ORION CORPORATION INTERIM REPORT JANUARY–MARCH 2010 27 April 2010 at 12:00 EEST

Orion Group Interim Report January–March 2010

Orion's net sales for January–March 2010 totalled EUR 214.5 million (EUR 190.1 million for January–March 2009), up by 13% on the comparative period last year.

- Operating profit was EUR 71.0 (56.9) million.
- Profit before taxes was EUR 70.8 (56.6) million.
- Equity ratio was 44% (43%).
- ROCE before taxes was 56% (45%).
- ROE after taxes was 54% (45%).
- Basic earnings per share were EUR 0.37 (0.30).
- Cash flow per share before financial items was EUR 0.22 (0.25).

ORION'S KEY FIGURES FOR THE REVIEW PERIOD

	Q1/10	Q1/09	Change %	2009
Net sales, EUR million	**214.5**	190.1	+12.8%	771.5
International operations, EUR million	**157.5**	136.5	+15.4%	548.2
% of net sales	**73.4%**	71.8%		71.1%
Operating profit, EUR million	**71.0**	56.9	+24.9%	207.0
% of net sales	**33.1%**	29.9%		26.8%
Profit before taxes, EUR million	**70.8**	56.6	+25.1%	203.7
% of net sales	**33.0%**	29.8%		26.4%
Income tax expense, EUR million	**18.5**	14.7	+25.1%	52.3
R&D expenses, EUR million	**19.2**	24.1	-20.5%	95.2
% of net sales	**9.0%**	12.7%		12.3%
Capital expenditure, EUR million	**8.0**	5.6	+41.9%	60.4
% of net sales	**3.7%**	3.0%		7.8%
Assets total, EUR million	**771.8**	756.9	+2.0%	727.1
Equity ratio, %	**43.8%**	43.2%		60.6%
Gearing, %	**-20.9%**	-20.0%		-8.9%
Interest-bearing liabilities, EUR million	**131.6**	168.7	-22.0%	131.5
Non-interest-bearing liabilities, EUR million	**303.6**	261.6	+16.1%	156.5
Cash and cash equivalents, EUR million	**201.8**	234.0	-13.8%	170.5
ROCE (before taxes), %	**55.5%**	44.6%		37.4%
ROE (after taxes), %	**54.0%**	44.9%		35.3%
Basic earnings per share, EUR	**0.37**	0.30	+25.1%	1.07
Diluted earnings per share, EUR	**0.37**	0.30	+25.1%	1.07
Cash flow per share before financial items, EUR	**0.22**	0.25	-10.8%	1.03
Equity per share, EUR	**2.39**	2.32	+3.0%	3.11
Personnel at the end of the period	**3,115**	3,200	-2.7%	3,147
Average personnel during the period	**3,123**	3,227	-3.2%	3,192
Personnel expenses, EUR million	**40.1**	41.7	-3.9%	171.4

President and CEO Timo Lappalainen's review

"Strong start for the year"

"Our net sales and operating profit in the first quarter of the year were clearly higher than a year ago.

"Sales of our Parkinson's drugs continued to grow but, as anticipated, slightly slower than before. The key patents on these products expire in the next few years. Therefore, it is important to Orion's future that sales from the rest of our portfolio grew strongly and clearly faster than sales of Stalevo and Comtess/Comtan. Simdax performed well in Southern Europe as expected, and our investments in the Scandinavian portfolio of self-care products and development of Eastern European operations have began to deliver results. In Finland we again grew faster than the market as a whole and our market share exceeded the 10 per cent level in the first quarter of the year.

"Investments in new markets also increased our sales and marketing expenses. Expenses increased mainly in Southern Europe, where a year ago we did not yet have our own operations. In addition, costs were increased by royalties payable to Abbott for Simdax sales and higher distribution expenses due to volume growth in business operations. R&D expenses decreased because in our most important research programme, the intensive care sedative dexmedetomidine, the clinical trials themselves were concluded and the programme moved to the analysis phase. Administrative expenses were again lower as litigation costs in the United States decreased.

"At the end of March, the US Food and Drug Administration issued a release concerning the ongoing review of the safety of Orion's drug Stalevo. Information on STRIDE-PD study results we published in February 2009 lies behind the review process. After receiving these results, Orion undertook a comprehensive safety review and submitted it to the European Medicines Agency and FDA. Our view, based on a review of all entacapone studies, was that the prostate cancer finding does not affect the safety profile of Stalevo. The European Medicines Agency has already made its own analysis of the matter and in its statement, which the European Commission confirmed in March 2010, it concurs with Orion's view. As agreed with the European Medicines Agency, Orion will continue to monitor adverse effects relating to prostate cancer.

"In April, initial results in clinical trials with dexmedetomidine indicated that dexmedetomidine is as effective a sedative as standard comparative sedatives. Based on the positive results, we plan to apply for European marketing authorisation for dexmedetomidine. We currently estimate that the application could be submitted to the European Medicines Agency by the end of 2010.

"The first quarter was better than anticipated in terms of growth in net sales and operating profit. Our good performance was partly due to the timing of sales and costs, due to which we maintain our view of improving financial results issued when the Financial Statements were published in February. We estimate that net sales and operating profit will be slightly higher than in 2009. More information about the outlook estimate and the basis for it can be found on pages 6–7 of this Interim Report."

Events during the period

On 18 February 2010 Orion announced the approval of a new share-based incentive plan for the Group key persons.

On 1 March 2010 Orion transferred altogether 65,606 Orion Corporation B shares held by the Company as a share bonus for 2009 to the key persons employed by the Group and belonging to the Share-based Incentive Plan of the Group.

On 11 March 2010 member of the Board of Directors of Orion Corporation, Academician of Science, Professor Leena Palotie M.D., Ph.D. passed away after a serious illness.

On 24 March 2010 Orion Corporation's Annual General Meeting was held at the Helsinki Fair Centre.

Events after the review period

On 1 April 2010 Orion issued a stock exchange release commenting on a release from FDA on 31 March 2010 concerning ongoing review of safety of Orion's drug Stalevo.

On 20 April 2010 Orion announced in a stock exchange release that initial results with dexmedetomidine indicated that dexmedetomidine met its first primary endpoint in providing similar sedation in intensive care compared to midazolam and propofol, the standard ICU (intensive care unit) sedative agents. Based on the positive results, Orion plans to apply for European marketing authorisation for dexmedetomidine. Orion currently estimates that the application could be submitted to the European Medicines Agency by the end of 2010.

News conference and teleconference

A news conference and teleconference on the published results will be held today, Tuesday 27 April 2010, at 14:30 EEST in Hotel Kämp, address: Pohjoisesplanadi 29, Helsinki. President and CEO Timo Lappalainen will give a brief presentation in English on the financial review.

The event can be followed live as a webcast accessible via the Orion website at www.orion.fi/en. After the presentation, questions can be asked by telephone in Finnish and English.

To participate in the teleconference, please call:
from the USA: +1 334 420 4951
from other countries: +44 (0)20 7162 0125

News conference recordings

A recording of the webcast of the event in English will be available later the same day via a link on the Orion website. A recording of the presentation by the President and CEO in Finnish will be available on the Orion website later the same day.

Financial report material

Orion's financial reports and related presentation material are available on the Group's website at www.orion.fi/en/ promptly after publication. The website also has a form for subscribing to Orion's publications for investors and releases.

Dates in Orion Calendar 2010

Interim Report January–June 2010	10 August 2010
Interim Report January–September 2010	26 October 2010

For additional information about the financial review

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www.orion.fi/en
www.orion.fi/en/investors/

Financial review Q1/2010

Net sales

The Orion Group's net sales in the first quarter of 2010 totalled EUR 214.5 million (EUR 190.1 million in the first quarter of 2009), up by about 13% on the comparative period of the previous year. The net effect of currency exchange rates was minus EUR 0.2 million.

The Pharmaceuticals business's net sales were up by 14% at EUR 203.3 (178.9) million. The products based on in-house R&D accounted for EUR 100.6 (87.6) million, or 49% (49%) of the Pharmaceuticals business's net sales. Net sales of Orion's Stalevo® (carbidopa, entacapone and levodopa) and Comtess®/Comtan® (entacapone) Parkinson's drugs were up by 6% at EUR 65.8 (62.2) million, which is about 32% (35%) of the Pharmaceuticals business's net sales. The net sales of other products in the portfolio totalled EUR 137.5 (116.7) million, and were up by 18% on the comparative period (up by about 12% excluding the effects of repurchasing Simdax).

The Diagnostics business's net sales were EUR 11.7 (11.7) million.

Operating profit

The Orion Group's operating profit was up by 25% at EUR 71.0 (56.9) million.

The Pharmaceuticals business's operating profit was EUR 70.5 (56.9) million, up by 24% on the comparative period. The gross profit grew at the same pace as net sales. However, operating profit improved clearly more because the total fixed costs of the business operations remained at the previous year's level. Sales and marketing expenses were as anticipated higher, but research and administrative expenses lower than in the comparative period.

The Diagnostics business's operating profit was EUR 2.2 (2.2) million. Net sales, gross profit and fixed costs were all similar to the comparative period.

Operating expenses

The Group's sales and marketing expenses at EUR 43.9 (35.0) million were as anticipated clearly higher, up by 25%. The increase was mainly due to the launch of operations in Southern Europe in the second half of 2009, royalties of EUR 2.5 million paid to Abbott following the Simdax sales and increased distribution costs due to volume growth in the business operations as a whole.

R&D expenses were down by 21% at EUR 19.2 (24.1) million and accounted for 9% (13%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 17.9 (22.7) million. The decrease was mainly due to the timing of the ongoing research projects, especially as clinical trials of the intensive care sedative dexmedetomidine with patients concluded at the turn of the year and the research programme moved to the analysis phase. Ongoing research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

Administrative expenses were EUR 8.2 (12.8) million. The expenses were lower mainly because the ongoing patent litigation in the United States was at a stage in which the costs were only EUR 0.4 (3.0) million, considerably less than a year earlier. There is more information on the legal proceedings in the section "Significant legal proceedings".

Other operating income and expenses decreased profit by EUR 2.4 million (profit increase in comparative period EUR 0.6 million). These expenses include items arising mainly from foreign exchange hedges.

Profit before taxes

Group profit before taxes totalled EUR 70.8 (56.6) million. Basic earnings per share were EUR 0.37 (0.30) and diluted earnings per share were EUR 0.37 (0.30). Equity per share was EUR 2.39 (2.32). The return on capital employed before taxes (ROCE) was 56% (45%) and the return on equity after taxes (ROE) 54% (45%).

Financial position

The Group's gearing was -21% (-20%) and the equity ratio 44% (43%).

Total liabilities at 31 March 2010 were EUR 435.2 (430.2) million. At the end of the period, interest-bearing liabilities amounted to EUR 131.6 (168.7) million, including EUR 108.8 (127.9) million of long-term loans. The non-interest-bearing liabilities include the dividends for 2009 paid in early April but transferred from equity already in March.

The Group had EUR 201.8 (234.0) million cash and cash equivalents at the end of the period, which are invested in short-term interest-bearing instruments issued by financially solid financial institutions and corporations.

Cash flow

Cash flow from operating activities was slightly down on the comparative period at EUR 39.4 (43.2) million. Operating profit was clearly higher in the first quarter of 2010, but the amount tied up in working capital was EUR 23.1 million more than in the comparative period. The working capital was at a higher level as trade receivables increased. The strong growth in net sales and proportionally greater growth in countries where payment times for customers are typically longer than average for Orion led to the increase in trade receivables.

Cash flow from investing activities was EUR -8.1 (-8.1) million and ***cash flow from financing activities*** was EUR -0.2 (22.4) million.

Capital expenditure

The Group's capital expenditure totalled EUR 8.0 (5.6) million. This comprised EUR 5.4 (3.7) million on property, plant and equipment and EUR 2.6 (1.9) million on intangible assets.

Outlook for 2010

Net sales will be slightly higher than in 2009.

Marketing expenditure will be higher due to the increased number of product launches and the expansion of operations to Southern Europe. Research expenditure will be slightly lower than in 2009. The costs of ongoing patent litigation in the United States are expected to be lower than in 2009.

Operating profit excluding non-recurring items will be slightly higher than in 2009.

The Group's capital expenditure will be about EUR 40 million excluding substantial corporate or product acquisitions.

Basis for outlook

The reference price system implemented in Finland in April 2009 has increased price competition in the category of substitutable products, which has led to a clear decrease in prices. During 2010 price

competition is expected to persist. Product launches will support Orion's position as market leader in 2010 too.

In-market sales of the Parkinson's drugs Stalevo and Comtess/Comtan grew by just over 10% in 2009, as in the previous year. However, the growth was faster than anticipated, and is forecast to slow down slightly in 2010. These forecasts assume that generic competition does not yet begin in the United States during 2010.

Repurchasing of the marketing rights to Simdax from Abbott in May 2009 will increase sales compared with the previous year because in-market sales of the product will appear as Orion's own sales throughout the year. During the first four months of 2009, for Simdax Orion recorded in its own sales only sales of the product to Abbott.

Because the registrations and launches of new products are projects that take more than a year, the increases in resources and other inputs required in 2010 were planned mainly during the previous year.

Research and development costs can be estimated quite accurately in advance. They are partly the Company's internal fixed cost items, such as salaries and maintenance of the operating infrastructure, and partly external variable costs. External costs arise from, among other things, long-term clinical trials, which are typically performed in clinics located in several countries. The most important clinical trials scheduled for 2010 are either ongoing from the previous year or at an advanced stage of planning, therefore their cost level can be estimated rather accurately.

The estimated costs of the ongoing patent litigation in the United States are based on the planned timetables and work estimates. The costs due to the litigation will depend on a number of factors, which at present are difficult to estimate accurately.

Near-term risks and uncertainties relating to the outlook

The Company is not aware of any significant risk factors relating to the earnings outlook for 2010.

Sales of individual products and also Orion's sales in individual markets may vary slightly depending on the extent to which the ever-tougher price and other competition prevailing in pharmaceutical markets in recent years will specifically affect Orion's products. Deliveries to Novartis are based on timetables that are jointly agreed in advance. Nevertheless, they can change, for example as a consequence of decisions by Novartis concerning adjustments of stock levels. It is assumed that the ongoing litigation will not affect the sales of Comtan or Stalevo in the United States in 2010, but it is not impossible that generic competition will commence already during the current year.

Most of the exchange rate risk relates to the US dollar. Typically, only less than 15% of Orion's net sales come from the United States. As regards currencies in European countries, the overall effect will be abated by the fact that Orion has organisations of its own in most of these countries, which means that in addition to sales income, there are also costs in these currencies.

Research projects always entail uncertainty factors 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 expected to have a material impact on 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. They therefore typically do not lead to unexpected changes in the estimated cost structure.

Financial objectives

Orion's financial objectives are ensuring the Group's financial stability and creating a foundation for long-term profitable growth.

The principal means of achieving these objectives are:

- improving the organic development of net sales and operating profit through product, product portfolio and corporate acquisitions
- increasing the efficiency of operations and cost control
- maintaining a stable financial position, with the equity ratio at least 50%

Sales of the Parkinson's drugs Stalevo and Comtess/Comtan currently account for approximately one-third of Orion's net sales. The key patents for these drugs in Orion's main markets will expire in 2012–2013, which is why their sales are expected to decline over the next few years. Orion will also bring new products to the market to replace this drop in net sales.

The development of Orion's net sales and profitability in the next few years will depend on how fast the sales of Parkinson's drugs will decline and, on the other hand, how the sales of other products will increase in the future. This creates a point of discontinuity in the Group's operations.

Orion's dividend policy

Orion's dividend distribution takes into account the distributable funds and the capital expenditure and other financial requirements in the medium and long term to achieve the financial objectives.

Shares and shareholders

On 31 March 2010 Orion had a total of 141,257,828 shares, of which 51,140,668 were A shares and 90,117,160 B shares. The Group's share capital was EUR 92,238,541.46. At the end of March 2010 Orion held 214,424 B shares as treasury shares. On 31 March 2010 the aggregate number of votes conferred by the A and B shares was 1,112,716,096 excluding treasury shares.

Voting rights conferred by shares

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

Both share classes, A and B, confer equal rights to the Company's assets and dividends.

Conversion of shares

The Articles of Association entitle shareholders to demand the conversion of their A shares to B shares. In January–March 2010 a total of 200,000 shares were converted.

Trading in Orion's shares

Orion's A shares and B shares are quoted on 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, and information on trading in the Company's shares has been available since this date.

On 31 March 2010 the market capitalisation of the Company's shares excluding treasury shares was EUR 2,304 million.

Authorisations of the Board of Directors

Orion's Board of Directors was authorised by the Annual General Meeting in 2010 to decide on acquisition of shares in the Company and on a share issue in which shares held by the Company can be conveyed. The authorisation to acquire shares is valid for 18 months and the authorisation to issue shares for five years from the respective decision taken by the Annual General Meeting.

The Board of Directors is authorised to decide on acquisition of no more than 300,000 Orion Corporation B shares. Such shares shall be acquired at the market price at the time of acquisition quoted in public trading on NASDAQ OMX Helsinki Oy ("Stock Exchange") using funds in the Company's distributable equity. Such shares may be acquired in public trading on the Stock Exchange in a proportion not corresponding to the shareholders' holdings. The shares shall be acquired and paid for in accordance with the rules of the Stock Exchange and Euroclear Finland Ltd. The shares acquired can be kept, cancelled or further conveyed by the Company. The shares can be acquired for the purpose of developing the capital structure of the Company, for use in financing possible corporate acquisitions or other business arrangements of the Company, for financing capital expenditure, as part of the Company's incentive plan, or for otherwise conveying or cancelling them. The Board of Directors shall decide on other matters related to the acquisition of shares in the Company.

The Board of Directors is authorised to decide on conveyance of no more than 500,000 Orion Corporation B shares held by the Company. Such shares held by the Company can be conveyed either against or without payment. Such shares held by the Company can be conveyed by selling them in public trading on NASDAQ OMX Helsinki Oy ("Stock Exchange"); in a share issue placement to the Company's shareholders in proportion to their holdings at the time of the conveyance regardless of whether they own A or B shares; or in a share issue placement deviating from shareholders' pre-emptive rights if there is a weighty financial reason, such as the development of the capital structure of the Company, using the shares to finance possible corporate acquisitions or other business arrangements of the Company, financing capital expenditure or as part of the Company's incentive plan. The share issue placement can be without payment only if there is an especially weighty financial reason in the view of the Company and to the benefit of all its shareholders. The amounts paid for shares in the Company conveyed shall be recorded in a distributable equity fund. The Board of Directors shall decide on other matters related to the conveyance of shares held by the Company.

The Board of Directors is not authorised to increase the share capital or to issue bonds with warrants or convertible bonds or stock options.

Share-based Incentive Plan

Altogether 65,606 Orion Corporation B shares held by the Company were transferred at the beginning of March 2010 as a share bonus for 2009 to key persons employed by the Group and belonging to the Share-based Incentive Plan of the Orion Group. The price per share of the transferred shares was EUR 16.47, which was the volume weighted average quotation of Orion Corporation B shares on 1 March 2010. The total transaction price of the transferred shares was therefore EUR 1,080,563.62.

In February 2010 the Board of Directors of Orion Corporation decided on a new share-based incentive plan for the Group key persons. The Plan includes earning periods and the Board of Directors will annually decide on the beginning and duration of the earning periods in 2010, 2011 and 2012. The Board of Directors will decide on the earnings criteria and on targets to be established for them at the beginning of each earning period. The target group of the Plan consists of approximately 30 people. The total maximum amount of rewards to be paid on the basis of the Plan is 500,000 Orion Corporation B shares and a cash payment corresponding to the value of the shares.

Share ownership

At the end of March 2010 Orion had a total of 57,500 (44,400) registered shareholders, of whom 94% (94%) were private individuals holding 53% (49%) of the entire share stock and 61% (59%) of the total votes. There were altogether 32 (34) million nominee-registered shares, which are 22% (24%) of all shares, and they conferred entitlement to 4% (6%) of the votes.

At the end of March 2010 Orion held 214,424 (280,030) B shares as treasury shares, which is 0.2% (0.2%) of the Company's total share stock and 0.02% (0.03%) of the total votes.

No new transactions exceeding the notification threshold set in the Finnish Securities Markets Act were brought to the attention of the Company during the first quarter of 2010.

Decisions by the Annual General Meeting

The Annual General Meeting of the Shareholders of Orion Corporation was held on 24 March 2010 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 Limited Liability Companies Act, the Annual General Meeting addressed the proposals concerning a distribution from the unrestricted equity as repayment of capital, an amendment to Section 12 of the Articles of Association and authorisation of the Board of Directors to acquire and convey shares in the Company.

Adoption of the Financial Statements

The Annual General Meeting adopted the Financial Statements of the Company and Group as per 31 December 2009. The members of the Board of Directors and the President and CEO were discharged from liability for the financial year 1 January to 31 December 2009.

Dividend EUR 1.00 per share

A dividend of EUR 1.00 per share was approved in accordance with the Board's proposal. The record date for dividend distribution was 29 March 2010 and the payment date was 7 April 2010.

Repayment of capital EUR 0.10 per share

It was decided that EUR 0.10 per share be distributed from the expendable fund in distributable equity as repayment of capital to the shareholders. The record date for repayment of capital was 29 March 2010 and the payment date was 7 April 2010.

Remuneration of the members of the Board of Directors

As the annual fees for the term of office of the Board of Directors, the Chairman shall receive EUR 72,000, the Vice Chairman shall receive EUR 49,000 and the other Board members shall receive EUR 36,000 each. Furthermore, as a fee for each meeting attended, the Chairman shall receive EUR 1,200, the Vice Chairman shall receive EUR 900 and the other Board members shall receive EUR 600 each. The travel expenses of all Board members shall be paid in accordance with previous practice. The aforementioned meeting fees shall also be paid to the Chairmen and to the members of the committees established by the Board.

Of the aforementioned annual fees, 60% was to be paid in cash and 40% in Orion Corporation B shares, which were acquired for the Board members in the period 29 March 2010 to 1 April 2010 from the stock exchange in amounts corresponding to EUR 28,800 for the Chairman, EUR 19,600 for the Vice Chairman and EUR 14,400 for each of the other Board members. The part of the annual fee paid in cash, which corresponds to the approximate sum necessary for the payment of the income taxes on the fees, was to be paid no later than 30 April 2010. The annual fees encompass the full term of office of the Board of Directors.

Members and Chairman of the Board of Directors

The number of members in the Board of Directors was confirmed to be six. Sirpa Jalkanen, Eero Karvonen, Matti Kavetvuo, Hannu Syrjänen and Jukka Ylppö were re-elected as members of the Board of Directors for the following term of office and Heikki Westerlund was elected as a new member. Hannu Syrjänen was elected as the Chairman of the Board of Directors.

Auditor and auditor's fee

Authorised Public Accountants PricewaterhouseCoopers Oy were elected as the auditor for the following term of office. The auditor's fee shall be paid against an invoice approved by the Company.

Amendment of Section 12 of the Articles of Association
It was decided to amend Section 12 of the Articles of Association of the Company so that the Notice to a General Meeting of the Shareholders shall be delivered no earlier than two (2) months and no later than three (3) weeks before the General Meeting, however, no later than nine (9) days before the record date of the General Meeting.

Authorisation of Board of Directors to decide on acquisition of shares in the Company

The Annual General Meeting authorised the Board of Directors to decide on acquisition of shares in the Company in accordance with the terms in the proposal by the Board of Directors.

Authorisation of Board of Directors to decide on a share issue

The Annual General Meeting authorised the Board of Directors to decide on a share issue in which the Company's own shares held by the Company can be conveyed in accordance with the terms in the proposal by the Board of Directors.

Personnel

The average number of employees in the Orion Group in January–March 2010 was 3,123 (3,227). At the end of March 2010 the Group had a total of 3,115 (3,200) employees, of whom 2,497 (2,634) worked in Finland and 618 (566) outside Finland.

Salaries and other personnel expenses in January–March 2010 totalled EUR 40.1 (41.7) million.

Legal proceedings

Legal proceedings against the Sun companies

On 13 November 2007, 7 February 2008 and 12 November 2008 Orion Corporation filed patent infringement lawsuits in the United States to enforce US 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.

Legal proceedings against the Sandoz companies

On 4 September 2009 Orion Corporation and Hospira, Inc. filed together a patent infringement lawsuit in the United States against Sandoz International GmbH and Sandoz Inc. to enforce their patents valid in the United States. The legal proceedings concern Orion's US Patent No. 4,910,214 and Orion's and Hospira's commonly owned US Patent No. 6,716,867.

Sandoz Inc. has sought authorisation to produce and market in the United States a generic version of Orion's proprietary drug Precedex® (dexmedetomidine hydrochloride 100 µg base/ml), which is marketed in the United States by Orion's licensee Hospira.

Orion expects the costs of the legal proceedings against the Sandoz companies to be substantially less than the costs of the ongoing entacapone patent litigation in the United States.

Business Reviews

Pharmaceuticals

Review of human pharmaceuticals market

Finland is the most important individual market for Orion, generating one-quarter of the Group's net sales. According to statistics collected by Finnish Pharmaceutical Data Ltd, Finnish wholesale of human pharmaceuticals in January–March 2010 totalled EUR 464 million, down by 0.5% on the comparative period of the previous year. The market as a whole decreased most in pharmaceuticals covered by the reference price system, which has been in force since the beginning of April 2009.

Orion continued to strengthen its position as leader in marketing pharmaceuticals in Finland. According to statistics collected by Finnish Pharmaceutical Data Ltd, ***Orion's wholesale of human pharmaceuticals in Finland*** in January–March 2010 amounted to EUR 47 million, up by 4%. Orion's market share exceeded the ten per cent threshold, reaching 10.2% (9.7%), which was nearly four percentage points higher than for the second-largest company.

The most important individual therapy area for Orion is still the treatment of Parkinson's disease. Orion's Parkinson's drugs account for just under one-third of the Group's net sales. According to IMS Health pharmaceutical sales statistics, in 2009 the ***total sales of Parkinson's drugs*** in the United States came to USD 1,000 million (USD 1,020 million in 2008), which is 2% less than in the previous year. The five largest European markets for Parkinson's drugs were Germany, the United Kingdom, France, Spain and Italy. In these countries, the combined sales of Parkinson's drugs in 2009 totalled EUR 909 (868) million, and the average market growth was 5%.

Sales of Orion's Parkinson's drugs continued to grow clearly faster than the market as a whole. According to IMS Health pharmaceutical sales statistics, in 2009 total sales of Orion's Parkinson's drugs were up by 13% at EUR 499 (433) million.

According to statistics, sales of Orion's Parkinson's drugs in 2009 were up by 10% at USD 175 (159) million in the United States. In the five largest Parkinson's drugs markets in Europe, sales of Orion's Parkinson's drugs were up by 6% at a total of EUR 150 (141) million. In Japan, sales of Orion's Parkinson's drugs were up by 77% at EUR 33 (19) million. The market share of Orion's Parkinson's drugs was 17% in the United States, an average of 16% in the five largest markets in Europe and 8% in Japan.

Net sales and operating profit of the Pharmaceuticals business

Net sales of the Pharmaceuticals business in January–March 2010 were EUR 203.3 (178.9) million, up by 14%. The operating profit of the Pharmaceuticals business was up by 24% at EUR 70.5 (56.9) million. The operating profit of the Pharmaceuticals business was 35% (32%) of the segment's net sales.

Net sales of Orion's top ten pharmaceuticals in January–March 2010 were up by 16% at EUR 108.8 (94.0) million. They accounted for 54% (53%) of the total net sales of the Pharmaceuticals business. Among these best-sellers, the fastest-growing products were Simdax heart failure drug and Precedex sedative for patients in intensive care.

Net sales of the products based on own in-house R&D in January–March 2010 were up by 15% at EUR 100.6 (87.6) million. These products accounted for 49% (49%) of the net sales of the Pharmaceuticals business.

Proprietary Products

The product portfolio of Proprietary Products consists of patented prescription products in three therapy areas: central nervous system diseases; cancers and critical care; and Easyhaler® pulmonary drugs.

Net sales of Proprietary Products in January–March 2010 were EUR 93.5 (81.5) million, up by 15%.

Net sales of Orion's Parkinson's drugs in January–March 2010 totalled EUR 65.8 (62.2) million. The net sales were up by 6% and accounted for 32% (35%) of the total net sales of the Pharmaceuticals business. Net sales from deliveries of Stalevo and Comtan to Novartis totalled EUR 41.6 (40.0) million, up by 4%. Deliveries of Stalevo to Novartis were down by 7%, but deliveries of Comtan increased by 22%. Total net sales generated by Stalevo and Comtess in Orion's own sales organisation were up by 9% at EUR 24.3 (22.2) million. Net sales of Stalevo through Orion's own sales network were up by 15% at EUR 19.7 (17.2) million.

Orion has ongoing patent litigation in the United States against the Sun companies and Sandoz companies. The Sun companies aim to launch generic versions of Orion's Comtan and Stalevo, and the Sandoz companies a generic version of Orion's drug Precedex in the United States.

Net sales of Simdax® drug for acute decompensated heart failure in January–March 2010 totalled EUR 10.3 (2.8) million. This rapid growth is because in-market sales of the product appeared entirely as Orion's own sales in the period under review, whereas in the comparative period Orion recorded in its own sales only sales of the product to its marketing partner Abbott.

Net sales of the Easyhaler® product family for asthma and chronic obstructive pulmonary disease in January–March 2010 were up by 14% at a total of EUR 7.2 (6.4) million. Reversion of marketing rights to the product family to Orion continued in the first quarter as they reverted to Orion in Scandinavian countries too.

Specialty Products

Net sales of the Specialty Products business division's off-patent, i.e. generic, prescription drugs and self-care products were EUR 73.1 (66.1) million in January–March 2010, up by 11%.

Net sales in Finland of Orion's human pharmaceuticals, mainly attributable to Specialty Products, were up by 6% at EUR 52.3 (49.6) million in January–March 2010. Orion improved its market position owing to its broad product portfolio, particularly in substitutable prescription drugs, although the introduction of the reference price system in Finland in April 2009 continued to reduce the market as a whole. The reference price system has further intensified price competition, but also expanded the range of substitutable products.

Net sales of Orion's human pharmaceuticals in Eastern Europe in January–March 2010 were up by 22% at EUR 10.0 (8.2) million. Specialty Products account for the majority of sales in the region. The euro-denominated net sales in Eastern Europe increased also because of the appreciation of currencies in the region.

Orion continued to develop its self-care products portfolio in Scandinavia. Orion aims to make its established home market all the Nordic countries, not just Finland. Orion is preparing for changes in distribution channels in Sweden, where the markets are being transformed by the abolition of the national pharmacy monopoly.

Animal Health

Net sales of the Animal Health business division in January–March 2010 totalled EUR 15.3 (15.2) million. Net sales of the animal sedatives Dexdomitor® (dexmedetomidine), Domitor® (medetomidine), Domosedan® (detomidine) and Antisedan® (atipamezole) were up by 14% and accounted for 37% (32%) of the division's net sales. The growth was mainly due to the reversion of the distributions rights to the animal sedative product family to Orion in late 2009. Since then, Orion has been selling the products not only in the Nordic countries, but now also in Eastern Europe. In other markets new partners will market the products. Price competition in Europe following the expiry of the patents on this product family remains intense.

The launch of Domosedan gel, a sedative for horses, through Orion's own animal health sales network in Europe began at the beginning of the year and has progressed according to plan.

Orion is the second-biggest marketer of veterinary drugs in the Finnish market for veterinary drugs with a market share of about 19 percent, which is two percentage points behind the market leader. According to statistics on veterinary drugs, the Finnish market for veterinary drugs was about EUR 10 million in January–March 2010, up by 9%.

Fermion

Fermion manufactures active pharmaceutical ingredients for Orion and other pharmaceutical companies. Its product range comprises nearly 30 pharmaceutical ingredients. Fermion's net sales in January–March 2010 at EUR 13.5 (11.1) million were up by 22%. Pharmaceutical ingredients supplied for Orion's own use are excluded from the net sales. Orders for some key products are still high, even though competition in the markets remains intense.

Research and development projects

Orion's pharmaceutical R&D focuses on the following core therapy areas: central nervous system drugs, oncology and critical care drugs, and Easyhaler pulmonary drugs. In addition to in-house research, Orion invests in early-stage R&D jointly with universities and other pharmaceutical companies. In Phase III clinical studies, Orion prefers to share the costs with other pharmaceutical companies. In this way, Orion can ensure an increasing number of new research projects and balance the risks of projects in the research pipeline. Orion also seeks to purchase new product candidates to reinforce the research pipeline based on its own research projects. In this way Orion aims to reinforce its capability to continue operating as a company that provides new drugs and engages in pharmaceutical R&D.

The Group's ***R&D expenses*** in January–March 2010 totalled EUR 19.2 (24.1) million, of which the Pharmaceuticals business accounted for EUR 17.9 (22.7) million. The Group's R&D expenses accounted for 9% (13%) of the Group's net sales.

On 31 March 2010 the US Food and Drug Administration (FDA) issued a release concerning the ***ongoing review of the safety of*** Orion's drug ***Stalevo***. Orion published information on the STRIDE-PD study results on 24 February 2009 in which it stated that the research showed that in the levodopa/carbidopa group there were fewer prostate cancer cases but more skin cancer cases than in the Stalevo group. Orion then undertook a comprehensive safety review and submitted it to the European Medicines Agency (EMA) and FDA. Based on the review covering all entacapone studies, the Company's conclusion was that the prostate cancer finding did not affect the safety profile of Stalevo, but Orion would continue to monitor the matter. EMA had already made its own analysis of the matter and in its statement concurred with Orion's conclusion. Concerning prostate cancer there were no new recommendations on use of the drug and no changes to its safety profile in the statement that the European Commission confirmed in March 2010. As agreed with EMA, Orion will continue to monitor adverse effects relating to prostate cancer. FDA's release means that it has begun its own review on the same matter and no new conclusions or recommendations on the use of the drug have been issued. Orion and Novartis, Orion's marketing partner for the product, are assisting FDA with its review, but currently Orion has no information on the schedule for completion of the review.

Initial results of the MIDEX and PRODEX studies by Orion Corporation with ***dexmedetomidine*** indicated that dexmedetomidine met its first primary endpoint in providing similar sedation in intensive care compared to midazolam and propofol, the standard ICU (intensive care unit) sedative agents, in patients requiring light to moderate sedation for mechanical ventilation. The second primary endpoint, time to end of mechanical ventilation of patients, was statistically significantly reduced by dexmedetomidine compared with midazolam but did not reach statistical significance compared with propofol. Safety findings were consistent with the known effects of dexmedetomidine and no significant new safety data was detected. Based on the overall positive results, Orion plans to apply for European marketing authorisation for dexmedetomidine. Orion currently estimates that the application could be submitted to the European Medicines Agency by the end of 2010.

Orion has ongoing projects to broaden the range of the ***Easyhaler product family***. Orion's aim is not only to utilise Easyhaler technology in current products and development projects, but also to develop new products. Orion is developing a ***budesonide-formoterol formulation*** that combines budesonide as an anti-inflammatory agent and formoterol as a long-acting bronchodilator. The results of the research programme are expected in 2010.

Orion has a new Easyhaler research programme in progress to develop a ***fluticasone-salmeterol formulation***. In this formulation fluticasone acts as an anti-inflammatory agent and salmeterol acts as a long-acting bronchodilator.

Orion is collaborating with Novartis to develop ***Stalevo for the Japanese market.*** The aim is to submit a market authorisation application during 2011.

Orion has an ***alpha 2c receptor antagonist*** undergoing clinical Phase I studies. In early research, this compound has been found to be possibly suitable for the treatment of the symptoms of Alzheimer's disease or schizophrenia.

Orion has several projects in the ***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

Net sales of the Diagnostics business in January–March 2010 were EUR 11.7 (11.7) million. Sales of QuikRead® infection tests remained good, but sales of many ageing product ranges were lower than in the comparative period. Sales of industrial hygiene products also developed favourably. Sales continued to grow in China and the Czech Republic, but more slowly than in the comparative period in the Nordic countries.

QuikRead® tests maintained their position as the main products and sales continued to grow well. The tests are used in, for example, detecting infection from the CRP level in a blood sample or streptococcus A in a pharyngeal sample. The increasing selection of QuikRead products in doctors' surgeries and clinical laboratories creates a firm basis for growth in future demand for reagents.

The operating profit of the Diagnostics business was EUR 2.2 (2.2) million.

Espoo, 27 April 2010

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen
President and CEO

Jari Karlson
CFO

Tables

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q1/10	Q1/09	Change %	2009
Net sales	**214.5**	190.1	+12.8%	771.5
Cost of goods sold	**-69.7**	-61.8	+12.7%	-265.2
Gross profit	**144.8**	128.2	+12.9%	506.3
Other income and expenses	**-2.4**	0.6	-471.1%	6.0
Selling and marketing expenses	**-43.9**	-35.0	+25.4%	-160.0
R&D expenses	**-19.2**	-24.1	-20.5%	-95.2
Administrative expenses	**-8.2**	-12.8	-36.1%	-50.2
Operating profit	**71.0**	56.9	+24.9%	207.0
Finance income	**1.0**	2.2	-53.9%	5.1
Finance expenses	**-1.2**	-2.4	-50.6%	-8.4
Profit before taxes	**70.8**	56.6	+25.1%	203.7
Income tax expense	**-18.5**	-14.7	+25.1%	-52.3
Profit for the period	**52.4**	41.9	+25.1%	151.4
OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS				
Translation differences	**0.4**	0.2	+88.7%	1.3
Cash flow hedges	**-0.2**	-0.3	-21.3%	0.9
Other comprehensive income net of tax	**0.2**	-0.1	+431.1%	2.1
Comprehensive income for the period including tax effects	**52.6**	41.8	+25.8%	153.5
PROFIT ATTRIBUTABLE TO:				
Owners of the parent company	**52.4**	41.9	+25.1%	151.4
Non-controlling interests	**0.0**	0.0		0.0
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent company	**52.6**	41.8	+25.8%	153.5
Non-controlling interests	**0.0**	0.0		0.0
Basic earnings per share, EUR [1)]	**0.37**	0.30	+25.1%	1.07
Diluted earnings per share	**0.37**	0.30	+25.1%	1.07
Depreciation and amortisation	**8.7**	8.0	+8.2%	34.4
Personnel expenses	**40.1**	41.7	-3.9%	171.4

(1) The figure has been calculated from the profit attributable to the owners of the parent company.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

EUR million, 31 March	3/10	3/09	Change %	2009
Property, plant and equipment	**190.9**	189.6	+0.7%	192.0
Goodwill	**13.5**	13.5		13.5
Intangible rights	**63.7**	37.4	+70.3%	63.4
Other intangible assets	**3.7**	3.2	+16.2%	3.7
Investments in associates	**0.1**	0.1		0.1
Available-for-sale investments	**1.0**	0.9	+4.5%	1.0
Pension asset	**29.8**	30.8	-3.2%	29.8
Deferred tax assets	**5.5**	4.2	+31.4%	5.5
Other non-current receivables	**0.8**	1.5	-49.6%	0.9
Non-current assets total	**308.9**	281.2	+9.8%	309.9
Inventories	**123.8**	128.8	-3.9%	122.7
Trade receivables	**121.6**	94.4	+28.9%	102.6
Other receivables	**15.6**	18.5	-15.6%	21.4
Cash and cash equivalents	**201.8**	234.0	-13.8%	170.5
Current assets total	**462.9**	475.7	-2.7%	417.2
Assets total	**771.8**	756.9	+2.0%	727.1

Equity and liabilities

EUR million, 31 March	3/10	3/09	Change %	2009
Share capital	**92.2**	92.2		92.2
Share premium	**17.8**	17.8		17.8
Expendable fund	**8.9**	23.0	-61.2%	23.0
Other reserves	**-0.2**	-1.2	+81.3%	0.0
Retained earnings	**217.8**	194.7	+11.9%	306.0
Equity attributable to owners of the parent company	**336.6**	326.6	+3.0%	439.1
Non-controlling interests	**0.0**	0.0	-3.2%	0.0
Equity total	**336.6**	326.7	+3.0%	439.1
Deferred tax liabilities	**41.9**	42.1	-0.4%	43.0
Pension liability	**0.8**	0.8	+7.9%	0.8
Provisions	**0.4**	0.4	+21.8%	0.5
Interest-bearing non-current liabilities	**108.8**	127.9	-15.0%	108.7
Other non-current liabilities	**0.4**	1.0	-61.3%	0.1
Non-current liabilities total	**152.3**	172.1	-11.5%	153.1
Trade payables	**40.5**	28.7	+41.2%	42.3
Income tax liabilities	**10.7**	2.0	+441.6%	3.0
Other current liabilities	**208.8**	186.7	+11.8%	66.8
Provisions	**0.0**	0.0		0.0
Interest-bearing current liabilities	**22.8**	40.8	-44.0%	22.7
Current liabilities total	**282.8**	258.1	+9.6%	134.8
Liabilities total	**435.2**	430.2	+1.2%	287.9
Equity and liabilities total	**771.8**	756.9	+2.0%	727.1

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. Non-controlling interests
h. Equity total

	Equity attributable to owners of the parent company							
EUR million	a.	b.	c.	d.	e.	f.	g.	**h.**
Equity at 31 Dec 2008	92.2	17.8	23.0	-0.9	-6.9	293.3	0.0	**418.6**
Comprehensive income for the period						41.9		**41.8**
OTHER COMPREHENSIVE INCOME								
Cashflow hedges				-0.3				**-0.3**
Translation differences					0.2			**0.2**
TRANSACTIONS WITH SHAREHOLDERS AND NON-CONTROLLING INTERESTS								
Dividend						-133.9		**-133.9**
Share-based incentive plan						0.2		**0.2**
Equity at 31 March 2009	92.2	17.8	23.0	-1.2	-6.7	201.5	0.0	**326.7**
Equity at 31 Dec 2009	92.2	17.8	23.0	0.0	-5.7	311.7	0.0	**439.1**
Comprehensive income for the period						52.4		**52.4**
OTHER COMPREHENSIVE INCOME								
Cashflow hedges				-0.2				**-0.2**
Translation differences					0.4			**0.4**
TRANSACTIONS WITH SHAREHOLDERS AND NON-CONTROLLING INTERESTS								
Dividend			-14.1			-141.0		**-155.1**
Share-based incentive plan						0.1		**0.1**
Equity at 31 March 2010	**92.2**	**17.8**	**8.9**	**-0.2**	**-5.3**	**223.2**	**0.0**	**336.6**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	3/10	3/09	2009
Operating profit	**71.0**	56.9	207.0
Adjustments	**10.1**	7.0	37.7
Change in working capital	**-34.7**	-11.6	15.3
Interest paid	**-0.9**	-2.1	-9.7
Interest received	**1.0**	2.4	4.9
Income taxes paid	**-7.2**	-9.3	-50.6
Total net cash flow from operating activities	**39.4**	43.2	204.6
Investments in property, plant and equipment	**-6.4**	-5.4	-24.6
Investments in intangible assets	**-2.0**	-2.9	-36.1
Sales of property, plant and equipment and available-for-sale investments	**0.1**	0.1	0.8
Sales of intangible assets	**0.2**	0.0	0.5
Total net cash flow from investing activities	**-8.1**	-8.1	-59.5
Short-term loans raised	**0.1**	0.0	0.7
Repayments of short-term loans	**-0.3**	-0.3	-19.8
Long-term loans raised	**0.0**	22.8	22.8
Repayments of long-term loans	**0.0**	-0.2	-21.3
Repurchase of own shares	**0.0**	0.0	0.0
Dividends paid and other distribution of profits	**0.0**	0.0	-134.4
Total net cash flow from financing activities	**-0.2**	22.4	-152.1
Net change in cash and cash equivalents	**31.1**	57.5	-7.0
Cash and cash equivalents at the beginning of the period	**170.5**	176.1	176.1
Foreign exchange differences	**0.3**	0.4	1.4
Net change in cash and cash equivalents	**31.1**	57.5	-7.0
Cash and cash equivalents at the end of the period	**201.8**	234.0	170.5

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	3/10	3/09	2009
Carrying amount at the beginning of the period	**192.0**	192.4	192.4
Adjustments to previous period carrying amount			2.4
Additions	**5.4**	3.7	25.1
Disposals	**-0.1**	-0.2	-1.7
Depreciation	**-6.5**	-6.3	-26.1
Carrying amount at the end of the period	**190.9**	189.6	192.0

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	3/10	3/09	2009
Carrying amount at the beginning of the period	**67.0**	40.4	40.4
Additions	**2.6**	1.9	35.2
Disposals			-0.3
Depreciation	**-2.2**	-1.7	-8.3
Carrying amount at the end of the period	**67.4**	40.6	67.0

COMMITMENTS AND CONTINGENCIES

EUR million	3/10	3/09	2009
CONTINGENCIES FOR OWN LIABILITIES			
Mortgages on land and buildings	**32.0**	45.0	32.0
of which those to Orion Pension Fund	**9.0**	9.0	9.0
Guarantees	**1.1**	1.0	1.1
OTHER LIABILITIES			
Leasing liabilities (excluding finance lease contracts)	**4.2**	4.2	4.3
Other liabilities	**0.3**	0.3	0.3

DERIVATIVES

	3/10	3/09	2009
Fair value of forward exchange contracts and swaps, EUR million	**-1.8**	1.1	-0.3
Nominal value of forward exchange contracts and swaps, EUR million	**70.5**	59.4	86.4
Fair value of electricity forward contracts, EUR million	**-0.5**	-1.8	-0.2
Nominal amount of electricity forward contracts, MWh	**156,032**	99,631	159,576

RELATED PARTY TRANSACTIONS

EUR million	Q1/10	Q1/09	2009
Management's employment benefits	**2.6**	1.5	3.5

Operating segment performance

NET SALES BY BUSINESS AREA

EUR million	Q1/10	Q1/09	Change %	2009
Pharmaceuticals	**203.3**	178.9	+13.6%	728.5
Proprietary Products	**93.5**	81.5	+14.7%	324.0
Specialty Products	**73.1**	66.1	+10.7%	274.8
Animal Health	**15.3**	15.2	+0.6%	62.1
Fermion	**13.5**	11.1	+21.5%	41.4
Contract manufacturing and other	**7.9**	5.0	+56.7%	26.2
Diagnostics	**11.7**	11.7	+0.3%	45.2
Group items	**-0.6**	-0.5	+7.7%	-2.2
Group total	**214.5**	190.1	+12.8%	771.5

OPERATING PROFIT BY BUSINESS AREA

EUR million	Q1/10	Q1/09	Change %	2009
Pharmaceuticals	**70.5**	56.9	+24.1%	210.6
Diagnostics	**2.2**	2.2		5.6
Group items	**-1.7**	-2.2	-21.5%	-9.2
Group total	**71.0**	56.9	+24.9%	207.0

NET SALES BY ANNUAL QUARTERS

	2010	2009				2008		
EUR million	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Pharmaceuticals	**203.3**	181.9	181.8	185.9	178.9	169.6	161.0	168.5
Diagnostics	**11.7**	12.0	10.5	11.0	11.7	10.7	9.5	12.6
Group items	**-0.6**	-0.6	-0.5	-0.5	-0.5	-0.5	-0.4	-0.5
Group total	**214.5**	193.3	191.8	196.4	190.1	179.9	170.1	180.5

OPERATING PROFIT BY ANNUAL QUARTERS

	2010	2009				2008		
EUR million	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Pharmaceuticals	**70.5**	45.5	56.6	51.6	56.9	35.3	44.3	45.7
Diagnostics	**2.2**	1.2	1.0	1.1	2.2	0.2	1.0	2.5
Group items	**-1.7**	-2.8	-1.9	-2.3	-2.2	-2.7	-1.8	-3.1
Group total	**71.0**	43.9	55.7	50.4	56.9	32.8	43.6	45.2

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

	2010	2009				2008		
EUR million	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Finland	**56.9**	59.2	55.6	55.0	53.5	55.2	52.8	53.5
Scandinavia	**29.0**	25.9	24.5	25.8	25.4	23.7	23.3	26.1
Other Europe	**72.1**	72.8	68.9	71.8	61.2	62.0	56.2	61.4
North America	**30.3**	12.1	18.1	18.2	22.6	19.2	21.7	18.5
Other markets	**26.1**	23.4	24.7	25.6	27.4	19.8	16.1	21.1
Group total	**214.5**	193.3	191.8	196.4	190.1	179.9	170.1	180.5

Business reviews

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	Q1/10	Q1/09	Change %	2009
Net sales	**203.3**	178.9	+13.6%	728.5
Operating profit	**70.5**	56.9	+24.1%	210.6
% of net sales	**34.7%**	31.8%		28.9%
R&D expenses	**17.9**	22.7	-21.3%	89.4
% of net sales	**8.8%**	12.7%		12.3%
Capital expenditure	**7.5**	5.3	+40.3%	57.6
% of net sales	**3.7%**	3.0%		7.9%
Sales revenue from proprietary products	**100.6**	87.6	+14.7%	346.5
Personnel at the end of the period	**2,795**	2,879	-2.9%	2,829

NET SALES OF ORION'S TOP 10 PHARMACEUTICAL PRODUCTS

EUR million	Q1/10	Q1/09	Change %	2009
Stalevo® (Parkinson's disease)	**43.3**	42.5	+1.9%	167,6
Comtess® / Comtan® (Parkinson's disease)	**22.5**	19.7	+14.1%	67,3
Simdax® (acute decompensated heart failure)	**10.3**	2.8	+263.8%	29,4
Easyhaler® product family (asthma, COPD)	**7.2**	6.4	+13.5%	24,9
Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives)	**5.6**	4.9	+14.2%	19,3
Precedex® (sedative for patients in intensive care)	**5.4**	4.1	+32.6%	14,6
Burana® (inflammatory pain)	**5.0**	4.5	+10.9%	19,9
Divina® range (menopausal symptoms)	**3.3**	3.5	-7.7%	13,2
Marevan® (anticoagulant)	**3.1**	2.7	+16.8%	11,2
Enanton® (prostate cancer)	**3.1**	2.9	+5.4%	11,9
Total	**108.8**	94.0	+15.7%	379,3
Share of pharmaceutical net sales	**54%**	53%		52%

KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	Q1/10	Q1/09	Change %	2009
Net sales	**11.7**	11.7	+0.3%	45.2
Operating profit	**2.2**	2.2		5.6
% of net sales	**19.1%**	19.2%		12.3%
R&D expenses	**1.4**	1.5	-9.2%	5.9
% of net sales	**11.7%**	12.9%		13.0%
Capital expenditure	**0.5**	0.3	+73.0%	2.5
% of net sales	**4.4%**	2.6%		5.6%
Personnel at the end of the period	**293**	292	+0.5%	291

Information on Orion's shares

BASIC SHARE INFORMATION 31 MARCH 2010

	A shares	B shares	Total
Trading code on NASDAQ OMX Helsinki	ORNAV	ORNBV	
Listing day	1 July 2006	1 July 2006	
ISIN code	FI0009014369	FI0009014377	
GICS code	30101030	30101030	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	33.4	58.8	92.2
Counter book value per share, EUR	0.65	0.65	
Total number of shares	51,140,668	90,117,160	141,257,828
% of total share stock	36%	64%	100%
Number of treasury shares		214,424	214,424
Total number of shares excluding treasury shares	51,140,668	89,902,736	141,043,404
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	1,022,813,360	89,902,736	1,112,716,096
% of total votes	92%	8%	100%
Total number of shareholders	18,144	45,916	57,454

A shares and B shares confer equal rights to the Company assets and dividends.

INFORMATION ON TRADING 1 JANUARY – 31 MARCH 2010

	A shares	B shares	Total
Shares traded	2,243,257	21,799,579	24,042,836
% of the total number of shares	4.4%	24.2%	17.0%
Trading volume, EUR million	37.1	354.8	391.9
Closing quotation on 31 Dec 2009, EUR	15.06	15.05	
Lowest quotation, EUR (A and B 4 Jan 2010)	15.15	15.15	
Average quotation, EUR	16.53	16.28	
Highest quotation, EUR (A and B 23 March 2010)	17.82	17.88	
Closing quotation on 31 March 2010, EUR	16.26	16.38	
Market capitalisation on 31 March 2010 excluding treasury shares, EUR million	831.5	1,472.6	2,304.2

PERFORMANCE PER SHARE

	Q1/10	Q1/09	Change %	2009
Basic earnings per share, EUR	**0.37**	0.30	+25.1%	1.07
Diluted earnings per share, EUR	**0.37**	0.30	+25.1%	1.07
Cash flow per share before financial items, EUR	**0.22**	0.25	-10.8%	1.03
Equity per share, EUR	**2.39**	2.32	+3.0%	3.11
Average number of shares excluding treasury shares, 1,000 shares	**141,000**	140,946		140,970

Appendices

Reporting

Orion Corporation is the parent company of the Orion Group. The Group consists of two business areas, or operating segments, and five business divisions. Orion reports on its operations segmentally.

- Pharmaceuticals business
  - Proprietary Products (patented prescription products for three therapy areas)
  - Specialty Products (off-patent, generic prescription products and self-care products)
  - Animal Health (veterinary products for pets and production animals)
  - Fermion (active pharmaceutical ingredients for Orion and other companies)
- Diagnostics business
  - Orion Diagnostica (diagnostic test systems for point-of-care in healthcare and hygiene tests for industry).

Contract manufacturing and other, i.e. manufacturing for other companies, is included in the Pharmaceuticals business segment, but it is not a separate business division, it is part of the Group's Supply Chain organisation.

Accounting policies

This Interim Report has been prepared according to the same accounting policies as for the Financial Statements 2009; however, the following new standards, interpretations and amendments approved by the EU have been applied as of 1 January 2010:

IFRS 3 (Revised), *Business Combinations*
The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For instance, all payments for acquisitions shall be recognised at fair value at the time of acquisition, and liabilities that are classified as conditional payments shall be recognised later at fair value through profit or loss. For each acquisition, the share of the non-controlling interests can be measured either as their proportionate interest in the net identifiable assets of the acquisition or at fair value. All acquisition-related costs are recognised as expenses. The revised standard affects business combinations that take place after 1 January 2010.

The following new standards, interpretations and amendments to existing standards approved by the EU have been adopted as of 1 January 2010. However, they do not have material effects on the Consolidated Financial Statements:

IAS 27 (Revised), *Consolidated and Separate Financial Statements*
IFRIC 12, *Service Concession Arrangements*
IFRIC 15, *Agreements for Construction of Real Estate*
IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*
IFRIC 17, *Distributions of Non-cash Assets to Owners*
IFRIC 18, *Transfers of Assets from Customers*
IFRIC 9 and IAS 39 (Amendment), *Reassessment of Embedded Derivatives on Reclassification*
IAS 39 (Amendment), *Eligible Hedged Items*
IFRS 2 (Amendment), *Share-based Payment – Cash-settled Share-based Payment Transactions*

IASB published changes to 12 standards in April 2009 as part of the annual improvements to standards. The key changes that the Group has adopted as of 1 January 2010 are presented below, but they will not affect the Consolidated Financial Statements.

IFRS 2 (Amendment), *IFRS – Scope of IFRS 2*
IFRS 5 (Amendment), *Non-current Assets Held for Sale and Discontinued Operations*
The amendment clarifies the disclosure of information relating to assets held for sale required by IFRS 5.
IFRS 8 (Amendment), *Operating Segments*
IAS 1 (Amendment), *Presentation of Financial Statements*

IAS 7 (Amendment), *Statement of Cash Flows*
IAS 17 (Amendment), *Leases*
IAS 18 (Amendment), *Revenue*
IAS 36 (Amendment), *Impairment of Assets*
IAS 38 (Amendments), *Intangible Assets*
IAS 39 (Amendments), *Financial Instruments: Recognition and Measurement*
IFRIC 9 (Amendment), *Reassessment of Embedded Derivatives*
IFRIC 16 (Amendment), *Hedges of a Net Investment in a Foreign Operation*

In addition to new standards and interpretations presented in the Financial Statements 2009, the Group will in 2011 adopt the following revised standards and interpretations published after 1 January 2010:

IFRS 1 (Amendment), *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*[1)]
The amendment does not affect the Consolidated Financial Statements because the Group is not a first-time adopter of IFRS.

(1) The standard/interpretation or amendment has not yet been approved for application in the EU.

The policies and calculation methods applied during the period can be found on the Orion website at www.orion.fi/en/investors.

Other matters

The data in this financial review are not audited.

The figures in parentheses are for the comparative period of the previous year. 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), % = $\frac{\text{Profit before taxes + Interest and other finance expenses}}{\text{Total assets - Non-interest-bearing liabilities (average during the period)}}$ x 100

Return on equity (ROE), % = $\frac{\text{Profit for the period}}{\text{Total equity (average during the period)}}$ 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, EUR = $\frac{\text{Profit available for the owners of the parent company}}{\text{Average number of shares during the period, excluding treasury shares}}$

Cash flow per share before financial items, 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 = $\frac{\text{Equity of the owners of the parent company}}{\text{Number of shares at the end of the period, excluding treasury shares}}$

Average share price, EUR = $\frac{\text{Total EUR value of shares traded}}{\text{Average number of traded shares during the period}}$

Market capitalisation, EUR million = Number of shares at the end of the period × Closing quotation of the period

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www.orion.fi/en

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 and diagnostic tests. Orion's pharmaceutical R&D focuses on the following core therapy areas: central nervous system drugs, cancer and critical care drugs, and Easyhaler® pulmonary drugs.

The Group's net sales in 2009 amounted to EUR 772 million. The Company invested EUR 95 million in research and development. At the end of 2009, the Group had a total of 3,100 employees, of whom 2,500 worked in Finland and 600 in other European countries. Orion's A and B shares are listed on NASDAQ OMX Helsinki.