Oriola KD

2009

Report of the Board of Directors & Financial Statements

Information to Shareholders

The 2010 Annual General Meeting

The 2010 Annual General Meeting of Shareholders of Oriola-KD Corporation will be held on Wednesday, 7 April 2010 at 5pm at Helsinki Fair Centre, address Helsinki Fair Centre, Conference Wing, Messuaukio 1, 00520 Helsinki, Finland. The notice to convene is available on the company's web site at www.oriola-kd.com and it has been published in Helsingin Sanomat on 13 March 2010.

Shareholders register and the insider register

The company's shareholder register as well as the insider register are available at Euroclear Finland Ltd. at the following address:

Euroclear Finland Ltd.
Urho Kekkosen katu 5 C, 8th Floor
FI-00100 Helsinki, Finland

Shareholders are requested to make their change of address to the Account Operator who attends to the shareholder's book-entry account.

Companies following Oriola-KD:

ABG Sundal Collier
Carnegie Investment Bank
Enskilda Equity Research
Evli Bank Plc
FIM
ICECAPITAL Securities Ltd
JP Morgan
Nordea Markets
Pohjola Bank
Sofia Bank
Swebank Markets

For more information www.oriola-kd.com/analysts

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Oriola-KD Corporation is a leading company in pharmaceutical and healthcare trade in Finland, Sweden, Russia and the Baltic countries. The net sales of Oriola-KD in 2009 were EUR 1.7 billion and number of personnel at the end of 2009 was 4,299. Oriola-KD is listed on NASDAQ OMX Helsinki Ltd.

www.oriola-kd.com

Report of the Board of Directors

Oriola-KD Group's businesses developed positively in 2009. Net sales were up by 8 percent and operating profit by 80 percent on the previous year. Earnings per share in 2009 grew to EUR 0.34 from the previous year's EUR 0.19. Especially the growth of the Russian businesses, enhanced efficiency and investments improved the 2009 result. In Sweden Oriola-KD expanded according to its strategy from pharmaceutical wholesale to pharmaceutical retail and agreed in November 2009 to acquire a pharmacy cluster with 171 pharmacies in the first quarter of 2010. The profitability increased in Finnish pharmaceutical wholesale despite the slow market growth caused by the reference price system that was taken in use. In the Healthcare Trade, the company continued to develop its outsourced materials management service and expanded the private label product portfolio. Oriola-KD's expansion to pharmaceutical retail and new geographies create a solid platform for long term profitable growth.

Financial performance

Oriola-KD's net sales in 2009 were EUR 1,713.1 million (EUR 1,580.8 million) and operating profit was EUR 65.4 million (EUR 36.4 million). Profit after financial items came to EUR 62.1 million (EUR 34.6 million) and net profit to EUR 48.6 million (EUR 27.5 million). Oriola-KD's earnings per share in 2009 were EUR 0.34 (EUR 0.19).

Oriola-KD invested in developing its business in Russia, in preparing for the deregulation of Sweden's pharmacy market and in improving its operational efficiency. The costs incurred in the preparations made for the change of the pharmacy market in Sweden came to EUR 11.7 million in 2009, of which EUR 3.7 million was recorded in the fourth quarter. The preparation costs include the fees of advisors.

Oriola-KD's financing expenses in 2009 were EUR 3.3 million (EUR 1.8 million). The increase was mainly due to the execution of the Russian acquisition in April 2008. Taxes in 2009 came to EUR 13.4 million (EUR 7.2 million). Taxes corresponding to the result for the 2009 period are accounted as taxes.

Return on capital employed was 18.7 percent (13.5 percent) and return on equity 22.1 percent (14.1 percent) in 2009.

Balance sheet, financing and cash flow

Oriola-KD's balance sheet total on 31 December 2009 stood at EUR 923.1 million (EUR 790.6 million). Cash and cash equivalents at the end of 2009 stood at EUR 133.7 million (EUR 46.5 million) and equity was EUR 254.2 million (EUR 185.5 million). The equity ratio was 29.2 percent (25.1 percent).

Interest-bearing net debt at the end of December 2009 was EUR 16.0 million (EUR 62.2 million) and the gearing ratio was 6.3 percent (33.5 percent). Interest-bearing debt, which at the end of 2009 was EUR 149.7 million (EUR 108.7 million), comprise some EUR 51.6 million from pharmacy advance payments in Finland, a debt of approximately EUR 63.6 million from the anticipated final price for the remaining 25 percent holding in the Russian companies and finance lease liabilities of EUR 0.4 million. In addition, Oriola-KD has a commercial paper programme of EUR 150 million, from which EUR 34.2 million had been drawn at the end of the review period.

To secure its long-term solvency Oriola-KD Corporation signed a EUR 70 million and Kronans Droghandel Retail AB a EUR 126.8 million (SEK 1.3 billion) long-term credit facility with four banks in the fourth quarter of 2009. Financial covenants are based on the ratio between Oriola-KD's net debt and EBITDA and its gearing ratio. The terms of the financial covenants were met with a wide margin at the end of 2009. Oriola-KD's long-term credit limit facilities of approximately EUR 196.8 million and EUR 39.5 million in short-term credit account facilities stood unused at the end of the review period.

Net cash flow from operations in 2009 was EUR 100.9 million (EUR –18.1 million), of which changes in working capital accounted for EUR 37.9 million (EUR –52.2 million). Working capital decreased mainly as a result of a sale of a EUR 49.8 million sales receivables programme (non-recourse) by the wholesale company in Sweden. The sale of the receivables was launched to finance the capital investment in Kronans Droghandel Retail AB in the final quarter of the year.

Net cash flow from investments was EUR –28.0 million (EUR –75.3 million), including the additional sum of EUR 21.7 million paid for the 75 percent holding in the Russian companies in February 2009. In 2009 period, cash flow after investments was EUR 72.9 million (EUR –93.4 million). Cash flow from financing includes a dividend of EUR 11.3 million paid in May and the directed issue of EUR 20.6 million carried out in June.

Investments

Investments in 2009 came to EUR 47.4 million (EUR 125.7 million), mostly associated with the increase of the anticipated final price of the remaining 25 percent in the Russian companies, the acquisition of the minority holding in Kronans Droghandel AB in Sweden and operating investments in maintenance and PPE.

Personnel

On 31 December 2009, Oriola-KD had a payroll of 4,299 (4,709) employees, 15 percent (14 percent) of whom worked in Finland, 10 percent (8 percent) in Sweden, 70 percent (74 percent) in Russia and 5 percent (4 percent) in the Baltic countries and Denmark combined.

Group Management Team

On 31 December 2009, Oriola-KD Corporation's Group Management Team composed of:

Eero Hautaniemi, President and CEO
Anne Kariniemi, Vice President, Logistics and Sourcing
Cecilia Marlow, Vice President, Pharmaceutical Retail, Sweden
Jukka Niemi, Vice President, Pharmaceutical Wholesale, Finland
Ilari Vaalavirta, Vice President, Healthcare Trade
Kimmo Virtanen, Executive Vice President & CFO

The Group also has an extended Group Management Team, composed of the Group Management Team and the heads of Group functions: human resources, legal affairs, treasury, finance, IM administration, and corporate communications and investor relations.

Operating segments

In accordance with its organisational structure and internal reporting, Oriola-KD's operating segments are Pharmaceutical Trade Finland, Pharmaceutical Trade Sweden, Pharmaceutical Trade Russia, Pharmaceutical Trade Baltic Countries, Healthcare Trade and Dental Trade.

Changes in Oriola Oy's corporate structure

At the end of 2009, Oriola-KD carried out a partial demerger of Oriola Oy. Following the demerger, Pharmaceutical Trade continues in Oriola Oy and Oriola Oy's Healthcare Trade business in the Nordic countries was transferred to a new company named Oriola-KD Healthcare Oy. The demerger took place at the beginning of 2010, and Oriola-KD Corporation now has two fully owned Finnish operational subsidiaries: Oriola Oy and Oriola-KD Healthcare Oy. The demerger simplifies the corporate structure and increases the efficiency of managing business operations. The change will have no impact on Oriola-KD's operating segments.

Pharmaceutical Trade Finland

Pharmaceutical Trade Finland's net sales in 2009 were EUR 504.5 million (EUR 533.4 million) and its operating profit was EUR 18.1 million (EUR 16.6 million).

The Finnish pharmaceutical market grew 0.0 percent in 2009 (6.7 percent). The introduction of a reference price system in Finland at the beginning of April 2009 weakened the growth of net sales of the Pharmaceutical Trade Finland business segment in 2009. Oriola-KD held a 46.9 percent (47.6 percent) share of the pharmaceutical distribution market in Finland in 2009 (source: IMS Health). No major changes in principals that would have had a bearing on market share took place in the review period.

At the end of December 2009, 474 (425) people were employed by Pharmaceutical Trade Finland.

Pharmaceutical Trade Sweden

Pharmaceutical Trade Sweden's net sales in 2009 were EUR 547.0 million (EUR 535.9 million) and its operating profit was EUR –5.0 million (EUR 6.0 million).

The costs incurred in the preparations made for the change of the pharmacy market in Sweden came to EUR 11.7 million in 2009. Of the total preparation costs, EUR 0.7 million has been recorded for the Group. The preparation costs include the fees of advisors in the acquisition. Excluding these project costs, Pharmaceutical Trade Sweden's operating profit in 2009 was EUR 5.9 million.

The Swedish pharmaceutical market grew by 2.4 percent (4.1 percent) in 2009. Oriola-KD held a 41.2 percent (43.8 percent) share of the pharmaceutical distribution market in Sweden in January–December 2009 (source: IMS Health). The pharmaceutical manufacturers Schering-Plough and Organon discontinued as pharmaceutical principals for Oriola-KD in Sweden during the period under review.

Acquisition of a national pharmacy chain in Sweden

In November 2009, Kronans Droghandel Retail AB, a jointly owned company of Oriola-KD and KF (Kooperativa Förbundet), and Apoteket AB (publ) signed an agreement under which Kronans Droghandel Retail AB will acquire the entire stock of a national pharmacy company with 171 pharmacies. The pro forma net sales of the 171 pharmacies were SEK 4.4 billion in 2008 and their share of the Swedish pharmacy market was 14.5 percent. Their pro forma operating profit, inclusive of the average administrative costs of Apoteket AB, was SEK 183 million in 2008, which is 4.2 percent of the net sales. The net debt of the pharmacy cluster was SEK 136 million in the end of August 2009. The cluster had 931 employees in the end of 2008. The cash price of the acquisition is expected to be approximately SEK 1.56 billion, and the deal is expected to be completed within the first quarter of 2010.

Oriola-KD and KF founded the jointly owned company Kronans Droghandel Retail AB. Under the shareholders agreement, Oriola-KD holds a 80 percent share of the new company while KF has a 20 percent holding. Four members of the Board of Kronans Droghandel Retail AB are appointed by Oriola-KD and one by KF. The cooperation allows Kronans Droghandel Retail AB to establish new pharmacies at Coop hypermarkets and supermarkets owned by KF. Oriola-KD is in charge of the pharmacy chain's operative development and the management of its business operations.

Pharmaceutical Trade Sweden had 309 (254) employees at the end of December 2009, of whom 40 (0) were employed in retail and 269 (254) in wholesale.

Pharmaceutical Trade Russia

Pharmaceutical Trade Russia's net sales in December 2009 were EUR 480.7 million (pro forma EUR 414.9 million), of which wholesale trade accounted for EUR 382.0 million (EUR 311.4 million) and retail for EUR 98.7 million (EUR 103.5 million). Operating profit for 2009 was EUR 44.5 million (pro forma EUR 7.4 million). The retail and wholesale companies acquired in Russia have been consolidated into Oriola-KD's accounts as of 1 April 2008.

Operating profit was increased in 2009 by investments, increased volume of pharmaceutical wholesale, annual discounts typical of the business received in the fourth quarter, improved operating efficiency and higher retail trade profitability. Oriola-KD had 175 (150) pharmacies in the Moscow region at the end of 2009. Pharmaceutical wholesale operations were launched in the fourth quarter in Rostov-on-Don in southern Russia.

The Russian pharmaceutical market grew by some 20 percent and Oriola-KD's net sales grew by more than 40 percent in Russian rubles (RUB) in 2009.

Pharmaceutical Trade Russia had 3,023 (3,482) employees at the end of December 2009, of whom 1,402 (1,848) were employed in retail trade and 1,621 (1,634) in wholesale trade.

Pharmaceutical Trade Baltic Countries

Pharmaceutical Trade Baltic Countries' net sales in 2009 were EUR 35.7 million (EUR 37.4 million) and operating profit was EUR 0.9 million (EUR 1.1 million).

The Baltic market was challenging, which had a negative effect on net sales and operating profit. Oriola-KD discontinued its small-scale pharmacy business in Latvia in 2009.

Pharmaceutical Trade Baltic Countries had 138 (157) employees at the end of December 2009.

Healthcare Trade

Healthcare Trade net sales in January–December 2009 were EUR 145.1 million (EUR 155.2 million) and operating profit was EUR 8.9 million (EUR 7.9 million).

The sale of the ConvaTec wound and stoma care business to the manufacturer of the products in Finland in the second quarter improved the 2009 operating profit. In December 2009 Oriola-KD signed a five-year agreement on healthcare warehousing and materials management services with the Swedish provinces of Skåne and Halland. The agreement will come into force in April 2010 and the associated annual net sales will be approximately EUR 35 million. The agreement will involve the transfer of about 50 persons to Oriola-KD.

The Healthcare Trade business segment had a payroll of 355 (390) employees on 31 December 2009.

Dental Trade

In 2009, the operating profit of Dental Trade was EUR 3.9 million (EUR 2.1 million).

The operating profit improved mainly as a result of the positive trend in the Finnish, Swedish and Danish businesses.

The dental trade businesses of Oriola-KD and Lifco AB were combined in 2007. Oriola-KD holds a 30 percent share of the Dental Trade business, while Lifco has a 70 percent holding.

Board of Directors and Auditor

In accordance with the company's Articles of Association, the Chairman of the Board is appointed by the General Meeting. The Deputy Chairman of the Board is appointed by the Board of Directors. The Board of Directors appoints Oriola-KD's President and CEO and decides on the terms of his or her service relationship. The period of notice of the President and CEO is six months and the compensation on termination of employment is an amount corresponding to 12 months' salary.

The Annual General Meeting held on 16 April 2009 confirmed that the Board would continue to comprise seven members. Harry Brade, Pauli Kulvik, Outi Raitasuo, Antti Remes, Olli Riikkala, Jaakko Uotila and Mika Vidgrén were re-elected to the Board. Olli Riikkala continued as Chairman of the Board. The Annual General Meeting re-elected PricewaterhouseCoopers Oy as auditor for the company, with Heikki Lassila APA as principal auditor.

At the organisational meeting held immediately after the AGM, the Board resolved to elect Antti Remes to continue serving as Vice Chairman of the Board. The composition of the Audit and Compensation Committees was confirmed as follows.

Audit Committee:
Antti Remes, Chairman
Harry Brade
Outi Raitasuo
Mika Vidgrén

Compensation Committee:
Olli Riikkala, Chairman
Pauli Kulvik
Jaakko Uotila

All members of the Board are independent of the company and its major shareholders.

On 12 November 2009, the Board of Directors of Oriola-KD Corporation appointed the following persons as members of the company's Nomination Committee:
Into Ylppö, Chairman
Harry Brade
Risto Murto
Olli Riikkala
Timo Ritakallio
Seppo Salonen

According to the rules of procedure of the Nomination Committee approved by the Board of Directors, the committee is a body established by the Board of Directors whose duty is to prepare and make a recommendation to the Board of Directors for a proposal to be submitted to the Annual General Meeting regarding the composition and compensation of the Board of Directors.

Related parties

Related parties in the Oriola-KD Group are deemed to comprise the parent company Oriola-KD Corporation, the subsidiaries and associated companies, the members of the Board and the President and CEO of Oriola-KD Corporation, other members of the Group Management Team of the Oriola-KD Group, the immediate family of the aforementioned persons, the companies controlled by the aforementioned persons and the Oriola Pension Foundation. The Group has no significant business transactions with related parties, except for pension expenses arising from defined benefit plans with the Oriola Pension Foundation. The notes to the financial statements of Oriola-KD Corporation provide additional information on intra-Group liabilities and sureties given on behalf of Group companies. Oriola-KD Corporation has given no significant sureties on behalf of Group companies.

Oriola-KD Corporation shares

Trading volume of the Oriola-KD Corporation's Class A and B shares in 2009:

Trading volume	Jan–Dec 2009		Jan–Dec 2008	
	Class A	Class B	Class A	Class B
Trading volume, million	7.2	104.5	5.5	41.3
Trading volume. EUR million	19.5	298.5	12.0	98.1
Highest, EUR	4.41	4.43	3.10	3.10
Lowest, EUR	1.29	1.30	1.22	1.20
Closing quotation, end of period, EUR	4.39	4.40	1.30	1.30

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 76.0 percent (33.0 percent) of the total number of shares. The traded volume of class A shares amounted to 14.9 percent (11.2 percent) of the average stock, and that of class B shares, excluding treasury shares, 105.8 percent (45.0 percent).

Oriola-KD Corporation's market capitalisation on 31 December 2009 was EUR 665.1 million (EUR 184.5 million).

On 19 March 2009, pursuant to the authorisation granted to it by the Annual General Meeting of 13 March 2007, the Board of Directors of Oriola-KD Corporation resolved that a directed bonus issue be made, in which a total of 150,480 class B shares held by the company were assigned to the company's President and CEO and to certain other members of Oriola-KD Corporation's Group Management Team and extended Group Management Team, as part of the Group's share-based incentive scheme for senior management. These shares represent approximately 0.11 percent of the total number of company shares and approximately 0.01 percent of the total number of votes.

On 3 June 2009, Oriola-KD Corporation's Board of Directors decided on a directed issue of shares under an authorisation granted by the Annual General Meeting on 16 April 2009, issuing 9,350,000 new class B shares to institutional investors. The new class B shares in the directed issue have been entered in the Trade Register and they were listed for public trading on NASDAQ OMX Helsinki Ltd on 8 June 2009 with the old class B shares. Following the share issue the company had a total of 151,257,828 shares, of which class A shares accounted for 48,392,203 and class B shares for 102,865,625.

In accordance with Chapter 2, section 9, of the Securities Markets Act, Varma Mutual Pension Insurance Company notified Oriola-KD Corporation on 29 June 2009 that as a result of share transactions executed on 26 June 2009, its holding of votes conferred by Oriola-KD Corporation shares had risen to 5.21 percent and hence exceeded one twentieth (1/20) of the total votes.

The company has 343,472 treasury shares, all of which are class B shares. These account for 0.23 percent of the company's shares and 0.03 percent of the votes.

At the end of 2009, the company had 151,257,828 shares (141,907,828) of which 47,667,359 were class A shares (48,692,203) and 103,509,469 were class B shares (93,215,625). Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares. During 2009, a total of 1,024,844 (2,553,202) class A shares were converted into class B shares.

Dividend distribution proposal

Oriola-KD's parent company is Oriola-KD Corporation, whose distributable assets on 31 December 2009, based on the balance sheet, were EUR 96 million (EUR 74 million). The Board proposes to the General Meeting that a dividend of EUR 0.12 per share (EUR 0.08 per share) be distributed for 2009.

Environment

Oriola-KD supports sustainable development in its operations and takes environmental considerations into account by applying an environmental management system that aims to minimise environmental load. Transportation and the logistical management of large flows of goods are a fundamental part of Oriola-KD's business. In order to ensure that distribution is efficient and economical, a scheduled network of routes is employed in which deliveries are timed in order to minimise the number of deliveries. The amount of driving done is thus optimised with an information system developed for this purpose. In Finland and Sweden, deliveries to established customers are packed in recyclable plastic boxes that can be re-used hundreds of times. Large quantities are delivered in recyclable cardboard packaging, on pallets and castor pallets.

Waste reduction, re-use, sorting and recycling are key principles in waste management. Pharmaceutical and other hazardous waste is sorted and delivered to a hazardous waste treatment plant for disposal using the methods required by medical and environmental authorities.

Risks

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

- changes in bargaining position vis-à-vis suppliers and customers
- impact on business concepts as a result of changes in the structure of the Swedish market
- maintenance of cost-effectiveness and flexibility in costs
- provision of competitive products and services in expanding and consolidating markets
- expansion-related risks in new markets and businesses, especially in Sweden and in Russia
- commitment of key employees.

The major financial risks for Oriola-KD involve currency exchange rates, interest rates, liquidity and credit. The anticipated USD-denominated purchase price of the remaining 25 percent holding in the Russian business acquisition has been hedged in accordance with the Group's treasury policy.

Oriola-KD's exposure to risks relating to new markets and businesses as well as financial risks has increased as a result of the company's expansion into the Russian pharmaceutical retail and wholesale market. Currency risks are the most significant of Oriola-KD's financial risks in Russia, as changes in the value of the ruble (RUB) will have an impact on Oriola-KD's financial performance and equity. Oriola-KD has used some EUR 90 million to acquire a 75 percent holding in the Russian companies and anticipates that the final price for the remaining 25 percent will be roughly EUR 64 million. In addition, by the end of December it had provided the companies with long-term financing amounting to approximately EUR 64 million. The Russian companies have no external loans.

Goodwill and intangible rights are subject to annual impairment testing, which may have a negative effect on Oriola-KD's financial performance.

Near-term risks and uncertainty factors

The completion of the processes involved in the Russian acquisition, the pharmaceutical price regulation system that comes into effect in the beginning of 2010 and stiffening competition have significant bearing on Oriola-KD's outlook in the short term in Russia. The change in the Swedish pharmacy market is subject to uncertainty that may have a substantial effect on Oriola-KD's Swedish business.

Events after the period under review

Oriola-KD Corporation's Board of Directors appointed the following persons to Oriola-KD Group's Management Team as of 1 January 2010: Mr Henry Fogels, Vice President, Pharmaceutical Retail Russia, Mr Vladimir Kniazev, Vice President, Pharmaceutical Wholesale Russia and Mr Thomas Gawell, Vice President, Pharmaceutical Wholesale Sweden.

The Nomination Committee of Oriola-KD Corporation has given its recommendation to the Board of Directors for the proposal to the Annual General Meeting on 7 April 2010 concerning the composition of the Board of Directors as follows:

- The number of members of the Board would be increased from seven to eight
- The present Board members, Mr Harry Brade, Mr Pauli Kulvik, Ms Outi Raitasuo, Mr Antti Remes, Mr Olli Riikkala, Mr Jaakko Uotila and Mr Mika Vidgrén would be re-elected
- Mr Per Båtelson would be elected as a new member of the Board
- Mr Olli Riikkala would be re-elected as Chairman of the Board.

The Nomination Committee also announced as its recommendation that the following remunerations be paid to the Board of Directors:

- Chairman: annual fee of 48,400 euros, attendance fee of 800 euros per meeting, telephone as a fringe benefit
- Vice Chairman: annual fee of 30,250 euros, attendance fee of 400 euros per meeting
- Other members of the Board: annual fee of 24,200 euros, attendance fee of 400 euros per meeting
- Attendance fees would be paid respectively also to members of the Corporate or Board Committees
- Of the annual fee, 60 percent would paid in cash and 40 percent would be used to acquire Oriola-KD's Corporation's Class B-shares for the Board members from the Helsinki Stock Exchange after the publication of the company's interim report 1–3/2010.
- Travel expenses would be reimbursed in accordance with the travel policy of the company.

The Nomination Committee stated that it has not given its recommendation for the remunerations to the Board of Directors, but the matter will be proposed by a shareholder at the Annual General Meeting of 2010.

Outlook

Oriola-KD's outlook for 2010 is based on external market forecasts, agreements with principals, order intake and management assessments. Long-term fundamentals and growth prospects are deemed to remain favourable in the healthcare market.

Oriola-KD expects that the pharmaceutical market in Finland and Sweden will grow approximately 3–5 percent annually in local currency over the next few years, which is in line with the longer-term average growth rate of these markets. The Russian pharmaceutical market is expected to see annual growth of approximately 15–20 percent in Russian rubles (RUB) in the next few years. Growth in the market for healthcare equipment and supplies in Finland and Sweden is expected to outpace that of the pharmaceutical market.

The growth of the Russian pharmaceutical market in 2010 is expected to be slower than in the long term, mainly because of the difficult state of the Russian economy and the price regulation system.

Competition in the Swedish pharmacy market is expected to be stiff in 2010 as a result of the changes in the pharmacy market.

Oriola-KD's net sales and operating profit for 2010 are forecast to be higher than in 2009.

Notes to the Financial Statements and Corporate Governance Statement

Notes to the Financial Statements contain information supplementing this report of the Board of Directors.

Oriola-KD Corporation has issued a Corporate Governance Statement prepared in accordance with Recommendation 51 of the Finnish Corporate Governance Code. It is not part of the part of report of Board of Directors. The statement is available at the company's web site at www.oriola-kd.com.

Espoo 10 February 2010

Oriola-KD Corporation's Board of Directors

Oriola-KD Corporation

Eero Hautaniemi
President and CEO

Consolidated Statement of Comprehensive Income (IFRS)

EUR million	Note	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Net sales	1)	**1,713.1**	**1,580.8**
Cost of goods sold		–1,462. 9	–1,370.0
Gross profit		**250.2**	**210.8**
Other operating income	2)	4.4	3.4
Selling and distribution expenses	3 and 4)	–164.6	–146.7
Administrative expenses	3 and 4)	–28.6	–33.3
Profit from associated companies	11)	3.9	2.2
Operating profit	1)	**65.4**	**36.4**
Financial income	5)	7.8	7.5
Financial expenses	5)	–11.1	–9.3
Profit before taxes		**62.1**	**34.6**
Income taxes	6)	–13.4	–7.2
Profit for the period		**48.6**	**27.5**
Other comprehensive income			
Foreign exchange rate differences of net investments	6)	–2.0	–5.8
Tax effect of foreign exchange rate differences of net investments	6)	0.4	-
Translation difference	6)	1.3	–21.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**48.4**	**–0.1**
Attribution of profit			
To parent company shareholders		49.5	27.4
To minority interest		–0.9	0.1
Attribution of total comprehensive income			
To parent company shareholders		49.3	–0.2
To minority interest		–0.9	0.1
Earnings per share			
- basic earnings per share, EUR	7)	0.34	0.19
- diluted earnings per share, EUR	7)	0.34	0.19
Depreciation and amortisation total	1) and 3)	9.4	9.8
Employee benefits total	4)	89.9	90.9

Consolidated Balance Sheet (IFRS)

EUR million	Note	31 Dec 2009	31 Dec 2008
ASSETS			
Non-current assets			
Property, plant and equipment	9)	53.3	54.5
Goodwill	10)	141.7	105.1
Other intangible assets	10)	39.5	41.9
Investments in associated companies	11)	30.7	28.5
Pension assets	12)	7.3	9.7
Other non-current assets	14)	0.2	0.2
Deferred tax assets	13)	2.5	0.8
Non-current assets total		**275.2**	**240.5**
Current assets			
Inventories	15)	287.1	250.7
Trade receivables	16)	201.2	235.2
Other receivables	16)	25.9	17.7
Cash and cash equivalents	17)	133.7	46.5
Current assets total		**647.8**	**550.1**
ASSETS TOTAL	1)	**923.1**	**790.6**
EQUITY AND LIABILITES			
Equity			
Share capital		36.2	36.2
Contingency fund		30.0	30.0
Other funds		20.9	0.1
Retained earnings		156.4	118.1
Equity of the parent company shareholders		**243.4**	**184.4**
Minority interest		**10.8**	**1.0**
Equity total	18)	**254.2**	**185.5**
Non-current liabilities			
Deferred tax liabilities	13)	13.6	16.5
Pension liabilities	12)	4.9	4.2
Provisions	19)	0.0	0.0
Interest-bearing non-current liabilities	20)	0.2	27.9
Non-current liabilities total	1)	**18.8**	**48.5**
Current liabilities			
Trade payables	21)	468.5	427.0
Other current liabilities	21)	32.1	48.8
Interest-bearing current liabilities	20)	149.5	80.8
Current liabilities total	1)	**650.1**	**556.6**
EQUITY AND LIABILITIES TOTAL		**923.1**	**790.6**

Consolidated Cash Flow Statement (IFRS)

EUR million	Note	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Net cash flow from operating activities			
Operating profit		65.4	36.4
Adjustments			
Depreciation		9.4	9.8
Income from associated companies		–4.1	–1.9
Gain/loss on sales of property, plant and equipment		0.1	–2.8
Disposals of property, plant and equipment		0.8	0.2
Change in pension asset and pension obligation		3.1	0.2
Other adjustments		1.6	–0.9
		76.3	41.0
Change in working capital			
Change in current receivables		29.8	–39.7
Change in inventories		–36.5	–16.0
Change in non-interest-bearing current liabilities		44.6	3.5
		37.9	–52.2
Interest paid		–3.3	–3.6
Dividends received		1.9	0.7
Interest received		1.0	1.9
Income taxes paid		–12.9	–5.9
Net cash flow from operating activities		**100.9**	**–18.1**
Net cash flow from investing activities			
Investments in property, plant and equipment and intangible assets		–11.9	– 4.9
Proceeds from sales of property, plant and equipment and intangible assets		–0.1	2.6
Acquisition of shares of associated companies		-	–0.1
Corporate acquisitions		–22.2	–65.8
Change in minority interest		6.2	–7.1
Net cash flow from investing activities		**–28.0**	**–75.3**
Net cash flow from financing activities			
Share issue		20.6	-
Issuance of short-term loans		5.2	39.5
Repayment of short-term loans		-	–7.7
Repayment of long-term loans		-	–10.1
Dividends paid		–11.3	–11.3
Net cash flow from financing activities		**14.5**	**10.5**
Net change in cash and cash equivalents		87.4	–82.9
Cash and cash equivalents at the beginning of the period	17)	46.5	131.0
Foreign exchange rate differences		–0.2	–1.6
Net change in cash and cash equivalents		87.4	–82.9
Cash and cash equivalents at the end of the period	17)	**133.7**	**46.5**

Consolidated Statement of Changes in Equity (IFRS)

EUR million	Share capital	Other funds	Translation differences	Retained earnigs	Equity of the parent company shareholders	Minority interest	Total
Equity 1 Jan 2008	**36.2**	**30.1**	**–2.5**	**131.7**	**195.5**	**8.1**	**203.6**
Dividends paid	-	-	-	–11.3	–11.3	-	–11.3
Change in minority interest	-	-	-	-	0.0	–7.1	–7.1
Share-based payments	-	-	-	0.4	0.4	-	0.4
Total comprehensive income for the period	-	-	–27.6	27.4	–0.2	0.1	–0.1
Equity 31 Dec 2008	**36.2**	**30.1**	**–30.1**	**148.2**	**184.4**	**1.0**	**185.5**
Dividends paid	-	-	-	–11.3	–11.3	-	–11.3
Share issue	-	20.7	-	-	20.7	-	20.7
Change in minority interest	-	-	-	-	0.0	10.7	10.7
Share-based payments	-	-	-	0.3	0.3	-	0.3
Total comprehensive income for the period	-	-	–0.3	49.5	49.3	–0.9	48.4
Equity 31 Dec 2009	**36.2**	**50.9**	**–30.4**	**186.8**	**243.4**	**10.8**	**254.2**

Notes to the Consolidated Financial Statements

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Oriola-KD Corporation is a Finnish, public limited company, which is domiciled in Espoo, Finland. Oriola-KD and its subsidiaries together form the consolidated Oriola-KD Group. The consolidated financial statements were approved for publication by the Board of Directors of Oriola-KD Corporation on 10 February 2010. In accordance with Finland's Limited Liability Companies Act, the shareholders have the right to approve or reject the financial statements at the General Meeting held after their publication. The General Meeting may also decide to make amendments to the financial statements. The company's business ID is 1999215-0. Copies of the consolidated financial statements of the Oriola-KD Group are available from the head office of Oriola-KD Corporation at the following address: Orionintie 5, FI-02200 Espoo, Finland.

The Oriola-KD Group's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), observing the valid IAS/IFRS standards and SIC and IFRIC interpretations approved by the European Union as per the date of the financial statements, 31 December 2009. The International Financial Reporting Standards refer to the standards and associated interpretations in the Finnish Accounting Act and in regulations issued under it that are approved by the EU for application in accordance with the procedure laid down in Regulation (EC) No 1606/2002. The notes to the consolidated financial statements are also in accordance with the requirements of the Finnish accounting and corporate legislation supplementing the IFRS rules.

The consolidated financial statements are presented for the 12-month period 1 January–31 December 2009. The figures are given in millions of euros and are based on historical costs, except for the financial assets recorded at their fair value in the income statement, the available-for-sale investments, derivatives and share-based payments recorded at their fair value.

The Group has applied the following new and amended standards and interpretations as of 1 January 2007:

- IFRS 7 Financial Instruments: Disclosures. This requires the disclosure of information on the significance of financial instruments in terms of the entity's financial position and performance, and on the nature and extent of risks arising from financial instruments. This standard has increased the amount of disclosure information presented in the Group's annual financial statements.
- Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures. This amended IAS 1 standard requires the disclosure of information on the entity's level of capital and on the management of its capital during the accounting period. These rules have led to an expansion of the notes to the consolidated financial statements.

Use of estimates

When compiling the consolidated financial statements in accordance with the IFRS rules, the company's management has to make estimates and assumptions that have an impact on the assets and liabilities reported in the financial statements on the balance sheet date, and on the presentation of conditional assets and liabilities in the notes to the financial statements and the income and expenses reported for the financial year. These estimates are made according to management's best knowledge of the events, and the final outcomes may thus differ from the figures used in the financial statements. Accounting estimates have mainly been used in determining the magnitude of items reported in the financial statements, such as the impairment of goodwill and other asset items, determination of receivables and liabilities related to defined benefit pension plans, economic lives of tangible and intangible assets, provisions and taxes. It has also been necessary to employ judgment in applying the accounting policies.

Uncertainties concerning the estimates

Estimates made in preparing the financial statements are based on the management's considered views at the balance sheet date. These estimates are based on prior experience and on assumptions concerning the future that are considered at the balance sheet date to be the more probable and relate to such matters as anticipated developments in the Group's economic operating environment in terms of sales and costs. Together with its operating units, the Group monitors the actual outcome against these estimates and assumptions and changes in background factors affecting these on a regular basis, using various internal and external information sources. Any changes made to the estimates and assumptions are recorded in the accounting for the financial year in which the changes are made, and in all subsequent years. The main assumptions concerning the future and those key uncertainties concerning estimates on the balance sheet date that cause a significant risk of materially altering the accounting values of the Group's assets and liabilities in the next financial year are presented below.

Fair value measurement

Impairment testing

The Group's asset items with an unlimited useful life are subject to annual impairment testing, and signs of impairment are assessed as indicated in the accounting principles below. The testing uses future discounted cash flows that can be obtained through use and possible sale of the asset item. If the carrying amount of the asset item exceeds the recoverable amount or the fair value, an impairment expense will be recognised on the difference. These calculations require the use of estimates.

Consolidation principles

The consolidated financial statements include Oriola-KD Corporation and all Group-controlled companies directly or indirectly owned by the Corporation. Group control originates when the Group owns more than 50% of the company's votes or is entitled to define the company's financial and business principles for the purpose of gain from its operation. Internal shareholding has been eliminated using the cost method. Investments in associated companies (where the Group has 20–50% of the voting rights or significant influence in the company) are accounted for in the consolidated financial statements under the equity method. The financial statements of associated companies have been adjusted to correct for any significant deviations from the IFRS standards. The subsidiaries acquired are fully consolidated into the financial statements from the date on which the Group obtained control, while the divested subsidiaries are consolidated up to the date on which the Group's control ceased. All of the Group's internal transactions, receivables and liabilities, distribution of profit and unrealised internal margins are eliminated in the preparation of the consolidated financial statements. The consolidated profit for the financial year is divided into portions attributable to the parent company shareholders and to the minority. The share of equity applicable to the minority interest is included in Group equity and is itemised in the calculation regarding the changes in equity.

Items in foreign currencies

The items included in the financial statements of the subsidiaries will be valued in the currency which best describes the financial operating conditions of each subsidiary. The consolidated financial statements are in euros, which is the operating and reporting currency of the Group's parent company.

Items in foreign currencies are converted into euros using the exchange rate of the transaction date. Monetary receivables and liabilities in foreign currencies that are outstanding on the balance sheet date have been measured using the exchange rates quoted on the same date. The translation gains and losses related to the items in foreign currencies are recognised in the income statement. Exchange rate gains and losses related to business operations are included in the corresponding items above the operating profit line. Exchange rate gains and losses related to loans and receivables in foreign currencies are included in financial income and expenses.

The income statements of the Group companies domiciled outside the eurozone are converted into euros using the average exchange rate of the reporting period, while the balance sheets are converted using the exchange rate quoted on the balance sheet date. Using different exchange rates in the income statement and balance sheet in the translation of results for the financial year leads to a translation difference, and this is recorded under translation differences in equity. The receivables from foreign subsidiaries, recorded in the balance sheet of the parent company, are considered part of the net investment if no plan for their payment has been made and payment cannot be reasonably anticipated in the future. Exchange differences arising from these receivables are recognised in the consolidated financial statements under translation differences in equity. The accumulated translation differences related to divested Group companies, recorded under equity, are recognised as gains or losses from transfers under the income statement.

Property, plant and equipment

Tangible assets are measured at their historical cost, less depreciation and impairment. The assets are depreciated over their estimated useful life using the straight-line method. The useful life of assets is reviewed if necessary, adjusting it to correspond to eventual changes in the expected economic use. The estimated useful lives are as follows:

• Buildings	20–50 years
• Machinery and equipment	5–10 years
• Other tangible assets	10 years
• Other intangible assets	3–7 years

Land areas are not subject to depreciation. Repair and maintenance costs are recognised as expenses for the period. Improvement investments are capitalised if they will generate future economic benefits. Capital gains and losses resulting from the transfer of tangible assets are recognised under operating profit in the income statement.

Intangible assets

Goodwill

The subsidiaries acquired are consolidated using the cost method, according to which the assets and liabilities of the acquired companies are measured at their fair value at the time of acquisition. The cost of goodwill is the amount by which the acquisition cost of the subsidiary exceeds the fair net value of the identifiable assets, liabilities and conditional liabilities of the acquired company. Goodwill is tested for impairment at least once a year by using a cash flow based impairment test. For this purpose, the goodwill is allocated to cash-generating units. Goodwill is stated at cost less any accumulated impairment losses. Impairment losses are recognised in the income statement.

Other intangible assets

Other intangible assets include sales licences, trademarks, patents, software licences and product and marketing rights. Acquired intangible assets are measured at their historical cost, less depreciation and impairment. The assets are depreciated over their useful life, normally three to ten years, using the straight-line method.

Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Should there be such indication, the respective recoverable amount is estimated. The recoverable amount is either the net sales price or the value in use obtained by discounting the present value of the expected future cash flows from that asset item, whichever is the higher.

The impairment loss will be recognised in the income statement if the carrying amount of the asset item exceeds the recoverable amount. An impairment loss will be reversed if there is a change in the circumstances and the recoverable amount exceeds the carrying amount. The impairment loss will not be reversed beyond what the asset's carrying amount would have been without any impairment loss.

The test of impairment of goodwill will be made on an annual basis, or more frequently if there is indication of impairment. Impairment is recognised in the income statement under other operating expenses, which includes expenses not allocable to specific operations. The impairment loss of goodwill is not reversible.

Leases

Group as lessee

Lease agreements where the Group assumes a significant proportion of the risks and benefits of ownership of the assets in question are classified as finance lease agreements. Finance lease agreements are recorded in the balance sheet under assets and liabilities, mainly at the time when the lease period starts, either at the fair value of the asset or the present value of the minimum lease payments, whichever is the lower.

The assets acquired through finance lease agreements will be depreciated in the same way as any non-current assets, either within the useful life of the assets or the lease term, whichever is the shorter. Finance lease liabilities are recorded under non-current and current interest-bearing liabilities in the balance sheet.

If the risks and benefits of ownership remain with the lessor, the lease agreement is treated as an operating lease, and the lease payments made on the basis of such an agreement are recognised as an expense, allocated evenly over the entire lease term.

Group as lessor

The Group also acts as an agent, leasing out assets itself but transferring a significant proportion of the risks and benefits of ownership to the lessee. Such leases are treated as finance leases. These leased assets are recognised in the balance sheet as a receivable corresponding to the present value of the lease payments under the lease agreement. Capital gains will be entered as income upon the entry into force of the agreement. Determination of the financial income from the agreements is made in such a way as to ensure that the remaining net investment generates the same percentage return over the entire lease period. Financial income is recognised under financial items.

Assets leased under arrangements other than finance lease agreements are included under property, plant and equipment in the balance sheet. Rental income is recognised in the income statement and allocated evenly over the entire lease term. The depreciation on these items is made during the useful life of the asset, as is the case for corresponding non-current assets in the Group's use.

Employee benefits

Pension liabilities

The Group's pension arrangements are in line with each country's local regulations and practices. The pension arrangements of the Group companies comprise both defined contribution plans and defined benefit plans. The payments to the defined contribution plans are recognised as expenses in the income statement, allocating them to the financial year in question. In defined benefit plan arrangements, the Group's obligation is not limited to the payments made under the arrangement but also covers the actuarial and investment risks related to the pension arrangement in question.

The Group's main defined benefit arrangements are in Finland, where statutory pension security under the Employees' Pensions Act (TyEL) is arranged through the Oriola Pension Fund for the Group's clerical employees, with some of these employees enjoying a supplementary pension scheme. The statutory pension security under the Employees' Pensions Act (TyEL) is arranged through the Oriola Pension Fund for all employees in Finland as of 1 January 2009. The defined benefit obligations have been calculated separately for each individual arrangement. The TyEL-related pension obligation is recognised on the basis of the employment relationship.

The pension expenses related to defined benefits have been calculated using the Projected Unit Credit Method. Pension expenses are recognised as expenses by distributing them over the estimated period of service of the personnel concerned. The amount of the pension obligation is the present value of the estimated future pensions payable, with the discount rate being the interest rate applied to low-risk financial instruments with a maturity that corresponds to that of the pension liability as closely as possible.

The Swedish-based Kronans Droghandel AB has recognised its pension obligations in full in the balance sheet.

At the transition to IFRS standards, all actuarial gains and losses were recognised under equity in the opening balance sheet in accordance with the exemption under the IFRS 1 standard. After this, any actuarial gains and losses, to the extent that they exceed the variation range defined in IAS 19, are recognised in the income statement, allocated over the average remaining term of service of the personnel. The variation range refers to the greater of the following: 10% of the present value of the obligation resulting from the arrangement, or 10% of the fair value of the funds involved in the arrangement.

Inventories

Inventories are presented in the balance sheet as the value of either the expenses incurred in purchasing and production or the net realisable value, whichever is the lower. The net realisable value is the estimated sales price obtainable through normal business, less the provision for non-marketability. The cost is determined on the basis of the FIFO principle.

Financial assets and liabilities

The financial assets and liabilities of the Oriola-KD Group are classified in accordance with standard IAS 39 Financial Instruments: Recognition and Measurement, as follows:

- Financial assets and liabilities recognised in the income statement at their fair value
- Loans and other receivables
- Available-for-sale financial assets
- Financial liabilities recognised at amortised cost

The classification is based on the acquisition purpose of the financial asset or liability and takes place upon the original acquisition. The financial instruments are recognised in the balance sheet on the trade date.

Cash and cash equivalents and derivatives which are classified held for trading and that do not meet the IAS 39 criteria for hedge accounting are entered as financial assets and liabilities recognised in the income statement at fair value. Assets in this category are short-term assets with a maturity of less than 12 months and are measured at fair value using the market price on the balance sheet date. Both realised and unrealised gains and losses arising from changes in fair value are recognised in the income statement for the financial period during which they occurred.

Financial assets comprise short-term interest-rate investments, bank deposits and cash at banks. Interest-rate investments are characterised by low risk and a maturity which is generally less than three months. The fair values of interest-rate investments do not differ significantly from their carrying amounts.

Loans and other receivables are non-derivative financial assets with fixed or determinable payments. These receivables are not quoted in an active market, the Group does not hold them for trading purposes and those are measured at amortised cost. Assets in this category are classified as current financial assets unless their maturity date is more than 12 months after the balance sheet date. Trade and other receivables are also in this category. Trade receivables are recognised at cost. An impairment of trade receivables is recognised when there is good cause to assume that the Group will not obtain all its receivables under the original terms. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, defaulting on payments and significant delay of payments are all considered good cause for impairment of trade receivables. The impairment is recognised as an expense in the income statement.

Available-for-sale financial assets are non-derivative financial assets that are especially classified as such or which cannot be classified in any other category. They are included in non-current financial assets in the balance sheet unless the intention is to sell these assets during the 12 month period following the balance sheet date. The Oriola-KD Group had no items in this category at the balance sheet date.

Financial liabilities are recognised in the balance sheet on the date of acquisition at the net value and subsequently at amortised cost using effective interest method. Transaction costs have been included in the original carrying amount. Interest expenses are recognised in the income statement using the effective interest method. The liabilities recognised on assets leased by Oriola-KD under finance lease agreements are entered under interest-bearing non-current liabilities, unless the finance lease expires during the subsequent 12 months. Credit facilities in use, commercial papers issued and interest-bearing advances received are also included under interest-bearing current liabilities.

Derivative contracts and hedge accounting

Oriola-KD treats derivative contracts in accordance with standard IAS 39 Financial Instruments: Recognition and Measurement, as follows: The Group has categorised derivatives as derivatives held for trading, unless it does not apply hedge accounting within the meaning of the IAS 39 standard. The fair value of currency forward and swap contracts are determined by measuring them at fair value using market rates on the balance sheet date. Positive valuation differences are recognised under trade receivables and other receivables, and negative valuation differences are recognised under trade payables and other current liabilities in the balance sheet. Oriola-KD has not, for the most part, applied IAS hedge accounting to currency derivatives that hedge balance sheet items in foreign currencies or to likely forecast cash flows, although they have been acquired for hedging purposes in accordance with the Group's treasury policy. The change in the fair value of these derivative contracts has been recognised in the income statement either as other income or expenses or under financial income and expenses, depending on the item to which operative hedging has been applied.

Oriola-KD will apply IAS cash flow hedge accounting in its hedging of the estimated USD-denominated purchase price of the remaining 25 percent holding of Russian business acquisition. Purchase price has been hedged using currency forwards. When initiating hedge accounting, the relationship between the hedged item and the hedging instrument is documented, as are the objectives of the Group's risk management. The effectiveness of hedging is tested monthly, and the effective portion is recognised in the cost of the Russian business acquisition. The ineffective portion is recognised as necessary in the consolidated financial items. Hedge accounting will discontinue when the Group redeems the remaining 25 percent holding in the companies in 2010.

Provisions

A provision is recognised in the balance sheet when the Group has an existing legal or factual obligation resulting from an earlier event and the fulfilment of the payment obligation is probable and its magnitude can be reliably quantified.

A restructuring provision is made when the Group has compiled a detailed restructuring plan, launched its implementation or informed the affected parties accordingly.

Income taxes

The Group's taxes include taxes based on the Group companies' taxable profits for the financial year, tax adjustments for earlier financial years, and changes in deferred tax assets and liabilities. Income tax is paid on the taxable income for the financial year, calculated on the basis of the valid tax rate for the country in question. The tax effect of items entered directly in equity is recognised, correspondingly, as part of equity.

Deferred tax is calculated on all temporary differences between carrying amount and taxable value. A tax receivable is calculated on adopted taxable losses of the Group companies only to the extent that they can be utilised in the future. The largest temporary differences are caused by the depreciation of property, plant and equipment and the defined pension benefit plans. The deferred taxes are calculated using the official tax rates valid on the balance sheet date.

Recognition of sales

In contracts in which the distributor owns the entire inventory of its principal, sales income from products is recognised in invoicing and net sales. In contracts based on trading on commission and agency agreements, only the share of the distribution fee is recognised in the distributor's net sales.

Consolidated net sales include income from the sale of goods and services, with adjustments for indirect taxes, discounts and currency translation differences resulting from sales in foreign currencies.
Income from the sale of goods is recognised when the major risks and benefits from the ownership of the goods have been transferred to the buyer. Income from services is recognised when the service has been performed.

Contents of function specific income statement

Cost of goods sold

The cost of goods sold includes the materials, procurement and other costs related to the manufacturing and procurement.

Sales and distribution expenses

Sales and distribution expenses include the costs of product distribution, field sales force operations, marketing, advertising and other sales promotion activities, including wages and salaries. Sales and distribution expenses include those incurred in dispatching and distributing the products.

Administrative expenses

Administrative expenses include general administrative expenses and Group management expenses. Depreciation and amortisation of the assets used by each function are also allocated to the different functions, as is a share of the administrative expenses based on the matching principle.

Operating profit

The standard IAS 1 Presentation of Financial Statements does not give a definition for operating profit. The Oriola-KD Group has defined operating profit as follows: net sales less the cost of goods sold, less sales and distribution expenses, less administrative expenses and other operating expenses, plus other operating income. Exchange rate differences and changes in the fair values of derivatives are recognised in operating profit, provided that they arise from items related to business operations; otherwise they are included in the financial items. The associated company Lifco Dental International AB forms the Dental Trade operating segment and therefore the share of profits from the associated company is included in the operating profit.

Application of the new and revised IFRS standards

The following is a list of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) which are not yet effective and which the Oriola-KD Group has therefore not yet applied. The Group will apply each new standard and interpretation from the date it becomes effective, although if this date is other than the first day of the financial year, it will apply the standard or interpretation from the beginning of the following financial year.

- The revised IFRS 3 Business Combinations (issued 2008) (effective for financial years beginning on or after 1 July 2009). The scope of application of the revised standard is broader than that of the previous standard. The revised standard contains several amendments that are significant for the Group. The changes to this standard affect the amount of goodwill recognised on acquisitions and the profit from sale of business operations. The changes to the standard also affect the items recognised through profit and loss both in the financial year of the acquisition and in financial years in which an additional purchase price is paid or additional purchases made. According to the standard's transitional provisions, business combinations in which the acquisition date is before the date when the standard must be applied are not adjusted.
- The amended IAS 27 standard Consolidated and Separate Financial Statements (issued 2008) (effective for financial years beginning on or after 1 July 2009). The amended standard requires the impact of changes of ownership in a subsidiary to be entered directly in the Group's equity in situations in which the parent company retains control. If control is lost in the subsidiary, any residual holding is measured at fair value and recognized in profit or loss. A similar accounting treatment will also be applied in future to investments in associated companies (IAS 29) and interests in joint ventures (IAS 31). As a consequence of the changes to the standard, losses of a subsidiary can be allocated to a minority interest even when they exceed the amount of the minority's investment.
- The amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for financial years beginning on or after 1 July 2009). The changes concern hedge accounting. They comprise more specific IAS 39 guidance on the hedging of unilateral risks for hedged items and on hedging the inflation risk in cases concerning items in financial assets and liabilities.

1. SEGMENT INFORMATION

The Group's primary Segment Reporting form corresponds to its operating segments. The operating segments are based on the Group's internal organisational structure and intra-Group financial reporting. The operating segments are Pharmaceutical Trade Finland, Pharmaceutical Trade Sweden, Pharmaceutical Trade Russia, Pharmaceutical Trade Baltics, Healthcare Trade and Dental Trade.

The assets and liabilities include items directly attributable to a segment and items which can be allocated. Group items include tax and financial items as well as items related to corporate functions. Investments are constituted by increases in property, plant and equipment and intangible assets.

Oriola-KD's geographical segments are Finland, Sweden, Russia, Baltic countries and other countries. Net sales are divided by the countries in which the clients are located. Assets and liabilities are divived according to the country in which they are located.

Operating segments

EUR million 1 Jan 2009–31 Dec 2009	Pharma-ceutical Trade Finland	Pharma-ceutical Trade Sweden	Pharma-ceutical Trade Russia	Pharma-ceutical Trade Baltics	Health-care Trade	Dental Trade	Group items	Group total
Sales of goods	499.1	542.4	476.6	33.6	139.3	-	-	1,691.1
Sales of services	5.2	4.6	4.1	2.1	5.8	-	-	21.8
Royalties	0.3	-	-	-	-	-	-	0.3
Sales to external customers	504.5	547.0	480.7	35.7	145.1	0.0	0.0	1,713.1
Sales to other segments	0.5	1.2	-	0.0	-	-	–1.8	0.0
Net sales	**505.1**	**548.3**	**480.7**	**35.7**	**145.1**	**0.0**	**–1.8**	**1,713.1**
Operating profit	18.1	–5.0	44.5	0.9	8.9	3.9	–5.9	65.4
Assets	132.5	199.2	352.0	10.7	55.5	30.7	142.3	923.1
Liabilities	124.9	218.2	115.0	4.2	17.6	0.0	188.9	668.9
Investments	1.5	2.8	39.5	0.1	2.2	-	1.2	47.4
Depreciation and amortisation	2.4	1.5	3.0	0.2	2.3	-	-	9.4
Average number of personnel	443	278	3,114	147	374	-	17	4,373
1 Jan 2008–31 Dec 2008								
Sales of goods	528.7	531.1	316.3	35.4	147.6	0.0	-	1,559.2
Sales of services	4.4	4.7	2.6	2.0	7.6	-	-	21.3
Royalties	0.3	-	-	-	0.1	-	-	0.4
Sales to external customers	533.4	535.9	318.9	37.4	155.2	0.0	0.0	1,580.8
Sales to other segments	0.7	-	-	0.0	0.0	-	–0.7	0.0
Net sales	**534.1**	**535.9**	**318.9**	**37.4**	**155.3**	**0.0**	**–0.7**	**1,580.8**
Operating profit	16.6	6.0	8.2	1.1	7.9	2.1	–5.6	36.4
Assets	164.2	223.2	246.2	11.2	61.1	28.5	56.3	790.6
Liabilities	148.3	171.1	94.4	4.1	21.8	0.0	165.4	605.1
Investments	1.0	7.3	114.0	0.2	2.4	-	0.7	125.7
Depreciation and amortisation	2.8	2.0	1.9	0.3	2.9	-	-	9.8
Average number of personnel	446	251	2,530	163	400	-	18	3,807

1. Segment information

Geographical segments

EUR million 1 Jan 2009–31 Dec 2009	Finland	Sweden	Russia	Baltic countries	Other countries	Group total
Sales to external customers	575.9	605.4	480.7	44.3	6.8	1,713.1
Assets	260.6	289.6	356.5	15.7	0.7	923.1
Investments	4.2	3.5	39.5	0.2	-	47.4
1 Jan 2008–31 Dec 2008						
Sales to external customers	618.2	568.9	319.0	48.2	26.5	1,580.8
Assets	260.5	257.4	255.2	16.5	1.0	790.6
Investments	3.5	7.8	114.0	0.4	0.0	125.7

Net sales by annual quarters

EUR million	Q4/2009	Q3/2009	Q2/2009	Q1/2009
Pharmaceutical Trade Finland	125.6	120.4	131.9	126.6
Pharmaceutical Trade Sweden	159.0	131.8	130.2	126.1
Pharmaceutical Trade Russia	148.2	118.6	106.6	107.2
Pharmaceutical Trade Baltics	10.3	8.0	8.8	8.6
Healthcare Trade	43.4	31.9	34.9	35.0
Dental Trade	0.0	0.0	0.0	0.0
Group total	**486.5**	**410.8**	**412.3**	**403.5**

EUR million	Q4/2008	Q3/2008	Q2/2008	Q1/2008
Pharmaceutical Trade Finland	144.0	129.1	132.7	127.6
Pharmaceutical Trade Sweden	125.9	129.2	141.0	139.8
Pharmaceutical Trade Russia	127.3	97.9	93.8	-
Pharmaceutical Trade Baltics	9.2	8.4	9.8	10.0
Healthcare Trade	42.7	33.8	38.1	40.6
Dental Trade	0.0	0.0	0.0	0.0
Group total	**449.1**	**398.4**	**415.4**	**318.0**

Operating profit by annual quarters

EUR million	Q4/2009	Q3/2009	Q2/2009	Q1/2009
Pharmaceutical Trade Finland	4.4	4.9	4.9	3.9
Pharmaceutical Trade Sweden	–2.2	–0.4	–2.0	–0.4
Pharmaceutical Trade Russia	21.6	6.6	8.6	7.6
Pharmaceutical Trade Baltics	0.3	0.2	0.2	0.1
Healthcare Trade	2.4	1.9	3.0	1.7
Dental Trade	1.2	0.8	0.7	1.1
Group administration and others	–0.8	–1.5	–2.0	–1.6
Group total	**26.9**	**12.6**	**13.5**	**12.4**

EUR million	Q4/2008	Q3/2008	Q2/2008	Q1/2008
Pharmaceutical Trade Finland	4.7	4.8	3.2	3.9
Pharmaceutical Trade Sweden	1.3	1.4	1.6	1.7
Pharmaceutical Trade Russia	8.9	0.3	–1.0	-
Pharmaceutical Trade Baltics	0.3	0.2	0.3	0.3
Healthcare Trade	1.7	1.8	1.5	2.9
Dental Trade	0.8	0.3	0.4	0.6
Group administration and others	–1.9	–1.0	–1.8	–0.8
Group total	**15.8**	**7.9**	**4.2**	**8.5**

1. Segment information

Net sales by market area by annual quarters

EUR million	Q4/2009	Q3/2009	Q2/2009	Q1/2009
Finland	147.5	139.2	146.2	143.0
Sweden	176.4	140.0	147.5	141.5
Russia	148.2	118.6	106.6	107.2
Baltic countries	12.4	9.8	11.1	11.0
Other countries	1.9	3.2	1.0	0.8
Group total	**486.5**	**410.8**	**412.3**	**403.5**

EUR million	Q4/2008	Q3/2008	Q2/2008	Q1/2008
Finland	174.5	144.6	150.5	148.7
Sweden	111.1	144.4	157.8	155.7
Russia	127.3	97.9	93.8	-
Baltic countries	12.1	10.9	12.5	12.7
Other countries	24.1	0.8	0.8	0.8
Group total	**449.1**	**398.4**	**415.4**	**318.0**

2. OTHER OPERATING INCOME

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Gains on sales of tangible and intangible assets	0.1	0.2
Rental income	0.5	0.7
Service charges	1.0	1.1
Other operating income	2.7	1.5
Total	**4.4**	**3.4**

3. DEPRECIATION, AMORTISATION AND IMPAIRMENT

Depreciation and amortisation by function

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Selling and distribution expenses	8.5	8.1
Administrative expenses	0.9	1.7
Total	**9.4**	**9.8**

Depreciation and amortisation by type of asset

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Tangible assets		
Buildings and constructions	1.8	1.8
Machinery and equipment	4.7	4.8
Other tangible assets	0.0	0.2
Total	**6.5**	**6.7**
Intangible assets		
Intangible rights	1.8	1.6
Other capitalised expenditure	1.1	1.5
Total	**2.9**	**3.1**

During the financial year no material write-offs have been booked.

For the criteria applied for the planned depreciations, please see the policies for the financial statements.

4. EMPLOYEE BENEFITS

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Wages and salaries	73.8	76.4
Pension costs		
Defined contribution plans	5.1	7.9
Defined benefit plans	3.4	0.2
Other personnel expenses	7.6	6.4
Total	**89.9**	**90.9**
Average number of personnel	4,373	3,807

Number of personnel by segment is shown under Note 1. Segment Information. The management's employee benefits are shown under Note 27. Related-Party Transactions.

5. FINANCIAL INCOME AND EXPENSES

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Financial income		
Interest income from loans and other receivables	0.9	1.9
Foreign exchange rate gains from financial assets and liabilities recognised at fair value	6.8	5.6
Other financial income	–0.0	0.0
Total	**7.8**	**7.5**
Financial expenses		
Interest expenses for financial liabilities at amortised cost	4.6	3.1
Foreign exchange rate losses from financial assets and liabilities recognised at fair value	5.8	6.1
Other financial expenses	0.6	0.2
Total	**11.1**	**9.3**
Financial income and expenses total	**–3.3**	**–1.8**

The ineffective part of cash flow hedges EUR –0.0 million (EUR 0.0 million) has been booked under financial income and expenses.

6. INCOME TAXES

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Taxes for current year	17.8	6.8
Taxes for previous financial years	–0.0	0.1
Deferred taxes	–4.4	0.2
Total	**13.4**	**7.2**

Taxes booked directly into equity

EUR million

2009	Before taxes	Tax effect	After taxes
Invested unrestricted equity reserve	20.6	0.1	20.7
Total	**20.6**	**0.1**	**20.7**

6. Income taxes

Taxes related to other comprehensive income

EUR million

2009	Before taxes	Tax effect	After taxes
Foreign exchange rate differences of net investments	–2.0	0.4	–1.6
Translation differences	1.3	-	1.3
Total	**–0.7**	**0.4**	**–0.3**

2008	Before taxes	Tax effect	After taxes
Foreign exchange rate differences of net investments	–5.8	-	–5.8
Translation differences	–21.8	-	–21.8
Total	**–27.6**	**0.0**	**–27.6**

Reconciliation of taxes in the income statement with corporate income taxes calculated at Finnish tax rate

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Profit before taxes	62.1	34.6
Corporate income taxes calculated at Finnish tax rate	16.1	9.0
Losses of subsidiaries in which no deferred tax is recognised	0.1	0.2
Effect of different tax rates of foreign subsidiaries	–2.2	0.0
Changes in tax rate	-	–1.8
Non-deductible expenses and tax exempt income	0.9	0.5
Share of the profit of associated companies	–1.0	–0.6
Other items	–0.6	–0.3
Income taxes in the corporate income statement	**13.4**	**7.2**
Effective tax rate	21.6%	20.7%

7. EARNINGS PER SHARE

	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Profit for the financial year available for parent company shareholders, EUR million	49.5	27.4
Average number of shares during the financial year (1,000 pcs)	147,034	141,393
Earnings per share, EUR	0.34	0.19
Diluted earnings per share, EUR	0.34	0.19

8. CORPORATE ACQUISITIONS

Allocation of the final acquisition price of OOO Vitim & Co and OOO Moron

Oriola-KD announced in March 2008 that it would acquire 75 percent of a Moscow-based pharmacy company (OOO Vitim & Co) and of a pharmaceutical wholesaler (OOO Moron). The transaction was executed in April 2008. In addition, Oriola-KD has agreed to buy out the remaining 25 percent holding in 2010 for a consideration based on the companies' performance in 2009. Purchase of the remaining 25 percent holding is recognized as a liability, the magnitude of which is based on the best estimate of the management.

The initial purchase price allocation as of 31 March 2008 has been finalised duing Q1 2009 as permitted by International Financial Reporting Standards. No material changes have been made compared to the information disclosed in the Consolidated Financial statements for 2008, with the exception of the estimated purchase price for the remaining 25 percent holding. The initial purchase price allocation calculated in rubles have been translated into euros by using the exchange rate of acquisition date.

The balance sheets of the acquired companies have been consolidated into the Oriola-KD Group as of 1 April 2008 and the calculation below includes the acquisition of both companies.

Provisional details on the net assets and goodwill acquired

EUR million	Carrying amount	Fair value allocations	Fair value
Tangible assets	5.0	1.8	6.9
Other intangible assets	5.4	41.5	46.9
Deferred tax assets	0.7	-	0.7
Inventories, advances paid	69.2	-	69.2
Trade receivables	39.6	-	39.6
Other receivables	5.0	-	5.0
Cash and cash equivalents	3.0	-	3.0
Deferred tax liabilities	-	–10.4	–10.4
Interest-bearing non-current liabilities	–8.8	-	–8.8
Trade payables and other non-interest-bearing liabilities	–108.5	-	–108.5
Interest-bearing current liabilities	–8.9	-	–8.9
Net indentifiable assets	**1.7**	**32.9**	**34.7**
Acquisition price			
Purchase price			–64.0
Additional purchase price and purchase of the remaining 25%			–85.3
Costs related to acquisition			–4.4
Goodwill			**119.1**
Purchase price settled in cash			–64.0
Additional purchase price settled in cash			–21.7
Costs related to acquisition			–4.4
Cash and cash equivalents acquired			3.0
Cash outflow on acquisition before 31 Dec 2009			**–87.1**
Estimated purchase price payable			–63.6
Total cash outflow on acquisition			**–150.7**

The remaining goodwill arising from the acquisition is based on synergy benefits and widened new market area possibilities and benefits.

9. TANGIBLE ASSETS

EUR million 2009	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Historical cost 1 Jan 2009	5.2	59.2	54.2	0.3	0.6	119.5
Increases	-	0.0	4.4	0.0	2.1	6.6
Decreases	-	–0.6	–14.0	–0.0	–0.1	–14.7
Reclassifications	-	0.5	-	-	–1.1	–0.6
Foreign exchange rate differences	–0.1	1.5	0.8	0.0	–0.0	2.2
Historical cost 31 Dec 2009	**5.2**	**60.7**	**45.3**	**0.4**	**1.5**	**113.1**
Accumulated depreciation 1 Jan 2009	-	–28.8	–36.1	–0.1	-	–65.1
Accumulated depreciation related to decreases and reclassifications	-	0.4	12.5	–0.0	-	12.9
Depreciation for the financial year	-	–1.8	–4.7	–0.0	-	–6.5
Foreign exchange rate differences	-	–0.6	–0.5	0.0	-	–1.1
Accumulated depreciation 31 Dec 2009	**0.0**	**–30.8**	**–28.8**	**–0.2**	**0.0**	**–59.8**
Carrying amount 1 Jan 2009	5.2	30.4	18.0	0.2	0.6	54.5
Carrying amount 31 Dec 2009	5.2	29.9	16.5	0.2	1.5	53.3
2008						
Historical cost 1 Jan 2008	5.9	60.6	55.0	0.4	0.3	122.1
Increases by acquisitions	0.1	2.1	3.6	-	1.1	6.9
Increases	-	0.0	4.4	0.0	0.4	4.9
Decreases	-	-	–5.8	–0.1	–0.0	–5.9
Reclassifications	-	0.4	–0.1	-	–1.2	–0.8
Foreign exchange rate differences	–0.8	–3.8	–3.0	–0.0	0.0	–7.6
Historical cost 31 Dec 2008	**5.2**	**59.2**	**54.2**	**0.3**	**0.6**	**119.5**
Accumulated depreciation 1 Jan 2008	-	–28.6	–37.1	–0.2	-	–65.9
Accumulated depreciation related to decreases and reclassifications	-	-	3.5	0.1	-	3.6
Depreciation for the financial year	-	–1.8	–4.9	–0.0	-	–6.7
Foreign exchange rate differences	-	1.5	2.4	0.0	-	3.9
Accumulated depreciation 31 Dec 2008	**0.0**	**–28.8**	**–36.1**	**–0.1**	**0.0**	**–65.1**
Carrying amount 1 Jan 2008	5.9	32.0	17.9	0.2	0.3	56.3
Carrying amount 31 Dec 2008	5.2	30.4	18.0	0.2	0.6	54.5

Assets leased through finance lease agreements

Tangible assets include following assets leased through finance lease agreements:

EUR million 31 Dec 2009	Machinery and equipment	Total
Historical cost	4.1	4.1
Accumulated depreciation	–3.8	–3.8
Carrying amount	**0.3**	**0.3**
31 Dec 2008		
Historical cost	3.9	3.9
Accumulated depreciation	–3.6	–3.6
Carrying amount	**0.4**	**0.4**

10. INTANGIBLE ASSETS

EUR million 2009	Intangible rights	Goodwill	Group Goodwill	Other capitalised expenditure	Total
Historical cost 1 Jan 2009	56.2	3.3	103.6	12.6	175.6
Increases	2.1	0.1	37.2	0.4	39.7
Decreases	–1.4	–0.2	-	–16.9	–18.6
Reclassifications	0.2	-	-	0.1	0.3
Foreign exchange rate differences	–2.9	–0.1	–0.6	–0.1	–3.7
Historical cost 31 Dec 2009	**54.1**	**3.0**	**140.2**	**–3.9**	**193.4**
Accumulated depreciation 1 Jan 2009	–17.3	–1.8	-	–9.5	–28.6
Accumulated depreciation related to decreases and reclassifications	1.4	0.2	-	16.5	18.1
Depreciation for the financial year	–1.8	–0.0	-	–1.1	–2.9
Foreign exchange rate differences	1.2	-	-	–0.0	1.2
Accumulated depreciation 31 Dec 2009	**–16.6**	**–1.5**	**0.0**	**5.9**	**–12.3**
Carrying amount 1 Jan 2009	38.8	1.5	103.6	3.1	147.0
Carrying amount 31 Dec 2009	37.5	1.4	140.2	2.0	181.1
2008					
Historical cost 1 Jan 2008	18.5	3.3	32.3	11.8	65.8
Increases by acquisitions	46.9	-	74.7	1.7	123.3
Increases	0.8	-	0.5	0.4	1.7
Decreases	–0.8	-	-	–1.3	–2.1
Foreign exchange rate differences	–9.2	-	–4.0	-	–13.2
Historical cost 31 Dec 2008	**56.2**	**3.3**	**103.6**	**12.6**	**175.6**
Accumulated depreciation 1 Jan 2008	–16.5	–1.8	-	–9.2	–27.5
Accumulated depreciation related to decreases and reclassifications	0.8	-	-	1.2	2.0
Depreciation for the financial year	–1.6	-	-	–1.5	–3.1
Accumulated depreciation 31 Dec 2008	**–17.3**	**–1.8**	**0.0**	**–9.5**	**–28.6**
Carrying amount 1 Jan 2008	2.0	1.5	32.3	2.5	38.3
Carrying amount 31 Dec 2008	38.8	1.5	103.6	3.1	147.0

Intangible assets include a figure of EUR 31.1 million for the pharmacy chain brand acquired in Russia. It is not possible to define the useful life of this brand, which forms a part of the Pharmaceutical Trade Russia operating segment. The management have classified the brand as an unlimited asset in terms of useful life, based on the continuous competitive advantage provided by its business operations. The brand is actively used to promote the sale of products, and the brand value is tested annually in conjunction with the goodwill testing process. No impairment was recognised on intangible assets with an unlimited useful life during the period under review.

Impairment testing of goodwill

In the impairment testing, EUR 109.1 million of the Group's total goodwill of EUR 140.2 million was allocated to the cash-generating unit consisting of the Russian retail and wholesale companies and EUR 23.8 million to the Swedish wholesale cash-generating unit (KD Pharma). The remaining EUR 7.3 million of the Group's goodwill was allocated to the Swedish Healthcare Trade cash-generating unit which belongs to the Healthcare Trade operating segment.

The recoverable amount of the goodwill was determined on the basis of value-in-use calculations. The cash flow forecasts are based on the five-year strategic plans approved by the management, which are consistent with the current business structure, and on the assumptions made in these plans concerning developments in the operating environment. The most important of these assumptions are the estimates of overall long-term growth in the market and the Group's market position and level of profitability. The Group's investments are expected to consist of ordinary replacement investments. Euro rates at the time of testing have been used as the exchange rates.

The growth rate after the five-year forecasting period used in the calculations is based on the management's assessments of the long-term growth in cash flow. The estimation of the growth factor took into account country-specific and business sector growth forecasts available from external information sources and the characteristic features of each operating segment and cash-generating unit. The long-term growth factors used in the calculations were 5% for the Russian cash-generating unit and 2% for other cash-generating units.

The discount rate used in the calculation was based on the Group's weighted average cost of capital, taking into account the risks for each country in which the Group has operations, and the risks for each operating segment. The post-tax discount rate used in the impairment testing in 2009 was 11.1% for the Russian cash generating unit and 7.6% for other units, principally in Sweden.

The sensitivity analysis conducted for the Russian cash-generating unit revealed that a 4% rise in the interest rate or a 20% drop in operating profit would not create a need for impairment of goodwill.

Similarly, the sensitivity analysis for the Swedish cash-generating unit indicated that a 4% rise in the interest rate or a 30% drop in operating profit would not create a need for impairment of goodwill.

11. INVESTMENTS IN ASSOCIATED COMPANIES

EUR million	**2009**	**2008**
Carrying amount 1 Jan	28.5	27.1
Increases	-	0.1
Share of profit after tax	3.9	1.9
Dividend Income	–1.9	–0.7
Translation differences	0.3	0.1
Carrying amount 31 Dec	**30.7**	**28.5**

Associated companies

EUR million

31 Dec 2009	**Country**	**Assets**	**Liabilities**	**Net sales**	**Profit for the period**	**Group holding %**
Lifco Dental International AB	Sweden	85.7	38.0	156.6	12.9	30%

31 Dec 2008	**Country**	**Assets**	**Liabilities**	**Net sales**	**Profit for the period**	**Group holding %**
Lifco Dental International AB	Sweden	67.8	25.2	149.2	6.1	30%

The financial statements of the associated company for the financial year 2009 are unaudited.

12. PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS

Finland

The funded status and amounts recognised in the balance sheet for the defined benefit plans

EUR million	2009	2008
Present value of obligations	47.8	36.6
Fair value of plan assets	–60.6	–43.0
Deficit /surplus	–12.8	–6.4
Unrecognised net actuarial gains (+) or losses (–)	5.0	–3.3
Unrecognised past service cost	0.5	-
Liability (+) / assets (–) recognised in the balance sheet	**–7.3**	**–9.7**

The benefit expense recognised in the income statement for the defined benefits plans

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Current service cost	1.0	1.5
Interest cost	2.5	1.9
Expected return on plan assets	–3.3	–4.1
Actuarial gains (–) or losses (+) recognised in year	–0.3	–1.1
Past service cost recognised in year	–0.1	-
Total	**–0.3**	**–1.7**

During the financial year 2009 the actual return on plan assets was EUR 13.1 million, which consists of EUR 3.3 million related to expected return on plan assets and actuarial gain of EUR 9.8 million.

Changes in the present value of obligation

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Present value of obligation at 1 Jan	36.6	38.2
Current service cost	1.0	1.5
Interest cost	2.5	1.9
Actuarial gains (+) or losses (–) on obligation	1.2	–4.0
Benefits paid	–1.6	–1.1
Transfer of insurance portfolio	8.1	-
Present value of obligation at 31 Dec	**47.8**	**36.6**

Changes in plan assets

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Fair value of plan assets at 1 Jan	43.0	56.7
Expected return on plan assets	3.3	4.1
Actuarial gains (+) or losses (–) on plan assets	9.8	–14.6
Employer pension contribution	–3.9	–3.0
Employee pension contribution	1.2	0.9
Benefits paid	–1.6	–1.1
Transfer of insurance portfolio	8.7	-
Fair value of plan assets at 31 Dec	**60.6**	**43.0**

Plan assets per asset category, as a percentage of the total fair values	**2009**	**2008**
Money-market instruments, bonds and deposits	58.8%	66.5%
Equities and funds	41.2%	33.5%
Total	**100.0%**	**100.0%**

12. Pension and other post-employment benefit plans

The benefit expense recognised in the income statement by function

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Selling and distribution expenses	–0.2	–1.3
Administrative expenses	–0.1	–0.4
Total	**–0.3**	**–1.7**

The plan assets include shares issued by Oriola-KD Corporation with a fair value of EUR 5.1 million at the end of 2009.

Background Information	31 Dec 2009	31 Dec 2008
Discount rate	5.0%	5.5%
Expected return on plan assets	6.5%	6.5%
Future salary increases	3.5%	3.5%

Expected long-term return on plan assets	31 Dec 2009	31 Dec 2008
Money-market instruments, bonds and deposits	3–5%	3–5%
Equities and funds	8%	8%

Expected return on shares is correlating with the long-term actual returns at the market.

Amounts during the financial year are as follows:

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Present value of obligations	–47.8	–36.6
Fair value of plan assets	60.6	43.0
Surplus (+) or deficit (–)	**12.8**	**6.4**
Experience-based adjustments on plan assets, gain (+) or loss (–)	9.8	–14.6
Experience-based adjustments on plan liabilities, gain (+) or loss (–)	–2.3	–0.7

Oriola-KD estimates to pay in Finland to benefit plan EUR 1.5 million during the financial year 2010.

12. Pension and other post-employment benefit plans

Outside Finland

The funded status and amounts recognised in the balance sheet for the defined benefit plans

EUR million	2009	2008
Present value of obligations	6.0	6.5
Fair value of plan assets	-	-
Deficit / Surplus	6.0	6.5
Unrecognised net actuarial gains (+) or losses (–)	–1.1	-2.4
Liability (+) / assets (–) recognised in the balance sheet	**4.9**	**4.2**

The group does not have plan assets outside Finland.

The benefit expense recognised in the income statement for the defined benefits plans

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Current service cost	0.3	0.2
Interest cost	0.2	0.2
Actuarial gains (–) or losses (+) recognised in year	0.1	-
Total	**0.6**	**0.4**

Changes in the present value of obligation

EUR million	2009	2008
Present value of obligation at 1 Jan	6.5	5.3
Current service cost	0.3	0.2
Interest cost	0.2	0.2
Actuarial gains (+) or losses (–) on obligation	–1.4	1.6
Foreign exchange rate differences	0.4	–0.7
Benefits paid	–0.1	–0.1
Present value of obligations at 31 Dec	**6.0**	**6.5**

The benefit expense recognised in the income statement by function

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Selling and distribution expenses	0.3	0.2
Administrative expenses	0.3	0.2
Total	**0.6**	**0.4**

Background Information	31 Dec 2009	31 Dec 2008
Discount rate	3.0%	3.0%
Future salary increases	3.0%	3.0%

Amounts during the financial year

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Present value of obligations	–6.0	–6.5
Fair value of plan assets	-	-
Surplus (+) or deficit (–)	**–6.0**	**–6.5**
Experience-based adjustments on plan liabilities, gain (+) or loss (–)	0.1	0.2

13. DEFERRED TAX ASSETS AND LIABILITIES

EUR million

2009	1 Jan	Items booked in income statement	Translation differences	Acquisitions/ divestments of subsidiaries	31 Dec
Deferred tax assets					
Confirmed tax losses	-	1.7	-	-	1.7
Unrealised inventory gain	0.0	0.1	-	-	0.1
Accrued liabilities and deferred income	0.2	0.1	-	-	0.3
Effects of consolidation and eliminations	0.1	–0.1	-	-	0.0
Other	0.4	-	-	-	0.4
Total	**0.8**	**1.8**	**0.0**	**0.0**	**2.5**
Deferred tax liabilities					
Depreciation difference and other untaxed reserves	3.7	–0.8	-	-	2.9
Pension assets	2.5	0.6	-	-	3.1
Effects of consolidation and eliminations	7.8	–0.2	–0.3	-	7.3
Other	2.5	–2.2	-	-	0.3
Total	**16.5**	**–2.6**	**–0.3**	**0.0**	**13.6**

2008					
Deferred tax assets					
Unrealised inventory gain	-	0.0	-	-	0.0
Accrued liabilities and deferred income	-	0.2	-	-	0.2
Effects of consolidation and eliminations	-	0.1	-	-	0.1
Other	0.2	0.2	-	-	0.4
Total	**0.2**	**0.6**	**0.0**	**0.0**	**0.8**
Deferred tax liabilities					
Depreciation difference and other untaxed reserves	5.5	–1.8	-	-	3.7
Pension assets	2.6	–0.1	-	-	2.5
Effects of consolidation and eliminations	0.6	–0.2	-	7.4	7.8
Other	-	2.5	-	-	2.5
Total	**8.7**	**0.4**	**0.0**	**7.4**	**16.5**

On 31 December 2009, the Group had a total of EUR 4.7 million of temporary taxes with no ensuing deferred tax asset recording in the balance sheet. These unrecognised deferred tax assets relate to confirmed tax losses from foreign subsidiaries, and the realisation of tax benefit included in assets is not probable.

14. OTHER NON-CURRENT RECEIVABLES

EUR million	2009 Fair value	2009 Carrying amount	2008 Fair value	2008 Carrying amount
Finance lease receivables	-	-	-	-
Other non-current receivables	0.2	0.2	0.2	0.2
Total	**0.2**	**0.2**	**0.2**	**0.2**

15. INVENTORIES

EUR million	2009	2008
Raw materials and consumables	0.0	0.0
Work in progress	0.1	0.1
Finished goods	286.9	250.5
Total	**287.1**	**250.7**

During the financial year 2009 no material write-offs were booked.

16. TRADE AND OTHER RECEIVABLES

EUR million	2009 Fair value	2009 Carrying amount	2008 Fair value	2008 Carrying amount
Trade receivables	201.2	201.2	235.2	235.2
Finance lease receivables	-	-	-	-
Prepaid expenses and accrued income	8.2	8.2	6.0	6.0
Derivative assets	2.8	2.8	4.7	4.7
Other receivables	14.9	14.9	7.0	7.0
Total	**227.1**	**227.1**	**252.9**	**252.9**

Aging and impairment of trade receivables at the closing date

EUR million	2009 Gross	2009 Impairment	2008 Gross	2008 Impairment
Not past due	186.7	-	224.9	-
Past due 1–30 days	8.7	-	5.7	-
Past due 31–180 days	3.2	–0.0	3.3	–0.0
Past due more than 180 days	4.1	–1.5	2.0	–0.7
Total	**202.7**	**–1.5**	**235.9**	**–0.7**

Material items included in prepaid expenses and accrued income

EUR million	2009	2008
Income tax receivable	0.4	0.7
Compensations not received	0.5	0.8
Accrued interest income	0.0	0.0
Other receivables	7.2	4.4
Total	**8.2**	**6.0**

17. CASH AND CASH EQUIVALENTS

EUR million	2009 Fair value	2009 Carrying amount	2008 Fair value	2008 Carrying amount
Cash at bank and in hand	133.7	133.7	46.4	46.4
Interest-bearing short-term investments	-	-	0.1	0.1
Total	**133.7**	**133.7**	**46.5**	**46.5**

18. NOTES CONCERNING EQUITY AND SHARES

Equity

Of the total number of shares in the company, a maximum of 500,000,000 shall be class A shares and a maximum of 1,000,000,000 class B shares.

Oriola-KD Corporation's share capital on 31 December 2009 stood at EUR 147,899,766.14. All issued shares have been paid up in full.

Board of Directors' authorisation to decide on purchase of own class B shares

On 16 April 2009, Oriola-KD Corporation's Annual General Meeting authorised the Board to decide on the purchase of Oriola-KD Corporation class B shares.

Pursuant to the authorisation, the Board is authorised to decide on the purchase of no more than fourteen million (14,000,000) of the company's class B shares, corresponding at the time to approximately 9.9 percent of the total number of shares in the company. The authorisation may only be used in such a way that the company and its subsidiaries together hold no more than one tenth (1/10) of the total number of company shares at any one time.

In accordance with the Board's decision, the company's shares will be purchased in a manner other than in proportion to the existing holdings of shareholders using assets belonging to the company's non-restricted equity at the class B shares' market price in the NASDAQ OMX Helsinki Ltd exchange at the time of purchase. The shares will be paid for in accordance with the rules and guidelines issued by NASDAQ OMX Helsinki Ltd and Euroclear Finland Ltd.

The Board will decide how the shares will be purchased. Derivatives may also be used in the purchase.

The purchase of the shares will reduce the company's distributable non-restricted equity.

The shares may be purchased for the purpose of developing the company's capital structure, implementing any M&A transactions or other business arrangements, financing investments, inclusion in the company's incentive schemes or to be otherwise assigned, held by the company or annulled.

The Board will decide on all other matters related to the purchase of class B shares.

The purchase authorisation will remain in force no longer than eighteen (18) months following the decision of the General Meeting.

The authorisation repeals the Annual General Meeting's decision of 17 March 2008 authorising the Board to decide on the purchase of an amount of the company's class B shares.

Board of Directors' authorisation to decide on an issue of class B shares against payment

On 16 April 2009, Oriola-KD Corporation's Annual General Meeting authorised the Board to decide on a share issue against payment in one or more batches. The authorisation includes the right to issue new class B shares or to assign class B shares held by the company.

The authorisation covers no more than twenty-eight million (28,000,000) of the company's class B shares in total, which corresponded to approximately 19.8 percent of the total number of company shares at the time.

The authorisation granted to the Board includes the right to deviate, by means of a directed issue, from the pre-emptive subscription right of shareholders, provided that there are financial grounds considered important from the company's perspective for such a deviation. Subject to the restrictions presented above, the authorisation may be used to pay consideration in M&A transactions or other business arrangements and to finance and execute investments, to expand the company's ownership base, to develop the capital structure, or as part of incentive and commitment programmes for personnel. On the basis of the authorisation, class B shares held by the company may also be sold in public trading arranged by the NASDAQ OMX Helsinki exchange.

The authorisation includes the right of the Board to determine the terms of the share issue as specified in the Companies Act, including the right to decide whether the subscription price will be partially or fully entered in the invested non-restricted equity fund or in the share capital.

The authorisation will remain in force for eighteen (18) months following the decision of the General Meeting.

The authorisation cancels the share issue authorisations previously received by the Board, with the exception of the authorisation granted to the Board by the Annual General Meeting of 13 March 2007, under which the Board may decide on arranging a directed bonus issue concerning no more than 650,000 class B shares for the purpose of establishing a share-based incentive scheme for management.

Other authorisations

The company's Board of Directors holds no other authorisations concerning share issues, share options or other special rights.

Decisions regarding share issues

Pursuant to the authorisation granted by the Annual General Meeting of 13 March 2007, the Board of Directors decided on 19 March 2009 on a bonus issue in which a total of 150,480 class B shares held by the company were assigned to the company's President and CEO and to other members of Oriola-KD Corporation's Group Management Team as part of the Group's share-based incentive scheme for senior management. These shares represented approximately 0.11 percent of the total number of company shares and approximately 0.01 percent of the total number of votes. Class B shares were assigned to following persons considered related parties of the company: Eero Hautaniemi, President and CEO; Kimmo Virtanen, Executive Vice President and CFO; Anne Kariniemi, Vice President Sourcing and Logistics; Jukka Niemi, Vice President, Pharmaceutical Trade Finland and Ilari Vaalavirta, Vice President, Healthcare Trade,

On 3 June 2009, Oriola-KD Corporation's Board of Directors decided on a directed issue of shares under the authorisation granted by the Annual General Meeting of 16 April 2009, issuing 9,350,000 new class B shares to institutional investors at a subscription price of EUR 2.25 per share. The gross proceeds received by the company from the directed issue amounted to EUR 21.0 million. The new class B shares in the directed issue were entered in the Trade Register and they were listed for public trading on NASDAQ OMX Helsinki Ltd on 8 June 2009 with the old class B shares. Following the share issue the company had a total of 151,257,828 shares, of which class A shares accounted for 48,392,203 and class B shares for 102,865,625.

Treasury shares

The company holds 343,472 of the company's class B shares, representing approximately 0.23 percent of the total number of company shares and approximately 0.03 percent of the total number of votes.

Shares

At year end 2009, the company had a total of 151,257,828 shares, of which 47,667,359 were class A shares and 103,590,469 were class B shares.

At General Meetings, each class A share carries 20 votes and each class B share one vote. No shareholder may vote using an amount of votes that exceeds 1/20 of the total number of votes carried by the shares of different share classes represented at the General Meeting.

Both share classes give the shareholder the same rights to the company's assets and dividend distribution.

Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares.

Oriola-KD Corporation's class A and B shares are quoted on the main list of the NASDAQ OMX Helsinki exchange. The company's field of business on the stock exchange is Health Care Distributors and the company is classified under Health Care. The ticker symbol for the class A shares is OKDAV and for the class B shares OKDBV.

Share trading and prices

A total of 111.7 million Oriola-KD Corporation shares, corresponding to 76.0 percent of all outstanding shares, were traded on the NASDAQ OMX Helsinki exchange between 1 January and 31 December 2009. The traded volume of class A shares amounted to 14.9 percent of the average number of class A shares, while the traded volume of class B shares was 105.8 percent of the average number of class B shares.

The average share price of Oriola-KD Corporation's class A shares was EUR 2.86 and of its class B shares EUR 2.84. The market value of all Oriola-KD Corporation shares at 31 December 2009 was EUR 665.1 million, of which the market value of class A shares was EUR 209.3 million and of class B shares EUR 455.8 million.

Shareholders

On 31 December 2009, Oriola-KD Corporation had a total of 34,087 registered shareholders. There were 26,349,560 nominee-registered shares on 31 December 2009, corresponding to 17.4 percent of all shares and 3.0 percent of all votes.

Private individuals accounted for 94.4 percent of all shareholders and their holdings accounted for 42.7 percent of all shares and 57.9 percent of all votes.

Disclosures

On 29 June 2009, Varma Mutual Pension Insurance Company notified Oriola-KD Corporation in accordance with chapter 2, section 9 of the Securities Markets Act that, subsequent to share transactions executed on 26 June 2009, the portion of the votes conferred by the Oriola-KD Corporation shares held by it had risen to 5.21 percent, i.e. above one twentieth (1/20), of the total votes.

Share conversions

Under Article 3 of the Articles of Association, a total of 1,024,844 class A shares were converted into class B shares during the financial year.

Management shareholdings

On 31 December 2009, the members of the company's Board of Directors and the President and CEO, the deputy to the President and CEO and the companies controlled by them had a total of 277,557 shares, corresponding to 0.18 percent of the total number of shares in the company and 0.08 percent of the votes.

Dividend policy and dividend proposal

Oriola-KD Corporation seeks to distribute approximately 50 percent of the earnings per share in dividends each year. The company's financial position and operating strategy are taken into consideration when determining annual dividends. The Board proposes that a dividend of EUR 0.12/share be paid for the financial year 1 January–31 December 2009.

18. Notes concerning equity and shares

Share capital

	A shares	B shares	Shares total
Number of shares 1 Jan 2007	56,294,640	84,963,188	141,257,828
Conversion of A shares to B shares	–5,049,235	5,049,235	0
Number of shares 31 Dec 2007	51,245,405	90,012,423	141,257,828
Votes 31 Dec 2007	1,024,908,100	90,012,423	1,114,920,523
Share capital per share class 31 Dec 2007, EUR million	53.7	94.2	147.9
Percentage from the total shares	36.3%	63.7%	100.0%
Percentage from the total votes	91.9%	8.1%	100.0%

	A shares	B shares	Shares total
Number of shares 1 Jan 2008	51,245,405	90,012,423	141,257,828
Targeted share issue to the company itself	-	650,000	650,000
Conversion of A shares to B shares	–2,553,202	2,553,202	0
Number of shares 31 Dec 2008	48,692,203	93,215,625	141,907,828
Votes 31 Dec 2008	973,844,060	93,215,625	1,067,059,685
Share capital per share class 31 Dec 2008, EUR million	50.7	97.2	147.9
Percentage from the total shares	34.3%	65.7%	100.0%
Percentage from the total votes	91.3%	8.7%	100.0%

	A shares	B shares	Shares total
Number of shares 1 Jan 2009	48,692,203	93,215,625	141,907,828
Targeted share issue to the institutional investors	-	9,350,000	9,350,000
Conversion of A shares to B shares	–1,024,844	1,024,844	0
Number of shares 31 Dec 2009	47,667,359	103,590,469	151,257,828
Votes 31 Dec 2009	953,347,180	103,590,469	1,056,937,649
Share capital per share class 31 Dec 2009, EUR million	46.6	101.3	147.9
Percentage from the total shares	31.5%	68.5%	100.0%
Percentage from the total votes	90.2%	9.8%	100.0%

EUR million	**2009**	**2008**	**2007**	**2006**
Parent company share capital 31 Dec	147.9	147.9	147.9	147.9
Elimination of the revaluation of subsidiary shares in the consolidated financial statements	–111.7	–111.7	–111.7	–111.7
Consolidated share capital 31 Dec	36.2	36.2	36.2	36.2

19. PROVISIONS

During the years 2009 and 2008 there were no current and non-current provisions at Oriola-KD except 30 thousands EUR of guarantee provision related to Healthcare Trade business.

20. INTEREST-BEARING LIABILITIES

EUR million	2009 Fair value	2009 Carrying amount	2008 Fair value	2008 Carrying amount
Non-current				
Other interest-bearing liabilities	-	-	27.7	27.7
Finance lease liabilities	0.2	0.2	0.2	0.2
Total	**0.2**	**0.2**	**27.9**	**27.9**

EUR million	2009 Fair value	2009 Carrying amount	2008 Fair value	2008 Carrying amount
Current				
Loans from financial institutions	34.2	34.2	29.4	29.4
Advances received	51.6	51.6	51.3	51.3
Finance lease liabilities	0.2	0.2	0.2	0.2
Other interest-bearing liabilities	63.6	63.6	-	-
Total	**149.5**	**149.5**	**80.8**	**80.8**

Other current interest-bearing liabilities consist mainly of the estimated purchase price of the remaining 25 percent holding in the Russian companies. The debt is based on the management's best estimation, and the amount of the debt is adjusted in each reporting period.

Maturity of non-current liabilities

EUR million	2009	2008
1–5 years	0.2	27.9
More than five years	-	-
Total	**0.2**	**27.9**

Maturity of finance lease liabilities

EUR million	2009	2008
Within one year	0.2	0.2
Within 1–5 years	0.2	0.2
Total	**0.4**	**0.4**

Present value of minimum lease payments

EUR million	2009	2008
Within one year	0.2	0.2
Within 1–5 years	0.2	0.2
Total	**0.4**	**0.4**
Unearned financial expense	-	-
Finance lease liabilities total	**0.4**	**0.4**

21. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

EUR million	2009 Fair value	2009 Carrying amount	2008 Fair value	2008 Carrying amount
Trade payables	468.5	468.5	427.0	427.0
Accrued liabilities and deferred income	20.1	20.1	17.4	17.4
Derivative liabilities	1.2	1.2	-	-
Other current liabilities	10.7	10.7	31.4	31.4
Total	**500.5**	**500.5**	**475.8**	**475.8**

Material items included in accrued liabilities and deferred income

EUR million	2009	2008
Accrued wages, salaries and social security payments	9.9	9.9
Income tax liability	4.3	2.1
Other accrued liabilities and deferred income	5.9	5.4
Total	**20.1**	**17.4**

22. FINANCIAL RISK MANAGEMENT

The financial risks relating to the business operations of the Oriola-KD Group (hereinafter Oriola-KD) are managed in accordance with the treasury policy adopted by the Board of Directors of Oriola-KD Corporation. Oriola-KD's treasury policy provides the framework for the Group's financing activities. Detailed operational instructions defining financial risk management principles and liquidity management have been prepared for the Group's financial management. Oriola-KD's treasury is responsible for the implementation and monitoring of treasury policy and the communications regarding treasury policy within the Group. The treasury policy is updated at least once a year.

The objective of financial risk management is to ensure the adequacy of financing, to secure liquidity, to optimise the structure of the Group's balance sheet, to eliminate currency, interest rate, market price and credit risks as much as possible, and to ensure cost-effective operations. The treasury identifies, assesses and hedges financial risks in close cooperation with the business segments.

The expansion of operations into the Russian pharmaceuticals retail and wholesale market has increased Oriola-KD's financial risks as of the second quarter of 2008. Currency risks are the most significant of Oriola-KD's financial risks in Russia, as any changes in the value of the ruble will have an impact on Oriola-KD's financial performance and on translation differences in equity.

Currency risks

Fluctuations in currency exchange rates have an impact on Oriola-KD's operations. A substantial proportion of procurements and sales are conducted in the operating currencies of the subsidiaries, which considerably reduces the currency exchange risks. The most important country-specific operating currencies for Oriola-KD are the euro, the Swedish krona (SEK) and the Russian ruble (RUB).

In accordance with its treasury policy, Oriola-KD's internal loans and deposits are denominated in the local currency of each subsidiary, with the exception of EUR 64.4 million in internal euro-denominated loans granted to the wholesale company in Russia, which the Group classifies under net capital expenditure made in a foreign unit. Exchange differences arising from these receivables are recognised in the consolidated financial statements under translation differences in equity.

Transaction risk

Transaction risks arise from commercial and financing-related transactions and payments made by the business units, where these are denominated in a currency other than the unit's operating currency. Transaction risks can be hedged separately for each company against its operating currency. Due to the nature of the business operations in Finland and Sweden, the transaction risks involved in these operations are minor. Oriola-KD's biggest operating currency risk concerns the euro-denominated and US dollar-denominated procurements of the wholesale company in Russia. The company has minimised its currency risks by negotiating ruble-denominated procurement agreements and settling payment for its remaining foreign currency denominated procurements more promptly than before.

Internal loans given and deposits made by other subsidiaries have not been hedged. However, the Group has hedged the internal loans and deposits with a maturity of less than one month that Oriola-KD Corporation has received from Kronans Droghandel AB, due to their short-term nature.

As a general rule, hedge accounting is not used to hedge Oriola-KD's transaction risks, which means foreign exchange gains and losses on hedged items are recognised directly on the income statement. The estimated USD-denominated purchase price of the remaining 25 percent holding in the Russian business acquisition has been hedged with a currency forward. Oriola-KD applies hedge accounting in the hedging related to these transaction prices and the exchange rate differences are booked in the cost of the Russian business acquisition.

Translation risk

Translation risks arise when a subsidiary's equity is not denominated in the parent company's reporting currency, the euro. Oriola-KD's most significant translation risks, excluding foreign currency denominated goodwill, concern items in Swedish krona and Russian rubles. Deferred translation differences resulting from exchange rate fluctuations are booked under Oriola-KD's translation differences in equity.

The currency risk in the Group companies' equity may be hedged only by a separate decision of the Board, in which case permitted hedging instruments are foreign currency denominated loans and currency swaps and forwards contracts. At the balance sheet date, Oriola-KD had not hedged the equity-related translation risks.

Transaction position at the balance sheet date

31 Dec 2009 **EUR million**	**EUR** **USD**	**EUR** **SEK**	**USD** **RUB**	**EUR** **RUB**
Foreign currency denominated receivables	0.4	12.8	0.0	1.6
Foreign currency denominated payables	–64.0	–0.4	–0.8	–6.2
Foreign currency denominated derivatives	52.0	9.8	0.0	0.0
Net risk	–11.6	22.1	–0.8	–4.6

31 Dec 2008 **EUR million**	**EUR** **USD**	**EUR** **SEK**	**USD** **RUB**	**EUR** **RUB**
Foreign currency denominated receivables	1.2	16.1	2.2	2.1
Foreign currency denominated payables	–50.0	–16.3	–4.3	–8.0
Foreign currency denominated derivatives	39.1	10.1	0.0	0.0
Net risk	–9.8	9.9	–2.1	–5.8

22. Financial risk management

Translation position at the balance sheet date, excluding foreign currency denominated goodwill

EUR million	2009 Net investment	2008 Net investment
SEK	124.8	108.7
RUB	99.7	52.1

Currency risk sensitivity analysis

The tables below illustrate the effects of transaction and translation risks on Oriola-KD's earnings before taxes and on the translation differences in Group equity. The calculations are based on a possible 10% change in currency exchange rates in relation to the company's operating and reporting currency, provided that other variables remain unchanged.

Transaction risk

Effects of a 10% weakening of the company's operating currency against other currencies

EUR million	2009 Income statement	2008 Income statement
EUR/SEK	2.0	0.9
EUR/USD	–1.1	–0.9
USD/RUB	–0.1	–0.2
EUR/RUB	–0.4	–0.5

Translation risk

Effects of a 10% weakening of a subsidiary's reporting currency against the euro

EUR million	2009 Equity	2008 Equity
EUR/SEK	–11.3	–9.9
EUR/RUB	–9.1	–4.7

Liquidity risk

The objective of liquidity risk management is to maintain adequate liquid assets and credit facilities so that Oriola-KD is able to meet all of its financial obligations. The Group's liquidity management is based on 12-month financial forecasts and rolling four-week day-by-day liquidity monitoring reports drawn up on a weekly basis.

To secure Oriola-KD's long-term solvency Oriola-KD Corporation signed a EUR 70 million and Kronans Droghandel Retail AB a SEK 1,300 million long-term credit facility with four banks in the fourth quarter of 2009. The facilities include financial covenants that are based on Oriola-KD's net debt and EBITDA and gearing ratio. Indicators associated with the covenants are monitored on a monthly basis. The terms of the financial covenants were met with a wide margin at the end of 2009.

Oriola-KD's short-term liquidity risk is managed using Oriola-KD Corporation's commercial paper programme of EUR 150.0 million, which is secured by a sale of sales receivables programme (non-recourse) in Sweden and advance payments from pharmacies in Finland. The Group's liquidity is also secured with EUR 39.5 million in credit account limits. On the balance sheet date, Oriola-KD had drawn EUR 34.2 million from the commercial paper programme, and the credit account limits securing Oriola-KD's liquidity stood unused.

Oriola-KD's assets may be invested in short-term money market instruments when current liquidity is secured and cash reserve requirements in accordance with the treasury policy are met. The investments must be made in instruments with the lowest possible credit and price risk. The management and monitoring of liquidity have been centralised at the treasury. None of the Oriola-KD's liquid assets were invested in money market instruments at the balance sheet date.

22. Financial risk management

Cash assets and maturity of unused credit facility agreements 31 Dec 2009

EUR million	2010	2011	2012	2013	Total
Cash and cash equivalents	133.7	-	-	-	133.7
Credit account limits, due to mature within 12 months	39.5	-	-	-	39.5
Credit facilities, due to mature in more than 12 months	-	-	-	196.8	196.8
Total	**173.2**		**-**	**196.8**	**370.0**

Cash assets and maturity of unused credit facility agreements 31 Dec 2008

EUR million	2009	2010	2011	2012	Total
Cash and cash equivalents	46.5	-	-	-	46.5
Credit account limits, due to mature within 12 months	78.1	-	-	-	78.1
Total	**124.6**	**-**	**-**	**-**	**124.6**

Interest-bearing and non-interest-bearing liabilities falling due after 31 Dec 2009, based on agreements

EUR million	2010	2011	2012	2013	Total
Interest-bearing					
Loans from financial institutions	34.2	-	-	-	34.2
Finance lease liabilities	0.2	0.2	-	-	0.4
Advance payments received	51.6	-	-	-	51.6
Other interest-bearing liabilities	63.6	-	-	-	63.6
Non-interest-bearing					
Trade payables	468.5	-	-	-	468.5
Accrued liabilities and deferred income	20.1	-	-	-	20.1
Other non-interest-bearing liabilities	11.9	-	-	-	11.9
Total	**650.1**	**0.2**	**0.0**	**0.0**	**650.3**

Interest-bearing and non-interest-bearing liabilities falling due after 31 Dec 2008, based on agreements

EUR million	2009	2010	2011	2012	Total
Interest-bearing					
Loans from financial institutions	29.4	-	-	-	29.4
Finance lease liabilities	0.2	0.2	-	-	0.4
Advance payments received	51.3	-	-	-	51.3
Other interest-bearing liabilities	0.0	27.7	-	-	27.7
Non-interest-bearing					
Trade payables	427.0	-	-	-	427.0
Accrued liabilities and deferred income	17.3	-	-	-	17.3
Other non-interest-bearing liabilities	31.5	-	-	-	31.5
Total	**556.6**	**27.9**	**0.0**	**0.0**	**584.5**

Interest rate risk

The objective of Oriola-KD's interest rate risk management is to minimise the impact of interest rate fluctuations on the income statement. The management and monitoring of interest rate risks is centralised at the treasury. On the balance sheet date, Oriola-KD's interest rate risk consisted of EUR 149.7 million (EUR 108.7 million) in interest-bearing liabilities and SEK 510.4 million in sale of sales receivables (non-recourse) in Sweden. In addition to the EUR 34.2 million used within the issued commercial paper programme and EUR 51.6 million interest-bearing advance payments from pharmacies in Finland, Oriola-KD's interest-bearing liabilities include the estimated final transaction price of the remaining 25 percent holding in the Russian companies of EUR 63.6 million and finance lease liabilities of EUR 0.4 million. The average interest rate on these liabilities was 3.0% (3.1%). A rise of one percentage point in market interest rates would have had an impact of EUR –2.0 million (EUR –1.1 million) on Oriola-KD's annual interest rate expenses at the balance sheet date. Oriola-KD did not use any fixed income derivatives during 2009.

Credit risks and other counterparty risks

A credit risk arises from the possibility of a counterparty failing to meet its contractual payment obligations or financial institutions failing to meet their obligations relating to deposits and derivatives trading. The objective of Oriola-KD's treasury policy and customer credit policy is to minimise credit and counterparty risks.

Oriola-KD's treasury policy provides the framework for credit risk management, cash management and counterparties in financial transactions. The aim of the treasury policy is to ensure that assets are invested at a low credit risk and with a diversified counterparty risk. Credit limits are determined for investments and derivative instrument counterparties on the basis of creditworthiness and liquidity, and are monitored and updated on a regular basis. Money market investments are made in marketable fixed income instruments primarily of less than three months' duration or in deposits.

The creditworthiness requirements for commercial counterparties are defined in the customer credit policy. The business segments are each responsible for the credit risk arising from commercial receivables within the limits of the principles they have defined. The majority of the Group's business operations are based on well-established and reliable customer relationships and contractual terms generally observed within the industry, which means they do not pose a material credit risk. Oriola-KD's most important individual customer is the Swedish state-owned pharmacy chain, Apoteket AB and its cluster companies. Trade receivables involve no other significant concentrations of risk. The trade receivables and credit loss risks of the Russian wholesale business are monitored actively due to the long payment terms generally observed in Russia and the uncertainty in the global financial markets. Trade receivables are monitored on the basis of their ageing.

Credit losses recognised in the income statement for the financial year were insignificant. The ageing of trade receivables is presented in more detail in Note 16, Trade and other receivables.

Capital Management

Oriola-KD's aim is to have an efficient capital structure that allows for cost-effective operations under all circumstances. The return on capital employed (ROCE) and the gearing ratio are the means for monitoring capital structure.

The long-term financial goals and dividend policy for the Oriola-KD Group have been confirmed by the Board of Directors of Oriola-KD Corporation. Oriola-KD's long-term financial goals are based on the trend in its operating profit and return on capital employed (ROCE). The Group has set a target of reaching a return on capital employed (ROCE) of at least 13 percent in 2010. In addition, Oriola-KD seeks to pay out annually about 50 percent of the earnings per share as dividends. The company's financial position and operating strategy are taken into consideration when determining annual dividends.

	2009	2008
Return on capital employed, %	18.7%	13.5%
Gearing ratio, %	6.3%	33.5%

23. COMMITMENTS AND CONTINGENCIES

EUR million	2009	2008
Contingencies for own liabilities		
Mortgages on land and buildings	2.0	2.0
Mortgages on company assets	2.0	2.2
Guarantees	36.8	37.8
Other	1.9	1.2
Total	**42.7**	**43.2**
Leasing commitments	0.3	0.4

24. DERIVATIVES

EUR million 2009	Positive fair value	Negative fair value	Nominal value
Derivatives recognised as cash flow hedges			
Foreign currency forward and swap contracts	1.4	-	50.9
Derivatives measured at fair value through profit or loss			
Foreign currency forward and swap contracts	0.1	-	11.7

2008	Positive fair value	Negative fair value	Nominal value
Derivatives recognised as cash flow hedges			
Foreign currency forward and swap contracts	4.7	-	35.2
Derivatives measured at fair value through profit or loss			
Foreign currency forward and swap contracts	0.1	-	13.2

All derivatives that are open on the balance sheet date fall due in next twelve months period. Currency forward and swap contracts have been measured at fair value using the market rates at the balance sheet date. Changes in the fair value of foreign currency derivative contracts are booked either in cost of the Russian business acquisition or in income statement depending on whether they qualify for hedge accounting.

25. CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR million	Note	2009 Fair value	2009 Carrying amount	2008 Fair value	2008 Carrying amount
Financial assets recognised at fair value through profit or loss					
Derivative assets	16)	2.8	2.8	4.7	4.7
Loans and other receivables					
Cash and cash equivalents	17)	133.7	133.7	46.5	46.5
Other non-current receivables	14)	0.2	0.2	0.2	0.2
Trade and other receivables	16)	224.3	224.3	248.2	248.2
Financial assets total		**361.0**	**361.0**	**299.6**	**299.6**
Financial liabilities at fair value through profit or loss					
Derivative liabilities	21)	–1.2	–1.2	-	-
Financial liabilities measured at amortised cost					
Non-current interest-bearing liabilites	20)	–0.2	–0.2	–27.9	–27.9
Current interest-bearing liabilities	20)	–149.5	–149.5	–80.8	–80.8
Trade payables and other current liabilities	21)	–499.3	–499.3	–475.8	–475.8
Financial liabilities total		**–650.3**	**–650.3**	**–584.5**	**–584.5**

According to IFRS 7 fair value hierachy, all foreign currency derivative agreements are classified to hierarchy level 2.

26. OPERATING LEASES

Group as lessee

Minimum lease payments payable on the basis of other non-terminable leases

EUR million	2009	2008
Within one year	16.9	14.0
Over one year	16.8	19.3
Total	**33.8**	**33.3**

27. RELATED-PARTY TRANSACTIONS

In the Oriola-KD Group, the related parties are deemed to include the parent company Oriola-KD Corporation, the subsidiaries, associated companies, the President of Oriola-KD, the Oriola-KD Corporation Board members, the immediate family members of the above persons, the companies controlled by the above persons, as well as the Oriola Pension fund.

	Group		Parent company	
	Ownership %	**Share of votes %**	**Ownership %**	**Share of votes %**
Parent company Oriola-KD Corporation (Finland)				
Oriola Oy (Finland)	100%	100%	100%	100%
Oriola-KD Holding Sverige AB (Sweden)	100%	100%	100%	100%
Foreti Oy (Finland)	75%	75%	75%	75%
Oriola Oy (Finland)	100%	100%	100%	100%
Meteko Instrument AB (Sweden)	100%	100%		
Oriola A/S (Denmark)	100%	100%		
Oriola AB (Sweden)	100%	100%		
AS Oriola (Estonia)	100%	100%		
SIA Oriola Riga (Latvia)	100%	100%		
UAB Oriola Vilnius (Lithuania)	100%	100%		
Panfarma AB (Sweden) *)	100%	100%		
Panpharmacy Oy (Finland)	100%	100%		
Panpharmacy Oü (Estonia)	100%	100%		
SIA Panpharmacy (Latvia)	100%	100%		
Lifco Dental International AB (Sweden)	30%	30%		
Oriola-KD Holding Sverige AB (Sweden)	100%	100%	100%	100%
Kronans Droghandel AB (Sweden)	100%	100%		
KD Pharma Distribution AB (Sweden) *)	100%	100%		
Oriola-KD Healthcare AB (Sweden)	100%	100%		
Oriola-KD Material AB (Sweden)	100%	100%		
Kronans Droghandel Retail AB (Sweden)	80%	80%		
Foreti Oy (Finland)	75%	75%	75%	75%
OOO Moron (Russia)	75%	75%		
OOO Vitim & Co (Russia)	75%	75%		

*) The companies are not engaged in any operating activities.

27. Related-party transactions

Transactions with the related parties

The Group has no significant business transactions with the related parties, except pension expenses resulting from the defined benefit plans with the Oriola Pension Fund.

Management benefits

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Salaries and other benefits of the Group management	2.0	3.1

Salaries and benefits of the president of Oriola-KD Corporation

EUR 1,000	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Fixed basic salary	368.3	349.7
Performance bonus	275.2	139.6
Share-based payments	164.2	278.4
Total	**807.7**	**767.7**

Salaries and benefits of the members of the Board of Directors

EUR 1,000	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Olli Riikkala, Chairman	85.4	59.2
Antti Remes, Vice Chairman	39.5	37.1
Harry Brade	34.4	29.6
Pauli Kulvik	36.2	28.4
Outi Raitasuo	32.8	29.6
Jaakko Uotila	33.6	29.2
Mika Vidgrén	32.4	28.8
Total	**294.3**	**241.9**

In November 2006, the Board of Directors of Oriola-KD Corporation decided to introduce a new share incentive scheme for key employees of the Oriola-KD Group. Some twelve key employees are eligible for the scheme. The scheme encourages the key employees to take a forward-looking long-term approach to their work by strengthening their commitment to the future development of the company. Any bonuses are determined on the basis of Oriola-KD's operating profit (50% weighting) and return on capital employed (50% weighting) in the period 2007–2009.

Bonuses are payable in 2008-2010 in the form of shares, cash or a combination of the two. Except certain special circumstances, the bonus shares can not be transferred within a period of one year from payment of the bonus. The number of class B shares included in the scheme can not exceed 650,000. The incentive scheme comprises three annual earning periods. The Board decides on the target group of the earning period and the bonuses of the key employees in the target group at the beginning of each earning period.

In May 2009, the Board of Directors of Oriola-KD Corporation decided to increase the number of key persons belonging to the Oriola-KD Group's share-based incentive scheme for its top management by 10 persons, with a maximum award of 45,500 class B shares in total for the earning period in 2009. After this, 21 key persons belong to the share-based incentive scheme and the total maximum award for the earning period 2009 is 254,800 B-shares.

Under IFRS 2, share incentive schemes should be measured at the grant date fair value and recognised as an expense within the vesting period. Since the share incentive is paid as a combination of shares and cash, the fair value measurement of the bonus is divided under IFRS 2 into two parts: an equity-settled and a cash-settled component. The equity-settled component is recognised in equity and the cash-settled payment in liabilities. The fair value of the share-based payment at the bonus grant date was the Oriola-KD Corporation share price. Similarly, the fair value of the cash-settled component is readjusted on each reporting day up to the end of the earning period, and the fair value of the debt thus changes in accordance with the Oriola-KD Corporation share price.

The expenses recognised for share-based payments in the period January–December 2009 came to EUR 1.5 million (January–December 2008: EUR 0.6 million).

Further details concerning the shareholdings of the Board of Directors and the management are given in the section on shares and shareholders.

Key Financial Figures

Consolidated statement of comprehensive income

EUR million	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008	1 Jan–31 Dec 2007
Net sales	1,713.1	1,580.8	1,377.3
International operations	1,137.3	962.6	807.1
% of net sales	66.4%	60.9%	58.6%
Operating profit	65.4	36.4	29.1
% of net sales	3.8%	2.3%	2.1%
Financial income and expenses	–3.3	–1.8	1.9
% of net sales	–0.2%	–0.1%	0.1%
Profit before taxes	62.1	34.6	31.0
% of net sales	3.6%	2.2%	2.3%
Profit for the period	48.6	27.5	23.7
% of net sales	2.8%	1.7%	1.7%
Profit available for parent company shareholders	49.5	27.4	23.3
Return on capital employed (ROCE), %	18.7%	13.5%	14.2%
Return on equity (ROE), %	22.1%	14.1%	12.0%

Consolidated balance sheet

EUR million	31 Dec 2009	31 Dec 2008	31 Dec 2007
Non-current assets	275.2	240.5	132.5
Current assets	647.8	550.1	512.9
Equity of the parent company shareholders	243.4	184.4	195.5
Minority interest	10.8	1.0	8.1
Liabilities	668.9	605.1	441.8
Interest-bearing liabilities	149.7	108.7	41.0
Non-interest-bearing liabilities	519.1	496.4	400.8
Total assets	923.1	790.6	645.4
Equity ratio, %	29.2%	25.1%	33.7%
Gearing, %	6.3%	33.5%	–44.2%

Key figures	31 Dec 2009	31 Dec 2008	31 Dec 2007
Equity ratio, %	29.2%	25.1%	33.7%
Equity per share, EUR	1.61	1.30	1.38
Return on capital employed (ROCE), %	18.7%	13.5%	14.2%
Return on equity, %	22.1%	14.1%	12.0%
Net interest-bearing debt, EUR million	16.0	62.2	–90.0
Gearing, %	6.3%	33.5%	–44.2%
Net interest-bearing debt / EBITDA	0.2	1.3	-2.3
Earnings per share, EUR	0.34	0.19	0.16
Average number of share, 1,000 pcs	147,034	141,393	141,258
Average number of personnel	4,373	3,807	1,432
Gross capital expenditure, EUR million	47.4	125.7	32.1

Share-Related Key Figures

			1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Earnings per share		EUR	0.34	0.19
Equity per share		EUR	1.61	1.30
Total dividends		EUR million	18.1*	11.3
Dividend per share		EUR	0.12*	0.08
Payout ratio		%	35.3*	42.1
Dividend yield	A	%	2.7*	6.2
Dividend yield	B	%	2.7*	6.2
P/E ratio	A		13,03	6.84
P/E ratio	B		13,06	6.84
Share price on 31 Dec	A	EUR	4.39	1.30
Share price on 31 Dec	B	EUR	4.40	1.30
Average share price	A	EUR	2.86	2.41
Average share price	B	EUR	2.84	2.42
Lowest share price	A	EUR	1.29	1.22
Lowest share price	B	EUR	1.30	1.20
Highest share price	A	EUR	4.41	3.10
Highest share price	B	EUR	4.43	3.10
Market capitalisation		EUR million	665.1	184.5
Trading volume				
A shares		1,000 pcs	7,190	5,553
% of average number of A shares		%	14.9%	11.2%
B shares		1,000 pcs	104,548	41,332
% of average number of B shares		%	105.8%	45.0%
% of average number of all shares		%	76.0%	33.0%
Number of shares 31 Dec	A	pc	47,667,359	48,692,203
	B	pc	103,590,469	93,215,625
Total number of shares 31 Dec		pc	151,257,828	141,907,828
Total number of A shares, annual average		pc	48,228,407	49,599,941
Total number of B shares, annual average		pc	98,805,193	91,792,558
Total number of shares, annual average		pc	147,033,600	141,392,499
Total number of shares 31 Dec		pc	151,257,828	141,907,828

* Proposal by the Board of Directors

Calculations of Key Figures are given on the page 46.

Calculation of Key Figures

Equity ratio, % =

$$\frac{\text{Equity of the parent company shareholders}}{\text{Total assets – advances received}} \times 100$$

Return on capital employed (ROCE), % =

$$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total assets – non-interest-bearing liabilities (average during the period)}} \times 100$$

Return on equity (ROE), % =

$$\frac{\text{Profit for the period}}{\text{Equity of the parent company shareholders + minority interest (average during the period)}} \times 100$$

Gearing ratio, % =

$$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity of the parent company shareholders + minority interest}} \times 100$$

Net interest-bearing debt / EBITDA =

$$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Operating profit before depreciation, amortisation and impairment loss}}$$

Earnings per share (EPS), EUR =

$$\frac{\text{Profit attributable to shareholders of the parent company}}{\text{Average number of shares during the period}}$$

Equity per share, EUR =

$$\frac{\text{Equity of the parent company shareholders}}{\text{Number of shares at the end of the period}}$$

Dividend per share, EUR =

$$\frac{\text{Dividend for the financial period}}{\text{Number of shares at the end of the period}}$$

Payout ratio, % =

$$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, % =

$$\frac{\text{Dividend per share}}{\text{Closing price on the last trading day of the financial period}} \times 100$$

Price/Earnings ratio (P/E) =

$$\frac{\text{Closing price on the last trading day of the financial period}}{\text{Earnings per share}}$$

Average price of share, EUR =

$$\frac{\text{Trading volume, EUR}}{\text{Average number of shares traded during the financial period}}$$

Market capitalisation, EUR =

Number of shares at the end of the financial period x closing price on the last trading day of the financial period

Parent Company Income Statement (FAS)

EUR	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Other operating income	5,031,390.19	4,034,658.40
Personnel expenses	–2,976,932.02	–2,806,987.48
Other operating expenses	–3,014,121.36	–2,929,681.63
Operating profit	**–959,663.19**	**–1,702,010.71**
Financial income and expenses	13,906,221.03	21,607,662.25
Profit before extraordinary items	**12,946,557.84**	**19,905,651.54**
Extraordinary items +/–	-	2,736,287.56
Profit before appropriations and taxes	**12,946,557.84**	**22,641,939.10**
Income taxes	248,677.22	–1,209,814.64
PROFIT FOR THE FINANCIAL YEAR	**13,195,235.06**	**21,432,124.46**

Parent Company Balance Sheet (FAS)

EUR	31 Dec 2009	31 Dec 2008
ASSETS		
Non-current assets		
Tangible assets		
Land and water area	149,185.67	149,185.67
Other tangible assets	5,555.56	-
	154,741.23	149,185.67
Investments		
Shares in Group companies	266,013,888.12	244,233,286.45
Receivables from Group companies	89,696,289.21	61,888,594.58
	355,710,177.33	306,121,881.03
Current assets		
Receivables		
Short-term		
Trade receivables	1,363.96	2,586.35
Receivables from Group companies	1,991,409.07	3,929,492.38
Other receivables	14,668.91	401,526.19
Accrued receivables	3,677,668.95	4,825,631.01
	5,685,110.89	9,159,235.93
Cash and bank	64,930,104.68	31,300,547.80
ASSETS TOTAL	**426,480,134.13**	**346,730,850.43**

EUR	31 Dec 2009	31 Dec 2008
LIABILITIES		
Equity		
Share capital	147,899,766.14	147,899,766.14
Other funds	30,000,000.00	30,000,000.00
Invested unrestricted equity reserve	21,037,500.00	-
Retained earnings	31,922,760.66	21,803,746.28
Profit for the financial year	13,195,235.06	21,432,124.46
	244,055,261.86	221,135,636.88
Liabilities		
Long-term		
Deferred tax liabilities	-	1,209,814.64
Short-term		
Trade payables	303,022.62	133,170.82
Liabilities to other Group companies	144,272,849.38	93,574,920.12
Other liabilities	34,408,266.71	29,565,469.89
Accrued liabilities	3,440,733.56	1,111,838.08
	182,424,872.27	124,385,398.91
LIABILITIES TOTAL	**426,480,134.13**	**346,730,850.43**

Shares and Shareholders

Shareholders by type of owner 31 Dec 2009

A shares	Shareholders	% of shareholders	% of shares
Individuals	11,871	95.7	60.5
Corporations and partnerships			
Government and municipal corporations	0	0.0	0.0
Private corporations and partnerships	316	2.5	9.3
Housing associations	3	0.0	0.0
Banks and insurance companies	22	0.2	2.7
Public entities	11	0.1	19.0
Associations and foundations	119	1.0	6.8
Foreign shareholders	59	0.5	1.0
Total	12,401	100.0	99.3
Nominee registrations			0.6
In the joint book-entry account			0.1
			100.0

B shares	Shareholders	% of shareholders	% of shares
Individuals	25,493	94.2	34.5
Corporations and partnerships			
Government and municipal corporations	2	0.0	0.4
Private corporations and partnerships	924	3.4	6.2
Housing associations	5	0.0	0.0
Banks and insurance companies	67	0.2	15.9
Public entities	33	0.1	9.5
Associations and foundations	410	1.5	6.8
Foreign shareholders	116	0.4	1.4
Total	27,050	100.0	74.7
Nominee registrations			25.2
In the joint book-entry account			0.1
			100.0

A and B shares total	Shareholders	% of shareholders	% of shares
Individuals	32,186	94.4	42.7
Corporations and partnerships			
Government and municipal corporations	2	0.0	0.1
Private corporations and partnerships	1,163	3.4	7.4
Housing associations	6	0.0	0.0
Banks and insurance companies	76	0.2	11.7
Public entities	36	0.1	12.5
Associations and foundations	472	1.4	6.8
Foreign shareholders	146	0.4	1.3
Total	34,087	100.0	82.5
Nominee registrations			17.4
In the joint book-entry account			0.1
			100.0

Shareholders by number of shares held 31 Dec 2009

A shares

Shares, pc	Shareholders	% of shareholders	Shares	% of shares
1–100	1,820	14.7	112,642	0.2
101–500	4,246	34.2	1,205,980	2.5
501–1,000	2,191	17.7	1,677,686	3.5
1,001–5,000	3,195	25.8	7,167,303	15.0
5,001–10,000	507	4.1	3,598,841	7.5
10,001–50,000	338	2.7	6,882,042	14.4
50,001–100,000	50	0.4	3,391,233	7.1
100,001–500,000	43	0.3	8,085,849	17.0
Over 500,000	11	0.1	15,478,879	32.5
Total	12,401	100.0	47,600,455	99.9
From which nominee registered	7		283,679	0.6
In the joint book-entry account			66,904	0.1
			47,667,359	100.0

B shares

Shares, pc	Shareholders	% of shareholders	Shares	% of shares
1–100	3,440	12,7	247,379	0.2
101–500	9,752	36.1	2,849,022	2.8
501–1,000	5,610	20.7	4,393,787	4.2
1,001–5,000	6,697	24.8	15,016,400	14.5
5,001–10,000	905	3.3	6,456,030	6.2
10,001–50,000	517	1.9	9,942,542	9.6
50,001–100,000	52	0.2	3,560,558	3.4
100,001–500,000	52	0.2	11,729,712	11.3
Over 500,000	25	0.1	49,331,347	47.6
Total	27,050	100.0	103,526,777	99.9
From which nominee registered	11		26,065,881	25.2
In the joint book-entry account			63,692	0.1
			103,590,469	100.0

A and B shares total

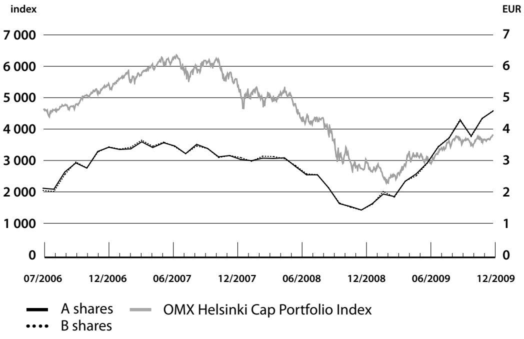
Shares, pc	Shareholders	% of shareholders	Shares	% of shares
1–100	4,439	13.0	312,511	0.2
101–500	11,990	35.2	3,496,020	2.3
501–1,000	6,596	19.4	5,152,286	3.4
1,001–5,000	8,471	24.9	19,554,615	12.9
5,001–10,000	1,419	4.2	10,081,534	6.7
10,001–50,000	939	2.8	18,236,993	12.1
50,001–100,000	111	0.3	7,769,397	5.1
100,001–500,000	88	0.3	17,824,283	11.8
Over 500,000	34	0.1	68,699,593	45.4
Total	34,087	100.0	151,127,232	99.9
From which nominee registered	11		26,349,560	17.4
In the joint book-entry account			130,596	0.1
			151,257,828	100.0

Major shareholders 31 Dec 2009

By number of shares held		A shares	B shares	Total shares	% of total shares	Votes	% of total votes	By number of votes
1.	Varma Mutual Pension	2,653,500	2,727,500	5,381,000	3.56%	55,797,500	5.28%	1.
2.	Ilmarinen Mutual Pension Insurance Company	2,464,256	1,221,536	3,685,792	2.44%	50,506,656	4.78%	2.
3.	Mandatum Life Insurance Company Limited	0	2,295,086	2,295,086	1.52%	2,295,086	0.22%	
4.	Mutual Insurance Company Pension-Fennia	1,525,000	485,000	2,010,000	1.33%	30,985,000	2.93%	4.
5.	Etera Mutual Pension Insurance Company	1,338,887	429,328	1,768,215	1.17%	27,207,068	2.57%	5.
6.	Medical Investment Trust Oy	1,300,000	425,450	1,725,450	1.14%	26,425,450	2.50%	6.
7.	The Land and Water Technology Foundation	1,659,860	0	1,659,860	1.10%	33,197,200	3.14%	3.
8.	The Social Insurance Institution	0	1,659,568	1,659,568	1.10%	1,659,568	0.16%	
9.	The State Pension Fund	0	1,645,000	1,645,000	1.09%	1,645,000	0.16%	
10.	Ylppö Jukka	1,247,136	286,992	1,534,128	1.01%	25,229,712	2.39%	7.
11.	Säästöpankki Kotimaa Equity Fund	200,000	1,312,705	1,512,705	1.00%	5,312,705	0.50%	
12.	Equity Fund Nordea Fennia	0	1,395,349	1,395,349	0.92%	1,395,349	0.13%	
13.	Evli Select Equity Fund	800,000	592,704	1,392,704	0.92%	16,592,704	1.57%	10.
14.	FIM Fenno Equity Fund	346,206	980,500	1,326,706	0.88%	7,904,620	0.75%	
15.	Equity Fund Gyllenberg Finlandia	10,000	1,230,274	1,240,274	0.82%	1,430,274	0.14%	
16.	OP-Suomi Pienyhtiöt	0	1,185,150	1,185,150	0.78%	1,185,150	0.11%	
17.	Oriola Pension Fund*	863,804	305,685	1,169,489	0.77%	17,581,765	1.66%	9.
18.	Tukinvest Oy	1,048,500	0	1,048,500	0.69%	20,970,000	1.98%	8.
19.	OP-Focus-Fund (Non-UCITS)	0	1,008,778	1,008,778	0.67%	1,008,778	0.10%	
20.	UCITS Fund Aktia Capital	43,360	898,829	942,189	0.62%	1,766,029	0.17%	
Total		15,500,509	20,085,434	35,585,943	25.53%	330,095,614	31.23%	
Nominee registrations		283,679	26,065,881	26,349,560	17.42%	31,739,461	3.00%	
Other		31,883,171	57,439,154	89,332,325	59.05%	695,102,574	65.77%	
All shareholders total		**47,667,359**	**103,590,469**	**151,257,828**	**100.0%**	**1,056,937,649**	**100.0%**	

* Not entitled to vote at shareholder's meetings.

Monthly average share price, €



Proposal for Profit Distribution, Signatures for the Board of Directors' Report and the Financial Statements and Auditor's Note

Proposal for profit distribution

The parent company's distributable equity on balance sheet 31 December, 2009 is EUR 96,155,495.72, from which profit for the period is EUR 13, 195,235.06.

The Board of Directors proposes to the Annual General Meeting that the distributable equity will be used as follows:

• a dividend of EUR 0.12 per share will be distributed on 150,914,356 shares	EUR 18,109,722.72
• will be retained on the equity	EUR 78,045,773.00
	EUR 96,155,495.72

There have not been any material changes in the financial position of the company after the end of financial year. Company's liquidity situation is good, and the proposal for profit distribution is not a danger to the company's liquidity situation, according to the Board of Directors.

Signatures for the financial statements and Board of Directors' report

Espoo 10 February 2010

Olli Riikkala Chairman	Antti Remes Vice Chairman	Harry Brade
Pauli Kulvik	Outi Raitasuo	Jaakko Uotila
Mika Vidgrén		

Eero Hautaniemi
President and CEO

Auditor's Note

The auditor's report has been issued today.

Espoo 10 February 2010

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Acountant

Auditor's Report

To the Annual General Meeting of Oriola-KD Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Oriola-KD Oyj for the year ended on 31 December 2009. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and of the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Espoo 10 February 2010

PricewaterhouseCoopers Oy
Authorised Public Accountant

Heikki Lassila
Authorised Public Accountant

Corporate Governance

The responsibilities of the Board of Directors and the President and CEO for overseeing the administration and management of the company are based on the Finnish Companies Act, which is complemented by the Finnish Corporate Governance Code.

The following pages present Oriola-KD's Corporate Governance Statement, which accords with the recommendations of the Finnish Corporate Governance Code, information on management remuneration and details concerning the Board of Directors and the Group Management Team.

Corporate Governance Statement

This Corporate Governance Statement has been prepared in accordance with Recommendation 51 of the Finnish Corporate Governance Code and chapter 2, section 6 of the Securities Markets Act. It is not part of the Report of the Board of Directors.

Oriola-KD Corporation (hereinafter "Oriola-KD" or "the company") complies with the provisions of its Articles of Association, the Companies Act and the Securities Markets Act. The company also complies with the rules issued by NASDAQ OMX Helsinki Ltd, where it is listed, and the regulations and rules issued by the Financial Supervisory Authority. The company's head office is located in Espoo, Finland.

Oriola-KD also observes the Finnish Corporate Governance Code, with the exception that the company's Nomination Committee may also have members, which are not members of the company's Board of Directors. This exception is justified below in the section on the Nomination Committee. The Finnish Corporate Governance Code is available at www.cgfinland.fi.

Oriola-KD prepares its consolidated financial statements and interim reports in accordance with the EU-approved IFRS reporting standards, the Securities Markets Act, applicable Financial Supervisory Authority standards and the rules issued by NASDAQ OMX Helsinki Ltd. The Report of the Board of Directors and the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and the guidelines and statements of the Accounting Board. The auditors' report covers the Report of the Board of Directors, the consolidated financial statements and the parent company's financial statements.

Tasks and responsibilities of the management bodies

The administration and management of the company is the responsibility of the General Meeting of Shareholders, the Board of Directors and the President and CEO, whose duties and responsibilities are mainly laid down in the Finnish Companies Act and the Securities Markets Act. The administration and management of the company are also based on the decisions made by the General Meeting of Shareholders and the company.

General Meeting of Shareholders

The General Meeting of Shareholders is the highest decision-making authority of the company. In the General Meeting of Shareholders, the company's shareholders exercise their powers in accordance with the Companies Act and the Articles of Association. The General Meeting of Shareholders decides on the matters that under the Companies Act and the Articles of Association are within its purview. A General Meeting of Shareholders is convened by the Board of Directors. Under the Articles of Association, the Annual General Meeting is held annually by the end of May on a date determined by the Board of Directors. An Extraordinary Meeting of Shareholders may be convened in the manner provided for in the Companies Act. The Notice of General Meeting must be published in one daily newspaper in the capital city no earlier than two months and no later than twenty-one days prior to the meeting. Oriola-KD also publishes the Notice of General Meeting as a stock exchange release and on its website.

The matters on which the Annual General Meeting decides include the approval of the financial statements, the distribution of profits, discharging liable parties from liability, and the election of the Board members, the Chairman of the Board and the auditors, as well as their remuneration. Decisions to amend the Articles of Association are also taken by a General Meeting of Shareholders. For such an amendment to be made, it must be supported by at least 2/3 of the votes cast and of the shares represented at the meeting.

At General Meetings, each class A share carries 20 votes and each class B share one vote. No shareholder may vote using an amount of votes that exceeds 1/20 of the total number of votes carried by the shares of different share classes represented at the General Meeting. To amend this provision of the Articles of Association, a resolution is required that must be supported by at least 4/5 of the votes cast and of the shares represented.

A shareholder has the right to have matters that, under the Companies Act, falls within the competence of the General Meeting dealt with by the General Meeting, if the shareholder so requests in writing to the Board of Directors well in advance of the meeting so that the matter can be included in the Notice of General Meeting.

The General Meeting of Shareholders should be attended by the President and CEO, the Chairman of the Board of Directors, a sufficient number of Board members, the auditing firm's principally responsible auditor as well as all those put forward as candidates for Board membership for the first time.

Annual General Meeting 2009

The Annual General Meeting of Oriola-KD held on 16 April 2009 approved the financial statements and discharged the President and CEO and the Board members from liability for the 2008 financial year. The Annual General Meeting also authorised the Board to decide on the purchase of the company's class B shares and on a share issue of class B shares against payment. All decisions of the Annual General Meeting are available at the company's website, at www.oriola-kd.com.

Board of Directors

The Board of Directors is responsible for the administration of the company and the appropriate organisation of its operations.

The Board of Directors is responsible for managing the company's operations in accordance with the law and the Articles of Association. The Board also ensures that good corporate governance is complied with throughout the Oriola-KD Group.

The most important matters to be dealt with by the Board are listed in the Board's rules of procedure. Accordingly, the Board's responsibilities include approving the company's strategy, financial targets, budgets, major investments and risk management principles. The Board appoints and dismisses the company's President and CEO. The

Board of Oriola-KD also serves as a so called Group Board for the entire Oriola-KD Group. The Board of Directors considers and decides on all the most significant matters concerning the operations of the Group and the business segments regardless of whether these matters legally require a decision by the Board of Directors of Oriola-KD. The Board has also approved the rules of procedure of the Audit Committee, the Compensation Committee and the Nomination Committee.

The Board of Directors convenes in accordance with a timetable agreed in advance and also convenes as required. In addition to making decisions, the Board of Directors also receives during its meetings topical information about the operations, finances and risks of the Group. Board meetings are also attended by the President and CEO, the Executive Vice President & CFO and the General Counsel (who acts as the secretary of the Board). Members of the Group Management Team attend Board meetings at the invitation of the Board. Minutes are kept of all meetings. In 2009, the Oriola-KD Board convened 21 times, four of which were conference call meetings. The Board members' average attendance rate was 96.7%.

The members of the Board of Directors are elected by the General Meeting of Shareholders. Under the Articles of Association, the Board of Directors consists of no fewer than five and no more than eight members. The members of the Board are elected for one year at a time and the term of the Board expires at the end of the next Annual General Meeting following their election. Persons aged 67 and above may not be elected to the Board of Directors. The Chairman of the Board of Directors is elected by the General Meeting of Shareholders. The Deputy Chairman of the Board is elected by the Board of Directors.

The Nomination Committee's recommendation to the Board for the Board's proposal regarding the composition and remuneration of the Board are given in the Notice of Annual General Meeting. The personal details of the proposed Board members are presented on the company's website.

Board of Directors 2009

The Annual General Meeting of the company held on 16 April 2009 confirmed that the Board of Directors of Oriola-KD shall have seven members and elected the following persons as Board members:

- Mr Olli Riikkala, b. 1951, Chairman of the Board, M.Sc. (Eng.), M.Sc. (Econ.), MBA
- Mr Antti Remes, b. 1947, Vice Chairman, M.Sc. (Econ.)
- Mr Harry Brade, b. 1969, M.Sc. (Eng.), MBA
- Mr Pauli Kulvik, b. 1951, M.Sc. (Eng.) MBA
- Ms Outi Raitasuo, b. 1959, Advocate, Master of Laws (Helsinki), LL.M (Toronto)
- Mr Jaakko Uotila, b. 1949, Pharmacist, Master of Science in Management
- Mr Mika Vidgrén, b. 1960, Pharmacist, Doctor of Pharmacy, Adjunct Professor

In its organisation meeting held on the same date, the Board of Directors elected Antti Remes as its Vice Chairman.

The Board of Directors has evaluated the independence of its members and determined that all members are independent of both the company and its major shareholders. The Board has also conducted an internal self-assessment of its activities and working practices.

Board Committees

The Board of Directors has an Audit Committee and a Compensation Committee. In addition, the company has a Nomination Committee. The Committees' rules of procedure are confirmed by the Board. The Committees are preparatory bodies that submit proposals to the Board on matters within their purview. Minutes are kept of the Committees' meetings. The Committees report to the Board at regular intervals. The Committees do not have independent decision-making powers; their task is to submit recommendations to the Board on matters under consideration.

In its organisation meeting, held after the Annual General Meeting, the Board of Directors appoints the members and the Chairman of the Audit Committee and the Compensation Committee from among its own members.

The process of appointing the members of the Nomination Committee is detailed below in the section on the Nomination Committee.

In addition to the Audit, Compensation and Nomination Committees, the Board of Directors may appoint ad hoc committees for preparing specific matters. Such committees do not have Board-approved rules of procedure and the Board does not release information about their term, composition, the number of their meetings or the members' attendance rates.

Audit Committee

The task of the Audit Committee is to further the supervision of the company's operations and financial reporting. The Audit Committee's responsibilities include reviewing the consolidated financial statements and interim reports, and the basis of these reports, together with the company's principally responsible auditor; reviewing together with the company's principally responsible auditor any deficiencies in the supervision system observed in control inspections during the financial year and any other deficiencies reported by auditors; reviewing any deficiencies in the control system observed in internal audit during the financial year and any other observations and recommendations made; reviewing the plans of action for the control inspection and internal audit and giving recommendations to company management on focus areas for internal audits, evaluating the appropriateness of the supervision of company administration and risk management; and reviewing changes in the principles of company accounting and external reporting prior to their introduction. In addition, the Audit Committee's duties include preparatory work on the decision on electing the auditor and for the decision on obtaining an extended audit, evaluation of the advisory services provided the auditor and carrying out any other tasks assigned to it by the Board. The Audit Committee has four members.

In 2009, the Audit Committee met four times and the attendance rate of the Committee's members was 100%.

As of 16 April 2009, the Chairman of the Committee is Mr Antti Remes and the other members are Mr Harry Brade, Ms Outi Raitasuo and Mr Mika Vidgrén. The members of the Audit Committee are independent of the company and its major shareholders.

Compensation Committee

The Compensation Committee deals with and prepares matters concerning compensation and remuneration of the management and personnel of the Oriola-KD Group as well as matters relating to certain corporate management appointments and makes proposals on such matters to the Board. The Committee's responsibilities include dealing with, evaluating and making proposals on the remuneration structure and compensation and incentive schemes for Group management and personnel; monitoring the functioning of these systems to ensure that management compensation schemes promote achievement of the company's goals and are based on personal performance; dealing with and preparing other matters relating to the compensation and remuneration of management and personnel, and submitting proposals on these to the Board; and dealing with and conducting preparatory work on matters concerning management appointments for decision by the Board. The Compensation Committee has three members.

In 2009, the Compensation Committee convened 7 times and the attendance rate of the Committee's members was 90.6%.

As of 16 April 2009, the Chairman of the Committee is Mr Olli Riikkala and the other members are Mr Pauli Kulvik and Mr Jaakko Uotila. The members of the Compensation Committee are independent of the company and its major shareholders.

Nomination Committee

The Nomination Committee of Oriola-KD 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 Committee members are appointed by the Board, which also appoints one of the members as the Committee's Chairman. Members of the Committee do not need to be members of the Board of Directors. The purpose of this deviation from the Corporate Governance Code is to enable 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. Prior to appointing the Committee members, the Chairman of the Board arranges a meeting with the company's twenty largest shareholders, determined on the basis of number of votes. The purpose of the meeting is to consult the major shareholders on their views as to the composition of the Committee. The Committee presents its recommendation concerning the proposal on the composition and remuneration of the Board to be put before the Annual General Meeting at a meeting held before the end of the January preceding the Annual General Meeting, to which the Chairman of the Board invites the company's twenty largest shareholders, determined on the basis of number of votes.

After the meeting, the Committee notifies the Board of the recommendation it has prepared. The Nomination Committee evaluates the independence of the proposed Board members it has recommended. The Committee's recommendation does not affect the Board's independent decision-making authority or its right to put proposals before the General Meeting. In 2009, the Nomination Committee convened four times and the attendance rate of the Committee's members was 100%.

On 12 November 2009, the Board of Directors elected the following persons to the Nomination Committee: Mr Harry Brade, Mr Risto Murto, Mr Olli Riikkala, Mr Timo Ritakallio, Mr Seppo Salonen and Mr Into Ylppö. Mr Into Ylppö was elected as Chairman of the Committee. The members of the Committee are independent of the company and its major shareholders.

President and CEO and Executive Vice President

The Board of Directors appoints the President and CEO of Oriola-KD and decides on the terms of his/her employment. The current President and CEO of the company is Mr Eero Hautaniemi, M.Sc. (Econ.), born in 1965. In accordance with the Companies Act, the President and CEO manages the company's day-to-day business affairs in accordance with the guidelines and instructions issued by the Board of Directors. In addition, the President and CEO also ensures that the company's accounting complies with Finnish law and that the management of assets is organised in a reliable way. The terms and conditions of the President and CEO's employment are specified in a written service contract.

When necessary, the Board of Directors also appoints an Executive Vice President. The company's Executive Vice President and deputy to the CEO is Mr Kimmo Virtanen, CFO, M.Sc. (Econ.), born in 1968.

Group Management Team

The Group Management Team consists of the President and CEO of Oriola-KD as Chairman and persons appointed by the Board. Currently, the Group Management Team consists of nine members, including the President and CEO, to whom the Team members report. The Group Management Team meets at least once a month to address matters concerning the entire Group. The Group Management Team is not a decision-making body. Its purpose is to assist the President and CEO in the implementation of Group strategy and in operational management, and to facilitate the Group-wide distribution of information concerning the entire Group.

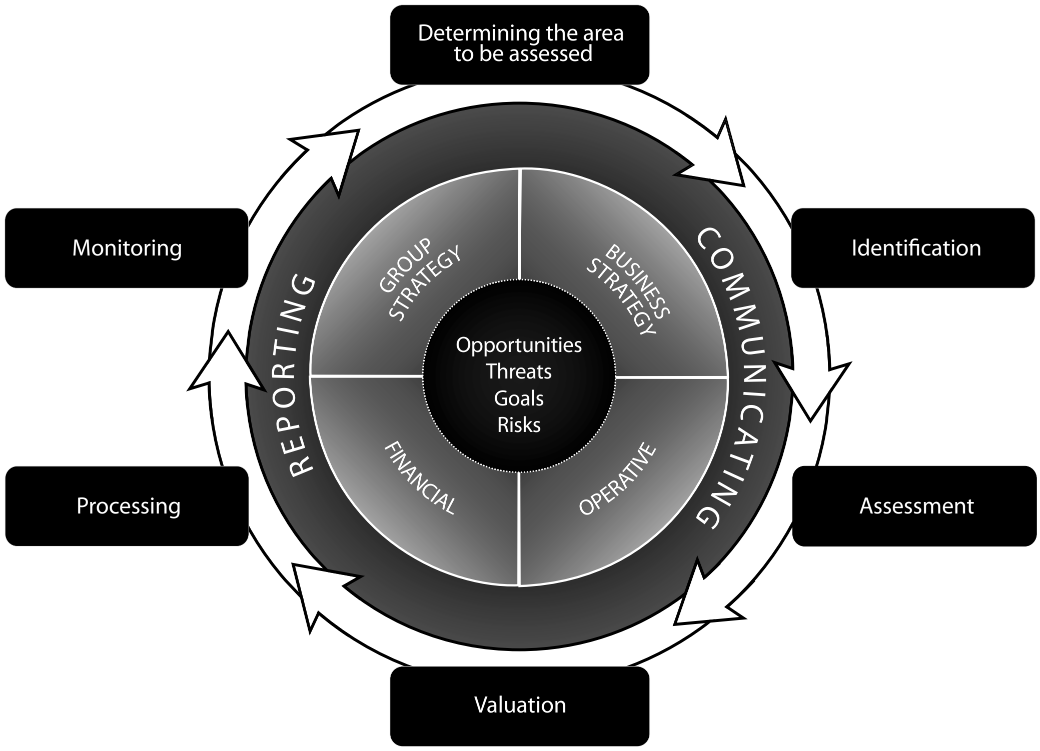
External audit

The company has one auditor, which must be a firm of authorised public accountants. The auditor is elected annually by the Annual General Meeting for a term that expires at the end of the next Annual General Meeting following the election. The task of the auditor is to audit the consolidated financial statements, the financial statements of the parent company, the accounting of the Group and the parent company and the administration of the parent company. The company's auditor submits the auditors' report to the shareholders in connection with the annual financial statements, as required by law, and submits regular reports on its observations to the Board's Audit Committee.

The Annual General Meeting of Oriola-KD held on 16 April 2009 elected PricewaterhouseCoopers Oy, a firm of authorised public accountants, as the company's auditor, with Heikki Lassila, APA, as the principally responsible auditor. The fees for the audit proper paid to the auditing firm PricewaterhouseCoopers Oy in 2009 totalled EUR 227,000. An additional sum of EUR 322,000 was paid for other consultation provided to Group companies.

Internal audit

The Group does not have its own separate internal audit organisation. Oriola-KD meets its internal audit requirements by assigning reporting and audit tasks to the company's auditing firm in accordance with an audit plan approved each year by the Audit Committee of the Board of Directors'.



A model for coordinated risk management

The risk management and internal supervision systems connected with financial reporting

Risk management system

The purpose of risk management is to help the Group to achieve its objectives. The risks threatening the achievement of the objectives can only be managed if they are identified and assessed.

The Board of Directors of Oriola-KD approves the risk management policy and the risk management objectives as well as guides and supervises the planning and implementation of the risk management. The Board-appointed Audit Committee supervises risk management in the Group.

The management of the Oriola-KD Group has operative responsibility for risk management. The general principles governing risk management and its development, coordination and monitoring are the responsibility of a risk management team, which reports to the Group's CFO.

Oriola-KD's risk management policy is part of the Group's management process and its different components. The purpose of the policy is to ensure that risks can be comprehensively identified, assessed, managed and monitored throughout. It is an integral part of Oriola-KD's planning and management system, decision-making, daily management, monitoring and reporting.

The principle governing the risk management policy is illustrated on page 57. The risks that may interfere with the achievement of the objectives in the sector in question are identified and assessed as part of business operations planning. The first steps in the risk management process are:

1) Risk identification
2) Evaluation of the likelihood of the risks occurring if no preventive measures are taken
3) Evaluation of the consequences of the risks occurring, by calculating the cumulative financial losses during the strategy period
4) Preparation of a risk management plan i.e. measures helping to avoid risks, to make them less likely or to mitigate the consequences
5) Risk management is incorporated into the monitoring reports regularly submitted to the management

As part of the risk management efforts, the Group's risk management team maintains a risk database, which can be continuously updated by including new risks that have been identified and that can threaten business operations.

The Group Management Team and the Board of Directors receive yearly reports on the risk management situation.

Supervision environment

The purpose of Oriola-KD's internal supervision system is to support the implementation of the Group strategy and to ensure that all regulations are observed. The company's internal supervision is based on a Group structure, in which the Group's operations are organised into business segments and Group functions. Group functions issue Group-level guidelines laying down the operational framework and the persons responsible for the process. The guidelines cover such areas as accounting, reporting, financing and investments.

Supervisory measures

The supervisory measures refer to instructions and guidelines that help to ensure the proper management of all functions. They help to ensure that all risks that are connected with the achievement of the company's objectives can be identified and prevented. The measures cover all Group levels and functions and information systems play an important role in them. Information systems are of vital importance to effective internal supervision as many of the supervisory measures rely on information technology.

Communications and distribution of information

Effective communications and distribution of information help to ensure the reliability and correct timing of financial reporting, for example by making instructions and guidelines on financial reporting as widely known as possible. Oriola-KD's accounting manual contains instructions and guidelines on accounting and financial reporting that must be observed in all Group companies. The instructions are based on the international IFRS standards. Changes in IFRS standards are monitored in the Group and the manual is updated whenever changes are introduced. The manual helps to ensure that the Group can meet all reliability requirements concerning its financial reporting.

In addition to a Group-level accounting manual, individual business segments also have their own sets of instructions that have been drawn up in accordance with their needs. The guidelines drawn up for individual business segments are consistent with the Group-level accounting manual and as a result there are no contradictions.

New instructions are regularly published on the company's internal website. Staff members can provide feedback to the management and anonymously report any questionable activities through the company intranet. Corporate Communications is responsible for all external communications, as laid down in the Group's communications policy.

Monitoring

The Group Management Team monitors the performance of the Group using monthly reports. The financial situation of the Group is also monitored in each Board meeting. The Audit Committee and the Board of Directors examine the interim reports and financial statements before their publication. Monitoring of the monthly reports also ensures the effectiveness of the internal supervision. Each business segment must ensure effective supervision of its own operations as part of Group-level internal supervision. The business segments and a Group-level controller organisation are responsible for the evaluation of the processes covering financial reporting. The evaluations must contain balances and analyses, which are compared with budgets, assessments and various economic indicators.

Remuneration

Fees and other benefits for Board members

The Annual General Meeting decides annually on the fees payable to members of the Board of Directors for one term of office at a time. On 16 April 2009, the Annual General Meeting confirmed that the Chairman of the Board will receive EUR 44,000 in remuneration for his term of office, the Vice Chairman EUR 27,500 and the other members of the Board EUR 22,000 each. The Board's remuneration will be paid in cash. The Chairman of the Board will receive an attendance fee of EUR 800 for each meeting, and the other Board members EUR 400 per meeting. Attendance fees will also be paid in the same manner to members of any committees set up by the Board of Directors or the company. The Chairman of the Board will also have a company-paid phone. Travel expenses will be paid in accordance with the travel policy of the company. In 2009, the total remuneration paid to the Board amounted to EUR 249,300. These remuneration sums are itemised on page 43. Additionally, the Board has decided to pay Board Chairman Mr Olli Riikkala and Board member Mr Pauli Kulvik a bonus of EUR 5,000 each for the extra work performed in the Swedish pharmacy monopoly deregulation project in 2009.

The members of the Board of Directors are not covered by the company's share incentive scheme. The company has not granted any loans to Board members nor given guarantees on their behalf.

Remuneration arrangements for the President and CEO and other executives

The salary of the President and CEO and other members of the Group Management Team consists of a fixed base salary, fringe benefits and a performance bonus payable upon achievement of the company's financial targets and personal targets. The maximum performance bonus in 2009 for the President and CEO was 50% of annual salary and for other Group Management Team members 25% of annual salary. Decisions on performance bonuses are made by the Board of Directors.

The President and CEO and certain key personnel in the company are also covered by a share incentive scheme determined by the Board. The scheme unites the objectives of shareholders and key personnel to increase the value of the company, commits the key personnel to the company, and offers key personnel a competitive remuneration system based on ownership of shares in the company.

Payment under the share incentive scheme for 2007–2009 is determined on the basis of the Oriola-KD Group's operating profit (EBIT) and return on capital employed (ROCE) for 2007–2009. Payment is made over the period 2008–2010 in the form of the company's class B shares, cash or a combination of these. Except for certain special circumstances, no transfer of these shares is permitted during a period of one year after the payment is made. The incentive scheme comprises three earning periods of one year each. The number of class B shares within the scheme may not exceed 650,000. So far, a total of 306,888 class B shares have been transferred to key personnel covered by the scheme. The maximum amount of share-based payments for the 2009 earning period is a total of 254,800 class B shares. The Board decides on the target group for the earning period and the payments for the key personnel in the target group at the beginning of each earning period. The 2007–2009 target group for the share incentive scheme consist of 21 employees.

On 10 February 2010, Oriola-KD's Board of Directors decided on a new share incentive scheme for the Group's key personnel for the years 2010–2012. The new scheme is a continuation of the 2007–2009 share incentive scheme. The scheme has three earning periods, which are the calendar years 2010, 2011 and 2012. The company's Board of Directors decides on the earning criteria for the earning period and the targets to be set for these at the start of each earning period. Any payment under the scheme for the earning period 2010 will be based on Oriola-KD Group's operating profit (EBIT) and return on capital employed (ROCE). The Board of Directors has the opportunity to change the earning criteria in the subsequent earning periods. Any payment made on each earning period will be paid partly in the form of the company's class B shares and partly as cash. The proportion paid as cash will cover the taxes and tax-like charges associated with the payment. If, at the time the payment is to be made under the scheme, the total earnings of a key employee exceed his/her total salary of the previous year by a factor of 3.5, any amount over and above this will be subtracted from the sum payable under the scheme. Total earnings means the total salary, annual bonus and long-term incentive scheme altogether, and total salary means base salary plus fringe benefits. The new incentive scheme's target group consists of about 55 employees, and the company's class B shares under the scheme can total a maximum of 1,200,000 shares. The payments to be made under the scheme correspond in total to a value of no more than approximately 2,400,000 Oriola-KD Corporation class B shares (including the proportion to be paid as cash).

The company has not granted any loans to the President and CEO or to members of the Group Management Team, nor given guarantees on their behalf. The company has no share option scheme in place. The President and CEO and the members of the Group Management Team have no supplementary pension scheme.

Financial benefits of the President and CEO

The salary and other remuneration, including fringe and other benefits, paid in 2009 to the President and CEO, Eero Hautaniemi, amounted to a total of EUR 807,655, as follows:

- fixed base salary of EUR 352,444
- fringe benefits of EUR 15,900
- performance bonus of EUR 275,151 and
- share-based payments of EUR 164,160

The President and CEO has a six-month period of notice and is entitled to severance pay equal to 12 months' salary. The retirement age of the President and CEO is 63 and his pension is in accordance with the Employees' Pensions Act.

Salaries and other remuneration of the Group Management Team

The base salaries paid in 2009 to the members of the Group Management Team totalled EUR 1,469,081 and the performance bonuses totalled EUR 202,936.

Insider administration

Oriola-KD complies with NASDAQ OMX Helsinki Ltd's Guidelines for Insiders, which serve as the basis for the company's internal insider guidelines adopted by the Board of Directors. Oriola-KD's public insiders are the company's Board members, auditors, President and CEO and other Group Management Team members. Persons employed by the company who, by virtue of their position or duties, receive insider information on a regular basis comprise the company-specific insiders. The register of public and company-specific insiders is held in the SIRE system of Euroclear Finland Ltd. Under the company's insider guidelines, the company's insiders are prohibited from trading in the company's shares for one month prior to the publication of the financial statements bulletin and for three weeks prior to publication of interim reports. The company also keeps a separate project-specific insider register as necessary, and the persons entered in that register are prohibited from trading in the company's shares for the duration of the project in question.

Communication

Up-to-date information complying with the Corporate Covernance Code is available on the Oriola-KD website at www.oriola-kd.com. A summary of the company's stock exchange releases is featured on page 64.

Members' of the Board of Directors, CEO's and Members' of the Group Management Team shareholdings 31.12.2009

	A shares	B shares	Shares total
The Board of Directors			
Harry Brade	15,676	0	15,676
Pauli Kulvik	0	0	0
Outi Raitasuo	0	0	0
Antti Remes	0	0	0
Olli Riikkala	13,000	1,081	14,081
Jaakko Uotila	0	2,630	2,630
Mika Vidgren	0	0	0
Apotrade Consulting Oy	0	10,000	10,000
CEO			
Eero Hautaniemi	0	101,850	101,850
Group Management Team			
Kariniemi Anne	0	25,830	25,830
Marlow Cecilia	0	20,000	20,000
Niemi Jukka	1,000	17,370	18,370
Vaalavirta Ilari	0	34,560	34,560
Virtanen Kimmo	0	34,560	34,560

Board of Directors

Mr Olli Riikkala, Chairman, b. 1951

M.Sc. (Eng.), M.Sc. (Econ.), MBA (Claremont Graduate University, California, USA)
Chairman of the Compensation Committee
An independent member since 2006
Shares in Oriola-KD Corporation: 13,000 Class A shares, 1,081 Class B shares

Primary career

2004–2006, GE Healthcare - Information Technologies, Senior Advisor
2003, GE Healthcare, Senior Executive
1997–2004, Instrumentarium Corporation, Managing Director
1979–, employed with Instrumentarium Corporation, holding several management positions involving profit responsibility from 1982 onwards

Key positions of trust

Chairman of the Board of Helvar Merca Oy Ab, Comptel Corporation, Fastems Oy Ab, Helvar Oy Ab
Deputy Chairman of the Board of Tieto Corporation
Member of the Board of Clinical Research Institute Helsinki University Central Hospital Ltd, Biomedicum Helsinki Foundation, Instrumentarium Scientific Foundation

Mr Pauli Kulvik, b. 1951

M.Sc. (Eng.), MBA (Centre des Études Industrielles, Geneva, Switzerland)
An independent member since 2006
Shares in the Oriola-KD Corporation: 0 Class A shares, 0 Class B shares

Primary career

2002–Helmet Capital, partner
1998–2002 Group CEO, Tamro Group
1977–1998 Neste plc:
1994–1998 Director, Group auxiliary staff and EU affairs
1990–1994 Director, Oil sector
1986–1989 Vice President, Marketing companies
1979–1980 Director, Oil prospecting and Commercial coordination unit
1977–1979 Corporate Planning

Key positions of trust

Chairman of the Board of Elektromet-Yhtiöt Oy, Kultajousi Oy, L-Fashion Group Oy, Termorak Oy, Helmet Venture Management Oy, Firecon Oy
Member of the Board of Euracon Oy, IVK-Tuote Oy, Rumtec Oy, Hyrles Oy, Halikko Group Oy
Chairman of the Board of Tomi Steel Oy until 2008

Mr Harry Brade, b. 1969

M.Sc. (Eng.), MBA (London Business School)
An independent member since 2007
Shares in the Oriola-KD Corporation: 15,676 Class A shares, 0 Class B shares

Primary career

2002–Lamy Corporation, Investment Director
2004–2006 GE Health Care, Regional Leader
2003–2004 GE Health Care, Intergration Manager and Business Development Leader
2000–1999 Nokia Networks, Austria, Manager, Marketing and Sales
1996–1999 Nokia Networks, Finland, Marketing Manager
1994–1996 Datex-Ohmeda, Product Specialist

Key positions of trust

Chairman of the Board of Lamy Corporation
Member of the Board of Medical Investment Trust Oy

Ms Outi Raitasuo, b. 1959

Advocate, Master of Laws University of Helsinki, LL.M. University of Toronto
An independent member since 2006
Shares in the Oriola-KD Corporation: 0 Class A shares, 0 Class B shares

Primary career

Hannes Snellman Attorneys Ltd , advocate, partner since 1997
1986–1987 Hollola district court, trainee district judge

Key positions of trust

Member of the Board of RF Micro Devices (Finland) Oy, Mundipharma Oy, Hannes Snellman Attorneys Ltd
Member of the Board of Efore Plc 2004–2008.

Mr Antti Remes, Vice Chairman, b. 1947

M.Sc. (Econ.)
An independent member since 2006
Shares in the Oriola-KD Corporation: 0 Class A shares, 0 Class B shares
Chairman of the Audit Committee

Primary career
2007–Tradeka, President, Senior Advisor
1994–2007 Cooperative Tradeka Corporation, President
1991–1994 Tradeka, President
1989–1990 Tradeka, Vice President
1990–1991 Cooperative Eka Corporation, Vice President, Business Development,
1984–1988 Rautakirja Group, member of the Executive Board
1979–1988 Suomalainen Kirjakauppa Oy, Managing Director

Key positions of trust
Member of the Board of Metsä-Tissue Oy
Chairman of the Board of Tradeka Oy until 2007
Chairman of the Board of Restel Oy until 2007
Member of the Supervisory Board of Varma Mutual Pension Insurance Company until 2007
Member of the Elections Committee of the Confederation of Finnish Industries EK until 2007

Mr Mika Vidgrén, b. 1960

Pharmacist, Doctor of Pharmacy, Adjunct Professor (Universities of Helsinki and Kuopio)
An independent member since 2006
Shares in the Oriola-KD Corporation: 0 Class A shares, 0 Class B shares

Primary career
2006–Espoonlahden Apteekki pharmacy, pharmacist
2002–2005 Savonlinnan III Apteekki pharmacy, pharmacist
1982–2001 Between 1982 and 2001 Mr Vidgrén has been involved in the Finnish and international pharmaceutical industry as well as held the highest research and teaching positions in pharmacy at the Universities of Helsinki and Kuopio. He has also worked at such renowned international research institutes as Baylor College of Medicine in Houston, TX and the Harvard School of Public Health in Boston, MA.

Key positions of trust
Chairman of the Board of the Association of Finnish Pharmacies, Medifon Oy, Pharmadata Oy, Pharmadomus Oy.
Member of the Board of Pharmaservice Oy
Member of Supervisory Board of Helsinki OP Bank Plc
Vice President of the Pharmaceutical Group of the European Union 2007 and 2009
President of the Pharmaceutical Group of the European Union 2008

Mr Jaakko Uotila, b. 1949

Pharmacist, Master of Science in Management (California American University)
An independent member since 2006
Shares in the Oriola-KD Corporation: 0 Class A shares, 2,630 Class B shares

Primary career
2001–Alko Oy, CEO
1996–2001 University Pharmacy, Pharmacist/Managing Director
1977–1996 Orion Corporation, gaining extensive experience of the pharmaceutical industry in positions involving production, R&D and marketing, most recently Vice President of then Orion-Farmos with responsibility for business development.

Key positions of trust
Vice Chairman of the Federation of Finnish Commerce
Member of the Board of the Finnish Foundation for Alcohol Studies
Member of the Executive Board of Luottokunta

Group Management Team 1 January 2010

President and CEO

Mr Eero Hautaniemi, s. 1965

M.Sc. (Econ.)

President of the Wholesale and Distribution Division of the Orion Group as of 2 January 2006 . At its meeting of 10 October 2005, the Board of Directors of Orion Corporation appointed Eero Hautaniemi President of the Wholesale and Distribution Division of the Orion Group as of 2 January 2006. In 2003–2004, Mr Hautaniemi was General Manager of the Oximetry, Supplies and Accessories Business Area of GE Healthcare IT. Mr Hautaniemi has held positions in financial and operational business management with Instrumentarium Group in Finland and the United States since 1990.

The President and CEO has six-month period of notice and is entitled to severance pay equal to 12 month's salary. The retirement age of the President and CEO is set at 63 years and pension is determined in accordance with the Finnish Employee Pnesions Act.

Key positions of trust
Member of the Board: Lassila & Tikanoja Corporation, Nurminen Logistics Corporation

Executive Vice President

Mr Kimmo Virtanen, s. 1968

M.Sc. (Econ.)
Executive Vice President and CFO, Oriola-KD Corporation

Mr Virtanen was appointed CFO for the Wholesale and Distribution Division of Orion Group on 1 June 2006. Mr Virtanen joined Orion from Componenta Plc where he was CFO in 2003–2006. Before that, Mr Virtanen worked in financial administration in the Cultor Group (1995–1999) and served as CFO of the Danisco Sweeteners Division in the UK and Finland (1999–2003).

Members of Group Management Team

Mr Henry Fogels, s. 1963

MBA, Doctor
Vice President, Pharmaceutical Retail, Russia

Henry Fogels has joined the Oriola-KD Group as the General Director of the Russian pharmacy retail company Vitim & Co on April 2009. Mr Fogels has previously held the positions of CEO of JSC Riga Dairy, CEO of Aldaris Baltic Beverages Holding and the General Director of Kesko Food Latvia (2001–2004). Before that 7 years in leading positions of Marketing, Sales and Logistics.

Mr Thomas Gawell, b.1963

M.Sc. (Econ)
Vice President, Pharmaceutical Wholesale, Sweden

Thomas Gawell joined Kronans Droghandel AB as Financial Manager in June 2001. In August 2008 he was appointed Director, Pharmaceutical Wholesale, Sweden and in June 2009 as a Managing Director of Kronans Droghandel AB. Gawell has a degree from Gothenburg School of Economics and has worked as financial manager in 10 years before joining Kronans Droghandel AB.

Ms Anne Kariniemi, s. 1970

M.Sc. (Eng.)
Vice President, Sourcing and Logistics

Ms Anne Kariniemi joined Oriola-KD Corporation in January 2007 as Vice President, Sourcing and Logistics. Ms Kariniemi joined Oriola-KD from Onninen Oy where she has worked as Senior Vice President, Logistics (2002–2006). Before that Ms Kariniemi has worked for Nokia Mobile Phones as Logistics Manager.

Ms Kariniemi is a Board member of Finnpilot, Finnish State Pilotage Enterprise and has been Board member of Finnish Association of Logistics in 2004–2006.

Mr Vladimir Knyazev, s. 1965

Doctor
Vice President, Pharmaceutical Wholesale, Russia

Vladimir Knyazev has joined the Oriola-KD Group as the General Director of the Russian wholesale business Moron on April 2009. Mr Knyazev has graduated from the military medical faculty of Medical Institute and he has worked at the hospital Nizhny Novgorod, then started at Protek in 1996 and left the company in 2004 as the Commercial Manager. After that Mr Knyazev took the position of the Commercial Manager at Moron.

Ms Cecilia Marlow, s. 1960

M.Sc. (Econ.)
Vice President, Pharmaceutical Retail Sweden

Cecilia Marlow joined the Oriola-KD Group as a Vice President, Retail, Sweden on August 2008 and she was appointed Managin Director Kronans Droghandel Retail AB on 9 November 2009. Ms. Marlow has a degree from Stockholm School of Economics, and she has worked with controlling and analysis the first 10 years, and after that 15 years in different leading operative positions in retail and advertising. Ms. Marlow also has two non-executive directorships; Clas Ohlson and Catella Capital.

Mr Jukka Niemi, s. 1964

Master of Pharmacy (Biopharmacy)
Vice President, Pharmaceutical Trade Finland

Mr Jukka Niemi joined the Orion Group Oriola in 1993. He has had several positions in sales and marketing, pharmaceutical distribution and head of business area. Since year 1999 Mr Niemi has worked as an assistant Vice President in OTC-Marketing at Orion Pharma till 2003 and as an assistant Vice President in internal consultant for business development in Baltic market area in Oriola Oy. Since year 2004 Mr Niemi has been working as a Vice President in Pharmacy and Retail Marketing.

Mr Niemi has been a Board member Pharmaceutical Wholesale Association.

Mr Ilari Vaalavirta, s. 1967

M.Sc. (Eng.)
Vice President, Healthcare Trade

Mr Vaalavirta joined Oriola-KD in 2000 as Assistant Vice President, Oriola Prolab. In 2003, Mr Vaalavirta assumed responsibility also for the Hospital Supplies unit of Oriola. Mr Vaalavirta was appointed Vice President, Healthcare and Research upon formation of the Division on 1 January 2005. Mr Vaalavirta served ABB Asea Skandia Oy in 1993–1995, holding positions in financial administration and business development. Mr Vaalavirta held supervisory and management positions in business development, marketing and sales in the Instrumed unit of Instrumentarium Plc in 1995–2000, most recently serving as President of the business unit for hospital and laboratory supplies.

Mr Vaalavirta is Chairman of the Board of Directors of Laboratorio- ja terveydenhuoltoalan tavarantoimittajien yhdistys Sai-Lab ry (Association of Suppliers in the Laboratory and Healthcare Sectors Sai-Lab).

An extended Group Management Team, composed of the Group Management Team and the heads of the Group functions, also operates in the Group.

Group Management Team 1 March –31 December 2009

Pursuant to the resolution of the Board of Directors of Oriola-KD Corporation on 11 February 2009, as of 1 March 2009 Oriola-KD Corporation's Group Management Team is composed of

Eero Hautaniemi	President and CEO
Anne Kariniemi	Vice President, Logistics and Sourcing
Cecilia Marlow	Vice President, Pharmaceutical Retail, Sweden
Jukka Niemi	Vice President, Pharmaceutical Trade Finland
Ilari Vaalavirta	Vice President, Healthcare Trade
Kimmo Virtanen	Executive Vice President & CFO

Group Management Team 1 January–28 February 2009

Eero Hautaniemi	President and CEO
Claes von Bonsdorff	Vice President, Information Management
Thomas Heinonen	General Counsel
Pellervo Hämäläinen	Vice President, Corporate Communications & IR
Anne Kariniemi	Vice President, Logistics and Sourcing
Cecilia Marlow	Vice President, Pharmaceutical Retail, Sweden
Matti Lievonen	Senior Advisor, Pharmaceutical Wholesale, Finland
Jukka Niemi	Vice President, Pharmaceutical Wholesale, Finland
Teija Silver	Vice President, Human Resources
Ilari Vaalavirta	Vice President, Healthcare Trade
Kimmo Virtanen	Executive Vice President & CFO

An extended Group Management Team, composed of the Group Management Team and the heads of the Group functions, also operates in the Group.

Stock Exchange Releases and Announcements in 2009

19.1.2009	Recommendation by the Nomination Committee for proposals by the Board of Directors to the AGM
30.1.2009	Oriola-KD Corporation's Annual Summary 2008
4.2.2009	Publishing of Oriola-KD Corporation's financial statements for 2008
12.2.2009	Oriola-KD Corporation's Financial Statements for 1 January–31 December 2008
20.2.2009	Oriola-KD Corporation's 300,000 A-shares converted into B-shares
6.3.2009	Oriola-KD has acquired the minority holding of Organon AB in Kronans Droghandel AB
19.3.2009	Board of Directors decides on a directed bonus issue as a part of share-based in
19.3.2009	Notice of Annual General Meeting of Oriola-KD Corporation 2009
23.3.2009	Oriola-KD Corporation's Annual Report for 2008 published
26.3.2009	Oriola-KD Corporation's Board of Directors has decided to change its proposal to the Annual General Meeting on the issue of stock options
3.4.2009	New General Directors for Oriola-KD's Russian subsidiaries appointed
14.4.2009	Oriola-KD Corporation's Board of Directors withdraws its proposal to the Annual General Meeting on the issue of stock options
16.4.2009	Resolutions Passed by Oriola-KD Corporation's Annual General Meeting and by the Board of Directors
17.4.2009	Oriola-KD's comparable figures for 2008 based on the new segment structure
22.4.2009	Publishing of Oriola-KD Corporation's interim report 1 January–31 March 2009
29.4.2009	Oriola-KD Corporation's interim report for 1 January31–March 2009
29.5.2009	Oriola-KD increases the number of key persons belonging to the Oriola-KD Group's share-based incentive scheme
2.6.2009	Oriola-KD's directed issue of up to 9.35 million B shares
3.6.2009	Oriola-KD completes the 9.35 million class B shares directed issue to institutional investors
8.6.2009	Oriola-KD Corporation's directed issue has been implemented and registered
15.6.2009	Oriola-KD to join forces with KF on the Swedish pharmacy market
29.6.2009	Announcement in accordance with Section 10 of Chapter 2 of the Finnish Securities Market Act
6.7.2009	Oriola-KD Corporation's 265,170 A-shares converted into B-shares
27.7.2009	Publishing of Oriola-KD Corporation's interim report 1 January–30 June 2009
28.7.2009	Preliminary information: Oriola-KD's January-June 2009 operating profit increased 103 percent to EUR 25.9 million
13.8.2009	Oriola-KD Corporation's interim report for 1 January–30 June 2009
15.9.2009	Oriola-KD Corporation's 159,674 A-shares converted into B-shares
19.10.2009	Publishing of Oriola-KD Corporation's interim report 1 January–30 September 2009
29.10.2009	Oriola-KD Corporation's interim report for 1 January–30 September 2009
9.11.2009	Oriola-KD to acquire 171 pharmacies in Swedish auction process
12.11.2009	Composition of the Oriola-KD Corporation Nomination Committee
16.11.2009	Publication schedule for Oriola-KD's financial reporting in 2010
25.11.2009	Oriola-KD Corporation's 300,000 A-shares converted into B-shares
9.12.2009	Partial demerger of Oriola-KD Corporation's subsidiary Oriola Oy and nominations in the Oriola-KD Group
16.12.2009	Changes in Oriola-KD Group's Management Team

Some of the information included in the releases might be out-of-date.
Stock Exchange Releases will be found in Oriola-KD Corporation's website www.oriola-kd.com

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