

Orion Group Interim Report 1–9/2008

Orion's net sales in January–September 2008 stood at EUR 530.1 million (1–9/2007: EUR 509.6 million), up by 4.0% on the comparative period of January–September 2007.

- Operating profit was EUR 152.2 (153.4) million.
- Profit before taxes was EUR 152.0 (154.3) million.
- Equity ratio was 65.5% (75.8%).
- Return on capital employed (ROCE) was 44.8% (48.9%).
- Earnings per share were EUR 0.79 (0.80).

Orion's key figures for the review period

	Q3/08	Q3/07	Change %	Q1–Q3/08	Q1–Q3/07	Change %	2007
Net sales, EUR million	167.8	163.8	+2.4 %	530.1	509.6	+4.0%	683.6
Operating profit, EUR million	43.6	49.1	-11.3 %	152.2	153.4	-0.8%	192.0
% of net sales	26.0%	30.0%		28.7%	30.1%		28.1%
Profit before taxes, EUR million	43.1	49.2	-12.5 %	152.0	154.3	-1.5%	193.4
% of net sales	25.7%	30.0%		28.7%	30.3%		28.3%
R&D expenditure, EUR million	23.1	22.2	+4.0 %	74.0	69.7	+6.1%	98.5
% of net sales	13.8%	13.6%		14.0%	13.7%		14.4%
Capital expenditure, EUR million	12.7	9.3	+36.8 %	44.0	23.9	+83.9%	35.3
% of net sales	7.6%	5.7%		8.3%	4.7%		5.2%
Balance Sheet total, EUR million				606.5	529.2	+14.6%	567.6
Equity ratio, %				65.5%	75.8%		76.0%
Gearing, %				0.2%	-12.4%		-20.0%
Interest-bearing liabilities, EUR million				95.9	10.6	+805.0%	4.0
Non-interest-bearing liabilities, EUR million				113.5	117.7	-3.6%	132.4
Cash and cash equivalents, EUR million				95.1	60.1	+58.2%	90.4
ROCE (before taxes), %				44.8%	48.9%		44.8%
ROE (after taxes), %				35.9%	36.4%		33.5%
Earnings per share, EUR	0.23	0.26	-11.8 %	0.79	0.80	-1.2%	1.02
Equity per share, EUR				2.82	2.84	-0.7%	3.05
Personnel at the end of the period				3,300	3,149	+4.8%	3,176

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

CEO Timo Lappalainen's review

"Our net sales grew by 4% compared with the same period last year, even though the growth was substantially slowed down by the exit of Calcimagon from the German portfolio and the weakening of the US dollar rate. However, the Group's operating profit fell slightly, mainly because of the planned increase in expenditure on research and sales as well as the costs caused by the ongoing patent infringement lawsuits in the USA."

"The combined sales of the Parkinson's drugs Stalevo and Comtess, marketed through Orion's own sales organisation, continued to grow. Moreover, the in-market sales by our marketing partner Novartis increased. Due to a decrease in Novartis's stock levels, however, our total deliveries of Stalevo and Comtan were slightly lower than last year. For the full year we expect our deliveries to achieve the level of 2007."

"Our estimate of the Group's outlook for the full year 2008 remains unchanged compared with the previously published one in the 2007 financial statements and the preceding interim reports. At present we do not expect the current financial crisis to substantially affect the company's earnings in the last part of 2008. The entire outlook estimate and the related preamble are found on pages 5–6 of this report."

Events during the 3rd quarter of 2008

In July, Orion withdrew a loan of EUR 40 million granted by the European Investment Bank. The loan will be repaid during the next seven years, and its interest rate is tied to the 6-month euribor interest rate.

In August, Orion signed a co-operation agreement with the Australian drug delivery technology company Acrux to become a contract manufacturer of its Testosterone MD-Lotion[®] hormone replacement products.

In August, the new strengths of Stalevo, 75 and 125 mg, were granted marketing authorisation in the United States. Novartis will launch the new tablet strengths in October.

In September, the rights to develop and commercialise non-intravenously administered dosage forms of dexmedetomidine, for example in the United States market, were out-licensed to the American Récro Pharma company.

In September, Orion announced that the studies currently underway with dexmedetomidine (a sedative for patients in intensive care) administered as a long-term infusion will take longer to complete than projected earlier, and preliminary results are expected to be available in the summer of 2010.

In September, Orion and Pfizer signed a contract giving Orion the exclusive right to market an extensive portfolio of veterinary medicines in Scandinavia.

Events after the review period

In October, Orion Corporation was informed that Sun Pharma Global, Inc. has filed an Abbreviated New Drug Application (ANDA) with the U.S. Food and Drug Administration (FDA) seeking authorisation to produce and market a generic version of entacapone (200 mg tablets) in the United States. Entacapone is the active ingredient in Comtan[®], a product originated by Orion Corporation for Parkinson's disease and marketed in the United States by its exclusive licensee, Novartis.

The new ANDA by Sun Pharma Global is expected to neither alter the order of priority among existing generic applicants nor significantly change the overall status regarding the current U.S. patent litigations where Orion is a party. Sun Pharma Global's new ANDA challenges two of Orion's U.S. patents listed in the FDA's Orange Book, U.S. Patent Nos. 5,446,194 (already part of the legal proceedings against Sun Pharmaceutical Industries Limited) and 6,599,530. Regarding the two remaining U.S. patents covering Comtan, Sun Pharma Global did not challenge the U.S. patents No. 5,112,861 and No. 5,135,950, the latter of which expires 31 October 2010. As such, generic competition is neither certain nor imminent.

Subsequently, Orion has been informed that contrary to what was stated in Orion's Stock Exchange Release of 7 October 2008 Sun Pharma Global, Inc. is a company registered in the British Virgin Islands.

Orion is, together with Novartis, currently evaluating its legal options to protect its rights.

Teleconference in English

A conference call for analysts and the media on the interim report will be held in English on **Tuesday, 28 October 2008, starting at 14.00 EET**. At the beginning of the teleconference there will be a brief presentation in English concerning the result of the Group.

The release and the presentation material, as well as instructions on how to participate in the conference will be available at www.orion.fi/investors. The on-demand recording of the teleconference will be accessible on the homepage on the following day.

The phone numbers to the conference call are:
USA +1 866 966 5335
Others +44 20 3023 4438

Orion's publication dates in 2009

Orion Corporation will publish its financial statements review for 2008 on Friday, 6 February 2009. The Annual Report for 2008 will be published in the week of 2 March 2009. The Annual General Meeting is planned to be held on Monday, 23 March 2009 at 14:00 EET in Helsinki.

The interim reports for 2009 will be published as follows:

Interim Report January–March 2009	Monday 27 April 2009
Interim Report January–June 2009	Friday 7 August 2009
Interim Report January–September 2009	Monday 26 October 2009.

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

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www.orion.fi/english
www.orion.fi/investors

Financial review 1–9/2008

Net sales

Orion Group's net sales in January–September 2008 stood at EUR 530.1 million (1–9/2007: EUR 509.6 million), up by 4.0% on the comparative period of January–September in 2007. The net effect of currency exchange rates, mainly the US dollar, was EUR 11.7 million negative.

The Pharmaceuticals business had net sales of EUR 497.2 (479.4) million, up by 3.7% on the comparative period. The products based on in-house R&D accounted for EUR 230.0 (220.2) million, or 46% (46%) of the Pharmaceuticals business segment's net sales. The net sales from the Parkinson's drugs, Stalevo[®] (carbidopa, levodopa and entacapone) and Comtess[®]/Comtan[®] (entacapone), totalled EUR 155.7 (152.6) million, or about 31% (32%) of the business segment's net sales

The Diagnostics business had net sales of EUR 34.3 (31.5) million, up by 8.9% on the comparative period. The growth was mainly attributable to the favourable sales development of the QuikRead[®] infection tests.

Operating profit

Orion Group's operating profit (EBIT) in January–September 2008 was EUR 152.2 (153.4) million, down by 0.8% on the comparative period.

The Pharmaceuticals business generated operating profit of EUR 153.1 (155.4) million, down by 1.5%. The decrease was mainly due to the anticipated slight increase in expenditure on sales and research, as well as the costs relating to the ongoing patent infringement lawsuits in the USA.

The Diagnostics business's operating profit was EUR 5.9 (6.2) million, down by 4.9% on the comparative period. Despite the good sales performance, profitability slightly fell as a consequence of clearly higher expenditure on sales and product development.

Operating expenses

Operating expenses were EUR 211.5 (198.0) million, up by 6.8%. Selling and marketing expenses amounted to EUR 104.6 (101.5) million, up by 3.1%. The Group's R&D expenditure totalled EUR 74.0 (69.7) million, up by 6.1%, and accounted for 14.0% (13.7%) of consolidated net sales. Pharmaceutical R&D expenses were EUR 70.8 (67.0) million. The R&D activities are reported in the business review of the Pharmaceuticals business segment. Administrative expenses for the period included EUR 4.4 million in costs of the on-going patent infringement lawsuits in the USA.

Profit before taxes

Group profit before taxes was EUR 152.0 (154.3) million. Earnings per share were EUR 0.79 (0.80). Equity per share was EUR 2.82 (2.84). The return on capital employed before taxes (ROCE) was 44.8% (48.9%) and the return on equity after taxes (ROE) was 35.9% (36.4%).

Balance Sheet and financial position

The Group's gearing was 0.2% (-12.4%) and the equity ratio was 65.5% (75.8%). Total liabilities in the Balance Sheet at 30 September 2008 totalled EUR 209.4 (128.3) million. Interest-bearing liabilities at 30 September 2008 were EUR 95.9 (10.6) million, of which EUR 40 million were long-term loans. The increase was a result of increased working capital and higher capital expenditure compared with the preceding years.

The Group's cash and cash equivalents amounted to EUR 95.1 (60.1) million and they were invested in short-term interest-bearing instruments issued by financially solid financial institutions and corporations.

Cash flows

Cash flows from operating activities in January–September 2008 totalled EUR 101.8 (115.0) million. Operating profit was nearly at the level with the comparative period, but the cash flow decreased as additional EUR 18.5 million were tied to the working capital compared with the period of January–September 2007. The level of inventories has increased by EUR 13.8 million from the end of 2007 and by EUR 23.6 million from September 2007. The level of inventories has been increased primarily in order to secure a good continuity of supply. Trade payables and other current liabilities included in working capital have decreased by EUR 21.1 million from the end of 2007.

Cash flows from investing activities were EUR 41.9 (23.1) million negative. The increase was mainly a result of purchases of immaterial property rights.

Cash flows from financing activities were EUR 54.9 (141.8) million negative. Dividend payments were EUR 140.9 (141.3) million. Current liabilities increased by EUR 51.2 (-0.1) million and non-current liabilities by EUR 39.6 (-0.4) million. EUR 4.8 million were spent on the repurchase of treasury shares in March 2008.

Capital expenditure

The Group's capital expenditure totalled EUR 44.0 (23.9) million. The increase was mainly due to the purchases of intangible assets amounting to EUR 18.6 (4.7) million. The main items were the purchases of marketing rights for Vantas[®] (histrelin), Kentera[®] (oxybutynin) and Paclical Vet[®] (paclitaxel) and product rights for the Favora[®] self-care product line.

Outlook for 2008

The outlook estimate has remained the same, with the exception of an updated estimate of annual investment level. **Net sales** will grow slightly from 2007. Pharmaceutical sales via Orion's own sales network are expected to continue growing moderately in Finland and to continue showing growth outside Finland. There the growth will nevertheless be slowed down by the expiry at the end of 2007 of the licence agreement for the Calcimagon osteoporosis drug that was marketed in Germany. In-market sales of Parkinson's drugs will show further growth, but at a slower rate than previously. The deliveries of Parkinson's drugs to Orion's marketing partner Novartis are estimated to remain unchanged compared with 2007.

Marketing and research expenditure will increase moderately. **Marketing expenses** will be rise particularly because of the product launches by Orion's own units outside Finland. **Research expenses** will increase mainly due to the clinical studies that were started in the previous year. The on-going patent litigations in the United States will increase **administrative expenses** in 2008.

Operating profit excluding non-recurring items is estimated to grow slightly from 2007. Such non-recurring items include the one-off compensation of EUR 6 million for the termination of the Calcimagon licence agreement in 2007, and the patent litigation expenses in 2008 that have accounted for EUR 4.4 million in January–September 2008.

R&D expenditure will be slightly over EUR 100 million. **Capital expenditure** will be about EUR 55 million, not including new substantial product or company acquisitions.

Preamble

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

The growth in in-market sales of the Parkinson's drugs, Stalevo and Comtess/Comtan, in 2007 was less than 15%, which is lower than in previous years. The growth is expected to slightly slow down further during 2008. Orion's own sales are anticipated to develop in line with the overall market for Parkinson's drugs and the deliveries to Novartis are estimated to remain unchanged compared with 2007. The growth in the euro-

denominated value of the deliveries has been hampered by the deterioration of the US dollar exchange rate. On the basis of current information, Novartis's stock levels are expected to slightly decrease in 2008.

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

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

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

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

The company is not aware of any significant risk factors relating to the earnings outlook for 2008. The current financial crisis is not expected to substantially affect the company's outlook for the rest of the year.

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

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

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

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

Financial objectives and dividend policy

The financial objectives of the Group remained the same:

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

In 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.

Shares and shareholders

Orion Corporation has A shares (ORNAV) and B shares (ORNBV). Both are quoted on the NASDAQ OMX Helsinki in the Large Cap group under the Healthcare sector heading.

At 30 September 2008, Orion's share capital was EUR 92,238,541.46. The total number of shares was 141,257,828, of which 51,440,668 were A shares and 89,817,160 B shares. Altogether 324,836 B shares were in the possession of Orion Corporation. In the end of September 2008, the aggregate number of votes conferred by both share classes was 1,118,305,684 excluding the treasury shares. Information on trading in the company's shares is provided in the table section of the review.

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

On the basis of the Articles of Association, a shareholder can demand the conversion of his or her A shares to B shares. In January–September 2008, a total of 1,118,020 A shares were converted to B shares, of which 500,000 were converted during the third quarter.

Authorisations of the Board of Directors

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

In March 2008, the Board of Directors of Orion Corporation exercised the authorisation granted by the AGM on 2 April 2007 to repurchase a total of 350,000 B shares. The shares were acquired in public trade from NASDAQ OMX Helsinki during 17–20 March 2008. By the decision of the Board of Directors, altogether 25,164 B shares held by the company were conveyed on 20 March 2008 as a share bonus for 2007 to persons employed by the company and included in the Share-based Incentive Plan of the Orion Group. The transfer price of the shares conveyed was EUR 14.09 per share, which is the weighted average price of the B share on 20 March 2008. The total transfer price of the B shares conveyed was EUR 354,482.75.

Shareholder structure

At the end of September 2008, Orion had a total of 41,601 registered shareholders, of whom 94.2% were private individuals in Finland. These households possess 47.9% of the company's total share stock and 59.0% of total votes. Of the total share stock 34.2 million were nominee-registered shares, representing 24.2% of the shares and 6.2% of the votes.

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

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

Personnel

The average number of employees in the Group during January–September 2008 was 3,255 (3,156). At the end of September 2008, the Group had a total of 3,300 (3,149) employees, of whom 2,719 worked in Finland and 581 outside Finland.

Personnel in the Pharmaceuticals business segment grew by 150 employees from the end of September 2007. The increase has mainly taken place in the organisations of Global Sales and Supply Chain. The

number of employees in the Diagnostics business segment increased by three persons compared with the figures for September 2007.

Legal proceedings

Legal proceedings against Wockhardt USA, Inc. and Wockhardt Limited

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

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

Legal proceedings against Sun Pharmaceutical Industries Limited

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

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

Review of the business segments

Pharmaceuticals

Market review

Finland is the most important market area for Orion. According to statistics collected by Finnish Pharmaceutical Data Ltd, Finnish wholesales of human pharmaceuticals in January–September 2008 totalled EUR 1,423.7 million, up by 6.4% on the comparative period last year. Total pharmacy sales grew by 6.8% and hospital sales by 5.3% on the comparative period. The wholesales of prescription drugs rose by 6.8%, whereas the wholesales of self-care products grew by only 2.9%.

Orion is still strongly positioned as the leading marketer of pharmaceuticals in Finland. According to statistics collected by Finnish Pharmaceutical Data Ltd, Orion's wholesales of pharmaceuticals in Finland in January–September 2008 totalled EUR 133.3 million, up by 9.7% on the comparative period last year. The development of Orion's sales was clearly more vigorous than the overall market growth in the segments of pharmacy sales, self-care products and prescription drugs. The main reason for Orion's strong performance is the continuously renewed product portfolio. Orion's market share was 9.4% (9.0%), and nearly two percentage units higher than that of the second largest marketer.

According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in June 2008 the sales of Parkinson's disease drugs in the USA totalled USD 1,330 (1,126) million, up by 18.1% on the comparative 12-month period. These products are very important for Orion. The five largest European markets for Parkinson's disease drugs were Germany, the UK, France, Spain and Italy. Total sales of Parkinson's drugs in these countries in the same 12-month period totalled EUR 876 (805) million, with an average market growth of about 8.8% on the comparative period.

Net sales and operating profit of the Pharmaceuticals business

The net sales of the Pharmaceuticals business for January–September 2008 totalled EUR 497.2 (479.4) million, up by 3.7% on the comparative period. Operating profit (EBIT) amounted to EUR 153.1 (155.4) million, down by 1.5% on the comparative period. The EBIT margin of the Pharmaceuticals business was 30.8% (32.4%) of the segment's net sales.

Proprietary Products

The net sales of the Proprietary Products business division in January–September 2008 totalled EUR 213.8 (203.5) million, up by 5.1% on the comparative period.

The combined net sales of the Parkinson's disease drugs, Stalevo and Comtess/Comtan, totalled EUR 155.7 (152.6) million. The net sales were up by 2.0% on the comparative period and accounted for 31% (32%) of the Pharmaceuticals business segment's net sales. Net sales from Stalevo and Comtan deliveries to Novartis totalled EUR 88.3 (91.9) million, down by 3.9%. Net sales generated by Stalevo and Comtess in Orion's own sales organisation amounted to EUR 67.4 (60.7) million, up by 11.0%. Stalevo sales through Orion's own sales network grew by about 25%. The in-market sales of Stalevo and Comtan developed as anticipated, although the weak US dollar rate is reflected in the euro-denominated value of sales to Novartis. Deliveries to Novartis decreased, because Novartis reduced its stock levels.

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

In August, the new strengths of Stalevo, 75 and 125 mg, were granted marketing authorisation in the United States. Orion's marketing partner Novartis will launch the new tablet strengths in October.

In spring, Orion in-licensed Kentera, a product for the treatment of urge incontinence and overactive bladder. Kentera was launched in Scandinavia in summer and will be launched in Switzerland by the end of the year.

In September, Orion received marketing authorisation in Spain for Vantas for the treatment of advanced prostate cancer. The product will be launched in Germany, Ireland, England, Denmark and Spain in 2009.

In September, the rights to develop and commercialise non-intravenously administered dosage forms of dexmedetomidine in the United States market, for example, were out-licensed to the American Rêcro Pharma company. In Europe, Orion has the rights to all dosage forms and indications of dexmedetomidine. Hospira Inc., which markets Precedex® (dexmedetomidine) in the United States and Japan, has the rights to intravenously administered dexmedetomidine in the United States, for example.

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

Specialty Products

The net sales of the Specialty Products business division in January–September 2008 totalled EUR 187.4 (178.4) million, up by 5.1% on the comparative period. The product range comprises generic prescription medicines and self-care products. The total development was hampered by the termination of the license agreement for the Calcimagon osteoporosis drug in late 2007. As a consequence of the termination, the annual net sales of the German sales organisation will be reduced by approximately EUR 12 million.

In the segments of Orion's self-care products and generic medicines, the sales in Finland have grown much more rapidly than the market as a whole. The positive trend has been supported by the continuously renewed product portfolio. The launching of larger packages of the painkiller Burana® (ibuprofen) in spring has further boosted the sales of the product.

Orion's vigorous growth in the eastern European markets continued. The growth is based on the substantially higher number of new product launches in 2008 compared with the preceding years. Among the new products, particularly the anti-psychotic drug Ketipinor® (quetiapine) and the entire psychiatric product portfolio have been successful as a result of several new launches. In addition, Orion's older product portfolio is becoming increasingly successful in the eastern European markets.

The net sales of Easyhaler® medicines that are used in the treatment of asthma and chronic obstructive pulmonary disease (COPD) totalled EUR 16.3 (12.1) million in the period, up by 34.2% on the comparative period. The exceptionally rapid growth is a result of successful product launches in new markets, such as Turkey and Poland.

A marketing approval process regarding Orion's Salbutamole Easyhaler® medicine (salbutamol inhalation powder 100 and 200 µg/dose) is ongoing with the European Medicines Agency (EMA).

Animal Health

The net sales of the Animal Health business division for January–September 2008 totalled EUR 50.7 (51.4) million, down by 1.5% on the comparative period. About 38% (43%) of the division's net sales derived from the animal sedatives Dexdomitor® (dexmedetomidine), Domitor® (medetomidine), Domosedan® (detomidine) and Antisedan® (atipamezole), whose sales were down by 12.8% on the comparative period. The sales of animal sedatives have been slackened by the competing generic versions in Europe and by the weak US dollar rate.

The Finnish animal health market grew by nearly 9% in January–September 2008. During the same period, the growth rate of Orion's net sales was slightly higher than the overall growth rate of the market.

In September, Orion and Pfizer signed a contract giving Orion the exclusive right to market an extensive range of veterinary medicines in Scandinavia. The product portfolio covers various vaccines, a parasite drug for cattle, an anti-inflammatory medicine for dogs and an insulin product for the treatment of diabetes in dogs and cats. With the same contract, Pfizer gave Orion back the marketing rights for the Comforion® ketoprofen product, used as an anti-inflammatory analgesic in pigs and cattle. Orion will launch this product in Hungary, the Czech Republic, Slovakia and Poland early in 2009. In return, Orion gave Pfizer back the Scandinavian selling rights for the Helosan product.

Fermion

The Fermion business division, which manufactures active pharmaceutical ingredients, generated EUR 26.3 (26.7) million in net sales in January–September 2008, down by 1.8% on the comparative period. The US dollar rate has influenced Fermion more negatively than the other business divisions in the Group. The impact of intra-Group transactions, that is, deliveries of active ingredients for Orion's own use, has been eliminated from the net sales.

The ten best-selling pharmaceutical products

The net sales of Orion's ten (10) best-selling drugs totalled EUR 253.9 (241.8) million, up by 5.0% on the comparative period. They accounted for about 51% (50%) of the Pharmaceuticals business segment's total net sales. The net sales of Stalevo increased by 12.1% on the comparative period, and its proportion of the Pharmaceuticals business segment's net sales was slightly more than 21%. Deliveries of Stalevo to Novartis increased by 3.1%, while deliveries of Comtan were down by 14.5% on the comparative period. The fastest growth rates were achieved with the Easyhaler franchise for asthma, the heart failure drug Simdax[®], (levosimendan), the breast cancer drug Fareston[®] (toremifene), Burana and the anticoagulant Marevan[®] (warfarin).

Products from in-house research

The net sales of products from in-house research totalled EUR 230.0 (220.2) million in January–September 2008, up by 4.5% on the comparative period. These products accounted for about 46% (46%) of the total net sales of the Pharmaceuticals business. The Easyhaler franchise for asthma, Precedex, Simdax, Stalevo and Fareston were the products showing the best proportional growth.

Research and development

The Group's R&D expenses totalled EUR 74.0 (69.7) million, of which the Pharmaceuticals business accounted for EUR 70.8 (67.0) million. The Group's R&D expenses were 14.0% (13.7%) of the Group net sales.

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

Orion has applied for an expanded indication for Stalevo in the USA and Europe with the aim to extend the indication to treatment of early-stage Parkinson's disease. The process is based on the encouraging results obtained in the **FIRST STEP study**. The study was conducted in eight countries in North America and Europe by Orion's marketing partner Novartis.

The FIRST STEP study is complemented by the **STRIDE-PD** study, which Orion is conducting together with Novartis. This study is to determine whether Stalevo can delay the onset of involuntary movements, that is, dyskinesias, in Parkinson's patients. The trial has been ongoing in 14 countries, involving 747 patients. Results are expected to be available at the turn of 2008–2009.

Phase III clinical studies are under way with **dexmedetomidine** in patients in intensive care as an infusion administered for over 24 hours. The programme aims to have the product registered in the EU. The efficacy and safety of dexmedetomidine is compared with midazolam in the MIDEX study and with propofol in the PRODEX-study. Both studies are planned to involve 500 patients. The programme was launched in the summer of 2007 and it was estimated to last two years. The recruitment of patients to the studies has been slower than originally estimated. Therefore, preliminary results from the trial are expected to be available in the summer of 2010. Accordingly, the marketing authorisation application could be submitted by the end of

2010. Dexmedetomidine (Precedex[®]) is already available, for example, in the USA and Japan as a sedative for patients in intensive care, administrable as an infusion for a maximum of 24 hours.

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

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

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

The potential use of oral **levosimendan** for the treatment of stroke is being investigated by Orion in preliminary phase I clinical studies.

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

Diagnostics

The net sales of the Diagnostics business totalled EUR 34.3 (31.5) million in January–September 2008, up by 8.9% on the comparative period. Operating profit amounted to EUR 5.9 (6.2) million, down by 4.9% on the comparative period. The operating profit of the Diagnostics business was 17.3% (19.8%) of the segment's net sales. Despite the good development in sales, the operating profit declined because of planned investments in marketing and research.

A substantial increase was seen in sales through Orion's own sales network that covers Scandinavia, as well as in exports to the Czech Republic and China. The QuikRead[®] tests have maintained their position as the main products. Their reagent and equipment sales continued to grow vigorously. The tests are used, for example, in detecting infection from the CRP concentration of the blood sample. The launching of QuikRead[®] Strep A in Scandinavia continued. The test is used to detect streptococcus A bacteria, the causative agent of bacterial tonsillitis, from the pharyngeal sample. The sales of dip slide tests remained unchanged compared with 2007.

Espoo, 27 October 2008

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen
President and CEO

Jari Karlson
CFO

Tables

CONSOLIDATED INCOME STATEMENT

EUR million	Q3/08	Q3/07	Change %	Q1-Q3/08	Q1-Q3/07	Change %	2007
Net sales	167.8	163.8	+2.4%	530.1	509.6	+4.0%	683.6
Cost of goods sold	-58.7	-53.1	+10.5%	-168.3	-160.4	+4.9%	-219.3
Gross profit	109.1	110.7	-1.4%	361.8	349.2	+3.6%	464.3
Other operating income	0.8	1.0	-18.6%	1.9	2.3	-18.0%	9.0
Selling and marketing expenses	-32.3	-32.3	+0.1%	-104.6	-101.5	+3.1%	-143.4
R&D expenses	-23.1	-22.2	+4.0%	-74.0	-69.7	+6.1%	-98.5
Administrative expenses	-10.9	-8.0	+36.2%	-32.9	-26.8	+22.6%	-39.4
Operating profit	43.6	49.1	-11.3%	152.2	153.4	-0.8%	192.0
Finance income	1.5	0.6	+152.4%	3.9	2.5	+53.9%	3.9
Finance expenses	-2.0	-0.5	+301.8%	-4.1	-1.7	+147.1%	-2.5
Profit before taxes	43.1	49.2	-12.5%	152.0	154.3	-1.5%	193.4
Income tax expense	-11.3	-13.1	-13.7%	-40.4	-41.1	-1.8%	-49.5
Profit for the period	31.7	36.1	-12.0%	111.6	113.2	-1.4%	143.9
Attributable to:							
Parent company shareholders	31.7	36.1	-12.0%	111.6	113.2	-1.4%	143.9
Minority	0.0	0.0		0.0	0.0		0.0
Earnings per share, EUR*	0.23	0.26	-11.8%	0.79	0.80	-1.2%	1.02
Depreciation and amortisation	8.0	7.6	+4.4%	23.2	23.8	-2.4%	31.6
Personnel expenses	36.2	33.7	+7.3%	120.1	110.8	+8.4%	156.3

* The figure has been calculated from the profit attributable to the parent company shareholders. The company has no items that could dilute the earnings per share.

CONSOLIDATED BALANCE SHEET

Assets

EUR million	Sep/08	Sep/07	Change %	Dec/07
Property, plant and equipment	192.4	186.5	+3.2%	186.6
Goodwill	13.5	13.5		13.5
Other intangible assets	36.9	21.7	+69.8%	23.0
Investments in associates	0.1	0.1		0.1
Available-for-sale investments	0.9	1.0	-4.9%	0.9
Pension asset	25.2	34.7	-27.4%	26.8
Deferred tax assets	3.2	1.6	+105.5%	3.9
Other non-current assets	4.2	2.3	+82.2%	4.0
Non-current assets total	276.4	261.4	+5.8%	258.7
Inventories	134.9	111.3	+21.3%	121.1
Trade receivables	85.1	83.4	+2.0%	82.9
Other receivables	14.9	13.0	+15.2%	14.4
Cash and cash equivalents	95.1	60.1	+58.2%	90.4
Current assets total	330.1	267.8	+23.3%	308.9
Assets total	606.5	529.2	+14.6%	567.6

Equity and liabilities

EUR million	Sep/08	Sep/07	Change %	Dec/07
Share capital	92.2	92.2		92.2
Share premium	17.8	17.8		17.8
Expendable fund	23.0	23.0		23.0
Other reserves	0.4	0.4	-6.3%	0.5
Retained earnings	263.6	267.3	-1.4%	297.6
Equity of the parent company shareholders	397.1	400.9	-0.9%	431.1
Minority interest	0.0	0.0	+10.5%	0.0
Equity total	397.1	400.9	-0.9%	431.2
Deferred tax liabilities	41.4	45.1	-8.2%	41.9
Pension liability	0.9	1.0	-8.1%	1.0
Provisions	0.4	0.2	+81.2%	0.2
Interest-bearing non-current liabilities	41.5	7.5	+451.1%	1.2
Other non-current liabilities	2.1	0.2		2.1
Non-current liabilities total	86.3	54.0	+59.6%	46.4
Trade payables	24.2	28.2	-14.2%	34.3
Income tax liabilities	2.6	3.0	-12.6%	3.4
Other current liabilities	41.8	39.8	+5.1%	49.5
Provisions	0.0	0.1	-97.6%	0.0
Interest-bearing current liabilities	54.4	3.1		2.9
Current liabilities total	123.1	74.2	+65.9%	90.1
Equity and liabilities total	606.5	529.2	+14.6%	567.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium	Expendable fund	Other reserves	Translation differences	Retained earnings	Total	Minority interest	Equity total
Equity at 31 Dec 2006	92.2	17.8	23.0	0.5	-3.4	313.3	443.5	0.0	443.5
Change in accounting policy						-14.6	-14.6		-14.6
Equity at 31 Dec 2006	92.2	17.8	23.0	0.5	-3.4	298.7	428.8	0.0	428.8
Available-for-sale investments and cash flow hedges				0.0			0.0		0.0
Translation differences					-0.7		-0.7		-0.7
Net unrealised gains recognised directly in equity				0.0	-0.7		-0.7		-0.7
Change in accounting policy						-1.5	-1.5		-1.5
Profit for the period						145.4	145.4		145.4
Recognised income and expenses total				0.0	-0.7	143.9	143.2		143.2
Dividend						-141.3	-141.3		-141.3
Share-based incentive plan						0.4	0.4		0.4
Other changes				-0.0		-0.1	-0.1	0.0	-0.1
Equity at 31 Dec 2007 before change in accounting policy	92.2	17.8	23.0	0.5	-4.1	317.9	447.3	0.0	447.3
Change in accounting policy						-16.2	-16.2		-16.2
Equity at 31 Dec 2007	92.2	17.8	23.0	0.5	-4.1	301.7	431.1	0.0	431.2
Available-for-sale investments and cash flow hedges				0.3			0.3		0.3
Translation differences					-0.6		-0.6		-0.6
Net unrealised gains recognised directly in equity				0.3	-0.6		-0.3		-0.3
Profit for the period						111.6	111.6	0.0	111.6
Recognised income and expenses total				0.3	-0.6	111.6	111.3	0.0	111.3
Dividend						-140.9	-140.9		-140.9
Repurchase of own shares						-4.8	-4.8		-4.8
Share-based incentive plan						0.5	0.5		0.5
Other changes				-0.3		0.2	-0.1	0.0	-0.1
Equity at 30 Sep 2008	92.2	17.8	23.0	0.4	-4.7	268.3	397.1	0.0	397.1

CONSOLIDATED CASH FLOW STATEMENT

EUR million	Q1-Q3/08	Q1-Q3/07	2007
Operating profit	152.2	153.4	192.0
Adjustments	26.6	20.8	31.2
Change in working capital	-37.3	-18.8	-14.7
Interest paid	-2.3	-1.3	-2.1
Interest received	4.0	2.5	3.8
Income taxes paid	-41.3	-41.6	-55.5
Total net cash generated from operating activities	101.8	115.0	154.7
Purchases of property, plant, equipment and intangible assets	-42.9	-24.0	-34.6
Proceeds from sale of property, plant, equipment, intangible assets and available-for-sale investments	1.0	0.9	9.3
Total net cash used in investing activities	-41.9	-23.1	-25.3
Net change in short-term loans	51.2	-0.1	-0.8
Net change in long-term loans	39.6	-0.4	-6.4
Repurchase of own shares	-4.8	-	-
Dividends paid and other distribution of profits	-140.9	-141.3	-141.3
Total net cash used in financing activities	-54.9	-141.8	-148.5
Net change in cash and cash equivalents	5.1	-49.8	-19.1
Cash and cash equivalents at the beginning of the period	90.4	110.0	110.0
Foreign exchange differences	-0.4	-0.1	-0.5
Net change in cash and cash equivalents	5.1	-49.8	-19.1
Cash and cash equivalents at the end of the period	95.1	60.1	90.4

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	Q1-Q3/08	Q1-Q3/07	2007
Carrying amount at the beginning of the period	186.6	187.1	187.1
Additions	25.4	19.2	27.7
Disposals	-1.1	-1.1	-3.2
Depreciation	-18.5	-18.7	-25.0
Carrying amount at the end of the period	192.4	186.5	186.6

CHANGES IN OTHER INTANGIBLE ASSETS

EUR million	Q1-Q3/08	Q1-Q3/07	2007
Carrying amount at the beginning of the period	23.0	21.9	21.9
Additions	18.6	4.7	7.6
Disposals	-0.0		-0.0
Depreciation	-4.7	-5.1	-6.6
Carrying amount at the end of the period	36.9	21.7	23.0

COMMITMENTS AND CONTINGENCIES

EUR million	Sep/08	Sep/07	Dec/07
Contingent for own liabilities			
Mortgages on land and buildings	19.0	25.5	25.5
of which those to Orion Pension Fund	9.0	9.0	9.0
Guarantees	1.2	1.4	1.4
Other liabilities			
Leasing liabilities (excl. finance lease contracts)	3.9	4.4	4.5
Other liabilities	0.3	0.3	0.3

DERIVATIVES

EUR million	Sep/08	Sep/07	Dec/07
Currency forward contracts			
- fair value	-1.2	0.8	0.3
- nominal value	63.9	68.4	66.7
Electricity forward contracts			
- fair value	0.3		0.0
- nominal value	4.9		0.6

RELATED PARTY TRANSACTIONS

EUR million	Q1-Q3/08	Q1-Q3/07	2007
Management's employee benefits	2.5	2.2	3.1

EUR million	Sep/08	Sep/07	Dec/07
Non-current liabilities to Orion Pension Fund		6.0	

Review of the business segments

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

	Q3/08	Q3/07	Change %	Q1-Q3/08	Q1-Q3/07	Change %	2007
Net sales, EUR million	158.7	154.7	+2.6%	497.2	479.4	+3.7%	643.3
Operating profit, EUR million	44.3	50.1	-11.6%	153.1	155.4	-1.5%	197.1
% of net sales	27.9%	32.4%		30.8%	32.4%		30.6%
R&D expenses, EUR million	22.1	21.4	+3.6%	70.8	67.0	+5.6%	94.2
% of net sales	13.9%	13.8%		14.2%	14.0%		14.6%
Capital expenditure, EUR million	12.0	8.5	+41.5%	41.5	22.0	+88.6%	32.5
% of net sales	7.6%	5.5%		8.4%	4.6%		5.1%
Net sales from proprietary products, EUR million	73.6	73.0	+0.8%	230.0	220.2	+4.5%	292.3
Personnel at the end of the period				2,985	2,835	+5.3%	2,864

NET SALES OF ORION'S TOP 10 PHARMACEUTICAL PRODUCTS

EUR million	Q3/08	Q3/07	Change %	Q1-Q3/08	Q1-Q3/07	Change %	2007
Stalevo (Parkinson's disease)	33.4	32.9	+1.5%	106.0	94.6	+12.1%	126.9
Comtess / Comtan (Parkinson's disease)	17.1	17.7	-3.2%	49.7	58.0	-14.3%	73.3
Domitor, Dexdomitor, Domosedan and Antisedan (animal sedatives)	5.2	5.9	-12.2%	19.2	22.0	-12.8%	27.5
Easyhaler (asthma)	5.6	4.5	+23.7%	16.3	12.1	+34.2%	17.3
Burana (inflammatory pain)	4.8	3.8	+25.6%	14.1	11.6	+21.8%	15.6
Simdax (heart failure)	3.5	3.6	-1.7%	13.0	10.2	+27.2%	15.1
Divina series (menopausal symptoms)	3.7	4.3	-13.0%	11.2	11.6	-2.8%	15.9
Enanton (prostate cancer)	3.2	3.1	+1.8%	9.7	9.7	+0.2%	12.9
Fareston (breast cancer)	2.2	2.2	-2.6%	7.5	6.2	+22.3%	8.2
Marevan (anticoagulant)	2.7	1.7	+56.5%	7.2	5.9	+21.2%	8.3
Total	81.4	79.8	+2.0%	253.9	241.8	+5.0%	320.9
Share of pharmaceutical net sales	51%	52%		51%	50%		50%

KEY FIGURES FOR DIAGNOSTICS BUSINESS

	Q3/08	Q3/07	Change %	Q1-Q3/08	Q1-Q3/07	Change %	2007
Net sales, EUR million	9.5	9.4	+1.6%	34.3	31.5	+8.9%	42.0
Operating profit, EUR million	1.0	1.2	-16.9%	5.9	6.2	-4.9%	6.3
% of net sales	10.8%	13.2%		17.3%	19.8%		15.0%
Capital expenditure, EUR million	0.3	0.2	+102.6%	1.8	0.6	+211.6%	1.6
% of net sales	3.6%	1.8%		5.1%	1.8%		3.7%
Personnel at the end of the period				288	285	+1.2%	283

Performance by segment

NET SALES BY BUSINESS SEGMENT

EUR million	Q3/08	Q3/07	Change %	Q1-Q3/08	Q1-Q3/07	Change %	2007
Pharmaceuticals	158.7	154.7	+2.6%	497.2	479.4	+3.7%	643.3
Proprietary Products	69.5	68.5	+1.4%	213.8	203.5	+5.1%	270.8
Specialty Products	61.4	57.7	+6.4%	187.4	178.4	+5.1%	241.5
Animal Health	16.3	15.3	+6.6%	50.7	51.4	-1.5%	66.8
Fermion	6.8	6.0	+14.2%	26.3	26.7	-1.8%	38.1
Other	4.6	7.2	-35.7%	19.1	19.4	-1.4%	26.1
Diagnostics	9.5	9.4	+1.6%	34.3	31.5	+8.9%	42.0
Group items	-0.4	-0.3	+28.5%	-1.4	-1.3	+8.0%	-1.7
Group total	167.8	163.8	+2.4%	530.1	509.6	+4.0%	683.6

OPERATING PROFIT BY BUSINESS SEGMENT

EUR million	Q3/08	Q3/07	Change %	Q1-Q3/08	Q1-Q3/07	Change %	2007
Pharmaceuticals	44.3	50.1	-11.6 %	153.1	155.4	-1.5 %	197.1
Diagnostics	1.0	1.2	-16.9 %	5.9	6.2	-4.9 %	6.3
Group items	-1.8	-2.2	-21.7 %	-6.9	-8.3	-17.0 %	-11.4
Group total	43.6	49.1	-11.3 %	152.2	153.4	-0.8 %	192.0

NET SALES BY ANNUAL QUARTERS

EUR million	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06
Pharmaceuticals	158.7	168.0	170.5	163.9	154.7	156.8	167.9	152.1
Diagnostics	9.5	12.6	12.2	10.5	9.4	10.3	11.8	10.4
Group items	-0.4	-0.5	-0.5	-0.4	-0.3	-0.5	-0.5	-0.4
Group total	167.8	180.0	182.2	174.0	163.8	166.6	179.2	162.2

OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06
Pharmaceuticals	44.3	45.7	63.1	41.7	50.1	45.1	60.2	38.8
Diagnostics	1.0	2.5	2.3	0.1	1.2	1.8	3.2	0.6
Group items	-1.8	-3.1	-2.1	-3.1	-2.2	-3.2	-2.9	-3.5
Group total	43.6	45.2	63.4	38.6	49.1	43.7	60.6	35.8

GEOGRAPHICAL BREAKDOWN OF NET SALES BY ANNUAL QUARTERS

EUR million	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06
Finland	52.8	53.5	55.7	53.7	48.6	48.6	50.1	49.0
Scandinavia	23.3	26.1	28.1	24.3	23.8	25.3	24.1	23.4
Other Europe	56.2	61.4	64.4	57.5	56.0	57.5	63.7	58.4
North America	19.4	18.0	16.4	16.6	20.4	20.1	24.1	22.0
Other markets	16.1	21.1	17.6	21.9	15.0	15.1	17.1	9.4
Group total	167.8	180.0	182.2	174.0	163.8	166.6	179.2	162.2



Information on Orion Corporation's shares

BASIC INFORMATION ON SHARES ON 30 SEP 2008

	A share	B share	Total
ISIN code	FI0009014369	FI0009014377	-
Trading code on NASDAQ OMX Helsinki	ORNAV	ORNBV	-
Reuters code	ORNAV.HE	ORNBV.HE	-
Bloomberg code	ORNAV.FH	ORNBV.FH	-
Share capital, EUR million	33.6	58.6	92.2
Counter book value of the share, EUR	0.65	0.65	-
Total number of shares	51,440,668	89,817,160	141,257,828
% of total share stock	36%	64%	100%
Number of treasury shares	-	324,836	324,836
Total number of shares excluding treasury shares	51,440,668	89,492,324	140,932,992
Minimum number of shares	-	-	1
Maximum number of shares	500 000 000	1 000 000 000	1 000 000 000
Votes per share	20	1	-
Total number of votes excluding treasury shares	1,028,813,360	89,492,324	1,118,305,684
% of total votes	92%	8%	100%
Total number of shareholders	13,953	33,667	41,602

TRADING DURING 1 JAN–30 SEP 2008

	A share	B share	Total
Total number of shares traded, excl. treasury shares	1,650,237	50,815,115	52,465,352
% of the total number of shares	3.2%	57.3%	37.2%
Closing quotation on 2 Jan 2008, EUR	16.00	16.08	-
Lowest quotation, EUR (A and B: 30 Sep 2008)	12.00	11.94	-
Average quotation, EUR	13.75	13.56	-
Highest quotation, EUR (A: 2 Jan 2008, B: 4 Jan 2008)	16.40	16.44	-
Closing quotation on 30 Sep 2008, EUR	12.20	11.95	-
Market capitalisation on 30 Sep 2008 excl. treasury shares, EUR million	627.6	1,069.4	1,697.0

PERFORMANCE PER SHARE

	Q3/08	Q3/07	Change %	Q1–Q3/08	Q1–Q3/07	Change %	2007
Earnings per share, EUR	0.23	0.26	-11.8%	0.79	0.80	-1.2%	1.02
Equity per share, EUR				2.82	2.84	-0.7%	3.05
Average number of shares, excluding treasury shares, 1,000 pcs	140,933	141,258		141,026	141,258		141,258

Appendices

Orion Group structure

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

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

Accounting policies

This Interim Report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting. The accounting policies set out in the Financial Statement for 2007 have been changed as of 1 January 2008 as regards defined-benefit pension plans. Furthermore, the following new interpretations have been applied as of 1 January 2008

- IFRIC 11, *IFRS 2 – Group and treasury share transactions*
- IFRIC 14, *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

These new interpretations do not have a substantial impact on the Group's Interim Report or the reported figures.

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

Change in accounting policy of the defined-benefit pension obligation

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

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

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

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

ADJUSTED KEY FIGURES

	Q3/07 Earlier reported	Q3/07 Adjusted	Q1-Q3/07 Earlier reported	Q1-Q3/07 Adjusted	2007 Earlier reported	2007 Adjusted
Operating profit, EUR million	49.6	49.1	154.9	153.4	194.0	192.0
Profit before taxes, EUR million	49.7	49.2	155.8	154.3	195.5	193.4
Balance Sheet total, EUR million			550.5	529.2	589.5	567.6
Equity ratio, %			75.7%	75.8%	75.9%	76.0%
Gearing, %			-11.9%	-12.4%	-19.3%	-20.0%
ROCE (before taxes), %			47.7%	48.9%	43.8%	44.8%
ROE (after taxes), %			35.4%	36.4%	32.7%	33.5%
Earnings per share, EUR	0.26	0.26	0.81	0.80	1.03	1.02
Equity per share, EUR			2.95	2.84	3.17	3.05

Calculation of the key figures

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

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

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

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

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

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

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

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

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

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Orion is an innovative European, R&D-based, pharmaceutical and diagnostic company with a special emphasis on developing medicinal treatments and diagnostic tests for global markets. Orion develops, manufactures and markets human and veterinary pharmaceuticals, active pharmaceutical ingredients as well as diagnostic tests. The Group's net sales in 2007 were EUR 683.6 million and in the end of 2007 the Group had about 3,176 employees. Orion's shares are listed on the NASDAQ OMX Helsinki.