

Orion Group Interim Report 1–6/2007

Operating profit at the same level as in the comparative period

Orion's net sales from the first two quarters of 2007 were EUR 345.8 (329.8) million, up by 4.9% compared to the same period last year.

- Operating profit was EUR 105.3 (105.8) million.
- Profit before taxes was EUR 106.1 (105.9) million.
- Equity ratio was 72.2% (72.8%).
- Return on capital employed (ROCE) was 50.3% (54.2%).
- Earnings per share were EUR 0.55 (0.56).

Orion's key figures for the review period*

| EUR million | Q2/07 | Q2/06 Proforma | Change % | Q1-Q2/07 | Q1-Q2/06 Proforma | Change % | 2006 Proforma |
|------------------------------------|--------------|-------------------|-------------|--------------|----------------------|-------------|------------------|
| Net sales | 166.6 | 156.3 | +6.6% | 345.8 | 329.8 | +4.9% | 641.1 |
| Operating profit (EBIT) | 44.3 | 42.9 | +3.1% | 105.3 | 105.8 | -0.5% | 196.7 |
| % of net sales | 26.6% | 27.5% | | 30.5% | 32.1% | | 30.7% |
| Profit before taxes | 44.3 | 42.6 | +4.0% | 106.1 | 105.9 | +0.2% | 197.3 |
| % of net sales | 26.6% | 27.2% | | 30.7% | 32.1% | | 30.8% |
| R&D expenses | 25.5 | 20.0 | +27.1% | 47.1 | 41.1 | +14.6% | 84.1 |
| % of net sales | 15.3% | 12.8% | | 13.6% | 12.5% | | 13.1% |
| Capital expenditure | 8.6 | 8.0 | +7.1% | 14.7 | 12.2 | +20.6% | 25.5 |
| % of net sales | 5.2% | 5.1% | | 4.2% | 3.7% | | 4.0% |
| Balance sheet total | | | | 526.3 | 517.9 | +1.6% | 588.1 |
| Equity ratio, % | | | | 72.2% | 72.8% | | 75.4% |
| Gearing, % | | | | -5.4% | -5.1% | | -22.6% |
| Interest-bearing liabilities | | | | 20.3 | 10.5 | +93.5% | 9.8 |
| Non-interest-bearing liabilities | | | | 126.1 | 130.6 | -3.5% | 134.8 |
| Cash and cash equivalents | | | | 40.6 | 29.8 | +36.2% | 110.0 |
| ROCE (before taxes), % | | | | 50.3% | 54.2% | | 46.5% |
| ROE (after taxes), % | | | | 37.8% | 40.6% | | 34.5% |
| Earnings per share, EUR | 0.23 | 0.23 | +1.1% | 0.55 | 0.56 | -1.8% | 1.03 |
| Equity per share, EUR | | | | 2.69 | 2.67 | +0.8% | 3.14 |
| Personnel at the end of the period | | | | 3 254 | 3 178 | +2.4% | 3 061 |

* The proforma figures for periods before 1 July 2006 are based on the comparable ones carved out from the financial statements of the demerged Orion.

CEO Jukka Viinanan's review

"Orion's net sales during the first half of the year increased by about 5% compared to the same period last year. The sales of entacapone products in Orion's own sales network grew by 11%, but also the sales of generic prescription medicines, self-care products and veterinary medicines developed positively. However, the Group's operating profit did not improve due to planned investments in R&D as well as sales and marketing. The increase of the R&D costs was due to the entry of dexmedetomidine into Phase 3 and the new COMT inhibitor candidate into Phase 1 in spring. Moreover, new product launches and preparations for up-coming further launches during the latter half of the year have increased the sales and marketing expenses. These operations support Orion's strategy, which in the near-term focuses on broadening our own sales network and increasing our presence in Europe. In the long-term, Orion aims to develop and sell new medicines that are based on in-house R&D."

"Market sales of Orion's most important product, entacapone, continued to develop favourably. Deliveries of Stalevo and Comtan to the marketing partner Novartis grew less than the partner's own sales and Orion's deliveries to Novartis in previous years. This is mainly due to the timing of the partner's purchases."

"Networking in the R&D operations continued in June when Orion signed a partnership agreement with Medeia Therapeutics Ltd, a Finnish based research company. In the beginning of the year, Orion established a partnership with Aurigene Discovery Technologies, an Indian-based company. These partnerships strongly support Orion's strategy and our aims to strengthen our research portfolio through networking."

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Press conference in Finnish, on-line webcasting

A press conference on the Q2/2007 results will be held today **on Monday, 6 August 2007, starting at 14.30 pm, at the Diana Auditorium in Helsinki**, address Erottajankatu 5. The language of the conference is Finnish. The event can be followed on line through the Group's Finnish homepage at www.orion.fi, as well as via the Kauppalehti Live web service at www.kauppalehti.fi/live.

The on-demand video webcast of the Q2 presentations will be available at www.orion.fi/investors (in English) and at www.orion.fi/sijoittajille (in Finnish) later in the evening of 6 August 2007. The English webcast can also be accessed via www.earnings.com or Thomson/CCBN's password-protected event management site, StreetEvents at www.streetevents.com.

Conference call in English

A teleconference for questions and answers in English will be arranged today **on Monday, 6 August 2007, starting at 17.00 pm Finnish time** (15.00 pm GMT). Advice to participate the conference will be provided on the front page of www.orion.fi/investors.

Orion's events during the end of the year

Interim Report 1-9/2007

Wednesday, 24 October 2007

Capital Markets Day in London

Wednesday, 21 November 2007

Orion's financial reports and related presentation material are available on the Group's home pages at www.orion.fi/investors promptly after the publishing. The homepages also provide a possibility to register on Orion's mailing lists for publications and releases.

Financial performance in 1-6/2007

Net sales

The net sales of the **Orion Group** for the first two quarters in 2007 were EUR 345.8 (329.8) million, up by 4.9% from the comparative period last year. The net impact of the currency exchange rates, mainly the US dollar, was a negative EUR 4.4 million.

The net sales of the **Pharmaceuticals business** were EUR 324.7 (309.2) million, up by 5.0%. The products based on in-house R&D accounted for EUR 147.0 (143.9) million, or 45% (47%) of the business segment's total. The medicines for Parkinson's Disease, i.e. Stalevo[®] and Comtess[®]/Comtan[®], contributed EUR 102.0 (94.9) million, or about 31% (31%) of the total net sales of the business segment.

The net sales of the **Diagnostics business** were EUR 22.1 (21.6) million, up by 2.1%. QuikRead[®] infection tests continued to show the best growth. However, the decline in the sales of the older product portfolio slowed down the total growth.

Operating profit

The **Pharmaceuticals business** generated an EBIT of EUR 106.3 (105.3) million, up by 0.9%. The improvement in the gross margin was somewhat lower than the net sales, because the products that are based on in-house R&D, characterised by above-average margins, contributed less to the total net sales than in the comparative period. The expenses of selling and marketing as well as R&D were increased as planned.

The **Diagnostics business** generated an EBIT of EUR 5.1 (4.5) million, up by 13.0%. The improvement was a result of increased net sales, but operating expenses remained at the same level as in the comparative period.

Operating expenses

The consolidated operating expenses were EUR 134.8 (126.3) million, up by 6.7% from the comparative period. Expenses of selling and marketing increased by 5.1% to EUR 69.0 (65.7) million. The Group's R&D expenses were EUR 47.1 (41.1) million, up by 14.6% and representing 13.6% (12.5%) of the Group net sales. Pharmaceutical R&D expenses were EUR 45.2 million, or about 96% of the total. The R&D function is reported in the segment review of the Pharmaceuticals business.

Profit before taxes

Group profit before taxes was EUR 106.1 (105.9) million. Earnings per share were EUR 0.55 (0.56). Equity per share was EUR 2.69 (2.67). Group ROCE before taxes was 50.3% (54.2%) and ROE after taxes was 37.8% (40.6%).

Balance Sheet and financial position

Gearing was -5.4% (-5.1%) and equity ratio was 72.2% (72.8%). Total liabilities in the Balance Sheet of 30 June 2007 came to EUR 146.4 (141.1) million, of which interest-bearing liabilities accounted for EUR 20.3 (10.5) million.

The Group's cash and cash equivalents were EUR 40.6 (29.8) million. The cash reserves are invested in short-term interest instruments issues by solid financial institutions and corporations.

Cash flows

The cash flow from operations was EUR 75.6 (59.8) million. Operating profit was at the same level as in the comparative period, whereas working capital was EUR 26.4 million less than in the comparative period last year.

Cash flow from investments was EUR -13.5 (-11.0) million.

Cash flow from financing activities was EUR -131.8 (-143.5) million. The cash flow improved slightly despite higher dividends than last year. In addition to the dividend distribution, two significant non-recurring items affected the cash flow of the comparative period. These were the repayment of short-term loans to the companies which in the demerger became members of Oriola-KD Corporation. On the other hand, the share capital increase and share issue based on the executed stock options in the comparative period had a positive effect on the cash flow.

Capital expenditure

The capital expenditure of the Group was EUR 14.7 (12.2) million, of which machinery and equipment accounted for EUR 9.7 (7.4) million.

Outlook

Outlook for 2007

Net sales will grow slightly from those of 2006. Sales of pharmaceuticals via Orion's own sales network will grow moderately in Finland and the markets outside Finland will continue showing growth. 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, excluding one-off earnings, is estimated to grow slightly from 2006, despite increasing investments in marketing and pharmaceutical research. Marketing expenses will grow especially due to product launches by Orion's own European marketing units outside Finland.

Research and development expenditure will be about EUR 95 million, of which pharmaceutical R&D will account for about EUR 90 million. The higher expenditure is mainly caused by the new clinical studies that have been started in 2007.

Capital expenditure will be about EUR 35 million.

Preamble

The Finnish pharmaceutical market showed no growth in 2006 due to Finnish authorities' actions to restrain the growth. On this account, Orion's sales in Finland decreased last year. During the first half of 2007, the Finnish market has started to show slight growth. In addition, Orion's growth is boosted by new product launches. On the other hand, heavy price competition especially in substitutable prescription medicines is slowing down the total growth.

Novartis clearly piled up its stocks of entacapone products in 2006, when Orion's deliveries to Novartis increased by over 40%, almost twice as fast as the partner's own sales. This year Novartis has not indicated to increase the stocks. Consequently, Orion's deliveries to Novartis will remain at the level of 2006 despite the fact that in-market sales of entacapone products will continue to grow well.

The highest expenses in pharmaceutical research are caused by the clinical research phases. They are typically performed in clinics that are located in several countries, and the costs are mainly caused by the use of outsourced research services. R&D expenses also vary considerably depending on the phase in which the research programme is in. In the first half of 2007, Orion has started two significant clinical studies, which are estimated to increase the R&D expenses by about EUR 10 million from the previous year.

Short-term risks and uncertainties

Orion is not aware of any significant risks related to the near-term outlook of the Group's financial performance.

Product and market specific sales revenues may vary a bit depending on how the constantly tightened price and other competition in the pharmaceutical markets affects especially Orion's products. Deliveries of entacapone products to Novartis are based on schedules agreed beforehand. Based on the schedules the sales for the rest of the year can be predicted fairly accurately.

The development of the US dollar rate has only a minor effect on Orion's results, as the great majority of the Group's total sales is invoiced in euros.

Research projects always involve some uncertainties, which may increase or decrease the estimated costs. Projects may proceed ahead of schedule or lag behind it, or they might have to be discontinued. Changes in the studies are reflected in the costs so slowly that they do not have a significant effect on the estimated costs for the ongoing financial year.

Strategy

In June, Orion's Board of Directors confirmed the Group's strategy according to the same notions as last year. Orion's main aim is to grow profitably and to increase shareholder value, but at the same time manage the business risks. Operating in five business divisions is seen to balance these risks. Orion continues to identify new synergies and to strengthen the existing ones between the Proprietary Products and The Specialty Products business divisions.

In the short-term, Orion strives to strengthen its current sales network in Europe and to establish partnerships in countries where the Group does not yet have own operations. Orion aims to broaden its product portfolio through in-licensing and acquisitions of products, product portfolios and companies. Orion also attempts to secure its sales in Finland.

In the long-term, the best growth opportunity is in the Proprietary Products business. The Group's R&D focus continues to be on the early development. Partnerships are explored in clinical Phase 3 research, especially when the aim is to receive marketing approvals in countries outside Europe. Orion strives to broaden the R&D pipeline through networking. Additionally, the life cycle management of medicines that are based on in-house R&D is essential.

Financial objectives

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

Personnel

The average number of personnel in the Group in the first half of 2007 was 3,141 (3,058). In the end of June 2007, Orion had altogether 3,254 (3,178) employees, of which 2,918 persons were employed in Finland and 336 persons were working in other countries.

The number of employees in the Pharmaceuticals business increased by 80 persons from June 2006, mainly in R&D, production and quality control. The number of employees in the Diagnostics business remained the same as in June 2006.

Shares, ownership base and dividends

The share capital of Orion Corporation is EUR 92.2 million. The total number of shares is 141,257,828, of which 53,388,035 shares are in Class A and 87,869,793 shares are in Class B at the time of publishing this review. The counter book value of each share is EUR 0.65. Each Class A share provides 20 (twenty) votes and each Class B share provides 1 (one) vote at the General Meetings of the Shareholders. Both shares provide equal rights to the company's assets and dividends.

Based on the Articles of Association, a shareholder can demand conversion of his/her Class A shares into Class B shares. During the second quarter of 2007, a total of 1,873,205 Class A shares were converted into Class B shares. In addition 100,000 Class A shares were converted during July 2007.

Orion's Board of Directors has been authorised by the Shareholders' Meeting on 2 April 2007 to acquire and convey the company's own shares, although so far the Board has not exercised this right. Orion's Board of Directors has decided at its meeting on 6 August 2007 to exercise its right to acquire company shares for a total amount of 350,000 Class B shares. A separate release regarding the matter will be issued after publishing this review. The Board does not have an existing authorisation to raise the share capital or to issue a bond loan, convertible loan or stock options.

Ownership base

At the end of July 2007, Orion had altogether 36 293 shareholders, of which 94.5% were private shareholders. Their holdings accounted for about 46.1% of the total number of shares and 57.7% of the total amount of votes. The number of nominee-registered shares was 37.6 million, representing 26.4% of the total number of shares and 5.8% of the total number of votes. No treasury shares are in the possession of the company.

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.

Releases during the review period

In June, Orion entered a research collaboration agreement with Medeia Therapeutics Ltd, Kuopio, Finland, with an aim to develop novel medicinal approaches for the treatment of neurodegenerative diseases.

In June, a marketing authorisation was received in the USA for Divigel[®] (estradiol gel) for the treatment of moderate to severe hot flashes associated with menopause.

In early June, an anti-obesity treatment for dogs was launched by Orion in Finland. The product, Yarvitan[®] (mitratapide), is originated by Janssen Animal Health.

Events after the review period

In July, the markets for Divigel[®] (estradiol gel) for were further broadened as it received a marketing authorisation in Japan.

In early August, the US FDA approved a new, 200 mg dose strength of Stalevo. The new higher dose provides greater dosing flexibility in the treatment of Parkinson's Disease patients with Stalevo as an additional option complementing the already available 50, 100 and 150 mg tablet strengths.

Review of the segments

Pharmaceuticals business

Market review

The most important single market for Orion is Finland. According to the statistics collected by Finnish Pharmaceutical Data Ltd, the Finnish wholesales of pharmaceuticals in the first half of 2007 rose by 4.7% to EUR 895.7 (855.0) million. Self-care product sales grew by about 15% from those of the comparative period.

Orion is strongly positioned as the leading marketer of pharmaceuticals in Finland. In 1-6/2007, the wholesales of Orion's products totalled EUR 81.0 (75.7) million. Orion's market share was 9.0% (8.9%), with which Orion was 1.5 percentage points ahead of the second-largest marketer.

In the 12-month period up to March 2007, the US wholesales of medicines for Parkinson's Disease, a core therapy area in Orion's business, were USD 1,080 (880) million, about 23% more than in the comparative 12-month period. In Europe, the five largest markets for Parkinson's Disease medicines include the UK, Germany, France, Italy and Spain. In these markets, the combined total sales of Parkinson's Disease medicines in the respective 12-month periods were EUR 760 (700) million, the average growth being about 8%.

Net sales and profit of the Pharmaceuticals business

The net sales of the Pharmaceuticals business in the first half of 2007 were EUR 324.7 (309.2) million, up by 5.0% from the comparative period. Operating profit was at the level of the comparative period, EUR 106.3 (105.3) million, and the EBIT margin was 32.7% (34.1%).

Orion's sales in the domestic pharmaceuticals market turned to growth, and the net sales of the company's own marketing organisation outside Finland continued to show growth. Germany and the UK, as well as eastern Europe and Russia, the markets emphasised by the strategy as primary geographic growth areas, continued to show especially positive development. The net sales from partner sales developed at a lower pace.

Proprietary Products

The combined net sales of Orion's proprietary products for Parkinson's Disease, Stalevo[®] (levodopa, entacapone, carbidopa) and Comtess[®]/Comtan[®] (entacapone) were EUR 102.0 (94.9) million, slightly up from the comparative period and accounting for one-third of the total net sales of the Pharmaceuticals business, as in the comparative period too. The net sales from shipments of Stalevo and Comtan to the marketing partner Novartis were EUR 61.3 (58.1) million, 5.4% more than in the comparative period. The net sales generated by Orion's own sales organisation from Stalevo and Comtess were EUR 40.7 (36.8) million, up by 10.8%. The UK and Germany have continued as the markets showing the strongest sales growth.

In early August, the US FDA approved a new, 200 mg dose strength of Stalevo. The new higher dose provides greater dosing flexibility in the treatment of Parkinson's Disease patients with Stalevo as an additional option complementing the already available 50, 100 and 150 mg tablet strengths.

A marketing authorisation for Divigel[®] (estradiol gel) was received in June for the USA and in July for Japan. The product is used for the treatment of moderate to severe hot flashes associated with menopause. The marketer of the product in the US is Upsher-Smith Laboratories, Inc. and in Japan Pola Chemical Industries Inc.

Specialty Products

The Specialty Products business generated EUR 120.6 (110.8) million in net sales for 1-6/2007, almost 9% up from the comparative period. The domestic sales developed favourably, and new products were launched.

The net sales from the Easyhaler franchise of asthma medicines declined by 13.2% from the comparative period, which included shipments to the stocks of marketing partners for launch purposes, especially in the UK. The sales of Calcimagon[®], marketed in Germany for osteoporosis, showed strong growth in the first half of the year.

Animal Health

The net sales of the Animal Health business was EUR 36.2 (32.1) million and it grew by 12.6% from the comparative period, thanks to the continued favourable development of the sales by both Orion's own Scandinavian marketing organisation and the partners. The unit accounted for about 11% (10%) of the total net sales of the Pharmaceuticals business. The animal sedatives Domitor[®], Domosedan[®] and Antisedan[®] went on showing growth, and their net sales increased by 16.4%. These products accounted for about 44% (43%) of the total net sales of the Animal Health business.

In early June, an antiobesity treatment for dogs was launched by Orion in Finland. The product, Yarvitan[®] (mitratapide), originated by Janssen Animal Health, is the first of its kind in Finland.

The sales network is being expanded into the eastern European markets, in line with Orion's strategy. In the second quarter, operations were started up in the Czech Republic, Hungary and Poland.

Fermion

Fermion, which manufactures active pharmaceutical ingredients, generated EUR 20.8 (22.1) million in net sales from Group-external operations, down by 6.1% from the comparative period. The impact of intra-Group transactions, i.e. supply to Orion's own use, has been eliminated from the figures.

10 best-selling pharma brands

The net sales from the ten best-selling pharmaceutical brands of Orion increased by 7.0% and they accounted for about 51% (50%) of the total net sales of the Pharmaceuticals business. The purchases by pharmacies of Burana[®] (ibuprofen) have returned to the long-term average levels since the downswing experienced in the previous year due to a change in the Finnish pharmaceuticals act.

Marevan[®] (varfarine), which rose into the group of the ten best-sellers for the review period, is an anticoagulant whose sales growth is coming from the eastern European territories especially. Also other old products are generating increased sales along with the expanding coverage of Orion's sales organisation.

Proprietary products franchise

The net sales from the proprietary products franchise were EUR 147.0 (143.9) million, up by 2.2% from the comparative period and accounting for 45% (47%) of the total net sales of the Pharmaceuticals business. Stalevo and the animal sedatives were the products showing growth.

Pharmaceutical research and development

Pharmaceutical research and development expenses were EUR 45.2 (39.1) million, representing 13.9% (12.7%) of the net sales of the Pharmaceuticals business. In accordance with its strategy, Orion aims to allocate its R&D resources in such a way that the best possible support is given to both the proprietary and generic prescription drugs businesses.

The largest on-going study is **STRIDE-PD**, 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, compared with conventional levodopa/carbidopa medication. The study has been under way since late 2004, and it is being carried out in collaboration with Novartis in 14 countries. It involves 747 patients, each being treated for almost three years. The timeline for the collection of patient treatment data has been extended to ensure the adequate statistical coverage. The results from the research program are expected at the turn of 2008–2009.

The clinical Phase 3 studies have started in May with **dexmedetomidine** (Precedex®) in patients in intensive care as an infusion administered for over 24 hours. The objective of the program is 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. The current Phase 3 program consists of two studies, in which dexmedetomidine is compared with midazolam and propofol. Both arms are planned to involve 500 patients and they are estimated to be completed in about two years.

A research programme is under way in clinical Phase 1 for the development of a new, more efficient **COMT inhibitor** than entacapone.

The **LEVET** programme, which is studying the efficacy of levosimendan in the treatment of heart diseases in dogs, is progressing to the last research phase with an aim to receive marketing authorisations. Recruitment is being started in the European arm of the programme.

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.

In June, Orion entered into a research and option agreement with Medeia Therapeutics Ltd. with an aim to develop new types of medicinal substances for neurodegenerative diseases. In the research collaboration, Medeia engages in the discovery and early non-clinical development. Orion will take charge of the non-clinical and pharmaceutical development of the chosen drug candidate starting from the first clinical research phase.

Diagnostics business

Orion Diagnostica continued to show positive performance. The net sales were EUR 22.1 (21.6) million, up by 2.1% from the comparative period. QuikRead[®] tests, which are used for the detection of infections on the basis of the CRP content in a blood sample, remained as the main driver for the sales. The sales of Uricult[®], a test for the detection of urinary tract infections, developed favourably during the period as well.

Steady growth continued in the sales of the own sales organisation covering the Nordic countries. In the export markets, the best growth percentages were achieved in China, Germany, Czech and Spain.

Operating profit was EUR 5.1 (4.5) million, up by 13.0% from the comparative period. EBIT was 23%. The good performance is mainly consequence of the strong focus of the sales efforts on the most profitable products.

Espoo, 6 August 2007

Board of Directors of Orion Corporation

Orion Corporation

Jukka Viinanen
President and CEO

Jari Karlson
CFO

Tables

GROUP INCOME STATEMENT

| EUR million | Q2/07 | Q2/06 Proforma | Change % | Q1- Q2/07 | Q1-Q2/06 Proforma | Change % | 2006 Proforma | Financial period Q3-Q4/06 |
|--------------------------------------|--------------|-------------------|-------------|---------------|----------------------|-------------|------------------|---------------------------------|
| Net sales | 166.6 | 156.3 | +6.6% | 345.8 | 329.8 | +4.9% | 641.1 | 311.2 |
| Cost of goods sold | -53.1 | -50.2 | +5.7% | -107.1 | -99.9 | +7.2% | -205.2 | -105.2 |
| Gross profit | 113.5 | 106.0 | +7.1% | 238.7 | 229.9 | +3.9% | 435.8 | 205.9 |
| Other | | | | | | | | |
| operating income | 0.6 | 0.7 | -8.9% | 1.3 | 2.2 | -39.7% | 13.8 | 11.6 |
| Selling and marketing expenses | -35.4 | -33.3 | +6.3% | -69.0 | -65.7 | +5.1% | -128.9 | -63.2 |
| R&D expenses | -25.5 | -20.0 | +27.1% | -47.1 | -41.1 | +14.6% | -84.1 | -43.1 |
| Administrative expenses | -9.1 | -10.5 | -13.4% | -18.7 | -19.5 | -4.3% | -39.9 | -20.4 |
| Operating profit | 44.3 | 42.9 | +3.1% | 105.3 | 105.8 | -0.5% | 196.7 | 90.9 |
| Financial income | 0.6 | 0.5 | +20.1% | 1.9 | 1.8 | +8.5% | 3.5 | 1.8 |
| Financial expenses | -0.6 | -0.9 | -30.4% | -1.1 | -1.7 | -34.1% | -3.0 | -1.2 |
| Profit before taxes | 44.3 | 42.6 | +4.0% | 106.1 | 105.9 | +0.2% | 197.3 | 91.4 |
| Income tax expense | -11.9 | -10.7 | +11.2% | -28.2 | -27.4 | +3.2% | -52.2 | -24.8 |
| Profit for the period | 32.3 | 31.8 | +1.6% | 77.9 | 78.5 | -0.8% | 145.1 | 66.6 |
| of which attributable to: | | | | | | | | |
| Parent company shareholders | 32.3 | 31.8 | +1.6% | 77.9 | 78.5 | -0.8% | 145.1 | 66.6 |
| Minority interest | 0.0 | 0.0 | | 0.0 | 0.0 | | 0.0 | 0.0 |
| Earnings per share, EUR* | 0.23 | 0.23 | +1.1% | 0.55 | 0.56 | -1.8% | 1.03 | 0.47 |
| Depreciation and amortisation | 7.7 | 8.7 | -12.2% | 16.2 | 17.5 | -7.6% | 34.7 | 17.2 |
| Personnel expenses | 40.0 | 37.7 | +6.0% | 76.1 | 72.4 | +5.0% | 145.8 | 73.3 |

* The figure has been calculated from the profit attributable to the parent companies shareholders.

BALANCE SHEET

Assets:

| EUR million | 6/07 | 6/06 Proforma | Change % | 12/06 |
|---------------------------------|--------------|------------------|--------------|--------------|
| Non-current assets: | | | | |
| Property, plant and equipment | 185.3 | 191.2 | -3.1% | 187.1 |
| Goodwill | 13.5 | 13.5 | - | 13.5 |
| Other intangible assets | 21.7 | 23.7 | -8.2% | 21.9 |
| Investments in associates | 0.1 | 0.1 | - | 0.1 |
| Available-for-sale investments | 1.0 | 1.0 | -3.5% | 1.0 |
| Pension asset | 55.2 | 49.2 | +12.3% | 52.7 |
| Deferred tax assets | 1.3 | 1.7 | -23.9% | 1.4 |
| Other non-current assets | 2.3 | 4.3 | -46.1% | 3.8 |
| Non-current assets total | 280.4 | 284.6 | -1.5% | 281.4 |
| Current assets: | | | | |
| Inventories | 107.4 | 110.4 | -2.7% | 107.2 |
| Trade receivables | 84.6 | 75.4 | +12.2% | 75.0 |
| Other receivables | 13.3 | 17.7 | -25.1% | 14.4 |
| Cash and cash equivalents | 40.6 | 29.8 | +36.2% | 110.0 |
| Current assets total | 245.9 | 233.3 | +5.4% | 306.6 |
| Assets total | 526.3 | 517.9 | +1.6% | 588.1 |

Equity and liabilities:

| EUR million | 6/07 | 6/06 Proforma | Change % | 12/06 |
|--|--------------|------------------|---------------|--------------|
| Equity: | | | | |
| Share capital | 92.2 | 92.2 | - | 92.2 |
| Share issue | 17.8 | 17.8 | - | 17.8 |
| Share premium | 23.0 | 23.0 | - | 23.0 |
| Expendable fund | 0.4 | 0.5 | -4.2% | 0.5 |
| Retained earnings | 246.4 | 243.2 | +1.3% | 309.9 |
| Equity of the parent company shareholders | 379.9 | 376.8 | +0.8% | 443.5 |
| Minority interest | 0.0 | 0.0 | - | 0.0 |
| Equity total | 379.9 | 376.8 | +0.8% | 443.5 |
| Non-current liabilities: | | | | |
| Deferred tax liabilities | 49.9 | 53.2 | -6.2% | 51.5 |
| Pension liability | 1.0 | 0.8 | +18.5% | 0.9 |
| Provisions | 0.2 | 1.4 | -83.4% | 0.6 |
| Interest-bearing non-current liabilities | 7.5 | 7.9 | -6.1% | 7.5 |
| Other non-current liabilities | 0.2 | 1.4 | -87.2% | 1.8 |
| Non-current liabilities total | 58.8 | 64.8 | -9.3% | 62.3 |
| Current liabilities: | | | | |
| Trade payables | 26.5 | 21.9 | +21.0% | 29.2 |
| Other current liabilities | 48.1 | 51.5 | -6.7% | 49.9 |
| Provisions | 0.2 | 0.3 | -46.3% | 0.9 |
| Interest-bearing current liabilities | 12.8 | 2.5 | +403.7% | 2.3 |
| Current liabilities total | 87.6 | 76.3 | +14.8% | 82.3 |
| Equity and liabilities total | 526.3 | 517.9 | +1.6% | 588.1 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| EUR million | Share capital | Share premium | Expendable funds | Other reserves | Change in translation differences | Retained earnings | Equity of the parent company shareholders | Minority interest | In total |
|--|---------------|---------------|------------------|----------------|-----------------------------------|-------------------|---|-------------------|--------------|
| Equity on 1 Jul 06 | 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 in total | | | | | 0.1 | 66.6 | 66.7 | -0.0 | 66.7 |
| Other changes | | | | -0.0 | | | -0.0 | | -0.0 |
| Equity on 1 Jan 07 | 92.2 | 17.8 | 23.0 | 0.5 | -3.4 | 313.3 | 443.5 | 0.0 | 443.5 |
| Change in translation differences | | | | | -0.1 | | -0.1 | | -0.1 |
| Profit for the period | | | | | | 77.9 | 77.9 | 0.0 | 77.9 |
| Recognised income and expenses in total | | | | | -0.1 | 77.9 | 77.7 | 0.0 | 77.7 |
| Dividend | | | | | | -141.3 | -141.3 | | -141.3 |
| Other changes | | | | -0.0 | | -0.0 | -0.0 | -0.0 | -0.0 |
| Equity on 30 Jun 07 | 92.2 | 17.8 | 23.0 | 0.4 | -3.5 | 249.9 | 379.9 | 0.0 | 379.9 |

CASH FLOW STATEMENT

| EUR million | Q1-Q2/07 | Q1-Q2/06 Proforma | 2006 Proforma | Financial period Q3-Q4/06 |
|--|---------------|----------------------|------------------|---------------------------------|
| Cash flow from operating activities: | | | | |
| Operating profit | 105.3 | 105.8 | 196.7 | 90.9 |
| Adjustments | | | | |
| Depreciation and amortisation | 16.2 | 17.5 | 34.7 | 17.2 |
| Sales gains and losses and disposals of property, plant and equipment | 0.0 | 0.1 | -9.8 | -9.8 |
| Unrealised foreign exchange gains and losses | -0.4 | -1.1 | -0.4 | 0.7 |
| Change in pension asset and pension obligation | -2.4 | -2.8 | -6.3 | -3.5 |
| Change in provisions | -1.1 | -0.9 | -1.2 | -0.2 |
| Other adjustments | 0.0 | -1.1 | -1.1 | 0.0 |
| | 12.2 | 11.7 | 16.0 | 4.3 |
| Change in working capital: | | | | |
| Change in non-interest-bearing current receivables | -9.1 | -6.8 | -2.4 | 4.4 |
| Change in inventories | -0.2 | -10.6 | -7.5 | 3.2 |
| Change in non-interest-bearing current liabilities | -5.6 | -23.7 | -8.7 | 14.9 |
| | -14.8 | -41.2 | -18.6 | 22.5 |
| Interest paid | -0.9 | -2.2 | -3.8 | -1.5 |
| Interest received | 2.0 | 1.8 | 3.5 | 1.7 |
| Income taxes paid | -28.2 | -16.2 | -52.5 | -36.3 |
| Net cash from operating activities | 75.6 | 59.8 | 141.4 | 81.6 |
| Cash flow from investing activities: | | | | |
| Purchases of property, plant, equipment and intangible assets | -13.9 | -10.5 | -22.8 | -12.3 |
| Acquisition of subsidiary, net of cash | - | -1.2 | -1.2 | - |
| Proceeds from sale of property, plant, equipment, intangible assets and available-for-sale investments | 0.5 | 0.7 | 13.0 | 12.3 |
| Net cash used in investing activities | -13.5 | -11.0 | -10.9 | 0.0 |
| Cash flow from financing activities: | | | | |
| Share issue and share capital increase based on the use of stock options | - | 21.4 | 21.4 | - |
| Change in short-term loans | 10.0 | -46.5 | -47.5 | -1.0 |
| Repayments of long-term loans | -0.4 | -0.2 | -0.6 | -0.4 |
| Dividends paid | -141.4 | -118.2 | -118.2 | 0.0 |
| Net cash used in financing activities | -131.8 | -143.5 | -144.9 | -1.4 |
| Net change in cash and cash equivalents | -69.6 | -94.6 | -14.4 | 80.2 |
| Cash and cash equivalents at the beginning of the period | 110.0 | 124.5 | 124.5 | 29.8 |
| Foreign exchange adjustments | 0.2 | 0.0 | -0.1 | 0.0 |
| Net change in cash and cash equivalents | -69.6 | -94.6 | -14.4 | 80.2 |
| Cash and cash equivalents at the end of the period | 40.6 | 29.8 | 110.0 | 110.0 |

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

| EUR million | Q1-Q2/07 | Q1-Q2/06 Proforma | 2006 Proforma | Financial period Q3-Q4/06 |
|--|----------|----------------------|------------------|---------------------------------|
| Carrying amount at the beginning of the period | 187.1 | 196.4 | 196.4 | 191.2 |
| Additions | 11.3 | 8.4 | 19.0 | 10.5 |
| Disposals | -0.6 | -0.7 | -2.7 | -1.9 |
| Depreciation | -12.5 | -12.9 | -25.6 | -12.7 |
| Carrying amount at the end of the period | 185.3 | 191.2 | 187.1 | 187.1 |

COMMITMENTS AND CONTINGENCIES

| EUR million | 6/07 | 6/06 Proforma | 12/06 |
|---|------|------------------|-------|
| Contingent for own liabilities: | | | |
| Mortgages on land and buildings | 25.5 | 27.9 | 25.5 |
| of which those to the Orion Pension Fund | 9.0 | 11.4 | 9.0 |
| Guarantees | 1.5 | 1.9 | 1.8 |
| Contingent for liabilities of other parties: | | | |
| Mortgages on land and buildings | - | 9.5 | - |
| Guarantees | - | 7.1 | - |
| Other liabilities: | | | |
| Leasing liabilities (excl. finance leasing contracts) | 4.7 | 3.8 | 5.2 |
| Other liabilities | 0.3 | 0.3 | 0.3 |

DERIVATES

| EUR million | 6/07 | 6/06 Proforma | 12/06 |
|------------------------------------|------|------------------|-------|
| Currency forward contracts: | | | |
| - fair value | 0.5 | 0.7 | 0.3 |
| - nominal value | 74.4 | 75.6 | 58.5 |

RELATED PARTY TRANSACTIONS

| EUR million | Q1-Q2/07 | Q1-Q2/06 Proforma | 2006 Proforma | Financial period Q3-Q4/06 |
|---|----------|----------------------|------------------|---------------------------------|
| Management benefits | 1.8 | 1.2 | 2.1 | 1.0 |
| Non-current liabilities to the pension fund at the end of the period | 6.0 | 6.0 | 6.0 | 6.0 |

Performance by segment

NET SALES BY BUSINESS SEGMENT

| EUR million | Q2/07 | Q2/06 Proforma | Change % | Q1- Q2/07 | Q1-Q2/06 Proforma | Change % | 2006 Proforma | Financial period Q3-Q4/06 |
|--------------------|--------------|-------------------|-------------|--------------|----------------------|-------------|------------------|---------------------------------|
| Pharmaceuticals | 156.8 | 146.4 | +7.1% | 324.7 | 309.2 | +5.0% | 601.4 | 292.0 |
| Diagnostics | 10.3 | 10.4 | -1.0% | 22.1 | 21.6 | +2.1% | 41.5 | 19.9 |
| Group items | -0.5 | -0.5 | -11.9% | -1.0 | -1.1 | -8.0% | -1.8 | -0.7 |
| Group total | 166.6 | 156.3 | +6.6% | 345.8 | 329.8 | +4.9% | 641.1 | 311.2 |

OPERATING PROFIT BY BUSINESS SEGMENT

| EUR million | Q2/07 | Q2/06 Proforma | Change % | Q1- Q2/07 | Q1-Q2/06 Proforma | Change % | 2006 Proforma | Financial period Q3-Q4/06 |
|--------------------|-------------|-------------------|-------------|--------------|----------------------|-------------|------------------|---------------------------------|
| Pharmaceuticals | 45.6 | 43.3 | +5.2% | 106.3 | 105.3 | +0.9% | 189.9 | 84.6 |
| Diagnostics | 1.8 | 1.7 | +10.1% | 5.1 | 4.5 | +13.0% | 6.6 | 2.1 |
| Group items | -3.2 | -2.1 | +54.3% | -6.0 | -4.0 | +50.6% | 0.2 | 4.2 |
| Group total | 44.3 | 42.9 | +3.1% | 105.3 | 105.8 | -0.5% | 196.7 | 90.9 |

NET SALES BY ANNUAL QUARTERS

| EUR million | Q2/07 | Q1/07 | Q4/06 | Q3/06 | Q2/06 Proforma | Q1/06 Proforma |
|--------------------|--------------|--------------|--------------|--------------|-------------------|-------------------|
| Pharmaceuticals | 156.8 | 167.9 | 152.1 | 139.9 | 146.4 | 162.9 |
| Diagnostics | 10.3 | 11.8 | 10.4 | 9.5 | 10.4 | 11.2 |
| Group items | -0.5 | -0.5 | -0.4 | -0.4 | -0.5 | -0.5 |
| Group total | 166.6 | 179.2 | 162.2 | 149.0 | 156.3 | 173.5 |

OPERATING PROFIT BY ANNUAL QUARTERS

| EUR million | Q2/07 | Q1/07 | Q4/06 | Q3/06 | Q2/06 Proforma | Q1/06 Proforma |
|--------------------|-------------|-------------|-------------|-------------|-------------------|-------------------|
| Pharmaceuticals | 45.6 | 60.7 | 39.5 | 45.1 | 43.3 | 62.0 |
| Diagnostics | 1.8 | 3.2 | 0.6 | 1.5 | 1.7 | 2.8 |
| Group items | -3.2 | -2.9 | -3.5 | 7.7 | -2.1 | -1.9 |
| Group total | 44.3 | 61.1 | 36.6 | 54.3 | 42.9 | 62.9 |

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

| EUR million | Q2/07 | Q1/07 | Q4/06 | Q3/06 | Q2/06 Proforma | Q1/06 Proforma |
|--------------------|--------------|--------------|--------------|--------------|-------------------|-------------------|
| Finland | 48.6 | 50.1 | 49.0 | 45.2 | 45.4 | 44.8 |
| Scandinavia | 25.3 | 24.1 | 23.4 | 21.2 | 24.2 | 22.5 |
| Other Europe | 57.5 | 63.7 | 58.4 | 52.8 | 52.7 | 69.6 |
| North America | 20.1 | 24.1 | 22.0 | 20.1 | 20.5 | 20.4 |
| Other markets | 15.1 | 17.1 | 9.4 | 9.7 | 13.4 | 16.2 |
| Group total | 166.6 | 179.2 | 162.2 | 149.0 | 156.3 | 173.5 |

Review of the segments

Pharmaceuticals

KEY FIGURES

| EUR million | Q2/07 | Q2/06 Proforma | Change % | Q1- Q2/07 | Q1-Q2/06 Proforma | Change % | 2006 Proforma | Financial period Q3-Q4/06 |
|---|--------------|-------------------|-------------|--------------|----------------------|-------------|------------------|---------------------------------|
| Net sales | 156.8 | 146.4 | +7.1% | 324.7 | 309.2 | +5.0% | 601.4 | 292.0 |
| Operating profit | 45.6 | 43.3 | +5.2% | 106.3 | 105.3 | +0.9% | 189.9 | 84.6 |
| % of net sales | 29.1% | 29.6% | | 32.7% | 34.1% | | 31.6% | 29.0% |
| Capital expenditure | 7.9 | 7.5 | +4.7% | 13.5 | 11.3 | +20.0% | 23.1 | 11.8 |
| Net sales from own proprietary products | 70.1 | 63.4 | +10.6% | 147.0 | 143.9 | +2.2% | 274.9 | 131.0 |
| R&D expenses | 24.5 | 19.0 | +29.2% | 45.2 | 39.1 | +15.6% | 79.7 | 40.6 |
| Personnel at the end of the period | | | | 2 926 | 2 846 | +2.8% | 2 742 | 2 742 |

BREAKDOWN OF PHARMACEUTICALS NET SALES BY BUSINESS AREAS

| EUR million | Q2/07 | Q2/06 Proforma | Change % | Q1- Q2/07 | Q1-Q2/06 Proforma | Change % | 2006 Proforma |
|----------------------------------|--------------|-------------------|-------------|--------------|----------------------|-------------|------------------|
| Proprietary Products | 63.7 | 55.7 | +14.3% | 135.0 | 132.7 | +1.7% | 256.6 |
| Specialty Products | 58.9 | 55.6 | +5.9% | 120.6 | 110.8 | +8.9% | 218.7 |
| Animal Health | 18.6 | 16.7 | +11.6% | 36.2 | 32.1 | +12.6% | 63.3 |
| Fermion | 9.7 | 9.9 | -1.9% | 20.8 | 22.1 | -6.1% | 38.5 |
| Other pharmaceutical business | 5.9 | 8.4 | -30.4% | 12.1 | 11.5 | +5.9% | 24.2 |
| Group total | 156.8 | 146.4 | +7.1% | 324.7 | 309.2 | +5.0% | 601.4 |

NET SALES OF ORION'S 10 BEST-SELLING MEDICINALS

| EUR million | Q2/07 | Q2/06 Proforma | Change % | Q1- Q2/07 | Q1-Q2/06 Proforma | Change % | 2006 Proforma |
|--|-------------|-------------------|---------------|--------------|----------------------|--------------|------------------|
| Stalevo (Parkinson's disease) | 28.6 | 23.1 | +23.8% | 61.7 | 55.2 | +11.7% | 111.3 |
| Comtess/Comtan (Parkinson's disease) | 18.8 | 17.6 | +6.8% | 40.3 | 39.7 | +1.6% | 74.7 |
| Domitor, Domosedan and Antisedan (animal sedatives) | 8.1 | 6.8 | +19.0% | 16.0 | 13.7 | +16.4% | 26.0 |
| Calcimagon (osteoporosis) | 4.6 | 2.5 | +79.4% | 7.9 | 6.1 | +29.5% | 11.7 |
| Burana (inflammatory pain) | 3.6 | 3.0 | +22.8% | 7.7 | 5.2 | +47.7% | 12.0 |
| Easyhaler (asthma) | 3.9 | 4.0 | -3.4% | 7.6 | 8.8 | -13.2% | 15.9 |
| Divina-series (menopausal symptoms) | 3.7 | 4.1 | -11.0% | 7.3 | 8.1 | -9.6% | 16.2 |
| Simdax (heart failure) | 3.1 | 3.4 | -6.2% | 6.6 | 7.6 | -12.8% | 13.2 |
| Enanton (prostate cancer) | 3.2 | 3.3 | -2.7% | 6.5 | 6.8 | -3.3% | 13.3 |
| Marevan (anticoagulant) | 2.3 | 2.0 | +18.5% | 4.2 | 3.9 | +9.0% | 7.0 |
| In total | 79.9 | 69.8 | +14.6% | 165.9 | 155.1 | +7.0% | 301.2 |
| Share of total pharmaceutical net sales | 51% | 48% | | 51% | 50% | | 50% |

Diagnostics business

KEY FIGURES

| EUR million | Q2/07 | Q2/06 Proforma | Change % | Q1-Q2/07 | Q1-Q2/06 Proforma | Change % | 2006 Proforma | Financial period Q3-Q4/06 |
|------------------------------------|--------------|-------------------|-------------|--------------|----------------------|-------------|------------------|---------------------------------|
| Net sales | 10.3 | 10.4 | -1.0% | 22.1 | 21.6 | +2.1% | 41.5 | 19.9 |
| Operating profit | 1.8 | 1.7 | +10.1% | 5.1 | 4.5 | +13.0% | 6.6 | 2.1 |
| % of net sales | 17.7% | 15.9% | | 23.0% | 20.8% | | 15.9% | 10.6% |
| Capital expenditure | 0.3 | 0.4 | -35.9% | 0.4 | 0.7 | -40.2% | 1.4 | 0.8 |
| Personnel at the end of the period | | | | 294 | 294 | +0.2% | 289 | 289 |

Information on Orion Corporation's shares on 30 June 2007

| | Class A | Class B | A and B | in total |
|---|------------------|------------------|-------------------|-------------|
| Share capital | 36.1 million EUR | 56.1 million EUR | 92.2 million EUR | EUR million |
| Total number of shares | 53 488 035 pcs | 87 769 793 pcs | 141 257 828 pcs | pcs |
| Minimum share capital | - | - | 50 million EUR | EUR million |
| Maximum share capital | - | - | 2 000 million EUR | EUR million |
| Share of total share stock | 38 % | 62 % | 100 % | % |
| Counter book value of share | 0.65 EUR | 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.

TRADING IN ORION'S A AND B SHARES DURING 1 JANUARY-30 JUNE 2007

| | Class A | Class B | A and B | in total |
|---------------------------------------|-------------------|---------------------|---------------------|-------------|
| Total number of shares traded | 2 137 925 pcs | 56 178 149 pcs | 58 316 074 pcs | pcs |
| Share of total share stock | 4.0 % | 64.5 % | 41.3 % | % |
| Lowest quotation | 15.07 EUR | 15.96 EUR | | |
| Highest quotation | 19.19 EUR | 19.19 EUR | | |
| Closing quotation on 2 January 2007 | 16.50 EUR | 16.50 EUR | | |
| Closing quotation on 30 June 2007 | 18.52 EUR | 18.54 EUR | | |
| Market capitalisation on 30 June 2007 | 990.6 million EUR | 1 627.3 million EUR | 2 617.9 million EUR | EUR million |

PERFORMANCE PER SHARE

| | Q2/07 | Q2/06 Proforma | Change % | Q1-Q2/07 | Q1-Q2/06 Proforma | Change % | 2006 Proforma | Financial period Q3-Q4/06 |
|-------------------------------------|---------|----------------|----------|----------|-------------------|----------|---------------|---------------------------|
| Earnings per share, EUR | 0.23 | 0.23 | +1.1% | 0.55 | 0.56 | -1.8% | 1.03 | 0.47 |
| Equity per share, EUR | | | | 2.69 | 2.67 | +0.8% | 3.14 | 3.14 |
| Average number of shares, 1 000 pcs | 141 258 | 140 594 | | 141 258 | 139 852 | | 140 561 | 141 258 |

Appendices

Orion Group structure

Orion Corporation was established on 1 July 2006 as one of the two new listed companies that resulted from the demerger of the former Orion. The parent company of the Orion Group, Orion Corporation consists of two businesses and five business divisions:

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

Accounting principles

This interim report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and in the Group's Financial Statement for 2006, with the exception of the following new IFRS-standards and IFRIC-interpretations as of 1 January 2007

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 amendment to standard, Presentation of Financial Statements: Capital Disclosures
- IFRIC 9 Re-assessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment

These new standards, amendments to standards and interpretations do not have a substantial effect on the Group's interim report nor reported figures.

The principles and calculation methods are available on the Group's homepage at www.orion.fi/english/investors.

The figures have not been audited. Those in the parentheses are for the comparative period of the previous year. The per-share ratios have been adjusted.

The figures have been rounded. Therefore, the total sums of individual figures may differ from the total sums shown.

Calculation of the key figures

| | | |
|---|---|---|
| <i>Return on capital employed (ROCE), %</i> | = | $\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total assets – non-interest-bearing liabilities (annual average)}} \times 100$ |
| <i>Return on equity (ROE), %</i> | = | $\frac{\text{Profit for the period}}{\text{Equity of the parent company shareholders + minority interest (annual average)}} \times 100$ |
| <i>Equity ratio, %</i> | = | $\frac{\text{Equity of the parent company shareholders + minority interest}}{\text{Total assets – advances received}} \times 100$ |
| <i>Gearing, %</i> | = | $\frac{\text{Interest-bearing liabilities – Cash and cash equivalent}}{\text{Equity of the parent company shareholders + minority interest}} \times 100$ |
| <i>Earning per share, EUR</i> | = | $\frac{\text{Profit available for the parent company shareholders}}{\text{Average number of shares}}$ |
| <i>Equity per share, EUR</i> | = | $\frac{\text{Equity of the parent company shareholders}}{\text{Number of shares at the end of the period}}$ |
| <i>Market capitalisation, EUR million</i> | = | <i>Number of shares at the end of the period</i> x <i>Closing quotation of the period</i> |

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Orion is a European pharmaceutical and diagnostics company which emphasises the development of innovative medical treatments and diagnostic tests for global markets. Orion develops, manufactures and markets pharmaceuticals for humans and animals, active pharmaceutical ingredients as well as diagnostic tests. Orion's clientele consists mainly of healthcare service providers and professionals. Group's net sales in 2006 (proforma) were EUR 641.1 million and in the end of 2006 there were 3 061 employees working for the company. Orion's stocks are listed in Helsinki Stock Exchange. In 2007, Orion celebrates its 90-year-history.