ORION CORPORATION / INTERIM REPORT / JANUARY–MARCH 2013 / 23 April 2013 at 12:00 noon EEST

Orion Group Interim Report January–March 2013

Orion's net sales in January–March 2013 totalled EUR 249 million (EUR 247 million in January–March 2012).

- Operating profit was EUR 74 (79) million.
- Profit before taxes was EUR 74 (79) million.
- Equity ratio was 41% (39%).
- ROCE before taxes was 50% (60%).
- ROE after taxes was 50% (58%).
- Basic earnings per share were EUR 0.39 (0.42).
- Cash flow per share before financial items was EUR 0.07 (0.27).
- Orion has changed its accounting principles concerning defined benefit plans to comply with the requirements of the amended IAS 19 Employee Benefits standard. The standard has been applied retrospectively as of 1 January 2013, so the 2012 comparative period data have been restated accordingly. The amendment decreased the operating profit for the 2012 financial year by EUR 2.6 million. More information on the effects of the standard on the Group's reporting is in the appendices to this Interim Report.
- The outlook estimate for 2013 remains unchanged. Orion estimates that in 2013 net sales will be at similar level to 2012 and that operating profit will be slightly lower than in 2012.
- More information has been provided on the basis for the outlook and the near-term risks and uncertainties relating to the outlook.

ORION'S KEY FIGURES FOR THE REVIEW PERIOD

	Q1/13	Q1/12	Change %	2012
Net sales, EUR million	**249.4**	247.4	+0.8%	980.4
International operations, EUR million	**181.6**	183.4	-1.0%	723.1
% of net sales	**72.8%**	74.1%		73.8%
Operating profit, EUR million	**74.1**	78.6	-5.7%	278.3
% of net sales	**29.7%**	31.8%		28.4%
Profit before taxes, EUR million	**73.8**	78.7	-6.2%	276.6
% of net sales	**29.6%**	31.8%		28.2%
Income tax expense, EUR million	**18.2**	19.5	-6.7%	69.7
R&D expenses, EUR million	**24.6**	23.1	+6.7%	105.8
% of net sales	**9.9%**	9.3%		10.8%
Capital expenditure, EUR million	**19.3**	8.3	+133.1%	46.8
% of net sales	**7.8%**	3.4%		4.8%
Assets total, EUR million	**928.7**	880.1	+5.5%	835.7
Equity ratio, %	**41.2%**	38.8%		61.0%
Gearing, %	**-4.6%**	-21.2%		-1.7%
Interest-bearing liabilities, EUR million	**175.2**	163.6	+7.1%	136.7
Non-interest-bearing liabilities, EUR million	**371.2**	375.4	-1.1%	189.5
Cash and cash equivalents, EUR million	**192.7**	235.9	-18.3%	145.2
ROCE (before taxes), %	**50.4%**	59.7%		46.8%
ROE (after taxes), %	**49.8%**	58.0%		42.0%
Basic earnings per share, EUR	**0.39**	0.42	-6.1%	1.47
Diluted earnings per share, EUR	**0.39**	0.42	-6.1%	1.47
Cash flow per share before financial items, EUR	**0.07**	0.27	-73.5%	1.23
Equity per share, EUR	**2.71**	2.42	+12.0%	3.62
Personnel at the end of the period	**3,514**	3,453	+1.8%	3,486
Average personnel during the period	**3,494**	3,439	+1.6%	3,495
Personnel expenses, EUR million	**54.0**	53.3	+1.5%	214.8

President and CEO Timo Lappalainen's review

"First quarter as anticipated"

"Our net sales were similar to the previous year and as expected our operating profit was slightly lower than in 2012.

"As anticipated, deliveries of our Parkinson's drugs to Novartis continued to decline. Total sales generated by Stalevo® and Comtess® in Orion's own sales organisation were also slightly down on the comparative period.

"However, sales from the rest of our product portfolio increased slightly and compensated for the decrease in sales of Parkinson's drugs, keeping our total net sales similar to the previous year. We also achieved further strengthening of our market position because in most markets our growth was faster than growth of the pharmaceuticals market as a whole.

"Sales of *dexdor*® intensive care sedative (dexmedetomidine) launched at the end of 2011 continued to develop well during the first quarter of this year. In March our partner Hospira was granted paediatric exclusivity for Precedex® in the United States until January 2014, so sales of the product are expected to remain good throughout the year.

"In March we took a significant step in expanding the Easyhaler® product family into combined formulations when we submitted the application for marketing authorisation for a budesonide-formoterol formulation in Europe. In early 2013 we also presented positive Phase I and II results received in 2012 with an alpha-2c adrenoceptor antagonist being developed for the treatment of Alzheimer's disease, an androgen receptor antagonist being developed for the treatment of advanced prostate cancer and a new more effective levodopa product. Negotiations to find partners for the next development phase for these products are ongoing.

"After the review period, Orion Diagnostica gave a negotiation proposal, as laid down in the Finnish Act on Co-operation within Undertakings, on streamlining operations, reorganising production and possible personnel reductions. The total personnel reduction that would be needed is estimated at no more than 80 employees. The measures under consideration are intended to streamline operations and improve the Company's profitability by among other things simplifying the product portfolio, and at the same time ensure the continuity of operations and competitiveness in the future too.

"Following the increase in sales in recent years, Orion's production capacity has reached a high utilisation rate. Consequently, we have started several significant investment and production reorganisation projects to develop and ensure future growth, delivery reliability and quality standards. However, they are temporarily increasing production costs and decreasing production capacity more than anticipated, which reduced our margin in the first quarter of this year.

"Our outlook estimate, which can be found with the basis for it on pages 6–7 of this report, remains unchanged. We estimate that our net sales will be at similar level to the previous year and our operating profit will be slightly lower than in 2012."

Events during the period

On 5 February the Board of Directors of Orion Corporation decided on an incentive plan for key persons.

On 1 March Orion transferred altogether 137,000 Orion Corporation B shares held by the Company as a share bonus for the earning periods 2010-2012 and 2012 to the persons employed by the Group and belonging to the Share-based Incentive Plan for key persons of the Group.

On 19 March Orion Corporation's Annual General Meeting was held at the Helsinki Fair Centre.

On 21 March Orion announced that it had submitted a marketing authorisation application for a combined budesonide-formoterol formulation in the Easyhaler® product family in Europe.

Events after the period

On 10 April Orion Diagnostica gave a negotiation proposal on streamlining operations and reducing the number of personnel in Finland by no more than 80.

News conference and teleconference

A news conference and teleconference on the published results will be held today, Tuesday 23 April 2013, at 13:30 EEST in Hotel Kämp, address: Pohjoisesplanadi 29, Helsinki. President and CEO Timo Lappalainen will give a brief presentation in English on the financial review.

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

The teleconference code is 930973 and to participate in the teleconference, please call:

from United States: +1 334 323 6203
from other countries: +44 (0)20 7162 0125

News conference recordings

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

Financial report material

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

Dates in Orion Calendar 2013

Interim Report January–June 2013	Tuesday 30 July 2013
Interim Report January–September 2013	Tuesday 22 October 2013
Capital Markets Day in Helsinki	Wednesday 20 November 2013

For additional information about the financial review:

Jari Karlson, CFO, tel. +358 10 426 2883

Tuukka Hirvonen, Communications Manager, tel. +358 10 426 2721 / GSM +358 50 966 2721

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

Financial review Q1/2013

Net sales

The Orion Group's net sales in January–March 2013 were EUR 249 million (EUR 247 million in January–March 2012). The net effect of currency exchange rates was EUR -1 million.

The Pharmaceuticals business's net sales were EUR 234 (233) million. Net sales of Orion's Stalevo® (carbidopa, levodopa and entacapone) and Comtess®/Comtan® (entacapone) Parkinson's drugs were down by 5% at EUR 60 (63) million, which was 26% (27%) of the Pharmaceuticals business's net sales. The net sales of other products in the portfolio were up by 3% at EUR 174 (169) million.

The Diagnostics business's net sales were EUR 16 (16) million.

Operating profit

The Orion Group's operating profit was down by 6% at EUR 74 (79) million.

The Pharmaceuticals business's operating profit was down by 6% at EUR 74 (79) million. The gross profit percentage was lower than in the comparative period partly due to lower prices, but mainly due to higher production costs. Costs were increased by the ongoing extensive investment and production facility modification projects, which have temporarily decreased production capacity and at the same time increased costs. As anticipated, research and development costs were slightly higher than in the comparative period.

The Diagnostics business's operating profit was down by 8% at EUR 2.3 (2.5) million mainly due to higher research and development costs.

Operating expenses

The Group's sales and marketing expenses were EUR 49 (49) million.

R&D expenses were up by 7% at EUR 25 (23) million and accounted for 10% (9%) of the Group's net sales. Pharmaceutical R&D expenses amounted to EUR 22 (21) million. Research projects are reported in more detail under Pharmaceuticals in the Business Reviews.

Administrative expenses were EUR 11 (11) million.

Other operating income and expenses increased profit by EUR 0.3 (2) million.

Group's profit

The Group's profit before taxes totalled EUR 74 (79) million. Basic earnings per share were EUR 0.39 (0.42) and diluted earnings per share were EUR 0.39 (0.42). Equity per share was EUR 2.71 (2.42). The return on capital employed before taxes (ROCE) was 50% (60%) and the return on equity after taxes (ROE) 50% (58%).

Financial position

The Group's gearing was -5% (-21%) and the equity ratio 41% (39%).

The Group's ***total liabilities*** at 31 March 2013 were EUR 546 (539) million. At the end of the period, interest-bearing liabilities amounted to EUR 175 (164) million, including EUR 103 (134) million of long-term loans. The non-interest-bearing liabilities in 2012 and 2013 include the dividends paid in the beginning of April but transferred from equity already in March, and in 2012 also the repayments of capital.

The Group had EUR 193 (236) million of ***cash and cash equivalents*** at the end of the period, which are invested in short-term interest-bearing instruments issued by financially solid financial institutions and corporations.

Cash flow

Cash flow from operating activities was lower than in the comparative period at EUR 29 (50) million. The cash flow was lower because the operating profit decreased and the amount tied up into working capital increased by more than in the comparative period. Inventories further increased. In addition, receivables other than trade receivables in the statement of financial position were higher partly due to items subject to variable timing such as value added tax refunds and partly due to higher royalty receivables from Hospira owing to higher Precedex sales. In addition, income taxes paid were slightly higher than in the comparative period.

Cash flow from investing activities was EUR -18 (-12) million.

Cash flow from financing activities was EUR 38 (75) million.

Capital expenditure

The Group's capital expenditure totalled EUR 19 (8) million. This comprised EUR 18 (7) million on property, plant and equipment and EUR 2 (1) million on intangible assets.

Outlook for 2013

Net sales will be at similar level to 2012 (net sales in 2012 were EUR 980 million).

Operating profit will be slightly lower than in 2012 (operating profit in 2012 was EUR 278 million).

The Group's capital expenditure will be about EUR 80 million excluding substantial corporate or product acquisitions (the Group's capital expenditure in 2012 was EUR 47 million).

Basis for outlook

Competition in the Finnish market will remain intense in 2013. However, product launches will continue to support Orion's position as market leader.

The generic competition that commenced in April 2012 in the United States has decreased sales of Orion's Parkinson's drugs. The decrease will continue in 2013 because generic products will be in the markets during the whole year and, in addition, the number of competitors will be greater than in 2012. US markets accounted for about EUR 60 million of the net sales of Orion's Parkinson's drugs in 2011 and about EUR 33 million in 2012. In addition, sales of generic entacapone products to the United States amounted to about EUR 17 million in 2012.

The entacapone molecule patent expired in November 2012 in the main European countries for Orion, and as a result there will be generic competitors to Comtan and Comtess in these markets in 2013. Data protection of Stalevo will remain valid in the European Union until October 2013 and generic competition is not expected to commence in Europe during the current year, even though the first generic marketing authorisation application in Europe has already been submitted. The total sales of Orion's Parkinson's drugs in Europe are expected to be slightly lower than in 2012. Elsewhere in the world generic competition is not expected to have a material impact on sales volumes of these products in the current year, but declining prices and depreciation of the Japanese yen in relation to the euro will decrease sales.

Net sales and operating profit in 2012 also included EUR 10 million of non-recurring long-term compensatory payments related to the pricing of partner deliveries.

A slight decrease in the gross profit as percentage of net sales is anticipated. Sales of generic products will account for a greater proportion of Orion's total sales and price competition will remain intense in many markets. In addition, significant ongoing investments to develop and ensure future growth, delivery reliability and quality standards, and related reorganisation of production will temporarily decrease production capacity and increase production costs.

Marketing expenditure will be similar to the previous year. Because the registrations and launches of new products are projects that take more than a year, the increases in resources and other inputs required in 2013 were planned mainly during the previous year.

Research and development costs will be slightly higher than in 2012. They are partly the Company's internal fixed cost items, such as salaries and maintenance of the operating infrastructure, and partly external variable costs. External costs arise from, among other things, long-term clinical trials, which are typically performed in clinics located in several countries. The most important clinical trials scheduled for 2013 are either ongoing from the previous year or at an advanced stage of planning, therefore their cost level can be estimated rather accurately. The accrued costs are materially affected by how the costs arising are allocated between Orion and its collaboration partners.

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

Near-term risks and uncertainties relating to the outlook

Sales of Orion's Parkinson's drugs will decrease in 2013 due to generic competition. The effects of the competition have been taken into account in the outlook estimate.

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

Most of the exchange rate risk is related to the US dollar. Typically, only less than 15% of Orion's net sales comes from the United States. As regards currencies in European countries, the overall effect will be abated by the fact that Orion has organisations of its own in most of these countries, which means that in addition to sales income, there are also costs in these currencies. Changes in the Japanese yen exchange rate have become more important as sales of Parkinson's drugs in Japan have increased.

Orion's currently high production capacity utilisation rate and its broad product range may cause risks to the delivery reliability and make it more challenging than before to maintain the very high quality standard required. Authorities and key customers in different countries undertake regular and detailed inspections of development and manufacturing of drugs. Any remedial actions that may be required may at least temporarily reduce delivery reliability.

Research projects always entail uncertainty factors that may either increase or decrease estimated costs. The projects may progress more slowly or faster than assumed, or they may be discontinued. Nonetheless, changes that may occur in ongoing clinical studies are reflected in costs relatively slowly, and they are not expected to have a material impact on earnings in the current year. Owing to the nature of the research process, the timetables and costs of new studies that are being started are known well in advance. They therefore typically do not lead to unexpected changes in the estimated cost structure. Orion generally undertakes Phase III clinical trials in collaboration with other pharmaceutical companies. Commencement of these collaboration relationships and their structure also materially affect the schedule and cost level of research projects.

Group's financial objectives

Orion's financial objectives are ensuring the Group's financial stability and profitable growth.

These objectives are achieved through:

- Increasing net sales. Achievement of this objective requires continuous investment in development of the product portfolio.
- Maintaining profitability at a good level, the aim being operating profit that exceeds 20% of net sales.
- Keeping the equity ratio at least 50%.

Orion's dividend distribution policy

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

Shares and shareholders

On 31 March 2013 Orion had a total of 141,257,828 (141,257,828) shares, of which 43,235,318 (44,993,218) were A shares and 98,022,510 (96,264,610) B shares. The Group's share capital was EUR 92,238,541.46 (92,238,541.46). At the end of March 2013 Orion held 188,991 (325,991) B shares as treasury shares. On 31 March 2013 the aggregate number of votes conferred by the A and B shares was 962,539,879 (995,802,979) excluding treasury shares.

At the end of March 2013, Orion had 54,961 (61,442) registered shareholders.

Voting rights conferred by shares

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

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

Conversion of shares

The Articles of Association entitle shareholders to demand the conversion of their A shares to B shares within the limitation on the maximum number of shares of a class. In January–March 2013 a total of 31,900 shares were converted.

Trading in Orion's shares

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

On 31 March 2013 the market capitalisation of the Company's shares excluding treasury shares was EUR 2,883 million.

Orion shares are also traded on various alternative trading platforms in addition to NASDAQ OMX Helsinki.

Authorisations of the Board of Directors

Orion's Board of Directors was authorised by the Annual General Meeting on 19 March 2013 to decide on acquisition of shares in the Company and on a share issue in which shares held by the Company can be conveyed. The authorisation to acquire shares is valid for 18 months and the authorisation to issue shares is valid for five years from the decision taken by the Annual General Meeting.

The Board of Directors is authorised to decide on acquisition of no more than 500,000 Orion Corporation B shares. Such shares shall be acquired at the market price at the time of acquisition quoted in the regulated market of NASDAQ OMX Helsinki Oy ("Stock Exchange") using funds in the Company's distributable equity. Such shares may be acquired in the regulated market of the Stock Exchange in a proportion not corresponding to the shareholders' holdings. The shares shall be acquired and paid for in accordance with the rules of the Stock Exchange and Euroclear Finland Ltd. The shares acquired can be kept, cancelled or further conveyed by the Company. The shares can be acquired for the purpose of developing the capital structure of the Company, for use in financing possible corporate acquisitions or other business arrangements of the Company, for financing capital expenditure, as part of the Company's incentive plan, or for otherwise conveying or cancelling them. The Board of Directors shall decide on other matters related to the acquisition of shares in the Company.

The Board of Directors is authorised to decide on conveyance of no more than 600,000 Orion Corporation B shares held by the Company. Such shares held by the Company can be conveyed either against or without payment. Such shares held by the Company can be conveyed by selling them in the regulated market of the Stock Exchange; in a share issue placement to the Company's shareholders in proportion to their holdings at the time of the conveyance regardless of whether they own A or B shares; or in a share issue placement deviating from shareholders' pre-emptive rights if there is a weighty financial reason, such as the development of the capital structure of the Company, using the shares to finance possible corporate acquisitions or other business arrangements of the Company, financing capital expenditure or as part of the Company's incentive plan. The share issue placement can be without payment only if there is an especially weighty financial reason in the view of the Company and to the benefit of all its shareholders. The amounts paid for shares in the Company conveyed shall be recorded in a distributable equity fund. The Board of Directors shall decide on other matters related to the conveyance of shares held by the Company. The decision to authorise the share issue revoked the unexercised portion of the outstanding share issue authorisation approved at Orion Corporation's Annual General Meeting on 24 March 2010.

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

Share-based Incentive Plans

Orion Group's 2010 long-term incentive plan

On 1 March 2013 Orion transferred altogether 137,000 Orion Corporation B shares held by the Company as a share bonus for earning periods 2010-2012 and 2012 to the key persons employed by the Group and belonging to the Share-based Incentive Plan of the Group. The transfer was based on the authorisation by the Annual General Meeting on 24 March 2010. The price per share of the transferred shares was EUR 22.7936, which was the volume weighted average quotation of Orion Corporation B shares on 1 March 2013. The total transaction price of the transferred shares was therefore EUR 3,122,723.20.

Orion Group's 2013 long-term incentive plan

In February 2013 the Board of Directors of Orion Corporation decided on a new share-based incentive plan for key persons of the Group. The Plan includes earning periods and the Board of Directors will annually decide on the beginning and duration of the earning periods in 2013, 2014 and 2015. The Board of Directors will decide on the earnings criteria and on targets to be established for them at the beginning of each earning period. The target group of the Plan consists of approximately 35 people. The total maximum amount of rewards to be paid on the basis of the Plan is 500,000 Orion Corporation B shares and a cash payment

corresponding to the value of the shares. The incentive plan is reported in more detail in a stock exchange release on 5 February 2013.

Share ownership

Orion's shares are in the book-entry system maintained by Euroclear Finland, and Euroclear Finland maintains Orion's official shareholder register.

At the end of March 2013 Orion had a total of 54,961 (61,442) registered shareholders, of whom 95% (95%) were private individuals holding 48% (52%) of the entire share stock and 64% (65%) of the total votes. There were altogether 47 (41) million nominee-registered shares, which was 33% (29%) of all shares, and they conferred entitlement to 7% (6%) of the total votes.

At the end of March 2013 Orion held 188,991 (325,991) B shares as treasury shares, which is 0.1% (0.2%) of the Company's total share stock and 0.02% (0.03%) of the total votes.

Decisions by the Annual General Meeting

The Annual General Meeting of the Shareholders of Orion Corporation was held on 19 March 2013 at the Helsinki Fair Centre. The following matters among others were handled at the meeting.

Adoption of the financial statements for financial year 1 January to 31 December 2012

The Annual General Meeting adopted the financial statements of the Company and Group as per 31 December 2012.

Dividend EUR 1.30 per share

A dividend of EUR 1.30 per share was approved in accordance with the Board's proposal. The record date for dividend distribution was 22 March 2013 and the payment date was 4 April 2013.

Discharge from liability

The members of the Board of Directors and the President and CEO were discharged from liability for the financial year 1 January to 31 December 2012.

Remuneration of the members of the Board of Directors

As the annual fees for the term of office of the Board of Directors, the Chairman shall receive EUR 76,000, the Vice Chairman shall receive EUR 51,000 and the other Board members shall receive EUR 38,000 each. Furthermore, as a fee for each meeting attended, the Chairman shall receive EUR 1,200, the Vice Chairman shall receive EUR 900 and the other Board members shall receive EUR 600 each. The travel expenses of Board members shall be paid in accordance with previous practice. The aforementioned meeting fees shall also be paid to the Chairmen and to the members of the committees established by the Board.

Of the aforementioned annual fees, 60% was to be paid in cash and 40% in the Company's shares, so Orion Corporation B shares were acquired in the period 25–28 March 2013 from the stock exchange in amounts corresponding to EUR 30,400 for the Chairman, EUR 20,400 for the Vice Chairman and EUR 15,200 for each of the other Board members. The part of the annual fee paid in cash, which corresponds to the approximate sum necessary for the payment of the income taxes on the fees, was to be paid no later than 30 April 2013. The annual fees encompass the full term of office of the Board of Directors.

Members and Chairman of the Board of Directors

The number of members in the Board of Directors was confirmed to be six. Sirpa Jalkanen, Eero Karvonen, Timo Maasilta, Hannu Syrjänen, Heikki Westerlund and Jukka Ylppö were re-elected as members of the

Board of Directors for the following term of office. Hannu Syrjänen was re-elected as the Chairman of the Board of Directors.

Auditor and auditor's fee

Authorised Public Accountants PricewaterhouseCoopers Oy were elected as the auditor for the following term of office. The auditor's fee shall be paid against an invoice approved by the Company.

Authorisation of the Board of Directors to decide on acquisition of the Company's own shares

The Board of Directors was authorised by the AGM to decide on acquisition of the Company's own shares in accordance with the Board's proposal.

Authorisation of the Board of Directors to decide on a share issue

The Board of Directors was authorised by the AGM to decide on a share issue in which the Company's own shares held by the Company can be conveyed on the terms and conditions proposed by the Board.

Constitution of the Board of Directors

At its constitutive meeting following the Annual General Meeting, the Board of Directors elected Jukka Ylppö as its Vice Chairman.

Personnel

The average number of employees in the Orion Group in January–March 2013 was 3,494 (3,439). At the end of March 2013 the Group had a total of 3,514 (3,453) employees, of whom 2,820 (2,740) worked in Finland and 694 (713) outside Finland.

Salaries and other personnel expenses in January–March 2013 totalled EUR 54 (53) million.

Significant legal proceedings

Legal proceedings against the Sandoz companies

On 1 May 2012 Orion announced that it had been informed that the United States District Court for the District of New Jersey had given its decision on the patent infringement lawsuit that Orion Corporation and Hospira, Inc. filed on 4 September 2009 to enforce US Patents Nos. 4,910,214 and 6,716,867. The respondents in the case are Sandoz Inc., Sandoz International GmbH and Sandoz Canada Inc. (hereinafter collectively "Sandoz").

The court found that US Patent No. 4,910,214 is valid and enforceable. Sandoz is permanently enjoined from the commercial manufacture, use, sale or offer for sale in the United States or importation into the United States of its generic dexmedetomidine product until such time as US Patent No. 4,910,214 expires, including any applicable extensions. The Court also ordered that the effective date of Sandoz's Abbreviated New Drug Application No. 91-465 shall not occur until the expiration of Patent No. 4,910,214, including any applicable extensions. Separately, the court found that US Patent No. 6,716,867 is invalid as obvious.

Orion's licensee Hospira, Inc. sells Precedex® in the United States and in markets outside Europe.

Orion and Hospira have filed an appeal against the decision to the court of appeals, and so has Sandoz.

Legal proceedings against Caraco Pharmaceutical Laboratories, Ltd.

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

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

Orion expects the costs of the legal proceedings against Caraco to be substantially less than the costs of the entacapone patent litigation that had previously been pending in the United States. Consideration of the case has been suspended pending the conclusion of the above-mentioned appeal proceedings against the Sandoz companies concerning Patent No. 6,716,867.

Legal proceedings against Mylan Pharmaceuticals Inc.

On 26 April 2012 Orion Corporation filed a patent infringement lawsuit in the United States against Mylan Pharmaceuticals Inc. to enforce its US Patents Nos. 5,446,194, 6,500,867 and 6,797,732.

Mylan is seeking authorisation to produce and market generic tablets (strengths 12.5/50/200 mg; 18.75/75/200 mg; 25/100/200 mg; 31.25/125/200 mg; 37.5/150/200 mg and 50/200/200 mg) in the United States, with carbidopa, levodopa and entacapone as active ingredients in the same proportion as in Orion's proprietary drug Stalevo® for treatment of Parkinson's disease. Stalevo is an enhanced levodopa treatment which is marketed in the United States by Orion's exclusive licensee, Novartis.

Business Reviews

Pharmaceuticals

Review of human pharmaceuticals market

According to statistics collected by Finnish Pharmaceutical Data Ltd, **Finnish wholesale of human pharmaceuticals** in January–March 2013 totalled EUR 497 (493) million.

Finland is the most important individual market for Orion, generating about one-quarter of the total net sales. Orion was able to increase its sales faster than the markets as a whole and strengthened its position as leader in marketing pharmaceuticals in Finland. According to statistics collected by Finnish Pharmaceutical Data Ltd, **Orion's wholesale of human pharmaceuticals in Finland** in January–March 2013 amounted to EUR 57 (54) million, up by 7% compared with the previous year. Orion's market share of Finnish pharmaceuticals markets was 12% (11%).

According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in December 2012 the **total sales of Parkinson's drugs** in the United States were up by 8% at USD 771 million (USD 716 million in the previous 12-month period). The five largest European markets for Parkinson's disease drugs were Germany, the United Kingdom, France, Spain and Italy. In these countries, the combined sales of Parkinson's drugs totalled EUR 963 (954) million, and the average market growth was 1%. In Japan sales of Parkinson's drugs grew by 13% to EUR 593 (523) million.

According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in December 2012 the **total sales of Parkinson's drugs containing entacapone** were USD 197 (191) million in the United States and EUR 157 (156) million in the five largest European markets.

The most important individual therapy area for Orion is still the treatment of Parkinson's disease. Orion's branded Parkinson's drugs containing entacapone (Stalevo®, Comtess® and Comtan®) account for about a quarter of the Group's net sales. In the United States sales of these products decreased. In Europe sales increased slightly, and in Japan sales continued to grow well and clearly better than the market as a whole. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in December 2012, **sales of Orion's branded Parkinson's drugs** in the United States were down by 30% at USD 134 (191) million. Sales were EUR 157 (156) million in the five largest markets in Europe, and grew by 21% to EUR 67 (56) million in Japan. The market share of Orion's branded Parkinson's drugs was 17% in the United States, on average 16% in the five largest European markets and 11% in Japan.

According to IMS Health pharmaceutical sales statistics, sales of Orion's **Precedex® intensive care sedative** (dexmedetomidine) were up by 31% at USD 270 million in the 12-month period ending in December 2012 (USD 206 million in the previous 12-month period). About four-fifths of the sales amounting to USD 213 (161) million were in the United States, where Precedex sales grew by 32%.

According to IMS Health pharmaceutical sales statistics, total sales of the most common intravenous anaesthetics and intensive care sedatives (propofol, midazolam, remifentanil and dexmedetomidine) were down by 3% in Europe in the 12-month period ending in December 2012 at EUR 474 (489) million. According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in December 2012 sales of Orion's ***dexdor*® intensive care sedative** (dexmedetomidine) were EUR 12 million in Europe.

Net sales and operating profit of the Pharmaceuticals business

Net sales of the Pharmaceuticals business in January–March 2013 were EUR 234 (233) million. The operating profit of the Pharmaceuticals business was down by 6% at EUR 74 (79) million. The operating profit of the Pharmaceuticals business was 32% (34%) of the segment's net sales.

Net sales of Orion's top ten pharmaceuticals in January–March 2013 were EUR 118 (117) million. They accounted for 50% (50%) of the total net sales of the Pharmaceuticals business.

Proprietary Products

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

Net sales of Proprietary Products in January–March 2013 were EUR 100 (99) million.

Orion's branded drugs for treatment of Parkinson's disease are Stalevo® (active ingredients carbidopa, levodopa and entacapone) and Comtess®/Comtan® (entacapone), and their net sales in January–March 2013 totalled EUR 60 (63) million. Sales of Parkinson's drugs were down by 5% and accounted for 26% (27%) of the total net sales of the Pharmaceuticals business. Net sales from deliveries of Stalevo and Comtan to Novartis were down by 3% at EUR 38 (40) million. Deliveries of Stalevo to Novartis were up by 9% at EUR 25 (23) million and deliveries of Comtan were down by 20% at EUR 13 (16) million. Total net sales generated by Stalevo and Comtess in Orion's own sales organisation were down by 8% at EUR 22 (24) million. Sales through Orion's own sales network were down by 4% at EUR 20 (21) million for Stalevo and down by 34% at EUR 2 (3) million for Comtess.

The US Food and Drug Administration (FDA) has an ongoing safety review of Stalevo, which began in spring 2009. Orion is assisting the FDA in undertaking the safety review. The FDA has requested additional data based on databases concerning the significance of the results of the STRIDE-PD study, and consequently Orion and Novartis have undertaken epidemiological studies and results from them were submitted to authorities for review in the third quarter of 2012.

Net sales of Simdax®, a drug for treatment of acute decompensated heart failure, in January–March 2013 were up by 4% at EUR 11 (10) million.

Total net sales of the Easyhaler® product family for treatment of asthma and chronic obstructive pulmonary disease were down by 11% in January–March 2013 at EUR 6 (7) million. Sales of Easyhaler products through Orion's own sales network in Europe continued to grow strongly. Sales during the review period reflected the repatriation of rights to Easyhaler products in Europe in 2012 and the related transitional phase, consequently total sales of the Easyhaler product family were lower than in the comparative period.

Net sales of the Precedex® intensive care sedative (dexmedetomidine) were up by 16% in January–March 2013 at EUR 12 (10) million. In the United States and markets outside Europe the sedative is sold by Orion's partner Hospira. US markets account for about four-fifths of net sales of Precedex. In March Hospira announced it had been granted six months paediatric exclusivity for Precedex® in the United States, so generic competition in the United States is expected to commence at the earliest in January 2014.

Net sales of Orion's *dexdor*® intensive care sedative (dexmedetomidine) in January–March 2013 were up by 156% at EUR 6 (2) million. Early this year the product was launched in Italy, Spain and France, and it is now available in almost all European countries.

Specialty Products

Net sales of the Specialty Products business division's off-patent, i.e. generic prescription drugs and self-care products in January–March 2013 were up by 6% at EUR 96 (90) million.

Net sales of Orion's human pharmaceuticals in Finland in January–March 2013 were up by 7% at EUR 63 (59) million. Specialty Products accounted for the majority of sales. Orion managed to increase its sales, especially in prescription drugs.

Net sales of Orion's human pharmaceuticals in Eastern Europe and Russia in January–March 2013 were up by 8% at altogether EUR 15 (14) million. Specialty Products account for the majority of sales in the region.

Animal Health

In the Nordic countries and some Eastern European markets Orion itself sells veterinary drugs, and in other markets the Company operates through partners. In addition, in the Nordic countries Orion markets and sells veterinary drugs manufactured by several international companies. Orion's Animal Health business division has a strong market position in the Nordic countries, its home markets.

Net sales of the Animal Health business division in January–March 2013 were down by 19% at EUR 15 (18) million. Sales of the animal sedatives at EUR 5 (6) million accounted for 33% (35%) of the division's net sales. Orion's animal sedatives are Dexdomitor® (dexmedetomidine), Domitor® (medetomidine), Domosedan® (detomidine) and Antisedan® (atipamezole).

Fermion

Fermion manufactures active pharmaceutical ingredients for Orion and other pharmaceutical companies. Its product range comprises nearly 30 pharmaceutical ingredients. Fermion's net sales in January–March 2013 excluding pharmaceutical ingredients supplied for Orion's own use were down by 16% at EUR 13 (16) million and accounted for about two-thirds of Fermion's entire net sales. Several key products performed well, even though competition in the markets remained intense. Capacity utilisation at Fermion's plants was very high during the period under review. Capacity utilisation was increased by manufacturing active ingredients required for development work on Orion's own proprietary drugs, in addition to the normal product range.

Research and development projects

The Group's ***R&D expenses*** in January–March 2013 were up by 7% at EUR 25 (23) million, of which the Pharmaceuticals business accounted for EUR 22 (21) million. The Group's R&D expenses accounted for 10% (9%) of the Group's net sales. R&D expenses also include expenses relating to development of the current portfolio.

Orion has ongoing projects to broaden the range of the inhalable ***Easyhaler® drugs*** product family. Orion submitted an application for marketing authorisation for a combined ***budesonide-formoterol formulation*** in Europe in March, and the application is being processed. In this formulation, budesonide acts as an anti-inflammatory agent and formoterol acts as a long-acting bronchodilator. In addition, Orion has another Easyhaler research programme in progress to develop a combined ***fluticasone-salmeterol formulation***. In this formulation fluticasone acts as an anti-inflammatory agent and salmeterol acts as a long-acting bronchodilator.

Orion is collaborating with Novartis to develop ***Stalevo® drug*** for the Japanese markets. Novartis initiated the necessary clinical bioavailability study in November 2012.

Orion is continuing to develop an ***androgen receptor antagonist*** **(ODM-201)** for the treatment of advanced prostate cancer jointly with Endo Pharmaceuticals Inc. with the objective of approval of the drug globally. Phase I/II clinical trials on safety, efficacy and pharmacokinetics showed that initial results concerning efficacy were promising, and the product was well tolerated with no significant adverse events detected. Results were presented at the ESMO international oncology congress at the end of September 2012 and ASCO GU 2012 symposium in mid-February 2013. Development of the product is now in Phase II clinical trials. Negotiations to find a suitable partner for markets outside Europe and North America are ongoing.

Orion has completed Phase II clinical trials with an ***alpha-2c adrenoceptor antagonist*** **(ORM-12741)**. The trials investigated the efficacy and safety of the drug candidate in treatment of cognitive and behavioural symptoms relating to Alzheimer's disease. Positive results from Phase IIa clinical trials were presented at the annual meeting of the American Academy of Neurology in mid-March 2013. Negotiations to find a suitable partner for the next development phase are ongoing.

Orion is developing a new ***more effective levodopa product*** **(ODM-101)** based on optimised new formulations and doses of known compounds. Results obtained from Phase II clinical trials in 2012 were

positive, and they were presented at the annual meeting of the American Academy of Neurology in mid-March 2013. The search for a suitable collaboration approach for the next development phase is ongoing.

Orion has ongoing Phase I clinical safety trials with a new ***COMT inhibitor*** **(ODM-103)**. It is a new molecule that enhances the therapeutic effects of levodopa used to treat Parkinson's disease by blocking the COMT enzyme. The pre-clinical study results indicated that the new molecule is more effective than the COMT inhibitor entacapone, which is already in the markets.

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

Diagnostics

Orion Diagnostica manufactures convenient and quick in vitro diagnostic tests and testing systems suitable for point-of-care testing. Net sales of the Diagnostics business in January–March 2013 were up by 2% at EUR 16 (16) million.

QuikRead® infection tests remained the main product, with sales continuing strong in the review period. Sales of the more user-friendly prefilled QuikRead 101 system and QuikRead go®, a new generation testing instrument, developed well.

The operating profit of the Diagnostics business was down by 8% at EUR 2.3 (2.5) million mainly due to higher research and development expenses.

After the review period, on 10 April 2013 Orion Diagnostica gave a negotiation proposal, as laid down in the Finnish Act on Co-operation within Undertakings, on streamlining operations, reorganising production and possible personnel reductions. The measures under consideration are intended to streamline operations and improve the Company's profitability by among other things simplifying the product portfolio. Through the measures under consideration, Orion Diagnostica aims to ensure the continuity of operations and competitiveness in the future too.

Espoo, 23 April 2013

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen
President and CEO

Jari Karlson
CFO

Tables

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q1/13	Q1/12	Change %	2012
Net sales	**249.4**	247.4	+0.8%	980.4
Cost of goods sold	**-91.8**	-86.8	+5.8%	-350.8
Gross profit	**157.6**	160.6	-1.9%	629.6
Other operating income and expenses	**0.3**	1.5	-78.3%	6.3
Sales and marketing expenses	**-48.5**	-49.3	-1.5%	-206.1
R&D expenses	**-24.6**	-23.1	+6.7%	-105.8
Administrative expenses	**-10.6**	-11.2	-5.0%	-45.7
Operating profit	**74.1**	78.6	-5.7%	278.3
Finance income	**1.6**	1.1	+45.1%	4.9
Finance expenses	**-2.3**	-1.1	+100.1%	-6.6
Share of associated companies' results	**0.3**	0.1	+314.1%	0.1
Profit before taxes	**73.8**	78.7	-6.2%	276.6
Income tax expense	**-18.2**	-19.5	-6.7%	-69.7
Profit for the period	**55.6**	59.1	-6.0%	206.9
OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS				
Change in value of cash flow hedges	**0.0**	-0.1		-0.2
Change in value of available-for-sale financial assets				0.3
Translation differences	**-0.7**	0.3		1.1
Items that may be reclassified subsequently to profit and loss	**-0.7**	0.2		1.1
Items due to remeasurement of defined benefit plans	**0.0**	6.4		25.6
Items that will not be reclassified to profit and loss	**0.0**	6.4		25.6
Other comprehensive income net of tax	**-0.7**	6.6		26.7
Comprehensive income for the period including tax effects	**54.9**	65.8	-16.6%	233.7
PROFIT ATTRIBUTABLE TO:				
Owners of the parent company	**55.6**	59.1	-6.0%	206.9
Non-controlling interests	**0.0**	0.0		0.0
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent company	**54.9**	65.8	-16.6%	233.7
Non-controlling interests	**0.0**	0.0		0.0
Basic earnings per share, EUR [1)]	**0.39**	0.42	-6.1%	1.47
Diluted earnings per share, EUR [1)]	**0.39**	0.42	-6.1%	1.47
Depreciation, amortisation and impairment	**9.2**	8.9	+3.2%	40.0
Personnel expenses	**54.0**	53.3	+1.5%	214.8

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	3/13	3/12	Change %	12/12
Property, plant and equipment	**216.3**	191.5	+13.0%	205.3
Goodwill	**13.5**	13.5		13.5
Intangible rights	**57.4**	65.0	-11.7%	58.0
Other intangible assets	**3.8**	4.6	-18.4%	4.3
Investments in associates	**1.7**	1.4	+19.1%	1.4
Available-for-sale financial assets	**0.5**	1.1	-55.6%	0.5
Pension asset	**38.5**	13.0	+195.7%	38.4
Deferred tax assets	**1.1**	1.2	-7.0%	2.0
Other non-current assets	**1.5**	1.6	-5.8%	1.6
Non-current assets total	**334.2**	292.9	+14.1%	325.0
Inventories	**189.2**	156.9	+20.6%	179.2
Trade receivables	**164.4**	165.1	-0.4%	151.5
Other receivables	**48.2**	29.3	+64.6%	34.8
Cash and cash equivalents	**192.7**	235.9	-18.3%	145.2
Current assets total	**594.5**	587.2	+1.3%	510.7
Assets total	**928.7**	880.1	+5.5%	835.7

EQUITY AND LIABILITIES

EUR million	3/13	3/12	Change %	12/12
Share capital	**92.2**	92.2		92.2
Expendable fund	**0.5**	0.5		0.5
Other reserves	**0.9**	0.7	+31.9%	0.8
Retained earnings	**288.7**	247.7	+16.6%	416.0
Equity attributable to owners of the parent company	**382.3**	341.1	+12.1%	509.5
Non-controlling interests	**0.0**	0.0	-3.6%	0.0
Equity total	**382.4**	341.1	+12.1%	509.6
Deferred tax liabilities	**41.5**	35.3	+17.5%	42.5
Pension liability	**1.4**	1.2	+14.4%	1.4
Provisions	**0.1**	0.2	-68.4%	0.1
Interest-bearing non-current liabilities	**103.4**	134.0	-22.8%	107.4
Other non-current liabilities	**0.6**	0.5	+38.0%	0.8
Non-current liabilities total	**147.0**	171.1	-14.1%	152.2
Trade payables	**60.2**	52.1	+15.5%	59.3
Current tax liabilities	**9.0**	11.2	-19.6%	8.0
Other current liabilities	**258.5**	274.9	-6.0%	77.4
Provisions	**0.0**			
Interest-bearing current liabilities	**71.7**	29.6	+141.9%	29.3
Current liabilities total	**399.4**	367.8	+8.6%	173.9
Liabilities total	**546.4**	539.0	+1.4%	326.1
Equity and liabilities total	**928.7**	880.1	+5.5%	835.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

a. Share capital
b. Expendable fund
c. Other reserves
d. Items due to remeasurement of defined benefit plans
e. Translation differences
f. Retained earnings
g. Non-controlling interests
h. Equity total

	Equity attributable to owners of the parent company							
EUR million	a.	b.	c.	d.	e.	f.	g.	**h.**
Equity at 31 December 2011 before change in accounting policies	92.2	0.5	17.6		-3.8	393.4	0.0	**500.0**
Effect of change in accounting policies				-25.4				**-25.4**
Equity at 31 December 2011	92.2	0.5	17.6	-25.4	-3.8	393.4	0.0	**474.6**
Profit for the period						59.1		**59.1**
Other comprehensive income:								
Change in value of cash flow hedges			-0.1					**-0.1**
Translation differences					0.3			**0.3**
Items due to remeasurement of defined benefit plans				6.4				**6.4**
Transactions with owners								
Dividend and capital repayment			-16.9			-183.2		**-200.1**
Share-based incentive plan						1.1		**1.1**
Other adjustments						-0.3		**-0.3**
Equity at 31 March 2012	92.2	0.5	0.7	-19.0	-3.4	270.1	0.0	**341.1**
Equity at 31 December 2012 before change in accounting policies	92.2	0.5	0.8		-2.7	420.5	0.0	**511.3**
Effect of change in accounting policies				0.2		-2.0		**-1.8**
Equity at 31 December 2012	92.2	0.5	0.8	0.2	-2.7	418.5	0.0	**509.6**
Profit for the period						55.6		**55.6**
Other comprehensive income:								
Change in value of cash flow hedges			0.0					**0.0**
Translation differences				0.0	-0.7			**-0.7**
Items due to remeasurement of defined benefit plans								**0.0**
Transactions with owners								
Dividend and capital repayment						-183.4		**-183.4**
Share-based incentive plan						1.6		**1.6**
Other adjustments						-0.3		**-0.3**
Equity at 31 March 2013	**92.2**	**0.5**	**0.9**	**0.2**	**-3.4**	**292.0**	**0.0**	**382.4**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q1/2013	Q1/2012	2012
Operating profit	**74.1**	78.6	278.3
Adjustments	**10.9**	9.9	41.5
Change in working capital	**-38.3**	-22.7	-28.9
Interest paid	**-1.7**	-1.0	-6.1
Interest received	**1.5**	1.1	4.9
Income taxes paid	**-17.8**	-15.7	-68.6
Total net cash flow from operating activities	**28.7**	50.2	221.0
Investments in property, plant and equipment	**-16.7**	-11.3	-42.4
Investments in intangible assets	**-1.9**	-1.3	-6.7
Sales of property, plant and equipment and available-for-sale investments	**0.2**	0.2	2.0
Sales of intangible assets	**-0.0**		
Total net cash flow from investing activities	**-18.4**	-12.3	-47.1
Current loans raised	**40.1**	0.1	1.0
Repayments of current loans	**-0.3**	-0.3	-2.2
Non-current loans raised		75.0	75.0
Repayments of non-current loans	**-1.8**		-26.4
Dividends paid and other distribution of profits	**0.0**	0.0	-199.9
Total net cash flow from financing activities	**38.0**	74.9	-152.4
Net change in cash and cash equivalents	**48.3**	112.7	21.5
Cash and cash equivalents at the beginning of the period	**145.2**	123.0	123.0
Foreign exchange differences	**-0.8**	0.2	0.8
Net change in cash and cash equivalents	**48.3**	112.7	21.5
Cash and cash equivalents at the end of the period	**192.7**	235.9	145.2

Following adoption of the amended IAS 19 Employee Benefits standard retrospectively, the operating profit for the Q1/2012 comparative period has been adjusted accordingly by EUR -0.7 million and the adjustments item by EUR 0.7 million. The operating profit for the 2012 comparative period has been adjusted by EUR -2.6 million and the adjustments item by EUR 2.6 million.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	3/13	3/12	12/12
Carrying amount at the beginning of the period	**205.3**	190.7	190.7
Additions	**17.5**	7.0	40.1
Disposals	**-0.3**	-0.2	-1.1
Depreciation and impairments	**-6.2**	-6.0	-24.5
Carrying amount at the end of the period	**216.3**	191.5	205.3

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	3/13	3/12	12/12
Carrying amount at the beginning of the period	**62.3**	71.3	71.3
Additions	**1.8**	1.3	6.6
Disposals	**-0.0**		-0.0
Amortisation and impairments	**-3.0**	-2.9	-15.5
Carrying amount at the end of the period	**61.2**	69.6	62.3

COMMITMENTS AND CONTINGENCIES

EUR million	3/13	3/12	12/12
CONTINGENCIES FOR OWN LIABILITIES			
Mortgages on land and buildings	**41.0**	41.0	41.0
of which those to Orion Pension Fund	**9.0**	9.0	9.0
Guarantees	**1.8**	1.5	1.5
OTHER LIABILITIES			
Leasing liabilities (excluding finance lease contracts)	**6.2**	5.7	6.5
Other liabilities	**0.3**	0.3	0.3

DERIVATIVES

EUR million	3/13	3/12	12/12
CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS			
Fair value, EUR million	**-0.8**	0.3	0.3
Nominal value, EUR million	**53.1**	44.7	52.0
CURRENCY OPTIONS			
Fair value, EUR million	**-0.4**	0.2	0.2
Nominal value, EUR million	**54.6**	49.9	51.3
INTEREST RATE SWAPS			
Fair value, EUR million	**-0.2**		-0.3
Nominal value, EUR million	**21.4**		22.3
CROSS CURRENCY SWAPS			
Fair value, EUR million	**-0.1**	-0.1	0.2
Nominal value, EUR million	**9.6**	19.1	9.6
ELECTRICITY DERIVATIVES			
Fair value, EUR million	**-0.5**	-0.5	-0.6
Nominal amount, GWh	**97**	151	110

DERIVATIVE CATEGORIES USING FAIR VALUE HIERARCHY

EUR million	Level 1	Level 2	Level 3	Total
Currency forward contracts and currency swaps		**-0.8**		**-0.8**
Currency options		**-0.4**		**-0.4**
Interest rate swaps		**-0.2**		**-0.2**
Cross currency swaps		**-0.1**		**-0.1**
Electricity derivatives	**-0.5**			**-0.5**

All derivatives are OTC derivatives, and market quotations available at the end of the reporting period have been used as their fair value.

In the Group the principle is applied that transfers between levels of fair value hierarchy are recognised on the date on which the event triggering the transfer has occurred.

No transfers between levels occurred during the reporting period.

RELATED PARTY TRANSACTIONS

EUR million	Q1/13	Q1/12	2012
Management's employment benefits	**4.1**	2.7	4.4

Operating segment performance

NET SALES BY BUSINESS DIVISION

EUR million	Q1/13	Q1/12	Change %	2012
Pharmaceuticals	**234.2**	232.5	+0.7%	928.9
Proprietary Products	**100.3**	99.0	+1.4%	403.7
Specialty Products	**95.7**	90.2	+6.1%	367.2
Animal Health	**14.8**	18.2	-19.0%	69.2
Fermion	**13.4**	16.0	-16.4%	48.4
Contract manufacturing and other	**10.1**	9.2	+9.9%	40.5
Diagnostics	**15.9**	15.5	+2.3%	54.1
Group items	**-0.8**	-0.6	+16.3%	-2.7
Group total	**249.4**	247.4	+0.8%	980.4

OPERATING PROFIT BY BUSINESS AREA

EUR million	Q1/13	Q1/12	Change %	2012
Pharmaceuticals	**73.9**	78.8	-6.3%	286.5
Diagnostics	**2.3**	2.5	-8.1%	2.3
Group items	**-2.0**	-2.7	+26.0%	-10.6
Group total	**74.1**	78.6	-5.7%	278.3

NET SALES BY ANNUAL QUARTERS

	2013	2012			2011			
EUR million	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Pharmaceuticals	234.2	242.1	234.2	220.1	232.5	223.8	199.8	215.9
Diagnostics	15.9	13.1	12.1	13.4	15.5	12.9	11.3	11.7
Group items	-0.8	-0.8	-0.5	-0.7	-0.6	-0.6	-0.5	-0.6
Group total	249.4	254.4	245.8	232.8	247.4	236.1	210.7	227.0

OPERATING PROFIT BY ANNUAL QUARTERS

	2013	2012			2011			
EUR million	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Pharmaceuticals	73.9	62.2	78.0	67.5	78.8	61.4	66.8	67.1
Diagnostics	2.3	-0.6	0.0	0.5	2.5	0.7	0.8	0.7
Group items	-2.0	-2.9	-2.3	-2.7	-2.7	-2.5	-2.1	-2.7
Group total	74.1	58.8	75.6	65.3	78.6	59.6	65.4	65.1

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

	2013	2012			2011			
EUR million	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Finland	67.8	67.3	63.3	62.7	64.0	61.7	60.1	59.8
Scandinavia	32.5	33.3	30.3	30.3	32.4	28.5	28.1	30.3
Other Europe	75.7	68.1	76.5	79.2	78.7	79.6	71.5	77.2
North America	34.5	54.7	27.1	30.4	38.4	36.0	24.0	29.2
Other markets	38.8	31.0	48.6	30.2	33.9	30.3	26.9	30.6
Group total	249.4	254.4	245.8	232.8	247.4	236.1	210.7	227.0

Business reviews

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

EUR million	Q1/13	Q1/12	Change %	2012
Net sales	**234.2**	232.5	+0.7%	928.9
Operating profit	**73.9**	78.8	-6.3%	286.5
% of net sales	**31.5%**	33.9%		30.8%
R&D expenses	**22.4**	21.3	+5.1%	97.6
% of net sales	**9.5%**	9.1%		10.5%
Capital expenditure	**18.5**	7.2	+155.7%	42.0
% of net sales	**7.9%**	3.1%		4.5%
Sales revenue from proprietary products	**108.0**	106.7	+1.2%	429.0
Assets	**667.6**	583.4		627.3
Liabilities	**124.4**	118.2		128.4
Personnel at the end of the period	**3,141**	3,095		3,123

TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	Q1/13	Q1/12	Change %	2012
Stalevo®, Comtess® and Comtan® (Parkinson's disease)	**60.3**	63.2	-4.7%	250.1
Precedex® (intensive care sedative)	**12.0**	10.3	+16.3%	45.3
Simdax® (acute decompensated heart failure)	**10.8**	10.4	+4.4%	43.6
Easyhaler® product family (asthma, COPD)	**6.2**	7.0	-11.2%	26.8
Burana® (inflammatory pain)	**5.8**	5.8	+0.4%	23.3
dexdor® (intensive care sedative)	**5.7**	2.2	+156.2%	13.0
Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives)	**4.9**	6.4	-23.1%	22.8
Fareston® (breast cancer)	**4.7**	3.5	+35.5%	11.9
Marevan® (anticoagulant)	**4.0**	4.4	-7.4%	15.8
Divina® range (menopausal symptoms)	**3.5**	3.8	-9.6%	15.5
Total	**117.8**	116.9	+0.8%	468.2
Share of pharmaceutical net sales	**50%**	50%		50%

KEY FIGURES FOR DIAGNOSTICS BUSINESS

EUR million	Q1/13	Q1/12	Change %	2012
Net sales	**15.9**	15.5	+2.3%	54.1
Operating profit	**2.3**	2.5	-8.1%	2.3
% of net sales	**14.2%**	15.8%		4.3%
R&D expenses	**2.3**	1.8	+27.6%	8.3
% of net sales	**14.6%**	11.7%		15.4%
Capital expenditure	**0.8**	1.1	-26.4%	4.2
% of net sales	**4.9%**	6.9%		7.7%
Assets	**51.0**	44.6		47.2
Liabilities	**17.2**	16.3		16.2
Personnel at the end of the period	**349**	335		340

Information on Orion's shares

BASIC SHARE INFORMATION 31 MARCH 2013

	A shares	B shares	Total
Trading code on NASDAQ OMX Helsinki	ORNAV	ORNBV	
Listing day	1 July 2006	1 July 2006	
ISIN code	FI0009014369	FI0009014377	
ICB code	4500	4500	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	28.2	64.0	92.2
Counter book value per share, EUR	0.65	0.65	
Total number of shares	43,235,318	98,022,510	141,257,828
% of total share stock	31%	69%	100%
Number of treasury shares		188,991	188,991
Total number of shares excluding treasury shares	43,235,318	97,833,519	141,068,837
Minimum number of shares			1
Maximum number of A and B shares, and maximum number of all shares	500,000,000	1,000,000,000	1,000,000,000
Votes per share	20	1	
Number of votes excluding treasury shares	864,706,360	97,833,519	962,539,879
% of total votes	90%	10%	100%
Total number of shareholders	18,462	42,726	54,961

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

INFORMATION ON TRADING ON NASDAQ OMX HELSINKI 1 JANUARY – 31 MARCH 2013

	A shares	B shares	Total
Shares traded	1,264,860	26,596,960	27,861,820
% of the total number of shares	2.9%	27.1%	19.7%
Trading volume, EUR million	28.0	586.9	614.9
Closing quotation on 31 December 2012, EUR	22.05	22.18	
Lowest quotation, EUR (A and B 21 January 2013)	19.96	20.01	
Average quotation, EUR	22.11	22.07	
Highest quotation, EUR (A and B 8 March 2013)	24.42	24.58	
Closing quotation on 31 March 2013, EUR	20.31	20.49	
Market capitalisation on 31 March 2013 excluding treasury shares, EUR million	878.1	2,004.6	2,882.7

PERFORMANCE PER SHARE

	Q1/13	Q1/12	Change %	2012
Basic earnings per share, EUR	**0.39**	0.42	-6.1%	1.47
Diluted earnings per share, EUR	**0.39**	0.42	-6.1%	1.47
Cash flow per share before financial items, EUR	**0.07**	0.26	-72.5%	1.22
Equity per share, EUR	**2.71**	2.42	+12.0%	3.62
Average number of shares excluding treasury shares, 1,000 shares	**140,978**	140,862		140,915

Appendices

Reporting

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

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

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

Accounting policies

This Interim Report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The same accounting policies as for the Financial Statements for 2012 have been applied in preparing the Interim Report, except for amendments to existing IFRS and IAS standards endorsed by the EU that have been adopted as of 1 January 2013. The amendments to IFRS standards had no effect on the Consolidated Financial Statements. The effects of the amendment to the IAS 19 standard on the Consolidated Financial Statements are described in more detail below.

Effect of amendment to IAS 19 Employee Benefits standard on the Orion Group's Consolidated Financial Statements

The Orion Group has changed its accounting procedure concerning defined benefit plans to comply with the requirements of the amended IAS 19 Employee Benefits standard. The Group has stopped using the corridor approach and, in accordance with the amended standard, recognises all amounts arising from remeasurement of defined benefit plan assets directly into the components of other comprehensive income. The Group continues the accounting procedure of function-based recognition of net interest arising from the plan assets through service costs above the operating profit. The accounting policy in accordance with the amended standard has been applied retroactively as of 1 January 2013.

The restated figures in the Orion Group's Consolidated Statement of Comprehensive Income and Statement of Financial Position and key figures for the financial year 2012 are presented by annual quarters in the table appended to this Interim Report. The amendment to the IAS 19 standard decreased the operating profit for the 2012 financial year by EUR 2.6 million. The net effect of the amendment on equity at 31 December 2012 was EUR -1.8 million. The amendment decreased the equity at 1 January 2012 by EUR 25.4 million, but increased the equity during the 2012 financial year by EUR 23.6 million.

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

Restated figures in Consolidated Statement of Comprehensive Income and Statement of Financial Position and other key figures for 2012

	Q1/12		Q1–Q2/12		Q1–Q3/12		Q1–Q4/12	
	Reported earlier	Restated	Reported earlier	Restated	Reported earlier	Restated	Reported earlier	Restated
Operating profit, EUR million	79.3	**78.6**	145.2	**143.9**	221.5	**219.5**	280.9	**278.3**
% of net sales	32.0%	**31.8%**	30.2%	**30.0%**	30.5%	**30.2%**	28.7%	**28.4%**
Profit before taxes, EUR million	79.3	**78.7**	144.5	**143.2**	220.5	**218.5**	279.3	**276.6**
% of net sales	32.1%	**31.8%**	30.1%	**29.8%**	30.4%	**30.1%**	28.5%	**28.2%**
Income tax expense, EUR million	19.7	**19.5**	35.6	**35.3**	54.5	**54.0**	70.4	**69.7**
R&D expenses, EUR million	22.8	**23.1**	47.1	**47.5**	73.2	**73.9**	104.8	**105.8**
% of net sales	9.2%	**9.3%**	9.8%	**9.9%**	10.1%	**10.2%**	10.7%	**10.8%**
Cost of goods sold, EUR million	86.6	**86.8**	168.5	**169.0**	253.7	**254.4**	350.0	**350.8**
% of net sales	35.0%	**35.1%**	35.1%	**35.2%**	34.9%	**35.0%**	35.7%	**35.8%**
Sales and marketing expenses, EUR million	49.2	**49.3**	98.1	**98.3**	147.5	**147.8**	205.7	**206.1**
% of net sales	19.9%	**19.9%**	20.4%	**20.5%**	20.3%	**20.4%**	21.0%	**21.0%**
Administrative expenses, EUR million	11.1	**11.2**	22.6	**22.8**	32.2	**32.5**	45.3	**45.7**
% of net sales	4.5%	**4.5%**	4.7%	**4.7%**	4.4%	**4.5%**	4.6%	**4.7%**
Profit for the period, EUR million	59.6	**59.1**	108.8	**107.8**	166.0	**164.5**	208.9	**206.9**
Other comprehensive income net of tax, EUR million	0.2	**6.6**	1.3	**14.1**	1.9	**21.1**	1.1	**26.7**
Pension assets, EUR million	38.0	**13.0**	38.7	**21.5**	39.3	**30.1**	39.6	**38.4**
Pension liabilities, EUR million	0.5	**1.2**	0.5	**1.3**	0.5	**1.4**	0.3	**1.4**
Deferred tax liabilities, EUR million	41.6	**35.3**	42.4	**38.0**	42.1	**39.6**	43.1	**42.5**
Equity total, EUR million	360.5	**341.1**	410.9	**397.4**	468.7	**461.1**	511.3	**509.6**
Assets total, EUR million	905.2	**880.1**	746.1	**729.0**	791.9	**782.7**	836.9	**835.7**
Equity ratio, %	39.8%	**38.8%**	55.1%	**54.5%**	59.2%	**58.9%**	61.1%	**61.0%**
Gearing, %	-20.0%	**-21.2%**	23.2%	**24.0%**	7.6%	**7.7%**	-1.7%	**-1.7%**
Non-interest-bearing liabilities, EUR million	380.9	**375.4**	177.5	**174.1**	173.0	**171.7**	189.0	**189.5**
ROCE (before taxes), %	57.8%	**59.7%**	51.4%	**52.7%**	50.0%	**50.9%**	46.2%	**46.8%**
ROE (after taxes), %	55.4%	**58.0%**	47.8%	**49.5%**	45.7%	**46.9%**	41.3%	**42.0%**
Basic earnings per share, EUR	0.42	**0.42**	0.77	**0.77**	1.18	**1.17**	1.48	**1.47**
Diluted earnings per share, EUR	0.42	**0.42**	0.77	**0.77**	1.18	**1.17**	1.48	**1.47**
Equity per share, EUR	2.56	**2.42**	2.92	**2.82**	3.33	**3.27**	3.63	**3.62**
Personnel expenses, EUR million	52.6	**53.3**	105.7	**107.0**	152.8	**154.8**	212.1	**214.8**

Other matters

The data in this financial review are not audited.

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

CALCULATION OF THE KEY FIGURES

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

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

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

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

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

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

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

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

Market capitalisation, EUR million = Number of shares at the end of the period × Closing quotation of the period

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Orion is a globally operating Finnish company developing pharmaceuticals and diagnostic tests – a builder of well-being. Orion develops, manufactures and markets human and veterinary pharmaceuticals, active pharmaceutical ingredients and diagnostic tests. The company is continuously developing new drugs and treatment methods. Pharmaceutical R&D focuses on central nervous system drugs, oncology and critical care drugs, and Easyhaler® pulmonary drugs.

Orion's net sales in 2012 amounted to EUR 980 million and the Company had about 3,500 employees. Orion's A and B shares are listed on NASDAQ OMX Helsinki.