

Orion Group Interim Report 1–6/2008

Steady growth continued

Orion's net sales for the first two quarters of 2008 were EUR 362.3 (345.8) million, up by 4.8% on the comparative period of January–June in 2007.

- Operating profit was EUR 108.6 (104.3) million.
- Profit before taxes was EUR 108.9 (105.1) million.
- Equity ratio was 63.0% (72.1%).
- Return on capital employed (ROCE) was 50.0% (51.6%).
- Earnings per share were EUR 0.57 (0.55).

Orion's key figures for the review period

	Q2/08	Q2/07	% change	Q1-Q2/08	Q1-Q2/07	% change	2007
Net sales, EUR million	180.0	166.6	+8.0%	362.3	345.8	+4.8%	683.6
Operating profit (EBIT), EUR million	45.2	43.7	+3.4%	108.6	104.3	+4.1%	192.0
% of net sales	25.1%	26.2%		30.0%	30.2%		28.1%
Profit before taxes, EUR million	44.9	43.7	+2.6%	108.9	105.1	+3.7%	193.4
% of net sales	24.9%	26.2%		30.1%	30.4%		28.3%
R&D expenses, EUR million	27.1	25.7	+5.7%	50.8	47.5	+7.0%	98.5
% of net sales	15.1%	15.4%		14.0%	13.7%		14.4%
Capital expenditure, EUR million	21.9	8.6	+155.3%	31.3	14.7	+113.6%	35.3
% of net sales	12.2%	5.2%		8.6%	4.2%		5.2%
Balance Sheet total, EUR million				581.3	505.5	+15.0%	567.6
Equity ratio, %				63.0%	72.1%		76.0%
Gearing, %				6.8%	-5.6%		-20.0%
Interest-bearing liabilities, EUR million				87.0	20.3	+328.9%	4.0
Non-interest-bearing liabilities, EUR million				128.4	120.7	+6.4%	132.4
Cash and cash equivalents, EUR million				62.2	40.6	+53.1%	90.4
ROCE (before taxes), %				50.0%	51.6%		44.8%
ROE (after taxes), %				40.1%	38.9%		33.5%
Earnings per share, EUR	0.23	0.23	+2.9%	0.57	0.55	+3.8%	1.02
Equity per share, EUR				2.60	2.58	+0.6%	3.05
Personnel at the end of the period				3 351	3 254	+3.0%	3 176

As of 1 January 2008 the Orion Group has changed the accounting policy regarding disability pension liability (IAS 19 'Employee benefits'). The adjusted key figures for previous periods are presented in the table 'Adjusted key figures' that can be found in the end of this release.

CEO Timo Lappalainen's review

"The net sales we attained during the first half of this year grew by almost 5% compared to the same period last year, even though the growth was substantially slowed down by the exit of Calcimagon from the German portfolio and the weakening of the US dollar rate. The Group's operating profit improved as well regardless of the planned increase in expenditure on research and sales as well as the costs caused by the ongoing patent infringement lawsuits in the USA."

"Our estimate of the Group's outlook for the full year 2008 remains unchanged compared to the previously published one in the 2007 financial statements and Q1/2008 interim report. The entire outlook estimate and the related preamble are found on page 5 of this report."

"Orion has continued to strengthen its product portfolio by entering into new in-licensing agreements that often cover broader geographical marketing rights than in the past. This enables us to expand our operations in Europe step by step in accordance with our strategy. These new products must, however, undergo a marketing approval process and often also some product development before entering the markets. Therefore the increase in net sales as a result of these new agreements will take some time."

"Our expenditure on research continues as planned. It was clearly a disappointment to discontinue the development of the new COMT inhibitor. Nevertheless, we have several other promising projects on-going, to which the released resources will be directed."

Events during the 2nd quarter of 2008

In April, based on the favourable results received from the FIRST STEP -study Orion applied for an expanded indication for Stalevo[®] (levodopa, carbidopa and entacapone) in the USA and Europe. The aim is to extend the indication to those early-stage patients whose Parkinson's Disease impairment requires the initiation of levodopa medication. The FIRST STEP -study was conducted in North America and Europe by Orion's marketing partner Novartis.

In April, Orion signed an in-licensing agreement with the American company Indevus Pharmaceuticals, Inc. and acquired European-wide marketing rights for Vantas[®] (histrelin) for the treatment of advanced prostate cancer.

In May, Orion signed an in-licensing agreement with the Italian company Recordati S.p.A. and acquired the rights to market Kentera[®] (oxybutynin) for the treatment of urge incontinence and overactive bladder in the territory covering the Nordic countries and Switzerland.

In May, Orion announced that it will not continue the development of the new COMT inhibitor, which had progressed to the end of the clinical phase I. Based on the overall results received from the studies the company concluded that the properties of the lead molecule would not outperform the already commercialised COMT inhibitors.

In June, Orion announced to recall the production batch No.0710391 of Thyroxin[®] (levothyroxine) in Finland. The medicine is used in the treatment of hypothyroidism. A tablet of heart medicine digoxin had been found in two packages of the batch.

In June, Orion's marketing rights for Paclical[®] Vet (paclitaxel) were expanded to cover the whole Europe, as Orion entered into a new agreement with the Swedish company Oasmia Pharmaceutical AB. Paclical Vet is a new nano particle formulation of paclitaxel being developed by Oasmia for skin cancer treatment for dogs. In late 2007, Orion already entered into a licensing agreement with Oasmia for human Paclical[®] (paclitaxel) for the treatment of women's ovarian cancer.

Events after the review period

On 9 July 2008 Orion has withdrawn a loan of EUR 40 million granted by Nordic Investment Bank. The loan will be repaid during the next seven years and its interest rate is tied to the 6 months euribor interest rate.

Teleconference in English

A conference call for analysts and the media on the Q1–Q2/2008 result will be held on **Tuesday, 5 August 2008, starting at 14.00 EET**. The language of the teleconference and the presentation is English. The release and the presentation material will be available after publishing on the Group's homepage at www.orion.fi/investors.

The phone numbers to the conference call are:
+1 866 966 5335 for participants in the USA
+44 203 023 4438 for others

The guidance for joining the teleconference is provided on the front page of www.orion.fi/investors. The on-demand recording of the teleconference will be accessible on the homepage later the same day. It can also be accessed via www.earnings.com or Thomson/CCBN's password-protected event management site, StreetEvents at www.streetevents.com.

Orion's publication dates for the rest of 2008

The Group's Interim Report for 1–9/2008 will be published on Tuesday 28 October, 2008.

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

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Financial performance in 1–6/2008

Net sales

The Orion Group's net sales for the first two quarters in 2008 were EUR 362.3 million (1–6/2007: EUR 345.8 million), up by 4.8% on the comparative period January–June in 2007. The net effect of currency exchange rates, mainly the US dollar, was EUR 8.8 million negative.

The Pharmaceuticals business had net sales of EUR 338.5 (324.7) million, up by 4.3%. The products based on in-house R&D accounted for EUR 156.5 (147.2) million, or about 46% (45%) of the Pharmaceuticals business segment's net sales. The net sales from the Parkinson's drugs, Stalevo[®] and Comtess[®]/Comtan[®], totalled EUR 105.2 (102.0) million, or about 31% (31%) of the business segment's net sales.

The Diagnostics business had net sales of EUR 24.7 (22.1) million, up by 12.0% on the comparative period. The growth came mainly from the good sales performance of the QuikRead[®] infection tests.

Operating profit

The Pharmaceuticals business generated operating profit (EBIT) of EUR 108.8 (105.3) million, up by 3.3%. The gross margin increased more rapidly than the net sales due to proportionally greater sales of high-margin products than in the comparative period. Investments in sales and research rose slightly as planned.

The Diagnostics business's operating profit was EUR 4.9 (5.0) million, down by 1.9%. Despite the good sales performance profitability slightly declined as a consequence of clearly higher expenditure on sales and product development compared to the previous year.

Operating expenses

Operating expenses were EUR 145.1 (135.5) million, up by 7.1%. Selling and marketing expenses were EUR 72.3 (69.2) million, up by 4.5%. The Group's R&D expenditure amounted to EUR 50.8 (47.5) million, up by 7.0% and accounted for 14.0% (13.7%) of consolidated net sales. Pharmaceutical R&D expenses were EUR 48.6 million. The R&D activities are reported in the business review of the Pharmaceuticals business segment. Administrative expenses for the period included EUR 2.1 million in costs of the on-going patent infringement lawsuits in the USA.

Profit before taxes

Group profit before taxes was EUR 108.9 (105.1) million. Earnings per share were EUR 0.57 (0.55). Equity per share was EUR 2.60 (2.58). The return on capital employed before taxes (ROCE) was 50.0% (51.6%) and the return on equity after taxes (ROE) was 40.1% (38.9%).

Balance Sheet and financial position

The Group's gearing was 6.8% (-5.6%) and the equity ratio was 63.0% (72.1%). Total liabilities in the Balance Sheet at 30 June 2008 totalled EUR 215.4 (140.9) million, of which EUR 87.0 (20.3) million were interest-bearing liabilities, most of which were short-term loans taken to finance the dividend payment.

The Group's cash and cash equivalents amounted to EUR 62.2 (40.6) million and they were invested in short-term interest-bearing instruments issued by financially solid financial institutions and corporations.

Cash flows

Cash flows from operating activities in the first half of 2008 totalled EUR 60.6 (75.6) million. Operating profit improved slightly on the comparative period, but the cash flow decreased as additional EUR 21.0 million were tied to the working capital compared to the period of Jan–Jun 2007. The majority of the change derived from inventories, which were up by EUR 19.7 million from those of the end of 2007 and up by EUR 33.5 million from those of the end of June 2007. The level of inventories has been increased primarily in order to secure a good continuity of supply.

Cash flows from investing activities were EUR 25.5 (-13.5) million negative. The increase was a result of purchases of immaterial property rights.

Cash flows from financing activities were EUR 63.1 (-131.8) million negative. Dividend payments were EUR 140.9 (141.4) million. Current liabilities increased by EUR 83.0 (10.0) million and EUR 4.8 million were spent on the repurchases of treasury shares.

Capital expenditure

The Group's capital expenditure totalled EUR 31.3 (14.7) million. The increase was mainly caused by the purchases of intangible assets that accounted for EUR 15.5 (3.3) million. The main items were the purchases of marketing rights for Vantas, Kentera and Paclical Vet and product rights for Favora.

Outlook for 2008

Net sales will grow slightly from 2007. Pharmaceutical sales via Orion's own sales network are expected to continue growing moderately in Finland and to continue showing growth outside Finland, where growth will nevertheless be slowed down by the expiry at the end of 2007 of the licence agreement for the Calcimagon osteoporosis drug that was marketed in Germany. In-market sales of Parkinson's drugs will show further growth, but at a slower rate than previously. The deliveries of Parkinson's drugs to Novartis are estimated to remain at the level of 2007.

Marketing and research expenditure will increase moderately. **Marketing expenses** will be added in particular by the product launches by Orion's own units outside Finland. **Research expenses** will grow mainly due to the clinical studies that were started in the previous year. The patent litigations having started in the United States will increase **administrative expenses** in 2008.

Operating profit excluding non-recurring items is estimated to grow slightly from 2007. Such non-recurring items include the one-off compensation for the termination of the Calcimagon licence agreement in 2007, and the patent litigation expenses in 2008.

R&D expenses will be slightly over EUR 100 million. **Capital expenditure** will be about EUR 50 million, not including new substantial product or company acquisitions.

Preamble

No major regulatory changes affecting the market structure are expected to take place in Finland during 2008, as the planned reference price system is anticipated to come into effect in 2009. Therefore the moderate market growth is expected to continue. Launches of new products will support Orion's growth in Finland. On the other hand, the growth will be slowed down by heavy price competition affecting mainly substitutable prescription drugs, which is an important sector for Orion.

The growth in in-market sales of the Parkinson's drugs, Stalevo and Comtess/Comtan, in 2007 was under 15%, which is lower than in previous years. The growth is expected to slightly slow further down during 2008. Orion's own sales are anticipated to develop in line with the overall market for Parkinson's drugs and the deliveries to Novartis are estimated to remain at the level of 2007. The growth in the euro-denominated value of the deliveries is hampered by the deterioration of the US dollar exchange rate. On the basis of current information, Novartis's stock levels are expected to slightly decrease in 2008.

Because the registrations and launches of new products are projects that take more than a year, the resources and other material inputs required for them in 2008 have been mostly planned in the previous year.

The majority of the expenses of pharmaceutical research are caused by the clinical trials. They are typically performed in clinics located in several countries. Research work takes the long view, so therefore the cost level of the clinical studies that are under way or that have been planned for 2008 can be estimated fairly well.

The estimated costs of the patent litigations having started in the United States are based on the planned timetables and work estimates. The costs resulting from the litigation will depend on a number of factors, which at the present stage are difficult to estimate accurately.

Near-term risks and factors of uncertainty relating to the outlook estimates

The company is not aware of any significant risk factors relating to the earnings outlook for 2008.

The sales of individual products and, on the other hand, Orion's sales in individual markets may vary slightly according to the extent to which the ever-tougher price and other competition that has prevailed in the pharmaceutical markets in recent years specifically affects Orion's products. Deliveries to Novartis are based on timetables that are jointly agreed in advance. Nevertheless, these can change, for example, as a consequence of decisions by Novartis concerning the adjustments of stock levels during the year. The litigations having started are not assumed to affect the sales of Comtan or Stalevo in the United States in 2008.

The most part of the exchange rate risk is related to the US dollar. Typically, less than 15% of Orion's sales come from North America. Only a small part of other sales is based on the US dollar.

Research projects always involve factors of uncertainty that may either increase or decrease estimated costs. The projects may progress more slowly or faster than assumed or they may be discontinued. Changes that may occur in ongoing clinical studies are nonetheless reflected in costs relatively slowly, and they are not estimated to have a material impact on the 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, and therefore they typically do not lead to unexpected essential changes in the estimated cost structure.

The risks identified by the company are described more comprehensively in the Financial Statements 2007 as well as on www.orion.fi/investors, under the Corporate Governance section.

Strategy

In June, Orion's Board of Directors confirmed the Group's strategy according to the same notions as before. The Group aims to grow profitably and to increase the shareholder value while managing the business risks.

Orion aims to strengthen and expand its present operations in Europe and to create partnerships in countries outside Europe. The current product portfolio will be strengthened by in-licensing products and product portfolios. Possible company acquisitions will also be evaluated continuously. At the same time Orion's aim is to maintain its position as the market leader in Finland.

The focus of the Group's R&D operations maintains on the early research and partnerships are established for clinical phase III studies at the latest. Additionally Orion increases the overall number of research programmes and balances the risks of individual projects in the research pipeline. Furthermore the Group seeks to purchase new molecules that are in early research in order to reinforce the research pipeline that is based on own research projects.

In near-term planning special emphasis has been paid on actions to meet the challenges on the development of the Group's net sales and profitability created by the expiry of entacapone patent.

All five business divisions i.e. Proprietary Products, Specialty Products, Animal Health, Fermion and Orion Diagnostica, have an important role in reaching the business targets. Nevertheless the main focus is on the two largest units, Proprietary Products and Specialty Products. Orion continues to identify new synergies and to strengthen the existing ones between patent protected proprietary products, generic prescription drugs and self-care products.

Financial objectives

The financial objectives of the Group remained the same:

- 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
- Equity ratio is maintained at the level of at least 50%.

Dividend distribution

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.

Personnel

The average number of employees in the Group during the first half of 2008 was 3,237 (3,141). At the end of June 2008, the Group had a total of 3,351 (3,254) employees, of whom 2,833 worked in Finland and 518 outside Finland.

Personnel in the Pharmaceuticals business segment grew by 107 employees from that of the end of June 2007. The increase had mainly taken place in the organisations of Global Sales and Supply Chain. The number of employees in the Diagnostics business segment decreased by four persons compared with the figures for June 2007.

Shares and shareholders

Orion Corporation has A-shares (ORNAV) and B-shares (ORNBV) that are both quoted on the OMX Nordic Exchange Helsinki in the Large Cap group under the Healthcare sector heading.

On 30 June 2008, Orion's share capital was EUR 92,238,541.46 and the total number of shares was 141,257,828, of which 51,940,668 were A-shares and 89,317,160 B-shares. Altogether 324,836 B-shares were in the possession of Orion Corporation. In the end of June 2008, the aggregate number of votes conferred by both share classes was 1,127,850,684 excluding the treasury shares. Information on trading in the company's shares is provided in the table section of the review.

Each A-share entitles its holder to twenty (20) votes at General Meetings, whereas each B-share carries one (1) vote. However, Orion Corporation, Orion Pension Fund and Orion-Farmos Research Fund do not have the right to vote at General Meetings of Orion's shareholders. Both shares entitle the shareholder to the same rights to the company's assets and to dividends distributed.

On the basis of the Articles of Association, a shareholder can demand the conversion of his or her A-shares to B-shares. In the second quarter of 2008, a total of 520,000 shares were converted. After the review period a total of 500,000 shares have been converted.

Authorisations of the Board of Directors

Orion Corporation's Board of Directors has an authorisation granted by the Annual General Meeting on 25 March 2008 to buy back and transfer the company's own shares (treasury shares), although so far the Board has not exercised this right. The Board of Directors does not have an authorisation to increase the share capital or to issue bonds with warrants or convertible bonds or stock options.

In March 2008, the Board of Directors of Orion Corporation exercised the authorisation granted by the AGM held on 2 April 2007 to repurchase a total of 350,000 B-shares. The shares were acquired in public trade from OMX Nordic Exchange Helsinki during 17–20 March 2008. By the decision of the Board of Directors, altogether 25,164 B-shares held by the company were conveyed on 20 March 2008 as a share bonus for 2007 to persons employed by the company and belonging to the Share-based Incentive Plan of the Orion Group. The transfer price of the shares conveyed is EUR 14.0869 per share, which is the weighted average price of the B-share on 20 March 2008. The total transfer price of the B-shares conveyed was EUR 354,482.75.

Shareholder structure

At the end of June 2008, Orion had a total of 40,468 registered shareholders, of whom 94.3% were private individuals. They held 47.8% of the entire share stock and had 58.7% of the total votes. There were 35.9 million nominee-registered shares, representing 25.4% of the shares and 6.0% of the votes.

On 30 June 2008, the number of treasury shares held by Orion Corporation was altogether 324,836 B-shares. The proportion of the treasury shares was 0.2% of the company's total share stock and 0.03% of the total votes.

No transactions exceeding the flagging limits set in the Finnish Securities Market Act have been brought to the attention of the company in the review period or until the publication of this report.

Legal proceedings

Legal proceedings against Wockhardt USA, Inc. and Wockhardt Limited

Orion Corporation has on 13 September 2007 filed a patent infringement lawsuit in the United States to enforce U.S. Patent No. 5,446,194 and U.S. Patent No. 5,135,950 against generic drug companies Wockhardt USA, Inc. and Wockhardt Limited, who seek to market generic entacapone (200 mg tablets) in the United States. Entacapone is the active ingredient in Comtan®, a product originated by Orion Corporation and marketed in the United States for the treatment of Parkinson's Disease by its exclusive licensee, Novartis. The trial has been set to begin on 16 November, 2009.

Orion Corporation and Novartis will vigorously defend the intellectual property rights covering Comtan. By virtue of the legal proceedings, the realisation of generic competition regarding Comtan is neither certain nor imminent.

Legal proceedings against Sun Pharmaceutical Industries Limited

Orion Corporation has on 13 November 2007 and 7 February 2008 filed patent infringement lawsuits in the United States to enforce U.S. Patent No. 6,500,867 (formulation patent) and U.S. Patent No. 5,446,194 against Sun Pharmaceutical Industries Limited, who seeks to market generic versions of Stalevo® tablets (25/100/200 and 37.5/150/200 mg strengths of carbidopa/levodopa/entacapone) in the United States. Stalevo is an enhanced levodopa treatment originated by Orion Corporation and marketed in the United States by its exclusive licensee, Novartis, for the treatment of Parkinson's disease.

Orion Corporation and Novartis will vigorously defend the intellectual property rights covering Stalevo. By virtue of the legal proceedings, the realisation of generic competition regarding Stalevo is neither certain nor imminent.

Review of the business segments

Pharmaceuticals business

Market review

Finland is the most important market area for Orion. According to statistics collected by Finnish Pharmaceutical Data Ltd, Finnish wholesales of human pharmaceuticals in the first two quarters of 2008 were EUR 952.9 (895.7) million, up by 6.3% on the comparative period last year. Pharmacy sales grew by 6.4%, and hospital sales increased almost at the same rate, growth being 6.3%. The wholesales of prescription drugs rose by 6.8%, whereas the wholesales of self-care products grew only by 2.4%. The development of Orion's sales was clearly faster than the overall market growth in the segments of pharmacy sales, prescription drugs and self-care products.

Orion is still strongly positioned as the leading marketer of pharmaceuticals in Finland. In the first two quarters of 2008, the wholesales of Orion's human pharmaceuticals totalled EUR 89.4 million, up 10.0% on the comparative period. The main reason for Orion's strong performance is the continuously renewed product portfolio. Orion's market share in the first half of 2008 was 9.4% (9.0%), and 2.0 percentage units higher than that of the second largest marketer.

Parkinson's Disease is a vital therapy area for Orion. According to IMS Health pharmaceutical sales statistics in the 12-month period ending in March 2008, the sales of Parkinson's Disease drugs in the USA totalled USD 1,309 (1,067) million, up by 22.8% on the comparative 12-month period. The exceptionally high growth rate is explained by the broadened indication of one dopamine agonist to the restless legs syndrome. The five largest European markets for Parkinson's Disease drugs were Germany, UK, France, Spain and Italy. Total sales of Parkinson's drugs in these countries in the same 12-month period totalled EUR 856 (790) million, with an average growth at 8.5%.

Net sales and operating profit of the Pharmaceuticals business

The net sales of the Pharmaceuticals business totalled EUR 338.5 (324.7) million in the first two quarters of 2008, up by 4.3% on the comparative period. Operating profit (EBIT) amounted to EUR 108.8 (105.3) million, up by 3.3%. The EBIT margin of the Pharmaceuticals business was 32.2% (32.4%) of the segment's net sales.

Proprietary Products

The net sales of the Proprietary Products business division in the first half of 2008 totalled EUR 144.3 (135.0) million, up by 6.9% on the comparative period.

The combined net sales of the Parkinson's Disease drugs, Stalevo[®] (levodopa, carbidopa and entacapone) and Comtess[®]/Comtan[®] (entacapone) totalled EUR 105.2 (102.0) million, up by 3.1% on the comparative period and accounting for 31% (31%) of the Pharmaceuticals business segment's net sales. Net sales from deliveries of Stalevo and Comtan to Novartis totalled EUR 60.1 (61.3) million, down by 1.9%. Net sales generated by Stalevo and Comtess in Orion's own sales organisation amounted to EUR 45.1 (40.7) million, up by 10.6%. Stalevo sales through Orion's own sales network grew by about 23%. The in-market sales of Stalevo and Comtan developed as anticipated, although the weak US dollar rate is reflected in the euro-denominated value of sales to Novartis.

The strategic focus of the Proprietary Products business division continues to be in the procurement of new products and molecules. Especially the product portfolio of the Urology and Oncology core therapy area has been strengthened during the spring with new licensing agreements.

In April, Orion purchased European-wide marketing rights for Vantas[®] (histrelin) for the treatment of advanced prostate cancer. Vantas is an implant that releases active ingredient, histrelin during a 12-month

period. As a result a patient does not need to take injections for the treatment several times a year. The product is already marketed in the USA, among others. A Mutual Recognition Procedure for European approvals is under way, based on the marketing authorisation already granted by Denmark in 2007. Vantas has also been approved already in Germany, Ireland and UK and product launches on these markets are planned for 2009.

In May, Orion purchased the rights to market Kentera[®] (oxybutynin) for the treatment of urge incontinence and overactive bladder in the territory covering the Nordic countries and Switzerland. Kentera is a plaster that contains oxybutynin, which is released into blood circulation when in use. The product was approved in the USA in 2003 and in Europe in 2004. Kentera was launched in the Nordic countries in June and it is estimated to be available in Switzerland by the end of 2008.

Both, Vantas and Kentera, are important new products in Orion's product portfolio of Urology and Oncology core therapy area.

GTx, Inc. is developing Acapodene[®] (toremifene citrate) from Orion's original compound toremifene. Based on the positive clinical data GTx plans to file a New Drug Application (NDA) in the USA by the end of 2008. Acapodene will be used in the treatment of side effects like osteoporosis caused by prostate cancer treatments.

Specialty Products

The net sales of the Specialty Products business division totalled EUR 126.0 (120.6) million, up by 4.4% on the comparative period. The product range comprises generic prescription medicines and self-care products. The total development was hampered by the termination of the license agreement for Calcimagon in late 2007. As a consequence of the termination the annual net sales of the German sales organisation will be reduced by approximately EUR 12 million.

The growth of Orion's business in the eastern European markets has continued strongly. Especially sales in Poland and Ukraine have developed very well. The solid base for Orion's growth in the eastern European markets has been the continuous flow of new product launches, of which especially an anti-psychotic quetiapine has been successful in Poland and the Czech Republic.

In Finland, the sales have developed favourably in the segments of self-care products and generic medicines. The positive trend has been supported by the continuously renewed product portfolio. In May, Orion purchased, among others, the product rights for Favora, a self-care product line.

The net sales of Easyhaler[®] asthma medicines totalled EUR 10.7 (7.6) million in the first two quarters of 2008, up by 40.5% on the comparative period. The particularly rapid growth is a result of successful product launches especially in Turkey and also in some other new countries, like Poland.

In May, the European Medicines Agency (EMA) started a marketing approval process for Orion's asthma medicine Salbutamole Easyhaler[®] (salbutamol inhalation powder 100 and 200 µg/dose). The decision is expected by the end of 2008.

Animal Health

The net sales of the Animal Health business division totalled EUR 34.4 (36.2) million, down by 4.9% on the comparative period. About 41% of the division's net sales derived from the animal sedatives – Dexdomitor[®] (dexmedetomidine), Domitor[®] (medetomidine), Domosedan[®] (detomidine) and Antisedan[®] (atipamezole) – whose sales declined by 13.1%. Sales in Europe are starting to be slackened by the entry of generic versions on the market. Sales in other regions suffer from the weak US dollar rate.

In June, along with a new in-licensing agreement Orion's marketing rights for Paclical[®] Vet (paclitaxel) were expanded to cover the whole Europe. The active ingredient, paclitaxel, is a new nano particle formulation of the cytostatic used in cancer treatments. Oasmia is conducting clinical phase III studies with paclitaxel in human use for the treatment of women's ovarian cancer as well as for animal use in the treatment of

mastocytome, which is one type of skin cancer in dogs. Oasmia is responsible for the clinical development, registration and production of Paclical-medicines.

Fermion

Fermion business division, which manufactures active pharmaceutical ingredients, generated EUR 19.4 (20.8) million in net sales in the first two quarters of 2008, down by 6.4% on the comparative period. The weak US dollar rate has influenced Fermion more negatively than the other business divisions in the Group. The impact of intra-Group transactions, that is, deliveries of active ingredients for Orion's own use, has been eliminated from the net sales. These have increased considerably from those of the comparative period.

The ten best-selling pharmaceutical products

The net sales of Orion's ten best-selling drugs were EUR 172.5 (162.1) million, up by 6.4% on the comparative period, and they accounted for about 51% (50%) of the Pharmaceuticals business segment's net sales. The net sales of Stalevo grew by 17.7% on the comparative period and accounted for over 21% of the pharmaceutical net sales. Deliveries of Comtan to Novartis were almost 24% less than in the comparative period. The fastest growth rates were achieved with the heart failure drug Simdax[®], (levosimendan), Easyhaler franchise for asthma, the breast cancer drug Fareston[®] (toremifene) and the painkiller Burana[®] (ibuprofen).

Products from in-house research

The net sales of products from in-house research totalled EUR 156.5 (147.2) million in the first two quarters of 2008 and accounted for 46% (45%) of the total net sales of the Pharmaceuticals business. Simdax, Easyhaler and Fareston were the products showing the best proportional growth.

Research and development

The Group's R&D expenses totalled EUR 50.8 (47.5) million of which the Pharmaceuticals business accounted for EUR 48.6 (45.6) million. R&D expenses were 14.0% (13.7%) of the Group net sales.

The focus of the Group's R&D operations continues to be on the early research and partnerships are established for the clinical phase III at the latest, especially when the aim is to receive marketing approvals in countries outside Europe. Orion's pharmaceutical R&D focuses on three core therapy areas: central nervous system, cardiology and critical care, as well as urology and oncology. In addition to in-house activities, Orion is engaged in several research collaboration partnerships with other pharmaceutical companies and numerous academic communities. The licensing agreements with these instances provide Orion with rights for further development and marketing of the candidate compounds possibly resulting from the research efforts.

Based on the favourable results received from the **FIRST STEP** -study, Orion has applied for an expanded indication for Stalevo[®] (levodopa, carbidopa and entacapone) in the USA and Europe. The aim is to extend the indication to those early-stage patients whose Parkinson's Disease impairment requires the initiation of levodopa medication. FIRST STEP -study was conducted in North America and Europe by Orion's marketing partner Novartis.

The FIRST STEP study is complemented by the **STRIDE-PD** study, which Orion is conducting together with Novartis. This study is to determine whether Stalevo can delay the onset of involuntary movements, that is, dyskinesias, in Parkinson's patients. The trial is being conducted in 14 countries and it involves 747 patients. The results are currently expected at the turn of 2008–2009.

Phase III clinical studies are under way with **dexmedetomidine** in patients in intensive care as an infusion administered for over 24 hours. The programme aims to have the product registered in Europe. Dexmedetomidine is compared with midazolam in the MIDEX-research and with propofol in the PRODEX-study. Both studies are planned to involve 500 patients. The programme was started in the summer of 2007 and it is estimated to last two years. Dexmedetomidine is already available in, for example, the USA and

Japan as a sedative for patients in intensive care and administrable as an infusion for a maximum of 24 hours.

The **LEVET** programme is studying the efficacy of levosimendan in the treatment of heart diseases in dogs, with an aim to receive marketing authorisations in the USA and the EU.

For the **Easyhaler** product family, a new formulation is being developed combining budesonide as an anti-inflammatory agent and formoterol as a long-acting bronchodilator.

An alpha 2_c receptor antagonist is being studied in clinical phase I. The preclinical profile of this compound fits for the treatment of the symptoms of schizophrenia, for example. Other possible indications are Alzheimer's Disease and depression.

In early research phase Orion has several projects investigating selective androgen receptor modulators (SARM), prostate cancer, neuropathic pain, Parkinson's Disease and other possible indications within intensive care, among others.

Orion has announced that it will not continue the development of the **new COMT inhibitor**, which had progressed to the end of the clinical phase I. Based on the overall results received from the studies the company concluded that the properties of the lead molecule would not outperform the already commercialised COMT inhibitors.

Diagnostics business

The net sales of the Diagnostics business totalled EUR 24.7 (22.1) million in the first two quarters of 2008, up by 12.0% on the comparative period. Operating profit amounted to EUR 4.9 (5.0) million, down by 1.9%. Despite the good development in sales, the operating profit declined as a result of planned investments in marketing and research.

The Orion Diagnostica business division devotes its sales efforts to the products with the best profitability. The main products are the QuikRead[®] tests which continued showing the best growth. The tests are used for example in detecting infection from the CRP concentration of the blood sample. During the spring, the launch of the QuikRead[®] Strep A -test began also in the Nordic countries. The new is used to detect streptococcus A -bacteria, the causative agent of bacterial tonsillitis, from the pharyngeal sample. The sales of dip slide tests developed also steadily.

Espoo, 5 August 2008

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen
CEO

Jari Karlson
CFO

Tables

GROUP INCOME STATEMENT

EUR million	Q2/08	Q2/07	% change	Q1-Q2/08	Q1-Q2/07	% change	2007
Net sales	180.0	166.6	+8.0%	362.3	345.8	+4.8%	683.6
Cost of goods sold	-59.5	-53.2	+11.7%	-109.6	-107.3	+2.2%	-219.3
Gross profit	120.6	113.4	+6.3%	252.6	238.5	+5.9%	464.3
Other operating income	0.6	0.6	-4.5%	1.1	1.3	-17.6%	9.0
Selling and marketing expenses	-37.2	-35.5	+4.8%	-72.3	-69.2	+4.5%	-143.4
R&D expenses	-27.1	-25.7	+5.7%	-50.8	-47.5	+7.0%	-98.5
Administrative expenses	-11.7	-9.2	+26.8%	-22.0	-18.8	+16.8%	-39.4
Operating profit	45.2	43.7	+3.4%	108.6	104.3	+4.1%	192.0
Financial income	0.9	0.6	+40.0%	2.4	1.9	+22.9%	3.9
Financial expenses	-1.3	-0.6	+99.6%	-2.0	-1.1	+78.1%	-2.5
Profit before taxes	44.9	43.7	+2.6%	108.9	105.1	+3.7%	193.4
Income tax expense	-12.1	-11.8	+2.6%	-29.1	-28.0	+3.8%	-49.5
Profit for the period	32.8	32.0	+2.6%	79.9	77.1	+3.6%	143.9
of which attributable to:							
Parent company shareholders	32.8	31.9	+2.6%	79.9	77.1	+3.6%	143.9
Minority interest	0.0	0.0		0.0	0.0		0.0
Earnings per share, EUR*	0.23	0.23	+2.9%	0.57	0.55	+3.8%	1.02
Depreciation and amortisation	7.7	7.7	-0.1%	15.3	16.2	-5.7%	31.6
Personnel expenses	43.9	40.5	+8.4%	83.9	77.1	+8.8%	156.3

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

BALANCE SHEET

Assets

EUR million	6/08	6/07	% change	12/07
Non-current assets				
Property, plant and equipment	189.4	185.3	+2.2%	186.6
Goodwill	13.5	13.5		13.5
Other intangible assets	35.5	21.7	+63.5%	23.0
Investments in associates	0.1	0.1		0.1
Available-for-sale investments	0.9	1.0	-5.8%	0.9
Pension asset	28.0	34.4	-18.6%	26.8
Deferred tax assets	3.4	1.3	+166.9%	3.9
Other non-current assets	4.6	2.3	+96.6%	4.0
Non-current assets total	275.4	259.6	+6.1%	258.7
Current assets				
Inventories	140.8	107.4	+31.2%	121.1
Trade receivables	87.7	84.6	+3.6%	82.9
Other receivables	15.2	13.3	+14.3%	14.4
Cash and cash equivalents	62.2	40.6	+53.1%	90.4
Current assets total	305.9	245.9	+24.4%	308.9
Assets total	581.3	505.5	+15.0%	567.6

Equity and liabilities

EUR million	6/08	6/07	% change	12/07
Equity				
Share capital	92.2	92.2		92.2
Share premium	17.8	17.8		17.8
Expendable fund	23.0	23.0		23.0
Other reserves	0.9	0.4	+102.7%	0.5
Retained earnings	231.9	231.0	+0.4%	297.6
Equity of the parent company shareholders	365.9	364.5	+0.4%	431.1
Minority interest	0.0	0.0	+5.8%	0.0
Equity total	366.0	364.5	+0.4%	431.2
Non-current liabilities				
Deferred tax liabilities	42.3	44.5	-5.0%	41.9
Pension liability	1.0	1.0	-0.1%	1.0
Provisions	0.5	0.2	+90.7%	0.2
Interest-bearing non-current liabilities	1.2	7.5	-83.8%	1.2
Other non-current liabilities	2.1	0.2		2.1
Non-current liabilities total	47.0	53.4	-11.9%	46.4
Current liabilities				
Trade payables	32.8	26.5	+23.6%	34.3
Income tax liabilities	4.2	3.5	+18.8%	3.4
Other current liabilities	45.6	44.5	+2.4%	49.5
Provisions	0.0	0.2	-98.1%	0.0
Interest-bearing current liabilities	85.8	12.8	+568.6%	2.9
Current liabilities total	168.4	87.6	+92.2%	90.1
Equity and liabilities total	581.3	505.5	+15.0%	567.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium	Expendable fund	Other reserves	Translation differences	Retained earnings	Equity of the parent company shareholders	Minority interest	Total
Equity on 31 Dec 2006	92.2	17.8	23.0	0.5	-3.4	313.3	443.5	0.0	443.5
Effect of change in accounting policy						-14.6	-14.6		-14.6
Equity on 31 Dec 2006	92.2	17.8	23.0	0.5	-3.4	298.7	428.8	0.0	428.8
Available-for-sale-investments and cash flow hedges				0.0			0.0		0.0
Translation differences					-0.7		-0.7		-0.7
Net unrealised gains recognised directly in equity				0.0	-0.7		-0.7		-0.7
Effect of change in accounting policy						-1.5	-1.5		-1.5
Profit for the period						145.4	145.4		145.4
Recognised income and expenses total				0.0	-0.7	143.9	143.2		143.2
Dividend						-141.3	-141.3		-141.3
Share-based incentive plan						0.4	0.4		0.4
Other changes				-0.0		-0.1	-0.1	0.0	-0.1
Equity on 31 Dec 2007 before change in accounting policy	92.2	17.8	23.0	0.5	-4.1	317.9	447.3	0.0	447.3
Effect of change in accounting policy						-16.2	-16.2		-16.2
Equity on 31 Dec 2007	92.2	17.8	23.0	0.5	-4.1	301.7	431.1	0.0	431.2
Available-for-sale-investments and cash flow hedges				0.7			0.7		0.7
Translation differences					-0.3		-0.3		-0.3
Net unrealised gains recognised directly in equity				0.7	-0.3		0.4		0.4
Profit for the period						79.9	79.9	0.0	79.9
Recognised income and expenses total				0.7	-0.3	79.9	80.3	0.0	80.3
Dividend						-140.9	-140.9		-140.9
Repurchase of own shares						-4.8	-4.8		-4.8
Share-based incentive plan						0.3	0.3		0.3
Other changes				-0.3		0.2	-0.1	0.0	-0.1
Equity on 30 June 2008	92.2	17.8	23.0	0.9	-4.4	236.4	365.9	0.0	366.0

CASH FLOW STATEMENT

EUR million	Q1-Q2/08	Q1-Q2/07	2007
Cash flow from operating activities			
Operating profit	108.6	104.3	192.0
Adjustments	14.2	13.3	31.2
Change in working capital	-35.8	-14.8	-14.7
Interest paid	-1.3	-0.9	-2.1
Interest received	2.6	2.0	3.8
Income taxes paid	-27.7	-28.2	-55.5
Net cash from operating activities	60.6	75.6	154.7
Cash flow from investing activities			
Purchases of property, plant, equipment and intangible assets	-26.3	-13.9	-34.6
Proceeds from sale of property, plant, equipment, intangible assets and available-for-sale investments	0.8	0.5	9.3
Net cash used in investing activities	-25.5	-13.5	-25.3
Cash flow from financing activities			
Change in short-term loans	83.0	10.0	-0.8
Repayments of long-term loans	-0.4	-0.4	-6.4
Repurchase of own shares	-4.8	-	-
Dividends paid and other distribution of profits	-140.9	-141.4	-141.3
Net cash used in financing activities	-63.1	-131.8	-148.5
Net change in cash and cash equivalents	-28.0	-69.6	-19.1
Cash and cash equivalents at the beginning of the period	90.4	110.0	110.0
Foreign exchange adjustments	-0.2	0.2	-0.5
Net change in cash and cash equivalents	-28.0	-69.6	-19.1
Cash and cash equivalents at the end of the period	62.2	40.6	90.4

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	Q1-Q2/08	Q1-Q2/07	2007
Carrying amount at the beginning of the period	186.6	187.1	187.1
Additions	15.9	11.3	27.7
Disposals	-0.8	-0.6	-3.2
Depreciation	-12.3	-12.5	-25.0
Carrying amount at the end of the period	189.4	185.3	186.6

CHANGES IN OTHER INTANGIBLE ASSETS

EUR million	Q1-Q2/08	Q1-Q2/07	2007
Carrying amount at the beginning of the period	23.0	21.9	21.9
Additions	15.5	3.3	7.6
Disposals	-0.0		-0.0
Depreciation	-3.0	-3.6	-6.6
Carrying amount at the end of the period	35.5	21.7	23.0

COMMITMENTS AND CONTINGENCIES

EUR million	6/08	6/07	12/07
Contingent for own liabilities			
Mortgages on land and buildings	19.0	25.5	25.5
of which those to Orion Pension Fund	9.0	9.0	9.0
Guarantees	1.4	1.5	1.4
Other liabilities			
Leasing liabilities (excl. finance lease contracts)	4.3	4.7	4.5
Other liabilities	0.3	0.3	0.3

DERIVATIVES

EUR million	6/08	6/07	12/07
Currency forward contracts:			
- fair value	0.7	0.5	0.3
- nominal value	62.4	74.4	66.7
Electricity forwards contracts:			
- fair value	0.8		0.0
- nominal value	2.3		0.6

RELATED PARTY TRANSACTIONS

EUR million	Q1-Q2/08	Q1-Q2/07	2007
Management benefits	2.1	1.8	3.1

EUR million	6/08	6/07	12/07
Non-current liabilities to Orion Pension Fund		6.0	

Review of the business segments

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

	Q2/08	Q2/07	% change	Q1-Q2/08	Q1-Q2/07	% change	2007
Net sales, EUR million	168.0	156.8	+7.2%	338.5	324.7	+4.3%	643.3
Operating profit, EUR million	45.7	45.1	+1.4%	108.8	105.3	+3.3%	197.1
% of net sales	27.2%	28.8%		32.2%	32.4%		30.6%
R&D expenses, EUR million	26.0	24.7	+5.3%	48.6	45.6	+6.6%	94.2
% of net sales	15.5%	15.7%		14.4%	14.1%		14.6%
Capital expenditure, EUR million	20.5	7.9	+159.8%	29.5	13.5	+118.0%	32.5
% of net sales	12.2%	5.0%		8.7%	4.2%		5.1%
Net sales from proprietary products, EUR million	78.9	70.2	+12.4%	156.5	147.2	+6.3%	292.3
Personnel at the end of the period				3 033	2 926	+3.7%	2 864

NET SALES OF THE TOP 10 PHARMACEUTICAL PRODUCTS

EUR million	Q2/08	Q2/07	% change	Q1-Q2/08	Q1-Q2/07	% change	2007
Stalevo (Parkinson's Disease)	37.8	28.6	+32.1%	72.6	61.7	+17.7%	126.9
Comtess / Comtan (Parkinson's Disease)	15.1	18.8	-19.6%	32.6	40.3	-19.2%	73.3
Domitor, Dexdomitor, Domosedan and Antisedan (animal sedatives)	6.6	8.1	-18.6%	14.0	16.1	-13.1%	27.5
Easyhaler (asthma)	6.2	3.9	+60.4%	10.7	7.6	+40.5%	17.3
Simdax (heart failure)	4.8	3.1	+51.3%	9.5	6.6	+42.8%	15.1
Burana (inflammatory pain)	4.1	3.6	+13.8%	9.3	7.7	+19.9%	15.6
Divina-series (menopausal symptoms)	4.1	3.7	+12.4%	7.5	7.3	+3.2%	15.9
Enanton (prostate cancer)	3.3	3.2	+2.0%	6.5	6.5	-0.6%	12.9
Fareston (breast cancer)	2.5	1.8	+37.2%	5.3	3.9	+36.7%	8.2
Marevan (anticoagulant)	2.5	2.3	+5.7%	4.5	4.2	+6.8%	8.3
Total	87.0	77.2	+12.6%	172.5	162.1	+6.4%	320.9
Share of pharmaceutical net sales	52%	49%		51%	50%		50%

KEY FIGURES FOR DIAGNOSTICS BUSINESS

	Q2/08	Q2/07	% change	Q1-Q2/08	Q1-Q2/07	% change	2007
Net sales, EUR million	12.6	10.3	+21.7%	24.7	22.1	+12.0%	42.0
Operating profit, EUR million	2.5	1.8	+42.4%	4.9	5.0	-1.9%	6.3
% of net sales	20.2%	17.3%		19.8%	22.6%		15.0%
Capital expenditure, EUR million	1.3	0.3	+395.0%	1.4	0.4	+257.7%	1.6
% of net sales	10.0%	2.5%		5.7%	1.8%		3.7%
Personnel at the end of the period				290	294	-1.6%	283

Performance by segment

NET SALES BY BUSINESS SEGMENT

EUR million	Q2/08	Q2/07	% change	Q1-Q2/08	Q1-Q2/07	% change	2007
Pharmaceuticals business	168.0	156.8	+7.2%	338.5	324.7	+4.3%	643.3
Proprietary Products	71.0	63.7	+11.5%	144.3	135.0	+6.9%	270.8
Specialty Products	62.2	58.9	+5.6%	126.0	120.6	+4.4%	241.5
Animal Health	17.8	18.6	-4.5%	34.4	36.2	-4.9%	66.8
Fermion	10.5	9.7	+8.6%	19.4	20.8	-6.4%	38.1
Other	6.4	5.9	+9.8%	14.5	12.1	+19.0%	26.1
Diagnostics business	12.6	10.3	+21.7%	24.7	22.1	+12.0%	42.0
Group items	-0.5	-0.5	+14.4%	-1.0	-1.0	+1.6%	-1.7
Group total	180.0	166.6	+8.0%	362.3	345.8	+4.8%	683.6

OPERATING PROFIT BY BUSINESS SEGMENT

EUR million	Q2/08	Q2/07	% change	Q1-Q2/08	Q1-Q2/07	% change	2007
Pharmaceuticals business	45.7	45.1	+1.4%	108.8	105.3	+3.3%	197.1
Diagnostics business	2.5	1.8	+42.4%	4.9	5.0	-1.9%	6.3
Group items	-3.1	-3.2	-3.9%	-5.1	-6.0	-15.2%	-11.4
Group total	45.2	43.7	+3.4%	108.6	104.3	+4.1%	192.0

NET SALES BY ANNUAL QUARTERS

EUR million	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06	Q3/06
Pharmaceuticals business	168.0	170.5	163.9	154.7	156.8	167.9	152.1	139.9
Diagnostics business	12.6	12.2	10.5	9.4	10.3	11.8	10.4	9.5
Group items	-0.5	-0.5	-0.4	-0.3	-0.5	-0.5	-0.4	-0.4
Group total	180.0	182.2	174.0	163.8	166.6	179.2	162.2	149.0

OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06	Q3/06
Pharmaceuticals business	45.7	63.1	41.7	50.1	45.1	60.2	38.8	43.4
Diagnostics business	2.5	2.3	0.1	1.2	1.8	3.2	0.6	1.4
Group items	-3.1	-2.1	-3.1	-2.2	-3.2	-2.9	-3.5	7.7
Group total	45.2	63.4	38.6	49.1	43.7	60.6	35.8	52.6

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06	Q3/06
Finland	53.5	55.7	53.7	48.6	48.6	50.1	49.0	45.2
Scandinavia	26.1	28.1	24.3	23.8	25.3	24.1	23.4	21.2
Other Europe	61.4	64.4	57.5	56.0	57.5	63.7	58.4	52.8
North America	18.0	16.4	16.6	20.4	20.1	24.1	22.0	20.1
Other markets	21.1	17.6	21.9	15.0	15.1	17.1	9.4	9.7
Group total	180.0	182.2	174.0	163.8	166.6	179.2	162.2	149.0

Information on Orion Corporation's shares

BASIC INFORMATION ON 30 JUNE 2008

	A-share	B-share	A and B total
ISIN code	FI0009014369	FI0009014377	-
Trading code on OMX Nordic Exchange Helsinki	ORNAV	ORNBV	-
Reuters code	ORNAV.HE	ORNBV.HE	-
Bloomberg code	ORNAV.FH	ORNBV.FH	-
Share capital, EUR million	33.8	58.4	92.2
Counter book value of the share, EUR	0.65	0.65	-
Total number of shares	51 940 668	89 317 160	141 257 828
% of total share stock	37%	63%	100%
Number of treasury shares	-	324 836	324 836
Total number of shares excluding treasury shares	51 940 668	88 992 324	140 932 992
Minimum number of shares	-	-	1
Maximum number of shares	500 000 000	1 000 000 000	1 000 000 000
Votes per share	20	1	-
Total number of votes	1 038 813 360	88 992 324	1 127 805 684
% of total votes	92%	8%	100%
Total number of shareholders	13 672	32 754	40 468

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

TRADING DURING 1 JAN–30 JUNE 2008

	A-share	B-share	A and B total
Total number of shares traded, excl. treasury shares	954 681	34 895 649	35 850 330
Proportion of total share stock, %	1.8%	39.4%	25.4%
Closing quotation on 2 Jan 2008, EUR	16.00	16.08	-
Lowest quotation, EUR (A and B: 30 Jun 2008)	13.02	12.40	-
Average quotation, EUR	14.45	13.93	-
Highest quotation, EUR (A: 2 Jan 2008, B: 4 Jan 2008)	16.40	16.44	-
Closing quotation on 30 June 2008, EUR	13.20	12.66	-
Market capitalisation on 30 June 2008, excluding treasury shares, EUR million	685.6	1 126.6	1 812.3

PERFORMANCE PER SHARE

	Q2/08	Q2/07	% change	Q1-Q2/08	Q1-Q2/07	% change	2007
Earnings per share, EUR	0.23	0.23	+2.9%	0.57	0.55	+3.8%	1.02
Equity per share, EUR				2.60	2.58	+0.6%	3.05
Average number of shares, excluding treasury shares, 1 000 pcs	140 933	141 258		141 073	141 258		141 258

Appendices

Orion Group structure

The parent company of the Orion Group, Orion Corporation, consists of two business segments and five business divisions:

- Pharmaceuticals
 - Proprietary Products (patented prescription products for humans)
 - Specialty Products (off-patent, generic prescription products and self-medication products for humans)
 - Animal Health (veterinary products for pets and production animals)
 - Fermion (active pharmaceutical ingredients)
- Diagnostics
 - Orion Diagnostica (diagnostic tests).

Accounting policies

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 Statements for 2007, with the exception of defined-benefit pension plans. Further, the following new interpretations have been applied as of 1 January 2008

- IFRIC 11, *IFRS 2 - Group and treasury share transactions*
- IFRIC 14, *IAS 9 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

These new interpretations do not have a substantial impact on the Group's Interim Report nor the reported figures.

The policies and calculation methods applied in this Interim Report are available on the Group's homepage at www.orion.fi/english/investors.

Change in accounting policy of the defined-benefit pension obligation

For the defined-benefit pension plans arranged through the Orion Pension Fund, the Orion Group applies, as of 1 January 2008, the accounting policy according to IAS 19 'Employee benefits', according to which a liability for the disability pension obligation is recorded to cover future events.

Before the financial year 2008, the item was treated according to Paragraph 130 of IAS 19 'Employee Benefits' so that the cost of disability benefit obligation was recognised when an event causing the disability had occurred.

The change in the accounting policy has been applied retrospectively, as provided in Paragraph 19 (b) and 22 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Thus, the comparative information for each prior period has been adjusted in accordance with the new accounting policy.

The effects of the change in the accounting policy on the profit and equity of the comparative year are provided in the Statement of Changes in Equity. The adjusted key figures for the earlier periods are presented in the table below.

ADJUSTED KEY FIGURES

EUR million	Q2/07 Earlier reported	Q2/07 Adjusted	Q1-Q2/07 Earlier reported	Q1-Q2/07 Adjusted	2007 Earlier reported	2007 Adjusted
Operating profit	44.3	43.7	105.3	104.3	194.0	192.0
Profit before taxes	44.3	43.7	106.1	105.1	195.5	193.4
Balance Sheet total			526.3	505.5	589.5	567.6
Equity ratio, %			72.2 %	72.1 %	75.9 %	76.0 %
Gearing, %			-5.4 %	-5.6 %	-19.3 %	-20.0 %
ROCE (before taxes), %			50.3 %	51.6 %	43.8 %	44.8 %
ROE (after taxes), %			37.8 %	38.9 %	32.7 %	33.5 %
Earnings per share, EUR	0.23	0.23	0.55	0.55	1.03	1.02
Equity per share, EUR			2.69	2.58	3.17	3.05

Calculation of the key figures

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

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

$$\text{Equity ratio, \%} = \frac{\text{Equity total}}{\text{Total assets – advances received}} \times 100$$

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

$$\text{Earnings per share, EUR} = \frac{\text{Profit available for the parent company shareholders}}{\text{Average number of shares}}$$

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

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

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

All the figures have been rounded, which is why the total sums of individual figures may differ from the total sums shown.



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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 as well as diagnostic tests. Orion's clientele consists mainly of healthcare service providers and professionals. The Group's net sales in 2007 were EUR 683.6 million and in the end of 2007 there were about 3,170 employees working for the Group. Orion's shares are listed on the OMX Nordic Exchange Helsinki.