



## Stock Exchange Release

6 February 2007 at 12.15

### Orion Group Financial Review (proforma) 1-12/2006

In this release, the Orion Corporation which was listed as a new company on the Helsinki Stock Exchange on 3 July 2006 after the demerger of the old Orion on 1 July 2006, gives a proforma Financial Review of 1-12/2006, in which is based on figures carved out from the financial statements of the demerged Orion. The operations are reviewed according to the post-demerger Group structure and based on proforma financial figures for 1-12/2006. A separate stock exchange release is given today on the official Financial Statements, the Report of the Board of Directors for the first financial period, 1 July – 31 December 2006.

- Group net sales were EUR 641.1 (585.6) million, up by 9.5%.
- Operating profit rose by 26.7% to EUR 196.7 (155.2) million.
- Profit before taxes was EUR 197.3 (154.3) million.
- Earnings per share were EUR 1.03 (0.83).
- Equity ratio was 75.4% (65.6%).
- Return on capital employed (ROCE) was 46.5% (40.7%).
- The proposed dividend is EUR 1.00 per share.

#### Key carve-out figures on Orion Corporation for the review period (proforma)

EUR million	10-12/06	10-12/05 Proforma	Change %	1-12/06 Proforma	1-12/05 Proforma	Change %
Net sales	<b>162.2</b>	147.2	+10.2%	<b>641.1</b>	585.6	+9.5%
Operating profit (EBIT)	<b>36.6</b>	25.9	+41.0%	<b>196.7</b>	155.2	+26.7%
% of net sales	<b>22.6%</b>	17.6%		<b>30.7%</b>	26.5%	
Profit before taxes	<b>37.1</b>	25.8	+43.7%	<b>197.3</b>	154.3	+27.9%
% of net sales	<b>22.9%</b>	17.5%		<b>30.8%</b>	26.3%	
R&D expenses	<b>24.2</b>	24.3	-0.4%	<b>84.1</b>	80.1	+5.1%
% of net sales	<b>14.9%</b>	16.5%		<b>13.1%</b>	13.7%	
Capital expenditure	<b>7.5</b>	7.8	-3.0%	<b>25.5</b>	23.7	+7.7%
% of net sales	<b>4.6%</b>	5.3%		<b>4.0%</b>	4.0%	
Balance Sheet total				<b>588.1</b>	605.1	-2.8%
Equity ratio, %				<b>75.4%</b>	65.6%	
Gearing, %				<b>-22.6%</b>	-28.7%	
Interest-bearing liabilities				<b>9.8</b>	10.5	-6.9%
Non-interest-bearing liabilities				<b>134.8</b>	197.8	-31.9%
Cash and cash equivalents				<b>110.0</b>	124.5	-11.6%
ROCE (before taxes), %				<b>46.5%</b>	40.7%	
ROE (after taxes), %				<b>34.5%</b>	32.9%	
Earnings per share, EUR	<b>0.18</b>	<b>0.12</b>	<b>+59.0%</b>	<b>1.03</b>	0.83	+24.7%
Diluted earnings per share, EUR		<b>0.12</b>		<b>1.03</b>	0.82	+26.4%
Equity per share, EUR				<b>3.14</b>	2.86	+9.9%
Personnel at the end of the period				<b>3 061</b>	3 003	+1.9%

The present Orion Corporation was established on 1 July 2006 as one of the two new listed companies that resulted from the demerger of the former Orion. The new Orion Corporation comprises the pharmaceuticals and diagnostics businesses of the demerged Orion. The wholesale and distribution businesses of the former Orion were incorporated into Oriola-KD Corporation.

- The figures for the period 1 July – 31 December 2006 as well as the proforma figures have been prepared in accordance with the IFRS standards. The proforma figures have been carved out from the financial statements of the demerged Orion Group. The review is compliant with the same principles and calculation methods as were applied in the Listing Particulars of Orion Corporation. The principles and calculation methods are available at the Orion homepage [www.orion.fi/investors](http://www.orion.fi/investors).
- The figures have not been audited. Those in the parentheses are for the comparative period. The per-share ratios for the comparative periods have been adjusted.
- The figures have been rounded. Therefore, the total sums of individual figures may differ from the total sums shown.

Orion Corporation

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#### Press conference in Finnish

A Finnish press conference for the media and institutional investors will be held today, **Tuesday 6 February 2007, starting at 14.30 p.m. at Orion's Head Office in Espoo**, address Orionintie 1 A. The language of the event is Finnish. The Finnish presentation can be followed on-line via the Internet homepage [www.orion.fi/sijoittajille](http://www.orion.fi/sijoittajille), or via the Kauppalehti Live web service, [www.kauppalehti.fi/live](http://www.kauppalehti.fi/live).

#### Teleconference in English

A teleconference in English for questions and answers will be arranged today, **Tuesday 6 February 2007, starting at 16.30 p.m. Finnish time (14.30 GMT)**. Advice for participating in the conference is provided on the front page of [www.orion.fi/investors](http://www.orion.fi/investors).

#### Webcasting

A webcast presentation of this financial review will become **available in English later in the evening of 6 February** on [www.orion.fi/investors](http://www.orion.fi/investors) and [www.kauppalehti.fi/live](http://www.kauppalehti.fi/live).

**Interim Reports in 2007** will be published as follows:

Interim Report 1-3/2007

Wednesday, 25 April 2007

Interim Report 1-6/2007

Monday, 6 August 2007

Interim Report 1-9/2007

Wednesday, 24 October 2007

**The Annual Report for 2006** will be published during week 10/2007.

**The Annual General Meeting** of the Shareholders is planned to be held on Monday, 2 April 2007 at 17.00 p.m. in Helsinki. The matters to be handled are provided in a stock exchange release on 6 Feb. 2007.

# Orion Group Financial Review (proforma) 1-12/2006

## Orion Group structure

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

### 1) Pharmaceuticals

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

### 2) Diagnostics

- Orion Diagnostica.

## Net sales

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

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

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

## Operating profit (EBIT)

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

**Diagnostics business.** Orion Diagnostica's operating profit was EUR 6.6 (6.3) million, up by 5.1%. The operational rearrangements and strategy adjustments that were carried out in 2005 have contributed positively to the results.

## Operating expenses

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

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

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

**Group profit before taxes** was EUR 197.3 (154.3) million. The positive development was mostly consequence of the increased net sales of Stalevo for Parkinson's Disease and the high volumes supplied to

Novartis, the marketing partner. Earnings per share were EUR 1.03 (0.83). Equity per share was EUR 3.14 (2.86). Group ROCE before taxes was 46.5% (40.7%) and ROE after taxes was 34.5% (32.9%).

### **Balance Sheet and financial position**

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

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

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

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

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

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

### **Cash flows**

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

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

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

### **Capital expenditure**

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

### **Personnel**

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

### **Financial objectives**

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

## Dividend policy

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

### Proposed dividend 1.00 EUR per share

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

### Outlook for 2007 (proforma)

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

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

**Research and development expenditure** will be about EUR 95 million, of which pharmaceutical R&D will account for about EUR 90 million. **Capital expenditure** will be about EUR 35 million.

## REVIEW OF THE SEGMENTS (PROFORMA)

### Pharmaceuticals business

#### Key figures

EUR million	10-12/06	10-12/05 Proforma	Change %	1-12/06 Proforma	1-12/05 Proforma	Change %
Net sales	<b>152.1</b>	137.2	+10.9%	<b>601.4</b>	547.0	+9.9%
Operating profit	<b>39.5</b>	27.7	+42.6%	<b>189.9</b>	154.7	+22.8%
% of net sales	<b>26.0%</b>	20.2%		<b>31.6%</b>	28.3%	
Capital expenditure	<b>6.7</b>	6.9	-3.7%	<b>23.1</b>	21.1	+9.5%
Net sales from proprietary products	<b>68.3</b>	50.5	+35.3%	<b>274.9</b>	227.2	+21.0%
R&D expenditure	<b>22.8</b>	23.2	-1.6%	<b>79.7</b>	76.5	+4.3%
Personnel at the end of the period				<b>2 742</b>	2 665	+2.9%

**Breakdown of pharmaceutical net sales by business areas**

EUR million	10-12/06	10-12/05 Proforma	Change %	1-12/06 Proforma	1-12/05 Proforma	Change %
Proprietary Products	<b>65.6</b>	48.9	+34.2%	<b>256.6</b>	214.9	+19.4%
Specialty Products	<b>55.3</b>	62.2	-11.2%	<b>218.7</b>	224.3	-2.5%
Animal Health	<b>15.4</b>	14.7	+4.5%	<b>63.3</b>	59.5	+6.3%
Fermion	<b>9.9</b>	11.1	-10.8%	<b>38.5</b>	38.4	+0.4%
Others	<b>6.0</b>	0.4	+1508.8%	<b>24.2</b>	9.9	+145.0%
Group total	<b>152.1</b>	137.3	+10.9%	<b>601.4</b>	547.0	+9.9%

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

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

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

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

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

EUR million	10-12/06	10-12/05 Proforma	Change %	1-12/06 Proforma	1-12/05 Proforma	Change %
Stalevo (Parkinson's disease)	<b>31.1</b>	16.6	+87.5%	<b>111.3</b>	74.7	+49.1%
Comtess / Comtan (Parkinson's)	<b>17.7</b>	15.9	+11.5%	<b>74.7</b>	70.6	+5.8%
Domitor, Domosedan, Antisedan (animal sedatives)	<b>5.8</b>	5.8	+0.9%	<b>26.0</b>	26.0	-0.0%
Divina series (menopausal symptoms)	<b>3.8</b>	3.4	+9.6%	<b>16.2</b>	16.2	-0.1%
Easyhaler (asthma)	<b>3.6</b>	3.0	+19.3%	<b>15.9</b>	10.9	+45.1%
Enanton (prostate cancer)	<b>3.3</b>	3.3	-1.3%	<b>13.3</b>	13.6	-2.0%
Simdax (heart failure)	<b>2.8</b>	3.6	-21.8%	<b>13.2</b>	13.7	-4.2%
Burana (inflammatory pain)	<b>3.6</b>	6.1	-40.7%	<b>12.0</b>	17.4	-30.6%
Calcimagon (osteoporosis)	<b>1.8</b>	2.7	-34.9%	<b>11.7</b>	10.2	+14.3%
Fareston (breast cancer)	<b>1.7</b>	1.3	+35.7%	<b>10.3</b>	10.7	-3.6%
Total	<b>75.3</b>	61.8	+21.8%	<b>304.5</b>	264.0	+15.4%
Share of total pharmaceutical net sales	<b>49%</b>	45%		<b>51%</b>	48%	

The net sales from the 10 best-selling brands grew by 15.4% and they accounted for about 51% (48%) of the total pharmaceutical net sales. Net sales from the proprietary product franchise were EUR 274.9 (227.2) million. They grew by 21.0% from the comparative period and contributed 46% (42%) to the total pharmaceutical net sales. The figures include also the animal sedatives, which belong to the Animal Health

business, and Easyhaler<sup>®</sup>, which belongs to the Specialty Products business. The net sales from the **Easyhaler** franchise grew by 45.1% from the comparative period, thanks to new product launches and expanded market area.

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

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

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

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

### Pharmaceutical research and development

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Diagnostics business

### Key figures

EUR million	10-12/06	10-12/05 Proforma	Change %	1-12/06 Proforma	1-12/05 Proforma	Change %
Net sales	<b>10.4</b>	10.5	-0.4%	<b>41.5</b>	40.8	+1.8%
Operating profit	<b>0.6</b>	1.1	-42.4%	<b>6.6</b>	6.3	+5.1%
% of net sales	<b>6.1%</b>	10.5%		<b>15.9%</b>	15.4%	
Capital expenditure	<b>0.4</b>	0.5	-18.9%	<b>1.4</b>	1.8	-19.4%
Personnel at the end of the period				<b>289</b>	304	-5.1%

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

Lower-margin products accounted for a greater than normal part of the sales in the last quarter. Product development expenses were also higher in the second half of the year than in the first half. These factors together with certain one-off expenses led to slower development of operating profit than in the first half. For



the full year 2006, the overall profitability continued to develop favourably and operating profit improved slightly from the comparative year.

## TABLES

## GROUP INCOME STATEMENT

EUR million	10-12/06	10-12/05 Proforma	Change %	1-12/06 Proforma	1-12/05 Proforma	Change %
<b>Net sales</b>	<b>162.2</b>	147.2	+10.2%	<b>641.1</b>	585.6	+9.5%
Cost of goods sold	<b>-54.5</b>	-48.7	+11.9%	<b>-205.2</b>	-188.9	+8.6%
<b>Gross profit</b>	<b>107.7</b>	98.5	+9.4%	<b>435.8</b>	396.7	+9.9%
Other operating income	<b>1.0</b>	1.6	-36.0%	<b>13.8</b>	11.4	+21.2%
Selling and marketing expenses	<b>-35.7</b>	-35.7	-0.1%	<b>-128.9</b>	-129.3	-0.3%
Research and development expenses	<b>-24.2</b>	-24.3	-0.4%	<b>-84.1</b>	-80.1	+5.1%
Administrative expenses	<b>-12.3</b>	-14.2	-13.2%	<b>-39.9</b>	-43.4	-8.1%
<b>Operating profit</b>	<b>36.6</b>	25.9	+41.0%	<b>196.7</b>	155.2	+26.7%
Financial income	<b>1.1</b>	1.0	+7.9%	<b>3.5</b>	3.0	+15.9%
Financial expenses	<b>-0.6</b>	-1.1	-49.6%	<b>-3.0</b>	-4.0	-26.4%
<b>Profit before taxes</b>	<b>37.1</b>	25.8	+43.7%	<b>197.3</b>	154.3	+27.9%
Income tax expense	<b>-10.8</b>	-9.5	+13.0%	<b>-52.2</b>	-40.4	+29.3%
<b>Profit for the period</b>	<b>26.3</b>	16.3	+61.8%	<b>145.1</b>	113.9	+27.3%
<b>of which attributable to:</b>						
Parent company shareholders	<b>26.3</b>	16.3	+61.8%	<b>145.1</b>	113.9	+27.3%
Minority	<b>0.0</b>	0.0		<b>0.0</b>	0.0	
<b>Earnings per share</b>						
Basic, EUR	<b>0.18</b>	0.12	+59.0%	<b>1.03</b>	0.83	+24.7%
Diluted, EUR	<b>-</b>	0.12	-	<b>1.03</b>	0.82	+26.4%
Depreciation and amortisation	<b>8.6</b>	9.0	-4.4%	<b>34.7</b>	35.4	-2.0%
Employee benefit expenses	<b>42.1</b>	40.2	+4.7%	<b>145.8</b>	140.1	+4.0%

**GROUP BALANCE SHEET:  
ASSETS**

EUR million	12/2006	12/2005 Proforma	Change %
<b>Non-current assets</b>			
Property, plant and equipment	187.1	196.4	-4.8%
Goodwill	13.5	13.5	+0.0%
Other intangible assets	21.9	24.5	-10.5%
Investments in associates	0.1	0.1	+0.0%
Available-for-sale investments	1.0	1.0	-1.7%
Pension asset	52.7	46.3	+13.9%
Deferred tax assets	1.4	1.5	-9.8%
Other non-current receivables	3.8	4.2	-10.7%
<b>Non-current assets total</b>	<b>281.4</b>	<b>287.5</b>	<b>-2.1%</b>
<b>Current assets</b>			
Inventories	107.2	99.4	+7.8%
Trade receivables	75.0	78.7	-4.6%
Other receivables	14.4	14.9	-3.7%
Cash and cash equivalents	110.0	124.5	-11.6%
<b>Current assets total</b>	<b>306.6</b>	<b>317.5</b>	<b>-3.4%</b>
<b>Assets total</b>	<b>588.1</b>	<b>605.1</b>	<b>-2.8%</b>

**BALANCE SHEET:  
EQUITY AND LIABILITIES**

EUR million	12/2006	12/2005 Proforma	Change %
<b>Equity</b>			
Share capital	<b>92.2</b>	88.2	+4.6%
Share issue	-	0.3	-
Share premium	<b>17.8</b>	23.2	-23.3%
Expendable fund	<b>23.0</b>	-	-
Other reserves	<b>0.5</b>	0.7	-33.5%
Retained earnings	<b>309.9</b>	284.3	+9.0%
<b>Equity of the parent company shareholders</b>	<b>443.5</b>	396.7	+11.8%
<b>Minority interest</b>	<b>0.0</b>	0.0	-8.9%
<b>Equity total</b>	<b>443.5</b>	396.8	+11.8%
<b>Non-current liabilities</b>			
Deferred tax liabilities	<b>51.5</b>	51.3	+0.4%
Pension liability	<b>0.9</b>	0.7	+21.1%
Provisions	<b>0.6</b>	2.4	-74.3%
Interest-bearing non-current liabilities	<b>7.5</b>	8.3	-9.0%
Other non-current liabilities	<b>1.8</b>	1.2	+46.3%
<b>Non-current liabilities total</b>	<b>62.3</b>	63.9	-2.5%
<b>Current liabilities</b>			
Trade payables	<b>29.2</b>	77.1	-62.1%
Other current liabilities	<b>49.9</b>	64.7	-23.0%
Provisions	<b>0.9</b>	0.3	+191.0%
Interest-bearing current liabilities	<b>2.3</b>	2.2	+0.8%
<b>Current liabilities total</b>	<b>82.3</b>	144.4	-43.0%
<b>Equity and liabilities total</b>	<b>588.1</b>	605.1	-2.8%

**CASH FLOW STATEMENT**

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

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

EUR million	1-12/2006 Proforma	1-12/2005 Proforma
Carrying amount at the beginning of the period	<b>196.4</b>	204.0
Additions	<b>19.0</b>	20.7
Disposals	<b>-2.7</b>	-2.0
Depreciation	<b>-25.6</b>	-26.2
<b>Carrying amount at the end of the period</b>	<b>187.1</b>	196.4

**CONTINGENT LIABILITIES**

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

**RELATED-PARTY TRANSACTIONS**

EUR million	1-12/2006 Proforma	1-12/2005 Proforma
Management benefits	<b>2.1</b>	1.9
Non-current liabilities to the pension fund at the end of the period	<b>6.0</b>	20.1

**NET SALES BY BUSINESS SEGMENTS**

EUR million	10-12/06	10-12/05 Proforma	Change %	1-12/06 Proforma	1-12/05 Proforma	Change %
Pharmaceuticals	<b>152.1</b>	137.2	+10.9%	<b>601.4</b>	547.0	+9.9%
Diagnostics	<b>10.4</b>	10.5	-0.4%	<b>41.5</b>	40.8	+1.8%
Group items	<b>-0.4</b>	-0.5	-28.5%	<b>-1.8</b>	-2.1	-14.8%
Group total	<b>162.2</b>	147.2	+10.2%	<b>641.1</b>	585.6	+9.5%

**OPERATING PROFIT BY BUSINESS SEGMENTS**

EUR million	10-12/06	10-12/05 Proforma	Change %	1-12/06 Proforma	1-12/05 Proforma	Change %
Pharmaceuticals	<b>39.5</b>	27.7	+42.6%	<b>189.9</b>	154.7	+22.8%
Diagnostics	<b>0.6</b>	1.1	-42.4%	<b>6.6</b>	6.3	+5.1%
Group items	<b>-3.5</b>	-2.9	+23.9%	<b>0.2</b>	-5.7	-103.5%
Group total	<b>36.6</b>	25.9	+41.0%	<b>196.7</b>	155.2	+26.7%

## REVIEW BY ANNUAL QUARTERS

### Net sales by business segments by annual quarters

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

### Operating profit by business segments by annual quarters

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

### Net sales by geographic segments by annual quarters

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

**ORION GROUP FINANCIAL DEVELOPMENT IN 2004–2006 (PROFORMA)**

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



**FACTS ABOUT ORION CORPORATION SHARES AS ON 31 DECEMBER 2006**

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

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

**TRADING IN ORION CORPORATION SHARES 1 JULY – 31 DECEMBER 2006**

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

**PERFORMANCE PER SHARE**

	2006		2005		Change
	Proforma		Proforma		%
Earnings per share	1.03	EUR	0.83	EUR	+24.7%
Diluted earnings per share	1.03	EUR	0.82	EUR	+26.4%
Equity per share	3.14	EUR	2.86	EUR	+9.9%
Dividend per share *)	1.00	EUR	-	EUR	
Payout ratio *)	97.1	%	-	%	
Total dividends*)	141.3	MEUR	-	MEUR	
Dividend yield *) A-share	6.1	%	-	%	
Dividend yield *) B-share	6.1	%	-	%	
P/E ratio, A-share	15.94		-		
P/E ratio, B-share	15.97		-		
Average number of shares	140 561	1 000 pcs	137 670	1 000 pcs	

\*) Proposed

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