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## Annual General Meeting

The Annual General Meeting of Orion Corporation will be held on Monday, April 24, 1995 at 5.00 p.m. in the company's pharmaceutical plant at Mankkaa, in Espoo, street address Orionintie 1. The registration period will close at 5.00 p.m. on Wednesday, April 19, 1995.

## Payment of Dividends

If the Annual General Meeting approves the Board of Directors' proposal for distribution of the profits for the fiscal period that ended on December 31, 1994, a dividend of FIM 3.00 per share shall be paid to Orion Corporation shareholders entered in the shareholders' register kept by the Central Share Register of Finland Co-Operative on the record date, i.e. April 28, 1995. Thus, shares acquired not later than April 24, 1995 entitle the shareholder to full dividends for 1994. The date for payment of dividends is May 4, 1995.

## Financial Information

Orion Corporation will publish the following financial reviews in 1995:

Preliminary Estimates on the Financial Statements for 1994 .....	March 1, 1995
The Main Points of the Financial Statements for 1994 ..	March 7, 1995
Annual Report (in Finnish and in English) .....	March 31, 1995
Interim Report on the first 4 months of 1995 .....	June 14, 1995
Interim Report on the first 8 months of 1995 .....	October 12, 1995

The reviews are published in Finnish and in English. Copies may be ordered from Orion Corporation, Central Administration, Corporate Communications, P.O.Box 65, 02101 Espoo, Finland, or by calling tel. +358 0 429 3504.

# The Orion Group in 1994

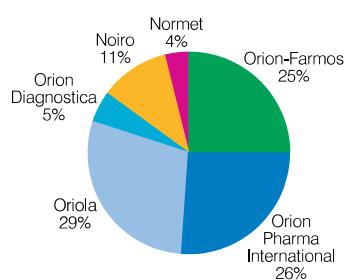
## Highlights

- International operations grew substantially and the strategy for nearby markets was consolidated.
- A global licensing agreement was signed with Abbot Laboratories concerning an anesthetic dexmedetomidine developed by Orion-Farmos.
- Instrumentarium Oy became an associated company of the Orion Group through further acquisition of shares. Substantial holding in Oy Tamro Ab was acquired.
- Measures were taken to have the company's shares listed on the Helsinki Stock Exchange during the spring of 1995.

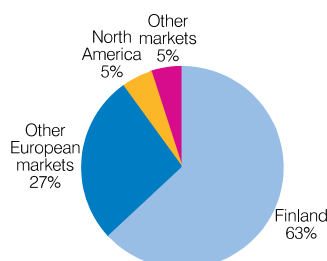
## Key indicators

FIM million	1994	1993	Change %
Net sales	<b>3 856</b>	3 600	+7.1
International operations	<b>1 415</b>	1 241	+14.1
% of net sales	<b>36.7%</b>	34.5%	
Operating profit	<b>584</b>	554	
% of net sales	<b>15.1%</b>	15.4%	
Profit before extraordinary items	<b>631</b>	582	
% of net sales	<b>16.4%</b>	16.2%	
Balance Sheet total	<b>5 066</b>	4 857	
Earnings per share (adjusted), FIM	<b>8.96</b>	8.04	
Dividend per share (adjusted)	<b>33.5%</b>	29.8%	
Return on invested capital before extraordinary items and taxes	<b>16.6%</b>	17.2%	
Return on equity	<b>12.7%</b>	12.9%	
Solvency ratio	<b>73.0%</b>	69.2%	
Personnel	<b>5 092</b>	5 029	

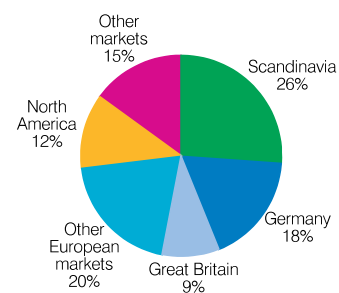
**Net sales by division**



**Net sales by market area**



**International operations by market area**



## President's Review

Strong, export-driven economic growth continued in Finland during 1994. The competitiveness built up over the last few years by Finnish industry through strategic choices, restructuring and radical cost cuts has weathered the environmental change caused by a stronger markka. Further growth, however, will soon be hampered by a shortage of capacity in the traditional export sectors.

Success in the export sector has not yet brought significant relief in unemployment nor will it do so rapidly. The approaching parliamentary elections and the prevailing political deadlock continue to hinder fiscal reform and the resulting uncertainty about the future readily disrupts the financial market and discourages business – particularly SMEs – from undertaking investment projects.

Closer cooperation with companies operating in the health care sector and collaboration between research, training and various official bodies could provide increased potential for developing new business and employing skilled personnel. Orion has taken the initiative in this area, for example by launching a public affairs campaign called *The Patient Comes First*.

The Orion Group fared rather well in 1994. Net sales grew by 7.1% and rose to nearly FIM 3.9 billion. International operations in pharmaceuticals, diagnostics and detergents and cosmetics made the principal contribution to the increase. The Orion Group's profit before extraordinary items amounted to FIM 631 million, which represented an improvement of FIM 49 million from the previous year. The Group paid FIM 183 million in taxes. The profit per share was FIM 8.96 compared with FIM 8.04 the previous year. Growth in international operations, synergy in the pharmaceutical business arising from the merger of the operations of Orion and Famos, and a favorable cost trend were the factors behind the rise trend in profits.

Gross investment by the Group totaled

FIM 244 million, of which investment in shares amounted to FIM 94 million. Shares were acquired primarily in Instrumentarium Oy and Oy Tamro Ab. In fact, Instrumentarium became an associated company of the Orion Group during the year. Expenditure on research and product development before financial contributions was FIM 311 million, in which the increase from the previous year is 14%. In September 1994 a licensing agreement was signed with Abbott Laboratories of the United States concerning the anesthetic dexmedetomidine. This will increase Orion's scope to invest in other projects and assure the optimum research and marketing effort for dexmedetomidine in the future. A strong effort in international marketing continued.

The Board of Directors of Orion Corporation decided on December 7, 1994 to apply for listing of both share series on the Helsinki Stock Exchange in spring 1995. Listing will not involve a share issue nor other measures related to the shares. Thus the process of listing, which has lasted several years, will now be concluded.

At the beginning of 1995 the Orion Group and its entire personnel were grieved by the sudden loss of the Chairman of the Board, Reino Salonen, who died on January 2, 1995. Reino Salonen worked for Orion from 1968 until his death, and his role in the operations of the Group was crucial. Orion's structure, strategies and modes of operation were developed under Salonen's steady guidance in the 1970s and '80s. His interest focused on research and internationalization, which he followed actively until his death. Salonen made a particularly valuable contribution by virtue of the trust placed in him by shareholders; in this capacity he took forceful and determined action on numerous occasions.

The prospects for 1995 on the Finnish market will be affected by the economic policy chosen by the new government

taking office after the elections. The choices available in the difficult economic situation will be limited, and therefore the Orion Group has only modest expectations from the Finnish market.

The potential for international growth is substantially better, although it varies from market to market. The breast cancer drug Fareston gained market authorization in Japan at the beginning of 1995; Divitren, which is intended for women's hormone replacement therapy, obtained authorization on the UK market.

The Group's net sales in 1995 are expected to grow at approximately the 1994 rate, and profits will probably increase accordingly, in light of the information available today. Investments of FIM 320 million are planned for research and development and FIM 220 million for fixed assets.

I would like at this point to express my warmest gratitude to the customers, personnel, shareholders, partners and administration of Orion Corporation. The financial results were somewhat better than expected and we achieved them under rapidly changing conditions. By developing creativity, enterprise and cooperation across internal boundaries I believe we will have even greater success in the future.

Espoo, March 4, 1995

Aatto Prihti

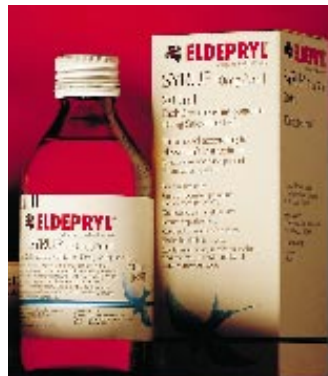
# The Orion Group

The Orion Group is the leading company in the Finnish health care sector. Moreover, it is seeking a substantial role in pharmaceuticals and diagnostics in Europe and in pharmaceutical wholesaling in the Baltic states.

Goal-oriented innovation, growth on international markets – starting with those in neighboring areas – in narrow product sectors and sound profitability are the main objectives of Orion Group's divisions.

The divisions, which devise their own strategy and operate independently, constitute the foundation for the Group's business operations.

The Group's main line of operations, the health care sector, accounts for 85% of net sales. The pharmaceuticals industry accounts for 51% of Group net sales, while Oriola and Orion Diagnostica together account for the rest of the health care sector.



## Divisions of the Orion Group

### HEALTH CARE

**Orion Pharma** comprises Orion-Farmos, which operates on the domestic market, and Orion Pharma International, which concentrates on international operations.

#### Orion-Farmos

is Finland's leading manufacturer and marketer of pharmaceuticals with a 27% market share of the domestic pharmaceutical specialities. Its product range encompasses most of the principal drug groups and a selection of drugs vital to small therapy areas. Prescription drugs are marketed by Lääketehtäas Orion, Lääkefarmos and Medipolar, while Orion-Farmos OTC markets over-the-counter drugs.



#### Orion Pharma International

concentrates on the export of pharmaceuticals and bulk drug substances and on international operations. The division includes Fermion, a manufacturer of drug substances, and the Animal Health division. The products of Orion Pharma International are marketed through subsidiaries and a network of representatives in an increasing number of countries. It has subsidiaries in Sweden, Denmark, Norway, Germany, Switzerland, Hungary, and Ireland. International operations account for nearly 50% of the total sales of Orion Pharma.



#### Oriola

is a comprehensive wholesaler and distributor serving the health care sector, providing logistics services for foreign pharmaceutical companies, its own units and their principals, and for the health care divisions of the Orion Group. Its market share of pharmaceuticals distribution in Finland is 40%. In addition, Oriola imports and services health care equipment and supplies. It also produces dental care equipment for the international market. Oriola has subsidiaries in the Baltic states and in the USA.





COSMETICS AND DETERGENTS

ENGINEERING

**Orion Diagnostica**

develops, produces, and markets tests and test systems. Its operations are concentrated on diagnosis of infectious diseases and on protein, hormone and bone metabolism assays. International operations account for 80% of Orion Diagnostica's net sales. In Scandinavia and the USA its products are marketed by subsidiaries.



**Noiro**

develops, manufactures, imports and markets products for personal care and daily needs, cosmetics, hair dressing products, and products for hospital hygiene, as well as for institutional cleaning and hygiene. Its export operations concentrate on markets near Finland: Scandinavia, the Baltics, Russia, and Poland.



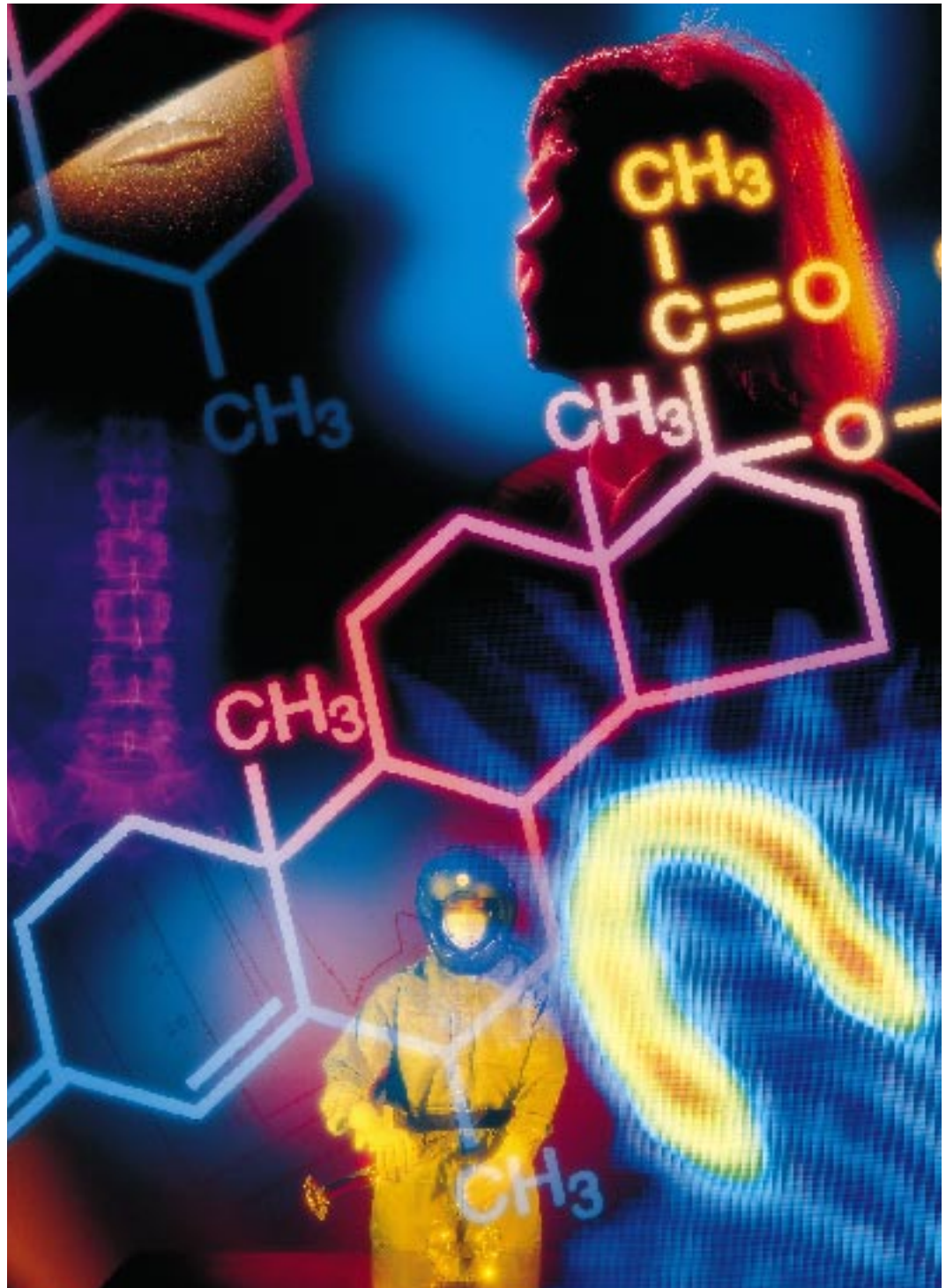
**Normet**

develops, produces underground vehicles and equipment for mining and tunneling, and vehicles and equipment for mechanized timber handling and logging, marketed world-wide. Its main lines of operation include drill carriers and equipped support vehicles for mining and tunneling and for rock engineering. International operations, including indirect exports, amounted to more than 90% of net sales.



Hormone replacement therapy (HRT) products are forming an increasingly important product family. This is because of the growing awareness of the beneficial long-term effects of HRT, for instance, in the prevention of osteoporosis and cardiovascular disease.

The most recent addition to the family is Divigel, developed by Orion-Farmos and launched in Finland in 1994. Divigel is an estradiol gel that is applied to the skin. Registration for Divigel is now pending in many European countries.



# Orion Pharma

FIM million	1994	1993	Change-%
<b>Net sales</b>	<b>2005</b>	1854	+8.2
<b>Exports and subsidiaries abroad</b>	<b>954</b>	789	+20.9
<b>– Share of net sales</b>	<b>47.6%</b>	42.6%	
<b>Exports from Finland</b>	<b>610</b>	479	+27.3
<b>R&amp;D expenditure</b>	<b>278</b>	241	+15.2
<b>Operating profit</b>	<b>419</b>	377	+11.0
<b>Investments</b>	<b>101</b>	114	
<b>Personnel</b>	<b>2705</b>	2689	
<b>Profitability: Very satisfactory</b>			
<b>Share of Group net sales 51%</b>			

Orion Pharma researches, develops, manufactures, and markets pharmaceuticals, bulk drug substances, and related products for the prevention and treatment of illness.

Orion Pharma comprises the following divisions and subsidiaries: Orion Corporation Orion-Farmos, Orion Corporation Orion Pharma International, Orion Corporation Fermion, Hiven Oy, Suomen Rohdos Oy, Orion Pharma AB, Sweden, Ercopharm A/S, Denmark, Orion Pharma A/S, Norway, Orion Pharma GmbH, Germany, Interiorion AG, Switzerland, Orion Pharma AG, Switzerland, Finorion Kft, Hungary, Orion-Farmos Inc., USA, Deprenyl Research Ltd., UK, and Orion Pharma (Ireland) Ltd, Ireland.

Orion Pharma net sales totaled FIM 2,005 million; growth from the previous year was 8.2%. Profitability improved primarily due to international operations and exceeded the budgeted figure. Orion-Farmos operates on the domestic market and Orion Pharma International on international markets.

## Pharmaceutical research and product development

The R&D focus areas are neurology, cancer, cardiac insufficiency, asthma, and the treatment of menopausal symptoms.

**Fareston**, an antiestrogen for the treatment of breast cancer, was filed for market authorization in Europe and the United States. The product has obtained market authorization in Finland, Sweden, and Japan. Marketing agreements have been concluded with Nippon Kayaku in Japan, Asta

Medica in central Europe and Schering Plough in southern Europe, the Americas and certain other countries.

**Entacapone**, a COMT enzyme inhibitor, is under development for the treatment of Parkinson's disease and presently undergoing Phase III clinical trials in the Nordic countries and North America. The studies are progressing well.

Injectable **Levosimendan** for the treatment of acute cardiac insufficiency is currently under phase II clinical trials and the phase III trials are about to begin. The tablet formulation for chronic heart failure is in the preclinical phase.

The Nitecapone program for the treatment of gastric and duodenal ulcer was discontinued due to lack of efficacy.

A licensing agreement was concluded with Abbott Laboratories relating to **dexmedetomidine**, an alpha-2 agonist as an anesthetic product. Abbott Laboratories has worldwide rights to further develop and market dexmedetomidine, except in the Nordic countries. The product is now undergoing Phase III clinical studies.

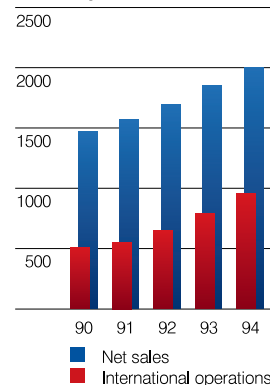
**Beclomet Easyhaler**, a non-freon asthma drug, obtained marketing authorization in Finland. Further phase III clinical trials to obtain market authorization in Europe for salbutamol and beclomethasone are ongoing.

The hormone replacement therapy product range was further developed. **Divina** is already on the market and **Divitren** and **Divigel**, a topical formulation of estrogen, are currently under registration in several European countries.

Research and development accounted for 16.7% of the net sales of Orion Pharma's pharmaceutical preparations and employed a staff of 708 persons.

17 applications for market authorization were filed in Finland and 32 authorizations were granted; 244 applications were filed abroad and 70 authorizations were granted.

**Orion Pharma**  
FIM million



## Orion-Farmos

### The business environment of the Finnish pharmaceutical industry

Substantial cost cuts have been made in the Finnish health care sector and the total health care bill levelled off for the first time in decades. However, the efficiency of the health care infrastructure and related organizations must be further increased in the forthcoming years to correspond to the financial realities.

The significance of out-patient care will continue to grow at the expense of institutional care, so there will be a need for effective modern pharmaceuticals. Pharmaceuticals will probably continue to account for a good 10% of overall health care costs, i.e. the present level.

Changes in 1992–1994 due to reduced health insurance reimbursements and to the elimination of tax deductibility for the cost of pharmaceuticals have caused consumers FIM 1.2 billion in additional expenses. Consequently, only 45% of the drug bill is reimbursed to patients, compared with a much higher level in most other European countries. This policy clearly has a negative effect

on patient compliance, thus jeopardizing the whole purpose of drug therapy.

The prices of pharmaceuticals have lagged behind general cost increases. From 1990 to 1993, the prices rose a total of only 7%, while the overall price increase was around 12%.

### The position of Orion-Farmos on the Finnish pharmaceutical market

The Finnish pharmaceutical market in 1994 was FIM 4,262 billion, an increase from the previous year of 7.8%. The increase was due to the higher cost of new products.

Growth in pharmacy sales was around 8%, while the growth rate for hospital sales was more rapid – around 18% – due to the increase in expensive new pharmaceuticals. OTC sales at pharmacies remained on the previous year's level. No new switches from prescription to OTC were made.

Orion-Farmos products are marketed by Orion Pharmaceutica, Lääkefarmos, Medipolar and Orion-Farmos OTC.

**Burana, the leading pain-relief series, was expanded during the year with some important new additions. Bura-C and Buracaps are meant largely for self-medication.**

**President  
Matti Lievonen**





Orion-Farmos net sales amounted to FIM 983 million, a decline of 1.2% from the previous year and a clear decrease in market share. One reason for this was the termination of the Janssen Pharmaceutica agency and the slower than average growth in the total antibiotics and OTC market segments.

Orion-Farmos' major new products performed well on the market, contributing to the rapid increase in the company's market share for these products, and allowing it to maintain its market position.

#### **Prescription products**

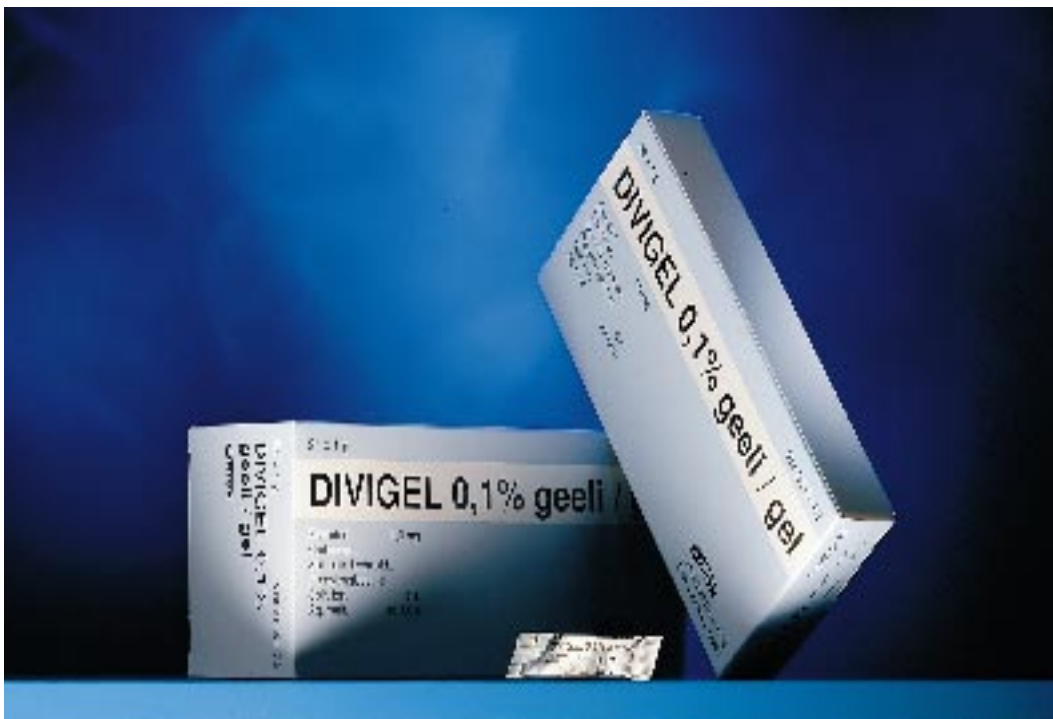
Sales of antimicrobials for outpatient care declined by approx. 6% from the previous year. Orion-Farmos maintained its strong market position in this segment. In hospital antibiotics, the position of Orion-Farmos strengthened significantly, thanks to the launch of the cephalosporin product Kefurion and the vancomycin product Orivan, at the end of the year.

Sales of cardiovascular pharmaceuticals

lagged behind growth in the overall market. Orion-Farmos' high market share was maintained. Substantial marketing efforts were focused on new products, including Cardiol, which will strengthen the company's future market position. The lipid lowering agent Lovacol and the ACE inhibitor Lisipril also recorded strong growth. Sales of older products, including Dilzem and Furesis, were consistent with the steady trends in their product segments.

Sales of the new antidepressants continued to grow. Seronil, which has been on the market since the middle of 1993, became the third largest product in its segment. Orion-Farmos' position in the neurology segment is strong, and Eldepryl, for example, continues its steady growth.

In other therapy segments, the emphasis has been on cancer drugs, on the gastric ulcer drug Lanzo, and on the company's own innovations Easyhaler and Divigel. In pain relievers, the market share rose to nearly 40% and Burana remains the market leader.



**Divigel has had a favorable reception among both specialists and general practitioners. The instructions for application are easy to follow and the cosmetic effect is pleasing.**

The market share in hospital sales was maintained, although this meant substantial price reductions, especially for large volume parenterals.

**OTC products**

Orion-Farmos' position in OTC products remained steady, with the exception of multivitamin preparations, where our market share decreased.

The market share of Burana, Ketorin and Disperin remained constant. Bura-C for the common cold was launched at the end of the year, supporting the strong market position.

The antifungals range was particularly successful. The antioxidant preparation Karole-Forte, which has encountered keen competition, held its own. The dermatological range was modernized.

**Sales of pharmaceutical specialities in Finland (wholesale value)**

	1994		1993		Change %
	FIM million	Market-share %	FIM million	Market share %	
Orion Group	<b>1 142</b>	<b>26.8</b>	1 155	29.2	- 1.1
Other Finnish manufacturers	<b>452</b>	<b>10.6</b>	437	11.1	+ 3.4
Finnish manufacturers total	<b>1 594</b>	<b>37.4</b>	1 592	40.3	+ 0.1
Foreign manufacturers	<b>2 668</b>	<b>62.6</b>	2 362	59.7	+ 12.9
Total	<b>4 262</b>	<b>100.0</b>	3 954	100.0	+ 7.8

**The prognosis of a cardiovascular disease can be improved significantly by correcting lipid disorders. Statines such as Lovacol (lovastatin) are often the first choice.**



# Orion Pharma International

## The international pharmaceutical environment

Drastic changes took place in the world pharmaceutical market in 1994. Health care, and especially the cost of pharmaceuticals, remained subject to public sector saving campaigns almost everywhere. Although there was some limited growth on the world pharmaceutical market, it was not adequate to meet the needs of an ageing population and the opportunities provided by new treatments. According to IMS statistics, the world pharmaceutical market was USD 234.0 billion in 1993, with 6% growth from the previous year. The EU, North America and Japan accounted for 85% of the world pharmaceutical market.

## Orion Pharma International

Orion Pharma International's basic business area is the international pharmaceutical market. The division also includes Fermion, a pharmaceutical bulk manufacturer, and the Animal Health Division.

Net sales by Orion Pharma International were

FIM 1,060 million, with FIM 939 million representing international turnover and FIM 121 million net sales in Finland, mainly in the Animal Health sector. Net sales rose by 18% from the previous year. Unfavorable exchange rates and keen price competition curbed the growth of Orion Pharma International.

Sales of pharmaceutical preparations amounted to FIM 726 million, with 16% growth. Orion Pharma International's most important export products are Eldepryl® (Movergan®, Deprenyl®, Plurimen®), for the treatment of Parkinson's disease; Beclomet® (Ventzone®), an anti-asthmatic agent; Divina® (Dilena®, Divina®, Procyclo®, Sisare®), a hormone preparation; Cardil®, a calcium antagonist; Bonyl® (Pronaxen®), an anti-inflammatory analgesic; Deprakine® (Ergenyl®), an antiepileptic agent; and Aciloc®, a gastric ulcer medicine. The major markets were Denmark, Germany, Sweden, France and Great Britain. Exports to Russia, which have been declining for the last few years, again rose to a significant level.



**The incidence of Parkinson's disease is growing in modern society. Eldepryl® (Movergan Deprenyl) gives patients a better quality of life.**

**President  
Jukka Hyppölä**



The Danish subsidiary **Ercopharm A/S** recorded net sales of DKK 247 million and 9.5% growth. Ercopharm A/S held an around 3% share of Danish pharmaceutical market. This market was unstable and Ercopharm A/S did not quite reach its targets.

The German subsidiary **Orion Pharma GmbH** continued to grow briskly. Alongside the very successful Beclomet sales program, Procylo (Divina) was launched in the summer and marketing of Movergan (Eldepryl) began at the end of the year. Net sales were DEM 46 million and growth 93%. Significant investments were made in the field sales network.

The Swedish subsidiary, whose name was changed to **Orion Pharma AB**, recorded a satisfactory performance in its own product segments. Net sales were SEK 106 million and growth 5.9%. Its market share in Sweden was around 1%. Market authorization was granted during the year for Trivina (Divitren) and Fareston preparations.

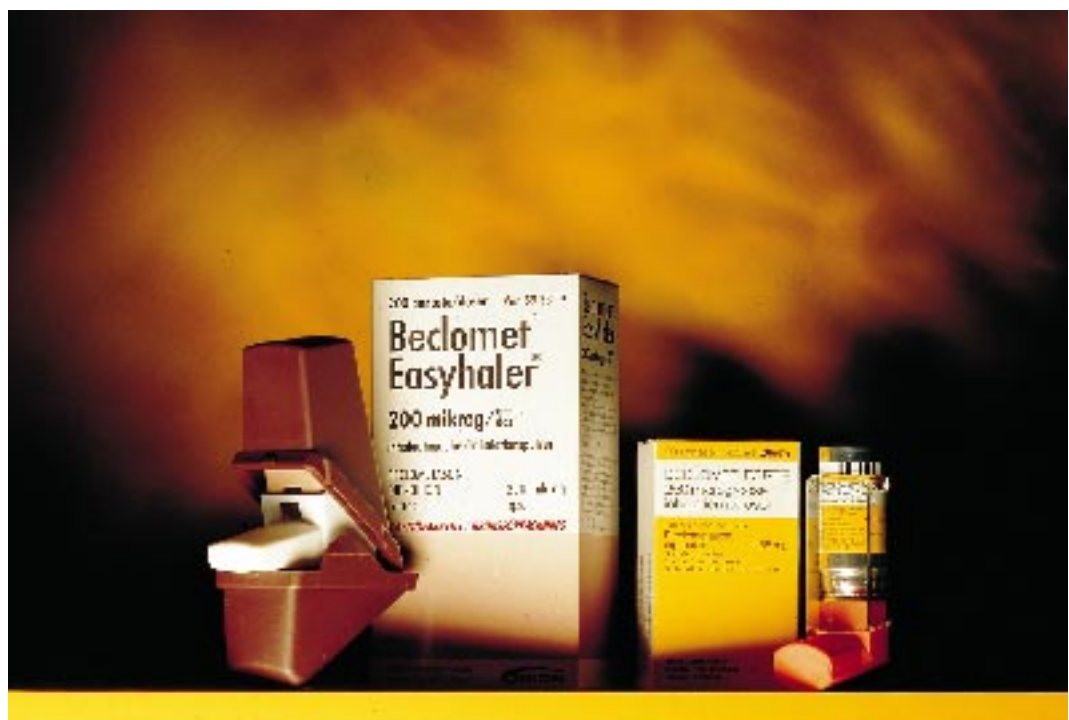
**Orion Pharma AS**, Norway, recorded net

sales of NOK 21.9 million during its first full year of operations. The Moscow office was strengthened, and personnel were hired in the Czech Republic, Slovakia, Bulgaria and Latvia. Operations in Estonia are already well established and progress was good, considering the size of the market.

**Orion Pharma AG** in Switzerland and **Finorion Kft** in Hungary did not fully achieve their targets during the year. The marketing company Orion Pharma (Ireland) Ltd. began operations at the end of the year.

Orion products were marketed in the important French and UK markets in cooperation with partners. Our own subsidiary companies with active field forces take care of the marketing of our products in an increasing number of countries. These investments have not only increased the cash in -flow but also the overall marketing costs. To optimize its business opportunities, Orion has also made co-marketing arrangements on some markets, e.g. with N.V. Organon for its HRT products (Divina, Divitren, Divigel).

**Orion has developed Easyhaler, a new multi-dose powder inhaler, in response to the ban on freon-based aerosols.**



### **Fermion**

The market for bulk drug substances reflects that for finished pharmaceutical preparations. For Europe, this meant stable sales volumes and falling prices. The trend in our selected sectors in the North American market was good. Net sales by Fermion were FIM 223 million and growth was 29.7% from the previous year.

Exports accounted for 86% of net sales. Litigation in the USA concerning an alleged infringement of a process patent covering the manufacture of diltiazem continued, although a very encouraging interim ruling for Fermion was issued on February 1, 1995. The main products are diltiazem, verapamil, trazodon, and methotrexate. The main markets were in the USA, Germany, the UK, and France.

### **Animal Health**

The overall market for livestock drugs in Finland continued to decline, although total sales of Orion-Farmos veterinary drugs expanded. Sales of drugs for small animals grew substantially.



In the pharmaceutical sector, antimicrobials strengthened most; the increase was more than 10%. Ivomec, a drug for external and internal parasites, is the best-selling veterinary drug in Finland. Domitor, Domosedan and Antisedan are market leaders in their sectors.

Net sales by **Hiven Oy** increased by 5.3% over the previous year. Sales of stomach and intestinal products increased substantially. Sales to the fur sector also increased significantly.

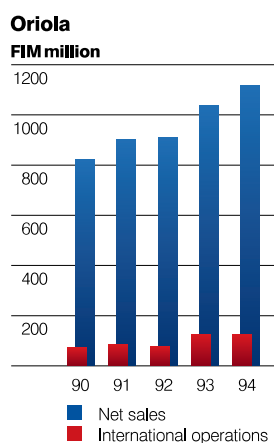
Exports of veterinary drugs progressed favourably and the market share of our veterinary sedative grew. A new lyophilized powder form of Broilact, used in combating salmonella in poultry, was successfully launched.

### **Orion Pharma prospects for 1994**

The Finnish pharmaceutical market is expected to grow slightly. Orion-Farmos' sales are expected to be better than last year, thanks to new products. Net sales from international operations are expected to increase somewhat more slowly than last year. On the whole, the profitability of Orion Pharma is expected to improve slightly over the year under review.

**Diltiazem, a Fermion product, is one of the most widely used cardiological drugs in the world.**

# Oriola



FIM million	1994	1993	Change-%
<b>Net sales</b>	<b>1117</b>	1039	+7.6
<b>Exports and subsidiaries abroad</b>	<b>124</b>	126	-1.9
<b>- Share of net sales</b>	<b>11.1 %</b>	12.1 %	
<b>Exports from Finland</b>	<b>126</b>	121	+4.2
<b>R &amp; D expenditure</b>	<b>7</b>	6	+22.1
<b>Operating profit</b>	<b>104</b>	115	-9.1
<b>Investments</b>	<b>23</b>	15	
<b>Personnel</b>	<b>1041</b>	1024	
<b>Profitability: Very satisfactory</b>			
<b>Share of Group net sales 29 %</b>			

Oriola is a comprehensive wholesale, distribution, and marketing company. In addition, Oriola manufactures dental care equipment and markets it internationally.

The Oriola division consists of the following:

Oriola Oy, Panfarma Oy, Kuulolaitekeskus Oy, Orion Corporation Medion, Orion Corporation Soredex-Finndent, As Oriola, Estonia, Kompanija Oriola Riga SIA, Latvia, Suomijos akcines bendroves "Oriola Oy" filialas, Lithuania, Soredex-Finndent Inc., USA

Oriola's invoicing rose 4.5% in 1994 and amounted to FIM 2.3 billion. The pharmaceutical distribution services, Panfarma, Hammasväline and Medion were the most successful. Although Oriola's net sales grew slower than in 1993, they exceeded the targeted figures. Profitability declined slightly but surpassed the budgeted figure.

## Distribution and pharmaceutical wholesale sector

The sector's net sales in 1994 were FIM 611 million, showing growth of 20.6% from the previous year.

The **distribution** business is responsible for Oriola's materials management by producing logistical services for foreign pharmaceutical companies, for Oriola's own units and their principals, and for the health care divisions of the Orion Group. These services include international shipments, import and export forwarding, warehousing, order processing and distribution. The distribution business's quality system is included in that of Oriola and ISO 9002 certification will be

completed during 1995. In addition, Oriola's distribution business is building up a distribution system for health care products in the Baltics. Opportunities for growth in the Baltics are considered good.

The **pharmaceutical wholesale** business markets import, warehousing, and distribution services to domestic and foreign pharmaceuticals and health care companies. The division also serves its principals by providing them with the telemarketing and information services it has developed.

The favorable trend of previous years continued and the wholesale business further improved its market position in the distribution of veterinary pharmaceuticals and the products of foreign pharmaceutical companies. During 1994, Oriola became the distributor for 3M Pharma, Gambro, Dumex, Apolab, Boots, and Lab. Guerbet. The wholesale business signed a contract to commence distribution of Biofarm and Pfizer veterinary pharmaceuticals and Vogel health food products on January 1, 1995.

The wholesale business's market share of pharmaceuticals distribution was 40% in 1994.

The wholesale business also markets semi-medical products, bulk drug substances, hygiene products, cosmetics, detergents and related products, and general merchandise, primarily to pharmacies and the health care sector.

**Panfarma** sells marketing, registering and administration services to the international pharmaceuticals industry. Boehringer Ingelheim GmbH, Luitpold Pharma GmbH, Parke-Davis Scandinavia AB, and Allergologisk Laboratorium A/S are among Panfarma's cooperation partners.

Panfarma commenced operations in Estonia as a department of As Oriola. Operations are being expanded to the other Baltic States.

**Reformi-Keskus** has a wide and versatile range of health food products and is the market leader through most distribution channels. Sales of health food products declined some 5% from the previous year. Reformi-Keskus was able to maintain its market position.

## Medical and technical sector

The sector's net sales in 1994 were FIM 298 million. The comparable change from the previous

**President**  
**Seppo Morri**





**Oriola's distribution system is highly automated. The warehouse staff use a computer-controlled order collection system. In 1994 Oriola delivered approximately 10 million order items.**

year was -3.3%.

**Sairaalaväline**, the Hospital Department, markets examination, procedure, and care supplies, medical equipment, surgical instruments and implants, and equipment for eye and sight examination. The sale of lenses and frames for eyeglasses was terminated.

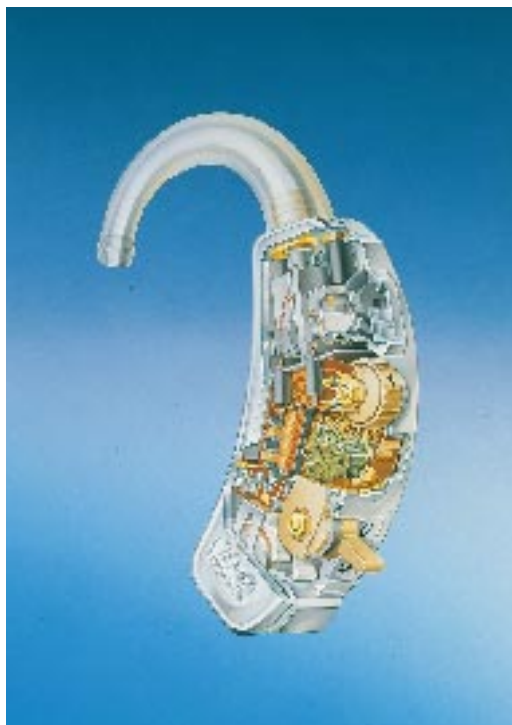
The total market picked up somewhat in 1994 and Hospital Departments sales showed an encouraging trend. The Department added Haag-Streit Group's operation microscopes to its range.

**Prolab's** primary product lines comprise analyzers and laboratory equipment and supplies, chemicals and reagents, and diagnostic products for hospital and outpatient care. Markets in the laboratory sector revived. Prolab increased its sales of analyzers and Boehringer Mannheim research reagents. Its product range was expanded



**The latest in the panoramic CRANEX 3+ series is an advanced panoramic x-ray unit with a wide range of diagnostic capabilities. With the patented Soredex patient positioning system and new head support system, together with a simple design, operation is easy and accurate.**

Today's programmable hearing aids made by the Swiss company PHONAK AB contain a microprocessor and memory. This allows separate adjustment for each situation.



by acquiring representation rights for WTB Binder Labortechnik's incubators.

**Kuulolaitekeskus** and **Apuväline Oriola** market hearing and visual aids, aids for the speech impaired, auxiliaries to assist mobility, and equipment for hearing and ear examinations.

Markets remained on the 1994 level. Kuulolaitekeskus maintained its leading position on the hearing and communication aids market and managed to increase its share on the market for auxiliaries to assist mobility. The product range was supplemented by the representation rights for Cochlear Ltd's inner ear implants.

**Medion** markets medical imaging and radiotherapy equipment, and infrared devices and materials testing equipment for industry. The market for imaging equipment grew substantially in 1994. Medion's operations developed favorably, concentrating especially on magnetic resonance imaging and angio equipment. The sawmill industry X-ray project proceeded as planned.

The **Graphic Arts Department** markets graphic arts materials and equipment produced by Du Pont. A clear upward trend began in 1994 in the sector.

#### **Dental care sector**

The sector's net sales in 1994 were FIM 211 million, an increase of 2.8% from the previous year.

**Hammasväline** increased its share of the dental care supplies and equipment market in Finland. Concentration on long-term co-operation with the world's leading equipment and supply manufacturers strengthened its leading position as a domestic distributor. The product range of TOP DENT private label products was supplemented.

**Soredex-Finndent** develops, manufactures, and markets dental X-ray equipment internationally. These include panoramic X-ray units for dental imaging, equipment for dento-maxillo-facial imaging, and a digital intra-oral imaging system. The unit also manufactures dental chairs and care units. Exports account for more than 90% at Soredex-Finndent. The main market areas are the USA, Germany, most of Western Europe and Russia.

Sales of Soredex-Finndent products increased substantially from the previous year. Its new products, the Quint 7000 dentist's care unit and the Digora imaging system had a favorable reception on the market.

#### **Prospects for 1995**

Oriola's net sales are expected to increase slightly. Growth is expected in the pharmaceuticals distribution sector, the Baltics, and in the dental care sector. Profitability is expected to improve slightly from the previous year.



# Orion Diagnostica

FIM million	1994	1993	Change-%
<b>Net sales</b>	<b>203</b>	178	+14.1
<b>Exports and subsidiaries abroad</b>	<b>159</b>	137	+16.2
<b>- Share of net sales</b>	<b>78.3 %</b>	76.8 %	
<b>Exports from Finland</b>	<b>88</b>	79	+10.7
<b>R &amp; D expenditure</b>	<b>16</b>	17	-7.7
<b>Operating profit</b>	<b>22</b>	11	+92.9
<b>Investments</b>	<b>8</b>	7	
<b>Personnel</b>	<b>383</b>	382	
<b>Profitability: Very satisfactory</b>			
<b>Share of Group net sales 5 %</b>			

Orion Diagnostica develops, manufactures, and markets tests and test systems mainly for use by clinical laboratories and private practitioners. Operations are concentrated on products for diagnosing infectious diseases, for specific protein assays and for hormone and bone metabolism assays.

The Orion Diagnostica division consists of the following:

Orion Corporation Orion Diagnostica, Orion Diagnostica AB, Sweden, Orion Diagnostica as, Norway, Orion Diagnostica Danmark A/S, Denmark, Orion Diagnostica Inc., USA.

Orion Diagnostica's net sales increased by 14%. International operations accounted for 78% of net sales. The main markets were Scandinavia, Central Europe, the USA, and Japan. Domestic sales of Orion Diagnostica products remained on the level of 1993.

Orion Diagnostica's profitability increased considerably from the previous year and reached the planned level.

Performance by the Scandinavian subsidiaries remained favorable and clearly exceeded growth and profit targets. The net sales and profitability of Orion Diagnostica Inc. improved from 1993 but still fell short of the targets.

## Product development and products

Launching in Scandinavia and Switzerland of the QuikRead CRP system for rapid quantitative assay of creative protein in whole blood samples was successful. Product development concentrated on assays for *Helicobacter pylori*, bone



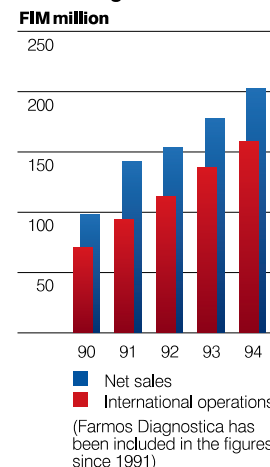
**Pyloriset Dry, the new addition to the Pyloriset product line, is a fast, specific and sensitive test for detection of *Helicobacter pylori* infections.**

metabolism, quantitative latex tests and new diagnostic markers. The following Spectria products were launched: FT4 for analyzing the functioning of the thyroid gland, Cortisol for analyzing the functioning of the adrenal gland, and LH, which is used for analyzing disturbances in fertility, puberty, and the pituitary gland. The following were also launched: an improved Delfia Ferritin product for detecting latent anemia, an improved RF test for follow-up of rheumatism patients, an Apo Reference Set for standardizing assays of apolipoprotein and Uricult Flerox for the follow-up of patients with urinary tract infections.

## Prospects for 1995

Growth in Orion Diagnostica's net sales is likely to slow from the 1994 level. Profitability is expected to increase.

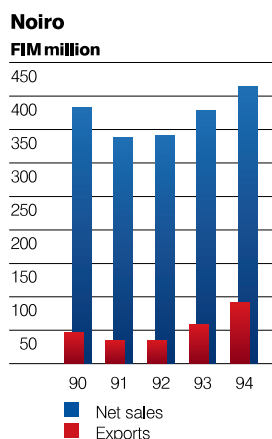
## Orion Diagnostica



## President Matti Vaehri



# Noiro



FIM million	1994	1993	Change-%
<b>Net sales</b>	<b>414</b>	378	+ 9.7
<b>Exports from Finland</b>	<b>91</b>	59	+ 55.1
<b>- Share of net sales</b>	<b>21.2 %</b>	14.6 %	
<b>Operating profit</b>	<b>47</b>	50	- 6.1
<b>Investments</b>	<b>12</b>	12	
<b>Personnel</b>	<b>650</b>	621	
<b>Profitability: Very satisfactory</b>			
<b>Share of Group net sales 11 %</b>			

Orion Corporation Noiro develops, manufactures, imports, and markets cosmetics, personal care and home care products, hairdressing products, and institutional cleaning and hygiene products.

The domestic market for cosmetics and detergents continued to decline. Noiro, however, was able to increase its sales, especially those of its own cosmetics and institutional products.

Noiro's exports grew considerably and its share of net sales reached 21%. The main market areas were Norway, Sweden, Denmark, England, Poland, the Czech Republic, Hungary, Estonia and Russia.

Noiro's net sales increased 9.7% from the previous year and exceeded the budgeted target. Profitability remained on the 1993 level and was slightly better than targeted.

## Personal care and home care products

The brands Herbina, Linna, Fii and Wella were the main personal care products. The favorable trend in exports of Herbina products offset the slower trend in domestic sales.

## Cosmetics and hairdressing products

Lumene, developed by Noiro, consolidated its leading position on the Finnish market, and exports of Lumene products increased satisfactorily. Noiro represents top brands of exclusive international cosmetics, such as Juvena, Van Gils, Piz Buin and Babor.

Noiro also represents the internationally acclaimed Wella and Kadus hairdressing products. Cutrin is a line of hairdressing products developed by Noiro itself.

## Institutional cleaning and hygiene products

Sales of the Erisan hospital hygiene department and the Farnos industrial hygiene department grew significantly, as did the cleaning products sales of the Kemiansalpa department.

## Prospects for 1995

Sales on the domestic market are expected to pick up and increase, enabling growth in net sales. Growth in exports to Finland's neighboring countries will be sought. Profitability is expected to improve slightly on the previous year.

**President**  
**Pekka Rautala**



**A sizable increase in exports of Herbina products was achieved. Sales of Herbina roll-on antiperspirants grew especially fast.**



# Normet

FIM million	1994	1993	Change-%
<b>Net sales</b>	<b>158</b>	184	-14.0
<b>Exports from Finland</b>	<b>111</b>	151	-26.5
<b>- Share of net sales</b>	<b>64.9 %</b>	75.3 %	
<b>Operating profit</b>	<b>20</b>	37	-47.3
<b>Investments</b>	<b>4</b>	5	
<b>Personnel</b>	<b>262</b>	261	
<b>Profitability: Very satisfactory</b>			
<b>Share of Group net sales 4 %</b>			

Orion Corporation Normet develops, manufactures, and markets vehicles and equipment for mining and tunneling, and for mechanized timber handling and logging. Demand for underground mining machinery revived towards the end of the year following a rise in metal prices.

Normet's net sales fell from the previous year, following major deliveries to Russia in 1992-93. Profitability was also lower and less than the budgeted figure.

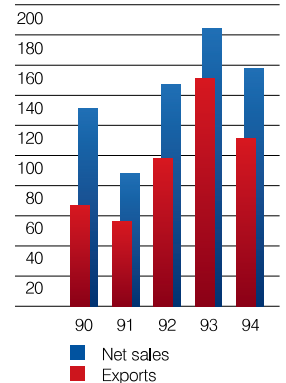
International operations, including indirect exports, accounted for over 90% of net sales.

Sales of Normet's tunneling equipment continued at the previous year's level in Alpine Europe and the Far East, and as to mining equipment increased in Africa and Australia. Sales of drill carriers, and timber handling and logging equipment increased on 1993.

### Prospects for 1995

Demand is expected to be good for all of Normet's product lines. Net sales are expected to return a growth track and profitability is expected to improve.

**Normet**  
FIM million



**Normet's international success is based on a strong customer-orientation and on the professional expertise of personnel.**

**President**  
**Seppo Kovalainen**



# Share Capital and Shares of Orion Corporation

## Share capital and shares

The share capital of Orion Corporation is FIM 499.8 million. Each share has a nominal value of FIM 10. Series A comprises 26,473,804 shares or 53% of the total number, series B 23,505,930 or 47%.

At general meetings each A share entitles the shareholder to twenty (20) votes and each B share to one (1) vote. Both A and B shares entitle the shareholder to the same rights with respect to company assets and dividends.

## Quotations and trading of shares

Orion Corporation shares are quoted on the

Brokers' List maintained by the Finnish Association of Securities Dealers. During the fiscal year shares totaling FIM 703.8 million were traded.

The volume of trade by share type amounted to 1,235,477 A shares (FIM 176.1 million) and 4,040,863 B shares (FIM 527.7 million).

The Board of Directors decided on December 7, 1994 to apply for listing on the Helsinki Stock Exchange during spring 1995, as decided by the general meeting on April 21, 1994. No share issue or any other measure pertaining to the shares will take place in connection with listing.

	1994	1993	1992	1991	1990
Share capital, FIM million	<b>499.8</b>	499.8	357.0	357.0	357.0
A shares	<b>264.7</b>	264.7	189.1	189.1	189.1
B shares	<b>235.1</b>	235.1	167.9	167.9	167.9
Market capitalization, FIM million on Dec. 31	<b>5 730.1</b>	7 238.4	4 267.4	2 480.6	5 125.9
Number of shares on Dec. 31					
A shares	<b>26 473 804</b>	26 473 804	18 909 856	18 909 882	18 909 894
B shares	<b>23 505 930</b>	23 505 930	16 789 948	16 789 948	16 789 948
Total	<b>49 979 734</b>	49 979 734	35 699 804	35 699 830	35 699 842
Number of shares (adjusted for share issue) at end of fiscal year					
A shares	<b>26 473 804</b>	26 473 804	26 473 798	26 473 835	26 473 852
B shares	<b>23 505 930</b>	23 505 930	23 505 927	23 505 927	23 505 927
	<b>49 979 734</b>	49 979 734	49 979 725	49 979 762	49 979 779
Share issues, FIM million					
Bonus issue	-	(5:2) 142.8	-	-	-
Rights issue	-	-	-	-	-
Targeted rights issue	-	0.0	-	-	-

## Dividends and yield

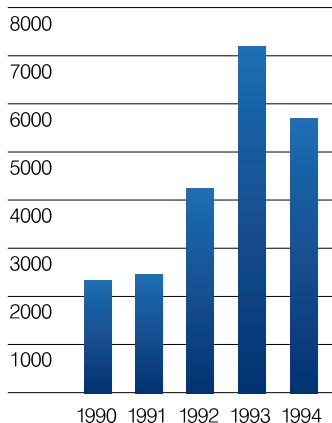
Total dividends, FIM million		<b>149.9*</b>	119.9	85.7	85.7	67.8
Dividend per share, FIM		<b>3.00*</b>	2.40	2.40	1.90+0.50	1.90
Adjusted dividend per share, FIM		<b>3.00*</b>	2.40	1.71	1.71	1.36
Adjusted yield, %	A	<b>2.6</b>	1.6	1.9	2.6	1.9
	B	<b>2.7</b>	1.7	2.2	5.6	7.0
Adjusted earnings per share, FIM		<b>8.96</b>	8.04	6.52	4.20	4.25
Adjusted dividend per earnings %		<b>33.48</b>	29.85	26.23	40.78	32.00
Adjusted shareholders' equity per share, FIM		<b>73.93</b>	67.17	59.24	54.53	51.03
Cash flow per share, FIM		<b>13.01</b>	13.68	10.87	8.86	7.82
Share price on Dec. 31, FIM	A	<b>117.00</b>	150.00	128.00	93.00	100.00
	B	<b>112.00</b>	139.00	110.00	43.00	27.00
Adjusted share price on Dec. 31, FIM	A	<b>117.00</b>	150.00	91.43	66.43	71.43
	B	<b>112.00</b>	139.00	78.57	30.71	19.29
Adjusted average share price	A	<b>142.52</b>	112.23	76.42	81.78	144.50
	B	<b>130.60</b>	98.52	54.75	27.66	24.02
Adjusted P/E ratio	A	<b>13.06</b>	18.66	14.02	15.80	16.80
	B	<b>12.50</b>	17.18	12.05	7.31	4.53

\*proposed

Formulas for calculating key indicators are on page 25

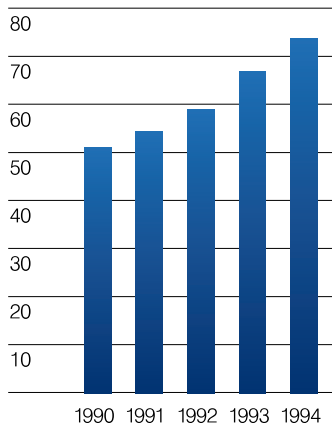
### Market capitalization on Dec. 31

FIM million



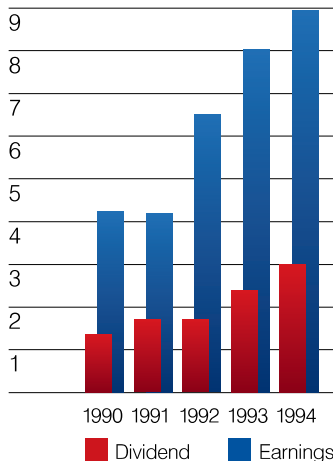
### Shareholders' equity

FIM



### Adjusted earnings and dividend per share

FIM



	1994	1993	1992	1991	1990
<b>Shareholders</b>	<b>19 563</b>	18 000	18 600	18 500	18 400

### Shareholders by group on Dec. 31, 1994

	Shareholders	% of shareholders	% of shares
Individuals	18 173	92.9	50.0
Associations and foundations	265	1.4	9.8
Corporations and partnerships	865	4.4	19.8
Banks, insurance companies, public entities	182	0.9	19.1
Foreign shareholders, incl. nominee registrations	78	0.4	1.0
<b>Total</b>	<b>19 563</b>	<b>100.0</b>	<b>99.7</b>
Shares not transferred to the book-entry securities system or not subscribed			0.3
			100.0

### Shareholders by number of shares held on Dec. 31, 1994

Shares	Shareholders	% of shareholders	Shares	% of shares
1-100	3 863	19.7	220 868	0.4
101-500	7 526	38.5	2 030 268	4.1
501-1000	3 429	17.5	2 511 270	5.0
1001-10000	4 289	21.9	11 475 404	23.0
10001-50000	335	1.7	6 631 752	13.3
50001-100000	52	0.3	3 569 095	7.1
over 100000	69	0.4	23 414 664	46.8
<b>Total</b>	<b>19 563</b>	<b>100.0</b>	<b>49 853 321</b>	<b>99.7</b>
Shares not transferred to the book-entry securities system or not subscribed			126 413	0.3
			49 979 734	100.0

### Major shareholders on March 6, 1995

	A shares	B shares	Total	% of shares	Votes	% of votes
1 Instrumentarium Group	2 166 906	453 330	2 620 236	5.2	43 791 450	7.9
2 Oriola Oy *						
(subsidiary of Orion Corp.)	1 752 292	0	1 752 292	3.5	35 045 840	6.3
3 Orion Corporation Pension Fund*	1 295 921	461 500	1 757 421	3.5	26 379 920	4.8
4 Government Guarantee Fund	799 999	0	799 999	1.6	15 999 980	2.9
5 Oy Etra Ab	659 924	150 000	809 924	1.6	13 348 480	2.4
6 Unitas Group	655 692	93 000	748 692	1.5	13 206 840	2.4
7 Saastamoinen Foundation	541 024	204 302	745 326	1.5	11 024 782	2.0
8 Ylppö Jukka	448 808	56 606	505 414	1.0	9 032 766	1.6
9 OKObank + Pension Fund	339 897	132 983	472 880	0.9	6 930 923	1.3
10 Tukinvest Oy	335 108	44 528	379 636	0.8	6 746 688	1.2
11 Estate of Reino Salonen	332 164	5 052	337 216	0.7	6 648 332	1.2
12 Medical Investment Trust Ltd	300 000	430 000	730 000	1.5	6 430 000	1.2
13 The Finnish Medical Foundation	313 964	0	313 964	0.6	6 279 280	1.1
14 Ylppö Into	241 408	40 786	282 194	0.6	4 868 946	0.9
15 The Land- and Watertechnology Foundation	229 956	169 638	399 594	0.8	4 768 758	0.9
15 major shareholders total	10 413 063	2 241 725	12 654 788	25.3	210 502 985	38.1
All shareholders total	26 473 804	23 505 930	49 979 734	100.0	552 982 010	100.0

\* Not entitled to vote at general meetings

Members of the Supervisory Board, Board of Directors, and the President and Executive Vice President (including persons under their guardianship and companies in which they hold control) own 1,635,532 A shares and 256,728 B shares. Their share of the votes is 6%.

### Increases in share capital since 1984

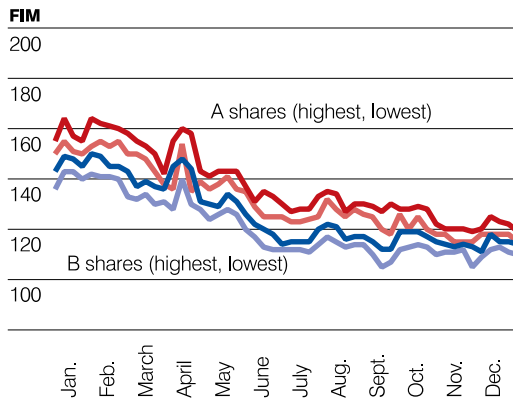
Means of increase	Subscription period	Subscription ratio/ subscriber	Subscription price FIM	Number of new shares	Total number of shares	New share capital FIM
Exchange of share certificates	Apr.26–Aug.31,84	1A:1A	–	–	3 349 950 A	
Rights issue	Apr.26–Aug.31,84	5A:2B	25.-	1 339 980 B		
Targeted issue	Apr.26–Aug.17,84	personnel+health care people	90.-	310 020 B	1 650 000 B	100 000 000
Bonus issue	Nov.11,86–Feb.13,87	5A:2A	–	1 339 980 A	4 689 930 A	
Bonus issue	Nov.11,86–Feb.13,87	5B:2B	–	660 000 B		
Targeted issue	Dec.1–15,86		100.-	20 B	2 310 020 B	140 000 000
Targeted issue	June 26,87	company acquisition	250.-	350 000 B	2 660 020 B	147 000 000
Bonus issue	Dec.1,87–Mar.15,88	5A:1A	–	937 986 A		
Bonus issue	Dec.1,87–Mar.15,88	5B:1B	–	532 004 B		
Rights issue	Dec.1,87–Mar.15,88	5A/B:1B	150.-	1 469 990 B		
Targeted issue	Dec.1,87–Mar.15,88	personnel+health care people	170.-	309 986 B	5 627 950 A	
Targeted issue	Dec.1–15,87		400.-	34 A	4 972 000 B	212 000 000
Split	Oct.17–Nov.18,88	1A:2A	–	5 672 950 A		
Split	Oct.17–Nov.18,88	1B:2B	–	4 972 000 B		
Rights issue	Oct.17–Nov.18,88	5A:2A	20.-	2 251 180 A		
Rights issue	Oct.17–Nov.18,88	5B:2B	20.-	1 988 800 B	13 507 080 A	
Targeted issue	Dec.15,88–Jan.5,89		100.-	60 020 B	11 992 820 B	255 000 000
Bonus issue	Nov. 20–Dec.15,89	5A:2A	–	5 402 832 A	18 909 912 A	
Bonus issue	Nov. 20–Dec.15,89	5B:2B	–	4 797 128 B	16 789 948 B	356 999 600
Targeted issue	Nov. 24,93		170.-	4 A		
Targeted issue	Nov. 24,93		146.-	2 B		
Bonus issue	Dec.1–20,93	5A:2A		7 563 944 A	26 473 804 A	
Bonus issue	Dec.1–20,93	5B:2B		6 715 980 B	23 505 930 B	499 798 900

**Adjusted trading and adjusted share prices on the Brokers' list 1990-1994**

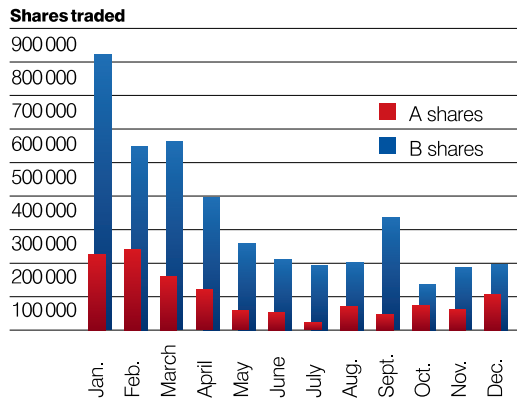
	A SHARES, nominal value FIM 10					B SHARES, nominal value FIM 10					
	lowest	highest	shares traded	%-share	trade FIM million	lowest	highest	shares traded	%-share	trade FIM million	% of share capital
1990	71.42	178.57	1 644 726	6.2	237.7	18.92	30.07	1 727 715	7.4	41.4	6.7*
1991	60.71	97.14	831 244	3.4	68.0	16.42	31.78	3 513 705	14.9	97.2	8.7*
1992	50.00	100.00	2 439 643	9.2	186.4	30.71	80.00	8 293 049	35.2	454.0	21.5*
1993											
I quarter	89.29	106.43	607 228		59.5	79.29	92.86	2 844 467		242.1	
II quarter	92.86	109.29	567 515		57.1	81.43	92.14	2 262 405		197.0	
III quarter	95.71	121.43	625 572		67.1	86.43	104.29	2 065 379		196.9	
IV quarter	117.86	161.43	615 866		87.3	98.57	150.00	2 193 051		286.8	
1994	89.29	161.43	2 416 181	9.1	271.0	79.29	150.00	9 365 302	39.8	922.8	23.6*
I quarter	138.00	164.00	626 778		96.7	130.00	150.00	1 928 423		273.4	
II quarter	120.00	160.00	230 100		32.7	112.00	148.00	863 629		111.9	
III quarter	118.00	135.00	139 871		17.9	105.00	122.00	731 052		83.6	
IV quarter	115.00	129.00	238 728		28.8	105.00	119.00	517 759		58.8	
	115.00	164.00	1 235 477	4.7	176.1	105.00	150.00	4 040 863	17.2	527.7	10.6*

\* of the Corporation's total share capital

**Share prices on the Brokers' list 1994**

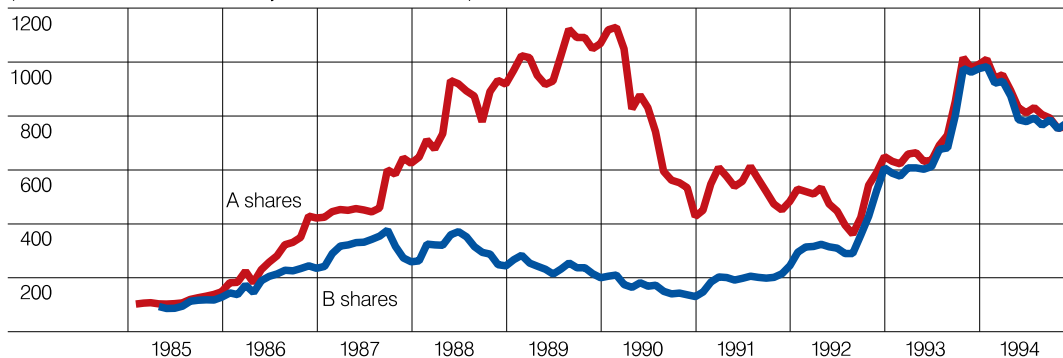


**Monthly trading on the Brokers' list 1994**



**Market trend: index of share values**

(index Jan. 1, 1985 = 100, adjusted for share issues)



# The Orion Group 1990–1994

Figures in FIM million	1994	1993	1992	1991	1990
<b>Net sales and profit</b>					
Net sales	<b>3 856</b>	3 600	3 702	3 485	3 400
<i>Change on the previous year %</i>	<b>+7.1%</b>	-2.8%	+6.2%	+2.5%	+5.2%
Exports from Finland	<b>1 026</b>	890	790	701	793
<i>Change on the previous year %</i>	<b>+15.4%</b>	+12.6%	+12.8%	-11.6%	+5.9%
International operations	<b>1 415</b>	1 241	1 060	898	907
<i>Change on the previous year %</i>	<b>+14.1%</b>	+17.1%	+18.0%	-0.9%	+0.9%
Operating margin	<b>787</b>	761	729	591	503
<i>as the percentage of net sales</i>	<b>20.4%</b>	21.1%	19.7%	16.9%	14.8%
Depreciation according to plan	<b>204</b>	207	218	209	204
Operating profit	<b>584</b>	554	511	382	299
<i>as the percentage of net sales</i>	<b>15.1%</b>	15.4%	13.8%	11.0%	8.8%
Net financial income and expenses	<b>+47</b>	+28	+15	50	14
<i>as the percentage of net sales</i>	<b>+1.2%</b>	+0.8%	+0.4%	1.4%	0.4%
Profit before extraordinary items	<b>631</b>	582	525	332	286
<i>as the percentage of net sales</i>	<b>16.4%</b>	16.2%	14.2%	9.5%	8.4%
Extraordinary income and charges (net)	<b>+22</b>	+98		+25	
Profit before voluntary provisions and taxes	<b>653</b>	679	525	357	286
<i>as the percentage of net sales</i>	<b>16.9%</b>	18.9%	14.2%	10.3%	8.4%
Income taxes	<b>180</b>	202	200	122	73
<i>Return on invested capital before extraordinary items and taxes</i>	<b>16.6%</b>	17.2%	17.2%	13.3%	11.2%
<i>Return on equity</i>	<b>12.7%</b>	12.9%	11.5%	8.0%	8.4%
<b>Balance Sheet</b>					
Financial assets	<b>1 977</b>	1 897	1 581	1 347	1 254
Stocks	<b>752</b>	655	736	702	717
Fixed assets	<b>2 337</b>	2 305	2 195	2 123	2 128
Fire insurance value of fixed assets	<b>2 935</b>	2 903	3 383	3 291	3 113
Liabilities	<b>1 363</b>	1 500	1 557	1 456	1 560
Interest-free liabilities	<b>724</b>	704	702	645	657
Interest-bearing liabilities	<b>639</b>	796	854	811	903
Provisions	<b>1 587</b>	1 662	1 704	1 698	1 628
Shareholders' equity	<b>2 115</b>	1 696	1 256	1 028	922
Balance Sheet total	<b>5 066</b>	4 857	4 517	4 181	4 111
<i>Solvency ratio</i>	<b>73.0%</b>	69.2%	66.2%	65.3%	62.2%
<b>Investments in fixed assets</b>					
Gross investments	<b>244</b>	447	286	228	626
<i>as the percentage of net sales</i>	<b>6.3%</b>	12.4%	7.7%	6.5%	18.4%
Gross investments excluding shares	<b>150</b>	171	227	223	382
<i>as the percentage of net sales</i>	<b>3.9%</b>	4.7%	6.1%	6.4%	11.2%
<b>Research and development expenditure</b>					
Research and development expenditure	<b>311</b>	272	227	198	197
<i>as the percentage of net sales</i>	<b>8.1%</b>	7.6%	6.1%	5.7%	5.8%
<b>Personnel</b>					
Wages and salaries paid	<b>698</b>	667	725	711	695
Number of employees	<b>5 092</b>	5 029	5 811	5 913	6 124
Net sales per employee, FIM thousand	<b>757</b>	716	637	589	555



## Formulas for calculating Key Indicators

### Return on equity % (ROE)

$$= \frac{\text{Profit before extraordinary items} - \text{taxes on the profit for the period}}{\text{Shareholders' equity} + \text{minority interest} + \text{accelerated depreciation} + \text{voluntary provisions (annual average)}} \times 100$$

### Return on investment % (ROI)

$$= \frac{\text{Profit before extraordinary items} + \text{interests and other financial expenses}}{\text{Balance Sheet total} - \text{interest-free liabilities (annual average)}} \times 100$$

### Solvency ratio %

$$= \frac{\text{Shareholders' equity} + \text{minority interest} + \text{accelerated depreciation} + \text{voluntary provisions}}{\text{Balance Sheet total} - \text{advances received}} \times 100$$

### Earnings per share, FIM (EPS)

$$= \frac{\text{Profit before extraordinary items} + / - \text{minority interest} - \text{taxes}}{\text{Average adjusted number of shares}}$$

### Shareholders' equity per share, FIM

$$= \frac{\text{Shareholders' equity} + \text{accelerated depreciation} + \text{voluntary provisions}}{\text{Adjusted number of shares at the end of the period}}$$

### Dividend per share, FIM

$$= \frac{\text{Total dividends for fiscal year}}{\text{Adjusted number of shares at the end of the period}}$$

### Dividend per earnings %

$$= \frac{\text{Total dividends for fiscal year}}{\text{Profit (calculated as in 'earnings per share')}} \times 100$$

### Adjusted yield, %

$$= \frac{\text{Dividend per share}}{\text{Adjusted rate at the end of the period}} \times 100$$

### Adjusted average share price

$$= \frac{\text{Total trade of shares, FIM}}{\text{Adjusted number of shares traded during the period}}$$

### Market capitalization, FIM million

$$= \text{Number of shares at the end of the period} \times \text{share price at the end of the period by share type}$$

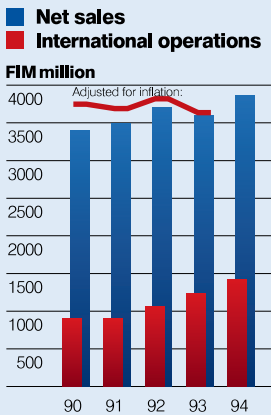
### Price per earnings ratio

$$= \frac{\text{Adjusted rate at the end of the period}}{\text{Adjusted earnings per share}}$$

### Cash flow per share, FIM

$$= \frac{\text{Profit after taxes} + \text{extraordinary items} + \text{depreciation according to plan}}{\text{Average adjusted number of shares}}$$

# Report by the Board of Directors of Orion Corporation



## General

During 1994, Finland's GDP grew 4% from the previous year. Investment increased by 4% and domestic consumption by 1.5%. Exports increased substantially, showing a growth of 12.5%, and imports accelerated to reach the same level. The current account now shows a surplus. Industrial production increased by 12% and the average annual inflation rate was 1.1%.

## Net sales

### GROUP

Net sales by the Orion Group came to FIM 3,856.4 million (FIM 3,599.6 million)\*, which was an increase of 7.1% (drop of 2.8%; comparable growth 10.9%). Growth met expectations. Domestic sales increased 3.5% (4.7%) and international operations by 14.1% (25.1%). The strong Finnish markka caused a substantial cut in the growth of international operations.

Net sales from international operations (exports from Finland and subsidiaries abroad) amounted to FIM 1,415.4 million (FIM 1,240.9 million), or to 36.7% (34.5%) of Group net sales. The principal market areas comprised Scandinavia, other Western European markets, and the USA. Sales improved most in Germany, elsewhere in Continental Europe, and in the USA. The Group's exports from Finland came to FIM 1,026.4 million (FIM 889.7 million), which is an increase of 15.4% (12.6%).

Net sales by Orion Pharma increased by 8.2% overall. International sales continued to grow strongly, showing an increase of 20.9%. International operations accounted for 47.6% of net sales, with the most growth in Germany, elsewhere in Continental Europe, the USA, and the CIS countries. While the Finnish pharmaceuticals market grew some 8%, net sales of Orion Pharma dropped 1.3%, leading to a 2.4 percentage unit decrease in market share. One factor contributing to this was that Janssen Pharmaceutica, a licensing partner, established its own marketing company in Finland which took over certain products from Orion Pharma. In addition, demand for for-

eign products increased and price competition became tougher.

Oriola recorded a satisfactory year, especially in Finland. Orion Diagnostica performed well both domestically and in exports.

Noiro's year was satisfactory domestically and its exports to nearby markets continued to grow at a favorable rate. Normet's net sales dropped due to reduced sales to CIS countries and irregular developments elsewhere.

Of the divisions, Orion Pharma's domestic operations and Normet remained clearly below the average growth rate for Group net sales. The trend for Orion Group net sales and international operations by division and market area are shown in the table on the following page.

### PARENT COMPANY

The net sales of Orion Corporation, the parent company, totaled FIM 2,430.5 million (FIM 2,312.6 million), which is an increase of 5.1% (fall of 10.2%) from 1993.

## Financial performance

### GROUP

The growth in the Group's international operations, the synergy benefits in the pharmaceuticals industry arising from the merger of Orion and Farnos operations, and the favorable trend in costs contributed significantly to the improvement shown in performance. Financial performance was very satisfactory.

The operative performance of all divisions was very satisfactory. Of the divisions, Orion Pharma and Orion Diagnostica were able to improve their performance thanks to a favorable trend in international operations.

The Orion Group's operating profit was FIM 583.5 million, which was an increase of 5.3% (8.5%) from 1993.

The Orion Group's profit before extraordinary items amounted to FIM 630.9 million (FIM 581.8 million). Its share of associated companies' profits after financial items and taxes, less depreciation on goodwill, was FIM 27.9 million (FIM 0.3 million). This has been added to the financial income.

Extraordinary income of FIM 13.4 million re-

\* Figures in parentheses refer to 1993 and are given for comparison.

## Net sales and international operations by division

	1994		1993		Change in net sales on 1993 %	Change in international operations on 1993 %
	FIM million	of which international operations FIM million	FIM million	of which international operations FIM million		
Orion Pharma	2 005.4	954.2	1 854.1	789.0	+8.2%	+20.9%
– Operations in Finland	1 051.3		1 065.1		–1.3%	
– International operations		954.2		789.0		+20.9%
Oriola	1 117.2	123.6	1 038.7	126.0	+7.6%	–1.9%
Orion Diagnostica	202.8	158.7	177.8	136.5	+14.1%	+16.2%
Noiro	414.3	87.7	377.7	55.2	+9.7%	+59.0%
Normet	158.4	102.7	184.2	138.7	–14.0%	–25.9%
	<b>3 856.4</b>	<b>1 415.4</b>	3 599.6	1 240.9	+7.1%	+14.1%

## Operating profit by division

	1994		1993		Change on 1993 %
	FIM million	Share %	FIM million	Share %	
Orion Pharma	418.7	71.8	377.1	68.0	+11.0%
Oriola	104.3	17.9	114.8	20.7	–9.1%
Orion Diagnostica	21.7	3.7	11.3	2.0	+92.9%
Noiro	46.6	8.0	49.7	9.0	–6.1%
Normet	19.7	3.4	37.4	6.7	–47.3%
Group items	–27.6	–4.7	–35.9	–6.5	+23.1%
	<b>583.5</b>	<b>100.0</b>	554.3	100.0	+5.3%

## International operations by market area

	1994		1993		Change on 1993 %
	FIM million	Share %	FIM million	Share %	
Scandinavia	366.1	25.9	357.2	28.8	+2.5%
Other European markets	668.5	47.2	547.2	44.1	+22.2%
North America	175.9	12.4	119.1	9.6	+47.7%
Other markets	204.8	14.4	217.4	17.5	–5.8%
	<b>1 415.4</b>	<b>100.0</b>	1 240.9	100.0	+14.1%

sulted from compensation received from discontinued sales representations, and from gains on the sale of the old pharmaceuticals real estate in Denmark. An additional FIM 8.4 million came through associated companies' extraordinary items.

Taxes on operations for the fiscal year remained at the previous year's level and were FIM 183.0 million (FIM 175.6 million).

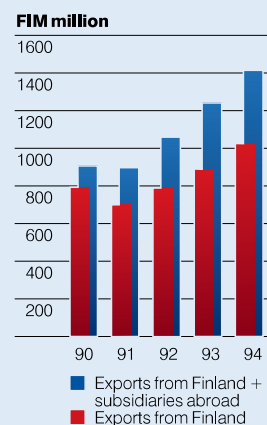
Earnings per share were FIM 8.96 (FIM 8.04), which was an increase of 11.4%. Shareholders'

equity per share was FIM 73.93 (FIM 67.17).

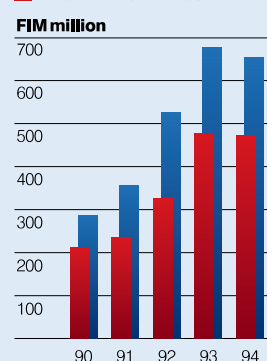
The return on investment before extraordinary items and taxes was 16.6% (17.2%). The return on shareholders' equity was 12.7% (12.9%).

The appropriations show the difference between depreciation according to plan and accelerated depreciation. Depreciation totaled FIM 231.4 million (FIM 250.1 million). No depreciation based on tax relief laws was made (FIM 0.9 million). FIM 106.4 million (FIM 105.4 million) was used to cover the acquisition costs corresponding

## International operations

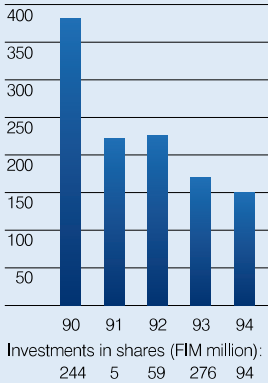


## Profit before voluntary provisions and taxes



## Investments in fixed assets

FIM million



Investments in shares (FIM million):  
244 5 59 276 94

to the use of investment, transitional and replacement provisions. Accelerated depreciation was decreased by FIM 2.8 million (FIM 9.6 million).

Investment provisions were decreased by FIM 81.0 million (FIM 105.4 million), transitional provisions by FIM 5.9 million (increased by FIM 343.9 million), and replacement provisions were increased by FIM 2.0 million (FIM 89.4 million) and decreased by FIM 19.5 million. Other provisions were increased by FIM 2.6 million (FIM 2.2 million).

### PARENT COMPANY

Parent company financial performance before extraordinary items, provisions, and taxes was FIM 402.1 million (FIM 405.6 million). Total depreciation was FIM 195.1 million (FIM 213.2 million). No depreciation based on tax relief laws was made (FIM 0.9 million). The depreciations include a FIM 20.0 million value adjustment of the shares of Orion Diagnostica Inc. Accelerated depreciation was decreased by FIM 0.9 million (FIM 9.6 million).

Investment provisions were decreased by FIM 76.0 million (FIM 101.1 million), replacement provisions by FIM 19.5 million (increase of FIM 89.4 million), and an employee housing provision of FIM 0.8 million was made. No decrease was made in the transitional provisions (increase of FIM 267.4 million).

### Financing

#### GROUP

Group solvency and liquidity were good.

Total income financing by the Group companies in Finland and abroad amounted to FIM 654.8 million (FIM 582.0 million) according to the Financing Report. Working capital increased by FIM 94.7 million (FIM 176.9 million freed) and cash flow from business operations amounting to FIM +560.0 million (FIM +758.9 million). Investment in fixed assets totaled FIM 244.2 million (FIM 447.3 million) and income from the sale of fixed assets totaled FIM 9.2 million (FIM 244.6 million). Cash flow before financing was FIM 325.0 million (FIM +556.1 million), of which FIM 116.8 million (FIM 83.3 million) was spent on dividends and donations and FIM 157.2 million (FIM 58.0 million)

for the repayment of short and long-term liabilities. Other financial items increased by FIM 49.3 million (FIM 331.4 million). The decrease in liquid assets amounted to FIM 5.7 million (an increase of FIM 78.5 million).

The Group's cash reserves were invested mainly in short-term money market instruments and debenture loans. Small sums were invested in listed shares and investment funds.

The foreign currency cash flows from imports were slightly larger than the corresponding currency flows from exports. Open positions have been hedged on the Group level.

Liabilities in the Consolidated Balance Sheet on December 31, 1994 came to FIM 1,363.1 million (FIM 1,499.9 million), of which FIM 638.8 million (FIM 796.0 million) was subject to interest. Short-term liabilities subject to interest amounted to 7.3% (15.3%) of total liabilities subject to interest.

The indicator showing the Group's solvency, i.e. the solvency ratio, increased and amounted to 73.0% (69.2%) at the end of fiscal year.

Net financial income shown in the Consolidated Income Statement came to 1.2% (0.8%) of net sales. Adjusted by dividends received from associated companies, net financial income in markkas corresponded to last year's level.

### Parent company's share capital and shareholders

The share capital of Orion Corporation is FIM 499.8 million and the nominal value of shares is FIM 10. A shares comprise 26,473,804 or 53% of the total, while B shares comprise 23,505,930 or 47%.

The Board of Directors of Orion Corporation decided on December 7, 1994 to apply for the listing of both share types on the Helsinki Stock Exchange during spring 1995, as decided by the general meeting on April 21, 1994. No share issue or any other measure pertaining to the shares will take place in connection with listing.

Orion Corporation had 19,563 shareholders at the end of the fiscal year.

### Investments in fixed assets

The Group's gross investments in 1994 amounted to FIM 244.2 million (FIM 447.3 million), which was 6.3% (12.4%) of the Group's net sales.

Investments were divided as follows:

	1994 FIM million	1993 FIM million
Land and water	0.0	2.7
Buildings	20.4	42.9
Machinery and equipment	101.8	107.4
Shares	94.0	276.5
Other fixed assets	28.0	17.8
<b>Total</b>	<b>244.2</b>	<b>447.3</b>

Excluding funds spent for shares, investments in fixed assets totaled FIM 150.2 million (FIM 170.8 million), or 3.9% (4.7%) of net sales. The bulk of the investment in shares comprised shares in Instrumentarium Oy and Oy Tamro Ab. Investments by division were as follows:

	1994 FIM million	1993 FIM million
Orion Pharma	101.0	114.3
Oriola	23.5	14.8
Orion Diagnostica	7.9	6.5
Noiro	12.2	12.0
Normet	4.0	5.1
Central Administration	95.6	294.6
<b>Total</b>	<b>244.2</b>	<b>447.3</b>

The largest investments made by Orion Pharma were the renovation of the pharmaceutical department, initial expenditure on inhalation production in Espoo, and completion of modifications at the Turku cream and ointment department. The investments of Oriola, Orion Diagnostica, Noiro, and Normet comprised mainly machines, and transportation and other equipment. Investments made by the Central Administration were mainly share acquisitions.

### Changes in the group structure

In June, Oriola founded a subsidiary in Latvia in connection with its health care products distribution system in the Baltic States. In December, Orion Diagnostica Danmark A/S was founded to market diagnostics products in Denmark. Orion Pharma (Ireland) Ltd was also founded in December to market pharmaceuticals in Ireland.

During the year under review, Orion Corporation and its subsidiaries increased their joint own-

ership of Instrumentarium Oy so that it became an associated company of Orion Group as referred to by the Bookkeeping Act. Orion Group owned 21.7% of Instrumentarium's stock and held 24.9% of the votes on December 31, 1994.

### Payroll, wages, and salaries

The average number of personnel employed by Orion Group in 1994 was 5092. Personnel increased by 63 or 1.3% from the previous year. The increase mainly concerned marketing personnel employed abroad. Orion Corporation increased its personnel by 14 or 0.4%.

The salaries, fees, and benefits in kind paid to members of the Board of Directors, the Supervisory Board, and the President of Orion Corporation amounted to FIM 2.9 million (FIM 2.9 million). The wages and salaries of other employees came to FIM 496.1 million (FIM 473.8 million). The respective figures for the Group were FIM 11.3 million (FIM 11.1 million) and FIM 686.9 million (FIM 655.5 million). The total sum paid out in wages and salaries grew by 4.8% in the Group and by 4.7% in the parent company.

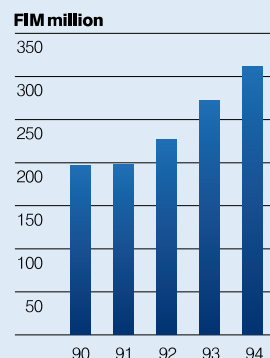
Personnel was distributed as follows:

	1994	%	1993	%
Parent company,				
Orion Corporation	3 826	75.1	3 812	75.8
Subsidiaries in Finland	851	16.7	876	17.4
Total in Finland	4 677	91.8	4 688	93.2
Subsidiaries abroad	415	8.2	341	6.8
<b>Group total</b>	<b>5 092</b>	<b>100.0</b>	<b>5 029</b>	<b>100.0</b>

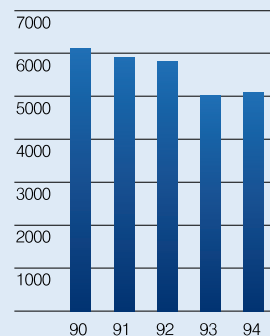
In August, the Orion Corporation Supervisory Board elected Juhani Leikola to the Board of Directors as a new member. Matti Eestilä resigned from the Board of Directors in December after having reached the mandatory retirement age stipulated in the Charter. At that time, President Aatto Prihti was chosen Vice Chairman of the Board of Directors.

The Chairman of the Board of Directors, Reino Salonen, passed away unexpectedly on January 2, 1995. In January 1995, the Orion Corporation Supervisory Board elected President Aatto Prihti as the new Chairman and Asko Perisalo as Vice Chairman. Erkki Etola was elected to the Board of Directors as a new member.

### R & D expenditure



### Personnel



### Research and product development

Group expenditure on research and development before financial contributions amounted to FIM 310.8 million (FIM 272.4 million), or 8.1% (7.6%) of net sales. The parent company accounted for FIM 300.1 million (FIM 262.2 million), or 12.4% (11.3%) of net sales. Group expenditure on research and development grew 14.1% (20.0%) on the previous year. Investment in research and development is essential for securing growth of the Group, internationalization, and long-term profitability. Expenditure varies greatly by division in relation to net sales, being highest in Orion Pharma and in Orion Diagnostica.

A licensing agreement important for the commercialization of the Group's own pharmaceuticals research was signed between Orion Corporation and the US-company Abbot Laboratories concerning the anesthetic dexmedetomidine.

An additional sum of FIM 1,000,000 went towards supporting medical research activities through Orion's own foundations. The Orion Corporation Research Foundation, which promotes research in medicine, chemistry, pharmacy and nutritional physiology, awarded grants totaling

FIM 500,000. The Farnos Research and Scientific Research Foundation, which likewise promotes medical research, awarded grants worth FIM 500,000 in total. Orion Corporation also donated FIM 315,000 to other foundations engaged in medical research.

### Prospects for 1995

Finland's economic problems continue to have a strongly adverse impact on growth in the Group's domestic sales. Moreover, necessary cuts in public expenditure affect all product fields in the health care sector.

International operations continue to show promising prospects for all divisions in selected, narrow product sectors.

Net sales by the Group are expected to continue at last year's rate and reach approximately FIM 4,150 million. Profitability is expected to follow the trend of net sales.

Planned research and development expenditure amounts to FIM 320 million. FIM 220 million are planned for investment in fixed assets, excluding possible new company acquisitions and share purchases.

### Proposal by the Board of Directors of Orion Corporation for the distribution of profits for 1994

The distributable shareholders' equity of the Consolidated Balance Sheet on December 31, 1994 is FIM 1,460 million. The distributable shareholders' equity of the parent company Balance Sheet on December 31, 1994 is FIM 925,289,459.40, and the profit for the year is FIM 358,177,720.44.

The Board of Directors proposes that the distributable shareholders' equity of the parent company be used as follows

dividend of FIM 3.00 per share on 49,979,734 shares	149,939,202.00
donations to medical research	550,000.00
to be retained in the profit and loss account	<u>774,800,257.40</u>
	<u>FIM 925,289,459.40</u>

# Income Statement

FIM million	Orion Group		Orion Corporation	
	Jan.1–Dec.31,1994	Jan.1–Dec.31,1993	Jan.1–Dec.31,1994	Jan.1–Dec.31,1993
<b>Net sales</b>	1) <b>3 856.4</b>	3 599.6	<b>2 430.5</b>	2 312.6
Increase (+)/decrease (-) in stocks of finished products	+ <b>18.8</b>	- 23.8	+ <b>19.7</b>	- 26.3
Production for own use	<b>28.6</b>	26.0	<b>24.2</b>	21.9
Other operating income	<b>13.6</b>	15.4	<b>10.1</b>	8.1
Variable and fixed costs:				
Raw materials and consumables:				
Purchases during the fiscal period	<b>1 611.5</b>	1 311.8	<b>772.3</b>	607.6
Increase(-)/decrease (+) in inventories	- <b>77.1</b>	+ 56.8	- <b>31.2</b>	+ 47.1
Variable external charges	<b>41.3</b>	41.4	<b>34.0</b>	36.6
Staff costs	2) <b>867.5</b>	800.6	<b>620.9</b>	573.7
Rents	<b>17.2</b>	20.8	<b>8.4</b>	10.5
Other costs	6) <b>669.5 - 3 129.9</b>	624.7 - 2 856.1	<b>520.9 - 1 925.3</b>	497.0 - 1 772.5
<b>Operating margin</b>	<b>787.5</b>	761.1	<b>559.2</b>	543.8
Depreciation on fixed assets and other capitalized expenditure	3) <b>203.1</b>	205.9	<b>189.5</b>	170.8
Depreciation on Group goodwill	<b>0.9</b>	0.9	-	-
	- <b>204.0</b>	- 206.8	- <b>189.5</b>	- 170.8
<b>Operating profit</b>	<b>583.5</b>	554.3	<b>369.7</b>	373.0
Financial income and expenses:				
Dividend income	<b>0.9</b>	6.3	<b>20.2</b>	13.7
Other financial income	<b>94.0</b>	125.3	<b>88.4</b>	123.8
Share of associated company profits	<b>27.9</b>	0.3	-	-
Interest expenses	- <b>48.7</b>	- 80.6	- <b>51.7</b>	- 84.5
Other financial expenses	- <b>26.7</b>	- 23.8	- <b>24.5</b>	- 20.4
	+ <b>47.4</b>	+ 27.5	+ <b>32.4</b>	+ 32.6
<b>Profit before extraordinary items</b>	<b>630.9</b>	581.8	<b>402.1</b>	405.6
Extraordinary income and charges:				
Extraordinary income	5) <b>13.4</b>	97.1	<b>11.6</b>	97.1
Share of associated company extraordinary items and provisions	<b>8.4</b>	0.4	-	-
	+ <b>21.8</b>	+ 97.5	+ <b>11.6</b>	+ 97.1
<b>Profit before voluntary provisions and taxes</b>	<b>652.7</b>	679.3	<b>413.7</b>	502.7
Increase (-)/decrease (+) in accelerated depreciation	3) - <b>24.6</b>	- 33.7	- <b>24.6</b>	- 32.9
Increase (-)/decrease (+) in voluntary provisions	7) + <b>101.8</b>	+ 82.5	+ <b>94.7</b>	+ 65.2
Income taxes:	8)			
On the profit for the period	<b>183.0</b>	175.6	<b>125.7</b>	120.4
On extraordinary items	-	22.4	-	22.4
On the profit for previous periods	- <b>2.7 - 180.3</b>	4.2 - 202.2	- <b>0.1 - 125.6</b>	3.1 - 145.9
<b>Profit for the period before minority interest</b>	<b>549.6</b>	525.9	<b>358.2</b>	389.1
Proportion attributable to minority interest	- <b>0.0</b>	- 0.0	-	-
<b>Profit for the period</b>	<b>549.6</b>	525.9	<b>358.2</b>	389.1

# Balance Sheet

FIM million		Orion Group		Orion Corporation	
<b>ASSETS</b>		<b>Dec.31,1994</b>	Dec.31,1993	<b>Dec.31,1994</b>	Dec.31,1993
<b>Fixed assets and other non-current investments</b>	9)				
Intangible assets					
Intangible rights		<b>61.2</b>	51.8	<b>54.0</b>	44.7
Goodwill		<b>328.5</b>	372.0	<b>420.8</b>	464.2
Group goodwill		-	0.8	-	-
Other capitalized expenditure		<b>24.1</b>	22.6	<b>16.9</b>	16.4
Advance payments		<b>0.6</b>	1.0	<b>0.6</b>	1.0
		<b>414.4</b>	448.2	<b>492.3</b>	526.3
Tangible assets					
Land and water		<b>31.5</b>	32.5	<b>18.1</b>	18.1
Buildings		<b>931.2</b>	958.7	<b>697.1</b>	708.7
Machinery and equipment		<b>478.0</b>	484.1	<b>403.6</b>	409.6
Other tangible assets		<b>4.8</b>	5.3	<b>3.9</b>	4.4
Advance payments and construction in progress		<b>2.3</b>	4.6	<b>2.3</b>	3.1
		<b>1 447.8</b>	1 485.2	<b>1 125.0</b>	1 143.9
Financial assets and other long-term investments					
Shares and holdings in associated companies	11)	<b>358.2</b>	3.5	<b>126.2</b>	3.2
Securities	11)	<b>115.0</b>	366.8	<b>114.1</b>	217.3
Loan receivables	12)	<b>1.7</b>	1.5	<b>20.6</b>	13.8
		<b>474.9</b>	371.8	<b>260.9</b>	234.3
<b>Current assets</b>	13)				
Stocks					
Raw materials and consumables		<b>207.9</b>	193.0	<b>187.6</b>	171.7
Work in progress		<b>89.5</b>	85.2	<b>86.2</b>	80.7
Finished products/goods		<b>449.2</b>	374.4	<b>207.4</b>	178.7
Other stocks		<b>4.2</b>	2.3	<b>2.3</b>	1.5
Advance payments		<b>1.1</b>	0.2	<b>1.0</b>	0.1
		<b>751.9</b>	655.1	<b>484.5</b>	432.7
Receivables	12)				
Trade receivables		<b>488.0</b>	440.1	<b>381.9</b>	373.9
Loan receivables		<b>0.7</b>	0.7	<b>44.6</b>	41.0
Prepaid expenses and accrued income		<b>65.2</b>	54.4	<b>59.8</b>	44.7
Other receivables		<b>107.0</b>	147.2	<b>94.0</b>	143.0
Advance payments		<b>0.2</b>	0.3	<b>0.3</b>	0.4
		<b>661.1</b>	642.7	<b>580.6</b>	603.0
Investments					
Securities		<b>66.5</b>	22.4	<b>62.7</b>	22.4
Other investments		<b>1 108.8</b>	1 086.1	<b>1 049.1</b>	1 060.8
		<b>1 175.3</b>	1 108.5	<b>1 111.8</b>	1 083.2
Cash in hand and at banks		<b>140.2</b>	145.9	<b>59.1</b>	80.2
		<b>5 065.6</b>	4 857.4	<b>4 114.2</b>	4 103.6



FIM million		Orion Group		Orion Corporation	
<b>LIABILITIES</b>		<b>Dec.31,1994</b>	Dec.31,1993	<b>Dec.31,1994</b>	Dec.31,1993
<b>Shareholders' equity</b>	14)				
Undistributable equity					
Share capital		<b>499.8</b>	499.8	<b>499.8</b>	499.8
Reserve fund		<b>155.0</b>	153.8	<b>157.5</b>	157.5
		<b>654.8</b>	653.6	<b>657.3</b>	657.3
Distributable equity					
Retained earnings		<b>910.7</b>	516.2	<b>567.1</b>	298.6
Profit for the period		<b>549.6</b>	525.9	<b>358.2</b>	389.1
		<b>1 460.3</b>	1 042.1	<b>925.3</b>	687.7
<b>Minority interest</b>		<b>0.2</b>	0.2	<b>-</b>	-
<b>Provisions</b>	15)				
Group reserve	9)	<b>0.1</b>	-	<b>-</b>	-
Accelerated depreciation		<b>993.2</b>	971.4	<b>823.8</b>	799.1
Voluntary provisions					
Investment provisions		<b>156.8</b>	237.8	<b>152.9</b>	228.9
Other provisions		<b>429.5</b>	451.8	<b>339.5</b>	358.2
Obligatory provisions		<b>7.6</b>	0.6	<b>6.4</b>	0.6
		<b>1 587.2</b>	1 661.6	<b>1 322.6</b>	1 386.8
<b>Liabilities</b>	16)				
Non-current					
Debentures		<b>15.0</b>	25.0	<b>15.0</b>	25.0
Loans from credit institutions		<b>24.5</b>	53.9	<b>23.5</b>	40.8
Pension loans		<b>489.7</b>	538.2	<b>383.3</b>	439.3
Other non-current liabilities	12)	<b>62.8</b>	56.8	<b>63.2</b>	57.9
		<b>592.0</b>	673.9	<b>485.0</b>	563.0
Current	12)				
Loans from credit institutions		<b>27.5</b>	98.3	<b>27.3</b>	96.4
Pension loans		<b>11.8</b>	11.9	<b>10.7</b>	10.9
Advances received		<b>2.6</b>	8.9	<b>1.0</b>	6.7
Trade payables		<b>329.9</b>	268.9	<b>197.1</b>	168.2
Accrued liabilities and deferred income		<b>179.0</b>	299.1	<b>117.2</b>	239.6
Other current liabilities		<b>220.3</b>	138.9	<b>370.7</b>	287.0
		<b>771.1</b>	826.0	<b>724.0</b>	808.8
		<b>5 065.6</b>	4 857.4	<b>4 114.2</b>	4 103.6

# Financing Report

FIM million	Orion Group		Orion Corporation	
	1994	1993	1994	1993
<u>Business operations</u>				
<u>Income financing</u>				
Operating margin	+ 787.5	+ 761.4	+ 559.3	+ 543.8
Financial income and expenses	+ 47.3	+ 27.2	+ 32.4	+ 32.5
Extraordinary items	+ 20.0	+ 0.4	+ 11.6	-
Income taxes	- 180.3	- 202.2	- 125.6	- 145.9
Other income financing	- 19.8	- 4.8	+ 5.6	- 1.3
<b>Total income financing</b>	<b>+ 654.7</b>	<b>+ 582.0</b>	<b>+ 483.3</b>	<b>+ 429.1</b>
<u>Change in working capital</u>				
Increase (-)/decrease (+) in current assets	- 96.7	+ 81.2	- 51.8	+ 74.0
Increase (-)/decrease (+) in current receivables	- 18.4	+ 94.0	+ 22.5	+ 31.0
Increase (-)/decrease (+) in interest-free current liabilities	+ 20.4	+ 1.7	- 30.5	- 17.8
	- 94.7	+ 176.9	- 59.8	+ 87.2
<b>Cash flow from business operations</b>	<b>+ 560.0</b>	<b>+ 758.9</b>	<b>+ 423.5</b>	<b>+ 516.3</b>
<u>Investment</u>				
Investments for fixed assets	- 244.2	- 447.3	- 172.0	- 211.9
Sales revenue from fixed assets	+ 9.2	+ 244.5	+ 2.9	+ 221.0
	- 235.0	- 202.8	- 169.1	+ 9.1
<b>Cash flow before financial items</b>	<b>+ 325.0</b>	<b>+ 556.1</b>	<b>+ 254.4</b>	<b>+ 525.4</b>
<u>Finance</u>				
Increase (-)/ decrease (+) in non-current receivables	- 0.1	+ 0.3	- 6.8	+ 0.3
Increase (+) in non-current loans	+ 114.4	+ 104.4	+ 93.6	+ 83.6
Decrease (-) in non-current loans	- 265.7	- 129.5	- 239.1	- 114.4
Increase (+)/decrease (-) in current loans	- 6.0	- 33.2	+ 13.1	- 61.3
Dividends	- 115.7	- 82.7	- 119.9	- 85.7
Other change in shareholders' equity	- 1.1	- 1.1	- 0.6	- 0.7
Other financial items	- 49.3	- 331.4	- 15.8	- 306.1
	- 323.5	- 473.2	- 275.5	- 484.3
<b>Increase (+)/decrease (-) in liquid assets</b>	<b>+ 1.5</b>	<b>+ 82.9</b>	<b>- 21.1</b>	<b>+ 41.1</b>
Adjustment items	- 7.2	- 4.4		
<b>= Change in liquid assets according to the Balance Sheet</b>	<b>- 5.7</b>	<b>+ 78.5</b>	<b>- 21.1</b>	<b>+ 41.1</b>

# Notes to the Financial Statements for 1994

## Principles for the Financial Statements

The financial statements have been drawn up in accordance with the revisions specified in the Accounting Act, the Companies Act, and the Decree on Accounting, all of which came into effect at the beginning of 1993. In addition, the decision of the Ministry of Trade and Industry with regard to Group accounting and the general guidelines set by the Board of Accounting have also been observed.

## Principles for compiling the Group Financial Statements

The Group financial statements are consolidated, comprising in addition to the parent company Orion Corporation the following subsidiaries, more than 50% of the shareholders' equity of which is directly or indirectly owned by the parent company, engaged in business operations: Oriola Oy, Panfarma Oy, Hiven Oy, Kuulolaittekeskus Oy, Suomalainen Oy Produits du Dr. N.G. Payot, Suomen Rohdos Oy, Interiorion AG, Ercopharm A/S, Ejd. A/S Skelstedet 13–15, Orion Pharma AB (formerly Orion-Farmos Läkemedel AB), Orion Pharma AG, Orion Diagnostica AB, Orion Diagnostica A/S, Orion Diagnostica Inc., Orion Diagnostica Danmark A/S, Orion Pharma GmbH, Orion Pharma AS, Orion Pharma (Ireland) Ltd., Orion-Farmos Inc. (formerly Farmos Inc.), Finorion Kft, Soredex-Finndent Inc., As Oriola, Suomijos akcinés bendrovés "Oriola Oy" filialas, Kompanija "ORIOLA Riga" SIA, and Deprenyl Research Ltd. The consolidated real estate companies are shown in note 11. The fiscal period for all the above companies ended on December 31, 1994.

The Group financial statements have been compiled in accordance with the general guidelines set by the Board of Accounting in 1993. Internal business transactions, receivables and liabilities, internal distribution of profit, and the internal operating margin included in current assets have been deducted. The internal profit on sales/operating margin arising from the sale of fixed assets within the Group has been deducted from fixed assets, and a corresponding correction to depreciation has been made, with the exception of minor internal sales for fixed assets.

Mutual share ownership has been eliminated according to the past-equity method. Part of the resulting Group goodwill has been allocated to the fixed assets of subsidiaries, and part has been presented in the Balance Sheet as Group goodwill. Allocated items totaled FIM 3.8 million in land and FIM 16.0 million in buildings on December 31, 1994. The Group goodwill allocated to fixed asset items is depreciated according to the depreciation rules for the fixed asset group in question. The Group goodwill included in the Balance Sheet as a separate item is depreciated with straight-line depreciations of 20%.

Minority interests have been separated from the Group's shareholders' equity and from the profit and are presented as a separate item.

The financial statements of foreign subsidiaries have been converted to correspond to Finnish accounting practices. Income statements for 1994 have been translated into markkas according to the mean exchange rate for the period and the balance sheets according to the exchange rate quoted by the Bank of Finland for the date when the accounts were closed. Concerning the profit for the fiscal year, the difference between the mean exchange rate and the rate on the date the accounts were closed is entered under the distributable shareholders' equity.

In consolidation, translation differences arising from exchange rate differences have been deducted from the shareholders' equity on the Balance Sheet. These translation differences, arising from elimination of mutual share ownership according to the past-equity method, derive from exchange rate differences in the shareholders' equity of foreign subsidiaries denominated in foreign currency at the time of acquisition and from exchange rate differences in the acquisition costs of shares in subsidiaries held by Group companies abroad.

Owing to exchange rate differences, the changes in the voluntary provisions and in the accelerated depreciation of the Group Consolidated Income Statement do not match those in the Consolidated Balance Sheet.

Associated companies (20–50% of votes and shares) have been consolidated according to the equity method. The associated companies are listed in note 11.

### **Fixed assets and depreciation**

The financial statements were compiled using depreciation according to plan, which is based on historical cost and the economic life of the asset. The historical cost includes all tangible fixed assets whose economic life has not yet terminated. The economic lives of the different asset categories are as follows:

- masonry factories, warehouses and administrative and residential buildings 40 yrs
- wooden factories, warehouses and administrative and residential buildings 20 yrs
- computer hardware, office machines, and vehicles 5 yrs
- other machines, machinery and equipment, intangible assets, other tangible assets, long-term expenses and building components 10 yrs
- partial depreciation of the merger difference included in long-term expenses 20 yrs

Depreciation according to plan has not been made on land areas and revaluations. The accumulated accelerated depreciation was adjusted for the fixed assets sold in 1994.

The accelerated depreciation was calculated in accordance with taxation legislation in different countries. Revaluation of fixed assets is presented in note 9.

### **Current assets**

The current assets of the parent company and subsidiaries are valued in the Balance Sheet according to the FIFO principle, i.e. as the variable costs incurred in acquisition and production.

### **Research and development, and long-term costs**

Research and development costs have been entered in the year they originated. Costs which accumulate or maintain income for three or more years have been capitalized as long-term costs and are usually depreciated over a 10 year period.

### **Receivables and liabilities denominated in foreign currency**

For both the parent company and domestic subsidiaries, valuation of all receivables and liabilities denominated in foreign currency is based on buying and selling rates calculated on the basis of the Bank of Finland's mean rate, except in the case of items subject to forward exchange or items for which some other exchange rate has been agreed; in such cases the agreed rate has been used. The resulting translation gains or losses have bearing on the financial result for the

period. Translation gains or losses arising from forward exchange agreements are not distinguished according to periods.

### **Pension arrangements**

Personnel employed by the domestic companies of the Orion Group are provided pension security through the Orion Corporation Pension Fund, and through pension insurance companies. Additional pension security has been arranged through the pension fund for those employees whose employment began prior to June 30, 1989 and continues until retirement. Personnel employed by foreign subsidiaries have been provided pension security according to the practices of the particular countries in question.

Pension liabilities are covered to the full, excluding the statutory liabilities deficit stipulated by the act 1536/93. The employers' share of the deficit regarding the Pension Fund totals FIM 4.6 million. It is included in the Income Statement under other costs, and under obligatory provisions in the Balance Sheet.

### **Obligatory provisions**

Future expenses to which Group companies have committed and which are likely not to accumulate corresponding profit have been deducted as obligatory provisions from yields. Those future losses which are considered likely have been similarly deducted.

### **Accumulated accelerated depreciation and voluntary provisions**

The profit before provisions and taxes is based on planned depreciation. The difference between depreciation according to plan and accelerated depreciation has been entered separately.

Provisions in accordance with Finnish legislation and that of some other countries were made in the bookkeeping and taxation to offset future costs and losses. These provisions, which have a bearing on the financial result, include investment provisions, inventory provisions, credit loss provisions, transitional provisions, and operational provisions.

## NOTES TO THE INCOME STATEMENT

FIM million	Group		Parent company	
	1994	1993	1994	1993
<b>1. NET SALES BY BUSINESS SEGMENT AND MARKET AREA</b>				
<b>Net sales by business segment</b>				
Health care	3 298.0	3 051.2	-	-
Cosmetics and detergents	414.3	377.7	-	-
Engineering	158.4	184.2	-	-
<b>Net sales by market area</b>				
Finland	2 441.1	2 358.7	-	-
Scandinavia	366.1	357.2	-	-
Other European markets	668.5	547.2	-	-
North America	175.9	119.1	-	-
Other markets	204.8	217.4	-	-
Total	3 856.4	3 599.6	2 430.5	2 312.6
<b>2. STAFF COSTS AND BENEFITS</b>				
Wages and salaries	678.3	640.4	485.3	459.3
Benefits	23.9	23.3	14.9	14.4
Pension costs	86.5	65.1	64.4	48.6
Other personnel costs	102.7	95.1	71.2	65.8
Total	891.4	823.9	635.8	588.1
<b>3. DEPRECIATION</b>				
<b>Depreciation</b>				
Intangible rights	9.2	8.2	7.7	6.9
Goodwill	45.4	44.5	43.4	43.4
Other capitalized expenditure	2.9	6.2	2.0	1.7
Buildings	42.5	43.0	32.7	34.1
Machinery and equipment	101.9	102.7	82.7	83.7
Other tangible assets	1.2	1.3	1.0	1.0
Securities	-	-	20.0	-
Total	203.1	205.9	189.5	170.8
Group goodwill	0.9	0.9	-	-
<b>Change in accumulated accelerated depreciation</b> (- increase, + decrease)				
Intangible rights	-12.8	-9.6	-12.9	-8.3
Goodwill	-0.2	-0.1	-0.0	-0.1
Other capitalized expenditure	+0.3	+4.4	+0.2	+0.2
Buildings	+4.5	+7.5	-1.0	+7.1
Machinery and equipment	-16.3	-35.2	-10.8	-31.1
Other tangible assets	-0.1	-0.7	-0.1	-0.7
Total	-24.6	-33.7	-24.6	-32.9
<b>4. FINANCIAL INCOME AND EXPENSES WITHIN THE GROUP</b>				
Financial income received from Group companies				
Dividend income	-	-	+14.4	+11.7
Other financial income	-	-	+2.9	+5.5
Financial expenses paid to Group companies				
Interest expenses	-	-	-10.7	-14.9

FIM million	Group		Parent company	
	1994	1993	1994	1993
<b>5. EXTRAORDINARY INCOME AND CHARGES</b>				
In 1994, extraordinary income constituted compensations received from discontinued sales representations and profits arising from the sale of an old pharmaceutical factory estate in Denmark.				
	+13.4	+97.1	+11.6	+97.1
In 1993, extraordinary income constituted profits arising from the sale of Chyrmos' fixed assets, goodwill arising from the sale of Soredex's mammography equipment business, and profits arising from the sale of shares.				
<b>6. CHANGE IN OBLIGATORY PROVISIONS AND ITEMS PERTAINING TO OTHER FISCAL PERIODS</b>				
(- increase, + decrease)				
The following items were entered as expenses for the fiscal period Jan. 1-Dec. 31, 1994 and in the obligatory provisions of the Balance Sheet as an increase or decrease:				
Obligatory pension fund liability deficit	-4.5	-	-3.7	-
Guarantee provisions	-1.7	-	-1.7	-
Expenses arising from winding up the export organization of one of the product groups	-1.0	-	-1.0	-
Estimated loss of receivable under litigation	-0.4	-	-	-
Compensation arising from the termination of a distribution agreement	+0.6	-0.6	+0.6	-0.6
Total	-7.0	-0.6	-5.8	-0.6
<b>7. CHANGE IN VOLUNTARY PROVISIONS</b>				
(- increase, + decrease)				
Decrease in investment provisions	+81.0	+105.4	+76.0	+101.1
Change in credit loss provisions	-0.7	+21.9	-	+12.5
Change in inventory provisions	-0.4	+192.6	-	+142.9
Change in operational provisions	-	+198.1	-	+165.5
Change in transitional provisions	+5.9	-343.9	-	-267.4
Change in replacement provisions	+17.5	-89.4	+19.5	-89.4
Change in employee housing provisions	-0.9	-	-0.8	-
Change in other provisions	-0.6	-2.2	-	-
Total	+101.8	+82.5	+94.7	+65.2
<b>8. INCOME TAXES</b>				
Income taxes comprise tax on the profit for the fiscal year and on dividends.				
Tax credits granted on the basis of both internal Group dividends and dividends from associated companies were entered in the consolidated financial statements as a deduction in taxes for the fiscal year.				

## NOTES TO THE BALANCE SHEET

FIM million	Group		Parent company	
	1994	1993	1994	1993
<b>9. INTANGIBLE AND TANGIBLE ASSETS</b>				
<b>Intangible rights</b>				
Acquisition cost, Jan. 1	89.5	85.2	74.7	71.8
Acquisition costs past their economic life, Jan. 1	-3.6	-5.9	-3.2	-5.2
Acquisitions, Jan. 1–Dec. 31	+19.2	+13.0	+17.1	+10.7
Other increase/decrease, Jan. 1–Dec. 31	-0.1	+0.1	-	-
Decreases, Jan. 1–Dec. 31	-0.8	-2.9	-	-2.6
Acquisition cost, Dec. 31	104.2	89.5	88.6	74.7
Accumulated depreciation, Dec. 31	-43.0	-38.1	-34.6	-30.4
Accumulated depreciation on the decreases, Dec. 31	-	+0.4	-	+0.4
Book value, Dec. 31	61.2	51.8	54.0	44.7
Accumulated accelerated depreciation, Jan. 1	29.6	20.1	24.6	16.3
Increase, Jan. 1–Dec. 31	+13.1	+10.1	+12.9	+8.7
Decrease, Jan. 1–Dec. 31	-0.2	-0.6	-	-0.3
Accumulated accelerated depreciation, Dec. 31	42.5	29.6	37.5	24.7
<b>Goodwill</b>				
Acquisition cost, Jan. 1	649.3	649.3	638.2	638.2
Acquisition costs past their economic life, Jan. 1	-1.7	-	-	-
Increases, Jan. 1–Dec. 31	+1.8	+0.0	+0.0	+0.0
Decreases, Jan. 1–Dec. 31	-	-	-	-
Acquisition cost, Dec. 31	649.4	649.3	638.2	638.2
Accumulated depreciation, Dec. 31	-320.9	-277.3	-217.5	-174.0
Book value, Dec. 31	328.5	372.0	420.7	464.2
Accumulated accelerated depreciation, Jan. 1	2.3	2.2	2.2	2.1
Increase, Jan. 1–Dec. 31	+0.2	+0.1	+0.0	+0.1
Decrease, Jan. 1–Dec. 31	-0.0	-	-	-
Accumulated accelerated depreciation, Dec. 31	2.5	2.3	2.2	2.2
<b>Group goodwill and Group reserve</b>				
On the Consolidated Balance Sheet, the undepreciated Group goodwill and the Group reserve, which is by nature deferred income, are entered as one net item, of FIM 0.1 million in liabilities in 1994 and FIM 0.8 million in assets in 1993.				
The item consists of:				
Group goodwill				
Acquisition cost, Jan. 1	19.4	19.4	-	-
Increase, Jan. 1–Dec. 31	+0.0	-	-	-
Acquisition cost, Dec. 31	19.4	19.4	-	-
Accumulated depreciation, Dec. 31	-18.9	-18.0	-	-
Book value, Dec. 31	0.5	1.4	-	-
Group reserve				
Acquisition cost, Jan. 1	-0.6	-0.6	-	-
Acquisition cost, Dec. 31	-0.6	-0.6	-	-
Accumulated recognition to income, Dec. 31	-	-	-	-
Book value, Dec. 31	-0.6	-0.6	-	-

FIM million	Group		Parent company	
	1994	1993	1994	1993
<b>Other capitalized expenditure</b>				
Acquisition cost, Jan. 1	35.7	40.5	23.8	24.0
Acquisition costs past their economic life, Jan. 1	-2.6	-1.5	-1.2	-1.0
Increases, Jan. 1–Dec. 31	+4.6	+4.1	+2.5	+3.5
Decreases, Jan. 1–Dec. 31	-0.3	-7.4	-	-2.7
Acquisition cost, Dec. 31	37.4	35.7	25.1	23.8
Accumulated depreciation, Dec. 31	-13.3	-18.4	-8.2	-7.9
Accumulated depreciation on the decreases, Dec. 31	-	+5.3	-	+0.5
Book value, Dec. 31	24.1	22.6	16.9	16.4
Accumulated accelerated depreciation, Jan. 1	6.2	10.6	2.9	3.2
Increase, Jan. 1–Dec. 31	+0.1	+0.5	-	+0.4
Decrease, Jan. 1–Dec. 31	-0.5	-4.9	-0.2	-0.7
Accumulated accelerated depreciation, Dec. 31	5.8	6.2	2.7	2.9
<b>Land and water</b>				
Acquisition cost, Jan. 1	32.5	31.6	18.1	19.9
Acquisitions, Jan. 1–Dec. 31	-	+2.6	-	-
Other increase/decrease, Jan. 1–Dec. 31	-0.2	+0.1	-	-
Decreases, Jan. 1–Dec. 31	-0.8	-1.8	-	-1.8
Acquisition cost, Dec. 31	31.5	32.5	18.1	18.1
Revaluation included in the acquisition cost of land				
Revaluation, Jan. 1	0.4	0.4	0.4	0.4
Revaluation, Dec. 31	0.4	0.4	0.4	0.4
<b>Buildings</b>				
Acquisition cost, Jan. 1	1 265.4	1 359.1	953.7	1 060.3
Acquisition costs past their economic life, Jan. 1	-23.0	-66.6	-14.7	-59.7
Acquisitions, Jan. 1–Dec. 31	+23.1	+45.1	+21.1	+31.0
Other increase/decrease, Jan. 1–Dec. 31	-6.8	+5.7	-	-
Decreases, Jan. 1–Dec. 31	-2.2	-77.9	-	-77.9
Acquisition cost, Dec. 31	1 256.5	1 265.4	960.1	953.7
Accumulated depreciation, Dec. 31	-325.3	-335.5	-263.0	-273.8
Accumulated depreciation on the decreases, Dec. 31	-	+28.8	-	+28.8
Book value, Dec. 31	931.2	958.7	697.1	708.7
Accumulated accelerated depreciation, Jan. 1	564.2	566.8	428.9	436.0
Increase, Jan. 1–Dec. 31	+1.1	+25.6	+1.0	+19.6
Decrease, Jan. 1–Dec. 31	-7.6	-28.2	-	-26.7
Accumulated accelerated depreciation, Dec. 31	557.7	564.2	429.9	428.9
Revaluation included in the acquisition cost of buildings				
Revaluation, Jan. 1	97.8	97.8	97.8	97.8
Revaluation, Dec. 31	97.8	97.8	97.8	97.8
Fire insurance value, Dec. 31	1 790.7	1 839.2	1 346.6	1 336.6

FIM million	Group		Parent company	
	1994	1993	1994	1993
<b>Machinery and equipment</b>				
Acquisition cost, Jan. 1	1 096.5	1 471.6	952.6	1 302.3
Acquisition costs past their economic life, Jan. 1	-254.7	-275.2	-238.0	-226.7
Acquisitions, Jan. 1–Dec. 31	+114.1	+131.3	+88.8	+101.3
Other increase/decrease, Jan. 1–Dec. 31	-4.2	+1.0	-	-
Decreases, Jan. 1–Dec. 31	-20.7	-232.2	-12.2	-224.3
Acquisition cost, Dec. 31	931.0	1 096.5	791.2	952.6
Accumulated depreciation, Dec. 31	-453.0	-738.7	-387.6	-669.2
Accumulated depreciation on the decreases, Dec. 31	-	+126.3	-	+126.3
Book value, Dec. 31	478.0	484.1	403.6	409.7
Accumulated accelerated depreciation, Jan. 1	367.9	332.1	339.4	308.3
Increase, Jan. 1–Dec. 31	+16.7	+78.4	+10.8	+73.0
Decrease, Jan. 1–Dec. 31	-1.2	-42.6	-	-41.9
Accumulated accelerated depreciation, Dec. 31	383.4	367.9	350.2	339.4

Machines and equipment (excluding vehicles and furniture); share of the book value on Dec. 31	357.0	352.4	310.8	308.9
Fire insurance value, Dec. 31	1 143.8	1 063.8	1 023.6	940.0

FIM million	Group		Parent company	
	1994	1993	1994	1993
<b>Other tangible assets</b>				
Acquisition cost, Jan. 1	13.0	23.1	10.3	19.8
Acquisition costs past their economic life, Jan. 1	-0.9	-10.0	-0.7	-9.5
Increases, Jan. 1–Dec. 31	+0.7	+0.8	+0.5	+0.8
Decreases, Jan. 1–Dec. 31	-0.0	-0.9	-	-0.8
Acquisition cost, Dec. 31	12.8	13.0	10.1	10.3
Accumulated depreciation, Dec. 31	-8.0	-8.4	-6.2	-6.5
Accumulated depreciation on the decreases, Dec. 31	-	+0.7	-	+0.6
Book value, Dec. 31	4.8	5.3	3.9	4.4
Accumulated accelerated depreciation, Jan. 1	1.2	0.5	1.0	0.3
Increase, Jan. 1–Dec. 31	+0.1	+0.7	+0.1	+0.7
Decrease, Jan. 1–Dec. 31	-0.0	-0.0	-	-0.0
Accumulated accelerated depreciation, Dec. 31	1.3	1.2	1.1	1.0

#### 10. TAX VALUE OF FIXED ASSET

Land and water	121.4	126.0	108.1	110.2
Buildings	479.2	517.8	304.4	328.4
Securities				
Shares and holdings in Group companies	-	-	344.2	292.0
Other securities	400.8	434.8	139.1	144.1

#### 11. FINANCIAL ASSETS

ASSOCIATED COMPANIES	Group's share of ownership %	Group's share of votes %	Group's share of the company's shareholders' equity		Group's book value total <sup>1)</sup> FIM million	Parent company's share of ownership %	Shares/holdings owned by the parent company			Profit/loss according to the most recent financial statements FIM million	Date when the fiscal period ended	Duration in months
			FIM million	FIM million			Number of shares	Nominal value FIM million	Book-value FIM million			
Shares:												
Hangon Puhdistamo Oy, Hanko	50.0	50.0	0.5	0.5	50.0	500	0.5	0.5	0.0	31.12.1994	12	
Instrumentarium Oy, Helsinki	21.7	24.9	215.9	328.3	7.0	1 407 528	14.1	123.1	194.0	31.12.1994	12	
Kiinteistö Oy Råkan, Hanko	22.0	22.0	0.0	0.0	22.0	2 222	0.0	0.0	0.0	31.12.1993	12	
Kiinteistö Oy Salmenvuokra, Iisalmi	27.0	27.0	0.0	0.0	27.0	405	0.0	0.1	0.0	31.12.1993	12	
Medidata Oy, Helsinki	33.3	33.3	0.0	0.0	-	-	-	-	0.0	31.12.1994	12	
Oy Pharmacal Ab, Helsinki	50.0	50.0	2.3	2.5	50.0	1 000	0.6	2.5	2.1	31.12.1994	12	
Planeetankadun Paikointus Oy, Espoo	31.6	31.6	0.1	0.0	31.6	42	0.0	0.0	0.0	31.12.1993	12	
Regattalämpö Oy, Hanko	42.6	42.6	0.0	0.0	-	-	-	-	0.0	31.12.1994	12	
Holdings:												
Suomen Lääkevahinkokorvaus-osuuskunta, Helsinki	27.6	20.0	0.1	0.1	25.1	976	0.1	0.1	0.0	31.12.1994	12	
									126.3			

<sup>1)</sup> Without the effect of consolidation of associated companies

## 11. FINANCIAL ASSETS

GROUP COMPANIES	Group's share of ownership %	Group's share of votes %	Group's share of the company's shareholders' equity FIM million	Parent company's share of ownership %	Shares owned by the parent company			Profit/loss according to the most recent financial statements (1994) FIM million
					Number of shares	Nominal value million	Book value FIM million	
Shares:								
Deprenyl Research Ltd., UK	100.0	100.0	0.0	50.0	1	0.0 GBP	0.0	–
Ercopharm A/S, Denmark	100.0	100.0	115.8	–	–	–	–	25.8
Ejd. A/S Skelstedet 13–15, Denmark	100.0	100.0	3.4	–	–	–	–	–6.3
Hiven Oy, Paimio	100.0	100.0	17.9	100.0	30 000	3.0	12.5	3.5
Interorion AG., Switzerland	100.0	100.0	82.7	100.0	1 000	1.0 CHF	2.4	37.4
Kiinteistö Oy Kangaslammen								
Rautalava, Iisalmi	54.2	54.2	0.3	54.2	130	0.1	0.1	0.0
Kiinteistö Oy Kapseli, Hanko	99.9	99.9	0.0	99.9	1 499	0.0	0.0	0.0
Kiinteistö Oy Kalkkipellontie 2, Espoo	100.0	100.0	0.9	–	–	–	–	0.1
Kiinteistö Oy Nilsänkätu 10, Helsinki	100.0	100.0	5.0	99.8	324 597	2.6	2.6	0.0
Kiinteistö Oy Pilleri, Hanko	70.4	70.4	0.1	70.4	6 194	0.1	0.1	0.0
Kiinteistö Oy Tonttuvainio, Espoo	100.0	100.0	15.0	100.0	150	0.0	15.2	0.0
Kiinteistö Oy Västanhäll, Espoo	100.0	100.0	0.2	100.0	223	0.2	0.2	0.0
Kuulolaiteskeskus Oy, Espoo	100.0	100.0	9.7	–	–	–	–	1.9
Oriola Oy, Espoo	100.0	100.0	447.7	100.0	200 000	20.0	19.6	90.1
As Oriola, Estonia	100.0	100.0	–1.2	–	–	–	–	–1.0
Kompanija "Oriola Riga" SIA, Latvia	100.0	100.0	–0.1	–	–	–	–	–0.1
Orion-Farmos Inc., Delaware, USA	100.0	100.0	0.0	100.0	200	0.0 USD	0.1	0.0
Orion Diagnostica AB, Sweden	100.0	100.0	7.2	100.0	500	0.1 SEK	0.0	3.8
Orion Diagnostica A/S, Norway	100.0	100.0	5.5	100.0	500	0.1 NOK	0.0	2.8
Orion Diagnostica Danmark A/S, Denmark	100.0	100.0	0.3	100.0	5	0.5 DKK	0.4	–0.1
Orion Diagnostica Inc., USA	100.0	100.0	–9.1	100.0	400	0.0 USD	2.1	–3.9
Orion Pharma AB, Sweden	100.0	100.0	16.9	–	–	–	–	6.3
Orion Pharma AS, Norway	100.0	100.0	5.6	100.0	800	0.8 NOK	0.7	4.5
Orion Pharma AG, Switzerland	100.0	100.0	3.1	–	–	–	–	2.8
Orion Pharma (Ireland) Ltd., Ireland	100.0	100.0	0.0	100.0	1	0.0 IEP	0.0	–
Panfarma Oy, Espoo	100.0	100.0	10.0	–	–	–	–	3.1
Soredex-Finndent Inc., USA	100.0	100.0	–2.8	100.0	1 000	0.0 USD	0.0	1.1
Suomalainen Oy Produits Du Dr								
N.G. Payot, Espoo	90.0	90.0	0.4	90.0	900	0.0	0.0	0.0
Suomen Rohdos Oy, Turku	100.0	100.0	8.1	100.0	2 400	0.2	0.2	1.0
Suomijos akcinės bendrovės "Oriola Oy" filialas, Lithuania	100.0	100.0	–0.1	–	–	–	–	–0.1
Holdings:								
Finorion Kft, Hungary	100.0	100.0	–0.0	100.0		1.9 HUF	0.2	–0.1
Orion Pharma GmbH, Germany	100.0	100.0	7.5	100.0		0.5 DEM	1.2	6.3
							57.6	

SECURITIES	Group's share of ownership %	Group's share of votes %	Parent company's share of ownership %	Shares owned by the parent company		
				Number of shares	Nominal value million	Book value FIM million
Oy Tamro Ab, Vantaa	11.0	11.0	1.9	1 730 000	17.3	34.6
Housing corporations						15.8
Telephone companies						1.2
Others						4.8
						56.4

The market values of some publicly quoted shares included in financial assets are lower than the shares' book values at year end. The difference has not been entered as costs, due to insignificance of the amount.

A detailed list of shareholdings is available from the Central Administration (Finance department), Orion Corporation, Orionintie 1, Espoo, Finland, as a supplement to the financial statements.



FIM million	Group		Parent company	
	1994	1993	1994	1993
<b>12. RECEIVABLES FROM BOTH GROUP AND ASSOCIATED COMPANIES, AND LIABILITIES TO THEM</b>				
<b>Receivables from Group companies</b>				
Non-current loan receivables	-	-	19.2	12.5
Trade receivables	-	-	163.1	137.6
Current loan receivables	-	-	44.1	40.5
Other receivables	-	-	9.7	9.5
<b>Liabilities to Group companies</b>				
Other non-current liabilities	-	-	3.6	3.9
Trade payables	-	-	4.2	3.3
Other current liabilities	-	-	216.1	191.3
<b>Receivables from associated companies</b>				
Non-current loan receivables	0.0	0.0	0.0	0.0
Trade receivables	0.0	0.0	0.0	0.0
Other receivables	0.2	0.2	-	0.0
Prepaid expenses and accrued income	0.0	-	-	-
<b>Liabilities to associated companies</b>				
Trade payables	3.2	-	0.1	-
Accrued liabilities and deferred income	-	0.0	-	-
<b>13. CURRENT ASSETS</b>				
Receivables falling due for payment in one year's time or more				
Trade receivables	0.5	5.1	7.1	4.9
Loan receivables	0.0	0.0	-	0.0
Other receivables	38.2	78.7	35.9	76.0
<b>Total</b>	<b>38.7</b>	<b>83.8</b>	<b>43.0</b>	<b>80.9</b>

The market values of some publicly quoted shares included in current assets are lower than the book values at year end. Any essential differences have been entered as costs.

#### 14. SHAREHOLDERS' EQUITY

Share capital, Jan. 1	499.8	357.0	499.8	357.0
Rights issue, Dec. 22, 1993	-	+0.0	-	+0.0
Bonus issue, Dec. 22, 1993	-	+142.8	-	+142.8
<b>Share capital, Dec. 31</b>	<b>499.8</b>	<b>499.8</b>	<b>499.8</b>	<b>499.8</b>
Reserve fund, Jan. 1	153.8	294.7	157.5	299.7
Share issue earnings, Dec 22, 1993	-	+0.0	-	+0.0
Transferred to share capital	-	-142.2	-	-142.2
Transferred from retained earnings	+1.4	+1.2	-	-
Exchange rate differences	-0.2	+0.1	-	-
<b>Reserve fund, Dec. 31</b>	<b>155.0</b>	<b>153.8</b>	<b>157.5</b>	<b>157.5</b>
Revaluation fund, Jan. 1	-	0.6	-	0.6
Bonus issue, Dec. 22, 1993	-	-0.6	-	-0.6
<b>Revaluation fund, Dec. 31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

FIM million	Group		Parent company	
	1994	1993	1994	1993
Distributable shareholders' equity, Jan. 1.	1 042.1	603.9	687.7	384.8
By decision of shareholders' meetings:				
dividends distributed transferred to	-115.7	-82.6	-120.0	-85.6
the reserve fund	-1.4	-1.2	-	-
donations made	-1.0	-1.0	-0.5	-0.5
Donations made	-0.1	-0.2	-0.1	-0.1
Translation difference arising from converting the shareholders' equity of foreign subsidiaries	-4.3	-2.7	-	-
Exchange rate differences	-8.9	-0.0	-	-
Profit for the year	+549.6	+525.9	+358.2	+389.1
<b>Distributable shareholders' equity, Dec. 31</b>	<b>1 460.3</b>	<b>1 042.1</b>	<b>925.3</b>	<b>687.7</b>

In accordance with the corporate legislation in the countries concerned, foreign subsidiaries belonging to the Group must transfer a total of FIM 3.4 million of their profits for 1994 to undistributable shareholders' equity.

#### Parent company share capital by share type:

	1994		1993	
	Number of shares	FIM million	Number of shares	FIM million
A shares (20 votes per share)	26 473 804	264.7	26 473 804	264.7
B shares (1 vote per share)	23 505 930	235.1	23 505 930	235.1
<b>Total</b>	<b>49 979 734</b>	<b>499.8</b>	<b>49 979 734</b>	<b>499.8</b>

FIM million	Group		Parent company	
	1994	1993	1994	1993
<b>15. PROVISIONS</b>				
<b>Deferred tax liabilities pertaining to Group voluntary provisions</b>				
	398.6	419.5	-	-
<b>Obligatory provisions</b>				
Provision for future guarantee expenses	1.7	-	1.7	-
Provision for the winding up costs of an export organization	1.0	-	1.0	-
Obligatory pension fund liability deficit	4.5	-	3.7	-
Provision for loss of receivable under litigation	0.4	-	-	-
Provision for compensation for the termination of a distribution agreement	-	0.6	-	0.6
<b>Total</b>	<b>7.6</b>	<b>0.6</b>	<b>6.4</b>	<b>0.6</b>

FIM million	Group		Parent company	
	1994	1993	1994	1993
<b>16. LIABILITIES</b>				
<b>Liabilities falling due in five years' time or more</b>				
Loans from credit institutions	2.8	2.8	2.8	2.8
Pension loans	446.3	494.1	347.2	402.4
Other non-current liabilities	19.0	17.0	19.0	17.0
<b>Total</b>	<b>468.1</b>	<b>513.9</b>	<b>369.0</b>	<b>422.2</b>
<b>Debentures</b>				
Debenture 1987/1997 11.5% ./ annual amortization	25.0 -10.0	35.0 -10.0	25.0 -10.0	35.0 -10.0
<b>Total</b>	<b>15.0</b>	<b>25.0</b>	<b>15.0</b>	<b>25.0</b>
<b>Current liabilities include:</b>				
Liabilities to Group companies	-	-	220.3	194.6
Interest-free liabilities	724.3	703.9	458.4	495.5
Amortization on non-current loans which falls due during the coming year	45.7	115.0	44.1	111.6
Other current interest-bearing liabilities	1.1	7.1	1.1	7.1
<b>Total</b>	<b>771.1</b>	<b>826.0</b>	<b>723.9</b>	<b>808.8</b>
<b>Loans from credit institutions denominated in foreign currency held by Finnish Group companies</b>				
	-	68.0	-	68.0

#### 17. MANAGEMENT PENSIONS AND LOANS GRANTED TO MANAGEMENT AND SHAREHOLDERS

The parent company's Board of Directors has the right, in each individual case, to decide that the retirement age for management is 60 years, the pension level, depending on years of service, then being at most 60% of salary earned.

No pension commitments or pension agreements are currently in force, except that for the parent company's managing director, for whom additional pension insurance coverage has been taken, the agreement being that the retirement age is 63 years and the pension level 50 % of the salary earned.

Loans totaling FIM 0.5 million have been granted to the managing directors of Group companies and to members of the Board of Directors. The interest on the loans exceeds the base rate, and the repayment terms are standard.

FIM million	Group		Parent company	
	1994	1993	1994	1993
<b>18. CONTINGENT LIABILITIES</b>				
<b>On behalf of the company's own liabilities</b>				
Pledges	45.0	23.0	37.0	15.0
Mortgages on land and buildings	322.1	278.5	290.4	261.5
<b>On behalf of the liabilities of Group Companies</b>				
Pledges	-	-	8.0	8.0
Mortgages on land and buildings	-	-	77.0	71.0
Guarantees	-	-	19.4	34.7
<b>On behalf of others</b>				
Mortgages on company land	0.0	0.0	0.0	0.0
Guarantees	1.8	2.1	0.5	0.7
<b>Other company liabilities</b>				
Leasing liabilities	2.5	4.3	0.2	1.0
Drug damage liabilities	1.4	1.4	1.3	1.3
Repurchase liabilities	12.8	1.2	12.7	1.1
Delivery, customs, and rent guarantees	1.3	3.2	-	-
Other liabilities (e.g. rent liabilities)	0.3	1.6	-	1.2
<b>Contingent liabilities, total</b>				
Pledges	45.0	23.0	45.0	23.0
Mortgages on land and buildings	322.1	278.5	290.4	261.5*
Guarantees	3.1	5.3	19.9	35.4
Other liabilities	17.0	8.5	14.2	4.6

Litigation in the USA concerning an alleged infringement of the production patent covering the manufacture of diltiazem, which began in 1992 and 1993, continued. Corresponding litigation is also in progress in Germany.

Certain employees responsible for the company's drug marketing have been summoned to appear before the Helsinki district court in the fall of 1995 to answer charges concerning an alleged infringement of certain export regulations in connection with drug exports (FIM 26.0 million) to the former Soviet Union. The accused and the company are required to indemnify the State for the value of the goods exported.

\* The total figure does not include mortgages on Group liabilities because the same mortgages jointly act as collateral for the commitments of the parent company and other Group companies.

We submit these financial statements to the Annual General Meeting for approval.

Espoo, March 7, 1995

Aatto Prihti

Asko Perisalo

Erkki Etola

Juhani Leikola

Pauli Torkko

# Auditors' Report

## To the shareholders' of Orion Corporation

We have audited the accounting, the financial statements and the corporate administration of Orion Corporation for the period Jan. 1–Dec. 31, 1994. The financial statements, which include the report of the Board of Directors, and the consolidated and parent company income statements, balance sheets and notes to the financial statements have been prepared by the Board of Directors and the Managing Director. Based on our audit we express our opinion on these financial statements and on the company's administration.

We have conducted our audit in accordance with Finnish generally accepted auditing standards. Those standards require, that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate administration is to exam-

ine that the members of the Supervisory Board, the Board of Directors and the Managing Director have complied with the rules of the Companies' Act.

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of the consolidated and parent company's results of operations and financial position. The financial statements and consolidated financial statements can be adopted and the members of the Supervisory Board, the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors to the meeting of shareholders' regarding the distribution of earnings is in compliance with the Companies Act.

Based on our review it is our understanding that the interim financial statements published during the financial year have been prepared in accordance with the regulations concerning the preparation of such statements.

Espoo, March 8, 1995

Ilkka Sipilä

Pekka Luoma

Authorized Public Accountant

Risto Järvinen

Authorized Public Accountant

## Statement by the Supervisory Board of Orion Corporation

We have examined the Statement of Accounts and Auditors' Report for 1994.

We note that operations were successful in 1994 and recommend that the Income Statement, Balance Sheet, Consolidated Income Statement and Consolidated Balance Sheet be approved as proposed by the Board of Directors, and that the profit for the year be utilized in the manner proposed by the Board of Directors.

The following members are in turn to retire from the Supervisory Board: Timo Estola, Rauni Kajaani, Tatu Miettinen, and Erkki Tammissalo. Juhani Leikola, who would have been in turn to retire, was elected a member of the Board of Directors on August 5, 1994. Erkki Etola, who was elected a member of the Supervisory Board in 1993 for the term expiring in 1996, was elected a member of the Board of Directors on January 24, 1995.

Espoo, March 10, 1995

Tatu Miettinen

Chairman of the Supervisory Board

# The Supervisory Board, the Board of Directors and the Auditors of Orion Corporation

## SUPERVISORY BOARD

	Present term
<b>Tatu Miettinen</b> M.D., 64 University of Helsinki Central Hospital, Internal Medicine Clinic, Professor	Chairman 1992–1995
<b>Seppo Ylppö</b> 36 Safelink Oy Ab, President	Vice Chairman 1994–1997
<b>Juhani Aho</b> M.D., 64 Helsingin Lääkärikeskus konserni, Chief physician, Chairman of Board of Directors, Yhtyneet Laboratoriot Oy, President	1993–1996
<b>Keijo Ahola</b> Pharmacist, M.Sc. (Pharm.), 67 Seinäjoen I apteekki, Pharmacist	1993–1996
<b>Pekka Elovaara</b> M.Sc. (Pharm.), 45 Luumäen apteekki, Pharmacist	1994–1997
<b>Timo Estola</b> Professor, D.V.M., 63	1992–1995
<b>Rauni Kajaani</b> M.Sc. (Pharm.), 39	1992–1995
<b>Petteri Karttunen</b> M.Sc. (Econ.), 34 Brokerage firm Ane Gyllenberg Oy Ab, Vice President	1994–1997
<b>Eero Karvonen</b> M.Sc. (Eng.), 46 EVK-Capital Oy, President	1994–1997
<b>Pauli Komi</b> LL.M., 58 OKOBANK, CEO	1994–1997
<b>Juha Kyttilä</b> M.D., 64 Alavuden Puunjalostustehdas Oy, Chairman of Board of Directors	1993–1996
<b>Timo Maasilta</b> M.Sc. (Eng.), 40 Maa- ja vesitekniikan tuki ry., Managing Director	1994–1997
<b>Matti K. Paasonen</b> Professor, M.D., 69	1993–1996
<b>Erkki Tammisalo</b> D.D.S., 62 University of Turku, Department of Dentistry, Professor	1992–1995

## BOARD OF DIRECTORS

<b>Aatto Prihti</b> D.Sc. (Econ.), 55 Orion Corporation, President Orion Group, CEO	Chairman 1995–1996
<b>Asko Perisalo</b> B.Sc. (Econ.), 61	Vice Chairman 1995–1996
<b>Erkki Etola</b> M.Sc. (Eng.), 50 Etola-yhtiöt, President	1995–1996
<b>Juhani Leikola</b> Professor, M.D., 53 Finnish Red Cross Blood Transfusion Service, Director	1994–1995
<b>Pauli Torkko</b> Lic.Sc. (Econ.), 47 Orion Corporation, Executive Vice President	1995–1996

## AUDITORS

<b>Risto Järvinen</b> Lic.Sc. (Econ.), APA
<b>Pekka Luoma</b> B.Sc. (Econ.), APA
<b>Iikka Sipilä</b> M.D.

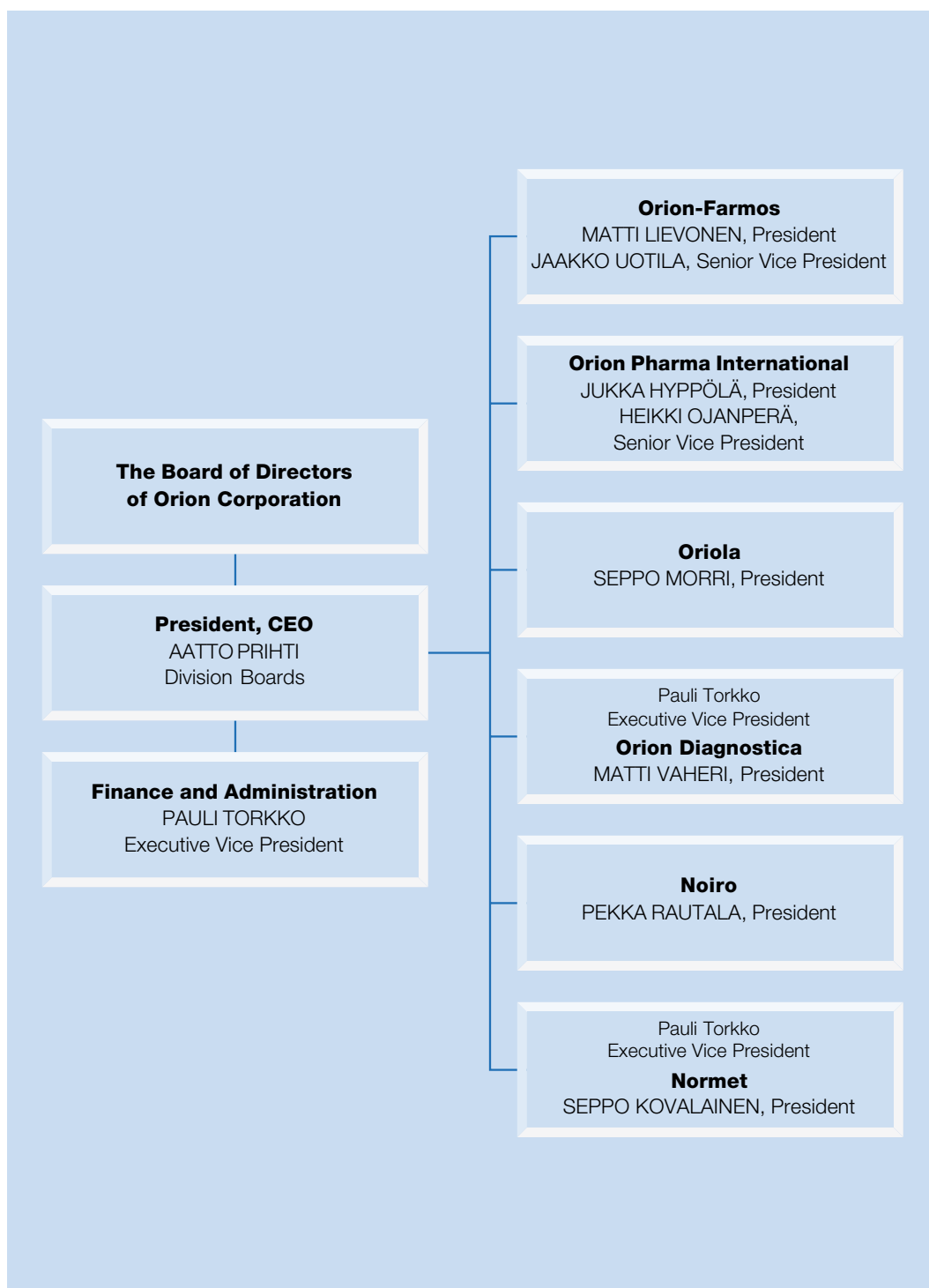
## DEPUTY AUDITORS

<b>Kalervo Virtanen</b> Professor, D.Sc. (Econ.), APA
<b>Mikko Leppänen</b> B.Sc. (Econ.), Approved Accountant



The Board of Directors of Orion Corporation, and the Chairman and Vice Chairman of the Supervisory Board.  
From the left: Pauli Torkko, Asko Perisalo, Tatu Miettinen, Erkki Etola, Aatto Prihti, Juhani Leikola, and Seppo Ylppö.

## Organization and Divisions of the Orion Group 1.3.1995



# Managerial Staff 1.3.1995

Orion-Farmos		Orion Pharma International	
<b>Matti Lievonen</b> President	<b>Pasi Salokangas</b> Pharmaceutical Operations	<b>Jukka Hyppölä</b> President	<b>Heikki Ojanperä</b> Senior Vice President
<b>Jaakko Uotila</b> Senior Vice President Business Development	<b>Pekka Konsi</b> Manufacturing, Espoo and Kuopio	<b>Bo Creutzer</b> Orion Pharma AB	<b>Hans Lindroos</b> Medical Marketing Support
<b>Pekka Kaivola</b> Domestic Marketing	<b>Heimo Rantala</b> Manufacturing, Turku and Seinäjoki	<b>Henning Termansen</b> Ercopharm A/S	FERMION
<b>Antti Koivisto</b> Orion metabolic and respiratory drugs	<b>Risto Hämäläinen</b> Manufacturing, Oulu and Kemijärvi	<b>Klaus Mecklenburg</b> Orion Pharma GmbH	<b>Jorma Mamia</b> Production
<b>Osmo Niiranen</b> Orion cardiovasculars	<b>Asko Noponen</b> Purchasing, Espoo	<b>Kalevi Reijonen</b> Exports	<b>Pekka Kairisalo</b> Product Development
<b>Juhani Peltonen</b> Orion antibiotics	<b>Markku Huhta- Koivisto</b> Purchasing, Turku	<b>Pertti Hacklin</b> Eastern Europe, Middle East	<b>Leif Hildén</b> Quality Assurance, Environmental Protection
<b>Kauko Ruppä</b> Orion psychotropic and neurological preparations	<b>Bjarne Grönblom</b> Engineering	<b>Carl Mastrell</b> Central and Southern Europe, Asia	<b>Christer Mangs</b> Animal Health
<b>Pekka Heinänen</b> Orion dyspepsia and HRT-preparations and hospital sales	<b>Heikki Rehtijärvi</b> Quality Assurance	<b>Hanspeter Ros</b> USA, Canada, South- America, Japan	<b>Anssi Hakkala</b> Hiven
<b>Olli Raasakka</b> Medipolar	<b>Jyrki Mattila</b> Product planning and in-licensing	<b>Hannu Wennonen</b> Western Europe, Norway, Africa	<b>Lars Ekholm</b> Controller
<b>Vappu Valkeisenmäki</b> Lääkefarmos	<b>Matti Huurinainen</b> Finance and Adminis- tration	<b>Pertti Itkonen</b> Logistics	
<b>Antti Loimu</b> OTC products	<b>Kari Ruottinen</b> Controller		
<b>Pekka Järvensivu</b> Medical information	<b>Arla Immonen</b> Payroll management		
<b>Kauko Kurkela</b> Research and Development	<b>Matti Kuula</b> Personnel, Espoo and Kuopio		
<b>Pentti Pohto</b> Research, Espoo	<b>Raimo Lappalainen</b> Personnel, Turku and Seinäjoki		
<b>Risto Lammintausta</b> Research, Turku			
<b>Raija Mäntylä</b> Product Development			

Oriola	Orion Diagnostica	Noiro	Normet
<b>Seppo Morri</b> President Pharmaceutical Wholesale Sector	<b>Matti Vaheri</b> President	<b>Pekka Rautala</b> President MARKETING	<b>Seppo Kovalainen</b> President
<b>Risto Kanerva</b> Distribution	<b>Markku Tilus</b> Senior Vice President Controller	<b>Harri Mäntynen</b> Personal Care and Household Products	<b>Juhani Haartti</b> Marketing
<b>Leho Nõlvak</b> As Oriola, Estonia	<b>Peter Segersven</b> Sales and marketing	<b>Leena Hahla</b> Selective Cosmetics	<b>Timo Turunen</b> Production
<b>Merja Rosendahl</b> Wholesale	<b>Veli Hänninen</b> Product Development	<b>Jouko Heinonen</b> Lumene and Hair- dressing Products	<b>Pertti Pitkänen</b> Controller
<b>Timo Toivio</b> Panfarma	<b>Marja Sihvola</b> Operations	<b>Esko Salmenoja</b> Institutional and Industrial Cleaning Products	<b>Central Administration</b>
<b>Marita Kaurala</b> Reformi-Keskus	<b>Timo Raines</b> Quality Assurance	<b>Carl-Gustav Malmström</b> Exports	<b>Aatto Prihti</b> President and Chief Executive Officer
<b>Timo Åhman</b> Medical and Technical Sector	<b>Lars Lundin</b> Orion Diagnostica AB	<b>Juha Suikkanen</b> Production and Logistics	<b>Pauli Torkko</b> Executive Vice President Finance and Administration
<b>Pertti Kotkas</b> Hospital Department	<b>Jan Ekornrød</b> Orion Diagnostica as	<b>Leena Kolunen</b> Product Development and Quality Assurance	<b>Timo Halttunen</b> Controller
<b>Juha Blomberg</b> Prolab	<b>Steffen Huusom</b> Orion Diagnostica Danmark A/S	<b>Juha Koivukoski</b> Finance and Administration, Strategic Planning	<b>Laura Pesonen</b> Accounting
<b>Hannu Seitsonen</b> Kuuolaitekeskus	<b>Larry Porter</b> Orion Diagnostica Inc.		<b>Ulla Pihlström</b> Finance, Investor Relations
<b>Yrjö Avellan</b> Medion			<b>Heikki Salo</b> Internal Audit
<b>Pauli Karasvaara</b> Graphics Department			<b>Henry Haarla</b> Legal Affairs
<b>Ismo Lindén</b> Dental Care Sector Soredex-Finndent			<b>Timo S. Kylliäinen</b> Legal Affairs
<b>Seija Tynkkynen</b> Hammasväline			<b>Keijo Kajander</b> Corporate Communica- tions, Investor Relations and Personnel Policy
<b>Jouko Seppälä</b> Controller			<b>Riitta Kivikoski</b> Communications
<b>Kyösti Aalto</b> Projects, Latvia, Lithuania, Russia			<b>Pekka Vaissi</b> Tuohilampi

# Addresses

## Orion Corporation

### Central Administration

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Fax + 358-0-429 2801  
Telex 124721 orion fi

### Orion Pharma

### Orion Corporation

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#### MEDIPOlar

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#### Kansas office

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#### PHARMACEUTICAL MANUFACTURING

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#### KEMIJÄRVI WORKS

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#### KUOPIO WORKS

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#### OULU WORKS

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#### SEINÄJOKI WORKS

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#### TURKU WORKS

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## Orion Corporation

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Fax + 46-8-623 6480  
Telex 11183 erco s

#### ORION PHARMA AS

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address Økern  
0508 Oslo, Norway  
Tel. + 47-2-265 0364  
Fax + 47-2-265 3378

#### ERCOPHARMA/S

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Tel. + 45-49-138 342  
Fax + 45-49-138 062  
Telex 37155 erco dk

#### ORION PHARMA GMBH

Address Albert Einstein Ring 1  
D-22761 Hamburg, Germany  
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Fax + 49-40-890 1679

#### INTERORION AG

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CH-6300 Zug, Switzerland  
Tel. + 41-42-319 120  
Fax + 41-42-311 800  
Telex 862230 erco ch

#### ORION-PHARMA AG

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Fax + 41-42-311 800  
Telex 862230 erco ch

#### FINORION KFT.

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H-1114 Budapest, Hungary  
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Fax + 36-1-181 0768

#### ORION PHARMA (IRELAND) LTD.

Address c/o Allphar Services Ltd.  
Burton Hall Park  
Sandyford Industrial Estate  
Foxrock  
Dublin 18, Ireland  
Tel. + 353-1-295 2226  
Fax + 353-1-295 5702

#### ORION CORPORATION

#### REPRESENTATIVE OFFICE

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117049 Moscow, Russia  
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230 0476, 230 0478  
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Telex 413049 peram su

#### FERMION

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02200 Espoo  
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Fax + 358-0-452 1764

#### HANKO WORKS

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Fax + 358-11-2808 223

#### CHEMICAL PLANT, OULU

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#### ANIMAL HEALTH BUSINESS

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Tel. + 358-21-272 7211  
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Telex 62114 fayht fi



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### **Oriola**

#### **Oriola Oy**

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#### **KUULOLAITEKESKUS OY**

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#### **ORION CORPORATION MEDION**

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00510 Helsinki  
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Telex 124669 medon fi

#### **ORION CORPORATION SOREDEX-FINNDENT**

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### **Orion Diagnostica**

#### **Orion Corporation Orion Diagnostica**

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#### **ORION DIAGNOSTICA AB**

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#### **ORION DIAGNOSTICA AS**

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1371 Asker, Norway  
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### **Noiro**

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#### **OTHER LOCATIONS:**

##### **SALPAKANGAS (Institutional Products)**

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#### **TURKU**

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#### **TAMPERE**

##### **(Cutrin-Kadus Hair Dressing Products)**

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33730 Tampere  
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#### **VALLILA**

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+ 358-0-711 990 (Erisan)

### **Normet**

#### **Orion Corporation Normet**

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