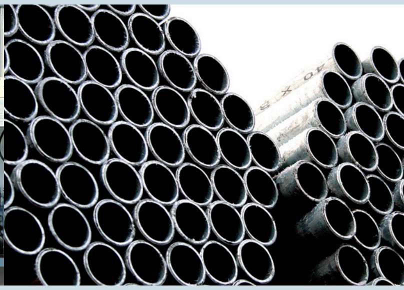



onninen

Annual Report 2005

onninen

Ingmarie Thim works at Onninen's Örebro Express outlet in Sweden.

Contents

ONNINEN IN BRIEF

INTENT – first choice in materials services integration
VALUES – working together, respecting people, better than before
STRATEGY – profitable growth
CUSTOMERS – contractors, industry, infrastructure, retailers

First choice in materials services

Onninen aims to be the first choice in materials services for its customers and suppliers. The Group operates in eight countries, serving contractors, industrial companies (industry), public organizations (infra), and technical retailers.

In 2005, the Onninen Group had a turnover of EUR 1.3 billion. At year-end, the Group had a total of 2,750 employees in Finland, Sweden, Norway, Poland, Russia, Estonia, Latvia and Lithuania.

Group structure and business model

Onninen's structure and business model are based on a division into three geographic business divisions and Group functions with responsibility for the Group-wide development of specific areas. The aim is to use efficient internal cooperation to make use of the synergies brought by size and the expertise of the Group as a whole in customer services and supplier relationship management.

The divisions are Onninen Finland, which is responsible for operations in Finland; Onninen Scandinavia, responsible for operations in Sweden and Norway; and Onninen Wholesale International, responsible for operations in Poland, Russia, Estonia, Latvia, and Lithuania.

The Group functions are ICT, Finance, as well as HR and Communications, each being responsible for developing and boosting the efficiency of the function in question on a Group-wide basis.

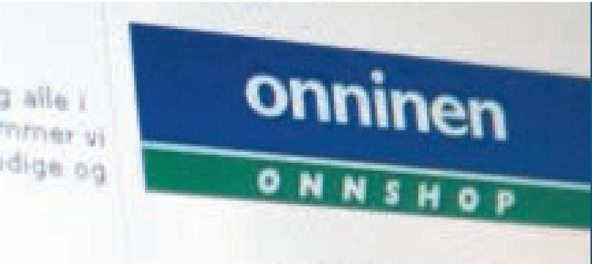
The main business processes are sales, sourcing, and fulfillment (logistics); other processes are linked to Group-level or local support functions. The Group's shared business models include i.e. the Onninen Excellence quality thinking, lead buyer model and key account management.

The Group's shared new ERP system is called OnWay. This solution, piloted in Norway in 2005, contains IT systems for business processes, finance, and HR management.

KEY FIGURES		2005	2004
Turnover	MEUR	1,258.6	1,150.2
– growth	%	9.4	7.9
Operating Profit before Amortization of Goodwill	MEUR	34.0	38.0
– as percentage of turnover	%	2.7	3.3
Operating Profit (EBIT)	MEUR	29.4	33.3
– as percentage of turnover	%	2.3	2.9
Profit before Taxes (EBT)	MEUR	25.9	30.2
Return on Investment (ROI)	%	12.8	15.4
Return on Equity (ROE)	%	17.1	14.6
Equity Ratio	%	32.0	33.4
Balance Sheet Total	MEUR	411.9	352.2
Investments	MEUR	18.1	15.2
Personnel at year-end		2,750	2,652

EVENTS IN 2005

We expanded our operations, particularly in Russia and the Baltic countries, and continued to improve competitiveness by harmonizing and streamlining functions in all countries.

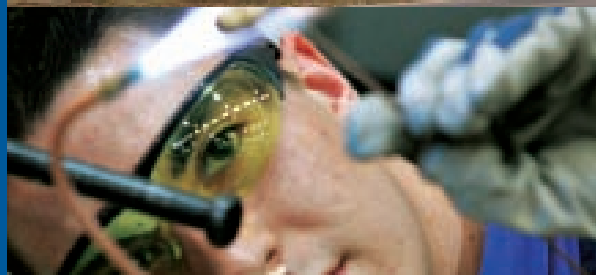


Onninen's new e-commerce channel, OnnShop, was launched in Norway in June 2005.

As a significant materials service provider, Onninen participates in building and maintaining social infrastructure in many countries.

Onninen's Kaunas distribution center, which acts as a central warehouse for Lithuania, was opened in June 2005.

Onninen carried out speedy deliveries in the WorldSkills contest, arranged in Finland in May 2005.



Events in 2005 included:

- Continuing to build our new Group-wide OnWay ERP system. A pilot version of the system was adopted in Norway in June.
- Adopting a Group-wide 'Lead Buyer' model to develop sourcing-related operations.
- Carrying out the organizational changes required by standardized business processes and customer sectors in Finland, Poland, Russia, and the Baltic states.
- Expanding the Hyvinkää distribution center, which acts as the central warehouse for Finland, and adopting a centralized distribution model.
- Beginning construction work on a new distribution center in St. Petersburg, which will serve the whole of Russia.
- Developing our sales and delivery network in various parts of the Group. Newly opened outlets include a Mega Express in Oulu and in Tampere Finland; Express shops in Luleå and Växjö, Sweden; and Express shops in Bergen and Bryne, Norway. In Poland we opened an Express shop in Olsztyn. In Russia we opened a new outlet in Krasnodar, Samara and Moscow. In the Baltic countries, a new distribution center to serve the whole of Lithuania was opened in Kaunas, an Express shop in Klaipeda, Lithuania, and two new Express shops in Riga, Latvia.

CHALLENGES FOR 2006

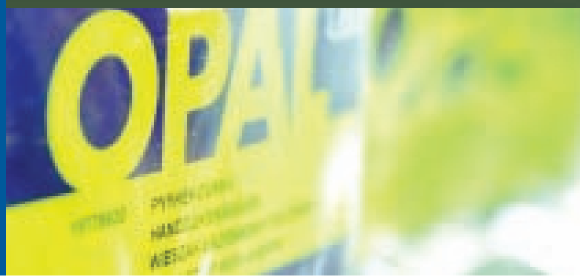
We will continue to implement our Group-wide growth and profitability strategy. The aim is to improve our profitability and expand our operations geographically, particularly in Russia, as well as Group-wide in the industry and infrastructure segment.

Onninen aims to continue increasing the number of customers in the infrastructure segment also in 2006.

Onninen's third Mega Express shop was opened in Tampere, Finland.

The new St. Petersburg distribution center, designed to serve the whole of Russia, is to be completed in summer 2006.

Onninen offers under the OPAL brand electrical and HEPAC products that the company has selected and packaged to technical retailers under the OPAL brand.



The main challenges for 2006 include:

- Improving competitiveness and profitability.
- Developing our outlet network in all countries and expanding it, especially in Russia and the Baltic countries.
- Diversifying our customer structure, particularly in Sweden and Norway, and increasing the proportion of industry and infrastructure segment customers in the whole Group.
- Developing the OnWay ERP system and its OnnShop e-commerce solution, and preparing to launch the system in Sweden.
- Internalizing and developing our Onninen Excellence quality thinking in accordance with the ISO 9001 and ISO 14001 quality and environmental standards, and with the EFQM (European Foundation for Quality Management) model.
- Standardizing the new 'Lead Buyer' model and increasing the focus on customer relationship management throughout the Group.
- Analyzing the results of the 2006 employee satisfaction survey and implementing necessary improvement measures.

CONTINUOUS IMPROVEMENT

The success of Onninen's growth and profitability strategy is based on information and people. In addition to expertise, having the right attitude is also emphasized. We have to keep our challenger mentality, with just the right amount of humility.

Goal-oriented and responsible ownership is built on clearly defined values. On my personal list these are "ownership with a face", and the responsibility and long-term commitment that comes with it. Also important is continuous learning, which ensures survival in both external and internal changes.

Onninen's development is based on the taking of risks in line with a family-owned company's resources. This represents the responsibility commonly associated with Onninen and in general with "enterprises with a face". Responsibility is also to maintain openness in getting to the bottom of even the most difficult issues, which inevitably arise in business every now and then.

Onninen values are strongly present in our operations: working together, respecting people and better than before. These values ensure that our operations have a solid, common foundation. Working together also applies to shareholders and the Board of Directors. A confidential and close interaction with company management ensures the continuity of a successful business operation.

Listening to the customer and developing operational models that best suit their needs requires both humility and determination. We need to expand our thinking as well as ensure our ability to execute the decisions we make. We have to sense changes in the market and learn how to deal with the interaction between permanence and increasingly rapid change. If necessary, we must also have the courage to unlearn old approaches, as this is the requirement for learning new ways of doing things.

Onninen can offer its partners even greater expertise in wholesale trade services than they are used to. The company has the desire and tools to realize its ambitions to become the number one partner. The Board and the owners of the company support these objectives.

As seen from an owner point of view, Onninen's key objectives are to keep the fourth-generation family-owned company solvent and competitive. Decades of experience, resources geared toward new developments, and the possibility of long-term operations are the hallmarks of a family-owned company and an Onninen advantage. We have just what it takes to constantly develop our services and the internal operating methods that support them.

I would like to thank all Onninen Group personnel for their efforts in 2005. I would also like to extend my gratitude and greetings to all of Onninen's customers, suppliers, and other interest groups.

Vantaa, 17 February 2006

MAARIT TOIVANEN-KOIVISTO

OUR SUCCESS DEPENDS ON ABILITY AND DESIRE TO SERVE

In 2005 our turnover increased mostly according to plan, but profits fell short of our projections. Our operations and results were affected by the new ERP system in Norway and challenges with the centralized distribution system in Finland. In Sweden our turnover and profits continued on a positive trend, in Poland our losses took a turn for the better, and in Russia and the Baltic countries rapid growth continued.

During the past 10 years, Onninen has undergone a major transformation. A Finland-based company known for its heating, plumbing and air conditioning (HEPAC) wholesale, Onninen has grown to become a major corporation with an extensive operational area, a wide-ranging product selection and large clientele. Electrical product sales have risen to the same level as HEPAC products, and a versatile, comprehensive product program, i.e. including steel products, has been established to meet industrial needs. Our turnover has tripled and our staff has grown from 1,000 to over 2,700.

The change is largely due to acquisitions in various countries. Naturally, this kind of expansion brings with it different operating models as well as new and wide-ranging competence. In recent years some of our most important goals have been to harmonize our operating models and advantage the expertise offered by different countries throughout the Onninen Group.

Our goal is to grow together with our customers and suppliers as their number one partner for materials services. Our success depends not only on our expertise, but our ability and desire to serve.

Our strategy emphasizes profitable growth

We are working to achieve cost-effectiveness in all our operations, while expanding, particularly in Russia and the Baltic countries as well as the industrial and infrastructure sectors. Using the lead buyer model, we seek to achieve economics of scale. We will also further develop our new ERP system, whose Group-wide implementation is intended to achieve a more streamlined management of operations. We will also give greater attention to our quality thinking, which comprehends all business processes and operations.

We are increasingly serving in different countries as partners to our customers and suppliers. A crucial component of our partnership concept is the mutual capacity to invest both human and financial resources to reduce the overall costs of material delivery throughout the delivery chain. Our goal is to offer our partners service that promotes their business. We succeed when our partners succeed.

We have an interesting and challenging year ahead of us. Building activities are expected to remain brisk in all of the countries where we are operative. Investments in the improvement of industrial operations are expected to increase at the same that labor-intensive industry continues its migration to countries with lower labor costs. However, we believe that industrial production will continue to grow and we are also investing in raw materials in our industrial product program.

Our competence, service ability and desire to serve as well as our ability to identify changes in time are crucial to our success on our increasingly international and competitive market.

Thank you!

I would like to thank our personnel for their considerable efforts, the result of which is that we are now more than ever ready to face the tight competition on both the domestic and international markets.

I would especially like to thank our Norwegian personnel for their exemplary co-operation during the OnWay pilot start-up phase and our Finnish personnel for their work in restoring our customer service quality. Thanks also go to our Polish personnel for making enormous progress in improving our profitability, and to our Russian and Baltic personnel for the successful implementation of our growth strategy.

I would also like to thank all Onninen employees for their cooperation across borders. Because of this, we are establishing ourselves as an international corporation.

2005 was not an easy year for us. Thanks go to our customers, suppliers and other important partners for excellent cooperation and particularly for the trust you placed in us. This has encouraged and inspired us to work harder in tackling the problems we have encountered. We want to continue acting in a way that shows we are indeed worthy of your trust.

Vantaa, 17 February 2006

TUOMO VÄÄNÄNEN
President pro tem, Onninen Oy

OPERATIONAL REVIEWS

If you're used to trusting your supplier,
it's also easier to enjoy your free time.

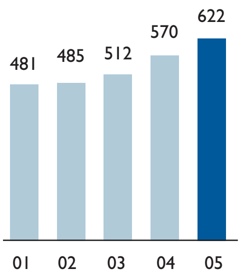
ONNINEN FINLAND

Onninen offers its customers efficient and comprehensive materials services. The company also offers its suppliers effective distribution and information services related to technical products.

TUOMO VÄÄNÄNEN

"Onninen is characterized by the courage to take new steps. In 2005, developments occasionally went hand in hand with a degree of instability in services. Toward the end of the year we managed to stabilize our centralized distribution activities and we are now better prepared than ever to support our customers' and suppliers' businesses."

Turnover in Finland, MEUR



Onninen Finland's turnover grew by 9.1 percent to MEUR 621.8 (MEUR 570.0 in 2004). Operating profit was MEUR 26.9 (28.3). The slight decrease in profits was the result of a temporary compromise in operational quality due to changes made to the distribution system.

At the end of 2005, Onninen had 41 outlets in Finland and the division employed a total of 976 people (933 at the end of 2004).

Tuomo Väänänen is President of the Onninen Finland division.

Good market demand

The market remained favorable in Finland throughout the year. Our market position improved in electrical products. Demand for industrial products, particularly specialist and structural steels, continued to grow.

In the contractor customer segment, the market for construction work remained good in both new buildings and renovation work. The use of industrial capacity was at a good level thanks to an increase in exports. 2005 was also a good year in infrastructure construction, although business continued to be affected by significant price increases in important raw materials such as copper, plastics and steel.

Market position in Finland

We improved our market position within electrical goods in all customer segments. Growth was particularly fast in the industrial segment and within materials maintenance for electrical grids. We strengthened our services to technical retailers by increasing our own imports from the Far East, particularly China. Our position improved as Finland's

The "Street of Light" showcases the wide range of lighting products available at Onninen's Espoo Express shop in Finland. Pictured: Timo Alho of KT Tähtinen Oy (left) and Onninen electrical products sales representative Riikka Hjelm.

market leader in self-service packaged electrical, HEPAC, and refrigeration accessories during the year.

We continued our efforts to further improve our customer services, although there was a temporary downturn in our delivery quality as we transferred to the centralized distribution system. The transfer of operations from the Oulu, Tampere, and Vantaa logistics centers to form part of the newly expanded Hyvinkää distribution center did not quite go according to plan. Operations stabilized in fall, however, and we are now better prepared than ever to ensure the timely availability of our products, thanks to a significant reduction in the amount of interim unloading and loading that goes on in the transport chain. At the same time, centralized warehousing improves warehouse turnover and product availability.

Mega Express to Oulu and Tampere

2005 saw the opening of our Mega Express shops in Oulu and in Tampere and of the Onninen Gallery exhibition space at the Helsinki Mega Express. This highly popular gallery is designed to serve our contractor customers particularly in the Helsinki city center and the capital city region as a whole.

New organizational model

We continued to develop our organizational structure in terms of our sales, sourcing, and order/delivery (i.e. logistics) process, and of our four customer segments. The new organization, effective as of the beginning of September, shares profit responsibility between three units: Contractors, Industry&Infra, and Retailers.

Toward the end of the year, we adopted Onninen's new Lead Buyer model, in which sourcing is led by the Group's lead buyers and their product group-specific teams, which include experts from various units and countries.

Contractors

We focused our customer segment-based customer service and profit responsibility policy, combining our services to electrical, heating, plumbing, air conditioning, and refrigeration contractors into one Contractors unit which serves all contractors in the construction industry. The unit's turnover grew by 4.0 percent to MEUR 345.9 (the combined turnover for the Electrical, HEPAC, and Refrigeration SBUs was MEUR 332.5 in 2004).

Sales to electrical contractors grew significantly, especially among medium-sized and large contractors. Trade also continued to grow in the refrigeration sector. The problems related to our distribution service reform especially affected services to medium-sized and large customers in the HEPAC product group, causing a slowdown in the growth rate in these customer segments.

We paid particular attention to the breadth and content of the product selection offered to contractors in our Express shops, and we invested in a centralized stock management system. We also increased marketing for the Onninen Express chain in cooperation with the chain's selection suppliers.

The Hanakat chain strengthened its position and continued to market its HEPAC products and services in the increasingly competitive consumer market. The Elfin chain, similar to Hanakat but intended for electrical contractors, was established in 2005 to provide consumers with comprehensive expert services within electrical products and installations.

OUTLETS IN FINLAND IN JANUARY 2006

Onninen has a total of 41 outlets in Finland.

- **There are 39 Express shops, located in Espoo, Forssa, Helsinki (2), Hyvinkää, Hämeenlinna, Imatra, Joensuu, Jyväskylä, Kajaani, Kokkola, Kotka, Kouvola, Kuopio, Lahti, Lappeenranta, Lohja, Mariehamn, Mikkeli, Mäntsälä, Oulu (2), Pori, Raahe, Raisio, Rauma, Rovaniemi, Salo, Savonlinna, Seinäjoki, Tampere (2), Tornio, Turku, Vaasa, Vantaa (2), Varkaus, and Ylivieska.**
- **There are Mega Express shops in Helsinki, Oulu, and Tampere and an Onninen Gallery exhibition space in Helsinki.**
- **Our Finnish distribution center operates in Hyvinkää.**
- **The head offices for the Onninen Group and for the Onninen Finland and Onninen Wholesale International divisions are in Vantaa.**

Industry&Infra

We combined our services to our industrial and infrastructure customers to form the new Industry&Infra unit. The unit's turnover grew by 15.7 percent to MEUR 248.6 (the combined turnover for the Industrial and Infra SBUs was MEUR 214.8 in 2004).

Few investments were made in Finland, but the order book for exports was good. Sales to machine constructors grew significantly, as did sales to power companies and the sale of electrical products to industrial customers.

We strengthened our position as one of the leading materials providers for the industry sector in Finland.

We continued to develop our program of products for industrial customers, which already encompasses a diverse and large selection of raw materials, maintenance materials, and investment assets. Despite intermittent supply problems, we succeeded in guaranteeing an uninterrupted materials service.

Raw material prices continued to be unstable and 2005 was again characterized by frequent price changes.

Retailers

The unit's turnover grew by 20.3 percent to MEUR 27.3 (MEUR 22.7 in 2004).

We are the market leader in deliveries of electrical, HEPAC, and refrigeration products to retailers in Finland. During 2005, we continued to expand our customer base, which now includes all the main retail chains and technical retailers.

We improved our internal cooperation and standardized our retailer service concept.

In Finland we use two brands for self-service packaged products: OPAL and Sähkötalo Harju. The OPAL brand is also used in other countries where Onninen has operations. In 2005, we expanded the OPAL selection in electrical products and increased our imports, particularly from China and other Far Eastern countries.

New product groups included audio products. We also continued to develop our order, selection, and shop space management solutions, which are essential for providing a comprehensive service to technical retailers.

Left: The Onninen Gallery is an experience both in terms of display and product volume. Pictured: the Gallery "Sauna World".

Center: Onninen is one of the key materials suppliers for industry in Finland. Pictured: Steel piping used in the process industry.

Above: Onninen participates in several major trade fairs every year. Pictured: International Subcontracting Fair, held in Tampere in September 2005.

Outlook for 2006

We expect the level of demand to stay good. The construction industry is expected to consist increasingly of renovation work. The situation in industry is predicted to remain stable, whereas infrastructure building is likely to grow despite the relative weakness of municipal economies. We expect the large fluctuations in raw material prices, and consequently also in product prices, to stabilize, with a general slowdown in price increases.

Competition in the materials service market is expected to keep increasing, but we do not predict any major modifications to Onninen's market shares. In 2006 we will continue to implement measures to improve our competitiveness in serving contractors, industry, infrastructure, and technical retailers. New openings will include a warehouse for nuclear power station contractors in Olkiluoto.

We will pay particular attention to the quality and cost-efficiency of our operations and to the amount of working capital tied to operations.

The changes carried out in our work methods have posed and will continue to pose significant challenges in terms of change management and leadership work. In 2006, all Onninen managers working in Finland will participate in training to strengthen leadership skills and to improve our ability to adapt our operations as quickly as each situation requires.

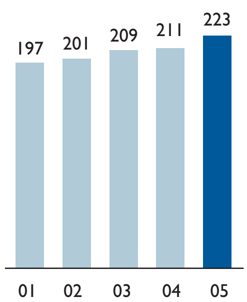
ONNINEN SCANDINAVIA

Onninen is the market leader in electrical wholesale in Norway. In Sweden we also serve the HEPAC sector.

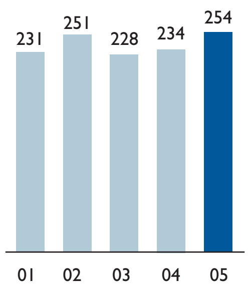
HELGE SÆTHERSHAGEN

"We will continue standardizing and centralizing our functions to achieve further synergies and to make use of the whole division's competence in Sweden and Norway. In Norway we will focus on regaining our customers' trust and our market position."

Turnover in Sweden, MEUR



Turnover in Norway, MEUR



At the end of 2005, Onninen had a total of 49 outlets in Sweden and Norway, and the Onninen Scandinavia division employed a total of 772 people (768 at the end of 2004).

Helge Sæthershagen is President of The Onninen Scandinavia division.

Centralizing and standardizing operations in Sweden and Norway

Since the beginning of 2005, Onninen's Swedish and Norwegian subsidiaries have been joined together in the Onninen Scandinavia division.

Our efforts to centralize and standardize business in the two countries and to make use of the whole organization's know-how and experiences continued throughout the year.

Launch of OnWay

A pilot version of Onninen's integrated enterprise resource planning (ERP) system, OnWay, was launched in Norway on 13 June 2005. Despite extensive forward planning and testing, the system proved to be unstable and errors came up in its use. The reliability of the system was safeguarded by the end of the year, but work to increase performance and functionality will continue in early 2006.

Coping with and solving the problems related to the use of OnWay put a significant strain on the whole Norwegian organization. However, our personnel demonstrated exceptional levels of commitment and an ability to work together under pressure.

Outlook for 2006

We predict that the centralization of the materials service sector will continue both in the Nordic countries and in Europe as a whole. Preparing for these changes and their eventual realization will probably further increase competition.

We expect the market to continue developing positively in both Sweden and Norway.

In 2006 we will invest in developing our Express concept. We plan to open at least two new Express shops in both Sweden and Norway.

Fredrik Bergström (left) and Mikael Ekberg work at Onninen's Karlskoga distribution center in Sweden.

Onninen's project deliveries ensure that the necessary materials are available at the right time and the right place.

OUTLETS IN SWEDEN IN JANUARY 2006

Onninen has a total of 20 outlets in Sweden.

- There are 16 Express shops, located in Gothenburg (2), Helsingborg, Kristianstad, Linköping, Luleå, Malmö, Umeå, Sundsvall, Stockholm (4), Västerås, Växjö and Örebro.
- Sales offices are located in Karlskoga and Solna.
- Distribution centers are located in Karlskoga and Örebro.
- A product assembly plant is located in Mjölby.
- The administrative center is in Örebro and the business administration center in Solna.

SWEDEN

Onninen expanded its business and increased its profitability in Sweden for the second year running. Turnover grew by 5.4 percent to MEUR 222.6 (MEUR 211.1 in 2004). In Swedish currency turnover grew by 7.0 percent. Operating profit was MEUR 4.4 (4.1). Profit improvements continued thanks to the efficiency improvement and restructuring measures taken in 2003.

At the end of 2005, Onninen had 20 outlets and employed a total of 412 people (401 at the end of 2004) in Sweden.

Helge Saethershagen is President of the Swedish subsidiary.

Market position in Sweden

Onninen is the market leader in Sweden in materials services to energy companies, the third largest operator in HEPAC wholesale and the fourth largest in refrigeration wholesale.

We improved our customer services with measures including the opening of two new Express shops, in Luleå and in Växjö.

The internship program we initiated at the beginning of the year proved successful, and led to the recruitment of skilled, enthusiastic recent graduates who had received all-round knowledge of our business, primarily for sales.

Stormy weather, increased sales

A storm named Gudrun, which crossed Sweden in January, caused extensive problems in Sweden. Together with our customers, we quickly set up an intensive material supply process, which included everything from project leading and manufacturing necessary power line construction and repair materials to delivering them to the correct places in the field.

An analysis of the damages caused by the storm led to certain government decisions, which have become effective as of the beginning of 2006 as laws and decrees meant to guarantee energy distribution and minimize the risk of serious malfunction. The political intensions signify important expansion opportunities for Onninen. We intend to make use of these opportunities and grow into the top materials service provider for infrastructure customers within the energy and IT networks segment in Sweden.

In the beginning of 2005 the market was slower than expected in terms of contractor, industrial, and retailer customers, but even there business grew constantly throughout the year. We will continue our efforts to increase our market position in the HEPAC sector in 2006.

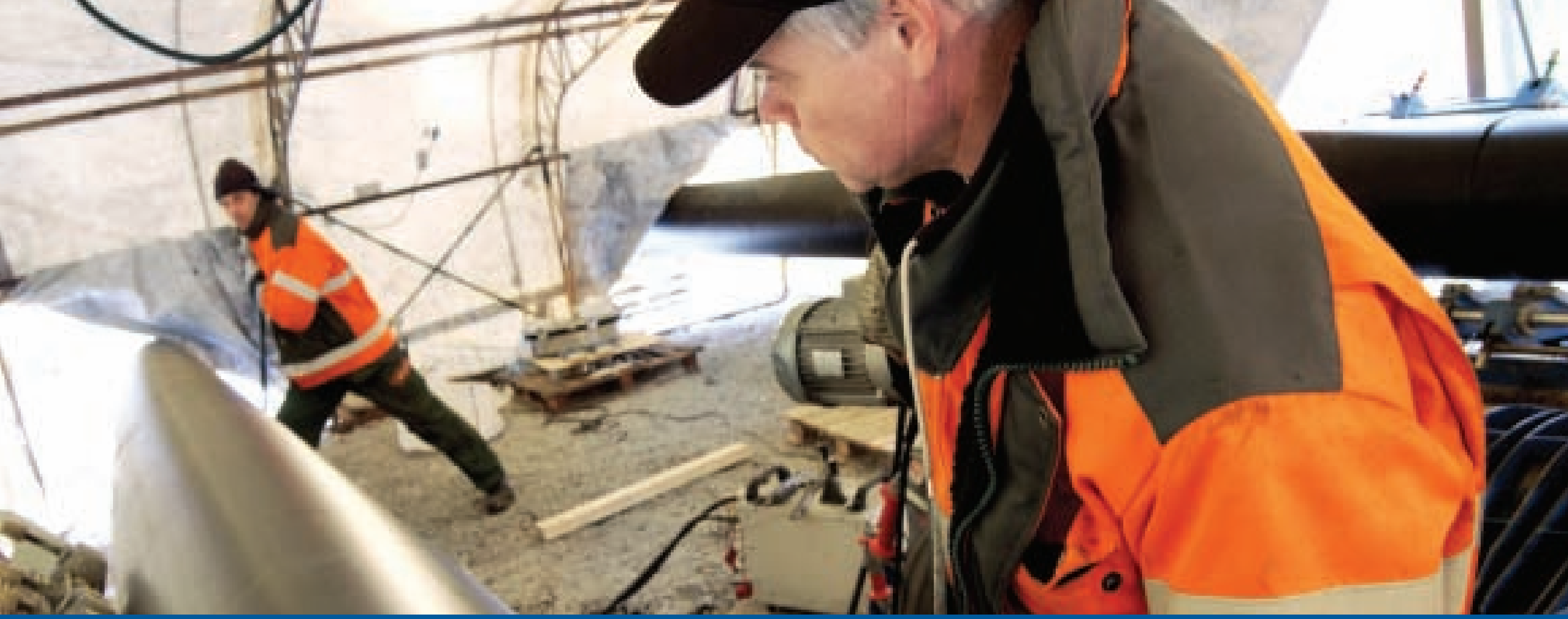
Outlook for 2006

We predict significant growth of our sales in the Swedish infrastructure sector from 2006 to 2009. In early 2006 we will open "a center of excellence" to better serve the Swedish infrastructure sector. We will also open a customer service center in Sweden in accordance with the model adopted in Norway in 2005.

Currently we predict that we will begin preparing for the launch of a fixed and extended version of OnWay in Sweden in the second semester.

Our main challenges for 2006 in Sweden will be to strengthen our position as the market leader in materials services to power companies, increase our market share in the HEPAC sector and diversify our customer base, particularly in the contractor segment.

In addition, we will strengthen our technical retailer service organization and adopt the Onninen 1-2-3 customer program.



OUTLETS IN NORWAY IN JANUARY 2006

Onninen has a total of 28 outlets in Norway.

- There are 27 Express shops, located in Arendal, Baerum, Bergen (4), Bodö, Bryne, Drammen, Florö, Fredrikstad, Godvik, Hamar, Haugesund, Kjeller, Kristiansand, Larvik, Odda, Oslo, Porsgrunn, Skien, Stavanger, Stord, Tromsö, Trondheim, Tönsberg and Ålesund.
- The distribution center and headquarters are located in Gjelleråsen.

NORWAY

Onninen's business grew in Norway in 2005, while its profitability decreased. Turnover grew by 8.3 percent to MEUR 253.5 (MEUR 234.1 in 2004). In Norwegian currency turnover grew by 3.9 percent. Operating profit was MEUR 7.0 (10.4). Profits weakened due to problems caused by the new ERP system in the latter half of the year.

At the end of 2005 Onninen had 28 outlets in Norway and employed a total of 360 people (367 at end 2004).

Helge Saethershagen is President of the Norwegian subsidiary.

Market position in Norway

Onninen is the market leader in electrical wholesale in Norway. Our market position weakened in the second half of the year due to problems arising from the new ERP system.

The Onninen 1-2-3 customer program, intended especially for owners of small contractor companies employing 1–10 people, launched in February, proved very successful. We will continue our efforts to diversify our contractor customer base in 2006.

Unexpected problems with the new ERP system

The pilot solution of the Onninen Group's new ERP system, OnWay, launched in Norway on 13 June, caused major functional and financial problems during the summer and fall, weakening both our market position and reputation.

Our sales picked up pace again in the third quarter and we managed to meet budgeted levels for turnover, although decreased margins and increased costs significantly affected our income level in Norway.

A customer satisfaction survey carried out in the fall, after the launch of the new ERP system, proved that Onninen has a very loyal customer base in Norway. Of all respondents, 92 percent said they were prepared to appoint Onninen as their main partner also in the future. This figure was only slightly lower than that of a similar survey carried out the previous year.

Increased demand for products related to IT networks

Demand for products and materials related to IT networks grew significantly in Norway in 2005. Generally, demand related to infrastructure construction grew, but at a slower rate than the previous year. On the basis of discussions with customers, however, we can say that the sector continues to look very promising.

New outlets

In 2005 we opened new Express shops in Bryne, Western Norway, and in Bergen.

The operations of the new centralized customer service center opened at the beginning of the year got going quickly and exceeded their targets. We also opened a special project service office, intended to help our customers with calculating tender prices for large projects, among other things.

Outlook for 2006

We will continue to polish the functionality of the OnWay solution in Norway.

The main focus in Norway in 2006 will be on regaining lost market share and strengthening our position further. Other important challenges lie in contract negotiations with strategic customers, in establishing and developing the OnWay system and in guaranteeing key employees' commitment to Onninen.

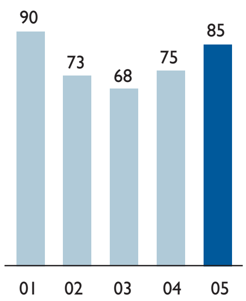
ONNINEN WHOLESALE INTERNATIONAL

Onninen has already achieved a strong market position in technical materials services in Poland and the Baltic region. In Russia we have experienced swift growth in both our geographical presence and our selection of products and services.

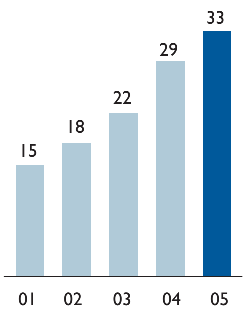
JACEK RATAJCZAK

"We strengthened our position in the well-established and already very competitive Polish, Russian and Baltic markets. We are prepared for new challenges, which include services to infrastructure customers and industry in Poland and the Baltic countries, opening new outlets around Russia, and increasing the professionalism and efficiency of our sourcing in the whole division."

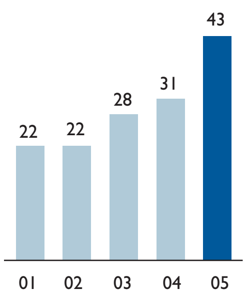
Turnover in Poland, MEUR



Turnover in Russia, MEUR



Turnover in the Baltic countries, MEUR



Onninen Wholesale International is responsible for Onninen's operations in Poland, Russia and the Baltic countries (Estonia, Latvia and Lithuania).

At the end of 2005, Onninen had a total of 50 outlets in Poland, Russia and the Baltic countries, and the division employed a total of 957 people (900 people at the end of 2004).

Jacek Ratajczak is President of the Onninen Wholesale International division.

POLAND

Onninen's turnover in Poland grew by 13.4 percent to MEUR 85.4 (MEUR 75.4 in 2004). In Polish currency turnover grew by 0.5 percent. The subsidiary made an operating loss of MEUR 2.6 (3.6). The negative profit growth brought about by efficiency improvement and restructuring measures taken during the spring took a turn for the better in August.

At the end of 2005, Onninen had 30 outlets in Poland and the subsidiary employed a total of 525 people (576 at the end of 2004).

Jacek Ratajczak acted as the President of the Polish subsidiary between April and the end of December in parallel with his other duties. Tomasz Boruc took over as President at the beginning of 2006.

Changes to improve efficiency

In Poland, Onninen serves electrical and HEPAC contractors, technical retailers, small-scale wholesalers, and, increasingly, construction companies.

In 2005, we changed the structure of our Polish operations from being product-based to being more in line with Group-wide standard business processes and customer segments. The organization was simplified in order to streamline internal cooperation between the HEPAC and

OUTLETS IN POLAND IN JANUARY 2006

Onninen has a total of 30 outlets in Poland.

- **There are 18 Express shops, located in Czestochowa, Gdansk, Gorzow, Grodzisk, Koszalin, Legnica, Leszno, Lodz (3), Olsztyn, Opole, Piaseczno, Poznan (2), Radom and Warsaw (2).**
- **There are nine cash-and-carry and sales outlets, located in Bialystok, Bydgoszcz, Cracow, Gliwice, Katowice, Lublin, Szczecin, Warsaw and Wroclaw.**
- **A retailer service center is located in Ozarow Mazowiecki.**
- **The Polish distribution center is in Teolin/Lodz.**
- **The company is headquartered in Warsaw.**

electrical units, and operations at customer contact level were strengthened. We developed our sourcing organization in accordance with the Group Lead Buyer model. At the same time, we did our best to improve internal communications, paying special attention to increasing the efficiency of our business processes and to simplifying our cost structures.

Our HEPAC and electrical product sourcing operations had been merged previously, and at the same time we continued to expand our product selections for Express and other stores. By the end of the year, all Onninen distribution and sale outlets in Poland offered both electrical and HEPAC products.

We improved our customer services with such measures as the implementation of a standardized customer service model. The “Friendly Onninen Outlet” training tour, begun at the end of 2005 and planned to continue in 2006, proved to be both necessary and productive. We contributed to our external image by participating in the most important national trade fairs and by organizing our own regional marketing events.

During the year we opened a new outlet in Olsztyn, closed two small outlets (Lubin and Ozarow), and merged some functions in Warsaw (Zablocka and Grochowska). We modified three outlets to comply with the Express cash-and-carry and self-service shop concept in Leszno, Radom, and Legnica. Repair work was started in Gliwice, Koszalin, and Wroclaw. Our Katowice outlet moved to a new address.

Improved market position in electrical products

According to estimates received from our suppliers, the Polish HEPAC market shrank by up to 15–20 percent in 2005, while the technical wholesale market for electrical products grew by just over 5 percent. Margins were reduced by the increasing power of purchasing associations, and by new imports from the Far East.

Chain stores selling construction materials implemented a new credit system for contractors, which increased competition. It also meant that our customer base was narrowed to increasingly solvent contractors, which was reflected in a somewhat improved profitability.

The retail market for technical products remained the same. Only a handful of new outlets were opened in 2005, and the predicted new operators and reorganizations were yet to be seen on the market. Cooperation increased between suppliers and DIY stores, but the sale of installation products fell short of forecasts.

We believe that our market position has improved somewhat in electrical products, whereas it slightly weakened in HEPAC wholesale.

Outlook for 2006

We expect the growth of the Polish economy to be boosted by industry, trade and new investments by national and international financing bodies.

We predict that the electrical market will grow at a similar rate to that of 2005, i.e. 5–8 percent, and that the HEPAC market will turn positive. We expect our turnover to grow and our profitability to improve in 2006.

We predict that the number of purchasing associations will decline. The technical wholesale market will most probably continue to undergo structural changes, while clear market leaders will emerge and the retail market will become increasingly centralized.

Previous page: Girts Olainieks works at Onninen's Latvia distribution center in Riga.

Center: Onninen had a stand at the Polish "Targbud 2005" fair.

OUTLETS IN RUSSIA IN JANUARY 2006

Onninen has a total of nine outlets in Russia.

- **Our regional distribution centers and sales offices are located in Ekaterinburg, Krasnodar, Moscow (2), St. Petersburg (2), Rjasan and Samara.**
- **A national distribution center to serve Russian imports, the St. Petersburg regional distribution center and Onninen Russia's headquarters are located in St. Petersburg.**

RUSSIA

Turnover from Russia grew by 16.1 percent to MEUR 32.7 (MEUR 28.2 in 2004). Without Project Sales growth was 30.3 percent. The subsidiary made an operating profit of MEUR 0.9 (1.3). Profits remained good in spite of the front-heavy cost effects caused by the expansion of operations.

At the end of 2005 Onninen had nine outlets in Russia and employed a total of 221 people (153 at the end 2004). Sergey Grigoriev is President of the Russian subsidiary.

Market still fractured

The technical wholesale market remained highly fractured, although there were increasing signs of structural changes. Technical products and product information are still mainly offered by locally active Russian companies. Some foreign operators have, however, started talks regarding mergers and acquisitions with small local businesses.

Several self-service outlets were opened in 2005 by international retail groups.

We strengthened our market position and national coverage as an expert in technical materials services by opening new outlets and by expanding its product selection. We improved our position on the electrical, heating and plumbing, and technical retail markets, and maintained our position on the air-conditioning market and the industrial sector.

Investments to fulfill our growth strategy

We continued our expansion in accordance with our growth strategy in Russia by opening three new outlets in 2005: regional distribution centers and sale outlets in Krasnodar and Samara, and a new sales outlet in Moscow. We expanded our product selection in all customer segments: electrical and HEPAC contractors, installation companies, industry and technical retailers.

At the beginning of September we changed our organizational model to comply with Group-wide standard business processes and customer segments, improving the efficiency of our internal communications, for instance by launching Onninen's Russian intranet, to meet the needs of our expanding organization. We restructured our sourcing organization in accordance with the Group's Lead Buyer model and product group policies.

Our sales organization is divided into five geographical areas. The Project Sales unit, which used to operate separately within the Onninen Wholesale International division, was merged into our Russian operations in 2005.

Outlook for 2006

We predict that several mergers and acquisitions will take place which will affect the technical wholesale market. We expect the market to develop positively, although profitability will probably decrease. We forecast a significant growth in our turnover.

Several international suppliers will probably launch new products in the Russian market.

BALTIC COUNTRIES

Turnover from the Baltic countries grew by 35.4 percent to MEUR 42.6 (MEUR 31.4 in 2004). Onninen Baltic's operating result was MEUR -0.6 (-0.7). Profits were hindered by operational expansion costs, remaining slightly negative.

Peeter Matt is the Regional Director in charge of Baltic operations.

Growth and operating efficiency

The construction market continued to grow in all Baltic countries in 2005. According to our data, Onninen's growth rate exceeded that of the market in all three countries. In-

OUTLETS IN THE BALTIC COUNTRIES IN JANUARY 2006

Onninen has a total of 11 outlets in the Baltic countries – four each in Estonia and Latvia, and three in Lithuania.

- **We have Express shops in Johvi, Tallinn and Tarto, Estonia; Riga, Latvia (2); and Klaipeda, Lithuania. There are also sales offices in Riga, Latvia and Vilnius Lithuania.**
- **There are distribution centers in Tallinn, Estonia; Riga, Latvia; and Kaunas, Lithuania.**

ternational companies are increasingly active in the area, and their share of the Baltic technical wholesale market continued to grow.

We made investments to increase sales to contractors in the HEPAC and electrical sectors, particularly in Latvia and Lithuania. We opened two new Express shops in Latvia during the year, as well as a new distribution center and the country's first Express shop in Lithuania.

In all three countries we focused on starting up services to infrastructure customers, and we began serving technical retailers in Estonia and Latvia.

Important development efforts in 2005 included implementing the Group's Lead Buyer model, establishing a pan-Baltic sourcing organization, appointing country-level Sales Directors, and setting up a quality control project.

Our Baltic organizational model is based around business processes – i.e. sales, sourcing and logistics – and regional and local support functions.

Outlook for 2006

We predict that the positive market development will continue in all Baltic countries, at a rate of 10–15 percent in the construction industry.

In 2006 we will improve the efficiency of our service network and expand our Express shop network. We will continue to develop our product selection and service concepts.

Estonia

At the end of 2005, Onninen had four outlets in Estonia, and employed 88 people in the country (76 at the end of 2004). Peeter Matt is Managing Director of Onninen's Estonian subsidiary.

The Estonian economy as a whole, and particularly the construction industry, grew significantly in 2005. Also our construction material sales were boosted by the beginning of construction work at Estonia's largest foreign investment project, the Kunda pulp factory.

We made significant investments in preparing to serve infrastructure customers, and made our first material deliveries to power companies and technical retailers.

Latvia

At the end of 2005, Onninen had four outlets in Latvia, and employed 59 people in the country (45 at the end of 2004). Villijs Jukams is Managing Director of Onninen's Latvian subsidiary.

There was a marked increase in house building, which consequently increased demand for electrical, HEPAC and installation materials.

We began offering our services to infrastructure customers and technical retailers. Demand among infrastructure customers was boosted by significant investments made into wastewater treatment plants.

Lithuania

At the end of 2005, Onninen had three outlets in Lithuania and employed 53 people in the country (35 at the end of 2004). Ineta Kairé is Managing Director of Onninen's Lithuanian subsidiary.

The house building sector was still active, even though this sector is also suffering from the emigration of Lithuanian labor. On the other hand, an increasing number of Lithuanian companies are expanding into other Baltic countries.

We began offering materials services to power companies in 2005.

In the spring we opened an Express store in Klaipeda, and in the summer we launched a new distribution center in Kaunas to serve the whole country. The old distribution center in Vilnius now houses the Lithuanian headquarters as well as a sales office and a cash-and-carry outlet.

LOGISTICS

Logistics, i.e. the fulfillment process, ensures that Onninen's distribution network is efficient and reliable in all Group countries.

ANNE KARINIEMI

"We continuously develop our customer and supplier service models for product and information sourcing, distribution, cash-and-carry sales and purchasing."

Onninen's logistics functions employ more than 700 people Group-wide.

Increasing efficiency through shared fulfillment processes

During 2005 we continued to standardize the logistics functions in different countries according to Group-wide operating models and promises made to customers locally. In Finland logistics operations were centralized at the newly expanded Hyvinkää distribution center (DC), while in Russia construction began on the St. Petersburg DC and in Lithuania we began using the new Kaunas DC.

We adopted a shared warehousing concept and an automated system for small goods collection based on it Hyvinkää, Finland and Örebro, Sweden. We standardized our operating models at the St. Petersburg and Kaunas distribution centers in Russia and Lithuania, respectively, and made some similar changes at the Lodz DC in Poland.

We centralized all call-off and inventory management functions to come under the umbrella of the fulfillment process that covers the order and delivery processes in all countries except Russia. We formulated a shared inventory management concept and began implementing it in Finland.

A pilot version of the OnWay ERP system, which is based on shared ordering and delivery models, was launched in Norway in June.

We also standardized the descriptions for our logistic services, and mapped the working methods of different countries to better understand their similarities and differences.

Centralized distribution in Finland

In Finland we centralized our national distribution operations in Hyvinkää in accordance with our DC concept, utilizing the latest technologies. New applications include a warehouse-wide paper-free collection system and a small goods warehouse using automatic elevators.

The centralization and transfer project started at the beginning of 2005 and was completed at the end of May. The project included transferring operations from the old Oulu and Tampere logistics centers to Hyvinkää, preparing for the launch of new Mega Express stores in those towns and transforming the old Vantaa logistics center into a storage space for slow-turnover goods.

The centralization project somewhat compromised the quality of distribution operations in Finland during the spring and summer, due not only to disruptions caused by the moves, but also to an unforeseen level of orders, which also increased the need for temporary staff. Operations normalized toward the end of the year.

Centralized model opens doors to new services

The central distribution model improves warehouse turnover and product availability. It also offers opportunities for developing increasingly efficient, tailor-made customer services.

During 2005 we made agreements with Finnish customers regarding night-time unloading, which means that customers can have the goods they ordered shipped to their warehouse the night after placing their order, and tailor-made packing services for project deliveries. We also participated in several customer-specific development projects with the aim of developing new logistical service models to meet our customers' new and changing needs.

Shared distribution center concept in Sweden

We continued successfully to extend the launch of a new warehousing concept, tested during the previous year, at the Örebro DC in Sweden. We made several significant changes in 2005, with the aim of further improving the quality and speed of deliveries.

Improvements were made in the complaint and order

The Hyvinkää distribution center serves as Onninen's central warehouse in Finland. It has over 33,000 square meters of indoor warehouse space and 17 hectares of outdoor storage area.

handling processes as well as in the receiving, checking and shelving of goods. We also speeded up collection processes, and improved packing and dispatch operations, extending our quality control functions in terms of both collection and dispatching. As a consequence, the quality of our operations and the satisfaction of our customers improved clearly.

Shared inventory management concept

We formulated a new Onninen inventory management concept, consisting of shared operating models for lifecycle, flow, excess stock and cooperation management.

Lifecycle management is used to define how products should be added to and removed from inventories. Flow management is used to ensure that the smallest inventory value is used to achieve a high level of service. Excess stock management is used to ensure that we work actively and remove any incorrect goods from the stock. The cooperation management model sets targets for agreements made with suppliers and for shared work methods when working with them.

Key indicators for the inventory management concept include warehouse service level, stock coverage times and the amount of excess stock.

We began implementing the concept in Finland in 2005. Aims for 2006 include implementing the measuring system fully in accordance with the concept, transforming the different stages of a product's lifecycle into clear work tasks and building cooperation with specific suppliers. The idea is to implement the inventory management concept in all of our countries of operation in future years.

Outlook for 2006

We will continue to develop our ordering and delivery process and logistics services together with our customers and suppliers.

We will continue to standardize work methods related to logistics in all our countries of operation, in accordance with the best models, and will adopt a group-wide standard logistics contract model for use with suppliers. We will also adopt shared indicators to measure logistics performance.

We will continue to develop the functions related to the OnWay ERP system's logistics area.

Logistics process

Logistics, i.e. the ordering and delivery process, is one of Onninen's three main business processes. It includes the following areas:

- Process management and shared key figures
- Management of order/delivery process customer promises
- Planning and management of the distribution network
- Operation of the distribution centers
- Inventory and availability management
- Practical purchasing operations and billing
- Warehousing services for customers

Distribution centers

At the beginning of 2006, Onninen had 13 distribution centers in eight countries.

- Finland: Hyvinkää
- Sweden: Örebro (Pilängen) and Karlskoga
- Norway: Gjelleråsen
- Poland: Teolin/Lodz
- Russia: St. Petersburg (regional distribution center, national in terms of imported goods) and regional distribution centers in: Ekaterinburg, Krasnodar, Moscow and Samara
- Estonia: Tallinn
- Latvia: Riga
- Lithuania: Kaunas

DATA SYSTEMS

We need efficient and reliable data systems in order to offer our customers the service they need.

KAROLA SÖDERMAN

"In the next few years we are going to adopt the Group's new ERP system in all of our countries of operation. In it, we make use of state-of-the-art communications and data technology to respond to our customers' and suppliers' needs."

At the end of 2005, the Group's ICT function employed 19 people, while country-specific ICT units employed a total of 26 people.

Building a Group-wide data network

We continuously develop our systems on the basis of our customer's and our suppliers' information, service and communication needs.

During 2005 we continued to design Onninen's future Group-wide network and determining what hardware and software is needed to implement a shared operating environment. We focus on Group-wide instructions for areas including data security and service models.

A shared operating environment and shared work methods are essential to the adoption of the Group-wide ERP system.

System development in many countries

In Finland we carried out the necessary system changes related to expanding the Hyvinkää distribution center and using its new elevator system. In addition, we streamlined the operation of the logistics process in our OMA ERP system, which is currently still used in Finland, Sweden, Russia, and the Baltic countries.

In Sweden we began preparing for adopting the OnWay system, starting by checking and processing the data contained in our current systems and transferring them to the new system.

In Norway we prepared for the launch of OnWay by adopting intranet and webpages in accordance with the Group's portal solution in April. The OnNet solution, designed at the beginning of 2005, proved successful and provided significant support in communications and document management for the implementation of the new ERP system.

In Poland we improved the logistics and sales functions of the existing ERP system. In Russia and the Baltic countries, the ICT departments were busy working on the data connections and ICT systems needed for new outlets.

OnWay system piloted in Norway

We continued to develop our new Group-wide ERP system, OnWay, launching a pilot version of it in Norway in June 2005.

In practice, the pilot version proved to be much less stable than expected, in terms of both functionality and usability. We worked on correcting errors and improving software functionality and usability during the end of the year. The maintenance of the OnWay solution in Norway progressed to the production phase from the beginning of 2006.

Outlook for 2006

We will continue to develop the OnWay solution and to expand its functionality in 2006. This work will be carried out by the ICT function in cooperation with business administration units on the basis of the needs of the Group's business processes. We will also continue to develop the OnNet Group portal solution.

Magnus Nordqvist works at Onninen's Örebro Express outlet in Sweden.

QUALITY

For many years, our quality operations have been based on quality management in accordance with the ISO 9000 standard. In 2005 we expanded our quality thinking significantly.

Left: Sandra Lekberg works at Onninen's Karlskoga distribution center in Sweden.

Right: In addition to quality, size can also be a decisive factor. The picture shows a faucet model that is used at daycare centers.

Onninen's quality work is based on quality management in accordance with the ISO 9000 standard, whose primary aim is to ensure that our services meet all applicable requirements and that operations progress smoothly.

In 2005 we integrated our quality thinking with our business planning processes, and decided to adopt an annual self-assessment program as part of our strategy work. Thus we have expanded our quality thinking to be part of all Onninen's business development operations.

Group-wide certification

In 2005 we made an agreement with Lloyd's Registered Quality Assurance regarding the certification of the quality management systems (QMS) used in all the companies in the Onninen Group. Our aim is to complete these Group-wide certifications by the end of 2007.

The use of just one certification body helps to standardize our quality management model. In future, our management systems will also be compatible with our Group-wide enterprise resource planning (ERP) system, OnWay.

The certification process will progress gradually in different countries until all countries are under the same certificate in 2007. In Finland, Sweden, and Norway, an environmental management system (EMS) in accordance with ISO 14000 will be linked to the QMS already at an early stage. This can be extended to other countries at a later stage.

Onninen Excellence

In fall 2005, we established the Onninen Excellence development program, which aims to deepen our quality thinking and consolidate it as a part of our corporate culture. The cornerstones of Onninen Excellence are a standardized quality system and annual management self-assessments.

The basic idea is to use self-assessments in order to recognize and prioritize development needs and to select the strategically most relevant areas for development projects. Self-assessments will be carried out in accordance with criteria provided by EFQM, the European Foundation for Quality Management.

We will use the self-assessment tool to help us measure how far each organization has progressed on the "road to excellence". It also facilitates comparisons between different countries' activities and results, and helps us identify best practices in each country that could be applied on a larger scale to improve the efficiency of our operations.

Outlook for 2006

We will implement the Onninen Excellence thinking as part of the Onninen Way and begin carrying out self-assessments as part of our strategy process in accordance with the EFQM model and criteria. Self-assessments will take place first in the Group Management Team and the Onninen Finland Management Team.

Our program also includes prioritizing proposed development projects and producing the necessary tools and schedules for the selected projects.

In 2006 we will continue carrying out the Group-wide ISO 9000 and 14000 certification work initiated in 2005. The ISO 9000 quality system will be implemented in Russia and the Baltic countries, while Sweden will begin the audits required for our future Group-wide certification.

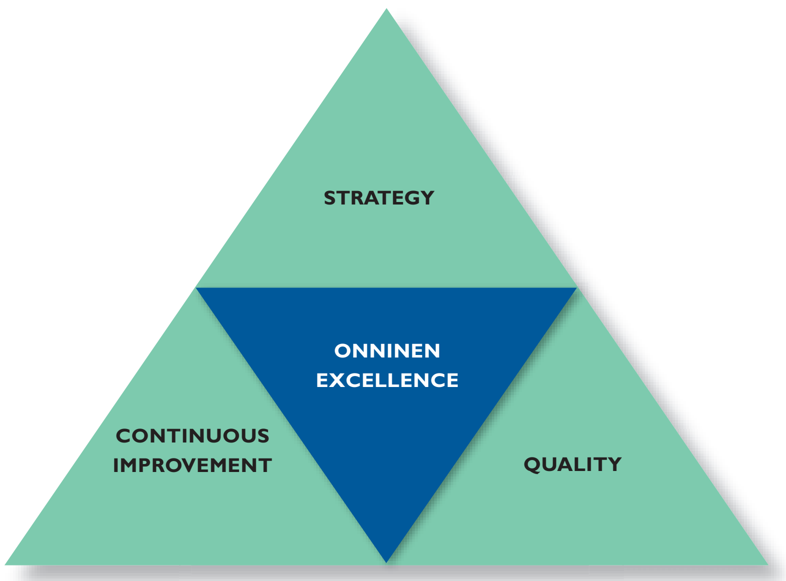
In addition we will carry out the necessary quality system standardization measures in various parts of the Group. Then we will be able to adopt even clearer indicators than before for measuring the success of our operations.

Onninen made an impressive showing at the WorldSkills Competition 2005 held in Helsinki in May 2005. Pictured: Precision delivery underway for one of the competition skill categories.

"Quality management, quality as part of business planning and strategy work, and a workable self-assessment process have expanded our quality thinking to apply to all of our business development efforts."

Group Quality Director Heikki Salusjärvi

ONNINEN EXCELLENCE



STRATEGY = Doing right things
QUALITY = Doing things in the right way
CONTINUOUS IMPROVEMENT = Doing things better than before

PERSONNEL

Onninen can achieve its business targets with the help of competent, service-minded, committed and motivated personnel.

MARJA-TERTTU VERHO

"With good leadership and continuous competence development we can guarantee Onninen's success and maintain our personnel's job satisfaction."

At the end of 2005, Onninen employed a total of 2,750 people (2,652 at the end of 2004) in eight countries. During the year the average number of employees was 2,707 (2,652 in 2004).

At year-end, Onninen's divisions employed a total of 2,705 people, and the Group functions employed 45 people.

Focus on competence management and continuous development

In order to stay competitive, we must be able to serve our customers, suppliers and other interest groups even better than before. Our ability to do this is based on the skills and motivation of our personnel.

In 2005, we carried out a Group-wide job satisfaction survey and initiated various projects to work on the areas of improvement that were identified in different countries.

Our training and HR development work progressed according to the Group HRD Strategy drawn up for 2005-2007. In all our countries of operation we emphasized Onninen's corporate culture (the Onninen Way), competence development, as well as performance management and rewards, with the aim of ensuring that our Group-wide and country-specific development work meets the needs of the business.

We initiated a Group-wide project to map the competence needs of the roles or job assignment entities defined for Onninen's business processes and functions, and to determine the extent to which the competence of the people employed in these roles meets expectations. We aim to complete the competence mapping and put its results to use by the end of 2007.

We continued to build and design the HR management system linked to the Group-wide OnWay ERP system. A pilot version of the system was adopted in Norway in June.

Onninen Way

During 2005, we continued our internal debates as to what the Onninen Way involves and reworked a leaflet that was distributed in 2004. The Onninen Way 2006–2008 leaflet, which was distributed to all employees in January 2006, creates a basis for our way of working in all our countries of operation. The leaflet includes information on Onninen's values, ethical principles, intent, and strategy, as well as our quality thinking. It also describes our leadership principles and corporate responsibilities.

The Onninen Way will be discussed in all countries of operation in "Onninen Way/Year 2005 Results" information and discussion seminars held in early spring 2006.

Training at various levels

Onninen provides individual-, unit-, country-, and Group-level training based on the competence development required by the Group's strategy. Naturally, learning and development are impossible without the personnel's will to learn. The growth of individual competence is a benefit to both the individual and the company.

As part of our Group-wide personnel development in 2005 we organized two Summit seminars for management and planned the content and selected the participants for the Onninen Networker program, which is to begin in January 2006.

In Finland, all Onninen managers participated in a two-day leadership and management training event.

In Sweden we initiated an internship program in February for six recent graduates. They were all recruited to work permanently for Onninen after their six-month internships, which covered a variety of areas. The feedback received on the program was very positive, and we are planning to implement similar programs in other countries.

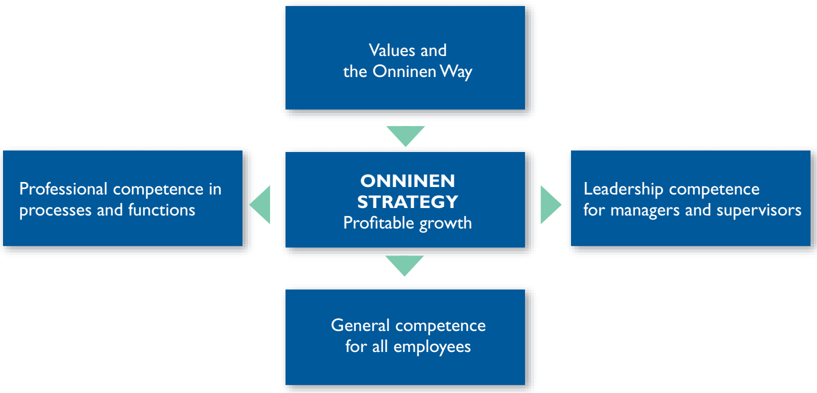
The Onninen Group strategy is discussed at, for example, the Group Management Summit. Pictured: The Group Management Summit held in Vantaa in December 2005.

In several countries, investments were made in 2005 into proactive, service-minded salesperson training. In Estonia we trained Express salespeople, while active sales training was also organized in Russia, Latvia, and Lithuania. A sales training program meant for all employees who serve technical retailers was established in Finland.

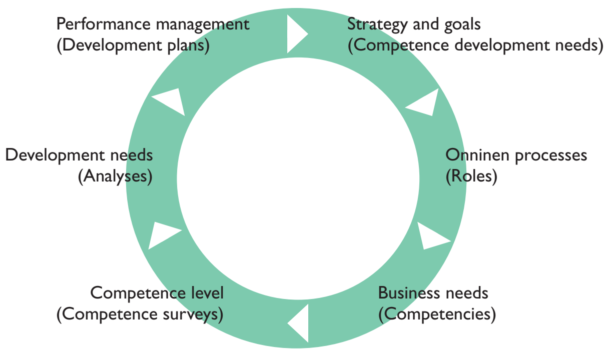
Applying experiences and best practice

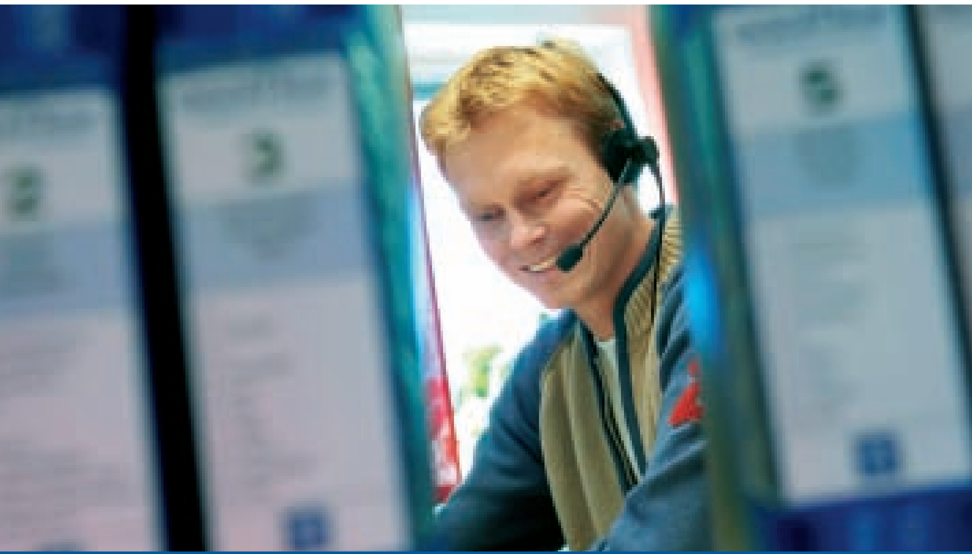
A good example of our internal Group-wide networking efforts is a biannual meeting arranged for managers responsible for the Group's HR administration and develop-

COMPETENCE MANAGEMENT



COMPETENCE MANAGEMENT PROCESS





Patrik Norén works at Onninen's Swedish headquarters in Örebro.

Edyta Mateuszczyk works at Onninen´s sales office in Warsaw.

ment. In 2005, these meetings addressed practices and methods that have proven successful in different countries, which participants have since been able to apply and adapt to their own companies and units.

We also applied our shared experiences to standardizing Group-wide processes such as our annual performance reviews. All Onninen employees have the right to undergo a review of their job descriptions, their performance in meeting the previous year's targets, their targets for the following year, and the competence needs implied by these.

We continued our work to clarify and expand the HR information contained in various countries' local intranets. In future we will be able to use applicable parts of an intranet-based HR Manual developed in Scandinavia, which contains important information, instructions, and links for managers and employees.

An intranet developed according to our Group-wide model was launched in Norway in spring, and we also continued developing our Group intranet OnNet. We aim to launch OnNet in 2006 in Sweden and Finland, after which it will be rolled out to other countries. A Group-wide intranet will facilitate standardized document management and the use of a document publication and administration system, which will contribute to improving the quality of our operations while simplifying and speeding up internal information sharing.

Cultural adaptation

Onninen operates in eight countries. Our more than 2,700 employees have much in common, but many things vary between countries and cultures.

In spring 2005 we carried out a cultural study to examine the values, work models, and attitudes towards leadership and the Onninen Group held by employees in Poland. The study revealed that the Group's values – "Working together", "Respecting people" and "Better than before" – have proven to work well even in Poland.

Outlook for 2006

In 2006 we will focus on leadership development and competence management. In Finland, for example, all Onninen employees holding managerial positions will participate in a management training, where they will focus on change management, leadership practices and work methods at Onninen, and age management.

We will continue carrying out the IT training required for competent use of our ERP and other systems, and invest in increasing English language skills in jobs where it is required for internal cooperation or customer interaction.

We will also continue to standardize our Group-wide HR development and administration processes in accordance with our HR Strategy and the Group's HR policies.

A new Group-wide job satisfaction survey will be carried out to measure internal satisfaction and its development. Survey results will be examined in spring, and the most important improvement and development measures will be included in the operating plans for 2007.

Gunnar Iila works at Onninen's Estonian distribution center in Tallinn.

Pertti Paananen works at Onninen's Imatra Express outlet in Finland.

Torill Schei Brenden (left) and Beate Stenby work at Onninen's Norwegian headquarters in Gjelleråsen.

Number of personnel at year end

	2005	2004
No. of personnel	2,750	2,652
Management	62 (2%)	64 (2%)
Clerical personnel	2,028 (74%)	1,932 (73%)
Workers	660 (24%)	656 (25%)

Average years of service of personnel, years

Finland	12	Russia	3
Sweden	7	Estonia	4
Norway	8	Latvia	4
Poland	4	Lithuania	4

Average age of personnel, years

Finland	42	Russia	31
Sweden	42	Estonia	34
Norway	44	Latvia	36
Poland	33	Lithuania	33

Gender distribution of personnel at year-end 2005

80% of employees were men and 20% were women
75% of managers were men and 25% were women

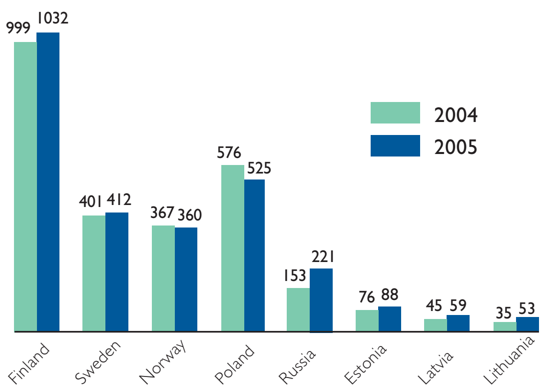
Educational background of personnel

	2005	2004
Primary level	546 (20%)	716 (27%)
Secondary level	1,636 (60%)	1,485 (56%)
Higher education level	568 (20%)	451 (17%)

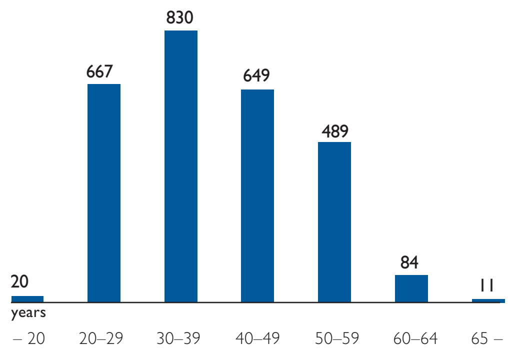
Personnel expenses, MEUR

	2005	2004
Wages and salaries	75.7	73.0
Pension expenses	9.4	9.9
Other personnel costs	10.2	10.3

Personnel by country at year-end



Age distribution of personnel at year-end 2005



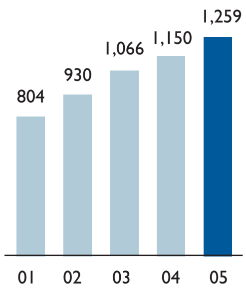
REPORT BY THE BOARD OF DIRECTORS AND FINANCIAL ACCOUNTS

In 2005 turnover for the Onninen Group was EUR 1.3 billion.
Operating profit was EUR 29 million.

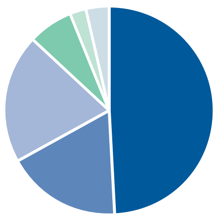
REPORT BY THE BOARD OF DIRECTORS

1 january–31 december 2005

Turnover, EUR million



Distribution of turnover, %



Finland	49.4%
Sweden	17.7%
Norway	20.1%
Poland	6.8%
Russia	2.6%
Baltic Countries	3.4%

Market Trend

In Finland, the level of construction output grew on the previous year. Both low-rise construction and renovation remained good. The wholesale market for heating and plumbing grew by close to 6%, the wholesale market for air conditioning products by roughly 3%, and electrical wholesale by close to 12%. The growth in goods exports was good, whereas investments did not increase. Demand for industrial products, in particular steel, increased markedly as a result of growth in the exporting industries.

In Sweden, the market trend was favorable. HEPAC demand grew by roughly 2% on the previous year. Demand for electrical products grew by 12%. The exceptionally high demand for electricity utility products was influenced by the heavy storm damage at the beginning of the year.

In Norway, the overall economic trend continued to be strong. Demand for electrical products was good, with electrical wholesale market growth at close to 10%.

In Poland, statistics showed the construction market to be on the increase, but there were major swings in demand for installation products. Demand for electrical products grew by over 5%, but estimates indicate that demand for HEPAC products declined by 15–20%.

In Russia, economic growth continued, construction was lively and demand for building services products remained high.

The construction market also continued to grow in each of the Baltic countries. Demand for technical products remained good.

Events in the Financial Year

The OnWay ERP system was taken into use in Norway on 13 June. The majority of the new system's basic functions are operational, but problems in the system and its usability persisted in some cases for several months. Also financial reporting was inadequate. The problems resulted in a degree of loss in sales as well as heavy costs as a consequence of, for example, claims and additional resources needed to correct the faults. Sweden's OnWay system deployment project will be initiated once the functionality of the system in Norway has been fully stabilized and the feasibility of Group-wide application of the system can be verified.

In Finland, the Hyvinkää distribution center extension which opened the way for the centralization of Finland's distribution operations at Hyvinkää, was completed at the beginning of the year and opened in the spring. The quality of distribution operations dropped significantly due to fault situations and setbacks. The primary cause for this is considered to be due to a sharp rise in personnel and the amount of time required for the new employees' learning processes. Operational quality began to improve markedly after the summer and returned to the normal level by the end of the year.

The Onninen Gallery showroom was opened in June in the Mega Express outlet premises that were opened in the Hermanni district of Helsinki in 2004. Mega Express outlets were opened in Oulu in November and in Tampere in December.

Onninen Finland's re-organization, which embraces the Group's process concept, took effect from the 1 September 2005. The former organizational structure based on six SBUs was replaced with three customer segment based profit centers (Contractors, Industry&Infra, and Retailers) and with two sourcing units concentrating on different product areas.

In Sweden, Express outlets were opened in Växjö and Luleå. A successful trainee program was carried out to secure skilled personnel resources. Hurricane "Gudrun", which swept the country at the beginning of the year, posed a significant challenge to Onninen to execute material deliveries to Sweden's energy industry. The materials procurement process that was rapidly initiated in cooperation with the customers played a pivotal role in improving the progress of repairs.

In Norway, the modernized regular customer system Onninen 1-2-3 was taken into use. Express outlets were opened in Bryne and Bergen. In the first part of the year a centralized Customer Service Center was opened. A special Project Service Office was also opened in Norway, which is intended to provide assistance to customers e.g. in tender calculation for major projects.

Organizational changes were implemented in Poland in the spring. According to the changes, the basic organization has been brought in line with the Group process operations model. The Management Team and the regional management organization were reduced and several development and streamlining programs were inaugurated. An Express outlet was opened in Olsztyn and the decision to close two small outlets was taken.

The basic organization of Russia and the Baltic Countries was brought in line with the Group's standardized operations model. The Project Sales unit, which operates in Finland and exports goods mostly to Russia, was operationally combined with the Russian organization.

In Russia, outlets were opened in Samara and Krasnodar as well as a new outlet in Moscow. Construction of the new St. Petersburg distribution center got underway in July.

Two new Express outlets were opened in Riga, Latvia. In Lithuania an Express outlet entered service in Klaipeda. The Kaunas distribution center which serves Lithuania was completed at the end of June. In Estonia an agreement was made concerning the sale of the Tallinn warehouse and office premises and the construction and leasing of a new distribution center and a new Express outlet in Tallinn.

Onninen's lead buyer model was brought into use for sourcing at the end of the year. According to the model, the Group's lead buyers and the product area teams managed by them, including respective experts from different units and countries, are responsible for procurement.

Group Structure

There were no changes in the Group structure during the year.

Onninen Oy's wholly owned subsidiaries in operation are Onninen AB in Sweden, Onninen AS in Norway, Onninen Sp. z o.o in Poland, OOO Onninen in Russia, AS Onninen in Estonia, SIA Onninen in Latvia, and UAB Onninen LIT in Lithuania. Onninen AS has a wholly owned subsidiary, Sörmaskin SWT AS.

Turnover

The Group's turnover was MEUR 1,258.6 (MEUR 1,150.2 in 2004). Turnover grew 9.4%.

Distribution of Turnover (MEUR)

	2005	2004	change %
Onninen Finland	621.8	570.0	9.1
Onninen Sweden	222.6	211.1	5.4
Onninen Norway	253.5	234.1	8.3
Onninen Poland	85.4	75.4	13.4
Onninen Russia	32.7	28.2	16.1
Onninen Baltic Countries	42.6	31.4	35.4
Total	1,258.6	1,150.2	9.4

Onninen Sweden's growth in turnover in Swedish currency was 7.0%, Onninen Norway's growth in turnover in Norwegian currency was 3.9%, and Onninen Poland's growth in turnover in Polish currency was 0.5%.

International operations accounted for 50.6% of the Group's turnover (50.4% in 2004).

Financial Result

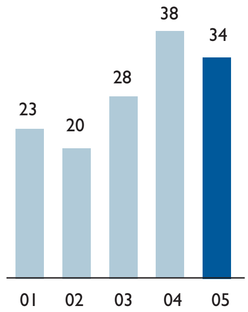
The Group's operating profit was MEUR 29.4 (MEUR 33.3 in 2004). Operating profit relative to turnover was 2.3% (2.9% in 2004). The Group's operating profit before amortization of goodwill (EBITA) amounted to MEUR 34.0 (MEUR 38.0 in 2004). In proportion to turnover, this was 2.7% (3.3% in 2004).

Profit before taxes totaled MEUR 25.9 (MEUR 30.2 in 2004). Profit after taxes was MEUR 21.3 (MEUR 16.3 in 2004). Return on investment was 12.8% (15.4% in 2004) and return on equity 17.1% (14.6% in 2004).

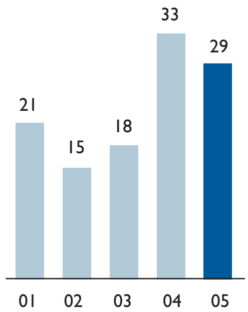
Distribution of Operating profit (MEUR)

	2005	2004	change %
Onninen Finland	26.9	28.3	-5.2
Onninen Sweden	4.4	4.1	8.5
Onninen Norway	7.0	10.4	-32.6
Onninen Poland	-2.6	-3.6	27.8
Onninen Russia	0.9	1.3	-29.0
Onninen Baltic Countries	-0.6	-0.7	8.3
Consolidated items and amortization of goodwill	-6.6	-6.5	1.6
Total	29.4	33.3	-11.7

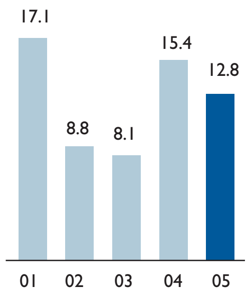
Operating profit before amortization of goodwill (EBITA), EUR million



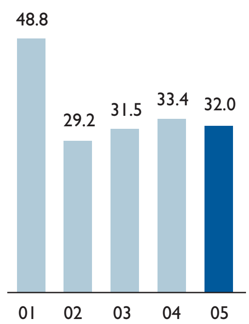
Operating profit (EBIT), EUR million



Return on investment (ROI), %



Equity ratio, %



The slight downturn in Onninen Finland's results was a consequence of the temporary decline in operational quality in connection with the changes implemented in the distribution system in the spring and summer.

The improvement in Onninen Sweden's results continued as a consequence of the streamlining and restructuring measures implemented in 2003.

Onninen Norway's results weakened due to problems arising in the latter half of the year due to ERP system changes.

Onninen Poland's results were an improvement on the previous year, but it still posted a net loss. The negative performance reached a turnaround in August as a consequence of streamlining and restructuring measures carried out in the spring.

Onninen Russia's result remained good in spite of the economic impact of expansion of operations.

A drag on the Baltic operation's profits was exerted by the costs of the expansion of operations, causing it to post a small loss.

Finances

The Group's equity ratio was 32.0% (33.4% in 2004). Net financing expenses amounted to MEUR 3.5 (MEUR 3.1 in 2004).

The total of interest-bearing liabilities was MEUR 122.0, an increase during the year of MEUR 11.2. Bank loan installments were repaid to the amount of MEUR 5.8 and MEUR 19.4 in loans was taken from the Onvest Group. Loans decreased in Sweden and Norway, but increased in Finland. This was caused principally by the growth in working capital of Finland's operations and by OnWay investments, which are executed on the parent company's balance sheet.

Of the Group's interest-bearing liabilities, MEUR 48.8 consists of internal financing by the Onvest Group and MEUR 73,2 consists of non-Group financing from banks. The terms of the Onvest Group's financing are market-based. The interest rate of Group loans is based on the Euribor rate plus an agreed margin. Correspondingly, agreement has been reached on the interest paid on Onvest Oy's Group deposits.

Onninen Oy's loans are denominated in euros. The foreign subsidiaries' loans have mostly been taken in local currency. Of the Group's loans, 46.8% are in Norwegian currency, 34.3% in euros, and 12.6% in Swedish and 6.3% in Polish currency.

Each of the eight countries in which the Group operates has its own currency. Due to the nature of the sector, the Group companies' business operations are mostly local. A currency risk may arise from the mutual debts of Group companies as well as from currency payments for goods imports. There is relatively little trading between Group companies, as a result of which there is little mutual debt. Currency payments for goods imports are fairly small as a considerable portion of the imports is paid for in the local currency of the Group company in question.

Investments

The Group's investments were MEUR 18.1 (MEUR 15.9 in 2004). The biggest investment remained the development of the Group's new ERP system (OnWay). Other investments were mainly concerned with the revamping of the network of delivery centers and cash-and-carry outlets.

Premises

The Group companies operate mainly in rented premises. Most of the premises used by Onninen in Finland have been leased from Onvest Oy. In Sweden, Onninen AB has leased the distribution center building in Örebro from Onvest Sverige. In Poland, Onninen Sp. z o.o has leased a distribution center in Lódz owned by Onvest Polska. The leases with Onvest are market-based and 3–10 years in duration.

In Norway, the lease on the distribution center and office premises in Gjelleråsen, which was made as part of the acquisition of the shares in Onninen AS, lasts until 2007 and the lease on nine warehouse and office facilities in various parts of Norway lasts until 2014.

The other business premises in Finland and abroad have been leased from non-Group parties on normal lease agreements of different durations.

Research and Development

Onninen is a service company. The core processes from the point of view of Group business are sales, sourcing, and logistics, i.e. the order/delivery process, and efficient information systems that support these. Development projects are currently in progress within the Group in each of these areas. Among the most economically important are the OnWay ERP system project and the logistics development projects in different countries.

The products sold by Onninen to its customers are, as a rule, manufactured by its suppliers or produced for Onninen within wholesale business parameters, i.e. the supply of products and related information. Research or development activities related to the products sold do not have a central role in the company's activities.

Quality and Environmental Aspects

Group countries have either an existing ISO 9001 certified quality system or one under development. In Scandinavia and Finland an ISO 14001 compliant environmental system has also been integrated into the above certification. System standardization is currently in progress and in 2007 a Lloyd's Registered Quality Assurance certified quality system will be made operational in all Group countries, to which an environmental system will also be integrated or made integratable as required.

The Onninen Excellence concept has been introduced within the Group in order to expand the Group's quality philosophy. The approach includes an annual self-evaluation performed on the basis of European Quality Award criteria and the prioritization and management of development projects generated by the evaluation as an integral part of administrative work.

Most Significant Risks

The Group has a risk management policy approved by the Board of Onninen Oy. The Board directs and controls the planning and implementation of risk management.

The Group's operations are increasing most strongly in Russia, the Baltic Countries, and Poland. Business risks in these countries are bigger than in Finland, Sweden or Norway. Onninen believes that these risks are controlled to a sufficient degree by the control and monitoring systems in place within the company.

Onninen's business activities are based on functioning and reliable information processing systems. The goal is to control risks related to the above by, for example, creating backups of critical information systems and data communications links, by paying attention to the choice of business partners and by standardizing currently used workstation models and software as well as information security related work practices.

During the next few years the Group's new ERP system (OnWay) will be taken into use in all of the countries served by Onninen. Despite careful advance preparations, the start-up phase entails a number of potential disturbances, which can lower operational quality and cause temporary losses in sales and profitability. The company believes that the worst deficiencies related to the system were experienced in connection with the first start-up of the system in Norway and envisages that start-ups in other countries will undergo fewer disturbances.

Operational disturbances may also be a result of changes in logistical systems. The centralization of distribution and warehousing at the newly extended Hyvinkää distribution center in Finland in 2005 temporarily compromised the quality and sales and profitability of distribution operations. 2006 will see the opening of the new St. Petersburg distribution center in Russia and the new Tallinn distribution center in Estonia. Corresponding inaugurations in Riga, Latvia in 2004 and in Kaunas, Lithuania in 2005 were implemented successfully, so it is envisaged that the relocation of warehousing in St. Petersburg and Tallinn will also go ahead without significant operational setbacks. Furthermore, these warehousing operations represent only a minor share of whole Group supply volume.

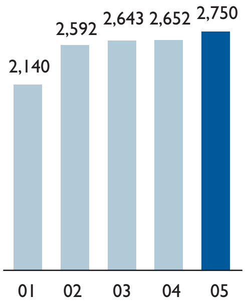
The biggest balance sheet items in Onninen's business are trade receivables and inventories. Trade receivables related credit loss risk is controlled by means of a standardized credit extension policy and efficient collection procedures. The same precautionary principles based criteria are used in the appreciation of trade receivables and inventories in the financial statements.

Onninen's core know-how is aligned with the business processes of the company, namely sales, sourcing, and logistics, and necessary support functions that include information management, finances, personnel, and communication. A significant, unanticipated reduction in core competence would represent a considerable risk. The company aims to continuously build on the core and other significant competence of its personnel by offering opportunities for on-the-job learning and training and by recruiting skilled new staff.

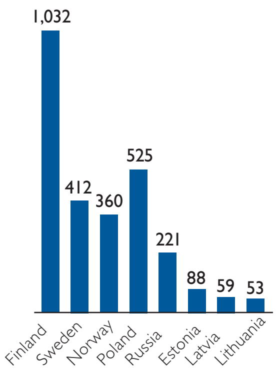
REPORT BY THE BOARD OF DIRECTORS

1 january–31 december 2005

Personnel at end of year



Personnel by country at end of year 2005



Personnel

At year-end the Group's personnel totaled 2,750, an increase of 98 since the beginning of the year. The Group's personnel averaged 2,707 (2,652) in 2005 and the parent company average was 1,027 (1,020).

At the end of 2005, the divisions responsible for business operations altogether employed 2,705 employees and Group functions 45 employees. The number of personnel by country at the end of 2005 was 1,032 in Finland, 412 in Sweden, 360 in Norway, 525 in Poland, 221 in Russia, and 200 in the Baltic countries.

Maintaining and improving competitiveness requires a skilled and motivated company staff. The individual, unit, country, and Group level training offered is based on developing the expertise required for realizing the Group strategy and commercial objectives. Several training and orientation programs were carried out in the Group countries, the objective of which was to standardize the Onninen operational approach, to improve management expertise and to boost professional expertise with respect to the needs of local business. A Group-level assessment of the expertise requirements of the defined roles of the Group's harmonized business processes and functions was initiated, along with an appraisal of how the know-how of personnel working within these roles corresponds with these expertise requirements.

Respondent participation in the group-wide employee satisfaction survey carried out in the spring reached a record level and the responses in all Group countries were more positive than in the previous 2003 survey. Numerous development measures were instigated on the basis of the survey results.

Board of Directors and Management

Onninen Oy's Board of Directors during the financial year comprised Maarit Toivanen-Koivisto, M.Sc. (Econ.) as Chair, and as ordinary members Professor Eero Eloranta and President Karsten Slotte, M.Sc. (Econ.) as well as, until 31 October 2005, Tapio Hintikka, M.Sc. (Eng.).

Petteri Walldén M.Sc. (Eng.) served as company President & CEO until 31 August 2005. Tuomo Väänänen M.Sc. (Eng.) has served as the company's President pro tem since 1 September 2005.

As of 15 March 2006 Harri Sivula, M.Sc. (Admin.) has been appointed President & CEO and Tuomo Väänänen Deputy to the President & CEO.

The company's auditors are Göran Lindell, Authorized Public Accountant, and PricewaterhouseCoopers Oy, an APA firm, whose designated auditor in charge is Kaija Leppinen, APA.

Share Capital and Shareholders

Onninen Oy's share capital is MEUR 20.0. The company has 10,000,000 shares, all of which are held by Onvest Oy.

Outlook for 2006

Forecasts for the construction industry in Finland remain relatively optimistic. We forecast that demand in 2006 will continue to be good. The share of renovation within the construction sector will continue to grow. Demand for industrial products is expected to remain stable and demand for infrastructural products is forecast to increase slightly.

In Sweden, we expect the upbeat market trend to continue. We forecast growth in demand in all of the product areas that we represent, with particularly strong growth in the infrastructure sector.

In Norway, the economy is expected to continue to be buoyant and we estimate that the growth in demand in the electrical accessory market will continue.

In Poland we expect to see new investments begin to speed up economic growth. We anticipate that growth in the electrical products market will continue at the 2005 level and also envisage an upturn in the HEPAC market.

The Russian economy and all of the Baltic countries' economies are also expected to continue growing in 2006. Demand for technical products is forecast to remain good.

We forecast that Onninen's turnover will grow most rapidly in Russia and significantly also in Poland and the Baltic countries. Key factors in this growth are the expansion of the Group's network of outlets and its product offering, but the favorable trend in the market will also contribute. In Finland, Sweden, and Norway, the growth targets are fairly modest.

The Group's overall turnover is forecast to grow by at least 5%. The Group's net profit is expected to improve on its 2005 level.

Consolidated Profit and Loss Account

EUR million	Note	Jan. 1–Dec. 31, 2005		%	Jan. 1–Dec. 31, 2004		%
Turnover	2.1.		1,258.6	100.0		1,150.2	100.0
Other operating income			0.1			0.5	
Materials and services	2.2.		1,011.4			920.3	
Personnel expenses	2.3.		95.3			93.2	
Depreciation			11.7			11.2	
Other operating expenses	2.4.		110.9			92.7	
Operating profit			29.4	2.3		33.3	2.9
Financial income and expenses	2.5.						
Interest and similar income							
From Group companies		0.3			0.3		
From others		1.1			1.8		
Interest and similar expenses							
To Group companies		-1.3			-0.9		
To others		-3.6	-3.5		-4.3	-3.1	
Profit before taxes			25.9	2.1		30.2	2.6
Direct taxes	2.7.		-4.6			-13.9	
Group profit for the year			21.3	1.7		16.3	1.4

Consolidated Balance Sheet

EUR million	Note	Dec. 31, 2005		Dec. 31, 2004	
Assets					
Fixed and other long-term assets	3.1.				
Intangible assets					
Intangible rights		0.7		0.8	
Goodwill		1.1		1.5	
Group goodwill		26.5		29.9	
Other long-term assets		6.9		3.0	
Advance payments		14.5	49.7	8.1	43.3
Tangible assets					
Land		0.8		0.8	
Buildings		3.6		3.3	
Machinery and equipment		13.6		11.6	
Advance payments and construction in progress		0.2	18.2	1.9	17.6
Financial investments					
Shares in affiliated companies		0.4		0.5	
Other shares and holdings		0.2	0.6	0.2	0.7
Current assets					
Inventories					
Goods in stock			156.0		140.5
Receivables	3.2.				
Long-term					
Loans receivable			1.1		1.7
Deferred tax receivable			2.3		0.1
Short-term					
Accounts receivable		155.2		123.8	
Receivables from Group companies		1.5		1.9	
Loans receivable		0.1		0.1	
Other receivables		2.4		2.4	
Deferred receivables		22.4	181.6	18.0	146.2
Cash and bank deposits			2.4		2.1
			411.9		352.2

EUR million	Note	Dec. 31, 2005		Dec. 31, 2004	
Shareholders' equity and liabilities					
Shareholders' equity	3.3.				
Share capital		20.0		20.0	
Share premium account		35.1		35.1	
Other reserves		0.2		0.2	
Retained earnings		54.9		45.8	
Profit for the year		21.3	131.5	16.3	117.4
Statutory provisions	3.4.		1.8		1.7
Liablities	3.5.				
Deferred tax liability			0.8		0.1
Long-term liabilities					
Loans from financial institutions		57.4		59.0	
Payables to Group companies		32.2		29.7	
Other long-term liabilities		6.1	95.7	8.4	97.1
Short-term liabilities	3.6.				
Loans from financial institutions		9.8		13.8	
Advances received		1.2		0.9	
Accounts payable		112.8		84.0	
Payables to Group companies		16.7		0.1	
Other short-term liabilities		14.8		12.8	
Deferred payables		26.8	182.1	24.3	135.9
			411.9		352.2

Cash Flow Statements

EUR million	Group 2005	Group 2004	Parent company 2005	Parent company 2004
Cash flow from operations				
Operating profit	29.4	33.3	23.1	23.1
Depreciation	11.7	11.2	3.5	2.6
Other adjustments	-0.0	-0.4	-0.0	-0.4
Cash flow before change in working capital	41.1	44.1	26.6	25.3
Change in working capital:				
Change in non-interest-bearing receivables	-34.6	-17.7	-9.2	-8.3
Change in inventories	-14.6	-15.7	-3.1	-11.8
Change in non-interest-bearing liabilities	33.9	19.0	3.7	19.7
Cash flow before financial items and taxes	25.8	29.7	18.0	24.9
Cash flow from financial expenses	-4.9	-5.5	-1.0	-0.8
Dividends received	0.0	0.0	0.0	0.0
Cash flow from financial income	1.3	2.1	0.7	1.2
Tax payments	-7.1	-7.0	-6.7	-6.6
Total cash flow from operations (A)	15.1	19.3	11.0	18.7
Cash flow from investments				
Fixed asset investments	-18.1	-15.2	-19.8	-16.3
Sales in fixed assets	0.7	1.0	0.1	0.5
Change in loans receivable	1.3	8.8	0.6	7.6
Total cash flow from investments (B)	-16.1	-5.4	-19.1	-8.2
Cash flow from financing				
Change in short-term loans	12.6	7.2	15.9	0.0
Change in long-term loans	-3.0	-26.8	0	-6.5
Dividends paid	-8.0	-4.5	-8.0	-4.5
Others	-0.3	0.2		
Total cash flow from financing (C)	1.3	-23.9	7.9	-11.0
Change in liquid funds (A+B+C)	0.3	-10.0	-0.2	-0.5
Liquid funds Jan. 1	2.1	12.1	0.5	1.0
Liquid funds Dec. 31	2.4	2.1	0.3	0.5

Parent Company Profit and Loss Account

EUR million	Note		**Jan. 1–Dec. 31, 2005**	**%**		Jan. 1–Dec. 31, 2004	%
Turnover	2.1.		**638.0**	**100.0**		588.7	100.0
Other operating income			**1.2**			0.5	
Materials and services	2.2.		**522.9**			478.0	
Personnel expenses	2.3.		**43.2**			43.9	
Depreciation			**3.5**			2.6	
Other operating expenses	2.4.		**46.5**			41.6	
Operating profit			**23.1**	**3.6**		23.1	3.9
Financial income and expenses	2.5.						
Interest and similar income							
From Group companies		**0.1**			0.3		
From others		**0.6**			0.9		
Interest and similar expenses							
To Group companies		**-1.0**			-0.7		
To others		**-0.0**	**-0.3**		-0.1	0.4	
Profit before appropriations and taxes			**22.8**	**3.6**		23.5	4.0
Appropriations	2.6.		**-0.5**			0.4	
Direct taxes	2.7.		**-5.9**			-12.1	
Profit for the year			**16.4**	**2.6**		11.8	2.0

Parent Company Balance Sheet

EUR million	Note	Dec. 31, 2005		Dec. 31, 2004	
Assets					
Fixed and other long-term assets	3.1.				
Intangible assets					
Intangible rights		0.3		0.4	
Goodwill		1.0		1.4	
Other long-term assets		5.1		0.3	
Advance payments		14.5	20.9	8.0	10.1
Tangible assets					
Buildings		0.6		0.2	
Machinery and equipment		6.4		4.2	
Advance payments and construction in progress		0.2	7.2	1.8	6.2
Financial investments					
Shares in Group companies		59.4		55.0	
Shares in affiliated companies		0.0		0.0	
Other shares and holdings		0.1	59.5	0.1	55.1
Current assets					
Inventories					
Goods in stock			75.1		72.0
Receivables	3.2.				
Long-term					
Receivables from Group companies				1.8	
Loans receivable			0.0	0.0	1.8
Short-term					
Accounts receivable		49.2		44.7	
Receivables from Group companies		11.8		8.0	
Other receivables		0.4		1.2	
Deferred receivables		7.5	68.9	4.6	58.5
Cash and bank deposits			0.3		0.5
			231.9		204.2

EUR million	Note	Dec. 31, 2005		Dec. 31, 2004	
Shareholders' equity and liabilities					
Shareholders' equity	3.3.				
Share capital		20.0		20.0	
Share premium account		35.1		35.1	
Retained earnings		56.1		52.2	
Profit for the year		16.4	127.6	11.8	119.1
Accumulated excess depreciation			1.1		0.6
Statutory provisions	3.4.		0.9		1.1
Liabilities	3.5.				
Long-term liabilities					
Payables to Group companies			23.0		23.0
Short-term liabilities	3.6.				
Advances received		0.2		0.2	
Accounts payable		45.3		39.9	
Payables to Group companies		16.8		0.2	
Other short-term liabilities		8.9		8.2	
Deferred payables		8.1	79.3	11.9	60.4
			231.9		204.2

Notes to the Financial Statements

1. Financial statement accounting principles

1.1. Introduction

The company belongs to the Onvest Group. The Onvest Group's parent company is Onvest Oy, domiciled in Helsinki. A copy of the Onvest Group's consolidated financial statements is available at the Onvest Group's head office, Mittalinja 1, FIN-01260 Vantaa.

1.2. Valuation policies

1.2.1. Valuation of fixed assets

Fixed assets have been capitalised at the immediate acquisition cost. Depreciation according to plan is based on the economic life of the asset and has been calculated using the straight-line method.

Depreciation periods:

Intangible rights	5 years
Goodwill	5 years
Group goodwill	10 years
Other long-term expenditure	3–5 years
Buildings	10–25 years
Machinery and equipment	3–12 years

1.2.2. Valuation of inventories

Inventories have been valued on the FIFO principle at the acquisition cost or the repurchase price or probable selling price, whichever is the lower.

1.2.3. Accrual of pension expenses

Pension expenses have been presented in accordance with local legislation in each country. Insurance has been arranged with pension insurance companies. Direct liabilities for pensions are included in the statutory provisions in the balance sheet.

1.3. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1.4. Consolidated financial statements

The consolidated financial statements have been prepared according to the acquisition cost method. The consolidated financial statements include the parent company and all its subsidiaries.

The difference between the acquisition cost of subsidiaries and the acquired holding in shareholders' equity is presented as Group goodwill.

Internal Group transactions, margins, receivables and debts have been eliminated

The financial statements of the foreign subsidiaries have been translated and grouped to meet the requirements of Finnish accounting legislation. The profit and loss accounts of foreign subsidiaries have been translated into euros at the average for the financial year. The balance sheets have been translated at the year-end rate. The translation adjustments arising from this, like the translation adjustments arising from shareholders' equity, are presented in the item for retained profits from previous years.

1.5. Deferred tax assets and liabilities

In the consolidated financial statements, the accumulated depreciation difference has been divided between deferred tax and shareholders' equity. There are no deferred tax liabilities due to matching differences.

Tax assets arising from matching differences have been included as deferred tax assets. Those tax assets arising from tax losses which are not considered likely to fall due in the next few years have not been included.

1.6. Group's cash flow statement

Exchange differences arising from translation of each item in the cash flow statement are included in the respective item.

2. Notes to the profit and loss account (EUR million)

	Group		Parent company	
	2005	2004	2005	2004
2.1. Turnover				
Turnover total	1,258.6	1,150.2	638.0	588.7
Sales to Group companies	13.7	12.3	25.3	24.5
Division of turnover				
Onninen Finland	621.8	570.0	621.8	570.0
Onninen Sweden	222.6	211.1		
Onninen Norway	253.5	234.1		
Onninen Poland	85.4	75.4		
Onninen Russia	32.7	28.2	3.1	5.5
Onninen Baltic Countries	42.6	31.4		
Intra-Group sales			13.1	13.2
	1,258.6	1,150.2	638.0	588.7
2.2. Materials and services				
Materials				
Purchases during the year	1,025.9	936.0	526.0	489.9
Change in inventories	-14.5	-15.7	-3.1	-11.9
	1,011.4	920.3	522.9	478.0
2.3. Personnel expenses and average personnel				
Personnel expenses				
Wages and salaries	75.7	73.0	35.5	35.7
Pension expenses	9.4	9.9	5.5	6.1
Other personnel expenses	10.2	10.3	2.2	2.1
	95.3	93.2	43.2	43.9
Salaries and bonuses to the Managing Directors and Board Members	1.0	1.0	0.5	0.4
Average personnel				
Finland	1,027	1,020	1,027	1,020
Sweden	398	403		
Norway	358	366		
Poland	553	571		
Russia	186	141		
Baltic countries	185	151		
	2,707	2,652	1,027	1,020
Personnel at year-end				
Finland	1,032	999	1,032	999
Sweden	412	401		
Norway	360	367		
Poland	525	576		
Russia	221	153		
Baltic countries	200	156		
	2,750	2,652	1,032	999

2. Notes to the profit and loss account (eur million)

	Group		Parent company	
	2005	2004	2005	2004
2.4. Other operating expenses				
Property-related costs	25.5	23.5	10.6	9.6
Delivery and transport costs	35.3	29.0	14.9	12.1
Administrative expenses	32.3	25.0	12.9	12.0
Other operating expenses	17.8	15.2	8.1	7.9
	110.9	92.7	46.5	41.6
2.5. Financial income and expenses				
Interest and similar income from others includes exchange rate gains (net)	0.1	0.4	0.1	0.4
2.6. Appropriations				
Excess depreciation (tax-based depreciation – planned depreciation)			-0.5	0.4
2.7. Direct taxes				
Coprorate income tax	-6.3	-12.5	-5.9	-12.1
Change in deferred tax liability	1.7	-1.4		
	-4.6	-13.9	-5.9	-12.1

The item for corporate income tax in 2004 includes MEUR 4.9 in taxes for 2003 in the figures of both the Onninen Group and the parent company. The item concerns a write-down on shares which has not yet been accepted in taxation.

3. Notes to the balance sheet (EUR million)

3.1. Fixed and other long-term assets

Group	Intangible assets					
	Intangible rights	Goodwill	Group goodwill	Other longterm assets	Advance payments	Total
Acquisition cost Jan. 1, 2005	2.5	4.6	49.5	8.1	8.1	72.8
Currency-related conversions	0.0	-0.1	1.0	0.1	0.0	1.0
Increase	0.0			1.6	11.0	12.6
Decrease	-0.3		-0.0	-0.1	-0.2	-0.6
Transfers between items	1.5			1.9	-4.4	-1.0
Acquisition cost Dec. 31, 2005	3.7	4.5	50.5	11.6	14.5	84.8
Accumulated depreciation Jan. 1, 2005	1.7	3.1	19.6	5.1		29.5
Currency-related conversions	-0.0	-0.1	0.3	0.0		0.2
Accumulated depreciation on deductions and transfers	0.9		-0.0	-2.1		-1.2
Depreciation from the period	0.4	0.4	4.1	1.7		6.6
Accumulated depreciation Dec. 31, 2005	3.0	3.4	24.0	4.7		35.1
Book value Dec. 31, 2005	0.7	1.1	26.5	6.9	14.5	49.7

Group	Tangible assets				
	Land	Buildings	Machinery and equipment	Advance payments and construction in progress	Total
Acquisition cost Jan. 1, 2005	0.8	4.5	35.9	1.9	43.1
Currency-related conversions	-0.0	-0.0	0.1	-0.1	0.0
Increase		0.6	4.8	0.2	5.6
Decrease			-4.2	-0.0	-4.2
Transfers between items			2.8	-1.8	1.0
Acquisition cost Dec. 31, 2005	0.8	5.1	39.4	0.2	45.5
Accumulated depreciation Jan. 1, 2005		1.2	24.3		25.5
Currency-related conversions		-0.0	0.0		0.0
Accumulated depreciation on deductions and transfers			-3.1		-3.1
Depreciation from the period		0.3	4.6		4.9
Accumulated depreciation Dec. 31, 2005		1.5	25.8		27.3
Book value Dec. 31, 2005	0.8	3.6	13.6	0.2	18.2

3. Notes to the balance sheet (EUR million)

Parent company	**Intangible assets** Intangible rights	Goodwill	Other longterm assets	Advance payments	Total
Acquisition cost Jan. 1, 2005	1.6	1.8	2.1	8.0	13.5
Increase	0.1		1.2	10.9	12.2
Decrease	-0.3				-0.3
Transfers between items			4.4	-4.4	
Acquisition cost Dec. 31, 2005	1.4	1.8	7.7	14.5	25.4
Accumulated depreciation Jan. 1, 2005	1.2	0.4	1.8		3.4
Accumulated depreciation on deductions and transfers	-0.3				-0.3
Depreciation from the period	0.2	0.4	0.8		1.4
Accumulated depreciation Dec. 31, 2005	1.1	0.8	2.6		4.5
Book value Dec. 31, 2005	0.3	1.0	5.1	14.5	20.9

Parent company	**Tangible assets** Buildings	Machinery and equipment	Advance payments and construction in progress	Total
Acquisition cost Jan. 1, 2005	0.3	16.6	1.8	18.7
Increase	0.5	2.4	0.2	3.1
Decrease		-0.9		-0.9
Transfers between items		1.8	-1.8	0.0
Acquisition cost Dec. 31, 2005	0.8	19.9	0.2	20.9
Accumulated depreciation Jan. 1, 2005	0.1	12.4		12.5
Accumulated depreciation on deductions and transfers		-0.9		-0.9
Depreciation from the period	0.1	2.0		2.1
Accumulated depreciation Dec. 31, 2005	0.2	13.5		13.7
Book value Dec. 31, 2005	0.6	6.4	0.2	7.2

Financial investments

Group	Shares in affiliated companies	Other shares and holdings	Total
Acquisition cost Jan. 1, 2005	0.5	0.2	0.7
Currency-related conversions	0.0	0.0	0.0
Increase	0.0		0.0
Decrease	-0.1	0.0	-0.1
Acquisition cost Dec. 31, 2005	0.4	0.2	0.6
Book value Dec. 31, 2005	0.4	0.2	0.6

Financial investments

Parent company	Shares in Group companies	Shares in affiliated companies	Other shares and holdings	Total
Acquisition cost Jan. 1, 2005	55.0	0.0	0.1	55.1
Increase	4.4			4.4
Decrease			-0.0	-0.0
Acquisition cost Dec. 31, 2005	59.4	0.0	0.1	59.5
Book value Dec. 31, 2005	59.4	0.0	0.1	59.5

Group companies

	Group's Holdings %	Parent company's Holdings %
Onninen AB, Örebro	100.0	100.0
Onninen AS, Nittedal	100.0	100.0
Onninen Sp. z o.o., Warsaw	100.0	100.0
OOO Onninen, St Petersburg	100.0	100.0
AS Onninen, Tallinn	100.0	100.0
SIA Onninen, Riga	100.0	100.0
UAB Onninen LIT, Vilnius	100.0	100.0
Sörmaskin SWT AS, Kristiansand	100.0	
Dormant companies	100.0	100.0

Affiliated companies

Suomen LVIS-Tietoverkko Oy, Vantaa	20.0	
Dyrud Elektro AS, Seljord	34.0	20.0
Eltron AS, Tynset	34.0	

All associated companies outside Finland have been consolidated using the equity method. The share of associated companies' profits is included in financial income. The effect of the associated companies owned by the parent company on the Group's net profit and shareholders' equity is so small that it has not been included in the consolidated profit and loss account and balance sheet.

3. Notes to the balance sheet (EUR million)

	Group		Parent company	
	2005	2004	2005	2004
3.2. Receivables				
Long-term receivables				
Receivables from Group companies				
Loans receivable				1.8
Deferred tax receivable				
From allocations	2.3	0.1		
Short-term receivables				
Receivables from Group companies				
Accounts receivable	1.5	1.3	9.8	7.2
Loans receivable		0.6	2.0	0.8
	1.5	1.9	11.8	8.0
Deferred receivables				
Annual discount receivables	19.4	15.1	7.0	3.8
Others	3.0	2.9	0.5	0.8
	22.4	18.0	7.5	4.6
3.3. Shareholders' equity				
Share capital Jan. 1	20.0	20.0	20.0	20.0
Share capital Dec. 31	20.0	20.0	20.0	20.0
Share premium account Jan. 1	35.1	35.1	35.1	35.1
Share premium account Dec. 31	35.1	35.1	35.1	35.1
Other reserves Jan. 1	0.2	0.2		
Exchange difference	0.0	-0.0		
Other reserves Dec. 31	0.2	0.2		
Retained earnings Jan. 1	62.1	49.6	64.1	56.7
Dividends paid	-8.0	-4.5	-8.0	-4.5
Conversions and other adjustments	0.8	0.7		
Retained earnings Dec. 31	54.9	45.8	56.1	52.2
Profit for the year	21.3	16.3	16.4	11.8
Shareholders' equity total	131.5	117.4	127.6	119.1
Distributable earnings				
Retained earnings	54.9	45.8	56.1	52.2
Profit for the year	21.3	16.3	16.4	11.8
Share of accumulated excess depreciation held in equity account	-0.8	-0.4		
	75.4	61.7	72.5	64.1

	Group		Parent company	
	2005	2004	**2005**	2004
3.4. Statutory provisions				
Pension liability provision	**1.3**	1.2	**0.9**	0.8
Other provisions	**0.5**	0.5		0.3
	1.8	1.7	**0.9**	1.1
3.5. Long-term liabilities				
Deferred tax liability				
From appropriations	**0.8**	0.1		
Payables to Group companies				
Long-term liabilities	**32.2**	29.7	**23.0**	23.0
3.6. Short-term liabilities				
Payables to Group companies				
Accounts payable	**0.1**	0.1	**0.8**	0.1
Other short-term liabilities	**16.6**		**16.0**	0.1
	16.7	0.1	**16.8**	0.2
Deferred payables				
Personnel-related expenses	**14.8**	16.4	**6.8**	9.9
Others	**12.0**	7.9	**1.3**	2.0
	26.8	24.3	**8.1**	11.9
3.7. Leasing liabilities and contingent liabilities				
Leasing liabilities				
Due in current period	**1.9**	2.0	**1.0**	0.9
Due later	**1.7**	1.6	**1.1**	0.9
	3.6	3.6	**2.1**	1.8
Contingent liabilities				
Guarantees and securities given on behalf of Group companies			**73.4**	77.5
Guarantees and securities given on behalf of others	**0.1**	0.1	**0.1**	0.1
Rental liabilities	**26.2**	24.3	**2.7**	2.7

In respect of non-Group long-term leases, an amount equivalent to a maximum of three years' rent has been included as rental liabilities. This is based on the assumption that if the premises are left vacant, the maximum expense to the Group will be this amount.

Pension liability on behalf of related party, EUR 0.4 million, is included in statutory provisions.

The Board's Proposal for the Distribution of Profits

The Group's distributable earnings are MEUR 75.4. The parent company's distributable earnings are MEUR 72.5, of which the profit for the year is MEUR 16.4.

The Board of Directors' proposal to the annual general meeting is that the distributable earnings be allocated as follows:

– payment of a dividend of EUR 0.80 per share, constituting a total of EUR 8.0 million
– EUR 64.5 million to remain as shareholders' equity.

Vantaa, 17 February 2006

MAARIT TOIVANEN-KOIVISTO
Chair of the Board

EERO ELORANTA

KARSTEN SLOTTE

TUOMO VÄÄNÄNEN
President pro tem

Auditor's Report

To the shareholders of Onninen Oy

We have audited the accounting records, the financial statements and the administration of Onninen Oy for the period 1.1.–31.12.2005. The Board of Directors and the President and CEO have prepared the Report of the Board of Directors and the financial statements, which include the consolidated and parent company balance sheets, income statements, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these financial statements and on 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 Presidents and CEOs of the parent company have complied with the rules of the Companies' Act.

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

Vantaa, 17 February 2006

PricewaterhouseCoopers Oy
Authorised Public Accountants

GÖRAN LINDELL
Authorised Public Accountant

KAIJA LEPPINEN
Authorised Public Accountant

Five-year Review

	2005	2004	2003	2002	2001
Turnover, EUR million	**1,259**	1,150	1,066	930	804
growth, %	**9.4**	7.9	14.6	15.7	13.2
Turnover of international operations, EUR million	**637**	580	555	446	323
growth, %	**9.8**	4.6	24.4	37.8	31.9
percentage of turnover, %	**50.6**	50.4	52.0	47.9	40.2
Operating profit before amortisation of goodwill (EBITA), EUR million	**34**	38	28	20	23
percentage of turnover, %	**2.7**	3.3	2.6	2.1	2.8
Operating profit (EBIT), EUR million	**29**	33	18	15	21
percentage of turnover, %	**2.3**	2.9	1.7	1.6	2.6
Net from financing, EUR million	**-4**	-3	-6	-3	-1
percentage of turnover, %	**-0.3**	-0.3	-0.5	-0.3	-0.1
Profit before taxes (EBT), EUR million	**26**	30	12	11	20
percentage of turnover, %	**2.1**	2.6	1.1	1.2	2.4
Group profit for the year, EUR million	**21**	16	9	6	13
percentage of turnover, %	**1.7**	1.4	0.9	0.6	1.6
Return on investment (ROI), %	**12.8**	15.4	8.1	8.8	17.1
Return on equity (ROE), %	**17.1**	14.6	9.0	5.6	14.0
Equity ratio, %	**32.0**	33.4	31.5	29.2	48.8
Interest-bearing net liabilities, EUR million	**120**	109	116	134	24
Balance sheet total, EUR million	**412**	352	334	343	204
Investments, EUR million	**18**	15	5	63	7
Average personnel	**2,707**	2,652	2,616	2,416	2,150
Personnel at year-end	**2,750**	2,652	2,643	2,592	2,140

Formulas for the Indicators

Return on investment (ROI), %

$$\frac{\text{(Profit before extraordinary items + interest and similar expenses)} \times 100}{\text{Total assets – interest-free liabilities (average for the beginning and end of the financial year)}}$$

Return on equity (ROE), %

$$\frac{\text{(Profit before extraordinary items – taxes)} \times 100}{\text{Shareholders' equity + minority interest (average for the beginning and end of financial year)}}$$

Equity ratio, %

$$\frac{\text{(Shareholders' equity + minority interest)} \times 100}{\text{Total assets – advances received}}$$

Interest-bearing net liabilities

Interest-bearing liabilities – cash and bank deposits

BOARD OF DIRECTORS

February 17, 2006

The annual general meeting of Onninen Oy elects a Board of Directors each year and appoints the members of the Board. According to the articles of association, the Board of Directors comprises 3–6 ordinary members. In 2005, the Board of Directors consisted of four members until October 31, and three members after that date. Maarit Toivanen-Koivisto chaired the Board of Directors, which convened 12 times.

Chair
MAARIT TOIVANEN-KOIVISTO
Born 1954, M.Sc. (Econ.)
Member of the Board since 1998
Has chaired the Board since 2000
Managing Director of Onvest Oy

EERO ELORANTA
Born 1950, D.Sc. (Tech.)
Member of the Board since 2000
Professor at Helsinki University of Technology

KARSTEN SLOTTE
Born 1953, M.Sc. (Econ.)
Member of the Board since 2001
President & CEO of Cloetta Fazer AB

GROUP MANAGEMENT TEAM

February 17, 2006

The Group Management Team of Onninen Oy includes the President & CEO and the directors in charge of the company's divisions and Group-wide functions. The purpose of the Team is to assist the President & CEO in decision-making. During 2005 Petteri Walldén held the position of President & CEO until August 31, followed by Tuomo Väänänen as of September 1.

Chair
TUOMO VÄÄNÄNEN
Born 1956, M.Sc. (Eng.)
President pro tem
President, Onninen Finland
Has served Onninen since 1997

HEIKKI ALA-ILKKA
Born 1952, M.Sc. (Econ.)
CFO,
Group Finance
Has served Onninen since 1996

ANNE KARINIEMI
Born 1970, M.Sc. (Eng.)
Senior Vice President,
Group Logistics
Has served Onninen since 2002
On maternity leave as
of February 24, 2006

JACEK RATAJCZAK
Born 1960, M.Sc. (Eng.)
Group Executive Vice President
President, Onninen
Wholesale International
Has served Onninen since 2004

HELGE SÆTHERSHAGEN
Born 1955, M.Sc. (Econ.)
Group Executive Vice President
President, Onninen Scandinavia
Has served Onninen since 2002

MARJA-TERTTU VERHO
Born 1947, M.Sc. (Social Sciences)
Senior Vice President,
Group HR & Communications
Has served Onninen since 2002

KAROLA SÖDERMAN
Born 1956, M.Sc. (Econ.)
CIO,
Group ICT
Has served Onninen since 2002

ONNINEN COUNTRIES

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BRANDS

We use a number of registered logos and insignias to raise the profile of Onninen Oy and the services that the company provides.

The Onninen logo is used where the operations or services of the Onninen Group or a Group company are concerned. The logo points to Onninen as an expert in materials services.

The Onninen Express logo is used for shops using Onninen's Express service concept, which offer electrical, HEPAC, refrigeration, and other technical products.

The Onninen OnnShop logo is used for Onninen's new e-commerce service, which is being introduced in connection with the rollout of the new Group-wide ERP system.

The Onnline logo is used on technical products which have been produced for Onninen and are chosen and packed by Onninen. These products are aimed at Onninen's contractor and industrial customers as well as customers representing public organizations.

The Opal logo is used on self-service packaged products which have been produced for Onninen and are chosen and packed by Onninen and are mainly aimed at the company's retailer customers.

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