in the books on a preliminary basis, as permitted under IFRS 3R (revised). Oriola-KD will make the necessary adjustments to these preliminary assessments during the 12 months following the acquisition date.

The preliminary goodwill of the acquisition entered in the books is EUR 128.8 million. The euro-denominated goodwill is the value of Medstop’s experienced personnel, synergy benefits that can be achieved in purchasing operations, storage and pharmacy distribution and growth expectations. The goodwill entered in the books is not tax-deductible.

The original acquisition cost calculation made in Swedish krona (SEK) has been converted into euros on the basis of the exchange rate of 31 May 2013. The results and balance sheet of Medstop have been consolidated into Oriola-KD as of 1 June 2013.

The table below provides a summary of the consideration paid for the pharmacy chain and the fair values of the assets and liabilities entered in the books on the acquisition date.

Consideration, EUR million	
Cash	79.2
Contingent liability	14.5
Total consideration transferred	**93.7**

Recognized amounts of identifiable assets aquired and liabilities assumed, EUR million	**Fair value**
Property,plant and equipment	9.0
Intangible assets	28.1
Deferred tax assets	2.4
Inventories	18.3
Trade and other receivables	18.4
Cash and cash equivalents	8.9
Assets total	**85.1**
Deferred tax liabilities	6.2
Trade payables and other current liabilities	30.3
Borrowings	83.8
Liabilities total	**120.2**
Total identifiable net assets	**-35.1**
Goodwill	**128.8**
Total	**93.7**

Acquisition-related costs are included in administrative expenses in the 2013 consolidated income statement.

The contingent consideration will be paid in the first quarter of 2016. Payment of the contingent consideration is based on the estimate on Oriola-KD’s combined Swedish retail businesses 2015 EBITDA made by the management. The contingent consideration has been booked in the balance sheet as financial liability recognised at fair value through profit and loss and the fair value of the contingent consideration has been calculated using discounted cash flow method. The discount rate used in the valuation is determined using the weighted average cost of capital of the Group.

The estimated net sales of the Group in the period 1 January–30 September 2013 would have been EUR 2,027.8 million (reported EUR 1,918.8 million) and the operating profit excluding non-recurring items EUR 22.1 million (reported EUR 16.6 million) if the acquisition had been made at the start of 2013.

The impact of the acquired business on the Group's net sales in the period 1 June - 30 September 2013 is EUR 81.7 (0.0) million and on the operating profit excluding non-recurring items EUR 1.3 (0.0) million.

The following tables include certain illustrative unaudited financial information of Oriola-KD and Pharmaceutical Trade Sweden assuming that the acquisition had taken place 1 January, 2012.

The unaudited illustrative financial information have been derived from the audited Oriola-KD financial statements for the period 1 January-31 December 2012, audited Medstop Group Holding AB financial statements for the period 1 January-31 December 2012 and from the unaudited Oriola-KD interim report 1 January-30 September 2013 and from Medstop Group Holding AB unaudited financial information for the five month period ending 30 May 2013.

Income Statement, EUR million	**Pharmaceutical Trade Sweden excluding Medstop, revised * 1-9 2013**	**1-12 2012**	**Medstop Group Holding AB 1-9 2013**	**1-12 2012**	**Adjustments to acquisition 1-9 2013**	**1-12 2012**	**Pharmaceutical Trade Sweden including Medstop 1-9 2013**	**1-12 2012**
Net sales	812.2	1,061.3	190.6	260.2	-	-	1,002.8	1,321.5
EBITDA excluding non-recurring items	26.2	26.4	7.4	11.3	2.3	-2.3	35.9	35.4
Operating Profit excluding non-recurring items	16.8	16.2	4.9	8.4	1.5	-4.1	23.2	20.5
Operating Profit	10.8	15.2	4.0	7.2	1.5	-4.1	16.3	18.4

Income Statement, EUR million	**Oriola-KD Group excluding Medstop, revised * 1-9 2013**	**1-12 2012**	**Medstop Group Holding AB 1-9 2013**	**1-12 2012**	**Adjustments to acquisition 1-9 2013**	**1-12 2012**	**Oriola-KD Group including Medstop 1-9 2013**	**1-12 2012**
Net sales	1,837.1	2,474.4	190.6	260.2	-	0.0	2,027.8	2,734.6
EBITDA excluding non-recurring items	31.7	45.6	7.4	11.3	2.3	-2.3	41.3	54.6
Operating Profit excluding non-recurring items	15.7	26.8	4.9	8.4	1.5	-4.1	22.1	31.1
Operating Profit	9.7	25.8	4.0	7.2	1.5	-4.1	15.3	29.0

*) Revised standard IAS 19 Employee benefits has been applied as of 1 January 2013

Adjustments to acquisition include the additional depreciation charge relating to the fair value adjustments of identifiable assets acquired as well as the realisation of inventory fair value step-up in one month following the period of acquisition. In addition, acquisition related costs have been considered in the adjustments.

Espoo 23 October 2013

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