

## Orion Group Interim Report 1–3/2009

Orion's net sales for January–March 2009 totalled EUR 190.1 million (180.2 million for the first quarter of 2008), up by 5.5% on the comparative period.

- Operating profit was EUR 56.9 (63.4) million.
- Profit before taxes was EUR 56.6 (64.1) million.
- Equity ratio was 43.2% (48.4%).
- ROCE before taxes was 44.6% (60.7%).
- ROE after taxes was 44.9% (49.4%).
- Earnings per share were EUR 0.30 (0.33).
- Cash flow per share before financial items were EUR 0.25 (0.07).

### Orion's key figures for the review period

	Q1/09	Q1/08	Change %	2008
Net sales, EUR million	190.1	180.2	+5.5%	710.7
International operations, EUR million	136.5	124.6	+9.6%	493.6
% of net sales	71.8%	69.1%		69.4%
Operating profit, EUR million	56.9	63.4	-10.2%	185.0
% of net sales	29.9%	35.2%		26.0%
Profit before taxes, EUR million	56.6	64.1	-11.7%	184.2
% of net sales	29.8%	35.6%		25.9%
Income tax expense, EUR million	14.7	17.0	-13.1%	47.8
R&D expenses, EUR million	24.1	20.5	+18.0%	90.0
% of net sales	12.7%	11.4%		12.7%
Capital expenditure, EUR million	5.6	9.4	-39.8%	56.8
% of net sales	3.0%	5.2%		8.0%
Assets total, EUR million	756.9	686.4	+10.3%	695.5
Equity ratio, %	43.2%	48.4%		60.2%
Gearing, %	-20.0%	-27.5%		-7.1%
Interest-bearing liabilities, EUR million	168.7	86.7	+94.6%	146.3
Non-interest-bearing liabilities, EUR million	261.6	267.3	-2.2%	130.6
Cash and cash equivalents, EUR million	234.0	178.2	+31.3%	176.1
ROCE (before taxes), %	44.6%	60.7%		38.5%
ROE (after taxes), %	44.9%	49.4%		32.1%
Earnings per share, EUR	0.30	0.33	-11.0%	0.97
Cash flow per share before financial items, EUR	0.25	0.07	+243.0%	0.66
Equity per share, EUR	2.32	2.36	-1.7%	2.97
Personnel at the end of the period	3,200	3,203	-0.1%	3,309
Average number of employees during the period	3,227	3,194	+1.0%	3,270
Personnel expenses, EUR million	41.7	40.0	+4.4%	170.9

The Orion Group changed its accounting policy regarding product development costs as of 1 January 2009. Costs relating to maintenance of the product portfolio already on the market (mainly generic products) are now recognised in cost of goods sold instead of R&D expenses in the income statement. This change has no effect on reported key figures, operating profit and Statement of Financial Position, but it reduces the previously reported R&D expenses for 2008 by EUR 13.4 million and correspondingly increases the cost of goods sold.

On 1 January 2009, the Easyhaler business was transferred from Specialty Products to Proprietary Products. At the same time, hormone replacement products, such as the Divina<sup>®</sup> series, and toremifene products, such as Fareston<sup>®</sup>, were transferred to Specialty Products.

The key figures for the comparative periods have been adjusted in accordance with these changes in reporting. Furthermore, the adjusted key figures for previous periods are presented in the table 'Adjusted key figures' at the end of this release.

## CEO Timo Lappalainen's review

### "First quarter as expected"

"The pharmaceutical market has seen significant changes lately. After a long period of steady growth, the pace has slowed down, and growth has even turned negative in some markets. The changes are a result of many factors, including expiry of patent protection for certain major products and subsequent onset of generic competition, as well as regulatory control by authorities to rein in healthcare costs. An example of regulatory control is the reference price system implemented in Finland at the beginning of April. On the other hand, the world economic crisis has not had a material effect on the financial position of Orion and the industry as a whole."

"Orion's net sales for the first months of 2009 were up by about 6 per cent. However, our operating profit decreased because of increased research expenditure and costs resulting from the ongoing patent litigations in the USA. The increase in litigation expenses is mainly explained by the fact that in the first quarter of 2008, these processes were just beginning and therefore the costs were not yet substantial. Furthermore, our gross profit margin was exceptionally high in the comparative period. The slightly lower margin in the first months of 2009 is closer to the average in recent years."

"The increase in research expenditure was mainly due to outsourced studies, the most important of which are the clinical phase III study aiming to obtain a marketing authorisation for dexmedetomidine in Europe, clinical phase I studies with alpha 2<sub>c</sub> receptor antagonist as well as preclinical co-operation with a number of partners. Because of the changes implemented in our research organisation during the first months of the year, we changed our reporting on product development costs so that expenditure relating to maintenance of the product portfolio already on the market is now recognised in cost of goods sold in the income statement."

"Our current estimate on the company's outlook for the full year 2009 remains the same as the estimate published on 6 February 2009 in the Financial Statements. The outlook estimate and the related preamble are found on pages 5–7 of this release."

## Events during the period

In January, Orion filed a patent infringement lawsuit in the United States against the Wockhardt USA LLC and Wockhardt Limited companies to enforce its US patents of the Parkinson's disease drug Stalevo<sup>®</sup>. These companies seek to market generic versions of 25/200/100; 37.5/200/150 and 50/200/200 mg tablet strengths of carbidopa, entacapone and levodopa in the United States. The strengths are the same as those of Orion's proprietary drug Stalevo.

In January, Orion completed the statutory negotiations to restructure its pharmaceutical R&D operating model and structure. As a result of the negotiations, Orion decided on staff reductions of about 205 people in Finland.

In January, based on new safety information, a restriction was added to the European Summary of Product Characteristics for the breast cancer drug Fareston<sup>®</sup> (toremifene). The drug should not be used in patients suffering from or with an increased risk of arrhythmia.

In March, Orion announced that it will withdraw the EU marketing authorisation application to expand the indication of Stalevo, because the data from the STRIDE-PD study published in February indicated that the primary endpoint of the study was not met.

The Annual General Meeting of the Shareholders of Orion Corporation was held on 23 March 2009 at the Helsinki Fair Centre.

Altogether 44,806 B-shares held by the company were conveyed in March as a share bonus for 2008 to persons employed by the company and belonging to the Share-based Incentive Plan of the Orion Group.

At the end of March, Stalevo 75 mg and 125 mg tablets received marketing authorisations in Europe. The launch of the products in Europe will begin in summer 2009.

## News conference and teleconference

A news conference and teleconference on the Q1 result will be held **today, on Monday 27 April 2009 at 15:00 EET at Hotel Kämp**, address Pohjoisesplanadi 29, Helsinki. CEO Timo Lappalainen will give a brief presentation in English concerning the Group's result.

The event can be followed live as a webcast accessible via Orion's website at [www.orion.fi/english](http://www.orion.fi/english). After the brief presentation, there is an opportunity to ask questions in Finnish and English.

The phone numbers to the conference call are:  
when calling from the USA: +1 866 966 5335  
when calling from other countries +44 (0)203 023 4438

The on-demand recording of the event will be available later the same day through a link provided on Orion's website.

## Orion's publication dates in 2009

Interim Report January–June 2009	7 August 2009
Interim Report January–September 2009	26 October 2009

Orion's financial reports and related presentation material are available on the Group's website at [www.orion.fi/investors](http://www.orion.fi/investors) promptly after the publishing. On the website it is also possible to register on Orion's mailing lists for publications and releases.

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[www.orion.fi/investors](http://www.orion.fi/investors)

## Financial review Q1/2009

### Net sales

**The Orion Group's** net sales for the first quarter of 2009 totalled EUR 190.1 million (EUR 180.2 million for the first quarter of 2008), up by 5.5%. The net effect of currency exchange rates was EUR 2.0 million positive.

**The Pharmaceuticals business** had net sales of EUR 178.9 (168.5) million, up by 6.2%. The products based on in-house R&D accounted for EUR 87.6 (77.6) million, i.e., 49% (46%) of the Pharmaceuticals business segment's net sales. The net sales from Orion's Parkinson's disease drugs, Stalevo<sup>®</sup> (carbidopa, entacapone and levodopa) and Comtess<sup>®</sup>/Comtan<sup>®</sup> (entacapone), totalled EUR 62.2 (52.3) million, or about 35% (31%) of the operating segment's net sales.

**The Diagnostics business** had net sales of EUR 11.7 (12.2) million, down by 3.9%. The sales of QuikRead<sup>®</sup> infection tests continued to grow, but sales of older product portfolio slackened.

### Operating profit

**The Pharmaceuticals business** had an operating profit of EUR 56.9 (63.1) million, down by 9.9% on the comparative period. The gross profit margin for the first quarter was at the same level as in recent years on average but remained clearly below the rate of the comparative period. The higher margin in the comparative period is explained by fixed production costs being bound to increased inventory levels as well as proportionally greater sales of high-margin products. As a result of this, euro-denominated gross profit has grown more slowly than net sales from the first quarter of 2008. Operating profit decreased due to an increase in research expenditure, as well as costs resulting from the ongoing patent litigations in the USA.

**The Diagnostics business** had an operating profit of EUR 2.2 (2.3) million, down by 4.6%. Gross profit improved because of proportionally greater sales of high-margin products. Operating profit was lower than in the comparative period because of higher investments in product development.

### Operating expenses

**The Group's selling and marketing expenses** were EUR 35.0 (35.1) million, unchanged from the previous year.

**R&D expenses** amounted to EUR 24.1 (20.5) million, up by 18.0%. The growth was due to increased outsourcing of studies, the most important of which are the clinical phase III study aiming to obtain European authorisation for dexmedetomidine, clinical phase I studies with alpha 2<sub>c</sub> receptor antagonist as well as preclinical co-operation with a number of partners. Internal research expenses were at the level of the comparative period despite the significant personnel reductions at the beginning of 2009. This was mainly a consequence of substantial increase in salaries and other indirect employee costs due to decisions on wages and salaries made by the Finnish labour market during the recent years. R&D expenses accounted for 12.7% (11.4%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 22.7 (19.4) million.

As a result of the changes implemented in the research organisation at the beginning of 2009, the reporting of product development costs was changed so that expenditure relating to maintenance of the product portfolio already on the market (mainly generic products) is now recognised in cost of goods sold instead of R&D in the income statement. This change has no effect on reported key figures, operating profit and Statement of Financial Position, but it reduces the R&D expenses previously reported for 2008 by EUR 13.4 million and correspondingly increases the cost of goods sold. R&D activities are reported in more detail in the business review of the Pharmaceuticals operating segment.

**Administrative expenses** were EUR 12.8 (10.3) million. The increase was mainly due to the EUR 3.0 (0.7) million costs resulting from the patent litigations. In the comparative period the processes were just beginning.

**Other operating income and expenses** amounted to EUR 0.6 (2.4) million, comprising mainly items from currency rate hedging. The positive effect generated by them was clearly lower than in the comparative period.

#### **Profit before taxes**

Group profit before taxes was EUR 56.6 (64.1) million. Earnings per share were EUR 0.30 (0.33). Equity per share was EUR 2.32 (2.36). The return on capital employed before taxes (ROCE) was 44.6% (60.7%) and the return on equity after taxes (ROE) was 44.9% (49.4%).

#### **Financial position**

The Group's gearing was 20.0% negative (27.5% negative) and the equity ratio was 43.2% (48.4%).

Total liabilities on 31 March 2009 totalled EUR 430.2 (354.0) million. At the end of the period, interest-bearing liabilities amounted to EUR 168.7 (86.7) million, of which EUR 127.9 million consisted of long-term loans. The non-interest-bearing liabilities include the dividends paid in early April but transferred from the equity already in March.

At the end of 2008 and beginning of 2009, the Group took out long-term loans to ensure its solvency in situations where a financial crisis makes it difficult to predict the availability of short-term funding. The increase of liabilities had a slight negative impact on the equity ratio. The loans increased the Group's cash and cash equivalents at the end of the period, which amounted to EUR 234.0 (178.2) million. These items also had a decreasing effect on ROCE.

The Group's cash and cash equivalents are invested in short-term interest-bearing instruments issued by financially solid financial institutions and corporations.

#### **Cash flows**

Operating cash flow developed favourably, amounting to EUR 43.2 (19.2) million. Operating profit fell slightly, but the amount tied to the working capital during the first quarter was EUR 26 million lower compared with January–March 2008.

Cash flows from investing activities were EUR 8.1 (9.0) million negative.

Cash flows from financing activities were EUR 22.3 (77.7) million. The change is due to a distinct reduction in loans taken out by the Group compared with the first quarter of 2008. This was because most of the Group's financing needs were covered by the long-term loans taken out at the end of 2008.

#### **Capital expenditure**

The Group's capital expenditure totalled EUR 5.6 (9.4) million. Tangible assets accounted for EUR 3.7 (6.3) million and intangible assets for EUR 1.9 (3.1) million.

## **Outlook for 2009**

**Net sales** will increase slightly from 2008. Sales of pharmaceuticals through Orion's own sales network will continue to increase both in Finland and other European countries. Global in-market sales of the Comtess/Comtan and Stalevo drugs will show further growth, but at a slower rate than before. Deliveries of Parkinson's drugs to Novartis are expected to increase slightly.

Marketing expenditure will increase moderately, mainly owing to product launches. Research expenditure will remain at the level of 2008. The on-going patent litigations in the United States will continue. Their costs are estimated to be slightly higher than in 2008.

**Operating profit** is estimated to increase slightly from 2008. The economic crisis is not estimated to have a material effect on the result, but the crisis increases uncertainty relating to profitability estimates.

**R&D expenses** will be about EUR 90 million. Additionally, about EUR 10 million will be used in maintenance of product portfolios that are already on the market. The latter item is now included in costs of goods sold in the income statement, while previously both items were included in R&D expenses.

**Capital expenditure** will be about EUR 45 million, not including substantial company or product acquisitions.

### Preamble

The reference price system that was implemented in Finland in April 2009 is not expected to have a material effect on Orion's business. The new system will increase price competition in certain product categories. On the other hand, however, it will offer new business opportunities for Orion. As a result of the change, general market growth is expected to slow down in Finland compared with 2008. New product launches will support Orion's growth in Finland. On the other hand, the growth will be slowed down by heavy price competition affecting mainly substitutable prescription drugs, which is an important sector for Orion.

As expected, the growth in in-market sales of the Parkinson's drugs, Stalevo and Comtess/Comtan, in 2008 was slightly more than 10%, which is lower than in previous years. The growth is expected to slightly slow down further during 2009. Orion's own sales, as well as deliveries to Novartis, are expected to develop in line with the overall market for Parkinson's drugs. On the basis of current information, Novartis will not continue to reduce its stock levels in 2009.

Because the registrations and launches of new products are projects that take more than a year, the resources and other material inputs required for them in 2009 have been planned mostly in the previous year.

Research and development costs can be estimated quite accurately in advance. Part of the expenses is caused by fixed internal items, such as salaries and maintenance of the operating infrastructure, while part of the expenses result from clinical trials. They are typically performed in clinics located in several countries. The most important clinical trials scheduled for 2009 either continue from the previous year or are at an advanced stage of planning, which is why their cost level can be estimated rather accurately.

The estimated costs of the on-going patent litigations in the United States are based on the planned timetables and work estimates. The costs resulting from the litigations will depend on a number of factors, which at the present stage are difficult to estimate accurately.

### Near-term risks and factors of uncertainty relating to the outlook estimates

The company is not aware of any significant risk factors relating to the earnings outlook for 2009.

The world economic crisis is not estimated to have a material effect on the short-term development of the pharmaceuticals market, but it increases uncertainty and thus complicates the assessment of profitability. For example, risks of payment defaults and credit losses relating to individual countries and customers may increase slightly, and forecasting of currency rate development will be more challenging, particularly in Eastern Europe.

The sales of individual products and, on the other hand, Orion's sales in individual markets may vary slightly depending on the extent to which the ever-tougher price and other competition that has prevailed in the pharmaceutical markets in recent years specifically affects Orion's products. Deliveries to Novartis are based on timetables that are jointly agreed in advance. Nevertheless, these can change, for example, as a consequence of decisions by Novartis concerning the adjustments of stock levels during the year. The on-going litigations are not assumed to affect the sales of Comtan or Stalevo in the United States in 2009.

Most of the exchange rate risk is related to the US dollar. Typically, less than 15% of Orion's sales come from the United States. As regards the other most important currencies, such as the British pound sterling and the Swedish krona, the overall effect will be abated by the fact that Orion has organisations of its own in Great Britain and Sweden, which means that in addition to costs there will also be income in these currencies. As regards the currencies of Eastern European countries, the situation is similar.

Research projects always involve factors of uncertainty that may either increase or decrease estimated costs. The projects may progress more slowly or faster than assumed or they may be discontinued.

Nonetheless, changes that may occur in ongoing clinical studies are reflected in costs relatively slowly, and they are not estimated to have a material impact on the earnings in the current year. Owing to the nature of the research process, the timetables and costs of new studies that are being started are known well in advance. Therefore they typically do not lead to unexpected essential changes in the estimated cost structure.

## Financial objectives and dividend policy

Orion aims to accelerate the moderate organic growth of the net sales within the next few years via product, product portfolio and company acquisitions. Operating profit will be increased and the equity ratio is maintained at a level of at least 50 per cent.

In dividend distribution, Orion takes into account the distributable funds as well as the medium-long- and long-term needs of capital expenditure and other financial needs required for the achievement of the financial objectives.

## Shares and shareholders

On 31 March 2009, Orion Corporation had a total of 141,257,828 shares and the company's share capital was EUR 92,238,541.46. A-shares totalled 51,440,668 and B-shares 89,817,160. At the end of March 2009, altogether 280,030 B-shares were in the company's possession. On 31 March 2009, the aggregate number of votes conferred by both share classes was 1,118,350,490 excluding treasury shares.

Both shares, A and B, provide equal rights to the company assets and dividends.

On the basis of the Articles of Association, a shareholder can demand the conversion of his or her A-shares to B-shares. No share conversions were carried out during the first quarter of 2009.

Orion's A- and B-shares are quoted on the NASDAQ OMX Helsinki in the Large Cap group under the Healthcare sector heading under the trading codes ORNAV and ORNBV. Trading in both of the company's share classes commenced on 3 July 2006. Information on trading in the company's shares has been available since this date. On 31 March 2009, the market capitalisation of the company's shares excluding treasury shares stood at EUR 1,536.1 million.

### Voting rights conferred by shares

Each A-share entitles its holder to twenty (20) votes at General Meetings, whereas each B-share carries one (1) vote. However, a shareholder cannot vote with more than 1/20 of the aggregate number of votes from the different share classes represented at the General Meeting. In addition, Orion Corporation and Orion Pension Fund do not have the right to vote at Orion's General Meetings of shareholders.

### Authorisations of the Board of Directors to convey shares

Orion Corporation's Board of Directors has an authorisation granted by the Annual General Meeting on 23 March 2009 to convey the company's own shares. This authorisation is in force up to the close of the 2010 Annual General Meeting. The Board of Directors does not have an authorisation to increase the share capital or to issue bonds with warrants or convertible bonds or stock options.

Altogether 44,806 B-shares held by the company were conveyed in March as a share bonus for 2008 to persons employed by the company and belonging to the Share-based Incentive Plan of the Orion Group. This was based on the authorisation granted by the Annual General Meeting on 25 March 2008. The transfer price of the shares conveyed is EUR 11.97 per share, which is the weighted average price of the B-share on 5 March 2009. Thus, the total transfer price of the conveyed shares was EUR 536,417.43.

After the conveyance, Orion holds 280,030 B-shares as treasury shares.

### **Shareholder structure**

At the end of March 2009, Orion had a total of 44,414 registered shareholders, of whom 94.0% were private individuals. They held 48.8% of the entire share stock and had 59.3% of the total votes. Nominee-registered shares totalled 34.0 million representing 24.0% of all shares and 5.8% of the total votes.

Orion held 280,030 B-shares as treasury shares at the end of March 2009. The proportion of the treasury shares was 0.2% of the company's total share stock and 0.03% of the total votes.

No new transactions exceeding the flagging limits set in the Finnish Securities Markets Act have been brought to the attention of the company during the reporting period.

## **Decisions by the AGM**

The Annual General Meeting of the Shareholders of Orion Corporation was held on 23 March 2009 at the Helsinki Fair Centre. In addition to handling matters in accordance with section 10 of the Articles of Association and Section 3 of Chapter 5 of the Companies Act, the Annual General Meeting addressed the proposals concerning changes to the Articles of Association and authorisations to the Board of Directors to convey the company's own shares.

### **Adoption of the financial statements and discharge from liability**

The Annual General Meeting adopted the financial statements of the company and Group as per 31 December 2008. The members of the Board of Directors and the CEO were discharged from liability for the financial year of 1 January–31 December 2008.

### **Dividend EUR 0.95 per share**

A dividend of EUR 0.95 per share was approved in accordance with the Board's proposal. The record date for dividend payment was 26 March 2009, and the payment date was 2 April 2009.

### **Members and the Chairman of the Board of Directors**

The number of members in the Board of Directors was confirmed to be seven. Eero Karvonen, Matti Kavetvuori, Leena Palotie, Vesa Puttonen, Hannu Syrjänen and Jukka Ylppö were re-elected, and Sirpa Jalkanen was elected as a new member. Matti Kavetvuori was re-elected as the Chairman.

### **Board remuneration**

The Chairman of the Board of Directors shall receive EUR 72,000 as an annual fee. The Vice Chairman shall receive EUR 49,000 and the other members shall receive EUR 36,000 each. In addition, the Chairman shall receive EUR 1,200 for each meeting attended, the Vice Chairman shall receive EUR 900 and the other members shall receive EUR 600 each. The Chairman shall have a telephone as a fringe benefit, and the travel expenses of all Board members shall be paid in accordance with the company's travel policy. The abovementioned fees shall also be paid to the Chairmen and members of the committees established by the Board for each meeting attended.

Of the abovementioned annual fee, 60 per cent shall be paid in cash and 40 per cent in company shares. For this purpose, on 3 April 2009 Orion Corporation B-shares were acquired from the stock exchange in amounts corresponding EUR 28,800 for the Chairman, EUR 19,600 for the Vice Chairman and EUR 14,400 for each of the other members. The cash payment, which corresponds to the approximate amount necessary for the payment of income taxes for the fee, was made on 24 April 2009. The annual fees cover the Board's entire term of office.

### **Auditor and auditor's fee**

PricewaterhouseCoopers Ltd, authorised public accountant company, was elected as the auditor for the next financial year. The auditor's fee will be paid against an invoice approved by the company.

### **Amendments to Sections 9, 10 and 12 in the Articles of Association**

Sections 9, 10 and 12 in the company's Articles of Association were amended in accordance with the Board's proposal. The main content of the amendments is as follows:

- References to deputy auditor was removed from Section 9. After the amendment, the company has one auditor. The auditor must be an authorised public accountant company.
- In Section 10, the reference to auditors in item 7 was changed from plural to singular, and the reference to deputy auditor in item 10 was removed.
- Section 12 is amended to state that a notice to convene a General Meeting of the Shareholders was published no later than 21 days prior to the General Meeting of Shareholders.

The amendments were entered in the trade register on 14 April 2009.

### **Authorisation to convey own shares**

The Annual General Meeting authorised the Board of Directors to decide on conveyance of the company's own shares on the terms and conditions proposed by the Board.

## **Personnel**

Orion's statutory negotiations focusing on reorganisation of Orion's pharmaceutical R&D operations and structure were completed at the beginning of January. As a result of the negotiations, Orion decided on a staff reduction of about 205 people in Finland, about 175 people were given notice, and about 30 jobs were reduced through various pension and other arrangements.

The average number of personnel in the Orion Group during the first quarter of 2009 was 3,227 (3,194). The number includes also persons that were laid off at the beginning of 2009, but whose notice period is still on-going. At the end of March, the Group had a total of 3,200 (3,203) employees, of whom 2,641 (2,698) worked in Finland and 559 (506) in units outside Finland. The increased number of personnel in entities outside Finland is mainly due to reinforcement of the sales organisation in Eastern Europe during 2008.

Salaries and other personnel expenses for January–March 2009 totalled EUR 41.7 (40.0) million.

## **Legal proceedings**

### **Legal proceedings against the Wockhardt companies**

Orion Corporation has on 13 September 2007, 8 December 2008 and 15 January 2009 filed patent infringement lawsuits in the United States to enforce U.S. Patents No. 5,446,194; 5,135,950 and 6,500,867 against companies belonging to the Wockhardt Group that engage in generic drug business.

The Wockhardt companies seek to market a generic version of entacapone (200 mg tablet) in the United States with the same dosage strength as Orion's proprietary drug Comtan. Moreover, these companies seek to market generic tablets (12.5/200/50; 25/200/100; 37.5/200/150 and 50/200/200 mg strengths of carbidopa, entacapone and levodopa ) in the United States. The strengths are the same as those of Orion's proprietary drug Stalevo. The first hearing days of the trials have been set to begin on 16 November, 2009.

### **Legal proceedings against the Sun companies**

Orion Corporation has on 13 November 2007, 7 February 2008 and 12 November 2008 filed patent infringement lawsuits in the United States to enforce its U.S. Patents No. 6,500,867 and 5,446,194 against companies belonging to the Sun Group.

Sun Pharmaceutical Industries Limited seeks to market generic versions of Orion's Stalevo drug (25/100/200 and 37.5/150/200 mg strengths of carbidopa, levodopa and entacapone) in the United States. Sun Pharma Global, Inc. seeks to market a generic version of Orion's proprietary drug Comtan in the United States.

The abovementioned pharmaceuticals are marketed in the United States by Orion's exclusive licensee, Novartis, for the treatment of Parkinson's disease. By virtue of the legal proceedings, the realisation of generic competition regarding the said pharmaceuticals is neither certain nor imminent.

## Reviews of the business areas in Q1/2009

### Pharmaceuticals

#### **Market review on human pharmaceuticals**

Finland is the most important market area for Orion. According to statistics collected by Finnish Pharmaceutical Data Ltd, Finnish wholesales of human pharmaceuticals in the first quarter of 2009 totalled EUR 466.3 million, down by 1.1% on the comparative period last year. With regard to the number of packages sold, overall sales fell by 6.7%. Total pharmacy sales fell by 0.4% and hospital sales by 3.3%. The wholesales of prescription drugs decreased by 1.3%, while the wholesales of self-care products grew by 0.5%.

Orion continued to strengthen its position as the leading marketer of pharmaceuticals in Finland. According to statistics collected by Finnish Pharmaceutical Data Ltd, Orion's Finnish wholesales of human pharmaceuticals in January–March 2009 totalled EUR 45.2 million, up by 0.4%. Orion's sales grew slightly, while the overall market decreased. The development of Orion's sales was supported by the continuously renewed product portfolio. Orion's market share was 9.7% (9.6%), and 2.3 percentage units higher than that of the second largest marketer. Orion's market position is further strengthened by the company's extensive self-care product portfolio and rapid renewal of the generic product portfolio.

According to IMS Health pharmaceutical sales statistics, in 2008 the retail sales of Parkinson's disease drugs in the USA totalled USD 1,046 (1,051) million, down by 0.5% year-on-year. A year earlier the corresponding growth rate was 27%. The distinct slowdown in market growth was caused by the expiry of the patent for the leading product, a dopamine agonist, and the resulting generic competition. The five largest European markets for Parkinson's disease drugs were Germany, Great Britain, France, Spain and Italy. Retail sales of Parkinson's drugs in these countries in 2008 came to EUR 869 (804) million, with an average market growth of about 8.1%.

The sales of Orion's Parkinson's disease drugs continued to develop favourably, at a clearly higher rate than the overall market. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in September 2008 the sales of Orion's Parkinson's disease drugs totalled EUR 461 million (EUR 428 million in 2007). The wholesales of Orion's Parkinson's disease drugs in the USA totalled USD 200.1 (177.4) million, up by 12.8% on the previous year. In the USA, the market share of Orion's Parkinson's drugs is about 16%. In the five largest Parkinson's drug markets in Europe, the wholesales of Orion's Parkinson's Disease drugs in 2008 totalled EUR 146.1 (133.5) million, up 9.4% year-on-year. Orion's Parkinson's disease drugs have an average market share of about 16% in these five markets.

#### **Net sales and operating profit of the Pharmaceuticals business**

In January–March, the Pharmaceuticals business had net sales of EUR 178.9 (168.5) million, up by 6.2%. The Pharmaceuticals business had an operating profit of 56.9 (63.1) million, down by 9.9%. The EBIT margin of the Pharmaceuticals business was 31.8% (37.4%) of the segment's net sales.

#### **Proprietary Products**

In January–March 2009, the Proprietary Products had net sales of EUR 81.5 (70.5) million, up by 15.6%.

The combined net sales of Orion's Parkinson's disease drugs in the first quarter of 2009 totalled EUR 62.2 (52.3) million. Sales were up by 18.9% and accounted for 35% (31%) of the total net sales from Pharmaceuticals business. Net sales from deliveries of Stalevo and Comtan to Novartis totalled EUR 40.0 (29.3) million, up by 36.7%. Net sales generated by Stalevo and Comtess in Orion's own sales organisation totalled EUR 22.2 (23.0) million, down by 3.6%. Net sales of Stalevo through Orion's own sales organisation

totalled EUR 17.2 (15.7) million, up by 9.3%. Development of the euro-denominated sales was slowed down as a result of the weakening of the British pound sterling and Swedish krona.

At the end of March, Stalevo 75 mg and 125 mg tablets received marketing authorisations in Europe. Their launch will start in summer 2009. In the United States, these strengths were launched in October 2008.

Orion has patent litigations on-going in the United States against the Wockhardt companies and the Sun companies. These companies aim to launch generic versions of Orion's Comtan and Stalevo drugs in the United States.

At the beginning of the year, the Easyhaler<sup>®</sup> products for the treatment of asthma and COPD were transferred from Specialty Products to the Proprietary Products division. At the same time, hormone replacement products, such as the Divina series, and toremifene products, such as Fareston, were transferred to Specialty Products.

In January–March, the Easyhaler product family had net sales of EUR 6.4 (4.5) million, up by 42.4%. Sales developed favourably in Germany and Turkey, for example. In Spain, the first Easyhaler products were launched in January. Orion resumed the marketing rights for Easyhaler products in Great Britain at the beginning of 2009.

### Specialty Products

Net sales from the Specialty Products business division in January–March 2009 totalled EUR 66.1 (66.5) million, down by 0.7% on the comparative period in 2008. The product range comprises generic, or off-patent, prescription medicines and self-care products.

In Finland, Orion's market position was supported by the continuously renewed prescription drug and OTC product portfolios. Among new products, the anti-psychotic drug Ketipinor<sup>®</sup> (quetiapine) was particularly successful. During the first months of the year, Orion again launched many new products, including the cholesterol-lowering drug Atorvastatin Orion<sup>®</sup> (atorvastatin).

Net sales from Orion's human pharmaceuticals in East Europe in the first quarter of 2009 totalled EUR 8.1 (8.1) million. Specialty Products accounted for the majority of sales in the region. However, the growth of euro-denominated net sales has slackened due to the considerable weakening of exchange rates in countries in the region.

A restriction based on new safety data was added to the Summary of Product Characteristics for the Fareston<sup>®</sup> (toremifene) breast cancer drug. The drug should not be used in patients who suffer from arrhythmia or have an elevated arrhythmia risk. So far, this has not had any effect on product sales, which were up on the comparative period.

### Animal Health

In January–March 2009, Animal Health had net sales of EUR 15.2 (16.6) million, down by 8.3% on the comparative period in 2008. Animal sedatives accounted for 32% (45%) of the division's net sales. The sales of Dexdomitor<sup>®</sup> (dexmedetomidine), Domitor<sup>®</sup> (medetomidine), Domosedan<sup>®</sup> (detomidine) and Antisedan<sup>®</sup> (atipamezole) were down by 33.5% due to expiry of patents, which has led to generic competition in Europe.

Early in the year Orion became the Finnish market leader in veterinary drugs as well, boasting a market share of nearly 21 %. The Finnish animal health market grew by 6.6% in January–March 2009 compared with the corresponding period in 2008. Respectively, Orion's net sales from veterinary products in Finland increased by 8.6%. The strong development of sales was mainly attributable to Orion's extensive product portfolio and long experience in the Finnish animal health market.

### Fermion

Net sales of Fermion, a manufacturer of active pharmaceutical ingredients, stood at EUR 11.1 (8.9) million in the first quarter of 2009, up by 24.9% on the comparative period in 2008. Fermion's performance was positively impacted also by a stronger US dollar compared with the corresponding period last year. The

impact of intra-Group transactions, that is, deliveries of active ingredients for Orion's own use, has been eliminated from Fermion's net sales.

### The ten best-selling pharmaceutical products

Net sales of the top ten pharmaceuticals in January–March 2009 came to EUR 95.1 (86.0) million, up by 10.6% on the comparative period. These products made up about 53% (51%) of total net sales generated by the Pharmaceuticals business. The net sales of Stalevo were up by 22.1%, and they accounted for 24% (21%) of the total net sales generated by the Pharmaceuticals business. Deliveries of Stalevo to Novartis increased by 32.6%, and deliveries of Comtan increased by 44.3%. The fastest growth rates were achieved with Precedex<sup>®</sup> (dexmedetomidine) sedative for patients in intensive care, the Easyhaler franchise and the breast cancer drug Fareston. The decrease in the sales of the heart failure drug Simdax<sup>®</sup> (levosimendan) was mainly due to the timing of purchases by Orion's marketing partner Abbott.

### Products from in-house research

The net sales of products from in-house research totalled EUR 87.6 (77.6) million in January–March 2009, up by 12.9% on the comparative period. These products made up about 49% (46%) of the net sales generated by the Pharmaceuticals business.

### Research and development

The Group's R&D expenses totalled EUR 24.1 (20.5) million, of which the Pharmaceuticals business made up EUR 22.7 (19.4) million. The Group's R&D expenses were 12.7% (11.4%) of the Group net sales.

Orion's pharmaceutical R&D focuses on three core therapy areas: the central nervous system, oncology and critical care as well as research on inhaled medication using Easyhaler technology. The renewed operating model for pharmaceutical R&D enables more flexible operation and cost structure, necessary for Orion to ensure its future operating conditions and competitiveness. The company is increasingly focusing on early stage R&D co-operation with universities and other pharmaceutical companies. It also seeks to share costs of the clinical stages with other players in the field. This way, Orion can ensure an increasing number of new research projects and reinforce its strategic capacity to continue operating as a company that provides new drugs and engages in pharmaceutical R&D.

Based on the results from the **STRIDE PD study** conducted by Orion and Novartis, Stalevo treatment cannot be used to delay the onset of involuntary movements, that is, dyskinesias, in Parkinson's patients. The STRIDE-PD study was particularly designed with the aim to expand the indication in Europe. Because of the results, Orion withdrew its EU marketing authorisation application to expand the indication of Stalevo. An application to extend the indication to treatment of early-stage Parkinson's disease is still pending in the United States. This application is based on the positive results from the **FIRST STEP study** conducted by Orion's marketing partner Novartis in eight countries in North America and Europe. Stalevo is currently indicated for the treatment of advanced Parkinson's disease.

Orion and Novartis are collaborating to develop Parkinson's disease drug **Stalevo** for the **Japanese market**.

Clinical Phase III studies are under way with **dexmedetomidine** in patients in intensive care as an infusion administered for over 24 hours. The programme aims to have the product registered in the EU. The efficacy and safety of dexmedetomidine is compared with midazolam in the MIDEX study and with propofol in the PRODEX-study. Both studies are planned to involve 500 patients. Preliminary results from the programme, initiated in 2007, are expected in summer 2010. Dexmedetomidine is already available, for example, in the United States and Japan as a sedative for patients in intensive care, administrable as an infusion for a maximum of 24 hours.

The **LEVET** programme is studying the efficacy of orally administered levosimendan in the treatment of heart diseases in dogs, with the aim of obtaining marketing authorisations in the USA and the EU.

For the **Easyhaler** product family, a new formulation is being developed combining budesonide as an anti-inflammatory agent and formoterol as a long-acting bronchodilator.

**An alpha 2<sub>c</sub> receptor antagonist** is being studied in clinical phase I. The preclinical profile of this compound fits for the treatment of the symptoms of schizophrenia or Alzheimer's disease, for example.

The potential use of **levosimendan** for the treatment of stroke in human patients is being investigated by Orion in preliminary Phase I clinical studies.

Orion has several projects in early research phase investigating selective androgen receptor modulators (SARM), prostate cancer, neuropathic pain, Parkinson's disease and other possible indications within intensive care, among others.

## Diagnostics

In January–March 2009, Orion Diagnostica had net sales of EUR 11.7 (12.2) million, down by 3.9% on the comparative period in 2008. Sales of many older product categories fell from the comparative period. The sales of dip slide tests were slightly sluggish compared with the corresponding period in 2008.

Operating profit stood at EUR 2.2 (2.3) million, down by 4.6%. The gross profit was up, as sales efforts focused on higher-margin product portfolios. However, operating profit decreased because of increased investments in product development.

The main products are the QuikRead<sup>®</sup> tests which showed continuous favourable development of sales. The tests are used, for example, to detect bacterial infection from the CRP concentration of the blood sample and to detect streptococcus A bacteria in a pharyngeal sample. The continuous increase of QuikRead instruments in doctors' offices and clinical laboratories creates a solid basis for continuous demand for reagents.

Espoo, 27 April 2009

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen  
President and CEO

Jari Karlson  
CFO

## Tables

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-3/09	1-3/08	Change %	2008
<b>Net sales</b>	<b>190.1</b>	180.2	+5.5%	710.7
Cost of goods sold	-61.8	-53.4	+15.7%	-243.4
<b>Gross profit</b>	<b>128.2</b>	126.8	+1.1%	467.4
Other income and expenses	0.6	2.4	-73.5%	3.1
Selling and marketing expenses	-35.0	-35.1	-0.2%	-143.9
R&D expenses	-24.1	-20.5	+18.0%	-90.0
Administrative expenses	-12.8	-10.3	+24.4%	-51.5
<b>Operating profit</b>	<b>56.9</b>	63.4	-10.2%	185.0
Financial income	2.2	1.5	+45.7%	7.6
Financial expenses	-2.4	-0.8	+216.5%	-8.5
<b>Profit before taxes</b>	<b>56.6</b>	64.1	-11.7%	184.2
Income tax expense	-14.7	-17.0	-13.1%	-47.8
<b>PROFIT FOR THE PERIOD</b>	<b>41.9</b>	47.1	-11.2%	136.3
<b>Other comprehensive income after tax</b>				
Translation differences	0.2	-0.3	-167.1%	-2.8
Cash flow hedges	-0.3	0.0		-1.0
<b>Other comprehensive income net of tax</b>	<b>-0.1</b>	-0.3	-82.3%	-3.9
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>41.8</b>	46.8	-10.6%	132.5
<b>Profit attributable to:</b>				
Owners of the parent	41.9	47.1	-11.1%	136.3
Minority interest	0.0	0.0		0.0
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	41.8	46.8	-10.6%	132.5
Minority interest	0.0	0.0		0.0
<b>Earnings per share, EUR <sup>1)</sup></b>	<b>0.30</b>	0.33	-11.0%	0.97
Depreciation and amortisation	8.0	7.6	+5.8%	31.6
Personnel expenses	41.7	40.0	+4.4%	170.9

1) The figure has been calculated from the profit attributable to the parent company shareholders. The company has no items that could dilute the earnings per share.

## STATEMENT OF FINANCIAL POSITION

<b>Assets</b>				
EUR million	3/09	3/08	Change %	2008
Property, plant and equipment	189.6	186.3	+1.8%	192.4
Goodwill	13.5	13.5		13.5
Intangible rights	37.4	22.7	+65.2%	37.5
Other intangible assets	3.2	2.0	+59.6%	2.9
Investments in associates	0.1	0.1	-18.6%	0.1
Available-for-sale investments	0.9	0.9	+0.3%	0.9
Pension asset	30.8	27.6	+11.4%	29.3
Deferred tax assets	4.2	3.6	+15.2%	4.2
Other non-current assets	1.5	3.9	-62.3%	1.5
<b>Non-current assets total</b>	<b>281.2</b>	<b>260.7</b>	<b>+7.9%</b>	<b>282.3</b>
Inventories	128.8	137.9	-6.6%	131.7
Trade receivables	94.4	90.7	+4.0%	83.1
Other receivables	18.5	18.9	-1.9%	22.3
Cash and cash equivalents	234.0	178.2	+31.3%	176.1
<b>Current assets total</b>	<b>475.7</b>	<b>425.7</b>	<b>+11.7%</b>	<b>413.1</b>
<b>Assets total</b>	<b>756.9</b>	<b>686.4</b>	<b>+10.3%</b>	<b>695.5</b>
<b>Equity and liabilities</b>				
EUR million	3/09	3/08	Change %	2008
Share capital	92.2	92.2		92.2
Share premium	17.8	17.8		17.8
Expendable fund	23.0	23.0		23.0
Other reserves	-1.2	0.5	-341.1%	-0.9
Retained earnings	194.7	198.8	-2.0%	286.3
Equity of the parent company shareholders	326.6	332.3	-1.7%	418.5
Minority interest	0.0	0.0	-18.3%	0.0
<b>Equity total</b>	<b>326.7</b>	<b>332.4</b>	<b>-1.7%</b>	<b>418.6</b>
Deferred tax liabilities	42.1	42.7	-1.5%	42.0
Pension liability	0.8	1.0	-22.9%	0.8
Provisions	0.4	0.1	+150.0%	0.4
Interest-bearing non-current liabilities	127.9	1.4		109.9
Other non-current liabilities	1.0	2.1	-52.2%	0.9
<b>Non-current liabilities total</b>	<b>172.1</b>	<b>47.3</b>	<b>+263.7%</b>	<b>153.9</b>
Trade payables	28.7	34.1	-15.8%	30.2
Income tax liabilities	2.0	6.6	-70.2%	2.4
Other current liabilities	186.7	180.7	+3.3%	54.0
Provisions	0.0	0.0	-100.0%	0.0
Interest-bearing current liabilities	40.8	85.3	-52.2%	36.4
<b>Current liabilities total</b>	<b>258.1</b>	<b>306.7</b>	<b>-15.8%</b>	<b>123.0</b>
<b>Liabilities total</b>	<b>430.2</b>	<b>354.0</b>	<b>+21.5%</b>	<b>276.9</b>
<b>Equity and liabilities total</b>	<b>756.9</b>	<b>686.4</b>	<b>+10.3%</b>	<b>695.5</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- a. Share capital
- b. Share premium
- c. Expendable fund
- d. Other reserves
- e. Translation differences
- f. Retained earnings
- g. Total**
- h. Minority interest
- i. Equity total**

EUR million	a.	b.	c.	d.	e.	f.	g.	h.	i.
<b>Equity on 31 Dec 2008</b>	<b>92.2</b>	<b>17.8</b>	<b>23.0</b>	<b>-0.9</b>	<b>-6.9</b>	<b>293.3</b>	<b>418.5</b>	<b>0.0</b>	<b>418.6</b>
Dividend						-133.9	-133.9		-133.9
Repurchase of own shares									
Share-based incentive plan						0.2	0.2		0.2
Comprehensive income				-0.3	0.2	41.9	41.8		41.8
<b>Equity on 31 March 2009</b>	<b>92.2</b>	<b>17.8</b>	<b>23.0</b>	<b>-1.2</b>	<b>-6.7</b>	<b>201.5</b>	<b>326.6</b>	<b>0.0</b>	<b>326.7</b>
<b>Equity on 31 Dec 2007</b>	<b>92.2</b>	<b>17.8</b>	<b>23.0</b>	<b>0.5</b>	<b>-4.1</b>	<b>301.7</b>	<b>431.1</b>	<b>0.0</b>	<b>431.2</b>
Dividend						-140.9	-140.9		-140.9
Repurchase of own shares						-4.8	-4.8		-4.8
Share-based incentive plan						0.2	0.2		0.2
Comprehensive income				-0.3	47.1	46.8	0.0		46.8
<b>Equity on 31 March 2008</b>	<b>92.2</b>	<b>17.8</b>	<b>23.0</b>	<b>0.5</b>	<b>-4.4</b>	<b>203.2</b>	<b>332.3</b>	<b>0.0</b>	<b>332.4</b>

## CONSOLIDATED CASH FLOW STATEMENT

EUR million	3/09	3/08	2008
Operating profit	56.9	63.4	185.0
Adjustments	7.0	5.7	28.7
Change in working capital	-11.6	-37.6	-15.0
Interest paid	-2.1	-0.4	-7.0
Interest received	2.4	1.3	7.5
Income taxes paid	-9.3	-13.2	-54.9
<b>Total net cash from operating activities</b>	<b>43.2</b>	<b>19.2</b>	<b>144.4</b>
Investments in property, plant, equipment	-5.3	-6.2	-30.8
Investments in intangible assets	-2.9	-3.1	-23.0
Sales of property, plant and equipment and available-for-sale investments	0.1	0.4	1.5
Sales of intangible assets	0.0	0.0	0.5
<b>Total net cash used in investing activities</b>	<b>-8.1</b>	<b>-9.0</b>	<b>-51.8</b>
Withdrawals of short-term loans	0.0	83.2	121.7
Repayments of short-term loans	-0.3	-0.4	-105.1
Long-term loans raised	22.8	0.0	125.0
Proceeds from long-term loans	-0.2	-0.2	-0.5
Repurchase of own shares	0.0	-4.8	-4.8
Dividends paid and other distribution of profits	0.0	0.0	-141.1
<b>Total net cash used in financing activities</b>	<b>22.3</b>	<b>77.7</b>	<b>-4.8</b>
<b>Net change in cash and cash equivalents</b>	<b>57.5</b>	<b>88.0</b>	<b>87.7</b>
Cash and cash equivalents at the beginning of the period	176.1	90.4	90.4
Foreign exchange differences	0.4	-0.2	-2.1
Net change in cash and cash equivalents	57.5	88.0	87.7
Cash and cash equivalents at the end of the period	234.0	178.2	176.1

### CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	3/09	3/08	2008
Carrying amount at the beginning of the period	192.4	186.6	186.6
Additions	3.7	6.3	32.8
Disposals	-0.2	-0.5	-1.8
Depreciation	-6.3	-6.1	-25.1
<b>Carrying amount at the end of the period</b>	<b>189.6</b>	<b>186.3</b>	<b>192.4</b>

### CHANGES IN OTHER INTANGIBLE ASSETS

EUR million	3/09	3/08	2008
Carrying amount at the beginning of the period	40.4	23.0	23.0
Additions	1.9	3.1	24.0
Disposals			-0.0
Depreciation	-1.7	-1.5	-6.6
<b>Carrying amount at the end of the period</b>	<b>40.6</b>	<b>24.7</b>	<b>40.4</b>

### COMMITMENTS AND CONTINGENCIES

EUR million	3/09	3/08	2008
<b>Contingent for own liabilities</b>			
Mortgages on land and buildings	45.0	19.0	19.0
of which those to Orion Pension Fund	9.0	9.0	9.0
Guarantees	1.0	1.4	1.0
<b>Other liabilities</b>			
Leasing liabilities (excl. finance lease contracts)	4.2	4.0	4.0
Other liabilities	0.3	0.3	0.3

### DERIVATIVES

EUR million	3/09	3/08	2008
Fair value of currency forward contracts	1.1	1.0	2.0
Nominal values of derivatives	59.4	64.8	64.6
Fair value of electricity forward contracts	-1.8	0.0	-1.4
Nominal values of derivatives	5.2	2.3	5.7

### RELATED PARTY TRANSACTIONS

EUR million	1-3/09	1-3/08	2008
Management's employment benefits	1.5	0.8	3.1

## Performance by operating segment

### NET SALES BY BUSINESS AREA

EUR million	1-3/09	1-3/08	Change %	2008
Pharmaceuticals	178.9	168.5	+6.2%	667.6
Proprietary Products	81.5	70.5	+15.6%	278.1
Specialty Products	66.1	66.5	-0.7%	260.5
Animal Health	15.2	16.6	-8.3%	67.2
Fermion	11.1	8.9	+24.9%	36.1
Other	5.0	6.0	-16.6%	25.7
Diagnostics	11.7	12.2	-3.9%	45.0
Group items	-0.5	-0.5	+17.6%	-1.9
<b>Group total</b>	<b>190.1</b>	<b>180.2</b>	<b>+5.5%</b>	<b>710.7</b>

### OPERATING PROFIT BY BUSINESS AREA

EUR million	1-3/09	1-3/08	Change %	2008
Pharmaceuticals	56.9	63.1	-9.9%	188.5
Diagnostics	2.2	2.3	-4.6%	6.1
Group items	-2.2	-2.1	+6.6%	-9.6
<b>Group total</b>	<b>56.9</b>	<b>63.4</b>	<b>-10.2%</b>	<b>185.0</b>

### NET SALES BY ANNUAL QUARTERS

EUR million	2009			2008			2007		
	1-3	10-12	7-9	4-6	1-3	10-12	7-9	4-6	
Pharmaceuticals	178.9	169.6	161.0	168.5	168.5	162.7	153.4	156.4	
Diagnostics	11.7	10.7	9.5	12.6	12.2	10.5	9.4	10.3	
Group items	-0.5	-0.5	-0.4	-0.5	-0.5	-0.4	-0.3	-0.5	
<b>Group total</b>	<b>190.1</b>	<b>179.9</b>	<b>170.1</b>	<b>180.5</b>	<b>180.2</b>	<b>172.8</b>	<b>162.5</b>	<b>166.3</b>	

### OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2009			2008			2007		
	1-3	10-12	7-9	4-6	1-3	10-12	7-9	4-6	
Pharmaceuticals	56.9	35.3	44.3	45.7	63.1	41.7	50.1	45.1	
Diagnostics	2.2	0.2	1.0	2.5	2.3	0.1	1.2	1.8	
Group items	-2.2	-2.7	-1.8	-3.1	-2.1	-3.1	-2.2	-3.2	
<b>Group total</b>	<b>56.9</b>	<b>32.8</b>	<b>43.6</b>	<b>45.2</b>	<b>63.4</b>	<b>38.6</b>	<b>49.1</b>	<b>43.7</b>	

### GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2009			2008			2007		
	1-3	10-12	7-9	4-6	1-3	10-12	7-9	4-6	
Finland	53.5	55.2	52.8	53.5	55.7	53.7	48.6	48.6	
Scandinavia	25.4	23.7	23.3	26.1	28.1	24.3	23.8	25.3	
Other Europe	61.2	62.0	56.2	61.4	64.4	57.5	56.0	57.5	
North America	22.6	19.2	21.7	18.5	14.4	15.4	19.1	19.8	
Other markets	27.4	19.8	16.1	21.1	17.6	21.9	15.0	15.1	
<b>Group total</b>	<b>190.1</b>	<b>179.9</b>	<b>170.1</b>	<b>180.5</b>	<b>180.2</b>	<b>172.8</b>	<b>162.5</b>	<b>166.3</b>	

## Review of the business areas

### KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	1-3/09	1-3/08	Change %	2008
Net sales	178.9	168.5	+6.2%	667.6
Operating profit	56.9	63.1	-9.9%	188.5
% of net sales	31.8%	37.4%		28.2%
R&D expenses	22.7	19.4	+17.0%	85.4
% of net sales	12.7%	11.5%		12.8%
Capital expenditure	5.3	9.0	-41.1%	53.3
% of net sales	3.0%	5.4%		8.0%
Sales revenue from proprietary products	87.6	77.6	+12.9%	307.5
Personnel at the end of the period	2,879	2,890	-0.4%	2,995

### NET SALES OF ORION'S TOP 10 PHARMACEUTICAL PRODUCTS

EUR million	1-3/09	1-3/08	Change %	2008
Stalevo <sup>®</sup> (Parkinson's Disease)	42.5	34.8	+22.1%	141.0
Comtess <sup>®</sup> / Comtan <sup>®</sup> (Parkinson's Disease)	19.7	17.5	+12.6%	67.4
Easyhaler <sup>®</sup> product family( asthma)	6.4	4.5	+42.4%	22.2
Domitor <sup>®</sup> , Dexdomitor <sup>®</sup> , Domosedan <sup>®</sup> and Antisedan <sup>®</sup> (animal sedatives)	4.9	7.4	-33.5%	24.6
Burana <sup>®</sup> (inflammatory pain)	4.5	5.2	-12.7%	19.4
Precedex <sup>®</sup> (sedative in intensive care)	4.1	2.5	+63.6%	9.6
Fareston <sup>®</sup> (breast cancer)	3.7	2.8	+31.8%	10.5
Divina <sup>®</sup> series (menopausal symptoms)	3.5	3.4	+3.5%	14.7
Enanton <sup>®</sup> (prostate cancer)	2.9	3.2	-8.7%	12.7
Simdax <sup>®</sup> (heart failure)	2.8	4.7	-40.1%	17.3
Total	95.1	86.0	+10.6%	339.7
Share of pharmaceutical net sales	53%	51%		51%

### KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	1-3/09	1-3/08	Change %	2008
Net sales	11.7	12.2	-3.9%	45.0
Operating profit	2.2	2.3	-4.6%	6.1
% of net sales	19.2%	19.3%		13.6%
Capital expenditure	0.3	0.2	+85.0%	2.8
% of net sales	2.6%	1.3%		6.2%
Personnel at the end of the period	292	285	+2.4%	287

## Information on Orion Corporation's shares

### BASIC INFORMATION ON 31 MARCH 2009

	A-share	B-share	Total
ISIN code	FI0009014369	FI0009014377	
Trading code on NASDAQ OMX Helsinki	ORNAV	ORNBV	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	33.6	58.6	92.2
Counter book value of the share, EUR	0.65	0.65	
Total number of shares	51,440,668	89,817,160	141,257,828
% of total share stock	36%	64%	100%
Number of treasury shares		280,030	280,030
Total number of shares excluding treasury shares	51,440,668	89,537,130	140,977,798
Minimum number of shares			1
Maximum number of shares	500,000,000	1,000,000,000	1,000,000,000
Votes per share	20	1	
Number of votes excluding treasury shares	1,028,813,360	89,537,130	1,118,350,490
% of total votes	92%	8%	100%
Total number of shareholders	14,604	35,985	44,414

Both shares, A and B, provide equal rights to the company assets and dividends.

### TRADING DURING 1 JANUARY–31 MARCH 2009

	A-share	B-share	Total
Shares traded	444,222	25,643,673	26,087,895
% of the total number of shares	0.9%	28.7%	18.5%
Trading volume, EUR million	5.6	318.3	323.9
Closing quotation on 2 Jan 2009, EUR	12.55	12.63	
Lowest quotation, EUR (A and B, 30 March 2009)	10.42	10.35	
Average quotation, EUR	12.54	12.41	
Highest quotation, EUR (A and B, 30 Jan 2009)	13.95	13.98	
Closing quotation on 31 March 2009, EUR	10.89	10.90	
Market capitalisation on 31 March 2009 excluding treasury shares, EUR million	560.2	976.0	1 536.1

### PERFORMANCE PER SHARE

	1–3/09	1–3/08	Change %	2008
Earnings per share, EUR	0.30	0.33	-11.0%	0.97
Cash flow per share before financial items, EUR	0.25	0.07	+243.0%	0.66
Equity per share, EUR	2.32	2.36	-1.7%	2.97
Average number of shares excluding treasury shares, 1,000 shares	140,946	141,213		141,003

## Appendices

### Orion Group structure

Orion Corporation is the parent company of the Orion Group. The Group consists of two business areas, or operating segments, and five business divisions:

- Pharmaceuticals
  - Proprietary Products (patented prescription products)
  - Specialty Products (off-patent, generic prescription products and self-medication products for humans)
  - Animal Health (veterinary products for pets and production animals)
  - Fermion (active pharmaceutical ingredients)
- Diagnostics
  - Orion Diagnostica (diagnostic tests).

### Accounting policies

This Interim Report of the Orion Group has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on *Interim Financial Reporting* and in the Group's Financial Statements for 2008. Furthermore, the following standard amendments have been applied as of 1 January 2009

- IFRS 8, *Operating Segments* The Group's operating segments are based on the Group's internal organisational structure and intra-Group financial reporting. The monitoring of business by the Executive Management Board is based on products and geographical regions. The amendment to the standard had no effect on the organisation of segments. The operating segments are Pharmaceuticals business and Diagnostics business. The geographical regions for reporting are Finland, Scandinavia, Other Europe, North America and Other Countries.
- IAS 1, *Presentation of Financial Statements*. The Group has implemented Statement of Comprehensive Income, presented as one statement. The amendment to the standard has also been taken into account in the way in which the Statement of Changes in Equity is presented.

The following standards and interpretations that came into force in 2009 were applied in the financial year. The application of these standards and interpretations had no material effect on the consolidated financial statements:

- IAS 23 (Amendment), *Borrowing Costs*. Borrowing costs relating to assets that meet the criteria are capitalised as part of the cost of the asset.
- IFRS 2, *Share-based Payments*.
- IFRIC 11, *IFRS 2, Group and Treasury Share Transactions*.

The policies and calculation methods applied during the period are available on Orion's website at [www.orion.fi/investors](http://www.orion.fi/investors).

The figures in this Interim Report have not been audited.

Those in the parentheses are for the comparative period of the previous year. The per-share ratios have been adjusted. All the figures have been rounded, which is why the total sums of individual figures may differ from the total sums shown.

### CALCULATION OF THE KEY FIGURES

Return on capital employed (ROCE), %	=	$\frac{\text{Profit before taxes + Interest and other financial expenses}}{\text{Total assets - Non-interest-bearing liabilities (average during the period)}}$	x 100
Return on equity (ROE), %	=	$\frac{\text{Profit for the period}}{\text{Equity total (average during the period)}}$	x 100
Equity ratio, %	=	$\frac{\text{Equity}}{\text{Total assets - Advances received}}$	x 100
Gearing, %	=	$\frac{\text{Interest-bearing liabilities - Cash and cash equivalents}}{\text{Equity}}$	x 100
Earnings per share (EPS), EUR	=	$\frac{\text{Profit available for the parent company shareholders}}{\text{Average number of shares during the period, excluding treasury shares}}$	
Cash flow per share before financing, EUR	=	$\frac{\text{Cash flow from operating activities + Cash flow from investing activities}}{\text{Average number of shares during the period, excluding treasury shares}}$	
Equity per share, EUR	=	$\frac{\text{Equity of the parent company shareholders}}{\text{Number of shares at the end of the period, excluding treasury shares}}$	
Average price of share, EUR	=	$\frac{\text{Total value in euros of shares traded}}{\text{Average number of shares traded during the period}}$	
Market capitalisation, EUR million	=	$\text{Number of shares at the end of the period} \times \text{Closing share price of the period}$	

## ADJUSTED KEY FIGURES

	Q1/08 Adjusted	Q1/08 Earlier reported	2008 Adjusted	2008 Earlier reported
Gross profit, EUR million	126.8	132.1	467.4	480.8
R&D expenses, EUR million	20.5	23.7	90.0	103.4
% of net sales	11.4%	13.0%	12.7%	14.5%
Net sales Proprietary Products, EUR million	70.5	73.3	278.1	284.7
Net sales Specialty Products, EUR million	66.5	63.7	260.5	254.0

	2008 Adjusted	2008 Earlier reported	2007 Adjusted	2007 Earlier reported	2006 pro forma Adjusted	2006 pro forma Earlier reported
Gross profit, EUR million	467.4	480.8	447.2	460.7	422.3	434.9
R&D expenses, EUR million	90.0	103.4	85.0	98.5	73.1	85.7
% of net sales	12.7%	14.5%	12.5%	14.5%	11.4%	13.4%
Net sales Proprietary Products, EUR million	278.1	284.7	259.6	270.8	242.0	256.6
Net sales Specialty Products, EUR million	260.5	254.0	252.5	241.5	233.3	218.7

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Orion is an innovative European, R&D-based, pharmaceutical and diagnostic company with a special emphasis on developing medicinal treatments and diagnostic tests for global markets. Orion develops, manufactures and markets human and veterinary pharmaceuticals, active pharmaceutical ingredients as well as diagnostic tests. Orion's pharmaceutical R&D focuses on three core therapy areas: the central nervous system, critical care and oncology.

The Group's net sales in 2008 amounted to EUR 710.7 million. The company invested EUR 90.0 million in research and development. At the end of 2008, the Group had a total of 3,309 employees, of whom 2,729 worked in Finland. Orion's shares are listed on the NASDAQ OMX Helsinki.