

Orion Group Interim Report January–September 2011

Orion's net sales for January–September 2011 totalled EUR 682 million (EUR 635 million for January–September 2010), up by 7% on the comparative period last year.

- Operating profit was EUR 223 (202) million.
- Profit before taxes was EUR 222 (200) million.
- Equity ratio was 64% (62%).
- ROCE before taxes was 53% (49%).
- ROE after taxes was 48% (46%).
- Basic earnings per share were EUR 1.17 (1.05).
- Cash flow per share before financial items was EUR 0.77 (0.82).
- The outlook estimate for 2011 remains the same. Orion estimates that net sales will be slightly higher and operating profit excluding non-recurring items higher in 2011 than in 2010.

ORION'S KEY FIGURES FOR THE REVIEW PERIOD

	Q3/11	Q3/10	Change %	Q1–Q3/11	Q1–Q3/10	Change %	2010
Net sales, EUR million	210.7	213.2	-1.2%	681.8	635.0	+7.4%	849.9
International operations, EUR million	150.5	155.5	-3.2%	502.8	466.8	+7.7%	620.7
% of net sales	71.5%	73.0%		73.8%	73.5%		73.0%
Operating profit, EUR million	65.4	70.6	-7.4%	223.4	201.6	+10.8%	254.2
% of net sales	31.1%	33.1%		32.8%	31.8%		29.9%
Profit before taxes, EUR million	65.0	70.0	-7.2%	222.4	200.2	+11.1%	252.6
% of net sales	30.8%	32.8%		32.6%	31.5%		29.7%
Income tax expense, EUR million	17.1	18.4	-6.8%	58.1	52.2	+11.3%	67.9
R&D expenses, EUR million	19.4	19.5	-0.6%	62.1	58.9	+5.4%	85.5
% of net sales	9.2%	9.1%		9.1%	9.3%		10.1%
Capital expenditure, EUR million	19.4	10.2	+90.3%	36.7	27.9	+31.2%	39.2
% of net sales	9.2%	4.8%		5.4%	4.4%		4.6%
Assets total, EUR million				706.9	693.8	+1.9%	745.8
Equity ratio, %				64.2%	61.9%		62.7%
Gearing, %				2.9%	1.4%		-12.2%
Interest-bearing liabilities, EUR million				99.9	121.3	-17.6%	110.0
Non-interest-bearing liabilities, EUR million				153.1	143.3	+6.9%	168.4
Cash and money market investments, EUR million				87.0	115.4	-24.6%	167.2
ROCE (before taxes), %				53.4%	48.8%		45.0%
ROE (after taxes), %				47.6%	45.5%		40.7%
Basic earnings per share, EUR	0.34	0.37	-7.3%	1.17	1.05	+11.1%	1.31
Diluted earnings per share, EUR	0.34	0.37	-7.3%	1.17	1.05	+11.1%	1.31
Cash flow per share before financial items, EUR	0.23	0.34	-32.5%	0.77	0.82	-5.8%	1.26
Equity per share, EUR				3.22	3.05	+5.7%	3.32
Personnel at the end of the period				3,410	3,124	+9.2%	3,131
Average personnel during the period				3,300	3,141	+5.1%	3,137
Personnel expenses, EUR million				134.3	123.3	+8.9%	170.3



President and CEO Timo Lappalainen's review

"Dexdor gained marketing authorisation"

"Our net sales and operating profit were higher than in the previous year.

"As anticipated, the strong growth in deliveries of our Parkinson drugs to Novartis in the first half of the year levelled off in recent months. Growth in sales from the rest of our product range also slowed slightly. Nevertheless, we have succeeded in further strengthening our market position in Finland and growing elsewhere in Europe.

"In September the European Commission granted centralised marketing authorisation for Orion's intensive care sedative *dexdor*[®] (dexmedetomidine), and we have already started launching and launch preparations in various parts of Europe. Dexmedetomidine (Precedex[®]) sold by our partner Hospira has performed well in recent years, especially in the United States, and we believe that in the coming years it will bring us considerable sales in Europe too, where we will generally be marketing it ourselves.

"Another event during the period under review important for the future was entering into a collaboration agreement with Nycomed in the summer for co-marketing of Easyhaler[®] combination products under development in the major European countries. In addition, Nycomed obtains the exclusive right to license and distribute the products in the Middle East and North Africa. Orion and Nycomed will both market the products covered by the agreement for treatment of asthma and chronic obstructive pulmonary disease under the Easyhaler umbrella brand.

"Our outlook estimate remains the same. We estimate that net sales will be slightly higher and operating profit excluding non-recurring items higher than in 2010. More information on the outlook estimate and the basis for it can be found on pages 6–7 of this Interim Report."



Events during the period

On 22 July Orion announced that it had been informed that the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) had issued a positive opinion recommending the granting of marketing authorisation for *dexdor*[®] (dexmedetomidine), a new intensive care sedative.

On 22 July Orion Diagnostica strengthened its research and product development base by acquiring new early-phase technology through purchasing all the shares of English technology company GeneForm Technologies Ltd.

On 4 August Orion announced that it had entered into a collaboration agreement with Nycomed for co-marketing of Easyhaler[®] combination products for treatment of asthma and chronic obstructive pulmonary disease in the major European countries, and an exclusive licensing and distribution arrangement in the Middle East and North Africa region.

On 21 September Orion announced that it had been informed that the European Commission had granted centralised marketing authorisation for Orion's intensive care sedative *dexdor*[®] (dexmedetomidine).

On 21 September Orion announced the new composition of the Company's Nomination Committee.

On 26 September Orion announced that the total number of Orion B shares owned by mutual funds under the management of Capital Research and Management Company had increased to more than one-twentieth (1/20) of the total number of Orion Corporation shares.



News conference and teleconference

A news conference and teleconference on the published results will be held today, Tuesday 25 October 2011, at 13:30 EEST in Hotel Kämp, address: Pohjoisesplanadi 29, Helsinki. President and CEO Timo Lappalainen will give a brief presentation in English on the financial review.

The event can be followed live as a webcast accessible via the Orion website at <http://www.orion.fi/en/>. After the presentation, questions can be asked by telephone in Finnish and English.

The teleconference code is 891291 and to participate in the teleconference please call:

from United States: +1 866 803 8344

from other countries: +44 (0)20 7162 0125

News conference recordings

A recording of the webcast of the event in English and a recording of the presentation by the President and CEO in Finnish will be available on the Orion website later today.

Financial report material

Financial reports and related presentation material are available at www.orion.fi/en/ promptly after publication. The website also has a form for subscribing to Orion's releases.

Dates in Orion Calendar 2012

Financial Statements 2011	Tuesday 7 February 2012
Annual General Meeting 2012	Tuesday 20 March 2012
Interim Report January–March 2012	Tuesday 24 April 2012
Capital Markets Day in Helsinki	Thursday 24 May 2012
Interim Report January–June 2012	Tuesday 31 July 2012
Interim Report January–September 2012	Tuesday 23 October 2012

The Annual Report 2011 will be published on the Company's website at the latest in week 10/2012.

For additional information about the financial review:

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www.orion.fi/en
www.orion.fi/en/investors/



Financial review Q1–Q3/2011

Net sales

The Orion Group's net sales in January–September 2011 totalled EUR 682 million (EUR 635 million in January–September 2010), up by 7% on the comparative period of the previous year. Foreign exchange rates had no significant effect on net sales in the review period.

The Pharmaceuticals business's net sales were up by 7% at EUR 647 (603) million. The products based on in-house R&D accounted for EUR 310 (300) million, or 48% (50%) of the Pharmaceuticals business's net sales. Net sales of Orion's Parkinson's drugs were up by 5% at EUR 202 (193) million, which is 31% (32%) of the Pharmaceuticals business's net sales. The net sales of other products in the portfolio (excluding Parkinson's drugs) were up by 9% at EUR 444 (409) million.

The Diagnostics business's net sales were up by 7% at EUR 37 (34) million.

Operating profit

The Orion Group's operating profit was up by 11% at EUR 223 (202) million.

The Pharmaceuticals business's operating profit was EUR 226 (202) million, up by 12% on the comparative period. The gross profit grew slightly faster than net sales due especially to an increase in royalties and milestone payments. The fixed costs of the business operations were as anticipated higher than in the comparative period.

The Diagnostics business's operating profit was EUR 4.2 (5.1) million, down by 17% on the comparative period due to higher fixed costs.

Operating expenses

The Group's sales and marketing expenses were higher, as anticipated, at EUR 151 (134) million. This 13% increase was due to the intensified sales drives, especially in Scandinavia and Eastern Europe. The expenses also include intangible asset impairment charges recorded on product rights.

R&D expenses were up by 5% at EUR 62 (59) million and accounted for 9% (9%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 58 (54) million. Research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

Administrative expenses were EUR 28 (28) million.

Other operating income and expenses increased profit by EUR 3 million (profit decrease in comparative period EUR 3 million). They comprise items arising mainly from foreign exchange hedges.

Profit before taxes

Group profit before taxes totalled EUR 222 (200) million. Basic earnings per share were EUR 1.17 (1.05) and diluted earnings per share were EUR 1.17 (1.05). Equity per share was EUR 3.22 (3.05). The return on capital employed before taxes (ROCE) was 53% (49%) and the return on equity after taxes (ROE) 48% (46%).

Financial position

The Group's gearing was 3% (1%) and the equity ratio 64% (62%).



The Group's **total liabilities** at 30 September 2011 were EUR 253 (265) million. At the end of the period, interest-bearing liabilities amounted to EUR 100 (121) million, including EUR 77 (98) million of long-term loans.

The Group had EUR 87 (115) million of **cash and cash equivalents** at the end of the period, which are invested in short-term interest-bearing instruments issued by financially solid financial institutions and corporations.

The share premium fund was reduced by transferring EUR 17,797,958.60 into the reserve for invested unrestricted equity. The reduction was based on a decision by the Annual General Meeting on 31 March 2011.

Cash flow

Cash flow from operating activities was higher than in the comparative period at EUR 143 (141) million. Operating profit improved in the first half of 2011, and the amount tied up into working capital was slightly less than in the comparative period at EUR 53 (55) million. The EUR 60 (34) million of income taxes paid was higher than in the comparative period. The increase was due to the improvement in profits and the timing of tax payments for the financial year 2010.

Cash flow from investing activities was EUR -35 (-26) million. **Cash flow from financing activities** was EUR -188 (-171) million. This change was due to the higher dividend than in the previous year.

Capital expenditure

The Group's capital expenditure totalled EUR 37 (28) million. This comprised EUR 20 (17) million on property, plant and equipment and EUR 17 (11) million on intangible assets.

Outlook for 2011

Net sales will be slightly higher than in 2010.

Marketing expenditure will be higher due to the increased number of product launches. Research expenditure will be higher than in 2010.

Operating profit excluding non-recurring items will be higher than in 2010.

The Group's capital expenditure will be about EUR 45 million excluding substantial corporate or product acquisitions.

Basis for outlook

Price competition in the Finnish market will persist in 2011. However, product launches will continue to support Orion's position as market leader.

The generic competition commencing in April 2012 in the United States is not expected to have a material impact on sales of Orion's Parkinson's drugs in 2011.

Because the registrations and launches of new products are projects that take more than a year, the increases in resources and other inputs required in 2011 were planned mainly during the previous year.

Research and development costs can be estimated quite accurately in advance. They are partly the Company's internal fixed cost items, such as salaries and maintenance of the operating infrastructure, and partly external variable costs. External costs arise from, among other things, long-term clinical trials, which are typically performed in clinics located in several countries. The most important clinical trials scheduled for 2011 are either ongoing from the previous year or at an advanced stage of planning, therefore their cost level can be estimated rather accurately.



The estimated costs of the ongoing patent litigation in the United States are based on the planned timetables and work estimates. The costs due to the litigation will depend on a number of factors, which are difficult to estimate accurately.

Near-term risks and uncertainties relating to the outlook

The Company is not aware of any significant risk factors relating to the earnings outlook for 2011.

Sales of individual products and also Orion's sales in individual markets may vary slightly depending on the extent to which the ever-tougher price and other competition prevailing in pharmaceutical markets in recent years will specifically affect Orion's products. Deliveries to Novartis are based on timetables that are jointly agreed in advance. Nevertheless, they can change, for example as a consequence of decisions by Novartis concerning adjustments of stock levels.

Most of the exchange rate risk relates to the US dollar. Typically, only less than 15% of Orion's net sales come from the United States. As regards currencies in European countries, the overall effect will be abated by the fact that Orion has organisations of its own in most of these countries, which means that in addition to sales income, there are also costs in these currencies.

Research projects always entail uncertainty factors that may either increase or decrease estimated costs. The projects may progress more slowly or faster than assumed, or they may be discontinued. Nonetheless, changes that may occur in ongoing clinical studies are reflected in costs relatively slowly, and they are not expected to have a material impact on earnings in the current year. Owing to the nature of the research process, the timetables and costs of new studies that are being started are known well in advance. They therefore typically do not lead to unexpected changes in the estimated cost structure.

Financial objectives

Orion's financial objectives are ensuring the Group's financial stability and creating a foundation for long-term profitable growth.

The principal means of achieving these objectives are:

- improving the organic development of net sales and operating profit through product, product portfolio and corporate acquisitions
- increasing the efficiency of operations and cost control
- maintaining a stable financial position, with the equity ratio at least 50%

Sales of Stalevo[®] and Comtess[®]/Comtan[®] currently account for approximately one-third of Orion's net sales. The key patents for these Parkinson's drugs in Orion's main markets will expire in 2012–2013, which is why their sales are expected to decline over the next few years. Orion is continuously bringing new products to the market to replace this drop in net sales.

The development of Orion's net sales and profitability in the next few years will depend on how fast the sales of Parkinson's drugs will decline and, on the other hand, how the sales of other products will increase in the future. This creates a point of discontinuity in the Group's operations.



Dividend policy

Orion's dividend distribution takes into account the distributable funds and the capital expenditure and other financial requirements in the medium and long term to achieve the financial objectives.

Shares and shareholders

On 30 September 2011 Orion had a total of 141,257,828 (141,257,828) shares, of which 45,247,646 (47,885,511) were A shares and 96,010,182 (93,372,317) B shares. The Group's share capital was EUR 92,238,541.46 (92,238,541.46). At the end of September 2011 Orion held 413,754 (516,654) B shares as treasury shares. On 30 September 2011 the aggregate number of votes conferred by the A and B shares was 1,000,549,348 (1,050,565,883) excluding treasury shares.

At the end of September 2011, Orion had 56,539 (57,293) registered shareholders.

Voting rights conferred by shares

Each A share entitles its holder to twenty (20) votes at a General Meeting of Shareholders and each B share one (1) vote. However, a shareholder cannot vote more than 1/20 of the aggregate number of votes from the different share classes represented at a General Meeting of Shareholders. In addition, Orion and Orion Pension Fund do not have the right to vote at an Orion Corporation General Meeting of Shareholders.

Both share classes, A and B, confer equal rights to the Company's assets and dividends.

Conversion of shares

The Articles of Association entitle shareholders to demand the conversion of their A shares to B shares within the limitation on the maximum number of shares of a class. In January–September 2011 a total of 2,315,919 shares were converted.

Trading in Orion's shares

Orion's A shares and B shares are quoted on NASDAQ OMX Helsinki in the Large Cap group under the Healthcare sector heading under the trading codes ORNAV and ORNBV. Trading in both of the Company's share classes commenced on 3 July 2006, and information on trading in the Company's shares has been available since this date.

On 30 September 2011 the market capitalisation of the Company's shares excluding treasury shares was EUR 2,135 million.

Authorisations of the Board of Directors

Orion's Board of Directors was authorised by the Annual General Meeting on 24 March 2010 to decide on a share issue in which shares held by the Company can be conveyed. The authorisation to issue shares is valid for five years from the decision taken by the Annual General Meeting.

The Board of Directors is authorised to decide on conveyance of no more than 500,000 Orion Corporation B shares held by the Company. Such shares held by the Company can be conveyed either against or without payment. Such shares held by the Company can be conveyed by selling them in public trading on NASDAQ OMX Helsinki; in a share issue placement to the Company's shareholders in proportion to their holdings at the time of the conveyance regardless of whether they own A or B shares; or in a share issue placement deviating from shareholders' pre-emptive rights if there is a weighty financial reason, such as the development of the capital structure of the Company, using the shares to finance possible corporate acquisitions or other business arrangements of the Company, financing capital expenditure or as part of the Company's incentive plan. The share issue placement can be without payment only if there is an especially weighty financial reason in the view of the Company and to the benefit of all its shareholders. The amounts paid for shares in the Company conveyed shall be recorded in a distributable equity fund. The Board of



Directors shall decide on other matters related to the conveyance of shares held by the Company. The authorisation was exercised as described below under the heading "Share-based Incentive Plan". On 30 September 2011 the Board of Directors had outstanding authorisation to convey 397,100 Orion Corporation B shares held by the Company.

The Board of Directors is not authorised to increase the share capital or to issue bonds with warrants or convertible bonds or stock options.

Share-based Incentive Plan

In February 2010 the Board of Directors of Orion Corporation decided on a share-based incentive plan for the Group key persons. The Plan includes earning periods and the Board of Directors will annually decide on the beginning and duration of the earning periods in 2010, 2011 and 2012. The Board of Directors will decide on the earnings criteria and on targets to be established for them at the beginning of each earning period. The target group of the Plan consists of approximately 30 people. The total maximum amount of rewards to be paid on the basis of the Plan is 500,000 Orion Corporation B shares and a cash payment corresponding to the value of the shares.

On 1 March 2011 Orion transferred altogether 102,900 Orion Corporation B shares held by the Company as a share bonus for 2010 to the key persons employed by the Group and belonging to the Share-based Incentive Plan of the Group. The transfer was based on the authorisation by the Annual General Meeting on 24 March 2010.

Share ownership

At the end of September 2011 Orion had a total of 56,539 (57,293) registered shareholders, of whom 95% (95%) were private individuals holding 49% (52%) of the entire share stock and 65% (64%) of the total votes. There were altogether 45 (37) million nominee-registered shares, which is 32% (26%) of all shares, and they conferred entitlement to 6% (4%) of the votes.

At the end of September 2011 Orion held 413,754 (516,654) B shares as treasury shares, which is 0.3% (0.4%) of the Company's total share stock and 0.04% (0.05%) of the total votes.

The total number of Orion B shares owned by mutual funds under the management of Capital Research and Management Company increased to more than one-twentieth (1/20) of the total number of Orion Corporation shares.

Personnel

The average number of employees in the Orion Group in January–September 2011 was 3,300 (3,141). At the end of September 2011 the Group had a total of 3,410 (3,124) employees, of whom 2,680 (2,473) worked in Finland and 730 (651) outside Finland. The number of employees increased mainly in production as production volumes increased.

Salaries and other personnel expenses in January–September 2011 totalled EUR 134 (123) million.



Significant legal proceedings

Legal proceedings against the Sandoz companies

On 4 September 2009 Orion Corporation and Hospira, Inc. filed together a patent infringement lawsuit in the United States against Sandoz International GmbH and Sandoz Inc. to enforce their patents valid in the United States. Sandoz Canada Inc. has since been added as a defendant in the lawsuit. The legal proceedings concern Orion's US Patent No. 4,910,214 and Orion's and Hospira's commonly owned US Patent No. 6,716,867.

Sandoz Inc. has sought authorisation to produce and market in the United States a generic version of Orion's proprietary drug Precedex[®] (dexmedetomidine hydrochloride 100 µg/ml), which is marketed in the United States by Orion's licensee Hospira.

Orion expects the costs of the legal proceedings against the Sandoz companies to be substantially less than the costs of the entacapone patent litigation that had previously been pending in the United States.

Legal proceedings against Caraco Pharmaceutical Laboratories, Ltd.

On 12 November 2010 Orion Corporation and Hospira, Inc. jointly filed a patent infringement lawsuit in the United States against Caraco Pharmaceutical Laboratories, Ltd. to enforce Orion's and Hospira's joint patent No. 6,716,867 valid in the United States. Gland Pharma Ltd. has since been added as a defendant in the lawsuit.

Caraco had submitted an application for authorisation to produce and market in the United States a generic version of Orion's proprietary drug Precedex[®] (dexmedetomidine hydrochloride 100 µg/ml), which is marketed in the United States by Orion's licensee Hospira.

Orion expects the costs of the legal proceedings against Caraco to be substantially less than the costs of the entacapone patent litigation that had previously been pending in the United States. According to the schedule confirmed by the court, the main hearing of the case will commence on 13 November 2012.

Legal proceedings against Mylan Pharmaceuticals Inc.

On 24 January 2011 Orion Corporation filed a patent infringement lawsuit in the United States against Mylan Pharmaceuticals Inc. to enforce its US patent No. 5,446,194.

Mylan intends to market in the United States a generic version of entacapone tablets with strength 200 mg like Orion's Comtan[®] proprietary drug. Comtan is used as an adjunct to levodopa/carbidopa therapy to treat patients with idiopathic Parkinson's disease who experience the signs and symptoms of end-of-dose "wearing-off." Novartis is Orion's exclusive licensee for marketing the drug Comtan in the United States.



Business Reviews

Pharmaceuticals

Review of human pharmaceuticals market

According to statistics collected by Finnish Pharmaceutical Data Ltd, **Finnish wholesale of human pharmaceuticals** in January–September 2011 totalled EUR 1,453 (1,415) million, up by 3% on the comparative period of the previous year.

Finland is the most important individual market for Orion, generating about one-quarter of the total net sales. Orion was able to increase its sales faster than the markets as a whole, so it strengthened its position as leader in marketing pharmaceuticals in Finland. According to statistics collected by Finnish Pharmaceutical Data Ltd, **Orion's wholesale of human pharmaceuticals in Finland** in January–September amounted to EUR 150 (141) million, up by 6% compared with the corresponding period in the previous year. Orion's market share in Finnish pharmaceutical markets was 10% (10%).

According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in June 2011 the **total sales of Parkinson's drugs** in the United States were down by 26% at USD 758 million (USD 1,025 million in the previous 12-month period). The decrease in in-market sales was due to commencement of generic competition in certain products. The five largest European markets for Parkinson's disease drugs were Germany, the United Kingdom, France, Spain and Italy. In these countries, the combined sales of Parkinson's drugs in the 12-month period ending in June 2011 totalled EUR 1,015 (991) million, and the average market growth was 2%.

The most important individual therapy area for Orion is still the treatment of Parkinson's disease. Orion's Parkinson's drugs account for just under one-third of the Group's net sales. Sales of Orion's Parkinson's drugs continued to grow well and clearly better than the market as a whole in the United States and in Japan. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in June 2011, **sales of Orion's Parkinson's drugs** in the United States totalled USD 181 (180) million. Sales were up by 2% at a total of EUR 158 (154) million in the five largest markets in Europe, and up by 32% at EUR 52 (39) million in Japan. The market share of Orion's Parkinson's drugs was 24% in the United States, on average 16% in the five largest European markets and 10% in Japan.

According to IMS Health pharmaceutical sales statistics, **sales of Orion's Precedex[®] intensive care sedative (dexmedetomidine)** were up by 38% at USD 180 million in the 12-month period ending in June 2011 (USD 131 million in the previous 12-month period). About four-fifths of the sales amounting to USD 146 (113) million were in the United States, where Precedex sales grew by 29%.

Net sales and operating profit of the Pharmaceuticals business

Net sales of the Pharmaceuticals business in January–September 2011 were EUR 647 (603) million, up by 7% on the comparative period of the previous year. The operating profit of the Pharmaceuticals business was up by 12% at EUR 226 (202) million. The operating profit of the Pharmaceuticals business was 35% (34%) of the segment's net sales.

Net sales of Orion's top ten pharmaceuticals in January–September 2011 were up by 5% at EUR 349 (331) million. They accounted for 54% (55%) of the total net sales of the Pharmaceuticals business.

Net sales of the products based on own in-house R&D were up by 3% at EUR 310 (300) million in January–September 2011. These products accounted for about 48% (50%) of the net sales of the Pharmaceuticals business.



Proprietary Products

The product portfolio of Proprietary Products consists of patented prescription products in three therapy areas: central nervous system diseases, oncology and critical care, and Easyhaler[®] pulmonary drugs.

Net sales of Proprietary Products in January–September 2011 were up by 9% at EUR 306 (281) million.

Orion's drugs for treatment of Parkinson's disease are Stalevo[®] (active ingredients carbidopa, levodopa and entacapone) and Comtess[®]/Comtan[®] (entacapone), and their net sales in January–September 2011 totalled EUR 202 (193) million. The net sales of Parkinson's drugs were up by 5% and accounted for 31% (32%) of the total net sales of the Pharmaceuticals business. Net sales from deliveries of Stalevo and Comtan to Novartis were up by 10% at a total of EUR 130 (118) million. Deliveries of Stalevo to Novartis increased by 8%, and deliveries of Comtan by 14%. Total net sales generated by Stalevo and Comtess in Orion's own sales organisation totalled EUR 72 (75) million. Sales through Orion's own sales organisation totalled EUR 60 (62) million for Stalevo and EUR 12 (13) million for Comtess.

The US Food and Drug Administration (FDA) has an ongoing safety review of Stalevo, which began in spring 2009. Orion is assisting the FDA in undertaking the safety review. The FDA has requested additional data based on databases concerning the significance of the results of the STRIDE-PD study, and consequently Orion and Novartis have decided to undertake two epidemiological studies, which must be completed by July 2012.

Net sales of Simdax[®], a drug for acute decompensated heart failure, were up by 5% at EUR 31 (30) million in January–September 2011.

Net sales of the Easyhaler[®] product family for treatment of asthma and chronic obstructive pulmonary disease were up by 11% in January–September 2011 at EUR 23 (21) million. In August Orion announced that it had entered into a collaboration agreement with Nycomed for co-marketing of Easyhaler[®] combination products under development in the major European countries, and an exclusive licensing and distribution arrangement in the Middle East and North Africa region. Both companies will market the products under the Easyhaler umbrella brand.

Net sales of the Precedex[®] intensive care sedative (dexmedetomidine) were up by 12% in January–September 2011 at EUR 22 (20) million. In the United States and markets outside Europe the sedative is sold by Orion's partner Hospira. US markets account for about four-fifths of net sales of Precedex.

In September Orion's new *dexdor*[®] intensive care sedative (dexmedetomidine) gained centralised marketing authorisation covering all 27 member states of the European Union from the European Commission. Orion has started launching *dexdor*[®] and it is already available in Germany, Austria, Denmark, Sweden, Finland, the United Kingdom and Ireland. The product will be launched in most European countries during 2012 as pricing and reimbursement processes progress country by country.

Specialty Products

Net sales of the Specialty Products business division's off-patent, i.e. generic, prescription drugs and self-care products in January–September 2011 were up by 8% at EUR 238 (222) million. Net sales of the business division in markets outside Finland were up by 9% compared with the corresponding period in the previous year. Growth slowed in many markets during the third quarter. The number of launches of generic prescription drugs and self-care products remained high.

Net sales of Orion's human pharmaceuticals in Finland were up by 6% at EUR 164 (154) million in January–September 2011. Specialty Products accounted for the majority of sales. In Finland Orion has a broad product portfolio, particularly in substitutable prescription drugs, and a competitive self-care product portfolio.

Net sales of Orion's human pharmaceuticals in Eastern Europe in January–September 2011 were up by 14% at EUR 40 (35) million. Specialty Products account for the majority of sales in the region.



Animal Health

Net sales of the Animal Health business division in January–September 2011 remained similar to the comparative period at EUR 49 (49) million. Net sales of the animal sedatives at EUR 14 million accounted for 30% (33%) of the division's net sales. Orion's animal sedatives are Dexdomitor[®] (dexmedetomidine), Domitor[®] (medetomidine), Domosedan[®] (detomidine) and Antisedan[®] (atipamezole).

According to statistics collected by Pharma Industry Finland, the Finnish market for veterinary drugs was up by 3% at about EUR 39 (38) million in January–September 2011. Orion was the second-largest marketer, with a market share of 20% (20%).

Fermion

Fermion manufactures active pharmaceutical ingredients for Orion and other pharmaceutical companies. Its product range comprises nearly 30 pharmaceutical ingredients. Fermion's net sales in January–September 2011 excluding pharmaceutical ingredients supplied for Orion's own use were EUR 32 (34) million and accounted for about two-thirds of Fermion's entire net sales. Several key products performed well, even though competition in the markets remained intense.

Research and development projects

The Group's R&D expenses in January–September 2011 totalled EUR 62 (59) million, of which the Pharmaceuticals business accounted for EUR 58 (55) million. The Group's R&D expenses accounted for 9% (9%) of the Group's net sales. R&D expenses also include expenses relating to development of the current portfolio.

Orion has ongoing projects to broaden the range of the inhalable **Easyhaler[®] drugs** product family. Orion is developing a **budesonide-formoterol formulation** that combines budesonide as an anti-inflammatory agent and formoterol as a long-acting bronchodilator. Results from bioequivalence studies are anticipated in early 2012. In addition, Orion has another Easyhaler research programme in progress to develop a **fluticasone-salmeterol formulation**. In this formulation fluticasone acts as an anti-inflammatory agent and salmeterol acts as a long-acting bronchodilator.

Orion is collaborating with Novartis to develop **Stalevo[®] drug for the Japanese market**. The timeline for regulatory submission is under evaluation by Novartis.

Orion is continuing to develop an **androgen receptor antagonist** for the treatment of advanced prostate cancer jointly with Endo Pharmaceuticals Inc. with the objective of approval of the drug globally. Clinical trials commenced in the first quarter of the current year in Europe.

Orion has Phase II clinical trials with the **alpha 2_c receptor antagonist** in progress. The trials are investigating the efficacy and safety of the drug candidate in treating Alzheimer's disease and Raynaud's phenomenon.

Orion is developing a new more effective **levodopa product** based on optimised new formulations and doses of known compounds. Product development is in the clinical trials phase.

In addition, Orion has several projects in the **early research phase** investigating prostate cancer, neuropathic pain, Parkinson's disease and Alzheimer's disease, among others.



Interim Report Q3/2011

25 October 2011

Diagnostics

Orion Diagnostica manufactures convenient and quick in vitro diagnostic tests and testing systems suitable for point-of-care testing. Net sales of the Diagnostics business in January–September 2011 were up by 7% at EUR 37 (34) million.

QuikRead[®] infection tests remained the main product, with sales continuing strong in the review period. Further progress was achieved in sales in the Nordic countries and, for example, China and the Czech Republic. In July Orion Diagnostica strengthened its research and product development base by acquiring new early-phase technology through purchasing all the shares of English technology company GeneForm Technologies Ltd.

The operating profit of the Diagnostics business was down by 17% at EUR 4.2 (5.1) million and accounted for 12% (15%) of the segment's net sales. The profit decreased because expenditure on product development and marketing increased and the margin structure of the product sales portfolio was weaker than in the comparative period.

Espoo, 25 October 2011

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen
President and CEO

Jari Karlson
CFO



Tables

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q3/11	Q3/10	Change %	Q1–Q3/11	Q1–Q3/10	Change %	2010
Net sales	210.7	213.2	-1.2%	681.8	635.0	+7.4%	849.9
Cost of goods sold	-72.4	-71.6	+1.1%	-219.8	-209.4	+5.0%	-283.2
Gross profit	138.3	141.6	-2.3%	462.0	425.6	+8.5%	566.8
Other operating income and expenses	-0.5	1.7	-127.3%	2.5	-2.9	+188.6%	1.2
Selling and marketing expenses	-44.6	-45.2	-1.4%	-151.2	-134.0	+12.8%	-188.9
R&D expenses	-19.4	-19.5	-0.6%	-62.1	-58.9	+5.4%	-85.5
Administrative expenses	-8.4	-8.0	+5.5%	-27.9	-28.2	-1.2%	-39.3
Operating profit	65.4	70.6	-7.4%	223.4	201.6	+10.8%	254.2
Finance income	0.5	0.7	-25.5%	3.1	3.4	-7.6%	4.2
Finance expenses	-1.0	-1.3	-26.4%	-4.1	-4.8	-14.5%	-5.9
Profit before taxes	65.0	70.0	-7.2%	222.4	200.2	+11.1%	252.6
Income tax expense	-17.1	-18.4	-6.8%	-58.1	-52.2	+11.3%	-67.9
Profit for the period	47.8	51.6	-7.4%	164.3	148.0	+11.0%	184.7
OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS							
Change in value of cash flow hedges	-0.2	0.3	-154.5%	-1.1	0.3	-424.7%	1.6
Change in value of available-for-sale financial assets	0.0			-0.2			
Translation differences	0.6	-0.9	+162.9%	-0.5	1.2	-138.4%	1.3
Other comprehensive income net of tax	0.4	-0.6	+163.2%	-1.8	1.5	-216.2%	2.9
Comprehensive income for the period including tax effects	48.2	51.0	-5.5%	162.5	149.5	+8.7%	187.6
PROFIT ATTRIBUTABLE TO:							
Owners of the parent company	47.8	51.6	-7.4%	164.3	148.0	+11.0%	184.7
Non-controlling interests	0.0	0.0		0.0	0.0		0.0
COMPREHENSIVE INCOME ATTRIBUTABLE TO:							
Owners of the parent company	48.2	51.0	-5.5%	162.5	149.5	+8.7%	187.6
Non-controlling interests	0.0	0.0		0.0	0.0		0.0
Basic earnings per share, EUR ¹⁾	0.34	0.37	-7.3%	1.17	1.05	+11.1%	1.31
Diluted earnings per share, EUR ¹⁾	0.34	0.37	-7.3%	1.17	1.05	+11.1%	1.31
Depreciation, amortisation and impairment	9.2	11.7	-21.9%	33.1	29.2	+13.3%	38.9
Personnel expenses	40.3	38.8	+3.9%	134.3	123.3	+8.9%	170.3

1) The figure has been calculated from the profit attributable to the owners of the parent company.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	9/11	9/10	Change %	2010
Property, plant and equipment	186.9	189.0	-1.1%	187.1
Goodwill	13.5	13.5		13.5
Intangible rights	67.8	64.1	+5.7%	65.3
Other intangible assets	4.5	4.0	+12.8%	4.2
Investments in associates	1.4	0.1		1.3
Available-for-sale investments	1.2	1.0	+19.0%	1.0
Pension asset	34.7	29.8	+16.4%	31.6
Deferred tax assets	2.6	5.2	-50.6%	2.9
Other non-current assets	1.8	0.9	+88.1%	2.4
Non-current assets total	314.4	307.7	+2.2%	309.3
Inventories	147.7	127.5	+15.8%	131.1
Trade receivables	134.4	122.5	+9.7%	118.3
Other receivables	23.4	20.7	+13.0%	20.0
Money market investments				77.7
Cash and cash equivalents	87.0	115.4	-24.6%	89.5
Current assets total	392.5	386.1	+1.7%	436.5
Assets total	706.9	693.8	+1.9%	745.8

EQUITY AND LIABILITIES

EUR million	9/11	9/10	Change %	2010
Share capital	92.2	92.2		92.2
Share premium		17.8		17.8
Expendable fund	0.5	8.9	-94.5%	8.9
Other reserves	18.1	0.4		1.6
Retained earnings	343.0	309.8	+10.7%	346.8
Equity attributable to owners of the parent company	453.8	429.1	+5.7%	467.4
Non-controlling interests	0.0	0.0	+19.7%	0.0
Equity total	453.8	429.2	+5.7%	467.4
Deferred tax liabilities	44.3	42.2	+4.8%	44.8
Pension liability	0.7	0.8	-17.6%	0.7
Provisions	0.3	0.5	-44.3%	0.4
Interest-bearing non-current liabilities	76.8	98.1	-21.7%	87.5
Other non-current liabilities	0.1	0.1	-7.7%	0.1
Non-current liabilities total	122.1	141.7	-13.8%	133.6
Trade payables	43.0	38.7	+11.2%	49.0
Income tax liabilities	11.3	17.0	-33.3%	12.7
Other current liabilities	53.5	44.1	+21.5%	60.6
Provisions	0.0	0.0		
Interest-bearing current liabilities	23.1	23.2	-0.3%	22.5
Current liabilities total	131.0	122.9	+6.6%	144.8
Liabilities total	253.1	264.6	-4.4%	278.4
Equity and liabilities total	706.9	693.8	+1.9%	745.8



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- a. Share capital
- b. Share premium
- c. Expendable fund
- d. Other reserves
- e. Translation differences
- f. Retained earnings
- g. Non-controlling interests
- h. Equity total**

EUR million	Equity attributable to owners of the parent company							h.
	a.	b.	c.	d.	e.	f.	g.	
Equity at 1 January 2010	92.2	17.8	23.0	0.0	-5.7	311.7	0.0	439.1
Profit for the period						148.0		148.0
Other comprehensive income:								
Change in value of cash flow hedges				0.3				0.3
Translation differences					1.2			1.2
Transactions with owners and non-controlling interests:								
Dividend and capital repayment			-14.1			-141.0		-155.1
Treasury shares						-4.6		-4.6
Share-based incentive plan						0.3		0.3
Equity at 30 September 2010	92.2	17.8	8.9	0.4	-4.5	314.4	0.0	429.2
Equity at 1 January 2011	92.2	17.8	8.9	1.6	-4.4	351.2	0.0	467.4
Profit for the period						164.3		164.3
Other comprehensive income:								
Change in value of cash flow hedges				-1.1				-1.1
Change in value of available-for-sale financial assets				-0.2				-0.2
Translation differences					-0.5			-0.5
Transactions with owners and non-controlling interests:								
Dividend and capital repayment			-8.5			-169.0		-177.5
Share-based incentive plan						1.5		1.5
Transfer between different components of equity		-17.8		17.8				
Other adjustments				0.0		-0.2		-0.2
Equity at 30 September 2011	92.2	0.0	0.5	18.1	-4.9	347.8	0.0	453.8



CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q1–Q3/11	Q1–Q3/10	2010
Operating profit	223.4	201.6	254.2
Adjustments	32.7	28.9	33.7
Change in working capital	-52.6	-54.9	-27.6
Interest paid	-4.0	-4.1	-5.7
Interest received	3.0	3.6	4.3
Dividends received	0.1	0.1	0.1
Income taxes paid	-60.1	-34.4	-49.9
Total net cash flow from operating activities	142.7	140.9	209.1
Investments in property, plant and equipment	-17.5	-17.0	-22.2
Investments in intangible assets	-18.0	-9.9	-13.3
Acquisition of an associate	-0.0		-1.3
Sale of a subsidiary less cash and cash equivalents at sale date	0.3		4.5
Sales of property, plant and equipment and available-for-sale investments	0.7	0.8	1.2
Sales of intangible assets	0.0	0.2	0.2
Total net cash flow from investing activities	-34.5	-25.9	-30.9
Short-term loans raised	0.7	0.6	0.6
Repayments of short-term loans	-0.9	-1.0	-2.0
Repayments of long-term loans	-10.5	-10.5	-21.0
Repurchase of own shares		-4.6	-4.6
Dividends paid and other distribution of profits	-177.4	-155.2	-155.3
Total net cash flow from financing activities	-188.1	-170.7	-182.2
Net change in cash, cash equivalents and money market investments	-79.9	-55.7	-4.0
Cash, cash equivalents and money market investments at the beginning of the period	167.2	170.5	170.5
Foreign exchange differences	-0.3	0.6	0.7
Net change in cash, cash equivalents and money market investments	-79.9	-55.7	-4.0
Cash, cash equivalents and money market investments at the end of the period	87.0	115.4	167.2
Reconciliation of cash and cash equivalents in Statement of Financial Position			
Cash and cash equivalents at 30 September in Statement of Financial Position	87.0	115.4	89.5
Money market investments at 30 September			77.7
Cash and cash equivalents in Statement of Cash Flows	87.0	115.4	167.2



CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	9/11	9/10	2010
Carrying amount at the beginning of the period	187.1	192.0	192.0
Additions	19.6	17.2	23.3
Sale of real estate limited company			-0.5
Other disposals	-0.8	-0.8	-1.1
Depreciation and impairments	-18.9	-19.5	-26.6
Carrying amount at the end of the period	186.9	189.0	187.1

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	9/11	9/10	2010
Carrying amount at the beginning of the period	69.5	67.0	67.0
Additions	17.1	10.7	14.6
Disposals	-0.0		-0.0
Depreciation and impairments	-14.2	-9.8	-12.3
Carrying amount at the end of the period	72.3	68.1	69.5

COMMITMENTS AND CONTINGENCIES

EUR million	9/11	9/10	2010
CONTINGENCIES FOR OWN LIABILITIES			
Mortgages on land and buildings	41.0	41.0	41.0
of which those to Orion Pension Fund	9.0	9.0	9.0
Guarantees	1.2	1.1	1.3
OTHER LIABILITIES			
Leasing liabilities (excluding finance lease contracts)	3.5	4.1	4.1
Other liabilities	0.3	0.3	0.3

DERIVATIVES

EUR million	9/11	9/10	2010
FORWARD EXCHANGE CONTRACTS AND CURRENCY SWAPS			
Fair value, EUR million	-0.2	0.3	-0.8
Nominal value, EUR million	21.4	55.6	56.1
CURRENCY OPTIONS			
Fair value, EUR million	-0.2		-0.0
Nominal value, EUR million	43.7		33.4
ELECTRICITY FORWARD CONTRACTS			
Fair value, EUR million	0.4	0.3	1.9
Nominal value, GWh	156	144	171

RELATED PARTY TRANSACTIONS

EUR million	Q1-Q3/11	Q1-Q3/10	2010
Management's employment benefits	4.3	3.6	4.4



Operating segment performance

NET SALES BY BUSINESS DIVISIONS

EUR million	Q3/11	Q3/10	Change %	Q1-Q3/11	Q1-Q3/10	Change %	2010
Pharmaceuticals	199.8	203.2	-1.7%	646.8	602.5	+7.4%	806.2
Proprietary Products	91.9	96.7	-5.0%	305.5	281.0	+8.7%	370.9
Specialty Products	80.5	77.8	+3.4%	238.3	221.5	+7.6%	298.6
Animal Health	14.0	16.4	-14.2%	48.5	49.1	-1.2%	67.5
Fermion	6.6	8.2	-19.5%	31.5	34.1	-7.7%	44.9
Contract manufacturing and other	6.9	4.2	+63.7%	22.9	16.8	+36.3%	24.4
Diagnostics	11.3	10.5	+8.2%	36.7	34.3	+6.9%	46.1
Group items	-0.5	-0.5	-7.0%	-1.6	-1.8	-8.5%	-2.4
Group total	210.7	213.2	-1.2%	681.8	635.0	+7.4%	849.9

OPERATING PROFIT BY BUSINESS AREAS

EUR million	Q3/11	Q3/10	Change %	Q1-Q3/11	Q1-Q3/10	Change %	2010
Pharmaceuticals	66.8	71.5	-6.6%	226.1	202.4	+11.8%	252.2
Diagnostics	0.8	1.0	-18.8%	4.2	5.1	-17.4%	6.1
Group items	-2.1	-1.8	+17.9%	-7.0	-5.8	+19.9%	-4.1
Group total	65.4	70.6	-7.4%	223.4	201.6	+10.8%	254.2

NET SALES BY ANNUAL QUARTERS

EUR million	2011			2010			2009	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Pharmaceuticals	199.8	215.9	231.0	203.7	203.2	196.0	203.3	181.9
Diagnostics	11.3	11.7	13.7	11.8	10.5	12.1	11.7	12.0
Group items	-0.5	-0.6	-0.6	-0.6	-0.5	-0.7	-0.6	-0.6
Group total	210.7	227.0	244.1	214.9	213.2	207.4	214.5	193.3

OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	2011			2010			2009	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Pharmaceuticals	66.8	67.1	92.3	49.9	71.5	60.4	70.5	45.5
Diagnostics	0.8	0.7	2.8	1.0	1.0	1.9	2.2	1.2
Group items	-2.1	-2.7	-2.1	1.7	-1.8	-2.3	-1.7	-2.8
Group total	65.4	65.1	92.9	52.6	70.6	60.0	71.0	43.9

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	2011			2010			2009	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Finland	60.1	59.8	59.1	61.0	57.6	53.7	56.9	59.2
Scandinavia	28.1	30.3	33.4	28.6	28.4	28.1	29.0	25.9
Other Europe	71.5	77.2	80.2	77.4	70.0	72.7	72.1	72.8
North America	24.0	29.2	38.7	22.1	31.1	26.3	30.3	12.1
Other markets	26.9	30.6	32.8	25.8	26.0	26.7	26.1	23.4
Group total	210.7	227.0	244.1	214.9	213.2	207.4	214.5	193.3



Business reviews

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	Q3/11	Q3/10	Change %	Q1–Q3/11	Q1–Q3/10	Change %	2010
Net sales	199.8	203.2	-1.7%	646.8	602.5	+7.4%	806.2
Operating profit	66.8	71.5	-6.6%	226.1	202.4	+11.8%	252.2
% of net sales	33.4%	35.2%		35.0%	33.6%		31.3%
R&D expenses	17.9	18.0	-0.5%	57.5	54.5	+5.6%	79.5
% of net sales	9.0%	8.9%		8.9%	9.0%		9.9%
Capital expenditure	10.2	9.2	+10.8%	26.4	25.9	+1.8%	36.2
% of net sales	5.1%	4.5%		4.1%	4.3%		4.5%
Sales revenue from proprietary products	92.7	102.9	-9.9%	309.7	299.5	+3.4%	397.1
Assets				558.0	525.4	+6.2%	527.7
Liabilities				90.1	77.3	+16.6%	102.1
Personnel at the end of the period				3,070	2,801		2,802

NET SALES OF ORION'S TOP 10 PHARMACEUTICAL PRODUCTS

EUR million	Q3/11	Q3/10	Change %	Q1–Q3/11	Q1–Q3/10	Change %	2010
Stalevo [®] , Comtess [®] and Comtan [®] (Parkinson's disease)	59.8	67.8	-11.7%	202.4	193.3	+4.7%	252.7
Simdax [®] (acute decompensated heart failure)	10.1	9.6	+4.5%	31.3	29.8	+4.9%	39.9
Easyhaler [®] product family (asthma, COPD)	6.3	6.2	+1.3%	23.1	20.8	+10.8%	28.1
Precedex [®] (intensive care sedative)	8.0	7.1	+12.7%	22.4	20.0	+12.0%	27.2
Burana [®] (inflammatory pain)	6.0	5.7	+5.6%	17.4	15.8	+10.2%	21.5
Dexdomitor [®] , Domitor [®] , Domosedan [®] and Antisedan [®] (animal sedatives)	3.3	5.3	-37.5%	14.3	16.2	-11.3%	24.2
Marevan [®] (anticoagulant)	3.6	3.3	+9.4%	11.6	9.7	+20.2%	13.1
Divina [®] range (menopausal symptoms)	3.0	3.0	-0.8%	9.8	9.9	-0.6%	13.3
Enanton [®] (prostate cancer)	2.9	3.2	-7.8%	9.1	9.6	-5.3%	13.0
Solomet [®] (inflammatory diseases)	2.7	1.6	+67.2%	7.6	6.1	+24.4%	8.6
Total	105.7	112.8	-6.3%	349.0	331.2	+5.4%	441.5
Share of pharmaceutical net sales	53%	56%		54%	55%		55%

KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	Q3/11	Q3/10	Change %	Q1–Q3/11	Q1–Q3/10	Change %	2010
Net sales	11.3	10.5	+8.2%	36.7	34.3	+6.9%	46.1
Operating profit	0.8	1.0	-18.8%	4.2	5.1	-17.4%	6.1
% of net sales	7.1%	9.5%		11.5%	14.9%		13.3%
R&D expenses	1.5	1.5	-1.4%	4.6	4.4	+3.8%	6.0
% of net sales	13.1%	14.4%		12.6%	13.0%		13.1%
Capital expenditure	9.1	0.9	+936.7%	10.1	1.8	+455.8%	2.5
% of net sales	80.7%	8.4%		27.5%	5.3%		5.5%
Assets				44.4	33.3	+33.2%	34.2
Liabilities				15.2	5.5	+176.6%	9.1
Personnel at the end of the period				317	298		302



Information on Orion's shares

BASIC SHARE INFORMATION 30 SEPTEMBER 2011

	A shares	B shares	Total
Trading code on NASDAQ OMX Helsinki	ORNAV	ORNBV	
Listing day	1 Jul 2006	1 Jul 2006	
ISIN code	FI0009014369	FI0009014377	
GICS code	35202010	35202010	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	29.5	62.7	92.2
Counter book value per share, EUR	0.65	0.65	
Total number of shares	45,247,646	96,010,182	141,257,828
% of total share stock	32%	68%	100%
Number of treasury shares		413,754	413,754
Total number of shares excluding treasury shares	45,247,646	95,596,428	140,844,074
Minimum number of shares			1
Maximum number of A and B shares, and maximum number of all shares	500,000,000	1,000,000,000	1,000,000,000
Votes per share	20	1	
Number of votes excluding treasury shares	904,952,920	95,596,428	1,000,549,348
% of total votes	90%	10%	100%
Total number of shareholders	19,157	43,870	56,539

A shares and B shares confer equal rights to the Company's assets and dividends.

INFORMATION ON TRADING 1 JANUARY – 30 SEPTEMBER 2011

	A shares	B shares	Total
Shares traded	3,701,539	60,896,993	64,598,532
% of the total number of shares	7.9%	64.5%	45.7%
Trading volume, EUR million	60.8	1,001.4	1,062.2
Closing quotation on 31 Dec 2010, EUR	16.40	16.37	
Lowest quotation, EUR (A and B 9 August 2011)	13.10	13.19	
Average quotation, EUR	16.42	16.44	
Highest quotation, EUR (A 3 June, B 1 June 2011)	18.05	18.14	
Closing quotation on 30 September 2011, EUR	15.20	15.14	
Market capitalisation on 30 September 2011 excluding treasury shares, EUR million	687.8	1,447.3	2,135.1

PERFORMANCE PER SHARE

	Q3/11	Q3/10	Change %	Q1-Q3/11	Q1-Q2/10	Change %	2010
Basic earnings per share, EUR	0.34	0.37	-7.3%	1.17	1.05	+11.1%	1.31
Diluted earnings per share, EUR	0.34	0.37	-7.3%	1.17	1.05	+11.1%	1.31
Cash flow per share before financial items, EUR	0.23	0.34	-32.5%	0.77	0.82	-5.8%	1.26
Equity per share, EUR				3.22	3.05	+5.7%	3.32
Average number of shares excluding treasury shares, 1,000 shares	140,844	140,751		140,821	140,977		140,917



Appendices

Reporting

Orion Corporation is the parent company of the Orion Group. The Group consists of two business areas, or operating segments, and five business divisions. Orion reports on its operations segmentally.

- Pharmaceuticals business
 - Proprietary Products (patented prescription products for three therapy areas)
 - Specialty Products (off-patent, generic prescription products and self-care products)
 - Animal Health (veterinary products for pets and production animals)
 - Fermion (active pharmaceutical ingredients for Orion and other companies)
- Diagnostics business
 - Orion Diagnostica (diagnostic test systems for point-of-care in healthcare and hygiene tests for industry).

Contract manufacturing and other, i.e. manufacturing for other companies, is included in the Pharmaceuticals business segment, but it is not a separate business division, it is part of the Group's Supply Chain organisation.

Accounting policies

This Interim Report has been prepared in accordance with IAS 34 *Interim Financial Reporting* standard applying the same accounting policies as for the Financial Statements 2010. In addition, the following new standards, interpretations and amendments to existing standards and interpretations endorsed by the EU have been adopted as of 1 January 2011. However, they do not have material effects on the Consolidated Financial Statements:

- IAS 24 (Revised), *Related Party Disclosures*
- IAS 32 (Amendment), *Financial Instruments: Presentation – Classification of Rights Issues*
- IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*
- IFRIC 14 (Amendment), *IAS 19, Prepayments of a Minimum Funding Requirement*

IASB published changes to seven standards or interpretations in 2010 as part of the annual improvements to standards. As of 1 January 2011 the Group has adopted the following changes endorsed by the EU, but they do not have material effects on the Consolidated Financial Statements:

- IFRS 3 (Amendments), *Business Combinations*
- IFRS 7 (Amendment), *Financial Instruments: Financial Statement Disclosures*
- IAS 1 (Amendment), *Presentation of Financial Statements – Statement of Changes in Equity*
- IAS 27 (Amendment), *Consolidated and Separate Financial Statements*
- IAS 34 (Amendment), *Interim Financial Reporting*
- IFRIC 13 (Amendment), *Customer Loyalty Programmes*

The policies and calculation methods applied during the period can be found on the Orion website at www.orion.fi/en/investors.

Other matters

The data in this financial review are not audited.

The figures in parentheses are for the comparative period of the previous year. All the figures in this report have been rounded, which is why the total sums of individual figures may differ from the total sums shown.



CALCULATION OF THE KEY FIGURES

$$\text{Return on capital employed (ROCE),\%} = \frac{\text{Profit before taxes + Interest and other finance expenses}}{\text{Total assets - Non-interest-bearing liabilities (average during the period)}} \times 100$$

$$\text{Return on equity (ROE),\%} = \frac{\text{Profit for the period}}{\text{Total equity (average during the period)}} \times 100$$

$$\text{Equity ratio,\%} = \frac{\text{Equity}}{\text{Total assets - Advances received}} \times 100$$

$$\text{Gearing,\%} = \frac{\text{Interest-bearing liabilities - Cash and cash equivalents - Money market investments}}{\text{Equity}} \times 100$$

$$\text{Earnings per share, EUR} = \frac{\text{Profit available for the owners of the parent company}}{\text{Average number of shares during the period, excluding treasury shares}}$$

$$\text{Cash flow per share before financial items, EUR} = \frac{\text{Cash flow from operating activities + Cash flow from investing activities}}{\text{Average number of shares during the period, excluding treasury shares}}$$

$$\text{Equity per share, EUR} = \frac{\text{Equity of the owners of the parent company}}{\text{Number of shares at the end of the period, excluding treasury shares}}$$

$$\text{Average share price, EUR} = \frac{\text{Total EUR value of shares traded}}{\text{Average number of traded shares during the period}}$$

$$\text{Market capitalisation, EUR million} = \text{Number of shares at the end of the period} \times \text{Closing quotation of the period}$$

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Orion is an innovative European R&D-based pharmaceutical and diagnostic company with a special emphasis on developing medicinal treatments and diagnostic tests for global markets. Orion develops, manufactures and markets human and veterinary pharmaceuticals, active pharmaceutical ingredients and diagnostic tests. Orion's pharmaceutical R&D focuses on the following core therapy areas: central nervous system drugs, oncology and critical care drugs, and Easyhaler® pulmonary drugs.

The Group's net sales in 2010 amounted to EUR 850 million. The Company invested EUR 86 million in research and development. At the end of 2010, the Group had about 3,100 employees, of whom 2,500 worked in Finland and the rest in other countries. Orion's A and B shares are listed on NASDAQ OMX Helsinki.