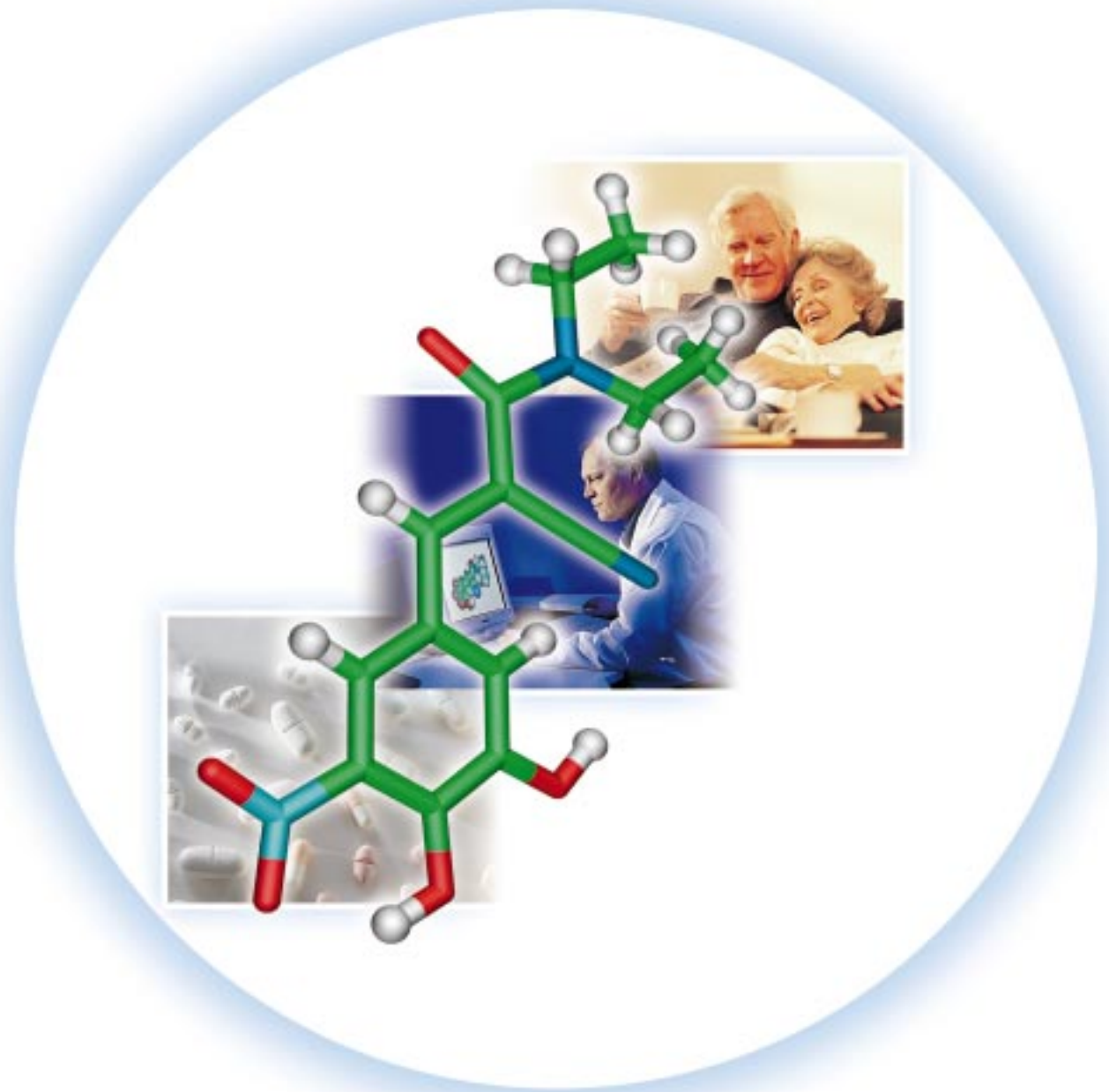


ANNUAL REPORT 1999



ORION GROUP

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Annual General Meeting

The Annual General Meeting of Orion Corporation will be held on Thursday, 30 March, at 5 p.m. at the company's premises in Espoo, at Orionintie 1.

The matters to be handled at the Annual General Meeting:

- The matters subject to the decision by the Annual General Meeting, as specified in paragraph 11 of the company's Bylaws
- The proposal by the Board of Directors to amend paragraph 3 of the Bylaws. The main contents of the proposal is as follows:
The current provisions concerning the preemptive share subscription rights be eliminated from the Bylaws, whereby the preemptive rights to subscribe shares will be determined in accordance with Paragraph 2 of Section 4 of the Finnish Companies Act.
- The proposal by the Board of Directors to lower the company's share capital by an amount of EUR 4,170,453.60 by invalidating the altogether 2,453,208 Orion Corporation shares owned by the subsidiary Oriola Oy.

The registration period for the AGM will close on Monday, 27 March, 2000 at 9.00 a.m., phone +358 9 429 3719 or +358 9 429 3718.

Payment of dividends

If the Annual General Meeting approves the proposal by the Board of Directors for the distribution of the profits for the financial year that ended on 31 December, 1999, a dividend per share of EUR 0.60 shall be paid in cash and additionally, in Instrumentarium Corporation shares at a maximum counter value of EUR 0.67 per share, i.e., a total dividend per share not exceeding EUR 1.27 (or FIM 7.55) shall be paid to those shareholders, as according to the shareholder register maintained by the Finnish

Central Securities Depository, are registered Orion Corporation shareholders on the record date, 4 April, 2000. Thus, shares acquired no later than 30 March, 2000 shall entitle the shareholder to full dividends for 1999. The date for the dividend payment is 14 April, 2000.

Shareholders having not transferred their shares in the book-entry securities system by the record day for the dividend payment, shall receive the dividend only after their shares have been registered in the system.

Financial information in 2000

The publication schedule for the financial reviews by Orion Corporation in 2000:

Bulletin of 1999		
Financial Statements	25 February, 2000	at 8.30 a.m.
Annual Report 1999	17 March, 2000	
Interim Report		
1-3/2000	5 May, 2000	at 8.30 a.m.
Interim Report		
1-6/2000	8 August, 2000	at 8.30 a.m.
Interim Report		
1-9/2000	7 November, 2000	at 8.30 a.m.

The figures in the Financial Statements Bulletin and the Annual Report for 1999 are given in Finnish marks and partly also in euros. As the euro was adopted as the home currency for Orion's accounting and reporting as of 1 January, 2000, the Interim Reports will be given in euros only.

The reviews will be available in Finnish and English. Copies may be ordered from the Corporate Communications department of Orion Corporation, P.O. Box 65, FIN-02101 Espoo, Finland, by e-mail: minna.lyhykainen@orion.fi, or by phone +358 9 429 3504.

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

ORION GROUP 1999

Highlights

- Net sales from continued operations grew by 8.8%. Group operating profit was up 13.5%. All business divisions improved their operating profits.
- The full-year net sales from Orion Pharma's international operations exceeded the domestic net sales for the first time.
- US marketing approvals were granted for entacapone (Comtan), for Parkinson's disease, and dexmedetomidine (Precedex), for sedation of patients in intensive care. The hormone replacement therapies Indivina and Diviseq received their first national approvals within the EU.
- Comtess (entacapone) became the sales leader among Orion Pharma's products during its first full year on the market, contributing MFIM 182 to the net sales.
- The long-term inlicensing agreement of Orion Pharma for Boehringer Mannheim products was terminated at the year-end.
- Oriola's market share of pharmaceutical distribution in Finland was 38%. The basic operations, i.e. distribution and wholesale developed favourably.
- Oriola Dental complemented its product selection with acclaimed brands and continued to establish operations in Sweden.
- The sales of the QuikRead CRP test system of Orion Diagnostica grew very successfully.
- The share of Lumene of the Finnish market for cosmetics rose to almost 25%. Thanks to good cost management, Noiro recovered well from the previous year's decreased exports to Russia.
- The Instrumentarium Corporation A-shares held by Orion Corporation were transferred as additional dividend to Orion's shareholders.
- The business of the Normet division was divested in February.

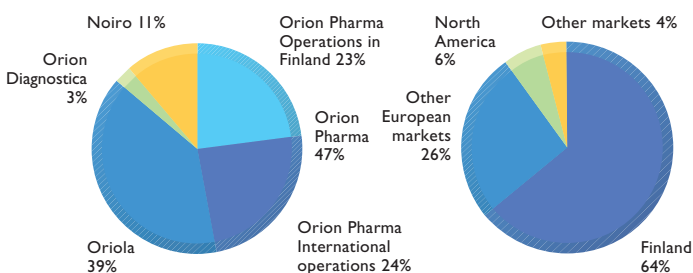
Key indicators

	1999 FIM million	1999 EUR million	1998 FIM million	1998 EUR million	Change %
Net sales	5 424	912.2	5 172	869.8	4.9%
International operations	1 962	329.9	1 864	313.5	5.2%
% of net sales	36.2%	36.2%	36.0%	36.0%	
Operating profit	738	124.0	650	109.3	13.5%
% of net sales	13.6%	13.6%	12.6%	12.6%	
Profit before extraordinary items and taxes	811	136.4	720	121.1	12.7%
% of net sales	15.0%	15.0%	13.9%	13.9%	
Profit after taxes without extraordinary items	551	92.7	503	84.6	9.6%
% of net sales	10.2%	10.2%	9.7%	9.7%	
Balance Sheet total	5 423	912.1	5 683	955.9	-4.6%
Earnings per share (adjusted), FIM / EUR	7.88	1.33	7.19	1.21	9.6%
Dividend yield (adjusted)	95.8%	95.8%	90.4%	90.4%	
Return on invested capital before extraordinary items and taxes	18.6%	18.6%	16.2%	16.2%	
Return on equity	13.3%	13.3%	11.6%	11.6%	
Solvency ratio	73.3%	73.3%	77.0%	77.0%	

1 EUR = 5.94573 FIM
 1 EUR = 1.0658 USD
 (Average exchange rate)
 1 USD = 5.5787 FIM

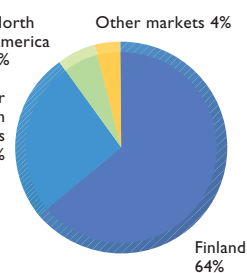
Breakdown of net sales by Division

FIM 5 424 million



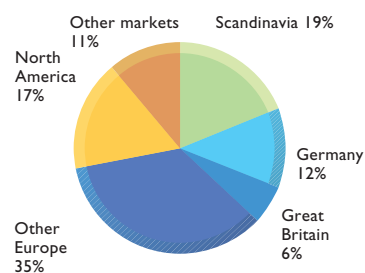
Breakdown of net sales by market area

FIM 5 424 million



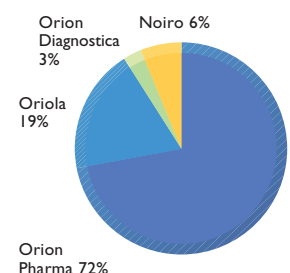
Breakdown of international operations by market area

FIM 1 962 million

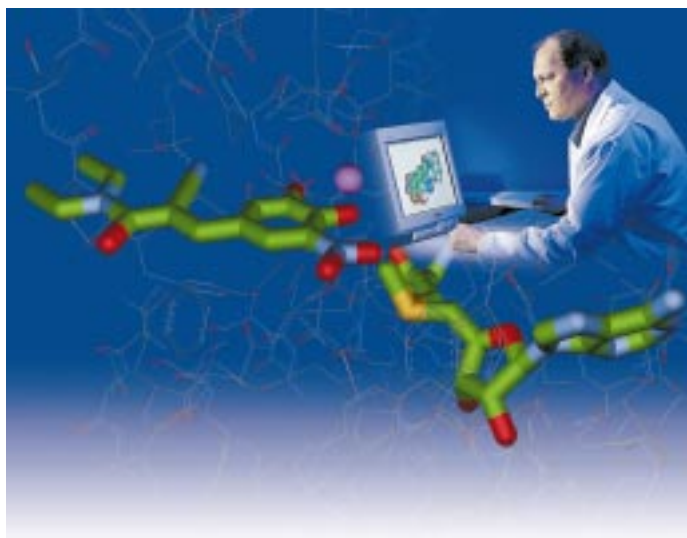


Breakdown of operating profit by Division

FIM 738 million



THE ORION GROUP



The Orion Group is the leading Finnish company specialising in products for the healthcare sector. Operations focusing on healthcare account for 89% of the consolidated net sales. At the core of Orion's business operations is Orion Pharma, its largest division, which develops, manufactures and markets pharmaceuticals. Oriola is a pharmaceutical wholesaler and distributor and a marketer of a comprehensive range of healthcare equipment, instruments and supplies. Orion Diagnostica specialises in diagnostic point-of-care tests and test systems. Noiro manufactures cosmetics as well as products for personal care and institutional hygiene. The business divisions develop their own strategies and operate independently towards sound profitability targets.

In 1999, the Group net sales were FIM 5,424 million (EUR 912.2 million and USD 972.3 million) of which international operations accounted for FIM 1,962 million. Group profitability was good and the solvency is on a solid basis. The number of personnel in the continued operations was 5,172. Orion shares are listed on the HEX Helsinki Exchange.

Missions, goals and strategies of the Divisions

HEALTHCARE

Orion Pharma

Orion Pharma, a vigorously research-oriented pharmaceuticals division, is the core of the Orion Group healthcare business operations. In the Nordic region, Orion Pharma operates with a comprehensive product portfolio of medications for most major human therapy categories, as well as animal health. With its share of close to 20% Orion Pharma is the leading company in the pharmaceutical market in Finland. Orion Pharma subsidiaries in Germany, the UK and Ireland, Switzerland and France are focusing on a narrower selection of prescription drugs for



selected therapy areas.

Original proprietary drugs account for an increasing share of Orion Pharma's net sales and boost the growth in international operations, with the new Parkinson's disease drug Comtess blazing the trail. The research and development aims at proprietary drug innovations with focus on neurology, cardiac insufficiency, postmenopausal hormone replacement therapy and asthma.

Orion Pharma accounts for almost one half of the Orion Group's consolidated net sales and for more than two thirds of the Group operating profit. Today over one half of total net sales comes from international operations. Orion Pharma's original preparations are marketed on international markets both by its own European subsidiaries and also through the sales networks of international pharmaceutical companies which provide extensive and efficient channels for the world-wide distribution of Orion's proprietary innovations.

Orion Pharma is seeking substantial net sales and profits growth, and it aims at a global market position with its original drug innovations for chosen therapy areas.

COSMETICS AND DETERGENTS

Oriola

Oriola, a pharmaceutical distributor and wholesaler and a marketing company for a broad range of non-medicinal products, provides efficient services for the pharmaceutical industry, hospitals, public and private healthcare and medical centres, pharmacies, veterinarians, dentists and other healthcare operators. The deep-going cost- and time-efficient management of the logistic flows of goods and associated data is the core process of Oriola. This system is the cornerstone upon which the various marketing units for specialty products are built, each with strong product expertise and dedicated customer support.



As a pharmaceutical distributor and wholesaler, Oriola provides for the continuous availability and rapid, reliable and

safe deliveries of its principals' products all over Finland, the Baltic countries as well as the St. Petersburg region of Russia. Oriola's share of the Finnish pharmaceutical distribution market is 38%, and 6 to 11% of the Baltic markets.

The wholesale and marketing operations of Oriola comprise thousands of acclaimed branded medical equipment and supplies. In dental equipment and supplies, as well as hospital and laboratory equipment and instruments, Oriola is the leading Finnish company and is now resolutely expanding its operations in Sweden and the Baltic countries.

The main goal of Oriola is to develop rapidly to be a pharmaceutical distributor and a marketer for a broad spectrum of healthcare products within its entire home base, i.e. Scandinavia and the area surrounding the Baltic Sea. Oriola aims at product representation agreements covering its complete geographical area of operations, thereby providing its clients with competitive price and quality benefits as well as technical service and product consultancy.

Orion Diagnostica

Orion Diagnostica develops, manufactures and markets diagnostic assays and test systems mainly to hospitals, healthcare and medical centres, laboratories and to private practitioners. The majority of the products are easy-to-use instruments for the reliable diagnostics of infectious diseases as well as for the assessment of specific proteins, various hormones and bone markers, facilitating diagnosis and expediting the start of treatment. International operations account for about 80% of net sales, and the market area for the products is global. In the Nordic countries Orion Diagnostica markets its products through its own subsidiaries.



QuikRead CRP, a method for detecting in-

fections by measuring the C-reactive protein directly from the blood sample, is a good example of Orion Diagnostica's innovative product development which relies on the company's unique expertise in analytics and reagents. The Uricult test for the detection of urinary track infections is well-known in laboratories in every part of the world.

Orion Diagnostica is seeking a leading or significant position in the global diagnostics market through its innovative point-of-care testing equipment focusing on specific niche products. Orion Diagnostica specialises in compact, easy-to-use test systems which provide rapid and reliable results from the samples, thereby speeding up the diagnosis and the start of treating the patient.

Noiro

Noiro develops, manufactures and markets cosmetics, daily personal care and hygiene products, hairdressing products as well as industrial hygiene and cleaning products. Based on own product development, the Lumene cosmetics line is Noiro's best-known brand and not only the superior Finnish market leader but also the number one export product. The skin care and hygiene lines Herbina and Favors as well the hair cosmetic line Cutrin are other familiar brands. The versatile product selection also covers industrial hygiene and cleaning substances. Wella, Juvena and PizBuin are internationally acclaimed brands represented by Noiro.



Noiro emphasises the significance of purity as

the basis for beauty and skin care. The products are based on pure raw materials, and the values of nature and environment are consistently considered in product development and manufacturing. Noiro's major export markets are the Scandinavian countries, Poland, the Baltic countries and Russia. Exports account for about 30% of total net sales.

PRESIDENT'S REVIEW

The year 1999 marked a significant turning point for the Orion Group. Comparable net sales rose by 8.8% while the earnings per share grew by 9.6% to FIM 7.88. This favourable development coincided with some important events which characterised the year 1999:

- the Normet business operations were divested;
- a substantial cash dividend of FIM 6.50 per share was distributed to the shareholders, together with an in natura dividend of 3,984,905 shares of Instrumentarium Corporation equivalent to FIM 13.48 per share;
- the U.S. drug authority FDA granted the market authorisation for the Parkinson's disease drug entacapone, marketed under the trademark Comtan;
- the FDA also granted the U.S. market authorisation to Abbot Laboratories for the marketing of dexmedetomidine, marketed under the trademark Precedex under the Orion Pharma license;
- the hormone replacement therapy products Indivina and Diviseq received their first national market authorisations.

In 1999, all Orion divisions increased their net sales. The operations of Oriola are characterised by con-



stantly increasing service level of pharmaceutical distribution together with an extremely competitive service fee. This basic strategy adopted by Oriola is the key to its success in a changing competitive environment. At Orion Diagnostica, the reaction to the rearrangements implemented in 1998 and continued during the report year have been extremely positive and the growth outlook is good, especially as concerns the point-of-care test systems. After the previous year's setbacks in exports to Russia, Noiro has shown very gratifying development, boosted especially by the Lumene product family. Noiro's core brands play an increasingly important role on the international markets, Noiro is also a strong marketing partner with a recognised status in Finland.

The Orion Group's research and product development expenditure rose by 7.4% to FIM 404 million. Orion Pharma accounted for FIM 368 million, or 91% of the total.

The important events in 1999 are consistently in line with the Group strategy: each division develops its own business strategy and is responsible for its own operational results. Orion Corporation follows a shareholder-friendly dividend policy with a high payout ratio, divests non-core

business operations from its business portfolio and Balance Sheet and maintains such levels of liquidity and solvency as are needed to make the necessary product development and marketing investments for the continuous development of Orion Pharma. The cash flows of Oriola, Orion Diagnostica and Noiro are large enough to cover the investment needs of these businesses.

Orion is a multibranch healthcare Group focusing mainly on the pharmaceutical industry. Orion Pharma is now faced with a major challenge to increase the sales of its original proprietary brands through an increased international marketing contribution in collaboration with its committed marketing partners and the Orion Pharma sales companies. At the same time, Orion Pharma needs to intensify its product development to obtain new market authorisations for the interesting and promising molecules under development, such as levosimendan.

Renewal is a challenge faced by all of us at Orion. Through continuous regeneration and renewal, we will be able to maintain our leadership in development and keep up with the constantly changing competition. The operative year 1999 showed that we were able to measure up to this, and will do so in the future.

I would like to express my deepest gratitude to all Orion staff members as well as to our clients and co-operation partners.

Espoo, 23 February, 2000

Markku Talonen
President and CEO

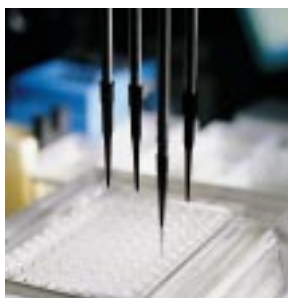
ORION PHARMA

FIM million	1999	1998	% change
Net sales	2 603	2 432	+7.0%
Exports and subsidiaries abroad	1 330	1 150	+15.6%
– % of net sales	51.1%	47.3%	
Exports from Finland	989	804	+23.1%
R&D expenses	368	335	+9.9%
Operating profit	539	448	+20.3%
Investments	197	209	
Personnel	2 881	2 912	
– abroad	362	374	
Profitability: Very satisfactory			
Share of Group net sales	47%	46%	

Orion Pharma researches, develops, manufactures and markets pharmaceuticals for the prevention and treatment of diseases. On the Finnish market, Orion is the leading supplier of pharmaceuticals with a comprehensive portfolio of products for almost all medical therapy needs, including both over-the-counter preparations and prescription drugs. Also in pharmaceutical research and development, Orion is the largest company in Finland.

Orion Pharma has expanded operations in the Nordic countries and the rest of Europe with a narrow and focused product selection. The products originating from Orion Pharma's R&D are for global markets. In international marketing, Orion Pharma co-operates in partnership with other pharmaceutical companies and through its own marketing companies in the Nordic countries, Germany, Switzerland, France, the UK and Ireland.

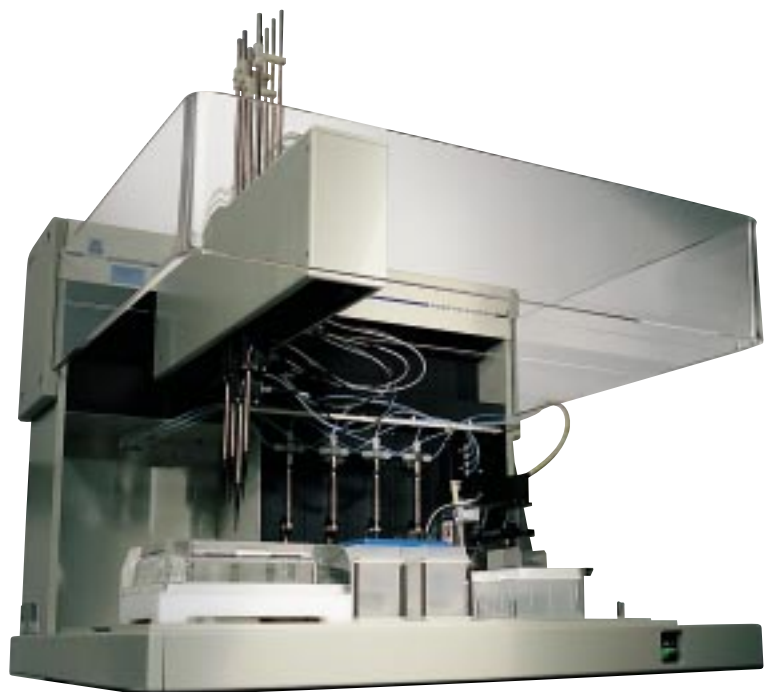
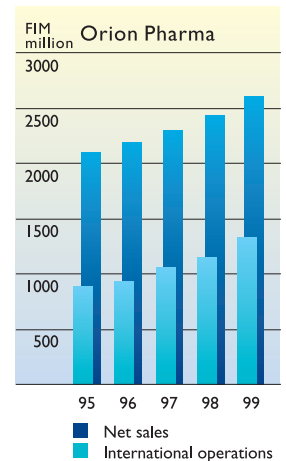
Orion Pharma's net sales were FIM 2,603 million, up 7.0%. International operations grew by 15.6% to FIM 1,330 million, exceeding the annual domestic net sales for the first time. Most of the growth was generated by the increased sales of the new drug for Parkinson's disease, Comtess (entacapone). Orion's proprietary drugs accounted for FIM 569 million, or 22%, of total net sales, and for FIM 515 million, or 39% of net sales from inter-



national operations, the milestone payments from marketing partners excluded.

Although Orion Pharma's net sales in Finland decreased by 0.6% to FIM 1,273 million, Orion Pharma continued to be Finland's largest pharmaceutical company with its 19.0% share of the market.

Operating profit of Orion Pharma rose to FIM 539 million, an improvement on the previous year and above the budgeted level. Major reasons for the improved result were the favourable development in the sales of entacapone, the milestone payments received for the breast cancer drug Fareston and other proprietary products as well as the cost savings achieved in domestic marketing. The contributions to research and development as well as to international marketing grew substantially.



The new liquid handling robot at the Orion Pharma research centre is used for pipetting samples and various small-volume liquids, as well as for analyses and high-efficiency screening of new drug molecule candidates.

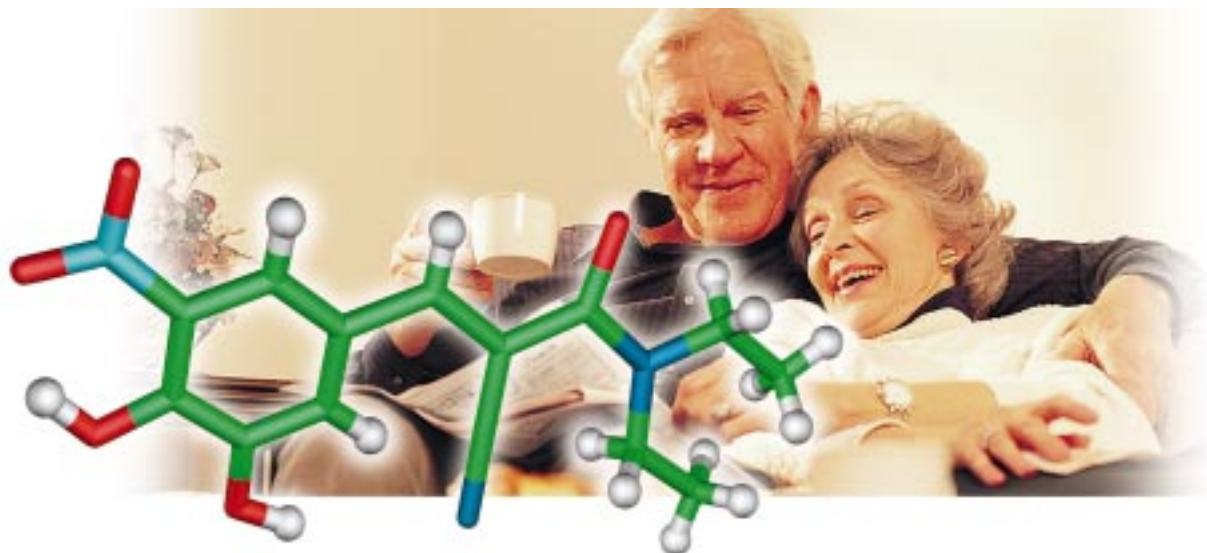
PHARMACEUTICAL RESEARCH, PRODUCT DEVELOPMENT AND REGISTRATION

The focus of Orion Pharma's research operations is on the medical treatment of neurological disorders, cardiac insufficiency, postmenopausal symptoms and respiratory diseases. The activity encompasses all phases of pharmaceutical research from basic research to multinational clinical trials. Orion Pharma R&D expenditure was 14.9% of net sales of pharmaceutical preparations. Pharmaceutical R&D activity employed 787 persons. Two of

Comtess (entacapone)

Orion's proprietary drug discovery, Comtess (entacapone) for the treatment of Parkinson's disease is administered together with levodopa, the mainstay of Parkinson's disease treatment, to inhibit the COMT enzyme from breaking down levodopa in the periphery. Comtess enhances the effect of levodopa by improving its bioavailability.

By the end of 1999, Comtess, which is available as Comtan through Orion's marketing partner Novartis in its territory, had market authorisations in 35 countries world-wide. The U.S. drug authority FDA granted the U.S. market authorisation in October 1999. The EU



Orion's proprietary preparations received market authorisation in the United States, and two other products received their first national approvals as a basis for further EU registrations through the mutual recognition procedure.

Pharmaceutical research projects

Orion Pharma has several clinical and preclinical drug research projects ongoing, based on patented molecular innovations discovered through Orion's own basic research, as well as on in-licensed product candidates and on the exploitation of the Easyhaler multiple dose dry powder inhaler. The unpublished drug research projects also focus on selected areas of therapy in line with Orion's overall operations.

authorisation was obtained in September 1998.

Comtess has proved to be safe in patient use, and to date, the preparation has tens of thousands of users. Further clinical trials with entacapone are underway in Europe and in the U.S.

Zydis Apomorphine

In February, Orion Pharma and R.P. Scherer Corporation entered into a licensing agreement according to which Orion will finalise the clinical trials of the fast-dissolving Zydis tablet formulation of apomorphine. The agreement also provides Orion with the Europe-wide rights to market the preparation. Apomorphine is an off-patent substance currently used subcutaneously to treat severely ill patients with Parkinson's disease.

Simdax (levosimendan)

Simdax (levosimendan) is a drug for acute cardiac insufficiency which increases the contractility of the heart muscle with a novel pharmacological mechanism, calcium sensitisation. Clinical trials in patients treated with a 24-hour infusion of levosimendan have also demonstrated improved haemodynamics and decreased mortality in comparison with patients treated with placebo and dobutamine.

The EU registration process for intravenously administered Simdax started in late 1998 through the mutual recognition. In November, Orion with-

Precedex (dexmedetomidine)

In December 1999, the FDA granted the U.S. market authorisation for Orion's proprietary innovation dexmedetomidine (trade name Precedex) to Abbott Laboratories. According to the authorisation, the drug, administered as an up to 24-hour infusion, is indicated for the sedation of initially intubated and mechanically ventilated patients in intensive care setting. The application for the EU market authorisation, filed in late 1998, is under review by the EMEA.

Precedex, an adrenergic alpha-2 agonist, is a new sedative with analgesic properties. Clinical



draw its U.S. new drug application from the FDA, also filed in late 1998, in order to complement and rewrite the documentation. For the revised application, Orion is currently making preparations to conduct additional Phase 3 clinical studies. The trials on the orally administered formulation of the drug are in Phase 2.

According to Orion's agreement with Abbott Laboratories, Abbott has world-wide marketing rights for intravenously administered levosimendan, excluding Finland and the countries with an Orion subsidiary.

studies have shown that it has favourable properties not found in earlier ICU sedatives. Precedex not only provides sedation but also reduces the need for other pain medications, allays anxiety and maintains stable respiration and hemodynamics. The patients are also able to communicate with the nursing staff, a favourable property.

Orion's co-operation agreement with Abbott provides Abbott with the rights the completion of the clinical trials, as well as marketing. Abbott will market the drug globally, excluding the Nordic countries to be covered by Orion. Orion also manufactures the active ingredient.

Products based on Orion Pharma's own R&D. Status on 25 February, 2000

Active ingredient	Trade name	Indication	Status
Entacapone	Comtess	Parkinson's disease, an adjunct to levodopa	Launched in 1998-
Toremifene	Fareston	Metastatic breast cancer Earlier stages of breast cancer	Available in Finland 1988-, EU and Japan 1996-, USA 1997-. Phase 3
Dexmedetomidine	Precedex	Sedative for use in intensive care	U.S. launch 1/2000, EU registration ongoing (EMEA)
Levosimendan, intravenous	Simdax	Decompensated heart failure	EU registration ongoing (MR) Phase 3 for additional trials
Levosimendan, tablet	Simdax	Chronic heart failure	Phase 2
Apomorphine	Zydis apomorphine	Parkinson's disease	Phase 2
Estradiol valerate + medroxyprogesterone acetate 1-month cycle, bi-phasic	Divina	Menopausal symptoms, prevention of osteoporosis	Launched 1984-
Estradiol valerate + medroxyprogesterone acetate 3-month cycle, bi-phasic	Divitren	Menopausal symptoms, prevention of osteoporosis	Launched 1989-
Estradiol valerate	Divigel	Menopausal symptoms	Launched 1994-
Estradiol valerate + medroxyprogesterone acetate 1-month cycle, triphasic	Diviseq	Menopausal symptoms	Approved in Finland 12/1999, EU registration ongoing (MR)
Estradiol valerate + medroxyprogesterone acetate	Indivina	Menopausal symptoms, prevention of osteoporosis. Eliminates withdrawal bleedings.	Approved in Sweden 12/1999, EU registration ongoing (MR)
Detomidine	Domosedan	Sedative for large animals	Launched 1983-
Medetomidine	Domitor	Sedative for small animals	Launched 1987-
Atipamezole	Antisedan	Reversal of Domitor and Domosedan-induced sedation	Launched 1989-

Easyhaler multi-dose dry-powder inhaler, applications to the treatment of asthma:

Beclomethasone	Beclomet Easyhaler	Prevention of asthma symptoms	Launched 1994-, EU registration ongoing (MR)
Salbutamol	Buventol Easyhaler	Treatment of acute asthma symptoms	Launched 1994-, EU registration ongoing (MR)

Launched = the drug was launched in the mentioned year and is available in several markets.

MR = Mutual Recognition, a registration procedure in which the new drug application is reviewed by one EU country, and registration is sought in the other EU countries on the basis of the first approval.

EMEA = European Medicinal Evaluation Agency, the drug authority for the EU countries (the corresponding authority in the U.S. is the FDA, Food and Drug Administration).

Hormone replacement therapy products

The novel proprietary members of Orion's hormone replacement therapy (HRT) product family, Indivina and Diviseq, received their first national market authorisations towards the end of the year. Indivina, a combined estrogen-progestin therapy allowing the elimination of withdrawal bleedings, was registered in Sweden, while the sequential one-month cycle product Diviseq was registered in Finland. The EU registration process is progressing through the mutual recognition procedure. Indivina is designed for use after a few years from the beginning of the menopause, and besides menopausal symptoms, it is also indicated for the prevention of osteoporosis. The Diviseq treatment can be started immediately on the occurrence of the first menopausal symptoms.

Fareston (toremifene)

Authorised for the markets in Europe, Japan and the U.S., the global registration program of the breast cancer drug Fareston (toremifene) progressed. International long-term Phase 3 trials with Fareston are under way to extend the indication to the adjuvant treatment of the earlier stages of breast cancer.

Buventol Easyhaler

Beclomet Easyhaler

The clinical research program continued on the Easyhaler multiple dose dry powder inhalers developed by Orion. The mutual recognition procedure, which precedes local market authorisations, was completed in most EU countries.

THE WORLD PHARMACEUTICAL MARKET

In 1998, the global pharmaceutical market amounted to USD 302 billion at ex-factory prices, 7% up from 1997 (IMS Health). The top ten markets accounted for USD 251 billion, or 83% of the total sales, up approximately 6%. According to the IMS, the 12 leading markets in 1999 showed stronger growth than in recent years.

Growing population, longer average life and the increase in life-style diseases constitute a solid basis for a growing pharmaceutical market. The market growth is boosted by new drug discoveries providing increased efficacy and less adverse effects, by innovative mechanisms of action, the progress in biomedicine, as well as by solutions for poorly medicated diseases. Also, the efforts by the regulatory authorities to accelerate the market authorisation processes are resulting in more rapid introduction of not only new chemical entities but also generic competitors of drugs getting off-patent.

However, almost all western countries have launched large-scale programs to contain the growth in medicinal costs covered by public expenditure. The measures include price reductions, stricter reimbursement policies, limitations to doctors' prescription rights, and standard treatment recommendations for the most common diseases. Pharmaceutical companies are faced with the relatively new requirement to justify their pricing applications with health economic data: a high price can be acceptable if the medication helps to decrease or partly eliminate the even higher costs of institutional care.

Orion Pharma International Operations

Net sales from Orion Pharma's international operations grew by 15.6% to FIM 1,330 million, accounting for 51.1% of Orion Pharma's total net sales. Net sales of human pharmaceuticals were FIM 1,015 million, or 76.3% of the total international operations. Exports of active pharmaceutical ingredients rose to FIM 208 million, up 15.7%, and veterinary drugs FIM 107 million, up 8.0%.

Human pharmaceuticals

The reinforcement and restructuring of Orion Pharma's international marketing organisation continued. Preparations were made to coach the organisation to face and meet the challenges and demands related to the launching and marketing of Orion's proprietary drugs in the core therapy areas: central nervous system disorders, cardiac and critical care, hormone replacement therapy and respiratory diseases.

which contributed FIM 182 million (FIM 21 million) to net sales, with international operations accounting for FIM 175 million of the total. About 58% of this was sales to Novartis. At the end of their first full year on the market, Comtess and Comtan were available in 27 countries. Novartis launched the product in the U.S. in November.

Orion Pharma markets entacapone in the Nordic countries, Germany, the UK and the Baltic countries under the trademark Comtess, while the trademark used by Novartis in the rest of the



Comtess, originating from Orion Pharma's own R&D, was the best-selling product for Orion Pharma during its first full year on the market.

Human pharmaceuticals accounted for FIM 1,015 million of Orion Pharma's international operations, up 23.3%. The net sales included FIM 114 million (FIM 37 million in 1998) in payments related to marketing agreements. Altogether FIM 30 million were received from Abbott Laboratories in milestone payments related to the filings of the Simdax (levosimendan) and Precedex (dexmedetomidine) new drug applications and to the granting of the U.S. market authorisation for Precedex. A FIM 56 million payment related to the new U.S. marketing agreement for Fareston was received from Roberts Pharmaceutical Corporation, and FIM 28 million from Novartis on the basis of the U.S. market authorisation for Comtan (entacapone).

The largest product by sales was Orion's own Parkinson's disease drug Comtess (entacapone)

world is Comtan. The European sales of Novartis have developed favourably, and the recently launched U.S. sales also show solid growth.

The sales of the hormone replacement therapy (HRT) products **Divina**, **Divitren** and **Divigel** continued to grow although not quite to expectations due to the tough competitive situation in this therapy group. The HRT products play a substantial role in Orion's product portfolio.

The total net sales of the breast cancer drug **Fareston** (toremifene) were FIM 67 million (FIM 93 million) of which the export sales were FIM 65 million (FIM 91 million). The major export market was Japan, where the favourably developing demand generated FIM 46 million (39 million) in net sales. The U.S. market accounted for FIM 5 million of net sales. In September, the U.S. marketing rights were taken over by Roberts Pharmaceutical

Corporation. The Fareston sales showed some growth in the major European markets Germany, France, Italy and Spain.

The sales of the product range for respiratory diseases declined slightly from the previous year. Germany was still the major individual market for the **Easyhaler** dry powder inhalers of asthma drugs. **Beclomet Easyhaler**, for administration of beclomethasone, and **Buventol Easyhaler** for salbutamol, respectively, are available in several European countries. The patent related reasons, which have prevented the introduction of the product in the U.S., have now been settled whereby the geographical restrictions limiting the marketing possibilities of the Easyhaler line have been eliminated.

Net sales of the Parkinson's disease drug **Eldepryl** (selegiline) amounted to FIM 78 million (FIM 89 million), the exports accounting for FIM 70 million (FIM 80 million). Exports continued to decline but at a comparatively slow rate of 12%, partly because the sales in France were taken into Orion's own subsidiary.

Development of subsidiaries

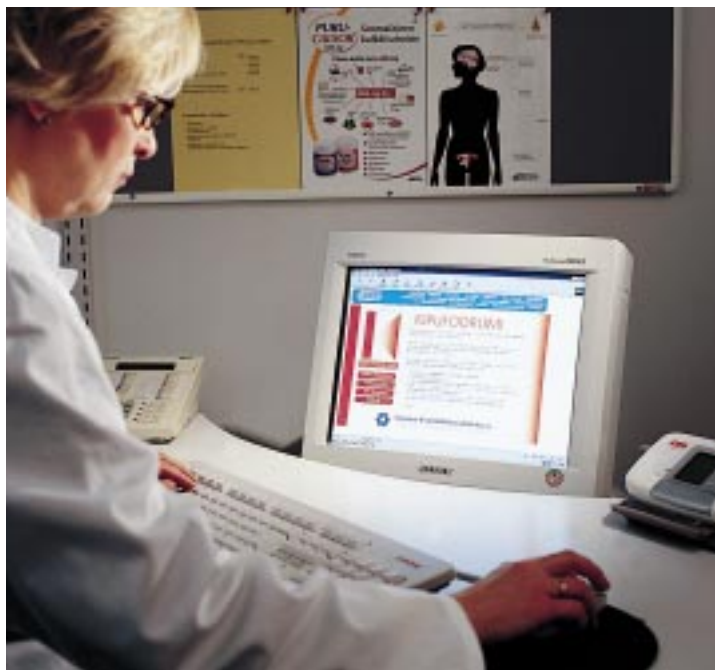
Net sales of the Swedish subsidiary **Orion Pharma AB** grew by 20.2 % to SEK 148 million. The most vigorously growing products were the Parkinson's disease drug Comtess (entacapone) and the licensed preparation Enanton (leuproreline) for prostate cancer. The major products by net sales were Enanton, the anti-inflammatory Pronaxen (naproxen) and Comtess.

Net sales of the Danish subsidiary **Orion Pharma A/S** declined by 30.9% to DKK 118 million, mainly as a result of the expiration of the marketing licenses for Boehringer Mannheim's pharmaceuticals and diagnostic products. Taking exports into consideration, the combined net sales of the Danish subsidiary rose to DKK 172 million. Comtess and Imoclone (zopiclone), a hypnotic, grew most. The largest products in terms of volume were the cardiac drugs Isonit (isosorbide dinitrate) and Dilzem (diltiazem), as well as Comtess.

Net sales of the Norwegian subsidiary **Orion Pharma AS** rose to NOK 23 million, up 4.7%. Comtess and Enanton were the fastest growing products while the antibiotic Trimopan (trimetoprim), the Parkinson drug Eldepryl (selegiline) and the diuretic Furesis (furosemide) were the major products.

Net sales of the German subsidiary **Orion Pharma GmbH** amounted to DEM 57 million, up 16.7%. Comtess and the osteoporosis drug Calcimagon showed the fastest growth. The major products by sales volume were Comtess, the asthma drug inhaler Beclomet Easyhaler and Calcimagon.

Net sales of the UK subsidiary **Orion Pharma (UK) Ltd** grew by 38.3% to GBP 8.8 million. The growth was mainly boosted by Comtess, and other vigorously growing products were the HRT drug Divitren, the hypotension drug Dilzem and the cancer drug Trexan (methotrexate). The marketing



rearrangements in 1998 of Tridestra, same as Divitren, contributed largely to the substantial growth. Divitren and Comtess were the major products by sales volume.

Net sales of the Irish subsidiary **Orion Pharma (Ireland) Ltd** grew by 20.4% to IEP 1.1 million. Major products were Eldepryl and Comtess, which also grew most vigorously.

Operations of the French subsidiary **Orion Pharma SA** started in the middle of the financial year. Net sales were FRF 16.5 million, mostly generated by Eldepryl.

The "Pain Forum" is a new Extranet service provided by Orion Pharma in collaboration with the Finnish Pain Research Association, Suomen kivuntutkimusyhdistys. GPs need a personal FiMnet (Finnish Medical Network) user identification code to receive the experts' answers to their questions about pain and pain treatment.

THE FINNISH PHARMACEUTICAL MARKET

The Finnish market for human pharmaceuticals, veterinary drugs and other pharmaceutical preparations, at ex-factory prices, was FIM 6,350 million (FIM 5,829 million in 1998), up 8.9%. Pharmacy drug sales grew by 10.3% to FIM 4,921 million while sales of drugs to hospitals grew by 3.5% to FIM 1,300 million.



In collaboration with the best experts, Orion Pharma has produced abundant literature to assist doctors in their work. The latest and extensively updated edition of Terapiamuistio (Therapy Memo) is a practical handbook briefly describing the essentials of the most common diseases.

The total market for human pharmaceuticals totalled FIM 6,224 million, up 9.1%. Almost all of the growth was generated by new preparations. Prices of older preparations went down due not only to administrative measures but also to price competition.

The Finnish pharmaceutical market is strongly influenced by the efforts of the authorities to contain the growth in medicinal costs. The major measures implemented include the reduction of prices of the so-called old drugs and the regime of granting the prices for a fixed period only. The measures have strongly influenced Orion's product

range, which largely consists of extensively used, already less expensive basic preparations. The cost containment measures have had only modest impact on the real motors of the growth in medicinal costs, i.e., the prices of new drugs. Foreign pharmaceutical companies' sales in Finland grew by 12.4%, a substantial increase on the previous year.

Orion Pharma on the Finnish pharmaceutical market

Human pharmaceuticals

Orion Pharma's domestic net sales of human pharmaceuticals amounted to FIM 1,163 million, almost exactly the same as in 1998. The fact that the price reductions had a most marked impact on Orion, combined with a slow renewal of the product selection, led to a further declined market share of Orion, to 19.0% in terms of sales in Finnish marks while the market position remained unchanged in terms of volume. The total impact of the price reductions on Orion's product range was FIM 17 million.

As a consequence of a company acquisition, the Boehringer Mannheim products are no longer included in Orion's portfolio as of the beginning of year 2000. The combined net sales generated by these products were FIM 117 million in 1999. New products to compensate for the exited products have already been introduced, and will be introduced in the future.

The basis for future net sales growth is sought through constant development of the product range. Besides in-house research activity, the renewal also calls for efficient product acquisition and product development operations.

Prescription drugs

The market for prescription drugs continued to grow by 9.5% and the total sales amounted to FIM 5,451 million. The fastest growing sectors were lipid-lowering agents, new neuroleptics, respiratory drugs, gastrointestinal treatments and neurological drugs as well as several minor therapy groups with certain significant novel preparations.

Prescription drugs accounted for FIM 833 million (FIM 851 million) of the domestic net sales from Orion Pharma's human pharmaceuticals.

The introduction of Comtess (entacapone)

has progressed goal-orientedly. In December 1999, the drug accounted for 16% of the total Finnish market for Parkinson's disease drugs. However, the penetration of the drug in Finland is still hampered by the fact that Comtess only has the basic reimbursement status. Other neurological drugs performed according to expectations.

Sales of the Easyhaler preparations continued to grow rapidly, despite the important asthma drug novelties introduced by the competitors. Beclomet Easyhaler became the leading beclomethasone-containing drug.

Among Orion's own innovations, the Divigel estrogen therapy reached the sales volume level of its sister product Divina.

The core of Orion's cardiac drugs as well as of its metabolic preparations is constituted by basic medications such as diuretics. Considering the price reduction measures, these preparations developed as expected. The development shown by Lisipril (lisinopril) and Lovacol (lovastatine) was particularly positive. At the beginning of 2000, Orion introduced the angina pectoris drug Ormox (isosorbide-5-mononitrate) and the diabetes drug Origucon (glibenclamide) to replace the two former products Ismox and Euglucon, respectively.

Competition was increasingly tough in the pain reliever group. However, Burana (ibuprofen) maintained a stable sales volume and its strong market leadership. Tramal (tramadol) continued its rapid growth which was, however, contained by the price reduction imposed towards the end of the year. Among the acetylsalicylic acid group, Primaspan and Disperin developed favourably, thanks to increasing prescription-based use.

Sales of antibiotics to non-hospitalised patients developed favourably and the basic antibiotics enhanced their market positions. Particularly positive were Kefexin (cephalexin), Zeclar (clarithro-



Burana continued to be Finland's number one painkiller.

mycin) as well as the Helipak combination treatment for the elimination of helicobacter pylori which took a new upward turn.

The gastric ulcer drug Lanzo (lansoprazole), marketed under a co-promotion agreement with Wyeth-Lederle, continued to grow and is today one of the best selling products on the pharmaceutical market.

The basic antidepressant Seronil (fluoxetine) resumed its growth trend. Froidir (clozapine), complementing the selection of heavier psychopharmaceuticals, performed better than anticipated in the tough competition, while the market penetration of the hypnotic Zopinox (zopiclone) was slower than anticipated.

Among other therapy groups, the in-licensed urology preparations Expros (tamsulocin) and Enanton (leuproreline) performed particularly well.

As a result of increased competition, sales of hospital infusions continued to decline, down 10% from the previous year.

Self-medication products

Orion's non-prescription (OTC, over the counter) drugs generated net sales worth FIM 330 million (FIM 312 million), up 5.8%, and they accounted for 28.4% of Orion Pharma's domestic net sales from human pharmaceuticals. Orion maintained a stable 32% share of the Finnish self-medication market, which grew by 5.5%. However, the growth was hampered by the fact that no prescription drugs were transferred to the OTC category.

The Burana (ibuprofen) product line performed well in the tough competitive situation. Burana-Caps was the fastest growing product while the sales of Burana 400 remained at the previous year's level. Ibusal (ibuprofen) continued to grow. Ketorin Hot (ketoprofen) and Burana-C enhanced their position in the influenza drug market.



The video conference arranged by Orion Pharma at the Oulu Medical Conference provided a remote training opportunity for Finnish doctors.

Ormox is Orion's new long-acting nitrate preparation for the treatment of angina pectoris.

The performance of the Paratabs (paracetamol) was also positive.

Towards the end of the year, Orion introduced a new vitamin B preparation Beko Strong which immediately assumed a good position on the market characterised by a tough competition. The multivitamin preparations Multivita and Multivita Plus also strengthened their market position.

Despite sharper competition, Orion's well-designed basic ointment line, including Aqualan and Lipolan, continued to grow. The Nizoral (ketoconazole) special shampoo also took a stable growth turn.

Fermion, a manufacturer of active pharmaceutical ingredients

Fermion manufactures and markets active pharmaceutical ingredients both to Orion and to outside users. Fermion's net sales grew by 14.9% to FIM 327 million. The major products were the active ingredients of Orion's proprietary drugs, mainly entacapone, followed by azathioprine, trazodone, methotrexate, pentoxifylline and verapamil. Deliveries of diltiazem decreased substantially. Along with the growth in the products for Orion's own use, the share of exports decreased to 63.8%.

With the objective of securing the availability of entacapone, the Hanko production facilities are being extended. The FIM 100 million investment project will increase production capacity by 40%.

Animal Health

Orion Pharma develops, manufactures and markets an extensive selection of veterinary drugs mainly for the Nordic market, for both livestock and pet animals. Orion is the superior leader in the Finnish market for animal drugs.

Net sales of veterinary drugs were FIM 198 million, up 4.8%. Exports grew by 16.6% to FIM 107 million. The sales developed favourably in all markets, especially in Europe and the U.S. Orion's original preparations, the animal sedatives Domosedan (detomidine) and Domitor (medetomidine) as well as their antagonist Antisedan (atipamezole) accounted for

FIM 102 million of the net sales from veterinary drugs, and their sales grew by 15.7%. Exports consisted mainly of animal sedatives.

A renewed non-prescription drug line Aptus for pet animals as well as the pseudopregnancy drug Galastop (cabergoline) for dogs were launched in Finland. The introduction of Virbamec, the ivermectine-containing parasiticide for livestock, was particularly successful. As a whole, the Finnish sales declined and additional growth was provided by the Swedish and Danish markets.

The Swedish sales grew by 29%. Motors of the success were the animal sedatives, the benzyl penicillin preparation Geepenil for livestock as well as Galastop. The Danish sales of Domosedan grew by over 20%.

Net sales of Hiven Oy were FIM 34 million, down about 6% from 1998. The best product categories were minerals and drinkable feeds.

Orion Pharma outlook for 2000

The most vigorously growing products of Orion Pharma are the Parkinson's disease drug Comtess, and the animal sedatives Domosedan, Domitor and Antisedan. After one year of levelled growth, the breast cancer drug Fareston is also expected to grow. Net sales from international operations are anticipated to grow rapidly, boosted mainly by Comtess.

As of the beginning of 2000, Orion no longer represents the Boehringer Mannheim pharmaceuticals in Finland, a market that is growing faster than expected. Moreover, as the sales of the existing product selection are growing more slowly than the Finnish pharmaceutical market on average, Orion's domestic pharmaceutical sales will decrease substantially.

As a whole, the growth in Orion Pharma's net sales is expected to slow down, and the operating profit is estimated to decrease slightly from the previous year's level. Ultimately, the development of profits will be dependent on the timing of the international marketing operations and pharmaceutical research allocations.

Aptus

Aptus is the new branded family of OTC preparations by Orion Pharma Animal Health for cats and dogs. The handsome cat Otto is one of the mannequins for the products.



ORIOLA

FIM million	1999	1998	% change
Invoicing	3 528	3 249	+8.6%
Net sales	2 117	1 867	+13.4%
Exports and subsidiaries abroad – % of net sales	312 14.7%	265 14.2%	+17.6%
Exports from Finland	160	136	+18.0%
R&D expenses	10	9	+16.1%
Operating profit	145	143	+1.7%
Investments	27	21	
Personnel	1 191	1 167	
– abroad	202	167	
Profitability: Very satisfactory			
Share of Group net sales	39%	35%	

Oriola is one of the leading pharmaceutical distributors operating in Finland and the neighbouring countries. Oriola is also an important marketer of a broad range of non-medicinal products for healthcare. The comprehensive product range and services provided by Oriola meets the needs of the entire healthcare sector, ranging from large hospitals to minor clinics. In dental care, Oriola is also engaged in equipment manufacturing and international marketing. The company has subsidiaries in the Baltic countries, Sweden and the St. Petersburg region in Russia.

Oriola's invoicing grew by 8.6% to FIM 3,528 million. The most significant growth was seen in

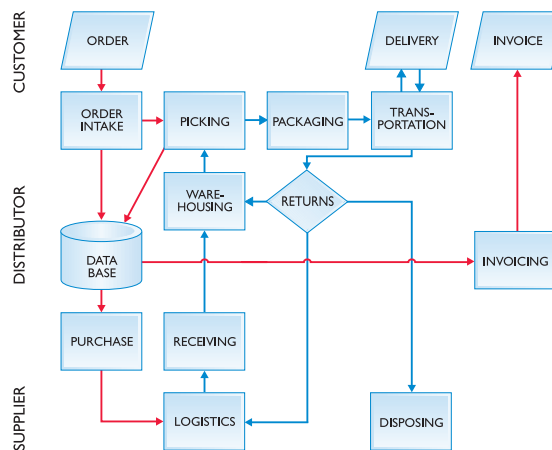


the basic business operations, i.e. Supplier Services, Wholesale and International Distribution. Net sales grew by 13.4%. The operating profit slightly improved from the previous year but did not reach the budgeted level, mainly due to the contributions made to the business units which are starting their international operations. Oriola continued to expand its operations in Finland's neighbouring areas according to plans.

Distribution and Wholesale Sector

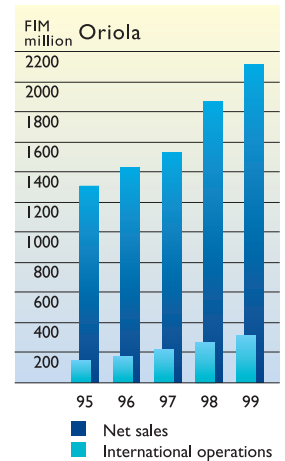
The net sales of the Distribution and Wholesale Sector rose by 17.8% to FIM 1,443 million. Oriola's share of pharmaceuticals distribution in Finland was 38% in 1999.

The **Distribution** unit, which constitutes Oriola's core process takes charge of Oriola's logistics services which include import and export forwarding, warehousing, order taking and product distribution. Deliveries to customers take place from the central warehouse in Espoo and from the regional warehouses in Kuopio, Oulu and Seinäjoki. These centres constitute a distribution



network across Finland. The Estonian market is catered for by the outlet in Tallinn while Latvia is served through an outlet in Riga and Lithuania by the outlets in Vilnius and Klaipeda.

The **Supplier Services** unit offers complete importing, warehousing and distribution services to Finnish and international companies operating in the pharmaceutical and healthcare sectors. The unit also



Oriola improves operational quality and cost-efficiency by continuous development and optimisation of its core processes.

Oriola is expanding its operations in Finland's neighbouring areas in a goal-oriented manner.

Oriola has introduced a fully automatic line for handling the transport containers. The system washes and stores the containers, and dispatches them onto the conveyor for the next round of picking up the products to be delivered. The system also controls the return of the boxes from customers.



provides its clients with the Internet-based Oriola Online reporting system, as well as tele-marketing, and data and information systems. The unit's principals include 65 international pharmaceutical manufacturers. In 1999, new Oriola distribution agreements were made with Lövens, Searle Fennica, Vitabalans, Harmonia Aitoravinto and Roche Diagnostics Ab while HemoCue Oy started using the Oriola services as from the beginning of 2000. The product exits included the Boehringer Mannheim pharmaceuticals, to be part of the Roche product selection as of 2000, and the Zeneca products which will no longer be distributed by Oriola after 1 April, 2000 as a result of the Astra-Zeneca merger.



International Distribution unit is engaged in full-service healthcare wholesale operations in the Baltic countries and Northwest Russia. Besides marketing, the Oriola subsidiaries domiciled in the Baltic countries also provide their principals with import, warehousing and distribution systems, while the operations in Northwest Russia are carried out under a pre-wholesale co-operation arrangement made with local wholesalers.

Panfarma provides international pharmaceutical and healthcare product manufacturers with marketing, registration and other administrative services, and also acts as the representative in some cases. The company also operates in all Baltic countries, together with Oriola's International

The Wholesale unit markets both Oriola's own product families and international branded lines.

The **Wholesale** unit sells and markets products and services to pharmacies, veterinarians, hospitals and other healthcare sector operators. The major brands are the PanAcido lactobacillus products and the Lysi cod-liver oil. Product development has also introduced a new proprietary branded line to meet the needs of pharmacies. Provided for pharmacy sales only, the line includes special products, such as magnesium and chrome preparations, an ovulation and pregnancy test as well as the "Apteekin Puhtaat" wound treatment line.

In line with the overall Oriola strategy, the



Distribution unit. One of Panfarma's major co-operation partners is Searle Fennica, division of Monsanto Oy while the most important pharmaceutical representations include the products of Medeva Pharma Ltd, Solco Basel AG and Lohman Animal Health GmbH. The co-operation with Boeinger Ingelheim GmbH continues at a reduced scale.

Reformi-Keskus markets and sells an extensive selection of health foods and functional foods 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. Reformi-Keskus strengthened its market position in Finland and in the Baltic countries. The domestic retail and industrial sales of the Pansuola mineral salt progressed. Export markets include Sweden, the Baltic countries, Great Britain, Singapore, Japan and Israel. In the United States, the product is manufactured under license by AMBI Inc. and sold nation-wide in pharmacies under the name Cardia Salt.

Reformi Femisoija is exported to the Baltic countries, Sweden and Austria.

Medical and Technical Sector

The net sales of the Medical and Technical Sector grew by 7.7% to FIM 562.1 million.

Medical Products unit (hospital instruments) markets supplies for clinical examinations, procedures and nursing, as well as medical equipment, surgical instruments, implants, and aids for the handicapped. Market growth was very slow for the second subsequent year. The change of the millennium caused only modest accumulation of reserve supplies. However, the Medical Products unit strengthened its position in the Finnish market. Thanks to the efforts by the specialised sales teams, sales of wound treatment products, operating room supplies and aids for the hearing, seeing and speaking impaired increased. Consistent growth was generated by the orthopaedic implants manufactured by Zimmer Inc., the orthopaedic instruments of Linvatec Inc., the catheters of Maersk Medical A/S and the delivery monitoring systems developed by Agilent Technologies Inc. The Medical Products unit's share of the Estonian market strengthened.

Kuulolaitekeskus and **Apuväline Oriola** market hearing, speaking, seeing and mobility aids as well as audiological diagnostics. The market for the aids took a clear downward turn as a result of the decreased public acquisition appropriations. Thanks to its expertise and high-quality products, the unit was able to increase its share of the clientele's purchases. The sales of the aids showed a favourable development.

Prolab markets laboratory equipment and supplies, chemicals and reagents used in life science and chemical research and routine analysis labora-



Sysmex
THIS is IT!
XE-2100

tories, as well as diagnostic products. The comprehensive service concept includes expert user instruction, problem solving, training, seminars and technical services. The product range was complemented with a new Sysmex XE-2100 analyser, based on flow cytometry, and by the Dionex SUMMIT™ HPLC system.

Sysmex XE-2100 is an automatic haematological analyser for blood cell examinations.

In addition to the microbiological product range of bioMérieux SA, the marketing operations comprised immuno-diagnostic analysers and clinical chemistry products. The foodstuff analysis equipment manufactured by Behr Labor-Technik GmbH constitutes a new product group. The representation of the Boehringer Mannheim products terminated in the autumn. In spring 2000, the product range will be complemented by several laboratory equipment representations taken over from Instrumentarium.

Developed by Ultradent and intended for use at home under the dentist's supervision, Opalescence is a carbamideperoxide-based substance for whitening individual teeth or the entire denture.



Medion markets medical imaging and radiotherapy equipment to the healthcare sector, and infrared devices and testing systems to industry.

The sales of imaging systems progressed favourably and Medion enhanced its position as the leading supplier. Philips played a significant role in radioscopy and angiography equipment, as well as in bone imaging equipment. The Toshiba tomography and ultrasound equipment showed a favourable development while equipment sales to industry decreased.

Oriola Oy Hammasväline (dental care) continued to strengthen its position as Finland's leading full-service dental dealer. The products and services comprise the entire dental care sector from a full-range product selection to extensive training operations.

The utilisation of the Internet-based order system is growing rapidly, and the system has established itself as a viable ordering system and source of information. In 1999, the product range was complemented through the representation of the Sirona Dental Systems dental care machines, drilling instruments and X-ray systems. The subsidiary Oriola Dental AB expanded operations in Sweden, and is now able provide its services to all Swedish dental care operators through its comprehensive product range. The Latvian sales grew rapidly.

Hammasväline has made an important contribution to the development of its sales and operations both in Sweden and in Finland's other neighbour countries. The ensuing volume and price benefits will also be in favour of Finnish operators and Hammasväline's co-operation partners in other countries.

The **Graphic Arts Department** markets DuPont's and Agfa's materials and equipment to the graphic and packaging industries, both undergoing rapid technological renewal, thereby providing substantial new business potential for graphic equipment and materials suppliers.

Industrial Sector

Soredex develops, manufactures and markets dental X-ray equipment as well as Finnident dentist's chairs and dental care units. The X-ray product family comprises the Cranex panoramic X-ray equipment, Cranex TOME and Scanora multi-dimensional tomography equipment for dento-maxillofacial imaging and the Digora X-ray imaging systems.

Net sales diminished in 1999. Exports accounted for over 98% of Soredex sales, with the major export markets in the United States, Germany, other Western European countries and Korea. As a result of a revision of the US business concept, the marketing organisation was downsized.

Oriola's outlook for 2000

After the recent years of rapid development, the growth of Oriola's net sales is expected to slow down from the previous year. The operating profit is anticipated to grow slightly.

ORION DIAGNOSTICA

FIM million	1999	1998	% change
Net sales	177	177	+0.1%
Exports and subsidiaries abroad	139	137	+1.2%
– % of net sales	78.4%	77.5%	
Exports from Finland	103	100	+3.0%
R&D expenses	16	17	-11.1%
Operating profit	22	16	+39.3%
Investments	13	7	
Personnel	326	335	
– abroad	30	38	
Profitability: Very satisfactory			
Share of Group net sales	3%	3%	

Orion Diagnostica develops, manufactures and markets diagnostic tests and test systems. The company's expertise is focused on specific protein assays, on products for diagnosing infectious diseases as well as on various hormone and bone metabolism assays. Orion Diagnostica utilises biomedical innovations in its product technology. The emphasis is on tests and compact systems for point-of-care use by means of which reliable results are obtained easily and rapidly for the basis of the patient diagnosis and treatment plan.

World-wide exports account for about 80% of Orion Diagnostica's operations. Sweden, Denmark and Norway are catered for by Orion Diagnostica's own marketing subsidiaries.

Orion Diagnostica's net sales met expectations and rose to the previous year's level. Despite the



structural changes implemented in the US operations, the sales of proprietary products increased by 3%. Profitability continued to improve from the previous year and was notably above the budgeted level.

Exports grew by 1.2%. The major markets were the Nordic countries, Western Europe, the US and Japan. The Chinese market showed the steadiest growth. Net sales of the Nordic subsidiaries increased

and their profitability improved owing to the rapid growth of the QuikRead CRP sales. The domestic sales of Orion Diagnostica continued to decline due to the automation of test systems.

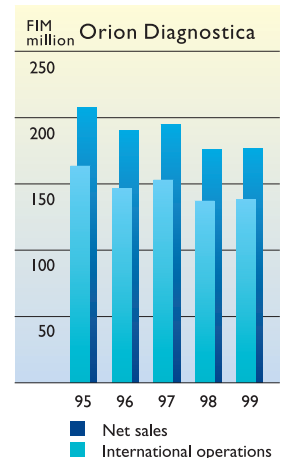
Orion Diagnostica continued to focus on simple and easy-to-use tests and small-size systems for point-of-care testing. Using these means in the primary healthcare, the GPs and the laboratory technicians will be able to obtain quick and reliable test results while the patient is waiting. QuikRead CRP, a system for the determination of C-reactive protein in the assessment of inflammation or tissue damage, is a good example. The product continued its sustainable growth and reached a considerable market position in the Nordic countries.

There was an increased demand for the focal products, such as the market leader Uricult, a test for urinary tract infections, other CRP assay methods as well as hygiene tests. A co-operation agreement for hormone radioimmuno assays (RIA) was signed with the Iranian company Kavoshyar Iran Co. This agreement will result in considerable growth for RIA products in new markets. The line of soluble transferrin receptor assays for the detection of iron deficiency anaemia was extended through the introduction of a new assay, IDEA sTfR-IT, to be used in automated clinical chemistry analyses. The Turbox plus protein analyser system as well as the SprayCult reagent for improved surface hygiene sampling, were also launched towards the end of the year.

The focus of product development was on QuikRead CRP, tests for the detection of helicobacter pylori infections, hygiene tests, bone metabolism assays as well as on new special markers and partnership products. Product development operations were concentrated in Espoo and Oulu.

Orion Diagnostica's outlook for 2000

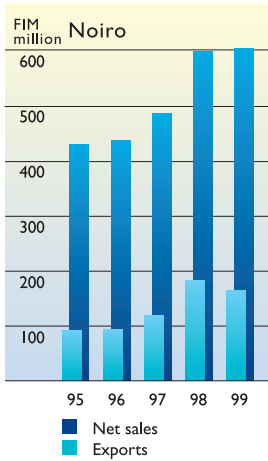
Favourable conditions have now been created for the growth of net sales which are expected to show stronger growth. Profitability is expected to improve further.



The new Turbox Plus system for quantitative assessment of specific proteins.

Diarlex MB enables reliable and easy detection of rota and adeno viruses from stool samples.

NOIRO



FIM million	1999	1998	% change
Net sales	603	597	+1.1%
Exports from Finland	164	180	-9.1%
- % of net sales	27.1%	30.1%	
Operating profit	47	36	+30.7%
Investments	22	35	
Personnel	749	770	
Profitability: Very satisfactory			
Share of Group net sales	11%	12%	

Noiro develops, manufactures and markets cosmetics, products for personal and home care, hair-dressing products, and products for hospital, institutional and industrial cleaning and hygiene. The operations are based on its own strong brands, such as Lumene, Herbina, Cutrin, Favorsa, Erisan and Farmos. Proprietary brands account for almost 80% of Noiro's net sales.

Acclaimed international brands complement Noiro's product range.

Noiro develops its innovative brands in an environmentally compatible manner to meet the highest international demands. Noiro's product development is inspired by the pureness of the Finnish nature, and the product ideology follows the combined logic of cleanliness, health and beauty. Well-being is the common denominator characterising the entire product range. The product philosophy based on cleanliness and naturalness is successfully applied by Noiro also in exports.

Noiro's share of the Finnish market strengthened. Cosmetics, especially Lumene, and hair-dressing products showed the most positive development.

Through its goal-oriented efforts to enhance the penetration and recognisable brand image of Lumene, Noiro has continued to strengthen its competitive position in the Nordic Countries, Poland, the Baltic countries and Russia.

Net sales in 1999 rose by 1.1% to FIM 603 million and exceeded expectations. Targets were almost met in Finland. Exports to Russia partly recovered from the previous year's crisis, and exports to Sweden, Norway and Denmark progressed according to plan. Operating profit improved from the previous year's level.

Personal daily care and home care products

In the personal daily care and home care product sector, the focus was on the in-house Herbina, Anytime and Erisan brands. The retail sales of the Wella hair cosmetics line represented by Noiro grew substantially. Exports of the Herbina products continued at a sustained level.

30 years of Lumene

The year 2000 is the 30th year for the Lumene cosmetic line on the Finnish market. The first five Lumene skin care products were launched on 30 January 1970.

The Lumene cosmetics line was named after the clear-water Lake Lummenne located in Kuhmoinen, Finland.



The impact of the Lumene Stress Delete fortifying moisturiser is based on the Skin Defense Complex protection which helps to restore the skin balance in a natural manner, and the skin regains its freshness and vitality even in stressful conditions.



Cosmetics and hairdressing products

Lumene, Noiro's proprietary cosmetics line, strengthened its Finnish market leadership and now has an almost 25% share of the market. Lumene products also accounted for the major share of exports.

Noiro also represents international brands of selective cosmetics, such as Juvena, Piz Buin and Babor. The Nanoel cosmetics line followed a favourable trend and the Favora skin care line developed by Noiro for pharmacy distribution strengthened its market position.

Both the domestic and export sales of Noiro's



own hairdressing product line Cutrin grew, and hairdresser sales of the internationally acclaimed Wella hair cosmetic brand developed favourably.

Institutional and industrial cleaning and hygiene products

The Finnish market for institutional cleaning and hygiene products, represented by Noiro's Farnos product group, grew modestly. The sales of the Erisan products for hospital hygiene developed favourably whereas the sales of the Farnos industrial hygiene products and the Karkone institutional cleaning machines decreased. Towards the end of the year, preparations were started to integrate the Hollola plant with the Farnos production plants and warehouses situated in the Turku region.

Noiros outlook for 2000

Both domestic sales and exports are expected to develop positively. Operating profit is estimated to improve from the previous year's level.



One in every three lipsticks sold in Finland is a Lumene product. To mark the 30th anniversary of its leading cosmetics line, Noiro launched five new trendy colours in a lush golden case.

An innovative newcomer in the Lumene Cleansing line is the Pure Touch Purifying Mineral Mask. The product contains Finnish peat, extracted from the purest cranberry-growing peatlands where it has enriched over several centuries to reach extremely high mineral contents.

PERSONNEL

In 1999, the average number of Orion Group personnel was 5,210, down 307 from 1999, mostly as a result of the divestment of the Normet division.

The personnel employed by the continued operations decreased by 37. The Orion Group had operations in 13 Finnish localities and in 17 countries outside Finland. The personnel employed in Finland totalled 4,535, or 87.7% of the entire staff, while the number of those employed in other countries was 637, or 12.3%.

Of all employees, 3,731, or 72.1%, were clerical workers and 1,441, or 27.9%, were blue-collar workers.

The healthcare sector (domestic) and Noiro

Of the personnel employed in the healthcare sector businesses as well as cosmetics and detergents, 2,819 were women (62.2%) and 1,716 (37.8%) men.

The level of education of clerical employees was as follows:

- secondary school level	656 persons	20.9%
- vocational school or post-matriculation level	1,389 persons	44.3%
- university level	1,091 persons	34.8%
	3,136 persons	100.0%

New personnel were recruited mainly for international operations as well as R&D. Several different recruitment channels were used, with the Internet playing an increasingly important role. Orion Pharma's research and product development employed 787 persons.

The average age of the employees was 40 years and the average duration of employment was 10 years.

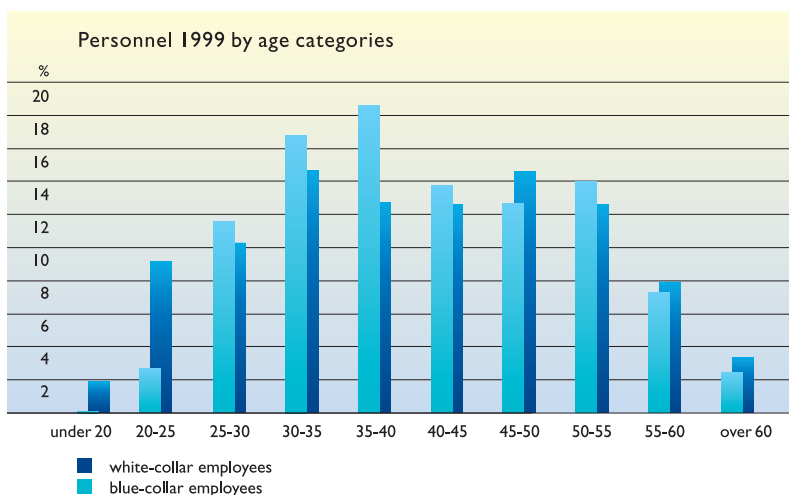
Personnel turnover remained virtually at the previous year's level while the total absence rate decreased somewhat from the level of previous years.

Development of competence and well-being

The Orion Group's comprehensive operations in the healthcare sector call for broad and deep expertise from the personnel. Moreover, growth is sought in the strongest areas of knowhow. The business divisions are becoming increasingly international in their core business operations, and a client-oriented mode of operation is emphasised. It is therefore necessary to develop not only the human resources but also common operative models in these areas. Besides conventional training in profession-specific skills, particular attention was paid to the development of management and co-operation skills as well as to appraisal discussions. Some 4,000 Group employees took part in in-house training. The Group spent FIM 20.5 million to training services purchased from external sources. The average number of training days per a white-collar employee was 4.

Job rotation is an inherent part of the development of competence and expertise. Internal mobility both within and between the business divisions is encouraged, not only to promote versatile skills but also to provide the employees an overall view of the Group operations, to streamline the business processes and to increase flexibility among employees.

The practical materialisation of the Group values – customer satisfaction, personnel appreciation, continuous development and shareholder value – is promoted in the divisions and at Group personnel representatives' meetings through various introductory addresses and discussions.





As part of their "Successful Sales Rep" training program, the Orion Pharma salespeople established a set of parameters for the evaluation of the quality of their own work. Orion sales staff members Eino Rundelin (left), Sari Mälkiä, Tarja Varpuhuhta and Hannele Nilsson consulting with Dr. Klas Winell, the coach.

For continuous maintenance of the employees' ability to work, the Orion Group objective is to constitute a healthy and productive working community as well as to encourage the individual employees to promote their personal well-being. The focus of the activities for maintaining working ability is on the physical, mental and social capabilities of the individual, as well as on the working environment and the functioning of the working community. The Group level steering committee for the activity outlines the efforts focusing on maintained working ability, supports and monitors the implementation of the plans in the business divisions, and provides the framework for versatile possibilities. More detailed objectives and plans are set out by local teams, providing the necessary information and encouragement. The company aims to incorporate the working ability maintenance activities into the daily work of each part of the organisation, in parallel with work safety and occupational healthcare work.

Personnel of the Orion Group by countries 1999
(Average number of personnel)

	Orion Pharma	Oriola	Orion Diag- nostica	Noiro	Central Adminis- tration	Total
Finland						
Helsinki region	1342	826	200	441	25	2834
Hanko	140					140
Turku region	531	8	40	154		733
Oulu	267	40	51			358
Kuopio	132	41				173
Other localities	69	74		154		297
Finland total	2481	989	291	749	25	4535
Foreign countries						
Sweden	61	25	15			101
Denmark	97		6			103
Norway	13		9			22
Germany	124					124
UK	31					31
Ireland	6					6
Switzerland	12					12
France	6					6
Estonia		53				53
Latvia	3	43				46
Lithuania	2	50				52
Russia	13	5				18
USA	3	26				29
Other countries	29		5			34
Foreign countries total	400	202	35	0	0	637
Group total	2881	1191	326	749	25	5172 *)

*) excluding Normet

CORPORATE VALUES

1. Customer satisfaction

We must understand and fulfil our customers' needs and expectations better than our competitors do. Our customers are both the internal and the external clients of each division. A successful customer relationship is based on the willingness to listen to and understand the customer's needs, products that offer the customer clear advantages, fast service, and strict adherence to commitments. Our operational processes are guided by quality that ensures customer satisfaction. We measure customer satisfaction by comparing it with what our main competitors can offer and utilise the feedback in readjusting and developing our internal operations to suit our customers' needs better.

2. Personnel appreciation

We want our working environment to be based on fairness, mutual trust and respect, and equality between the sexes. We put great emphasis on skills and commitment to the company, and want to encourage our employees to train further to develop their job skills. We perceive each individual job to be an important link in achieving the company's overall goals. An open exchange of ideas lays the foundation for a positive working atmosphere. It also prepares us for necessary changes and helps to generate positive results.

3. Constant development

Our operating environment is in constant flux, creating both opportunities and threats. However, we want to view change as a challenge, offering us something new. As we face fierce competition in both the international and the domestic marketplace, we must constantly develop our products and improve our services and co-operative skills to stay ahead of the competition. Development projects play a key role in our strategic thinking. We must also develop our individual capabilities and our organisation and management systems, emphasising skills and trying to avoid hierarchic structures.

4. Shareholder value

The best possible return on the shareholders' capital investments, that is our relative profitability, creates the basis for their long-term commitment to the company and for increasing shareholder value.

REPORT BY THE BOARD OF DIRECTORS

Group net sales

The Orion Group net sales for 1999 were MFIM 5,424 (MFIM 5,172 in 1998) and they grew by 4.9% (10.2%) from the previous year. Net sales in Finland grew by 4.7% (11.4%) and international operations by 5.2% (8.0%). Changes in foreign currency exchange rates had little impact on the growth in international operations. The comparable growth in net sales, the divested Normet business excluded, was 8.8%.

International operations, i.e. exports from Finland and net sales of foreign subsidiaries, accounted for MFIM 1,962 (MFIM 1,864) or 36.2% (36.0%) of the consolidated net sales. The most important markets were Scandinavia, the rest of Europe and the USA.

Net sales of Orion Pharma grew by 7.0% (5.4%). International operations grew by 15.6% (7.8%) and they contributed 51.1% to the total Orion Pharma net sales. For the first time, Orion Pharma's international operations exceeded the domestic sales. The largest export products were Comtess (entacapone) for Parkinson's disease, the Divina hormone replacement therapy series, the animal sedatives and the breast cancer drug Fareston, all based on own research, as well as the active ingredient azathioprine.

The fastest sales growth was demonstrated by Comtess, the animal sedatives, and the hormone replacement therapy products. The growth of the HRT was partly due to the re-acquisition of the Divitren product into Orion Pharma's own portfolio in the UK, in the summer of the previous year. The sales of Fareston, Beclomet Easyhaler for asthma, and diltiazem, the active ingredient for antihypertensives, decreased from the previous year. No shipments of Fareston to the U.S. took place during the first half of the year, but they started again as Roberts Pharmaceutical Corporation took over as the new U.S. marketer for the product as of September.

The international operations of Orion Pharma include altogether MFIM 114 (MFIM 37) in agreement-based payments from marketing partners.

The total Finnish market for pharmaceuticals, including veterinary drugs, grew by 8.9% (8.0%). The net sales in Finland of Orion Pharma decreased by 0.6% (grew by 3.2%). The market share in Finland was 19.0%, further down 2.3 percentage units due to increased price competition and price-cutting decisions by authorities.

Oriola's invoicing grew by 8.6% to MFIM 3,528. The growth was rapid in the basic operations, i.e. Supplier Services, Wholesale and International Distribution. Lövens of Denmark, Searle Fennica, a division of the US-based Monsanto, and the Finnish Vitabalans transferred their product distribution to Oriola at the start of the year, and Harmonia Aitoravinto as of May. The development of the Medical and Technical Sector slowed down slightly from the previous year. Oriola continued to expand its operations in the Baltic countries and Sweden.

Orion Diagnostica developed favourably as a whole. The comparable sales of own products grew by 3.0%, considering the rearrangements of the U.S. operations. The QuikRead CRP test system which measures C-reactive protein for the diagnosis of inflammation, has shown especially rapid sales growth.

Noiro performed well on the domestic market. Exports declined from the previous year, because deliveries to Russia recovered only partly from the previous year's crisis. Exports to Sweden, Norway and Denmark developed most favourably.

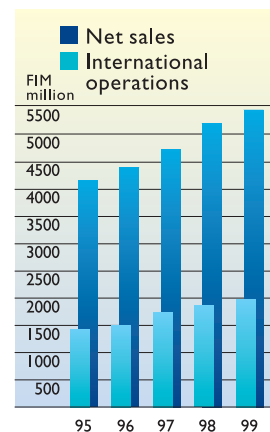
Oriola's continued sales growth contributed significantly to the average growth of the Group total. The development of net sales and international operations by business area, by Division and by market area, as well as the development of the operating profit by business area are presented in the table on the next page. Due to eliminations of intra-Group transactions, the consolidated sums cannot be directly derived from the divisional figures.

Net sales of parent company

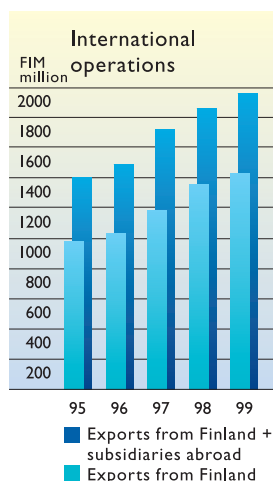
The net sales of the Group parent company Orion Corporation were MFIM 3,190 (MFIM 3,148), up 1.3% (6.3%).

Group profits

Operating profit for the Orion Group was MFIM 88 greater than that of the previous year. The most important factors behind the growth included the favourable sales of entacapone, cost savings achieved in Orion Pharma's domestic marketing, the received milestone payments related to Fareston and other proprietary drugs, as well as the improved profits of Orion Diagnostica and Noiro. Orion Pharma increased R&D expenditure



* The figures in parentheses refer to those of 1998. The percentages reflecting changes on the previous year have been calculated from more precise figures than the published ones.



Net sales and international operations by Division

	Net sales			International operations		
	1999 MFIM	1998 MFIM	Change %	1999 MFIM	1998 MFIM	Change %
HEALTHCARE						
Orion Pharma	2603	2432	+7.0	1330	1150	+15.6
Oriola	2117	1867	+13.4	312	265	+17.6
Orion Diagnostica	177	177	+0.1	139	137	+1.2
Healthcare total	4814	4382	+9.9	1782	1543	+15.5
COSMETICS AND DETERGENTS, Noiro	603	597	+1.1	164	179	-8.8
Continued operations	5401	4963	+8.8	1945	1722	+13.0
Normet	23	208		17	142	
Group total	5424	5172	+4.9	1962	1864	+5.2

International operations by market area

	1999		1998		Change %
	MFIM	Share %	MFIM	Share %	
Scandinavia	363	18.5	349	18.7	+4.0
Other Europe	1036	52.8	920	49.3	+12.6
North America	336	17.1	280	15.0	+20.0
Other markets	210	10.7	173	9.4	+21.3
Continued operations	1945	99.1	1722	92.4	+13.0
Normet	17	0.9	142	7.6	
Group total	1962	100.0	1864	100.0	+5.2

Operating profit by Division

	1999		1998		Change %
	MFIM	Share %	MFIM	Share %	
HEALTHCARE					
Orion Pharma	539	73.1	448	68.9	+20.3
Oriola	145	19.7	143	22.0	+1.7
Orion Diagnostica	22	3.0	16	2.5	+39.3
Healthcare total	706	95.8	607	93.4	+16.4
COSMETICS AND DETERGENTS, Noiro	47	6.4	36	5.6	+30.7
Group items	-15	-2.2	-17	-2.7	
Continued operations	738	100.0	626	96.3	+17.8
Normet			24	3.7	
Group total	738	100.0	650	100.0	+13.5

Group net sales and operating profit by quarters

MFIM	7-9/98	10-12/98	1-3/99	4-6/99	7-9/99	10-12/99
Net sales	1220	1325	1346	1332	1315	1431
Operating profit	160	146	185	164	263	126

and international marketing costs notably, and also Oriola's international dental business units increased their marketing expenditure remarkably. Other factors with decreasing impact on the profit include the divestment of the Normet business, and the declined share of profit of Instrumentarium Corporation which was an associate company during the first half of the year. Net financial income from ordinary financial operations were slightly greater than those for the previous year. As a whole, the profit was very satisfactory.

Other operating income in the consolidated income statement include MFIM 9 in net gains from the sales of diverse tangible assets (MFIM 7 from the sales of minor real estate property in 1998) and MFIM 11 in R&D related refundings and damages received by Orion Pharma (MFIM 27 in received compensation and reversed expense accruals resulting from the completed litigation proceedings related to diltiazem, in 1998).

Operating profit was MFIM 738 (MFIM 650), up 13.5% (down 9.3%). All business divisions improved their operating profits, and their profitability was on a very satisfactory level.

The operating profit of Orion Pharma includes an additional MFIM 12 depreciation made on the basis of the reassessed sales values of product rights acquired from Nycomed Arzneimittel GmbH in 1997. The Group items include MFIM 32 as a non-recurrent additional depreciation of fixed assets due to adjusted depreciation rates, and MFIM 28 as accrued decrease in pension fund contribution resulting from the Instrumentarium Corporation A-shares received by the Orion Corporation Pension Fund as dividend income.

The consolidated net financial income from ordinary financial operations was MFIM 62 (MFIM 56). Net interest income was MFIM 23 (MFIM 39). The net gains from foreign exchange rate changes were MFIM 12 (net exchange rate loss MFIM 4). Net income from securities other than shares in associated companies, dividends included, were MFIM 27 (MFIM 21). The associated companies contributed MFIM 11 (MFIM 14) to the financial income. The item was due to the ownership of Orion Group companies in Instrumentarium Corporation during the first half of the year. This associate company relationship ended on 6 August, 1999 when the A-shares owned by Orion in Instrumentarium Corporation were transferred as dividends to Orion's shareholders.

Group profit before extraordinary items and taxes was MFIM 811 (MFIM 720), up 12.7% (down 13.0%). Income taxes on ordinary operations for the financial year were MFIM 260 (MFIM 217) and income taxes on extraordinary items were MFIM 202. The income taxes include the change in deferred tax liability and deferred tax asset.

Of the extraordinary items, MFIM 65 were related to the divestment of the Normet division, such as the net profit from the sales of fixed assets, as well as goodwill and reversed guarantee provisions. MFIM 32 were gained from the sales of some land areas in Espoo during the review period. The extraordinary income also includes a MFIM 444 net gain resulting from the market value of the Instrumentarium A-shares transferred as dividends to Orion's shareholders less their acquisition cost, the property transfer tax on the share transfer, and the reversal of the acquisition cost adjustment accumulated during the ownership period through associated company consolidation. Associated companies contributed MFIM 39 to the consolidated extraordinary income.

Earnings per share were FIM 7.88 against FIM 7.19 in the previous year, up 9.6% (down 15.6%). Shareholders' equity per share was FIM 56.22 (FIM 62.05). Group return on invested capital (ROI) before extraordinary items and taxes was 18.6% (16.2%). Return on shareholders' equity (ROE) after taxes was 13.3% (11.6%).

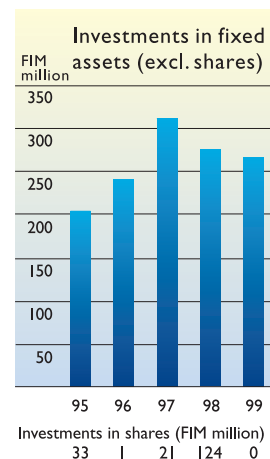
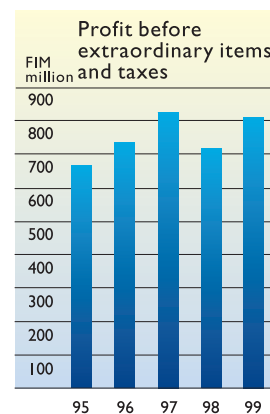
Financing

Group solvency and liquidity were good. The Group's finance, investment and currency strategy is to support business and to achieve good and solid long-term earnings in all conditions by avoiding unnecessary capital risks. A most neutral interest, currency, investment and counterparty portfolio is maintained by means of a diversified money market portfolio.

Accordingly, the Group's cash reserves were placed in money market instruments and bonds issued by approved counterparties. Minor amounts were invested in listed shares and investment funds.

The cash flows from exports exceeded the corresponding cash flows from imports. Derivatives were only utilised for hedging against risks involved in foreign currencies and interest instruments.

Liabilities in the Consolidated Balance Sheet of 31 December, 1999 were MFIM 1,487 (MFIM 1,336),



deferred tax liability included, of which the share of interest-bearing liabilities accounted for MFIM 305 (MFIM 307). Short-term interest-bearing debt accounted for 22.1% (18.4%) of total interest-bearing liabilities.

Group solvency declined to 73.3% (77.0%) by the financial year-end. Gearing, reflecting Group net indebtedness, was -28.0% (-20.7%).

Investments in fixed assets

Gross investments by the Group were MFIM 267 (MFIM 400), or 4.9% (7.7%) of the net sales. The breakdown of the gross investments was as follows:

	1999 MFIM	1998 MFIM
Land areas	0	0
Buildings	90	56
Machinery and equipment	151	143
Shares	0	124
Other fixed assets	26	77
Group total	267	400

Gross investments, excluding those in securities, were MFIM 267 (MFIM 276), or 4.9% (5.3%) of Group net sales. The breakdown of gross investments by business division was as follows:

	1999 MFIM	1998 MFIM
Orion Pharma	197	209
Oriola	27	21
Orion Diagnostica	13	7
Noiro	22	35
Normet	-	11
Central Administration	8	117
Group total	267	400

The investments by Orion Pharma were mainly assigned to machinery and equipment, including a new production line for the anti-parkinsonian drug entacapone. The enlargement of the R&D facilities in Espoo was completed, and the investment project for increasing the API (active pharmaceutical ingredients) production capacity at the Hanko plant was started. A major investment at Oriola was the handling process for empty transportation containers. Orion Diagnostica continued to invest

in the production facilities for QuikRead. Noiro expanded production facilities for cosmetics.

Acquisitions and Group structure

In February, the business of the Normet division was divested to a new company, Normet Oy, established by Sitra Fenno Management Oy, Sitra Technology Fund Ky and Normet's key persons. In March, Oriola AB was established in Sweden, and in October, Oriola Polska Sp.z.o.o. in Poland to investigate pharmaceutical distribution. Oriola acquired all minority shareholdings from the other owners of Oriola Dental AB. Orion Corporation Orion Pharma established Orion Export Oy for the administration of its pharmaceutical operations in Russia. In January 2000, Oriola Dental AB acquired the dental products businesses of the Swedish Sirona Dental Systems AB.

Transfer of Instrumentarium A-shares to Orion's shareholders

Altogether 3,984,905 Instrumentarium Corporation A-shares held by Orion Corporation were transferred to Orion's shareholders on 6 August, 1999, as dividends for 1998 in accordance with the decision by the Extraordinary Shareholders' Meeting of 27 July. The transaction took place at the average price of EUR 38.72, or FIM 230.22, quoted for the A-share on 6 August on the Helsinki Stock Exchange. Accordingly, one Instrumentarium A-share per every 17.1 Orion Corporation A- or B-shares was received by the shareholders.

Those shareholders whose book-entry accounts included less than 300 Orion A- or B-shares on the record date received the corresponding dividend, FIM 13.48 per one Orion share, in cash. Totally, the value of the dividends paid in shares was MFIM 917.4, and cash payments MFIM 24.8. MFIM 1.0 remained as a reservation for shares not transferred to the book-entry securities system or not subscribed to.

Personnel

The average total number of personnel employed by the Group was 5,210. The Group personnel decreased by 307 persons, mainly due to the divestment of Normet. The personnel in the continued operations decreased by 37 persons, or 0.7%. The personnel employed by the parent company Orion Corporation decreased by 308 persons. Orion Pharma's marketing staff for Finland has decreased whereas the R&D personnel has increased.

Orion Group personnel (average number of employees):

	1999	%	1998	%
Orion Corporation	3735	71.7	3773	68.4
Subsidiaries in Finland	844	16.2	858	15.5
Finland total	4579	87.9	4631	83.9
Foreign subsidiaries	593	11.3	578	10.5
Continued operations	5172	99.2	5209	94.4
Orion Corporation				
Normet	38	0.8	308	5.6
Group total	5210	100.0	5517	100.0

Group personnel by Business area and by Division (average number of employees):

	1999	1998
HEALTHCARE		
Orion Pharma	2881	2912
Oriola	1191	1167
Orion Diagnostica	326	335
Healthcare total	4398	4414
COSMETICS AND DETEREGENTS,		
Noiro	749	770
Central Administration	25	25
Continued operations	5172	5209
METAL ENGINEERING, Normet	38	308
Group total	5210	5517

In accordance with the decision by the Supervisory Board in December, the Board of Directors as of 1 January, 2000 continued to be as follows: Juhani Leikola, chairman, Aatto Prihti, deputy chairman, the other members being Erkki Etola, Eero Karvonen, Markku Talonen and Pauli Torkko.

Research and development

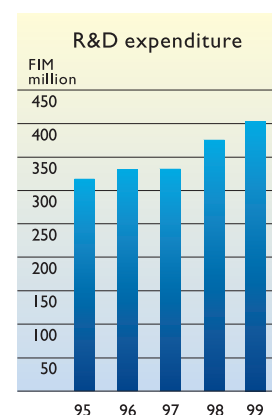
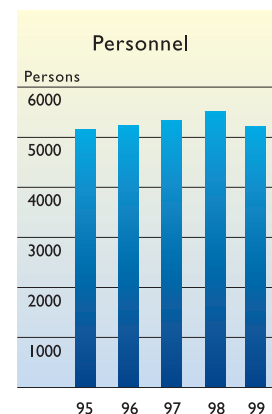
Group expenditure on research and development, excluding received financial contributions, were MFIM 404 (MFIM 376), or 7.4% (7.3%) of the net sales. The parent company's share of the total Group R&D expenses was MFIM 393 (MFIM 364), or 12.3% (11.6%). Orion Pharma R&D expenditure corresponded to 14.9% (14.8%) of the net sales of pharmaceutical preparations. The Group R&D expenditure grew by 7.5% (13.1%), due to costs mainly associated with drug research projects. Investment in R&D is of vital importance in securing long-term growth and profitability for the Group.

In October, a marketing approval was granted by the U.S. FDA for entacapone, marketed by Novartis under the trade name Comtan, for Parkinson's disease. By the end of the year, entacapone was available in 27 markets. The medication is administered together with levodopa to enhance its effect. The preparation has proved to be efficient and safe in clinical use. Further studies with entacapone are progressing in Europe and the USA.

The new drug application for the intravenous formulation of Simdax (levosimendan), which increases the heart's pumping ability in decompensated heart failure, is under review in Sweden as of early 1999, for seeking EU approval through the mutual recognition procedure. The corresponding U.S. file that was submitted in late 1998, was withdrawn by Orion Pharma in November in order to complement documentation. For a revised application, Orion Pharma is currently making preparations to conduct additional Phase 3 clinical trials. The studies with the orally administered formulation of the substance are in Phase 2.

In December, Abbott Laboratories received U.S. authorisation for Precedex (dexmedetomidine), an innovative drug discovery by Orion Pharma. Precedex, an alpha-2 agonist, is a new sedative administered as an infusion to patients in intensive care setting. It keeps the patient sedated, reduces the need of other pain medication, allays anxiety, and maintains stable haemodynamics and respiration rate. The EU marketing application, filed in late 1998, is under evaluation by the EMEA.

The new hormone replacement therapies Indivina and Diviseq received their first national marketing approvals towards the end of the year. Indivina, a combined estrogen and progestin treatment allowing the elimination of withdrawal bleedings, was registered in Sweden, and Diviseq,



a sequential one-month cycle preparation was registered in Finland. The EU registration process continues through the mutual recognition procedure.

In February, Orion Pharma closed a license agreement with R.P. Scherer Corporation upon the completion of the clinical studies with the fast-dissolving Zydis tablet formulation of apomorphine, for use in severely ill patients with Parkinson's disease. Orion Pharma also received the Europe-wide rights to market the preparation. Apomorphine is an off-patent substance that has been on the market for a long time.

Outlook for 2000

Orion Pharma's international operations are expected to grow substantially. The Parkinson's disease drug Comtess and the animal sedatives, both resulting from own research, will be the most important growth generators in Europe and the USA. Also the breast cancer drug Fareston is expected to grow, after the past year of down-turned sales. The domestic sales of Orion Pharma will decrease notably due to continued price reductions as well as the terminated licenses for Boehringer

Mannheim products. Investment in pharmaceutical research and international marketing will be increased notably. As a whole, the operating profit of Orion Pharma is anticipated to decrease from the previous year.

The operating profits for Oriola, Orion Diagnostica and Noiro are estimated to improve somewhat from the previous year.

The growth of the Group net sales is estimated to level off, and the consolidated operating profit is estimated to be nearly at the previous year's level. Net gains from ordinary financial operations will decline somewhat from the previous year.

The budget for R&D expenditure is MFIM 480. Planned investment in fixed assets, excluding possible company and product acquisitions and securities, is MFIM 430.

Share capital and shares of Orion Corporation

The share capital of Orion Corporation is MEUR 119.0, and each share has a nominal value of EUR 1.70. At the Annual General Meeting held on 8 April, 1999 a decision was made to convert the share capital and the nominal share value to euros.

	1999 MEUR	1999 MFIM	1998 MFIM	1997 MFIM	1996 MFIM	1995 MFIM
Share capital	119.0	707.3	699.7	699.7	499.8	499.8
A-shares	63.0	374.2	370.2	370.6	264.7	264.7
B-shares	56.0	333.1	329.5	329.1	235.1	235.1
Share issues:						
Bonus issue	1.3	7.5	-	(5:2)199.9	-	-
Shareholders	24,515		21,783	19,001	17,933	19,223

In association with the conversion of the nominal value, the share capital was decided to be increased to MEUR 119.0 through a bonus issue of MEUR 1.3 by raising the nominal share value to EUR 1.70. The number of shares remained unchanged. Also the terms of the 1998 bond loan were decided to be converted to euros, due to aforementioned conversions.

The minimum share capital is MEUR 85.0 and the maximum share capital is MEUR 340.0. The share capital can be increased or decreased within these limits without amending the Bylaws. The total stock of 69,971,629 shares divides into 37,018,755 A-shares representing 52.9%, and 32,952,874 B-shares representing 47.1% of the stock.

According to the Bylaws of Orion Corporation, the shareholder can request the conversion of his A-shares into B-shares. During 1999, no share conversions were implemented.

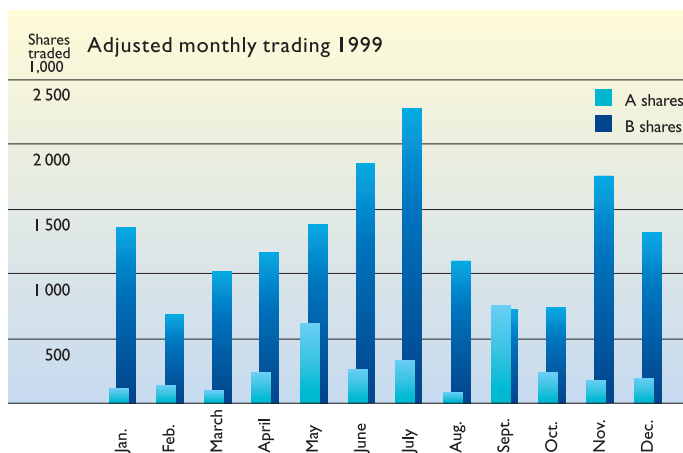
At Shareholders' Meetings, each A-share entitles the shareholder to twenty (20) votes and each B-share to one (1) vote. Both A- and B-shares provide the shareholder with equal rights with respect to company assets and dividends.

The Board of Directors has no existing authorisation by the General Meeting to acquire or sell the company's own shares, to raise the share capital or to issue a bond loan, convertible bonds 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.

Bond Loan with Warrants to personnel

The Annual General Meeting of 1998 decided upon a bond loan with warrants for subscription to the Group personnel. The nominal value of each bond certificate was FIM 300, with 100 warrants attached to each. The total bond loan capital on 31 December, 1999 was FIM 10,653,300. The loan



period is three years, and no interest will be paid for the loan. The loan will be repaid in one instalment on 22 May, 2001.

On the basis of the bond certificates, up to 3,551,100 new B-shares, each with EUR 1.70 nominal value, can be subscribed during 2 May, 2001 – 30 April, 2005, corresponding to 5.1% of the total stock and 0.5% of the total votes. In accordance with the terms of the loan, half of the shares can be subscribed during 2 May, 2001 – 30 April, 2005, and the other half during 2 May, 2003 – 30 April, 2005. The subscription price of the shares is EUR 31.29 or FIM 186.02, after the deduction of the dividends paid in 1999. In result of the subscriptions based on the warrant certificates, the share capital can increase by up to EUR 6,036,870.

Quotations and trading

The Orion Corporation A- and B-shares are quoted on the Helsinki Exchanges. During the financial year, the amount of shares traded on the Stock Exchange was 18.6 million, corresponding to 26.6% of the share capital. The total value of trading was MEUR 399.6. The total volume of trading came to 3,229,952 A-shares, or 8.7%, and 15,389,300 B-shares, or 46.7%.

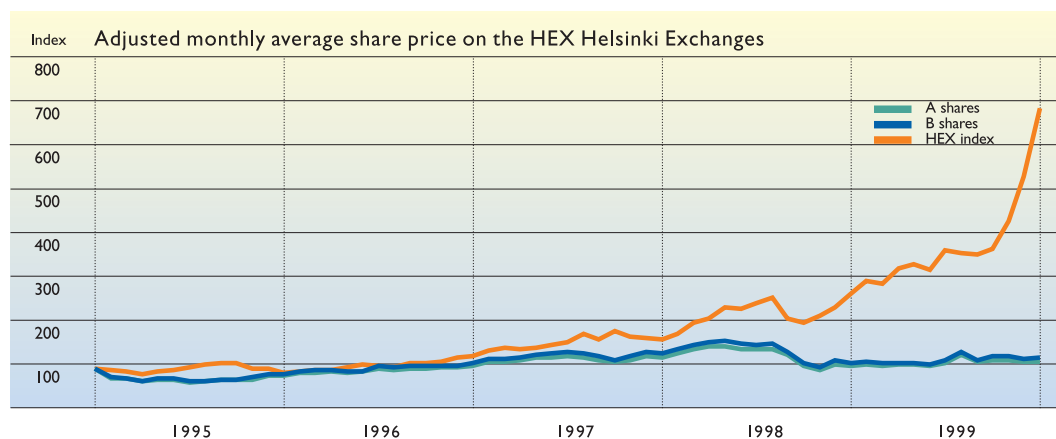
Shareholders by type of owner on 31 January, 2000

	A shares			B shares			Total		
	Share-holders	% of share-holders	% of shares	Share-holders	% of share-holders	% of shares	Share-holders	% of share-holders	% of shares
Individuals	10 624	94.7	47.0	17 627	92.7	44.6	22 781	92.9	45.9
Corporations and partnerships									
Government and municipal corporations	-	-	-	6	0.0	0.1	6	0.0	0.1
Private corporations and partnerships	352	3.1	19.7	787	4.1	10.7	1 031	4.2	15.4
Banks and insurance companies	32	0.3	11.5	108	0.6	12.1	119	0.5	11.8
Public entities	17	0.2	13.7	71	0.4	14.1	73	0.3	13.9
Associations and foundations	130	1.2	6.0	349	1.8	8.1	407	1.7	7.0
Foreign shareholders	57	0.5	0.3	67	0.4	0.3	98	0.4	0.3
Total	11 212	100.0	98.2	19 015	100.0	90.0	24 515	100.0	94.4
Nominee registrations			1.7			9.9			5.5
Shares not transferred to the book-entry securities system or not subscribed to			0.1			0.1			0.1
			100.0			100.0			100.0

Shareholders by number of shares held on 31 January, 2000

	A shares				B shares				Total			
	Shares	Share-holders	% of share-holders	% of shares	Shares	Share-holders	% of share-holders	% of shares	Shares	Share-holders	% of share-holders	% of shares
1-100	2 431	21.7	141 753	0.4	4 002	21.0	261 649	0.8	5 008	20.4	328 484	0.5
101-500	4 178	37.2	1 107 597	3.0	8 094	42.6	2 271 811	6.9	9 827	40.1	2 716 755	3.9
501-1000	1 910	17.0	1 437 574	3.9	3 175	16.7	2 397 391	7.3	3 695	15.1	2 786 230	4.0
1001-10000	2 401	21.4	6 794 372	18.3	3 437	18.1	8 504 027	25.8	5 360	21.9	14 657 067	20.9
10001-50000	213	1.9	4 475 311	12.1	234	1.2	4 593 655	13.9	478	1.9	9 538 160	13.6
50001-100000	40	0.4	2 804 963	7.6	42	0.2	2 869 538	8.7	74	0.3	4 997 425	7.1
100001-500000	30	0.3	6 990 627	18.9	28	0.2	5 486 850	16.7	54	0.2	11 044 784	15.8
over 500000	12	0.1	13 230 428	35.7	5	0.0	6 530 935	19.8	19	0.1	23 829 576	34.1
Total	11 215	100.0	36 982 625	99.9	19 017	100.0	32 915 856	99.9	24 515	100.0	69 898 481	99.9
Shares not transferred to the book-entry securities system or not subscribed to			36 130	0.1			37 018	0.1			73 148	0.1
			37 018 755	100.0			32 952 874	100.0			69 971 629	100.0

Orion Corporation had a total of 24,515 registered shareholders in the book-entry securities system on 31 Jan., 2000. There were 3,877,845 nominee registered Orion Corporation shares in the book-entry securities system on 31 Jan., 2000. This is 5.5% of the total shares and 2.0% of the total votes.



Major shareholders on 31 January, 2000

By number of shares	A shares	B shares	Total	% of shares	Votes	% of votes	By number of votes
1. Orion Corporation Pension Fund*	1 814 552	646 584	2 461 136	3.52%	36 937 624	4.78%	2.
2. Oriola Oy* (subsidiary of Orion Corporation)	2 453 208	0	2 453 208	3.51%	49 064 160	6.34%	1.
3. Brade Jouko	14 900	0			298 000		
Brade Oy	20 000	50 000			450 000		
Lamy Oy	400 000	105 700			8 105 700		
Medical Investment Trust Oy	700 000	800 000			14 800 000		
	1 134 900	955 700	2 090 600	2.99%	23 653 700	3.06%	6.
4. Varma-Sampo Mutual Pension Insurance Company	1 784 929	193 121	1 978 050	2.83%	35 891 701	4.64%	3.
5. Pohjola Non-Life Insurance Company Limited	755 420	140 000			15 248 400		
Pohjola Life Assurance Company	620 264	255 000			12 660 280		
Pohjola Group	1 375 684	395 000	1 770 684	2.53%	27 908 680	3.61%	4.
6. Tapiola General Mutual Insurance Company	233 080	640 036			5 301 636		
Tapiola Corporate Life Insurance Company	88 800	89 500			1 865 500		
Tapiola Mutual Life Assurance Company	129 000	301 580			2 881 580		
Tapiola Insurance Group	450 880	1 031 116	1 481 996	2.12%	10 048 716	1.30%	
7. Pension Insurance Company Ilmarinen Ltd	869 220	575 500	1 444 720	2.06%	17 959 900	2.32%	9.
8. Etola Erkki	50 114	58			1 002 338		
Oy Etra Ab	1 164 860	43 000			23 340 200		
	1 214 974	43 058	1 258 032	1.80%	24 342 538	3.15%	5.
9. Sampo Insurance Company plc	336 700	0			6 734 000		
Sampo Life Insurance Company Limited	160 000	0			3 200 000		
Sampo Enterprise Insurance Company Limited	323 716	300 000			6 774 320		
Sampo Group	820 416	300 000	1 120 416	1.60%	16 708 320	2.16%	10.
10. The Land and Watertechnology Foundation	517 430	0			10 348 600		
Tukinvest Oy	494 250	8 398			9 893 398		
	1 011 680	8 398	1 020 078	1.46%	20 241 998	2.62%	7.
11. Japo-Trading Oy	278 912	0			5 578 240		
Junior-Notariaatti Oy	721 088	0			14 421 760		
Instrumentarium Group	1 000 000	0	1 000 000	1.43%	20 000 000	2.59%	8.
12. The Social Insurance Institution	0	829 784	829 784	1.19%	829 784	0.11%	
13. Ylppö Jukka	623 568	142 248	765 816	1.09%	12 613 608	1.63%	
14. Tapiola Mutual Pension Insurance Company	323 800	410 220	734 020	1.05%	6 886 220	0.89%	
15. Suomi Mutual Life Assurance Company	466 180	217 200	683 380	0.98%	9 540 800	1.23%	
Total	15 343 991	5 747 929	21 091 920	30.14%	312 627 749	40.43%	
Nominee registrations	618 156	3 259 689	3 877 845	5.54%	15 622 809	2.02%	
Other	21 056 608	23 945 256	45 001 864	64.32%	445 077 416	57.55%	
All shareholders total	37 018 755	32 952 874	69 971 629	100.00%	773 327 974	100.00%	

* Not entitled to vote at Shareholders' Meetings

Management interests on 31 January, 2000

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 4,461,427 shares, or 6.4% of the total stock, entitling to altogether 67,018,775 votes, or 8.7% of the total number of votes. Based on

the 1998 Bond Loan subscriptions, the President and the Executive Vice President are holding altogether 80,000 bond certificates which entitle them to increase their shareholding in the company by altogether 80,000 shares, or 0.11% of the current total share stock and 0.01% of the total votes.

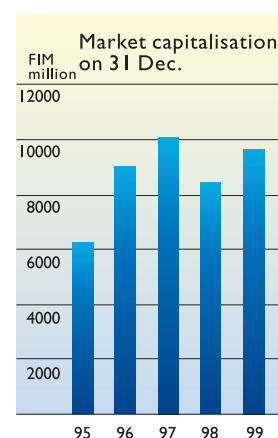
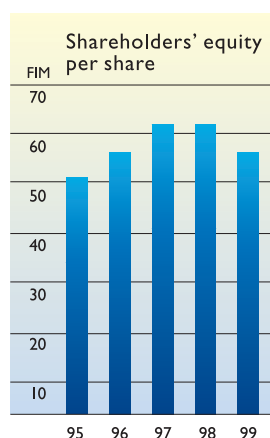
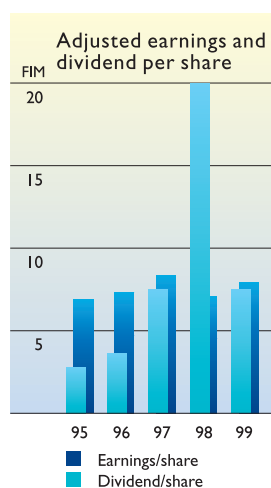
Adjusted data per share

		1999	1998	1997	1996	1995
Adjusted earnings per share (EPS)	FIM	7.88¹⁾	7.19	8.51	7.41	6.95
Adjusted shareholders' equity per share	FIM	56.22	62.05	61.76	56.37	51.49
Total dividends	MFIM	528.3²⁾	1 398.0	524.8	249.9	199.9
Dividend per share	FIM	7.55²⁾	6.50	7.50	5.00	4.00
Extra dividend per share	FIM	-	13.48 ³⁾	-	-	-
Adjusted dividend per share	FIM	7.55²⁾	6.50	7.50	3.57	2.86
Adjusted extra dividend per share	FIM	-	13.48	-	-	-
Adjusted payout ratio	%	95.8²⁾	277.9%	88.1%	48.2%	41.2%
Adjusted payout ratio excl. extra dividend	%	95.8²⁾	90.4%	88.1%	48.2%	41.2%
Adjusted yield	A	5.5²⁾	14.6%	5.2%	2.7%	3.1%
Adjusted yield	B	5.5²⁾	14.5%	5.2%	2.8%	3.2%
Adjusted P/E ratio	A	17.39	16.85	16.95	17.64	13.10
Adjusted P/E ratio	B	17.53	16.91	16.88	17.11	12.71
Share price on 31 Dec.	A	135.56	120.50	144.00	182.00	124.00
Share price on 31 Dec.	B	136.75	122.40	144.00	177.00	122.00
Adjusted price on 31 Dec.	A	135.56	120.50	144.00	130.00	88.57
Adjusted price on 31 Dec.	B	136.75	122.40	144.00	126.43	87.14
Adjusted average share price	A	129.83	140.74	137.21	108.09	81.26
Adjusted average share price	B	127.18	146.35	135.96	103.79	78.59
Adjusted lowest share price	A	112.97	99.70	122.86	91.43	69.64
Adjusted lowest share price	B	110.89	95.00	122.50	87.86	65.00
Adjusted highest share price	A	160.24	189.00	157.14	132.14	91.43
Adjusted highest share price	B	159.35	185.00	153.47	127.86	90.00
Market capitalisation on 31 Dec.	MFIM	9 624.8	8 491.0	10 074.2	9 015.6	6 280.6
Adjusted number of A shares traded	000s	3 230	4 026	7 380	6 071	2 421
% of A shares	%	8.7%	10.9%	19.9%	16.4%	6.5%
Adjusted number of B shares traded	000s	15 389	17 165	17 113	13 944	7 585
% of B shares	%	46.7%	52.1%	52.0%	42.4%	23.1%
Shares traded						
% of total share capital	%	26.6%	30.3%	35.0%	28.6%	14.3%
Number of shares on 31 Dec.	A shares	37 018 755	37 018 755	37 063 327	26 473 802	26 473 802
	B shares	32 952 874	32 952 874	32 908 302	23 505 930	23 505 930
Total		69 971 629	69 971 629	69 971 629	49 979 732	49 979 732
Adjusted number of shares annual average	no.	69 971 629	69 971 629	69 971 629	69 971 625	69 971 625
Adjusted number of shares at the end of financial year	no.	69 971 629	69 971 629	69 971 629	69 971 625	69 971 625

¹⁾ Diluted earnings per share, FIM **7.73** Formulas for calculating the key indicators on page 35

²⁾ Proposal by the Board: EUR 0.60 or FIM 3.57 in cash and no more than EUR 0.67 or FIM 3.98 in Instrumentarium Corporation shares, altogether no more than EUR 1.27 or FIM 7.55.

³⁾ Additional dividend in Instrumentarium Corporation shares, see page 28.



Key indicators

Return on investment (ROI), %	=	$\frac{\text{Profit before extraordinary items} + \text{interest and other financial expenses}}{\text{Balance Sheet total} - \text{interest-free liabilities (annual average)}} \times 100$
Return on equity (ROE), %	=	$\frac{\text{Profit before extraordinary items} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest (annual average)}} \times 100$
Solvency, %	=	$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance Sheet total} - \text{advances received}} \times 100$
Gearing, %	=	$\frac{\text{Interest-bearing liabilities} - \text{investments held as current assets, and cash in banks and at hand}}{\text{Shareholders' equity} + \text{minority interest}} \times 100$
Earnings per share (EPS)	=	$\frac{\text{Profit before extraordinary items} - \text{minority interest} - \text{income taxes}}{\text{Average adjusted number of shares}}$
Diluted earnings per share	=	Earnings per share assuming the exercise of warrants outstanding at market interest rate on earnings, net of tax, and including the number of warrants outstanding in the number of shares.
Shareholders' equity per share	=	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares on 31 December}}$
Dividend per share	=	$\frac{\text{Dividend for the financial year}}{\text{Adjusted number of shares on 31 December}}$
Payout ratio, %	=	$\frac{\text{Adjusted dividend per share}}{\text{Adjusted earnings per share}} \times 100$
Dividend yield, %	=	$\frac{\text{Adjusted dividend per share}}{\text{Adjusted average share price, weighted with the traded share volume on the financial year's last trading day}} \times 100$
Price per earnings ratio (P/E)	=	$\frac{\text{Average adjusted share price, weighted with the traded share volume on the financial year's last trading day}}{\text{Adjusted earnings per share}}$
Adjusted average share price	=	$\frac{\text{Total trade in the shares}}{\text{Adjusted number of shares traded during financial year}}$
Market capitalisation	=	Number of shares at the end of the financial year \times Average adjusted share price, weighted with the volume of trading in the shares on the financial year's last trading day

FINANCIAL DEVELOPMENT OF THE ORION GROUP

Figures in FIM million	1999	1998	1997	1996	1995
Net sales and profit					
Net sales	5 424	5 172	4 695	4 382	4 147
Change on the previous year %	+4.9%	+10.2%	+7.1%	+5.7%	+5.2%
Exports from Finland	1 433	1 362	1 189	1 038	978
Change on the previous year %	+5.2%	+14.5%	+14.6%	+6.1%	-4.5%
International operations	1 962	1 864	1 726	1 495	1 413
% of net sales	36.2%	36.0%	36.8%	34.1%	34.1%
Change on the previous year %	+5.2%	+8.0%	+15.5%	+5.8%	-3.0%
Depreciation according to plan	277	233	226	220	204
Operating profit	738	650	717	632	596
% of net sales	13.6%	12.6%	15.3%	14.4%	14.4%
Change on the previous year %	+13.5%	-9.3%	+13.4%	+6.0%	+2.2%
Financial income and expenses	+73	+70	+110	+106	+74
% of net sales	+1.4%	+1.4%	+2.3%	+2.4%	+1.8%
Profit before extraordinary items	811	720	827	738	670
% of net sales	15.0%	13.9%	17.6%	16.8%	16.1%
Change on the previous year %	+12.7%	-13.0%	+12.0%	+10.3%	+6.1%
Extraordinary items (net)	+580	+23	+0	+21	-2
Income taxes *)	260	217	231	220	183
Profit after taxes without extraordinary items	551	503	596	518	486
Return on invested capital before extraordinary items and taxes	18.6%	16.2%	19.0%	18.1%	17.9%
Return on equity	13.3%	11.6%	14.4%	13.7%	14.1%
Balance sheet					
Current assets	3 134	2 932	3 118	2 968	2 803
Non-current assets	2 289	2 752	2 605	2 454	2 383
Liabilities	1 487	1 336	1 395	1 471	1 575
Interest-free liabilities	1 182	1 029	1 117	1 002	990
Interest-bearing liabilities	305	307	278	469	585
Provisions	2	5	6	7	9
Shareholders' equity	3 934	4 342	4 321	3 944	3 603
Balance Sheet total	5 423	5 683	5 722	5 423	5 186
Solvency ratio	73.3%	77.0%	75.8%	72.8%	69.5%
Gearing	-28.0%	-20.7%	-28.1%	-27.3%	-22.7%
Investments in fixed assets					
Gross investments	267	400	333	243	238
% of net sales	4.9%	7.7%	7.1%	5.5%	5.7%
Gross investments excluding shares	267	276	312	241	205
% of net sales	4.9%	5.3%	6.6%	5.5%	4.9%
Research and development expenditure					
Research and development expenditure	404	376	332	333	317
% of net sales	7.4%	7.3%	7.1%	7.6%	7.6%
Personnel					
Wages and salaries paid	834	834	781	775	738
Number of employees	5 210	5 517	5 322	5 244	5 147
Net sales per employee, FIM thousand	1 041	937	882	836	806

*) The change in deferred tax liability and tax deferred tax asset has been taken into account in calculating the income taxes.

INCOME STATEMENT

FIM million	Notes	Orion Group		Orion Corporation	
		1999	1998	1999	1998
Net Sales	1)	5 424.0	5 171.8	3 190.0	3 148.2
Other operating income	2)	+49.9	+62.5	+46.6	+58.5
Operating expenses	3,4)	-4 459.8	-4 351.3	-2 417.0	-2 524.2
Depreciation	4)	-276.6	-233.0	-219.3	-203.8
Operating profit		737.5	650.0	600.3	478.7
Financial income and expenses:	5)				
Ordinary financial operations		+62.4	+55.8	+657.1	+363.9
Share of associated companies' profits		+11.5	+14.2	-	-
Profit before extraordinary items		811.4	720.0	1 257.4	842.6
Extraordinary items	6)	+580.1	+23.2	+561.8	-
Profit before appropriations and taxes		1 391.5	743.2	1 819.2	842.6
Appropriations	7)	-	-	+34.1	+74.0
Income taxes:	8)				
Ordinary operations		-260.2	-217.0	-369.0	-261.6
Extraordinary items		-202.1	-	-154.1	-
Minority interest		0.0	0.0	-	-
Profit for the financial year		929.2	526.2	1 330.2	655.0

BALANCE SHEET

ASSETS 31 December FIM million	Notes	Orion Group		Orion Corporation	
		1999	1998	1999	1998
Non-current assets	9)				
Intangible assets					
Intangible rights		108.8	147.3	76.7	91.4
Goodwill		166.6	187.9	210.1	253.6
Group goodwill		4.4	5.7	-	-
Other capitalised expenditure		40.6	52.3	36.4	46.7
		320.4	393.2	323.2	391.7
Tangible assets					
Land and water		47.2	47.4	32.5	32.6
Buildings		951.3	935.3	715.9	695.2
Machinery and equipment		576.8	588.5	492.5	499.5
Other tangible assets		6.7	6.7	5.4	5.4
Advance payments and construction in progress		35.2	43.6	33.0	35.6
		1 617.2	1 621.5	1 279.3	1 268.3
Investments					
Shares and holdings in Group companies		-	-	147.5	112.9
Shares and holdings in associated companies		0.8	573.8	-	-
Own shares		7.6	7.6	-	-
Other investments		343.4	155.6	216.4	287.3
		351.8	737.0	363.9	400.2
Current assets					
Stocks	10)	1 005.0	1 034.4	510.8	565.4
Deferred tax asset	8)	21.4	21.7	-	-
Non-current receivables	11)	3.6	3.6	2.1	2.8
Current receivables	11)	699.0	665.6	727.4	597.5
Investments	12)	1 206.0	1 058.7	1 117.9	962.8
Cash in hand and at banks		198.7	147.6	84.9	60.7
		5 423.1	5 683.3	4 409.5	4 249.4

LIABILITIES 31 December		Orion Group		Orion Corporation	
FIM million	Notes	1999	1998	1999	1998
Shareholders' equity					
	13)				
Share capital		707.3	699.7	707.3	699.7
Reserve for own shares		7.6	7.6	-	-
Reserve fund		3.3	8.3	-	-
Retained earnings		2 286.3	3 099.7	382.8	1 134.0
Profit for the financial year		929.2	526.2	1 330.2	655.0
		3 933.7	4 341.5	2 420.3	2 488.7
Minority Interest					
		0.2	0.8	-	-
Accumulated appropriations					
	14)	-	-	904.5	938.7
Provisions					
	15)	2.0	5.3	1.7	4.9
Liabilities					
Deferred tax liability					
	8)	329.6	337.1	-	-
Non-current liabilities					
	16)				
Pension loans		208.0	208.0	105.7	105.7
Other non-current liabilities		39.4	52.7	81.9	84.9
		247.4	260.7	187.6	190.6
Current liabilities					
	17)				
Advances received		55.0	44.5	0.0	6.1
Trade payables		485.4	424.8	229.7	184.3
Other current liabilities		369.8	268.6	665.7	436.1
		910.2	737.9	895.4	626.5
		5 423.1	5 683.3	4 409.5	4 249.4

FINANCING REPORT

FIM million	Orion Group		Orion Corporation	
	1999	1998	1999	1998
<u>Business operations</u>				
Income financing				
Operating profit	+737.5	+649.9	+600.3	+478.7
Adjustments to operating profit	+253.5	+233.0	+204.1	+193.6
Financial income and expenses	+73.9	+70.0	+657.2	+363.9
Extraordinary items	-	+23.3	-	-
Income taxes on ordinary operations	-260.2	-217.0	-369.0	-261.6
Other income financing	+1.9	-50.1	-1.5	+8.8
Total income financing	+806.6	+709.1	+1 091.1	+783.4
<u>Change in working capital</u>				
Increase (-), decrease (+) in stocks	+29.4	-81.7	+54.6	-12.5
Increase (-), decrease (+) in current receivables	-33.3	+11.3	-129.9	-18.4
Increase (+), decrease (-) in interest-free current liabilities	+161.4	-80.5	+60.9	-107.5
	+157.5	-150.9	-14.4	-138.4
Cash flow from business operations	+964.1	+558.2	+1 076.7	+645.0
<u>Investments</u>				
Investments in shares and holdings	-9.8	-110.9	-701.0	-59.2
Investments in fixed assets	-283.6	-291.1	-232.1	-232.6
Sales revenue from shares and holdings	+879.8	+11.3	+906.1	+7.1
Sales revenue from fixed assets	+192.8	+18.7	+169.9	+9.4
Income taxes on extraordinary items	-202.0	-	-70.1	-
Increase in other non-current investments	-	-	-	-0.9
Decrease in other non-current investments	-	-	+0.6	+0.8
	+577.2	-372.0	+73.4	-275.4
Cash flow before financial items	+1 541.3	+186.2	+1 150.1	+369.6
<u>Financing</u>				
Increase in non-current liabilities	+1.7	+11.4	+10.2	+46.0
Decrease in non-current liabilities	-9.0	-15.0	-9.2	-13.5
Increase (-), decrease (+) in non-current receivables	+0.0	+0.5	+0.6	+0.8
Increase (+), decrease (-) in interest-bearing current liabilities	+13.5	+42.3	+210.0	-121.9
Group contribution adjusted with corresponding tax	-	-	+216.0	-
Dividends paid	-1 349.0	-506.4	-1 398.0	-524.8
Other change in shareholders' equity	-0.6	-0.5	-0.6	-0.5
Increase (-), decrease (+) in other financial items	-147.3	+268.6	-155.0	+251.1
	-1 490.7	-199.1	-1 126.0	-362.8
Increase (+), decrease (-) in liquid assets	+50.6	-12.9	+24.1	+6.8
Adjustment items	+0.5	-5.4	-	-
= Change in liquid assets according to the Balance Sheet	+51.1	-18.3	+24.1	+6.8

NOTES TO THE FINANCIAL STATEMENTS FOR 1999

Principles for the Financial Statements

The consolidated financial statements of the Orion Group have been drawn up in accordance with the valid regulations contained in the Finnish Accounting Act and Companies Act. The currency used in the financial statements is the Finnish markka.

Scope and consolidation principles in the Group Financial Statements

The Group financial statements consolidate the parent company Orion Corporation as well as all Group companies with over 50% of the voting rights controlled directly or indirectly by the parent company.

All internal business transactions, receivables and liabilities, internal profit distribution as well as internal margins included in stocks have been eliminated in consolidation. Internal margins with material impact on non-current assets have also been eliminated, and depreciation has been adjusted accordingly in the Income Statement. Minority interest has been separated from Group profit and shareholders' equity and is shown as a separate item in the consolidated Income Statement and Balance Sheet.

Internal share ownership has been eliminated according to the past-equity method. When calculating the subsidiary shareholders' equity at the time of acquisition, the impact of untaxed reserves and accumulated accelerated depreciation in shareholders' equity have also been taken into account. A part of the difference between the historical cost of the subsidiary shares and shareholders' equity at the moment of the acquisition has been allocated to the non-current assets of the subsidiaries while the other part is shown in the Balance Sheet as Group goodwill. Group goodwill is depreciated according to the straight-line depreciation method over 5 years. The goodwill allocated to non-current asset items will be depreciated in accordance with the depreciation rules applied to the asset group in question. As concerns the items allocated to non-current assets, the consolidated Balance Sheet per 31 December, 1999 includes FIM 3.8 million in land areas and FIM 13.7 million in buildings.

Associated companies (20–50% interest in shares and votes) have been consolidated according to the equity method. The impact of untaxed reserves and accumulated accelerated depreciation in shareholders' equity has been taken into account when calculating the associated company shareholders' equity at the time of acquisition. In case of the exit of an associated company, the consolidated Income Statement includes the associated company's profit for the period ending at the divestment.

The Group share of the profit before extraordinary items and after taxes of the associated companies, as adjusted to the depreciation of goodwill resulting from acquisition, is shown under consolidated financial items. The Group share of the extraordinary items of the associated companies is shown under consolidated extraordinary items. The dividends from associated companies have been eliminated from the consolidated dividend income. The Group share of the profit and loss accumulated after the acquisition has been entered in the consolidated Balance Sheet under the acquisition cost of the shares of associated companies.

The financial statements of foreign Group companies have been converted to correspond to the Finnish accounting practice. Their Income Statements have been translated into Finnish markka according to the mean exchange rate of the financial year while the Balance Sheets have been converted according to the exchange rate quoted on the day in which the accounts were closed. The Financial Statements drawn up in the national currencies of the euro countries have been translated into markka using the fixed conversion rates.

The translation differences arising from exchange rate differences have been entered under consolidated shareholders' equity. The translation differences arising from the elimination of internal share ownership are similarly entered under consolidated shareholders' equity.

Intangible and tangible assets

The balance sheet values of intangible and tangible assets are based on their historical costs, depreciated according to plan. The depreciation according to plan is based on the economic life of the assets, following the straight-line depreciation method. The acquisition cost includes all assets with remaining economic life at the beginning of the financial year.

During the financial year 1999, the Group depreciation plan underwent some modifications: shorter estimated economic lives regarding computer software were adopted by all Group companies, and the foreign subsidiaries were allowed to adopt economic lives which reflect their particular operations but which do not deviate from the overall Group depreciation plan. The additional depreciation resulting from the modification of the depreciation plan is included in the depreciation for the financial year.

The economic lives of various assets categories are as follows:

- Buildings and constructions	20-40 years
- Machinery, equipment and furniture as well as vehicles	3-10 years
- Intangible rights, other long-term expenses as well as other tangible assets	5-10 years
- Goodwill and Group goodwill	5-20 years

As a rule, goodwill is depreciated over 5 years. In certain cases, however, the estimated economic life of the goodwill is longer, maximum 20 years. Other long-term expenditure which generate or maintain income for three years or longer, has been capitalised and will normally be depreciated over 5 years.

Land areas and revaluations have not been depreciated according to plan. Production and office facilities were revaluated in 1984 or prior to that, and the revaluations are based on separate valuation of the real estate items.

Research and development expenses

R&D expenses have been entered as expenses during the financial year in which they were incurred.

Stocks

The stocks of the parent company and subsidiaries are presented in the Balance Sheet according to the FIFO principle. The stocks are valued at the lowest of variable acquisition or production costs, or probable sales price or reacquisition cost.

Investments held as current assets

The investments include interest instruments and listed shares. The securities are valued at their historical cost or at a lower market value.

Receivables and liabilities denominated in foreign currencies

For both the parent company and domestic subsidiaries, valuation of receivables and liabilities denominated in the national currencies of euro countries is based on the fixed conversion rates while those denominated in other currencies are based on the rate quoted by the European Central Bank on the day in which the accounts were closed. The resulting translation gains or losses have a bearing on the profit for the financial year. 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.

Provisions

Future expenses to which Group companies are committed and which are likely not to generate corresponding revenue, have been deducted as provisions from income. Similarly, the future losses which are likely to materialise have been deducted from income.

Net sales

Net sales include the sales proceeds less discounts and sales taxes.

Pension arrangements

Personnel employed by the Finland-based Orion Group companies are provided with pension security through the Orion Corporation Pension Fund, and through pension insurance companies. The employees whose employment began prior to 25 June, 1990 and continues until retirement are provided with additional pension security through a pension fund. The pension arrangements for personnel employed by foreign subsidiaries comply with the practices in each particular country.

Pension liabilities are covered in full, excluding the statutory liabilities deficit stipulated by the Act 1536/93. This sum is recorded under provisions in the Balance Sheet of the respective employer companies. As the obligatory liabilities deficit in the pension fund decreases, the provision is diminished accordingly.

Income taxes

The item income taxes refers to taxes imposed on the basis of taxable profit, including the tax adjustments pertaining to previous financial years. In the consolidated Income Statement, the income taxes also include deferred tax which is calculated by using the tax rate adopted by the authorities for the following financial years as known on the day in which the financial statements were drawn up.

The deferred tax liability and asset are calculated on the basis of the material timing differences between the taxation periods and accounting periods which are contained in the financial statements of the Group companies, or which result from such consolidation measures as have a bearing on the profit. The undistributed retained earnings of the subsidiaries, included in the consolidated shareholders' equity, are used to calculate the deferred tax liability resulting from a probable profit distribution. In accordance with the prudence principle, the losses of the Group companies have not been taken into account when calculating the deferred tax asset.

The accumulated appropriations, included in the financial statements of the Group companies, have been presented under shareholders' equity and deferred tax liability in the consolidated statements. The accumulated appropriations include untaxed reserves, permissible under the tax regimes of several countries, as well as the accumulated difference between accelerated depreciation, made for taxation purposes, and planned depreciation. However, the accumulated appropriations have not been divided into deferred tax liability and shareholders' equity in the Balance Sheet of the parent company.

The *avoir fiscal* based on the distribution of dividends of Group and associated companies has been deducted from Group income taxes. In the parent company the *avoir fiscal* resulting from the internal distribution of dividends is included in financial income whereas the respective income tax is recorded under the income taxes for the financial year.

Since the revaluated factory and office premises are not going to be realised in the foreseeable future, the eventual tax impacts of the revaluations have not been taken into account.

Notes to the Income Statement

FIM million	Group		Parent company	
	1999	1998	1999	1998
1. NET SALES				
Net sales by business area				
Healthcare	4 813.8	4 381.7	2 575.7	2 356.0
Cosmetics and detergents	603.1	596.7	591.0	583.7
Engineering	23.3	208.5	23.3	208.5
Central administration and internal net sales	-16.2	-15.1	-	-
Total	5 424.0	5 171.8	3 190.0	3 148.2

Internal sales between Group companies, included in net sales by business area, are eliminated under Central administration and internal net sales.

Net sales by market area				
Finland	3 462.3	3 307.7	1 895.4	1 812.4
Scandinavia	363.9	358.3	132.4	117.3
Other European markets	1 045.1	981.1	662.1	726.3
North America	336.2	301.0	292.7	290.3
Other markets	216.5	223.7	207.4	201.9
Total	5 424.0	5 171.8	3 190.0	3 148.2

2. OTHER OPERATING INCOME

Profits from sales of non-current assets	13.2	10.5	10.1	7.9
Damages and reversed expense accruals related to a finalised legal proceeding	4.9	27.4	-	15.4
Non-collected product development loans	6.0	-	6.0	-
Service charges from Group companies	-	-	14.7	15.3
Rents received	7.4	8.7	6.5	7.2
Compensation for dissolved contracts	6.6	0.7	2.0	-
Income from previous financial years	1.8	5.3	1.7	4.8
Other	10.0	9.9	5.6	7.9
Total	49.9	62.5	46.6	58.5

3. CHANGES IN PROVISIONS

The following items were entered in the Income Statement as income or expenses for the financial year, and in the Balance Sheet as an increase or decrease in the provisions

Obligatory pension fund liability deficit in staff expenses	+1.1	+1.0	+0.9	+0.8
Guarantee provision in other operating expenses	-0.1	-0.2	-0.1	-0.2
Reversed guarantee provision in extraordinary income	+2.4	-	+2.4	-
Provision for eventual adjudged damages in other operating expenses	-0.1	-	-	-
Compensation for dissolved product development contract in other operating expenses	-	+0.3	-	+0.3
Total (increase - / decrease +)	+3.3	+1.1	+3.2	+0.9

FIM million	Group		Parent company	
	1999	1998	1999	1998

4. OPERATING EXPENSES AND DEPRECIATION

Operating expenses				
Increase (-) or decrease (+) in stocks of finished products	49.7	-13.1	29.8	-16.6
Production for own use	-12.6	-12.3	-11.3	-11.5
Raw materials and services				
Purchases during the financial year	2 332.8	2 371.5	787.5	934.2
Increase (-) or decrease (+) in stocks	-19.3	-68.9	24.8	4.1
External services	126.7	132.2	145.1	153.7
Total	2 440.2	2 434.8	957.4	1 092.0
Staff expenses				
Wages and salaries	833.6	834.1	582.8	592.6
Pension expenses	80.7	100.7	59.2	72.7
Other social security expenses	82.7	82.2	53.4	56.0
Total	997.0	1 017.0	695.4	721.3
Other operating expenses	985.5	924.9	745.7	739.0
Operating expenses total	4 459.8	4 351.3	2 417.0	2 524.2

Voluntary staff expenses are recorded under other operating expenses.

Depreciation				
Depreciation according to plan	275.1	231.6	219.3	203.8
Depreciation on Group goodwill	1.5	1.4	-	-
Depreciation total	276.6	233.0	219.3	203.8

Depreciation by Balance Sheet items for the financial year is presented under item 9. Principles used for depreciation according to plan are presented under Principles for the financial statements.

Average number of personnel	5 210	5 517	3 773	4 081
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5. FINANCIAL INCOME AND EXPENSES

Dividend income from Group companies	-	-	613.4	323.5
Dividend income from associated companies	-	-	8.8	8.8
Income from other investments held as non-current assets:				
Dividend income from other shares and holdings	14.8	9.2	6.6	4.1
Interest income from Group companies	-	-	1.0	1.3
Other interest and financial income:				
Interest income from Group companies	-	-	1.0	1.8
Interest income from other companies	43.5	53.2	35.0	47.2
Dividend income from securities held as current assets	1.4	1.4	1.4	1.5
Other financial income	27.4	20.2	22.2	17.5
Share of associated companies' profits	11.5	14.2	-	-
Reduction in value of investments held as non-current assets	-	-	-	-8.4
Reduction in value of investments held as current assets	-8.2	-	-7.3	-
Interest and other financial expenses:				
Interest expenses to Group companies	-	-	-15.6	-15.1
Interest expenses to other companies	-11.4	-13.9	-5.2	-7.2
Other financial expenses	-5.1	-14.3	-4.2	-11.1
Financial income and expenses total	73.9	70.0	657.1	363.9

Financial income and expenses include:

Total dividend income	16.2	10.6	630.2	337.9
Total interest income	43.5	53.2	37.0	50.3
Total interest expenses	-11.4	-13.9	-20.8	-22.3

FIM million	Group		Parent company	
	1999	1998	1999	1998
6. EXTRAORDINARY ITEMS				
Profit and reversed guarantee provision related to the divestment of the Normet division	65.1	-	64.3	-
Profit from sales of land areas	31.8	-	31.8	-
The market value of the Instrumentarium series A shares transferred as dividends to Orion Corporation shareholders, less the respective acquisition cost, the property transfer tax on the share transfer, and the reversal of the accumulated acquisition cost adjustment through associated company consolidation	443.8	-	165.7	-
Impact of change in accounting practice	-	23.2	-	-
Share of associated companies' extraordinary items	39.4	-	-	-
Group contribution	-	-	300.0	-
Total	580.1	23.2	561.8	-

7. APPROPRIATIONS

Change in accumulated accelerated depreciation	-	-	+89.0	+74.0
Increase in untaxed employee housing reserve	-	-	-3.2	-
Increase in untaxed replacement reserve	-	-	-51.7	-
Total (increase - / decrease +)	-	-	+34.1	+74.0

FIM million	Group		Parent company	
	1999	1998	1999	1998
8. INCOME TAXES				
Current tax on ordinary operations	-269.9	-235.3	-369.2	-260.1
Deferred tax on ordinary operations	9.7	18.3	-	-
Current tax on extraordinary items	-199.6	-	-154.1	-
Deferred tax on extraordinary items	-2.5	-	-	-
Adjustments for current tax of previous financial years	-0.0	-0.0	0.2	-1.5
Total	-462.3	-217.0	-523.1	-261.6

Deferred tax is calculated by using the tax rate adopted by the authorities for the following financial years as known on the day in which the financial statements were prepared.

Change in deferred tax arises from

Appropriations	6.9	26.8		
Consolidation measures	0.9	-5.6		
Timing differences	-0.6	-2.9		
Total	7.2	18.3		

Deferred tax asset and liability

Deferred tax asset and liability of the parent company are not presented in its Balance Sheet.

Deferred tax asset arises from

Timing differences	0.9	1.5	0.5	1.4
Consolidation measures	20.5	20.2	-	-
Total	21.4	21.7	0.5	1.4

Deferred tax liability arises from

Consolidation measures	-6.4	-7.0	-	-
Accumulated appropriations	-323.2	-330.1	-262.3	-262.8
Total	-329.6	-337.1	-262.3	-262.8

Notes to the Balance Sheet

9. GROUP NON-CURRENT ASSETS 31 DECEMBER, 1999

FIM million	Intangible rights	Goodwill	Group goodwill	Other capitalised expenditure	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Shares and holdings in associated companies	Own shares	Other shares and holdings
Acquisition cost, 1 Jan. (*)	218.4	638.7	7.1	74.8	47.4	1 422.9	1 088.2	10.6	43.6	573.8	7.6	167.0
Increase	24.3	0.3	0.2	1.1	0.2	71.4	126.6	1.2	58.4	41.9	-	9.8
Decrease	-13.5	-0.0	-	-0.9	-0.4	-48.3	-74.0	-0.9	-1.4	-435.5	-	-1.4
Transfers between Balance Sheet items	0.3	-	-	-0.0	-	30.6	34.5	0.0	-65.4	-179.4	-	179.4
Acquisition cost, 31 Dec.	229.5	639.0	7.3	75.0	47.2	1 476.6	1 175.3	10.9	35.2	0.8	7.6	354.8
Accumulated depreciation, 1 Jan. (*)	71.0	450.8	1.4	22.5	-	487.6	499.4	3.9	-	-	-	-
Accumulated reduction in value, 1 Jan.	-	-	-	-	-	-	-	-	-	-	-	11.4
Accumulated depreciation related to transfers and decreases, 31 Dec.	-6.2	-	-	-0.5	-	-19.6	-28.2	-0.4	-	-	-	-
Depreciation for the financial year	55.9	21.6	1.5	12.4	-	57.3	127.3	0.7	-	-	-	-
Accumulated depreciation, 31 Dec.	120.7	472.4	2.9	34.4	-	525.3	598.5	4.2	-	-	-	11.4
Book value, 31 Dec.	108.8	166.6	4.4	40.6	47.2	951.3	576.8	6.7	35.2	0.8	7.6	343.4

(*) The values do not include any assets the economic life of which expired during the previous financial years.

On 31 Dec., production machines accounted for FIM 315.5 million of book value of machinery and equipment. Revaluation included in the acquisition cost of land and water areas is FIM 0.4 million, and FIM 97.8 million in the acquisition cost of buildings.

PARENT COMPANY NON-CURRENT ASSETS 31 DECEMBER, 1999

FIM million	Intangible rights	Goodwill	Other capitalised expenditure	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Shares in Group companies	Receivables from Group companies	Shares and holdings in associated companies	Other shares and holdings
Acquisition cost, 1 Jan. (*)	146.5	632.8	63.9	32.6	1 082.6	922.4	8.7	35.6	135.0	24.8	175.4	98.5
Increase	19.7	-	0.5	0.3	61.1	91.7	1.1	57.9	34.7	1.5	666.3	-
Decrease	-13.5	-0.0	-0.5	-0.4	-41.4	-50.9	-0.7	-1.4	-0.1	-0.6	-737.1	-1.0
Transfers between Balance Sheet items	0.1	-	-	-	24.6	34.5	-	-59.1	-	-	-104.0	104.0
Acquisition cost, 31 Dec.	152.8	632.8	63.9	32.5	1 126.9	997.7	9.1	33.0	169.6	25.7	0.6	201.5
Accumulated depreciation, 1 Jan. (*)	55.2	379.2	17.2	-	387.4	423.0	3.4	-	-	-	-	-
Accumulated reduction in value, 1 Jan.	-	-	-	-	-	-	-	-	22.1	-	-	11.4
Accumulated depreciation related to transfers and decreases, 31 Dec.	-6.2	-	-0.1	-	-14.8	-17.2	-0.3	-	-	-	-	-
Depreciation for the financial year	27.1	43.5	10.4	-	38.4	99.4	0.6	-	-	-	-	-
Accumulated depreciation, 31 Dec.	76.1	422.7	27.5	-	411.0	505.2	3.7	-	22.1	-	-	11.4
Book value, 31 Dec.	76.7	210.1	36.4	32.5	715.9	492.5	5.4	33.0	147.5	25.7	0.6	190.1
Accumulated accelerated depreciation, 1 Jan.	63.8	2.0	4.7	-	444.7	421.4	1.5	-	-	-	-	-
Decrease	-22.5	-0.0	-0.6	-	-36.3	-29.2	-0.5	-	-	-	-	-
Accumulated accelerated depreciation, 31 Dec.	41.3	2.0	4.1	-	408.4	392.2	1.0	-	-	-	-	-

On 31 Dec., production machines accounted for FIM 297.6 million of book value of machinery and equipment. Revaluation included in the acquisition cost of land and water areas is FIM 0.4 million, and FIM 97.8 million in the acquisition cost of buildings.

The difference between market value and book value of listed shares and holdings

FIM million	Group's share of ownership %	Group		Parent company	
		1999	1998	1999	1998
Own shares					
Market value		332.6	295.6		
Corresponding book value		-7.6	-7.6		
Difference		325.0	288.0		
Other listed shares					
Market value;					
Instrumentarium Corporation	5.95%	276.1	1 098.2	149.6	377.7
Market value;					
Tamro Corporation	5.69%	123.8	150.7	54.8	66.7
Market value; other shares and holdings		18.3	11.4	15.7	9.9
Corresponding book value		-327.2	-586.1	-174.9	-245.6
Difference		91.0	674.2	45.2	208.7

Besides listed shares, the other shares and holdings include, among others, a 10.6% interest in Kronans Droghandel AB, a Swedish pharmaceutical distributor company.

Group Parent company

FIM million	1999	1998	1999	1998
10. STOCKS				
Raw materials and consumables	219.2	237.2	202.8	219.5
Work in progress	89.9	120.5	88.9	119.1
Finished products/goods	691.1	672.6	215.8	224.3
Other stocks	3.1	3.4	2.7	2.0
Advance payments	1.7	0.7	0.6	0.5
Total	1 005.0	1 034.4	510.8	565.4

11. RECEIVABLES

Material items included in prepaid expenses and accrued income

	1999	1998	1999	1998
Accrued interest income	14.4	19.4	13.0	18.2
Income tax receivable	44.2	2.8	-	1.9
Accrued royalties and provisions	7.3	8.3	7.0	8.0
Pending R&D contributions	11.4	12.8	11.1	12.8
Orion Corporation Pension Fund contribution paid in excess	16.2	-	16.2	-
Pending compensations	19.6	8.2	18.1	8.2
Other	23.3	19.6	11.0	9.2
Total	136.4	71.1	76.4	58.3

FIM million	Group		Parent company	
	1999	1998	1999	1998
Non-current receivables				
Trade receivables	1.0	1.0	-	0.4
Loan receivables from associated companies	0.1	-	0.1	-
Loan receivables	2.2	2.6	2.0	2.4
Other receivables	0.3	-	-	-
Total	3.6	3.6	2.1	2.8
Current receivables				
Trade receivables	532.9	560.4	237.5	280.6
Receivables from Group companies				
Trade receivables	-	-	201.4	193.1
Loan receivables	-	-	190.0	51.6
Other receivables	-	-	5.7	5.3
Prepaid expenses and accrued income	-	-	5.0	-
	-	-	402.1	250.0
Other receivables from associated companies	0.1	0.0	0.1	0.0
Loan receivables	0.6	0.7	0.5	0.6
Other receivables	29.0	33.4	10.8	8.0
Prepaid expenses and accrued income	136.4	71.1	76.4	58.3
Current receivables total	699.0	665.6	727.4	597.5

12. INVESTMENTS HELD AS CURRENT ASSETS

Shares and holdings	47.9	36.0	47.9	35.9
Other securities: interest instruments	158.1	102.7	107.0	92.9
Investments total	1206.0	1058.7	1117.9	962.8

Difference between market value and book value

Market value	1 212.8	1 081.1	1 124.7	984.8
Corresponding book value	-1 206.0	-1 058.7	-1 117.9	-962.8
Difference	6.8	22.4	6.8	22.0

13. SHAREHOLDERS' EQUITY

Share capital, 1 Jan.	699.7	699.7	699.7	699.7
Bonus issue, 23 April	7.6	-	7.6	-
Share capital, 31 Dec.	707.3	699.7	707.3	699.7

Premium fund, 1 Jan.	0.0	0.0	0.0	0.0
Premium fund, 31 Dec.	0.0	0.0	0.0	0.0

Own shares reserve, 1 Jan.	7.6	7.6	-	-
Own shares reserve, 31 Dec.	7.6	7.6	-	-

Reserve fund, 1 Jan.	8.3	9.0	-	-
Transferred from retained earnings	0.6	-	-	-
Transferred to retained earnings	-6.2	-	-	-
Exchange rate differences	0.6	-0.7	-	-
Reserve fund, 31 Dec.	3.3	8.3	-	-

FIM million	Group		Parent company	
	1999	1998	1999	1998
Retained earnings, 1 Jan.	3 625.9	3 604.9	1 789.0	1 659.3
By decision of shareholders' meetings				
dividends distributed	-1 349.0	-506.3	-1 398.0	-524.7
donations made	-0.6	-0.6	-0.6	-0.6
Bonus issue, 23 April	-7.6	-	-7.6	-
Transferred from reserve fund	6.2	-	-	-
Transferred to reserve fund	-0.6 *)	-	-	-
Increase arising from consolidation	5.8	1.1	-	-
Exchange rate differences	6.2	0.6	-	-
Profit for the financial year	929.2	526.2	1 330.2	655.0
Retained earnings, 31 Dec.	3 215.5	3 625.9	1 713.0	1 789.0

Share of accumulated appropriations allocated to the shareholders' equity **789.3** 841.6

*) A FIM 0.6 million bonus issues implemented in relation to the conversion of the subsidiary share capitals into euros.

Parent company share capital by share type

	1999		1998	
	Number of shares	FIM million	Number of shares	FIM million
A shares (20 votes per share)	37 018 755	374.2	37 018 755	370.2
B shares (1 vote per share)	32 952 874	333.1	32 952 874	329.5
Total	69 971 629	707.3	69 971 629	699.7

The Annual General Meeting of 8 April, 1999 decided to convert the share capital of the parent company into euros, and to increase the nominal value of the shares to EUR 1.70. After the increase in the nominal value of the shares, implemented through a bonus issue, the total share capital of the company amounts to EUR 1 189 1769.30. The corresponding changes were entered in the Trade Register on 23 April, 1999.

FIM million	Group		Parent company	
	1999	1998	1999	1998

14. ACCUMULATED APPROPRIATIONS

Accumulated accelerated depreciation	-	-	848.9	937.9
Untaxed reserves	-	-	55.6	0.8
Total	-	-	904.5	938.7

15. PROVISIONS

Obligatory pension fund liability deficit	1.2	2.3	1.0	1.9
Other provisions	0.8	3.0	0.7	3.0
Total	2.0	5.3	1.7	4.9

16. NON-CURRENT LIABILITIES

Loans from credit institutions	0.1	0.8	0.1	0.2
Pension loans	208.0	208.0	105.7	105.7
Liabilities to Group companies	-	-	41.7	33.1
Other non-current liabilities	39.3	51.9	40.1	51.6
Total	247.4	260.7	187.6	190.6

Liabilities falling due in five years' time or later

Loans from credit institutions	-	0.3	-	-
Pension loans	208.0	208.0	105.7	105.7
Other liabilities	6.1	8.2	6.1	8.2
Total	214.1	216.5	111.8	113.9

FIM million	Group		Parent company	
	1999	1998	1999	1998
Bond loan with warrants to the Group personnel	9.8	10.4	10.7	11.6

The bond loan is included in the non-current liabilities in the Balance Sheets. The loan is interest-free. The warrants entitle to subscribe for a total of 3,551,100 B shares 3,551,100 of B shares, with the combined nominal value amounting to EUR 6.0 million (FIM 35.9 million). The report by the Board of Directors gives more detailed information on the subscription conditions and validity of the bond certificates. Upon a consent given by the Orion Corporation Board of Directors, the 293,500 bond certificates held by Oriola Oy on 31 December, 1999 can be transferred to the personnel. The FIM 0.9 million loan corresponding to the Oriola bond certificates has been eliminated in the consolidated financial statements.

17. CURRENT LIABILITIES

Loans from credit institutions	0.3	0.3	0.1	0.1
Pension loans	-	-	-	-
Advances received	55.0	44.5	0.0	6.1
Trade payables	485.4	424.5	223.6	177.7
Liabilities to Group companies				
Trade payables	-	-	6.2	6.2
Other current liabilities	-	-	491.1	283.2
Accrued liabilities and deferred income	-	-	4.0	0.2
	-	-	501.3	289.6
Trade payables to associated companies	-	0.3	-	0.4
Other current liabilities	86.8	96.1	40.7	48.0
Accrued liabilities and deferred income	282.7	172.2	129.7	104.6
Current liabilities total	910.2	737.9	895.4	626.5

Material items included in accrued liabilities and deferred income

Accrued wage, salary and social security payments	123.9	107.4	93.2	87.0
Accrued pension insurance	5.4	14.7	-	4.6
Income tax liability	110.9	2.3	15.8	-
Other	42.5	47.8	20.7	13.0
Total	282.7	172.2	129.7	104.6

Liabilities comprise

Non-current interest-bearing liabilities	237.6	250.3	176.9	179.0
Non-current interest-free liabilities	339.4	347.5	10.7	11.6
Current interest-bearing liabilities	67.4	56.5	478.2	270.2
Current interest-free liabilities	842.8	681.4	417.2	356.3
Total	1 487.2	1 335.7	1 083.0	817.1

Other notes

18. INFORMATION RELATED TO ADMINISTRATIVE BODY MEMBERS OF GROUP COMPANIES

Salaries and remunerations to members of administrative bodies

Group company Presidents, Vice Presidents, members of the Boards of Directors	18.0	16.1	3.9	4.0
Members of the Supervisory Board	0.4	0.4	0.4	0.4
Total	18.4	16.5	4.3	4.4

FIM million	Group		Parent company	
	1999	1998	1999	1998
Loans granted to the Group company Presidents				
Loan receivables	0.1	0.2	-	-

The interest rate on the loans exceeds the base rate, and the repayment terms are standard.

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.

19. GUARANTEES

Mortgaged loans

Non-current loans from credit institutions	-	0.5	-	-
Current loans from credit institutions	-	0.1	-	0.0
Real estate mortgaged as security for the above	-	1.9	-	0.7
Non-current pension loans	78.4	94.1	46.1	48.6
Real estate mortgaged as security for the above	91.3	95.7	50.2	50.2
Other non-current liabilities	0.0	1.5	-	0.0
Other current liabilities	0.0	0.6	-	0.0
Real estate mortgaged as security for the above	1.3	8.8	-	1.6
Total mortgages as security for loans	92.6	106.4	50.2	52.5

Pledged loans

Non-current pension loans	85.6	69.8	49.6	47.1
Book value of marketable securities pledged for the above	95.1	87.5	55.2	55.1
Total pledges as security for loans	95.1	87.5	55.2	55.1

Other guarantees for own liabilities

Pledges, book value	36.9	66.8	36.8	66.8
Mortgages on real estate	104.9	106.2	89.9	90.6
Total	141.8	173.0	126.7	157.4

Guarantees on behalf of Group companies

Pledges, book value	-	-	39.9	32.4
Mortgages on real estate	-	-	41.1	45.5
Guarantees	0.3	0.4	38.3	35.5
Total	0.3	0.4	119.3	113.4

Guarantees on behalf of third parties

Guarantees on behalf of others	1.3	1.4	-	-
Mortgage on real estate on behalf of others	-	0.0	-	0.0
Total	1.3	1.4	-	0.0

Total guarantees

Total mortgages on real estate	197.5	212.6	181.2	188.6
Total pledges	132.0	154.3	131.9	154.3
Total guarantees	1.6	1.8	38.3	35.5

FIM million	Group		Parent company	
	1999	1998	1999	1998

20. CONTINGENT LIABILITIES

Outstanding payments pertinent to leasing agreements

	1999	1998	1999	1998
Beginning financial year	8.8	9.7	1.1	1.1
Following financial years	7.5	13.7	1.2	1.9
Total	16.3	23.4	2.3	3.0

The leasing agreements are made on customary terms.

Repurchase liabilities

	1999	1998	1999	1998
Repurchase price	5.0	14.3	4.8	13.7
Market value exceeds repurchase price	1.3	7.3	1.4	7.4

Other company liabilities

	1999	1998	1999	1998
Drug damage liability	1.1	1.1	0.9	1.0

Legal proceedings

On 3 December, 1999 the Espoo City Court rejected all essential parts of the claims in a case initiated against Orion Corporation by Dr. P. Jackson in 1998. Jackson claimed that Orion Corporation (and the merged Farnos Group Ltd.) had failed to use their best efforts in commercially utilising the patent rights related to a certain protective solution for animal feedstuffs, thereby having caused damage to Dr. Jackson. The decision is not yet final.

A request for arbitration against Orion Corporation Orion Pharma was filed by Laboratoire Innothéra S.A. from France in February 2000 to take place in Paris, claiming at least FRF 800 million from Orion in compensation for damage based on an alleged breach of agreement. According to Innothéra's claim, Orion has unlawfully terminated the distributorship agreements concerning the Divina and Indivina hormone replacement therapy products. Orion regards that it has only given several notifications of Innothéra's decreased promotional activity without meaning any actual termination of the aforementioned agreements, and therefore denies the allegation both in terms of the basis of the claim and the amount of damages.

21. DERIVATIVE INSTRUMENTS

Currency derivatives

	1999	1998	1999	1998
Forward contracts				
Market value, 31 Dec.	-	-3.8	-	-3.8
Counter value in FIM for currency sold, 31 Dec.	-	36.5	-	36.5
Currency swaps				
Market value, 31 Dec.	-	-0.9	-	-
Counter value in FIM for currency sold, 31 Dec.	-	33.4	-	-

The market values of the currency derivatives 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 31 Dec.

The contracts in foreign currencies have been translated into Finnish markka, applying the exchange rate of the day in which the accounts were closed.

22. SHARES AND HOLDINGS IN OTHER COMPANIES

Group companies	Group's share of ownership %	Group's share of votes %	Parent company's share of ownership %	Parent company's share of votes %
Alnitak Oy, Espoo	100.00	100.00	90.00	90.00
Finorion Kft, Hungary	100.00	100.00	100.00	100.00
Hiven Oy, Paimio	100.00	100.00	100.00	100.00
Interorion AG., Switzerland	100.00	100.00	100.00	100.00
Karkone Oy, Espoo	100.00	100.00	100.00	100.00
Kiinteistö Oy Kapseli, Hanko	99.93	99.93	99.93	99.93
Kiinteistö Oy Kalkkipellontie 2, Espoo	100.00	100.00	-	-
Kiinteistö Oy Nilsjankatu 10, Helsinki	100.00	100.00	99.84	99.84
Kiinteistö Oy Pilleri, Hanko	70.39	70.39	70.39	70.39
Kiinteistö Oy Tonttuvainio, Espoo	100.00	100.00	100.00	100.00
Kuulolaitakeskus Oy, Espoo	100.00	100.00	-	-
Oriola Oy, Espoo	100.00	100.00	100.00	100.00
AS Oriola, Estonia	100.00	100.00	-	-
SIA Oriola Riga, Latvia	100.00	100.00	-	-
UAB Oriola Vilnius, Lithuania	100.00	100.00	-	-
ZAO Oriola, Russia	100.00	100.00	-	-
ZAO Oriola SPb, Russia	100.00	100.00	-	-
Oriola AB, Sweden	100.00	100.00	-	-
Oriola Dental AB, Sweden (former Oriola Dentalprodukter AB)	100.00	100.00	-	-
Oriola Polska Sp.z.o.o., Poland	100.00	100.00	-	-
Orion Diagnostica AB, Sweden	100.00	100.00	100.00	100.00
Orion Diagnostica A/S, Norway	100.00	100.00	100.00	100.00
Orion Diagnostica Danmark A/S, Denmark	100.00	100.00	100.00	100.00
Orion Diagnostica Inc., USA	100.00	100.00	100.00	100.00
Orion Export Oy, Espoo	100.00	100.00	90.00	90.00
Orion Pharma, Inc., USA	100.00	100.00	100.00	100.00
Orion Pharma AB, Sweden	100.00	100.00	-	-
Orion Pharma AG, Switzerland	100.00	100.00	-	-
Orion Pharma AS, Norway	100.00	100.00	100.00	100.00
Orion Pharma A/S, Denmark (former Ercopharm A/S)	100.00	100.00	-	-
Orion Pharma GmbH, Germany	100.00	100.00	100.00	100.00
Orion Pharma (Ireland) Ltd., Ireland	100.00	100.00	100.00	100.00
Orion Pharma (UK) Ltd., UK	100.00	100.00	100.00	100.00
Orion Pharma SA, France	100.00	100.00	100.00	100.00
Panfarma Oy, Espoo	100.00	100.00	-	-
Soredex, Inc., USA	100.00	100.00	100.00	100.00
Suomen Rohdos Oy, Espoo	100.00	100.00	100.00	100.00
Oy Pharmacal Ab, Helsinki	100.00	100.00	100.00	100.00

Own shares held by the Group

The Group holds 2,453,208 A shares of Orion Corporation corresponding to 3.51% of share capital. The total nominal value of own shares amounts to EUR 4.2 million (FIM 24.8 million) and the acquisition cost to FIM 7.6 million.

Shares and holdings in associated companies	Group's share of ownership %	Group's share of votes %	Parent company's share of ownership %	Parent company's share of votes %
Hangon Puhdistamo Oy, Hanko	50.0	50.0	50.0	50.0
Medidata Oy, Helsinki	33.3	33.3	-	-
Planeetankadun Paikoitus Oy, Espoo	29.5	29.5	29.5	29.5
Regattalämpö Oy, Hanko	42.6	42.6	-	-
Suomen Lääkevahinkokorvaus-osuuskunta, Helsinki	21.2	21.2	19.7	19.7

There are no such companies in which the Group's ownership is in excess of 1/5 as would not have been consolidated as associated companies or subsidiaries.

PROPOSAL FOR DISTRIBUTION OF PROFITS

The essentials of the proposal by the Board of Directors regarding the distribution of profits for 1999

The non-restricted equity shown in the Consolidated Balance Sheet as per 31 December, 1999 amounts to FIM 3,223 million (EUR 542 million), of which FIM 797 million (EUR 134 million) is not distributable. The corresponding parent company figure is FIM 1,713,059,780.80 (EUR 288,115,972.44), profit for this financial year accounting for FIM 1,330,249,538.28 (EUR 223,731,911.52) of the total.

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

	EUR	FIM
- dividend of EUR 0.60 (FIM 3.57) in cash per share on the total of 69,971,629 shares	41,982,977.40	249,619,448.22
dividend paid out in Instrumentarium Corporation shares, with a counter value not exceeding EUR 0.67 (FIM 3.98) per share. A maximum of 1,428,786 Instrumentarium Corporation shares will be distributed to the shareholders.	46,880,991.43	278,741,717.17

However, the shareholders with a maximum of 299 Orion Corporation A or B shares on their individual book entry accounts on the record date will receive the entire dividend in cash.

For the purposes of this proposal, the Instrumentarium Corporation shares have been valued at the price quoted in the Helsinki Stock Exchange on the day of the Board's proposal, from which the dividend proposed by Instrumentarium Corporation for 1999 has been deducted, i.e. at EUR 32 (FIM 190.26). The final counter value of the dividend payment in the form of the shares will be determined by the average price of the Instrumentarium Corporation share on the dividend payment date.

Total (maximum)	88,863,968.83	528,361,165.39
- Donations to medical research:		
The Orion Corporation Research Foundation	25,228.19	150,000.00
The Farnos Foundation for Research and Science	25,228.19	150,000.00
Other medical research	50,456.38	300,000.00
- The balance of the profit for the financial year, after the profit distribution measures, will be retained in the profit and loss account.		

The Board will make a detailed proposal regarding profit distribution at its meeting on 6 March, 2000.

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

Espoo, 24 February, 2000

Juhani Leikola
Chairman

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 January - 31 December, 1999. 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 evaluat-

ing the overall financial statement presentation. The purpose of our audit of corporate administration is to examine that the members of the Supervisory Board and 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 and 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.

Espoo, 28 February, 2000

Risto Järvinen
Authorised Public Accountant
Tilintarkastajien Oy – Ernst & Young

Pekka Luoma
Authorised Public Accountant
Tilintarkastajien Oy – Ernst & Young

STATEMENT BY THE SUPERVISORY BOARD

We have examined the Statement of Accounts and the Auditors' Report for 1999.

We 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 utilised in the manner proposed by the Board of Directors.

We also recommend that the proposals by the Board of Directors be approved concerning the

amendment of paragraph 3 of the Bylaws, and the lowering of the share capital by EUR 4,170,453.60 by invalidating the Orion Corporation shares owned by Oriola Oy.

The following members are in turn to retire from the Supervisory Board: Jouko Brade, Pekka Elovaaara, Petteri Karttunen, Jouko K. Leskinen and Timo Maasilta. Jouko Brade cannot be re-elected due to the 70-year age limitation statute in the Bylaws. Moreover, Iiro Viinanen has asked for retirement from the Supervisory Board.

Espoo, 6 March, 2000

Juhani Aho
Chairman of the Supervisory Board

TABLES CONVERTED TO EUROS

Net sales and international operations by Division

	Net sales			International operations		
	1999 MEUR	1998 MEUR	Change %	1999 MEUR	1998 MEUR	Change %
HEALTHCARE						
Orion Pharma	437.8	409.0	+7.0	223.6	193.5	+15.6
Oriola	356.0	314.1	+13.4	52.5	44.6	+17.6
Orion Diagnostica	29.7	29.7	+0.1	23.3	23.0	+1.2
Healthcare total	809.6	737.0	+9.9	299.7	259.5	+15.5
COSMETICS AND DETERGENTS, Noiro						
Continued operations	908.3	834.7	+8.8	327.1	289.6	+13.0
Normet	3.9	35.1		2.8	23.9	
Group total	912.2	869.8	+4.9	329.9	313.5	+5.2

International operations by market area

	1999		1998		Change %
	MEUR	Share %	MEUR	Share %	
Scandinavia	61.0	18.5	58.7	18.7	+4.0
Other Europe	174.2	52.8	154.7	49.3	+12.6
North America	56.5	17.1	47.0	15.0	+20.0
Other markets	35.4	10.7	29.2	9.4	+21.3
Continued operations	327.1	99.1	289.6	92.4	+13.0
Normet	2.8	0.9	23.9	7.6	
Group total	329.9	100.0	313.5	100.0	+5.2

Operating profit by Division

	1999		1998		Change %
	MEUR	Share %	MEUR	Share %	
HEALTHCARE					
Orion Pharma	90.6	73.1	75.4	68.9	+20.3
Oriola	24.4	19.7	24.0	22.0	+1.7
Orion Diagnostica	3.8	3.0	2.7	2.5	+39.3
Healthcare total	118.8	95.8	102.1	93.4	+16.4
COSMETICS AND DETERGENTS, Noiro					
Group items	-2.8	-2.2	-2.9	-2.7	
Continued operations	124.0	100.0	105.3	96.3	+17.8
Normet			4.0	3.7	
Group total	124.0	100.0	109.3	100.0	+13.5

Group net sales and operating profit by quarters

	7-9/98	10-12/98	1-3/99	4-6/99	7-9/99	10-12/99
	MEUR	MEUR	MEUR	MEUR	MEUR	MEUR
Net sales	205.2	222.8	226.4	224.0	221.2	240.6
Operating profit	26.9	24.6	31.1	27.6	44.2	21.1

1 EUR = 5.94573 FIM

ADJUSTED DATA PER SHARE IN EUROS

		1999	1998	1997	1996	1995
Adjusted earnings per share (EPS)	EUR	1.33¹⁾	1.21	1.43	1.25	1.17
Adjusted shareholders' equity per share	EUR	9.46	10.44	10.39	9.48	8.66
Total dividends	MEUR	88.8²⁾	235.1	524.8	249.9	199.9
Dividend per share	EUR	1.27²⁾	1.09	7.50	5.00	4.00
Extra dividend per share	EUR	-	2.27	-	-	-
Adjusted dividend per share	EUR	1.27²⁾	1.09	7.50	3.57	2.86
Adjusted extra dividend per share	EUR	-	2.27	-	-	-
Adjusted payout ratio	%	95.8%²⁾	277.9%	88.1%	48.2%	41.2%
Adjusted payout ratio excl. extra dividend	%	95.8%²⁾	90.4%	-	-	-
Adjusted yield	A	5.5%²⁾	14.6%	5.2%	2.7%	3.1%
Adjusted yield	B	5.5%²⁾	14.5%	5.2%	2.8%	3.2%
Adjusted P/E ratio	A	17.39	16.85	16.95	17.64	13.10
Adjusted P/E ratio	B	17.53	16.91	16.88	17.11	12.71
Share price on 31 Dec.	A EUR	22.80	20.27	24.22	30.61	20.86
Share price on 31 Dec.	B EUR	23.00	20.59	24.22	29.77	20.52
Adjusted price on 31 Dec.	A EUR	22.80	20.27	24.22	21.86	14.90
Adjusted price on 31 Dec.	B EUR	23.00	20.59	24.22	21.26	14.66
Adjusted average share price	A EUR	21.84	23.67	23.08	18.18	13.67
Adjusted average share price	B EUR	21.39	24.61	22.87	17.46	13.22
Adjusted lowest share price	A EUR	19.00	16.77	20.66	15.38	11.71
Adjusted lowest share price	B EUR	18.65	15.98	20.60	14.78	10.93
Adjusted highest share price	A EUR	26.95	31.79	26.43	22.22	15.38
Adjusted highest share price	B EUR	26.80	31.12	25.83	21.51	15.14
Market capitalisation on 31 Dec.	MEUR	1 618.8	1 428.1	1 694.4	1 516.3	1 056.3
Adjusted number of A shares traded	000s	3 230	4 026	7 380	6 071	2 421
% of A shares	%	8.7%	10.9%	19.9%	16.4%	6.5%
Adjusted number of B shares traded	000s	15 389	17 165	17 113	13 944	7 585
% of B shares	%	46.7%	52.1%	52.0%	42.4%	23.1%
Shares traded						
% of total share capital	%	26.6%	30.3%	35.0%	28.6%	14.3%
Number of shares on 31 Dec.	A shares	no. 37 018 755	37 018 755	37 063 327	26 473 802	26 473 802
	B shares	no. 32 952 874	32 952 874	32 908 302	23 505 930	23 505 930
Total		no. 69 971 629	69 971 629	69 971 629	49 979 732	49 979 732
Adjusted number of shares annual average		no. 69 971 629	69 971 629	69 971 629	69 971 625	69 971 625
Adjusted number of shares at the end of financial year		no. 69 971 629	69 971 629	69 971 629	69 971 625	69 971 625

¹⁾ Diluted earnings per share, EUR

1.30

²⁾ proposal by the Board: EUR 0.60 in cash and no more than EUR 0.67 in Instrumentarium Corporation shares, altogether no more than EUR 1.27.

Formulas for calculating the key indicators are on page 35.

1 EUR = 5.94573 FIM

FINANCIAL DEVELOPMENT OF THE ORION GROUP IN EUROS

Figures in EUR million	1999	1998	1997	1996	1995
NET SALES AND PROFIT					
Net sales	912.2	869.8	789.6	737.0	697.4
Change on the previous year %	+4.9%	+10.2%	+7.1%	+5.7%	+5.2%
Exports from Finland	241.0	229.1	200.0	174.6	164.5
Change on the previous year %	+5.2%	+14.5%	+14.6%	+6.1%	-4.5%
International operations	329.9	313.5	290.3	251.4	237.6
% of net sales	36.2%	36.0%	36.8%	34.1%	34.1%
Change on the previous year %	+5.2%	+8.0%	+15.5%	+5.8%	-3.0%
Depreciation according to plan	46.5	39.2	38.0	37.0	34.4
Operating profit	124.0	109.3	120.6	106.3	100.3
% of net sales	13.6%	12.6%	15.3%	14.4%	14.4%
Change on the previous year %	+13.5%	-9.3%	+13.4%	+6.0%	+2.2%
Financial income and expenses	+12.4	+11.8	+18.5	+17.9	+12.4
% of net sales	+1.4%	+1.4%	+2.3%	+2.4%	+1.8%
Profit before extraordinary items and taxes	136.4	121.1	139.1	124.2	112.6
% of net sales	15.0%	13.9%	17.6%	16.8%	16.1%
Change on the previous year %	+12.7%	-13.0%	+12.0%	+10.3%	+6.1%
Extraordinary items (net)	+97.6	+3.9	+0.0	+3.6	-0.3
Income taxes *)	+43.7	+36.5	+38.9	+37.0	+30.8
Profit after taxes without extraordinary items	+92.7	+84.6	+100.2	+87.2	+81.8
Return on invested capital before extraordinary items and taxes	18.6%	16.2%	19.0%	18.1%	17.9%
Return on equity	13.3%	11.6%	14.4%	13.7%	14.1%
Balance sheet					
Current assets	527.0	493.1	524.4	499.2	471.5
Non-current assets	385.1	462.8	438.1	412.8	400.8
Liabilities	250.1	224.7	234.6	247.4	264.8
Interest-free liabilities	198.8	173.0	187.8	168.5	166.5
Interest-bearing liabilities	51.3	51.6	46.7	78.9	98.3
Provisions	0.3	0.9	1.1	1.2	1.5
Shareholders' equity	661.7	730.2	726.8	663.4	605.9
Balance Sheet total	912.1	955.9	962.4	912.0	872.3
Solvency ratio	73.3%	77.0%	75.8%	72.8%	69.5%
Gearing	-28.0%	-20.7%	-28.1%	-27.3%	-22.7%
Investments in fixed assets					
Gross investments	45.0	67.3	56.0	40.8	40.1
% of net sales	4.9%	7.7%	7.1%	5.5%	5.7%
Gross investments excluding shares	45.0	46.4	52.5	40.6	34.4
% of net sales	4.9%	5.3%	6.6%	5.5%	4.9%
Research and development expenditure					
Research and development expenditure	67.9	63.2	55.8	56.0	53.3
% of net sales	7.4%	7.3%	7.1%	7.6%	7.6%
Personnel					
Wages and salaries paid	140.2	140.3	131.4	130.4	124.2
Number of employees	5 210	5 517	5 322	5 244	5 147
Net sales per employee, EUR thousand	175.1	157.7	148.4	140.5	135.5

*) The change in deferred tax liability and tax deferred tax asset has been taken into account in calculating the income taxes.

1 EUR = 5.94573 FIM

CONSOLIDATED INCOME STATEMENT IN EUROS

MEUR	1999	1998
Net sales	912.2	869.8
Other operating income	+8.4	+10.5
Operating expenses	-750.1	-731.8
Depreciation	-46.5	-39.2
Operating profit	124.0	109.3
Financial income and expenses:		
Ordinary financial operations	+10.5	+9.4
Share of associated companies' profits	+1.9	+2.4
Profit before extraordinary items	136.4	121.1
Extraordinary items	+97.6	+3.9
Profit before taxes	234.0	125.0
Income taxes		
Income taxes on ordinary operations	-43.7	-36.5
Income taxes on extraordinary items	-34.0	-
Minority interest	0.0	0.0
Profit for the financial year	156.3	88.5

1 EUR = 5.94573 FIM

CONSOLIDATED BALANCE SHEET IN EUROS

ASSETS 31 December MEUR	1999	1998
Non-current assets		
Intangible assets		
Intangible rights	18.3	24.8
Goodwill	28.0	31.6
Group goodwill	0.7	0.9
Other capitalised expenditure	6.9	8.8
	53.9	66.1
Tangible assets		
Land and water	8.0	8.0
Buildings	160.0	157.3
Machinery and equipment	97.0	99.0
Other tangible assets	1.1	1.1
Advance payments and construction in progress	5.9	7.3
	272.0	272.7
Investments		
Shares in associated companies	0.1	96.5
Own shares	1.3	1.3
Other investments	57.8	26.2
	59.2	124.0
Current assets		
Stocks	169.0	174.0
Deferred tax asset	3.6	3.6
Non-current receivables	0.6	0.6
Current receivables	117.6	112.0
Investments	202.8	178.1
Cash in hand and at banks	33.4	24.8
	912.1	955.9

ASSETS 31 December MEUR	1999	1998
Shareholders' equity		
Share capital	119.0	117.7
Reserve for own shares	1.3	1.3
Reserve fund	0.6	1.4
Retained earnings	384.5	521.3
Profit for the financial year	156.3	88.5
	661.7	730.2
Minority interest	0.0	0.1
Provisions	0.3	0.9
Liabilities		
Deferred tax liability	55.4	56.7
Non-current liabilities		
Pension loans	35.0	35.0
Other non-current liabilities	6.6	8.9
	41.6	43.9
Current liabilities		
Advances received	9.3	7.5
Trade payables	81.6	71.4
Other current liabilities	62.2	45.2
	153.1	124.1
	912.1	955.9

1 EUR = 5.94573 FIM

SUPERVISORY BOARD, BOARD OF DIRECTORS AND AUDITORS OF ORION CORPORATION, 1 MARCH 2000

Supervisory Board

		Present term	Member since
JUHANI AHO, M.D., 69 Helsingin Lääkärikeskus Group, Chief Physician, Chairman of the Board of Directors Yhtyneet Laboratoriot Oy, President	Chairman Member	1999 - 2000 1999 - 2002	1978 -
AHTI TARKKANEN, M.D., 69 Professor	Deputy Chairman Member	1999 - 2000 1998 - 2001	1997 -
JOUKO BRADE, M.Sc. (Econ.), MBA, 70 Medical Investment Trust, Chairman of the Board of Directors		1997 - 2000	1997 -
PEKKA ELOVAARA, M.Sc. (Pharm.), 50 Luumäen apteekki, Pharmacist		1997 - 2000	1994 -
TIMO ESTOLA, D.V.M., 68 Professor		1998 - 2001	1992 -
PETTERI KARTTUNEN, M.Sc. (Econ.), 39 Gyllenberg Asset Management Oy, President		1997 - 2000	1989 -
JUHA KYTILÄ, M.D., 69		1999 - 2002	1978 -
EEVA KÖLLI-JÄNTTI, M.Sc. (Pharm.), 58 Pukimäen Apteekki, Pharmacist		1999 - 2002	1996 -
JOUKO K. LESKINEN, LL.M., 56 Sampo Group, President and CEO		1997 - 2000	1997 -
TIMO MAASILTA, M.Sc. (Tech.), 45 The Land and Water Technology Foundation, Managing Director		1997 - 2000	1991 -
TATU MIETTINEN, M.D., 69 Professor		1998 - 2001	1968 -
SEPPO SALONEN, M.D., 40 Medivire Työterveyspalvelut Oy, Occupational Health Physician		1998 - 2001	1995 -
ILKKA SIPIÄ, M.D., 57 HUCH, Hospital for children and adolescents, Assistant Chief Physician		1999 - 2002	1995 -
ERKKI TAMMISALO, D.D.S., 67 Professor		1998 - 2001	1980 -
ANTTI TANSSKANEN, Ph.D. (Econ.), 53 OKOBANK (Osuuspankkien Keskuspankki Oyj), Chairman		1999 - 2002	1997 -
IIRO VIINANEN, M.Sc. (Tech.), 55		1998 - 30 March 2000	1997 -

Board of Directors

JUHANI LEIKOLA, M.D., Professor, 58 Finnish Red Cross Blood Transfusion Service, Director	Chairman	2000 - 2002	1994 -
AATTO PRIHTI, D.Sc. (Econ.), 60 Finnish National Fund for Research and Development, President	Deputy Chairman Member	2000 2000 - 2001	1984 -
ERKKI ETOLA, M.Sc. (Tech.), 55 Etola Companies, Chairman of the Board of Directors		2000 - 2001	1995 -
EERO KARVONEN, M.Sc. (Tech.), 51 EVK-Capital Oy, President		2000 - 2001	1997 -
MARKKU TALONEN, Lic.Sc. (Tech.), 53 Orion Corporation, President and CEO		2000 - 2001	1997 -
PAULI TORKKO, Lic.Sc. (Econ.), 52 Orion Corporation, Executive Vice President		2000 - 2001	1987 -

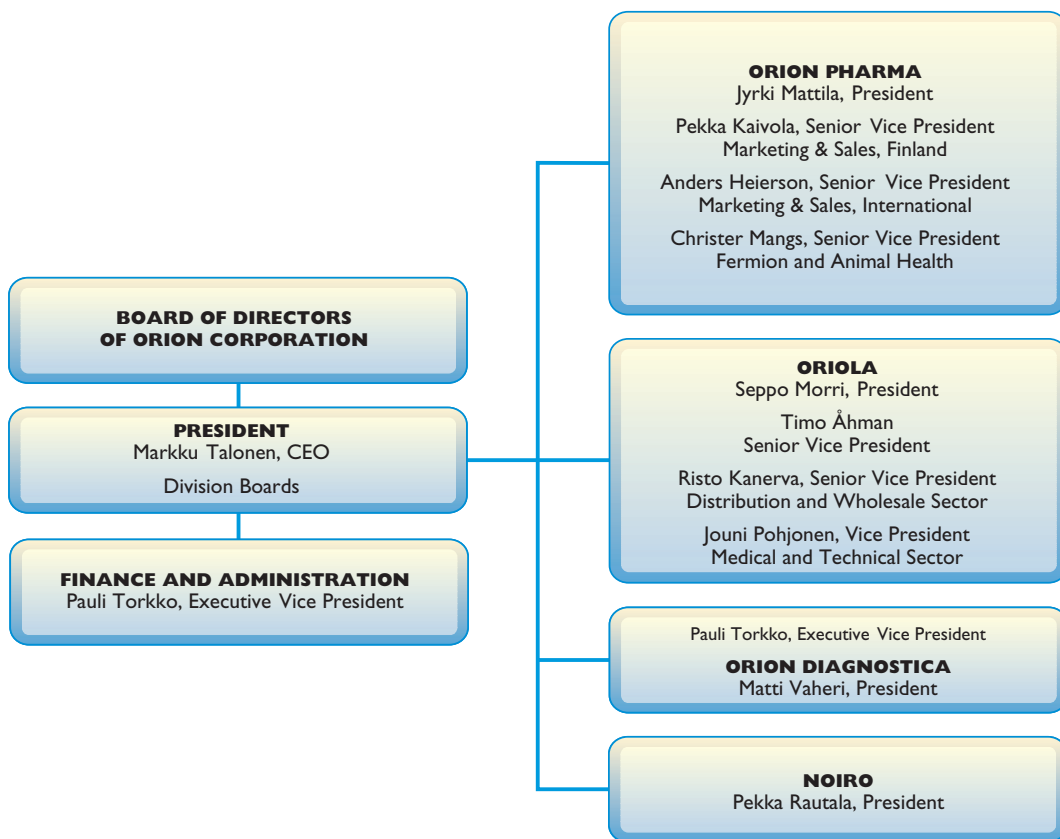
Auditors

RISTO JÄRVINEN, Lic.Sc. (Econ.), APA
PEKKA LUOMA, B.Sc. (Econ.), APA

Deputy Auditors

KALERVO VIRTANEN, Professor, D.Sc. (Econ.), APA
OLLI MÄKINEN, B.Sc. (Econ.), APA

ORGANISATION AND DIVISIONS OF THE ORION GROUP, 1 JANUARY 2000



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

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ORION PHARMA

Jyrki Mattila
President

Marketing & Sales, International operations, Human pharmaceuticals

Anders Heierson
Senior Vice President

David Boucher
Head of Region UK

Bo Creutzer
Head of Region Scandinavia

Markku Huhta-Koivisto
Head of Region Americas, Asia Pacific, Eastern Europe

Klaus Mecklenburg
Head of Region Germany

Hannu Wennonen
Head of Region France

Flemming Andersen
Business Unit Cardiology, Critical Care

Barbara Lead
Business Unit Respiratory

Pia Sulin
Business Unit Central Nervous System

Antti Viitanen
Business Unit Hormone Therapy, Urology

Lars Ekholm
Finance

Claude Lubicki
International Sales and Commercial Support

Marketing & Sales, Finland, Human pharmaceuticals

Pekka Kaivola
Senior Vice President

Timo Lumme
Ari-Matti Myllyniemi
Hilkka Tuhkanen
Prescription Drugs

Jukka Niemi
OTC Products

Pekka Järvensivu
Marketing Services

Johanna Hamberg
Regulatory Affairs

Pekka Koivuneva
Controller

Markku Virkki
Public Relations

Animal Health

Christer Mangs
Senior Vice President

Päivi Lehtonen
Marketing Finland

Matti Helenius
Marketing Nordic Countries, Exports

Lasse Koskenniska
Research and Product Development

Anssi Hakkala
Hiven Oy

Fermion

Christer Mangs
Senior Vice President

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Hanspeter Ros
Marketing and Sales

Aarno Maaniemi
Finance

Centralised operations

Kari Varkila
Clinical Development and Regulatory Affairs

Juha Ellmén
Hormone Therapy and Urology

Marjut Ranki-Pesonen
Asthma

Kari Varkila
Cardiology

Kari Reinikainen,
Outi Mäki-Ikola
CNS

Inge-Britt Lindén
International Regulatory Affairs

Esa Soppi
Project Development

Aino Takala
Health Economics

Pentti Timonen
Drug Safety

Jouni Vuorinen
Biostatistics and Data Management

Esa Heinonen
Preclinical Research and R&D Support Functions

Heimo Haikala
Drug Discovery & Pharmacology

Antti Haapalinna
Neuropharmacology & Toxicology

Arto Karjalainen
Synthetic Chemistry

Timo Lotta
Bioanalytics & Pharmacokinetics

Arja Weckman
Industrial Property Rights

Anne Solkinen
Quality Assurance

Ulla Hirvensalo
IRM

Tuula Heinonen
Project Development

Pasi Salokangas
Product Development, Production and Materials Management

Marja Ritala
Product Development

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Manufacturing, Espoo and Kuopio

Heimo Rantala
Manufacturing, Turku and Seinäjoki

Risto Hämäläinen
Manufacturing, Oulu and Kemijärvi

Bjarne Grönbloom
Engineering

Jari Kaunisto
Materials Management

Harri Ikäläinen
Quality Operations

Timo Lappalainen
Business Development and Finance

Kari Kantola
Finance

Teppo Mattsson
Information Technology

Tuula Laitinen
Communications

Ulla Lövhölm
Human Resources

Jukka Muhonen
Legal Affairs

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Finance

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Seppo Hakanpää
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Kuopio

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David Kelton
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Senior Vice President
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Veli Hänninen
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Sirkku Holttinen
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Annikka Rantama
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Markus Sivonen
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Jan Ekornrød
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Steffen Huusom
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Ossi Hiltunen
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Jukka Nykänen
Business Unit Hormones & Markers

Timo Raines
Business Unit Infectious Diseases

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Pekka Rautala
President

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Harri Mäntynen
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Raul Holmborg
Wella Hairdressing Products

Jouko Heinonen
Lumene Cosmetics and Cutrin Hairdressing Products

Jari Suominen
Farmos Institutional and Industrial Cleaning Products

Carl-Gustav Malmström
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Juha Koivukoski
Finance and Administration, Strategic Planning

Pekka Perttilä
Material Administration

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Executive Vice President
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Group Controller

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Ulla Pihlström
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Heikki Salo
Internal Audit

Henry Haarla
Legal Affairs

Anne Allo
Corporate Communications and Investor Relations

Pekka Vaissi
Tuohilampi Course Center

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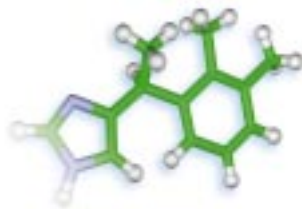
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