Oriola-KD Corporation Stock Exchange Release 25 July 2013 at 8.30 a.m.

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

Financial performance April–June 2013

- Net sales increased by 10.6 per cent to EUR 652.1 (589.7) million.
- EBITDA excluding non-recurring items increased by 8.7 per cent to EUR 9.3 (8.5) million.
- Operating profit excluding non-recurring items was EUR 3.7 (4.0) million.
- Operating profit was EUR -0.3 (4.0) million.
- Profit for the period came to EUR -2.8 (1.5) million and earnings per share were EUR -0.02 (EUR 0.01).

Financial performance January–June 2013

- Net sales increased by 7.1 per cent to EUR 1,264.5 (1,180.6) million.
- EBITDA excluding non-recurring items decreased by 7.9 per cent to EUR 16.7 (18.1) million.
- Operating profit excluding non-recurring items was EUR 6.0 (9.2) million.
- Operating profit was EUR 2.0 (9.2) million.
- Net cash flow from operations was EUR -1.5 (-8.1) million.
- Profit for the period came to EUR -2.1 (2.8) million and earnings per share were EUR -0.01 (EUR 0.02).
- Return on equity was -1.4 (1.9) per cent.

Key figures EUR million	**2013 4-6**	**2012 4-6**	**Change %**	**2013 1- 6**	**2012 1- 6**	**Change %**	**2012 1- 12**
Net sales	652.1	589.7	10.6%	1,264.5	1,180.6	7.1%	2,474.4
EBITDA excluding non-recurring items	9.3	8.5	8.7%	16.7	18.1	-7.9%	45.6
EBITDA	5.2	8.5	-38.5%	12.7	18.1	-30.1%	44.5
Operating profit excluding non-recurring items	3.7	4.0	-7.5%	6.0	9.2	-34.5%	26.8
Operating profit	-0.3	4.0		2.0	9.2	-78.4%	25.8
Profit for the period	-2.8	1.5		-2.1	2.8		16.4
Earnings per share, EUR	-0.02	0.01		-0.01	0.02		0.11
Net cash flow from operations				-1.5	-8.1		46.1
Return on equity (ROE), %				-1.4	1.9		5.4
Gearing ratio, end of period, %				71.4	18.0		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.

Previous outlook of 25 April 2013

- Oriola-KD estimates that net sales and operating profit excluding non-recurring items will increase from the 2012 level. Growth of the net sales of Pharmaceutical Trade Russia will slow down in the first part of the year and operating profit will be weaker than the previous year, as a result of challenges related to the implementation of the warehouse management system started in January 2013.

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

"Oriola-KD's net sales increased by 7.1 per cent to EUR 1,264.5 million and operating profit excluding non-recurring items came to EUR 6.0 million in January–June 2013, compared to EUR 9.2 million a year earlier. The operating profit excluding non-recurring items includes project costs totalling EUR 2.7 million relating to the transformation of the Swedish pharmacy market. Pharmaceutical Trade Sweden's operating profit excluding non-recurring items increased from EUR 6.8 million to EUR 9.1 million. The operating loss of Pharmaceutical Trade Russia grew from EUR 3.3 million to EUR 7.0 million. The operating profit of the business in Finland and Baltics totalled EUR 10.5 million, compared with EUR 9.4 million in the previous year. The improvement was mainly the result of more efficient wholesaling. In both Russia and Sweden, retail business posted higher operating profits, mainly due to more efficient operations and improved sales of OTC pharmaceuticals and traded goods. The second-quarter operating profit of the Swedish wholesale business improved according to plan as the operations of the purchasing and logistics services for the five pharmacy chains stabilized. The Group's operating profit for the first half of the year was significantly weakened by the increase in the operating loss of the Russian wholesale business. The operating loss increased as a result of delivery problems in the Moscow area which occurred after the implementation of the warehouse management system. Operations were stabilised at the main distribution centre in Moscow during the second quarter.

The acquisition of Medstop was finalised at the end of May, as planned. We have started the integration process of operations, with the aim of achieving annual synergies in the value of EUR 8-10 million annually from 2015 onwards. Our Russian wholesale company signed a ten-year lease agreement at the end of June to establish a new fully automated main logistic center in the Domodedovo district of Moscow. The total investment is approximately EUR 12 million and the aim of the relocation of operations and automation is to increase the capacity of the main logistic center in Moscow, improve delivery quality and increase the picking efficiency. According to our plan, full production capacity will be achieved by the end of the first quarter of 2015."

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

The text section of this financial statements release focuses on the January–June result. Unless otherwise stated, the figures have been checked against 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.

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) acquired the entire capital stock of Medstop Group Holding AB. As of 1 June 2013, the company has been included in the Pharmaceutical Trade Sweden reporting segment.

The Group's net sales and result for April–June 2013

Second-quarter net sales came to EUR 652.1 (589.7) million and operating profit excluding non-recurring items to EUR 3.7 (4.0) million. The operating profit of Pharmaceutical Trade Finland and Baltics grew from EUR 4.8 million to EUR 5.7 million. Pharmaceutical Trade Sweden's operating profit excluding non-recurring items increased from EUR 3.4 million to EUR 5.4 million and Pharmaceutical Trade Russia's operating loss from EUR 2.2 million to EUR 3.4 million. Profit after financial items was EUR -4.0 (2.0) million. The profit for the period of April–June was EUR -2.8 (1.5) million and earnings per share came to EUR -0.02 (EUR 0.01).

The Group's net sales and result January–June 2013

Oriola-KD's net sales in January–June 2013 increased by 7.1 per cent to EUR 1,264.5 (1,180.6) million. The net sales of Pharmaceutical Trade Finland and Baltics decreased by 5.7 per cent to EUR 220.0 (233.4) million, the net sales of Pharmaceutical Trade Sweden increased by 12.3 per cent to EUR 578.2 (514.8) million and the net sales of Pharmaceutical Trade Russia increased by 7.8 per cent to EUR 466.2 (432.5) million.

Oriola-KD's operating profit excluding non-recurring items in January–June decreased by 34.5 per cent to EUR 6.0 (9.2) million. The operating profit of Pharmaceutical Trade Finland and Baltics increased by 10.7 per cent to EUR 10.5 (9.4) million, the operating profit of Pharmaceutical Trade Sweden excluding non-recurring items increased by 33.2 per cent to EUR 9.1 (6.8) million and the operating loss of Pharmaceutical Trade Russia increased to EUR 7.0 (operating loss 3.3) million.

The Group's operating profit excluding non-recurring items during the first half of the year decreased as a result of project costs totalling EUR 2.7 million relating to the transformation of the Swedish pharmacy market.

Profit after financial items was EUR -3.0 (4.5) million and the profit for the period EUR -2.1 (2.8) million. Oriola-KD's financial expenses increased to EUR 5.0 (4.7) million. The financial expenses increased as a result of higher interest rate costs resulting from the acquisition of Medstop and the accrued foreign exchange loss of EUR 0.8 million from the group-internal loan granted to a Russian subsidiary. Earnings per share were EUR -0.01 (EUR 0.02).

Return on equity was -1.4 (1.9) per cent in January–June 2013.

The figures for the comparison year have been adjusted due to a revision of the calculation method for pension liabilities (IAS 19R (revision) Employee benefits). The impact has been itemised under Revision of the IAS 19 standard Employee benefits.

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 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	**2013 4-6**	**2012 4-6**	**Change %**	**2013 1- 6**	**2012 1- 6**	**Change %**	**2012 1- 12**
Net sales	112.5	116.6	-3.6%	220.0	233.4	-5.7%	460.5
Finnish wholesale	91.8	97.0	-5.4%	178.2	193.6	-8.0%	380.7
Baltics wholesale	9.9	8.4	17.2%	20.3	17.3	17.4%	36.1
Consumer Health	10.9	11.3	-3.4%	21.8	22.8	-4.4%	44.2
EBITDA	6.5	5.6	16.4%	12.1	10.9	10.7%	23.9
Operating profit	5.7	4.8	17.5%	10.5	9.4	10.7%	20.8
Personnel at the end of the period				535	523		476

April–June 2013

The net sales of Pharmaceutical Trade Finland and Baltics in the second quarter of 2013 came to EUR 112.5 (116.6) million and operating profit to EUR 5.7 (4.8) million. Invoicing of the wholesale business in Finland came to EUR 264.8 (262.0) million and net sales came to EUR 91.8 (97.0) million. The net sales of the wholesale business in the Baltic countries came to EUR 9.9 (8.4) million and the net sales of the Consumer Health business came to EUR 10.9 (11.3) million.

January–June 2013

The net sales of Pharmaceutical Trade Finland and Baltics in January–June 2013 came to EUR 220.0 (233.4) million and the operating profit to EUR 10.5 (9.4) million. Invoicing of the Finnish wholesale business came to EUR 519.9 (518.2) million and the net sales to EUR 178.2 (193.6) million. The net sales of the wholesale business in the Baltics totalled EUR 20.3 (17.3) million and the sales of the Consumer Health business, i.e. consumer health products sold under Oriola-KD's own brands or exclusive sales rights, totalled EUR 21.8 (22.8) million. In the wholesale business in Finland and the Baltics, focus is on the development of principal management and on the services offered to principals and pharmacies. More efficient operations, increased sales of services and improved customer profitability improved the profitability of the Finnish wholesale business. During the first half of the year, the profitability of the Consumer Health business was negatively affected by the challenging competitive environment and inputs into the development of the product assortment. Oriola-KD's business in the Baltics grew positively during the period under review. Cooperation between Oriola-KD and Merck Sharp & Dohme (MSD) in pharmaceutical marketing started as planned in the second quarter of the year. Oriola-KD's warehouse in Lithuania will start distributing MSD's pharmaceuticals to all Baltic countries in September 2013.

The Finnish pharmaceutical market grew by 1.0 (3.4) per cent in January–June 2013 (source: IMS Health). 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 47.7 (47.2) per cent in January–June 2013 (source: IMS Health). The distribution of AstraZeneca's products by Oriola-KD ended at the end of the second quarter of 2013.

Pharmaceutical Trade Finland and Baltics had 535 (523) employees at the end of June 2013.

Pharmaceutical Trade Sweden

Key figures EUR million	**2013 4-6**	**2012 4-6**	**Change %**	**2013 1- 6**	**2012 1- 6**	**Change %**	**2012 1- 12**
Net sales	304.5	255.9	19.0%	578.2	514.8	12.3%	1,061.3
Retail	155.2	124.6	24.6%	287.1	249.3	15.1%	502.5
Wholesale	199.2	144.8	37.6%	382.2	292.2	30.8%	636.7
EBITDA excluding non-recurring items	8.7	5.8	49.2%	15.2	11.5	32.4%	26.4
EBITDA	4.6	5.8	-20.1%	11.2	11.5	-2.5%	25.3
Operating profit excluding non-recurring items	5.4	3.4	56.9%	9.1	6.8	33.2%	16.2
Operating profit	1.3	3.4	-60.9%	5.1	6.8	-25.5%	15.1
Personnel at the end of the period				1,870	1,246		1,324
Retail				1,593	994		1,064
Wholesale				277	252		260

April–June 2013

The second-quarter net sales of Pharmaceutical Trade Sweden in 2013 came to EUR 304.5 (255.9) million and the operating profit excluding non-recurring items to EUR 5.4 (3.4) million. The profitability of operations strengthened in both businesses in the segment. The net sales of the retail business totalled EUR 155.2 (124.6) million. The invoicing of the wholesale business came to EUR 392.2 (341.4) million and the net sales of the wholesale business came to EUR 199.2 (144.8) 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 20.9 million.

January–June 2013

The net sales of Pharmaceutical Trade Sweden in January–June 2013 totalled EUR 578.2 (514.8) million and operating profit excluding non-recurring items was EUR 9.1 (6.8) million. The net sales of the retail business totalled EUR 287.1 (249.3) million. The invoicing of the wholesale business came to EUR 775.1 (679.9) million and the net sales of the wholesale business came to EUR 382.2 (292.2) 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 20.9 million. The purchasing and logistics services launched for the five pharmacy chains have boosted the net sales of the wholesale business.

The operating profit of the retail business grew, particularly as a result of more efficient operations and increased sales of OTC pharmaceuticals and traded goods. At the end of June 2013, Oriola-KD had a total of 293 (216) pharmacies in Sweden. Of them, 226 (216) operated under the Kronans Droghandel brand and 67 under the Medstop brand. Oriola-KD opened a total of 9 (7) new pharmacies during the first half of the year. In the period under review, a total of 16 (12) new pharmacies were established in the Swedish pharmacy market. In January-June 2013, Oriola-KD had a market share of 20.1 per cent in the retail business (source: Oriola-KD).

Oriola-KD finalised the acquisition of Medstop by 31 May 2013 and from 1 June 2013 Medstop has been reported in the Pharmaceutical Trade Sweden reporting segment. The acquisition is estimated to create synergies of EUR 8-10 million annually in value. The full effect of the synergies is estimated to be realized from 2015 onwards. Oriola-KD has started the integration of the operations and the preliminary estimates of the acquired assets and liabilities have been presented in the 'Acquired businesses 2013' notes.

The relative share of parallel imports and generic pharmaceuticals has remained high in the Swedish pharmaceutical market, which has decreased net sales and weakened operating profit in the wholesale business. The OTC pharmaceuticals and traded goods purchasing and logistics services for five pharmacy chains boosted the net sales of the wholesale business during the first half of the year. The purchasing and logistics services stabilised as part of Oriola-KD's business during the second quarter, as planned, which improved the operating profit in the quarter in relation to the comparison period. The purchasing and logistics services contract with Vårdapoteket AB was terminated in the second quarter and Vårdapoteket will leave the service scheme by the end of 2013. Oriola-KD's share of the wholesale market was 34.7 (36.3) per cent in January-June 2013 (source: IMS Health).

The pharmaceutical market in Sweden decreased by 2.7 (increased 4.1) per cent (source: IMS Health), while the retail market of OTC products and traded goods increased by 6.0 (3.9) per cent (source: Nielsen) in January-June 2013.

Pharmaceutical Trade Sweden had 1,870 (1,246) employees at the end of June 2013, of whom 1,593 (994) were employed in the retail and 277 (252) in the wholesale business. The acquisition of Medstop increased the number of personnel in the pharmaceutical retail business by 561.

Pharmaceutical Trade Russia

Key figures EUR million	**2013 4-6**	**2012 4-6**	**Change %**	**2013 1- 6**	**2012 1- 6**	**Change %**	**2012 1- 12**
Net sales	235.2	217.3	8.2%	466.2	432.5	7.8%	952.7
Retail	35.4	35.8	-1.0%	75.2	73.0	2.9%	148.6
Wholesale	204.1	187.1	9.1%	398.8	371.6	7.3%	831.1
EBITDA	-1.9	-0.8	132.0%	-4.1	-0.5	688.4%	3.1
Operating profit	-3.4	-2.2	52.2%	-7.0	-3.3	111.6%	-2.3
Personnel at the end of the period				3,008	3,007		3,056
Retail				1,298	1,306		1,309
Wholesale				1,710	1,701		1,747

April–June 2013

The net sales of Pharmaceutical Trade Russia in the second quarter of 2013 came to EUR 235.2 (217.3) million and the operating profit came to EUR -3.4 (-2.2) million. The net sales of the retail business totalled EUR 35.4 (35.8) million and the net sales of the wholesale business came to EUR 204.1 (187.1) million. The profitability in April–June was negatively affected by the delivery problems in the Moscow region associated with the implementation of the warehouse management system.

January–June 2013

The net sales of Pharmaceutical Trade Russia in January–June 2013 came to EUR 466.2 (432.5) million and the operating profit to EUR -7.0 (-3.3) million. The net sales of the retail business in Russia totalled EUR 75.2

(73.0) million and the net sales of the wholesale business came to EUR 398.8 (371.6) million. Oriola-KD has booked EUR 0.4 million in accelerated depreciation from the current main logistic centre in Moscow in the first half of the year.

The retail business in Russia grew and posted positive operating profit as a result of more effective operations and increasing sales of OTC pharmaceuticals and traded goods. At the end of June 2013, Oriola-KD had 242 (235) 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 as well as due to the challenging market conditions. Oriola-KD was able to resolve the problems concerning the logistic delivery capacity in the Moscow region during the second quarter of the year. The net sales of the distribution centres located outside Moscow continued to increase in January–June 2013. A total of EUR 0.2 (0.7) million credit loss write-offs relating to the trade receivables have been booked in January-June 2013.

On 26 June 2013, Oriola-KD signed a lease agreement on a new main logistic centre, located in the Moscow region. The total investment is approximately EUR 12 million including automation solution, warehouse machinery and equipment. As a result of the logistics centre investment decision, Oriola-KD will book a total of EUR 0.8 million in 2013 and EUR 0.5 million in 2014 in accelerated depreciation relating to the current main logistic centre. According to the investment plan the operations will be transferred and the full capacity will be achieved by the end of the first quarter in 2015.

The ruble-denominated growth in the Russian pharmaceutical market was 15.6 (8.9) per cent in January–June 2013 (source: IMS Health). The net sales of Oriola-KD's retail business increased by 5.7 (11.1) per cent while the growth in the wholesale business was 10.1 (31.2) per cent in Russian rubles in January–June 2013.

Pharmaceutical Trade Russia had 3,008 (3,007) employees at the end of June 2013, of whom 1,298 (1,306) were employed in the retail business and 1,710 (1,701) were employed in the wholesale business.

Non-recurring items

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

Non-recurring items EUR million	**2013 4-6**	**2012 4-6**	**2013 1- 6**	**2012 1- 6**
Pharmaceutical Trade Sweden				
Restructuring expenses	-0.8	-	-0.8	-
Write-off of contract-based accrual	-3.2	-	-3.2	-
Non-recurring items included in the operating profit	-4.0	-	-4.0	-

The non-recurring items in April–June 2013 concerned the restructuring expenses as a result of the acquisition of Medstop and the write-off of the contract-based accrual entered in the books in 2009 on the basis of the investment agreement between Oriola-KD and Kooperativa Förbundet in the Swedish retail business.

In January–June 2013 Oriola-KD has booked a total of EUR 2.7 million in project costs relating to the transformation of the Swedish pharmacy market. These expenses have not been treated as non-recurring items.

Balance sheet, financing and cash flow

Oriola-KD's balance sheet total on 30 June 2013 stood at EUR 1,466.5 (1,194.5) million. Cash assets totalled EUR 130.2 (72.8) million and equity was EUR 279.7 (289.2) million. The equity ratio was 19.5 (24.8) per cent.

Oriola-KD's group goodwill of EUR 389.3 million has been allocated in impairment testing to the cash-generating units consisting of the Group's operating segments. A total of EUR 240.1 million of the goodwill has been allocated to the Swedish pharmaceutical retail business, EUR 27.1 million to the Swedish pharmaceutical wholesale business, EUR 81.8 million to the Russian pharmaceutical wholesale business and EUR 40.3 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 June 2013, interest-bearing debt totalled EUR 330.0 (EUR 124.8) million and interest-bearing net debt was EUR 199.8 (52.0) million. The gearing ratio was 71.4 (18.0) per cent. Interest-bearing long-term debt mainly consists of the long-term bank loan taken out for the acquisition of Medstop and the discounted conditional earn-out payment relating to the Medstop acquisition. Interest-bearing short-term debts mainly consist of the use of the commercial paper programme issued by Oriola-KD Corporation, advance payments by pharmacies in Finland and the bond of SEK 700 million issued by Medstop. The bond was redeemed on 2 July 2013 using existing credit facilities. Factoring programs 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 June 2013, the sales of the trade receivables totalled EUR 80.6 (52.8) million. This sum includes the EUR 11.1 million of the receivables sales programme of the Medstop pharmacy chain acquired by Oriola-KD.

Oriola-KD secured refinancing for its existing financing solution by signing a new approximately EUR 280 million financing agreement on 15 May 2013 with four banks. The financing agreement includes re-agreed financial covenants based on the ratio between Oriola-KD's net debt and EBITDA and its gearing ratio. Oriola-KD's committed long-term credit facilities of EUR 196.3 million and EUR 42.8 million in short-term credit account facilities with banks were unused at the end of June 2013. Oriola-KD increased the value of its commercial paper programme to EUR 200 million in the second quarter of the year. A total of EUR 122.0 (82.7) million of the commercial paper programme was in use at the end of the review period.

Net cash flow from operations in January–June 2013 was EUR -1.5 (-8.1) million, of which changes in working capital accounted for EUR -5.6 (-19.2) million. Net cash flow from operations was EUR -83.1 (-10.7) million.

Investments

Gross investments in January–June 2013 totalled EUR 178.4 (9.4) million. They consisted of the acquisition of the Medstop pharmacy chain EUR 165.9 million, the establishment of new pharmacies, information technology investments and investments aimed at improving the efficiency of logistics. Oriola-KD has booked EUR 0.4 (0.0) million in accelerated depreciations due to the investment plan relating to the logistic centre in Moscow in the first half of 2013.

Personnel

On 30 June 2013, Oriola-KD had a payroll of 5,414 (4,776) employees, 10 (11) per cent of whom worked in Finland and the Baltics, 34 (26) per cent in Sweden, and 55 (63) per cent in Russia. Personnel numbers include the 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 as a new member Karsten Slotte. 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 the following from among 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 as of 30 June 2013:

* 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 which 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 at 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. 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, 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.

The Board was on 20 March 2013 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 of the Oriola-KD Group’s management and the share savings plan for its key employees. The maximum amount of the company’s new B class 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 years following the decision of the AGM.

Dividend distribution

In accordance with a Board proposal, the AGM decided to distribute EUR 0.05 per share in dividend 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 was paid to those who, on the record date of 25 March 2013, were entered as shareholders of Oriola-KD Corporation in the company’s shareholder register maintained by Euroclear Finland Ltd.

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.

Oriola-KD Corporation shares

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

Trading volume	January-June 2013		January-June 2012	
	class A	class B	class A	class B
Trading volume, million shares	1.4	15.1	3.7	20.1
Trading volume, EUR million	3.3	35.7	7.2	38.3
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	2.30	2.28	2.03	1.94

Oriola-KD Corporation's market capitalisation on 30 June 2013 was EUR 345.8 (297.7) million.

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 10.9 (15.7) per cent of the total number of shares. The traded volume of class A shares amounted to 2.9 (7.8) per cent of the average stock, and that of class B shares, excluding treasury shares, 14.6 (19.3) per cent of the average stock.

At the end of June 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 June 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 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 Board of Oriola-KD Corporation approved the terms and conditions of the key employees' share savings plan on 28 May 2013. The programme will be offered to about 70 of the Group's key employees. 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.

Liquidity guarantee

There is no liquidity guarantee in effect for the share 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 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 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 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 and the Swedish krona will have an impact on Oriola-KD's earnings 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. Oriola-KD's strategic development projects in the wholesale business in Russia and the operations in Sweden involve operational risks which may have an effect on Oriola-KD's profitability.

Outlook

Oriola-KD's outlook for 2013 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 0.3 per cent in Finland, 0.5 per cent in Sweden, and 11.1 per cent in Russia, measured in local currencies (source: IMS Health).

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.

Previous outlook of 25 April 2013

Oriola-KD estimates that net sales and operating profit excluding non-recurring items will increase from the 2012 level. Growth of the net sales of Pharmaceutical Trade Russia will slow down in the first part of the year and operating profit will be weaker than the previous year, as a result of challenges related to the implementation of the warehouse management system started in January 2013.

Events after the review period

On 2 July 2013 Oriola-KD redeemed the bond issued by Medstop as planned using its existing credit facilities.

Next interim report

Oriola-KD Corporation will publish its results for the third quarter of 2013 on Thursday 24 October 2013 at 8.30 am.

Tables

Consolidated Statement of Comprehensive Income (IFRS), EUR million	1 Apr - 30 June 2013	1 Apr - 30 June 2012	1 Jan - 30 June 2013	1 Jan - 30 June 2012	1 Jan - 31 Dec 2012
Net sales	652.1	589.7	1,264.5	1,180.6	2,474.4
Cost of goods sold	-555.6	-504.2	-1,080.4	-1,009.0	-2,117.8
Gross profit	96.6	85.6	184.1	171.6	356.6
Other operating income	0.7	0.5	2.7	1.0	2.3
Selling and distribution expenses	-72.6	-65.1	-141.0	-129.5	-263.9
Administrative expenses	-15.4	-12.5	-29.0	-25.0	-49.3
EBITDA excluding non-recurring items	9.3	8.5	16.7	18.1	45.6
Depreciation	-5.6	-4.5	-10.7	-8.9	-18.8
Operating Profit before Non-recurring items	3.7	4.0	6.0	9.2	26.8
Non-recurring items*	-4.0	-	-4.0	-	-1.1
Operating Profit	-0.3	4.0	2.0	9.2	25.8
Financial income	1.4	2.1	5.2	4.2	22.7
Financial expenses	-5.0	-4.2	-10.2	-8.9	-28.0
Profit before taxes	-4.0	2.0	-3.0	4.5	20.5
Income taxes **	1.2	-0.4	0.9	-1.6	-4.1
Profit for the period	-2.8	1.5	-2.1	2.8	16.4
Other comprehensive income					
Cash flow hedge	0.5	-	1.0	0.0	-0.9
Actuarial gains/losses on defined benefit plan	-	-	-	-	1.6
Income tax relating to other comprehensive income	0.3	-0.9	0.1	-0.1	-0.6
Translation difference	-22.6	-9.5	-16.3	3.9	11.4
Total comprehensive income for the period	-24.5	-8.8	-17.3	6.6	27.9
Attribution of Profit for the period					
To parent company shareholders	-2.8	1.5	-2.1	2.8	16.4
Attribution of total comprehensive income for the period					
To parent company shareholders	-24.5	-8.8	-17.3	6.6	27.9
Earnings per share for the period					
Basic earnings per share, EUR	-0.02	0.01	-0.01	0.02	0.11

Diluted earnings per share, EUR	-0.02	0.01	-0.01	0.02	0.11
*) Restructuring expenses 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	-4.0	-	-4.0	-	-1.1

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

Consolidated Balance Sheet (IFRS), EUR million

ASSETS	**30 June 2013**	**30 June 2012**	**31 Dec 2012**
Non-current assets			
Property, plant and equipment	91.9	76.3	81.4
Goodwill	389.3	270.0	276.7
Other intangible assets	77.0	52.0	52.3
Other shares and shareholdings	0.0	0.0	0.0
Other non-current assets	6.4	4.1	6.6
Deferred tax assets	10.7	8.0	6.1
Non-current assets total	575.4	410.4	423.1
Current assets			
Inventories	350.0	345.7	389.8
Trade and other receivables	410.9	365.6	415.2
Cash and cash equivalents	130.2	72.8	88.1
	891.1	784.1	893.1
Non-current assets held for sale	0.0	0.0	0.0
Current assets total	891.1	784.1	893.1
ASSETS TOTAL	**1,466.5**	**1,194.5**	**1,316.2**
EQUITY AND LIABILITIES			
Equity of the parent company shareholders			
Share capital	36.2	36.2	36.2
Funds	20.7	26.7	26.0
Other equity	222.8	226.3	248.4
Equity total	279.7	289.2	310.5
Non-current liabilities			
Deferred tax liabilities	18.8	13.6	14.1
Pension obligations	9.6	7.9	9.7
Borrowings	92.1	15.6	0.4

Other non-current liabilities	-	-	1.0
Non-current liabilities total	120.4	37.1	25.2
Current liabilities			
Trade payables and other current liabilities	828.5	758.9	886.1
Borrowings	237.9	109.2	94.3
Current liabilities total	1,066.4	868.2	980.5
EQUITY AND LIABILITIES TOTAL	**1,466.5**	**1,194.5**	**1,316.2**

Consolidated Statement of Changes in Equity (IFRS)

	Equity of the parent company shareholders							
EUR million	**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 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	-	-	-	-	-	-	2.8	2.8
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
Comprehensive income for the period total	-	0.0	-	-	3.8	-	2.8	6.6
Owners related transactions								
Dividends paid and return of equity	-	-	-4.5	-	-	-	-7.6	-12.1
Share-based payments	-	-	-	-	-	-	0.1	0.1
Owners related transactions total	-	-	-4.5	-	-	-	-7.4	-12.0
Equity 30 June 2012	**36.2**	**-**	**25.5**	**1.2**	**-3.4**	**-4.8**	**234.5**	**289.2**
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								

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	-	-	-	-	-	-	-2.1	-2.1
Other comprehensive income:								
Cash flow hedge	-	1.0	-	-	-	-	-	1.0
Income tax relating to other comprehensive income	-	-0.3	-	-	0.4	-	-	0.1
Translation difference	-	0.0	-	-	-16.3	-	-	-16.3
Comprehensive income for the period total	-	0.8	-	-	-16.0	-	-2.1	-17.3
Owners related transactions								
Dividends paid and return of equity	-	-	-6.0	-	-	-	-7.6	-13.6
Share-based payments	-	-	-	-	-	-	0.0	0.0
Owners related transactions total	-	-	-6.0	-	-	-	-7.5	-13.6
Equity 30 June 2013	**36.2**	**0.1**	**19.4**	**1.2**	**-12.1**	**-3.6**	**238.5**	**279.7**

Consolidated Cash Flow Statement (IFRS), EUR million	**1 Jan - 30 June 2013**	**1 Jan - 30 June 2012**	**1 Jan - 31 Dec 2012**
Operating profit	2.0	9.2	25.8
Depreciation	10.7	8.9	18.8
Change in working capital	-5.6	-19.2	23.1
Cash flow from financial items and taxes	-6.2	-5.9	-20.3
Other adjustments	-2.4	-1.2	-1.2
Net cash flow from operating activities	-1.5	-8.1	46.1
Net cash flow from investing activities	-83.1	-10.7	-34.9
Net cash flow from financing activities	127.3	-62.4	-77.3
Net change in cash and cash equivalents	42.7	-81.2	-66.2
Cash and cash equivalents at the beginning of the period	88.1	153.8	153.8
Foreign exchange rate differences	-0.6	0.1	0.4
Net change in cash and cash equivalents	42.7	-81.2	-66.2
Cash and cash equivalents at the end of the period	130.2	72.8	88.1

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:

- 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 review 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 Jan–31 Mar 2012	1 Jan–30 Jun 2012	1 Jan–30 Sep 2012	1 Jan–31 Dec 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 Jan–31 Mar 2012	1 Apr–30 Jun 2012	1 July–30 Sep 2012	1 Oct–31 Dec 2012	1 Jan–31 Dec 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

Notes

Change in Property, Plant and Equipment, EUR million	1 Jan - 30 June 2013	1 Jan - 30 June 2012	1 Jan - 31 Dec 2012
Carrying amount at the beginning of the period	81.4	74.0	74.0
Increases through acquisitions of subsidiary shares	9.0	-	-
Increases	9.4	6.6	16.6
Decreases	-0.1	-0.4	-0.5
Depreciation	-6.1	-5.3	-11.1
Foreign exchange rate differences	-1.6	1.3	2.4
Carrying amount at the end of the period	91.9	76.3	81.4

Key Figures	1 Jan - 30 June 2013	1 Jan - 30 June 2012	1 Jan - 31 Dec 2012
Equity ratio, %	19.5	24.8	24.5
Equity per share, EUR	1.85	1.91	2.05
Return on capital employed (ROCE), %	0.8	4.2	5.9
Return on equity (ROE), %	-1.4	1.9	5.4
Net interest-bearing debt, EUR million	199.8	52.0	6.7
Gearing, %	71.4	18.0	2.1
Earnings per share, EUR	-0.01	0.02	0.11
Average number of shares, 1000 pcs	151,161	151,161	151,248

Derivatives, Commitments and Contingent Liabilities

30 June 2013

EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	0.1	-	45.6
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	4.0	-	194.5

30 June 2012

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

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 Jun 2013	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	4.0	-	**4.0**
Derivatives designated as hedges	-	0.1	-	**0.1**
Liabilities				
Contingent consideration	-	-	14.3	**14.3**

EUR million 30 Jun 2012	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	-	-	-
Liabilities				
Derivatives measured at fair value through profit and loss	-	0.5	-	**0.5**

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	-
Booking from contingent consideration	14.2
Bookings to financial expenses	0.1
Carrying amount 30 Jun 2013	**14.3**

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 is based on the estimate on Oriola-KD's combined Swedish retail businesses 2015 EBITDA made by the management. The contingent consideration 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 June 2013	30 June 2012	31 Dec 2012
Guarantees given	18.9	9.7	23.4
Mortgages on land and buildings	-	2.0	2.0
Mortgages on company assets	2.4	2.4	2.4
Other guarantees and liabilities	0.8	0.7	0.8
Total	22.2	14.8	28.7
Leasing liabilities (operating liabilities)	2.6	3.2	2.8
Rent liabilities	84.2	67.1	66.9

The most significant 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 24.8 (21.0) million against subsidiaries' trade payables and EUR 77.7 million (0.0) against external loan in Oriola-KD Holding Sverige AB.

Number of personnel	1 Jan - 30 June 2013	1 Jan - 30 June 2012	1 Jan - 31 Dec 2012
Average number of personnel	4,943	4,795	4,818
Number of personnel at the end of the period	5,414	4,776	4,856

SEGMENT INFORMATION

Net Sales, EUR million	1 Jan - 30 June 2013	1 Jan - 30 June 2012	1 Jan - 31 Dec 2012
Pharmaceutical Trade			
Finland and Baltics	220.0	233.4	460.5
Pharmaceutical Trade Sweden	578.2	514.8	1,061.3
Pharmaceutical Trade Russia	466.2	432.5	952.7
Net sales to other segments	-0.0	-0.2	-0.0
Group total	1,264.5	1,180.6	2,474.4

Operating Profit, EUR million	1 Jan - 30 June 2013	1 Jan - 30 June 2012	1 Jan - 31 Dec 2012
Pharmaceutical Trade			
Finland and Baltics	10.5	9.4	20.8
Pharmaceutical Trade Sweden	5.1	6.8	15.1
Pharmaceutical Trade Russia	-7.0	-3.3	-2.3
Group Administration and Others	-6.6	-3.8	-7.8
Group total	2.0	9.2	25.8

Operating Profit excl. non-recurring items, EUR million	1 Jan - 30 June 2013	1 Jan - 30 June 2012	1 Jan - 31 Dec 2012
Pharmaceutical Trade			
Finland and Baltics	10.5	9.4	20.8
Pharmaceutical Trade Sweden	9.1	6.8	16.2
Pharmaceutical Trade Russia	-7.0	-3.3	-2.3
Group Administration and Others	-6.6	-3.8	-7.8
Operating Profit excl. non recurring items	6.0	9.2	26.8
Non-recurring items *	-4.0	-	-1.1
Group total	2.0	9.2	25.8

*) Restructuring expenses EUR -0.8 million and a write-off of contract-based accrual EUR -3.2 million in Pharmaceutical Trade Sweden Q2/2013 and a receivable write-off EUR -1.1 million in Pharmaceutical Trade Sweden Q3/2012

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

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

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

*) Restructuring expenses EUR -0.8 million and a write-off of contract-based accrual EUR -3.2 million in Pharmaceutical Trade Sweden Q2/2013 and a receivable write-off EUR -1.1 million in Pharmaceutical Trade Sweden Q3/2012

Net Sales by Market, EUR million	1 Jan - 30 June 2013	1 Jan - 30 June 2012	1 Jan - 31 Dec 2012
Finland	199.4	215.0	422.4
Sweden	548.6	501.5	1,028.8
Russia	466.2	432.5	952.7
Baltic countries	19.6	16.6	34.6
Other countries	30.7	14.9	35.9
Group total	1,264.5	1,180.6	2,474.4

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

Acquisition cost, EUR million	
Cash	79.2
Contingent consideration	14.5
Total acquisition cost	**93.7**

Recognized amounts of identifiable assets acquired 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 June 2013 would have been EUR 1,374.0 million (reported EUR 1,264.5 million) and the operating profit excluding non-recurring items EUR 10.1 million (reported EUR 6.0 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 June 2013 is EUR 20.9 (0.0) million and on the operating profit EUR 0.6 (0.0) million.

Espoo 24 July 2013

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Oriola-KD Corporation

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Distribution:
NASDAQ OMX Helsinki Ltd
Key media

Released by:
Oriola-KD Corporation
Corporate Communications
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