

A man in a blue suit is shown from the waist up, with his arms raised and hands open, looking upwards. The background is a gradient of light blue to white, with large, faint, overlapping circles. The word "ORION" is written in large, blue, outline-style capital letters across the upper middle of the image.

ORION

Annual Report
2002

ORION

Orion Group Annual Report 2002

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An electronic version of this Annual Report is available on the Web,
homepage www.orion.fi

Information to shareholders

Annual General Meeting of the Shareholders on Thursday, 27 March 2003

The Annual General Meeting of the Shareholders of Orion Corporation will be held on Thursday, 27 March 2003 at 6 p.m. at the Marina Congress Center in Helsinki, address Katajanokanlaituri 6, 00160 Helsinki.

The matters to be handled at the Meeting:

1. The matters subject to the decision by the General Meeting of Shareholders, as specified in section 10 of the company's Bylaws.
2. The proposals by the Board of Directors in accordance with the agenda provided in the invitation.

An invitation to the shareholders to convene the Annual General Meeting has been mailed to the registered shareholders. It was also published in the Helsingin Sanomat newspaper on 19 February 2003. The invitation is also available on the Orion Group homepage www.orion.fi

Registration to the AGM

A shareholder shall inform the company of his intention to attend the General Meeting of the Shareholders at the latest on Friday, 21 March 2003 before 4 p.m. Finnish time. Registrations in writing are requested to be mailed to Orion Corporation, Shareholder affairs, P.O.Box 65, FIN-02101 Espoo, Finland. Registrations by phone will be received by Ms. Maarit Lönnerberg, phone +358 10 429 3719, or Ms. Lotta Lindström, phone +358 10 429 3718. Registrations via internet can be done at the address www.orion.fi observing the given guidelines. Registrations by letter or telefax or via internet must arrive in Orion Corporation no later than the aforementioned deadline. Possible proxies should be submitted together with the registration.

Payment of dividend

If the General Meeting of the Shareholders approves the proposal by the Board of Directors for the distribution of the profits for the financial year that ended on 31 December 2002, a dividend per share of 0.93 euros shall be paid to Orion Corporation shareholders entered in the shareholder register maintained by the Finnish Central Securities Depository on the record date 1 April 2003. Accordingly, shares acquired no later than 27 March 2003 will entitle the shareholder to dividends for the year 2002. The date of the dividend payment is 8 April 2003. Shareholders having not registered their shares in the book-entry securities system by the record date for dividend payment shall receive the dividend payment only after registration of their shares in the system.

Publication schedule for the financial reviews by Orion Corporation in 2003

Interim Report 1–3/2003 13 May 2003 at 8.30 a.m.

Interim Report 1–6/2003 6 August 2003 at 8.30 a.m.

Interim Report 1–9/2003 5 November 2003 at 8.30 a.m.

The Orion Magazine for shareholders will be published in May, September and December 2003.

The financial reviews as well as the Orion Magazine are published in Finnish and English. Registered shareholders will receive the Annual Report and the Orion Magazine to the mailing address provided by the Finnish Central Securities Depository. The company announcements and financial reviews are also available on the Orion Group homepage, www.orion.fi. Others than registered shareholders are advised to subscribe for the publications via the ordering

facility on the homepage www.orion.fi or by contacting the Communications office of the Orion Group by phone, e-mail or telefax:

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www.evlinet.com

BNP Paribas
www.bnpparibas.com

FIM Pankkiiriliike
www.fim.com

Conventum Securities
www.conventum.fi

Handelsbanken Securities
www.handelsbanken.se

Danske Securities
www.danskecurities.com

Mandatum Stockbrokers
www.mandatum.fi

D. Carnegie AB Finland
www.carnegie.fi

Nordea Securities
www.nordeasecurities.com

Enskilda Securities
www.enskilda.se

Opstock Securities
www.opstock.fi

Analyst contacts are updated on our homepage www.orion.fi.
Orion takes no responsibility of the analysts' opinions.

We have
a direction



Orion Group

Orion is a Finnish Group specialising in products for the healthcare sector. Since its establishment in 1917, Orion has evolved to the leading Finnish pharmaceuticals company with a colourful and eventful history. The company started to add presence on international markets about 30 years ago, and today it has subsidiaries in 15 countries. Pharmaceuticals have always constituted the core of Orion's operations although the Group structure has comprised many types of business over the years.

About twenty years ago Orion started investing more determinedly in in-house research with a target to discover and develop new drug innovations. This work has already resulted in seven proprietary products introduced on the international markets. With a strong commitment to R&D, Orion is being built to become an increasingly significant European pharmaceuticals company with operations based on a strong product portfolio of innovative proprietary drugs.

The parent company Orion Corporation is listed in the Helsinki Stock Exchange. Orion has about 28,500 registered shareholders. In the beginning of 2003, 17% of the company's shares were owned by shareholders outside Finland.



Vision. Orion has a clearly defined strategic orientation and intent: We want to grow into a significant European pharmaceuticals company with a product range mainly based on innovative proprietary drugs.

Strategy. At the core of Orion's business operations is Orion Pharma, which generates growth for the Group through innovative drugs resulting from in-house research. The organic growth and expansion is enhanced through product acquisitions, alliances and company acquisitions. Other Orion divisions provide support for the Group's development and expansion.

Success Factors. The implementation of the Group strategy requires determined commitment to pharmaceutical research focused on the chosen areas. This not only calls for strong financial shoulders and courage to take on risks, but also for competent and motivated people in the right places, continuous development of our expertise, good management as well as rewards for good performance and achievements. Orion has already demonstrated ability to renew and change its modes of operation, management and organisation. We have improved our decision processes, now smooth and rapid. We have better access to up-to-date information, and thanks to the latest technology, we also manage and utilise that information more efficiently. But most importantly, we focus: we concentrate more and more on the things we do best and which yield the best return in the long run. Our common values provide strong support in our pursuits towards our goals.

Financial Goals.

- Average annual growth of net sales over 10 percent
- ROI 20 percent
- Equity ratio at least 50 percent

Dividend policy. In its proposal for the distribution of dividends, the Board of Directors of Orion Corporation considers not only the amount of distributable profits but also the medium and long-term investment and other financial needs of the Group.

Business Divisions

The Orion Group consists of independent Business Divisions serving the various sectors of healthcare comprehensively with their specific product ranges. The strategic core of the Group is Orion Pharma.

Orion Pharma

With strong commitment to pharmaceutical research, Orion Pharma develops, manufactures and markets pharmaceuticals. Innovative drugs from own research for global markets account for an increasing share of its net sales. They also constitute the basis for Orion Pharma's role as the flagship in the Group and the motor of growth and internationalisation. The product and research strategies are focused on three therapy areas: central nervous system disorders, cardiovascular diseases and intensive care as well as hormone therapies.

Vision. Orion Pharma's vision is to develop into a significant specialised pharmaceuticals company based in Europe with global operations and with a product range mainly consisting of proprietary pharmaceutical products.

Strategy. Orion Pharma's strategy is based on the specialisation and focus on core competencies in the selected therapy areas. Orion Pharma's versatile product portfolio complements and supports the whole, also providing backup for its financial performance. The objective is to grow profitably.

Wholesale and Distribution

The Wholesale and Distribution division is constituted by **Oriola Oy** and **Kronans Droghandel AB (KD)**, two independent companies focusing on healthcare product distribution and wholesale. Their core process is the logistic system by means of which not only the supply of goods but also the related flows of money and information are managed. The efficiency, security and punctuality of this system is decisive for the profitability of pharmaceutical distribution.

Oriola

Oriola is a pharmaceutical distributor, a wholesaler and a marketer of a comprehensive range of products and equipment for healthcare and related research. On its main markets, Finland and the Baltic countries, Oriola is also an active and noteworthy co-operation partner for healthcare professionals. Oriola's success is based on profound knowledge of its business and markets as well as on the quality of its competence: reliability, flexibility, safety and active customer relations.

Vision. Oriola wants to be the leading healthcare marketer and supplier in its domestic markets in Finland, Scandinavia and the Baltic countries. In logistics, Oriola works in co-operation with KD.

Strategy. Oriola expands its operations in Finland's neighbouring countries through organic growth, pondered corporate acquisitions and co-operation arrangements. The operations of the marketing units in Sweden and the Baltic countries will be intensified, gradually extending their operations to also cover other Nordic countries. Oriola prepares itself for structural changes within its market area by developing an increasingly competitive mode of operation and more flexible and efficient logistics solutions.

KD

KD is a full-line provider of distribution and logistic services for the healthcare sector in Sweden and Finland. With efficient and safe storage and distribution services it serves the entire healthcare sector, delivering the right goods in a perfect condition at the right time and place, yet having nothing to do with registration, marketing or pricing the products it handles.

Vision. KD will be the leading distributor on the healthcare market regarding profitability, cost-efficiency, customer focus, quality and reliability.

Strategy. Long-term profitability and a competent organisation are prerequisites of a safe and sound future. Customer focus, a tight dialogue with the customers as well as a close presence in the market. All services and products focus on quality and productivity.

Orion Diagnostica

The biomedical unit Orion Diagnostica specialises in easy-to-use and reliable tests for use in diagnosis and treatment follow-up. The focal business areas include diagnostic tests for infectious diseases as well as protein, hormone and bone marker assays. Besides diagnostic tests, Orion Diagnostica's expertise also comprises hygiene tests. International operations constitute over 80% of the operations. The main markets are in the Nordic countries, Continental Europe, Japan and the United States.

Vision. Orion Diagnostica's vision is to become a leading company in selected point-of-care areas. This is achieved by combining its analyte know-how with the changing market needs and by creating novel, cost effective, easy-to-use and reliable clinical diagnostic and hygiene test systems, thereby offering additional value to the customer.

Strategy. Orion Diagnostica's strategic emphasis is on the growing products for point-of-care diagnostics and point-of-use hygiene testing. Growth is built by gradually broadening the selection of tests utilising the QuikRead platform in clinical diagnostics, by introducing new hygiene tests and by boosting partnership activity.

Noiro

Noiro develops, manufactures and markets cosmetics, products for personal care, hairdressing products, as well as products for institutional cleaning and hygiene. Proprietary brands account for over 80% of Noiro's net sales. Noiro's spearhead product is the cosmetic and skin care line Lumene. Exports account for over a third of Noiro's net sales.

Noiro utilises the pure Finnish nature and its raw materials for its products. Their excellent quality is based on in-house product development and state-of-the-art manufacturing processes in the world's perhaps most modern production facilities.

Vision. Noiro is known as an internationally oriented Finnish cosmetics company, characterised by high quality, excellent performance and dedication to customers. Noiro wants to be a well-known and professional source of products for beauty and well-being, a company that is profoundly aware of the consumers' needs - a trailblazer that uses pure and fresh raw materials, maintains an optimal product portfolio and keeps to the highest standard of operation.

Strategy. Noiro focuses its resources on the success of its major strategic brands by investing in their product development, marketing communication and distribution channels. The product portfolio is systematically upgraded by monitoring the consumer market trends and by introducing unique, distinctive novelties. Noiro reacts rapidly and flexibly to the changes and new trends in the sector. The brand is managed as a broad entity of image.

A photograph of two women sitting at a round white table. The woman on the left has blonde hair and is wearing a light-colored blazer, looking up and smiling. The woman on the right has dark hair and is wearing a dark blue blazer, also smiling. The background is a dark, textured wall.

Values
guiding us
at work

Our Values

New values were confirmed for the Orion Group in 2001. With the involvement of over 200 persons representing all Orion divisions, the value definition process resulted in the identification of values, which can be accepted, adopted and utilised in daily work by all Orion employees. The values should constitute the cornerstone of all operations, a durable and solid foundation for all activities.

The values indicate goals towards which the Orion people would like to see their working community develop. In 2002, the values were planted into the everyday operations. They were dealt with at meetings, in training courses and personnel sessions and also in the personnel magazines, so that the personnel would internalise them as part of their work. The values guide the working community in Orion, indicating the way how we work and how we encounter the colleagues, the clients and the entire society.

At the core of the values, all equally important, is Mutual Trust and Respect.

Mutual trust and respect

We want the people in our working community to trust and respect each other. We need to accept diversity, be open to new ways of thinking and be prepared to help one another. The joy of success is shared with others.

Customer focus

We want to understand, anticipate and meet our customers' present and future needs. Close co-operation with customers will ensure their needs and problems steer both our immediate and long-term actions.

Innovation

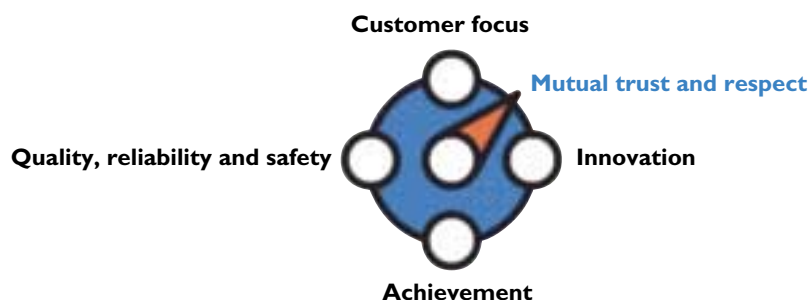
We want to create and develop innovative solutions and ways of working. To succeed we need to embrace new challenges in a flexible and creative way. As a prerequisite to success this demands continuous learning and personal development.

Achievement

We want to be the best in our field, developing products, services and solutions that promote wellbeing and health. To achieve this every one of us needs to strive for the best in all that we do.

Quality, reliability and safety

We want high quality, reliability and safety to underline our actions. Accuracy is essential in all.



Orion Group highlights in 2002

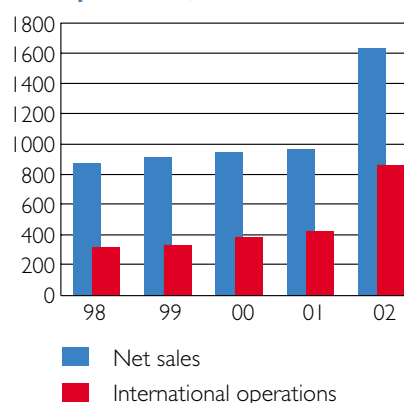
- Year 2002 saw Orion Group's 85th anniversary, with celebrations organised for the entire personnel and their families at various localities in late August.
- The acquisition of the majority shareholding in KD, a Swedish pharmaceutical distributor, was the major Group-level structural arrangement implemented during the operative year. Together with Oriola, KD is now organised under the Wholesale and Distribution division. Orion's ownership in KD rose from 10.6 to 69.3 percent. Orion's role in Finnish and Swedish pharmaceutical distribution was enhanced significantly.
- As a result of the KD acquisition, the Group net sales grew by almost 68%. Although Orion Pharma's share of the consolidated net sales decreased to 30 percent, the division still generated the lion's share or 63% of the operating profit. The consolidated profit suffered from Orion Pharma's declined earnings but profitability remained at a good level. The equity ratio decreased to about 50% due to the KD trade receivables, which show great short-term variation. However, the risk involved is quite minimal.
- Orion Pharma's high investments in pharmaceutical research continued. The Phase 3 clinical trial programmes with Simdax for heart failure and deramciclanc for anxiety constituted the major focus of efforts. The combination tablet for Parkinson's disease progressed to the registration phase. Decisions by the regulatory authorities – the US FDA and the EMEA of the EU – are expected in the latter half of 2003.
- The proprietary products accounted for around one-third of Orion Pharma's net sales. The largest product by sales was the Parkinson's drug Comtess/Comtan (entacapone). Orion Pharma's strategy was further focused, central nervous system diseases, cardiovascular diseases, intensive care and hormonal therapies constituting the core therapy areas both in research and in marketing.
- The wholesale business units Oriola and KD developed favourably. Oriola strengthened its position in the Finnish market through new pharmaceutical distribution contracts. Among the units of the Medical and Technical Sector, Oriola Dental and Oriola Medical were particularly successful. KD continued to strengthen its position in the Swedish and Finnish pharmaceutical distribution markets and showed a marked improvement of profitability.
- Noiro's operations were characterised by the continued success of the Lumene cosmetics brand. The new production facilities in Espoo were introduced in the summer. Now that bottlenecks are eliminated, Noiro has excellent conditions for long-term growth and operations meeting the international quality criteria for years to come.
- The sales of the new generation QuikRead system set new records, further highlighting its role as the success product in Orion Diagnostica's overall range.
- Large investments were finalised in 2002, the major new construction projects being the extension of the Turku pharmaceutical research centre and the Noiro cosmetics factory in Espoo. Noteworthy investments were also made in business information systems. Towards the end of the year, Orion Pharma introduced a new information system integrating all units and processes. Orion staff members' contribution to the creation of this system has been invaluable. Corresponding projects are underway at Oriola, Noiro and Orion Diagnostica.
- Management underwent several changes. On 1 April 2002, *Risto Miettunen* joined the Group as the President of Orion Pharma and on 1 August he became Executive Vice President of Orion Corporation as well as the President's deputy. Former Orion Pharma president *Jyrki Mattila* was appointed to lead the Orion New Ventures unit. *Pauli Torkko* started heading the Wholesale and Distribution Division on 1 September and *Jari Karlson* started as the new Group CFO. On 1 August, *Matti Vaheri* joined Orion Pharma as SVP for the Core Therapy Areas unit and *Jaakko Rissanen* followed as new President of Orion Diagnostica. *Olli Huotari* was appointed Corporate General Counsel on 1 October as *Henry Haarla* took over as Senior Counsel for the Group's M&A unit.

- The Annual General Meeting of Shareholders on 15 April took decisions that led to several changes in Orion's corporate governance. As a major reform, the Supervisory Board was abolished.
- In October, a decision was made on the acquisition of own shares. By the year end a total of 850,000 shares had been purchased.

Events in early 2003 until the disclosure of the Financial Statements

- Orion Pharma and Pharmacia Corporation decided on 17 February 2003 to discontinue the clinical trials programme with deramciclane in generalised anxiety disorder, due to insufficient efficacy as shown by the combined results from the three Phase 3 clinical studies conducted in Europe and the US. Based on the collaboration agreement with Pharmacia in 2001, Orion has received around 39 million euros in signing fees and milestone payments, which partly compensate for the expenditure on the programme.
- At the end of January 2003, the total number of own shares held by the company was 893,932, corresponding to 1.3% of the total number of shares and 0.7% of the total number of votes.

Net sales and international operations, MEUR



Key Figures in 2002 and 2001

MEUR	2002	2001	Change
Net sales	1,628.6	970.8	+67.8%
International operations	864.4	422.8	+104.4%
Operating profit	97.5	116.4	-16.2%
Profit before extraordinary items and taxes	99.1	123.6	-19.8%
Profit for the financial year	69.4	90.0	-22.9%
R&D expenditure	109.5	83.9	+30.5%
Balance Sheet total	1,409.8	948.5	+48.6%
Earnings per share, euros	0.93	1.25	-25.9%
Payout ratio	100.0%	88.0%	
Return on invested capital before extraordinary items and taxes	13.7%	17.5%	
Return on equity	9.3%	12.5%	
Equity ratio	48.2%	72.6%	
Gearing	-9.1%	-24.7%	
International operations, % of net sales	53.1%	43.6%	
Operating profit, % of net sales	6.0%	12.0%	
Profit before extraordinary items and taxes, % of net sales	6.1%	12.7%	
Profit for the financial year, % of net sales	4.3%	9.3%	
Personnel, persons	5,621	5,456	



Review by the President and CEO

Orion is starting to look quite a different company from what it was just two years ago – from both outside and inside.

The clear corporate governance model approved by the 2002 Annual General Meeting has been a marked improvement from the perspective of operative management. The Company's internal development has involved redefining responsibility areas of management and bringing almost real-time capabilities to financial reporting. The improvement in forecasting will make it easier for all of the Company's business units to manage their financial performance much more effectively. Many management positions have been filled with new persons, as experienced managers have accepted the challenge of taking up new posts in areas of great importance to the future of the Company.

The major reforms that we are implementing will no influence the Company's results only when they are fully adopted and put into practice. Orion's business practices will, of course, continue to be refined - the process of change and development can never stop. Continuous change that is correctly perceived always provides an opportunity for personal development. Our common values provide a solid foundation for everything we do.

Proactively towards the future with readiness for constant change and development

Orion Pharma's business practices and processes were comprehensively renewed last year. A key reform was that we lowered the boundary fences between units, because the organisation can operate optimally only if there is a continuous dialogue between our business units. The new process organisation has brought empowerment but also increased responsibility. Most problems are now solved where they emerge.

The already fast pace of Oriola's business received fresh impetus when Oriola and its new sister Kronans Drog-handel (KD) combined to form the Wholesale and Distribution division. The formation of the new group gives Oriola a lot more weight on the Finnish market, where Orion has now become clear market leader. Achieving the tough targets set for profitability improvement will be the main challenge facing KD in the year ahead. At the same time the Wholesale and Distribution group must start preparing for changes that will require new business practices at the customer interface.

Orion Diagnostica's experienced management was appointed to Orion Pharma to take up new responsibilities for further development of the business unit. A new management promoted from Orion Diagnostica's own ranks will continue to seek additional growth by focusing the product family and boosting the efficiency of sales.

The jubilee atmosphere at the inauguration of Noiro's new cosmetics factory in September was to be repeated later in the autumn when Lumene won in an international product comparison test in Paris. The new factory has removed the obstacles to growth, and Noiro can now continue to forge ahead both in Finland and abroad.

Adjustment to the new parallel drug legislation introduced in Finland poses a challenge on the domestic pharmaceutical market, and will necessitate changes to our personnel and product range strategies. Orion's future is, however, based on research and product development. We have invested and will continue to invest in R&D, not recklessly but in a carefully focused manner. We strongly believe that we will bring more successful drugs like entacapone to the market, although we must also be prepared to encounter setbacks along the way.

I express my appreciation

to our personnel, partners and customers for their efforts and co-operation over the past year. My warmest thanks also to our shareholders for their confidence in Orion and its future.

Jukka Viinanen

Already one-third
of net sales came
from proprietary
products

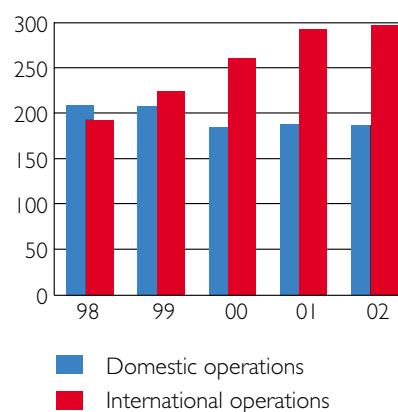


Orion Pharma

Continuing operations

	2002	2001	Change
Net sales, MEUR	483.0	481.0	+0.4%
International operations, MEUR	296.9	293.3	+1.2%
- % of net sales	61.5%	61.0%	
R&D expenditure, MEUR	104.5	78.1	+33.9%
Operating profit, MEUR	66.3	81.6	-18.7%
Investments, MEUR	64.8	50.5	
Share of Group net sales	30%	50%	
Personnel	3,072	3,117	
- abroad	551	538	

Net sales MEUR



Business areas

Orion Pharma's operations are carried out in four business areas: Core Therapy Areas, Specialty Products, Animal Health and Active Pharmaceutical Ingredients (Fermion).

These operations are based on an in-house organisation constituted by about 3,000 experts involved in research and development, the various phases of the supply chain and production, including raw-materials, as well as sales and marketing. About 500 persons are employed by the Orion Pharma units outside Finland.

During the year 2002 Orion Pharma introduced a process organisation which is based, on the one hand, on each area's responsibility for the entire value chain of the business operations, and on the other hand on the allocation and optimisation of core competencies and resources to reach the best possible overall result for each function and operation.



Risto Miettunen,
President of Orion Pharma:

"The year 2002 was marked by changes that involved our mode of operation, the sharper focus on our core competence areas as well as the milestones we have reached both internally and in the marketplace. In particular, Orion Pharma submitted the marketing authorisation application for the new entacapone combination preparation to the US and European regulatory authorities.

Another outstanding achievement in the year is the introduction of the extensive new IT application to support our operative model."

Core therapy areas

Orion Pharma focuses on three strategic core therapy areas

- Central nervous system diseases
- Cardiovascular diseases and critical care
- Hormone therapies and urology

These areas constitute the basis for Orion Pharma's growth obtained through the development and marketing of proprietary drugs. Orion Pharma provides the following proprietary preparations for the international markets

- entacapone for Parkinson's disease (**Comtess**[®], **Comtan**[®])
- levosimendan for severe heart failure (**Simdax**[®])
- menopausal hormone replacement therapies (**Indivina**[®], **Divina**[®], **Diviseq**[®], **Divigel**[®])
- dexmedetomidine, for sedation of patients in intensive care (**Precedex**[®])
- toremifene for breast cancer (**Fareston**[®])

The product range also includes complementary preparations, such as Eldepryl (selegiline) for the treatment of Parkinson's disease as well as the prostate cancer drug Enanton (leuproreline acetate) which complements the hormone replacement therapy and urology product portfolio.

The sales go either through the Orion Pharma organisation or through its co-operation partners. The objective of Orion Pharma is to focus its own sales operations on selected segments and areas, complemented by collaboration agreements concerning product development and marketing. The major co-operation partners are Novartis (Comtan), Abbott Laboratories (Simdax and Precedex), Shire and Nippon Kayaku (Fareston), Pfizer Animal Health (animal sedatives) and Organon (HRT products).

During 2002, Orion Pharma invested heavily in the further development of entacapone and levosimendan. The marketing authorisation application for the new triple combination tablet containing entacapone, levodopa and carbidopa, for Parkinson's disease, was submitted to the US and European regulatory authorities.

Extensive Phase 3 clinical trials with the heart failure drug levosimendan were underway in the US in view of extending the levosimendan market area to the US and major European markets such as Germany, France and the UK.

The Phase 3 clinical trials with deramciclane in patients with generalised anxiety disorder were another considerable research project. This programme was, however, discontinued in February 2003 due to insufficient efficacy as shown by the combined results from three Phase 3 clinical studies.

Specialty products

A new business area, Specialty Products, was defined for Orion Pharma in 2002 involving all those human medicines which do not fall within the core therapy areas, such as the **Easyhaler**[®] product family for asthma.

The Specialty Products business is particularly enhanced in domestic operations. In 2002, Orion Pharma was the Finnish market leader. Specialty Products are present on international markets too, either through Orion Pharma's own sales organisation or through marketing partners. The Orion Pharma Specialty Products portfolio comprises about 250 items. Besides Easyhaler, the **Burana**[®] painkiller and the osteoporosis drug **Calcimagon**[®] are among the major products.

Animal Health

Orion Pharma Animal Health develops and markets veterinary drugs and for the Finnish and international markets. Based on Orion's proprietary molecule innovations, the animal sedative product family includes three products: **Domosedan**[®] (detomidine), **Domitor**[®] (medetomidine) and **Antisedan**[®] (atipamezole), increasingly popular among the veterinarians all over the world.

In Finland, Orion Pharma Animal Health boasts an extensive selection of drugs for production animals and pets. With the about one hundred items, the product portfolio includes both proprietary preparations and drugs by other manufacturers.

Over the past few years, the exports of Orion Pharma Animal Health have increased, especially in Europe and the US. Orion Pharma has its own sales organisations for Animal Health in Finland and in Sweden, Denmark and Norway. The sales in the over 30 other markets are entrusted to the networks of international veterinary drug companies, such as Pfizer.

Fermion

Fermion develops, manufactures and sells active pharmaceutical ingredients both to Orion and to outsiders. The active ingredients of all Orion Pharma's proprietary preparations are produced by Fermion. Its production programme also comprises about 20 other pharmaceutical substances, such as the cancer drugs methotrexate and azathioprine and the antihypertensive diltiazem.

The global
pharmaceuticals market
grew by about 8%

The global pharmaceuticals market grew by about 8%

A major and growing challenge facing the pharmaceutical industry is how to finance the constantly and globally increasing pharmaceutical development costs with the help of the products already on the market. The attempt to solve this dilemma through more cost-efficient operations and more extensive product and research portfolios has led to corporate acquisitions and mega mergers. In this respect, companies specialising in selected niche areas, such as Orion Pharma, are in a good strategic position: having the ability to control the entire chain of operations it is possible for them to optimise the product life cycle.

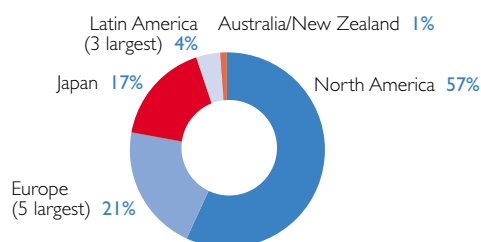
The global pharmaceutical market in 2002 grew by around 8 percent. The US market continued to show the fastest growth, 12 percent, while the aggregate growth of the five largest European markets was only 7 percent.

In Orion Pharma's core therapy areas, the treatment need for congestive heart failure (CHF) is not only increasing, but it is also a noteworthy problem for the healthcare systems due to its increasing incidence and related mortality.

The number of patients diagnosed with Parkinson's disease continues to increase along with the ageing of the population.

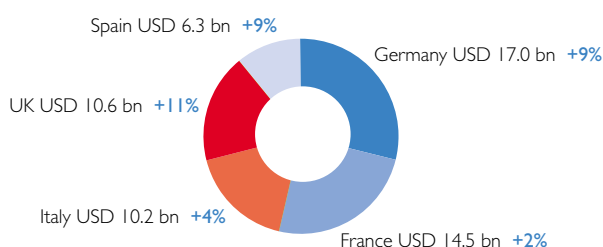
In the HRT area, the discontinuation of the American Women's Health Initiative (WHI) study in the summer of 2002 attracted world-wide attention. The estrogen and progestin preparation used in the study was found to increase the risk of breast cancer and cardiovascular diseases. As a result, many women interrupted their treatment. The sales of HRT products continued to grow, although at a lower rate. New treatment practices are aiming at lower hormonal dosages and individualised treatments. The premise for Orion's new Indivina product is precisely this treatment philosophy.

The world's 13 largest pharmaceutical markets 11/2001 – 10/2002
Total USD 272 billion



North America accounted for USD 152 bn, up 12%. The 5 largest European countries contributed USD 53 bn, up 7%. The largest therapeutic area was the Cardiovascular group with USD 53 bn total sales, followed by CNS with USD 47 bn. The growth of these two groups was fastest in North America, about 13%. On a global scale, the biggest increase was in Cyto-statics, 15%.

Europe's top five pharmaceutical markets 11/2001 – 10/2002
Total USD 53 billion



The UK market grew by 11%. The lower growth rates elsewhere in Europe are attributed to price cuts and changed reimbursement policies. The cardiovascular group was on top also in the five largest European pharmaceutical markets. Their combined sales amounted to USD 13.8 bn, accounting for 24% of all pharmaceutical sales. The CNS group totalled USD 9.2 bn, 16% of the total.

Parkinson's disease market estimated to show over 7% annual growth. The sales of PD drugs are expected to grow at an average annual rate of 7.8 percent during the forecast period ending in 2011.

In 2001, the number of Parkinson's disease patients in the world's 7 largest pharmaceutical markets (the US, the UK, Germany, France, Italy, Spain and Japan) totalled over 2.7 million, and the sales of drugs Parkinson's disease amounted to over USD 2 bn. In 2011, the number of patients is anticipated to be over 3.3 million, and the sales of PD medicines are estimated to be about US 2.6 bn. The rapid growth trend is due to both the ageing of the population and the introduction of new medications.

In 2001 the global market for Parkinson's disease drugs was about USD 1.7 bn, up 8% from 2000. The US accounted for 37% of the total sales, followed by Europe with 34%. Asia and Africa accounted for 24.3% and South America for 4.5%.

Orion Pharma in 2002

Orion Pharma's net sales remained at the previous year's level due to considerably lower milestone payments than in 2001. Product sales grew by 8%. The share of the proprietary preparations, in particular, rose by a gratifying 20%, reaching a new record of EUR 161 million. The largest individual product was once again entacapone with the sales of EUR 75 million (EUR 56 million).

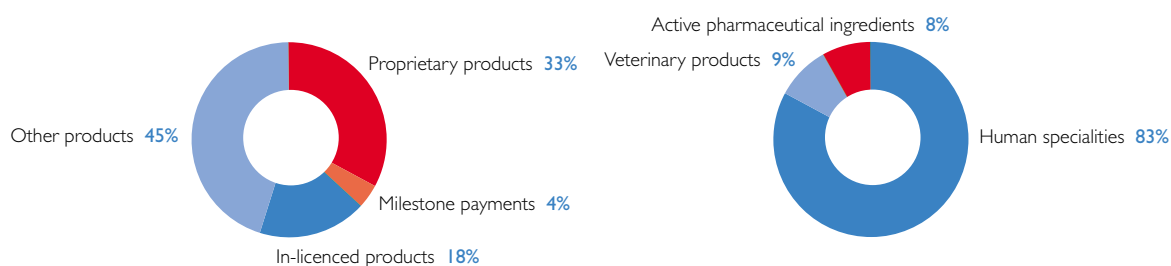
The milestone payments received included the EUR 5.1 million paid by Pharmacia based on the collaboration agreement on deramciclane, as well as the EUR 13.3 million payment from Novartis triggered by the submission of the new drug application for the entacapone triple combination tablet. Moreover, EUR 16.5 million were received from Novartis in other marketing agreement-based payments. The previous year's milestone payments included a one-off contract signing fee of EUR 34 million from Pharmacia, while no such major one-off items were actual in 2002.

Orion Pharma introduced a new organisational structure based on business processes. A new comprehensive information system was also taken into use to support the organisation. The implementation was successful, and by the end of 2002 the new model comprised all operations. Based on Orion's values, the development work continues in all operative sectors, from the promotion of team work to the development of leadership.

As anticipated, operating profit fell short of the previous year's level. The expense side was burdened by the increased investments in the extensive international Phase 3 clinical trials with deramciclane and Simdax, while the above-mentioned lower milestone payments influenced the income side. Investment in R&D was added by one third from the year 2001.

Marketing efforts were focused on the sales of proprietary products, both within the own network and in the partners' operations. In France, the rights for the HRT products were reacquired from Innothéra S.A. The sales through the subsidiary network developed favourably.

Breakdown of net sales 2002



Orion Pharma's sales revenues from proprietary products

	2002 MEUR	2001 MEUR	Change-%
Comtess (entacapone)/Orion Pharma	33.0	27.4	20.3%
Comtan (entacapone)/sales to Novartis	42.1	29.0	45.4%
Simdax (levosimendan)	6.1	3.3	81.5%
Fareston (toremifene)	15.7	15.8	-0.1%
Domitor, Domosedan and Antisedan	21.8	17.7	23.1%
Hormone replacement therapies	29.3	27.3	7.2%
Easyhaler asthma preparations	11.3	11.6	-2.3%
Precedex (dexmedetomidine), royalties	1.6	1.4	15.8%
Total	160.9	133.5	20.5%
Share of Orion Pharma's net sales	33%	27%	

Sales of entacapone preparations in 2002 at wholesale prices in selected markets

	Launched	Sales at wholesale prices in 2002 in MEUR	Change on 2001 %
Comtess (entacapone)/Orion Pharma			
Germany	10/1998	20.1	+22.0%
UK	11/1998	7.0	+26.0%
Sweden	10/1998	2.7	+15.3%
Denmark	11/1998	1.6	+18.9%
Norway	9/1999	0.6	+20.0%
Finland	11/1998	2.4	+21.4%
Comtan (entacapone)/Novartis			
USA	11/1999	63.3	+24.8%
France	11/1999	12.7	+11.0%
Spain	11/1999	8.5	+10.0%
Italy	11/1999	1.2	-5.0%

The entacapone-containing Parkinson's disease drug Comtess/Comtan has been registered in 100 countries and launched already in 47 countries.

Based on the reports by the marketing partner Novartis, the Comtan wholesales amounted to CFR 132.7 million, or about EUR 90.5 million during the review period. The US sales of Comtan grew by 25% while the increase in the total territory covered by Novartis was 23% as compared to 2001.

Finland enacts generic substitution in April 2003

According to the statistics of Suomen Lääkedata Oy, the Finnish pharmaceutical sales at wholesale prices totalled about EUR 1.4 billion, a 10.4% increase on 2001. The growth in the cardiovascular, CNS and cytostatics groups accounted for two thirds of the increase. Orion Pharma retained its Finnish market leadership with its 11.7% share of the market.

Orion Pharma's product portfolio marketed in Finland consists of a versatile selection of prescription drugs and self-medication products. The domestic net sales generated by human medicines amounted to EUR 175.6 million which is almost the same as in 2001. Over-the-counter products accounted for EUR 58.8 million and prescription drugs for EUR 116.8 million of the whole.

Towards the end of the year, Finnish Parliament and the media conducted an active and extensive debate about generic substitution. The amended Finnish Pharmaceuticals Act obliges the pharmacy to substitute the preparation prescribed by the doctor by the cheapest parallel product as from 1 April 2003 in accordance with a list issued by the National Agency for Medicines. The substitution obligation covers a large number of off-patent preparations. The Orion products subject to the impacts of generic substitution account for about 10% of Orion Pharma's total net sales. In the new situation, Orion will make all the necessary efforts to maintain its consistent share of the Finnish sales of prescription drugs. It is, however, clear that Orion will have to adapt its operations through appropriate means in line with its strategy, without compromising profitability.

The new legislation may have a marginal impact on Orion's proprietary drugs, mostly through parallel imports from the EU area. This would involve Orion's proprietary drugs, repacked and reimported to Finland from another EU country at a lower price, which is possible due to the varying price levels within the Union.

Investments

The most significant investments for 2002 were the extension of the research centre in Turku as well as the integrated business information system now introduced for Orion Pharma. Both measures will support Orion Pharma future operations. In the spring 2002, Orion Pharma reacquired the French marketing rights for its HRT products from Innothéra for EUR 16.5 million.

Research and development

The transition to process organisation clarified the role of Orion Pharma's R&D, making it possible for the R&D organisation to concentrate on its basic function, discovering new chemical entities and developing them for international markets. The company took an important and far-reaching decision to focus on three core therapy areas in order to intensify the use of resources. This meant discontinuation of basic research and pharmaceutical development work related to respiratory diseases and the Easyhaler product family. The resources were reallocated to the three prioritised therapy areas: central nervous system diseases, cardiovascular diseases and hormonal therapies. The international registration and marketing of the existing Easyhaler product family will continue.

Orion Pharma's R&D operates in five localities, three of which are in Espoo, Turku and Kuopio, Finland, and one in the UK. Moreover, there is a team in the USA for the coordination of clinical studies and registration issues. The expansion of the Turku research facilities, completed in 2002, provide additional modern premises. Drug discovery process in Turku was reinforced by initiating synthetic chemistry, which had earlier taken place only in Espoo. The team for conducting and analysing clinical studies in Kuopio adopted new rented premises at the Mediteknia building.

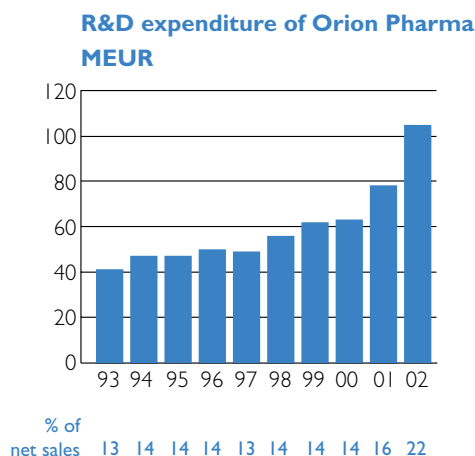
The creation of a system for managing adverse event data was the most important achievement in the further development of R&D processes. This system ensures a standardised way of coding and managing the adverse effect information from all the company's development projects and makes it possible to combine the data from various clinical trials with the postmarketing safety data. Several other validated information management systems, used for managing the information generated both in laboratories and in clinical trials, were also developed further.

Biggest efforts: Entacapone Triple Combination Tablet, Simdax and deramciclane

Orion Pharma spent EUR 104.5 million in R&D. This represented 22% of net sales and over one-third more than in the previous year. The high increase was in accordance with plans and mainly allocated to three large Phase 3 programmes.

Major efforts were the development programme focusing on the entacapone combination tablet for Parkinson's disease as well as the Phase 3 programmes with the investigational anti-anxiety compound deramciclane and Simdax for acute decompensated heart failure.

Entacapone triple combination tablet being under regulatory review. The development of the combination tablet containing all the three pharmaceutical substances needed in the treatment of Parkinson's disease – entacapone, levodopa and cardidopa – progressed to the registration phase as planned. The new drug applications for the product were filed with the US and European regulatory authorities in late August and early



September. Some of the audits by the regulatory authorities have already been made. The product is estimated to be launched in late 2003 in the USA and in early 2004 in Europe.

The levodopa medication, enhanced with COMT inhibition, is now seen as the best and most efficient treatment of Parkinson's disease. Thanks to convenient dosage, the combination tablet will provide notable benefits for the patients' quality of life. The three tablet strengths are well in line with the Parkinson's disease treatment practice.

The product will be marketed by Orion Pharma and Novartis. Orion Pharma has exclusive marketing rights for the Nordic countries, the UK and Germany while Novartis will cover the rest of the world. Moreover, Orion has an option to co-promote the sales of the product together with Novartis in the US and about ten European countries.

Research with deramciclane was discontinued due to lack of efficacy. The potential of deramciclane in the treatment of generalised anxiety disorder was investigated in a Phase 3 programme in Europe and the US which started 2001. Orion's partner in the project, Pharmacia Corporation, was in charge of the US studies while Orion carried out those in Europe. In the summer of 2002, the results were obtained from the studies in Europe and South Africa, and a decision was made to continue the programme in the US. The results from a pivotal US study became available in mid February 2003. Together with the results from one of the two European studies they clearly demonstrated insufficient efficacy, although one study gave encouraging results. The drug was also well tolerated. Based on the clinical data, Orion Pharma and Pharmacia decided not to continue the development of deramciclane for generalised anxiety disorder.

According to the collaboration agreement signed in 2001, the trials were sponsored by Orion. Based on the agreement, Orion has received around 39 million euros in signing fees and milestone payments from Pharmacia, which partly compensate for the costs of the Phase 3 programme.

The deramciclane molecule was originally discovered by Egis Pharmaceuticals of Hungary, from which Orion in-licensed the compound at the preclinical phase.

Simdax for patients suffering from severe heart failure. Simdax, Orion Pharma's unique innovation, is indicated for the in-hospital treatment of acute, severe heart failure. The drug is infused in an intensive care setting to patients for up to 24 hours. It improves the ability of the failing heart to pump blood by sensitising the heart muscle cells to calcium. The drug also dilates blood vessels and thus lowers the resistance of blood flow. Simdax treatment seems to protect the heart muscle because the energy consumption and harmful arrhythmias are not markedly increased during the treatment, a problem with many older medicines. Recent results published in scientific journals also strongly suggest that Simdax may have long-term benefits in the survival of patients.

The placebo-controlled clinical Phase 3 REVIVE study, required for the marketing authorisation, is ongoing in the USA. The data obtained during the pilot phase in 2002 was used for defining the number of patients needed for the main study and certain details pertaining to the statistical analyses plan. The study will recruit only patients needing additional medication to the standard treatment. The experience and results of this study will be utilised to support the new drug application not only for the USA but also for Germany, the UK and France. In addition, an extensive multi-centre study is now underway in Europe comparing the efficacy of levosimendan with dobutamine.

During 2002 Orion also started to develop levosimendan for veterinary use.

Hormone therapies. Indivina and Diviseq are hormonal replacement products launched in many European countries since the year 2000. During 2002, additional marketing authorisations were obtained in several Asian and South American countries. The seven-year clinical studies conducted in Finland on Indivina, the preparation with an individually adaptable dosage, did not reveal any increased occurrence of cardiovascular events as suggested by the results of the US study made by WHI (Women's Health Initiative) and published in the summer of 2002. The design of the WHI study has been extensively criticised by the scientific community.

A decision was taken not to continue the research aiming at additional indications for the breast cancer drug Fareston.

Giona – Budesonide in the new Easyhaler device. In early 2002 Orion launched a new, improved Easyhaler inhalator. The newest member of the product family, Giona, which contains budesonide, eventually received the first marketing authorisation, for Germany in December – after an exceptionally long wait. Marketing authorisations in other EU countries are being applied through the mutual recognition procedure (MRP).

Orion Pharma has decided to discontinue the development programme concerning formoterol.

New Ventures project

Orion's pharmaceutical development budget has been dominated by Phase 3 projects. Due to the priority given to the Phase 3 studies, many projects in Phase 1 or 2 have advanced only modestly or not at all – despite the fact that the company's R&D allocation was as much as 22% of net sales in 2002. In order to promote the projects, Orion established a so-called New Ventures programme, with the original idea of founding a joint venture with the company Quintiles. Later the companies decided that Orion will go on seeking for further funding on its own. The basic idea behind the new company is to promote selected projects and that Orion would produce certain parts of their documentation, depending on the nature of the project and the available R&D resources.

Four Orion projects could be licensed to the new company: fadolmidine, dexmedetomidine, atipamezole and orazipone.

Researchers are challenged by unmet medical needs

Parkinson's Disease

Parkinson's Disease (PD) is a progressive, neurological disorder that slowly deteriorates the patient's ability to move. The disease is most common in people over 55, but can affect individuals at any age. More than four million people suffer from the disease worldwide. Although the exact cause of PD is still unknown, scientists have discovered that the disease results when the cells in the part of the brain that modulates movement begin to lose their ability to produce dopamine. Lack of this neurotransmitter causes resting tremor, often seen as uncontrolled shaking of hands or feet, slowness of movement and rigidity. Every day tasks such as walking, dressing and writing become harder as the disease progresses. Moreover, in advanced stages many Parkinson's Disease patients suffer from psychiatric symptoms of the disease, including dementia and depression.

Heart Failure

Various underlying heart problems can progress into heart failure. Acute heart failure can occur suddenly, for example, after a heart attack or cardiac surgery. In the chronic condition, heart's ability to pump blood, on the other hand, slowly declines over many years, leading to decreased blood flow through the body and characteristic clinical symptoms: fatigue, severe breathing difficulties and accumulation of fluid in tissues. With proper therapy patients can manage with their daily activities, but in time the disease usually progresses. In severe decompensated heart failure the patient is unable to carry out any physical activity. These patients need to be hospitalised frequently and the emergency room visits and treatments are extremely expensive. Today, over 15 million people worldwide suffer from heart failure. The number of patients susceptible to heart failure is likely to increase since treatments reduce the acute mortality from other cardiac diseases.

Orion Pharma's R&D projects, situation on 18 February 2003

Category and active substance	Brand	Indication and mode of action	Status
CNS disorders			
entacapone	Comtess/Comtan	Parkinson's disease. COMT inhibitor, extends the effect of levodopa	Launched in 1998-. Phase 4 in the EU and the USA.
entacapone, levodopa and carbidopa		Combination tablet of three active substances for the treatment of Parkinson's disease	Registration phase ongoing in the USA and the EU.
apomorphine		Late stage Parkinson's disease. Dopamine agonist	Phase 2. Orphan drug status
Cardiology and critical care			
levosimendan, intravenously administered	Simdax	Acute decompensated heart failure. Calcium sensitiser	Launched in several EU countries in 2001. Additional Phase 3 study started in the USA in 2001 and in Europe in 2003.
levosimendan, orally administered	Simdax	Heart failure	Phase 2
fadolmidine		Painkiller, Alpha-2-receptor agonist	Phase 2
dexmedetomidine	Precedex	Sedative for use in intensive care. Alpha-2-receptor agonist	Launched in the USA and many other countries in 2000
Hormonal therapies			
toremifene	Fareston	Treatment of advanced breast cancer. Antiestrogen	Marketed globally
estradiol valerate + medroxyprogesterone acetate	Indivina	Menopausal symptoms, prevention of osteoporosis. Eliminates withdrawal bleedings.	Marketed in most EU countries. Phase 4
atipamezole		Female sexual dysfunction, FSD.	Phase 2
Special products			
budesonide	Giona Easyhaler	Maintenance treatment of asthma. Corticosteroid	Marketed in Germany. Mutual recognition procedure in the EU in 2003.
orazipone		Maintenance treatment of asthma. Anti-inflammatory	Phase 1
Animal Health			
levosimendan		Heart failure drug for dogs	Phase 2

Wholesale and Distribution

Mechanisms of pharmaceutical distribution in Sweden and Finland

The mode for pharmaceutical distribution in Finland and in Sweden is called single-channel, which means that the manufacturers entrust the distribution of their products to one single wholesaler. In Finland, the system is based on voluntary agreements between the manufacturer and the distributor, and there are three full-line wholesalers: the Orion Group companies Oriola and KD Tukku, as well as Tamro. Most other countries apply a multi-channel system in which the products are available through several wholesalers. In countries characterised by long internal distances, single-channel is the most cost-efficient distribution system. The Swedish single-channel system is consequence of decisions by the authorities, and there are two pharmaceutical distributors: the Orion Group company KD (Kronans Droghandel) and Tamro.

All Swedish pharmacies are state-owned via Apoteket AB and its 900 outlets. The 600 Finnish pharmacies and their 200 branch outlets are privately owned by the pharmacists, with the exception of the pharmacies owned by the University of Helsinki and the University of Kuopio. Products of over 140 manufacturers are available in Sweden, and the wholesale value of that market amounted to some EUR 2.5 billion in 2002. The Finnish market of about EUR 1.4 billion provides preparations of over 100 manufacturers.

The wholesalers bear a considerable responsibility for the pharmaceutical supply chain. The preparations must be handled, stored and transported in circumstances and premises that meet the requirements imposed by the preparations' composition and durability. They must be stored and delivered punctually and safely. Besides sophisticated information systems, this also calls for extreme precision and diligence from every link of the supply chain.

KD became part of Orion Group on 1 July 2002

KD became an Orion Group company on 1 July 2002 through a share acquisition, which increased Orion's ownership to about 69 percent. Oriola and KD now constitute the Group's Wholesale and Distribution business division, headed by the Group's long-standing CFO, EVP Pauli Torkko. Action was taken immediately to co-ordinate Oriola's and KD's synergies, strengths and operations. The strategies of the two companies were also revisited. KD and Oriola continue to operate as independent units on the market, both drawing on their strong and established identities.

As a result of the acquisition, Orion's position on the Finnish and Swedish pharmaceutical wholesale markets changed radically: Oriola and KD became the largest operators both in Finland and in Sweden. Oriola's and KD's aggregate share of the Finnish market was about 60% at the end of 2002 while KD held about 50% of the Swedish pharmaceutical distribution market.

As the supply chain in pharmaceutical distribution involves not only huge product flows but also significant cash flows, the Orion Group's financial indicators changed remarkably following the KD acquisition.

The Wholesale and Distribution Division in 2002

Oriola and KD are well positioned on the market. Their increased market shares reflect high-quality service both to their principals and the pharmacies and hospitals. Many efforts are being taken to maintain this positive state of affairs. Oriola has shown very satisfactory profitability for a long time. Also KD's profitability is now satisfactory, and keeps on improving. Oriola is currently renewing its business information systems while KD is improving its warehouses and upgrading its automation rate.



Pauli Torkko, Executive Vice President of Orion Corporation, The Wholesale and Distribution Division

An important
partner for health-
care professionals

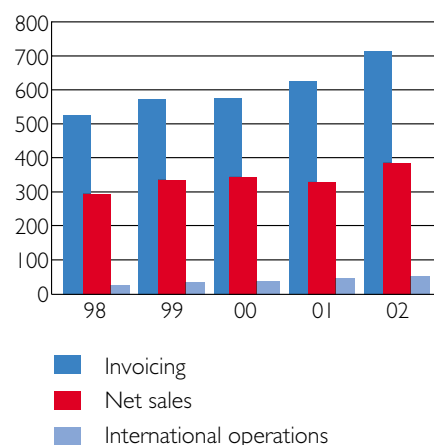


Oriola

Continuing operations

	2002	2001	Change
Invoicing, MEUR	716.4	622.8	+15.0%
Net sales, MEUR	384.8	329.3	+16.8%
International operations, MEUR	52.7	46.0	+14.4%
- % of net sales	13.7%	14.0%	
Operating profit, MEUR	18.9	20.3	-6.9%
Investments, MEUR	8.5	5.6	
Share of Group net sales	23%	34%	
Personnel	1,058	1,027	
- abroad	251	225	

Invoicing, net sales and international operations, MEUR



Oriola is a pharmaceutical distributor, a wholesaler and a marketer of a comprehensive range of products and equipment for healthcare and related research. On its main markets, Finland and the Baltic countries, Oriola is also an active and noteworthy co-operation partner for healthcare professionals. Oriola's success is based on profound knowledge of its business and markets as well as on the quality of its competence: reliability, flexibility, safety and active customer relations.

Oriola in 2002

Oriola's invoicing and net sales grew rapidly as a result of the increase in pharmaceutical distribution volumes. The growth was further intensified in the latter half of the year as Oriola took over the Finnish distribution of AstraZeneca's products. Oriola strengthened its share of the Finnish pharmaceutical distribution market by several percentage points to 37%. Operating profit was slightly below last year's level due to the investments made in operational resources and the impact of non-recurring income the previous year. Profitability of the Baltic operations as well as that of Medion fell short of expectations. International operations continued to grow well, both in pharmaceutical distribution and wholesale and in the Medical and Technical sector.



Seppo Morri, President of Oriola:

"The core of Oriola's operations is in Finland. We are accentuatedly Finnish, almost an institutional operator."

Distribution and Wholesale Sector

Oriola's Distribution and Wholesale Sector is composed mainly of the Supplier Services and Wholesale business units, by Reformi-Keskus, which markets and sells functional foods and health foods, as well as the Distribution unit, which takes care of all goods logistics in the entire Oriola. These units operate both in Finland and in the Baltic countries, and also have so-called pre-wholesaling operations to Russia.

In Finland and the Baltic states, Oriola has a well-functioning distribution system that covers the entire Oriola product range. It comprises all goods logistics from import forwarding to client deliveries. The Finnish network constituting four regional distribution outlets is able to deliver the goods anywhere in the country within 24 hours of the order.

Oriola's extensive range of logistics services is entrusted by over 60 international pharmaceutical manufacturers, such as Orion Pharma, AstraZeneca, Novo Nordisk, Janssen-Cilag and Organon. At year's end, Oriola's share of the Finnish pharmaceutical distribution market was about 37%. For pharmacies, Oriola provides its entire healthcare product range with the "one stop shopping" principle. Oriola is also the wholesaler of most of the veterinary drugs available on the Finnish market, the major principals being Orion Pharma, Intervet, Pfizer and Vetcare. Oriola also sells and markets raw materials used by pharmacies, and provides them with pharmaceutical preparations in multi-channel distribution.

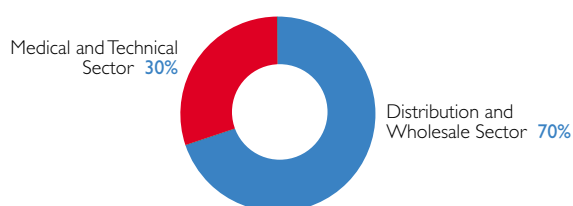
The Apteekin Puhtaat product line and the Apteekin Raskaustesti pregnancy test are examples of Oriola's own branded products for OTC sales. Reformi-Keskus markets and sells functional foods and health foods, special diet and nutrition preparations, many of which are its own brands, such as the Pansuola mineral salt, the Dexal sports drink and the Femisoija soy preparation.

Distribution and Wholesale Sector in 2002

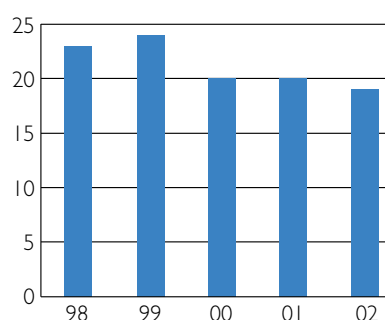
During 2002, Oriola took over the distribution of the products of several pharmaceutical manufactures: the German Merck KGaA, and the Danish Ferrosan; AstraZeneca which is one of the world's largest pharmaceutical manufacturers; the Japanese company Fujisawa, as well as Nycomed Consumer Health. Additional new principals joined in early 2003: UCB Pharma from Belgium, the US company Cederroth and the UK manufacturer Smith & Nephew.

The volume of Oriola's pharmaceutical distribution grew considerably when AstraZeneca entrusted the Finnish logistics of its products to Oriola in June. This distribution contract is one of the largest in Oriola's history, and the company and its personnel experienced it as an invaluable recognition of trust in the Oriola quality. A significant opening to a new operative area was the pre-wholesaling contract signed in the spring on the Russian exports of Aventis products. Pharmaceutical wholesale operations grew also in all Baltic countries but their profitability has still not met the expectations.

Oriola's net sales by sectors



Operating profit of Oriola, MEUR



In its Baltic outlets, Oriola has made great efforts to develop the processes to exceed the Good Distribution Practices (GDP) and to introduce web-based order systems. Besides its regular pharmaceutical distribution in Latvia, Oriola also has successful special operations in narrow niches of that market, such as supply of vaccines.

Reformi-Keskus strengthened its position in the Finnish health food market in all major client and product groups. Especially sports drinks show a brisk growth trend. Proprietary brands accounted for almost 50% of the total volume. The role of functional foods in the product portfolio continues to grow.

Medical and Technical sector

Oriola's Medical and Technical sector is composed of four business units: the Medical Products unit specialising in hospital equipment and supplies for healthcare; the Dental Products unit marketing dental equipment and supplies; Radiology Products unit Medion focusing on medical imaging as well as industrial infrared devices and non-destructive testing systems; and the Laboratory Products unit Prolab marketing equipment, supplies and reagents to healthcare, research and industrial laboratories. Medion focuses on the Finnish market, while the Medical Products unit and Prolab operate both in Finland and the Baltic countries. The market area of the Dental Products unit covers Finland, the Baltic countries, Sweden and Denmark. Oriola's estimated share of the Finnish hospital and laboratory market is about 20% while that of the Dental Products unit is over 50% of its target market in Finland. Also the Medical Products unit and Medion are market leaders in their sectors in Finland.

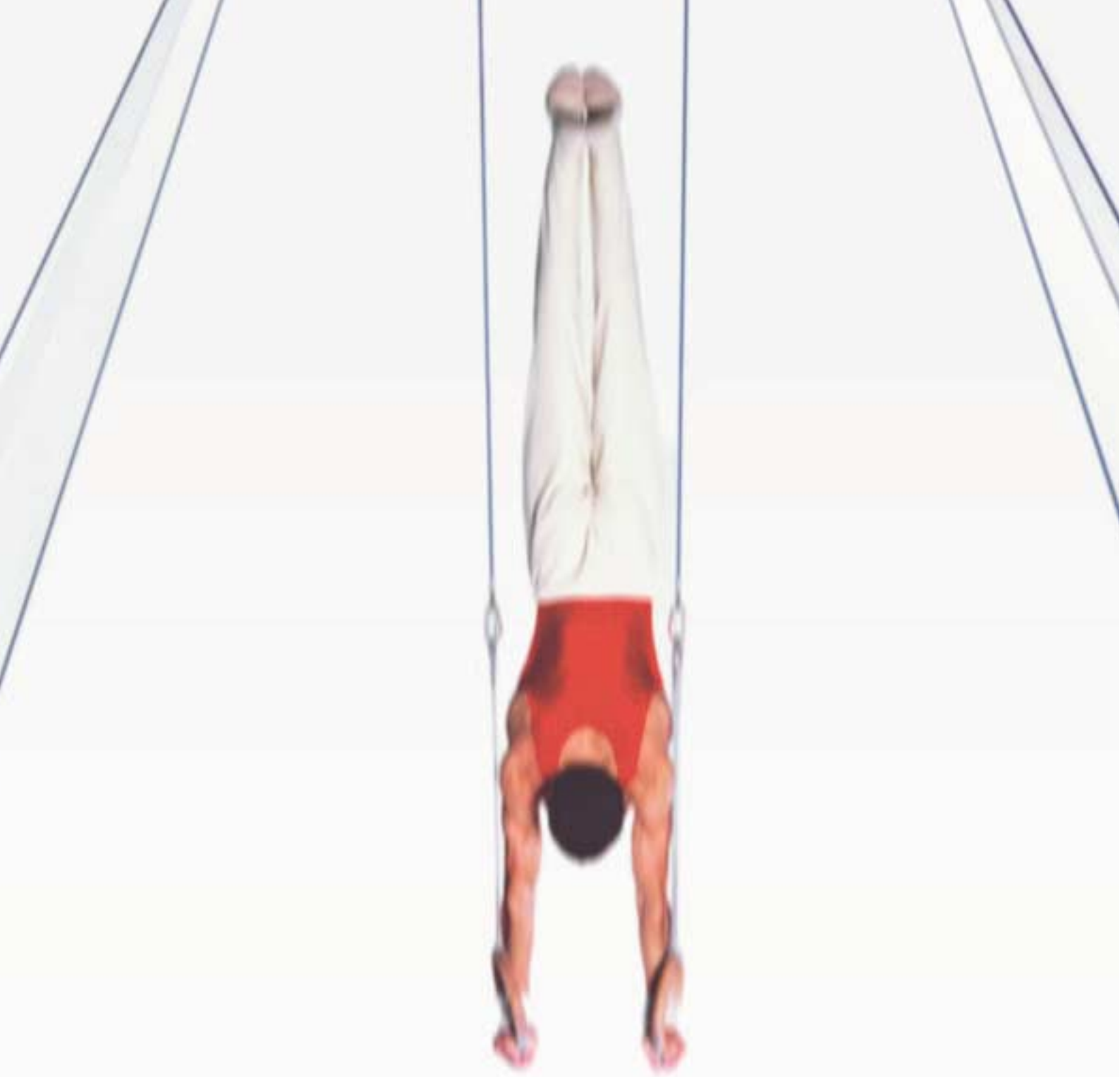
Considerable volume
increase thanks to new
distribution contracts

Medical and Technical Sector in 2002

The Finnish market for hospital equipment and supplies as well as for clinical laboratory diagnostics grew. The dental market showed a slight increase while that of medical imaging market was smaller than in 2001. Industrial and research laboratories showed a smaller demand for investment goods than in the previous year. However, Oriola strengthened its leadership as the major supplier of equipment and supplies for healthcare and laboratories, medical imaging and dental sectors. Oriola also enhanced its role as a supplier of healthcare equipment and supplies in the Baltic countries, a small but constantly growing market. The Swedish dental market remained at the previous year's level, and Oriola was able to strengthen its share of that market considerably.

The net sales of Oriola's Medical and Technical sector remained at the previous year's level. The operational result came to the same good level as in the previous year. The best performance was shown by the Medical Products and the Dental Products units. Thanks to growing business and established operations, the results also improved in the Baltic markets and in Sweden.

More about Oriola: Orion Group homepage www.orion.fi/eng/oriola as well as the Oriola's own homepage www.oriola.fi



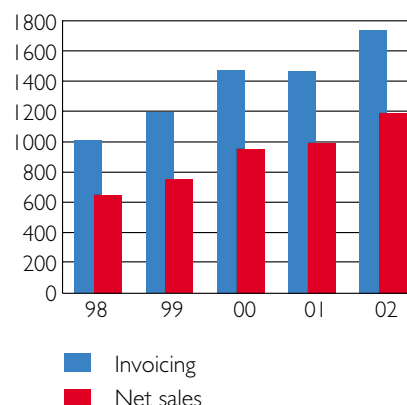
Performance
under control

Continuing operations

	2002	2001	Change
Invoicing, MEUR	1,738.0	1,469.1	+18.3%
Net sales, MEUR	1,188.7	995.8	+19.4%
International operations, MEUR	861.5	748.3	+15.1%
- % of net sales	72.5%	75.1%	
Operating profit, MEUR	9.1	4.5	+102.0%
Investments, MEUR	4.2	7.3	
Personnel	502	487	
- abroad	470	464	

*) KD is consolidated in Orion as of 1 July 2002.

Invoicing and net sales MEUR



KD, headquartered in Gothenburg, Sweden, is a full-line provider of distribution and logistic services for the healthcare sector. It acts as a third-party logistician, a logistics hub for products, information and money. KD distributes products to pharmacies, hospitals and clinics and, limitedly, also to private patients. With efficient and safe storage and distribution services it serves the entire healthcare sector, delivering the right goods in a perfect condition at the right time and place, yet having nothing to do with registration, marketing or pricing the products it handles. KD's main operational area comprises Sweden and Finland.

Operationally, KD is divided in two business areas: Pharmaceutical Distribution, and Healthcare, which is engaged in the logistics of a variety of supplies to hospitals, clinics, healthcare centres and in some business areas even private homes. In Finland, KD is only engaged in pharmaceutical distribution.



Ralph Nilsson, President of KD:

"All relevant curves of KD's financial and operational performance are showing positive development and reflect successful implementation of our strategies concerning customer focus and confidence, quality and financial results."

Pharmaceutical Distribution

Pharmaceutical Distribution is the core business area in KD in terms of invoicing and volumes, being in charge of KD's logistics services for pharmaceutical manufacturers and pharmacies. KD both stores the products of its principals and distributes them, mainly to the pharmacies in Sweden and Finland.

KD's major principals for pharmaceutical products in Sweden are MSD, Pfizer, GlaxoSmithKline, Schering Plough, Roche, Novartis, Wyeth Lederle, Janssen Cilag and Aventis.

In Sweden, KD operates via three distribution centres for pharmaceuticals, located in Mölnlycke near Gothenburg, Enköping near Stockholm, and Malmö.

In a particular market such as Sweden where the thousands of products from more than 140 manufacturers are channelled via two distributors to the 900 retail outlets of the one and only customer, the Apoteket AB, the service level offered by the distributor is crucial. The importance of flexibility as a competitive measure has only increased along with the introduction of generic substitution in late 2002 in Sweden.

KD Tukku Oy. KD Tukku Oy is the young Finnish subsidiary of KD, established in 1999. It is engaged in pharmaceutical distribution only and operates through one location, Vantaa next to Helsinki, and with a very lean organisation. KD Tukku has four major pharmaceutical manufacturers as principals: Pfizer, MSD, Novartis and Aventis.

Healthcare

Business area Healthcare provides logistic services for those KD's principals that are manufacturers of medical supplies used in hospitals and clinics, many of which are operated by the Swedish municipalities and county councils. The service area covers certain parts of Sweden. In selected regions, KD also provides home distribution services for articles such as diapers for incontinence patients and nutritional products. Tyco Healthcare is the largest single principal for KD's Healthcare logistics. Here the service area encompasses all the Nordic countries.

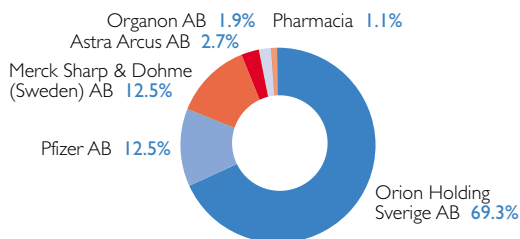
Generic substitution implemented in Sweden in late 2002.

Impacts to be seen in 2003

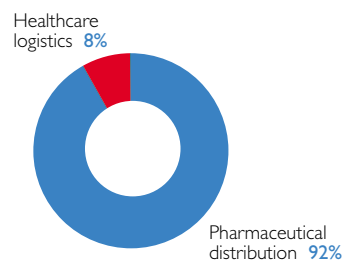
In October 2002, generic substitution was introduced on the Swedish pharmacies. This added new kind of high pressure to the service rate of pharmaceutical distributors, as the ability of not only the manufacturer but also the distributor to keep a product on the pharmacy shelf at the lowest price became a major competitive factor.

Due to the short time of accumulated experience, the impacts of generic substitution on KD's business were not yet fully visible.

KD's shareholders on 31 December 2002



Breakdown of KD's net sales



We were right on target with respect to sales and result, and in some cases we even surpassed ourselves.

KD's business performance in 2002

In 2002, the growth of the total pharmaceutical market in Sweden was 6.9%. KD's invoicing in pharmaceutical distribution in Sweden grew by 14.7%. The growth rate accelerated during the second half of the year to over 21% from the second half of the previous year. The strong growth was partly consequence of the fact that the sales by many principals of KD grew remarkably faster than the market on average. Part of the growth resulted from mergers and acquisitions among the principals.

In Finland, the wholesale market for pharmaceuticals grew by 10.4%. KD Tukku's invoicing increased by as much as 30%, thanks to the growth of the principals' sales volumes via KD.

KD's consolidated invoicing grew by 18.3%. The consolidated net sales, which exclude the consignment sales and hence only include the distribution fee, grew by 19.6%. The growth rate of the net sales followed that of invoicing, as no noteworthy changes were actual in the distribution contracts during the year.

Pharmaceutical Distribution accounted for 92.5% of KD's total invoicing, the remaining 7.5% representing the operations of the Healthcare business area.

Operating profit improved remarkably both in comparison with the first half of the year and the previous year. The improvement accelerated during the second half of the year, and all business areas were contributing to it. On a year-on-year basis the operating profit more than doubled, thanks to the favourable development of pharmaceutical distribution volumes in Sweden and Finland together with successful cost management and the operational improvement of the new business areas.

In 1990, KD held a market share of 25% in Sweden. This has been consistently growing. In 2001 the market share was 45.9% and for 2002 it rose to 48.9%. KD Tukku's market share in Finland rose to 22.6%.

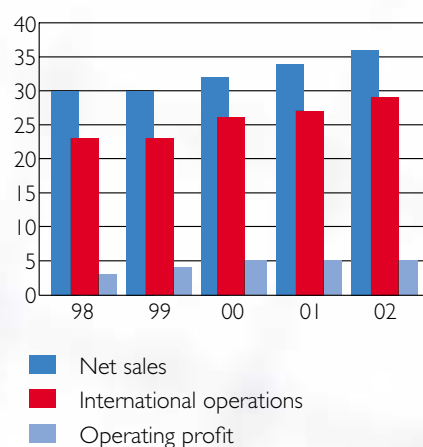
By the help of efficient and integrated information technology – a key competitive tool for cost-efficiency and customer and principal service – KD will consolidate and reinforce its position and reputation as the forward driving organisation in third part logistics.

More about KD on the Orion Group homepage www.orion.fi/eng/kd and KD's own homepage www.kronansdroghandel.se

Orion Diagnostica

	2002	2001	Change
Net sales, MEUR	35.6	33.5	+6.2%
International operations, MEUR	29,0	27.4	+5.6%
- % of net sales	81.3%	81.8%	
R&D expenditure, MEUR	3.1	3.1	+0.7%
Operating profit, MEUR	5.0	4.9	+2.1%
Investments, MEUR	2.9	1.5	
Share of Group net sales	2%	3%	
Personnel	329	336	
- abroad	37	37	

Net sales, international operations and operating profit, MEUR



Orion Diagnostica

QuikRead test system is a success

The global diagnostics market grew at a fairly low rate as a whole. However, the current growth of point-of-care and rapid tests is stronger than that of the total market, with diabetes testing showing the briskest increase. Large diagnostics producers dominate the market of large-scale automated laboratories, and at the same time several new companies have appeared.

Orion Diagnostica's net sales have grown in line with the strategy: overall net sales grew and the share of clinical point-of-care products and hygiene tests exceeded 70% of the whole. The continuing success of *QuikRead* and *Hygicult* was the major factor contributing to these sound growth figures. International operations accounted for over 80% of Orion Diagnostica's net sales.

The sales and market share of QuikRead CRP for the detection of infections increased in all market areas in which the method is currently available. The long-term success product *Uricult* for the detection of urinary tract infections remained the global market leader in its niche. The sales of products for centralised testing saw a modest decrease from previous year.

Operating profit was slightly above last year's level.

QuikRead test range expands.

Proprietary products generate about 90% of Orion Diagnostica's net sales, and future growth will also be founded on new products resulting from in-house development. Orion Diagnostica has a unique expertise in analytes, and it utilises this competence for the creation of new innovative products and solutions.

The QuikRead system is being developed further and the test range will continue to expand. Year 2002 saw the launch of a more efficient QuikRead 101 instrument and the introduction of QuikRead FOB for the detection of faecal occult blood. Resources are also allocated to the development of new hygiene products.

New business information system in 2003. Orion Diagnostica is currently constructing a new system incorporating production planning and all related business information systems. After the implementation of the system in 2003, the Division will move over to a process organisation, which meets the requirements of ISO 9001-2000 standard.



Jaakko Rissanen,
President of Orion Diagnostica:

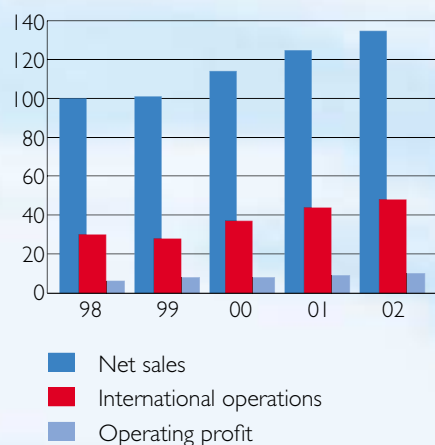
"The diagnostics market is characterised by a tendency of the big companies to seek larger market shares through company acquisitions and similar actions. Therefore smaller companies have to specialise in carefully focused niche sectors. Orion Diagnostica, although small by international standards, is pursuing selected areas energetically, focusing its resources on critical segments."

More about Orion Diagnostica: www.orion.fi/eng/oriondiagnostica and www.oriondiagnostica.fi

Noiro

	2002	2001	Change
Net sales, MEUR	135.3	125.3	+8.0%
International operations, MEUR	48.4	43.9	+10.4%
- % of net sales	35.8%	35.0%	
Operating profit, MEUR	9.8	9.2	+6.3%
Investments, MEUR	15.3	18.0	
Share of Group net sales	8%	13%	
Personnel	876	844	
- abroad	5	2	

Net sales, international operations and operating profit, MEUR



Noiro

Growth spearheaded by Lumene

Cosmetics as well as personal and industrial cleaning and hygiene products constitute a growing business sector both in Finland and in Noiro's export markets. However, the growth rates differ by product group. Noiro's net sales continued to grow steadily in 2002, resulting in an increase in operating profit. The introduction of the new cosmetics factory, completed in the summer, was smooth and its production capacity was soon in full use. Exports rose to a new record, accounting for 36 percent of the total net sales.

The operations are boosted especially by the constantly positive performance of the *Lumene* cosmetics line both in Finland and in the export markets. Lumene, the daily personal hygiene line *Herbina* and the haircare product line *Cutrin* were the largest export products. Russia was Noiro's most important export market.

Lumene accounts for over one third of Noiro's net sales and its share of exports is almost two thirds. With the market share of over 25 percent, Lumene is the dominant market leader in Finland, and the brand is already available in over 30 countries. Success in product comparisons is boosting the demand: last autumn, the anti-wrinkle cream *Lumene Advanced C-energy* became the winner in an independent international double-blind comparison test performed by several national consumer magazines.

Anytime, the makeup line for teenagers and young women, shows a brisk growth trend, as does the adult women's line *Nanoel*, which is profiled among the high-quality premium priced special creams. Distributed through pharmacies only, the skin care line *Favora* keeps on growing steadily. Noiro also represents international cosmetics brands, including Juvena, Piz Buin and Babor.

Cutrin, Noiro's proprietary hair cosmetics line for professional use, continued its steady and positive performance. Most of the exports, constituted mainly of hair colours and finishing products, go to Finland's neighbouring countries. Noiro's product portfolio includes the internationally acclaimed hair cosmetics line *Wella* which continues to have a strong hold of the market.

Institutional hygiene and cleaning products account for 15% of Noiro's net sales. The sales increase attained by the *Farmos* unit exceeds the average growth rate seen in this sector characterised by relatively slack development. The sales of the *Erisan* infection control products are also growing.

Large investments finalised in Espoo and Turku. Noiro's top modern new production facilities in Espoo were completed in the summer of 2002. This factory upgraded the cosmetics production conditions to a level that enables Noiro to meet the most demanding growth objectives far out in the future. The new cosmetics factory is the largest investment ever made by Noiro during its more than 50 years of operation. After the completion of a plant extension in the summer, all *Farmos* production now takes place in Turku.

Top expertise in cosmetics development. Noiro is the largest company engaged in cosmetics and hygiene product R&D in the Nordic countries. The company can avail of its own state-of-the-art laboratories for product development and quality assurance, combining versatile multi-disciplinary expertise with abundant experience accumulated over five decades of operation. Noiro enhances its core competence in colour and skin care cosmetics by co-operating with universities, research laboratories and institutes as well as with its own raw material suppliers. Noiro also collaborates actively with Orion Pharma's researchers and experts representing public healthcare.

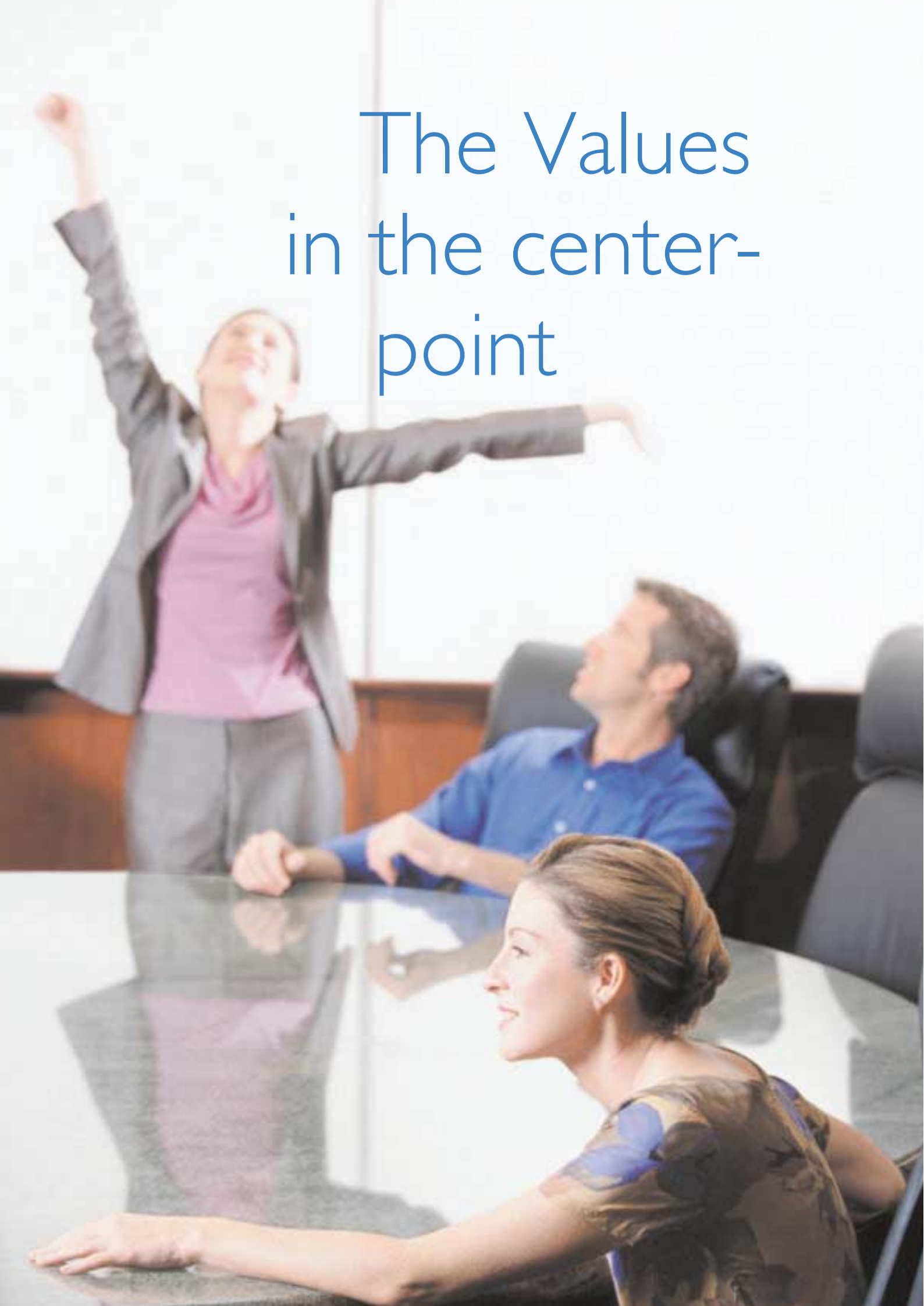
More about Noiro: www.orion.fi/eng/noiro and www.noiro.com



Pekka Rautala, President of Noiro:

"Noiro's products combine Nordic functionality and aesthetics with the pure Finnish nature and its raw materials."

The Values in the center- point



Personnel

The Group vision, strategy and joint values constitute the basis of Orion's Human Resource (HR) operations. The growth strategy defined in the Group's Vision calls for continuous development of competence and promotion of an open-minded attitude towards change among the personnel. The Group's internationalisation, its resource and competence management and wellbeing of the personnel must also be taken into consideration.

The value process, leadership and working community development as well as rewarding were the focal issues in Orion's HR operations in 2002.

At year's end, the Orion Group employed a total of 5,826 persons (5,308 in 2001), 77% (85%) of which worked in Finland and 23% (15%) in other countries. The acquisition of the majority ownership in Kronans Droghandel added 511 employees to the Group total.

The Values in the centerpoint

In 2002 the new Orion values were introduced in all Divisions. The values express the strategic intent of Orion. They also express the personnel's expectations of Orion as a working community. In the value process conducted throughout the year supervisors were encouraged to talk about the values in their working environment. The significance of the values was also addressed in the appraisal discussions between supervisors and their staff, as well as in departmental meetings. The personnel magazines of the various Divisions were actively involved in the value introduction work by handling the topic regularly.

Initiated in 2001, the Orion value process was clearly reflected in the work climate surveys. Of the entire Orion Pharma staff, 74% were aware of the values (44% in 2000) while 24% (17%) felt that the values also materialised in practice. In Oriola, value awareness rose from 52% to 72% while the materialisation percentage increased from 19% to 27%. In Orion Diagnostica, 78% (63%) of the staff were familiar with the values and 31% (27%) felt they also materialised in practical work.

The Happy@Work work climate survey conducted at Orion Pharma in 2002 gave results, which were either better or similar to those obtained in 2000. Commitment to work and work satisfaction are increasingly characteristic strengths in Orion Pharma. The employees at Orion Pharma feel that equality between age groups and genders has improved from earlier surveys. The efforts made in the development areas – improved communications and better information about corporate objectives – have paid out: the results indicate a clearly positive trend. More frequent and intensified discussions about the values have smoothed the flow of work, creating an encouraging atmosphere. People also feel that group work now runs more easily.

The 2002 survey made at Orion Diagnostica showed improvement in all work satisfaction sectors. In line with earlier surveys, good command of one's own job, tasks and objectives as well as commitment to the company's objectives are still the strengths. As concerned the areas that needed development, most improvement took place in work climate – now more encouraging – and group work that is now smoother. Management's visibility and development possibilities at work remain areas that need improvement.

Oriola is conducting a two-part work climate survey in 2002 and 2003, while Noiro's survey is planned for 2003.

The Orion personnel and their families gathered in the Group's 85th anniversary celebrations in many localities in August–September 2002. Through the celebrations, Orion wanted to underline a community spirit and gratitude for its personnel's commitment.

New tools for leadership and working community development

Supervisors and management are involved in continuous development of the organisation. The long-term executive development and training programme, launched at Group level in 2001, continued, and a new management tool, the "Management at Orion" manual, was completed. The supervisors at Orion are required to have smooth skills

Personnel of the Orion Group by countries on 31 December 2002

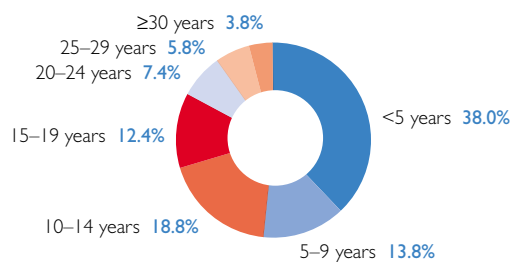
	Orion Pharma	Oriola	KD	Orion Diagnostics	Noiro	Corporate Administration	Total
Helsinki region	1,514	633	33	199	603	32	3,014
Hanko	151						151
Turku region	586	7		42	187		822
Kuopio	141	55					196
Oulu	93	49		51			193
Other localities	3	58			67		128
Finland total	2,488	802	33	292	857	32	4,504
Sweden	67	41	478	15			601
Denmark	99	8		6			113
Norway	16			11			27
Germany	122						122
UK and Ireland	113						113
France	59						59
Baltic countries	8	194					202
Other countries	75			5	5		85
Foreign countries total	559	243	478	37	5	0	1,322
Group total	3,047	1,045	511	329	862	32	5,826

Educational basis of clerical and managerial staff, % (Finland)

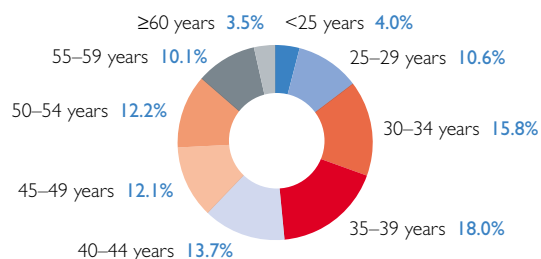
Basic education	18
Business or commerce	16
Mathematics and natural sciences	14
Medicine, pharmacy and healthcare	23
Technical	27
Other	2

The number of persons with the degree of PhD was 99. Those with the degree of a Licentiate was 60.

Personnel by duration of employment
(Finland)



Personnel by age
(Finland)



in managing both material issues and persons. The Orion management tasks can be crystallised as follows: setting goals, support and coaching, and finally result assessment, feedback and development.

The 360 Degree Feedback is a management development tool, which allows the supervisor to get feedback from his or her group, colleagues and own supervisors. Through the results, people assessed can identify his or her strengths and prioritise the personal development needs. Prepared in 2002, the 360° Feedback will be implemented in 2003.

In Orion management and leadership constitute the basis for success of the entire company. The objective of leadership development is to ensure profitable and successful operations and create conditions for the motivation, commitment and wellbeing of personnel. Management and leadership skills are under continuous development. The joint definition of the management intent, the 360° Feedback and the training of supervisors are development tools, which also ensure the availability of future management resources.

Healthy and productive working community

The activities to maintain working ability (the so-called Tyky activities) constitute an established part of Orion's HR policy. The objective of these activities is to have a healthy and productive working community and to encourage the personnel to take care of their own working ability.

In 2002 several working community development programmes were implemented at Orion: Orion Pharma defined a process for supervisors and departments, to be used as a development tool. A job satisfaction development process is underway at Orion Diagnostica, based on the work climate and wellbeing barometer designed by the Finnish Institute for Occupational Health as well as on meetings on the outcome of the surveys. Orion Diagnostica's management both directs the process and participates in it, and work climate development is followed through certain HR indicators.

The Orion Group has also addressed the problems of bullying at the workplace, as well as the means to prevent such phenomena. The objective is to enhance mutual trust and respect and to guide the staff towards acceptance of differences, thereby acting in line with the corporate values. Year 2002 saw the publication of instructions and guidelines to prevent bullying.

The Group alcohol abuse programme will be updated to include not only drinking but also other intoxicant abuse problems. The objective of the programme is to establish a uniform mode of operations in situations where intoxicant abuse causes work or safety risks.

The Orion age programme, launched in 2002, aims at supporting people of various age groups and life situations so that they cope and are motivated to work profitably throughout their entire careers.

Developed as a tool for Orion Pharma recruitment, the new assessment tool is used for the new selection of new staff for production and laboratories. The method is being tested in Espoo and will be introduced later in other sites. The tool is used to assess the candidate's suitability for the job and for the working community.

New reward systems

An evaluation tool for exempts was introduced in 2002. An incentive system for exempts will be implemented as of year 2003 in Finland.

The productivity of work, competence and professional skills are the basic elements highlighted in the competence evaluation of white collar employees covered by the chemical industry collective agreement. The evaluations also include such factors as initiative and interaction skills. This system was introduced in the spring of 2002.

Orion Group has two stock option plans. In both of them, each option entitles the holder to subscribe to one Orion B-share. The year 1998 Stock Option Plan involves about half of the Group personnel. A bond loan was attached to this Plan. The first half of the options in this scheme was released in May 2001, while the rest will become available in May 2003. The options will be valid until 30 April 2005.

The year 2001 Stock Option Plan, targeted mainly to key R&D personnel, involves 120 persons. The options will be released in four stages between 1 October 2003 and 31 October 2007.



Attention to
environment
and security

Environment

Concern for the environment is one of Orion's basic values and our mode of operation, which is based on the principles of sustainable development. Quality, reliability, safety and sustainable development are our leading operational principles. Orion will bear its responsibility for the safety and wellbeing of the environment, the working community, its co-operation partners and clients. The objective is to achieve continually improving results both in business, environmental protection and as a member of the society.

In the summer of 2002, the Orion Group adopted new objectives for corporate security. The goal of the security policy is to ensure the uninterrupted continuation of the Group's operation, the safety of people, the protection of its assets and environment against damage as well as the sufficient coverage of the information security measures. The security operations are in line with the Group's strategic objectives.

The objectives for corporate security were recorded in the Group Security Policy, and the more detailed instructions are provided in the Security Principles. The Business Divisions are required to identify their environmental impacts, develop their operations with due concern for environmental issues, and to prepare modes of operation in case of accidents.

Group-level environmental security issues are directed and developed by a steering committee appointed for the purpose. This committee compiles instructions and defines obligations at the Group level, and the security management teams of each Division will cascade them down to their own practical operations.

Among the Orion Group Divisions, Orion Pharma and Orion Diagnostica have joint environmental objectives. Oriola, Noiro and KD have defined their own environmental objectives to meet their particular operations.

Each Division follows the environmental management system that best suits their own operations. Orion Pharma's environmental management principles were adopted in 1998. Noiro and KD have certified environmental management systems that meet the ISO 14000 standard.

Actively following legislative developments, Orion shows autonomous initiative and acts transparently vis-à-vis the regulatory authorities. However, the laws, bills and regulations define only the minimum level of environmental management at Orion. Environmental management operations are continuously developed, with the objective of minimising the environmental impacts.

Starting from the product development phase, the primary goals of Orion Pharma and Orion Diagnostica include drug efficacy, testing system reliability and patient safety. Another objective is to minimise the environmental burdens.

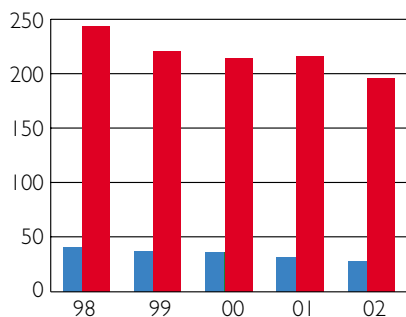
In order to intensify the recycling of packaging materials, all Orion Divisions have joined the Environmental Register of Packaging PYR Ltd.

At Orion Pharma environmental issues constitute an integral part of the quality system

When new drugs are being developed, special attention is paid not only to drug efficacy and patient safety, but also to occupational safety and environmental issues. The regulatory authorities are involved in the development process by controlling the creation of new pharmaceutical preparations and the further development of existing products. The development of a new drug is a multi-phase process. From the onset of the development work, it will take about 5-10 years until the first trial batch can be produced.

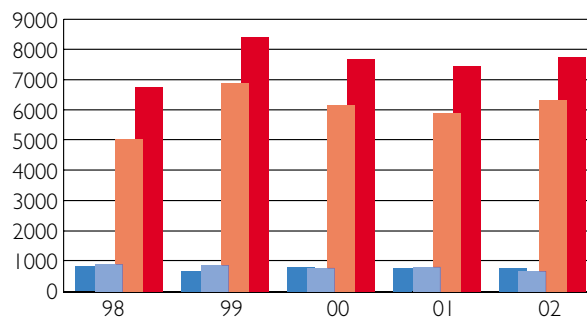
The quality management system applied at the Orion Pharma's production plants is based on the so-called GMP regulations (Good Manufacturing Practises), which are also referred to in legislation. Most countries also apply specific GMP regulations on pharmaceutical imports, with minimum requirements defined for pharmaceutical manufacturing. The regulatory authorities in certain countries, such as the US FDA (Food and Drug Administration), require that new drug applications also include documentation on the environmental impacts of the manufacturing and utilisation of the preparation in question.

Solvent emissions to air, t / a



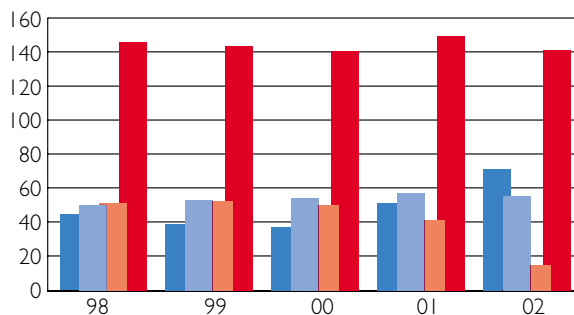
- Methylene chloride (DMC)
- Solvent emissions (VOC) total

Amounts of waste, t / a



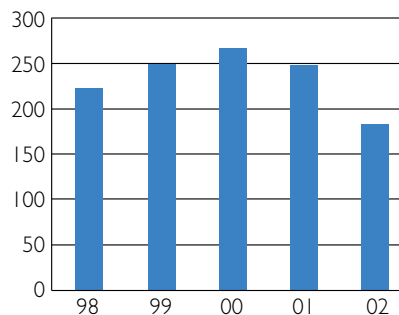
- Recyclable waste
- Dump waste
- Hazardous waste
- Amounts of waste total

Energy consumption, GWh / a



- Purchased heat/steam
- Electricity
- Oil and natural gas
- Energy consumption total

Water consumption, 1000 m³ / a



Each Orion Pharma plant has a dedicated person for environmental management issues, with the task of developing and keeping track of these issues. The implementation of environmental protection is monitored through annual internal audits. Environmental impacts are followed through emission measurements, waste quantity controls and statistics on the use of various substances.

Reduced emissions

The production facilities at a pharmaceutical plant must comply with extremely strict cleanliness requirements. In order to ensure the physical and microbiological purity of a pharmaceutical preparation, the manufacturing process must be as closed as possible. Both the input air and the outlet air pass through many multi-stage filters, and the air in the production rooms is compensated tens of times every hour. The dust content in the outlet air is minimal. In chemical processes the emissions are controlled by means of efficient condensers and washers.

Orion's solvent emissions reduced from the previous year's levels due to annual variations in production schedules, closing down of certain production units and also thanks to process development work. The amount of hazardous waste increased at the Hanko and Oulu API plants as a result of changes in their product ranges and increases in production volumes. The amount of dump waste has been decreasing over the past few years.

Water consumption showed a significant 27 percent decrease from the previous year. New water saving measures were introduced, such as the waterless vacuum pumps installed at the Espoo laboratory or the change of the cooling system at the Hanko plant to operate on sea water in stead of pure drinking water.

The decrease in energy consumption was a result of cyclical variation and closing of plants. The Oulu API plant has outsourced the production of steam while the Turku pharmaceutical preparation plant buys its district heating and steam from the City of Turku. As a result, oil consumption has fallen considerably. The change is reflected as a corresponding increase in purchased energy.

Environmental activity in 2002

A new contract was closed with the Espoo water supply company on the outlet of industrial waste waters in the municipal sewage system. This contract imposed clearly stricter special conditions on Orion. At the Espoo plant, the objective of the product development stage test runs is to reduce the use of solvents, especially that of methylene chloride.

In Turku, the cooling medium of the old cooler equipment was replaced with substances with less negative impacts on the ozone layer.

Continued efforts to decrease emissions

According to the Environmental Protection Law enacted in 2000 in Finland, the pharmaceutical plants must renew their environmental permits by the end of 2004. Reports on the best available technology and use of energy will be prepared at Orion during 2003, to be attached to the applications.

The manufacturing processes of the pharmaceutical plants will be developed and further modified to decrease the use of volatile solvents.

The measures to decrease methylene chloride emissions will be continued in Oulu.

The Hanko plant will finalise the plan for the use of condensing water and a survey of the solvent emissions. The plant will also submit the application for a new environmental permit.

Further information about Orion Pharma's environmental management is available at the website www.orion.fi/eng/environment. More about the environmental affairs of Oriola, Kronans Droghandel, Orion Diagnostica and Noiro is also available at the site.

Orion Group by annual quarters

2001–2002

Orion Group by annual quarters, MEUR

	1–3/01	4–6/01	7–9/01	10–12/01	1–3/02	4–6/02	7–9/02	10–12/02
Net sales	231.0	244.3	244.7	250.8	235.7	242.0	554.4	596.5
Operating profit	14.3	33.2	52.8	16.1	23.2	26.8	28.9	18.6
Profit before extraordinary items and taxes	17.7	34.7	53.5	17.7	24.6	28.0	28.4	18.1
Profit for the period	11.7	23.0	39.8	15.5	19.1	19.0	21.3	10.0
Profit after taxes without extraordinary items	11.7	23.0	34.9	14.8	16.3	19.0	17.3	9.9
R&D Expenses	18.1	20.8	17.1	27.9	26.0	28.3	25.3	29.9
Earnings per share, euros	0.17	0.34	0.52	0.22	0.24	0.28	0.26	0.15

Net sales by business division by annual quarters, MEUR

	1–3/01	4–6/01	7–9/01	10–12/01	1–3/02	4–6/02	7–9/02	10–12/02
Orion Pharma	105.5	122.2	134.8	118.5	118.8	119.2	123.2	121.8
Oriola	80.5	79.8	74.3	94.7	76.5	85.6	105.4	117.3
KD as of 1 July 2002							290.5	316.1
Wholesale and Distribution total	80.5	79.8	74.3	94.7	76.5	85.6	395.9	433.4
Orion Diagnostica	8.7	8.3	7.8	8.7	9.1	8.9	8.2	9.4
Noiro	33.1	30.6	30.0	31.6	35.4	32.5	31.0	36.4
Group total, continuing operations	223.5	236.3	243.0	249.2	235.7	242.0	554.4	596.5
Soredex	6.3	6.7						
Hiven Oy	1.4	1.5	1.9	1.6				
Group total	231.0	244.3	244.7	250.8	235.7	242.0	554.4	596.5

Operating profit by business division by annual quarters, MEUR

	1–3/01	4–6/01	7–9/01	10–12/01	1–3/02	4–6/02	7–9/02	10–12/02
Orion Pharma	5.0	26.0	45.3	5.3	14.9	19.7	21.4	10.3
Oriola	5.0	4.2	5.9	5.2	5.2	3.4	5.5	4.8
KD as of 1 July 2002							3.1	2.5
Wholesale and Distribution total	5.0	4.2	5.9	5.2	5.2	3.4	8.0	6.7
Orion Diagnostica	1.2	1.1	1.1	1.5	1.2	0.9	1.6	1.3
Noiro	3.8	2.0	2.7	0.7	3.7	1.8	1.6	2.7
Group items	-1.2	-0.7	-2.3	3.3	-1.8	0.8	-3.7	-2.2
Group total, continuing operations	13.8	32.7	52.7	15.9	23.2	26.8	28.9	18.6
Soredex	0.4	0.3	-0.3	0.1				
Hiven Oy	0.1	0.1	0.4	0.2				
Group total	14.3	33.2	52.8	16.1	23.2	26.8	28.9	18.6

Report by the Board of Directors

Net sales

The net sales of the Orion Group in 2002 came to EUR 1,628.6 million (EUR 970.8 million in 2001) and they grew by 67.8% (+2.5%) from the previous year. The great difference was mainly induced by the consolidation of Kronans Droghandel AB (KD) in the Group as of 1 July 2002. The comparable net sales of the continuing operations, excluding KD, grew by 7.4%.

Orion Pharma. The net sales of Orion Pharma were EUR 483.0 million (EUR 481.0 million), at the previous year's level (+7.7%). The proprietary products contributed EUR 160.9 million (EUR 133.5 million) or 33% (27%) to the net sales. The net sales include altogether EUR 18.4 million (EUR 50.3 million) in milestone payments received from marketing partners. EUR 13.3 million came from Novartis, triggered by the submissions of the new drug applications concerning the Entacapone Triple Combination Tablet to the US and EU regulatory authorities. EUR 5.1 million were received from Pharmacia based on the deramciclane collaboration agreement.

The largest products in terms of sales were the proprietary products Comtess/Comtan (entacapone) for Parkinson's disease, the hormone replacement therapies of the Divina family, the animal sedatives and the breast cancer drug Fareston (toremifene). Comtess/Comtan and the animal sedatives showed strong growth while the others remained on the previous year's levels. Sales of Simdax (levosimendan), launched on certain markets as of 2001, almost doubled from the previous year.

The own marketing network of Orion Pharma contributed EUR 305 million of the total net sales, and EUR 185 of the figure came from operations in Finland. Orion Pharma's market share in Finland was 11.7% (12.7%).

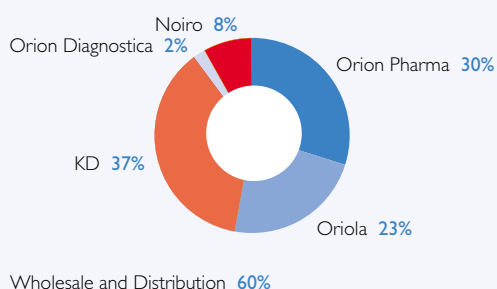
Wholesale and Distribution. The Wholesale and Distribution division contributed 60% (34%) to the Group net sales. The big change was induced by the consolidation of KD into the Group as of July.

Oriola. Oriola's invoicing rose by 15.0% to EUR 716.4 million (EUR 622.8 million, + 8.5%). Net sales grew by 16.8% (-4.2%). Most of the growth came from AstraZeneca's products after they were shifted for distribution by Oriola as of June.

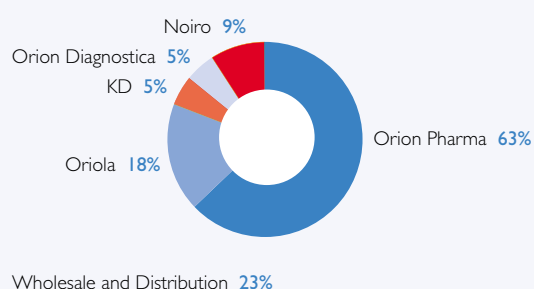
Oriola's invoicing from pharmaceutical distribution was altogether EUR 588.6 million, up by 17.9% (+6.6%). The corresponding net sales came to EUR 268.2 million, up by 24.9% (-12.3%). Operations in Finland accounted for 94% of the invoicing, and Oriola's market share rose to 37% towards the end of the year.

Net sales of the Medical and Technical Sector of Oriola came to EUR 116.7 million, which was the level of the previous year (+15.7%). Oriola Dental and Oriola Medical showed clear growth whereas the net sales of Medion and Prolab decreased slightly.

Net sales by business division



Operating profit by business division



KD. The full-year invoicing of KD came to EUR 1,738.0 million, up by 18.3%. Net sales increased by 19.4%. Pharmaceutical distribution operations accounted for 92.5% of the total invoicing. Growth was seen both in Sweden and in Finland. KD's market share at the end of the year was 49% (46%) in Sweden and almost 23% in Finland. The strong growth was mainly induced by the remarkably faster sales growth of KD's principals than the average market growth in Sweden and Finland. KD was consolidated in the Orion Group as of 1 July 2002.

Orion Diagnostica. The net sales of Orion Diagnostica were EUR 35.6 million (EUR 33.5 million), up by 6.2% (+4.1%). The QuikRead test for diagnosing infections continued to show good sales performance, and new versions of the instrument were introduced. Sales of hygiene tests increased too, whereas those of the Uricult test for detecting urinary tract infections continued at the previous year's level.

Noiro. Noiro's net sales rose to EUR 135.3 million (EUR 125.3 million) by 8.0% (+9.6%). Almost 80% of the total were generated by proprietary brands, the most significant of which is the cosmetics line Lumene. On the domestic market Noiro grew more rapidly than the market on average and maintained its leading market position in cosmetics and hairdressing products. Exports to Russia continued to grow, although less rapidly than in the previous year.

Orion Corporation. Net sales of the parent company Orion Corporation were EUR 557.7 million (EUR 578.2 million), down by 3.5% (+4.7%).

Group profits

Group operating profit EUR 97.5 million (EUR 116.4 million) was 16.2% lower than in the previous year (+1.6%). Orion Pharma's operating profit declined considerably. Oriola, Noiro and Orion Diagnostica came to the level of the previous year whereas KD's comparable operating profit improved notably.

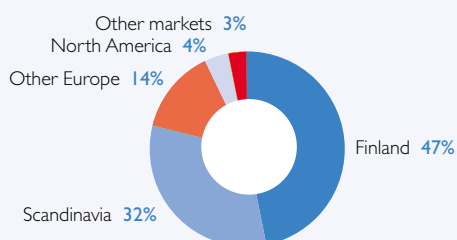
Orion Pharma's operating profit suffered from the high R&D expenditure necessitated by the Phase 3 clinical trials conducted during the year. Also, marketing agreement-based payments from the collaboration partners were lower than in the comparative year, for which they were exceptionally high.

Other operating income includes EUR 4.0 million in net earnings from the sale of shares in Tamro Corporation and EUR 16.5 million received from Novartis on the basis of the marketing agreement concerning Comtan.

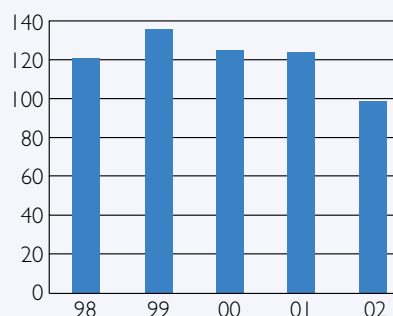
Extraordinary income includes earnings from the divestment of the subsidiary Hiven Oy in January, as well as EUR 4.0 million negative goodwill arising from the 10.6 per cent stake in KD acquired already in 1970's, fully recorded as income. Extraordinary expenses show the net loss of the sale of the real estate in Kemijärvi.

Group net income from financial operations was EUR 1.6 million (EUR 7.2 million). Net interest earnings were EUR 2.7 million (EUR 5.8 million). Exchange rates caused a net loss of EUR 0.7 million (EUR -0.2 million). Net losses from securities, including received dividends, were EUR 0.2 million (net income EUR 1.6 million). Other financial items caused a loss of EUR 0.2 million (EUR -0.1 million). The net financial loss induced by KD for the latter half of the year was EUR 0.5 million.

Net sales by market area



Profit before extraordinary items and taxes, MEUR



Group profit before extraordinary items and taxes came to EUR 99.1 million (EUR 123.6 million). The taxes on ordinary operations were EUR 35.6 million (EUR 39.2 million) and those on extraordinary items EUR 0.7 million (EUR 2.2 million).

Earnings per share were EUR 0.93 (EUR 1.25). Shareholders' Equity per share was EUR 9.82 (EUR 10.04). ROI before extraordinary items and taxes was 13.7% (17.5%). Return on Equity after taxes was 9.3% (12.5%).

Group Balance Sheet

The Group Balance Sheet total increased and its structure changed considerably due to the KD acquisition. The sharp rise in the non-interest-bearing current liabilities is mainly related to the trade payables of over EUR 300 million of KD. They are, however, counter-balanced by high inventories and trade receivables, mainly from Apoteket AB, the Swedish state monopoly of pharmacies. The goodwill arisen from the KD acquisition was EUR 37.2 million, to be depreciated in 15 years. A depreciation of EUR 1.2 million for the first six months has been allocated to the operating profit of the Wholesale and Distribution division.

Other notable items with impact on the Balance Sheet are the investments in the expanded R&D facilities of Orion Pharma, the plant investments of Noiro, the reacquisition of the marketing rights for HRT products in France as well as the considerable increase in the operational volume of Oriola.

Financing

The Group's Equity Ratio and solvency were good. Due to the change in the Group structure, the Equity Ratio dropped to 48.2% from 72.6%. Gearing was -9.1% (-24.7%).

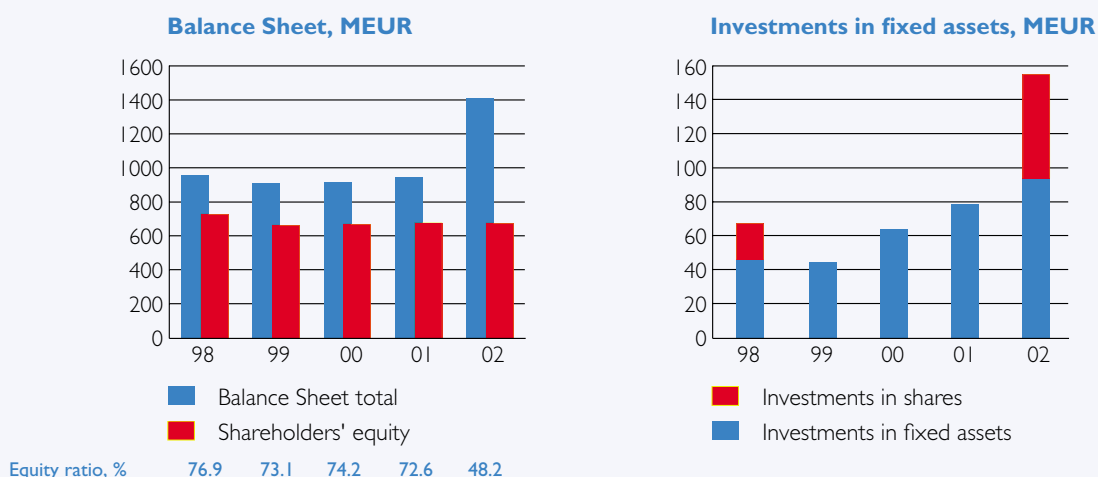
In the Group Balance Sheet of 31 December 2002, the liabilities, including deferred tax liability, were EUR 723.4 million (EUR 267.8 million), of which EUR 134.2 million (EUR 52.0 million) were interest-bearing. Orion has taken a loan of SEK 276.2 million, the counter value of which is EUR 30.2 million, for hedging its proportion of the shareholders' equity of KD in Swedish krona.

The Group's cash reserves are placed in money market instruments and bonds issued by European states and enterprises. Minor amounts are invested in listed shares investment funds. With its placements Orion aims at good and solid long-term earnings, avoiding unnecessary risks.

Gross investments

Gross investments were exceptionally high, EUR 155.6 million (EUR 79.2 million).

Buildings accounted for EUR 18.4 million, machinery and equipment for EUR 37.5 million, and other fixed assets for EUR 38.4 million. The total investment in the KD acquisition was EUR 61.2 million, of which the goodwill was EUR 37.2 million.



Major construction projects comprised three new plants inaugurated in late summer: the extended R&D facilities of Orion Pharma in Turku, the cosmetics plant of Noiro in Espoo and the Farnos plant for institutional hygiene products in Turku.

A new business information system was taken into use in Orion Pharma in the autumn. Corresponding system investments are underway in Oriola, Orion Diagnostica and Noiro. In France, the marketing rights for the HRT products were reacquired for EUR 16.5 million.

Changes in the Group structure

By a share transaction effective as of 1 July 2002, Orion acquired the majority ownership in the Swedish pharmaceutical distributor, Kronans Droghandel. Orion's ownership in KD rose from 10.6% to 69.3% in which an additional stake of 0.4% acquired in November is included. Oriola and KD were organised under a new business division, Wholesale and Distribution.

Hiven Oy, which was part of Orion Pharma, was divested in January to Suomen Rehu Oy. Hiven's net sales in 2001 were EUR 6.4 million and it employed 21 persons.

Two new subsidiaries were established, Oü Orion Pharma Eesti, in Estonia, and Orion Holding Sverige AB in Sweden.

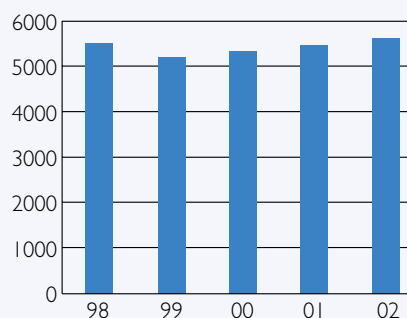
Personnel

The average number of personnel in the Group for the full year was 5,621 (5,456). The total number of employees in December came to 5,826 of which the KD accounted for 511. The average number of employees in Orion Pharma declined by a net of 45. Production personnel came down by around 100 due to the impact of three minor plants shut down in 2001. R&D staff increased by around 50. The average number of employees in Noiro increased by 32 and in Oriola by 31. Personnel in the parent company Orion Corporation declined by 21.

Board of Directors

The General Meeting of Shareholders held on 15 April 2002 approved the amendments to the Bylaws as proposed by the Board of Directors. The changes induced considerable changes in the Corporate Governance of Orion, mainly due to the abolishment of the Supervisory Board. In accordance with the new Bylaws, the Board of Directors and the Chairman are elected by the General Meeting of Shareholders for a term of one year, until the next Annual General Meeting. The following eight members were elected in Orion's Board of Directors until the 2003 Annual General Meeting: Erkki Etola, Heikki Hakala, Petteri Karttunen, Eeva Kölli-Jääntti, Juhani Leikola, Tuomo Lähdesmäki, Heikki Vapaatalo and Matti Vuoria. Professor Juhani Leikola was elected Chairman. The Board of Directors elected Erkki Etola Deputy Chairman of the Board.

Personnel



The Board of Directors has established the two Committees mentioned in the Bylaws. Their members were elected from the Board of Directors. Heikki Hakala was elected Chairman of the Audit Committee and Matti Vuoria Chairman of the Nomination and Salary Committee.

Changes in the Group management

Risto Miettunen joined Orion as President of Orion Pharma on 1 April 2002. As of 1 August, he was appointed Executive Vice President and Deputy to the President of Orion Corporation.

Jyrki Mattila, former President of Orion Pharma, started heading the Orion New Ventures unit on 25 February as Senior Vice President.

Jaakko Rissanen was appointed new President of Orion Diagnostica as of 1 August as Matti Vaheri, previous President, joined Orion Pharma as Senior Vice President for the Core Therapies process.

Pauli Torkko heads the new Wholesale and Distribution division as of 1 September. Jari Karlson started as Chief Financial Officer of the Orion Group on the same day.

Olli Huotari was appointed new General Counsel for the Group as of 1 October after Henry Haarla started as Senior Legal Counsel for the M&A unit.

Research and product development

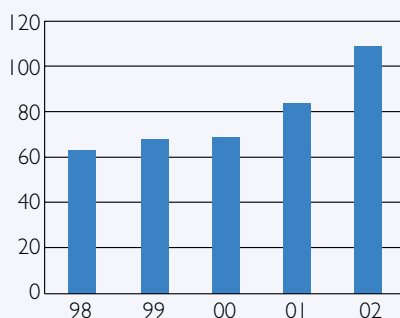
Group expenditure on research and development, excluding financial contributions received from external sources, came to EUR 109.5 million (EUR 83.9 million) and it increased by as much as 30.5% (+21.9%) from the previous year. It represented 6.7% (8.6%) of the Group net sales. Orion Pharma accounted for over 95% (93%) of the total. R&D expenditure represented 21.6% (16.0%) of Orion Pharma's total net sales.

The major research projects of Orion Pharma were the Phase 3 clinical studies with deramciclone for anxiety and with Simdax for acute decompensated heart failure, as well as the compilation of the new drug applications of the Entacapone Triple Combination Tablet.

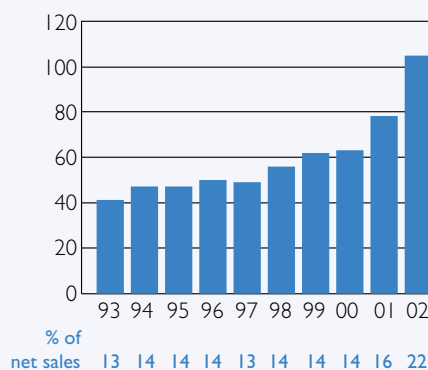
The European arm of the clinical Phase 3 research programme with deramciclone, a drug candidate for generalised anxiety disorders, were completed and the results were reported to Pharmacia, the collaboration partner. The first study of the US arm of the programme, which started in the spring of 2002, will be completed during the first half of 2003.

The additional Phase 3 clinical trials with Simdax (levosimendan) that started in December 2001 are underway in the US. The trials programme is estimated to be completed in mid 2004. The results of the studies will also be utilised for the new drug applications in France, Germany and Great Britain. The trials programme is being extended to Europe.

**Group R&D expenditure
MEUR**



**R&D expenditure of Orion Pharma
MEUR**



The marketing authorisation applications for the entacapone triple combination tablet were submitted to the US FDA in August, and to the EMEA of the EU in September. Marketing authorisations are anticipated in the latter half of 2003. Accordingly, the new treatment could become available in the US in late 2003 and in the EU in early 2004.

The new asthma medication, Giona Easyhaler containing budesonide, received a marketing authorisation at the end of December 2002 after an exceptionally long review process in Germany. Additional marketing authorisations are being sought for the product in other EU countries through the so-called mutual recognition procedure.

The development programme with formoterol Easyhaler was discontinued. A decision was made last summer not to continue studies with the breast cancer drug Fareston (toremifene) for extending its indication to earlier stages of the disease.

The New Ventures project

After the expiry in September of the letter of intent signed with Quintiles Transnational in April concerning the establishment of a joint venture for pharmaceutical development, Orion has continued preparations on a new basis. Drug candidates planned to be licensed to the new venture include fadolmidine for spinal analgesia; orazipone, an anti-inflammatory; dexmedetomidine for sedation in intensive care, and atipamezole the potential of which is being studied for female sexual dysfunction, FSD.

Events in 2003 before publication of the Financial Statements

Orion Pharma and Pharmacia Corporation decided on 17 February 2003 to discontinue the clinical trials programme with deramciclane in generalised anxiety disorder, due to insufficient efficacy as shown by the combined results from the three Phase 3 clinical studies conducted in Europe and the US. Based on the collaboration agreement with Pharmacia in 2001, Orion has received around 39 million euros in signing fees and milestone payments.

In early 2003, Orion Corporation acquired altogether 41,134 own A-shares at an average price of EUR 21.35 and with a total sum of EUR 0.9 million. At the end of January 2003, the total number of own shares held by the company was 893,932.

Outlook for 2003

Orion Pharma's net sales are anticipated to be at the level of 2002. Operating profit is anticipated to decline somewhat due to lower revenues from marketing agreements. Efforts will be taken to minimise the impacts of generic substitution in Finland on the profitability of Orion Pharma. The new pharmaceutical legislation is taking effect as of 1 April 2003. Operations and the cost structure will be adjusted.

The volumes of the two wholesale businesses, Oriola and KD are expected to show further growth and their profits are anticipated to improve. Orion Diagnostica and Noiro are expected to grow and show good operating profit.

KD being a full-year member of the Group, the consolidated net sales will continue to show strong growth in 2003. Group operating profit will remain on last year's level.

Planned R&D expenditure is in the region of EUR 100 million, somewhat lower than the actual costs for 2002.

Gross investments are planned to be around EUR 65 million, clearly lower than those in 2002. The estimate is without possible company or product acquisitions.

Net sales by business division

	2002	2001	Change	Share in
	MEUR	MEUR	%	2002
Orion Pharma	483.0	481.0	+0.4%	30%
Oriola	384.8	329.3	+16.8%	23%
KD as of 1 July 2002	606.6			37%
Wholesale and Distribution total	991.3	329.3	+201.1%	60%
Orion Diagnostica	35.6	33.5	+6.2%	2%
Noiro	135.3	125.3	+8.0%	8%
Group total, continuing operations	1,628.6	952.0	+71.1%	100%
Soredex		13.0		
Hiven Oy		6.4		
Group total	1,628.6	970.8	+67.8%	100%
KD for full year	1,188.7	995.8	+19.4%	

International operations by business division

	2002	2001	Change	Change 2002
	MEUR	MEUR	%	net sales of resp. Division
Orion Pharma	296.9	293.3	+1.2%	61.5%
Oriola	52.7	46.0	+14.4%	13.7%
KD as of 1 July 2002	438.5			72.3%
Orion Diagnostica	29.0	27.4	+5.6%	81.3%
Noiro	48.4	43.9	+10.4%	35.8%
Group total, continuing operations	864.4	410.1	+110.8%	53.1%
Soredex		12.5		
Group total	864.4	422.8	+104.4%	53.1%

Net sales by market area

	2002	2001	Change	Share in
	MEUR	MEUR	%	2002
Finland	764.2	541.8	+41.0%	47%
Scandinavia	518.4	75.7	+584.9%	32%
Other Europe	233.1	198.0	+17.8%	14%
North America	65.3	77.0	-15.2%	4%
Other markets	47.7	59.5	-19.8%	3%
Group total, continuing operations	1,628.6	952.0	+71.1%	100%
Soredex		13.0		
Hiven Oy		6.4		
Group total	1,628.6	970.8	+67.8%	100%

Operating profit by business division

	2002	2001	Change	Share in
	MEUR	MEUR	%	2002
Orion Pharma	66.3	81.6	-18.7%	63%
Oriola	18.9	20.3	-6.9%	18%
KD as of 1 July 2002	5.6			5%
Wholesale and Distribution total	23.3	20.3	+14.6%	23%
Orion Diagnostica	5.0	4.9	+2.1%	5%
Noiro	9.8	9.2	+6.3%	9%
Group items	-6.9	-0.9		
Group total, continuing operations	97.5	115.1	-15.3%	100%
Soredex		0.5		
Hiven Oy		0.8		
Group total	97.5	116.4	-16.2%	100%
KD for full year	9.1	4.5	+102.0%	

Gross investments

	2002 MEUR	2001 MEUR
Land areas	0.1	2.3
Buildings	18.4	24.2
Machinery and equipment	37.5	31.8
Shares	61.2	0.0
Other fixed assets	38.4	20.4
Group total, continuing operations	155.6	78.7
Soredex		0.5
Hiven Oy		0.0
Group total	155.6	79.2

Gross investments by business division

	2002 MEUR	2001 MEUR
Orion Pharma	64.8	50.5
Oriola	8.5	5.6
KD as of 1 July 2002	1.9	
Orion Diagnostica	2.9	1.5
Noiro	15.3	18.0
Corporate Administration	62.2	3.1
Group total, continuing operations	155.6	78.7
Soredex		0.5
Hiven Oy		0.0
Group total	155.6	79.2

Group personnel (average number of employees)

	2002	2001	Change	Share in 2002
Orion Corporation	3,758	3,779	-0.6%	66.9%
Subsidiaries in Finland	840	825	1.9%	14.9%
Finland total	4,598	4,604	-0.1%	81.8%
Foreign subsidiaries	1,023	746	37.1%	18.2%
Group total, continuing operations	5,621	5,350	5.1%	100.0%
Soredex		85		
Hiven Oy		21		
Group total	5,621	5,456	3.0%	100.0%

Personnel by division (average number of employees)

	2002	2001	Change	Share in 2002
Orion Pharma	3,072	3,117	-1.5%	54.6%
Oriola	1,058	1,027	3.1%	18.8%
KD as of 1 July 2002	257			4.6%
Orion Diagnostica	329	336	-1.9%	5.9%
Noiro	876	844	3.9%	15.6%
Corporate Administration	29	26	12.4%	0.5%
Group total, continuing operations	5,621	5,350	5.1%	100.0%
Soredex		85		
Hiven Oy		21		
Group total	5,621	5,456	3.0%	100.0%

Income Statement

MEUR	Notes	Orion Group		Orion Corporation	
		2002	2001	2002	2001
Net sales	1)	1,628.6	970.8	557.7	578.2
Other operating income	2)	+29.8	+13.0	+25.7	+12.7
Operating expenses	3,4)	-1,506.8	-824.8	-488.4	-457.3
Depreciation	4)	-54.1	-42.6	-40.6	-35.4
Operating profit		97.5	116.4	54.4	98.2
Financial income and expenses	5)	+1.6	+7.2	+61.1	+83.7
Profit before extraordinary items		99.1	123.6	115.5	181.9
Extraordinary income and expenses	6,7)	+7.6	+7.8	+2.9	+6.4
Profit before appropriations and taxes		106.7	131.4	118.4	188.3
Appropriations	8)	-	-	-4.8	+2.9
Income taxes	9)				
Ordinary operations		-35.6	-39.2	-29.3	-52.1
Extraordinary items		-0.7	-2.2	-0.9	-2.0
Minority interest		-1.0	0.0	-	-
Profit for the financial year		69.4	90.0	83.4	137.1

Balance Sheet

Assets MEUR	Notes	Orion Group		Orion Corporation	
		2002	2001	2002	2001
Non-current assets	10)				
Intangible assets					
Intangible rights		37.0	22.9	22.5	21.0
Goodwill		17.2	20.8	23.9	27.3
Group goodwill		36.0	0.3	-	-
Other capitalised expenditure		37.0	12.3	32.0	9.7
		127.2	56.3	78.4	58.0
Tangible assets					
Land and water		16.0	9.5	6.9	6.9
Buildings		213.6	167.5	151.6	129.0
Machinery and equipment		134.3	116.6	107.1	99.9
Other tangible assets		1.7	1.3	1.4	1.0
Advance payments and construction in progress		7.4	19.4	4.5	18.8
		373.0	314.3	271.5	255.6
Investments					
Shares and holdings in Group companies		-	-	93.9	32.9
Shares and holdings in associated companies		0.1	0.1	-	-
Other investments		2.6	14.3	13.3	12.5
Own shares		17.9	-	17.9	-
		20.6	14.4	125.1	45.4
Current assets					
Stocks	11)	362.7	185.6	96.3	97.2
Deferred tax asset	9)	1.3	3.3	-	-
Non-current receivables	12)	6.7	9.4	0.9	0.8
Current receivables	13)	323.4	145.7	112.6	106.1
Investments	14)	152.1	189.5	104.1	170.9
Cash in hand and at banks		42.8	30.0	5.7	10.5
		1,409.8	948.5	794.6	744.5

Balance Sheet

MEUR	Notes	Orion Group		Orion Corporation	
		2002	2001	2002	2001
Shareholders' equity	15)				
Share capital		114.8	114.8	114.8	114.8
Premium fund		4.2	4.2	4.2	4.2
Reserve for own shares		17.9	-	17.9	-
Reserve fund		0.6	0.6	-	-
Retained earnings		465.9	468.0	264.8	219.9
Profit for the financial year		69.4	90.0	83.4	137.1
		672.7	677.6	485.1	476.0
Minority interest		12.8	0.0	-	-
Appropriations	16)	-	-	147.9	143.0
Provisions	17)	0.9	3.1	0.9	1.6
Liabilities					
Deferred tax liability	9)	57.9	52.5	-	-
Non-current liabilities	18)				
Loans from credit institutions		77.2	-	30.1	-
Pension loans		34.2	32.1	17.8	17.8
Other non-current liabilities		3.6	4.2	6.3	8.2
		115.0	36.3	54.2	26.0
Current liabilities	19)				
Advances received		25.9	14.7	-	0.1
Trade payables		460.6	104.9	56.4	42.0
Other current liabilities		64.0	59.4	50.1	55.8
		550.5	179.0	106.5	97.9
		1,409.8	948.5	794.6	744.5

Cash Flow Statement

MEUR	Orion Group		Orion Corporation	
	2002	2001	2002	2001
Cash flow from operating activities				
Operating profit	97.5	116.4	54.4	98.2
Adjustments				
Depreciation according to plan	54.1	42.6	40.6	35.4
Other adjustments	-3.5	-3.3	1.4	0.8
Operating profit before working capital changes	148.1	155.7	96.4	134.4
Changes in working capital				
Increase (-)/ decrease (+) in trade and other receivables	0.3	-7.9	-2.3	-2.0
Increase (-)/ decrease (+) in stocks	-27.5	-16.9	0.8	-7.0
Increase (+)/ decrease (-) in trade and other payables	22.2	20.7	11.7	-39.1
Cash flow from operating activities before financial items and taxes	143.1	151.6	106.6	86.3
Interest paid	-6.4	-3.9	-4.3	-3.7
Dividends received	2) -	-	46.3	70.0
Interest received	2) 8.9	7.0	6.3	6.4
Income taxes paid	-38.7	-42.3	-25.7	-31.9
Net cash from operating activities	106.9	112.4	129.2	127.1
Cash flow from investing activities				
Investments in intangible and tangible assets	-97.6	-75.9	-83.2	-66.9
Proceeds from sale of intangible and tangible assets	11.5	16.8	5.2	14.5
Loans made (-)/ payments of loan receivables (+)	-	-	-1.1	-1.1
Investments in subsidiary shares	-	-	-64.8	-16.9
Investments in other shares and securities not included in cash equivalents	-11.2	-9.1	-17.6	-9.2
Proceeds from sale of other shares and securities not included in cash equivalents	4) 53.2	29.6	44.2	29.6
Impact of divested subsidiaries, net of cash	6.4	-	-	-
Impact of acquired subsidiaries, net of cash	5) -9.4	-	-	-
Interest received	0.9	2.8	1.4	2.6
Dividends received	0.8	0.7	0.2	0.5
Net cash used in investing activities	-45.4	-35.1	-115.7	-46.9
Cash flow from financing activities				
Proceeds from (+)/ payments of (-) short-term loans	3.7	1.3	0.0	-0.5
Proceeds from long-term loans	31.0	0.4	33.5	0.4
Payments of long-term loans	-1.3	-1.5	-5.9	-4.2
Dividends paid and other distribution of profits	-74.2	-81.0	-74.3	-81.0
Net cash used in financing activities	-40.8	-80.8	-46.7	-85.3
Change in cash and cash equivalents according to the cash flow statement	20.7	-3.5	-33.2	-5.1
Foreign exchange adjustment	-0.0	0.1	-	-
Net increase (+)/ decrease (-) in cash and cash equivalents	20.7	-3.4	-33.2	-5.1
Cash and cash equivalents at beginning of period	3) 168.3	171.7	137.1	142.2
Cash and cash equivalents at end of period	5) 189.0	168.3	103.9	137.1
	20.7	-3.4	-33.2	-5.1

1) The changes in the loans and receivables between the parent company and the Finnish subsidiaries are recorded in the change of the parent company working capital at their gross value. 2) The dividends and interests paid by the subsidiaries are included in the cash flow from operating activities of the parent company. 3) Besides cash in hand and at banks, the cash equivalents include marketable securities with a very low risk of change in value. 4) Proceeds from sale of other shares and securities comprise the sales of shares in Tamro Corporation as well as bonds. 5) The cash and cash equivalents of Kronans Droghandel AB, consolidated in the Group as of 1 July 2002, do not reflect the long-standing liquidity of the company on the date of the acquisition nor on the date of closing of the books. The cash flows of the company show strong variations due to the once-per-month payments of the largest single customer, Apoteket AB.

Notes to the Financial Statements

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 euro.

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 the depreciation has been adjusted accordingly in the Income Statement. Minority interest has been separated from Group profit and shareholders' equity and is shown as separate items 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 will normally be depreciated over 5 years, following the straight-line depreciation method. However, the Group goodwill generated through the acquisition of Kronans Droghandel AB will be depreciated over 15 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 2002 includes MEUR 1.8 in land areas and MEUR 2.1 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 with the depreciation of goodwill resulting from acquisition, is shown under consolidated financial items. 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. Income Statements of the Group companies domiciled outside the euro area have been translated into euro 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 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 historical cost of intangible and tangible assets includes assets with remaining economic life, as well as fully depreciated non-current asset items which are still in operative use. The corresponding principles will be applied to the accumulated depreciation.

The economic lives applied to different asset categories within the Group were modified to some extent during the financial year 2002 to account for the divergent economic lives applied by the sub-Group Kronans Droghandel. The economic lives of various assets categories are as follows:

– Intangible rights and other capitalised expenditure	3–10 years
– Goodwill and Group goodwill	5–20 years
– Buildings and constructions	20–40 years
– Machinery, equipment and furniture	3–20 years
– Vehicles	6 years
– Other tangible assets	10 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 have been revalued 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 are 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 is 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 bearing on the profit for the financial year, with the exception of the non-materialised exchange rate gains from non-current receivables and liabilities, which have been recorded in the Balance Sheet. 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. The exchange rate gains recorded in the Balance Sheet will be recognised as income, at the latest, during the financial year in which the respective receivable or liability will be paid.

Provisions. Future expenses to which Group companies have 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. Pension liabilities are covered in full. The pension arrangements of the personnel employed by the foreign subsidiaries comply with the practices in each particular country.

Income taxes. The item income taxes refers to the 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 taxes which are 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.

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 to 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 avoiron fiscal based on the distribution of dividends of Group and associated companies has been deducted from Group income taxes. In the parent company the avoiron 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 Financial Statements

MEUR	Group		Parent company	
	2002	2001	2002	2001
1. Net sales				
Net sales by business area				
Pharmaceutical industry	483.0	487.4	400.3	431.3
Wholesale and distribution	991.3	342.2	-	-
Diagnostics	35.6	33.5	26.9	26.0
Cosmetics and detergents	135.3	125.4	130.5	120.9
Elimination of Group internal net sales	-16.6	-17.7	-	-
Total	1,628.6	970.8	557.7	578.2
Net sales by market area				
Finland	764.2	547.9	272.6	266.6
Scandinavia	518.3	76.1	36.8	40.8
Other European markets	233.1	204.1	144.3	131.0
North America	65.3	80.9	58.6	78.8
Other markets	47.7	61.8	45.4	61.0
Total	1,628.6	970.8	557.7	578.2
2. Other operating income				
Profits from sales of non-current assets	5.3	2.1	1.0	1.2
Compensations and other payments for business contracts	18.3	5.9	18.2	4.9
Service charge related to R&D	1.6	-	1.6	-
Service charges from Group companies	-	-	3.0	3.0
Rents received	1.4	1.7	1.5	1.6
Other	3.2	3.3	0.4	2.0
Total	29.8	13.0	25.7	12.7
3. Changes in provisions				
Reverse of provision for expenses related to factory closures in other operating expenses	+0.6	-	+0.6	-
Reverse of provision for operative reorganisation in France in other operating expenses	+1.5	-1.5	-	-
Change in other provisions	+0.0	+0.0	+0.1	+0.0
Total (increase - / decrease +)	+2.1	-1.5	+0.7	+0.0
4. Operating expenses and depreciation				
Operating expenses				
Increase (-) or decrease (+)				
in stocks of finished products	-2.8	-3.8	+0.1	-3.9
Production for own use	-2.9	-3.2	-2.5	-2.9
Raw materials and services				
Purchases during the financial year	1,048.3	408.8	137.2	146.0
Increase (-) or decrease (+) in stocks	-25.4	-13.1	0.7	-3.0
External services	31.7	24.4	22.1	22.5
Total	1,054.6	420.1	160.0	165.5

MEUR	Group		Parent company	
	2002	2001	2002	2001
Staff expenses				
Wages and salaries	172.6	163.9	111.5	109.6
Pension expenses	27.4	23.6	19.6	17.2
Other social security expenses	18.7	17.9	10.2	10.9
Total	218.7	205.4	141.3	137.7
Other operating expenses	239.2	206.3	189.5	160.9
Total	1,506.8	824.8	488.4	457.3

Voluntary staff expenses are recorded under other operating expenses.

Depreciation

Depreciation according to plan	52.6	42.4	40.6	35.4
Depreciation on Group goodwill	1.5	0.2	-	-
Total	54.1	42.6	40.6	35.4

Negative Group goodwill has been recorded as extraordinary income.

Depreciation by Balance Sheet items for the financial year is presented under item 10.

Principles used for depreciation according to plan are presented under Principles for the financial statements.

Average number of personnel	5,621	5,456	3,758	3,854
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5. Financial income and expenses

Dividend income from Group companies	-	-	59.3	93.1
Income from other investments held as non-current assets				
Dividend income from other shares and holdings	0.9	0.6	0.1	0.3
Interest income from Group companies	-	-	0.4	0.4
Other interest and financial income				
Interest income from Group companies	-	-	0.3	0.1
Interest income from other companies	6.5	7.5	3.7	5.8
Dividend income from securities held as current assets	0.2	0.3	0.2	0.3
Other financial income	2.6	2.1	2.5	1.7
Share of associated companies' profits	-0.0	-0.0	-	-
Reduction in value of investments held as non-current assets	-	-	-	-15.0
Change in the reduction in value of investments held as current assets	-1.7	0.7	-1.7	0.6
Interest and other financial expenses				
Interest expenses to Group companies	-	-	-0.3	-1.4
Interest expenses to other companies	-4.2	-2.3	-1.3	-1.0
Other financial expenses	-2.7	-1.7	-2.1	-1.2
Financial income and expenses total	1.6	7.2	61.1	83.7

Financial income and expenses include:

Total dividend income	1.1	0.9	59.6	93.7
Total interest income	6.5	7.5	4.4	6.3
Total interest expenses	-4.2	-2.3	-1.6	-2.4

Notes to the Financial Statements

MEUR	Group		Parent company	
	2002	2001	2002	2001
6. Extraordinary income				
Sales of divested subsidiaries and business operations	3.8	6.6	3.1	5.8
Profit from sale of real estate due to factory closures	-	1.2	-	0.6
Negative goodwill arising from the 10.6% shareholding in Kronans Droghandel AB acquired by Orion Group in the 1970's	4.0	-	-	-
Total	7.8	7.8	3.1	6.4
7. Extraordinary expenses				
Loss from sale of real estate due to factory closures	-0.2	-	-0.2	-
Total	-0.2	-	-0.2	-
8. Appropriations				
Change in accumulated accelerated depreciation	-	-	-4.8	-4.3
Change in untaxed employee housing reserve	-	-	-	+0.3
Change in untaxed replacement reserve	-	-	-	+6.9
Total (increase - / decrease +)	-	-	-4.8	+2.9
9. Income taxes				
Current tax on ordinary operations	-32.0	-38.7	-29.4	-50.9
Deferred tax on ordinary operations	-2.9	+0.8	-	-
Current tax on extraordinary items	-0.9	-2.0	-0.9	-2.0
Deferred tax on extraordinary items	0.2	-0.2	-	-
Adjustments for current tax of previous financial years	-0.7	-1.3	0.1	-1.2
Total	-36.3	-41.4	-30.2	-54.1

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	1.2	0.6		
Consolidation measures	1.2	-0.1		
Timing differences	0.3	0.1		
Total	2.7	0.6		

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	0.3	0.6	0.3	0.5
Consolidation measures	1.0	2.7	-	-
Total	1.3	3.3	0.3	0.5

Deferred tax liability arises from

Consolidation measures	-0.4	-0.9	-	-
Accumulated appropriations	-57.5	-51.6	-42.9	-41.5
Total	-57.9	-52.5	-42.9	-41.5

The change in deferred taxes differs from the change calculated on the basis of the Balance Sheet values due to the acquisition of Kronans Droghandel AB.

10. Group non-current assets on 31 December 2002

MEUR	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	Other shares and holdings	Own shares
Acquisition cost, 1 Jan. (*)	45.0	73.8	1.2	22.0	9.5	284.5	283.0	2.9	19.4	0.1	14.3	-
Acquisition cost of KD, 1 July	22.2	-	-	-	5.2	33.2	20.3	0.1	1.5	-	-	-
Increase	6.2	-	38.4	31.3	0.1	15.4	33.5	0.5	7.3	-	0.0	17.9
Decrease	-1.5	-0.0	-	-0.1	-0.1	-5.8	-29.0	-0.0	-0.2	-0.0	-11.6	-
Transfers between												
Balance Sheet items	-0.0	-	-1.2	0.1	1.2	16.5	4.0	-	-20.6	-	-	-
Acquisition cost, 31 Dec.	71.9	73.8	38.4	53.3	16.0	343.8	311.8	3.5	7.4	0.1	2.6	17.9
Accumulated depreciation, 1 Jan. (*)	22.1	53.0	0.9	9.7	-	117.0	166.4	1.6	-	-	-	-
Accumulated depreciation of KD, 1 July	7.4	-	-	-	-	7.1	9.3	0.0	-	-	-	-
Accumulated depreciation related to transfers and decreases	-1.4	-0.0	-	-0.0	-	-4.5	-23.1	-0.0	-	-	-	-
Depreciation for the financial year	6.8	3.6	1.5	6.5	-	10.6	24.9	0.2	-	-	-	-
Accumulated depreciation and reduction in value, 31 Dec.	34.9	56.6	2.4	16.2	-	130.2	177.5	1.8	-	-	-	-
Book value, 31 Dec.	37.0	17.2	36.0	37.0	16.0	213.6	134.3	1.7	7.4	0.1	2.6	17.9

On 31 Dec., production machines accounted for EUR 58.1 million of the book value of machinery and equipment. Revaluation included in the acquisition cost of land and water areas is EUR 0.1 million, and EUR 16.5 million in the acquisition cost of buildings.

Parent company non-current assets on 31 December 2002

MEUR	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	Own shares
Acquisition cost, 1 Jan. (*)	35.6	72.4	17.4	6.9	220.0	241.9	2.5	18.8	47.9	9.6	0.1	2.8	-
Increase	5.6	-	27.9	0.1	15.0	28.0	0.4	4.5	64.8	1.2	-	-	17.9
Decrease	-0.9	-0.0	-0.0	-0.1	-4.8	-22.6	-0.0	-0.2	-3.8	-0.2	-	-0.2	-
Transfers between													
Balance Sheet items	-0.1	-	0.1	-	16.5	2.0	0.1	-18.6	-	-	-	-	-
Acquisition cost, 31 Dec.	40.2	72.4	45.4	6.9	246.7	249.3	3.0	4.5	108.9	10.6	0.1	2.6	17.9
Accumulated depreciation, 1 Jan. (*)	14.6	45.1	7.7	-	91.0	142.0	1.5	-	15.0	-	-	-	-
Accumulated depreciation related to transfers and decreases	-0.9	-0.0	-	-	-4.1	-19.1	-0.0	-	-	-	-	-	-
Depreciation for the financial year	4.0	3.4	5.7	-	8.2	19.3	0.1	-	-	-	-	-	-
Accumulated depreciation and reduction in value, 31 Dec.	17.7	48.5	13.4	-	95.1	142.2	1.6	-	15.0	-	-	-	-
Book value, 31 Dec.	22.5	23.9	32.0	6.9	151.6	107.1	1.4	4.5	93.9	10.6	0.1	2.6	17.9
Accumulated accelerated depreciation, 1 Jan.	5.7	0.0	1.6	-	71.9	63.7	0.1						
Increase (+) / decrease (-)	-0.3	-0.0	1.9	-	0.2	3.0	-0.0						
Accumulated accelerated depreciation, 31 Dec.	5.4	0.0	3.5	-	72.1	66.7	0.1						

On 31 Dec., production machines accounted for EUR 58.0 million of book value of machinery and equipment. Revaluation included in the acquisition cost of land and water areas is EUR 0.1 million, and EUR 16.5 million in the acquisition cost of buildings.

(*) The Acquisition cost on 1 January includes individual asset items with remaining economic life, and also the fully depreciated asset items still in operative use. The same principle applies to the Accumulated depreciation on 1 January.

Notes to the Financial Statements

MEUR	Group		Parent company	
	2002	2001	2002	2001
The difference between market value and book value of listed shares and holdings				
Own shares				
Market value, own shares	18.2	-	18.2	-
Corresponding book value	-17.9	-	-17.9	-
Difference	0.3	-	0.3	-
Other listed shares				
Market value; other shares and holdings	0.1	14.9	0.1	1.1
Corresponding book value	-0.1	-11.6	-0.1	-0.3
Difference	0.0	3.3	0.0	0.8
11. Stocks				
Raw materials and consumables	34.4	41.5	32.9	39.1
Work in progress	16.5	16.7	16.4	16.5
Finished products/goods	305.3	126.9	46.7	41.2
Other stocks	0.3	0.3	0.2	0.3
Advance payments	6.2	0.2	0.1	0.1
Total	362.7	185.6	96.3	97.2
12. Non-current receivables				
Trade receivables	-	0.0	-	-
Loan receivables from associated companies	0.0	0.0	0.0	0.0
Loan receivables	0.8	0.4	0.7	0.4
Other receivables	5.9	9.0	0.2	0.4
Total	6.7	9.4	0.9	0.8
13. Current receivables				
Trade receivables	289.0	113.0	51.3	46.1
Receivables from Group companies				
Trade receivables	-	-	32.2	31.0
Loan receivables	-	-	0.6	0.8
Other receivables	-	-	1.1	1.4
Prepaid expenses and accrued income	-	-	0.8	0.5
	-	-	34.7	33.7
Receivables from associated companies	0.0	0.0	0.0	0.0
Loan receivables	0.2	0.1	0.0	0.1
Other receivables	11.4	5.9	7.4	2.5
Prepaid expenses and accrued income	22.8	26.7	19.2	23.7
Total	323.4	145.7	112.6	106.1
Material items included in prepaid expenses and accrued income				
Income tax receivable	12.2	2.4	12.1	2.2
Other tax receivables	0.1	8.2	0.0	8.2
Pending R&D contributions	2.2	2.4	2.2	2.4
Outstanding considerations due from agreements	1.4	4.6	1.4	4.1
Other	6.9	9.1	3.5	6.8
Total	22.8	26.7	19.2	23.7

MEUR	Group		Parent company	
	2002	2001	2002	2001
I 4. Investments held as current assets				
Shares and holdings	4.4	8.4	4.4	8.4
Other securities: interest instruments	147.7	181.1	99.7	162.5
Total	152.1	189.5	104.1	170.9
Difference between market value and book value				
Market value	152.2	190.2	104.2	171.7
Corresponding book value	-152.1	-189.4	-104.1	-170.9
Difference	0.1	0.8	0.1	0.8
I 5. Shareholders' equity				
Share capital, 1 Jan.	114.8	114.8	114.8	114.8
Share capital, 31 Dec.	114.8	114.8	114.8	114.8
Premium fund, 1 Jan.	4.2	4.2	4.2	4.2
Premium fund, 31 Dec.	4.2	4.2	4.2	4.2
Reserve for own shares, 1 Jan.	-	-	-	-
Transferred from retained earnings	17.9	-	17.9	-
Reserve for own shares, 31 Dec.	17.9	-	17.9	-
Reserve fund, 1 Jan.	0.6	0.6	-	-
Exchange rate differences	-0.0	+0.0	-	-
Reserve fund, 31 Dec.	0.6	0.6	-	-
Retained earnings, 1 Jan.	558.0	549.2	357.0	301.0
By decision of Annual General Meeting				
dividends distributed	-74.3	-81.0	-74.3	-81.0
donations made	-0.1	-0.1	-0.1	-0.1
Transferred to reserve for own shares	-17.9	-	-17.9	-
Translation and exchange rate differences	0.1	-0.1	-	-
Profit for the financial year	69.4	90.0	83.4	137.1
Retained earnings, 31 Dec.	535.3	558.0	348.2	357.0
Share of accumulated appropriations allocated to the shareholders' equity	129.3	126.3	-	-
Parent company share capital by share class				
	2002		2001	
	Number of shares	MEUR	Number of shares	MEUR
A shares (20 votes per share)	30,586,429	52.0	33,414,163	56.8
B shares (1 vote per share)	36,931,992	62.8	34,104,258	58.0
Total	67,518,421	114.8	67,518,421	114.8

During the year 2002, a total of 2,827,734 Orion Corporation A shares were converted to B shares. The corresponding figure for 2001 was 803,134.

Notes to the Financial Statements

MEUR	Group		Parent company	
	2002	2001	2002	2001
16. Appropriations				
Accumulated accelerated depreciation	-	-	147.9	143.0
Total	-	-	147.9	143.0
17. Provisions				
Pension provisions	0.9	1.0	0.9	1.0
Other provisions	0.0	2.1	-	0.6
Total	0.9	3.1	0.9	1.6
18. Non-current liabilities				
Deferred tax liability	57.9	52.5	-	-
Loans from credit institutions	77.2	-	30.1	-
Pension loans	34.2	32.1	17.8	17.8
Liabilities to Group companies	-	-	3.0	4.6
Other non-current liabilities	3.3	3.6	3.3	3.6
Accrued liabilities and deferred income	0.3	0.6	-	-
Total	115.0	36.3	54.2	26.0
Liabilities falling due in five years' time or later				
Pension loans	32.1	32.1	17.8	17.8
Other liabilities	0.6	0.8	0.6	0.8
Total	32.7	32.9	18.4	18.6
19. Current liabilities				
Loans from credit institutions	-	0.0	-	0.0
Advances received	25.9	14.7	-	0.1
Trade payables	460.6	104.9	44.2	40.4
Liabilities to Group companies				
Trade payables	-	-	12.3	1.6
Other current liabilities	-	-	16.7	24.1
Accrued liabilities and deferred income	-	-	0.4	0.1
	-	-	29.4	25.8
Other current liabilities	16.9	17.9	7.2	9.1
Accrued liabilities and deferred income	47.1	41.5	25.8	22.5
Total	550.5	179.0	106.6	97.9
Material items included in accrued liabilities and deferred income				
Accrued wage, salary and social security payments	31.0	24.5	19.6	17.9
Accrued royalties	2.6	2.2	2.6	2.1
Income tax liability	3.9	2.7	-	-
Other	9.6	12.1	3.6	2.6
Total	47.1	41.5	25.8	22.6

MEUR	Group		Parent company	
	2002	2001	2002	2001
Liabilities comprise				
Non-current interest-bearing liabilities	114.7	35.7	54.2	26.0
Non-current interest-free liabilities	58.2	53.1	-	-
Current interest-bearing liabilities	19.6	16.3	18.1	21.2
Current interest-free liabilities	530.9	162.7	88.5	76.6
Total	723.4	267.8	160.8	123.8

20. 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	3.7	3.6	1.2	0.9
Members of the Supervisory Board	0.0	0.1	0.0	0.1
Total	3.7	3.7	1.2	1.0

No loans have been granted to the administrative body members.

Management pension commitments

An additional pension insurance scheme has been taken for the President, with the retirement age at 60 with 66% of the current salary. The pension level of the Executive Vice Presidents of the Parent company and the Presidents of Oriola Oy and Kronans Droghandel AB, entitled to retire at 60, has been set at 60% of their current salaries. 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.

21. Guarantees

Mortgaged loans

Non-current pension loans	18.7	11.3	9.3	5.9
Real estate mortgaged as security for the above	22.6	12.8	13.1	6.5
Other non-current loans	16.9	0.0	-	-
Real estate mortgaged as security for the above	17.1	0.2	-	-
Total mortgages as security for loans	39.7	13.0	13.1	6.5

Pledged loans

Non-current pension loans	-	14.2	-	10.2
Other non-current loans	58.2	-	-	-
Book value of marketable securities pledged for the above	58.2	15.8	-	11.3
Total pledges as security for loans	58.2	15.8	-	11.3

Other guarantees for own liabilities

Pledges, book value	0.7	6.7	-	6.7
Mortgages on real estate	20.3	16.5	18.0	14.0
Total	21.0	23.2	18.0	20.7

Guarantees on behalf of Group companies

Pledges, book value	14.2	-	-	4.5
Mortgages on real estate	-	-	9.5	6.3
Guarantees	4.3	3.3	9.7	8.8
Total	18.5	3.3	19.2	19.6

Notes to the Financial Statements

MEUR	Group		Parent company	
	2002	2001	2002	2001
Guarantees on behalf of third parties				
Guarantees on behalf of others	0.2	0.3	0.1	0.1
Total	0.2	0.3	0.1	0.1
Total guarantees				
Total mortgages on real estate	60.1	29.5	40.5	26.8
Total pledges	73.1	22.5	-	22.5
Total guarantees	4.5	3.6	9.8	8.9
22. Contingent liabilities				
Outstanding payments pertinent to leasing agreements				
Beginning financial year	3.5	2.5	0.6	0.3
Following financial years	3.4	2.1	0.8	0.2
Total	6.9	4.6	1.4	0.5
The leasing agreements are made on customary terms.				
Repurchase liabilities				
Repurchase price	0.1	0.3	-	-
Market value more than repurchase price	0.0	0.2	-	-
Other company liabilities				
Drug damage liability	0.3	0.3	0.2	0.2

Legal proceedings

In its verdict of 31 December 2002, the Helsinki City Court rejected all essential parts of the claims by Dr. P. Jackson against Orion Corporation. Dr. Jackson claims that Orion Corporation had failed to commercially utilise the patent rights to a certain protection solution for animal feedstuffs. The decision is not final.

In its decision on 6 May 2002, the Helsinki District Court rejected the claims raised by Orion Corporation in 1999 against BioTie Therapies Oyj and Mr. Markku Jalkanen and Mrs. Sirpa Jalkanen concerning certain patent and utilisation rights. The decision is final.

23. Derivative instruments

Currency derivatives

Forward contracts				
Market value, 31 Dec.	-0.0	-0.1	-0.0	-0.1
Counter value in EUR for currency sold/bought, 31 Dec.	7.6	6.6	7.6	6.6

The currency derivatives have been recorded at their market value at the closure of the books. Their market value is the difference between the original derivative rates and the indicative derivative rates quoted on the day of the closure of the books.

24. Shares and holdings in other companies

Group companies	Group		Parent company	
	Share of ownership %	Share of votes %	Share of ownership %	Share of votes %
Alnitak Oy, Espoo	100.00	100.00	90.00	90.00
As Oriola, Estonia	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
KD Norsk Farma Distribusjon AS, Norway	69.30	69.30	-	-
KD Pharma Distribution AB, Sweden	69.30	69.30	-	-
KD Spedition HB, Sweden	69.30	69.30	-	-
KD Tukku Oy, Vantaa	69.30	69.30	-	-
Kiinteistö Oy Harmaaparta, Espoo	100.00	100.00	100.00	100.00
Kiinteistö Oy Kalkkipellontie 2, Espoo	100.00	100.00	-	-
Kiinteistö Oy Kapseli, Hanko	99.93	99.93	99.93	99.93
Kiinteistö Oy Nilsänkätö 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
Kronans Droghandel AB, Sweden	69.30	69.30	-	-
Kronans Droghandel ADB AB, Sweden	69.30	69.30	-	-
Kuulolaitekeskus Oy, Espoo	100.00	100.00	-	-
Noiro Polska Sp.z.o.o., Poland (former Oriola Polska Sp.z.o.o.)	100.00	100.00	100.00	100.00
Oriola A/S, Denmark	100.00	100.00	-	-
Oriola AB, Sweden	100.00	100.00	-	-
Oriola Oy, Espoo	100.00	100.00	100.00	100.00
Orion Diagnostica AB, Sweden	100.00	100.00	100.00	100.00
Orion Diagnostica AS, Norway	100.00	100.00	100.00	100.00
Orion Diagnostica Danmark A/S, Denmark	100.00	100.00	100.00	100.00
Orion Export Oy, Espoo	100.00	100.00	90.00	90.00
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 A/S, Denmark	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 GmbH, Germany	100.00	100.00	100.00	100.00
Orion Pharma Kft., Hungary	100.00	100.00	100.00	100.00
Orion Pharma SA, France	100.00	100.00	100.00	100.00
Orion Pharma, Inc., USA	100.00	100.00	100.00	100.00
Orion Sverige Holding AB, Sweden	100.00	100.00	100.00	100.00
OÜ Orion Pharma Eesti, Estonia	100.00	100.00	100.00	100.00
Oy Pharmacal Ab, Helsinki	100.00	100.00	100.00	100.00
Panfarma AB, Sweden	100.00	100.00	-	-
Panfarma Oy, Espoo	100.00	100.00	-	-
SIA Oriola Riga, Latvia	100.00	100.00	-	-
Suomen Rohdos Oy, Espoo	100.00	100.00	100.00	100.00
UAB Oriola Vilnius, Lithuania	100.00	100.00	-	-
Xederos, Inc., USA	100.00	100.00	100.00	100.00
ZAO Farnos SPb, Russia (former ZAO Oriola SPb)	100.00	100.00	-	-
ZAO Oriola, Russia	100.00	100.00	-	-
Associated companies				
Hangon Puhdistamo Oy, Hanko	50.0	50.0	50.0	50.0
Medidata Oy, Helsinki	33.3	33.3	-	-
Planeetankadun Paikotus Oy, Espoo	29.5	29.5	29.5	29.5
Regattalämpö Oy, Hanko	42.6	42.6	-	-

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.

Own shares held by Orion Corporation on 31 December 2002

	Amount	Nominal value, EUR	Acquisition cost, EUR
A shares	167,798	285,256.60	3,481,660.52
B shares	685,000	1,164,500.00	14,384,401.78

Shares and shareholders

Share capital and shares of Orion Corporation

The share capital of Orion Corporation is EUR 114.8 million, and the nominal value of each share is 1.70 euros. The minimum share capital is EUR 85.0 million and the maximum is EUR 340.0 million, and it can be increased or decreased within these limits without amending the Bylaws. The total number of Orion Corporation shares is about 67.5 million and they divide among the series A and B. Both shares are quoted on the Helsinki Exchanges.

A shareholder can require the conversion of his A-shares into B-shares. In 2002, altogether 2,827 734 A-shares were converted to B-shares. A-shares currently account for 30,586,429 and B-shares for 36,931,992 of the total number of shares.

The Board of Directors of Orion Corporation has an authorisation by the Shareholders' Meeting to acquire and convey the company's own shares until 15 April 2003. Up to 1,663,798 A-shares and up to 1,712,122 B-shares can be acquired. The total amount of shares acquired may represent no more than 5% of the share capital of the company and no more than 5% of the voting rights attached to all shares of the company. The shares can be used for developing the capital structure of the company, for financing corporate acquisitions or other arrangements or for otherwise conveying or invalidating them. The terms of the authorisation have been provided in a stock exchange release on 15 April 2002.

A decision was made by the Board on 11 October 2002 to acquire own shares. During 6 November 2002 – 31 December 2002, altogether 852,798 shares were purchased via public trading on the Helsinki Stock Exchange. A-shares represented 167,798 and B-shares 685,000 of the total. Their combined nominal value was EUR 1.4 million and they represented 1.3% of the total share capital and 0.6% of the total number of votes. The acquisition prices varied between EUR 19.80 and 21.65. The average purchase price of the A-shares was EUR 20.74 and that of the B-shares EUR 20.99.

The Board of Directors has no existing authorisation by the Shareholders' Meeting to raise the share capital or to issue a bond loan, convertible loan or stock options.

Orion Stock Option Plan 1998

The first half, the stock options "A", of the option rights attached to the Orion Stock Option Plan 1998 for the entire personnel of the Orion Group were released for trading on 2 May 2001. The options "A" are quoted on the Helsinki Exchanges. On the basis of the options "A", altogether 1,581,600 new Orion B-shares can be subscribed for during 2 May 2001 - 30 April 2005 representing 2.3% of the total Orion shares and 0.2% of the total votes. The nominal value of each is 1.70 euros and the share subscription price after the dividend paid in 2002 is EUR 27.81 euros. The options "B" of this option plan will be released on 2 May 2003 and their subscription period will also end on 30 April 2005. The share capital can increase by up to EUR 5,377,440 in result of the subscriptions.

Orion Stock Option Plan 2001

The Orion Stock Option Plan 2001, issued to the key persons of Orion Corporation and its wholly-owned subsidiaries, contains altogether 1,800,000 stock options, each entitling to subscribe for one Orion B-share. These options have been allocated to 120 key persons of the Group. The subscription period for stock options "2001A" will begin on 1 October 2003, for options "2001B" on 1 October 2004, for options "2001C" on 1 October 2005 and for options "2001D" on 1 October 2006. The share subscription period will end on 31 October 2007 for all the options.

The share subscription price before the next dividend payment is EUR 27.81 for the options "2001A" and "2001B" and it will decline by each future dividend paid per share before the record date for dividend payment until shares are subscribed for. The share subscription price for options "2001C" is EUR 21.91. For options "2001D" the price is EUR 21.96. The share subscription price of options "2001C" and "2001D" can only be reduced by possible special dividends per share that differ from the company's normal dividend distribution policy. The share capital can

increase by up to EUR 3,060,000 and the number of shares by up to 1,800,000 B-shares. The shares subscribable on the basis of the options of the Stock Option Plan 2001 represent 2.7% of the total number of Orion shares and 0.3% of the total number of votes.

Notification in 2002 in accordance with Securities Market Act section 9 of chapter 2

On 15 May 2002, the Varna-Sampo Mutual Pension Insurance Company notified that its ownership in Orion Corporation had decreased below the 1/20 (one of twenty) limit after transactions made on 14 May.

Management interests on 31 January 2003

The members of the Board of Directors, the President and his Deputy as well as the Presidents of the business divisions owned altogether 1,426,087 Orion shares (including those held by under-aged children and by organisations or foundations of which the person has control) at the end of January 2003. These represent 2.1% of the total number of shares and provide altogether 27,208,555 votes, or 4.2% of the total votes. The President, the Deputy to the President and the division Presidents are holding altogether 133,900 options in the Year 1998 Stock Option Plan and 248,000 options of the Year 2001 Plan. With these amounts their shareholding in the Company can increase by up to 381,900 B-shares, or 0.6% of the current total share stock and by 0.1% of the total votes.

Insider Guidelines

The Insider Guidelines of the Orion Group are in accordance with those recommended by the Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Finnish Industry.

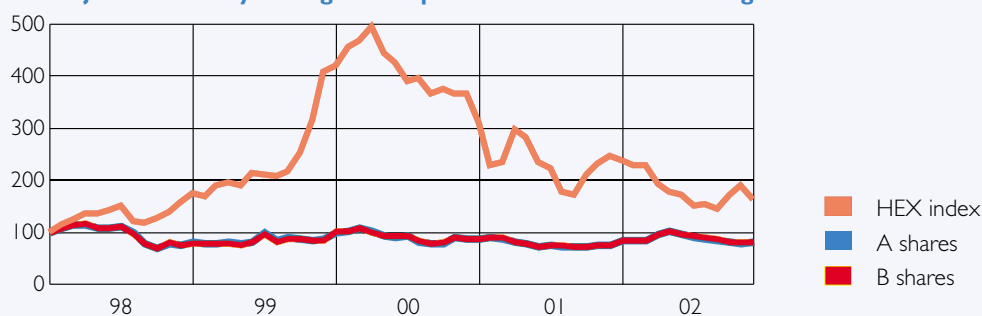
Financial Goals and Dividend Policy of the Orion Group

The following financial goals have been confirmed to the Group by the Board of Directors of Orion Corporation:

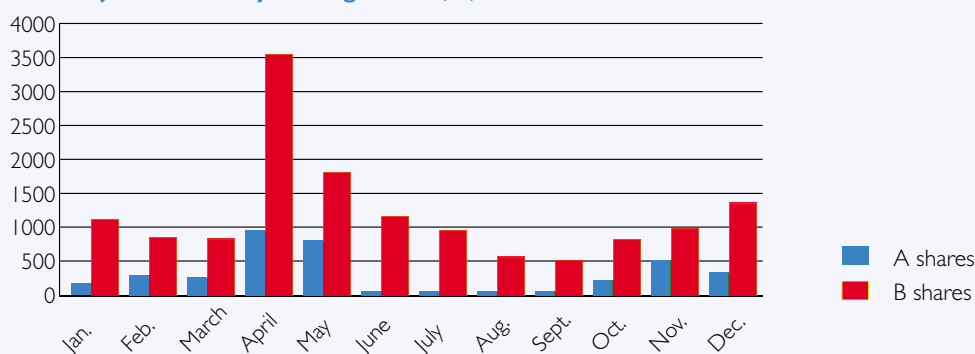
- Annual net sales growth more than 10%
- ROI 20%
- Equity Ratio at least 50%

In the distribution of dividends, Orion Corporation considers not only the amount of distributable profits but also the medium and long-term investment and other financial needs of the Group.

Adjusted monthly average share price on the Helsinki Exchanges



Adjusted monthly trading in 2002, 1,000s



Shareholders by type of owner on 31 January 2003

	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	11,803	94.9	54.3	20,292	93.3	39.4	26,780	93.6	46.2
Corporations and partnerships									
Government and municipal corporations	3	0.0	0.0	5	0.0	0.0	8	0.0	0.0
Private corporations and partnerships	373	3.1	12.2	801	3.7	6.3	1,065	3.8	9.0
Banks and insurance companies	22	0.2	5.5	87	0.4	5.4	96	0.3	5.4
Public entities	15	0.1	15.4	63	0.3	12.7	69	0.2	13.9
Associations and foundations	153	1.2	6.9	418	1.9	6.6	496	1.7	6.8
Foreign shareholders	64	0.5	0.9	91	0.4	0.4	123	0.4	0.6
Total	12,433	100.0	95.2	21,757	100.0	70.8	28,637	100.0	81.9
Nominee registrations			4.0			27.2			16.7
Shares not transferred to the book-entry securities system or not subscribed to			0.1			0.1			0.1
Shares owned by the Group			0.7			1.9			1.3
			100.0			100.0			100.0

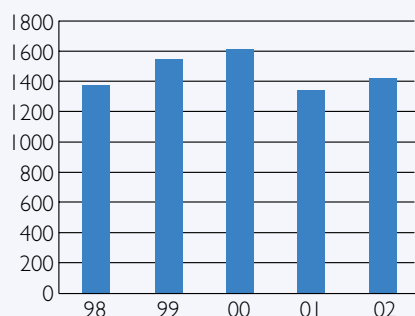
Shareholders by number of shares held on 31 January 2003

	A shares				B shares				Total			
	Shares	Share-holders	% of share-holders	Shares	% of shares	Share-holders	% of share-holders	Shares	% of shares	Share-holders	% of share-holders	Shares
1-100	3,272	26.3	204,544	0.7	5,672	26.1	393,619	1.1	7,424	25.9	513,512	0.8
101-500	4,613	37.0	1,238,868	4.1	9,227	42.4	2,597,281	7.0	11,468	40.0	3,187,961	4.7
501-1000	1,936	15.6	1,461,531	4.8	3,270	15.0	2,466,523	6.7	3,920	13.7	2,966,957	4.4
1001-10000	2,345	18.9	6,492,012	21.1	3,334	15.4	8,380,468	22.7	5,265	18.4	14,264,921	21.2
10001-50000	207	1.6	4,398,417	14.4	204	0.9	3,919,501	10.6	448	1.6	9,011,004	13.3
50001-100000	32	0.3	2,280,431	7.5	31	0.1	2,123,679	5.8	58	0.2	3,805,716	5.6
100001-500000	21	0.2	5,033,016	16.5	14	0.1	3,373,129	9.1	43	0.2	9,418,266	13.9
yli 500000	7	0.1	9,234,882	30.1	5	0.0	12,958,575	35.0	11	0.0	23,388,139	34.7
Total	12,433	100.0	30,343,701	99.2	21,757	100.0	36,212,775	98.0	28,637	100.0	66,556,476	98.6
Shares not transferred to the book-entry securities			33,796	0.1			34,217	0.1			68,013	0.1
Shares owned by the Group			208,932	0.7			685,000	1.9			893,932	1.3
			30,586,429	100.0			36,931,992	100.0			67,518,421	100.0

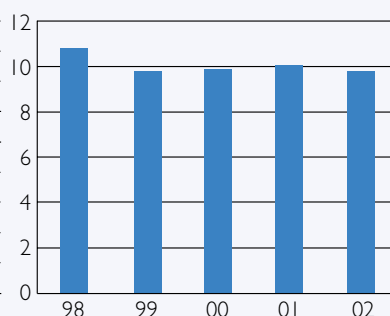
Orion Corporation had a total of 28,637 registered shareholders in the book-entry securities system on 31 Jan. 2003.

There were 11,252,270 nominee registered Orion Corporation shares in the book-entry securities system on 31 Jan. 2003. This is 16.7% of the total shares and 5.3% of the total votes.

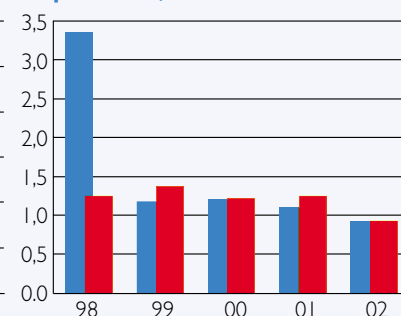
Market capitalisation, MEUR



Shareholders' equity per share, euros



Adjusted earnings and dividend per share, euros



Major shareholders on 31 January 2003

By number of shares	A shares	B shares	Total	% of shares	Votes	% of votes	By number of votes
1. Orion Corporation Pension Fund*	1,814,618	646,682	2,461,300	3.65%	(36,939,042)	(5.69%)	
2. Pension Insurance Company Ilmarinen Ltd	1,135,220	520,250	1,655,470	2.45%	23,224,650	3.58%	3.
3. Brade Jouko	25,000	0			500,000		
Medical Investment Trust Oy	750,000	583,000			15,583,000		
Lamy Oy	0	174,600			174,600		
	775,000	757,600	1,532,600	2.27%	16,257,600	2.51%	5.
4. Varma-Sampo Mutual							
Pension Insurance Company	1,408,500	8,300	1,416,800	2.10%	28,178,300	4.34%	1.
5. 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	1.86%	24,342,538	3.75%	2.
6. 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	1.51%	20,241,998	3.12%	4.
7. Orion Corporation (own shares)*	208,932	685,000	893,932	1.32%	(4,863,640)	(0.75%)	
8. The Social Insurance Institution	0	829,784	829,784	1.23%	829,784	0.13%	
9. Tapiola Mutual Pension Insurance Company	0	782,920	782,920	1.16%	782,920	0.12%	
10. Ylppö Jukka	623,568	142,248	765,816	1.13%	12,613,608	1.94%	6.
11. Saastamoinen Foundation	619,998	0	619,998	0.92%	12,399,960	1.91%	7.
12. Suomi Mutual Life Assurance Company	396,680	20,000			7,953,600		
Suomi Insurance Company Ltd	167,500	0			3,350,000		
Suomi Group	564,180	20,000	584,180	0.87%	11,303,600	1.74%	9.
13. Aho Juhani	45,084	2,066			903,746		
Kliinisen Kemian Tutkimussäätiö	46,236	0			924,720		
Helsingin Lääkärikeskus ja Laboratoriot Oy	329,115	2			6,582,302		
Yhtyneet Laboratoriot Oy	148,389	0			2,967,780		
	568,824	2,068	570,892	0.85%	11,378,548	1.75%	8.
14. Pohjola Non-Life Insurance Company Limited	300,000	200,420	500,420	0.74%	6,200,420	0.96%	
15. Finnish Cultural Foundation	147,694	311,066	458,760	0.68%	3,264,946	0.50%	
16. Ylppö Into	288,968	120,100	409,068	0.61%	5,899,460	0.91%	
17. The Local Government Pensions Institution	99,940	290,000	389,940	0.58%	2,288,800	0.35%	
18. Sampo Life Insurance Company Limited	373,716	0	373,716	0.55%	7,474,320	1.15%	10.
Total	11,155,812	5,367,894	16,523,706	24.4%	228,484,134	35.2%	
Nominee registrations	1,211,404	10,040,866	11,252,270	16.7%	34,268,946	5.3%	
Other	18,219,213	21,523,232	39,742,445	58.9%	385,907,492	59.5%	
All shareholders total	30,586,429	36,931,992	67,518,421	100.0%	648,660,572	100.0%	

* Not entitled to vote at General Shareholders' Meetings

Share capital

	2002 MEUR	2001 MEUR	2000 MEUR	1999 MEUR	1998 MEUR
Share capital total	114.8	114.8	114.8	119.0	117.7
A-shares	52.0	56.8	58.2	63.0	62.3
B-shares	62.8	58.0	56.6	56.0	55.4
Share issue					
Bonus issue	-	-	-	1.3	-
Number of shareholders	28,637	28,340	26,674	24,515	21,783

Adjusted data per share

		2002	2001	2000	1999	1998
Earnings per share (EPS)	EUR	0.93	1.25	1.22	1.37	1.25
Shareholders' equity per share	EUR	9.82	10.04	9.90	9.78	10.80
Total dividends	MEUR	62.0 ¹⁾	74.3	81.0	82.6	235.1
Dividend per share	EUR	0.93 ¹⁾	1.10	1.20	1.18	1.09
Extra dividend per share	EUR	-	-	-	-	2.27
Payout ratio	%	100.0% ¹⁾	88.0%	98.4%	86.1%	268.8%
Payout ratio excl. extra dividend	%	100.0% ¹⁾	88.0%	98.4%	86.1%	87.2%
Dividend yield	A %	4.3% ¹⁾	5.5%	5.0%	5.2%	16.6%
Dividend yield	B %	4.4% ¹⁾	5.5%	5.0%	5.1%	16.3%
P/E ratio	A	23.01	15.92	19.67	16.64	16.22
P/E ratio	B	22.90	15.92	19.51	16.79	16.47
Share price on 31 Dec.	A EUR	21.40	19.90	24.00	22.80	20.27
Share price on 31 Dec.	B EUR	21.30	19.90	23.80	23.00	20.59
Average share price	A EUR	23.16	19.86	22.87	21.84	23.67
Average share price	B EUR	23.25	20.43	23.56	21.39	24.61
Lowest share price	A EUR	19.56	17.25	17.80	19.00	16.77
Lowest share price	B EUR	19.70	17.60	17.70	18.65	15.98
Highest share price	A EUR	26.50	25.00	28.60	26.95	31.79
Highest share price	B EUR	26.70	25.20	28.50	26.80	31.11
Market capitalisation on 31 Dec. ²⁾	MEUR	1,423.0	1,343.6	1,613.8	1,546.0	1,379.1
Number of shares traded						
A shares	1,000s	3,765	3,677	5,942	3,230	4,026
% of adjusted average number of A shares	%	12.3%	11.0%	17.4%	9.3%	11.6%
B shares	1,000s	14,530	8,137	11,815	15,389	17,165
% of adjusted average number of B shares	%	39.4%	23.9%	35.5%	46.7%	52.1%
% of adjusted average number of all shares	%	27.1%	17.5%	26.3%	27.6%	31.4%
Number of shares on 31 Dec.						
	A no.	30,586,429	33,414,163	34,217,297	37,018,755	37,018,755
	B no.	36,931,992	34,104,258	33,301,124	32,952,874	32,952,874
Shares owned by the Group						
	A no.	167,798	-	-	2,453,208	2,453,208
	B no.	685,000	-	-	-	-
Number of shares ²⁾						
	A no.	30,418,631	33,414,163	34,217,297	34,565,547	34,565,547
	B no.	36,246,992	34,104,258	33,301,124	32,952,874	32,952,874
Total number of the shares ²⁾						
	no.	66,665,623	<u>67,518,421</u>	<u>67,518,421</u>	<u>67,518,421</u>	<u>67,518,421</u>
Adjusted annual average number of shares						
	no.	67,449,472	67,518,421	67,518,421	67,518,421	67,518,421
Adjusted number of shares at the end of the financial year ²⁾						
	no.	66,665,623	67,518,421	67,518,421	67,518,421	67,518,421
Diluted number of the shares, annual average						
	no.	65,968,493				
Diluted number of the shares at the end of the financial year						
	no.	66,750,385				

¹⁾ Proposed

²⁾ Shares owned by the Group are not included.

Formulas for calculating the key indicators are on page 80.

Orion Group financial development 1998–2002

	2002	2001	2000	1999	1998
	MEUR	MEUR	MEUR	MEUR	MEUR
Net sales and profit					
Net sales	1,628.6	970.8	947.5	912.2	869.8
Change on the previous year, %	+67.8%	+2.5%	+3.9%	+4.9%	+10.2%
International operations	864.4	422.8	384.0	329.9	313.5
% of net sales	53.1%	43.6%	40.5%	36.2%	36.0%
Change on the previous year, %	104.4%	+10.1%	+16.4%	+5.2%	+8.0%
Depreciation according to plan	54.1	42.6	43.0	46.5	39.2
Operating profit	97.5	116.4	114.5	124.0	109.3
% of net sales	6.0%	12.0%	12.1%	13.6%	12.6%
Change on the previous year, %	-16.2%	+1.6%	-7.7%	+13.5%	-9.3%
Financial income and expenses	+1.6	+7.2	+10.9	+12.4	+11.8
% of net sales	+0.1%	+0.7%	+1.2%	+1.4%	+1.4%
Profit before extraordinary items and taxes	99.1	123.6	125.4	136.4	121.1
% of net sales	6.1%	12.7%	13.2%	15.0%	13.9%
Change on the previous year, %	-19.8%	-1.5%	-8.1%	+12.7%	-13.0%
Extraordinary income and expenses, net	+7.6	+7.8	+6.9	+97.6	+3.9
Income taxes on ordinary operations	35.6	39.2	42.8	43.7	36.5
Profit after taxes without extraordinary items	62.5	84.4	82.6	92.7	84.6
Return on invested capital					
before extraordinary items and taxes (ROI)	13.7%	17.5%	18.2%	18.6%	16.2%
Return on equity (ROE)	9.3%	12.5%	12.4%	13.3%	11.6%
Balance sheet					
Non-current assets	520.8	385.0	363.9	385.1	462.8
Current assets	889.0	563.5	550.7	527.0	493.1
Shareholders' equity	672.7	677.6	668.8	661.7	730.2
Minority interest	12.8				
Provisions	0.9	3.1	1.6	0.3	0.9
Liabilities	723.4	267.8	244.2	250.1	224.7
Interest-bearing liabilities	134.2	52.0	51.8	51.3	51.6
Interest-free liabilities	589.2	215.8	192.4	198.8	173.0
Balance Sheet total	1,409.8	948.5	914.6	912.1	955.9
Equity Ratio	48.2%	72.6%	74.2%	73.1%	76.9%
Gearing	-9.1%	-24.7%	-26.7%	-28.0%	-20.7%
Investments in fixed assets					
Gross investments	155.6	79.2	63.6	45.0	67.3
% of net sales	9.6%	8.2%	6.7%	4.9%	7.7%
Gross investments excluding shares	94.4	79.2	63.5	45.0	46.4
Investments excluding shares,					
% of net sales	5.8%	8.2%	6.7%	4.9%	5.3%
Research and development expenditure					
Research and development expenditure	109.5	83.9	68.8	67.9	63.2
% of net sales	6.7%	8.6%	7.3%	7.4%	7.3%
Personnel					
Wages and salaries paid	172.6	163.9	151.1	140.2	140.3
Number of employees	5,621	5,456	5,351	5,210	5,517
Net sales per employee, EUR 1,000	289.7	177.9	177.1	175.1	157.7

Calculation of key indicators

Return on investment (ROI), %	=	$\frac{\text{Profit before extraordinary items and taxes} + \text{interest and other financial expenses}}{\text{Balance Sheet total} - \text{interest-free liabilities (annual average)}} \times 100$
Return on equity (ROE), %	=	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest (annual average)}} \times 100$
Equity ratio, %	=	$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance Sheet total} - \text{advances received}} \times 100$
Gearing, %	=	$\frac{\text{Interest-bearing liabilities} - \text{investments held as current assets} - \text{cash in banks and at hand}}{\text{Shareholders' equity} + \text{minority interest}} \times 100$
Earnings per share (EPS), EUR	=	$\frac{\text{Profit before extraordinary items} -/+ \text{minority interest} - \text{income taxes}}{\text{Average adjusted number of shares without shares owned by the Group}}$
Diluted earnings per share, EUR	=	$\frac{\text{Profit before extraordinary items} -/+ \text{minority interest} - \text{income taxes}}{\begin{array}{l} \text{Adjusted number} \\ \text{of shares} \end{array} + \begin{array}{l} \text{Number of shares} \\ \text{assuming full exercise} \\ \text{of warrants} \\ \text{outstanding} \end{array} - \begin{array}{l} \text{Number of shares} \\ \text{assuming full exercise} \\ \text{of warrants} \\ \text{outstanding} \end{array} \times \begin{array}{l} \text{Subscription} \\ \text{price of share} \\ \text{through} \\ \text{warrant} \end{array}}{\text{Market price of share}}$
Shareholders' equity per share, EUR	=	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares on 31 December without shares owned by the Group}}$
Dividend per share, EUR	=	$\frac{\text{Dividend for the financial year}}{\text{Adjusted number of shares on 31 December without shares owned by the Group}}$
Payout ratio, %	=	$\frac{\text{Adjusted dividend per share}}{\text{Adjusted earnings per share}} \times 100$
Dividend yield, %	=	$\frac{\text{Adjusted dividend per share}}{\text{Adjusted closing quotation of the financial year}} \times 100$
Price per earnings ratio (P/E)	=	$\frac{\text{Adjusted closing quotation of the financial year}}{\text{Adjusted earnings per share}}$
Average share price, EUR	=	$\frac{\text{Total trade in the shares including trade with shares owned by the Group, EUR}}{\text{Adjusted average number of shares traded during the financial year}}$
Market capitalisation, MEUR	=	$\begin{array}{l} \text{Number of shares} \\ \text{at the end of the financial year} \\ \text{without shares owned by the Group} \end{array} \times \begin{array}{l} \text{Adjusted closing quotation} \\ \text{of the financial year} \end{array}$

The key indicators have been adjusted by the number and equity of the shares owned by the Group.

Proposal for distribution of profits

Proposal by the Board of Directors for the distribution of profits for 2002

The non-restricted equity in the consolidated Balance Sheet on 31 December 2002 amounts to EUR 535.3 million, of which EUR 405.2 million are distributable. The non-restricted equity of the Parent Company is EUR 348,191,583.34, profit for the financial year accounting for EUR 83,360,044.79.

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

	euros
– A dividend of EUR 0.93 per share be distributed on 66,624,489 shares	61,960,774.77
– Donations to medical research:	
The Orion Corporation Research Foundation	25,200.00
The Farnos Foundation for Research and Science	25,200.00
Other medical research	50,400.00
– To be retained on the profit and loss account	286,130,008.57
	348,191,583.34

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

Espoo, 17 February 2003

Juhani Leikola
Chairman

Erkki Etola Deputy Chairman	Heikki Hakala	Petteri Karttunen	Eeva Kölli-Jäntti
Tuomo Lähdesmäki	Heikki Vapaatalo	Matti Vuoria	Jukka Viinanen President and CEO

Auditors' report

To the shareholders of Orion Corporation

We have audited the accounting, the financial statements, the consolidated financial statements and the administration of Orion Corporation for the accounting period 1.1.–31.12.2002. The financial statements, which include the report of the Board of Directors, the income statements and the balance sheets and notes to the financial statements of the consolidated closing and of the closing of the parent company, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on the administration.

We have conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine that the members of the Board of Directors and the Managing Director have legally 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 can be adopted and the members of the Board of Directors and the Managing Director can be discharged from liability for the period examined by us. The proposal by the Board of Directors regarding the handling of the result is in compliance with the Companies Act.

Espoo, 25 February 2003

Ernst & Young Oy
Authorized Public Accountant Firm

Pekka Luoma, Authorised Public Accountant

Corporate governance

The management system of the Orion Group consists of the Group level and the Division level. In addition, the system includes the organisation of the administration of the legal entities. For the steering and supervision of operations, the Group has a control system for all the levels.

The following are examples of areas belonging to the Group level:

- determination and follow-up of the Group strategy
- the basic organisation and the steering and supervision of the operations of the Divisions
- investment decisions (the budgets and the largest investment decisions)
- issues concerning the entire parent company and the Group.

The business operations of the Group take place in the Divisions. In accordance with the Group strategy and Group-level steering, the Divisions operate as separate units responsible for their own profitability, developing their own strategy and utilising the Group entity. Management of the business operations of a Division and responsibility for its operations belong to the President of the Division, who reports to the President and CEO of the Group.

The Group Level

Parent company Orion Corporation. The parent company of the Group is Orion Corporation, whose shareholders exercise their decision-making power at the General Meeting of the Shareholders in accordance with the Companies Act and the Bylaws.

The Board of Directors of the parent company comprises at least five and at most eight members elected by the General Meeting of the Shareholders. The term of the members of the Board of Directors ends at the end of the Annual General Meeting of the Shareholders following the election. The General Meeting of the Shareholders elects the Chairman of the Board of Directors, and the Board of Directors elects the Vice Chairman of the Board of Directors, both for the same term as the other members. A person who has reached the age of 67 may not be elected member of the Board of Directors.

The Board of Directors manages the operations of the company in accordance with the provisions of the law and the Bylaws. The Board of Directors of the parent company also functions as the so-called Group Board of Directors. It handles and decides all the most important issues relating to the operations of the whole Group or the Divisions irrespective of whether the issues legally require a decision of the Board of Directors. The Board of Directors may handle any issue relating to a company, Division or unit of the Orion Group if deemed appropriate by the Board of Directors or the President of the parent company.

The Board of Directors has an audit committee and a nomination and salary committee. The members of the committees are elected from the members of the Board of Directors by the Board of Directors. Also the designated auditor of the company's auditor attends the meetings of the audit committee. The committees prepare matters belonging to their sphere of responsibilities and make proposals of these matters to the Board of Directors.

President of the parent company. The President of the parent company is elected by the Board of Directors. In accordance with the Companies Act, the President is in charge of the day-to-day management of the company in accordance with instructions and orders issued by the Board of Directors. In addition, the President ensures that the bookkeeping of the company complies with the law and that its asset management is arranged in a reliable way. The President of the parent company also functions as President and CEO of the Group. In accordance with the Division organisation, the Divisions report to the President and CEO. The President and CEO carries out the steering and supervision of the operations of the Divisions with the assistance of the Division Management Boards and the Corporate Administration.

Group Management Team. The Group Management Team includes the President and CEO as Chairman and the Executive Vice Presidents and the Chief Financial Officer of the Group and the Presidents of the Divisions as members. The Group Management Team meets at least once a month to handle issues relating to the whole Group. The Group Management Team is not a decision-making body; its purpose is to promote and improve the transfer of information relating to the whole Group.

Corporate Administration. The Corporate Administration functions as part of the management and control system of the Group participating in the steering and supervision of the operations of the Divisions. In this task it assists the President and CEO in the management of the Group. The Corporate Administration is in charge of the following Group-level functions: co-ordination of the planning and reporting system, financing operations, legal affairs administration, insurance policy and the covering of certain common risks, corporate communications, investor relations, insider administration, and internal audit. It is also responsible for the correctness of the Financial Statements of the parent company and the Group and tasks relating to income taxation.

The Division Level

Division Management Boards. Each Business Division has a Division Management Board, comprising the President and CEO of the Group as Chairman, and other persons appointed by the Board of Directors of the parent company as members. The Division Management Board functions as a body assisting the President and CEO in decision-making. It is thus not an actual decision-making body, as decision-making and responsibility follow the line organisation. The Division Management Board handles all the most important issues relating to the operations of the Division, including all issues relating to the Division that will be handled by the Board of Directors of the parent company.

Presidents of the Divisions. Each Business Division has a President, who is responsible for the operations of the Division and its operative management.

Division Management Teams. Each Division has a Division Management Team as a body assisting the President of the Division. The Division Management Team is chaired by the President of the Division and it meets when necessary.

The Organisation of the Administration of the Legal Entities

From the point-of-view of business operations, the Group subsidiaries operate in accordance with the Division organisation. As to legal structure, the administration and operations of the subsidiaries are arranged in accordance with the company legislation in question and the Bylaws of the companies.

Control Systems

The steering and supervision of the business operations and administration of the Group primarily take place by means of the management system described above.

For financial reporting the Group has a reporting system with the aim of providing the management of the Group and the Divisions with sufficient and timely information to plan and manage the operations.

For the purpose of the supervision and steering of operations, the Corporate Administration further has an internal audit department subordinate to the President and CEO with the central task of examining and evaluating the effectiveness and credibility of the internal control of the companies, Divisions and units belonging to the Group, as well as to identify business risks.

The external audit of the Group companies is carried out in accordance with the laws and Bylaws in question. The designated auditor of the parent company's auditor co-ordinates the audit of the subsidiaries of the Group in cooperation with the President and CEO of the Group and the Internal Audit of the Group.

Insiders in the Orion Group

The Insider Guidelines of the Orion Group are based on the guidelines of the Helsinki Stock Exchange. The permanent insiders of the Group comprise the statutory insiders and the insiders by definition. The members of the Board of Directors, the President and CEO, the Deputy to the President, the designated auditor and the deputy auditor are statutory insiders. Other persons defined by the company as permanent insiders in accordance with the Group's Insider Guidelines are insiders by definition. The insiders are registered in the SIRE system of the Finnish Central Securities Depository.

Remuneration of the Group Management

The salaries, fees and benefits paid to the members of the Supervisory Board and the Board of Directors, the President and CEO, the Deputy to the President, the Presidents of the Divisions and the Managing Directors of the subsidiaries amounted to EUR 1,721,619 in 2002. The performance-related bonuses paid to the Presidents of the Divisions are based on the financial performance of the Group and the Divisions, as well as on the achievement of other business goals.

At the year-end, the President and CEO, the Deputy to the President and the Presidents of the Divisions held altogether 4,012 Orion A- or B-shares and altogether 381,900 stock options entitling to subscribe for altogether 381,900 Orion B-shares.

The salaries, remunerations and bonuses paid to the President and CEO of the Group in 2002 came to EUR 425, 615. An additional pension insurance scheme has been taken for the President, the retirement age being 60 years and the pension amounting to 66% of the salary.

The remunerations paid to the members of the Board of Directors and the Supervisory Board were altogether EUR 366,164.

The salaries and remunerations to the Deputies of the President and the Presidents of the Divisions were altogether EUR 929,840.

The pension commitment to Pauli Torkko, who was Deputy to the President and CEO until 31 July 2002, and to Risto Miettunen, Deputy to the President as of 1 August 2002, is a gradually accumulating scheme up to the retirement age of 60, the pension amounting to 60% of the salary.

Management shareholding and stock options on 31 December 2002

(including those held by under-aged children and by organisations or foundations of which the person has control)

	A-shares	B-shares	Stock options 1998	Stock options 2001
Board of Directors total	1,353,960	68,115	0	0
Jukka Viinanen, President and CEO	0	1,000	50,000	50,000
Risto Miettunen, Deputy to President	0	0	0	80,000
Division Presidents excluding Dr. Miettunen	3,012	0	83,900	118,000
Board of Directors, President and CEO and Division Presidents total	1,356,972	69,115	133,900	248,000

Each option in the Stock Option Plans 1998 and 2001 entitle to subscribe for one Orion Corporation B-share. Half of the options 1998 were released in May 2001 and the other half will be released on 2 May 2003. The 1998 Plan will end on 30 April 2005. The year 2001 options will be released sequentially in four batches between 1 October 2003 and 31 October 2007.

Board of Directors of Orion Corporation



Chairman Juhani Leikola b. 1941, Professor

Member of the Board of Directors of Orion Corporation 1994–, Chairman 1997–
Finnish Red Cross Blood Transfusion Service, Director 1988–2001. Member of the Supervisory Board of Orion
Corporation 1971–1994.

Holdings in Orion Corporation: 129,622 A-shares and 14,793 B-shares.



Deputy Chairman Erkki Etola b. 1945, M.Sc. (Eng.)

Managing Director of Etola-yhtiöt and Managing Director of Tiiviste-Group Oy
Member of the Board of Directors of Orion Corporation 1995–
Oyj Stockmann Abp, Deputy Chairman of the Board of Directors. Varma-Sampo Mutual Pension
Insurance Company, Member of the Supervisory Board.

Holdings in Orion Corporation: 1,214,974 A-shares and 43,058 B-shares.



Heikki Hakala b. 1941, M.Sc. (Econ.), D. Tech. (hon.)

Member of the Board of Directors of Orion Corporation 2002–
Metso Corporation, President and CEO 1999–2001. Rauma Corporation, President and CEO 1996–1999.
Repola Ltd, Executive Vice President and CFO 1991–1996. Rauma-Repola Ltd, Executive Vice President and CFO
1987–1991, Senior Vice President, Finance and Financial Control 1986–1987.
Kuusakoski Group Oy and Juhani Mäkipirta Oy, Chairman of the Board of Directors. Lassila & Tikanoja plc and
Pohjola Group Insurance Corporation, Deputy Chairman of the Board of Directors. Metso Corporation and Altia
Group Oy, Member of the Board of Directors. Member of the Supervisory Board of Orion Corporation
2000–2002.

Holdings in Orion Corporation: 2,000 B-shares.



Petteri Karttunen b. 1960, M.Sc. (Econ.)

Managing Director of Ane Gyllenberg Oy and Gyllenberg Asset Management Oy, SEB Asset Management,
Member of Executive Group
Member of the Board of Directors of Orion Corporation 2001–
SEB AM, Member of the Executive Group 2000–. Ane Gyllenberg Oy, Managing Director 1999–. Gyllenberg Asset
Management Oy, Managing Director 1996–. Gyllenberg Securities Oy, Senior Portfolio Manager, 1990–1996.
Gyllenberg Securities Oy, Portfolio Manager 1988–1990. Unitas Oy, Department Manager 1987–1988. Unitas Oy,
Institutional Broker 1986–1987. Member of the Supervisory Board of Eesti Ühispank 2000–. Orion Corporation,
Member of the Supervisory Board 1989–2000.

Chairman of the Board of Gyllenberg Funds Ltd, Saastamoinen Foundation and the 100th Anniversary Foundation
of the Finnish Society of Arts and Crafts.

No holdings in Orion Corporation.

Eeva Kölli-Jäntti b. 1941, M.Sc. (Pharm.)

Member of the Board of Directors of Orion Corporation 2002–

Pukinmäki pharmacy, Pharmacy owner 1985–. Alppila pharmacy, Pharmacist 1975–1985. Orion Corporation, Product Manager 1970–1975. Lappeenranta II pharmacy, Pharmacist 1969.

Society of Pharmacy Owners in Helsinki, Chairman 1988–1989. The Association of Finnish Pharmacies, Member of the Board 1988–1989. Deputy Chairman 1989 and 1991–1995. Helsinki Chamber of Commerce, goods inspector 1989–1996. Oriola Oy, member of the Advisory Committee of Pharmacists 1985–. Nordea, Malmi bank office, supervisor 1985–. Supervisory Commission for the Marketing of Medicinal Products, Inspection Board for Consumer Advertising, Deputy Member 1995–2001. Orion Corporation, Member of the Supervisory Board 1996–2001.

Holdings in Orion Corporation: 8,114 A-shares and 6,890 B-shares.



Tuomo Lähdesmäki b. 1957, M.Sc. (Eng.), MBA

Member of the Board of Directors of Orion Corporation 2001–

Elcoteq Network Oyj, President 1997–2001. Leiras Oy, President and CEO 1991–1997. Huhtamäki Group, Board Member 1992–1996. Swatch Group, General Manager 1990–1991. Nokia Mobile Phones, various executive posts 1983–1989.

Turku University Foundation and VTI Technologies Oy, Chairman of the Board of Directors. Amer Group PLC, Aspocomp Group Oyj and Eltel Networks Corporation, Member of the Board of Directors.

Holdings in Orion Corporation: 1,000 A-shares and 1,000 B-shares.



Heikki Vapaatalo b. 1939, Professor Emeritus, MD, Specialist in clinical pharmacology

Member of the Board of Directors of Orion Corporation 2002–

Professor of Pharmacology, University of Helsinki 1992–2002. Professor of Pharmacology, University of Tampere 1975–1992. Associate Professor of Pharmacology, University of Oulu 1972–1974. Senior Lecturer in Pharmacology, University of Helsinki 1969–1971. Assistant in Pharmacology, University of Helsinki 1965–1968.

University of Tampere, Medical Faculty, Vice Dean 1983–1984, Dean 1985–1986. University of Helsinki, Medical Faculty, Vice Dean 1995–2002. Finnish Pharmacological Society, Chairman 1983–1985. Finnish Medical Society Duodecim, Delegation Vice Chairman 1989–1992, Delegation Chairman 1992–1994, Vice Chairman of the Board 2001–. Orion Corporation, Member of the Supervisory Board 2000–2001.

Holdings in Orion Corporation: 250 A-shares and 4 B-shares.



Matti Vuoria b. 1951, Master of Laws

Executive Chairman of the Board of Directors of Fortum Corporation

Member of the Board of Directors of Orion Corporation 2002–

The Ministry of Trade and Industry (MTI), Secretary General 1992–1998, Director General (Trade Department, head) 1991–1992, Cabinet Counsellor (Trade Department) 1985–1991. The Ministry for Foreign Affairs, Counsellor (Trade Policy Department) 1984–1985. MTI, Cabinet Secretary (Trade Department) 1981–1984.

Solidium Oy, Chairman of the Board of Directors. Danisco A/S, Deputy Chairman of the Board of Directors.

The European Renaissance Fund Limited, Member of the Board of Directors. The Central Chamber of Commerce of Finland, Member of the Economic Policy Committee. Chairman of the Finnish-Russian Chamber of Commerce.

Holdings in Orion Corporation: 400 B-shares.



Orion Group management



Jukka Viinanen b. 1948, Master of Science (Chemical Engineering)

President of Orion Corporation, CEO of the Orion Group

Before joining Orion, Jukka Viinanen made a long career in the Finnish oil and petrochemical industry. He started in Pekema Oy as a production engineer in 1973. Since then he held several senior line management positions in Neste Corporation, and in 1990 he was elected Member of the Board of Directors. In 1997–1999 Mr. Viinanen was President and Chief Operating Officer of Neste Corporation. Jukka Viinanen has been President of Orion Corporation and the Group CEO as of 16 June 2000.

Jukka Viinanen is Chairman of the Board of Directors of Rautaruukki Oyj and a member of the Board of Directors of Huhtamäki Oyj.

Holdings in Orion Corporation: 1,000 Orion B-shares. Orion B-share options: Plan 1998: 50,000 and Plan 2001: 50,000.



Risto Miettunen b. 1957, M.D., Ph.D.

President of Orion Corporation Orion Pharma as of 1 April 2002. Executive Vice President of Orion Corporation and Deputy to President Jukka Viinanen as of 1 August 2002

Risto Miettunen graduated in 1983 as M.D. from Oulu University and got his doctorate in medical science (M.D., Ph.D.) in 1992 from the University of Helsinki. After clinical work as a physician and specialising in diagnostic radiology he joined the medical engineering industry. In 1990-2001 Dr. Miettunen spent in several assignments with Siemens Medical Solutions for research and development, production, marketing and sales, up to senior executive level as Head of Business Group in Finland and Switzerland, and further Vice President for European Sales Region development.

Risto Miettunen is a member of the Supervisory Board of the Finnish Medical Foundation. He is also a member of the Board of Directors of Pharma Industry Finland, and the Board of Directors and the executive committee of the Chemical Industry Federation of Finland.

Orion B-share options: Plan 2001: 80,000.



Pauli Torkko b. 1947, Licentiate of Science (Economics)

Executive Vice President of Orion Corporation, The Wholesale and Distribution Division and Mergers and Acquisitions Unit as of 1 September 2002

Pauli Torkko joined Orion Corporation from the position of Senior Assistant at the Helsinki School of Economics and Business Administration in 1977. He started as Senior Manager for economic planning, and from 1980 to 1983 he was Vice President, Finance. As of 1984, he was Executive Vice President of Orion Corporation, with the responsibility of Group Finance and Administration. In 1987-2000, Mr. Torkko was Member of the Board of Directors of Orion Corporation.

Pauli Torkko is Chairman of the labour market committee of the Chemical Industry Federation of Finland. He is also a member of the Board of Directors of Tapiola Mutual Pension Insurance Company, and Chairman of the Orion Corporation Pension Fund.

Holdings in Orion Corporation: 1,616 Orion A-shares. Orion B-share options: Plan 1998: 30,000 and Plan 2001: 40,000.



Jari Karlson b. 1961, Master of Science (Economics)

CFO of the Orion Group as of 1 September 2002 and Senior Vice President, Finance of Orion Pharma

Jari Karlson joined the Orion Group in August 2001 as Vice President, Finance for Orion Pharma. Before joining Orion he worked in the Kuusakoski Group as Corporate Controller, responsible for financial and management accounting. In 1990-1999 Mr. Karlson held several positions in Genencor International Inc.: Controller, Director of planning for region Europe and Asia and Director, Finance, Europe. In 1988-1989 he worked as a financial controller for the Biochem division of Cultor.

Orion B-share options: Plan 2001: 12,000.

Seppo Morri b. 1944, Master of Science (Pharm.)

President of Oriola Oy

Seppo Morri joined the Orion Group in 1971, having graduated. He started as a pharmacist in distribution and marketing in Oriola. In 1974–1979 he was Local Manager for Oriola's pharmaceutical distribution operations in eastern Finland, and in 1980–1984 he headed Oriola's wholesale business. In 1984 he was appointed Senior Vice President of the Distribution and Wholesale Sector of Oriola. Seppo Morri has been President of Oriola as of 1988.

Seppo Morri is a member of the Board of the International Federation of Pharmaceutical Wholesalers (IFPW) and President of the European Association of Pharmaceutical Wholesalers (GIRP). Mr. Morri is also a member of the Board of Directors of Federation of Finnish Commerce and Trade, and Chairman of the Board of Directors of Suomen Tukkukauppiain Liitto (an association of Finnish wholesalers) and the Finnish Association of Pharmaceutical Distributors.

Holdings in Orion Corporation: 350 Orion A-shares. Orion B-share options: Plan 1998: 25,000 and Plan 2001: 40,000.



Ralph Nilsson b. 1943, graduated engineer from the Institute of Technology in Gothenburg

President of Kronans Droghandel AB

Ralph Nilsson has a long experience in logistics and industrial management. In 1973–1980 he was President of Fraktkedjan AB. Ralph Nilsson joined Kronans Droghandel AB in 1980 when he started as production manager. He has been President of Kronans Droghandel since 1988.

Ralph Nilsson is Chairman of the Board of Directors of Jankar AB. He is also a member of the Board of Directors of Fraktkedjan AB and H-data AB.

No holdings in Orion Corporation.



Pekka Rautala b. 1951, Master of Science (Economics)

President of Orion Corporation Noiro

Pekka Rautala joined the Orion Group in 1973 as an accountant in Noiro. In 1974 he was appointed Accounting Manager and Financial Manager in 1978. In 1984 he advanced to Assistant Vice President. In 1988 he was appointed Vice President, Finance, and Senior Vice President in 1990. Pekka Rautala has been President of Noiro as of 1993. Pekka Rautala is a member of the Board of the Finnish Cosmetic and Detergent Association.

Holdings in Orion Corporation: 1,046 Orion A-shares. Orion B-share options: Plan 1998: 24,900 and Plan 2001: 30,000.



Jaakko Rissanen b. 1960, Master of Science (Biochemistry)

President of Orion Corporation Orion Diagnostica as of 1 August 2002

Jaakko Rissanen joined the Orion Group in 1990 when he started in Orion Diagnostica as Product Manager, Sales and Marketing, Finland. In 1996–1998 he was Product Manager of Business Unit Specific Proteins. As of 1998 he was Vice President of Sales and Marketing, Finland.

Jaakko Rissanen is Vice Chairman of the Association of Laboratory and Health Care Product Suppliers.

Orion B-share options: Plan 1998: 4,000 and Plan 2001: 8,000.



Jyrki Mattila b. 1955, M.D., Ph.D., MBA

Senior Vice President, Orion New Ventures as of 25 February 2002

Jyrki Mattila came to the service of Orion Corporation as an expert physician in 1978. He completed his doctoral thesis in 1981 at the University of Helsinki. In 1981–1984 he practised as a hospital and healthcare centre physician, and as assistant professor in the Department of Pharmacology of the Helsinki University Medical School. In 1984, Dr. Mattila was appointed Docent of Pharmacology. The years 1984–1986 he spent in the U.S. as a Post-Doctoral Research Fellow. In 1986–1989 he headed the Medical Department of Orion Pharma R&D, in 1989–1995 he was Vice President of Product Planning and In-licensing. In 1995, he was appointed Senior Vice President for Orion Pharma International. Dr. Mattila was President of Orion Corporation Orion Pharma from 1996 until 24 Feb. 2002.

Holdings in Orion Corporation: 850 Orion B-shares. Orion B-share options: Plan 1998: 30,000 and Plan 2001: 50,000.



Division Management Teams

Orion Pharma

Risto Miettunen	President
Timo Lappalainen	Executive Vice President and Deputy to the President
Jari Karlson	Chief Financial Officer
Anders Heierson	Senior Vice President, Global Sales
Esa Heinonen	Senior Vice President, R&D
Markku Huhta-Koivisto	Senior Vice President, Supply Chain
Harri Ikkäläinen	Vice President, Quality
Ulla Lövhölm	Vice President, Human Resources
Christer Mangs	Senior Vice President, Animal Health and Fermion
Jukka Muhonen	Legal Counsel
Kari-Pekka Mäkelä	Chief Information Officer
Matti Vaheri	Senior Vice President, Core Therapy Areas
Antti Viitanen	Senior Vice President, Specialty Products
Heikki Vuonamo	Corporate Vice President, Communications
Olli Piironen	Vice President, R&D Project Management, personnel representative
Teppo Sinisalo	Shift foreman, personnel representative

Wholesale and Distribution

Pauli Torkko	Executive Vice President, Orion Corporation
Seppo Morri	President, Oriola Oy
Ralph Nilsson	President, Kronans Droghandel AB

Oriola

Seppo Morri	President
Merja Lairila	Vice President, Human Resources
Risto Kanerva	Senior Vice President, Distribution and Wholesale Sector
Timo Halttunen	Vice President, Finance
Jouni Pohjonen	Vice President, Medical and Technical Sector
Kristina Krogius	Product Manager, personnel representative
Pekka Poutiainen	Car driver, personnel representative

Kronans Droghandel

Ralph Nilsson	President
Thomas Gawell	Chief Financial Officer
Marianne Dicander Alexandersson	Business Area Manager, BA Pharmacy
Ove Käll	Business Area Manager, BA Healthcare
Kari Finnskog Cardelli	Chief Information Officer
Gerth Forlin	Manager, Quality and Risk Management
Annika H Alström	Manager, Communication/PR

Orion Diagnostica

Jaakko Rissanen	President
Markku Tilus	Senior Vice President, Business Administration
Sirkku Holttinen	Vice President, Operations
Markus Sivonen	Vice President, Sales
Paul Mundill	Vice President, R&D
Jukka Nykänen	Vice President, Marketing
Marita Winter	Biochemist, R&D, personnel representative
Tiina Oittinen	Product Assistant, personnel representative

Noiro

Pekka Rautala	President
Juha Koivukoski	Vice President, Finance and Administration, Strategic Planning
Leena Kolunen	Vice President, Product Development and Quality Assurance
Juha Suikkanen	Vice President, Production and Logistics
Pekka Perttilä	Vice President, Material Administration
Carl-Gustav Malmström	Vice President, International Division
Tiina Isohanni	Vice President, Marketing, Lumene cosmetics and Cutrin hairdressing products
Harri Mäntynen	Vice President, Marketing, Personal care and Household products, Selective Cosmetics
Juha Saarinen	Vice President, Marketing, Famos Institutional and Industrial Cleaning products
Jari Suominen	Vice President, Product Development and Quality Assurance, Brand; Famos Institutional and Industrial Cleaning products
Markku Laukkanen	Sales Manager, Facilities Manager, personnel representative
Mika Tammissaari	Technical Planner, personnel representative

Corporate Administration

Jukka Viinanen	President, Group CEO
Jari Karlson	Chief Financial Officer
Sirkku Markula	Corporate Treasurer
Olli Huotari	General Counsel
Reima Nyman	Senior Manager, Corporate Internal Audit
Heikki Vuonamo	Corporate Vice President, Communications
Anne Allo	Vice President, Investor Relations
Ulla Lövhölm	Corporate Vice President, Human Resources Development (aux. resp.)

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Active substance production

Fermion

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