



Orion's Wholesale and Distribution group have fully automated drug distribution which, however, need a human hand to operate. Working at the warehouse, Karoliina Gröndahl is one of Oriola's over thousand employees – playing an important part in the Finnish pharmaceutical supply chain.



TINCT.
ABS...
4...
ORION

LIQ.
SIB...

TINCT.
ASAE...

TINCT.
M...

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TINCT.
C...

CAMP.
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EXT.
GLYCER...

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GLYCER...

UNG.
SULFUR...

UNGT.
PLUM.
HYDRATO...

Orion's history goes back to the year 1917. To honour the great tradition, Orion always puts customer service and quality first.

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Financial Statements: A separate supplementary



The year 2003 will enter in the Orion annals as one characterised by an unforeseen and profound change.

Generic substitution, enacted early in the year, as well as the substantial revision of the company's research portfolio resulted in an extensive decrease in work and consequently in a loss of 400 jobs in various parts of the company. Despite the difficult times, the Orion employees showed incredible spirit and put in extra effort to keep up the existing market shares and develop new markets. During the second half of the year Orion received the US and European marketing authorisations for Stalevo and finalised the divestment of Noiro. The end of the year showed that the efforts of the domestic organisation to ensure a better result did pay out: in the last quarter the Orion Pharma profitability took an upward turn.

Orion Pharma's major satisfaction was Stalevo. Starting off rapidly in the US in September, the sales in Orion's European markets followed suit towards the end of the year, justifying the expectations that Stalevo will become Orion's number one selling product. The focus of Orion Pharma's strategy was also sharpened, and the business is now based on a stronger basis. Besides our proprietary molecules, we are now prepared to invest effort in specialty products and animal drugs as well as to develop the Fermion business.

The development of the Orion Pharma organisation is another ongoing effort. Where necessary, changes have been made, and the personnel has faced the changes with outstanding flexibility and capacity to adapt to the new situation. The Orion organisation in the new EU Member States have been trimmed in view of the enlargement of the European Union in May.

Generic substitution brought about new pressures also in the wholesale business, not only in Finland but also in Sweden. KD Tukku was joined Oriola in early July. After a long period of preparations, the transfers of principals were launched and fully operative towards the end of the year.

Facing the market in 2004, Oriola thus stands even with its competitors. With its good level of operative quality and

efficiency and backed by a high level of customer satisfaction, there is no doubt that Oriola will improve its position in 2004.

Under its new President, the KD business operations have developed in a satisfactory manner, and enjoy a strong position in the Swedish market. The Swedish authorities granted a three-year extension to the single-channel system, and as a consequence, the business environment remain unchanged in that market.


Orion Diagnostica is making good progress. The point-of-care diagnostic products based on in-house R&D show rapid growth both in the nearby markets and globally, and at the same time the profitability of the Orion Diagnostica operations remains at an extremely profitable level.

The current Group structure is designed to focus on healthcare professionals. The Noiro divestment gives us the opportunity to concentrate our efforts and serve this clientele in the best possible manner, using the full volume of our product range to back our position in the market.

I have great confidence in Orion's future. Focusing on the essential and bearing the costs and clients in mind, we will see better times and improved results. In 2003 the Orion staff worked under pressure but thanks to the shared effort, the profit for the financial year exceeded the dire expectations. Competent and innovative people are key to Orion's success also in the future.



JUKKA VIINANEN
President and CEO
Orion Corporation



The asthma inhalers must meet the most demanding pureness requirements. Kasper Suhonen is a pass producer, and his outfit is an element in the chain ensuring the full respect of the hygiene requirements.

Orion Group specialises in products for the healthcare sector with people's wellbeing close to its heart. Orion Corporation, or Orion, has evolved into a leading Finnish pharmaceuticals company through a colourful and eventful history since the onset in 1917. The company started to expand to the international markets about 30 years ago, and today it has subsidiaries in 15 countries.

Orion

The independent Orion Divisions with their own product ranges carry out the Orion operations, providing a comprehensive service to the various healthcare sectors.

Wholesale and Distribution
Oriola Oy
Kronans Droghandel AB

**Orion
Pharma**

**Orion
Diagnostica Oy**

Pharmaceuticals have always constituted the core of Orion's operations although the Group structure has comprised many types of business over the years. The two categories of Orion Corporation shares are listed in the Helsinki Stock Exchanges as from the year 1995.

The Orion Group 2003 net sales were EUR 2,261.5 million, with the international operations accounting for EUR 1,270.4 million. Operating profit was EUR 89.9 million. The company employed a staff of 5,573



Orion

on average. Orion makes a determined investment in in-house research with a target to discover and develop new drug innovations. It has a track record of seven proprietary products introduced on the international markets. Thanks to its strong commitment in state-of-the art research and a portfolio of innovative proprietary drugs, Orion Pharma is continuously building its presence on the international drug markets.

2003

The cosmetics and hygiene product division Noiro was divested to capital funds managed by the equity investment company CapMan in early October 2003. Today Orion's business operations are fully focused on pharmaceuticals and other healthcare products.

2002

In July 2002 Orion acquired the majority share in Kronans Droghandel (KD), the Swedish pharmaceuticals distributor. Now Oriola and KD constitute the Orion Wholesale and Distribution division. As a result of the acquisition, Orion Group became the leading pharmaceuticals wholesaler both in Finland and in Sweden, with about 60% and 50% market shares, respectively.

1998

In the autumn of 1998 Orion launched Comtess® (entacapone), a proprietary drug invention for the medication of Parkinson's disease.

1997

From December 1997 on the company's Finnish name is Orion-yhtymä Oyj.

1995

May 1995 saw the first public listing of Orion Corporation in the Helsinki Stock Exchange.

1990

A majority holding in Farnos Corporation, another major Finnish pharmaceuticals manufacturer at that time, was acquired at the end of the 1980s. In 1990, Farnos was merged with Orion Corporation.

1983

In 1983 Orion launched the first original animal drug developed in Finland which was Domosedan® (detomidine) for production animals. The Domitor sedatives (medetomidine) for cats and dogs were introduced by Orion Pharma in 1987.

1970

Specialised in the production of pharmaceutical substances, Fermion was constituted together with Kemira Oy in 1970 and merged with Orion Corporation in 1981.

1962

Launched in the modest premises in Vallila, Helsinki, the growing operations started in the '60s to gradually expand in Mankkaa, Espoo. The first complex of the Orion pharmaceuticals plant was finalised in Mankkaa in the summer of 1962.

1948

The cosmetics, cleaning and hygiene product company Noiro Oy and Oriola Oy was constituted in 1948.

1935

In 1935 the company changed its Finnish name to Lääketehtas Orion Oy. Operations continued under this name until the year 1970 when several merger and corporate arrangements gave birth to Orion-yhtymä Oy, Orion Corporation.

1917

Today's Orion dates back to Osakeyhtiö Orion founded in 1917 by Onni Turpeinen, a Master in Science, together with the two graduates in Pharmacy, Emil Tuurala and Wikki Walkama. The business idea of their company was to "manufacture, sell and trade in chemicals as well as in substances needed for medication and hygienic purposes".



ORION BUSINESS DIVISIONS

BUSINESS DIVISION

AREA OF OPERATION

PHARMACEUTICALS

ORION PHARMA
Share of net sales
22%

Pharmaceutical R&D in selected core therapy areas, production and marketing of human medicines and animal drugs as well as pharmaceutical ingredients.

WHOLESALE AND DISTRIBUTION

ORIOLA OY
Share of net sales
29%

Oriola is a pharmaceutical distributor, a wholesaler and a marketer of a comprehensive range of products and equipment for healthcare and hospital care as well as research. Oriola's success is based on the excellent quality and its profound competence.

76%

KRONANS DROGHANDEL (KD)
Share of net sales
47%

KD is a full-line provider of distribution and logistics services for the healthcare sector. It is a logistics party involved in the handling and transfer of product, information and money flows in the supply chain from the manufacturers to clients and users.

DIAGNOSTIC TESTS AND TESTING SYSTEMS

ORION DIAGNOSTICA OY
Share of net sales
2%

Orion Diagnostica is Orion's biomedical unit specialising in the development and manufacture of easy-to-use and reliable diagnostic tests and test systems in closely selected special sectors.

VISION

Orion Pharma's vision is to develop into a significant pharmaceutical company, with the growth based in Europe.

The product range is composed by innovative original preparations developed through in-house research as well as by selected specialty products. Growth and expansion is promoted and boosted through product acquisitions, alliances and acquisitions.

STRATEGY

Orion Pharma's strategy is based on specialisation and focus on core competencies. The product range comprises proprietary original pharmaceutical innovations and selected specialty products.

Oriola wants to be the leading healthcare marketer and product supplier in its domestic market comprising Finland, the Nordic and the Baltic countries. In logistics, Oriola works in co-operation with KD.

With operations in the Nordic and Baltic countries, the Wholesale and Distribution Division is a service link between the pharmaceutical companies and healthcare product manufactures on the one hand and the pharmacies and other healthcare operators on the other hand. The Wholesale and Distribution Division operations are characterised by profitability, quality and reliability, with concern for the interest of the clients and the principals.

KD is a progressive healthcare distributor with special focus on profitability, cost-efficiency, quality, reliability and customer-focus.

Orion Diagnostica's vision is to become a rapidly and profitably growing company by providing its clients with rapid, cost-efficient and easy-to-use point-of-care testing solutions in the selected clinical and hygiene sectors.

OD's strategic emphasis is on the growing point-of-care testing. Growth is generated by broadening the QuikRead platform in clinical point-of-care testing and by introducing novel test types in hygiene testing as well as by intensifying partnership alliances.

Mutual trust and respect

Customer focus

Innovation

Achievement

Quality, reliability
and safety

The Orion values indicate the issues to which the personnel is able and willing to commit. The values reflect Orion as a working community.

Values

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.

Competent

Experts

A moment before the shift starts. Coating operator Mia Pietiläinen slips on the shoe covers at the locker room of the Orion Pharma plant.

Orion's competent and qualified staff is not only one of the company's key success factors but also a challenge for HR management.

Continuous development of the personnel's competence and preparedness to change as well as resource management stand as premises of the Orion mission.

Management and working community development

Organisational development is an ongoing responsibility of superiors and the management. Orion has a consistent and comprehensive Group-level development and training programme for superiors. A superior at Orion must be able to manage people and issues in a smooth manner. The tasks of an Orion superior can be crystallised in three responsibility areas: defining of objectives, guidance and coaching as well as evaluation of results, feedback and development.

Management constitutes the basis for a successful company. The objective of management development is to ensure profitable and successful operations, as well as to create the conditions for staff motivation, commitment and wellbeing. Orion develops the management and superior skills in a systematic manner, focusing on a uniform model of management of an expert organisation, backed by sufficient management resources.

Healthy and efficient working community

Maintaining the working capacity – wellbeing – is a traditional component of HR policy at Orion. The objective of the activities

is to have a healthy and efficient working community, with employees personally interested in remaining in good working condition. Orion has also addressed the problem of workplace bullying as well as the means to prevent such phenomena from taking place. The objective is to promote mutual trust and respect, encouraging the staff to accept difference and to conduct themselves in accordance with the corporate values.

Besides alcohol, the Group's intoxicant abuser programme also comprises other forms of intoxicant abuse. The objective of the programme is to have uniform modes of operation in situations in which intoxicant abuse causes work-related and safety risks.

The Orion age programme aims at providing support for people in various age and life situations so that all staff members cope with their work and are motivated to work efficiently throughout their career. Orion also offers various rehabilitation programmes for its staff.

Incentive systems

Orion's senior salaried employees are covered by a job evaluation system. All Finnish Orion units employ a Group-wide

profit-based incentive system for senior salaried employees while the wage-earning employees of Orion Pharma have a production-based incentive system. Some employees are eligible for the option schemes.

Result-oriented work, competence and professional skills are the basic elements focused on in the competence evaluations of the salaried employees covered by the chemical industry's collective contracts. Other items of evaluation include initiative and personal interaction skills.

Ensuring competence

The Orion training programme for management and superiors was revised in view of the year 2004. The superiors need a comprehensive set of competencies. The objective is to improve their understanding of business economics and economic control mechanisms, as well as to induct them to develop a client-oriented attitude in their own work and operation.

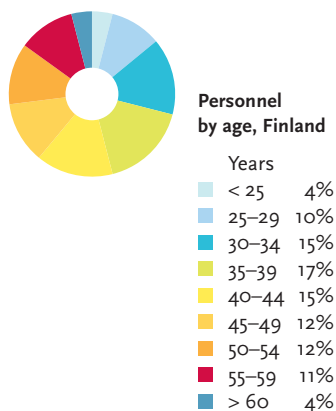
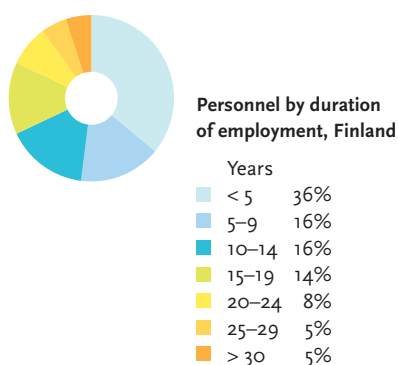
The themes covered in the 2003 coaching programmes for superiors included management of people, management of one's own operation, as well as management by objectives.

One hundred Orion superiors underwent the "360° superior feedback" evaluation. On the basis of the feedback, each of the superiors involved shall compile a personal plan to develop their management skills.

Other training themes included the so-called change training at Orion Pharma. With the focus on the implementation of change, the aims of the programme were to intensify the corporate core processes and value chain, to engage in co-operation beyond organisational boundaries and to launch new products in an efficient manner.

Educational basis of the personnel

Basic education	18%
Business or commerce	16%
Mathematics and natural sciences	13%
Medicine, pharmacy and healthcare	22%
Technical	28%
Other	3%



Personnel of the Orion Group by countries on 31 December 2003

	Orion Pharma	Oriola	KD	Orion Diagnostica	Corporate Administration	Total
Helsinki region	1 330	677		196	29	2 232
Hanko	149					149
Turku region	565	8		38		611
Kuopio	102	59				161
Oulu	92	57		51		200
Other localities	1	64				65
Finland total	2 239	865		285	29	3 418
Sweden	67	43	470	14		594
Denmark	68	10		6		84
Norway	14			11		25
Germany	127					127
UK and Ireland	83					83
France	50					50
Baltic countries	11	198				209
Other countries	94			6		100
Foreign countries total	514	251	470	37		1 272
Group total	2 753	1 116	470	322	29	4 690



Extremely small quantities are needed for the mass analysis performed by research assistant Satu Ilvonen. Pharmaceutical development is a long-term process, taking as long as 12 years and hundreds and millions of Euros from the invention of the molecule until the drug is available at the pharmacy.

The Orion Group divisions Orion Pharma, Wholesale and Distribution and Orion Diagnostica share a common clientele constituted by experts in the healthcare sector.

Objectives

Orion focuses on the service of doctors, pharmacies, hospitals, healthcare centres and their clients, as well as other healthcare professionals. Orion carries out this task in a client-oriented, efficient and profitable manner.

Financial goals

- Average annual growth of net sales over 10%
- Return on investment (ROI) 20%
- Equity ration at least 50%

Success factors

The materialisation of these objectives and financial goals calls for a persistent investment in laborious and determined pharmaceutical research focused on the selected areas of interest. 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.

Personnel

The competent personnel remains the key resource of all Orion Divisions. Orion continues to develop managerial skills and staff competence. Good performance and results will be rewarded.

Occupational health nurse Kaija Iskanius is preparing to take a test at the Orion occupational health station. Thanks to analysis systems imported by Oriola, the diagnosis is soon and reliably available. ►



CUSTOMERS

PERSONNEL

SOCIETY

PROCESSES

PERFORMANCE

+

QUALITY

=

RESULT

Customers Orion will focus on the service of doctors, pharmacies, hospitals, healthcare centres and their clients, as well as other healthcare professionals, acting in the best interest of the patients. Orion wants to do this reliably and aiming at a highest level of quality.

Personnel Competent staff members charged with the right tasks are also motivated. Orion will develop interaction, change management, incentive systems, and promote its own programmes related to age and coping with work. We are concerned with people. The main areas of training are management of an expert organisation and change training.

Society In its relations to the surrounding society, Orion wants to go beyond the statutory requirements in its pursuits to protect the environment. Safety and quality stand at the heart of our operations. Orion collaborates closely with the future students in these fields, as well as the education authorities.

Processes The Orion operations are constituted by various processes which build up a value chain for the service of the client. Orion will constantly develop its processes.

Performance Orion has various levels of operations destined to maintain the staff's working capacities. The main focus is on the management of change and on the competence development of the personnel. In everyday operations we want to promote interaction, building a basis for a safe and confident future. Orion will enhance the performance capacity of its staff by promoting various leisure activities.

Quality We will not compromise quality. The pharmaceutical industry also applies the so-called GxP instructions which regulate the operations in laboratories, manufacture and quality control. Our production facilities comply with the highest hygiene requirements.

Result The result is the sum total of the above factors. We will focus on our best competence areas. What we do is as essential as the way in which we do it.



Kalle Johansson and the Snowman appreciate Orion's concern for the environment.

Concern for the environment is Orion's mode of operation. Quality, reliability, safety and sustainable growth are the company's leading principles. Orion will bear its responsibility for the safety and wellbeing of the environment, the working community, its co-operation partners and clients.

The Environment

The objective is to achieve continually improving results both in business and the high-quality product range, environmental protection and as a member of the society.

Safe environment close at Orion's heart

The objective of Orion's corporate security is to ensure the uninterrupted continuation of the Group's operations, the safety of people, information security, the protection of the company's assets and the environment against damage, as well as the safety of patients.

Actively following legislative developments, Orion shows autonomous initiative and openness vis-à-vis the authorities. However, the laws, bills and regulations define only the minimum level of environmental management. Environmental management operations are continuously developed, with the objective of minimising the environmental impacts. In order to intensify the recycling of packaging materials, all Orion Divisions have joined the Environmental Register of Packaging PYR Ltd.

Each Division follows the environmental management system that best suits their own operations to identify their

own environmental impacts and to further increase the safety of their operations.

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.

Reduced emissions

The production facilities at a pharmaceutical plant must comply with 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 condensers and washers. Continuous development of the production processes has resulted in a decrease in solvent emissions. To save pure drinking water, the cooling system of the Fermion Hanko plant operates on sea water in stead of pure drinking water.

Environmental activity in 2004

Under 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 were prepared at Orion during the year 2003. 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 at the Fermion plant in Oulu. The Hanko plant will finalise the plan for the use of condensing water and a survey on the solvent emissions. The plant will also submit the application for a new environmental permit.

Further information about Orion Pharm's environmental management is available at the website www.orion.fi

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 project. 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 pharmaceutical plants is based on the so-called GMP regulations (Good Manufacturing Practices), which are also referred to in the drug laws. 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 FDA (Food and Drug Administration) in the US, require that the market authorisation applications for new preparations also include documentation on the environmental impacts of the

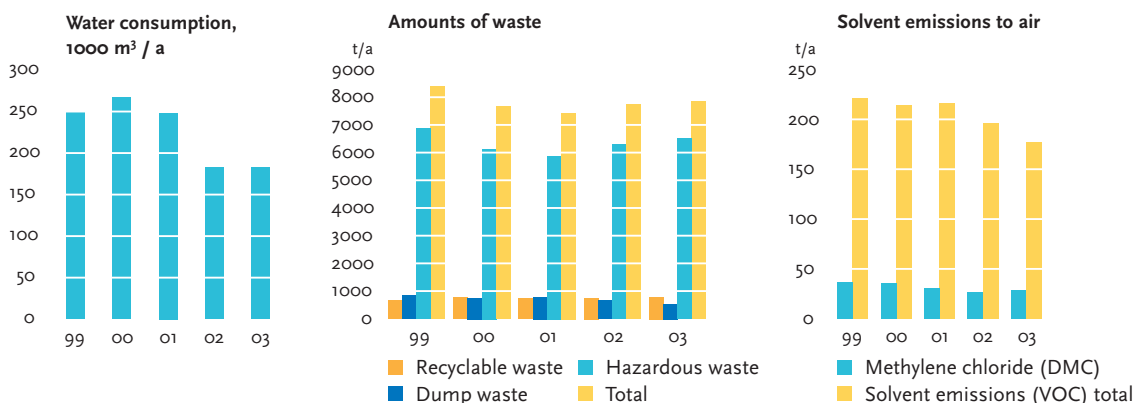
manufacturing and utilisation of the preparation in question.

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

Drug safety

In a pharmaceuticals company, drug safety operations are statutory. The safety issues related to any preparation are carefully addressed throughout its development. When the pharmaceutical preparation is found to be efficient and safe, the drug regulatory authorities grant the marketing authorisation. Once the drug enters the market, the scope of the users will expand so that the use can no longer be monitored in the same manner as during clinical trials. Each pharmaceutical company must therefore have a department to collect all reports of any suspected adverse effects of the drugs of that company. The same information goes to the authorities.

Whenever an Orion Pharma employee becomes aware of a suspected adverse effect of a Orion drug, this information must be reported and registered. At Orion Pharma, the Drug Safety Department is the responsible body receiving the reports. The observed adverse effects are reported immediately by the Drug Safety Department – either directly or through the subsidiary or partner – to the regulatory drug authorities in the countries for which the preparation has a marketing authorisation, such as the National Agency of Medicines in Finland or the Food and Drug Administration (FDA) in the US. However, the regulatory requirements constitute only a minimum level. It is far more important for Orion Pharma to collect the information as efficiently as possible since it is in the best interest of both the patients and Orion Pharma that the company is able to react quickly if faced with drug safety problems.





Disseminating the correct information to consumers is crucial for the pharmaceutical industry. Through correct information, Orion Pharma ensures that the granny Riitta Ilari-Kivikoski and her grandson Konsta Johansson are able to use the medicine in a safe way.

The greatest cause of joy in Orion was the Parkinson's disease drug Stalevo[®], which received marketing authorisations in the US and the EU. This new, optimised levodopa treatment was launched by the marketing partner Novartis in the US in September, and already in November it became available also within Orion Pharma's own marketing territory.

2003



Stalevo[®]

ORION HIGHLIGHTS 2003

Through an important new distribution contract signed towards the end of the year Oriola took over the Finnish distribution of the drugs manufactured by Amgen, the American pharmaceuticals company and world's largest biotechnology company. Another new distribution and sales contract was signed with the German company Beiersdorf on the so-called OTC products sold in pharmacies as well as on products for the professional use of hospitals and other healthcare operators. **16 Dec 03**

The French-German pharmaceuticals company Aventis Pharma signed a distribution contract with Oriola. Besides the distribution in Finland, Oriola will be in charge of Aventis's Russian pre-wholesale operations, a modern mode of operation developed in collaboration with the customer. **11 Dec 03**

The Annual General Meeting of Orion Corporation decided to pay out an additional dividend of EUR 1.50 per share. **11 Dec 03**

Orion Pharma's Stalevo® enters the global markets with new combination drug for the optimised levodopa medication. The US marketing authorisation was granted in June and the EU marketing authorisation in October 2003. The Orion Pharma

original preparation is a new Parkinson's drug. **23 Oct 03**

Orion divested its cosmetics division Noiro to the investment funds managed by Capman. Noiro was constituted in 1948. After the divestment of Noiro, Orion has a sharper focus on the healthcare sector and on the shared customers.

1 Oct 03

Simdax® remains Orion's major pharmaceutical research project. Simdax® (levosimendan), the drug for severe heart failure, is undergoing extensive Phase 3 clinical trials which constitute the major Orion Pharma R&D project. The Revive and Survive trial modules underway in the US, Australia and Europe with 1 300 patients aim at marketing authorisation evaluation in 2006. The marketing authorisation is applied for the US as well as for the European countries that have not yet granted the marketing authorisation through the MRP procedure. Simdax® is now marketed in over 30 countries. **10 Jul 03**

The Orion Corporation subsidiary Oriola Oy (Oriola) acquired the entire stock of shares of KD Tukku Oy Ab (KD Tukku), the Finnish subsidiary of Kronans Droghandel Ab's (KD). After the deal the KD Tukku business will continue under the wings of Oriola Group. **25 Jun 03**

Orion Group's key figures in 2003 and 2002

EUR million	2003	2002	Change, %
Net sales	2 261.5	1 628.6	+38.9
International operations	1 270.4	864.4	+47.0
Operating profit	89.9	97.5	-7.8
Profit before extraordinary items and taxes	89.0	99.1	-10.2
Profit for the financial year	71.7	69.4	+3.3
R&D expenditure	85.9	109.5	-22
Balance Sheet total	1 226.7	1 409.8	-13.0
Earnings per share EUR	0.98	0.93	+6.2
Payout ratio, %	163.3	100.0	
Return on invested capital before extraordinary items and taxes, %	13.2	13.8	
Return on equity, %	11.5	9.4	
Equity Ratio, %	49.4	48.9	
Gearing, %	-10.8	-9.1	
International operations % of net sales	56.2	53.1	
Operating profit % of net sales	4.0	6.0	
Profit before extraordinary items and taxes % of net sales	3.9	6.1	
Profit for the financial year, %	3.2	4.3	
Number of employees, on average	5 573	5 621	



30 tabletti, sinivalkoinen
30 filmihälsätabletti
30 filmihälsätabletti

30 tabletti, sinivalkoinen
30 filmihälsätabletti
30 filmihälsätabletti

30 tabletti, sinivalkoinen
30 filmihälsätabletti
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ORION GROUP FINANCIAL DEVELOPMENT

1999–2003

EUR million and %	1999	2000	2001	2002	2003
Net sales and profit					
Net sales	912.2	947.5	970.8	1 628.6	2 261.5
Change on the previous year, %	+4.9%	+3.9%	+2.5%	+67.8%	+38.9%
International operations	329.9	384.0	422.8	864.4	1 270.4
% of net sales	36.2%	40.5%	43.6%	53.1%	56.2%
Change on the previous year, %	5.2%	16.4%	10.1%	104.4%	47.0%
Depreciation and amortisation	46.5	43.0	42.6	54.1	67.5
Operating profit	124.0	114.5	116.4	97.5	89.9
% of net sales	13.6%	12.1%	12.0%	6.0%	4.0%
Change on the previous year, %	+13.5%	-7.7%	+1.6%	-16.2%	-7.8%
Profit before extraordinary items and taxes	+12.4	+10.9	+7.2	+1.6	-0.9
% of net sales	+1.4%	+1.2%	+0.7%	+0.1%	-0.0%
Voitto ennen satunnaisia eriä ja veroja	136.4	125.4	123.6	99.1	89.0
% liikevaihdosta	15.0%	13.2%	12.7%	6.1%	3.9%
Change on the previous year %	+12.7%	-8.1%	-1.5%	-19.8%	-10.2%
Extraordinary income and expenses, net	+97.6	+6.9	+7.8	+7.6	+8.6
Income taxes on ordinary operations	43.7	42.8	39.2	35.6	16.9
Profit after taxes without extraordinary items	92.7	82.6	84.4	62.5	65.5
Return on invested capital before extraordinary items and taxes (ROI)	18.6%	18.2%	17.5%	13.8%	13.2%
Return on equity (ROE)	13.3%	12.4%	12.5%	9.4%	11.5%
Balance sheet					
Non-current assets	385.1	363.9	385.0	520.8	424.8
Current assets	527.0	550.7	563.5	889.0	801.8
Shareholders' equity	661.7	668.8	677.6	672.7	578.1
Minority interest				12.8	19.7
Provisions	0.3	1.6	3.1	0.9	3.3
Liabilities	250.1	244.2	267.8	723.4	625.6
Interest-bearing liabilities	51.3	51.8	52.0	134.2	76.4
Non-interest-bearing liabilities	198.8	192.4	215.8	589.2	549.3
Balance Sheet total	912.1	914.6	948.5	1 409.8	1 226.7
Equity Ratio	73.3%	74.2%	72.6%	48.9%	49.4%
Gearing	-28.0%	-26.7%	-24.7%	-9.1%	-10.8%
Investments in fixed assets					
Gross investments	45.0	63.6	79.2	155.6	41.9
% of net sales	4.9%	6.7%	8.2%	9.6%	1.9%
Gross investments excluding shares	45.0	63.5	79.2	94.4	41.9
Investments excluding shares % of net sales	4.9%	6.7%	8.2%	5.8%	1.9%
Research and development expenditure					
Research and development expenditure	67.9	68.8	83.9	109.5	85.9
% of net sales	7.4%	7.3%	8.6%	6.7%	3.8%
Personnel					
Wages and salaries paid	140.2	151.1	163.9	172.6	185.2
Number of employees	5 210	5 351	5 456	5 621	5 573

Quality of Life

Roope Tarvonen, Aleksi Aaltonen and Riku Saarinen are involved in a snow battle in a world where the patient's recovery is result of a seamless team work of several players.

The global consumption of pharmaceuticals is constantly growing although the growth rate slowed in 2003. However, more and more drugs are used, and new indications are discovered for old drugs. Drugs are also used to treat conditions that were earlier not perceived as illnesses. This phenomenon, sometimes referred to with the term medicalisation, also means that the healthcare expenses account for a growing share of the GDP, especially in the industrialised countries.

The EU countries allocate approximately nine percent of their GDP to healthcare. The average US budget share is 16% while that of California, the state with the largest population figure, is 21%.

However, only a part of the healthcare expenses go to pharmaceuticals. Often they can be used to substitute for hospitalisation which is far more expensive. Medicated in the outpatient system, the patients can stay home.

On the world's largest pharmaceutical markets, the value of the sales during the 12 months between December 2002 and November 2003 rose to 450 billion US dollars, an eight percent increase on the corresponding period one year earlier.

The US continues to be the growth motor of the pharmaceuticals markets. The second largest market area is Europe. In the comparison of individual countries, Japan ranks second in the size of drug markets.

The pharmaceutical markets are characterised by increasingly tough competition, and the pharmaceuticals industry is involved in the similar consolidation process seen in other sectors of industry. Through corporate acquisitions, the giants keep buying each other, and the mergers result in global

giants with net sales amounting to tens of billions of dollars.

The mergers are a tool to gain momentum for the increasingly expensive pharmaceutical research. It has been estimated that in 2003 the pharmaceutical companies employed about 50 billion dollars in research on a global scale. Over the past five years research expenses have increased by 25 percent. Despite the additional investments, the pharmaceutical giants introduce less and less original preparations on the markets.

The European regulatory drug authority EMEA (European Medicinal Evaluation Agency) granted the marketing authorisation to as few as 19 new medicinal products while 40 new drug inventions obtained the marketing authorisation in 2002.

In 2003 the US authority FDA (Food and Drug Administration) granted the marketing authorisation to 21 new molecular entities based on a chemical molecule invention, while 16 marketing authorisation were granted in 2002.

Development of new pharmaceuticals is promoted

In December, the European Parliament approved major modifications in the EU pharmaceuticals legislation prepared by

the so-called G-10 Medicine group. The new EU regulations address such questions as distribution and supply and availability of pharmaceuticals, pricing, marketing authorisation procedures and protection of documentation.

The objective of the reforms is to contain the increase in medication expenses, to harmonise the procedures and to eliminate the differences in the national legislation of the Member States. A core objective is also to promote the international competitiveness of European pharmaceuticals companies in the pursuit of new drug development.

Towards the end of 2003, the US adopted the so-called Medicare legislative reform package. The new reimbursement systems, pricing principles and various benefits included the package aim at making high-quality medication more available to the old and the disabled, in particular. The reform also promotes generic competition and contains the growth in medication expenses.

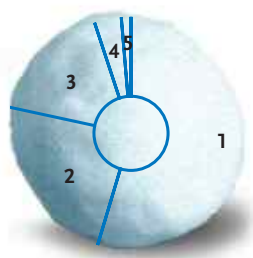
Sluggish growth in Finnish pharmaceuticals market

The value of the Finnish pharmaceuticals market was about EUR 1,500 million in 2003, 6.3 percent up from 2002. Growth of sales was slower than in the previous years. This was partly due to the legislative change related on generic substitution, off-patent products. Enacted on 1 April 2003, the new law obliges the pharmacies to offer a cheaper alternative for the active substance prescribed by the doctor.

The National Agency for Medicines publishes a new list of substitutable medicines, and the pricing of each preparation must enter in the indicated price fork in order to be included in the list for generic substitution. Orion Pharma has had managed to include almost 100% of its products in the list.

Orion Pharma's share of pharmaceuticals sales was 10.8 percent. Orion manufactures one third of all pharmaceutical packages sold in Finland.

World market



World's pharmaceutical market, USD bn, selected World

- 1 North America 169.2
- 2 Europe (5) 73.4
- 3 Japan 51.5
- 4 Latin America 11.5
- 5 Australia, New Zealand 4.1



World's pharmaceutical market, USD bn, Europe's big 5

- 1 Germany 21.7
- 2 France 17.9
- 3 Italy 12.5
- 4 UK 12.6
- 5 Spain 8.5

The world pharmaceutical market was about USD 450 bn, and the growth is slowing down. In 12/2002 to 11/2003, drug sales on the world's 13 major markets grew by 8% at constant exchange rates. These countries account for approximately 75%, or USD 340 bn, of the world total.

The top 13 markets developed as follows:

USA	+10%
Europe's top 5	+6%
Japan	+3%
Latin America, top 3	+2%
Australia and New Zealand	+7%

Europe showed great variation by country: Spain +12%, UK +9%, Germany +6%, France +5%, Italy +2%. In many countries, growth has been dampened by government-induced cost-containment procedures.

DEVELOPMENT OF A NEW DRUG

Modern pharmaceutical development work is a combination of the state-of-the art expertise of many professional groups. The research aims at a new pharmaceutical entity that would cure diseases or contain their symptoms or improve the patient's quality of life. From the invention of the molecule to the granting of the marketing authorisation, the drug development process will take approximately 5 to 12 years.

Preclinical development

The properties of the pharmaceutical molecule are carefully examined during the preclinical phase. The focus is on the correct dosage for the indication, on safety and on eventual adverse impacts on the targeted organ.

Pharmaceutical product development will result in the preparation which will release the desired concentration of the active ingredient in the right place in the right time.

Clinical development

The clinical development of a pharmaceutical comprises a carefully planned and detailed trial programme aimed at the marketing authorisation.

Phase I

The first studies on the safety of the drug are made with a small number of healthy volunteers. The objective is to establish the limits in which the pharmaceutical substance can be administered to patients.

Phase II

The initial treatment or therapeutic trials ensure the correct dosage and tolerability of the pharmaceutical by administering it to a small number of patients, normally about 100 persons.

Phase III

The crucial step in pharmaceutical research is Phase III. The blinded trials are made with thousands of patients.

Marketing authorisation

After the completion of Phase III, the available information is put together into a marketing authorisation application, with all research data presented and analysed as a whole. In ideal cases, it takes a good year for the authorities to evaluate the application.

Phase IV

Clinical development of a drug continues after the marketing authorisation has been granted. New indications are discovered for a good drug, and these call for further research. The safety trials made after the marketing authorisation are generally referred to as Phase IV.



Risto Miettunen,
President of Orion Pharma

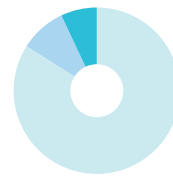


Orion Pharma's operations are carried out in four business areas: Core Therapy Areas, Specialty Products, Animal Health and Active Pharmaceutical Ingredients, Fermion Oy.



Breakdown of net sales 2003

- Proprietary products 34%
- Other products 66%



Breakdown of net sales 2003

- Human specialities 84%
- Veterinary products 9%
- Active pharmaceutical ingredients 7%

Orion Pharma is Finland's leading pharmaceutical company with net sales amounting to EUR 479.8 million and a staff of over 2,700 in 2003. Over one third of Orion Pharma net sales are generated by innovative proprietary drugs developed in-house as well as by selected specialty products.

Orion Pharma focuses on three strategic core therapy areas:

- central nervous system diseases
- cardiovascular diseases and critical care
- hormone therapies and urology.

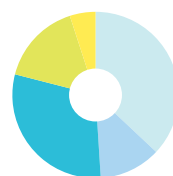
Orion Pharma's sales organisation covers Europe while global coverage is obtained in collaboration with international pharmaceutical companies. Domestic operations account for 35 percent, Europe for 45 and the US and the rest of the world 20 percent of Orion Pharma's sales proceeds.

Proprietary original preparations

Orion Pharma provides the following proprietary preparations for the international markets. The sales areas vary by preparation.

- Parkinson's disease: Stalevo® (entacapone, levodopa, carbidopa), Comtess®/Comtan® (entacapone)

- Severe heart failure: Simdax® (levosimendan)
- Product family for menopausal hormone replacement therapies: Indivina®, Divina®, Diviseq® ja Divigel®
- Sedation for patients in intensive care: Precedex® (dexmedetomidine)
- Breast cancer: Fareston® (toremifene)
- Animal sedatives: Domosedan® (detomidine), Domitor® (medetomidine) and their antidote Antisedan® (atipamezole)



Net sales by market area by Orion Pharma 2003

- Finland 37%
- Scandinavia 12%
- Other Europe 30%
- North America 16%
- Other countries 5%

Net sales by Orion Pharma EUR 479,8 million



Orion Pharma is the only Finnish-owned pharmaceutical company involved in the research and development, manufacture and marketing of pharmaceuticals. The most recent proprietary novelty, the sales of Stalevo for Parkinson's disease has taken a good start. It means Kati Kynäslähti at the tablet department packaging line will be busy.



Animal drugs account for nine percent of Orion Pharma net sales. Kuura, a Westie, is taken good care of by the veterinarian Elina Dahlqvist at the Kirsu animal hospital.

Orion Pharma's major products by sales are the preparations developed for the treatment of Parkinson's disease. An important milestone was reached in 2003, with Orion Pharma introducing Stalevo®, a new levodopa treatment, both in the US and the EU markets. Besides the entacapone-containing products, the Orion Pharma product line for Parkinson's disease includes Eldepryl® (selegiline), marketed on a global scale.

Orion Pharma has maintained its market share

In hormone replacement therapies Orion Pharma has been able to maintain its market share despite the downward tendency in the overall market for this therapy area. The urology sector is growing, mainly due to the leuprelin acetate preparation Enanton® for prostate cancer, marketed by Orion Pharma on license in the Nordic countries.

The major investment in the therapy area for cardiovascular diseases and critical care is constituted by the Phase 3 multi-centre trials with Simdaxin (levosimendan) underway both in the US and in Europe. The objective of the trials is to extend the product market authorisation area to the major US and UK, French and German markets in 2006 as planned. The Simdax sales are growing rapidly in the countries where it has a market authorisation.

Specialty products

Specialty products comprise all human medicines which do not fall within the core therapy areas. The product range varies from country to country. Finland constitutes the largest market with over 250 products in the portfolio.

OTC and self-medication products

Orion Pharma's product range in Finland also comprises an extensive selection of self-medication and OTC preparations sold in pharmacies over the counter, i.e., without prescription. For skin care, Orion provides the classic product family "Orion basic creams", including the Aqualan ointments and creams.

In the OTC product group, the best selling Orion Pharma products are the painkillers, skin care preparations as well as

vitamins and nutrition additives. The best performing products in these product groups include the painkiller Burana, the skin care creams Aqualan and Hydrocortison as well as the vitamin product Multivita.

Gross sales of the Orion Pharma's self-medication and non-restricted consumer products totalled about EUR 61 million, i.e., about one third of the human pharmaceutical domestic net sales in 2003. The self-medication drugs are mainly marketed through the 800 Finnish pharmacies. The OTC preparations account for about 15 percent of the net sales of the pharmacies.

Animal Health

Orion Pharma develops and markets veterinary drugs and OTC products for the domestic and international markets. Orion Pharma Animal Health is the Finnish market leader with about one hundred items comprising drugs for both production animals and pets.

The product range includes both proprietary preparations and drugs by foreign manufacturers. Over the past few years, exports of veterinary drugs have been on the increase, especially to Europe and the US. Orion Pharma Animal Health has its own sales organisation in Finland, Sweden, Denmark and Norway, while the organisations of international pharmaceutical companies market Orion Pharma's veterinary preparations in over 30 other countries. The major cooperation

company is the world's largest pharmaceutical company Pfizer.



Fermion is also involved in in-house development

The Orion Pharma subsidiary Fermion Oy develops, manufactures and markets active pharmaceutical ingredients both to Orion Pharma and to outsiders. Fermion produces the active ingredients of all Orion Pharma's proprietary pharmaceuticals. The production portfolio comprises also about 20 other pharmaceutical substances, such as the cancer drugs methotrexate and azathioprine and the anti-anxiety buspirone.

Comtess[®]

Stalevo[®]

Eldepryl[®]

Burana[®]

Simdax[®]

Indivina[®]

Divina[®]

Divigel[®]

Enanton[®]

Fareston[®]

Easyhaler[®]

Calcimagon[®]

Precedex[®]

Amorion[®]



Pharmaceutical research calls for multi-disciplinary expertise

Ranking third of all Finnish industrial companies by the investment in research, the Orion Pharma R&D allocation was EUR 81.4 million in 2003, accounting for about 17 percent of its EUR 479.8 net sales.

Through its research operations, Orion Pharma aims at the development of proprietary drug innovations which can be patented. Today one third of all Orion Pharma net sales are generated through the sales of its proprietary preparations, with their share constantly growing.

Orion Pharma focuses on the research in three therapy areas: central nervous system diseases, cardiovascular diseases and hormone replacement therapies.

Pharmaceutical research is state-of-the-art, multi-disciplinary research work by nature. Modern pharmaceutical research combines the expert competence of several professional groups. The top professionals in molecule biology, chemistry, pharmacy, medicine, other sciences, statistics and information science put their minds together to create a new drug.

A pharmaceutical can cure diseases or contain its symptoms, thus improving the patient's quality of life. From the first molecule invention to the marketing authorisation, the development of a new

drug can take 5 to 12 years, depending on the indication. The drug molecule is patented for 20 years. It will take about ten years to carry out all the trial phases and to get the market authorisation, and thus the return on the pharmaceutical research investment must be earned in a very short period of time.

The risks involved in pharmaceutical research work are huge. Therefore the development of a drug molecule destined for one indication, e.g. the lowering of the cholesterol content in blood, may involve an expense of almost a billion Euros.

Since Orion Pharma has a specialised and concentrated research focus, its research investment and the risks involved are contained, controlled and proportionate to the size of the company.

Orion Pharma has developed seven proprietary drugs based on an original molecule invention. It is an outstanding achievement for a company of this size.

Orion Pharma's research organisation chart is quite illustrative of the R&D process comprising the following elements: pre-clinical R&D, pharmaceutical product development, clinical development, international registration and drug safety. Orion Pharma research centres are located in Espoo, Turku and Kuopio, Finland; Nottingham, the UK and New Jersey, the US.



10 best-selling brands of Orion Pharma

Net sales, EUR million	2003	2002	Change %
Comtess / Comtan (Parkinson's disease)	69.3	75.1	-7.8%
Divina family (menopausal symptoms)	26.9	29.3	-8.2%
Domitor, Domosedan and Antisedan (animal sedatives)	22.2	21.8	+2.2%
Burana (inflammatory pain)	13.7	16.1	-14.8%
Easyhaler (asthma)	13.1	11.3	+15.9%
Enanton (prostate cancer)	12.4	10.7	+15.9%
Fareston (breast cancer)	11.9	15.7	-24.3%
Stalevo (Parkinson's disease)	11.0	-	
Calcimagon (osteoporosis)	10.8	8.9	+21.8%
Simdax (heart failure)	7.8	6.1	+28.9%
Total	199.1	195.0	+2.2%
Share of total net sales	42%	40%	



Thousands of deliveries leave from Orion's Wholesale and Distribution to global destinations on a daily basis. The packages contain drugs of the principals and other healthcare articles. Warehouse worker Arto Hiltunen, on his part, is responsible for the customer receiving the right articles punctually.



Pauli Torkko, Executive Vice President of Orion Corporation, The Wholesale and Distribution Division (left), Risto Kanerva, President of Oriola and Marianne Dicander Alexandersson, President of Kronans Droghandel.



The Orion Group's Wholesale and Distribution Division comprises Oriola Oy and Kronans Droghandel (KD) AB which are independent companies concentrating on the

wholesale and distribution of pharmaceuticals and healthcare products. Their major clients are pharmacies, hospitals, healthcare stations and clinics as well as the pharmaceuticals and healthcare product manufactures that are their principals.

The invoicing of the Wholesale and Distribution operations, which better indicates its volume, was EUR 2 617 million.

Supplies of goods and services and the management of related flows of money and information constitute the core process of the Wholesale and Distribution units. Efficiency, operative reliability, punctuality and client service play a decisive role for the profitability of the units.

Oriola's main markets are Finland and the Baltic countries while KD operates on the Swedish market.

Supplies of goods and services and the management of related flows of money and information constitute the core process of the Wholesale and Distribution units. Efficiency, operative reliability, punctuality and client service play a decisive role for the profitability of the units. The Wholesale and Distribution division is currently implementing several development projects involving Oriola and KD to generate synergies and promote mutual strengths, at the same time coordinating the operations. KD and Oriola are independent players in the markets, both relying on their particular strong identities. The two companies play an established and integral role in the healthcare scene of their domestic markets.

Not only pharmaceutical distribution but also marketing of equipment and supplies

Established in 1948 to complement the Orion Group, Oriola focuses on the wholesale and distribution of pharmaceuticals as well as on the marketing and distribution of healthcare equipment and supplies both in Finland and in the Baltic countries where it is a leading operator.

Oriola's Distribution and Wholesale Sector is composed of four business units: the Wholesale unit serves pharmacies and veterinarians, the Supplier Services markets the Orion distribution services to its pharmaceutical manufacture clients, Reformi-Keskus markets and sells functional foods and health foods while Distribution is in charge of the goods logistics of the other Oriola business units.

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 in Finland. The Finnish network composed of four regional distribution outlets is able to deliver the goods anywhere in the country within 24 hours from the order.

Oriola's extensive range of logistics services are used by over 60 international pharmaceutical manufactures, such as AstraZeneca, Aventis, Janssen-Cilag, MSD, Novo Nordisk, Organon, Amgen, Beiersdorf and Orion Pharma. At year's end, Oriola's share of the Finnish pharmaceutical distribution market was about 60%.

The 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 for the marketing of dental equipment and supplies; the 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 which markets 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%. Also the Medical Products unit and Medion are market leaders and Prolab one of the major laboratory product suppliers in Finland.

KD – the trailblazer of quality distributions

KD (Kronans Droghandel) provides versatile logistics, warehousing and distribution services to pharmaceuticals companies and healthcare product manufacturers. Established in Sweden as early as 1907, KD became an Orion Group company in the summer of 2002. Orion's interest in KD is 69.3%.

KD's business operations include pharmaceuticals distribution and healthcare product logistics services provided to pharmacies, hospitals and healthcare stations.

In Sweden, KD's major pharmaceuticals distribution clients include MSD, Pfizer, GlaxoSmithKline, Schering Plough and Novartis. KD's share of the Swedish pharmaceuticals distribution market is 49%.

KD operates from three central pharmaceutical distribution warehouses in Sweden, located in Mölnlycke near Gothenburg, in Enköping near Stockholm and in Malmö.

The highest level of services is the decisive competitive factor for a pharmaceuticals distributor in the particular Swedish market where thousands of products from 140 pharmaceuticals companies are channelled through two pharmaceuticals wholesalers to over 900 pharmacies owned by one single client, Apoteket AB.

One-channel distribution characteristic of Finland and Sweden

Both the Finnish and the Swedish pharmaceutical wholesale and distribution operations are characterised by a one-channel distribution system. It means that the pharmaceuticals company concludes a distribution agreement for the entire product range with one single wholesaler. The Finnish one-channel regime is based on individual voluntary agreements between the pharmaceuticals company and the wholesaler. The Finnish market is covered by two pharmaceuticals wholesales, Oriola and Tamro, a company owned by the German Phoenix Group. Most other countries have a multi-channel distribution system, with the same product available from several wholesalers. In countries with long distances the one-channel system is a cost-efficient and logistically sensible distribution model. The Swedish one-channel system is based on regulatory decisions, and the Swedish market is operated by two wholesales, the Orion Group company KD and Tamro.

The Swedish pharmacies are fully state-owned while the over 600 Finnish pharmacies and their 200 additional outlets are owned by private pharmacists, with the exception of the Yliopiston apteekki pharmacy chain owned by the University of Helsinki and the pharmacy of the University of Kuopio.

The value of the Swedish pharmaceuticals market at wholesale prices rose to over EUR 2.3 billion in 2003. The Finnish market comprised pharmaceuticals by over 100 companies and the market value was about EUR 1.5 billion.

The wholesale plays a role of great responsibility in the pharmaceuticals supply chain. The preparations must be handled, stored and transported in conditions and facilities that meet their composition and durability. They must be stored and delivered punctually and safely. This calls not only for extreme care and diligence throughout the supply chain but also for state-of-the art information technology.

Market share and profitability as expected

Both Oriola and KD have a good position on their markets. Their respective market shares show that their operations meet the best quality standards both vis-à-vis their principals and the pharmacies, hospitals and other healthcare operators. Clients are well taken care of at every level, and both companies invest heavily in client service.

Oriola's profitability has long been at a very satisfactory level, and KD's profitability has improved and is now satisfactory.

The latter part of 2003 was characterised by increasingly tough price competition. Brought about by generic substitution, the price and cost pressures on pharmaceuticals wholesalers have also become more marked both in Sweden and in Finland. The changes in the sales volumes of individual pharmaceutical companies have a direct impact on the invoicing and distribution commission of the pharmaceuticals distributors.



Orion's staff outlet gives a glimpse to the extensive and comprehensive product range of the various Orion divisions. Leena Otsomaa, Head of Orion Pharma's department for pharmaceutical chemistry is shopping at the store.



Jaakko Rissanen,
President of Orion Diagnostica

Orion Diagnostica

Constituted in 1972, the Group's
biomedicine division Orion

Diagnostica Oy specialises in

easy-to-use and reliable tests used in hospitals and healthcare stations for diagnostics and treatment follow-up. About 80 percent of the division's net sales are generated by the proprietary products.

With the net sales of EUR 35.7 million Orion Diagnostica develops methods used particularly in so-called point-of-care testing. The term refers to rapid diagnostic tests made at doctor's appointments or in small-scale laboratories.

A part of the product range goes to the highly automated and high-volume centralised testing systems of hospital laboratories. Besides diagnostic tests, Orion Diagnostica also produces hygiene tests used to identify microbes in facilities which call for extreme levels of hygiene, and to ensure the efficacy of the cleaning methods.

Orion Diagnostica's products are sold on a global scale through a distributor network that comprises 60 countries. International operations account for over 80 percent of net sales. Orion Diagnostica's objective is to develop into a leading point-of-care testing company in the selected market niches.

QuikRead and Hygicult did very well

The sales of the QuikRead® CRP system for the detection of infections grew on every market where it has been launched so far. The test detects infections by measuring the C-reactive protein content in blood samples.

With a long successful presence in the market, the Uricult

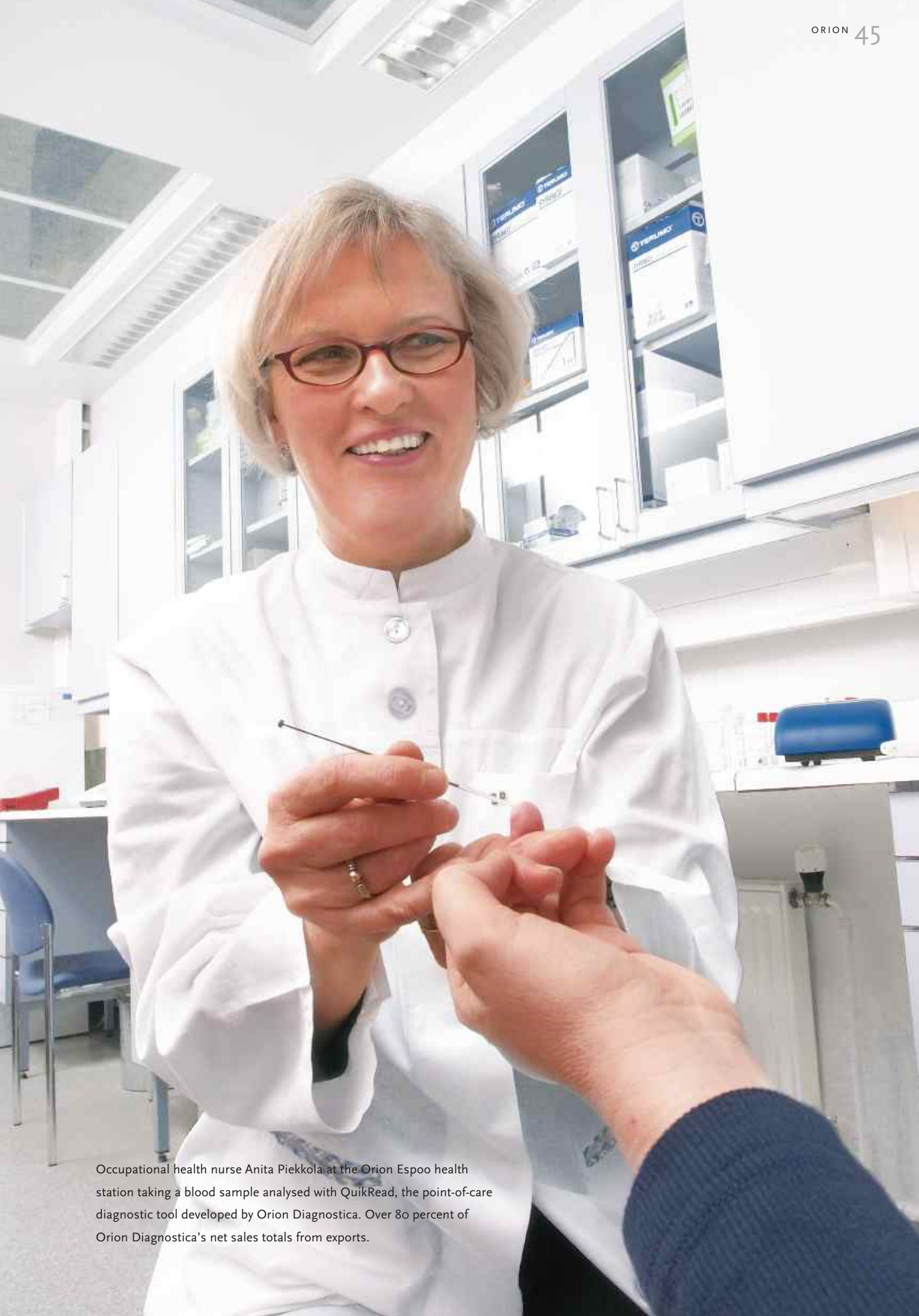
test for the detection of urinary tract infections retains its global market share.

The QuikRead system is further developed and the product family is expanded. Investments are also made in the development of new hygiene test products. In 2003 Orion Diagnostica introduced an EIA (enzyme immuno assay) version of the ICTP collagen test The Turbox protein assay system can be used to detect 18 different proteins from plasma, blood or urine samples.

The Easicult test is used to measure the microbe load in industrial liquids and fuels and to regulate the appropriate dosage of biocides. The test is used in paper and pulp, metal and woodworking industries as well as airline companies and oil refineries.

Hygicult is a microbiological surface sampling method for the detection of the microbiological efficacy of the cleaning, disinfecting and manufacturing processes in food and cosmetics industries and in large-scale kitchens.

DryCult TPC is a product for determining the overall microbial content of water samples, especially in facilities, such as fish farms, where the quality and purity of water is of critical importance.

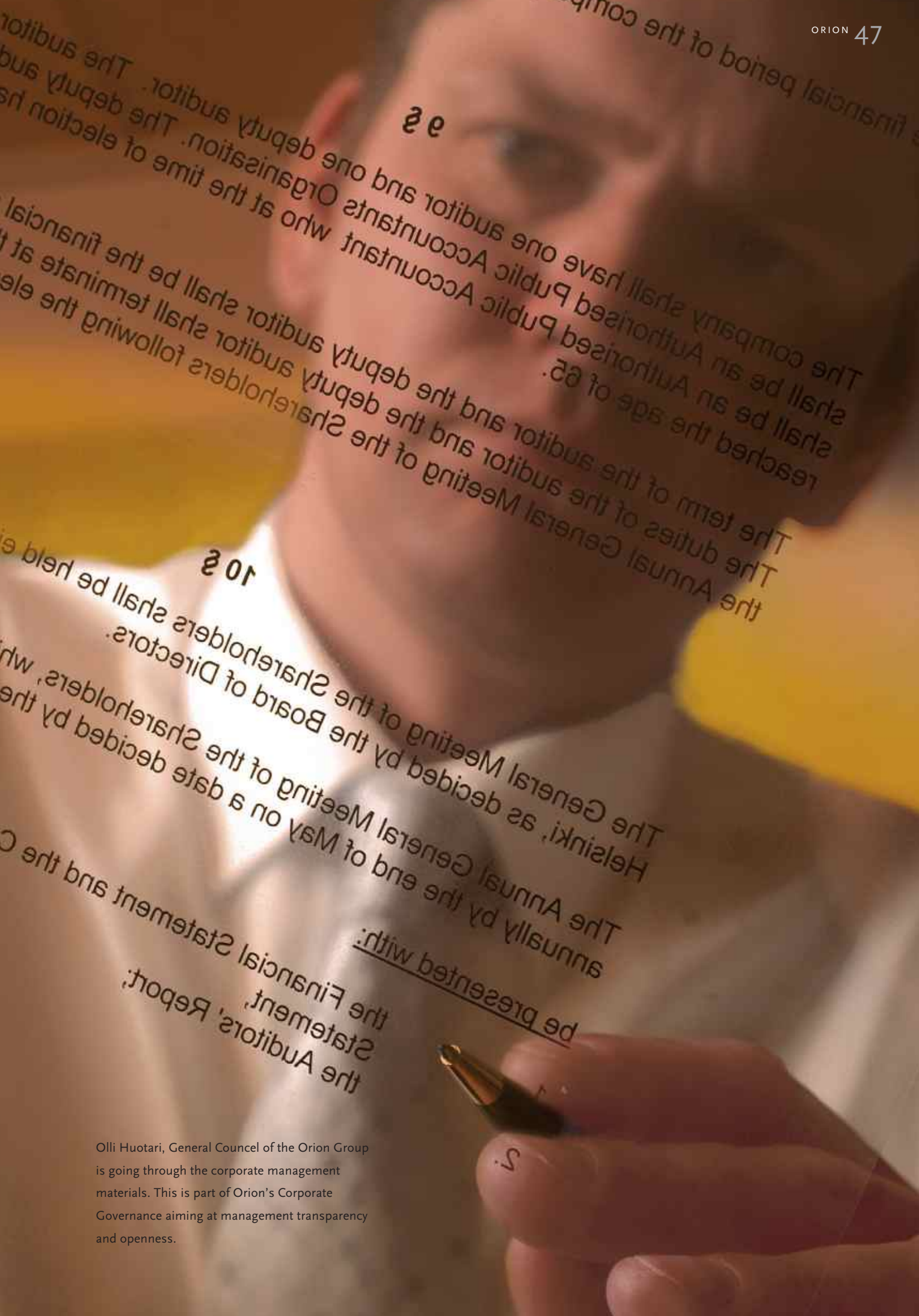


Occupational health nurse Anita Piekkola at the Orion Espoo health station taking a blood sample analysed with QuikRead, the point-of-care diagnostic tool developed by Orion Diagnostica. Over 80 percent of Orion Diagnostica's net sales totals from exports.

Major shareholders on 31 December 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)	(5,79%)	
2. Brade Jouko	300	12 200			18 200		
Medical Investment Trust Oy	848 800	747 800			17 723 800		
Lamy Oy	20 000	32 000			432 000		
	869 100	792 000	1 661 100	2,46%	18 174 000	2,85%	5.
3. 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	3,82%	1.
4. Pension Insurance Company Ilmarinen Ltd	1 135 220	35 850	1 171 070	1,73%	22 740 250	3,57%	2.
5. Varma Mutual Pension Insurance Company	1 110 000	38 300	1 148 300	1,70%	22 238 300	3,49%	3.
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	3,17%	4.
7. Orion Corporation (own shares)*	208 932	685 000	893 932	1,32%	(4 863 640)	(0,76%)	
8. The Social Insurance Institution	0	829 784	829 784	1,23%	829 784	0,13%	
9. Ylppö Jukka	623 568	142 248	765 816	1,13%	12 613 608	1,98%	6.
10. Saastamoinen Foundation	619 998	0	619 998	0,92%	12 399 960	1,94%	7.
11. 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	1,78%	8.
12. Suomi Mutual Life Assurance Company	357 880	0			7 157 600		
Suomi Insurance Company Ltd	147 500	0			2 950 000		
Suomi group	505 380	0	505 380	0,75%	10 107 600	1,59%	9.
13. Finish Cultural Foundation	151 232	311 454	462 686	0,69%	3 336 094	0,52%	
14. Ylppö Into	288 968	120 100	409 068	0,61%	5 899 460	0,93%	
15. Sampo Life Insurance Company Limited	373 716	0	373 716	0,55%	7 474 320	1,17%	10.
Total	10 496 210	3 654 942	14 151 152	21,0%	213 579 142	33,5%	
Nominee registrations	811 629	10 412 751	11 224 380	16,6%	26 645 331	4,2%	
Other	18 694 290	23 448 599	42 142 889	62,4%	397 334 399	62,3%	
All shareholders total	30 002 129	37 516 292	67 518 421	100,0%	637 558 872	100,0%	

* Not entitled to vote at General Shareholders' Meetings



The company shall have one auditor and one deputy auditor. The auditor shall be an Authorised Public Accountant who at the time of election has reached the age of 65. The term of the auditor and the deputy auditor shall be the financial year of the company. The duties of the auditor and the deputy auditor shall terminate at the Annual General Meeting of the Shareholders following the election of the auditor and the deputy auditor. The Auditor's Report, the Financial Statement and the Company's Report shall be presented with:

Olli Huotari, General Council of the Orion Group is going through the corporate management materials. This is part of Orion's Corporate Governance aiming at management transparency and openness.



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 and staff 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: 1,500 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. EXECUTIVE VICE PRESIDENT OF ORION CORPORATION AND DEPUTY TO PRESIDENT JUKKA VIINANEN

Risto Miettunen started at Orion in April 2002, as President of Orion Pharma.

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 and a member of the Supervisory Board of Lastentautien tutkimussäätiö. He is also a member of the Board of Directors of the Chemical Industry Federation of Finland.

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

ULLA LÖVHOLM, b. 1957, MASTER OF SCIENCE (ECON.) VICE PRESIDENT, HUMAN RESOURCES, ORION PHARMA; AUX. RESP. CORPORATE VP, HR DEVELOPMENT

Ulla Lövhölm joined Orion Pharma in 1999 as Vice President, Human Resources. Since 2000 she has also held a Group-level auxiliary responsibility for the development of human resources.

Ulla Lövhölm's earlier career has progressed as follows: In 1980–1982 she was export secretary of the Panda Chocolate Factory. In 1982–1988 she served as management trainee, branch manager and domestic money market dealer at Helsinki Savings Bank. In 1988–1994 she was recruitment consultant at Mercuri Urval, and in 1994–1999 human resources director of Handelsbanken Finland.

Holdings in Orion Corporation: 80 Orion B-shares. Orion B-share options: Plan 1998: 7,500 and Plan 2001: 12,000.

HEIKKI VUONAMO, b. 1948, MASTER OF ARTS (POLITICAL SCIENCES), BACHELOR OF SCIENCE (ECON.) CORPORATE VICE PRESIDENT, COMMUNICATIONS

Before joining Orion in February 2003, Heikki Vuonamo made a long career in the Finnish financial press. In 1976–1980 he was journalist of Talouselämä, a Finnish weekly business magazine. In 1980–1981 he was PR officer of Rank Xerox Oy. In 1981 he reassumed his previous job in Talouselämä. The years 1985–1991 he was Managing Editor and Editor-in-Chief of Tietoviikko. In 1991 he took over as Editor-in-Chief of Tekniikka & Talous until 2002.

Holdings in Orion Corporation: 800 Orion B-shares.



JARI KARLSON, b. 1961,
MASTER OF SCIENCE (ECONOMICS)
CFO OF THE ORION GROUP AND
ORION PHARMA

Jari Karlson joined the Orion Group in August 2001 as Vice President, Finance for Orion Pharma. Before joining Orion he worked in 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.

PAULI TORKKO, b. 1947,
LICENTIATE OF SCIENCE (ECONOMICS), **EXECUTIVE VICE PRESIDENT OF ORION CORPORATION, WHOLESALE & DISTRIBUTION GROUP AND MERGERS AND ACQUISITIONS UNIT**

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. In his current position Mr. Torkko has been since September 2002.

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: 1,116 Orion A-shares. Orion B-share options: Plan 1998:

30,000 and Plan 2001: 40,000.

JAAKKO RISSANEN, b. 1960,
MASTER OF SCIENCE (BIOCHEMISTRY), **PRESIDENT OF ORION CORPORATION ORION DIAGNOSTICA**

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 Chairman of the Association of Laboratory and Health Care Product Suppliers and a member of the Board of Directors of Federation of Finnish Commerce and Trade.

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

OLLI HUOTARI, b. 1966,
MASTER OF LAWS, LL.M. IN INTERNATIONAL COMMERCIAL LAW,
GENERAL COUNSEL OF THE ORION GROUP AND SECRETARY OF THE BOARD OF DIRECTORS OF ORION CORPORATION

Olli Huotari joined the Orion Group in 1996 as Legal Counsel in the Corporate Administration. In 1992–1995 he served as Legal Counsel in the law firm Asianajotoimisto Jouko Penttilä Oy. In 1995–1996 he was Post-graduate student in the University of Kent at Canterbury in the UK. Olli Huotari assumed his present position in October 2002.

Holdings in Orion Corporation: Orion B-share options: Plan 1998: 2,000 and Plan 2001: 12,000.



BOARD OF DIRECTORS OF ORION CORPORATION

JUHANI LEIKOLA, b. 1941,
CHAIRMAN
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 14,763 B-
shares.

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.

PETTERI KARTTUNEN, b. 1960,
M.Sc. (ECON.)
MEMBER OF THE BOARD OF DIREC-
TORS OF ORION CORPORATION
2001–
Managing Director of
Gyllenberg Asset Management Oy
SEB AM, Member of the
Executive Group 2000–. Member of
the Supervisory Board of SEB Invest
GmbH 2003–. Member of the Board
of Directors of SEB Invest Luxem-
bourg S.A 2003–. 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
2000–2003. 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.

TUOMO LÄHDESMÄKI, b. 1957,
M.Sc. (ENG.), MBA
MEMBER OF THE BOARD OF DIREC-
TORS OF ORION CORPORATION
2001–
Boardman Oy, Senior Partner
2002–
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.
Aspocomp Group Oyj, Turku
University Foundation and VTI
Technologies Oy, Chairman of the
Board of Directors. Amer Group PLC
and Eltel Networks Corporation,
Member of the Board of Directors.
Holdings in Orion Corporation:
1,000 A-shares and 1,000 B-shares.



ERKKI ETOLA, b. 1945,
DEPUTY CHAIRMAN
M.Sc. (ENG.), MEMBER OF THE
BOARD OF DIRECTORS OF ORION
CORPORATION 1995–

Managing Director of Etola-
yhtiöt and Managing Director of
Tiiviste-Group Oy

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 VAPAATALO, b. 1939,
PROFESSOR EMERITUS, MD,
SPECIALIST IN CLINICAL PHARMA-
COLOGY, 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 2001–2003. Orion
Corporation, Member of the
Supervisory Board 2000–2001.

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

HEIKKI HAKALA, b. 1941,
M.Sc. (ECON.), D. TECH. (HON.)
MEMBER OF THE BOARD OF DIREC-
TORS 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
Mäkivirta 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 and
Chairman 2001–2002.

Holdings in Orion Corporation:
1,000 A-shares and 3,000 B-shares.

MATTI VUORIA, b. 1951,
MASTER OF LAWS, MEMBER OF THE
BOARD OF DIRECTORS OF ORION COR-
PORATION 2002–

Vice President of Varma Mutual
Pension Insurance Company as of
1 January 2004.

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. Executive
Chairman of the Board of Directors
of Fortum Corporation 1998–2003.

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. Chairman of
the Nokian Tyres Board 2003 – ,
President and CEO of Varma Mutual
Pension Insurance Company as of 1
June 2004.

Holdings in Orion Corporation:
400 B-shares.

ADDRESSES

Orion Corporation

Orionintie 1
 FI-02200 Espoo, Finland
 P.O. Box 65
 FI-02101 Espoo, Finland
 Tel. +358 10 4291
 Fax +358 10 429 2801
 firstname.lastname@orion.fi
 www.orion.fi
 Business Identity Code 01122835

Orion Pharma

Orionintie 1
 FI-02200 Espoo, Finland
 P.O. Box 65
 FI-02101 Espoo, Finland
 Tel. +358 10 4291
 Fax +358 10 429 3815
 firstname.lastname@orionpharma.com
 www.orionpharma.com

Orion Pharma

Global sales, Finland
 Kalkkipellontie 2
 FI-02600 Espoo, Finland
 P.O. Box 400
 FI-02601 Espoo, Finland
 Tel. +358 10 4291
 Fax +358 10 429 3630

Orion Pharma Tampere premises

Biokatu 10
 FI-33520 Tampere, Finland
 Tel. +358 3 225 0200
 Fax +358 3 225 0250

Animal Health

Tengströminkatu 8
 FI-20360 Turku, Finland
 P.O. Box 425
 FI-20101 Turku, Finland
 Tel. +358 10 42992
 Fax +358 10 429 7771

Active substance production

Fermion Oy

Koivu-Mankkaan tie 6 A
 FI-02200 Espoo, Finland
 P.O. Box 28
 FI-02101 Espoo, Finland
 Tel. +358 10 4291
 Fax +358 9 452 1764

Hanko site

Orioninkatu 2
 FI-10900 Hanko, Finland
 P.O. Box 50
 FI-10901 Hanko, Finland
 Tel. +358 10 428 311
 Fax +358 10 428 3223

Oulu site

Lääketehtaan tie 2
 FI-90650 Oulu, Finland
 Tel. +358 10 428 311
 Fax +358 10 428 3429

Pharmaceutical manufacturing

Espoo site

Orionintie 1
 FI-02200 Espoo, Finland
 P.O. Box 65
 FI-02101 Espoo, Finland
 Tel. +358 10 4291
 Fax +358 10 429 3131

Turku site

Tengströminkatu 8
 FI-20360 Turku, Finland
 P.O. Box 425
 FI-20101 Turku, Finland
 Tel. +358 10 42992
 Fax +358 10 429 7547

Kuopio site

Kuopio site
 Volttikatu 8
 FI-70700 Kuopio, Finland
 P.O. Box 1780
 FI-70701 Kuopio, Finland
 Tel. +358 10 428 611
 Fax +358 10 428 6444

Marketing subsidiaries

Orion Pharma AB

Djupdalsvägen 7
 P.O. Box 334
 SE-19230 Sollentuna, Sweden
 Tel. +46 8 623 6440
 Fax +46 8 623 6480

Orion Pharma AS

Ulvenveien 84
 P.O. Box 52 Økern
 NO-0508 Oslo, Norway
 Tel. +47 22 887 300
 Fax +47 22 653 378

Orion Pharma A/S

Møllevvej 9 A
 DK-2990 Nivå, Denmark
 Tel. +45 4912 6600
 Fax +45 4912 6612

Orion Pharma GmbH

Notkestrasse 9
 D-22607 Hamburg, Germany
 Tel. +49 40 899 6890
 Fax +49 40 899 68996

Orion Pharma AG

Untermüli 11
 CH-6300 Zug, Switzerland
 Tel. +41 41 767 4090
 Fax +41 41 767 40999

Orion Pharma Kft.

Katóna József u. 14, FSZT. 4
 H-1137 Budapest, Hungary
 Tel. +36 1 239 9095
 Fax +36 1 239 9096

Orion Pharma (Ireland) Ltd.

c/o Allphar Services Ltd.
 Belgard Road, Tallaght
 Dublin 24, Ireland
 Tel. +353 1 404 1600
 Fax +353 1 404 1699

Orion Pharma (UK) Ltd.

1st Floor - Leat House
 Overbridge Square
 Hambridge Lane Newbury
 Berkshire RG14 5UX, UK
 Tel. +44 1635 520 300
 Fax +44 1635 520 319

Orion Pharma R&D Nottingham

2-4 Weekday Cross
 Fletcher Gate, Nottingham NG1 2GB
 P.O. Box 6792
 Nottingham NG1 1AH, UK
 Tel. +44 115 9487 130
 Fax +44 115 9487 139

Orion Pharma S.A.

85, rue Edouard Vaillant
 F-92300 Levallois-Perret, France
 Tel. +33 1 5874 6868
 Fax +33 1 5874 6869

Orion Pharma Inc.

25A Vreeland Road, Suite 100
 Florham Park
 NJ 07932, USA
 Tel. +1 973 377 1444
 Fax +1 973 377 8814

Orion Pharma

Laisver pr. 75
 2022 Vilnius, Lithuania
 Tel. +370 5 268 8482
 Fax +370 5 268 8481

Orion Pharma Eesti Oü

Saku tn. 8
 Tallinn 11314, Estonia
 Tel. +372 6 515 153
 Fax +372 6 515 153



Representatives

Orion Corporation Representative office in Moscow

Lyusinovskaya Street 36
Building 1
115093 Moscow, Russia
Tel. +7 095 363 5071
Fax +7 095 363 5074

Orion Corporation Representative office in St. Petersburg

Per. Boytsova 7
Office 208, 2nd floor
190068 St. Petersburg, Russia

Orion Corporation Representative office in Latvia

Bauskas iela 58-244
Riga, LV-1004, Latvia
Tel. +371 745 5563
Fax +371 745 5564

Orion Corporation Representative Office in Kiev

Sholudenko ul 3
Business Center, office 309
01135 Kiev, Ukraina
Tel. +380 44 230 4721
Fax +380 44 230 4722

Orion Corporation Representative office in Prague

Kykalova 1
140 02, Prague 4, Czech Republic
Tel. +420 2 2213 59043
Fax +420 2 2213 5910

Orion Corporation Representative Office in Poland

Ul. Parandowskiego 19
01-699 Warsaw, Poland
Tel.Fax +48 22 8 333 177
+48 22 8 321 036
+48 22 8 321 037

Oriola

Orionintie 5
FI-02200 Espoo, Finland
P.O. Box 8
FI-02101 Espoo, Finland
Tel. +358 10 429 99
Fax +358 10 429 3415
firstname.lastname@oriola.fi
www.oriola.fi

Subsidiaries

KD Tukku Oy
Robert Huberin tie 7 A
FI-01510 Vantaa, Finland
Tel. +358 9 4153 6300

Regional wholesale centres

Oriola Oy/Kuopio
Volttikatu 7
FI-70700 Kuopio, Finland
Tel. +358 10 428 610
Fax +358 10 428 6230

Oriola Oy/Oulu
Iskontie 3
FI-90550 Oulu, Finland
Tel. +358 10 428 810
Fax +358 10 428 8220

Oriola Oy/Seinäjäki
Teollisuustie 18
FI-60100 Seinäjoki, Finland
Tel. +358 10 428 710
Fax +358 10 428 7230

Subsidiaries abroad

As Oriola
Saku 8
11314 Tallinn, Estonia
Tel. +372 6 515 100
Fax +372 6 515 111

SIA Oriola Riga
Dzelzavas iela 120 M
LV-1021 Riga, Latvia
Tel. +371 7 802 450
Fax +371 7 802 460

UAB Oriola Vilnius
Laisves pr. 75
2022 Vilnius, Lithuania
Tel. +370 5 2688 401
Fax +370 5 2688 400

Oriola AB
Gårdsfogdevägen 2
SE-16102 Bromma, Sweden
Tel. +46 8 799 8200
Fax +46 8 799 8282

Oriola A/S
Djursvang 7 B
DK-2620 Albertslund, Denmark
Tel. +45 46 901 400
Fax +45 46 901 405

Kronans Droghandel

Kronans Droghandel
Fibervägen Solsten
S-435 33 Mölnlycke, Sweden
Box 252, S-435 25 Mölnlycke, Sweden
Tel. +46 31 887 000
Fax +46 31 338 5580
info@kronans-droghandel.se
www.kronans-droghandel.se

Orion Diagnostica

Koivu-Mankkaan tie 6 B
FI-02200 Espoo, Finland
P.O. Box 83
FI-02101 Espoo, Finland
Tel. +358 10 42 995
Fax +358 10 429 2794
orion.diagnostica@oriondiagnostica.fi
www.oriondiagnostica.fi

Orion Diagnostica AB
Industrigatan 8
SE-619 33 Trosa, Sweden
Tel. +46 156 53 360
Fax +46 156 17 355
info@oriondiagnostica.se
www.oriondiagnostica.se

Orion Diagnostica as
Solbråveien 43
NO-1383 Asker, Norway
P.O. Box 321
NO-1372 Asker, Norway
Tel. +47 6678 5630
Fax +47 6678 5659
firmapost@oriondiagnostica.no
www.oriondiagnostica.no

Orion Diagnostica Danmark A/S
Ndr. Strandvej 119 A
DK-3150 Hellebæk, Denmark
Tel. +45 49 755 050
Fax +45 49 755 055
orion@oriondiagnostica.dk
www.oriondiagnostica.dk



VOCABULARY

Antagonist A pharmaceutical substance that prevents the action of another substance.

Blinded trial During the Phase 3 trials of the clinical research on pharmaceuticals, the drug is tested with thousands of patients, and the studies are blinded trials, i.e., the patients, the doctors and the parties ordering the trial do not know which of the patients receive the drug in question, the comparison treatment or the placebo drug.

Cheap-import drugs Parallel drugs often manufactured and packaged in the so-called low-labour-cost countries, with the imports carried out by companies other than a Finnish pharmaceuticals company.

Clinical survey Scientific research made by doctors with patients, controlled clinical study.

Controlled clinical study Prospective study for the comparison of various treatment outcomes of non-randomised groups.

EMA European Medical Evaluation Agency, the European regulatory authority for the EU market authorisations.

FDA Food and Drug Administration, the US regulatory authority. Also grants the market authorisations.

Generic substitution Legislative reform enacted on 1 April 2004 in Finland, obliging the pharmacy to substitute the drug prescribed by the doctor for the cheapest alternative preparation.

GCP Good Clinical Practices.

GLP Good Laboratory Practices.

GMP Good Manufacturing Practices.

Indication Treatment or drug indication for which the drug has been approved.

Levodopa A precursor of dopamin (dopan isomer) used as a Parkinson's disease drug. The name of the active ingredient of the pharmaceutical substance used for the treatment for Parkinson's disease for over 40 years.

MRP Mutual Recognition Procedure, recognition procedure between authorities.

Original preparation A patented preparation or drug based on a proprietary molecule invention made by the pharmaceutical company. After the expiration of the patent (normally 20 years) the drugs based on the same active ingredient can be produced and marketed by parallel drug manufacturers. The patent legislation protects the rights of the developer of the new pharmaceutical invention, ensuring the economic feasibility of the development work.

OTC Over the counter; self-medication drugs; non-prescription drugs at pharmacies.

Parallel drug/preparation A pharmaceutical preparation which contains the same active ingredient as the original preparation, with the concentration and dosage form corresponding to the original preparation. The additives and the manufacture procedures may be different (e.g., lactose, gelatine) from the original preparation. Biological equivalence has been proven.

Parallel import preparation An original preparation imported by the parallel importer without a license from the original producer. The parallel importer acquires the original product from a pharmaceutical wholesaler in another EU country, in order to export it to another country or to buy the same product cheaper than sold by the original producer. The parallel import preparation need not have the same trade name as the directly imported product, and the product can be repackaged. The trade name of the parallel import product can be changed, and thus the inner package can contain two different trade names. Repackaging can be performed only by a pharmaceutical plant authorised to manufacture pharmaceuticals on an industrial basis.

Phase R&D terminology which refers to the various steps in clinical research.

POC Point of Care, point-of-care testing.

POU Point of Use, hygiene testing.

Pre-wholesale The wholesaler takes care of the interim warehousing and compiles the documents related to the pharmaceutical company's export distribution.

Receptor A receptor is a "gripping device", a part of the cell specialised in reacting to various stimuli or a part impacted by the transmitters released from another cells.

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INFORMATION TO SHAREHOLDERS

Annual General Meeting of the Shareholders on Monday, 22 March 2004

The Annual General Meeting of the Shareholders of Orion Corporation will be held on Monday, 22 March 2003 at 5 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 on 22 March 2004 has been mailed to the registered shareholders. It was also published in the Helsingin Sanomat newspaper on 14 February 2004. The invitation is also available on the Orion Group homepage www.orion.fi until the day of the Meeting.

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 Wednesday, 17 March 2004 before 3 p.m. Finnish time. Registrations in writing are requested to be mailed to Orion Corporation, Shareholder affairs, P.O. Box 65, FI-02101 Espoo, Finland. Registrations by phone will be received by Ms. Maarit Lönnerberg, phone +358 10 429 3719, or Ms. Sirkku Markula, phone +358 10 429 4685. 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 2003, a dividend per share of 1,60 euros shall be paid to Orion Corporation shareholders entered in the shareholder register maintained by the Finnish Central Securities Depository on the record date 25 March 2004. The date of the dividend payment is 1 April 2004.

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 2004

Interim Report 1–3/2004	18 May 2004	at 8.30 a.m.
Interim Report 1–6/2004	10 August 2004	at 8.30 a.m.
Interim Report 1–9/2004	9 November 2004	at 8.30 a.m.

The Orion Magazine for shareholders will be published in May, September and December 2004.

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:

Orion Corporation
Communications
P.O.Box 65
FI-02101 Espoo, Finland

Phone +358 10 429 3504/Minna Lyhykäinen
Fax +358 10 429 4435
corpcom@orion.fi

Investor contacts in Orion Corporation

Anne Allo
Vice President, Investor Relations
Phone +358 10 429 3735
anne.allo@orion.fi

Jari Karlson
CFO
Phone +358 10 429 2883
jari.karlson@orionpharma.com

Aino Takala
MD, PhD, Orion Pharma CTA business
Phone +358 10 429 4503
aino.takala@orionpharma.com

Contacts for company analyses on Orion

Alfred Berg Finland Oy/ABN Amro
www.alfredberg.fi

Evli Securities
www.evlinet.com

BNP Paribas
www.bnpparibas.com

FIM Securities
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.

ORION GROUP HIGHLIGHTS 2003

Stalevo, the new Parkinson's disease drug, was launched

The greatest cause of joy in Orion was the Parkinson's disease drug Stalevo, which received marketing authorisations in the US and the EU. This new, optimised levodopa treatment was launched by the marketing partner Novartis in the US in September, and already in November it became available also within Orion's own marketing territory. Stalevo has the potential to become the best-selling product of Orion Pharma. Like Comtess/Comtan, also Stalevo enjoys the protection of the entacapone product patent until 2012, to which a one-year extension can be applied for in the US. Stalevo reinforces Orion Pharma's position as a developer and manufacturer of Parkinson's disease medicines. Orion's CNS portfolio received a very important addition when levodopa, the basic medication, became part of it as one of the three active components in Stalevo.

Orion Pharma undertook operational improvement measures

Events in early 2003 constituted challenges of change, especially for Orion Pharma. The following factors had a major impact on the division's operational environment:

- The introduction of generic substitution in Finland as of April 2003. The new legislation concerning prescription drugs provides the patient with the right to buy a less expensive corresponding product than the prescribed one, if substitutable. This entailed a great change in the competitive situation in Finland.
- The decision in February to discontinue the clinical research programme with deramciclane, a compound studied in anxiety, due to insufficient efficacy.
- The plans to establish a separate venture company for certain pharmaceutical research projects were rejected, as a solution satisfactory for Orion could not be found.

Orion Pharma re-evaluated the situation, strategy and budgets, and introduced all-encompassing actions to adjust the cost structure in accordance with the changed outlook. A target was set to post a 20% operating profit margin in the end of 2005.

Ways of operation were changed in many ways. The product portfolio was screened, and organisational rearrangements were implemented. The Danish manufacturing plant for hormone products was shut down and all production was concentrated in Finland. Personnel was reduced by around 400 as an elementary but not an exclusive cost-savings measure. The positive impacts of the efforts will materialise in the profitability already in 2004.

Simdax is the major drug research project

Orion Pharma's R&D expenditure came to EUR 81.4 million, corresponding to 17% of the division's net sales. They were down-scaled to the level of industry average by prioritising projects and focusing resources in accordance with the revisited product and research strategy. In the clinical research of proprietary products, Orion Pharma concentrated on the further development of entacapone, levosimendan, hormone therapies and animal sedatives. The phase 3 studies with the heart failure drug Simdax (levosimendan) were and still are the biggest single project. The Revive and Survive studies in about 1,300 patients are currently underway in the USA, Australia and Europe, with a goal to receive marketing authorisation decisions in 2006.

Generic substitution induced tough price competition

Orion Pharma met the challenges of the amended Finnish legislation with a successful product strategy: Orion's product was included in all the relevant categories of substitutable products, and Orion gained the biggest market share of the sales of generic prescription products, 11.5%. This indicates continued strong confidence of not only physicians but also pharmacies and consumers on Orion's products.

Generic substitution has clearly added cost pressures on Oriola and KD too. Operational efficiency is an increasingly important factor in the management of costs. The flows of goods continue to grow while the corresponding invoicing is lower, resulting in smaller margins for the wholesalers.

The objectives set by the public sector for generic substitution are being met: the growth rate of drug reimbursements paid by the National Insurance Institution (KELA) is attenuating.

Strong market shares in pharmaceutical distribution

Oriola and KD, the two pharmaceutical distributors in the Orion Group, are strong operators in their markets: the combined market share of Oriola and KD Tukku in Finland was about 60%, and KD with its 49% share of the Swedish market was an equal player with its competitor.

Orion concentrates on healthcare sectors

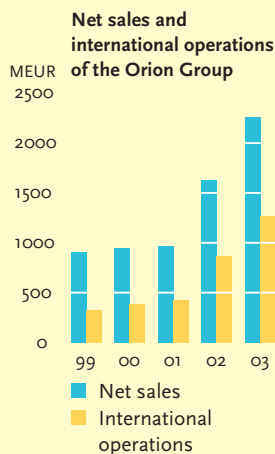
The divestment of the cosmetics business Noiro in early October significantly clarified the structure of the Orion Group. After the deal, the Group consists of businesses servicing the healthcare sector only. Noiro's annual net sales are about EUR 135 million, and the company employs about 700 persons.

In July the ownership of KD Tukku was transferred from KD to Oriola, and the operations are being joined.

As of the beginning of 2004, Orion Diagnostica and Fermion started to operate as incorporated companies, Fermion continuing to be operationally part of Orion Pharma.

Net sales growth came from pharmaceutical distribution

Operating profit declined but equity ratio was strong. The Group net sales continued to show strong growth. This was consequence of the acquisition of the Swedish KD in 2002 and the increased share of wholesale in the



Group total. KD was now included in the Group figures for the first full year.

Group operating profit decreased from the previous year, as was anticipated. Earnings per share came to EUR 0.98, and the equity ratio continued to be on a good level, 49.8%.

Dividends were paid twice

Orion's shareholders received dividends twice in 2003: EUR 0.93 per share was paid out in the spring, followed by an additional dividend of EUR 1.50 per share towards the end of the year. Thus the payout ratio for 2002 came to 261%.

Key figures of the Orion Group

EUR million	2003	2002	Change, %
Net sales	2 261.5	1 628.6	+38.9%
Operating profit	89.9	97.5	-7.8%
% of net sales	4.0%	6.0%	
Profit before extraordinary items and taxes	89.0	99.1	-10.2%
% of net sales	3.9%	6.1%	
R&D expenditure	85.9	109.5	-22%
Gross investments	41.9	155.6	-73%
% of net sales	1.9 %	9.6%	
Balance Sheet total	1 226.7	1 409.8	-13.0%
Equity ratio, %	49.4%	48.9%	
Gearing, %	-10.8%	-9.1%	
Interest-bearing liabilities	76.4	134.2	-43.1%
Non-interest-bearing liabilities	549.2	589.2	-6.8%
Investments, cash and bank	139.5	194.9	-28.4%
Personnel at the end of the year	4 690	5 826	-19.5%
Earnings per share EUR	0.98	0.93	+ 6.2%
Shareholders' equity per share, EUR	8.45	9.82	-14.0%
Market capitalisation on 31 December, EUR million	1 131.9	1 423.0	-20.1%
ROI (before extraordinary items and taxes)	13.2%	13.8%	
ROE (after taxes)	11.5%	9.4%	

REPORT BY THE BOARD OF DIRECTORS

Group structure

In 2003, the following business divisions were included in the Orion Group:

Orion Pharma, which develops, manufactures and markets pharmaceuticals, **Oriola** and **KD** (Kronans Droghandel) which are distributors and wholesalers of pharmaceuticals and healthcare products and which together constitute the **Wholesale and Distribution Division**, **Orion Diagnostica**, which develops, manufactures and markets diagnostic tests, and the cosmetics division **Noiro**, which was divested on 1 October 2003.

KD has been included in the Orion Group as of 1 July 2002. Orion's ownership in KD is 69.3%. The figures of KD Tukku Oy Ab, the Finnish subsidiary of KD, are included in those of Oriola as of 1 July 2003.

Market overview

The world pharmaceutical market in 2003 was about USD 450 bn, and the growth is slowing down. In the period of 12/2002 to 11/2003, drug sales on the world's 13 major markets grew by 8% at constant exchange rates. These countries account for approximately 75% of the world total. The top 13 markets developed as follows:

USA	+10%
Europe, top 5	+6%
Japan	+3%
Latin America, top 3	+2%
Australia and New Zealand	+7%

The US was the largest single market with over USD 200 bn sales and it also showed the best growth. European markets showed great variation by country: Spain grew by 12%, the UK by 9%, Germany by 6% and France by 5% while Italy grew by just 2%. In many countries the sales growth has been dampened by government-induced cost-containment procedures.

The growth rate of the medicinal costs in Finland is clearly attenuating since the introduction of generic substitution in April 2003. For the full 2003 the growth of pharmaceutical sales fell to 6.3% from around ten percent in several previous years. Orion Pharma's market share in Finland was 10.8%, and Oriola together with KD Tukku accounted for 60% of the country's pharmaceutical distribution. In Sweden, where generic substitution was introduced 6 months earlier than in Finland, the market growth rate dropped to 1.9% from 6.9% for 2002. Part of this was consequence of price reductions of some best-selling products that became subject to generic competition upon their patent expiry. KD's market share of the Swedish pharmaceutical distribution was 49%.

The US FDA approved 21 new molecular entities, the corresponding figure for 2002 being only 16. Additionally, 13 new biotechnical products were approved in the USA. The EMEA granted EU marketing authorisations to no more than 19 new medicinal products, 3 of which were biotech products. In 2002, the figures were as many as 40 and 17, respectively.

In December 2003, the European Parliament approved major modifications in the EU pharmaceuticals legislation. The modifications, based on the recommendations by the G-10 Medicine Group, concern the distribution, supply and availability of pharmaceuticals, as well as their pricing, marketing authorisation procedures, and data protection periods, among other things. The aim of the new legislation is to contain the growth of public costs of medicines and to harmonise national legislations among the member states. One of the most important purposes is to improve the competitiveness of the European pharmaceutical industry in the discovery and development of new innovative medicines, and to ensure operational prerequisites for a strong European-based pharmaceutical industry, for the benefit of the patient. The implementation of the modifications is subject to endorsement in the national legislation of the member states.

In November 2003, the US Congress enacted a major legislative reform, the Medicare bill, which concerns prescription drug benefits. The aim of the new legislation is, in particular, to add the access of seniors and disabled patients to adequate medical care. Another important goal is to curb the rapid growth of the medicinal costs by promoting generic competition.

Net sales

Orion Group. Group net sales in 2003 came to EUR 2,261.5 million (1,628.6 in 2002) and they increased by 38.9% from the previous year. About EUR 613 million of the growth was due to the acquisition of KD in mid 2002. Changes in currency exchange rates, particularly the weakened US dollar in relation to the euro, had a total negative net impact of EUR 15.2 million on the net sales, about EUR 14.4 million of which was for Orion Pharma. Changes in the rates of the Swedish krona had a positive impact of EUR 2.5 million on KD's net sales.

Orion Pharma. Orion Pharma's net sales EUR 479.8 (483.0) million were near the level of the comparative year, as anticipated. The products from own research accounted for EUR 164.6 (160.9) million or 34% of the net sales. EUR 25.3 (18.4) million were received in milestone payments associated with the US and EU marketing approvals for the new Parkinson's disease medicine, Stalevo.

The own marketing network of Orion Pharma accounted for EUR 292 (305) million of the total net sales, and EUR 176 (185) million of the figure came from operations in Finland. Orion Pharma's market share in Finland was 10.8% (11.7%).

Generic substitution induced a heavy price competition in Finland. In accordance with anticipations, sales of generic prescription products increased in terms of units while sales in terms of euros decreased. Orion Pharma's products were comprehensively represented among the substitutable products and Orion accounted for the largest share of their total pharmacy sales with 11.5% in terms of euros and 25.5% in terms of units. Orion Pharma's domestic net sales suffered from generic substitution by about -4%.

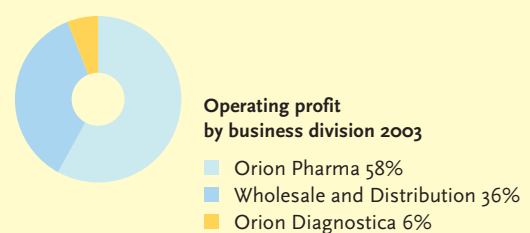
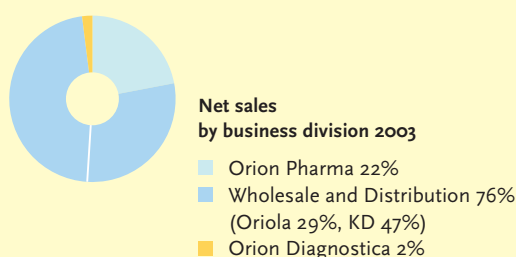
The **Wholesale and Distribution division** implemented a number of coordination and development activities to utilise synergy benefits. In early July, KD Tukku went over to Oriola's ownership, and the operations of the two companies are now being integrated. Generic substitution is imposing an accelerated price and cost pressure on the pharmaceutical distributors both in Sweden and in Finland. Changes in the sales of single pharmaceutical companies are directly reflected in the wholesalers' invoicing and distribution fees.

Oriola. Oriola's net sales came to EUR 633.5 million, up by 64.6% mainly due to the acquisition of KD Tukku in July but also the additional volumes brought about by new distribution contracts. KD Tukku contributed EUR 172.0 million to the net sales for the second half of the year.

In pharmaceutical distribution, invoicing is a better indicator of volume than net sales. The difference between invoicing and net sales is due to the fact that some of the distribution contracts are based on consignment trade. In these cases, only the fee received by the distributor is recorded as net sales, and the goods in the distributor's inventories are assets of the principal.

Oriola's invoicing rose by 37.5% to EUR 984.9 (716.4) million, to which, KD Tukku contributed EUR 173.4 million in the second half of the year. The invoicing of the Distribution and Wholesale Sector of Oriola increased by 44.5% to EUR 850.4 million, which accounted for 86% of Oriola's total invoicing. The comparable growth without the impact of KD Tukku was 15%. About 96% of the invoicing came from Finland where Oriola's market share of pharmaceutical distribution was 60%.

The net sales of the Medical and Technical Sector rose by 4.6% to EUR 122.0 million. The four business units included in it, Oriola Dental, Oriola Medical, Prolab and Medion, maintained their strong market positions in their product sectors.



KD. Net sales of KD decreased by 14.0% to EUR 1,022.7 million, of which KD Tukku contributed EUR 166.5 million in the first half of the year. Invoicing of KD was EUR 1,632.3 (1,738.0) million, to which KD Tukku contributed EUR 168.2 million in the first half of the year. Invoicing from operations in Sweden rose by 3.5%. Pharmaceutical distribution accounted for 92% of KD's total invoicing. KD's market share of pharmaceutical distribution in Sweden was at the previous year's level, 49%.

Orion Diagnostica. Orion Diagnostica's net sales EUR 35.7 (35.6) million came to the same level as those of the previous year, which was consequence of decreased sales of some maturing products and partly also the dampening impact of the US dollar. The focus products, such as the QuikRead for detecting infections and the hygiene test Hygicult showed brisk sales growth in all their markets. The own marketing companies performed positively.

Noiro. Noiro's net sales for 1-9/2003 were EUR 104.7 million (135.3 million for full 2002).

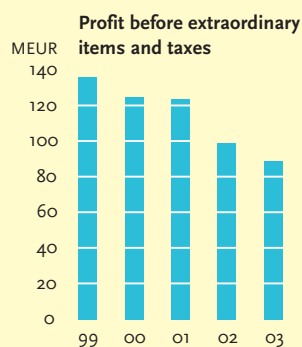
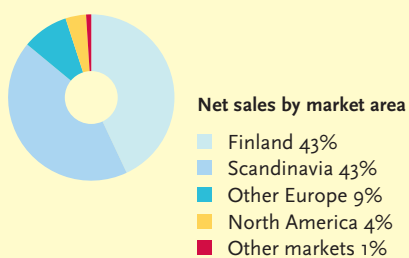
Parent company Orion Corporation. Net sales of the parent company Orion Corporation came to EUR 552.2 (557.7) million, down by 1.0%.

Group profits

The year started with events that set great operational challenges particularly to Orion Pharma, whose significance to the Group's financial performance is of decisive importance. The picture of the mechanisms of generic substitution and their impacts on the cost and revenue structure of the manufacturers and distributors of pharmaceuticals started to sharpen only during the first months of the year. As the deramciclane research programme had to be stopped in February and the business plans and earnings anticipations concerning this compound were seen not to materialise, Orion Pharma rapidly resumed corrective actions. In April, Orion gave a profit warning together with a revisited outlook.

Group operating profit decreased by 7.8% to EUR 89.9 (97.5) million, which was better than estimated, due to the materialisation of some non-budgeted revenues towards the end of the year. The operating profit also includes EUR 9.2 million in non-recurrent costs related to personnel reductions and rearrangements of production in Orion Pharma. In the last annual quarter, the impact of the measures and cost-savings were already seen in clearly improved profitability.

Pension costs for the review period declined by EUR 8.8 million in consequence of the decreased contribution by Orion Corporation to the company's Pension Fund, whose earnings increased due to the sale of its stake in Instrumentarium Corporation and the dividends paid by Instrumentarium and Orion.



Orion Pharma's operating profit for the year was EUR 47.0 (66.3) million, down by 29.2% from the previous year and in accordance with estimates. Milestone payments contributed EUR 25.3 million, received in association with the marketing approvals for Stalevo in the US and the EU. An extra amortisation of EUR 5.7 million was made from Orion Pharma's intangible assets relating to the marketing rights reacquired in France in 2002 and based on the overall downward market trend of hormone replacement products.

Oriola's operating profit improved by 8.0% to EUR 20.5 (18.9) million. KD Tukku's full-year operating profit increased considerably. Oriola's operating profit without KD Tukku's impact was on the previous year's level.

KD's operating profit came to EUR 10.1 (9.1) million. It improved significantly, even without KD Tukku's contribution.

Orion Diagnostica's operating profit was on a good level. It came to EUR 5.2 (5.0) million, up by 4.3%.

Noiro's operating profit for the full year was EUR 9.1 million. This includes EUR 2.7 million received in the last annual quarter in contract-based compensations and other income items related to Noiro.

Group profit before extraordinary items and taxes declined to EUR 89.0 (99.1) million.

The Group taxes on ordinary operations were EUR 16.9 (35.6) million and EUR 2.4 (0.7) million on extraordinary items. The tax rate for 2003 fell to an exceptionally low level, about 20%, due to two major factors: In the Parent Company Income Statement, the value of the shares held in the French subsidiary Orion Pharma SA was written down by EUR 22 million in December due to the low long-term profitability of the company. The down-writing reduced the parent company's taxes by EUR 6.4 million. Following a change in the Swedish tax laws, losses from KD's operations in Norway before it was acquired by Orion have been accepted as deductible in the taxation of Kronans Droghandel AB. This decreased the taxes for 2003 by EUR 7.4 million.

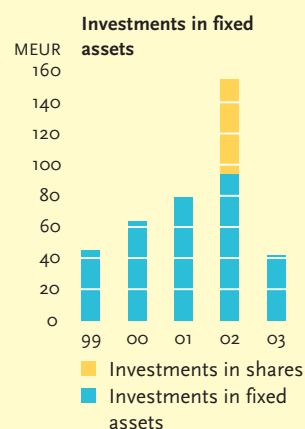
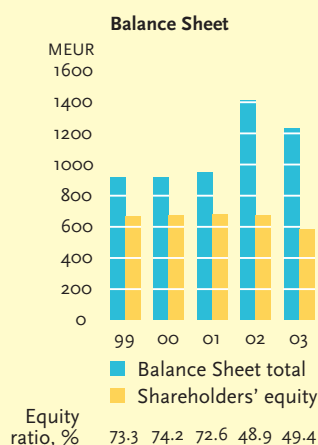
The high increase of the minority interest was due to the bottom-line profit of Kronans Droghandel and the positive contribution of non-recurrent items to it, such as the tax-cutting factor described above as well as the non-taxable net gain from the sale of KD Tukku.

Earnings per share were EUR 0.98 (0.93). Shareholders' Equity per share was EUR 8.45 (9.82). ROI before extraordinary items and taxes was 13.2% (13.8%). Return on Equity after taxes was 10.5% (9.3%).

Group net financial expenses were EUR 0.9 million (net earnings EUR 1.6 million). Interest expenses were EUR 5.0 (4.2) million and interest income EUR 4.8 (6.9) million. Exchange rates caused a net loss of EUR 0.1 million (net loss EUR 0.7 million). Investments in securities, including dividend income and value reductions of non-current investments, resulted in a net loss of EUR 0.5 million (net loss EUR 0.2 million).

The change in the financial net was consequence of the high gross investments in 2002 (EUR 156 million) and their impact on the Group's financial structure as well as interest expenses and income.

The extraordinary items include the net gain from the divestment of Noiro, total EUR 8.6 million.



Net sales by business division

	2003	2002	Change %	Breakdown 2003
EUR million				
Orion Pharma	479.8	483.0	-0.7%	22%
Oriola	633.5	384.8	+64.6%	(29%)
KD as of 1 July 2002	1 022.7	606.6		(47%)
Wholesale and Distribution total	1 656.2	991.3	+67.1%	76%
Orion Diagnostica	35.7	35.6	+0.1%	2%
Group total, continuing operations	2 156.8	1 493.3	+44.4%	100%
Noiro	104.7	135.3	-22.6%	
Group total	2 261.5	1 628.6	+38.9%	

Operating profit by business division

	2003	2002	Change %	Breakdown 2003
EUR million				
Orion Pharma	47.0	66.3	-29.2%	58%
Oriola	20.5	18.9	+8.0%	(25%)
KD as of 1 July 2002	10.1	5.6		(13%)
Wholesale and Distribution total *)	28.4	23.3	+22.1%	36%
Orion Diagnostica	5.2	5.0	+4.3%	6%
Group items	0.2	-6.9		
Group total, continuing operations	80.8	87.7	-7.8%	100%
Noiro	9.1	9.8	-7.0%	
Group total	89.9	97.5	-7.8%	

*) Operating profit for total Wholesale and Distribution includes a goodwill amortisation of EUR 2.5 million. (The corresponding depreciation included in the full-year 2002 figure is EUR 1.2 million).

International operations by business division

	2003	2002	Change %	Breakdown 2003
EUR million				
Orion Pharma	304.1	296.9	+2.5%	25%
Oriola	54.3	52.7	+3.1%	4%
KD as of 1 July 2002	847.2	438.5		69%
Orion Diagnostica	29.4	29.0	+1.7%	2%
Group total, continuing operations	1 234.3	816.0	+51.3%	100%
Noiro	36.1	48.4	-25.5%	
Group total	1 270.4	864.4	+47.0%	

KD Tukku is included in Oriola's figures as of 1 July 2003.

Net sales by market area

EUR million	2003	2002	Change %	Breakdown 2003
Finland	922.5	677.3	+36.2%	43%
Scandinavia	930.7	512.9	+81.5%	43%
Other Europe	195.6	192.9	+1.4%	9%
North America	76.9	64.7	+18.9%	4%
Other markets	31.2	45.6	-31.6%	1%
Group total, continuing operations	2 156.8	1 493.3	+44.4%	100%
Noiro	104.7	135.3	-22.6%	
Group total	2 261.5	1 628.6	+38.9%	

Gross investments

EUR million	2003	2002
Land areas	0.3	0.1
Buildings	7.6	9.6
Machinery and equipment	20.5	31.8
Shares	0.0	61.2
Other fixed assets	10.1	37.7
Group total, continuing operations	38.6	140.3
Investments in proportion to net sales, continuing operations	1.8%	9.4%
Noiro	3.3	15.3
Group total	41.9	155.6
Investments in proportion to net sales	1.9%	9.6%

Gross investments by business division

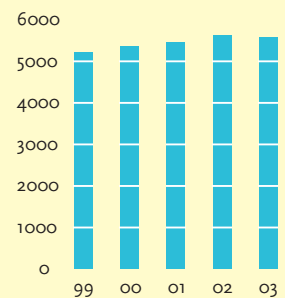
EUR million	2003	2002
Orion Pharma	25.5	64.8
Oriola	9.0	8.5
KD as of 1 July 2002	1.4	1.9
Orion Diagnostica	2.0	2.9
Corporate Administration	0.8	62.3
Group total, continuing operations	38.6	140.3
Noiro	3.3	15.3
Group total	41.9	155.6

Group personnel

	2003	2002	Change %	Breakdown 2003
Average number of employees				
Orion Corporation	2 799	2 894	- 3.3%	57%
Subsidiaries in Finland	867	832	+4.2%	18%
Finland total	3 666	3 726	-1.6%	75%
Foreign subsidiaries	1 238	1 019	+21.6%	25%
Group total, continuing operations	4 904	4 745	+3.4%	100%
Noiro	669	876		
Group total	5 573	5 621	-0.9%	

Personnel by business division

	2003	2002	Change %	Breakdown 2003
Average number of employees				
Orion Pharma	2 949	3 072	-3.9%	60%
Oriola	1 103	1 058	+4.2%	22%
KD as of 1 July 2002	494	257		10%
Orion Diagnostica	328	329	- 0.5%	7%
Corporate Administration	30	29	+2.3%	1%
Group total, continuing operations	4 904	4 745	+3.4%	100%
Noiro	669	876		
Group total	5 573	5 621	-0.9%	

Personnel (on average)

Balance Sheet and financial position

The Group's financial position and solvency were good. Equity ratio was 49.4% (48.9%) at the end of the review period, and gearing was -10.8% (-9.1%).

In the Group Balance Sheet on 31 December 2003, total liabilities, including deferred tax liability and provisions, came to EUR 628.9 (724.3) million. Interest-bearing debt decreased to EUR 76.4 (134.2) million. The SEK 276.2 million loan taken in 2002 to hedge Orion's 69.3% stake of the shareholders' equity in Kronans Droghandel AB was repaid, and the stake, which is in Swedish krona, is now hedged with forward contracts. KD amortised its bank loans by altogether EUR 40 million.

A major half of the short-term non-interest-bearing debt consisted of KD's trade payables. They are counter-balanced by inventories and trade receivables from Apoteket AB, the Swedish state-owned pharmacy monopoly.

Cash and cash equivalents came to EUR 139.5 (194.9) million. Cash equivalents have been utilised for repayments of loans.

In consequence of the divestment of Noiro, the Balance Sheet total declined by a net of about EUR 94 million.

The Group's cash reserves are invested in short-term interest rate instruments issued by solid financial institutions and corporations. The investment policy of Orion is to ensure the Group's liquidity.

Cash flows

The cash flows from operations, EUR 109.1 million, were slightly higher than in the previous year. Cash flows from operating activities before change in working capital increased by 11%, but about EUR 27 million were tied to the growth of working capital.

The around EUR 46 million gross investments were EUR 53 million less than in 2002. The cash flows from business operations were sufficient to cover these investments. The divestment of Noiro induced over EUR 100 million to the cash flows from investing activities. In the comparative year, the respective cash flows were improved by around EUR 60 million in result of securities sold for financing the acquisition of the shares in KD.

Long-term loans were amortised by almost EUR 73 million, and a total of EUR 160 million were paid in dividends. These factors led to clearly negative cash flows from financing activities, and also the Group's total cash and cash equivalents decreased by almost EUR 50 million from those reported in the year 2002 financial statements.

Outlook for 2004

Orion Pharma's net sales will turn to growth. Growth is particularly anticipated for the Parkinson's disease drug Stalevo, the sales area of which will expand to encompass additional countries in the course of the year. The positive effects of the operational improvement activities and resource adjustments together with increasing product sales will clearly improve operating profit from the previous year.

The net sales of the Wholesale and Distribution Division will decrease in consequence of the exits of two major principals from Oriola's distribution, whereas the division's operating profit is estimated to be on the previous year's level. The possibilities to improve profitability are challenged by the slackening market growth as well as the cost pressure caused by generic substitution on the pharmaceutical distribution business.

Orion Diagnostica will show increased net sales and continued good operating profit.

Orion Group net sales will decrease from the previous year due to the divestment of Noiro as well as the decreasing volumes of the Wholesale and Distribution Division. Operating profit of the Group will improve in consequence of the improved profitability of Orion Pharma.

Group R&D expenditure will be about EUR 80 million. About 95% of the total will be allocated to Orion Pharma. R&D expenditure will represent about 16% of the Division's net sales. Gross investments of the Group will be in the class of EUR 45 million.

Investments

The Group's investments were notably lower than in 2002. Due to the high investment activity in the past few years, total depreciation and amortisation for 2003 was greater than the gross investments, which for the continuing operations came to EUR 38.6 (140.3) million. Buildings accounted for EUR 7.6 million, machinery and equipment for EUR 20.5 million, and other fixed assets for EUR 10.1 million.

The further expansion of the facilities of Orion Pharma in Turku was the biggest single project. Oriola upgraded its logistics and business information systems as well as warehouse automation in Espoo.

Changes in the Group structure

The cosmetics and hygiene products division Noiro was sold on 1 October 2003. Also the subsidiaries related to Noiro's business, i.e. Alnitak Oy, Karkone Oy, ZAO Farnos SPb and Noiro Polska Sp.z.o.o. were included in the transaction. The final price of the transaction is about EUR 102.9 million, of which the net gain accounts for about EUR 8.6 million. The deal significantly clarified the structure of the Orion Group, and all the business operations are now focusing on healthcare.

In early July, KD's Finnish subsidiary KD Tukku Oy Ab was acquired by Oriola.

In February, a new subsidiary, Saiph Therapeutics Oy, was founded by Orion Corporation.

In November, the subsidiaries Panfarma Oy and Kuulolaitokeskus Oy were merged with Oriola Oy. In December, the subsidiaries Suomen Rohdos Oy and Oy Pharmacal Ab were merged with Orion Corporation.

KD's subsidiary KD Norsk Pharma Distribusjon AS was dissolved in December.

Orion Diagnostica and Fermion, a unit manufacturing active pharmaceutical ingredients and operationally being part of Orion Pharma, were corporatised as of the start of 2004.

Personnel

The average number of personnel in the Group for the full year 2003 was 5,573 (5,621), of which the personnel of the divested Noiro accounted for 669 (876). In December 2003, the Group employed altogether 4,690 (5,826) persons. Personnel in Orion Pharma decreased by 295, and in December the number of employees in the division was 2,752 (3,047). As part of the operational improvement activities resumed in the spring and the summer, personnel was downsized in Finland by giving notice to 240 employees, additionally 80 jobs were terminated via natural attrition. Some of the terminations will take effect in 2004. Personnel in the foreign locations declined by 75, the majority of which were employees of the Danish production plant which was closed down.

In the Wholesale and Distribution Division, Oriola added personnel by over 70, half of which joined along with KD Tukku. Workforce was added to Oriola's logistic services too.

Shareholders' Meetings

The Annual General Meeting of Orion's shareholders on 27 March 2003 handled the matters provided in section 10 of the Bylaws. Additionally, the Meeting authorised the Board to acquire and convey the company's own shares. The Meeting rejected the Board of Directors' proposal concerning the merger of the A and B share classes of the company.

An extraordinary General Meeting of Shareholders held on 11 December 2003 decided upon the payment of an additional dividend of EUR 1.50 per share, as proposed by the Board of Directors.

Governance

According to the Bylaws, the Annual General Meeting of the Shareholders shall elect the members and the Chairman of the Board of Directors for a term of 1 year. The AGM held in March 2003 re-elected the former eight members. The composition of the Board until the end of the next AGM is as follows: Juhani Leikola, Chairman, Erkki Etola, Vice Chairman, and Heikki Hakala, Petteri Karttunen, Eeva Kölli-Jäntti, Tuomo Lähdesmäki, Heikki Vapaatalo and Matti Vuoria as members. All the members are independent of the company. In 2003, altogether 16 Board meetings were held, one of which was a teleconference. The average attendance of the members at the meetings was about 93%.

The Audit Committee comprised Heikki Hakala as Chairman and Petteri Karttunen and Eeva Kölli-Jääntti as members. The Nomination and Salary Committee was chaired by Matti Vuoria, the members being Erkki Etola, Juhani Leikola, Tuomo Lähdesmäki and Heikki Vapaatalo.

In the autumn of 2003 the Board of Directors conducted an evaluation of its performance and working methods. It also presented a written evaluation of the performance of the Chairman and the President.

The auditors of the company were Ernst & Young Oy, the designated auditor being Pekka Luoma, Authorised Public Accountant, with Päivi Virtanen, Authorised Public Accountant, as deputy auditor.

Appointments in the management

Marianne Dicander Alexandersson, M.Sc (Chem. Eng.), former Executive Vice President, took over as new President of KD on 1 July 2003, succeeding Ralph Nilsson who retired from the post which he had held since 1988.

Seppo Morri, M.Sc (Pharm.), President of Oriola since 1988, started as Senior Advisor of Orion Corporation on 1 January 2004. He will reach the retirement age in the autumn of 2004.

Risto Kanerva, PhD (Pharm.) took over as new President of Oriola on 1 January 2004. He was previously Executive Vice President of Oriola and headed the Distribution and Wholesale Sector.

Heikki Vuonamo, MA (Political Sciences), B.Sc (Econ.) joined Orion Corporation on 1 February 2003 as Corporate VP, Communications.

Insider Guidelines

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

IAS/IFRS reporting

Orion Group will start reporting in accordance with the IFRS (International Financial Reporting Standards) as of 2005.

Research and product development

Group expenditure on research and development came to EUR 85.9 (109.5) million, down by 22 % from the previous year. Orion Pharma accounted for EUR 81.4 million or 95% of the total. Pharmaceutical R&D expenditure was 17.0% (21.6%) of Orion Pharma's net sales.

The new levodopa product Stalevo (levodopa, carbidopa and entacapone) for Parkinson's disease received a US marketing authorisation in June and an EU approval in October. Launches of Stalevo, the first new levodopa treatment in over ten years, were commenced rapidly after the approvals. Stalevo is the first new levodopa treatment in over ten years.

In February, the phase 3 clinical development programme which had been started in 2000 with deramciclane was discontinued, the interim results showing its efficacy to be insufficient in the treatment of anxiety. The plans initiated in 2002 to establish a new pharmaceutical research venture were rejected, because a solution satisfactory for Orion could not be found for the arrangement.

The above-mentioned decisions led to a major realignment of Orion Pharma's product and research strategy. As part of the operational improvement programme that was undertaken in the spring, also the research budget was cut considerably and it was reallocated to strengthen proprietary drug discovery and research as well as to the life cycle management of proprietary molecules. In preclinical research, compounds targeting at alpha-2 receptors of the nervous system, as well as selective androgen receptor modulators (SARM) are important focus areas. In clinical research Orion Pharma concentrated on the further development of entacapone, levosimendan, hormone therapies and animal sedatives.

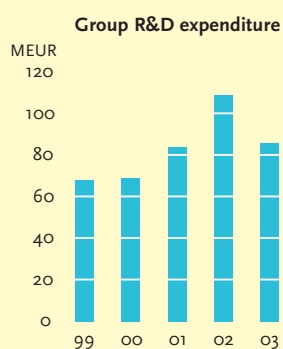
The biggest single research effort was the phase 3 clinical trials programme with the heart failure drug Simdax (levosimendan), with a goal to receive marketing authorisations for the product in the USA, the UK, Germany and France. In the US, a multicenter study, Revive II, is underway with an aim to confirm earlier positive evidence of the efficacy and safety of intravenously administered Simdax in the treatment of patients with acute severe heart failure. In Europe, another multicenter study, Survive, is underway to compare the efficacy of Simdax with dobutamine, the standard medication. Marketing approval decisions by the regulatory authorities are anticipated in 2006.

Also an oral formulation of levosimendan is being developed and studied by Orion Pharma for use by veterinarians for dogs suffering from heart failure.

In 2004, clinical studies will be started by Orion Pharma in collaboration with Novartis to find evidence of the potential of Stalevo to delay the emergence of dyskinesias, or involuntary movements, which are typical adverse events experienced by Parkinson's disease patients treated with levodopa.

Marketing authorisations are being sought for Giona Easyhaler (budesonide) through the mutual recognition procedure in the EU on the basis of the authorisation already granted by Germany, the reference member state. A mutual recognition procedure has recently started for another Easyhaler-formulated asthma medicine, formoterol, too, Finland being the reference member state.

A 7-year clinical safety study has been completed with Indivina, Orion's latest hormone replacement therapy. The results will be used as evidence of the product's applicability to the treatment of menopausal symptoms already in early menopause.



Towards the end of the year, Orion Pharma and Upsher-Smith, a US-based pharmaceuticals company, entered a license agreement concerning Orion's hormone replacement product Divigel. Upsher-Smith will conduct a major phase 3 clinical trials program with Divigel with an aim to receive a marketing approval for the product and to launch it in the USA and Canada within some years' perspective. According to the agreement, Upsher-Smith will market the product in North America. Orion will manufacture the products and shall receive royalties on their sales.

INCOME STATEMENT

EUR million	Notes	Group		Parent company	
		2003	2002	2003	2002
Net sales	1)	2 261.5	1 628.6	552.2	557.7
Other operating income	2)	+12.8	+29.8	+11.1	+25.7
Operating expenses	3,4)	-2 116.9	-1 506.8	-454.5	-488.4
Depreciation and amortisation	4)	-67.5	-54.1	-48.3	-40.6
Operating profit		89.9	97.5	60.5	54.4
Financial income and expenses	5)	-0.9	+1.6	+2.8	+61.1
Profit before extraordinary items		89.0	99.1	63.3	115.5
Extraordinary items	6,7)	+8.6	+7.6	+11.5	+2.9
Profit before appropriations and taxes		97.6	106.7	74.8	118.4
Appropriations	8)	-	-	12.3	-4.8
Income taxes:	9)				
Ordinary operations		-16.9	-35.6	-18.7	-29.3
Extraordinary items		-2.4	-0.7	-4.2	-0.9
Minority interest		-6.6	-1.0	-	-
Profit for the financial year		71.7	69.4	64.2	83.4

BALANCE SHEET

Assets			Group	Parent company	
EUR million	Notes	2003	2002	2003	2002
Non-current assets					
	10)				
Intangible assets					
Intangible rights		31.7	37.0	20.3	22.5
Goodwill		13.7	17.2	20.5	23.9
Group goodwill		33.7	36.0	-	-
Other capitalised expenditure		27.8	37.0	20.7	32.0
		106.9	127.2	61.5	78.4
Tangible assets					
Land and water		13.3	16.0	4.6	6.9
Buildings		170.8	213.6	119.3	151.6
Machinery and equipment		111.0	134.3	88.9	107.1
Other tangible assets		1.3	1.7	1.0	1.4
Advance payments and construction in progress		5.1	7.4	3.2	4.5
		301.5	373.0	217.0	271.5
Investments					
Shares and equity interests in Group companies		-	-	84.9	93.9
Shares in associated companies		0.1	0.1	-	-
Other investments		1.2	2.6	8.9	13.3
Own shares		15.2	17.9	15.2	17.9
		16.5	20.6	109.0	125.1
Current assets					
Inventories	11)	330.9	362.7	77.5	96.3
Deferred tax asset	9)	6.1	1.3	-	-
Non-current receivables	12)	4.0	6.7	0.7	0.9
Current receivables	13)	321.3	323.4	99.8	112.6
Investments	14)	112.8	152.1	80.4	104.1
Cash and bank		26.7	42.8	5.6	5.7
		1 226.7	1 409.8	651.5	794.6

BALANCE SHEET

EUR million	Notes	Group		Parent company	
		2003	2002	2003	2002
Liabilities					
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		15.2	17.9	15.2	17.9
Reserve fund		0.6	0.6	-	-
Retained earnings		371.6	465.9	185.3	264.8
Profit for the financial year		71.7	69.4	64.2	83.4
		578.1	672.7	383.7	485.1
Minority interest					
		19.7	12.8	-	-
Appropriations 16)					
		-	-	135.6	147.9
Provisions 17)					
		3.3	0.9	2.1	0.9
Liabilities					
Deferred tax liability	9)	52.6	57.9	-	-
Non-current liabilities 18)					
Loans from credit institutions		-	77.2	-	30.1
Pension loans		34.5	34.2	17.8	17.8
Other non-current liabilities		3.3	3.6	3.1	6.3
		37.8	115.0	20.9	54.2
Current liabilities 19)					
Loans from credit institutions		6.1	-	0.5	-
Advances received		31.0	25.9	0.0	-
Trade payables		413.4	460.6	29.8	56.4
Other current liabilities		84.7	64.0	78.9	50.1
		535.2	550.5	109.2	106.5
		1 226.7	1 409.8	651.5	794.6

CASH FLOW STATEMENT

EUR million	Group		Parent company	
	2003	2002	2003	2002
Cash flow from operating activities				
Operating profit	89.9	97.5	60.5	54.4
Adjustments:				
Depreciation and amortisation	67.5	54.1	48.3	40.6
Other adjustments	7.7	-3.5	1.5	1.4
Operating profit before working capital changes	165.1	148.1	110.3	96.4
Changes in working capital	1)			
Increase (-)/ decrease (+) in trade and other receivables	-20.1	0.3	-14.8	-2.3
Increase (-)/ decrease (+) in inventories	0.5	-27.5	-11.2	0.8
Increase (+)/ decrease (-) in trade and other payables	-7.6	22.2	21.5	11.7
Cash flow from operating activities before financial items and taxes	137.9	143.1	105.8	106.6
Interest paid	-7.7	-6.4	-6.0	-4.3
Dividends received	2) -	-	21.4	46.3
Interest received	2) 7.6	8.9	5.1	6.3
Income taxes paid	-28.7	-38.7	-14.2	-25.7
Net cash from operating activities	109.1	106.9	112.1	129.2
Cash flow from investing activities				
Investments in intangible and tangible assets	-46.1	-99.1	-35.1	-84.2
Proceeds from sale of intangible and tangible assets	6.7	11.5	2.5	5.2
Loans made (-)/ payments of loan receivables (+)	-	-	2.4	-1.1
Investments in subsidiary shares	-	-	-15.8	-64.8
Investments in other shares and securities not included in cash equivalents	-	-0.1	-	-0.1
Proceeds from sale of business operations	102.6	-	102.9	-
Proceeds from sale of other shares and securities not included in cash equivalents	6.8	60.1	6.8	44.2
Impact of divested subsidiaries. net of cash	-	6.4	-	-
Impact of acquired subsidiaries. net of cash	-	-9.4	-	-
Interest received	-0.1	0.9	0.1	1.4
Dividends received	0.3	0.8	0.3	0.2
Net cash used in investing activities	70.2	-28.9	64.1	-99.2
Cash flow from financing activities				
Proceeds from (+)/ payments of (-) short-term loans	6.5	3.7	1.6	0.0
Proceeds from long-term loans	0.5	31.0	0.4	33.5
Payments of long-term loans	-72.9	-1.3	-34.2	-5.9
Purchase of own shares	-2.2	-16.5	-2.2	-16.5
Dividends paid and other distributions of profits	-159.8	-74.2	-159.8	-74.3
Net cash used in financing activities	-227.9	-57.3	-194.2	-63.2
Change in cash and cash equivalents according to the cash flow statement	-48.6	20.7	-18.0	-33.2
Foreign exchange adjustment	-0.9	-0.0	-	-
Net increase (+)/ decrease (-) in cash and cash equivalents	-49.5	20.7	-18.0	-33.2
Cash and cash equivalents at beginning of period	3) 189.0	168.3	103.9	137.1
Cash and cash equivalents at end of period	139.5	189.0	85.9	103.9
	-49.5	20.7	-18.0	-33.2

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. In the comparison data for 2002, the purchase of own shares has been moved from investing activities to financing activities.

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 amortised over 5 years, following the straight-line amortisation method. However, the Group goodwill generated through the acquisition of Kronans Droghandel AB will be amortised over 15 years. The goodwill allocated to non-current asset items will be amortised 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 2003 includes EUR 1.9 million land areas and EUR 2.0 million in buildings.

Associated companies (20–50 % interest in shares and votes) have been consolidated according to the equity method. The Group share of the profit before extraordinary items and after taxes of the associated companies, as adjusted with the amortisation 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. The translation differences accumulated from the Group companies divested during the financial year are recorded in the Income Statement when the respective capital gain or loss is entered in the books.

The investment in Kronans Droghandel AB is hedged with foreign exchange forward contracts. The change in the fair value of the forward contracts is recorded under translation differences with impact on shareholders' equity for the part deriving from the change in spot rates, while the change in the interest component of the forward contract is entered under the financial items in the Income Statement.

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 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 amortised 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 revaluated in 1984 or prior to that, and the revaluations are based on separate valuation of the real estate items.

NOTES TO THE FINANCIAL STATEMENTS

Research and development expenses R&D expenses have been entered as expenses during the financial year in which they are incurred.

Inventories The inventories of the parent company and subsidiaries are presented in the Balance Sheet according to the FIFO principle. The inventories 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. They 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 is based on the rates 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 unrealised 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 includes 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 employ-

ment 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. The deferred tax asset has been calculated on the basis of the losses not yet utilised for taxation purposes, if the generation of corresponding taxable income has been deemed probable.

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.

EUR million	2003	Group 2002	Parent company 2003	2002
1. Net sales				
Net sales by business area				
Pharmaceutical industry	479.8	483.0	425.1	400.3
Wholesale and distribution	1 656.2	991.3	-	-
Diagnostics	35.7	35.6	26.9	26.9
Cosmetics and detergents	104.7	135.3	100.2	130.5
Elimination of Group internal net sales	-14.9	-16.6	-	-
Total	2 261.5	1 628.6	552.2	557.7
Net sales by market area				
Finland	991.2	764.2	247.1	272.6
Scandinavia	935.6	518.3	48.2	36.8
Other European markets	221.4	233.1	144.4	144.3
North America	81.0	65.3	80.1	58.6
Other markets	32.3	47.7	32.4	45.4
Total	2 261.5	1 628.6	552.2	557.7
2. Other operating income				
Gains on sales of non-current assets	1.3	5.3	1.0	1.0
Contract income	4.5	18.3	4.6	18.2
Service charge related to R&D	0.3	1.6	0.3	1.6
Service charges from Group companies	-	-	3.0	3.0
Rents received	1.3	1.4	1.3	1.5
Other	5.4	3.2	0.9	0.4
Total	12.8	29.8	11.1	25.7
3. Changes in provisions				
Change in provisions for operational rearrangements under other operating expenses	-2.3	+2.1	-1.2	+0.6
Change in other provisions	+0.0	+0.0	-	+0.1
Total (increase - / decrease +)	-2.3	+2.1	-1.2	+0.7
4. Operating expenses, depreciation and amortisation				
Operating expenses				
Increase (-) or decrease (+) in inventories	9.9	-2.8	+9.7	+0.1
Production for own use	-1.0	-2.9	-0.8	-2.5
Raw materials and services				
Purchases during the financial year	1 603.2	1 048.3	112.3	137.2
Increase (-) or decrease (+) in inventories	16.9	-25.4	9.1	0.7
External services	40.5	31.7	25.8	22.1
Total	1 660.6	1 054.6	147.2	160.0

NOTES TO THE FINANCIAL STATEMENTS

EUR million	Group		Parent company	
	2003	2002	2003	2002
Personnel expenses				
Wages and salaries	185.2	172.6	112.8	111.5
Pension expenses	18.8	27.4	12.3	19.6
Other social security expenses	21.8	18.7	10.0	10.2
Total	225.8	218.7	135.1	141.3
Other operating expenses	221.6	239.2	163.3	189.5
Operating expenses total	2 116.9	1 506.8	454.5	488.4

Voluntary personnel expenses are recorded under other operating expenses.

Depreciation and amortisation

Amortisation on Group and other goodwill	6.0	5.0	3.4	3.4
Other depreciation and amortisation	61.5	49.1	44.9	37.2
Total	67.5	54.1	48.3	40.6

Depreciation and amortisation by Balance Sheet items is presented under item 10.

Principles used for depreciation according to plan are presented under Principles for the Financial Statements.

Average number of personnel	5 573	5 621	3 454	3 758
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5. Financial income and expenses

Dividend income from Group companies	-	-	25.4	59.3
Income from other investments held as non-current assets				
Dividend income from other shares and equity interests	0.2	0.9	0.2	0.1
Interest income from Group companies	-	-	0.3	0.4
Other interest and financial income				
Interest income from Group companies	-	-	0.5	0.3
Interest income from other companies	4.8	6.5	1.9	3.7
Dividend income from securities held as current assets	0.1	0.2	0.1	0.2
Other financial income	2.7	2.6	2.9	2.5
Share of associated companies' profits	-0.0	-0.0	-	-
Reduction in value of investments held as non-current assets	-0.8	-	-22.8	-
Change in the reduction in value of investments held as current assets	-0.2	-1.7	-0.2	-1.7
Interest and other financial expenses				
Interest expenses to Group companies	-	-	-0.6	-0.3
Interest expenses to other companies	-5.0	-4.2	-1.6	-1.3
Other financial expenses	-2.7	-2.7	-3.3	-2.1
Total	-0.9	1.6	2.8	61.1

Financial income and expenses include:

Total dividend income	0.3	1.1	25.7	59.6
Total interest income	4.8	6.5	2.7	4.4
Total interest expenses	-5.0	-4.2	-2.2	-1.6

6. Extraordinary income

Gain on the sale of subsidiaries and business operations	8.6	3.8	8.1	3.1
Merger gains	-	-	3.4	-
Negative goodwill arising from the 10.6% shareholding in Kronans				
Droghandel AB acquired by Orion Group in the 1970's	-	4.0	-	-
Total	8.6	7.8	11.5	3.1

EUR million	Group		Parent company	
	2003	2002	2003	2002
7. Extraordinary expenses				
Loss on sale of real estate due to factory closures	-	-0.2	-	-0.2
Total	-	-0.2	-	-0.2
8. Appropriations				
Change in accumulated accelerated depreciation	-	-	12.3	-4.8
Total (increase - / decrease +)	-	-	12.3	-4.8
9. Income taxes				
Current tax on ordinary operations	-26.1	-32.0	-18.8	-29.4
Deferred tax on ordinary operations	8.2	-2.9	-	-
Current tax on extraordinary items	-4.2	-0.9	-4.2	-0.9
Deferred tax on extraordinary items	1.8	0.2	-	-
Adjustments for current tax of previous financial years	1.0	-0.7	0.1	0.1
Total	-19.3	-36.3	-22.9	-30.2

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.

Income tax reconciliation

Consolidated income taxes at Finnish tax rate	28.3	31.0		
Losses of foreign subsidiaries deductible due to a legislative change	-7.4	-		
Reduction in value of subsidiary shares	-6.4	-		
Losses of which no deferred tax is recognised	2.5	2.8		
Goodwill amortisation	1.7	1.4		
Negative goodwill in Extraordinary income	-	-1.2		
Non-deductible expenses and tax exempt income	0.7	2.1		
Other items	-0.1	0.2		
Income taxes total	19.3	36.3		

Change in deferred tax arises from

Appropriations	5.2	1.2		
Consolidation measures	-0.2	1.2		
Tax losses carried forward and other timing differences	5.0	0.3		
Total	10.0	2.7		

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

Tax losses carried forward and other timing differences	5.3	0.3	0.6	0.3
Consolidation measures	0.8	1.0	-	-
Total	6.1	1.3	0.6	0.3

Deferred tax liability arises from

Consolidation measures	-0.4	-0.4	-	-
Accumulated appropriations	-52.2	-57.5	-39.3	-42.9
Total	-52.6	-57.9	-39.3	-42.9

NOTES TO THE FINANCIAL STATEMENTS

10. Group non-current assets on 31 December 2003

EUR million	Intangible rights	Good-will	Group good-will	Other capitalised expenditure	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Shares and equity interests in associated companies	Other shares and equity interests	Own shares
Acquisition cost, 1 Jan. (*)	71.9	73.8	38.4	53.3	16.0	343.8	311.8	3.5	7.4	0.1	2.6	17.9
Increase	5.5	0.1	0.3	5.7	0.3	6.8	18.2	0.1	5.3	-	0.0	0.9
Decrease	-6.7	-4.5	-	-1.5	-3.1	-62.6	-50.6	-0.4	-0.9	-	-0.6	-
Transfers between												
Balance Sheet items	1.1	-	-0.1	0.2	0.1	2.9	2.5	0.0	-6.7	-	-	-
Acquisition cost, 31 Dec.	71.8	69.4	38.6	57.7	13.3	290.9	281.9	3.2	5.1	0.1	2.0	18.8
Accumulated depreciation and amortisation, 1 Jan. (*)	34.9	56.6	2.4	16.2	-	130.2	177.5	1.8	-	-	-	-
Accumulated depreciation and amortisation related to transfers and decreases	-4.2	-4.4	-	-0.6	-	-21.6	-32.8	-0.1	-	-	-	-
Reduction in value	-	-	-	-	-	-	-	-	-	-	0.8	3.6
Depreciation and amortisation for the financial year	9.4	3.5	2.5	14.3	-	11.5	26.2	0.2	-	-	-	-
Accumulated depreciation and amortisation, 31 Dec.	40.1	55.7	4.9	29.9	-	120.1	170.9	1.9	-	-	0.8	3.6
Book value, 31 Dec.	31.7	13.7	33.7	27.8	13.3	170.8	111.0	1.3	5.1	0.1	1.2	15.2

On 31 Dec., production machines accounted for EUR 48.5 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 2003

EUR million	Intangible rights	Good-will	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. (*)	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
Increase	4.9	-	1.9	0.2	6.7	15.4	0.0	3.4	15.8	3.0	-	0.0	0.9
Decrease	-6.0	-4.1	-1.4	-2.5	-46.7	-45.0	-0.4	-0.8	-2.8	-5.9	-	-0.6	-
Transfers between													
Balance Sheet items	0.0	-	0.2	-	2.0	1.7	0.0	-3.9	-	-	-	-	-
Acquisition cost, 31 Dec.	39.1	68.3	46.1	4.6	208.7	221.4	2.6	3.2	121.9	7.7	0.1	1.9	18.8
Accumulated depreciation and amortisation, 1 Jan. (*)	17.7	48.5	13.4	-	95.1	142.2	1.6	-	15.0	-	-	-	-
Accumulated depreciation and amortisation related to transfers and decreases	-3.4	-4.1	-0.5	-	-14.3	-28.8	-0.1	-	-	-	-	-	-
Reduction in value	-	-	-	-	-	-	-	-	22.0	-	-	0.8	3.6
Depreciation and amortisation for the financial year	4.5	3.4	12.5	-	8.6	19.1	0.1	-	-	-	-	-	-
Accumulated depreciation and amortisation, 31 Dec.	18.8	47.8	25.4	-	89.4	132.5	1.6	-	37.0	-	-	0.8	3.6
Book value, 31 Dec.	20.3	20.5	20.7	4.6	119.3	88.9	1.0	3.2	84.9	7.7	0.1	1.1	15.2
Accumulated accelerated depreciation, 1 Jan.	5.4	0.0	3.5	-	72.1	66.7	0.1						
Increase (+) / decrease (-)	-0.8	-0.0	-0.5	-	-4.4	-6.4	-0.0						
Accumulated accelerated depreciation, 31 Dec.	4.6	-0.0	3.0	-	67.7	60.3	0.1						

On 31 Dec., production machines accounted for EUR 48.5 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.

(*) The acquisition cost 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.

The difference between market value and book value of listed shares

EUR million	Group		Parent company	
	2003	2002	2003	2002
Own shares				
Market value	15.2	18.2	15.2	18.2
Corresponding book value	-15.2	-17.9	-15.2	-17.9
Difference	0.0	0.3	0.0	0.3
Other listed shares				
Market value	0.2	0.1	0.2	0.1
Corresponding book value	-0.1	-0.1	-0.1	-0.1
Difference	0.1	0.0	0.1	0.0

11. Inventories

Raw materials and consumables	22.7	34.4	22.5	32.9
Work in progress	14.9	16.5	14.7	16.4
Finished products/goods	290.1	305.3	38.4	46.7
Other inventories	1.9	0.3	1.8	0.2
Advance payments	1.3	6.2	0.1	0.1
Total	330.9	362.7	77.5	96.3

12. Non-current receivables

Loan receivables	0.7	0.8	0.7	0.7
Other receivables	3.3	5.9	-	0.2
Total	4.0	6.7	0.7	0.9

13. Current receivables

Trade receivables	281.6	289.0	35.9	51.3
Receivables from Group companies				
Trade receivables	-	-	34.1	32.2
Loan receivables	-	-	1.7	0.6
Other receivables	-	-	2.0	1.1
Prepaid expenses and accrued income	-	-	0.0	0.8
	-	-	37.8	34.7
Loan receivables	0.2	0.2	0.2	0.0
Other receivables	12.7	11.4	3.2	7.4
Prepaid expenses and accrued income	26.8	22.8	22.7	19.2
Total	321.3	323.4	99.8	112.6

Material items included in prepaid expenses and accrued income

Income tax receivable	8.1	12.2	7.5	12.1
Pending R&D contributions	1.3	2.2	1.3	2.2
Contract income receivables	3.3	1.4	3.3	1.4
Receivable related to divestment of business operations	6.0	-	6.0	-
Other	8.1	7.0	4.6	3.5
Total	26.8	22.8	22.7	19.2

NOTES TO THE FINANCIAL STATEMENTS

EUR million	Group		Parent company	
	2003	2002	2003	2002
14. Investments held as current assets				
Shares and equity interests	-	4.4	-	4.4
Other securities: interest instruments	112.8	147.7	80.4	99.7
Total	112.8	152.1	80.4	104.1
Difference between market value and book value				
Market value	113.0	152.2	80.6	104.2
Corresponding book value	-112.8	-152.1	-80.4	-104.1
Difference	0.2	0.1	0.2	0.1
15. 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.	17.9	-	17.9	-
Transferred from retained earnings	0.9	17.9	0.9	17.9
Reduction in value	-3.6	-	-3.6	-
Reserve for own shares, 31 Dec.	15.2	17.9	15.2	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.	535.3	558.0	348.2	357.0
By decision of Annual General Meeting				
dividends distributed	-161.9	-74.3	-161.9	-74.3
donations made	-0.1	-0.1	-0.1	-0.1
Transferred to reserve for own shares	-0.9	-17.9	-0.9	-17.9
Translation and exchange rate differences	-0.8	0.1	-	-
Profit for the financial year	71.7	69.4	64.2	83.4
Retained earnings, 31 Dec.	443.3	535.3	249.5	348.2
Share of accumulated appropriations allocated to the shareholders' equity	128.5	129.3	-	-

Parent company share capital by series

	2003		2002	
	shares	MEUR	shares	MEUR
A shares (20 votes per share)	30 002 129	51.0	30 586 429	52.0
B shares (1 vote per share)	37 516 292	63.8	36 931 992	62.8
Total	67 518 421	114.8	67 518 421	114.8

During the year 2003, a total of 584,300 Orion Corporation A shares were converted to B shares. The corresponding figure for 2002 was 2,827,734.

EUR million	Group		Parent company	
	2003	2002	2003	2002
16. Appropriations				
Accumulated accelerated depreciation	-	-	135.6	147.9
Total	-	-	135.6	147.9
17. Provisions				
Pension provisions	2.1	0.9	2.1	0.9
Other provisions	1.2	0.0	-	-
Total	3.3	0.9	2.1	0.9
18. Non-current liabilities				
Deferred tax liability	52.6	57.9	-	-
Loans from credit institutions	-	77.2	-	30.1
Pension loans	34.5	34.2	17.8	17.8
Liabilities to Group companies	-	-	-	3.0
Other non-current liabilities	3.1	3.3	3.1	3.3
Accrued liabilities and deferred income	0.2	0.3	-	-
Total	37.8	115.0	20.9	54.2
Liabilities due in five years' time or later				
Pension loans	32.1	32.1	17.8	17.8
Other liabilities	0.2	0.6	0.2	0.6
Total	32.3	32.7	18.0	18.4
19. Current liabilities				
Loans from credit institutions	6.1	-	0.5	-
Advances received	31.0	25.9	0.0	-
Trade payables	413.4	460.6	22.5	44.2
Liabilities to Group companies				
Trade payables	-	-	7.3	12.3
Other current liabilities	-	-	33.9	16.7
Accrued liabilities and deferred income	-	-	0.6	0.4
	-	-	41.8	29.4
Other current liabilities	29.7	16.9	9.0	7.2
Accrued liabilities and deferred income	55.0	47.1	35.4	25.8
Total	535.2	550.5	109.2	106.6
Material items included in accrued liabilities and deferred income				
Accrued wage, salary and social security payments	37.2	31.0	24.1	19.6
Accrued royalties	3.9	2.6	3.4	2.6
Income tax liability	0.6	3.9	-	-
Price adjustments to be disbursed	3.8	-	3.8	-
Other	9.5	9.6	4.1	3.6
Total	55.0	47.1	35.4	25.8

NOTES TO THE FINANCIAL STATEMENTS

EUR million	Group		Parent company	
	2003	2002	2003	2002
Liabilities comprise				
Non-current interest-bearing liabilities	37.6	114.7	20.9	54.2
Non-current non-interest-bearing liabilities	52.9	58.2	-	-
Current interest-bearing liabilities	38.8	19.6	36.5	18.1
Current non-interest-bearing liabilities	496.3	530.9	72.7	88.5
Total	625.6	723.4	130.1	160.8

20. Information related to administrative body members of Group companies**Salaries and remuneration to members of administrative bodies**

Group company Presidents, Vice Presidents, members of the Boards of Directors	2.7	3.7	1.1	1.2
Members of the Supervisory Board	-	0.0	-	0.0
Total	2.7	3.7	1.1	1.2

No loans have been granted to the administrative body members.

Management pension commitments

The parent company President has an additional pension insurance benefit, with the retirement at 60 years of age and the pension amounting to 66% of the salary. The agreed retirement age of the parent company Vice Presidents, Oriola Oy's current and previous President, Orion Diagnostica Oy's President as well as Kronans Droghandel AB's President is 60 and their pension is 60% of their salary. Moreover, some Group company Presidents have the option of retiring at 61-63 years of age, with the pension amounting to 60% of their salaries.

21. Guarantees**Loans secured through mortgages on real estate**

Non-current pension loans	17.7	18.7	8.3	9.3
Real estate mortgaged as security for the above	18.1	22.6	8.6	13.1
Other non-current loans	5.5	16.9	-	-
Real estate mortgaged as security for the above	17.1	17.1	-	-
Total real estate mortgaged as security for loans	35.2	39.7	8.6	13.1

Loans secured through mortgages on company assets

Non-current pension loans	2.4	-	-	-
Other non-current loans	-	58.2	-	-
Company assets mortgaged as security for the above	0.7	58.2	-	-
Total company assets mortgaged as security for loans	0.7	58.2	-	-

Other guarantees for Orion Group's own liabilities

Mortgages on real estate	28.0	20.3	25.7	18.0
Mortgages on company assets	73.1	15.0	-	-
Guarantees	4.1	4.3	-	-
Total	105.2	39.6	25.7	18.0

Guarantees on behalf of Group companies

Mortgages on real estate	-	-	9.4	9.5
Guarantees	-	-	9.6	9.7
Total	-	-	19.0	19.2

EUR million	Group		Parent company	
	2003	2002	2003	2002
Guarantees on behalf of third parties				
Guarantees on behalf of others	0.2	0.2	0.1	0.1
Total	0.2	0.2	0.1	0.1
Total guarantees				
Total mortgages on real estate	63.2	60.1	43.7	40.5
Mortgages on company assets	73.7	73.1	-	-
Total guarantees	4.3	4.5	9.6	9.8

22. Contingent liabilities

Outstanding payments pertinent to leasing agreements

Beginning financial year	3.7	3.5	0.7	0.6
Following financial years	3.4	3.4	0.9	0.8
Total	7.1	6.9	1.6	1.4

The leasing agreements are made on customary terms.

Repurchase liabilities

Repurchase price	-	0.1	-	-
Market value more than repurchase price	-	0.0	-	-

Other company liabilities

Drug damage liability	0.2	0.3	0.2	0.2
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Legal proceedings

In its decision which was brought to the attention of Orion Corporation on 28 October 2003, the Supreme Court did not grant Dr. Peter Jackson the right to appeal in the case concerning the commercial utilisation of the patent rights to a certain protection solution for animal feedstuffs. Accordingly, the verdict of 31 December 2002 by the Helsinki Court of Appeals, in which the Court of Appeals rejected Dr. Jackson's claims on all essential parts, is final.

23. Derivative instruments

Currency derivatives

Equity hedge currency forward contracts

Fair value, 31 Dec.	0.5	-	0.5	-
Counter value in EUR	30.8	-	30.8	-

Other forward contracts

Fair value, 31 Dec.	0.4	-0.0	0.4	-
Counter value in EUR	27.4	7.6	18.4	-

Forward contracts have been valued at the exchange rates quoted on the date of the Financial Statements. The current value is the difference between the original contract rates and those quoted on the date of the Financial Statements.

Equity hedge forward contracts have been used for hedging Orion Corporation's stake in the SEK-quoted shareholders' equity of KD against currency exposure. Other forward contracts have been used for hedging receivables and payables against currency exposure.

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent company	
	Share of ownership %	Share of votes %	Share of ownership %	Share of votes %
Group companies				
As Oriola, Estonia	100.00	100.00	-	-
Fermion Oy, Espoo	100.00	100.00	100.00	100.00
Interiorion AG., Switzerland	100.00	100.00	100.00	100.00
KD Pharma Distribution AB, Sweden	69.30	69.30	-	-
KD Spedition HB, Sweden	69.30	69.30	-	-
KD Tukku Oy Ab, Vantaa	100.00	100.00	-	-
Kiinteistö Oy Harmaaparta, Espoo	100.00	100.00	100.00	100.00
Kiinteistö Oy Kalkkipellontie 2, Espoo	100.00	100.00	100.00	100.00
Kiinteistö Oy Kapseli, Hanko	99.93	99.93	99.93	99.93
Kiinteistö Oy Nilsiänkatu 10, Helsinki	100.00	100.00	100.00	100.00
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	-	-
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 Diagnostica Oy, Espoo	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 Holding Sverige AB, Sweden	100.00	100.00	100.00	100.00
OÜ Orion Pharma Eesti, Estonia	100.00	100.00	100.00	100.00
Panfarma AB, Sweden	100.00	100.00	-	-
Saiph Therapeutics Oy, Espoo	100.00	100.00	100.00	100.00
SIA Oriola Riga, Latvia	100.00	100.00	-	-
UAB Oriola Vilnius, Lithuania	100.00	100.00	-	-
Xederos, Inc., USA	100.00	100.00	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 Paikoitus 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 2003

	Amount	Nominal value, EUR	Acquisition cost, EUR
A-shares	208 932	355 184.40	3 541 397.40
B-shares	685 000	1 164 500.00	11 685 700.00

SHARE CAPITAL AND SHARES

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. In the end of 2003, the total number of A-shares was 30,002,129 and that of B-shares 37,516,292.

A shareholder can require the conversion of his A-shares into B-shares. In 2003, altogether 584,300 A-shares were converted to B-shares.

On 31 December 2003, Orion Corporation had a total of 30,700 registered shareholders in the book-entry securities system. The number of nominee-registered shares was 11,224,380, representing 16.6% of the total shares and 4.2% of the total votes.

Share capital

EUR million	1999	2000	2001	2002	2003
Share capital	119.0	114.8	114.8	114.8	114.8
A-shares	63.0	58.2	56.8	52.0	1.0
B-shares	56.0	56.6	58.0	62.8	63.8
Share issues:					
Bonus issue	1.3	-	-	-	-
Shareholders	24 515	26 674	28 340	28 637	30 700

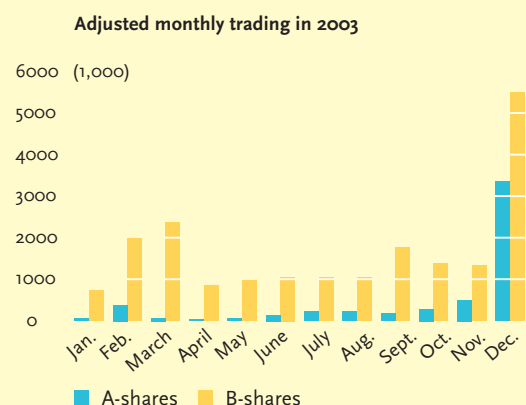
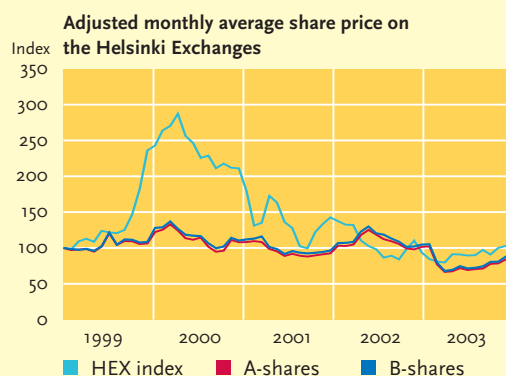
Dividend

A combined dividend of EUR 2.43 per share was paid in 2003 on the earnings for 2002. The total of the dividends paid came to EUR 162 million, the payout ratio being 261.3%.

By decision of the Annual General Meeting of Orion's shareholders held in March, a dividend of EUR 0.93 per share was paid on 8 April 2003, as proposed by the Board of Directors. An extraordinary shareholders' meeting held in December decided upon an additional dividend payment of EUR 1.50 per share, also in accordance with the proposal by the Board of Directors. This dividend was paid on 23 December 2003.

Dividend Policy of the Orion Group

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.



SHARE CAPITAL AND SHARES

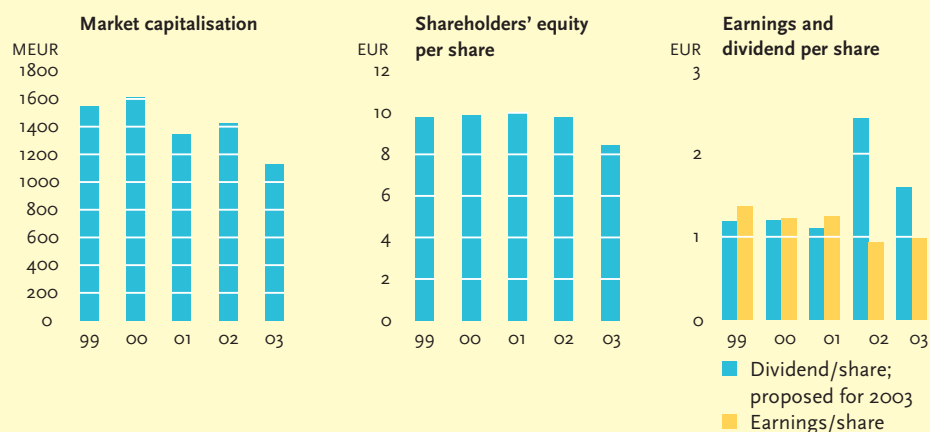
Shareholders by type of owner on 31 December 2003

	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	12 291	95.1	55.2	21 912	93.3	41.7	28 740	93.6	47.7
Corporations and partnerships									
Government and municipal corporations	7	0.1	0.0	13	0.1	0.0	19	0.1	0.0
Private corporations and partnerships	384	3.0	13.7	897	3.8	7.6	1 166	3.8	10.3
Housing associations	2	0.0	0.0	9	0.0	0.2	10	0.0	0.1
Banks and insurance companies	21	0.2	5.0	82	0.4	4.0	91	0.3	4.5
Public entities	10	0.1	14.6	57	0.2	9.7	62	0.2	11.9
Associations and foundations	148	1.1	7.1	417	1.8	6.7	492	1.6	6.9
Foreign shareholders	57	0.4	0.9	92	0.4	0.4	120	0.4	0.6
Total	12 920	100.0	96.5	23 479	100.0	70.3	30 700	100.0	82
Nominee registrations			2.7			27.8			16.6
Shares not transferred to the book-entry securities system or not subscribed to			0.1			0.1			0.1
Shares held by the Group			0.7			1.8			1.3
			100.0			100.0			100.0

Shareholders by number of shares held on 31 December 2003

Shares	A-shares		B-shares		Total		Shares	% of shares	Share-holders	% of share-holders	Shares	% of shares
	Share-holders	% of share-holders	Share-holders	% of share-holders	Share-holders	% of share-holders						
1-100	3 371	26.1	215 127	0.7	6 006	25.6	424 999	1.1	7 813	25.5	551 864	0.8
101-500	4 840	37.4	1 308 145	4.4	10 040	42.8	2 857 647	7.6	12 408	40.4	3 483 958	5.2
501-1000	2 020	15.6	1 530 039	5.1	3 550	15.1	2 687 811	7.2	4 263	13.9	3 242 005	4.8
1001-10000	2 419	18.7	6 652 871	22.2	3 619	15.4	9 013 641	24.0	5 647	18.4	15 188 958	22.5
10001-50000	208	1.6	4 441 020	14.8	212	0.9	4 073 337	10.9	450	1.5	8 894 830	13.2
50001-100000	32	0.3	2 307 820	7.7	31	0.1	2 190 248	5.8	64	0.2	4 291 332	6.4
100001-500000	22	0.2	4 800 866	16.0	17	0.1	3 198 280	8.5	44	0.1	9 277 808	13.7
over 500000	8	0.1	8 503 513	28.3	4	0.0	12 351 562	33.0	11	0.0	21 626 171	32.0
Total	12 920	100.0	29 759 401	99.2	23 479	100.0	36 797 525	98.1	30 700	100.0	66 556 926	98.6
Shares not transferred to the book-entry securities system or not subscribed to			33 796	0.1			33 767	0.1			67 563	0.1
Shares held by the Group			208 932	0.7			685 000	1.8			893 932	1.3
			30 002 129	100.0			37 516 292	100.0			67 518 421	100.0

Orion Corporation had a total of 30,700 registered shareholders in the book-entry securities system on 31 Dec. 2003. There were 11,224,380 nominee registered Orion Corporation shares in the book-entry securities system on 31 Dec. 2003. This is 16.6% of the total shares and 4.2% of the total votes.



Major shareholders on 31 December 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)	(5.79%)	
2. Brade Jouko	300	12 200			18 200		
Medical Investment Trust Oy	848 800	747 800			17 723 800		
Lamy Oy	20 000	32 000			432 000		
	869 100	792 000	1 661 100	2.46%	18 174 000	2.85%	5.
3. 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	3.82%	1.
4. Pension Insurance Company Ilmarinen Ltd	1 135 220	35 850	1 171 070	1.73%	22 740 250	3.57%	2.
5. Varma Mutual Pension Insurance Company	1 110 000	38 300	1 148 300	1.70%	22 238 300	3.49%	3.
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	3.17%	4.
7. Orion Corporation (own shares)*	208 932	685 000	893 932	1.32%	(4 863 640)	(0.76%)	
8. The Social Insurance Institution	0	829 784	829 784	1.23%	829 784	0.13%	
9. Ylppö Jukka	623 568	142 248	765 816	1.13%	12 613 608	1.98%	6.
10. Saastamoinen Foundation	619 998	0	619 998	0.92%	12 399 960	1.94%	7.
11. 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	1.78%	8.
12. Suomi Mutual Life Assurance Company	357 880	0			7 157 600		
Suomi Insurance Company Ltd	147 500	0			2 950 000		
Suomi group	505 380	0	505 380	0.75%	10 107 600	1.59%	9.
13. Finish Cultural Foundation	151 232	311 454	462 686	0.69%	3 336 094	0.52%	
14. Ylppö Into	288 968	120 100	409 068	0.61%	5 899 460	0.93%	
15. Sampo Life Insurance Company Limited	373 716	0	373 716	0.55%	7 474 320	1.17%	10.
Total	10 496 210	3 654 942	14 151 152	21.0%	213 579 142	33.5%	
Nominee registrations	811 629	10 412 751	11 224 380	16.6%	26 645 331	4.2%	
Other	18 694 290	23 448 599	42 142 889	62.4%	397 334 399	62.3%	
All shareholders total	30 002 129	37 516 292	67 518 421	100.0%	637 558 872	100.0%	

* Not entitled to vote at General Shareholders' Meetings

SHARE CAPITAL AND SHARES

Own shares

The company currently holds altogether 208,932 Orion A-shares and 685,000 Orion B-shares, their combined nominal value being EUR 1.5 million. These shares represent 1.32% of the share capital and 0.76% of the total votes, and they have been acquired during Nov. 2002 - Jan. 2003 from the Helsinki Stock Exchange under the authorisation by the 2002 AGM. 41,134 A-shares of the total were purchased in January 2003, their acquisition cost being EUR 0.9 million and the average price per share being EUR 21.34. The total nominal value of these shares is EUR 0.07 million, and they represent 0.06% of the total share capital and 0.13% of the total votes.

The total number of the Orion shares purchased by the company during Nov. - Dec. 2002 came to 852,798, A-shares accounting for 167,798 and B-shares for 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.

No so-called flagging notifications have been brought to the attention of the Board of Directors of Orion Corporation by the time of publishing these financial statements.

Authorisations of the Board of Directors

The Board of Directors of Orion Corporation has an authorisation by the Shareholders' Meeting to acquire and convey the company's own shares until 27 March 2004. The acquisition shall be done so that the aggregate nominal value of the shares of the company owned by the company and its subsidiaries or the share of voting rights attached to them shall not exceed five (5) percent of the share capital or the voting rights attached to all shares of the company. The shares shall be acquired in proportion to the classes of the shares. 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 27 March 2003.

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.

Stock Option Plan 1998

The B-options of the 1998 Stock Option Plan of Orion Corporation were released on 2 May 2003. They were listed on the Main List of the Helsinki Stock Exchange and merged with the A-options in the book-entry securities system. During 2 May 2003 - 30 April 2005, the A/B options entitle their holders to subscribe for up to 3,163,200 new Orion B-shares, representing 4.7% of the total share stock and 0.5% of the total votes. The current share subscription price with the A/B options is EUR 25.38 per share and it will decline by each future dividend paid per share before the record date for dividend payment until shares are subscribed for. On the basis of the subscriptions, the share capital can increase by a maximum of EUR 5,377,440.

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 100 key persons of the Group. The subscription period for stock options "2001A" began on 1 October 2003, and for options "2001B" it will begin 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.

Until the record date of the next dividend payment, the share subscription price with the options "2001A" and "2001B" is EUR 25.38 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 21.41 and for options "2001D" it is EUR 21.46. 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.

The stock option plans had no dilutive effect on the 2003 earnings per share.

Management interests on 31 December 2003

The members of the Board of Directors, the President and his Deputy as well as the current Presidents of the business divisions owned altogether 1,428,271 Orion shares (including those held by under-aged children and by organisations or foundations of which the person has control) at the end of December 2003. These represent 2.1% of the total number of shares and provide altogether 27,137,920 votes, or 4.3% of the total votes. The President, the Deputy to the President and the division Presidents are holding altogether 99,000 options in the Year 1998 Stock Option Plan and 190,000 options of the Year 2001 Plan. With these amounts their shareholding in the Company can increase by up to 289,000 B-shares, or 0.4% of the current total share stock and by 0.05% of the total votes.

DATA PER SHARE

Adjusted

			2003	2002	2001	2000	1999
Earnings per share (EPS)	EUR		0.98	0.93	1.25	1.22	1.37
Shareholders' equity per share	EUR		8.45	9.82	10.04	9.90	9.78
Total dividends	MEUR		106.6¹⁾	161.9	74.3	81.0	82.6
Dividend per share	EUR		1.60¹⁾	0.93	1.10	1.20	1.18
Extra dividend per share	EUR		-	1.50	-	-	-
Payout ratio	%		163.3%¹⁾	261.3%	88.0%	98.4%	86.1%
Payout ratio excl. extra dividend	%		163.3%¹⁾	100.0%	88.0%	98.4 %	86.1%
Dividend yield	A	%	9.4%¹⁾	11.4%	5.5%	5.0%	5.2%
Dividend yield	B	%	9.4%¹⁾	11.4%	5.5%	5.0%	5.1%
P/E ratio	A		17.30	23.01	15.92	19.67	16.64
P/E ratio	B		17.37	22.90	15.92	19.51	16.79
Share price on 31 Dec.	A	EUR	16.95	21.40	19.90	24.00	22.80
Share price on 31 Dec.	B	EUR	17.02	21.30	19.90	23.80	23.00
Average share price	A	EUR	17.24	23.27	19.86	22.87	21.84
Average share price	B	EUR	16.37	23.37	20.43	23.56	21.39
Lowest share price	A	EUR	13.00	19.56	17.25	17.80	19.00
Lowest share price	B	EUR	13.00	19.70	17.60	17.70	18.65
Highest share price	A	EUR	24.61	26.50	25.00	28.60	26.95
Highest share price	B	EUR	21.67	26.70	25.20	28.50	26.80
Market capitalisation on 31 Dec. ²⁾	MEUR		1 131.9	1 423.0	1 343.6	1 613.8	1 546.0
Number of shares traded ²⁾							
A-shares	000s		5 583	3 597	3 677	5 942	3 230
% of adjusted average number of A-shares	%		18.6%	11.2%	10.9%	17.3%	9.3%
B-shares	000s		20 099	13 845	8 137	11 815	15 389
% of adjusted average number of B-shares	%		55.0%	39.0%	24.1%	35.7%	46.7%
% of adjusted average number of all shares	%		38.5%	25.9%	17.5%	26.3%	2.6%
Number of shares on 31 Dec.	A-shares	no.	30 002 129	30 586 429	33 414 163	34 217 297	37 018 755
	B-shares	no.	37 516 292	36 931 992	34 104 258	33 301 124	32 952 874
of which shares owned by the Group	A-shares	no.	208 932	167 798	-	-	2 453 208
	B-shares	no.	685 000	685 000			
Number of shares ²⁾	A-shares	no.	29 793 197	30 418 631	33 414 163	34 217 297	34 565 547
	B-shares	no.	36 831 292	36 246 992	34 104 258	33 301 124	32 952 874
Total number of shares ²⁾		no.	66 624 489	66 665 623	67 518 421	67 518 421	67 518 421
Adjusted annual average number of shares		no.	66 626 363	67 449 472	67 518 421	67 518 421	67 518 421
Adjusted number of shares							
at the end of financial year ²⁾		no.	66 624 489	66 665 623	67 518 421	67 518 421	67 518 421
Diluted number of the shares, annual average		no.	64 370 854				
Diluted number of the shares at the end of financial year		no.	64 423 570				

¹⁾ proposed

²⁾ Shares owned by the Group are not included.

Formulas for calculating the key indicators are on page 42.

ORION GROUP FINANCIAL DEVELOPMENT 1999–2003

EUR million and %	1999	2000	2001	2002	2003
Net sales and profit					
Net sales	912.2	947.5	970.8	1 628.6	2 261.5
Change on the previous year, %	+4.9%	+3.9%	+2.5%	+67.8%	+38.9%
International operations	329.9	384.0	422.8	864.4	1 270.4
% of net sales	36.2%	40.5%	43.6%	53.1%	56.2%
Change on the previous year, %	5.2%	16.4%	10.1%	104.4%	47.0%
Depreciation and amortisation	46.5	43.0	42.6	54.1	67.5
Operating profit	124.0	114.5	116.4	97.5	89.9
% of net sales	13.6%	12.1%	12.0%	6.0%	4.0%
Change on the previous year, %	+13.5%	-7.7%	+1.6%	-16.2%	-7.8%
Financial income and expenses	+12.4	+10.9	+7.2	+1.6	-0.9
% of net sales	+1.4%	+1.2%	+0.7%	+0.1%	-0.0%
Profit before extraordinary items and taxes	136.4	125.4	123.6	99.1	89.0
% of net sales	15.0%	13.2%	12.7%	6.1%	3.9%
Change on the previous year, %	+12.7%	-8.1%	-1.5%	-19.8%	-10.2%
Extraordinary income and expenses, net	+97.6	+6.9	+7.8	+7.6	+8.6
Income taxes on ordinary operations	43.7	42.8	39.2	35.6	16.9
Profit after taxes without extraordinary items	92.7	82.6	84.4	62.5	65.5
Return on invested capital before extraordinary items and taxes (ROI)	18.6%	18.2%	17.5%	13.8%	13.2%
Return on equity (ROE)	13.3%	12.4%	12.5%	9.4%	11.5%
Balance sheet					
Non-current assets	385.1	363.9	385.0	520.8	424.8
Current assets	527.0	550.7	563.5	889.0	801.8
Shareholders' equity	661.7	668.8	677.6	672.7	578.1
Minority interest				12.8	19.7
Provisions	0.3	1.6	3.1	0.9	3.3
Liabilities	250.1	244.2	267.8	723.4	625.6
Interest-bearing liabilities	51.3	51.8	52.0	134.2	76.4
Non-interest-bearing liabilities	198.8	192.4	215.8	589.2	549.3
Balance Sheet total	912.1	914.6	948.5	1 409.8	1 226.7
Equity Ratio	73.3%	74.2%	72.6%	48.9%	49.4%
Gearing	-28.0%	-26.7%	-24.7%	-9.1%	-10.8%
Investments in fixed assets					
Gross investments	45.0	63.6	79.2	155.6	41.9
% of net sales	4.9%	6.7%	8.2%	9.6%	1.9%
Gross investments excluding shares	45.0	63.5	79.2	94.4	41.9
Investments excluding shares, % of net sales	4.9%	6.7%	8.2%	5.8%	1.9%
Research and development expenditure					
Research and development expenditure	67.9	68.8	83.9	109.5	85.9
% of net sales	7.4%	7.3%	8.6%	6.7%	3.8%
Personnel					
Wages and salaries paid	140.2	151.1	163.9	172.6	185.2
Number of employees	5 210	5 351	5 456	5 621	5 573

KEY INDICATORS

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

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

PROPOSAL FOR DISTRIBUTION OF PROFITS

The non-restricted equity in the consolidated Balance Sheet on 31 December 2003 amounts to EUR 443.4 million, of which EUR 314.9 million are distributable. The non-restricted equity of the Parent Company is EUR 249,509,194.45, profit for the financial year accounting for EUR 64,190,290.45.

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 1,60 per share be distributed on 66,624,489 shares	106,599,182.40
• 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	142,809,212.05
	249,509,194.45

Of the proposed dividend, 0.60 euros is deemed as a special dividend, which differs from the company's normal dividend distribution policy, as mentioned in section II.3 of the terms and conditions of the Orion Corporation Warrants 2001 Programme. Therefore, the amount of the special dividend, i.e. 0.60 euros, will be deducted from the share subscription price for warrants 2001C and 2001D.

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

Espoo, 12 February 2004

Juhani Leikola
Chairman

Erkki Etola
Vice 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 and the corporate governance of Orion Corporation for the period 1.1. - 31.1.2003. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance of the parent company.

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. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of an audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director of the parent company 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 both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of the retained earnings is in compliance with the Companies Act.

Espoo, 17 February 2004

Ernst & Young Oy
Authorised Public Accountant Firm

Pekka Luoma
Authorised Public Accountant

REVIEW BY ANNUAL QUARTERS

Group net sales, operating profit and profit before extraordinary items and taxes

EUR million	1-3/02	4-6/02	7-9/02	10-12/02	1-3/03	4-6/03	7-9/03	10-12/03
Net sales	235.7	242.0	554.4	596.5	571.3	597.6	527.3	565.3
Operating profit	23.2	26.8	28.9	18.6	6.0	46.2	16.9	20.8
Profit before extraord. items and taxes	24.6	28.0	28.4	18.1	6.0	46.0	15.9	21.1

Net sales

EUR million	1-3/02	4-6/02	7-9/02	10-12/02	1-3/03	4-6/03	7-9/03	10-12/03
Orion Pharma	118.8	119.2	123.2	121.8	113.8	140.3	99.4	126.3
Oriola	76.5	85.6	105.4	117.3	108.1	113.2	191.6	220.6
KD as of 1 July 2002			290.5	316.1	307.5	305.3	197.2	212.7
Wholesale and Distribution total	76.5	85.6	395.9	433.4	415.6	418.5	388.8	433.3
Orion Diagnostica	9.1	8.9	8.2	9.4	9.4	9.0	8.0	9.3
Group total, continuing operations	200.3	209.5	523.4	560.1	534.9	563.6	493.2	565.3
Noiro	35.4	32.5	31.0	36.4	36.4	34.0	34.1	0
Group total	235.7	242.0	554.4	596.5	571.3	597.6	527.3	565.3

Operating profit by business division

EUR million	1-3/02	4-6/02	7-9/02	10-12/02	1-3/03	4-6/03	7-9/03	10-12/03
Orion Pharma	14.9	19.7	21.4	10.3	-1.5	37.1	5.3	6.1
Oriola	5.2	3.4	5.5	4.8	3.6	4.9	6.0	6.0
KD as of 1 July 2002			3.1	2.5	2.5	2.6	2.2	2.8
Wholesale and Distribution total	5.2	3.4	8.0	6.7	5.5	7.0	7.8	8.1
Orion Diagnostica	1.2	0.9	1.6	1.3	1.3	1.3	1.6	1.0
Group items	-1.8	0.8	-3.7	-2.2	-1.8	-0.5	-0.2	2.7
Group total, continuing operations	19.5	25.0	27.3	15.9	3.5	44.8	14.4	18.0
Noiro	3.7	1.8	1.6	2.7	2.5	1.3	2.6	2.7
Group total	23.2	26.8	28.9	18.6	6.0	46.2	16.9	20.8

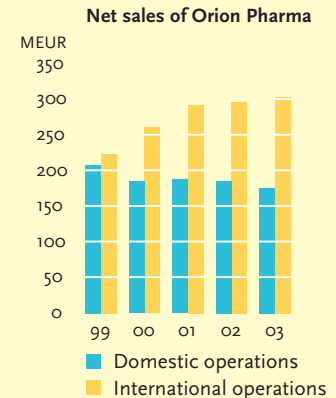
KD Tukku is included in Oriola's figures as of 1 July 2003.

ORION PHARMA

Business: research and development, manufacturing and marketing of pharmaceuticals

Key figures of Orion Pharma

EUR million	2003	2002	Change %
Net sales	479.8	483.0	-0.7%
International operations	304.1	296.9	+2.5%
% of net sales	63.4 %	61.5 %	
Operating profit	47.0	66.3	-29.2%
% of net sales	9.8 %	13.7 %	
Gross investments	25.5	64.8	
Net sales of proprietary products	164.6	160.9	+2.3%
R&D expenditure	81.4	104.5	-22.1%
Personnel in December	2 752	3 047	-9.7%



In Orion Pharma, the year 2003 started in the light of dramatically changed outlook which called for deep re-evaluation of the operational pattern, the product portfolio and strategies as well as the necessary resources.

The rejection of the plans to establish a separate venture for certain research projects, the decision to discontinue the clinical trials with deramciclane as well as the introduction of generic substitution in Finland were essential reasons leading to the new situation. Orion Pharma made a re-evaluation of its overall situation, outlook and resource allocations, and introduced an all-encompassing action plan to turn the descending trend of the profitability.

The action plan included a comprehensively revisited strategy with prioritised research and commercial portfolio, and a row of operational rearrangements. Personnel was downsized by around 400 to comply with the adjusted needs of human resources. A decision was made to return the annual research expenditure to the level of industry average, i.e. around 15–16% of net sales, from the exceptionally high level for the two preceding years. Orion Pharma allocated its research budgets to molecules with the best earnings potential. Clinical research is now focusing on the further development and long-term life-cycle management of entacapone, levosimendan, hormone therapies and animal sedatives.

Some positive impacts of the measures were already seen towards the year-end, but their influence will materialise more concretely in 2004. Orion Pharma aims to raise its operating profit ratio to the level of 20 per cent of net sales by the end of 2005.

Net sales and operating profit

Orion Pharma's net sales were almost the same as those in the previous year, in line with estimates. Many challenges were faced in the first months of the year, but at the end of the year there was clearly more light in the horizon. The unfavourable exchange ratio of the US dollar cut EUR 14.4 million from the net sales. EUR 25.3 (18.4) million were received in milestone payments.

Operating profit showed great quarterly variations, but the full-year operating profit of EUR 47.0 million was in line with anticipations. It includes EUR 9.3 million in non-recurrent expenses of the improvement efforts, structural changes and personnel reductions. The figure also includes the net loss from the sale of the real estate of the plant in Denmark which was shut down and sold in the end of the year.

The ten best-selling product brands accounted for 42% of Orion Pharma's total net sales. The sales revenues are specified in the table on the next page. The products from own research accounted for 34% of Orion Pharma's total net sales. The biggest product by sales was, as anticipated, the Parkinson's disease drug Comtess/Comtan (entacapone). The sales of Comtess, marketed by Orion, increased by 10% and also its

market share of all Parkinson's disease medicines increased in the marketing territory covered by Orion. The same product is marketed as Comtan in the USA and other markets covered by Novartis, the license partner. Sales of Comtan in the US, the biggest single market, grew by around 23%, and the market share of the sales of all Parkinson's disease medicines there was 10.3%. Supply of Comtan from Orion to Novartis came to EUR 32 million, a major proportion of the total taking place in the last quarter of the year, due to the partner's scheduling pattern.

Sales of Stalevo, the novel Parkinson's disease drug of Orion, were started by the partner Novartis in the USA in September, following the marketing approval received for the product in June. Supply of Stalevo to Novartis for the first sales in the US were close to EUR 11 million. In October, also an EU marketing authorisation was granted for Stalevo, and Orion released the product for sale throughout its own marketing territory in November-December, although national reimbursement decisions may have to be waited for it in some of the countries. In the territory of Novartis, Stalevo will be launched gradually in the course of 2004. Stalevo, which combines levodopa, carbidopa and entacapone in one tablet, can be regarded as a significant step in the treatment of Parkinson's disease: it is the first new levodopa treatment in more than ten years and the first new Parkinson's disease medication in over three years. In view of its favourable product profile, Stalevo has potential to become the leading product of Orion Pharma.

Although the sales generated by the hormone replacement therapies were down, Orion's franchise showed better market success than the product sector on average. Especially the sales of Indivina, the new, individually administered product, continued to show nice growth. Treatment practises with HRT are changing, and new restrictions have been imposed on the labelings of high-dose oestrogen preparations particularly, leading to more limited use and lower sales. Also Enanton (leuproreline acetate), for prostate cancer, is a good example of growth products among Orion's hormonal preparations.

The heart failure drug Simdax (levosimendan) showed good growth. The product is authorised in 34 countries and available in 24 of them.

Easyhaler inhalers for administering asthma medicines have posted new sales growth since Hexal AG started marketing them in Germany.

The 10 best-selling brands of Orion Pharma

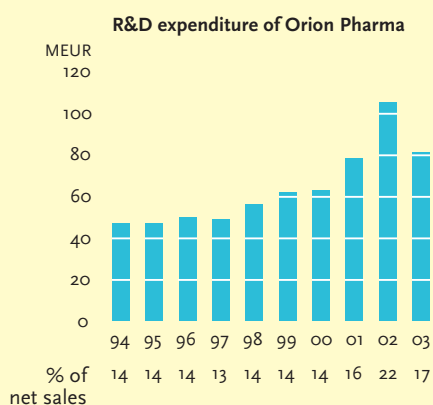
EUR million	2003	2002	Change %
Comtess / Comtan (Parkinson's disease)	69.3	75.1	-7.8%
Divina family (menopausal symptoms)	26.9	29.3	-8.2%
Domitor, Domosedan and Antisedan (animal sedatives)	22.2	21.8	+2.2%
Burana (inflammatory pain)	13.7	16.1	-14.8%
Easyhaler (asthma)	13.1	11.3	+15.9%
Enanton (prostate cancer)	12.4	10.7	+15.9%
Fareston (breast cancer)	11.9	15.7	-24.3%
Stalevo (Parkinson's disease)	11.0	-	
Calcimagon (osteoporosis)	10.8	8.9	+21.8%
Simdax (heart failure)	7.8	6.1	+28.9%
Total	199.1	195.0	+2.2%
Share of Orion Pharma's net sales	42%	40%	

In the heavily changed Finnish market for pharmaceuticals Orion maintained its strong position, thanks to a successful product portfolio and pricing strategy. Generic substitution caused an expected 4% decline from the previous year in Orion Pharma's domestic sales. The products concerned by generic substitution are off-patent products whose sales performance is decided by their price-competitiveness, as low a price as possible. The wholesale value of the domestic sales of Orion's human products was EUR 163 million, down by 3.5%. In the Finnish sales statistics in terms of euros Orion Pharma was the nr. 2 player with a market share of almost 11 %, whereas in the corresponding sales statistics in terms of units, Orion continued to be the market leader with 30%, which indicates that almost one of three packages sold contained Orion's products.

The Animal Health business performed successfully and maintained the strong position of Orion as a marketer of medicines for animals in Scandinavia. Veterinary products accounted for about 9% of Orion Pharma's total net sales. The proprietary family of the sedatives Domosedan and Domitor and its reversal, Antisedan, showed stable sales performance and generated almost half of the net sales of Orion Pharma Animal Health. In the end of the year, Orion's franchise in Sweden, Norway and Denmark was complemented with the animal health products of former Pharmacia, of which a marketing agreement was made with Pfizer Animal Health.

The net sales development of Fermion, which specialises in active pharmaceutical ingredients (API), was dampened by the weakened exchange rates of the US dollar. Fermion manufactures the active substances of all proprietary products of Orion Pharma. More over, the product programme includes about 20 other APIs produced for several foreign pharmaceutical companies in different parts of the world. Almost half of the 2003 external sales went to US manufacturers. As of the start of 2004, Fermion operates as an incorporated company. Operationally it continues to be part of the Orion Pharma business division.

The R&D expenditure of Orion Pharma was EUR 81.4 (104.5) million, and their proportion of the net sales was 17.0% (21.6%). Costs decreased according to plan, in result of the resource reallocations and project prioritisations. In accordance with the revisited product and research strategy, Orion Pharma's clinical research in proprietary products is now concentrating on the further development of entacapone, levosimendan, hormone therapies and animal sedatives. The phase 3 clinical trials programme with the heart failure drug Simdax was and continues to be the largest single project. A review of the research projects is provided in the Report by the Board of Directors, under the headline 'Research and product development' on page 18.

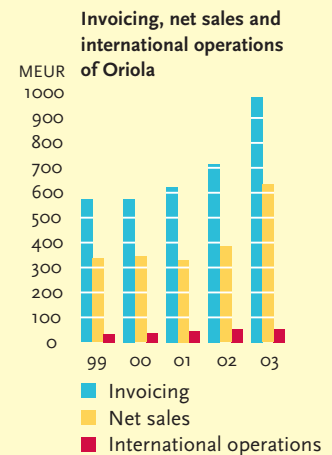


ORIOLA

Business: wholesale and distribution of pharmaceuticals, marketing of healthcare products.
KD Tukku Oy is included in Oriola's figures as of 1 July 2003.

Key figures of Oriola

EUR million	2003	2002	Change %
Invoicing	984.9	716.4	+37.5%
Net sales	633.5	384.8	+64.6%
International operations	54.3	52.7	+3.1%
% of net sales	8.6%	13.7%	
Operating profit	20.5	18.9	+8.0%
% of invoicing	2.1%	2.6%	
Gross investments	9.0	8.5	
Invoicing of the Distribution and Wholesale Sector	850.4	588.6	+44.5%
Net sales of the Distribution and Wholesale Sector	511.5	268.2	+90.8%
Invoicing of the Medical and Technical Sector	134.6	127.9	+5.3%
Net sales of the Medical and Technical Sector	122.0	116.7	+4.6%
Personnel in December	1 116	1 045	+6.9%



Oriola's invoicing and net sales increased in consequence of the additional volumes induced by new principals in drug distribution and the transfer of KD Tukku into Oriola in July. The invoicing of KD Tukku for the latter half of the year was EUR 173.4 million and net sales respectively EUR 172.0 million. Brisk development was shown also by the other business units towards the end of the year. Operating profit improved during the latter half, partly due to the positive impact of KD Tukku.

Oriola's market share of the Finnish pharmaceutical distribution was 60%. Without the impact of KD Tukku, the growth of the invoicing of Oriola's **Wholesale and Distribution Sector** was 15%. In the Baltic countries, the pharmaceutical distribution business continued showing unsatisfactory performance.

Ratiopharm shifted its distribution to its sister Group in the end of August. Pfizer moved away in early 2004, and Novartis is leaving in early March 2004, both having been principals of KD Tukku. The exits represent an annual invoicing of about EUR 210 million. On the upside, Aventis Pharma, which was also a principal of KD Tukku, entered a new distribution contract with Oriola as of February 2004. Amgen shifted its distribution to Oriola in late 2003. Beiersdorf's range of pharmacy products as well as those for healthcare professionals came to Oriola's distribution as of early 2004. These three new principals contribute an annual combined volume of EUR 75 million.

The net sales of the **Medical and Technical Sector** of Oriola increased from the previous year. Profitability was on a good level and improved slightly.

The Finnish market for healthcare equipment and supplies increased, especially in the sectors of hospital supplies, clinical hospital laboratory diagnostics and medical imaging. Also the dental market saw a slight growth. Oriola continued to strengthen its leading position in Finland as an elementary supplier of equipment and products for the hospital, laboratory, dental and medical imaging sectors. In Sweden, Oriola is already a prominent marketer of dental products, and operations are now being broadened to the hospital sector, too. The Swedish dental market increased slightly, while the invoicing of Oriola Dental grew clearly faster than the average market. In Denmark, Oriola is expanding its dental equipment business to encompass also supplies. In the small but growing Baltic markets, Oriola improved its position as a healthcare equipment and supplies provider. Laboratory products showed the best sales growth.

Seppo Morri, who was President of Oriola since 1988, started as Senior Advisor of Orion Corporation on 1 January 2004. He will reach the retirement age in the autumn of 2004. *Risto Kanerva* took over as new President on 1 January 2004. He was previously Executive Vice President of Oriola and headed the Distribution and Wholesale Sector.



Oriola's invoicing by sectors 2003

- Distribution and Wholesale Sector 86%
- Medical and Technical Sector 14%

KD

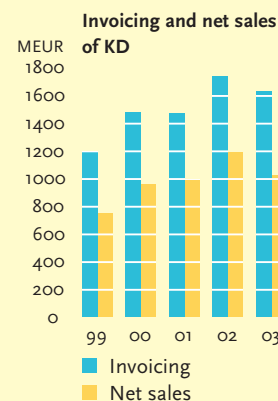
Business: pharmaceutical wholesale and distribution, healthcare logistic services.

KD is included in the Orion Group figures as of 1 July 2002. The table shows full-year figures for 2002.

The subsidiary KD Tukku Oy is included in KD's figures until 30 June 2003.

Key figures of KD

EUR million	2003	2002	Change %
Invoicing	1 632.3	1 738.0	-6.1%
Net sales	1 022.7	1 188.7	-14.0%
Net sales of international operations	847.2	861.5	-1.7%
% of net sales	82.8%	72.5%	
Operating profit	10.1	9.1	+11.9%
% of invoicing	0.6%	0.5%	
Gross investments	1.4	4.2	
Invoicing of Pharmaceutical Distribution	1 497.4	1 606.2	-6.8%
Invoicing of Healthcare Logistics	134.9	131.8	+2.4%
Personnel in December	470	511	-8.0%

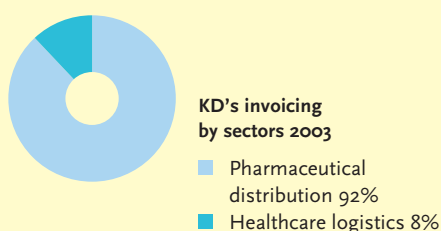


KD's full year invoicing of pharmaceutical distribution in Sweden grew by 2.1%, while the market growth rate was slightly lower, 1.9%. The sluggish market development was partly due to generic substitution but largely also consequence of the patent expiry of two blockbuster products, the cholesterol drug Zocord (simvastatin) and the anti-ulcer medicine Losec (omeprazole), and their sharp price cuts upon the start of generic competition. The invoicing of KD Tukku for the first half of the year was EUR 168.2 million and net sales correspondingly EUR 166.5 million.

Operating profit of KD's continuing operations improved considerably from the comparative year, thanks to good volume development and successful cost management. Profitability of the healthcare logistic services improved but continued to be unsatisfactory. In Sweden, generic substitution has generated increasing cost pressure on the wholesalers, which calls for even more accurate cost awareness and continued improvement of operational efficiency.

KD's market share in Sweden continued to be 49%, to which it rose towards the end of 2002. In the beginning of 2004, KD started distributing the products of the Danish company Leo Pharma. Their invoicing volume is about EUR 20 million on an annual level.

In June 2003, *Ralph Nilsson* retired from KD, having been the President of the company since 1988. *Marianne Dicander Alexandersson*, former Executive Vice President, took over as new President of KD on 1 July 2003.

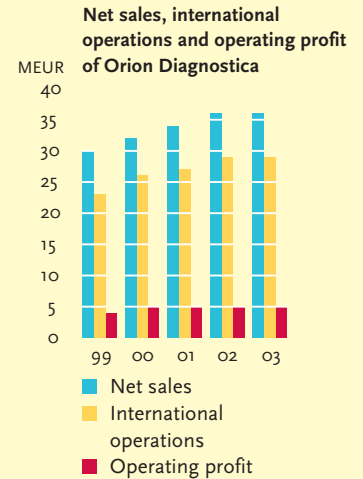


ORION DIAGNOSTICA

Business: diagnostic tests and test systems, hygiene tests

Key figures of Orion Diagnostica

EUR million	2003	2002	Change %
Net sales	35.7	35.6	+0.1%
International operations	29.4	29.0	+1.7%
% of net sales	82.6%	81.3%	
Operating profit	5.2	5.0	+4.3%
% of net sales	14.5%	13.9%	
Gross investments	2.0	2.9	
Personnel in December	322	329	-2.1%



Orion Diagnostica's net sales were on the previous year's level, which was partly due to the weakened US dollar but also due to the slackening sales of certain mature products. The focus products, i.e. QuikRead and Hygicult posted rapid growth in all markets where they have been launched so far. Product sales via the own marketing subsidiaries network which covers Sweden, Norway and Denmark, progressed favourably. Operating profit was good, and it improved slightly from the previous year.

The main emphasis of Orion Diagnostica's products and strategy is on point-of-care diagnostics and rapid tests based on in-house product development. These products contributed 80% of Orion Diagnostica's net sales. In the creation of innovative products and solutions Orion Diagnostica utilises its deep analyte know-how. New solutions are developed to broaden the application area of QuikRead test platform. QuikRead CRP, a test for the rapid detection of infections by determining the content of C-reactive protein in a blood sample, is a forerunner paving the way for additional innovative diagnostic applications of QuikRead. Orion Diagnostica also invests in the development of new hygiene tests. In 2003, a new version of the ICTP collagen test, based on EIA technology (enzyme immuno assay) was launched.

A new business information system was taken into use in Orion Diagnostica, and the company also shifted to a process organisation in accordance with the ISO 9001:2000.

As of the start of 2004, Orion Diagnostica operates as an incorporated company, having been a business division of Orion Corporation without the status of a legal entity. The incorporation was mainly motivated by factors clarifying management and administration.

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.

1. 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.

Board of Directors 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 of the Group as Chairman, and other persons appointed by the Board of Directors 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, corporate communications, investor relations, internal audit, and insider administration. It is also responsible for the correctness of the Financial Statements of the parent company and the Group and tasks relating to income taxation.

2. The Division Level

Division Management Boards Each 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 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.

3. 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.

4. 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 Orion Group Guidelines for Insiders 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 CEO, the designated auditor and the deputy auditor are statutory insiders. Other persons permanently defined by the company as insiders in accordance with the Group's Guidelines for Insiders are insiders by definition. The company maintains its insider register in the SIRE system of the Finnish Central Securities Depository Ltd.

Remuneration of the Group Management in 2003

The salaries, fees and benefits paid to the members of 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 2.3 million in 2003. 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 4,196 Orion A- or B-shares and altogether 289,000 stock options entitling to subscribe for altogether 289,000 Orion B-shares.

The remunerations paid to the members of the Board of Directors were altogether EUR 363.234.

The salaries, remunerations and bonuses paid to the President and CEO of the Group in 2003 came to EUR 439,472.36. 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 salaries and remunerations paid in 2003 to the Deputy of the President and the Presidents of the Divisions were altogether EUR 1,122,130.12.

The pension commitment to Risto Miettunen, Deputy to the President, is a gradually accumulating scheme up to the retirement age of 60, the pension amounting to 60% of the salary.

Remunerations paid in 2003 to the Board of Directors.

Orion shareholdings of the members of the Board of Directors on 31 December 2003.

	Total remunerations, EUR	A-shares	B-shares
Juhani Leikola, Chairman	72 693	129 622	14 763
Erkki Etola, Vice Chairman	51 348	1 214 974	43 058
Heikki Hakala	39 933	1 000	3 000
Petteri Karttunen	38 253	0	0
Eeva Kölli-Jäntti	40 353	8 114	6 890
Tuomo Lähdesmäki	39 093	1 000	1 000
Heikki Vapaatalo	41 448	250	4
Matti Vuoria	39 513	0	400
Board of Directors total	363 234	1 354 960	69 115

The members of the Board have no Orion stock options. The shares include those held by under-aged children and by organisations or foundations of which the person has control.

Management shareholding and stock options on 31 December 2003

Division Presidents and Group Management Team 2004 total			Stock options	
	A-shares	B-shares	1998	2001
Jukka Viinanen	0	1 500	50 000	50 000
Risto Miettunen	0	0	0	80 000
Pauli Torkko	1 116	0	30 000	40 000
Marianne Dicander Alexandersson	0	0	0	0
Risto Kanerva	820	760	15 000	12 000
Jaakko Rissanen	0	0	4 000	8 000
Group President and Division Presidents total	1 936	2 260	99 000	190 000
Olli Huotari	0	0	2 000	12 000
Jari Karlson	0	0	0	12 000
Ulla Lövhölm	0	80	7 500	12 000
Heikki Vuonamo	0	800	0	0
Corporate Management Team total*)	1 116	2 380	93 500	214 000

*) Marianne Dicander Alexandersson and Risto Kanerva are not members of the Corporate Management Team. The shares include those held by under-aged children and by organisations or foundations of which the person has control. Each option in the Stock Option Plans 1998 and 2001 entitle to subscribe for one Orion Corporation B-share. All the options in the year 1998 Plan have been released, and they will be valid until 30 April 2005. Part A of the year 2001 Stock Option Plan was released on 1 October 2003, and the parts B, C and D will be released at one-year intervals between 1 October 2004 and 1 October 2006. The full program will be valid until 31 October 2007.

BOARD OF DIRECTORS OF ORION CORPORATION



Juhani Leikola, Eeva Kölli-Jääntti, Petteri Karttunen, Tuomo Lähdesmäki, Erkki Etola, Heikki Vapaatalo, Heikki Hakala and Matti Vuoria

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 14,763 B-shares.

EVA KÖLLI-JÄÄNTTI B. 1941, M.Sc. (PHARM.), MEMBER OF THE BOARD OF DIRECTORS OF ORION CORPORATION 2002-

Pukimäki 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.

PETTERI KARTTUNEN B. 1960, M.Sc. (ECON.), MEMBER OF THE BOARD OF DIRECTORS OF ORION CORPORATION 2001-

Managing Director of Gyllenberg Asset Management Oy

SEB AM, Member of the Executive Group 2000-. Member of the Supervisory Board of SEB Invest GmbH 2003-. Member of the Board of Directors of SEB Invest Luxembourg S.A 2003-. 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 2000-2003. 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.

TUOMO LÄHDESMÄKI B. 1957, M.Sc. (ENG.), MBA, MEMBER OF THE BOARD OF DIRECTORS OF ORION CORPORATION 2001-

Boardman Oy, Senior Partner 2002-

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.

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

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

VICE CHAIRMAN ERKKI ETOLA

B. 1945, M.Sc. (ENG.), MEMBER OF THE BOARD OF DIRECTORS OF ORION CORPORATION 1995-

Managing Director of Etola-yhtiöt and Managing Director of Tiiviste-Group Oy

Oyj Stockmann Abp, Deputy Chairman of the Board of Directors. Varma Mutual Pension Insurance Company, Member of the Supervisory Board.

Holdings in Orion Corporation: 1,214,974 A-shares and 43,058 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 2001–2003. Orion Corporation, Member of the Supervisory Board 2000–2001.

Holdings in Orion Corporation: 250 A-shares and 4 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 Mäkivirta 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 and Chairman 2001–2002.

Holdings in Orion Corporation: 1,000 A-shares and 3,000 B-shares.

MATTI VUORIA B. 1951, MASTER OF LAWS, MEMBER OF THE BOARD OF DIRECTORS OF ORION CORPORATION 2002–

Vice President of Varma Mutual Pension Insurance Company as of 1 January 2004.

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. Executive Chairman of the Board of Directors of Fortum Corporation 1998–2003.

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. Chairman of the Nokian Tyres Board 2003–, President and CEO of Varma Mutual Pension Insurance Company as of 1 June 2004.

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 and staff 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 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: 1,500 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. EXECUTIVE VICE PRESIDENT OF ORION CORPORATION AND DEPUTY CEO

Risto Miettunen started at Orion in April 2002, as President of Orion Pharma.

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 and a member of the Supervisory Board of Lastentautien tutkimussäätiö. He is also a member of the Board of Directors 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, WHOLESALE & DISTRIBUTION GROUP AND MERGERS AND ACQUISITIONS UNIT.

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. In his current position Mr. Torkko has been since September 2002.

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 Insur-

ance Company, and Chairman of the Orion Corporation Pension Fund.

Holdings in Orion Corporation: 1,116 Orion A-shares. Orion B-share options: Plan 1998: 30,000 and Plan 2001: 40,000.

MARIANNE DICANDER

ALEXANDERSSON B. 1959, M.Sc. (CHEMICAL ENGINEERING), PRESIDENT OF KRONANS DROGHANDEL AB

Marianne Dicander Alexandersson worked as a sales representative at Pharmacia 1983–1986. The years 1986–1994 she spent at ICI Sweden, first developing the marketing operations of engineering plastics, then as Nordic Quality Manager. In 1994–1997 she was Organisation Development Manager at Volvo AB.

She joined KD in 1997 as Head of Operational Development, Quality, Environment and Competence Development. In 2001 she progressed to the Manager of Pharmaceutical Distribution, and on 1 July 2003 she started as the President of KD.

She has no holdings in Orion Corporation.

RISTO KANERVA B. 1959, DOCTOR OF SCIENCE IN PHARMACY, PRESIDENT OF ORIOLA OY

Risto Kanerva joined the Orion Group in 1987, assuming the responsibilities of Regional Sales Manager at Oriola Oy. From 1988 to 1991 he was Director at the Oriola Oulu local branch and from 1991 to 1992 he covered the same functions at Oriola Espoo. From 1993 to 1995 he was Unit Manager in charge of logistics.

He took over the Oriola Distribution and Wholesale Sector in 1996 and became Senior Vice President of Oriola Oy in 1997. As of the beginning of the year 2004, he is the President of Oriola Oy.

Risto Kanerva is a Board member of Apteekkitavaratukkuappiaat ry (Association of Pharmaceutical Distributors) as of 1995, chairing both the order system working group and the working group focusing on pharmaceutical issues.

Holdings in Orion Corporation: 820 Orion A-shares and 760 Orion B-shares. Orion B-share options: Plan 1998: 15,000 and Plan 2001: 12,000.

JAAKKO RISSANEN B. 1960, MASTER OF SCIENCE (BIOCHEMISTRY) PRESIDENT OF ORION CORPORATION ORION DIAGNOSTICA

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 Chairman of the Association of Laboratory and Health Care Product Suppliers and a member of the Board of Directors of the Federation of Finnish Commerce and Trade.

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

OLLI HUOTARI B. 1966, MASTER OF LAWS, LL.M. IN INTERNATIONAL COMMERCIAL LAW, GENERAL COUNSEL OF THE ORION GROUP AND SECRETARY OF THE BOARD OF DIRECTORS OF ORION CORPORATION

Olli Huotari joined the Orion Group in 1996 as Legal Counsel in the Corporate Administration. In 1992–1995 he served as Legal Counsel in the law firm Asianajotoimisto Jouko Penttilä Oy. In 1995–1996 he was Post-graduate student in the University of Kent at Canterbury in the UK.

Olli Huotari assumed his present position in October 2002.

Holdings in Orion Corporation: Orion B-share options: Plan 1998: 2,000 and Plan 2001: 12,000.

JARI KARLSON B. 1961, MASTER OF SCIENCE (ECONOMICS), CFO OF THE ORION GROUP AND ORION PHARMA

Jari Karlson joined the Orion Group in August 2001 as Vice President, Finance for Orion Pharma. Before joining Orion he worked in 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.

ULLA LÖVHOLM B. 1957, MASTER OF SCIENCE (ECON.), VICE PRESIDENT, HUMAN RESOURCES, ORION PHARMA; AUX. RESP. CORPORATE VP, HR DEVELOPMENT

Ulla Lövhölm joined Orion Pharma in 1999 as Vice President, Human Resources. Since 2000 she has also held a Group-level auxiliary responsibility for the development of human resources.

Ulla Lövhölm's earlier career has progressed as follows: In 1980–1982 she was export secretary of the Panda Chocolate Factory. In 1982–1988 she served as management trainee, branch manager and domestic money market dealer at Helsinki Savings Bank. In 1988–1994 she was recruitment consultant at Mercuri Urval, and in 1994–1999 human resources director of Handelsbanken Finland.

Holdings in Orion Corporation: 80 Orion B-shares. Orion B-share options: Plan 1998: 7,500 and Plan 2001: 12,000.

HEIKKI VUONAMO B. 1948, MASTER OF ARTS (POLITICAL SCIENCES), BACHELOR OF SCIENCE (ECON.) CORPORATE VICE PRESIDENT, COMMUNICATIONS

Before joining Orion in February 2003, Heikki Vuonamo made a long career in the Finnish financial press. In 1976–1980 he was journalist of Talouselämä, a Finnish weekly business magazine. In 1980–1981 he was PR officer of Rank Xerox Oy. In 1981 he reassumed his previous job in Talouselämä. The years 1985–1991 he was Managing Editor and Editor-in-Chief of Tietoviikko. In 1991 he took over as Editor-in-Chief of Tekniikka & Talous until 2002.

Holdings in Orion Corporation: 800 Orion B-shares.

Orion Group Management Team as of 12 January 2004

JUKKA VIINANEN, CHAIRMAN
RISTO MIETTUNEN
PAULI TORKKO
OLLI HUOTARI
JARI KARLSON
ULLA LÖVHOLM
JAAKKO RISSANEN
HEIKKI VUONAMO

DIVISION MANAGEMENT

Division Management Boards

Orion Pharma

Jukka Viinainen, Chairman
Risto Miettunen
Jari Karlson
Timo Lappalainen

Wholesale and Distribution

Jukka Viinainen, Chairman
Pauli Torkko
Marianne Dicander Alexandersson
Risto Kanerva
Jari Karlson
Seppo Morri

Oriola

Pauli Torkko, Chairman
Risto Kanerva
Seppo Morri
Voitto Pajulehto
Jouni Pohjonen

Orion Diagnostica

Jukka Viinainen, Chairman
Risto Miettunen
Jari Karlson
Jaakko Rissanen
Markku Tilus

Division Management Teams

Orion Pharma

Risto Miettunen	President
Timo Lappalainen	Senior Vice President, Human Pharmaceuticals, and Deputy to the President
Pekka Kaivola	Vice President, Global Sales
Esa Heinonen	Vice President, Research and Development
Markku Huhta-Koivisto	Vice President, Supply Chain
Christer Mangs	Vice President, Animal Health and Fermion
Jarno Oksanen	Business Controller
Olli Piironen	QA Specialist, personnel representative

Wholesale and Distribution

Pauli Torkko	Executive Vice President, Orion Corporation
Risto Kanerva	President, Oriola Oy
Marianne Dicander Alexandersson	President, Kronans Droghandel AB

Oriola

Risto Kanerva	President
Jouni Pohjonen	Senior Vice President
Merja Lairila	Vice President, HR
Matti Lievonen	Vice President, Pharmaceutical Distribution
Jukka Niemi	Vice President, Pharmacy and Retail Marketing
Voitto Pajulehto	Vice President, Finance
Marita Salo	Vice President, Legal Affairs
Kristina Krogius	Product Manager, personnel representative

Kronans Droghandel

Marianne Dicander Alexandersson	President
Thomas Gawell	Chief Financial Officer
Ove Käll	Senior Vice President, Production & Logistics
Kari Finnskog Cardelli	Chief Information Officer
Gerth Forlin	Manager, Quality and Risk Management
Annika H Alström	Manager, Communication/PR
Fredrik Egertz	Manager, Market Development

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
Marjo Miettunen	IT support person/ laboratory assistant, personnel representative

Corporate Administration

Jukka Viinainen	President, Group CEO
Jari Karlson	Chief Financial Officer, Finance and Administration
Elina Penttilä-Räty	Accounting Manager
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 Lövhholm	Corporate Vice President, Human Resources Development (aux. resp.)