

Orion Group Financial Review of 2008

Orion's net sales in 2008 were EUR 710.7 million (EUR 680.0 million in 2007), up by 4.5% on the comparative year 2007.

- Operating profit was EUR 185.0 (192.0) million.
- Profit before taxes was EUR 184.2 (193.4) million.
- Equity ratio was 60.2% (76.2%).
- Return on capital employed (ROCE) before taxes was 38.5% (44.8%).
- Return on equity (ROE) after taxes was 32.1% (33.5%).
- Earnings per share were EUR 0.97 (1.02).
- Cash flow per share before financing was EUR 0.66 (0.92).
- Proposed dividend per share is EUR 0.95 (1.00) per share.

Orion's key figures for the review period

	Q4/08	Q4/07	Change %	2008	2007	Change %
Net sales, EUR million	179.9	172.8	+4.1%	710.7	680.0	+4.5%
Operating profit (EBIT), EUR million	32.8	38.6	-14.9%	185.0	192.0	-3.6%
% of net sales	18.3%	22.3%		26.0%	28.2%	
Profit before taxes, EUR million	32.1	39.2	-17.9%	184.2	193.4	-4.8%
% of net sales	17.9%	22.7%		25.9%	28.4%	
R&D expenses, EUR million	29.4	28.7	+2.5%	103.4	98.5	+5.0%
% of net sales	16.4%	16.6%		14.5%	14.5%	
Capital expenditure, EUR million	12.8	11.3	+13.1%	56.8	35.3	+61.2%
% of net sales	7.1%	6.5%		8.0%	5.2%	
Balance Sheet total, EUR million				695.5	565.7	+22.9%
Equity ratio, %				60.2%	76.2%	
Gearing, %				-7.1%	-20.0%	
Interest-bearing liabilities, EUR million				146.3	4.0	
Non-interest-bearing liabilities, EUR million				130.6	130.5	+0.1%
Cash and cash equivalents, EUR million				176.1	90.4	+94.7%
ROCE, %				38.5%	44.8%	
ROE after taxes, %				32.1%	33.5%	
Earnings per share, EUR	0.18	0.22	-19.5%	0.97	1.02	-5.1%
Cash flow per share before financing, EUR				0.66	0.92	-28.3%
Equity per share, EUR				2.97	3.05	-2.7%
Proposed dividend per share, EUR				0.95	1.00	
Personnel at the end of the period				3,309	3,176	+4.2%

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

"The net sales of the Orion Group have shown steady growth. In the light of the key figures for 2008, the performance was successful and as a whole we achieved the planned goals. However, due to some individual items, the overall result remained slightly below the previous year's level. These items included, for example, the substantial costs that were incurred when we had to prepare to defend our patents in the United States, as well as provisions for future costs that are mainly related to restructuring of our R&D operations. Furthermore, the operating profit of the comparative year was improved by the non-recurrent compensation relating to the termination of the Calcimagon licensing agreement."

"In the past year we entered into a number of new licensing agreements, which expanded our product portfolio. As a result of these and previously signed agreements, the number of product launches more than doubled compared with the previous year. Most of the product launches were carried out by the Specialty Products and Animal Health divisions. Geographically, the focus was on Eastern Europe and Finland. In the Proprietary Products business, the sales of the Parkinson's disease drug Stalevo continued to grow. The sales of the Easyhaler asthma product portfolio also developed favourably."

"Orion's successful performance continued in Finland where our sales grew more rapidly than the total market. Our business developed favourably in all the main European markets."

"Our strong investments in research continued in 2008. In response to the productivity challenges faced by Orion and the entire pharmaceutical industry, towards the end of the year we started to develop a more flexible R&D operating model. As a result of the decisions based on the statutory negotiations under the Act on Co-Determination within Undertakings, we will cut 205 jobs in Finland, mainly in early 2009. In addition, we had to cut 25 jobs in Germany at the end of 2008 due to remarkable changes in the market structure."

"So far, the deepening financial and economic crisis has not had a direct impact on our business. Due to the uncertainty of the financial market, in December we took out a long-term loan of EUR 85 million to ensure our liquidity. This significantly altered the structure of our Balance Sheet, but it had no effect on our gearing and as a consequence decreased the equity ratio and return on assets."

"According to the outlook estimate published together with this release, our net sales will increase slightly this year compared with 2008. We estimate our operating profit to increase slightly from 2008. The entire outlook estimate and the related preamble are found on pages 6–7 of this report."

Events in 2008

In March, Orion's co-operation with the Swedish company Oasmia Pharmaceutical AB was extended to veterinary medicines through a licensing agreement concerning marketing of the Paccal[®] (former Pacical[®] Vet) skin cancer drug for dogs. A new licensing agreement, signed in June, extended Orion's marketing rights to cover all European countries.

In April, Orion applied for an expanded indication for the Stalevo[®] drug in the USA and Europe. The application process is based on the FIRST-STEP study conducted by Novartis. The study showed that even in the early stage of Parkinson's disease, Stalevo therapy results in an improved symptomatic response compared with traditional levodopa/carbidopa therapy.

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

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

In May, Orion announced that it will discontinue the development of the new COMT enzyme inhibitor, which was then in Clinical Phase I.

In July, Orion took out a loan of EUR 40 million from the European Investment Bank. The loan will be repaid during seven years in accordance with an equal repayment plan, and the interest rate is tied to the 6-month euribor.

In September, the rights to develop and commercialise non-intravenously administered dosage forms of dexmedetomidine in the United States, for example, were out-licensed to the American Rêcro 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 an agreement giving Orion the exclusive right to market an extensive portfolio of veterinary medicines in Scandinavia.

In November, Orion initiated statutory negotiations with the personnel representatives to restructure its pharmaceutical R&D operating model and structure. The planned changes were estimated to result in staff reductions of up to 300 people.

In December, GTx Inc. submitted a New Drug Application in the United States for toremifene 80 mg. The drug is developed for the treatment of adverse effects, such as osteoporosis, caused by treatment of advanced prostate cancer. The active ingredient, toremifene, is Orion's proprietary drug.

In December, Orion took out a pension loan of EUR 25 million granted by Tapiola Mutual Pension Insurance Company. The loan will be repaid during five years in accordance with an equal repayment plan. In addition, Orion took out loans amounting to EUR 60 million from the European Investment Bank. Their interest rates are tied to the 6-month euribor. The loans granted by the European Investment Bank will be repaid in accordance with equal repayment plans, the EUR 10 million loan during seven years and the EUR 50 million loan during 12 years.

In 2008, Orion filed patent infringement lawsuits in the United States against the Wockhardt companies and the Sun companies. These companies seek to launch generic versions of Orion's Comtan and Stalevo drugs in the United States.

Events after the financial year

On 15 January 2009, Orion filed a patent infringement lawsuit in the United States against the companies belonging to the Wockhardt Group. These companies seek to launch generic drugs in the United States that contain the active ingredients in the same proportions as Orion's proprietary drug Stalevo.

In early January, Orion completed the statutory negotiations initiated in November to restructure its pharmaceutical R&D operating model and structure. As a result of the negotiations, Orion decided on staff reductions of about 205 people in Finland. About 175 people will be given notice, and about 30 jobs will be reduced through various pension and other arrangements.

On 23 January, Orion took out a fixed-rate pension loan of EUR 22.8 million from Ilmarinen Mutual Pension Insurance Company. The loan will be repaid in accordance with an equal repayment plan during five years.

In January, based on new safety information a restriction was added to the European Summary of Product Characteristics for Fareston[®] breast cancer drug (toremifene). The drug should not be used in patients suffering from or with an increased risk of arrhythmia.

Teleconference in English

A teleconference for analysts and the media on the Financial Statements will be held in English **today on Friday, 6 February 2009, starting at 2:00 p.m. 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 Monday, 9 February 2009 at the latest.

The phone numbers to the conference call are:
when calling from the United States +1 866 966 5335
when calling from other countries +44 (0)20 3023 4438

Orion's calendar for 2009

Registration to the AGM begins	6 February 2009
Orion's Annual Report 2008 published	the week beginning on 2 March 2009
Latest registration date for AGM	13 March 2009 at 4:00 pm
AGM at the Helsinki Fair Centre	23 March 2009 at 4:00 pm
Record date for dividend payment	26 March 2009
Dividend payment	2 April 2009
Interim report January–March 2009	27 April 2009
Interim report January–June 2009	7 August 2009
Interim report January–September 2009	26 October 2009

A separate release will be published today on the matters to be handled at the AGM.

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

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Financial review 2008

Net sales

The Orion Group's net sales in 2008 were EUR 710.7 million (EUR 680.0 million in 2007), an increase of 4.5% on the previous year. The net impact of foreign exchange rates on net sales in 2008 was EUR 13.8 million negative, of which the US dollar accounted for EUR -9.8 million. The rest of the impact was mainly due to the weakening of the British pound sterling and the Swedish krona.

The Pharmaceuticals business had net sales of EUR 667.6 (639.7) million, up by 4.4% on the previous year. Products based on in-house R&D accounted for EUR 307.5 (292.3) million, or 46% (46%) of net sales. Net sales from the Parkinson's disease drugs Stalevo® and Comtess®/Comtan® totalled EUR 208.5 (200.1) million, or about 31% (31%) of the net sales of the Pharmaceuticals business.

Orion Diagnostica's net sales were EUR 45.0 (42.0) million, up by 7.1% on the previous year. The sales of the QuikRead® infection tests continued to grow, but declined sales of the older product portfolio slowed down overall growth.

Financial performance

The Orion Group's operating profit in 2008 was EUR 185.0 (192.0) million, down by 3.6% on the comparative year.

The Pharmaceuticals business had an operating profit of EUR 188.5 (197.1) million, down by 4.4% on the previous year. Gross profit in relation to sales was at the previous year's level. The gross profit was up by EUR 18.7 million on the comparative period. Investments in research rose slightly, as planned. The operating profit was further depressed by the costs of EUR 6.7 million relating to the ongoing patent infringement lawsuits in the USA, as well as a provision of EUR 3.9 million for costs of staff reductions. The operating profit for the comparative year was improved by the EUR 5.8 million income relating to the expiry of the Calcimagon licensing agreement. There were no similar non-recurring earnings items in 2008.

The Diagnostics business had an operating profit of EUR 6.1 (6.3) million.

The Group's selling and marketing expenses were EUR 143.9 (143.4) million, at the level of the previous year. **R&D expenses** amounted to EUR 103.4 (98.5) million, up by 5.0% on the previous year and accounting for 14.5% (14.5%) of the consolidated net sales. Pharmaceutical R&D accounted for EUR 98.8 (94.2) million of the total. **Administrative expenses** were EUR 51.5 (38.8) million. In addition to the provision of EUR 3.9 million for costs relating to staff reductions, administrative expenses were increased by the EUR 6.7 million costs of the patent litigations.

Because of changed accounting principles, **Other operating income** also includes EUR 8.9 (6.5) million of income from currency rate hedging, and **Other operating expenses** include EUR 8.7 (2.8) million of expenses from currency rate hedging. In previous years and in the Interim Reports for 2008 these items were reported as net amounts included in net sales.

Group profit before taxes was EUR 184.2 (193.4) million. Earnings per share were EUR 0.97 (1.02). Cash flow per share before financing was EUR 0.66 (0.92). Equity per share was EUR 2.97 (3.05). The return on capital employed before taxes (ROCE) was 38.5% (44.8%) and the return on equity after taxes (ROE) was 32.1% (33.5%).

Balance Sheet and financial position

The Group's gearing was 7.1% negative (20.0% negative) and the equity ratio was 60.2% (76.2%).

Liabilities in the Balance Sheet at 31 December 2008 totalled EUR 276.9 (134.5) million. At the end of 2008, interest-bearing liabilities amounted to EUR 146.3 (4.0) million, of which EUR 109.1 million were long-term loans. Loans have been taken out to ensure the Group's solvency in situations where a financial crisis makes it difficult to predict the availability of short-term financing. The increase of liabilities had a negative

effect on the equity ratio. The loans increased the Group's cash and cash equivalents at year-end, amounting to EUR 176.1 (90.4) million. These items that increased the Balance Sheet total were also the most important reason for the lower ROCE.

The Group's cash and cash equivalents were invested in short-term interest-bearing instruments issued by financially solid financial institutions and corporations. Gearing was still on a good level, but it weakened slightly because of increased working capital and higher investments compared with the previous years.

Cash flows

Cash flows from operating activities totalled EUR 144.4 (154.7) million, slightly down on the previous year. The operating profit decreased on the comparative period. Furthermore, it included slightly less non-cash expenses. EUR 15.0 (14.7) million were tied to the working capital.

Cash flows from investing activities were EUR 51.8 (25.3) million negative. Capital expenditure in 2008 was clearly higher than in 2007. In 2007, cash flows were additionally improved by higher income from sales of fixed assets.

Cash flows from financing activities were EUR 4.8 (148.5) million negative. Dividends remained at the previous year's level, but the cash flows were improved by a EUR 141.1 million increase in loans. In March 2008, EUR 4.8 million were spent on the repurchase of own shares.

Capital expenditure

The Group's capital expenditure totalled EUR 56.8 (35.3) million. The increase was mainly due to purchases of intangible assets amounting to EUR 24.0 (7.6) million. The main items were the acquisitions of marketing rights for Vantas[®] (histrelin), Kentera[®] (oxybutynin) and Paccal[®] (paclitaxel, former Paclical[®] Vet), acquisition of new marketing areas for the Precedex[®] sedative (dexmedetomidine) and acquisition of product rights for the Favora[®] self-care product line.

Outlook for 2009

Net sales will grow slightly from 2008. Sales of pharmaceuticals through Orion's own sales network will continue to increase both in Finland and other European countries. Total in-market sales of Orion's Parkinson's drugs will show further growth, but at a slower rate than before. Deliveries of Parkinson's drugs to Novartis are expected to increase slightly.

Marketing expenditure will increase moderately, mainly owing to product launches. Research expenditure will remain at the level of 2008. Internal, fixed R&D expenses will decrease as a result of the restructuring, but ongoing clinical studies and studies that are about to start will increase external costs. The ongoing patent litigations in the United States will continue. Their costs are estimated to be slightly higher than in 2008.

Operating profit is estimated to increase slightly from 2008. The economic crisis is not expected to have a material effect on the result, but the crisis increases uncertainty relating to profitability estimates.

R&D expenses will be about EUR 100 million.

Capital expenditure will be about EUR 45 million, not including substantial company or product acquisitions.

Preamble

The reference price system that will be implemented in Finland in April 2009 is not expected to have a material impact on Orion's business. The new system will increase price competition in some product categories. On the other hand, however, it will offer new business opportunities for Orion. As a result of the change, general market growth is expected to slow down in Finland compared with 2008. Launches of new products will support Orion's growth in Finland. On the other hand, the growth will be retarded by heavy price competition affecting substitutable prescription drugs in particular, which are important for Orion.

As expected, the growth of in-market sales of the Parkinson's drugs Stalevo and Comtess/Comtan in 2008 was slightly more than 10%, which is lower than in previous years. Slight further slowdown of growth is expected in 2009. Orion's own sales, as well as deliveries to Orion's marketing partner Novartis, are expected to develop in line with the overall market for Parkinson's drugs. On the basis of current information, Novartis will not continue to reduce its stock levels in 2009.

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 2009 have been planned mostly in the previous year.

Research and development costs can be forecast fairly well. Part of the expenses are caused by fixed internal items, such as salaries and maintenance of the operating infrastructure, while part of them result from long clinical trials. They are typically performed in clinics located in several countries. The most important clinical studies scheduled for 2009 either were already underway in 2008 or are at an advanced stage of planning, which is why their costs can be forecast with high accuracy.

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

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 2009.

The economic crisis is not expected to have a material impact on the short-term development of the pharmaceuticals market, but increased uncertainty makes it difficult to forecast future development. For example, risks of payment defaults and credit losses relating to individual countries and customers may increase slightly, and forecasting of currency rate development will be more challenging, particularly in Eastern Europe.

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 Orion's products are specifically affected by the ever-tougher price competition and other competition that has prevailed in the pharmaceutical markets in recent years. 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 adjustments of stock levels during the year. The litigations having started are not assumed to affect the sales of the Comtan or Stalevo drugs in the United States in 2009.

Most of the exchange rate risk is related to the US dollar. Typically, less than 15% of Orion's sales come from North America. As regards other important currencies, such as the British pound sterling and the Swedish krona, the overall impact will be abated by the fact that Orion has organisations of its own in Great Britain and Sweden, which means that in addition to sales there will also be costs in these currencies.

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.

Financial objectives and dividend policy

The financial objectives of the Group remained unchanged:

- 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.

Proposal for distribution of profit by the Board of Directors, dividend per share EUR 0.95

The parent company's distributable funds are EUR 185,822,357.00, of which profit for the financial year made up EUR 143,522,078.18.

The Board of Directors proposes that a dividend of EUR 0.95 per share be paid from the parent company's distributable funds. No dividend shall be paid for treasury shares held by the company on the record date for dividend payment. On the day of the profit distribution proposal, shares entitling to receive dividend totalled 140.9 million. Thus, the dividend would total EUR 133.9 million. The Group's payout ratio for 2008 would be 97.9% (98.0%). The dividend payment date would be 2 April 2009 and the dividend would be payable to shareholders who are listed in the Company's shareholder register on 26 March 2009 would.

The Board of Directors further proposes that EUR 140,000.00 shall be donated to medical research and other purposes of public interest and that EUR 51,796,014.60 would remain in the retained earnings account.

Shares and shareholders

On 31 December 2008, Orion Corporation had a total of 141,257,828 shares and the company's share capital was EUR 92,238,541.46. A-shares totalled 51,440,668 and B-shares 89,817,160. At the end of 2008, altogether 324,836 B-shares were in the company's possession (treasury shares). On 31 December 2008, the aggregate number of votes conferred by both share classes was 1,118,305,684 excluding treasury shares.

Both shares, A and B, provide equal rights to the company assets and dividends.

On the basis of the Articles of Association, a shareholder can demand the conversion of his or her A-shares to B-shares. In 2008, a total of 1,118,020 shares were converted.

Orion's A- 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. Information on trading in the company's shares has been available since this date. On 31 December 2008, the market capitalisation of the company's shares excluding treasury shares was EUR 1,697.5 million.

Voting rights conferred by shares

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

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). By the end of 2008, the Board of Directors had not exercised this authorisation which is in force up to the close of the 2009 Annual General Meeting.

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, Orion's Board of Directors 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-based 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 was 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 2008, Orion had a total of 43,119 registered shareholders, of whom 94.1% were private individuals. They held 48.3% of the total share stock and 59.2% of the total votes. There were 34.7 million nominee-registered shares, representing 24.5% of all shares and 6.1% of the votes.

Orion held 324,836 B-shares as treasury shares at the end of 2008. The proportion of the treasury shares was 0.2% of the company's total share stock and 0.03% of the total votes.

No new transactions exceeding the flagging limits set in the Finnish Securities Markets Act have been brought to the attention of the company during the financial year.

Personnel

The average number of employees in the Group during 2008 was 3,270 (3,160). At the end of 2008, the Group had a total of 3,309 (3,176) employees, of whom 2,729 (2,678) worked in Finland and 580 (498) outside Finland. The increase of personnel outside Finland is mainly due to reinforcement of the sales organisation in Eastern Europe.

Salaries and other personnel expenses for the financial year totalled EUR 170.9 (156.3) million. The figure for 2008 includes a provision of EUR 3.9 million for staff reduction costs.

In early January 2009, Orion completed the statutory negotiations initiated in November focusing on restructuring of Orion's pharmaceutical R&D operating model and structure. As a result of the negotiations, Orion decided on a staff reduction of 205 people in Finland. About 175 people were given notice, and about 30 jobs will be reduced through various pension and other arrangements. Notice was given to about 105 people in Espoo, about 55 people in Turku and about 15 people in Kuopio. The reductions will mainly take place in the first half of 2009.

In addition to this, 25 people were reduced from the German sales organisation at the end of 2008 because of remarkable changes in the market structure.

Legal proceedings

Legal proceedings against the Wockhardt companies

Orion Corporation has on 13 September 2007, 8 December 2008 and 15 January 2009 filed patent infringement lawsuits in the United States to enforce U.S. Patents No. 5,446,194; 5,135,950 and 6,500,867 against companies belonging to the Wockhardt Group that engage in generic drug business.

The Wockhardt companies seek to market a generic version of entacapone (200 mg tablet) in the United States with the same dosage strength as Orion's proprietary drug Comtan. Moreover, these companies seek to market generic tablets (12.5/200/50; 25/200/100; 37.5/200/150 and 50/200/200 mg strengths of carbidopa, entacapone and levodopa) in the United States. The strengths are the same as those of Orion's proprietary drug Stalevo. The first hearing days of the trials have been set to begin on 16 November, 2009.

Legal proceedings against the Sun companies

Orion Corporation has on 13 November 2007, 7 February 2008 and 12 November 2008 filed patent infringement lawsuits in the United States to enforce its U.S. Patents No. 6,500,867 and 5,446,194 against companies belonging to the Sun Group.

Sun Pharmaceutical Industries Limited seeks to market generic versions of Orion's Stalevo drug (25/100/200 and 37.5/150/200 mg strengths of carbidopa, levodopa and entacapone) in the United States. Sun Pharma Global, Inc. seeks to market a generic version of Orion's proprietary drug Comtan in the United States.

The abovementioned pharmaceuticals are marketed in the United States by Orion's exclusive licensee, Novartis, for the treatment of Parkinson's disease. Orion and Novartis will vigorously defend the intellectual property rights covering Stalevo and Comtan. By virtue of the legal proceedings, the realisation of generic competition regarding the said pharmaceuticals is neither certain nor imminent.

Reviews of the business segments in 2008

Pharmaceuticals

Market review on human pharmaceuticals

Finland is Orion's most important single market area. According to statistics collected by Finnish Pharmaceutical Data Ltd, Finnish wholesales of human pharmaceuticals in 2008 totalled EUR 1,945.2 million, up by 6.5% on the previous year. Total pharmacy sales grew by 6.9% and hospital sales by 5.5% compared with the previous year. The wholesales of prescription drugs rose by 6.8%, while the wholesales of self-care products grew by 4.2%.

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 human pharmaceuticals in Finland in 2008 totalled EUR 179.6 million, up by 10.4% on the previous year. The development of Orion's sales was clearly more vigorous than the overall market growth in the segments of 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 9.2% (9.0%), and 1.5 percentage units higher than that of the second largest marketer.

According to IMS Health pharmaceutical sales statistics, in the 12-month period ending in September 2008 the sales of Parkinson's disease drugs in the USA totalled USD 1,286 (1,190) million, up by 8.1% on the previous 12-month period. A year earlier, the corresponding growth rate was still about 25%. The distinct slowdown in market growth was caused by the expiry of the patent for the leading product, a dopamine agonist, and the consequent generic competition. 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 894 (820) million, with an average market growth of about 9.0% on the comparative period in the previous year.

Net sales and operating profit of the Pharmaceuticals business

The net sales of the Pharmaceuticals business in 2008 amounted to EUR 667.6 (639.7) million, up by 4.4% on the previous year. Operating profit was EUR 188.5 (197.1) million, down by 4.4% on the previous year. The EBIT margin of the Pharmaceuticals business was 28.2% (30.8%) of the segment's net sales.

Proprietary Products

The net sales of Proprietary Products in 2008 amounted to EUR 284.7 (270.8) million, up by 5.1% on the previous year.

The combined net sales of the Parkinson's disease drugs, Stalevo and Comtess/Comtan, totalled EUR 208.5 (200.1) million in 2008. The net sales were up by 4.2% on the previous year and accounted for 31% (31%) of the Pharmaceuticals business segment's net sales. The net sales from Stalevo and Comtan deliveries to Novartis totalled EUR 118.1 (116.2) million, up by 1.6%. The net sales generated by Stalevo and Comtess in Orion's own sales organisation totalled EUR 90.4 (83.9) million, up by 7.7% on the previous year. Stalevo sales through Orion's own sales network grew by 22.2%.

The total euro-denominated value of the Stalevo and Comtess/Comtan in-market sales grew by more than 10%, despite the weakened rate of the US dollar, the British pound sterling and the Swedish krona. The favourable development of Comtan sales in Japan was a factor that contributed to the growth. Deliveries from Orion to Novartis remained at the previous year's level in 2008, even though the company's in-market sales in local currencies were up by 15% on 2007.

Orion has patent litigations underway in the United States against the Wockhardt companies and the Sun companies. These companies aim to launch generic versions of Orion's Comtan and Stalevo drugs in the United States.

In 2008, the new dosage strengths of Stalevo gave additional flexibility to treatment of Parkinson's disease patients taking Stalevo. In April, Stalevo 200 mg received a marketing authorisation in the EU, and it was launched in June. Stalevo 200 mg had already been launched in the United States in autumn 2007.

Moreover, the 75 and 125 mg tablet strengths received a marketing approval in the United States in August and were launched in October.

In April, Orion acquired European-wide marketing rights for Vantas[®] (histrelin) for the treatment of advanced prostate cancer. Vantas is an implant that releases the active ingredient, histrelin, during a 12-month period. This means that the patient no longer needs to take injections several times a year. The product is already available in the United States, for example. Vantas has also received marketing authorisations in Denmark, Germany, Ireland, UK and Spain, and product launches will begin in 2009.

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

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

In December, GTx Inc. submitted a New Drug Application in the United States for toremifene 80 mg. The drug is developed for the treatment of adverse effects, such as osteoporosis, caused by treatment of advanced prostate cancer. The active ingredient, toremifene, is Orion's proprietary drug.

The Precedex[®] (dexmedetomidine) sedative marketed by Hospira was particularly successful in the United States and Japan. Furthermore, in October the FDA approved an extended indication for the Precedex sedative for patients treated with non-invasive ventilation in connection with surgery or other interventions.

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

Specialty Products

The net sales of the Specialty Products business division in 2008 totalled EUR 254.0 (241.5) million, up by 5.2% on the previous year. The product range comprises generic, or off-patent, 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 were 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 favourable development was promoted by the continuously renewed prescription and self-care product portfolios. Among Orion's prescription drugs, the fastest growth in Finland was seen in the sales of the anti-psychotic drug Ketipinor[®] (quetiapine), which was launched in late 2007. The launching of larger self-care packages of Burana[®] (ibuprofen), a pain killer, in spring has further boosted the sales of the product. In May, Orion purchased, among others, the product rights for the Favorsa self-care product line.

Net sales of Orion's human pharmaceuticals in Eastern Europe in 2008 amounted to EUR 38.0 (28.9) million, up by 32% on the previous year. Specialty Products accounted for the majority of the sales in the region. The growth was fastest in Russia, Ukraine and Poland and it was based on numerous product launches, which doubled in 2008 compared with the previous year. Particularly successful among the new products were the anti-psychotic drug Ketipinor[®] (quetiapine) and the entire psychiatric product portfolio. In addition, Orion's older product portfolio is growing successfully in the Eastern European markets.

The net sales of Easyhaler[®] medicines, used for the treatment of asthma and Chronic Obstructive Pulmonary Disease (COPD), totalled EUR 22.2 (17.3) million, up by 28.3% on the previous year. The reimbursement decisions on Budesonide Easyhaler and Formoterol Easyhaler in early 2008 enabled full product launches in Turkey. Sales also developed favourably in Poland.

Orion has discontinued the process to expand the marketing area of Salbutamol Easyhaler[®] (salbutamol inhalation powder 100 and 200 µg/dose) in Europe. The marketing of Salbutamol Easyhaler continues in several European countries under national marketing authorisations.

Animal Health

The Animal Health division's net sales in 2008 amounted to EUR 67.2 (66.8) million. Thanks to launches of numerous drugs and other therapeutic products as well as the contribution of the product portfolio received from Pfizer, the division's net sales remained unchanged compared with 2007, despite increasing generic competition. The division also focused on research and development more intensely than before.

EUR 24.6 (27.5) million, or about 37% (41%) of the division's net sales derived from the animal sedatives Dexdomitor[®] (dexmedetomidine), Domitor[®] (medetomidine), Domosedan[®] (detomidine) and Antisedan[®] (atipamezole), with sales increasing by 10.5% on the previous year. The sales of animal sedatives have been slackened particularly by generic competition in Europe, due to expiry of patents, and by the weak US dollar. The sales of the latest member in the product family, Dexdomitor, have developed favourably.

The Finnish veterinary medicines market grew by almost 8% in 2008. The growth rate of Orion's net sales was slightly higher than the overall market growth rate.

In spring, Orion's marketing rights for Paccal[®] (paclitaxel, former Paclical[®] Vet) were expanded to cover all of Europe, as Orion entered into a new agreement with the Swedish company Oasmia Pharmaceutical AB. Paccal[®] is a skin cancer drug for dogs that is being developed for the treatment of mastocytoma.

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

Fermion

Fermion manufactures active pharmaceutical ingredients (APIs). Its net sales in 2008 amounted to EUR 36.1 (38.1) million, down by 5.2% on the previous year. The weak US dollar rate has influenced Fermion more negatively than the other business divisions in the Group. Price competition in generic active ingredients has also hampered the development of sales. The impact of intra-Group transactions, that is, deliveries of active ingredients for Orion's own use, has been eliminated from the net sales. These deliveries remained strong throughout 2008.

The ten best-selling pharmaceutical products

The net sales of the top ten pharmaceuticals in 2008 amounted to EUR 340.1 (320.9) million, up by 6.0% on the previous year. Their proportion of the total net sales of pharmaceuticals was about 51% (50%). The net sales of Stalevo were up by 11.2% on the comparative year, amounting to 21% (20%) of the total net sales in the Pharmaceuticals business segment. Deliveries of Stalevo to Novartis increased by 3.0%, while deliveries of Comtan decreased by nearly one per cent. The fastest growth rates were achieved with the Easyhaler franchise, the breast cancer drug Fareston[®] (toremifene), the painkiller Burana[®], the anticoagulant Marevan[®] (warfarin) and the heart failure drug Simdax[®] (levosimendan).

Products from in-house research

Net sales of products from in-house research in 2008 amounted to EUR 307.5 (292.3) million, up by 5.2% on the previous year. These products made up about 46% (46%) of the net sales generated by the Pharmaceuticals business.

Research and development

The Group's R&D expenses totalled EUR 103.4 (98.5) million, of which the Pharmaceuticals business made up EUR 98.8 (94.2) million. The R&D expenses were 14.5% (14.5%) of the Group net sales.

The focus of the R&D operations continues to be on early research, and partnerships are usually 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, critical care and oncology. In addition to in-house activities, Orion engages 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.

The renewed operating model for pharmaceutical R&D enables more flexible operation and cost structures, necessary for Orion to ensure its future operating conditions and competitiveness. The company is increasingly focusing on early stage R&D co-operation with universities and other pharmaceutical companies. It will also seek to share costs of the clinical stages with other players in the field. This way, Orion can ensure an increasing number of new research projects and reinforce its strategic capacity to continue operating as a company that provides new drugs and engages in pharmaceutical R&D.

Orion is applying for an expanded indication for the Stalevo drug in the USA and Europe, for the treatment of early-stage Parkinson's disease. The process is based on the results from the **FIRST-STEP study**, conducted by Orion's marketing partner Novartis in eight countries in North America and Europe.

The FIRST-STEP study is complemented by the **STRIDE-PD** study, conducted by Orion 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 study has been carried out in 14 countries in 747 Parkinson patients. Results are expected during the first quarter of 2009.

Orion is collaborating with Novartis to develop **Stalevo for Japanese market**.

Clinical Phase III 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 MDEX study and with propofol in the PRODEX-study. Both studies are planned to involve 500 patients. Preliminary results from the programme, initiated in 2007, are expected in summer 2010. Dexmedetomidine 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 orally administered 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 include Alzheimer's disease.

The potential use of **levosimendan** for the treatment of stroke in humans 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

Net sales generated by Orion's Diagnostics business in 2008 amounted to EUR 45.0 (42.0) million, up by 7.1% on the previous year. A substantial increase was seen in the sales through Orion's own sales network that covers Scandinavia, as well as in exports to the Czech Republic and China.

Operating profit was EUR 6.1 (6.3) million, down by 2.8% on the previous year. Despite the good development in sales, the operating profit declined because of planned investments in marketing and product development.

The QuikRead® tests 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 on the basis of the CRP concentration in a blood sample. During the spring, the launch of the newest member in the product family, the QuikRead® Strep A test, began also in the Nordic countries. The new test is used to detect streptococcus A, the causative agent of bacterial tonsillitis, from the pharyngeal sample. The increasing selection of



QuikRead products in doctors' offices and clinical laboratories creates a solid basis for future demand for reagents.

The sales of dip slide tests remained unchanged compared with 2007. The Hygicult® On test was included in Orion's hygiene product portfolio in late 2007, and its launch continued in 2008. The test was developed for microbial determinations and monitoring of cleaning, particularly in industrial kitchens and food and cosmetics industries.

Espoo, 6 February 2009

Board of Directors of Orion Corporation

Orion Corporation

Timo Lappalainen
President and CEO

Jari Karlson
CFO

Tables

CONSOLIDATED INCOME STATEMENT

EUR million	Q4/08	Q4/07	Change %	2008	2007	Change %
Net sales	179.9	172.8	+4.1%	710.7	680.0	+4.5%
Cost of goods sold	-61.7	-58.9	+4.7%	-230.0	-219.3	+4.9%
Gross profit	118.2	113.9	+3.8%	480.8	460.7	+4.4%
Other operating income	5.8	8.8	-33.9%	12.1	15.5	-21.6%
Selling and marketing expenses	-39.2	-41.9	-6.4%	-143.9	-143.4	+0.3%
R&D expenses	-29.4	-28.7	+2.5%	-103.4	-98.5	+5.0%
Administrative expenses	-18.9	-12.1	+55.9%	-51.5	-38.8	+32.9%
Other operating expenses	-3.7	-1.3	+172.9%	-9.1	-3.5	+160.5%
Operating profit	32.8	38.6	-14.9%	185.0	192.0	-3.6%
Financial income	3.7	1.4	+168.1%	7.6	3.9	+94.0%
Financial expenses	-4.4	-0.8	+436.1%	-8.5	-2.5	+242.7%
Profit before taxes	32.1	39.2	-17.9%	184.2	193.4	-4.8%
Income tax expense	-7.5	-8.4	-11.3%	-47.8	-49.5	-3.4%
Profit for the period	24.7	30.7	-19.7%	136.3	143.9	-5.3%
of which attributable to:						
Parent company shareholders	24.7	30.8	-19.7%	136.3	143.9	-5.3%
Minority interests	0.0	0.0	-48.9%	0.0	0.0	
Earnings per share, €¹⁾	0.18	0.22	-19.5%	0.97	1.02	-5.1%
Depreciation and amortisation	8.4	7.8	+7.3%	31.6	31.6	
Personnel expenses	50.8	45.5	+11.8%	170.9	156.3	+9.4%

¹⁾ 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	Dec/08	Dec/07	Change %
Property, plant and equipment	192.4	186.6	+3.1%
Goodwill	13.5	13.5	
Intangible rights	37.5	21.1	+78.0%
Other intangible assets	2.9	1.9	+51.8%
Investments in associates	0.1	0.1	-18.6%
Available-for-sale investments	0.9	0.9	
Pension asset	29.3	26.8	+9.3%
Deferred tax assets	4.2	3.9	+10.1%
Other non-current assets	1.5	2.1	-28.0%
Non-current assets total	282.3	256.8	+9.9%
Inventories	131.7	121.1	+8.7%
Trade receivables	83.1	82.9	+0.3%
Other receivables	22.3	14.4	+54.7%
Cash and cash equivalents	176.1	90.4	+94.7%
Current assets total	413.1	308.9	+33.8%
Assets total	695.5	565.7	+22.9%

Equity and liabilities

EUR million	Dec/08	Dec/07	Change %
Share capital	92.2	92.2	
Share premium	17.8	17.8	
Expendable fund	23.0	23.0	
Other reserves	-0.9	0.5	-284.0%
Retained earnings	286.3	297.6	-3.8%
Equity of the parent company shareholders	418.5	431.1	-2.9%
Minority interests	0.0	0.0	+2.1%
Equity total	418.6	431.2	-2.9%
Deferred tax liabilities	42.0	41.9	+0.3%
Pension liability	0.8	1.0	-22.8%
Provisions	0.4	0.2	+86.5%
Interest-bearing non-current liabilities	109.9	1.2	
Other non-current liabilities	0.9	0.2	+375.1%
Non-current liabilities total	153.9	44.4	+246.4%
Trade payables	30.2	34.3	-12.1%
Current tax liabilities	2.4	3.4	-29.0%
Other current liabilities	54.0	49.5	+9.1%
Provisions	0.0	0.0	-100.0%
Interest-bearing current liabilities	36.4	2.9	
Current liabilities total	123.0	90.1	+36.5%
Liabilities total	276.9	134.5	+105.8%
Equity and liabilities total	695.5	565.7	+22.9%

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- a. Share capital
- b. Share premium
- c. Expendable fund
- d. Other reserves
- e. Translation differences
- f. Retained earnings
- g. Total**
- h. Minority interest
- i. Equity total**

EUR million	a.	b.	c.	d.	e.	f.	g.	h.	i.
Equity on 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 on 31 Dec 2006	92.2	17.8	23.0	0.5	-3.4	298.7	428.8	0.0	428.8
Available-for-sale investments and cash flow hedges				0.0			0.0		0.0
Translation differences					-0.7		-0.7		-0.7
Net unrealised gains recognised directly in equity				0.0	-0.7		-0.7		-0.7
Change in accounting policy						-1.5	-1.5		-1.5
Profit for the period						145.4	145.4		145.4
Recognised income and expenses total				0.0	-0.7	143.9	143.2		143.2
Dividend						-141.3	-141.3		-141.3
Share-based incentive plan						0.4	0.4		0.4
Other changes				-0.0		-0.1	-0.1	0.0	-0.1
Equity on 31 Dec 2007 before change in accounting policy	92.2	17.8	23.0	0.5	-4.1	317.9	447.3	0.0	447.3
Change in accounting policy						-16.2	-16.2		-16.2
Equity on 31 Dec 2007	92.2	17.8	23.0	0.5	-4.1	301.7	431.1	0.0	431.2
Cash flow hedges profits and losses recognised in equity				-1.4			-1.4		-1.4
Translation differences					-2.8		-2.8		-2.8
Taxes relating to items recognised in equity				0.4			0.4		0.4
Net unrealised gains recognised directly in equity				-1.0	-2.8		-3.9		-3.9
Profit for the period						136.3	136.3		136.3
Recognised income and expenses total				-1.0	-2.8	136.3	132.5		132.5
Dividend						-140.9	-140.9		-140.9
Repurchase of own shares						-4.8	-4.8		-4.8
Share-based incentive plan						0.6	0.6		0.6
Other changes				-0.3		0.4	0.1	0.0	0.1
Equity on 31 Dec 2008	92.2	17.8	23.0	-0.9	-6.9	293.3	418.5	0.0	418.6

CONSOLIDATED CASH FLOW STATEMENT

EUR million	2008	2007
Operating profit	185.0	192.0
Adjustments	28.7	31.2
Change in working capital	-15.0	-14.7
Interest paid	-7.0	-2.1
Interest received	7.5	3.8
Income taxes paid	-54.9	-55.5
Total net cash from operating activities	144.4	154.7
Investments in property, plant, equipment	-30.8	-26.9
Investments in intangible assets	-23.0	-7.7
Sales of property, plant and equipment and available-for-sale investments	1.5	3.0
Sales of intangible assets	0.5	6.3
Total net cash used in investing activities	-51.8	-25.3
Withdrawals of short-term loans	121.7	46.1
Repayments of short-term loans	-105.1	-46.9
Withdrawals of long-term loans	125.0	
Repayments of long-term loans	-0.5	-6.4
Repurchase of own shares	-4.8	
Dividends paid and other distribution of profits	-141.1	-141.3
Total net cash used in financing activities	-4.8	-148.5
Net change in cash and cash equivalents	87.7	-19.1
Cash and cash equivalents at the beginning of the period	90.4	110.0
Foreign exchange differences	-2.1	-0.5
Net change in cash and cash equivalents	87.7	-19.1
Cash and cash equivalents at the end of the period	176.1	90.4

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	2008	2007
Carrying amount at the beginning of the period	186.6	187.1
Additions	32.8	27.7
Disposals	-1.8	-3.2
Depreciation	-25.1	-25.0
Carrying amount at the end of the period	192.4	186.6

CHANGES IN OTHER INTANGIBLE ASSETS

EUR million	2008	2007
Carrying amount at the beginning of the period	23.0	21.9
Additions	24.0	7.6
Disposals	-0.0	-0.0
Depreciation	-6.6	-6.6
Carrying amount at the end of the period	40.4	23.0

COMMITMENTS AND CONTINGENCIES

EUR million	Dec/08	Dec/07
Contingent for own liabilities		
Mortgages on land and buildings	19.0	25.5
of which those to Orion Pension Fund	9.0	9.0
Guarantees	1.0	1.4
Other liabilities		
Leasing liabilities (excl. finance lease contracts)	4.0	4.5
Other liabilities	0.3	0.3

DERIVATIVES

EUR million	Dec/08	Dec/07
Currency forward contracts		
Fair value	2.0	0.3
Nominal value	64.6	66.7
Electricity forward contracts		
Fair value	-1.4	0.0
Nominal value	5.7	0.6

RELATED PARTY TRANSACTIONS

EUR million	2008	2007
Management's employment benefits	3.1	2.9

Review of the business segments

KEY FIGURES FOR PHARMACEUTICALS BUSINESS

	Q4/08	Q4/07	Change %	2008	2007	Change %
Net sales, EUR million	169.6	162.7	+4.3%	667.6	639.7	+4.4%
Operating profit, EUR million	35.3	41.7	-15.2%	188.5	197.1	-4.4%
% of net sales	20.8%	25.6%		28.2%	30.8%	
R&D expenses, EUR million	28.0	27.2	+3.1%	98.8	94.2	+4.9%
% of net sales	16.5%	16.7%		14.8%	14.7%	
Capital expenditure, EUR million	11.7	10.5	+11.9%	53.3	32.5	+63.9%
% of net sales	6.9%	6.4%		8.0%	5.1%	
Sales revenue from proprietary products, EUR million	77.5	72.1	+7.4%	307.5	292.3	+5.2%
Personnel at the end of the period				2,995	2,864	+4.6%

NET SALES OF ORION'S TOP 10 PHARMACEUTICAL PRODUCTS

EUR million	Q4/08	Q4/07	Change %	2008	2007	Change %
Stalevo® (Parkinson's disease)	35.0	32.3	+8.4%	141.0	126.9	+11.2%
Comtess® / Comtan® (Parkinson's disease)	17.7	15.2	+16.3%	67.4	73.3	-8.0%
Domitor®, Dexdomitor®, Domosedan® and Antisedan® (animal sedatives)	5.4	5.5	-1.1%	24.6	27.5	-10.5%
Easyhaler® product family (asthma)	5.9	5.2	+14.5%	22.2	17.3	+28.3%
Burana® (inflammatory pain)	5.3	4.0	+33.0%	19.4	15.6	+24.6%
Simdax® (heart failure)	4.4	4.9	-10.5%	17.3	15.1	+15.0%
Divina® product range (menopausal symptoms)	3.5	4.3	-18.4%	14.7	15.9	-7.0%
Enanton® (prostate cancer)	3.1	3.2	-5.6%	12.7	12.9	-1.3%
Fareston® (breast cancer)	3.0	2.1	+43.6%	10.5	8.2	+27.7%
Marevan® (anticoagulant)	2.9	2.4	+21.9%	10.1	8.3	+21.4%
Total	86.2	79.1	+9.0%	340.1	320.9	+6.0%
Share of pharmaceutical net sales, %	51%	49%		51%	50%	

KEY FIGURES FOR DIAGNOSTICS BUSINESS

	Q4/08	Q4/07	Change %	2008	2007	Change %
Net sales, EUR million	10.7	10.5	+1.9%	45.0	42.0	+7.1%
Operating profit, EUR million	0.2	0.1	+242.5%	6.1	6.3	-2.8%
% of net sales	1.7%	0.5%		13.6%	15.0%	
Capital expenditure, EUR million	1.0	1.0	+3.3%	2.8	1.6	+78.9%
% of net sales	9.6%	9.4%		6.2%	3.7%	
Personnel at the end of the period				287	283	+1.6%

Performance by segment

NET SALES BY BUSINESS SEGMENT

EUR million	Q4/08	Q4/07	Change %	2008	2007	Change %
Pharmaceuticals	169.6	162.7	+4.3%	667.6	639.7	+4.4%
Proprietary Products	70.9	67.3	+5.4%	284.7	270.8	+5.1%
Specialty Products	66.6	63.2	+5.5%	254.0	241.5	+5.2%
Animal Health	16.5	15.3	+7.4%	67.2	66.8	+0.5%
Fermion	9.9	11.4	-13.3%	36.1	38.1	-5.2%
Other	5.8	5.5	+4.7%	25.6	22.5	+13.9%
Diagnostics	10.7	10.5	+1.9%	45.0	42.0	+7.1%
Group items	-0.5	-0.4	+10.5%	-1.9	-1.7	+8.6%
Group total	179.9	172.8	+4.1%	710.7	680.0	+4.5%

OPERATING PROFIT BY BUSINESS SEGMENT

EUR million	Q4/08	Q4/07	Change %	2008	2007	Change %
Pharmaceuticals	35.3	41.7	-15.2%	188.5	197.1	-4.4%
Diagnostics	0.2	0.1	+242.5%	6.1	6.3	-2.8%
Group items	-2.7	-3.1	-14.4%	-9.6	-11.4	-16.3%
Group total	32.8	38.6	-14.9%	185.0	192.0	-3.6%

NET SALES BY ANNUAL QUARTERS

EUR million	Q4/08	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06
Pharmaceuticals	169.6	161.0	168.5	168.5	162.7	153.4	156.4	167.2	152.1
Diagnostics	10.7	9.5	12.6	12.2	10.5	9.4	10.3	11.8	10.4
Group items	-0.5	-0.4	-0.5	-0.5	-0.4	-0.3	-0.5	-0.5	-0.4
Group total	179.9	170.1	180.5	180.2	172.8	162.5	166.3	178.5	162.2

OPERATING PROFIT BY ANNUAL QUARTERS

EUR million	Q4/08	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06
Pharmaceuticals	35.3	44.3	45.7	63.1	41.7	50.1	45.1	60.2	38.8
Diagnostics	0.2	1.0	2.5	2.3	0.1	1.2	1.8	3.2	0.6
Group items	-2.7	-1.8	-3.1	-2.1	-3.1	-2.2	-3.2	-2.9	-3.5
Group total	32.8	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	Q4/08	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q4/06
Finland	55.2	52.8	53.5	55.7	53.7	48.6	48.6	50.1	49.0
Scandinavia	23.7	23.3	26.1	28.1	24.3	23.8	25.3	24.1	23.4
Other Europe	62.0	56.2	61.4	64.4	57.5	56.0	57.5	63.7	58.4
North America	19.2	21.7	18.5	14.4	15.4	19.1	19.8	23.5	22.0
Other markets	19.8	16.1	21.1	17.6	21.9	15.0	15.1	17.1	9.4
Group total	179.9	170.1	180.5	180.2	172.8	162.5	166.3	178.5	162.2

Information on Orion Corporation's shares

BASIC INFORMATION ON 31 DECEMBER 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	-
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	14,363	34,891	43,119

TRADING DURING 1 JAN-31 DEC 2008

	A-share	B-share	Total
Number of shares traded	2,508,220	73,719,186	76,227,406
% of the total number of shares	4.8%	82.6%	54.1%
Closing quotation on 2 Jan 2008, EUR	16.00	16.08	
Lowest quotation, EUR			
(A: 27 Oct 2008, B: 10 Oct 2008)	10.50	10.30	
Average quotation, EUR	12.98	12.85	
Highest quotation, EUR			
(A: 2 Jan 2008, B: 4 Jan 2008)	16.40	16.44	
Closing quotation on 31 Dec 2008, EUR	12.00	12.07	
Market capitalisation of the share stock on 31 Dec 2008 excluding treasury shares, EUR million	617.3	1,080.2	1,697.5

PERFORMANCE PER SHARE

	Q4/08	Q4/07	Change %	2008	2007	Change %
Earnings per share, EUR	0.18	0.22	-19.5 %	0.97	1.02	-5.1%
Cash flow per share before financing, EUR				0.66	0.92	-28.3%
Equity per share, €				2.97	3.05	-2.7%
Proposal for dividend per share, €				0.95	1.00	
Proposed payout ratio, €				97.9%	98.0%	
Total proposed dividend, € million				133.9	141.3	
Effective dividend yield according to proposal, %						
A-share				7.9%	6.2%	
B-share				7.9%	6.2%	
Price/Earnings ratio (P/E), %						
A-share				12.37	15.78	
B-share				12.44	15.72	
Average number of shares excluding treasury shares, 1,000 shares	140,933	141,258		140,003	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
 - Proprietary Products (patented prescription products for humans)
 - Specialty Products (off-patent, generic prescription products and self-medication products for humans)
 - Animal Health (veterinary products for pets and production animals)
 - Fermion (active pharmaceutical ingredients, APIs)
- Diagnostics
 - Orion Diagnostica (diagnostic tests).

Accounting policies

The Orion Group Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), applying IAS and IFRS standards in force on 31 December 2008.

The following standards and interpretations or updates that came into force in 2008 and have significance for the Group were applied in the financial year. The application of these standards and applications had no effect on the consolidated financial statements:

- IAS 39 (Amendment) and IFRS 7 (Amendment) – *Reclassification of financial assets*
- IFRIC 14, IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

Change in accounting policy of the defined-benefit pension obligation

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.

Change in accounting policy for recognition of fair value of foreign currency derivatives

As of 1 January 2008, the Orion Group has recognised the change in the fair value of foreign currency derivatives hedging trade receivables in other operating income and expenses, while previously these changes were included in exchange gains and losses from sales. The comparative information for 2007 has been adjusted in accordance with the new accounting policy. The change in the foreign currency derivative accounting policy has not had a material effect on Consolidated Financial Statements or key ratios.

The policies and calculation methods applied during the period are available on Orion's homepage at www.orion.fi/english/investors.

The figures in this report are 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.

Calculation of the key figures

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

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

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

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

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

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

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

$$\text{Dividend per share, EUR} = \frac{\text{Dividend for the financial period}}{\text{Number of shares at the end of the period, excluding treasury shares}}$$

$$\text{Payout ratio, \%} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

$$\text{Effective dividend yield, \%} = \frac{\text{Dividend per share}}{\text{Closing share price of the period}} \times 100$$

$$\text{Price/Earnings ratio (P/E), \%} = \frac{\text{Closing share price of the period}}{\text{Earnings per share}} \times 100$$

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

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

ADJUSTED KEY FIGURES

	Q4/07 Earlier reported	Q4/07 Adjusted	2007 Earlier reported	2007 Adjusted
Operating profit, EUR million	39.1	38.6	194.0	192.0
Profit before taxes, EUR million	39.7	39.2	195.5	193.4
Balance Sheet total, EUR million			589.5	565.7
Equity ratio, %			75.9%	76.2%
Gearing, %			-19.3%	-20.0%
ROCE (before taxes), %			43.8%	44.8%
ROE (after taxes), %			32.7%	33.5%
Earnings per share, EUR	0.26	0.22	1.03	1.02
Equity per share, EUR			3.17	3.05

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www.orion.fi/english

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

The Group's net sales in 2008 amounted to EUR 710.7 million and the company invested EUR 103.4 million in research and development. At the end of 2008, the Group had a total of 3,309 employees, of whom 2,729 worked in Finland. Orion's shares are listed on the NASDAQ OMX Helsinki.