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OPERATING RESULT NEARLY DOUBLED

- ORAL HAMMASLÄÄKÄRIT PLC INTERIM REPORT 1 JANUARY – 30 JUNE 2010

- Net sales EUR 19.4 (16.4) million, up 18%; Q2 net sales EUR 9.9 (8.3) million
- Operating profit EUR 1.7 (1.2) million, up 42%; Q2 operating profit EUR 0.9 (0.6) million
- Operating result EUR 0.8 (0.4) million, up 85%; Q2 operating result EUR 0.4 (0.2) million
- Cash flows from operating activities EUR 1.4 (0.7) million; Q2 EUR 0.2 (-0.3) million
- Earnings per share EUR 0.09 (0.03)
- Decision on expanding operations to Vantaa and significant investments in Tampere and Jyväskylä
- Full-year net sales are estimated to amount to approximately EUR 39 million following the announced acquisitions. The operating result is still expected to improve clearly compared to 2009.
- The new strategic objective is to double the net sales and an operating profit margin of more than 10% by the end of 2015.

Oral Hammaslääkärit Plc is a company providing comprehensive oral and dental health services, and 529 dental health care professionals worked at its dental clinics at the end of the period. The Oral chain included 20 dental clinics and 101 (92) dental units at the end of the period. The number of dental care visits at the clinics increased by 10.5% in January-June to 107,000 (97,000).

Managing Director's comment

"The net sales and result have developed in line with the targets during the first two quarters. The demand for the services has remained buoyant, in addition to which an improvement in the utilization rates and cost-efficiency of the dental clinics contributed to the favorable earnings development. The proportion of other expenses associated with building the chain has decreased according to our plans.

During the second quarter, we signed an agreement on expanding our operations to Tikkurila, Vantaa, by purchasing all the shares in Kielotien Hammaslääkäriasema Oy. We also made significant investments in our Jyväskylä and Tampere clinics by doubling the number of dental units at these clinics. As these decisions show, our offering focuses on major cities and versatile centers of competence in our offering.

Our goal is still to build Oral into a nationwide chain in Finland. We have defined doubling our net sales by the end of 2015 as our new strategic objective. This will be achieved through acquisitions as well as by expanding our existing clinics. The cash flow of our business is now at a good level, and the expansion will be performed without endangering the company's liquidity or solvency. We also aim at a profit margin of more than 10% by the end of 2015. We are also investigating opportunities for expanding our

clinic network internationally in the next few years," comments Oral's Managing Director Marina Vahtola.

Net sales and result

The demand for private dental health services has remained stable. In the industry, the recession mainly manifested itself as a postponement of demanding and more expensive treatments. However, the demand for advanced treatments, such as artificial root treatments, increased among Oral's customer base already during the recession and has continued to increase.

Net sales of Oral Hammaslääkärit Plc for 1 January–30 June 2010 increased by 18.4% to EUR 19.4 (16.4) million. Oral's operating result for 1 January–30 June 2010 amounted to EUR 0.8 (0.4) million, or 4.0% (2.6%) of net sales. Operating profit amounted to EUR 1.7 (1.2) million.

Net sales for the second quarter totaled EUR 9.8 (8.3) million and operating result EUR 0.4 (0.2) million. Net sales increased by 18.7% during the second quarter compared to the corresponding period the previous year. Operating profit for the second quarter amounted to EUR 0.9 (0.6) million.

Acquisitions made during the previous financial periods, increased supply offered by recruited new dentists, and increased efforts in customer-oriented sales and marketing contributed to the increase in net sales for January–June. More expensive treatments have increased their share of net sales.

Increasing the efficiency of operations and an increase in net sales improved the operating result. Operations have been made more efficient by increasing the utilization rates of the clinics by offering the services at several clinics also in the evenings and weekends. Processes, cost-efficiency and marketing have been developed strongly. Furthermore, an increase in the proportion of demanding examinations and treatments, such as imaging, artificial root treatment, and dental hygienist services, has contributed to the positive development of operating profit. In addition, the proportion of other operating expenses of net sales has decreased as the building of the chain has progressed according to plan.

Earnings per share for the first two quarters were EUR 0.09 (0.03) and for the second quarter EUR 0.04 (0.01). Share options did not have a diluting effect on earnings per share.

Balance sheet, financing and investments

The balance sheet total of the Oral Hammaslääkärit Plc group on 30 June 2010 was EUR 20.3 (18.7) million. Trade and other current receivables amounted to EUR 2.1 (1.7) million. Interest-bearing net liabilities amounted to EUR 6.4 (6.4) million, of which EUR 2.8 (2.4) million were current and EUR 3.7 (4.0) million were non-current liabilities. The interest-bearing net liabilities include EUR 0.7 (0.7) million of final purchase prices whose realization depends on the clinics' performance during the following years. The Group's quick ratio, i.e. liquidity, was 0.39 (0.29).

The Annual General Meeting of 25 March 2010 resolved to reduce the share premium account of the Company's balance sheet of 31 December 2009 by EUR 3,695,262.39 by transferring all the funds in the share premium account to the invested non-restricted equity fund. Following the reduction, the amount of the share premium account is zero. The period of public notice preceding the reduction did not end until 18 July 2010, and therefore the reduction had not been made on 30 June 2010.

Cash flows from operating activities for January-June before change in working capital were EUR 1.7 (1.2) million. The corresponding figures for the second quarter were 0.9 (0.6).

The Group's gross investments in property, plant and equipment amounted to EUR 1.1 (0.8) million in January-June and EUR 0.7 (0.4) million in the second quarter. The investments comprised of converting facilities, equipment and premises to comply with Oral's chain concept.

Depreciation of intangible rights obtained in acquisitions form a substantial part of the Group's depreciation. In particular, this includes depreciation of patient databases and prohibition of competition agreements made in the balance sheet in accordance with the IFRS.

The equity ratio at the end of the period was 42.0% (40.0%).

Personnel and expert resources

The Oral community mainly consists of dentists, dental assistants, dental hygienists and office personnel working at the clinics. There were 532 (440) people working in the Oral group full- or part-time on average in January-June and at the end of the period 529 (443). Of the period-end personnel, 396 (326) were employed by Oral and 133 (117) worked as contracted self-employed persons.

The Clinical Care Advisory Board of Oral Hammaslääkärit Plc offers dentists working with Oral a unique opportunity of receiving care guidelines concerning the quality of care and patient safety in particular, as well as professional support from top experts in the sector. The Advisory Board is an independent body that provides advice and recommendations, mainly relying on expertise outside the company.

Group structure

The Group's parent company is Oral Hammaslääkärit Plc, and its subsidiaries at the end of the financial period were Oral Hammaslääkärit Seinäjoki Oy and Oral Hammaslääkärit Itäkeskus Oy. All Group companies carry out operational business activities. After the end of the reporting period on 1 August 2010, all the shares in Kielotien Hammaslääkäriasema Oy were transferred to Oral. The transaction was announced on 17 May 2010.

At the end of the financial period, Oral had a total of 20 dental health care clinics in Espoo, Helsinki, Hämeenlinna, Hyvinkää, Jyväskylä, Järvenpää, Lahti, Mikkeli, Nummela in Vihti, Pori, Seinäjoki, Tampere, Tornio, Turku and Vaasa.

New strategic objectives and development of operations

Oral's strategic objective has been to expand its operations to cover all of Finland and gain a market share of more than 10% of private dental care services in Finland in 2010. Oral estimates the net sales of the private sector to be approximately EUR 380 million in 2010. With the forecast net sales of EUR 39 million, the market share target will be reached this year.

In its meeting on 3 August 2010, the company's Board of Directors defined doubling the net sales by the end of 2015 as Oral Hammaslääkärit's new strategic objective. This translates into net sales of roughly EUR 80 million. The result-related objective is for the operating result to amount to at least 10% of net sales over the same period. Growth will be achieved through acquisitions and by expanding the existing clinics without endangering the company's liquidity or solvency in the future as well. In addition, the construction of completely new clinics at central business locations is being investigated. The company is also investigating opportunities to expand the clinic network internationally in the next few years.

During the reporting period, Oral decided to expand its operations to Vantaa and invest in new dental units and facilities at Tampere and Jyväskylä. On 15 July 2010, Oral agreed with Kielotien Hammaslääkärit Oy on a transaction whereby Oral purchases all the shares in Kielotien Hammaslääkäriasema Oy in Vantaa. Kielotien Hammaslääkäriasema is the largest dental clinic in the area, with net sales of approximately EUR 1.5 million in 2009. Oral will build two new dental units at Kielotie, making it an eight-unit clinic and one of the largest dental clinics in the Oral chain. The objective is for the net sales to exceed EUR 2 million in 2011. Oral Hammaslääkärit paid EUR 600,000 at the time of the purchase. Of the purchase price, half was paid in new Oral Hammaslääkärit Plc shares and half in cash. In addition, a possible additional purchase price will be paid depending on the achievement of the clinic's business objectives in 2011–2013. The maximum final purchase price is EUR 1.2 million. Kielotien Hammaslääkäriasema will be merged into the Oral Hammaslääkärit group as from 1 August 2010.

Oral announced on 17 June that it will increase the number of dental units at its Jyväskylä clinic from three to eight and at its Tampere clinic from six to nine. The investments in the facilities total approximately EUR 850,000. The investments will increase the annual net sales of the clinics by a total of more than EUR 2 million. The Tampere expansion is supposed to enter use on 1 August 2010 and Jyväskylä on 1 October 2010.

Shares and share capital

Oral Hammaslääkärit Plc's fully paid share capital entered in the trade register was EUR 570,807.20 on 30 June 2010, and the number of shares was 6,362,440. The number of shares increased on 1 April 2010 with 68,139 new shares registered in the trade register. The shares had been subscribed for using option rights granted to selling parties in connection with acquisitions in 2007.

Outstanding option programs and authorizations of the Board of Directors

The Annual General Meeting of 20 March 2007 resolved to issue a maximum of 100,000 new options to Group key persons, entitling holders to subscribe for a maximum of 100,000 new shares. The subscription period began on 1 April 2010 and it will end on 31 March 2011. The subscription price is EUR 3.50 less dividends decided prior to the subscription. A total of 80,000 share options have been distributed based on the program, but no shares have been subscribed with them yet.

The Board had been authorized by the Annual General Meeting of 25 March 2010 to decide on the repurchase of a maximum of 629,430 treasury shares held by the company and the issue of a maximum of 2,950,000 new shares and/or conveyance of treasury shares held by the company under the conditions specified in the authorization.

Changes in ownership

There were 2,248 (2,285) shareholders at the end of the reporting period. No changes in shareholdings exceeding the flagging threshold took place during the period.

Dispute

Oral Hammaslääkärit Plc was informed on 16 June 2010 that the Helsinki Court of Appeal dismissed the claim for damages filed by Jukka Autio against the company. Jukka Autio required the company to pay approximately EUR 1.15 million in damages in a claim filed in January 2008. The Helsinki District Court dismissed the claim filed by Jukka Autio in full in March 2009. The claim for damages was based on Autio's allegations of share arrangements of Hammassairaala Oral Oy in 2003–2006. Hammassairaala Oral Oy has subsequently merged with Oral Hammaslääkärit Plc. The decision of the Court of Appeal is not final.

Estimate of significant operational risks and uncertainty factors

Business and company acquisitions and related investment needs and expenditure due to building the chain require considerable use of external financing compared to the size of the company. The company's management seeks to ensure through negotiations that the company has the financing it requires for growth, solvency and working capital needs in optimum terms at any time.

The availability of dentists has developed favorably from the company's point of view. The nationwide and regional availability of dentists as well as continuity risk associated with personnel in company and business acquisitions do, however, still make up one of the most significant business risks.

Oral estimates that if the general economic situation in Finland worsens so that also general consumer demand decreases substantially, this may have negative effects on the demand for Oral Hammaslääkärit Plc's services and therefore net sales and performance. At the time of the publication of the interim report, no such substantial changes can be seen in the demand for services.

Estimate of probable future development

The demand for dental health services has remained relatively stable, and the private dental health service market is still expected to outperform the average economic growth in the long term. Particularly the increasing spending power of the ageing population is expected to increase the demand for challenging procedures carried out in the private dental health care sector.

Oral believes that in the fragmented market, there is demand for a centrally and efficiently controlled dental health care chain. In addition to the consumer market, Oral is also seeking growth from services that target companies.

The net sales for 2010 are expected to increase to approximately EUR 39 million, including the mergers and acquisitions announced during the period. The company's previous net sales forecast was more than EUR 37 million, excluding any mergers and acquisitions. The group's operating result is still estimated to be clearly better than in 2009.

SUMMARY FINANCIAL STATEMENTS

Accounting principles applied in the interim report

Oral Hammaslääkärit Plc's interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The company has followed the same accounting principles in preparing the interim report as in the financial statements for 2009, published on 1 March 2010, and additionally the new IAS/IFRS standards implemented in 2010. The most significant among these standards are: IFRS3 (revised) Business Combinations and IAS27 (revised) Consolidated and Separate Financial Statements. The figures in the interim report are unaudited.

INCOME STATEMENT, EUR 1,000	1-6/2010	1-6/2009	4-6/2010	4-6/2009	1-12/2009
Net sales	19,369	16,354	9,853	8,299	32,283
Other operating income	-	-	-	-	85
Materials and services	-8,456	-7,039	-4,352	-3,546	-13,714
Personnel expenses	-6,355	-5,379	-3,193	-2,761	-10,966
Depreciation and impairment changes	-881	-754	-457	-387	-1,553
Other operating expenses	-2,881	-2,751	-1,455	-1,432	-5,292
Operating result	795	431	395	174	844
Financial income and expenses	-155	-195	-94	-77	-329
Profit (loss) before taxes	640	236	302	97	515
Income taxes	-86	-66	-77	-27	-151
NET PROFIT FOR THE PERIOD	554	170	224	70	364
Proportion attributable to the equity holders of the	554	170	224	70	364
Proportion attributable to minority shareholders	-	-	-	-	-
 STATEMENT OF COMPREHENSIVE INCOME, EUR 1,000	 1-6/ 2010	 1-6/ 2009	 4-6/ 2010	 4-6/ 2009	 1-12/ 2009

Proportion attributable to the equity holders of the	554	170	224	70	364
Proportion attributable to minority shareholders	-	-	-	-	-
Earnings per share for profit attributable to the equity holders of the Company,					
- undiluted*	0.09	0.03	0.04	0.01	0.06

*) The share options have no diluting effect

BALANCE SHEET, EUR 1,000	30 Jun 2010	30 Jun 2009	31 Dec 2009
NON-CURRENT ASSETS			
Property, plant and equipment	5,215	5,024	4,809
Goodwill	6,504	5,958	6,558
Other intangible assets	4,854	4,696	5,006
Deferred tax assets	68	351	223
Available-for-sale investments	5	7	5
Loans receivable	-	14	-
Non-current assets, total	16,646	16,051	16,601
CURRENT ASSETS			
Inventories	900	852	926
Trade and other current receivables	2,131	1,662	1,784
Cash and cash equivalents	598	145	418
Current assets total	3,629	2,659	3,128
Assets total	20,275	18,710	19,729
SHAREHOLDERS' EQUITY AND LIABILITIES, EUR 1,000			
Share capital	571	571	571
Share premium account	4,929	4,929	4,929
Invested non-restricted equity fund	1,047	614	734
Share issue	-	-	250
Retained earnings/losses	1,412	1,208	1,228

Net profit/loss for the period	554	170	364
Equity total	8,513	7,492	8,076
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	3,693	3,977	4,112
Deferred tax liability	1,014	1,018	1,002
Non-current liabilities total	4,707	4,995	5,114
Current liabilities			
Interest-bearing liabilities	2,753	2,445	2,377
Trade and other payables	4,302	3,779	4,163
Current liabilities total	7,055	6,224	6,540
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	20,275	18,710	19,729

CALCULATION OF RECONCILIATION OF EQUITY, EUR 1,000

	Share capital	Share premium account	Other reserves	Retained earnings	Shareholders' equity
Shareholders' equity 1 January 2010	571	4,929	984	1,592	8,076
Comprehensive income				554	554
Expense recognition of granted options				9	9
Payment of dividends				-189	-189
Share subscriptions with options			63		63
Shareholders' equity 30 June 2010	571	4,929	1,047	1,966	8,513

	Share capital	Share premium account	Other reserves	Retained earnings	Sharehol ders' equity
Shareholders' equity 1 January 2009	571	5,126	1,079	158	6,934
Comprehensive income				170	170
Expense recognition of granted options				6	6
Share subscriptions with options			380		380
Transfer from share premium account		-197		197	-
Transfer from other funds			-846	846	-
Shareholders' equity 30 June 2009	571	4,929	614	1,377	7,492

CASH FLOW STATEMENT, EUR 1,000	1 Jan-30 Jun 2010	1 Jan-30 Jun 2009	1 Jan-31 Dec 2009
Cash flows from operating activities			
Net profit/loss for the period	554	170	364
Adjustments to the result for the financial period			
Financial income and expenses	155	195	329
Other adjustments	94	72	149
Depreciation	881	754	1,553
Change in net working capital	-108	-277	-207
Interest	-131	-169	-276
Taxes	2	-30	165
Cash flow from operating activities	1,447	715	2,076
Net cash used in/from investing activities			
Investments in tangible and intangible assets	-704	-292	-797
Proceeds from sale of tangible and intangible assets			17
Acquisition of a subsidiary or business less cash and cash equivalents at the date of	-253	-57	-306
Repayments of long-term receivables	-	-	14
Other investments	5	-	-5
Cash flows from investing activities, total	-952	-349	-1,077
Cash flow before financing	496	366	999
Cash flows from financing activities			
Repayments of long-term debt	-	-168	-89

Repayments of finance lease liabilities	-257	-194	-419
Proceeds from short-term debt	299	-	-
Repayments of short-term debt	-169	-464	-798
Share subscriptions with options	-	381	501
Dividends paid	-189		
Cash flows from financing activities	-316	-445	-805
Increase(+)/decrease(-) in cash and cash equivalents	180	-79	194
Cash and cash equivalents at beginning of the period	418	224	224
Cash and cash equivalents at end of the period	598	145	418

NOTES TO THE INTERIM REPORT

INDICATORS	1 Jan-30 Jun 2010	1 Jan-30 Jun 2009	1 Jan-31 Dec 2009
Equity/share, EUR	1.33	1.22	1.30
Equity ratio, %	42	40	41
Gross investments in property, plant and equipment (EUR 1,000)	1,081	801	2,293
Calculation of indicators:			

Equity/share = Equity attributable to shareholders of the parent company/Undiluted number of shares at the closing date

Equity ratio (%) = Equity/Balance sheet total

MAJOR SHAREHOLDERS 30 JUNE 2010

Shareholder	Number of shares	Share, %
Atine Group Oy	1,907,000	29.9
Korhonen Juha	586,340	9.2
Ranki Kari	502,920	7.9
Lahikainen Kimmo	496,682	7.8
Virta Erkki	269,891	4.2
Korhonen Sari	266,000	4.2
Sir 8 Oy (Antti Kasi*)	233,189	3.7
Ilmarinen Mutual Pension Insurance Company	228,000	3.6
Björkman Stefan	155,850	2.4
Oy Fincorp Ab	105,000	1.7
10 largest, total	4,721,623	74.7
Others	1,572,628	25.3
Total	6,294,301	100.0

* In addition, Antti Kasi personally holds 15,000 shares.

ORAL HAMMASLÄÄKÄRIT PLC

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