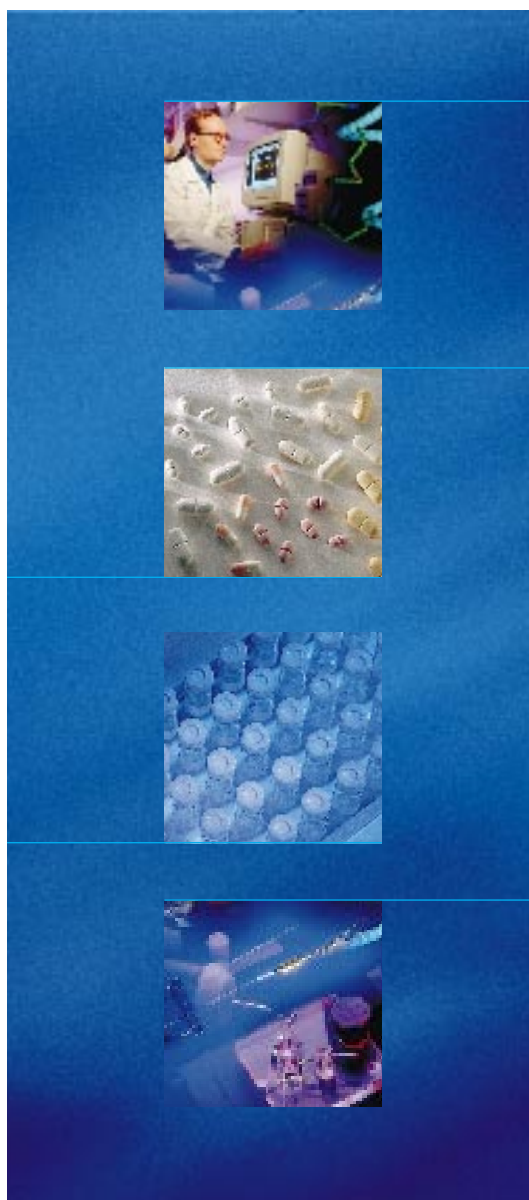


# ANNUAL REPORT 1997



**ORION GROUP**

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## Annual General Meeting

The Annual General Meeting of Orion Corporation will be held on Monday, April 20, 1998 at 5.00 p.m. at the company's pharmaceutical plant at Mankkaa, Espoo, street address Orionintie 1.

In addition to the topics in accordance with paragraph 11 of the company Bylaws, the Meeting will handle the Board of Directors' proposal to offer a bond loan with warrants for the Group personnel.

The registration period will close at 5.00 p.m. on Wednesday, April 15, 1998:  
phone +358 9 429 3719 or +358 9 429 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, 1997, a dividend of FIM 7.50 per share shall be paid to Orion Corporation shareholders entered in the shareholders' register kept by the Central Share Register of Finland on the record date, i.e.

April 23, 1998. Thus, shares acquired not later than April 20, 1998 entitle the shareholder to full dividends for 1997. The date for payment of dividends is April 28, 1998.

## Financial information

Orion Corporation will publish the following financial reviews in 1998:

Financial Statement Bulletin	March 3, 1998
Annual Report	
(in Finnish and in English)	April 2, 1998
Interim Report on the	
first 4 months of 1998	June 10, 1998
Interim Report on the	
first 8 months of 1998	October 9, 1998

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 phone + 358 9 429 3504.

The company announcements and financial reviews will also be available on the Group homepage, <http://www.orion.fi>.

# ORION GROUP 1997

## Highlights

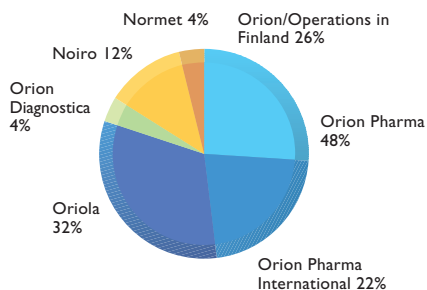
- Profitability of operations developed favorably.
- International operations of Orion Pharma grew substantially, thanks to Fareston, hormone replacement therapy products, animal sedatives and Fermion.
- Sales of Fareston, the breast cancer drug, began also in the USA. The EU registration process for Comtess/Comtan (entacapone) for Parkinson's Disease started in April 1997, and the application for a new drug approval was filed with FDA in February 1998.
- Oriola's operations in the Baltics developed most favorably in Lithuania.

## Key indicators

FIM million	1997	1996
Net sales	4 695	4 382
International operations	1 726	1 495
% of net sales	36.8%	34.1%
Operating profit	717	632
% of net sales	15.3%	14.4%
Profit before extraordinary items	827	738
% of net sales	17.6%	16.8%
Profit after taxes without extraordinary items	556	490
% of net sales	11.8%	11.2%
Balance Sheet total	5 722	5 423
Earnings per share (adjusted), FIM	7.95	7.01
Dividend per share (adjusted)	94.3%	51.0%
Return on invested capital before extraordinary items and taxes	17.5%	16.5%
Return on equity	13.4%	13.0%
Solvency ratio	75.8%	72.7%

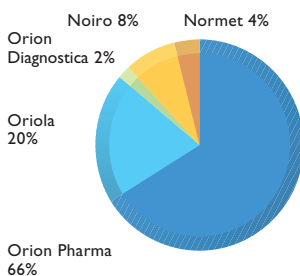
## Breakdown of net sales by Division

FIM 4 695 million



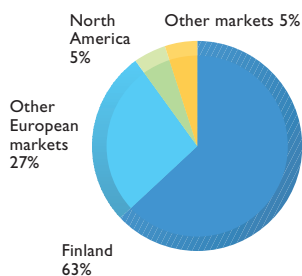
## Breakdown of operating profit by Division

FIM 717 million



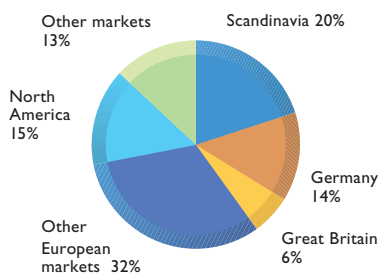
## Breakdown of net sales by market area

FIM 4 695 million



## Breakdown of international operations by market area

FIM 1 726 million

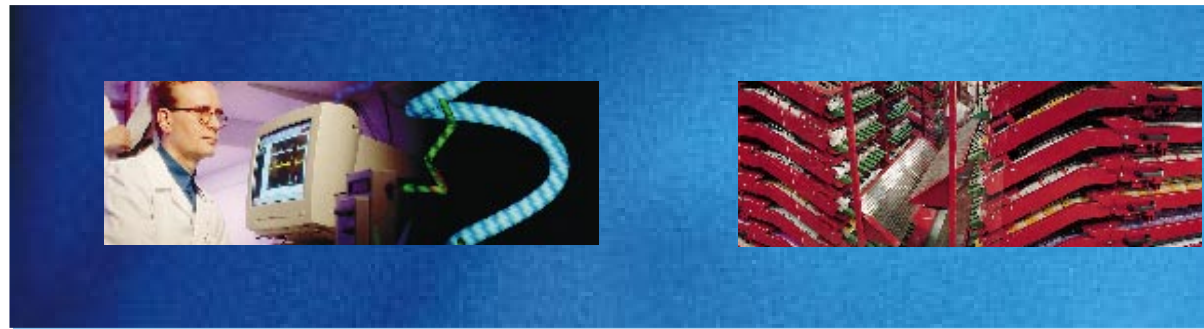


# THE ORION GROUP

The year 1997 marked the 80th anniversary of the Orion Group, the leading company in the Finnish health care sector today. Operations related to health care account for 84 percent of the consolidated net sales of the company. These include Orion Pharma, which develops, manufactures and markets pharmaceuticals; Oriola, a wholesaler and distributor and Orion Diagnostica, engaged in diagnostic products. Other divisions are Noiro, specializing in cosmetics and detergents, and the metal engineering division Normet.

In 1997, the Group net sales were FIM 4,695 million (USD 904 million) of which international operations accounted for FIM 1,726 million. The average number of personnel was 5,322. Orion shares are listed on the HEX Helsinki Exchanges.

## Divisions of the Orion Group



## HEALTH CARE

### Orion Pharma

Orion Pharma concentrates on the manufacture and marketing, as well as research and development of pharmaceuticals. The division accounts for about half of the entire Orion Group's net sales. Orion is the leading manufacturer and marketer of pharmaceuticals on the Finnish market. Its share of the domestic market of pharmaceutical specialties is 22%. The product range encompasses most principal human drug groups as well as veterinary drugs.

International operations account for 46% of the total net sales of Orion Pharma. On international markets, Orion promotes its products both through its eight European subsidiaries and in collaboration with international pharmaceutical companies. Their extensive sales networks provide an efficient channel for Orion Pharma's own original drugs worldwide.

### Oriola

Oriola is a wholesaler, distributor and niche sector marketer serving the health care sector comprehensively. In Finland and the Baltic countries Oriola provides pharmaceutical distribution and logistics services for international pharmaceutical companies and other health care marketers, as well as for its own units and their principals, and for other divisions of the Orion Group. Oriola's market share of pharmaceuticals distribution in Finland is 36%. The import, wholesale and marketing operations of Oriola comprise the equipment of over 2,000 international suppliers. Oriola has also in-house industrial activity in specific products of health care, based on own R&D and manufactured for worldwide markets.

## Goals and strategies

The divisions develop their own strategy and operate independently towards sound profitability targets.

**Orion Pharma and Orion Diagnostica** are seeking a substantial role in pharmaceuticals and diagnostics in Europe. This aim is pursued by developing competitive products through in-house

R&D for specific areas, and by strengthening and expanding the present market position.

**Oriola** is developing its advanced logistics services further and, in close cooperation with its business partners, provides distribution and marketing services for them both in Finland and in the neighboring areas, starting with the Baltic countries. Moreover, Oriola's logistic network covers all

Scandinavian countries through cooperative partners.

**Noiro** is strengthening its domestic market position by focusing on the development and marketing of its strong brands. Growth in sales to the Scandinavian countries and other neighboring areas is generated through cosmetics and personal care products.

**Normet** is focusing on vehicles and equipment for mining and tunneling, for mechanized timber handling and logging, as well special front lifts for materials handling, all marketed worldwide.



#### COSMETICS AND DETERGENTS

#### METAL ENGINEERING

#### **Orion Diagnostica**

Orion Diagnostica develops, manufactures and markets tests and test systems mainly for clinical laboratories and private practitioners. Its operations are concentrated on specific protein assays, diagnosis of infectious diseases and on various hormone and bone metabolism assays. International operations account for 80% of Orion Diagnostica's net sales.

#### **Noiro**

Noiro develops, manufactures, imports and markets products for personal care and home care, cosmetics, hairdressing products, and products for institutional and industrial cleaning and hygiene. Noiro's export operations focus on the Scandinavian, Russian, Polish and Baltic markets. Exports account for 30% of net sales.

#### **Normet**

Normet develops, manufactures and markets special mobile work machines for underground mining and tunneling, mechanized logging and materials handling. International operations, including indirect exports, account for over 90% of Normet's net sales.

## PRESIDENT'S REVIEW

The profit per share of Orion Corporation for 1997 was FIM 7.95, an increase of 13.4% on the previous year. Last autumn marked the company's 80th anniversary, and to celebrate the occasion, the Board is submitting to the Annual General Meeting the proposal to pay a dividend of FIM 7.50 per share, a historic high. Such dividend would be 94.3% of profit. At year's end, the Group solvency ratio was 75.8% and liquidity was at a good level. The profitability of all divisions was good or very satisfactory, the only exception being Orion Diagnostica. As a whole, the result for 1997 was very satisfactory.



The largest increase in absolute terms was generated by Orion Pharma, even though domestic sales were slightly down from last year. Growth was mainly provided by markets outside Scandinavia. Orion's own original products and bulk drug substances accounted for a significant part of that growth. The combined impact of the Oriola, Noiro, Orion Diagnostica and Normet divisions was consistent, 35% of the Group operating profit.

The Orion Group, as a multi-branch company, is mainly focusing on the pharmaceutical industry. The Group has the solvency and the liquidity to provide a good basis for the balanced development of its divisions. The major challenge is to accelerate growth without compromising profitability. At the Group level as well as at the division level, this calls for a more focused and selective allocation of both human and economic resources.

The contribution made to research and development amounted to FIM 332 million in 1997, FIM 1 million less than last year. The process of reallocating the resources of certain Orion Pharma preclinical projects, launched in 1996, was completed. The Group plans to invest FIM 365 million in R&D during 1998. Last year, fixed asset investments totaled FIM 312 million while the corresponding figure for the current year is expected to be FIM 300 million.

I would like to express my warmest gratitude to the Orion Group personnel for their achievements during the past year. In the midst of many changes, their performance has been outstanding. The confidence shown by our clients, shareholders and cooperation partners is the cornerstone of our developing business. We will do our best to measure up to that trust.

Espoo, March 12, 1998

Markku Talonen  
President and CEO



# ORION PHARMA

FIM million	1997	1996	% change
Net sales	2 308	2 193	+ 5.2%
Exports and subsidiaries abroad	1 067	930	+ 14.7%
– % of net sales	46.2%	42.4%	
Exports from Finland	674	585	+ 15.2%
R&D expenses	294	295	- 0.3%
Operating profit	465	426	+ 9.2%
Investments	195	162	
Personnel	2 818	2 809	
– abroad	353	356	
Profitability: Very satisfactory			
Share of Group net sales	48%	49%	

Orion Pharma conducts research on, develops, manufactures and markets pharmaceuticals, bulk drug substances, and related products for the prevention and treatment of illnesses.

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

Orion Pharma net sales grew by 5.2% to FIM 2,308 million.

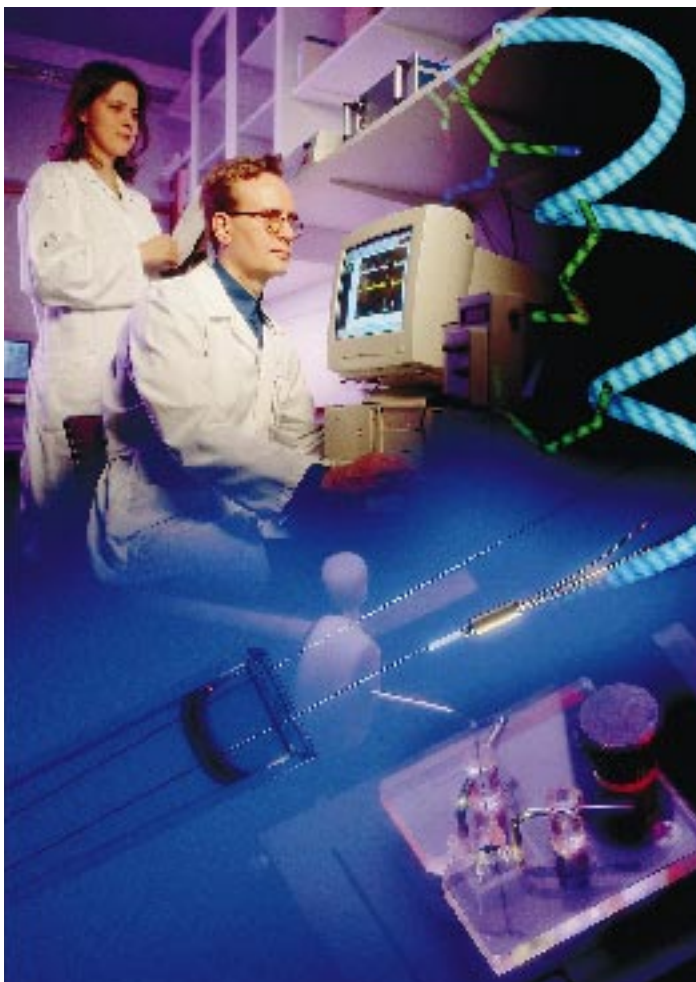
Net sales from international operations grew more rapidly than in 1996. Most of the growth was based on own patented preparations and other drugs developed by Orion Pharma, as well as Fermion's good success on the raw material market. Tough price competition and the termination of certain product representations lead to decreased domestic net sales for Orion Pharma in human drugs and veterinary drugs.

The total Finnish market for human and veterinary drugs as well as other pharmaceutical preparations was FIM 5,396 million at wholesale prices, up 5.6%.

As a whole, the operating profit of Orion Pharma improved and it exceeded the objectives set.

## Pharmaceutical research, product development and registration

Orion Pharma's R&D operations focus primarily on neurology as well as bronchial asthma, hormone replacement therapy, cancer and congestive heart

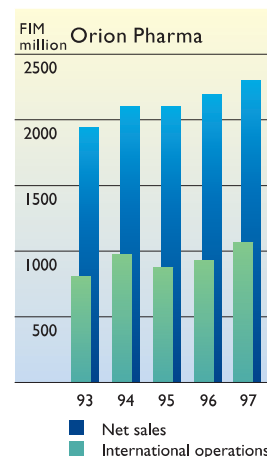


Orion is the largest company in Finland conducting pharmaceutical research and development. The Orion Pharma division invested FIM 294 million in R&D in 1997, which corresponds to 16% of the pharmaceutical net sales.

failure. Within the selected areas, the R&D activity comprises all phases of pharmaceutical research, from basic research in Finland to multinational clinical trials. Orion Pharma R&D expenditure corresponded to 15.9% of the net sales of pharmaceutical preparations. Pharmaceutical research and development activity employed 722 persons.

### Fareston® (toremifene)

Registered and available on the EU and Japanese markets already earlier, the breast cancer drug Fareston® (toremifene) received US marketing authorization in May and was launched in December.



The global registration program continues in collaboration with Schering-Plough Corporation. Fareston is indicated for the first-line treatment of advanced hormone-dependent breast cancer in post-menopausal women. Phase III clinical trials are under way in several countries with an aim to extend the indication to adjuvant therapy of earlier stages of the disease.

#### **Comtess®/Comtan® (entacapone)**

The application for an EU-wide marketing authorization for Comtess® (entacapone), the drug developed by Orion for the treatment of Parkinson's disease, was submitted to the the European Medicines Evaluation Agency, EMEA, in April. In February 1998, FDA began the evaluation of entacapone New Drug Application. Clinical studies on entacapone continued in eight countries. Comtess is administered together with levodopa, the drug of choice for the treatment of Parkinson's disease. Comtess/Comtan inhibits the COMT enzyme and thereby prevents the peripheral breakdown of levodopa. It enhances the effect of levodopa by improving its bioavailability to the brain.

According to an agreement signed earlier, entacapone will be marketed by Orion Pharma and Novartis Pharma AG. Orion will market the product under the trademark Comtess® in Europe. Novartis will market and sell entacapone under the trademark Comtan® in North America, Europe and the rest of the world.

#### **Simdax® (levosimendan)**

The clinical research on Simdax® (levosimendan), a calcium sensitizer for the treatment of severe heart failure, continued on a broad basis. The phase III trials on the injectable form of the drug proceeded according to plan with favorable results. The clinical studies on the orally administered formulation of the drug are proceeding at an early stage in Europe and the US.

In February 1998, Orion signed an agreement with Abbott Laboratories Inc. on the marketing of intravenous levosimendan. Abbott was also provided with an option for the orally administered product. Abbott will be marketing the preparation worldwide, with the exception of the Nordic countries and those Central European countries where Orion operates through its own subsidiaries. The companies also agreed upon cooperation for additional indications. The related research costs will be

shared equally by both parties. The clinical trials for regulatory approvals in Japan will be carried out and funded by Abbott.

Levosimendan acts via a novel pharmacological mechanism, increasing the heart's pumping ability, for the treatment of acute heart failure or the symptoms of severe chronic heart failure. It has been shown to cause fewer adverse effects than currently available drugs enhancing systolic power of the heart muscle.

#### **Dexmedetomidine**

Extensive clinical trials on dexmedetomidine are progressing in Europe and the US in accordance with a revised research program, under the leadership of and funded by Abbott Laboratories Inc. The research focus is on postoperative sedation of intensive care patients and the clinical trials in this indication are proceeding in phase II. Abbott Laboratories has the global rights to develop and market the drug, excluding the Nordic countries where it will be marketed by Orion Pharma.

#### **Hormone replacement therapy products**

The registration and development process of the hormone replacement therapy (HRT) product range continued through an extensive research program aiming at the creation of a versatile line of products for the treatment of menopausal and postmenopausal symptoms.

#### **Buventol® Easyhaler® and Beclomet® Easyhaler®**

The clinical research program of the Easyhaler® multiple dose dry powder inhaler developed by Orion Pharma for the treatment of bronchial asthma, continued on a broad basis for salbutamol and beclomethasone. The mutual recognition procedure of Beclomet® Easyhaler® was completed in certain EU countries. For reasons related to intellectual and property rights, Easyhaler products cannot be marketed in the US, for the time being.

Other research and development projects Orion Pharma has several other ongoing clinical drug research projects at various development phases. They focus on patented molecules discovered through own research, as well as on in-licensed product candidates.



### Operating environment in Finland

The growth rate of pharmaceutical costs being faster than that of the health care sector in general, inspired an extensive public debate throughout the year. The introduction of new and more expensive drugs with no established utilization is felt to be a particular problem. In May 1997 a working group appointed by the Ministry of Social Affairs and



Health in 1996 to identify means of pharmaceutical cost containment presented a number of proposals. The most notable proposals suggested that the wholesale price of products already on

the market should be determined for a limited period only and that new drugs should be subject to special reimbursement only after a qualifying period during which their importance in treatment and overall advantages could be established. The working group also proposed an educational program, of several years' duration, aimed at changing doctors' prescribing patterns, as well as certain reforms in the indirect taxation relative to pharmaceuticals.

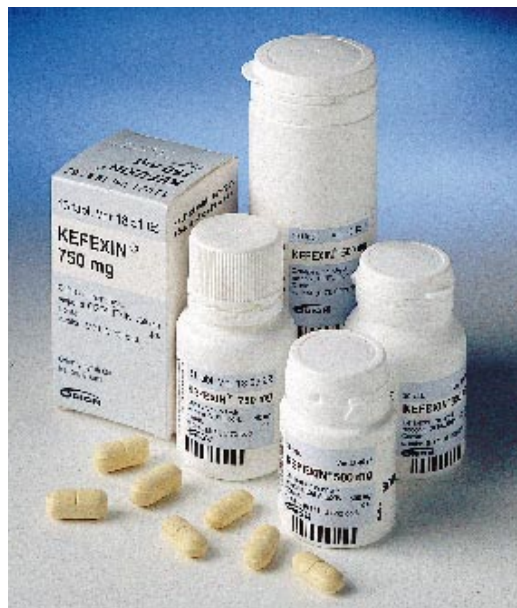
Towards the end of the year, the working group

proposals were adopted as state budget laws. These reforms will have a significant impact on the operating environment of the pharmaceutical industry. The Finnish National Agency for Medicines also tightened their pharmaceutical marketing instructions.

### Orion's position on the Finnish pharmaceutical market

The total Finnish market for human drugs was FIM 5,321 million at wholesale price and the market grew by some 7%. The growth clearly attenuated towards the end of the year. As in the past few years, the sales growth was mainly due to the change in consumption in favor of more expensive preparations and the introduction of new high priced products. Foreign companies increased their pharmaceutical sales by 10.6%. Pharmacy sales amounted to FIM 4,108 million and accounted for 77% of total sales. Pharmacy sales increased by 6.3% and sales to hospitals by 11.4%.

Orion's domestic net sales of human drugs was FIM 1,119 million, down 1.4%. Orion's market share was 22.1%, some 2 percentage points lower than in 1996. The decrease in market share was due to a number of marketing agreements ending and increased price competition in the markets for infusion solutions, antibiotics, pain relievers and psychopharmaceuticals.



## Prescription drugs

The Finnish prescription drug market grew 9.2% to FIM 4,366 million. The fastest growing segments were interferon preparations, lipid-lowering agents, new psychopharmaceuticals and a number of specialist therapy area drugs.

Orion, the only drug manufacturer in domestic ownership in Finland, lost market share in infusion solutions and certain hospital antibiotics due to tough price competition. However, the majority of Orion's core products for outpatient therapy performed according to expectations with sales in line with previous years.

The sales of Orion's cardiovascular and metabolic drugs grew by 4%, at a rate slightly lower than the average for this therapy segment. Marketing efforts continued to focus on the cardiovascular drugs **Cardiol**<sup>®</sup> (carvedilol), **Lisipril**<sup>®</sup> (lisinopril) and **Lovacol**<sup>®</sup> (lovastatin), and their sales grew notably. Launched in March, the thrombolytic **Rapilysin**<sup>®</sup> (reteplase) is achieving the position of the leading preparation in this in this therapy group. Two new cardiovascular products were launched towards the end of the year. The first, **Teveten**<sup>®</sup> (eprosartan), an angiotensin antagonist for the treatment of hypertension, the second, **Befral**<sup>®</sup> (mibefradil) a calcium antagonist for the treatment of hypertension and angina pectoris. The core cardiovascular drugs in Orion's portfolio maintained their market position.



The introduction of new psychopharmaceuticals and low-priced generic products adversely impacted the growth of **Seronil**<sup>®</sup> (fluoxetine) and Orion lost market share in this therapy segment.

Despite tough competition, the rapid growth of the anti-asthmatic drugs **Beclomet**<sup>®</sup> **Easyhaler**<sup>®</sup> and **Buventol**<sup>®</sup> **Easyhaler**<sup>®</sup> was maintained with both products becoming accepted as routine choices.

The hormone replacement therapy products performed well. **Divigel**<sup>®</sup>, in particular, continued to grow rapidly. The further development of this product family will allow continued growth in the future.

In the pain killing therapy group marketing

*Befral and Teveten are Orion's new cardiac drugs. Befral is a new generation calcium antagonist. Its effective ingredient mibefradil is a selective T channel blocker. Eprosartan, the effective ingredient of Teveten is an angiotensin receptor blocker.*



efforts focused on developments with **Burana**<sup>®</sup> (ibuprofen) and on reinforcing the position of **Tramal**<sup>®</sup> (tramadol). Both products achieved their objectives despite increased generic competition.

Orion could not maintain its market share with its neurological products even though the downward trend with **Eldepryl**<sup>®</sup> (selegiline) abated and the antiepileptic **Absenor**<sup>®</sup> (valproate sodium) continued to grow. Preparation for the introduction of **Comtess**<sup>®</sup> (entacapone), Orion's new Parkinson's disease product is progressing well.

The antiulcer drug **Lanzo** (lansoprazole) continued to grow rapidly despite the price erosion induced by parallel imports. The product portfolio for this therapy segment was complemented in December by the launch of **Helipak**<sup>®</sup>, a combination treatment for the elimination of *Helicobacter pylori*.

The new product, **Zeclar**<sup>®</sup> (claritromycine) and line extensions to existing brands were added to Orion's antibiotic product range.

**Expros**<sup>®</sup> (tamsulosine), for benign prostatic hyperplasia, sold very well during its first year on the market and became a noteworthy preparation with excellent growth potential.

## Self-medication products

The total Finnish market for the non-prescription self-medication drugs declined by 0.6% to FIM 866 million, due to low incidence of epidemic diseases during the period, and the low number of novel product launches.

The pain reliever **Burana**<sup>®</sup> has become an established brand, and its sales have continued favorably. Other Burana products have developed according to plan. The sales of **Ketorin**<sup>®</sup> (ketoprofen) have stabilized following the dosage change implemented in 1996. A growing proportion of **Disperin**<sup>®</sup> (acetylsalicylic acid) sales is generated by uses other than pain relief.

Towards the end of the year a new half-strength product was added to the **Ranimex**<sup>®</sup> (ranitidine) range of gastric acid blocking products. As a more comprehensive range it now has further competitive advantage.

Antitussives and influenza drugs performed as expected. **Multivita**<sup>®</sup> has become a major player

among vitamin preparations. **Puru-Calsor**<sup>®</sup>, a calcium preparation, continues to grow steadily.



*The campaign for Ketorin, a painkiller, received an award of excellence in the "Drug Advertisement of the Year" contest arranged by the Finnish Pharmaceutical Industry Federation. The jury acknowledges the campaign as being "a pleasant and peaceful total implementation joining the separate advertisements into one set. The campaign also effectively utilizes the means of advertising to highlight different user situations. It also advises on proper use of the preparation."*



**Added cost-containment on drug expenditure, an objective shared worldwide**

The international pharmaceuticals market continued to grow. Growth rate in the OECD countries was 6%. Growth is promoted by the aging of the population on the one hand, and the introduction of new and more expensive pharmaceuticals on the other. In 1996 Europe, North America and Japan accounted for about 82% of the approximately 296 billion US dollar total sales of pharmaceuticals, calculated at wholesale prices. It is, however, a consistently intensified characteristic of the health care sectors in industrial countries that the authorities are introducing new and increasingly radical measures to reduce medical expenditure and to add control on doctors' prescribing patterns. Many countries are also planning to increase the patient's own share of the cost of medical treatment.

Orion Pharma International markets pharmaceuticals outside Finland. The division also comprises Fermion, a unit manufacturing bulk drug substances. Orion Pharma International net sales amounted to FIM 1,036 million, a growth of 15.4%. This figure does not include the exports of veterinary drugs which are included, however, in the international operations of the entire Orion Pharma division. Net sales of pharmaceutical preparations, excluding received payments based on marketing agreements, increased by 14.4% to FIM 773 million.

Factors contributing to the growth of net sales from in-

*Divigel, one of Orion's hormone replacement therapy products, is a gel applied on the skin. The single-dose packages are easily available in a handy box.*

ternational operations in human drugs and bulk pharmaceuticals include the favorably developed sales of the breast cancer drug Fareston® (toremifene), and the hormone replacement therapy products, particularly Divigel®, as well as azathioprine, a drug substance. The sales of the Parkinson's disease drug Eldepryl® (selegiline), however, decreased further by 25%. The overall sales of diltiazem also decreased slightly.

The major international products include Eldepryl® for the treatment of Parkinson's disease, the Divina® hormone replacement therapy product family, the calcium antagonist Cardil® (diltiazem), the anti-asthmatic Beclomet®, as well as Fareston®. In bulk drug substances, the greatest net sales were generated by azathioprine. The largest markets were Germany, the US, Denmark, Sweden and Great Britain.

Keen generic competition was reflected by further decreased sales of **Eldepryl®** (selegiline) for Parkinson's disease. In view of volumes, however, selegiline has maintained a stable position as one of the standard drugs for Parkinson's disease.

The US sales of **Fareston®**, the breast cancer drug based on Orion's original molecule discovery, started in early December. Schering-Plough Corporation holds the drug's US marketing rights.

Launched two years ago, the Japanese sales grew substantially, and Fareston achieved more than a 20% share of the Japanese anti-estrogen market, where the preparation is marketed by Nippon Kayaku. In Europe, there are several generic antiestrogen preparations available, limiting Fareston's sales potential in these countries. Sales in Finland included, the total net sales of Fareston were FIM 69 million, Japan accounting for over FIM 40 million.



The sales of the hormone replacement therapy products continued to develop favorably as a whole. **Divina**<sup>®</sup>, **Divitren**<sup>®</sup> and **Divigel**<sup>®</sup>, preparations resulted from Orion's own research, continued to increase their importance as export products. The process of launching Divigel, a gel packed in single doses, progressed in several European countries and the number of users is increasing steadily. Divigel is available in Finland, Sweden, Denmark, Holland, Germany, Switzerland, Ireland and in Great Britain. Divina is on the market widely in Europe and in some South American and Asian countries as well as in South Africa. Divitren is sold in Finland, Denmark, Sweden, Switzerland, Great Britain, Turkey, South Korea and South Africa.

**Buventol**<sup>®</sup> **Easyhaler**<sup>®</sup>, the inhaler containing salbutamol for asthma, is sold in Finland, Germany, Denmark, Iceland, Rumania and certain Asian countries, whereas **Beclomet**<sup>®</sup> **Easyhaler**<sup>®</sup>, containing beclomethasone, is marketed in Finland and Germany and some Asian countries.

A sum of FIM 32 million is included in the total net sales of Orion Pharma, consisting of marketing agreement-based milestone payments. Novartis Pharma AG paid FIM 10 million upon submission of the Comtess<sup>®</sup>/Comtan<sup>®</sup> documentation for EU filing. Another milestone payment at FIM 22 million, related to the US marketing authorization and the launch of Fareston, was received from Schering-Plough Corporation.

### Development of subsidiaries

Net sales of the Swedish subsidiary **Orion Pharma AB** decreased 7.6% to SEK 111 million. The most vigorously growing products were the hormone replacement therapy products Divigel<sup>®</sup> and Divina<sup>®</sup> Plus, the cancer drug Enanton<sup>®</sup> (leuprorelin acetate) and the antiulcer Lanzo (lansoprazole). The company's market share in Sweden was 0.7%.

The net sales of the Danish subsidiary

**Ercopharm A/S** were DKK 249 million, up 18.0%, largely thanks to Divina tablet exports. Sales in Denmark grew 3.0% and the market share was 1.5%. The company's development potential was restricted by the general drug price cuts implemented in the country, sharper generic price competition, and increased parallel imports. Orivir<sup>®</sup> (aciclovir), an antiviral, Flutin<sup>®</sup> (fluoxetine), an antidepressive, and Alprox<sup>®</sup> (alprazolam), an antineurotic, showed good performance.

Net sales of **Orion Pharma A/S (Norway)** grew 3.0% to NOK 26 million.

**Orion Pharma GmbH**, the German subsidiary, increased net sales by 3.5% to DEM 56 million. During the summer, the company's product range was complemented by a portfolio of generic products, mainly asthma drugs, acquired

from Nycomed Arzneimittel GmbH. The sales of Beclomet<sup>®</sup> Easyhaler<sup>®</sup> increased somewhat from the previous year's level, whereas Eldepryl<sup>®</sup> sales decreased significantly.

The major products of **Orion Pharma (UK) Ltd.** were Eldepryl<sup>®</sup>, the cancer drug Futamid<sup>®</sup> (flutamide) and the diuretic Furesis<sup>®</sup> (furosemide). Net sales decreased 6.5% to GBP 5 million.

Orion Pharma International has additional subsidiaries in Ireland (**Orion Pharma (Ireland) Ltd.**), in Switzerland (**Interorion Ag**) and Hungary (**Finorion Kft.**), and a representative office in Moscow.

Japan and France were the largest export markets without marketing organizations directly subject to Orion Pharma International.



Investments, total ca. FIM 35 million, at the Hanko plant of Fermion were mainly focused on the manufacturing process for entacapone, the effective substance of Comtess, the Parkinson's disease drug.



## Fermion

The bulk drug substance producer Fermion had a successful year. Fermion's net sales were FIM 275 million, 20.7% up. Of the total net sales, FIM 208 derived from outside the Orion Group. Exports accounted for 78% of the net sales. Operational focus was on preparations for the production of the active ingredient in Comtess®/Comtan®. The best selling products were azathioprine, diltiazem, trazodon, methotrexate, pentoxifylline and verapamil. The largest markets were the US, Great Britain, Canada and Israel.

The litigation over diltiazem continued in the United States and Germany.



## Orion Pharma outlook for 1998

The growth of the Finnish pharmaceutical market is expected to slow down. This will be due to generic competition and the revisions in the drug reimbursement system taking force as of the beginning of 1998. These factors contribute unfavorably to the development of Orion's domestic sales.

In international sales, the downward trend of Eldepryl® seems to continue. The price level of

Fermion's products seems to be going down. Moreover, the schedules for the European and US regulatory registrations and launches of own patented products are difficult to forecast. The milestone payments related to the marketing agreements, as well as the actual sales of the preparations are dependent on these timetables. Among the products already launched, Fareston®, the Divina® line and the animal sedatives have the most significant growth potential.

As a whole, slow growth in net sales and leveling profitability is anticipated for Orion Pharma.



ORION PHARMA  
**Animal Health**

Total net sales of the Animal Health division were FIM 169 million, 4.0% up. Exports were FIM 73 million with animal sedatives accounting for virtually all sales.

At present, Orion is the only Scandinavian company to develop, manufacture and market its own veterinary drugs. Orion's leadership in the domestic veterinary drug market is based on a comprehensive product range for both livestock and pets. As of October 1, 1997 Orion represents Bayer's veterinary drugs, an outstanding addition to the product range.



Intensive growth of veterinary drug exports continued with sales 22% ahead of the previous year. The sales of **Domitor**<sup>®</sup> and **Antisedan**<sup>®</sup>, sedatives for small animals, developed positively both in Europe and in the US where this was the first full sales year. The

sales of **Domosedan**<sup>®</sup>, a sedative for horses and cattle, also continued to grow. The total sales of these patented products were FIM 68.5 million. Pfizer Animal Health is marketing Orion's animal sedatives in the major export markets.

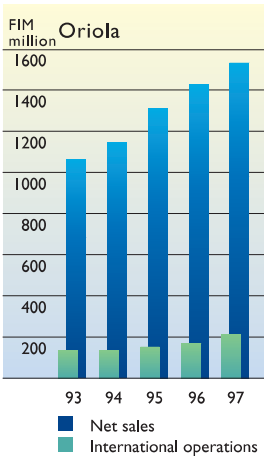
The sales performance of Orion's Swedish marketing organization met expectation. The Danish organization, active as of early April, performed according to plan. Key areas of R&D were product maintenance in the animal sedative segment, as well as the development of combined clinical anesthetic/sedative utilization of these products.

The **Hiven Oy** net sales remained at the previous year's level. Livestock and domestic animal numbers continue to decrease in Finland, the result of which has been an adverse impact on the sales of some major product groups. However, sales of special feeds and fur farming feeds have developed particularly favorably. Hiven Oy's market share remains high.



*Domosedan, Domitor and Antisedan, the animal sedatives developed by Orion, facilitate the work of the veterinarian and his assistants, and they also save the patient from unnecessary fear and stress. Depending on the size of the paw, the patient is sedated with Domosedan or Domitor for the doctor's procedures. After an Antisedan injection, the patient recovers on his own feet in a few minutes.*

# ORIOLA



FIM million	1997	1996	% change
Invoicing	2 862	2 743	+ 4.3%
Net sales	1 533	1 432	+ 7.1%
Exports and subsidiaries abroad	218	177	+ 23.5%
– % of net sales	14.2%	12.3%	
Exports from Finland	133	124	+ 7.2%
R&D expenses	8	7	+ 16.1%
Operating profit	142	143	- 0.2%
Investments	55	22	
Personnel	1 089	1 076	
– abroad	120	99	
Profitability: Very satisfactory			
Share of Group net sales	32%	32%	

Oriola is a wholesale and distribution company providing a comprehensive selection of health care products and marketing services in Finland and the Baltic countries. In the area of dental care products, Oriola is involved in manufacturing and international marketing. The division incorporates Oriola Oy, Panfarma Oy, Kuulolaitekeskus Oy, Orion Corporation Medion, Orion Corporation Soredex; As Oriola in Estonia, SIA Oriola Riga in Latvia, UAB Oriola Vilnius in Lithuania, and Soredex Inc. in the United States. Through cooperative partners, Oriola's logistic network covers all Scandinavian countries effectively.

In 1997 Oriola invoicing increased by 4.3% to FIM 2.9 billion.



Oriola efficiently utilizes automation and information technology in its operations. "Oskari" is a new internet-based information and ordering system offering improved and extensive service to Oriola's customers. New automatic picking machines not only accelerate through-put but also reduce delivery errors at all depots of Oriola.



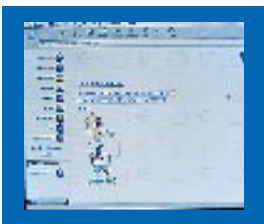
Particularly favorable sales development was shown by the Distribution Services unit, including wholesale activities in the Baltics, as well as Reformi-Keskus, Prolab, Medion and Soredex. Oriola net sales rose 7.1%. Operating profit was at the level of the previous year and in conformity with the budget.

## Distribution and Wholesale Sector

The net sales of the Distribution and Wholesale sector rose by 7.2% to FIM 938 million. Oriola's share of pharmaceuticals distribution in Finland was 36%.

**Distribution Services** is a unit which provides comprehensive importing, warehouse and distribution services to both domestic and international companies operating in the pharmaceuticals and health care sectors. The unit also offers a versatility of additional services, such as telemarketing and information services. Distribution Services represents 65 international pharmaceutical manufacturers. New principals having pharmaceutical distribution contracts with Oriola include Zeneca Pharmaceuticals, Janssen-Cilag Oy, Hoechst Marion Roussel Oy, Amgen, Unipath Scandinavia Ab, Baxter Oy Immuno and Sabora pharma Oy, as well as LövensVet, Algol Vet and Scanvet.

**The Wholesale unit** imports, sells and markets bulk drug substances, semimedical products, hygiene prod-



ucts, cosmetics, detergents and related products, as well as general merchandise and consumer goods to pharmacies, hospital pharmacies, veterinarians and other operators in the health care sector. Lysi, a cod-liver oil, and Ginsana were particularly successful branded products in 1997.

**The International Distribution unit** provides

its principals with extensive health care warehousing and distribution systems in Estonia,

Latvia and Lithuania. The Lithuanian operations have developed most favorably.

**Panfarma** provides international pharmaceutical companies with marketing, registration and other administrative services. Panfarma's major partners include Boehringer Ingelheim GmbH, Warner Lambert Nordic AB, and Allergologisk Laboratorium A/S. During 1997, cooperation was introduced with the Danish Chr. Hansen BioSystems A/S, the US-based company Amgen following in early 1998. Panfarma also operates in all Baltic countries.

**Reformi-Keskus** markets and sells an extensive selection of health food and nutraceuticals through all major distribution channels. In addition to the representation of many well-known European health food products, Reformi-Keskus has several brands of its own, such as Pansuola®, Dexal® and Femisoija®.

The domestic retail and industrial sales of the Pansuola mineral salt progressed well. The product is also exported to Sweden, the Baltic countries, the UK, Singapore, Japan and Israel. In the United States,



*With the Excimer laser system for eye surgery, a refractive error is corrected quickly and easily, in less than one minute.*

Pansuola is manufactured under license by Ambi Inc. and sold nationwide under the product name Cardia® Salt, through pharmacies.

Reformi-Keskus strengthened its market position in Finland and in the Baltic countries.

**Medical and Technical Sector**

**Sairaalaväline**, the Hospital Department, markets supplies for clinical examinations, procedures and nursing, as well as medical equipment, surgical instruments and implants. The incontinence products by Procter & Gamble were introduced as a new product group.

The sales of intraocular lenses, products for wound healing and basic care, surgery gloves and intubation products grew faster than the market. The considerable growth in care products of domestic origin was particularly gratifying. New-generation Nidek Excimer lasers for the corrective surgery of myopia, hyperopia and astigmatism were delivered to two customers. The Hospital Department increased its share of the Finnish and Baltic markets.

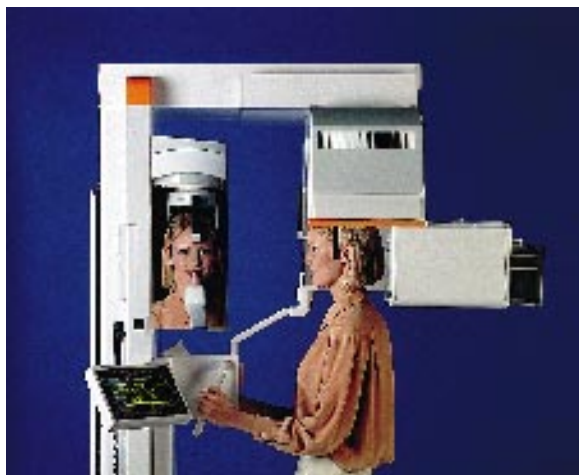
**Prolab** markets analyzers and laboratory equipment and supplies, chemicals and reagents for use in bio-scientific and chemical research and routine analysis laboratories, as well as diagnostic products for hospital and outpatient care.

The Boehringer Mannheim analysis systems were particularly successful and strengthened their market position.

The Boehringer Mannheim analysis systems were particularly successful and strengthened their market position.



New product introductions included the analysis equipment program by the German company Analytik Jena GmbH, the on-line waste water analyzers of the German firm STIP Siepmann und Teutscher GmbH, as well as the equipment and reagents of the French company BioMerieux SA for microbiological quality control in industry.



*Cranex panoramic dental imaging systems developed by Soredex are exported to several countries in different parts of the world.*

**Kuulolaitokeskus** and **Apuväline Oriola** offer hearing and visual aids and aid for the speech impaired, mobility aids as well as hearing and ear examination equipment. The unit increased its market share considerably. The sales of scale hoists as well as manual and electric wheelchairs grew consistently. The demand for the hearing and ear examination equipment also progressed positively.

**Medion** markets medical imaging and radiotherapy equipment to the health care sector as well as infrared devices and materials testing equipment to industry.

Medion strengthened its cooperation with Philips Medical Systems and increased its market share in imaging equipment. The non-destructive testing equipment business of NDT-Myynti Oy was acquired by Medion, effective as of January 1, 1998.

**The Graphic Arts Department** markets DuPont's graphic materials and equipment. The department continued to focus on digital technology while the Cromalin color proof and Cyrel flexographic sheets strengthened their market share.

**Hammasväline** continued as the leading dental supply company in Finland despite increasingly tough competition. Versatile service expertise, comprehensive and qualified product range in all dental care product groups, together with nationwide maintenance network and customer-oriented operations constitute the cornerstones of the unit's success.

The Internet-based information and order system, which has been introduced by Hammasväline as the first company in the dental supply business, was considerably extended to provide customers with entirely new forms of service. Operations were also expanded to all Baltic countries.

### **Industrial Sector**

**Soredex** develops, manufactures and markets dental X-ray equipment as well as Finndent® dentist's chairs and dental care units. The X-ray product family comprises Cranex® panoramic X-ray equipment, Cranex® TOME and Scanora® multidimensional tomography equipment for dento-maxillofacial imaging and the Digora® digital imaging systems. Digora sales progressed very favorably. Exports accounted for over 98% of Soredex sales, with the major export markets in the United States, Germany, other Western European countries, Korea and Russia.

### **Outlook for 1998**

Oriola's net sales are expected to grow considerably along with increased invoicing in drug distribution. Operating profit is anticipated to improve somewhat.

# ORION DIAGNOSTICA

FIM million	1997	1996	% change
Net sales	195	191	+ 2.0%
Exports and subsidiaries abroad	153	146	+ 4.6%
– % of net sales	78.4%	76.5%	
Exports from Finland	90	85	+ 6.4%
R&D expenses	17	17	- 1.8%
Operating profit	12	18	- 36.5%
Investments	17	8	
Personnel	376	376	
– abroad	63	65	
Profitability: Modest			
Share of Group net sales	4%	4%	

Orion Diagnostica develops, manufactures and markets diagnostic tests and test systems. Operations are focused on products for diagnosing infectious diseases, and for specific protein, hormone and bone metabolism assays.

The division includes Orion Corporation, Orion Diagnostica in Finland, as well as subsidiaries in the Nordic countries. A letter of intent was signed in early 1998 with the American company Princeton BioMeditech Corporation, Inc. (PBM) concerning the divestment of the business operations of Orion Diagnostica Inc., the US subsidiary, to LifeSign L.L.C., a new company established by PBM. LifeSign is to distribute Orion Diagnostica's products in the USA and Mexico while Orion Diagnostica will continue to distribute PBM's tests for drugs abuse in the Nordic and the Baltic countries, the Czech and Slovak Republics, and Hungary. The parties also agreed upon product development cooperation in rapid tests, combining PBM's rapid test technology with Orion Diagnostica's analyte know how.

The overall situation in Orion Diagnostica's major markets remained difficult as a consequence of cost cuts in the health care sector. However, the importance of diagnostics is starting to accentuate as a factor improving the overall efficiency of health care.



The new QuikRead is a rapid quantitative method for measuring CRP from whole blood. The system is easy to use and it gives the results in less than four minutes.

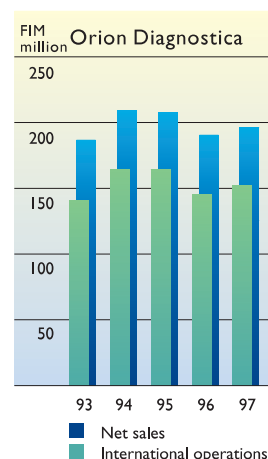
Net sales at Orion Diagnostica grew 2%, and they were below the budget. Profitability weakened from the previous year in result of terminated third party product representations. Measures were introduced within the unit for improved performance. There was, however, a growing demand for the unit's core products, such as the Uricult® test for urinary tract infections, the CRP assay methods (C-reactive proteine), bone markers, Pyloriset® tests as well as hygiene tests. International operations accounted for 80% of net sales. The major markets were the Nordic countries, Continental Europe, the US and Japan.

Domestic sales of Orion Diagnostica products declined from last year. This was mainly due to users increasingly favoring fully automatic systems in traditional RIA testing. Towards the end of the year, a new family of tests for detection of drugs abuse was launched on the Scandinavian market. As a whole, the net sales of the Nordic subsidiaries decreased, and they fell short of the objectives. Cooperation in hormone test sub-assembly was started in China.

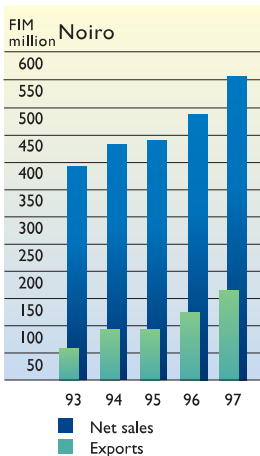
Product development focused on tests for detection of Helicobacter pylori infection, on bone metabolism as well as on new special markers. The development work on the new next generation QuikRead® system for measuring the C-reactive protein in whole blood was completed. The new system is easier to use and more rapid and is suited for a larger market. During the year, Orion Diagnostica also introduced Turbo® RF-PAIA, a quantitative assay of rheumatoid factor; and the Gastroset™ PGI test for assessing the pepsinogen proenzym content in blood.

## Outlook for 1998

Orion Diagnostica net sales will decrease as a result of the termination of the US subsidiary operations whereas operating profit is expected to improve.



# NOIRO



FIM million	1997	1996	% change
Net sales	554	483	+14.5%
Exports from Finland	162	120	+35.4%
– % of net sales	29.1%	24.5%	
Operating profit	55	39	+42.1%
Investments	22	16	
Personnel	730	681	
Profitability: Very satisfactory			
Share of Group net sales	12%	11%	

growing markets for cosmetics and hygiene products in Russia, the Baltic countries and Poland.

The new export achievements during the past years have contributed to a steady growth of the Noiro net sales, which were in excess of plans. Operating profit now also grew notably, and was above the budgeted level.

## Personal daily care and home care products

In the personal daily care and home care products sector, the focus was on the Herbina®, Fii®, Anytime® and Erisan® brands. The sales of Wella® hair cosmetics represented by Noiro increased substantially. Exports of the Herbina products continued at a sustained level.

## Cosmetics and hairdressing products

Lumene®, representing in-house product development and the best-known brand of Noiro, strengthened its domestic market leadership. Exports of Lumene products also grew substantially.

Noiro also represents international brands of exclusive cosmetics, such as Juvena®, Piz Buin® and Babor®. Their sales increased significantly, as did the Nanoel® cosmetics line. The Favorsa® skin care series developed by Noiro for pharmacy distribution is achieving a firm position.

The sales of the internationally acclaimed Wella and Kadus® hairdressing products developed favorably. Cutrin®, a hair care line representing Noiro's own development, increased sales in Finland, and also exports to the Baltic and Scandinavian markets increased.

## Institutional cleaning and hygiene products

The Finnish market for the institutional hygiene products grew only modestly. Sales of the Erisan hospital hygiene products, the Farnos industrial hygiene products and the Kemiansalpa cleaning products and instruments, as well as the Karkone Oy institutional cleaning machines, followed the fairly slow growth trend in the market.

## Outlook for 1998

Favorable export expectations will allow further growth of net sales. Operating profit is also anticipated to grow.



*Lumene® Lifting is a new treatment program for ageing skin, launched by Noiro in the spring of 1998.*



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

Noiro is developing its own strong brands to meet the demands of the domestic and the neighboring markets. In-house brands accounted for about 80% of Noiro's net sales. International brands represented by Noiro complement the product range.

The Finnish market for cosmetics and detergents grew at a higher rate than in the previous year. Noiro's market share strengthened, and the most positive development was shown by cosmetics sales. Over the past few years, Noiro has worked targetfully to reinforce its position especially in the



# NORMET

Normet develops, manufactures and markets vehicles and equipment for mining and tunneling as well as for mechanized logging, and industrial trucks for medium-heavy duty materials handling.

Normet's net sales and operating profit grew almost according to plan. International operations, including indirect exports, accounted for over 90% of net sales.

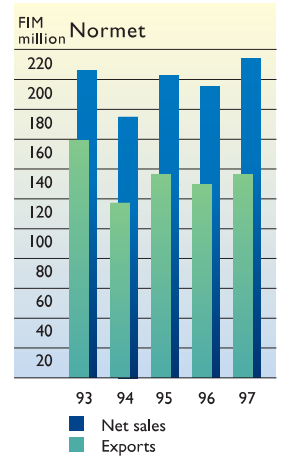
The investment activity increased in the mining industry, and Normet's equipment sales increased. Total demand on the rock construction sector declined, which was also reflected in the Normet sales. Drill carrier sales grew slightly. The exports of log loading and forwarding equipment also improved.

In spring 1997, Normet acquired the product rights for the medium-heavy duty fork lift and variable reach truck product line from Oy Meclift Ltd.

FIM million	1997	1996	% change
Net sales	204	185	+ 10.2%
Exports from Finland	131	125	+ 5.0%
– % of net sales	64.5%	67.4%	
Operating profit	29	25	+ 12.9%
Investments	10	26	
Personnel	284	274	
Profitability: Very satisfactory			
Share of Group net sales	4%	4%	

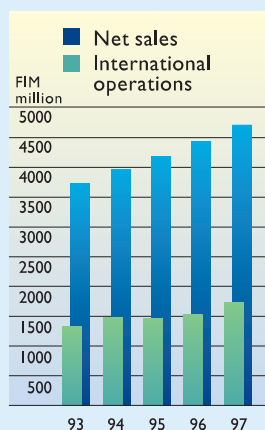
## Outlook for 1998

In 1998, Normet will devote special activity to sales promotion of its new product groups and new market areas. Net sales and operating profit are expected to grow slightly.



The new user-friendly concrete spraying machine delivered by Normet is reinforcing the walls of an underground tunnel in the Pyhäsalmi mine of Outokumpu Mining Oy, Finland.

# REPORT BY THE BOARD OF DIRECTORS



## Group net sales

In 1997, Orion Group net sales were FIM 4,695 million (FIM 4,382 million), and they grew by 7.1% (5.7%) from the previous year. Net sales in Finland grew by 2.8% (5.5%) and international operations by 15.5% (5.8%). About one-fifth of the increase in international operations were due to changes in foreign currency exchange rates.

International operations, i.e. exports from Finland and net sales of subsidiaries abroad, accounted for FIM 1,726 million (FIM 1,495 million), or 36.8% (34.1%) of the consolidated net sales. The most important markets were the Scandinavian countries, other Western Europe and the USA.

Net sales of Orion Pharma grew by 5.2% (4.3%). The total Finnish pharmaceuticals market, including veterinary drugs, grew by 5.6% (9.0%). The domestic sales of Orion Pharma declined by 1.7%. The domestic market share was 22.7%, down about 2 percent units in consequence of price competition and terminated product representations. The total market growth resulted mainly from the fact that new and more expensive drugs of foreign origin were introduced.

International operations of Orion Pharma grew by 14.7% (5.0%) and they contributed 46.2% of the entire Orion Pharma division. Sales developed favorably in Denmark, Great Britain, Japan and North America. Sales of Eldepryl, the drug for Parkinson's disease, decreased further by around 25% from the previous year, due to price competition. Sales of the breast cancer drug Fareston to Japan grew notably, and sales in the USA started in December. Exports of hormone replacement therapy products, animal sedatives and Fermion's bulk drug substances continued to develop positively.

Net sales of the international operations of Orion Pharma include a FIM 10 million milestone payment from Novartis Pharma AG, in accordance with the marketing agreement and related to the submission of the application for EU marketing authorization for entacapone, trademark Comtess and Comtan, the new drug for Parkinson's disease. Another milestone payment of FIM 22 million also included in the net sales, was received from Schering-Plough Corporation following the US marketing approval and launch of Fareston.

The growth of Oriola's net sales slowed down after the recent years of strong growth. The invoicing of Oriola was FIM 2,862 million, up 4.3% (6.5%).

In foreign operations, Lithuania showed positive development.

Orion Diagnostica's net sales developed sluggishly, due to the termination of certain third-party product representations.

Noiro developed favorably in consequence of successful exports of the Lumene cosmetics, but business developed satisfactorily in Finland, too.

Normet showed continued strong performance, particularly thanks to the mining sector products.

Among the divisions, the growth rates of Noiro and Normet net sales were remarkably above the Group average. The development of net sales and international operations by business area, by division and by market area, as well as the development of the operating margin by business area and division are presented in the tables below.

## NET SALES OF PARENT COMPANY

The net sales of the Group parent company Orion Corporation were FIM 2,961 million (FIM 2,767 mill.), up 7.0% (4.7%).

## Profits

Operating profit for the Orion Group grew by FIM 85 million from the previous year. The improvement was partly due to net gains from securities sold. Their contribution of FIM 22 million to the operating profit is included in other operating income. Net financial income was at the previous year's level. The result as a whole was very satisfactory.

Operating profit was FIM 717 million (FIM 632 million), up 13.4% (6.0%). Of the Group divisions, Orion Pharma, Noiro and Normet improved their operating profits. Within Orion Pharma, profits improved in human drugs exports, in Fermion and in Animal Health.

The profitability of the divisions was at a very satisfactory level with the exception of Orion Diagnostica, which performed modestly.

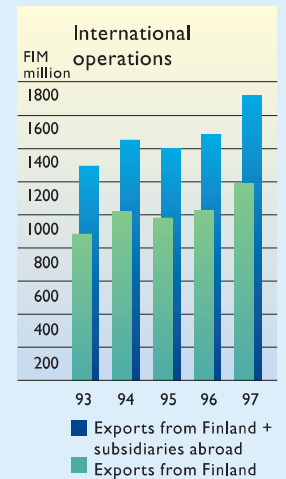
Net financial income in the Consolidated Income Statement was FIM 110 million (FIM 106 million), to which the net earnings from ordinary financial operations contributed FIM 62 million (FIM 59 million). Net interest income was FIM 10 million less than in the previous year.

The net difference of gains and losses from foreign exchange rate changes were FIM 5 million more favorable than in the previous year. Net in-

\*The figures in the parentheses refer to 1996. The practice of calculating the net sales has been changed to correspond to Net Sales in accordance with the EU No. 4 directive. The data for the comparative year have been adjusted accordingly. The percentages reflecting changes on the previous year have been calculated from more precise figures than the published ones.

## Net sales and international operations and by business area and by Division

	1997		1996		Change in net sales on 1996 %	Change in international operations on 1996 %
	Net sales FIM million	International operations FIM million	Net sales FIM million	International operations FIM million		
<b>HEALTH CARE</b>						
Orion Pharma	2 308	1 067	2 193	930	+ 5.2%	+ 14.7%
- Operations in Finland	1 241		1 263		- 1.7%	
- International operations		1 067		930		+ 14.7%
Oriola	1 533	218	1 432	177	+ 7.1%	+ 23.5%
Orion Diagnostica	195	153	191	146	+ 2.0%	+ 4.6%
Health care total	3 949	1 431	3 723	1 251	+ 6.1%	+ 14.4%
<b>COSMETICS AND DETERGENTS</b>						
Noiro	554	161	483	119	+ 14.5%	+ 35.8%
<b>ENGINEERING</b>						
Normet	204	132	185	125	+ 10.2%	+ 5.5%
<b>Total</b>	<b>4 695</b>	<b>1 726</b>	<b>4 382</b>	<b>1 495</b>	<b>+ 7.1%</b>	<b>+ 15.5%</b>

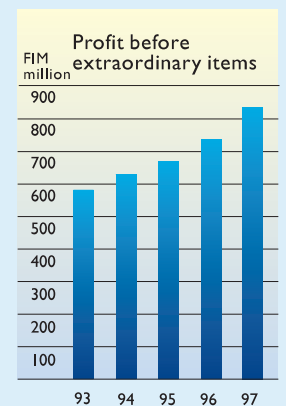


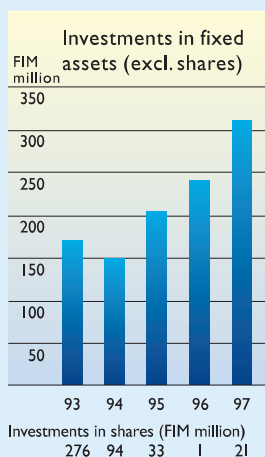
## International operations by market area

	1997		1996		Change on 1996 %
	FIM million	Share %	FIM million	Share %	
Scandinavia	337	19.5	334	22.4	+ 0.9%
Other European markets	907	52.6	794	53.1	+ 14.3%
North America	255	14.8	187	12.5	+ 36.2%
Other markets	227	13.1	180	12.1	+ 26.3%
<b>Total</b>	<b>1 726</b>	<b>100.0</b>	<b>1 495</b>	<b>100.0</b>	<b>+ 15.5%</b>

## Operating profit by business area and by Division

	1997		1996		Change on 1996 %
	FIM million	Share %	FIM million	Share %	
<b>HEALTH CARE</b>					
Orion Pharma	465	64.8	426	67.4	+ 9.2%
Oriola	142	19.9	143	22.6	- 0.2%
Orion Diagnostica	12	1.6	18	2.9	- 36.5%
Health care total	619	86.3	587	92.9	+ 5.5%
<b>COSMETICS AND DETERGENTS</b>					
Noiro	55	7.7	39	6.1	+ 42.1%
<b>ENGINEERING</b>					
Normet	29	4.0	25	4.0	+ 12.9%
GROUP ITEMS	14	2.0	- 19	- 3.0	
<b>Total</b>	<b>717</b>	<b>100.0</b>	<b>632</b>	<b>100.0</b>	<b>+ 13.4%</b>





come from securities included in the current assets, dividends included, rose by FIM 8 million from the previous year.

Financial income did not include non-recurrent items (in 1996, a FIM 9 million repayment of interest expenses for product development loans). The associated companies contributed FIM 48 million (FIM 37 million) to the financial income.

The Group profit before extraordinary items, provisions and taxes was FIM 827 million (FIM 738 million), up 12.0% (10.3%).

Taxes for the fiscal year were FIM 272 million (FIM 246 million).

Earnings per share were FIM 7.95 against the adjusted FIM 7.01 in the previous year, up 13.4%. Shareholders' equity per share was FIM 61.76 (adjusted FIM 56.36).

Group return on invested capital (ROI) before extraordinary items and taxes was 17.5% (16.5%). Return on shareholders' equity (ROE) after taxes was 13.4% (13.0%).

## Financing

Group solvency and liquidity were good.

Investments in Group fixed assets were funded with liquid assets. Interest-bearing liabilities were decreased by FIM 191 million, mostly comprising pension loans. The total liquid assets remained approximately at the same level as that at the end of the previous year.

Besides good liquidity, the Group's money market strategy is to maintain a most neutral interest, currency, investment and counterparty portfolio. Accordingly, the cash reserves were placed in money market instruments and bonds issued by approved counterparties. Minor sums were invested in both listed shares and investment funds both in Finland and abroad.

The cash flow from exports exceeded slightly the corresponding cash flow from imports. Net exposures have been hedged at Group level. Derivatives are only utilized for hedging against foreign currency and interest rate risks, and not for speculative purposes.

Liabilities in the Consolidated Balance Sheet of Dec. 31, 1997 were FIM 1,038 million (FIM 1,074 million), of which the share of interest-bearing liabilities accounted for FIM 278 million (FIM 469 million). Short-term interest-bearing debt accounted for 5.1% (5.1%) of total interest-bearing liabilities.

Solvency ratio, the indicator of Group solvency, increased to 75.8% (72.7%) by the fiscal year end. Gearing, reflecting Group net indebtedness, was -28.1% (-27.4%). When calculating the ratios, accrued appropriations less deferred taxes have been included in the shareholders' equity.

The market value of listed shares among the fixed assets held by the Group, excluding own shares, amounted to FIM 1,058 million (FIM 948 million) at the year-end, book value FIM 484 million (FIM 462 million).

## Investments in fixed assets

Gross investments by the Group were FIM 333 million (FIM 243 million), or 7.1% (5.5%) of Group net sales. The breakdown of gross investments was as follows:

FIM million	1997	1996
Land and water	10	6
Buildings	59	55
Machinery and equipment	160	149
Shares	21	1
Other fixed assets	83	32
<b>Total</b>	<b>333</b>	<b>243</b>

Gross investments, excluding investments in securities, were FIM 312 million (FIM 241 million), or 6.6% (5.5%) of Group net sales. The breakdown of gross investments was as follows:

FIM million	1997	1996
Orion Pharma	195	162
Oriola	55	22
Orion Diagnostica	17	9
Noiro	22	16
Normet	10	26
Central Administration	34	8
<b>Total</b>	<b>333</b>	<b>243</b>

The largest single investments within Orion Pharma were assigned to the completion of the manufacturing process and related after-treatment facilities for entacapone raw material, as well as new tank area in Hanko. A project for upgrading the tablet packaging facilities in Espoo was started up, and rights for additional products were acquired for the German subsidiary. Investments in Oriola included the expansion of the central warehouse as well as a new automation system for the distribution warehouse

in Espoo. Orion Diagnostica expanded the Turku assembly plant and also started building a new production line in Espoo. Investments by Noiro focused on basic renovations at the Espoo plant, as well as on new machinery and equipment. Main investments by the Central Administration comprised real estate and Tamro shares.

### Acquisitions and Group structure

In May, Orion Pharma GmbH complemented its product selection by acquiring product rights from Nycomed Arzneimittel GmbH, mainly preparations for treating asthma. The 1996 net sales for the acquired products in Germany were about DEM 9 million. In late February 1998, Orion Corporation Orion Pharma acquired the 50% stake held by Schering AG, Germany, in Oy Pharmaco Ab, whereby Pharmaco became a wholly-owned Group subsidiary. Pharmaco is a Finnish pharmaceuticals company with FIM 25 million net sales in 1997 and 34 employees. After the 1997 fiscal period, in January 1998 Orion Corporation Medion acquired the business of NDT-Myynti Kaj Mervasto Oy, specializing in non-destructive testing products. As part of the rearrangements in US marketing operations, Orion Diagnostica Inc. has a letter of intent based agreement concerning the divestment of its business to LifeSign L.L.C. Orion Corporation Normet acquired the product rights for a lift truck family for ports and terminals from Oy Meclift Ltd. in April 1997.

Orion Corporation operates also in the Czech Republic through a branch office under the name Orion Corporation Orion Diagnostica.

### Personnel

The average total number of personnel employed by the Group was 5,322. The Group personnel increased by 78 persons, or 1.5% from the previous year. The corresponding average personnel figures for 1996 have been calculated in accordance with instructions by the Finnish Accounting Board. Wages, salaries and benefits paid were FIM 806 million for the Group, up 4.1%. The personnel employed by the parent company Orion Corporation increased by 74 persons, or 1.9%. Women accounted for 58% of the employees, and men for 42%.

### Group personnel:

	1997		1996	
Orion Corporation	3 984	74.9%	3 910	74.6%
Subsidiaries in Finland	802	15.1%	814	15.5%
Total Finland	4 786	90.0%	4 724	90.1%
Subsidiaries abroad	536	10.0%	520	9.9%
Group total	5 322	100.0%	5 244	100.0%

### Group personnel by business area and by Division:

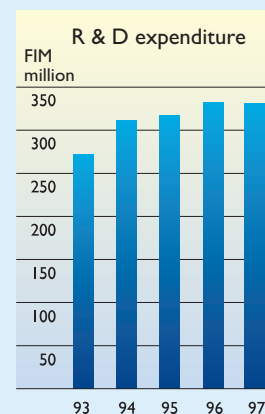
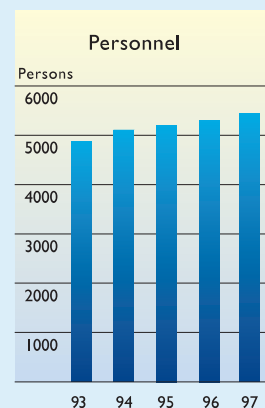
	1997	1996
<b>HEALTH CARE</b>		
Orion Pharma	2 818	2 809
Oriola	1 089	1 076
Orion Diagnostica	376	376
Health Care total	4 283	4 261
<b>COSMETICS AND DETERGENTS</b>		
Noiro	730	681
<b>ENGINEERING, Normet</b>	284	274
Central Administration	25	28
Group total	5 322	5 244

### Changes in Group management

Juhani Aho was elected Chairman of the Supervisory Board on April 21, 1997, following Tatu Miettinen who held the post earlier. On April 23, 1997, the Supervisory Board of Orion Corporation elected Juhani Leikola Chairman of the Board. Eero Karvonen was elected a new member of the Board. Asko Perisalo was Chairman and a member of the Board of Directors until April 23, 1997. Markku Talonen was appointed President of Orion Corporation, CEO of the Orion Group, and Member of the Board, as of June 15, 1997. Pauli Torkko was acting President during January 1 - June 15, 1997.

### Research and development

Group expenditure on research and development, prior to received financial contributions and support from marketing partners were FIM 332 million (FIM 333 million), or 7.1% (7.6%) of the net sales. The parent company's share of these expenses was FIM 321 million (FIM 322 million), or 10.8% (11.6%) of the net sales. The Group R&D expenditure decreased by 0.2% (increased by 5.0%), due to re-



orientations in preclinical research projects. Investment in R&D is of vital importance in securing long-term growth, internationalization, and profitability for the Group. Divisional R&D expenditure varies a lot in proportion to divisional net sales. The R&D expenditure was proportionally largest in Orion Pharma and Orion Diagnostica.

At the end of May, the breast cancer drug Fareston received marketing authorization in the US, and sales by Schering-Plough Corporation started in December. The application concerning EU marketing approval for entacapone, the drug for Parkinson's disease under trademarks Comtess and Comtan, was submitted to the EMEA, an EU authority, in April, and the corresponding New Drug Application documentation was filed with the US FDA in February 1998.

The clinical trials on dexmedetomidine are proceeding in phase II in accordance with a revised research program. The main indication was re-addressed to postoperative sedation during intensive care. The clinical trials on intravenous levosimendan, for heart failure, progressed according to plan. A marketing agreement was closed with Abbott Laboratories Inc. in February 1998 for the above-mentioned product version, to be marketed under trademark Simdax.

Medical research was supported with altogether FIM 1,108,000 channelled through Orion's own foundations. The Orion Corporation Research Foundation which promotes and supports research in medicine, chemistry, pharmacy and nutritional physiology, awarded grants to the total amount of FIM 608,000. The Farnos Foundation for Research and Science, which also promotes medical research, shared grants at a total of FIM 500,000. Additionally, Orion Corporation donated FIM 336,000 mainly for pharmaceutical research.

### **Outlook for 1998**

The growth rate of the Finnish market for pharmaceuticals is anticipated to slow down further, due to new reimbursement regulations. Fareston, the Divina range and animal sedatives are those already launched own products with the most significant growth expectations. Net sales from own patented products, including milestones and other marketing agreement-based payments, are dependent on the actual registration and launching schedules, and therefore difficult to forecast. The sales of Eldepryl, for Parkinson's disease, seems to be decreasing fur-

ther, as generic competition increases. The price level of Fermion's products is also decreasing.

In addition to the above factors, considering the slightly improving outlook for Group divisions other than Orion Pharma, there is reason to suggest a slower growth rate of net sales for the Group as well as for the fact that the development of operational profit may level off. On the other hand, goodwill depreciation and effective taxes based on the current Group structure will diminish in the Consolidated Income Statement.

Planned R&D expenditure is in the amount of FIM 365 million. The investment budget for fixed assets, excluding possible company and product acquisitions and securities, is FIM 300 million.

### **Change into public limited company, and amendments of the Bylaws**

In accordance with the new Finnish Companies Act, which now divides Finnish limited companies into public and private, the Extraordinary Shareholders' Meeting held on November 10, 1997 decided to change Orion Corporation into a public limited company, as well as to amend the Bylaws accordingly, alongside some additional changes. Accordingly, the Finnish company name is Orion-yhtymä Oyj. At the same time, a section was included in the Bylaws allowing the shareholder to require for conversion of his A-shares to B-shares. The other changes made in the Bylaws were of mainly technical nature.

### **Share capital and shares of Orion Corporation**

The share capital of Orion Corporation is FIM 699.7 million, and each share has a nominal value of FIM 10.

Through a bonus issue, the share capital was increased on December 11, 1997 from FIM 499.8 million to FIM 699.7 million by issuing 10,589,522 new A-shares and 9,402,372 new B-shares.

The new shares entitle the shareholder to full dividends for the fiscal period which began on January 1, 1997. For technical reasons, the bonus issue included a new issue of three A-shares, directed to the Orion Corporation Pension Fund (Orion-yhtymän Toimihenkilöiden Eläkesäätiö). Following the share issue, 37,063,327, or 53.0% of the stock are A-shares and 32,908,302, or 47% are B-shares. The increase in the share capital was entered into



the Trade Register on December 11, 1997.

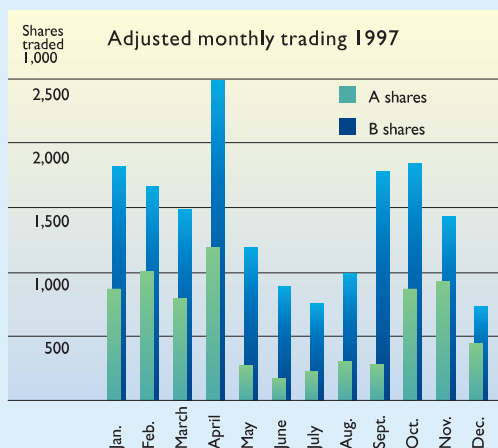
At General Meetings, each A-share entitles the shareholder to twenty (20) votes and each B-share to one (1) vote. Both A- and B-shares entitle the shareholder to the same rights with respect to company assets and dividends.

The minimum share capital of Orion Corporation is FIM 500.0 million and the maximum share capital is FIM 2,000.0 million. The share capital can be increased or decreased within these limits without amending the Bylaws.

According to the Bylaws of Orion Corporation, the shareholder can request the conversion of his A-shares into B-shares.

The Orion Corporation Board of Directors has no existing authorization by the General Meeting to increase the share capital, or to issue option rights or a convertible loan. Neither Orion Corporation nor any Orion subsidiary has previously issued option loans, convertible loans or option rights.

Oriola Oy's holding in Orion Corporation accounts for 2,453,208 A-shares corresponding to 3.51% of the share capital and 6.34% of the total number of votes.



### Quotations and trading

Both Orion Corporation series of shares are quoted on the HEX Helsinki Exchanges. During the financial year, the adjusted number of shares traded on the Stock Exchange rose to 24.5 million, corresponding to 35.0% of the share capital. Total trading value was FIM 3,339.3 million. The adjusted trading volume by share series was 7,380,165 A-shares, or 19.9%, and 17,112,774 B-shares, or 52.0%.

		1997	1996	1995	1994	1993
Share capital	MFIM	<b>699.7</b>	499.8	499.8	499.8	499.8
A-shares	MFIM	<b>370.6</b>	264.7	264.7	264.7	264.7
B-shares	MFIM	<b>329.1</b>	235.1	235.1	235.1	235.1
Share issues:						
Bonus issue	MFIM	<b>(5:2) 199.9</b>				(5:2) 142.8
Shareholders		<b>19,001</b>	17,933	19,223	19,563	18,000

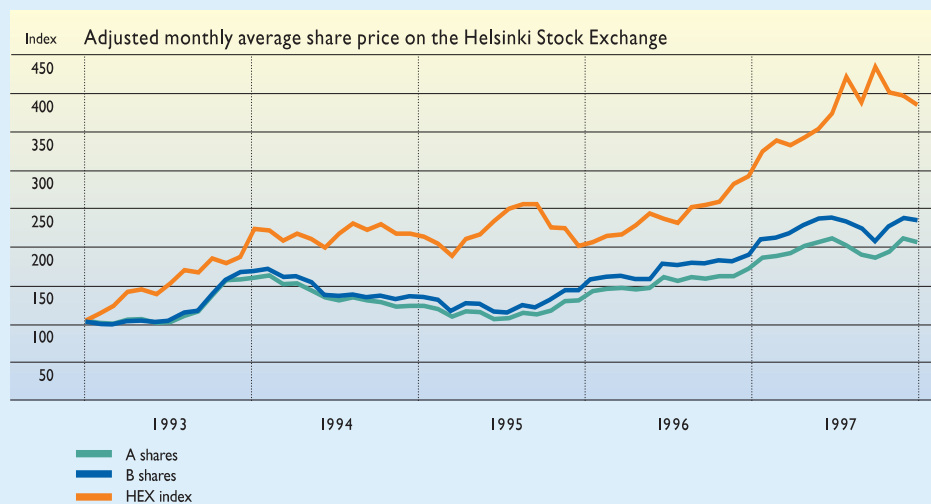
### Shareholders by type of owner on Jan. 31, 1998

	A shares			B shares		
	Shareholders	% of shareholders	% of shares	Shareholders	% of shareholders	% of shares
Individuals	9 368	94.9	47.4	13 978	94.1	39.9
Corporations and partnerships	297	3.0	25.2	510	3.4	9.9
Banks and insurance companies	31	0.3	11.1	60	0.4	10.1
Public entities	14	0.1	8.0	30	0.2	8.6
Associations and foundations	122	1.2	6.7	237	1.6	8.4
Foreign shareholders, including nominee registrations	46	0.5	1.5	48	0.3	23.0
Total	9 878	100.0	99.9	14 863	100.0	99.9
Shares not transferred to the book-entry securities system or not subscribed to			0.1			0.1
			100.0			100.0

### Shareholders by number of shares held on Jan. 31, 1998

Shares	A shares				B shares			
	Share-holders	% of share-holders	Shares	% of shares	Share-holders	% of share-holders	Shares	% of shares
1-100	1 647	16.7	80 081	0.2	2 497	16.8	131 037	0.4
101-500	3 584	36.3	918 003	2.5	6 309	42.5	1 702 474	5.2
501-1000	1 862	18.9	1 380 133	3.7	2 736	18.4	1 995 198	6.0
1001-10000	2 472	25.0	6 990 704	18.9	3 067	20.7	7 393 286	22.5
10001-50000	230	2.3	4 980 853	13.4	196	1.3	3 849 538	11.7
50001-100000	38	0.4	2 680 085	7.2	33	0.2	2 312 490	7.0
100001-500000	34	0.3	8 818 773	23.8	20	0.1	4 757 871	14.5
over 500000	11	0.1	11 175 132	30.2	5	0.0	10 723 427	32.6
<b>Total</b>	<b>9 878</b>	<b>100.0</b>	<b>37 023 764</b>	<b>99.9</b>	<b>14 863</b>	<b>100.0</b>	<b>32 865 321</b>	<b>99.9</b>
Shares not transferred to the book-entry securities system or not subscribed to			39 563	0.1			42 981	0.1
			<b>37 063 327</b>	<b>100.0</b>			<b>32 908 302</b>	<b>100.0</b>

Orion Corporation had a total of 19,001 registered shareholders in the book-entry securities system on Jan. 31, 1998. There were 7,996,977 nominee registered Orion Corporation shares in the book-entry securities system on Jan. 31, 1998. This is 11.4% of the total shares and 2.2% of the total votes.



## Major shareholders on Jan. 31, 1998

By number of shares	A shares	B shares	Total	% of shares	Votes	% of votes	By number of votes
1. Instrumentarium + pension fund	3 033 664	651 458	3 685 122	5.27%	61 324 738	7.92%	1.
2. Pohjola Group	1 618 720	1 534 620	3 153 340	4.51%	33 909 020	4.38%	5.
3. Orion Employees' Pension Fund*	1 814 514	646 528	2 461 042	3.52%	36 936 808	4.77%	4.
4. Oriola Oy* (subsidiary of Orion Corp.)	2 453 208	0	2 453 208	3.51%	49 064 160	6.34%	2.
5. Brade Jouko + companies	1 102 000	926 000	2 028 000	2.90%	22 966 000	2.97%	7.
6. Sampo Group	2 013 760	14 000	2 027 760	2.90%	40 289 200	5.20%	3.
7. Etola Erkki + companies	1 201 474	58	1 201 532	1.72%	24 029 538	3.10%	6.
8. The Land and Water Technology Foundation and Tukinvest Oy	939 888	80 190	1 020 078	1.46%	18 877 950	2.44%	8.
9. Tapiola Group	291 480	642 636	934 116	1.33%	6 472 236	0.84%	
10. The Social Insurance Institution	0	829 784	829 784	1.19%	829 784	0.11%	
11. Ylppö Jukka	623 568	142 248	765 816	1.09%	12 613 608	1.63%	9.
12. Eläke-Varma Group	373 820	365 356	739 176	1.06%	7 841 756	1.01%	
13. The Finnish Association of Graduates in Economics and Business Administration	140 000	481 180	621 180	0.89%	3 281 180	0.42%	
14. Saastamoinen Foundation	619 998	2	620 000	0.89%	12 399 962	1.60%	10.
15. Aho Juhani + companies	552 936	2	552 938	0.79%	11 058 722	1.43%	
Total	16 779 030	6 314 062	23 093 092	33.00%	341 894 662	44.16%	
Nominee registrations	473 546	7 523 431	7 996 977	11.43%	16 994 351	2.20%	
Other	19 810 751	19 070 809	38 881 560	55.57%	415 285 829	53.64%	
All shareholders total	37 063 327	32 908 302	69 971 629	100.00%	774 174 842	100.00%	

\* Not entitled to vote at General Shareholders' Meetings.

## Management interests Jan. 31, 1998

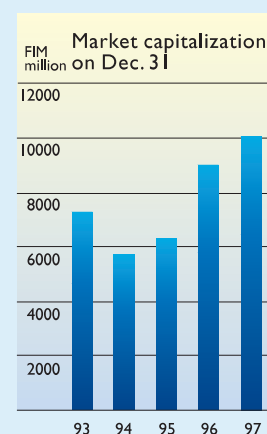
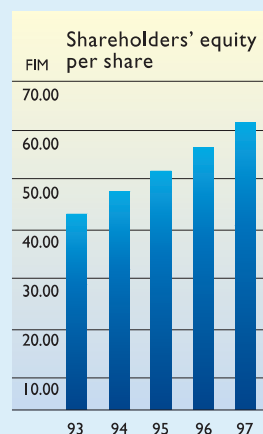
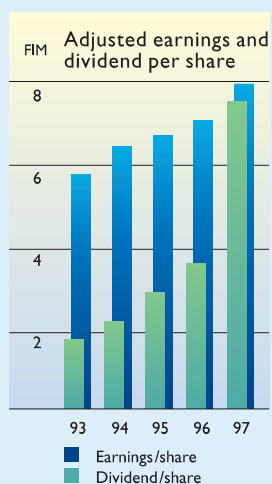
Members of the Supervisory Board and the Board of Directors, and the President and the Executive Vice President (including the companies in which they hold control) own altogether 4,435,628 shares, or 6.34% of the share capital, entitling to altogether 67,831,066 votes, or 8.76% of the total number of votes.

## Adjusted per-share data

			1997	1996	1995	1994	1993
Earnings per share (EPS)	FIM		<b>7.95</b>	7.01	6.69	6.40	5.74
Shareholders' equity per share	FIM		<b>61.76</b>	56.36	51.48	47.11	41.98
Total dividends	MFIM		<b>524.8*</b>	249.9	199.9	149.9	119.9
Dividend per share	FIM		<b>7.50*</b>	5.00	4.00	3.00	2.40
Adjusted dividend per share	FIM		<b>7.50*</b>	3.57	2.86	2.14	1.71
Adjusted dividend per earnings	%		<b>94.3%*</b>	51.0%	42.7%	33.5%	29.9%
Adjusted yield	A	%	<b>5.2%*</b>	2.7%	3.1%	2.6%	1.6%
Adjusted yield	B	%	<b>5.2%*</b>	2.8%	3.2%	2.7%	1.7%
Adjusted P/E ratio	A		<b>18.15</b>	18.65	13.60	12.92	18.74
Adjusted P/E ratio	B		<b>18.07</b>	18.09	13.19	12.45	17.31
Share price on Dec. 31,	A	FIM	<b>144.00</b>	182.00	124.00	117.00	150.00
Share price on Dec. 31,	B	FIM	<b>144.00</b>	177.00	122.00	112.00	139.00
Adjusted price on Dec. 31,	A	FIM	<b>144.00</b>	130.00	88.57	83.57	107.14
Adjusted price on Dec. 31,	B	FIM	<b>144.00</b>	126.43	87.14	80.00	99.29
Adjusted average share price	A	FIM	<b>137.21</b>	108.09	81.26	101.80	80.16
Adjusted average share price	B	FIM	<b>135.96</b>	103.79	78.59	93.29	70.37
Adjusted lowest share price	A	FIM	<b>122.86</b>	91.43	69.64	82.14	63.78
Adjusted lowest share price	B	FIM	<b>122.50</b>	87.86	65.00	75.00	56.64
Adjusted highest share price	A	FIM	<b>157.14</b>	132.14	91.43	117.14	115.31
Adjusted highest share price	B	FIM	<b>153.47</b>	127.86	90.00	107.14	107.14
Market capitalization on Dec. 31,	MFIM		<b>10 074.2</b>	9 015.6	6 280.6	5 688.0	7 261.3
Adjusted number of shares traded, A shares	1,000		<b>7 380</b>	6 071	2 421	1 729	3 382
% of A shares	%		<b>19.9%</b>	16.4%	6.5%	4.7%	9.1%
Adjusted number of shares traded, B shares	1,000		<b>17 113</b>	13 944	7 585	5 657	13 111
% of B shares	%		<b>52.0%</b>	42.4%	23.1%	17.2%	39.8%
Shares traded							
% of total share capital	%		<b>35.0%</b>	28.6%	14.3%	10.6%	23.6%
Number of shares on Dec. 31, A shares			<b>37 063 327</b>	26 473 802	26 473 802	26 473 804	26 473 804
B shares			<b>32 908 302</b>	23 505 930	23 505 930	23 505 930	23 505 930
Total			<b>69 971 629</b>	49 979 732	49 979 732	49 979 734	49 979 734
Adjusted number of shares annual average	no.		<b>69 971 629</b>	69 971 625	69 971 625	69 971 628	69 971 628
Adjusted number of shares at the end of fiscal year	no.		<b>69 971 629</b>	69 971 625	69 971 625	69 971 628	69 971 628

\*proposed

Formulas for calculating key indicators are on page 29



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

Return on investment % (ROI)	=	$\frac{\text{Profit before extraordinary items} + \text{interest and other financing expenses}}{\text{Balance Sheet total} - \text{interest-free liabilities (annual average)}}$	x 100
Return on equity % (ROE)	=	$\frac{\text{Profit before extraordinary items} - \text{taxes in the income statement excl. taxes from extraordinary items}}{\text{Shareholders' equity} + \text{minority interest} + \text{voluntary provisions} + \text{accelerated depreciation} - \text{deferred taxes (annual average)}}$	x 100
Solvency ratio %	=	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{voluntary provisions} + \text{accelerated depreciation} - \text{deferred taxes}}{\text{Balance Sheet total} - \text{advances received}}$	x 100
Gearing, %	=	$\frac{\text{Interest bearing liabilities} - \text{investments in shares and other securities} - \text{cash in hand and at banks}}{\text{Shareholders' equity} + \text{minority interest} + \text{voluntary provisions} + \text{accelerated depreciation} - \text{deferred taxes}}$	x 100
Earnings per share, FIM (EPS)	=	$\frac{\text{Profit before extraordinary items} +/- \text{minority interest} - \text{taxes in the income statement excl. taxes from extraordinary items}}{\text{Average adjusted number of shares}}$	
Shareholders' equity per share, FIM	=	$\frac{\text{Shareholders' equity} + \text{voluntary provisions} + \text{accelerated depreciation} - \text{deferred taxes}}{\text{Adjusted number of shares on day of closing}}$	
Dividend per share, FIM	=	$\frac{\text{Dividend for fiscal year}}{\text{Adjusted number of shares on Dec. 31}}$	
Dividend per earnings, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	x 100
Adjusted yield, %	=	$\frac{\text{Dividend per share}}{\text{Weighted average adjusted price on Dec. 31}}$	x 100
Price per earnings ratio	=	$\frac{\text{Weighted average adjusted price on Dec. 31}}{\text{Adjusted earnings per share}}$	
Adjusted average share price	=	$\frac{\text{Total trade of shares, FIM}}{\text{Adjusted number of shares traded during fiscal year}}$	
Market capitalization, FIM million	=	Number of shares at the end of fiscal year x weighted average adjusted share price on Dec. 31, by share type	

Deferred taxes have not been specified in the financial statements. In calculating the financial indicators, deferred taxes have been deducted from adjusted equity. Because Orion did not adopt the new accounting legislation until as of Jan. 1, 1998, the change in deferred taxes annually has not yet been included as an adjustment to income in calculating financial indicators. If the decrease in deferred taxes 1997 had been taken into account, earnings per share would have been FIM 8.51.

# FINANCIAL DEVELOPMENT OF THE ORION GROUP

FIM million	1997	1996	1995	1994	1993
<b>Net sales and profit</b>					
Net sales	4 695	4 382	4 147	3 943	3 710
Change on the previous year %	+ 7.1%	+ 5.7%	+ 5.2%	+ 6.3%	- 2.9%
Exports from Finland	1 189	1 038	978	1 024	891
Change on the previous year %	+ 14.6%	+ 6.1%	- 4.5%	+ 15.0%	+ 12.6%
International operations	1 726	1 495	1 413	1 456	1 299
% of net sales	36.8%	34.1%	34.1%	36.9%	35.0%
Change on the previous year %	+ 15.5%	+ 5.8%	- 3.0%	+ 12.1%	+ 17.1%
Operating margin	943	852	800	787	761
% of net sales	20.1%	19.4%	19.3%	20.0%	20.5%
Depreciation according to plan	226	220	204	204	207
Operating profit	717	632	596	584	554
% of net sales	15.3%	14.4%	14.4%	14.8%	14.9%
Financial income and expenses	+ 110	+ 106	+ 74	+ 47	+ 28
% of net sales	+ 2.3%	+ 2.4%	+ 1.8%	+ 1.2%	+ 0.7%
Profit before extraordinary items	827	738	670	631	582
% of net sales	17.6%	16.8%	16.1%	16.0%	15.7%
Extraordinary income and charges (net)	+ 0	+ 21	- 2	+ 22	+ 98
Profit before voluntary provisions and income taxes	827	760	668	653	679
% of net sales	17.6%	17.3%	16.1%	16.6%	18.3%
Income taxes	271	248	202	180	202
Profit after taxes without extraordinary items	556	490	468	451	380
Return on invested capital before extraordinary items and taxes	17.5%	16.5%	16.3%	16.6%	17.2%
Return on equity	13.4%	13.0%	13.5%	14.4%	15.2%
<b>Balance sheet</b>					
Financial assets	2 167	2 148	2 041	1 977	1 897
Stocks	948	819	761	752	655
Fixed assets	2 607	2 456	2 385	2 337	2 305
Fire insurance value of fixed assets	3 103	2 955	2 857	2 792	2 800
Liabilities	1 038	1 074	1 150	1 363	1 500
Interest-free liabilities	760	605	566	724	704
Interest-bearing liabilities	278	469	585	639	796
Provisions	1 268	1 410	1 511	1 587	1 662
Shareholders' equity	3 417	2 937	2 524	2 115	1 696
Balance Sheet total	5 722	5 423	5 186	5 066	4 857
Solvency ratio	75.8%	72.7%	69.5%	65.1%	60.6%
Gearing	-28.1%	- 27.4%	- 22.7%	- 20.5%	- 15.6%
<b>Investments in fixed assets</b>					
Gross investments	333	243	238	244	447
% of net sales	7.1%	5.5%	5.7%	6.2%	12.1%
Gross investments excluding shares	312	241	205	150	171
% of net sales	6.6%	5.5%	4.9%	3.8%	4.6%
<b>Research and development expenditure</b>					
Research and development expenditure	332	333	317	311	272
% of net sales	7.1%	7.6%	7.6%	7.9%	7.3%
<b>Personnel</b>					
Wages and salaries paid	781	775	738	698	667
Number of employees	5 322	5 244	5 147	5 042	4 989
Net sales per employee, FIM thousand	882	836	806	782	744



# INCOME STATEMENT

FIM million	Notes	Orion Group		Orion Corporation	
		Jan. I-Dec. 31, 1997	Jan. I-Dec. 31, 1996	Jan. I-Dec. 31, 1997	Jan. I-Dec. 31, 1996
<b>Net Sales</b>	1)	<b>4 695.0</b>	4 382.2	<b>2 960.7</b>	2 767.4
Increase (+) or decrease (-) in stocks of finished products		<b>+ 40.0</b>	+ 10.5	<b>+ 29.4</b>	+ 10.5
Production for own use		<b>12.5</b>	15.7	<b>10.8</b>	14.2
Other operating income		<b>65.7</b>	32.2	<b>68.6</b>	32.8
Variable and fixed costs:					
Raw materials and consumables:					
Purchases during the fiscal period		<b>2 039.4</b>	1 816.7	<b>911.1</b>	819.1
Increase (-) or decrease (+) in inventories		<b>- 89.4</b>	- 47.6	<b>- 32.0</b>	- 18.7
Variable external charges		<b>119.5</b>	126.2	<b>140.9</b>	138.2
Staff costs	2)	<b>942.2</b>	916.1	<b>675.5</b>	657.2
Rents		<b>21.1</b>	17.7	<b>8.2</b>	6.9
Other costs	6)	<b>837.8</b>	759.6	<b>669.2</b>	604.8
		<b>- 3 870.6</b>	- 3 588.7	<b>- 2 372.9</b>	- 2 207.5
<b>Operating margin</b>		<b>942.6</b>	851.9	<b>696.6</b>	617.4
Depreciation on fixed assets and other capitalized expenditure	3)	<b>226.4</b>	219.8	<b>188.8</b>	182.0
Decrease in Group goodwill and Group reserve	3)	<b>- 0.6</b>	0.0	<b>-</b>	-
		<b>- 225.8</b>	- 219.8	<b>- 188.8</b>	- 182.0
<b>Operating profit</b>		<b>716.8</b>	632.1	<b>507.8</b>	435.4
Financial income and expenses:	4)				
Dividend income		<b>11.1</b>	7.7	<b>55.6</b>	29.4
Interest income		<b>54.2</b>	72.9	<b>51.7</b>	69.1
Other financial income		<b>25.9</b>	29.7	<b>17.6</b>	26.7
Share of associated companies' profits		<b>48.0</b>	37.5	<b>-</b>	-
Interest expenses		<b>- 19.2</b>	- 27.8	<b>- 32.1</b>	- 37.1
Other financial expenses		<b>- 9.7</b>	- 13.8	<b>- 5.4</b>	- 12.2
		<b>+ 110.3</b>	+ 106.2	<b>+ 87.4</b>	+ 75.9
<b>Profit before extraordinary items</b>		<b>827.1</b>	738.3	<b>595.2</b>	511.3
Extraordinary income and charges:					
Extraordinary income	5)	<b>-</b>	3.6	<b>-</b>	3.6
Group contribution		<b>-</b>	-	<b>55.0</b>	-
Share of associated companies' extraordinary items and appropriations		<b>0.1</b>	17.7	<b>-</b>	-
		<b>+ 0.1</b>	+ 21.3	<b>+ 55.0</b>	+ 3.6
<b>Profit before voluntary provisions and taxes</b>		<b>827.2</b>	759.6	<b>650.2</b>	514.9
Changes in accelerated depreciation	3)	<b>- 101.2</b>	- 91.0	<b>- 67.1</b>	- 76.8
Changes in voluntary provisions	7)	<b>+ 244.1</b>	+ 190.8	<b>+ 192.4</b>	+ 177.4
Income taxes:	8)				
On the profit for the period		<b>271.8</b>	246.5	<b>222.8</b>	178.0
On the profit for the previous periods		<b>- 1.0</b>	- 248.0	<b>0.9</b>	- 180.1
<b>Profit for the period before minority interest</b>		<b>699.3</b>	611.4	<b>551.8</b>	435.4
Proportion attributable to minority interest		<b>- 0.0</b>	- 0.0	<b>-</b>	-
<b>Profit for the period</b>		<b>699.3</b>	611.4	<b>551.8</b>	435.4

# BALANCE SHEET

ASSETS FIM million	Notes	Orion Group		Orion Corporation	
		Dec. 31, 1997	Dec. 31, 1996	Dec. 31, 1997	Dec. 31, 1996
<b>Fixed assets and other non-current investments</b>					
Intangible assets	9)				
Intangible rights		142.5	87.9	85.1	76.4
Goodwill		207.0	242.4	296.5	335.1
Other capitalized expenditure		19.1	21.5	10.3	12.1
		<b>368.6</b>	<b>351.8</b>	<b>391.9</b>	<b>423.6</b>
Tangible assets	9)				
Land and water		47.8	37.3	32.8	22.4
Buildings		950.4	938.7	706.9	712.1
Machinery and equipment		591.8	541.0	494.4	451.5
Other tangible assets		6.8	7.2	5.5	6.0
Advance payments and construction in progress		4.9	8.2	4.2	8.0
		<b>1 601.7</b>	<b>1 532.4</b>	<b>1 243.8</b>	<b>1 200.0</b>
Financial assets and other long-term investments					
Shares and holdings in Group companies	11)	-	-	95.2	69.0
Shares and holdings in associated companies	11)	467.8	431.1	136.3	136.3
Other securities	11)	158.9	139.0	90.3	80.3
Own shares	11)	7.6	-	-	-
Loan receivables	12)	2.7	1.5	34.1	26.2
		<b>637.0</b>	<b>571.6</b>	<b>355.9</b>	<b>311.8</b>
<b>Current assets</b>					
Stocks					
Raw materials and consumables		229.4	208.4	209.4	182.1
Work in progress		104.7	90.8	102.3	88.8
Finished products/goods		608.2	516.2	238.5	217.9
Other stocks		5.2	2.7	2.2	2.2
Advance payments		0.9	0.7	0.5	0.7
		<b>948.4</b>	<b>818.8</b>	<b>552.9</b>	<b>491.7</b>
Receivables					
Trade receivables	12)	532.1	502.3	450.8	382.2
Loan receivables		1.0	0.7	32.7	30.0
Prepaid expenses and accrued income		110.8	74.9	80.9	66.0
Other receivables		27.6	20.6	13.7	12.2
Advance payments		2.0	1.6	1.9	1.5
		<b>673.5</b>	<b>600.1</b>	<b>580.0</b>	<b>491.9</b>
Investments					
Securities		47.8	52.9	47.7	49.1
Other investments		1 279.5	1 356.9	1 166.2	1 260.2
		<b>1 327.3</b>	<b>1 409.8</b>	<b>1 213.9</b>	<b>1 309.3</b>
Cash in hand and at banks					
		<b>165.9</b>	<b>138.1</b>	<b>53.9</b>	<b>59.2</b>
		<b>5 722.4</b>	<b>5 422.6</b>	<b>4 392.3</b>	<b>4 287.5</b>

<b>LIABILITIES</b>		<b>Orion Group</b>		<b>Orion Corporation</b>	
FIM million	Notes	<b>Dec. 31, 1997</b>	Dec. 31, 1996	<b>Dec. 31, 1997</b>	Dec. 31, 1996
<b>Shareholders' equity</b> 14)					
Restricted equity					
Share capital		<b>699.7</b>	499.8	<b>699.7</b>	499.8
Reserve fund		<b>9.0</b>	158.4	-	157.5
		<b>708.7</b>	658.2	<b>699.7</b>	657.3
Non-restricted equity					
Proportion corresponding to the acquisition cost of own shares		<b>7.6</b>	-	-	-
Retained earnings		<b>2 001.3</b>	1 667.7	<b>1 107.5</b>	965.0
Profit for the period		<b>699.3</b>	611.4	<b>551.8</b>	435.4
		<b>2 708.2</b>	2 279.1	<b>1 659.3</b>	1 400.4
<b>Minority interest</b> 0.2 0.2 - -					
<b>Provisions</b> 15)					
Group reserve	9)	-	0.6	-	-
Accelerated depreciation		<b>1 236.0</b>	1 133.8	<b>1 011.9</b>	944.8
Voluntary provisions					
Investment provisions		-	2.5	-	-
Other provisions		<b>25.3</b>	266.4	<b>0.8</b>	193.2
Obligatory provisions		<b>6.4</b>	7.3	<b>5.8</b>	6.2
		<b>1 267.7</b>	1 410.6	<b>1 018.5</b>	1 144.2
<b>Liabilities</b> 16)					
Non-current					
Loans from credit institutions		<b>0.8</b>	0.8	<b>0.3</b>	0.1
Pension loans		<b>212.2</b>	384.7	<b>109.1</b>	273.7
Other non-current liabilities	12)	<b>50.6</b>	59.8	<b>48.7</b>	57.4
		<b>263.6</b>	445.3	<b>158.1</b>	331.2
Current 12)					
Loans from credit institutions		<b>0.3</b>	8.0	<b>0.1</b>	7.8
Pension loans		<b>0.4</b>	6.5	<b>0.3</b>	6.2
Advances received		<b>19.4</b>	0.9	<b>4.7</b>	0.7
Trade payables		<b>419.9</b>	315.9	<b>216.6</b>	181.3
Accrued liabilities and deferred income		<b>239.0</b>	196.5	<b>180.9</b>	132.1
Other current liabilities		<b>95.0</b>	101.4	<b>454.1</b>	426.3
		<b>774.0</b>	629.2	<b>856.7</b>	754.4
		<b>5 722.4</b>	5 422.6	<b>4 392.3</b>	4 287.5

# FINANCING REPORT

FIM million	Orion Group		Orion Corporation	
	1997	1996	1997	1996
<u>Business operations</u>				
Income financing				
Operating margin	+ 942.6	+ 851.9	+ 696.6	+ 617.4
Financial income and expenses	+ 110.3	+ 106.2	+ 87.4	+ 75.9
Extraordinary items	+ 0.1	+ 17.7	+ 55.0	-
Income taxes	- 270.8	- 248.0	- 223.7	- 180.1
Other income financing	- 54.3	- 43.3	- 19.0	- 1.3
<b>Total income financing</b>	<b>+ 727.9</b>	<b>+ 684.5</b>	<b>+ 596.3</b>	<b>+ 511.9</b>
<u>Change in working capital</u>				
Increase (-)/decrease (+) in current assets	- 129.6	- 58.2	- 61.1	- 29.6
Increase (-)/decrease (+) in current receivables	- 73.4	+ 39.1	- 88.1	+ 31.3
Increase (+)/decrease (-) in interest-free current liabilities	+ 154.5	+ 39.7	+ 87.3	+ 39.2
	- 48.5	+ 20.6	- 61.9	+ 40.9
<b>Cash flow from business operations</b>	<b>+ 679.4</b>	<b>+ 705.1</b>	<b>+ 534.4</b>	<b>+ 552.8</b>
<u>Investment</u>				
Investments in fixed assets	- 333.0	- 242.6	- 243.9	- 208.1
Sales revenue from fixed assets	+ 33.5	+ 5.2	+ 25.4	+ 5.0
	- 299.5	- 237.4	- 218.5	- 203.1
<b>Cash flow before financial items</b>	<b>+ 379.9</b>	<b>+ 467.7</b>	<b>+ 315.9</b>	<b>+ 349.7</b>
<u>Finance</u>				
Increase (-)/decrease (+) in non-current receivables	- 1.2	+ 0.3	- 7.9	- 5.1
Increase (+) in non-current loans	+ 6.7	+ 129.3	+ 6.6	+ 107.9
Decrease (-) in non-current loans	- 198.1	- 244.6	- 189.4	- 222.9
Increase (+)/decrease (-) in current loans	+ 0.2	- 0.3	+ 24.6	+ 70.5
Dividends	- 241.1	- 192.9	- 249.9	- 199.9
Other change in shareholders' equity	- 0.6	- 0.6	- 0.5	- 0.6
Other financial items	+ 82.4	- 127.5	+ 95.3	- 104.5
	- 351.7	- 436.3	- 321.2	- 354.6
<b>Increase (+)/decrease (-) in liquid assets</b>	<b>+ 28.2</b>	<b>+ 31.4</b>	<b>- 5.3</b>	<b>- 4.9</b>
Adjustment items	- 0.3	- 12.7		
<b>= Change in liquid assets according to the Balance Sheet</b>	<b>+ 27.9</b>	<b>+ 18.7</b>	<b>- 5.3</b>	<b>- 4.9</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR 1997

## Principles for the Financial Statements

The financial statements have been drawn up in accordance with the Accounting Act (1973/655), the Decree on Accounting (1992/1575), and the Companies Act. In addition, the decision of the Ministry of Trade and Industry with regard to Group accounting and the general guidelines set by the Finnish Accounting Board 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 the parent company Orion Corporation and the following subsidiaries engaged in business operations, with more than 50% of the shareholders' equity of which is directly or indirectly owned by the parent company: Oriola Oy, Panfarma Oy, Hiven Oy, Kuulolaitekeskus Oy, Sanabrite Oy (formerly Suomalainen Oy Produits du Dr. N.G. Payot), Suomen Rohdos Oy, Karkone Oy, Interiorin 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, Inc., AS Oriola, UAB Oriola Vilnius, SIA Oriola Rīga, Orion Pharma (UK) 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, 1997.

The Group financial statements have been compiled in accordance with the general guidelines set by the Finnish Accounting Board 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 exception of minor internal sales for fixed assets.

Mutual share ownership has been eliminated according to the past-equity method. Part of the resulting Group goodwill has been allocated to the fixed assets of subsidiaries, and part has been presented in the Balance Sheet Liabilities as a net item with Group reserve. As a rule, Group goodwill is depreciated over 5 years. The depreciation of Goodwill was completed in 1997 while the income recognition related to Group reserve was also finalized in 1997. Allocated items totaled FIM 3.8 million in land and FIM 14.6 million in buildings on December 31, 1997. The Group goodwill allocated to fixed asset items is depreciated according to the depreciation rules for the fixed asset group in question.

The Orion Corporation shares owned by the subsidiary Oriola Oy have not been eliminated in the 1997 Group Balance Sheet. These shares are under own shares in the Balance Sheet Assets whereas in the Liabilities side, the sum corresponding to the acquisition cost of the shares is separated from the non-restricted equity and recorded as a non-distributable proportion in accordance with chapter 11, section 6a of the Companies Act. In the 1996 Group Balance Sheet, mutual share ownership was eliminated from the Group restricted equity.

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 markka 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 non-restricted 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 Consolidated Income Statement do not match those in the Consolidated Balance Sheet.

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

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
- machines, machinery and equipment and vehicles	5-10 yrs
- intangible assets, other tangible assets, long-term expenses and building components	10 yrs
- goodwill	5-20 yrs

In 1997, the depreciation of the merger difference in the Group financial statements amounted to FIM 40 million, and will be FIM 20 million as from year 1998, based on the present Group structure.

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.

## 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.

## 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.

## 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. The resulting translation gains or losses have bearing on the financial result for the period. Translation gains and losses related to business operations are recorded as sales and purchase adjustments while those related to financing are under financial income and expenses.

## 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. This sum is recorded under obligatory provisions in the Balance Sheet. As the obligatory liabilities deficit in the pension fund decreases, the provision is diminished accordingly.

### 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.

### Net sales

As from January 1, 1997, Orion Group has been applying the Fourth EU Council Directive definition of net sales according to which net sales includes the amounts derived from sales, less sales rebates, value added tax and other taxes directly linked to sales. Moreover, foreign exchange rate differences from trade receivables are also included in net sales. Expenses formerly recorded as net sales adjustments, such as sales freights and distribution fees, are now mainly recorded under variable external charges.

### Other recording practice specifications

In 1997, staff costs have been specified to include only the statutory and otherwise obligatory indirect staff costs. Voluntary staff costs are now recorded under other costs in the Income Statement. Other operating income includes a more extensive share of administrative, data processing and other payments charged from other Group companies, formerly recorded both under net sales and other costs as expense adjustments. The payments charged from other Group companies are eliminated as intragroup transactions in the Group Income Statement.

### Comparability of various financial years

In calculating the key indicators, Group net sales for 1993 to 1996 have been adjusted to allow comparison with the 1997 net sales figures. Moreover, both the Group and the parent company net sales, other operating income and cost structure for 1996, presented as comparison data, have been adjusted to correspond to the new recording specifications. Operating margin and the profit for the period have remained unchanged.

The impact of the recording practice specifications on net sales and cost structure figures in the Orion Group 1996 Income Statement is as follows: net sales FIM 99.4 million up, variable external charges FIM 85.1 million up, staff costs FIM 17.3 million down, and other costs FIM 31.6 million up.

The corresponding changes in the Orion Corporation 1996 Income Statement figures are: net sales FIM 114.1 million up, other operating income FIM 16.4 million up, variable external charges FIM 106.2 million up, staff costs FIM 10.8 million down, and other costs FIM 35.1 million up.

## Notes to the Income Statement

FIM million	Group		Parent company	
	1997	1996	1997	1996
<b>1. NET SALES BY MARKET AREA</b>				
Finland	2 968.8	2 887.6	-	-
Scandinavia	337.4	333.4	-	-
Other European markets	906.5	794.0	-	-
North America	255.2	187.3	-	-
Other markets	227.1	179.9	-	-
Net sales total	4 695.0	4 382.2	2 960.7	2 767.4

### 2. STAFF COSTS AND BENEFITS, AND THE AVERAGE NUMBER OF PERSONNEL

Wages and salaries	781.2	749.4	561.2	537.3
Benefits	24.6	24.8	14.5	14.4
Pension costs	84.8	92.3	62.8	69.4
Other personnel costs	76.2	74.4	51.5	50.5
Total	966.8	940.9	690.0	671.6
Average number of personnel	5 322	5 286	3 984	3 947

### 3. DEPRECIATION

Depreciation according to plan				
Intangible rights	18.9	14.4	12.4	12.1
Goodwill	39.4	44.0	42.6	42.9
Other capitalized expenditure	3.2	3.3	1.9	2.0
Buildings	48.8	46.8	38.9	36.1
Machinery and equipment	115.4	110.5	92.4	88.2
Other tangible assets	0.7	0.8	0.6	0.7
Total	226.4	219.8	188.8	182.0

Depreciation on Group goodwill	0.0	0.0	-	-
Decrease in Group reserve	- 0.6	-	-	-
Total	- 0.6	0.0	-	-

Changes in accumulated accelerated depreciation (- increase, + decrease)				
Intangible rights	- 13.0	- 14.5	- 11.1	- 11.2
Goodwill	- 0.1	+ 0.4	+ 0.0	+ 0.3
Other capitalized expenditure	+ 0.6	- 0.2	+ 0.3	+ 0.1
Buildings	- 27.1	- 31.7	- 4.7	- 28.6
Machinery and equipment	- 61.5	- 44.7	- 51.7	- 37.2
Other tangible assets	- 0.1	- 0.3	+ 0.1	- 0.2
Total	- 101.2	- 91.0	- 67.1	- 76.8

### 4. FINANCIAL INCOME AND EXPENSES WITHIN THE GROUP

Financial income received from Group companies				
Dividend income	-	-	+ 40.2	+ 18.7
Interest income	-	-	+ 2.9	+ 3.0
Financial expenses paid to Group companies				
Interest expenses	-	-	- 19.0	- 16.0

### 5. EXTRAORDINARY INCOME AND CHARGES

Extraordinary income in 1996 includes profit arising from exchange of land areas	-	+ 3.6	-	+ 3.6
--	---	-------	---	-------



FIM million	Group		Parent company	
	1997	1996	1997	1996
<b>6. CHANGES IN OBLIGATORY PROVISIONS AND ITEMS PERTAINING TO OTHER FISCAL PERIODS</b>				
(- increase, + decrease)				
The following items were entered as income or expenses for the fiscal period in the Income Statement, and as an increase or decrease in obligatory provisions of the Balance Sheet:				
Obligatory pension fund liability deficit	+ 0.9	+ 0.7	+ 0.7	+ 0.6
Guarantee provisions	-	- 0.1	-	- 0.1
Estimated loss of receivable under litigation	+ 0.3	+ 0.0	-	-
Expenses arising from the termination of a marketing agreement	-	+ 0.8	-	+ 0.8
Eventual compensation for dissolved product development contract	- 0.3	-	- 0.3	-
<b>Total</b>	<b>+ 0.9</b>	<b>+ 1.4</b>	<b>+ 0.4</b>	<b>+ 1.3</b>

#### 7. CHANGES IN VOLUNTARY PROVISIONS

(- increase, + decrease)				
Decrease in investment provisions	+ 2.5	+ 64.9	-	+ 64.1
Decrease in transitional provisions	+ 237.4	+ 91.7	+ 187.4	+ 78.3
Decrease in replacement provisions	+ 5.0	+ 36.4	+ 5.0	+ 35.0
Increase in employee housing provisions	- 0.2	- 0.4	-	-
Increase in other provisions	- 2.0	- 4.0	-	-
Decrease in other provisions	+ 1.4	+ 2.2	-	-
<b>Total</b>	<b>+ 244.1</b>	<b>+ 190.8</b>	<b>+ 192.4</b>	<b>+ 177.4</b>

#### 8. INCOME TAXES

Income taxes comprise tax on the profit for the fiscal period and on dividends. Tax credits granted on the basis of both internal Group dividends and dividends from associated companies were entered in the Consolidated Financial Statements as a deduction in taxes for the fiscal year.

### Notes to the Balance Sheet

FIM million	Group		Parent company	
	1997	1996	1997	1996
<b>9. INTANGIBLE AND TANGIBLE ASSETS</b>				
<b>Intangible rights</b>				
Acquisition cost, Jan. 1	146.7	121.6	126.4	104.1
Acquisition costs past their economic life, Jan. 1	- 8.0	- 1.6	- 6.0	- 0.4
Acquisitions, Jan. 1- Dec. 31	+ 80.4	+ 29.4	+ 28.6	+ 25.1
Other increase/decrease, Jan. 1- Dec. 31	+ 0.9	+ 0.0	-	-
Decrease, Jan. 1- Dec. 31	- 7.7	- 2.7	- 7.7	- 2.4
Acquisition cost, Dec. 31	212.3	146.7	141.3	126.4
Accumulated depreciation, Dec. 31	- 69.8	- 58.8	- 56.2	- 50.0
<b>Book value, Dec. 31</b>	<b>142.5</b>	<b>87.9</b>	<b>85.1</b>	<b>76.4</b>
Accumulated accelerated depreciation, Jan. 1	68.6	54.1	59.3	48.1
Increase, Jan. 1- Dec. 31	+ 13.3	+ 14.7	+ 11.1	+ 11.2
Decrease, Jan. 1- Dec. 31	- 0.2	- 0.2	-	-
Accumulated accelerated depreciation, Dec. 31	81.7	68.6	70.4	59.3
<b>Goodwill</b>				
Acquisition cost, Jan. 1	641.7	640.1	631.2	631.2
Acquisition costs past their economic life, Jan. 1	- 9.3	-	- 2.9	-
Increase, Jan. 1- Dec. 31	+ 4.0	+ 1.5	+ 4.0	-

FIM million	Group		Parent company	
	1997	1996	1997	1996
Other increase/decrease, Jan. 1- Dec. 31	-	+ 0.1	-	-
Acquisition cost, Dec. 31	636.4	641.7	632.3	631.2
Accumulated depreciation, Dec. 31	- 429.4	- 399.3	- 335.8	- 296.1
<b>Book value, Dec. 31</b>	<b>207.0</b>	<b>242.4</b>	<b>296.5</b>	<b>335.1</b>
Accumulated accelerated depreciation, Jan. 1	1.3	1.6	1.9	2.2
Increase, Jan. 1- Dec. 31	+ 0.1	+ 0.1	-	-
Decrease, Jan. 1- Dec. 31	- 0.0	- 0.4	- 0.0	- 0.3
Accumulated accelerated depreciation, Dec. 31	1.4	1.3	1.9	1.9

#### Group goodwill and Group reserve

On the Consolidated Balance Sheet in 1996, the undepreciated Group goodwill and the Group reserve, which is by nature deferred income, were entered as one net item (FIM 0.6 million) in liabilities. In 1997, the depreciation of Group goodwill was completed and Group reserve was entered in the Income Statement as an income for the fiscal period.

<b>Group goodwill</b>				
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	- 19.4	-	-
<b>Book value, Dec. 31</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>-</b>
<b>Group reserve</b>				
Acquisition cost, Jan. 1	- 0.6	- 0.6	-	-
Acquisition cost, Dec. 31	- 0.6	- 0.6	-	-
Decrease, Dec. 31	+ 0.6	-	-	-
<b>Book value, Dec. 31</b>	<b>-</b>	<b>- 0.6</b>	<b>-</b>	<b>-</b>

#### Other capitalized expenditure

Acquisition cost, Jan. 1	40.2	40.0	23.3	23.6
Acquisition costs past their economic life, Jan. 1	- 3.1	- 0.6	- 0.9	- 0.5
Increase, Jan. 1- Dec. 31	+ 0.9	+ 1.1	+ 0.0	+ 0.5
Decrease, Jan. 1- Dec. 31	- 0.0	- 0.3	- 0.0	- 0.3
Acquisition cost, Dec. 31	38.0	40.2	22.4	23.3
Accumulated depreciation, Dec. 31	- 18.9	- 18.7	- 12.1	- 11.2
<b>Book value, Dec. 31</b>	<b>19.1</b>	<b>21.5</b>	<b>10.3</b>	<b>12.1</b>

Accumulated accelerated depreciation, Jan. 1	5.7	5.5	2.5	2.6
Increase, Jan. 1- Dec. 31	+ 0.4	+ 0.5	-	-
Decrease, Jan. 1- Dec. 31	- 1.0	- 0.3	- 0.3	- 0.1
Accumulated accelerated depreciation, Dec. 31	5.1	5.7	2.2	2.5

#### Land and water

Acquisition cost, Jan. 1	37.3	31.5	22.4	18.1
Acquisitions, Jan. 1- Dec. 31	+ 10.6	+ 6.1	+ 10.6	+ 4.6
Other increase/decrease, Jan. 1- Dec. 31	+ 0.1	- 0.0	-	-
Decrease, Jan. 1- Dec. 31	- 0.2	- 0.3	- 0.2	- 0.3
Acquisition cost, Dec. 31	47.8	37.3	32.8	22.4

Revaluation included in the acquisition cost of land, 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	1 350.8	1 291.8	1 039.9	986.8
Acquisition costs past their economic life, Jan. 1	- 4.7	- 0.8	- 4.0	- 0.8
Acquisitions, Jan. 1- Dec. 31	+ 59.6	+ 61.6	+ 33.7	+ 53.9
Other increase/decrease, Jan. 1- Dec. 31	+ 1.2	- 0.5	-	-
Decrease, Jan. 1- Dec. 31	- 0.3	- 1.3	- 0.3	-
Acquisition cost, Dec. 31	1 406.6	1 350.8	1 069.3	1 039.9
Accumulated depreciation, Dec. 31	- 456.2	- 412.1	- 362.4	- 327.8
<b>Book value, Dec. 31</b>	<b>950.4</b>	<b>938.7</b>	<b>706.9</b>	<b>712.1</b>

(cont.)

FIM million	Group		Parent company	
	1997	1996	1997	1996
Accumulated accelerated depreciation, Jan. 1	599.6	568.1	467.5	438.9
Increase, Jan. 1- Dec. 31	+ 28.0	+ 32.1	+ 4.7	+ 28.6
Decrease, Jan. 1- Dec. 31	- 0.4	- 0.6	-	-
Accumulated accelerated depreciation, Dec. 31	627.2	599.6	472.2	467.5
Revaluation included in the acquisition cost of buildings, 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 *)	1 747.2	1 682.4	1 298.1	1 237.1
<b>Machinery and equipment</b>				
Acquisition cost, Jan. 1	1 063.1	955.3	889.6	802.8
Acquisition costs past their economic life, Jan. 1	- 92.6	- 49.1	- 79.7	- 36.6
Acquisitions, Jan. 1- Dec. 31	+ 181.2	+ 179.1	+ 149.1	+ 136.8
Other increase/decrease, Jan. 1- Dec. 31	+ 3.1	- 0.0	-	-
Decrease, Jan. 1- Dec. 31	- 16.6	- 22.2	- 13.8	- 13.4
Acquisition cost, Dec. 31	1 138.2	1 063.1	945.2	889.6
Accumulated depreciation, Dec. 31	- 546.4	- 522.1	- 450.8	- 438.1
Book value, Dec. 31	591.8	541.0	494.4	451.5
Accumulated accelerated depreciation, Jan. 1	456.7	412.1	411.8	374.6
Increase, Jan. 1- Dec. 31	+ 63.2	+ 45.5	+ 51.7	+ 37.2
Decrease, Jan. 1- Dec. 31	- 1.3	- 0.9	-	-
Accumulated accelerated depreciation, Dec. 31	518.6	456.7	463.5	411.8

\*) comparison data revised

FIM million	Group		Parent company	
	1997	1996	1997	1996
Machines and equipment (excluding vehicles and furniture); share of the book value on Dec. 31	494.4	433.9	428.0	373.9
Fire insurance value, Dec. 31	1 355.8	1 272.8	1 192.1	1 130.1
<b>Other tangible assets</b>				
Acquisition cost, Jan. 1	12.6	12.7	10.4	10.7
Acquisition costs past their economic life, Jan. 1	- 1.5	- 0.6	- 1.5	- 0.6
Increase, Jan. 1- Dec. 31	+ 0.3	+ 0.5	+ 0.1	+ 0.3
Acquisition cost, Dec. 31	11.4	12.6	9.0	10.4
Accumulated depreciation, Dec. 31	- 4.6	- 5.4	- 3.5	- 4.4
Book value, Dec. 31	6.8	7.2	5.5	6.0
Accumulated accelerated depreciation, Jan. 1	1.9	1.6	1.7	1.5
Increase, Jan. 1- Dec. 31	+ 0.1	+ 0.3	-	+ 0.2
Decrease, Jan. 1- Dec. 31	- 0.0	-	- 0.1	-
Accumulated accelerated depreciation, Dec. 31	2.0	1.9	1.6	1.7

#### 10. TAX VALUE OF FIXED ASSETS

Land and water	132.7	122.2	114.1	105.8
Buildings	469.3	465.7	302.4	295.2
Securities:				
Shares and holdings in Group companies	-	-	1 127.7	743.2
Shares and holdings in associated companies	588.1	543.5	202.2	187.3
Other securities	162.7	158.5	81.4	79.7
Own shares	240.4	-	-	-

#### 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 (1997) FIM million
					Number of shares	Nominal value million	Book value FIM million	
Shares:								
Ercopharm A/S, Denmark	100.0	100.0	129.5	-	-	-	-	16.5
Hiven Oy, Paimio	100.0	100.0	40.5	100.0	130 000	13.0	22.5	3.3
Interorion AG., Switzerland	100.0	100.0	139.6	100.0	1 000	1.0	2.4	26.6
Karkone Oy, Espoo	100.0	100.0	1.0	100.0	100	1.0	1.0	0.3
Kiinteistö Oy Kangaslammen 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	1.1	-	-	-	-	0.1
Kiinteistö Oy Niisänkatu 10, Helsinki	100.0	100.0	5.3	99.8	324 597	2.6	2.6	0.1
Kiinteistö Oy Pilleri, Hanko	70.4	70.4	0.1	70.4	6 194	0.1	0.1	0.0
Kiinteistö Oy Tonttuvainio, Espoo	100.0	100.0	15.2	100.0	2 462	0.2	15.2	0.0
Kiinteistö Oy Västanhäll, Espoo	100.0	100.0	0.2	100.0	223	0.2	0.2	- 0.0
Kuulolaiteskeskus Oy, Espoo	100.0	100.0	14.5	-	-	-	-	3.0
Oriola Oy, Espoo	100.0	100.0	752.0	100.0	200 000	20.0	19.6	94.4
AS Oriola, Estonia	100.0	100.0	3.4	-	-	-	-	- 1.5
SIA Oriola Riga, Latvia	100.0	100.0	- 2.3	-	-	-	-	- 0.2
UAB Oriola Vilnius, Lithuania	100.0	100.0	2.3	-	-	-	-	2.2
ZAO Oriola, Russia	100.0	100.0	0.0	-	-	-	-	- 0.0
Orion Diagnostica AB, Sweden	100.0	100.0	9.5	100.0	1 000	0.1	0.0	1.0
Orion Diagnostica A/S, Norway	100.0	100.0	7.5	100.0	500	0.1	0.0	1.5
Orion Diagnostica Danmark A/S, Denmark	100.0	100.0	1.3	100.0	5	0.5	0.4	0.1
Orion Diagnostica Inc., USA	100.0	100.0	- 19.5	100.0	400	0.0	2.1	- 3.2
Orion-Farmos Inc., USA	100.0	100.0	- 0.0	100.0	200	0.0	0.0	- 0.1
Orion Pharma AB, Sweden	100.0	100.0	31.2	-	-	-	-	5.1
Orion Pharma AS, Norway	100.0	100.0	9.8	100.0	800	0.8	0.6	3.6
Orion Pharma AG, Switzerland	100.0	100.0	5.5	-	-	-	-	0.8
Orion Pharma (Ireland) Ltd., Ireland	100.0	100.0	2.4	100.0	2	0.0	0.0	0.7
Orion Pharma (UK) Ltd., UK	100.0	100.0	11.9	100.0	250 000	0.3	11.0	0.3
Panfarma Oy, Espoo	100.0	100.0	18.5	-	-	-	-	4.3
Soredex, Inc., USA	100.0	100.0	- 7.3	100.0	1 000	0.0	0.0	0.4
Sanabrite Oy, Espoo	100.0	100.0	0.5	100.0	1 000	0.0	0.1	0.0
Suomen Rohdos Oy, Turku	100.0	100.0	12.1	100.0	2 400	0.2	0.2	1.5
Holdings:								
Finorion Kft, Hungary	100.0	100.0	2.2	100.0	-	1.9	2.3	0.0
Orion Pharma GmbH, Germany	100.0	100.0	19.2	100.0	-	0.5	14.6	4.0
							95.2	

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	31.12.1997	12
Instrumentarium Oy, Helsinki	22.23	25.6	343.8	346.7	7.5	1 515 477	15.2	133.1	246.0	31.12.1997	12
Kiinteistö Oy Salmenvuokra, Iisalmi	27.0	27.0	0.0	0.0	27.0	405	0.0	0.0	0.0	31.12.1996	12
Medidata Oy, Helsinki	33.3	33.3	0.0	0.0	-	-	-	-	0.0	31.12.1997	12
Oy Pharmacal Ab, Helsinki **)	50.0	50.0	3.4	2.5	50.0	1 000	0.6	2.5	2.3	31.12.1997	12
Planeetankadun Paikointus Oy, Espoo	29.5	29.5	0.1	0.0	29.5	48	0.0	0.0	0.0	31.12.1996	12
Regattalämpö Oy, Hanko	42.6	42.6	0.0	0.0	-	-	-	-	0.0	31.12.1997	12
Holdings:											
Suomen Lääkevahinkokorvaus-osuuskunta, Helsinki	23.0	23.0	0.1	0.1	21.0	1 065	0.1	0.1	0.0	31.12.1997	12
								136.3			

\*) Without the effect of consolidation of associated companies

\*\*) Group's share of ownership and votes has increased to 100.0% after year end.

The market value of shares held by the Group companies in Instrumentarium Corporation totaled FIM 851.8 million at year end.

OTHER 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	
Tamro Oy, Vantaa	7.8	7.8	136.2	204.8	3.4	3 034 000	30.3	69.2	
Kronans Droghandel AB, Sweden *)	16.0	16.0	0.6	-	-	-	-	-	
Espoon Sähkö Oy, Espoo	0.1	0.1	0.6	1.2	0.1	10 000	0.0	0.6	
Housing corporations									15.9
Telephone companies									1.2
Others									3.4
								90.3	

\*) Group's share of ownership and votes has decreased to 10.6% after 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	
	1997	1996	1997	1996
<b>12. RECEIVABLES FROM BOTH GROUP AND ASSOCIATED COMPANIES, AND LIABILITIES TO THEM</b>				
<b>Receivables from Group companies</b>				
Non-current loan receivables	-	-	31.5	24.8
Trade receivables	-	-	170.7	156.1
Current loan receivables	-	-	32.2	29.5
Prepaid expenses and accrued income	-	-	-	0.7
Other receivables	-	-	6.1	6.8
<b>Liabilities to Group companies</b>				
Trade payables	-	-	7.1	5.0
Accrued liabilities and deferred income	-	-	-	0.1
Other current liabilities	-	-	407.8	376.3
<b>Receivables from associated companies</b>				
Non-current loan receivables	-	0.0	-	0.0
Trade receivables	0.1	0.4	0.0	0.4
Current loan receivables	0.0	-	-	-
Prepaid expenses and accrued income	0.0	0.0	-	-
Other receivables	0.3	0.1	0.3	0.0
<b>Liabilities to associated companies</b>				
Trade payables	2.7	4.3	0.2	0.1
Accrued liabilities and deferred income	0.0	0.0	-	-

### 13. CURRENT ASSETS

Receivables falling due for payment in one year's time or more

	1997	1996	1997	1996
Trade receivables	1.4	3.0	0.9	2.2
Loan receivables	-	0.0	-	-
<b>Total</b>	<b>1.4</b>	<b>3.0</b>	<b>0.9</b>	<b>2.2</b>

The market values of publicly quoted shares included in current assets exceeded the book values at year end.

### 14. SHAREHOLDERS' EQUITY

Share capital, Jan. 1	499.8	499.8	499.8	499.8
Lowering of share capital on Oct. 14, in virtue of section 27 of the Companies Act transitional provisions	- 0.0	-	- 0.0	-
Directed issue, Nov. 11	+ 0.0	-	+ 0.0	-
Bonus issue, Dec. 11	+ 199.9	-	+ 199.9	-
<b>Share capital, Dec. 31</b>	<b>699.7</b>	<b>499.8</b>	<b>699.7</b>	<b>499.8</b>
Premium fund, Jan. 1	-	-	-	-
Issue profit	+ 0.0	-	+ 0.0	-
<b>Premium fund, Dec. 31</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>-</b>
Reserve fund, Jan. 1	158.4	158.3	157.5	157.5
Transferred to share capital, bonus issue	- 157.5	-	- 157.5	-
Transferred from retained earnings	+ 0.1	+ 0.0	-	-
Increase arising from consolidation	+ 7.6	-	-	-
Exchange rate differences	+ 0.4	+ 0.1	-	-
<b>Reserve fund, Dec. 31</b>	<b>9.0</b>	<b>158.4</b>	<b>-</b>	<b>157.5</b>

FIM million	Group		Parent company	
	1997	1996	1997	1996
Non-restricted equity, Jan. 1	2 279.1	1 865.7	1 400.4	1 165.5
By decision of shareholders' meetings:				
dividends distributed	- 241.1	- 192.9	- 249.9	- 199.9
transferred to reserve fund	- 0.1	- 0.0	-	-
donations made	- 0.6	- 0.5	- 0.6	- 0.6
Transferred to share capital, bonus issue	- 42.4	-	- 42.4	-
Lowering of share capital	+ 0.0	-	+ 0.0	-
Donations made	-	- 0.0	-	- 0.0
Increase arising from consolidation	+ 9.0	+ 8.4	-	-
Exchange rate differences	+ 5.0	- 13.0	-	-
Profit for the period	+ 699.3	+ 611.4	+ 551.8	+ 435.4
<b>Non-restricted equity, Dec. 31</b>	<b>2 708.2</b>	<b>2 279.1</b>	<b>1 659.3</b>	<b>1 400.4</b>

Non-distributable proportion of the non-restricted equity as referred to in section 11:6a of the Companies Act, Dec. 31

7.6 - - -

In accordance with the corporate legislation in the countries concerned, the Group foreign subsidiaries have no obligation to transfer any part of their profit for 1997 to restricted equity.

### Parent company share capital by share type:

	1997	1996	1997	1996
	Number of shares	Number of shares	FIM million	FIM million
A shares (20 votes per share)	37 063 327	26 473 802	370.6	264.7
B shares (1 vote per share)	32 908 302	23 505 903	329.1	235.1
<b>Total</b>	<b>69 971 629</b>	<b>49 979 732</b>	<b>699.7</b>	<b>499.8</b>

### 15. PROVISIONS

#### Deferred tax liabilities pertaining to Group voluntary provisions and accelerated depreciation

	1997	1996	1997	1996
	357.0	396.4	-	-
Obligatory provisions				
Guarantee provisions	2.8	2.8	2.8	2.8
Obligatory pension fund liability deficit	3.3	4.2	2.7	3.4
Provision for estimated loss of receivable under litigation	-	0.3	-	-
Eventual compensation for dissolved product development contract	0.3	-	0.3	-
<b>Total</b>	<b>6.4</b>	<b>7.3</b>	<b>5.8</b>	<b>6.2</b>

### 16. LIABILITIES

#### Liabilities falling due in five years' time or more

	1997	1996	1997	1996
	0.4	0.2	-	-
Loans from credit institutions	0.4	0.2	-	-
Pension loans	210.9	360.1	108.2	253.4
Other non-current liabilities	14.9	22.4	14.8	21.7
<b>Total</b>	<b>226.2</b>	<b>382.7</b>	<b>123.0</b>	<b>275.1</b>

#### Debentures

Debenture 1987/1997 11,5%	-	5.0	-	5.0
/.. annual amortization	-	- 5.0	-	- 5.0
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Current liabilities include:

Liabilities to Group companies	-	-	414.8	381.4
Interest-free liabilities to non-Group companies	759.8	605.3	428.3	350.0
Amortization on non-current loans	9.8	19.6	9.2	18.7
Other interest-bearing current liabilities	4.4	4.3	4.4	4.3
<b>Total</b>	<b>774.0</b>	<b>629.2</b>	<b>856.7</b>	<b>754.4</b>

FIM million	Group		Parent company	
	1997	1996	1997	1996

### 17. INFORMATION RELATED TO ADMINISTRATIVE BODY MEMBERS OF GROUP COMPANIES

#### Loans granted to the Group company Presidents

Loan receivables	0.2	0.3	0.1	0.3
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The interest on the loans exceeds the base rate, and the repayment terms are standard.

#### Share of staff costs and benefits

Group company Presidents, Vice Presidents, members of the Board of Directors and the Supervisory Board and their substitutes

Salaries	15.5	13.4	3.3	2.9
Benefits	0.7	0.6	0.2	0.1
Pension costs	1.7	1.5	0.4	0.4
Other personnel costs	1.6	1.3	0.2	0.2
<b>Total</b>	<b>19.5</b>	<b>16.8</b>	<b>4.1</b>	<b>3.6</b>

No percentage on profits was paid.

#### Management pension commitments

The Board of Directors of the parent company may, in each individual case, determine 60 years as the retirement age of the executives. Depending on the years of service, the maximum pension level is 60% of the salary earned.

No pension commitments or pension agreements are currently in force, excluding the parent company President, whose agreement provides for an additional pension insurance, retirement at 60 and a pension level of 66% of the salary earned.

### 18. CONTINGENT LIABILITIES

#### On behalf of company's

##### own liabilities

Pledges	150.0	150.0	122.0	87.0
Mortgages on land and buildings	218.8	242.0	149.6	194.1

#### On behalf of the liabilities of Group companies

Pledges	-	-	28.0	63.0
Mortgages on land and buildings	-	-	45.5	17.1
Guarantees	-	-	35.4	8.6

#### On behalf of the liabilities of associated companies

Guarantees	-	0.1	-	0.1
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#### On behalf of the liabilities of company shareholders

Guarantees	-	0.1	-	-
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#### On behalf of the liabilities of Group companies' management

Guarantees	0.3	-	-	-
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#### On behalf of others

Mortgages on company land	0.0	0.0	0.0	0.0
Guarantees	0.4	0.5	-	-

#### Other company liabilities

Leasing liabilities				
Beginning period	7.3	2.9	1.0	0.0
Following periods	9.1	3.0	1.9	0.0
Drug damage liabilities	1.2	1.3	1.0	1.1
Guarantees	0.5	5.6	-	-

#### Contingent liabilities, total

Pledges	150.0	150.0	150.0	150.0
Mortgages on land and buildings	218.8	242.0	195.1	211.2
Guarantees	1.2	6.3	35.4	8.6
Other liabilities	17.6	7.2	3.9	1.2

FIM million	Group		Parent company	
	1997	1996	1997	1996

#### Repurchase liabilities

Repurchase price	18.5	22.1	17.6	21.1
Market value exceeds repurchase price	8.2	16.8	8.5	17.3

#### Legal proceedings

In virtue of the decision taken in December 1997, the Supreme Court of the United States did not grant the plaintiffs permission for appeal in the case initiated in 1993 concerning an alleged violation by Orion Corporation and certain other defendants of a methods patent related to the diltiazem manufacturing process. Therefore the ITC (International Trade Commission) decision favorable to Orion Corporation, issued in June 1995, remained valid. According to the decision, the alleged patent violation did not take place. The stayed proceedings regarding another patent violation case, initiated on the same grounds in 1993 in New Jersey, USA, continued in May 1997. In February 1998 this Court took a decision, reconfirming that no patent violation had taken place. This decision is not yet final.

In Germany, appeals have been lodged against the decisions issued in 1995 and 1996 in the proceedings related to the diltiazem patent, and therefore the decisions are not final. In one case, Orion Corporation was found to have violated the said patent rights while in the other proceedings the same patent was found to be void.

At the beginning of 1998, Orion Corporation was sued in the Espoo City Court to respond to the claim by Doctor P Jackson according to which Orion Corporation (and Farnos-Yhtymä Oy merged into it) would have failed to exploit the patent rights related to a certain animal feed protective solution, thereby causing damage of approximately FIM 120 million to Dr Jackson in the form of unearned royalties. The alleged violation refers to an agreement signed in 1986. Orion Corporation contests both the grounds and the quantity of the entire claim.

### 19. DERIVATIVE INSTRUMENTS

FIM million	Group		Parent company	
	1997	1996	1997	1996

#### Currency derivatives

Forward contracts				
Market value, Dec. 31	-	- 0.3	-	- 0.3
Counter value in FIM for currency sold, Dec. 31	-	24.5	-	24.5
Currency swaps				
Market value, Dec. 31	- 0.0	-	-	-
Counter value in FIM for currency sold, Dec. 31	32.9	-	-	-

In 1996 the market values of the forward contracts have been calculated by multiplying the nominal currency value of the contract by the difference of the original forward rate and the indicative forward rate on Dec. 31.

# PROPOSAL FOR DISTRIBUTION OF PROFITS

## Proposal by the Board of Directors for the distribution of profits for 1997

The non-restricted equity in the Consolidated Balance Sheet on December 31, 1997 amounts to FIM 2,708 million, of which FIM 8 million non-distributable, corresponding to the acquisition cost of own shares. The corresponding parent company figure is FIM 1,659,343,729.56, profit for this financial year accounting for FIM 551,804,174.53.

The Board of Directors proposes that the non-restricted equity of the parent company be used as follows:

dividend of FIM 7.50 per share on 69,971,629 shares	FIM 524,787,217.50
donations to medical research	FIM 550,000.00
<u>to be retained in the profit and loss account</u>	<u>FIM 1,134,006,512.06</u>
	<u>FIM 1,659,343,729.56</u>

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

Espoo, March 3, 1998  
Board of Directors of Orion Corporation

Juhani Leikola  
Chairman of the Board of Directors

Aatto Prihti  
Deputy Chairman

Markku Talonen  
President and CEO

Erkki Etola

Eero Karvonen

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. - 31.12.1997. 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 4, 1998

Risto Järvinen  
Authorized Public  
Accountant

Pekka Luoma  
Authorized Public  
Accountant

Olli Mäkinen  
Authorized Public  
Accountant

## STATEMENT BY THE SUPERVISORY BOARD

We have examined the Statement of Accounts and Auditors' Report for 1997.

We note that operations were successful in 1997 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. We also support the Board of

Director's proposal to offer a bond loan with warrants for the Group personnel.

The following members are in turn to retire from the Supervisory Board:

Matti Eestilä, who cannot be re-elected due to age limitation statute of the Bylaws, Timo Estola, Tatu Miettinen, Seppo Salonen, Ahti Tarkkanen, Erkki Tammissalo and Iiro Viinanen.

Espoo, March 17, 1998

Juhani Aho  
Chairman of the Supervisory Board



# SUPERVISORY BOARD, BOARD OF DIRECTORS AND AUDITORS OF ORION CORPORATION, MARCH 1, 1998

## Supervisory Board

		Present term	Member since
JUHANIAHO, M.D., 67 Helsingin Lääkärikeskus Group, Chief Physician, Chairman of the Board of Directors Yhtyneet Laboratoriot Oy, President	Chairman Member	1997 - 1998 1996 - 1999	1978 -
AHTI TARKKANEN, M.D., 67 Professor	Deputy Chairman Member	1997 - 1998 1997 - 1998	1997 -
JOUKO BRADE, M.Sc. (Econ.), MBA, 68 Medical Investment Trust, Chairman of the Board of Directors		1997 - 2000	1997 -
MATTI EESTILÄ, B.Sc. (Econ.), 70		1995 - 1998	1995 -
PEKKA ELOVAARA, M.Sc. (Pharm.), 48 Luumäen apteekki, Pharmacist		1997 - 2000	1994 -
TIMO ESTOLA, D.V.M., 66 Professor		1995 - 1998	1992 -
PETTERI KARTTUNEN, M.Sc. (Econ.), 37 Gyllenberg Asset Management Oy, President		1997 - 2000	1989 -
JUHA KYTILÄ, M.D., 67		1996 - 1999	1978 -
EEVA KÖLLI-JÄNTTI, M.Sc. (Pharm.), 56 Pukimäen Apteekki, Pharmacist		1996 - 1999	1996 -
JOUKO K. LESKINEN, LL.M., 54 Sampo Group, President and CEO		1997 - 2000	1997 -
TIMO MAASILTA, M.Sc. (Tech.), 43 The Land and Water Technology Foundation, Managing Director		1997 - 2000	1991 -
TATU MIETTINEN, M.D., 67 Professor		1995 - 1998	1968 -
SEPPO SALONEN, M.D., 38 Medivire Työterveyspalvelut Oy, Occupational Health Physician		1995 - 1998	1995 -
ILKKA SIPILÄ, M.D., 55 HUCH, Hospital for children and adolescents, Assistant Chief Physician		1996 - 1999	1995 -
ERKKI TAMMISALO, D.D.S., 65 University of Turku, Department of Dentistry, Professor		1995 - 1998	1980 -
ANTTI TANSKANEN, Ph.D. (Econ.), 51 OKOBANK (Osuuspankkien Keskuspankki Oy), Chairman		1997 - 1999	1997 -
IIROVIINANEN, M.Sc. (Tech.), 53 The Pohjola Group, President		1997 - 1998	1997 -

## Board of Directors

JUHANI LEIKOLA, M.D., Professor, 56 Finnish Red Cross Blood Transfusion Service, Director	Chairman	1997 - 1999	1994 -
AATTO PRIHTI, D.Sc. (Econ.), 58 Finnish National Fund for Research and Development, President	Deputy Chairman Member	1998 1997 - 1998	1984 -
ERKKI ETOLA, M.Sc. (Tech.), 53 Etola-yhtiöt, President		1997 - 1998	1995 -
EERO KARVONEN, M.Sc. (Tech.), 49 EVK-Capital Oy, President		1997 - 1998	1997 -
MARKKUTALONEN, Lic.Sc. (Tech.), 51 Orion Corporation, President and CEO		1997 - 1998	1997 -
PAULI TORKKO, Lic.Sc. (Econ.), 50 Orion Corporation, Executive Vice President		1997 - 1998	1987 -

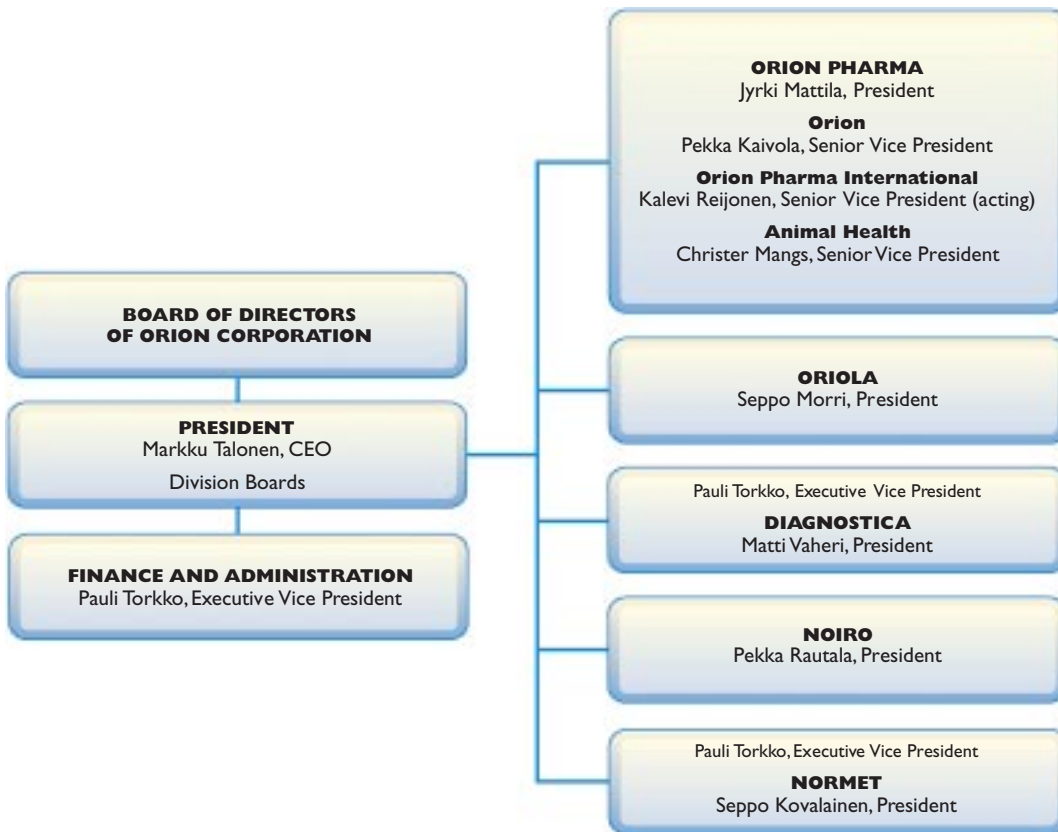
## Auditors

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, MARCH 1, 1998



The Board of Directors of Orion Corporation, and the Chairman of the Supervisory Board. From the left: Pauli Torkko, Aatto Prihti, Juhani Leikola, Markku Talonen, Juhani Aho, Erkki Etola and Eero Karvonen.

# MANAGERIAL STAFF

## ORION PHARMA

**Jyrki Mattila**  
President

Orion Pharma Finland  
**Pekka Kaivola**  
Senior Vice President

**Timo Lumme**  
**Ari-Matti Myllyniemi**  
**Hilkka Tuhkanen**  
Prescription Drugs

**Antti Loimu**  
OTC Products

**Pekka Järvensivu**  
Marketing Services

**Hans Lindroos**  
Product Acquisition,  
Finland

**Pekka Koivuneva**  
Controller

**Markku Virkki**  
Public Relations

## Orion Pharma International

**Kalevi Reijonen**  
Senior Vice President  
(acting)

**Bo Creutzer**  
Orion Pharma AB

**Henning Termansen**  
Ercopharm A/S

**Klaus Mecklenburg**  
Orion Pharma GmbH

**David Boucher**  
Orion Pharma (UK) Ltd.

**Hannu Wennonen**  
Europe, Middle-East  
Medical Marketing  
Support

**Paul Clinch**  
Orion Pharma (Ireland)  
Ltd

**Odd Erik Halvorsen**  
Orion Pharma AS

**Kalevi Reijonen**  
Exports, America, Asia,  
Australia, Africa

**Hannu Silvennoinen**  
Product Acquisition

**Lars Ekholm**  
Controller

## FERMION

**Jorma Mamia**  
Vice President

**Leif Hilden**  
Product Development

**Pekka Kairisalo**  
Quality Assurance,  
Environmental Protection

**Lars-Olof Thodén**  
Purchasing

## Animal Health

**Christer Mangs**  
Senior Vice President

**Martti Vasa** (acting)  
Nordic Countries

**Kai Lahtonen**  
Exports

**Lasse Koskenniska**  
Research and Product  
Development

**Anssi Hakkala**  
Hiven Oy

## Centralized operations

**Kari Varkila**  
Clinical Development and  
Regulatory Affairs

**Antti Viitanen**  
HRT & Urology

**Marjut Ranki-Pesonen**  
Easyhaler

**Lasse Lehtonen**  
Cardiology

**Kari Reinikainen**  
**Outi Mäki-Ikola**  
CNS

**Juha Ellmén**  
Oncology

**Gunilla Wilén-  
Rosenqvist**  
International Regulatory  
Affairs

**Antti Seppälä**  
USA, Clinical Research

**Esa Soppi**  
Project Development

**Aino Takala**  
Health Economics

**Esa Heinonen**  
Preclinical Research

**Antti Haapalinna**  
Alpha-2-receptor  
Research

**Esa Heinonen** (acting)  
Cardiovascular Research

**Inge-Britt Lindén**  
Pharmacological &  
Toxicological Research

**Pasi Salokangas**  
Production, Product  
Development and Quality  
Assurance

**Pekka Kosi**  
Manufacturing, Espoo  
and Kuopio

**Heimo Rantala**  
Manufacturing, Turku  
and Seinäjoki

**Risto Hämäläinen**  
Manufacturing, Oulu  
and Kemijärvi

**Bjarne Grönbloom**  
Engineering

**Heikki Rehtijärvi**  
Quality Assurance

**Marja Ritala**  
Product Development

**Markku Huhta-  
Koivisto**  
Materials Management

**Kari Ruottinen**  
Finance

**Matti Kuula**  
**Riitta Kytömäki**  
Human Resources

## ORIOLA

**Seppo Morri**  
President

**Timo Leivo**  
Controller

## DISTRIBUTION AND WHOLESALE SECTOR

**Risto Kanerva**  
Senior Vice President

**Simon Ollus**  
Supplier Services

**Seppo Hakanpää**  
Distribution Finland

**Jukka Niemi**  
Wholesale

**Kyösti Aalto**  
International Distribution

**Timo Toivio**  
Panfarma

**Marita Kaurala**  
Reformi-Keskus

## MEDICAL AND TECHNICAL SECTOR

**Timo Åhman**  
Senior Vice President

**Pertti Kotkas**  
Health Care Products

**Juha Blomberg**  
Prolab

**Senja Tynkkynen**  
Hammasväline

**Pertti Kotkas**  
Kuulolaittekeskus

**Jyrki Luukko**  
Medion

**Timo Åhman**  
Graphic Arts Department

## HEALTHCARE INDUSTRY SECTOR

**Ilpo Ihanamäki**  
Soredex

## ORION DIAGNOSTICA

**Matti Vaheri**  
President

**Markku Tilus**  
Senior Vice President,  
Controller

**Veli Hänninen**  
Product Development

**Marja Sihvola**  
Operations

**Annikka Rantama**  
Quality Assurance

**Lars Lundin**  
Orion Diagnostica AB

**Jan Ekornrød**  
Orion Diagnostica as

**Steffen Huusom**  
Orion Diagnostica  
Danmark A/S

**Ossi Hiltunen**  
Business Unit Proteins

**Sari O'Connell**  
Business Unit Hormones &  
Markers

**Timo Raines**  
Business Unit Infectious  
Diseases

## NOIRO

**Pekka Rautala**  
President

## MARKETING

**Harri Mäntynen**  
Personal Care and  
Household Products  
Selective Cosmetics

**Jouko Heinonen**  
Lumene Cosmetics and  
Cutrin Hairdressing  
Products

**Esko Salmenoja**  
Institutional and Industrial  
Cleaning Products

**Carl-Gustav Malmström**  
Exports

**Juha Suikkanen**  
Production and Logistics

**Leena Kolunen**  
Product Development and  
Quality Assurance

**Juha Koivukoski**  
Finance and Administration,  
Strategic Planning

## NORMET

**Seppo Kovalainen**  
President

**Timo Turunen**  
Production

**Pertti Pitkänen**  
Controller

## Central Administration

**Markku Talonen**  
President and CEO

**Pauli Torkko**  
Executive Vice President,  
Finance and Administration

**Timo Halttunen**  
Controller

**Merja Elo**  
Accounting

**Ulla Pihlström**  
Finance

**Heikki Salo**  
Internal Audit

**Henry Haarla**  
Legal Affairs

**Olli Huotari**  
Legal Affairs

**Anne Allo**  
Corporate Communications  
and Investor Relations

**Pekka Vaissi**  
Tuohilampi

# ADDRESSES

Registered office:

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## Orion Pharma

### Orion Corporation Orion Pharma

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### Pharmaceutical manufacturing

#### ESPOO SITE

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#### TURKU SITE

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### Marketing subsidiaries abroad

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Fax +46-8-623 6480  
E-mail [info@orion.se](mailto:info@orion.se)

#### ORION PHARMA AS

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Fax +47-22-653 378  
E-mail [firmapost@orion.telemax.no](mailto:firmapost@orion.telemax.no)

#### ERCOPHARM A/S

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Fax +45-49-126 612  
E-mail [ercopharm@ercopharm.dk](mailto:ercopharm@ercopharm.dk)

#### ORION PHARMA GMBH

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Fax +49-40-890 1679

#### INTERORION AG

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Tel. +41-41-761 9120  
Fax +41-41-761 9800

#### ORION PHARMA AG

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Fax +36-1-212 0104  
E-mail [finorion@elender.hu](mailto:finorion@elender.hu)

#### ORION PHARMA (Ireland) LTD.

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Fax +353-1-404 1699

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Fax +44-1635-520 319

#### ORION-FARMOS INC.

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Tel. +1-908-526 6288  
Fax +1-908-526 6021

#### Kansas Address

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Kansas 66211  
Tel. +1-913-338 2099  
Fax +1-913-338 2192

Address Mytnaya ul.d.I, stair 2,  
office 21

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230 0476  
230 0478  
Fax +7-095-230 6511

### Bulk drug substance production

#### FERMION

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#### HANKO SITE

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Fax +358-19-280 8223

#### CHEMICAL PLANT, OULU

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### Orion Corporation Orion Pharma Finland

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#### PHARMACAL OY AB

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### Orion Corporation Animal Health

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## Oriola

### Oriola Oy

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Fax +358-9-429 3415  
Internet <http://www.oriola.fi>

### PANFARMA OY

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Fax +358-9-452 2061

### KUULOLAITEKESKUS OY

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Tel. +358-9-429 3300  
Fax +358-9-429 3919

### ORIOLO OY

GRAPHIC ARTS DEPARTMENT  
Address Nilsiäkatu 10-14  
FIN-00510 Helsinki  
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Fax +358-9-393 7364

### ORION CORPORATION

MEDION  
Address Nilsiäkatu 10-14  
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Postal address P.O.Box 79  
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### ORION CORPORATION

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Address Nilsiäkatu 10-14  
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Postal address P.O.Box 79  
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Tel. +358-9-393 71  
Fax +358-9-701 5261  
Internet <http://www.soredex.com>  
Finndent  
Address FIN-07230 Monninkylä  
Tel. +358-19-643 555  
Fax +358-19-643 691

### Regional wholesale centres

ORIOLO OY/KUOPIO  
Address Volttikatu 7  
FIN-70700 Kuopio  
Tel. +358-17-244 111  
Fax +358-17-244 230

### ORIOLO OY/OULU

Address Iskontie 3  
FIN-90550 Oulu  
Tel. +358-8-551 1000  
Fax +358-8-551 1220

### ORIOLO OY/SEINÄJOKI

Address Teollisuustie 18  
FIN-60100 Seinäjoki  
Tel. +358-6-416 7111  
Fax +358-6-416 7230

### Subsidiaries abroad

#### AS ORIOLO

Address Saku 8  
EE0013 Tallin, Estonia  
Puh. +372-6-500 710  
Fax +372-6-500 720

#### SIA ORIOLO RIGA

Address Senču iela 4  
LV-1012 Riga, Latvia  
Puh. +371-7-339 103  
+371-7-339 104  
Fax +371-7-339 127

#### UAB ORIOLO VILNIUS

Address Nemencinés  
P.O.Boxentas 4  
2016 Vilnius, Lithuania  
Puh. +370-2-768 736  
Fax +370-2-768 709

#### SOREDEX INC.

Address 200 Beach Airport  
Road  
Postal address RT 21 P.O.Box 200  
Conroe, Texas 77301  
USA  
Tel. +1-409-760 3198  
Fax +1-409-760 3184  
Internet  
<http://www.soredexusa.com>

## Orion Diagnostica

### Orion Corporation

Orion Diagnostica  
Address Koivu-Mankkaan tie 6  
02200 Espoo  
Postal address P.O.Box 83  
FIN-02101 Espoo  
Tel. +358-9-42995  
Fax +358-9-429 2794  
Internet <http://www.diagnostica.orion.fi>

### TURKU SITE

Postal address P.O.Box 425  
FIN-20101 Turku  
Tel. +358-2-272 7221  
Fax +358-2-272 7546

### OULUNSALO SITE

Postal address FIN-90460 Oulunsalo  
Tel. +358-8-514 2200  
Fax +358-8-514 2220

### ORION DIAGNOSTICA AB

Address Industrigatan 8  
S-61900 Trosa, Sweden  
Tel. +46-156-53360  
Fax +46-156-17355

### ORION DIAGNOSTICA AS

Address Solbråveien 43  
1371 Asker, Norway  
Postal address P.O.Box 321  
1371 Asker, Norway  
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Fax +47-6690 4788

### ORION DIAGNOSTICA DANMARK A/S

Address Ndr. Strandvej 119  
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Tel. +45-49-755 050  
Fax +45-49-755 055

## Noiro

### Orion Corporation

Noiro  
Address Lasihytti 1  
02780 Espoo  
Postal address P.O.Box 27  
FIN-02781 Espoo  
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Fax +358-9-811 286

### Other locations

SALPAKANGAS (Institutional Products)  
Address Kesikankaantie 29-31  
15870 Hollola  
Postal address P.O.Box 10  
FIN-15871 Hollola  
Tel. +358-204 877 130  
Fax +358-204 877 509

TURKU (Farnos Detergent Sector)  
Address Tengströminkatu 6-8  
20100 Turku  
Postal address P.O.Box 425  
FIN-20101 Turku  
Tel. +358-204 877 110  
Fax +358-204 877 770

TAMPERE (Cutrin-Kadus Hair Dressing Products)  
Address Vestonkatu 11  
33730 Tampere  
Postal address P.O.Box 276  
FIN-33101 Tampere  
Tel. +358-204 877 120  
Fax +358-204 877 450

VALLILA (Institutional and Wella Hair Dressing Products)  
Address Nilsiäkatu 8 (Cutrin)  
Nilsiäkatu 8 (Wella)  
Nilsiäkatu 10-14 B (Erisan)  
FIN-00510 Helsinki  
Tel. +358-204 877 121 (Cutrin)  
+358-204 877 135 (Erisan)  
+358-204 877 140 (Wella)  
Fax +358-204 877 652 (Cutrin)  
+358-204 877 626 (Erisan)  
+358-204 877 615 (Wella)

### KARKONE OY

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FIN-00370 Helsinki  
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Fax +358-9-5611 225

## Normet

### Orion Corporation

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Fax +358-17-823 606







**ORION CORPORATION  
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