

Orion Group Interim Report January–June 2009

Orion's net sales for January–June 2009 totalled EUR 386.4 million (360.7 million for the first half of 2008), up by 7.1% on the comparative period.

- Operating profit came to EUR 107.3 (108.6) million.
- Profit before taxes was EUR 105.6 (108.9) million.
- Equity ratio stood at 55.5% (63.0%).
- ROCE before taxes was 40.4% (50.0%).
- ROE after taxes was 39.9% (40.1%).
- Earnings per share were EUR 0.55 (0.57).
- Cash flow per share before financial items were EUR 0.35 (0.25).

ORION'S KEY FIGURES FOR THE REVIEW PERIOD

	Q2/09	Q2/08	Change %	Q1–Q2/09	Q1–Q2/08	Change %	2008
Net sales, EUR million	196.4	180.5	+8.8%	386.4	360.7	+7.1%	710.7
International operations, EUR million	141.4	127.0	+11.3%	277.9	251.6	+10.5%	493.6
% of net sales	72.0%	70.4%		71.9%	69.7%		69.4%
Operating profit, EUR million	50.4	45.2	+11.5%	107.3	108.6	-1.2%	185.0
% of net sales	25.7%	25.1%		27.8%	30.1%		26.0%
Profit before taxes, EUR million	49.0	44.9	+9.3%	105.6	108.9	-3.0%	184.2
% of net sales	25.0%	24.8%		27.3%	30.2%		25.9%
Income tax expense, EUR million	12.8	12.1	+6.2%	27.6	29.1	-5.0%	47.8
R&D expenses, EUR million	25.0	23.7	+5.3%	49.1	44.2	+11.2%	90.0
% of net sales	12.7%	13.1%		12.7%	12.2%		12.7%
Capital expenditure, EUR million	34.3	21.9	+56.4%	40.0	31.3	+27.6%	56.8
% of net sales	17.5%	12.2%		10.3%	8.7%		8.0%
Assets total, EUR million				655.9	581.3	+12.8%	695.5
Equity ratio, %				55.5%	63.0%		60.2%
Gearing, %				14.7%	6.8%		-7.1%
Interest-bearing liabilities, EUR million				164.1	87.0	+88.7%	146.3
Non-interest-bearing liabilities, EUR million				127.5	128.4	-0.7%	130.6
Cash and cash equivalents, EUR million				110.7	62.2	+77.9%	176.1
ROCE (before taxes), %				40.4%	50.0%		38.5%
ROE (after taxes), %				39.9%	40.1%		32.1%
Earnings per share, EUR	0.26	0.23	+10.3%	0.55	0.57	-2.2%	0.97
Cash flow per share before financial items, EUR	0.11	0.18	-40.4%	0.35	0.25	+42.3%	0.66
Equity per share, EUR				2.58	2.60	-0.5%	2.97
Personnel at the end of the period				3,284	3,351	-2.0%	3,309
Average personnel during the period				3,232	3,237	-0.2%	3,270
Personnel expenses, EUR million				86.4	83.9	+2.9%	170.9

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

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

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

CEO Timo Lappalainen’s review

“Repurchase of Simdax rights helps Orion build its European presence”

“The key event for Orion in the first half of the year was the repurchase of the rights to Simdax, a heart failure drug, from Abbott in May for EUR 26 million. Simdax is a proprietary drug developed by Orion, and it has previously been part of our product portfolio. It has been on the market for several years in, for example, Southern Europe, and together with the prostate cancer drug Vantas, which is currently in the launching phase, it makes us well-placed to expand into new countries in Europe in line with our strategy. During the first half of the year, we set up operations already in Spain, Italy, Austria, Greece and Portugal.”

“Orion’s first-half net sales were favourable, showing a growth of approximately 7%. The deliveries of the Parkinson’s disease drugs Stalevo and Comtan to Novartis were clearly up year-on-year, and the sales of Easyhaler pulmonary drugs, Simdax and Precedex (sedative for patients in intensive care) also increased considerably.”

“Despite excellent sales, our operating profit remained below last year’s level due to slightly lower margins and an increase in fixed costs. The costs rose mainly as a result of the launching of sales and marketing operations for Simdax in a number of new countries, outsourced research projects and the patent litigations underway in the United States.”

“Our strategy was reviewed in June, and it remained essentially the same. The key patents for the Stalevo and Comtess/Comtan drugs, which generate approximately one-third of Orion’s sales, will expire in our main markets in 2012–13. We are continuously bringing new products to the market to replace the estimated drop in the sales of our Parkinson’s drugs. Our revised financial objectives are ensuring financial stability and creating a foundation for long-term profitable growth. Our strategy will continue to be built around three key themes: a competitive product portfolio, strengthening our market position in Europe and efficient and competitive operations.”

“Our current estimate of the Group’s outlook for the full year 2009 remains unchanged from the one published earlier in the Financial Statements and the previous Interim report. We are expecting our net sales and operating profit to grow slightly from 2008. The outlook estimate and the related preamble can be found on pages 5–6 of this report.”

Events during the period

In April, Orion and the Wockhardt companies reached an agreement in the dispute where Orion had filed a lawsuit against Wockhardt in the United States after Wockhardt had submitted Abbreviated New Drug Applications (ANDA) for generic versions of Orion’s Comtan® and Stalevo® products.

In May, Orion repurchased the rights to intravenous levosimendan (Simdax®). Simdax is Orion’s proprietary drug for acute decompensated heart failure.

In June, the distribution of the Sebamed product family in Norway was transferred to Orion. This change is part of Orion’s strategy to strengthen its self-care product portfolio in Scandinavia.

Events after the review period

Orion Corporation has been informed that an Abbreviated New Drug Application (ANDA) has been filed by Sandoz Inc. with the U.S. Food and Drug Administration (FDA), seeking authorisation to produce and market, in the United States, generic versions of Precedex® (dexmedetomidine hydrochloride 100 µg base/ml), a product originated by Orion and marketed in the United States by its exclusive licensee, Hospira, Inc. The drug is

approved as a sedative for patients in intensive care in the United States. It can be administered by continuous infusion for up to 24 hours to patients whose breathing is assisted through intubation as well as to non-intubated patients who require a sedative prior to or during surgical or other procedures.

News conference and teleconference

A news conference and teleconference on the H1 results will be held **today, on Friday, 7 August 2009 at 14:30 EEST at Hotel Kämp**, address Pohjoisesplanadi 29, Helsinki. CEO Timo Lappalainen will give a brief presentation in English on the Group's results.

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 presented in Finnish and English.

To participate in the teleconference, please call:

From the USA: +1 334 323 6201

From other countries +44 (0)20 7162 0025

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

Orion's Interim reports for 2009

Interim report January–September 2009

26 October 2009

Orion's financial reports and related presentation material are available on the Group's website at www.orion.fi/en/ promptly after the publishing. The website also provides a possibility to register for Orion's mailing lists for publications and releases.

Additional information:

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

Financial review Q1–Q2/2009

Net sales

The Orion Group's net sales for the first two quarters of 2009 totalled EUR 386.4 million (360.7 million for the period Q1–Q2/2008), up by 7.1% on the comparative period. The net effect of currency exchange rates was EUR 3.7 million positive.

The Pharmaceuticals business reported net sales of EUR 364.8 (337.0) million, up by 8.3%. The products based on in-house R&D accounted for EUR 175.7 (156.5) million, i.e., 48% (46%) of the segment's net sales. Net sales from Orion's Parkinson's drugs, Stalevo® (carbidopa, entacapone and levodopa) and Comtess®/Comtan® (entacapone), totalled EUR 123.3 (105.2) million, or about 34% (31%) of the segment's net sales.

The Diagnostics business had net sales of EUR 22.6 (24.7) million, down by 8.5%. The sales of QuikRead® infection tests grew, but the sales of older product portfolio slackened from the comparative period.

Operating profit

The Pharmaceuticals business posted an operating profit of EUR 108.5 (108.8) million. The gross profit rate was slightly lower than in the comparative period, which led to a smaller increase in the euro-denominated gross profit than that seen in net sales. There was a rise in fixed costs.

The Diagnostics business had an operating profit of EUR 3.3 (4.9) million, down by 31.9%. A decline in sales reduced the gross profit, and operating profit was lower because of increased investments in product development.

Operating expenses

The Group's selling and marketing expenses were EUR 75.3 (72.3) million, up by 4.2%. The growth was mainly due to the repurchase of the Simdax business and related launching of sales operations in Southern Europe.

Research and development expenditure amounted to EUR 49.1 (44.2) million, up by 11.2%. The growth was the result of increased outsourcing of studies, the most significant of which were the Phase III clinical studies with dexmedetomidine aimed at marketing authorisation in Europe, Phase I clinical studies with an alfa_{2c} receptor antagonist and preclinical cooperation with several partners. Internal research expenditure was at the same level as in the comparative period despite major redundancies implemented early in the year. These were mainly due to a substantial rise in salaries and social security expenses in Finland as a result of pay settlements made in previous years. R&D expenses made up 12.7% (12.2%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 46.1 (42.0) million. Ongoing research projects are reported in more detail in the business review of the Pharmaceuticals business segment.

Administrative expenses were EUR 27.0 (21.9) million. They increased from the previous year mainly due to the EUR 6.0 (2.1) million costs resulting from the patent infringement lawsuits underway in the United States. In the comparative period, the processes were just beginning. More information on the ongoing proceedings can be found in the section "Legal proceedings".

Other operating income and expenses increased profit by EUR 2.2 (2.5) million. These comprised mainly items from currency rate hedging.

Profit before taxes

Group profit before taxes totalled EUR 105.6 (108.9) million. Earnings per share were EUR 0.55 (0.57) and equity per share EUR 2.58 (2.60). The return on capital employed before taxes (ROCE) was 40.4% (50.0%) and the return on equity after taxes (ROE) 39.9% (40.1%).

Balance Sheet and financial position

The Group's gearing was 14.7% (6.8%) and equity ratio 55.5% (63.0%).

Liabilities in the Consolidated Balance Sheet at 30 June 2009 totalled EUR 291.6 (215.4) million. At the end of the period, interest-bearing liabilities amounted to EUR 164.1 (87.0) million, of which EUR 123.1 (1.2) million consisted of long-term loans. The rise in the loans increased the Group's cash and cash equivalents at the end of the period, which stood at EUR 110.7 (62.2) million, but the Group's equity ratio and ROCE decreased slightly at the same time.

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

Cash flows

Operating cash flow developed favourably, amounting to EUR 91.3 (60.6) million. Operating profit was nearly at the same level as in the comparative period, and the amount tied to the working capital during the first half of the year was EUR 31.0 million less.

Cash flow from investing activities was EUR 41.5 (25.5) million negative.

Cash flow from financing activities was EUR 116.2 (63.1) million negative. The change was due to a distinct reduction in loans taken out by the Group compared with the first half of 2008. This was because most of the Group's financial objectives were covered by the long-term loans taken out at the end of 2008.

Capital expenditure

The Group's capital expenditure totalled EUR 40.0 (31.3) million. Property, plant and equipment accounted for EUR 9.2 (15.8) million and intangible assets for EUR 30.7 (15.5) million. The largest individual investment was the repurchase of the rights to the Simdax drug from Abbott in May for EUR 26 million, including signature and milestone payments as per the agreement.

Outlook for 2009

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

Marketing expenditure will increase due to the launching of sales and marketing activities for Simdax, which was repurchased from Abbott, in several countries, as well as the launching of other products. Research expenditure will remain at the previous year's level. The costs of the patent infringement lawsuits underway in the United States are estimated to be higher than in 2008.

Operating profit is estimated to increase slightly from 2008. The global economic recession is not expected to have a material effect on the results, but it will complicate the assessment of profitability.

R&D expenses will be about EUR 90 million. Additionally, about EUR 10 million will be used to promote products already on the market. The latter item is now included in Costs of goods sold in the Income Statement, while previously both items were included in Research expenditure.

The Group's capital expenditure will be about EUR 65 million, including the repurchase of Simdax but excluding other substantial company or product acquisitions.

Preamble

The reference price system that was implemented in Finland in April 2009 is not expected to have a material effect on Orion's business. As expected, the new system has increased price competition in the category of substitutable products. However, it has also provided Orion with new business opportunities. As a result of the

change, general market growth is expected to slow down in Finland compared with 2008. New product launches will support Orion's growth in Finland. On the other hand, the growth will be slowed down by heavy price competition affecting mainly substitutable prescription drugs, which is an important sector for Orion.

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

The repurchase of the rights to Simdax from Abbott will increase sales in the latter half of the year. Due to the costs from launching the sales and marketing operations for the product as well as the transfer from Abbott to Orion, the purchase will have no material effect on Orion's operating profit in 2009 compared to when Abbott was responsible for the product's sales.

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

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

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

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

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

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

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

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

Research projects always involve factors of uncertainty that may either increase or decrease estimated costs. The projects may progress more slowly or faster than assumed or they may be discontinued. Nonetheless, changes that may occur in ongoing clinical studies are reflected in costs relatively slowly, and they are not estimated to have a material impact on the earnings in the current year. Owing to the nature of the research process, the timetables and costs of new studies that are being started are known well in advance. Therefore, they typically do not lead to unexpected essential changes in the estimated cost structure.

Financial objectives

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

The principal means to achieve these objectives are:

- Improving the organic development of net sales and operating profit through product, product portfolio and company acquisitions
- Increasing the efficiency of operations and cost control
- Maintaining a stable financial position, with the equity ratio remaining at a level of at least 50%.

The sales of the Parkinson's disease 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 2012–13, 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 the estimated drop in net sales.

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

Former financial objectives were to accelerate the moderate organic growth of the net sales within the next few years via product, product portfolio and company acquisitions, to increase the operating profit and to maintain the equity ratio at the level of 50% at least.

Strategy

In June, Orion's Board of Directors confirmed the Group's strategy according to the same notions as before. Orion's strategy emphasises profitable growth and increased shareholder value, whilst keeping business risks under control.

Orion's strategy focuses on three key themes:

- Competitive product portfolio
- Strengthening the market position in Europe
- Efficient and competitive operations.

All of Orion's business divisions play a major role in achieving the business objectives. Nevertheless, the main focus is on the two largest divisions, Proprietary Products and Specialty Products. Orion continues to strengthen synergies between patent-protected proprietary products, off-patent, i.e., generic prescription drugs and self-care products. The Animal Health, Fermion and Orion Diagnostica divisions are also seeking growth.

Competitive product portfolio

Growth is based on a competitive product portfolio, which is developed through Orion's in-house R&D activities, research cooperation and active product acquisition. Potential company acquisitions are also evaluated continuously.

The focus in Orion's R&D operations continues to be on early research, and partnerships are mainly established for Phase III clinical studies at the latest. The Group aims to increase the overall number of research programmes and balance the risks of individual projects in the research pipeline. Furthermore, the Group seeks to purchase new product candidates to reinforce the research pipeline based on its own research projects.

In the acquisition of generic products, Orion will have a market-specific focus. For example, Orion aims to grow its portfolio of self-care products in Finland, Scandinavia and Russia.

Strengthening the market position in Europe

With the establishment of new subsidiaries in 2009 and the repurchase of the rights to Simdax, Orion has continued to strengthen and expand its presence in Europe in line with its strategy. Orion's sales network currently covers the key European pharmaceutical markets, excluding France.

Orion aims to remain the market leader in Finland and to make Scandinavia its established home market. In Central and Southern Europe, the focus is on the Proprietary Products and in Eastern Europe on the Specialty Products business. Outside Europe, Orion mainly operates through partners.

Efficient and competitive operations

Orion strives to systematically improve its competitiveness throughout the value chain, which means that increasing the efficiency of operations and cost control are particularly important. This translates into more active networking and partnership building, for instance. At present, Orion's key projects include implementing the new R&D model, increasing the efficiency of the supply chain and improving the competitiveness of sales operations.

Dividend policy

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

Shares and shareholders

On 30 June 2009, Orion had a total of 141,257,828 shares, of which 51,440,668 were Shares A and 89,817,160 Shares B. The Group's share capital was EUR 92,238,541.46. At the end of June 2009, Orion held 280,030 Shares B as treasury shares. On 30 June 2009, the aggregate number of votes conferred by both share classes was 1,118,305,490 excluding treasury shares.

Voting rights conferred by shares

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

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

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

Trading in Orion's shares

Orion's Shares A and B are both quoted on the NASDAQ OMX Helsinki in the Large Cap group under the Healthcare sector heading under the trading codes ORNAV and ORNBV. Trading in both of the company's share classes commenced on 3 July 2006. Information on trading in the company's shares has been available since this date. On 30 June 2009, the market capitalisation of the company's shares excluding treasury shares stood at EUR 1,575.2 million.

Authorisations of the Board of Directors to convey shares

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

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

After the transfer, Orion holds 280,030 Shares B as treasury shares.

Shareholder structure

At the end of June 2009, Orion had a total of 47,239 registered shareholders, of whom 93.9% were private individuals. They held 49.9% of the entire share stock and had 59.6% of the total votes. Nominee-registered shares totalled 30.83 million, representing 21.8% of all shares and 4.7% of the votes.

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

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

Personnel

The average number of employees in the Group during the first half of 2009 was 3,232 (3,237). At the end of June, the Group had a total of 3,284 (3,351) employees, of whom 2,720 (2,836) worked in Finland and 564 (515) outside Finland. The number also includes persons who were made redundant at the beginning of the year and whose period of notice had not ended by the end of June. The increased number of personnel in entities outside Finland was mainly due to the reinforcement of the sales organisation in Eastern Europe during 2008.

Salaries and other personnel expenses for January–June totalled EUR 86.4 (83.9) million.

Legal proceedings

Agreement reached in legal proceedings against the Wockhardt companies

On 29 April 2009, Orion Corporation and Wockhardt USA, LLC and Wockhardt Limited (jointly "Wockhardt") reached a settlement agreement in the dispute where Orion had filed a lawsuit against Wockhardt to enforce its US patents after Wockhardt had filed Abbreviated New Drug Applications (ANDA) for generic versions of Orion's Comtan® and Stalevo® products.

Orion filed its first lawsuit against Wockhardt in the United States in 2007 and two more in 2008. The settlement agreement applies to all three lawsuits. According to the terms of the settlement agreement, Wockhardt may launch the generic versions of Comtan and Stalevo in the US market on 30 September 2012, or possibly before that if certain conditions are met. The parties have agreed that Orion will supply the said generic products to Wockhardt. Any other terms of the agreement will not be made public by the parties.

Due to the settlement, all three lawsuits were terminated and Orion's US patents No. 5,446,194; 5,135,950; 6,599,530; 6,797,732; and 6,500,867 will remain in force.

In accordance with current US legislation, Orion has delivered all of the above-mentioned agreements to the U.S. Federal Trade Commission and the United States Department of Justice.

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 U.S. Patents No. 6,500,867 and 5,446,194 against companies belonging to the Sun Group.

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

Business reviews Q1–Q2/2009

Pharmaceuticals

Market review on human pharmaceuticals

Finland is the most important market for Orion, and it generates just under one-third of Orion's net sales. According to statistics collected by Finnish Pharmaceutical Data Ltd, **Finnish wholesales of human pharmaceuticals** in the first half of 2009 totalled EUR 959.9 million, which was at the same level as in the comparative period last year. In terms of the number of packages, overall sales fell by 6.7%. Total pharmacy sales rose by 0.6%, while hospital sales fell by 0.9%. The wholesales of prescription drugs grew by 0.1% and the wholesales of self-care products by 1.2%.

Orion continued to strengthen its position as the leading marketer of pharmaceuticals in Finland. According to statistics collected by Finnish Pharmaceutical Data Ltd, **Orion's wholesales of pharmaceuticals in Finland** in January–June 2009 amounted to EUR 91.2 million, up by 3.0% year-on-year. Orion's sales grew slightly, while the overall market remained nearly unchanged from the comparative period. The development of Orion's sales was supported by the continuously updated product portfolio. Orion's market share was 9.5% (9.4%), which was 2.4 percentage points higher than that of the second largest marketer.

Globally, the most important indication for Orion is the treatment of Parkinson's disease. Orion's Parkinson's drugs account for approximately one-third of the Group's net sales. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in March the **total sales of Parkinson's drugs** to retail distributors in the United States came to USD 966 million (USD 1,083 million in the previous 12-month period), down by 11% year-on-year. The rapid change in market trends was caused by the expiry of the patent for the leading product, a dopamine agonist, and the resulting competition created by the launch of generic products. The five largest European markets for Parkinson's drugs were Germany, the UK, France, Spain and Italy. In these countries, the combined sales of Parkinson's drugs to retail distributors in the 12-month period ending in March totalled EUR 877 (818) million, and the average market growth was 7%.

The **sales of Orion's Parkinson's drugs** continued to develop favourably, at a clearly higher rate than the market as a whole. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in March 2009 the sales of Orion's Parkinson's drugs to retail distributors totalled EUR 402 million (EUR 359 million in the previous 12-month period), up by 12%. In addition, the hospital sales of Orion's Parkinson's drugs came to EUR 56 million, up by 28% compared to the previous 12-month period. In the United States, the sales of Orion's Parkinson's drugs to retail distributors in the 12-month period ending in March were USD 163 (144) million, up by 13% year-on-year. The market share of Orion's Parkinson's drugs in the United States was about 17%. In the five largest Parkinson's drugs markets in Europe, the wholesales of Orion's Parkinson's drugs in the 12-month period ending in March totalled EUR 143 (132) million, up by 8% on the comparative period. Orion's Parkinson's drugs have an average market share of about 16% in these five markets.

Net sales and operating profit of the Pharmaceuticals business

For January–June 2009, the Pharmaceuticals business reported net sales of EUR 364.8 (337.0) million, up by 8.3% year-on-year. The Pharmaceuticals business had an operating profit of EUR 108.5 (108.8) million, nearly unchanged from the comparative period. The EBIT margin of the Pharmaceuticals business was 29.7% (32.3%) of the segment's net sales.

Proprietary Products

The product portfolio of Proprietary Products consists of patented prescription products. For January–June 2009, the division posted net sales of EUR 165.7 (140.5) million, up by 17.9%.

The combined net sales of Orion's Parkinson's drugs in the first half of 2009 were EUR 123.3 (105.2) million. Sales were up by 17.2% and accounted for 34% (31%) of the total net sales of the Pharmaceuticals business. Net sales from deliveries of Stalevo and Comtan to Novartis totalled EUR 76.0 (60.1) million, up by 26.4% year-on-year. Deliveries of Stalevo to Novartis increased by 18.3% and deliveries of Comtan by 43.0%. Net sales generated by Stalevo and Comtess in Orion's own sales organisation totalled EUR 47.3 (45.1) million, up by 4.9%. Net sales of Stalevo through Orion's own sales organisation amounted to EUR 36.8 (32.1) million, up by 14.6%. Euro-denominated sales were slackened by the weakening of the British pound sterling and Scandinavian currencies.

Orion has on-going patent litigations in the United States against the Sun companies. These companies aim to launch generic versions of Orion's Comtan and Stalevo drugs in the United States. A settlement agreement was reached in legal proceedings against the Wockhardt companies in April.

In January–June 2009, the Easyhaler product family had net sales of EUR 12.6 (10.7) million, up by 17.7%. In addition to Finland, sales developed favourably in Poland, Germany and Turkey, for example.

In May, Orion repurchased the rights to the intravenous Simdax drug (levosimendan) from Abbott. Simdax is indicated for acute decompensated heart failure. After the deal, Orion has worldwide rights to Simdax, excluding Latin American countries where the right to market the product remained with Abbott. Orion will continue to sell Simdax through its own network and its partners in nearly 40 countries where the product has been granted marketing authorisation. The deal supports Orion's growth targets in Europe. Simdax is Orion's proprietary drug, fits in well with Orion's critical care product portfolio and is targeted at a narrow customer segment of specialists.

Vantas[®] (histrelin implant), which is indicated for the treatment of advanced prostate cancer, was launched in Germany and the United Kingdom in June. Orion purchased the European-wide rights to the drug from the US-based Endo Pharmaceuticals Solutions Inc. (formerly Indevus).

Specialty Products

The net sales of the Specialty Products business division in January–June 2009 totalled EUR 133.9 (129.6) million, up by 3.3% year-on-year. The product range comprises off-patent, i.e., generic prescription medicines and self-care products.

Net sales from Orion's human pharmaceuticals in Finland in January–June 2009 came to EUR 99.7 (96.7) million, up by 3% on the comparative period. Specialty Products accounted for the majority of sales in Finland. Despite the deteriorating market conditions, Orion has managed to improve its market position owing to its continuously updated product portfolio, particularly in prescription drugs. The reference price system, which was introduced in April, has both intensified price competition and expanded the range of substitutable products. The anti-psychotic drug Ketipinor[®] (quetiapine), for example, has been particularly successful.

Net sales from Orion's human pharmaceuticals in Eastern Europe in the first half of 2009 totalled EUR 18.0 (18.9) million, down by 5%. Specialty Products accounted for the majority of sales in the region. The growth of euro-denominated net sales in Eastern Europe has been slackened by the heavy weakening of exchange rates in the region as well as the economic recession.

In June, the distribution of the Sebamed product family in Norway was transferred to Orion. Sebamed skin-care products are distributed through pharmacies, so the agreement will enable Orion to boost collaboration with the Norwegian pharmacy network. The new distribution agreement supports Orion's growth strategy, aimed at making Scandinavia an established home market by strengthening the region's self-care product portfolio.

Animal Health

In January–June 2009, Animal Health had net sales of EUR 30.4 (34.4) million, down by 11.6% on the comparative period. Animal sedatives accounted for 28% (41%) of the division's net sales: Dexdomitor[®] (dexmedetomidine), Domitor[®] (medetomidine), Domosedan[®] (detomidine) and Antisedan[®] (atipamezole), whose sales were down by 39.7%. The sales of animal sedatives have been slackened by price competition in Europe, due to the expiry of patents.

Early in the year, Orion became the Finnish market leader in animal drugs as well. The Finnish animal health market grew by 6.5% in January–June 2009 compared with the corresponding period in 2008. Respectively, Orion's net sales from veterinary medicines increased by 10.0% in Finland. Orion's share of the Finnish animal

health market was 20.0%. The strong development of sales was mainly due to Orion's extensive product portfolio and long engagement in the Finnish animal health market.

Fermion

The net sales of Fermion, a manufacturer of active pharmaceutical ingredients, stood at EUR 21.9 (19.4) million in the first half of 2009, up by 12.7% on the comparative period. The impact of intra-Group transactions, that is, deliveries of active ingredients for Orion's own use, has been eliminated from Fermion's net sales.

Ten best-selling pharmaceutical products

The net sales of the top ten pharmaceuticals in January–June 2009 amounted to EUR 190.9 (172.3) million, up by 10.8%. These products made up about 52% (51%) of the total net sales generated by the Pharmaceuticals business. The fastest growth rates were achieved with Precedex[®] sedative for patients in intensive care (dexmedetomidine), the heart failure drug Simdax, the Easyhaler franchise and the Parkinson's drugs.

Products from in-house research

The net sales of products from in-house research totalled EUR 175.7 (156.5) million in January–June 2009, up by 12.3% on the comparative period. These products made up about 48% (46%) of the net sales generated by the Pharmaceuticals business.

Research and development

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. In addition to in-house research, Orion invests in early-stage R&D cooperation 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 reinforce its ability to continue operating as a company that provides new drugs and engages in pharmaceutical R&D.

The Group's R&D expenses totalled EUR 49.1 (44.2) million, of which the Pharmaceuticals business made up EUR 46.1 (42.0) million. The Group's R&D expenses were 12.7% (12.2%) of the Group's net sales.

Orion has applied for an **expanded indication for Stalevo** with the aim to extend the indication to the treatment of early-stage Parkinson's disease **in the United States**. The application is based on the positive results from the FIRST STEP study conducted by Orion's marketing partner Novartis in eight countries in North America and Europe. Stalevo is currently indicated for the treatment of advanced Parkinson's disease.

Orion is collaborating with Novartis to **launch Stalevo in Japan**.

Phase III clinical studies are underway with **dexmedetomidine** in patients in intensive care as an infusion administered for over 24 hours. The programme aims to have the product registered in the EU. Dexmedetomidine is already available, for example, in the US and Japan as a sedative for patients in intensive care, administrable as an infusion for a maximum of 24 hours. The efficacy and safety of dexmedetomidine is compared with midazolam in the MIDEX study and with propofol in the PRODEX study. Both studies are planned to involve 500 patients. The studies were launched in summer 2007, and preliminary results are expected in summer 2010.

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

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

An alpha 2_c receptor antagonist is being studied in clinical Phase I. In early research, this compound has been found to be suitable for the treatment of the symptoms of schizophrenia or Alzheimer's disease, for example.

Orion has decided to not to continue the preliminary Phase I clinical studies aimed at investigating the potential use of orally administered **levosimendan** for the treatment of stroke in human patients.

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

Diagnostics

For January–June 2009, the Diagnostics business reported net sales of EUR 22.6 (24.7) million, down by 8.5% on the comparative period. The sales of many old product categories fell year-on-year. The euro-denominated development of net sales was slackened by the weakening of Nordic currencies, whereas sales to China and the Czech Republic increased on the comparative period.

The main products were the QuikRead® tests, whose sales continued to grow. The tests are used, for example, to detect infection from the CRP concentration of the blood sample and to detect streptococcus A bacteria in the pharyngeal sample. The increasing QuikRead paraphernalia in doctors' offices and clinical laboratories create a solid basis for demand for reagents used in tests in future.

Operating profit, which amounted to EUR 3.3 (4.9) million, fell by 31.9% as a result of a decline in sales and an increase in product development expenditure.

Espoo, 7 August 2009

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen
President and CEO

Jari Karlson
CFO

Tables

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q2/09	Q2/08	Change %	Q1–Q2/09	Q1–Q2/08	Change %	2008
Net sales	196.4	180.5	+8.8%	386.4	360.7	+7.1%	710.7
Cost of goods sold	-68.1	-62.9	+8.3%	-129.9	-116.3	+11.7%	-243.4
Gross profit	128.3	117.7	+9.0%	256.5	244.5	+4.9%	467.4
Other income and expenses	1.6	0.1		2.2	2.5	-12.0%	3.1
Selling and marketing expenses	-40.3	-37.2	+8.3%	-75.3	-72.3	+4.2%	-143.9
R&D expenses	-25.0	-23.7	+5.3%	-49.1	-44.2	+11.2%	-90.0
Administrative expenses	-14.2	-11.6	+22.2%	-27.0	-21.9	+23.2%	-51.5
Operating profit	50.4	45.2	+11.5%	107.3	108.6	-1.2%	185.0
Finance income	1.0	0.9	+8.3%	3.1	2.4	+31.7%	7.6
Finance expenses	-2.4	-1.3	+89.4%	-4.8	-2.0	+137.4%	-8.5
Profit before taxes	49.0	44.9	+9.3%	105.6	108.9	-3.0%	184.2
Income tax expense	-12.8	-12.1	+6.2%	-27.6	-29.1	-5.0%	-47.8
PROFIT FOR THE PERIOD	36.2	32.8	+10.4%	78.0	79.9	-2.3%	136.3
Other comprehensive income							
Translation differences	0.9	0.0		1.1	-0.3	+466.2%	-2.8
Cash flow hedges	0.5	0.7	-29.2%	0.2	0.7	-68.8%	-1.0
Other comprehensive income net of tax	1.4	0.8	+86.4%	1.4	0.4	+216.0%	-3.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	37.6	33.5	+12.1%	79.4	80.3	-1.1%	132.5
of which attributable to:							
Parent company shareholders	36.2	32.8	+10.4%	78.0	79.9	-2.3%	136.3
Minority	0.0	0.0		0.0	0.0		0.0
Total comprehensive income attributable to:							
Parent company shareholders	37.6	33.5	+12.1%	79.4	80.3	-1.1%	132.5
Minority	0.0	0.0		0.0	0.0		0.0
Earnings per share, EUR ¹⁾	0.26	0.23	+10.3%	0.55	0.57	-2.2%	0.97
Depreciation and amortisation	8.4	7.7	+9.6%	16.4	15.3	+7.7%	31.6
Personnel expenses	44.6	43.9	+1.6 %	86.4	83.9	+2.9%	170.9

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

STATEMENT OF FINANCIAL POSITION

Assets

EUR million	6/09	6/08	Change %	2008
Property, plant and equipment	188.6	189.4	-0.4%	192.4
Goodwill	13.5	13.5		13.5
Intangible rights	63.8	33.3	+91.4%	37.5
Other intangible assets	3.6	2.2	+62.5%	2.9
Investments in associates	0.1	0.1	-18.6%	0.1
Available-for-sale investments	1.0	0.9	+4.7%	0.9
Pension asset	32.3	28.0	+15.4%	29.3
Deferred tax assets	4.1	3.4	+19.9%	4.2
Other non-current assets	1.6	4.6	-65.8%	1.5
Non-current assets total	308.4	275.4	+12.0%	282.3
Inventories	123.8	140.8	-12.1%	131.7
Trade receivables	95.7	87.7	+9.2%	83.1
Other receivables	17.4	15.2	+14.7%	22.3
Cash and cash equivalents	110.7	62.2	+77.9%	176.1
Current assets total	347.5	305.9	+13.6%	413.1
Assets total	655.9	581.3	+12.8%	695.5

Equity and liabilities

EUR million	6/09	6/08	Change %	2008
Share capital	92.2	92.2		92.2
Share premium	17.8	17.8		17.8
Expendable fund	23.0	23.0		23.0
Other reserves	-0.6	0.9	-169.5%	-0.9
Retained earnings	231.8	231.9		286.3
Equity of the parent company shareholders	364.3	365.9	-0.5%	418.5
Minority interest	0.0	0.0	-10.9%	0.0
Equity total	364.3	366.0	-0.5%	418.6
Deferred tax liabilities	41.5	42.3	-1.7%	42.0
Pension liability	0.7	1.0	-27.4%	0.8
Provisions	0.5	0.5	+12.2%	0.4
Interest-bearing non-current liabilities	123.1	1.2		109.9
Other non-current liabilities	0.6	2.1	-68.8%	0.9
Non-current liabilities total	166.5	47.0	+254.4%	153.9
Trade payables	26.4	32.8	-19.5%	30.2
Income tax liabilities	1.3	4.2	-68.3%	2.4
Other current liabilities	56.4	45.6	+23.6%	54.0
Provisions	0.0	0.0	-100.0%	0.0
Interest-bearing current liabilities	41.1	85.8	-52.1%	36.4
Current liabilities total	125.2	168.4	-25.7%	123.0
Liabilities total	291.6	215.4	+35.4%	276.9
Equity and liabilities total	655.9	581.3	+12.8%	695.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

EUR million	a.	b.	c.	d.	e.	f.	g.	h.	i.
Equity on 31 Dec 2008	92.2	17.8	23.0	-0.9	-6.9	293.3	418.5	0.0	418.6
Dividend						-133.9	-133.9		-133.9
Share-based incentive plan						0.4	0.4		0.4
Comprehensive income				0.2	1.1	77.9	79.3	0.0	79.3
Equity on 30 Jun 2009	92.2	17.8	23.0	-0.6	-5.8	237.6	364.3	0.0	364.3
Equity on 31 Dec 2007	92.2	17.8	23.0	0.5	-4.1	301.7	431.1	0.0	431.2
Dividend						-140.9	-140.9		-140.9
Repurchase of own shares						-4.8	-4.8		-4.8
Share-based incentive plan						0.3	0.3		0.3
Transfer in equity				-0.3		0.3			
Comprehensive income				0.7	-0.3	79.9	80.3	0.0	80.3
Equity on 30 Jun 2008	92.2	17.8	23.0	0.9	-4.4	236.4	365.9	0.0	366.0

CONSOLIDATED CASH FLOW STATEMENT

EUR million	6/09	6/08	2008
Operating profit	107.3	108.6	185.0
Adjustments	13.9	14.2	28.7
Change in working capital	-4.8	-35.8	-15.0
Interest paid	-5.1	-1.3	-7.0
Interest received	3.2	2.6	7.5
Income taxes paid	-23.3	-27.7	-54.9
Total net cash from operating activities	91.3	60.6	144.4
Investments in property, plant and equipment	-10.3	-10.8	-30.8
Investments in intangible assets	-31.4	-15.5	-23.0
Sales of property, plant and equipment and available-for-sale investments	0.4	0.8	1.5
Sales of intangible assets	-0.2	0.0	0.5
Total net cash used in investing activities	-41.5	-25.5	-51.8
Withdrawals of short-term loans	0.6	103.7	121.7
Repayments of short-term loans	-0.6	-20.7	-105.1
Withdrawals of long-term loans	22.8	-0.2	125.0
Repayments of long-term loans	-5.1	-0.2	-0.5
Repurchase of own shares	0.0	-4.8	-4.8
Dividends paid and other distribution of profits	-133.9	-140.9	-141.1
Total net cash used in financing activities	-116.2	-63.1	-4.8
Net change in cash and cash equivalents	-66.4	-28.0	87.7
Cash and cash equivalents at the beginning of the period	176.1	90.4	90.4
Foreign exchange differences	1.0	-0.2	-2.1
Net change in cash and cash equivalents	-66.4	-28.0	87.7
Cash and cash equivalents at the end of the period	110.7	62.2	176.1

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	6/09	6/08	2008
Carrying amount at the beginning of the period	192.4	186.6	186.6
Additions	9.2	15.8	32.8
Disposals	-0.4	-0.7	-1.8
Depreciation	-12.6	-12.3	-25.1
Carrying amount at the end of the period	188.6	189.4	192.4

CHANGES IN INTANGIBLE ASSETS (EXCL. GOODWILL)

EUR million	6/09	6/08	2008
Carrying amount at the beginning of the period	40.4	23.0	23.0
Additions	30.7	15.5	24.0
Disposals		-0.0	-0.0
Depreciation	-3.8	-3.0	-6.6
Carrying amount at the end of the period	67.3	35.5	40.4

In May, Orion repurchased the rights to Simdax from Abbott. The purchase price, EUR 26.2 million, was recognised in full under Intangible rights in the Consolidated Balance Sheet.

COMMITMENTS AND CONTINGENCIES

EUR million	6/09	6/08	2008
Contingent for own liabilities			
Mortgages on land and buildings	45.0	19.0	19.0
of which those to Orion Pension Fund	9.0	9.0	9.0
Guarantees	1.1	1.4	1.0
Other liabilities			
Leasing liabilities (excl. finance lease contracts)	4.0	4.3	4.0
Other liabilities	0.3	0.3	0.3

DERIVATIVES

EUR million	6/09	6/08	2008
Fair value of currency forward contracts	1.6	0.7	2.0
Nominal values of derivatives	70.2	62.4	64.6
Fair value of electricity forward contracts	-1.1	0.8	-1.4
Nominal values of derivatives	4.8	2.3	5.7

RELATED PARTY TRANSACTIONS

EUR million	Q1–Q2/09	Q1–Q2/08	2008
Management's employment benefits	2.4	2.1	3.1

Performance by operating segment

NET SALES BY BUSINESS AREA

EUR million	Q2/09	Q2/08	Change %	Q1–Q2/09	Q1–Q2/08	Change %	2008
Pharmaceuticals	185.9	168.5	+10.4%	364.8	337.0	+8.3%	667.6
Proprietary Products	84.2	70.1	+20.2%	165.7	140.5	+17.9%	278.1
Specialty Products	67.8	63.1	+7.4%	133.9	129.6	+3.3%	260.5
Animal Health	15.2	17.8	-14.7%	30.4	34.4	-11.6%	67.2
Fermion	10.8	10.5	+2.4%	21.9	19.4	+12.7%	36.1
Other	8.0	7.0	+14.2%	13.0	13.0		25.7
Diagnostics	11.0	12.6	-12.9%	22.6	24.7	-8.5%	45.0
Group items	-0.5	-0.5	-2.7%	-1.1	-1.0	+6.5%	-1.9
Group total	196.4	180.5	+8.8%	386.4	360.7	+7.1%	710.7

OPERATING PROFIT BY BUSINESS AREA

EUR million	Q2/09	Q2/08	Change %	Q1–Q2/09	Q1–Q2/08	Change %	2008
Pharmaceuticals	51.6	45.7	+12.8%	108.5	108.8	-0.3%	188.5
Diagnostics	1.1	2.5	-57.1%	3.3	4.9	-31.9%	6.1
Group items	-2.3	-3.1	-25.9%	-4.5	-5.1	-12.8%	-9.6
Group total	50.4	45.2	+11.5%	107.3	108.6	-1.2%	185.0

NET SALES BY ANNUAL QUARTERS

EUR million	2009		2008				2007	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Pharmaceuticals	185.9	178.9	169.6	161.0	168.5	168.5	162.7	153.4
Diagnostics	11.0	11.7	10.7	9.5	12.6	12.2	10.5	9.4
Group items	-0.5	-0.5	-0.5	-0.4	-0.5	-0.5	-0.4	-0.3
Group total	196.4	190.1	179.9	170.1	180.5	180.2	172.8	162.5

OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2009		2008				2007	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Pharmaceuticals	51.6	56.9	35.3	44.3	45.7	63.1	41.7	50.1
Diagnostics	1.1	2.2	0.2	1.0	2.5	2.3	0.1	1.2
Group items	-2.3	-2.2	-2.7	-1.8	-3.1	-2.1	-3.1	-2.2
Group total	50.4	56.9	32.8	43.6	45.2	63.4	38.6	49.1

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2009		2008				2007	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Finland	55.0	53.5	55.2	52.8	53.5	55.7	53.7	48.6
Scandinavia	25.8	25.4	23.7	23.3	26.1	28.1	24.3	23.8
Other Europe	71.8	61.2	62.0	56.2	61.4	64.4	57.5	56.0
North America	18.2	22.6	19.2	21.7	18.5	14.4	15.4	19.1
Other markets	25.6	27.4	19.8	16.1	21.1	17.6	21.9	15.0
Group total	196.4	190.1	179.9	170.1	180.5	180.2	172.8	162.5

Business reviews

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	Q2/09	Q2/08	Change %	Q1–Q2/09	Q1–Q2/08	Change %	2008
Net sales	185.9	168.5	+10.4%	364.8	337.0	+8.3%	667.6
Operating profit	51.6	45.7	+12.8%	108.5	108.8	-0.3%	188.5
% of net sales	27.8%	27.2%		29.7%	32.3%		28.2%
R&D expenses	23.4	22.6	+3.6%	46.1	42.0	+9.8%	85.4
% of net sales	12.6%	13.4%		12.6%	12.5%		12.8%
Capital expenditure	33.7	20.5	+64.3%	39.0	29.5	+32.0%	53.3
% of net sales	18.1%	12.2%		10.7%	8.8%		8.0%
Sales revenue from proprietary products	88.1	78.9	+11.6%	175.7	156.5	+12.3%	307.5
Personnel at the end of the period				2,960	3,033	-2.4%	2,995

NET SALES OF ORION'S TOP 10 PHARMACEUTICAL PRODUCTS

EUR million	Q2/09	Q2/08	Change %	Q1–Q2/09	Q1–Q2/08	Change %	2008
Stalevo® (Parkinson's disease)	42.2	37.8	+11.7%	84.7	72.6	+16.7%	141.0
Comtess® / Comtan® (Parkinson's disease)	18.9	15.1	+25.0%	38.6	32.6	+18.3%	67.4
Easyhaler® product family (asthma, COPD)	6.2	6.2	-0.1%	12.6	10.7	+17.7%	22.2
Simdax® (heart failure)	8.6	4.8	+80.0%	11.4	9.5	+20.3%	17.3
Burana® (inflammatory pain)	4.6	4.1	+12.1%	9.1	9.3	-1.6%	19.4
Domitor®, Dexdomitor®, Domosedan® and Antisedan® (animal sedatives)	3.5	6.6	-46.7%	8.4	14.0	-39.7%	24.6
Divina® range (menopausal symptoms)	3.6	4.1	-13.3%	7.1	7.5	-5.7%	14.7
Precedex® (sedative for patients in intensive care)	2.7	1.8	+50.2%	6.8	4.3	+58.0%	9.6
Fareston® (breast cancer)	2.4	2.5	-2.9%	6.2	5.3	+15.4%	10.5
Enanton® (prostate cancer)	3.1	3.3	-4.9%	6.1	6.5	-6.8%	12.7
Total	95.8	86.3	+11.0%	190.9	172.3	+10.8%	339.7
Share of pharmaceutical net sales	52%	51%		52%	51%		51%

KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	Q2/09	Q2/08	Change %	Q1–Q2/09	Q1–Q2/08	Change %	2008
Net sales	11.0	12.6	-12.9%	22.6	24.7	-8.5%	45.0
Operating profit	1.1	2.5	-57.1%	3.3	4.9	-31.9%	6.1
% of net sales	10.0%	20.2%		14.7%	19.8%		13.6%
Capital expenditure	0.6	1.3	-52.5%	0.9	1.4	-36.8%	2.8
% of net sales	5.5%	10.0%		4.0%	5.7%		6.2%
Personnel at the end of the period				296	290	+2.0%	287

Information on Orion's shares

BASIC SHARE INFORMATION

30 June 2009	Share A	Share B	Total
ISIN code	FI0009014369	FI0009014377	
Trading code on NASDAQ OMX Helsinki	ORNAV	ORNBV	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	33.6	58.6	92.2
Counter book value of the share, EUR	0.65	0.65	
Total number of shares	51,440,668	89,817,160	141,257,828
% of total share stock	36%	64%	100%
Number of treasury shares		280,030	280,030
Total number of shares excluding treasury shares	51,440,668	89,537,130	140,977,798
Minimum number of shares			1
Maximum number of shares	500,000,000	1,000,000,000	1,000,000,000
Votes per share	20	1	
Number of votes excluding treasury shares	1,028,813,360	89,537,130	1,118,350,490
% of total votes	92%	8%	100%
Total number of shareholders	15,269	31,970	47,239

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

INFORMATION ON TRADING

1 January–30 June 2009	Share A	Share B	Total
Shares traded	1,102,133	47,300,722	48,402,855
% of the total number of shares	2.1%	52.8%	34.3%
Trading volume, EUR million	12.9	557.9	570.8
Closing quotation on 2 Jan 2009, EUR	12.55	12.63	
Lowest quotation, EUR (A and B, 30 Mar 2009)	10.42	10.35	
Average quotation, EUR	11.73	11.80	
Highest quotation, EUR (A and B, 30 Jan 2009)	13.95	13.98	
Closing quotation on 30 Jun 2009, EUR	11.18	11.17	
Market capitalisation on 30 Jun 2009 excluding treasury shares, EUR million	575.1	1,000.1	1,575.2

PERFORMANCE PER SHARE

	Q2/09	Q2/08	Change %	Q1–Q2/09	Q1–Q2/08	Change %	2008
Earnings per share, EUR	0.26	0.23	+10.3%	0.55	0.57	-2.2%	0.97
Cash flow per share before financial items, EUR	0.11	0.18	-40.4%	0.35	0.25	+42.3%	0.66
Equity per share, EUR				2.58	2.60	-0.5%	2.97
Average number of shares excluding treasury shares, 1,000 shares	140,978	140,933		140,962	141,073		141,003

Appendices

Orion Group structure

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

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

Accounting policies

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

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

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

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

The policies and calculation methods applied during the period are available on the Orion website at <http://orion.fi/en/Investors/>.

The figures in this Interim Report have not been audited.

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

CALCULATION OF THE KEY FIGURES

Return on capital employed (ROCE), %	=	$\frac{\text{Profit before taxes + interest and other finance expenses}}{\text{Total assets - non-interest-bearing liabilities, average during the period}}$	x 100
Return on equity (ROE), %	=	$\frac{\text{Profit for the period}}{\text{Equity total, average during the period}}$	x 100
Equity ratio, %	=	$\frac{\text{Equity}}{\text{Total assets – advances received}}$	x 100
Gearing, %	=	$\frac{\text{Interest-bearing liabilities – Cash and cash equivalents}}{\text{Equity}}$	x 100
Earnings per share, EUR	=	$\frac{\text{Profit available for the parent company shareholders}}{\text{Average number of shares during the period excluding treasury shares}}$	
Cash flow per share before financial items, EUR	=	$\frac{\text{Operating cash flow + investment cash flow}}{\text{Average number of shares during the period excluding treasury shares}}$	
Equity per share, EUR	=	$\frac{\text{Equity of the parent company shareholders}}{\text{Number of shares at the end of the period excluding treasury shares}}$	
Average price of share, EUR	=	$\frac{\text{Total EUR value of shares traded}}{\text{Average number of traded shares during the period}}$	
Market capitalisation, EUR million	=	Number of shares at the end of the period x Closing quotation of the period	

ADJUSTED KEY FIGURES

	Q2/08 Earlier reported	Q2/08 Adjusted	Q1–Q2/08 Earlier reported	Q1–Q2/08 Adjusted	2008 Earlier reported	2008 Adjusted
Gross profit, EUR million	120.6	117.7	252.6	244.5	480.8	467.4
R&D expenses, EUR million	27.1	23.7	50.8	44.2	103.4	90.0
% of net sales	15.1%	13.1%	14.0%	12.2%	14.5%	12.7%
Net sales Proprietary Products, EUR million	71.0	70.1	144.3	140.5	284.7	278.1
Net sales Specialty Products, EUR million	62.2	63.1	126.0	129.6	254.0	260.5

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

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

The Group's net sales in 2008 amounted to EUR 711 million. The company invested EUR 90 million in research and development. At the end of 2008, the Group had a total of 3,300 employees, of whom 2,700 worked in Finland and 600 in other European countries. Orion's Shares A and B are both listed on the NASDAQ OMX Helsinki.