

Oriola-KD Oyj

Balance Book

1.1. - 31.12.2014

Report of the Board of Directors and
Financial Statements

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Report of the Board of Directors

Profitability of Oriola-KD Group (hereinafter Oriola-KD) improved in both operating segments in Pharmaceutical Trade Sweden. In the Swedish retail business the development of product portfolio and customer loyalty programme were continued. In October Kronans Apotek pharmacy chain's loyalty programme celebrated its millionth member. The fourth quarter profitability of the Swedish retail business was negatively affected by price reductions of certain prescription medicines. The profitability of the Swedish wholesale business was strengthened by the increased volume as well as an efficiency program carried out in accordance with the Group's plan. The efficiency measures to improve the performance of the Swedish businesses will continue in accordance with the Group's strategy in 2015.

In Finland major cooperation agreements with Roche and AbbVie were renewed and online services continued to improve. In September the product portfolio of online shop increased significantly when Orion's traded goods products moved over to Oriolashop.fi. In Baltics the position in pharmaceutical retail business was strengthened by acquiring "SIA Rigas Elizabetes aptieka", a pharmacy in Riga city centre.

On 8 December an agreement to sell all Russian businesses to the Russian pharmacy chain CJSC "Apteki 36.6" was entered into. The decision to sell the Russian businesses was based on Oriola-KD's estimates on the outlook of the Russian pharmaceutical markets, on the competitive environment and the further development of profitability of the Russian businesses. Profit for the period for Russian businesses in 2014 was EUR -111.1 (-11.4) million, impairment loss, accumulated translation differences, foreign exchange differences and cost of disposal recognised on sale of the Russian businesses totalled EUR -147.7 million. Profit for the period from discontinued operations was EUR -258.8 (-11.4) million.

Going forward, Oriola-KD will focus on developing the businesses in Finland, Sweden and Baltic countries in accordance with the Group's strategy. Oriola-KD wants to be the leading pharmaceutical retail operator and pharmaceutical distributor and service provider for pharmaceutical companies and consumers.

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). These financial statements comprise of the continuing operations of the Company unless otherwise stated. The results for the Russian businesses sold in December 2014 are presented as discontinued operations separately from the results from continuing operations in 2014 and 2013 results have been revised accordingly. The consolidated statement of financial position for 2013 includes the assets and liabilities of discontinued operations.

Key Figures from continuing operations ¹⁾	2014	2013
Goodwill, EUR million	250.9	379.0
Equity, EUR million	113.6	278.1
Interest-bearing debt, EUR million	193.9	318.8
Net interest-bearing debt, EUR million	102.4	181.5
Total assets, EUR million	874.0	1,500.1
Equity ratio, %	13.3	19.2
Return on equity (ROE), %	23.7	2.0
Return on capital employed (ROCE), %	14.4	4.2
Gearing, %	90.1	65.3
Net debt / 12-month EBITDA from continuing operations	1.2	3.7
Equity per share, EUR	0.75	1.84
Earnings per share, continuing operations, EUR	0.29	0.11
Earnings per share, incl. Discontinued operations, EUR	-1.42	0.04
Average number of shares, 1000 pcs ²⁾	151,130	151,157
Average number of personnel, continuing operations	2,377	2,156
Number of personnel at the end of the period, continuing operations	2,356	2,375
Gross investments, continuing operations, EUR million	25.7	189.6

¹⁾ Comparative balance sheet items include discontinued operations unless otherwise stated.

²⁾ Treasury shares held by the company not included

Changes in the Group Structure in 2014

On 21 November 2014 Oriola-KD sold share capital of Oriola-KD Holding Sverige AB to Oriola-KD Holding Russia Oy as an intra-group share transaction. Oriola-KD Russia Holding Oy name was changed to Oriola-KD Holding Oy in December 2014.

On 1 December 2014 Oriola-KD Group company Oriola Oy acquired the share capital of "SIA Rigas Elizabetes aptieka" a pharmacy in Latvia in Riga city centre.

On 8 December 2014 Oriola-KD Group company Oriola-KD Holding Russia Oy sold the share capital of its Russian subsidiaries to CJSC Apteki 36.6. Oriola-KD classifies Russian businesses in as discontinued operations.

Oriola-KD's net sales and result for continuing operations

Oriola-KD's net sales decreased by 0.5 per cent to EUR 1,612.3 (1,619.7) million and operating profit excluding non-recurring items increased by 59.5 per cent to EUR 59.1 (37.0) million. Operating profit was EUR 65.0 (29.3) million. The positive development of Oriola-KD's operating profit was supported by the improved profitability in Swedish operating segments. Oriola-KD recognized a non-recurring capital gain of EUR 7.5 million for the fourth quarter 2014 regarding the sale and leaseback agreement of Mölnlycke central warehouse in Sweden. The comparative period operating profit includes EUR 2.7 million expenses associated with a business acquisition in Sweden.

Profit after financial items was EUR 57.1 (20.9) million and profit for the period was EUR 46.5 (17.1) million. Oriola-KD's net financial expenses decreased to EUR 7.8 (8.4) million. Earnings per share were EUR 0.29 (0.11).

Return on equity was 23.7 (2.0) per cent in 2014. Return on equity is calculated based on continuing operations in year 2014 and include discontinued operations in year 2013.

Reportable segments

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

On 8 December 2014 Oriola-KD sold its Russian businesses to CJSC Apteki 36.6. Oriola-KD classifies Russian businesses as discontinued operations.

Reporting segment results in the Oriola-KD management reports include management fee. Segment information for 2013 has been revised to correspond with the current presentation.

Pharmaceutical Trade Finland and Baltics

Key Figures

EUR million	2014	2013	Change %
Net Sales	435.9	425.3	2.5
Pharmaceutical wholesale in Finland	348.7	342.1	1.9
Pharmaceutical wholesale in Baltics	46.6	41.0	13.7
Consumer Health	40.9	42.7	-4.1
Operating profit % excluding non-recurring items	19.6	18.8	4.3
Operating profit	19.2	18.8	1.9
Operating profit % excluding non-recurring items	4.5	4.4	
Operating profit %	4.4	4.4	
Number of personnel at the end of period	523	501	

The net sales of Pharmaceutical Trade Finland and Baltics increased by 2.5 per cent to EUR 435.9 (425.3) million. Operating profit excluding non-recurring items was increased by 4.3 per cent to EUR 19.6 (18.8) million. Operating profit increased by 1.9 per cent to EUR 19.2 (18.8) million.

The net sales of the wholesale business in Finland was EUR 348.7 (342.1) million and invoicing totalled EUR 1,015.7 (1,022.6) million. Net sales of the wholesale business in the Baltic countries increased due to broadened service portfolio and were EUR 46.6 (41.0) million. Net sales of the Consumer Health business were EUR 40.9 (42.7) million.

The EBITDA excluding non-recurring items of Pharmaceutical Trade Finland and Baltics was EUR 23.7 (22.2) million and EBITDA was EUR 23.2 (22.2) million.

Profitability of Pharmaceutical Trade Finland and Baltics remained at the level of the comparative period. During the last quarter of 2014 Oriola-KD renewed agreements with Roche, Novo and AbbVie in Finnish wholesale business. In Finland, a co-operation agreement with Orion Corporation strengthened the product portfolio of the Oriolashop.fi online shop targeted to the healthcare professionals. Orion's traded goods products moved over to Oriolashop.fi from the beginning of September. Sales of the main Consumer Health brands, such as Avène, Lysi, Gefilus and Pharmacare increased in 2014.

Oriola-KD started delivering pharmaceutical re-packing services from Baltics. In Baltics Oriola-KD strengthened its position in pharmaceutical retail business by acquiring "SIA Rigas Elizabetes aptieka", a pharmacy in Riga city centre.

The Finnish pharmaceutical market grew by 4.7 (1.8) per cent in 2014 (source: IMS Health).

Oriola-KD's share of the Finnish pharmaceutical wholesale market was 46 (46) per cent in 2014 (source: ATY).

Pharmaceutical Trade Sweden

Key Figures			
EUR million	2014	2013	Change %
Net Sales	1,176.4	1,194.4	-1.5
Retail business	744.2	669.6	11.1
Wholesale business	761.2	743.4	2.4
Operating profit excluding non-recurring items	44.0	24.1	82.6
Retail business	33.8	20.3	66.6
Wholesale business	10.4	4.2	148.5
Operating profit	50.5	16.4	208.4
Retail business	32.8	12.9	153.0
Wholesale business	17.9	3.8	370.6
Operating profit % excluding non-recurring items	3.7	2.0	
Retail business	4.5	3.0	
Wholesale business	1.4	0.6	
Operating profit %	4.3	1.4	
Retail business	4.4	1.9	
Wholesale business	2.4	0.5	
Number of personnel at the end of period	1,792	1,836	
Retail business	1,524	1,562	
Wholesale business	268	275	

The net sales of Pharmaceutical Trade Sweden in 2014 decreased by 1.5 per cent to EUR 1,176.4 (1,194.4) million, and on a constant currency basis, net sales increased by 3.6 (11.9) per cent. Retail business net sales in 2014 were EUR 744.2 (669.6) million, wholesale business net sales totalled EUR 761.2 (743.4) million. Invoicing for the Swedish wholesale business was EUR 1,526.6 (1,509.3) million. 2014 net sales of Swedish retail business strengthened due to ongoing development of the businesses and the acquisition of Medstop in June 2013.

The Swedish retail business' EBITDA excluding non-recurring items was EUR 49.4 (33.2) million and EBITDA was EUR 48.4 (27.3) million in 2014. The EBITDA percentage excluding non-recurring items and the management fee for the retail business was 6.9 (5.0) per cent.

The Swedish wholesale business' EBITDA excluding non-recurring items was EUR 12.8 (6.8) million and EBITDA was EUR 20.3 (6.4) million.

Pharmaceutical Trade Sweden's operating profit excluding non-recurring items increased by 82.6 per cent to EUR 44.0 (24.1) million and operating profit increased by 208.4 per cent and was EUR 50.5 (16.4) million. Operating profit excluding non-recurring items for the Swedish retail business totalled EUR 33.8 (20.3) million and operating profit was EUR 32.8 (12.9) million. Operating profit excluding non-recurring items for the Swedish wholesale business was EUR 10.4 (4.2) million and operating profit was EUR 17.9 (3.8) million. Oriola-KD recognized a non-recurring capital gain of EUR 7.5 million for the fourth quarter 2014 regarding the sale and leaseback agreement of Mölnlycke central warehouse in Sweden. The Medstop pharmacy chain has been consolidated in the figures of Oriola-KD as of 1 June 2013.

Profitability of the Swedish retail business improved during the reporting period. The fourth quarter profitability of the Swedish retail business was negatively affected by price reductions of certain prescription medicines such as asthma medicine Symbicort. Pharmacy and product portfolios were developed according to the plan. The share of OTC and traded goods increased to 26.9 (25.9) per cent in 2014. Oriola-KD has opened 8 new pharmacies, operating under the Kronans Apotek brand in 2014. At the end of December 2014, Oriola-KD had a total of 304 (296) pharmacies in Sweden. Oriola-KD's market share of the pharmaceutical retail market in 2014 was 19 (20) per cent (source: Apoteksföreningen).

Strong increase in Swedish wholesale business' net sales and operating profit was driven by increased volume and profitability program carried out. In Swedish wholesale business Oriola-KD made several new small and medium size agreements with pharmaceutical companies in 2014. The relative share of parallel imports in the Swedish pharmaceutical market has decreased during the reporting period. Parallel imports share of the Swedish pharmaceutical market was approximately 13 (21) per cent at the end of 2014 (source: IMS Health), Oriola-KD estimates that its share of the Swedish pharmaceutical wholesale market was 39 (37) per cent in 2014.

The pharmaceutical market in Sweden grew by 4.2 (declined 1.4) per cent in Swedish krona (source: IMS Health) and the retail market for OTC products and traded goods grew by 4.0 (6.1) per cent in Swedish krona (source: Nielsen) in 2014. Based on Oriola-KD's estimate 32 new pharmacies were established in Sweden in 2014, at the end of December there was 1,336 pharmacies in Sweden.

Non-recurring items

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

Non-recurring items included in Operating Profit

EUR million	2014	2013
Pharmaceutical Trade Finland and Baltics		
Service award arrangement	-0.5	-
Pharmaceutical Trade Sweden		
Restructuring costs	-1.0	-4.6
Write-off of contract-based accrual	-	-3.1
Gain on sale of property	7.5	-
Group items		
Service award arrangement	-0.1	-
Total	5.9	-7.7

Non-recurring items reported in 2014 relate to restructuring charges in Pharmaceutical Trade Sweden, the sale and leaseback agreement of Mölnlycke central warehouse in Sweden and service award arrangement recognised in accordance with IAS 19 in Pharmaceutical Trade Finland and Baltics and in group functions.

Balance sheet, financing and cash flow

Oriola-KD's total assets at 31 December 2014 were EUR 874.0 (1,500.1) million. Cash and cash equivalents totalled EUR 91.5 (137.3) million and equity was EUR 113.6 (278.1) million. The equity ratio was 13.3 (19.2) per cent and gearing was 90.1 (65.3) per cent.

Oriola-KD's goodwill of EUR 250.9 (379.0) million has been allocated in impairment testing to the cash-generating units consisting of the Group's operating segments. Oriola-KD has prepared goodwill impairment testing twice a year, in accordance with the timetable of its strategy and planning process. At the end of December 2014, EUR 225.3 (238.9) millions of the goodwill was allocated to the Swedish pharmaceutical retail business, EUR 25.4 (26.9) million to the Swedish pharmaceutical wholesale business and EUR 0.2 (-) million to the Pharmaceutical Trade Baltics.

At the end of December, interest-bearing debt was EUR 193.9 (318.8) million of which syndicated bank loans totalled EUR 102.2 (172.4) million, commercial papers EUR 51.8 (83.1) million, advance payments from pharmacies EUR 20.6 (47.8) million, a contingent consideration related to Medstop-acquisition EUR 14.7 (14.6) million and finance lease liabilities EUR 4.5 (0.8) million. Long-term interest bearing-liabilities were EUR 98.5 (176.2) million and short-term interest-bearing liabilities were EUR 95.4 (142.6) million. Interest-bearing net debt was EUR 102.4 (181.5) million. The non-recourse trade receivables sales programmes were continued in the Pharmaceutical Trade Sweden in 2014. At the end of December 2014, a total of EUR 100.1 (76.8) million in trade receivables had been sold.

Oriola-KD's committed long-term credit facility of EUR 100.0 million and EUR 55.6 million of short-term credit account limits with banks were unused at the end of December 2014. Oriola-KD signed a financing agreement of approximately EUR 280 million during the second quarter of 2013. The financial covenants contained in the financing agreement are based on the ratio between the Group's net debt and rolling 12-month EBITDA and gearing ratio. The ratio between the Group's net debt and the 12-month rolling EBITDA was 1.17 and the adjusted ratio in accordance with the terms and conditions of the financing agreement, stood at 1.01 at the end of December 2014, the covenant limit in the agreement being 3.50. In connection with sale of Oriola-KD's Russian businesses the financing agreement was amended, gearing covenant was not tested on 31st of December 2014.

Financial covenants contained in the financing agreement	31 Dec 2014	31 Mar 2015	30 Jun 2015	30 Sep 2015
Ratio between net debt and rolling 12-month EBITDA	3.50	3.00	3.00	3.00
Gearing ratio	100%	100%	100%	100%

On 20 February 2014 Oriola-KD issued a EUR 40 million hybrid bond. The bond bears a fixed interest rate of 7.0 per cent per annum until 20 February 2017 and a floating interest rate thereafter. The hybrid bond has no maturity date but the issuer is entitled to redeem the hybrid bond after three years. Interest on the hybrid bond will be paid providing dividend is paid in accordance with the annual general meeting resolution. If dividends are not paid, the Group will make a separate decision regarding interest payment on the hybrid bond. Unpaid interest is accrued and taken into consideration in the calculation of earnings per share.

Income taxes for continuing operations in 2014 were EUR 10.7 (3.8) million.

Net cash flow from operations including discontinued operations in 2014 was EUR -10.8 (29.8) million, of which changes in working capital accounted for EUR -42.5 (3.5) million. Net cash flow from investing activities was EUR 40.3 (-97.8) million.

Investments

Gross investments for continuing operations in 2014 totalled EUR 25.7 (189.6) million and consisted of investments related to the opening of new pharmacies, information systems and improvements in logistics efficiency, and in 2013 the acquisition of Medstop.

Personnel

At the end of year 2014, Oriola-KD had a payroll of 2,356 (2,375) employees, 23.9 (22.7) per cent of whom worked in Finland and the Baltics and 76.1 (77.3) per cent in Sweden. Personnel numbers consist of members of staff in active employment.

Administration

The Annual General Meeting (AGM) of Oriola-KD Corporation held on 24 March 2014 elected the following persons as members of the company's Board of Directors: Mr Jukka Alho (Chair), Mr Harry Brade and Mr Per Båtelson, and elected Ms Anja Korhonen, Mr Kuisma Niemelä and Mr Matti Rihko as new members. At its constitutive meeting, convening immediately after the AGM, the Board of Directors of Oriola-KD Corporation elected Mr Matti Rihko as Vice Chairman of the Board of Directors. The Board appointed the following from among its members: Ms Anja Korhonen (Chairman), Mr Harry Brade and Mr Matti Rihko to the Board's Audit Committee, and Mr Jukka Alho (Chairman), Mr Per Båtelson and Mr Kuisma Niemelä to the Board's Remuneration Committee.

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

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

Oriola-KD's Group Management Team:

- Ero Hautaniemi, President and CEO
- Lars Birkeland, Vice President, pharmaceutical retail, Sweden
- Tuomas Itkonen, CFO
- Jukka Mäkelä, Vice President, Development
- Teija Silver, Vice President, HR
- Kimmo Virtanen, Executive Vice President, pharmaceutical wholesale, Finland, Sweden and the Baltics
- Konstantin Minin, Vice President, pharmaceutical wholesale and retail, Russia (until December 8, 2014)

Oriola-KD applies the Finnish Corporate Governance Code which was issued by the Securities Market Association on 15 June 2010 and which entered into force on 1 October 2010, with the exception that the company's Nomination Committee may also have members who are not members of the company's Board of Directors. The purpose of this deviation from Recommendation 22 of the Corporate Governance Code (Appointment of members to the committees) is to allow the election of major shareholders in the company to the Nomination Committee and thus to ensure that their opinions are heard well before the Annual General Meeting. The Nomination Committee is a body established by the Board for the purpose of preparing and presenting to the Board a recommendation for the proposal to be put to the Annual General Meeting concerning the composition and remuneration of the Board. The Corporate Governance Statement and the Remuneration Statement for 2014 can be viewed on the company's website at: <http://www.oriola-kd.com/en/Corporate-Governance/>.

Board authorisations

The Annual General Meeting, held on 24 March 2014, authorised the Board of Directors to decide on a share issue against payment in one or more issues. The authorisation comprises the right to issue new shares or assign treasury shares held by the company. The authorisation covers a maximum of 9,500,000 Class A shares and 21,000,000 Class B shares and includes the right to derogate from the shareholders' pre-emptive subscription right. Pursuant to the authorisation, shares held by the company as treasury shares may also be sold through trading on a regulated market organised by

NASDAQ OMX Helsinki Ltd. The authorisation is in effect for a period of eighteen months from the decision of the Annual General Meeting.

The Annual General Meeting, held on 24 March 2014, authorised the Board of Directors to decide on a share issue against payment in one or more issues. The authorisation comprises the right to issue new class B shares or assign class B treasury shares held by the company. The authorisation covers a combined maximum of 15,000,000 class B shares of the company and includes the right to derogate from the shareholders' pre-emptive subscription right. Pursuant to the authorisation, class B shares held by the Company as treasury shares may also be sold on regulated market organised by NASDAQ OMX Helsinki Ltd. The authorisation is in effect for a period of eighteen months from the decision of the Annual General Meeting.

The authorisation revokes all previous share issue authorisations given to the Board of Directors apart from the authorisation given to the Board of Directors by the Annual General Meeting held on 20 March 2013, pursuant to which the Board of Directors may decide upon directed share issues against or without a payment concerning no more than 1,715,000 class B shares in order to execute the share-based incentive plan for the Oriola-KD Group's executives and the share savings plan for the Oriola-KD Group's key personnel.

The Annual General Meeting, held on 24 March 2014, also authorised the Board of Directors to decide on repurchasing of the company's own class B shares. The authorisation entitles the Board of Directors to decide on the repurchase of no more than 15,000,000 of the company's own class B shares in a proportion other than in which shares are owned by the shareholders. The authorisation to repurchase own shares is in force for a period of not more than eighteen months from the decision of the Annual General Meeting. Shares may be repurchased to develop the company's capital structure, to execute corporate transactions or other business arrangements, to finance investments, to be used as a part of the company's incentive schemes or to be otherwise relinquished, held by the company or cancelled.

Related parties

Related parties in the Oriola-KD Group are deemed to comprise the members of the Board of Directors and the President and CEO of Oriola-KD Corporation, the other members of the Group Management Team of the Oriola-KD Group, the immediate family of the aforementioned persons, the companies controlled by the aforementioned persons, and the Oriola Pension Fund. The Group has no significant business transactions with related parties, except for pension expenses arising from defined benefit plans with the Oriola Pension Fund.

Oriola-KD Corporation shares

Trading volume of the Oriola-KD Corporation's class A and B shares in 2014:

Trading volume	2014		2013	
	class A	class B	class A	class B
Trading volume, million	7.4	38.8	3.2	28.6
Trading volume, EUR million	18.6	101.5	7.7	68.3
Highest price, EUR	3.51	3.50	2.69	2.73
Lowest price, EUR	2.00	2.10	2.24	2.18
Closing quotation, end of period, EUR	3.46	3.47	2.60	2.55

Oriola-KD Corporation's market capitalisation on 31 December 2014 was EUR 524.4 (388.1) million.

In the review period, the traded volume of Oriola-KD Corporation shares, excluding treasury shares, corresponded to 30.6 (21.1) per cent of the total number of shares. The traded volume of class A shares amounted to 15.7 (6.8) per cent of the average stock, and that of class B shares, excluding treasury shares, to 37.3 (27.5) per cent of the average stock.

At the end of December 2014, the company had a total of 151,257,828 (151,257,828) shares, of which 47,148,710 (47,148,710) were class A shares and 104,109,118 (104,109,118) were class B shares. The company has 139,752 (115,902) treasury shares (including treasury shares held by

third-party service provider), all of which are class B shares. They account for 0.09 (0.08) per cent of the company's shares and 0.013 (0.011) per cent of the votes.

Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares. During the period 1 January – 31 December 2014, no class A shares were converted into class B shares (0 shares).

On 19 December 2012, Oriola-KD Corporation's Board of Directors decided on a share incentive scheme for the Group's senior management for the years 2013-2015. The scheme covers seven persons. The company's Board of Directors will determine the earnings criteria for the earning period and the targets to be set for these at the start of each earning period. The bonus for the 2014 earning period is based on the Oriola-KD Group's earnings per share (EPS). There will be no payment based on the performance period 2014 since the performance criterion was not met.

The Board of Oriola-KD Corporation approved the terms and conditions of the key employees' share savings plan on 28 May 2013. A total of about 50 key employees are participating in the plan. The savings period started on 1 October 2013 and end on 30 September 2014. In addition the Board of Oriola-KD Corporation approved on 27 August 2014 the terms and conditions of the key employees' share savings plan. A total of about 49 key employees are participating in the plan. The savings period started on 1 October 2014 and end on 30 September 2015. For both savings plans the maximum and minimum monthly savings amount to 10 and 2 per cent, respectively, of each participant's fixed gross monthly salary. The accumulated savings will be used for purchasing Oriola-KD's class B shares for the participants at market prices. About two years after the start of the programme, the company will give the participants two class B shares for every three shares purchased as part of the programme. The shares given to the participants will be partially used for paying taxes. Oriola-KD Corporation has an agreement with a third-party service provider concerning administration of the share-based incentive program. At the end of the reporting period, the amount of treasury shares held by the third-party service provider was 42,930 (19,080).

Liquidity guarantee

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

Flagging announcements

On 7 May 2014 Norges Bank (The Central Bank of Norway) portion of the shares of Oriola-KD Corporation exceeded the 1/20 limit referred to in Chapter 9, Section 5 of the Securities Markets Act. On 7 May 2014, the direct shareholding of Norges Bank totalled 5.76 per cent of Oriola-KD Corporation's shares and 1.49 per cent of the votes conferred by the shares.

On 18 September 2014 Mariatorp Oy portion of the shares of Oriola-KD Corporation exceeded the 1/20 limit referred to in Chapter 9, Section 5 of the Securities Markets Act. On 19 September 2014, the direct shareholding of Mariatorp Oy totalled 5.01 per cent of Oriola-KD Corporation's shares and 5.002 per cent of the votes conferred by the shares.

On 10 December 2014 Norges Bank (The Central Bank of Norway) portion of the shares of Oriola-KD Corporation fall below the 1/20 limit referred to in Chapter 9, Section 5 of the Securities Markets Act. On 10 December 2014, the direct shareholding of Norges Bank totalled 3.76 per cent of Oriola-KD Corporation's shares and 0.54 per cent of the votes conferred by the shares.

Risks

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

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

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

- Amendments to pharmaceutical market regulations may weaken Oriola-KD's net sales and profitability.
- In the Swedish retail business, the free establishment of pharmacies has led to an increase in the number of pharmacies. The number of pharmacies may continue to grow, which could further increase the fierce competition.
- Extra capacity ensuing from a change in the Swedish wholesale market will intensify competition, which may weaken the profitability of operations. The share of single channel distribution in the pharmaceutical wholesale market may decline rapidly, which may weaken the profitability of operations and lead to the restructuring of wholesale operations.
- Changes in share of parallel imports in Swedish pharmaceutical market may affect profitability of the Swedish wholesale and retail businesses.
- Strategic development projects involve operational risks.

The main financial risks for Oriola-KD involve currency rate, liquidity, interest rate and credit risks. Currency risk is the most significant financial risks in Sweden, as any changes in the value of the Swedish krona will have an impact on Oriola-KD's net sales, earnings and equity.

Oriola-KD has prepared goodwill impairment testing twice a year, in accordance with the timetable of its strategy and planning process. Changes in cash flow forecasts based on strategic plans, or in the discount rate or perpetuity growth rate, can cause a goodwill write-off, which would weaken Oriola-KD's result.

Near-term risks and uncertainty factors

Oriola-KD's strategic development projects involve operational risks which may have an effect on Oriola-KD's profitability.

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

Environment

Oriola-KD manages environmental concerns by conforming to environmental systems applicable to its business operations, with the aim of minimising adverse environmental impacts. Important areas in Oriola-KD's environmental responsibility include the logistical management and optimisation of transport movements and major flows of goods in order to reduce environmental loads, waste reduction through means such as recyclable plastic containers and sorting and disposing of pharmaceutical and other hazardous waste using the methods stipulated by the authorities.

Environmental impact is monitored in the businesses by measuring the amount of emissions and waste and the volume of materials used. Annual internal reviews are conducted to monitor the implementation of environmental policies. The company has valid environmental permits as required by its operations.

Outlook

Oriola-KD's outlook for 2015 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments. During the five-year period from 2013-2018, the Finnish pharmaceutical market is expected to grow at an annual rate of 2.6 per cent and Swedish pharmaceutical market is expected to change an average of 0 per cent per year in the local currencies (source: IMS Health Prognosis 2014-2018, September 2014). Oriola-KD estimates its full-year net sales to remain at the 2014 level. Operating profit excluding non-recurring items is estimated to increase from the 2014 level. Full-year net sales for continuing operations were EUR 1,612.3 million and operating profit excluding non-recurring items was EUR 59.1 million.

Events after the review period

Oriola-KD begin co-operation negotiations in Finland on 28 January 2015. The negotiations concern the planned efficiency programme of Oriola-KD Corporation and Oriola Oy and possible impacts on personnel due to the restructuring of operations in accordance with the planned programme as well as production-related reasons. Approximately 500 people fall within the scope of the negotiations. According to the company's preliminary estimate, the negotiations could result in a need to reduce the workforce by 50-65 people in Finland, which would be equivalent to an annual cost saving of approximately 2 million euros.

On January 20, 2015 Oriola-KD Corporation renewed the agreement to provide centralised sourcing services for Apoteksgruppen and Lloyds Apotek pharmacy chains in Sweden. The renewed contract has been agreed to be valid until end of 2017.

On 28 January 2015 the Nomination Committee of Oriola-KD presented to the Board of Directors its recommendation on the proposal to the 2015 Annual General Meeting concerning the composition of the Board of Directors as follows:

- The number of members of the Board of Directors would be eight
- The present members of the Board of Directors Jukka Alho, Per Båtelson, Anja Korhonen, Kuisma Niemelä and Matti Rihko would be re-elected
- Eva Nilsson Bågenholm, Staffan Simberg and Anssi Vanjoki would be elected new members of the Board of Directors
- Anssi Vanjoki would be elected as Chairman of the Board of Directors

Member of the Board of Directors Harry Brade will leave the office of Board of Directors after the 2015 Annual General Meeting.

Distribution proposal

Oriola-KD's parent company is Oriola-KD Corporation, whose distributable assets based on the balance sheet on 31 December 2014 were EUR 253.2 (226.7) million. Oriola-KD Corporation's net profit in 2014 was EUR 26.6 (15.7) million.

The Board proposes to the Annual General Meeting that no dividend be distributed on 2014 (no dividend distributed on 2013) and that no funds from the invested non-restricted equity fund be distributed as repayment of equity (no repayment of equity 2013).

Annual General Meeting

Oriola-KD Corporation's Annual General Meeting will be held on 30 March 2015 at 5.00 p.m. at the Helsinki Fair Centre. The matters specified in article 10 of the Articles of Association and other proposals of the Board of Directors, if any, will be dealt with at the meeting. The Board of Directors will decide on the notice of the Annual General Meeting and the proposals contained in it at a later date. The full notice of the Annual General Meeting will be published on 6 March 2015.

Espoo, 6 February 2015

Board of Directors of Oriola-KD Corporation

Eero Hautaniemi
President and CEO

Consolidated Statement of Comprehensive Income (IFRS)

EUR million	Note	2014	2013 Revised ¹⁾
Continuing operations			
Net sales	1	1,612.3	1,619.7
Other operating income	4	21.0	3.7
Cost of goods sold	15	-1,287.9	-1,319.9
Employee benefit expenses	6	-143.8	-136.8
Other operating expenses	4	-114.5	-117.0
Gross profit		87.2	49.7
Depreciation, amortisation and impairments	5,11,12	-22.2	-20.4
Operating profit	1	65.0	29.3
Financial income and expenses	8	-7.8	-8.4
Profit before taxes		57.1	20.9
Income taxes	9	-10.7	-3.8
Profit for the period from continuing operations		46.5	17.1
Profit for the period from discontinued operations	3	-258.8	-11.4
Profit for the period		-212.3	5.8
Other comprehensive income			
Items which may be reclassified subsequently to profit or loss:			
Translation differences recognised in comprehensive income during the reporting period		-52.1	-29.7
Translation differences transferred to Profit for the period from discontinued operations	3	74.3	-
Cash flow hedge		-1.4	0.8
Income tax relating to other comprehensive income		0.3	0.3
		21.1	-28.6
Items which will not be reclassified to profit or loss:			
Actuarial gains/losses on defined benefit plans	13	-16.5	5.9
Income tax relating to other comprehensive income	9	3.3	-1.3
		-13.1	4.6
Total comprehensive income for the period		-204.3	-18.3
Profit attributable to			
Parent company shareholders		-212.3	5.8
Total comprehensive income attributable to			
Parent company shareholders		-204.3	-18.3
Earnings per share attributable to parent company shareholders:			
Basic earnings per share, EUR			
From continuing operations	10	0.29	0.11
From discontinued operations	10	-1.71	-0.08
From profit for the period	10	-1.42	0.04
Diluted earnings per share, EUR			
From continuing operations	10	0.29	0.11
From discontinued operations	10	-1.71	-0.08
From profit for the period	10	-1.42	0.04

¹⁾ The 2013 figures have been revised as a result of the sale of the Russia business in year 2014, see Note 3.

²⁾ The presentation of consolidated statement of comprehensive income has been changed from the "function of expense" method to the "nature of expense" method in 2014. The 2013 figures have been revised to correspond with the new presentation.

Consolidated Statement of Financial Position (IFRS)

EUR million	Note	31 Dec 2014	31 Dec 2013 ¹⁾
ASSETS			
Non-current assets			
Property, plant and equipment	11	75.2	93.2
Goodwill	12	250.9	379.0
Other intangible assets	12	61.3	72.0
Pension assets	13	-	9.3
Other non-current receivables		0.0	0.0
Deferred tax assets	14	3.3	8.3
Non-current assets total		390.8	561.8
Current assets			
Inventories	15	185.0	391.4
Trade receivables	16	178.4	337.9
Other receivables	16	28.4	71.8
Cash and cash equivalents	17	91.5	137.3
Current assets total		483.2	938.3
ASSETS TOTAL	1	874.0	1,500.1
EQUITY AND LIABILITIES			
Equity			
Share capital	18	36.2	36.2
Hedging reserve	18	-1.3	-0.2
Contingency fund	18	19.4	19.4
Hybrid bond	18	39.6	-
Other reserves	18	1.2	1.2
Translation differences	18	-3.1	-25.3
Retained earnings	18	21.6	246.8
Equity attributable to the parent company shareholders	18	113.6	278.1
Non-current liabilities			
Deferred tax liabilities	14	12.7	17.7
Pension obligations	13	14.9	7.6
Borrowings	19	98.5	176.2
Other non-current liabilities	20	2.2	0.3
Non-current liabilities total	1	128.3	201.7
Current liabilities			
Trade payables	21	494.3	834.9
Provisions	22	0.6	3.0
Borrowings	19	95.4	142.6
Other current liabilities	21	41.8	39.9
Current liabilities total	1	632.1	1,020.3
EQUITY AND LIABILITIES TOTAL		874.0	1,500.1

¹⁾ Includes the assets and liabilities of the Russian businesses sold in December 2014

Consolidated Statement of Cash Flows (IFRS) ¹⁾

EUR million	Note	2014	2013
Net cash flow from operating activities			
Operating profit		-42.4	21.0
Adjustments			
Depreciation and amortisation	5	26.2	25.7
Impairment	5	71.1	-
Change in pension asset and pension obligation		-3.8	-1.4
Other adjustments		-5.9	-5.3
		45.2	40.0
Change in working capital			
Change in current receivables increase (-)/ decrease (+)		-21.6	12.7
Change in inventories increase (-)/ decrease (+)		26.7	-9.9
Change in non-interest-bearing current liabilities increase (+)/ decrease (-)		-47.7	0.8
		-42.5	3.5
Interest paid and other financial expenses		-12.3	-9.2
Dividends received		0.0	0.0
Interest received and other financial income		0.6	3.5
Income taxes paid		-1.8	-8.2
Net cash flow from operating activities		-10.8	29.8
Net cash flow from investing activities			
Investments in property, plant and equipment and intangible assets		-29.1	-27.4
Proceeds from sales of property, plant and equipment and intangible assets		20.6	-
Proceeds from sale of business, net of cash disposed	3	49.1	-
Business acquisitions, net of cash acquired	2	-0.2	-70.4
Net cash flow from investing activities		40.3	-97.8
Net cash flow from financing activities			
Purchasing of own shares		-	-0.7
Hybrid Bond	18	39.6	-
Repayment of short-term loans ²⁾		-327.7	-82.9
Proceeds from short-term loans ²⁾		269.2	39.3
Repayment of long-term loans		-61.3	-
Proceeds from long-term loans		-	176.3
Dividends paid and return of equity		-	-13.6
Net cash flow from financing activities		-80.3	118.4
Net change in cash and cash equivalents		-50.8	50.4
Cash and cash equivalents at the beginning of the period		137.3	88.1
Translation differences		5.0	-1.2
Net change in cash and cash equivalents		-50.8	50.4
Cash and cash equivalents at the end of the period	17	91.5	137.3

¹⁾ Includes net cash flow from the disposed Russia business until 30 November 2014.

²⁾ Includes cash flows from commercial papers

Consolidated Statement of Changes in Equity (IFRS)

Equity attributable to the parent company shareholders EUR million	Note	Share capital	Funds	Translation differences	Retained earnings	Hybrid bond	Equity total
Equity 1 Jan 2013		36.2	26.0	3.8	244.5	-	310.5
Comprehensive income for the period							
Net profit for the period		-	-	-	5.8	-	5.8
Other comprehensive income:							
Cash flow hedge		-	0.8	-	-	-	0.8
Actuarial gains and losses	13	-	-	-	5.9	-	5.9
Income tax relating to other comprehensive income	9	-	-0.3	0.6	-1.3	-	-1.0
Translation difference		-	0.0	-29.7	-	-	-29.7
Comprehensive income for the period total		-	0.5	-29.1	10.4	-	-18.3
Transactions with owners							
Dividends paid and repayment of equity		-	-6.0	-	-7.6	-	-13.6
Share-based payments		-	-	-	0.2	-	0.2
Purchase of own shares		-	-	-	-0.7	-	-0.7
Transactions with owners, total		-	-6.0	-	-8.1	-	-14.2
Equity 31 Dec 2013		36.2	20.4	-25.3	246.8	-	278.1
Comprehensive income for the period							
Net profit for the period		-	-	-	-212.3	-	-212.3
Other comprehensive income:							
Cash flow hedge		-	-1.4	-	-	-	-1.4
Actuarial gains and losses	13	-	-	-	-16.5	-	-16.5
Income tax relating to other comprehensive income	9	-	0.3	-	3.3	-	3.6
Translation difference		-	0.0	22.2	-	-	22.2
Comprehensive income for the period total		-	-1.1	22.2	-225.4	-	-204.3
Transactions with owners							
Hybrid bond	18	-	-	-	-	39.6	39.6
Share-based incentive		-	-	-	0.2	-	0.2
Purchase of own shares		-	-	-	-0.1	-	-0.1
Transactions with owners, total		-	-	-	0.1	39.6	39.8
Equity 31 Dec 2014		36.2	19.3	-3.1	21.6	39.6	113.6

Notes to the Consolidated Financial Statements

Basic information on the company

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 5 February 2015. 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.

Accounting principles for the consolidated financial statements

Basis of presentation

The Oriola-KD Group's financial statements are prepared in accordance with International Financial Reporting Standards including adherence with IAS and IFRS standards and SIC and IFRIC interpretations valid as at 31 December 2014. The International Financial Reporting Standards refer to standards and interpretations that have been approved for application in the EU in the Finnish Accounting Act and the provisions issued pursuant to it according to the procedures provided for in EU regulation (EC) No. 1606/2002.

The consolidated financial statements are presented for the 12-month period 1 January – 31 December 2014. The financial statements are presented in EUR million and they have been prepared under the historical cost convention, except for financial assets recognised at fair value through profit or loss, financial assets available-for-sale, derivatives and share-based payments.

The Group has applied the following new and amended standards and interpretations as of 1 January 2014:

- IFRS 10 Consolidated Financial Statements. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. In addition the standard provides additional guidance in the determination of control where this is difficult to assess.
- IFRS 11 Joint Arrangements. The standard emphasises the rights and obligations arising from the accounting treatment of joint arrangements, rather than their legal form. There are two types of joint arrangements: joint operations and joint ventures. The standard also contains requirements for the reporting of interests in jointly owned companies using the equity method instead of the previously applied proportionate consolidation method, which is no longer allowed.
- IFRS 12 Disclosure of Interests in Other Entities. The standard contains the disclosure requirements for various interests in other entities including associates, joint arrangements, structured entities and other companies outside the balance sheet.
- IAS 27 (revised in 2011) Separate Financial Statements. The revised standard contains requirements for separate financial statements remaining after the items concerning control were included in the new IFRS 10.
- IAS 28 (revised in 2011) Investments in Associates and Joint Ventures. The revised standard contains requirements for the treatment of associated and jointly owned companies with the equity method as a result of the publication of IFRS 11.

Consolidation principles

The consolidated financial statements include Oriola-KD Corporation and those directly or indirectly owned subsidiaries over which Oriola-KD Corporation exercises control. Control is presumed to exist when the Group through participation in an investee becomes exposed to its variable returns or is entitled to its variable returns and is able to have an influence on the returns through exercising power over the investee. Subsidiaries are consolidated from the date the Group has gained control and divested companies are consolidated until the date control is lost.

The acquisition method is used in the accounting for the elimination of internal ownership. All intra-group transactions, as well as intra-group receivables, payables, dividends and unrealised internal margins, are eliminated. The Group's profit for the period is attributed to the equity holders of the parent and non-controlling interests. Identifiable assets acquired and assumed liabilities of an acquired entity are measured at their fair value as of the acquisition date. Any contingent consideration is measured at fair value at the date of acquisition and classified under other interest-bearing liabilities. Changes in the contingent consideration and acquisition-related expenses are recognised as an expense in the income statement.

The share of equity applicable to the non-controlling interest is included in Group equity and is presented separately in the statement of changes in shareholders' equity. The attribution of total comprehensive income for the period to the equity holders of the parent and non-controlling interests is presented within the consolidated statement of comprehensive income. Non-controlling interests are measured on a case-by-case basis either at the amount which equals non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. Changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. As at the date when control is lost, any investment retained in the former subsidiary is recognised at fair value and the difference is recorded through income statement.

Associated companies are consolidated in accordance with the equity method of accounting. Associated companies are entities over which the Group exercises significant influence. Significant influence is presumed to exist when the Group owns over 20 per cent of the voting rights of the company or when the Group otherwise exercises significant influence but does not exercise control. Associated companies are consolidated from the date the company becomes an associate and divested companies are consolidated until the date of disposal.

Foreign currency denominated items

The consolidated financial statements have been presented in euro, which is the functional and presentation currency of the Group's parent company. The items included in the financial statements of the subsidiaries are valued in the currency which best describes the financial operating conditions of each subsidiary.

Transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing at the dates of transactions. Monetary items have been translated into functional currency using the rates of exchange as at the balance sheet date and non-monetary items using the rates of exchange at the dates of transactions, excluding items measured at fair value, which have been translated using the rates of exchange on the date of valuation. Gains and losses arising from the translation are recognised in the profit or loss. Foreign exchange gains and losses from operations are included within the corresponding items above operating profit. Foreign exchange gains and losses from loans denominated in a foreign currency are included within financial income and expenses.

The income statements of foreign Group companies outside the Euro zone are translated into euro using the weighted average rate of exchange of the financial year and the statements of

financial position using the rates of exchange as at the balance sheet date. Differences resulting from the translation of the result for the period at a different rate on the income statement and on the statement of financial position are recognised as a separate item within consolidated statement of comprehensive income. Translation differences arising from the acquisition cost elimination of foreign subsidiaries and from the translation of equity items accrued after acquisition date are recognised within in other comprehensive income. When a subsidiary is sold in full or in part, related translation differences are included in the calculation of gain or loss for the sale and recognised in the profit or loss for the period. The parent company's receivables from foreign subsidiaries are considered as part of the net investment if there is no plan for the repayment and repayment cannot be reasonably anticipated in the future. Exchange differences arising from such receivables are recognised in the consolidated financial statements in translation differences within equity.

Property, plant and equipment

Tangible assets are initially recognised at historical cost and they are subsequently measured at historical cost less depreciation and impairment losses. The assets are depreciated over their estimated useful life using the straight-line method. The useful life of assets is reviewed at least annually and it is adjusted if necessary. 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 | 3-20 years |

Land areas are not subject to depreciation. Repair and maintenance costs are recognised as expenses for the period. Improvement investments are capitalised providing they are expected generate future economic benefits. Gains and losses resulting from the disposal of tangible assets are recognised under other operating profit.

Intangible assets

Goodwill

As of 1 January 2010, goodwill arising from business combinations is recognised as the amount by which the aggregate of the fair value of the consideration transferred, the acquisition date fair value of any previously held interest and any non-controlling interest exceeds the fair value of the net assets acquired.

Goodwill is not amortised but is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to cash-generating units. Goodwill is measured at cost less accumulated impairment losses. Impairment losses are recognised in the income statement.

Other intangible assets

Other intangible assets are initially recognised at historical cost and they are subsequently measured at historical cost less depreciation and impairment losses. Other intangible assets include sales licences, trademarks, patents, software licences and product and marketing rights. Assets with finite useful life are depreciated over their useful life, using the straight-line method.

Impairment of tangible and intangible assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. The

recoverable amount is the higher of the net sales price or value in use, which is the present value of the expected future cash flows expected to be derived from the asset.

The impairment loss is recognised in the income statement if the carrying amount of the asset exceeds the recoverable amount. An impairment loss is reversed if there is a change in the circumstances and the recoverable amount exceeds the carrying amount. The reversal of impairment loss cannot exceed the asset's carrying amount without any impairment loss.

The goodwill impairment test is conducted at least annually on more frequently if there is any indication that goodwill may be impaired. Impairment is recognised in the income statement under Depreciation and impairments. Goodwill impairment losses are not reversed.

Trade receivables

Trade receivables are carried at their anticipated realisable value, which is the original invoice amount less an estimated valuation allowance for the impairment of these receivables. A valuation allowance for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Trade receivables are classified in accordance with IFRS 7 to loans and receivables.

Leases

Group as lessee

Lease agreements which transfer a significant proportion of the risks and rewards related to the ownership of an asset to the Group are classified as finance lease agreements. Finance lease agreements are recorded in the consolidated statement of financial position as an asset and a liability at the inception of the lease at the lower of fair value of the asset or the present value of the minimum lease payments.

The assets acquired through finance lease are depreciated similarly to non-current assets over the shorter of useful life of the assets or the lease term. Finance lease liabilities are recorded under non-current and current liabilities in the consolidated statement of financial position.

If the risks and rewards associated with the ownership of the asset remain with the lessor, the lease agreement is treated as an operating lease. The resulting lease payments are recognised as an expense, allocated evenly over the entire lease term.

Non-current assets held for sale and discontinued operations

Non-current assets (or a disposal group) and assets and liabilities related to discontinued operations are classified as held for sale their carrying amounts are expected to be recovered primarily through sale rather than continuing use. The recognition criteria for an asset held for sale is met when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition under usual and customary terms, the management is committed to the sale and the sale is expected to be completed within one year from the classification.

Prior to classification as held for sale, the assets or the disposal group assets and liabilities are measured in accordance with the applicable IFRS standards. From the date of classification, non-current assets (or disposal group) held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Depreciation and amortisation on such assets is discontinued from the date of classification. Assets included in disposal groups that do not fall within the scope of the IFRS 5 measurement requirements, as well as liabilities, are measured according to the applicable IFRS standards also after the date of classification.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and meets one of the following requirements:

- It represents a separate major line of business or geographical area of operations.
- It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.
- It is a subsidiary acquired exclusively with a view to resale.

Result from discontinued operations is shown separately in the consolidated statement of comprehensive income and the comparative figures are revised accordingly. Assets held for sale, disposal groups, items recognised in other comprehensive income concerning assets held for sale, and liabilities included in disposal groups are presented in the consolidated statement of financial position separately from other items. The comparatives for statement of financial position are not revised.

Employee benefits

Share-based payments

Share incentive plans are measured at fair value at the grant date in accordance with IFRS 2, and are recognised as expenses within the vesting period. The equity-settled component is recognised in equity and the cash-settled payment in liabilities. The fair value of the cash-settled component is remeasured at each balance sheet date until the end of the vesting period, and the fair value of the liability is adjusted in accordance with the Oriola-KD Corporation share price.

Pension liabilities

The Group's pension arrangements are in compliance 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 in the period in which they incur. Under a defined benefit pension plan, the Group's obligation is not limited to the payments made under the plan but also includes the actuarial and investment risks related to the pension plan in question.

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.

Inventories

Inventories are presented in the consolidated statement of financial position at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated necessary direct costs of sale. The cost is determined on the basis of the FIFO principle.

Financial assets and liabilities

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

- Financial assets and liabilities recognised at fair value through profit and loss
- Loans and other receivables

- Available-for-sale financial assets
- Financial liabilities recognised at amortised cost.

The classification takes place at inception and is based on the purpose of the acquisition of the financial asset or liability.. Financial instruments are recognised in the consolidated statement of financial position on the settlement date.

Money market investments and derivatives which are classified as held for trading and that do not meet the IAS 39 criteria for hedge accounting are recorded as financial assets and liabilities recognised at fair value through profit and loss. Assets within 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 the changes in fair value are recognised in the consolidated statement of comprehensive income for the financial period during which they incurred. Financial assets are derecognised when the Group loses the rights to receive the contractual cash flows on the financial asset or it transfers substantially all the risks and rewards of ownership outside the Group.

Cash and cash equivalents consist of cash in hand and cash at the bank accounts.

Loans and other receivables are non-derivative financial assets with payments that are fixed or determinable. Such receivables are not quoted in an active market, the Group does not hold them for trading purposes and they are measured at amortised cost. Receivables are classified as current financial assets unless their maturity date is more than 12 months from the balance sheet date. Trade and other receivables are also included in this category. Trade receivables are recognised at their original book value. A valuation allowance for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability of the debtor's bankruptcy, failure to pay and significant delay of payments are considered to be justified reasons for the impairment of trade receivables. Impairments are recognised as an expense in consolidated statement of comprehensive income. Sold non-recourse trade receivables' credit risk and contractual rights are transferred from the Group on the selling date and related expenses are recognised as financial expenses.

Available-for-sale financial assets are non-derivative financial assets that are expressly classified within this category or which cannot be classified in any other category. They are included in non-current financial assets in the balance sheet unless there is an intention to sell these assets during the 12 month period following the balance sheet date.

Financial liabilities recognised at amortised cost are recognised in the consolidated statement financial position at the net value received on the date of acquisition. Transaction costs are included in the original carrying amount of borrowings. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in the income statement using the effective interest method. Borrowings that expire within 12 months from the balance sheet date, including bank overdrafts in use, are recorded within current borrowings, and those expiring in a period exceeding 12 months, are recorded within non-current borrowings.

Derivative contracts and hedge accounting

Oriola-KD recognises derivative contracts in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The Group has classified derivatives as derivatives held for trading, unless IAS 39 hedge accounting is applied . The fair value of currency forward and swap contracts is determined by measuring them at fair value using market rates on the

balance sheet date. Positive valuation differences are recognised under trade and other receivables, and negative valuation differences are recognised under trade payables and other current liabilities in the consolidated statement of financial position. Oriola-KD has not applied IAS 39 hedge accounting to currency derivatives that hedge balance sheet items in foreign currencies and forecasted cash flows. The change in the fair value of such derivative contracts is recognised either as other income or expenses or as financial income and expenses, depending on the underlying item being hedged.

Oriola-KD applies IAS 39 hedge accounting for hedging cash flows relating to the selling of non-recourse trade receivables. Fluctuating interest rate has been converted into fixed rate using interest rate swaps. When initiating hedge accounting, the relationship between the hedged item and the hedging instrument is documented along with the objectives of the Group's risk management. Hedge effectiveness is tested at least quarterly. The change in the fair value of the effective portion of the derivatives is recognised in the hedge fund within equity and the ineffective portion, if any, is recognised within the financial items.

Hybrid bond

Hybrid bonds are recognised as an item of equity in the consolidated statement of financial position. Interest on hybrid bonds are paid base on a resolution by the Board of Directors. Unpaid interest is accrued and presented in the financial statements only after the Board resolution regarding the payment of the interest. Unpaid interest is taken into consideration in the calculation of earnings per share.

Provisions and contingent liability

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or contractual obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A restructuring provision is recognised when the Group has a detailed, formal restructuring plan, has started the implementation of the plan or has informed those affected by the plan. No provision related to costs for continuing operations is recognised.

Income taxes

Tax expense in the consolidated statement of comprehensive income consists of income taxes based on the taxable profit for the financial year, prior period adjustments, and changes in deferred tax assets and liabilities. Income tax for the taxable profit for the period is calculated based on the effective income tax rate for each tax jurisdiction. Taxes are recognised in the income statement, except when they relate to items recognised directly in equity or in other comprehensive income, when the taxes are also recognised in equity or in other comprehensive income respectively.

Revenue recognition

The Group's net sales include income from the sale of goods, distribution fees and the sale of services adjusted with 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 rewards of ownership of the goods have been transferred to the buyer. Income from services is recognised when the service has been performed.

Sale of goods and distribution fee - wholesale

In circumstances where the Group owns the entire inventory of the principal, the full sales proceeds from products is recognised within net sales. In contracts based on consignment inventory and agency agreements, only distribution fee is recognised within net sales.

Sale of goods - retail

The Group has pharmacy chains that sell pharmaceuticals and healthcare products. Sale of goods is recognised when the company sells the product to the customer. Retail sales are usually cash or credit card sales to consumers.

Sale of services

Services comprise various value-added services provided by wholesale in distribution and warehousing. Sale of services is recognised over the period during which the service is performed.

Income from royalties

Income from royalties is recognised on accrual-basis according to the substance of the contract.

Cost of goods sold

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

Operating profit

Operating profit is determined as net sales less cost of goods sold, less sales and distribution expenses, less administrative expenses and other operating expenses, plus other operating income. Foreign exchange 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 recognised within financial items.

Dividend distribution

Dividend distribution for shareholders is recognised as a liability in the consolidated statement of financial position for the period during which the dividend is approved by the annual general meeting.

Non-recurring items

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

Use of estimates

The preparation of consolidated financial statements in accordance with IFRS requires the application of judgment by management in making estimates and assumptions. Such estimates and assumptions have an impact on the assets and liabilities reported as at the end of the reporting period, and on the presentation of contingent assets and liabilities in the notes to the consolidated financial statements as well as on the income and expenses reported for the financial year. The estimates are based on the management's best knowledge about the facts and as such actual results may differ from the estimates and assumptions used. Accounting estimates have been used in determining the amount of items reported in the consolidated financial statements, such as possible impairment of goodwill and other assets, determination of

pension assets and pension obligations related to defined benefit pension plans, economic lives of tangible and intangible assets, provisions and taxes. The application of accounting principles also requires judgement.

Uncertainties concerning the estimates

Estimates used in the preparation of financial statements are based on the management's best view at the end of the reporting period. These estimates are based on past experience and on probable future assumptions regarding 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 the factors impacting estimates and assumptions used on a regular basis, using various internal and external sources of information. Any changes in estimates and assumptions are recognised in the financial year during which the estimate or assumption is adjusted as well as in all subsequent periods. The main assumptions about the future and those key uncertainties regarding estimates at the end of the accounting period that result in a significant risk of materially impacting the carrying values of the Group's assets and liabilities during the next financial year are presented below.

Impairment testing

The Group's assets with an indefinite useful life are subject to annual impairment testing and any indication of impairment of assets is assessed as described in the accounting principles below. The recoverable values used in impairment testing are discounted future cash flows that can be obtained through usage and possible sale of the assets. If the carrying amount of the asset exceeds either its recoverable amount or fair value, the difference is recognised as an impairment charge. The preparation of such calculations requires the use of estimates. Additional information regarding the sensitivity of changes in the key assumptions to the recoverable amount of the asset can be found under the Note Intangible assets.

Deferred taxes

Management estimates are required in determining the amount of recognised deferred tax assets and liabilities. The appropriateness for recognising deferred tax assets is assessed in connection with the preparation of consolidated financial statements. For this purpose, the Group estimates the probability of subsidiaries generating recoverable taxable income against which unused tax losses and unused tax compensations can be utilised. Actual results may differ from the factors used in the estimates, which may lead to the recognition of tax expenses.

Pension assets and liabilities

The discounted value of pension obligation is based on several actuarial assumptions. Changes in the assumptions have an impact on the carrying amount of the pension obligation. Discount rate used is one of the assumptions used. The interest rate used is determined at the date of measurement by reference to maturity of corporate bonds issued by financially sound companies that is similar to that of the pension obligation. Other key assumptions impacting pension liabilities are based on the circumstances valid at the time. Further details are included within Note Post-employment and other long term benefits.

Changes in accounting principles

In 2014 the presentation of consolidated statement of comprehensive income has been changed from the "function of expense" method to the "nature of expense" method. The comparable figures have been revised to correspond with the current presentation.

Application of new and revised accounting pronouncements under IFRS

The following new or revised standards and interpretations issued by the International Accounting Standards Board (IASB) have not yet been applied by the Group. The Group will apply each new standard and interpretation from the effective date. If the effective date is other than the first day of a financial year, the Group will apply the standard or interpretation from the beginning of the following financial year.

- Amendments to IAS 1 is a part of IASB project "Disclosure Initiative". The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The Group assesses the potential impacts of the standard during the following financial year.
- Amendment to IAS 19 Defined benefit plans: Employee contributions (effective in the financial years beginning on or after 1 July 2014). The amendment clarifies the accounting treatment when there is a condition in defined benefit plans for contributions by employees or a third party into the plan. The amendment does not have an impact on the consolidated financial statements.
- Annual improvements in IFRS standards 2010-2012 and 2011-2013 (effective mainly in the financial years beginning on or after 1 July 2014) and 2012-2014 (effective in the financial years beginning on or after 1 January 2016). Through the Annual Improvement process minor and non-urgent amendments are gathered together and implemented once a year. The amendments do not have an impact on the consolidated financial statements.
- Amendment to IAS 27 Separate financial statements: equity method in separate financial statements (effective in the financial years beginning on or after 1 January 2016). The amendment allows the application of equity method of accounting for subsidiaries, associated companies and joint ventures in separate financial statements, which has been a local requirement in certain countries. As a result more entities are able to prepare separate financial statements in accordance with IFRS. The amendment does not have an impact on the consolidated financial statements.
- Amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture concerning bearer plants (effective in the financial years beginning on or after 1 January 2016). The amendment relates to biological assets and does not have an impact on the consolidated financial statements.
- Amendment to IAS 16 Property, plant and equipment and IAS 38 Intangible assets: Clarification of acceptable methods of depreciation and amortisation (effective in the financial years beginning on or after 1 January 2016). The amendment forbids the use of revenue-based methods of depreciation and amortisation of tangible and intangible assets. The amendment does not have an impact on the consolidated financial statements.
- Amendment to IFRS 11: Joint arrangements: Accounting for acquisitions of interests in joint operations (effective in the financial years beginning on or after 1 January 2016). The amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business to apply the principles on business combinations accounting. The amendment does not have an impact on the consolidated financial statements.
- IFRS 14 Regulatory deferral accounts (effective in the financial years beginning on or after 1 January 2016). The new standard contains special guidance for first-time IFRS adopters regarding certain impacts from the participation in regulated markets. The standard does not have an impact on the consolidated financial statements.

- Amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates: Sale or contribution of assets between an investor and its associate or joint venture (effective in the financial years beginning on or after 1 January 2016). The amendment clarifies guidance on the sale or contribution of assets between an investor and its associate or joint venture. The amendments do not have an impact on the consolidated financial statements.
- IFRS 15: Revenue from contracts with customers (effective in the financial years beginning on or after 1 January 2017). The new standard contains a five-step guidance on the accounting for revenue from customer contracts and replaces the existing IAS 18 and IAS 11 standards and related interpretations. Recognition of revenue can take place over time or at a point in time and the main recognition criteria is the transfer of control. The standard also increases the number of disclosures in the consolidated financial statements. The Group assesses the potential impacts of the standard during the following financial year. The standard has not been approved for application in the EU.
- IFRS 9 Financial instruments and the changes thereto (effective in the financial years beginning on or after 1 January 2018). The new standard replaces the current standard IAS 39 Financial instruments: Recognition and measurement. IFRS 9 modifies the classification and valuation of financial assets and contains an expected credit losses model for assessing impairment on financial assets. The classification and measurement of financial liabilities is largely in line with the current requirements of IAS 39. There will continue to be three types of hedge accounting. More risk positions will qualify for hedge accounting and hedge accounting principles have been harmonised with risk management. The Group assesses the potential impacts of the standard during the following reporting periods. The standard has not been approved for application in the EU.

1. Segment information

The chief operative decision maker of Oriola-KD is the Board of Directors of Oriola-KD Oyj, who makes strategic decisions, allocates resources to the operating segments and assesses their performance.

Oriola-KD's reporting segments are Pharmaceutical Trade Finland and Baltics and Pharmaceutical Trade Sweden. The Pharmaceutical Trade Russia reporting segment was classified as a discontinued operation in 2014, see Note 3.

Reportable segments have been combined into operating segments as follows:

The Pharmaceutical Trade Finland and Baltics reportable segment comprises of Pharmaceutical Wholesale in Finland, Consumer Health and Pharmaceutical wholesale in Baltics operating segments.

The Pharmaceutical Trade Sweden reportable segment comprises of Swedish retail business and Swedish wholesale business operating segments.

Reportable segment results in the Oriola-KD management reports are presented without management fee. Segment information for 2013 has been revised to correspond with the current presentation.

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

The geographical areas of Oriola-KD's continuing operations are Finland, Sweden, Baltic countries and other countries. Net sales are divided by the countries in which the customers are located. Assets and liabilities are divided according to the country in which they are located.

Reporting segments

EUR million

2014	Pharmaceutical Trade Finland and Baltics	Pharmaceutical Trade Sweden	Group items	Continuing operations total	Discontinued operations	Group total
Sales of goods	397.0	1,158.0	-	1,555.0	671.1	2,226.1
Distribution fees	24.0	12.2	-	36.2	0.0	36.2
Sales of services	14.8	6.4	-	21.2	6.7	27.8
Royalties	0.0	0.0	-	0.0	0.0	0.0
Sales to external customers	435.8	1,176.4	-	1,612.3	677.8	2,290.1
Sales to other segments	0.0	-0.0	-0.0	-	-	-
Net sales	435.9	1,176.4	-0.0	1,612.3	677.8	2,290.1
Operating profit	19.2	50.5	-4.6	65.0	-107.4	-42.4
Assets	150.5	624.3	99.3	874.0	-	874.0
Liabilities	195.9	366.5	198.0	760.4	-	760.4
Investments	4.2	21.0	0.6	25.7	8.3	34.0
Depreciation	4.0	18.0	0.2	22.2	75.1	97.3
Average number of personnel	511	1,826	40	2,377	2,342	4,719
2013						
Sales of goods	387.7	1,173.3	-	1,561.0	969.4	2,530.4
Distribution fees	24.3	12.4	-	36.7	-	36.7
Sales of services	13.2	8.8	-	22.0	9.3	31.3
Royalties	0.0	-	-	0.0	-	0.0
Sales to external customers	425.3	1,194.4	-	1,619.7	978.8	2,598.5
Sales to other segments	0.1	-0.0	0.0	-	-	-
Net sales	425.3	1,194.4	0.0	1,619.7	978.8	2,598.5
Operating profit	18.8	16.4	-5.9	29.3	-8.3	21.0
Assets	145.5	672.1	148.6	966.2	533.9	1,500.1
Liabilities	201.7	343.9	322.3	867.8	354.2	1,222.0
Investments	4.5	184.6	0.5	189.6	4.1	193.7
Depreciation	-3.4	-16.9	0.0	-20.4	-5.3	-25.7
Average number of personnel	501	1,623	31	2,156	2,980	5,135

Geographical information

EUR million

2014	Finland	Sweden	Baltic countries	Other countries	Continuing operations total
Sales to external customers	388.3	1,114.8	43.5	65.7	1,612.3
Assets	225.8	631.1	17.1	-	874.0
Investments	4.2	21.0	0.5	-	25.7
2013¹⁾					
Sales to external customers	382.9	1,135.0	38.8	63.0	1,619.7
Assets	251.7	681.2	14.3	-	947.2
Investments	4.7	184.6	0.2	-	189.6

¹⁾ The 2013 figures have been revised as a result of the sale of reportable segment Pharmaceutical Trade Russia in 2014, see Note 3.

2. Changes in Group structure

Acquisitions

Year 2014

On 1 December 2014 Oriola-KD acquired the share capital of "Rigas Elizabetes aptieka", a pharmacy in Riga city center in Latvia. The acquisition is reported within the Pharmaceutical Trade Finland and Baltics reportable segment. A goodwill of EUR 0.2 million was recognised from the acquisition.

Year 2013

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

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

The goodwill arising from the acquisition of EUR 129.9 million represents the value of experienced personnel, synergy benefits that can be achieved through purchasing operations, warehousing and pharmacy distribution, as well as growth expectations. The acquired goodwill is not deductible for tax purposes.

The original acquisition cost calculation made in Swedish krona (SEK) has been converted into euros using the exchange rate prevailing on 31 May 2013, that is 8,5828. The results and balance sheet of Medstop have been consolidated into Oriola-KD as of 1 June 2013.

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

EUR million

Consideration transferred	
Cash	79.2
Contingent liability	14.5
Total consideration transferred	93.7

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair value
Property, plant and equipment	7.4
Intangible assets	28.0
Deferred tax assets	3.9
Inventories	18.3
Trade and other receivables	18.4
Cash and cash equivalents	8.9
Assets total	85.0

Deferred tax liabilities	6.2
Trade payables and other current liabilities	30.3
Provisions	0.9
Borrowings	83.8
Liabilities total	121.1
Total identifiable net assets	-36.1
Goodwill	129.9
Total	93.7

Acquisition-related costs EUR 1.7 million are included in administrative expenses in the 2013 consolidated income statement.

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

Had the acquisition been made at the start of 2013, the estimated net sales of the Group in the period 1 January—31 December 2013 would be EUR 2,707.4 (reported 2,598.5) million and operating profit EUR 25.7 (reported 21.0) million.

The impact of the acquired business on the Group's net sales in the period 1 June-31 December 2013 is EUR 144.4 million and on the operating profit EUR -4,8 million.

Disposals

On 8 December, 2014, Oriola-KD disposed all of the Russian businesses to CJSC "Apteki 36.6". The cash and debt free selling price was EUR 56,4 million. Oriola-KD classifies the disposal group as a discontinued operation in accordance with IFRS 5 and remeasured the disposal group at fair value less cost to sell and as a result recognised a loss of EUR 147.7 million. See Note 3.

Other changes in the Group structure

On 21 November 2014, Oriola-KD Oyj sold 100% owned Oriola-KD Holding Sverige subsidiary shares to Oriola-KD Holding Russia Oy. Oriola-KD Holding Russia Oy was renamed to Oriola-KD Holding Oy in December 2014.

In Sweden Medstop Group Holding AB was merged into Oriola-KD Holding Sverige AB in October 2013 and Kronans Droghandel Apotek AB was merged into Medstop AB in December 2013. The name of the company was changed to Kronans Droghandel Apotek AB after the merger.

3. Discontinued operations

On 8 December, 2014, Oriola-KD sold the Russian businesses to CJSC "Apteki 36.6". The cash and debt free selling price was EUR 56.4 million. The decision to sale the Russian businesses was based on the Group's estimate on the outlook of the growths of the Russian pharmaceutical markets, on the competitive environment and the further development of profitability of the Russian businesses.

The Russian businesses are classified as a discontinued operation. The 2014 profit for the period from discontinuing operations was EUR -258.8 million, of which the impairment loss resulting from re-measurement the assets at fair value, cumulative translation differences recognised through profit and loss and cost of disposal totalled EUR -147.7 million. The profit for the period from discontinued operations is shown separately from the continuing operations for all periods presented. Operative results for the Russian businesses are consolidated to the Group up until 30 November 2014.

Profit for the period from discontinued operations

EUR million	2014	2013
Net sales	677.8	978.8
Other operating income	0.8	2.0
Cost of goods sold	-632.8	-879.5
Employee benefit expenses	-34.6	-49.7
Other operating expenses	-43.5	-54.5
Gross profit	-32.4	-3.0
Depreciation and amortisation	-4.0	-5.3
Impairment	-71.1	-
Operating profit	-107.4	-8.3
Financial income and expenses	-4.9	-5.2
Profit before taxes	-112.3	-13.5
Income taxes	1.2	2.1
Profit for the period	-111.1	-11.4
Impairment loss resulting from re-measurement of assets	-64.7	-
Translation differences recognised through income statement	-74.3	-
Foreign exchange differences	-4.8	-
Cost of disposal	-3.8	-
Profit for the period from discontinued operations	-258.8	-11.4

Cash flows from discontinued operations

EUR million	2014	2013
Net cash flow from operating activities	-79.0	-15.7
Net cash flow from investing activities	-8.3	-4.1
Net cash flow from financing activities	80.0	28.1
Total cash flows	-7.3	8.3
Cash consideration received	56.4	
Cash and cash equivalents disposed of	-7.3	
Impact on cash flows	49.1	

During the second quarter of 2014 the Group determined the recoverable amount of the Russian pharmaceutical wholesale business. At the time of the assessment the growth in future net sales and profitability were expected to be below those of the earlier plans. Based on the assesment the carrying value of the tested assets exceeded their recoverable amount and as a result a EUR 77.2 million impairment charge was recognised. The impairment charge consists of goodwill EUR 70.2 million, intangible assets EUR 0.9 million and deferred tax assets EUR 6.1 million. The impairment charge is reported within discontinued operations.

4. Other operating income and expenses

Other operating income

EUR million	2014	2013
Gains on sales of tangible and intangible assets	10.2	0.0
Rental income	0.4	0.4
Service charges	0.3	0.3
Marketing contribution	7.7	2.4
Other operating income	2.4	0.5
Total	21.0	3.7

The gains on sales of tangible and intangible assets in year 2014 includes the gains of and leaseback agreement of Mölnlycke central warehouse in Sweden.

Other operating expenses

EUR million	2014	2013
Freights and other variable costs	22.8	21.6
Marketing	13.8	11.7
IT	15.0	15.8
Office	25.4	24.1
External services	11.4	14.9
Other operating expenses	26.2	28.9
Total	114.5	117.0

5. Depreciation and amortisation

EUR million	2014	2013
Depreciation of tangible assets		
Buildings and constructions	2.2	2.1
Machinery and equipment	10.9	9.3
Other tangible assets	1.9	1.7
Total	15.0	13.1
Amortisation of intangible assets		
Intangible rights	6.3	6.7
Other capitalised expenditures	0.9	0.5
Total	7.2	7.2
Depreciation and amortisation total	22.2	20.4

Criteria applied for the amortisation is disclosed in the accounting principles of the consolidated financial statements.

6. Employee benefits

EUR million	2014	2013
Wages, salaries and bonuses	97.1	93.5
Share-based payments		
Settlement in cash	0.0	-
Payment in shares	0.2	0.2
Pension costs		
Defined contribution plans	32.1	25.7
Defined benefit plans	1.2	1.3
Other personnel expenses	13.2	16.2
Total	143.8	136.8
Average number of personnel	2,377	2,156

7. Audit fees

EUR million	2014	2013
To member firms of PricewaterhouseCoopers Oy network		
Audit	0.3	0.4
Consulting services	0.2	0.3
Total	0.6	0.6

8. Financial income and expenses

EUR million	2014	2013
Financial income		
Interest income from loans and other receivables	0.3	0.2
Foreign exchange rate gains from financial assets and liabilities recognised at fair value	3.2	3.3
Other financial income	0.0	0.0
Total	3.5	3.5
Financial expenses		
Interest expenses for financial assets and liabilities recognised at fair value	0.4	1.6
Interest expenses for interest rate swaps under hedge accounting	0.5	0.3
Interest expenses for financial liabilities at amortized cost ¹⁾	5.3	5.1
Foreign exchange rate losses from loans and other receivables	3.2	3.3
Other financial expenses	1.9	1.6
Total	11.3	12.0
Financial income and expenses total	-7.8	-8.4

¹⁾ Interest expenses for financial liabilities at amortized cost is adjusted according to Russian Internal loan expenses EUR 4.0 (3.5) million which are presented in discontinued operations.

9. Income taxes

EUR million	2014	2013
Taxes for current year	7.3	4.1
Taxes for previous years	0.0	0.1
Deferred taxes	3.4	-0.4
Total	10.7	3.8

Taxes related to other comprehensive income

EUR million

2014	Before taxes	Tax effect	After taxes
Cash flow hedge	-1.4	0.3	-1.1
Actuarial gains and losses	-16.5	3.3	-13.1
Translation differences	22.2	-	22.2
Total	4.3	3.6	8.0
2013			
Cash flow hedge	0.8	-0.3	0.5
Actuarial gains and losses	5.9	-1.3	4.6
Translation differences	-29.7	0.6	-29.1
Total	-23.0	-1.0	-24.0

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

EUR million	2014	2013
Profit before taxes	57.1	20.9
Corporate income taxes calculated at Finnish tax rate	11.4	5.1
Effect of different tax rates of foreign subsidiaries	0.7	-0.2
Changes in tax rate	-	-1.0
Tax exempt income	0.0	-0.2
Non-deductible expenses	-1.7	0.0
Taxes for previous years	0.0	-0.0
Other items	0.3	0.1
Income taxes in the corporate income statement	10.7	3.8
Effective tax rate	18.7%	18.4%

Taxes entered with a positive value are recognised as expenses and taxes entered with a negative value are recognised as income.

The Finnish tax rate used to calculate taxes was 20.0 per cent in the 2014 financial statements. Deferred taxes for 2013 were calculated according to the 20.0 per cent tax rate in 2014 for Finnish Group companies. The impact of the change in the Finnish tax rate in year 2013 of EUR -1.0 million is presented in 'Changes in tax rate'.

10. Earnings per share

Profit for the period adjusted with hybrid bond interest EUR million	Continuing operations		Discontinued operations		Including discontinued operations	
	2014	2013	2014	2013	2014	2013
Profit attributable to equity owners of the parent	46.5	17.1	-258.8	-11.4	-212.3	5.8
Accumulated interest on hybrid bond net of tax	-1.9	-	-	-	-1.9	-
Total	44.6	17.1	-258.8	-11.4	-214.2	5.8
Average number of outstanding shares						
pcs						
Basic	151,130,302	151,157,494	151,130,302	151,157,494	151,130,302	151,157,494
Diluted	151,130,302	151,157,494	151,130,302	151,157,494	151,130,302	151,157,494
Earnings per share						
EUR						
Basic	0.29	0.11	-1.71	-0.08	-1.42	0.04
Diluted	0.29	0.11	-1.71	-0.08	-1.42	0.04

11. Property, plant and equipment

EUR million	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets ¹⁾	Advance payments and construction in progress	Total
2014						
Historical cost 1 Jan 2014	6.8	71.6	76.7	20.8	4.0	179.8
Increases through acquisition of subsidiary	-	-	0.0	-	-	0.0
Increases	-	1.1	17.2	5.1	3.5	27.0
Decreases	-4.5	-19.1	-4.1	-	-0.0	-27.8
Divestment of business	-	-1.9	-15.8	-	-2.9	-20.5
Reclassifications	-	0.1	2.5	0.0	-2.5	0.2
Foreign exchange rate differences	-0.4	-1.9	-0.8	-1.2	-0.6	-4.8
Historical cost 31 Dec 2014	2.0	49.8	75.8	24.8	1.5	153.8
Accumulated depreciation 1 Jan 2014	-	-40.8	-42.1	-3.8	-	-86.6
Accumulated depreciation related to decreases and reclassifications	-	10.8	4.1	-0.3	-	14.6
Depreciation on disposals	-	0.4	8.8	-	-	9.2
Depreciation for the financial year, continuing operations	-	-2.2	-10.9	-1.9	-	-15.0
Depreciation for the financial year, discontinued operations	-	-0.1	-1.2	-	-	-1.3
Foreign exchange rate differences	-	1.0	-0.9	0.3	-	0.4
Accumulated depreciation 31 Dec 2014	-	-30.8	-42.2	-5.7	-	-78.6
Carrying amount 1 Jan 2014	6.8	30.8	34.6	17.0	4.0	93.1
Carrying amount 31 Dec 2014	2.0	19.0	33.6	19.1	1.5	75.2
2013						
Historical cost 1 Jan 2013	7.0	69.3	71.1	13.2	5.1	165.7
Increases through acquisition of subsidiary	-	-	4.6	3.4	0.0	8.0
Increases	0.0	1.7	9.1	4.4	7.2	22.4
Decreases	-	-	-11.5	-0.3	-0.2	-11.9
Reclassifications	-	1.6	5.9	0.5	-8.0	-0.0
Foreign exchange rate differences	-0.2	-1.0	-2.5	-0.5	-0.2	-4.4
Historical cost 31 Dec 2013	6.8	71.6	76.7	20.8	4.0	179.8
Accumulated depreciation 1 Jan 2013	-	-39.1	-42.8	-2.4	-	-84.3
Accumulated depreciation related to decreases and reclassifications	-	-	10.3	0.2	-	10.5
Depreciation for the financial year, continuing operations	-	-2.1	-9.3	-1.7	-	-13.1
Depreciation for the financial year, discontinued operations	-	-0.1	-1.7	-	-	-1.7
Foreign exchange rate differences	-	0.6	1.4	0.1	-	2.0
Accumulated depreciation 31 Dec 2013	-	-40.8	-42.1	-3.8	-	-86.6
Carrying amount 1 Jan 2013	7.0	30.2	28.2	10.9	5.1	81.4
Carrying amount 31 Dec 2013	6.8	30.8	34.6	17.0	4.0	93.2

¹⁾ The most significant share of other tangible assets is made up by refurbishment expenditures for rented premises.

Assets leased through finance lease agreements

Tangible assets include following assets leased through finance lease agreements:

EUR million	Machinery and equipment	Total
2014		
Historical cost	10.1	10.1
Accumulated depreciation	-5.6	-5.6
Carrying amount	4.5	4.5
2013		
Historical cost	5.2	5.2
Accumulated depreciation	-4.4	-4.4
Carrying amount	0.8	0.8

12. Intangible assets

EUR million					
	Goodwill	Intangible rights	Other intangible assets ¹⁾	Advance payments and construction in progress	Total
2014					
Historical cost 1 Jan 2014	379.0	135.6	7.6	1.8	524.0
Increases through acquisition of subsidiary	0.2	-	-	-	0.2
Increases	-	5.4	1.1	0.3	6.8
Decreases	-	-3.0	-0.5	-	-3.5
Divestment of business	-93.9	-47.3	-2.6	-	-143.9
Reclassifications	-	0.2	0.8	-1.1	-0.2
Foreign exchange rate differences	-34.3	-5.1	-0.9	-0.0	-40.3
Historical cost 31 Dec 2014	250.9	85.7	5.6	0.9	343.1
Accumulated amortisation 1 Jan 2014	-	-68.7	-4.4	-	-73.0
Accumulated amortisation related to decreases and reclassifications	-	2.8	0.5	-	3.4
Accumulated amortisation and impairments on disposals	71.5	45.3	2.6	-	119.4
Amortisation for the financial year, continuing operations	-	-6.3	-0.9	-	-7.2
Amortisation for the financial year, discontinued operations	-	-2.2	-0.5	-	-2.7
Impairments	-70.2	-0.7	-0.3	-	-71.1
Foreign exchange rate differences	-1.4	1.1	0.8	-	0.5
Accumulated amortisation 31 Dec 2014	-	-28.7	-2.1	-	-30.8
Carrying amount 1 Jan 2014	379.0	66.9	3.3	1.8	451.0
Carrying amount 31 Dec 2014	250.9	57.0	3.4	0.9	312.3
2013					
Historical cost 1 Jan 2013	276.7	116.4	5.8	1.3	400.1
Increases through acquisition of subsidiary	129.9	26.9	0.0	1.1	157.8
Increases	-	1.8	1.0	2.6	5.4
Decreases	-	-3.4	-0.0	-0.1	-3.6
Reclassifications	-	1.9	1.2	-3.0	0.0
Foreign exchange rate differences	-27.6	-7.9	-0.4	-0.1	-35.9
Historical cost 31 Dec 2013	379.0	135.6	7.6	1.8	524.0
Accumulated amortisation 1 Jan 2013	-	-68.4	-2.7	-	-71.2
Accumulated amortisation related to decreases and reclassifications	-	4.0	-0.5	-	3.5
Amortisation for the financial year, continuing operations	-	-6.7	-0.5	-	-7.2
Amortisation for the financial year, discontinued operations	-	-2.7	-0.9	-	-3.6
Foreign exchange rate differences	-	5.2	0.3	-	5.5
Accumulated amortisation 31 Dec 2013	-	-68.7	-4.4	-	-73.0
Carrying amount 1 Jan 2013	276.7	47.9	3.1	1.3	329.0
Carrying amount 31 Dec 2013	379.0	66.9	3.3	1.8	451.0

¹⁾ Other intangible assets include significant expenses for installation and specialist work related to the implementation of computer software.

Impairment testing of goodwill

Goodwill is allocated to Orola-KD's cash generating units as follows:

EUR million	31 Dec 2014	31 Dec 2013
Russian retail	-	37.4
Russian wholesale	-	75.9
Pharmaceutical Trade Baltics	0.2	-
Swedish retail	225.3	238.9
Swedish wholesale	25.4	26.9
Carrying amount	250.9	379.0

The recoverable amount of the cash-generating units was determined in impairment testing on the basis of value-in-use calculations. Value-in-use has been determined based on discounted cash flows (DCF-model). The cash flow forecasts are based on five-year strategic plans approved by the management, which are consistent with the current business structure. The most important assumptions in the strategic plans are estimates of overall long-term growth in the market and the market position as well as profitability of the Group companies. The Group's investments are expected to consist of ordinary replacement investments. The cash flows of 2020-2024 are based on the assumption that the net sales growth percentage and the operating profit percentage will gradually normalise at the level of terminal growth. The foreign exchange rates used in converting the calculations into euros are those prevailing at the time of testing.

The main parameters used in the impairment testing are net sales growth percentage, operating profit percentage, terminal growth percentage and discount rate.

The five-year net sales forecasts are based on the management's assessments of the net sales growth, market development forecasts available from external information sources (IMS) and sales growth based on the Group's actions. Market growth in the previous years and the Group's growth in the previous years compared with market growth support the Group's net sales forecasts for the coming years.

The terminal growth rate used in the calculations is based on the management's assessments of the long-term growth in cash flows. In estimating the terminal growth rate, both country-specific and business sector growth forecasts available from external information sources as well as the characteristic features of each operating segment and cash generating unit are taken into account. Terminal growth rate used for the Pharmaceutical Trade Baltics cash generating unit was 1.0 per cent starting from 2025. The growth rate estimate for Latvia by an external information source (IMS Health) for 2013-2018 is 2.9 per cent. Terminal growth rate for the Swedish cash generating units was 0.5 per cent starting from 2025. The growth rate estimate by an external information source (IMS Health) for 2013-2018 is on average 0 per cent.

The residual value, consisting of the discounted net present value of cash flows after year 2024, forms 45.6 (-) per cent of the value of the Pharmaceutical Trade Baltics cash generating unit, 49.3 (53.6) per cent of the value of the Swedish retail cash generating unit and 50.9 (51.8) per cent of the value of the Swedish wholesale cash generating unit.

The discount rate used in the calculation is based on the Group's weighted average cost of capital, taking into account the industry and country specific risks in each of the the Group's operating segment. The most important component in defining the discount rate is the long-term risk-free interest rate in the operating country. The risk-free interest rate of the Pharmaceutical Trade Baltic cash generating unit is 1.6 (-) per cent. The risk-free interest rate of the Swedish cash generating units is 1.7 (2.6) per cent. When defining the discount rates, Oriola-KD has acquired the necessary information from external information source.

Projection parameters applied

	Post-tax discount rate %	Pre-tax discount rate %	Operating profit % ¹⁾	Terminal growth ²⁾	Net Sales growth ³⁾
2014					
Pharmaceutical Trade Baltics	7.3	9.0	3.6	1.0	4.2
Swedish retail	7.8	9.5	6.2	0.5	2.3
Swedish wholesale	7.8	9.5	1.6	0.5	4.2
2013					
Swedish retail	7.0	8.8	5.8	0.5	3.5
Swedish wholesale	7.0	8.8	1.1	0.5	2.6

¹⁾ Operating profit percentage is the average operating profit percentage over a ten-year the period.

²⁾ From the beginning of year 2025.

³⁾ CAGR over a ten-year period.

Change in projection parameters that causes the fair value equal to book value ⁴⁾

	Discount rate change %	Operating profit percentage change %	Terminal growth change %	Net Sales growth change %
2014				
Pharmaceutical Trade Baltics	14.8	-2.2	-	-9.0
Swedish retail	3.6	-2.4	-20.3	-7.2
Swedish wholesale ⁵⁾	-	-2.3	-	-46.5
2013				
Swedish retail	4.9	-2.0	-28.1	-6.8
Swedish wholesale ⁵⁾	6.3	-0.4	-	-9.3

⁴⁾ A greater change in one of the main parameters would result in a partial impairment of goodwill, providing other key assumptions remain unchanged.

⁵⁾ Goodwill allocated to the Swedish wholesale cash generating unit is not sensitive to changes in the terminal growth percentage in 2014 and 2013 or in the discount rate in 2014 since the discounted cash flows from the period 2015–2024 clearly exceed the value of tested assets. Pharmaceutical Trade Baltics is not sensitive to changes in the terminal growth percentage in 2014 since the discounted cash flows from the period 2015–2024 clearly exceed the value of tested assets.

During the second quarter of 2014 the Group determined the recoverable amount of the Russian pharmaceutical wholesale business based on a revised business plan prepared by the new business area operational management, according to which the growth in future net sales and profitability were expected to be below those of the earlier plans. Based on the determination the carrying value of the tested assets exceeded their recoverable amount and as a result a EUR 70.2 million goodwill impairment charge was recognised. After the impairment, no goodwill was allocated to the the Russian wholesale business. On 8 December 2014, Oriola-KD entered into an agreement to sell its Russian businesses to the Russian pharmacy chain CJSC Apteki 36.6, upon which the Group classified the Russian businesses in accordance with IFRS 5 as a discontinued operation. The impairment charge is reported withing discontinued operations in the Consolidated Statement of Comprehensive Income, see Note 3.

The key parameters applied in the value-in-use calculation of the Russian pharmaceutical wholesale were (31 December 2013) as follows:

- Post-tax discount rate 11.8 (10.1) per cent.
- Operating profit 0.2 (0.8) per cent. Operating profit percentage in the value-in-use calculation is the average operating profit percentage over a ten year period.
- Terminal growth 2.0 (1.0) per cent. Terminal growth rate is applied from the beginning of year 2025.
- Net sales growth 5.0 (8.4) per cent. Net sales growth rate is the average growth rate over a ten-year period.

13. Post-employment and other long term benefits

Oriola-KD started using the updated IAS19 standard on 1 January 2013. Oriola-KD has defined benefit plans in Sweden and Finland.

The Group's subsidiaries in Russia and the Baltic countries have no defined benefit plans.

In Finland, statutory pension security under the Employees' Pensions Act (TyEL) is arranged through the Oriola Pension Fund for the Group's employees, with some of the office employees enjoying a supplementary defined benefit plan. The TyEL pension plans at the Oriola Pension Fund comprise both defined benefit plans and defined contribution plans. The TyEL-related national disability pension obligation is recognized on the basis of the employment.

In Sweden, some of the office employees are covered by the defined benefit plan ITP 2 and others by the defined contribution plan ITP 1. The employees have a defined contribution plan according to local legislation. In ITP 2, the company can recognize the old age pension liabilities in its statement of financial position (balance sheet) or, alternatively, pay the pension expenses to the pension insurance company Alecta according to the pension plan. Oriola AB has recognized its ITP 2 old age pension liabilities in full in its statement of financial position. Oriola AB's old age pension benefits other than ITP 2 are insured with Alecta. All of Kronans Droghandel Apotek AB's pension benefits are defined contribution and are insured with Alecta.

The Group also operates a long-service benefit scheme.

Net defined benefit liability in the statement of financial position is defined as follows:

EUR million	2014	2013
Present value of funded obligations	79.3	61.0
Fair value of plan assets	-64.5	-62.8
Deficit/surplus	14.9	-1.8

Net liability(+) / assets (-) in the statement of financial position	14.9	-1.8
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Change in defined benefit obligation and plan assets

EUR million	Present value of funded obligation	Fair value of plan assets	Total
1 Jan 2013	61.5	-58.3	3.2
Current service cost	1.2	0.0	1.2
Interest cost or income	2.3	-2.3	0.0
Changes in the plan	0.0	0.0	0.0
	65.0	-60.6	4.4
Remeasurements			
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	-1.9	0.0	-1.9
Experience profits (-) or losses (+)	0.7	-4.0	-3.4
Changes in calculation principles	-0.7	0.0	-0.7
	63.1	-64.6	-1.5
Differences in foreign exchange rates	-0.3	0.0	-0.3
Contributions			
Employers	0.0	-0.8	-0.8
Plan participants	0.0	1.0	1.0
Expenses arising from the plans			
Benefits paid	-1.8	1.7	-0.1
31 Dec 2013	61.0	-62.8	-1.8
Current service cost	1.1	0.0	1.1
Interest cost or income	2.4	-2.5	-0.1
	64.5	-65.3	-0.8
Remeasurements			
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	16.3	0.0	16.3
Experience profits (-) or losses (+)	1.0	-0.8	0.2
	81.7	-66.1	15.7
Differences in foreign exchange rates	-0.4	0.0	-0.4
Contributions			
Employers	0.0	0.9	0.9
Plan participants	0.0	-1.0	-1.0
Expenses arising from the plans			
Benefits paid	-2.0	1.8	-0.2
31 Dec 2014	79,3	-64.5	14.9

Classification of fair values of assets in Finland	2014			2013		
	Listed securities EUR million	Unlisted securities EUR million	Percentage	Listed securities EUR million	Unlisted securities EUR million	Percentage
Equity instruments						
Oriola-KD's shares	3.2	-	4.9	3.0	-	4.6
Other shares, developed markets	19.6	1.4	31.6	22.3	-	34.3
Other shares, emerging markets	2.2	-	3.3	1.9	-	2.9
Debt Instruments						
Governments and other general government	5.8	-	8.7	5.1	-	7.8
Corporates, high credit rating (IG)	13.7	-	20.5	22.4	-	34.4
Corporates, low credit rating (HY)	15.7	-	23.5	5.8	-	9.0
Cash and money market investments	5.0	-	7.5	4.6	-	7.0
Total	65.2	1.4	100.0	65.0	-	100.0

Significant actuarial assumptions 31 Dec:	2014	2013
Discount rate and expected returns (%)	2.5-2.6	3.8-4.0
Salary increases (%)	1.0-2.0	2.0-3.0

Mortality assumptions are made on the basis of actuarial guidelines and they are founded on statistics published in each region and on experience.

Sensitivity of the defined benefit obligation to changes in the most significant assumptions:

Effect on defined benefit pension obligation

Assumption	Change in assumption as percentage point	Effect of change in assumption %
Decrease in discount rate	-0.5	Increase by 10.5
Increase in discount rate	+0.5	reduce by 9.1
Increase in salaries	+0.5	increase by 1.1
Increase in benefits	+0.5	increase by 1.8

The table presents a sensitivity analysis for the most significant actuarial assumptions, showing the effect of any change in actuarial assumptions on the defined benefit pension obligation.

The effects of the above sensitivity analysis have been calculated so that when the effect of the change in the assumption is calculated all other assumptions are expected to remain unchanged. This is unlikely to happen and in some assumptions changes may correlate with each other. The sensitivity of the defined benefit obligation has been calculated using the same method as in the calculation of the pension obligation to be entered in the statement of financial position (the current value of the defined benefit obligation at the end of the reporting period using the projected unit credit method).

The most significant risks arising from defined benefit pension plans:

Volatility of assets

The maturity of the discount rate used in the calculation of the liabilities arising from the plans corresponds to the interest rate of the bonds of financially sound companies close to their pension obligations in the same currency area. A deficit will arise if the yield on the plan assets is lower than the discount rate yield. A significant portion of the plan assets are in the form of shares, which are expected to generate a higher long-term yield than bonds. In the short term, the overweight of shares may, however, generate volatility in investment income.

In addition to its rules, the Pension Fund's operation are governed by the Employee Benefit Funds Act, degrees under the Act and official instructions, and the Fund's operations are supervised by the Financial Supervisory Authority. The management and Board of Directors of the Pension Fund are responsible for management. Oriola Pension Fund continues to invest its assets securely and in manner that generates returns. Oriola Pension Fund is actively following trends in market risks and continues the diversification of its investment risks, as necessary.

Life expectancy

Most of the plan obligations are connected with generating life-long benefits for employees and for this reason a higher life expectancy will mean more obligations under the plan.

Risk management in investments:

In funded plans, the Oriola Pension Fund manages its investment positions so that the aim is the matching of assets and liabilities. The purpose of the procedure is the matching of long-term investments and obligations arising from pension plans. The processes used in risk management are continuously improved. The investments have been diversified so that the loss of any single investment will not have significant impact on the total amount of assets. Even though a significant portion of the assets has been invested in shares, most of the investments of Oriola Pension Fund are in bonds and money market investments. Shares are expected to generate the best long-term returns at acceptable risk level. Most of the shares have been invested in large European listed companies with sound financial position. The aim is that 40 per cent of the investments will be kept in shares in the long-term.

Employer contributions to post-employment benefit plans are expected to be EUR 3.1 million during the 2015 financial year.

The weighted average duration of the defined benefit obligation is 26.1 years.

14. Deferred tax assets and liabilities

EUR million

	1 Jan	Items booked in income statement	Items booked in other comprehensive income	Acquisitions	Disposals	Translation differences	31 Dec
2014							
Deferred tax assets							
Confirmed tax losses	6.0	1.4	-	-	-6.0	-	1.4
Inventories	0.2	-0.1	-	-	-	0.0	0.2
Pension liabilities	1.8	-0.2	-0.3	-	-	-0.1	1.2
Acquisitions	0.3	-	-	-	-	0.0	0.3
Divestment of business	-	-5.0	-	-	5.0	-	-
Employee benefits	0.0	0.0	-	-	-	-	0.1
Cash flow hedges	0.0	-	-	-	-	-	0.0
Other	0.0	0.2	-	-	-	-	0.2
Deferred tax assets total	8.3	-3.6	-0.3	-	-1.0	-0.1	3.3
Deferred tax liabilities							
Depreciation difference and other untaxed reserves	10.3	-0.2	-0.7	-	-	-0.5	8.9
Pension assets	1.9	-0.0	-1.9	-	-	-	0.0
Acquisitions	5.5	-0.1	-	-	-	-0.6	4.8
Other	0.0	0.0	-0.1	-	-	0.0	0.0
Deferred tax liabilities total	17.7	-0.2	-2.7	-	-	-1.0	13.7
Offset against deferred tax assets ¹⁾	-	-	-1.1	-	-	-	-1.1
Net deferred tax liabilities	17.7	-0.2	-3.7	-	-	-1.0	12.7
2013							
Deferred tax assets							
Confirmed tax losses	4.7	0.0	-	-	2.2	-0.9	6.0
Inventories	0.0	0.1	-	-	-	0.1	0.2
Translation difference of net investment	-	-0.4	0.4	-	-	-	-
Pension liabilities	1.0	0.1	0.7	-	-	0.0	1.8
Acquisitions	-	-1.1	-	1.4	-	-	0.3
Employee benefits	0.2	-0.2	0.0	-	-	-	0.0
Cash flow hedges	0.2	-	-0.2	-	-	-	0.0
Other	0.0	0.0	-	-	-	-	0.0
Total	6.1	-1.5	0.9	1.4	2.2	-0.8	8.3
Deferred tax liabilities							
Depreciation difference and other untaxed reserves	11.0	-0.6	-	-	-	-0.1	10.3
Pension assets	1.6	-0.4	0.7	-	-	-	1.9
Acquisitions	1.4	-0.9	-	5.9	-	-1.0	5.5
Other	-	-	0.0	-	-	-	0.0
Total	14.1	-1.9	0.7	5.9	-	-1.0	17.7

¹⁾ Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred tax is calculated on 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, the defined pension benefit plans and by unused losses in taxation. The deferred taxes are booked only to the extent they most probably can be utilised in the future. The deferred taxes are calculated using the official tax rates valid on the balance sheet date. The Group has a deferred tax assets EUR 1.4 (6.0) million related to tax losses. The tax losses expires in ten years.

15. Inventories

EUR million	2014	2013
Raw materials and consumables	0.0	0.0
Work in progress	0.4	0.4
Finished goods	184.5	390.9
Total	185.0	391.4

During the financial year 2013 - 2014 no material inventory write-offs were recognised.

16. Trade and other receivables

EUR million	2014 Book value	2013 Book value
Trade receivables	178.4	337.9
Prepaid expenses and accrued income	9.8	19.4
Derivatives measured at fair value through profit and loss	1.4	1.1
VAT receivables	9.7	34.1
Rental prepayments and guarantees	3.5	6.8
Prepaid expenses	2.4	3.7
Other receivables	1.7	6.7
Total	206.8	409.7

Material items included in prepaid expenses and accrued income

EUR million	2014	2013
Income tax receivable	2.1	5.0
Compensations not received	0.2	0.1
Accrued interest income	0.0	0.0
Other receivables	7.5	14.3
Total	9.8	19.4

Allowance for impairment of trade receivables

EUR million	2014	2013
Balance 1.1.	6.3	6.4
Additions	0.3	1.3
Disposed subsidiaries	-6.3	-
Deductions	-0.2	-1.4
Balance 31.12.	0.1	6.3

Aging and impairment of trade receivables at the closing date

EUR million	2014 Gross	2014 Impairment	2013 Gross	2013 Impairment
Not past due	170.7	-	310.5	-
Past due 1 - 30 days	7.3	-	21.6	-
Past due 31 - 180 days	0.4	-	5.9	-
Past due more than 180 days	0.1	-0.1	6.3	-6.3
Total	178.5	-0.1	344.2	-6.3

Book value of trade and other receivables corresponds to the maximum amount of credit risk relating to them at the balance sheet date. Credit risk management is described in more details in the note 23 Financial risk management.

17. Cash and cash equivalents

EUR million	2014 Book value	2013 Book value
Cash equivalents	91.5	137.3
Total	91.5	137.3

18. EQUITY, SHARES AND AUTHORISATIONS

EQUITY

Share Capital

Oriola-KD Corporation's share capital on 31 December 2014 stood at EUR 147,899,766.14. All issued shares have been paid up in full. There were no changes in share capital in 2014.

Hedge fund

The hedge fund includes the effective portion of the change in fair value of derivative financial instruments that are designated as and qualify for cash flow hedges.

Contingency fund

The contingency fund is included in the unrestricted equity of the company. The contingency fund has been formed in 2006 when Oriola-KD was entered into the Trade Register. In accordance with the decision of the Annual General Meeting of 24 March 2014, the company did not distribute funds to the shareholders. On 31 December 2014, the contingency fund stood at EUR 19.4 million.

Hybrid bond

On 20 February 2014 Oriola-KD issued a EUR 40 million hybrid bond. The hybrid bond is subordinated to the Group's other debt obligations but has a priority over other equity items. The bond bears a fixed interest rate of 7.0 per cent per annum until 20 February 2017 and a floating interest rate thereafter. The hybrid bond has no maturity date but the issuer is entitled to redeem the hybrid bond after three years. Interest on the hybrid bond will be paid providing dividend is paid in accordance with the annual general meeting resolution. If dividends are not paid, the Group will make a separate decision regarding interest payment on the hybrid bond. Unpaid interest is accrued and taken into consideration in the calculation of earnings per share. The transaction costs have been deducted from the capital.

Other funds

Invested unrestricted equity reserve

Oriola-KD executed a directed share issue against payment in June 2009, issuing 9,350,000 new class B shares. The net proceeds received from the share issue amounted to EUR 20.7 million. The proceeds from the share issue were credited to the reserve of invested unrestricted equity. In accordance with the decision of the Annual General Meeting of 6 April 2011, the company distributed on 19 April 2011 EUR 0.13 per share from the reserve of invested unrestricted equity as repayment of equity, totaling EUR 19.7 million. On 31 December 2014, the reserve of invested equity stood at EUR 1.1 million.

Translation differences

Translation differences include translation differences arisen from the subsidiaries' equity translation during the consolidation, change of the fair values of the net investment in the foreign subsidiary, and foreign exchange rate differences arisen from the conversion of the foreign subsidiaries' income statement using the average exchange rate of the reporting period and the conversion of their balance sheet using the exchange rate quoted on the balance sheet date.

Shares

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. At year end 2014, the company had a total of 151,257,828 shares, of which 47,148,710 were class A shares and 104,109,118 were class B shares. The shares do not have a nominal value.

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 on 31 December 2014 was Health Care Distributors and the company was classified under Health Care. The ticker symbol for the class A shares is OKDAV and for the class B shares OKDBV.

Decisions regarding share issues

The company has not during the financial year ending on 31 December 2014 decided on or executed any share issues.

Treasury shares

The company holds 139,752 of the company's class B shares, representing approximately 0.09 per cent of the total number of company shares and approximately 0.013 per cent of the total number of votes.

Share trading and prices

A total of 46.2 million Oriola-KD Corporation shares, corresponding to 30.6 per cent of all outstanding shares (excluding class B treasury shares held by the Company), were traded on the NASDAQ OMX Helsinki exchange between 1 January and 31 December 2014. The traded volume of class A shares amounted to 15.7 per cent of the average number of class A shares, while the traded volume of class B shares was 37.3 per cent of the average number of class B shares (excluding class B treasury shares held by the Company).

The average share price of Oriola-KD Corporation's class A shares was EUR 2.51 and of its class B shares EUR 2.48. The market value of all Oriola-KD Corporation shares at 31 December 2014 was EUR 524.4 million, of which the market value of class A shares was EUR 163.1 million and of class B shares EUR 361.3 million.

Shareholders

On 31 December 2014, Oriola-KD Corporation had a total of 30,131 registered shareholders. There were 19,478,506 nominee-registered shares on 31 December 2014, corresponding to 12.9 per cent of all shares and 3.9 per cent of all votes. Private individuals accounted for 95.5 per cent of all shareholders and their holdings accounted for 38.4 per cent of all shares and 48.6 per cent of all votes.

Share conversions

Pursuant to Article 3 of the Articles of Association, no class A shares were converted into class B shares during the financial year.

Management shareholdings

On 31 December 2014, 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 403,668 shares, corresponding to 0.27 per cent of the total number of shares in the company and 0.07 per cent of the votes.

Dividend policy and distribution proposal

The Board of Directors of Oriola-KD Corporation has on 24 November 2010 confirmed the dividend policy of the Oriola-KD Group. Oriola-KD will seek to pay out annually as dividends approximately 50 per cent of earnings per share. The Company's strategy and financial position shall be taken into consideration when determining the annual dividend payout ratio.

The Board proposes to the Annual General Meeting (AGM) that no dividend (no dividend in 2013) is paid for the financial year ending on 31 December 2014, and no repayment of equity (no repayment of equity in 2013) be distributed from the unrestricted equity reserve.

Authorisation

Authorisation for the Board of Directors to decide on the issuance of shares against payment

Oriola-KD Corporation's AGM held on 24 March 2014 authorized the Board of Directors to decide on a share issue against payment in one or more issues. The authorisation comprises the right to issue new shares or assign treasury shares held by the company. The authorisation covers a maximum of 9,500,000 class A shares and 21,000,000 class B shares which represented approximately 20.2 per cent of all shares in the company.

The authorisation given to the Board of Directors includes the right to derogate from the shareholders' pre-emptive subscription right, provided that there is, in respect of the company, a weighty financial reason for the derogation. Subject to the above restrictions, the authorisation may be used i.a. to develop the capital structure. Pursuant to the authorisation, shares held by the company as treasury shares may also be sold through trading on regulated market organised by NASDAQ OMX Helsinki Ltd.

The authorisation includes the right for the Board of Directors to decide on the terms of the share issue in the manners provided for in the Companies Act including the right to decide whether the subscription price is credited in part or in full to the invested unrestricted equity reserves or to the share capital.

The authorisation is in effect for a period of 18 months from the decision of the AGM. The authorisation revokes all previous share issue authorisations given to the Board of Directors except for the authorisation given to the Board of Directors by the AGM held on 20 March 2013, pursuant to which the Board of Directors may decide upon directed share issues against or without payment concerning no more than 1,715,000 class B shares in order to execute the share-based incentive plan for the Oriola-KD Group's executives and the share savings plan for the Oriola-KD Group's key personnel.

Authorisation for the Board of Directors to decide on the issuance of class B shares against payment

Oriola-KD Corporation's AGM held on 24 March 2014 authorized the Board of Directors to decide on a share issue against payment in one or more issues. The authorisation comprises the right to issue new class B shares or assign class B treasury shares held by the company. The authorisation covers a combined maximum of 15,000,000 class B shares of the company, which represented approximately 9.92 per cent of all shares in the company.

The authorisation given to the Board of Directors includes the right to derogate from the shareholders' pre-emptive subscription right provided that there is, in respect of the company, a weighty financial reason for the derogation. Subject to the above restrictions, the authorisation may be used as payment of consideration when financing and executing corporate acquisitions or other business arrangements and investments. Pursuant to the authorisation, class B shares held by the Company as treasury shares may also be sold on regulated market organised by NASDAQ OMX Helsinki Ltd.

The authorisation includes the right for the Board to decide on the terms of the share issue in the manners provided for in the Companies Act including the right to decide whether the

subscription price is credited in part or in full to the invested unrestricted equity reserves or to the share capital.

The authorisation is in effect for a period of 18 months from the decision of the AGM. The authorisation revokes all previous share issue authorisations given to the Board of Directors except for such given earlier during the AGM and the authorization given to the Board of Directors by the AGM held on 20 March 2013, pursuant to which the Board of Directors may decide upon directed share issues against or without payment concerning no more than 1,715,000 class B shares in order to execute the share-based incentive plan for the Oriola-KD Group's executives and the share savings plan for the Oriola-KD Group's key personnel.

Authorisation for the Board of Directors to decide on the repurchase of the company's own class B shares

Oriola-KD Corporation's AGM held on 24 March 2014 authorized the Board of Directors to decide on repurchasing of the company's own class B shares. The authorisation entitles the Board of Directors to decide on the repurchase of no more than 15,000,000 of the company's own class B shares, which represented approximately 9.92 per cent of all shares in the company. The authorisation may only be used in such a way that in total no more than one tenth (1/10) of all shares in the company may from time to time be in the possession of the company and its subsidiaries.

Shares may be repurchased in accordance with the resolution of the Board of Directors also in a proportion other than in which shares are owned by the shareholders, using funds belonging to the company's unrestricted equity and at the market price of class B shares quoted on regulated market organized by NASDAQ OMX Helsinki Ltd or otherwise established on the market at the time of the repurchase. The Board of Directors decides how shares will be repurchased. Among other means, derivatives may be used in acquiring the shares. The acquisition of shares reduces the company's distributable unrestricted equity. Shares may be repurchased to develop the company's capital structure, to execute corporate transactions or other business arrangements, to finance investments, to be used as a part of the company's incentive schemes or to be otherwise relinquished, held by the company or cancelled.

According to the authorisation, the Board of Directors decides on all other matters related to the repurchase of class B shares. The authorisation to repurchase own shares is in force for a period of not more than 18 months from the decision of the AGM. This authorisation revokes the authorisation given to the Board of Directors by the AGM on 20 March 2013 in respect of repurchase of the company's own class B shares.

Authorisation for the Board of Directors to decide on the issuance of class B shares without payment to the company and on a directed share issue of class B shares in order to execute the new share-based incentive plan for Oriola-KD Group's executives and the share savings plan for Oriola-KD Group's key personnel

On 20 March 2013, Oriola-KD Corporation's AGM also authorised the Board of Directors to decide on the issuance of class B shares without payment to the company and on a directed share issue of class B shares in order to execute the new share-based incentive plan for Oriola-KD Group's executives and the share savings plan for Oriola-KD Group's key personnel.

The Board of Directors was authorised to decide on the issuance of class B shares without payment to the company in one or more instalments. The maximum number of new class B shares to be issued under this authorisation is 1,715,000, which represented of 1.13 per cent of all shares in the company. The Board of Directors decides upon all other matters related to the issuing of class B shares. The purpose of the authorization is to enable the creation of own shares to be used in the new share-based incentive plan for the Oriola-KD Group's executives and the share savings plan for Oriola-KD Group's key personnel, as follows.

In deviation from the shareholders' pre-emptive right, the Board of Directors was also authorized to issue the company's class B shares in one or more instalments. The class B shares to be issued can be either new shares or own class B treasury shares. The total amount of the authorisation is 1,715,000 class B shares. The share issue may be without payment. The shares concerned represented approximately 1.13 per cent of all shares in the company. The Board of Directors may exercise this authorisation in the new share-based incentive plan for Oriola-KD Group's executives and in the share savings plan for Oriola-KD Group's key personnel. The Board of Directors decides upon all other matters related to the share issues, the incentive plan for the executives and the share savings plan for the key personnel. Deciding upon a directed share issue without payment requires that there is a particularly weighty financial reason for the deviation in respect of the company and taking into account the interest of all of its shareholders.

These authorizations are valid five years from the resolution of the AGM.

Other authorisations

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

Share capital

		A shares	B shares	Shares total
Number of shares 1 Jan 2014	pcs	47,148,710	104,109,118	151,257,828
Conversion of A shares to B shares	pcs	-	-	-
Number of shares 31 Dec 2014	pcs	47,148,710	104,109,118	151,257,828
Votes 31 Dec 2014	pcs	942,974,200	104,109,118	1,047,083,318
Share capital per share class 31 Dec 2014	EUR million	46.1	101.8	147.9
Percentage from the total shares	%	31.2	68.8	100.0
Percentage from the total votes	%	90.1	9.9	100.0
Number of shares 1 Jan 2013	pcs	47,148,710	104,109,118	151,257,828
Conversion of A shares to B shares	pcs	-	-	-
Number of shares 31 Dec 2013	pcs	47,148,710	104,109,118	151,257,828
Votes 31 Dec 2013	pcs	942,974,200	104,109,118	1,047,083,318
Share capital per share class 31 Dec 2013	EUR million	46.1	101.8	147.9
Percentage from the total shares	%	31.2	68.8	100.0
Percentage from the total votes	%	90.1	9.9	100.0
EUR million			2014	2013
Parent company share capital 31 Dec			147.9	147.9
Elimination of the revaluation of subsidiary shares in the consolidated financial statements			-111.7	-111.7
Consolidated share capital 31 Dec			36.2	36.2

19. Borrowings

EUR million	2014 Book value	2013 Book value
Non-current		
Loans from financial institutions	80.9	161.1
Finance lease liabilities	2.8	0.5
Contingent consideration ¹⁾	14.7	14.6
Total	98.5	176.2

¹⁾ Contingent consideration is in fair value, additional information in note 26.

Current		
Loans from financial institutions	21.3	11.3
Issued commercial papers	51.8	83.1
Advances received	20.6	47.8
Finance lease liabilities	1.7	0.4
Total	95.4	142.6

Maturity of non-current interest-bearing liabilities

EUR million	2014	2013
1-5 years	98.5	176.2
More than five years	-	-
Total	98.5	176.2

Interest-bearing liabilities by currency

EUR million	2014	2013
EUR	92.8	151.6
SEK	101.1	167.3
Total	193.9	318.8

Maturity of finance lease liabilities

EUR million	2014	2013
Within one year	1.8	0.4
Within 1-5 years	3.0	0.5
Unearned financial expense	-0.3	0.0
Total	4.5	0.8

Present value of minimum lease payments

EUR million	2014	2013
Within one year	1.7	0.4
Within 1-5 years	2.8	0.5
Total	4.5	0.8

20. Other non-current liabilities

EUR million	2014 Book value	2013 Book value
Derivatives designated as hedges	1.7	0.3
Other non-current liabilities	0.5	-
Total	2.2	0.3

21. Trade payables and other current liabilities

EUR million	2014 Book value	2013 Book value
Trade payables	494.3	834.9
Accrued liabilities and deferred income	32.3	23.0
Derivatives at fair value through profit and loss	0.3	0.4
Other current liabilities	9.1	16.4
Total	536.0	874.7

Material items included in accrued liabilities and deferred income

EUR million	2014	2013
Accrued wages, salaries and social security payments	19.0	16.6
Income tax liability	5.6	0.1
Other accrued liabilities and deferred income	7.6	6.3
Total	32.3	23.0

22. Provisions

EUR million	Restructuring provision	Other provisions	Total
Provisions 1 Jan 2013	-	-	-
Increase	3.0	-	3.0
Provisions 31 Dec 2013	3.0	-	3.0
Increase	-	0.4	0.4
Decrease	-2.8	-	-2.8
Provisions 31 Dec 2014	0.2	0.4	0.6

23. Financial risk management

The financial risks relating to the business operations of the Oriola-KD are managed in accordance with the treasury policy adopted by the Board of Directors of Oriola-KD Corporation. The treasury policy provides the framework for Oriola-KD's financing activities. Operating instructions defining the principles for managing financial risks and liquidity have been prepared for the Group Treasury. Oriola-KD's Group Treasury is responsible for implementing, monitoring and reporting of the treasury policy.

The objective of financial risk management is to maintain the solid long-term financial position and secure daily liquidity, to optimise the financial structure of the Group, to control and monitor guarantees and terms of financial covenants, to promote cost-efficient operations and to efficiently manage currency, interest rate, market price and credit risks. The main financial risks for Oriola-KD are currency, interest rate, liquidity and credit risks.

Currency risk

The most important country-specific operating currencies for Oriola-KD are the euro and the Swedish krona (SEK). A substantial proportion of procurements and sales are conducted in the operating currencies of the subsidiaries, which considerably reduces the operating currency risk. In accordance with its treasury policy, Oriola-KD's internal loans and deposits are denominated in the local currency of each subsidiary.

On 8 December, 2014, Oriola-KD sold the Russian businesses to CJSC "Apteki 36.6". Oriola-KD classifies Russian businesses as discontinued operations. See Note 3.

Transaction risk

Transaction risks arise from commercial and finance-related transactions and payments made by the business units, which are denominated in a currency other than the unit's operating currency. Due to the nature of the business operations, the transaction risks are minor. In accordance with the treasury policy, the aim is to hedge 100 per cent of any significant open currency position of subsidiaries with non-domestic currency items. In accordance with the treasury policy, Oriola-KD's internal loans and deposits are denominated in the local currency of each subsidiary and all significant loan positions are hedged in full with derivative contracts.

The table below illustrates Oriola-KD's open transaction position concerning balance sheet items recognised in the income statement and their hedging on the balance sheet date. Transaction position consists mainly from internal loan receivables and their hedgings. No hedge accounting is applied for hedging of transaction risk.

Transaction position on the balance sheet date

	2014	2013
EUR million	Net risk	Net risk
SEK	3.5	0.7
RUB	0.0	14.2

Translation risk

Oriola-KD's most significant translation risk concerns items in Swedish krona. Translation risks arise from capital investments and goodwill in foreign subsidiaries. On the balance sheet date Oriola-KD had not hedged the equity-related translation risks.

Translation position on the balance sheet date

EUR million	2014 Net investment	2013 Net investment
SEK	158.0	137.0
RUB	-	196.5

Currency risk sensitivity analysis

The tables below illustrate the impact of changes in currency exchange rates on Oriola-KD's earnings after taxes and on the translation differences in Group equity.

Transaction risk

Effect of a 10 per cent weakening/strengthening of the operating currency against the euro

EUR million	2014 Income statement	2013 Income statement
EUR/SEK	-/+0.3	-/+0.1
EUR/RUB	-/+0.0	-/+1.1

Translation risk

Effect of a 10 per cent weakening/strengthening of the reporting currency against the euro

EUR million	2014 Equity	2013 Equity
EUR/SEK	-/+14.4	-/+12.5
EUR/RUB	-	-/+17.9

Liquidity risk

The objective of liquidity risk management is to maintain adequate liquid assets and revolving 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 cash flow forecasts and four-week rolling cash flow forecasts drawn up on a weekly basis. Oriola-KD has diversified its refinancing risk among a number of different counterparties and various financing sources.

Oriola-KD's liquidity position is secured with a EUR 100 (100) million committed credit facility that expires on 2018 and with short-term credit account limits of EUR 55.6 (42.6) million. Both of the above facilities were unused on the balance sheet date. In addition Oriola-KD has got an EUR 200 (200) million commercial paper programme of which EUR 51.8 (81.3) million had been issued on the balance sheet date. Oriola-KD's cash and cash equivalents totalled EUR 91.5 (137.3) million.

Oriola-KD's net working capital was EUR -130.9 (-105.3) million on the balance sheet date. Oriola-KD's net working capital was negative on the balance sheet date owing to the terms of payment defined in principal and customer agreements and to the non-recourse factoring programs used in the retail and wholesale businesses in Sweden. The Group's principal and customer agreements are based on established, long-term agreements, and no significant changes are anticipated in them during 2015.

Oriola-KD has open-ended frame agreements in Sweden that allows the company to sell trade receivables relating to Swedish retail and wholesale businesses to the financial institutions on non-recourse basis. Within these factoring programs Oriola-KD has sold its trade receivables from Swedish county councils, state-owned Apoteket AB and Apotek Hjärtat AB Group to the financial institutions. Sales of non-recourse trade receivables totalled EUR 100.1 (76.8) million on the balance sheet date. No significant changes are anticipated in the scope of the programmes in 2015.

Maturity distribution of financial liabilities and derivative liabilities, including interest payments and capital repayments, on 31 December 2014

EUR million	2015	2016	2017	2018->	Total
Interest-bearing					
Loans from financial institutions and commercial paper loans	76.5	82.6	-	-	159.1
Finance lease liabilities	1.8	1.6	1.1	0.3	4.8
Advance payments received	20.9	-	-	-	20.9
Contingent consideration	-	16.1	-	-	16.1
Non-interest-bearing					
Trade payables and other current liabilities	536.1	-	-	-	536.1
Receivables from interest rate swaps	-	-	-	-0.1	-0.1
Liabilities from interest rate swaps	0.7	0.7	0.4	-	1.8
Receivables from foreign currency derivatives	-155.8	-	-	-	-155.8
Payables on foreign currency derivatives	154.7	-	-	-	154.7
Total	634.9	101.0	1.5	0.2	737.6

Maturity distribution of financial liabilities and derivative liabilities, including interest payments and capital repayments, on 31 December 2013

EUR million	2014	2015	2016	2017->	Total
Interest-bearing					
Loans from financial institutions and commercial paper loans	103.4	28.9	141.2	-	273.5
Finance lease liabilities	0.4	0.2	0.2	0.0	0.8
Advance payments received	48.4	-	-	-	48.4
Contingent consideration	-	-	17.1	-	17.1
Non-interest-bearing					
Trade payables and other current liabilities	874.4	-	-	-	874.4
Receivables from interest rate swaps	-	-	-0.1	-0.2	-0.3
Liabilities from interest rate swaps	0.4	0.2	-	-	0.6
Receivables from foreign currency derivatives	-160.0	-	-	-	-160.0
Payables on foreign currency derivatives	159.3	-	-	-	159.3
Total	1,026.3	29.3	158.3	-0.2	1,213.8

Interest rate risk

The objective of Oriola-KD's interest rate risk management is to reduce the impact of interest rate fluctuations on the income statement. The interest rate risk is evaluated using sensitivity analysis and interest rate duration. According to the treasury policy interest rate duration is allowed to vary between 6-24 months while targeted interest rate duration is 12 months.

On the balance sheet date, Oriola-KD's interest rate risk consisted of EUR 91.5 (137.3) million in cash assets, EUR 193.9 (318.8) million in interest-bearing liabilities, and EUR 100.1 (76.8) million from sales of non-recourse trade receivables in Sweden. On the balance sheet date, a total of EUR 55.4 (45.2) million of the interest rate risk was hedged. Cash flow hedge accounting is applied to interest hedging.

Based on the gross debt on the balance sheet date and assuming that the trade receivables sales programmes will continue as normal in Sweden, the effect of a one percentage point increase in market interest rates on the Group's annual earnings after taxes would be EUR -2.7 (-3.8) million and on equity EUR 1.4 (1.3) million. The average interest rate on liabilities, including the sale of receivables on a non-recourse basis, was 2.1 (3.1) per cent on the balance sheet date, and the interest rate duration was 8 (7) months.

Credit and 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. Oriola-KD's treasury policy provides the framework for credit-, investment- and counterparty risk management.

Credit limits are determined for investments and derivative agreement counterparties on the basis of creditworthiness and solidity, and are monitored and updated on a regular basis.

Business areas are responsible for the credit risk management arising from commercial receivables. Oriola-KD did not have fundamental credit risks in its trade receivables due to widely diversified customer base. The Finnish and Swedish wholesale business is based on well-established customer relationships and contractual terms generally observed within the industry, which significantly reduces the credit risk associated with trade receivables. Due to the nature of the operations there are no fundamental credit risks associated with the Swedish retail business.

The credit risk related to the wholesale business in Finland is reduced by interest-bearing advance payments from pharmacies. These interest-bearing advance payments are presented as current interest-bearing liabilities in the balance sheet. In the wholesale and retail business in Sweden, the credit risk is reduced by the sale of non-recourse receivables to financial institutions and by the usage of credit loss insurances.

Credit losses recognised in the income statement for continuing operations for the financial year totalled EUR 0.2 (0.0) million.

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 the company to manage its ongoing obligations and enables cost-effective operations under all circumstances. The Return on Equity (ROE) and the gearing ratio are the measurements for monitoring capital structure.

The long-term targets and dividend policy of the Oriola-KD Group have been approved by the Board of Directors of Oriola-KD Corporation. The targets are based on growth, profitability (ROE) and balance sheet key figures. The Group's long-term targets are to grow faster than the relevant markets and to achieve a return on equity (ROE) of more than 15 per cent and an average gearing ratio between 40 and 60 per cent. In addition, Oriola-KD seeks to pay out annually as dividends approximately 50 per cent of the earnings per share. The company's strategy and financial position are taken into consideration when the annual dividend is determined.

Oriola-KD's long-term financing agreements include financial covenant terms that are based on the ratio of net debt to EBITDA and on the gearing ratio. Under the terms and conditions of the financing agreement the ratio of net debt to the rolling 12-month EBITDA must not exceed 3.50. In line with the sale of Russian businesses financing agreement was changed so that the gearing covenant was not tested on the balance sheet date. Key figures associated with the covenants are monitored on a monthly basis. The figures of the financial covenants were met at the end of 2014.

Financial covenants contained in the financing agreement	31 Dec 2014	31 Mar 2015	30 Jun 2015	30 Sep 2015
Ratio between net debt and rolling 12-month EBITDA	3.50	3.00	3.00	3.00
Gearing ratio	100 %	100 %	100 %	100 %

Tables below show group's financial key figures and financial key figures under term and conditions of financing agreements.

Group's financial key figures

EUR million	2014	2013¹⁾
Interest-bearing liabilities	193.9	318.8
Cash assets	91.5	137.3
Interest-bearing net debt	102.4	181.5
Operating profit	65.0	29.3
Depreciation and impairment charges	22.2	20.4
EBITDA	87.2	49.7
Equity	113.6	278.1
Return on equity (ROE), %	23.7	2.0
Gearing ratio, %	90.1	65.3
Net debt / EBITDA	1.17	3.65

Financial key figures according the financing agreements

EUR million	2014	2013¹⁾
Interest-bearing liabilities	179.1	304.2
Cash assets	91.5	137.3
Interest-bearing net debt	87.7	166.9
Operating profit	65.0	32.4
Depreciation and impairment charges	22.2	21.6
EBITDA	87.2	54.1
Equity	113.6	278.1
Gearing ratio, %	77.2	60.0
Net debt / EBITDA	1.01	3.09

¹⁾Income statement figures according to continuing operations.

24. Commitments and contingencies

EUR million	2014	2013
Commitments for own liabilities		
Guarantees on behalf of own companies	8.1	21.3
Guarantees on behalf of other companies	22.0	-
Mortgages on company assets	2.2	2.4
Other guarantees and liabilities	1.1	0.9
Accumulated interest on hybrid bond	2.4	-
Total	35.8	24.6
Leasing commitments	0.8	2.6

Guarantees on behalf of other companies include parent company guarantees given to third parties on behalf of sold Russian entities commercial agreements and rent contracts. In accordance of framework agreement the buyer undertakes to compensate Oriola-KD for any claim against the guarantees. In addition the buyers bank has given Oriola-KD in aggregate EUR 20.7 million counter guarantee mainly subject to parent company guarantees of the commercial agreements. Majority of the guarantees on behalf of other companies will expire in 2015.

The most significant guarantees are bank guarantees against trade payables in wholesale company in Sweden. In addition, Oriola-KD Corporation has granted parent company guarantees of EUR 4.7 (26.4) million against subsidiaries' trade payables and EUR 82.8 (153.6) million against external loan to Oriola-KD Holding Sverige AB.

25. Derivatives

EUR million	Positive fair value	Negative fair value	Nominal value
2014			
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	1.7	55.4
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	1.0	-	154.7
2013			
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	0.3	45.2
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	0.8	-	159.3

Derivatives that are open on the balance sheet date fall due in next twelve months period except interest rate swaps recognised as cash flow hedges.

Interest rate risk relating to cash flow from Oriola AB's selling of trade receivables has been hedged with interest rate swaps. The fair value of interest rate derivatives is defined by cash flows due to contracts. These interest rate swaps are wholly designated as cash flow hedges and their changes in fair value related to the effective portion of the hedge are recognised in other comprehensive income and the potential ineffective part is recognised in the income statement.

The fair value of foreign currency forward and swap contracts and interest rate swaps fall due in next twelve months is quoted based on market value on the balance sheet date. The Group had no open foreign currency forward or swap contracts used as cash flow hedges at the end of 2014.

Fair values of the derivatives have been booked to balance sheet in gross amount as the derivatives contracts are related to credit events and can not be netted in financial statements. The Group has not given nor received collateral to/from derivatives counterparties.

Oriola-KD has derivative positions with several banks and related transactions are effected under master derivative agreements. Master derivative agreements allow to settle on a net basis all outstanding items within the scope of the agreement for example in the event of bankruptcy. On the balance sheet date, the remaining counterparty risk after net settlement, as allowed in master derivative agreements, was EUR 1.2 (0.8) for Oriola-KD and EUR 1.9 (0.3) million for the counterparties.

The nominal amount of foreign currency derivatives is the euro equivalent of the contracts' currency denominated amount on the balance sheet date.

26. Book values and fair values of financial assets and financial liabilities

EUR million	Note	2014 Fair value	2014 Book value	2013 Fair value	2013 Book value
Financial assets recognised at fair value through profit and loss					
Derivatives measured at fair value through profit and loss	16	1.4	1.4	1.1	1.1
Loans and other receivables					
Cash equivalents	17	91.5	91.5	137.3	137.3
Trade receivables and other receivables	16	205.4	205.4	408.5	408.5
Financial assets total		298.3	298.3	546.9	546.9
Derivatives designated as hedges					
Other non-current liabilities	20	0.5	0.5	-	-
Financial liabilities recognised at fair value through profit and loss					
Derivatives measured at fair value through profit and loss	21	0.3	0.3	0.4	0.4
Contingent consideration	19	14.7	14.7	14.6	14.6
Financial liabilities measured at amortised cost					
Non-current interest-bearing liabilities	19	83.8	83.8	161.6	161.6
Current interest-bearing liabilities	19	95.4	95.4	142.6	142.6
Trade payables and other current liabilities	21	536.1	536.1	874.4	874.4
Financial liabilities total		732.5	732.5	1,193.9	1,193.9

Fair value hierarchy

EUR million	Level 1	Level 2	Level 3	Total
2014				
Assets				
Derivatives measured at fair value through profit and loss	-	1.4	-	1.4
Liabilities				
Derivatives designated as hedges	-	1.7	-	1.7
Derivatives measured at fair value through profit and loss	-	0.3	-	0.3
Contingent consideration	-	-	14.7	14.7
2013				
Assets				
Derivatives measured at fair value through profit and loss	-	1.1	-	1.1
Liabilities				
Derivatives designated as hedges	-	0.3	-	0.3
Derivatives measured at fair value through profit and loss	-	0.4	-	0.4
Contingent consideration	-	-	14.6	14.6

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

EUR million	2014
Book value 31 Dec 2013	14.6
Bookings to financial expenses	1.0
Translation differences	-0.9
Book value 31 Dec 2014	14.7

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

27. Operating leases

Group as lessee

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

EUR million	2014	2013
Within one year	13.4	35.0
One to five years	21.6	37.2
Over five years	9.4	4.8
Total	44.3	77.0

Group has leased office, warehouse and pharmacy locations under uneven rental agreements which are non-terminable. Part of the rental agreements can be renewed based on the current agreement.

28. Group companies and related-party transactions

Group companies	Domicile	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 Oy	Finland	100	100	100	100
Oriola Oy	Finland	100	100	100	100
Aloiro AB ¹⁾	Sweden	100	100		
AS Oriola	Estonia	100	100		
SIA Oriola Riga	Latvia	100	100		
UAB Oriola Vilnius	Lithuania	100	100		
SIA Panpharmacy	Latvia	100	100		
SIA Rigas Elizabetes aptieka	Latvia	100	100		
Oriola-KD Holding Oy	Finland	100	100	100	100
Oriola-KD Holding Sverige AB	Sweden	100	100		
Oriola AB	Sweden	100	100		
Kronans Droghandel Apotek AB	Sweden	100	100		

¹⁾ The company is not engaged in any operating activities.

In December 2014 Oriola-KD Holding Russia Oy was renamed as Oriola-KD Holding Oy.

Transactions with the related parties

Related parties in the Oriola-KD Group are deemed to comprise the members of the Board of Directors and the President and CEO of Oriola-KD Corporation, the other members of the Group Management Team of the Oriola-KD Group, the immediate family of the aforementioned persons, companies controlled by the aforementioned persons and the Oriola Pension Fund. The Group has no significant business transactions with related parties, except for pension expenses arising from defined benefit plans with the Oriola Pension Fund.

Management benefits

EUR 1,000	President and CEO		Group Management Team	
	2014	2013	2014	2013
Basic salary	426.1	419.6	1,259.4	1,226.0
Bonuses	70.5	393.3	221.8	500.4
Pension expenses (statutory)	80.0	97.4	253.4	125.7
Pension expenses (voluntary)	-	-	65.5	5.9
Total	576.7	910.3	1,800.1	1,858.1

The total salary of the President and CEO of the Group and the Group Management Team include a social cost insurance. The President and CEO of the Group and the Group Management Team participate in statutory pension schemes. One Group Management Team member participates in a voluntary defined contribution plan.

Salaries and benefits of the members of the Board of Directors

EUR 1,000		2014	2013
Jukka Alho, chairman	1)	64.0	66.4
Matti Rihko, vice chairman	3)	37.1	-
Harry Brade		35.0	37.8
Per Båtelson		29.8	32.2
Anja Korhonen	3)	39.1	-
Kuisma Niemelä	3)	30.2	-
Outi Raitasuo, vice chairman	4)	1.6	42.3
Karsten Slotte	1) 4)	1.2	32.2
Mika Vidgrén	4)	1.2	33.8
Olli Riikkala, chairman	2)	-	5.2
Pauli Kulvik	2)	-	2.4
Ilkka Salonen	2)	-	1.2
Total		239.1	253.5

1) from March 20th, 2013

2) until March 20th, 2013

3) from March 24th, 2014

4) until March 24th, 2014

Executives incentive plan 2013 - 2015

On 19 December 2012, Oriola-KD's Board of Directors approved a share-based incentive plan for the Group executives (the Plan). The target group of the new Plan during the performance period 2013 and 2014 consists of approximately ten executives, of which seven participants are named. The Plan includes three performance periods, calendar years 2013, 2014 and 2015. The Board of Directors of the Company will decide on the performance criteria and on targets to be established for them at the beginning of each performance period. The potential reward from the Plan for the performance period 2014 was based on Oriola-KD Group's Earnings per Share (EPS) and for 2013 based on Oriola-KD Group's Earnings per Share (EPS) and Return on Capital Employed (ROCE), per cent. The Board of Directors will have the possibility to adjust the performance criteria for the following performance periods. There will be no payment based on the performance period 2014 since the performance criteria for the Plan was not met. There was no payment based on the performance period 2013 since the performance criteria for the Plan was not met.

The potential reward will be paid partly in the Company's series B shares and partly in cash in approximately two years time after the performance period has ended. The Company will cover taxes and tax-related costs arising from the reward to the executives with the proportion to be paid in cash. No reward will mainly be paid if an executive's employment or service in a Group company ends before the reward payment.

If the executives' total earnings are more than their total salary of the calendar year preceding the reward payment multiplied by 3.5, the reward to be paid on the basis of the performance period will be reduced for such exceeding part. Total earnings mean total salary together with annual bonus and long-term incentive plan, and total salary means fixed base salary together with fringe benefits.

There were no expenses recognised for share-based payments in 2014 or in 2013.

Key personnel incentive plan 2010-2012

On 10 February 2010, Oriola-KD's Board of Directors decided on a share based incentive scheme for the Group's approximately 40 key personnel for the years 2010-2012. The scheme has three earning periods, which were calendar years 2010, 2011 and 2012. The company's Board of Directors decided on the earning criteria for the earning period and the targets to be set for these at the start of each earning period. The payment under the scheme for the earning period 2012 was based on achievement of Oriola-KD Group's business specific strategic targets.

The reward from the earning period 2012 was paid in 2013 partly in company's class B-shares and partly in cash. The proportion paid as cash covered the taxes and tax-like charges associated with the reward. No reward was paid if a key person's employment or service with a Group company ended before the reward payment. The shares cannot be transferred during a restriction period, which ends two years from the end of the earning period. The restriction period for earning period 2012 ended 31.12.2014. The President and CEO of the Company and the members of the Group Management Team must hold 50 per cent of the shares received on the basis of the Plan as long as his/her employment or service with a Group company continues. In total 277,257 company's class B shares were granted under the scheme.

The expenses recognised for share-based payments were EUR 0.2 (0.9) million in 2014.

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

Share savings plan 2013-2014 and 2014 - 2015

The Board of Oriola-KD Corporation approved the terms and conditions of a key employees' share savings plan on 28 May 2013. A total of about 50 key employees are participating in the plan. The savings period started on 1 October 2013 and end on 30 September 2014. In addition the Board of Oriola-KD Corporation approved on 27 August 2014 the terms and conditions of another key employees' share savings plan. A total of about 49 key employees are participating in the plan. The savings period started on 1 October and end on 30 September 2015. For both savings plans the maximum and minimum monthly savings amount to 10 and 2 per cent, respectively, of each participant's fixed gross monthly salary. The accumulated savings will be used for purchasing Oriola-KD's class B shares for the participants at market prices. About two years after the start of the programme, the company will give the participants two class B shares for every three shares purchased as part of the programme. The savings for the period 2013-2014 correspond to approximately 110,000 shares which are estimated to grant for an additional purchase of 70,000 shares at the level of the end of the period share price. Savings of plan 2013-2014 correspond to approximately 110,000 savings shares and 70,000 matching shares estimated at the share price level of the year end. The savings of plan 2014-2015 correspond to approximately 70,000 savings shares and 50,000 matching shares estimated at the share price level of the year end. Taxes and other costs of tax-like nature are deducted from the reward before granting additional shares.

The expenses recognised for the 2013-2014 share savings plan were EUR 0.1 (-) million in 2014.

Oriola-KD Corporation has an agreement with a third-party service provider concerning administration of the executives incentive plan and for the share savings plan. At the end of the reporting period, the amount of treasury shares held by the third-party service provider was 42,930 (19,080).

29. Events after the balance sheet date

Oriola-KD Group announced on 20 January 2015 that the Company will begin co-operation negotiations in Finland on 28 January 2015. The negotiations concern the planned efficiency programme of Oriola-KD Corporation and Oriola Oy and possible impacts on personnel due to the restructuring of operations in accordance with the planned programme as well as production-related reasons. Approximately 500 people fall within the scope of the negotiations. According to the company's preliminary estimate, the negotiations could result in a need to reduce the workforce by 50-65 people in Finland, which would be equivalent to an annual cost saving of approximately 2 million euros.

On January 20, 2014 Oriola-KD Corporation renewed the agreement to provide centralised sourcing services for Apoteksgruppen and Lloyds Apotek pharmacy chains in Sweden. The renewed contract has been agreed to be valid until end of 2017.

On 28 January 2015 the Nomination Committee of Oriola-KD presented to the Board of Directors its recommendation on the proposal to the 2015 Annual General Meeting concerning the composition of the Board of Directors as follows:

- The number of members of the Board of Directors would be eight
- The present members of the Board of Directors Jukka Alho, Per Båtelson, Anja Korhonen, Kuisma Niemelä and Matti Rihko would be re-elected
- Eva Nilsson Bågenholm, Staffan Simberg and Anssi Vanjoki would be elected new members of the Board of Directors
- Anssi Vanjoki would be elected as Chairman of the Board of Directors

Member of the Board of Directors Harry Brade will leave the office of Board of Directors after the 2015 Annual General Meeting.

Key Financial Figures

Consolidated statement of comprehensive income		2014	2013	2012 ¹⁾	2011 ¹⁾	2010 ³⁾
Net sales	Eur million	1,612.3	1,619.7	1,521.8	1,456.7	1,929.4
International operations	Eur million	1,224.0	1,721.6	1,099.3	1,077.2	1,511.8
% of net sales	%	75.9	106.3	72.2	73.9	78.4
Operating profit	Eur million	65.0	29.3	28.1	25.8	9.8
% of net sales	%	4.0	1.8	1.8	1.8	0.5
Financial income and expenses	Eur million	-7.8	-8.4	-1.0	-4.1	-5.3
% of net sales	%	-0.5	-0.5	-0.1	-0.3	-0.3
Profit before taxes	Eur million	57.1	20.9	27.1	21.7	4.5
% of net sales	%	3.5	1.3	1.8	1.5	0.2
Profit for the period	Eur million	46.5	17.1	22.3	17.1	3.5
% of net sales	%	2.9	1.1	1.5	1.2	0.2
Profit available for parent company shareholders	Eur million	46.5	17.1	22.3	17.1	3.5

Consolidated balance sheet		2014	2013	2012 ¹⁾	2011 ¹⁾	2010 ³⁾
Non-current assets	Eur million	390.8	561.8	423.1	405.4	427.2
Current assets	Eur million	483.2	938.3	893.1	863.4	765.4
Equity of the parent company shareholders	Eur million	113.6	278.1	310.5	294.5	352.7
Liabilities	Eur million	760.4	1,222.0	1,005.6	974.3	839.9
Interest-bearing liabilities	Eur million	193.9	318.8	94.8	173.0	178.3
Non-interest-bearing liabilities	Eur million	566.5	903.2	910.9	801.0	660.5
Total assets	Eur million	874.0	1,500.1	1,316.2	1,273.3	1,192.6

Key figures		2014	2013	2012 ¹⁾	2011 ¹⁾	2010 ³⁾
Equity ratio	%	13.3	19.2	24.5	24.1	30.8
Equity per share	EUR	0.75	1.84	2.05	1.95	2.33
Return on capital employed (ROCE) ²⁾	%	14.4	4.2	5.9	-4.0	2.1
Return on equity ²⁾	%	23.7	2.0	5.4	-7.5	1.2
Net interest-bearing debt	EUR million	102.4	181.5	6.7	19.2	-9.5
Gearing	%	90.1	65.3	2.1	6.5	-2.7
Net interest-bearing debt / EBITDA from continuing operations	ratio	1.2	3.7	0.2	0.5	-0.5
Earnings per share from continuing operations	EUR	0.29	0.11	0.15	0.11	0.02
Earnings per share incl. discontinued operations	EUR	-1.42	0.04	0.11	-0.16	0.68
Average number of shares ⁴⁾	pcs	151,130,302	151,157,494	151,247,748	151,161,006	151,163,919
Average number of personnel from continuing operations	pers.	2,377	2,156	1,784	1,819	4,512
Gross capital expenditure incl. discontinued operations	EUR million	34.0	193.7	22.6	28.8	196.9

¹⁾ The comparative figures are adjusted retroactively according to the revised standard IAS 19R.

²⁾ The comparative figures 2013 - 2010 includes discontinued operations.

³⁾ Comparative figures are not available for continuing operations.

⁴⁾ Company-owned treasury shares are not included.

Share-Related Key Figures

			2014	2013	2012 ¹⁾	2011 ¹⁾	2010 ³⁾
Earnings per share		EUR	-1.42	0.04	0.11	-0.16	0.68
Earnings per share, continuing operations		EUR	0.29	0.11	0.15	0.11	0.68
Equity per share		EUR	0.75	1.84	2.05	1.95	2.33
Total dividends		EUR million	0.0 ²⁾	-	7.6	7.6	7.6
Dividend per share		EUR	0.0 ²⁾	-	0.05	0.05	0.05
Payout ratio		%	- ²⁾	-	44.0	-	7.4
Dividend yield	A	%	- ²⁾	-	2.2	2.7	1.6
Dividend yield	B	%	- ²⁾	-	2.2	2.9	1.6
Repayment of equity		EUR	0.0 ²⁾	-	0.04	0.03	0.13
P/E ratio	A		11.73	22.94	15.37	16.75	4.72
P/E ratio	B		11.78	22.49	15.09	15.24	4.72
Share price on 31 Dec	A	EUR	3.46	2.60	2.27	1.89	3.19
Share price on 31 Dec	B	EUR	3.47	2.55	2.23	1.72	3.19
Average share price	A	EUR	2.51	2.40	2.04	2.76	4.14
Average share price	B	EUR	2.48	2.38	1.95	2.51	4.12
Lowest share price	A	EUR	2.00	2.24	1.77	1.70	3.09
Lowest share price	B	EUR	2.10	2.18	1.70	1.57	3.07
Highest share price	A	EUR	3.51	2.69	2.44	3.83	5.47
Highest share price	B	EUR	3.50	2.73	2.25	3.74	5.49
Market capitalisation		EUR million	524.4	388.1	339.2	268.7	482.5
Trading volume							
A shares		pc	7,420,540	3,215,623	5,674,171	2,890,117	5,906,452
% of average number of A shares		%	15.7	6.8	12.0	6.1	12.5
B shares		pc	38,827,514	28,601,043	29,496,044	71,804,571	93,634,113
% of average number of B shares		%	37.3	27.5	28.4	69.0	90.5
% of average number of all shares		%	30.6	21.1	23.3	49.4	65.9
Number of shares 31 Dec	A	pcs	47,148,710	47,148,710	47,148,710	47,148,710	47,163,160
	B	pcs	104,109,118	104,109,118	104,109,118	104,109,118	104,094,668
Total number of shares 31 Dec		pcs	151,257,828	151,257,828	151,257,828	151,257,828	151,257,828
Total number of A shares, annual average		pcs	47,148,710	47,148,710	47,148,710	47,161,339	47,372,881
Total number of B shares, annual average		pcs	104,109,118	104,109,118	104,109,118	104,096,489	103,791,038
Total number of shares, annual average		pcs	151,257,828	151,257,828	151,257,828	151,257,828	151,163,919
Total number of shares 31 Dec		pcs	151,257,828	151,257,828	151,257,828	151,257,828	151,257,828

¹⁾ The comparative figures are adjusted retroactively according to the revised standard IAS 19R.

²⁾ Proposal by the Board of Directors.

³⁾ The comparative earnings per share figure for continuing operations is not available.

Calculations of Key Figures are given on the page 64.

Calculation of key ratios

Equity ratio, % =

$$\frac{\text{Equity total}}{\text{Total assets} - \text{Advances received}} \times 100$$

Return on capital employed (ROCE), % =

$$\frac{\text{EBIT from continuing operations}}{\text{Total assets} - \text{Non-interest-bearing liabilities (average between the beginning and the end of the year)}} \times 100$$

Return on equity (ROE), % =

$$\frac{\text{Profit for the period from continuing operations}}{\text{Equity total (average between the beginning and the end of the year)}} \times 100$$

Gearing, % =

$$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents}}{\text{Equity total}} \times 100$$

Net interest-bearing debt/EBITDA =

$$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents}}{\text{Operating profit/loss from continuing operations before depreciation, amortization and impairment loss}}$$

Earnings per share (EPS), EUR =

$$\frac{\text{Profit attributable to shareholders of the parent company} - \text{unpaid interest on hybrid bond}}{\text{Average number of shares during the period}}$$

Equity per share, EUR =

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

Dividend per share, EUR =

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

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 =

$$\text{Number of shares at the end of the financial period} \times \text{Closing price on the last trading day of the financial period}$$

Parent Company Income Statements (FAS)

EUR 1,000	Note	2014	2013
Other operating income	1	3,531.8	5,230.4
Personnel expenses	2	-4,044.1	-4,164.9
Depreciations	3	-172.9	-
Other operating expenses	4	-7,865.6	-6,650.4
Operating profit/loss		-8,550.8	-5,584.9
Financial income and expenses	5	34,657.5	19,632.3
Profit before extraordinary items		26,106.6	14,047.4
Extraordinary items	6	-	1,646.0
Profit before appropriations and taxes		26,106.6	15,693.4
Appropriations	7	-32.4	-
Income taxes	8	542.7	-12.3
Net profit for the period		26,616.9	15,681.0

Parent Company Balance Sheet (FAS)

EUR 1,000	Note	31 Dec 2014	31 Dec 2013
ASSETS			
Non-current assets			
Intangible assets 9			
Intangible rights		117.5	-
Other capitalised long-term expenditure		478.6	-
Advance payments and construction in progress		-	448.0
Intangible assets total		596.1	448.0
Tangible assets 10			
Land and water areas		149.2	149.2
Machinery and equipment		209.5	-
Other tangible assets		7.5	7.5
Tangible assets total		366.1	156.7
Investments 11			
Shares in Group companies		156,807.0	314,335.0
Receivables from Group companies		440,376.8	226,262.1
Other shares and receivables		10.0	10.0
Investments total		597,193.8	540,607.1
Non-current assets total		598,156.0	541,211.8
Current assets			
Receivables			
Long-term			
Deferred tax assets		542.7	-
Short-term			
Receivables from Group companies	12	1,763.8	3,421.9
Other receivables		494.8	141.9
Accrued receivables	12	2,028.1	1,870.3
Receivables total		4,829.3	5,434.1
Cash and cash equivalents		84,482.1	111,580.5
Current assets total		89,311.4	117,014.6
Assets total		687,467.4	658,226.4
EQUITY AND LIABILITIES			
Equity 13			
Share capital		147,899.8	147,899.8
Other funds		19,418.7	19,418.7
Invested unrestricted equity reserve		1,386.6	1,386.6
Retained earnings		205,768.6	190,160.1
Profit for the financial year		26,616.9	15,681.0
Equity total		401,090.6	374,546.3
Appropriations 14		32.4	-
Provisions 15		412.1	-
Liabilities 16			
Long-term			
Borrowings		20,000.0	20,000.0
Other long-term liabilities		40,000.0	-
Accrued liabilities		1,719.1	-
Long-term liabilities total		61,719.1	20,000.0
Short-term			
Received prepayments		500.0	500.0
Trade payables		384.7	337.5
Liabilities to other Group companies		167,079.3	177,094.6
Other liabilities		52,121.9	83,428.2
Accrued liabilities		4,127.4	2,319.8
Short-term liabilities total		224,213.4	263,680.1
Liabilities total		285,932.4	283,680.1
Equity and liabilities total		687,467.4	658,226.4

Parent Company Cash Flow Statement (FAS)

EUR 1,000	2014	2013
Cash flow from operating activities		
Operating profit/loss	-8,550.8	-5,584.9
Adjustments		
Depreciations according to plan	172.9	-
Unrealised exchange rate profit/loss	5,510.7	419.4
	-2,867.3	-5,165.5
Change in working capital ¹⁾		
Change in current receivables	1,147.5	-1,785.8
Change in non-interest-bearing current liabilities	4,015.5	-2,969.9
	5,163.0	-4,755.7
Interest paid and other financial expenses	-10,531.4	-12,065.0
Dividends received	10,000.0	15,000.0
Interest received and other financial income ²⁾	13,110.1	22,128.4
Income taxes paid	-12.3	-
Net cash flow from operating activities	14,862.1	15,142.2
Cash flow from investing activities		
Investments in property, plant and equipment and intangible assets	-530.4	-374.3
Proceeds from (-) /repayment of long-term receivables net (+)	-40,018.6	-5,440.6
Net cash flow from investing activities	-40,549.1	-5,814.9
Cash flow from financing activities		
Purchase of own shares	-72.6	-729.0
Proceeds from long-term borrowings	40,000.0	20,000.0
Proceeds from (+) and repayments of (-) short-term borrowings	-41,338.8	22,869.4
Dividends paid and return of equity	-	-13,604.5
Net cash flow from financing activities	-1,411.4	28,535.9
Net change in cash and cash equivalents	-27,098.4	37,863.3
Cash and cash equivalents at the beginning of the period	111,580.5	73,717.2
Net change in cash and cash equivalents	-27,098.4	37,863.3
Cash and cash equivalents at the end of the period³⁾	84,482.1	111,580.5

¹⁾ The changes in liabilities and receivables between domestic group companies are included in the gross change in working capital.

²⁾ Interest paid by the group companies are included in the net cash flow from operating activities.

³⁾ Cash and cash equivalents include cash, deposits and money market investments.

Oriola-KD Corporation

Notes to the Parent Company Financial Statements (FAS)

Oriola-KD Corporation is the parent company of Oriola-KD Group and is domiciled in Espoo.

Oriola-KD Corporation provides administrative services to the group companies. These administrative services are centralized to the parent company.

Copies of the consolidated financial statements of the Oriola-KD Group are available from the head office of Oriola-KD Corporation, Orionintie 5, FI-02200 Espoo, Finland.

Accounting principles for the financial statements

The Oriola-KD Corporation's financial statements are prepared in euros and according to Generally Accepted Accounting Principles in Finland (Finnish GAAP) and according to corporate legislation. The financial statements are presented in thousand euros.

Intangible and tangible assets

Intangible and tangible assets are measured at their historical cost, less depreciation according to plan. Planned depreciation is recorded on a straight-line basis over the useful life of an asset.

The periods for planned depreciation are as follows:

Intangible rights and other long-term expenditure 5 years

Machinery and equipment 5-10 years

The carrying value of land and water areas as well as the carrying value of other tangible assets are based on historical costs. No write-downs have been done on land and water areas or on other tangible assets.

A one-time impairment will be recorded in the parent company's non-current assets when the expected profitability of the subsidiaries is markable lowered.

Items in foreign currencies

Monetary receivables and liabilities in foreign currencies have been measured using the exchange rates quoted by European Central Bank on the balance sheet date. The translation gains and losses are recognised in the income statement. Exchange rate gains and losses related to loans and receivables in foreign currencies are booked as financial income and expenses.

Pension liabilities

Statutory pension security under the Employees' Pensions Act (TyEL) is arranged through the Oriola Pension Fund for the Oriola-KD Corporation's employees. The obligation of the Oriola Pension Fund is fully covered.

Income taxes

The income taxes include taxes based on the Oriola-KD Corporation's taxable profit.

Oriola-KD Corporation**1. Other operating income**

EUR 1,000	2014	2013
Rental income	22.3	22.0
Other service charges	3,343.9	4,399.3
Other operating income	165.6	809.1
Total	3,531.8	5,230.4

2. Personnel

EUR 1,000	2014	2013
Cost of personnel		
Salaries and bonuses	3,365.4	3,515.3
Pension costs	513.6	487.3
Other personnel expenses	165.1	162.2
Total	4,044.1	4,164.9

Voluntary personnel expenses are included in other operating costs.

Average number of personnel 40 31

Salaries and bonuses to the Management

President and CEO and Members of Board of Directors 761.1 1,087.0

3. Depreciations

EUR 1,000	2014	2013
Depreciations according to plan	172.9	-
Total	172.9	-

Criteria applied for the straight-line depreciation is disclosed in the accounting principles of the financial statements. Depreciation by asset class is presented in the Notes 9-10.

4. Other operating expenses

EUR 1,000	2014	2013
Mail, telephone and banking expenses	59.7	124.7
Automatic data processing expenses	755.6	642.8
Travelling and car	409.5	408.1
Representation	31.7	51.9
Administrative consultancy service	5,137.4	4,404.8
Other operating expenses	1,470.1	1,018.2
Total	7,864.1	6,650.4

Other operating costs are mainly costs related to the ownership.

Audit costs included in other operating costs

Audit fee	91.0	110.5
Tax services	1.3	16.2
Other fees	228.0	117.5
Total	320.3	244.2

5. Financial income and expenses

EUR 1,000	2014	2013
Income from group companies		
Dividend income from group companies	10,000.0	15,000.0
Gains on sales of subsidiary shares	313,960.7	-
Other interest and financial income		
Interest income from group companies	10,162.2	8,550.9
Interest income from other companies	363.3	655.7
Other financial income	12,344.0	10,041.0
Impairment of subsidiary shares	-291,882.0	-
Interest and other financial expenses		
Interest expense to group companies	-90.4	-208.3
Interest expense to other companies	-4,867.1	-3,178.0
Other financial expenses	-15,333.2	-11,229.0
Total	34,657.5	19,632.3

Financial income and expenses include:

Interest income	10,525.5	9,206.7
Interest expenses	-4,957.6	-3,386.3
Exchange rate differences	-4.6	31.0

6. Extraordinary items

EUR 1,000	2014	2013
Group contribution (+/-)	-	1,646.0
Total	-	1,646.0

7. Appropriations

EUR 1,000	2014	2013
Change in depreciation difference (+/-)	32.4	-
Total	32.4	-

8. Income taxes

EUR 1,000	2014	2013
Income taxes from ordinary operations for the financial period	-	12.3
Deferred tax assets	-542.7	-
Total	-542.7	12.3

The income taxes include taxes based on the company's taxable profit for the financial year.

9. Intangible assets

EUR 1,000	Intangible rights	Other capitalised long-term expenditure	Advance payments and construction in progress	Total
2014				
Historical cost 1 Jan	-	-	448.0	448.0
Increases	143.5	141.6	-	285.1
Decreases	-	-	-	-
Reclassifications	-	448.0	-448.0	-
Historical cost 31 Dec	143.5	589.6	0.0	733.1
Accumulated amortisation 1 Jan	-	-	-	-
Amortisation for the financial year	26.0	111.0	-	137.0
Accumulated amortisation 31 Dec	26.0	111.0	-	137.0
Carrying amount 31 Dec	117.5	478.6	0.0	596.1
Change in cumulative accelerated amortisation 1 Jan	-	-	-	-
Increase (+) or decrease (-) in accelerated amortisation	0.0	6.9	-	6.9
Cumulative accelerated amortisation 31 Dec	0.0	6.9	-	6.9
2013				
Historical cost 1 Jan	-	-	-	-
Increases	-	-	448.0	448.0
Decreases	-	-	-	-
Reclassifications	-	-	-	-
Historical cost 31 Dec	-	-	448.0	448.0
Carrying amount 31 Dec	-	-	448.0	448.0

10. Tangible assets

EUR 1,000	Land and water areas	Machinery and equipment	Other tangible assets	Total
2014				
Historical cost 1 Jan	149.2	-	7.5	156.7
Increases	-	245.3	-	245.3
Decreases	-	-	-	-
Reclassifications	-	-	-	-
Historical cost 31 Dec	149.2	245.3	7.5	402.0
Accumulated depreciation 1 Jan	-	-	-	-
Depreciation for the financial year	-	35.9	-	35.9
Accumulated depreciation 31 Dec	-	35.9	-	35.9
Carrying amount 31 Dec	149.2	209.5	7.5	366.1
Change in cumulative accelerated depreciation 1 Jan	-	-	-	-
Increase (+) or decrease (-) in accelerated depreciation	-	25.5	-	25.5
Cumulative accelerated depreciation 31 Dec	-	25.5	-	25.5
2013				
Historical cost 1 Jan	149.2	-	7.5	156.7
Increases	-	-	-	-
Decreases	-	-	-	-
Reclassifications	-	-	-	-
Historical cost 31 Dec	149.2	-	7.5	156.7
Carrying amount 31 Dec	149.2	-	7.5	156.7

11. Investments

EUR 1,000	Shares in group companies	Receivables from group companies	Other shares and receivables	Total
2014				
Historical cost 1 Jan	314,335.0	226,262.1	10.0	540,607.1
Increases	195,104.5	483,358.4	-	678,462.9
Decreases	-60,750.6	-269,243.6	-	-329,994.2
Historical cost 31 Dec	448,688.9	440,376.8	10.0	889,075.8
Accumulated depreciation 1 Jan	-	-	-	-
Depreciation for the financial year	-291,882.0	-	-	-291,882.0
Accumulated depreciation 31 Dec	-291,882.0	-	-	-291,882.0
Carrying amount 31 Dec	156,807.0	440,376.8	10.0	597,193.8
2013				
Historical cost 1 Jan	314,335.0	220,821.5	10.0	535,166.5
Increases	-	52,529.6	-	52,529.6
Decreases	-	-47,089.0	-	-47,089.0
Historical cost 31 Dec	314,335.0	226,262.1	10.0	540,607.1
Carrying amount 31 Dec	314,335.0	226,262.1	10.0	540,607.1

12. Receivables

EUR 1,000	2014	2013
Receivables from group companies		
Short-term receivables		
Trade receivables	1,505.7	1,449.2
Other receivables	246.0	-
Accrued income and prepaid expenses	12.1	1,972.8
Total	1,763.8	3,421.9

Accrued receivables

Arrangement fees relating to loans	462.9	602.6
Exchange rate profit on hedges	1,361.1	976.6
Compensations not received	9.9	7.4
Other accrued receivables	194.1	283.7
Total	2,028.1	1,870.3

13. Equity

EUR 1,000	2013	
Share capital 1 Jan	147,899.8	147,899.8
Share capital 31 Dec	147,899.8	147,899.8
Contingency fund 1 Jan	19,418.7	25,465.2
Repayment of equity	-	-6,046.4
Contingency fund 31 Dec	19,418.7	19,418.7
Invested unrestricted equity reserve 1 Jan	1,386.6	1,386.6
Invested unrestricted equity reserve 31 Dec	1,386.6	1,386.6
Profit/loss from previous years 1 Jan	205,841.2	198,447.2
Dividend paid	-	-7,558.1
Share-based compensation	-9.6	-678.6
Purchase of own shares ¹⁾	-72.6	-729.0
Proceeds from sale of own shares	9.6	678.6
Profit/loss from previous years 31 Dec	205,768.6	190,160.1
Net profit for the period	26,616.9	15,681.0
Total	401,090.6	374,546.3

¹⁾ Shares purchased for the share based Incentive program.

Split of shares 31 Dec 2014	Number of shares	EUR million
Serie A shares (20 votes/share)	47,148,710	46.1
Serie B shares (1 vote/share)	104,109,118	101.8
Total	151,257,828	147.9

14. Appropriations

EUR 1,000	2014	2013
Cumulative accelerated depreciation	32.4	-
Total	32.4	-

15. Provisions

EUR 1,000	2014	2013
Other provisions	412.1	-
Total	412.1	-

Other provisions consist of commitments related to trade payables of disposed Russian businesses.

16. Liabilities

EUR 1,000	2014	2013
Long-term liabilities		
Loans from financial institutions	20,000.0	20,000.0
Other long-term liabilities	40,000.0	-
Accrued liabilities	1,719.1	-
Long-term liabilities total	61,719.1	20,000.0
Short-term liabilities		
Liabilities to Group companies		
Trade payables	5.2	-3.7
Interest-bearing liabilities	167,074.1	177,098.2
Other short-term liabilities		
Received prepayments	500.0	500.0
Trade payables	384.7	337.5
Other non-interest-bearing liabilities	299.0	290.6
Interest-bearing liabilities	51,822.9	83,137.6
Accrued liabilities	4,127.4	2,319.8
Short-term liabilities total	224,213.3	263,680.1
Liabilities total	285,932.4	283,680.1

Material items included in accrued liabilities

Long-term accrued liabilities		
Change of fair value for interest rate swap	1,719.1	-
Short-term accrued liabilities		
Items related to personnel	851.6	995.1
Income taxes	-	12.3
Derivatives measured at fair value	253.3	130.8
Interest	2,554.3	751.9
Other accrued liabilities	468.2	429.6
Total	5,846.5	2,319.8

Short-term liabilities include

Liabilities to group companies	167,079.3	177,094.6
Non-interest-bearing liabilities to other companies	5,311.1	3,447.9
Interest-bearing liabilities to other companies	51,822.9	83,137.6
Total	224,213.4	263,680.1

17. Commitments

1 000EUR	2014	2013
Commitments for own liabilities		
Guarantees on behalf of own companies	92,089.9	198,281.1
Guarantees on behalf of other companies	22,004.0	-
Total	114,093.9	198,281.1

18. Ownership in other companies

The Parent company's ownership in other companies is presented in Note 28. Group companies and related-party transactions, in the Notes to the Consolidated Financial Statements.

Shares and Shareholders

Shareholders by type of owner 31 December 2014

	Shareholders			% of shareholders			% of shares		
	A shares	B shares	Total	A shares	B shares	Total	A shares	B shares	Total
Individuals	10,704	22,602	28,764	96.3	95.3	95.5	50.3	33.0	38.4
Corporations and partnerships	257	666	850	2.3	2.8	2.8	23.9	18.3	20.0
Banks and insurance companies	12	49	50	0.1	0.2	0.2	2.8	17.0	12.6
Public entities	6	15	18	0.1	0.1	0.1	14.7	9.0	10.8
Associations and foundations	80	249	297	0.7	1.1	1.0	5.3	3.6	4.1
Foreign shareholders	57	125	152	0.5	0.5	0.5	0.5	1.4	1.1
Total	11,116	23,706	30,131	100.0	100.0	100.0	97.4	82.3	87.0
Nominee registrations							2.4	17.6	12.9
In the joint-book-entry account							0.1	0.1	0.1

Shareholders by number of shares held 31 December 2014

Number of shares	Shareholders			% of shareholders		
	A shares	B shares	Total	A shares	B shares	Total
1-100	1,815	3,114	4,127	16.3	13.1	13.7
101-1,000	5,862	13,384	16,404	52.7	56.5	54.4
1,001-10,000	3,084	6,631	8,597	27.7	28.0	28.5
10,001-100,000	310	510	902	2.8	2.2	3.0
over 100,001	45	67	101	0.4	0.3	0.3
Total	11,116	23,706	30,131	100.0	100.0	100.0
Of which nominee registered	7	10	10			

Number of shares	Shares			% of shares		
	A shares	B shares	Total	A shares	B shares	Total
1-100	109,489	215,070	276,963	0.2	0.2	0.2
101-1,000	2,630,532	6,289,037	7,605,548	5.6	6.0	4.3
1,001-10,000	8,890,174	18,595,938	25,501,985	18.9	17.9	16.9
10,001-100,000	8,400,815	13,114,377	23,187,329	17.8	12.6	18.9
over 100,001	27,052,412	65,832,368	94,558,387	57.4	63.2	59.6
Total	47,083,422	104,046,790	151,130,212	99.9	99.9	99.9
Of which nominee registered	1,139,125	18,339,381	19,478,506	2.4	17.6	3.9
In joint book-entry account	65,288	62,328	127,616	0.1	0.1	0.1
	47,148,710	104,109,118	151,257,828	100.0	100.0	100.0

Major shareholders 31 December 2014

By number of shares held	A shares	B shares	Total shares	% of total shares	Votes	% of total votes	By number of votes
1. Mariatorp Oy	3,340,000	7,100,000	10,440,000	6.90	73,900,000	7.06	2.
2. Wipunen Varainhallinta Oy	2,000,000	5,100,000	7,100,000	4.69	45,100,000	4.31	4.
3. Ilmarinen Mutual Pension Insurance Company	2,464,256	3,966,536	6,430,792	4.25	53,251,656	5.09	3.
4. Varma Mutual Pension Insurance Company	3,600,500	2,727,500	6,328,000	4.18	74,737,500	7.14	1.
5. Mandatum Life Insurance Company Limited	800,000	3,000,000	3,800,000	2.51	19,000,000	1.81	9.
6. Fondita Nordic Micro Cap Placeringsfond	0	2,390,000	2,390,000	1.58	2,390,000	0.23	
7. Mutual Insurance Company Pension-Fennia	250,391	1,982,574	2,232,965	1.48	6,990,394	0.67	
8. Medical Investment Trust Oy	1,300,000	425,450	1,725,450	1.14	26,425,450	2.52	7.
9. The Land and Water Technology Foundation	1,659,860	0	1,659,860	1.10	33,197,200	3.17	5.
10. The Social Insurance Institution	0	1,659,568	1,659,568	1.10	1,659,568	0.16	
11. Investment Fund Nordea Fennia	0	1,627,777	1,627,777	1.08	1,627,777	0.16	
12. Tukinvest Oy	1,611,272	0	1,611,272	1.07	32,225,440	3.08	6.
13. Ylppö Jukka	1,247,136	286,992	1,534,128	1.01	25,229,712	2.41	8.
14. Kaleva Mutual Pension Insurance Company	231,619	1,000,000	1,231,619	0.81	5,632,380	0.54	
15. Oriola Pension Fund ¹⁾	863,804	75,000	938,804	0.62	17,351,080	1.66	10.
16. The Finnish Cultural Foundation	324,018	500,000	824,018	0.54	6,980,360	0.67	
17. Ylppö Into	577,936	240,200	818,136	0.54	11,798,920	1.13	
18. Investment Fund Nordea Nordic Small Cap	0	802,500	802,500	0.53	802,500	0.08	
19. The State Pension Fund	0	800,000	800,000	0.53	800,000	0.08	
20. Investment Fund Evli Suomi Select	0	718,695	718,695	0.48	718,695	0.07	
Total	20,270,792	34,402,792	54,673,584	36.15	439,818,632	42.00	
Nominee registered	1,139,125	18,339,381	19,478,506	12.88	41,121,881	3.93	
Other	25,738,793	51,366,945	77,105,738	50.98	566,142,805	54.05	
All shareholders total	47,148,710	104,109,118	151,257,828	100.0	1,047,083,318	100.0	

¹⁾ Not entitled to vote at shareholder's meetings.

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 assets on balance sheet as of 31 December, 2014 is EUR 253,190,787.50 from which profit for the period is EUR 26,616,889.50.

The Board of Directors proposes to the Annual General Meeting that no dividend will be distributed and that the profit for the financial year EUR 26,616,889.50 will be retained in the equity.

There have not been any material changes in the financial position of the company after the end of financial year.

Signatures for the financial statements and Board of Directors' report

Espoo 5 February 2015



Jukka Alho, Chairman



Matti Rihko, Vice Chairman



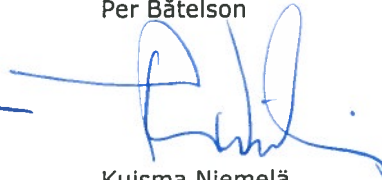
Harry Brade



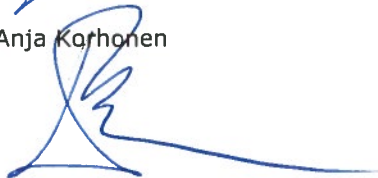
Per Båtelson



Anja Korhonen



Kuisma Niemelä



Ero Hautaniemi, President and CEO

Auditor's Note

The auditor's report has been issued today.

Espoo 5 February 2015

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kaj Wasenius
Authorised Public Accountant