

Annual Report 1995



ORION GROUP

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Annual General Meeting

The Annual General Meeting of Orion Corporation will be held on Monday, April 22, 1996 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 17, 1996: tel. +358 0 429 3719 or +358 0 429 3718.

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, 1995, a dividend of FIM 4.00 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 25, 1996. Thus, shares acquired not later than April 22, 1996 entitle the shareholder to full dividends for 1995. The date for payment of dividends is April 30, 1996.

Financial Information

Orion Corporation will publish the following financial reviews in 1996:

Preliminary Estimates on the Financial Statements for 1995	February 22, 1996
The Main Points of the Financial Statements for 1995 Annual Report (in Finnish and in English)	March 7, 1996
Interim Report on the first 4 months of 1996	March 29, 1996
Interim Report on the first 8 months of 1996	June 12, 1996
	October 10, 1996

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 1995

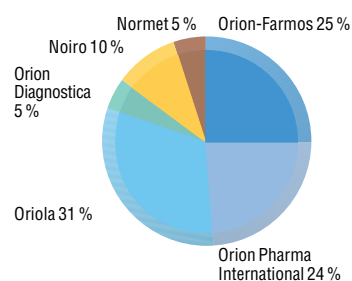
Highlights

- Growth of net sales leveled off and profitability remained at the previous years' level.
- The breast cancer drug Fareston was launched on the Japanese market, and its market authorization for the EU countries and the United States progressed. The centralized EU authorization was obtained on February 14, 1996.
- The subsidiary established in late 1995 took over Orion's pharmaceuticals marketing in the United Kingdom as of the beginning of 1996.
- Shares of Orion Corporation were listed on the Helsinki Stock Exchange as of May 11, 1995.

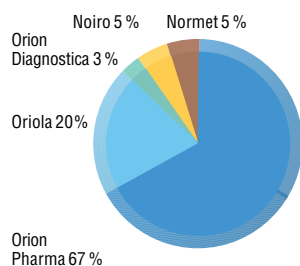
Key indicators

FIM million	1995	1994
Net sales	4 059	3 856
International operations	1 379	1 415
% of net sales	34.0%	36.7%
Operating profit	596	584
% of net sales	14.7%	15.1%
Profit before extraordinary items	670	631
% of net sales	16.5%	16.4%
Balance Sheet total	5 186	5 066
Earnings per share (adjusted), FIM	9.37	8.96
Dividend per share (adjusted)	42.7%	33.5%
Return on invested capital before extraordinary items and taxes	16.3%	16.6%
Return on equity	12.2%	12.7%
Solvency ratio	77.7%	73.0%
Personnel	5 197	5 092

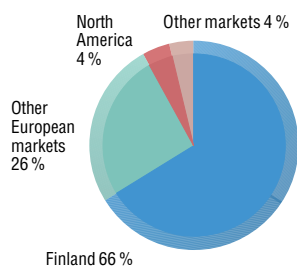
Net sales by division
4059 FIM million



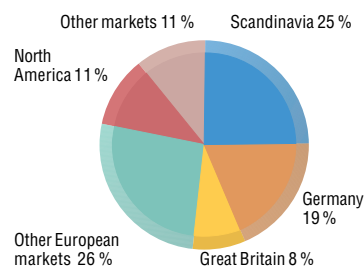
Operating profit by division
596 FIM million



Net sales by market area
4059 FIM million



International operations by market area
1379 FIM million



President's Review

Finland's first year in the European Union meant getting accustomed to membership and provided no real surprises. In 1995 the European economy grew unevenly and towards the end of the year almost all main markets declined. In particular, the uncertainty in the fourth quarter, created by a stagnating economy in Germany and a sputtering one in France, was felt all over Europe. Plans toward a common European currency went forward, overshadowed by considerable instability in foreign exchange markets.

During the third and fourth quarters, the growth of the Finnish economy slowed dramatically, though the annualized 4% increase in GDP was a good achievement. In spite of target-oriented government measures, the hoped-for reduction in unemployment did not materialize. As a result, Finland faces painful new measures which will affect its existing structure. At the beginning of 1995, the Finnish markka rose sharply against the currencies of its main trading partners.

It was a good year for the Orion Group, even if, during the year, we had reasons for higher expectations. Net sales rose 5.2% to FIM 4.1 billion. This year Oriola, the domestic operations of Orion Pharma and Normet fueled Orion's growth. Profit before extraordinary items amounted to FIM 670 million, showing a 6.1% improvement on the previous year. The increase in net financial income accounted for a significant share of the improvement in profit. Taxes were FIM 198 million and earnings per share FIM 9.37, compared with FIM 8.96 in 1994. Gross investments, excluding investments in shares, rose to FIM 205 million, FIM 150 million in the previous year. Investments in shares were FIM 33 million.

The Group R&D expenses before financial contributions totaled FIM 317 million. The breast cancer drug Fareston was launched in the Japanese market in summer 1995, and in February 1996, Fareston received a centralized EU market authorization. The forthcoming United States market authorization is anticipated. A licensing, delivery and marketing agreement was signed in February 1996 with Sandoz Pharma Ltd. on the entacapone drug being developed for the treatment of Parkinson's disease.

The outlook for 1996 is still blurred by uncertainty. Some of the unfavorable factors of change from late 1995 are still influencing us, and international pharmaceutical markets also show signs of slower growth expectations. Therefore, a more leveled development of net sales and profits should be anticipated. Investments of FIM 330 million are planned for research and development and FIM 260 million for fixed assets.

I would here like to express my warmest gratitude to the customers and partners, personnel, shareholders and administration of Orion Corporation. In spite of unexpected changes in our environment, we were able to achieve reasonable financial results. Through a better understanding and respect of the customers' needs, as well as through intensified creation of new products and services across our internal barriers, we will be capable of reaching even higher achievements.

Espoo, March 4, 1996

Aatto Prihti

The Orion Group

The Orion Group is the leading company in the Finnish health care sector. The pharmaceuticals industry, and the other divisions – Oriola, a wholesaler and distributor, and Orion Diagnostica – operating in the health care sector accounted for 85% of net sales. The other business areas are the cosmet-

ics and detergents industry and the engineering industry. The divisions, which devise their own strategy and operate independently towards sound profitability targets, constitute the foundation for the Group's business operations.

The Group is seeking an important role in pharmaceuti-

cals and diagnostics in Europe. In addition to its operations in Finland, Oriola is developing its business in neighboring regions, starting with the Baltic countries. The other divisions aim at growth in narrow product sectors marketed internationally, starting from Finland's neighboring areas.

Divisions of the Orion Group



HEALTH CARE

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

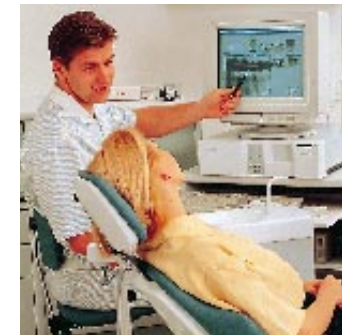
Orion-Farmos

is Finland's leading manufacturer and marketer of pharmaceuticals with a 26% market share of the domestic pharmaceutical specialties. 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 subdivision. The products of Orion Pharma International are marketed through subsidiaries and a network of representatives in an increasing number of countries. Orion Pharma International has subsidiaries in Sweden, Denmark, Norway, Germany, the UK, Ireland, Switzerland and Hungary. International operations account for about 45% of the total sales of Orion Pharma.



Oriola

is a comprehensive wholesaler and distributor serving the health care sector. Oriola provides nationwide pharmaceutical distribution and logistics services for international pharmaceutical companies, its own units and their principals as well as for the health care divisions of the Orion Group. Its market share of pharmaceuticals distribution in Finland is 40%. Oriola imports and services health care equipment and supplies. In the area of dental care products, Oriola is engaged in industrial manufacturing and international marketing. Oriola has subsidiaries in the Baltic countries and in the United States.



Orion Diagnostica

develops, manufactures and markets tests and test systems. Its operations are concentrated on products for diagnosing infectious diseases and on protein, hormone and bone metabolism assays. International operations account for 80% of Orion Diagnostica's net sales. In the Scandinavian countries and in the United States, its products are marketed by subsidiaries.



COSMETICS AND DETERGENTS

Noiro

develops, manufactures, imports and markets cosmetics, personal care and home care products, hairdressing products, hospital hygiene products, as well as cleaning and hygiene products for institutional and industrial use. Noiro export operations focus on markets near Finland: Scandinavia and the Baltic countries, Russia, and Poland.

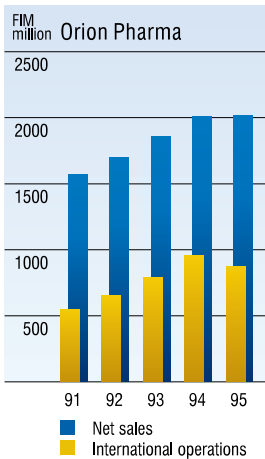


ENGINEERING

Normet

develops, manufactures and markets vehicles and equipment for mining and tunneling, and vehicles and equipment for mechanized timber handling and logging, marketed worldwide. International operations, including indirect exports, account for over 90% of Normet net sales.

Orion Pharma



FIM Million	1995	1994	% change
Net sales	2011	2005	+0.3
Exports and subsidiaries abroad	874	954	-8.4
- % of net sales	43.5 %	47.6 %	
Exports from Finland	550	610	-9.8
R&D expenses	280	278	+0.7
Operating profit	413	419	-1.4
Investments	151	101	
Personnel	2784	2727	
Profitability: very satisfactory			
Share of Group net sales:	49 %		

Orion Pharma conducts research on, develops, manufactures and markets pharmaceuticals, bulk drug substances, and related products.

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; Interorion AG, Switzerland; Orion Pharma AG, Switzerland; Finorion Kft, Hungary; Orion-Farmos Inc., USA; Orion Pharma (UK) Ltd., UK; Orion Pharma (Ireland) Ltd., Ireland.

Orion Pharma net sales grew by 0.3% to FIM 2,011 million. The net sales target was not met, due to developments in international operations. Towards the end of the year, the rate of growth of domestic operations also slowed. The slight decrease in profitability resulted mainly from international sales and remained below the budget.

Within Orion Pharma, Orion-Farmos concentrates on the Finnish market while Orion Pharma International focuses on international operations.

Orion Pharma divisions share R&D as well as production and quality control functions. As a result, the figures for operating profit can be presented only for Orion Pharma as a whole.

Pharmaceutical research and product development

Orion Pharma's R&D operations focus on neurology as well as the treatment of cancer, cardiac insufficiency, asthma and menopausal symptoms.

Fareston, a breast cancer drug, obtained a centralized EU market authorization on February 14, 1996. Fareston is indicated as a first line hormone treatment of hormone-dependent metastatic breast cancer in post-menopausal patients.

On January 3, 1996, Fareston received an "Approvable" Letter by the U.S. Food and Drug Administration (FDA). The final FDA decision on the New Drug Application is subject to certain additional data.

Entacapone, a COMT enzyme inhibitor, is a levodopa extender for the treatment of Parkinson's disease. The research program has proceeded according to plan, and the product is undergoing phase III clinical trials in the Nordic countries, Germany and in North America.

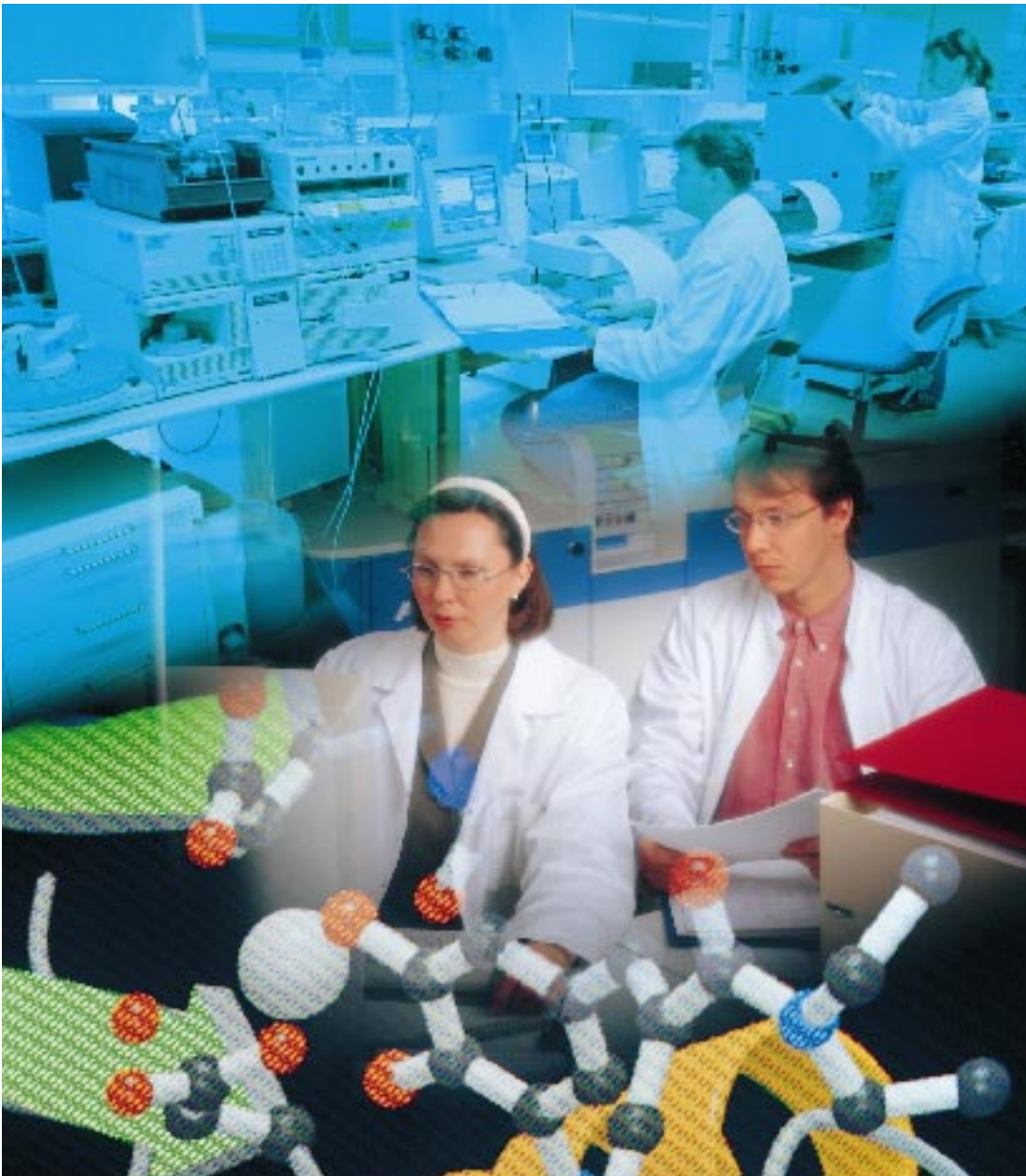
In February 1996, Orion Corporation Orion Pharma and Sandoz Pharma Ltd. of Switzerland signed an entacapone license, supply and marketing agreement.

Sandoz will have exclusive global rights to entacapone product marketing and sales, excluding the Nordic and Baltic countries. In major European Union countries, entacapone will be marketed by both Orion subsidiaries and by Sandoz. The product will be manufactured in Finland by Orion. The term of the agreement is the same as the patent validity period.

Orion Corporation has a licensing agreement with Abbott Laboratories on the anesthetic **dexmedetomidine**. Dexmedetomidine can be used concomitantly with other anesthetic agents to balance the patient's heart rate and blood pressure, and to expedite and facilitate emergence from anesthesia. The drug is now in phase III clinical trials. Abbott Laboratories now has the global rights to further develop and market the drug outside of the Nordic countries.

Levosimendan, a calcium sensitizer for the treatment of cardiac insufficiency, was further targeted, focusing the research on the treatment of severe myocardial insufficiency. The injectable drug is now proceeding towards the phase III trials, while the clinical research on the orally administered version of the drug has not yet started.

Beclomet Easyhaler, a multiple dose powder inhaler containing beclomethasone, is marketed both in Finland and in Germany, whereas



The research on the Orion drug for the treatment of Parkinson's disease, the COMT enzyme inhibitor entacapone, has proceeded according to plan. In the beginning of 1996, Orion signed a licensing, delivery and marketing agreement on entacapone with Sandoz Pharma Ltd. In the photo, Eeva-Riitta Kultalahti, Clinical Research Manager, and Ari Illi, Research Physician, show how the entacapone molecule (multicolor balls and poles) attaches to the COMT enzyme (yellow spiral).

Buventol Easyhaler, the salbutamol containing version, is this far sold only in the Finnish market. In the Scandinavia and Central European countries, Easyhaler products containing salbutamol or beclomethasone are partly in phase III clinical trials, and partly under registration for several countries. Easyhaler products will be marketed globally with the exception of North America, where industrial property rights issues restrain us from entering that market.

The hormone replacement therapy (HRT) product range will be widened and developed to create a versatile line of products for the treat-

ment of menopausal symptoms. **Divina** is already being marketed in most European countries, and **Divitren** has been approved for sale in Finland, Denmark, Sweden, the Netherlands, the United Kingdom and Austria. **Divigel**, an estrogen gel, has the Finnish, Danish and Belgian market authorization. Further market authorizations for hormone replacement therapy products are being applied for.

Research and development expenses accounted for 16.9% of net sales of Orion Pharma's pharmaceutical specialities. The R&D operations employed 721 persons.

Orion-Farmos

Operative environment

During 1995, the Finnish health care sector continued to be the object of austerity budgets and cost-cutting measures. Accountability is being applied to health care organizations generally, while hospitals are being closed in response to excess capacity.

The main measures adopted in the 1990's to control the growing cost of pharmaceutical treatment were reductions in health insurance reimbursements and increases in patient co-payments.

The so-called optional generic prescription system, to be introduced in March 1996, is expected to intensify price competition favoring less expensive drugs. The growth of the pharmaceutical market is generated by new and more expensive drugs launched in the market, drugs that are not affected by this new system.

Price has become an increasingly important factor in the choice of drugs, and is the primary criterion used in drug selection in hospitals. In outpatient care, the increased price conscious-

ness of patients has contributed to decreases in the prices of anti-inflammatory pain relief drugs and antibiotics.

The health care sector is attempting to maintain the costs of pharmaceutical care at the present level in spite of the increasing rate of illness resulting from an aging population and the current objective of increasing outpatient care. However, this means a greater number of pharmaceutically treated patients and an increase in the overall costs, even if pharmaceutical treatment has often been proven to be the least expensive form of treatment in terms of overall economy.

Pharmaceutical prices did not rise because the industry has, for the third consecutive year, continued its voluntary price stabilization policy. The market for drugs sold over-the-counter developed parallel to overall market growth. Increased understanding of product characteristics and cost-efficiency are factors that favor the continual development of self-medication.

The position of Orion-Farmos within the Finnish pharmaceutical market

In 1995, the wholesale price value of the Finnish pharmaceutical market totaled FIM 4,688 million, showing a 10% increase on the previous year. In Finnish markka, growth exceeded expectations. According to a study made by the Social Insurance Institution, sales growth is mainly a result of new and more expensive drugs replacing tested, less-expensive ones.

In contrast to the previous years, a parallel growth trend was seen in both the pharmacy and the hospital market. No switches from prescription to OTC were made.

Orion-Farmos net sales grew by 6.5% to FIM 1,047 million, resulting in a slight decrease of market share. New Orion-Farmos preparations were successful; marketing efforts have been consistently oriented toward preparations with substantial growth potential.

Prescription drugs

Although the Finnish prescription drug market grew by 10.1%, the corresponding Orion-

The Orion-Farmos hospital antibiotics Kefurion and Orivan were successful.



Farmos sales showed a slightly slower growth rate of 7.0%.

The value of antimicrobial drug sales to outpatients decreased slightly from the previous year as price competition brought major outpatient antibiotics prices down. The hospital antibiotics Kefurion and Orivan were quite successful, giving Orion-Farmos a strong overall position in the market.

Compared with the overall growth of the prescription drug market, slower growth was seen in the sales of cardiovascular pharmaceuticals. The development was, however, not uniform throughout the various segments of therapy. Many preparations in the Orion-Farmos product range have reached their maturity and no significant growth on their part can be expected. Such products include Furesis, Diurex, Dilzem and Verpamil.

Marketing efforts were focused on more recent and successful preparations such as Cardiol and Lisipril. The growth of the market for lipid lowering agents was rapid, and Lovacol managed well. Orion-Farmos maintained its market share of 31.5% of the total sales of cardiovascular drug sales.

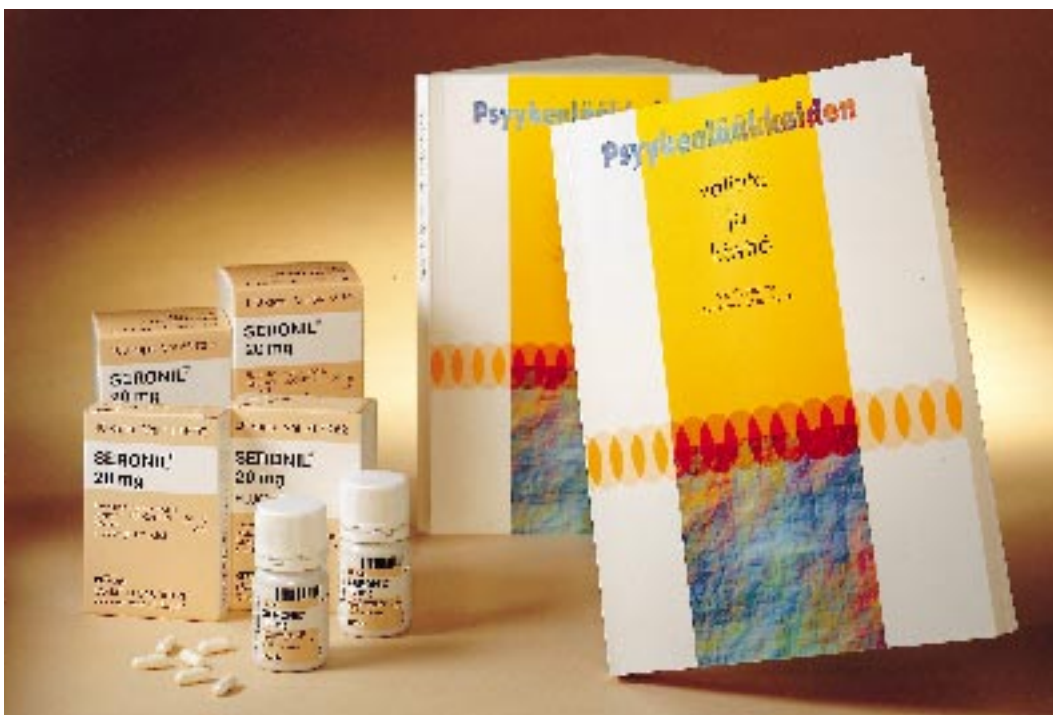
Over the past several years, the sales growth

of psychopharmaceuticals has exceeded the trend seen in other sectors of therapy. This is a consequence of the new products launched, particularly in the antidepressant group but also in the neuroleptic group. Seronil, by Orion-Farmos, is Finland's second largest antidepressant. Tenox, a sleep inducer, also improved its market position.

As regards the neurology segment, Eldepryl continued to grow. After the termination of the Deprakine licensing agreement, Absenor, a new antiepileptic drug, was launched towards the end of the year. In psychopharmaceuticals, the 11% growth contributed to a slight strengthening of Orion-Farmos competitive position. Despite a slight decrease, the market share of the neurological drug segment remained high.

Sales of the Easyhaler product line were favorable. After a slower than expected initial period, Easyhaler has been able to improve its position significantly, particularly as concerns the new asthma patient group. The utilization rate of non-freon asthma drugs is still lower than average in Finland.

The hormone replacement therapy drug Divigel has had a favorable reception, due, in particular,



The Seronil preparations are becoming the standard medication for the treatment of Finnish patients suffering from depression. Physicians receive the new book "Selection and Use of Psychopharmaceuticals" at Seronil presentations.

to its easy and precise application dosage. Not irritating to the skin, Divigel is unnoticeable and discreet in use.

Orion-Farmos improved its competitive position in the pain reliever group, mainly as a consequence of the successful launch of the Tramal range of drugs for severe pain treatment. The gastric ulcer drug Lanzo is another success, marketed in collaboration with Wyeth-Lederle.

In infusion solutions, Orion-Farmos improved its market position and profitability, which still remained rather low.

Orion-Farmos was also able to enhance its market share of hospital sales. This was mainly due to the success of new hospital antibiotics.

OTC products

The total market for the non-prescription drugs grew by 9.4%.

Orion maintained its leadership in the OTC drug market, increasing sales parallel to the market growth, or by 9.5%. Including semimedical

products, sales of all Orion OTC preparations rose by 11.1%. As no switches of former prescription drugs to OTC drugs were made, the operations focused on improving the market position of Burana, Disperin and Ketorin. The nutritional additive Atlevit, a ubiquinone launched towards the end of the year, rapidly assumed the leadership in its segment. Also the preparations for the treatment of the common cold and cough were quite successful.

Sales of pharmaceutical specialities in Finland

(wholesale value)	1995		1994		Change %
	FIM million	Market share%	FIM million	Market share%	
Orion-Farmos	1236	26.4	1142	26.8	+8.2
Other Finnish manufacturers	463	9.8	452	10.6	+2.4
Finnish manufacturers total	1699	36.2	1594	37.4	+6.6
Foreign manufacturers	2989	63.8	2668	62.6	+12.1
Total	4688	100.0	4262	100.0	+10.0

Demand for the common cold drugs Bura-C and Medipekt was boosted by an influenza epidemic that occurred towards the end of the year.



Orion Pharma International

Health care and the pharmaceutical market

Cutting public spending on health care and, specifically on drugs, continued to be practically a global trend. Measures taken included higher patient co-payments, spending ceilings for individual physicians, diminished prices through parallel imports, and restricted choice of treatment alternatives.

On the other hand, an increasing volume growth was visible in the pharmaceutical market. This may be a consequence of an aging population but it may also be a sign of the fact that the measures taken over the past few years to cut the use of pharmaceuticals have reached their limits.

The launching of expensive new drugs also intensified market growth, the growth rate being 6% in the OECD countries, even if individual countries differed substantially in this respect.

According to IMS statistics, the value of the global pharmaceuticals market in 1994 amounted to USD 248 billion, with the European

Union, North America and Japan accounting for some 85% of the total.

Orion Pharma International

Orion Pharma International markets internationally product innovations, preparations made under license, and patented drugs based on its own research.

The division also comprises the pharmaceutical bulk manufacturer Fermion and the Animal Health subdivision.

Orion Pharma International net sales amounted to FIM 1,006 million, with international sales accounting for FIM 869 million, and the Animal Health subdivision FIM 137 million, mainly from domestic operations.

Net sales from international operations, expressed in Finnish markka, decreased 7.5%. Growth was hampered by the unfavorable exchange rate developments, as well as by sales price reductions caused by restrictive public measures and by tougher competition. These were factors contributing to the decline in the sales of Eldepryl and diltiazem.

Sales of finished pharmaceuticals amounted to FIM 687 million, 5.4% down from the previous year.

The major international products include Eldepryl for the treatment of Parkinson's disease, the anti-asthmatic Beclomet, the hormone replacement therapy drug Divina, the calcium antagonist Cardil (diltiazem), the anti-inflammatory analgesic Bonyl (Pronaxen), the antiepileptic agent Deprakine and the gastric ulcer medicine Aciloc.

The main markets were Germany, Denmark, Sweden, France and the UK.

Eldepryl faced increasing generic competition towards the end of the year. The economic consequences will be seen over the next few years.

The interim report of a study, published in the British Journal of Medicine in December 1995, suggested that there was a statistically significant difference in mortality between the patients in the selegiline group and the other groups. The medical

Divina, the biphasic estrogen-progestogen hormone replacement preparation for the treatment of climacteric symptoms and prevention of osteoporosis, adds quality to the life of mature women in an increasing number of countries.



authorities have not modified their treatment recommendations on the basis of these findings which are contrary to those of earlier studies. It is difficult to estimate the effect of these surprising results on Eldepryl sales. After the termination of the Deprakine licensing agreement, the antiepileptic drug Absenor was launched in the Swedish and Danish markets (Delepsine, Denmark).

Net sales of the Swedish subsidiary **Orion Pharma AB** increased by 8.6% to SEK 115 million. Its market share in Sweden is about 1%. The most vigorously growing products were Trivina (Divitren) and Lanzo, whereas sales of Fareston remained modest.

Net sales of DKK 226 million by the Danish subsidiary **Ercopharm A/S** decreased by 8.6%. The drug price cuts implemented as of the beginning of April throughout the Danish pharmaceuticals industry, the sharper generic price competition, and the increased parallel importing were the main factors contributing to the lower net sales figures. Furthermore, Orion Diagnostica

was established as a separate company as of the beginning of 1995, and was no longer part of Ercopharm A/S. Ercopharm A/S had a 3% share of the Danish pharmaceuticals market.

Net sales of **Orion Pharma A/S** (Norway) grew by 13.3% to NOK 25 million.

Orion Pharma GmbH, the German subsidiary, increased net sales by 31.2% to DEM 60 million. In late 1995, the Beclomet aerosol was replaced by the propellant-free Belcomet Easyhaler. The launch of the product started somewhat later than expected. Sales of Eldepryl remained at a substantial level.

Orion Pharma's sales in the United Kingdom were formerly carried out through an outside marketing company. **Orion Pharma (UK) Ltd.** was established in late 1995 with actual operations starting as of the beginning of 1996. The company took over the marketing of Eldepryl.

1995 was the first full year of operation for **Orion Pharma (Ireland) Ltd.** The net sales of IEP 1 million were substantially above the targeted level.

The breast cancer drug Fareston developed by Orion Pharma is now entering the marketing phase.



Orion Pharma International has also subsidiaries in Switzerland and Hungary and a representative office in Moscow.

France was the most important export market with no local Orion Pharma International marketing organization. During 1995, Japan became increasingly important due to the launch of the breast cancer drug Fareston. Fareston is also approved for sale in Finland, Sweden, Norway, Russia and Ukraine. Fareston marketing agreements have been signed with Nippon Kayakun for the Japanese market and with Asta Medica for Germany, Austria and the Benelux countries. Schering-Plough will market Fareston in Southern Europe, North and South America, as well as in certain other countries.

The patented pharmaceuticals developed by Orion Pharma reached the following net sales figures, domestic sales included: Fareston FIM 25 million, Erasis FIM 4 million and veterinary sedatives FIM 45 million.

Fermion

Fermion had a difficult year in 1995 in the international market. The U.S. dollar and the pound sterling exchange rates were not favorable to Finnish exports, and international bulk drug substance prices were in a decline. Fermion net sales were FIM 186 million, down 16.8% from the previous year. Exports accounted for 80% of net sales. The principal products were diltiazem, verapamil, methotrexate and trazodon; the main markets were the United States, the United Kingdom, Israel, Germany and France.

The litigation over the patent rights covering the process of diltiazem continued in the United States and Germany.

Animal health

Veterinary consultations at farms in Finland decreased by 16% from the previous year as a consequence of the reduction of livestock farming. However, the Animal Health subdivision was able to increase total sales by 5.9%. Orion's market leader position in Finland is based on a product range including the most important drugs for livestock, race horses, pets, fish

farming, poultry, fur animals and reindeer.

The growth of Hiven Oy net sales leveled off. The largest growth was achieved in gastrointestinal products, vitamin powders, hygiene products and vitamin solutions.

The exports of the animal sedatives Domo-sedan, Domitor and Antisedan, marketed under a global agreement signed with Pfizer Animal Health, showed a constantly positive development. At the beginning of 1995, a separate organization for the marketing of animal health preparations was established in Sweden.

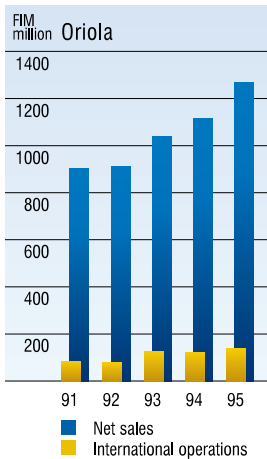
Net sales reached by the Animal Health subdivision totaled FIM 139 million, an increase of 11.4%.

Orion Pharma outlook for 1996

The growth of the Finnish pharmaceutical market is expected to decrease in 1996. Estimates for international net sales figures are blurred by many factors, including rapidly intensifying price competition influencing Eldepryl, the effect of research reports on selegiline sales, and the switch-over in Germany from Beclomet Forte to Beclomet Easyhaler. Positive factors include favorable expectations for Fareston and milestone payments to be received from marketing partners.

The forecast for Orion Pharma net sales and profitability developments point to modest growth or even a slight decline.

Oriola



FIM Million	1995	1994	% change
Net sales	1270	1117	+13.7
Exports and subsidiaries abroad	140	124	+13.5
- % of net sales	11.1 %	11.1 %	
Exports from Finland	128	126	+1.0
R&D expenses	8	7	+21.8
Operating profit	126	104	+20.4
Investments	21	23	
Personnel	1076	1041	
Profitability: very satisfactory			
Share of Group net sales:	31 %		

Latvia; UAB Oriola-Vilnius, Lithuania and Soredex-Finndent Inc. in the United States.

In 1995 Oriola invoicing increased by 10.8% to FIM 2.6 billion. Particularly favorable trends were shown by the pharmaceutical distribution services, Panfarma, Hammasväline, Sairaalaväline, Prolab, Medion and the international wholesale operations in the Baltic area, whereas net sales at Reformikeskus, Kuulolaitekeskus, and the Graphic Arts Department decreased. Oriola net sales rose 13.7%. Profitability improved slightly, exceeding the budgeted level.

Oriola is a comprehensive wholesale and distribution company for health care products and specialized marketing services. In the area of dental care products, Oriola is involved in manufacturing and international marketing.

The Oriola division consists of the following: Oriola Oy, Panfarma Oy, Kuulolaitekeskus Oy, Orion Corporation Medion, Orion Corporation Soredex; As Oriola, Estonia; SIA Oriola-Riga,

The distribution sector

Responsible for Oriola's materials management in Finland, the **Domestic Distribution** unit provides logistical services for international 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, export and import forwarding, warehousing, order processing and distribution.

The **International Distribution** unit provides its principals with extensive health care distribution throughout the Baltic countries Estonia, Latvia and Lithuania. The new office and warehouse facilities established in both Riga and Vilnius during 1995 meet the Good Distribution Practice requirements.

The wholesale sector

The **Wholesale** unit markets Oriola's full-service importing, warehousing and distribution services to international and domestic companies operating in the pharmaceuticals and health care sectors. The full-service package also includes telemarketing and relevant information services.

Pierre Fabre Pharma Norden AB and Item Development AB are new distribution clients secured by Oriola in 1995. The pharmaceutical wholesale sector had a 40% share

The Oriola local wholesale warehouse in Espoo has a computerized system for the automated pick-up of all small-scale orders. The automatic picking machine has attained a daily record of 15,547 lines and 42,526 units.



of the pharmaceuticals distribution market in 1995.

The pharmaceutical wholesale unit also markets semimedical products, bulk drug substances, hygiene products, cosmetics, detergents and related products, as well as general merchandise to pharmacies and other operators in the health care sector.

Panfarma provides the international pharmaceuticals industry with marketing, registration and other administrative services. Panfarma's major partners include Boehringer Ingelheim GmbH, Parke-Davis Scandinavia AB, Allergologisk Laboratorium A/S as well as Procter & Gamble. Luitpold Pharma GmbH, Panfarma's current cooperation partner, will establish its own marketing company as of July 1, 1996.

Panfarma also cooperates with Oriola's Baltic subsidiaries.

Reformi-Keskus, the market leader in most health food business distribution channels, has a comprehensive and versatile selection of health food products. In 1995, the sales of health food products decreased by 5%. However, the exports

to Japan of the Pansuola mineral salt increased. During the first half of 1996, the manufacturing of this mineral salt will start in the U.S. under license from Oriola.

The combined net sales of the distribution and pharmaceutical wholesale sectors rose to FIM 752 million in 1995, a 21.8% increase.

The medical and technical sector

In 1995, net sales of the medical and technical sector rose by 6.3% to FIM 317 million.

Sairaalaväline, the Hospital Department, markets supplies for examinations, procedures and health care, as well as medical equipment, surgical instruments and implants.

The total market grew by 6%, and Sairaalaväline increased its market share. The powderfree Biogel surgical gloves from Regent Hospital Products, a new representation, had a very favorable reception. Cooperation with Hewlett-Packard Oy increased, and the range of products was expanded by adding new patient monitors. In Esto-



Powderless Biogel surgical gloves by Regent Hospital Products can be used in all types of surgery.

Lohmann's synthetic plaster cast is lighter than conventional casts.

nia, sales of supplies and equipment grew rapidly, and operations started in Lithuania and Latvia.

Prolab markets analyzers and laboratory equipment and supplies, chemicals and reagents used both by the research and routine analysis laboratories, as well as diagnostic products for hospital and outpatient care.

During the financial year, the laboratory sector market grew by 6%. Prolab had particular success in deliveries of analyzer and laboratory supplies, bolstering its status as a supplier to clinical laboratories.

Baltic sales of laboratory products improved. A distributor service agreement for the marketing and maintenance of the Becton Dickinson immunocytometry systems was signed.

Kuulolaitekeskus and **Apuväline Oriola** market hearing aids and visual aids and aids for the speech impaired, mobility aids as well as hearing and ear examination equipment. New products include the expanded line of behind-the-ear hearing aids by Philips. Because of dissolved distribution agreements, the market share of the hearing aids decreased, while the share of other aids

and hearing examination equipment increased.

Medion markets medical imaging and radiotherapy equipment to the health care sector as well as infrared devices and materials testing equipment to industry. The market for the imaging equipment saw an increase. All segments of Medion's operation showed a positive trend.

The **Graphic Arts Department** markets materials and equipment for printing industry. An increasing number of digital image systems were included in the DuPont range of products.

The dental care sector

In 1995, the dental care sector increased net sales by 2.5% to FIM 216 million.

Hammasväline is the leading full-service dental supply company in Finland. All supplies and equipment needed for Finndent dentists' offices and dental laboratories are included in the extensive product range. Hammasväline's nationwide maintenance network provides additional operational support. Hammasväline provides

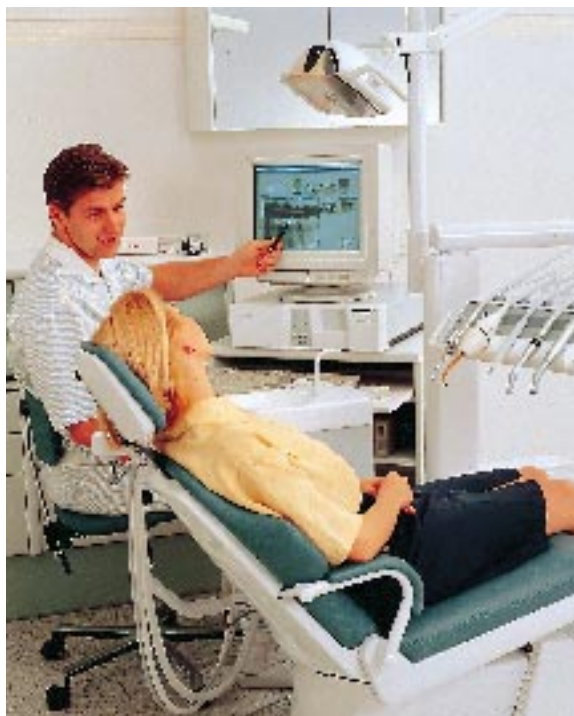
manufacturers with comprehensive marketing expertise and smoothly-functioning logistics services not only in Finland but also in the Baltic countries.

Soredex develops, manufactures and markets dental X-ray equipment as well as Finndent dentist's chairs and dental care units. X-ray equipment includes Cranex panoramic X-ray equipment, Scanora multidimensional tomography equipment for dento-maxillofacial imaging, and Digora digital imaging systems. Exports accounted for over 95% of Soredex sales, with the major export markets in the United States, Germany, other Western European countries, Korea and Russia.

Outlook for 1996

The net sales growth of Oriola is expected to level off, and profitability is expected to remain at the 1995 level.

The user-friendly Digora dental imaging system developed by Soredex combines laser imaging to Windows software for scanning, image processing and top-quality images.



Orion Diagnostica

Orion Diagnostica develops, manufactures and markets tests and test systems mainly for use by clinical laboratories and private practitioners. Operations are focused on products for diagnosing infectious diseases, and for specific protein, 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., the United States.

Orion Diagnostica net sales did not meet the targets set, showing a 1% decrease. International operations accounted for 79% of net sales, the major markets being the Scandinavian countries, Central Europe, the United States and Japan.

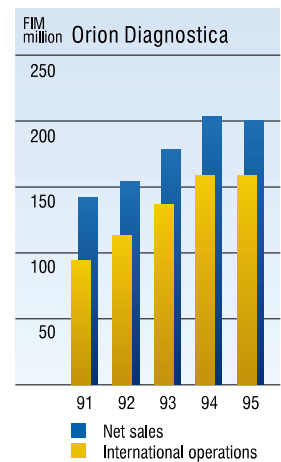
The profitability of Orion Diagnostica did not meet the previous year's level and fell short of the budgeted figures.

The slight decrease in the domestic sales of Orion Diagnostica products, as compared with the previous year, was due to a public health care sector strike in Finland and to changes in testing practices.

The U.S. and Norwegian subsidiaries increased their net sales from the previous year. On the other hand, the volume of the U.S. operations remained



FIM Million	1995	1994	% change
Net sales	201	203	-1.0
Exports and subsidiaries abroad - % of net sales	159 79.0%	159 78.3%	0.0
Exports from Finland	81	88	-7.2
R&D expenses	18	16	+10.5
Operating profit	17	22	-19.9
Investments	7	8	
Personnel	384	383	
Profitability: satisfactory			
Share of Group net sales:	5%		



too low. There were difficulties related to the availability of some products represented by the Swedish and Norwegian subsidiaries. During its first year of operation, Orion Diagnostica Danmark A/S met projected development expectations.

Product development and products

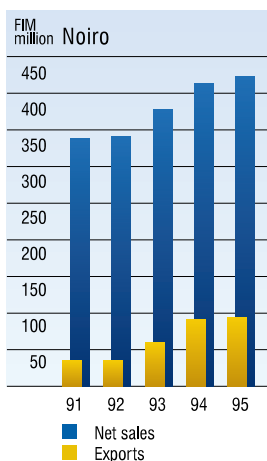
The new products launched include ASO-PAIA, a quantitative antistreptolysin O-test for the identification and follow-up of infections caused by group A streptococci, Spectria Estradiol Sensitive, a product for measuring very low concentrations of female sex hormone in young girls and in women in menopause, as well as the bone metabolism tests PINP and Rat ICTP for research use. The following product improvements were also launched: the quantitative test Pyloriset EIA-G for the detection and follow-up of the Helicobacter infection, and the cancer marker Spectria TATI. In addition, the following Delfia product line improvements were introduced: Ferritin for body iron content assays, Testosterone for the assay of excessive or subnormal male sex hormone secretion in both sexes, and SHBG for the demonstration of syndromes causing androgenism in females.

The QuikRead CRP System developed by Orion Diagnostica has been well-received on the market. Using the updated system, the C-reactive protein indicating bacterial infection can now be determined from whole blood quicker than ever.

Outlook for 1996

Orion Diagnostica has had the Swedish and Norwegian representation of Lifescan OneTouch for blood sugar concentration analyses, a product showing a significantly increased demand over the last few years. As of the beginning of 1996, Novo Nordisk took over the product, and therefore Orion Diagnostica's net sales are expected to decrease. However, profitability is expected to remain at the 1995 level.

Noiro



FIM Million	1995	1994	% change
Net sales	423	414	+ 2.0
Exports from Finland	93	91	+ 1.9
- % of net sales	20.9%	21.2%	
Operating profit	34	47	- 27.8
Investments	16	12	
Personnel	653	650	
Profitability: very satisfactory			
Share of Group net sales:	10%		

Noiro develops, manufactures, imports and markets cosmetics, personal care and home care products, hairdressing products, hospital hygiene products, as well as cleaning and hygiene products for institutional and industrial use.

The domestic market for cosmetics and detergents increased slightly. The development of Noiro's market share was not uniform, the most positive development being that of hygiene products for institutional and industrial use.

Due to unsatisfactory development towards the end of the year, increase in net sales remained at 2.0%, and the net sales target was not met. Profitability, falling short of the budgeted figures, was lower than last year.

Noiro exports remained at the previous year's level. Exports accounted for 21% of Noiro net sales. The major export markets were Norway,

Sweden, Denmark, Britain, Poland, the Czech Republic, Hungary, Estonia and Russia.

Personal care and home care products

The brands Herbina, Fii and Wella were the main personal care products. Erisan, a line of hygiene products for sensitive skin, was a newcomer launched in 1995.

The favorable development of Herbina exports helped in offsetting the slow development of domestic sales.

Cosmetics and hairdressing products

Lumene, developed by Noiro, maintained its domestic market leadership. Compared with the previous year, exports of Lumene products showed substantial growth.

Noiro also represents top brands of exclusive international cosmetics such as Juvena, Van Gils, Piz Buin and Babor. The improved Nanoel products completed the selection while the new Favorsa skin care line was developed for pharmacy distribution.

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

Institutional cleaning and hygiene products

Sales of the Erisan hospital hygiene products, the Famos industrial hygiene products and the Kemiansalpa cleaning products showed favorable develop-

ment. In February 1996, Orion Corporation Noiro bought Multielektro Oy's business unit engaged in the importing and marketing of institutional cleaning machines. This acquisition was made for Karkone Oy, a subsidiary to be established (net sales of FIM 8 million).

Outlook for 1996

The growth of the domestic market is expected to remain slow, reflecting a modest increase in Noiro net sales. Profitability is expected to improve from the last year's level.

Only raw materials backed by careful research and testing are used for Favorsa, the skin care brand developed for pharmacy distribution.



Normet

Normet develops, manufactures and markets vehicles and equipment for mining and tunneling as well as for mechanized timber handling and logging.

The growth of Normet's net sales and profitability exceeded both plans and expectations. International operations, including indirect exports, accounted for over 90% of net sales.

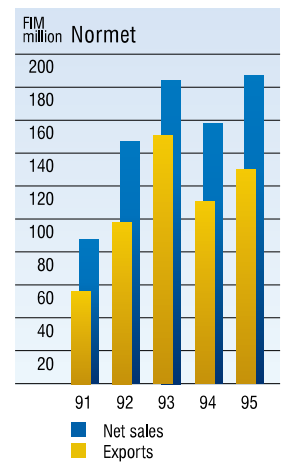
The demand for mining equipment was particularly strong in North and South America, Australia and in the Far East, where the rock mining market remained very active. Underground construction work in Europe and in the Far East was also a factor contributing to the increase in underground construction equipment sales. Drill carrier sales also rose.

In the timber handling and logging sector, an upward trend was seen in the sales of loading and transportation equipment as well as in harvesters.

Outlook for 1996

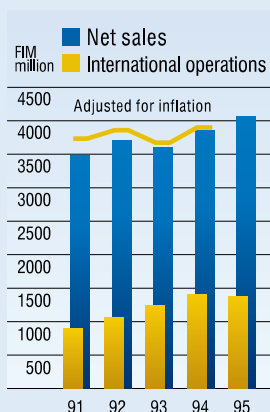
Sustained demand is expected in Normet's business sectors. The rate of increase in net sales will level off, whereas profitability is expected to remain at last year's level.

FIM Million	1995	1994	% change
Net sales	187	158	+18.0
Exports from Finland - % of net sales	131 66.3 %	111 64.9 %	+17.3
Operating profit	31	20	+57.3
Investments	7	4	
Personnel	272	263	
Profitability: very satisfactory			
Share of Group net sales:	5 %		



HIMEC 9910 B HEX is a lifting platform vehicle for large-scale tunnel support and installation work. The vehicle, with its turning and hydraulically expanding working platform, is designed to meet the special needs of customers.

Report by the Board of Directors of Orion Corporation



General

Finland's GDP continued to grow at 4% during 1995, even though the rate of growth slowed significantly during the year. Investments rose by nearly 10%, and domestic consumption by 3.5%. Export growth slowed to 8%. Although imports grew by 11%, the current account surplus improved. Industrial production continued to grow by almost 10%. The average annual rate of inflation was 1%.

Net sales

GROUP

In 1995, Orion Group net sales rose to FIM 4,059 million (FIM 3,856 million)*, a 5.2% (7.1%) increase on the previous year. The growth rate was slower in the latter half of the year, and did not meet expectations. Domestic net sales rose 9.7% (3.5%), whereas net sales from international operations decreased by 2.5% (an increase of 14.1%). The strengthening of the Finnish markka had a significant impact on the decrease in international operations. With fixed foreign exchange rates, international operations would have grown by 6.0%.

International operations (exports from Finland and subsidiaries abroad) generated net sales of FIM 1,379 million (FIM 1,415 million), accounting for 34.0% (36.7%) of group net sales. Nordic countries, other Western European countries and the United States were the major markets. Group exports from Finland were FIM 982 million (FIM 1,026 million), down 4.3% (up 15.4%).

Overall growth of Orion Pharma net sales was only 0.3% (8.2%). The Finnish pharmaceuticals market grew by 10%, and Orion Pharma net sales in that market rose by 8.1%. The market share loss of 0.4 percentage points was clearly smaller than in the previous year.

Orion Pharma net sales from international operations decreased 8.4%, maintaining a 43.5% share of Orion's pharmaceuticals industry. In addition to the adverse exchange rate development, the main factor contributing to the downward development was the decrease in major product prices, caused by efforts by the authorities in various countries to reduce pharmaceutical prices, and/or by measures taken by competitors.

As regards Eldepryl, the drug for treatment of Parkinson's disease, the termination of the marketing exclusivity gave start to a subsequent price competition. The asthma drug Beclomet aerosol was replaced by the propellant-free drug Beclomet Easyhaler in the German market; its sales took off slower than expected, and certain market and contractual issues were other adverse factors affecting profitability towards the end of the year. Japanese sales of the breast cancer drug Fareston started.

In Oriola wholesale sector, products of new principals boosted Oriola overall net sales substantially. Growth in the Baltic continued according to plan. Net sales of Reformi-Keskus, Kuulolaitekeskus and the Graphic Arts Department decreased. Hammasväline and other medical and technical sector units performed well.

Orion Diagnostica domestic net sales decreased, caused by a public health care sector strike in Finland, and by modified testing practices. Nordic representation products had delivery difficulties, and the volume of the U.S. operations remained modest.

In the latter half of the year, Noiro net sales growth slowed in the domestic market and in exports.

Normet net sales improved beyond expectations.

Of the divisions, Orion Pharma domestic operations, Oriola and Normet improved their net sales substantially over the Group average growth rate. The development of Orion Group net sales and of international operations by business area, division and market area, as well as of operating profit by business area and division are shown in the enclosed table.

PARENT COMPANY

Net sales of Orion Corporation, the parent company, were FIM 2,533 million (FIM 2,431 million), a 4.2% (5.1%) increase.

Financial performance

GROUP

The Group's financial performance leveled off owing to the slower than expected development of net sales and the substantial increase in marketing costs. Net financial income grew substantially. As a whole, financial performance was very satisfac-

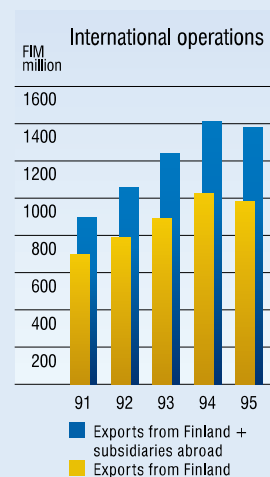
* Figures in brackets refer to 1994.

Net sales and international operations by business area and by division

	1995		1994		Change in net sales on 1994 %	Change in international operations on 1994 %
	FIM million	of which international operations FIM million	FIM million	of which international operations FIM million		
HEALTH CARE						
Orion Pharma	2 011	874	2 005	954	+0.3%	-8.4%
– Operations in Finland	1 137		1 051		+8.1%	
– International operations		874		954		-8.4%
Oriola	1 270	140	1 117	124	+13.7%	+13.5%
Orion Diagnostica	201	159	203	159	-1.0%	+0.0%
Internal items	-21	-5	-27	-12		
Health care total	3 461	1 168	3 298	1 225	+4.9%	-4.7%
COSMETICS AND DETERGENTS, Noiro	423	88	414	88	+2.0%	+0.7%
ENGINEERING, Normet	187	124	158	103	+18.0%	+20.7%
GROUP ITEMS	-12	-1	-14	-1		
Total	4 059	1 379	3 856	1 415	+5.2%	-2.5%

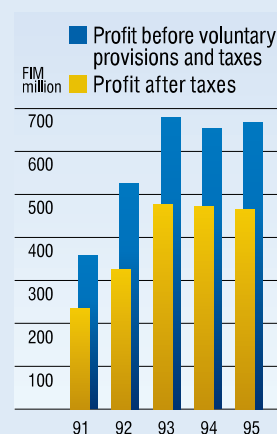
International operations by market area

	1995		1994		Change on 1994 %
	FIM million	Share %	FIM million	Share %	
Scandinavia	346	25.1	366	25.9	-5.5%
Other European markets	726	52.6	742	52.5	-2.2%
North America	158	11.5	176	12.4	-10.1%
Other markets	149	10.8	131	9.2	+13.9%
Total	1 379	100.0	1 415	100.0	-2.5%



Operating profit by business area and by division

	1995		1994		Change on 1994 %
	FIM million	Share %	FIM million	Share %	
HEALTH CARE					
Orion Pharma	413	69.3	419	71.7	-1.4%
Oriola	126	21.1	104	17.9	+20.4%
Orion Diagnostica	17	2.9	22	3.7	-19.9%
Health care total	556	93.3	545	93.3	+2.0%
COSMETICS AND DETERGENTS, Noiro	34	5.7	47	8.0	-27.8%
ENGINEERING, Normet	31	5.2	20	3.4	+57.3%
GROUP ITEMS	-25	-4.2	-28	-4.7	
Total	596	100.0	584	100.0	+2.1%



tory, even if the development shown by various divisions was not uniform.

Group operating profit rose to FIM 596 million (FIM 584 million), 2.2% (5.3%) higher.

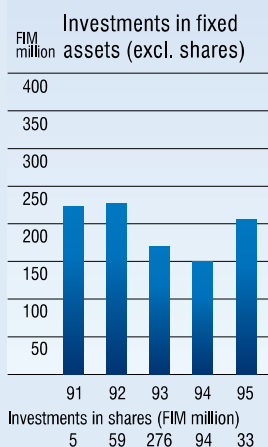
Group net financial income was FIM 74 million (FIM 47 million), the associated companies generating FIM 26 million (FIM 28 million) of that sum.

The Orion Group's profit before extraordinary items increased by 6.1% (8.4%) to FIM 670 million (FIM 631 million). The associated companies accounted for FIM -2 million (FIM +8 million) of the extraordinary items.

Taxes on operations for the financial year were FIM 198 million (FIM 183 million).

Earnings per share were FIM 9.37, compared with FIM 8.96 in 1994, a 4.6% improvement. Shareholders' equity per share was FIM 80.56 (FIM 73.93).

Of the Group divisions, Oriola and Normet improved their operating profits. In Orion Pharma, the unfavorable development in international operations diminished profits. Developments in foreign currency exchange rates had a great effect on the performance of the various divisions, but on the Group level this influence was eliminated through



currency matching and hedging. Profitability of all divisions was very satisfactory, only Orion Diagnostica remaining at a satisfactory level.

Group return on investment before extraordinary items was 16.3% (16.6%) and return on shareholders' equity was 12.2% (12.7%).

The appropriations show the difference between depreciation according to plan and total depreciation. Depreciation totaled FIM 255 million (FIM 231 million). FIM 130 million (FIM 105 million) was used to cover the acquisition costs corresponding to the use of investment, transitional and replacement provisions. Investment provisions were decreased by FIM 89 million (FIM 81 million), transitional provisions by FIM 9 million (FIM 6 million) and replacement provisions by FIM 32 million (FIM 2 million increase and FIM 20 million decrease). Other provisions were increased by FIM 3 million (FIM 3 million).

PARENT COMPANY

Parent company financial performance before extraordinary items, provisions, and taxes was FIM 458 million (FIM 402 million). Total depreciation was FIM 215 million (FIM 195 million). Investment provisions were decreased by FIM 89 million (FIM 76 million), replacement provisions by FIM 31 million (FIM 20 million), and transitional provisions by FIM 2 million (FIM 0 million). No decrease in employee housing provision was made (FIM 1 million increase).

Financing

GROUP

Group solvency and liquidity were good.

According to the Financing Report, total income financing by the Group companies in Finland and abroad amounted to FIM 661 million (FIM 655 million). Working capital increased by FIM 146 million (FIM 95 million), cash flow from business operations amounting to FIM +515 million (FIM +560 million). Investments in fixed assets were FIM 238 million (FIM 244 million), and income from the sale of fixed assets FIM 2 million (FIM 9 million). Cash flow before financing was FIM 278 million (FIM +325 million), FIM 146 million (FIM 117 million) of which was used for

dividends and donations and FIM 54 million (FIM 157 million) for repayment of short and long-term liabilities. Other financial items increased by FIM 107 million (FIM 49 million). Liquid assets decreased by FIM 21 million (FIM 6 million).

The Group's cash reserves were invested mainly in short-term money market instruments and bonds. Minor sums were invested in listed shares and investment funds both in Finland and abroad.

Liabilities in the Consolidated Balance Sheet of December 31, 1995 amounted to FIM 1,150 million (FIM 1,363 million), the share of liabilities subject to interest being FIM 585 million (FIM 639 million). Short-term liabilities subject to interest accounted for 8.7% (7.3%) of all liabilities subject to interest.

The Group solvency indicator, i.e., the solvency ratio, increased to 77.7% (73.0%) by the end of the financial year.

Net financial income shown in the Consolidated Income Statement came to 1.8% (1.2%) of net sales. Without the effect of consolidation but taking the dividends received from the associated companies into account, net financial income rose to FIM 61 million (FIM 29 million). Average return on money market investments was slightly higher than in 1994.

Foreign currency cash flow due to imports slightly exceeded the corresponding currency cash flow from exports. Open positions have been hedged on the Group level.

Parent company's share capital and shareholders

The Orion Corporation share capital is FIM 500 million and the nominal value of shares is FIM 10. 26,473,802 shares, or 53%, belong to series A and 23,505,930 or 47%, to series B. On May 11, 1995 both Orion Corporation share series were listed on the Helsinki Stock Exchange.

At the end of the financial year, Orion Corporation had 19,227 shareholders.

Investments in fixed assets

Gross investments by the Group in 1995 amounted to FIM 238 million (FIM 244 million), or 5.9% (6.3%) of Group net sales.

The breakdown of investments was as follows:

FIM million	1995	1994
Land and water	0	0
Buildings	42	20
Machinery and equipment	133	102
Shares	33	94
Other fixed assets	30	28
Total	238	244

Excluding investments in shares, gross investments were FIM 205 million (FIM 150 million), or 5.0% (3.9%) of net sales. Instrumentarium Oy and Oy Tamro Ab shares constituted the major investments in shares. On December 31, 1995, the Orion Group interest in the Instrumentarium Oy stock of shares was 22.3%, securing 25.6% of the votes, and 7.1% of the Oy Tamro Ab shares and votes were held by the Group.

Gross investments by divisions were the following:

FIM million	1995	1994
Orion Pharma	151	101
Oriola	21	23
Orion Diagnostica	7	8
Noiro	16	12
Normet	7	4
Central Administration	36	96
Total	238	244

The major investments by Orion Pharma were the renovation of special synthesis production in Oulu, the investment in the manufacture of Easy-haler products in Espoo, the extension of the quality control and gel manufacture facilities in Turku, and the plant modification work in Denmark. Oriola, Orion Diagnostica, Noiro and Normet investments mainly consisted of normal machinery, transportation and other equipment.

Acquisitions and other changes in group structure

In March, the Oriola subsidiary ZAO Oriola was founded to constitute part of the health care distribution system in Russia. In May, the name of the non-operating subsidiary Deprenyl Research Ltd. was changed into Orion Pharma (UK) Ltd., and as of the beginning of 1996, this company started to market pharmaceuticals in Britain. The Danish real estate company Ejendomsaktieselskab

Skelstedet 13-15 was dissolved in December.

In February 1996, Orion Corporation Noiro bought a unit involved in the importing and marketing of institutional cleaning machines for the newly-established company Karkone Oy. This business has FIM 8 million worth of net sales with a staff of 7 persons.

Payroll, wages, and salaries

The average number of personnel employed by Orion Group in 1995 was 5197. Personnel increased in 1995 by 105 persons, or 2.1%. The increase mainly concerned marketing personnel employed abroad. Orion Corporation increased its personnel by 75, or 2.0%, mostly owing to intra-Group structural arrangements.

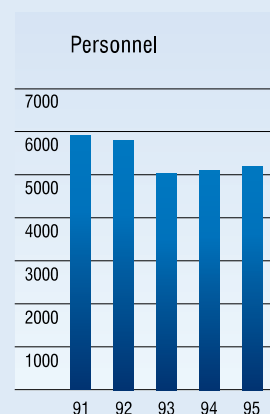
The salaries, fees, and benefits in kind paid to members of the Board of Directors, the Supervisory Board, and President of Orion Corporation were FIM 3 million (FIM 3 million), and the wages and salaries of other employees amounted to FIM 526 million (FIM 496 million). The respective Group figures were FIM 12 million (FIM 11 million) and FIM 726 million (FIM 687 million). The total sum paid out in wages and salaries grew 5.6% in the Group and 6.1% in the parent company.

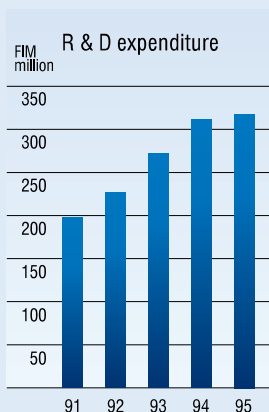
Group personnel:

	1995	%	1994	%
Parent company,				
Orion Corporation	3,901	75.1	3,826	75.1
Subsidiaries in Finland	816	15.7	851	16.7
Total in Finland	4,717	90.8	4,677	91.8
Subsidiaries abroad	480	9.2	415	8.2
Group total	5,197	100.0	5,092	100.0

Group personnel by business area and by division:

	1995	1994
HEALTH CARE		
Orion Pharma	2,784	2,727
Oriola	1,076	1,041
Orion Diagnostica	384	383
Health care total	4,244	4,151
COSMETICS AND DETERGENTS		
Noiro	653	650
ENGINEERING, Normet	272	263
CENTRAL ADMINISTRATION	28	28
Total	5,197	5,092





After the passing away of the Chairman of the Board of Directors, Reino Salonen, in January 1995, the Orion Corporation Supervisory Board elected President Aatto Prihti as the new Chairman and Asko Perisalo as Vice Chairman of the Board of Directors. Erkki Etola was elected to the Board of Directors as a new member.

In December 1995, the Orion Corporation Supervisory Board elected Asko Perisalo as Chairman and President Aatto Prihti as Vice Chairman of the Board of Directors.

Research and development

Group expenditure on research and development prior to financial contributions rose to FIM 317 million (FIM 311 million), or 7.8% (8.1%) of net sales. The parent company accounted for FIM 309 million (FIM 300 million) of these expenses, or 12.2% (12.4%) of its net sales. Within the Group, R&D expenses grew by 2.0% (14.1%). Investment in research and development is of vital importance for securing the Group's long-term growth, internationalization and profitability. The proportion of R&D expenditure of net sales varies greatly by division, Orion Pharma's and Orion Diagnostica's contributions being the highest.

In January 1996, the breast cancer drug Fareston received an "Approvable" Letter from the U.S. Food And Drug Administration (FDA), a step preceding the final U.S. market authorization. Fareston obtained a centralized E.U. market authorization in February 1996. Also in February

1996, Orion Corporation and Sandoz Pharma Ltd. signed a licensing, delivery and marketing agreement on the entacapone drug being developed for the treatment of Parkinson's disease.

Medical research was supported by a FIM 1,054,000 contribution channeled through Orion's own foundations. The Orion Corporation Research Foundation, which promotes research in medicine, chemistry, pharmacy and nutritional physiology, awarded grants to the total amount of FIM 504,000. The Farnos Research and Scientific Research Foundation, which likewise promotes medical research, gave out grants worth FIM 550,000 in total. Furthermore, Orion Corporation donated FIM 200,000 to the Maritza and Reino Salonen Fund established within the Orion Corporation Research Foundation, and FIM 510,000 for other purposes, mostly medical research.

Outlook for 1996

Slower growth is expected in international pharmaceutical markets. Some of the unfavorable factors influencing the Orion Group net sales in 1995 continue to have an impact on short term developments. It is therefore anticipated that net sales and profit developments may level off.

Planned research and development expenditure amounts to FIM 330 million. FIM 260 million are planned for investments 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 1995

The distributable shareholders' equity shown in the Consolidated Balance Sheet of December 31, 1995 amounts to FIM 1,866 million. The corresponding parent company figure is FIM 1,165,518,192.12, profit for this financial year accounting for FIM 390,983,834.72 of that sum. The Board of Directors proposes that the distributable shareholders' equity of the parent company be used as follows:

dividend of FIM 4.00 per share on 49,979,732 shares	FIM 199,918,928.00
donations to medical research	FIM 550,000.00
to be retained in the profit and loss account	FIM 965,049,264.12
	<u>FIM 1,165,518,192.12</u>

Income Statement

FIM million	Orion Group				Orion Corporation			
	Jan.1-Dec. 31, 1995		Jan.1-Dec. 31, 1994		Jan.1-Dec. 31, 1995		Jan.1-Dec. 31, 1994	
Net Sales	1)	4 058.5		3 856.4	2 533.4		2 430.5	
Increase (+) or decrease (-) in stocks of finished products		- 1.9		+ 18.8	- 4.7		+ 19.7	
Production for own use		25.4		28.6	21.8		24.2	
Other operating income		13.3		13.6	8.0		10.1	
Variable and fixed costs:								
Raw materials and consumables:								
Purchases during the fiscal period		1 652.6		1 611.5	743.4		772.3	
Increase(-) or decrease (+) in inventories		- 11.2		- 77.1	+ 17.0		- 31.2	
Variable external charges		36.2		41.3	30.9		34.0	
Staff costs	2)	927.2		867.5	673.5		620.9	
Rents		16.9		17.2	7.8		8.4	
Other costs	6)	673.3	-3295.0	669.5	518.7	-1991.3	520.9	
Operating margin		800.3		787.5	567.2		559.2	
Depreciation on fixed assets and other capitalized expenditure	3)	203.7		203.1	171.1		189.5	
Depreciation on Group goodwill	3)	0.5		0.9	-		-	
		- 204.2		- 204.0	- 171.1		- 189.5	
Operating profit		596.1		583.5	396.1		369.7	
Financial income and expenses:	4)							
Dividend income		5.8		0.9	27.5		20.2	
Other financial income		101.1		94.0	96.4		88.4	
Share of associated companies' profits		25.8		27.9	-		-	
Interest expenses		- 38.1		- 48.7	- 44.7		- 51.7	
Other financial expenses		- 21.1		- 26.7	- 17.1		- 24.5	
		+ 73.5		+ 47.4	+ 62.1		+ 32.4	
Profit before extraordinary items		669.6		630.9	458.2		402.1	
Extraordinary income and charges:								
Extraordinary income	5)	-		13.4	-		11.6	
Share of associated companies' extraordinary items and provisions		- 1.9		8.4	-		-	
		- 1.9		+ 21.8	-		+ 11.6	
Profit before voluntary provisions and taxes		667.7		652.7	458.2		413.7	
Increase (-) or decrease (+) in accelerated depreciation	3)	- 49.4		- 24.6	- 44.2		- 24.6	
Increase (-) or decrease (+) in voluntary provisions	7)	+ 127.4		+ 101.8	+ 121.8		+ 94.7	
Income taxes:	8)							
On the profit for the period		197.7		183.0	140.9		125.7	
On the profit for previous periods		3.8	- 201.5	- 2.7	3.9	- 144.8	- 0.1	
Profit for the period before minority interest		544.2		549.6	391.0		358.2	
Proportion attributable to minority interest		- 0.0		- 0.0	-		-	
Profit for the period		544.2		549.6	391.0		358.2	

Balance Sheet

FIM million		Orion Group		Orion Corporation	
ASSETS		Dec. 31, 1995	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1994
Fixed assets and other non-current investments	9)				
Intangible assets					
Intangible rights		74.2	61.2	63.5	54.0
Goodwill		284.8	328.5	377.9	420.8
Other capitalized expenditure		24.0	24.1	13.8	16.9
Advance payments		0.5	0.6	0.5	0.6
		383.5	414.4	455.7	492.3
Tangible assets					
Land and water		31.5	31.5	18.1	18.1
Buildings		924.3	931.2	694.3	697.1
Machinery and equipment		494.0	478.0	416.3	403.6
Other tangible assets		7.6	4.8	6.4	3.9
Advance payments and construction in progress		21.4	2.3	9.7	2.3
		1 478.8	1 447.8	1 144.8	1 125.0
Financial assets and other long-term investments					
Shares and holdings in associated companies	11)	382.4	358.2	136.3	126.2
Securities	11)	138.4	115.0	147.8	114.1
Loan receivables	12)	1.8	1.7	21.1	20.6
		522.6	474.9	305.2	260.9
Current assets	13)				
Stocks					
Raw materials and consumables		196.8	207.9	173.5	187.6
Work in progress		94.9	89.5	93.1	86.2
Finished products/goods		464.7	449.2	193.2	207.4
Other stocks		3.5	4.2	2.0	2.3
Advance payments		0.6	1.1	0.3	1.0
		760.5	751.9	462.1	484.5
Receivables	12)				
Trade receivables		505.8	488.0	383.6	381.9
Loan receivables		0.7	0.7	30.0	44.6
Prepaid expenses and accrued income		70.2	65.2	59.9	59.8
Other receivables		61.7	107.0	48.9	94.0
Advance payments		0.8	0.2	0.8	0.3
		639.2	661.1	523.2	580.6
Investments					
Securities		51.5	66.5	47.7	62.7
Other investments		1 230.8	1 108.8	1 157.1	1 049.1
		1 282.3	1 175.3	1 204.8	1 111.8
Cash in hand and at banks		119.3	140.2	64.0	59.1
		5 186.2	5 065.6	4 159.8	4 114.2

FIM million		Orion Group		Orion Corporation	
LIABILITIES		Dec. 31, 1995	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1994
Shareholders' equity	14)				
Undistributable equity					
Share capital		499.8	499.8	499.8	499.8
Reserve fund		158.3	155.0	157.5	157.5
		658.1	654.8	657.3	657.3
Distributable equity					
Retained earnings		1 321.5	910.7	774.5	567.1
Profit for the period		544.2	549.6	391.0	358.2
		1 865.7	1 460.3	1 165.5	925.3
Minority interest		0.2	0.2	–	–
Provisions	15)				
Group reserve	9)	0.6	0.1	–	–
Accelerated depreciation		1 043.0	993.2	868.0	823.8
Voluntary provisions					
Investment provisions		67.4	156.8	64.1	152.9
Other provisions		392.1	429.5	306.5	339.5
Obligatory provisions		8.7	7.6	7.5	6.4
		1 511.8	1 587.2	1 246.1	1 322.6
Liabilities	16)				
Non-current					
Debentures		5.0	15.0	5.0	15.0
Loans from credit institutions		4.9	24.5	3.0	23.5
Pension loans		469.0	489.7	356.3	383.3
Other non-current liabilities	12)	54.8	62.8	55.9	63.2
		533.7	592.0	420.2	485.0
Current	12)				
Loans from credit institutions		16.1	27.5	15.3	27.3
Pension loans		11.4	11.8	10.3	10.7
Advances received		2.2	2.6	1.4	1.0
Trade payables		293.5	329.9	158.7	197.1
Accrued liabilities and deferred income		184.8	179.0	117.6	117.2
Other current liabilities		108.7	220.3	367.4	370.7
		616.7	771.1	670.7	724.0
		5 186.2	5 065.6	4 159.8	4 114.2

Financing report

FIM million	Orion Group		Orion Corporation	
	1995	1994	1995	1994
<u>Business operations</u>				
<u>Income financing</u>				
Operating margin	+ 800.3	+ 787.5	+ 567.2	+ 559.3
Financial income and expenses	+ 73.5	+ 47.3	+ 62.1	+ 32.4
Extraordinary items	- 1.9	+ 20.0	-	+ 11.6
Income taxes	- 201.5	- 180.3	- 144.8	- 125.6
Other income financing	- 9.9	- 19.8	+ 1.1	+ 5.6
Total income financing	+ 660.5	+ 654.7	+ 485.6	+ 483.3
<u>Change in working capital</u>				
Increase (-)/decrease (+) in current assets	- 8.7	- 96.7	+ 22.4	- 51.8
Increase (-)/decrease (+) in current receivables	+ 21.9	- 18.4	+ 57.4	+ 22.5
Increase (-)/decrease (+) in interest-free current liabilities	- 158.7	+ 20.4	- 147.4	- 30.5
	- 145.5	- 94.7	- 67.6	- 59.8
Cash flow from business operations	+ 515.0	+ 560.0	+ 418.0	+ 423.5
<u>Investment</u>				
Investments for fixed assets	- 238.2	- 244.2	- 199.5	- 172.0
Sales revenue from fixed assets	+ 1.6	+ 9.2	+ 1.4	+ 2.9
	- 236.6	- 235.0	- 198.1	- 169.1
Cash flow before financial items	+ 278.4	+ 325.0	+ 219.9	+ 254.4
<u>Finance</u>				
Increase (-)/decrease (+) in non-current receivables	- 0.1	- 0.1	- 0.4	- 6.8
Increase (+) in non-current loans	+ 138.4	+ 114.4	+ 114.7	+ 93.6
Decrease (-) in non-current loans	- 196.0	- 265.7	- 178.9	- 239.1
Increase (+)/decrease (-) in current loans	+ 3.5	- 6.0	+ 93.5	+ 13.1
Dividends	- 144.7	- 115.7	- 150.0	- 119.9
Other change in shareholders' equity	- 1.3	- 1.1	- 0.8	- 0.6
Other financial items	- 106.9	- 49.3	- 93.0	- 15.8
	- 307.1	- 323.5	- 214.9	- 275.5
Increase (+)/decrease (-) in liquid assets	- 28.7	+ 1.5	+ 5.0	- 21.1
Adjustment items	+ 7.8	- 7.2		
= Change in liquid assets according to the Balance Sheet	- 20.9	- 5.7	+ 5.0	- 21.1

Notes to the Financial Statements for 1995

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, as well as the decision by the Ministry of Finance related to the duty of a company issuing securities to provide information on a regular basis, 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, Orion Pharma 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., Finorion Kft, Soredex-Finndent Inc., As Oriola, UAB Oriola-Vilnius (formerly Suomijos akcinės bendrovės "Oriola Oy" filialas), SIA Oriola-Riga (formerly Kompanija "ORIOLA Riga" SIA), Orion Pharma (UK) Ltd. (formerly Deprenyl Research Ltd.), and ZAO Oriola. The consolidated real estate companies are shown in note 11. The fiscal period of all the above companies ended on December 31, 1995.

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 profits, 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 excep-

tion 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 15.6 million in buildings on December 31, 1995. 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 with Finnish accounting practices. Income statements 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 entered to 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 accelerated depreciation and in the voluntary provisions of the Group Consolidated Income Statement do not match those in the Group 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.

The Group share, in proportion to its ownership share, of the profit prior to extraordinary

items and after taxes for the financial period of the associated companies, is shown in the Group financial items, while its share of the extraordinary items and appropriations is shown in the Group extraordinary items.

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, goodwill, long-term expenses and building components 10 yrs
- partial depreciation of the merger difference included in goodwill 20 yrs

Depreciation according to plan has not been made on land areas and revaluations. 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 25, 1990 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 for the fiscal year is included in the Income Statement under other costs, and the accumulated deficit 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 voluntary provisions and taxes is based on planned depreciation. The difference between depreciation according to plan and accelerated depreciation has been entered separately. Tax legislation in various other countries gives the companies the opportunity to make an advance deduction in the form of different provisions from the profit before taxes. In the Balance Sheet these voluntary provisions have not been divided as deferred tax liability and shareholders' equity. In the Income Statement the change in these provisions has not been divided as a change in deferred tax liability and profit for the financial period.

Notes to the Income Statement

FIM million	Group		Parent company	
	1995	1994	1995	1994
1. Net sales by market area				
Finland	2 679.1	2 441.1	–	–
Scandinavia	345.8	366.1	–	–
Other European markets	726.4	742.5	–	–
North America	158.1	175.9	–	–
Other markets	149.1	130.8	–	–
Net sales total	4 058.5	3 856.4	2 533.4	2 430.5
2. Staff costs and benefits				
Wages and salaries	727.6	678.3	524.0	485.3
Benefits	23.9	23.9	14.6	14.9
Pension costs	95.7	86.5	76.1	64.4
Other personnel costs	103.8	102.7	73.4	71.2
Total	951.0	891.4	688.1	635.8
3. Depreciation				
Depreciation according to plan				
Intangible rights	10.2	9.2	8.8	7.7
Goodwill	43.6	45.4	42.8	43.4
Other capitalized expenditure	3.1	2.9	1.9	2.0
Buildings	43.6	42.5	34.2	32.7
Machinery and equipment	102.3	101.9	82.6	82.7
Other tangible assets	0.9	1.2	0.8	1.0
Securities	–	–	–	20.0
Total	203.7	203.1	171.1	189.5
Group goodwill	0.5	0.9	–	–
Change in accumulated accelerated depreciation (– increase, + decrease)				
Intangible rights	–11.6	–12.8	–10.6	–12.9
Goodwill	+1.0	–0.2	–0.0	–0.0
Other capitalized expenditure	+0.2	+0.3	+0.1	+0.2
Buildings	–10.1	+4.5	–9.0	–1.0
Machinery and equipment	–28.6	–16.3	–24.4	–10.8
Other tangible assets	–0.3	–0.1	–0.4	–0.1
Total	–49.4	–24.6	–44.3	–24.6
4. Financial income and expenses within the group				
Financial income received from Group companies				
Dividend income	–	–	+18.2	+14.4
Other financial income	–	–	+3.2	+2.9

FIM million	Group		Parent company	
	1995	1994	1995	1994
Financial expenses paid to Group companies				
Interest expenses	–	–	–14.0	–10.7
5. Extraordinary income and charges				
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	–	+11.6
6. Change in obligatory provisions and items pertaining to other fiscal periods (–increase, + decrease)				
The following items were entered as expenses for the fiscal period and in the obligatory provisions of the Balance Sheet as an increase or decrease:				
Obligatory pension fund liability deficit	–0.3	–4.5	–0.3	–3.7
Guarantee provisions	–1.0	–1.7	–1.0	–1.7
Expenses arising from winding up the export organization of one of the product groups	+1.0	–1.0	+1.0	–1.0
Estimated loss of receivable under litigation	+0.0	–0.4	–	–
Compensation arising from the termination of a distribution agreement	–	+ 0.6	–	+ 0.6
Expenses arising from the termination of a marketing agreement	–0.8	–	–0.8	–
Total	–1.1	–7.0	–1.1	–5.8
7. Change in voluntary provisions (– increase, + decrease)				
Decrease in investment provisions	+89.4	+81.0	+88.8	+76.0
Change in credit loss provisions	+1.0	–0.7	–	–
Change in transitional provisions	+8.9	+5.9	+1.7	–
Change in replacement provisions	+31.9	+17.5	+31.3	+19.5
Change in employee housing provisions	–0.3	–0.9	–	–0.8
Change in other provisions	–3.5	–1.0	–	–
Total	+127.4	+101.8	+121.8	+94.7
8. Income taxes				
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. The taxes for the previous periods derived mainly from the depreciation made on the shares of Cutrin Oy, which was not adopted in tax assessment.				

Notes to the Balance Sheet

FIM million	Group		Parent company	
	1995	1994	1995	1994
9. Intangible and tangible assets				
Intangible rights				
Acquisition cost, Jan. 1	104.2	89.5	88.7	74.7
Acquisition costs past their economic life, Jan. 1	-5.9	-3.6	-2.8	-3.2
Acquisitions, Jan. 1-Dec. 31	+23.4	+19.2	+18.2	+17.1
Other increase/decrease, Jan. 1-Dec. 31	-0.1	-0.1	-	-
Decreases, Jan. 1-Dec. 31	-0.0	-0.8	-0.0	-
Acquisition cost, Dec. 31	121.6	104.2	104.1	88.6
Accumulated depreciation, Dec. 31	-47.4	-43.0	-40.6	-34.6
Book value, Dec. 31	74.2	61.2	63.5	54.0
Accumulated accelerated depreciation, Jan. 1	42.5	29.6	37.5	24.6
Increase, Jan. 1-Dec. 31	+11.6	+13.1	+10.6	+12.9
Decrease, Jan. 1-Dec. 31	-0.0	-0.2	-	-
Accumulated accelerated depreciation, Dec. 31	54.1	42.5	48.1	37.5
Goodwill				
Acquisition cost, Jan. 1	649.4	649.3	638.2	638.2
Acquisition costs past their economic life, Jan. 1	-9.2	-1.7	-7.0	-
Increases, Jan. 1-Dec. 31	+0.0	+1.8	+0.0	+0.0
Other increase/decrease, Jan. 1-Dec. 31	-0.1	-	-	-
Decreases, Jan. 1-Dec. 31	-	-	-	-
Acquisition cost, Dec. 31	640.1	649.4	631.2	638.2
Accumulated depreciation, Dec. 31	-355.3	-320.9	-253.3	-217.5
Book value, Dec. 31	284.8	328.5	377.9	420.7
Accumulated accelerated depreciation, Jan. 1	2.5	2.3	2.2	2.2
Increase, Jan. 1-Dec. 31	+0.8	+0.2	+0.0	+0.0
Decrease, Jan. 1-Dec. 31	-1.7	-0.0	-	-
Accumulated accelerated depreciation, Dec. 31	1.6	2.5	2.2	2.2
Group goodwill and Group reserve				
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 in liabilities, FIM 0.6 million in 1995 and FIM 0.1 million in 1994. 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	-19.4	-18.9	-	-
Book value, Dec. 31	0.0	0.5	-	-
Group reserve				
Acquisition cost, Jan. 1	-0.6	-0.6	-	-
Book value, Dec. 31	-0.6	-0.6	-	-
Other capitalized expenditure				
Acquisition cost, Jan. 1	37.4	35.7	25.1	23.8
Acquisition costs past their economic life, Jan. 1	-0.3	-2.6	-0.3	-1.2
Increases, Jan. 1-Dec. 31	+6.3	+4.6	+1.5	+2.5
Decreases, Jan. 1-Dec. 31	-3.3	-0.3	-2.7	-

FIM million	Group		Parent company	
	1995	1994	1995	1994
Acquisition cost, Dec. 31	40.1	37.4	23.6	25.1
Accumulated depreciation, Dec. 31	-16.1	-13.3	-9.8	-8.2
Book value, Dec. 31	24.0	24.1	13.8	16.9
Accumulated accelerated depreciation, Jan. 1	5.8	6.2	2.7	2.9
Increase, Jan. 1-Dec. 31	+0.2	+0.1	-	-
Decrease, Jan. 1-Dec. 31	-0.5	-0.5	-0.1	-0.2
Accumulated accelerated depreciation, Dec. 31	5.5	5.8	2.6	2.7
Land and water				
Acquisition cost, Jan. 1	31.5	32.5	18.1	18.1
Acquisitions, Jan. 1-Dec. 31	-	-	-	-
Other increase/decrease, Jan. 1-Dec. 31	+0.0	-0.2	-	-
Decreases, Jan. 1-Dec. 31	-	-0.8	-	-
Acquisition cost, Dec. 31	31.5	31.5	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
Buildings				
Acquisition cost, Jan. 1	1 256.5	1 265.4	960.1	953.7
Acquisition costs past their economic life, Jan. 1	-6.8	-23.0	-4.7	-14.7
Acquisitions, Jan. 1-Dec. 31	+36.2	+23.1	+31.4	+21.1
Other increase/decrease, Jan. 1-Dec. 31	+5.9	-6.8	-	-
Decreases, Jan. 1-Dec. 31	-	-2.2	-	-
Acquisition cost, Dec. 31	1 291.8	1 256.5	986.8	960.1
Accumulated depreciation, Dec. 31	-367.5	-325.3	-292.5	-263.0
Book value, Dec. 31	924.3	931.2	694.3	697.1
Accumulated accelerated depreciation, Jan. 1	557.7	564.2	429.9	428.9
Increase, Jan. 1-Dec. 31	+12.8	+1.1	+9.0	+1.0
Decrease, Jan. 1-Dec. 31	-2.5	-7.6	-	-
Accumulated accelerated depreciation, Dec. 31	568.0	557.7	438.9	429.9
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	1 800.7	1 790.7	1 356.1	1 346.6
Machinery and equipment				
Acquisition cost, Jan. 1	931.0	1 096.5	791.2	952.6
Acquisition costs past their economic life, Jan. 1	-94.1	-254.7	-83.8	-238.0
Acquisitions, Jan. 1-Dec. 31	+140.0	+114.1	+106.1	+88.8
Other increase/decrease, Jan. 1-Dec. 31	+0.1	-4.2	-	-
Decreases, Jan. 1-Dec. 31	-21.7	-20.7	-10.7	-12.2
Acquisition cost, Dec. 31	955.3	931.0	802.8	791.2
Accumulated depreciation, Dec. 31	-461.3	-453.0	-386.5	-387.6
Book value, Dec. 31	494.0	478.0	416.3	403.6

FIM million	Group		Parent company	
	1995	1994	1995	1994
Accumulated accelerated depreciation, Jan. 1	383.4	367.9	350.2	339.4
Increase, Jan. 1-Dec. 31	+29.0	+16.7	+24.4	+10.8
Decrease, Jan. 1-Dec. 31	-0.3	-1.2	-	-
Accumulated accelerated depreciation, Dec. 31	412.1	383.4	374.6	350.2
Machines and equipment (excluding vehicles and furniture); share of the book value on Dec. 31	379.4	357.0	331.8	310.8
Fire insurance value, Dec. 31	1 196.6	1 143.8	1 069.6	1 023.6
Other tangible assets				
Acquisition cost, Jan. 1	12.8	13.0	10.1	10.3
Acquisition costs past their economic life, Jan. 1	-3.8	-0.9	-2.6	-0.7
Increases, Jan. 1-Dec. 31	+3.7	+0.7	+3.2	+0.5
Decreases, Jan. 1-Dec. 31	-	-0.0	-	-

FIM million	Group		Parent company	
	1995	1994	1995	1994
Acquisition cost, Dec. 31	12.7	12.8	10.7	10.1
Accumulated depreciation, Dec. 31	-5.1	-8.0	-4.4	-6.2
Book value, Dec. 31	7.6	4.8	6.3	3.9
Accumulated accelerated depreciation, Jan. 1	1.3	1.2	1.2	1.0
Increase, Jan. 1-Dec. 31	+0.3	+0.1	+0.3	+0.1
Decrease, Jan. 1-Dec. 31	-0.0	-0.0	-	-
Accumulated accelerated depreciation, Dec. 31	1.6	1.3	1.5	1.1
10. Tax value of fixed assets				
Land and water	117.6	121.4	103.2	108.1
Buildings	474.3	479.2	304.1	304.4
Securities:				
Shares and holdings in Group companies	-	-	501.9	344.2
Shares and holdings in associated companies	353.5	309.2	122.0	101.4
Other securities	98.2	91.6	51.3	37.7

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 (1995) FIM million
					Number of shares	Nominal value million	Book value FIM million	
Shares:								
Ercopharm A/S, Denmark	100.0	100.0	112.2	-	-	-	-	14.9
Hiven Oy, Paimio	100.0	100.0	32.2	100.0	130 000	13.0	22.5	4.3
Interorion AG., Switzerland	100.0	100.0	104.7	100.0	1 000	1.0 CHF	2.4	23.1
Kiinteistö Oy Kangaslammien Rautalava, Iisalmi	54.2	54.2	0.1	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	-	-	-	-	0.0
Kiinteistö Oy Nilsänkätu 10, Helsinki	100.0	100.0	5.1	99.8	324 597	2.6	2.6	0.2
Kiinteistö Oy Pilleri, Hanko	70.4	70.4	0.1	70.4	6 194	0.1	0.1	0.0
Kiinteistö Oy Tonittuvainio, Espoo	100.0	100.0	15.1	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
Kuulolaitekeskus Oy, Espoo	100.0	100.0	9.7	-	-	-	-	1.9
Oriola Oy, Espoo	100.0	100.0	554.1	100.0	200 000	20.0	19.6	113.5
As Oriola, Estonia	100.0	100.0	-1.7	-	-	-	-	-0.6
SIA Oriola-Riga, Latvia	100.0	100.0	-0.9	-	-	-	-	-0.9
Orion-Farmos Inc., 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	9.4	100.0	500	0.1 SEK	0.0	3.1
Orion Diagnostica A/S, Norway	100.0	100.0	6.6	100.0	500	0.1 NOK	0.0	2.5
Orion Diagnostica Danmark A/S, Denmark	100.0	100.0	0.7	100.0	5	0.5 DKK	0.4	0.4
Orion Diagnostica Inc., USA	100.0	100.0	-11.2	100.0	400	4.0 USD	2.1	-2.9
Orion Pharma AB, Sweden	100.0	100.0	22.6	-	-	-	-	6.0
Orion Pharma AS, Norway	100.0	100.0	7.7	100.0	800	0.8 NOK	0.7	4.3
Orion Pharma AG, Switzerland	100.0	100.0	3.9	-	-	-	-	2.5
Orion Pharma (Ireland) Ltd., Ireland	100.0	100.0	0.5	100.0	2	0.0 IEP	0.0	0.5
Orion Pharma (UK) Ltd., UK	100.0	100.0	-0.6	100.0	50 000	0.0 GBP	0.3	-0.9
Panfarma Oy, Espoo	100.0	100.0	10.0	-	-	-	-	3.3
Soredex-Finndent Inc., USA	100.0	100.0	-3.7	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	9.7	100.0	2 400	0.2	0.2	1.6
UAB Oriola-Vilnius, Lithuania	100.0	100.0	-0.6	-	-	-	-	-0.5
Holdings:								
Finorion Kft, Hungary	100.0	100.0	-0.0	100.0	-	1.9 HUF	0.3	0.0
Orion Pharma GmbH, Germany	100.0	100.0	12.4	100.0	-	0.5 DEM	1.2	4.9
							68.0	

ASSOCIATED COMPANIES	Group's share of ownership %	Group's share of votes %	Group's share of the company's shareholders' equity FIM million	Group's book value total *) 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
						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	31.12.1995	12
Instrumentarium Oy, Helsinki	22.25	25.6	243.6	338.4	7.5	1 515 477	15.2	133.1	140.0	31.12.1995	12
Kiinteistö Oy Råkan, Hanko	22.0	22.0	0.0	0.0	22.0	2 222	0.0	0.0	0.0	31.12.1994	12
Kiinteistö Oy Salmenvuokra, Iisalmi	27.0	27.0	0.0	0.0	27.0	405	0.0	0.1	0.0	31.12.1994	12
Medidata Oy, Helsinki	33.3	33.3	0.0	0.0	–	–	–	–	0.0	31.12.1995	12
Oy Pharmacal Ab, Helsinki	50.0	50.0	2.5	2.5	50.0	1 000	0.6	2.5	1.6	31.12.1995	12
Planeetankadun Paikointu Oy, Espoo	31.6	31.6	0.1	0.0	31.6	42	0.0	0.0	0.0	31.12.1994	12
Regattalämpö Oy, Hanko	42.6	42.6	0.0	0.0	–	–	–	–	0.0	31.12.1995	12
Holdings:											
Suomen Lääkevahinkokorvaus-osuuskunta, Helsinki	25.8	20.0	0.1	0.1	23.5	976	0.1	0.1	0.0	31.12.1995	12
								136.3			

*) Without the effect of consolidation of associated companies

The market value of Instrumentarium Oy's shares owned by Group companies totaled FIM 506.1 million at year end.

SECURITIES	Group's share of ownership %	Group's share of votes %	Group's book value total FIM million	Market value FIM million	Parent company's share of ownership %	Shares/holdings owned by the parent company				
						Number of shares	Nominal value FIM million	Book value FIM million		
Oy Tamro Ab, Vantaa	7.1	7.1	114.9	119.6	3.1	2 730 000	27.3	57.8		
Kronans Droghandel AB, Sweden	16.0	16.0	0.6	–	–	–	–	–		
Housing corporations								15.8		
Telephone companies								1.2		
Others								5.0		
								79.8		

The market values of some publicly quoted shares included in financial assets are not lower than the shares' book values at year end. 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		FIM million	Group		Parent company	
	1995	1994	1995	1994		1995	1994	1995	1994
12. Receivables from both group and associated companies, and liabilities to them					13. Current assets				
Receivables from Group companies					Receivables falling due for payment in one year's time or more				
Non-current loan receivables	–	–	19.5	19.2	Trade receivables	0.4	0.5	–	7.1
Trade receivables	–	–	156.2	163.1	Loan receivables	0.0	0.0	–	–
Current loan receivables	–	–	29.5	44.1	Other receivables	1.9	38.2	–	35.9
Prepaid expenses and accrued income	–	–	0.2	–	Total	2.3	38.7	–	43.0
Other receivables	–	–	8.3	9.7	Any essential differences between the market values of publicly quoted shares included in current assets, and the book values of the said shares at year end are entered as costs.				
Liabilities to Group companies					14. Shareholders' equity				
Other non-current liabilities	–	–	3.8	3.6	Share capital, Jan. 1	499.8	499.8	499.8	499.8
Trade payables	–	–	2.2	4.2	Share capital, Dec. 31	499.8	499.8	499.8	499.8
Accrued liabilities and deferred income	–	–	0.3	–	Reserve fund, Jan. 1	155.0	153.8	157.5	157.5
Other current liabilities	–	–	303.1	216.1	Transferred from retained earnings	+3.3	+1.4	–	–
Receivables from associated companies					Exchange rate differences				
Non-current loan receivables	0.0	0.0	0.0	0.0	Reserve fund, Dec. 31	158.3	155.0	157.5	157.5
Trade receivables	0.0	0.0	0.0	0.0	Distributable shareholders' equity, Jan. 1	1 460.3	1 042.1	925.3	687.7
Prepaid expenses and accrued income	–	0.0	–	–	By decision of shareholders' meetings:				
Other receivables	0.1	0.2	–	–	dividends distributed	–144.7	–115.7	–150.0	–120.0
Liabilities to associated companies					transferred to the reserve fund				
Trade payables	4.1	3.2	0.3	0.1	donations made	–3.3	–1.4	–	–
Accrued liabilities and deferred income	0.0	–	–	–		–1.0	–1.0	–0.5	–0.5

FIM million	Group		Parent company	
	1995	1994	1995	1994
Donations made	-0.3	-0.1	-0.3	-0.1
Parent Company shares redeemed	-0.0	-	-0.0	-
Increase or decrease arising from consolidation	+1.2	-4.3	-	-
Exchange rate differences	+9.3	-8.9	-	-
Profit for the period	+544.2	+549.6	+391.0	+358.2
Distributable shareholders' equity, Dec. 31	1 865.7	1 460.3	1 165.5	925.3

In accordance with the corporate legislation in the countries concerned, foreign subsidiaries belonging to the Group do not have any obligations to transfer part of their profits for 1995 to undistributable shareholders' equity.

Parent company share capital by share type:

	Number of shares		FIM million	
	1995	1994	1995	1994
A shares (20 votes per share)	26 473 802	26 473 804	264.7	264.7
B shares (1 vote per share)	23 505 930	23 505 930	235.1	235.1
Total	49 979 732	49 979 734	499.8	499.8

FIM million	Group		Parent company	
	1995	1994	1995	1994
15. Provisions				
Deferred tax liabilities pertaining to Group voluntary provisions	424.3	398.6	-	-
Obligatory provisions				
Provision for future guarantee expenses	2.7	1.7	2.7	1.7
Provision for the winding up costs of an export organization	-	1.0	-	1.0
Obligatory pension fund liability deficit	4.8	4.5	4.0	3.7
Provision for loss of receivable under litigation	0.4	0.4	-	-
Provision for compensation for the termination of a marketing agreement	0.8	-	0.8	-
Total	8.7	7.6	7.5	6.4

16. Liabilities

Liabilities falling due in five years' time or more	Group		Parent company	
	1995	1994	1995	1994
Loans from credit institutions	0.2	2.8	-	2.8
Pension loans	427.0	446.3	321.1	347.2
Other non-current liabilities	26.4	19.0	25.4	19.0
Total	453.6	468.1	346.5	369.0

Debentures

Debenture 1987/1997 11,5 % ./ annual amortization	15.0	25.0	15.0	25.0
	-10.0	-10.0	-10.0	-10.0
Total	5.0	15.0	5.0	15.0

Current liabilities include:

Liabilities to Group companies	-	-	305.7	220.3
Interest-free liabilities	565.6	724.3	316.3	458.4
Amortization on non-current loans which falls due during the coming year	46.5	45.7	44.8	44.1
Other current interest-bearing liabilities	4.6	1.1	3.9	1.1
Total	616.7	771.1	670.7	723.9

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 0.3 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	
	1995	1994	1995	1994
18. Contingent liabilities				
On behalf of the company's own liabilities				
Pledges	95.0	45.0	49.0	37.0
Mortgages on land and buildings	226.4	322.1	187.3	290.4
On behalf of the liabilities of Group Companies				
Pledges	-	-	46.0	8.0
Mortgages on land and buildings	-	-	7.4	77.0
Guarantees	-	-	19.6	19.4
On behalf of the liabilities of associated companies				
Guarantees	0.3	0.5	0.3	0.5
On behalf of others				
Mortgages on company land	0.0	0.0	0.0	0.0
Guarantees	1.1	1.3	-	-
Other company liabilities				
Leasing liabilities				
The next financial year	2.1	1.3	0.1	0.2
The following years	2.6	1.2	0.0	0.0
Drug damage liabilities	1.4	1.4	1.3	1.3
Repurchase liabilities	14.6	12.8	13.6	12.7
Delivery, customs, and rent guarantees	2.3	1.3	-	-
Other liabilities (e.g. rent liabilities)	-	0.3	-	-
Contingent liabilities, total				
Pledges	95.0	45.0	95.0	45.0
Mortgages on land and buildings	226.4	322.1	194.7	290.4
Guarantees	3.7	3.1	19.9	19.9
Other liabilities	20.7	17.0	15.0	14.2

* The total figure for 1994 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.

In 1993 proceedings were initiated in the United States whereby the ITC (International Trade Commission) examined an alleged infringement by the Corporation and certain other defendants of a patent related to the manufacturing process of diltiazem. In June 1995, the ITC issued a decision favorable to Orion Corporation, but due to an appeal lodged by the plaintiffs, the decision has not become legally final. Proceedings in the United States regarding other patent infringement cases initiated in 1992 on the same grounds have been adjourned. According to a German decision issued in March 1995, Orion Corporation was considered to have infringed the diltiazem patent rights of the same plaintiff party. Because of an appeal lodged by Orion Corporation, the decision is not final.

Share Capital and Shares of Orion Corporation

Share capital and shares

The share capital of Orion Corporation is FIM 499.8 million, and each share has nominal value of FIM 10. Series A comprises 26,473,802 shares, or 53.0%, and series B comprises 23,505,930, or 47.0% of the total number.

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.

The minimum capital of Orion Corporation is FIM 252.0 million and the maximum capital is FIM 1,000.0 million. The share capital can be increased or decreased within these limits without amending the Articles of Association.

The Orion Corporation Board of Directors has no existing authorization by the general meeting to

increase the share capital, or to issue a bond with equity warrants or a convertible bond. Neither Orion Corporation, nor any Orion subsidiary has previously issued bonds with equity warrants or convertible bonds.

Quotations and trading

Both Orion Corporation series of shares are quoted on the Helsinki Stock Exchange as of May 11, 1995. During the financial year, the total number of shares traded on the Brokers' List maintained by the Finnish Association of Securities Dealers and on the Stock Exchange rose to 7.1 million, corresponding to 14.3% of share capital. Total trading value was FIM 792.7 million. The volume of trade by share series was 1,729,225 A shares, or 6.5%, and 5,418,151 B shares, or 23.1%.

	1995	1994	1993	1992	1991
Share capital, MFIM	499.8	499.8	499.8	357.0	357.0
A shares, MFIM	264.7	264.7	264.7	189.1	189.1
B shares, MFIM	235.1	235.1	235.1	167.9	167.9
Share issues					
Bonus issue, MFIM	–	–	(5:2)142.8	–	–
Shareholders	19 223	19 563	18 000	18 600	18 500

Shareholders by group on Dec. 31, 1995

	Shareholders	% of shareholders	% of shares
Individuals	17 957	93.4	48.4
Associations and foundations	265	1.4	9.4
Corporations and partnerships	846	4.4	20.3
Banks, insurance companies, public entities	106	0.6	19.6
Foreign shareholders, incl. nominee registrations	49	0.3	2.1
Total	19 223	100.0	99.8
Shares not transferred to the book-entry system or not subscribed			0.2
			100.0

Shareholders by number of shares held on Dec. 31, 1995

Shares	Shareholders	% of shareholders	Shares	% of shares
1-100	3 919	20.4	223 085	0.4
101-500	7 371	38.3	1 989 295	4.0
501-1000	3 291	17.1	2 433 535	4.9
1001-10000	4 191	21.8	11 321 594	22.7
10001-50000	335	1.7	6 893 377	13.8
50001-100000	41	0.2	2 767 712	5.5
100001-500000	60	0.3	11 857 291	23.7
over 500000	15	0.1	12 418 407	24.8
Total	19 223	100.0	49 904 296	99.8
Shares not transferred to the book-entry system or not subscribed			75 436	0.2
			49 979 732	100.0

Major shareholders on Dec. 31, 1995 by number of votes

	A shares	B shares	Total	% of shares	Votes	% of votes
1 Instrumentarium Group + pension fund	2 166 906	482 930	2 649 836	5.3	43 821 050	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 Employees' Pension Fund*	1 295 927	461 504	1 757 431	3.5	26 380 044	4.8
4 Oy Etra Ab	880 258	203 100	1 083 358	2.2	17 808 260	3.2
5 Government Guarantee Fund	799 999	0	799 999	1.6	15 999 980	2.9
6 Merita Bank Ltd. (Group)	655 832	133 675	789 507	1.6	13 250 315	2.4
7 Ylppö Jukka	445 408	101 606	547 014	1.1	9 009 766	1.6
8 Saastamoinen Foundation	422 191	190 172	612 363	1.2	8 633 992	1.6
9 Tukinvest Oy	335 108	44 528	379 636	0.8	6 746 688	1.2
10 The Land- and Watertecology Foundation	329 956	69 638	399 594	0.8	6 668 758	1.2
11 The Finnish Medical Foundation	313 964	0	313 964	0.6	6 279 280	1.1
12 Estate of Reino Salonen	295 664	5 052	300 716	0.6	5 918 332	1.1
13 Medical Investment Trust Oy	262 000	441 700	703 700	1.4	5 681 700	1.0
14 OKObank + Pension Fund	255 237	37 100	292 337	0.6	5 141 840	0.9
15 Helsingin Lääkärikeskus ja Laboratoriot Oy	252 345	4 528	256 873	0.5	5 051 428	0.9
15 major shareholders total	10 463 087	2 175 533	12 638 620	25.3	211 437 273	38.2
All shareholders total	26 473 802	23 505 930	49 979 732	100.0	552 981 970	100.0

* Not entitled to vote at general meetings

Major shareholders on Dec. 31, 1995 by number of shares

	A shares	B shares	Total	% of shares	Votes	% of votes
1 Instrumentarium Group + pension fund	2 166 906	482 930	2 649 836	5.3	43 821 050	7.9
2 Orion Employees' Pension Fund*	1 295 927	461 504	1 757 431	3.5	26 380 044	4.8
3 Oriola Oy* (subsidiary of Orion Corp.)	1 752 292	0	1 752 292	3.5	35 045 840	6.3
4 Pohjola Group	154 100	1 450 000	1 604 100	3.2	4 532 000	0.8
5 Oy Etra Ab	880 258	203 100	1 083 358	2.2	17 808 260	3.2
6 Government Guarantee Fund	799 999	0	799 999	1.6	15 999 980	2.9
7 Merita Bank Ltd. (Group)	655 832	133 675	789 507	1.6	13 250 315	2.4
8 Medical Investment Trust Oy	262 000	441 700	703 700	1.4	5 681 700	1.0
9 Saastamoinen Foundation	422 191	190 172	612 363	1.2	8 633 992	1.6
10 The Social Insurance Institution	0	592 704	592 704	1.2	592 704	0.1
11 The Association of Graduates of the Schools of Economics	100 000	453 700	553 700	1.1	2 453 700	0.4
12 Ylppö Jukka	445 408	101 606	547 014	1.1	9 009 766	1.6
13 The Local Government Pensions Institution	0	438 300	438 300	0.9	438 300	0.1
14 Finnish Cultural Foundation	95 536	327 810	423 346	0.8	2 238 530	0.4
15 The Land- and Watertecology Foundation	329 956	69 638	399 594	0.8	6 668 758	1.2
15 major shareholders total	9 360 405	5 346 839	14 707 244	29.4	192 554 939	34.8
All shareholders total	26 473 802	23 505 930	49 979 732	100.0	552 981 970	100.0

* Not entitled to vote at general meetings

Management interests

Members of the Supervisory Board, Board of Directors, and the President and Executive Vice

President own 605,606 A shares and 229,162 B shares representing 2.23% of the total votes.

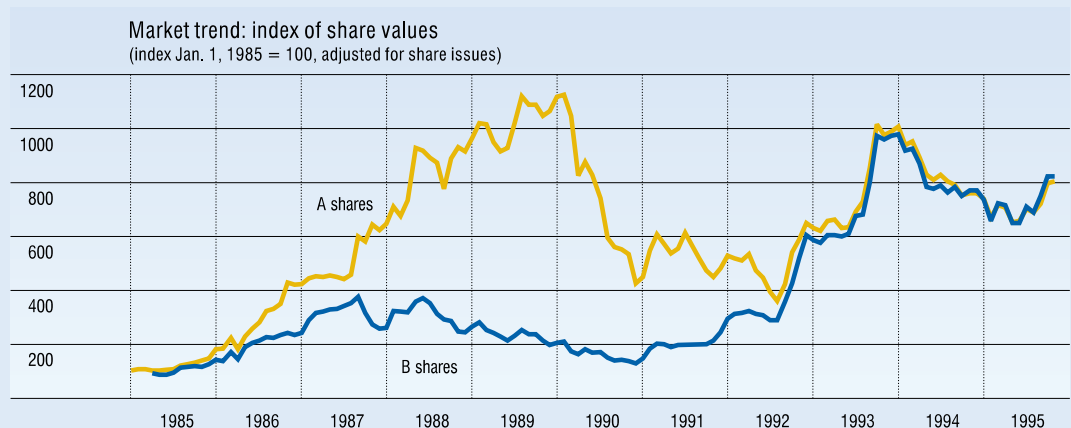
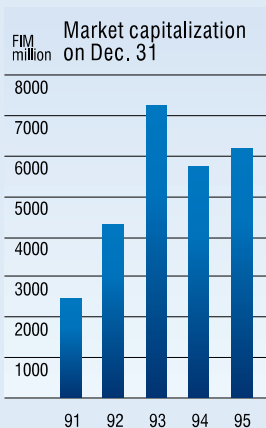
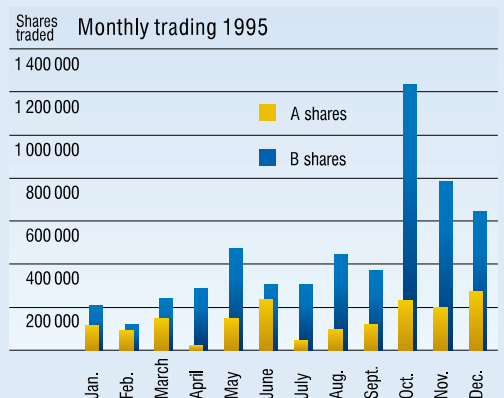
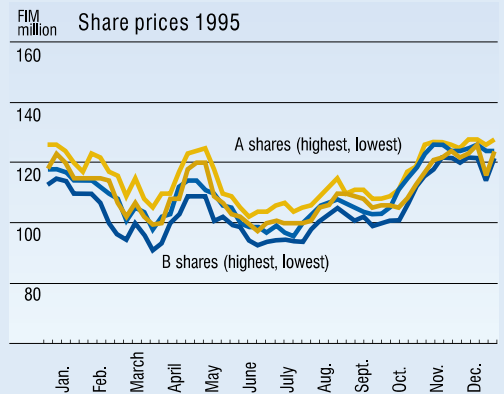
Key financial indicators and per-share data

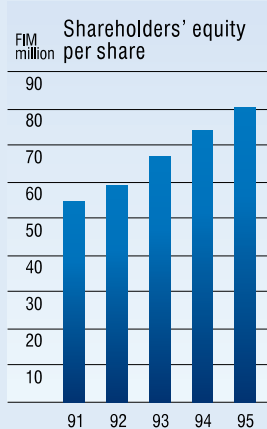
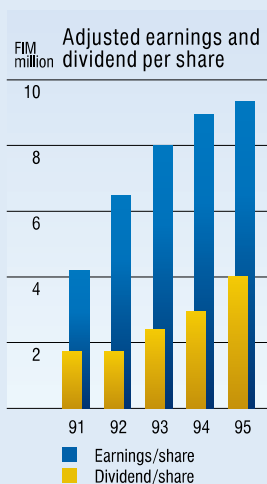
Financial development of the Orion Group

Figures in FIM million	1995	1994	1993	1992	1991
Net sales and profit					
Net sales	4 059	3 856	3 600	3 702	3 485
<i>Change on the previous year %</i>	+5.2%	+7.1%	-2.8%	+6.2%	+2.5%
Exports from Finland	982	1 026	890	790	701
<i>Change on the previous year %</i>	-4.3%	+15.4%	+12.6%	+12.8%	-11.6%
International operations	1 379	1 415	1 241	1 060	898
<i>% of net sales</i>	34.0%	36.7%	34.5%	28.6%	25.8%
<i>Change on the previous year %</i>	-2.5%	+14.1%	+17.1%	+18.0%	-0.9%
Operating margin	800	787	761	729	591
<i>% of net sales</i>	19.7%	20.4%	21.1%	19.7%	16.9%
Depreciation according to plan	204	204	207	218	209
Operating profit	596	584	554	511	382
<i>% of net sales</i>	14.7%	15.1%	15.4%	13.8%	11.0%
Financial income and expenses	+74	+47	+28	+15	50
<i>% of net sales</i>	+1.8%	+1.2%	+0.8%	+0.4%	-1.4%
Profit before extraordinary items	670	631	582	525	332
<i>% of net sales</i>	16.5%	16.4%	16.2%	14.2%	9.5%
Extraordinary income and charges (net)	-2	+22	+98	-	+25
Profit before voluntary provisions and income taxes	668	653	679	525	357
<i>% of net sales</i>	16.5%	16.9%	18.9%	14.2%	10.3%
Income taxes	202	180	202	200	122
<i>Return on invested capital before extraordinary items and taxes</i>	16.3%	16.6%	17.2%	17.2%	13.3%
<i>Return on equity</i>	12.2%	12.7%	12.9%	11.5%	8.0%
Balance Sheet					
Financial assets	2 041	1 977	1 897	1 581	1 347
Stocks	761	752	655	736	702
Fixed assets	2 385	2 337	2 305	2 195	2 123
Fire insurance value of fixed assets	2 997	2 935	2 903	3 383	3 291
Liabilities	1 150	1 363	1 500	1 557	1 456
Interest-free liabilities	566	724	704	702	645
Interest-bearing liabilities	585	639	796	854	811
Provisions	1 511	1 587	1 662	1 704	1 698
Shareholders' equity	2 524	2 115	1 696	1 256	1 028
Balance Sheet total	5 186	5 066	4 857	4 517	4 181
<i>Solvency ratio</i>	77.7%	73.0%	69.2%	66.2%	65.3%
Investments in fixed assets					
Gross investments	238	244	447	286	228
<i>% of net sales</i>	5.9%	6.3%	12.4%	7.7%	6.5%
Gross investments excluding shares	205	150	171	227	223
<i>% of net sales</i>	5.0%	3.9%	4.7%	6.1%	6.4%
Research and development expenditure					
Research and development expenditure	317	311	272	227	198
<i>% of net sales</i>	7.8%	8.1%	7.6%	6.1%	5.7%
Personnel					
Wages and salaries paid	738	698	667	725	711
Number of employees	5 197	5 092	5 029	5 811	5 913
Net sales per employee, FIM thousand	781	757	716	637	589

The key indicators were calculated according to financial supervision guidelines using the following formulas:

Return on equity % (ROE)	=	$\frac{\text{Profit before extraordinary items} - \text{taxes for the fiscal year}}{\text{Shareholders' equity} + \text{minority interest} + \text{accumulated appropriations (annual average)}} \times 100$
Return on investment % (ROI)	=	$\frac{\text{Profit before extraordinary items} + \text{interest and other financing expenses}}{\text{Balance Sheet total} - \text{interest-free liabilities (annual average)}} \times 100$
Solvency ratio %	=	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{accumulated appropriations}}{\text{Balance Sheet total} - \text{advances received}} \times 100$
Earnings per share, FIM (EPS)	=	$\frac{\text{Profit before extraordinary items} \pm \text{minority interest} - \text{taxes}}{\text{Average adjusted number of shares}}$
Shareholders' equity per share, FIM	=	$\frac{\text{Shareholders' equity} + \text{accumulated appropriations}}{\text{Adjusted number of shares on day of closing}}$
Dividends per share, FIM	=	$\frac{\text{Dividend for fiscal year}}{\text{Adjusted number of shares on Dec. 31}}$
Dividend per earnings, %	=	$\frac{\text{Dividend for fiscal year}}{\text{Profit (calculated as in "earnings per share")}} \times 100$
Adjusted yield, %	=	$\frac{\text{Dividend per share}}{\text{Adjusted rate at the end of fiscal year}} \times 100$
Adjusted average share price	=	$\frac{\text{Total trade of shares, FIM}}{\text{Adjusted number of shares traded during fiscal year}}$
Market capitalization, FIM million	=	$\text{Number of shares at the end of fiscal year} \times \text{share price on day of closing by share type}$
Price per earnings ratio	=	$\frac{\text{Adjusted rate at the end of fiscal year}}{\text{Adjusted earnings per share}}$





Adjusted per-share data

		1995	1994	1993	1992	1991
Earnings per share (EPS), FIM		9.37	8.96	8.04	6.52	4.20
Shareholders' equity per share, FIM		80.56	73.93	67.17	59.24	54.53
Total dividends, MFIM		199.9*	149.9	119.9	85.7	85.7
Dividend per share, FIM		4.00*	3.00	2.40	2.40	1.90+0.50
Adjusted dividend per share, FIM		4.00*	3.00	2.40	1.71	1.71
Adjusted dividend per earnings, %		42.7%*	33.5%	29.8%	26.3%	40.8%
Adjusted yield	A	3.2%*	2.6%	1.6%	1.9%	2.6%
Adjusted yield	B	3.3%*	2.7%	1.7%	2.2%	5.6%
Adjusted P/E ratio	A	13.23	13.06	18.66	14.02	15.80
Adjusted P/E ratio	B	13.02	12.50	17.29	12.05	7.31
Share price on Dec. 31, FIM	A	124.00	117.00	150.00	128.00	93.00
Share price on Dec. 31, FIM	B	122.00	112.00	139.00	110.00	43.00
Adjusted price on Dec. 31, FIM	A	124.00	117.00	150.00	91.43	66.43
Adjusted price on Dec. 31, FIM	B	122.00	112.00	139.00	78.57	30.71
Adjusted average share price, FIM	A	113.76	142.52	112.23	76.42	81.78
Adjusted average share price, FIM	B	110.02	130.60	98.52	54.75	27.66
Adjusted lowest share price, FIM	A	97.50	115.00	89.29	50.00	60.71
Adjusted lowest share price, FIM	B	91.00	105.00	79.29	30.71	16.42
Adjusted highest share price, FIM	A	128.00	164.00	161.43	100.00	97.14
Adjusted highest share price, FIM	B	126.00	150.00	150.00	80.00	31.78
Market capitalization on Dec. 31, MFIM		6 150.5	5 730.1	7 238.4	4 267.4	2 480.6
Shares traded, 000s	A	1 729	1 235	2 416	2 440	891
% of A shares		6.5%	4.7%	9.1%	9.2%	3.4%
Shares traded, 000s	B	5 418	4 041	9 365	8 293	3 513
% of B shares		23.1%	17.2%	39.8%	35.2%	14.9%
Shares traded						
% of total share capital		14.3%	10.6%	23.6%	21.5%	8.7%
Number of shares on Dec. 31	A	26 473 802	26 473 804	26 473 804	18 909 856	18 909 882
	B	23 505 930	23 505 930	23 505 930	16 789 948	16 789 948
Total		49 979 732	49 979 734	49 979 734	35 699 804	35 699 830
Adjusted number of shares at the end of fiscal year no.		49 979 732	49 979 734	49 979 734	49 979 725	49 979 762
Adjusted number of shares, annual average no.		49 979 732	49 979 734	49 979 734	49 979 725	49 979 762

* proposed

Formulas for calculating key indicators are on page 39.

We submit these financial statements to the Annual General Meeting for approval.
Espoo, March 7, 1996

Asko Perisalo

Aatto Prihti

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 1.1. – 31.12.1995. 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 examine 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 13, 1996

Risto Järvinen
Authorized Public Accountant

Pekka Luoma
Authorized Public Accountant

Olli Mäkinen
Authorized Public Accountant

Statement by the Supervisory Board of Orion Corporation

We have examined the Statement of Accounts and Auditors' Report for 1995.

We note that operations were successful in 1995 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: Juhani Aho, Keijo Ahola, Juha Kyttilä, Matti K. Paasonen, who reached the age of seventy on December 12, 1995 and Ilkka Sipilä.

Espoo, March 19, 1996

Tatu Miettinen
Chairman of the Supervisory Board

The Supervisory Board, The Board of Directors and the Auditors of Orion Corporation 1.3.1996

Supervisory Board

	Present term	Member since
Tatu Miettinen , M.D., 65 Professor	Chairman 1995–1996 Member 1995–1998	1968–
Seppo Ylppö , 37 Safelink Oy Ab, President	Vice Chairman 1995–1996 Member 1994–1997	1990–
Juhani Aho , M.D., 65 Helsingin Lääkärikeskus Group, Chief Physician, Chairman of Board of Directors Yhtyneet Laboratoriot Oy, President	1993–1996	1978–
Keijo Ahola , M.Sc. (Pharm.), 68 Seinäjoen I apteekki, Pharmacist	1993–1996	1981–
Matti Eestilä , B.Sc. (Econ.), 68	1995–1998	1995–
Pekka Elovaara , M.Sc. (Pharm.), 46 Luumäen apteekki, Pharmacist	1994–1997	1994–
Timo Estola , Professor, D.V.M., 64	1995–1998	1992–
Petteri Karttunen , M.Sc. (Econ.), 35 Brokerage firm Ane Gyllenberg Oy Ab, Vice President	1994–1997	1989–
Eero Karvonen , M.Sc. (Eng.), 47 EVK-Capital Oy, President	1994–1997	1988–
Pauli Komi , LL.M., 59 OKOBANK, CEO	1994–1997	1988–
Juha Kyttilä , M.D., 65	1993–1996	1978–
Timo Maasilta , M.Sc. (Eng.), 41 The Land and Watertechnology Foundation, Managing Director	1994–1997	1991–
Matti K. Paasonen , Professor, M.D., 70	1993–1996	1969–
Seppo Salonen , M.D., 36 Medivire Työterveyspalvelut Oy, Occupational Health Physician	1995–1998	1995–
Ilkka Sipilä , M.D., 53 Aurora Hospital, Assistant Chief Physician, Pediatrics	1995–1996	1995–
Erkki Tammisalo , D.D.S., 63 University of Turku, Department of Dentistry, Professor	1995–1998	1980–

Board of Directors

Asko Perisalo , B.Sc. (Econ.), 62	Chairman 1995–1996	1989–
Aatto Prihti , D.Sc. (Econ.), 56 Orion Corporation, President; Orion Group, CEO	Vice Chairman 1995–1996	1984–
Erkki Etola , M.Sc. (Eng.), 51 Etola-yhtiöt, President	1995–1996	1995–
Juhani Leikola , Professor, M.D., 54 Finnish Red Cross Blood Transfusion Service, Director	1996–1997	1994–
Pauli Torkko , Lic.Sc. (Econ.), 48 Orion Corporation, Executive Vice President	1995–1996	1987–

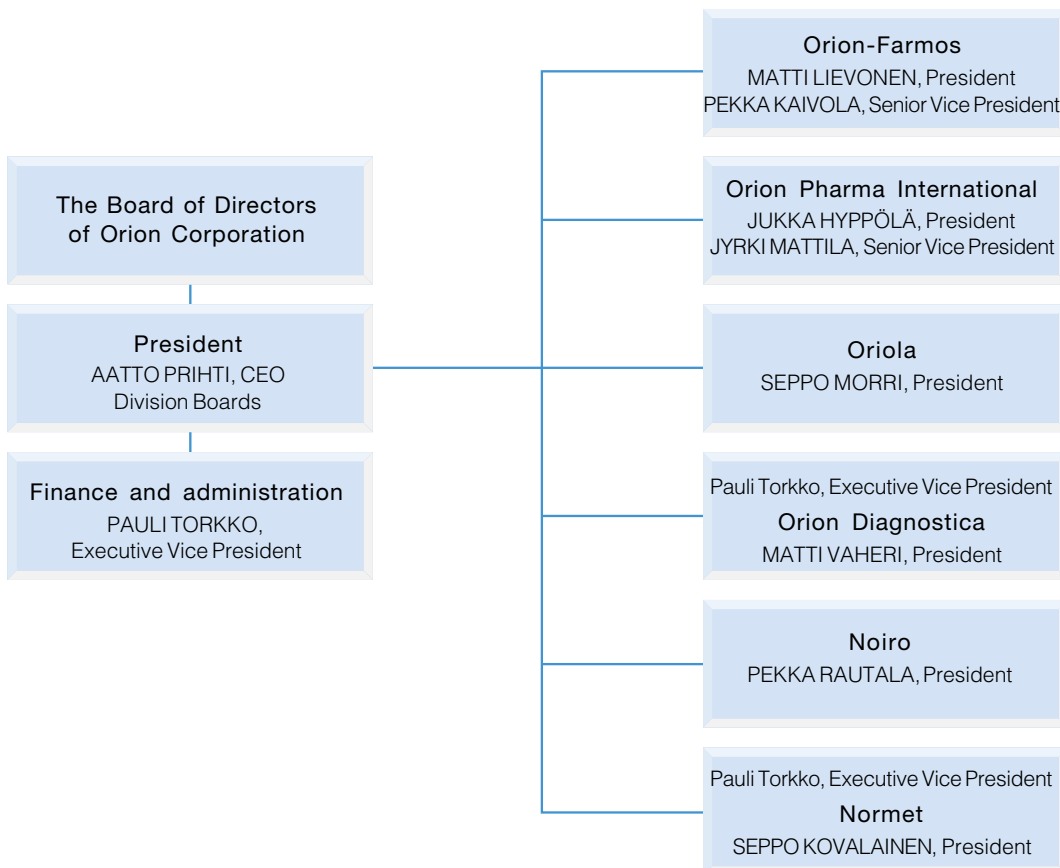
Auditors

Risto Järvinen, Lic.Sc. (Econ.), APA
Pekka Luoma, B.Sc. (Econ.), APA
Olli Mäkinen, M.Sc. (Econ.), APA

Deputy Auditors

Kalervo Virtanen, Professor, D.Sc. (Econ.), APA
Mikko Leppänen, B.Sc. (Econ.), CPA

Organization and divisions of the Orion Group 1.3.1996



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

A 1908 Pekka Halonen painting is in the background.

Managerial Staff 1.3.1996

Orion-Farmos		Orion Pharma International	
Matti Lievonen President	Pasi Salokangas Pharmaceutical Operations	Jukka Hyppölä President	Jorma Mamia Fermion
Pekka Kaivola Senior Vice President Domestic Marketing	Pekka Konsi Manufacturing, Espoo and Kuopio	Jyrki Mattila Senior Vice President Clinical R & D Product Acquisition Regulatory Affairs Medical Marketing Support Japan, Norway	Pekka Kairisalo Product Development
Antti Koivisto Orion metabolic and respiratory drugs	Heimo Rantala Manufacturing, Turku and Seinäjoki	Bo Creutzer Orion Pharma AB	Leif Hilden Quality Assurance, Environmental Protection
Osmo Niiranen Orion cardiovasculars	Risto Hämäläinen Manufacturing, Oulu and Kemijärvi	Henning Termansen Ercopharm A/S	Lars-Olof Thodén Purchasing
Juhani Peltonen Orion antibiotics	Asko Noponen Purchasing, Espoo	Klaus Mecklenburg Orion Pharma GmbH	Christer Mangs Animal Health
Kauko Ruppä Orion psychotropic and neurological preparations	Markku Huhta- Koivisto Purchasing, Turku	Hannu Wennonen Exports, Europe, Middle-East	Anssi Hakkala Hiven Oy
Pekka Heinänen Orion dyspepsia and HRT- preparations and hospital sales	Bjarne Grönblom Engineering	Kalevi Reijonen Exports, America, Asia, Australia, Africa	Lars Ekholm Controller
Olli Raasakka Medipolar	Heikki Rehtijärvi Quality Assurance		
Vappu Valkeisenmäki Lääkefarmos	Hans Lindroos Product planning and in-licensing		
Antti Loimu OTC products	Matti Huurinainen Finance and Administration		
Pekka Järvensivu Medical information	Kari Ruottinen Controller		
Kauko Kurkela Research and Development	Arla Immonen Payroll management		
Pentti Pohto Drug Discovery	Matti Kuula Personnel, Espoo and Kuopio		
Risto Lammintausta Preclinical Research	Raimo Lappalainen Personnel, Turku and Seinäjoki		
Raija Mäntylä Product Development			

Oriola	Orion Diagnostica	Noiro	Normet
Seppo Morri President	Matti Vaheri President	Pekka Rautala President	Seppo Kovalainen President
Risto Kanerva Distribution Sector	Markku Tilus Senior Vice President Controller	Marketing	Timo Turunen Production
Risto Kanerva Distribution Finland	Lars Lundin Sales and marketing	Harri Mäntynen Personal Care and Household Products	Pertti Pitkänen Controller
Kyösti Aalto International Distribution	Veli Hänninen Product Development	Leena Hahla Selective Cosmetics	
Pharmaceutical Wholesale Sector	Marja Sihvola Operations	Jouko Heinonen Lumene and Hairdressing Products	Central Administration
Mauri Sarriola Wholesale	Annikka Rantama Quality Assurance	Esko Salmenoja Institutional and Industrial Cleaning Products	Aatto Prihti President and Chief Executive Officer
Timo Toivio Panfarma	Peter Segersven Orion Diagnostica AB	Carl-Gustav Malmström Exports	Pauli Torkko Executive Vice President Finance and Administration
Marita Kaurala Reformi-Keskus	Jan Ekornrød Orion Diagnostica as	Juha Suikkanen Production and Logistics	Timo Halttunen Controller
Timo Åhman Medical and Technical Sector	Steffen Huusom Orion Diagnostica Danmark A/S	Leena Kolunen Product Development and Quality Assurance	Laura Pesonen until Dec. 31, 1995 Accounting
Pertti Kotkas Hospital Department	Larry Porter Orion Diagnostica Inc.	Juha Koivukoski Finance and Administration, Strategic Planning	Ulla Pihlström Finance, Investor Relations
Juha Blomberg Prolab			Heikki Salo Internal Audit
Timo Åhman Kuulolaitekeskus			Henry Haarla Legal Affairs
Yrjö Avellan Medion			Timo S. Kylliäinen Legal Affairs
Pauli Karasvaara Graphic Arts Department			Keijo Kajander Corporate Communications, Investor Relations and Personnel Policy
Ismo Lindén Dental Care Sector Soredex			Riitta Kivikoski Communications
Senja Tynkkynen Hammasväline			Pekka Vaissi Tuohilampi
Jouko Seppälä Controller			

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