



COMPANY BROCHURE 2007



Orion

Orion Corporation is a Finnish stock exchange company which develops, manufactures and markets pharmaceuticals, active pharmaceutical ingredients and diagnostic tests for global markets. Orion has been building well-being for as many as 90 years.

Orion's clientele consists of healthcare service providers and professionals, such as doctors, pharmacies, hospitals, healthcare centres, clinics and laboratories.

Pharmaceuticals account for about 95% of Orion's net sales, of which a considerable part comes from proprietary patented pharmaceutical innovations. Orion carries on intensive research with the aim of introducing new innovative treatments to global markets. The core therapy areas in Orion's product and research strategy are the central nervous system, cardiology and critical care, and hormonal and urological therapies. In global marketing, Orion enters into licensing partnerships with other pharmaceutical companies.

Stalevo® and Comtess®/Comtan®, for Parkinson's disease, are the largest products by sales in Orion's portfolio. These products are marketed in collaboration with Novartis, and they are the most significant globally marketed products for Orion.

Orion has also a large portfolio of generic, off-patent prescription medicines, hospital treatments and self-care products. These products are sold mainly in Finland, other Nordic countries, the new EU countries and Germany. In animal health, Orion has the leading market position in its home territory, the Nordic countries. The subsidiary Fermion produces active pharmaceutical ingredients for both Orion and other pharmaceutical companies.

Orion's diagnostic tests are used widely around the world to help in diagnosing patients and to contribute to the follow-up of treatment. The emphasis in this product sector is on easy-to-use and rapid point-of-care tests. The leading brand is the QuikRead® test for diagnosing infections.

Orion's strategy emphasises profitable growth and increased shareholder value, whilst keeping business risks under control. Orion aims at strengthening its European presence. The company is promoting the growth of all of its businesses, but the best long-term growth opportunities are seen in the proprietary products.



Orion is Finland's largest pharmaceuticals manufacturer and pharmaceutical research company. Its operations date back to Osakeyhtiö Orion, which was founded in 1917. Having grown and taken shape for decades under private ownership – being held mainly by doctors, pharmacists and other healthcare professionals – the company was listed on the Helsinki Stock Exchange in May 1995. In summer 2006, the old Orion demerged into two new listed companies, Oriola-KD Corporation and the present Orion Corporation. Orion's ownership base is still predominantly Finnish, with about half of its shares being owned by households.

During its 90 years in business, Orion has experienced, in its own sector, changes and impacts that have been ushered in by both society and scientific fields. Over the years, the company has grown and changed. It has developed its product portfolio by utilising the research results of the natural sciences and medicine as well as by deploying new technologies. Skilled, dedicated and enthusiastic employees have been the most important drivers of development. Management has put in place the framework for operations and growth. Committed and visionary owners have enabled the long-term development of the company's operations.

Contents

| | |
|----|---|
| 4 | Orion Group |
| 8 | Business environment |
| 11 | Orion Group in the light of key figures |
| 12 | CEO's greeting |
| 14 | Proprietary Products |
| 18 | Specialty Products |
| 20 | Animal Health |
| 22 | Fermion |
| 24 | Orion Diagnostica |
| 26 | Research and product development |
| 32 | Our customers are healthcare professionals |
| 36 | Efficient and reliable supply chain |
| 40 | Environment and safety are observed in all operations |
| 42 | Working community of versatile professionals |
| 45 | Orion Group values |
| 46 | Orion, 90 years |
| 52 | Addresses |

Mira Marjakoski operating and supervising a pharmaceuticals packaging line at Orion's Turku plant.



Orion Group

The present Orion Corporation is the parent company of the Orion Group, founded on 1 July 2006 in the demerger of the former Orion. The Group's business areas are:

- pharmaceuticals (research, development, manufacturing and marketing), accounting for about 95% of net sales in 2006.
- diagnostic tests (development, manufacturing and marketing), accounting for about 5% of net sales in 2006.

Pharmaceuticals business

Orion develops, manufactures and markets pharmaceuticals and active pharmaceutical ingredients. In addition, Orion carries on intensive research with the aim of bringing new proprietary drugs to the international market. A growing part of its net sales has stemmed from new, patented proprietary pharmaceutical innovations. The core therapy areas of the company's product and research strategy are diseases of the central nervous system, cardiovascular diseases and critical care as well as hormonal and urological therapies.

Orion's pharmaceutical divisions:

- Proprietary Products (patented prescription medicines)
- Specialty Products (off-patent prescription medicines and self-care products)
- Animal Health
- Fermion (active pharmaceutical ingredients)

In the Proprietary Products business, Orion focuses on the development of innovative drug treatments for international markets. The research that got under way in the early 1980s has already yielded seven proprietary products, three of which are for veterinary medicine. Proprietary products for human use made up about 43% of the net sales generated by the Pharmaceuticals business in 2006.

The Specialty Products business consists of off-patent products, or generics, generating stable cash flows. The majority of these products are based on Orion's own product development and they accounted for about 36% of net sales derived from Orion's Pharmaceuticals business in 2006. A substantial part of the net sales from these products comes from the Finnish market. The other Nordic countries are also important markets, as are the new EU countries on the southern Baltic Rim as well as Germany.

Orion is a major Nordic player as a marketer of veterinary medicines, which made up about 10% of net sales generated by Orion's Pharmaceuticals business in 2006.

Fermion is a fine chemicals company that is specialised in active pharmaceutical ingredients. It manufactures the active ingredients for Orion's proprietary drugs. In addition, it supplies pharmaceutical ingredients to a number of other pharmaceutical companies. Fermion's sales to external customers made up about 6% of the net sales generated by Orion's Pharmaceuticals business in 2006.

Diagnostics business

Orion Diagnostica develops, manufactures and markets *In vitro* diagnostic testing methods and systems. Its focus is on point-of-care tests which physicians and nurses use in doctors' offices and in small-scale laboratories. The leading brand in the product range is QuikRead. The first application, now widely marketed around the world, is a CRP test for the rapid detection of bacterial infections in the body.

Other important diagnostic products are collagen tests that measure bone metabolism, as well as various hormone markers. In-house product development has also yielded hygienic tests, which are used in many business sectors.

Orion's strategy

Orion is a European pharmaceutical and diagnostics company whose business operations focus on developing innovative medicinal treatments and diagnostic tests for the global market. The aim is profitable growth and increased shareholder value, whilst keeping business risks under control.

Orion is seeking to strengthen its presence in Europe.

Orion's goal is to speed up the growth of its Specialty Products and Proprietary Products businesses, but growth is also sought within animal health and diagnostics. In countries where Orion has its own sales organisations, organic growth is speeded up through acquisitions of products, product portfolios and companies. In other market areas, Orion seeks close partnerships in order to achieve full European coverage for its products. The aim for Orion is to have Europe-wide control of the marketing authorisations and pricing of the proprietary drugs, because the best long-term growth potential is seen within this product segment.

For **Proprietary Products**, focusing of research and development within selected therapy areas, plays a central role. Orion strengthens the early phases of research and development. As a rule, the costs and risks of Phase 3 clinical research – the most extensive phase – are shared with partners. Partnerships and networking are important all across the value chain, both in research and product development and in reaching global markets. Orion aims to increase the in-licensing of developmental molecules and

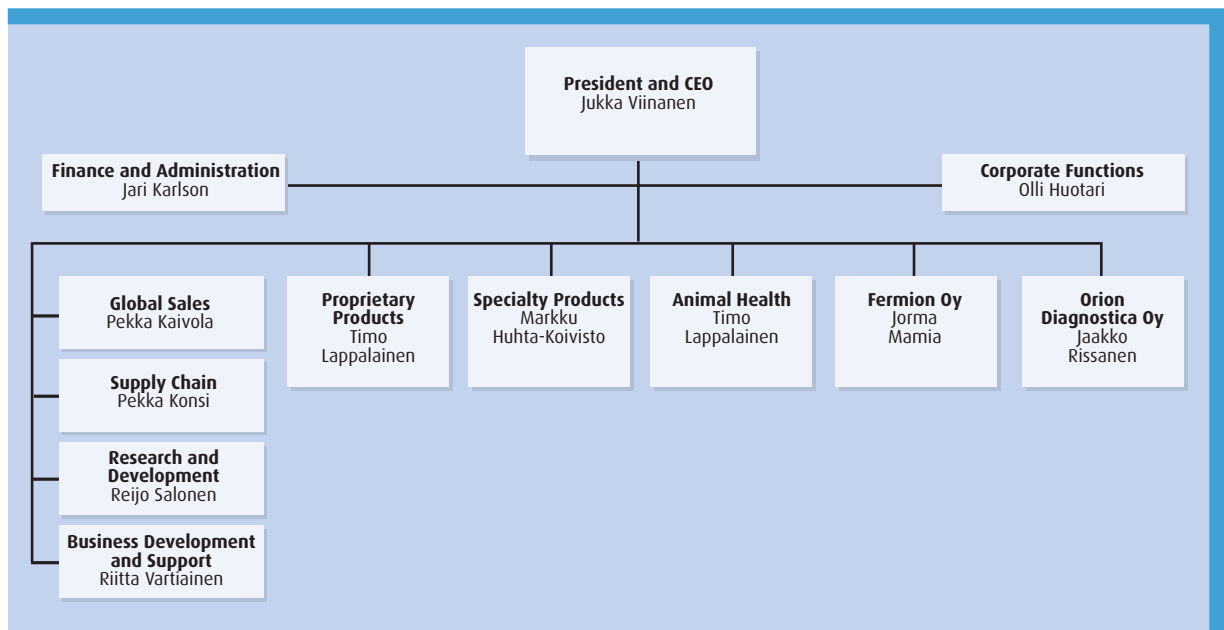
networking. In research and product development, risks are managed by a balanced engagement in the development of new chemical entities and by managing the life cycles of the proprietary products already on the market. Fermion plays an important role as a manufacturer of the active ingredients for Orion's proprietary products and as a developer of their manufacturing processes.

In the **Specialty Products** business, Orion is strong in the Finnish home market. Orion aims to step up the introduction of new products via in-licensing on the Nordic markets and in central and eastern Europe.

In the **Animal Health** business, Orion is the second largest company in the Nordic market area. Orion's innovative animal sedatives are sold by partners on a global scale. Orion markets both its own animal health products and those licensed from other companies in the Nordic countries. In the research and development of animal health products, Orion aims to make maximum use of synergies with the development of proprietary pharmaceuticals for human use. The applications developed for animal health offer a big opportunity for the life cycle management of Orion's proprietary drugs.

Within **Diagnostics**, Orion aims to be a leading company in selected areas of point-of-care diagnostics in primary healthcare. The needs of customers and markets in the fields of healthcare and industrial hygiene are met by offering innovative, cost-effective, easy-to-use and reliable tests. The flagship product line is QuikRead®.

Orion's operational structure



Company locations

Orion's head office is located in the Mankkaa district of Espoo at the address Orionintie 1 A, 02200 Espoo. The management of the business divisions and a large part of the production operations are in Espoo.

Research and development:

Pharmaceutical research centres are located in Espoo, Turku and Kuopio, Finland, and Nottingham, England. Orion Diagnostica's research units are located in Espoo and Oulu.

Marketing:

Orion has overseas marketing companies in Sweden, Norway, Denmark, Germany, the United Kingdom, Ireland, Switzerland, Hungary and Estonia. In addition, the company has representative offices in most of the east European countries.

Production:

Orion has pharmaceutical plants in Espoo, Turku and Kuopio. Diagnostic products are manufactured in Espoo and Turku. Fermion, which manufactures active pharmaceutical ingredients, has fine chemicals plants in Hanko and Oulu.

Orion as a listed company

On 3 July 2006, Orion Corporation was listed on the Helsinki Stock Exchange as a new company after the demerger of the old Orion.

The trading code of the present Orion's Class A share on the Helsinki Stock Exchange is "ORNAV" (ISIN Code FI0009014369) and that of the Class B share "ORNBV" (ISIN Code FI0009014377). Based on its market capitalisation, Orion belongs to the large companies in the Healthcare segment of the OMX Nordic List.

Financial information on Orion is presented in a separate Financial Statements 2006 publication.

Orion's internet website at www.orion.fi/investors offers all information and publications specified in the disclosure obligations of listed companies. Wide-ranging information on trading in Orion shares is also given in this section, relayed to the website directly from the Helsinki Stock Exchange trading system. Abundant information on the company's ownership base and changes in it is also available on the website.

Maintenance of the website of the old Orion was discontinued on 30 June 2006 in the wake of the company's demerger and dissolution, but the website can still be browsed at the address www.orionbeforedemerger.fi. This website also provides, among other things, the information and documents connected with the old Orion's demerger. A link to the old home page is also provided on the present Orion's website.

Orion's financial objectives

The moderate organic growth of the net sales in the next few years is accelerated via product, portfolio and company acquisitions. Operating profit will be increased and the Equity ratio is maintained at a level of at least 50%.

Dividend policy

In the dividend distribution, Orion takes into account the company's distributable funds and the medium-long and long-term needs of capital expenditure and other financial needs required for the achievement of the financial objectives.

Orion's main strengths

Orion has a 90-year long backlog of expertise and experience of developing, producing and marketing pharmaceuticals.

Orion is Finland's largest company engaged in pharmaceutical research as measured by its annual outlays in euros as well as by the number of staff employed at its research units. Over the past 20 years, Orion's in-house pharmaceutical research has brought to market seven proprietary drugs. The core platforms of research expertise are receptors and enzymes related to selected therapy areas and, thereby, the mechanisms of the related active ingredients.

On an international yardstick, Orion has leading expertise in the COMT enzyme, and it applies this knowledge in the drugs it develops for treating Parkinson's disease. Another key area are alpha₂ receptors of the central nervous system, from which platform Orion has developed and brought to market new chemical entities for both human and veterinary indications. Orion furthermore has achieved significant research results in the area of heart failure, primarily in research on the levosimendan molecule, having continuously built up expertise ever since the 1980s. In addition, Orion has a strong know-how concentration in the area of hormonal and urological therapies.

Orion has a solid market share of about 9% of pharmaceuticals in Finland. Measured by numbers of packages sold, Orion is far and away the largest: nearly a third of the drug packages sold in Finnish pharmacies come from Orion. In the international markets, Orion is strongest in Parkinson's disease, for which the company has developed selegiline (Orion's trade names are Eldepryl® and Movergan®) and entacapone (Comtess®/Comtan®) as well as the enhanced levodopa treatment Stalevo®.

In the field of diagnostics, Orion has strong speciality expertise relating to inflammatory diseases, hormones, specific proteins and bone metabolism.

Business environment

A market of 600 billion dollars

Because the world's pharmaceutical sales statistics for 2006 will not come out until around April 2007, in this publication we discuss the market in the light of statistics for 2005. The data compiled by the American company IMS Health, which has carried on pharmaceutical market research since 1954, are based on trade between wholesalers and distributors, i.e. mainly on purchases by pharmacies and hospitals. The audited IMS statistics cover about 95% of drug sales worldwide.

In 2005, drug sales grew by about 7%, just topping the 600 billion US dollar mark. In slightly less than ten years, sales doubled. The annual growth rate has varied between 7 and 13 per cent and it has been buoyed largely by the biggest market, the United States. The sales statistics are led by patent-protected compounds featuring new mechanisms of action, having been developed for major diseases. At the turn of the decade, AstraZeneca's ulcer medicine Losec (omeprazole) ranked first in the sales statistics. The cholesterol drug Lipitor (atorvastatin) moved into the top spot in 2001 and has held on to it ever since, generating billions of dollars in sales for its originator, Pfizer, under the shelter

of its product patent. In countries with a high standard of living, people are increasingly susceptible to largely lifestyle illnesses, such as cardiovascular diseases, obesity, diabetes, alimentary disorders, asthma and various mental health problems.

The United States' share of global drug sales is about 45%. Japan accounts for about 10% and the EU for about 35%. The new EU member states offer growth potential for the drugs sold in more advanced markets. Other large and fast-growing future markets are China and India. Pharmaceutical companies see also manufacturing and product development opportunities in the emerging markets.

In 2005, the audited sales of the ten top-selling drugs amounted to about 57 billion US dollars, nearly 10% of all drug sales. The cholesterol drug atorvastatin alone racked up sales of about 2.3%, or almost 13 billion dollars.

In the pharmaceutical market, there are hundreds of players, ranging from the big multinationals to very local companies. The world's largest pharmaceutical company is Pfizer, which had net sales in 2005 of over 51 billion US dollars. Frequent changes take place in the size ranking of players due to

Drug prices and the rise in medicinal costs

In Finland, pharmaceutical companies can set the price on their products freely. But if the drug is to be reimbursable, its reasonable wholesale price is decided by the Pharmaceuticals Pricing Board, which operates under the Ministry of Social Affairs and Health and confirms the price for a fixed period. The retail price is set according to a price list that is confirmed by the Government and is the same in every pharmacy. The retail price includes the pharmacy's sales margin, value added tax of 8% as well as a so-called pharmacy fee.

Pharmaceutical wholesale prices in Finland are Europe's second cheapest. Following the price cut that was made at the beginning of 2006, prescription drugs were

about 15% below the average index. Only in Greece were wholesale prices lower than in Finland. In retail prices, however, Finland is Europe's sixth most expensive country.

The proportion of drugs within total healthcare expenditure varies from country to country. The share of medicines of Finland's total healthcare costs grew in a few years from a level of about 10% to about 16% in 2004, but numerous public-sector measures to curb rising costs have subsequently retarded the upward trend. Today, growth is due solely to new, more efficacious and better tolerated, but more expensive, proprietary drugs. Ageing of the population and increased outpatient care are also boosting demand.



mergers and acquisitions. In the pharmaceutical sector, product portfolios and investigational compounds often change owners too.

Gauged by the yardstick of the global pharmaceutical market, Orion, with its ca. EUR 600 million in pharmaceutical sales, is a comparatively small player, but still ranks in the top 100. In the Finnish market, Orion has for decades been among the leaders, but especially after a major reform of Finland's patent legislation in the early 1990s, the Finnish market has changed radically. Already over a hundred pharmaceutical companies have established a marketing company in Finland, and about nine out of every ten euros of pharmaceutical wholesale trade flow via the accounts of those companies. Orion attends to the healthcare of Finns by maintaining an extensive product range of reimbursable drugs and by ensuring that its products are always available at pharmacies.

The global diagnostics market is estimated at about EUR 22 billion. Although several large players dominate the market for centralised automated laboratory systems, the industry is quite fragmented as a whole. Orion Diagnostica is a medium-sized company with a relatively strong position in its selected product areas.

The regulatory regime extends from research to marketing

The presence of the authorities pervades the pharmaceutical and diagnostics sector. A number of licences are required for developing, manufacturing, importing and selling pharmaceuticals and diagnostic tests as well as for their production processes.

The strict regulation and supervision of the pharmaceutical field were largely boosted by the adverse effects of certain new drugs experienced at the end of the 1940s and in the early 1950s, and the human suffering they caused. This set in motion across the entire western world an effort to establish common requirements and practices. Over the years, drug legislation and regulations have continually become more stringent, and before new active ingredients can be let out on the market, they must pass through an ever finer sieve. Within the EU, the highest regulatory body in the pharmaceutical industry is the EMEA, European Medicines Agency, and its counterpart in the United States is the FDA, Food and Drug Administration.

In the pharmaceutical sector, a new product's road from the discovery of a new investigational compound to the

obtaining of market authorisations lasts years and runs by way of many bends and milestones. Costs grow and multiply phase by phase as the research progresses from the laboratories to extensive multinational patient trials. In the hands of the drug authorities are not only the approval of a new drug to the market, but also monitoring of the efficacy and safety of products that are already on the market. The reported adverse events of available drugs are collected into a registers monitored by the drug agencies. Sometimes new drugs have been withdrawn from the market, because only extensive use by patients has revealed adverse effects not seen during the research phases. The authorities also oversee the pharmaceutical companies' operational qualifications. The entire supply chain must follow the internationally agreed standards of Good Practices.

The marketing of pharmaceuticals is likewise closely supervised by the authorities. It is permitted to tell about products only and exactly in line with the summary of product characteristics confirmed when granting the marketing authorisation. The pharmaceutical companies must not inform consumers directly about prescription drugs. Doctors and pharmacists have the task of giving out information on them. Only the marketing of self-care drugs directly to consumers is permitted, though it too is closely regulated. In the United States, the legislation on drug advertising and information is looser than in the EU, where no signs are on the horizon that the present practice will be eased in any way. One of the biggest challenges for achieving success in the industry is thus an uncompromising fastidiousness in regard of the sector's numerous regulations and still fairly unharmonised requirements. A thorough knowledge of them is a competence requirement for those working in the industry.

In conducting their marketing, pharmaceutical companies that are well aware of their responsibility undertake to observe ethically balanced rules of the game that are jointly agreed by and for the industry and are written down in the *Code of Practice on the Promotion of Medicines* of EFPIA, the European Federation of Pharmaceutical Industries and Associations. The practices agreed by an individual country can be even more demanding, as they are in Finland, for example. The pharmaceutical companies themselves see to it that they observe the rules of the game. Even the smallest instances of going overboard in marketing claims for a competing product are reported without delay to the Supervisory Commission for the Marketing of Medicinal Products. Depending on the seriousness of the case, the Commission administers a reprimand or imposes a penalty.

Orion Group in the light of key figures

In this brochure, the table below is the only chapter providing figures on Orion's success in terms of financial performance. The word 'proforma' means that the figures for 2005 and January – June 2006 have been derived from the financial statements of the old Orion on the basis of the structure of the present Orion. Proforma figures facilitate the comparison of the performance. Readers interested in

more details about the financials are advised to acquaint themselves with a separate publication, Orion Group Financial Statements 2006.

The financial reports published by Orion are available on the company's homepage www.orion.fi/investors.

Key figures of the Orion Group for 2006 (proforma)

| EUR million | 2006 Proforma | 2005 Proforma | Change, % | 7-12/2006 Official financial statements |
|----------------------------------|------------------|------------------|-----------|---|
| Net sales | 641.1 | 585.6 | +9.5% | 311.2 |
| Operating profit (EBIT) | 196.7 | 155.2 | +26.7% | 90.9 |
| % of net sales | 30.7% | 26.5% | | 29.2% |
| Profit before taxes | 197.3 | 154.3 | +27.9% | 91.4 |
| % of net sales | 30.8% | 26.3% | | 20.4% |
| R&D expenses | 84.1 | 80.1 | +5.1% | 43.1 |
| % of net sales | 13.1% | 13.7% | | 13.8% |
| Capital expenditure | 25.5 | 23.7 | +7.7% | 13.4 |
| % of net sales | 4.0% | 4.0% | | 4.3% |
| Balance Sheet total | 588.1 | 605.1 | -2.8% | 588.1 |
| Equity ratio, % | 75.4% | 65.6% | | 75.4% |
| Gearing, % | -22.6% | -28.7% | | -22.6% |
| Interest-bearing liabilities | 9.8 | 10.5 | -6.9% | 9.8 |
| Non-interest-bearing liabilities | 134.8 | 197.8 | -31.9% | 134.8 |
| Cash and cash equivalents | 110.0 | 124.5 | -11.6% | 110.0 |
| ROCE (before taxes), % | 46.5% | 40.7% | | 44.1% |
| ROE (after taxes), % | 34.5% | 32.9% | | 32.5% |
| Earnings per share, EUR | 1.03 | 0.83 | +24.7% | 0.47 |
| Equity per share, EUR | 3.14 | 2.86 | +9.9% | 3.14 |
| Personnel at the end of the year | 3 061 | 3 003 | +1.9% | 3 061 |



CEO's greeting

For Orion, 2007 is a jubilee year. Although above all it marks a waypost in our 90-year history, we have cause to celebrate for a number of other reasons. Orion is a company with numerous causes for joy and pride. The results of our work are on display daily for every Finn who visits a pharmacy.

The theme of our jubilee year, "Building Well-being," would have been well suited as Orion's mission way back in 1917, when the company's operations began. The times when Lääketehtas Orion was founded were anything but ideal for a risky business venture. At the time, scarcely anything was so plentiful as uncertainty and want. The working premises were deplorable, and keeping up with bills day by day was a torment. Despite these problems, the owners had courage, initiative and willpower. They also had the wisdom to take decisions swiftly. Along with this, there was a network of like-minded people who had the daring to invest more capital in the company to develop its operations.

The 1930s were a decade of growth. In the 1940s, Orion shared the travails of Finland's fateful years and provided medicines in difficult crisis conditions. And got the job done, albeit by a whisker at times.

At several stages, the company's mainline business was threatened for political reasons: State ownership of the pharmaceutical industry was planned for the first time in the 1950s and again in the 1970s. Orion's management safeguarded the continuity of operations by bringing in other fields of business completely unrelated to pharmaceuticals to give the company legs to stand on if the main business were to be lost. Fortunately, we were allowed to keep the pharmaceutical business, but many other lines were

also retained in the company structure for a long time. Yet pharmaceuticals were, remained and grew as the core business. They were what Orion was known for. Orion became the trusted medicine chest of Finns.

Before the demerger in summer 2006, Orion had already for a number of years been squarely focused on the healthcare sector. Today's Orion is an actor in the pharmaceutical industry more than ever before in its 90-year history. This is how we want to develop Orion. The company I'm heading is imbued with a decisively profit-minded spirit of continuous improvement, to which the Orion employees are firmly committed.

We are now putting efforts on the fast-growing markets of Europe and Russia, where we see plenty of potential for thriving business. We are moving ahead by reinforcing our own sales operations in these countries step by step. We are beefing up our product portfolio with products that are suited to these markets, and we are making the Orion name well known and trusted. By carrying out these measures, we will have a firm footing for bringing our own new proprietary drugs – when the time is ripe and with our own resources – out on the market in all the countries where we have a presence through our own organisation.

Our financial performance stands up to comparison by any yardstick. It has taken a strong team spirit to achieve this. It is gratifying for me to work with a first-rate staff and management who are committed to our shared objectives and the aim of further developing Orion.

Jukka Viinanen
President and CEO





An investigational substance being filtered by Jarno Mustonen, Research Assistant at Orion's research centre in Turku. The resulting intermediate will be studied in further research.

Proprietary Products

At the core of Orion's growth strategy

The Proprietary Products division comprises the human medicines resulting from Orion's in-house R&D – the product group that Orion has identified as having the best long-term growth potential.

As a result of research begun in the 1980s, Orion has brought to market seven proprietary drugs, three of which are for veterinary use. While proprietary drugs accounted for only about 7 per cent of the net sales of Orion's pharmaceutical business in 1996, the figure was 28 per cent in 2000 and about 46 per cent in 2006.

Expertise in Parkinson's disease

A particular boost to growth has come from **Stalevo**[®] and **Comtess**[®]/**Comtan**[®], which are medicines for Parkinson's disease (PD) based on the discovery entacapone. They are by far the best-selling franchise in Orion's range. Parkinson's disease has become Orion's strongest area of expertise. Orion's first drug for PD was the MAO-B inhibitor selegiline, sold under the trade names **Eldepryl**[®] and **Movergan**[®]. Orion acquired the rights to this molecule at a very early development stage and it came onto the market in 1982. In 1998, Orion launched the COMT enzyme inhibitor entacapone in Europe, and a year later in the United States. Entacapone is an active ingredient that enhances the effect of levodopa, the standard treatment for PD. Orion markets entacapone in Europe under the name Comtess, and in countries where Orion doesn't have its own sales organisation, it is sold under the name Comtan by the partner Novartis. Comtess/Comtan is Orion's first major globally sold drug.

In the work with selegiline and entacapone Orion has accumulated globally unique expertise in the treatment of Parkinson's disease. Further research in entacapone resulted in the launch of Stalevo in 2003, an enhanced levodopa treatment combining into one tablet the basic treatment levodopa and the enzyme inhibitors entacapone and carbidopa, which enhance the effect of levodopa. Favourable long-term clinical experience is establishing Stalevo as a standard medication for Parkinson's patients requiring levodopa therapy.

Specialist drugs for intensive care and cardiology

One of the most difficult specialised areas of medical science is patient care in hospital intensive care and cardiac monitoring units. Orion has produced two notable drugs for this challenging field: levosimendan and dexmedetomidine. Orion's first proprietary drugs were the animal sedatives **Domosedan**[®], **Domitor**[®] and their reversal, **Antisedan**[®]. They received marketing authorisation in the 1980s and are used by veterinarians all over the world. The same α_2 receptor research platform later yielded dexmedetomidine (trade name **Precedex**[®]), which is used as a sedative for human patients in intensive care. Orion licensed this drug to the American company Abbott Laboratories in 1994 when it was in Phase II clinical trials. Today, Hospira Inc. markets Precedex in the United States, Japan and several other countries outside Europe. Orion has started Phase III clinical trials in 2007 with a goal to introduce dexmedetomidine into Europe.

Orion's expertise in the field of heart failure has also grown through the research the company has been carrying out since the 1980s. Levosimendan (trade name **Simdax**[®]) is an intravenously administered hospital drug for acute decompensated heart failure for use in intensive care and cardiac monitoring wards. It received marketing authorisation in Sweden in 2000 and is now available in about 40 countries, but lacking authorisation in countries with the greatest potential. Excluding the Nordic countries, Abbott Laboratories holds the global marketing and development rights to Simdax.

Orion's proprietary portfolio also includes a family of hormone replacement therapies for treating menopausal symptoms. It includes a variety of products and treatment options sold under trade names such as **Indivina**[®], **Divina**[®], **Divitren**[®], **Diviseq**[®] and **Divigel**[®], which are marketed by several pharmaceutical companies under Orion's license. The company's hormonal research has also yielded **Fareston**[®] (toremifene), a drug used to treat breast cancer. It received marketing authorisation in the United States in 1997. The majority of sales are generated in Japan, where it is marketed by Nippon Kayaku, and in the United States, where the marketing rights are held by GTX, Inc. GTX is also conducting further research in toremifene, for urological indications.

Aiming for the longest possible lifecycle

One of Orion's commercial goals is to expand the use of its drug discoveries by, for example, lengthening molecules' lifecycles as much as possible. Ways of extending lifecycles include broadening their indications, creating a drug for completely new indications from the same molecule, developing new and improved pharmaceutical formulations, coming up with new manufacturing methods for pharmaceutical ingredients, and also with the aid of patents and out-licensing. The synergy benefits from developing proprietary drugs can often be harnessed for veterinary medicines, too. For extending the lifecycles of Stalevo and Comtess/Comtan, Orion is developing a new, even more powerful COMT enzyme inhibitor, applying the very extensive knowledge it has acquired from years of work already done.

The risks of lifecycle management projects are distinctly lower than those involved when developing completely new proprietary drugs, because medicines based on familiar molecules have been on the market for a long period, and their efficacy and safety are known.



The pharmaceutical facilities of Orion in Turku derive their origin from those of Lääke Oy, which was founded in 1947. The picture shows a view of Lääke Oy's scientific research laboratory, where work started in 1959.



Stalevo® is used for the treatment of Parkinson's disease broadly across the world. The tablet contains three active ingredients: levodopa, carbidopa and entacapone, a substance originating from Orion's own research.

Specialty Products

Established treatments for a variety of uses

The Specialty Products unit is an important strategic cornerstone in Orion's pharmaceutical business, with a wide range of products bringing in steady cash flows and supporting Orion's expansion and growth targets on both a long- and short-term basis.

The portfolio comprises an extensive and diverse range of generic prescription drugs, hospital medicines and self-care products for primary healthcare. Orion has developed most of its range of approximately 250 products, such as Finland's best-selling painkiller **Burana**[®] (ibuprofen), itself. The large Specialty Products family also contains non-medicinal products, such as the **Aqualan**[®] creams, and the multivitamin **Multivita**[®]. Orion manufactures the majority of its product range itself.

Currently, about 70% of the Specialty Products net sales are generated in Finland, where Orion's solid market position is largely based on its extensive range of basic medicines covering almost all of the most common illnesses. In terms of packages sold, Orion is the clear market leader in Finland with a market share of almost one third. At the end of 2006, Orion achieved its goal of being the largest player in Finland in terms of wholesale value as well. Orion has had the greatest market share in self-care products for years. In 2006, Orion products accounted for almost a quarter of the total wholesale value of self-care products.

A significant proportion of prescription drugs in Finland fall under the scope of generic substitution. The company aims for an affordable Orion alternative to always be available in pharmacies if the prescribed drug can be substituted. As a Finnish player, Orion also has a unique competitive advantage: the ability to ensure uninterrupted availability and reliable supply for its whole product range.

Orion seeks growth by bringing an increasing number of new and affordable products for primary healthcare, both for Nordic markets and those in Central and Eastern Europe and other European Union countries. In-licensing of developmental products is being stepped up in order to complement and renew the product range. Growth is sought for all key product franchises. In the Scandinavian market also self-care products offer good growth opportunities for Orion.

With its long-term strategy for establishing a greater European presence, the Specialty Products division is building a working pattern that will enable Orion to market future proprietary drugs throughout Europe via its own sales organisations. A credible presence in the market also makes Orion a more attractive partner for other pharmaceutical companies.

Easyhaler[®]

One example of the Specialty Products division's know-how is the reliable and easy-to-use Easyhaler[®] inhaler technology. The first Easyhaler was brought to market in 1994, and sales of the renewed and extended product family are boosted by an expanding network of international partners. Orion has already developed several formulations of respiratory drugs for the Easyhaler.

Laura Koistinen, pharmaceutical chemist at the Espoo VI Pharmacy in the Iso Omena shopping centre, advising a customer in the use of Easyhaler asthma medicines.





Veterinarian Katri Wermundsen studying a cow named Tirlittan at the cattle farm of Teemu Ranta, Vihti, southern Finland.



Animal Health

Orion is one of the Nordic countries' leading players in veterinary medicines. Orion manufactures, markets and sells both proprietary and generic drugs for animal use. In the Nordic countries, it also represents several international companies. Pfizer, the world's largest in veterinary medicines, markets and sells Orion's animal sedatives on the international market.

The proprietary drugs **Domosedan**[®], **Domitor**[®] and **Antisedan**[®] are Orion's major products for animal health. Domosedan is used for the sedation of large animals, mainly horses, for veterinary examinations and procedures. Domitor is the corresponding product for small animals, such as cats and dogs. **Dexdomitor**[®], which is currently in the launch phase, is the latest product in the family. Antisedan is an antibody to these sedatives and is used to wake up animal patients quickly and safely after procedures.

Other veterinary products include prescription-free parasite drugs for cats and dogs, ketoprofene painkillers for cattle in particular, and the **Aptus**[®] well-being range. The selection also includes a number of in-licensed products.

Orion aims to maximise the outputs of human drug development by studying their opportunities in veterinary medicine too.

The Animal Health division accounts for about ten per cent of Orion's net sales. Growth is sought from sales of proprietary drugs and, in line with Orion's growth strategy, by expanding into Eastern Europe as well.

Fermion

Active pharmaceutical ingredients

Fermion has a strategically important role in the Orion Group's Pharmaceuticals business, as it primarily manufactures the active ingredients for Orion's proprietary drugs – entacapone, levosimendan, toremifene, detomidine, medetomidine, dexmedetomidine and atipamezole. Fermion also manufactures and sells ingredients to other pharmaceutical companies. In total, Fermion has high-standard documentation and manufacturing processes for about thirty pharmaceutical ingredients, such as the cancer drugs methotrexate and azathioprine, as well as the antidepressant trazodone. Sales to other companies account for about six per cent of Orion's net sales.

It is strategically important for Orion that the company controls the entire supply chain for its proprietary products. Fermion has extensive special know-how in synthesizing molecules and manufacture of fine chemicals. The company's process technology and systems meet the strictest standards set by authorities on the production of active pharmaceutical ingredients. In its customer relations, Fermion's key competitive advantages lie in its cutting-edge technology, reliability of delivery, dependability, high quality and cost-effectiveness.

Fermion's production facilities are located in Hanko and Oulu. The company also has a pilot unit in Espoo, where it tests and develops the production of new active pharmaceutical ingredients.



The development of industrial manufacturing processes for active pharmaceutical ingredients is one of the core tasks in Fermion's R&D. The bench-scale laboratory is like a miniature plant, where drug candidates are manufactured for clinical research. The laboratory also provides an excellent base for the development of efficient and safe industrial scale manufacturing processes.



Orion Diagnostica

Point-of-care tests bringing added value to primary healthcare

Orion Diagnostica manufactures *In vitro* diagnostic tests and systems for diagnosing patients in hospitals, health centres and clinics. It is increasingly focusing on point-of-care tests, which physicians and nurses use to diagnose diseases and to monitor the effectiveness of treatment during patient consultations and in small-scale laboratories. Orion Diagnostica's products are marketed globally.

A correct and rapid diagnosis is to every patient's advantage and also benefits all other parties involved in healthcare. Physicians are able to start treating their patients quickly; and the diagnostic method used to evaluate and monitor the patient's condition and required treatment also notably affects the overall efficiency and cost of healthcare.

Diagnostic methods are moving towards easier-to-use, faster and more reliable tests, as well as the combination of diagnostics with suitable medication. A first step towards so-called theranostics is the leading brand in Orion Diagnostica's product range, **QuikRead**[®], and its successful application, the CRP test. A blood sample taken from the fingertip is measured for its C-reactive protein (CRP) content, with a raised value often indicating bacterial infection. The results of the CRP test, combined with the patient's symptoms, help physicians decide whether the patient is suffering from a viral or bacterial infection, and whether or not a course of antibiotics is required.

Further examples of point-of-care products are **Turbox**[®], an analyser that measures proteins and can be used to assess 17 different proteins from plasma, blood or urine samples, and the **Pyloriset**[®] test used to identify a *Helicobacter pylori* infection by detecting anti-bacterial antibodies in serum or the bacteria itself from a biopsy sample. **Diarlex**[®] reveals rota and adeno viruses from faecal samples.

Orion Diagnostica has accumulated decades of expertise in point-of-care tests. A long-time market leader in its sector, the **Uricult**[®] urinary tract infection test came onto the market 40 years ago and still enjoys stable demand.

Other major diagnostic products include various hormonal indicators and the **Uniq**[®] collagen tests that measure bone metabolism and help physicians treat osteoporosis. These tests are extremely sensitive. For example, even if evidence of change is not yet visible in bone density measurements, the ICTP test can reveal metastatic tumours resulting from breast cancer. The **PINP**[®] test, which measures bone formation, can also be used to monitor treatment of osteoporosis.

Some of Orion's diagnostic tests are used in highly automated hospital laboratories. Orion offers tests based on several different technologies, including those for hormonal, bone, connective tissue, gastroenterological and specific protein assessment. Orion also engages in contract manufacturing of diagnostic products for other companies.

Hygiene tests based on the company's in-house product development are an important product group for Orion Diagnostica. Technically, their concepts are very close to diagnostic methods, but they are used in many business and industry sectors. The **Hygicult**[®] tests are used for monitoring microbial loading in, for example, the food and cosmetics industries and in commercial kitchens. The **Easycult**[®] tests are used to measure microbial loading in industrial fluids and liquid fuels in order to optimise use and warehousing times. Easycult users include the paper industry, airlines and oil companies.

The hygiene requirements are high in the personnel restaurant maintained by Fazer Amica at the head office of Finland Post Corporation. Mrs. Anita Rantamäki uses Hygicult® to check the microbe content on the surface of a cooking kettle.



A pharmaceutical substance is being crystallised by Jarmo Hurme, Research Assistant at Orion's Turku research centre. The concentration is purified, dried and analysed for the next steps in the handling process.



Research and product development

Orion invests an annual average of about 15% of its pharmaceutical net sales in research and product development, a work field of about 700 people.

The focus is on early research, preclinical as well as clinical Phases I and II, whereas the large-scale Phase III trials are preferred to be conducted together with partners selected for further development and marketing.

Pharmaceutical research and development is time consuming and financially highly risky, but a project that leads to marketing authorisations can also mean big opportunities. On average, only one of ten drug candidates having progressed into clinical trials ends up to the market. The long route takes over ten years, and the work is closely supervised and regulated by the authorities. Orion is Finland's largest researcher of pharmaceuticals in terms of annual expenditure and research personnel.

Top scientific expertise is Orion's strength

The relatively small and concise group of scientists makes an ideal platform for innovative and productive pharmaceutical research. The organisation has the power and agility of a small company but also has all the resources and hands-on experience to conduct projects through all the phases and to attend to marketing authorisation application procedures.

Orion's core expertise areas in pharmaceutical research are selected target proteins, enzymes and receptors. One of the particular strengths Orion draws on is the knowledge it has gained on the structure of the target proteins studied, their cellular mechanisms of action and the behaviour of the compounds in the body. Work focuses on indication areas for which research models that predict efficacy and safety have been developed over the years.

COMT enzyme

High-calibre scientific knowledge of the COMT enzyme (catechol-O-methyltransferase) and the role it plays in the treatment of Parkinson's disease has played a key role in Orion's drive to go international and its growth into a company

known for reliable treatments for Parkinson's. On this path, Orion is currently developing a new COMT inhibitor that is even more effective and longer-lasting than entacapone.

Alpha₂ receptors

Research in adrenergic alpha₂ receptors, which belong to the large family of G protein-coupled receptors, has already yielded four proprietary drugs for Orion. Basic scientific research in this area has proceeded rapidly and the systematic development of new specific compounds acting on alpha₂ receptor subtypes is on the horizon. Orion is actively studying opportunities for the use of alpha_{2c} receptors in the treatment of the symptoms of schizophrenia and depression, for instance.



Mr. O. Erik Virtanen producing penicillin at Orion in 1945. The neutralised penicillin concentration was frozen, and the frozen water was removed under a low pressure achieved by the help of a diffusion pump.

Androgen receptor

Research by Orion in hormonal and urological therapies focuses on hormonal nuclear receptors. In recent years, Orion's researchers have identified many active ingredients affecting the male hormone (androgen) receptor. In this research area, Orion seeks to develop new treatments with testosterone-like favourable effects on muscle mass and bones, for instance, but without the unfavourable effect of enlarging the prostate. Unmet needs in this therapy area also offer potential for new prostate cancer medication.

Diagnostic products

In diagnostics, Orion has strong specialist expertise in the development of easy-to-use and quick methods, especially in point-of-care testing of infectious diseases, hormones, specific proteins and bone metabolism. The shift in the product range to rapid point-of-care tests has strongly steered product development to meet the needs of customers that use those tests, i.e. minor clinics and doctor's offices. The leading product family in this area is the QuikRead system, which is under intensive development at Orion. In focus are also tests like the unique UniQ collagen tests.

Wise use of resources

Carrying out numerous large-scale pharmaceutical R&D projects simultaneously has been a challenge to Orion, which is why the company has streamed more resources into the early stages of research and the effective management of projects instead of increasing the number of projects. Controlled project work also entails the ability to change direction if the chosen molecule does not prove to be suitable for its planned use. Research will then continue using back-up molecules.

Lead molecules and their back-ups are constructed using computer-assisted molecule modelling and structural design. Computer-assisted molecule screening and modelling have accelerated steps and increased efficiency in early research, because they not only reduce the mass screening workload of laboratories, but also generate a greater variety of ideas on optimal molecule structures. It is also important that computer models can be continuously fine-tuned on the basis of information gleaned on the target protein and the structural effects of the substances being studied.

The discovery, development and approval of a new medicine

| | Years (on average) | Number of tested | Purpose | Success rate |
|---|-----------------------|--|--|--------------------------------------|
| | | | Patent application filed Authority permit for animal tests | |
| Preclinical phase | 6-7 | | Study safety, biological activity and pharmaceutical formulation in laboratory and animal tests | 5,000-10,000 compounds to be tested |
| Application for clinical trials in humans | | | | |
| Clinical trials Phase I | 1-2 | 20-50 healthy volunteers | Document tolerability and dosage | 5-10 compounds enter clinical trials |
| Clinical trials Phase II | 2 | 100-500 volunteer patients | Study efficacy, register adverse effects, document tolerability and dosage | |
| Clinical trials Phase III | 3-4 | 1,000-5,000 volunteer patients | Document effectiveness, accumulate documentation on adverse effects in long-term therapy and compare with standard therapy | |
| Application for a marketing authorisation | | | | |
| Authorities | 1-3 | Evaluation and approval of the application | | 1 receives a marketing approval |
| Clinical trials Phase IV | Several years | Thousands of users of the medicine | Follow-up safety in the normal population. Thorough follow-up of adverse reactions in additional studies | |

Source: Pharmaceutical Information Centre

The level of technology at all of Orion's research facilities is competitive in global terms. That said, new technologies are deployed not as an end in itself, but if the technology can yield substantial added value to in-house research.

Significance of networking and co-operation

When companies seek new ideas and research avenues to add to their existing development projects, networking with academic researchers and biotech companies becomes more important. Collagen tests are an example of successful products created through intensive co-operation between Orion Diagnostica and academic research.

In Finland – Orion's homeland – specialist expertise in biomedicine and high-tech offers excellent partnership potential for Orion's R&D. The company also has an active and extensive collaboration network outside Finland.

Efficient utilisation of molecule inventions is a strategic target

By the time a new active ingredient is brought to market, its efficacy and safety have already been established. However, not all of the benefits it can yield have been demonstrated at that point. Further research is carried out to expand its indications and/or applications. In addition, a greater variety of ways of administering the drug can be developed. Well-managed life cycles of active ingredients can yield added value for patients, too, as they benefit from better treatments. Further development is also a way for the originating company to balance out the risks associated with new drug development.

Ongoing clinical development projects

Parkinson's disease

Orion is currently carrying out Phase III clinical trials in STRIDE-PD with its partner Novartis to evaluate whether Stalevo treatment can delay the onset of dyskinesia – involuntary movements – in Parkinson's patients. The study compares patients receiving Stalevo with patients on traditional levodopa/carbidopa medication. STRIDE-PD is one of the largest research programmes on Parkinson's patients carried out to date. It involves 70 centres in 14 countries and about 740 Parkinson's patients, each receiving treatment for at least two years. Research was started up towards the end of 2004 and the first results are expected in 2008.

Intensive care

Orion's proprietary drug dexmedetomidine is already on the US and Japanese markets as a short-term sedative in intensive care under the name Precedex®. The drug was developed by Abbott and Hospira under license from Orion. In Europe, Orion is conducting Phase III trials with dexmedetomidine with a view to launching it for long-term sedation of intensive care patients in the EU.

Heart diseases

Under a renewed licensing agreement concluded in 2004, Abbot took over the large-scale Phase III clinical trials on the intravenous heart failure drug Simdax® (levosimendan). The product is already approved in approximately 40 countries, but Orion and Abbott are negotiating on possible further trials for approvals by countries such as the United States. In its LEVET programme, Orion studies the efficacy of levosimendan in the treatment of heart diseases in dogs.

Orion's innovations

Pharmaceuticals from in-house research

Detomidine and **medetomidine** were the first Orion-originated molecule discoveries that progressed into commercialised drugs. They affect numerous nervous systems via the adrenergic α_2 receptors. When the molecules bind to this receptor, they activate it causing a sedated condition in which also stress reactions and pain are alleviated.

Atipamezole is their antibody. When atipamezole binds to the same α_2 receptors, it prevents their activation. The blocking of α_2 receptors increases nerve cell activity and awakens the patient.

Orion's research and product development on the molecules in the α_2 family has yielded the intravenous sedative **Precedex® (dexmedetomidine)** for patients in intensive care. Veterinarians are users of **Domitor® (medetomidine)**, a sedative for cats and dogs, and **Domosedan® (detomidine)**, for horses and cattle. **Antisedan® (atipamezole)** acts reversally, rapidly waking up the animal patient after the procedures.

Entacapone is Orion's globally most significant molecule innovation. It is a drug that enhances the effect of levodopa, the basic medication for treating Parkinson's disease. It works by inhibiting the harmful effects of the COMT enzyme on levodopa. Entacapone was brought to market in 1998 as **Comtess®** and **Comtan®**. In result of further development, Orion launched **Stalevo®** in 2003. It contains levodopa and both entacapone and carbidopa to enhance the therapeutic effect of levodopa. Treatment with Stalevo and Comtess/Comtan extends the daily "on" time of Parkinson's patients – the time when symptoms are under control – and improves quality of life more than treatment with levodopa without COMT enzyme inhibition.

Levosimendan is a molecule that in the presence of calcium binds to the troponin C protein of the cardiac muscle. Levosimendan has two unique mechanisms of action: it sensitises the heart muscle to the calcium contained in the muscle's cells and thus increases heart muscle contractility without raising the heart's oxygen consumption. In addition, it dilates veins by opening their potassium channels, thereby improving blood circulation to vital organs. Both mechanisms improve blood circulation to the body and tissue through the heart. Levosimendan is the active ingredient in the

intravenous heart failure drug **Simdax®**, used at cardiac monitoring and intensive care wards at hospitals.

Toremifene is an antiestrogen developed by Orion. It is the active ingredient in the breast cancer drug **Fareston®**. Toremifene binds to the estrogen receptors of cancer cells, preventing the body's own estrogen from stimulating cancer cell growth.

Product development innovations

Orion's product development has yielded numerous pharmaceutical and diagnostic innovations other than new chemical entities.

The **QuikRead® CRP** test is Orion's most successful point-of-care test. In a few minutes, it measures the C-reactive protein content in a blood sample taken from the fingertip.

UniQ® collagen tests in turn are based on unique know-how in bone metabolism and applications for its measurement in clinical diagnostics.

The **Easyhaler®** inhaler is a device for the administration of asthma medicines. Thanks to its accuracy and ease of use, it is proven to be excellently suitable for use by children too.

| Molecule invention | Trade name |
|--------------------|-----------------------------|
| Entacapone | Stalevo®, Comtess®/ Comtan® |
| Toremifene | Fareston® |
| Levosimendan | Simdax® |
| Dexmedetomidine | Precedex® |
| Detomidine | Domosedan® |
| Medetomidine | Domitor® |
| Atipamezole | Antisedan® |



Dr. Gerd Wohlfahrt, Senior Research Scientist at Orion's Espoo research center, works as a specialist of computer-aided drug design. One of the most important tools for finding and optimising new drug candidates is modeling of their interactions with target proteins. With the help of special glasses these complex molecular systems can be displayed in three dimensions.

Physicians are the best experts of diseases and their treatments. Dr. Majja Vesanto serves as a company physician at the occupational health care centre of Orion in Espoo.



Our customers are healthcare professionals

Orion's clientele comprises healthcare service providers and professionals. Pharmaceuticals are marketed primarily to physicians, pharmacies, public and private hospitals, healthcare and medical centres, and in the case of self-care products also to consumers. The customers for diagnostic products are also hospital and healthcare institutions, clinical laboratories, medical centres and doctor's offices. Customers for hygiene tests include several sectors ranging from the petrochemical industry to food processing. The main customers of Fermion are other pharmaceutical companies.

Extremely in-depth understanding of overall treatment concepts is required in the development and marketing of drugs. The information released by Orion is clinically proven and has been approved for the summaries of product characteristic. Orion's products are intended for therapy areas in which the main target group for product information is specialist doctors. For instance, knowledge of the mechanism, effectiveness and effects of Stalevo and Comtess/Comtan is important for neurologists treating Parkinson's patients, because the disease of every patient is different.

Adopting the use of levosimendan is tied to the whole treatment concept of cardiac monitoring and intensive care wards at hospitals. The unique mechanisms of the medication affect critical vital functions that entail the attending physicians to have particular in-depth expertise in critical care. The doctor treating a heart failure patient who has been brought to hospital in a critical condition must make fast assessments when deciding on the treatment and, for instance, the use of Simdax.

EU legislation protects consumers – the end users of pharmaceuticals – from the marketing and advertising of prescription drugs. Only self-care products can be marketed directly to consumers. Pharmaceutical companies may target communications about prescription products to healthcare providers only. Physicians and pharmacies are thus the primary source of pharmaceutical information for consumers. The *Pharmaca Fennica* database for physicians and pharmacies includes complete summaries of the product characteristics of all drugs approved for use in Finland. Consumers can consult *Lääkeopas*, a generalised book based on this massive database. It features basic information on the most common drugs, and is available from pharmacies and bookstores.

The information society and information technology pose challenges to legislators. In the United States, consumers can be directly informed of prescription medications. The Internet is a peerless but not unproblematic medium for this purpose, making it easy to formally comply with the intent of legislation. The Internet has also become a market place for booming trade in illegal counterfeit drugs that are usually either inert or may contain dangerous substances.



Orion strengthens its European presence

Orion's products are available in over one hundred countries. The company has own sales organisations in 16 European countries. Orion Diagnostica has subsidiaries in Scandinavia and an extensive network of importers and agents in other markets. In line with its strategy, Orion aims to bolster its presence in Europe by stepping up growth in the pharmaceutical business, primarily by means of product and portfolio acquisitions and even company acquisitions, if possible. The greatest growth is being sought in the new EU countries and Russia, where the market is growing rapidly even though the figures are still low compared to western countries. The healthcare systems of these countries are inevitably developing towards those of the older EU countries. Orion's representative offices in many eastern European countries constitute a good basis for strengthening the company's presence.

European healthcare systems are very heterogeneous. For this reason, when venturing into new territories, Orion first evaluates the special characteristics and operating patterns of the market, such as its reimbursement systems and principles for possible generic substitution. The company then sets up the local operational structure fitting it to the requirements of the product range.

In European countries where Orion does not have its own sales organisation, the company strives to engage in close co-operation with pharmaceutical companies having an established position in that territory. Orion nevertheless retains control of its distribution channel, marketing authorisations, pricing and brands.

To global markets with partners

Partnerships and networking play an important role in Orion's strategy. Orion ensures the widest possible market coverage for its proprietary drugs by making marketing agreements with pharmaceutical companies whose product portfolios are an ideal fit for Orion's product and which have strong and capable marketing resources. Orion receives a share of the sales generated by partners. Orion recognises this income in its net sales. The size of the share depends on factors such as the partner's participation in the research costs and the division of marketing costs between the parties.

Of the global giants in the pharmaceuticals business, Orion's partners are the Swiss company Novartis, which sells Stalevo and Comtan, and the US company Abbott Laboratories, which has rights to Simdax. Orion handles sales of Stalevo and

Comtess in most of those European countries where it has its own sales organisations. Simdax is marketed by Orion in the Nordic countries and certain Eastern European countries. As early as in 1994, Abbott already received global rights to dexmedetomidine, when the compound was in the second clinical phase. From Abbott they were transferred to Hospira in a structural reorganisation. Orion reacquired the European rights to the compound a few years ago.

The company has made regional marketing agreements for the Easyhaler product family with numerous pharmaceutical companies. The partners include Hexal, Ranbaxy, Meda and Menarini, whereas Organon, Upsher-Smith, Pola, Nippon Kayaku and GTx are Orion's partners in hormonal products. Pfizer is an important partner in veterinary drugs.

Business Development

The Business Development and Support unit assists in the implementation of Orion's growth strategy in many ways, such as by acquiring market information and by preparing product and portfolio acquisitions for the pharmaceutical businesses. When new products are being acquired, international partners are actively scanned, and new collaboration agreements are made to support growth in all businesses. The unit co-ordinates the evaluation of new products – on the basis of which they are either included in Orion's sales portfolio or slated for further development – and both leads and administers the development and life-cycle management projects of the selected drugs.

The unit also collects market information for Orion – making market and price analyses and health economic studies for use in strategic decision-making. It provides support for marketing and sales by assembling product-related medical information and publications as well as opinions by experts.



Mira Marjakoski and Seija Vieltojärvi are operating a blister packaging line at Orion's pharmaceutical plant in Turku.

An efficient and reliable supply chain

Orion's supply chain is a management responsibility area comprising many functions and phases in the manufacture of pharmaceuticals and their delivery to customers. The purpose is to manufacture products and to ensure that the right products are supplied to the customer at the right time as efficiently, economically and reliably as possible. About 850 people work in the company's Supply Chain and related quality assurance at its pharmaceutical plants in Espoo, Turku and Kuopio. Each plant specialises in certain types of products. The manufacture of diagnostic products has been partially integrated into the supply chain of pharmaceuticals, yielding synergy benefits in purchases, for instance.

Seamless management of the whole chain is a must

Large amounts of capital are tied up in the supply chain functions. For this reason, it is important to optimise operations control, with an eye on maximum cost effectiveness, high capacity utilisation and ensuring the rapid turnover of the stocks of materials and finished products. An information system providing complete control – from procurements, forecasts and the inventory status all the way to customer inventories – is an indispensable tool. Correct prediction is important in ensuring that wholesalers have enough products to meet demand.

Orion's production program includes about 300 products. They are sold in about 5,800 versions of packages. For instance, over two billion tablets are made annually. In line with its strategy, Orion taps into the advantages of networking in production as well. It is rational to outsource part of the products. That said, Orion manufactures drugs for other pharmaceutical companies in much greater and

growing volumes. Over the past few years, Orion has substantially increased the utilisation ratio of its production capacity by centralising production at three plants – down from seven –, adopting shift-work and doing contract manufacturing. Tablets are produced in three shifts.

Efficiency also means minimising the lead times of production batches and the ability to rapidly restart a production line for the manufacture of another tablet strength or an entirely different product. For instance, products in the Comtess/Comtan and Stalevo families include many strengths and forms, and an even greater variety of packages for different markets.

The supply chain must also ensure that the goods and materials arriving from external sources are priced right. The company seeks to centralise its procurements and forge partnerships, especially in the procurement of technical and packaging materials, an area in which there are many providers to choose from. On the other hand, suppliers of pharmaceutical ingredients usually specialise in a few substances, meaning that not so many substances are available from one supplier.

As Finland's leading pharmaceutical company, Orion has made contingency plans for societal emergencies. To ensure its operational viability under exceptional circumstances, Orion maintains reserves of the most critical active ingredients, other substances required in drug manufacture and packaging materials in excess of its own requirements.

The quality of a drug is the outcome of a seamless chain

Orion is committed to developing and producing high-quality pharmaceuticals and diagnostic products that improve human well-being. Its products are used for diagnosing, treating and curing diseases, monitoring treatment and maintaining health. Due to its nature the business is subject to stringent supervision. Operations are guided by special legislation, numerous official regulations, comprehensive permits, licenses and reporting procedures as well as regular inspections by the pharmaceutical supervision authorities. The major authorities supervising Orion are the Finnish National Agency for Medicines and the US FDA, the Food and Drug Administration. In addition, Orion's operations are guided by ethical principles concerning products and healthcare in general, as well as the values of Orion as a working community.

Quality along the entire chain of operations hinges on compliance with good practices based on EU provisions, process efficiency and functionality, the safety and consistent quality of products as well as delivery reliability.

The marketing authorisation holder takes charge

As a drug manufacturer Orion is responsible for ensuring that its products fulfil the requirements of the Medicines Act and boast faultless quality. Manufacture and quality control must comply with the set provisions. Pharmaceutical manufacturers must also use production methods that comply with EU provisions. This applies equally to outsourced products. When outsourcing, Orion settles on the responsibilities and technical details of the sub-contractor in specific quality agreements. Orion also verifies the appropriateness of the contract manufacturer's qualifications by making on-the-spot inspections.

Each drug is available on the market under a product-specific marketing authorisation granted by a pharmaceutical authority. In order to obtain marketing authorisation, the product must be demonstrated to be medically purposeful and safe, and it must fulfil the production and quality requirements set for active ingredients, pharmaceutical preparations and formulations in the official guidebook, the *pharmacopoeia*. Furthermore, its composition and other information must be appropriately documented and provided. As the marketing authorisation holder, Orion is responsible for the quality and safety of its products to the National Agency for Medicines, which, as set forth in the Medicines Act, inspects pharmaceutical plants and their contract

manufacturers. Also the pharmaceutical safety operations and facilities of the marketing authorisation holder are subject to regulatory supervision.

Full traceability

Orion acquires active ingredients from suppliers whose operational quality has been verified. All the raw materials used in pharmaceutical manufacture and their packaging materials are inspected before being approved for use in production. Pharmaceuticals are manufactured in validated processes accordance with Good Manufacturing Practices. The quality of each completed product batch is inspected and verified before market release. These procedures ensure the safety and faultless quality of the drugs. All materials and stages of manufacture, quality assurance and distribution can be seamlessly traced on the basis of the batch number on the product package. Orion maintains constant readiness to rapidly recall a product batch from both wholesale and retail distribution. All complaints and quality deviations are logged and evaluated thoroughly.

The safety of a drug is continuously monitored throughout the time it is on the market. There is no drug without side-effects, but constant follow-up and reporting to the authorities ensure that the benefits outweigh the adverse effects. Orion collects all feedback on the quality of its products everywhere they are used, and evaluates this feedback systematically.

Only correctly taken medicines help

Orion seeks to ensure patient safety by providing accurate and up-to-date information on its products within the limits set by law. The patient leaflet provides salient information on the drug and its use. The patient can ask for more information from his/her attending physician or a pharmacy. It is important to take the drug as prescribed and to store it in the right conditions. Drugs should not be used after the expiration date. Expired drugs should be taken to a pharmacy for disposal. Doubtful products should be returned to the pharmacy, which will send it back to the manufacturer.

The chemical quality of the products is assured with different analyses. Laboratory technician Jaana Nissinen makes sure that the concentrations of pharmaceutical preparations comply with what is provided on the product labels.





Fermion is a wholly-owned subsidiary of Orion Corporation. One of the substances manufactured by Fermion's plant in Hanko, southern-most Finland, is entacapone, the active ingredient in Orion's proprietary treatments for Parkinson's disease.

Environmental and safety considerations are accounted for in all of Orion's operations

Environmental aspects are an unseparable part of high-quality manufacture of pharmaceuticals and diagnostic tests. Orion takes environmental impacts into consideration in every stage of product development and manufacture. Orion has set the bar high for its environmental management, and also demands this from its contract manufacturers, goods suppliers and other partners. The standard and appropriateness of the operations of partners are ensured by means of quality agreements, audits and similar procedures. Orion continuously hones its environmental compliance to reduce the environmental load of its operations.

Environmental impacts are also an essential part of the company's safety policy, which obligates to identify the environmental impacts of the decisions and solutions, to develop operations to preserve the diversity of nature and to establish procedures in case of accidents.

Emissions limited by process technology

All of Orion's plants represent high technical standards. Orion uses cutting-edge methods in its laboratories, manufacturing processes and quality assurance that meet the quality, safety and environmental requirements of pharmaceutical authorities, marketing partners and contract manufacturing customers. The company monitors the environmental impacts of its operations by measuring emissions and keeping track of waste and the volumes of substances and energy consumed. Although production volumes have grown at Orion's plants, the company has kept its environmental compliance well in hand: methylene chloride emissions have declined, the reuse of waste has increased and relative energy consumption has been lowered. Thanks to greater internal recycling, the use of solvents has also declined. Moreover, significant amounts of energy are reclaimed from hazardous waste.

Stringent requirements have been set for the conditions and cleanliness of production premises. Manufacturing processes are as closed as possible to ensure the physical and microbiological purity of the products. The inflow and outflow air of the production facilities undergoes multi-stage conditioning and filtering. Volatile emissions into the outdoor air are minimal. Emissions from chemical processes are controlled effectively with condensers and scrubbers. Solvent emissions are minimised using modern process technology and upgrading the manufacturing processes so that the need of volatile solvents is kept to a bare minimum.

Converting waste into energy

Solvents are the major focus of emissions control in pharmaceutical production. Solvent emissions result from the filtering and drying of products, granulation, the coating of tablets and the washing of process equipment.

The most harmful solvent is methylene chloride. It has been successfully phased out in pharmaceutical production, but remains indispensable in some of Fermion's processes and is still impossible to replace with other substances. However, methylene chloride emissions will be brought under effective control when the new solvent gas treatment facilities being built at Fermion's Oulu and Hanko plants are completed in the latter half of 2007. The facilities will reduce airborne solvent emissions well under the official requirements. It is estimated that only about 0.5 per cent of the solvents used will evaporate into the air in Hanko, while its environmental permit allows for emissions of 5.0 per cent. The corresponding limit at the Oulu plant is 15 per cent.

Later in spring 2007, Orion will provide an environmental report for 2006 on its website, www.orion.fi.

Orion is a working community of versatile professionals

Orion is a working community with more than 3,000 members. Over 2,600 of the employees work at the Group's Finnish locations. A total of about 470 people in 16 countries work for the foreign subsidiaries and representative offices, most of them in marketing. Orion is the largest employer in its field in Finland. The hundreds of job titles of its staff cover the whole field, from research to manufacture, marketing and administration.

The average length of employment at Orion is 11,5 years. Of the personnel, approximately 26% are blue-collar workers and 74% clerical employees. About 92 per cent are in a permanent employment relationship. About one per cent of all employees work part-time.

The pharmaceutical industry gives employees the chance to work in an international environment, offering a great variety of challenging career opportunities for experts in different fields. Orion needs a wide range of

experts, ranging from the natural sciences to business, mathematics, technology, IT and the humanities. Graduate physicians, chemists, pharmacists, nurses and laboratory technicians have a good educational background for a job at Orion. The pharmaceutical industry trains some of its employees on its own, like pharmaceutical sales representatives, for instance.

Orion wants and needs competent employees. The company's success is dependent on its ability to hire, develop, train and motivate professionally skilled personnel. HR management aims to ensure the competence, motivation and well-being of employees, the continuous development of the working community and precise resource planning. HR management is based on Orion's values and the equitable and fair treatment of employees. In HR matters, Orion complies with legislation, collective agreements, work safety regulations and other obligations without compromise.

Orion Group personnel by country, 31 Dec. 2006

| | Pharmaceuticals business | Diagnostics business | Corporate Administration | Total |
|---------------------------------|--------------------------|----------------------|--------------------------|--------------|
| Helsinki region | 1 314 | 182 | 30 | 1 526 |
| Hanko | 153 | | | 153 |
| Turku | 658 | 47 | | 705 |
| Kuopio | 83 | | | 83 |
| Oulu | 89 | 19 | | 108 |
| Other locations | 12 | | | 12 |
| Finland total | 2 309 | 248 | 30 | 2 587 |
| Sweden | 59 | 15 | | 74 |
| Denmark | 26 | 6 | | 32 |
| Norway | 17 | 13 | | 30 |
| Germany | 133 | | | 133 |
| UK and Ireland | 61 | | | 61 |
| Baltic countries | 8 | | | 8 |
| Other countries | 129 | 7 | | 136 |
| Foreign countries, total | 433 | 41 | 0 | 474 |
| Orion Group, total | 2 742 | 289 | 30 | 3 061 |



As part of his studies, student Topi Jokinen was familiarizing himself with work at Orion in late 2006. Line operator Lilja Soini and supervisor Terttu Suominen were guiding him to oversee the Aqualan packaging line in Turku.

Long-term development

Orion takes a long-term approach to the development of expertise and the working community. Orion's supervisors have participated in Group-wide coaching on Orion's approach to management for many years. The results of development efforts are tracked annually by means of regular working climate measurements and benchmarks of leadership and managerial work.

Development of skills focuses on deepening and maintaining expertise as well as its quality and safety. Orion also has a mentoring programme in which top experts pass on information and experience – "tacit knowledge" – to younger colleagues. Expertise is also developed by means of career planning and purposeful job rotation. Career planning aims to nurture motivated and multi-skilled employees.

Ensuring well-being at work in many ways

Orion supports the occupational well-being of its personnel across the board. A particular life phases programme supports the occupational fitness of people of all ages in different life situations. Health checkups are performed by age group to evaluate occupational fitness and the need of measures to maintain it, such as "shape-up" courses that are sponsored by the company. In addition, Orion supports many recreational clubs of the personnel and maintains recreational facilities for its employees in different regions. Systematic workplace visits and risk assessments are carried out to continuously develop working conditions.

Occupational safety everybody's business

At Orion, safety issues are led and supervised by a Group-level safety management team. It is responsible for the overall development of safety activities and sets development objectives for the safety committees for the different parts of the Group.

General instructions on safety and exceptional situations are provided in the Safety Guide, underlining the obligation of all Orion employees to maintain safety – never to consciously violate safety instructions, endanger people's safety or damage property.

Influencing opportunities and co-operation

Co-operation between management and personnel is continuously developed at Orion. The Group has a European Works Council that convenes each year. The EWC enables regular dialogue between management and personnel in the whole Group, over national borders. Management and employee representatives also meet at national and local councils numerous times a year. In addition, a representative of the employees is a member in the Executive Management Board.

HR policy fosters equality

Orion respects human rights. Orion's HR policy aims to promote gender and generational equality in the working community. A person may never be discriminated against on the basis of his or her age, gender, religion or ethnic background at any time while at Orion.

Orion supports the recreational activities of the personnel in many ways. Anita Piekkola, senior Nurse at the Occupational Health Center, is painting a ceramic pot at the pottery workshop at Orion in Espoo.



Orion Group values

Mutual trust and respect

We want the people in our working community to trust and respect each other.

- We need to accept diversity, be open to new ways of thinking and be prepared to help one another. The joy of success is shared with others.

Customer focus

We want to understand, anticipate and meet our customers' present and future needs.

- Close co-operation with customers will ensure that 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

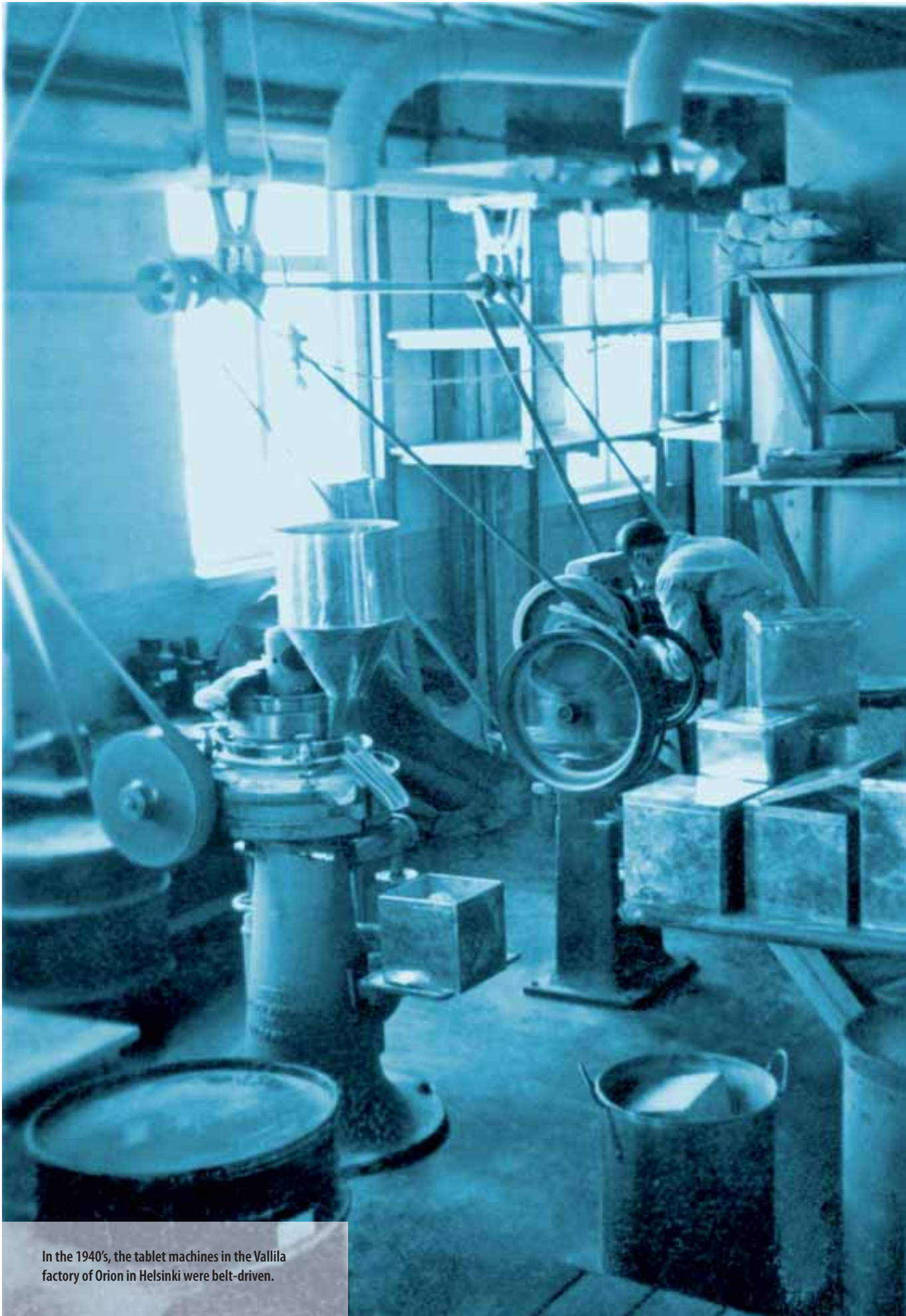
We want to be the best in our field, developing products, services and solutions that promote well-being and health.

- 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.



In the 1940's, the tablet machines in the Vallila factory of Orion in Helsinki were belt-driven.

Orion, 90 years

Orion was established by three fearless men in 1917 as the Great War raged – chemists **Onni Turpeinen**, **Eemil Tuurala** and **Wikki Walkama**. Their firm had modest beginnings. It was housed in an altogether grim building – a former butter plant on Mariankatu street in the Kruunuhaka area of Helsinki. The company's first major products were the artificial sweetener dulcine, ammonia and the rifle cleaning oil Bellistol. At that time, Orion had not as yet started up drug manufacture.

Bellistol sold well in wartime. However, in the 1920s, Orion hit extremely rough times, and even the dissolution of the company was considered seriously. Orion avoided liquidation by reducing its share capital and cutting wages.

The company started to rebound in the early 1930s. At that time, it moved to new premises of its own in the Vallila suburb of Helsinki. Soon after that Orion experienced an era of rapid growth and became Finland's largest pharmaceutical manufacturer.

Life as an evacuee and in a regulated economy

In 1939, threatened by the looming war, Orion transferred most of its operations to Keuruu, far away from the capital. When the situation seemed to have calmed down, operations returned to Helsinki, but the Winter War soon broke out and they were relocated to Keuruu.

Before the war, Orion had stocked up on raw materials and could maintain its manufacturing programme virtually unchanged. Orion held the main responsibility for supplying pharmaceuticals in Finland, both on the front and at home. Sales grew at a rapid clip, as there were no imports. During the Continuation War, Orion remained based in Helsinki. In spite of a shortage of materials, production continued at a moderate rate.

After the war, Finland had a controlled economy. The value of currency declined and industry ran into difficulties. Wages and the prices of raw materials soared, but drug prices could not be raised. The company faced stiff price regulation. Orion was in such dire straits that in 1947 its management even considered winding up operations. Orion also had a reason to have a good look in the mirror. Even though the company had enjoyed buoyant growth, it had continued to operate like a small enterprise.

Times remained tough in the 1950s, as foreign competition increased and Finland's money market was very tight. The company had little working capital in hand – not enough to even purchase raw materials. Orion once again improved its financial standing by issuing shares. As in previous issues, most of the shares were subscribed for by healthcare professionals. Their confidence in the Finnish pharmaceutical company remained high, even though after the war some parties pressed for the nationalisation of the pharmaceutical industry and pharmacies. To be on the safe side, Orion hived off all its non-pharmaceutical businesses to the holding company Regulus. The threat was very real until as late as the 1970s, when the so-called Pajula Committee proposed the nationalisation of major corporations.

Bolstering research

In the late 1950s, Orion stepped up resources for research and the development of new products. A scientific committee was set up. As early as back then, the company wished to focus on selected therapy areas.

At the beginning of the 1960s, a period of constructing new premises got under way. In the many sequential years of expansion, Orion centralised most of its functions at its current main location, Mankkaa in Espoo. The first part of the pharmaceutical plant was completed there in 1962. The last of Orion's departments to move from Helsinki was the head office, in 1984.

In the 10-year period from 1967–1976, sales of Orion's drugs quadrupled. The additional capital required to fuel growth was collected by raising the share capital, increasing long-term debt and selling off assets.

At the beginning of the 1980s, the company's research activity began to gather momentum, yielding its first commercial fruits in the latter half of the decade. As the significance of research increased year by year, the company's management faced entirely new challenges – but also saw new opportunities open up. Even the structure of pharmaceutical production began to change significantly.

The company began to make a concerted effort to step up exports of pharmaceuticals to western European markets in 1977. It was then that Orion's subsidiary in Switzerland, Interorion AG, acquired the Ercopharm company in Denmark. This acquisition gave Orion a beachhead into

the pharmaceutical markets of Central Europe and the neighbouring Nordic countries. It also opened up better opportunities for new incensed products.

Thanks to Orion's proprietary drugs, exports began to surge – and as they did, also partnering up with other pharmaceutical companies became increasingly important.

The circle closes

In 1948, Orion set up the drug distribution company Oriola Oy and the technochemical company Noiro. These measures represented the vertical expansion of the core business, as did the later acquisition of Lääketehtas Alb. Koponen, the founding of Fermion and the start-up of diagnostics business.

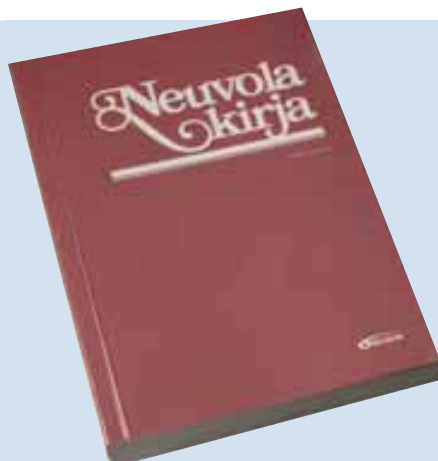
Orion also began to grow through diversification. Orion was a company focused on its home market and its growth opportunities were limited – and thus it began to seek growth, cash flow and exports in other fields, which was the general trend at that time. The company sought to lessen its dependence on the Finnish pharmaceutical market. Its foreign subsidiaries operated very independently. Managing the corporation as a whole became difficult. In 1970, all the business areas were incorporated into the parent company, under the name Orion-yhtymä Oy.

At the beginning of the 1980s, there were still 13 pharmaceutical companies in Finland. Since then, the industry has undergone consolidation, driven by the need for sufficient critical mass, which enables longer production series, thereby lowering unit costs and increasing efficiency. Orion acquired the majority of the pharmaceutical company Farnos at the end of the 1980s, and it was merged into Orion in 1990.

Orion began to gradually dismantle its diversified business in the 1990s by restructuring operations. The foodstuffs company Chymos was the first to be divested, in 1994. The mechanical engineering company Normet was sold in 1999 and the cosmetics business Noiro in 2003. The restructuring process culminated in 2006, when the old Orion demerged to form two new listed companies. The new Orion now focuses on pharmaceuticals and diagnostic tests.

More about Orion's history on www.orion.fi

Arvo Ylppö (1887–1992) was actively involved in the management of Orion in several positions of trust in 1925–1971. He was honoured with the title of Archiater – the highest honorary title for physicians in Finland, awarded exclusively for only one person for the rest of his/her lifetime.



Arvo Ylppö dedicated himself to promoting children's healthcare. For decades, he was the leading figure in the care of small children. Ylppö rose to international reputation for his studies of premature births.

Ylppö was one of the founders of the Mannerheim League for Child Welfare in 1920. He served as the Chief Physician of the League's Lastenlinna Children's Hospital until 1963 – for 43 years. The child health clinic Ylppö set up in Lastenlinna in 1922 represented the beginning of Finland's network of maternity and child health clinics, which soon grew to cover most of the country. In large part thanks to these clinics, infant mortality declined by more than a half by 1939.

Orion's Neuvolakirja, a publication for child health clinics, has long been an important handbook for the nurses on questions related to the growth, development and illnesses of small children.



Events in Orion's 90-year history

- 1917 Orion O/Y is established in Helsinki, on 21 September
- 1925 Dr. Arvo Ylppö is appointed to the Management Board
- 1934 Removal into own premises in Vallila, Helsinki
- 1935 New name Lääketehtas Orion OY
- 1938 Orion is Finland's largest pharmaceutical manufacturer
- 1945 The Ylä-Mankkaa estate is bought in Espoo
- 1948 Oriola Oy is established for the wholesale of pharmaceuticals
- 1948 Noiro Oy is established for manufacturing technochemical consumer goods
- 1954 O.Y. Einar Willumsen A.B. and O/Y Knud Henberg A/B are acquired
- 1955 A new Lääketehtas Orion Oy is established with the name of the old one. The old Lääketehtas Orion renames itself Regulus Oy. The owners of the new Lääketehtas Orion Oy are Regulus Oy, Oriola Oy and Noiro Oy
- 1955 The foodstuffs company Chymos is acquired in Lappeenranta
- 1957 Dr. Arvo Ylppö retires
- 1960 Lääketehtas Alb. Koponen (Neofarma) is acquired in Seinäjoki
- 1962 The first part of the pharmaceutical plant is completed in Espoo. Gradual removal from Helsinki begins.
- 1962 Tiwi Oy's chipboard production starts in Keuruu
- 1966 Manufacture of active pharmaceutical ingredients begins in Espoo
- 1968 Manufacture of diagnostic products begins. The first product is Uricult
- 1968 The Tuohilampi estate is acquired in Vihti
- 1970 Orion-yhtymä Oy is created via an arrangement in which Chymos and Noiro are merged into Regulus Oy and the group thus formed is merged into Lääketehtas Orion
- 1970 Fermion is established on a 50-50 basis with Kemira
- 1971 Peltosalmen Konepaja, or Normet, is acquired in Iisalmi
- 1971 Dr. Arvo Ylppö, 84 years old, steps down from the Supervisory Board due to the age clause
- 1972 Tiwi is sold
- 1972 Oy Eurocell Ltd is established in Kauklahti, Espoo, to produce floor and block elements for construction
- 1974 Orion Diagnostica is established
- 1974 Remeda Oy is started up in Kuopio for manufacturing pharmaceuticals
- 1977 Ercopharm A/S is acquired in Denmark
- 1979 Soredex is acquired
- 1980 Medion is acquired from Valmet Oy and merged into Orion
- 1981 Fermion is merged into Orion
- 1983 Research is boosted with an aim to result in proprietary drugs
- 1983 Domosedan® is launched as a sedative for large animals
- 1983 The pharmaceutical plant of Salmel is acquired in Kemijärvi
- 1984 Two share classes: A (20 votes) and B (1 vote)
- 1984 Divina® hormone replacement therapy is launched
- 1987 Domitor® is brought to market as a sedative for small animals
- 1988 Orion gains a majority holding in Farnos-yhtymä
- 1988 Fareston® (toremifene) for the treatment of breast cancer receives marketing authorisation in Finland
- 1989 Antisedan® is launched as the antibody of Domosedan and Domitor
- 1990 Farnos-yhtymä is merged into Orion
- 1992 Farnos Diagnostica is combined with Orion Diagnostica
- 1993 Chymos is sold to Fazer Oy
- 1993 First generation of the QuikRead® CRP test is launched
- 1994 Easyhaler® inhaler is launched for its first applications in asthma medication
- 1994 Divigel® hormone replacement therapy is brought to market
- 1995 Orion is listed on the Helsinki Stock Exchange
- 1996 Fareston is granted marketing authorisation in the EU and Japan
- 1996 Entacapone marketing agreement with Sandoz (Novartis)
- 1997 Fareston is granted marketing authorisation in the USA
- 1998 Comtess®/Comtan® (entacapone) are granted EU marketing authorisation
- 1998 Marketing agreement for Simdax® (levosimendan) with Abbott Laboratories
- 1999 Normet and Soredex are sold
- 1999 Precedex® (dexmedetomidine) is granted a US marketing authorisation as a sedative in intensive care
- 1999 Diviseq® and Indivina® hormone replacement therapies are granted the first marketing authorisations, in Sweden
- 2000 Simdax® is granted the first marketing authorisation for the treatment of acute decompensated heart failure, in Sweden
- 2002 Kronans Droghandel, KD, is acquired and the Wholesale and Distribution Division is formed
- 2003 Noiro is sold
- 2003 Stalevo® (levodopa, entacapone, carbidopa) receives marketing authorisation in the USA and EU
- 2004 The Group's parent company is renamed Orion Oyj, or Orion Corporation
- 2004 Renewed agreement on Simdax with Abbott Laboratories
- 2005 An extraordinary general meeting decides on the demerger of Orion
- 2006 On 1 July, Orion demerges to form two new listed companies, the new Orion Corporation and Oriola-KD Corporation

Orion's 90-year history



Orion was registered on 21 September 1917. The founders were chemists Onni Turpeinen, Emil Tuurala and Wikki Valkama.



The first, very modest premises were located in a back-yard building in Mariankatu 24, Helsinki.



Professor Erkki Leikola was Orion's Managing Director in 1933 – 1951. In those years Orion grew to Nr. 1 manufacturer of pharmaceuticals in Finland.



An eye cream advertisement from 1922



Tablet machines in the Vallila factory of Orion in the 1940s.

Tablet manufacturing hall in Orion's new plant in Mankkaa, Espoo, in 1962.



The Farnos Group was merged into Orion in 1990. The manufacturing facilities of Lääkefarmos were built in Turku in 1972.



In the summer of 2006, the old Orion demerged into two new companies, the present Orion and Oriola-KD, a pharmaceutical distributor.

Orion Corporation was listed on the main list of the Helsinki Stock Exchange.

1962

1974

1982

1990

1995

1998

2006



Orion Diagnostica was established in 1974 for the development, manufacture and marketing of diagnostic reagents and test kits. The dip slide test Uricult® for urinary tract infections was a great innovation of its time and was the best-selling product of Orion Diagnostica for many years.



The first building phase of Orion's research center in Espoo was completed in 1982.



Orion received an EU-wide marketing authorisation for Comtess/Comtan for Parkinson's disease. Entacapone, the most successful drug discovery of Orion so far, started its journey to global markets.



Orion Corporation

Address Orionintie 1 A
FI-02200 Espoo
Finland

Postal address P.O. Box 65
FI-02101 Espoo
Finland

Tel. +358 10 4261
Fax +358 10 426 3815
E-mail firstname.lastname@orion.fi
Homepage www.orion.fi
(Group portal with
access to several
sub-pages)

Business Identity
Code FI 19992126

Pharmaceutical sales and marketing:

Orion Corporation

Address Orionintie 1
FI-02200 Espoo
Finland

Postal address P.O. Box 65
FI-02101 Espoo
Finland

Tel. +358 10 4261
Fax +358 10 426 3815
E-mail firstname.lastname@orionpharma.com
Homepage www.orion.fi

Sales, Finland

Address Kalkkipellontie 2
FI-02600 Espoo
Finland

Postal address P.O. Box 400
FI-02601 Espoo
Finland

Tel. +358 10 4261
Fax +358 10 426 3939

Animal Health:

Sales and marketing

Address Tengströminkatu 8
FI-20360 Turku
Finland

Postal address P.O. Box 425
FI-20101 Turku
Finland

Tel. +358 10 4261
Fax +358 10 426 7771

Sales companies:

Orion Pharma AB

Address Djupdalsvägen 7
Postal address P.O. Box 334
SE-19230 Sollentuna
Sweden

Tel. +46 8 623 6440
Fax +46 8 623 6480

Orion Pharma AS

Address Gjerdrumsvei 8
Postal address P.O. Box 4366 Nydalen
NO-0402 Oslo
Norway

Tel. +47 4000 4210
Fax +47 22 952 064

Orion Pharma A/S

Address Møllevvej 9 A
DK-2990 Nivå
Denmark

Tel. +45 4912 6600
Fax +45 4912 6612

Orion Pharma GmbH

Address Notkestrasse 9
D-22607 Hamburg
Germany

Tel. +49 40 899 6890
Fax +49 40 899 68996

Orion Pharma AG

Address Untermüli 11
CH-6300 Zug
Switzerland

Tel. +41 41 767 4090
Fax +41 41 767 4099

Orion Pharma Kft.

Address Katóna József u. 14, FSZT. 4
H-1137 Budapest
Hungary

Tel. +36 1 239 9095
Fax +36 1 237 0603

Orion Pharma (UK) Ltd.

Address Oaklea Court
22 Park Street, Newbury
Berkshire RG14 1EA
UK

Tel. +44 1635 520 300
Fax +44 1635 520 319

Orion Pharma (Ireland) Ltd.

Address c/o Allphar Services Ltd.
Belgard Road, Tallaght
Dublin 24
Ireland

Tel. +353 1 404 1600
Fax +353 1 404 1699

Orion Pharma R&D Nottingham

Address 2-4 Weekday Cross
Fletcher Gate,
Nottingham NG1 2GB

Postal address P.O.Box 6792
Nottingham NG1 1AH
UK

Tel. +44 115 9487 130
Fax +44 115 9487 139

Orion Pharma Eesti Oü

Address Lastekodu Str. 5-24
Tallinn 10115
Estonia

Tel. +372 66 16 864
Fax +372 66 16 863

Sales offices:

Orion Corporation in Lithuania

Address Laisver pr. 75
06144 Vilnius
Lithuania
Tel. +370 5 268 8482
Fax +370 5 268 8481

Orion Corporation in Russia

Address Troilinsky per. 3 (floor 3)
119002 Moscow
Russia
Tel. +7 495 363 5071
Fax +7 495 363 5074

Orion Corporation in Latvia

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

Orion Corporation in Ukraine

Address Sholudenko 3
Business Center, office 309
04116 Kiev
Ukraine
Tel. +380 44 230 4721
Fax +380 44 230 4722

Orion Corporation in Czech Republic and Slovakia

Address Zeleny pruh 95/97
140 00 Prague
Czech Republic
Tel. +420 227 027 261
Fax +420 227 230 661

Orion Corporation in Poland

Address Ul. Parandowskiego 19
01-699 Warszawa
Poland
Tel./fax +48 22 8 333 177
+48 22 8 321 036
+48 22 8 321 037

Pharmaceutical manufacturing:

Espoo site

Address Orionintie 1
FI-02200 Espoo, Finland
Postal address P.O. Box, 65
FI-02101 Espoo, Finland
Tel. +358 10 4261
Fax +358 10 426 3131

Turku site

Address Tengströminkatu 8
FI-20360 Turku, Finland
Postal address P.O. Box 425
FI-20101 Turku, Finland
Tel. +358 10 4261
Fax +358 10 426 7547

Kuopio site

Address Volttikatu 8
FI-70700 Kuopio, Finland
Postal address P.O. Box 1780
FI-70701 Kuopio, Finland
Tel. +358 10 4261
Fax +358 10 428 6444

Active substance production:

Fermion Oy

Address Koivu-Mankkaan tie 6 A
FI-02200 Espoo, Finland
Postal address P.O. Box 28
FI-02101 Espoo, Finland
Tel. +358 10 4261
Fax +358 9 452 1764

Fermion Oy, Hanko site

Address Orioninkatu 2
FI-10900 Hanko, Finland
Postal address P.O. Box 50
FI-10901 Hanko, Finland
Tel. +358 10 4261
Fax +358 10 428 3223

Fermion Oy, Oulu site

Address Lääketehtaan tie 2
FI-90650 Oulu, Finland
Tel. +358 10 4261
Fax +358 10 428 3429

Orion Diagnostica:

Orion Diagnostica Oy

Address Koivu-Mankkaan tie 6 B
FI-02200 Espoo
Finland
Postal address P.O. Box 83
FI-02101 Espoo
Finland
Tel. +358 10 4261
Fax +358 10 426 2794
E-mail orion.diagnostica@
oriondiagnostica.fi
firstname.lastname@
oriondiagnostica.fi
Homepage www.orion.fi

Orion Diagnostica AB

Address Industrigatan 8
SE-619 33 Trosa
Sweden
Tel. +46 156 53 360
Fax +46 156 17 355
E-mail info@oriondiagnostica.se
etunimi.sukunimi@
oriondiagnostica.se

Orion Diagnostica AS

Address Solbråveien 43
NO-1383 Asker
Norway
Postal address P.O. Box 321
NO-1372 Asker
Norway
Tel. +47 6678 5630
Fax +47 6678 5659
E-mail firmapost@oriondiagnostica.no
firstname.lastname@
oriondiagnostica.no

Orion Diagnostica Danmark A/S

Address Ndr. Strandvej 119 A
DK-3150 Hellebæk
Denmark
Tel. +45 49 755 050
Fax +45 49 755 055
E-mail orion@oriondiagnostica.dk
firstname.lastname@
oriondiagnostica.dk

The publication dates of the Interim Reports in 2007

| | |
|-------------------------|----------------------------|
| Interim Report 1–3/2007 | Wednesday, 25 April 2007 |
| Interim Report 1–6/2007 | Monday, 6 August 2007 |
| Interim Report 1–9/2007 | Wednesday, 24 October 2007 |

The financial reviews and the related materials are available on Orion's homepage www.orion.fi/investors as of publication.

The homepage also provides a facility for subscribing Orion's publications.

Alternatively, the publications can be ordered by contacting the Communications office of Orion Corporation by phone, telefax or e-mail:

Phone +358 10 426 3504 / Minna Lyhykäinen

Telefax +358 10 426 4435

E-mail corpcom@orion.fi

Layout: Alma Media Lehdentekijät Oy

Photos: Risto Laine and Orion's photo archive

Repro: Faktor Oy

Printed by: Punamusta, Joensuu, Finland 2007

Paper: Cover Galerie Art Matt 250 g, inner pages Nova Press silk 115 g



Cover picture: Pamela Kaarna is one of the tens of pharmaceutical chemists of the Espoo VI Pharmacy at the Iso Omena shopping center. As a dispenser, she must know the drugs, their side effects and interactions as well as the instructions of storage and use. She also sees to it that the customer receives the necessary information about the product.



Building well-being since 1917

Tablet manufacturing at Orion's plant
in Vallila, Helsinki, in the 1940s.



Orion Corporation | Orionintie 1 A | FI-02200 Espoo | P.O. Box 65 | FI-02101 Espoo, Finland
Tel. +358 10 4261 | Business Identity Code FI 19992126



ORION GROUP
FINANCIAL STATEMENTS 2006





Contents

| | |
|-----------|--|
| 6 | Information to shareholders |
| 8 | Stock Exchange Releases published by Orion in 7-12/2006 |
| 9 | Key figures on the Orion Group for 2005-2006 (proforma) |
| 10 | Review by the President and CEO |
| 12 | Financial Review (proforma) 1-12/2006 |
| 14 | Net sales and operating profit by Business Segments by annual quarters (proforma) |
| 15 | Consolidated Financial Statements (proforma, IFRS) |
| 15 | Consolidated Income Statement |
| 16 | Consolidated Balance Sheet |
| 18 | Consolidated Cash Flow Statement |
| 19 | Notes to the Consolidated Financial Statements |
| 20 | Key figures (proforma) |
| 20 | Financial development 2004-2006 (proforma) |
| 21 | Share-related key figures 2004-2006 (proforma) |
| 22 | Calculation of the key figures |
| 23 | Review of the Segments (proforma) |
| 29 | Financial Statements for 1 July – 31 December 2006 |
| 30 | Report by the Board of Directors for 1 July – 31 December 2006 |
| 39 | Consolidated Financial Statements (IFRS) |
| 39 | Consolidated Income Statement |
| 40 | Consolidated Balance Sheet |
| 41 | Consolidated Statement of Changes in Equity |
| 42 | Consolidated Cash Flow Statement |
| 43 | Notes to the Consolidated Financial Statements |
| 67 | Key figures |
| 67 | Financial development |
| 68 | Share-related key figures |
| 69 | Calculation of the key figures |
| 71 | Parent Company Financial Statements (FAS) |
| 71 | Income Statement |
| 72 | Balance Sheet |
| 74 | Cash Flow Statement |
| 75 | Notes to the Financial Statements of the Parent Company |
| 86 | Shares and shareholders |
| 90 | Proposal by the Board of Directors for the distribution of profits for 1 July – 31 December 2006 |
| 91 | Auditors' report |
| 92 | Corporate Governance in the Orion Group |

All figures in the Financial Statements have been rounded, and therefore the sum total of individual figures may differ from the sums added up.

Information to shareholders

Annual General Meeting of the Shareholders on Monday, 2 April 2007

The Annual General Meeting of the Shareholders of Orion Corporation will be held on Monday, 2 April 2007 at 17.00 p.m. at the Helsinki Fair Center, address Messuaukio 1, 00520 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 Articles of Association and section 5 chapter 3 of the Companies Act.
2. The proposals by the Board of Directors in accordance with the agenda provided in the invitation.

An invitation to the Meeting was published in the Helsingin Sanomat newspaper on 8 February 2007. 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 Monday, 26 March 2007 before 16.00 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, or by telefax to +358 10 426 2323. Registrations by phone will be received in +358 10 426 5252. 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 2006, a dividend per share of 1.00 euros shall be paid to Orion

Corporation shareholders entered in the shareholder register maintained by the Finnish Central Securities Depository on the record date 5 April 2007. The date of the dividend payment is 16 April 2007. 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.

In Orion's calendar for 2007

| | |
|----------------------------------|-----------------|
| Annual General Meeting | 2 April 2007 |
| Record date for dividend payment | 5 April 2007 |
| Dividend payment date | 16 April 2007 |
| Interim Report 1-3/2007 | 25 April 2007 |
| Interim Report 1-6/2007 | 6 August 2007 |
| Interim Report 1-9/2007 | 24 October 2007 |

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's stock exchange releases, press releases 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, 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 10 426 3504/Minna Lyhykäinen
Fax +358 10 426 4435
corpcom@orion.fi

Investor contacts in Orion Corporation

Anne Allo
Vice President, Communications
Phone +358 10 426 3735
anne.allo@orion.fi

Jari Karlson
CFO
Phone +358 10 426 2883
jari.karlson@orion.fi

Sirkku Markula
Corporate Treasurer
Phone +358 10 426 4685
sirkku.markula@orion.fi

Determination of acquisition costs of Orion and Oriola-KD shares

According to the confirmation on 11 July 2006 by the Finnish National Board of Taxes, the acquisition costs of the class A and B shares in the present Orion and Oriola-KD are determined using the proportion of their fair values (weighted average prices) on 3 July 2006. The share acquisition cost is used for the calculation of capital gains and/or losses from share transactions for the basis of Finnish taxation.

Contacts for company analyses on Orion

ABG Sundal Collier
www.abgsc.com

Blue Oak Capital
www.blueoakcapital.com

CSFB
www.csfb.com

DresdnerKleinwort
www.drkw.com

Enskilda Securities
www.enskilda.se

eQ Bank
www.eQonline.fi

Evli Securities
www.evli.fi

FIM Securities
www.fim.com

Goldman Sachs International
www.gs.com

Handelsbanken
www.handelsbanken.se

Mandatum
www.mandatum.fi

Standard & Poor's
www.standardandpoors.com

OKO Bank plc
www.okobank.com

Öhman Equities
www.ohman.se

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

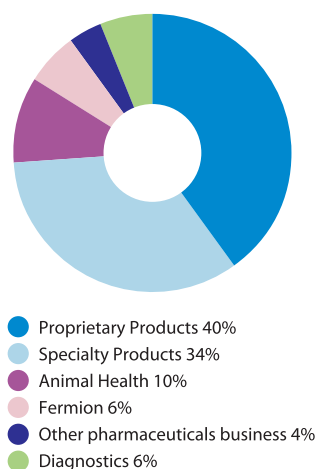
| | A-share | B-share | |
|---------------|---------|---------|---|
| Present Orion | 87.24% | 87.70% | of the original acquisition cost of the demerged Orion's respective share |
| Oriola-KD | 12.76% | 12.30% | |
| | 100.0% | 100.0% | |

Stock Exchange Releases published by Orion in 7-12/2006

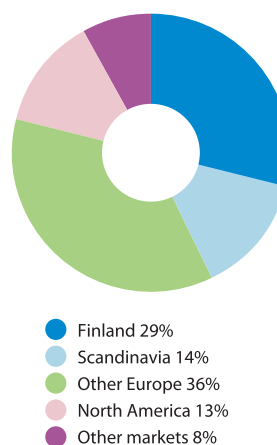
The summary contains the releases published by the new Orion Corporation after the demerger on 1 July 2006. The releases are available on the homepage www.orion.fi/investors.

| Publication date | Title |
|------------------|---|
| 03.07.2006 | Implementation of Orion's demerger entered in the Trade Register on 1 July 2006 |
| 13.07.2006 | Determination of acquisition costs of Orion Corporation and Oriola-KD Corporation shares for Finnish taxation |
| 07.08.2006 | Orion Group Financial Review (proforma) 1-6/2006 |
| 07.08.2006 | Orion to publish its Interim Report for 7-9/2006 already on 2 November 2006 |
| 31.08.2006 | Change in Orion's R&D management |
| 14.09.2006 | Final account of the demerged Orion Corporation |
| 09.10.2006 | Changes in the Executive Management Board of the Orion Group as of 1 November 2006 |
| 16.10.2006 | Decisions by the shareholders' meeting of the demerged Orion |
| 16.10.2006 | Composition of the Nomination Committee of Orion Corporation |
| 20.10.2006 | Reijo Salonen appointed to Orion's new Senior Vice President, Research and Development |
| 02.11.2006 | Orion Group Interim Report 7-9/2006 and Financial Review (proforma) 1-9/2006 |
| 02.11.2006 | Publication schedule for Orion's financial reporting in 2007 |

Net sales by businesses 2006



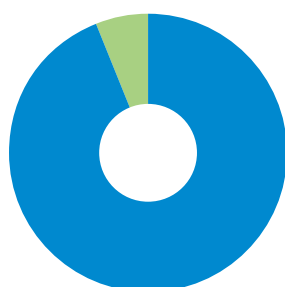
Net sales by geographic segments 2006



Key figures on the Orion Group for 2005-2006 (proforma)

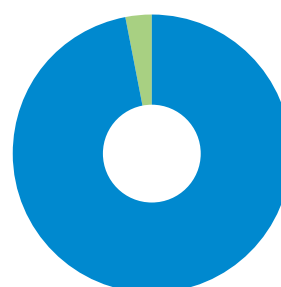
| EUR million | 1-12/2006 Proforma | 1-12/2005 Proforma | Change % |
|------------------------------------|-----------------------|-----------------------|-------------|
| Net sales | 641.1 | 585.6 | +9.5% |
| Operating profit (EBIT) | 196.7 | 155.2 | +26.7% |
| % of net sales | 30.7% | 26.5% | |
| Profit before taxes | 197.3 | 154.3 | +27.9% |
| % of net sales | 30.8% | 26.3% | |
| R&D expenses | 84.1 | 80.1 | +5.1% |
| % of net sales | 13.1% | 13.7% | |
| Capital expenditure | 25.5 | 23.7 | +7.7% |
| % of net sales | 4.0% | 4.0% | |
| Balance Sheet total | 588.1 | 605.1 | -2.8% |
| Equity ratio, % | 75.4% | 65.6% | |
| Gearing, % | -22.6% | -28.7% | |
| Interest-bearing liabilities | 9.8 | 10.5 | -6.9% |
| Non-interest-bearing liabilities | 134.8 | 197.8 | -31.9% |
| Cash and cash equivalents | 110.0 | 124.5 | -11.6% |
| ROCE (before taxes), % | 46.5% | 40.7% | |
| ROE (after taxes), % | 34.5% | 32.9% | |
| Earnings per share, EUR | 1.03 | 0.83 | +24.7% |
| Diluted earnings per share, EUR | 1.03 | 0.82 | +26.4% |
| Equity per share, EUR | 3.14 | 2.86 | +9.9% |
| Personnel at the end of the period | 3 061 | 3 003 | +1.9% |

Net sales by business segments 2006



● Pharmaceuticals 94%
● Diagnostics 6%

Operating profit by business segments 2006



● Pharmaceuticals 97%
● Diagnostics 3%



Review by the President and CEO

The present Orion inherited strong financial shoulders from the old Orion. The legacy of excellent key ratios put Orion in a good position to continue from a solid foundation the business that had been built up over a period of nearly 90 years. That legacy also imposed a large obligation to be nurtured so that its value does not diminish, and to improve the already good results further.

All the main key figures indicate that we have succeeded in meeting this challenge. The plus and minus signs of the indicators are all pointing in the right direction. One of the grounds for the demerger was the opportunity to produce added value for our shareholders. The curves of the share prices of both new companies likewise show that we have succeeded here too. It would, of course, be nice to bask in the sunshine of excellent performance, relying on the generator of net sales and profits to keep cranking out good results.

We have nevertheless rolled up our sleeves and worked unstintingly to build the Orion of the future. Our strategy puts an increasing accent on growth, on a broad front, to become a pharmaceutical company getting along on its own. We are growing all our operations, particularly in the burgeoning new markets of Europe and Russia. All our machinery has been fine-tuned to seek out and to exploit growth opportunities. Partnerships with other pharmaceutical companies will be important even in the future. We need them in research, product development and marketing, as well as production. We are also committed to purposefully improving all our own ways of working so that they fulfil the criteria of sustained excellence in business, because we also want to be operationally the best in every respect.

The real bright spot for us continues to be our proprietary drug entacapone, which has firmly established itself in the treatment for Parkinson's disease in most major market areas. It is a big achievement for a small company when a drug from its

own research pipeline and with a completely new mechanism of action is viewed as bringing so much additional benefit to the treatment of a serious disease that its use is written into the recommendations for treating that disease. The status of a standard treatment has not come by itself. It has required convincing evidence of successful treatment. Experience from Parkinson's disease patients treated with Comtess/Comtan or Stalevo around the world amounts to well over a million patient years.

In Orion's product portfolio, our proprietary drugs for Parkinson's disease have risen to become, as expected, a constellation all of their own. They made up almost a third of the net sales generated by our pharmaceuticals business. They are also the mainstay of our profitability. In sales work, the emphasis has been nearly solely on Stalevo. That this effort has succeeded is shown by the product's strong sales growth, particularly in the United States, Germany and the other large EU countries. Next, we are looking forward to see how Comtan will take root as a treatment for Parkinson's disease in Japan, where the product received a marketing authorisation a short while ago.

I am furthermore greatly pleased by the work of our sales organisation in Finland, who succeeded in putting Orion back in the pole position in Finland's pharmaceutical sales statistics. We set our sights on the top spot last year and reached it in very heavy competitive situation.

In the course of 2007, Orion will celebrate its 90-year history. Although we have only just started on our way as a new company, we are pushing ahead, inspired by the old Orion's colourful history and challenging legacy.

Jukka Viinanen
President and CEO

Financial Review (proforma) 1-12/2006

Financial Review (proforma) 1-12/2006

Orion Group structure

The parent company of the Orion Group is Orion Corporation. The Group has two businesses and five business divisions:

- 1) Pharmaceuticals
 - Proprietary Products (patented prescription products)
 - Specialty Products (off-patent prescription products and self-medication products)
 - Animal Health
 - Fermion (active pharmaceutical ingredients)
- 2) Diagnostics
 - Orion Diagnostica.

Net sales

The Group net sales in 1-12/2006 were EUR 641.1 million (EUR 585.6 million in 1-12/2005), up by 9.5% from the comparative period.

Pharmaceuticals business. The net sales of the Pharmaceuticals business were EUR 601.4 (547.0) million and they grew by 9.9%. No milestone payments are included in the figures. The products based on in-house R&D accounted for EUR 274.9 (227.2) million, or 46% (42%) of the total. The products for Parkinson's Disease, i.e. Stalevo® and Comtess®/Comtan®, contributed EUR 186.0 (145.3) million, or 31% (27%) of the total pharmaceutical net sales.

Diagnostics business. Orion Diagnostica generated EUR 41.5 (40.8) million in net sales, up by 1.8%.

Operating profit (EBIT)

Pharmaceuticals business. The Pharmaceuticals business generated an operating profit of EUR 189.9 (154.7) million, up by 22.8%. The favourable development was consequence of the increased sales of the proprietary products, especially the entacapone franchise, as well as well managed costs.

Diagnostics business. Orion Diagnostica's operating profit was EUR 6.6 (6.3) million, up by 5.1%.

Operating expenses

The consolidated operating expenses were the same as in the comparative period, EUR 253.0 (252.9) million. Selling and marketing expenses were EUR 128.9 (129.3) million, almost the same as in the comparative year. In addition to the costs of sales and marketing they include the costs of distribution and logistics, as well as the related salaries and other personnel expenses.

Research and development expenses increased by 5.1% to EUR 84.1 (80.1) million, representing 13.1% (13.7%) of the Group net sales. Pharmaceutical R&D expenses were EUR 79.7 million, or about 95% of the total. The R&D function is reported in the segment review of the Pharmaceuticals business.

Other operating income includes EUR 9.8 million in capital gains from the sale of the rental apartment buildings in August. In the table "Operating profit by business segments" the item is included in the Group items.

Group profit before taxes was EUR 197.3 (154.3) million. The positive development was mostly consequence of the increased net sales of Stalevo for Parkinson's Disease and the high volumes supplied to Novartis, the marketing partner. Earnings per share were EUR 1.03 (0.83). Equity per share was EUR 3.14 (2.86). Group ROCE before taxes was 46.5% (40.7%) and ROE after taxes was 34.5% (32.9%).

Balance Sheet and financial position

The Group's gearing was -22.6% (-28.7%). Equity ratio was 75.4% (65.6%).

The share subscriptions made in the review period before the demerger with the options of the demerged Orion's stock option plan that ended in May, induced EUR 21.4 million to the Equity, EUR 17.8 million of which have been recorded in the share premium and the remainder in the share capital.

In June, EUR 23 million were transferred from the share premium fund to the expendable fund, based on the decision by the Extraordinary General Meeting of the demerged Orion held on 19 December 2005.

Total liabilities in the Balance Sheet of 31 December 2006 came to EUR 144.6 (208.3) million, of which interest bearing liabilities accounted for EUR 9.8 (10.5) million.

Trade payables at the end of the review period were EUR 29.2 million. They decreased from the year start by EUR 47.9 million, which included EUR 46.4 million short-term loans that were included in trade payables and had been repaid to the Oriola-KD companies.

Cash and cash equivalents were EUR 110.0 (124.5) million. The cash reserves are invested in short-term interest instruments.

Cash flows

The cash flows from operations were EUR 141.4 (133.8) million, and they grew from the comparative period due to improved profit. The growth was slowed down by the increase in working capital. The increase in the working capital was a consequence of increased sales volumes, enhanced delivery reliability and related inventories, and decreased trade payables.

The net cash used in investments was improved by the sale of rental apartment buildings in August.

The share subscriptions made with the stock options 2001 of the demerged Orion in the first half of the year induced EUR 21.4 million to the cash flows of financing activities. The net cash used in financing activities resulted, however, in a negative total of EUR -144.9 million due to the dividends paid for 2005 and repaid loans. Most of the loans repaid were short-term receivables of the present Oriola-KD companies.

Capital expenditure

The capital expenditure of the Group came to EUR 25.5 (23.7) million, of which machinery and equipment accounted for EUR 16.6 (16.9) million.

Personnel

The average number of personnel in the Group was 3,063 (2,996) for the review period. At the end of 2006, the total number of employees was 3,061 (3,003). Personnel in the Pharmaceuticals business increased by 77 from the end of 2005, mainly in production and laboratories. In the Diagnostics business the number of employees decreased by 15 persons.

Financial objectives

The moderate organic growth of the net sales in the next few years is accelerated via product, portfolio and company acquisitions. Operating profit will be increased and Equity ratio is maintained at the level of at least 50%.

Dividend policy

In the dividend distribution Orion takes into account the distributable funds as well as the medium-long and long-term needs of capital expenditure and other financial needs required for the achievement of the financial objectives.

Proposed dividend 1.00 EUR per share

The Board of Directors proposes that a dividend of EUR 1.00 per share be distributed on the altogether 141.3 million shares, total EUR 141.3 million. The payout ratio for 2006 would be 97.1 %. The dividend is paid on 16 April 2007 to the shareholders being recorded in the company's shareholder register on 5 April 2007.

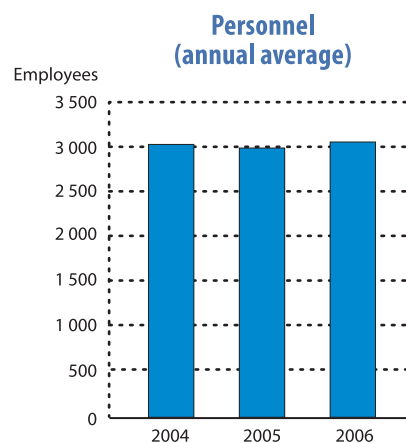
Outlook for 2007 (proforma)

Net sales will grow somewhat from those of 2006. Sales of pharmaceuticals via Orion's own marketing organisation are anticipated to start showing moderate growth in Finland and to go on showing growth in the markets outside Finland. In-market sales of the entacapone product franchise will continue showing steady, although slower growth than in the previous years. Deliveries to Novartis are anticipated to be at the same level as in 2006, in which they increased considerably, partly because of higher reserve stockpile levels of Novartis.

Operating profit, one-off earnings excluded, is estimated to grow somewhat from 2006, despite increased investments in marketing and pharmaceutical research. Marketing expenses will grow especially due to investments in product launches by Orion's own European marketing units outside Finland. The higher R&D expenditure is mainly caused by the new clinical research programmes being started in 2007.

Research and development expenditure will be about EUR 95 million, of which pharmaceutical R&D will account for about EUR 90 million.

Capital expenditure will be EUR 35 million.



Net sales and operating profit by Business Segments by annual quarters (proforma)

Net sales by business segments by annual quarters

| EUR million | 1-3/05 Proforma | 4-6/05 Proforma | 7-9/05 Proforma | 10-12/05 Proforma | 1-3/06 Proforma | 4-6/06 Proforma | 7-9/06 | 10-12/06 |
|-----------------|--------------------|--------------------|--------------------|----------------------|--------------------|--------------------|--------|----------|
| Pharmaceuticals | 135.9 | 140.0 | 133.8 | 137.2 | 162.9 | 146.4 | 139.9 | 152.1 |
| Diagnostics | 10.5 | 10.3 | 9.5 | 10.5 | 11.2 | 10.4 | 9.5 | 10.4 |
| Group items | -0.5 | -0.6 | -0.4 | -0.5 | -0.5 | -0.5 | -0.4 | -0.4 |
| Group total | 145.9 | 149.7 | 142.8 | 147.2 | 173.5 | 156.3 | 149.0 | 162.2 |

Operating profit by business segments by annual quarters

| EUR million | 1-3/05 Proforma | 4-6/05 Proforma | 7-9/05 Proforma | 10-12/05 Proforma | 1-3/06 Proforma | 4-6/06 Proforma | 7-9/06 | 10-12/06 |
|-----------------|--------------------|--------------------|--------------------|----------------------|--------------------|--------------------|--------|----------|
| Pharmaceuticals | 45.2 | 39.1 | 42.7 | 27.7 | 62.0 | 43.3 | 45.1 | 39.5 |
| Diagnostics | 1.7 | 2.0 | 1.4 | 1.1 | 2.8 | 1.7 | 1.5 | 0.6 |
| Group items | -1.6 | -3.0 | 1.8 | -2.9 | -1.9 | -2.1 | 7.7 | -3.5 |
| Group total | 45.3 | 38.1 | 45.9 | 25.9 | 62.9 | 42.9 | 54.3 | 36.6 |

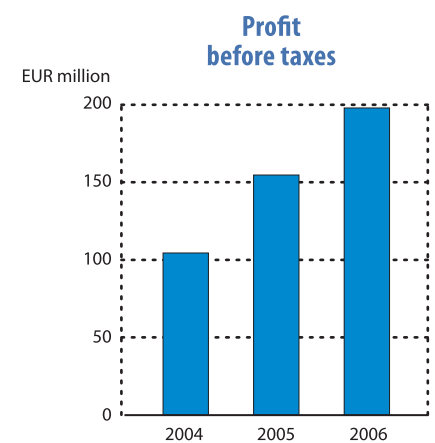
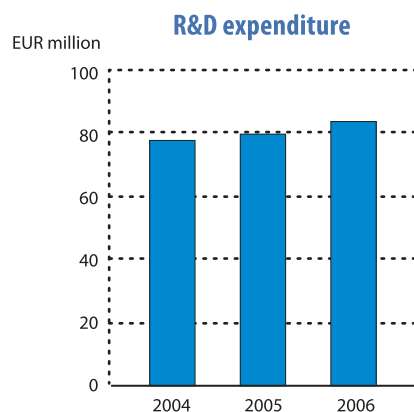
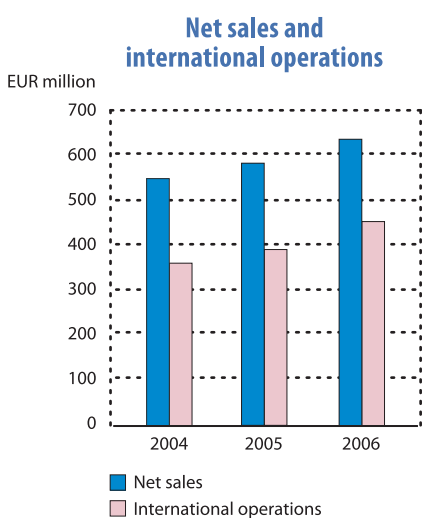
Net sales by geographic segments by annual quarters

| EUR million | 1-3/05 Proforma | 4-6/05 Proforma | 7-9/05 Proforma | 10-12/05 Proforma | 1-3/06 Proforma | 4-6/06 Proforma | 7-9/06 | 10-12/06 |
|---------------|--------------------|--------------------|--------------------|----------------------|--------------------|--------------------|--------|----------|
| Finland | 48.0 | 46.9 | 44.8 | 52.6 | 44.8 | 45.4 | 45.2 | 49.0 |
| Scandinavia | 20.6 | 22.7 | 21.3 | 22.4 | 22.5 | 24.2 | 21.2 | 23.4 |
| Other Europe | 42.7 | 44.7 | 51.4 | 46.1 | 69.6 | 52.7 | 52.8 | 58.4 |
| North America | 21.3 | 21.8 | 14.2 | 15.6 | 20.4 | 20.5 | 20.1 | 22.0 |
| Other markets | 13.4 | 13.6 | 11.2 | 10.4 | 16.2 | 13.4 | 9.7 | 9.4 |
| Group total | 145.9 | 149.7 | 142.8 | 147.2 | 173.5 | 156.3 | 149.0 | 162.2 |

Consolidated Financial Statements (proforma)

Consolidated Income Statement (proforma)

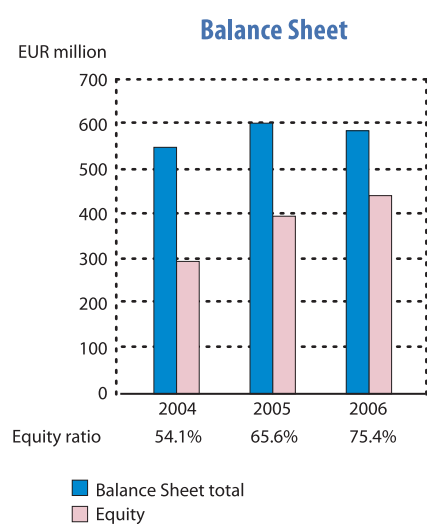
| EUR million | 1-12/06 Proforma | 1-12/05 Proforma |
|-----------------------------------|---------------------|---------------------|
| Net sales | 641.1 | 585.6 |
| Cost of goods sold | -205.2 | -188.9 |
| Gross profit | 435.8 | 396.7 |
| Other operating income | 13.8 | 11.4 |
| Selling and marketing expenses | -128.9 | -129.3 |
| Research and development expenses | -84.1 | -80.1 |
| Administrative expenses | -39.9 | -43.4 |
| Operating profit | 196.7 | 155.2 |
| Financial income | 3.5 | 3.0 |
| Financial expenses | -3.0 | -4.0 |
| Profit before taxes | 197.3 | 154.3 |
| Income tax expense | -52.2 | -40.4 |
| Profit for the period | 145.1 | 113.9 |
| of which attributable to: | | |
| Parent company shareholders | 145.1 | 113.9 |
| Minority | 0.0 | 0.0 |
| Earnings per share | | |
| Basic, EUR | 1.03 | 0.83 |
| Diluted, EUR | 1.03 | 0.82 |
| Depreciation and amortisation | 34.7 | 35.4 |
| Employee benefit expenses | 145.8 | 140.1 |



Consolidated Balance Sheet (proforma)

Assets

| EUR million | 12/2006 | 12/2005 Proforma |
|---------------------------------|--------------|---------------------|
| Non-current assets | | |
| Property, plant and equipment | 187.1 | 196.4 |
| Goodwill | 13.5 | 13.5 |
| Other intangible assets | 21.9 | 24.5 |
| Investments in associates | 0.1 | 0.1 |
| Available-for-sale investments | 1.0 | 1.0 |
| Pension asset | 52.7 | 46.3 |
| Deferred tax assets | 1.4 | 1.5 |
| Other non-current receivables | 3.8 | 4.2 |
| Non-current assets total | 281.4 | 287.5 |
| Current assets | | |
| Inventories | 107.2 | 99.4 |
| Trade receivables | 75.0 | 78.7 |
| Other receivables | 14.4 | 14.9 |
| Cash and cash equivalents | 110.0 | 124.5 |
| Current assets total | 306.6 | 317.5 |
| Assets total | 588.1 | 605.1 |

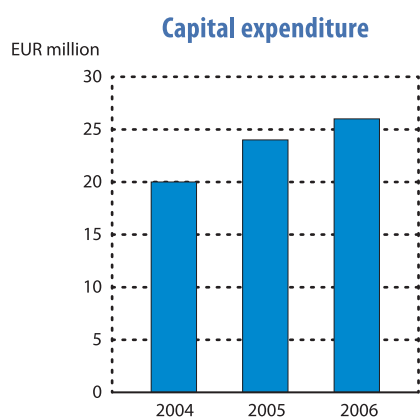


Equity and liabilities

| EUR million | 12/2006 | 12/2005 Proforma |
|--|--------------|---------------------|
| Equity | | |
| Share capital | 92.2 | 88.2 |
| Share issue | - | 0.3 |
| Share premium | 17.8 | 23.2 |
| Expendable fund | 23.0 | - |
| Other reserves | 0.5 | 0.7 |
| Retained earnings | 309.9 | 284.3 |
| Equity of the parent company shareholders | 443.5 | 396.7 |
| Minority interest | 0.0 | 0.0 |
| Equity total | 443.5 | 396.8 |
| Non-current liabilities | | |
| Deferred tax liabilities | 51.5 | 51.3 |
| Pension liability | 0.9 | 0.7 |
| Provisions | 0.6 | 2.4 |
| Interest-bearing non-current liabilities | 7.5 | 8.3 |
| Other non-current liabilities | 1.8 | 1.2 |
| Non-current liabilities total | 62.3 | 63.9 |
| Current liabilities | | |
| Trade payables | 29.2 | 77.1 |
| Other current liabilities | 49.9 | 64.7 |
| Provisions | 0.9 | 0.3 |
| Interest-bearing current liabilities | 2.3 | 2.2 |
| Current liabilities total | 82.3 | 144.4 |
| Equity and liabilities total | 588.1 | 605.1 |

Consolidated Cash Flow Statement (proforma)

| EUR million | 1-12/2006 Proforma | 1-12/2005 Proforma |
|--|-----------------------|-----------------------|
| Cash flow from operating activities | | |
| Operating profit | 196.7 | 155.2 |
| Adjustments | 16.0 | 22.3 |
| Change in working capital | -18.6 | -5.1 |
| Interest paid | -3.8 | -4.5 |
| Interest received | 3.5 | 5.0 |
| Income taxes paid | -52.5 | -39.1 |
| Net cash from operating activities | 141.4 | 133.8 |
| Cash flow from investing activities | | |
| Purchases of property, plant and equipment and intangible assets | -22.8 | -21.7 |
| Acquisition of subsidiary, net of cash | -1.2 | - |
| Proceeds from sale of property, plant and equipment, intangible assets and available-for-sale investments | 13.0 | 7.9 |
| Net cash used in investing activities | -10.9 | -13.8 |
| Cash flow from financing activities | | |
| Share issue and share capital increase based on the use of stock options | 21.4 | 43.4 |
| Change in short-term loans | -47.5 | -17.7 |
| Change in long-term loans | -0.6 | -32.3 |
| Dividends paid | -118.2 | -56.7 |
| Net cash used in financing activities | -144.9 | -63.3 |
| Net change in cash and cash equivalents | -14.4 | 56.7 |
| Cash and cash equivalents at the beginning of the period | 124.5 | 68.4 |
| Foreign exchange adjustments | -0.1 | -0.6 |
| Net change in cash and cash equivalents | -14.4 | 56.7 |
| Cash and cash equivalents at the end of the period | 110.0 | 124.5 |



Notes to the Consolidated Financial Statements (proforma)

Contingent liabilities

| EUR million | 12/2006 | 12/2005 Proforma |
|---|---------|---------------------|
| Contingent for own liabilities: | | |
| Mortgages on land and buildings | 25.5 | 27.9 |
| of which those on behalf of the Orion Pension Fund | 9.0 | 11.9 |
| Guarantees | 1.8 | 2.0 |
| Contingent for liabilities of other parties: | | |
| Mortgages on land and buildings | - | 9.9 |
| Guarantees | - | 7.2 |
| Leasing liabilities (excl. finance leasing contracts) | 5.2 | 3.8 |
| Other liabilities | 0.3 | 0.3 |
| Currency forward contracts: | | |
| - fair value | 0.3 | -0.3 |
| - nominal value | 58.5 | 80.0 |

Key figures (proforma)

Financial development 2004-2006 (proforma)

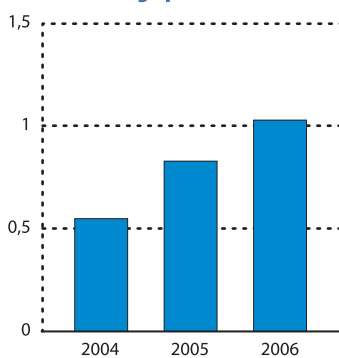
| EUR million and % | 2004 Proforma | 2005 Proforma | 2006 Proforma |
|--|------------------|------------------|------------------|
| Net sales and profit | | | |
| Net sales | 553.0 | 585.6 | 641.1 |
| International operations | 364.1 | 393.3 | 456.6 |
| % of net sales | 65.8% | 67.2% | 71.2% |
| Depreciation and amortisation | 42.7 | 35.4 | 34.7 |
| Operating profit | 105.3 | 155.2 | 196.7 |
| % of net sales | 19.0% | 26.5% | 30.7% |
| Financial income and expenses | -1.2 | -1.0 | 0.6 |
| % of net sales | -0.2% | -0.2% | 0.1% |
| Profit before taxes | 104.1 | 154.3 | 197.3 |
| % of net sales | 18.8% | 26.3% | 30.8% |
| Income taxes | 30.8 | 40.4 | 52.2 |
| Profit available for parent company shareholders | 73.3 | 113.9 | 145.1 |
| Earnings per share, EUR | 0.55 | 0.83 | 1.03 |
| Return on capital employed (ROCE) | 24.8% | 40.7% | 46.5% |
| Return on equity (ROE) | 19.7% | 32.9% | 34.5% |
| Balance sheet | | | |
| Non-current assets | 301.9 | 287.5 | 281.4 |
| Current assets | 249.4 | 317.5 | 306.6 |
| Equity of the parent company shareholders | 296.4 | 396.7 | 443.5 |
| Non-current provisions | 5.0 | 2.4 | 0.6 |
| Liabilities total | 254.9 | 208.3 | 144.6 |
| Interest-bearing liabilities | 75.0 | 10.5 | 9.8 |
| Non-interest-bearing liabilities | 179.9 | 197.8 | 134.8 |
| Total assets | 551.3 | 605.1 | 588.1 |
| Equity ratio | 54.1% | 65.6% | 75.4% |
| Gearing | 2.2% | -28.7% | -22.6% |
| Capital expenditure | | | |
| Capital expenditure | 19.6 | 23.7 | 25.5 |
| % of net sales | 3.5% | 4.0% | 4.0% |
| Research and development expenditure | | | |
| Research and development expenditure | 78.4 | 80.1 | 84.1 |
| % of net sales | 14.2% | 13.7% | 13.1% |
| Personnel | | | |
| Wages and salaries | 116.3 | 118.7 | 123.7 |
| Average number of employees | 3 036 | 2 996 | 3 063 |

Share-related key figures 2004–2006 (proforma)

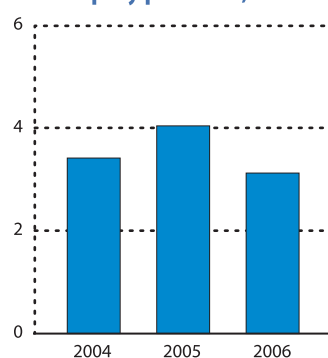
| | | | 2004 Proforma | 2005 Proforma | 2006 Proforma |
|--|------|-----|------------------|------------------|------------------|
| Earnings per share (EPS), adjusted | EUR | | 0.55 | 0.83 | 1.03 |
| Equity per share | EUR | | 2.22 | 2.86 | 3.14 |
| Total dividends | MEUR | | - | - | 141.3* |
| Dividend per share | EUR | | - | - | 1.00* |
| Payout ratio, adjusted | % | | - | - | 97.1%* |
| Dividend yield, adjusted | A | % | - | - | 6.1%* |
| Dividend yield, adjusted | B | % | - | - | 6.1%* |
| P/E ratio, adjusted | A | | - | - | 15.94 |
| P/E ratio, adjusted | B | | - | - | 15.97 |
| Share price 31 Dec. | A | EUR | - | - | 16.42 |
| Share price 31 Dec. | B | EUR | - | - | 16.45 |
| Number of shares on 31 Dec. | A | pcs | 58 483 608 | 56 517 890 | 55 554 240 |
| | B | pcs | 76 553 234 | 82 367 958 | 85 703 588 |
| of which shares owned by the Group | A | pcs | 417 864 | - | - |
| | B | pcs | 1 370 000 | - | - |
| Number of the shares on 31 Dec., without own shares | A | pcs | 58 065 744 | 56 517 890 | 55 554 240 |
| | B | pcs | 75 183 234 | 82 367 958 | 85 703 588 |
| Adjusted total number of the shares on 31 Dec., without own shares | | pcs | 133 248 978 | 138 885 848 | 141 257 828 |
| Adjusted total number of shares annual average | | pcs | 133 312 429 | 137 669 960 | 140 560 855 |
| Adjusted total number of shares at the end of the financial year | | pcs | 133 248 978 | 138 885 848 | 141 257 828 |
| Diluted number of shares, annual average | | pcs | - | 139 183 885 | 140 254 597 |
| Diluted number of shares on 31 Dec. | | pcs | - | 139 779 918 | - |

* The figures are based on the dividend proposed by the Board of Directors.

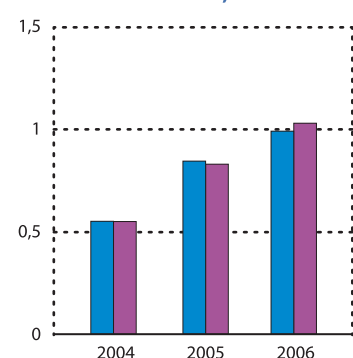
Earnings per share, EUR



Equity per share, EUR



Earnings per share and dividend, EUR



■ Dividend
■ Earnings

Calculation of the key figures

$$\text{Return on capital employed (ROCE), \%} = \frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total assets – non-interest-bearing liabilities (annual average)}} \times 100$$

$$\text{Return on Equity (ROE), \%} = \frac{\text{Profit for the period}}{\text{Equity of the parent company shareholders + minority interest (annual average)}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Equity of the parent company shareholders + minority interest}}{\text{Total assets – advances received}} \times 100$$

$$\text{Gearing, \%} = \frac{\text{Interest-bearing liabilities – Cash and cash equivalents}}{\text{Equity of the parent company shareholders + minority interest}} \times 100$$

$$\text{Earnings per share (EPS), EUR} = \frac{\text{Profit available for the parent company shareholders}}{\text{Adjusted average number of shares}}$$

$$\text{Equity per share, EUR} = \frac{\text{Equity of the parent company shareholders}}{\text{Adjusted number of shares on 31 December}}$$

$$\text{Dividend per share, EUR} = \frac{\text{Dividend for the financial year}}{\text{Adjusted number of shares on 31 December}}$$

$$\text{Payout ratio, \%} = \frac{\text{Adjusted dividend per share}}{\text{Adjusted earnings per share}} \times 100$$

$$\text{Effective dividend yield, \%} = \frac{\text{Adjusted dividend per share}}{\text{Adjusted closing quotation of the financial year}} \times 100$$

$$\text{Price/Earnings ratio (P/E), \%} = \frac{\text{Adjusted closing quotation of the financial year}}{\text{Adjusted earnings per share}} \times 100$$

$$\text{Adjusted average share price, EUR} = \frac{\text{Total EUR-denominated share turnover}}{\text{Adjusted average number of shares traded during the financial year}}$$

Review of the segments (proforma)

Pharmaceuticals business

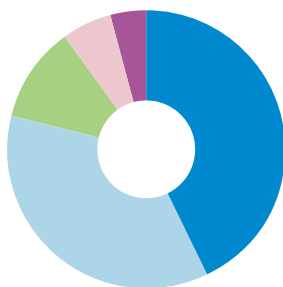
Key figures

| EUR million | 1-12/06 Proforma | 1-12/05 Proforma | Change % |
|-------------------------------------|---------------------|---------------------|-------------|
| Net sales | 601.4 | 547.0 | +9.9% |
| Operating profit | 189.9 | 154.7 | +22.8% |
| % of net sales | 31.6% | 28.3% | |
| Capital expenditure | 23.1 | 21.1 | +9.5% |
| Net sales from proprietary products | 274.9 | 227.2 | +21.0% |
| R&D expenditure | 79.7 | 76.5 | +4.3% |
| Personnel at the end of the period | 2 742 | 2 665 | +2.9% |

Breakdown of pharmaceutical net sales by business areas

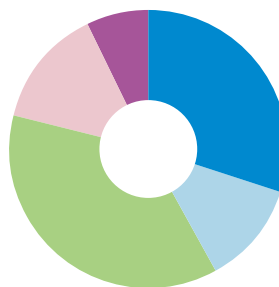
| EUR million | 1-12/06 Proforma | 1-12/05 Proforma | Change % |
|--------------------------------|---------------------|---------------------|-------------|
| Proprietary Products | 256.6 | 214.9 | +19.4% |
| Specialty Products | 218.7 | 224.3 | -2.5% |
| Animal Health | 63.3 | 59.5 | +6.3% |
| Fermion | 38.5 | 38.4 | +0.4% |
| Other pharmaceuticals business | 24.2 | 9.9 | +145.0% |
| Group total | 601.4 | 547.0 | +9.9% |

Net sales
by businesses 2006



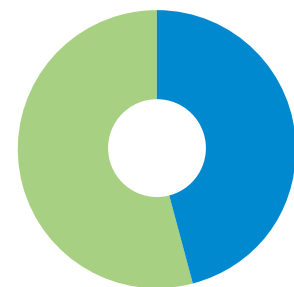
- Proprietary Products 43%
- Specialty Products 36%
- Animal Health 11%
- Fermion 6%
- Other pharmaceuticals business 4%

Net sales
by geographic
segments 2006



- Finland 30%
- Scandinavia 12%
- Other Europe 37%
- North America 14%
- Other markets 7%

Net sales
by products 2006



- Products from in-house R&D 46%
- Other products 54%

Positive profitability development continued in the Pharmaceuticals business. Operating profit increased by 22.8% from the comparative year. No milestone payments were received in the review period or the comparative one.

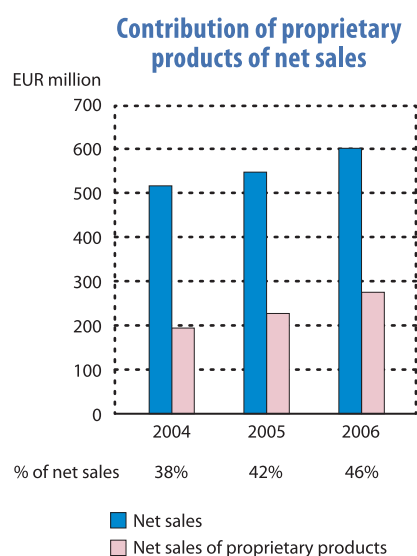
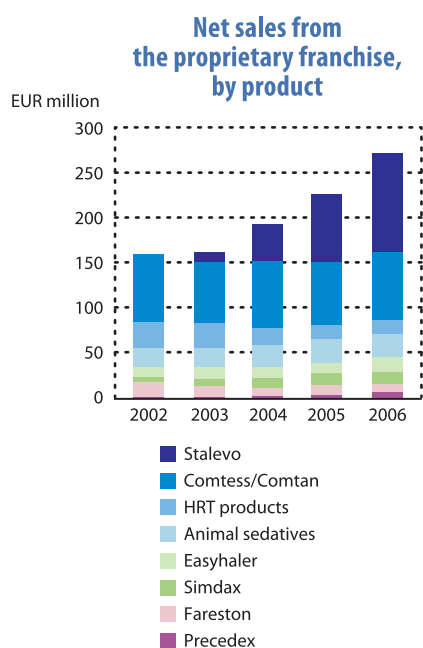
The combined net sales of Orion's proprietary products for Parkinson's Disease, **Stalevo** (levodopa, entacapone, carbidopa) and **Comtess/Comtan** (entacapone) grew by 28% and they contributed EUR 186.0 (145.3) million or about 31% (27%) of the total pharmaceutical net sales. Shipments of Stalevo and Comtan to Novartis, the marketing partner, amounted to EUR 112.1 (78.8) million. They increased by about 42% from the comparative year, clearly more in relation to the about 21% by which the partner's net sales of Comtan and Stalevo grew from those for 2005. The net sales generated from Stalevo and Comtess by Orion's own sales organisation were EUR 73.9 (66.5) million, up by 11.2%. The emphasis of the entacapone marketing efforts is dominantly on Stalevo. Particularly strong geographic growth areas have been Germany and the UK. In Scandinavia, the performance of Orion's own sales organisation is hampered by large-scale parallel imports.

In the IMS sales statistics for November 2006, the combined market share of Stalevo and Comtess/Comtan of the total wholesales of Parkinson's Disease medicines in the USA was about 16%, in Germany about 17%, Sweden 18%, and in Finland 31%.

A Japanese marketing authorisation was granted for Comtan in late January 2007. The time of the launch is subject to local negotiations on pricing and reimbursement.

Net sales from the 10 best-selling pharmaceutical brands of Orion

| EUR million | 1-12/06 Proforma | 1-12/05 Proforma | Change % |
|--|---------------------|---------------------|-------------|
| Stalevo (Parkinson's disease) | 111.3 | 74.7 | +49.1% |
| Comtess / Comtan (Parkinson's disease) | 74.7 | 70.6 | +5.8% |
| Domitor, Domosedan, Antisedan (animal sedatives) | 26.0 | 26.0 | -0.0% |
| Divina series (menopausal symptoms) | 16.2 | 16.2 | -0.1% |
| Easyhaler (asthma) | 15.9 | 10.9 | +45.1% |
| Enanton (prostate cancer) | 13.3 | 13.6 | -2.0% |
| Simdax (heart failure) | 13.2 | 13.7 | -4.2% |
| Burana (inflammatory pain) | 12.0 | 17.4 | -30.6% |
| Calcimagon (osteoporosis) | 11.7 | 10.2 | +14.3% |
| Fareston (breast cancer) | 10.3 | 10.7 | -3.6% |
| Total | 304.5 | 264.0 | +15.4% |
| Share of total pharmaceutical net sales | 51% | 48% | |



The net sales from the 10 best-selling brands grew by 15.4% and they accounted for about 51% (48%) of the total pharmaceutical net sales. Net sales from the proprietary product franchise were EUR 274.9 (227.2) million. They grew by 21.0% from the comparative period and contributed 46% (42%) to the total pharmaceutical net sales. The figures include also the animal sedatives, which belong to the Animal Health business, and Easyhaler®, which belongs to the Specialty Products business. The net sales from the **Easyhaler** franchise grew by 45.1% from the comparative period, thanks to new product launches and expanded market area.

In Finland, the wholesales of Orion's products were about EUR 152.4 million, and although they were down by close to 11% from the comparative period, Orion rose to the position of the market leader with a market share of 8.8% of the total Finnish wholesales for 1-12/2006. In terms of volumes sold, Orion was the clearly leading provider, with a market share of 27.2%. The declined domestic sales were consequence of the impacts of the 5% price cut imposed on the wholesale prices of all reimbursed prescription drugs at the start of the year, the tightened regulations concerning discounts grantable to pharmacies, as well as price competition in the group of substitutable prescription products. In this product category, the number of product packages purchased by pharmacies grew by about 3%, whereas the corresponding value decreased by almost 10% from the comparative period. The number of sold packages of non-substitutable products decreased by over 3% from the comparative period but the corresponding wholesale value grew by almost 8%. In self-care products, the volumes purchased by pharmacies were down by over 24%, corresponding to a drop of almost 18% in euros. In self-care products Orion continued to have the highest market share, which was 23.4% of the wholesale value and 32.9% of the volume. The products marketed by Orion in Finland belong dominantly to the Specialty Products business.

Orion's own foreign sales organisation has increased sales successfully, contributing already about EUR 145 million of the total net sales from human pharmaceuticals. Outstandingly positive were the German and UK operations as well as those in the eastern EU and Russia, the markets emphasised by the strategy as primary geographic growth areas. Strategic means of growth are also product acquisitions, an enhanced activity whose achievements will allow Orion to sell an increasingly broad and renewed selection of products in the years to come.

Animal Health's net sales rose by 6.3% and accounted for about 11% (11%) of the total pharmaceutical net sales. The growth came from Orion's own Scandinavian-based marketing organisation, whereas the contribution of marketing partners remained on the previous year's level. The net sales of the animal sedatives Domitor®, Domosedan® and Antisedan® remained on the level of the comparative year and accounted for about 41% (44%) of the total net sales of animal health products. The marketing efforts are being increased especially in eastern European countries. The rights for marketing Domitor and Antisedan in Japan were transferred to ZENOAQ - Nippon Zenyaku Kogyo Co., Ltd. as of February 2007.

Fermion's net sales were EUR 38.5 million, almost the same as in the comparative year. The impact of intra-Group transactions has been eliminated from Fermion's net sales. Deliveries for Orion's own use have kept on growing in the wake of the continued favourable sales of Stalevo and Comtess/Comtan.

Pharmaceutical research and development

Pharmaceutical R&D expenses were EUR 79.7 (76.5) million for the review period, and they represented 13.3% (14.0%) of the pharmaceutical net sales.

The largest ongoing study, **STRIDE-PD**, is a major Phase 3 study on Parkinson's Disease, seeking to investigate if Stalevo medication can delay the onset of motor complications, i.e. dyskinesias. In the study, Stalevo is compared with conventional levodopa/carbidopa medication. The study, under way since late 2004, is being carried out in collaboration with Novartis in 14 countries. It involves altogether 740 patients, each being treated at least two years. Results are anticipated in the first half of 2008.

The results presented at the turn of October-November from a Phase 4 study made in four Asian Pacific countries demonstrate for their part that early started treatment with Stalevo significantly improves quality of life in patients with Parkinson's Disease when compared to traditional levodopa therapy.

The research programme for the development of a more efficient COMT inhibitor than entacapone has progressed to clinical Phase 1 at the turn of the year.

The clinical Phase 3 is being started with **dexmedetomidine** (Precedex®) as a long-term infusion for the sedation of patients in intensive care, with an objective to have the product registered in the EU. The product is already available in the USA and Japan as a sedative for patients in intensive care, administrable for up to 24 hours.

In December 2006, Orion received a New Animal Drug Approval (NADA) for **Dexdomitor**® (dexmedetomidine), a new-generation sedative for small animals.

In a stock exchange release on 6 February 2007, Orion informed about the status of the **Simdax** project as follows:

Orion Corporation and Abbott are continuing negotiations concerning a possible additional Phase 3 clinical study with intravenously administered levosimendan (Simdax), for which Abbott is the license holder under an agreement with Orion. The two companies are also discussing on the sharing of the costs of the possible study. Orion has announced that it considers to contribute by carrying a total of EUR 20 million of the costs during the study provided that the prerequisites for conducting the study are reasonable and acceptable on the basis of the upcoming consultation by Abbott and Orion with the FDA, tentatively agreed to start in March 2007.

Due to the many still open questions concerning the scope and timelines of the possible study, the timings of the study and possible payments as well as the impacts on Orion's cash flows can not be estimated at this stage. Orion emphasises that the realisation of the study and the agreement between Orion and Abbott on the study is uncertain.

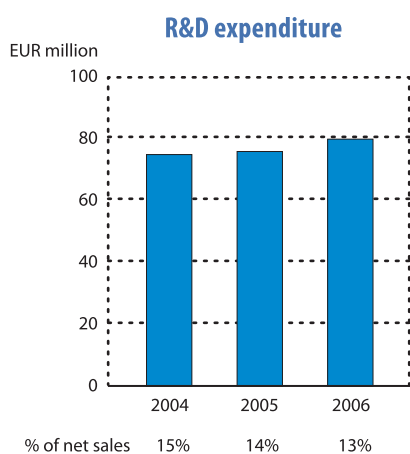
Orion will inform about the solution of the matter as soon as it has been reached.

Discussions regarding further registration through the European mutual recognition procedure will be begun by Abbott in the third quarter of 2007.

The **CLEVE**T programme, which is studying the efficacy of levosimendan in the treatment of heart diseases in dogs, is being taken to the last research phase with an aim to receive marketing authorisations.

The results received in the summer 2006 of the Persist study have led to a decision not to continue the research programme in orally administered levosimendan.

In early research phases, Orion is investigating molecules affecting alpha 2 receptors in the central nervous system, and selective androgen receptor modulators (SARM), among others.



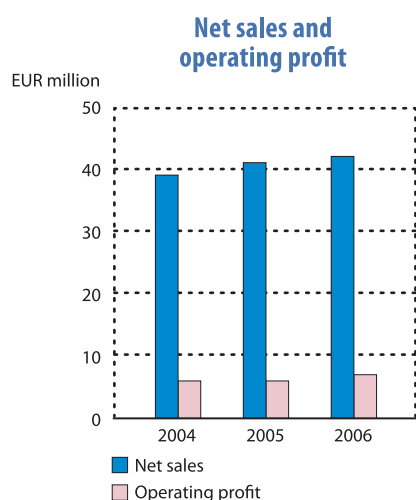
Diagnostics business

Key figures

| EUR million | 1-12/06 Proforma | 1-12/05 Proforma | Change % |
|------------------------------------|---------------------|---------------------|-------------|
| Net sales | 41.5 | 40.8 | +1.8% |
| Operating profit | 6.6 | 6.3 | +5.1% |
| % of net sales | 15.9% | 15.4% | |
| Capital expenditure | 1.4 | 1.8 | -19.4% |
| Personnel at the end of the period | 289 | 304 | -5.1% |

Orion Diagnostica showed low full-year net sales growth due to the flat last quarter compared to that of the previous year. The in-focus products, such as the QuikRead infection test family and the UniQue collagen tests, which are used in the follow-up of the treatment of bone diseases like osteoporosis, performed particularly well. On the other hand, sales of certain ageing products continued to decrease.

Lower-margin products accounted for a greater than normal part of the sales in the last quarter. Product development expenses were also higher in the second half of the year than in the first half. These factors together with certain one-off expenses led to slower development of operating profit than in the first half. For the full year 2006, the overall profitability continued to develop favourably and operating profit improved slightly from the comparative year.



Financial Statements for 1 July – 31 December 2006

| | |
|--|----|
| Report by the Board of Directors for 1 July – 31 December 2006 | 30 |
| Consolidated Financial Statements (IFRS) | 39 |
| Consolidated Income Statement | 39 |
| Consolidated Balance Sheet | 40 |
| Consolidated Statement of Changes in Equity | 41 |
| Consolidated Cash Flow Statement | 42 |
| Notes to the Consolidated Financial Statements | 43 |
| Accounting policies for the consolidation | 43 |
| 1. Segment information | 49 |
| 2. Other operating income | 50 |
| 3. Depreciation, amortisation and impairment | 50 |
| 4. Employee benefits | 50 |
| 5. Financial income and expenses | 51 |
| 6. Income tax expense | 51 |
| 7. Earnings per share | 51 |
| 8. Property, plant and equipment | 52 |
| 9. Intangible assets | 53 |
| 10. Investments in associates | 53 |
| 11. Available-for-sale investments | 54 |
| 12. Pension asset and pension liability | 54 |
| 13. Deferred income tax assets and liabilities | 56 |
| 14. Other non-current receivables | 57 |
| 15. Inventories | 57 |
| 16. Trade and other receivables | 57 |
| 17. Cash and cash equivalents | 58 |
| 18. Equity | 58 |
| 19. Provisions | 59 |
| 20. Interest-bearing liabilities | 60 |
| 21. Other non-current liabilities | 61 |
| 22. Trade payables and other current liabilities | 61 |
| 23. Financial risk management objectives and policies | 61 |
| 24. Commitments and contingencies | 62 |
| 25. Derivatives | 63 |
| 26. Operating leases | 63 |
| 27. Related party transactions | 64 |
| 28. Events after the review period | 65 |
| Key figures 7-12/2006 | 67 |
| Financial development | 67 |
| Share-related key figures | 68 |
| Calculation of the key figures | 69 |
| Parent Company Financial Statements (FAS) | 71 |
| Income Statement | 71 |
| Balance Sheet | 72 |
| Cash Flow Statement | 74 |
| Notes to the Financial Statements of the Parent Company | 75 |
| Shares and shareholders | 86 |
| Proposal by the Board of Directors for the distribution of profits for 1 July – 31 December 2006 | 90 |
| Auditors' report | 91 |

All figures in the Financial Statements have been rounded, and therefore the sum total of individual figures may differ from the sums added up.

Report by the Board of Directors for 1 July – 31 December 2006

On 1 July 2006, the former Orion Corporation demerged into two new companies, Orion Corporation and Oriola-KD Corporation. This Report provides the Financial Statements of the new Orion Group for July-December 2006. As of 2007, the financial period of Orion Corporation will be a calendar year.

Orion Group structure

The parent company of the Orion Group is Orion Corporation. The Group has two businesses and five business divisions:

1) Pharmaceuticals

- Proprietary Products (patented prescription products)
- Specialty Products (off-patent prescription products and self-medication products)
- Animal Health
- Fermion (active pharmaceutical ingredients)

2) Diagnostics

- Orion Diagnostica.

No changes have taken place in the Group structure during the first financial period.

Market overview

A monthly overview of the development of the moving annual total wholesales on the 13 key global pharmaceutical markets is provided by IMS Health. The figures cover the purchases of retail pharmacies from wholesalers and manufacturers and they are reported at constant exchange rates. The leading 5 European markets include Germany, France, Italy, UK and Spain. The leading 3 Latin American markets are Mexico, Brazil and Argentina. In the 12-month period during 11/2005–10/2006, the markets developed as follows (the figures have been rounded):

| Sales 11/2005–10/2006 | USD billion | Change on comparative period | Share |
|---------------------------|-------------|------------------------------|-------|
| North America | 208.4 | +7% | 54% |
| Europe, leading 5 | 93.3 | +4% | 24% |
| Japan | 56.8 | +1% | 15% |
| Latin America, leading 3 | 19.0 | +12% | 5% |
| Australia and New Zealand | 5.8 | +4% | 2% |
| 13 key markets total | 383.7 | +5% | 100% |

The annual growth rate has continued on a relatively moderate level. The slowest pace has been shown by Japan throughout the year. The largest therapeutic categories by sales are cardiovasculars, CNS and alimentary, whereas the fastest growth has been posted by the cytostatics category, with 13%. Great differences appear between the countries included in the review. The best-selling single drug continued to be Lipitor (atorvastatin), a hypolipidemic, with global sales at over USD 11.7 billion.

In the top 5 European markets, the wholesales of medicines for Parkinson's Disease in the 12-month period to September 2006 were about EUR 730 million, up by 8.1%. In the USA, the sales were USD 974 million and they grew by 21.6%. The

exceptionally high growth percentage is explained by the broadened indication of one dopamine agonist to the restless legs syndrome.

According to the sales statistics maintained by Finnish Pharmaceutical Data Ltd., the full year 2006 wholesales of pharmaceuticals in Finland were EUR 1,727 million, 0.8% less than in the comparative year. The sales were reduced by the impact of the heavy competition and the cutting of the prices of prescription drugs by 5% at the start of 2006. Orion's contribution to the total was EUR 152.4 million, 10.7% less than in the comparative year. Orion's market share in Finland was 8.8% (9.9%), with which Orion became Finland's market leader.

Events after the review period

On 24 January 2007, the Board of Directors of Orion Corporation decided to change the management organisation of the Orion Diagnostica business division to enhance the role of the Board of Directors of Orion Diagnostica Oy in the management and decision-making of the diagnostics business. The arrangement meant that Mr. Jaakko Rissanen, President of Orion Diagnostica Oy, stepped out from the Executive Management Board of the Orion Group as of 1 February 2007, and that the diagnostics business is represented in the Executive Management Board by Jukka Viinanan, President and CEO of Orion Corporation and Chairman of the Board of Orion Diagnostica Oy.

On 24 January 2007, the Board of Directors of Orion Corporation decided on a new share-based incentive plan for ca. 30 key persons in the Orion Group. The aim of the plan is to encourage them to sustained efforts to increase shareholder value and to strengthen their commitment to the development of the company's operations. The possible incentive is determined on the basis of the growth of Orion's operating profit in the years 2007-2009 and separately agreed personal performance objectives. The incentive is granted in the form of the company's B-shares or cash, or both. The number of shares included in the plan shall not exceed 350,000, corresponding to about 0.25% of the total share stock of Orion Corporation. The recipient may not transfer the bonus shares during the first two years after the date of receipt, except for certain special circumstances.

Simdax project update

In a stock exchange release on 6 February 2007, Orion informed about the situation of the Simdax project as follows: Orion Corporation and Abbott are continuing negotiations concerning a possible additional Phase 3 clinical study with intravenously administered levosimendan (Simdax), for which Abbott is the license holder under an agreement with Orion. The two companies are also discussing on the sharing of the costs of the possible study. Orion has announced that it considers to contribute by carrying a total of EUR 20 million of the costs during the study provided that the prerequisites for conducting the study are reasonable and acceptable on the basis of the upcoming consultation by Abbott and Orion with the FDA, tentatively agreed to start in March 2007.

Due to the many still open questions concerning the scope and timelines of the possible study, the timings of the study and possible payments as well as the impacts on Orion's cash flows can not be estimated at this stage. Orion emphasises that the realisation of the study and the agreement between Orion and Abbott on the study is uncertain. Orion will inform about the solution of the matter as soon as it has been reached.

Discussions regarding further registration through the European mutual recognition procedure will be begun by Abbott in the third quarter of 2007.

Net sales and profit

The Group **net sales** in 1 July – 31 December 2006 were EUR 311.2 million, of which the sales of pharmaceuticals were EUR 292.0 million. No milestone payments are included in the figures. The products based on in-house R&D accounted for EUR 131.0 million, or 45% of the total. The products for Parkinson's Disease, i.e. Stalevo® and Comtess®/Comtan®, contributed EUR 91.0 million, or 31% of the total net sales.

The consolidated **operating profit** was EUR 90.9 million, of which the Pharmaceuticals business accounted for of EUR 84.6 million and the Diagnostics business for EUR 2.1 million. The consolidated figure includes EUR 9.8 million in capital gain from the sale of rental apartment buildings in August, recorded under other operating income. In the table "Operating profit by business segments" the item is included in the Group items.

The operating expenses were EUR 126.7 million. The biggest item was the selling and marketing expenses, EUR 63.2 million. In addition to the costs of sales and marketing they include the costs of distribution and logistics, as well as the related salaries and other personnel expenses.

The Group's R&D expenditure was EUR 43.1 million, representing 13.8% of the Group net sales.

Group profit before taxes was EUR 91.4 million and earnings per share were EUR 0.47. Equity per share was EUR 3.14. Group ROCE before taxes was 44.1% and ROE after taxes was 32.5%.

Balance Sheet and financial position

The Group's gearing was -22.6%. Equity ratio was 75.4%. Total liabilities in the Balance Sheet of 31 December 2006 came to EUR 144.6 million, of which interest-bearing liabilities accounted for EUR 9.8 million. The cash and cash equivalents accounted for EUR 110.0 million. The cash reserves are invested in short-term interest instruments.

Cash flows

The cash flows from operations were EUR 81.6 million, and they comprised mainly operating profit and taxes paid. The working capital decreased by EUR 22.5 million during the period. The net cash used in investing activities was EUR 0.0 million, due to the impact of earnings from the divestment of rental apartment buildings in August.

Capital expenditure

The capital expenditure of the Group came to EUR 13.4 million, of which machinery and equipment accounted for EUR 9.3 million. No major single investment activities are being undertaken.

Research and development

R&D expenditure was EUR 43.1 million for the review period. The Pharmaceuticals business accounted for EUR 40.6 million, representing 13.9% of the pharmaceutical net sales.

The largest ongoing study, **STRIDE-PD**, is a major Phase 3 study on Parkinson's Disease, seeking to investigate if Stalevo medication can delay the onset of motor complications, i.e. dyskinesias. In the study, Stalevo is compared with conventional levodopa/carbidopa medication. The study, under way since late 2004, is being carried out in collaboration with Novartis in 14 countries. It involves altogether 740 patients, each being treated at least two years. Results are anticipated in the first half of 2008.

The results presented at the turn of October-November 2006 from a Phase 4 study made in four Asian Pacific countries demonstrate for their part that early started treatment with Stalevo significantly improves quality of life in patients with Parkinson's Disease when compared to traditional levodopa therapy.

The research programme for the development of a more efficient COMT inhibitor than entacapone has progressed to clinical Phase 1 at the turn of the year.

The clinical Phase 3 is being started with **dexmedetomidine** (Precedex®) as a long-term infusion for the sedation of patients in intensive care, with an objective to have the product registered in the EU. The product is already available in the USA and Japan as a sedative for patients in intensive care, administrable for up to 24 hours.

In December 2006, Orion received a New Animal Drug Approval (NADA) for **Dexdomitor**® (dexmedetomidine), a new-generation sedative for small animals.

On 6 February 2007, Orion informed about the status of the **Simdax** project as follows: Orion Corporation and Abbott are continuing negotiations concerning a possible additional Phase 3 clinical study with intravenously administered levosimendan (Simdax), for which Abbott is the license holder under an agreement with Orion. The two companies are also discussing on the sharing of the costs of the possible study. Orion has announced that it considers to contribute by carrying a total of EUR 20 million of the costs during the study provided that the prerequisites for conducting the study are reasonable and acceptable on the basis of the upcoming consultation by Abbott and Orion with the FDA, tentatively agreed to start in March 2007.

Due to the many still open questions concerning the scope and timelines of the possible study, the timings of the study and possible payments as well as the impacts on Orion's cash flows can not be estimated at this stage. Orion emphasises that the realisation of the study and the agreement between Orion and Abbott on the study is uncertain.

Orion will inform about the solution of the matter as soon as it has been reached.

Discussions regarding further registration through the European mutual recognition procedure will be begun by Abbott in the third quarter of 2007.

The **CLEVET** programme, which is studying the efficacy of levosimendan in the treatment of heart diseases in dogs, is being taken to the last research phase with an aim to receive marketing authorisations.

The results received in the summer 2006 of the Persist study have led to a decision not to continue the research programme in orally administered levosimendan.

In early research phases, Orion is investigating molecules affecting alpha 2 receptors in the central nervous system, and selective androgen receptor modulators (SARM), among others.

Outlook for 2007 (proforma)

Net sales will grow somewhat from those of 2006. Sales of pharmaceuticals via Orion's own marketing organisation are anticipated to start showing moderate growth in Finland and to go on showing growth in the markets outside Finland. In-market sales of the entacapone product franchise will continue showing steady, although slower growth than in the previous years. Deliveries to Novartis are anticipated to be at the same level as in 2006, in which they increased considerably, partly because of higher reserve stockpile levels of Novartis.

Operating profit, one-off earnings excluded, is estimated to grow somewhat from 2006, despite increased investments in marketing and pharmaceutical research. Marketing expenses will grow especially due to investments in product launches by Orion's own European marketing units outside Finland. The higher R&D expenditure is mainly caused by the new clinical research programmes being started in 2007.

Research and development expenditure will be about EUR 95 million, of which pharmaceutical R&D will account for about EUR 90 million.

Capital expenditure will be about EUR 35 million.

Personnel

The average number of personnel in the Group was 3,069 in the review period. At the end of 2006, the total number of employees was 3,061. The total wages and salaries paid in the review period were EUR 62.4 million.

Corporate Governance

In its governance, Orion follows the Corporate Governance Recommendation for companies listed on the Helsinki Stock Exchange, with the exception that the Nomination Committee can be composed of also other persons than members of the Board.

The Insider Guidelines of Orion Corporation are in compliance with the insider guidelines issued by the Helsinki Stock Exchange in 2005.

A full description of the corporate governance of Orion is provided on the Group's homepage for investors, www.orion.fi/investors. The essentials are also provided in the printed version of the Financial Statements 2006.

General Meetings of the Shareholders

No general meetings of the shareholders of the new Orion Corporation have taken place during the financial period 1 July – 31 December 2006.

Board of Directors

The composition of the Board of Directors of Orion Corporation is as follows:

Matti Kavetvuo, Chairman
Heikki Vapaatalo, Vice Chairman
Eero Karvonen
Leena Palotie
Vesa Puttonen.

Erkki Etola, who was elected to the Boards of both the demerged Orion and the new Orion by the AGM of the demerged Orion held on 21 March 2006, resigned from the two Boards and their compensation committees on 22 May 2006. On 6 June 2006, Professor Heikki Vapaatalo was elected new Vice Chairman of the Board of Directors.

The Audit Committee comprises Vesa Puttonen as Chairman and Eero Karvonen and Heikki Vapaatalo as members. The Compensation Committee is chaired by Matti Kavetvuo, with Leena Palotie and Vesa Puttonen as members. The R&D Committee comprises Leena Palotie, Chairman, with Eero Karvonen and Heikki Vapaatalo as members. The Nomination Committee comprises Timo Maasilta as Chairman, and Kari Jussi Aho, Harry Brade, Erkki Etola, Petteri Karttunen, Matti Kavetvuo, Risto Murto and Seppo Salonen as members.

In the autumn of 2006, the Board of Directors conducted a self-evaluation in accordance with the Corporate Governance Recommendation.

The fees confirmed for the term of the Board that started on 1 July 2006 are as follows: Chairman EUR 48,600, Vice Chairman EUR 34,200, other members EUR 24,300 each. The exceptional duration of the term of office has been taken into account in the fee which corresponds to three quarters of a fee for a full-year term. The fee for the period was paid on 31 July 2006.

As a fee for each meeting attended, the Chairman receives EUR 1,200, the Vice Chairman receives EUR 900 and the other members EUR 600 each. Respectively, the same fees are paid to the Chairmen and to the members of the committees established by the Board, for each committee meeting attended. The Chairman of the Board has a telephone as a fringe benefit, and the travel expenses of all Board members are paid in accordance with the travel policy of the Company.

In July – December 2006, the Board held 9 meetings, 2 of which were teleconferences. The average attendance of the members was about 93.3%.

Committee meetings were held as follows:

| | |
|------------------------|-------------|
| Audit Committee | 2 meetings |
| Compensation Committee | 3 meetings |
| R&D Committee | 3 meetings |
| Nomination Committee | 2 meetings. |

Auditor

The auditors for the company are Ernst & Young Oy, the designated auditor being Mr. Pekka Luoma, Authorised Public Accountant, with Ms. Päivi Virtanen, Authorised Public Accountant, as deputy auditor.

Executive Management Board

The President and CEO of Orion Corporation is Mr. Jukka Viinanen.

As of 1 February 2007, the Executive Management Board of the Group is composed of the following executives and their respective responsibility areas:

Jukka Viinanen, President and CEO, Orion Corporation,
Chairman of the Executive Management Board;
Orion Diagnostica
Markku Huhta-Koivisto, Senior Vice President, Specialty
Products and Fermion
Olli Huotari, Senior Vice President, Corporate Functions
Pekka Kaivola, Senior Vice President, Global Sales
Jari Karlson, Chief Financial Officer (CFO)
Pekka Kosi, Senior Vice President, Supply Chain
Timo Lappalainen, Senior Vice President, Proprietary
Products and Animal Health
Reijo Salonen, Senior Vice President, Research and
Development
Riitta Vartiainen, Senior Vice President, Business
Development and Support

Until the end of 2006, the employees were represented in the Management Board by Olli Piironen, Project Manager. As of the start of 2007, their representative is Liisa Remes, Research Assistant. Jaakko Rissanen, President of Orion Diagnostica Oy, was a member of the Management Board until 31 January 2007. Reijo Salonen and Pekka Kosi joined the Management Board as of 1 November 2006. Dr. Esa Heinonen was a member until 31 October 2006.

The Senior Vice Presidents and Jaakko Rissanen report to Jukka Viinanen, President and CEO.

Management incentive systems

The compensation of the President and CEO of Orion and the other members of the Executive Management Board is subject to a decision by the Board of Directors or its Chairman. The compensation system for these persons consists of a monthly salary and a performance-based bonus. The bonuses are based on pre-defined profit targets as well as personal goals. Orion Corporation has no stock option plans.

On 24 January 2007, the Board of Directors of Orion Corporation decided on a new share-based incentive plan for ca. 30 key persons in the Orion Group. The aim of the plan is to encourage them to sustained efforts to increase shareholder value and to strengthen their commitment to the development of the company's operations. The possible incentive is determined on the basis of the growth of Orion's operating profit in the years 2007–2009 and separately agreed personal performance objectives. The incentive is granted in the form of the company's

B-shares or cash, or both. The number of shares included in the plan shall not exceed 350,000, corresponding to about 0.25% of the total share stock of Orion Corporation. The recipient may not transfer the bonus shares during the first two years after the date of receipt, except for certain special circumstances.

Insiders of Orion Corporation

Orion Corporation follows the insider guidelines issued by the Helsinki Stock Exchange. The Group's permanent insiders comprise the insiders with the duty to declare their holdings in Orion in the company's public insider register and other persons defined by the company as permanent company-specific insiders. The insiders with the duty to declare comprise the members of the Board of Directors, the members of the Executive Management Board as well as the Designated Auditor and the Deputy Auditor. The company's own insider register consists of persons defined by the company as permanent company-specific insiders of the Group.

At the end of 2006, the members of the Board of Directors, the President and the members of the Executive Management Board owned altogether 801,903 shares in Orion Corporation, representing 0.6% of the total share stock and 13,349,503 votes or 1.2% of the total votes. The holdings include also those held by under-aged children and organisations or foundations of which the person has control.

Up-to-date information about the holdings in Orion of the insiders with a duty to declare, as well as changes in their holdings, is provided on Orion's website for investors, www.orion.fi/investors, via a link to the NetSIRE database maintained by the Finnish Central Securities Depository.

Financial objectives

The moderate organic growth of the net sales in the next few years is accelerated via product, portfolio and company acquisitions. Operating profit will be increased and Equity ratio is maintained at the level of at least 50%.

Dividend policy

In the dividend distribution Orion takes into account the distributable funds as well as the medium-long and long-term needs of capital expenditure and other financial needs required for the achievement of the financial objectives.

Risk management

The purpose of risk management in Orion is, with appropriate means, to identify, measure and manage the risks that may possibly threaten the company's operations and the achievement of the objectives set for the company.

The definition of overall risk management processes, practical actions as well as responsibilities are developed by means of regular risk identification approaches covering the following areas:

- Strategic risks
- Research and product development risks
- Operational risks, including sales and business risks, as well as those related to production, damages, safety and the environment
- Financial risks.

In this chapter, the focus is on the strategic risks, research and product development risks and operational risks. The financial risks are specified in the Notes to the Financial Statements.

Strategic risks

Long-term business development risks

The research and development of new pharmaceuticals is associated with considerable risks due to the long time spans required by the development work as well as to the inherent uncertainties related to the final results and outcomes. This strategic risk is managed as follows:

- The Group structure also includes business units other than those focusing on the development of proprietary original preparations.
- The pharmaceutical product range is sufficiently extensive, including not only proprietary products but also human generics, OTC drugs, veterinary products, in-licensed drugs as well as active pharmaceutical ingredients.
- The product development and marketing risks are shared by working in close cooperation with partners.

The scope of strategic risks also includes issues such as the sustainability of the company's governance and reporting principles. In line with the Corporate Governance recommendation, the unambiguous governance model which has clear definitions of the management system including the responsibilities, rights and reporting relationships of the persons involved, with transparently published central characteristics and principles of the system, will inspire public trust in the Orion Group and its management. Trust shown by the surrounding society, its own stakeholders, the equity markets and shareholders will also be inspired and enhanced by the company

by providing open, truthful and consistent information about its operations, events and financial status.

Research and product development risks

The development of proprietary drugs is associated with many factors of uncertainty. The major reasons to discontinue a development project are those related to the efficacy and safety of the drug candidate. The pharmacological properties, and the efficacy and safety of an investigational drug are studied in research projects that progress phase by phase, and clinical trials with humans can only be conducted with the permission of regulatory drug authorities. The pharmacology and safety of a drug candidate is studied on a broad scale with preclinical laboratory models, and its tolerability and adverse effects are closely followed throughout all the phases of the development project. At Orion, the decisions to progress from one research phase to the next are made by the Board of Directors if the project is a major one, and by the executive management in minor projects. The decisions are based on a comprehensive analysis of the research results accumulated, and also considering the prevailing market situation. For the marketing authorisation application and the summary of product characteristics (SPC), all phases and results of the research are carefully documented for regulatory approval. Based on statutory requirements, the eventual adverse effects of a drug continue to be followed also after the product has been launched.

The financial risks grow as the project progresses towards clinical trials in humans. The most expensive step is Phase 3 involving hundreds or thousands of patients in multinational double-blind studies to collect as reliable evidence on the efficacy and safety of the drug as possible. As a rule, Orion shares the immense financial risks of Phase 3 trials by conducting them together with another pharmaceuticals company which will also be a marketing partner for the drug at a later stage.

Risks related to competing generic drugs

A characteristic feature of the pharmaceutical industry is that manufacturers of generic drugs seek to bring their own medicines, which are generally cheaper than the original manufacturer's products, to market at the earliest possible stage. This can be done, for example, by trying to use the courts to circumvent the original manufacturer's patents or other intellectual property rights well before they are due to expire. These actions can result in high litigation and other expenses for an originator and may lead to significant losses in sales if the manufacturer of generic drugs obtains a marketing authorisation to sell its own products. In developing its products Orion endeavours to protect them efficiently and over a wide area, whilst defending the rights of its products diligently both by itself and together with its marketing partners.

Downward pressure on the prices of pharmaceuticals

Downward pressure on the prices of pharmaceuticals is caused not only by normal price competition but by a number of factors that are as a rule brought about by national governments and decisions of the authorities as each nation seeks to curb mounting drug costs. Among these factors are generic substitution and changes that are taking place in rules concerning it as well as cuts in drug prices and reimbursement. Another factor that is depressing prices is parallel imports in the EU area.

Orion seeks to respond to these factors by maintaining a sufficiently versatile product range, continuously boosting cost-effectiveness and correctly channelling its development and sales resources.

Operational risks

Sales and business risks

The businesses of Orion are based on the company's own sales networks comprising the Nordic countries and Eastern Europe, with focus on Finland, and on marketing partnerships in the rest of the world. This structure aims at a balance between available resources and risk-bearing capacity, as well as the worldwide marketing investment required by the new products developed in-house.

Credit loss risks

Orion's Corporate Governance Manual includes detailed procedures for the management of client credits and the follow-up and collecting of receivables. Due to the nature of the clientele, Orion's credit loss risks have historically been insignificant.

Risks associated with pharmaceutical production

Pharmaceuticals must be safe and efficient and they must meet the highest quality standards. Owing to these statutory requirements alone, pharmaceutical production must pay close attention to various safety and quality risks. The appropriate quality of pharmaceuticals is ensured through systematic overall management of operations, covering all factors with direct or indirect quality impact. The operations are steered with comprehensive instructions and sufficient control of materials and preparations both before, during and after the production phases. Pharmaceutical manufacturing is subject to regular inspections by the authorities.

Legal, intellectual property rights and regulatory risks

Healthcare is a sector closely under regulatory control by authorities. The manufacture and distribution of drugs as well as pharmaceutical research call for obtaining licences from the authorities. Orion has clear operative rules and principles to ensure that all regulations are complied. Typically, intellectual property rights play an important role in this sector. In order to safeguard the company's position both vis-à-vis the existing products and those under development, the patent issues related to the products are constantly followed on a global scale, thereby ensuring that the rights of Orion's proprietary products are not violated and that Orion does not violate other parties' patent rights.

Product liability risks

The launch of a new drug on the market calls for extensive phase-by-phase trials that delineate the drug's pharmacological properties, efficacy and safety. Starting the sales and marketing of a drug calls for marketing authorisation by the relevant drug authorities. The adverse effects of a pharmaceutical are subject to monitoring stipulated by the authorities also after it comes out on the market. By means of the above-described trials and pharmaceutical production methods, Orion seeks to ensure in advance that its products do not involve any such adverse effects as might lead to a liability to pay compensation for claims against the products or that a major product might have to be withdrawn from the market.

Risks of damage

On top of normal statutory insurance, Orion has property, business interruption and third party liability insurance to cover such risks of damage as are deemed to be material and limitable through insurance.

Corporate safety risks

Orion's Corporate Governance Manual includes the corporate safety instructions. The objective of Orion's corporate security is to ensure the uninterrupted continuation of the Group's operations, the safety of people, the protection of property and environment against damage as well as the sufficiency of the measures related to information security. The Guidelines provide the principles applied in corporate security activities, also incorporating crisis management. Orion's information security objectives, as well as the most essential codes of conduct and responsibilities are defined in a specific information security policy.

Environmental risks

The guidelines concerning environmental safety contain detailed information about the procedures and responsibilities. Dedicated persons have been appointed for the development and monitoring of environmental management issues within the Group. Environmental impacts are followed through emission measurements, waste quantity controls and statistics on the use of various substances. The implementation of environmental protection is monitored through internal audits performed annually. The company has the environmental permits required for its operations.

Consolidated Financial Statements (IFRS)

Consolidated Income Statement

| EUR million | Note | 7-12/2006 |
|-----------------------------------|------|--------------|
| Net sales | 1 | 311.2 |
| Cost of goods sold | | -105.2 |
| Gross profit | | 205.9 |
| Other operating income | 2 | 11.6 |
| Selling and marketing expenses | 3, 4 | -63.2 |
| Research and development expenses | 3, 4 | -43.1 |
| Administrative expenses | 3, 4 | -20.4 |
| Operating profit | | 90.9 |
| Financial income and expenses | 5 | 0.5 |
| Profit before taxes | | 91.4 |
| Income tax expense | 6 | -24.8 |
| Profit for the period | | 66.6 |
| of which attributable to: | | |
| Parent company shareholders | | 66.6 |
| Minority | | -0.0 |
| Earnings per share, EUR | 7 | 0.47 |
| Depreciation and amortisation | 3 | 17.2 |
| Employee benefits | 4 | 73.3 |

Consolidated Balance Sheet

Assets

| EUR million | Note | 12/2006 |
|---------------------------------|------|--------------|
| Non-current assets | | |
| Property, plant and equipment | 8 | 187.1 |
| Goodwill | 9 | 13.5 |
| Other intangible assets | 9 | 21.9 |
| Investments in associates | 10 | 0.1 |
| Available-for-sale investments | 11 | 1.0 |
| Pension asset | 12 | 52.7 |
| Deferred tax assets | 13 | 1.4 |
| Other non-current receivables | 14 | 3.8 |
| Non-current assets total | | 281.4 |
| Current assets | | |
| Inventories | 15 | 107.2 |
| Trade receivables | 16 | 75.0 |
| Other receivables | 16 | 14.4 |
| Cash and cash equivalents | 17 | 110.0 |
| Current assets total | | 306.6 |
| Assets total | | 588.1 |

Equity and liabilities total

| EUR million | Note | 12/2006 |
|--|-----------|--------------|
| Equity | | |
| Share capital | | 92.2 |
| Share premium | | 17.8 |
| Expendable fund | | 23.0 |
| Other reserves | | 0.5 |
| Retained earnings | | 309.9 |
| Equity of the parent company shareholders | | 443.5 |
| Minority interest | | 0.0 |
| Equity total | 18 | 443.5 |
| Non-current liabilities | | |
| Deferred tax liabilities | 13 | 51.5 |
| Pension liability | 12 | 0.9 |
| Provisions | 19 | 0.6 |
| Interest-bearing non-current liabilities | 20 | 7.5 |
| Other non-current liabilities | 21 | 1.8 |
| Non-current liabilities total | | 62.3 |
| Current liabilities | | |
| Trade payables | 22 | 29.2 |
| Other current liabilities | 22 | 49.9 |
| Provisions | 19 | 0.9 |
| Interest-bearing current liabilities | 20 | 2.3 |
| Current liabilities total | | 82.3 |
| Equity and liabilities total | | 588.1 |

Consolidated Statement of Changes in Equity

| EUR million | Share capital | Share premium | Expendable fund | Other reserves | Translation differences | Retained earnings | Equity of the parent company shareholders | Minority interest | Total |
|--------------------------------------|---------------|---------------|-----------------|----------------|-------------------------|-------------------|---|-------------------|--------------|
| Equity | | | | | | | | | |
| 1 July 2006 | 92.2 | 17.8 | 23.0 | 0.5 | -3.5 | 246.8 | 376.8 | 0.0 | 376.8 |
| Change in translation differences | - | - | - | - | 0.1 | - | 0.1 | - | 0.1 |
| Profit for the period | - | - | - | - | - | 66.6 | 66.6 | -0.0 | 66.6 |
| Recognised income and expenses total | - | - | - | - | 0.1 | 66.6 | 66.7 | 0.0 | 66.7 |
| Other changes | - | - | - | -0.0 | - | - | -0.0 | - | -0.0 |
| Equity 31 Dec. 2006 | 92.2 | 17.8 | 23.0 | 0.5 | -3.4 | 313.3 | 443.5 | 0.0 | 443.5 |

Consolidated Cash Flow Statement

| EUR million | Note | 7-12/2006 |
|---|------|-------------|
| Cash flow from operating activities | | |
| Operating profit | | 90.9 |
| Adjustments for | | |
| Depreciation and amortisation | | 17.2 |
| Gain/loss on sale of property, plant and equipment and disposals | | -9.8 |
| Unrealised foreign exchange gains and losses | | 0.7 |
| Change in pension asset and pension obligation | | -3.5 |
| Change in provisions | | -0.2 |
| Other adjustments | | 0.0 |
| | | 4.3 |
| Change in working capital | | |
| Change in non-interest-bearing current receivables | | 4.4 |
| Change in inventories | | 3.2 |
| Change in non-interest-bearing current liabilities | | 14.9 |
| | | 22.5 |
| Interest paid | | -1.5 |
| Interest received | | 1.7 |
| Income taxes paid | | -36.3 |
| Net cash from operating activities | | 81.6 |
| Cash flow from investing activities | | |
| Purchases of property, plant and equipment and intangible assets | | -12.3 |
| Proceeds from sale of property, plant and equipment, intangible assets and available-for-sale investments | | 12.3 |
| Net cash used in investing activities | | 0.0 |
| Cash flow from financing activities | | |
| Change in short-term loans | | -1.0 |
| Change in long-term loans | | -0.4 |
| Dividends paid | | 0.0 |
| Net cash used in financing activities | | -1.4 |
| Net change in cash and cash equivalents | | 80.2 |
| Cash and cash equivalents at the beginning of the period | 17 | 29.8 |
| Foreign exchange differences | | 0.0 |
| Net change in cash and cash equivalents | | 80.2 |
| Cash and cash equivalents at the end of the period | 17 | 110.0 |

Notes to the Consolidated Financial Statements

Accounting policies for the consolidation

The Orion Group's first financial year was 1 July – 31 December 2006, because the Group came into being on 1 July 2006 following the demerger of its predecessor Orion Group into the pharmaceuticals and diagnostics businesses as well as the pharmaceutical wholesale and distribution business. Orion Corporation was listed on the Helsinki Stock Exchange on 3 July 2006.

The Orion Group Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) in force and passed in the EU at the Balance Sheet date, 31 December 2006.

The information in the Consolidated Financial Statements is based on historical costs, except for the financial assets recorded at their fair value in the Income Statement, the available-for-sale investments, derivatives as well as share-based payments recorded at fair value.

Adoption of new standards and interpretations

The following standards and interpretations that came into force in 2006, or amendments to them, which are of significance to the Group have been applied during the financial year. Application of these standards and interpretations has not, however, had material effects on the Consolidated Financial Statements.

- IAS 21 (amendment), The Effects of Changes in Foreign Exchange Rates
- IAS 19 (amendment), Employee Benefits
- IAS 39 (amendment), Financial Instruments: Recognition and Measurement
- IFRIC 4 Determining whether an Arrangement Contains a Lease
- IFRIC 9 Reassessment of Embedded Derivatives

The following standards and interpretations as well as amendments to them have been published, but the Group has not applied them before their compulsory entry into force: IFRS 7 "Financial Instruments: Disclosures", and the change in IAS 1 "Preparation of Financial Statements". The above-mentioned items will enter into force for the financial year commencing 1 January 2007. In the Group's estimation, adoption of the new and amended standard will mainly affect the Notes to the Financial Statements concerning financial instruments and equity items. In addition, IFRS 8 "Operating Segments" will enter into force for the financial year commencing 1 January 2009, and according to preliminary estimates, the change may affect somewhat of an effect on the Group's segment reporting. IFRIC 10 "Interim Financial Reporting and Impairment" will enter into force for the financial year commencing after 1 November 2006, but it is not estimated to have an impact on the Group's earnings and Balance Sheet. Other standards and interpretations that have been published and will enter into force later on as well as changes to them are not of material significance for the Group.

Consolidation principles

The Consolidated Financial Statements include Orion Corporation and all companies directly or indirectly owned by it and controlled by the Group. Control originates when the Group owns more than 50% of the company's votes or it has the right to set the principles guiding the company's finance and business operations in order to gain benefits from its operations. Internal shareholding has been eliminated using the cost method. Subsidiaries are fully consolidated from the date of the acquisition, being the date when the Group obtained factual control, whereas the divested subsidiaries are consolidated in the Financial Statements up to the date when such control expires. All internal transactions, receivables and liabilities, distribution of profit and unrealised internal margins are eliminated at the date of compilation of the Consolidated Financial Statements. The consolidated profit for the financial year is divided into portions allocable to the parent company shareholders and to minority. Minority interest is included in Group equity and is specified in the Statement of Changes in Equity.

Associates in which the Group generally controls 20-50% of the votes or in which the Group exercises considerable control, are consolidated in the Financial Statements using the equity method. If the Group's share of the losses of an associate exceeds the carrying amount, they are not consolidated unless the Group has made a commitment to fulfil the liabilities of the associate in question.

Foreign currency transactions

The items included in the financial statements of subsidiaries are measured in the currency which best describes the financial operating conditions of each subsidiary. The Consolidated Financial Statements are in euro, which is the operating and reporting currency of the Group parent company.

Items in foreign currencies are translated into euros using the exchange rate on the date of the transaction. Outstanding monetary Balance Sheet items in foreign currencies are measured using the exchange rates quoted at the Balance Sheet date. The translation gains and losses related to items in foreign currencies are recognised in the Income Statement. Exchange rate gains and losses related to business operations are included in the corresponding items above the operating profit line. Exchange rate gains and losses related to liabilities and receivables in foreign currencies are included in financial income and expenses.

The Income Statements of Group companies domiciled outside the EMU area are translated into euros using the average exchange rate during the reporting period whereas the Balance Sheets are translated using the exchange rate quoted at the Balance Sheet date of the Financial Statements. Using different exchange rates in the Income Statement and Balance Sheet for the translation of the financial result for the financial year results in a translation difference, which is recorded under translation differences in equity. Receivables from foreign subsidiaries, recorded in the Balance Sheet of the parent company, are considered to constitute part of the net investment if no plan for their payment has been made and they cannot be anticipated in the future. Exchange differences caused by receivables are recognised in equity. The accumulated translation differences related to divested Group companies, which are recorded in equity, are recognised as gains or losses on transfers in the Income Statement.

Property, plant and equipment

Tangible assets are measured at their historical cost, less accumulated depreciation and impairment. The assets are depreciated over their useful life using the straight-line depreciation method. The useful life of assets is reviewed if necessary, adjusting it to correspond to eventual changes in the expected economic use. The estimated useful lives are as follows:

- Buildings 20 to 50 years
- Machinery and equipment 5 to 10 years
- Other tangible assets 10 years

Land areas are not subject to depreciation. Repair and maintenance costs are recognised as expenses for the period. Improvement investments are capitalised if they are anticipated to generate future economic benefits. Capital gains and losses resulting from the transfer of tangible assets are recognised in the Income Statement.

Intangible assets

Research and development costs

Research costs are recognised as expenses in the Income Statement. Intangible assets originating through R&D are recognised in the Balance Sheet only if the corresponding requirements of IAS 38 are met. Due to approvals by the authorities required for pharmaceutical development projects and to other similar R&D-related uncertainties, the Group has not capitalised its internal R&D expenses.

Goodwill

Goodwill corresponds to that part of the acquisition cost which exceeds the Group's share of the fair value, at the date of purchase, of the net asset value of an acquired company. Goodwill is measured at cost less impairment losses. Goodwill is allocated to the cash generating units. The goodwill in the Consolidated Balance Sheet has arisen prior to the adoption of IFRS by the demerged Orion Group and it corresponds to the carrying amount according to the previous financial reporting standards, which were used as the deemed cost when making the transition to IFRS on 1 January 2004.

Other intangible assets

Intangible assets include, for example, sales licences, trademarks, patents, software licences as well as product and marketing rights. Acquired intangible assets are measured at their historical cost, less depreciation and impairment. The assets are depreciated over their useful life, normally three to ten years, using the straight-line depreciation method.

Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Should there be such indication, the respective recoverable amount will be assessed. The recoverable amount represents the net selling price or a higher value in use, which is obtained by discounting the present value of the future cash flows from that asset item.

An impairment loss is recognised in the Income Statement if the carrying amount of the asset item exceeds the recoverable amount. An impairment loss is reversed if there is a change in the circumstances, and the sum of cash that can be generated with the asset item exceeds its carrying amount. An impairment loss is not reversed beyond the value that the carrying amount of the asset would have been, had there been no impairment loss.

The test of impairment of goodwill is made on an annual basis, or more frequently if there is indication of impairment. Impairment is recognised in the Income Statement under Other operating expenses which includes expenses, not allocable to specific operations. An impairment loss on goodwill is not reversible.

Government grants

Government grants related to research operations are recognised as decreases in research expenses, matching them to the financial years in which the corresponding expenses have been incurred. If the authorities decide to convert an R&D loan into a subsidy, it is recognised in the Income Statement under Other operating income. Government grants related to the acquisition of tangible or intangible assets are recognised as decreases in their acquisition costs. In this case, the grants are recognised as income in the form of smaller depreciation during the useful life of the asset.

Leases**Group as lessee**

A lease agreement, on the basis of which the Group takes over a material part of the risks and rewards incident to ownership of assets, is classified as a finance lease. Finance leases are recorded in the Balance Sheet under assets and liabilities, primarily at the time when the lease period starts, either at the fair value of the asset or the lower present value of the minimum lease payments.

Assets acquired through finance leases are depreciated in the same manner as any non-current assets, either over the useful life of the assets or over a shorter lease term. Finance lease liabilities are recorded under the non-current and current interest-bearing liabilities in the Balance Sheet.

If the lessor retains the risks and rewards of ownership, the lease is treated as an operating lease, and the lease payments are recognised as an expense that is allocated evenly over the entire lease term.

The Group is not a lessor through finance leases.

Employee benefits**Pension liabilities**

The Group's pension arrangements are in line with each country's local regulations and practices. The pension arrangements of Group companies comprise both defined-contribution plans and defined-benefit plans. Under defined-contribution arrangements, the Group pays fixed premiums to separate units. The Group does not have legal or constructive obligations to pay supplementary premiums if the entity or fund receiving the premiums is not capable of paying for the employee benefits. All other plans that do not fulfil the above-mentioned conditions are defined-benefit plans. The payments to the contribution plans are recognised as expenses in the Income Statement, allocating them to the financial year in question.

The Group's most important defined-benefit pension plans are in Finland, where statutory insurance under the Employees' Pensions Act (TEL) has been arranged through the Orion Pension Fund for the Group's clerical employees and supplementary pension security for part of the clerical employees. The plans include the one outside Finland, the Norwegian subsidiary's plan that, however, is not material. In addition, Group management has pension plans of the defined-benefit type that are taken out with life insurance companies. The obligations under defined-benefit pension plans have been calculated separately for each plan. For disability pension arranged through the Orion Pension Fund and based on Finnish employment legislation, the accounting treatment is according to Paragraph 130 of IAS 19. Pursuant to it, the cost of the disability benefit is recognised when an event causing the disability occurs. Accordingly, a liability for the disability pension obligation is not recorded to cover future events.

The pension expenses related to defined-benefits have been calculated using the projected unit credit method. Pension expenses are recognised as expenses by distributing them over the whole estimated period of service of the person concerned. The amount of the pension obligation is the present value of the estimated future pensions payable, and the discount rate is the interest rate applied to low-risk financial instruments with a maturity that corresponds to that of the pension liability as closely as possible.

When the transition to IFRS was made, all actuarial gains and losses were recognised in the equity stated in the opening Balance Sheet in accordance with the exemption under IFRS 1. After this, any actuarial gains and losses, to the extent that they exceed the variation defined in IAS 19, will be recognised in the Income Statement and allocated over the average remaining term of service of the personnel. The variation is the larger of the following: 10% of the present value of the defined-benefit obligation, or 10% of the present value of the plan assets.

Inventories

Inventories are presented in the Balance Sheet as the value of the expenses caused by purchase or production, or the lower net realisable value. The net realisable value is the estimated selling price obtainable through normal business, less the estimated expenses incurred for finalising the product and selling it. The cost is either based on the FIFO principle or computed using a standard cost calculation that is sufficiently close to the factual cost calculated on a FIFO basis.

The cost of inventories includes the value of inventories and the costs of conversion, which comprise the expenses directly associated with production as well as a systematically allocated share of fixed and variable production overheads.

Financial assets and liabilities

The financial assets and liabilities of the Orion Group are classified in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" as follows:

- Financial assets and liabilities recognised in the Income Statement at their fair value
- Loans and other receivables
- Available-for-sale financial assets
- Other liabilities

The classification is based on the acquisition purpose of the financial asset or liability and the classification is carried out when the item is first acquired. Financial instruments are recognised in the Balance Sheet on the trade date.

The available-for-sale investments included in non-current assets in the Balance Sheet comprise unlisted shares and holdings that are measured at fair value. The measurement result of the fair value is recognised in equity. If it is not possible to define a reliable fair value of unlisted shares, they are measured at cost, less any impairment.

Other non-current receivables include loans given to associated or other companies. They are measured at cost.

Other current receivables include derivative instruments, which are measured at fair value through the Income Statement and defined in more detail under Derivative financial instruments and hedge accounting.

Cash and cash equivalents include liquid debt instruments, bank deposits and the assets in bank accounts. Debt instruments are characterised by low risk and a maturity that is as a rule less than three months. Cash and cash equivalents are measured at fair value through the Income Statement.

Interest-bearing non-current liabilities subject to interest include loans taken out by the Group as well as liabilities for assets leased under finance lease agreements. The credit lines of the banking accounts in use, as well as debt certificates issued by the company are included in interest-bearing current liabilities. Group loans and issued debt certificates are measured at amortised cost. Interest is recognised in the Income Statement over the term of the liability, using the effective interest method.

Derivative financial instruments and hedge accounting

Derivative financial instruments are measured at their fair value, and are recognised under other current receivables and liabilities in the Balance Sheet. The Group does not apply IFRS hedge accounting to derivatives hedging Balance Sheet items in currencies other than the euro or forecasted cash flows, although they have been acquired for hedging purposes in accordance with the Group's financial policy. The change in the value of these derivative instruments is measured at fair value, and the result is recognised in the Income Statement either as a sales adjustment item or under financial income and expenses, depending on the operational hedging of the item in question.

The Group applies hedge accounting in accordance with IFRS to derivatives hedging net investments in foreign subsidiaries. The change in the fair value of the hedging derivative instruments, to the extent that the hedging criteria are met, is recognised against the translation difference included in equity. The change in the value of the non-hedging part is recognised under Financial income and expenses in the Income Statement. In hedge accounting, the Orion Group has documented the hedging relationship between the hedged item and the hedging instruments, as well as the Group's risk management objectives and hedging strategy. At the Balance Sheet date, no hedging measures were in effect.

Provisions

A provision is recognised in the Balance Sheet when the Group has a legal or constructive obligation resulting from an earlier event, and such obligation can be reliably quantified.

A restructuring provision is made when the Group has compiled a detailed restructuring plan, launched its implementation or has informed the parties concerned.

Income taxes

The Group's income taxes include taxes based on the Group companies' operating profit for the financial year, tax adjustments for prior financial years as well as changes in deferred tax assets and liabilities. Income tax based on the taxable income of the financial period is calculated on the basis of the tax rate in force in each country.

Deferred tax is computed on all temporary differences between the carrying amount and the taxable value. Deferred tax assets on confirmed tax losses of Group companies are imputed only to the extent that they can be exploited in the future. The largest temporary differences arise from by the depreciation of property, plant and equipment and defined-benefit pension plans. Deferred taxes are computed using the tax rates defined by the authorities by the reporting date.

Recognition of sales

Consolidated net sales include income from the sale of goods and services, with adjustments for indirect taxes, discounts and translation differences resulting from sales in foreign currencies. Net sales also include milestone payments based on contracts with marketing partners, which are paid by the partner as a contribution to cover the R&D expenses of a product under development and are tied to certain milestones in the research projects. Moreover, net sales also include royalties from the products licensed out by the Group.

Income from the sale of goods is recognised when the major risks and rewards of ownership of the goods have been assumed by the buyer. Income from services is recognised when the service has been rendered. Milestone payments are recognised when the R&D project has progressed to a phase, in accordance with an advance agreement with the partner, triggering the partner's obligation to pay their share. Royalties are recorded on an accrual basis in accordance with the licensing agreements.

Contents of the function-based Income Statement

Cost of goods sold

The cost of goods sold includes wages and salaries, materials, procurement and other costs related to manufacturing and procurement.

Selling and marketing expenses

The expenses of the Selling & Marketing function comprise costs related to the distribution of products, the field sales, marketing, advertising and other promotional activities, including the related wages and salaries.

Research and development expenses

R&D expenses comprise wages and salaries, material, procurement of external services as well as other costs related to research and development.

Administrative expenses

Administrative expenses include general administrative expenses and costs related to corporate administration and Group management. The functions also bear the depreciation and amortisation of the assets they use as well as some administrative overheads in accordance with the matching principle.

Accounting policies calling for management's judgement and main uncertainties related to the assessments

When compiling the Financial Statements, management had to make certain estimates and assumptions concerning the future, which have an impact on the items included in the Financial Statements. The actual values may deviate from these estimates. The estimates are mainly related to impairment testing of asset items, the determination of receivables and liabilities related to defined-benefit pension plans, recognition of provisions as well as the determination of provisions and income taxes. Moreover, the application of accounting policies calls for the exercise of judgement.

Within the Group, the principal assumptions concerning the future and the main factors of uncertainty relating to estimates at the Balance Sheet date and which constitute a significant risk to a material change in the carrying values of assets and liabilities during the financial year are the following:

Impairment testing

Actual cash flows can differ from estimated discounted future cash flows because changes in the long-term economic life of the company's assets, the forecast selling prices of products, production costs and the discount rate applied in the calculations can lead to the recording of impairment losses.

Employee benefits

The Group has various pension plans to cover the retirement of its employees or to provide for the end of an employment relationship. In calculating the expenses and liabilities of employee benefits, various statistical and other actuarial factors are applied, such as the discount rate, the estimated return on pension plan assets, estimated changes in the future level of wages and salaries and staff turnover. The statistical factors applied can differ considerably from the actual trend because of, among other things, a changed general economic situation and the length of the staff's period of service. The effect of changes in actuarial assumptions is not recorded directly in Group earnings, since this could have a significant impact on the Group's earnings for the financial year; rather, the effect of these changes is periodised over the remaining estimated period of service.

Income taxes

In preparing the Financial Statements, the Group estimates, in particular, the bases of recording tax assets. For this purpose, an estimate is made of how probable it is that the subsidiaries will generate taxable income against which unused tax losses or unused tax assets can be applied. The factors applied in making the forecasts can differ from the actual figures, and this can lead to expense entries for tax assets in the Income Statement.

1. Segment information

The Group's primary Segment Reporting format corresponds to its business segments. The business segments are based on the Group's internal organisational structure and intra-Group financial reporting. The business segments are Pharmaceuticals business and Diagnostics business. The Pharmaceuticals business develops, manufactures and markets pharmaceuticals. The Diagnostics business develops, manufactures and markets diagnostic tests.

The assets and liabilities include items directly attributable to a segment and items which can be allocated on a reasonable basis. Group items include tax and financial items, items related to corporate functions and the eliminations of transfers between the segments. Capital expenditure comprises increases in property, plant and equipment and intangible assets.

The pricing between the segments is based on market prices.

The geographical segments correspond to the Groups' main markets. Net sales are presented in accordance with the countries where the clients are located. Assets and liabilities are presented in accordance with the country in which they are located.

Business segments

| 7-12/2006 EUR million | Pharmaceuticals business | Diagnostics business | Group items | Group total |
|---------------------------------------|-----------------------------|-------------------------|----------------|----------------|
| Sale of goods | 283.3 | 19.9 | - | 303.2 |
| Sale of services | 4.6 | 0.0 | - | 4.6 |
| Royalties and milestones | 3.3 | 0.0 | - | 3.3 |
| Sales to external customers | 291.3 | 19.9 | - | 311.2 |
| Sales to other segments | 0.7 | 0.0 | -0.7 | - |
| Net sales | 292.0 | 19.9 | -0.7 | 311.2 |
| Operating profit | 84.6 | 2.1 | 4.2 | 90.9 |
| Assets | 430.0 | 31.2 | 126.8 | 588.1 |
| Liabilities | 72.1 | 5.5 | 66.9 | 144.6 |
| Capital expenditure | 11.8 | 0.8 | 0.8 | 13.4 |
| Depreciation and amortisation | 16.0 | 0.9 | 0.3 | 17.2 |
| Net cash from operating activities | 117.1 | 4.2 | -39.7 | 81.6 |
| Net cash used in investing activities | -9.9 | -0.6 | 10.5 | 0.0 |
| Net cash used in financing activities | - | - | - | -1.4 |
| Average number of personnel | 2 749 | 290 | 30 | 3 069 |

Geographical segments

| 7-12/2006 EUR million | Finland | Scandinavia | Other Europe | North America | Other markets | Group total |
|-----------------------------|---------|-------------|--------------|---------------|---------------|-------------|
| Sales to external customers | 94.2 | 44.6 | 111.2 | 42.0 | 19.1 | 311.2 |
| Assets | 554.7 | 17.0 | 16.4 | 0.0 | - | 588.1 |
| Capital expenditure | 13.0 | 0.2 | 0.1 | - | - | 13.4 |

2. Other operating income

| EUR million | 7-12/2006 |
|--|-----------|
| Gains on sales of intangible and tangible assets | 10.0 |
| Rental income | 0.6 |
| Other | 1.1 |
| Total | 11.6 |

3. Depreciation, amortisation and impairment

Depreciation and amortisation by function:

| EUR million | 7-12/2006 |
|-----------------------------------|-----------|
| Cost of goods sold | 8.5 |
| Selling and marketing expenses | 1.7 |
| Research and development expenses | 3.8 |
| Administrative expenses | 3.2 |
| Total | 17.2 |

Depreciation and amortisation by type of asset:

| EUR million | 7-12/2006 |
|-------------------------------|-----------|
| Property, plant and equipment | |
| Buildings | 3.3 |
| Machinery and equipment | 9.3 |
| Other tangible assets | 0.1 |
| Total | 12.7 |
| Intangible assets | |
| Intangible assets | 2.3 |
| Other capitalised expenditure | 2.2 |
| Total | 4.5 |

During the financial year, there was no need to recognise impairment of property, plant and equipment or intangible assets.

The criteria applied for the depreciation and amortisation are provided in paragraph "Property, plant and equipment" in the "Accounting policies for the consolidation".

4. Employee benefits

| EUR million | 7-12/2006 |
|--------------------------------|-----------|
| Wages and salaries | 62.4 |
| Pension costs | |
| Defined-contribution plans | 7.1 |
| Defined-benefit plans | -2.0 |
| Other social security expenses | 5.9 |
| Total | 73.3 |

| | |
|---------------------------------------|-------|
| Average number of personnel 7-12/2006 | 3 069 |
|---------------------------------------|-------|

The number of personnel by segment is shown under Note 1, Segment-specific information. Management's employee benefits are shown under Note 27, Related party transactions.

5. Financial income and expenses

| EUR million | 7-12/2006 |
|--|-----------|
| Financial income | |
| Interest income | 1.3 |
| Dividend income | 0.0 |
| Exchange gains | 0.5 |
| Total | 1.8 |
| Financial expenses | |
| Interest expenses | 0.6 |
| Exchange losses | 0.6 |
| Other financial expenses | 0.0 |
| Total | 1.2 |
| Financial income and expenses total | 0.5 |
| Exchange gains (+) and losses (-) above operating profit | -0.9 |

6. Income tax expense

| EUR million | 7-12/2006 |
|---|-----------|
| Current taxes | 25.6 |
| Adjustments for current taxes of previous financial years | 0.6 |
| Deferred taxes | -1.4 |
| Total | 24.8 |

Income tax reconciliation:

| EUR million | 7-12/2006 |
|---|-----------|
| Profit before taxes | 91.4 |
| Consolidated income taxes at Finnish tax rate | 23.8 |
| Use of tax losses carried forward | -0.5 |
| Impact of different tax rates of foreign subsidiaries | 0.4 |
| Goodwill amortisation | 0.5 |
| Non-deductible expenses and tax exempt income | -0.3 |
| Adjustments for current taxes of previous financial years | 0.6 |
| Other items | 0.3 |
| Income taxes total | 24.8 |
| Effective tax rate | 27.2% |

7. Earnings per share

| | 7-12/2006 |
|--|-----------|
| Profit for the financial year attributable to parent company shareholders, EUR million | 66.6 |
| Average number of shares during the financial year (1,000) | 141 258 |
| Earnings per share, EUR | 0.47 |

8. Property, plant and equipment

| 12/2006 EUR million | Land and water | Buildings and constructions | Machinery and equipment | Other tangible assets | Advance payments and construction in progress | Total |
|--|-------------------|--------------------------------|----------------------------|-----------------------------|---|--------|
| Historical cost, 1 July 2006 | 6.6 | 224.9 | 252.4 | 3.7 | 4.1 | 491.7 |
| Additions | 0.0 | 1.3 | 8.4 | 0.0 | 0.8 | 10.6 |
| Disposals | - | -2.7 | -4.6 | -0.0 | -0.0 | -7.4 |
| Transfers between Balance Sheet items | - | 0.6 | 0.9 | - | -1.5 | - |
| Translation differences | -0.1 | - | 0.1 | 0.0 | - | -0.0 |
| Historical cost, 31 Dec. 2006 | 6.5 | 224.1 | 257.2 | 3.7 | 3.4 | 494.9 |
| Accumulated depreciation, 1 July 2006 | - | -125.6 | -172.9 | -2.1 | - | -300.6 |
| Accumulated depreciation related to transfers and disposals | - | 1.6 | 3.9 | 0.0 | - | 5.5 |
| Depreciation for the financial year | - | -3.3 | -9.3 | -0.1 | - | -12.7 |
| Translation differences | - | - | -0.0 | -0.0 | - | -0.0 |
| Accumulated depreciation, 31 Dec. 2006 | - | -127.2 | -178.4 | -2.2 | - | -307.8 |
| Carrying amount 1 July 2006 | 6.6 | 99.3 | 79.5 | 1.6 | 4.1 | 191.2 |
| Carrying amount 31 Dec. 2006 | 6.5 | 96.9 | 78.8 | 1.5 | 3.4 | 187.1 |

Assets leased through finance lease agreements

Property, plant and equipment include assets leased through finance lease agreements:

| EUR million | Land and water | Buildings and constructions | Machinery and equipment | Other tangible assets | Total |
|--------------------------|-------------------|--------------------------------|----------------------------|-----------------------------|-------|
| 31 Dec. 2006 | | | | | |
| Historical cost | - | - | 5.6 | - | 5.6 |
| Accumulated depreciation | - | - | -4.3 | - | -4.3 |
| Carrying amount | - | - | 1.2 | - | 1.2 |

The addition of the historical cost of property, plant and equipment includes EUR 0.7 million in assets leased through finance lease agreements.

9. Intangible assets

| 12/2006 EUR million | Intangible assets | Goodwill | Other Intangible assets | Total |
|---|----------------------|----------|----------------------------|--------|
| Historical cost, 1 July 2006 | 52.8 | 54.7 | 45.8 | 153.3 |
| Additions | 2.8 | - | - | 2.8 |
| Disposals | -0.3 | - | -0.0 | -0.4 |
| Translation differences | - | - | -0.0 | -0.0 |
| Historical cost, 31 Dec. 2006 | 55.3 | 54.7 | 45.8 | 155.8 |
| Accumulated amortisation, 1 July 2006 *) | -34.7 | -41.2 | -40.3 | -116.2 |
| Accumulated amortisation related to transfers and disposals | 0.3 | - | - | 0.3 |
| Amortisation for the financial year | -2.3 | - | -2.2 | -4.5 |
| Accumulated amortisation, 31 Dec. 2006 | -36.7 | -41.2 | -42.5 | -120.4 |
| Carrying amount 1 July 2006 | 18.1 | 13.5 | 5.6 | 37.1 |
| Carrying amount 31 Dec. 2006 | 18.6 | 13.5 | 3.3 | 35.4 |

*) Accumulated goodwill amortisation derives from the old Orion before the transition to IFRS on 1 January 2004.

Besides goodwill, the Group has no other intangible assets with indefinite useful lives.

Impairment testing of goodwill

In the test for impairment, the goodwill of EUR 13.5 million originating from the acquisition of Farnos-Group Ltd. in 1990 is allocated to the cash generating units group of the Pharmaceuticals business.

The recoverable amount of the above goodwill is defined on the basis of the value-in-use calculations. The cash flow forecasts used in the calculations are based on the detailed 4-year plans adopted by the Management. The cash flows after the forecast period, adopted by the Management, are calculated assuming that the trend continues unchanged. The plans, in turn, are based on the growth of the pharmaceutical markets, the market shares in the pharmaceutical sales, as well as the expected trends in them and in the diagnostic product markets. Actual cash flows may differ from estimated discounted cash flows.

The discount rate used is the weighted average cost of capital (WACC). The discount rate for the financial year is 11.2%.

Based on the impairment testing, there was no need to recognise any impairment of goodwill during this financial year.

A change in any of the main variables used would, reasonably judged, not lead to a situation in which the recoverable amounts of a group of cash-generating units were lower than their carrying amount.

10. Investments in associates

| EUR million | 2006 |
|-------------------------|------|
| Carrying amount 1 July | 0.1 |
| Carrying amount 31 Dec. | 0.1 |

Associated companies and affiliates of the Orion Group

| | Domicile | 12/2006 Ownership, % |
|----------------------|----------|-------------------------|
| Hangon Puhdistamo Oy | Hanko | 50.0 |
| Regattalämpö Oy | Hanko | 42.6 |

The line of business of Hangon Puhdistamo Oy is wastewater treatment for its shareholder companies. The line of business of Regattalämpö Oy is to provide real estate services for the apartment houses owned by its shareholder companies.

The companies operate at cost, by covering their own expenses and without making any profit, and therefore they have a minimal impact on the Consolidated Income Statement and the Balance Sheet.

11. Available-for-sale investments

The available-for-sale investments, with the asset value of EUR 1.0 million as per 31 December 2006, include shares and participations in unlisted companies, for which the fair value cannot be reliably determined.

12. Pension asset and pension liability

The pension asset in the Balance Sheet is composed of the statutory and voluntary defined-benefit plan arranged through the Orion Pension Fund for the clerical employees in Finland. The pension liability comprises the voluntary defined-benefit plans for the Group management and the defined-benefit plans outside Finland.

The funded status and amounts recognised in the Balance Sheet for the defined-benefit plans:

| 12/2006 EUR million | Pension asset | Pension liability |
|---|---------------|-------------------|
| Present value of unfunded obligations | - | 0.4 |
| Present value of funded obligations | 139.1 | 3.2 |
| Fair value of plan assets | -227.0 | -2.1 |
| Surplus (-) / Deficit (+) | -87.8 | 1.5 |
| Unrecognised net actuarial gains (+) or losses (-) | 35.1 | -0.6 |
| Net liability (+) / asset (-) recognised in the Balance Sheet | -52.7 | 0.9 |

The benefit expense recognised in the Income Statement for the defined-benefit plans:

| EUR million | 7-12/2006 |
|--|-----------|
| Current service cost | 1.3 |
| Interest cost on benefit obligation | 2.7 |
| Expected return on plan assets | -5.0 |
| Actuarial gains (-) or losses (+) recognised in the period | -1.1 |
| Past service cost | 0.0 |
| Net expense (+) / income (-) | -2.0 |

The actual return on plan asset was EUR 25.9 million in 7-12/2006.

The benefit expense recognised in the Income Statement by function:

| EUR million | 7-12/2006 |
|-----------------------------------|-----------|
| Cost of goods sold | -0.5 |
| Selling and marketing expenses | -0.3 |
| Research and development expenses | -0.8 |
| Administrative expenses | -0.4 |
| Expense (+) / income (-) | -2.0 |

The changes in the present value of the defined-benefit obligation:

| 12/2006 EUR million | Pension asset | Pension liability |
|--|---------------|-------------------|
| Defined-benefit obligation, 1 July 2006 | 119.1 | 3.2 |
| Current service cost | 1.2 | 0.2 |
| Past service cost | 0.0 | 0.0 |
| Interest cost | 2.7 | 0.1 |
| Actuarial losses (+) / gains (-) | 17.7 | 0.1 |
| Exchange difference | - | -0.0 |
| Benefits paid | -1.5 | -0.0 |
| Defined-benefit obligation, 31 Dec. 2006 | 139.1 | 3.6 |

The changes in the fair value of plan assets:

| 12/2006 EUR million | Pension asset | Pension liability |
|---|---------------|-------------------|
| Fair value of plan assets, 1 July 2006 | 201.4 | 1.8 |
| Expected return | 5.0 | 0.1 |
| Actuarial gains (+) / losses (-) | 20.9 | -0.0 |
| Contributions by employer | 1.2 | 0.3 |
| Exchange difference | - | -0.0 |
| Benefits paid | -1.5 | -0.0 |
| Fair value of plan assets, 31 Dec. 2006 | 227.0 | 2.1 |

The fair values of the total assets of the benefit plan arranged through the Orion Pension Fund by asset category:

| | 12/2006 |
|--|---------|
| Loans and deposit insurances | 4% |
| Equities | 53% |
| Bonds | 25% |
| Commercial papers and certificates of deposits | 17% |
| Cash and cash equivalents | 1% |
| Fair value of total plan assets | 100% |

In other benefit plans the insurance companies are responsible for the plan assets and therefore it is not possible to present the categories of those assets.

The plan assets include shares issued by the parent company Orion Corporation with a fair value of EUR 61.5 million, representing 26% of the plan assets, and a loan of EUR 6.0 million given to Orion Corporation, representing 2.5% of the plan assets. The plan assets have been invested mainly in the EMU area.

Principal actuarial assumptions:

| | 12/2006 |
|--------------------------------|---------|
| Discount rate | 4.5% |
| Expected return on plan assets | 5.0% |
| Future salary increase | 4.0% |

The successfulness of the investment activity has been assessed from the perspective of the total assets of the Orion Pension Fund, primarily from a long-term perspective. The earnings targets have been set for both short and long term. The long-term target for the return on the invested assets is 5-8%. For investments in shares, including share-based funds, the earnings targets are in line with the realised general long-term earnings levels in the respective markets. The return on the liability instruments are based on the terms of the agreements.

Amounts for the current period are as follows:

| 12/2006 EUR million | Pension asset | Pension liability |
|---|---------------|-------------------|
| Present value of the defined-benefit obligation | -139.1 | -3.6 |
| Fair value of plan assets | 227.0 | 2.1 |
| Surplus (+) / deficit (-) | 87.8 | -1.5 |
| Experience adjustments on plan liabilities | -4.1 | 0.0 |
| Experience adjustments on plan assets | 20.9 | -0.0 |

The Group expects to contribute EUR 0.5 million to its defined-benefit pension plans in 2007.

13. Deferred income tax assets and liabilities

Deferred tax assets:

| EUR million | 12/2006 |
|--|---------|
| Pension obligation | 0.1 |
| Internal inventory margin | 0.9 |
| Other deductible temporary differences | 0.3 |
| Total | 1.4 |

Deferred tax liabilities:

| EUR million | 12/2006 |
|---|---------|
| Depreciation difference and provisions | 29.9 |
| Pension assets | 13.7 |
| Effects of consolidation and eliminations | 0.7 |
| Capitalised cost of inventory | 6.0 |
| Other taxable temporary differences | 1.2 |
| Total | 51.5 |

Change in deferred tax arises from:

| EUR million | 12/2006 |
|---|---------|
| Pension asset/obligation | -0.9 |
| Internal inventory margin | -0.2 |
| Depreciation difference and provisions | 3.2 |
| Consolidation measures | 0.3 |
| Capitalised cost of inventory | -1.0 |
| Tax losses carried forward and other timing differences | -0.1 |
| Total | 1.4 |

On 31 December 2006, the Group had a total of EUR 35.2 million in temporary taxes with no ensuing deferred tax asset recording in the Balance Sheet. These unrecognised deferred tax assets relate to tax losses from foreign subsidiaries, and the tax benefit included in assets is not probable.

During the financial year, no income taxes were recognised directly under equity.

14. Other non-current receivables

| EUR million | 12/2006 |
|--|---------|
| Loan receivables due from associates | 0.1 |
| Other loan receivables | 0.3 |
| Pension deposit on behalf of personnel | 1.6 |
| Other receivables | 1.7 |
| Total | 3.8 |

The loan receivables include non-interest-bearing receivables from associated companies. Other loan receivables include floating-rate market-interest receivables, including some with a conditional interest payment obligation. The carrying amounts do not differ substantially from the fair value.

15. Inventories

| EUR million | 12/2006 |
|-------------------------------|---------|
| Raw materials and consumables | 17.7 |
| Work in progress | 32.0 |
| Finished products/goods | 57.5 |
| Total | 107.2 |

A total of EUR 2.0 million in impairment of inventories has been recorded as an expense for the financial year.

16. Trade and other receivables

| EUR million | 12/2006 |
|-------------------------------------|---------|
| Trade receivables | 75.0 |
| Receivables due from associates | 0.0 |
| Prepaid expenses and accrued income | 10.2 |
| Derivative assets | 0.3 |
| Other receivables | 3.8 |
| Total | 89.4 |

Material items included in prepaid expenses and accrued income:

| EUR million | 12/2006 |
|---------------------------------|---------|
| Income tax receivable | 1.2 |
| Pending R&D contributions | 1.4 |
| Receivables from royalty income | 1.5 |
| Receivables from R&D services | 1.6 |
| Other | 4.6 |
| Total | 10.2 |

Due to the short-term character of the receivables, the carrying amounts do not differ substantially from the corresponding fair values.

17. Cash and cash equivalents

| EUR million | 12/2006 |
|---|---------|
| Cash at bank and in hand | 15.0 |
| Interest-bearing short-term investments | 95.0 |
| Total | 110.0 |

18. Equity

Changes in share capital

| | A-shares number | B-shares number | Shares total | Share capital EUR million |
|---|--------------------|--------------------|-----------------|------------------------------|
| Shares, 1 July 2006 | 56 397 540 | 84 860 288 | 141 257 828 | 92.2 |
| Conversions of A-shares to B-shares in 7-12/ 2006 | -843 300 | +843 300 | | |
| Shares, 31 Dec. 2006 | 55 554 240 | 85 703 588 | 141 257 828 | 92.2 |
| Votes, 31 Dec. 2006 | 1 111 084 800 | 85 703 588 | 1 196 788 388 | |

The minimum share capital of the Company is EUR 50 million and the maximum is EUR 2,000 million, and it can be increased or decreased within these limits without amending the Articles of Association. The shares have no nominal value. The so-called counter book value is about EUR 0.65 per share. The minimum total number of shares in Orion Corporation is one (1) and the maximum total number is 1,000,000,000 shares.

At shareholders' meetings, each A-share provides twenty (20) votes and each B-share one (1) vote. Both series provide equal rights to the company's assets and dividends. A shareholder may not vote with a larger number of votes than 1/20 of the aggregate total number of votes carried by shares belonging to the different classes of shares represented at the General Meetings of the Shareholders.

On 31 December 2006, the share capital of Orion Corporation was EUR 92.2 million. The total number of shares was 141,257,858 of which A-shares accounted for 55,554,240 and B-shares for 85,703,588. Both share classes are quoted on the Helsinki Stock Exchange. All issued shares have been fully paid.

According to section 3 of the company's Articles of Association, a shareholder can require the conversion of his/her A-shares to B-shares. In 7-12/2006, the number of A-shares converted to B-shares was 843,300.

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.

After the closing of the books, the Board of Directors has proposed a dividend of 1.00 euros per share to be distributed.

Premium fund

| EUR million | 2006 |
|-----------------------|------|
| Premium fund, 1 July | 17.8 |
| Premium fund, 31 Dec. | 17.8 |

Expendable fund

| EUR million | 2006 |
|--------------------------|------|
| Expendable fund, 1 July | 23.0 |
| Expendable fund, 31 Dec. | 23.0 |

The expendable fund belongs the distributable assets provided in the Companies Act.

Other reserves

Other reserves include the reserve fund.

Translation differences

The translation differences include those arisen through the translation of the financial statements of foreign business units.

19. Provisions

| EUR million | Pension provision | Restructuring provision | Other provisions | Total |
|--------------------------|-------------------|-------------------------|------------------|-------|
| 1 July 2006 | 0.9 | 0.2 | 0.5 | 1.7 |
| Translation differences | - | - | -0.0 | -0.0 |
| Increases in provisions | - | 0.4 | 0.6 | 0.9 |
| Utilised during the year | -0.4 | -0.2 | -0.5 | -1.2 |
| 31 Dec. 2006 | 0.5 | 0.4 | 0.6 | 1.5 |

| EUR million | 12/2006 |
|------------------------|---------|
| Current provisions | 0.6 |
| Non-current provisions | 0.9 |
| Total | 1.5 |

Pension provision

The pension provision includes provisions made for unemployment pension expenses for persons made redundant in 2003-2005 who have not yet found work or received a decision on their unemployment pension. The provision is expected to materialise within the following 2 or 3 years.

Restructuring provision

The restructuring provision is mainly related to the operative reorganisation in 2004-2006. The provision is expected to materialise within the following 1-2 years.

Other provisions

Other provisions include cost reservations made for the cleaning-up of polluted soil at the company's site in Espoo and claims related to terminated rental agreements and employment relationships.

20. Interest-bearing liabilities

| EUR million | 12/2006 |
|--------------------------------|------------|
| Non-current liabilities | |
| Pension loans | 6.0 |
| Finance lease liabilities | 0.6 |
| Other non-current liabilities | 1.0 |
| Total | 7.5 |

| EUR million | 12/2006 |
|----------------------------|------------|
| Current liabilities | |
| Finance lease liabilities | 0.7 |
| Other current liabilities | 1.6 |
| Total | 2.3 |

Repayment schedule of interest-bearing liabilities:

| EUR million | 12/2006 |
|-------------------------------|------------|
| Payable within 1 year | 2.3 |
| Payable within 1-5 years | 1.6 |
| Payable later than in 5 years | 6.0 |
| Total | 9.8 |

The non-current liabilities of the Orion Group are euro-denominated with the exception of finance lease liabilities. Pension loans have been granted without an amortisation plan, and their interest is determined on the basis of the interest assumption adopted by the Insurance Supervision Authority and the Ministry of Social Affairs and Health. All other interest-bearing liabilities are product development loans from Tekes, the Finnish Funding Agency for Technology and Innovation, with an interest lower than the market interest (1%). Loans are carried at amortised cost. The next year's repayments of the non-current liabilities are included in the current interest-bearing liabilities.

Maturity of minimum lease liabilities

Minimum lease payments:

| EUR million | 12/2006 |
|-----------------------|------------|
| Within 1 year | 0.7 |
| Within 1-5 years | 0.6 |
| Later than in 5 years | 0.0 |
| Total | 1.3 |

Present value of minimum lease payments:

| EUR million | 12/2006 |
|--|------------|
| Within 1 year | 0.7 |
| Within 1-5 years | 0.5 |
| Later than in 5 years | 0.0 |
| Total | 1.2 |
| Future finance charges | 0.1 |
| Finance lease liabilities total | 1.3 |

21. Other non-current liabilities

| EUR million | 12/2006 |
|--|---------|
| Pension deposit on behalf of personnel | 1.6 |
| Other non-current liabilities | 0.2 |
| Total | 1.8 |

22. Trade payables and other current liabilities

| EUR million | 12/2006 |
|---|---------|
| Trade payables | 29.2 |
| Other current liabilities to associates | 0.3 |
| Accrued liabilities and deferred income | 41.1 |
| Derivative liability | 0.1 |
| Other current liabilities | 8.4 |
| Total | 79.1 |

Material items included in accrued liabilities and deferred income:

| EUR million | 12/2006 |
|---|---------|
| Accrued wage, salary and social security payments | 27.3 |
| Income tax liability | 2.8 |
| Other | 11.1 |
| Total | 41.1 |

Due to the short-term character of the receivables, the carrying amounts do not differ substantially from the corresponding fair values.

23. Financial risk management objectives and policies

The objectives of the Group's financial risk management are to minimise the negative impacts of changes in financial markets to the Group's earnings as well as to ensure sufficient liquidity. Financial risks are divided into market, credit and liquidity risks. The Group's main risks are foreign exchange risk and credit risk.

The main financial risk management guidelines are defined in the Group Treasury Policy, which is approved by the Board of Directors. The Treasury Management Group is responsible for the implementation of the Treasury Policy. The Group's finance management is centralised to the Group Treasury Department.

Market risk

The market risk includes foreign exchange risk and interest rate risk. The Group does currently not have investments in equities or equity funds.

Foreign exchange risk

Orion Corporation's international operations account for a major share of the Group's foreign exchange risk. Especially the continuous growth of the proportion of trade with the US has increased the significance of the fluctuations in the foreign exchange rate between the US dollar and the euro. Sales invoiced in US dollars are markedly greater than purchases made in US dollars.

The foreign exchange position is monitored mainly for the following 12 months. According to the foreign exchange hedging principles, the Group seeks to hedge trade receivables and trade payables in full and forecasted currency flows are hedged in the range of 0-50%. The hedging is based on the Group's net currency position. Currency forward contracts with maturities up to 12

months are used as hedging instruments and they are treated as cash flow hedges. IAS 39 compliant hedge accounting is not applied to derivatives hedging forecasted cash flows. The fair value changes of the derivative instruments hedging forecasted cash flows are recorded under financial assets at fair value through Income Statement on exchange gains and losses above operating profit.

The Group does not have interest-bearing liabilities denominated in foreign currencies. Group internal loans and deposits are denominated in the local currencies of the subsidiaries and their foreign exchange risk is hedged fully with currency forward contracts. IAS 39 compliant hedge accounting is not applied to derivatives hedging financial items. The fair value changes of the derivative instruments hedging financial items are recorded under financial assets at fair value through Income Statement.

Interest rate risk

On 31 Dec. 2006, the Group's interest-bearing liabilities were EUR 9.8 million, of which the pension loan from the Orion Pension Fund was EUR 5.9 million (Note 20, Interest-bearing liabilities). The Group's cash and cash equivalents were EUR 110.0 million (Note 17, Cash and cash equivalents). The Group's excess liquidity has been invested in short-term interest-bearing instruments. The change in the interest rates does not have a significant impact on the fair values of the investment or funding portfolios.

Credit risk

The Group Treasury Policy defines the requirements for the credit-worthiness of the counterparties for the financial investments and derivatives contracts. Limits have been set for investments and counterparties for the derivatives contracts, and they are regularly maintained and monitored. Investments are made in interest-bearing instruments, which are available for sale and mainly up to three months. The Group Customer Credit Policy defines the requirements for the credit-worthiness of the customers. The Group's account receivables are generated by a large number of customers worldwide. The most significant single customers are Novartis, a marketing partner, and Oriola-KD Oyj, a pharmaceuticals distributor. The credit losses recorded through the Income Statement during the financial period have not been significant.

Liquidity risk

The Group seeks to maintain a good liquidity position in all situations by having sufficient overdrafts and credit limits and liquid assets. On 31 Dec. 2006, the Group had no interest-bearing net debt. To ensure the Group's liquidity, the financial investments are made mainly in short-term available-for-sale euro-denominated interest-bearing instruments with good creditworthiness. Liquidity is also ensured by bank account credit limits, a credit limit of EUR 100 million granted by the European Investment Bank, EIB, and Orion Corporation's commercial paper program of EUR 100 million.

24. Commitments and contingencies

| EUR million | 12/2006 |
|--|---------|
| Contingent for own liabilities | |
| Mortgages on land and buildings | 25.5 |
| of which those to the Orion Pension Fund | 9.0 |
| Guarantees | 1.8 |
| Other | 0.3 |

Legal proceedings and claims

In November 2005, a failure was detected in the methotrexate manufacturing equipment at the Oulu plant of Fermion Oy. As a result of the failure, certain commercial batches had been contaminated with small amounts of water containing ethylene-glycol. The competent authorities as well as customers who had received methotrexate batches containing ethylene-glycol water were informed of the incident. The incident led to recalls of certain defective methotrexate products as well as claims for damages related to the defective methotrexate batches. The net costs covered by Orion Corporation itself came to EUR 2.3 million, consisting of the deductible and invoiced materials and costs not covered by the liability insurance. No additional costs are anticipated by the company from the incident.

25. Derivatives

| 12/2006 EUR million | Positive fair value | Negative fair value | Nominal values |
|-------------------------|------------------------|------------------------|-------------------|
| Currency forwards/swaps | 0.3 | -0.0 | 58.5 |

26. Operating leases

Group as lessee

Minimum lease payments payable on the basis of other non-terminable leases:

| EUR million | 12/2006 |
|---|---------|
| Within 1 year | 1.9 |
| Within 1-5 years | 2.5 |
| Later than in 5 years | 0.7 |
| Total | 5.2 |
| Rents paid on the basis of operating leases 7-12/2006 | 0.8 |

The other lease expenses mainly include expenses for the business premises rented abroad.

The terms and conditions of the leases are normal, and the duration of the leases varies on a case by case basis.

Group as lessor

Rental income is under item 2. Other revenue from operating activities. The rental income mainly includes rents from the personnel and others for the apartments in real estate owned by the Group.

27. Related party transactions

In the Orion Group, the related parties are deemed to include the parent company Orion Corporation, the subsidiaries as well as associated and affiliated companies, the members of the Board of Directors of Orion Corporation, the members of the Executive Management Board, the immediate family members of the above persons, the companies controlled by the above persons, as well as the Orion Pension Fund.

| | Group Ownership, % | Share of votes, % | Parent company Ownership, % | Share of votes, % |
|--|-----------------------|-------------------|--------------------------------|-------------------|
| Pharmaceuticals business | | | | |
| Parent company Orion Corporation | | | | |
| Fermion Oy, Espoo | 100.00 | 100.00 | 100.00 | 100.00 |
| Interorion AG, Switzerland *) | 100.00 | 100.00 | 100.00 | 100.00 |
| Orion Export Oy, Espoo *) | 100.00 | 100.00 | 100.00 | 100.00 |
| Orion Pharma (Ireland) Ltd, Ireland | 100.00 | 100.00 | 100.00 | 100.00 |
| Orion Pharma (UK) Ltd., UK | 100.00 | 100.00 | 100.00 | 100.00 |
| Orion Pharma A/S, Denmark | 100.00 | 100.00 | 100.00 | 100.00 |
| Orion Pharma AB, Sweden | 100.00 | 100.00 | 100.00 | 100.00 |
| Orion Pharma AG, Switzerland | 100.00 | 100.00 | 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 |
| OÜ Orion Pharma Eesti, Estonia | 100.00 | 100.00 | 100.00 | 100.00 |
| Saiph Therapeutics Oy, Espoo *) | 100.00 | 100.00 | 100.00 | 100.00 |
| Oy Lyocentre-Nordic Ab, Espoo *) | 100.00 | 100.00 | 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 | - | - |
| Kiinteistö Oy Nilsiäkatu 10, Helsinki | 100.00 | 100.00 | 100.00 | 100.00 |
| Kiinteistö Oy Pilleri, Hanko | 70.39 | 70.39 | - | - |
| Kiinteistö Oy Tonttuvainio, Espoo | 100.00 | 100.00 | 100.00 | 100.00 |
| Diagnostics business | | | | |
| Orion Diagnostica Oy, Espoo | 100.00 | 100.00 | 100.00 | 100.00 |
| Orion Diagnostica AB, Sweden | 100.00 | 100.00 | - | - |
| Orion Diagnostica AS, Norway | 100.00 | 100.00 | - | - |
| Orion Diagnostica Danmark A/S, Denmark | 100.00 | 100.00 | - | - |

*) not engaged in any operating activities.

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

Transactions with the related parties

The Group has had no significant business transactions with the related parties, except for the pension expenses resulting from the defined-benefit plans with the Orion Pension Fund.

Management's employment benefits

| EUR million | 7-12/2006 |
|---|-----------|
| Salaries and other short-term employee benefits | 1.0 |
| Termination benefits | - |
| Post-employment benefits | 0.2 |

Wages and salaries

| EUR million | 7-12/2006 |
|------------------------------------|-----------|
| President and CEO | 0.2 |
| Members of the Board of Directors: | |
| Matti Kavetvuo, Chairman | 0.1 |
| Eero Karvonen | 0.0 |
| Leena Palotie | 0.0 |
| Vesa Puttonen | 0.1 |
| Heikki Vapaatalo | 0.1 |
| Board of Directors total | 0.3 |

The agreed retirement age of the parent company's President is 60, with the pension amounting to 66% of his salary. The agreed retirement age of the parent company's Executive Vice President is 60, with the pension amounting to 60% of his salary. Moreover, the Presidents and executives of certain Group companies have the option to retire at 60-63 years of age, with the pension level at 60% of their salary.

Loans, guarantees and other sureties regarding the related parties

The loans given by the Orion Pension Fund to the Group companies and the respective terms are specified under item 20. Interest-bearing liabilities. Orion Corporation has issued EUR 9.0 million worth of real estate mortgages to the Orion Pension Fund to cover the pension liability.

The Group has granted an interest-free loan of EUR 0.1 million to Hangon Puhdistamo Oy.

28. Events after the review period

On 24 January 2007, the Board of Directors of Orion Corporation decided on a new share-based incentive plan for ca. 30 key persons in the Orion Group. The aim of the plan is to encourage them to sustained efforts to increase shareholder value and to strengthen their commitment to the development of the company's operations. The possible incentive is determined on the basis of the growth of Orion's operating profit in the years 2007-2009 and separately agreed personal performance objectives. The incentive is granted in the form of the company's B-shares or cash, or both. The number of shares included in the plan shall not exceed 350,000, corresponding to about 0.25% of the total share stock of Orion Corporation. The recipient may not transfer the bonus shares during the first two years after the date of receipt, except for certain special circumstances.

In a stock exchange release on 6 February 2007, Orion informed about the situation of the Simdax project as follows: Orion Corporation and Abbott are continuing negotiations concerning a possible additional Phase 3 clinical study with intravenously administered levosimendan (Simdax), for which Abbott is the license holder under an agreement with Orion. The two companies are also discussing on the sharing of the costs of the possible study. Orion has announced that it considers to contribute by carrying a total of EUR 20 million of the costs during the study provided that the prerequisites for conducting the study are reasonable and acceptable on the basis of the upcoming consultation by Abbott and Orion with the FDA, tentatively agreed to start in March 2007.

Due to the many still open questions concerning the scope and timelines of the possible study, the timings of the study and possible payments as well as the impacts on Orion's cash flows can not be estimated at this stage. Orion emphasises that the realisation of the study and the agreement between Orion and Abbott on the study is uncertain.

Orion will inform about the solution of the matter as soon as it has been reached.

Discussions regarding further registration through the European mutual recognition procedure will be begun by Abbott in the third quarter of 2007.

Key figures 7-12/2006

Financial development

| EUR million and % | 7-12/2006 |
|--|-----------|
| Net sales and profit | |
| Net sales | 311.2 |
| International operations | 217.0 |
| % of net sales | 69.7% |
| Depreciation and amortisation | 17.2 |
| Operating profit | 90.9 |
| % of net sales | 29.2% |
| Financial income and expenses | 0.5 |
| % of net sales | 0.2% |
| Profit before taxes | 91.4 |
| % of net sales | 29.4% |
| Income taxes | 24.8 |
| Profit available for parent company shareholders | 66.6 |
| Return on capital employed (ROCE) | 44.1% |
| Return on equity (ROE) | 32.5% |
| Balance Sheet | |
| Non-current assets | 281.4 |
| Current assets | 306.6 |
| Equity of the parent company shareholders | 443.5 |
| Minority interest | 0.0 |
| Non-current provisions | 0.6 |
| Liabilities | 144.6 |
| Interest-bearing liabilities | 9.8 |
| Non-interest-bearing liabilities | 134.8 |
| Total assets | 588.1 |
| Equity ratio | 75.4% |
| Gearing | -22.6% |
| Capital expenditure | |
| Capital expenditure | 13.4 |
| % of net sales | 4.3% |
| Research and development expenditure | |
| Research and development expenditure | 43.1 |
| % of net sales | 13.8% |
| Personnel | |
| Wages and salaries | 62.4 |
| Average number of employees | 3 069 |

Share-related key figures

| | 7-12/2006 | | |
|--|-----------|-----------|-------------|
| Earnings per share (EPS) | | EUR | 0.47 |
| Equity per share | | EUR | 3.14 |
| Total dividends | | MEUR | 141.3* |
| Dividend per share | | EUR | 1.00* |
| Payout ratio | | % | 212.8%* |
| Dividend yield | A | % | 6.1%* |
| Dividend yield | B | % | 6.1%* |
| P/E ratio | A | | 34.94 |
| P/E ratio | B | | 35.00 |
| Share price on 31 Dec. | A | EUR | 16.42 |
| Share price on 31 Dec. | B | EUR | 16.45 |
| Average share price | A | EUR | 14.87 |
| Average share price | B | EUR | 14.61 |
| Lowest share price | A | EUR | 11.45 |
| Lowest share price | B | EUR | 11.51 |
| Highest share price | A | EUR | 16.44 |
| Highest share price | B | EUR | 16.53 |
| Market capitalisation on 31 Dec. | | MEUR | 2 322.0 |
| Number of shares traded | | | |
| A-shares | | 1,000 pcs | 1 651 |
| % of average number of A-shares | | % | 2.9% |
| B-shares | | 1,000 pcs | 37 250 |
| % of average number of B-shares | | % | 43.8% |
| % of average number of all shares | | % | 27.5% |
| Number of shares on 31 Dec. | A | pcs | 55 554 240 |
| | B | pcs | 85 703 588 |
| Total number of shares on 31 Dec. | | pcs | 141 257 828 |
| Average number of shares in the period | | pcs | 141 257 828 |

*) The figures for the dividend for 7-12/2006 are based on the dividend proposal by the Board of Directors.

Calculation of the key figures

| | | |
|--------------------------------------|---|---|
| Return on capital employed (ROCE), % | = | $\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total assets – non-interest-bearing liabilities (annual average)}} \times 100$ |
| Return on Equity (ROE), % | = | $\frac{\text{Profit for the period}}{\text{Equity of the parent company shareholders + minority interest (annual average)}} \times 100$ |
| Equity ratio, % | = | $\frac{\text{Equity of the parent company shareholders + minority interest}}{\text{Total assets – advances received}} \times 100$ |
| Gearing, % | = | $\frac{\text{Interest-bearing liabilities – Cash and cash equivalents}}{\text{Equity of the parent company shareholders + minority interest}} \times 100$ |
| Earnings per share (EPS), EUR | = | $\frac{\text{Profit available for the parent company shareholders}}{\text{Average number of shares}}$ |
| Equity per share, EUR | = | $\frac{\text{Equity of the parent company shareholders}}{\text{Number of shares on 31 December}}$ |
| Dividend per share, EUR | = | $\frac{\text{Dividend for the financial period}}{\text{Number of shares on 31 December}}$ |
| Payout ratio, % | = | $\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$ |
| Effective dividend yield, % | = | $\frac{\text{Dividend per share}}{\text{Closing quotation of the financial period}} \times 100$ |
| Price/Earnings ratio (P/E), % | = | $\frac{\text{Closing quotation of the financial period}}{\text{Earnings per share}} \times 100$ |
| Adjusted average share price, EUR | = | $\frac{\text{Total EUR-denominated share turnover}}{\text{Average number of shares traded during the financial period}} \times 100$ |
| Market capitalisation, EUR million | = | Number of shares at 31 December x Closing quotation of the financial period |

Parent Company Financial Statements (FAS)

Income Statement

| EUR million | Note | 7-12/2006 |
|---|------|-----------|
| Net sales | 1 | 252.7 |
| Other operating income | 2 | 12.8 |
| Operating expenses | 3, 4 | -174.7 |
| Amortisation on goodwill | 4 | -1.7 |
| Depreciation and amortisation | 4 | -11.9 |
| Operating profit | | 77.2 |
| Financial income and expenses | 5 | 7.5 |
| Profit before appropriations and taxes | | 84.7 |
| Appropriations | 6 | 11.2 |
| Income taxes | 7 | -22.8 |
| Profit for the financial period | | 73.0 |

Balance Sheet

Assets

| EUR million | Note | 12/2006 |
|---|------|--------------|
| Non-current assets | | |
| Intangible assets | 8 | |
| Intangible assets | | 14.3 |
| Goodwill | | 10.2 |
| Other capitalised expenditure | | 3.3 |
| | | 27.8 |
| Tangible assets | 9 | |
| Land | | 3.7 |
| Buildings | | 76.8 |
| Machinery and equipment | | 50.4 |
| Other tangible assets | | 0.7 |
| Advance payments and construction in progress | | 2.4 |
| | | 134.0 |
| Investments | 10 | |
| Shares and equity interest in Group companies | | 88.7 |
| Other investments | | 1.3 |
| | | 90.0 |
| Current assets | | |
| Inventories | 11 | 67.4 |
| Non-current receivables | 12 | 0.2 |
| Trade receivables | 13 | 63.0 |
| Other current receivables | 13 | 9.4 |
| Investments | 14 | 95.0 |
| Cash and bank | | 3.2 |
| | | |
| Assets total | | 490.1 |

Liabilities

| EUR million | Note | 12/2006 |
|-------------------------------|------|---------|
| Share capital | | 92.2 |
| Premium fund | | 17.8 |
| Expendable fund | | 23.0 |
| Retained earnings | | 87.3 |
| Profit for financial year | | 73.0 |
| Shareholders' equity | 15 | 293.4 |
| Appropriations | 16 | 77.8 |
| Provisions | 17 | 1.4 |
| Liabilities | | |
| Non-current liabilities | 18 | |
| Pension loans | | 6.0 |
| Other non-current liabilities | | 0.7 |
| | | 6.6 |
| Current liabilities | 19 | |
| Trade payables | | 27.4 |
| Other current liabilities | | 83.5 |
| | | 110.9 |
| Liabilities total | | 490.1 |

Cash Flow Statement

| EUR million | 7-12/2006 |
|--|-------------|
| Cash flow from operating activities | |
| Operating profit | 77.2 |
| Adjustments | |
| Depreciation and amortisation | 13.6 |
| Other adjustments | -9.8 |
| | 3.8 |
| Change in working capital | 1) |
| Change in non-interest-bearing current receivables | 8.5 |
| Change in inventories | 6.2 |
| Change in non-interest-bearing current liabilities | 12.2 |
| | 26.9 |
| Interest paid | -2.0 |
| Dividends received | 2) 0.4 |
| Interest received | 2) 1.3 |
| Income taxes paid | -27.8 |
| Net cash from operating activities | 79.9 |
| Cash flow from investing activities | |
| Investments in intangible and tangible assets | -9.0 |
| Proceeds from sale of intangible and tangible assets | 11.7 |
| Proceeds from sale of other shares | 0.0 |
| Loans made (+) / repayments of loan receivables (-) | -0.2 |
| Net cash used in investing activities | 2.5 |
| Cash flow from financing activities | |
| Change in short-term loans | 0.8 |
| Proceeds from long-term loans | -0.4 |
| Dividends paid | -0.0 |
| Net cash used in financing activities | 0.4 |
| Net change in cash and cash equivalents | 82.7 |
| Cash and cash equivalents at the beginning of the period | 3) 15.6 |
| Net change in cash and cash equivalents | 82.7 |
| Cash and cash equivalents at the end of the period | 3) 98.3 |

- 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's working capital at their gross value.
- 2) The dividends and interest paid by the subsidiaries and included in the cash flow from operating activities of the parent company.
- 3) Besides cash and bank, the cash equivalents include marketable securities with a very low risk of change in value.

Notes to the Financial Statements of the Parent Company

The parent company of the Orion Group is Orion Corporation, business ID 19992126, domiciled in Espoo.

The first financial period of Orion Corporation was 1 July – 31 December 2006. The company started operations as a new company continuing the pharmaceuticals and diagnostics businesses of the former Orion, which demerged on 1 July 2006. Orion Corporation was listed on the Helsinki Stock Exchange on 3 July 2006.

Policies for the Financial Statements of the Parent Company

The Financial Statements of the parent company Orion Corporation are drawn up following the Finnish Accounting Act, as well as other dispositions and regulations related to the compilation of the financial statements.

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 the 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 policies are applied to the accumulated depreciation.

The economic lives of various asset categories are as follows:

| | |
|---|-------------|
| • Intangible rights and other capitalised expenditure | 3-10 years |
| • Goodwill | 5-10 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 items which generate or maintain income for three years or longer, are capitalised and are normally depreciated over 5 years.

Land areas and revaluations are not depreciated according to plan. The production and office facilities have been revalued in the Orion Group in the 1970's and 1980's. The revaluations are based on separate valuation of the items.

Research and development expenses

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

Inventories

The inventories 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 at the probable sales price or reacquisition cost.

Investments held as current assets

The investments include short-term interest instruments. They are valued at their historical cost or at a lower market value.

Receivables and liabilities denominated in foreign currencies

The valuation of the receivables and liabilities is based on the rates quoted by the European Central Bank on the day on which the accounts were closed. The resulting translation gains or losses have bearing on the profit for the financial year. Translation gains and losses related to business operations are recorded as adjustment of sales and purchases while those related to financing activities are recognised under financial income and expenses.

Currency derivatives acquired for hedging purposes are valued at fair value, using the exchange rates quoted on the day of the financial statements. The fair value of the currency derivatives is the difference between the spot rate of the original derivative contract and the closing rate on the day of the financial statements. The forward points are accrued and recorded in interest income and expenses. The fair value of currency derivatives for hedging Balance Sheet items is recorded in the Income Statement so that the fair value of currency derivatives hedging trade receivables is recorded in the net sales, while the fair value of derivatives hedging loans and receivables related to financial operations is recorded in the financial items. The fair value losses for currency derivatives hedging off-Balance Sheet items are recorded in the financial items, but in accordance with the prudence principle, no fair value gains have been recorded, since the off-setting impacts of the derivative instruments and the hedged items have not been documented.

Provisions

Commitments by the company to future expenses which are likely not to generate corresponding revenue are deducted as provisions from income. Similarly, the future losses which are likely to materialise, are deducted from income.

Net sales

The net sales include income from the sale of goods and services, with adjustments for indirect taxes, discounts and conversion differences resulting from sales in foreign currencies. The net sales also include milestone payments based on contracts with marketing partners, paid by the partner as a contribution to cover the R&D expenses of a product under development and tied to certain milestones in the research project. Moreover, net sales also include the royalties on the products licensed out by the company.

Income from the sale of goods is recognised when the major risks and benefits from the ownership of the goods have been taken over by the buyer. Income from services is recognised when the service has been performed. Milestone payments are recognised when the investigational product has progressed to a phase agreed with the partner, thus triggering the partner's obligation to pay the agreed sum. Royalties are recorded on accrual basis in accordance with the licensing agreements.

Pension arrangements

The pension security of the company's employees has been arranged through the Orion Pension Fund, and through pension insurance companies. The employees, whose employment began prior to 25 June, 1990 and continues until retirement are provided with additional pension security through the Orion Pension Fund. Moreover, some executives have certain defined-benefit arrangements with pension insurance companies. The pension liability to the Orion Pension Fund is covered in full.

Income taxes

The item income taxes refer to the taxes imposed on the basis of taxable profit, including the tax adjustments pertaining to the previous financial years.

The Financial Statements do not include any deferred tax liabilities or assets, but the Notes to the Statements include all deferred tax liabilities and assets recognisable in the Balance Sheet. These deferred tax liabilities or assets are calculated on the temporary difference between the tax assessment and the Financial Statements, using the tax rate confirmed for the upcoming taxation years at the time of the Financial Statements.

1. Net sales

Net sales by business area:

| EUR million | 7-12/2006 |
|-------------------------|-----------|
| Pharmaceutical industry | 252.7 |
| Total | 252.7 |

Net sales by market area:

| EUR million | 7-12/2006 |
|------------------------|-----------|
| Finland | 91.7 |
| Scandinavia | 28.1 |
| Other European markets | 81.8 |
| North America | 36.7 |
| Other markets | 14.4 |
| Total | 252.7 |

2. Other operating income

| EUR million | 7-12/2006 |
|--------------------------------------|-----------|
| Gains on sales of non-current assets | 9.9 |
| Service charges from Group companies | 1.4 |
| Rents received | 0.6 |
| Other | 0.9 |
| Total | 12.8 |

3. Changes in provisions

| EUR million | 7-12/2006 |
|------------------------------------|-----------|
| Change in provisions | -0.1 |
| Total, increase (-) / decrease (+) | -0.1 |

4. Operating expenses, depreciation and amortisation

Operating expenses:

| EUR million | 7-12/2006 |
|--|-----------|
| Increase (-) or decrease (+) in inventories of finished and semi-finished products | 5.2 |
| Production for own use | -2.1 |
| Raw materials and services | |
| Purchases during the financial year | 50.8 |
| Increase (-) or decrease (+) in other inventories | 0.9 |
| External services | 8.6 |
| Total | 60.4 |
| Personnel expenses | |
| Wages and salaries | 40.8 |
| Pension expenses | 5.7 |
| Other social security expenses | 3.1 |
| Total | 49.5 |
| Other operating expenses | 61.6 |
| Operating expenses total | 174.7 |

Voluntary personnel expenses are recorded under Other operating expenses.

Depreciation and amortisation:

| EUR million | 7-12/2006 |
|-------------------------------------|-----------|
| Amortisation on goodwill | 1.7 |
| Other depreciation and amortisation | 11.9 |
| Total | 13.6 |

Depreciation and amortisation by Balance Sheet items is presented under Notes 8-9. Depreciation and amortisation principles are presented under Policies for the Financial Statements of the Parent Company.

| | |
|--|-------|
| Average number of personnel in 7-12/2006 | 2 158 |
|--|-------|

5. Financial income and expenses

| EUR million | 7-12/2006 |
|--|-----------|
| Dividend income from Group companies | 7.8 |
| Income from other investments held as non-current assets | |
| Dividend income from other shares and equity interests | 0.0 |
| Interest income from Group companies | 0.0 |
| Other interest and financial income | |
| Interest income from Group companies | 0.0 |
| Interest income from other companies | 1.1 |
| Other financial income | 0.5 |
| Interest and other financial expenses | |
| Interest expenses to Group companies | -0.7 |
| Interest expenses to other companies | -0.6 |
| Other financial expenses | -0.5 |
| Total | 7.5 |

Financial income and expenses:

| EUR million | 7-12/2006 |
|-------------------|-----------|
| Dividend income | 7.8 |
| Interest income | 1.1 |
| Interest expenses | -1.3 |

6. Appropriations

| EUR million | 7-12/2006 |
|--|-----------|
| Change in accumulated accelerated depreciation | 11.2 |
| Total, increase (-) / decrease (+) | 11.2 |

7. Income taxes

| EUR million | 7-12/2006 |
|---|-----------|
| Current tax on ordinary operations | -22.6 |
| Adjustments for current tax of previous financial years | -0.2 |
| Total | -22.8 |

Deferred tax asset and liability

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

Deferred tax asset arises from:

| EUR million | 12/2006 |
|-------------|---------|
| Provisions | 0.4 |
| Total | 0.4 |

Deferred tax liability arises from:

| EUR million | 12/2006 |
|----------------------------|---------|
| Accumulated appropriations | 20.2 |
| Revaluations | 4.3 |
| Total | 24.5 |

8. Intangible assets on 31 December 2006

| EUR million | Intangible rights | Goodwill | Other capitalised expenditure | Total |
|---|-------------------|----------|-------------------------------|-------|
| Acquisition cost, 1 July *) | 40.1 | 68.3 | 44.6 | 152.9 |
| Increase | 2.6 | - | - | 2.6 |
| Decrease | -0.3 | - | -0.0 | -0.3 |
| Acquisition cost, 31 Dec. | 42.4 | 68.3 | 44.6 | 155.2 |
| Accumulated amortisation, 1 July *) | 26.6 | 56.3 | 39.0 | 122.0 |
| Accumulated amortisation related to decreases | -0.3 | - | - | -0.3 |
| Amortisation for the financial year | 1.8 | 1.7 | 2.2 | 5.7 |
| Accumulated amortisation, 31 Dec. | 28.1 | 58.0 | 41.2 | 127.4 |
| Book value, 31 Dec. | 14.3 | 10.2 | 3.3 | 27.8 |
| Accumulated accelerated amortisation, 1 July | 3.8 | 1.7 | 3.5 | 9.0 |
| Increase (+) / Decrease (-) | -1.6 | -1.7 | -2.2 | -5.6 |
| Accumulated accelerated depreciation, 31 Dec. | 2.2 | - | 1.2 | 3.5 |

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

9. Tangible assets on 31 December 2006

| EUR million | Land and water | Buildings and constructions | Machinery and equipment | Other tangible assets | Advance payments and construction in progress | Total |
|---|----------------|-----------------------------|-------------------------|-----------------------|---|-------|
| Acquisition cost, 1 July *) | 3.8 | 160.1 | 159.4 | 1.7 | 2.4 | 327.4 |
| Increase | 0.0 | 1.0 | 5.5 | - | 0.3 | 6.9 |
| Decrease | -0.1 | -2.7 | -3.7 | -0.0 | - | -6.5 |
| Transfers between Balance Sheet items | - | 0.1 | 0.3 | - | -0.4 | - |
| Acquisition cost, 31 Dec. | 3.7 | 158.4 | 161.6 | 1.7 | 2.4 | 327.7 |
| Accumulated, 1 July *) | - | 81.2 | 108.5 | 1.0 | - | 190.7 |
| Accumulated depreciation related to transfers and decreases | - | -1.6 | -3.1 | -0.0 | - | -4.8 |
| Depreciation for the financial year | - | 2.1 | 5.8 | 0.0 | - | 7.9 |
| Accumulated depreciation, 31 Dec. | - | 81.6 | 111.2 | 1.0 | - | 193.8 |
| Book value, 31 Dec. | 3.7 | 76.8 | 50.4 | 0.7 | 2.4 | 134.0 |
| Accumulated accelerated depreciation, 1 July | - | 42.3 | 37.6 | 0.1 | - | 79.9 |
| Increase (+) / Decrease (-) | - | -2.2 | -3.4 | -0.0 | - | -5.6 |
| Accumulated accelerated depreciation, 31 Dec. | - | 40.1 | 34.2 | 0.0 | - | 74.3 |

On 31 December, production machines accounted for EUR 19.9 million of the book value of machinery and equipment. Revaluation included in the acquisition cost of land is EUR 0.1 million, and that in the acquisition cost of buildings is EUR 16.5 million.

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

10. Investments on 31 December 2006

| EUR million | Shares in Group companies | Receivables from Group companies | Other shares and holdings | Loan receivables *) | Total |
|----------------------------------|---------------------------|----------------------------------|---------------------------|---------------------|-------|
| Acquisition cost, 1 July | 122.4 | 4.8 | 1.8 | 0.3 | 129.3 |
| Increase | - | 0.2 | - | - | 0.2 |
| Decrease | - | - | -0.0 | - | -0.0 |
| Acquisition cost, 31 Dec. | 122.4 | 5.0 | 1.8 | 0.3 | 129.5 |
| Accumulated revaluation, 1 July | 38.5 | 0.2 | 0.8 | - | 39.5 |
| Accumulated revaluation, 31 Dec. | 38.5 | 0.2 | 0.8 | - | 39.5 |
| Book value, 31 Dec. | 83.9 | 4.8 | 1.0 | 0.3 | 90.0 |

*) The loan receivable is an equity loan receivable in accordance with the Companies Act.

11. Inventories

| EUR million | 12/2006 |
|-------------------------------|---------|
| Raw materials and consumables | 13.5 |
| Work in progress | 14.4 |
| Finished products/goods | 38.8 |
| Other inventories | 0.7 |
| Advance payments | 0.0 |
| Total | 67.4 |

12. Non-current receivables

| EUR million | 12/2006 |
|--|---------|
| Non-current receivables from Group companies | 0.0 |
| Loan receivables | 0.1 |
| Other loan receivables | 0.2 |
| Total | 0.2 |

13. Current receivables

| EUR million | 12/2006 |
|-------------------------------------|---------|
| Trade receivables | 51.7 |
| Receivables from Group companies | |
| Trade receivables | 11.3 |
| Loan receivables | 0.0 |
| Other receivables | 0.0 |
| Prepaid expenses and accrued income | 0.0 |
| Total | 11.4 |
| Loan receivables from associate | 0.0 |
| Other loan receivables | 0.5 |
| Other receivables | 1.6 |
| Prepaid expenses and accrued income | 7.3 |
| Total | 72.4 |

Material items included in prepaid expenses and accrued income:

| EUR million | 12/2006 |
|---------------------------------|---------|
| Pending R&D contributions | 1.2 |
| Receivables from royalty income | 1.8 |
| Receivables from R&D services | 1.5 |
| Other | 2.7 |
| Total | 7.3 |

14. Investments held as current assets

| EUR million | 12/2006 |
|--|---------|
| Other securities: Interest instruments | 95.0 |
| Total | 95.0 |

Difference between market value and book value:

| EUR million | 12/2006 |
|--------------------------|---------|
| Market value | 95.2 |
| Corresponding book value | -95.0 |
| Difference | 0.2 |

15. Shareholders' equity

| EUR million | 2006 |
|------------------------|------|
| Share capital, 1 July | 92.2 |
| Share capital, 31 Dec. | 92.2 |

| EUR million | 2006 |
|-----------------------|------|
| Premium fund, 1 July | 17.8 |
| Premium fund, 31 Dec. | 17.8 |

| EUR million | 2006 |
|--------------------------|------|
| Expendable fund, 1 July | 23.0 |
| Expendable fund, 31 Dec. | 23.0 |

| EUR million | 2006 |
|-------------------------------|-------|
| Retained earnings, 1 July | 87.3 |
| Profit for the financial year | 73.0 |
| Retained earnings, 31 Dec. | 160.3 |

Parent company share capital by shares

| | Shares 12/2006 | EUR million |
|-------------------------------|-------------------|-------------|
| A-shares (20 votes per share) | 55 554 240 | |
| B-shares (1 vote per share) | 85 703 588 | |
| Total | 141 257 828 | 92.2 |

During 1 July – 31 December 2006, a total of 843,000 A-shares were converted to B-shares.

Further information is shown under the consolidated notes 18. Equity.

16. Appropriations

| EUR million | 12/2006 |
|--------------------------------------|---------|
| Accumulated accelerated depreciation | 77.8 |
| Total | 77.8 |

17. Provisions

| EUR million | 12/2006 |
|--------------------|---------|
| Pension provisions | 0.8 |
| Other provisions | 0.6 |
| Total | 1.4 |

18. Non-current liabilities

| EUR million | 12/2006 |
|-------------------------------|---------|
| Pension loans | 6.0 |
| Other non-current liabilities | 0.7 |
| Total | 6.6 |

Liabilities due in five years' time or later:

| EUR million | 12/2006 |
|---------------|---------|
| Pension loans | 6.0 |
| Total | 6.0 |

19. Current liabilities

| EUR million | 12/2006 |
|---|---------|
| Trade payables | 20.7 |
| Liabilities to Group companies | |
| Trade payables | 6.6 |
| Other current liabilities | 47.6 |
| Accrued liabilities and deferred income | 0.1 |
| Total | 54.3 |
| Other current liabilities | 6.3 |
| Accrued liabilities and deferred income | 29.6 |
| Total | 110.9 |

Material items included in accrued liabilities and deferred income:

| EUR million | 12/2006 |
|---|---------|
| Income tax liability | 1.6 |
| Accrued wage, salary and social security payments | 20.5 |
| Accrued royalties | 2.5 |
| Price adjustments to be disbursed | 3.3 |
| Other | 1.6 |
| Total | 29.6 |

Liabilities comprise:

| EUR million | 12/2006 |
|--|---------|
| Non-current interest-bearing liabilities | 6.6 |
| Current interest-bearing liabilities | 49.0 |
| Current non-interest-bearing liabilities | 61.9 |
| Total | 117.6 |

20. Information related to administrative body members of Group companies

Salaries and remuneration paid to members of administrative bodies:

| EUR million | 7-12/2006 |
|--|-----------|
| Group company Presidents, Executive Vice Presidents and Members of the Boards of Directors | 0.8 |

No loans have been granted to the administrative body members.

Management pension commitments

The agreed retirement age of the parent company President is 60, the pension amounting to 66% of the salary. The agreed retirement age of the parent company Executive Vice President is 60 and his pension is 60% of the salary. Moreover, some executives have the possibility to retire at 61-63 years of age, with the pension amounting to 60% of their salaries.

Futher information is shown under consolidated notes 27. Related party transactions.

21. Guarantees

Guarantees for the Group's own liabilities:

| EUR million | 12/2006 |
|--------------------------|---------|
| Mortgages on real estate | 25.5 |

Guarantees on behalf of the Group companies:

| EUR million | 12/2006 |
|-------------|---------|
| Guarantees | 2.0 |

Total guarantees:

| milj. EUR | 12/2006 |
|--------------------------|---------|
| Mortgages on real estate | 25.5 |
| Guarantees | 2.0 |

22. Contingent liabilities

| EUR million | 12/2006 |
|--|---------|
| Outstanding payments pertinent to leasing agreements | |
| Beginning financial year | 1.1 |
| Following financial years | 1.5 |
| Total | 2.6 |

The leasing agreements are made on customary terms.

Other liabilities of the company:

| EUR million | 12/2006 |
|-----------------------|---------|
| Drug damage liability | 0.3 |

23. Currency derivatives

| EUR million | 12/2006 |
|----------------------------|---------|
| Currency forward contracts | |
| Fair value | 0.3 |
| Counter value in EUR | 58.5 |

24. Shares and equity interests in other companies

The parent company's holdings in other companies are presented in the Note 27. Related party transactions, in the Notes to the Consolidated Financial Statements.

Shares and shareholders

Share capital

The share capital of Orion Corporation is EUR 92,238,541.46. The total number of shares is 141,257,828 shares consisting of 55,554,240 Class A shares and 85,703,588 Class B shares, after the conversion registered on 7 December 2006. The counter book value of each share is approximately EUR 0.65. At General Meetings of Shareholders, each Class A share provides 20 (twenty) votes and each Class B share one (1) vote. Both share classes provide equal rights to the company's assets and dividends. On the basis of the Articles of Association, a shareholder can demand conversion of his/her Class A shares into Class B shares. In July – December 2006, a total of 843,300 Class A shares were converted into Class B shares.

In early 2007, conversions of 293,000 A-shares have taken place, after which the present number of Class A shares is 55,261,240 and that of Class B shares 85,996,588.

| | Class A | Class B | A and B total |
|---|----------------|----------------|-----------------|
| Share capital | 36.3 MEUR | 55.9 MEUR | 92.2 MEUR |
| Total number of shares | 55 554 240 pcs | 85 703 588 pcs | 141 257 828 pcs |
| Minimum share capital | | | 50 MEUR |
| Maximum share capital | | | 2 000 MEUR |
| Share of total share stock | 39 % | 61 % | 100.0 % |
| Counter book value of share | about 0.65 EUR | about 0.65 EUR | |
| Votes per share | 20 votes | 1 vote | |
| Trading code on the Helsinki Stock Exchange | ORNAV | ORNBV | |

Both share classes provide equal rights to the company assets and dividends.

Authorisations of the Board of Directors

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, or to acquire or convey the company's own shares.

Ownership base

At the end of December 2006, Orion had altogether 38,622 shareholders, of which 36,260 or 94.0% were private individuals. Their holdings accounted for about 48.3% of the total number of shares and 57.0% of the total votes. The number of foreign-held and nominee-registered shares was 32.3 million, representing 22.3% of the total shares and 7.0% of the total votes. The company has no treasury shares.

At the end of 2006, the members of the Board of Directors, the President as well as the members of the Executive Management Board owned altogether 750,449 shares in Orion Corporation, representing 0.5 % of the total share stock and 12,011,198 votes, or 1.0 % of the total votes. Their holdings include also those held by under-aged children and organisations or foundations of which the person has control.

No transactions exceeding the flagging limits set in the Finnish Securities Market Act have been brought to the attention of the company.

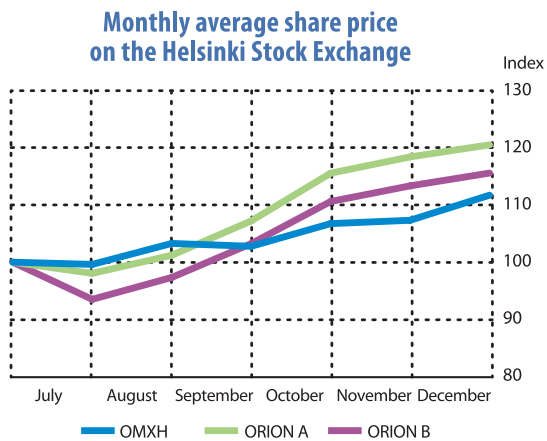
Dividend policy

In the dividend distribution Orion takes into account the distributable funds as well as the medium-long and long-term needs of capital expenditure and other financial needs required for the achievement of the financial objectives.

Trading in Orion shares

Trading in Orion Corporation shares started on the main list of the Helsinki Stock Exchange on 3 July 2006.

| | Class A | Class B | A and B total |
|---------------------------------------|---------------|----------------|----------------|
| Total number of shares traded | 1 651 018 pcs | 37 250 954 pcs | 38 901 972 pcs |
| Share of total stock | 2.9 % | 43.8 % | 27.5 % |
| Lowest quotation | 11.45 EUR | 11.51 EUR | |
| Highest quotation | 16.44 EUR | 16.53 EUR | |
| Closing quotation on 3 July 2006 | 13.35 EUR | 13.90 EUR | |
| Closing quotation on 29 Dec. 2006 | 16.42 EUR | 16.45 EUR | |
| Market capitalisation on 31 Dec. 2006 | 912.2 MEUR | 1 409.8 MEUR | 2 322.0 MEUR |



Shareholders by type of owner on 31 December 2006

| | 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 | 12 892 | 95.2 | 58.2 | 29 096 | 93.8 | 41.8 | 36 260 | 94.0 | 48.3 |
| Corporations and partnerships | | | | | | | | | |
| Government and municipal corporations | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 |
| Private corporations and partnerships | 399 | 2.9 | 13.5 | 1 183 | 3.8 | 5.0 | 1 477 | 3.8 | 8.4 |
| Housing associations | 4 | 0.0 | 0.0 | 5 | 0.0 | 0.0 | 6 | 0.0 | 0.0 |
| Banks and insurance companies | 29 | 0.2 | 1.6 | 73 | 0.2 | 4.7 | 82 | 0.2 | 3.5 |
| Public entities | 13 | 0.1 | 14.8 | 47 | 0.2 | 7.5 | 50 | 0.1 | 10.4 |
| Associations and foundations | 153 | 1.1 | 7.8 | 500 | 1.6 | 5.8 | 579 | 1.5 | 6.6 |
| Foreign shareholders | 55 | 0.4 | 0.9 | 121 | 0.4 | 0.3 | 153 | 0.3 | 0.5 |
| Total | 13 545 | 100.0 | 96.8 | 31 025 | 100.0 | 65.2 | 38 607 | 100.0 | 77.6 |
| Nominee registrations | | | 3.1 | | | 34.7 | | | 22.3 |
| Shares not transferred to the book-entry securities system or not subscribed to | | | 0.1 | | | 0.1 | | | 0.1 |
| | | | 100.0 | | | 100.0 | | | 100.0 |

Shareholders by number of shares held on 31 December 2006

| Shares | A-shares | | | | B-shares | | | | Total | | | |
|---|---------------|--------------------|-------------------|-------------|---------------|--------------------|-------------------|-------------|---------------|--------------------|--------------------|-------------|
| | Share-holders | % of share-holders | Shares | % of shares | Share-holders | % of share-holders | Shares | % of shares | Share-holders | % of share-holders | Shares | % of shares |
| 1–100 | 2 020 | 14.9 | 128 358 | 0.2 | 4 233 | 13.6 | 321 727 | 0.3 | 5 374 | 13.9 | 398 152 | 0.3 |
| 101–500 | 4 616 | 34.1 | 1 299 888 | 2.3 | 12 181 | 39.2 | 3 568 495 | 4.2 | 14 645 | 37.9 | 4 282 223 | 3.0 |
| 501–1000 | 2 363 | 17.4 | 1 789 871 | 3.2 | 6 433 | 20.7 | 4 969 465 | 5.8 | 7 378 | 19.1 | 5 692 645 | 4.0 |
| 1001–10000 | 4 027 | 29.7 | 11 832 261 | 21.4 | 7 584 | 24.4 | 20 751 224 | 24.2 | 10 025 | 26.0 | 29 572 142 | 21.0 |
| 10001–50000 | 399 | 3.0 | 8 160 631 | 14.7 | 503 | 1.6 | 10 072 814 | 11.8 | 964 | 2.5 | 19 068 325 | 13.5 |
| 50001–100000 | 60 | 0.4 | 4 078 990 | 7.3 | 41 | 0.1 | 2 754 264 | 3.2 | 115 | 0.3 | 7 830 232 | 5.5 |
| 100001–500000 | 47 | 0.4 | 9 393 099 | 16.9 | 44 | 0.1 | 8 180 241 | 9.6 | 85 | 0.2 | 16 727 337 | 11.8 |
| over 500000 | 13 | 0.1 | 18 804 158 | 33.9 | 6 | 0.0 | 35 020 172 | 40.9 | 21 | 0.1 | 57 554 602 | 40.7 |
| Total | 13 545 | 100.0 | 55 487 256 | 99.9 | 31 025 | 100.0 | 85 638 402 | 99.9 | 38 607 | 100.0 | 141 125 658 | 99.9 |
| Shares not transferred to the book-entry securities system or not subscribed to | | | 66 984 | 0.1 | | | 65 186 | 0.1 | | | 132 170 | 0.1 |
| | | | 55 554 240 | 100.0 | | | 85 703 588 | 100.0 | | | 141 257 828 | 100.0 |

On 31 December 2006, Orion Corporation had a total of 38.607 registered shareholders in the book-entry securities system. The number of nominee-registered shares was 31.497.888 representing 22.3% of the total shares and 5.4% of the total votes.

Major shareholders of Orion Corporation on 31 December 2006

| | A-shares | B-shares | Total shares | % of total shares | Votes | % of total votes | By number of votes |
|--|------------|------------|--------------|-------------------|---------------|------------------|--------------------|
| By number of shares held | | | | | | | |
| 1. Orion Pension Fund* | 2 765 624 | 978 699 | 3 744 323 | 2.65% | (56 291 179) | (4.70%) | |
| 2. Varma Mutual Pension Insurance Company | 2 216 000 | 569 600 | 2 785 600 | 1.97% | 44 889 600 | 3.75% | 2. |
| 3. Brade Jouko | 255 800 | 29 600 | | | 5 145 600 | | |
| Brade Oy | 261 070 | 600 | | | 5 222 000 | | |
| Medical Investment Trust Oy | 1 300 000 | 425 450 | | | 26 425 450 | | |
| Lamy Oy | 8 200 | 132 200 | | | 296 200 | | |
| Helsinki Investment Trust Oy | 200 000 | 0 | | | 4 000 000 | | |
| Helsinki Securities Oy | 41 609 | 11 007 | | | 843 187 | | |
| | 2 066 679 | 598 857 | 2 665 536 | 1.89% | 41 932 437 | 3.50% | 3. |
| 4. Etola Erkki | 100 228 | 3 526 | | | 2 008 086 | | |
| Etra Trading Oy | 2 329 720 | 86 000 | | | 46 680 400 | | |
| | 2 429 948 | 89 526 | 2 519 474 | 1.78% | 48 688 486 | 4.07% | 1. |
| 5. Tukinvest Oy | 1 048 500 | 0 | | | 20 970 000 | | |
| The Land and Watertechnology Foundation | 1 034 860 | 0 | | | 20 697 200 | | |
| | 2 083 360 | 0 | 2 083 360 | 1.47% | 41 667 200 | 3.48% | 4. |
| 6. Pension Insurance Company Ilmarinen Ltd | 1 577 440 | 245 450 | 1 822 890 | 1.29% | 31 794 250 | 2.66% | 5. |
| 7. The Social Insurance Institution | 0 | 1 659 568 | 1 659 568 | 1.17% | 1 659 568 | 0.14% | |
| 8. Ylppö Jukka | 1 247 136 | 286 992 | 1 534 128 | 1.09% | 25 229 712 | 2.11% | 6. |
| 9. Saastamoinen Foundation | 1 189 996 | 0 | 1 189 996 | 0.84% | 23 799 920 | 1.99% | 7. |
| 10. The State Pension Fund | 0 | 1 020 436 | 1 020 436 | 0.72% | 1 020 436 | 0.09% | |
| 11. Oriola Pension Fund | 863 804 | 144 670 | 1 008 474 | 0.71% | 17 420 750 | 1.46% | 9. |
| 12. Aho Juhani | 214 200 | 2 000 | | | 4 286 000 | | |
| Kliinisen Kemian Tutkimussäätiö | 92 472 | 0 | | | 1 849 440 | | |
| Helsingin Lääkärikeskus Oy | 658 230 | 4 | | | 13 164 604 | | |
| | 964 902 | 2 004 | 966 906 | 0.68% | 19 300 044 | 1.61% | 8. |
| 13. The Finnish Cultural Foundation | 321 946 | 610 220 | 932 166 | 0.66% | 7 049 140 | 0.59% | |
| 14. Ylppö Into | 577 936 | 240 200 | 818 136 | 0.58% | 11 798 920 | 0.99% | 10. |
| 15. OP-Delta Equity Fund | 79 600 | 567 900 | 647 500 | 0.46% | 2 159 900 | 0.18% | |
| 16. Karvonen Eero | 73 170 | 1 752 | | | 1 465 152 | | |
| EVK-Capital Ltd | 473 030 | 16 671 | | | 9 477 271 | | |
| | 546 200 | 18 423 | 564 623 | 0.40% | 10 942 423 | 0.91% | |
| 17. Mutual Insurance Pension Fennia | 292 800 | 261 450 | | | 6 117 450 | | |
| Mutual Insurance Company Fennia | 0 | 11 200 | | | 11 200 | | |
| Fennia Group | 292 800 | 272 650 | 565 450 | 0.40% | 6 128 650 | 0.51% | |
| 18. Relander Gustaf | 524 000 | 31 000 | 555 000 | 0.39% | 10 511 000 | 0.88% | |
| 19. Etera Mutual Pension Insurance Company | 231 100 | 297 400 | 528 500 | 0.37% | 4 919 400 | 0.41% | |
| 20. Salonen Maritza | 445 046 | 0 | 445 046 | 0.32% | 8 900 920 | 0.74% | |
| 20 largest shareholders total | 20 423 517 | 7 633 595 | 28 057 112 | 19.8% | 416 103 935 | 34.7% | |
| Nominee registered holdings | 1 745 220 | 29 752 668 | 31 497 888 | 22.3% | 64 657 068 | 5.4% | |
| Other | 33 385 503 | 48 317 325 | 81 702 828 | 57.9% | 716 027 385 | 59.9% | |
| All shareholders total | 55 554 240 | 85 703 588 | 141 257 828 | 100.0% | 1 196 788 388 | 100.0% | |

* Not entitled to vote at General Meetings Shareholders.

Major shareholders are grouped according to the direct holdings of individual shareholders and the shares held by their investment companies and stated as aggregate amounts and specified by category. The shareholdings of companies belonging to the same group are stated both as aggregate amounts and specified by category.

Proposal by the Board of Directors for the distribution of profits for 1 July – 31 December 2006

The distributable equity of the parent company amounts to EUR 183,389,351.93, of which the profit for the financial year accounts for EUR 73,044,309.29.

The Board of Directors proposes that the distributable equity of the parent company be used as follows:

| | |
|--|--------------------|
| • A dividend of EUR 1.00 per share be distributed on 141,257,828 shares | 141,257,828.00 EUR |
| • Donations to medical research and other non-profit purposes, according to a decision by the Board of Directors | 100,000.00 EUR |
| • To be retained on the profit and loss account | 42,031,523.93 EUR |
| | <hr/> |
| | 183,389,351.93 EUR |

No essential changes have taken place in the financial position of the company after the end of the financial period. The liquidity of the company is good and, according to the Board of Directors, the solvency of the company is not compromised due to the proposed dividends.

The Board of Directors submits these Financial Statements to the General Meeting of Shareholders for approval.

Espoo, 6 February 2007

Matti Kavetvu
Chairman

Heikki Vapaatalo
Vice Chairman

Eero Karvonen

Leena Palotie

Vesa Puttonen

Jukka Viinanen
President and CEO

Auditors' report

To the shareholders of Orion Corporation

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Orion Corporation for the period 1 July – 31 December 2006. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We 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 report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the report and 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 our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Directors of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Espoo, 6 February 2007

Ernst & Young Oy
Authorised Public Accountant Firm

Pekka Luoma
Authorised Public Accountant

Corporate Governance in the Orion Group

General governance principles

The operations and activities in Orion Corporation and its subsidiaries (the Orion Group) are based on compliance with laws and regulations issued there under, as well as with ethically acceptable practices. The tasks and duties of the different governance bodies of the Group are determined in accordance with legislation and the corporate governance principles of the Group.

In its governance, Orion Corporation follows the Corporate Governance Recommendation for companies listed on the Helsinki Stock Exchange, with the exception that the nomination committee set by the Board of Directors can be composed of also other persons than members of the Board.

The management system of the Orion Group consists of the Group level functions and Businesses. 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 levels.

The management of the Group takes place at the Group level. 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 Businesses
- 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 Businesses. The different Group-level functions provide services to the Businesses, each function being responsible for organising its own responsibility area Group-wide.

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 Articles of Association.

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 Articles of Association. 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 or unit of the Orion Group if deemed appropriate by the Board of Directors or the President of the parent company. The Board also makes sure that good corporate governance practices are followed in the Orion Group.

The Board of Directors has an **Audit Committee**, a **Compensation Committee** and an **R&D Committee**. The members of the committees are elected from the Board members 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.

In addition to the committees composed of Board members, the company has a **Nomination Committee** which can be composed of also other persons than members of the Board.

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 manages the Group's business operations via the Businesses. Accordingly, the executives responsible for the Businesses 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 Executive Management Board and the Group level staff functions.

Executive Management Board

The Executive Management Board includes the President and CEO as Chairman, and other persons appointed by the Board of Directors as members. The Executive Management Board handles all important issues relating to the whole Group and its units, including all the matters of the Businesses of line functions that are to be handled by the Board of Directors. The President and CEO can, if considered appropriate, however, decide not to take a matter to the Board of Directors.

Staff functions

The Group level staff functions participate in the steering and supervision of the operations of the units belonging to the Group as part of the management and control system. In this task they assist the President and CEO in the management of the Group. The staff functions are in charge of, among other things, the following Group level functions: finance, treasury, investor relations, human resources, intellectual property rights, legal affairs, communications, internal audit, and insider affairs.

Businesses and line functions

Businesses

The operations of the Group are organised into Businesses. Each Business is managed by an executive who is responsible for the operations and operative management of the unit and who reports to the President and CEO.

Line functions

The line functions provide function-specific support and services to all Businesses within the Group. The line functions are responsible for areas such as sales and marketing, supply chain, research and development, and business support.

Administration of legal entities

From the point-of-view of business operations, the Group subsidiaries operate in accordance with the Group's management system. In matters that are not directly subject to any Business or line function, the subsidiaries operate in accordance with instructions by the President and CEO of the parent company.

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 Group 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 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 Articles of Association in question. The designated auditor of the parent company's auditor co-ordinates the audit of the subsidiaries of the Group in co-operation with the President and CEO and the Internal Audit of the Group.

Insiders in the Orion Group

The Orion Group follows the insider guidelines issued by the Helsinki Stock Exchange, and the company's Guidelines for Insiders are based on these guidelines. The Group's permanent insiders comprise the insiders with the duty to declare their holdings in Orion's public insider register and other persons defined by the Company as permanent company-specific insiders in accordance with the company's own insider register. The insiders with the duty to declare comprise the members of the Board of Directors of Orion Corporation, the President and CEO, the designated auditor, the deputy auditor, and the members of the Executive Management Board.

The permanent company-specific insiders comprise the persons designated by the company. The company maintains its insider register in the SIRE system of the Finnish Central Securities Depository Ltd. The key practices applied by the company to the administration of insider affairs are the same as provided by the insider guidelines of the Helsinki Stock Exchange. The up-to-date public part of the register is accessible via Orion's homepage www.orion.fi/investors.

Independence of the Board members

Based on an evaluation, the Board of Directors has determined that all the members are independent of the company and its significant shareholders.

Working order of the Board of Directors

The Board of Directors has adopted a written working order containing the rules of getting organised, meeting arrangements, protocols of the meetings, confidentiality obligations and possible incompetence situations, the most important matters to be handled by the Board, communication of the matters handled by the Board, as well as self-evaluation of the Board's performance and working methods.

Working orders of the committees

The role of the committees is limited to making proposals to the Board, without decision making authority. A working order has been confirmed by the Board for each committee.

The **Audit Committee** comprises three members appointed by the Board annually for the term of the Board. The committee

shall have at least four meetings per year, and it shall report to the Board. The purpose of the committee is to promote the supervision of the company's operations and financial reporting. The committee handles the annual and quarterly financial reports of the Group before the Board meeting, evaluates of the sufficiency of internal control and risk management, reviews the annual plans and audit reports of the auditors as well as the activity plans and reports and findings of the internal audit.

The **Compensation Committee** comprises three members appointed by the Board annually for the term of the Board. The committee shall meet at least twice a year, and it shall report to the Board. The committee shall handle and prepare matters concerning compensation and remuneration of the management and the personnel of the Group, as well as the nominations of executives subject to decision by the Board.

The **R&D Committee** comprises three members appointed by the Board annually for the term of the Board. The committee shall meet at least twice a year, and it shall report to the Board. The committee shall evaluate the research and development activity within the Orion Group, and make proposals to the Board.

In addition to the committees composed of Board members, the company has a **Nomination Committee** which can comprise also other persons than members of the Board. The members of the committee are appointed by the Board annually for a term ending at the closing of the Annual General Meeting of the shareholders following the appointment. For the appointments, the Board shall hear the largest shareholders about the composition of the committee. The committee shall meet when necessary. The purpose of the committee

Board of Directors, President and Executive Management Board

Composition of the Board of Directors and the Board Committees of Orion Corporation:

Board of Directors

Matti Kavetvuo, Chairman
Heikki Vapaatalo, Vice Chairman
Eero Karvonen
Leena Palotie
Vesa Puttonen

Audit Committee

Vesa Puttonen, Chairman
Eero Karvonen
Heikki Vapaatalo

Compensation Committee

Matti Kavetvuo, Chairman
Leena Palotie
Vesa Puttonen

R&D Committee

Leena Palotie, Chairman
Eero Karvonen
Heikki Vapaatalo

Nomination Committee

Timo Maasilta, Chairman
Kari Jussi Aho
Harry Brade
Erkki Etola
Petteri Karttunen
Matti Kavetvuo
Risto Murto
Seppo Salonen

is to prepare and present a recommendation to the Board of Directors for the proposal to the Annual General Meeting concerning the composition and compensation of the Board. The recommendation shall be presented after the largest shareholders' opinions have been heard. The recommendation prepared by the nomination committee shall not be regarded as a proposal by a shareholder to the Annual General Meeting. Nor shall the recommendation have any impact on the Board's independent decision making powers or its right to make proposals to the General Meetings of the shareholders.

Board meetings held

In the financial period 1 July – 31 December 2006, altogether 9 Board meetings were held, of which 2 were teleconferences. The average attendance of the members was about 93.3%.

Committee meetings held

During 1 July – 31 December 2006, the following number of Committee meetings were held: Audit Committee 2 meetings, Compensation Committee 3 meetings, R&D Committee 3 meetings, Nomination Committee 2 meetings.

Auditors

The auditor of Orion Corporation is **Ernst & Young Oy**, the designated auditor being Pekka Luoma, Authorised Public Accountant. The Deputy Auditor is Päivi Virtanen, Authorised Public Accountant.

President and CEO

The President of Orion Corporation is Jukka Viinanen.

Service contract of the President

If the service contract of the President is terminated by the company's initiative, the maximum notice period is 6 months, as determined by the company. If the service contract is terminated by the President's own initiative, the notice period is 6 months. The service ends at the end of the notice period. If the service contract is terminated either by the company's initiative or by the President's initiative because of a breach of contract by the company, the President will be indemnified with a total sum corresponding to the salaries, fringes and additional pension benefits for 18 months, unless otherwise agreed. No such separate compensation will be paid if the President resigns by his own request for other reasons than a breach of contract by the company.

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.

Executive Management Board as of 1 February 2007

Jukka Viinanen, President and CEO of Orion Corporation, Chairman of the Executive Management Board, Orion Diagnostica
Markku Huhta-Koivisto, Senior Vice President, Specialty Products and Fermion

Olli Huotari, Senior Vice President, Corporate Functions, Secretary to the Board of Directors of Orion

Pekka Kaivola, Senior Vice President, Global Sales

Jari Karlson, Chief Financial Officer

Pekka Kosi, Senior Vice President, Supply Chain

Timo Lappalainen, Senior Vice President, Proprietary Products and Animal Health

Reijo Salonen, Senior Vice President, Research and Development

Riitta Vartiainen, Senior Vice President, Business Development and Support.

Liisa Remes, Research Assistant, is a member as an employee representative.

Remuneration and benefits of the members of the Board of Directors

For the term of the Board which began on 1 July 2006, the fee to the Chairman is EUR 48,600, to the Vice Chairman EUR 34,200 and to the other members EUR 24,300 each. The exceptional duration of the term of office has been taken into account in the fee which corresponds to three quarters of a fee for a full-year term. The fee for the period was paid on 31 July 2006.

For each meeting attended, the fee to the Chairman is EUR 1,200, to the Vice Chairman EUR 900 and to the other members EUR 600 each. Respectively, the same fees are paid to the Chairmen and to the members of the committees for each committee meeting attended. The afore-mentioned fees were paid for also those meetings held for preparatory measures for the company before the beginning of the term of the Board.

The Chairman of the Board has a telephone as a fringe benefit, and the travel expenses of all Board members are paid in accordance with the travel policy of the company.

In July-December 2006, the following remunerations and benefits were paid to the members of the Board of Directors for work in the Board and the Committees:

| Board of Directors | Remunerations |
|---------------------------------|------------------------------|
| | 1 July – 31 Dec. 2006 EUR |
| Eero Karvonen | 48 150 |
| Matti Kavetvuoto | 87 960 |
| Leena Palotie | 45 450 |
| Vesa Puttonen | 51 450 |
| Heikki Vapaatalo | 62 716 |
| Board of Directors total | 295 726 |

Compensation of the Group management

The compensation of the President and CEO is subject to the decision by the Board of Directors of Orion, while that of the other members of the Executive Management Board is subject to a decision by the Board of Directors or its Chairman. The compensation system for these persons consists of a monthly salary and a performance-based bonus. The bonuses are based on pre-defined profit targets as well as personal goals.

In January 2007, the Board of Directors of Orion Corporation decided on a new share-based incentive plan for ca. 30 key persons in the Orion Group. The aim of the plan is to encourage them to sustained efforts to increase shareholder value and to strengthen their commitment to the development of the company's operations. The possible incentive is determined on the basis of the growth of Orion's operating profit in the years 2007–2009 and separately agreed personal performance objectives. The incentive is granted in the form of the company's B-shares or cash, or both. The number of shares included in the plan shall not exceed 350,000, corresponding to about 0.25% of the total share stock of Orion Corporation. The recipient may not transfer the bonus shares during the first two years after the date of receipt, except for certain special circumstances.

The salaries, remunerations and bonuses paid in the full year 2006 to Jukka Viinanen, President and CEO, totalled EUR 576,707, of which the salaries and remunerations accounted for EUR 445,800 and the bonuses for EUR 130,907. Additionally, Mr. Viinanen received EUR 691,625 in gross earnings from the sale of the stock options he held in the 2001 option plan of the demerged Orion. The salaries and remunerations paid to Mr. Viinanen for July – December 2006 were EUR 188,823.

The remunerations and benefits paid out to the other members of the Executive Management Board for 1 July – 31 December 2006 totalled EUR 761,481. No bonuses were paid in the period.

The combined remuneration and benefits paid to the members of the Board of Directors and the Executive Management Board for 1 July – 31 December 2006 were EUR 1.1 million.

Shareholding of the Board of Directors and the Executive Management Board on 31 December 2006 and changes in their shareholdings during 1 July – 31 December 2006

The holdings of Orion Corporation shares of the Board of Directors and the Executive Management Board on 31 December 2006 as well as their changes as of 1 July 2006 are provided in the table below. Also the holdings by under-aged children and organisations or foundations controlled by the persons are included.

The numbers of Orion Corporation shares held by the Orion Group insiders with the duty to declare are provided in the Insider Register maintained by the Finnish Central Securities Depository. The up-to-date NetSIRE register is accessible via Orion's homepage www.orion.fi/investors.

| | Class A shares 31 Dec. 2006 | Change | Class B shares 31 Dec. 2006 | Change |
|---|--------------------------------|----------|--------------------------------|----------|
| Board of Directors | | | | |
| Eero Karvonen | 480 347 | 0 | 18 423 | 0 |
| Matti Kavetvuo | 110 596 | 0 | 81 503 | 0 |
| Leena Palotie | 0 | 0 | 2 423 | 0 |
| Vesa Puttonen | 0 | 0 | 4 423 | 0 |
| Heikki Vapaatalo | 500 | 0 | 2 431 | 0 |
| Board of Directors total | 591 443 | 0 | 111 634 | 0 |
| Executive Management Board | | | | |
| Jukka Viinanen | 0 | 0 | 6 000 | 0 |
| Markku Huhta-Koivisto | 0 | 0 | 17 800 | 0 |
| Olli Huotari | 0 | 0 | 0 | 0 |
| Pekka Kaivola | 764 | 0 | 6 660 | 0 |
| Jari Karlson | 0 | 0 | 4 000 | 0 |
| Pekka Konsi | 428 | 0 | 2 784 | 0 |
| Timo Lappalainen | 0 | 0 | 5 400 | 0 |
| Reijo Salonen | 0 | 0 | 0 | 0 |
| Riitta Vartiainen | 36 | 0 | 3 000 | 0 |
| Executive Management Board total | 1 228 | 0 | 45 644 | 0 |

Fees paid to the external auditors

The fees paid to the auditors for audit services for 1 July – 31 December 2006 came to a consolidated total of EUR 246,000 of which the domestic Group companies accounted for EUR 100,000 and the foreign subsidiaries for EUR 146,000. Additionally, a total of EUR 48,000 was paid for non-audit services provided by the auditors to the Group companies. The domestic Group companies accounted for EUR 10,000 and the foreign subsidiaries for 38,000 of the total. The fees paid to the auditor for auditing the parent company came to EUR 65,000 and for other assignments to EUR 8,000.

Members of the Board of Directors



Matti Kavetvuo

Chairman

**M.Sc. (Eng.), M.Sc. (Econ.),
Honorary Mining Counsellor**

b. 1944

Member and Chairman of the Board of Directors of Orion Corporation since 1 July 2006

Member and Chairman of the Board of Directors of the demerged Orion 2004 – 30 June 2006

Chairman of the Compensation Committee, member of the Nomination Committee

Primary career

2000–2001 President and CEO of Pohjola Insurance Group, retired 2001

1992–1999 President and CEO of Valio Ltd

1985–1991 President and CEO of Orion Corporation

1979–1984 President of Instrumentarium Corporation

Current key positions of trust:

- Chairman of the Board of Directors of Metso Corporation
- Vice Chairman of the Board of Directors of Alma Media Corporation
- Member of the Board of Directors of KCI Konecranes Plc and Marimekko Corporation



Heikki Vapaatalo

Vice Chairman

Professor Emeritus, M.D., Specialist in clinical pharmacology

b. 1939

Member of the Board of Directors of Orion Corporation since 1 July 2006

Member of the Board of Directors of the demerged Orion 2002 – 30 June 2006

Member of the Audit Committee, member of the R&D Committee

Primary career

1992–2002 University of Helsinki, Professor of Pharmacology

2000–2001 Orion Corporation, Member of the Supervisory Board

1975–1992 University of Tampere, Professor of Pharmacology

1972–1974 University of Oulu, Associate Professor of Pharmacology

1983–1984 University of Tampere, Medical Faculty, Vice Dean

1985–1986 University of Tampere, Medical Faculty, Dean

1995–2002 University of Helsinki, Medical Faculty, Vice Dean

2001–2003 Finnish Medical Society Duodecim, Vice Chairman of the Board

1991–1994 Finnish Medical Society Duodecim, Delegation Chairman

1983–1985 Finnish Pharmacological Society, Chairman

1980–1981 Medical Society of Tampere, Chairman

Current key positions of trust:

- Chairman of the Board of Directors of Medical Investment Trust Ltd, Oy Medifactum Ab and Orion-Farmos Research Foundation
- Member of the Board of Directors of United Laboratories Ltd



Eero Karvonen

M.Sc. (Eng.)

b. 1948

Member of the Board of Directors of Orion Corporation since 1 July 2006

Member of the Board of Directors of the demerged Orion 2004 – 30 June 2006

Member of the Audit Committee, member of the R&D Committee

Primary career

1986– EVK-Capital Oy, Owner and Managing Director

1980–1986 Rintekno Oy, Process Engineer, Division Manager and Technology Manager for biochemical and pharmaceutical process engineering

1975–1980 VTT Technical Research Centre of Finland, biotechnical laboratory, Researcher

1974–1975 Helsinki University of Technology, Senior Assistant in industrial microbiology

Current key positions of trust:

- Member of the Board of Directors of Rocla Oyj



Leena Palotie

Academy Professor, M.D., Ph.D.

b. 1952

Member of the Board of Directors of Orion Corporation since 1 July 2006

Member of the Board of Directors of the demerged Orion 2004 – 30 June 2006

Chairman of the R&D Committee, member of the Compensation Committee

Primary career

2006– Member of the USA National Academies of Sciences, Institute of Medicine

2005– Member of the scientific council of the European Research Council (ERC)

2005– President of the Human Genome Organisation (HUGO)

2003– Academy Professor, Director of the Centre of Excellence in Disease Genetics of the Academy of Finland

2004– Director of Nordic Center of Excellence in Disease Genetics

2002– Coordinator of the large international genomics program of the EU, GENOMEUTWIN

1998–2002 A founding Chairman of the Department of Human Genetics and Professor of Genetics at the University of California, Los Angeles, USA

1991–1998, 2002– Professor of Medical Genetics and Molecular Medicine, University of Helsinki and National Public Health Institute, Finland

1995–1998 Member of the National Council of Science and Technology of Finland

1995–1997 Chairman of the Medical Research Council of the Academy of Finland

1996–1998 Chairman of the European Medical Research Council

1987–1991 Director of the Research Program of Molecular Medicine, National Public Health Institute, Finland

Professor Palotie has published more than 400 scientific articles and almost 60 review articles and directed more than 60 doctoral theses in Finland and the United States.

Palotie has been named Woman of the Year and she has received several international scientific awards, e.g. the Medical Journalists' Award in Finland, the Matti Äyräpää Award of the Finnish Medical Association, the Anders Jahre Award, the Fernström Prize and the van Gysel Prize for Biomedical Research.

Professor Palotie is an honorary doctor of the University of Uppsala, Sweden, and the University of Joensuu, Finland.



Vesa Puttonen

Professor, D.Sc. (Econ.)

b. 1966

Member of the Board of Directors of Orion Corporation since 1 July 2006

Member of the Board of Directors of the demerged Orion 2004 – 30 June 2006

Chairman of the Audit Committee, member of the Compensation Committee

Primary career

2001– Helsinki School of Economics, Professor in Finance

1999–2001 Conventum Fund Management, Managing Director

1998–1999 HEX Helsinki Exchanges, Senior Vice President

1996–1998 Helsinki School of Economics, Professor in Finance

1993–1996 Helsinki School of Economics, Assistant Professor in Accounting and Finance

1992–1993 Turku School of Economics and Business Administration, Associate Professor in Accounting and Finance

1990–1992 The Academy of Finland, Project Researcher

1989–1990 University of Vaasa, Assistant in Accounting and Finance

Current key positions of trust:

- Chairman of the Board of Directors of Enabla Ltd, HSE Executive Education Ltd and Arvo Asset Management Ltd
- Member of the Board of Directors of Oras Invest Ltd and Privanet Capital Plc

Executive Management Board



Jukka Viinanen

M.Sc. (Eng.)
President and CEO,
Chairman of the Executive
Management Board

b. 1948

Before joining the Orion Group, Jukka Viinanen made a long career with the Neste Group between 1973 and 1999. He started in Pekema Oy, a plastics industry company, as a production engineer in 1973. Later he held several senior line and staff management positions in Neste Corporation, and in 1990 he was elected to the Group management and member of the Board of Directors.

In 1997, Mr. Viinanen became President and Chief Operating Officer of Neste Corporation, a position he held until 1999.

Since 2000, Mr. Viinanen has acted as the President and CEO of the Orion Group.

During his career, Jukka Viinanen has been a member and chairman of the boards of directors and supervisory boards of several listed international Finnish companies and the governing bodies of the central organisations of various business sectors.

The most important of Jukka Viinanen's current positions of trust is that of Chairman of the Board of Directors of Rautaruukki Corporation, a position he has held since 2001. He has also been a member of the General Assembly of the Confederation of Finnish Industries, EK, since 2005 and a member of the Board of Directors of the Finnish Chemical Industry Federation since 2004 (also in 2000–2002).

In the most recent years, Mr. Viinanen has also held the following positions of trust:

Chairman of the Board:
 VTT Technical Research Centre of Finland
 1994–2002,
 Espoo Chamber of Commerce 2004–2005

Member of the Board:
 Uponor Oyj (former AskO Oyj) 1993–2001,
 Lassila & Tikanoja plc 1993–2001,
 Huhtamäki Oyj 1999–2005



Markku Huhta-Koivisto

M.Sc. (Eng.), MBA
Senior Vice President,
Specialty Products and Fermion

b. 1956

Markku Huhta-Koivisto's career began as a development engineer with Oy Santasalo-Sohlberg Ab in 1981. He joined Orion in 1982, initially working as a Production Planning Manager in Farnos Group Ltd. From 1984 to 1987 he held the position of Operations Manager, 1987–1989 he acted as Purchasing Manager and 1989–1998 as Materials Director.

From 1998 to 2000, Mr. Huhta-Koivisto worked as Vice President in the international sales organisation of Orion Pharma and from 2000 to 2002 he headed the project for the implementation of new business processes together with SAP-based business information systems.

From 2002 to November 2006, Markku Huhta-Koivisto was in charge of the Supply Chain function. He has also headed the Fermion business since 2004 and Specialty Products since 1 November 2006.



Olli Huotari

Master of Laws, LL.M.
Senior Vice President, Corporate Functions,
Secretary to the Board of Directors
of Orion Corporation

b. 1966

In 1992–1995 Olli Huotari served as Legal Counsel in the law firm Asianajotoimisto Jouko Penttilä Oy, and in 1995–1996 he completed the degree of Master of Laws in International Commercial Law at the University of Kent at Canterbury, UK.

Olli Huotari joined the Orion Group in 1996 as Legal Counsel in Corporate Administration. Since October 2002 until June 2006, he held the position of General Counsel of the Orion Group and Secretary to the Board of Directors.

As an auxiliary responsibility, Mr Huotari attended in 2005–2006 to the responsibilities of Vice President, Human Resources of Orion Pharma and Corporate Vice President, HR development of the Orion Group.

As of 1 July 2006, Mr. Huotari serves as Senior Vice President in charge of Corporate Functions (Human Resources, Intellectual Property Rights, Legal Affairs and Communications) and Secretary to the Board of Directors of Orion Corporation.



Pekka Kaivola

Lic.Phil.
Senior Vice President, Global Sales

b. 1950

After working as an assistant at the University of Oulu since 1974, Pekka Kaivola joined Orion as a pharmaceutical sales representative in 1979. He was a Product Manager in 1982–1983.

From 1983 to 1987 Mr. Kaivola worked as a Marketing Manager with Pfizer Oy and between 1987 and 1989 as a Production Line Manager with Suomen MSD Oy.

In 1989 he rejoined Orion as Sales Director of prescription drugs in Finland. In 1992, self-medication products were added to his areas of responsibility and, in 1995, the products of Famos. In 2002–2003 Kaivola was the Managing Director of Orion's marketing subsidiary in New Jersey, USA. After his return to Finland, he headed the marketing of the core therapy products of Orion in 2003–2004.

Since 2004, Mr. Kaivola's area of responsibility was extended to include all of Orion's pharmaceutical sales.

Pekka Kaivola has been a member of the General Assembly of the Confederation of Finnish Industries, EK, since 2004 and a member of the Board since 2006. He is also a member of the Trade Policy Committee of the Finnish Chemical Industry Federation. In addition, he has been a member of the Board of Directors of Pharma Industry Finland between 1994 and 2002, holding the position of Chairman in 2000–2002 and Vice Chairman in 1998–1999.



Jari Karlson

M.Sc. (Econ.)
Chief Financial Officer (CFO)

b. 1961

Jari Karlson began his career with Cultor Oy in 1986. In 1988–1989 Mr Karlson worked as a financial controller for the Biochem division of the company. In 1990–1999 he held the positions of Controller, Director of planning for the Europe and Asia region and Director, Finance, Europe, in Genencor International Inc. In 1999–2001 he worked as Corporate Controller, responsible for financial and management accounting, in the Kuusakoski Group.

Jari Karlson joined the Orion Group in August 2001 as Vice President, Finance for Orion Pharma. He was appointed Chief Financial Officer of the Orion Group in 2002.



Pekka Konsi

M.Sc. (Eng.)
Senior Vice President, Supply Chain

b. 1948

After working as an Assistant at the Helsinki University of Technology and part-time at an engineering office, Pekka Konsi joined Orion in 1977. Initially he worked as a Technical Planning Manager and, as his areas of responsibility gradually grew, he was appointed Planning Director in 1988.

Since 1994 Pekka Konsi worked in Orion's pharmaceuticals production as Plant Manager of the Espoo and Kuopio plants. He was appointed Orion's Senior Vice President, Supply Chain as of November 2006.



Timo Lappalainen

M.Sc. (Eng.)
Senior Vice President, Proprietary Products and Animal Health

b. 1962

Timo Lappalainen began his career as a consultant with Arthur Andersen in Chicago in 1987. In 1989–1993 he held the position of Head of Business Development, among other tasks, with Finvest Ltd. From 1994 to 1999 he served with Leiras Oy (subsidiary of Schering AG) as the head of several functions.

Timo Lappalainen joined Orion in 1999 as Senior Vice President, Business Development of Orion Pharma, also in charge of the business unit's finances and IT. In 2003, he was appointed Executive Vice President of Orion Pharma with the responsibility of the human pharmaceuticals business. In 2004, the Animal Health business was added into his responsibilities. Since 2005 his areas of responsibility include Proprietary Products and Animal Health.



Reijo Salonen

Docent, MD, PhD
Senior Vice President, Research and Development

b. 1956

Dr. Salonen began his career at University Hospitals in Finland in 1989–1995, where he taught Neurology and, as a secondary occupation, practiced medicine as a specialist doctor. Salonen is also one of the establishers of the first headache centre in Finland. In 1995 he was appointed Medical Director of GlaxoWellcome Finland and in 1997 he was appointed as Senior Medical Strategy Head, Neurology at GlaxoWellcome in the United States.

In 1998–1999 Dr. Salonen acted as the Principal Medical strategy Head in Neurology and Psychiatry in the Medical Affairs and Commercial Strategy groups and in 1999–2001 he was also in charge of the Medical Strategy and Communications of the Neurosciences Therapy Group. In 2001 Salonen was appointed as the Vice President, Clinical Development, Neurology and GI at GlaxoSmithKline and in 2002–2004 he acted as the Vice President, Clinical Development and Medical Affairs, Neurosciences at GlaxoSmithKline.

In 2004, Dr. Salonen joined Pfizer's Worldwide Development in the United States as Vice President, Neurology, Psychiatry and Ophthalmology and later that year was appointed Vice President and Worldwide Therapeutic Area Head Neurosciences.

Dr. Salonen has been heading Orion's pharmaceutical R&D as of November 2006.

Reijo Salonen holds an MD degree and PhD in Neuroimmunology from 1983. He is Specialist in Neurology and has been Docent in Neuroimmunology at the University of Turku since 1989.

Salonen has been a member of the Board of Directors of the American Society of Experimental Neurotherapeutics (ASENT) since the beginning of 2006.

Since November 2006 Dr. Salonen has been a Member of the Board of European Brain Council, representing industry.



Riitta Vartiainen

M.Sc. (Biochemistry)
Senior Vice President, Business Development and Support

b. 1951

Riitta Vartiainen's career began in 1976 as a Product Expert of diagnostics with Tam Drug/Tamro Oy. She joined Orion as an Export Manager in 1980. In 1982–1988 she worked with Oy Alko Ab as a Product and Sales Manager of biotechnology products, responsible for domestic sales and exports.

In 1988 Riitta Vartiainen returned to Orion as a Marketing Manager of DNA diagnostics. In 1992 she was appointed as a Product Manager in charge of antimicrobials. Between 1995 and 2000 she worked as a Research Manager in the Levosimendan Project.

From 2000 onwards Riitta Vartiainen worked as a Project Leader on Easyhaler projects, and from 2002 in projects of Specialty Products. In 2004–2006 she was in charge of Orion's Specialty Products business. As of November 2006 she has led the Business Development and Support unit.

Employee representative



Liisa Remes

Research Assistant

Layout: Alma Media Lehdentekijät Oy
Photos: Risto Laine
Prepress: Faktor Oy
Printed by: Punamusta, Joensuu 2007
Paper: Cover: Galerie Art Matt 250g, Inner pages: Nova Press silk 80 g





Orion Corporation | Orionintie 1 A | FI-02200 Espoo | P.O. Box 65 | FI-02101 Espoo, Finland
Tel. +358 10 4261 | Business Identity Code FI 19992126