

## Orion Group Interim Report January–June 2012

Orion's net sales for January–June 2012 totalled EUR 480 million (EUR 471 million for January–June 2011), up by 2% on the comparative period last year.

- Operating profit was EUR 145 (158) million.
- Profit before taxes was EUR 145 (158) million.
- Equity ratio was 55% (61%).
- ROCE before taxes was 51% (59%).
- ROE after taxes was 48% (53%).
- Basic earnings per share were EUR 0.77 (0.83).
- Cash flow per share before financial items was EUR 0.50 (0.54).
- The outlook estimate for 2012 was updated after the review period. Orion now estimates that net sales in 2012 will be slightly higher than in 2011 and operating profit slightly higher than in 2010.
- Orion's financial objectives have been updated.

### ORION'S KEY FIGURES FOR THE REVIEW PERIOD

	Q2/12	Q2/11	Change %	Q1–Q2/12	Q1–Q2/11	Change %	2011
Net sales, EUR million	<b>232.8</b>	227.0	+2.5%	<b>480.2</b>	471.2	+1.9%	917.9
International operations, EUR million	<b>170.1</b>	167.3	+1.7%	<b>353.5</b>	352.3	+0.3%	677.2
% of net sales	<b>73.1%</b>	73.7%		<b>73.6%</b>	74.8%		73.8%
Operating profit, EUR million	<b>66.0</b>	65.1	+1.4%	<b>145.2</b>	158.0	-8.1%	282.9
% of net sales	<b>28.3%</b>	28.7%		<b>30.2%</b>	33.5%		30.8%
Profit before taxes, EUR million	<b>65.2</b>	64.8	+0.6%	<b>144.5</b>	157.5	-8.2%	282.0
% of net sales	<b>28.0%</b>	28.5%		<b>30.1%</b>	33.4%		30.7%
Income tax expense, EUR million	<b>15.9</b>	16.8	-5.1%	<b>35.6</b>	41.0	-13.1%	72.4
R&D expenses, EUR million	<b>24.2</b>	22.9	+5.7%	<b>47.1</b>	42.7	+10.1%	87.5
% of net sales	<b>10.4%</b>	10.1%		<b>9.8%</b>	9.1%		9.5%
Capital expenditure, EUR million	<b>15.0</b>	10.1	+49.3%	<b>23.3</b>	17.3	+35.1%	49.5
% of net sales	<b>6.5%</b>	4.4%		<b>4.9%</b>	3.7%		5.4%
Assets total, EUR million				<b>746.1</b>	668.5	+11.6%	779.1
Equity ratio, %				<b>55.1%</b>	60.7%		64.2%
Gearing, %				<b>23.2%</b>	11.2%		-6.9%
Interest-bearing liabilities, EUR million				<b>157.6</b>	105.7	+49.0%	88.7
Non-interest-bearing liabilities, EUR million				<b>177.5</b>	157.3	+12.8%	190.5
Cash and cash equivalents, EUR million				<b>62.1</b>	60.4	+2.9%	123.0
ROCE (before taxes), %				<b>51.4%</b>	59.0%		49.4%
ROE (after taxes), %				<b>47.8%</b>	53.4%		43.3%
Basic earnings per share, EUR	<b>0.35</b>	0.34	+2.6%	<b>0.77</b>	0.83	-6.6%	1.49
Diluted earnings per share, EUR	<b>0.35</b>	0.34	+2.6%	<b>0.77</b>	0.83	-6.6%	1.49
Cash flow per share before financial items, EUR	<b>0.23</b>	0.20	+15.7%	<b>0.50</b>	0.54	-8.3%	1.10
Equity per share, EUR				<b>2.92</b>	2.88	+1.3%	3.55
Personnel at the end of the period				<b>3,609</b>	3,435	+5.0%	3,425
Average personnel during the period				<b>3,485</b>	3,245	+7.4%	3,328
Personnel expenses, EUR million				<b>105.7</b>	94.0	+12.4%	186.0

## President and CEO Timo Lappalainen's review

### **“Sales developed well”**

“As anticipated, the entry of generic competitors to Stalevo into US markets in April has decreased our deliveries to Novartis. However, we have been able to compensate for some of this decrease in sales through deliveries of generic entacapone products. Sales from our other product ranges continued to develop well, with 10% growth in the first half of the year.

“Sales expenses were somewhat lower in the first half of the year than a year earlier. The figures for the comparative period included EUR 6 million of intangible asset impairment charges recorded on product rights, which explains most of the decrease. In addition, sales and marketing inputs have been reallocated to some extent. Research costs were higher due to the higher number of clinical phase projects and their progress as planned.

“During the summer we have reviewed our financial objectives. The fundamental objectives are still ensuring the Group's financial stability and creating profitable growth. The objectives are achieved by increasing net sales and maintaining profitability at a good level, with operating profit exceeding 20% of net sales. Achievement of these objectives will require continuous investment in development of the product portfolio. The Group's financial position will be kept strong, the aim being an equity ratio of at least 50%.

“Our outlook estimate, which can be found with the basis for it on pages 6–7 of this report, was updated in early July after the review period. We now estimate that our net sales will be slightly higher than in 2011 and our operating profit slightly higher than in 2010. Our net sales in 2011 were EUR 918 million and our operating profit in 2010 was EUR 254 million.”

## Events during the period

In April the first generic entacapone products licensed by Orion entered the markets in the United States.

On 26 April Orion announced that it had filed a patent infringement lawsuit in the United States to enforce Orion's US patents covering Stalevo<sup>®</sup> against Mylan Pharmaceuticals Inc.

On 1 May Orion announced that it had been informed that the United States District Court had given its decision on the US patent infringement lawsuit concerning Orion's proprietary drug Precedex<sup>®</sup>.

## Events after the period

On 3 July Orion upgraded its full-year outlook for 2012.

## News conference and teleconference

A news conference and teleconference on the published results will be held today, Tuesday 31 July 2012, at 13:30 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 <http://www.orion.fi/en/>. After the presentation, questions can be asked by telephone in Finnish and English.

The teleconference code is 914111 and to participate in the teleconference, please call:

from United States: +1 334 323 6203

from other countries: +44 (0)20 7162 0125

### News conference recordings

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

## Financial report material

Financial reports and related presentation material are available at [www.orion.fi/en/](http://www.orion.fi/en/) promptly after publication. The website also has a form for subscribing to Orion's releases.

## Dates in Orion Calendar 2012–2013

Interim Report January–September 2012	Tuesday 23 October 2012
Financial Statements 2012	Tuesday 5 February 2013
Annual General Meeting 2013	Tuesday 19 March 2013
Interim Report January–March 2013	Tuesday 23 April 2013
Interim Report January–June 2013	Tuesday 30 July 2013
Interim Report January–September 2013	Tuesday 22 October 2013

The Annual Report 2012 will be published on the Company's website at the latest in week 9/2013.

## For additional information about the financial review:

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

## Financial review Q1–Q2/2012

### Net sales

**The Orion Group's net sales** in January–June 2012 totalled EUR 480 million (EUR 471 million in January–June 2011). The net effect of currency exchange rates was plus EUR 7 million.

**The Pharmaceuticals business's** net sales totalled EUR 453 (447) million. Net sales of Orion's Stalevo<sup>®</sup> (carbidopa, levodopa and entacapone) and Comtess<sup>®</sup>/Comtan<sup>®</sup> (entacapone) Parkinson's drugs were down by 17% at EUR 118 (143) million, which was 26% (32%) of the Pharmaceuticals business's net sales. The net sales of other products in the portfolio totalled EUR 335 (304) million, and were up by 10% on the comparative period. The products based on in-house R&D accounted for EUR 205 (217) million, or 45% (49%) of the Pharmaceuticals business's net sales.

**The Diagnostics business's** net sales were up by 14% at EUR 29 (25) million.

### Operating profit

**The Orion Group's operating profit** was down by 8% at EUR 145 (158) million.

**The Pharmaceuticals business's** operating profit was EUR 148 (159) million, down by 7% on the comparative period. Net sales and operating profit in the comparative period were enhanced by a non-recurring payment of EUR 7 million. Operating profit was lower than in the comparative period because products with lower margins accounted for an increasing proportion of sales as sales of Parkinson's drugs declined.

**The Diagnostics business's** operating profit was down by 11% at EUR 3.1 (3.4) million as costs increased, although sales grew well.

### Operating expenses

**The Group's sales and marketing expenses** were down by 8% at EUR 98 (107) million. The expenses in the comparative period included EUR 6 million of intangible asset impairment charges recorded on product rights.

**R&D expenses** were up by 10% at EUR 47 (43) million and accounted for 10% (9%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 43 (40) million. Research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

**Administrative expenses** were higher at EUR 23 (20) million.

**Other operating income and expenses** increased profit by EUR 1 (3) million.

### Group's profit

The Group's profit before taxes totalled EUR 145 (158) million. Basic earnings per share were EUR 0.77 (0.83) and diluted earnings per share were EUR 0.77 (0.83). Equity per share was EUR 2.92 (2.88). The return on capital employed before taxes (ROCE) was 51% (59%) and the return on equity after taxes (ROE) 48% (53%).

### Financial position

The Group's gearing was 23% (11%) and the equity ratio 55% (61%). The Group's total liabilities at 30 June 2012 were EUR 335 (263) million. At the end of the period, interest-bearing liabilities amounted to EUR 158 (106) million, including EUR 127 (83) million of long-term loans.

The Group had EUR 62 (60) million of 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 EUR 93 (92) million. Cash flow was higher even though operating profit was lower because the amount tied up into working capital grew by less than in the comparative period.

**Cash flow from investing activities** was EUR -23 (-16) million and **cash flow from financing activities** was EUR -131 (-182) million. During the period new long-term loans totalling EUR 75 million were raised.

### Capital expenditure

The Group's capital expenditure totalled EUR 23 (17) million. This comprised EUR 18 (11) million on property, plant and equipment and EUR 5 (7) million on intangible assets.

## Outlook for 2012

**Net sales** will be slightly higher than in 2011.

**Operating profit** will be slightly higher than in 2010.

**The Group's capital expenditure** will be about EUR 50 million excluding substantial corporate or product acquisitions.

## Basis for outlook

Product launches will continue to support Orion's position as market leader in Finland. However, price competition in the Finnish market is expected to persist in 2012.

The generic competition commencing in April 2012 in the United States will decrease sales of Orion's Parkinson's drugs in 2012. In 2011 US markets accounted for about EUR 60 million of the net sales of Orion's Parkinson's drugs. Elsewhere in the world generic competition is not expected to have a material impact on sales of these products in 2012.

Marketing expenditure will be similar to the previous year. 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 2012 were planned mainly during the previous year.

Research and development costs will be higher than in 2011. 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 2012 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 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 2012. The effects of commencement of generic competition on Orion's Parkinson's drugs have been taken into account in the outlook estimate.

Sales of individual products and also Orion's sales in individual markets may vary, for example 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.

Most of the exchange rate risk relates to the US dollar. Typically, only less than 15% of Orion's net sales comes 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.

## Group's financial objectives

Orion's financial objectives are ensuring the Group's financial stability and creating profitable growth.

These objectives are achieved through:

- Increasing net sales. Achievement of this objective requires continuous investment in development of the product portfolio.
- Maintaining profitability at a good level, the aim being operating profit that exceeds 20% of net sales.
- Keeping the equity ratio at least 50%.

## Orion's dividend distribution 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 30 June 2012 Orion had a total of 141,257,828 (141,257,828) shares, of which 44,693,218 (46,183,877) were A shares and 96,564,610 (95,073,951) B shares. The Group's share capital was EUR 92,238,541.46 (92,238,541.46). At the end of June 2012 Orion held 325,991 (413,754) B shares as treasury shares. On 30 June 2012 the aggregate number of votes conferred by the A and B shares was 990,102,979 (1,018,337,737) excluding treasury shares.

At the end of June 2012, Orion had 60,321 (56,655) registered shareholders.

**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 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 within the limitation on the maximum number of shares of a class. In January–June a total of 300,000 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 30 June 2012 the market capitalisation of the Company's shares excluding treasury shares was EUR 2,110 million.

Orion shares are also traded on various alternative trading platforms in addition to NASDAQ OMX Helsinki.

**Authorisations of the Board of Directors**

Orion's Board of Directors was authorised by the Annual General Meeting on 24 March 2010 to decide on a share issue in which shares held by the Company can be conveyed. The authorisation to issue shares is valid for five years from the decision taken by the Annual General Meeting.

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; 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 authorisation was exercised as described below under the heading "Share-based Incentive Plan". On 30 June 2012 the Board of Directors had outstanding authorisation to convey 309,337 Orion Corporation B 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

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.

On 12 March 2012 Orion transferred altogether 87,763 Orion Corporation B shares held by the Company as a share bonus for 2011 to the key persons employed by the Group and belonging to the Share-based Incentive Plan of the Group. The transfer was based on the authorisation by the Annual General Meeting on 24 March 2010.

### Share ownership

At the end of June 2012 Orion had a total of 60,321 (56,655) registered shareholders, of whom 95% (94%) were private individuals holding 51% (50%) of the entire share stock and 65% (64%) of the total votes. There were altogether 43 (43) million nominee-registered shares, which was 30% (31%) of all shares, and they conferred entitlement to 6% (6%) of the total votes.

At the end of June 2012 Orion held 325,991 (413,754) B shares as treasury shares, which is 0.2% (0.3%) of the Company's total share stock and 0.03% (0.04%) of the total votes.

## Personnel

The average number of employees in the Orion Group in January–June 2012 was 3,485 (3,245). At the end of June 2012 the Group had a total of 3,609 (3,435) employees, of whom 2,888 (2,729) worked in Finland and 721 (706) outside Finland. The number of employees increased mainly in manufacturing due to the increase in manufacturing output.

Salaries and other personnel expenses in January–June 2012 totalled EUR 106 (94) million.

## Significant legal proceedings

### Legal proceedings against the Sandoz companies

Orion announced on 1 May 2012 that it had been informed that the United States District Court for the District of New Jersey had given its decision on the patent infringement lawsuit that Orion Corporation and Hospira, Inc. filed on 4 September 2009 to enforce US Patents Nos. 4,910,214 and 6,716,867. The respondents in the case are Sandoz Inc., Sandoz International GmbH and Sandoz Canada Inc. (hereinafter collectively "Sandoz").

The court found that US Patent No. 4,910,214 is valid and enforceable. Sandoz is permanently enjoined from the commercial manufacture, use, sale or offer for sale in the United States or importation into the United States of its generic dexmedetomidine product until such time as US Patent No. 4,910,214 expires, including any applicable extensions. The Court also ordered that the effective date of Sandoz's Abbreviated New Drug Application No. 91-465 shall not occur until the expiration of Patent No. 4,910,214, including any applicable extensions. Separately, the court found that US Patent No. 6,716,867 is invalid as obvious.

Orion's licensee Hospira, Inc. sells Precedex<sup>®</sup> in the United States and in markets outside Europe.

Orion and Hospira have filed an appeal against the decision to the court of appeals, and so has Sandoz.

**Legal proceedings against Caraco Pharmaceutical Laboratories, Ltd.**

On 12 November 2010 Orion Corporation and Hospira, Inc. jointly filed a patent infringement lawsuit in the United States against Caraco Pharmaceutical Laboratories, Ltd. to enforce Orion's and Hospira's joint patent No. 6,716,867 valid in the United States. Gland Pharma Ltd. has since been added as a defendant in the lawsuit.

Caraco had submitted an application for authorisation to produce and market in the United States a generic version of Orion's proprietary drug Precedex<sup>®</sup> (dexmedetomidine hydrochloride 100 µg/ml), which is marketed in the United States by Orion's licensee Hospira.

Orion expects the costs of the legal proceedings against Caraco to be substantially less than the costs of the entacapone patent litigation that had previously been pending in the United States. Consideration of the case has been suspended pending the conclusion of the above-mentioned appeal proceedings against the Sandoz companies concerning Patent No. 6,716,867.

**Legal proceedings against Mylan Pharmaceuticals Inc.**

On 24 January 2011 and 26 April 2012 Orion Corporation filed patent infringement lawsuits in the United States against Mylan Pharmaceuticals Inc. to enforce its US Patents Nos. 5,446,194, 6,500,867 and 6,797,732.

Mylan intends to market in the United States a generic version of entacapone tablets with strength 200 mg like Orion's Comtan<sup>®</sup> proprietary drug. Comtan is used as an adjunct to levodopa/carbidopa therapy to treat patients with idiopathic Parkinson's disease who experience the signs and symptoms of end-of-dose "wearing-off." Novartis is Orion's exclusive licensee for marketing the drug Comtan in the United States.

In addition, Mylan is seeking authorisation to produce and market generic tablets (strengths 12.5/50/200 mg; 18.75/75/200 mg; 25/100/200 mg; 31.25/125/200 mg; 37.5/150/200 mg and 50/200/200 mg) in the United States, with carbidopa, levodopa and entacapone as active ingredients in the same proportion as in Orion's proprietary drug Stalevo<sup>®</sup> for treatment of Parkinson's disease. Stalevo is an enhanced levodopa treatment which is marketed in the United States by Orion's exclusive licensee, Novartis.

## Business Reviews

### Pharmaceuticals

#### Review of human pharmaceuticals market

According to statistics collected by Finnish Pharmaceutical Data Ltd, **Finnish wholesale of human pharmaceuticals** in January–June 2012 totalled EUR 1,000 (967) million, up by 3% on the comparative period of the previous year.

Finland is the most important individual market for Orion, generating about one-quarter of the total net sales. Orion was able to increase its sales faster than the markets as a whole, so strengthened 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–June amounted to EUR 108 (100) million, up by 8% compared with comparative period of the previous year. Orion's market share of Finnish pharmaceuticals markets was 11% (10%).

According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in March 2012 the **total sales of Parkinson's drugs** in the United States were down by 21% at USD 664 million (USD 838 million in the previous 12-month period). The decrease in in-market sales was due to commencement of generic competition in certain products. The five largest European markets for Parkinson's disease drugs were Germany, the United Kingdom, France, Spain and Italy. In these countries, the combined sales of Parkinson's drugs in the 12-month period ending in March 2012 totalled EUR 951 (1,033) million, and the average market decline was 8%.

The most important individual therapy area for Orion is still the treatment of Parkinson's disease. Orion's Parkinson's drugs account for about a quarter of the Group's net sales. Sales of Orion's Parkinson's drugs in the United States remained stable despite a clear decrease in the market as a whole. In Japan sales continued to grow well and clearly better than the market as a whole. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in March 2012, **sales of Orion's Parkinson's drugs** in the United States totalled USD 180 million (USD 180 million in the previous 12-month period). Sales remained stable at a total of EUR 157 (158) million in the five largest markets in Europe, and up by 16% at EUR 58 (50) million in Japan. The market share of Orion's Parkinson's drugs was 27% in the United States, on average 16% in the five largest European markets and 11% in Japan.

According to IMS Health pharmaceutical sales statistics, sales of Orion's **Precedex<sup>®</sup> intensive care sedative** (dexmedetomidine) were up by 28% at USD 217 million in the 12-month period ending in March 2012 (USD 158 million in the previous 12-month period). About four-fifths of the sales amounting to USD 168 (141) million were in the United States, where Precedex sales grew by 19%.

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

Net sales of the Pharmaceuticals business in January–June 2012 were EUR 453 (447) million, up by 1% on the comparative period of the previous year. The operating profit of the Pharmaceuticals business was down by 7% at EUR 148 (159) million. The operating profit of the Pharmaceuticals business was 33% (36%) of the segment's net sales.

Net sales of Orion's top ten pharmaceuticals in January–June 2012 were down by 4% at EUR 226 (237) million. They accounted for 50% (53%) of the total net sales of the Pharmaceuticals business.

Net sales of the products based on own in-house R&D were down by 6% at EUR 205 (217) million in January–June 2012. These products accounted for 45% (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, oncology and critical care, and Easyhaler<sup>®</sup> pulmonary drugs.

Net sales of Proprietary Products in January–June 2012 were down by 10% at EUR 193 (214) million.

Orion's drugs for treatment of Parkinson's disease are Stalevo<sup>®</sup> (active ingredients carbidopa, levodopa, entacapone) and Comtess<sup>®</sup>/Comtan<sup>®</sup> (entacapone), and their net sales in January–June 2012 totalled EUR 118 (143) million. The net sales of Parkinson's drugs were down by 17% and accounted for 26% (32%) of the total net sales of the Pharmaceuticals business. The decrease in sales is mainly due to commencement of generic competition in the United States in April 2012, which has decreased deliveries to Novartis. Net sales from deliveries of Stalevo and Comtan to Novartis were down by 26% at a total of EUR 70 (95) million. Deliveries of Stalevo to Novartis decreased by 22%, and deliveries of Comtan by 32%. Total net sales generated by Stalevo and Comtess in Orion's own sales organisation remained at the level of the comparative period of the previous year at EUR 48 (48) million. Sales through Orion's own sales organisation totalled EUR 41 (40) million for Stalevo and EUR 7 (8) million for Comtess.

The US Food and Drug Administration (FDA) has an ongoing safety review of Stalevo, which began in spring 2009. Orion is assisting the FDA in undertaking the safety review. The FDA has requested additional data based on databases concerning the significance of the results of the STRIDE-PD study, and consequently Orion and Novartis have undertaken two epidemiological studies, which will be reported to authorities in the third quarter of 2012.

Net sales of Simdax<sup>®</sup>, a drug for treatment of acute decompensated heart failure, were up by 3% and totalled EUR 22 (21) million in January–June 2012.

Net sales of the Easyhaler<sup>®</sup> product family for treatment of asthma and chronic obstructive pulmonary disease were down by 15% in January–June 2012 at EUR 14 (17) million. Sales of Easyhaler products through Orion's own sales organisation in Europe continued to grow strongly, but sales through partners were lower than in the comparative period. Orion continues its strategy of repatriating the rights to Easyhaler products, and this transitional phase will reduce sales through partners in the current year.

Net sales of the Precedex<sup>®</sup> intensive care sedative (dexmedetomidine) were up by 48% in January–June 2012 at EUR 21 (14) million. In the United States and markets outside Europe the sedative is sold by Orion's partner Hospira. US markets account for about four-fifths of net sales of Precedex.

Net sales of Orion's *dexdor*<sup>®</sup> intensive care sedative (dexmedetomidine) in January–June 2012 were EUR 5 (0) million. Launching of the product is progressing as planned, and it is already available in over ten European countries. The product will be launched in most other European countries in 2012 as pricing and reimbursement processes progress country by country.

### Specialty Products

Net sales of the Specialty Products business division's off-patent, i.e. generic, prescription drugs and self-care products in January–June 2012 were up by 12% at EUR 177 (158) million. The growth was enhanced by Orion's generic entacapone products, sales of which commenced at the beginning of the year and will be reported as part of the net sales of the Specialty Products business division.

Net sales of the division in markets outside Finland were up strongly compared with January–June 2011. The number of launches of generic prescription drugs and self-care products was at similar level to January–June in the previous year.

Net sales of Orion's human pharmaceuticals in Finland were up by 7% at EUR 117 (109) million in January–June 2012. Specialty Products accounted for the majority of sales. Orion managed to increase its market share, especially in prescription drugs.

Net sales of Orion's human pharmaceuticals in Eastern Europe in January–June were up by 13% at EUR 29 (25) million. Specialty Products account for the majority of sales in the region.

### Animal Health

Net sales of the Animal Health business division in January–June at EUR 34 (34) million were at the level of the comparative period of the previous year. Sales of the animal sedatives at EUR 10 (11) million accounted for 29% (32%) of the division's net sales. Orion's animal sedatives are Dexdomitor<sup>®</sup> (dexmedetomidine), Domitor<sup>®</sup> (medetomidine), Domosedan<sup>®</sup> (detomidine) and Antisedan<sup>®</sup> (atipamezole).

According to statistics collected by Pharma Industry Finland, the Finnish market for veterinary drugs was up by 6% at about EUR 28 (26) million in January–June 2012. Orion was the second-largest marketer, with a market share of 17% (20%).

### 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–June 2012 excluding pharmaceutical ingredients supplied for Orion's own use were EUR 28 (25) million and accounted for about two-thirds of Fermion's entire net sales. Several key products performed well, even though competition in the markets remained intense. Capacity utilisation at Fermion's plants was very high during the period under review. Capacity utilisation was increased by manufacturing active ingredients required for development work on Orion's own proprietary drugs, in addition to the normal product range.

### Research and development projects

The Group's **R&D expenses** in January–June 2012 totalled EUR 47 (43) million, of which the Pharmaceuticals business accounted for EUR 43 (40) million. The Group's R&D expenses accounted for 10% (9%) of the Group's net sales. R&D expenses also include expenses relating to development of the current portfolio.

Orion has ongoing projects to broaden the range of the inhalable **Easyhaler<sup>®</sup> drugs** product family. Orion is developing a **budesonide-formoterol formulation** that combines budesonide as an anti-inflammatory agent and formoterol as a long-acting bronchodilator. In addition, Orion has another 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<sup>®</sup> drug** for the Japanese markets. The timeline for regulatory submission is under further evaluation by Novartis.

Orion is continuing to develop an **androgen receptor antagonist** for the treatment of advanced prostate cancer jointly with Endo Pharmaceuticals Inc. with the objective of approval of the drug globally. The development is in Phase I/II clinical trials.

Orion has Phase II clinical trials with an **alpha 2<sub>c</sub> receptor antagonist** in progress. The trials are investigating the efficacy and safety of the drug candidate in treating Alzheimer's disease.

Orion is developing a new **more effective levodopa product** based on optimised new formulations and doses of known compounds. Product development is in the clinical trials phase.

In addition, Orion has several projects in the early research phase investigating prostate cancer, neuropathic pain, Parkinson's disease and Alzheimer's disease, among others.

## Diagnosics

Orion Diagnostica manufactures convenient and quick in vitro diagnostic tests and testing systems suitable for point-of-care testing. Net sales of the Diagnostics business in January–June 2012 were up by 14% at EUR 29 (25) million. There was further progress in the Nordic countries and sales growth was strong, especially in China and Japan.

Sales of QuikRead<sup>®</sup> infection tests remained strong during the review period, and sales of the more user-friendly prefilled QuikRead 101 system in particular developed well. Launching of QuikRead go<sup>®</sup>, a new generation testing instrument, progressed as planned during the review period.

The operating profit of the Diagnostics business was down by 11% at EUR 3.1 (3.4) million and accounted for 11% (14%) of the segment's net sales. The profit decreased because expenditure on product development and marketing increased and the margin structure of the product sales portfolio was weaker than in the comparative period.

Espoo, 31 July 2012

Board of Directors of Orion Corporation

### Orion Corporation

Timo Lappalainen  
*President and CEO*

Jari Karlson  
*CFO*

## Tables

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q2/12	Q2/11	Change %	Q1–Q2/12	Q1–Q2/11	Change %	2011
<b>Net sales</b>	<b>232.8</b>	227.0	+2.5%	<b>480.2</b>	471.2	+1.9%	917.9
Cost of goods sold	<b>-82.0</b>	-74.8	+9.6%	<b>-168.5</b>	-147.5	+14.3%	-305.1
<b>Gross profit</b>	<b>150.8</b>	152.3	-1.0%	<b>311.6</b>	323.7	-3.7%	612.8
Other operating income and expenses	<b>-0.2</b>	1.0	-121.2%	<b>1.3</b>	3.0	-56.2%	3.0
Sales and marketing expenses	<b>-48.9</b>	-54.4	-10.1%	<b>-98.1</b>	-106.6	-8.0%	-204.8
R&D expenses	<b>-24.2</b>	-22.9	+5.7%	<b>-47.1</b>	-42.7	+10.1%	-87.5
Administrative expenses	<b>-11.5</b>	-10.8	+6.5%	<b>-22.6</b>	-19.5	+15.8%	-40.6
<b>Operating profit</b>	<b>66.0</b>	65.1	+1.4%	<b>145.2</b>	158.0	-8.1%	282.9
Finance income	<b>2.3</b>	1.3	+80.0%	<b>3.4</b>	2.6	+31.9%	5.0
Finance expenses	<b>-3.1</b>	-1.6	+96.5%	<b>-4.2</b>	-3.1	+36.7%	-6.0
Share of associated companies' results	<b>0.0</b>	0.0		<b>0.1</b>	0.0		0.0
<b>Profit before taxes</b>	<b>65.2</b>	64.8	+0.6%	<b>144.5</b>	157.5	-8.2%	282.0
Income tax expense	<b>-15.9</b>	-16.8	-5.1%	<b>-35.6</b>	-41.0	-13.1%	-72.4
<b>Profit for the period</b>	<b>49.2</b>	48.0	+2.6%	<b>108.8</b>	116.4	-6.5%	209.5
<b>OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS</b>							
Change in value of cash flow hedges	<b>-0.1</b>	-0.4		<b>-0.2</b>	-0.9		-1.4
Change in value of available-for-sale financial assets	<b>0.3</b>	-0.1		<b>0.3</b>	-0.2		-0.3
Translation differences	<b>0.9</b>	-0.5		<b>1.2</b>	-1.0		0.6
<b>Other comprehensive income net of tax</b>	<b>1.0</b>	-0.9		<b>1.3</b>	-2.2		-1.1
<b>Comprehensive income for the period including tax effects</b>	<b>50.2</b>	47.0	+6.8%	<b>110.1</b>	114.3	-3.6%	208.4
<b>PROFIT ATTRIBUTABLE TO:</b>							
Owners of the parent company	<b>49.2</b>	48.0	+2.6%	<b>108.8</b>	116.4	-6.5%	209.5
Non-controlling interests	<b>0.0</b>	0.0		<b>0.0</b>	0.0		0.0
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>							
Owners of the parent company	<b>50.2</b>	47.0	+6.8%	<b>110.1</b>	114.3	-3.6%	208.4
Non-controlling interests	<b>0.0</b>	0.0		<b>0.0</b>	0.0		0.0
<b>Basic earnings per share, EUR <sup>1)</sup></b>	<b>0.35</b>	0.34	+2.6%	<b>0.77</b>	0.83	-6.6%	1.49
<b>Diluted earnings per share, EUR <sup>1)</sup></b>	<b>0.35</b>	0.34	+2.6%	<b>0.77</b>	0.83	-6.6%	1.49
Depreciation, amortisation and impairment	<b>9.0</b>	11.0	-18.6%	<b>17.9</b>	23.9	-25.1%	42.5
Personnel expenses	<b>53.1</b>	49.6	+7.0%	<b>105.7</b>	94.0	+12.4%	186.0

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	6/12	6/11	Change %	12/11
Property, plant and equipment	196.6	184.6	+6.5%	190.7
Goodwill	13.5	13.5		13.5
Intangible rights	65.7	60.3	+8.9%	66.6
Other intangible assets	4.6	4.5	+3.3%	4.8
Investments in associates	1.4	1.4	+4.8%	1.4
Available-for-sale financial assets	1.1	1.2	-9.8%	1.1
Pension asset	38.7	33.7	+14.7%	37.4
Deferred tax assets	1.4	2.7	-47.5%	1.4
Other non-current assets	1.6	2.0	-20.9%	1.8
<b>Non-current assets total</b>	<b>324.7</b>	<b>303.9</b>	<b>+6.8%</b>	<b>318.6</b>
Inventories	168.3	143.0	+17.7%	151.4
Trade receivables	158.0	137.3	+15.1%	155.3
Other receivables	33.0	23.9	+37.7%	30.8
Cash and cash equivalents	62.1	60.4	+2.9%	123.0
<b>Current assets total</b>	<b>421.4</b>	<b>364.5</b>	<b>+15.6%</b>	<b>460.5</b>
<b>Assets total</b>	<b>746.1</b>	<b>668.5</b>	<b>+11.6%</b>	<b>779.1</b>

### EQUITY AND LIABILITIES

EUR million	6/12	6/11	Change %	12/11
Share capital	92.2	92.2		92.2
Share premium		17.8		
Expendable fund	0.5	0.5		0.5
Other reserves	0.8	0.5	+79.0%	17.6
Retained earnings	317.3	294.5	+7.7%	389.6
<b>Equity attributable to owners of the parent company</b>	<b>410.8</b>	<b>405.5</b>	<b>+1.3%</b>	<b>499.9</b>
Non-controlling interests	0.0	0.0	+20.6%	0.0
<b>Equity total</b>	<b>410.9</b>	<b>405.5</b>	<b>+1.3%</b>	<b>500.0</b>
Deferred tax liabilities	42.4	44.7	-5.2%	42.2
Pension liability	0.5	0.7	-30.7%	0.5
Provisions	0.1	0.3	-43.3%	0.3
Interest-bearing non-current liabilities	127.3	82.6	+54.2%	66.0
Other non-current liabilities	0.5	0.1	+351.8%	0.3
<b>Non-current liabilities total</b>	<b>171.0</b>	<b>128.3</b>	<b>+33.2%</b>	<b>109.3</b>
Trade payables	54.4	40.5	+34.1%	66.3
Current tax liabilities	5.8	13.5	-56.8%	6.4
Other current liabilities	73.8	57.5	+28.4%	74.5
Provisions	0.0	0.0		0.0
Interest-bearing current liabilities	30.2	23.1	+30.7%	22.7
<b>Current liabilities total</b>	<b>164.2</b>	<b>134.7</b>	<b>+22.0%</b>	<b>169.9</b>
<b>Liabilities total</b>	<b>335.2</b>	<b>263.0</b>	<b>+27.5%</b>	<b>279.1</b>
<b>Equity and liabilities total</b>	<b>746.1</b>	<b>668.5</b>	<b>+11.6%</b>	<b>779.1</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. Non-controlling interests
- h. Equity total**

EUR million	Equity attributable to owners of the parent company							g.	h.
	a.	b.	c.	d.	e.	f.			
<b>Equity at 1 January 2011</b>	92.2	17.8	8.9	1.6	-4.4	351.2	0.0	<b>467.4</b>	
Profit for the period						116.4		<b>116.4</b>	
<b>Other comprehensive income:</b>									
Change in value of cash flow hedges				-0.9				<b>-0.9</b>	
Change in value of available-for-sale financial assets				-0.2				<b>-0.2</b>	
Translation differences					-1.0			<b>-1.0</b>	
<b>Transactions with owners:</b>									
Dividend and capital repayment			-8.5			-169.0		<b>-177.5</b>	
Share-based incentive plan						1.4		<b>1.4</b>	
Other adjustments						-0.2		<b>-0.2</b>	
<b>Equity at 30 June 2011</b>	92.2	17.8	0.5	0.5	-5.4	299.9	0.0	<b>405.5</b>	
<b>Equity at 1 January 2012</b>	92.2		0.5	17.6	-3.8	393.4	0.0	<b>500.0</b>	
Profit for the period						108.8		<b>108.8</b>	
<b>Other comprehensive income:</b>									
Change in value of cash flow hedges				-0.2				<b>-0.2</b>	
Change in value of available-for-sale financial assets				0.3				<b>0.3</b>	
Translation differences					1.2			<b>1.2</b>	
<b>Transactions with owners:</b>									
Dividend and capital repayment				-16.9		-183.2		<b>-200.1</b>	
Share-based incentive plan						1.2		<b>1.2</b>	
Other adjustments						-0.3		<b>-0.3</b>	
<b>Equity at 30 June 2012</b>	<b>92.2</b>		<b>0.5</b>	<b>0.8</b>	<b>-2.6</b>	<b>320.0</b>	<b>0.0</b>	<b>410.9</b>	

**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR million	Q1–Q2/12	Q1–Q2/11	2011
Operating profit	145.2	158.0	282.9
Adjustments	17.8	24.2	39.0
Change in working capital	-33.2	-50.1	-42.6
Interest paid	-3.7	-3.0	-6.2
Interest received	3.5	2.7	5.0
Dividends received		0.1	0.1
Income taxes paid	-36.6	-40.4	-79.3
<b>Total net cash flow from operating activities</b>	<b>93.0</b>	<b>91.5</b>	<b>198.9</b>
Investments in property, plant and equipment	-18.5	-8.5	-25.6
Investments in intangible assets	-5.2	-7.6	-19.9
Acquisition of an associate		-0.0	-0.0
Sale of a subsidiary less cash and cash equivalents at sale date		0.3	0.3
Sales of property, plant and equipment and available-for-sale investments	0.4	0.3	1.2
Sales of intangible assets		0.0	0.0
<b>Total net cash flow from investing activities</b>	<b>-23.2</b>	<b>-15.5</b>	<b>-43.9</b>
Short-term loans raised	0.7	0.7	0.8
Repayments of short-term loans	-0.5	-0.6	-2.1
Long-term loans raised	75.0		19.1
Repayments of long-term loans	-6.6	-4.8	-40.1
Dividends paid and other distribution of profits	-199.8	-177.4	-177.5
<b>Total net cash flow from financing activities</b>	<b>-131.2</b>	<b>-182.1</b>	<b>-199.7</b>
<b>Net change in cash and cash equivalents</b>	<b>-61.5</b>	<b>-106.1</b>	<b>-44.7</b>
Cash and cash equivalents at the beginning of the period	123.0	167.2	167.2
Foreign exchange differences	0.6	-0.7	0.5
Net change in cash and cash equivalents	-61.5	-106.1	-44.7
Cash and cash equivalents at the end of the period	62.1	60.4	123.0

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	6/12	6/11	12/11
Carrying amount at the beginning of the period	190.7	187.1	187.1
Additions	18.3	10.6	30.3
Disposals	-0.4	-0.4	-1.4
Depreciation and impairments	-12.0	-12.7	-25.3
<b>Carrying amount at the end of the period</b>	<b>196.6</b>	<b>184.6</b>	<b>190.7</b>

## CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	6/12	6/11	12/11
Carrying amount at the beginning of the period	71.3	69.5	69.5
Additions	5.0	6.6	19.1
Disposals	-0.0	-0.0	-0.0
Amortisation and impairments	-5.9	-11.3	-17.2
<b>Carrying amount at the end of the period</b>	<b>70.4</b>	<b>64.8</b>	<b>71.3</b>

## COMMITMENTS AND CONTINGENCIES

EUR million	6/12	6/11	12/11
<b>CONTINGENCIES FOR OWN LIABILITIES</b>			
Mortgages on land and buildings	41.0	41.0	41.0
of which those to Orion Pension Fund	9.0	9.0	9.0
Guarantees	1.5	1.2	1.6
<b>OTHER LIABILITIES</b>			
Leasing liabilities (excluding finance lease contracts)	5.6	3.6	4.5
Other liabilities	0.3	0.3	0.3

## DERIVATIVES

EUR million	6/12	6/11	12/11
<b>CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS</b>			
Fair value, EUR million	-0.1	-0.2	-0.4
Nominal value, EUR million	46.8	47.6	40.7
<b>CURRENCY OPTIONS</b>			
Fair value, EUR million	0.0	0.1	-0.2
Nominal value, EUR million	38.9	37.9	63.1
<b>CROSS CURRENCY SWAPS</b>			
Fair value, EUR million	-0.1		0.3
Nominal value, EUR million	14.3		19.1
<b>INTEREST RATE SWAPS</b>			
Fair value, EUR million	-0.1		
Nominal value, EUR million	24.1		
<b>ELECTRICITY DERIVATIVES</b>			
Fair value, EUR million	-0.6	0.6	-0.4
Nominal value, GWh	140	170	153

## RELATED PARTY TRANSACTIONS

EUR million	Q1–Q2/12	Q1–Q2/11	Q1–Q4/11
Management's employment benefits	3.5	3.8	4.8

## Operating segment performance

### NET SALES BY BUSINESS DIVISION

EUR million	Q2/12	Q2/11	Change %	Q1–Q2/12	Q1–Q2/11	Change %	2011
Pharmaceuticals	220.1	215.9	+1.9%	452.6	447.0	+1.3%	870.6
Proprietary Products	94.1	100.2	-6.1%	193.1	213.6	-9.6%	408.9
Specialty Products	86.7	77.7	+11.6%	176.9	157.9	+12.1%	320.8
Animal Health	15.9	17.3	-7.8%	34.2	34.4	-0.8%	67.8
Fermion	12.3	12.0	+2.3%	28.3	24.9	+13.5%	43.3
Contract manufacturing and other	11.0	8.7	+26.9%	20.2	16.1	+25.4%	29.7
Diagnostics	13.4	11.7	+14.7%	28.9	25.4	+14.1%	49.5
Group items	-0.7	-0.6	+22.0%	-1.4	-1.2	+19.3%	-2.2
<b>Group total</b>	<b>232.8</b>	<b>227.0</b>	<b>+2.5%</b>	<b>480.2</b>	<b>471.2</b>	<b>+1.9%</b>	<b>917.9</b>

### OPERATING PROFIT BY BUSINESS AREA

EUR million	Q2/12	Q2/11	Change %	Q1–Q2/12	Q1–Q2/11	Change %	2011
Pharmaceuticals	68.1	67.1	+1.5%	147.5	159.4	-7.4%	287.6
Diagnostics	0.5	0.7	-17.5%	3.1	3.4	-10.7%	4.9
Group items	-2.7	-2.7	+0.5%	-5.4	-4.9	+10.2%	-9.5
<b>Group total</b>	<b>66.0</b>	<b>65.1</b>	<b>+1.4%</b>	<b>145.2</b>	<b>158.0</b>	<b>-8.1%</b>	<b>282.9</b>

### NET SALES BY ANNUAL QUARTERS

EUR million	2012		2011				2010	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Pharmaceuticals	220.1	232.5	223.8	199.8	215.9	231.0	203.7	203.2
Diagnostics	13.4	15.5	12.9	11.3	11.7	13.7	11.8	10.5
Group items	-0.7	-0.6	-0.6	-0.5	-0.6	-0.6	-0.6	-0.5
<b>Group total</b>	<b>232.8</b>	<b>247.4</b>	<b>236.1</b>	<b>210.7</b>	<b>227.0</b>	<b>244.1</b>	<b>214.9</b>	<b>213.2</b>

### OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2012		2011				2010	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Pharmaceuticals	68.1	79.4	61.4	66.8	67.1	92.3	49.9	71.5
Diagnostics	0.5	2.5	0.7	0.8	0.7	2.8	1.0	1.0
Group items	-2.7	-2.7	-2.5	-2.1	-2.7	-2.1	1.7	-1.8
<b>Group total</b>	<b>66.0</b>	<b>79.3</b>	<b>59.6</b>	<b>65.4</b>	<b>65.1</b>	<b>92.9</b>	<b>52.6</b>	<b>70.6</b>

### GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2012		2011				2010	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Finland	62.7	64.0	61.7	60.1	59.8	59.1	61.0	57.6
Scandinavia	30.3	32.4	28.5	28.1	30.3	33.4	28.6	28.4
Other Europe	79.2	78.7	79.6	71.5	77.2	80.2	77.4	70.0
North America	30.4	38.4	36.0	24.0	29.2	38.7	22.1	31.1
Other markets	30.2	33.9	30.3	26.9	30.6	32.8	25.8	26.0
<b>Group total</b>	<b>232.8</b>	<b>247.4</b>	<b>236.1</b>	<b>210.7</b>	<b>227.0</b>	<b>244.1</b>	<b>214.9</b>	<b>213.2</b>

## Business reviews

### KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	Q2/12	Q2/11	Change %	Q1–Q2/12	Q1–Q2/11	Change %	2011
Net sales	220.1	215.9	+1.9%	452.6	447.0	+1.3%	870.6
Operating profit	68.1	67.1	+1.5%	147.5	159.4	-7.4%	287.6
% of net sales	31.0%	31.1%		32.6%	35.7%		33.0%
R&D expenses	22.1	21.4	+3.4%	43.2	39.6	+8.9%	81.1
% of net sales	10.0%	9.9%		9.5%	8.9%		9.3%
Capital expenditure	13.7	9.4	+44.6%	20.9	16.2	+28.7%	38.8
% of net sales	6.2%	4.4%		4.6%	3.6%		4.5%
Sales revenue from proprietary products	97.9	102.9	-4.9%	204.6	217.0	-5.7%	420.2
Assets				620.3	553.9	+12.0%	597.5
Liabilities				119.3	91.2	+30.7%	132.2
Personnel at the end of the period				3,245	3,096	+4.8%	3,079

### TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	Q2/12	Q2/11	Change %	Q1–Q2/12	Q1–Q2/11	Change %	2011
Stalevo <sup>®</sup> , Comtess <sup>®</sup> and Comtan <sup>®</sup> (Parkinson's disease)	54.9	69.0	-20.5%	118.1	142.5	-17.2%	266.7
Simdax <sup>®</sup> (acute decompensated heart failure)	11.4	10.7	+6.9%	21.8	21.2	+2.6%	44.0
Precedex <sup>®</sup> (intensive care sedative)	10.9	6.1	+78.7%	21.2	14.4	+47.5%	33.0
Easyhaler <sup>®</sup> product family (asthma, COPD)	7.3	8.2	-11.7%	14.2	16.8	-15.2%	30.5
Burana <sup>®</sup> (inflammatory pain)	5.7	5.7		11.4	11.4	+0.2%	23.5
Dexdomitor <sup>®</sup> , Domitor <sup>®</sup> , Domosedan <sup>®</sup> and Antisedan <sup>®</sup> (animal sedatives)	3.7	4.4	-16.2%	10.0	11.0	-8.9%	23.2
Marevan <sup>®</sup> (anticoagulant)	3.9	4.3	-8.2%	8.3	8.1	+3.1%	15.6
Divina <sup>®</sup> range (menopausal symptoms)	4.3	3.4	+25.0%	8.1	6.8	+18.9%	13.2
Generic entacapone products (Parkinson's disease)	2.6			6.8			0.0
Fareston <sup>®</sup> (breast cancer)	2.9	1.1	+159.9%	6.4	4.3	+48.7%	9.6
<b>Total</b>	<b>107.5</b>	<b>112.8</b>	<b>-4.7%</b>	<b>226.4</b>	<b>236.5</b>	<b>-4.3%</b>	<b>459.3</b>
Share of pharmaceutical net sales	49%	52%		50%	53%		53%

### KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	Q2/12	Q2/11	Change %	Q1–Q2/12	Q1–Q2/11	Change %	2011
Net sales	13.4	11.7	+14.7%	28.9	25.4	+14.1%	49.5
Operating profit	0.5	0.7	-17.5%	3.1	3.4	-10.7%	4.9
% of net sales	4.1%	5.6%		10.6%	13.5%		9.9%
R&D expenses	2.1	1.6	+36.1%	3.9	3.1	+25.3%	6.4
% of net sales	15.8%	13.3%		13.6%	12.3%		12.9%
Capital expenditure	1.2	0.6	+97.1%	2.3	1.0	+139.1%	10.4
% of net sales	9.2%	5.4%		8.0%	3.8%		21.1%
Assets				47.4	35.9	+32.1%	44.4
Liabilities				16.0	6.7	+140.1%	17.4
Personnel at the end of the period				338	315	+7.3%	322

## Information on Orion's shares

### BASIC SHARE INFORMATION 30 JUNE 2012

	A shares	B shares	Total
Trading code on NASDAQ OMX Helsinki	ORNAV	ORNBV	
Listing day	1 Jul 2006	1 Jul 2006	
ISIN code	FI0009014369	FI0009014377	
ICB code	4500	4500	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	29.2	63.0	92.2
Counter book value per share, EUR	0.65	0.65	
Total number of shares	44,693,218	96,564,610	141,257,828
% of total share stock	32%	68%	100%
Number of treasury shares		325,991	325,991
Total number of shares excluding treasury shares	44,693,218	96,238,619	140,931,837
Minimum number of shares			1
Maximum number of A and B shares, and maximum number of all shares	500,000,000	1,000,000,000	1 000,000,000
Votes per share	20	1	
Number of votes excluding treasury shares	893,864,360	96,238,619	990,102,979
% of total votes	90%	10%	100%
Total number of shareholders	19,828	47,147	60,321

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

### INFORMATION ON TRADING ON NASDAQ OMX HELSINKI 1 JANUARY – 30 JUNE 2012

	A shares	B shares	Total
Shares traded	1,975,731	49,393,439	51,369,170
% of the total number of shares	4.4%	51.2%	36.4%
Trading volume, EUR million	30.0	745.9	775.9
Closing quotation on 31 Dec 2011, EUR	15.18	15.05	
Lowest quotation, EUR (A and B 5 June 2012)	13.31	13.31	
Average quotation, EUR	15.19	15.10	
Highest quotation, EUR (A 19 and 20 March, B 16 March 2012)	17.00	16.82	
Closing quotation on 30 June 2012, EUR	15.00	14.96	
Market capitalisation on 30 June 2012 excluding treasury shares, EUR million	670.4	1,439.7	2,110.1

### PERFORMANCE PER SHARE

	Q2/12	Q2/11	Change %	Q1–Q2/12	Q1–Q2/11	Change %	2011
Basic earnings per share, EUR	<b>0.35</b>	0.34	+2.6%	<b>0.77</b>	0.83	-6.6%	1.49
Diluted earnings per share, EUR	<b>0.35</b>	0.34	+2.6%	<b>0.77</b>	0.83	-6.6%	1.49
Cash flow per share before financial items, EUR	<b>0.23</b>	0.20	+15.7%	<b>0.50</b>	0.54	-8.3%	1.10
Equity per share, EUR				<b>2.92</b>	2.88	+1.3%	3.55
Average number of shares excluding treasury shares, 1,000 shares	<b>140,932</b>	140,844		<b>140,897</b>	140,810		140,827

## 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 in accordance with IAS 34 Interim Financial Reporting standard. The same accounting policies as for the Financial Statements 2011 have been applied in preparing the Interim Report, except for amendments to existing IFRS standards endorsed by the EU that have been adopted as of 1 January 2012. The amendments to standards had no effects on the Consolidated Financial Statements.

The policies and calculation methods applied during the period can be found on the Orion website at [www.orion.fi/en/investors](http://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 in this report have been rounded, which is why the total sums of individual figures may differ from the total sums shown.

**CALCULATION OF THE KEY FIGURES**

$$\text{Return on capital employed (ROCE), \%} = \frac{\text{Profit before taxes + Interest and other finance expenses}}{\text{Total assets - Non-interest-bearing liabilities (average during the period)}} \times 100$$

$$\text{Return on equity (ROE), \%} = \frac{\text{Profit for the period}}{\text{Total equity (average during the period)}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Equity}}{\text{Total assets - Advances received}} \times 100$$

$$\text{Gearing, \%} = \frac{\text{Interest-bearing liabilities - Cash and cash equivalents}}{\text{Equity}} \times 100$$

$$\text{Earnings per share, EUR} = \frac{\text{Profit available for the owners of the parent company}}{\text{Average number of shares during the period, excluding treasury shares}}$$

$$\text{Cash flow per share before financial items, EUR} = \frac{\text{Cash flow from operating activities + Cash flow from investing activities}}{\text{Average number of shares during the period, excluding treasury shares}}$$

$$\text{Equity per share, EUR} = \frac{\text{Equity of the owners of the parent company}}{\text{Number of shares at the end of the period, excluding treasury shares}}$$

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

$$\text{Market capitalisation, EUR million} = \text{Number of shares at the end of the period} \times \text{Closing quotation of the period}$$

Publisher:  
**Orion Corporation**  
<http://www.orion.fi/en>

Orion is a globally operating Finnish company developing pharmaceuticals and diagnostic tests – a builder of well-being. Orion develops, manufactures and markets human and veterinary pharmaceuticals, active pharmaceutical ingredients and diagnostic tests. The company is continuously developing new drugs and treatment methods. Pharmaceutical R&D focuses on central nervous system drugs, oncology and critical care drugs, and Easyhaler® pulmonary drugs.

Orion's net sales in 2011 amounted to EUR 918 million and the Company had about 3,400 employees. Orion's A and B shares are listed on NASDAQ OMX Helsinki.