BUSINESS REVIEW

2005

PÖYRY

CONTENTS

This document contains a summary of Jaakko Pöyry Group Oyj's financial figures. The complete financial statements have been published separately. The financial statements are available in pdf format on the company's website at www.poyry.com, where the printed version can be ordered.

PÖYRY IN BRIEF

Pöyry is a global consulting and engineering services firm focusing on the energy, forest industry and infrastructure & environment sectors. The company's business idea is to offer expertise, solutions and local services covering the entire life-cycle of clients' business and investment projects. It has in-depth business-sector and strategic know-how, project development and project management expertise and local project implementation and operations management know-how. Pöyry's network of experts works in close co-operation with its clients, aiming for development of all phases of their business. The Group operates globally in 45 countries and it employs a total of 5600 experts. Jaakko Pöyry Group Oyj is listed on the Helsinki Stock Exchange.

BUSINESS GROUPS

Energy

The Energy business group's main practice areas are:

- Management consulting
- Hydropower
- Renewable energy
- Power and heat
- Oil and gas

The office network covers Europe, the Middle East and Asia. Clients include privately or government owned utilities, industrial companies, equipment suppliers, and financing institutions and development banks.

Forest Industry

The Forest Industry business group provides services in three main practice areas:

- Management consulting
- New investment projects
- Rebuild projects and local services

The business group's office network covers all major forest products regions in the world. Clients include forest industry companies, equipment suppliers and international financing institutions.

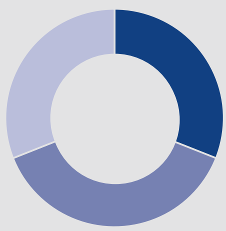
Infrastructure & Environment

The Infrastructure & Environment business group's main practice areas are:

- Transportation systems
- Water and environment
- Building services and telecom

The office network covers Europe, Latin America and Asia. Clients include government and municipal organisations, international development institutions, and transport, water supply and telecommunications companies.

Business groups' share of consolidated net sales 2005



Key figures

	2004	2005
Net sales, EUR million	473.9	523.6
Profit before taxes, EUR million	30.9	38.6
Profit before taxes, %	6.5	7.4
Earnings/share, EUR	1.42	1.80
Dividend/share, EUR	1.20	1.30 [1)]
Dividend/earnings ratio, %	84.5	72.2
Return on investment, %	21.4	25.8
Gearing, %	- 37.4	- 36.1
Order stock, EUR million	373.2	452.1
Personnel in group companies	5 309	5 608

1) Board of Directors' proposal.

We will implement a “One name. One brand. One vision.” strategy during 2006. Our new brand will be Pöyry.

PRESIDENT'S REVIEW

Increased demand and the continued strengthening of our market position had a favourable impact on our operations throughout 2005. Net sales increased by 10 per cent to EUR 524 million and profit before taxes by 25 per cent to EUR 38.6 million. Combined with a healthy balance sheet and good order stock, this marked the best year in the company's history.

One of our focuses for 2005 was to expand our business in emerging markets. We succeeded well: total net sales of EUR 140 million were derived from the targeted emerging markets, an increase of 30 per cent over 2004. We have been particularly successful in Latin America where we have been engaged in almost all major forest industry projects and in several important transportation projects. Another strong area has been Russia where demand for our services has been strong, especially in the infrastructure and environment sector and to some extent also in the forest industry.

We will continue to expand our local operations in these emerging markets and expect the growth trend in Asia, Latin America, Central Europe, the Baltic countries and Russia to continue. Our intention is to be a major player in all of our business sectors in these markets and to offer a full range of services to key clients who are expanding their operations and to the local clientele.

Also during 2005 we have made several important acquisitions to strengthen our market position. The most significant was the acquisition of GKW Holding GmbH in Germany. GKW is market leader in Germany in water and environmental services and also has a strong international position in many important markets. Combined with our existing operations, this will allow us to offer a wider range of water and environmental services in the growing sector funded by international financing institutions. We will continue pursuing similar acquisitions in all of our business sectors.

One of our key strategic targets has been to become a Global Network Company with shared strategies, values and ways of working. Every year we have taken significant steps in this direction, and to further strengthen our efforts we will implement a "One name. One brand. One vision." strategy during 2006. Our new brand will be Pöyry. Through this one brand concept we will unite our efforts to gain further strength and build equity into one brand to ensure further growth and profitability. Our promise to clients is Competence. Service. Solutions., reflecting our commitment to concentrate on delivering value-adding services and solutions throughout the lifecycle of our clients' business in order to achieve a common cycle of success. All of this under one brand: Pöyry – in Energy, Forest Industry and Infrastructure & Environment.

Economic prospects for 2006 are mostly favourable and economic growth is expected to continue in most markets. We have further strengthened our market position and our order stock has grown by more than 20 per cent, amounting to over EUR 450 million. This gives a firm basis for continued positive development and we expect our net sales to increase and earnings to improve during 2006.

I would like to express my sincerest thanks to all of our stakeholders for their confidence and valuable support. We are extremely proud of winning their trust and will continue to do our utmost to keep it and strengthen it.

Erkki Pehu-Lehtonen
President and CEO

Pöyry is a growth-oriented company, which is continuously developing its core business operations.

STRATEGY

Pöyry's business concept is based on early involvement in its clients' business development, the provision of innovative and value-added solutions, and a full range of services from individual consulting and engineering assignments to management and implementation of complex projects. Services are provided through the Group's own resources in key areas of consulting, technology, engineering and project management, supplemented by partnerships and alliances.

MISSION

Pöyry's mission is to anticipate and fulfil its clients' requirements in order to improve their competitiveness. This objective is pursued by providing clients with a full range of leading-edge solutions and services within consulting, project development and implementation, operations improvement and maintenance engineering.

Pöyry aims to recruit people who have the drive and ability to work towards the company's objectives. Employees are offered a challenging international working environment in an expert organisation emphasising quality and continuous development.

Pöyry aims to secure a competitive long-term return for its shareholders and a leading position in selected business areas by actively managing and integrating the Group's resources, know-how and operations. The target is to reach over 20 per cent return on investment (ROI %) and to invest in continuous growth of the core business areas on a sustainable basis.

BUSINESS STRATEGY CHOICES

Three areas of expertise and global synergies

Pöyry has three core areas of expertise: energy, forest industry, and infrastructure and environment. The Group's three business groups are globally responsible for their operations. Synergies within the Group are realised through joint projects, complementary technological capabilities, joint marketing, common systems, tools and methods, and an integrated office network.

Project-oriented business approach and lifecycle engagement

The Pöyry's business consists of project assignments. The business is based on a deep understanding of clients' core business processes. The Group's know-how covers the entire lifecycle of clients' investment projects. Its thorough business and technological expertise and its ability to apply this expertise into practice are a major competitive advantage.

Global office network

The Group has close to two hundred offices in 45 countries. The comprehensive office network is a unique and important key factor supporting the business, allowing Pöyry to offer its versatile expertise to locally as well as globally operating companies. Through its Global Network Company concept, the Group combines the know-how of its global network of experts with a strong knowledge of local conditions.

Information management a cornerstone

To support its project-oriented activities, Pöyry continuously develops product and service concepts based on integrated IT solutions. Effective information management is a cornerstone of the Group's project business. A key success factor is the ability to make the right information available, in the right format, to the right persons at the right time.

Stable business growth

In the same way as the clientele, the consulting and engineering business is also being consolidated. Pöyry is a growth-oriented company, which is continuously developing its core business operations. Growth is derived from organic growth, extensions of the local office network and acquisitions. While pursuing volume growth, the Group also aims to maintain its stable profitability and liquidity. The Group's good solvency offers a possibility for self-financed growth.

According to its vision, Pöyry aims at creating a sustainable cycle of success for its clients and the company alike.

ONE NAME. ONE BRAND. ONE VISION.

As of 2006, all business groups and Group companies will operate globally under one brand and a new visual identity. The adoption of one brand will unite the resources of the Group's global office network and the future can be built around a shared vision. Apart from supporting growth objectives, the change is designed to strengthen the Global Network Company concept and to promote the company's international recognition.

ONE NAME. ONE BRAND.

The Global Network Company concept, which serves as a guiding principle for the Group's operations, combines international know-how with high-quality service and knowledge of local conditions. Under the network concept, all Group units have shared strategies, values and ways of working. As a natural continuation of the systematic work and actions to develop the concept in previous years, an extensive branding process was implemented in 2005. The objective of this process was fulfilled when one brand – Pöyry – and one brand mark were selected to symbolise the Group's entire business.

ONE VISION.

Pöyry's values and service offering represent a unique operating practice based on the corporate experience of implementing development and investment projects over several decades. Pöyry's uniqueness stems from the company's attitude and delivery promise. The values reflecting this attitude are Client, Team, Drive and Excellence, which are derived from the commitment to deliver excellence in all of the company's operations. The Group's slogan "Competence. Service. Solutions." sums up the objective to be the world's best known consulting and engineering firm in the energy, forest industry and infrastructure & environment sectors.

According to its vision, Pöyry focuses its wide-ranging competence, comprehensive service and superior solutions on implementing client projects and aims at creating a sustainable cycle of success for its clients and the company alike. Pöyry's aim is to be its clients' partner of choice throughout the lifecycle of their business. Pöyry can provide a full range of services, from consulting and investment planning to project implementation, start-up and operation and maintenance assistance. This requires in-depth knowledge of the clients' business and the ability to provide versatile services for different projects. The solutions provided by Pöyry are a strategic element of its clients' success far into the future. For this reason, solutions must be competitive and sustainable and offer potential for further development, if the need arises.

Continued consolidation and liberalisation in the energy markets are generating increased demand for the business group's services.

ENERGY

Pöyry's Energy business group is a leading international energy consulting and engineering firm. Its services cover the entire life cycle of the client's business, from strategic consulting to project implementation, operation and maintenance, and modernisation projects. The business group focuses on five business areas: management consulting, hydropower, renewable energy, power and heat, and oil and gas.

MAJOR TRENDS IN OPERATING ENVIRONMENT

The major trends in the Energy business group's operating environment are:

Changes in energy markets. The continued consolidation and liberalisation in the energy markets, in combination with increased profitability pressures, are generating increased demand for the Energy business group's consulting services and its operations improvement expertise.

Environmental protection. International and national programmes are being implemented to reduce emissions and to promote clean energy technologies, such as renewable energy. Pöyry is actively involved in this development in many ways.

High crude oil prices. Increased crude oil prices are driving energy mix considerations in both the mature and emerging markets. Pöyry has strengthened its technological expertise and engineering capability to meet these challenges.

Power plant repowering. More and more power plants are approaching the end of their service life and are in need of modernisation. Pöyry has developed solutions that are technically and economically optimised for repowering.

SECTOR-SPECIFIC MARKET PROSPECTS

The liberalisation of the energy markets and the consolidation of the energy sector will continue in Europe, while growth rates in emerging markets are recovering. The increased competition and slow economic recovery have depressed electricity prices and the general level of investment in the energy sector. This trend is changing, though there will be regional variations. Increased crude oil prices are driving new energy mix considerations. Environmentally driven investments in renewable energy and hydropower will increase, but these forms of energy will continue to represent a low proportion of total production. As power plants get older, environmental regulations continue to tighten and profitability requirements increase, the number of power plant rebuilds and efficiency-improving projects will rise. In spite of short-term fluctuations, demand for electricity will continue to rise in pace with economic growth throughout the world, so long-term investments will be needed to meet this growth. In the short term, capacity increases will come from small and medium-size power plants to be built for the needs of local industry and communities.

BUSINESS AREAS

The Energy business group's main practice areas are:

- Management consulting
- Hydropower
- Renewable energy
- Power and heat
- Oil and gas

In **management consulting**, the business group focuses on providing services in strategy development, business operations development, mergers and acquisitions, and environmental consulting. Services are provided through an integrated business model, combining management consulting with technology consulting. The business group develops its clients' business operations utilising the expertise of its global office network.

In **hydropower**, the business group provides a wide spectrum of services combined with international expertise. Examples include high- and low-head dams, pump storage and run-of river schemes, and integrated power and irrigation projects.

In **renewable energy**, the focus is on engineering and project implementation services for biomass and geothermal energy, wind and solar power, waste management and waste-to-energy projects. The expertise covers all project phases, from investment studies to project implementation and operations management. Pöyry's specialists have extensive experience of supporting clients in meeting the requirements of the Kyoto Protocol.

In **power and heat**, activities cover a wide range of project services, from project development and implementation to operations improvement and plant modernisation. Core areas of expertise are combined heat and power generation for industry and communities, district heating and cooling, and condensing power generation.

In **oil and gas**, the business group offers specialist engineering and safety management services. These include prestudies, preliminary engineering, implementation engineering and safety case reviews.

FINANCIALS AND PERFORMANCE 2005

The market for energy-related services continued to recover in 2005. Also the higher price of crude oil affected the rate of recovery. The internationalisation of the energy sector and the liberalisation of the energy market continued. Environmental pressures resulted in additional investment needs. The energy landscape continued to diversify, with power companies moving further into the gas sector and traditional oil and gas companies entering the power sector. In these dynamic market conditions, the Energy business group has been able to strengthen its global market position.

The order stock remained good, amounting to EUR 195.2 (171.8) million at the end of the year. The most important new projects were Amata Power's gas-fired cogeneration power plant in Thailand (EUR 32 million), the design engineering and services contracts with Brunei Shell Petroleum in Brunei (EUR 10 million), the frame agreement for engineering services with Técnicas Reunidas in Spain (EUR 10 million), and the engineering services contract with Vattenfall Europe Waste-to-Energy for a combined heat and power plant to be built in Berlin (EUR 3 million).

Net sales for the financial year were EUR 160.0 (146.5) million. Operating profit was EUR 9.1 (7.0) million, which equals 5.7 (4.8) per cent of net sales. At the end of the year, the business group employed a total of 1 463 (1 485) people.

ACQUISITIONS IN 2005

Electrowatt-Ekono AG acquired at the end of 2005 100 per cent of the shares of the Italian company S.P.E Servizi per l'Energia based in Genoa. S.P.E Servizi per l'Energia specialises in consulting and engineering services for combined-cycle power plant projects.

The most important reference projects of the company, which was established in 1997 by private owners, are large natural gas-fired power plants. At the end of 2005, its order stock amounted

Key figures

EUR million	2001	2002	2003	IFRS 2004	IFRS 2005	Share of Group, %
Net sales	127.0	111.2	97.6	146.5	160.0	30.5
Operating profit	-0.6	-0.7	4.5	7.0	9.1	24.0
Operating profit, %	-0.5	-0.7	4.6	4.8	5.7	
Order stock	123.5	123.8	129.2	171.8	195.2	43.2
Personnel	1 193	1 094	1 109	1 485	1 463	26.1

to about EUR 4 million. The company has been consolidated into the Group as of December 1, 2005. The company's net sales were about EUR 0.3 million for the consolidated period and it has a staff of 17.

The acquisition of S.P.E Servizi per l'Energia fits well with the Energy business group's strategy to increase its presence in the southern European market.

The business group aims to expand its network of local offices in Europe and Asia. In addition, the business group intends to expand its technological expertise especially in the areas of renewable energy, management consulting, oil and gas reserves and environmental protection.

PROSPECTS FOR 2006

Good opportunities for growth in demand for energy-related services are emerging as the economies of Southeast Asia and to some degree Europe recover, and as the EU expands. This applies in particular to renewable energy, plant refurbishments and management consulting services. The high price of crude oil is creating new opportunities within the oil and gas sectors. In the thermal power sector clients focus on diversifying their energy mix. The Energy business group further enhanced its business-area-based organisation model during 2005 and strengthened its operations by making an acquisition in Italy. The Energy business group's market position has improved and the order stock is good. The business group's operating profit will improve in 2006.

Major projects in 2005

Amata Power Limited; engineering, procurement, construction and commissioning services for a 60 MW combined cycle gas turbine power plant producing power and heat. Utilising natural gas from a gas transmission pipeline running adjacent to the site, the plant will also co-generate steam for the industries. The facility is located 57 km southeast of Bangkok, Thailand.

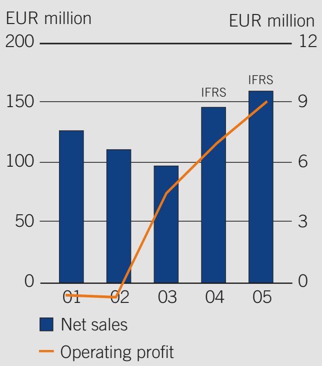
Brunei Shell Petroleum; provision of multi-discipline design engineering services covering conceptual, front-end and detail engineering of BSP's upstream offshore and onshore oil and gas production facilities in Brunei.

Técnicas Reunidas, S.A.; frame agreement for the engineering of several EPC projects in Spain over the next three years. Services include front-end, basic and detail engineering, and procurement services.

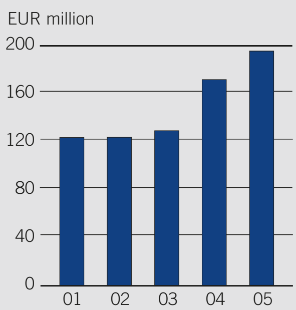
Vattenfall Europe Waste-to-Energy; assignment to provide owners engineering services for the implementation of a combined heat and power plant using refuse-derived fuel in Ruedersdorf, Berlin, Germany.

Wiener Kommunal Umweltschutzprojektsges.m.b.H.; assignment for the municipal environment protection company of Vienna, Austria relating to the incineration plant Pfaffenau and Biogas Vienna projects. The services comprise project management, organisation, time scheduling, cost and site supervision.

Net sales and operating profit



Order stock



The ongoing trend of outsourcing opens opportunities to expand Local Services.

FOREST INDUSTRY

Pöyry's Forest Industry business group is a global market leader in its sector. The business group provides engineering and project implementation services for pulp and paper industry projects worldwide, maintenance engineering and other local services to the mills, and consulting on forest industry strategies and operations.

MAJOR TRENDS IN OPERATING ENVIRONMENT

The major trends in the Forest Industry business group's operating environment are:

Operations and profitability improvement. The industry is continually improving the efficiency and competitiveness of its operations. Pöyry participates actively in these efforts by offering its clients a wide range of services and solutions aimed at improving operations and profitability.

Outsourcing of services. Companies are increasingly outsourcing their non-core activities. This opens opportunities for Pöyry to expand its local services. Examples of these new forms of services include plant maintenance and engineering project management services for smaller projects, and technical document management.

Investing in growth. Growth opportunities for the pulp, paper and board industry are found in fast-growing emerging markets or in areas with competitive raw material resources. With its global resources and strong focus on emerging countries, and its diversified know-how of raw materials and project development and implementation, Pöyry is well equipped to assist the industry in planning and carrying out profitable growth-oriented investment projects.

SECTOR-SPECIFIC MARKET PROSPECTS

According to Pöyry's new forecast, world demand for paper and paperboard will continue to grow at an average rate of about 2 per cent a year in the period 2005–2020. Demand and investments will grow fastest in Asia, notably China, and in South America, Eastern Europe and other emerging markets. In Europe and North America, growth of demand will focus on higher-value-added packaging and printing papers, and hygienic products. The industry in these markets will continue to improve its production efficiency, save costs and raise the quality and value added of its products.

The forest industry's market prospects and profitability are improving slightly. The industry will also continue to consolidate.

BUSINESS AREAS

The Forest Industry business group's services are divided into three main businesses:

- Management consulting
- New investment projects
- Rebuild projects and local services

In **management consulting**, expert services and business advice are provided in matters related to the development of business strategies and improvement of operations. The expertise covers the entire chain from raw materials to technology, markets and other business aspects. The cornerstones of the business group's operations are its extensive international experience, in-depth industry expertise and long-term practical experience.

In **new investment projects**, the business group provides engineering and project implementation services for the pulp and paper industry and other sectors serving this industry worldwide. Process know-how, advanced engineering and information management systems and extensive experience of all phases of a project play a key role in project implementation. The business group's broad expertise covers basic and detail engineering services, project management, project services, construction management, erection supervision, and other site services and commissioning.

In **rebuild projects and local services**, the primary focus is on modernisation or expansion rebuilds, product quality improvements and maintenance related projects. Pöyry's services combine local knowledge and fast service with access to special know-how across the entire business group. The extensive office networks in many countries provide a good basis for these local services.

FINANCIALS AND PERFORMANCE 2005

The year 2005 was another challenging year for the pulp and paper industry. Several pulp and paper mill closures were announced in North America and Europe, while only a few new projects or larger rebuilds were launched. In spite of somewhat improved demand and prices, industry results were affected by rising energy prices, higher raw material costs, restructuring expenses and labour disputes. Investment activity continued in Asia and South America, although in Asia at a slightly lower level than in recent years.

Despite the challenging market conditions, the Forest Industry business group was able to maintain its market position and increase its net sales and operating profit. Global networking of resources, local presence in key emerging markets, well executed projects and growing demand for operational consulting contributed to the favourable results.

The order stock increased towards the end of 2005 and was EUR 97.3 (82.5) million. The most significant new assignments were the new pulp mill project of Botnia S.A. in Uruguay (EUR 15 million), the engineering and project management services for the Suzano Bahia Sul pulp mill project in Brazil (EUR 19 million) and the engineering services for Myllykoski's new paper machine to be built in the Czech Republic (EUR 10 million).

Net sales for the financial year were EUR 199.3 (186.3) million. Operating profit was EUR 19.7 (17.2) million, which equals 9.9 (9.2) per cent of net sales. At the end of the year, the business group employed a total of 2 123 (2 077) people.

ACQUISITIONS IN 2005

Jaakko Pöyry AB, Sweden, acquired the entire share capital of Scancontrol AB at the end of June. The company has been consolidated into the Group as of July 1, 2005. Scancontrol's net sales were about EUR 2.5 million for the consolidated period and it has a staff of 52. Scancontrol AB was merged into Jaakko Pöyry AB at the end of 2005.

Founded in 1995, Scancontrol was an automation and electrical engineering company specialising in industrial applications. Its main offices were in Lund and Helsingborg in southern Sweden. The company's expertise covers automation and electrical design for the paper, packaging and converting sectors.

The merger of Jaakko Pöyry Consulting Oy into its parent company Jaakko Pöyry Group Oyj was registered with the Trade Register on August 31, 2005. The purpose of the merger was to streamline the corporate structure of the Group and to simplify administration.

Key figures

EUR million	2001	2002	2003	IFRS 2004	IFRS 2005	Share of Group, %
Net sales	196.6	173.7	176.0	186.3	199.3	38.0
Operating profit	19.1	13.5	16.1	17.2	19.7	51.8
Operating profit, %	9.7	7.8	9.2	9.2	9.9	
Order stock	92.7	85.2	90.8	82.5	97.3	21.5
Personnel	2 153	2 163	2 126	2 077	2 123	37.9

The business group intends to expand its office network in the next few years in line with market developments. The expansion is likely to take place partly in emerging markets where investment activity is expected to grow, and partly in Europe and North America where local services are required for rebuilds and maintenance engineering.

PROSPECTS FOR 2006

Demand for engineering services is not expected to change significantly in 2006. Investment activity will continue in emerging markets. Rising production costs will call for operational and productivity improvements in mature markets. Industry restructurings will increase the demand for consulting and investment banking services. The Forest Industry business group's operating profit will remain stable during 2006, provided that the business cycle and investment level of the world pulp and paper industry do not change materially.

Major projects in 2005

Botnia S.A.; pulp mill project in Uruguay. Pöyry will supply owners engineering services for project implementation, construction engineering, engineering of interconnections between main mill departments and detail engineering for the main process equipment to be supplied by Andritz. The capacity of the pulp mill will be 1 million t/a.

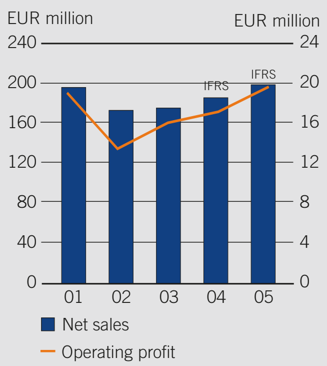
Suzano Bahia Sul Papel e Celulose S/A; engineering services for the new pulp line to be built at the Mucurí mill in Bahia, Brazil. The production line will have a capacity of 1 million t/a of market pulp for export. Pöyry's assignment comprises engineering of interconnections between the packages and the auxiliary plants, the Balance of Plant, within an engineering, procurement and construction management services (EPCM) framework.

Myllykoski Group; engineering services for an uncoated publication papers machine to be built in the Czech Republic. The new production line will have a capacity of 380 000 t/a.

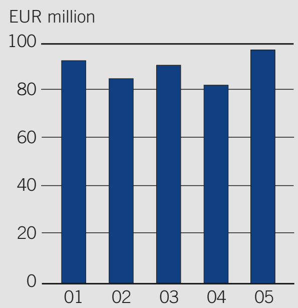
UPM-Kymmene Corporation/Metso Paper; engineering services for the rebuild of a fine paper machine at the Nordland Papier mill at Dörpen, Germany. The objective of the rebuild is to improve product quality and raise production efficiency.

M-real Corporation; implementation engineering services for a production and quality upgrade project concerning a board production line and new sheeting plant at the Simpele mill in Finland. The objective of the upgrade is to raise the production capacity of the board machine at Simpele from the present 170 000 t/a to 215 000 t/a.

Net sales and operating profit



Order stock



International aid in support of water resources and technology is growing because of the shortage of clean water.

INFRASTRUCTURE & ENVIRONMENT

Pöyry's Infrastructure & Environment business group is among the largest companies in its sector in Europe. It is active in three business areas: transportation, water and environment, and building services and telecom. In all these areas, the business group offers consulting and engineering services, building and project management services, operation and maintenance expertise, and services related to technology transfer.

MAJOR TRENDS IN OPERATING ENVIRONMENT

The major trends in the Infrastructure & Environment business group's operating environment are:

Shortage of clean water and need for sanitation. International aid in support of water resources and water technology is growing because of the shortage of clean water. There are 1.2 billion people in the world without access to safe drinking water and 2.5 billion people without proper sanitation. The growing shortage of clean water also requires water supply solutions designed to conserve water resources. Development in this sector is not driven by need but by the availability of capital.

Rapid growth of urban population and urbanisation. Worsening congestion and environmental pollution are creating demand for rail traffic systems to replace road and street traffic, and for IT and telecommunications to replace physical movement. Pöyry is actively participating in this development work by offering a variety of project services.

E-infrastructure. The business group's ability to combine life cycle expertise in different sectors with appropriate information technologies into a functional e-infrastructure is opening up pioneering opportunities for Pöyry's product range.

SECTOR-SPECIFIC MARKET PROSPECTS

Population growth and increased economic activity will result in growing environmental pressures. Investments in resource-lean and cleaner technologies, better management of natural resources and environmentally sound infrastructure will be playing a key role in alleviating these environmental impacts. Local shortages of natural resources are getting more acute, so lean technologies and resource management will become more important. New solutions to eliminate shortages of clean drinking water, efficient rail-bound mass transit systems and more effective control of atmospheric emissions are examples of business opportunities in this sector. The greater incidence of climatic disturbances has also made flood control more important all over the world. These trends will affect both developing countries and the rapidly growing urban areas in industrialised countries. Development projects involve national and local administrative organisations as decision-makers, with investors including both multinational financing institutions and, increasingly, private investors.

BUSINESS AREAS

The Infrastructure & Environment business group's main business areas are:

- Transportation systems
- Water and environment
- Building services and telecom

In **transportation systems**, the expertise covers diverse rail-bound systems, as well as tunnelling and bridge projects, and project services related to traffic and community planning. Services cover the entire life cycle of the clients' projects, including initial consulting services, engineering and project management and construction supervision. In project implementation, a major strength is the business group's in-depth experience of transportation systems, combining local knowledge with global operating procedures.

In **water and environment**, the business group offers its clients a full range of services. Sustainable solutions in basic water treatment as well as in applications involving high technology are vitally important for international business. In these projects, the ability to combine technical, economic, social and environmental expertise offers a particular advantage.

In **building services and telecom**, the business group offers engineering and project management services for demanding office buildings, business centres, public buildings and industrial building projects. This business is local and mostly concentrated in Finland and nearby areas. In network planning and implementation of telecommunications projects and in telecommunications consulting, the business group also offers services globally.

FINANCIALS AND PERFORMANCE 2005

The year under review was characterised by natural disasters, which were reflected, among other things, as increased demand for services to mitigate flood risks. The rise of these underlying needs has resulted in a situation where, in a growing number of infrastructure and environmental projects, a wide range of diversified skills need to be integrated into the business group's products and services. Demand for consulting and engineering services for public-sector rail transportation projects continues to increase in Asia and Latin America. Prospects for environmental projects in Asia and Africa funded by international financing institutions are equally promising. Demand for the business group's services is strongest in the building sector, notably in the Baltic countries and Russia. In the Western European market, demand will remain unchanged; in some subsectors it will even decline. The business group has continued to strengthen its position in local and international markets.

The order stock increased during the financial year to EUR 159.5 (118.8) million. The most important new projects were the project management contract for the Olkiluoto nuclear power plant in Finland, the railway management agreement with the Finnish Rail Administration, the extensions of transportation project contracts in Venezuela and Taiwan (EUR 8.2 million), the underground station and tunnel engineering contract in Canton Zürich in Switzerland (EUR 8 million), and the engineering services for the E18 Muurla-Lohja motorway project in Finland (EUR 4 million).

The business group's net sales increased during the financial year to EUR 164.9 (142.1) million. Operating profit was EUR 9.2 (7.0) million, which equals 5.6 (4.9) per cent of net sales. At the end of the year, the business group employed a total of 1 979 (1 715) people.

ACQUISITIONS IN 2005

JP-Transplan Ltd has expanded its domestic operations by acquiring, at the beginning of July, the entire share capital of Inframan Ltd. Inframan Ltd's net sales for 2005 were about EUR 0.2 million for the consolidated period and it had a staff of seven. The acquisition of Inframan Ltd expands the Group's life-cycle expertise in transportation infrastructure asset management in Finland and the rest of northern Europe.

At the end of July, the Group acquired the entire share capital of GKW Holding GmbH in Germany. The transaction price was EUR 6.3 million. The company is debt-free. GKW has operations in various locations in Germany and it employs 234 experts. The company has been consolidated into the Group as of

Key figures

EUR million	2001	2002	2003	IFRS 2004	IFRS 2005	Share of Group, %
Net sales	107.5	122.7	138.6	142.1	164.9	31.5
Operating profit	7.9	8.5	9.0	7.0	9.2	24.2
Operating profit , %	7.3	6.9	6.5	4.9	5.6	
Order stock	103.7	99.4	115.7	118.8	159.5	35.3
Personnel	1 206	1 342	1 495	1 715	1 979	35.3

September 1, 2005. GKW's net sales for 2005 amounted to about EUR 9.7 million and it made a small operating profit for the consolidated period.

GKW strengthens Pöyry's market position in the water and environment sector especially in Western Europe and also in the international markets relying on public funding. The company is market leader in its sector in Germany and it has a strong position in international markets, especially in Africa.

The business group aims to expand its network of local offices in Europe and Asia.

PROSPECTS FOR 2006

The Infrastructure & Environment business group's demand prospects have improved. Business operations have been streamlined in response to the stagnation of Western European economies and the prevailing demand situation. At the same time possibilities for new business development in Eastern Europe and other international markets have improved. By sharpening its product and service focus, the business group has been able to meet growing price competition locally and internationally. The importance of local presence is growing in all markets. The business group's net sales, operating profit and order stock improved during 2005. Its operating profit will improve in 2006.

Major projects in 2005

Metro de Maracaibo C.A.; contract extensions comprising consultancy services for the start-up of the light rail transport system in Maracaibo, Venezuela.

Taiwan High Speed Rail Corporation; contract extension for the independent checking engineer/independent site engineer services in the Taiwan high-speed railway project. The EUR 15.4 billion project comprises a new high-speed rail link between Taipei and Kaohsiung and it is currently one of the most challenging BOT transport projects in the world.

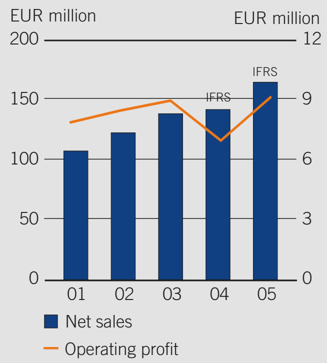
Swiss Federal Railways and Canton Zurich; continuation of assignment comprising the design of a new underground station beneath Zurich's main station and a 5 km railway tunnel. The station and tunnel are part of the new centre line of the city.

Framatome ANP; management and supervision of the civil construction works for the reactor building of the nuclear power plant to be built at Olkiluoto, Finland.

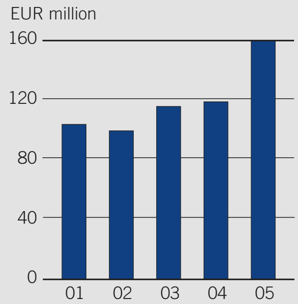
Finnish Rail Administration; railway management in eastern and western Finland. The assignment covers the maintenance management of railways, rail structures and equipment, land areas and buildings administered by the Finnish Rail Administration.

Skanska Tekra Oy and Lemcon Oy consortium (TYL E18); engineering services for the Muurla–Lohja motorway project. Pöyry is part of the consulting joint venture which shall provide construction-phase engineering services for the road, bridges and tunnels, including geotechnical engineering. The project comprises a 51-km road section with 76 bridges, eight interchanges and some five kilometres of twin tunnels.

Net sales and operating profit



Order stock



HUMAN RESOURCES

COMPETENT AND MOTIVATED EMPLOYEES – A CORNERSTONE OF COMPETITIVENESS

Pöyry's competitiveness stems from its motivated, competent and professionally skilled employees and their ability to provide clients with solutions that best meet their needs. To make sure that employee competences improve in line with business needs, the actions governing the development of competences and operating practices are defined as a part of the Group's annual strategy process. In this way, recruitment efforts and the development of competences and operating practices are appropriately targeted in the future.

On-the-job learning is an essential part of Pöyry's continuous employee competence and skill development. The opportunity to work with experienced colleagues in varying and multifaceted project work creates favourable conditions for learning.

LEADERSHIP SKILLS IMPROVE ON THE JOB

The development of leadership resources and skills is based on Pöyry's career and succession planning, which aims to use Group internal job rotation as a key element in promoting better leadership. Internal job rotation and the Group's leadership programme are of great importance for building Group-wide competence and co-operation networks.

Project management is a core competence in all of the Group's businesses. Pöyry's project management competence relies on the continuous improvement of working models and tools derived from many years' experience, but above all on its employees' project know-how. Consequently, project work training is a permanent focus area, not only in the business groups' own development work but also in Group-wide training programmes.

For the fifth time running, Pöyry's Business Academy Leadership Programme attracted in 2005 an international group of participants representing all three business groups. In addition to improving leadership skills, the one-year programme enhances participants' knowledge of the business groups' services and operations. Moreover, the programme increases participants' awareness of common objectives and of the importance of mutual co-operation in achieving them.

NEW TECHNOLOGIES FOSTER NEW OPERATING PRACTICES

Pöyry's operating models are being constantly improved, taking into account changes in the business environment and the oppor-

tunities offered by new information and communications technologies. Increasingly uniform IT and business systems offer growing opportunities for creating new forms of Group-wide co-operation, while supporting the Group's global business model.

Capitalising on new technologies, Pöyry utilises virtual meetings and e-learning methods both in its internal training efforts and in meeting clients' training needs. There are several examples within the Group of locally implemented knowledge sharing and network learning models, which have been adopted as best practices in other units.

To maximise the benefits of new technological solutions, the development work must be supplemented with a host of competence development and training actions supporting change. For this reason, a large part of Pöyry's annual competence development input focuses on aligning the ways of working with new operating models and tools in various areas.

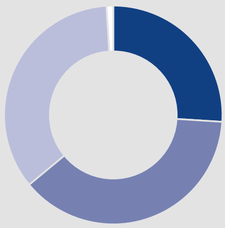
COMMON OPERATING MODELS AND VALUES SUPPORT NETWORKING

Efforts to implement the Global Network Company concept, which has been the object of systematic development for many years, continued during 2005. The concept is designed to give clients access to the skills and expertise available within Pöyry's global network of experts through every Group office around the world. An important part of completing the Global Network Company concept is developing Group-wide uniform operating models and tools supporting them. Global processes and tools supporting project work and financial administration functions were completed and taken into use during the year under review.

Extensive preparations were made during 2005 for launching a single corporate name and brand. One single brand will help clients identify Pöyry's different areas of expertise and geographical coverage. It will also strengthen employee sense of togetherness and encourage effective utilisation of Group-wide opportunities for the benefit of client projects.

The common brand will remind Pöyry staff of their common values: Client, Team, Drive and Excellence. It emphasises the basic principles of the team value, which encourage staff members to utilise their competences, share resources and promote mutual respect and openness across business group borders.

Personnel by business group



- Energy 26%
- Forest Industry 38%
- Infrastructure & environment 35%
- Other 1%

Key figures

	2004	2005
Operating personnel	4 861	5 097
Non-operating personnel	448	511
Total personnel	5 309	5 608
Activity	82%	82%
Average age	42	42
Average years of employment	9	9

FINANCIAL REVIEW 2005

CONSOLIDATED EARNINGS AND BALANCE SHEET

The world economic cycle was mostly in a good phase during 2005. Only a few Western European countries experienced slack economic growth. Economic prospects for 2006 are mostly favourable.

The upturn in the world economy also had a favourable impact on Pöyry's clients and their investment activity, with the exception of the forest industry's investments, which have remained low in the first years of the 21st century. Consolidated net sales grew to EUR 523.6 million (473.9 million in the previous year). Boosted by increased demand and the strengthening of the Group's market position, earnings from operations improved during the year under review.

Profit before taxes was EUR 38.6 (30.9) million. The profit for the year was EUR 26.3 (20.9) million of which EUR 25.9 (19.7) million was attributable to the equity holders of the parent company. Earnings per share were EUR 1.80 (1.42). The return on investment was 25.8 (21.4) per cent.

The consolidated balance sheet is healthy. The equity ratio is 49.8 (51.2) per cent. The Group's liquidity is good. At the end of the year, the Group's cash in hand and at banks amounted to EUR 64.5 (62.2) million. Interest-bearing debts totalled EUR 10.7 (12.2) million. The net debt/equity ratio (gearing) was -36.1 (-37.4) per cent.

ORDER STOCK

The Group's order stock increased during the year under review. At the end of 2005, the order stock totalled EUR 452.1 million, compared with EUR 373.2 million at the end of 2004. The order stock of the consulting and engineering businesses increased by EUR 68.8 million during the year. The order stock for turnkey projects increased by EUR 10.1 million.

The growth in the consulting and engineering order stock reflects the Group's intention to increase the proportion of consolidated net sales generated by these businesses, which will improve the Group's relative profitability.

The share of consulting services and operation and maintenance services of the order stock has increased. Assignments in these areas are short-term and are partly booked under net sales without being recorded in the order stock.

FINANCING

The Group's liquidity remained good during the financial year. At the end of the year, the Group's cash in hand and at banks totalled EUR 64.5 (62.2) million and interest-bearing liabilities EUR 10.7 (12.2) million. At the end of the year, the Group had unutilised credit facilities amounting to EUR 31.1 million. The net debt/equity ratio (gearing) at the end of the year was -36.1 (-37.4) per cent. The cash flow before financing was EUR 16.1 (20.3) million.

DIVIDEND POLICY

Jaakko Pöyry Group Oyj's target is that the dividend/earnings ratio is at least 50.0 per cent. Should the Group's net debt/equity ratio exceed 30.0 per cent, the dividend/earnings ratio may be adjusted.

BOARD OF DIRECTORS' PROPOSAL

The Board of Directors of Jaakko Pöyry Group Oyj proposes to the Annual General Meeting on March 7, 2006 that a dividend of EUR 1.30 (1.20) per share be paid for the year 2005, totalling EUR 18.9 million. The proposed dividend corresponds to 72.2 (84.5) per cent of the earnings per share for the financial year. The dividend will be payable on March 17, 2006.

PROSPECTS

The world economic cycle was in a good phase during 2005. Economic prospects for 2006 are mostly favourable and economic growth is expected to continue.

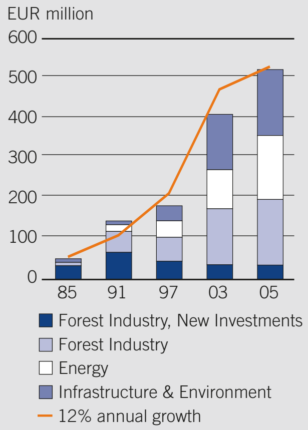
Pöyry has strengthened its market position in recent years. The Group's order stock increased by EUR 78.9 million during the financial year, amounting to EUR 452.1 million. The price level and risk profile of the order stock are normal. The Group's balance sheet position and liquidity are also good.

The Group has a strong market position in all of its business areas. The order stock has grown during 2005 and the balance sheet position has remained good. Consolidated net sales will grow during 2006. Consolidated earnings before taxes are expected to improve in 2006.

Key figures and financial targets

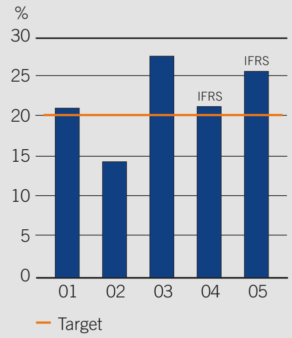
	2001	2002	2003	IFRS 2004	IFRS 2005	Target on average
Profitability						
Profit before taxes, EUR million	26.3	18.1	35.8	30.9	38.6	
Return on investment, %	21.2	14.5	27.7	21.4	25.8	≥ 20%
Earnings						
Earnings/share, EUR	1.30	0.90	1.80	1.42	1.80	
Earnings/share, annual growth, %	-7.1	-30.8	100.0	-21.1	26.8	≥ 15%
Balance sheet						
Gearing, %	-3.0	-5.6	-40.7	-37.4	-36.1	< 30%
Dividend						
Dividend, EUR	0.60	0.60	1.50	1.20	1.30	
Dividend/earnings ratio, %	46.1	66.7	83.3	84.5	72.2	≥ 50 %

Net sales

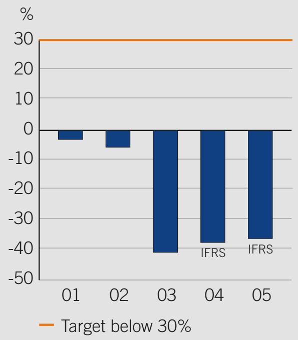


Operating profit

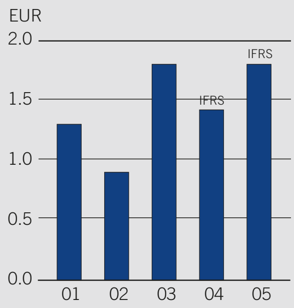
Return on investment



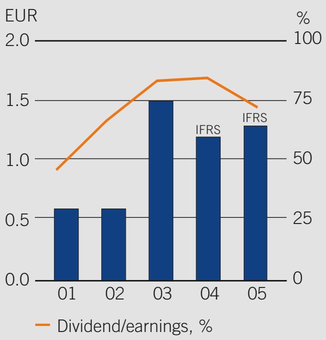
Gearing



Earnings/share



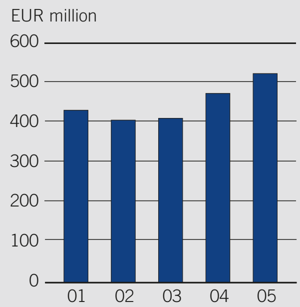
Dividend/share and dividend/earnings



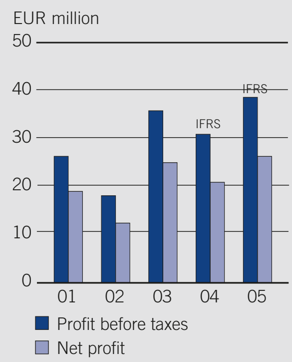
FIVE YEAR FINANCIAL REVIEW

EUR million	FAS 2001	FAS 2002	FAS 2003	IFRS 2004	IFRS 2005
Statement of income					
Consulting and engineering	405.0	386.0	405.0	458.4	502.8
EPC	26.8	21.0	6.6	15.5	20.8
Net sales total	**431.8**	**407.0**	**411.6**	**473.9**	**523.6**
Change in net sales, %	- 9.0	- 5.7	1.1	15.1	10.5
Other operating income	2.0	1.4	12.9	2.1	0.8
Share of associated companies' results	0.2	- 0.1	0.2	0.5	0.8
Materials and supplies	61.8	57.8	47.1	64.9	75.1
Personnel expenses	226.2	228.0	235.4	266.4	283.2
Depreciation of goodwill	4.0	4.5	5.0		
Other depreciation	9.2	8.8	9.2	9.1	7.9
Other operating expenses	104.8	90.8	92.6	106.2	121.8
Operating profit	**28.0**	**18.4**	**35.4**	**29.9**	**37.2**
Proportion of net sales, %	6.5	4.5	8.6	6.3	7.1
Financial income and expenses	- 1.7	- 0.3	+ 0.4	+ 1.0	+ 1.4
Proportion of net sales, %	0.4	0.1	0.1	0.2	0.3
Profit before taxes	**26.3**	**18.1**	**35.8**	**30.9**	**38.6**
Proportion of net sales, %	6.1	4.5	8.7	6.5	7.4
Income taxes	- 7.3	- 5.7	- 10.8	- 10.0	- 12.3
Net profit for the period	**19.0**	**12.4**	**25.0**	**20.9**	**26.3**
Attributable to:					
Equity holders of the parent company	18.0	12.3	24.7	19.7	25.9
Minority interest	1.0	0.1	0.3	1.2	0.4
Balance sheet					
Goodwill	31.9	34.0	34.3	34.0	42.4
Tangible and intangible assets	37.5	32.7	20.9	19.8	23.7
Non-current investments	13.2	12.5	9.4	10.4	12.7
Non-current receivables	7.6	7.1	9.7	22.7	20.2
Work in progress	46.9	36.1	35.4	46.6	56.6
Accounts receivable	82.4	86.0	87.0	103.6	108.1
Other current receivables	15.5	16.9	11.1	13.3	21.6
Cash and cash equivalents	32.5	26.0	63.1	62.2	64.5
Assets total	**267.5**	**251.3**	**270.9**	**312.6**	**349.8**
Equity attributable to the equity holders of the parent company	104.7	104.3	117.9	126.6	144.2
Minority interest	5.1	5.0	4.2	7.1	4.7
Pension obligations	0.0	0.0	0.0	6.6	6.8
Provisions	0.0	0.0	0.0	0.7	3.4
Interest bearing liabilities	29.2	19.9	13.4	12.2	10.7
Project advances	42.8	37.2	37.5	51.6	51.0
Accounts payable	17.0	12.8	10.6	13.9	18.8
Other non-interest bearing liabilities	68.7	72.1	87.3	93.9	110.2
Liabilities total	**267.5**	**251.3**	**270.9**	**312.6**	**349.8**
Statement of changes in financial position					
From operations	+ 19.3	+ 21.3	+ 51.9	+ 37.4	+ 35.3
Capital expenditure, net	- 6.9	- 8.8	+ 5.9	- 17.1	- 19.2
Financing	- 17.4	- 19.0	- 20.7	- 21.2	- 13.8
Change in liquid assets	- 5.0	- 6.5	+ 37.1	- 0.9	+ 2.3
Liquid assets December 31	**32.5**	**26.0**	**63.1**	**62.2**	**64.5**

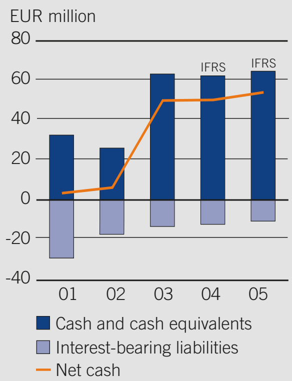
Net sales



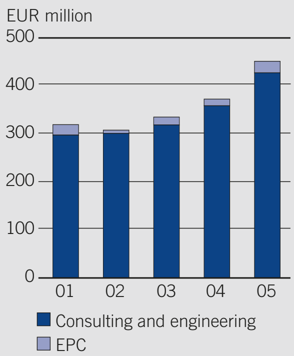
Profit before taxes and net profit



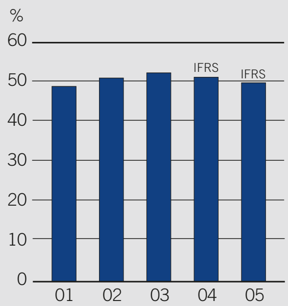
Financing



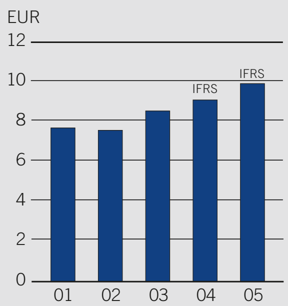
Order stock



Equity ratio



Shareholders' equity/share



EUR million	FAS 2001	FAS 2002	FAS 2003	IFRS 2004	IFRS 2005
Profitability and other key figures					
Return on investment, %	21.2	14.5	27.7	21.4	25.8
Return on equity, %	17.8	11.3	21.7	15.6	18.6
Equity ratio, %	48.9	51.0	52.3	51.2	49.8
Equity/assets ratio, %	41.1	43.5	45.1	42.8	42.6
Net debt/equity ratio (gearing), %	- 3.0	- 5.6	- 40.7	- 37.4	- 36.1
Net debt, EUR million	- 3.3	- 6.1	- 49.7	- 50.0	- 53.8
Current ratio	1.3	1.4	1.6	1.5	1.4
Consulting and engineering, EUR million	298.1	301.6	319.3	359.3	428.1
EPC, EUR million	21.8	6.8	16.4	13.9	24.0
Order stock total, EUR million	319.9	308.4	335.7	373.2	452.1
Capital expenditure, operating, EUR million	7.9	9.1	9.0	7.3	8.0
Proportion of net sales, %	1.8	2.2	2.2	1.5	1.5
Capital expenditure in shares, EUR million	0.1	2.5	6.4	11.4	17.8
Proportion of net sales, %	0.0	0.6	1.5	2.4	3.4
Personnel in group companies on average	4 584	4 635	4 697	5 219	5 423
Personnel in associated companies on average	199	195	195	213	249
Personnel in group companies at year-end	4 584	4 632	4 766	5 309	5 608
Personnel in associated companies at year-end	197	194	191	240	248
Key figures for the shares					
Earnings/share, EUR	1.30	0.90	1.80	1.42	1.80
Corrected with dilution effect	1.24	0.86	1.76	1.38	1.80
Equity attributable to the equity holders of the parent company/share, EUR	7.69	7.57	8.54	9.09	9,91 [1)]
Dividend, EUR million	8.2	8.3	20.7	16.9	18.9 [1)]
Dividend/share, EUR	0.60	0.60	1.50	1.20	1.30
Dividend/earnings, %	46.1	66.7	83.3	84.5	72.2
Effective return on dividend, %	3.7	4.0	6.9	5.4	4.1
Price/earnings multiple	12.3	16.7	12.1	15.6	17.7
Issue-adjusted trading prices, EUR					
Average trading price	18.09	16.43	16.86	21.07	26.84
Highest trading price	21.00	19.00	22.50	23.10	34.00
Lowest trading price	15.00	11.40	13.00	19.75	22.20
Closing price at year-end	16.00	15.00	21.80	22.20	31.86
Total market value					
Outstanding shares, EUR million	218.0	206.7	301.0	309.3	463.4
Own shares, EUR million	4.9	0.2	3.5	0.0	0.0
Trading volume of shares					
Shares, 1000	2 280	1 615	3 288	5 848	5 085
Proportion of the total volume, %	16.5	11.8	23.8	42.0	35.4
Issue-adjusted number of outstanding shares, 1000					
On average	13 838	13 696	13 739	13 844	14 367
At year-end	13 624	13 782	13 804	13 930	14 545

1) Board of Directors' proposal.


Pöyry aims to secure
a competitive long-term
return for its shareholders.

INFORMATION FOR INVESTORS

MAJOR REGISTERED SHAREHOLDERS

	Number of shares	Per cent of shares and voting rights,%
1. Corbis S.A.	4 465 300	30.70
2. Procurator Oy	556 750	3.83
3. Varma Mutual Pension Insurance Company	491 650	3.38
4. Tapiola Mutual Pnesion Insurance Company	431 700	2.97
5. Nordea Fund company Ab (FI)	406 310	2.79
6. Odin funds	333 300	2.30
7. OP-Delta Sijoitusrahasto	304 520	2.09
8. Placeringsfonden Aktia Capital	270 300	1.86
9. OP-Suomi Kasvu Sijoitusrahasto	191 400	1.32
10. Ilmarinen Mutual Pension Insurance Company	190 000	1.31
Shares nominee registered	4 562 355	31.37
Other shareholders	2 341 451	16.08
Total	14 545 036	100.00

SHARE PRICE DEVELOPMENT AND TRADING VOLUME

Jaakko Pöyry Group Oyj's market capitalisation at the end of the financial year was EUR 463.4 million. The share price increased during the year by 43.5 per cent from EUR 22.20 to EUR 31.86. During the same period, the OMX Helsinki index rose by 31.1 per cent and the OMX Helsinki Cap index by 30.1per cent. The highest share price was EUR 34.00 and the lowest EUR 22.20. A total of 5 084 992 shares where traded for a total of EUR 136.3 million. The number of shares traded during the year equals 35.4 per cent of the total number of issued shares.

The trading code of Pöyry shares is JPG1V and the trading lot 100 shares.

PEER GROUP

Pöyry has identified an international peer group for itself, against which the Group's financial information and business operations can be compared. The peer group consists of listed companies and does not alone give an adequate picture of Pöyry's competitors. The peer group consists of the following companies:

- Amec Plc., London Stock Exchange
- Arcadis NV, Amsterdam, Euronext Exchange
- Jacobs Engineering Group Inc., New York Stock Exchange
- SNC-Lavalin Group, Toronto Stock Exchange
- WS Atkins Plc, London Stock Exchange
- WSP Group Plc, London Stock Exchange
- AB Ångpanneföreningen, Stockholm Stock Exchange

INVESTMENT ANALYSES

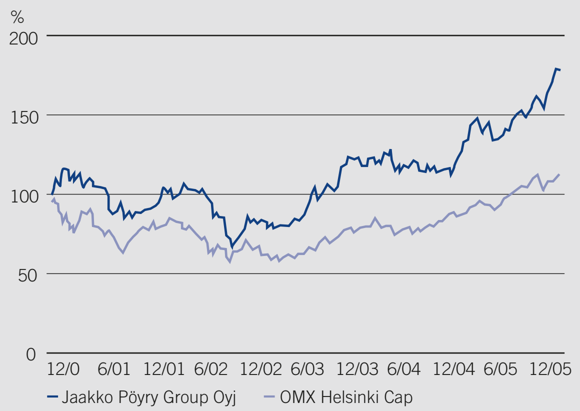
According to currently available information, the following brokerage firms are regularly following Pöyry. Detailed contact information is available on the company's website. Pöyry takes no responsibility for their opinions.

- Cazenove, London
- D. Carnegie Finland Branch, Helsinki
- Enskilda Securities, Helsinki Branch
- EVLI Bank, Helsinki
- FIM Securities, Helsinki
- Handelsbanken Capital Markets, Stockholm
- Kaupthing Bank, Helsinki
- Mandatum Stockbrokers, Helsinki
- Opstock Securities, Helsinki
- Öhman Fondkommission, Helsinki

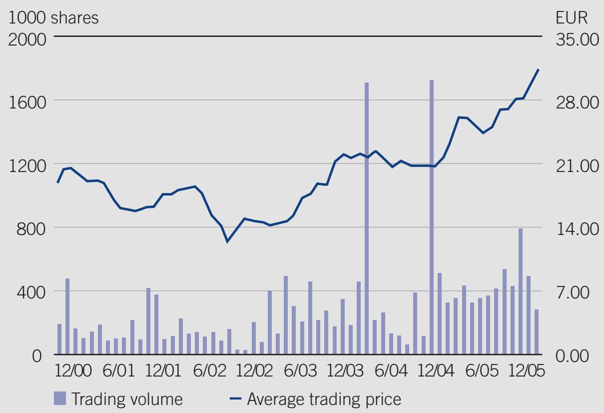
INVESTOR RELATIONS

Ms. Satu Perälampi, Investor Relations Manager
tel. +358 9 8947 3002, fax +358 9 878 2563
satu.peralampi@poyry.com

Development of the share on the Helsinki Stock Exchange



Trading volume of shares and average trading price



CONTACT INFORMATION

PÖYRY'S HEAD OFFICE

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Deputy to President and CEO: Teuvo Salminen

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Tel. +358 9 894 71
Fax +358 9 878 1818
E-mail: general.jp@poyry.fi

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Electrowatt-Ekono AG
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Fax +41 1 355 5556
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E-mail: general.jp@poyry.fi

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Jaakko Pöyry Group Oyj
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Tel. +358 9 894 71
Fax +358 9 878 2563
E-mail: infra@poyry.com

WEBSITE

Up-to-date contact information of
Pöyry offices worldwide is available at:
www.poyry.com/contacts

PÖYRY'S OFFICE NETWORK

Energy

• Argentina • Austria • Brunei • Estonia • Finland • France • Germany • Great Britain • India • Iran • Italy • Oman • Peru • Philippines • Republic of Korea • Saudi Arabia • Spain • Switzerland • Thailand • United Arab Emirates • Vietnam

Forest Industry

• Australia • Brazil • Canada • China • Finland • France • Germany • Great Britain • Indonesia • New Zealand • Norway • Poland • Russia • Singapore • South Africa • Sweden • USA

Infrastructure & Environment

• Argentina • Austria • Brazil • China • Czech Republic • Estonia • Finland • France • Germany • Hungary • Iran • Latvia • Lithuania • Malaysia • Mexico • Nigeria • Poland • Russia • Senegal • Singapore • Slovakia • Switzerland • Taiwan • Thailand • Venezuela • Vietnam

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Competence. Service. Solutions.

PÖYRY

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Financial Statements 2005

Jaakko Pöyry Group Oyj

Contents

ANNUAL GENERAL MEETING

The shareholders of Jaakko Pöyry Group Oyj are invited to attend the Annual General meeting to e held on Tuesday, March 7, 2006 at 3.00 p.m. at the Pöyry House, Jaakonkatu 3, FI-01620 Vantaa, Finland.

RIGHT TO ATTEND AND VOTE AT THE MEETING

In order to attend and have the right to vote at the Meeting, the shareholder

a) must be entered in the Shareholder Register of the company maintained by Finnish Central Securities Depository Ltd on Friday, February 24, 2006, and
b) must give notice to attend the Meeting by Monday, March 6, 2006 at 12 noon Finnish time.

The shareholder in whose name the shares are registered is automatically registered in the Shareholder Register of the company. Foreign shareholders holding nominee-registered shares who wish to attend the Meeting can temporarily be registered in the Shareholder Register. Such registration shall be made on Friday, February 24, 2006 at the latest. For temporary registration, foreign shareholders must contact their account operator.

NOTICE TO ATTEND

A shareholder wishing to attend the Meeting must give notice to attend the Meeting to the company either

- by filling in the registration form at the Jaakko Pöyry Group website www.poyry.com/agm2006,
- by telephone +358 9 8947 2224 Monday through Friday between 9 a.m. and 4 p.m. Finnish time,
- by telefax +358 9 878 1816, or
- by letter to Jaakko Pöyry Group Oyj, Legal Department/AGM, Jaakonkatu 3, FI-01620 Vantaa, Finland.

The notice must be at the company's disposal no later than at 12 noon Finnish time on Monday, March 6, 2006.

Proxies for representing a shareholder at the Meeting shall be submitted to the company no later than at 12 noon Finnish time on Monday, March 6, 2006.

A complete notice to convene the Annual General Meeting has been published in a stock exchange notice on February 3, 2006 and mailed to all shareholders at their registered addresses.

DIVIDEND

The Board of Directors proposes to the Annual General Meeting on March 7, 2006 that a dividend of EUR 1.30 per share be paid for the year 2005. The dividend will be payable on March 17, 2006. This dividend is payable to shareholders entered into the Shareholder Register maintained by Finnish Central Securities Depository Ltd. on the record date, March 10, 2006 set by the Board of Directors.

ADDRESS CHANGES

Shareholders are kindly requested to inform changes in their address or other personal data to their custodian.

FINANCIAL INFORMATION IN 2006

In 2006 Jaakko Pöyry Group Oyj will publish its interim reports as follows:

January–March	April 26 at 8.30 a.m. Finnish time
January–June	July 27 at 8.30 a.m. Finnish time
January–September	October 27 at 8.30 a.m. Finnish time

INVESTOR RELATIONS

Satu Perälampi, Investor Relations Manager
tel. +358 9 8947 3002
fax. +358 9 878 2563
satu.peralampi@poyry.fi

Highlights 2005

Earnings per share for the financial year were EUR 1.80. The return on investment exceeded the strategic target and was 25.8 per cent. The consolidated balance sheet is healthy and the net debt/equity ratio (gearing) was -36.1 per cent. The order stock increased to EUR 452.1 million at the end of the year. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.30 per share be paid.

The world economic cycle was mostly in a good phase during 2005. Only a few Western European countries experienced slack economic growth. Economic prospects for 2006 are mostly favourable.

The upturn in the world economy also had a favourable impact on the Jaakko Pöyry Group's clients and their investment activity, with the exception of the forest industry's investments, which have remained low in the first years of the 21st century. Consolidated net sales grew to EUR 523.6 million (473.9 million in the previous year). Boosted by increased demand and the strengthening of the Group's market position, earnings from operations improved during the year under review.

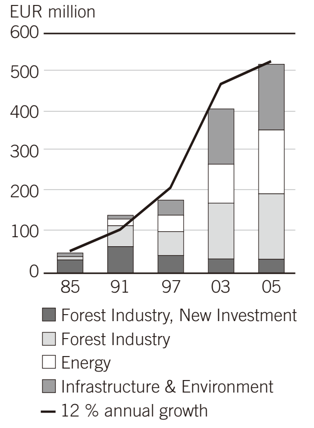
Profit before taxes was EUR 38.6 (30.9) million. The profit for the year was EUR 26.3 (20.9) million, of which EUR 25.9 (19.7) million was attributable to the equity holders of the parent company. Earnings per share improved by 26.8 per cent during the year to EUR 1.80 (1.42).

The target for the Group's return on investment is 20 per cent; in 2005 the return on investment was 25.8 (21.4) per cent.

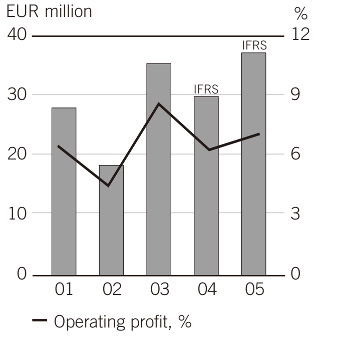
The consolidated balance sheet is healthy. The equity ratio is 49.8 (51.2) per cent. The Group's liquidity is good. The net debt/equity ratio (gearing) was -36.1 (-37.4) per cent.

The Jaakko Pöyry Group has a strong market position in all of its business areas. The order stock has grown during 2005 and the balance sheet position has remained good. Consolidated net sales will grow during 2006. Consolidated earnings before taxes are expected to improve in 2006.

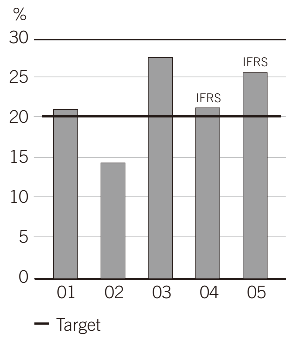
Net sales



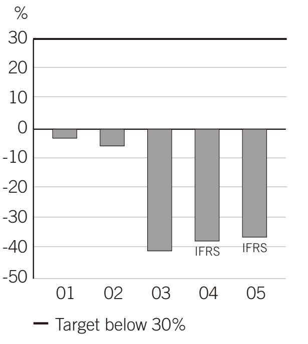
Operating profit



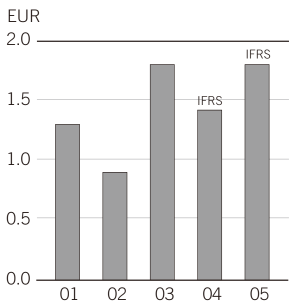
Return on Investment



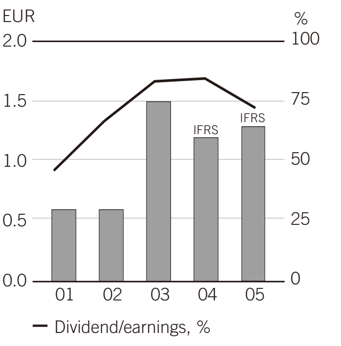
Gearing



Earnings/share



Dividend/share and Dividend/earnings



FINANCIAL TARGETS		
Earnings/share, annual growth	≥	15%
Return on investment	≥	20%
Gearing	<	30%
Dividend/earnings ratio	≥	50%

KEY FIGURES	2004	**2005**
Net sales, EUR million	473.9	523.6
Operating profit, EUR million	29.9	37.2
Operating profit, %	6.3	7.1
Profit before taxes, EUR million	30.9	38.6
Profit before taxes, %	6.5	7.4
Earnings/share, EUR	1.42	1.80
Dividend/share, EUR	1.20	1.30 1)
Dividend/earnings ratio, %	84.5	72.2
Return on investment, %	21.4	25.8
Gearing, %	- 37.4	- 36.1
Order stock, EUR million	373.2	452.1
Personnel in group companies	5 309	5 608

1) Board of Directors' proposal.

Board of Directors' report

CONSOLIDATED EARNINGS AND BALANCE SHEET

The world economic cycle was mostly in a good phase during 2005. Only a few Western European countries experienced slack economic growth. Economic prospects for 2006 are mostly favourable.

The upturn in the world economy also had a favourable impact on the Jaakko Pöyry Group's clients and their investment activity, with the exception of the forest industry's investments, which have remained low in the first years of the 21st century. Consolidated net sales grew to EUR 523.6 million (473.9 million in the previous year). Boosted by increased demand and the strengthening of the Group's market position, earnings from operations improved during the year under review.

Profit before taxes was EUR 38.6 (30.9) million. The profit for the year was EUR 26.3 (20.9) million of which EUR 25.9 (19.7) million was attributable to the equity holders of the parent company. Earnings per share were EUR 1.80 (1.42). The return on investment was 25.8 (21.4) per cent.

The consolidated balance sheet is healthy. The equity ratio is 49.8 (51.2) per cent. The Group's liquidity is good. At the end of the year, the Group's cash in hand and at banks amounted to EUR 64.5 (62.2) million. Interest-bearing debts totalled EUR 10.7 (12.2) million. The net debt/equity ratio (gearing) was -36.1 (-37.4) per cent.

ADOPTION OF THE IAS/IFRS STANDARDS

The Group reports its accounts according to the International Financial Reporting Standards (IFRS) from the beginning of 2005. The comparable figures for 2004 are in accordance with IFRS. The main adjustments to the statement of income and balance sheet relate to calculation and recording of pension arrangements, deferred tax receivables and goodwill. As the Group's accounting and reporting principles already have been largely in line with the IFRS standards, the adoption of IFRS standards did not have any other significant effects on the Group's profit, balance sheet and equity.

BUSINESS GROUPS

The parent company of the Jaakko Pöyry Group is Jaakko Pöyry Group Oyj. The parent company is responsible for developing the Group's strategy and for supervising its implementation, for financing, for exploiting synergistic benefits, and for general co-ordination of the Group's operations. The parent company has charged service fees for general administration and parent company costs to the business groups. The relative share charged is derived from the business groups' payroll costs.

The Jaakko Pöyry Group's operations are conducted through three business groups: Forest Industry, Energy, and Infrastructure & Environment. The business groups are globally responsible for their operations. Each business group offers a full range of consulting, investment planning and implementation, maintenance planning and operations improvement services to its clients, covering the entire lifecycle of their business.

Forest Industry

The year 2005 was another challenging year for the pulp and paper industry. Several pulp and paper mill closures were announced in North America and Europe, while only a few new projects or larger rebuilds were launched. In spite of somewhat improved demand and prices, industry results were affected by rising energy prices, higher raw material costs, restructuring expenses and labour disputes. Investment activity continued in Asia and South America, although in Asia at a slightly lower level than in recent years.

Despite the challenging market conditions, the Forest Industry business group was able to maintain its market position and increase its net sales and operating profit. Global networking of resources, local presence in key emerging markets, well executed projects and growing demand for operational consulting contributed to the favourable results.

The order stock increased towards the end of 2005 and was EUR 97.3 (82.5) million. The most significant new assignments were the new pulp mill project of Botnia S.A. in Uruguay (EUR 15 million), the engineering and project management services for the Suzano Bahia Sul pulp mill project in Brazil (EUR 19 million) and the engineering services for Myllykoski's new paper machine to be built in the Czech Republic (EUR 10 million).

Net sales for the financial year were EUR 199.3 (186.3) million. Operating profit was EUR 19.7 (17.2) million, which equals 9.9 (9.2) per cent of net sales. At the end of the year, the business group employed a total of 2 123 (2 077) people.

Energy

The market for energy-related services continued to recover in 2005. Also the higher price of crude oil affected the rate of recovery. The internationalisation of the energy sector and the liberalisation of the energy market continued. Environmental pressures resulted in additional investment needs. The energy landscape continued to diversify, with power companies moving further into the gas sector and traditional oil and gas companies entering the power sector. In these dynamic market conditions, the Energy business group has been able to strengthen its global market position.

The order stock remained good, amounting to EUR 195.2 (171.8) million at the end of the year. The most important new projects were Amata Power's gas-fired cogeneration power plant in Thailand (EUR 32 million), the design engineering and services contracts with Brunei Shell Petroleum in Brunei (EUR 10 million), the frame agreement for engineering services with Tecnicas Reunidas in Spain (EUR 10 million), and the engineering services contract with Vattenfall Europe Waste-to-Energy for a combined heat and power plant to be built in Berlin (EUR 3 million).

Net sales for the financial year were EUR 160.0 (146.5) million. Operating profit was EUR 9.1 (7.0) million, which equals 5.7 (4.8) per cent of net sales. At the end of the year, the business group employed a total of 1 463 (1 485) people.

Infrastructure & Environment

The year under review was characterised by natural disasters, which were reflected, among other things, as increased demand for services to mitigate flood risks. The rise of these underlying needs has resulted in a situation where, in a growing number of infrastructure and environmental projects, a wide range of diversified skills need to be integrated into the business group's products and services. Demand for consulting and engineering services for public-sector rail transportation projects continues to increase in Asia and Latin America. Prospects for environmental projects in Asia and Africa funded by international financing institutions are equally promising. Demand for the business group's services is strongest in the building sector, notably in the Baltic countries and Russia. In the Western European market, demand will remain unchanged;

in some subsectors it will even decline. The business group has continued to strengthen its position in local and international markets.

The order stock increased during the financial year to EUR 159.5 (118.8) million. The most important new projects were the project management contract for the Olkiluoto nuclear power plant in Finland, the railway management agreement with the Finnish Rail Administration, the extensions of transportation project contracts in Venezuela and Taiwan (EUR 8.2 million), the underground station and tunnel engineering contract in Canton Zürich in Switzerland (EUR 8 million), and the engineering services for the E18 Muurla-Lohja motorway project in Finland (EUR 4 million).

The business group's net sales increased during the financial year to EUR 164.9 (142.1) million. Operating profit was EUR 9.2 (7.0) million, which equals 5.6 (4.9) per cent of net sales. At the end of the year, the business group employed a total of 1 979 (1 715) people.

DEVELOPMENT OF GROUP STRUCTURE

The Jaakko Pöyry Group's clients are globalising and consolidating their operations. Through its comprehensive global network of offices the Group serves its clients as an adviser and project implementation specialist, globally and locally. The Jaakko Pöyry Group's local network of offices offers clients a good alternative for outsourcing their internal engineering services. The Jaakko Pöyry Group is actively expanding its office network. The Group also intends to expand its technology and know-how base by acquiring technology leaders within its main business sectors. These companies' expertise can also be efficiently marketed via the Group's global network of offices.

The effort to focus operations increasingly on consulting and engineering services is designed to improve the Group's relative profitability. Turnkey project operations have been reduced and earnings targets for individual turnkey projects have also been raised. Turnkey projects are only undertaken by the Energy business group and the objective is to keep their volume at around 30 per cent of the business group's net sales. This equals about 10–15 per cent of consolidated net sales.

ACQUISITIONS

Forest Industry

Jaakko Pöyry AB, Sweden, acquired the entire share capital of Scancontrol AB at the end of June. The company has been consolidated into the Jaakko Pöyry Group as of July 1, 2005. Scancontrol's net sales were about EUR 2.5 million for the consolidated period and it has a staff of 52. Scancontrol AB was merged into Jaakko Pöyry AB at the end of 2005.

Founded in 1995, Scancontrol was an automation and electrical engineering company specialising in industrial applications. Its main offices were in Lund and Helsingborg in southern Sweden. The company's expertise covers automation and electrical design for the paper, packaging and converting sectors.

The merger of Jaakko Pöyry Consulting Oy into its parent company Jaakko Pöyry Group Oyj was registered with the Trade Register on August 31, 2005. The purpose of the merger was to clarify the corporate structure of the Jaakko Pöyry Group and to simplify administration.

The business group intends to expand its office network in the next few years in line with market developments. The expansion is likely to take place partly in emerging markets where investment activity is expected to grow, and partly in Europe and North America where local services are required for rebuilds and maintenance engineering.

Energy

Electrowatt-Ekono AG has at the end of 2005 acquired 100 per cent of the shares of the Italian company S.P.E Servizi per l'Energia based in Genoa. S.P.E Servizi per l'Energia specialises in consulting and engineering services for combined-cycle power plant projects.

The most important reference projects of the company, which was established in 1997 by private owners, are large natural gas-fired power plants. At the end of 2005, its order stock amounted to about EUR 4 million. The company has been consolidated into the Jaakko Pöyry Group as of December 1, 2005. The company's net sales were about EUR 0.3 million for the consolidated period and it has a staff of 17.

The acquisition of S.P.E Servizi per l'Energia fits well with the Energy business group's strategy to increase its presence in the southern European market.

The business group aims to expand its network of local offices in Europe and Asia. In addition, the business group intends to expand its technological expertise especially in the areas of renewable energy, management consulting, oil and gas reserves and environmental protection.

Infrastructure & Environment

JP-Transplan Ltd has expanded its domestic operations by acquiring, at the beginning of July, the entire share capital of Inframan Ltd. Inframan Ltd's net sales for 2005 were about EUR 0.2 million for the consolidated period and it had a staff of seven. The acquisition of Inframan Ltd expands the Jaakko Pöyry Group's life-cycle expertise in transportation infrastructure asset management in Finland and the rest of northern Europe.

At the end of July, the Jaakko Pöyry Group acquired the entire share capital of GKW Holding GmbH in Germany. The transaction price was EUR 6.3 million. The company is debt-free. GKW has operations in various locations in Germany and it employs 234 experts. The company has been consolidated into the Jaakko Pöyry Group as of September 1, 2005. GKW's net sales for 2005 amounted to about EUR 9.7 million and it made a small operating profit for the consolidated period.

GKW strengthens the Jaakko Pöyry Group's market position in the water and environment sector especially in Western Europe and also in the international markets relying on public funding. The company is market leader in its sector in Germany and it has a strong position in international markets, especially in Africa.

The business group aims to expand its network of local offices in Europe and Asia.

ORDER STOCK

The Group's order stock increased during the year under review. At the end of 2005, the order stock totalled EUR 452.1 million, compared with EUR 373.2 million at the end of 2004. The order stock of the consulting and engineering businesses increased by EUR 68.8 million during the year. The order stock for turnkey projects increased by EUR 10.1 million.

The growth in the consulting and engineering order stock reflects the Group's intention to increase the proportion of consolidated net sales generated by these businesses, which will improve the Group's relative profitability.

The share of consulting services and operation and maintenance services of the order stock has increased. Assignments in these areas are short-term and are partly booked under net sales without being recorded in the order stock.

RESEARCH AND DEVELOPMENT

The Jaakko Pöyry Group's research and development co-operation committee consists of representatives of the business groups, IT staff and the company's management. Its main objectives are to promote internal research and development, to assist in obtaining supplementary financing and engaging clients in development processes, and to keep the research and development focus on the Group's strategic objectives.

The Jaakko Pöyry Group is engaged in hundreds of research and development projects each year, relying on the expertise, experience and innovativeness of its employees. Research and development efforts are conducted in partnership with clients and research institutions, often in an interdisciplinary manner, making use of the Group's technical and technological expertise to improve the competitiveness of the Group and its clients.

The income and expenses attributable to research and development are part of the Group's client work and cannot therefore be defined in exact monetary terms. The income and expenses have been taken into account in the statement of income for the financial year.

CAPITAL EXPENDITURE AND DEPRECIATION

The Group's capital expenditure totalled EUR 25.8 (18.7) million, of which EUR 8.0 (7.3) million mainly consisted of computer software, systems and hardware and EUR 17.8 (11.4) million was due to business acquisitions.

The depreciation for the financial year amounted to EUR 7.9 (9.1) million.

FINANCING

The Group's liquidity remained good during the financial year. At the end of the year, the Group's cash in hand and at banks totalled EUR 64.5 (62.2) million and interest-bearing liabilities EUR 10.7 (12.2) million. At the end of the year, the Group had unutilised credit facilities amounting to EUR 31.1 million. The net debt/equity ratio (gearing) at the end of the year was -36.1 (-37.4) per cent. The cash flow before financing was EUR 16.1 (20.3) million.

ASSESSMENT OF OPERATIVE RISKS AND UNCERTAINTIES

The company assesses risks related to its business in an annual group wide risk management process. In the process, risks are mapped in order to extensively identify them, to establish the overall risk position of the Group and to determine measures required to manage the most significant risks.

Based on the risk management process for 2005, the most important risks of the Group relate to

- the ability to adjust to the changes in the market environment
- project activities and liabilities
- the availability of skilful personnel and ability to retain them

The annual unified risk management process enables the management of risks in a consistent and systematic way throughout the Group. In addition to the annual risk management process, risk management is part of the regular business reporting and monitoring processes.

At the time of the closing of the books, the company is not aware of significant individual risks which would require special measures other than those which are part of the normal business conduct and defined in the risk management process.

SHARE CAPITAL AND SHARES

The total number of shares at the end of 2004 was 14 109 851. In 2005, 387 450 new shares were subscribed pursuant to warrants under the Bond Loan with Warrants of 1998. Following these subscriptions, the number of registered shares at year end totalled 14 497 301.

The merger of Jaakko Pöyry Consulting Oy into its parent company Jaakko Pöyry Group Oyj was registered with the Trade Register on August 31, 2005. The shareholders of Jaakko Pöyry Consulting Oy were disbursed a merger consideration in new shares issued by Jaakko Pöyry Group Oyj. Following the issuance of the new shares, the registered share capital of the company increased by EUR 47 735 from EUR 14 497 301 to EUR 14 545 036 and the total number of authorised shares increased to 14 545 036.

THE COMPANY'S OWN SHARES

The Annual General Meeting on March 3, 2005 authorised the Board of Directors to acquire and convey the company's own shares to a maximum of 700 000 shares, however less than 5 per cent of the company's share capital. The authorisations have not been used. The authorisations are in force until March 3, 2006.

Shares can be acquired with funds distributable as profit. The shares will be acquired in order to strengthen the company's capital structure and also to be used as compensation in business acquisitions or in acquisition of assets related to the company's business.

AUTHORISATION TO ISSUE NEW SHARES

The Annual General Meeting on March 3, 2005 authorised the Board of Directors to decide on an increase in the share capital by a new issue and/or by taking a convertible loan and/or by issuing option rights, so that based on the new issue, the convertible bonds and option rights, the share capital can be increased by a maximum of EUR 1 000 000 by issuing for subscription a maximum of 1 000 000 new shares. The authorisation has not been used. The authorisation is in force until March 3, 2006.

BOND LOAN WITH WARRANTS AND STOCK OPTIONS

In 1998, Jaakko Pöyry Group Oyj issued a bond loan with warrants to the Group's personnel and the parent company's Board of Directors. The warrants carried subscription rights for a maximum of 1.3 million of the company's shares. The subscription period for the warrants ended on April 30, 2005. A total of 1 299 015 shares were subscribed based on the warrants.

In 2004, Jaakko Pöyry Group Oyj issued stock options to the management of the Group as well as to a wholly-owned subsidiary of Jaakko Pöyry Group Oyj. The stock options entitle to subscription of a maximum of 550 000 shares in Jaakko Pöyry Group Oyj. Each stock option entitles the holder to subscribe one share in the company. The share subscription periods shall be the following: for 165 000 shares between March 1, 2007 and March 31, 2010, for 165 000 shares between March 1, 2008 and March 31, 2011, and for 220 000 shares between March 1, 2009 and March 31, 2012. All stock options have been issued and their receipt confirmed.

BOARD OF DIRECTORS' PROPOSAL

The Board of Directors of Jaakko Pöyry Group Oyj proposes to the Annual General Meeting on March 7, 2006 that a dividend of EUR 1.30 (1.20) per share be paid for the year 2005, totalling EUR 18.9 million. The proposed dividend corresponds to 72.2 (84.5) per cent of the earnings per share for the financial year.

BOARD OF DIRECTORS AND PRESIDENT

Members of the Board of Directors of Jaakko Pöyry Group Oyj elected in the Annual General Meeting are Mr Henrik Ehrnrooth (Chairman), Mr Heikki Lehtonen (Vice Chairman), Mr Matti Lehti, Mr Harri Piehl, Ms Karen de Segundo and Mr Franz Steinegger.

Mr Erkki Pehu-Lehtonen, M.Sc.(Eng.) is President and CEO of Jaakko Pöyry Group Oyj and Mr Teuvo Salminen, M.Sc. (Econ.) Deputy to the President and CEO.

AUDITORS

Auditors have been KPMG Oy Ab, Authorised Public Accountants, with Mr Sixten Nyman, Authorised Public Accountant, as responsible auditor.

PROSPECTS

The world economic cycle was in a good phase during 2005. Economic prospects for 2006 are mostly favourable and economic growth is expected to continue.

The Jaakko Pöyry Group has strengthened its market position in recent years. The Group's order stock increased by EUR 78.9 million during the financial year, amounting to EUR 452.1 million. The price level and risk profile of the order stock are normal. The Group's balance sheet position and liquidity are also good.

Forest Industry

Demand for engineering services is not expected to change significantly in 2006. Investment activity will continue in emerging markets. Rising production costs will call for operational and productivity improvements in mature markets. Industry restructurings will increase the demand for consulting and investment banking services. The Forest Industry business group's operating profit will remain stable during 2006, provided that the business cycle and investment level of the world pulp and paper industry do not change materially.

Energy

Good opportunities for growth in demand for energy-related services are emerging as the economies of Southeast Asia and to some degree Europe recover, and as the EU expands. This applies in particular to renewable energy, plant refurbishments and management consulting services. The high price of crude oil is creating new opportunities within the oil and gas sectors. In the thermal power sector clients focus on diversifying their energy mix. The Energy business group further enhanced its business-area-based organisation model during 2005 and strengthened its operations by making an acquisition in Italy. The Energy business group's market position has improved and the order stock is good. The business group's operating profit will improve in 2006.

Infrastructure & Environment

The Infrastructure & Environment business group's demand prospects have improved. Business operations have been streamlined in response to the stagnation of Western European economies and the prevailing demand situation. At the same time possibilities for new business development in Eastern Europe and other international markets have improved. By sharpening its product and service focus, the business group has been able to meet growing price competition locally and internationally. The importance of local presence is growing in all markets. The business group's net sales, operating profit and order stock improved during 2005. Its operating profit will improve in 2006.

The Jaakko Pöyry Group has a strong market position in all of its business areas. The order stock has grown during 2005 and the balance sheet position has remained good. Consolidated net sales will grow during 2006. Consolidated earnings before taxes are expected to improve in 2006.

Consolidated financial statements

	EUR million	2005	2004
	STATEMENT OF INCOME		
1	**Net sales**	**523.6**	473.9
	Rent income	**0.2**	0.3
	Gain on sales of fixed assets	**0.1**	0.4
	Other operating income	**0.5**	1.4
		0.8	2.1
	Share of associated companies' results	**+ 0.8**	+ 0.5
	Materials and supplies	**- 19.1**	- 14.2
	External charges, subconsulting	**- 56.0**	- 50.7
2	Personnel expenses	**- 283.2**	- 266.4
	Depreciation	**- 7.9**	- 9.1
	Other operating expenses	**- 121.8**	- 106.2
		- 488.0	- 446.6
	Operating profit	**37.2**	29.9
	Dividend income	**+ 0.2**	+ 0.1
	Interest and other financial income	**+ 2.0**	+ 1.5
	Interest and other financial expenses	**- 0.6**	- 0.8
	Exchange rate differences	**+ 0.3**	+ 0.2
	Value decrease	**- 0.5**	- 0.0
		+ 1.4	+ 1.0
	Profit before taxes	**38.6**	30.9
3	Income taxes	**- 12.3**	- 10.0
	Net profit for the period	**26.3**	20.9
	Attributable to:		
	Equity holders of the parent company	**25.9**	19.7
	Minority interest	**0.4**	1.2
4	Earnings/share, EUR	**1.80**	1.42
	Corrected with dilution effect	**1.80**	1.38

EUR million	2005	2004
STATEMENT OF CHANGES IN FINANCIAL POSITION		
From operating activities		
Net profit for the period	**26.3**	20.9
Depreciation and value decrease	**+ 8.4**	+ 9.1
Gain on sale of fixed assets	**- 0.1**	- 0.4
Share of associated companies' results	**- 0.8**	- 0.5
Financial items	**- 1.9**	- 1.0
Income taxes	**+ 12.3**	+ 10.0
Change in work in progress	**- 3.5**	- 11.1
Change in accounts and other receivables	**- 4.2**	- 15.4
Change in advances received	**- 3.3**	+ 14.1
Change in payables and other liabilities	**+ 12.4**	+ 25.7
Received financial income	**+ 1.8**	+ 1.5
Paid financial expenses	**- 0.8**	- 0.5
Paid taxes	**- 11.3**	- 15.0
Total from operating activities	**+ 35.3**	+ 37.4
Capital expenditure		
Investments in shares in subsidiaries	**- 10.4**	- 11.3
Investments in other shares	**- 2.7**	- 0.1
Investments in fixed assets	**- 8.0**	- 7.3
Sales of other shares	**+ 1.1**	+ 0.1
Sales of fixed assets	**+ 0.8**	+ 1.5
Capital expenditure total, net	**- 19.2**	- 17.1
Net cash before financing	**+ 16.1**	+ 20.3
Financing		
Repayments of loans	**- 2.6**	- 2.1
Change in current financing	**+ 1.0**	- 0.1
Change in non-current investments	**- 0.1**	- 0.3
Dividends	**- 17.1**	- 20.7
Share subscription	**+ 2.5**	+ 2.3
Translation difference	**+ 2.6**	- 0.3
Net cash from financing	**- 13.8**	- 21.2
Change in liquid assets	**+ 2.3**	- 0.9
Liquid assets January 1	**62.2**	63.1
Liquid assets December 31	**64.5**	62.2

BALANCE SHEET

	EUR million	2005	2004
	ASSETS		
	Non-current assets		
1	Goodwill	**42.4**	34.0
1	Intangible assets	**8.5**	4.0
2	Tangible assets	**15.2**	15.8
3	Shares in associated companies	**4.3**	3.3
	Other shares	**7.3**	6.1
	Loans receivable	**1.1**	1.0
	Deferred tax receivables	**6.5**	6.1
	Pension receivables	**4.3**	5.5
4	Other	**9.4**	11.1
		99.0	86.9
5–6	**Current assets**		
	Work in progress	**56.6**	46.6
	Accounts receivable	**108.1**	103.6
	Loans receivable	**0.4**	0.3
	Other receivables	**9.3**	6.3
	Prepaid expenses and accrued income	**11.9**	6.7
	Cash and cash equivalents	**64.5**	62.2
		250.8	225.7
	Total	**349.8**	**312.6**

	EUR million	2005	2004
	SHAREHOLDERS' EQUITY AND LIABILITIES		
	Shareholders' equity		
	Equity attributable to the equity holders of the parent company		
	Share capital	**14.5**	14.1
	Share premium reserve	**31.5**	28.4
	Legal reserve	**18.6**	18.2
	Translation difference	**- 8.6**	- 10.6
	Retained earnings	**62.2**	56.8
	Net profit for the period	**25.9**	19.7
		144.2	126.6
	Minority interest	**4.7**	7.1
		148.9	133.7
7–12	**Liabilities**		
	Non-current liabilities		
	Interest bearing non-current liabilities	**6.8**	9.3
	Pension obligations	**6.8**	6.6
	Deferred tax liability	**2.9**	0.2
	Other non-current liabilities	**7.7**	7.2
		24.2	23.3
13–15	Current liabilities		
	Amortisations of interest bearing non-current liabilities	**2.6**	2.6
	Interest bearing current liabilities	**1.3**	0.3
	Provisions	**3.4**	0.7
	Project advances	**51.0**	51.6
	Accounts payable	**18.8**	13.9
	Other current liabilities	**35.3**	29.7
	Accrued expenses and deferred income	**64.3**	56.8
		176.7	155.6
		200.9	178.9
	Total	**349.8**	**312.6**

EUR million	Share capital	Share capital not registered	Share premium reserve	Legal reserve	Trans-lation differences	Retained earnings	Total	Minority interest	Total equity
CHANGES IN EQUITY									
Equity Jan. 1, 2004	14.0	0.0	26.3	18.2	-10.8	81.7	129.4	4.2	133.6
Registration of share capital							0.0		0.0
Cancellation of own shares	- 0.1		0.1				0.0		0.0
Shares subscribed with warrants		0.2	2.0				2.2		2.2
Payment of dividend						- 20.7	- 20.7		- 20.7
Acquisition of own shares							0.0		0.0
Other						- 4.2	- 4.2		- 4.2
Minority change							0.0	1.7	1.7
Translation differences					0.2		0.2		0.2
Translation difference included in the result							0.0		0.0
Net profit for the period						19.7	19.7	1.2	20.9
Equity Dec. 31, 2004	13.9	0.2	28.4	18.2	-10.6	76.5	126.6	7.1	133.7
Equity Jan. 1, 2005	13.9	0.2	28.4	18.2	-10.6	76.5	126.6	7.1	133.7
Registration of share capital	0.2	- 0.2					0.0		0.0
Shares subscribed with warrants	0.4		2.1				2.5		2.5
Payment of dividend						- 16.9	- 16.9		- 16.9
Minority change			1.0			1.8	2.8	- 2.8	0.0
Transfer, retained earnings				+ 0.5		- 0.5	0.0		0.0
Other						0.8	0.8		0.8
Translation differences					2.1		2.1		2.1
Translation difference included in the result						0.5	0.5		0.5
Net profit for the period						25.9	25.9	0.4	26.3
Equity Dec. 31, 2005	**14.5**	**0.0**	**31.5**	**18.6**	**- 8.6**	**88.1**	**144.2**	**4.7**	**148.9**

	2004	**2005**
Distributable earnings		
Retained earnings	76.5	88.1
Translation differences	-10.6	- 8.6
Untaxed reserves included in retained earnings	- 0.1	- 0.1
Distributable earnings Dec. 31	65.8	**79.4**

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY PROFILE

Jaakko Pöyry Group Oyj is a Finnish public limited liability company organised under the laws of Finland and domiciled in Vantaa. Jaakko Pöyry Group Oyj is the parent company of the Jaakko Pöyry Group.

A copy of the consolidated financial statements can be obtained either from the web site (www.poyry.com) or from the parent company's head office, the address of which is Jaakonkatu 3, 01620 Vantaa, Finland.

BASIS OF PREPARATION

These are the first consolidated financial statements of the Jaakko Pöyry Group prepared in accordance with International Financial Reporting Standards (IFRSs) including the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force as at 31 December 2005. Prior to IFRSs Group's financial statements were based on Finnish accounting standards (FAS) applicable to listed companies in Finland. International financial reporting standards, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, refer to the standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the EU. The notes to the consolidated financial statements also conform with the Finnish accounting and company legislation. The financial statements of the parent company, Jaakko Pöyry Group Oyj, have been prepared in compliance with FAS.

The Jaakko Pöyry Group adopted IFRSs as from 1 January 2005. IFRS 1 First-time adoption of IFRS was applied in the transition. The date of transition to IFRSs was 1 January 2004 but with respect to IAS 39 Financial Instruments: Recognition and Measurement and IAS 32 Financial Instruments: Disclosure and Presentation 1 January 2005. The opening balance sheet at 1 January 2004 and the comparative information for the financial year 2004 have been restated to comply with IFRSs except for financial instruments. This is because the Group has elected to apply the related exemption under IFRS 1 according to which the comparative information to financial instruments does not need to be restated for 2004. Therefore the comparative information to financial instruments within the scopes of IAS 32 and IAS 39 has been prepared in accordance with FAS. Other exemptions used in the Jaakko Pöyry Group relate to the following items: business combinations and the accounting treatment of accumulated actuarial gains and losses arisen from defined benefits plans.

An explanation of the effects of the IFRS adjustments made to the consolidated income statement and balance sheet is provided in the reconciliations included in the notes to the consolidated financial statements.

The consolidated financial statements are presented in euro. They have been prepared under the historical cost convention, unless otherwise stated in the accounting policies below.

USES OF ESTIMATES

The preparation of financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the contents of the financial statements. Actual results may differ from these estimates. Accounting estimates mainly relate to project revenue recognition, impairment testing as well as to determination of defined benefit obligations and provisions. The estimates and assumptions are based on the management's current best knowledge reflecting historical experience and other reasonable assumptions.

By the time of the publication of the consolidated financial statements the Group is not aware of such major sources of estimation uncertainty at the balance sheet date nor of such key assumptions concerning the future that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

SUBSIDIARIES

The consolidated financial statements incorporate the parent company and all those subsidiaries in which it holds, directly or indirectly, over 50 per cent of the voting rights or in which it otherwise has control at the end of the period.

ASSOCIATES

Associates included in the consolidated financial statements are those entities in which the Group' s shareholding and voting rights are between 20 and 50 per cent or in which it otherwise has significant influence, but not control, over the financial and operating policies. Holdings in associates are accounted for using the equity method. The Group's proportionate share of associates' net income for the financial year is included in the operating profit as the associates operations closely relate to the business of the Group.

PRINCIPLES OF CONSOLIDATION

The acquisitions of companies are accounted for by using the purchase method according to which the assets and liabilities of the acquired company are measured at fair value at the date of acquisition. The excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities have been allocated to the underlying assets. The remainder of the excess is presented as goodwill as a separate item in the consolidated balance sheet. The Jaakko Pöyry Group has utilised the exemption under IFRS 1 according to which acquisitions prior to the IFRS transition date have not been reconsidered. Consequently these acquisitions are presented following the previous GAAP. These amounts have been taken as deemed cost under IFRSs. The companies acquired or founded during the financial period have been consolidated from the date of acquisition or foundation, when control commenced. The companies closed or disposed are included in the consolidated financial statements until control ceases.

All intercompany transactions are eliminated as part of the consolidation process.

The allocation of the profit for the period attributable to equity holders of the parent company and minority interest is presented on the face of the income statement. The minority interest is also disclosed as a separate item within equity.

FOREIGN SUBSIDIARIES

In preparing the consolidated financial statements income statements of those foreign subsidiaries whose functional currency are not the euro, are translated into euros at the average exchange rate during the financial period. Their balance sheets are translated at the closing rate at the balance sheet date.

Foreign exchange differences arising from the application of the purchase method, translation of the equity items accumulated after the date of acquisition as well as those resulting from the translation of the profit for the period at the average monthly rate in the income statement and with the closing rate in the balance sheet are recorded as a separate item in equity.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign currency monetary balances are translated at the closing rate at the balance sheet date. Non-monetary items stated at fair value in a foreign currency are translated at foreign exchange rates ruling at the dates the fair value was determined. Other non-monetary items are translated using the exchange rate at the date of the transaction.

Gains and losses resulting from transactions in foreign currencies and translation of monetary items are recognised in the income statement. Foreign exchange gains and losses arising on trade receivables and payables are adjusted to revenues and operating expenses, respectively. Exchange differences arising on foreign currency loans are included in financial income and expenses except for the loans designated as hedges of foreign net investment that are highly effective. Resulting cumulative amount of the exchange differences are recognised directly in equity in the translation difference reserve until the investment is disposed of all, or part of, that entity.

REVENUE RECOGNITION PRINCIPLES

The services provided by the Jaakko Pöyry Group are generally classified into three categories for revenue recognition purposes:

Consulting and engineering projects with a fixed price contract or any type of cap or ceiling price contracts:

The revenue is recognised on the percentage-of-completion method, measured by reference to the stage of completion. The stage of completion is defined as the proportion that project costs incurred for work performed both by the Group and subcontractors to date bear to the estimated total project costs.

Consulting and engineering projects with a cost plus contract which can be classified as pure reimbursable projects:

The revenue is recognised in the period during which the corresponding services have been rendered using agreed upon rates or mark ups. If a reimbursable project has any kind of maximum, cap or estimate type of characteristics, revenue is recognised by reference to the stage of completion.

Contracting/Turnkey/EPC projects:

The revenue is recognised using the percentage-of-completion method, measured by reference to the percentage of total cost incurred to date to estimated total cost. Due to the different risk profile separately defined procedures are followed when assessing the risks and the progress made as well as in the monitoring and controlling throughout the project.

The percentage-of-completion method is only applied when the outcome of a project can be estimated reliably. Project managers are responsible for the total estimate of a project made at least quarterly.

If the outcome of a project cannot be estimated reliably, the Group applies the cost recovery method in which the project costs incurred are expensed in the period in which they are incurred and revenue is recognised only to the extent of project costs incurred that probable will be recoverable.

When it is probable that total project costs will exceed total project revenue, the expected loss is recognised as an expense immediately.

The revenue recognised according to the percentage-of-completion method, but not yet invoiced, including unfinished work is presented in the balance sheet as work in progress. The unrecognised part of the invoicing is included in received project advances.

Foreign currency cash flows in projects are mainly hedged for changes in exchange rates.

INCOME TAXES

The income taxes in the consolidated income statement comprise current tax of the Group companies calculated on the taxable profit for the period determined in accordance with local tax rules, the tax adjustments related to previous years as well as the change in the deferred tax assets and liabilities.

Deferred tax assets and liabilities are provided in the consolidated financial statements for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The main temporary differences arise from tax losses carried forward and defined benefit plans. Deferred taxes are not provided for impairment of goodwill, which is not deductible for tax purposes, nor for undistributed profits of subsidiaries to the extent that it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities are recognised at their full amounts in the balance sheet, and deferred tax assets are recognised at estimated realisable amounts. The enacted tax rate at the balance sheet date is used as the tax rate.

GOODWILL

After 1 January 2004 goodwill represents the difference between the cost of the acquisition and the fair value measured at the acquisition date of the net identifiable assets and liabilities acquired. Goodwill arisen from the business acquisitions occurred prior to 1 January 2004 are reported as they were recognised under FAS and taken as deemed cost under IFRS. Based on this exemption granted in IFRS 1 the classification and accounting treatment of business combinations has not been reconsidered in preparing the Group's opening IFRS balance sheet.

Goodwill is stated at cost less any impairment losses. Goodwill together with other intangible assets with indefinite lives is not amortised but is tested for impairment annually or when there is an indication that an asset may be impaired. In accordance with IFRS 3 Business Combinations goodwill was amortised until 31 December 2004, after which the amortisation was discontinued.

The Global Network Company concept is a cornerstone of the Jaakko Pöyry Group's strategy. The Group's comprehensive office network is a unique and important key factor supporting the business, allowing the Group to offer its versatile expertise to locally as well as globally operating companies, combining the knowledge of its global network of experts with a strong knowledge of local conditions. The strategy, with all three business groups targeting the cooperation and integration level of a Global Network Company, supports the Group's policy for allocating goodwill according to IFRS 3.

The three business groups of the Jaakko Pöyry Group (Forest Industry, Energy, Infrastructure & Environment) represent the independent cash generating unit levels where management monitors the return on investment and are therefore chosen as the goodwill allocation level.

The impairment testing is carried out annually during December primarily by discounted cash flow analysis but is also crosschecked by multiple based market price comparisons.

The discounted cash flow analysis used to calculate value in use is based on the approved strategy where growth from acquisitions has been eliminated.
Other main assumptions used in the calculations:

- Beetas between 0.75–1.00
- Pre-tax WACC 8.7 %–10.2% p.a. (Post-tax 6.8%–7.9%)
- Perpetuity growth rates 2.5%–3.5% p.a.

The Group's scale for classifying impairment testing results is the following: a) is below, b) corresponds to, c) exceeds slightly, d) exceeds clearly, e) exceeds significantly.

INTANGIBLE ASSETS

Intangible assets are stated at historical cost less cumulative amortisation and impairment losses, if any. Intangibles with an indefinite life are amortised on a straight-line basis over their known or expected useful lives.

Software

Amortised on a straight-line basis over 3-5 years

Customer relationships

The value allocated to the customer relationships in the connection of a business combination that is tested for impairment at least annually

Order stock

The value allocated to the order stock in the connection of a business combination that is expensed during the related projects.

The income and expenses attributable to research and development are part of the Group's client work and cannot therefore be reasonably defined in exact monetary terms in practice. These revenues and expenses are recognised on the income statement and they are included in the operating profit.

TANGIBLE ASSETS

Items of property, plant and equipment are stated at historical cost less cumulative depreciation and any impairment losses. Gains and losses on sales and disposals are included in other operating income and in operating expenses, respectively.

Depreciation is calculated based on historical cost and expected useful life. Depreciation is charged to the income statement on a straight-line basis. Expected useful lives and residual values are reassessed at each balance sheet date and where they differ from previous estimates, depreciation periods are changed accordingly. The estimated useful lives are as follows:

Buildings	20–40 years
Machinery and equipment	4–8 years

Land is not depreciated.

LEASES

The Group has entered into both financial and operating leases. The Group is a lessee. Leases of property, plant and equipment where substantially all the risks and rewards incidental to ownership have been transferred to the Group are classified as finance leases. These assets are capitalised and are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease less cumulative depreciation and any impairment losses. The associated lease liabilities are included in interest-bearing liabilities in accordance with their maturity. Assets acquired under finance leases mainly include computers and other office equipment. They are depreciated as comparable owned assets over the shorter of the useful lives for tangible assets or the lease period in accordance with IAS 16 Property, plant and equipment and are adjusted for impairment charges, if any.

Lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability. In respect of finance leases, the depreciation on the leased assets and the financial charge on the lease liability are shown in the income statement. The financial charge is allocated to the income statement so as to achieve a constant interest rate on the outstanding liability during the lease term.

In accordance with the definition under IAS 17 Leases as operating lease is a lease of property, plant or equipment where the lessor retains significant risks and rewards incidental to ownership. In the Jaakko Pöyry Group leases classified as operating leases mainly relate to office premises, also some car and office equipment leases have been classified as operating leases. Payments made thereunder are charged to the income statement as rental expense on a straight-line basis over the lease term.

FINANCIAL INSTRUMENTS

In the Jaakko Pöyry Group IAS 32 and IAS 39 have been applied since 1 January 2005. In the transition to IFRSs the Group used the related exemption under IFRS 1 according to which the comparative information to financial instruments for 2004 does not need to be restated to comply with IFRSs. Therefore in 2004 the financial instruments within the scope of IAS 32 and IAS 39 were measured in accordance with FAS.

FINANCIAL ASSETS

Under IAS 39 financial assets are classified as follows: financial assets at fair value through profit or loss, available-for-sale assets, loans or receivables (assets) and held-to-maturity assets. The Group has applied these classification criteria since 1 January 2005. An asset is classified when originally acquired based on its purpose of use. All purchases or sales of financial assets are recognised or derecognised using trade date accounting.

Financial assets at fair value through profit and loss

This category comprises cash balances and other short-term highly liquid investments. Gains and losses arising from a change in the fair value, realised or unrealised, are recognised on the income statement as incurred.

Available-for-sale assets

In the Jaakko Pöyry Group assets classified as available for sale comprise unlisted shares. As their fair value cannot be measured reliably, there are carried at cost. Available-for-sale financial assets are included in non-current assets unless the Group has the intention to sell them for less than 12 months after the balance sheet date.

Loans or receivables (assets)

Financial assets that belong to this category are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group does not hold them for trading purposes either. Loans and receivables are measured at cost less impairment losses.

In the Jaakko Pöyry Group this category includes trade receivables and other receivables arisen from business operations. Trade receivables are presented net of credit losses. The amount of doubtful receivables and assessment of need for impairment is based on risk of individual receivables. Trade receivables are measured at their probable value at the highest. If a receivable is due more than 360 days a credit loss provision is made unless there are especially weighty reasons.

FINANCIAL LIABILITIES

On initial recognition a loan is measured at its fair value that is based on the consideration received. Subsequent to initial recognition, these liabilities are stated at amortised cost.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

Derivatives are included in financial assets and liabilities at fair value through profit or loss. They are recognised on the balance sheet at cost, equivalent to the fair value, and are subsequently fair valued. Derivatives are not used for speculative purposes.

The Group applies the hedge accounting under IAS 39 to certain derivatives. In that case, at the inception of a hedge relationship, the Group documents the hedge relationship as well as the strategy for undertaking the hedge in accordance with the Group's risk management objective.

Fair value hedges

The Group applies fair value hedge accounting qualifying as fair value hedging under IAS 39 to the forward contracts hedging sales denominated in foreign currencies as the hedge relates to a binding sale agreement that is either a balance sheet or an off-balance sheet item. In that case the hedging instrument together with the hedged portion of the binding sale agreement are recognised in the income statement, as well as the change in the fair value of the interest element of a forward contract separated from the hedge relationship.

Cash flow hedges

The Group uses interest rate swaps to hedge the cash flows resulting from its variable interest rate loans. The fair value changes of the interest rate swaps qualifying as cash flow hedges and which are effective, are recorded in equity. The ineffective portion, if any, is recognised in the income statement.

TREASURY SHARES

Jaakko Pöyry Group Oyj's own shares acquired by the Group, including directly attributable costs, are presented as a deduction from total equity in the consolidated financial statements. Purchases or subsequent sales of treasury shares are presented as changes in equity.

PROVISIONS

A provision is an obligation of uncertain timing or amount. A provision is recognised when the Group has a present obligation as a result of a past event that is probable and a reliable estimate can be made of the amount of the obligation.

Project provisions

When a project is unfinished, a project provision is recognised only in an exceptional case. If a disagreement arises between the Group and a customer or a subcontractor, or cost overrun is expected, their effect on the projects is assessed. If the effect on the result of a project is probable, it is taken into account either by reducing the expected total invoice amount or by increasing the costs and consequently the expected total result falls. The expected loss is recognised immediately only in an exceptional case when it is probable that the total project costs will exceed the total project revenues.

Existing professional, contractual or legal third party liability risks may also result in a provision to be recorded regarding a project already completed. A provision is recognised if the Jaakko Pöyry Group is to compensate the client or a third party a damage caused by negligent action or inaction or normative breach.

Defined benefit liability

A defined benefit liability is recognised based on the actuarial calculations when the obligations of a defined benefit pension plan exceed the plan assets.

Other provisions

Other provisions in the Jaakko Pöyry Group's business mainly relate to restructurings.

To minimise business risks the Jaakko Pöyry Group has adopted a group-wide risk management policy that includes procedures for identification, assessment, treatment and monitoring of risks. The policy is described in the risk management section.

PENSION PLANS

The Group companies have various pension plans throughout the world. The statutory pension plans of Finnish subsidiaries are funded through payments to pension insurance companies. Additional pension plans are funded through pension insurances. Foreign subsidiaries operate their pension plans in accordance with the local regulations and practices.

Pension plans are classified as either defined contribution plans or defined benefit plans. The plans the Group has currently are mainly classified as defined contribution plans. Contributions to defined contribution pension plans are recognised as an expense in the income statement in the year to which they relate. The Group has defined benefit plans in Switzerland, Germany, Austria, France and Norway. In Finland some additional pension plans have been classified as defined benefit plans. The expenditure from these plans is calculated separately for each plan in accordance with its terms and recognised as an expense over the expected working lives of the employees participating in the plan based on the actuarial calculations. The rate used to discount the present value is determined by reference to market yields on high quality corporate bonds that have maturity dates approximating to the terms of the Group's obligations. The present value of pension obligations is netted against the fair value of plan assets at the balance sheet date and adjusted with unrecognised actuarial gains and losses resulting in either a receivable or a liability to be recognised on the balance sheet. The unfunded part of the defined benefit plans increase the pension obligations and decrease equity. If a defined benefit plan is overfunded, the overfunded part increases the Group assets and equity, respectively.

The Group has applied the exemption under IFRS 1, according to which all accumulated unrecognised actuarial gains and losses arisen from defined benefit plans have been recognised in equity on the opening balance sheet at the date of transition. Actuarial gains and losses that arise subsequent to 1 January 2004 are recognised in accordance with the corridor method to the extent that any unrecognised actuarial gain or loss of the period exceeds 10 per cent of the greater of the present value of the defined benefit obligation and the fair value of plan assets. That portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan.

The unfunded part regarding the disability component of the Finnish statutory employment pension plan (TEL) in the years 2003 and 2004 have not been taken into account in the actuarial calculations owing to the changes of the plan made in 2004. Consequently the transition to IFRSs has not resulted in any adjustments to the opening balance sheet or to the comparative information for 2004 in this area.

SHARE-BASED PAYMENTS

Jaakko Pöyry Group Oyj has granted share options in 1998 and 2004, the option plan of 1998 ended in 2005. The Group has applied IFRS 2 Share-based payments to the option plans to the extent that such share option plans are in the scope of this standard, i.e. to those share option arrangements in which share options have been granted after 7 November 2002 that had not yet vested until 1 January 2005. The options granted before this have not been expensed in the income statement. The granted share options are measured at their fair values at the grant date using the Black-Scholes option pricing model. The resulting employee expense is recognised during the vesting period with a corresponding increase in equity in retained earnings.

DIVIDENDS

The dividend relating to the financial year ended is not recognised until approved by a general meeting of shareholders.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

During 2004 and 2006 the IASB has issued the following amended standards and the new interpretations that the Jaakko Pöyry Group will adopt in 2006:

- Amendments to IAS 39 Financial instruments: recognition and measurement after 31 March 2004 as follows:
  - Cash Flow Hedges of Forecast Intragroup Transaction
  - Fair Value Option
  - Financial Guarantee Contracts
- Amendment to IAS 19 Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
- Amendment to IAS 21 The Effects of Changes in Foreign Exchange - Net Investment in a Foreign Operation
- IFRIC 4 Determining Whether an Arrangement Contains a Lease
- IFRIC 8 Scope of IFRS 2

The Group is currently estimating the impact of adopting these pronouncements on the consolidated financial statements.

In 2007 the Jaakko Pöyry Group will adopt the new standard IFRS 7 Financial Instruments: Disclosures as well as the amendment of IAS 1 Presentation of Financial Statements - Capital Disclosures issued by the IASB in 2005.

The Group expects that adoption of these pronouncements will mainly have an impact on the notes to the consolidated financial statements.

SEGMENT INFORMATION

BUSINESS SEGMENTS

The Jaakko Pöyry Group's operations are conducted through three business groups: Forest Industry, Energy, and Infrastructure & Environment. The business groups, which are the Group's primary segments, are globally responsible for their operations. Each business group offers a full range of consulting, investment planning and implementation, maintenance planning and operations improvement services to its clients, covering the entire lifecycle of their business.

FOREST INDUSTRY

The Forest Industry business group provides engineering and project implementation services for pulp and paper industry projects worldwide, maintenance engineering and other local services to the mills, and advice on forest industry strategies and operations, and investment banking.

ENERGY

The Energy business group's services cover the entire lifecycle of the client's business, from strategic consulting to project implementation, operation and maintenance, and modernisation projects. The business group focuses on five business areas: management consulting, hydropower, renewable energy, power and heat, and oil and gas.

INFRASTRUCTURE & ENVIRONMENT

The Infrastructure & Environment business group offers consulting and engineering services, building and project management services, operation and maintenance expertise, and services related to technology transfer. The business group is active in three business areas: transportation, water and environment, and building services.

OTHER, UNALLOCATED ITEMS

The other consists of activities not relating to the primary segments as well as of such parent company expenses which are not charged to the business groups. The Group's parent company is responsible for developing the Group's strategy, financing, exploiting synergistic benefits, and for general co-ordination of the Group's operations. The parent company has charged service fees for general administration and parent company costs attributable to the business groups. The relative share charged is derived from the business groups' payroll costs.

The business segments correspond to the internal reporting structure of the Group. Inter-segment pricing is determined on an arm's length basis. There are no significant sales between the segments. The statement of income of the segment is presented down to the operating profit in which also the share of the associate companies' results is included. The assets and non-interest-bearing liabilities of the segments comprise the items that the segments use in their business.

GEOGRAPHICAL SEGMENTS

The Group's secondary segments, i.e. geographical segments are: The Nordic Countries, other European countries, Asia, North America, South America and other countries. The segments' sales are based on the geographical site of the clients. Segment assets are based on the geographical location of the assets.

EUR million	Net sales 2005	2004	Operating profit 2005	2004	Operating profit % 2005	2004	Order stock 2005	2004
BUSINESS SEGMENTS								
Forest Industry	199.3	186.3	19.7	17.2	9.9	9.2	97.3	82.5
Energy	160.0	146.5	9.1	7.0	5.7	4.8	195.2	171.8
Infrastructure & Environment	164.9	142.1	9.2	7.0	5.6	4.9	159.5	118.8
Unallocated	- 0.6	- 1.0	- 0.8	- 1.3			0.1	0.1
	523.6	**473.9**	**37.2**	**29.9**	**7.1**	**6.3**	**452.1**	**373.2**

	Assets 2005	2004	Non-interest bearing liabilities 2005	2004	Assets- non-interest bearing liabilities 2005	2004	Return on investment % 2005
Forest Industry	127.3	120.2	55.8	56.9	71.5	63.3	29.2
Energy	133.2	117.3	75.2	64.7	58.0	52.6	16.4
Infrastructure & Environment	119.4	112.2	67.1	65.0	52.3	47.2	18.5
Unallocated	- 30.1	- 37.1	- 7.9	- 19.9	- 22.2	- 17.2	
	349.8	**312.6**	**190.2**	**166.7**	**159.6**	**145.9**	**25.8**

	Capital expenditure 2005	2004	Depreciation 2005	2004	Personnel average 2005	2004	Personnel year-end 2005	2004
Forest Industry	2.5	2.7	2.5	2.8	2 124	2 091	2 123	2 077
Energy	1.7	1.3	1.7	2.1	1 469	1 312	1 463	1 485
Infrastructure & Environment	3.2	2.5	3.2	3.8	1 793	1 782	1 979	1 715
Unallocated	0.6	0.8	0.5	0.4	37	34	43	32
	8.0	**7.3**	**7.9**	**9.1**	**5 423**	**5 219**	**5 608**	**5 309**

	Net sales 2005	2004	Assets 2005	2004	Capital expenditure 2005	2004	Personnel year-end 2005	2004
GEOGRAPHICAL SEGMENTS								
The Nordic countries	137.1	125.2	141.0	121.0	3.1	14.4	2 389	2 332
Europe	229.2	211.4	163.5	160.8	3.4	3.2	2 183	1 923
Asia	72.5	70.6	15.9	11.8	0.2	0.2	544	568
North America	18.1	18.2	18.0	13.7	0.2	0.3	177	198
South America	43.7	23.2	17.9	12.7	0.4	0.2	235	207
Other	23.0	25.3	- 6.5	- 7.4	0.7	0.4	80	81
	523.6	**473.9**	**349.8**	**312.6**	**8.0**	**18.7**	**5 608**	**5 309**

Name and business	Acquisition date	Acquired interest, %
ACQUISITIONS DURING 2005		
Scancontrol AB Automation and electrical engineering company specialised in southern Sweden with a staff of 55 employees. The company's expertise covers automation and electrical design for the paper, packaging and converting sectors.	July 1, 2005	100
Inframan Oy Expertise in transportation infrastructure asset management in Finland and the rest of northern Europe. Inframan has a staff of seven employees.	July 1, 2005	100
GKW Holding GmbH and subsidiaries Market leader in water and environment sector in Germany with strong position in international markets, especially in Africa. GKW has operations in various locations in Germany with a staff of 234 employees.	September 1, 2005	100
S.P.E Servizi per l'Energia S.r.l. Consulting and provider of engineering services mainly for thermal power plant projects.	December 16, 2005	100

Purchase price allocation

The Jaakko Pöyry Group's acquisition policy assumes that only companies with a good management and skilled workforce are acquired. This value is not separately recognised and will be subsumed into goodwill. In each acquisition the value drivers behind the purchase price are analysed, and when applicable, a fair value adjustment is made.

As the aquisitions are individually immaterial, the following information is disclosed in aggregate.

	EUR million
Aggregate figures for the above acquisitions	
Purchase price	
Fixed price	10.2
Earnout estimate	1.0
Order intake estimate	3.3
Fees	0.4
Total	14.9
Price allocation	
Equity	4.8
Fair value adjustments:	
Client relationship	1.0
Order stock	2.5
Other	- 0.5
Total	7.8
Remaining = Goodwill	7.1

Notes:

- The amount allocated to client relationship is subject to annual impairment test
- The amount allocated to order stock will be written off during the duration of the projects
- Market leadership, experienced management and staff, earnings expectations are factors contributing to the amount booked as goodwill.

	EUR million
Impact on the Jaakko Pöyry Group's Income statement	
Operating profit from acquisition date to December 31, 2005	0.5
Sales volume on a 12 month calendar year basis 2005	39.2
Operating profit on 12 months calendar year basis 2005	2.6

	Book values at acq. date	Fair value adjustments	Adjusted IFRS values
Impact on the Jaakko Pöyry Group's assets and liabilities			
Goodwill	0.4		0.4
Intangible assets	0.5	3.5	4.0
Tangible assets	1.0	- 0.1	0.9
Deferred tax receivables	0.1		0.1
Work in progress	6.6	- 0.1	6.5
Accounts receivable	4.7	- 0.2	4.5
Prepaid expenses and accrued income	0.5		0.5
Other receivables	0.5		0.5
Cash and cash equivalents	3.0		3.0
Assets total	**17.3**	**3.1**	**20.4**
Deferred tax liability	1.7		1.7
Provisions	1.5		1.5
Project advances	2.7		2.7
Accounts payable	2.3		2.3
Accrued expenses and deferred income	2.9	0.1	3.0
Other current liabilities	1.4		1.4
Liabilites total	**12.5**	**0.1**	**12.6**
Net identifiable assets and liabilties	**4.8**	**3.0**	**7.8**
Total cost of business combinations			14.9
Goodwill			**7.1**
Consideration paid, satiesfied in cash	15.0		
Cash acquired	3.0		
Net cash outflow	12.0		

NOTES TO THE STATEMENT OF INCOME

EUR million		2005	2004
1.	**Net sales**		
	Net sales	**523.6**	473.9
	Net sales by segments are presented on the Segment information pages.		
	Net sales from project contracts	**523.6**	473.9
	The aggregate amount of project contracts cost incurred and recognised profits less losses to date.	**822.7**	721.2
2.	**Personnel expenses**		
	Wages and salaries	223.6	210.5
	Profit bonuses	9.3	7.8
	Pension expenses, contribution plans	28.7	25.8
	Pension expenses, defined benefit plans	1.3	2.1
	Expenses from option-programmes	0.8	0.9
	Other social expenses	19.5	19.3
		283.2	**266.4**

Salaries, profit bonuses and other benefits of the President and CEO and the Deputy to the President and CEO are presented on the Corporate governance pages.

Stock options were issued in 2004 to the management of the Group. The option programme 2004 is presented on the Shares and shareholders pages. Expenses from the option programme have been calculated using the Black & Scholes model, recorded as personnel expenses and credited to retained earnings.

EUR million		2005	2004
3.	**Income taxes**		
	Taxes for the fiscal year	12.4	11.0
	Taxes for previous years	- 0.8	- 0.7
	Change in deferred tax receivables	+ 0.7	- 0.3
		12.3	**10.0**
	Reconciliation of current income taxes		
	Profit before taxes	38.6	30.9
	Income tax at Finnish tax rate 26% (29%, 2004)	10.0	9.0
	Effect of different tax rates outside Finland	1.3	0.6
	Non-deductible expenses and tax exempt income	0.1	0.1
	Losses for which no deferred tax benefits are recognized	1.5	1.4
	Effects of consolidation and elimination	- 0.1	- 0.4
	Taxes for previous years	- 0.8	- 0.7
	Other	0.3	0.0
		12.3	**10.0**
	Deferred tax receivables		
	Tax losses carry forward	4.0	4.6
	Accumulated depreciation differences	0.5	0.3
	Other temporary differences	2.0	1.2
		6.5	**6.1**
	Deferred tax liabilities		
	Other temporary differences	2.9	0.2
		2.9	**0.2**

Deferred tax assets of EUR 4.9 million have not been recognized in the consolidated financial statements, because the realization of the tax benefit included in these assets is not probable.

		2005	2004
4.	**Earnings per share**		
	Net profit for the period attributable to the equity holders of the parent company	25.9	19.7
	Weighted average number of outstanding shares, 1000	14 367	13 844
	Diluted amount, 1000	14 372	14 280
	Earnings per share, EUR 1)	1.80	1.42
	Diluted	1.80	1.38

1) Calculation rule page 31.

EUR million	Goodwill	Intangible rights	Other intangible assets	Total
NOTES TO THE BALANCE SHEET				
1. Intangible assets				
Acquisition value Jan. 1, 2004	68.6	0.0	12.5	12.5
Exchange differences	0.0	0.0	0.0	0.0
Increase	4.4	0.0	1.7	1.7
Decrease	0.0	0.0	0.6	0.6
Acquisition value Dec. 31, 2004	73.0	0.0	13.6	13.6
Accumulated depreciation Jan. 1, 2004	33.8	0.0	8.3	8.3
Exchange differences	0.0	0.0	0.0	0.0
Accumulated depreciation of decrease	0.0	0.0	0.8	0.8
Depreciation for the period	5.2	0.0	2.2	2.2
Accumulated depreciation Dec. 31, 2004	39.0	0.0	9.7	9.7
Book value Dec. 31, 2004	34.0	0.0	4.0	4.0
Acquisition value Jan. 1, 2005	73.0	0.0	13.6	13.6
Exchange differences	0.8	0.0	0.3	0.3
Increase	7.5	3.6	4.2	7.8
Decrease	0.0	0.0	0.2	0.2
Acquisition value Dec. 31, 2005	81.3	3.6	17.9	21.5
Accumulated depreciation Jan. 1, 2005	39.0	0.0	9.7	9.7
Exchange differences	0.0	0.0	0.0	0.0
Accumulated depreciation of decrease	0.0	0.0	1.3	1.3
Depreciation for the period	0.0	0.0	2.0	2.0
Accumulated depreciation Dec. 31, 2005	39.0	0.0	13.0	13.0
Book value Dec. 31, 2005	**42.4**	**3.6**	**4.9**	**8.5**

	2004	**2005**
Book value of the goodwill by segments:		
Forest Industry	20.8	21.8
Energy	4.1	6.6
Infrastructure & Environment	9.1	14.0
	34.0	**42.4**

The impairment testing result shows that the value in use of each of the business segments exceeds significantly the related book value. An external independent expert has issued a “Fairness opinion” on the impairment tests.

EUR million	Land areas	Buildings and structures	Machinery and equipment	Other tangible assets	Total
2. Tangible assets					
Acquisition value Jan. 1, 2004	0.4	2.9	47.2	3.7	54.3
Exchange differences			- 0.1		- 0.1
Increase	0.3	0.6	6.3	0.3	7.5
Decrease		1.9	3.7	1.1	6.7
Acquisition value Dec. 31, 2004	0.7	1.6	49.7	2.9	55.0
Accumulated depreciation Jan. 1, 2004		0.8	33.7	2.6	37.1
Exchange differences			- 0.1		- 0.1
Accumulated depreciation of decrease		0.4	3.0	1.1	4.5
Depreciation for the period		0.1	6.0	0.5	6.7
Accumulated depreciation Dec. 31, 2004		0.5	36.6	2.0	39.2
Book value Dec. 31, 2004	0.7	1.1	13.1	0.9	15.8
Acquisition value Jan. 1, 2005	0.7	1.6	49.7	2.9	55.0
Exchange differences	0.0	0.0	0.9	0.0	1.0
Increase	0.4	0.0	5.4	0.4	6.2
Decrease	0.4	0.8	0.9	0.2	2.3
Acquisition value Dec. 31, 2005	0.7	0.8	55.2	3.2	59.9
Accumulated depreciation Jan. 1, 2005		0.5	36.6	2.0	39.2
Exchange differences		0.0	0.6	0.0	0.6
Accumulated depreciation of decrease		0.7	0.1	0.2	1.0
Depreciation for the period		0.2	5.3	0.4	5.9
Accumulated depreciation Dec. 31, 2005		0.0	42.4	2.2	44.7
Book value Dec. 31, 2005	**0.7**	**0.8**	**12.7**	**0.9**	**15.2**
The tangible assets include assets acquired through finance lease.					
2004			1.0		1.0
2005			1.1		1.1

EUR million	Shares in associated companies	Other shares	Receivables from associated companies	Total
3. Non-current investments				
Acquisition value Jan. 1, 2005	1.2	6.1	1.0	8.3
Exchange differences				0.0
Increase		2.7	0.1	2.7
Decrease		0.9		0.9
Accumulated influence on the earnings	2.3			2.3
Share of the profit for the period	0.8			0.8
Value decrease		0.5		0.5
Book value Dec. 31, 2005	**4.3**	**7.3**	**1.1**	**12.7**
Book value Dec. 31, 2004	3.3	6.1	1.0	10.4

Available-for-sale financial assets

Other shares, EUR 7.3 million, are available-for-sale financial assets. The shares are unlisted.

The shares are valued at book-value, because the fair value cannot be reliably determined.

	Ownership %	Book value	Assets	Liabilities	Net sales	Profit
Associated companies:						
Energy						
Polartest Oy, Finland	22.8	0.2	4.7	2.8	11.7	1.0
Inesco Oy, Finland	47.6	0.5	6.9	5.6	4.6	0.3
Korea District Heating Engineering Company Ltd, Korea	50.0	0.2	7.1	1.1	12.8	0.8
Advance Ekono Co. Ltd, Thailand	49.0	0.0				
Emerging Power Partners Oy, Finland	45.9	0.0	0.3	0.1	0.2	- 0.1
Other, Austria	18.7	0.0				
Infrastructure & Environment						
Entec A/S, Estonia	42.0	0.0				
Real estate						
Kiinteistö Oy Manuntori, Finland	34.2	0.3				
Total		1.2				

	Accumulated influence	Share of profits 2004	**2005**
Influence on the earnings and book values:			
Energy	3.1	0.5	0.8
Infrastructure & Environment	0.0		
Total	3.1	0.5	0.8
Associated companies total	**4.3**		

The share of the associated companies' profits is included in the operating profit.

EUR million		2005	2004
4.	**Other non-current receivable**		
	Accounts receivable	1.3	1.8
	Security deposits	0.5	0.4
	Other receivables	7.5	6.9
	Prepaid expenses and accrued income	0.1	2.0
		9.4	**11.1**
5.	**Current assets**		
	Work in progress	56.6	46.6
	Accounts receivable	107.7	102.4
	Loans receivable	0.4	0.3
	Other receivables	9.3	6.3
	Prepaid expenses and accrued income	11.9	6.7
	Receivables, external	129.2	115.7
	Accounts receivable	0.4	1.2
	Receivables from associated companies	0.4	1.2
	Accounts receivable	108.1	103.6
	Loans receivable	0.4	0.3
	Other receivables	9.3	6.3
	Prepaid expenses and accrued income	11.9	6.7
	Receivables total	129.7	116.9
	Investments	11.6	23.9
	Cash in hand and at banks	52.9	38.3
	Cash and cash equivalents	64.5	62.2
	Total	**250.8**	**225.7**
6.	**Prepaid expenses and accrued income**		
	Non-current prepaid expenses and accrued income	0.1	2.0
	Current prepaid expenses and accrued income	11.9	6.7
		12.0	**8.7**
	Social expenses	1.4	0.9
	Rents	0.7	0.7
	Taxes	2.6	1.5
	Other	7.3	5.6
		12.0	**8.7**
7.	**Interest bearing liabilities**		
	Loans from credit institutions	6.1	8.6
	Finance lease liabilities	0.7	0.7
	Non-current interest bearing liabilities	6.8	9.3
	Loans from credit institutions, amortisations	2.6	2.6
	Used credit facilities	1.0	0.0
	Finance lease liabilities	0.3	0.3
	Current interest bearing liabilities	3.9	2.9
		10.7	**12.2**

EUR million		2005	2004
8.	**Loans with due date after five years or later**		
	Loans from credit institutions	**0.0**	**0.9**
9.	**Loans according to maturity**		
	Year 2005		2.6
	Year 2006	3.6	2.6
	Year 2007	2.6	2.6
	Year 2008	2.5	2.5
	Year 2009	0.9	0.9
	Later	0.0	0.0
		9.6	**11.2**
10.	**Finance lease liabilities according to maturity**		
	Year 2005		0.3
	Year 2006	0.4	0.3
	Year 2007	0.3	0.3
	Year 2008	0.3	0.1
	Year 2009	0.1	0.0
	Later	0.0	0.0
		1.1	**1.0**
11.	**Finance lease liabilities, net present value**		
	Year 2005		0.3
	Year 2006	0.3	0.3
	Year 2007	0.3	0.2
	Year 2008	0.3	0.1
	Year 2009	0.1	0.0
	Later	0.0	0.0
		1.0	**0.9**
	Future interest expenses	0.1	0.1
		1.1	**1.0**

EUR million	2005	2004
12. Pension obligations		
Expenses		
Current service expenses	2.6	4.4
Past service expenses	0.0	- 1.0
Interest expenses	4.0	4.4
Expected return on plan assets	- 4.5	- 4.4
Recognized net actuarial gains and losses	0.0	- 0.1
Gains and losses from curtailment	- 0.8	0.0
Other	0.0	- 1.2
Total	**1.3**	**2.1**
Pension receivables		
Non-current receivables	4.3	5.5
Current receivables	1.2	1.2
Receivables total	5.5	6.7
Pension obligations	6.8	6.6
Net pension obligations	**1.3**	**- 0.1**
Reconciliation of the pension obligations		
Present value of funded obligations	118.0	111.7
Fair value of plan assets	- 120.4	- 111.3
Unrecognized actuarial gains and losses	5.2	- 0.2
Unrecognized past service costs	- 1.5	- 0.3
Pension obligations	**1.3**	**- 0.1**
Change in net pension obligations		
Net pension obligations Jan. 1	- 0.1	- 3.2
Exchange differences	0.1	- 0.1
Payments to funds	0.0	0.0
Payments from funds	0.0	0.0
New acquisitions	0.0	1.1
Expenses in the income statement	1.3	2.1
Net pension obligations Dec. 31	**1.3**	**- 0.1**
Principal actuarial assumptions		
Europe		
Discount rate, %	3.5	3.5
Expected return on plan assets, %	4.0	4.0
Future salary increases, %	1.5	1.5
Future pension increases, %	0.0	0.0

84.8 per cent of the net present value of the defined benefit obligations, i.e. EUR 100.0 million, relate to Jaakko Pöyry Group's Swiss subsidiaries. These pension arrangements are according to local Swiss standards classified as defined contribution plans. The pension receivables EUR 5.5 million relate to the Swiss pension funds.

EUR million	Project provisions	Other	Total
13. Provisions			
Book value Jan. 1, 2005	0.7	0.0	0.7
Increase	2.5	0.8	3.3
Used	0.0	0.0	0.0
Used reversed	0.6	0.0	0.6
Book value Dec. 31, 2005	2.6	0.8	3.4

	2004	2005
Non-current	0.0	0.0
Current	0.7	3.4
	0.7	**3.4**

The project provisions relate to projects in dispute and projects with expected losses. The provisions booked are based on the management's best estimate.

Other provisions relate to restructurings and include provisions for empty space and termination provisions for employees laid off.

EUR million	2005	2004
14. Current liabilities		
Loans from credit institutions, amortisations	2.6	2.6
Used credit facilities	1.0	0.0
Finance lease liabilities	0.3	0.3
Interest bearing liabilities	3.9	2.9
Provisions	3.4	0.7
Project advances	51.0	51.6
Restricted project advances	4.5	4.1
	55.5	55.7
Accounts payable	18.8	13.9
Other current liabilities	30.8	25.7
Accrued expenses and deferred income	64.3	56.8
External current liabilities	176.7	155.6
Liabilities to associated companies	0.0	0.0
Total current liabilities	**176.7**	**155.6**
15. Accrued expenses and deferred income		
Expenses from percentage-of-completion projects	6.7	5.6
Salaries and vacation accruals	37.5	33.6
Social expenses	5.9	5.4
Interest expenses	0.1	0.1
Taxes	7.7	6.4
Other	6.4	5.7
	64.3	**56.8**

16. Related party transactions

Jaakko Pöyry Group has related party relationships with its subsidaries, associated companies, members of the Board of Directors, the President and CEO, the Deputy to the President and CEO and the members of the Group Executive Committee. Also Corbis S.A. belongs to the related parties.

Employee benefits for the Board of Directors, the President and CEO, the Deputy to the President and CEO and the members of the Group Executive Committee

	2005	2004
Salaries, bonuses and other short-term employee benefits	2.3	2.0

Related party transactions with the President and CEO, the Deputy to the President and CEO and the members of the Group Executive Committee

The President and CEO, the Deputy to the President and CEO and the members of the Group Executive Committee owned on December 31, 2005 a total of 42 530 shares and 280 000 stock options (at the end of 2004 a total of 26 330 shares, 20 000 warrants 1998 and 280 000 stock options 2004). With the stock options the shareholding can be increased by 280 000 shares equalling 1.9 per cent of the total number of shares and votes.
The stock option programme is described on the Shareholders and shares pages

Related party transactions with associated companies

The transactions with the associated companies are determined on an arm's length basis.

	2005	2004
Sales to associated companies	1.4	2.3
Loan receivables from associated companies	1.1	1.0
Accounts receivable from associated companies	0.4	1.2

EUR million	2005	2004
OTHER		
1. Contingent liabilities		
For own debts	**0.0**	**0.0**
Other obligations		
Pledged assets	0.4	0.3
Other obligations	51.7	40.3
	52.1	**40.6**
For associated companies	**0.0**	**0.0**
For others		
Pledged assets	0.0	0.1
Other obligations	0.0	0.0
	0.0	**0.1**
2. Other lease agreements		
Lease payments for non-cancellable other lease agreements, mostly office rents:		
Year 2005		15.0
Year 2006	16.7	12.4
Year 2007–2009	33.5	23.5
Later	58.5	56.9
	108.7	**107.8**
3. Derivative instruments		
Foreign exchange forward contracts, notional values	21.3	16.6
Foreign exchange forward contracts, fair values	+ 0.2 - 1.1	+ 0.6 - 0.3

The notional amounts are not a measure of the foreign rate risk of the exposure outstanding.

	2005	2004
Interest rate swaps, fair values	0.0	- 0.1

Jaakko Pöyry Group Oyj has made interest rate swaps for EUR 8.6 million external loans.

		Group ownership of voting rights, %	Parent company ownership of voting rights, %	Bookvalue Parent company EUR million	Bookvalue Other group company EUR million	Net sales EUR million	Personnel
4.	**Share ownership**						
	Group companies						
	Forest Industry						
	JP Engineering Ltd, Finland	100.0			3.6	45.4	576
	Jaakko Pöyry Oy, Finland	100.0	100.0	40.7		42.6	404
	Jaakko Pöyry Tecnologia Ltda, Brazil	100.0			5.0	22.1	169
	Jaakko Pöyry AB, Sweden	100.0			6.6	21.3	248
	JP Management Consulting (Europe) Oy, Finland	100.0	100.0	3.0		16.0	112
	JP-Kakko Oy, Finland	100.0	100.0	2.1		10.4	100
	Jaakko Pöyry Southern Africa (Pty) Ltd, South Africa	100.0			0.5	9.4	36
	Jaakko Pöyry Deutschland GmbH, Germany	100.0			1.0	7.5	53
	JP Management Consulting (North America) Inc., USA	100.0	100.0	0.4		5.3	26
	Marathon Engineers/Architects/Planners LLC, USA	100.0			6.8	5.2	59
	JP Management Consulting (Asia-Pacific) Pte Ltd, Singapore	100.0	100.0	0.4		4.9	21
	Jaakko Pöyry ABGS Inc., Canada	100.0			2.2	4.7	48
	JP Management Consulting (Asia-Pacific) Pty Ltd, Australia	100.0	100.0	0.4		4.6	17
	Jaakko Pöyry Norge AS, Norway	100.0			0.5	4.3	39
	Jaakko Pöyry NLK Inc., Canada	100.0			3.2	3.9	44
	Jaakko Pöyry Consulting Ltd, United Kingdom	100.0			0.1	3.9	20
	Jaakko Pöyry S.A.S., France	100.0			1.7	3.0	29
	JP Capital International Ltd, United Kingdom	86.5	86.5	0.6		3.0	13
	JP Management Consulting (Asia-Pacific) Ltd, New Zealand	100.0	100.0	0.5		2.8	16
	Jaakko Pöyry Polska Sp. z o.o., Poland	90.0			0.6	1.8	43
	Papes Oy, Finland	100.0			0.3	1.0	12
	Jaakko Poyry Consulting (Shanghai) Co Ltd, China	100.0	100.0	0.1		0.8	16
	P.T. Jaakko Pöyry Engineering, Indonesia	100.0	1.0	0.0	0.1	0.8	5
	JP Operations Management Ltd Oy, Finland	100.0	100.0	0.0		0.4	2
	JP Management Consulting (Europe) GmbH, Germany	100.0			1.1	1.9	15
	Jaakko Pöyry (Thailand) Co. Ltd, Thailand	100.0			0.0		
	Energy						
	Verbundplan GmbH, Austria	74.9	74.9	5.5		38.3	253
	Electrowatt-Ekono AG, Switzerland	100.0	100.0	24.4		36.8	146
	Heymo Ingenieria S.A., Spain	60.8	60.8	1.3		16.8	199
	Electrowatt-Ekono Oy, Finland	100.0	100.0	3.3		16.7	146
	Beture-Environnement S.A.S., France	100.0			1.2	8.0	65
	Electrowatt-Ekono (Thailand) Ltd, Thailand	100.0			0.5	7.4	113
	Electrowatt Engineering AG, Branch Office, Oman					7.1	163
	ILEX Energy Consulting Ltd, United Kingdom	100.0			2.8	6.5	29
	Electrowatt-Ekono (Philippines) Inc., Philippines	100.0			0.2	6.3	103
	Electrowatt-Ekono GmbH, Germany	100.0			2.3	5.8	49
	Electrowatt Engineering Mannheim GmbH, Germany	100.0			0.7	5.7	20
	Electrowatt-Ekono (UK) Ltd, United Kingdom	100.0			4.6	5.6	51
	SEEI S.A.S., France	100.0			0.6	4.8	27
	RETMA S.A.S., France	100.0			1.0	4.5	51
	Electrowatt Ekono (B) SND BHD. Brunei	90.0			0.1	0.5	31
	S.P.E Servizi per l' Energia, Italy	100.0			6.1	0.3	17
	Electrowatt Engineering (Peru) S.A., Peru	100.0			0.0	0.0	0
	Electrowatt Engineering (Argentina) S.A., Argentina	100.0			0.0	0.0	0

	Group ownership of voting rights, %	Parent company ownership of voting rights, %	Bookvalue Parent company EUR million	Other group company EUR million	Net sales EUR million	Per-sonnel
Infrastructure & Environment						
Electrowatt Infra AG, Switzerland	100.0	100.0	12.3		33.9	255
BPI-Consult GmbH, Germany	100.0			1.2	28.3	232
Soil and Water Ltd, Finland	100.0	100.0	3.9		26.7	279
CMC Terasto Oy, Finland	100.0	100.0	4.4		16.6	162
JP Building Engineering Ltd, Finland	100.0			1.8	12.9	185
JP-Transplan Ltd, Finland	100.0			1.2	11.1	82
Beture-Cerec S.A., France	90.0	90.0	0.7		7.9	112
GKW Holding GmbH, Germany	100.0			6.6	0.6	24
GKW Ingenieure GmbH, Mannheim, Germany	100.0			0.3	1.0	23
GKW Ingenieure GmbH, Essen, Germany	100.0			0.2	0.7	19
GKW Ingenieure GmbH, Erfurt, Germany	100.0			0.3	1.3	46
ibs Ingenieurbüro Schwerin für Landeskultur, Umweltschutz und Wasserwirtschaft GmbH, Schwerin, Germany	100.0			0.3	1.6	60
GKW Ingenieure GmbH, Dresden, Germany	100.0			0.2	0.4	18
GKW Consult GmbH, Germany	100.0			1.3	4.0	44
CLM Chemisches Labor GmbH, Germany	100.0			0.0	0.0	
AQUATIS a.s., Czech Republic	84.4	52.1	0.8	0.4	6.3	187
Verbundplan Prüf- und Messtechnik GmbH, Austria	72.8			1.0	3.5	36
JP-Epstar Oy, Finland	80.0	80.0	0.0		2.6	23
HB-Verkehrsconsult GmbH, Germany	100.0			0.1	2.5	30
HT-Rakennuttajat Oy, Finland	100.0			0.4	1.4	12
TransTec Consult GmbH, Germany	100.0			0.0	0.9	7
Rätia Ingenieure AG, Switzerland	100.0			0.1	1.3	12
OOO "Jaakko Pöyry Group", Russia	100.0			0.0	1.1	43
BPI-Consult Sp. z o.o. Polska, Poland	100.0			0.1	0.5	25
East Engineering Ltd Oy, Finland	100.0	100.0	0.1		0.4	
BPI Consult Asia GmbH, Germany	100.0			0.0	0.8	12
JP-Terasto Eesti Oü, Estonia	100.0			0.0	0.5	10
Electrowatt Infra (Thailand) Ltd, Thailand	100.0			0.2	0.6	9
Jaakko Pöyry Infra - Transportation Asia Ltd, Hongkong	100.0			0.1	0.0	2
GKW Consult Hungary Service Ltd., Hungary	100.0			0.0	0.0	
IKOS ODD, Bulgaria	100.0			0.0	0.0	
Jaakko Pöyry Group Projects Ltd Oy, Finland	100.0			0.0	0.2	
SIA JP-Terasto, Latvia	100.0			0.0	0.0	
UAB "Jaakko Pöyry Group Lietuva", Lithuania	100.0			0.1	1.1	15
OÛ CMC Baltic, Estonia	100.0			1.2	1.4	6
SIA CMC Baltic, Latvia	100.0			0.1	1.3	12
Inframan Oy, Finland	100.0			0.5	0.2	
UAB CMC Baltic, Lithuania	100.0			0.0	0.1	5
GKW (Nigeria) Limited, Nigeria	60.0			0.0	0.0	
GKW Consult Dakar SARL, Senegal	90.0			0.0	0.0	

	Group ownership of voting rights, %	Parent company ownership of voting rights, %	Bookvalue Parent company EUR million	Bookvalue Other group company EUR million	Net sales EUR million	Personnel
Other						
Inforbis Oy, Finland	100.0	100.0	0.5		0.5	4
JP-Sijoitus Oy, Finland	100.0	100.0	1.4			
JP-Finanz AG, Switzerland	100.0	100.0	0.0			
Electrowatt Engineering (Deutschland) GmbH, Germany	100.0			2.8	0.0	2
Jaakko Pöyry (USA) Inc., USA	100.0			7.7		
Jaakko Pöyry Group Consulting (Beijing)					0.1	4
Company Limited, China	100.0	100.0	0.1			
JP-Invest (BVI) Ltd, British Virgin Islands	100.0			0.0		
Jaakko Pöyry Engineering (South America) S.A., Uruguay	100.0	100.0	0.0			
J.P. New Zealand Ltd, New Zealand	100.0			0.0		
Jaakko Pöyry spol s.r.o., Czech Republic	100.0	100.0	0.0			
ZAO Konsofin, Russia	100.0			0.0		
			106.8	**81.4**		
Associated companies						
Book value			0.3	0.9		
Accumulated influence on the earnings and the balance sheet				3.1		
			0.3	**4.0**		

More detailed information in the notes to the Balance sheet 3.

			Parent company EUR million	Other group company EUR million		
Other share ownership						
B. Grimm Bayernwerk Electrowatt Ltd (Amata Power), Thailand				2.8		
ERL Management S.A., Switzerland				1.6		
Amata Bien Hoa, Thailand				1.0		
Peak Pacific Investment Company Ltd, Singapore				0.4		
Private Energy Market Fund Ky, Finland				0.5		
Conox Oy, Finland				0.0		
FCG Finnish Consulting Group Oy, Finland			0.1			
GT-Geotieto Oy, Finland				0.0		
Shares in condominiums and in real estate companies, Finland			0.5	0.1		
Other shares				0.3		
			0.6	**6.7**		

RECONCILIATION FAS–IFRS

	EUR million	FAS 2004	Change	IFRS 2004
	STATEMENT OF INCOME			
	Net sales	**473.9**		**473.9**
	Other operating income	2.1		2.1
	Share of associated companies' results	0.5		0.5
	Materials and supplies	64.9		64.9
1)	Personnel expenses	263.7	2.7	266.4
2)	Depreciation of goodwill	4.9	- 4.9	0.0
	Other depreciation and value decrease	9.1		9.1
	Other operating expenses	106.2		106.2
	Operating profit	**27.7**	**2.2**	**29.9**
	Proportion of net sales, %	5.8		6.3
	Financial income and expenses	+ 1.0		+ 1.0
	Proportion of net sales, %	0.2		0.2
	Profit before taxes	**28.7**	**2.2**	**30.9**
	Proportion of net sales, %	6.1		6.5
3)	Income taxes	- 9.5	- 0.5	- 10.0
	Net profit for the period	**19.2**	**+ 1.7**	**20.9**
	Attributable to:			
	Equity holders of the parent company	18.0	+ 1.7	19.7
	Minority interest	1.2		1.2

CHANGES

		2004
	STATEMENT OF INCOME	
1)	Pension expenses from benefit plans	- 2.0
	Expenses from option programmes	- 0.7
2)	Depreciation of consolidation goodwill	4.9
3)	Change in deferred tax receivables	- 0.5
	Total	**+ 1.7**

		Dec. 31, 2003	Dec. 31, 2004
	BALANCE SHEET		
4)	Finance lease assets	1.6	1.0
5)	Receivables, value decrease	- 0.2	- 0.2
6)	Deferred tax receivables	5.4	4.8
7)	Assets from benefit plans	8.0	6.7
	Other	- 0.2	- 0.1
	Total	**14.6**	**12.2**
8)	Change in equity	11.5	9.1
9)	Finance lease liabilities	1.6	1.0
10)	Liabilities from benefit plans	1.5	2.1
	Total	**14.6**	**12.2**

	EUR million	FAS Dec 31, 2003	Change	IFRS Dec 31, 2003	FAS Dec. 31, 2004	Change	IFRS Dec. 31, 2004
	BALANCE SHEET						
	Consolidation goodwill	34.3		34.3	33.6	0.4	34.0
	Intangible assets	4.7		4.7	4.4	- 0.4	4.0
4)	Tangible assets	16.2	1.6	17.8	14.8	1.0	15.8
5)	Non-current investments	9.4		9.4	10.4		10.4
6)	Deferred tax receivables	0.3	5.4	5.7	1.3	4.8	6.1
	Work in progress	35.4		35.4	46.6		46.6
	Accounts receivable	87.0		87.0	103.6		103.6
7)	Other receivables	20.5	7.6	28.1	23.5	6.4	29.9
	Cash and cash equivalents	63.1		63.1	62.2		62.2
	Assets total	**270.9**	**14.6**	**285.5**	**300.4**	**12.2**	**312.6**
8)	Equity attributable to the equity holders of the parent company	117.9	11.5	129.4	117.5	9.1	126.6
	Minority interest	4.2		4.2	7.1		7.1
	Pension obligations		1.4	1.4		6.6	6.6
9)	Interest bearing non-current liabilities	11.2	1.1	12.3	8.6	0.7	9.3
9)	Interest bearing current liabilities	2.2	0.5	2.7	2.6	0.3	2.9
	Project advances	37.5		37.5	51.6		51.6
	Accounts payable	10.6		10.6	13.9		13.9
10)	Other non-interest bearing liabilities	87.3	0.1	87.4	99.1	- 4.5	94.6
	Liabilities total	**270.9**	**14.6**	**285.5**	**300.4**	**12.2**	**312.6**

	Dec. 31, 2003	Dec. 31, 2004
SHAREHOLDERS' EQUITY		
Equity attributable to the equity holders of the parent company, FAS	117.9	117.5
Benefit plans, net assets	6.5	4.6
Deferred tax receivables	5.4	4.8
Receivables, value decrease	- 0.2	- 0.1
Other	- 0.2	- 0.2
IFRS changes total	11.5	9.1
Equity attributable to the equity holders of the parent company, IFRS	129.4	126.6

	FAS 2004	IFRS 2004
KEY FIGURES		
Earnings/share, EUR	1.30	1.42
Corrected with dilution effect	1.26	1.38
Equity attributable to the equity holders of the parent company/share, EUR	8.43	9.09
Return on investment, %	21.6	21.4
Return on equity, %	15.6	15.6
Equity ratio, %	50.1	51.2
Net debt/equity ratio (gearing), %	- 40.9	- 37.4

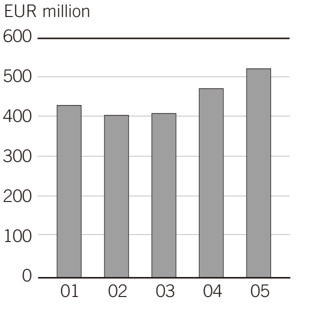
Key figures

EUR million	FAS 2001	FAS 2002	FAS 2003	IFRS 2004	IFRS 2005
STATEMENT OF INCOME					
Consulting and engineering	405.0	386.0	405.0	458.4	502.8
EPC	26.8	21.0	6.6	15.5	20.8
Net sales total	**431.8**	**407.0**	**411.6**	**473.9**	**523.6**
Change in net sales, %	- 9.0	- 5.7	1.1	15.1	10.5
Other operating income	2.0	1.4	12.9	2.1	0.8
Share of associated companies' results	0.2	- 0.1	0.2	0.5	0.8
Materials and supplies	61.8	57.8	47.1	64.9	75.1
Personnel expenses	226.2	228.0	235.4	266.4	283.2
Depreciation of goodwill	4.0	4.5	5.0		
Other depreciation	9.2	8.8	9.2	9.1	7.9
Other operating expenses	104.8	90.8	92.6	106.2	121.8
Operating profit	**28.0**	**18.4**	**35.4**	**29.9**	**37.2**
Proportion of net sales, %	6.5	4.5	8.6	6.3	7.1
Financial income and expenses	- 1.7	- 0.3	+ 0.4	+ 1.0	+ 1.4
Proportion of net sales, %	0.4	0.1	0.1	0.2	0.3
Profit before taxes	**26.3**	**18.1**	**35.8**	**30.9**	**38.6**
Proportion of net sales, %	6.1	4.5	8.7	6.5	7.4
Income taxes	- 7.3	- 5.7	- 10.8	- 10.0	- 12.3
Net profit for the period	**19.0**	**12.4**	**25.0**	**20.9**	**26.3**
Attributable to:					
Equity holders of the parent company	18.0	12.3	24.7	19.7	25.9
Minority interest	1.0	0.1	0.3	1.2	0.4

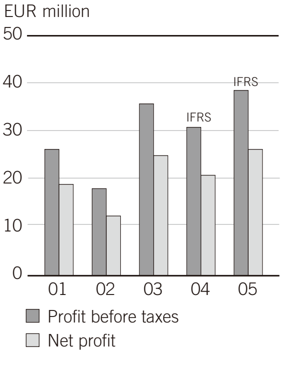
EUR million	FAS 2001	FAS 2002	FAS 2003	IFRS 2004	IFRS 2005
BALANCE SHEET					
Goodwill	31.9	34.0	34.3	34.0	42.4
Tangible and intangible assets	37.5	32.7	20.9	19.8	23.7
Non-current investments	13.2	12.5	9.4	10.4	12.7
Non-current receivables	7.6	7.1	9.7	22.7	20.2
Work in progress	46.9	36.1	35.4	46.6	56.6
Accounts receivable	82.4	86.0	87.0	103.6	108.1
Other current receivables	15.5	16.9	11.1	13.3	21.6
Cash and cash equivalents	32.5	26.0	63.1	62.2	64.5
Assets total	**267.5**	**251.3**	**270.9**	**312.6**	**349.8**
Equity attributable to the equity holders of the parent company	104.7	104.3	117.9	126.6	144.2
Minority interest	5.1	5.0	4.2	7.1	4.7
Pension obligations	0.0	0.0	0.0	6.6	6.8
Provisions	0.0	0.0	0.0	0.7	3.4
Interest bearing liabilities	29.2	19.9	13.4	12.2	10.7
Project advances	42.8	37.2	37.5	51.6	51.0
Accounts payable	17.0	12.8	10.6	13.9	18.8
Other non-interest bearing liabilities	68.7	72.1	87.3	93.9	110.2
Liabilities total	**267.5**	**251.3**	**270.9**	**312.6**	**349.8**

EUR million	FAS 2001	FAS 2002	FAS 2003	IFRS 2004	IFRS 2005
STATEMENT OF CHANGES IN FINANCIAL POSITION					
From operations	+ 19.3	+ 21.3	+ 51.9	+ 37.4	+ 35.3
Capital expenditure, net	- 6.9	- 8.8	+ 5.9	- 17.1	- 19.2
Financing	- 17.4	- 19.0	- 20.7	- 21.2	- 13.8
Change in liquid assets	- 5.0	- 6.5	+ 37.1	- 0.9	+ 2.3
Liquid assets December 31	**32.5**	**26.0**	**63.1**	**62.2**	**64.5**

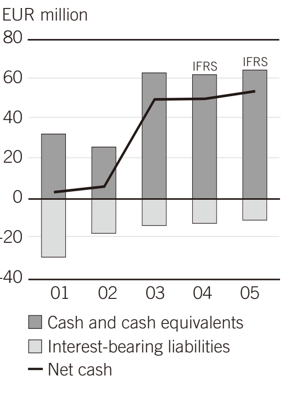
Net sales



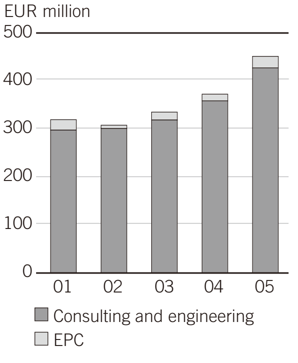
Profit before taxes and net profit



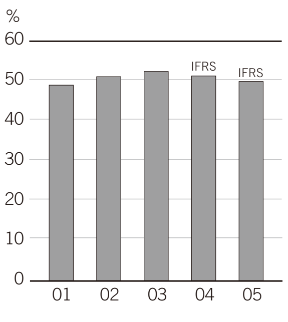
Financing



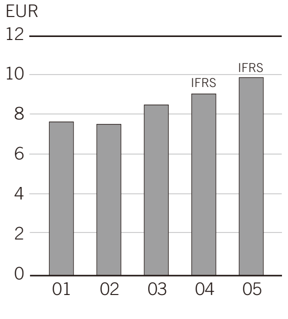
Order stock



Equity ratio



Shareholders' equity/share



EUR million	FAS 2001	FAS 2002	FAS 2003	IFRS 2004	IFRS 2005
PROFITABILITY AND OTHER KEY FIGURES					
Return on investment, %	21.2	14.5	27.7	21.4	25.8
Return on equity, %	17.8	11.3	21.7	15.6	18.6
Equity ratio, %	48.9	51.0	52.3	51.2	49.8
Equity/assets ratio, %	41.1	43.5	45.1	42.8	42.6
Net debt/equity ratio (gearing), %	- 3.0	- 5.6	- 40.7	- 37.4	- 36.1
Net debt, EUR million	- 3.3	- 6.1	- 49.7	- 50.0	- 53.8
Current ratio	1.3	1.4	1.6	1.5	1.4
Consulting and engineering, EUR million	298.1	301.6	319.3	359.3	428.1
EPC, EUR million	21.8	6.8	16.4	13.9	24.0
Order stock total, EUR million	319.9	308.4	335.7	373.2	452.1
Capital expenditure, operating, EUR million	7.9	9.1	9.0	7.3	8.0
Proportion of net sales, %	1.8	2.2	2.2	1.5	1.5
Capital expenditure in shares, EUR million	0.1	2.5	6.4	11.4	17.8
Proportion of net sales, %	0.0	0.6	1.5	2.4	3.4
Personnel in group companies on average	4 584	4 635	4 697	5 219	5 423
Personnel in associated companies on average	199	195	195	213	249
Personnel in group companies at year-end	4 584	4 632	4 766	5 309	5 608
Personnel in associated companies at year-end	197	194	191	240	248

KEY FIGURES FOR THE SHARES					
Earnings/share, EUR	1.30	0.90	1.80	1.42	1.80
Corrected with dilution effect	1.24	0.86	1.76	1.38	1.80
Equity attributable to the equity holders of the parent company/share, EUR	7.69	7.57	8.54	9.09	9,91
Dividend, EUR million	8.2	8.3	20.7	16.9	18.9 [1]
Dividend/share, EUR	0.60	0.60	1.50	1.20	1.30 [1]
Dividend/earnings, %	46.1	66.7	83.3	84.5	72.2
Effective return on dividend, %	3.7	4.0	6.9	5.4	4.1
Price/earnings multiple	12.3	16.7	12.1	15.6	17.7
Issue-adjusted trading prices, EUR					
Average trading price	18.09	16.43	16.86	21.07	26.84
Highest trading price	21.00	19.00	22.50	23.10	34.00
Lowest trading price	15.00	11.40	13.00	19.75	22.20
Closing price at year-end	16.00	15.00	21.80	22.20	31.86
Total market value					
Outstanding shares, EUR million	218.0	206.7	301.0	309.3	463.4
Own shares, EUR million	4.9	0.2	3.5	0.0	0.0
Trading volume of shares					
Shares, 1000	2 280	1 615	3 288	5 848	5 085
Proportion of the total volume, %	16.5	11.8	23.8	42.0	35.4
Issue-adjusted number of outstanding shares, 1000					
On average	13 838	13 696	13 739	13 844	14 367
At year-end	13 624	13 782	13 804	13 930	14 545

1) Board of Directors' proposal.

EUR million	1–3/04	4–6/04	7–9/04	10–12/04	1–3/05	4–6/05	7–9/05	10–12/05
NET SALES								
Forest Industry	47.1	48.4	40.7	50.1	50.0	51.5	47.4	50.4
Energy	33.0	35.7	35.5	42.3	37.8	39.3	37.4	45.5
Infrastructure & Environment	35.5	34.7	34.6	37.3	35.7	39.2	39.7	50.3
Unallocated	- 0.1	0.0	- 0.4	- 0.5	- 0.2	- 0.1	0.6	- 0.9
	115.5	**118.8**	**110.4**	**129.2**	**123.3**	**129.9**	**125.1**	**145.3**
OPERATING PROFIT AND NET PROFIT FOR THE PERIOD								
Forest Industry	3.5	4.3	4.1	5.3	4.1	4.7	5.9	5.0
Energy	1.8	1.3	1.4	2.5	2.0	2.1	1.8	3.2
Infrastructure & Environment	1.3	1.5	2.1	2.1	1.3	2.6	2.3	3.0
Unallocated	- 0.1	- 0.3	- 0.2	- 0.7	- 0.2	- 0.5	- 0.2	0.1
Operating profit	**6.5**	**6.8**	**7.4**	**9.2**	**7.2**	**8.9**	**9.8**	**11.3**
Financial items	0.1	0.2	0.2	0.5	0.3	0.1	0.6	0.4
Profit before taxes	**6.6**	**7.0**	**7.6**	**9.7**	**7.5**	**9.0**	**10.4**	**11.7**
Income taxes	- 2.2	- 2.5	- 1.4	- 3.9	- 2.5	- 2.8	- 3.2	- 3.8
Net profit for the period	**4.4**	**4.5**	**6.2**	**5.8**	**5.0**	**6.2**	**7.2**	**7.9**
Profit attributable to:								
Equity holders of the parent company	4.3	4.1	6.1	5.2	4.7	6.1	7.4	7.7
Minority interest	0.1	0.4	0.1	0.6	0.3	0.1	- 0.2	0.2
OPERATING PROFIT %								
Forest Industry	7.4	8.9	10.1	10.6	8.2	9.1	12.4	9.9
Energy	5.5	3.6	3.9	5.9	5.3	5.3	4.8	7.0
Infrastructure & Environment	3.7	4.3	6.1	5.6	3.6	6.6	5.8	6.0
	5.6	**5.7**	**6.7**	**7.1**	**5.8**	**6.9**	**7.8**	**7.8**
ORDER STOCK								
Forest Industry	94.6	90.4	83.0	82.5	82.5	79.6	78.3	97.3
Energy	166.7	181.8	184.6	171.8	167.1	203.4	197.6	195.2
Infrastructure & Environment	121.5	118.8	117.1	118.8	127.0	121.1	144.2	159.5
Unallocated	0.0	0.0	0.1	0.1	0.3	0.2	0.2	0.1
	382.8	**391.0**	**384.8**	**373.2**	**376.9**	**404.3**	**420.3**	**452.1**
Consulting and engineering	368.0	371.3	367.1	359.3	366.7	367.4	388.1	428.1
EPC	14.8	19.7	17.7	13.9	10.2	36.9	32.2	24.0
	382.8	**391.0**	**384.8**	**373.2**	**376.9**	**404.3**	**420.3**	**452.1**

CALCULATION OF KEY FIGURES

Return on investment, ROI %

$$\frac{\text{profit before taxes + interest and other financial expenses}}{\text{balance sheet total - non-interest bearing liabilities (average)}} \times 100$$

Return on equity, ROE %

$$\frac{\text{net profit}}{\text{equity (average)}} \times 100$$

Equity ratio %

$$\frac{\text{equity}}{\text{balance sheet total - advance payments received}} \times 100$$

Equity/assets ratio %

$$\frac{\text{equity}}{\text{balance sheet total}} \times 100$$

Net debt/equity ratio, gearing %

$$\frac{\text{interest-bearing liabilities - cash and cash equivalents}}{\text{equity}} \times 100$$

Current ratio

$$\frac{\text{current assets}}{\text{current liabilities}}$$

Earnings/share, EPS

$$\frac{\text{net profit attributable to the equity holders of the parent company}}{\text{issue-adjusted average number of shares for the fiscal year}}$$

Equity attributable to the equity holders of the parent company/share

$$\frac{\text{equity attributable to the equity holders of the parent company}}{\text{issue-adjusted number of shares at the end of the fiscal year}}$$

Dividend/share

$$\frac{\text{dividend}}{\text{issue-adjusted number of shares at the end of the fiscal year}}$$

Dividend/earnings %

$$\frac{\text{dividend for the fiscal year}}{\text{net profit attributable to the equity holders of the parent company}} \times 100$$

Effective return on dividend %

$$\frac{\text{dividend/share}}{\text{issue-adjusted trading price at the end of the fiscal year}} \times 100$$

Price/earnings multiple, P/E

$$\frac{\text{quoted share price at the end of the fiscal year}}{\text{earnings per share}}$$

Market value of share capital

number of shares at the end of the fiscal year
x
closing price at the end of the fiscal year

Exchange of shares %

$$\frac{\text{number of shares exchanged during the fiscal year}}{\text{average number of shares for the fiscal year}} \times 100$$

Shareholders and shares

SHARE CAPITAL AND SHARES

The shares of Jaakko Pöyry Group Oyj are quoted on the Helsinki Stock Exchange in the industry classification sector industrials. The first day of trading was December 2, 1997. The trading code is JPG1V and the trading lot 100 shares. The company has one series of shares. Each share entitles to one vote and the same dividend rate. Jaakko Pöyry Group Oyj's share register is maintained by the Finnish Central Securities Depository Ltd.

According to the company's Articles of Association, the issued share capital must not be less than EUR 10 000 000 nor more than EUR 40 000 000. The share capital can be increased or decreased within these limits without amending the Articles of Association. The book value of the share is EUR 1.00. On December 31, 2005, the share capital of Jaakko Pöyry Group Oyj was EUR 14 545 036.

BOND LOAN 1998 AND WARRANTS

Jaakko Pöyry Group Oyj issued in 1998 a bond loan with warrants for subscription by Group personnel, by the members of the parent company's Board of Directors, and by a wholly-owned subsidiary of Jaakko Pöyry Group Oyj. The loan was repaid in 2001. A total of 137 750 warrants attached to the bond loan were traded during 2005 for a total amount of EUR 2.3 million, with a high of EUR 19.70 and a low of EUR 12.21.

The subscription period for all warrants attached to the bond loan issued by Jaakko Pöyry Oyj in 1998 ended on April 30, 2005. The 1 300 000 warrants attached to the bond loan allowed subscription of 1 300 000 new shares in the company. A total of 1 299 015 new shares were subscribed based on the warrants, raising the company's share capital by a total of EUR 1 299 015.

OPTION PROGRAMME 2004

The Annual General Meeting on March 3, 2004 decided to issue stock options to the management of the Group as well as to a wholly-owned subsidiary of Jaakko Pöyry Group Oyj. The total number of stock options is 550 000 and each stock option entitles the holder to subscribe one share in Jaakko Pöyry Group Oyj. Should all warrants be used for subscription of shares, the new shares will equal 3.8 per cent of the total number of shares after the subscriptions. All stock options have been issued and their receipt confirmed. 29 persons are included in the option programme.

The share subscription price for stock option 2004A is the trade volume-weighted average quotation of the Jaakko Pöyry Group Oyj share on the Helsinki Stock Exchange between April 1 and April 30, 2004, with an addition of 20 per cent; for stock option 2004B the trade volume-weighted average quotation of the Jaakko Pöyry Group Oyj share on the Helsinki Stock Exchange between April 1 and April 30, 2005, with an addition of 20 per cent; and for stock option 2004C the trade volume-weighted average quotation of the Jaakko Pöyry Group Oyj share on the Helsinki Stock Exchange between April 1 and April 30, 2006, with an addition of 20 per cent. From the share subscription price of stock options will be deducted, as per the dividend record date, the amount of dividend paid after April 1, 2004 but before the share subscription.

BOARD OF DIRECTORS' AUTHORISATIONS

The Board of Directors of Jaakko Pöyry Group Oyj is authorised until March 3, 2006 to decide on an increase in the share capital by a maximum of EUR 1 000 000 by issuing for subscription a maximum of 1 000 000 new shares. The Board has not exercised this authorisation.

The Board of Directors proposes to the Annual General Meeting on March 7, 2006 that the Board be reauthorised to raise the share capital by a maximum of EUR 2 800 000 by issuing for subscription a maximum of 2 800 000 new shares.

The Board of Directors is authorised until March 3, 2006 to acquire or convey the company's own shares. The authorisation covers a maximum of 700 000 shares, however, less than 5.0 per cent of the total number of shares and total number of votes. The Board has not exercised this authorisation. The Jaakko Pöyry Group does not hold own shares.

The Board of Directors proposes to the Annual General Meeting on March 7, 2006 that the Board be reauthorised to acquire or convey the company's own shares to a maximum of 1 400 000 shares.

DEVELOPMENT OF SHARE CAPITAL	Share capital EUR 1000	Share premium reserve EUR 1000	Legal reserve EUR 1000	Shares 1000	Nominal value EUR/share
December 2, 1997	11 521	15 058	20 183	13 700	0.84
June 11, 1999	11 998	20 117	20 183	14 267	0.84
March 20, 2000, cancellation of shares	11 496	20 619	20 183	13 670	0.84
March 20, 2000	13 670	20 619	18 008	13 670	1.00
Subscription with 1998 warrants in 2000	13 724	21 149	18 008	13 724	1.00
Subscription with 1998 warrants in 2001	13 933	23 084	18 008	13 933	1.00
March 22, 2002, cancellation of shares	13 624	23 393	18 008	13 624	1.00
Subscription with 1998 warrants in 2002	13 792	24 842	18 008	13 792	1.00
Subscription with 1998 warrants in 2003	13 971	26 278	18 008	13 971	1.00
March 25, 2004, cancellation of shares	13 808	26 441	18 008	13 808	1.00
Subscription with 1998 warrants in 2004	14 110	28 434	18 008	14 110	1.00
Subscription with 1998 warrants in 2005	14 497	30 504	18 008	14 497	1.00
August 31, 2005, merger consideration	14 545	31 515	18 008	14 545	1.00
March 31, 2012, if all 2004A/B/C stock options are exercised for subscription	15 095			15 095	1.00

OPTION PROGRAMME 2004, SHARE SUBSCRIPTION PRICE	Number of shares	Subscription period	Subscription price, EUR	Subscription price, Dec. 31,2005, EUR
Stock option 2004A	165 000	March 1, 2007–March 31, 2010	26.63	24.93
Stock option 2004B	165 000	March 1, 2008–March 31, 2011	29.59	27.90
Stock option 2004C	220 000	March 1, 2009–March 31, 2012	trade volume weighted average quotation between April 1 and 30, 2006 with an addition of 20%	–

SHARE SPLIT

The Board of Directors proposes that the Annual General Meeting on March 7, 2006 decide to increase the number of the shares of the Company in proportion to the ownership of the shareholders without increasing the share capital (share split). It is proposed to realise the share split so that all shares of the Company with an accounting par value of one (1.00) EUR will be split so that each share will entitle to four (4) new shares with an accounting par value of 0.25 EUR each.

The share split will be implemented in the book-entry system and it does not require any measures from the shareholders.

Due to the share split, the terms and conditions of the stock options 2004 will be amended accordingly. Each stock option will entitle to subscribe for four (4) shares of the Company with an accounting par value of 0.25 EUR each and the total subscription price will remain unchanged.

SHAREHOLDERS

According to Jaakko Pöyry Group Oyj's share register, there were a total of 1 876 registered shareholders at the end of 2005. The number of shareholders increased by 481 during the year.

Updated on a monthly basis, information on the biggest shareholders and the distribution of ownership is available on the Jaakko Pöyry Group's website.

FLAGGING NOTIFICATIONS AND NOMINEE-REGISTERED SHARES

The total number of nominee-registered shares on December 31, 2005 amounted to 4 562 355 shares, equalling 31.4 per cent of the share capital. According to flagging notifications received by the Jaakko Pöyry Group, the asset management companies listed in the table below have owned shares in the company during 2005.

MANAGEMENT'S SHAREHOLDINGS

The members of the Board of Directors and the Executive Committee owned on December 31, 2005 a total of 42 530 shares, which equals 0.3 per cent of the company's share capital and the number of votes. The Chief Executive Officer and the Deputy to the CEO are authorised to increase their shareholdings to a maximum of 1.0 per cent of the shares by exercising their stock options. Information concerning the shareholdings and stock options of the members of Jaakko Pöyry Oyj's Board of Directors and Executive Committee is given on page 47.

	Shares	Stock options 2004A/B/C
Members of the Board of Directors	32 930	
President and CEO, Deputy to President and CEO	5 500	150 000
Group Executive Committee	4 100	130 000
Total	42 530	280 000

Henrik Ehrnrooth, Chairman of the Board of Directors, together with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth, indirectly holds a controlling interest in Corbis S.A.

SHARE PRICE DEVELOPMENT AND TRADING VOLUME

Jaakko Pöyry Group Oyj's market capitalisation at the end of the financial year was EUR 463.4 million. The share price increased during the year by 43.5 per cent from EUR 22.20 to EUR 31.86. During the same period, the OMX Helsinki index rose by 31.1 per cent and the OMX Helsinki Cap index by 30.1per cent. The highest share price was EUR 34.00 and the lowest EUR 22.20. A total of 5 084 992 shares where traded for a total of EUR 136.3 million. The number of shares traded during the year equals 35.4 per cent of the total number of issued shares.

DIVIDEND

Jaakko Pöyry Group Oyj's target is that the dividend/earnings ratio should be at least 50 per cent. Should the Group's net debt/equity ratio exceed 30 per cent, the dividend/earnings ratio may be adjusted.

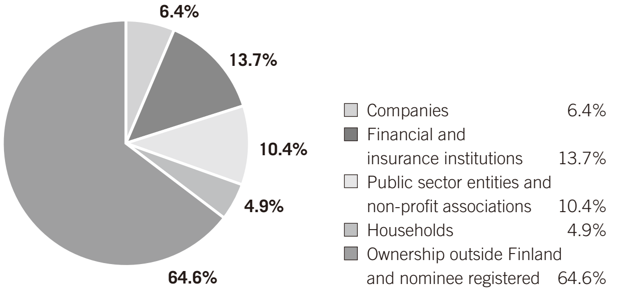
The Board of Directors of Jaakko Pöyry Group Oyj proposes to the Annual General Meeting on March 7, 2006 that a dividend of EUR 1.30 per share be paid for the year 2005, totalling EUR 18.9 million. This corresponds to 72.2 per cent of the earnings per share for the financial year. The dividend will be payable on March 17, 2006.

KEY FIGURES FOR THE SHARES

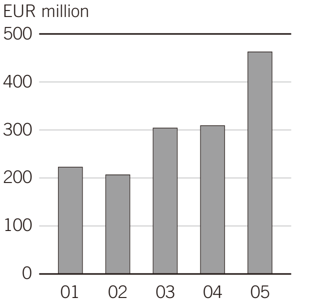
The development of the share price and trading volume, and key figures for the shares for the years 2001–2005 are presented on page 29.

Date of notification	Shareholder	Reason for notification	Shareholding on date of notificationon	Proportion of shares on date of notification, %
FLAGGING NOTIFICATIONS AND NOMINEE-REGISTERED SHARES				
November 24, 2005	Robeco International Asset Management	holding falling below 1/20	294 095	2.02
April 15, 2005	Columbia Wanger Asset Management L.P.	holding exceeding 1/20	772 000	5.47
June 17, 2005	Fidelity International Limited	holding falling below 1/20	690 100	4.77
May 18, 2004	I.G. International Management Limited	holding exceeding 1/20	935 839	6.75
February 3, 2004	Grantham, Mayo, Van Otterloo & Co. LLC	holding exceeding 1/20	700 974	5.02

Ownership stucture by type of shareholder (by amount of shares)



Market capitalisation



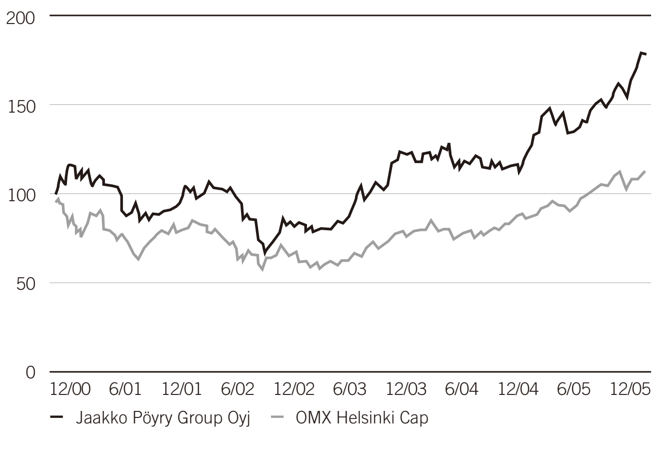
	Number of shares	Per cent of shares and voting rights, %
MAJOR REGISTERED SHAREHOLDERS		
1. Corbis S.A.	4 465 300	30.70
2. Procurator Oy	556 750	3.83
3. Varma Mutual Pension Insurance Company	491 650	3.38
4. Tapiola Mutual Pnesion Insurance Company	431 700	2.97
5. Nordea Fund company Ab (FI)	406 310	2.79
6. Odin funds	333 300	2.30
7. OP-Delta Sijoitusrahasto	304 520	2.09
8. Placeringsfonden Aktia Capital	270 300	1.86
9. OP-Suomi Kasvu Sijoitusrahasto	191 400	1.32
10. Ilmarinen Mutual Pension Insurance Company	190 000	1.31
Shares nominee registered	4 562 355	31.37
Other shareholders	2 341 451	16.08
Total	**14 545 036**	**100.00**

	Number of owners	Per cent of owners	Shares and voting rights	Per cent of shares and voting rights
OWNERSHIP STRUCTURE BY TYPE OF SHAREHOLDER				
Companies	139	7.4	924 112	6.4
Financial and insurance institutions	34	1.8	1 990 530	13.7
Public sector entities and non-profit associations	73	3.9	1 511 167	10,4
Households	1 595	85.0	713 185	4.9
Ownership outside Finland and shares nominee registered owners	35	1.9	9 406 042	64.6
Total	**1 876**	**100.0**	**14 545 036**	**100.0**

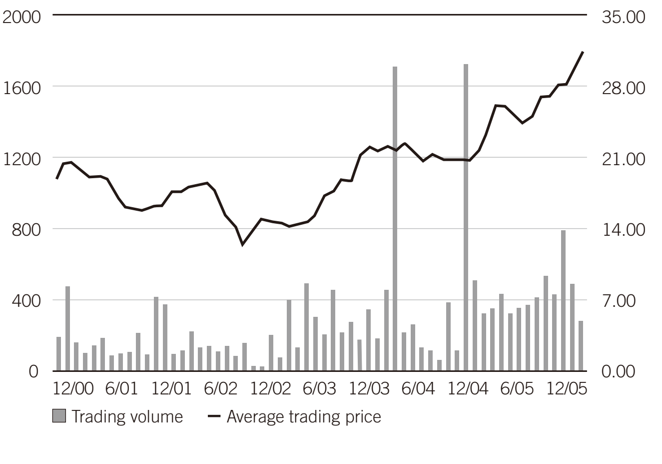
	Number of owners	Per cent of owners	Shares and voting rights	Per cent of shares and voting rights
OWNERSHIP STRUCTURE BY NUMBER OF SHARES OWNED				
1–100	674	35.9	59 981	0.4
101–500	799	42.6	225 342	1.6
501–1000	179	9.5	148 505	1.0
1001–5000	133	7.1	289 401	2.0
5001–	91	4.9	13 821 807	95.0
Total	**1 876**	**100.0**	**14 545 036**	**100.0**

Source: Finnish Central Securities Depository Ltd., December 31, 2005

Development of the share price on the Helsinki Stock Exchange



Trading volume of shares and average trading price



Parent company

	EUR million	2005	2004
	STATEMENT OF INCOME		
1	**Net sales**	**5.9**	4.6
2	Other operating income	**5.4**	4.9
3	Personnel expenses	**- 4.5**	- 4.2
	Depreciation	**- 0.4**	- 0.2
	Other operating expenses	**- 7.1**	- 6.3
	Operating profit	**- 0.7**	**- 1.2**
4	Financial income and expenses	**+ 27.2**	+ 5.9
	Profit before extraordinary items	**26.5**	**4.7**
5	Extraordinary items	**+ 15.8**	+ 16.2
	Profit before taxes	**42.3**	**20.9**
6	Income taxes	**- 3.4**	- 6.7
	Net profit for the period	**38.9**	**14.2**

		2005	2004
	BALANCE SHEET		
	ASSETS		
	Fixed assets		
1	Intangible assets	**0.5**	0.2
2	Tangible assets	**0.5**	0.7
3	Non-current investments	**136.0**	115.7
		137.0	116.6
	Current assets		
4–5	Current receivables	**16.4**	23.4
	Investments	**11.2**	12.7
	Cash in hand and at banks	**13.9**	9.9
		41.5	46.0
	Total	**178.5**	**162.6**
	SHAREHOLDERS' EQUITY AND LIABILITIES		
6	**Shareholders' equity**		
	Share capital	**14.5**	14.1
	Share premium reserve	**31.5**	28.4
	Legal reserve	**18.0**	18.0
	Retained earnings	**2.8**	5.5
	Net profit for the period	**38.9**	14.2
		105.7	80.2
	Liabilities		
7–9	Non-current liabilities	**19.1**	20.3
10–11	Current liabilities	**53.7**	62.1
		72.8	82.4
	Total	**178.5**	**162.6**

EUR million	2005	2004
STATEMENT OF CHANGES IN FINANCIAL POSITION		
From operations		
Operating profit	**- 0.7**	- 1.2
Depreciation and value decrease	**+ 0.4**	+ 0.2
Gain on sale of fixed assets	**- 0.0**	- 0.0
Change in net working capital	**+ 2.6**	- 2.2
Financial income and expenses	**- 0.3**	+ 0.2
Taxes	**-5.5**	- 5.1
Total from operations	**- 3.5**	- 8.1
Capital expenditure		
Investments in shares in subsidiaries	**- 1.1**	- 10.8
Investments in fixed assets	**- 1.0**	- 0.8
Sales of shares in subsidiaries, return of capital	**+ 0.0**	+ 3.9
Sales of other shares	**+ 0.4**	+ 0.0
Sales of fixed assets	**+ 0.5**	+ 0.5
Capital expenditure total	**- 1.2**	- 7.2
Cash flow before financing	**- 4.7**	- 15.3
Financing		
New loans	**+ 7.5**	+ 3.1
Repayments of loans	**- 3.6**	- 6.9
Change in current financing	**- 10.5**	+ 13.9
Change in non-current investments	**- 6.2**	- 4.3
Dividends	**- 16.9**	- 20.7
Share subscription	**+ 2.5**	+ 2.3
Dividends received	**+ 10.0**	+ 4.3
Group contribution	**+ 24.4**	+ 10.1
Financing total	**+7.2**	+ 1.8
Change in liquid assets	**+ 2.5**	- 13.5
Liquid assets January 1	**22.6**	36.1
Liquid assets December 31	**25.1**	**22.6**

ACCOUNTING PRINCIPLES

Jaakko Pöyry Group Oyj is the parent company in the Jaakko Pöyry Group.

BASIS OF PREPARATION

Jaakko Pöyry Group Oyj has prepared the financial statements in accordance with the Finnish Accounting Standards (FAS). The financial statements are presented in euros and have been prepared under the historical cost convention.

NET SALES

Jaakko Pöyry Oyj's net sales are Group internal service fees.

EXTRAORDINARY ITEMS

The extraordinary items are group contributions and gains or losses from mergers.

INCOME TAXES

The income taxes include taxes based on the taxable profit for the period, together with tax adjustments for previous periods.

RESEARCH AND DEVELOPMENT

The company has no expenses due to research and development.

FOREIGN CURRENCY TRANSLATION

Receivables and liabilities in foreign currencies are valued at the exchange rates prevailing at the balance sheet date. Open forward contracts are valued at the exchange rates prevailing at the balance sheet date.

RECORDING OF EXCHANGE GAINS AND LOSSES

Exchange gains and losses from realisation and from valuation are taken into account in the statement of income. The interest rate differential of the forward contracts is included in the exchange gains or losses. Exchange gains and losses related to business operations are included in net sales or operating expenses. Exchange gains and losses related to financing operations are included in financial income and expenses.

DEPRECIATION PRINCIPLES

A predetermined schedule has been used in depreciation according to plan on depreciable fixed assets. Depreciation according to plan has been calculated on a straight-line basis. Capitalised expenditure is depreciated over three to five years. Machinery and equipment are depreciated over four to eight years.

INTANGIBLE AND TANGIBLE ASSETS

The intangible and tangible assets are valued at their original acquisition cost less accumulated depreciation.

CAPITALISED EXPENDITURE

Capitalised expenditure includes mainly purchases of computer software and systems.

LEASE AGREEMENTS

The lease agreements are mainly office facility agreements. The company has also some lease agreements for cars and for office equipment. Lease payments are treated as rent expenses during the rental period.

PENSION ARRANGEMENTS

The statutory pension liabilities are generally satisfied through contracts with external insurance companies. Voluntary pensions are organised through pension insurances.

EUR million		2005	2004
1.	**Net sales**		
	Net sales	**5.9**	4.6
	The parent company's net sales are Group internal service fees.		
2.	**Other operating income**		
	Rent income	4.9	4.8
	Gain on sales of fixed assets	0.0	0.0
	Other	0.5	0.1
		5.4	**4.9**
3.	**Personnel expenses**		
	Wages and salaries	3.8	3.5
	Pension expenses	0.6	0.4
	Other social expenses	0.1	0.3
		4.5	**4.2**

Salaries and bonuses of the President and CEO and the Deputy to the President and CEO are presented on the Corporate governance pages.

		2005	2004
4.	**Financial income and expenses**		
	Dividend income		
	From group companies	26.7	6.1
	From other	0.1	0.1
		26.8	6.2
	Interest income from non-current investments		
	From group companies	0.8	0.6
	From other	0.0	0.0
		0.8	0.6
	Other interest and financial income		
	From group companies	0.1	0.1
	From other	0.3	0.4
		0.4	0.5
	Interest expenses and other financial expenses		
	To group companies	- 1.0	- 0.8
	To other	- 0.5	- 0.5
		- 1.5	- 1.3
	Exchange rate gains	1.6	0.7
	Exchange rate losses	- 0.9	- 0.3
		+ 0.7	+ 0.4
	Value decrease on non-current investments	0.0	- 0.5
	Total	**+ 27.2**	**+ 5.9**
5.	**Extraordinary items**		
	Merge gain	1.5	0.0
	Group contribution received	14.3	16.2
	Group contribution paid	- 0.0	- 0.0
		15.8	**16.2**
6.	**Income taxes**		
	Taxes for the fiscal year	4.1	6.1
	Taxes for previous years	- 0.7	0.6
		3.4	**6.7**

EUR million		2005	2004
1.	**Intangible assets**		
	Acquisition value Jan. 1	0.6	0.8
	Increase	0.9	0.3
	Decrease	0.5	0.5
	Acquisition value Dec. 31	1.0	0.6
	Accumulated depreciation Jan. 1	0.4	0.3
	Accumulated depreciation of decrease	0.0	0.0
	Depreciation for the period	0.1	0.1
	Accumulated depreciation Dec. 31	0.5	0.4
	Book value Dec. 31	**0.5**	**0.2**
2.	**Tangible assets**		
	Machinery and equipment		
	Acquisition value Jan. 1	0.5	0.5
	Increase	0.0	0.0
	Acquisition value Dec. 31	0.5	0.5
	Accumulated depreciation Jan. 1	0.3	0.2
	Depreciation for the period	0.1	0.1
	Accumulated depreciation Dec. 31	0.4	0.3
	Book value Dec. 31	0.1	0.2
	Other tangible assets		
	Acquisition value Jan. 1	0.7	0.3
	Increase	0.1	0.4
	Decrease	0.1	0.0
	Acquisition value Dec. 31	0.7	0.7
	Accumulated depreciation Jan. 1	0.1	0.1
	Accumulated depreciation of decrease	0.1	0.0
	Depreciation for the period	0.2	0.0
	Accumulated depreciation Dec. 31	0.3	0.1
	Book value Dec. 31	0.4	0.6
	Total tangible assets		
	Acquisition value Jan. 1	1.2	0.8
	Increase	0.1	0.4
	Decrease	0.1	0.0
	Acquisition value Dec. 31	1.2	1.2
	Accumulated depreciation Jan. 1	0.5	0.4
	Accumulated depreciation of decrease	0.1	0.0
	Depreciation for the period	0.3	0.1
	Accumulated depreciation Dec. 31	0.7	0.5
	Book value Dec. 31	**0.5**	**0.7**
3.	**Non-current investments**		
	Shares in group companies Jan. 1	94.0	87.1
	Increase	14.7	10.8
	Decrease	1.9	3.9
	Shares in group companies Dec. 31	106.8	94.0
	Receivables from group companies Jan. 1	20.5	16.6
	Increase	11.5	9.9
	Decrease	3.8	6.0
	Receivables from group companies Dec. 31	28.2	20.5

EUR million		2005	2004
	Shares in associated companies		
	Acquisition value Jan. 1	0.3	0.4
	Increase	0.0	0.0
	Decrease	0.0	0.0
	Value decrease	0.0	0.1
	Shares in associated companies Dec. 31	0.3	0.3
	Other shares Jan. 1	0.9	1.3
	Increase	0.1	0.0
	Decrease	0.4	0.0
	Value decrease	0.0	0.4
	Other shares Dec. 31	0.6	0.9
	Total non-current investments Jan. 1	115.7	105.4
	Increase	26.2	20.7
	Decrease	6.0	9.9
	Value decrease	0.0	0.5
	Total non-current investments Dec. 31	**136.0**	**115.7**
4.	**Current receivables**		
	Accounts receivable	0.9	0.0
	Accounts receivable	1.2	0.6
	Loans receivable	6.5	3.3
	Other receivables	6.9	18.7
	Prepaid expenses and accrued income	0.4	0.5
	Total from group companies	15.0	23.1
	Total from associated companies	0.0	0.0
	Loans receivable	0.0	0.0
	Other receivables	0.0	0.0
	Prepaid expenses and accrued income	0.5	0.3
		16.4	**23.4**
5.	**Prepaid expenses and accrued income**		
	Interest income	0.4	0.1
	Social expenses	0.0	0.0
	Taxes	0.1	0.0
	Other	0.4	0.7
		0.9	**0.8**
6.	**Shareholders' equity**		
	Share capital Jan. 1	14.1	14.0
	Cancellation of own shares	- 0.0	- 0.1
	Shares subscribed with warrants	+ 0.4	+ 0.2
	Merger	0.0	0.0
	Share capital Dec. 31	14.5	14.1
	Share premium reserve Jan.1	28.4	26.3
	Cancellation of own shares	+ 0.0	+ 0.1
	Shares subscribed with warrants, share premium	+ 2.1	+ 2.0
	Merger	+ 1.0	0.0
	Share premium reserve Dec. 31	31.5	28.4
	Legal reserve Jan. 1/ Dec. 31	18.0	18.0
	Retained earnings Jan. 1	19.7	26.2
	Payment of dividend	- 16.9	- 20.7
	Net profit for the period	38.9	+ 14.2
	Retained earnings Dec. 31	41.7	19.7
	Total shareholders' equity Dec. 31	**105.7**	**80.2**

EUR million		2005	2004
7.	**Non-current liabilities**		
	Loans from credit institutions	6.1	8.6
	Liabilities to group companies	12.7	11.3
	Other	0.4	0.4
		19.1	**20.3**
8.	**Loans with due date after five years or later**		
	Loans from credit institutions	0.0	0.9
	Other non-current loans	12.7	11.3
		12.7	**12.2**
9.	**Loans according to maturity**		
	Year 2005		57.1
	Year 2006	49.8	2.6
	Year 2007	2.6	2.6
	Year 2008	2.5	2.5
	Year 2009	0.9	0.9
	Year 2010	0.0	0.0
	Later	12.7	11.3
		68.5	**77.0**
10.	**Current liabilities**		
	Loans from credit institutions	2.6	2.6
	Accounts payable	0.2	0.1
	Loans	47.2	54.5
	Accounts payable	0.3	0.2
	Other current liabilities	0.4	0.1
	Accrued expenses and deferred income	0.0	0.1
	Total to group companies	47.9	54.9
	Total to associated companies	0.0	0.0
	Other current liabilities	0.3	0.4
	Accrued expenses and deferred income	2.7	4.1
		53.7	**62.1**
11.	**Accrued expenses and deferred income**		
	Salaries and vacation accruals	1.5	1.4
	Social expenses	0.5	0.4
	Interest expenses	0.1	0.1
	Taxes	0.0	2.0
	Other	0.6	0.3
		2.7	**4.2**

EUR million		2005	2004
1.	**Contingent liabilities**		
	Pledged assets and mortgages and corresponding loans total	**0.0**	**0.0**
	Pledged assets and mortgages for own debts		
	Mortgages on company assets	0.0	0.0
		0.0	**0.0**
	Other obligations		
	Rent and leasing obligations	69.4	72.7
	Other obligations	5.3	0.0
		74.7	**72.7**
	For group companies		
	Other obligations	45.0	40.3
		45.0	**40.3**
	For associated companies		
		0.0	**0.0**
	For others	0.0	0.0
		0.0	**0.0**
	Total		
	Rent and leasing obligations	69.4	72.7
	Other obligations	50.3	40.3
2.	**Other lease agreements**		
	Lease payments for non-cancellable other lease agreements, mostly office rents		
	Year 2005		3.5
	Year 2006	3.6	3.5
	Year 2007–2009	10.6	10.5
	Later	55.2	55.2
		69.4	**72.7**
3.	**Derivative instruments**		
	Foreign exchange forward contracts, notional values	0.9	2.6
	Foreign exchange forward contracts, fair values	- 0.1	0.1

The notional amounts are not a measure of the foreign rate risk at the exposure outstanding.

Jaakko Pöyry Group Oyj has made interest rate swaps for EUR 8.6 million external loans.

Interest rate swaps fair values	0.0	- 0.1

Corporate governance

The statutory basis of the corporate governance of Jaakko Pöyry Group is the Finnish Companies Act, the Securities Markets Act and the Articles of Association ("Articles") of the parent company Jaakko Pöyry Group Oyj ("Company"). The Company complies with the Corporate Governance Recommendation issued by the Central Chamber of Commerce of Finland, the Confederation of Finnish Industries, EK and the Helsinki Stock Exchange, which entered into force on July 1, 2004.

The responsibility for the control and management of the Company is divided between the shareholders represented at the General Meeting of the Shareholders, the Board of Directors ("Board"), and the President and CEO. The other administering bodies of the Company have an assisting and supporting role.

GENERAL MEETING

The supreme decision-making powers in the Company rest with the General Meeting. The Annual General Meeting is held every year before the end of June and it decides, among other things, about the adoption of the financial statements, distribution of dividends, release from liability of the Board, the President and CEO and his Deputy, and any changes to the Articles.

The Annual General Meeting elects the members of the Board ("Directors") and the auditor of the Company.

BOARD OF DIRECTORS

The Board consists of a minimum of four (4) and a maximum of ten (10) Directors. In its Charter, the Board has established a general guideline that the Board comprise at least five (5) Directors of whom the majority shall be independent. The Directors are appointed for a term of one (1) year lasting until the close of the following Annual General Meeting. The Board appoints from among its members a Chairman and a Vice Chairman.

The Annual General Meeting of 2005 resolved that the Board shall consist of six (6) Directors. Henrik Ehrnrooth was appointed Chairman of the Board and Heikki Lehtonen Vice Chairman. The Directors Heikki Lehtonen, Matti Lehti, Harri Piehl, Karen de Segundo and Franz Steinegger are independent of the Company.

The duties of the Board are specified in the Companies Act, according to which the Board is responsible for overseeing that the management and operations, and the supervision of accounting and financial matters of the company are appropriately organised. The Articles of Jaakko Pöyry Group Oyj do not define other duties of the Board. The Board has authority to act in all matters not reserved by law or the Articles to another governing body.

The Board meets as often as necessary to properly fulfil its duties. The Board agrees well in advance on its annual meeting schedule. In 2005, the Board of Directors convened eight (8) times. The average participation of Directors in the meetings was ninety-thee (93) per cent. The Board evaluates its performance and working methods annually.

The Board has adopted for itself a Charter. According to the Charter, the following matters shall be handled at the Board meetings:

Law, regulations and rules

- Matters specified as the Board's duties by the Finnish Companies Act, other applicable legislation and the Articles
- Approval and regular review of corporate governance
- Adoption of charters for the Board and its committees

General Meetings of Shareholders

- Proposal on dividend distribution and other proposals to the General Meetings of Shareholders

Strategy and business

- Approval of the strategic direction, strategically important or major acquisitions and divestments, and supervisory and control policies
- Approval of business matters in accordance with the Jaakko Pöyry Group Authorities and Approval Matrix and handling of matters which are of significant and extensive nature to the Company
- Reports of the President and CEO to the Board

Organisation structure and Group management

- Approval of the business organisation structure of Jaakko Pöyry Group
- Appointment and discharge of the President and CEO of the Company and his/her Deputy, and approval of the compensation and other terms of their service contracts
- Approval of the appointments and dismissals of the members of the Group Executive Committee and other direct subordinates of the President and CEO of the Company

Financial control

- Approval of the interim reports and annual accounts and related public announcements
- Approval of the Group level annual budgets and action plans
- Approval of loans, guarantees and investments in accordance with the Jaakko Pöyry Group Authorities and Approval Matrix
- Approval of financial control procedures

Committees of the Board of Directors

- Appointment of the members and Chairmen of the committees of the Board
- Proposals and reports of the committees of the Board

Other

- Review of the Group's risk management processes
- Other matters submitted to the Board by a Director, or by the President and CEO or his/her Deputy

COMMITTEES OF THE BOARD OF DIRECTORS

The Board's work is supported by two committees

1. Audit Committee
2. Nomination and Compensation Committee

The Audit Committee comprises at least two (2) members. The members of the Audit Committee must be independent Directors. The Nomination and Compensation Committee comprises at least two (2) members. In addition, an external member representing major shareholders can be appointed to the Nomination and Compensation Committee. The committee members and committee Chairmen are elected annually in the first Board meeting held after the Annual General Meeting.

Based on the resolution made by the Board in April 2005, the members of the Audit Committee are Heikki Lehtonen, Chairman, and Harri Piehl, both independent of the Company. The members of the Nomination and Compensation Committee are Matti Lehti, Chairman, Karen de Segundo, and Georg Ehrnrooth as the external member.

The Board has approved Charters for the Committees.

The Audit Committee shall assist the Board in its responsibilities concerning
- review of risk management procedures
- financial reporting process and integrity
- internal and external auditing, including the review of the independence, qualification and performance of both
- relationship with external auditors (contacts, scope of auditing, compensation, review of reports, and proposal for appointment and dissolution to be presented to the Annual General Meeting)

The Nomination and Compensation Committee shall
- review on an annual basis the composition of the Board and the performance of the Directors as a whole, and prepare and make proposals to the Annual General Meeting on the composition of the Board and compensation of its members, taking into account also proposals for candidates made by the shareholders. In handling these matters, the Committee shall follow the guiding principles established by the Board for the qualifications and nomination of Directors
- evaluate and make recommendations to the Board in regard to
    - appointment, compensation and other employment terms of the President and CEO of the Company and his/her Deputy
    - principles for compensation of the Group's Executive Committee members, direct subordinates of the President and CEO and other senior executives
    - succession plans for the President and CEO of the Group, his/her Deputy and other senior executives
    - Group level incentive programmes including option programmes

The committees prepare minutes of their meetings and report to the Board. The Audit Committee convened five (5) times in 2005 and the Nomination and Compensation Committee two (2) times.

PRESIDENT AND CEO

The President and CEO is in charge of the day-to-day management of the Group in accordance with the guidelines and instructions of the Board. The statutory duties of the President and CEO include ensuring that the Company's accounting methods comply with law and other regulations, and that the financial matters are handled in a reliable manner. The President and CEO is also in charge of the preparation of matters to be presented to the Board as well as for the Company's strategic planning, finance, financial planning and reporting, and risk management.

The President and CEO is assisted in his duties by his/her Deputy. The President and CEO and his/her Deputy are present in the meetings of the Board.

Erkki Pehu-Lehtonen has acted as President and CEO of Jaakko Pöyry Group Oyj and Teuvo Salminen as Deputy to the President and CEO since January 1, 1999. Both have service contracts with the Company approved by the Board for an open-ended period and with the right to severance payments equalling up to twenty-four (24) months' salary in the event of termination by the Company for reasons other than cause. The service contracts are subject to a mutual six (6) months' term of notice. Statutory retirement age applies to the President and CEO and his Deputy.

EXECUTIVE COMMITTEE

Jaakko Pöyry Group has an Executive Committee whose main responsibility is to assist the President and CEO and his/her Deputy in the operative management of the Group. The other tasks of the Executive Committee include, among other things, the review and control of financial matters, sales and operative decisions, investments and divestments, and development of internal cooperation within the Group. The Executive Committee has a standard minimum agenda for its meetings.

The Executive Committee members are nominated by the President and CEO and the appointments are approved by the Board. The Executive Committee consists of a minimum of five (5) and a maximum of ten (10) members. The Executive Committee is chaired by the President and CEO. Presently the Executive Committee consists of seven (7) members: the President and CEO of the Company and his Deputy, the Presidents of the business groups and the Chief Financial Officer and Group General Counsel. The duties of the members of the Executive Committee correspond to the areas of their responsibilities.

The Executive Committee convenes regularly once a month.

BUSINESS ORGANISATION STRUCTURE

The business operations of Jaakko Pöyry Group are conducted through three business groups: Forest Industry, Energy, and Infrastructure & Environment.

Each business group has a President appointed by the President and CEO of the Company. The appointments are approved by the Board. In addition, each business group has an executive committee chaired by the President of the business group. The Presidents of the business groups report to the President and CEO of the Company.

Jaakko Pöyry Group Oyj is responsible for the Group's administration, strategic planning, accounting, financing, and investor relations. It also provides the business groups with services related to common Group functions.

DECISION-MAKING ON EXECUTIVE APPOINTMENTS

Appointments in the Group follow the "one over one" principle, according to which all managerial and executive appointments, as well as the salary and other terms related to these appointments, shall be approved by the superior of the person proposing the appointment.

REMUNERATION AND OTHER BENEFITS OF THE BOARD AND TOP MANAGEMENT

The Annual General Meeting decides about the remuneration to the members of the Board. The salary, bonus and other benefits of the President and CEO and his/her Deputy are resolved by the Board.

Bonus schemes within the Group are profitability, growth and performance-based and part of the individual's total remuneration. The key principles on bonuses are defined in the Group Policy on Profit Bonuses. The bonuses of senior management are dependent on the Group's sales and return on investment targets. Directors do not receive bonuses.

The Annual General Meeting on March 3, 2005 resolved that the annual fees are EUR 35 000 for members of the Board, EUR 45 000 for the Vice Chairman of the Board and EUR 55 000 for the Chairman of the Board. In addition, the Annual General Meeting authorised the Board to decide on an additional fee of not more than EUR 10 000 per annum for each of the foreign resident members of the Board. The Board has exercised this authorisation and decided on the payment of an additional fee of EUR 10 000 to Karen de Segundo and Franz Steinegger. Furthermore, the Board decided to pay an annual fee of EUR 5 000 to the members of the Committees of the Board, and in addition EUR 1 000 as a meeting attendance fee for each committee meeting. For 2005, a total of EUR 266 000 was paid in fees to Board members. The members are entitled to compensation for travel expenses in accordance with the Company's travel rules.

EUR 1000	**2005**	2004
Fees paid to Board members		
Henrik Ehrnrooth, Chairman of the Board	54	48
Heikki Lehtonen, Vice Chairman of the Board	49	34
Matti Lehti	39	24
Harri Piehl	39	24
Karen de Segundo	43	-
Franz Steinegger	42	24

The salary, profit bonus and fringe benefits paid to the President and CEO, Erkki Pehu-Lehtonen, and the Deputy to the President and CEO, Teuvo Salminen, during 2005 totalled EUR 990 177.

EUR 1000	**2005**	2004
Remuneration of the President and CEO and his Deputy and other members of the Group Executive Committee		
President and CEO		
Salary and profit bonus	521	477
Fringe benefits	13	11
Deputy to President and CEO		
Salary and profit bonus	442	407
Fringe benefits	14	11
Other members of the Group Executive Committee		
Salary and profit bonus	1045	904
Fringe benefits	39	33

Option rights of the President and CEO and his Deputy and other members of the Group Executive Committee

The option rights of the President and CEO and his Deputy and other members of the Executive Committee as well as the conditions of the option scheme are detailed described on the Shareholders and shares pages and on the company's web site. The members of the Board are not part of the option scheme.

INSIDER CONTROL

Jaakko Pöyry Group's Board has issued company specific insider guidelines, which have been published and distributed throughout the Group and are available on Jaakko Pöyry Group's intranet. The insider guidelines were revised in December 2005 to comply with the new insider legislation and regulations. The Company's insider guidelines recommend that permanent insiders make long-term investments in the Company's share. Trading is recommended at a moment in time when the information concerning factors affecting the Company's share is as complete as possible, for example following the publication of interim reports and annual accounts.

Permanent insiders are not allowed to buy or sell the Company's shares or other securities during the following periods:

- three (3) weeks before the publication of each interim report, and
- from the moment when the result for November is known to the Company and until the moment when the annual accounts are published.

The above-mentioned periods are also silent-time periods, during which the Company does not communicate with the investor community. In 2005, the silent-time periods for the notice concerning annual accounts for 2004 was December 20, 2004–February 2, 2005 and for the interim reports April 6–April 26, 2005, July 7–July 27, 2005 and October 7–October 27, 2005. During 2006, the corresponding periods will be December 19, 2005–February 2, 2006 for the notice concerning annual accounts 2005, and April 5–April 25, 2006, July 7–July 26, 2006 and October 6–October 26, 2006 for the interim reports.

The company's legal department supervises compliance with insider regulations by issuing at regular intervals a request to insiders for checking the information in the insider register as well as reminders of the no-trading periods.

Permanent insiders of Jaakko Pöyry Group are the statutory and company specific insiders. Statutory insiders are the members of the Board, the President and CEO, the Deputy to the President and CEO, the auditor in charge and the members of the Executive Committee. Company specific insiders are, in addition to the statutory insiders, specifically appointed directors, staff members and their assistants responsible for financing, accounting, legal matters, investor relations and human resources, as well as other separately named persons who regularly receive inside information.

Jaakko Pöyry Group Oyj's insider register is maintained by the Finnish Central Securities Depository Ltd. Up-to-date shareholding data are available for public display at the offices of the Finnish Central Securities Depository, visiting address Urho Kekkosen katu 5 C, Helsinki, and in the NetSire register on the web site www.apk.fi as well as on Jaakko Pöyry Group's web site www.poyry.com.

OPERATING GUIDELINES

To ensure the achievement of the Group's financial and other targets and to minimise risk exposure, the Board has approved Operating Guidelines as follows:

Jaakko Pöyry Group Operating Guidelines

- Corporate Governance
  - Corporate Governance Statement
  - Insider Guidelines
  - Environmental Policy
- Business Concept and Strategy
- Code of Conduct
- Management Organisation
- Authorities and Approval Matrix
- Policies, guidelines and instructions for various disciplines relating to
  - Strategic and Operational Planning
  - Financial Planning and Reporting
  - Internal and External Auditing
  - Risk Management
  - Legal Matters
  - Human Resources
  - Information Technology
  - Investor Relations and Communications

The Operating Guidelines are available on Jaakko Pöyry Group's intranet. All majority-owned Group companies must comply with the Operating Guidelines.

INTERNAL CONTROL

Each business unit belonging to Jaakko Pöyry Group is obliged to submit to the Group Financial Department a monthly financial report consisting of

- Summary of key figures
- Written comments regarding budget deviations and changes of estimates
- Statement of income
- Balance sheet
- Cash flow
- Overdue accounts receivable with comments
- Work-in-progress exposure with comments

The financial report package includes information about the current month, year-to-date and full-year periods with budget deviations. Full-year estimates are mandatory at the end of each quarter and in addition during other months if essential changes are expected.

Consolidated summary reports of the business areas, business groups and the Group are monitored in monthly meetings by the respective management level. In addition, the business group/area management performs company management audits during the year.

All project managers are required to prepare predicted final estimates (project to-date and estimate- to-complete figures) for the projects he/she is responsible for before the end of each quarter and in addition during other months if an essential change is expected. The project estimates are subject to audit according to the Group's Internal and External Auditing Policy. In addition, the business group/area management performs independent project audits for all major projects during the year according to the Quality Management instructions.

Jaakko Pöyry Group has confirmed a standard minimum agenda for the Group, business group, business area and business unit level management meetings in order to ensure the internal control of the following matters:

1. Result and cash flow
2. Order intake, potential projects and activity level
3. Status report for major projects
4. Capital employed issues
5. Risk management issues
6. Personnel matters
7. Business development

INTERNAL AUDITING

The objectives of internal auditing in Jaakko Pöyry Group are to

- Ensure that the financial reporting of each business unit gives a true and fair view of the result, financial position and risks of the business unit
- Minimise the risk of unexpected incidents
- Ensure compliance with Jaakko Pöyry Group Operating Guidelines
- Evaluate the efficiency of the business unit's organisation, operations and working methods
- Assess whether actions and development programmes are in compliance with the approved business plan and strategy
- Co-operate with external auditing in order to achieve the most cost-effective audit coverage

The business groups of Jaakko Pöyry Group each have a Business Group Controller who supervises the Business Area and Business Unit Controllers in the respective business group. The Business Group Controllers perform the internal audit of the business units belonging to that business group. The CFO of Jaakko Pöyry Group coordinates and supervises the performance of the Business Group Controllers and participates in internal audits to the extent necessary or beneficial.

An internal audit shall be conducted in each business unit at least once a year. The internal audit is performed on the basis of a standard audit programme. An audit report is prepared including an executive summary of essential findings, comments on issues to be followed up and recommended actions, as well as detailed remarks on those issues where the procedures or other findings deviate from the Group policies or Group best practices.

The Group's objective is to ensure efficient controlling procedures by a close co-operation between internal and external auditing and the Audit Committee of the Board.

EXTERNAL AUDITING

Jaakko Pöyry Group Oyj has one (1) auditor. The auditor must be an authorised public accounting firm. The Audit Committee of the Board prepares proposals to the shareholders concerning the appointment and dissolution of an auditor. The auditor is appointed until further notice. The auditor's fee is resolved by the Annual General Meeting. The present auditor of the company is KPMG Oy Ab, authorised public accounting firm.

Fees paid for auditing and other services in 2005 totalled EUR 1.2 million.

EUR 1000	**2005**	2004
Auditor's fees		
Statutory auditing		
Group auditor	633	607
Other	95	48
Services related to auditing		
Group auditor	406	114
Other	55	53

Risk management

Jaakko Pöyry Group has a Risk Management Policy approved by the Board of the Company as well as more detailed Risk Management Guidelines based on the policy.

According to the Risk Management Policy, the management of risks of the Company is the coordinated set of activities to assess, treat and control all major risk areas of the Group in a systematic and proactive way with the objective of securing the business, good financial standing and operating profit of Jaakko Pöyry Group.

The main responsibility of risk management is on business group level. The business groups are in charge of their own risk management in line with the Group and business group level instructions on risk management. The parent company is in charge of the Group level risk management instructions and management of risks, and guides and oversees the risk management of the business groups. The parent company and business groups each have their own manager of risk management.

Risk management in Jaakko Pöyry Group is integrated in the regular business processes. In addition, a uniform annual risk management process is conducted in the Group in connection with the strategy process. The Board receives a report on this risk management process. The Audit Committee of the Board receives a quarterly report on the status of the Group's risk management.

OPERATIONAL RISKS

Market risks

A cyclical downturn can have a negative effect on investments and hence impact the revenues of Jaakko Pöyry Group. The Group aims at reducing the vulnerability of market risks and business cycles by a balanced portfolio of assignments by clients in different industry, market and geographical areas as well as through sub-contracting and other flexible employment arrangements. In economic downturns the activity level of employees may decrease and professional rates be reduced, which can impact the revenues of Jaakko Pöyry Group.

Competition

The consulting and engineering profession is globally faced with strict competition. Jaakko Pöyry Group aims at differentiating from competition by providing clients with a full range of leading-edge solutions and services.

Management and supervision

Jaakko Pöyry Group has an Authorities and Approval Matrix for the Group, which defines the authority levels and approval requirements in business decisions. More detailed instructions are issued on business group level.

Consulting assignments

About fifteen (15) per cent of Jaakko Pöyry Group's business consists of management consulting, technical consulting and other similar advisory services. Consulting assignments typically do not involve significant liability risks. Jaakko Pöyry Group aims at properly limiting inherent liability risks with standard contract terms and insurances. Advisory services occasionally involve the risk of collecting payments. Front-loaded and regular payment schedules are used to avoid such risks.

Engineering projects

About eighty (80) per cent of Jaakko Pöyry Group's business is project services such as basic and detail engineering, procurement assistance, and project and construction management and other site services. The projects are carried out on a fixed price, ceiling fee or time-charge basis. Fixed price and ceiling fee projects contain the risk of involving more professional work or time than estimated as a result of inaccurate time and cost estimates, performance delays, disputes about compensation for additional or changed services, inexperienced staff or other unexpected circumstances. Quality management and project review systems have been implemented throughout the Group to avoid and mitigate such risks. Regular project reviews are conducted. The work in progress, changed and additional work and receivables are assessed and recorded in the project accounting and risk management system. The project manager plays the key role in project risk management. The project manager manages and controls the project from bid preparation to final acceptance. Training is provided to project managers in the whole sphere of their activities.

Public sector and institutionally financed assignments

In about twenty-five (25) per cent of the assignments the client is from the public sector or an institutional financier. It is characteristic to these service contracts that liabilities cannot always be limited according to the Group's policies. Due to this particular risk, separate project and risk management guidelines and procedures have been defined for the business units which perform this business.

EPC and O&M projects

About five (5) per cent of Jaakko Pöyry Group's business is engineering, procurement and construction (EPC) projects and operation and maintenance (O&M) service projects. EPC projects typically contain the project management, engineering, equipment procurement, construction, erection, commissioning and testing of the plant. O&M projects consist of the running of the plants for the client including maintenance work. Because of the specific risks related to EPC and O&M projects, this type of business is undertaken only by the Energy business group, where the combined value of such projects has been limited to about thirty (30) per cent of the business group's annual sales. Separate risk management policies and instructions have been issued for EPC and O&M projects with detailed risk evaluation and control mechanisms including regular project audits at site.

Partners

A fair amount of projects is conducted in co-operation with subcontractors, in consortiums or with other cooperation partners. Partner risks relating to the performance or financial standing of the partner can involve risk for Jaakko Pöyry Group. Performance related liability risks are transferred with contractual back-to-back arrangements to each respective co-operation partner to the extent possible.

Liability

Professional services provided to clients involve liability risks. These risks may as an example relate to the failure to provide the services in accordance with agreed professional standards, to calculation and similar errors and to performance delays. To mitigate such risks, special emphasis has been placed on the quality management and control systems in projects, and on limitation of professional liability in contracts. The business groups provide regular training for project management including proposal and contract management. In order to cover professional liability, the Group carries global liability insurances. The risk with liability insurances is the availability and pricing of such cover. Furthermore, part of professional risks is not covered under liability insurances and can lead to own risk.

Human resources

The business of Jaakko Pöyry Group is based on professionals. The availability of high-level professionals is an important factor in the Group's risk management. Jaakko Pöyry Group's image as an employer is good and the Group aims at maintaining this image by being a trendsetter in its own field of business.

Information technology

Jaakko Pöyry Group's operations are largely dependent on the use of information and communication technology systems. Malfunctioning or limited access to the systems can negatively affect the operations of the Group. Measures have been taken to limit the effects of external influences on the systems and include a backup of data as well as the use of firewalls, virus scanners and access security.

FINANCIAL RISKS

The Group's business operations involve exposure to a number of financial risks related to currency, credit, funding and interest rates. The Group's policy is to protect itself against any major financial risks according to the Operating Guidelines approved by the Board.

Controllers' Manual

The Group's procedures, principles and systems for financial planning and reporting and financial risk management are described in detail in the Controllers' Manual. The Controllers' Manual is continuously updated to be in compliance with the IFRS standards. Separate implementation guidelines have been issued for each of the specific IFRS/IAS standards that are relevant for the Group's operations. In order to ensure the reliability and sufficiency of financial information, the Group has selected common systems for financial accounting, project accounting and financial reporting. The common systems have been largely implemented throughout the Group.

Currency risk

About ten (10) per cent of the Group's net sales are normally exposed to a foreign currency risk. The Group hedges project transaction cash flows denominated in a foreign currency by using forward exchange contracts and states them at fair value recognised in the income statement. Speculative forward contracts without a connection to a business operation in a foreign currency are not allowed. The translation exposure of investments in foreign subsidiaries is generally not hedged.

Credit risk

The Group's client profile and the spread of its sales between numerous clients reduce the exposure to credit risks. Credit rating procedures, internal follow-up of overdue receivables and a contract policy of balance between work performed and payments received further reduce the Group's credit risk exposure. Investments are allowed only in liquid securities and only with counterparts that have a good credit rating.

Funding risk

To ensure that funding is obtainable and to minimise the cost of funding, the Group shall have a minimum liquidity corresponding to an average of one month's expenses and committed overdraft facilities corresponding to a minimum of half a month's average expenses. Short-term loans must not exceed twenty (20) per cent of the total amount of the Group's loans, and the average maturity of long-term debt shall be at least three years. The Group's objective is to minimise the total cash needed for operations by both in-country and cross-border cash pools with both external and internal overdraft facilities.

Interest rate risk

The Group's policy is to achieve a balance between the maturity of long-term loans and the corresponding interest rate level. In case of essential interest rate level differences, the Group enters into interest rate swaps to achieve this target.

GROWTH RELATED RISKS

Acquisitions

A notable part of the Group's growth is expected to come from acquisitions. To manage the risks that are involved in acquisitions, the Group has issued an Acquisition Policy, which defines the structured process, responsibilities and authorities in regard to acquisitions. The policy comprises templates, models and similar tools for the different phases of an acquisition. A restricted number of experienced management is involved in the acquisition process and strict procedures are followed in both preliminary and final approval phases. Fact finding and due diligence processes are always led and carried out by the Group management who involve outside experts in the process as need be. Particular attention is paid to post merger business and integration plans and their implementation.

Proposal of the Board of Directors

In the Consolidated Balance Sheet as at December 31, 2005 the distributable retained earnings are	EUR 79 429 000.00
The parent company's distributable earnings are	
Retained earnings	EUR 2 711 954.72
Net profit for the period	EUR 38 893 090.90
	EUR 41 605 045.62

The Board of Directors proposes that a dividend of EUR 1.30 per share be paid on the outstanding shares on the record date March 10, 2006. The dividend is payable on March 17, 2006

On the proposal date the amount of the outstanding shares was 14 545 036	
Accordingly EUR 1.30 per share would be	EUR 18 908 546.80
The remainder will be transferred to retained earnings, thus	EUR 22 696 498.82
	EUR 41 605 045.62

Vantaa, Finland, February 2, 2006

Jaakko Pöyry Group Oyj
Board of Directors

Henrik Ehrnrooth Heikki Lehtonen Matti Lehti

Harri Piehl Karen de Segundo Franz Steinegger

Erkki Pehu-Lehtonen
President and CEO

Auditors' report

TO THE SHAREHOLDERS OF JAAKKO PÖYRY GROUP OYJ

We have audited the accounting records, the financial statements and the administration of Jaakko Pöyry Group Oyj for the financial period 1 January–31 December 2005. The Board of Directors and the President and CEO have prepared the Report of the Board of Directors and the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU and the parent company's financial statements prepared in accordance with prevailing regulations in Finland, that includes parent company's balance sheet, income statement, cash flow statement and the notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, the parent company's financial statements and on the administration of the parent company.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of administration is to examine that the members of the Board of Directors and the President and CEO of the parent company have complied with the rules of the Companies' Act.

CONSOLIDATED FINANCIAL STATEMENTS

In our opinion the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU give a true and fair view, as referred to in the International Financial Reporting Standards as adopted by the EU and defined in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position. The consolidated financial statements can be adopted.

PARENT COMPANY'S FINANCIAL STATEMENTS AND ADMINISTRATION

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the parent company's result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the President and CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the result for the financial period is in compliance with the Companies' Act.

Vantaa, Finland, February 2, 2006
KPMG OY AB

Sixten Nyman
Authorized Public Accountant

Board of Directors and Group Executive Committee

BOARD OF DIRECTORS

Chairman
Henrik Ehrnrooth, born 1954, M.Sc. (Forest Econ.), B.Sc. (Econ.)
Cargotec Oyj, Member of the Board of Directors 2005-; Evox Rifa Group Oyj, Member of the Board of Directors 2002-, Chairman of the Board of Directors 2003-; Oy Forcit Ab, Member of the Board of Directors 2003-; Otava Books and Magazines Group Ltd., Member of the Board of Directors 1988-
Member of the Jaakko Pöyry Group Board since 1997
Jaakko Pöyry Group shares: Henrik Ehrnrooth, together with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth, indirectly holds a controlling interest in Corbis S.A.

Vice Chairman, Chairman of Audit Committee
Heikki Lehtonen, born 1959, M.Sc. (Eng.)
Componenta Corporation, President and CEO 1993-; Confederation of Finnish Industries EK, Member of the Board of Directors 2005-; Otava Books and Magazines Group Ltd., Member of the Board of Directors 1991-; Raute Plc, Member of the Board of Directors 1997-
Member of the Jaakko Pöyry Group Board since 1997
Jaakko Pöyry Group shares: 8 300 (2 100)

Chairman of Nomination and Compensation Committee
Matti Lehti, born 1947, Ph.D. (Econ.)
TietoEnator Corporation, President and CEO 1999–2005; TietoEnator Corporation, Chairman of the Board of Directors 2005-; Confederation of Finnish Industries EK, Member of the Board of Directors 2004-; Fortum Corporation, Member of the Board of Directors 2005-; Foundation for Economic Education, Chairman of the Board of Directors 2000-; Helsinki School of Economics, Chancellor 2005-; Helsinki School of Economics Foundation, Vice Chairman of the Board of Directors 1996-
Member of the Jaakko Pöyry Group Board since 1997
Jaakko Pöyry Group shares: 10 130 (10 130)

Member of Audit Committee
Harri Piehl, born 1940, M.Sc. (Eng.)
Kymmene Corporation, Chief Executive Officer and Member of the Board of Directors 1991–1996; JP Operations Management Ltd Oy, Chairman of the Board of Directors 2000-2005
Member of the Jaakko Pöyry Group Board since 2002
Jaakko Pöyry Group shares: 4 500 (4 500)

Member of Nomination and Compensation Committee
Karen de Segundo, born 1946,
Master degree in Law (Leiden University), MBA
Ahold NV, Member of the Supervisory Board 2004-; Lonmin Plc., Member of the Board of Directors 2005 ; Merrill Lynch New Energy Technology Plc., Member of the Board of Directors 2000-; Shell International Gas & Power, CEO (Shell Gas & Power) and Chairman (Shell Coal) 1998-2000; Shell International Renewables and Shell Hydrogen, CEO (Shell Renewables) and President (Shell Hydrogen) 2000–2005
Member of the Jaakko Pöyry Group Board since 2005
Jaakko Pöyry Group shares: 0 (0)

Franz Steinegger, born 1943, LL.Lic.
Steinegger & Wipfli, Attorney-at-law and notary 1970-; Member of the Swiss Parliament 1980–2003; AG für die Neue Zürcher Zeitung, Member of the Board of Directors 1998-; Dätwyler Holding AG, Member of the Board of Directors 1994-; C.S.C Impresa Costruzioni SA, Chairman of the Board of Directors 1996-; Siemens Schweiz AG, Member of the Board of Directors 1995-, Vice Chairman 2003-; Swiss National Accident Insurance Fund, Chairman of the Board of Directors 1991-
Member of the Jaakko Pöyry Group Board since 2001
Jaakko Pöyry Group shares: 10 000 (0)

EXECUTIVE COMMITTEE

President and CEO
Erkki Pehu-Lehtonen, born 1950, M.Sc. (Mech. Eng.)
Member of the Jaakko Pöyry Group Executive Committee since 1997
Jaakko Pöyry Group shares: 1 500 (1 500)
Stock options 2004: 80 000 (80 000)

Deputy to President and CEO
Teuvo Salminen, born 1954, M.Sc. (Econ.)
CapMan Plc, Member of the Board of Directors 2001–2005, Vice Chairman of the Board of Directors 2005-; Tapiola General Mutual Insurance Company, Member of the Supervisory Board 1999-2005; YIT Corporation, Member of the Board of Directors 2001-
Member of the Jaakko Pöyry Group Executive Committee since 1997
Jaakko Pöyry Group shares: 4 000 (4 000)
Stock options 2004: 70 000 (70 000)

Executive Vice President,
President of Forest Industry Business Group
Jukka Nyrölä, born 1945, LL.Lic., LL.M., Columbia University
Member of the Jaakko Pöyry Group Executive Committee since 1997
Jaakko Pöyry Group shares: 2 000 (2 000)
Stock options 2004: 30 000 (30 000)

President of Energy Business Group
Richard Pinnock, born 1962, B.Sc. (Eng.), B.Comm. (Hons)
Member of the Jaakko Pöyry Group Executive Committee since 2003
Jaakko Pöyry Group shares: 0 (0)
Stock options 2004: 30 000 (30 000)

President of Infrastructure & Environment Business Group
Risto Laukkanen, born 1951, Dr.Tech. (Environmental Eng.)
Member of the Jaakko Pöyry Group Executive Committee since 2000
Jaakko Pöyry Group shares: 0 (0)
Stock options 2004: 30 000 (30 000)

Chief Financial Officer
Lars Rautamo, born 1949, M.Sc. (Econ.)
Member of the Jaakko Pöyry Group Executive Committee since 1999
Jaakko Pöyry Group shares: 2 000 (2 000)
Stock options 2004: 20 000 (20 000)

Group General Counsel
Anne Viitala, born 1959, LL.M., eMBA
Member of the Jaakko Pöyry Group Executive Committee since 2002
Jaakko Pöyry Group shares: 100 (100)
Stock options 2004: 20 000 (20 000)

Members of the Board of Directors are not entitled to stock options under the Stock Option Programme 2004.

Details of the working methods of the Board are available in the Corporate Governance section.

Curricula vitae of the Members of the Board and Group Executive Committee are available on the company's website www.poyry.com.

Shareholdings are stated as current holdings and holdings as at December 31, 2004 (in brackets). The latter figure includes direct holdings, holdings of corporations or foundations in which the shareholder has a controlling interest, and holdings of persons under the shareholder's guardianship. As of December 8, 2005, holdings of securities encompass direct holdings, holdings of corporations or foundations in which the shareholder has a controlling interest, and holdings of the shareholder's spouse and other family members. Due to the difference in definition, the respective shareholding figures may not be comparable.

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